**Accounting and Finance**

**Unit 3**

**Accounting and Finance For WA**

**Chapter 6 – Business and the Community**

**Test Your Knowledge**

**Question 1**

**List a range of socially responsible activities that Australian businesses have developed as productive business practices.**

* **NRMA** – has a significant profile in the sustainability space through renewable energy and wildlife conservation efforts.
* **Specsavers** – has partnered with The Fred Hollows Foundation since 2011 with a shared vision to restore sight to thousands of people in Australia and overseas.
* **JB Hi-Fi** – through their **Helping Hands Workplace Giving** partnership with **The Song Room**, has delivered customised music and arts programs within schools across the country, positively impacting children’s school attendance, their emotional wellbeing, their participation in class and their academic outcomes.
* **Blackmores** – **WWF** has partnered with **Blackmores** in order to achieve their goals of protecting the planet’s natural environment, and ensuring the earth’s natural resources aren’t depleted. **Blackmores** has committed to investing in marine conservation projects, as well as fisheries improvement projects.

**Question 2**

**List a range of environmental practices that current businesses have developed in Australia to establish ‘good citizen’ reputations.**

* **Brambles** – a supply-chain logistics company that offers reuasbale pallets, crates and containers.
* **RETURNR** – provides reusable packaging for food from both boutique and specialty brands.
* **Ben & Jerrys** – are focussed on carbon insetting within their supply chain. This is a practice whereby companies invest in emissions reduction projects within the supply chain.
* **KOH** – eco-friendly cleaning products, that do not contain harsh chemicals or toxic fumes, making it a safer choice for the environment.

**Question 3**

**Using specific examples, identify the costs and benefits to a business that demonstrates and engages in socially and environmentally responsible behaviours.**

**Benefits**

* enhances the entity’s ability to track its progress against specific targets;
* makes it easier for the business to recruit employees; and
* assists the business to comply with some regulations requirements.

**Costs**

* the business may doubt the advantages it brings to the organisation and the limits it places on the free market goal of profit maximisation; and
* the business fears loss of competitiveness if competitors are not complying to the same extent (given that CSR reports, for example, are largely voluntary).

**Question 4**

**Identify categories of business stakeholders and for each identify a social or environmental preference that they might expect from a specific business enterprise.**

* **Owners and Shareholders** – Owners and shareholders expect businesses to operate in a way that benefits society. Socially responsible companies should adopt policies that promote the well-being of society, and the environment, while lessening negative impacts on them.
* **Customers** - Customers expect businesses to support social or environmental issues, which shows them the business isn’t solely about making a profit to the detriment of everything else.
* **Employees –** Employees expect their employers to set up the business to be more sustainable, in order to protect the environment and its natural resources, as well as ensuring the longevity of the business.
* **The General Public –** The General Public would expect businesses to implement the strategy of sustainability, in order to protect the environment and its natural resources for future generations. Additionally, they would expect businesses to not exploit social issues in third world countries, such as minimal wages for manufacturing jobs.

**Question 5**

**Identify an Australian enterprise that has successfully adopted practices to be more socially or environmentally focussed. Elaborate on the example, including the motivation for adopting alternative practices.**

**Coca-Cola** - As a brand, Coca-Cola is putting a huge focus on sustainability. The key areas are climate, packaging and agriculture, along with water stewardship and product quality. Their message is ‘a world without waste’, with the aim of collecting and recycling every bottle, making their packaging 100% recyclable and replacing all water used in creating their drinks back to the environment to ensure water security. They aim that by 2030, they will have reduced their carbon footprint by [25%](https://www.coca-colacompany.com/sustainable-business). Their motivation may be well-intentioned, with a focus on sustainability and the environment however, part of the strategy would have been to put across a ‘good citizen’ image to the general public, putting them in a good light with their consumers to continue their high levels of sales.

**Question 6**

**List characteristics of ethical behaviours expected from the accounting profession.**

* Integrity;
* Objectivity;
* Confidentiality;
* Professional Competence;
* Honesty;
* Fairness;
* Responsibility;
* Respect; and
* Compassion.

**Question 7**

**Which principles of the ASX Good Governance Code recognise the rights of shareholders and other stakeholders? What might these rights be?**

* **Principle 4** – Safeguard the integrity of corporate reports.
* **Principle 5** – Make timely and balance disclosure.
* **Principle 6** – Respect the rights of security holders.

These rights would be about providing relevant information in the financial reports, used by the stakeholders to make decisions regarding their investment in the business.

**Question 8**

**Suggest an ethical framework clients might expect in relation to dealing with Australian retail businesses.**

A Code of Ethics that might exist for members of the retail sector could include:

* **Integrity** – exemplify industry leadership by acting straightforward and honestly in all professional and business relationships;
* **Professional Behaviour** – comply with the relevant laws and regulations by avoiding any conduct that may discredit the business;
* **Fairness** – act reasonably in public business by striving to be fair and respect the legitimate commercial prosperity of the business;
* **Caring** – demonstrating genuine care and respect for human dignity by treating all people with equal respect and dignity regardless of sex, race or national origin; and
* **Commitment to Excellence** – protect business standards by supporting positive ethical models that favour consumer confidence.