



The primary function of business is to create wealth and value for its customers, shareholders, employees and society at large. Today, this role of private enterprise in a market economy and the positive contribution of entrepreneurial initiative to environmental and social progress are increasingly recognized worldwide. Wealth generation and economic growth are the foundations of business's capacity to contribute effectively to improve environmental and social conditions.

The main goal or purpose of business is to make as much money as possible is accepted as a matter of fact and is beyond debate. To go further and say that the social responsibility of a business is also just another way to make a profit is open to debate.

Commercial success is no longer the sole measure for a business today. Our impact on society -- good or bad -- is also taken into account.

We see a lot of different definitions of what is generally known as "Corporate Social Responsibility." But no matter what we call it, the best companies clearly agree that success in world today means doing business in a socially responsible and ethical manner.

It means respecting the law. It means respecting human rights. It means benefiting the communities where we work. It means respecting the environment while working to meet the world's growing new economy demands.

There are four models of corporate responsibility globally. The first is the ethical one where there is voluntary commitment to public welfare. In Pakistan, it has its roots in the Founder of Pakistan Quaid-e-Azam, Muhammad Ali Jinnah, and philosophy of trusteeship.

The second model is of state-owned; they provide housing and schools to workers. They have existed in Pakistan since 1947. But this model is now being challenged by the trend of disinvestment and privatization.

The third is the liberal approach where the belief is that the free market would take care of corporate responsibility. Since the late '80s and through the '90s, there has been increasing realization that business has a social responsibility.

The fourth is the stakeholders' model. Companies like Nike have been sourcing raw material from developing countries. There were allegations of sweatshops being run by Nike and it had to change its practices. Corporate responsibility now means ethical and environment-friendly practices. Companies are expected to stick to the Triple Bottom-line — of economic, social and environmental responsibility towards workers, the shareholders and the community. Some form of these four approaches exists in all countries.

As we entered the twenty-first century, we find that the world has grown smaller. People worldwide have become almost one community. Political and military alliances have created large multinational groups; industry and international trade have produced a global economy. Worldwide communications are eliminating ancient barriers of distance, language and race. We are also being drawn together by the grave problems we face: overpopulation, dwindling natural resources, and an environmental crisis that threatens our air, water, and trees, along with the vast number of beautiful life forms that are the very foundation of existence on this small planet we share.

Industrialized agriculture, intensive animal husbandry methods, and over fishing are destroying traditional farming, poisoning the planet and all living beings. Subsidized exports, artificially low prices, constant dumping, and even some food aid programs are increasing food insecurity and making people dependent on food they are unable to produce. The depletion of global grain stocks has increased market instability, to the detriment of small producers.

Organizations cannot function and remain healthy except when the bigger system remains healthy, just as organs of a body cannot function effectively when the body as a whole, is not healthy. The health of the society is therefore a necessary concern of organizations. The concern cannot be one of a passive observer. It has to contribute actively to the enhancement of the overall health of the society. By no means should it cause any deterioration in society.

To meet the challenge of our times, human beings will have to develop a greater sense of social responsibility. Each of us must learn to work not just for his or her own sake, family or nation, but for the benefit of all mankind. Universal responsibility is the real key to human survival.

Organizations are subsystems of society. They are powerful subsystems. They are in command of a lot of technical, financial and human resources. Whichever way these resources are used, there will be an impact on the society. These impacts will be of obvious economic consequences or sometimes very subtle and not very observable.

An organization is a creation of Society. It gets its resources from Society. Its outputs are accepted and consumed by Society. Without the specific sanction of Society, no organization can prosper. Organizations are citizens of society and as citizens; they owe certain responsibilities to the society. The primary responsibility is to ensure that it does not cause it any damage and the second responsibility is to contribute to its progress.

Contemporary business organizations are much bigger than in the past and the impact of their operations on society much wider. They have much greater potential to do enormous damage than ever before, through thoughtless actions, if they do not focus on the long term consequences. Considerations of patronage, may blind them to excesses. There is need to consciously transcend the limited interests of a corporation and ennoble its cause's in terms of the greater good.

An organization's responsibility towards society is different from the responsibility it has towards the selected segments of society like shareholders, customers, employees, dealers, suppliers, Government, etc., all of whom are stakeholders in one form or other. These stakeholders are benefited because they directly contribute towards the activities and success of the organization. The activities however, have impact on persons other than the stakeholders.

The life styles of people living out of the waters, through fishing or ferrying, will be affected on a long term basis. The effect will be on the health of the people, their productive capacities and the economy of the society, lasting perhaps, for generations.

In the recent years, societies are becoming more aware of their rights and hence are questioning whether the concept of social responsibility is appropriate in an organizational philosophy in the age of environmental deterioration, resource shortages, explosive population growth, world hunger and poverty and neglected social services. The question posed today is whether companies that do an excellent job of sensing, serving and satisfying individual consumer requirements are necessarily acting in the best long-run interests of consumer as well as society.

Business has never been a more powerful force in our society. It has an enormous impact on our values, our children, our environment, our health and our welfare. It is no longer enough to measure business only by standards of profit, efficiency and market share. We must also ask how business contributes to standards of social justice, environmental sustainability and the values by which we choose to live.

Everything we do, everything we sell has an impact on the communities in which we live and work. While it is essential that organization creates profit for our shareholders, it is just as essential that we create value for our communities. In short, organizations must serve our customers, shareholders, employees and communities by not only creating economic value, but also social value.

Good business is just that: good business. And it factors in a sense of social responsibility from the start. Consumers know when a company is paying lip service by painting its products green, but they also recognize and reward a company when its commitment to labor, the environment, and the community are real. Read examples of companies that have made social responsibility a cornerstone of their business.

A couple of examples are quoted to this respect: In Pakistan, Children were used as child labor in carpet, match box and firework Industries. It has become good business to consider and think of society's interests when the organization makes marketing decisions to discourage child labor. On the same theme, Johnson & Johnson stopped the manufacture of feeding bottles to promote the concept of breast feeding.

Organizations should determine customers' needs and wants and then deliver superior value to the target market in a way that improves customers' and society's well-being. It is required from an organization to think about the long-run interests of society in satisfying

consumer's interests while meeting organizational objectives. Extending the time dimension means that an organization should take a long-term view of customer satisfaction, without forsaking the society's well being in general. It should take into account the need for organizations to act responsibly not only towards their customers, but also towards the environment and other needs of society. Extending the breadth of dimension of the concept means the organization recognizes that the market includes not only buyers of the organization's products but also other people affected by the organization's operations.

Companies of all sizes and from in all sectors achieve commercial success in ways that respect ethical values, people, communities and the environment. Companies with strong mission, vision and values have an advantage in achieving key business goals. A well-run and profitable company does more than just making money. It creates social wealth, which means creating jobs, respecting the environment and making lasting contributions to the community.

As we all know, best practices describe the best ways to perform a specific business task / process. Best practices lead to improvement in business performance. They are the means by which leading organizations have achieved top performances in the past. They have helped companies to make wide-ranging changes and develop new marketing and market expansion strategies, both domestically and internationally. They also serve as examples for other organizations that strive for excellence.

Public's perception of socially responsible behavior influences the ethical decisions that businesses make. Many companies have faced severe financial setbacks caused by decisions that, in hindsight, were perceived by the public as unethical. Socially responsible businesses place a heavy emphasis on the safety of their products. Huge costs have been associated with failure when not meeting the public's perception of what is safe.

With the rapid globalization of economy, concerns from consumers, investors, human rights activists, labor, religious and other groups have also risen regarding the conditions under which products for export to the other countries are made, extracted, grown or processed. To address these issues, many companies have adopted codes of conduct to influence the practices of their global business partners, e.g. joint venture partners, licensees, and suppliers.

Codes of conduct typically set guidelines on issues including child labor, forced labor, wages, benefit, working hours, disciplinary practices, freedom of association, and health and safety. They also sometimes incorporate policies regarding legal compliance, ethics, environmental practices and community investments.

In Pakistan there are organizations which blatantly violate basic principles and the laws on child labor, human rights, discrimination, fair wages, etc. There are also organizations which show little concern for consumer interests. They compromise on safety and quality standards producing goods that are dangerous. They are using resources, taken from the

society, for their own benefit at the cost of the society. This constitutes misuse and breach of trust. When society gives its resources to an organization, there is an implicit understanding as to how they are to be used. They are not intended to be used for some one's personal benefits, after harming the larger interests of the society.

The daily press is full of stories pointing out irregularities and improprieties in the behaviors of individuals in authority, in the form of neglect of duties, abuse of power, harassment instead of the expected help, misappropriation, cheating, and collusion with criminals and so on. All these stories offend our sense of propriety, because there is breach of trust. Someone is using society's resources for personal advantage and harming society in the process. Effectively, the organization, through the activities of the persons concerned, has violated the sanction of the society.

A company's ability to attract and retain the highest quality employees is affected by conditions outside of the immediate work environment. Issues such as employee safety and quality of life in a community factor into employees' decisions to accept or stay in a job. Therefore, some companies provide charitable support to build the infrastructure in a community, which not only creates improvements for residents, but also makes a community more attractive for employees.

In Pakistan the economic development programs must include a focus on quality of life issues and economic future should link to its quality of life and rich cultural and recreational resources. Anyone who has had the responsibility of locating a facility knows that one has to consider more than just employment opportunities. It is imperative to examine the quality of Pakistani's schools, medical facilities, infrastructure, cultural and recreational assets. These attributes are essential if Pakistan is going to sustain itself, let alone grow and attract an influx of talented people.

Participating in community service is something we do not talk about much amongst ourselves in the office. It's sort of like religion—we each have our own personal interpretation of it but we just don't talk much about it. On the other hand, as a group, we have commitment to service that we all understand and believe in.

We believe that business should be a force for positive change in society. We must invest not only our time, but also funding in organizations that are passionate about their mission. Through their critical work, these partners extend the reach of our resources to communities.

Whether we like it or not, we have all been born in this country as a part of one great family. Rich or poor, educated or uneducated, belonging to one cast, religion, ideology or another, ultimately each of us is only a human being just like everyone else. We all desire happiness and do not want suffering. Furthermore, each of us has the same right to pursue happiness and avoid suffering. When there is recognition that all beings are equal in this respect, the feeling of empathy and closeness for them generate automatically. Out of this, in turn, comes a genuine sense of social responsibility - the wish to actively help others to overcome their problems.

Pakistani organizations must start to take initiatives actively in underserved communities, which can build relationships that positively impact a company's efforts to enter new markets or expand its operations. Consumers increasingly consider a company's general business practices, including its level of community involvement, when making their purchasing decisions. Companies that are positively identified with their community based activities are able to differentiate themselves from competitors. This is particularly relevant in underserved communities where many companies do not have an established presence.

It is not good enough to redistribute wealth; instead we must create new wealth for the community. We believe our country's strength comes from its rich diversity. We support organizations engaged in initiatives to open doors of opportunity to under-served populations, while breaking down barriers of racism, sexism and other forms of discrimination.

One of the most touching initiatives, courtesy the initiative of some compassionate employees, has been the community development projects that may undertaken by the organizations. The Organization assists, on a regular basis, the needy with educational materials; quality time with the less privileged etc., True it does not add to one's money stock; but sure does satisfy their hearts. We look for organizations to support and fulfill their social responsibility for our quality of life, and the quality of life for generations to come.

Organizations do have huge ethical and moral responsibility to increase profits while keeping in mind the general well being of society, and must consider the environment and community at large. This may require that we move away from the greedy capitalist liberal society that we are living in which is essential if we are desirous to become a community which is more considerate of others. For the community at large to be moral, they may require to be educated by institutions, friends and family around them. Organizations will need to think further or consider more than just the stockholders in the decision making process.

If we do head in this direction, traditional accounting may need to be reformed through the technology of social and environmental accounting to make organizations more accountable to the community. Environmental accounting may be essential if organizations are to satisfy the accountability relationships with stakeholders and if it is to change the consciousness of organizations.

Clearly, as companies become more global in their thinking and their operating practices, they are also making every effort to become more global in meeting the social, environmental and economic needs of the places where they do business.

Global forces have encouraged us to change the way we work, our business models, our assets and investment strategies. They have changed the way we recruit, develop and

manage our workforce. They have changed how we manage risks and the role we play in communities.

Global forces have led us to shed the traditional way of doing things and to expand into new and eye-opening opportunities.

These new ways of doing things are giving us a competitive advantage. They allow us to attract and retain the best employees, investors, partners, customers and suppliers. They allow us to maintain and improve our license opportunities to operate in host countries. And they give us a leading edge in access to new business.

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#### About the Author

**Syed Imtiaz Hussain** is Head of HR & Administration in one of the leading multinational Company. As a member of top management team; he develops a highly professional A-Class HR environment in the organization by utilizing his vast practical and visionary experience of HRM and HRD.

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