Social Responsibility

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Subject: MGT 22203

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From an ethical viewpoint, businesses do have a responsibility that extends beyond maximizing returns to shareholders, since they are often the reason behind social dilemmas such as pollution and resource depletion. Although, from a business point of view, a corporation has only one social responsibility “to use its resources and engaged in activities designed to increase profits” (Friedman, 2007). Accordingly, if a corporation decides to fulfill its social responsibility and make a donation, it is deciding what to do with other people’s money. This can be exhibited by the fact that in 1919 when John and Horace Dodge sued Henry Ford for using the Ford Motor Company’s profits for using shareholder’s equity to further his own philanthropic goals (Macey, 2008). Under *Dodge v. Ford Motor Co.*, 1919, the court ruled in favor of the Dodge’s agreeing that companies are designed to make profits and not use it for other purposes. At the time, the reigning opinion was that a corporation does not hold physical existence, it is artificial and composed of people. Thus, artificial entities do not have social responsibilities (Friedman, 2009).

In the century that has passed since then, there has been a shift in corporate culture. According to Berle and Means (2017), shareholders are regarded as passive owners of a company at most. The only power they have is their ability to buy and sell the shares to their name. At present, corporations are applauded for performing their social responsibility. An example of this can be illustrated by the conscious raising of the cosmetic industry about the involvement of child labor in Mica mining in India. Mica is a natural resource that is used in just about every product in the cosmetic industry. With the lands of Bihar and Jharkhand, India being a rich source of Mica, mining process is carried out young children between the ages of 6 and 13 (Rikhy, 2014; Münstermann & Werner, The Mica Children, 2017). In order to elevate the situation and improve the quality of life for children working in Mica mines, Cosmetic industry giants like Estee Lauder have collaborated with *Bachpan Bachao Andolan* headed by Nobel Laureate Kailash Satyarthi to provide children involved in Mica mining with quality education and their parents with alternative means of livelihood (Zuckerman, 2018). On the other hand, Lush Cosmetics have begun investing in synthetic Mica and removed all natural Mica from their products, in their protest of involvement of child labor in Mica mining (Nesbitt & Fearn, 2014). Thus, in this way, a business does have social responsibilities and have a role to play, especially when their needs gives rise to illegal and unethical practices. In present times, a business’ responsibilities go far beyond that of maximizing returns to shareholders, they need to a play a vital role in shaping the world and lay precedence for good social responsibility for future generations.

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