

# Business and Society

a managerial approach



**Frederick D. Sturdivant**

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Third Edition

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**a managerial approach**

**Frederick D. Sturdivant**

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*The Ohio State University*

1985 ~~Third Edition~~

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To my parents who in their own way sparked an interest in the world beyond the orchards in Sunnyvale, and to t for needing me almost as much as I need her.

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## Preface to the Third Edition

Managers of modern business firms must contend with a variety of challenges and changing expectations. Linked as they are to the various social, political, economic, and technological forces which govern and propel our civilization, managers are faced with demands for better economic performance as well as the expectation that they will behave as good corporate citizens.

A faltering and turbulent economy in the early years of this decade seemed to shift the public agenda sharply in the direction of concern for the competitive capacity of American business. Inflation was rampant, unemployment was massive, a negative balance of payments reached record levels as foreign competitors ate away at the dominance of American firms. And yet, people still cared about the quality of their environment, equal opportunity, worker safety, product quality, financial disclosure, employee privacy, and a host of other issues.

In short, managers were engaged by a range of challenges which argued for broad perspective, imagination, and the capability of responding to the often conflicting but legitimate expectations of a changing society. This book is designed to help the managers of the future to understand these issues and to learn how to deal with them in a systematic and sensible manner.

To the extent that this volume succeeds in achieving these objectives, much of the credit belongs to others. In addition to those mentioned in the

preface to the revised edition, special thanks should be given to Dan Farrell of Western Michigan University, Heidi Vernon Wortzel of Northeastern University, and James E. Stacey of the State University of New York at Binghamton. Each contributed thorough and thoughtful reviews. My associates at Management Analysis Center, especially Eileen Friars and Tom Howe, were very understanding of my need to complete this revision before taking on my new assignment. My secretary, Donna Drees, did most of the hard work. Roy Adler came through with help when it was needed, as he has in the past. Jim Ginter provided the kind of support and encouragement that can only come from an exceptional human who insists on quality and offers friendship in its rarest form.

The treasurers of Vanderbilt, Denison, Roycemore, and Northwestern join me in hoping this edition is well received.

**Frederick D. Sturdivant**  
1985

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## Preface to the Revised Edition

The purpose of this book is to provide students with a thoughtful and systematic treatment of the role of business in American society. As one of the truly central institutions of the Western world, business deserves careful study. . . .

Rather than viewing the interrelationships between business and the broader social-political system from a "mountaintop" perspective, the book reviews issues of direct relevance to managers. The issues are organized into five classifications for purposes of analysis. *Business and Society: A Managerial Approach* thus encourages the student to wrestle with these issues from the point of view of the manager. In this sense, it attempts to bridge the gap that traditionally existed between courses in business and society or business environment and other courses in schools of business.

In short, this book argues that many business policies and practices have social consequences. It is critical, therefore, for the manager or student of business to recognize that this dimension of managing is crucial to the well-being of business and of the broader society as well. This recognition coupled with a systematic approach to dealing with the challenges of consumerism, ecology, and the like can improve corporate performance in these important areas. In so doing, Alfred North Whitehead's view that "a great society is a society in which its men of business think greatly of their function" may be demonstrated.

The first edition of this book took three years to write, and in the preface to that volume, I acknowledged an intellectual indebtedness that originated with my studies under Kenneth Wiggins Porter and Scott D. Walton at the University of Oregon. Clearly, my interest in this field was further stimulated and profoundly influenced by Howard F. Bennett, the late chairman of Business History and Environment at Northwestern, and his close friend and colleague, Harold F. Williamson. Former colleagues at the University of Texas at Austin, principally W T. Tucker, and at the Harvard Business School, such as the late, distinguished scholar Raymond A. Bauer and Dan Fenn, certainly contributed to this book importantly, if indirectly. That same acknowledgment should be extended to Edwin Epstein, S. Prakash Sethi, and George Steiner as distinguished scholars and respected friends.

Over the past four years, others influenced the revision of the book. Most directly, Edgar Crane of the University of Minnesota provided detailed, thoughtful, and highly constructive suggestions for this revision. Other colleagues who plow this broad and fertile field and who through their research, words, and interaction at Academy of Management meetings or Business and Society Initiative Council dialogues contributed to this volume include: Gerald Cavanaugh, William Frederick, Kirk Hanson, Harold Johnson, James Post, and Lee Preston.

The work on the revision was made more difficult by the absence of Larry Robinson and Claudia Hutchinson. The former has launched a highly productive academic career, and the latter is about to do so. My current research associate Carole Macklin helped greatly in tracking down numerous books and articles for the revision. Special mention should be made of Katherine Baughman, a London-based expatriot whose long affiliation with the Corporate Responsibility Centre has kept her abreast of this dynamic topic in both the United States and Europe. Katherine contributed substantially to the chapter on the media. She also offered valuable suggestions on other parts of the book. The balance of the thanks—and it is considerable—goes to Teresa Mobley, who claims she did not do all that much. She knows better.

No one can appropriately blame any of these people for whatever mistakes have been made in the book, but much of the credit for whatever is good should be theirs.

**Frederick D. Sturdivant**  
1981



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## PART ONE

# Managing Social Responsiveness

As one of the major institutions in American society, business is faced with the challenge of meeting both economic and social expectations. The modern manager is faced, therefore, with a wide range of challenges and with the prospect of being overwhelmed by the variety and intensity of conflicting demands. Part One is designed to provide the reader with an understanding of the linkage between business and its environment and the processes by which managers may deal systematically and effectively with managing the social responsiveness of their firms. The reader is introduced to the process of strategy formulation and implementation as it applies to managing social responsiveness. A key tool, known as the Social Assessment System, is developed as an essential element in this process.