EASTERN UNIVERSITY, SRI LANKA
FACULTY OF COMMERCE AND MANAGEMENT
Final Year First Semester Examination in Bachelor of Business Administration Honours – 2021/2022 (February 2024) (Proper/Repeat)
MGT 4143 Corporate Sustainability Management

Answer all Questions Time Allowed: 03 Hours

Q1. Read the case study and answer the questions given below.

PLASTIC MONSTER AND NESTLE

Since the 1950s, the consumption of plastic has steadily increased and permeates every aspect of our lives (Changing Markets, 2020) from food packaging to mobility, from agriculture to disposable consumer items. Global production of plastics grew from 50 million metric tonnes in 1976, to 100 in 1989, 200 in 2002, till reaching the maximum of 368 million metric tons in 2019 (Shanmugam et al., 2020). Global plastic production fell by 0.3% in 2020, but only due to the COVID-19 pandemic.

It is generally acknowledged that plastic packaging is one of the main sources of waste. According to Plastics Europe (2020), packaging represents about 40% of total plastics converters' demand. Among different types of plastic packaging, a major role is played by single-use disposable applications, such as those used in disposable consumer items and food packaging.

The result is that plastic waste has almost saturated every surface of the planet, including oceans and the highest mountains (Changing Markets, 2020). The impact on wildlife is dramatic and the negative effects of microplastics in the food chain on human health, while difficult to assess, are deemed to pose serious risks by increasing, among others, cancers, genetic problems, and reproductive issues (CIEL, 2019).

Though the mainstream media have recently covered the dangers of plastic pollution, the policies to reduce production have not had much impact, as the industry responded to the problem by promoting recycling as the only solution (Changing Markets, 2020). Indeed, most plastics cannot be recycled at scale, and currently over 91% of plastics are not recycled (Parker, 2019) for various reasons and go to saturate landfills or end up in incinerators, when it is not dispersed in the natural environment.

However, the growing public concern about plastic pollution and its severe consequences have also prompted several consumer-goods manufacturers to promote voluntary initiatives to reduce (or even eliminate) plastic waste. The Coca-Cola Company, for instance, launched a 'World

without Waste' program in 2018 and announced it would use 50% recycled materials in all of packaging by 2030. Other manufacturers have launched similar initiatives to make their busine more sustainable and environmentally friendly. More generally, some of these initiatives rem vague, and tend to distract attention from real problems, but are nevertheless useful for buildin company's reputation.

The global food industry currently produces about a quarter of greenhouse gas emissi worldwide, thus contributing significantly to climate change. The Paris Agreement, a leg binding international treaty on climate change signed in December 2015, nevertheless repres a turning point: for the first time, the food industry, together with 195 world governments, expressed its support for this cause. The CEOs of 14 global companies – Coca-Cola, General M Kellogg's, Mars, Nestle, PepsiCo, and Unilever – have confirmed their commitment implementing actions to fight climate change.

As concurred in the Paris agreement, the food industry must take steps to lower emissi especially in the supply chain of agricultural raw materials, responsible for most of the emiss in the sector. In the last decade, several companies in the food industry have made important forward. For example, they have tried to eliminate the phenomenon of deforestation in the oil supply chains. Equal attention is expected to be paid to addressing the problem of emissio all the other supply chains from which they source (e.g., reducing water use) and to reduce especially of plastic type. Several companies have developed strategies aimed at reducing th of single-use plastics, thus expressing the intent for a transition to a greener business model on more sustainable production and distribution models that can minimise waste and polluti is however necessary that these strategies move beyond the generic promises related to rec and undertake to progressively curb and stop the use of disposable plastic (Greenpeace, 201 On these lines, to address the environmental problem caused by the increasing use of disp plastics, the Swiss multinational Nestle has affirmed its commitment to the cause by pro that by 2025 its plastic packaging will be fully recyclable or reusable. The goal is to elimina recyclable plastics from packaging. In a 2018 press release, Nestle CEO Mark Schneider sa

> *Plastic waste is one of the biggest sustainability issues the world is facing today. Tackling it requires a collective approach. We are committed to finding improved solutions to reduce, reuse and recycle. Our ambition is to achieve 100% recyclable or reusable packaging by 2025.*

Specifically, Nestle's commitments are addressed to: (1) develop models for collection, sorting and recycling in the countries where it operates; (2) research different packaging solutions to reduce the use of plastic, facilitate recycling and develop effective approaches to eliminate this type of waste; (3) increase transparency, by including all information useful to guide the consumer towards correct recycling on the product packaging; (4) promote a market for recycled plastics in order to increase the percentage of recycled material in packaging.

In response to Nestle's statements, Greenpeace Oceans Campaigner Graham Forbes warns that:

> *Nestle's statement on plastic packaging includes more of the same greenwashing baby steps to tackle a crisis it helped to create. It will not actually move the needle toward the reduction of single-use plastics in a meaningful way and sets an incredibly low standard as the largest food and beverage company in the world. The statement is full of ambiguous or non-existent targets, relies on 'ambitions' to do better, and puts the responsibility on consumers rather than the company to clean up its own plastic pollution. [...] A company of Nestle's size should be setting a strong standard to actually move toward the reduction — and eventual phasing out — of throwaway plastics. It should know by now that recycling efforts are not going to clean up our oceans, waterways, and communities. On the contrary, the company's business as usual will only accelerate plastic pollution.*

After some months without replying, Nestle's CEO in an official statement has admitted that

> *100% recyclability is not enough to successfully tackle the plastic waste crisis. We need to push the boundaries and do more. We are determined to look at every option to solve this complex challenge and embrace multiple solutions that can have an impact now. We believe in the value of recyclable and compostable paper-based materials and biodegradable polymers, in particular where recycling infrastructure does not exist. Collective action is vital, which is why we are also engaging consumers, business partners, and all of our Nestle colleagues to play their part.*

The exploratory analysis has been focused on communication through the Nestle Global Facebook page. Nestle's post of 24 June 2018, which says: 'We need to protect water resources together' with an image of a snowy mountain. Both the post and the link to the website do not provide clear information about the activities undertaken by the company to protect the water sources. Indeed, it should be emphasized that Nestle has been accused of having reduced the level of groundwater

by 10 meters in the town of Vittel (France) which gives its name to the well-known mineral water distributed by Nestle all over the world. By rejecting the accusations, Nestle declared that it had voluntarily reduced supplies by 20% while acknowledging that this solution would not be sufficient to solve the problem of water supplies in the town. Further in the post of 21st November 2018, for example, a video is presented with the headline: 'We are removing salt and sugar from our products. [...]. Not enough evidence is provided to understand this removal (or at least consistent reduction) in what it actually consists of.

The video post published with the hashtag #BeatPlasticPollution, focused on the growing problem of plastic pollution, underlines the need to activate an approach that involves all the interested parties in order to adequately fight pollution, but appears very elusive in clarifying which actions Nestle has effectively promoted, also considering its major role in the sale of products with plastic packaging.

Among the 162 Facebook posts published on Nestle's Facebook page in 2018, 54.3% contain an image, 26% a video, and 19.7% only a link. More generally, 93% of image and video posts include a link to the corporate website that represents the hub of the content communicated by the company. The first step of the analysis was to verify how much content concerns sustainability issues. By using the 3P model (Planet, People, and Profit – Elkington, 1997), it emerges that 73.5% of posts present at least one dimension related to sustainability.

The analysis of Nestle's Facebook communication appears to confirm widespread practices of consumer goods manufacturers that could be accused of greenwashing due to their impact on the environment and production of plastic waste. It is interesting to note that consumers also seem more likely to be engaged by communication that does not present signals of greenwashing, thus indicating that respect of some principles of communication is necessary to avoid this type of allegation.

Nestle has thus rapidly adjusted its strategies by announcing, among others, the creation of an Institute of Packaging Sciences to find solutions to avoid the use of non-recyclable plastics and the development of new, sustainable packaging materials. This change in strategy, however, has not been perceived by environmental NGOs as sufficient. This is because Nestle's promises remain vague and do not effectively contemplate the phasing out of throwaway plastics.

In April 2019, Greenpeace launched the #plasticmonster campaign to call out big corporations – and specifically Nestle – from employing single-use plastic packaging. Greenpeace activist

delivered plastic monsters, created by gathering plastic pollution from streets, rivers, and beaches, to Nestle's global headquarters in Switzerland and to other headquarters all over the world.

Case Questions:

a. Explain the main issue identified in the case study. (03 Marks)

b. Based on the case, explain the consequence of plastic waste in sustainability using "Triple Bottom Line" concept. (03 Marks)

c. What are the strategies or mechanisms carried out by the companies in the food industry to mitigate the sustainability issues? (03 Marks)

d. Identify and explain the different types of "greenwashing" communication carried out by the Nestle Company. (08 Marks)

e. What may be the consequence of greenwashing towards Nestle Company? (03 Marks)

[Total 20 Marks]

Q2.

a. Highlight any four categories of Cradle-to-Cradle Certification. (02 Marks)

b. Explain the benefits of Cradle-to-Cradle approach based on the "Triple Bottom Line" concept. (08 Marks)

c. Highlight common challenges and possible strategies to overcome the sustainable initiatives of the organizations during implementation. (10 Marks)

[Total 20 Marks]

Q3.

a. Draw and interpret the forces influencing on environmental strategy (Green Onion) of the organizations. (05 Marks)

b. Explain how the activities that firms undertake in the environmental governance sphere directly impact a firm's market valuation, revenue prospects, or cost performance in either the short or long term. (05 Marks)

c. Examine and explain the recent trends in global sustainability. (10 Marks)

[Total 20 Marks]

Q4.

a. Illustrate different types of tools and techniques applied in "Lean and Green Principles o Operation Management" for sustainability. (08 Marks

b. Differentiate the following concepts with suitable examples:

[1] Biological Cycle vs Technical Cycle

[2] Carbon Foot Print vs Ecological Foot Print

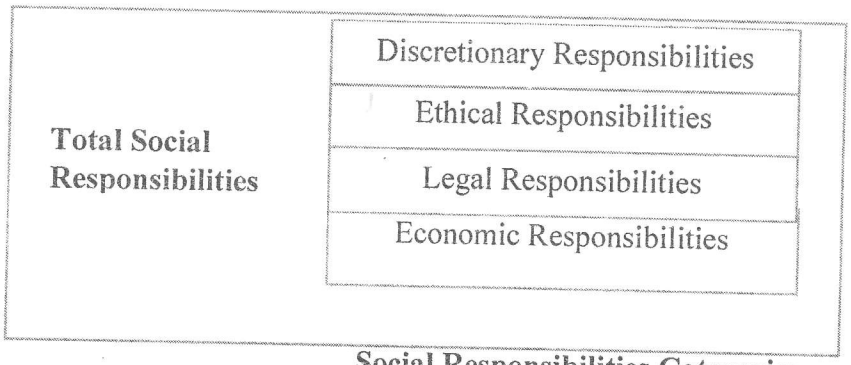
[3] Type II vs Type III Eco Labeling

[4] Preservationist vs Conservationist (12 Marks

[Total 20 Marks

Q5.

a. Examine the figure given below carefully.



Social Responsibilities Categories

As per the figure given above, state whether you agree or not with the following statement and explain why?

i. Social responsibilities of an organization are of four types. (02 Marks

ii. Social responsibilities of an organization are at four levels. (02 Marks

iii. The four categories are mutually exclusive. Hence, it is impossible to have combination of all four at a given time. (03 Marks

iv. The most important level is economic responsibility, followed by ethical, legal, an discretionary levels. (03 Marks

b. Categorize the criteria that could be used to identify stakeholders for "stakeholder analysis (05 Marks

c. Assess various barriers to the integration of sustainability into corporate strategy. (05 Marks

[Total 20 Marks