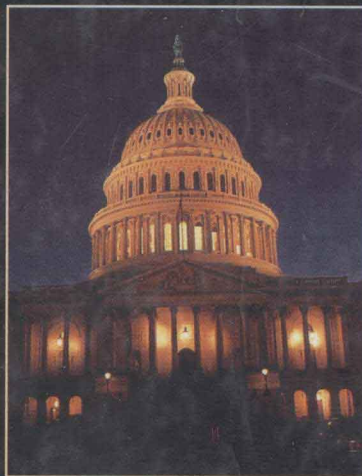
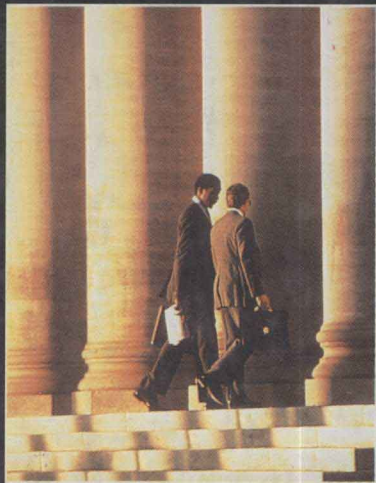

BUSINESS & SOCIETY

Ethics
and Stakeholder
Management

Second Edition



Archie B. Carroll

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Ethics
and Stakeholder
Management

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Archie B. Carroll

Professor of Management
The University of Georgia



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PREFACE

This second edition of *Business & Society: Ethics & Stakeholder Management* is intended for college and university courses that are variously entitled “Business and Society”; “Business and Its Environment”; “Business and Public Policy”; “Social Issues in Business”; “Business, Government, and Society”; or other similar titles. At some institutions, textbooks such as this are used for courses in business ethics. This book is appropriate either for a *required* course in fulfillment of the American Assembly of Collegiate Schools of Business (AACSB) requirement for a coverage of social, ethical, and political influences or for an *elective* course. It is intended primarily for undergraduate courses but could be supplemented with other materials to be appropriate for a graduate course.

COURSE OBJECTIVES OF THIS BOOK

Depending on the place 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 a number of legitimate objectives such as the following:

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

Other relevant objectives might be added to this list.

APPROACH USED IN THIS BOOK

A managerial perspective is embedded within this book’s dual themes of business ethics and stakeholder management. The ethics dimension is essential because it is becoming increasingly clear that ethical or moral considerations are woven into the fabric of the public issues that managements face. Economic and legal issues are inevitably present, too. However, these aspects are typically treated thoroughly in other business administration courses.

The stakeholder management dimension is essential because it requires managers to (1) identify the various groups or individuals who have a stake in the firm or its actions and decisions and (2) incorporate these stakeholders’ concerns

into the firm's strategic plans. Stakeholder management is an approach that increases the likelihood that decision makers will integrate ethical wisdom with management wisdom in all they do.

STRUCTURE OF THIS BOOK

Part 1 of this book provides an introductory coverage of pertinent topics and issues. Since most courses for which this book is intended evolved from the issue of corporate social responsibility, this concept is treated early on. It is documented and discussed how corporate social responsiveness evolved from social responsibility and how these two matured into a concern for corporate social performance. Also appropriate for early coverage is the stakeholder management concept.

Part 2 addresses business ethics specifically. In real life, business ethics cannot be separated from the full range of external and internal stakeholder concerns. For discussion purposes, Part 2 focuses on a number of business ethics fundamentals, personal and organizational ethics, and the all-important global arena. Ethical issues in the international sphere are among the most complex. Though we cannot resolve these issues, an early treatment of them will help to keep them fresh in our minds throughout the study of this book.

External stakeholders are the subject of Part 3. Vital topics here include business's relations with government, consumers, the environment, and the community. Two entirely new chapters on the natural or physical environment have been added for this second edition. The focus of Part 4 is internal stakeholders. Here we consider employees and the related issues of employee rights, employment discrimination, and affirmative action. Owner stakeholders are also treated in Part 4. The theme of corporate governance captures most owner stakeholder concerns.

Part 5 addresses strategic management for social responsiveness. The purpose of this section is to convey management considerations for dealing with the issues developed in the book. A strategic management perspective is vital because these issues have an impact on the total organization and have become all-consuming to 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 5 earlier in their courses. Part 5 could easily be covered after Parts 1 or 2. This option would be most appropriate for those who desire to enhance the strategic management perspective. The book closes out, as many others do, with an epilogue containing a brief summary and glance at where we are headed.

CASE STUDIES

The 37 cases at the end of this book address a wide range of issues and decision situations. Some of them are brief, and some are long. They are all intended to provide the instructor and the students with a real-life context in which to interact with some of the issues and topics discussed throughout the text. The cases were intentionally placed at the end of the text material so that the instructor would

feel freer to use the cases where he or she desired. Fourteen new cases have been added to this second edition. This edition also contains five more cases in total than the first edition.

Many of the cases in this book carry ramifications that spill over into a number of areas. Almost all of them may be used for different chapters. Also provided is a set of guidelines for 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 makes recommendations on which cases to use with each chapter.

THE INSTRUCTOR'S MANUAL

For each chapter in the text, the Instructor's Manual accompanying this edition of *Business & Society: Ethics & Stakeholder Management* contains the following:

1. A complete chapter outline
2. A restatement of chapter objectives
3. Teaching suggestions
4. Suggested answers and text-page references to the chapter discussion questions
5. Objective tests consisting of 20 true-false and 20 multiple-choice questions
6. Suggested responses to end-of-case questions
7. Selected transparency masters from the text

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There are many people to acknowledge for their contributions to and support of this book. First, I would like to express gratitude to the many members of the Social Issues in Management Division of the National Academy of Management. Over the years these individuals have meant a lot to me and helped provide a stimulating environment in which I could intellectually pursue these topics that we have in common. Many of these individuals are cited in this book quite liberally, and I appreciate their work.

Second, I would like to specifically thank the following people who reviewed the first edition and took the time to provide me with helpful critiques. My regret is that I did not have the time to incorporate all their recommendations. Many of their ideas and suggestions have been used for this second edition.

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Archie B. Carroll

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