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Preface

In a world economy that is becoming increasingly integrated and interdependent, the relationship between business and society is becoming ever more complex. The globalization of business, the emergence of civil society organizations in many nations, and new government regulations and international agreements have significantly altered the job of managers and the nature of strategic decision making within the firm.

At no time has business faced greater public scrutiny or more urgent demands to act in an ethical and socially responsible manner than at the present. Consider the following:

- The global financial crisis of 2008–2009—highlighted by the failure of major business firms, unprecedented intervention in the economy by many governments, and the fall from grace of numerous prominent executives—focused a fresh spotlight on issues of corporate responsibility and ethics. Around the world, people and governments are demanding that executives do a better job of serving shareholders and the public. Once again, policymakers are actively debating the proper scope of government oversight in such wide-ranging arenas as health care, financial services, and manufacturing. Management educators are placing renewed emphasis on issues of business leadership and accountability.

- A host of new technologies have become part of the everyday lives of billions of the world’s people. Advances in the basic sciences are stimulating extraordinary changes in agriculture, telecommunications, and pharmaceuticals. Businesses can now grow medicine in plants, embed nanochips in tennis rackets, and communicate with customers overseas over the Internet and wireless networks. Technology has changed how we interact with others, bringing people closer together through social networking, instant messaging, and photo and video sharing. These innovations hold great promise. But they also raise serious ethical issues, such as those associated with genetically modified foods, stem cell research, or use of the Internet to exploit or defraud others or to censor free expression. Businesses must learn to harness new technologies, while avoiding public controversy and remaining sensitive to the concerns of their many stakeholders.

- Businesses in the United States and other nations are transforming the employment relationship, abandoning practices that once provided job security and guaranteed pensions in favor of highly flexible but less secure forms of employment. The Great Recession caused job losses across broad sectors of the economy in the United States and many other nations. Many jobs, including those in the service sector, are being outsourced to the emerging economies of China, India, and other nations. As jobs shift abroad, transnational corporations are challenged to address their obligations to workers in far-flung locations with very different cultures and to respond to initiatives, like the United Nations’ Global Compact, that call for voluntary commitment to enlightened labor standards and human rights.

- Ecological and environmental problems have forced businesses and governments to take action. An emerging consensus about the risks of global warming, for example, is leading many companies to adopt new practices, and once again the nations of the world have taken up the challenge of negotiating an international treaty to limit the emissions of greenhouse gases. Many businesses have cut air pollution, curbed solid
waste, and designed products to be more energy-efficient. A better understanding of how human activities affect natural resources is producing a growing understanding that economic growth must be achieved with environmental protection if development is to be sustainable.

- Many regions of the world are developing at an extraordinary rate. Yet the prosperity that accompanies economic growth is not shared equally. Personal income, health care, and educational opportunity are unevenly distributed among and within the world’s nations. The tragic pandemic of AIDS in sub-Saharan Africa and the threat of a swine or avian flu epidemic have compelled drug makers to rethink their pricing policies and raised troubling questions about the commitment of world trade organizations to patent protection. Many businesses must consider the delicate balance between their intellectual property rights and the urgent demands of public health, particularly in the developing world.

- In many nations, legislators have questioned business’s influence on politics. Business has a legitimate role to play in the public policy process, but it has on occasion shaded over into undue influence and even corruption. In the United States, reforms of campaign finance and lobbying laws have changed the rules of the game governing how corporations and individuals can contribute to and influence political parties and public officials. Technology offers candidates and political parties new ways to reach out and inform potential voters. Businesses the world over are challenged to determine their legitimate scope of influence and how to voice their interests most effectively in the public policy process.

The new thirteenth edition of Business and Society addresses this complex agenda of issues and their impact on business and its stakeholders. It is designed to be the required textbook in an undergraduate or graduate course in Business and Society; Business, Government, and Society; Social Issues in Management; or the Environment of Business. It may also be used, in whole or in part, in courses in Business Ethics and Public Affairs Management. This new edition of the text is also appropriate for an undergraduate sociology course that focuses on the role of business in society or on contemporary issues in business.

The core argument of Business and Society is that corporations serve a broad public purpose: to create value for society. All companies must make a profit for their owners. Indeed, if they did not, they would not long survive. However, corporations create many other kinds of value as well. They are responsible for professional development for their employees, innovative new products for their customers, and generosity to their communities. They must partner with a wide range of individuals and groups in society to advance collaborative goals. In our view, corporations have multiple obligations, and all stakeholders’ interests must be taken into account.

A Tradition of Excellence

Since the 1960s, when Professors Keith Davis and Robert Blomstrom wrote the first edition of this book, Business and Society has maintained a position of leadership by discussing central issues of corporate social performance in a form that students and faculty have found engaging and stimulating. The leadership of the two founding authors, and later of Professor William C. Frederick and James E. Post, helped Business and Society to achieve a consistently high standard of quality and market acceptance. Thanks to these authors’ remarkable eye for the emerging issues that shape the
organizational, social, and public policy environments in which students will soon live and work, the book has added value to the business education of many thousands of students.

Business and Society has continued through several successive author teams to be the market leader in its field. The current authors bring a broad background of business and society research, teaching, consulting, and case development to the ongoing evolution of the text. The new thirteenth edition of Business and Society builds on its legacy of market leadership by reexamining such central issues as the role of business in society, the nature of corporate responsibility and global citizenship, business ethics practices, and the complex roles of government and business in a global community.

For Instructors

For instructors, this textbook offers a complete set of supplements. An extensive instructor’s resource manual—fully revised for this edition—includes lecture outlines, discussion case questions and answers, tips from experienced instructors, and extensive case teaching notes. A computerized test bank and PowerPoint slides for every chapter are also provided to adopters. A video supplement, compiled especially for the thirteenth edition, features recent segments from the NewsHour with Jim Lehrer, produced by the Public Broadcasting Service. These videos may be used to supplement class lectures and discussions.

Business and Society is designed to be easily modularized. An instructor who wishes to focus on a particular portion of the material may select individual chapters or cases to be packaged in a Primis custom product. Sections of this book can also be packaged with other materials from the extensive Primis database, including articles and cases from the Harvard Business School, to provide exactly the course pack the instructor needs.

For instructors who teach over the Internet and for those who prefer an electronic format, this text may be delivered online, using McGraw-Hill’s eBook technology. eBooks can also be customized with the addition of any of the materials in Primis’s extensive collection.

For Students

Business and Society has long been popular with students because of its lively writing, up-to-date examples, and clear explanations of theory. This textbook has benefited greatly from feedback over the years from thousands of students who have used the material in the authors’ own classrooms. Its strengths are in many ways a testimony to the students who have used earlier generations of Business and Society.

The new thirteenth edition of the text is designed to be as student-friendly as always. Each chapter opens with a list of key learning objectives to help focus student reading and study. Numerous figures, exhibits, and real-world business examples (set as blocks of colored type) illustrate and elaborate the main points. A glossary at the end of the book provides definitions for bold-faced and other important terms. Internet references, greatly expanded for this edition, and a full section-by-section bibliography guide students who wish to do further research on topics of their choice, and subject and name indexes help students locate items in the book.

Additional student resources are also available via the book’s Online Learning Center at www.mhhe.com/lawrence13e, including self-grading quizzes and chapter review materia
New For The Thirteenth Edition

Over the years, the issues addressed by Business and Society have changed as the environment of business itself has been transformed. This thirteenth edition is no exception, as readers will discover. Some issues have become less compelling and others have taken their place on the business agenda, while others endure through the years.

The thirteenth edition has been thoroughly revised and updated to reflect the latest theoretical work in the field and the latest statistical data, as well as recent events. Among the new additions are

- New discussion of theoretical advances in stakeholder theory, corporate citizenship, public affairs management, corporate governance, social performance auditing, social investing, reputation management, business partnerships, and corporate philanthropy.
- Treatment of practical issues, such as social networking, digital medical records, bottom of the pyramid, social entrepreneurship, advocacy and issue advertising, as well as the latest developments in the regulatory environment in which businesses operate.
- New discussion cases and full-length cases on such timely topics as the subprime mortgage meltdown, toy safety, Internet censorship in China, plant-based medicines, corporate board scandals, activist investing, sweatshop labor, corporate ethics programs, YouTube content, and tobacco regulation.

Finally, this is a book with a vision. It is not simply a compendium of information and ideas. The new edition of Business and Society articulates the view that in a global community, where traditional buffers no longer protect business from external change, managers can create strategies that integrate stakeholder interests, respect personal values, support community development, and are implemented fairly. Most important, businesses can achieve these goals while also being economically successful. Indeed, this may be the only way to achieve economic success over the long term.

Anne T. Lawrence
James Weber
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These scholars' dedication to the creative teaching of business and society has been a continuing inspiration to us.

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Brief Contents

PART ONE
Business in Society 1
1. The Corporation and Its Stakeholders 2
2. Managing Public Issues and Stakeholder Relationships 24
3. Corporate Social Responsibility 45

PART TWO
Business and Ethics 69
4. Ethics and Ethical Reasoning 70
5. Organizational Ethics and the Law 94

PART THREE
Business in a Globalized World 123
6. The Challenges of Globalization 124
7. Global Corporate Citizenship 145

PART FOUR
Business and Public Policy 169
8. Business–Government Relations 170
9. Influencing the Political Environment 194

PART FIVE
Business and the Natural Environment 219
10. Ecology and Sustainable Development in Global Business 220
11. Managing Environmental Issues 243

PART SIX
Business and Technology 267
12. Technology, Organizations, and Society 268

PART SEVEN
Business and Its Stakeholders 315
14. Stockholder Rights and Corporate Governance 316
15. Consumer Protection 340
16. Employees and the Corporation 362
17. Managing a Diverse Workforce 385
18. The Community and the Corporation 410
19. Managing Public Relations 432

CASES IN BUSINESS AND SOCIETY 453
1. Moody’s Credit Ratings and the Subprime Mortgage Meltdown 454
2. Google in China 467
3. Merck, the FDA, and the Vioxx Recall 480
4. Ventria Bioscience and the Controversy over Plant-Made Medicines 490
5. Hewlett-Packard’s Secret Surveillance of Directors and Journalists 501
6. The Solidarity Fund and Gildan Activewear, Inc. 514
7. Kimpton Hotels’ EarthCare Program 523
8. Mattel and Toy Safety 531
9. The Collapse of Enron 541

Glossary 555

Bibliography 567

Indexes
Name 573
Subject 578
**Contents**

**PART ONE**  
**BUSINESS IN SOCIETY**  

**Chapter 1**  
**The Corporation and Its Stakeholders**  
Business and Society  
*A Systems Perspective*  
The Stakeholder Theory of the Firm  
*The Stakeholder Concept*  
Market and Nonmarket Stakeholders  
Stakeholder Analysis  
Stakeholder Interests  
Stakeholder Power  
Stakeholder Coalitions  
Stakeholder Salience and Mapping  
The Corporation’s Boundary-Spanning Departments  
The Dynamic Environment of Business  
Creating Value in a Dynamic Environment  
Summary  
Key Terms  
Internet Resources  
Discussion Case: A Brawl in Mickey’s Backyard

**Chapter 2**  
**Managing Public Issues and Stakeholder Relationships**  
Public Issues  
Environmental Analysis  
*Competitive Intelligence*  
The Issue Management Process  
Identify Issue  
Analyze Issue  
Generate Options  
Take Action  
Evaluate Results  
Organizing for Effective Issue Management  
Stakeholder Engagement  
Stages in the Business–Stakeholder Relationship  
Drivers of Stakeholder Engagement  
Making Engagement Work Effectively  
Stakeholder Networks  
The Benefits of Engagement  
Summary  
Key Terms  
Internet Resources  
Discussion Case: Coca-Cola’s Water Neutrality Initiative

**Chapter 3**  
**Corporate Social Responsibility**  
Corporate Power and Responsibility  
The Meaning of Corporate Social Responsibility  
The Many Responsibilities of Business  
How Corporate Social Responsibility Began  
The Charity Principle  
The Stewardship Principle  
Balancing Economic, Legal, and Social Responsibilities  
Economic and Social Responsibilities: Enlightened Self-Interest  
Legal Requirements versus Corporate Social Responsibility  
Stockholder Interests versus Other Stakeholder Interests  
The Corporate Social Responsibility Debate  
Arguments for Corporate Social Responsibility  
Arguments against Corporate Social Responsibility  
Award-winning Corporate Social Responsibility Practices  
Summary  
Key Terms  
Internet Resources  
Discussion Case: Timberland’s Model of Corporate Social Responsibility

**PART TWO**  
**BUSINESS AND ETHICS**

**Chapter 4**  
**Ethics and Ethical Reasoning**  
The Meaning of Ethics  
What Is Business Ethics?  
Why Should Business Be Ethical?
Why Ethical Problems Occur in Business 78
  Personal Gain and Selfish Interest 78
  Competitive Pressures on Profits 80
  Conflicts of Interest 80
  Cross-Cultural Contradictions 81
The Core Elements of Ethical Character 81
  Managers’ Values 81
  Spirituality in the Workplace 82
  Managers’ Moral Development 84
Analyzing Ethical Problems in Business 86
  Virtue Ethics: Pursuing a “Good” Life 87
  Utility: Comparing Benefits and Costs 88
  Rights: Determining and Protecting Entitlements 89
  Justice: Is It Fair? 89
  Applying Ethical Reasoning to Business Activities 90
Summary 91
Key Terms 91
Internet Resources 91
Discussion Case: The Warhead Cable Test Dilemma 92

Chapter 5
Organizational Ethics and the Law 94
Corporate Ethical Climates 95
Business Ethics across Organizational Functions 97
  Accounting Ethics 97
  Financial Ethics 99
  Marketing Ethics 101
  Information Technology Ethics 102
  Other Functional Areas 104
Making Ethics Work in Corporations 105
  Building Ethical Safeguards into the Company 105
  Comprehensive Ethics Programs 111
  Corporate Ethics Awards 112
Ethics in a Global Economy 113
  Efforts to Curb Unethical Practices 114
Ethics, Law, and Illegal Corporate Behavior 116
  Corporate Lawbreaking and Its Costs 117
Summary 118
Key Terms 119
Internet Resources 119
Discussion Case: Alcoa’s Core Values in Practice 119

PART THREE
BUSINESS IN A GLOBALIZED WORLD 123

Chapter 6
The Challenges of Globalization 124
The Process of Globalization 125
  Major Transnational Corporations 126
  The Acceleration of Globalization 127
  International Financial and Trade Institutions 128
The Benefits and Costs of Globalization 131
  Benefits of Globalization 131
  Costs of Globalization 132
Doing Business in a Diverse World 135
  Comparative Political and Economic Systems 135
  Meeting the Challenges of Global Diversity 138
Collaborative Partnerships for Global Problem Solving 139
  A Three-Sector World 139
Summary 141
Key Terms 142
Internet Resources 142
Discussion Case: Conflict Diamonds and the Kimberley Process 142

Chapter 7
Global Corporate Citizenship 145
Global Corporate Citizenship 147
  Citizenship Profile 149
  Management Systems for Global Corporate Citizenship 151
Stages of Corporate Citizenship 152
  Corporate Citizenship in Comparative Perspective 155
Social Performance Auditing 156
  Global Social Audit Standards 158
  Social and Environmental Reporting 161
  Balanced Scorecard 162
  Triple Bottom Line 163
Summary 165
Key Terms 165
Internet Resources 165
Discussion Case: The Gap Inc.’s Social Responsibility Report 165
PART FOUR
BUSINESS AND PUBLIC POLICY 169

Chapter 8
Business-Government Relations 170

How Business and Government Relate 173
Seeking a Collaborative Partnership 173
Working at Arm's Length 174
Legitimacy Issues 175

Government's Public Policy Role 175
Elements of Public Policy 176
Types of Public Policy 178

Government Regulation of Business 180
Market Failure 180
Negative Externalities 180
Natural Monopolies 181
Ethical Arguments 181
Types of Regulation 181
The Effects of Regulation 186

Regulation in a Global Context 189
Summary 190
Key Terms 191
Internet Resources 191
Discussion Case: Government Regulation of Tobacco Products 191

Chapter 9
Influencing the Political Environment 194

Participants in the Political Environment 196
Business as a Political Participant 196
Stakeholder Groups in Politics 197
Coalition Political Activity 198

Influencing the Business-Government Relationship 198
Corporate Political Strategy 198
Political Action Tactics 200
Promoting an Information Strategy 201
Promoting a Financial Incentive Strategy 204
Promoting a Constituency-Building Strategy 208

Levels of Political Involvement 209
Managing the Political Environment 210
Campaign Finance Reform: A Special Issue 212
Business Political Action: A Global Challenge 213
Controlling Corruption in Politics 214
Campaign Financing Reform Abroad 214
Summary 215
Key Terms 216
Internet Resources 216
Discussion Case: Ex-Senator, Now Business Lobbyist—Ethical Questions of Use of Campaign Funds 217

PART FIVE
BUSINESS AND THE NATURAL ENVIRONMENT 219

Chapter 10
Ecology and Sustainable Development in Global Business 220

Ecological Challenges 222
The Global Commons 222
Sustainable Development 223
Threats to the Earth's Ecosystem 223
Forces of Change 225
The Earth's Carrying Capacity 228

Global Environmental Issues 230
Ozone Depletion 230
Global Warming 231
Decline of Biodiversity 234
Threats to Marine Ecosystems 235

Response of the International Business Community 236
World Business Council for Sustainable Development 236
Voluntary Business Initiatives 237
Codes of Environmental Conduct 239
Summary 240
Key Terms 240
Internet Resources 240
Discussion Case: The Three Gorges Dam 241

Chapter 11
Managing Environmental Issues 243

Role of Government 245
Major Areas of Environmental Regulation 245
Alternative Policy Approaches 250
Costs and Benefits of Environmental Regulation 254
The Greening of Management 256
Stages of Corporate Environmental Responsibility 256
The Ecologically Sustainable Organization 257
Environmental Partnerships 258
Environmental Management in Practice 259
Environmental Audits 260
Environmental Management as a Competitive Advantage 260
   Cost Savings 261
   Product Differentiation 261
   Technological Innovation 262
   Strategic Planning 262
Summary 263
Key Terms 264
Internet Resources 264
Discussion Case: Digging Gold 264

PART SIX
BUSINESS AND TECHNOLOGY 267

Chapter 12
Technology, Organizations, and Society 268
Technology Defined 269
   Phases of Technology in Society 270
   Fueling Technological Growth 271
Technology as a Powerful Force in Business 273
   The Internet 273
   E-Business 275
   M-Commerce 276
Social Networking 277
   Blogs and Vlogs 279
Threats from Technology 280
   Spam and Unsolicited Commercial E-mail 280
   Phishing 281
   Pharming 282
   Internet Censorship 282
Socially Beneficial Uses of the Internet 283
   Technology and Education 283
   Medical Information via the Internet 284
Special Issue: The Digital Divide 285
Summary 287
Key Terms 288
Internet Resources 288
Discussion Case: Teen Suicide Viewed Online 288

Chapter 13
Managing Technology and Innovation 291
Protecting Privacy 293
   Managing the Protection of Privacy 294
The Management of Information Security 295
   Businesses’ Responses to Invasions of Information Security 296
   The Chief Information, Security, or Technology Officer 298
Special Issue: Internet Pornography 299
Protecting Intellectual Property 301
   Violations of Property—Piracy of Software, Movies, Books 301
   Government and Industry Efforts to Combat Piracy 302
Managing Scientific Breakthroughs 304
   Nanotechnology 305
   Human Genome 305
   Biotechnology and Stem Cell Research 306
   Cloning 307
   Bioterrorism 308
   Genetically Engineered Foods 309
Summary 311
Key Terms 311
Internet Resources 312
Discussion Case: Vidding—Free Expression or Copyright Piracy 312

PART SEVEN
BUSINESS AND ITS STAKEHOLDERS 315

Chapter 14
Stockholder Rights and Corporate Governance 316
Stockholders 317
   Who Are Stockholders? 317
   Objectives of Stock Ownership 319
   Stockholders’ Legal Rights and Safeguards 319
Corporate Governance 320
   The Board of Directors 321
   Principles of Good Governance 323
Special Issue: Executive Compensation 325
Shareholder Activism 329
   The Rise of Institutional Investors 329
   Social Investment 330
   Stockholder Lawsuits 332
Government Protection of Stockholder Interests 333
   Securities and Exchange Commission 333
   Information Transparency and Disclosure 333
   Insider Trading 334
Stockholders and the Corporation 337
Summary 337
Key Terms 338
Internet Resources 338
Discussion Case: Living Richly 338
Chapter 15  
Consumer Protection  340

Advocacy for Consumer Interests  342  
Reasons for the Consumer Movement  343  
The Rights of Consumers  343
How Government Protects Consumers  344  
Goals of Consumer Laws  344  
Major Consumer Protection Agencies  347
Consumer Privacy in the Digital Age  350  
Special Issue: Product Liability  351  
Strict Liability  351  
Business Efforts to Reform the Product Liability Laws  353  
Positive Business Responses to Consumerism  355  
Quality Management  355  
Voluntary Industry Codes of Conduct  356  
Consumer Affairs Departments  356  
Product Recalls  358  
Consumerism's Achievements  358
Summary  358  
Key Terms  359  
Internet Resources  359  
Discussion Case: Big Fat Liability  359

Chapter 16  
Employees and the Corporation  362

The Employment Relationship  363  
Workplace Rights  364  
The Right to Organize and Bargain Collectively  364  
The Right to a Safe and Healthy Workplace  366  
The Right to a Secure Job  368
Privacy in the Workplace  372  
Electronic Monitoring  372  
Romance in the Workplace  373  
Employee Drug Use and Testing  374  
Alcohol Abuse at Work  375  
Employee Theft and Honesty Testing  376
Whistle-Blowing and Free Speech in the Workplace  376
Working Conditions around the World  378  
Fair Labor Standards  379
Employees as Corporate Stakeholders  381
Summary  381  
Key Terms  382  
Internet Resources  382  
Discussion Case: No Smoking Allowed—On the Job or Off  382

Chapter 17  
Managing a Diverse Workforce  385

The Changing Face of the Workforce  386  
Gender and Race in the Workplace  388  
Women and Minorities at Work  388  
The Gender and Racial Pay Gap  389  
Where Women and Persons of Color Manage  391  
Breaking the Glass Ceiling  391  
Women and Minority Business Ownership  394
Government’s Role in Securing Equal Employment Opportunity  395  
Equal Employment Opportunity  395  
Affirmative Action  396  
Sexual and Racial Harassment  398
What Business Can Do: Diversity Policies and Practices  400  
Balancing Work and Life  402  
Child Care and Elder Care  402  
Work Flexibility  404
Summary  406  
Key Terms  407  
Internet Resources  407  
Discussion Case: Dukes v. Walmart Stores, Inc.  407

Chapter 18  
The Community and the Corporation  410

The Business–Community Relationship  412  
The Business Case for Community Involvement  413
Community Relations  414  
Economic Development  415  
Crime Abatement  416  
Housing  417  
Aid to Minority Enterprises  417  
Disaster, Terrorism, and War Relief  417
Corporate Giving  418  
Forms of Corporate Giving  421  
Priorities in Corporate Giving  423  
Corporate Giving in a Strategic Context  425
Building Collaborative Partnerships  427
Summary  428  
Key Terms  429  
Internet Resources  429  
Discussion Case: Corporate Philanthropy and the Arts  429
Chapter 19
Managing Public Relations 432
The General Public 433
Public Relations in an Emerging Digital World 434
Public Relations Department 435
New Technology-Enhanced Channels for Public Relations 436
Global Public Relations 439
Influencing Public Opinion 440
Public Service Announcements 440
Image Advertisements 441
Issue Advertisements 442
Protecting the Public through Government Regulation 443
Crisis Management 444
Media Training of Employees 448
Summary 449
Key Terms 450
Internet Resources 450
Discussion Case: Whole Foods’ CEO—Free Speech or Public Relations Manipulation? 450

CASES IN BUSINESS AND SOCIETY 453
1. Moody’s Credit Ratings and the Subprime Mortgage Meltdown 454
2. Google in China 467
3. Merck, the FDA, and the Vioxx Recall 480
4. Ventria Bioscience and the Controversy over Plant-Made Medicines 490
5. Hewlett-Packard’s Secret Surveillance of Directors and Journalists 501
6. The Solidarity Fund and Gildan Activewear, Inc. 514
7. Kimpton Hotels’ EarthCare Program 523
8. Mattel and Toy Safety 531
9. The Collapse of Enron 541

Glossary 555
Bibliography 567

Indexes
Name 573
Subject 578