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Common Error No. 44 [1]

Written by **Dr Madsen Pirie** [2] | Sunday 24 February 2008

44. "Business should be forced to be socially responsible."

People in business have moral obligations to others, just as teachers and lift operators and everyone else does. Nothing about the activity excuses them from these, which include behaving in a responsible way to others, and respecting their rights, too.

Business people have the additional burden which trust imposes. They engage in transactions and contracts, and have a moral duty to keep their side of the bargain. Of course they have a legal duty as well, but that is not why they behave honourably.

They already perform services to society by making goods and services available, by creating employment, and by contributing to society's maintenance by paying the taxes and levies it imposes. Some suggest that they have the additional obligation of contributing to charities and the arts, to funding neighbourhood community schemes, and to supporting causes they deem worthwhile.

Some businesses engage in such activity to boost their public relations and their reputation. If being seen to do such things makes them sell more of their product, these are legitimate business actions, calculated to improve the financial position of the company. It can be good business practice to maintain excellent employee and community relationships.

People invest in companies, lending them money in order to generate a yield from it. It is a company's duty to use that money with due diligence for the purposes for which it was lent to them. If they misapply it to themselves, we rightly castigate and even prosecute them. If they apply that money to causes they approve of, perhaps because it makes them feel good, this can be a misuse of funds lent to them in good faith. It was not lent to them to support good causes, however noble. The lenders could have done that themselves. If it aids the business it is a valid use, otherwise it is not.

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