



RAMA UNIVERSITY

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**FACULTY OF COMMERCE &
MANAGEMENT**

COURSE: BBA-DM 2nd SEMESTER

SUBJECT: BUSINESS ENVIRONMENT

SUBJECT CODE: BBA204

LECTURE: 4

NAME OF FACULTY: DR. H. L. BHASKAR

Lecture-4



Unit I

Profit Maximization vs. Social Responsibility of Business

Corporate Social Responsibility

Being a socially responsible business is a concept that includes a variety of options, including helping advance a cause or profession, donating time, reducing environmental impacts, pursuing more diversified hiring or making monetary donations. Some capitalists believe that their existence is enough of a social contribution because they create jobs and provide tax money for municipalities and state and local governments. The more profits they generate, the more they benefit society. Some entrepreneurs feel they can better help advance causes than a government bureaucracy can. Other business owners limit their social activities to reducing waste, pollution and other environmental problems their business might cause.

Obligation to Financial Stakeholders

When a business donates money to a charity, uses more expensive production techniques to reduce pollution or gives contracts to minority owned businesses that don't submit the lowest bid, the company's profits might decrease. If the company has shareholders, partners, investors or an employee profit-sharing plan, these decreased profits aren't available to these financial stakeholders. This presents a conflict, but one you can justify based on increases in public image or by discussing with stakeholders what they would like to see happen regarding the company's role as a good neighbor.

Return on Investment

If you have a limited budget to pursue social responsibility, there's nothing wrong with choosing activities that help improve your image, create more customer loyalty and increase your sales. Certain philanthropic, hiring and environmental actions you take can help increase your sales, or make local municipalities more likely to give you a break on a borderline zoning or signage dispute. Funding a youth sports league, for example, might generate significant sales among parents in your marketplace, turning your donation or sponsorship fee into a profit generator. Encouraging employees to volunteer at events and offering them a reward can help build stronger teams.

Internal Behaviors

In addition to donating money or your time to causes, you can improve your corporate social responsibility by taking steps to have less of a negative impact on your community. You might retrofit your property to decrease your electricity and water use. You can start a recycling program onsite, use green materials in your production or ask your vendors or suppliers to use green materials when they make your orders. Some of these actions, such as decreasing your energy consumption, can save you money in the long-term, increasing your profits. Others, such as using green materials, raise your costs. Advertising that your products contain green or recycled materials can let you raise your prices or might increase your sales enough to justify the cost.

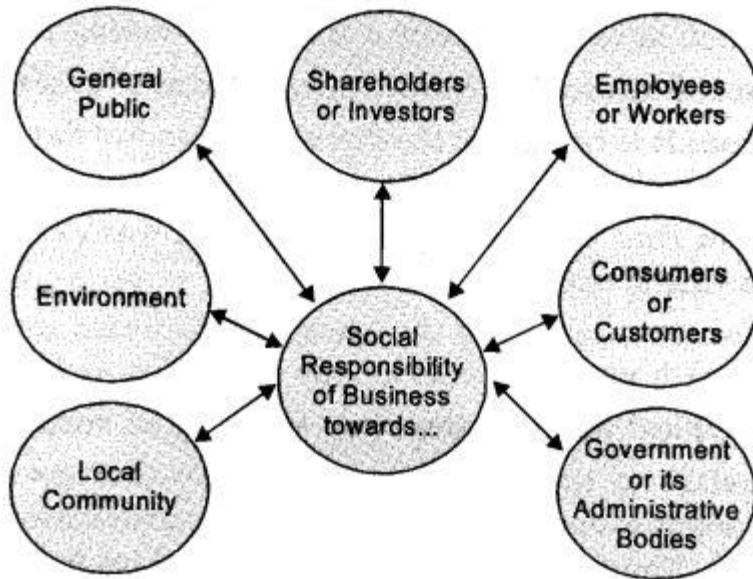


Figure: CSR towards business

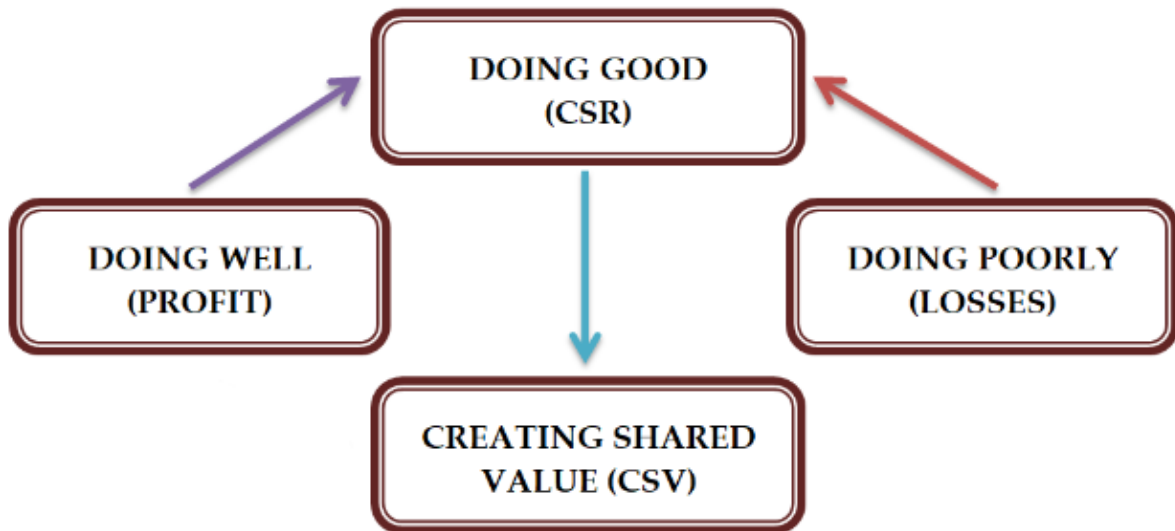


Figure: Going well and doing good design