***Chapter 9 Examination preparation solutions***

1. FitzGerald’s quote suggests that corporate social responsibility is pursued by businesses because it makes good business sense. This is certainly true.

Corporate social responsibility is a concept whereby organisations consider the interests of society by taking responsibility for the impact of their activities on all stakeholder groups. It involves continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the workforce, community and society in general.

Corporate social responsibility affects all aspects of business operations. A business that implements strategies designed to commit to corporate social responsibility also optimises its operations. In terms of inputs, a business might choose to convert to using green energy solutions. This helps reduce CO2 emissions, which is great for the environment. But it also helps the business to reduce its energy consumption and save on its energy bills – thus improving productivity and optimising operations. In terms of processes, a business might implement new technology that reduces waste in the production process. This is great for the environment is because waste can be diverted from landfill. It is also great for the business because it saves the business money on waste treatment and disposal, thus improving productivity and optimising operations. In terms of outputs, a business may decide to make changes to its product so that it is biodegradable, recyclable, or is able to be repurposed. This is positive for the environment because it diverts material from landfill. This change is also positive for the business because it is likely to have a positive influence on reputation. Customers may decide to purchase their item over a competitor because of its environmental performance.

Unfortunately, there are some drawbacks to corporate social responsibility. Implementing socially responsibly strategies is not always easy. The transition to a socially responsible strategy can take time, and be costly in the short term. Often, changes to business policies and processes encounter employee resistance, which needs to be overcome in time, and using patience.

While there are challenges associated with corporate social responsibility, the advantages are overwhelming. As FitzGerald suggests, businesses that pursue corporate social responsibility are making good business decisions. Corporate social responsibility strategies contribute positively to all stakeholders. But they also allow a business to optimise its operations and improve its productivity, which leads to increasing revenues and profits. Corporate social responsibility is just good business sense.

1. An environmental policy is a statement that outlines what an organisation wants to achieve with respect to its impact on the environment. It may also include time frames and targets. Adopting an environmental policy is a sound business decision, not just an ethical one. Drafting an environmental policy requires the organisation to reflect on all aspects of its operations – inputs, processes and outputs. During this reflection, the organisation will consider how it does things, and why. Reflection will highlight areas where changes can be made to reduce the impact of operations on the environment. Any changes that are made to minimise the environmental impact of the organisation are also likely to help the organisation optimise its operations and therefore improve productivity. For example, a business might decide to reduce its packaging and convert to recycled materials for packaging. This contributes to the environment by diverting waste from landfill. It also helps optimise operations by reducing the volume and the cost of packaging required. Putting objectives, time frames and targets into an environmental policy commits the organisation to action. If the policy is public, this helps the organisation to promote its corporate social responsibility. Investors, customers and employees are all more likely to be drawn to an organisation that actively works to minimise its impact on the environment. Creating an environmental policy is a good business decision, as well as an ethical one.