Test Bank for Foundations of Sustainable Business Theory Function and Strategy 2nd Sanders

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Chapter 2

Multiple Choice Questions

1) Corporate social responsibility is a form of industry _____ that integrates into business strategy a process for monitoring and managing corporate conduct relative to external stakeholders.
a. Regulatory compliance
b. Lobbying
c. Product innovation
d. Self regulation

Correct answer: d
Difficulty Level: medium
Reference: 2.2.2, definition of key term "Corporate Social Responsibility"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

2) There are at least four ways to make the business case for corporate social responsibility, including benefits to _____, _____, _____, and _____.
a. Supplier laborers, customers, ecosystems, future generations.
b. Innovation, decentralization, integration, regulatory compliance
c. Human resources, risk management, brand differentiation, license to operate
d. Leadership, acquisitions, avoidance, shareholder profit

Correct answer: c
Difficulty Level: hard
Reference: 2.2.2, key terms
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

3) Human rights are based on the inherent _____ of all human beings.
a. Self-interest
b. Fairness
c. Dignity
d. Decisions

Correct answer: c
Difficulty Level: hard
Reference: 2.2.3, definition of key term "Human rights"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

4) Stakeholder theory suggests that businesses can be successful only if they ____ for external stakeholders.
a. Establish brand
b. Create value
c. Design promotions

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d. Offer discounts

Correct answer: b
Difficulty Level: easy
Reference: 2.2.1, definition of key term “Stakeholder theory”
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

5) Corporate social responsibility can be used to help _____ employees.
a. Recruit
b. Retain
c. Promote
d. All of the above

Correct answer: d
Difficulty Level: medium
Reference: 2.2.2, definition of key term “CSR and Human Resources”
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

6) Timberland, LLC uses _____ to engage employees in CSR.
a. Prizes
b. Merit system
c. Community service
d. Rigid hierarchies

Correct answer: c
Difficulty Level: medium
Reference: 2.2.2, Leadership call-out box
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

7) According to stakeholder theory, stakeholders for a business include these five groups:
a. Employees, managers, executives, directors, shareholders
b. Managers, manufacturers, distributors, retailers, shareholders
c. Politicians, religious leaders, researchers, executives, donors
d. Customers, suppliers, employees, communities, financiers

Correct answer: d
Difficulty Level: medium
Reference: 2.2.1, definition of key term “Stakeholder theory”
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

8) According to stakeholder theory, it is a _____ to focus solely on financier interest in strategic business decisions because other critical values will be _____.
a. Priority, included
b. Mistake, forfeited

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c. Goal, distractions
d. Requirement, discretionary

Correct answer: b
Difficulty Level: easy
Reference: 2.2.1, Table 2.1 and accompanying text
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

9) The _____ to operate describes the unwritten expectations of fairness held by the community affected by a company's activities.
a. Regulatory permit
b. Owner's license
c. Social license
d. Ethics

Correct answer: c
Difficulty Level: medium
Reference: 2.2.2, definition of key term "CSR and Social License to Operate"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

10) Ecosystem _____ are the benefits that humans realize from productive ecosystems, such as biological filtration of water in a wetland.
a. Controls
b. Processes
c. Services
d. Risks

Correct answer: c
Difficulty Level: easy
Reference: Chapter Opener, definition of key term "ecosystem services"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

11) When a wetland acts as a protective buffer against an incoming storm surge, it provides a(n) _____ to the nearby community.
a. Ecosystem service
b. Recreational opportunity
c. Conservation easement
d. Environmental justice

Correct answer: a
Difficulty Level: medium
Reference: Chapter Opener, definition of key term "ecosystem services" and accompanying discussion
Reference: Chapter Opener
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

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12) The four types of ecosystem services can be characterized as provisioning, _____, _____, and _____.
a. Regulating, supporting, cultural
b. Supplying, innovating, biological
c. Global, regional, privatized
d. Flowering, growing, sustaining

Correct answer: a
Difficulty Level: medium
Reference: Chapter Opener, second paragraph
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

13) The Millennium Ecosystem Assessment found that ecosystem services are _____.
a. Abundant
b. Privatized
c. Threatened
d. Overpriced
Correct answer: c
Difficulty Level: medium
Reference: Chapter Opener, findings of the Millennium Ecosystem Assessment
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

14) The Environmental Kuznets Curve is the _____ that environmental degradation increases then diminishes in a(n) _____ function of income per capita.
a. Strategy, non-linear
b. Hypothesis, inverted U-shaped
c. Fact, positive multiplier
d. Hypothesis, linear

Correct answer: b
Difficulty Level: medium
Reference: 2.3.2, definition of key term "Environmental Kuznets Curve"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

15) The Environmental Kuznets Curve suggests that economic growth _____ promotes environmental quality.
a. Never
b. Initially
c. Always
d. Eventually

Correct: d
Difficulty Level: medium
Reference: 2.3.2, Figure 2.2
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

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16) Virtually all nations currently _____ the UN Human Development's minimum criteria for sustainability.
a. Meet
b. Fail to meet
c. Exceed
d. Enforce

Correct answer: b
Difficulty Level: easy
Reference: 2.3.2, Figure 2.3 and accompanying text
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

17) In the Environmental Kuznets Curve, environmental degradation and income per capita are indicated by these proximate factors: _____, _____, _____, and _____.
a. Wealth, resources, innovation, governance
b. Output mix, input mix, state of technology, scale of production
c. Water, raw materials, liquidity, share price
d. Biodiversity, resource scarcity, Consumer Price Index, Gross Domestic Product

Correct answer: b
Difficulty Level: hard
Reference: 2.3.2, text following definition of key term "Environmental Kuznets Curve"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

18) Empirical trends _____ the Environmental Kuznets Curve.
a. Support
b. Prove
c. Undermine
d. Outperform

Correct answer: c
Difficulty Level: easy
Reference: 2.3.2, Criticism of the Environmental Kuznets Curve
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

19) One ____ of the Environmental Kuznets Curve is that increases in environmental degradation often _____ economic production.
a. Flaw, enhance
b. Argument, impede
c. Argument, enhance
d. Flaw, impede

Correct answer: d
Difficulty Level: medium
Reference: 2.3.2, Criticism of the Environmental Kuznets Curve
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

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20) Contrary to Environmental Kuznets Curve prediction, the most economically _____ nations in the world are responsible for the largest environmental impacts.
a. Developed
b. Under-developed
c. Progressive
d. Conservative

Correct answer: a
Difficulty Level: medium
Reference: 2.3.2, Figure 2.4 and accompanying text
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

21) According to the Environmental Kuznets Curve, as an economy develops from pre-industrial into post-industrial, environmental degradation _____ then _____.
a. Shrinks, expands
b. Restores, harms
c. Rises, falls
d. Weakens, collapses

Correct answer: c
Difficulty Level: easy
Reference: 2.3.2, Figure 2.3, definition of key term "Environmental Kuznets Curve"
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

22) Regenerative capacity refers to the amount of useful _____ an ecosystem can produce, and the amount of _____ it can absorb, given prevailing consumption and management practices.
a. Concepts, resources
b. Biological material, waste
c. Protein, oxygen
d. Carbon dioxide, oxygen

Correct answer: b
Difficulty Level: medium
Reference: 2.4.1, definition of key term "Regenerative capacity"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

23) Biocapacity deficit refers to a situation where _____ exceeds the regenerative capacity of an ecosystem.
a. Erosion
b. Flooding
c. Extinction
d. Pollution and consumption

Correct answer: d
Difficulty Level: easy
Reference: 2.4.1, definition of key term "Biocapacity deficit" and accompanying text
Bloom's Taxonomy Code: Knowledge

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Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

24) Biocapacity _____ describes a scenario where the biocapacity of a given area exceeds the dependent population's ecological footprint.
a. Deficit
b. Growth
c. Concentration
d. Remainder

Correct answer: d
Difficulty Level: easy
Reference: 2.4.1, definition of key term "Biocapacity remainder"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

25) Finding practical commercial and industrial applications of biological features of plants and animals is the practice of _____.
a. Botanical design
b. Ecology
c. Biomimicry
d. Ergonomics

Correct answer: c
Difficulty Level: easy
Reference: 2.4.2, definition of key term "Biomimicry"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

26) One of the design principles drawn from biomimicry states that "nature uses only the energy it _____."
a. Produces
b. Stores
c. Wants
d. Needs

Correct answer: d
Difficulty Level: medium
Reference: 2.4.2, nine principles of biomimicry
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

27) Biomimicry involves learning from features of living things that have survived the long test of _____.
a. Natural selection
b. Climate change
c. Mate selection
d. Extreme weather

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Correct answer: a
Difficulty Level: easy
Reference: 2.4.2, first paragraph
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

28) In the context of international trade, ethical conflicts may arise because of differences in relative economic development between the _____ and the foreign corporation.
a. Shareholders
b. Host nation
c. Board of Directors
d. Customers

Correct answer: b
Difficulty Level: medium
Reference: 2.2.5, definition of key term "conflicts of relative development"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

29) A cross-country ethical dilemma occurs when a company operates in two or more countries with _____ ethical standards.
a. Well developed
b. Compatible
c. Limiting
d. Conflicting

Correct answer: d
Difficulty Level: easy
Reference: 2.2.5, definition of key term "cross-country ethical dilemma"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

30) The view in environmental ethics that only human beings are morally significant is called _____.
a. Anthropocentrism
b. Nationalism
c. Egocentrism
d. Anti-environmentalism

Correct answer: a
Difficulty Level: easy
Reference: 2.2.5., definition of key term "anthropocentrism"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

31) According to anthropocentrism, protecting the environment is morally necessary only if _____.
a. Endangered species are at stake
b. Shareholders approve
c. Doing so benefits humans
d. The benefits to the environment outweigh the costs to humans

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Correct answer: c
Difficulty Level: medium
Reference: 2.2.5, definition of key term “anthropocentrism” and accompanying text
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

32) Biocentrism holds that every living creature has _____.
a. Subservient rights
b. Intrinsic value
c. Instrumental value
d. Contingent rights

Correct answer: b
Difficulty Level: easy
Reference: 2.2.5, definition of key term “biocentrism”
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

33) Biocentrism holds that every living creature on Earth exists in a(n) _____ system.
a. Open
b. Interdependent
c. Independent
d. Bifurcated

Correct answer: b
Difficulty Level: medium
Reference: 2.2.5, definition of key term “biocentrism” and accompanying text
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

34) According to biocentrism, social and economic systems _____ environmental systems.
a. Stabilize
b. Replace
c. Depend upon
d. Conflict with

Correct answer: c
Difficulty Level: easy
Reference: 2.2.5, text accompanying definition of key term “biocentrism”
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

35) Environmental justice seeks to remedy the disproportionate burdens of environmental harms on ____ communities, and to provide them meaningful involvement in environmental decision-making.
a. Low-income
b. Minority
c. Vulnerable
d. All of the above

Correct answer: d

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Difficulty Level: easy
Reference: 2.2.5, definition of key term “environmental justice” and accompanying text
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

36) Natural capital accounting _____ of ecosystem services in order to evaluate the social return on environmental investment.
a. Measures the health
b. Quantifies the value
c. Limits the supply
d. Finances the exploitation

Correct answer: b
Difficulty Level: medium
Reference: 2.3.3, definition of key term “Natural Capital Project” and accompanying text
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

37) Natural capital accounting aligns business incentives with sustainable land use by revealing the _____ of preservation and conservation.
a. Public perceptions
b. Hidden agenda
c. Monetary value
d. Depreciating value

Correct answer: c
Difficulty Level: easy
Reference: 2.3.3
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

38) Conservation _____ the exploitation of natural resources.
a. Allows
b. Prohibits
c. Requires
d. Increases

Correct answer: a
Difficulty Level: medium
Reference: 2.3.3, definition of key term “Conservation”
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

39) Conserving a natural resource means balancing human needs, the needs of wildlife, and the ability of stakeholders to _____ changes in resource exploitation rates.
a. Protest
b. Promote
c. Profit from
d. Adapt to

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Correct answer: d
Difficulty Level: hard
Reference: 2.3.3, text accompanying definition of key term “conservation”
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

40) Preservation is a policy of maintaining certain parcels of land _____.
a. For recreational use
b. For future generations
c. In pristine condition
d. All of the above

Correct answer: d
Difficulty Level: easy
Reference: 2.3.3, definition of key term “Preservation” and accompanying text
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

41) A conservation easement is a form of _____ that _____ the kind of activities allowed on a certain parcel of land.
a. Property right, limits
b. Class-action lawsuit, limits
c. Operating, exemplifies
d. Taxation, limits

Correct answer: a
Difficulty Level: medium
Reference: 2.3.3, definition of key term “Conservation easements”
Bloom’s Taxonomy Code: Knowledge
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

42) In land use terms, an _____ is a means of compensating for environmental harms by setting aside a parcel in a sensitive ecosystem for _____ purposes.
a. Easement, conservation
b. Offset, preservation
c. Offset, tax
d. Easement, preservation

Correct answer: b
Difficulty Level: medium
Reference: 2.3.3, definition of key term “Offset”
Bloom’s Taxonomy Code: Comprehension
Learning Objective: 2.5 Explain the role of Natural Capital Accounting in preserving and conserving natural resources.

Fill-in-the-Blank Questions

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1) Ecosystem _____ are the benefits that humans realize because of healthy ecosystems, including productive yields, buffers against natural disasters, and biological filtration of air and water.

Correct answer: services
Difficulty Level: easy
Reference: Chapter Opener, definition of key term "ecosystem services"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

2) _____ holds that a business can be successful only if it creates value for customers, suppliers, employees, communities, and financiers.

Correct answer: stakeholder theory
Difficulty Level: easy
Reference: 2.2.1, definition of key term "stakeholder theory"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

3) Corporate social responsibility is a form of industry _____ that monitors and manages the impact of business activities on external stakeholders.

Correct answer: self-regulation
Difficulty Level: easy
Reference: 2.2.2, definition of key term "Corporate Social Responsibility"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

4) The Environmental _____ is an economic theory predicting that environmental degradation rises then falls in an inverted U-shaped function of income per capita.

Correct answer: Kuznets Curve
Difficulty Level: medium
Reference: 2.3.2, definition of key term "Environmental Kuznets Curve"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.2 Explain the Environmental Kuznets Curve and critique it.

5) The field of _____ finds practical commercial and industrial applications of biological features of plants and animals that have stood the test of natural selection.

Correct answer: biomimicry
Difficulty Level: medium
Reference: 2.4.2, definition of key term "biomimicry"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

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6) Cradle-to-_____ differs from the cradle-to-grave metaphor by incorporating materials from the waste stream back as inputs into the production process.

Correct answer: cradle
Difficulty Level: easy
Reference: 2.4.3, definition of key term "cradle-to-cradle"
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.3 Describe environmental perspectives on sustainability, including regenerative capacity and biomimicry.

Short Answer Questions

1) Define ecosystem services, and give an example of each of the four different kinds of ecosystem services.

Correct answer: Ecosystem services are the benefits humans realize from healthy ecosystems. Ecosystem services can be categorized as provisioning (they produce food supplies, fiber materials, genetic resources, biochemicals, and clean water); regulating (they stabilize climate, air quality, water quantity and quality, erosion, disease, pests, and natural hazards); supporting (they circulate nutrient cycles and pollinate crops); and cultural (they provide spiritual and religious values, aesthetic values, and recreational or eco- tourism benefits).
Reference: Chapter Opener, definition of key term "Ecosystem services" and accompanying discussion
Difficulty: Hard
Bloom's Taxonomy Code: Knowledge
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

2) Evaluate Nike's progress in handling the issue of labor abuse in its supply chain. Has the issue been resolved? Why or why not?

Correct answer: Labor abuse in Nike's supply chain remains an ongoing challenge. Nike responded to allegations of sweatshop labor with an unprecedented effort of transparency, disclosing the names and locations of all of its factories and publicly acknowledging that worker abuse does occur. Part of the difficulty of eradicating labor abuse from Nike's supply chain comes from legacy issues—when Nike acquired Converse, pre-existing supply contracts prohibited Nike from conducting on-site inspections of factories.
Reference: 2.2.2, Ethical Decisions
Difficulty: Medium
Bloom's Taxonomy Code: Evaluation
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

3) Contrast the motives behind sustainability initiatives at Timberland and Seventh Generation.

Correct answer: Timberland pursues sustainability because it provides competitive advantages and promotes business value, including cost-saving, revenue growth, and employee retention. Seventh Generation is motivated by a revolutionary sense of responsibility for stakeholders, and pursues sustainability in order to make a difference in restoring the ecological integrity of the planet.
Reference: 2.2.2, Managerial Insight and Leadership
Difficulty: Medium

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Bloom's Taxonomy Code: Analysis
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

4) Explain how Home Depot lost, and then regained, its social license to operate.

Correct answer: Home Depot used to be the largest supplier of old growth wood products. Environmentalists took issue with the fact that these lumber products were sourced from endangered tropical rainforests. An international grassroots protest movement led the company to renounce sales of timber products from endangered rainforests. Home Depot now incorporates social and environmental responsibility into supplier guidelines.
Reference: 2.2.2, Global Insight
Difficulty: Medium
Bloom's Taxonomy Code: Comprehension
Learning Objective: 2.1 Explain corporate social responsibility, stakeholder theory, and the business consensus around ecosystem services.

5) Distinguish the environmental ethics views of anthropocentrism and biocentrism.

Correct answer: Anthropocentrism holds that only human beings are morally significant, and other forms of life have mere instrumental value. Under this view, the only reason to protect the environment is if doing so would benefit humans. In contrast, biocentrism holds that all living things are intrinsically valuable and exist in an interconnected living system. Under this view, we should protect the environment because of our biological kinship and in order to promote biological enrichment of our planet.
Reference: 2.2.5, definition of key terms "anthropocentrism" and "biocentrism"
Difficulty: Medium
Bloom's Taxonomy Code: Analysis
Learning Objective: 2.4 Discuss ethical conflicts, environmental ethics, and environmental justice.

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