



■ **BUSINESS & SOCIETY**
Ethics *and* Stakeholder Management
Sixth Edition

Archie B. Carroll
University of Georgia

Ann K. Buchholtz
University of Georgia

THOMSON
—★—
SOUTH-WESTERN



Business and Society: Ethics and Stakeholder Management, 6e

Archie B. Carroll and Ann K. Buchholtz

Vice President/Editorial Director:

Jack W. Calhoun

Marketing Manager:

Jacquelyn Carrillo

Art Director:

Stacey Jenkins Shirley

Vice President/Editor-in-Chief:

Dave Shaut

Manager of Technology, Editorial:

Vicky True

Production House:

Rebecca Gray

Senior Publisher:

Melissa S. Acuña

Technology Project Editor:

Kristen Meere

Cover and Internal Designer:

Lisa Albonetti

Executive Editor:

John Szilagyi

Media Editor:

Karen L. Schaffer

Cover Illustration:

Courtesy of Veer.com

Sr. Developmental Editor:

Judy O'Neill

Production Editor:

Daniel C. Plofchan

Printer:

QuebecorWorld – Kingsport
Kingsport, TN

Contributing Developmental Editors:

Susanna C. Smart

Heather Churchman

Manufacturing Coordinator:

Doug Wilke

COPYRIGHT ©2006

by South-Western, part of the Thomson Corporation. South-Western, Thomson, and the Thomson logo are trademarks used herein under license.

Printed in the United States of America
1 2 3 4 5 07 06 05 04

ISBN: 0-324-32132-5
PACKAGE ISBN: 0-324-22581-4

International Student Edition
(Not for Sale in the United States)
ISBN: 0-324-32317-4

International Student Edition
(Not for Sale in the United States)
PACKAGE ISBN: 0-324-32247-X

Library of Congress Control Number:
2004110209

ALL RIGHTS RESERVED.

No part of this work covered by the copyright hereon may be reproduced or used in any form or by any means—graphic, electronic, or mechanical, including photocopying, recording, taping, Web distribution or information storage and retrieval systems—without the written permission of the publisher.

For permission to use material from this text or product, submit a request online at <http://www.thomsonrights.com>. Any additional questions about permissions can be submitted by email to thomsonrights@thomson.com.

For more information contact South-Western, 5191 Natorp Boulevard, Mason, Ohio, 45040. Or you can visit our Internet site at: <http://www.swlearning.com>

PREFACE

Business & Society: Ethics and Stakeholder Management, Sixth Edition, employs a *stakeholder management* framework, emphasizing business's social and ethical responsibilities to both external and internal stakeholder groups. A *managerial perspective* is embedded within the book's dual themes of *business ethics* and *stakeholder management*. The ethics dimension is central because it is becoming increasingly clear that ethical or moral considerations are woven into the fabric of the public issues that organizations face. Economic and legal issues are inevitably present, too. However, these aspects are treated more thoroughly in other business administration courses.

The stakeholder management perspective is essential because it requires managers to (1) identify the various groups or individuals who have stakes in the firm or its actions, decisions, and practices, and (2) incorporate the stakeholders' concerns into the firm's strategic plans and operations. Stakeholder management is an approach that increases the likelihood that decision makers will integrate ethical wisdom with management wisdom in all that they do.

This edition went to press before complete resolution had been made on the fraud and ethics scandals that dominated the business news in the first five years of the 2000s. The Enron scandal and subsequent scandals involving such firms as WorldCom, Tyco, Arthur Andersen, Adelphia, Global Crossings, and HealthSouth have all occurred since the previous edition. Many of the trials of the CEOs and top executives of these firms are still underway, and readers are urged to keep up with these for the latest developments. The horrific attacks on the World Trade Center in New York and the Pentagon in Washington, DC, on September 11, 2001, are still in our memories, especially for their relevance to topics such as crisis management, global ethics, the business–government relationship, and impacts on both internal and external stakeholders. These major events will be with us forever, and we urge readers to keep in mind the extent to which our world is now changed as they read through the book and consider its content.

APPLICABLE COURSES FOR TEXT

This text is appropriate for college and university courses that are variously titled Business and Society; Business and Its Environment; Business and Public Policy; Social Issues in Management; Business, Government, and Society; Stakeholder Management; and Business Ethics. This book is appropriate for either a required or elective course seeking to meet the requirements of the Association to Advance Collegiate Schools of Business (AACSB International) for coverage of perspectives that form the context for business: ethical and global issues; the influence of political, social, legal and regulatory, environmental and technological issues; and the impact of diversity on organizations. The book is primarily intended for undergraduate courses, but when supplemented with other materials it would be appropriate for graduate courses. The book has proved useful in countries outside of the

United States, but the primary perspective of the book is the business and society interface as experienced inside the United States. Other developed countries share in many of these same relationships.

OBJECTIVES IN RELEVANT COURSES

Depending on the placement of a course in the curriculum or the individual instructor's philosophy, this book could be used for a variety of objectives. The courses for which it is intended include several essential goals, such as the following:

1. Students should be made aware of the demands that emanate from stakeholders and are placed on business firms.
2. As prospective managers, students need to understand appropriate business responses and management approaches for dealing with social, political, environmental, technological, and global issues and stakeholders.
3. An appreciation of ethical issues and the influence these issues have on management decision making, behavior, policies, and practices is important.
4. The broad question of business's legitimacy as an institution in a global society is at stake and must be addressed from both a business and societal perspective.
5. The increasing extent to which social, ethical, public, and global issues must be considered from a strategic perspective is critical in such courses.

NEW TO THE SIXTH EDITION

This Sixth Edition has been updated and revised to reflect the most recent research, laws, cases, and examples. Material in this new edition includes:

- New research and examples throughout all the chapters
- Coverage throughout the text of the ethics scandals of the early 2000s and their influence on business, society, and organizations
- Discussion of new laws such as the Sarbanes–Oxley Act and the Alien Tort Claims Act
- New “Ethics in Practice” and “Search the Web” features in each chapter
- Forty-two end-of-text cases, which include:
 - Fourteen new cases, including cases on Martha Stewart, the pharmaceutical industry, Wal-Mart and its labor practices, violence in the workplace, “looks” discrimination, transgender issues, sexual harassment, Dick Grasso's compensation, and alcohol versus tobacco advertising
 - Fourteen revised and updated cases from the previous edition
- Recommended case list at the end of each chapter
- Recommended Web resources at the end of each chapter
- Favorite cases from past editions included in the *Instructor's Manual with Test Bank* so that they may be duplicated and used in class
- InfoTrac sidebars interspersed throughout all chapters that direct students to relevant, in-depth topics; also included are end-of-chapter references to InfoTrac's online database
- A thoroughly revised instructor's manual that includes hints for using the videos
- A glossary on the text's Web site (<http://carroll.swlearning.com>)

“ETHICS IN PRACTICE” FEATURE

Continuing in this Sixth Edition are in-chapter features titled “Ethics in Practice.” Interspersed throughout the text, these features present actual ethical situations or dilemmas faced personally in the work experiences of our former students. These were originally written for class discussion, and most of them are real-life situations actually confronted by college students in their part-time and full-time work experiences. The students contributed these experiences on a voluntary basis, and we are pleased they gave us permission to use them. We would like to acknowledge them for their contributions to the book. Instructors may wish to use these as minicases for class discussion on a daily basis when a lengthier case is not assigned.

“SEARCH THE WEB” FEATURE

The “Search the Web” inserts in each chapter highlight an important and relevant Web page or pages that augment each chapter’s text material. The “Search the Web” feature may highlight a pertinent organization and its activities or special topics covered in the chapter. These features permit students to explore topics in depth. Most of the Web sites have links to other related sites. The use of search engines to find other relevant materials is encouraged as the Web now catalogs a wealth of relevant information to the text topics and cases.

STRUCTURE OF THE BOOK

Part 1 provides an introductory coverage of pertinent business and society topics and issues. Because most courses for which this book is intended evolved from the issue of corporate social responsibility, this concept is treated early on. Part 1 documents and discusses how corporate social responsiveness evolved from social responsibility and how these two matured into a concern for corporate social performance and corporate citizenship. Also given early coverage is the stakeholder management concept.

Part 2 addresses strategic management for stakeholder responsiveness. The purpose of this part is to discuss management considerations for dealing with the issues discussed throughout the text. A strategic management perspective is useful because these issues have impacts on the total organization and have become intense for many upper-level managers. Special treatment is given to corporate public policy, issues and crisis management, and public affairs management. Some instructors may elect to cover Part 2 later in their courses. Part 2 could easily be covered after Part 4 or 5. This option would be most appropriate for those using the book for a business ethics course or who desire to spend less time on the management perspective.

Part 3 contains four chapters dedicated to business ethics topics. In real life, business ethics cannot be separated from the full range of external and internal stakeholder concerns. Part 3 focuses on business ethics fundamentals, personal and organizational ethics, business ethics and technology, and ethical issues in the global arena. External stakeholder issues are the subjects of Part 4. Vital topics here include business’s relations with government, consumers, the environment, and the community.

The theme of Part 5 is internal stakeholder issues. In this part, we consider workplace issues and the key themes of employee rights, employment discrimination, and affirmative action. Owner stakeholders are also treated in Part 5. The topic of corporate governance captures most owner stakeholder concerns.

CASE STUDIES AT END OF TEXT

The 42 cases placed at the end of the book address a wide range of topics and decision situations. The cases are of varying length. Fourteen of the cases are new to the Sixth Edition; among these are some longer cases. Fourteen other cases have been updated. All the cases are intended to provide instructors and students with real-life situations within which to further analyze course issues and topics covered throughout the book. New to this edition are lists of recommended cases for each chapter. The 42 cases have intentionally been placed at the end of the text material so that instructors will feel freer to use them with any text material they desire.

Many of the cases in this book carry ramifications that spill over into several areas. Almost all of them may be used for different chapters. Preceding the cases is a set of guidelines for case analysis that the instructor may wish to use in place of or in addition to the questions that appear at the end of each case. The *Instructor's Manual with Test Bank* provides suggestions regarding which cases to use with each chapter.

Some cases from previous editions have been moved to the *Instructor's Manual with Test Bank*. If instructors wish to use some of their favorite previous cases, they may copy them and distribute them in class.

SUPPORT FOR THE INSTRUCTOR

Instructor's Manual with Test Bank (ISBN 0-324-22582-2). Prepared by Craig Van Sandt of Augustana College, the *Instructor's Manual with Test Bank* includes learning objectives, teaching suggestions, complete chapter outlines, highlighted key terms, answers to discussion questions, suggestions for using the management and organization video, case notes, and supplemental cases. The test bank for each chapter includes true/false and multiple-choice questions.

A computerized version of the test bank is also available electronically. ExamView® Pro (ISBN 0-324-11498-2), an easy-to-use test-generating program, enables instructors to create printed tests, Internet tests, and online (LAN-based) tests quickly. Instructors can enter their own questions, using the software provided, and customize the appearance of the tests they create. The QuickTest wizard permits test generators to use an existing bank of questions to create a test in minutes, using a step-by-step selection process.

PowerPoint Slides. Prepared by Deborah J. Baker, Texas Christian University, the PowerPoint presentation is colorful and varied, designed to hold students' interest and reinforce each chapter's main points. The PowerPoint presentation is only available on the Web site (<http://carroll.swlearning.com>).

Turner Learning/CNN, Management and Organization Video (DVD ISBN 0-324-32188-0, VHS ISBN 0-324-22585-7). Bring the newsgathering and programming power of CNN into your classroom with this VHS cassette of high-

interest clips from the world's leading 24-hour global news network. Short segments—perfect for introducing key concepts—cover a range of issues, from white-collar crime, corporate fraud, outsourcing of jobs, lobbying ethics, looks discrimination, questionable marketing, biotechnology, and more. Suggestions for video usage are provided in the *Instructor's Manual with Test Bank*, making it easy to gain the most from this exceptional resource.

Web Site. A dynamic, comprehensive Web site at <http://carroll.swlearning.com> features an Interactive Study Center with quizzes, CNN video clips, PowerPoint slides, and InfoTrac resources. Instructors can download resources, including the *Instructor's Manual with Test Bank* and PowerPoint presentation slides.

ACKNOWLEDGMENTS

First, we would like to express gratitude to our professional colleagues in the Social Issues in Management Division of the Academy of Management, the International Association for Business and Society (IABS), and the Society for Business Ethics. Over the years these individuals have meant a lot to us and have helped provide a stimulating environment in which we could intellectually pursue these topics in which we have a common interest. Many of these individuals are cited in this book quite liberally, and their work is appreciated.

Second, we would like to thank the many adopters of the five previous editions who took the time to provide us with helpful critiques. Many of their ideas and suggestions have been used for this Sixth Edition. We give particular thanks to the reviewers of the Fifth Edition for their input and direction:

Paula Becker Alexander, Seton Hall University
Laquita C. Blockson, University of Northern Iowa
Peggy A. Golden, University of Northern Iowa
Michele A. Govekar, Ohio Northern University
Robert H. Hogner, Florida International University
Sylvester R. Houston, University of Denver
Timothy A. Matherly, Florida State University
Ira E. Wessler, Robert Morris University

We especially want to thank the reviewers for all previous editions. We tried to honor their recommendations and suggestions as time and space permitted. Their contributions have led to improvements in the text:

Steven C. Alber, Hawaii Pacific University
Peter Burkhardt, Western State College of Colorado
George S. Cole, Shippensburg University
Jeanne Enders, Portland State University
John William Geranios, George Washington University
Kathleen Getz, American University
Russell Gough, Pepperdine University
Ralph W. Jackson, University of Tulsa
David C. Jacobs, American University
Ed Leonard, Indiana University–Purdue University Fort Wayne
Kenneth R. Mayer, Cleveland State University

Douglas M. McCabe, Georgetown University
Bill McShain, Cumberland University
Harvey Nussbaum, Wayne State University
E. Leroy Plumlee, Western Washington University
Richard Raspen, Wilkes University
Dawna Rhoades, Embry-Riddle Aeronautical University
William Rupp, Robert Morris University
Robert J. Rustic, The University of Findlay
John K. Sands, Western Washington University
David S. Steingard, St. Joseph's University
John M. Stevens, The Pennsylvania State University
Diane L. Swanson, Kansas State University
Dave Thiessen, Lewis-Clark State College
Jeff R. Turner, Howard Payne University
Marion Webb, Cleveland State University
George E. Weber, Whitworth College

We would also like to express gratitude to our students, who not only have provided comments on a regular basis but who have also made this Sixth Edition relevant with the ethical dilemmas they have personally contributed, which are highlighted in the “Ethics in Practice” features that accompany many of the chapters. In addition to those students who are named in the “Ethics in Practice” features and have given permission for their materials to be used, we would like to thank the following students whose contributions carry over from the previous editions: Edward Bashuk, Adrienne Brown, Luis Delgado, Henry DeLoach, Chris Fain, Kristen Nessmith, and Angela Sanders. For the Sixth Edition, we would like to thank the following students who provided the anonymous contributions to the “Ethics in Practice” feature: Bryan Burnette, Eric Harvey, Sloane Hyatt, Jensen Mast, Luke Nelson, and Will Nimmer. Also, we thank Nicole Zielinski, Kevin Brinker, and Kimberly Patterson for their contributions.

We express grateful appreciation to all of the authors of the other cases that appear in the final section of the text. Contributing cases were Steven Brenner, Portland State University; Bryan Dennis, Idaho State University; Joe Gerard, SUNY Institute of Technology; Jill Brown and Kareem Shabana, University of Georgia; Norma Carr-Ruffino, San Francisco State University; and Julia Merren, former student. We also thank other faculty members who contributed cases for previous editions that carried forward into the Sixth Edition. At the University of Georgia, we especially want to thank our departmental staff, without whose support we would not have been able to finish the book on time. This outstanding group includes Ruth Davis, Dana Myers, and Billie West.

Finally, we wish to express appreciation to our family members and friends for their patience, understanding, and support when work on the book altered our priorities and plans.

Archie B. Carroll
Ann K. Buchholtz

ABOUT THE AUTHORS

Archie B. Carroll is professor of management and holder of the Robert W. Scherer Chair of Management and Corporate Public Affairs in the Terry College of Business at the University of Georgia. He has served on the faculty of the University of Georgia since 1972. Dr. Carroll received his three academic degrees from The Florida State University in Tallahassee.

Professor Carroll has published numerous books and articles. His research has appeared in the *Academy of Management Journal*, *Academy of Management Review*, *Business and Society*, *Journal of Business Ethics*, *Business Ethics Quarterly*, and many others.

His teaching, research, and consulting interests are in business and society, business ethics, corporate social performance, global stakeholder management, and strategic management. He is currently serving on the editorial review boards of *Business and Society*, *Business Ethics Quarterly*, *Journal of Management*, and the *Journal of Public Affairs*. He is former division chair of the Social Issues in Management (SIM) Division of the Academy of Management and a founding board member of the International Association for Business and Society (IABS). He is a Fellow of the Southern Management Association.

In 1992, Dr. Carroll was awarded the Sumner Marcus Award for Distinguished Service by the SIM Division of the Academy of Management; and in 1993, he was awarded the Terry College of Business, University of Georgia, Distinguished Research Award for his 20 years of work in corporate social performance, business ethics, and strategic planning. In 1998–1999, he served as president of the Society for Business Ethics. In 2000, he was appointed director of the Nonprofit Management and Community Service Program in the Terry College of Business. In 2003, he was awarded the Distinguished Service Award by the Terry College of Business.

Ann K. Buchholtz is an associate professor of strategic management in the Terry College of Business at the University of Georgia. She has served on the faculty of the University of Georgia since 1997. Dr. Buchholtz received her Ph.D. from the Leonard N. Stern School of Business at New York University.

Professor Buchholtz's teaching, research, and consulting interests are in the areas of business ethics, social issues, strategic leadership, and corporate governance. Journals in which her work has been published include *Business and Society*, *Business Ethics Quarterly*, *Academy of Management Journal*, *Academy of Management Review*, *Academy of Management Executive*, *Organization Science*, *Journal of Management*, *Business Horizons*, *Journal of Managerial Issues*, *Journal of General Management* and *Human Resource Management Review*. She serves on the editorial review boards of the *Journal of Management* and the *Journal of Managerial Issues* and the governing board of the Social Issues in Management Division (SIM) of the Academy of Management. Prior to entering academe, Dr. Buchholtz's work focused on the educational, vocational, and residential needs of individuals with disabilities. She has worked in a variety of organizations, in both managerial and consultative capacities, and has consulted with numerous public and private firms.

Thomson Learning™

BRIEF CONTENTS

Part 1		
BUSINESS, SOCIETY, and STAKEHOLDERS		1
Chapter 1	The Business and Society Relationship	
Chapter 2	Corporate Citizenship: Social Responsibility, Responsiveness, and Performance	
Chapter 3	The Stakeholder Approach to Business, Society, and Ethics	
Part 2		
STRATEGIC MANAGEMENT for CORPORATE STAKEHOLDER PERFORMANCE		95
Chapter 4	Strategic Management and Public Affairs	
Chapter 5	Issues Management and Crisis Management	
Part 3		
BUSINESS ETHICS and MANAGEMENT		165
Chapter 6	Business Ethics Fundamentals	
Chapter 7	Personal and Organizational Ethics	
Chapter 8	Business Ethics and Technology	
Chapter 9	Ethical Issues in the Global Arena	
Part 4		
EXTERNAL STAKEHOLDER ISSUES		333
Chapter 10	Business, Government, and Regulation	
Chapter 11	Business Influence on Government and Public Policy	
Chapter 12	Consumer Stakeholders: Information Issues and Responses	
Chapter 13	Consumer Stakeholders: Product and Service Issues	
Chapter 14	The Natural Environment as Stakeholder	
Chapter 15	Business and Community Stakeholders	
Part 5		
INTERNAL STAKEHOLDER ISSUES		505
Chapter 16	Employee Stakeholders and Workplace Issues	
Chapter 17	Employee Stakeholders: Privacy, Safety, and Health	
Chapter 18	Employment Discrimination and Affirmative Action	
Chapter 19	Owner Stakeholders and Corporate Governance	

Thomson Learning™

CONTENTS

PREFACE	iii
ABOUT THE AUTHORS	viii
Part I	
BUSINESS, SOCIETY, and STAKEHOLDERS	1
Chapter 1	
THE BUSINESS AND SOCIETY RELATIONSHIP	3
Business and Society	5
Society as the Macroenvironment	6
Our Pluralistic Society	7
Our Special-Interest Society	8
Business Criticism and Corporate Response	9
Focus of the Book	21
Structure of the Book	23
<i>Summary</i>	25
<i>Key Terms</i>	26
<i>Discussion Questions</i>	26
<i>Recommended Cases</i>	26
<i>Web Resources</i>	27
<i>Endnotes</i>	27
Chapter 2	
CORPORATE CITIZENSHIP: SOCIAL RESPONSIBILITY, RESPONSIVENESS, AND PERFORMANCE	29
The Corporate Social Responsibility Concept	30
Arguments Against and For Corporate Social Responsibility	41
Corporate Social Responsiveness	45
Corporate Social Performance	47
Business's Interest in Corporate Social Performance	50
Corporate Citizenship	54
Social Performance and Financial Performance	55
Socially Responsible or Ethical Investing	58
<i>Summary</i>	60
<i>Key Terms</i>	61
<i>Discussion Questions</i>	61
<i>Recommended Cases</i>	61
<i>Web Resources</i>	62
<i>Endnotes</i>	62

Chapter 3**THE STAKEHOLDER APPROACH TO BUSINESS, SOCIETY, AND ETHICS 65**

- Origins of the Stakeholder Concept 67
- Who Are Business's Stakeholders? 68
- Strategic, Multifiduciary, and Synthesis Views 73
- Three Values of the Stakeholder Model 74
- Key Questions in Stakeholder Management 75
- Effective Stakeholder Management 84
- Stakeholder Management Capability 85
- The Stakeholder Corporation 86
- Stakeholder Power: Four Gates of Engagement 87
- Principles of Stakeholder Management 88
- Strategic Steps Toward Successful Stakeholder Management 88
- Summary* 90
- Key Terms* 90
- Discussion Questions* 91
- Recommended Cases* 91
- Web Resources* 91
- Endnotes* 92

Part 2**STRATEGIC MANAGEMENT for CORPORATE STAKEHOLDER PERFORMANCE 95****Chapter 4****STRATEGIC MANAGEMENT AND PUBLIC AFFAIRS 97**

- The Concept of Corporate Public Policy 98
- Four Key Strategy Levels 100
- The Strategic Management Process 107
- Public Affairs 113
- Public Affairs as a Part of Strategic Management 114
- Evolution of the Corporate Public Affairs Function 114
- Current Perspectives on Corporate Public Affairs 116
- Public Affairs Strategy 122
- Incorporating Public Affairs Thinking into All Managers' Jobs 123
- Summary* 126
- Key Terms* 127
- Discussion Questions* 127
- Recommended Cases* 127
- Web Resources* 128
- Endnotes* 129

Chapter 5**ISSUES MANAGEMENT AND CRISIS MANAGEMENT 133**

- Issues Management 134
- Crisis Management 148
- Summary* 160
- Key Terms* 161
- Discussion Questions* 161

Recommended Cases 161

Web Resources 162

Endnotes 162

Part 3

BUSINESS ETHICS and MANAGEMENT

165

Chapter 6

BUSINESS ETHICS FUNDAMENTALS

167

The Public's Opinion of Business Ethics 172

Business Ethics: What Does It Really Mean?

Ethics, Economics, and Law: A Venn Model 179

Four Important Ethics Questions 180

Three Models of Management Ethics 183

Making Moral Management Actionable 194

Developing Moral Judgment 195

Elements of Moral Judgment 202

Summary 205

Key Terms 205

Discussion Questions 206

Recommended Cases 206

Web Resources 206

Endnotes 207

Chapter 7

PERSONAL AND ORGANIZATIONAL ETHICS

209

Levels at Which Ethics May Be Addressed 210

Personal and Managerial Ethics 213

Managing Organizational Ethics 227

Summary 251

Key Terms 251

Discussion Questions 251

Recommended Cases 252

Web Resources 252

Endnotes 253

Chapter 8

BUSINESS ETHICS AND TECHNOLOGY

257

Technology and the Technological Environment 259

Characteristics of Technology 260

Ethics and Technology 261

Information Technology 264

Biotechnology 275

Summary 285

Key Terms 285

Discussion Questions 285

Recommended Cases 286

Web Resources 286

Endnotes 287

Chapter 9	
ETHICAL ISSUES IN THE GLOBAL ARENA	291
The New, New World of International Business	292
MNCs and the Global Environment	295
Ethical Issues in the Global Business Environment	301
Improving Global Business Ethics	317
<i>Summary</i>	327
<i>Key Terms</i>	327
<i>Discussion Questions</i>	328
<i>Recommended Cases</i>	328
<i>Web Resources</i>	329
<i>Endnotes</i>	330
Part 4	
EXTERNAL STAKEHOLDER ISSUES	333
Chapter 10	
BUSINESS, GOVERNMENT, AND REGULATION	335
A Brief History of Government's Role	336
The Roles of Government and Business	338
Interaction of Business, Government, and the Public	340
Government's Nonregulatory Influence on Business	341
Government's Regulatory Influences on Business	347
Deregulation	355
<i>Summary</i>	358
<i>Key Terms</i>	358
<i>Discussion Questions</i>	359
<i>Recommended Cases</i>	359
<i>Web Resources</i>	359
<i>Endnotes</i>	360
Chapter 11	
BUSINESS INFLUENCE ON GOVERNMENT AND PUBLIC POLICY	363
Corporate Political Participation	364
Coalition Building	372
Political Action Committees	373
<i>Summary</i>	380
<i>Key Terms</i>	380
<i>Discussion Questions</i>	381
<i>Recommended Cases</i>	381
<i>Web Resources</i>	382
<i>Endnotes</i>	382
Chapter 12	
CONSUMER STAKEHOLDERS: INFORMATION ISSUES AND RESPONSES	385
The Consumer Movement	386
Product Information Issues	390
The Federal Trade Commission	404

Self-Regulation in Advertising	407
<i>Summary</i>	409
<i>Key Terms</i>	409
<i>Discussion Questions</i>	409
<i>Recommended Cases</i>	410
<i>Web Resources</i>	410
<i>Endnotes</i>	411

Chapter 13

CONSUMER STAKEHOLDERS: PRODUCT AND SERVICE ISSUES	415
Two Central Issues: Quality and Safety	416
Consumer Product Safety Commission	425
Food and Drug Administration	427
Business's Response to Consumer Stakeholders	430
<i>Summary</i>	433
<i>Key Terms</i>	434
<i>Discussion Questions</i>	434
<i>Recommended Cases</i>	434
<i>Web Resources</i>	435
<i>Endnotes</i>	435

Chapter 14

THE NATURAL ENVIRONMENT AS STAKEHOLDER	439
The Impact of Business upon the Natural Environment	440
Natural Environment Issues	441
Responsibility for Environmental Issues	449
The Role of Governments in Environmental Issues	451
Other Environmental Stakeholders	456
Business Environmentalism	459
The Future of Business: Greening and/or Growing?	466
<i>Summary</i>	467
<i>Key Terms</i>	467
<i>Discussion Questions</i>	468
<i>Recommended Cases</i>	468
<i>Web Resources</i>	468
<i>Endnotes</i>	469

Chapter 15

BUSINESS AND COMMUNITY STAKEHOLDERS	471
Community Involvement	472
Corporate Philanthropy or Business Giving	480
The Loss of Jobs	492
<i>Summary</i>	500
<i>Key Terms</i>	501
<i>Discussion Questions</i>	501
<i>Recommended Cases</i>	501
<i>Web Resources</i>	502
<i>Endnotes</i>	502

Part 5**INTERNAL STAKEHOLDER ISSUES 505****Chapter 16****EMPLOYEE STAKEHOLDERS AND WORKPLACE ISSUES 507**

- The New Social Contract 508
- The Employee Rights Movement 510
- The Right Not to Be Fired Without Cause 513
- The Right to Due Process and Fair Treatment 516
- Freedom of Speech in the Workplace 520
- Summary* 530
- Key Terms* 530
- Discussion Questions* 530
- Recommended Cases* 531
- Web Resources* 531
- Endnotes* 532

Chapter 17**EMPLOYEE STAKEHOLDERS: PRIVACY, SAFETY, AND HEALTH 535**

- Right to Privacy in the Workplace 536
- Workplace Safety 548
- The Right to Health in the Workplace 556
- Summary* 562
- Key Terms* 562
- Discussion Questions* 563
- Recommended Cases* 563
- Web Resources* 563
- Endnotes* 564

Chapter 18**EMPLOYMENT DISCRIMINATION AND AFFIRMATIVE ACTION 567**

- The Civil Rights Movement and Minority Progress 568
- Federal Laws Prohibiting Discrimination 571
- Expanded Meanings of Discrimination 578
- Issues in Employment Discrimination 580
- Affirmative Action in the Workplace 595
- Summary* 600
- Key Terms* 601
- Discussion Questions* 601
- Recommended Cases* 601
- Web Resources* 602
- Endnotes* 602

Chapter 19**OWNER STAKEHOLDERS AND CORPORATE GOVERNANCE 607**

- Legitimacy and Corporate Governance 608
- Improving Corporate Governance 617
- Summary* 626

<i>Key Terms</i>	626
<i>Discussion Questions</i>	627
<i>Recommended Cases</i>	627
<i>Web Resources</i>	628
<i>Endnotes</i>	628

Cases

<i>Case 1</i>	Wal-Mart: The Main Street Merchant of Doom	633
<i>Case 2A</i>	The Body Shop International PLC	641
<i>Case 2B</i>	The Body Shop's Advertising Campaign	644
<i>Case 3A</i>	The Body Shop's Reputation is Tarnished	645
<i>Case 3B</i>	The Body Shop International PLC (1998–2004)	649
<i>Case 4</i>	Facing a Fire	652
<i>Case 5</i>	Martha Stewart: Free Trading or Insider Trading?	652
<i>Case 6</i>	The Case of the Killer Phrases (A)	656
<i>Case 7</i>	To Hire or Not to Hire	658
<i>Case 8</i>	Does Cheating in Golf Predict Cheating in Business?	659
<i>Case 9</i>	The Travel Expense Billing Controversy	660
<i>Case 10</i>	Phantom Expenses	663
<i>Case 11</i>	Family Business	663
<i>Case 12</i>	Just Between Friends: P2P vs. IP	664
<i>Case 13</i>	This Little Piggy: Should the Xeno-Pig Make it to Market?	665
<i>Case 14</i>	Toxic Tacos: The Case of Genetically Modified Foods	667
<i>Case 15</i>	Something's Rotten in Hondo	668
<i>Case 16</i>	Global (In)equality? The Merrill Lynch Sex Bias Case	669
<i>Case 17</i>	Nike, Inc.	670
<i>Case 18</i>	Telephone Deregulation: The Pricing Controversy	676
<i>Case 19</i>	The CALA Report: Lobbying Ethics	677
<i>Case 20</i>	DTC: The Pill Pushing Debate	678
<i>Case 21</i>	When Spirits Collide: Liquor vs. Beer	679
<i>Case 22</i>	The New Tobacco Fight	681
<i>Case 23</i>	Big Pharma's Marketing Tactics	682
<i>Case 24</i>	Firestone and Ford: The Tire Tread Separation Tragedy	685
<i>Case 25</i>	The Coffee Spill Heard 'Round the World	691
<i>Case 26</i>	The Hudson River Cleanup and GE	694
<i>Case 27</i>	Safety? What Safety?	697
<i>Case 28</i>	Little Enough or Too Much?	698
<i>Case 29</i>	The Betaseron® Decision (A)	699
<i>Case 30</i>	A Moral Dilemma: Head Versus Heart	700
<i>Case 31</i>	Wal-Mart and Its Associates: Efficient Operator or Neglectful Employer?	701
<i>Case 32</i>	Dead Peasant Life Insurance: Smart Business or Poor Ethical Practice?	706
<i>Case 33</i>	The Case of the Fired Waitress	708
<i>Case 34</i>	Violence in the Workplace: Who Is To Blame?	709
<i>Case 35</i>	Pizza Redlining: Employee Safety or Discrimination?	710
<i>Case 36</i>	After-Effects of After-Hours Activities: The Case of Peter Oiler	712
<i>Case 37</i>	Is Hiring on the Basis of "Looks" Unfair or Discriminatory?	713
<i>Case 38</i>	When Management Crosses the Line	715

- Case 39* Cracker Barrel Old Country Stores 716
Case 40 The Case of Judy 719
Case 41 Dick Grasso and the NYSE: Is It A Crime To Be Paid Well? 719
Case 42 Social Reform or Self-Interest? 721

ONLINE RESOURCES	723
NAME INDEX	727
SUBJECT INDEX	730

Thomson Learning™