

Early Contributions and Ethics in Management

Module 2

- Objectives
- Scientific Management- contributions of Taylor, Gilbreths,
- Human Relations approach-contributions of Mayo, McGregor's Theory, Ouchi's Theory Z
- Systems Approach, the Contingency Approach, the Mckinsey 7-S Framework
- Corporate Social responsibility- Managerial Ethics

SCIENTIFIC MANAGEMENT

SCIENTIFIC MANAGEMENT



- Frederick Winslow Taylor
- *“Father Of Scientific Management”*

SCIENTIFIC MANAGEMENT

- Contributions Of F.W Taylor towards Scientific Management can be described in two parts,
 - 1. *Main Features Of scientific management*
 - 2. *Principles Of Scientific Management*

Main Features Of scientific management

1.Separation Of Planning and Doing : Taylor emphasized that *planning should be left to supervisor and worker should emphasize only operational work*. Before Taylor's scientific management, a worker used to plan about how he had to work and what instruments were necessary for that. The worker was put under the supervision of a supervisor commonly known as gang boss. Thus supervisor's job was merely to see how the workers were performing

2.Functional Foremanship : Taylor developed a functional organization in which one foreman was made in-charge for each function.

3.Job Analysis: Job analysis is done to find out the one best way of doing the thing. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way can be determined by conducting Time study, Motion study and Fatigue study.

Time study : Find out the least time required to complete a movement.

Motion study : Find out the necessary movements required to complete the job by eliminating all the unnecessary movements.

Fatigue study : The amount and frequency of rest required in completing the work

Main Features Of scientific management

4.Standardization : As far as possible standardization should be maintained in respect of instruments and tools, period of work, amount of work, working conditions cost of production etc... These things should be fixed in advance on the basis of job analysis and various elements of cost.

5.Scintific Selection and Training of Workers : Taylor has suggested that workers should be selected on scientific basis by considering their education, work experience, aptitude, physical strength etc. A worker should be given a work for which he is physically and technically most suitable. Emphasis should also be given on the training of workers which makes them more efficient and effective.

6.Financial Incentives : Financial incentives can motivate workers to put in their maximum efforts. If provisions exists to earn higher wages by putting in extra effort, workers will be motivated to earn more. Taylor's Wage incentive system is known as Taylor's Differential piece rate Plan.

7.Economy : Adequate consideration should also be given to economy and profit. For this purpose techniques of cost estimation and control should be adopted. The economy and profit can be achieved by making the resources more productive as well as by eliminating the wastages.

Main Features Of scientific management

- **8 Mental Revolution :** *Scientific management depends on the mutual co-operation between management and workers. For this co-operation there should be mental change in both parties from conflict to co-operation . This is the most important part of scientific management.*

Principles Of Scientific Management

- **1. Replacing Rule Of Thumb with Science** : In scientific management organized knowledge should be applied which will replace the rule of thumb. Scientific method denotes precision in any aspect of work, where as rule of thumb emphasizes estimation.
- **2. Harmony in group action** : Attempts should be made to obtain harmony in group action rather than discord. Group harmony suggests that there should be mutual give and take situation and proper understanding so that group as a whole contributes to the maximum
- **3.Co-operation** : Scientific Management involves achieving co-operation rather than individualism. It is based on mutual confidence, co-operation and good will.
- **4. Maximum Output:** Scientific Management involves continuous increase in production and productivity instead of restricted production either by management or by worker.
- **5.Development Of workers** :All workers should be developed to the fullest extent possible for their own and for the company's highest prosperity. Development of workers requires their scientific selection and providing them training at the work place



Contributions of Gilbreth's to management

Contributions of Gilbreth's

- Frank and Lillian Gilbreth were a husband-and-wife team who worked as engineers in the early part of the 20th century.
- Lillian carried on this work after the death of Frank in 1924.
- Their main focus was on the fields of motion study and time study, combined with an interest on the psychology of efficiency and work.



- Taylor was focused with achieving efficiency through the quickness of a task being done, the scientific tool he is often associated with being the stopwatch.
- The Gilbreth's on the other hand were more focused on reducing the number of motions needed to achieve a goal or task.
- They did use the stopwatch, but they were more interested in finding ways to reduce motion and were more concerned with the well being of the worker.

- Taylor interests were more directed toward production and profit and the workers were able to see the difference between Taylor's approach and the Gilbreth's approach.
- The Gilbreth theory held that there was a "one best way" to do any task.
- Efficiency, according to the Gilbreth business management theory, could therefore be improved by finding this "one best way" and replicating it throughout the manufacturing process.

- The Gilbreths used new technologies such as film to break motions down into incremental parts, which they called “therbligs.”
- By reducing the number of “therbligs” for any task, one could increase the efficiency of the worker.

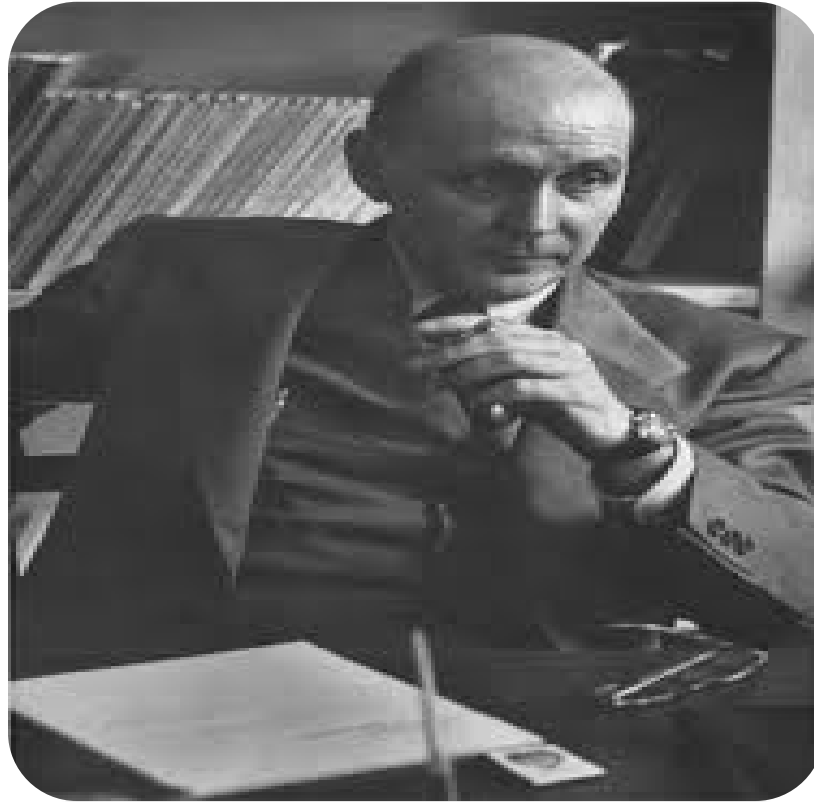
- The management theory of Frank and Lillian Gilbreth can be summed up by the following:
 - 1. Reduce the number of motions in a task to increase efficiency.
 - 2. Focus on the incremental study of motions and time to understand an entire task.
 - 3. The goal of increased efficiency is both increased profit and greater worker satisfaction

Human Relations approach

GEORGE ELTON MAYO

GEORGE ELTON MAYO

(1880-1949)



GEORGE ELTON MAYO

- ❖ *Born in South Australia on, 26 December 1880*
- ❖ *Father of Human Relations Approach*
- ❖ *Hawthorne Experiments (1924-1927)*

CONCLUSION FROM MAYO:

- ***Fear of unemployment:*** the basic reasoning of workers was that if there would be more production per head, some of the workers would be put out of employment .
- ***Fear of raising the standards:*** most workers were convinced that once they had reached the standard rate of production, management would raise the standard of production reasoning that it must be easy to attain.

CONCLUSION:

- **Protection of slower workers:** *The workers were friendly on the job as well as off the job. They appreciated the fact that they had family responsibility that required them to remain in the job.*
- *Since slower workers were likely to be retrenched, the faster workers protected them by not overproducing.*
- **Satisfaction on the part of management:** *According to workers, management seemed to accept the lower production rate as no one was being fired or even reprimanded for restricted output.*

HUMAN RELATIONS APPROACH

1. Human Relations Approach:

Mayo is called the father of human relations movement. Human beings are complex and influential input into organisational performance. The social and psychological needs of human beings cannot be ignored.

2. Non-Economic Awards:

The techniques of economic incentives were not only inadequate but also unrealistic. Humane and respectful treatment, sense of participation and belonging, recognition, morale, human pride and social interaction are sometimes more important than pure monetary rewards.

3. Social Man:

man is basically motivated by social needs and obtains his sense of identity through relationships with others.

4. Organization as a Social System:

An organization is a social system, a system of cliques, grapevines, informal status systems, rituals and a minute of logical, non-logical and illogical behavior.”

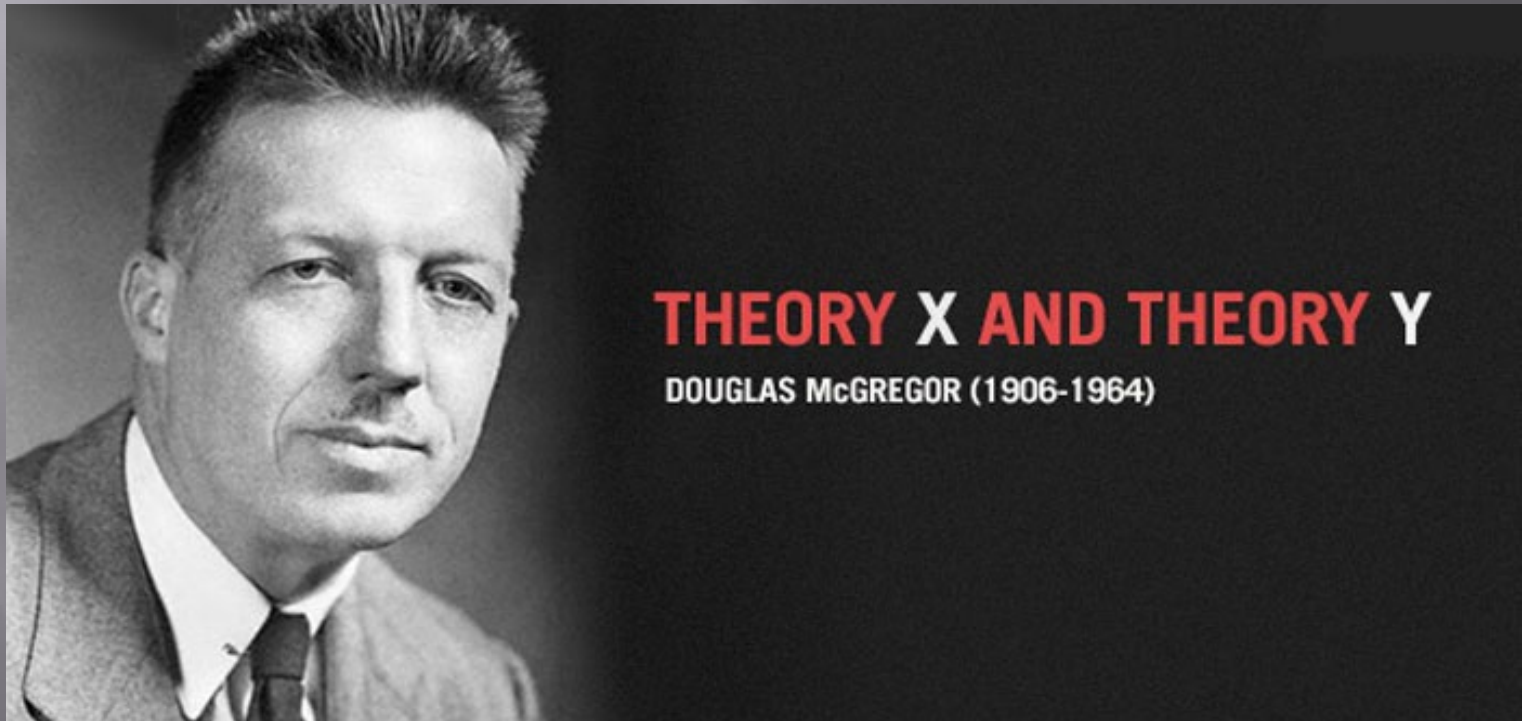
HUMAN RELATIONS APPROACH - FEATURES

- *A Manager must have a basic understanding of **human behavior** in all respects—particularly in the context of work groups and organizations.*
- *A manager must study the **inter-personal relations** among the people at work.*
- *Larger production and higher motivation can be achieved only through **good human relation**.*
- *The study of management must draw the concepts and principles of various behavioral sciences like **Psychology and Sociology**.*

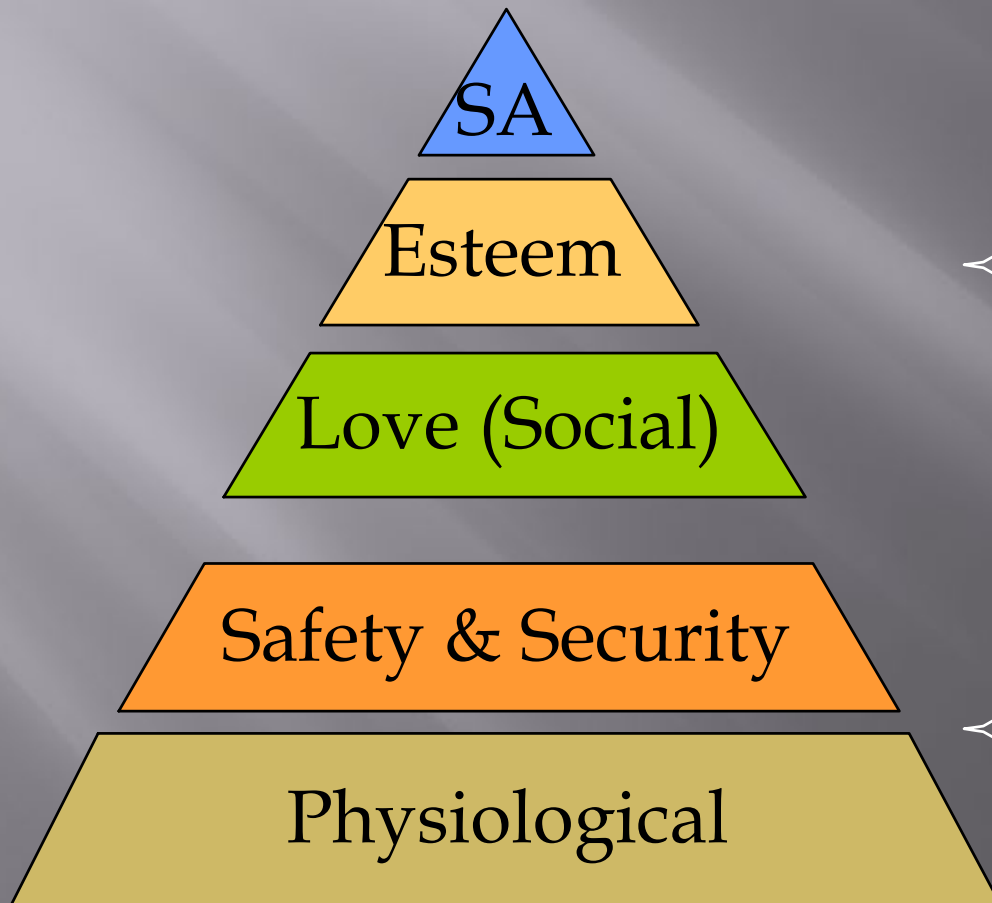
MCGREGOR'S THEORY

Origin

- *Social psychologist Douglas McGregor of MIT expounded two contrasting theories in the 1960s*
- *Theories are about human motivation and management*
- *McGregor personally promoted Theory Y more than Theory X*



Motivational Theories X & Y



Theory Y - a set of assumptions of how to manage individuals motivated by higher order needs

Theory X - a set of assumptions of how to manage individuals motivated by lower order needs

McGregor's Assumptions About People Based on Theory X

- ▣ *Naturally indolent*
- ▣ *Lack ambition, dislike ,responsibility, and prefer to be led*
- ▣ *Inherently self-centered and indifferent to organizational needs*
- ▣ *Naturally resistant to change*
- ▣ *Gullible, not bright, ready dupes*

McGregor's Assumptions About People Based on Theory Y

- ▣ *Experiences in organizations result in passive and resistant behaviors; they are not inherent*
- ▣ *Motivation, development potential, capacity for assuming responsibility, readiness to direct behavior toward organizational goals are present in people*
- ▣ *Management's task – arrange conditions and operational methods so people can achieve their own goals by directing efforts to organizational goals*

Theory X

- *Assumes employees are naturally unmotivated and dislike working*
- *Encourages an authoritarian style of management.*
- *Usually the minority*
- *In mass organizations, such as large scale production environment, theory X is unavoidable.*

Theory Y

- *A participative style of management that is de-centralized*
- *Assumes employees are happy to work, self-motivated, etc.*
- *More widely applicable*
- *People at lower levels of the organization are involved in decision making and have more responsibility*

Comparing Theory X and Theory Y

	<i>Theory X</i>	<i>Theory Y</i>
<i>Motivation</i>	<ul style="list-style-type: none">• Assumes people dislike work	<ul style="list-style-type: none">• Assumes people are self-motivated
<i>Management Style and Control</i>	<ul style="list-style-type: none">• Authoritarian• Centralized control	<ul style="list-style-type: none">• Participative, employees can join in decision making• Managers retain the power to implement decisions
<i>Work Organization</i>	<ul style="list-style-type: none">• Specialized and often repetitive work	<ul style="list-style-type: none">• Wider areas of skill or knowledge• Employees can develop their expertise and make suggestions

Comparing Theory X and Theory Y

	Theory X	Theory Y
<i>Rewards and Appraisals</i>	<ul style="list-style-type: none">• <i>'Carrot and stick'</i>	<ul style="list-style-type: none">• <i>Separate from organizational controls</i>• <i>Frequent promotion opportunities</i>
<i>Application</i>	<ul style="list-style-type: none">• <i>Widely considered inferior to theory Y</i>• <i>Large-scale production operation and unskilled production line work</i>• <i>Blue collar work</i>	<ul style="list-style-type: none">• <i>Widely adopted by types of organization that value and encourage participation</i>• <i>Suitable for knowledge work and professional services</i>• <i>White collar work</i>

OUCHI'S THEORY Z

Theory Z

- *Theory Z has been called a sociological description of the humanistic organizations*
- *“Theory Z is an approach to management based upon a combination of American and Japanese management philosophies”. Proponents of Theory Z suggest that it leads to improvements in organizational performance.*
- *The Japanese management style popularized in the 1980s that assumes employees have an interest in **good working relationships with management and other employees**. Management generally has high confidence in employees, who are encouraged to participate in the management decision making. Employees are viewed as long-term assets who will stay with the same firm throughout their careers*

THEORY Z

Japanese consensus management style based on the assumptions that

- I. *Employees want to build cooperative relationships with their employers, peers, and other employees in the firms.*
- II. *They require high degree of support in the form of secure employment and facilities for development of multiple skills through training and job rotation,*
- III. *They value family life, culture and traditions, and social institutions as much as material success,*
- IV. *They have well-developed sense of dedication, moral obligations, and self-discipline.*
- V. *They can make collective decisions through consensus.*

William G. Ouchi



- ❑ American professor and author in the field of business management.
- ❑ B.A.- Williams College.
MBA- Stanford University.
Ph.D. in Business Administration- The University of Chicago.
- ❑ Stanford business school professor for 8 years.
- ❑ First book in 1981 -*"Theory Z: How American Management Can Meet the Japanese Challenge"* .
- ❑ Second book- *The M Form Society: How American Teamwork Can Recapture the Competitive Edge*
- ❑ Ouchi also came up with his three approaches to control in an organization's management:
 1. Market control.
 2. Bureaucratic control.
 3. Clan control.

THEORY Z

"Theory Z." can be traced to the work of Douglas McGregor in the 1950s and 1960s.

Theory X ('authoritarian management' style)

Features:

- 1. The average person dislikes work and will avoid it he/she can.*
- 2. Therefore most people must be forced with the threat of punishment to work towards organizational objectives.*
- 3. The average person prefers to be directed; to avoid responsibility; is relatively unambitious, and wants security above all else.*

Theory Y ('participative management' style)

Features:

- 1. Effort in work is as natural as work and play.*
- 2. People will apply self-control and self-direction in the pursuit of organizational objectives, without external control or the threat of punishment.*
- 3. Commitment to objectives is a function of rewards associated with their achievement.*
- 4. People usually accept and often seek responsibility.*
- 5. The capacity to use a high degree of imagination, ingenuity and creativity in solving organizational problems is widely, not narrowly, distributed in the population.*
- 6. In industry the intellectual potential of the average person is only partly utilized.*

THEORY Z

In the 1970s and 1980s, many U.S industries lost market share to international competitors, particularly Japanese companies.

Ouchi contrasted American types of organizations (Type A) that were rooted in the United States' tradition of individualism with Japanese organizations (Type J) that drew upon the Japanese heritage of collectivism.

Ouchi proposed that a Theory Z management approach could lead to;

1. Greater employee job satisfaction
2. Lower rates of absenteeism and turnover
3. Higher quality products
4. Better overall financial performance for U.S. firms.

Differences between American and Japanese Management Practices

<u>American Organizations</u>	<u>Japanese Organizations</u>
Short-term employment	Lifetime employment
Individual decision making	Collective decision making
Individual responsibility	Collective responsibility
Rapid evaluation & promotion	Slow evaluation & promotion
Explicit control mechanisms	Implicit control mechanisms
Specialized career paths	Non-specialized career paths
Segmented concern for employee as an employee	Holistic concern for employee as a person

STRATEGIES TO TRANSFORM THE ORGANIZATION

12 strategies to transform a typical American company, named as type A company to type Z company.

1. *Skeptics have to be allowed to exist.*
2. *Audit its philosophy.*
3. *Define desired philosophy and be able to involve company leaders.*
4. *Create structure and incentive in the company.*
5. *Develop interpersonal skills.*
6. *Test themselves and the system.*
7. *Stabilize employment.*
8. *Slow evaluation and promotion.*
9. *Broaden the people's career paths.*
10. *Working into the lower level.*
11. *Employee participation is allowed in decision making.*
12. *Create a sense of family between everyone.*

FEATURES

- ❑ LONG-TERM EMPLOYMENT
- ❑ CONSENSUAL DECISION MAKING
- ❑ INDIVIDUAL RESPONSIBILITY
- ❑ SLOW EVALUATION AND PROMOTION
- ❑ INFORMAL CONTROL WITH FORMALIZED MEASURES
- ❑ MODERATELY SPECIALIZED CAREER PATH
- ❑ HOLISTIC CONCERN

LONG-TERM EMPLOYMENT



Type Z organizations generally make life-long commitments to their employees and expect loyalty in return, but Type Z organizations set the conditions to encourage this. This promotes stability in the organization and job security among employees.

CONSENSUAL DECISION MAKING



The Type Z organization emphasizes communication, collaboration, and consensus in decision making

INDIVIDUAL RESPONSIBILITY



Type Z organizations retain the emphasis on individual contributions that are characteristic of most American firms by recognizing individual achievements, albeit within the context of the wider group.

SLOW EVALUATION AND PROMOTION



The Type Z organization, conversely, adopts the model of slow evaluation and promotion.

INFORMAL CONTROL WITH FORMALIZED MEASURES



Performance Factors

	Poor	Good	Excellent
Quality of Work	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Quantity of Work	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Dependability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Communication Skills	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Supervision	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Leadership Skills	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Initiative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cooperation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Adaptability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Versatility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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The Type Z organization relies on informal methods of control, but does measure performance through formal mechanisms. This is an attempt to combine elements of both the Type A and Type J organizations.

MODERATELY SPECIALIZED CAREER PATH



The Type Z organization adopts a middle-of-the-road posture, with career paths that are less specialized than the traditional U.S. model but more specialized than the traditional Japanese model.

HOLISTIC CONCERN



The Type Z organization is characterized by concern for employees that goes beyond the workplace. This philosophy is more consistent with the Japanese model than the U.S. model.

COMPANIES FOLLOWING THEORY Z. IN U.S

- IBM
- Procter and Gamble
- Hewlett Packard
- Eastman Kodak
- The US Military

EVALUATION OF THEORY Z

- ❖ Mixed results
- ❖ +Ve
- ❖ Employee satisfaction
- ❖ Motivation
- ❖ Commitment
- ❖ Financial performance
- ❖ -Ve
- ❖ do not outperform other organizations
- ❖ Been misplaced
- ❖ Considerable criticism.

System Approach

System

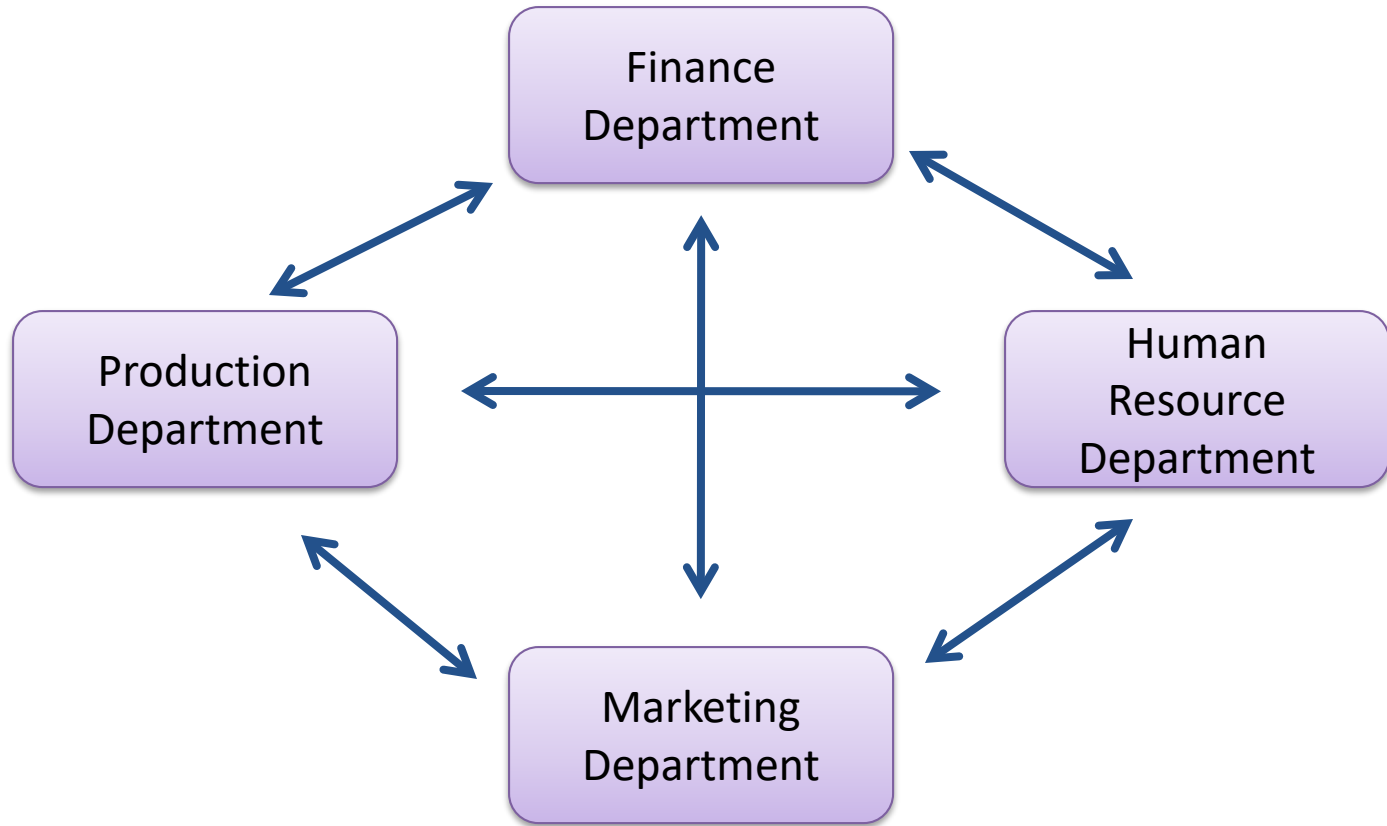
- A system is a set of interrelated but separate parts working towards a common purpose.
- The arrangement must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.

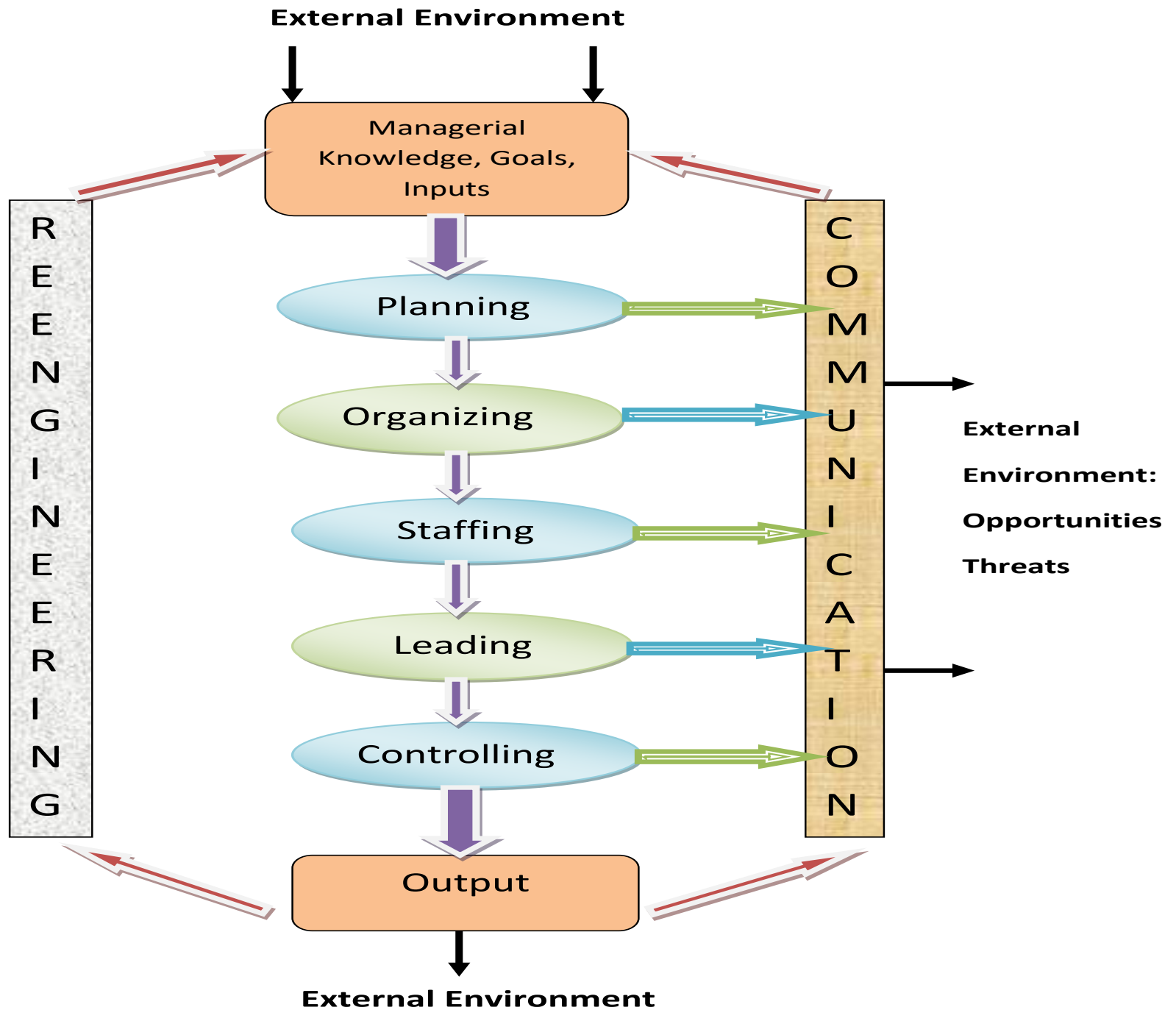
System Approach

- System approach to management views the organization as a unified, purposeful system composed of interrelated parts.
- This approach also gives the manager to see the organization as a whole and as a part of the larger external environment.

Contd...

- System oriented manager would make decisions only after they have identified impact of these decisions on all other departments and the entire organization.
- They must intertwine their department with the total organization and communicate with all other departments, employees and with each other.

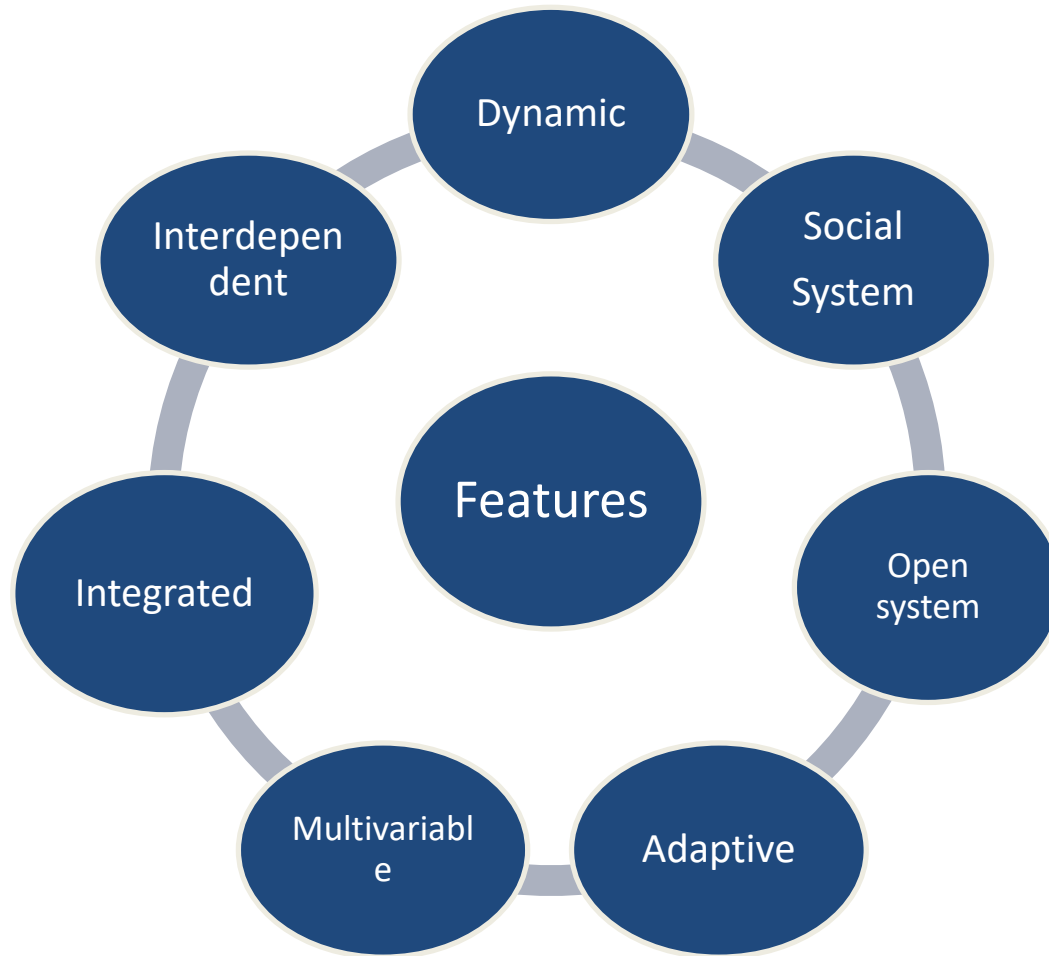




Characteristics

- Systems have **structure**, defined by parts and their composition;
- Systems have **behavior**, which involves inputs, processing and outputs of material, energy or information;
- Systems have **interconnectivity** : the various parts of a system have functional as well as structural relationships between each other.
- System(s) have by itself function(s) or group of functions .

Features of System approach



Advantages

- It aims at **meaningful analysis of organizations** and their management.
- It facilitates the **interaction between organization** and its environment.
- It guide manager to avoid **analyzing problems in isolation** and to **develop an integrated approach**.

Disadvantages

- The approach does not recognize the **differences in systems.**
- **Over-conceptual**
- Systems philosophy does not specify the **nature of interactions and interdependencies.**
- **Unpractical:** It cannot be easily and directly applied to practical problems.
- **Lack of Universality**
- **Complex System**

CONTINGENCY THEORY

Fiedler, 1964

- *There is no one best way of organizing / leading and that an organizational / leadership style that is effective in some situations may not be successful in others.*
- *The optimal organization / leadership style is contingent upon various internal and external constraints.*

William Richard Scott

"The best way to organize depends on the nature of the environment to which the organization must relate".

Important ideas of Contingency Theory

- There is no universal or one best way to manage
- Wide range of external and internal factors must be considered and the focus should be on the action that best fits the given situation
- Effective organizations not only have a proper 'fit' with the environment but also between its subsystems
- The needs of an organization are better satisfied when it is properly designed and the management style is appropriate both to the tasks undertaken and the nature of the work group.
- Each managers situation must be viewed separately
- Managers need to be developed in skills that are most useful in identifying the important situational factors.

PROPERTIES

- *Theory is equally important for every organization*
- *Theory doesn't believe in 'one best way' so many methods and principles may be used in*
- *Every situation is unique so manager **HAS TO** be able to analyze each and every situation **INDIVIDUALLY**.*
- *“An authoritarian leadership style may be more appropriate than a leadership style that tries to get workers internally motivated.”*

- *Applied in activities of motivating, leading and structuring the organization.*
- *The other potentials of application are;*
 - A. Employee development and training*
 - B. Decision of decentralization*
 - C. Establishment of communication and control systems*
 - D. Planning info decision systems*

CRITICISMS...

- *The logical extension of the contingency approach is that all situations are unique. If this is true, then management can be practiced only by intuition and judgment, thereby negating the value of prior knowledge and wisdom.*
- *On research level, contingency theory has been criticized for being theoretical*

EFFECT ON A MANAGER

- *By applying contingency theory to the study of management, Manager will be able to identify and to solve problems under different situations.*
- *He will recognize that the successful application of a technique in one situation does not guarantee success in another.*
- *Rather, he will be able to examine each situation in terms of how it is affected by the contextual, organizational, and human dimensions.*
- *As a result, his overall ability to correct problems and to become more effective as a manager will increase.*

Application of a contingency Perspective

- *Will enable the manager to examine the situation and to determine the cause of decreased profits before a new procedure or program is implemented.*
- *Contingency theory is designed to provide the manager with the capabilities to examine numerous possible solutions to a problem*

The McKinsey 7S Framework

THE MCKINSEY 7S FRAMEWORK

- Developed in the early **1980s** by Tom Peters and Robert Waterman
- The basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it wants to be successful.

7S model is Used....

- To improve the performance of a company,
- To examine the likely effects of future changes within a company,
- To align departments and processes,
- To determine what is the best way to implement a proposed strategy.

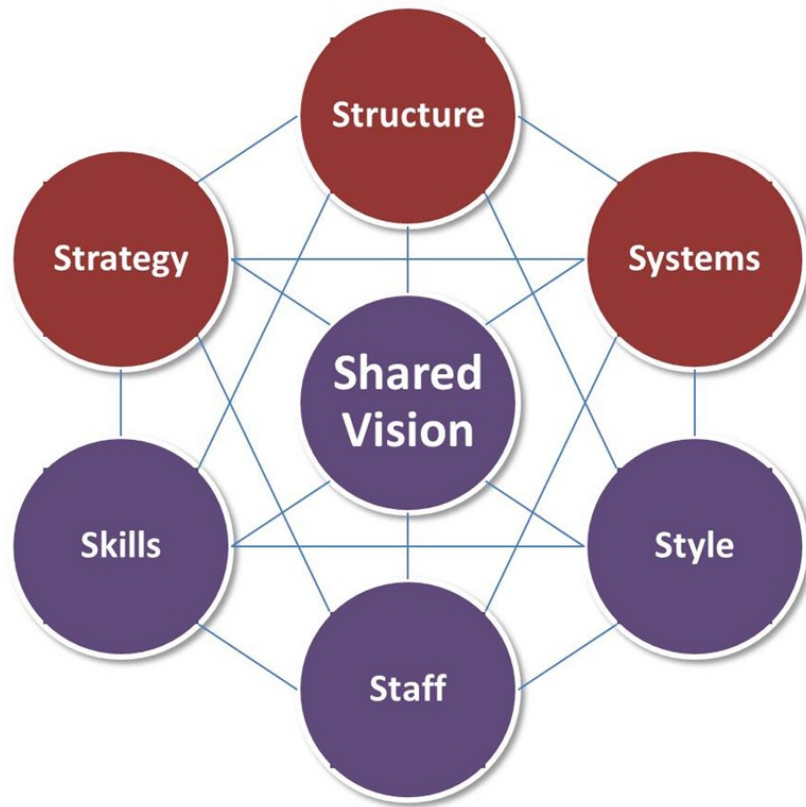
Seven Elements

Hard elements	Soft elements
Strategy	Shared values
Structure	Skills
Systems	Style
	Staff

"Hard" elements are easier to define or identify and management can directly influence them: These are strategy statements; organization charts and reporting lines; and formal processes and IT systems.

"Soft" elements, on the other hand, can be more difficult to describe, and are less tangible and more influenced by culture. However, these soft elements are as important as the hard elements if the organization is going to be successful.

The 7S Model



- The key point of the model is that **all** the **seven areas** are **interconnected** and a change in one area requires change in the rest of them for it to function effectively.

The 7S Model

- **Strategy:** the plan devised to maintain and build competitive advantage over the competition.
- **Structure:** the way the organization is structured and who reports to whom.
- **Systems:** the daily activities and procedures that staff members engage in to get the job done.

The 7S Model

- **Shared Values:** these are the core values of the company that are evidenced in the corporate culture and the general work ethic.
- **Style:** the style of leadership adopted.
- **Staff:** the employees and their general capabilities.
- **Skills:** the actual skills and competencies of the employees working for the company

Apple Inc

- **Shared Values** - business is aligned around the values of design and user experience
- **Strategy** - focus on a small number of products and to make them innovative and excellent – enabling the business to capture a huge market share relative to its size, and build a loyal customer following



- **Staff** - offers their employees huge benefits
- **Skills** - highly qualified and creative employees
- **Systems** - supply chain with built capacity for launching and supplying huge new market-dominating products
- **Style** - people are free to innovate – as long as they met Jobs' high standards

MANAGERIAL ETHICS

AND

CORPORATE SOCIAL RESPONSIBILITY

WHAT IS MANAGERIAL ETHICS?

- Ethics is a code of moral principles and values that govern the behaviour of a person or group with respect to what is **right or wrong**.
- Ethics sets standards as to what is good or bad in conduct or decision-making.
- Ethical issues occur when the action of a person may harm or benefit others.

VIEWS OF ETHICS

- 1. Utilitarian approach*
- 2. Individualism*
- 3. Moral rights view approach*
- 4. Justice approach*

UTILITARIAN APPROACH

The ethical concept that moral behaviours produce the greatest good for the greatest number.

This approach views decision-making as selecting alternatives that optimizes the satisfaction for the greatest number of people.

INDIVIDUAL APPROACH

This view contends that acts are moral and ethical when they promote the individual's long-term interest, which leads to the greatest good.

MORAL-RIGHTS APPROACH

The ethical concept or rights view is concerned with respecting and protecting individual liberties, and privileges, including the right to privacy, freedom of conscience (sense of right and wrong), free speech, and due process.

JUSTICE APPROACH

The ethical concept that moral decisions must be based on standards of equity, fairness, and impartiality.

FACTOR AFFECTING ETHICAL CHOICES - MANAGERS

Ethical choices of a manager are determined by the manager's level of moral development. There are three levels.

Pre-conventional level – concerned with external rewards and punishment and obeying authority to avoid detrimental personal consequences.

Conventional level – focus is on good behaviour as defined by colleagues, family, friends, and society.

Post-conventional level – concerned with individual set of values and standards to the point of disregarding rules or laws that violate principles .

FACTOR AFFECTING ETHICAL CHOICES -THE ORGANIZATION

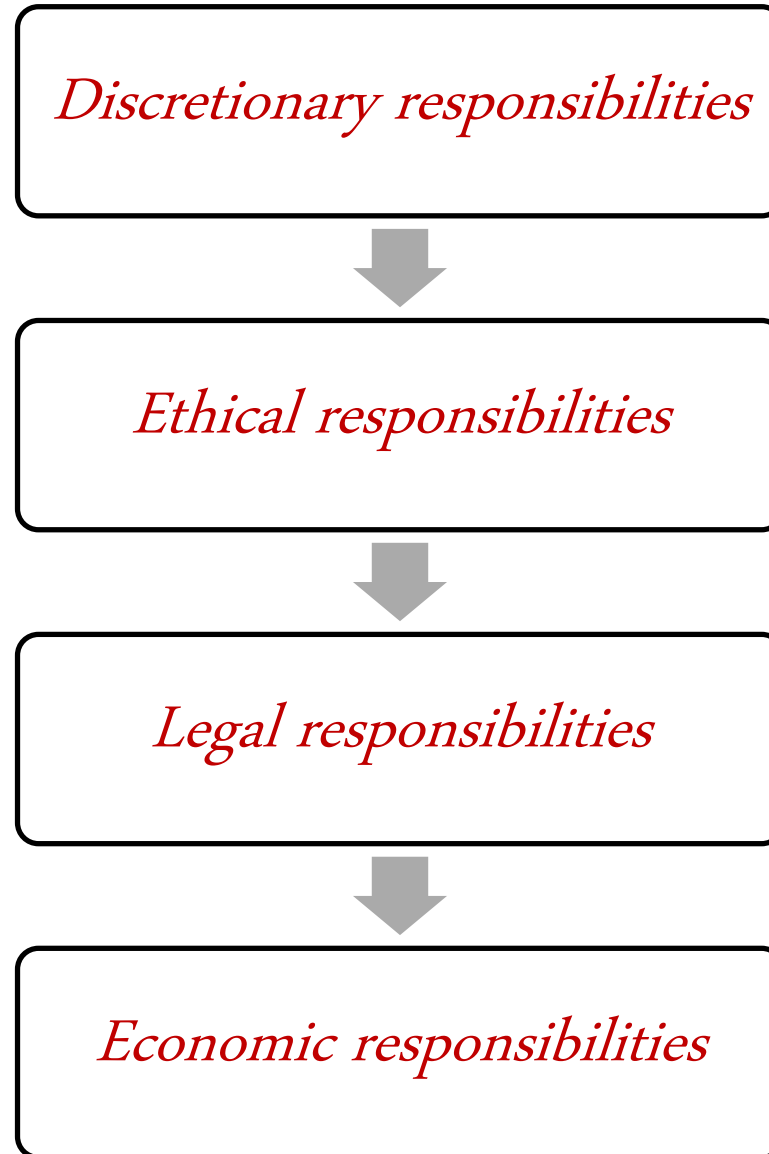
The corporate culture of the organization can establish and engender ethical behaviour. Culture is a major force that defines the company's values. If ethical behaviour is encouraged, it becomes routine.

SOCIAL RESPONSIBILITY

What is social responsibility?

A firm's obligation, beyond that required by law and economics, to pursue long-term goals that will enhance the welfare and interest of the society and the organization as well.

LEVELS OF SOCIAL RESPONSIBILITY



ECONOMIC RESPONSIBILITY

A business is first an economic unit in society, its economic responsibility is to make a profit.

LEGAL RESPONSIBILITY

Businesses must play by the rules and obey government laws. Government can affect businesses through legislation, judicial action, and agency administration.

ETHICAL RESPONSIBILITY

Demonstrating behaviour that fit within the norms of society, the organization, the individual, and the profession that have not been made by law.

DISCRETIONARY RESPONSIBILITIES

Discretionary responsibilities are the highest form of social responsibilities because they are voluntary.

Discretionary responsibilities are those for which there are no societal laws, rules, or ethical statements, but for which expectations might exist.

CORPORATE SOCIAL RESPONSIBILITY-

CORPORATION'S INITIATIVES TO ASSESS AND TAKE RESPONSIBILITY FOR THE COMPANY'S EFFECTS ON ENVIRONMENTAL AND SOCIAL WELLBEING. THE TERM GENERALLY APPLIES TO EFFORTS THAT GO BEYOND WHAT MAY BE REQUIRED BY REGULATORS OR ENVIRONMENTAL PROTECTION GROUPS.

CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Companies can invest in local communities in order to offset the negative impact .
E.g.. School, Free medical services or improve irrigation and sanitation equipment.

CORPORATE SOCIAL INITIATIVES

- 1. Corporate philanthropy: Company donations to charity*
- 2. Community volunteering: Company-organized volunteer activities*
- 3. Socially-responsible business practices: Ethically produced products*
- 4. Cause promotions: Company-funded advocacy campaigns*
- 5. Cause-related marketing: Donations to charity based on product sales*
- 6. Corporate social marketing: Company-funded behavior-change campaigns*

COMMON CSR ACTIONS-ENVIRONMENTAL

SUSTAINABILITY

Recycling, Waste management, Water management

Renewable energy , Reusable materials, 'Greener' supply chains,
Reducing paper use , Adopting Leadership in Energy and Environmental
Design (LEED) building standards

COMMON CSR ACTIONS - COMMUNITY INVOLVEMENT

Raising money for local charities

Providing volunteers

Sponsoring local events

Employing local workers

Supporting local economic growth

Engaging in fair trade practices

COMMON CSR ACTIONS ETHICAL MARKETING

Companies that ethically market to consumers are placing a higher value on their customers and respecting them. They do not try to manipulate or falsely advertise to potential consumers. This is important for companies that want to be viewed as ethical.