

DETAILED CONTENTS

List of figures	xvii
List of boxes	xx
Guide to the book	xxii
How to use the online resource centre	xxiv
Preface to the third edition	xxvi
Acknowledgements	xxvii

PART A

Understanding Business Ethics

1 Introducing Business Ethics

What is business ethics?	4
Business ethics and the law	5
Defining morality, ethics, and ethical theory	8
Why is business ethics important?	9
Business ethics in different organizational contexts	15
Globalization: a key context for business ethics?	17
What is globalization?	18
Globalization and business ethics: a new global space to manage	20
Globalization and business ethics: new local challenges to address	24
International variety in approaches to business ethics	25
Sources of difference between different regions globally	29
Globalization and the assimilation of different global regions	30
Sustainability: a key goal for business ethics?	31
The triple bottom line	34
Environmental perspectives	34
Economic perspectives	35
Social perspectives	35
Implications of sustainability for business ethics	37
Summary	37
STUDY QUESTIONS	38
RESEARCH EXERCISE	38
KEY READINGS	38
CASE 1: MCETHICS IN EUROPE AND ASIA: SHOULD MCDONALD'S EXTEND ITS RESPONSE TO ETHICAL CRITICISM IN EUROPE?	39

2 Framing Business Ethics**45****CORPORATE RESPONSIBILITY, STAKEHOLDERS, AND CITIZENSHIP**

Towards a framework for business ethics	46
What is a corporation?	46
Key features of a corporation	46
Can a corporation have social responsibilities?	47
Can a corporation be morally responsible for its actions?	48
Corporate social responsibility	51
Why do corporations have social responsibilities?	51
What is the nature of corporate social responsibilities?	53
CSR in an international context	55
CSR and strategy—corporate social responsiveness	57
Outcomes of CSR: corporate social performance	60
Stakeholder theory of the firm	61
Why stakeholders matter	62
A new role for management	64
Stakeholder thinking in an international context	65
Different forms of stakeholder theory	66
Corporate accountability—the firm as a political actor	67
Governmental failure: 'risk society' and the institutional failure of politics	67
Why do governments fail?	68
Corporate power on the rise	69
The problem of democratic accountability	70
Corporate citizenship	73
Defining corporate citizenship: three perspectives	73
Limited view of CC	75
Equivalent view of CC	76
An extended view of CC	76
Assessing corporate citizenship as a framework for business ethics	79
Summary	82
STUDY QUESTIONS	84
RESEARCH EXERCISE	84
KEY READINGS	84
CASE 2: THE BUSINESS OF WATER	85

3 Evaluating Business Ethics**91****NORMATIVE ETHICAL THEORIES**

Introduction	92
The role of ethical theory	92
Normative ethical theories: North-American and European origins and differences	94

Western modernist ethical theories	97
Consequentialist theories	98
Non-consequentialist theories	104
Limits of Western modernist theories	116
Alternative perspectives on ethical theory	118
Ethical approaches based on character and integrity	118
Ethical approaches based on relationships and responsibility	119
Ethical approaches based on procedures of norm generation	121
Ethical approaches based on empathy and moral impulse	123
Summary: towards a pragmatic use of ethical theory	127
STUDY QUESTIONS	131
RESEARCH EXERCISE	132
KEY READINGS	132
CASE 3: BRITISH PETROLEUM AND THE BTC PIPELINE: TURKISH DELIGHT OR RUSSIAN ROULETTE?	133

4 Making Decisions in Business Ethics

139

DESCRIPTIVE ETHICAL THEORIES

Introduction	140
What is an ethical decision?	141
Models of ethical decision-making	142
Stages in ethical decision-making	142
Relationship with normative theory	143
Influences on ethical decision-making	144
Limitations of ethical decision-making models	147
International perspectives on ethical decision-making	147
Individual influences on ethical decision-making	148
Age and gender	149
National and cultural characteristics	150
Education and employment	152
Psychological factors	152
Personal values	156
Personal integrity	157
Moral imagination	159
Situational influences on decision-making	160
Issue-related factors	164
Context-related factors	167
Summary	176
STUDY QUESTIONS	176
RESEARCH EXERCISE	177
KEY READINGS	177
CASE 4: SIEMENS: JUST BREAKING THE ELEVENTH COMMANDMENT?	177

5 Managing Business Ethics **183**

TOOLS AND TECHNIQUES OF BUSINESS ETHICS MANAGEMENT

Introduction	184
What is business ethics management?	184
Components of business ethics management	185
Mission or values statements	185
Evolution of business ethics management	189
Setting standards of ethical behaviour: designing and implementing codes of ethics	191
Prevalence of codes of ethics	192
Content of codes of ethics	193
Effectiveness of codes of ethics	196
Global codes of ethics	199
Managing stakeholder relations	201
Assessing stakeholder importance: an instrumental perspective	202
Types of stakeholder relationship	203
Problems with stakeholder collaboration	206
Assessing ethical performance	211
Defining social accounting	212
Why do organizations engage in social accounting?	214
What makes for 'good' social accounting?	215
Organizing for business ethics management	217
Formal ethics programmes	219
Informal ethics management: ethical culture and climate	221
Business ethics and leadership	222
Summary	224
STUDY QUESTIONS	225
RESEARCH EXERCISE	226
KEY READINGS	226
CASE 5: MANAGING THE ETHICS OF INTERNET CENSORSHIP: WHERE NEXT FOR THE GLOBAL NETWORK INITIATIVE?	226

PART B

Contextualizing Business Ethics

The Corporate Citizen and its Stakeholders

6 Shareholders and Business Ethics **235**

Introduction: reassessing the importance of shareholders as stakeholders	236
Shareholders as stakeholders: understanding corporate governance	237

Corporate governance: a principal-agent relation	239
Shareholders' relations with other stakeholders: different frameworks of corporate governance globally	240
Ethical issues in corporate governance	244
Executive accountability and control	245
Executive remuneration	247
Ethical aspects of mergers and acquisitions	249
The role of financial markets and insider trading	250
The role of financial professionals and market intermediaries	253
The ethics of private equity and hedge funds	256
Shareholders and globalization	257
Reforming corporate governance around the globe	260
Shareholders as citizens of the corporation	262
Shareholder democracy	262
Shareholder activism	265
Socially responsible investment (SRI)	267
Shareholding for sustainability	272
The Dow Jones Sustainability Group Index	272
Rethinking sustainable corporate ownership: alternative models of ownership?	276
Summary	279
STUDY QUESTIONS	280
RESEARCH EXERCISE	280
KEY READINGS	281
CASE 6: CORPORATE GOVERNANCE OF PROFESSIONAL FOOTBALL CLUBS: FOR PROFIT OR FOR GLORY?	281

7 Employees and Business Ethics **287**

Introduction	288
Employees as stakeholders	289
Ethical issues in the firm-employee relation	290
Management of human 'resources'—an ethical problem between rights and duties	290
Discrimination	294
Employee privacy	303
Due process and lay-offs	307
Employee participation and association	310
Working conditions	313
Work-life balance	314
Fair wages	316
Freedom of conscience and freedom of speech in the workplace	318
The right to work	318
Relevant duties of employees in a business context	319

Employing people worldwide: the ethical challenges of globalization	320
National culture and moral values	321
The 'race to the bottom'	322
Migrant labour and illegal immigration	323
The corporate citizen and employee relations	327
Towards sustainable employment	328
Re-humanized workplaces	329
Wider employment	330
Green jobs	331
Summary	331
STUDY QUESTIONS	332
RESEARCH EXERCISE	333
KEY READINGS	333
CASE 7: UZBEK COTTON: A NEW SPIN ON CHILD LABOUR IN THE CLOTHING INDUSTRY?	333

8 Consumers and Business Ethics 339

Introduction	340
Consumers as stakeholders	341
The limits of <i>caveat emptor</i>	342
Ethical issues, marketing, and the consumer	344
Ethical issues in marketing management	344
Ethical issues in marketing strategy	359
Globalization and consumers: the ethical challenges of the global marketplace	364
Different standards of consumer protection	365
Exporting consumerism and cultural homogenization	365
The role of markets in addressing poverty and development	367
Consumers and corporate citizenship: consumer sovereignty and the politics of purchasing	368
Consumer sovereignty	368
Ethical consumption	369
Sustainable consumption	374
What is sustainable consumption?	375
The challenge of sustainable consumption	375
Steps towards sustainable consumption	376
Summary	381
STUDY QUESTIONS	382
RESEARCH EXERCISE	382
KEY READINGS	382
CASE 8: TARGETING THE POOR WITH MICROFINANCE: HYPE OR HOPE FOR POVERTY REDUCTION?	383

9 Suppliers, Competitors, and Business Ethics	389
--	------------

Introduction	390
Suppliers and competitors as stakeholders	391
Suppliers as stakeholders	391
Competitors as stakeholders	391
Ethical issues and suppliers	393
Misuse of power	394
The question of loyalty	396
Preferential treatment	397
Conflicts of interest	401
Gifts, bribes, and hospitality	401
Ethics in negotiation	404
Ethical issues and competitors	405
Problems of overly aggressive competition	406
'Dirty tricks'	409
Problems of insufficient competition	410
Globalization, suppliers, and competitors: the ethical challenges of global business networks	411
Different ways of doing business	412
Impacts on indigenous businesses	415
Differing labour and environmental standards	416
Extended chain of responsibility	417
The corporate citizen in the business community: ethical sourcing and fair trade	419
Ethical sourcing	419
Ethical sourcing as business–business regulation	420
Strategies of business–business regulation	422
Fair trade	423
Sustainability and business relationships: towards industrial ecosystems?	426
Sustaining the supply chain	426
Turning supply chains into supply loops	427
Industrial ecosystems	430
Summary	431
STUDY QUESTIONS	432
RESEARCH EXERCISE	433
KEY READINGS	433
CASE 9: FAIR ENOUGH? BIG BUSINESS EMBRACES FAIR TRADE	434

10 Civil Society and Business Ethics	439
---	------------

Introduction: what is civil society?	440
Civil society organizations as stakeholders	443

Ethical issues and CSOs	447
Recognizing CSO stakes	447
CSO tactics	451
Boycotts	457
CSO accountability	461
Globalization and civil society organizations	464
Engagement with overseas CSOs	464
Global issues and causes	465
Globalization of CSOs	467
Corporate citizenship and civil society: charity, collaboration, enterprise, or regulation?	468
Charity and community involvement	468
Business-CSO collaboration	470
Social enterprise	474
Civil regulation	476
Civil society, business, and sustainability	481
Balancing competing interests	482
Fostering participation and democracy	483
Sustaining civil society	484
Summary	485
STUDY QUESTIONS	485
RESEARCH EXERCISE	486
KEY READINGS	486
CASE 10: FROM CONFLICT TO COLLABORATION? GREENPEACE'S GREENFREEZE CAMPAIGN	486

11 Government Regulation and Business Ethics 491

Introduction	492
Government as a stakeholder	492
Defining government, laws, and regulation	492
Basic roles of government as a stakeholder	494
Government as a representative of citizens' interests	495
Government as an actor (or group of actors) with interests of its own	497
Ethical issues in the relation between business and government	498
Identifying the basic problems and issues: legitimacy, accountability, and modes of influence	498
Lobbying	503
Party financing	506
Overlap of posts between business and government: individual conflicts of interest	508
Corruption of governmental actors by business	509
Ethical issues in the context of privatization and deregulation	511

Globalization and business–government relations	516
From the national to the global context	516
Shifting roles for business and government in a global context	518
Business as an actor within the national context (Westphalian setting)	519
Business as an actor within the national context of authoritarian/ oppressive regimes	521
Business as an actor in the global context (post-Westphalian setting)	522
Business–government relations in international trade regimes	523
Corporate citizenship and regulation: business as key player in the regulatory game	523
Governments as regulators (segment 1)	527
Self-regulation by business (segment 2)	527
Regulation involving business, governmental actors, and CSOs (segments 3, 4, and 5)	529
Governments, business, and sustainability	531
Global climate change legislation and business responses: support versus obstruction	535
Achieving sustainability: securing the global supply of food and water	536
Summary	537
STUDY QUESTIONS	538
RESEARCH EXERCISE	538
KEY READINGS	538
CASE 11: DISPENSING ‘THE LESS ORTHODOX INDUCEMENTS’—BAE SYSTEMS AND THE GLOBAL DEFENCE INDUSTRY	539

12 Conclusions and Future Perspectives	545
---	------------

Introduction	546
The nature and scope of business ethics	546
Globalization as a context for business ethics	547
Sustainability as a goal for business ethics	547
Corporate citizenship and business ethics	548
The contribution of normative ethical theories to business ethics	550
Influences on ethical decision-making	550
The role of management tools in business ethics	551
The role of different stakeholder constituencies in business ethics	552
Trade-offs and conflicts between different stakeholder groups	553
Summary	554

STUDY QUESTIONS	555
RESEARCH EXERCISE	555
KEY READINGS	556

References	557
Subject Index	583
Authors Index	602
Countries and Regions Index	608
Companies, Organizations, and Brands Index	610