



## TEXTBOOK QUESTIONS SOLVED

### I. Multiple Choice Questions

Question 1. Social responsibility is

- (a) Same as legal responsibility
- (b) Broader than legal responsibility
- (c) Narrower than legal responsibility
- (d) None of them

Question 2. If business is to operate in a society which is full of diverse and complicated problems, it may have

- (a) Little chance of success
- (b) Great chance of success
- (c) Little chance of failure
- (d) No relation with success or failure

Question 3. Business people have the skills to solve

- (a) All social problems
- (b) Some social problems
- (c) No social problems
- (d) All economic problems

Question 4. That an enterprise must behave as a good citizen is an example of its responsibility towards

- (a) Owners
- (b) Workers
- (c) Consumers
- (d) Community

Question 5. Environmental protection can best be done by the efforts of

- (a) Business people
- (b) Government
- (c) Scientists
- (d) All the people

Question 6. Carbon monoxide emitted by automobile directly contributes to

- (a) Water pollution
- (b) Noise pollution
- (c) Land pollution
- (d) Air Pollution

Question 7. Which of the following can explain the need for pollution control?

- (a) Cost savings
- (b) Reduced risk of liability
- (c) Reduction of health hazards
- (d) All of them

Question 8. Which of the following is capable of doing maximum good to society?

- (a) Business success
- (b) Laws and regulations
- (c) Ethics
- (d) Professional management

Question 9. Ethics is important for

- (a) Top management
- (b) Middle-level managers
- (c) Non-managerial employees
- (d) All of them

Question 10. Which of the following alone can ensure effective ethics programme in a business enterprise?

- (a) Publication of code
- (b) Involvement of employees
- (c) Establishment of compliance mechanisms
- (d) None of them

Answers:

- 1. (b)
- 2. (a)
- 3. (b)
- 4. (d)
- 5. (d)
- 6. (d)
- 7. (c)
- 8. (c)
- 9. (d)
- 10. (c)

## II. Short Answer Type Questions

Question 1. What do you understand by social responsibility of business? How is it different from legal responsibility?

Answer: Social responsibility of business refers to its obligation to take those decisions and perform those actions which are desirable in terms of the objective and values of our society. It refers to the obligation of business towards various social groups like employees, consumers, investors, government etc. In the words of H. R. Bowen, "Social responsibility of business is to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.

Legal responsibility is the responsibility that a business has by virtue of law. Differences between Social and Legal Responsibility.

- Legal responsibility is compulsory under any of the laws, acts and constitution. Social responsibility is not backed by legal provisions.
- Legal responsibility is compulsion while social responsibility is a choice.
- Many a time, legal responsibility is fulfilled in the name of social responsibility.
- There are no punishments for organizations not following their social responsibility but legal action can be taken against organizations not following their legal responsibility.

Question 2. What is environment? What is environmental pollution?

Answer: By environment, we mean our surroundings, which have an impact on our lives. It is the sum total of the surroundings and resources, including both biotic resources (i.e., living creatures such as plants and animals) and abiotic resources (i.e., non-living things, such as air, water and land) that affect our existence and quality of life. However, because of the rapid increase in population and industrialisation, the excessive use of resources has resulted in their degradation and depletion. Also, the discharge of harmful substances into the environment has contributed towards pollution. Environmental pollution can be classified into the following four types.

- 1. Air Pollution: It is caused by the emission of harmful gases into the atmosphere.
- 2. Water Pollution: It is caused by the discharge of industrial and household wastes into the rivers, thereby degrading the quality of water.
- 3. Land Pollution: This is caused by dumping toxic wastes on land, which in turn damages it, making it unfit for agriculture.
- 4. Noise Pollution: It is caused by the noise from factories and vehicles, which may cause serious health problems such as

loss of hearing or mental disorders.

Question 3. What is business ethics? Mention the basic elements of business ethics.

Answer: Business ethics refers to the values and principles that govern the behaviour of individuals in an organisation such that the business activities are desirable from the viewpoint of society. The main purpose of business ethics is to guide managers and other employees to perform their jobs in a manner that is socially acceptable.

The following are some of the elements of business ethics.

1. Top management commitment: Top-level officers, such as CEO's and senior managers, must strongly follow the ethical codes and guide the other employees in adopting such behaviour.
2. Publication of a code: Enterprises must clearly define the ethical code of conduct, which would include quality standards, laws governing production and health and safety standards for the employees.
3. Establishment of compliance mechanism: In addition to standards, an enterprise must also devise a mechanism through which compliance with the code of conduct can be measured.
4. Involvement of employees at all levels: The successful implementation of ethical standards requires the involvement of all the employees at all levels.
5. Measurement of results: Although it is difficult to measure the end results of implementation of ethical standards, the top management should take steps to measure the degree of compliance with the ethical codes.

Question 4. Briefly explain (a) Air pollution, (b) Water pollution, and (c) Land pollution.

Answer:

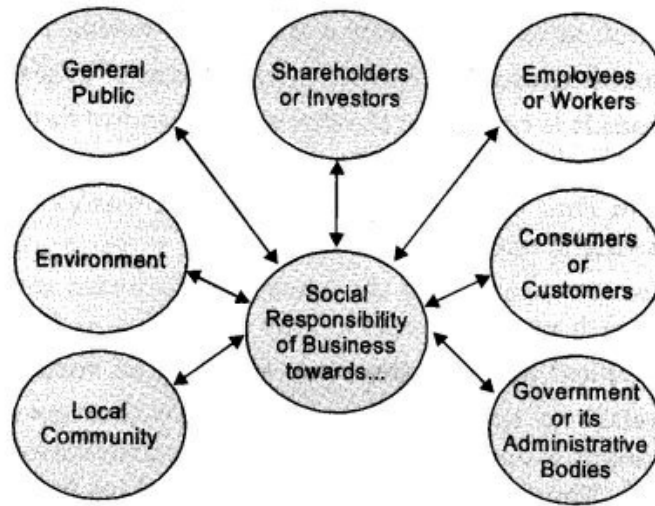
(a) Air Pollution: This kind of pollution is caused by the emission of harmful gases into the atmosphere. Smoke and chemicals emitted by factories and vehicles degrade the air quality and causes air pollution.

(b) Water Pollution: Discharge of industrial and household wastes into rivers, streams or lakes causes degradation of the water quality. Over time, the increase in water pollution often results in the deaths of several animals and poses serious threats to human beings.

(c) Land Pollution: This is caused due to the dumping of toxic materials and wastes on land, which in turn damages the quality of land, making it unfit and unproductive for agriculture and crop plantation.

Question 5. What are the major areas of social responsibility of business?

Answer: Major areas for social responsibility of business are given below:



- Shareholders or investors who contribute funds for business.
- Employees and others that make up its personnel.
- Consumers or customers who consume and/or use its outputs (products and/or services).
- Government and local administrative bodies that regulate its commercial activities in their jurisdictions.
- Members of a local community who are either directly or indirectly influenced by its activities in their area.
- Surrounding environment of a location from where it operates.
- The general public that makes up a big part of society.

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