Chapter 2 – Revision test solutions

Part A
1 A
2 D
3 C
4 B
5 D

Part B
1 a Legal – new legislation requires compliance, e.g. superannuation contributions by employers.
   b Environmental – floods or drought affects the price of primary products and therefore inputs in the production process.
2 a Financial institution – increasing interest rates on overdrafts and credit facilities leads to increased business costs.
   b Lobby group – this pressure may require change in packaging or testing of products.
3 a Board of directors – change in corporate strategy, e.g. downsizing of business operations
   b Management – increased remuneration packages
   c Employees – flexibility in working arrangements for greater work/life balance
4 A stakeholder is an individual or group that has a vested interest in the activities of an organisation.
   • Customers are interested in obtaining quality goods and services, a high level of customer service (pre and post sale), supporting Australian owned businesses, and ensuring the business is ethical and socially responsible in its activities.
   • Employees are interested in receiving a fair wage or salary, working in a non-discriminatory and ethical and socially responsible workplace, and having the opportunity for career advancement.
The community wants the organisation to participate in their local community, and to ensure that the business operations are environmentally responsible and sustainable.

5 Lobby groups have become extremely powerful and are able to exert great pressure (negative or positive) on an organisation. Negative impact – e.g. Nike and child labour lobby groups which has resulted in the organisation being tainted for a long period of time, even though they have made positive changes to their approach to manufacture outsourcing. A positive impact can be created ultimately saving an organisation against future legal (negligence) action, such as the case of the Anti-Cancer Council and its campaign to have outdoor workers protected against sun-related skin cancers.

6 Business are responding to environmental pressures in relation to construction of sustainable buildings or modification of existing premises. Organisations are keen to have their buildings gain the ‘green star’ status and being judged as best practice either in Australia or internationally.

Mining companies are now required to conduct environment impact studies prior to undertaking any operations. They are also required to reinstate the land following completion of their mining activities.