

Analysis of the social responsibilities in business

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Social responsibility is the concept that business is part of the larger society in which it exists and must therefore act in a way that not only advances the firm, but also serves the society. More than ever firms are being challenged to integrate social responsibilities in to their operations. Many firms now believe that social responsibility to be a lot more than granting money to community groups or volunteering their time to organizations - although these are both important ways that firms support the community.

Today, business leaders recognize that a commitment to corporate social responsibility can provide distinct advantage in attracting and retaining employees, dealing with suppliers and regulators, strengthening customer relationships and providing positive returns for investors. Let us take a look at some of the social responsibility issues and analyze how businesses are showing their social responsibility. Around the world there are lots of environmental concerns that challenge companies to be better global citizens.

Leading companies know that taking a strong role in protecting the environment improves the efficiency of operations and saves money, making a positive impact on business partners, customers and investors. Let us see how socially responsible companies are responding to the environmental concerns. Delphi Automotive Systems is dedicated to protecting human health, natural resources and the global environment. For Delphi, a commitment to environmental management is a critical business strategy.

Delphi has certified 15 of its global manufacturing sites under ISO 14001, a global standard that recognizes facilities that have systems in place to proactively manage and reduce their environmental impact. The company is working toward earning this certification for all 168 of its manufacturing facilities around the world over the next three years. John Jaffurs, director, Delphi environmental services, states, " We want to formally integrate our environmental management into the goals of the business.

Delphi is using ISO 14001 and other tools as a means of creating a total environmental management system. This will allow us to integrate operational environmental issues directly into future planning. " Delphi's involvement in reducing the automobile's environmental impact began more than 30 years ago with the introduction of the first catalytic converters. Delphi works to reduce emissions, increase fuel economy, decrease vehicle mass and enhance the recyclability of its products. Delphi also believes that the reduction or elimination of materials can go far in helping the environment.

Delphi's E-STEER Electric Power Steering reduces the number of seals and totally eliminates the power steering fluid, hoses and pump from the power steering system. In 1995, 75 percent of all cars sold (approximately 27 million) were equipped with traditional power steering and carried an estimated 40 million liters of hydraulic fluid. This new technology can result in a significant reduction in raw materials, which means less material to recycle or dispose after the life of the product. E-STEER also reduces energy demand by up to 80 percent, resulting in improved fuel economy and reduced vehicle emissions.

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E-STEER received the 1999 PACE (Premier Automotive Suppliers' Contribution of Excellence) award from Automotive News and Ernst & Young LLP, which recognizes automobile suppliers who have excelled in adapting and reinventing their companies and their products to meet the growing demands of their customers -- the world's major automotive manufacturers. E-STEER is just one example of the many innovative product technologies Delphi can offer to provide environmental solutions to its customers.

According to the American Lung Association, motor vehicle emissions account for approximately 77 percent of the carbon monoxide (CO), more than 35.6 percent of the volatile organic compounds (including hydrocarbons) and around 45 percent of the nitrogen oxides (NOx) in our nation's air. With this in mind, car manufacturers like GM, Ford and Honda are now producing and marketing cleaner-burning cars powered by electricity, alternate fuels or a combination of the two. Environmentalists like to refer to these as "green cars" because they represent an environmentally responsible way to travel in style.

Politicians, on the other hand, have begun to see the potential for addressing larger issues. Earlier this year, Representative Robert T. Matsui (D-CA) introduced legislation that would give up to \$5,000 per year in consumer tax credits to people with green cars. With this in mind, GM came up with its environment friendly "EV1", Ford with its "Ranger" and Honda with its "Insight". The Tennessee Valley Authority (TVA), the nation's largest electricity producer, has announced that it will begin test-marketing alternative energy sources as early as next year.

As phase one of the TVA's Green Power Program, the test will utilize wind, solar and landfill gas energy sources to generate roughly three to six megawatts of power. Eight distributors, representing all seven of the Tennessee Valley Public Power Association's districts, have agreed to participate in the test. If the test is successful, TVA customers could see full-scale implementation by the end of 2003. The Green Power Program is the first of its kind in the Southeast.

In related news, the TVA received word June 18 that the Department of Energy (DOE) has approved a proposal from the Virginia Alliance for Solar Electricity (VASE) to provide matching funding for the Green Power Program. The TVA's marketing plan for Green Power represents the fruits of an alternate energy initiative that began in January 1998. At that time, the TVA solicited and received 22 proposals for adding renewable electricity generators to its energy production facilities. Initial research also revealed that 84 percent of TVA customers favored a green power option.

In the fall of 1998, the TVA held seven public forums that further confirmed the need for a Green Power. Participants included several members of the environmental community, utility executives, energy experts, healthcare organizations and representatives from citizens' groups. After the forums, the TVA formed the " multi-interest team" that was eventually responsible for the 2000 test-marketing plan. As the association of U. S. shareholder-owned electric utilities, Edison Electric Institute (EEI) works with key stakeholder groups, including regulators, legislators and member companies, to achieve environmental excellence.

EI's Climate Challenge program is a voluntary effort created in partnership with the Department of Energy in response to concerns about global climate change, says spokesman Jim Owen. To date, more than 600 electric utilities participate in the program, which means they have pledged to sequester or avoid 170 million metric tons of carbon dioxide and other greenhouse gases in the year 2000. This is more than four times the original goal established by the government in 1993. While some Climate Challenge efforts are undertaken by individual utilities, there are five industry-wide initiatives in place as well.

These include Envirotech Investment Funds, which provide venture capital for emerging renewable technologies; the Utility Forest Carbon Management program, which funds tree planting and forest management projects; the National Earth Comfort Program, which promotes geothermal heat pumps; EV America, which introduces electric vehicles into the marketplace; and International Utility Efficiency Partnerships, which support joint projects with foreign utilities and governments to provide efficiency of new or existing power systems.

According to the Department of Energy's Energy Information Administration, electric utilities represent almost 85 percent of the voluntary actions to reduce, avoid or sequester greenhouse gases. In addition, electric utilities have made significant progress in restoring aquatic habitats, protecting endangered species and generating renewable energy, says Owen. Bridging the gap between school and work is another critical link that companies are focusing on. The national organization Jobs for the Future (JFF) was founded

in 1983 to help prepare tomorrow's workforce and smooth the transition from school to work.

Ford's Contribution in developing tomorrow's workforce Ford Foundation, is an initiative that seeks to create a measurable increase in jobs, wealth, services and other community infrastructure through increased corporate involvement in community economic development. JFF works with the initiative's many partners, whose collective experience and expertise cover community and economic development, national and international business and education to achieve these goals. One of JFF's major corporate partners is the Ford Motor Company.

The two organizations have developed a relationship in which they exchange expertise and experience that allow both to enhance their individual programs. " In today's rapidly changing economy, schools alone cannot effectively prepare young people for a successful future," explains Hilary Pennington, president of Jobs for the Future. " Academic standards are only part of the equation. Young people need the chance to apply what they've learned to new situations, and what happens in the real world is hard to simulate in school.

We try to build partnerships between companies and schools to give kids opportunities to expand their learning experience. The Ford program is a splendid example of this type of partnership. " Ford has created several innovative education initiatives that " are helping us create a pipeline -- for employees and suppliers, as well as a consumer base for our products," says Renee Lerche, director, workforce development, Ford Motor Company. For

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example, the Ford Academy of Manufacturing Sciences (FAMS) is an academic- and work-based program in public high schools.

The program's goals are to provide students the opportunity to learn science, math, technology and communications skills in real-life settings and encourage them to pursue secondary education. Ford trains high school teachers, who teach the manufacturing-oriented courses to 11th or 12th grade students (participants take two courses through Ford each year). An internship during the summer between 11th and 12th grade provides work experience as well. The program serves as a way not only to attract future employees to Ford, says Lerche, but also as a way to draw customers for its cars and trucks.

We don't have concrete evidence that if you do these things, people buy your products. However, these activities do influence perception of our commitment to the communities in which we do business," says Lerche. Issues such as environmental protection, education and community support are critical to companies that want to gain the trust and loyalty of their constituents. The companies profiled here understand that corporate social responsibility offers clear business benefits for all stakeholders.