

COMMUNITY DEVELOPMENT AND SOCIAL RESPONSIBILITY OF BUSINESS

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First of all community is generally defined as a group of people sharing a common purpose, who are interdependent for the fulfillment of certain needs, who live in close proximity and interact on regular basis.

Community development (CD) refers to initiatives undertaken by community with partnership with external organizations or corporation to empower individuals and groups of people by providing these concentrated around making use of local resources and building political power through the formation of large social groups working for a common agenda. Community developers must understand both how to work with individuals and how to affect communities' positions within the context of larger social institutions.

Another term closely related to CD is community work, which is about the active involvement of people in the issues that affect their lives and focuses on the relation between individuals and groups and the institutions which shape their everyday experience. It is developmental process that is both a collective and individual experience. It is based on a commitment to equal partnership between all those involved to enable a sharing of skills, awareness, knowledge and experience in order to bring about change. It takes place in both neighborhoods and communities of interest, whenever people come together to identify what is relevant to them and act on issues of common concern.

According to Keith Davis, social responsibility begins where the law ends. A firm is not begin socially responsibility if it merely complies with the minimum requirement of law, because this is what any good citizen should social responsibility goes one step further. It is a firm's acceptance of a social obligating beyond the requirement of law.

Responsibility of Business Towards Society

According to Earnest Dale, it is the duty of business to provide a fair return to the shareholders, fair working conditions to the employees, fair deal to the suppliers and customers and to make the business an asset to the local community and the nation.

1. Owners of Business: Management must provide fair, adequate and stable long-run rate of return and steady capital appreciation to the shareholders for their investments. It must also provide to them regular, accurate and up-to-date information about the working of the company. Maximum disclosure about the progress and achievements of the company is very satisfying to the shareholders. It must ensure planned growth, solvency of the business and optimum utilization of the resources of the business.
2. Employees: Employees need security of job, higher wages, full employment, better condition of work opportunities for the self-development and promotion. They want to unite and form their unite trade unions to achieve right and to seek protection against highhandedness of the management. They also desire their work itself to be rewarding. Management, as a part of social responsibilities, is expected to provide for their social security, welfare, grievance settlement machinery and sharing of excess profit.

Management should serve as a model employer. A model employer is one who does not exploit his employees. As a model employer the management should provide stable employment, adequate wages, good and safe working condition, job satisfaction and opportunities for self-development. Healthy trade union practices may be encouraged. Employees may be considered as partners in business, since their interest is not very much different from the interest of the shareholders. They may be allowed to participate decision making process at all levels of management. A feeling of fellowship and a sense of belonging to the company as a whole should be allowed to grow.

3. Consumer: in the word of Henry Ford, management must provide those goods and services which the society can afford to pay. Management is supposed to provide good quality products to the consumers at reasonable price. It should develop a liberal and fair attitude towards the consumers. It must maintain regular supply of high quality products and provide services to the consumers. Manager must meet the need of consumer of different classes, tastes and with different purchasing power at the right time, place, price and in right quality. A businessman should act as a friend and

guide to the consumers. It is his duty to protect consumer's interest at any cost. He must guard against adulteration, poor quality, lack of service to consumer, misleading and dishonest advertisement, under-weighting, supply of stale goods etc. He must handle the complaints of consumers more carefully and efficiently.

ARGUMENTS FOR AND AGAINST SOCIAL INVOLVEMENT

While there is a lot of appreciation of the idea of social responsibility of the business, there are also people who argue that social involvement of business has certain negative aspects.

The important arguments and against social involvement of business are given below.

Argument for Social Involvement Business

1. Business which survives using the resources of the society has a responsibility to the society.
 2. Business Which is an integral part of the social system has to care for the varied needs of the society.
 3. Business which is resourceful has a special responsibility to the society.
 4. Social involvement of business would foster a harmonious and healthy relationship between the society and business to the mutual benefit of both.
 5. Social responsibilities like recycling of waste may have favorable financial effects and helpfull in protecting the environment.
 6. Social involvement may discourage additional government regulation and intervention.
 7. Social involvement may create a better public image for the company which may help it in attracting customers, efficient personnel and investors.
 8. Social involvement helpful in poverty alleviation programmes
 9. Social involvement will be helpful in transfer of technology between different business houses.
- MNC is a corporation that has its facilities and other assets in atleast one country other than its home country.

Argument Against Social Involvement of Business

1. Business should confine to its own business. There are government and social organization to carry out social activities.
2. Involvement in social activities could adversely affect the economic health of a business enterprise. It may be noted that the expenditures on social welfare has been imposing severe burden on **TISCO**.
3. If the cost of the social involvement of the business is ultimately passed on to the consumers, there is no point in exalting the social involvement of business. Sometimes there could even be a net loss to the society because of the high cost of the corporate sector undertaking such activities.
4. Many companies involve themselves in social activities because of the tax exemptions on the income spent on special social purposes.
5. If the social involvement of the business enterprise causes an increase in the price of its products, it could affect its competitiveness both in the domestic and international markets.
6. Social involvement of business could lead to an increase in the dominance or influence of business over the society.

FACTORS AFFECTING SOCIAL ORIENTATION

Important factors which influence the social orientation of companies include the following.

Promoters and Top Management: The values and vision of the promoters and top management is one of the very important factors which influence the corporate social responsibility.

Board of Directors: As it is the Board of Directors which decides the major policies and resource allocation of company, the attitude of the members of the Board is an important influence of the social orientation.

Stakeholders and Internal Power Relationship: The attitude of the stakeholders like shareholders, creditor's employees etc. and the internal power relationship also affect the orientation of company. A firm can only attempt to unite the diverse interest of various social groups to form a workable coalition engaged in creating value for distribution among members of the coalition. Beyond a certain level of economic activity, the social issue at stake may become conflicting.

Societal Factors: The social orientation of company is also influenced by certain characteristics of the society and general attitude and the expectation of the society regarding the social responsibility of business. For example, a resourceful firm located in a poor community may be expected to contribute to the development of education and health facilities etc. of the locality where as such involvement may not be required of a firm in a well developed community. The orientation or approaches may vary in accordance with the environment . the behavior or social orientation expected of business may vary between different societies.

Industry and Trade Association: Industry and trade associations also influence the behavior of the firms by establishing professional and ethical codes and norms, education and collective decisions.

Government and Laws: Laws are society's codification of right and wrong. Business shall play the rules of the game. Antitrust legislations, legislations to curb corruption, unfair trade practices etc. vary between nations. What is right or not anti law in one country may not be so in some other country. Further, what is legally controlled in some countries have no legal control in some other countries.

Besides legislation, there other method of government influence like guidelines, persuasion, incentives (like tax exemptions) and pressuring.

The social orientation would also depend on government's view of social responsibility and the power and earnestness of government / agencies (like SEBI ,for example) in dealing with defaulting companies.

Political Influences: Political influences include pressure exerted by special interest groups in society and media to control business practices. These include a variety of non-government organizations (NGOs) like consumer interest groups, environmentalists etc. They use a variety of methods like lobbying to persuade government and public agencies to adopt regulatory measures, conducting public awareness campaigns, and even direct confrontation with the business in some cases.

Competitors: Social orientation of company is also influenced by competitive forces. Two types of competitive behaviors are often noted. When one or some companies become socially involved, other may be encouraged or provoked to do something. Sometimes, there may be competition between companies to out-perform others. The other way by which the society benefit by competitive behavior is the actions of suing competitors for unfair practices or publicly exposing the misbehavior of competitors.

Resources: Social involvement of company is also affected by the financial procedures and other resources of company. It may be noted that the Tisco has been constrained to cap, albeit at fairly high level, its social responsibility expenditure.

Ethical Influences: Another factor influencing the social orientation is the ethical decision making and self-regulation of business conduct. Some companies have well laid down codes and norms of ethical behavior.

Five ethical standards that are in vague are summarized by Gene Lacznik as follows.

1. The Golden Rule: Act in the way you would expect other to act towards you.
2. The Utilitarian Principle: Act in a way that results in the greatest good for the greatest number.
3. Kant's Categorical Imperative: Act in such a way that the action you would take could be universal law or rule of behavior under the circumstances.
4. The Professional Ethics: Take a action that a disinterested panel of professional collegus would view as proper.
5. The TV Test: "Would I feel comfortable explaining to a national TV audience why I took this action?"

THE INDIAN SITUATION

The Indian business sector present a mixed picture as far as social responsibility is concerned J.R.D. Tata who was instrumental in conducting the first social audit in Indian and perhaps in the world, was of the opinion that while on the site of production, of growth , of efficiency.

TABLE : FIRSTS OF TATAS TOWARDS EMPLOYEES

	Tisco Introduction	Enforced by Law	Legal Measures
Five-Hour Working Day	1912	1948	Factories Act
Free Medical Aid	1915	1945	E S I Act
Welfare Dept.	1917	1948	Factories Act
Works Committee	1919	1947	Industrial Dispute Act
Leave with Pay	1920	1948	Factories Act
Provident Fund (P.F.)	1920	1952	Employee's P. F. Act
Accident Compensation	1920	1924	Workmen Compensation Act
Training of Apprentices	1921	1961	Apprentice Act
Maternity Benefit	1928	1961	Maternity Benefit Act
Profit-Sharing Bonus	1934	1965	Payment of Bonus Act
Gratuity	1937	1972	Gratuity Act

It is gratifying to note that a number of leading companies in India have shown recognition of the social responsibility of the corporate sector. The business community has been instrumental in setting up hundreds of institutions of public services like schools, colleges, management institutions, dispensaries, hospital, technological institutes, research institutes (medical, scientific and technological), libraries, dharamshalas, cultural institutions, institutes for the deaf, dumb and blind, museums and places of religion worship. Some of the leading enterprises have extended welfare measures like health and medical facilities to people of the surrounding villages. Many businessmen have risen up to the occasion to help the victims of droughts, flood, earthquakes and other natural calamities.

Social activities undertaken by some companies

Company/Groups	Major Institutions Established
Tatas	Indian Institutes of Science Tata Institutes of Social Sciences Tata Memorial Rural Cancer Project
Shri Ram (DCM Group)	Shri Ram College of Commerce Lady Shri Ram College of Women Shri Ram Bharatiya Kala Kendra Shri Ram College of performing Arts Shri Ram Institutes of Industrial research
Birlas (All Groups)	Sanskrit Kala Mandir, Varanasi Sangeet Sagar, Calcutta. JD Birla Institutes of Home Sciences Schools and Colleges, e.g. Modern High School, Rani Birla Girls College

MRF

MRF Football Academy

The Supreme Court has observed in the case of crown Aluminum Works that no industry has a right to exist unless its workmen at least a bare minimum wage... It is a fact that business has received public attention in India in recent times. Some enlightened companies like the TISCO has given attention to social responsibility and proposed social audit. But the following facts show that social responsibility is at low pitch in India.

- a) A large section of the business firms are dominated solely by the profit motive to the complete neglect of social motive.

- b) Tax evasion is very common practice. Many firms maintain duplicate books of accounts.
- c) Essential commodities like baby food, kerosene, cement etc. are frequently cornered and artificial scarcity is created by dishonest businessman for making abnormal profit.
- d) Adulteration is very common practice, particularly in respect of food articles.

Sachar Committee's Suggestions

The Committee (1978), inter alias, looked into the social responsibility of companies.

Other relevant suggestions of the committee are as follows:

1. A majority of the population of the country lives in rural area and its well being is essential. A company which consciously and with deliberate choice establishes its business in such areas will certainly be held to have played a more socially responsible role even through in terms of its return on investment it is less profitable than other companies.
2. Social responsiveness may also be judged from the policy of employment followed by a company so far as the socially handicapped and the weaker sections of the community are concerned.
3. The test for judging a company's consciousness towards the interest of the public may include: the interest it makes in the area of its operation, the welfare of its employees.
4. It should be obligatory on a company to give a social report every year showing to what extent it has been able to meet its social obligations.
5. While quantifying the contribution that a company claims to have made towards social obligations, the social report, which will indicate and quantify the various activities relating to social responsibilities carried out by a company in the previous year.

CONCLUSION :

It is concluded that CSR is about business, govt. and civil society collaboration with the bottom line is achievement of win-win situation among the three entities. CSR should benefit community because the latter has a very complex structure as it consist of individual with various levels of control of resources physically and intangibly. The analysis shows that CSR have to prove many roles and brought impact to the community. It is also suggested that business houses should be aware of the fact that moving towards achieving firm's economic goals without realizing the social goals.

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