

Preface

This twelfth edition continues a long effort to tell the story of how forces in business, government, and society shape our world. As always, since the last edition, a stream of events has dictated the need for wide, and sometimes deep, revision. Accordingly, we have updated every chapter to include new ideas, laws, personalities, and publications.

While current events move rapidly over the surface of our subject matter, the underlying principles and relationships at its core lie undisturbed. As in every edition, we adapt to the flow of ephemera, but we also continue the work of building insight into the basic nature of the discipline. So, while current events will play havoc with the look of this edition, we believe that discussions about the plain nature of business, government, and society interrelationships are stronger and will endure longer than in our previous volumes.

We carry on our effort to give more prominence to global and comparative aspects of the subject matter. More than in previous editions we focus on business activities, ideas, and civil society networks that span borders. Although we emphasize current events, we continue to provide historical background. Often, what is fresh in our memory is but the periodic display of an enduring phenomenon. We explain the ancient origins of the tension between wealth and virtue, discuss how great industries shaped nations, and study personalities from the past who have left a lasting imprint.

With this edition we also continue a strong and spirited collaboration between father and son extending now over 30 years.

THE CHAPTERS

The new edition brings many changes. Key updates and additions in the chapters include these.

- Chapter 4, “Critics of Business,” contains a new section on the globalization of critics, which discusses progressive civil society, neoliberalism, and the global justice movement.
- Chapter 5, “Corporate Social Responsibility,” is revised extensively to incorporate international developments, specifically, the rise of new global norms, civil regulation, soft law, and multistakeholder initiatives. This reflects rapid evolution in the practice of corporate social responsibility.
- Chapter 6, “Implementing Corporate Social Responsibility,” now focuses more on management processes for carrying out responsibility strategies. It introduces a new model of implementation. It also discusses new market-driven styles of philanthropy.
- Chapter 7, “Business Ethics,” updates students on the executive fraud prosecutions from turn-of-the-century scandals. It includes a new, extended discussion about the ethical dimensions of corporate culture.

- Chapter 9, “Business in Politics,” now explains how business continues to dominate the political arena following the Abramoff scandals and recent reforms designed to limit both corporate lobbyists and corporate political donations.
- Chapter 10, “Regulating of Business,” is a new chapter that replaces two chapters in previous editions. It covers how regulation works, how it affects corporations, its costs and benefits, and its use in other nations.
- Chapter 11, “Multinational Corporations,” is a fundamentally new chapter about the impact of MNCs in global markets, particularly in emerging economies, and the international codes intended to regulate their activities. It contains short case stories about Weatherford International, Drummond Company, and Wal-Mart and Mattel.
- Chapters 13 and 14, the two chapters on business and the environment, are revised to report advances in scientific understanding. There are new discussions of ecosystems and carbon markets.
- Chapter 18, “Corporate Governance,” is rewritten to better explain evolving relationships of share owners, boards of directors, and management. It contains a new discussion of backdating and a more detailed analysis of executive compensation practices.

THE CASE STUDIES

Every chapter, except Chapter 1, concludes with a case study. The cases illustrate one or more central themes in the chapter. Three new cases are added to this twelfth edition.

- “David and Goliath at the WTO” tells how the tiny island nation of Antigua and Barbuda challenged the United States in the World Trade Organization. It hosts offshore Internet gambling businesses and argued that U.S. laws prohibiting most Internet gambling were an unfair trade barrier.
- “Harvesting Risk” is the story of a pesticide manufacturer in Los Angeles with a distinctive strategy. It buys the rights to older and more dangerous pesticides from big agrichemical companies that have moved on to more advanced, safer products. Then it makes big profits selling them in niche markets where they are still legal.
- “High Noon at Hewlett-Packard” takes readers into a boardroom power struggle over the proper role of directors. It invites discussion of the pretexting scandal and the downfalls of CEO Carly Fiorina and Chairman Patricia Dunn.

CHAPTER-OPENING STORIES

As in past editions, we begin each chapter with a true story about a company, a biographical figure, or a government action. Seven new stories appear in this edition.

- “The Bill & Melinda Gates Foundation.” The Gates Foundation endowment is larger than the GDPs of 112 countries, but the problems it confronts are large too. Can the genius behind Microsoft make a dent in them?

- “Today’s verdict is a triumph of our legal system . . .” Of all the executives put on trial in the corporate fraud scandals, Bernard Ebbers at WorldCom got the longest sentence—25 years—a retribution exceeding that given to mafia hit men and ordinary murders. Were his crimes that bad?
- “The Abramoff Scandals.” This story unfolds the scandal in the stories of four men it consumed—Jack Abramoff and Representatives Tom DeLay (R-Tex.), Bob Ney (R-Ohio), and Randy “Duke” Cunningham (R-Calif.).
- “Annals of Regulation: The FCC and CBS.” After exposure of Janet Jackson’s breast in Super Bowl XXXVIII, the Federal Communications Commission gave CBS the maximum fine permitted by law for broadcast indecency. The story describes how the agency acted and raises the question of the fine’s fairness.
- “The Commerce Railyards.” Diesel exhaust from a complex of four railyards raises cancer risks for the population of Los Angeles. The story explains those risks and illustrates the small, unseen dangers of industrial pollution.
- “The Employment Non-Discrimination Act of 2007.” For the first time, the House of Representatives passed a bill to give gays, lesbians, and bisexuals the same employment rights that other Americans were given in the Civil Rights Act of 1964. The bill has not yet become law. Should it?
- “Backdating with Dr. McGuire.” Remarkably, Dr. William McGuire, the CEO of UnitedHealth Group, always seemed to receive option grants on days when his company’s stock price hit quarterly and yearly lows. When a study published in *The Wall Street Journal* put the odds against picking these dates by chance at one in 200 million, forces were set in motion that ended Dr. McGuire’s career.

SUPPORT MATERIALS FOR INSTRUCTORS

The *Online Learning Center*, at www.mhhe.com/steiner12e, includes sample course outlines, chapter objectives, case study teaching notes with answers to the case questions, term paper topics for each text chapter, and a test bank covering chapters and case studies, including multiple-choice, true/false, fill-in, and essay questions.

A set of *PowerPoint®slides* highlighting chapter topics is available for use in classroom lectures.

A *Computerized Test Bank* contains all the questions in the print test bank. It is a powerful system that allows tests to be prepared quickly and easily. Instructors can view questions as they are selected for a test; scramble questions and answers; add, delete, and edit questions; create multiple test versions; and view and save tests.

An *Online Learning Center* also features resources for both instructors and students. The site offers downloadable supplements for instructors, and interactive exercises and self-quizzes designed to enhance student understanding of text material. Go to www.mhhe.com/steiner12e.