

Business ethics



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Social Responsibility Introduction Social responsibility is defined as an approach that is adapted by organizations to address the social and environmental issues prevailing in the society for the welfare of mankind. Corporations are a part of the society and usually have huge reserves, human as well as financial, at their disposal. It is the responsibility of every organization to use those resources for the betterment of mankind instead of only focusing on the generation of maximum profits. Maximizing profits should not be the main focus of any business.

2. Argument for Social Responsibility

There are many stakeholders in an organization. Some of the important and direct ones are; shareholders, customers, employees, vendors. The usual approach that is adapted by corporations (and advocated by Milton Friedman in the chosen article) is to increase the value for the shareholders and maximize profits as much as possible. John Mackay stated in the chosen feature that maximizing profits would not be the objective of stakeholders like employees and customers. Therefore, a business model should aim to provide value to all of their six stakeholders; customers, employees, shareholders, suppliers, societies, environment. This forms the basis of social responsibility. The following are some of the benefits of an ethical approach to manage business:

- Increases the motivation of the employees
- Produces better service and products for the customers as per their requirements
- Earns a positive image for the company
- Attracts new employees
- Benefits the communities and environment

'Capitalism' has been made notorious due to the concept of maximizing profits at all levels. This concept can be marketed in a better manner if it is realized that all constituencies need to be catered in the management of any business. According to John Mackay in the feature on Reason. com; a socially

responsible corporation should maintain a good balance between the interests of the investor, community, customers and human resources of the corporation. Gebler (2010) stated that the employees, customers and suppliers can evaluate if the company is conducting their business in an ethical manner or not. Employees should be able to trust them for their career development and bright future whereas customers should be assured of a consistent quality service and responsible production processes.

Corporations should not strive to increase short term profits; rather long term value should be aimed. The entrepreneurs of any business shape its direction and vision since they have ownership rights over the business.

Their mission statements should constitute of long term plans for the provision of quality to their customers and ensure that their employees are satisfied with their job descriptions; these steps eventually increase the profits of an organization and cater to the interests of the shareholders.

However, the stakeholders also possess certain degree of power to influence changes in the business direction of the company, for example many organizations give their shareholders the right to submit resolutions at the shareholders meetings that might be held at regular time periods. The shareholders can urge the company to change the direction or any business process for the welfare of the society. The current investors have the right of

giving approval for the philanthropic actions that might be a part of the respective business's vision. Example of a Social Responsible Corporation

John Mackay discussed the renowned retailer, Whole Foods, and their commitment to the social welfare of their communities. They follow a tradition of holding 5% days all around the year; 5% of the total sale in those specific days is given to a deserving non-profit organization for their social

work in the communities. This campaign urges customers to spend more in those days and even introduces new set of customers to their stores. Such a campaign earns new customers for Whole Foods, greater revenues and a socially responsible status of the company in the market. References Gebler, David., Business Ethics 22nd Edition, McGraw Hills, 2010, Print. Reason. com, “ Rethinking the Social Responsibility of Business”, October 2005, Web. 21 February 2011.