

Quiz Answer Key

01 Introduction to Corporate Sustainability

1. Which of the following statements on corporate sustainability and corporate social responsibility are correct?

- ✗ Corporate Sustainability is rooted in philosophy and ethics.
- ✗ Since the 1980s, research on Corporate Sustainability and Corporate Social Responsibility research has increasingly converged.
- ✓ Corporate Social Responsibility (CSR) has its origins in a debate on whether corporates should focus on profit optimization at the expense of society in the 1950s.
- ✓ Corporate Sustainability (CS) has its origin in a debate on the limits of natural resources and systemic interactions between industrial and ecological system in the 1970s and 1980s.
- ✗ Corporate Social Responsibility has traditionally taken a rather descriptive approach.

2. Strategic decisions are characterized by...

- ✓ problems that are novel and rare
- ✗ impacts on special areas instead of the entire company
- ✓ questions that focus on allocation of resources
- ✗ a focus on efficiency ("how")
- ✓ a long time horizon

3. Which of the following statements is correct?

- ✗ In Corporate Sustainability social and ecological problems are addressed by additional measures instead of building corporate strategy around social and ecological considerations
- ✓ Corporate Governance includes all organizational and structural aspects of companies that directly or indirectly protect the position of shareholders
- ✗ When engaging in Corporate Philanthropy a company engages in the protection and support of social, civil and political rights
- ✓ Corporate Social Responsibility describes the Voluntary integration of social (and environmental) aspects into business activities

4. Which two aspects are part of the Brundtland definition of Sustainable development?

- ✗ International sustainability
- ✓ Intergenerational sustainability
- ✓ Intragenerational sustainability
- ✗ Interesting sustainability

5. Sustainable is a development that...

- ✓ meets the needs of the present generation without compromising the ability of future generations to meet their own needs and choose their own lifestyle.
- ✗ meets the needs of the western society while compromising the ability of the rest of the world to meet their own needs and choose their own lifestyle
- ✗ meets the needs of the future generation while compromising the ability of the present generation to meet its own needs and choose its own lifestyle

6. Which of the following are part of the three dimensions of sustainability?

- ✓ Environmental
- ✗ Legal
- ✓ Economic
- ✓ Social
- ✗ Political

02 Business ethics and the purpose of firms

1. Which statements about hybrid organizations are correct?

- ✗ e.V., gGmbH and Ltd are possible legal forms of hybrid organizations.
- ✓ Hybrid organizations are organizations that explicitly combine economic and social/ecological logics in their daily actions, business model and structure.
- ✓ Hospitals can be considered as hybrid organizations.
- ✗ Hybrid organizations are organizations that explicitly avoid economic actions and only focus on social and ecological logics in their daily actions, business model and structure.

2. Which of the following statements on the Principles Approach to Business Ethics are correct?

- ✗ According to the Principle of rights, one should act only according to that maxim by which you can at the same time will that it should become a universal law.
- ✓ According to virtue ethics we should strive to become an individual whose character is characterized by honesty, fairness, truthfulness, trustworthiness, benevolence, respect, and nonmaleficence, for example.
- ✓ The principle of utilitarianism suggests that we should always act so as to produce the greatest ratio of good to evil for everyone.
- ✓ The principle of utilitarianism is an example for a teleological theory.
- ✓ According to the principle of fairness each person should be treated fairly (i.e., in terms of distribution of benefits and burdens, decision-making procedures and compensation for past injustices).
- ✓ Virtue ethics is an example for an aretaic theory.
- ✗ The Golden Rule suggests that you should not do unto others as you would have them do unto you.

3. Which of the following are best practices for improving an organization's ethical culture?

- ✗ Unrealistic Objectives
- ✓ Ethics and Compliance Programs
- ✓ Board of Directors' Oversight
- ✓ Codes of Conduct
- ✓ Ethics Training
- ✓ Corporate Transparency

4. Which statements on the legal forms and certifications for hybrid companies are true?

- ✗ The purpose of "eingetragener Verein (e.V.)" is to promote commercial activities of its members, or their social or cultural interests, through joint business operations.
- ✓ A Benefit Corporation may distribute profits to shareholders.
- ✓ A gGmbH can pursue commercial activities.
- ✓ A gGmbH requires a minimum capital of 25,000 EUR.
- ✓ In an eG all members have equal voting rights.

5. Which statements on the ethical tests approach are correct?

- ✓ According to the "Big Four" test, you shouldn't let tempting behaviors, such as greed, speed, laziness, or haziness compromise your action or decision
- ✗ According to the "making something public" test, all decisions should be made public
- ✗ According to the "purified idea" test, decisions should be purified by a boss, accountant, or lawyer, who have to agree before you can take action
- ✓ The common sense test suggests that if a proposed course of action violates your „common sense," you shouldn't do it
- ✓ The "ventilation" test involves exposing the proposed course of action to others' opinions.

6. Which of the following statements on "Business Ethics" are correct?

- ✗ Business ethics can be defined as "standards of conduct that originate within the individual."
- ✗ Business ethics deals with the economic and socio-political framework conditions of economic activity (such as the economic order) and their basis of legitimacy
- ✓ Business ethics can be defined as a „discipline that is concerned with the rightness, wrongness, fairness or justice of actions, decisions, policies, and practices that take place within a business context or in the workplace."
- ✓ Business ethics is concerned with the clarification of open legitimation problems of economic action at company level.

7. Which of the following statements on the conventional approach to business ethics are correct?

- ✓ A problem with the conventional approach is that it may suggest that "if everyone is doing it, it must be acceptable"
- ✗ The conventional approach is preferable to other approaches, since it is rooted in observable societal norms
- ✗ A problem with the conventional approach is that sources of ethical norms may be conflicting or inappropriate, and may differ in importance
- ✓ In the conventional approach one compares a decision, practice, or policy that is being used in practice with prevailing norms of acceptability in society

8. Which of the following statements is correct? Normative ethics...

- ✗ ... is concerned with describing, characterizing, studying, and comparing the morality of people, an organization, a culture, or a society
- ✓ ... seeks to uncover, develop, and justify basic moral principles that are intended to guide behavior, actions, and decisions.
- ✓ ... is concerned with supplying and justifying a coherent moral system of thinking and judging

9. Which of the following statements on the Stakeholder Value Perspective are true?

- ✓ According to the Stakeholder Value Perspective firms should generate value for customers, suppliers, employees, communities, and investors.
- ✓ By generating value for stakeholders, firms usually also generate value for shareholders.
- ✗ The Stakeholder Value Perspective was coined by Milton Friedman.
- ✗ For the Stakeholder Value Perspective to work, managers need to prioritize the interest of owners over the interest of other stakeholders.
- ✗ Simultaneous generation of value for shareholders and stakeholders is not possible in a functioning company.

10. Which of the following are three important perspectives dealing with the purpose of firms?

- ✓ Stakeholder Value Perspective
- ✗ Socialized Value Perspective
- ✓ Shareholder Value Perspective
- ✓ Shared Value Perspective
- ✗ Strongholder Value Perspective

03 Measuring & reporting sustainability

1. What problems did Fairphone identify in the supply chain for smartphones?

- ✓ Poor working conditions in the manufacturing factories
- ✓ Dumping of electronic waste in poorer countries
- ✗ Explosion of lithium ion batteries
- ✓ Usage of conflict minerals
- ✗ Wages below the legal minimum wage

2. Which statements on measuring sustainability are true?

- ✗ There is a status of "absolute" sustainability that companies can strive to reach.
- ✓ Sustainability is a process, i.e. the journey is the reward.
- ✗ Sustainability can always be measured objectively
- ✓ The assessment of sustainability requires thinking in larger systems, longer periods of time and complex effects chains.
- ✓ Different stakeholder groups will give different weight to different (possibly conflicting) dimensions of sustainability.

3. Which statements on Fairphone are correct?

- ✓ Initially, van Abel did not intend to produce a functional, commercial smartphone
- ✓ After experiencing a myriad of quality problems while manufacturing the phone, van Abel and the Fairphone staff successfully delivered the first batch of "fair" smartphones to customers by Christmas 2013
- ✗ Despite the successful sale of the first devices, no more Fairphones were produced, as van Abel was convinced that he had set a clear signal in society
- ✗ Fairphone's weakness was that the team had no experience with communication

4. Which of the following statements on the Social Return on Investment (SROI) are correct?

- ✓ The SROI requires the definition of an (implicit) alternative or business as usual scenario.
- ✓ An SROI of 3,47€ means that each euro invested has a social impact in monetary terms of 3,47€.
- ✓ The SROI can be used retrospectively or prospectively as an evaluation method.
- ✗ An SROI of 3,47€ means that investing 3,47 € has a social impact in monetary terms of 1 €.
- ✓ The SROI has its origin in the financial figure "Return on Investment (ROI)".

5. Which statements on the strengths and weaknesses of the Life Cycle Analysis (LCA) are true?

- ✓ One of the weaknesses of LCA is that different indicators, resources and emission types are difficult to compare
- ✗ LCA has a low sensitivity to subjective assumptions and system limits.
- ✗ LCAs focus on risks (instead of averages).
- ✓ LCAs can consider the social impacts of products and processes (extensions to "Social-LCA" available).

6. Which of the following instruments can be used to measure the ecological dimension of sustainability?

- ✗ Balance sheet analysis
- ✗ Social Impact Analysis
- ✗ Net present value method
- ✓ Life cycle assessment / life cycle analysis
- ✗ Stakeholder Analysis

7. Which statements on the legal forms and certifications for hybrid companies are true?

- ✓ A gGmbH can issue donation receipts
- ✗ The purpose of "eingetragener Verein (e.V.)" is to promote commercial activities of its members, or their social or cultural interests, through joint business operations.
- ✓ A gGmbH can pursue commercial activities.
- ✓ A gGmbH requires a minimum capital of 25,000 EUR.
- ✓ In an eG all members have equal voting rights.
- ✓ A Benefit Corporation may distribute profits to shareholders.

8. What problems did Fairphone face after the successful presentation of the first Smartphones?

- ✓ How to further engage in their mission of improving worker conditions
- ✗ There were no problems
- ✗ They could no longer increase their production volumes, otherwise the "fair" would be lost to Fairphone
- ✓ They had to scale up production to become a "real" company
- ✓ They had to rethink their organizational design

9. How were the first Fairphones funded? (Fairphone case study)

- ✗ Loans
- ✗ Owners' saving
- ✗ Shareholders
- ✓ Crowdfunding

10. How is “output” defined in the Social Impact Analysis?

- ✗ Observed positive and / or negative changes
- ✓ Measurable short-term success
- ✗ Information about the processes performed by company / organization
- ✗ Use of resources

11. What was the main task of the first employees? (Fairphone case study)

- ✓ Telling the company story
- ✗ Identifying suppliers
- ✗ Developing an operating system
- ✗ Designing the smartphone

04 Individual-level drivers and barriers of sustainability

1. What statements about the relationship between the dual process theory and ethical decision making are true?

- ✓ The traditional view argues that more reasoning improves moral choices.
- ✓ System 1 (intuition) and system 2 (reasoning) can both be drivers and barriers of ethical decision making.
- ✗ In general, system 1 (intuition) is a barrier whereas system 2 (reasoning) is a driver of ethical decision making.
- ✓ The emerging view argues that more reasoning can impair moral choices, for example, when reasoning processes are used to justify engaging in immoral actions.
- ✗ In general, system 1 (intuition) is a driver whereas system 2 (reasoning) is a barrier of ethical decision making.
- ✗ The controlled processing hypothesis is part of the emerging view.

2. What statements about Schwartz's (1994) value theory are true?

- ✓ Schwartz identified ten basic values and explicated the structure of dynamic relations among them.
- ✓ Humans universally recognize the same values, but place different importance on each value.
- ✗ The theory represents one of the oldest theories of values.
- ✗ The theory lacks cross-cultural empirical support.
- ✗ The human value system can be arranged in a rectangular structure.

3. What statements about the dual process theory of thought are true?

- ✗ System 1 operates fast, requires effort, and is guided by habits, problem solving, and planning.
- ✓ System 2 operates slowly and effortful and is guided by logic.
- ✓ System 1 operates fast and automatically and is guided by habits and beliefs.
- ✗ System 2 operates slowly, requires effort, and is guided by emotions.
- ✗ System 1 operates fast and automatically and is guided by logic.

4. Which statements about the "Chris Thompson" case study are true?

- ✗ The case does not provide any values related information about Chris Thompson and American Brands.
- ✓ Chris Thompson's value system is not in line with Schwartz's (1994) values theory.
- ✗ Chris Thompson's value system is in line with Schwartz's (1994) values theory.
- ✗ Chris Thompson's values and those of American Brands are completely incompatible.
- ✓ Chris Thompson's values and those of American Brands include areas of alignment, but also substantial misalignment.

5. Which statements are true? In the study "Climate Information in Retail Investors' Decision Making: Evidence From a Choice Experiment", the authors...

- ✗ apply the Schwartz's theory of values in the context of sustainable investing.
- ✗ investigate to what extent the effectiveness of climate labeling depends on investors' intelligence.
- ✓ investigate to what extent the effectiveness of climate labeling depends on investors' reliance on system 1 and system 2 thinking.
- ✓ test the effectiveness of different climate label designs for promoting sustainable investing.

6. What statements about debiasing are true?

- ✗ Cognitive biases are errors in logical argumentation.
- ✓ Helping firms and management teams to become aware of cognitive biases can improve their decision-making processes.
- ✗ Relying too heavily on experience, gut feelings, and convenient rules of thumb can lead to severe and systematic errors in decision making (so called logical fallacies).
- ✗ Cognitive biases undermine important strategic decision making resulting in a positive effect on the company.
- ✓ Relying too heavily on experience, gut feelings, and convenient rules of thumb can lead to severe and systematic errors in decision making (so called cognitive biases).

7. Why was Chris Thompson pleased to join American Brands?

- ✗ Chris's father was very proud when he heard about the internship offer and Chris did not want to let him down.
- ✗ Chris did not qualify for the Olympic Games. The internship and the possibility of a permanent position was therefore an attractive alternative.
- ✗ Chris saw the internship as an opportunity to quit university and start working.
- ✓ Chris was flattered by the interest American Brands showed in him and the opportunities that they offered.
- ✓ Chris felt like that the American Brands' culture encouraged people to speak up without fear of rejection.

8. Which statements about the individual level of CSR research and practice are true?

- ✗ CSR scholars have focused on the individual level of analysis ever since.
- ✓ Individual actors are those who actually strategize, make decisions, and execute CSR initiatives.
- ✗ Individual level factors shape CSR but not vice versa.
- ✓ Organizational strategies strongly depend on decisions of individual (top) managers.

9. With respect to the values of Chris Thompson and American Brands, areas of alignment include:

- ☒ Animal welfare
- ☒ Independence and autonomy
- ☒ All of the above
- ☒ Hard work
- ☒ Commitment to excellence

10. Labels provide information in a simplified and condensed manner to minimize the cognitive effort of information acquisition and processing. Against this backdrop, the authors of the study “Climate Information in Retail Investors’ Decision Making: Evidence From a Choice Experiment” hypothesize that the effectiveness of a climate label...

- ☒ is higher for intuitive (System 1) decision makers than for reflective (System 2) decision makers.
- ☒ is higher for intuitive (System 2) decision makers than for reflective (System 1) decision makers.
- ☒ is more dependent on decision-makers' cognitive characteristics than on decision makers' value priorities.
- ☒ is higher for reflective (System 2) decision makers than for intuitive (System 1) decision makers.

11. The study “Climate Information in Retail Investors’ Decision Making: Evidence From a Choice Experiment” by Bassen et al. (2019) shows that...

- ☒ system 2 thinking can promote sustainability.
- ☒ system 1 thinking can promote sustainability.
- ☒ neither system 1 nor system 2 thinking can promote sustainability.
- ☒ system 1 and system 2 thinking can both promote sustainability.

12. The major area of misalignment between Chris Thompson and American Brands relates to:

- ☒ Social and environmental standards of tobacco cultivation.
- ☒ The taxation of products such as tobacco and alcohol.
- ☒ Cultural diversity in businesses.
- ☒ The general use of tobacco products.
- ☒ The role of females in society.

13. Why did Chris Thompson's self-concept change over the time of the internship?

- ☒ He experienced interpersonal problems with his boss and other colleagues.
- ☒ The internship made him aware of the health-related risks of smoking.
- ☒ All of the above.
- ☒ Because his performance as an athlete became worse.
- ☒ Negative reactions from people in his community led him to question his decision.

14. According to Schwartz's (1994) value theory, values are...

- ☒ desirable transsituational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity.
- ☒ desirable transsituational norms, varying in importance, that serve as guiding principles in the life of a person or other social entity.
- ☒ desirable specific norms, varying in importance, that serve as guiding principles in the functioning of cultures.
- ☒ desirable specific goals, varying in importance, that serve as guiding principles in the life of a person or other social entity.
- ☒ desirable transsituational goals, varying in importance, that serve as guiding principles in the functioning of cultures.

15. Which option about the term “value(s)” is most true?

- ☒ The term can relate to the value that a subject places on an object.
- ☒ Values can refer to principles, standards, or criteria that serve as the basis for how subjects select or evaluate actions, people, and events.
- ☒ All of the above.
- ☒ The term can relate to the outcome of an evaluative judgment.
- ☒ The term can be descriptive of a subject as opposed to an object.

05 Firm-external drivers and barriers of sustainability

1. Which forms of framing are used by social movements according to Benford & Snow?

- ✓ Motivational Framing
- ✗ Sustainable Framing
- ✓ Prognostic Framing
- ✗ Social Framing
- ✓ Diagnostic Framing

2. Which of the following policy instruments fall under the category of “Demand Pull Policies”?

- ✗ Promotion of innovation networks
- ✓ Labelling regulations and certifications
- ✓ Public procurement
- ✗ Tax relief for research and development
- ✓ Price-setting instruments

3. Through which means do regime actors try to strategically influence policy makers?

- ✓ Lobbying in legislative processes
- ✓ Influence on public research and development
- ✓ Influence on technical standard setting
- ✗ Acquisition of start-ups

4. Which statements on “niches” are true?

- ✓ A niche can be created by natural shielding from the environment or regional limited, special resources.
- ✗ Natural niches alone are often sufficient to develop a larger niche market.
- ✓ Geographical niches can provide a natural space in which new products have advantages over the regime and can develop undisturbed by the regime.

5. Which of the following activities is part of an opportunity-based strategy to address Corporate Sustainability from the social perspective?

- ✗ Expansion of usable resources
- ✗ Complying with legislation
- ✗ Adherence to social norms
- ✓ Influencing social norms

6. Put the following activities that are part of the innovation and diffusion value chain in the right order.

- Correct Order:
- Basic research
 - Research & Development
 - Demonstration
 - Commercialization
 - Diffusion

7. Which of the following statements on social movements are true?

- ✓ They influence standard setting procedures.
- ✗ They do not use tactics similar to those used by regime actors.
- ✓ They use political lobbying.
- ✓ They actively try to change the norms of a society.

8. Which of the following perspectives can be differentiated when trying to understand why firms engage in Corporate Sustainability?

- ✓ Social perspective
- ✓ Market and technology perspective
- ✓ Ecological perspective
- ✗ Holistic perspective
- ✓ Legal perspective

9. Which of the following factors can contribute to lock-ins?

- ✗ Pressure on regime
- ✓ Regulations and standards
- ✓ User habits
- ✓ Economies of scale
- ✓ Network effects

10. Social Entrepreneurship...

- ✗ ...describes the process of changing social norms with the aim of addressing social problems by mean of market economy principles.
- ✓ ...compromises the establishment of companies with the aim of addressing social problems by mean of market economy principles.
- ✗ ...describes the process of setting up a social network with the aim of addressing environmental problems and externalities using market economy principles.

06 Sustainability strategies & growth

1. What measures has Patagonia taken to address the sustainability issue of outdoor clothing?

- ✓ Use of organic cotton
- ✓ Recycling of garments
- ✗ Selling electric vehicles to its employees
- ✓ Transparency
- ✓ Education initiative

2. Why was Patagonia sued?

- ✗ Copy of designs from other major brands
- ✗ Defective climbing wall in a climbing hall
- ✓ Injury when tug of war with a climbing rope
- ✓ Missing safety device when climbing
- ✗ Counterfeiting of brand clothing

3. Which of the following statements on the founding phase on Patagonia are true?

- ✗ Patagonia was founded by David Browner.
- ✓ Patagonia was founded by Yvon Chouinard.
- ✓ Patagonia started with selling of climbing hooks.
- ✗ Patagonia was founded among friends to produce sustainable clothing.
- ✗ Patagonia was founded in the context of a petition.

4. What does efficiency mean?

- ✗ Efforts to ensure possible reuse and recycling of raw materials through cycles.
- ✓ Efforts to achieve the highest possible resource yield per unit produced.
- ✗ Efforts to keep absolute raw material and energy consumption as low as possible.

5. Which of the following aspects are indicators included in the Gross National Happiness?

- ✓ Community vitality
- ✗ Social standards
- ✓ Cultural diversity and resilience
- ✓ Education
- ✓ Ecological diversity and resilience

6. Which of the following arguments on the synergies or conflicts between sufficiency, consistency, and efficiency are true?

- ✓ Efficiency and consistency alone are probably not sufficient to solve problems.
- ✓ Capital released through consistency and efficiency can be used for sufficiency measures.
- ✗ Success through investment in efficiency and consistency is only possible with the success of sufficiency.
- ✗ Sufficiency always leads to growth.
- ✓ Selective growth in consistency measures (green growth) may be necessary to achieve a sustainability transition.

7. What is meant by the Rebound Effect?

- ✗ Increased efficiency often reduces the cost of products or services. This can lead to changes in the behavior of users: They consume less and the original savings are additionally increased.
- ✓ Increased efficiency often reduces the cost of products or services. This can lead to changes in the behavior of users: They consume more -the original savings are partially reversed.
- ✗ Reduced efficiency often reduces the cost of products or services. This cannot lead to changes in the behavior of users: They do not consume more, such that the original savings are not partially reversed.

8. Mark the drivers of company and market growth.

- ✓ Learning effects
- ✓ Hedging against risks
- ✗ Reduced bureaucracy
- ✓ Economies of scale

9. Which of the following statements on the Post Growth Movement are true?

- ✓ The PGM sees the regional economy as one of five development steps.
- ✓ PGM is an umbrella term for new ways of seeing and being in a time that is no longer dominated by growth.
- ✗ According to the PGM, technical innovations are sufficient to decouple economic growth from its ecological consequences.

10. Which of the following statements on the historical development of sustainability measures and strategies of companies are true?

- ✓ From 1985 to 1995, companies developed from eco efficiency to eco effectiveness.
- ✗ From 1995 until present, product responsibility has been given priority for the first time.
- ✓ The Triple Bottom Line came first into perspective in the 1990s.
- ✓ From the 1945 to 1960, the "smell of money" led to a denial of pollution.

11. What are advantages of consistency?

- ✗ Short-term profitability
- ✓ Improving sustainability at an "absolute" level
- ✗ Low investments required in the short term
- ✗ No rebound effects

12. What is Patagonias main activity doing today?

- ✗ Operating climbing halls
- ✓ Selling outdoor clothing
- ✗ Selling evening wear
- ✗ Information events on the subject of sustainability

07 Sustainable finance

1. What are the drivers of short-termism?

- ✓ Sector
- ✓ Mission
- ✓ Management incentives and compensation
- ✓ Legal form of the firm
- ✓ Owners/investors

2. Which of the following statements about the sustainability investing approach of “integration into financial analysis” are true?

- ✓ The approach is often combined with voting and engagement.
- ✓ The objective of the approach is to make better investment decisions by considering additional data, such as ESG ratings.
- ✗ The approach is relatively new and most investors are wealthy individuals and foundations, as well as development finance institutions.

3. Which statements about the financial market fundamentals are true?

- ✓ Performance is the return on investment corrected for risk.
- ✓ Investments that promise higher returns generally have a higher risk.
- ✗ Performance is the risk of the return on investment.
- ✓ Diversification reduces the risk because the volatilities of individual investments cancel each other out.
- ✗ The performance of an individual investment is generally higher than the performance of a portfolio.

4. What of the following are approaches for sustainable investing options?

- ✗ Extraction
- ✓ Impact
- ✗ Systemic
- ✓ Best in class
- ✓ Integration

5. How does the exclusion of investment opportunities in sustainable investment work?

- ✗ Classification of enterprises in terms of ESG performance in their sectors
- ✗ Identification of specific topics in connection with sustainable investment topics
- ✓ Definition of limits on the revenues that can be generated by the activity
- ✓ Definition of exclusion criteria and their application

6. Mark the right statements on sustainability investments.

- ✓ For companies, lowering risk and return means better access to capital
- ✓ Companies with high sustainability performance tend to have lower risk and lower returns, which means that their risk-return line will slide down.
- ✓ When discussing the financial performance of SI, it is important to consider the time horizon.
- ✗ The financial performance of SI funds is generally better than that of conventional funds.

7. What statements about thematic investments are true?

- ✗ The approach is difficult to communicate.
- ✗ Focusing on a sustainability issue ensures that the fund contributes to sustainable solutions.
- ✓ The performance is benchmark agnostic and allows a long-term horizon.
- ✗ There is a broad investment population and low dependence on regulation and subsidies, so they are considered low risk.

8. Does sustainability pay off?

- ✗ Yes, definitely
- ✗ No
- ✓ Depends

08 Organizational change and leadership for sustainability

1. What are advantages of a central sustainability department?

- ✗ High acceptance of the department by employees, due to limited resource conflicts at the employee level.
- ✓ Creation of an own sustainability culture within the department.
- ✗ Easier integration of sustainability in organizational processes.
- ✓ Formation of a clear expertise in sustainability issues.

2. Which statements about management styles are true?

- ✗ A democratic leadership style leads to fast decisions and execution.
- ✓ A democratic leadership style reduces a decision vacuum in case that the leader is absent.
- ✓ Leaders should be able to adjust their leadership style to the situation.
- ✓ An authoritarian leadership style can lead to wrong decisions due to lack of considering experience and strengths of employees.
- ✗ An democratic leadership style leads to a good ability to control employees.

3. What are monetary incentives?

- ✗ Training opportunities
- ✗ Working time and break regulations
- ✓ Company social benefits
- ✓ Piecework wage

4. What statements about the organizational identity are true?

- ✓ The organizational identity is an important basis for individuals' identification with the company (= degree to which an individual's goals match perceived organizational identity)
- ✗ The organizational identity is the same as the organizational image.
- ✓ The organizational identity is the collective self-perception of the organization.
- ✓ The organizational identity describes "who we are as an organization".

5. What are examples of linking monetary and other incentives to sustainability?

- ✓ Equal pay for women and men
- ✓ Introduction of sustainability targets in individuals' agreements on objectives
- ✗ Use of piecework wages instead of time wages
- ✓ Company social benefits (e.g. company kindergarten)
- ✓ Adaptation of employee commuting incentives
- ✗ Short-term (instead of long-term) profit-sharing (e.g. stock compensation that can only be redeemed right away)

6. What are the advantages of dissolving old units by sale?

- ✗ Benefits of internal experience
- ✓ Direct image improvements
- ✗ Potentially transfer of old biases and processes
- ✓ Release of funds for new, sustainable products

7. What are the roles of the supervisory boards in times of change?

- ✗ Initiating change in the business environment
- ✓ Initiating, limiting, and rejecting strategy proposals
- ✓ Observing change on the firm level
- ✓ Monitoring the corporate strategy

8. What statements about sensebreaking and sensegiving are true?

- ✓ As part of sensebreaking, executive need to emphasize underperformance.
- ✗ Sensegiving is the first phase of strategic change and executive emphasize a new identity.
- ✓ By sensegiving, executives fill a meaning void by pointing to solutions.
- ✓ Sensegiving and sensebreaking may lead to problems, when people in the company are in different phases.

9. Arrange the ideal typical process of organizational change in the right order:

- Correct Order:
- Preparation Phase
 - Mobilization Phase
 - Movement Phase
 - Sustain Phase

10. Which statements about the role of network effects in change are true?

- ✗ Changes are first communicated only to department heads and other leaders, who in turn pass them on to their subordinates.
- ✓ Opinion leaders can ensure that news spread quickly and that a high level of acceptance is reached.
- ✗ Network effects help to keep changes secret.
- ✗ Change is only communicated via the internet in order to reach as many people as possible at the same time.
- ✓ In order to drive changes forward, it is important to win other people for change who occupy a central position.

11. What are internal corporate barriers to sustainability?

- ✗ Regulations & laws
- ✓ Roles & role identity
- ✓ Organizational culture & identity
- ✓ Incentives & interests
- ✓ Resources & capabilities

12. What statements about participation processes are true?

- ✗ They serve to involve all shareholders in the decision-making process.
- ✓ They serve to increase the acceptance of change among key stakeholders.
- ✓ They serve to harness the decentralized knowledge and expertise of employees for organizational and/or social change.

13. Which statements about top-down change are true?

- ✓ Fast initiation of change possible
- ✗ Change is initiated by employees and/or employees define their own goals and measures.
- ✗ Better understanding of the need for change
- ✓ Change is initiated by management, which also defines concrete goals and measures.
- ✗ Better coordination of individual initiatives, if necessary

14. Which statements about bottom-up change are true?

- ✗ Change is initiated by management, which also defines concrete goals and measures.
- ✗ Better coordination of individual initiatives, if necessary
- ✓ Better acceptance of change
- ✓ Change is initiated by employees and/or employees define their own goals and measures.
- ✓ Better understanding of the need for change

15. Which of the following statements correctly defines the vision of an organizational change effort?

- ✓ Short, simple and emotionally appealing description of the final state or goal of the organization after the change has been successfully completed.
- ✗ Short, simple and emotionally appealing description of the starting state of the organization before the change has been successfully completed.
- ✗ Short, simple and not emotionally appealing description of the starting state of the organization before the change has been successfully completed.
- ✗ Short, simple and not emotionally appealing description of the final state or goal of the organization after the change has been successfully completed