

Social Responsibilities of Entrepreneurs

What is meant by Social Responsibility, it is the term to describe overall obligations that a company to be accountable for her society at large. Therefore it is must that a company obliges to fulfill the obligations; Social responsibilities. The company could be a small entity, which is operating as a self-employment, or it could be an SME or even a large-scale conglomeration. Whatever it is companies those honoring Social Responsibilities are trying to consider the full scope of their impact on community and environment, when making their corporate decisions to earn profit. As such it is a holistic approach among business entity and the society.

Any business unit is confronted with Social Responsibilities everyday, even sometimes without noticing by them. When customers select our products, when our partners pump their money on our business and when somebody joins our company, we are committed for them on Social Responsibilities. In the first case it's our obligation to offer correct good Quality products, the second case we are responsible for ROI of our investors and the last case that we are responsible for the safe & secured employment of our employees.

Sustainable entrepreneurs should comply with economical, environmental and societal responsibilities. Social Responsibilities are integration of above three with the issues of work place, Human Rights, society and market place. By integrating Social Responsibility to our business process we are not only contributing to a better society but also we are recognized by doing so. This has obvious benefits to the company.

Lets look at the key components of the Social Responsibilities, Firstly, protecting of our environment - This component has basic two issues coming to play, they are non-pollution of environment and wise use of natural resources. In the recent past environmental responsibility has

become a vital issue for third world countries like us. As such the EMS (Environmental Management System – ISO 14001), concepts of recycling of waste and waste minimization are significant.

Various assistance on above rendered by the foreign donors with regard to financially and technically is mainly for the development of our entrepreneurs. On environmental pollution issue; most of our entrepreneurs are reluctantly approached to protect our own environment just because of the stipulated and enforced rules & regulations by the Government. This is not a good sign for the development of our businesses in future. Our entrepreneurs should have a will to protect the environment, which they operate.

Effective utilization of natural resources is also another important responsibility of our entrepreneurs. Sparingly use of natural resources and effective post management of sources of natural resources are another concerns by our entrepreneurs.

Secondly, the community involvement and this includes community partnership, global community involvement, product and service donations etc. Business community involvement refers to a wide range of actions taken by companies to maximize the impact of their donated money, time, products, scholarships and services etc on the communities in which they operate. When these initiatives are executed that would not only bring values to recipients but also enhance the good name of companies and their products, brands and services among the communities those who are with commercial interests.

Thirdly, Disaster relieves, as entrepreneurs we could play an important role in supporting

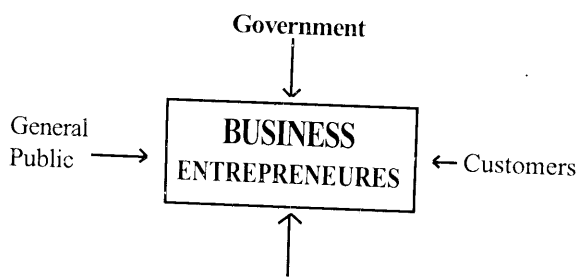
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humanitarian relief operations, a classic example of recent natural disaster (Tsunami). Apart from this rising of cost and scarcities of basic goods in the market due to various disasters; our entrepreneurs have a key role to play to eradicate such difficulties encountered to the society.

Fourthly, adhering to business standards is another major responsibility of the entrepreneurs. This covers a broad area of corporate activities viz. business ethics, financial returns, human rights and labour standards. Due to globalization of the business, such standards became more stringent and sometimes it is not feasible to comply with for some of our small-scale entrepreneurs. Nevertheless, majority of our business community unwillingly fulfill business standards to a certain extent. However these responsibilities are part and parcel of the corporate level activities of any business process those should be conformed willfully.

Lastly, the enterprise/ economic development by the entrepreneurs, this broad concept includes development/ helping hand of self-employees by our large-scale entrepreneurs, economic development of the country (direct contribution to the GDP & GNP).

Transnational companies with their financial, managerial and technical expertise are welcomed to provide support for our self-employees or even SME sector. In this scenario small business entities could uplift themselves by benchmarking top transnational companies. As a requirement, most of Transnational companies use to monitor their suppliers those seems to be small enterprises by conducting regular audits and advice them on any deficiencies. This facilitates to upgrade the business process of our self-employees or SME entrepreneurs.



External influences of business whom entrepreneurs are socially responsible for

What benefits gain by the entrepreneurs when they fulfill Social Responsibilities,

1. Social license is a kind of mind set generated by the stakeholders. To obtain social license or willingness to operate our business in the environment our entrepreneurs should comply with Social Responsibilities. When our entrepreneurs fulfill their obligations to the society they automatically receive the consent of society. This consent of society is helping our entrepreneurs to maximize their profits. If otherwise the business process is in difficult of smooth operation. Regular objections from the society, strikes of employees and dislikes for the business operation faced by the entrepreneurs are mainly due to dislikes of stakeholders or the non-availability of social license. This license is not limited to societal perspectives but also covers the environmental aspects as well. Social license could express as a jargon of “Doing things right but not limiting to maximize shareholders values”.
2. Entrepreneurs could compete fairly comfortable among the competitors and assure the sustainability of their business. It enhances the reputation of the brand they deal with. Stakeholders’ reputation is more valuable for a business process than brand name. Socially Responsible entrepreneurs are taking the advantage of getting branded products and reputation of their stakeholders. This reflects the sustainability of the business.
3. Helps to retain and attract good employees to the company. Increased labour mobility means that attracting and retaining of committed and skilled workforce, and it is vital for business success. This is highly backed by a strong track record of Social Responsibility. Highly committed employees are assets and they bring positive image for the company.

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4. Help to create new business opportunities. Social Responsibility is leading to innovate new avenues of products and businesses by stakeholders of the company. Creativity is an outcome of innovativeness, and the most needed ingredient for competitive advantage.
5. Government help and support is another positive tool for an entrepreneur who fulfills Social Responsibilities.
6. The investors will retain in the business if the company fulfill Responsibilities for their shareholders. The company is sustainable and with continuous growth of profit, this resultant to retain investors and make them happy.
7. Company crisis and unrest are minimized since all stakeholders and shareholders are happy.
8. Help to build political capital to improve the relationship with politicians and the Government and as such entrepreneurs could influence on regulations for the betterment of the society at large.

Repercussions of non obliging of Social Responsibilities by entrepreneurs, Companies those reluctant or not fulfilling their Social Responsibilities will be black listed by various means, either by the stakeholders, shareholders or the Government. Susceptibility of the business is doubtful for these companies. Therefore they can't attract committed employees, shareholders or stakeholders. The society will not consent for social license to

operate the business. Brand more and company reputation are not exist. The company could experience high probability of unrest and crisis. The profitability margins will be gradually reduced. Only short-term oriented profitability could expect. No encouragement for future expansions.

Most of our respected entrepreneurs in Sri Lanka are trying their best to fulfill Social Responsibilities to the best of they could. However it is not practical to be in line or in compliance all the time with all the requirements of Social Responsibilities for a company. But still, we as entrepreneurs should try to look for the best that we could do to the society.

I am responsible for the Society that I operate.



Thought of a good Entrepreneur

