Ethics and the Conduct of Business

Eighth Edition

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Preface

The eighth edition of Ethics and the Conduct of Business has reached two significant milestones. The first achievement, which is obvious to anyone reading these words, is the transition to digital media. Through Pearson’s online platform REVEL, this text offers not only a new mobile reading experience—on computers, tablets, and even smartphones—but also a new approach to learning, with many interactive features, videos, quizzes, and other educational tools. REVEL creates a new frontier in education for both students and instructors. It is exciting for us, as authors, to be pioneer participants in this promising and innovative endeavor.

Users of previous editions will also note the appearance of a coauthor, Jeffery D. Smith. His collaboration in the eighth edition not only brings a fresh perspective to what is now a joint venture but also prepares for the future of this classic text, which first appeared more than 20 years ago. Under Jeffery’s guidance, Ethics and the Conduct of Business will hopefully continue to remain current and relevant through many new editions.

The eight editions of Ethics and the Conduct of Business have followed the development of the field of business ethics, which has grown in recent decades into an interdisciplinary area of study that has found a secure niche in both liberal arts and business education. Credit for this development belongs to many individuals—both philosophers and business scholars—who have succeeded in relating ethical theory to the various problems of ethics that arise in business. They have shown not only that business is a fruitful subject for philosophical exploration but also that future managers in the world of business can benefit from the results.

Ethics and the Conduct of Business, eighth edition, is a comprehensive and up-to-date discussion of the most prominent issues in the field of business ethics and the major positions and arguments on these issues. It is intended to be used as a text in business ethics courses on either the undergraduate or M.B.A. level. The substantial number of cases included provides ample opportunity for a case-study approach or a combined lecture–discussion format. There has been no attempt to develop a distinctive ethical system or to argue for specific conclusions. The field of business ethics is marked by reasonable disagreement that should be reflected in any good text for a course.

The focus of Ethics and the Conduct of Business is primarily on ethical issues that corporate decision makers face in developing policies about employees, customers, investors, and the general public. The positions on these issues and the arguments for them are taken from a wide variety of sources, including economics and the law. The study of ethical issues in business is not confined to a single academic discipline or even to the academic world. The issues selected for discussion are widely debated by legislators, judges, government regulators, business leaders, journalists, and, indeed, virtually everyone with an interest in business.

An underlying assumption of this course is that ethical theory is essential for a full understanding of the positions and arguments offered on the main issues in business ethics. Fortunately, the amount of theory needed is relatively small, and much of the discussion of these issues can be understood apart from the theoretical foundation provided here. The text also contains a substantial amount of legal material, not only because the law addresses many ethical issues but also because management decision making must take account of the relevant law. Many examples are used throughout the text in order to explain points and show the relevance of the discussion to real-life business practice.

New to the Edition

Preparation of the eighth edition of Ethics and the Conduct of Business has provided an opportunity to incorporate new developments and to increase its value in the classroom. The major changes from the previous edition are as follows:

- Chapter 5 on business information has been expanded to provide greater coverage on confidential information and the duty of confidentiality.
- Chapter 6 on privacy has been expanded to include more on the protection of both employee and consumer privacy against intrusions, especially from advances in technology.
- The section on product safety has been moved from Chapter 10 on marketing and advertising to the coverage of worker health and safety in Chapter 9. This change has allowed expanded treatment in Chapter 10 of emerging issues in marketing and advertising, especially those related to the use of social media and data analysis, which have been facilitated by the Internet.
- Chapter 12 on corporate social responsibility includes a new section on the recent development of for-profit businesses, known as social enterprises, which operate with a mission to deliver vital social services.
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- The Chapter 13 section on corporate governance has been completely rewritten for greater clarity and coherence.
- The eighth edition contains 58 short cases, including 12 new ones on such subjects as a falsified résumé at Yahoo, conflict of interest at Goldman Sachs, a firing at Google for blogging, profiling of Internet visitors by a major bank, variable pricing strategies in grocery stores, Herbalife’s unusual multilevel marketing scheme, Coca-Cola’s water use in India, and bribery by Walmart executives in Mexico.

Acknowledgments

I, John Boatright, am grateful for the support of Loyola University Chicago and especially the Quinlan School of Business. I have benefited from the resources of the Raymond C. Baumhart, S.J., Chair in Business Ethics, which was created to honor a former president of Loyola University Chicago, who was also a pioneer in the field of business ethics. To Ray Baumhart I owe a special debt of gratitude. I am grateful as well to Jeffery Smith for graciously accepting my offer to become a coauthor of this edition and my ultimate successor in the preparation of future editions. Finally, my deepest expression of appreciation goes to my wife, Claudia, whose affection, patience, and support have been essential for the preparation of the eighth edition, as they were for the ones previous.

It goes without saying that I, Jeffery Smith, am excited to work with John Boatright on this important project and appreciate his generous offer to continue our collaboration on future editions. I hope to maintain the clarity, depth, and even-handedness that have made earlier editions so valuable to students and instructors. For over a decade, I have benefited from the support of the Banta Center for Business, Ethics and Society and my colleagues at the University of Redlands. For everyone there I am grateful. My thanks also go to DePauw University’s Prindle Institute for Ethics for hosting me as the Nancy Schaenen Visiting Scholar while portions of the eighth edition were written. And I also owe so much to my lovely wife, Rita, who provides support when I need it most and continues to keep me grounded.

John R. Boatright
Jeffery D. Smith

I, John Boatright, would like to express my gratitude for permission to use material from the following sources:


About the Authors

John R. Boatright is the Raymond C. Baumhart, S.J., Professor of Business Ethics in the Quinlan School of Business at Loyola University Chicago. He has served as the Executive Director of the Society for Business Ethics, and is a past president of the Society. He was recognized by the Society in 2012 for a “Career of Outstanding Service to the Field of Business Ethics.” He is the author of the book Ethics in Finance, and has edited Finance Ethics: Critical Issues in Theory and Practice. He serves on the editorial boards of Business Ethics Quarterly, Journal of Business Ethics, and Business and Society Review. He received his Ph.D. in philosophy from the University of Chicago.

Jeffery D. Smith is the Boeing Frank Shrontz Chair of Professional Ethics and Professor of Management in the Albers School of Business and Economics at Seattle University, teaching ethics to management, accounting and finance students. He currently serves on the executive board of the Society for Business Ethics and the editorial board of the international journal of the Society, Business Ethics Quarterly. He is the editor of Normative Theory and Business Ethics (2008) and has published in a variety of business and philosophy journals. He received his Ph.D. from the University of Minnesota.