

- E. If a small business owner employs staff, then it is compulsory to have workers' compensation insurance. Workers' compensation insurance covers employers if an employee has a work related injury or disease and makes a financial claim. The insurance company with which the business has their workers' compensation insurance policy will pay the claim. The statutory authority in charge of administering workers' compensation insurance in Western Australia is Workcover WA. Yes, Detroit will need to pay Workers' Compensation Insurance as he will be employing members of his family.

3. ABN, GST AND INSURANCE

- A. An Australian Business Number (ABN) is a number that Harmonica must use so that the Australian Tax Office can identify her business in all dealings. If a business does not register for an ABN, then other entities may withhold tax from payments to the business at the highest marginal tax rate. The business will only be able to claim this money back when the owner lodges an annual income tax. This tax will not be withheld if an ABN is available.

Harmonica only needs to register the business for GST if it has an annual turnover of more than \$75 000. If the business earns less than this amount the owner can choose whether to register for the GST. If a business does not register for GST they will still pay GST for any goods or services purchased for the business. However, in this situation Harmonica will not charge GST to her customers, so will not have to lodge any Business Activity Statements or collect GST on behalf of the government.

- B. Harmonica would only need to pay State tax if:
- The business has a payroll greater than \$750 000 per annum, she must pay payroll tax.
 - She buys a business property. Land tax is paid to the state government. Stamp duty is a tax on the transfer of ownership of a piece of property.
- C. Harmonica will need to take out workers' compensation insurance if she hires any employees. Other policies she may be interested in are (For example):
- | | |
|--------------------------|-------------------------------|
| • professional indemnity | • life insurance |
| • public liability | • vehicle/ property insurance |
| • fire and theft | • business disruption. |

4. SPONSORSHIP

- A. Sponsorship occurs when a business provides either resources, funding or services to an individual or an organisation or event. Usually the business will receive some advantage; for example, they might want their business name to be advertised. There will not always be an obvious commercial advantage from the sponsorship; however, the community goodwill alone may benefit the business at a later stage.
- B. The main advantage for Dilli is that she will be doing something good for her community. Her business will receive publicity which could have a flow on effect overseas if she has news stories written on what she is doing. She will be able to advertise her business as one that gets involved in CSR and this may be looked upon favorably by her clients.
- C. Discussion question – there are a range of possibilities. For example:
- Supporting community projects in non-financial ways by allowing employees to volunteer time to help the cause, or advertising the cause in their business so that community awareness is increased.

- Introducing occupational health and safety measures in her business so the workplace is a safer, healthier, happier place for her employees.
- Adopting environmentally friendly practices wherever possible, such as using recycled photocopying paper and decreasing electricity usage.
- Drafting and implementing a code of ethics to be followed by all employees.
- Making sure the workplace is free of discrimination.
- Having a hiring policy which aims to hire people who require support in the workplace.
- Donating to charity.

5. A HAPPY WORKFORCE

- A. There are several benefits for Hugh if he decides to engage his small businesses with CSR:
- Increased ability to attract and retain staff leading to lower employee turnover, which in turn means less money being spent on employing new staff. Having to recruit staff can be costly with the expenses associated with advertising, interviewing and training staff.
 - Increased customer loyalty as customers see the business doing the 'right thing' and therefore they are willing to support the business. This can lead to increased business and income.
 - Demonstration of care for the community.
 - New perspectives and ideas.
 - Staff participation and satisfaction.
 - Happier staff.
- B. CSR practices which Hugh could adopt for a happier workforce are (for example):
- a chance for employees to suggest changes to improve the workplace
 - a weekly reward for employees
 - a monthly dinner for employees
 - bonuses on nights the restaurant does very well
- C. Costs related to CSR which might impact on Hugh include (for example):
- lack of finance or an increased financial cost
 - lack of knowledge and expertise
 - lack of resources
 - time burden
 - sourcing environmentally friendly products can be difficult
 - employee training.
- D. For example: Hugh could implement a recycling scheme. For example, office waste can be minimised by ensuring that paper is recycled and both sides of the page are used, photocopying and printing onto smaller pages, using electronic copies of documents not photocopies or printouts, and recycling paper, ink cartridges and other consumables.

6. CORPORATE SOCIAL RESPONSIBILITY

Research and discussion question. Possible responses might include:

Environmental friendliness

- To not let business practices adversely affect the environment.
- Adopting environmentally friendly practices wherever possible, such as using recycled photocopying paper.

Community awareness

- Not to deliberately do anything illegal.
- To treat customers and suppliers in the manner that the business owners would like to be treated.
- To not exploit customers, suppliers or employees.
- To deliver a high level of customer service.
- To not let business practices adversely affect anyone.
- Having a hiring policy which also looks at the benefits of hiring people with disabilities or mature age workers who possess life experience.
- Donating to charity.
- Conducting business without bribery or corruption.
- To only do business with other ethical businesses.
- To be truthful at all times.
- Supporting community projects in non-financial ways could include getting employees to volunteer time to help the cause or advertising the cause in their business so that community awareness is increased.

Employee support

- To treat employees in the manner that the business owners would like to be treated.
- Introducing occupational health and safety measures in their business so the workplace is a safer, healthier, happier place for their employees.
- To not exploit customers, suppliers or employees.
- To not let business practices adversely affect employees.
- Drafting and implementing a code of ethics to be followed by all employees.
- Listening to what employees would like.
- Making sure the workplace is free of discrimination.
- To be truthful at all times.

7. PRODUCTION PROCESSES AND SAFETY

Research and discussion question. Possible responses might include:

Safety procedures

- Tag electrical equipment
- Provide personal protective equipment and clothing
- Hazard reporting systems
- Barricades
- Correct stacking of containers and boxes
- Driving forklifts and other vehicles
- Moving parts of machines

Waste disposal

- Sorting of paper, plastic, glass, aluminum
- Reusing obsolete electronic parts
- Staff food waste eg. Composting
- Recycling computer parts and electronic waste
- Secure data destruction
- Repairing, not discarding, damaged items

Packaging

- Review use of excessive packaging/ individually wrapped items
- Use sustainable paper, recycled timber, secondhand boxes
- Payment for shopping bags
- Optimal design of packaging to reduce material use
- Disassembly and reuse of transport packaging

Why have improvements

- Increased ability to attract and retain staff
- Increased customer loyalty
- Demonstration of care for the community
- New perspectives and ideas
- Staff participation and satisfaction
- New business opportunities
- Raising the businesses profile amongst customers and the community.

8. CSR ESSAY

Research based essay – previous answers are available on the Internet.

9. ETHICALLY AND SOCIALLY RESPONSIBLE BEHAVIOUR

A. Piers' socially responsible business practices toward employees:

- consider the employees as an important part of the business
- are not just about the financial 'bottom line'
- allow for elements such as family life, fitness, stress-free commute, flexible working hours.

B. Challenges for Piers in getting other companies to meet minimum standards for work:

- Some suppliers are overseas – how can he ensure they are doing what they say?
- He needs an audit process for checking that the claims of fairness and equality are being carried out
- Does he have a planned response if a supplier is found to be unethical?
- Concern about consumer reaction if he cannot supply goods because his standards are potentially too stringent
- What alternative supply chain does he have?