# Business and Its Environment

John L. Hysom

George Mason University

William J. Bolce

George Mason University

TECHNISCHE HOCHSCHULE DARMSTADT Fachbereich 1

<u>Gesamtbibliothek</u> Betriebswirtschaftslehre

Inventor-Nr.: 35.573

Abstell-Nr. : A 12/1235

Sachgebiete:....

WEST PUBLISHING COMPANY

St. Paul New York Los Angeles San Francisco

## **CONTENTS**

PREFACE	xiii
INLIACE	AIII

# part 1

## **The Corporation in Society**

### CHAPTER 1

#### INTRODUCTION: SOCIAL CHANGE AND BUSINESS MANAGEMENT

Changes in Business Responsibility 3
Strengthening the Management of Social Performance 6
Theoretical Framework of the Book 11

#### **CHAPTER 2**

#### NEW DIMENSIONS OF BUSINESS RESPONSIBILITY 14

Did Social Responsibility Die? 15

The Emergence of Corporate Social Responsibility 16

Society's Changing Values and Influence on Business Roles 20

New Directions for Social Responsibility 24

Putting Big Business on Trial: The Case of the Corporate 'Crimes' 2

PART 2

## **Corporate Commitment to Social Values**

#### **CHAPTER 3**

## CLARIFYING AND DEVELOPING CORPORATE SOCIAL RESPONSIBILITY: AUDITS, ACCOUNTING, AND INDICATORS 36

35

Learning with Social Audits 37

Explaining Social Responsibility 38

Developing Corporate Social Responsiveness 42

2

1

Social Audits External Review of the Corporation 50 Social Accounting

Use of Social Indicators

The Case of the Corporate Challenge: The Legitimacy of Corporate Social

Responsibility

#### **CHAPTER 4** SOCIAL RESPONSIVENESS IN COMPANY OPERATIONS: INSTITUTIONALIZATION 62

The Built-In Social Commitment 63 Institutionalized Social Action Management of Socially Sensitive Operations 67 The Case of the Postponed Payoff

#### **CHAPTER 5** BUSINESS SENSING OF SOCIAL CHANGE: PLANNING, FORECASTING, AND ISSUES MANAGEMENT 76

What Lies Ahead Is Important Now Strategic Planning and Social Performance 78 **Public Issues Management** Forecasting for Social Performance **Public Policy Forecasting** The Board of Directors and Socially Related Activities

99 The Case of the Company's Public Policy Posture

#### **CHAPTER 6 ETHICS, BUSINESS, AND SOCIETY** 106

Legality and the Big Lie 107 What Is Ethics? 108 Breakdown of Business Ethical Standards 109 Breakdown of Ethical Standards in Society 111 **Shoring Up Corporate Ethics Ethics Training Programs Business Codes of Behavior** 120 The Case of the Mysterious Malfunction 125 Appendix—Weyerhaeuser's Reputation: A Shared Responsibility

#### **CHAPTER 7** RESPONSIBLE BUSINESS COMMUNICATIONS 138

United Airlines Takes a Flight into Silence **Corporate Communications Problems** Corporate Initiatives to Improve Communications 147 Other Corporate Communications Issues The Case of the Battered Banker

## PART 3

### **Direct Constituencies of Business** 161

#### CHAPTER 8 THE SHAREHOLDER 162

Fighting Back: Marathon Fends Off Mobil 163

Exercising Shareholder Rights 164

Management's Changing Perspective 166

Shareholder Protection: The Securities and Exchange Commission (SEC) 170 The Corporation and Majority Shareholders: Protecting Their Common

Interests 173

Mergers and Acquisitions 176

The Case of the Unwanted Union: American Express Left Without It 183

#### CHAPTER 9 THE EMPLOYEE 186

The Growing Value of Those Fringe Benefits 187

Changing Employee Perspectives 188

Employment, Training, and Advancement 195

Employee Welfare 198

Employee Benefits 201

Other Employee Welfare Programs 203
The Case of the Poor Productivity 207

#### CHAPTER 10 WOMEN AT WORK 210

9-to-5 Sex 211

The Subtle Revolution 213 Historical Perspective 216

Women and Work 218

Patterns of Job Discrimination 222

Battling Job Discrimination 229

The Case of the Exceptional Executive 231

#### CHAPTER 11 CONSUMERS AND SUPPLIERS 234

The Consumer Movement 236

Shifts in Consumerism 242

Redeeming a 'Pile of Junk'!

Key Consumer Concerns for Managers 246

235

Relationships with Suppliers 260

The Case of the Responsible Recall 262

#### CHAPTER 12 BUSINESS COMMUNITY INVOLVEMENT 266

Early Voluntary Efforts 267

Corporate Volunteers 268

Investment in the Community 275

Government Effectiveness 281

The Case of the Old-Fashioned Firm 284



## Government and Public Constituencies of Business 287

#### CHAPTER 13 GOVERNMENT REGULATION OF BUSINESS 288

The Robber Barons 289

Background 291

Evolution of Government Regulation 297

Economic Regulation of Natural Monopolies 299

Government Social Regulation 301

Antitrust Policies and Enforcement 304

The Case of the Cost-Conscious Companies 308

#### CHAPTER 14 DEREGULATION AND REGULATORY REFORM 312

Overregulation? Public Finds Agencies Not Guilty 313
The Deregulation Movement 314
Obstacles to Deregulation 318
Deregulation Results Unclear 319
The Case of the Reluctant Regulatory Reformers 323

#### CHAPTER 15 BUSINESS-GOVERNMENT RELATIONS 326

How a Lobbyist Group Won Business Tax Cut Corporate Political Involvement 328

Contemporary Corporate Political Activities 333

Lobbying and Special Interest Groups 336

The Case of the Toy Company Tragedy 341

#### CHAPTER 16 BUSINESS AND POLITICAL ACTION: WINNING ELECTIONS 344

PAC-ing the House 345
Campaign Finance 346
Political Action Committees (PACs) 350
Rapid Growth of Business PACs 354
Assessing the Meaning of PACs 360
The Case of the Political Action Plan 367

#### CHAPTER 17 INTERNATIONAL BUSINESS: THE MULTINATIONAL CORPORATION 370

Multinationals Worry as Countries Regulate Data Crossing Borders 371

What Is an MNC? 373

Major Sources of Conflict 375

Respect for Overseas Cultural, Economic, and Political Values 376

Respect for Human Rights Abroad 381

The Troubled Multinational Corporation 384

The Case of the Baby Food Boycott 391

#### CHAPTER 18 TECHNOLOGY AND RESOURCES FOR AMERICA'S FUTURE 398

It's Bio-Logic: Gene Revolution Explains Awesome Intricacies of Nature 399

The Technology Challenge 401
Areas of Advancement 403
Industry and Resources 407

The Case of the Moon Landing Myth 416

### CHAPTER 19 ENVIRONMENTAL QUALITY AND BUSINESS 420

EPA's Hunt Under Way for Midnight Dumpers 423

Chemical Threats to the Environment 422

Controlling the Environment 426

Environmental Legislation 428

Voluntary Action to Aid Environmental Quality 435

Contributing to Environmental Quality 438

The Case of the Nuclear Nightmare 441

## part 5

## **Business, Society, and the Future**

## CHAPTER 20 BUSINESS AND SOCIETY: TOWARD THE TWENTY-FIRST CENTURY 448

Business is Bound to Change: An Advocacy Ad by Mobil Corp. 449

447

Forces and Trends 451

Social and Political Issues 452

Leading Industries of the 1980s 454

Preparation for the Twenty-First Century 456

#### APPENDIX THE FEDERAL PRESENCE: A LOOK AT GOVERNMENT 460

The Legislative Branch 461

Independent Regulatory Agencies 464

The President's Cabinet 472

#### INDEX 487