**Corporate Social Responsibility/ Social Responsibilities of Business**

**Definition of Social Responsibility**

The social responsibility of business is now referred to as corporate social responsibility (CSR), with CSR referring to the way that businesses are managed to bring about an overall positive impact on the communities, culture, societies and environments in which they operate.

**EU Definition of CSR:** "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

**Mallenbaker Definition:** "CSR is about how companies manage the business processes to produce an overall positive impact on society."

**The World Business Council for Sustainable Development (WBCSD):** "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

**Provisions of the Companies Act 2013 for CSR**

Under this act any company having a net worth of Rupees 500 Crore or more or a turnover of Rs. 1000 Crore or more or a net profit of Rupees 5 Crore or more should mandatorily spend 2% of their Net Profits pre fiscal on CSR activities. They will have to constitute a Corporate Social Responsibility Committee of the board consisting of three or more directors out of which at least one director shall be an independent director. If they are not able to spend 2% of the average net profits in pursuance of the corporate social responsibility policy, the board shall in its report specify the reasons for not spending the amount.

CSR has gone through many phases in India. Indian Business has traditionally been socially responsible. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporate. However, the culture of social responsibility needs to go deeper in the governance of the businesses. All corporate should try and bring about a change in the current social situations in order to have an effective and lasting solution to the social woes.

**Responsibility of Business towards Various Stakeholders**

**1. Increase the profits**

Nobel prize winner economist Milton Friedman wrote in 1970 that there is only one responsibility of business and that is to increase its profits assuming an honest and open marketplace. And those who were disagreed with this assertion were preaching pure and adulterated socialism as per the opinion of Friedman. He opined that business should earn as much profit as possible for their stakeholders.

**2. Put the customers first**

Although profits are indeed the core element of running a business, but the modern businesses must create value for all of its constituents. It has been seen that successful companies like tata have put their customers on priority. It may not ensure more profits but it does ensure that customer happiness is an end in itself which leads to greater customer loyalty.

**3. The Case for Shared Value**

The "shared value" model doesn't redistribute wealth; instead, shared value refers to business and society working together to increase profits and improve society at the same time, according to January 2018 Business-Ethics.com article. In this new model, the business achieves economic success because it addresses society's "needs and challenges."

**4. Shareholders vs. Society**

Despite these emerging business models, many businesses still feel the best way to be socially responsible is by earning as much profit as they possibly can, because the profits earned are invested back into the business. In theory, when this occurs, the business creates new jobs, goods or services, causing the company to grow. When the company grows, the stakeholders who are funding the operation should earn a greater return on their investment. Much a like a shark, a company must move forward. If it doesn't, it dies taking employees and stakeholders along with it.

**Critical Appraisal of Social Responsibility of Business**

First, a business has to satisfy its economic responsibilities, followed by fulfilling legal responsibilities in order to survive in the market. Only then, it can think about or focus on purely voluntary actions pertaining to ethical consideration. In this competitive market situation, a business unit has to concentrate on profit making, the primary motive behind any business activity. Sometimes businesses are criticized for having profit maximizing objective. But a business unit cannot fulfill its social commitment if it is not economically sound. However; it is easier said than done. You cannot hit the bull's eye at the very first attempt. A firm has to become economically stable first; only then, it integrates social commitments in its agenda.

**Arguments for Social Responsibility:**

1. **Public Image:** Socially responsible firms gain more customers and employees feel proud to work for such organizations.
2. **Handling the Government Regulations with Ease:** Government is a massive institution with long arms. It seeks to regulate business in public interest. Before government stretches its long arms, businesspersons should discharge their obligations to society.
3. **Business Is Resourceful:** With a pool of resources, such as capital, labour and expertise, business
4. is in a better position to tackle social problems and work for social goals.
5. **Let Business Try:** It is that many other institutions have failed in handling social problems. So why should not a business enterprise handle social problems?
6. **Prevention is Better than Cure:** Social problems have to be handled by the management at some point of time or the other. Problems with labour unions should be handled in a diplomatic way, so that they will not develop into serious social breakdown that consumes most of the management's time.
7. **As a Token of Gratitude:** Business units benefit from society. Based on the commonly accepted principle, that one owes debts of gratitude towards those who benefits us, the corporations have debts that it owes to society.

**Arguments against Social Responsibility:**

1. **Profit Maximization is the Ultimate Goal:** Businesses are sometimes criticized for having profit maximization as their goal. Since business operates in a world of poverty and hunger, the economic efficiency of business is a matter of priority and should be the sole mission of business.
2. **Society has to Pay the Cost:** The cost of social responsibility is passed on to the customer vis-àvis society in the form of increased prices. And the question arises can society bear these additional costs.

**Summary**

 Social responsibility entails developing businesses with a positive relationship to the society which they operate in. The operations of business have wide ranging effects on many sections of society, e.g. shareholders, suppliers, customers, government, neighborhood community and society at large are affected by the enterprise. An enterprise must be responsive to their needs. Socially Responsible means people and organisations must behave ethically and with sensitivity towards social, cultural, economic and environmental issues.

 Social responsibility has wide ranging implications for its various stakeholders and in turn is also affected by it.