

LEARNING OBJECTIVE 9.1 Analyze the risks and opportunities associated with globalization and sustainability.

Sustainability efforts face two significant issues: climate change and resource constraints. Climate change is influenced by human activities, compelling companies to reduce CO₂ emissions through improved efficiency and other creative means. Similarly, the finite supply of minerals and raw materials on Earth requires that businesses develop more efficient methods to use resources. Companies that dedicate themselves to sustainability can find ways to save money and even profit from such practices.

- **sustainability** a way of doing business that supports the long-term ecological balance of the environment

LEARNING OBJECTIVE 9.2 Explain how to fight short-termism.

Businesses exist to make money for investors and employees. Thus they default to short-termism—the excessive focus on short-term results at the expense of long-term objectives. Three strategies to fight short-termism are to focus on stakeholder interests as opposed to shareholder interests; to engage Wall Street investors and analysts in discussions about the profitability and importance of pursuing sustainable practices; and to align the interests of board members with those of stakeholders by applying ownership-based governance.

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LEARNING OBJECTIVE 9.3 Identify ways to collaborate globally for sustainability.

The best practice is for governments, businesses, and communities to collaborate to find solutions. Sustainable business models save money and directly affect a company's reputation—and subsequently its stock market value. To collaborate successfully with other organizations, businesses can conduct due diligence, develop a shared language, create entrance and exit strategies, and convince the board of directors of the need for collaboration.

LEARNING OBJECTIVE 9.4 Discuss how sustainability can drive innovation.

Businesses can thrive by learning to recast challenges as opportunities in four phases. First, laws related to sustainability can show companies which sustainability measures to target for the maximum effect on public opinion. Second, companies can improve

supply chains by enforcing ecologically friendly standards to increase efficiency and profitability. Third, they can completely reimagine products, using fewer resources or discontinuing certain materials altogether. Finally, they can develop new business models designed to challenge traditional, inefficient industry practices.