

# Social Responsibility

Section 5.2

# Objectives

After studying this section, you will be able to

- **explain** the role of business in society.
- **describe** corporate culture.

# Key Terms

social responsibility

corporate social responsibility

goodwill

philanthropy

Environmental Protection Agency (EPA)

corporate culture

# Role of Business in Society



- **Social responsibility** is behaving with sensitivity to social, environmental, and economic issues. It includes a duty to help others and to improve society in general.

# Role of Business in Society

- **Corporate social responsibility** is the actions a business takes to further social good.
- Goes beyond just making a profit and fulfilling legal requirements of a business.
- Examples include donating to nonprofits, recycling, supporting local businesses, using non-animal testing, or supporting a cause like cancer research.



# Role of Business in Society

- **Goodwill** is the advantage a business has due to its good reputation; goodwill cannot be bought.
- Being a good corporate citizen promotes goodwill and may encourage customers to buy from a business.
- Goodwill creates customer loyalty and is vitally important to success in business.
- Customer-oriented businesses know that people are more likely to buy from businesses that reflect their own values.

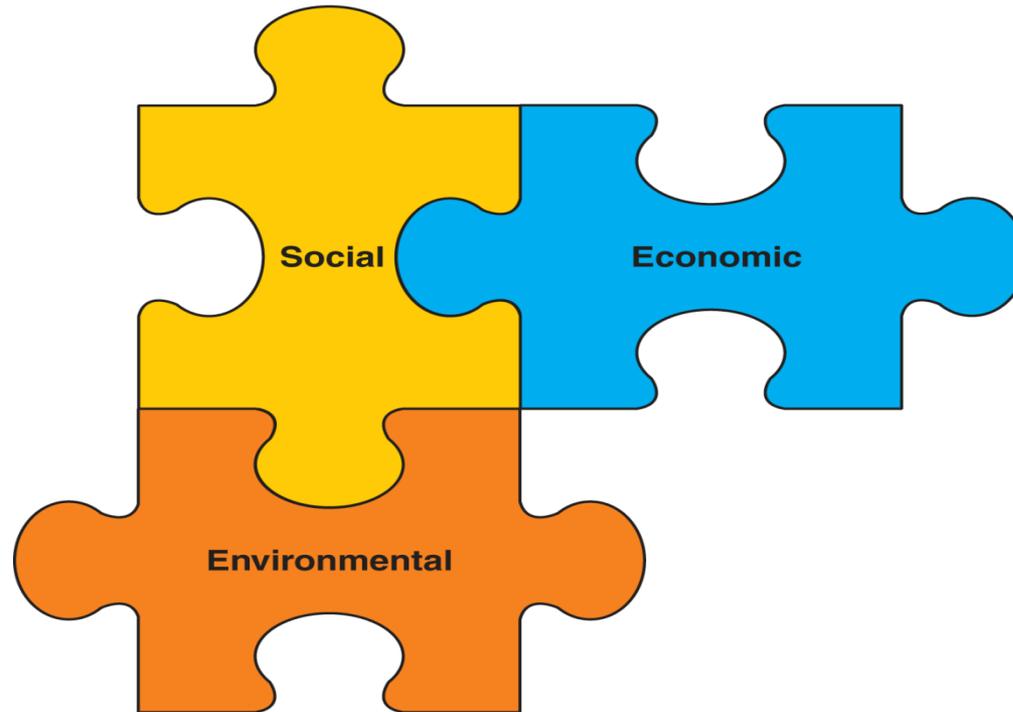


# Role of Business in Society

- Businesses also has the potential to do great harm.
- For example, a chemical company produced fertilizer to help farmers grow crops. However, at the same time, the company put dangerous chemical waste into the nearby water supply. The dangerous waste contaminated drinking water and caused people to become ill with cancer and other diseases.

# Components of Social Responsibility

## Social Responsibility



## Social issues:



- Businesses have a responsibility to help society achieve its basic goals.
- ◉ **Philanthropy** is promoting the welfare of others—usually through volunteering, protecting natural resources, or donating money or products to charitable organizations.
- ◉ Giving back when you can is the basis of creating goodwill.



- Many businesses and organizations support a charity or social cause that does not always mean giving money. Employees could volunteer their time to causes.
- Companies can adopt a school and help reward children for reading, getting good grades, or having good attendance.

## Economic issues:



- There is an economic part of social responsibility that goes beyond volunteering or donating.
- All businesses operate within a community.
- It is important for any business to put money back into its community and support the local economy.

# Environmental Issues:



- Protecting the environment impacts society as a whole.
- There are many ways for socially responsible businesses to conserve natural resources and reduce pollution.
- Provide customers with reusable shopping bags, recycle paper, printer cartridges, or glass bottles.

## Environmental issues:



- **Environmental Protection Agency (EPA)** helps businesses use green products and practices to help protect the environment
- **Environmental Protection Agency (EPA)** is the federal agency providing information about environmental-compliance rules and regulations.
- These laws vary by business sector.
- The EPA helps businesses use green products and practices to help protect the environment.

# Corporate Culture



- **Corporate culture** describes how the owners and employees of a company think, feel, and act as a business.
- Level of social responsibility is part of a business' corporate culture.
- When creating a marketing plan, marketers should make social responsibility an important part of the marketing plan
- Companies with positive corporate cultures attract great employees and loyal customers.