Foundations of Sustainable Business 3rd edition Sanders Test Bank

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Chapter 1

1) Sustainability requires today's generation to steward _____ for the benefit of future generations.
a. Success
b. Entrepreneurship
c. Products and services
d. Natural resources

Correct answer: d
Difficulty level: easy
Reference: 1.1.1, definition of key term "principle of stewardship"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

2) The triple bottom line consists of _____, _____, and _____ metrics of organizational success.
a. Competition, innovation, risk
b. Social, economic, environmental
c. Risk, reward, opportunity
d. Management, operations, marketing

Correct answer: b
Difficulty level: easy
Reference: 1.1.1, definition of key term "triple bottom line"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

3) Global human population and per capita consumption levels are _____.
a. Optimistic
b. Decreasing
c. Increasing
d. Uncertain

Correct answer: c
Difficulty level: easy
Reference: 1.1.2, Figure 1.1
Bloom's Taxonomy Code: Application
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

4) The human population's _____ now surpasses the available biocapacity of the planet.
a. Ecological footprint
b. Productivity
c. Resilience
d. Genius

Correct answer: a
Difficulty level: easy
Reference: 1.1.2, Figure 1.3 and Figure 1.4
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

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5) Environmental, social, and governance issues have become _____ to investors.
a. Material
b. Enablers
c. Irrelevant
d. Opaque

Correct answer: a
Difficulty level: medium
Reference: 1.2.2, text accompanying Figure 1.5
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

6) Internalizing a risk means that the party who creates a risk ultimately _____ for it.
a. Gets compensated
b. Takes responsibility
c. Gets insurance benefits
d. Gets sued

Correct answer: b
Difficulty level: medium
Reference: 1.2.1, definition of key term "internalize"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

7) The "gearing up" metaphor describes organizational _____.
a. Stasis
b. Acceleration
c. Culture
d. Transformation

Correct answer: d
Difficulty level: medium
Reference: 1.3.3, second paragraph
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

8) Even the most advanced level of private sector commitment to public health and environmental protection is driven by the traditional _____ motive.
a. Ethical
b. Defense
c. Profit
d. Competition

Correct answer: c
Difficulty level: easy
Reference: 1.3.2, Table 1.2 and accompanying text; IV.A., first paragraph
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.4 Make the business case for sustainability.

9) When compared to traditional products, sustainable products and services are _____ in market share of food, consumer products, construction, finance, energy, and transportation

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sectors.
a. Socially responsible
b. Relinquishing
c. About the same
d. Taking over

Correct answer: d
Difficulty level: easy
Reference: 1.4.1, Table 1.4 and accompanying text
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

10) According to the Rio+20 Summit on Sustainability, businesses should focus less on _____ and more on _____.
a. Philanthropy, Profit
b. Short-term competitiveness, long-term performance
c. Water issues, climate change
d. Fisheries, Rainforest conservation

Correct answer: b
Difficulty level: medium
Reference: 1.2.4, definition of key term "Rio+20 Summit on Sustainability" and accompanying discussion
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

11) In the coming decade, global average surface temperatures, flooding, water consumption, habitat loss, chemical exposure, and electronic waste are expected to _____.
a. Decline
b. Increase
c. Stabilize
d. Improve

Correct answer: b
Difficulty level: medium
Reference: 1.4.3, Table 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

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Chapter 1

Multiple Choice Questions

1) Sustainability requires today's generation to steward _____ for the benefit of future generations.
a. Success
b. Entrepreneurship
c. Natural resources
d. Products and services

Correct answer: c
Difficulty Level: easy
Reference: 1.1.1, definition of key term "principle of stewardship"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

2) The triple bottom line consists of _____, _____, and _____ metrics of organizational success.
a. Competition, innovation, risk
b. Risk, reward, opportunity
c. Management, operations, marketing
d. Social, economic, environmental

Correct answer: d
Difficulty Level: easy
Reference: 1.1.1, definition of key term "triple bottom line"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

3) Sustainable business is characterized by the trend of measuring and managing success in terms of _____, _____, and _____ performance.
a. Risk, marketing, financial
b. Social, economic, environmental
c. Operations, supply chain, leadership
d. Employee, supplier, managerial

Correct answer: b
Difficulty Level: medium
Reference: 1.1.1, definition of key term "sustainable business"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

4) Small and Mid-sized Enterprises (SMEs) are responsible for _____ of global industrial pollution.
a. 60-70%
b. Very little
c. Disposal
d. Outsourcing

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Correct answer: a
Difficulty Level: medium
Reference: 1.1.1, Global Insight: Sustainability at Small and Mid-sized Enterprises
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

5) Global human population and per capita consumption levels are _____.
a. Optimistic
b. Decreasing
c. Uncertain
d. Increasing

Correct answer: d
Difficulty Level: easy
Reference: 1.1.2, Figure 1.1
Bloom's Taxonomy Code: Application
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

6) Developed economies are responsible for substantially greater levels of _____ than developing economies.
a. Income equality
b. Inequality
c. Aggregate consumption
d. Insider trading

Correct answer: c
Difficulty Level: medium
Reference: 1.1.2, Figure 1.1
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

7) Natural capital is the _____ of natural resources upon which human life and economic activities depend.
a. Deficit
b. Available stock
c. Management
d. Stewardship

Correct answer: b
Difficulty Level: medium
Reference: 1.1.2, definition of key term "natural capital"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

8) A negative externality is created when an organization's activities generate a risk that is shifted to a third-party without that party's _____ or _____.
a. Forethought, intention
b. Consent, compensation
c. Disapproval, regret
d. Knowledge, injury

Correct answer: b

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Difficulty Level: medium
Reference: 1.1.4, definition of key term "negative externality"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

9) Ray Anderson founded one of the world's largest carpet manufacturing companies, and launched "Mission Zero," a campaign to _____ the company's environmental impacts.
a. Monitor
b. Partially reduce
c. Completely eliminate
d. Market

Correct answer: c
Difficulty Level: easy
Reference: 1.1.2, Leadership call-out box
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.1 Define sustainability and explain its relevance to business.

10) According to the 2012 WWF Living Planet Report, humanity's projected resource consumption levels "_____ our planet's capacity to sustain us."
a. Underscore
b. Provide
c. Exceed
d. Are less than

Correct answer: c
Difficulty Level: easy
Reference: 1.1.2, text accompanying Figure 1.2
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

11) The human population's _____ now surpasses the available biocapacity of the planet.
a. Productivity
b. Resilience
c. Genius
d. Ecological footprint

Correct answer: d
Difficulty Level: easy
Reference: 1.1.2, Figure 1.3 and Figure 1.4
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

12) Global primary production and processing sectors generate $7.3 trillion in _____ annually.
a. Profit
b. Revenue
c. Shareholder dividends
d. Externalities

Correct answer: d
Difficulty Level: hard
Reference: 1.2.1, Ethical Decisions call-out box

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Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

13) The Global Living Planet Index is a(n) _____ assessment of the vitality of the planet given the impact of _____.
a. Financial, the economic recession
b. Invalid, climate change
c. Science-based, human activity
d. Economics-based, natural events

Correct answer: c
Difficulty Level: medium
Reference: 1.1.2, definition of key term "Global Living Planet Index"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

14) Sustainability is a global megatrend, driven by _____ forces.
a. Technological
b. Social and political
c. Economic and environmental
d. All of the above

Correct answer: d
Difficulty Level: medium
Reference: 1.1.3, first paragraph
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

15) The general trend in sustainable business practices is to _____.
a. Do less bad and more good
b. Increase managerial control
c. Leverage assets
d. Externalize risk

Correct answer: a
Difficulty Level: easy
Reference: 1.1.3
Bloom's Taxonomy Code: Application
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

16) Overconsumption of natural resources occurs when _____ exceeds _____.
a. Yield, harvest
b. supply, demand
c. Ecological footprint, biocapacity
d. Carbon emissions, regulatory limits

Correct answer: c
Difficulty Level: medium
Reference: 1.1.2, Figure 1.3
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

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17) The world's food supply depends upon productive fisheries, about half of which are _____.
a. Abundant
b. Fully exploited
c. Unknown
d. Over-regulated

Correct answer: b
Difficulty Level: hard
Reference: 1.1.4, statistic from the Food and Agricultural Organization of the United Nations
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

18) Environmental, social, and governance issues have become _____ to investors.
a. Enablers
b. Irrelevant
c. Material
d. Opaque

Correct answer: c
Difficulty Level: medium
Reference: 1.2.2, text accompanying Figure 1.5
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

19) Shareholder resolutions concerning environmental, social, and governance issues _____ from 1999 to 2009.
a. Plateaued
b. Increased
c. Decreased
d. Ceased

Correct answer: b
Difficulty Level: medium
Reference: 1.2.2, Figure 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

20) Business representatives attending the Rio+20 Summit on Sustainability voted to _____ certain statements of principle and action related to sustainable business.
a. Oppose
b. Repeal
c. Amend
d. Support

Correct answer: d
Difficulty Level: easy
Reference: 1.2.4
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

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21) Five stages of sustainable business maturation, from basic to advanced, are defined by the following motives: profit, philanthropy, _____, _____, and _____.
a. Management, innovation, strategy
b. Media, projects, investments
c. Investment, risk, profit
d. Marketing, control, responsibility

Correct answer: d
Difficulty Level: hard
Reference: 1.3.2, Table 1.2
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

22) Internalizing a risk means that the party who creates a risk ultimately _____ for it.
a. Gets compensated
b. Gets insurance benefits
c. Takes responsibility
d. Gets sued

Correct answer: c
Difficulty Level: medium
Reference: 1.2.1, definition of key term "internalize"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

23) The "gearing up" metaphor represents these four successive attitudes toward the business case for sustainability:
a. Complying, benchmarking, partnering, integrating
b. Opposing, accepting, complying, exceeding
c. Discussing, planning, implementing, reviewing
d. None of the above

Correct answer: a
Difficulty Level: hard
Reference: 1.3.3, Table 1.3
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

24) As organizational commitment to sustainability matures, old priorities such as legal compliance are _____ while new priorities are added.
a. Abandoned
b. Included
c. Ignored
d. Controlling

Correct answer: b
Difficulty Level: medium
Reference: 1.3.3, paragraph following Table 1.3
Bloom's Taxonomy Code: Application
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

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25) Sustainability initiatives were initially challenged because they were perceived as _____ to core business activities, they proceeded _____ in fits and starts, and existing incentive structures made these initiatives appear _____.
a. Senior, wholesale, strategic
b. Peripheral, incrementally, uneconomical
c. Prior, rapidly, lucrative
d. Detrimental, long term, outdated

Correct answer: b
Difficulty Level: hard
Reference: 1.3.1, first paragraph
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

26) The "gearing up" metaphor describes organizational _____.
a. Stasis
b. Acceleration
c. Culture
d. Transformation

Correct answer: d
Difficulty Level: medium
Reference: 1.3.3, second paragraph
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

27) Even the most advanced level of private sector commitment to public health and environmental protection is driven by the traditional _____ motive.
a. Ethical
b. Defense
c. Profit
d. Competition

Correct answer: c
Difficulty Level: easy
Reference: 1.3.2, Table 1.2 and accompanying text; IV.A., first paragraph
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.4 Make the business case for sustainability.

28) When compared to traditional product market share, sustainable product market share growth is _____ in food production and construction market sectors.
a. Dominating
b. Diminishing
c. Losing
d. Slowly Growing

Correct answer: a
Difficulty Level: medium
Reference: 1.4.1, Table 1.4
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

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29) According to the Rio+20 Summit on Sustainability, businesses should focus less on _____ and more on _____.
a. Philanthropy, Profit
b. Short-term competitiveness, long-term performance
c. Water issues, climate change
d. Fisheries, Rainforest conservation

Correct answer: b
Difficulty Level: medium
Reference: 1.2.4, definition of key term "Rio+20 Summit on Sustainability" and accompanying discussion
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

30) In the energy sector between 2002 and 2011, consumption of renewable energy grew by over _____, while non-renewable energy consumption _____.
a. 50%, slightly increased
b. 10%, increased
c. 400%, decreased
d. 30%, greatly decreased

Correct answer: c
Difficulty Level: hard
Reference: 1.4.1, Table 1.4 and accompanying text.
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.4 Make the business case for sustainability.

31) Between 2005 and 2011, _____ building construction grew by 1700% despite a 17% contraction in the overall construction market.
a. Traditional
b. International
c. Domestic
d. Sustainable

Correct answer: d
Difficulty Level: medium
Reference: 1.4.1, Table 1.4
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

32) Between 2002 and 2011, sales of _____ vehicles grew by 646%, while the overall vehicle market _____ by 15%.
a. Hybrid, decreased
b. Imported, decreased
c. Luxury, decreased
d. Hybrid, increased

Correct answer: a
Difficulty Level: medium
Reference: 1.4.1, Table 1.4
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

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33) When compared to traditional products, sustainable products and services are _____ in market share of food, consumer products, construction, finance, energy, and transportation sectors.
a. Socially responsible
b. Relinquishing
c. About the same
d. Taking over

Correct answer: d
Difficulty Level: easy
Reference: 1.4.1, Table 1.4 and accompanying text
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

34) During the global economic recession of 2007-2010, Socially Responsible Investing portfolios experienced _____.
a. Contraction
b. Asset growth
c. Stability
d. Instability

Correct answer: b
Difficulty Level: hard
Reference: 1.4.1, Table 1.4
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

Commented [SK1]: Corrected to 1.4 from 4.1

35) The growing threat of natural resource shortage means businesses may face increased _____.
a. Marketing costs
b. Bids for supply contracts
c. Operating costs
d. Employee turnover

Correct answer: c
Difficulty Level: easy
Reference: 1.4.2, Table 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

36) Blue ocean strategy is the simultaneous pursuit of both _____ and _____.
a. Control, profit
b. Growth, direct competition
c. Water conservation, profit
d. Differentiation, low cost

Correct answer: d
Difficulty Level: medium
Reference: 1.4.3, definition of key term "blue ocean strategy"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

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37) The aim of blue ocean strategy is _____ to out-perform the competition in the existing industry.
a. Always
b. More often than not
c. Not
d. Sometimes

Correct answer: c
Difficulty Level: easy
Reference: 1.4.3, definition of key term "blue ocean strategy"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

38) In construction, resource extraction, health care, IT, and tourism sectors, environmental changes and limitations will create risks as well as _____ of economic growth.
a. Contraction
b. Green shoots
c. Stagnation
d. Discounts

Correct answer: b
Difficulty Level: medium
Reference: 1.4.3, Table 1.6
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

39) Addressing the business implications of environmental limits will require private sector commitment to _____, _____, and _____.
a. Innovation, transparency, stewardship
b. Conservative values, foreign-investment, cost
c. Liberal values, employee retention, philanthropy
d. Growth, decision-making, quarterly earnings

Correct answer: a
Difficulty Level: medium
Reference: 1.4.2, paragraph following Table 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

40) Water resources are _____ because of pressure from _____ and _____.
a. Threatened, environmental activists, regulators
b. Growing, competition, emerging markets
c. Threatened, overconsumption, pollution
d. Growing, shareholders, regulators

Correct Answer: c
Difficulty Level: medium
Reference: 1.4.2, Table 1.5
Bloom's Taxonomy Code: Application
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

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41) There are opportunities for sustainable business leadership in most sectors of the economy, except for the _____ sector.
a. Chemicals
b. Finance
c. Tourism
d. None of the above

Correct answer: d
Difficulty Level: medium
Reference: 1.4.3, Table 1.6
Bloom's Taxonomy Code: Application
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

42) This environmental issue has substantial implications for the private sector in the coming years.
a. Greenhouse gas emissions
b. Water shortage
c. Habitat loss
d. All of the above

Correct answer: d
Difficulty Level: medium
Reference: 1.4.3, Table 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

43) In the coming decade, global average surface temperatures, flooding, water consumption, habitat loss, chemical exposure, and electronic waste are expected to _____.
a. Decline
b. Increase
c. Stabilize
d. Improve

Correct answer: b
Difficulty Level: medium
Reference: 1.4.3, Table 1.5
Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

Fill-in-the-Blank Questions

1) The triple-_____ perspective means that companies should measure success in terms of profits and losses, the organization's impact on people, and the extent of pollution and resource depletion.

Correct answer: bottom-line
Difficulty Level: easy
Reference: 1.1.1, definition of key term "triple-bottom-line"
Learning Objective: 1.1 Define sustainability and explain its relevance to business.
Bloom's Taxonomy Code: Knowledge

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2) Natural capital is the _____ of natural resources upon which human life and economic activity depends.

Correct answer: available stock
Difficulty Level: medium
Reference: 1.1.2, definition of key term “natural capital”
Learning Objective: 1.1 Define sustainability and explain its relevance to business.
Bloom’s Taxonomy Code: Knowledge

3) When a company’s actions, such as polluting a river, shift costs onto local communities without consent or compensation, this is called a(n) _____.

Correct answer: negative externality
Difficulty Level: medium
Reference: 1.1.4, definition of key term “negative externality”
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.
Bloom’s Taxonomy Code: Knowledge

4) Sustainable development is economic activity that meets the needs of _____ without compromising the ability of _____ to meet their own needs.

Correct answer: current generations, future generations
Difficulty Level: medium
Reference: 1.1.1, definition of key term “sustainable development”
Learning Objective: 1.1 Define sustainability and explain its relevance to business.
Bloom’s Taxonomy Code: Knowledge

5) According to the Global Living Planet Index, the available biocapacity of Earth is _____, and at the same time, humanity’s ecological footprint is _____.

Correct answer: decreasing, increasing
Difficulty Level: medium
Reference: 1.1.2, Figure 1.2, Figure 1.3, Figure 1.4
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.
Bloom’s Taxonomy Code: Comprehension

6) The _____ for sustainability applies to small and mid-sized enterprises as well as larger companies.

Correct answer: business case
Difficulty Level: hard
Reference: 1.1.1, Global Insights call-out box
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 1.4 Make the business case for sustainability.

7) Globally, human population levels and aggregate consumption levels are _____.

Correct answer: increasing
Difficulty Level: medium
Reference: 1.1.2, Figure 1.1
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

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Bloom's Taxonomy Code: Comprehension
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

Short Answer Questions

1) Compare and contrast how sustainability applies in practice between a small enterprise and a large multinational company.

Correct answer: The business case for sustainability applies to companies both small and large, in terms of cost saving, risk reduction, and value creation. However, when compared to a larger company, a small company has relatively smaller scale of operations, flexibility in setting company mission, intimate engagement with local community, greater vulnerability to external risk, and smaller operating budget. Because of these differences, smaller companies are more sensitive to upside benefits such as operational cost savings, and downside aspects of sustainability issues such as supply chain disruption.
Reference: 1.1.1, Global Insights
Difficulty: Medium
Bloom's Taxonomy Code: Analysis
Learning Objective: 1.4 Make the business case for sustainability.

2) Evaluate Ray Anderson's "Mission Zero" plan for Interface, Inc. Provide specific examples of the success and/or failure of the Mission Zero plan.

Correct answer: The Mission Zero plan was both ambitious and successful. The goal of the plan was to reduce the total environmental impacts of the carpet company to zero by the year 2020. Between 1994 and 2009, Interface reduced material waste, pollutant emissions, and energy consumption. Specifically, the company accomplished an impressive 24% reduction in greenhouse gas emissions, 60% reduction in fossil fuel consumption, 82% reduction in waste being sent to landfills, and over 80% reduction in the amount of water used. The financial effects of these pioneering innovations in sustainability were an avoided $450 million in costs, an increase in sales by 63%, and the doubling of corporate earnings.
Reference: 1.1.2, Leadership
Difficulty: Hard
Bloom's Taxonomy Code: Evaluation
Learning Objective: 1.5 Explain the role of entrepreneurialism and innovation in sustainability.

3) To what extent do primary production and processing sectors create externalities? In what ways do these externalities threaten natural resources?

Correct answer: Primary production and processing, such as in agriculture, forestry, fisheries, mining, oil and gas exploration, and utility sectors, are highly resource intensive. These sectors generated environmental costs in the amount of 13% of the global economic output, which is a sign of inefficient natural resource use. In 2009, these sectors generated $7.3 trillion in externalities measured in terms of water use, greenhouse gas emissions, waste, air pollution, land and water pollution, and land use.
Reference: 1.2.1, Ethical Decisions
Difficulty: Hard
Bloom's Taxonomy Code: Knowledge
Learning Objective: 1.2 Articulate how global trends drive sustainability in the private sector.

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4) Do you think the international oil company, Statoil ASA, deserves to be called a sustainable business leader? Why or why not?

Correct answer: Yes. The company's mission is to meet energy needs worldwide in a sustainable manner. The company has taken proactive steps, going beyond what governments require, to address climate change, environmental health and safety, and clean air. Statoil ASA has been ranked the top oil company in the world multiple times on the Dow Jones Sustainability Index.
Reference: 1.3.1, Leadership
Difficulty: Easy
Bloom's Taxonomy Code: Evaluation
Learning Objective: 1.3 Distinguish between the levels of commitment to sustainable business.

5) Are the principles of balance and stewardship compatible with the pursuit of corporate profit?

Correct answer: Yes. The creation of value for all stakeholders, including share owners, over the long haul, presupposes a stable, healthy society in which to do business. Only in such an environment can a company's profitable growth be sustained over time. Pursuing the principle of balancing social, economic, and environmental factors, and the principle of stewarding natural resources for future generations, is a logical corollary of a company's essential responsibility to the long-term interests of its share owners.
Reference: 1.4.1, Managerial Insight
Difficulty: Easy
Bloom's Taxonomy Code: Application
Learning Objective: 1.4 Make the business case for sustainability.

Commented [SK2]: Correction:

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