***Chapter 9 Revision Test Answers (20 marks)***

Part A: Multiple choice answers (5 marks)

1. Businesses that need to be concerned about corporate social responsibility include:

 *D all businesses, both large and small.*

1. The United Nations oversees the world’s largest voluntary corporate sustainability and citizenship initiative. This program is called:

 *B Global Compact*

1. The series of policies and practices that focus on an organisation’s approach to environmental issues is called:

*C Environmental management system*

1. Fairtrade is:

*D a certification scheme tackling poverty in third world nations.*

1. Ensuring that employees are treated fairly and ethically is:

*A a core aspect of corporate social responsibility.*

Part B: Short answer answers (15 marks)

1. Define the following terms: (2 marks)
	1. corporate social responsibility

*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 a continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the workforce, community and society in general.*

* 1. triple bottom line reporting

*Triple bottom line reporting is where a business organisation reports on social outcomes and environmental impact as well as financial performance.*

1. Identify and explain the pressure for businesses to adopt ethical and socially responsible practices. (3 marks)

*Many stakeholders pressure businesses to adopt ethical and socially responsible business practices. For example, the most talented, skilled and experienced employees will be attracted to businesses that demonstrate corporate responsibility (CSR). In particular, employees want to be a part of an organisation that treats its people ethically, by providing fair pay and conditions, equal opportunity, a safe workplace environment and work-life balance. Customers increasingly care about the story behind the products they purchase – where was it produced, by whom and under what conditions? Customers are more likely to purchase from a business that demonstrates CSR. Shareholders also care about the story behind their investments. They are more aware of the fact that the money they invest helps reinforce the culture and practice of the institutions they invest in and they do not want to support unethical business practices, so increasingly seek out investments in businesses demonstrating CSR.*

1. Discuss one strategy that a business might implement in the processing / transformation stage of its operations to demonstrate corporate social responsibility. (5 marks)

*Adopting a waste minimisation strategy is one way that businesses demonstrate corporate social responsibility in the processing / transformation stage. Waste minimisation may be achieved by redesigning processes, implementing new technology or finding a way to reuse resources. One advantage of waste minimisation is that inputs are used more efficiently. A business can reduce the use of materials which saves money. Another advantage of waste minimisation is that it reduces the amount of waste material that ends up in landfill. This is not only good for the environment, but it also saves a business money in terms of waste treatment and disposal costs. This strategy can also help a business to improve its reputation, which can lead to customer attraction, higher revenues and profit. However, adopting waste minimisation strategies can be expensive and time consuming to begin with, especially when it involves complex process change or the introduction of technology. There may be employees in the business who are sceptical of the benefits or resistant to changing current practices. These obstacles need to be handled with care, in order to get everyone on board for the change.*

1. Global sourcing of inputs is a strategy that many businesses use to optimise their operations systems. Explain the strategy of global sourcing of inputs. Describe two advantages and two disadvantages of using this strategy. (5 marks)

*The global sourcing of inputs is an operations strategy that involves the use of supplies procured from an overseas location. One advantage of procuring from overseas is that it can allow a business to get the right input for the right price. Sometimes the Australian substitute of is poorer quality, or is more expensive. Perhaps the input is not available in Australia at all. Another advantage of global sourcing of inputs is overseas investment. When a business purchases an input from another country it is supporting the development of an industry, and the people that work in that industry. This creates wealth and employment opportunities. This investment is especially important to developing countries. One disadvantage of global sourcing is the time it can take for the inputs to reach Australia. Shipping can involve weather delays and customs delays. Sometimes these delays may cause production to slow or stop which is an additional cost of production. Another disadvantage relates to political risks associated with some overseas areas. Some nations around the world have unstable political and economic systems with rules and laws that are quite different to Australia. An political incident may disrupt the flow of goods in and out of the country meaning that supply to Australia is disrupted, which may stop production and add cost to the process.*