

Business Management

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SOCIAL RESPONSIBILITY OF BUSINESS / MANAGEMENT

H. R. Bowen defines that," Social responsibility of business refers to the obligation of business to pursue those policies, to make a those decisions, or to follow those lines of actions, which are desirables in terms of objectives and values of our society."

Social Responsibilities

Social responsibility towards various groups are as below.

1.Resposibility Towards Employees

The survival and success of business depends upon the quality and commitment of its human resources. Therefore, a business organization needs to fulfill its social responsibility towards its employees in the following manner..

- **Should provide job security.**
- **Paid proper & timely wages**
- **To protect health & life**
- **Provide good working conditions.**
- **Should adopt proper personnel policies**
- **Relating to training, transfers, promotion, performance appraisal.**
- **Set up grievance redressal system to handle complaints.**

Social Responsibilities

2. Responsibility Towards Shareholders – The shareholders are the owners of the company. They have invested their funds for better returns. They expect certain responsibilities on the part of the management.

- Optimum utilization of their funds.
- Proper disclosure regarding the affairs of the company.
- Periodic information about important developments in the company.
- Fair conduct of company meetings.
- Fair return on their investment.

Social Responsibilities

3. Responsibility Towards Customers - The survival and growth of a business depends upon customer satisfaction, service and support. The customer expect certain responsibilities on the part of the management.

- should produce quality goods.
- should charge fair price.
- expect honest advertising and information.
- Should make the goods available regularly and nor create artificial shortage to raise prices.
- must provide good after sale service.
- should deal with the complaints of the customers immediately.
- to improve the quality of goods and reduce costs.

Social Responsibilities

4. Responsibility Towards Society - The general public expect following responsibilities from the management.

- should take all possible measures to prevent air, water, noise and soil pollution.
- should make indiscriminate use of the scarce resources in the interest of the society.
- should make efforts to uplift backward areas by starting and developing industries in such areas.
- should uplift the weaker sections of the society by making efforts to provide jobs and also other activities.
- the company should work for communal harmony and not to participate in anti-social activities.
- to donate generously to various social causes such as eradication of poverty, illiteracy.

Social Responsibilities

5. Responsibilities Towards Government - The Govt. expects ----

- Cooperation and financial assistance from the business sector in implementing socio-economic programs.
- to pay taxes duties regularly.
- Should strictly observe govt. rules and regulations. should work towards political stability in the country.
- should avoid seeking unfair from govt. authorities.
- should provide assistance to the govt. during natural calamities.

Social Responsibilities

6. Responsibility Towards Suppliers -

- should maintain good relations with suppliers.
- payment on time.
- Should not force the supplier to provide unreasonable terms.
- should work for their growth and survival.
- should not disclose any secret information about its to others.

Social Responsibilities

7. Responsibility Towards Financial institutions -

- the payment of loan and interest instalments must be paid on time.
- they should not bribe bank officials in sanctioning loans.
- provide regular reports to the financial institutions.
- should not convert bank loans into bad debts.
- should be proper use of funds provided by financial institutions.

Social Responsibilities

8. Responsibility Towards Competitors -

- should avoid unfair practices like duplicating of products / design.
- Respect the competitors and treat them challengers and not enemies.
- they should ensure free entry and not block entry of competitors.

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MANAGEMENT BY OBJECTIVES

M.B.O. is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to both by management and employees. M.B.O. is the establishment of a management information system to compare actual performance and achievements to the defined objectives.

Definition-

- Koontz & Odonell & Welhrich - M.B.O. is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and efficient achievement of organizational objectives.
- Process of M.B.O. -- M.B.O. outlines six steps that organization should use to the management technique into practice.

Management by objectives

- 1. Define organizational goals** - Goals are critical issues to organizational effectiveness and they serve a number of purposes. The goal set by the superiors are preliminary, based on analysis and judgement as to what can and what should be accomplished by the organization within a certain period.
- 2. Define employees objectives.**
- 3. Continuous monitoring performance and progress** - For monitoring performance and progress the following are required.
 - Identifying ineffective programs by comparing performance with pre-established objectives.
 - Using zero based budgeting.
 - Apply M.B.O. concepts for measuring individual & plans.
 - preparing long & short range objectives & plans.
 - Identifying effective controls and
 - Designing a sound organizational structure with clear responsibilities and decision making authority at the appropriate level.
- 4. Performance evaluation.**
- 5. Providing feedback.**
- 6. Performance Appraisal** - are a regular review of employee performance within organizations, It is done at the last stage of the MBO process.

Management by objectives

Benefits / Advantages of M.B.O. -

- MBO is result oriented process and focuses on setting & controlling goals, It encourages managers to do detailed planning.
- Both the managers and subordinates know what is expected of them and there is no role ambiguity or confusion.
- The authority and responsibilities of the personnel is clearly established.
- It makes individuals more aware of the company goals. This improves their moral and commitment.
- MBO often highlights the area in which the employees need further training, leading to carrier development.
- It improves communication between management & subordinates.
- work completed according to objectives.
- Increase efficiency.
- Motivate employees for facing challenges.
- Inspired for self decisions.

Thank You