

## Chapter 4: Social Responsibility of Business

### Question: 1

Select the proper option from the option given below and rewrite the completed sentence.

Businessmen are \_\_\_\_\_ of the society.

#### Options

- Representatives
- Members
- Trustees

#### Solution

Businessmen are **trustees** of the society.

#### Explanation:

Businessmen are trustees of the society. This means that the relationship of a business with the society is based on trust. In other words, businessmen carry out activities that are morally and legally correct. This is also referred to as the theory of trusteeship.

### Question: 2

Select the proper option from the option given below and rewrite the completed sentence.

In modern business environment, \_\_\_\_\_ provides more opportunities and challenges

#### Options

- Privatization
- Globalization
- Specialization

#### Solution

In modern business environment, **globalisation** provides more opportunities and challenges.

#### Explanation:

Globalisation can be defined as the opening up of the world economies to each other. With globalisation, the whole world has become one market. It provides more opportunities to businessmen, as they can

procure raw materials and labour at a cheaper rate from anywhere in the world. It is also a challenge, as it infuses competition in the market.

**Question: 3**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business organization should try to make \_\_\_\_\_ utilization of natural resources.

**Options**

- minimum
- maximum
- optimum

**Solution**

Business organisation should try to make **optimum** utilisation of natural resources.

**Explanation:**

Optimal utilisation means there should be minimum wastage of natural resources. The society supports the existence and growth of every business. It provides natural resources that are utilised to run the business. Therefore, it is the responsibility of business organisations to utilise the available resources optimally. Optimal utilisation also ensures sustained business growth.

**Question: 4**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business is a \_\_\_\_\_ activity.

**Options**

- Socio-economic
- Industrial
- Profit making

**Solution**

Business is a **socio-economic** activity.

**Explanation:**

The primary objective of any business enterprise is profit maximisation. Profit acts as a measure of success. However, it is argued that business enterprises are not just profit-making entities. They also fulfil the duties and responsibilities towards

society, as their members carry out activities that are favourable to the society. Thus, a business activity has economic as well as social goals. Therefore, it is regarded as a socio-economic activity.

**Question: 5**

**Select the proper option from the option given below and rewrite the completed sentence.**

Location of industries should be in \_\_\_\_\_ zones.

**Options**

- Residential
- Industrial
- Commercial

**Solution**

Location of industries should be in **industrial** zones.

**Explanation:**

Industries should be set up in industrial zones because of the following reasons:

- i. To minimise the adverse effects of industries in residential areas.
- ii. To avoid congestion in cities.

**Question: 6**

**Select the proper option from the option given below and rewrite the completed sentence.**

For economic growth and national security, \_\_\_\_\_ stability is required.

**Options**

- Political
- Social
- Natural

**Solution**

For economic growth and national security, **political** stability is required.

**Explanation:**

Political stability is essential for economic growth, as it provides a conducive environment to the potential investors which assure them high returns at lower degree of risk. Besides this, national security also calls for political stability, as frequent changes in power lead to changes in the country's external policies and international relationships.

**Question: 7**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business organization is a part of \_\_\_\_\_.

**Options**

- Industry
- Government
- Society

**Solution**

Business organisation is a part of **society**.

**Explanation:**

The society supports the existence and growth of business organisations, as it provides raw materials and labour that are used in the production of goods and services. These goods and services are sold in the society by the business firms at a profit. Thus, it is said that a business is a part of society.

**Question: 8**

**Select the proper option from the option given below and rewrite the completed sentence.**

To make timely payment of proper taxes is the responsibility of organization towards \_\_\_\_\_.

**Options**

- Shareholders
- Customers
- Government

**Solution**

To make timely payment of proper taxes is the responsibility of organisation towards **government**.

**Explanation:**

The government levies various taxes such as corporate tax, sales tax and excise duty on business units. It is the responsibility of the business units to timely pay these taxes. This tax revenue is used by the government to provide infrastructure and other facilities to the public.

**Question: 9**

**Select the proper option from the option given below and rewrite the completed sentence.**

Ultimate goal of business must be satisfaction of \_\_\_\_\_.

**Options**

- Shareholders
- Consumers
- Owners

**Solution**

Ultimate goal of business must be satisfaction of **consumers**.

**Explanation:**

Customer satisfaction should be the ultimate goal of business organisations. Businesses should not indulge in customer exploitation, as a good customer experience enables them to generate repetitive orders. A business unit exists because of customers only. Bad customer experiences can affect the demand of goods and services adversely.

**Question: 10**

**Select the proper option from the option given below and rewrite the completed sentence.**

To maintain industrial peace is the responsibility of organization towards \_\_\_\_\_.

**Options**

- Customers
- Employees
- Society

**Solution**

To maintain industrial peace is the responsibility of organisation towards **employees**.

**Explanation:**

Promoting peace is the responsibility of every organisation towards its employees. This can be achieved through the formation of an effective trade union. A trade union should comprise people who can resolve the problems of workers or employees through meetings, negotiations or talks with the management.

**Question: 11**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business or organization should protect health and provide safety measures to \_\_\_\_\_.

**Options**

- Employees
- Shareholder
- Customers

**Solution**

Business or organisation should protect health and provide safety measures to **employees**.

**Explanation:**

Business organisations should provide proper medical, canteen and sanitation facilities to their employees. They should also ensure the safety of employees through regular maintenance of machines to prevent accidents. A healthy employee will always be more productive and the organisation which takes care of its employees' needs will earn reputation in the market.

**Question: 12**

**Select the proper option from the option given below and rewrite the completed sentence.**

To maintain safety of investment is responsibility of business towards \_\_\_\_\_.

**Options**

- Community
- Investors
- Employees

**Solution**

To maintain safety of investment is responsibility of business towards **investors**.

**Explanation:**

Investors provide finance to the business organisations which is essential for the working of any organisation. In return, the business should also ensure that their investment is secured and should invest in those avenue which is likely to bring high returns.

**Question: 13**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business organization can maximize profitability by \_\_\_\_\_ wastage.

**Options**

- Ignoring
- Utilizing
- Minimizing

**Solution**

Business organisation can maximise profitability by **minimising** wastage.

**Explanation:**

Minimising wastage means optimum utilisation of resources which means that the available resources are utilised to the maximum. This reduces the cost of production thereby resulting in higher profits.

**Question: 14**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business should provide periodic information to \_\_\_\_\_.

**Options**

- Customers
- Owners
- Employees

**Solution**

Business should provide periodic information to **owners**.

**Explanation:**

Owners refer to the shareholders of the business. They provide capital to the business. It is the responsibility of a business organisation to provide periodic information to its owners. In other words, a business organisation should provide complete and accurate data about its progress and financial position to its owners. This can be done through periodic reports, statement of profits, etc.

**Question: 15**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business ethic refers to the system of \_\_\_\_\_ principles.

**Options**

- Economic
- Social
- Moral

**Solution**

Business ethic refers to the system of **moral** principles.

**Explanation:**

Business ethics can be defined as the code of conduct that a business organisation must follow. Such a set of rules is desirable from the viewpoint of the society. The purpose of business ethics is to ensure that the managers and other employees in an organisation perform their jobs in a socially acceptable manner.

**Question: 16**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business ethics is a \_\_\_\_\_ structured examination of behaviour of people.

**Options**

- Moral
- Critical
- Economical

**Solution**

Business ethics is a **critical**, structured examination of behaviour of people.

**Explanation:**

Business ethics has two types of elements: critical and structured. It is critical in the sense that it deals with the benefits of morality and examines the behaviour of people by analysing their values. It is structured, as it talks about higher order, rationalisation and unified moral duties.

**Question: 17**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business organization should not create \_\_\_\_\_ profit.

**Options**

- Reasonable
- Secret



- Maximum

**Solution**

Business organisation should not create **secret** profit.

**Explanation:**

Making secret profits is against the ethical code of conduct. Business organisations should maintain trust and honesty with everyone. An organisation should work with full trustworthiness and maintain transparency.

**Question: 18**

**Select the proper option from the option given below and rewrite the completed sentence.**

Business organization should avoid creation of \_\_\_\_\_.

**Options**

- Trade Unions
- Consumer's cell
- Monopoly

**Solution**

Business organisation should avoid creation of **monopoly**.

**Explanation:**

According to the code of business ethics, business organisations should not create monopoly. A monopolistic market is not good from consumers' point of view, as it reduces consumer surplus. Also, the quantity demanded by consumers in the monopolistic market is less than that in other markets.

**Question: 19**

**Select the proper option from the option given below and rewrite the completed sentence.**

Environmental management System is mandatory in \_\_\_\_\_.

**Options**

- India
- USA
- China

**Solution**

Environment management system is mandatory in **U.S.A.**

**Explanation:**

Environmental Management System (EMS) is a document created by business units to assess the impact of their operations on the environment. It is compulsory in the USA. It aims at preventing environmental pollution caused by industries.

**Question: 20**

**Select the proper option from the option given below and rewrite the completed sentence.**

Environmental Management System which provides guidelines for incorporating eco-design is \_\_\_\_\_.

**Options**

- ISO 14001-2004
- ISO 14005-2010
- ISO 14006-2011

**Solution**

Environment management system which provides guideline for incorporating eco design is **ISO 14006-2011**.

**Explanation:**

ISO 14006-2011 standardisation is used for environmental management. It provides a set of standards that business organisations should maintain to protect the environment. Environment management system aims at preventing environmental pollution caused by industries.

**Question: 21**

**Match the correct pairs.**

	Group "A"		Group "B"
a.	Responsibility to owners	1	Good working condition
b.	Consumers	2	Branch of philosophy
c.	Responsibility to investors	3	To serve society
d.	Economics objective	4	To help small scale industry
e.	Business ethics	5	Earning foreign exchange
		6	Creating goodwill
		7	Branch of social science
		8	To earn profit
		9	To maintain transparency

		10	Good quality product
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### Solution

Match the correct pairs.

	Group "A"		Group "B"
a.	Responsibility to owners	6	Creating goodwill
b.	Consumers	10	Good quality product
c.	Responsibility to investors	9	To maintain transparency
d.	Economics objective	8	To earn profit
e.	Business ethics	7	Branch of social science

### Question: 22

Match the correct pairs.

	Group "A"		Group "B"
a.	Business ethics	1.	Respecting rules and regulations
b.	Employees	2.	Proper conduct of meeting
c.	Responsibility towards community	3.	Negotiations with management
d.	Responsibility towards government	4.	Pollution control
e.	Trade union	5.	Good quality product
		6.	Help to weaker sections of society
		7.	Provide after sales services
		8.	Confidentiality
		9.	Job security
		10.	To maintain solvency and prestige

### Solution

	Group A		Group B
a.	Business ethics	8.	Confidentiality
b.	Employees	9.	Job security
c.	Responsibility towards community	6.	Help to weaker sections of society
d.	Responsibility towards government	1.	Respecting rules and regulation
e.	Trade union	3.	Negotiations with management

### Question: 23

**Write a word or phrase or a term which can substitute the following.**

Duties, obligations of business directed towards welfare to society.

**Solution: 1**

Responsibility towards society.

**Solution: 2**

Duties, obligations of business directed towards welfare of society- **Social responsibility**

**Explanation:**

Social responsibility of a business organisation refers to its duties and obligations towards the society. Society supports the existence of business units; therefore, business organisations also have a huge responsibility towards society.

**Question: 24**

**Write a word or phrase or a term which can substitute the following.**

Indian philosopher who had promoted concept of social responsibility in ancient times.

**Solution**

Indian philosopher who had promoted concept of social responsibility in ancient times- **Chanakya**

**Explanation:**

Social responsibility has been existing in India since ancient times. Indian philosopher Chanakya promoted ethical principles that should be followed in a business. The contemporary emperors and traders used to help the poor and underprivileged through the profits earned.

**Question: 25**

**Write a word or phrase or a term which can substitute the following.**

The newest management strategy about social obligations of business.

**Solution**

The newest management strategy about social obligations of business- **Corporate social responsibility**

**Explanation:**

According to this newest strategy, business houses should not only focus on profits but also aim towards the welfare of the people. Fulfilment of social obligations by a business house helps it to earn goodwill, which, in turn, benefits the business in getting a greater market share.

**Question: 26**

**Write a word or phrase or a term which can substitute the following.**

Movement of the consumers against business malpractices.

**Solution**

Movement of the consumers against business malpractices- **Consumer movement**

**Explanation:**

Time to time, consumers have raised their voice against the injustice faced by them. Consumer forums and other related associations have also created pressure on business units to abstain from fraudulent or deceptive practices.

**Question: 27**

**Write a word or phrase or a term which can substitute the following.**

An activity motivated by profit.

**Solution**

An activity motivated by profit- **economic activity**

**Explanation:**

An activity that is performed with the motive of earning profit is known as an economic activity, for example, teaching and farming. Profit is the main motive of any economic activity.

**Question: 28**

**Write a word or phrase or a term which can substitute the following.**

The name of employee's organization protecting their rights.

**Solution**

The name of employee's organisation protecting their rights- **Trade union.**

**Explanation:**

Trade union exists to protect the rights of workers or employees. It puts forward their demands before the management and also negotiates them with the management.

**Question: 29**

**Write a word or phrase or a term which can substitute the following.**

Creditors who provide finance to business organization.

**Solution**

Creditors who provide finance to business organisation- **Investors**

**Explanation:**

Investors provide capital to business organisations. This capital is essential to run the operations of any business. Thus, investors are the creditors of business organisations.

**Question: 30**

**Write a word or phrase or a term which can substitute the following.**

Getting good quality products is the basic right of this group of society.

**Solution**

Getting good quality product is the basic right of the group of society- **Consumers**

**Explanation:**

It is the right of consumers to get products of good quality. Consumers can file a complaint against the business firm who provides goods that are hazardous or defective. Some large business houses also have quality check departments that ensure that the goods sold are of high quality.

**Question: 31**

**Write a word or phrase or a term which can substitute the following.**

A set of principles of right conduct.

**Solution**

A set of principles of right conduct- **Business Ethics**

**Explanation:**

Business ethics refers to the code of conduct that a business must follow for social welfare. It is the aggregate of principles and morals that a businessperson is expected to follow.

**Question: 32**

**Write a word or phrase or a term which can substitute the following.**

Rules of standards dealing with morality in business environment.

**Solution**

Rules of standards dealing with morality in business environment- **Business ethics**

**Explanation:**

Business ethics refers to a set of moral principles followed by business firms. It lays down the rules and standards pertaining to morality that should be followed while performing business activities.

**Question: 33**

**Write a word or phrase or a term which can substitute the following.**

Corporate ethics which is a form of applied ethics.

**Solution**

Corporate ethics which is form of applied ethics- **Business Ethics**

**Explanation:**

Corporate ethics is another name for business ethics. It is a form of applied or professional ethics that examines the ethical and moral principles to be followed by a business firm.

**Question: 34**

**Write a word or phrase or a term which can substitute the following.**

An element of business ethic in which opinions and feedbacks from clients are considered.

**Solution**

An element of business ethics in which opinions and feedback from clients are considered - **Openness**

**Explanation:**

Openness is one of the elements of business ethics. It supports that the opinions and feedback from clients and employees should always be welcomed and treated with respect, even if they are of no value to the business.

**Question: 35**

**Write a word or phrase or a term which can substitute the following.**

Running efficient business is the responsibility of business towards this group.

**Solution**

Running efficient business is the responsibility of business towards this group- **Owner**

**Explanation:**

It is the ethical responsibility of a business organisation towards its owners to run the business efficiently. Organisations should make maximum utilisation of their resources, with no or minimum wastage. Also, providing fair returns on investments is the responsibility of organisations towards their investors.

**Question: 36**

**Write a word or phrase or a term which can substitute the following.**

Providing fair returns on investment is the responsibility of organization towards this group.

**Solution**

Providing fair returns on investment is the responsibility of organization towards this group- **Investors**

**Explanation:**

Investors provide finance to the business and finance is the backbone for any business. Hence, it is ethical responsibility of the organisation to provide timely and fair return on investment to the investors.

**Question: 37**

**Write a word or phrase or a term which can substitute the following.**

The critical, structured examination of how people and institutions behave in the world of commerce.

### **Solution**

The critical, structure examination of how people and institutions behave in the world of commerce- **Business ethics**

#### **Explanation:**

Business ethics has two integral parts: critical and structured. The former deals with the benefits of morality and examines the behaviour of people, while the latter talks about higher order, rationalisation and unified moral duties.

### **Question: 38**

#### **Distinguish between the following.**

Traditional social responsibility and corporate social responsibility.

### **Solution**

<b>Basis of Difference</b>	<b>Traditional Social Responsibility</b>	<b>Corporate Social Responsibility</b>
<b>Meaning</b>	Traditionally, traders and emperors used to help the poor and underprivileged with the profits they made.	In modern times, business units commit to behave ethically and work towards the welfare of society.
<b>Scope</b>	Operates at an individual or micro level	Operates at the macro level, i.e., whole economy
<b>Concept</b>	It has the philanthropic concept.	It includes philanthropic, ethical, legal and economic concepts.
<b>Evolution</b>	It evolved in ancient India and the pre-Christian era.	It evolved after the World War II.
<b>Type</b>	It includes tangible goals; so, it is narrowly defined.	It includes both tangible and intangible goals; so, it is broadly defined.

### **Question: 39**

#### **Write short note on the following.**

Corporate social responsibility.

### **Solution**

Corporate social responsibility is the latest strategy of management that aims at creating a positive impact of business on the society by indulging in social welfare activities like planting trees, providing free education and donating clothes. Society supports the existence of any business; therefore, it is the responsibility of business organisations to think and contribute towards the welfare of the society.

### **Question: 40**



**Write short note on the following.**

Features of business ethics.

**Solution**

**Features of business ethics:**

- i. They lay down a code of conduct to govern the activities and behaviour of a business towards society and other businesses.
- ii. They are different in different countries.
- iii. Irrespective of the size of a business unit, business ethics apply to all organisations.
- iv. Business ethics create an atmosphere of healthy and fair competition among business houses.
- v. They promote fair practices between business units and competitors, government, employees, suppliers and society.

**Question: 41**

**Write short note on the following.**

Social responsibility towards owners.

**Solution**

As owners and shareholders invest their money in the business, it is the responsibility of business enterprises to safeguard their investments and provide them with fair and timely returns. Business organisations should provide complete and accurate information about their progress and financial position to their owners. This can be done through financial reports, statement of profits, etc.

**Question: 42**

**Write short note on the following:**

Effects of business on environment.

**Solution**

Business affects the environment in many ways. For instance, increase in pollution, industrialisation and excessive use of resources have resulted in environmental degradation. Also, the discharge of harmful substances into the environment due to business activities has contributed towards pollution. The following are some of the effects of business on environment:

- i. Business organisations emit harmful gases into the atmosphere; these gases degrade the air quality and causes air pollution.
- ii. Organisations discharge industrial wastes into the rivers, streams and lakes. This, in turn, degrades the quality of water in the natural river basins.
- iii. Business units dump toxic wastes on land; this, in turn, affects the fertility of the soil.

**Question: 43**

**Write short note on the following:**

Elements of Business Ethics.

## Solution

Elements of business ethics:

**(a) Trust and Commitment:** The top-level officers, such as the CEO and other higher level managers, must sincerely follow the ethical code of conduct. They should also guide employees in their organisation to practise the code. This would build a sense of trustworthiness, commitment and faith within the business players.

**(b) Follow Honesty:** A business should conduct fair and honest dealings with its clients. It must engage into legal activities and should aim at complete customer satisfaction.

**(c) Confidentiality and Secrecy:** In addition to follow a certain code of conduct and the confidential policy, an enterprise should not disclose the consumer's records and data to the outsiders.

**(d) Involvement of employees at all levels:** The successful implementation of ethical standards depends, to a large extent, on the involvement of employees at different levels. This should be done by taking regular feed-backs and opinions from the employees.

## Question: 44

**Write short note on the following:**

Advantages of Protecting Business Environment.

## Solution

Advantages of protecting business environment:

**i. Reduced health hazards:** Pollutants in the environment cause deadly diseases, including cancer and other respiratory problems. Thus, pollution control measures can help reduce the incidences of such diseases and allow people to enjoy a good and healthy life.

**ii. Reduced risk of liability:** Enterprises are often held responsible for polluting the environment and are, therefore, asked to compensate for the same. Adoption of pollution control measures can help reduce the risk of such liabilities on part of business enterprises.

**iii. Cost savings:** Efficient pollution control mechanisms can help enterprises reduce their costs of waste disposal and cleaning up of production plants. This, in turn, can help businesses reduce their overall cost of production.

**iv. Improved public image:** Education has made people aware about environmental problems, and they have started realising the need of protecting the environment. Thus, business enterprises that adopt pollution control measures enjoy a good reputation in the society

## Question: 45

**Write short note on the following:**

Relationship of business and environment.

**Solution**

Business units and environment are closely related to each other. They both bear and impact on each other. For example, when environmental conditions are favourable, business units undertake expansion activities; and when environmental conditions are otherwise, they have an adverse impact on business activities. Now looking at the other way round, the business activities often result in bad influence on environment.

Increase in population, industrialisation and excessive use of resources degrades environment. Also, the discharge of harmful substances into the environment due to business activities contributes towards pollution.

Thus, we can say that there exists a strong relationship between business and environment. Therefore, it is important for business units to understand environment conditions and function accordingly.

**Question: 46**

**State with reason whether the following statement is true or false.**

A business unit is a part of society.

**Options**

- true
- false

**Solution**

A business unit is a part of society. **True**

**Explanation:**

Society supports the existence of business units. It provides raw materials, labour and finance used by business units to produce goods and services for sale in the society. Thus, it is correct to say that a business unit is a part of society.

**Question: 47**

**State with reason whether the following statement is true or false.**

Tangible goal of earning profit is the sole objective of business.

**Options**

- True
- False

**Solution**

Tangible goal of earning profit is the sole objective of business. **False**

**Explanation:**

Business units have tangible as well as intangible goals. Tangible goals include earning profit, business growth and higher productivity. Intangible goals include activities directed towards the welfare of the society.

**Question: 48**

**State with reason whether the following statement is true or false.**

Expectations of society and public towards business are changing

**Options**

- True
- False

**Solution**

Expectations of society and public towards business are changing. **True**

**Explanation:**

With time, the demands and knowledge of the society have changed. Nowadays, people have become more aware. Various consumer movements by the government and non-government organisations have spread awareness among consumers. Thus, a business should function in accordance with these changes. It should produce goods and services that are in demand and should not indulge in any unfair practices.

**Question: 49**

**State with reason whether the following statement true or false.**

Business organization can use natural resources as they want.

**Options**

- True
- False

**Solution**

Business organisations can use natural resources as they want. **False**

**Explanation:**

Natural resources are limited and scarce; therefore, they should be used optimally. Inefficient use of these resources can result in their depletion. Thus, business units should make optimum use of these resources to ensure their existence in the long run.

**Question: 50**

**State with reason whether the following statement true or false.**

Business organization can participate in solving complex social problems.

**Options**

- True
- False

**Solution**

Business organisations can participate in solving complex problems. **True**

**Explanation:**

Business units should help the government in solving complex problems. The government faces a lot of social problems like unemployment, child labour and environmental pollution. Business units can help generate employment in the society and take measures to reduce pollution. Thus, business units should assist the government in dealing with these problems.

**Question: 51**

**State with reason whether the following statement is true or false.**

Role of media exerts major influence on business organization.

**Options**

- True
- False

**Solution**

Role of media exerts major influence on business organisations. **True**

**Explanation:**

Nowadays, media is easily accessible. It has the power to create or destroy the image of business organisations. For example, any act of unfair trade practice or consumer exploitation can result in the bad publicity of a business. Hence, media exerts a major influence on business organisations.

**Question: 52**

**State with reason whether the following statement is true or false.**

Business should not disclose their records to investors.

**Options**

- True

- False

**Solution**

Business units should not disclose their records to investors. **False**

**Explanation:**

Investors provide business units with finance to support their operations. Thus, it is the responsibility of business units to maintain transparency with the investors on the working of business. They should also communicate to their investors how their funds are being utilised.

**Question: 53**

**State with reason whether the following statement is true or false.**

Providing career opportunities to employees is the responsibility of business.

**Options**

- True
- False

**Solution**

Providing career opportunities to employee is the responsibility of business. **True**

**Explanation:**

It is the ethical responsibility of business units to provide opportunities for the promotion and development of employees. This motivates the employees to work hard. Employees should be provided with information on qualification, skills and experience required to get higher positions.

**Question: 54**

**State with reason whether the following statement is true or false.**

Management should avoid worker's participation while making decisions.

**Options**

- True
- False

**Solution**

Management should avoid workers' participation while making decisions. **False**

**Explanation:**

Management should welcome and encourage participation of workers. This not only raises their morale but also develops a sense of belonging for the

organisation. This in turn motivates them to contribute their best towards the achievement of the business goals.

**Question: 55**

**State with reason whether the following statement is true or false.**

Business organization is not liable to control pollution.

**Options**

- True
- False

**Solution**

Business organisation is not liable to control pollution. **False**

**Explanation:**

It is the responsibility of business units towards community or public in general to ensure pollution-free environment. Business units contribute to various types of pollution such as air, water and noise pollution. Therefore, they should take steps to minimise all types pollution and dispose their waste in a manner that it does not cause any harm to the environment.

**Question: 56**

**State with reason whether the following statement is true or false.**

Business organization cannot contribute to raise standard of living of society.

**Options**

- True
- False

**Solution**

Business organisation cannot contribute to raise the standard of living of society. **False**

**Explanation:**

Business organisations can help in raising the standard of living of people by conducting welfare activities like improving infrastructure (building roads and dams), educating society on technological advancement, raising voice against social evils of society like child labour, dowry and female infanticide and providing high-quality goods and services to their customers.

**Question: 57**

**State with reason whether the following statement is true or false.**

Ethics is a branch of politics.

**Options**

- true
- false

**Solution**

Ethics is a branch of politics. **False**

**Explanation:**

Business ethics is a branch of social science. Business ethics deals with the do's and don'ts for the welfare of society. It explains the difference between correct and incorrect, justice and injustice and legal and illegal.

**Question: 58**

**State with reason whether the following statement is true or false.**

Business ethics are applicable to all business organizations.

**Options**

- true
- false

**Solution**

Business ethics are applicable to all business organisations. **True**

**Explanation:**

Irrespective of the size of a business organisation, business ethics applies to all kinds of organisations. They are the set of principle which every businessman whether small or big is expected to follow.

**Question: 59**

**State with reason whether the following statement is true or false.**

Every business organization should pay attention to business ethics while conducting their activities.

**Options**

- True
- False

**Solution**

Every business organisation should pay attention to business ethics while conducting its activities. **True**



**Explanation:**

Business ethics refers to the code of conduct. It is a system of moral principles that every business should follow, irrespective of its size. This code primarily guides and help the people to behave in a proper manner which is socially acceptable.

**Question: 60**

**State with reason whether the following statement is true or false.**

Business ethics can be considered as a tool for social development.

**Options**

- True
- False

**Solution**

Business ethics can be considered as a tool for social development. **True**

**Explanation:**

Business ethics are the principles which, if business units follow, not only lead to the development of business units but also to the growth of the whole economy. Thus, contributing to social development.

**Question: 61**

**State with reason whether the following statement is true or false.**

Introducing Environment Management techniques benefit business organization.

**Options**

- True
- False

**Solution**

Introducing environment management techniques benefits business organisation. **True**

**Explanation:**

With the help of environment management techniques, business units can assess the impact of their activities on the environment and take necessary steps to protect the environment. Thus, benefiting the overall society and environment.

**Question: 62**

**State with reason whether the following statement is true or false.**

Business and environmental protection are contradictory.

### Options

- True
- False

### Solution

Business and environment protection are contradictory. **True**

### Explanation:

With industrialisation, there has been depletion of natural resources and increase in the level of pollution. Therefore, it would be right to say that business and environment are contradictory to each other. However, in this regard, it is important to frame rules that can protect the environment and, at the same time, encourage the growth of a business.

### Question: 63

### Answer the following question.

State any five cases of social responsibility.

### Solution

Five cases of social responsibility:

**1. Existence and trusteeship:** The existence of a business depends on how efficiently it serves the society and conduct activities based on trusteeship. According to it, a business would benefit only from those activities which are good for the society.

**2. Long-term interest of a firm:** Giving due consideration to the welfare of society and serving its various members can help a business gain maximum profits in the long run and project a favourable image to the public.

**3. Adherence of government regulations:** Along with working in line with the values and ethics of the society, a business should also adhere to the government rules and regulations regarding goods and environment such as Consumer Protection Act and Food Adulteration Act.

**4. Optimum utilisation of resources:** In comparison to other members of the society, business enterprises have greater access to financial and other resources, thus, they should effectively and optimally utilise the resources for solving various social problems.

**5. Environment protection:** The business makes use of a country's natural and human resources to produce goods and services. Thus, it becomes the moral duty of businesses to work towards protecting and maintaining a healthy environment.

### Question: 64

**Answer the following question.**

What is social responsibility? Explain modern concept of social responsibility.

**Solution**

Social responsibility refers to the duties and responsibilities of business enterprises towards the society and its members. It is the duty of an enterprise to conduct activities that are favourable to the society. As any business makes use of society's resources in the form of human and physical capital, it is the moral duty and responsibility of the business to work for the betterment of the society.

The concept of social responsibility exists in India since ancient era; but, today the traditional meaning of the term 'social responsibility' has evolved and grown into something more. Earlier social responsibility only constituted a philanthropic concept of helping the poor and society's welfare.

However, the modern concept of social responsibility includes various other aspects of social welfare such as dealing with ethical, legal and economic areas. It not only includes helping the weaker sections of the society but also to protect environment, adhere government laws, optimise the use of resources and undertake corporate social responsibilities.

**Question: 65****Answer the following question.**

State responsibilities of business towards government.

**Solution**

Responsibilities of business towards government are:

1. A business enterprise should behave as a responsible citizen; that is, it should work according to the laid rules and regulations.
2. Business organisations should pay taxes on time.
3. A business unit should take measures to address environmental and social problems.
4. It is the responsibility of an organisation to support individuals or parties that are interested in bringing peace to the country; rather than supporting the group or party that creates political disturbances.
5. A business unit should assist the government in formulating policies relating to export and import and should follow them.
6. A business enterprise should extend help to the government at the time of natural calamities.

**Question: 66****Answer the following question.**

What is business ethics? What are the elements of business ethics?

**Solution**

Business ethics can be defined as the code of conduct that a business must follow for the welfare of society. Following are the elements of business ethics:

**(a) Trust and Commitment:** The top-level officers, such as the CEO and other higher level managers, must sincerely follow the ethical code of conduct. They should also guide employees in their organisation to practise the code. This would build a sense of trustworthiness, commitment and faith within the business players.

**(b) Follow Honesty:** A business should conduct fair and honest dealings with its clients. It must engage into legal activities and should aim at complete customer satisfaction.

**(c) Confidentiality and Secrecy:** In addition to follow a certain code of conduct and the confidential policy, an enterprise should not disclose the consumer's records and data to the outsiders.

**(d) Involvement of employees at all levels:** The successful implementation of ethical standards depends, to a large extent, on the involvement of employees at different levels. This should be done by taking regular feed-backs and opinions from the employees.

#### **Question: 67**

##### **Answer the following question.**

State responsibilities of business organization towards owners.

##### **Solution**

Responsibilities of a business towards its owners:

- i. As owners and shareholders invest their money in a business, it is the responsibility of the business enterprise to safeguard their investments and provide them fair and timely returns.
- ii. Business organisations should provide complete and accurate information about their progress and financial position to their owners. This can be done through reports, statement of profits, etc.
- iii. It is the responsibility of business organisations to minimise the wastage of resources so that maximum profits can be earned.
- iv. Business units should run the business efficiently. They should make maximum utilisation of the available resources, with no or minimum wastage.

#### **Question: 68**

##### **Answer the following question.**

State concept of business ethics in details.

##### **Solution**

Business ethics can be defined as the code of conduct that a business organisation must follow. By following these ethics, the organisation takes up only those activities that are desirable from the viewpoint of the society. The purpose of

business ethics is to guide the managers and other employees in the organisation to perform their jobs in a socially acceptable manner.

As the business is part of the society and makes use of human and natural resources that belong to the country and society, it becomes the moral and ethical duty of a business to work towards social welfare and conduct activities that increase the growth and development of the society.

Moreover, business ethics should be followed in the day-to-day working of a business enterprise as it not only increases social welfare but also helps in successful existence of the business.

### **Question: 69**

#### **Answer the following question.**

How do business organizations create pollution?

#### **Solution**

Business affects the environment in many ways; but primarily, the increase in industrialisation and excessive use of resources have resulted in environmental degradation. Also, the discharge of harmful substances into the environment due to business activities has contributed towards pollution. The following are some of the ways in which business creates pollution:

**i. Air pollution:** It is caused by the emission of harmful gases into the atmosphere. Harmful emissions from chemical industries, burning of coal and excessive use of pesticides have contributed to air pollution.

**ii. Water pollution:** It is caused by the discharge of industrial wastes into the rivers, thereby degrading the quality of water.

**iii. Land pollution:** It is caused by the dumping of toxic wastes on land, which, in turn, damages the land and makes it unfit for agriculture.

**iv. Noise pollution:** It is caused by the noise from factories and vehicles, which may cause serious health problems, including loss of hearing and mental disorders

### **Question: 70**

#### **Answer the following question.**

What steps should be followed by business to protect environment?

#### **Solution**

The following steps should be taken by business organisations to protect the environment:

i. Control by managers and employees: The top management and the employees of every organisation should be committed to create and maintain a working culture that is conducive for environmental protection.

- ii. Optimum use of resources: The business organisation should work towards optimum and efficient utilisation of resources and renewable energy, so as to minimise their wastage and keep the environment clean and protected.
- iii. Better technology: Enterprises should employ sophisticated and superior technology for production and waste disposal.
- iv. Government rules: Business operations must adhere to the rules and regulations laid down by the government to prevent environmental pollution.
- v. Productive investment: By investing in projects which aim at water conservation, pollution control, and producing renewable energy in the long term, the business enterprises should work towards environment protection.

### **Question: 71**

#### **Long answer type question.**

Define the term "corporate social responsibility". Explain the responsibilities of business towards employees.

#### **Solution**

Corporate social responsibility refers to the latest strategy of management on social obligations of business organisations.

According to it, business organisations should behave ethically and contribute to the development of economy by improving the standard of living of not only their employees but also their family members. It aims at creating a positive impact on the society and environment while conducting the business activities. Welfare of the society must always be in the mind of a businessman. Business units have various responsibilities towards their employees. Some of them are:

**i. Job security-** The business enterprises should give a guarantee of employment to its workers. This is important as a security of job provides the employees with mental peace and they can thus, work to the best of their capabilities.

**ii. Fair remuneration and allowances-** Timely and adequate wages, allowances or salaries is a must for employees as it not only acts as their remuneration but also incentivizes them to work more.

**iii. Good working conditions-** It becomes the responsibility of the employers to provide the workers with good and healthy working conditions. They should provide various facilities such as canteen, medical and sanitation facilities along with proper machines and tools.

**iv. Opportunities for promotion-** Organisations should attempt to provide workers with proper education and training. Along with this, they should offer adequate opportunities so as to promote their talent and increase their chances of promotion.

**v. Grievances procedure-** The business organisations should listen to the

complaints, feedback and grievances of the employees and should provide a proper system to sort out the employee's problems.

### **Question: 72**

#### **Long answer type question.**

Explain the responsibilities of a business unit towards the community and public at large.

#### **Solution**

Responsibilities of business units towards the public in general:

**i. Generate employment opportunities-** Business units should provide employment opportunities to young, well-educated people in the society. This will increase the overall development and growth of the people.

**ii. Protect environment-** It is the responsibility of business units to ensure pollution-free environment. Business units contribute to various types of pollution, including air, water and noise. So, they should take proper measures to ensure environment protection.

**iii. Indulge in social activities-** Business units have the capability to improve the standard of living of people by constructing public gardens and public libraries and running charitable hospital and schools. Such social activities increase social welfare.

**iv. Locate industries in safe areas-** Industries should be located in industrial and non-residential zones. This minimises the adverse effects of industries on residential areas and avoids congestion in cities.

**v. Development of weaker sections-** Business units should provide help to the weaker sections of the society. Business units can provide financial and medical facilities to these sections.

### **Question: 73**

#### **Long answer type question.**

Explain different cases for social responsibilities.

#### **Solution**

Cases for social responsibilities:

**i. Threat of public regulation:** Not working in line with social welfare can attract unwanted government attention; this can further pose a threat to the image and goodwill of business enterprises. Thus, business enterprises should fulfil their social responsibility to avoid such instances.

**ii. Pressure of labour:** An increase in the mobility of human capital and trade unions has increased the pressure on business enterprises to pay attention to the welfare of the workers by providing them healthy working conditions and good remuneration.

**iii. Impact of consumer consciousness:** As consumers are increasingly getting aware of their rights and responsibilities, business enterprises are compelled to work more efficiently and to produce better quality products at reasonable rates to satisfy their demands.

**iv. Optimum utilisation of resources:** In comparison to other members of the society, business enterprises have greater access to financial and other resources, thus, they should effectively and optimally utilise the resources for solving various social problems.

**v. Existence and trusteeship:** The existence of a business depends on how efficiently it serves the society and conduct activities based on trusteeship. According to it, a business would benefit only from those activities which are good for the society.

#### **Question: 74**

##### **Long answer type question.**

Which responsibilities are expected to be fulfilled by business units towards consumers?

##### **Solution**

The following responsibilities are expected to be fulfilled by business units towards consumers:

**i. Quality products-** The business enterprises should provide good quality products and services to their customers. Standardisation of the products should be ensured by using good quality inputs and technologies.

**ii. Fair prices-** It is the responsibility of business organisations to provide safe products to their consumers at fair prices. They should only charge the actual price of the commodity and not exploit the consumers by charging extra amount.

**iii. Consumer services-** Services related to the goods and services such as regular feedback and after-sales services should be provided to the consumers.

**iv. Complete information-** Consumers should be provided with complete and accurate details about the products. This can be done through advertising and labelling of products and services.

**v. Fair trade practices-** Business organisations should not exploit their consumers by indulging in unfair trade practices such as hoarding and black-marketing. They should be honest in their dealings with customers and should not exploit them.

#### **Question: 75**

##### **Long answer type question.**

What types of guidelines should be followed by business to protect environment?

##### **Solution**



The following guidelines should be followed by business organisations to protect the environment:

**Stage I: Planning** - At the planning stage, every organisation should make a plan to protect the environment. They should take up projects and activities which aim at development of renewable energy sources and water conservation. In this regard, policies should be coordinated with the plan.

**Stage II: Development of design** - Business organisations must aim at optimising the use of resources and control pollution by undertaking activities such as standardised packing and produce environment friendly products.

**Stage III: Manufacturing** - In this stage, efficient energy models should be used by the firms. Also, the technology and the machineries should be updated regularly.

Along with this, following points should also be considered to protect environment.

**i. Impact of business activities on environment** - Organisations can assess the positive and negative impact of their activities on the environment. Accordingly, they can make changes in the production process.

**ii. Use of interactive tools** - Environment can be protected using interactive tools. Firms can make use of less harmful toxics substances and minimise the use of carbon processes.

**iii. The Four R's** - The four R's principle, that is, refuse, reduce, reuse and recycle, should be followed by an organisation in the production process. The principle implies refusal of pollution-creating materials. If that is not possible, firms aim at reducing the quantity of pollution-creating materials. After that, they aim at reusing and recycling the materials.

**iv. Environment management system (EMS)** - It is a document created by business units to assess the impact of their operations on the environment and take necessary for environment protection.\*