***Chapter 2 Activity and case study solutions***

**Activity 2.1**

1. Identify and describe relevant stakeholders
   1. Local family-run fruit shop
      1. Employees: Some of the employees in this business may also be owners of the business, or be related to owners of the business (because it is a family run business). They expect to receive a fair wage or salary for their work, to have job satisfaction and be given the opportunity for career advancement. They may put in extra hours or effort without extra monetary reward because they are also owners.
      2. Customers: Like all customers, the customers of this business wish to obtain quality goods and customer service for a fair price. However, they are also likely to want to establish a friendly relationship with the employees who work at the shop. Regular, local customers like to say hello and have a chat to small business owners and employees in their area, so it is important that the fruit shop cultivate good customer service. If they do, customers may choose to ‘shop small’ and ‘shop local’ rather than purchase their fruit and vegetables from a major shopping center.
   2. Shoe shop operating in a major shopping complex
      1. Competitors: There are often a number of shoe shops operating in the same shopping complex. Competitor shoe shops will monitor the products, prices and customer service offered here and try to differentiate themselves to gain a competitive edge in order to capture more of the available customers.
      2. Management: The management of this shoe store will be interested in setting goals, objectives, and strategies. Management will be particularly concerned about measuring the performance of the store, and benchmarking its performance again other shoe stores in the complex. Given this information, management will attempt to improve performance and win customers from the other shoe stores they are competing with.
   3. Pharmaceutical manufacturer
      1. Government: The Government provides the legislative framework that controls business operations. This framework is designed to ensure that the Government receives taxation revenue from profitable businesses like big pharmaceutical companies, but also to protect consumers. The Government will be interested in ensuring that the drug development, testing and release process is conducted according to proper laws and regulations and in a way that protects the ultimate consumers in the community.
      2. Shareholders: Pharmaceutical companies are often very big and very profitable businesses. Shareholders of these companies want to see profitability maintained and extended. As a result, they want the manufacturer to innovate - to develop new and improved medications that will generate profit. If the company makes a profit share prices will increase, and shareholders are more likely to receive a dividend. Many shareholders also want the businesses that they invest in to operate in an ethical and socially responsible manner.
   4. Bank
      1. Directors: The Directors of banks are known for being paid large sums of money. People who strive for and attain these positions are often driven by the desire to attain the power, status and remuneration that comes with such a position. They also wish to develop and implement a strategy that will help the bank increase its profitability and market share.
      2. Community / society: The community can be suspicious of big banks, especially after the global financial crisis. The whole community relies on the products and services provided by the banking sector and wants ensure that it treats them fairly. Society wants to ensure that the Government regulates banking operations, to ensure that they behave in a way that is lawful, ethical and socially responsible.
2. Conflicting interests

Pharmaceutical company: Employees want to receive a fair wage for the work that they do. The management of the company wants to maximize profits and therefore seeks to minimize costs. Sometimes employers try to drive down the wages of their employees as a way to decrease costs and increase their profits.

Family-run fruit shop: The owners / managers of the fruit shop will want to make a profit as well as fulfil their customer’s expectations. Customers generally demand high quality goods at low prices. High quality fruits and vegetables are more expensive to procure and sell, therefore there is a tension between price and quality. If the quality is too low, or the price is too high, then customers may switch to shopping at a large supermarket, and profit will be lost. The owners must manage this conflict.

**Case Study 2.1: Ego Pharmaceuticals**

1. Interests of stakeholders

Shareholders – are the owners of this private company and are interested in whether the company is profitable and will be paying dividends. Also, that the company is conducting its operations in an ethical and socially responsible manner.

Directors – are appointed to develop and direct the business strategy and major business decisions. They need to ensure the business adheres to strict corporate governance and demonstrate corporate social responsibility.

Management – is involved in setting the goals and objectives for Ego Pty. Ltd. Also the responsible for planning and undertaking the strategies to ensure the business is both profitable and socially responsible.

Employees – want to work in a company that provides them with challenging work, job satisfaction and an opportunity for career advancement. They also want to be paid a fair wage or salary and feel security in their employment. In addition, they are interested in working for a company that is ethical and socially responsible.

Customers – both from Australia and overseas are interested in purchasing quality and ethically sourced goods. They also would want the company to be acting in an ethical and socially responsible manner.

Suppliers – provide the raw materials and components to the products manufactured and sold by Ego. They would be interested in establishing a guaranteed long-term supplier relationship. They would also want to ensure that they are paid promptly for goods they supply.

Community – they would be interested in Ego participating in their community, through supporting local groups eg. Sponsorship and providing employment opportunities. Also, that the company’s operations are environmentally responsible/sustainable.

Government – as an Australian business they want to receive revenue (company tax) from this profitable company. They also are interested in ensuring that the company is complying with all legislation which controls business operations eg. Workplace Relations Act 1996, Environment Protection Act 1978.

Competitors – interested in determining how they can differentiate their products from those of Ego so they can strive to gain a competitive edge. Making comparisons and evaluating their performance against Ego’s performance.

1. Actions to demonstrate commitment to ethical and social responsibility

CSR actions and examples of Ego Pharmaceuticals

* Engagement with community service organisations both in providing free products and financial support e.g. Peter Mac Cancer Hospital, Australia Day (providing Sun Sense product), Sydney Adventist Hospital Teddy Bear picnic, Melanoma March, Sporting Ambassadors
* Employees – required to reject any unethical requests made by individuals or groups
* Environment – environmentally sound sourcing and packaging of products, signatory to Australian Packaging Covenant, recycling procedures within their production plant.

**Activity 2.2**

Student responses will vary. Students should be encouraged to do some research for this activity. They could collect newspaper clippings over a week, or do some surfing on the internet. Students should be encouraged to provide references for their work – for example, references to a particular newspaper or internet article or webpage. Students could present their work in small groups or in a whole class discussion.

**Case Study 2.2: Aldi**

[www.cambridge.edu.au/vcebusman34+2](http://www.cambridge.edu.au/vcebusman34+2)

[www.cambridge.edu.au/vcebusman34+3](http://www.cambridge.edu.au/vcebusman34+3)

1. ALDI has both a Corporate Social Responsibility Policy which sets out conditions relating to the relationship they have with suppliers. It also has Environmental Packaging Guidelines that suppliers must agree to when establishing their supply relationship. They expect their suppliers to have in place procedures and standards for waste management, handling and disposing of chemicals and other dangerous materials, emissions and effluent treatment must meet or exceed legal requirements. All local and national environmental regulations and relevant provisions of the ALDI CR policy and environmental standards must be met.
2. Customers are able to gain a lot of information from the ALDI website which provides information such as: weekly special buys, the origin of a product, product range, and TV commercials. In addition, when customers visit an ALDI store they are offered by the checkout operator to take the upcoming weekly brochure.
3. In addition to its CSR policy, ALDI has a Management system which governs in detail all aspects of leadership, employee management and personal development. It bases its relationships on the principles of cooperation, honesty, trust, respect, individual empowerment and accountability, mutual support and learning. It is committed to providing its employees with personal fulfilment and development, training, recognition, attractive remuneration and job security.
4. ALDI acts to provide products for sale that are produced with respect for the environment and workers involved in the production, which is stated in the CSR principles. They have extended this action to acting as the framework they use when undertaking activities with their employees, business partners and their suppliers. As a business we play an important role in the local communities in which we operate. As a responsible corporate citizen ALDI supports initiatives that make a tangible contribution to local communities.
5. Students need to undertake their own analysis as to whether they believe ALDI’s approach has assisted the business to become successful.

**Activity 2.3**

***Slogan 1:***

1. Company values identified:

* Team work
* Commitment
* Persistence
* Celebration of success

2. This slogan suggests that Ford Motor Company expects each employee to work not as an individual, but as part of a team. It expects employees to demonstrate commitment and persistence, and to help others for the benefit of the team. If employees adopt this attitude, the team will achieve success and can celebrate it together. It suggests that no one person can achieve success by themselves. Everyone must work together, and success will be found in doing so.

***Slogan 2***

1. Company values identified:

* Employees matter.
* Employee happiness and satisfaction at work is important.
* Work should not compete with life. The two should be in harmony.

2. This slogan suggests that HubSpot values employees and wants to ensure that they are happy at work, in their ‘work lives’ and happy at home. They do not want force employees to choose between ‘work’ and ‘life’.

***Slogan 3***

1. Company values identified:

* Innovation.
* Risk taking.
* Nonconformity.

2. Google does not want to be like every other company. In fact, it strives to be different. It wants to cultivate and celebrate its difference and use it to create new and better products and services.

***Slogan 4***

1. Company values identified:

* Employee satisfaction.
* Ethics and social responsibility.

2. Employee satisfaction is not secondary at Whole Foods, it is a primary objective. Whole Foods believes that success comes from employees enjoying what they do. It believes that management has an obligation to ensure that employees are happy and healthy at work, and that productivity will be a natural consequence of a happy and engaged workforce.

**Activity 2.4**

[www.cambridge.edu.au/vcebusman34+4](http://www.cambridge.edu.au/vcebusman34+4)

Responsibilities for employees relating to social media are outlined in the section titled ‘Personal use of social media.’

**Case Study 2.3: Cambridge University Press corporate policies**

<http://www.cambridge.org/about-us/who-we-are/glance>

1. Student responses will vary, however should include products produced by the Press and the size of the organisation
2. *Student responses may vary*. The Press shows that they value CSR through their support of community programs, encouragement of staff to offer help, advice and funding to partnerships with charities, education and volunteer positions.
3. *Student responses will vary.* Environmental objectives identified:

* Environmental sustainability: Prevention and reduction of pollution(waste, greenhouse gases and other pollutants); Limited use of natural resources and energy; raw materials derived from legal and sustainable sources
* Promotion of environmental policies within the company and extending to suppliers, other industry members and customers.
* Uphold and surpass environmental regulations
* Community benefits through supply chain

1. *Student responses will vary.* Referring to the policies, describe two things that are likely to affect the practices (what is done) within CUP for
   1. employees: Reduce, Reuse and Recycle policy; minimisation of consumption of natural resources and energy
   2. management: best practice guidance in our operations and activities where feasible; minimise negative impacts on the environment and local communities
   3. supply-chain partners (such as printing companies): Deriving materials from legal and sustainable sources; minimisation of environmental impact
2. *Student responses will vary*

**Case Study 2.4: Bunnings**

1. *Student responses will vary.* Corporate values identified

* Social responsibility and environmental sustainability
* Team Members’ health and safety
* Teamwork
* Rewarding achievements of employees
* Promote awareness of environmental issues

1. Prioritising diversity in the workplace promotes an accepting corporate culture.

**Case Study 2.5: Google: Our Culture**

1. Google’s culture
   1. People employed: intelligent, original thinkers with the technological ability prioritised over industry experience. Employees share in company views and goals.
   2. Diversity: Wide range of backgrounds; cultural, religious, gender, age
   3. Management style and direction of communication: teamwork. Participative and / or laissez faire management styles
   4. Values: Diversity; open communication between co-workers, employees and employers; shared goal-oriented values
   5. The physical layout of the work environment: open plan, hot desking etc.
2. Students are required to watch the film *The Internship* and discuss how the characters had to change to fit into corporate culture. E.g. adapt to working in a team, participate in joint decision making, become innovative and competitive.

**Activity 2.5**

1. Indicators of corporate culture
   1. Causal corporate culture.
   2. Formal, traditional corporate culture.
   3. Growth and profit are rewarded. Competitive corporate culture.
   4. Family responsibility is acknowledged. Caring corporate culture.
   5. Formal, hierarchical corporate culture. Task and process oriented.
   6. Value extrovert personality. Competitive corporate culture.
   7. Inflexible, traditional culture where rules, policies and procedures are valued.
   8. A mono-culture is valued and adopted. Does not value diversity.
   9. Acknowledges responsibility for the environment. Social responsibility is a priority.
   10. Management trusts its employees and assist them to manage work-life balance.
2. Student answers will vary. Students should consider examining the following points, to help them gather the required information:

* Any photos or videos posted on the website.
* Any music included on the website.
* The age and appearance of any employees featured on the website.
* The fonts and colours used on the website.
* The overall ‘feel’ of the website.
* The ‘About Us’ or ‘Our Story’ or equivalent section.
* The ‘Corporate responsibility’ or equivalent section.
* The ‘Working at...’ or equivalent sections.