

Law, Business, and Society

Thirteenth Edition

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LAW, BUSINESS, AND SOCIETY, THIRTEENTH EDITION

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Kiren Dosanjh Zucker

Kiren Dosanjh Zucker, author of Chapters 2, 4, 6, 12, 13, and 14, is a Professor of Accounting at California State University, Northridge (CSUN). She earned a BA in Political Science from Syracuse University and a JD from the University of Michigan. A member of the State Bar of California, she has served on its Committee of Bar Examiners and Committee on Professional Responsibility and Conduct. Her teaching and research interests focus primarily on employment law, pedagogy, and accounting ethics. In 2001, she was selected as a Master Teacher by the Academy of Legal Studies in Business, and in the academic year 2004 to 2005, she received the Outstanding Faculty Award from CSUN's Students with Disabilities Resources Center. In 2004 and 2006, she also received a CSUN University Ambassadors' Polished Apple Award. In 2014, CSUN Accounting students named her the Harvey A. Bookstein Accounting Professor of the Year, and in 2015, she received the Master of Science in Accountancy Program's Outstanding Teaching Award.

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Nancy Ganong Neslund, author of Chapters 8, 9, and 18, is a Visiting Associate Professor of Taxation and Law at St. John Fisher College in Rochester, New York. She holds a BA in Economics from Willamette University, a JD from Columbia University, an LLM from New York University, and is a member of the Oregon bar. Prior to entering academia, Professor Neslund was a partner in two law firms, with a focus on business and estate planning for entrepreneurs. She was a member of the Research Board for City Club of Portland, Oregon and a state board member of the Women Entrepreneurs of Oregon. She was the founding Academic Director of the Master of Taxation program at Portland State University. During the academic year 2004 to 2005, Professor Neslund was a visiting professor of law at

the Europa Universität Viadrina in Germany. During her over 20 years in academia, she has been a visiting professor at the law schools of the University of Nevada-Las Vegas, the University of New Hampshire, and Lewis & Clark College in Portland, Oregon. She was an invited speaker at Singidunum University's Conference on the Impact of the Internet on Business Activities Worldwide in Belgrade, Serbia in 2014, where she discussed the status of Bitcoin worldwide. Professor Neslund developed and for a number of years taught Financial Literacy for Lawyers to help students become practice-ready. She is also a co-author of the LexisNexis, *Q&A: Taxation of Business Entities*.

Kari Smoker

Kari Smoker, author of Chapters 5, 16, and 17, is an Assistant Professor of Accounting and Business Law at Ithaca College. She teaches legal environment of business and commercial law, as well as forensic accounting, fraud law, government and nonprofit accounting, and managerial accounting. Previously, she was an Associate Professor of Accounting at the State University of New York, The College at Brockport. She earned a BA in Mathematics-Statistics and Economics from the University of Rochester, a JD from The Ohio State University, and a Master's of Taxation from Golden Gate University's School of Taxation. She is also a Certified Fraud Examiner. Prior to entering academia, she worked in public accounting at Arthur Andersen and also as an associate attorney at two law firms. She served as president of the Greater Rochester Association for Women Attorneys and as a committee member for the Rochester Business Ethics Foundation. In 2009, she received the *Rochester Business Journal's* Forty under 40 Award, and in 2014 and 2015, she received the Faculty of the Year Award from SUNY Brockport's School of Business and Management. In 2017, she received the President's Award for Excellence in Teaching at SUNY Brockport and, in 2018, the SUNY Chancellor's Award for Excellence in Teaching.

Preface

Approach

Our primary goal is to provoke student thought. To that end, we place heavy emphasis on analysis. We consider the questions we ask more important than the answers to those questions. We introduce the student to existing policy in the various substantive areas to encourage understanding and retention, as well as careful thought about the desirability of those policies.

Our book takes a strong public policy orientation. Attention in Unit I to political economy and ethics is a necessary foundation on which the student can build a logical understanding of the regulatory process. Thereafter, those business and society themes persist throughout the book. In virtually every chapter, we look beyond the law itself to other social and environmental forces. For example, in the antitrust chapters, economic philosophy is of great importance. Antitrust is explored as a matter of national social policy. We argue that antitrust has a good deal to do with the direction of American life generally. Law is at the heart of the fair employment practices section, but we also present material from management, sociology, history, and popular culture to treat fair employment as an issue of public policy rather than as a series of narrower technical legal disputes. The law is studied in the economic, social, and political context from which it springs. These multidimensional approaches characterize most chapters as we attempt to examine the various topics as a whole and in context. At the same time, the law remains the core of the book.

Broadly, our adjustments for this thirteenth edition were designed to refresh the book and achieve increased reader interest. This edition again directs attention to the nation's ongoing debate about how much government we need in our lives, often in the context of our challenges in addressing the imperatives and impacts of the COVID-19 pandemic. This edition also includes coverage of many recent U.S. Supreme Court cases on a wide variety of subjects. It looks more deeply at the shifting of business purpose, moving away from Milton Friedman's asserted singular focus on increasing profits towards a commitment to all stakeholders, as reflected in the 2019 statement by the prestigious Business Roundtable, as well as in the rise of ESG (environmental, social, and governance issues) considerations in boardrooms. The impacts major Internet-based companies are having, not just on our individual lives, particularly with regard to personal privacy, but also on the fabric of our society, are explored. Thus, although the general structure and philosophy of the book are unchanged, we have made significant revisions, including many new questions and several new law cases. Law cases are long enough to clearly express the essence of the decision while challenging the reader's intellect.

WHAT'S NEW

Chapter 1 includes an updated overview of economics and politics in China, Russia, and the EU, and the United States' relationship with each. The COVID-19 pandemic provides a new lens from which to consider the relationship between regulation and the free market.

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Privatization is considered with looks at the aggressive privatization program in Greece and the privatization and commercialization of space in the United States.

Chapter 2 offers a few vignettes of ethics in America, starting with the age-old problem of cheating, using the 2019 college admissions scandal as an illustration. On the upside, it highlights Gen Z's move beyond diversity to inclusion and both Gen Z members' and Millennials' beliefs that business needs to be involved in improving society. It also notes that the United States' ranking in Transparency International's Corruption Perceptions Index dropped from 16th in 2015 to 23rd in 2019.

Chapter 3 raises the question of whether America's great tech companies—Amazon, Apple, Facebook, Google, and Microsoft are simply too big and foreclosing the possibility of real competition, in part by buying out startups that might become future competitors. It discusses the Business Roundtable's 2019 statement, signed by 181 the nation's top CEOs, which renounced the primacy of shareholder interests by a commitment to serve all stakeholders.

Chapter 4 takes a look at such things as the political process of confirming new U.S. Supreme Court Justices, which can lead to the public believing the Justices are ruling as Democrats or Republicans. Also discussed is a Ninth Circuit case, which held that even flattering inaccuracies, such as a false age and an unearned graduate degree, returned by a “people search engine” could harm a job seeker, meeting the “concrete and particularized” injury required for standing to sue. A 2019 update is given in the on-going saga of female employees suing Walmart for gender discrimination; a 2019 Fifth Circuit case, *Sandifer v. Hoyt Archery, Inc.*, which considers the credibility of expert witnesses has been included; and two 2019 U.S. Supreme Court cases on the enforceability of arbitration clauses against employees are discussed.

Chapter 5 discusses the Constitution's provision for the separation of powers within the federal government, adding issues that have arisen during the Trump Administration to augment the description of those during the Obama White House. Changes in 2019 to state voter rights laws have been added. The tension between federal laws and conflicting state laws is illustrated by the 2019 action of the Trump Administration to roll back the higher auto emission standards applied by California. The discussion of search and seizure has been updated by the 2018 Supreme Court decision in *Carpenter v. United States*.

Chapter 6 begins with a contemporary fact pattern involving a talent contract between a top online gamer of Fortnite and the esports organization FaZe Clan, which can be used to explore various contract law principles covered in this chapter. Another boxed item showcases an inventive approach to contracts where parties are depicted and basic contract terms conveyed through characters in a comic strip. A 2018 Seventh Circuit case has been added, exploring the perils of unwritten contracts. Whether a failing grade can be a breach of contract is also explored.

Chapter 7 starts the exploration of torts by posing questions of an ethical nature surrounding a Walmart customer who was displaying aberrant behavior, including the purchase of about 60 aerosol cans of dust remover over 27 hours, who then died in the parking lot from inhaling the product. Defamation is explored through a tweet sent by President Trump about adult entertainer Stormy Daniels' claim of a sexual affair with him, as well as a 2014 *Rolling Stone* story about an alleged gang rape at a university fraternity house and a suit against Walt Disney Co. over an ABC News story referring to a South Dakota meat processor's ground beef as “pink slime.” The issues surrounding the dangers of Monsanto's Roundup weedkiller

open the discussion of product liability, which is also explored in the context of Apple's liability for deaths caused by a driver using FaceTime while driving. A new First Circuit case explores both design defect and failure-to-warn product liability claims. Arguments for and against tort reform are explored through issues surrounding the use of talc in Johnson & Johnson baby powder and Big Pharma's responsibility for the opioid epidemic in America, as well as statistics on lawsuits and survey data.

Chapter 8 has been substantially modified. Using the challenges arising during the current COVID-19 pandemic as a backdrop, a discussion of why, when, how government regulation of business is appropriate or even necessary is undertaken. Updates of the ongoing challenges to the constitutionality of Obamacare are noted. A specific application of the Supremacy Clause is illustrated in the boxed item on the history of Congress's regulation of in-state betting on sporting events, culminating with the Supreme Court's 2018 decision holding a 1992 statute unconstitutional as an attempt by Congress to *commandeer* a state's legislative function. The continuing saga associated with the federal-state battle over legalizing marijuana is updated. The 2019 Supreme Court case, *Tennessee Wine and Spirits Retailers Association v. Thomas*, illustrating the application of the dormant commerce clause, has been added. As has a look at how tobacco is regulated, in the context of the outbreak of vaping-related lung illnesses in 2019. The FAA's proposed regulations for drones are mentioned. Procedural, interpretive, and legislative rules are identified and distinguished. Additional information on the public comment requirement for rulemaking is provided, and the battle over the EPA's revocation of California's long-standing waiver under the Clean Air Act to set higher standards for vehicle emissions is presented. A boxed item on *Chevron* deference to legislative regulations of agencies is new. Part Four returns to an overall look at the importance of regulation in both day-to-day contexts and national emergencies.

Chapter 9 is also substantially modified. Only some of the changes are identified here. New is the 2019 Delaware Supreme Court case *Marchand v. Barnhill*, one of two shareholder derivative cases that year in which boards of directors lost the shield of the business judgment rule. The dangers of the current excessive levels of corporate debt are covered in a new boxed item. Part Two, covering corporate governance, includes a new boxed item, "WeWork: A Modern Corporate Governance Failure," which catalogs events from its founding in 2010 through its failed public offering in 2019. Nearly all of the content on cybersecurity is new. The revised discussion of corporate income taxes notes how aggressive tax avoidance arrangements are shifting the tax burden off of the most profitable large U.S. corporations. The growth in executive compensation has continued unabated, and the failures in corporate governance that have led to this are discussed. A Practicing Ethics box, "Pacific Gas & Electric: A Fundamentally Unethical Company?," leads into materials on "Rethinking Corporate Purpose and the Rise of ESG." Here the shifting paradigm is set forth, starting with Milton Friedman's 1970 assertion that the only social responsibility of business is to generate profits. It then moves to the 2018 annual letter to CEOs from Lawrence Fink, CEO of Blackrock, and culminates with the August 2019 "Statement on the Purpose of a Corporation" from the Business Roundtable, which attests to a "commitment to all of our stakeholders," including customers, employees, suppliers, the communities in which they work, and generating "long-term value for shareholders." The World Economic Forum's similar statement in December 2019 is also noted. A completely new section on the incorporation of environmental, social, and governance (ESG) factors into business and

investment decisions has been added. Part Three covers the securities markets. The text box on crowdfunding has been updated based on experience since its May 2016 effective date. There is a new Practicing Ethics piece on Theranos, addressing both securities fraud and the endangerment of the public health.

Chapter 10 adds coverage of a number of recent cases involving restraint of trade, including price-fixing of fees by Visa and Mastercard, and the cost of chickens by Tyson, Pilgrim's Pride, and Sanderson Farms. It discusses the 2018 U.S. Supreme Court case holding that American Express could forbid sellers who accept AmEx from encouraging customers to use other cards that charged lower fees to merchants. Materials on the European Commission's \$9 billion antitrust action against Google for illegal tying have been added, as has a text box covering Ozzy Osbourne's suit for illegal tying against AEG, which attempted to require Osbourne to perform in the Los Angeles Staples Arena if he wanted to perform in London's O2 Arena. The chapter also considers whether Uber's "route-based pricing" (where prices vary, for example, based on pick-up and drop-off neighborhoods) and "personalized pricing" (which modifies the quoted prices based on individual data, such as type of credit card, brand of phone, and riding history) are lawful. The chapter ends with a new discussion about whether current antitrust law is sufficient to deal with anticompetitive behavior of a few large technology companies who collect and use big data and artificial intelligence so effectively that smaller companies simply cannot compete.

Chapter 11 refocuses the discussion of the benefits and evils of monopoly and oligopoly on the Frightful Five high-tech colossuses: Alphabet (Google's parent), Amazon, Apple, Facebook, and Microsoft. The pendulum may well be swinging. These previously admired market disrupters may be becoming objects of distrust and anger. A new text box explains these changing views. Also added is a discussion of the 2019 U.S. Supreme Court case that allows individual Apple app consumers to sue Apple for antitrust violations by requiring all apps to be purchased in its App Store. A new Practicing Ethics feature considers a challenge to the currently dominant "consumer welfare" test for antitrust violations in favor of a "structural dominance" test, which would look beyond the price charged, to such externalities as wealth polarization, excessive political power, and employee abuse. The pros and cons of horizontal mergers are newly explained in the context of huge companies that play a role in the food and agriculture markets. The claim that top companies have achieved abusive market power is contrasted with the claims of greater efficiency and innovation through such mergers. New concerns about vertical mergers are considered from the vantage of combining pay television providers and media content providers. A new Practicing Ethics box asks whether testing for the existence of excessive market concentration by focusing almost exclusively on price should yield to a focus on the general welfare of workers and consumers. The use of U.S. antitrust law by the Trump Administration in its trade war with China has been added. Allegations of price-fixing of Vitamin C exports by Chinese companies is used as the illustration, based on a U.S. Supreme Court ruling in 2018.

Chapter 12 updates the issues and trends touching on employee rights. Throughout the chapter, implications of the COVID-19 pandemic on U.S. workers are noted, including the immediate and potential long-term impacts of work-from-home arrangements, the use of employee medical screening when entering the workplace, and dramatically expanded unemployment compensation benefits. A text box describes the criteria used by the California Supreme Court in its 2018 decision in *Dynamex Operations West* for distinguishing between

an employee and an independent contractor. The current use by employers of monitoring systems to track workers' movements, activities, efficiency, and the use of safety gear is described, and increased coverage of the "public policy" exception to at-will employment is provided. For example, a Virginia court held there is no free-speech public policy exception for a government contractor's employee's vulgar gesture directed at the presidential motorcade. The impact that policies of the Trump Administration are having on immigration are described.

Chapter 13 begins with a Practicing Ethics piece, which considers the termination in 2017 of a male Google software engineer for violating policies against harassment and discrimination, after he circulated a memo that asserted men to be biologically superior to women in tech jobs. Also mentioned are the pair of cases that were before the U.S. Supreme Court, when this text went to publication which raised the issue of whether lay teachers may bring employment discrimination claims based on age or disability against Catholics or if their claims are barred under the ministerial exception. In June 2020, the Supreme Court held that employment discrimination based on sexual orientation or gender identity is covered by Title VII's prohibition of discrimination based on sex. The events of the spring and summer of 2020, including the disproportionate impact of the COVID-19 pandemic on Black communities and the killing of yet more Black men and women by police, have forced us to recognize that racial discrimination is still prevalent in the U.S. Gender balance on public company boards of directors is also considered, as is a 2020 federal circuit court ruling on pay discrimination. The chapter ends with a mention of another U.S. Supreme Court decision, which held that "but for" causation is not needed to prove a federal employee's age discrimination case under the ADEA.

Chapter 14 starts with a discussion of the plight of workers in essential food industries who stayed on the job during the lockdown phase of the COVID-19 pandemic despite severe safety risks. Coverage has been added regarding the new NLRB rule for determining when a worker is a "joint employee" of multiple entities. Employers trying to preserve their reputations and minimize employment-related liabilities by establishing social media policies for employees are discussed, and the NLRB's standards and concerns about such policies are explored. Also discussed are protests made by employees when Facebook allowed a copy of President Trump's twitter, "When the looting starts, the shooting starts," to be posted on its platform. A number of new rulings on labor unions are discussed, including a 2017 Fifth Circuit opinion concerning T-Mobile's employee handbook, a 2019 NLRB adjudication of employee use of employer-provided technology for union-related activities, a 2018 U.S. Supreme Court decision regarding dues and fees paid by non-members of public unions, and a look at police unions in light of their members' repeated use of lethal force against Black Americans.

Chapter 15 updates various statistics appearing in the 12th edition, such as numbers on consumer complaints, identity theft, food-borne illnesses, drug approval rates, student loan and other debt levels, and bankruptcy filings. It adds coverage on the impact COVID-19 is having on various aspects of the consumer protection regulatory system. For example, the problems faced by the most financially vulnerable, who have lost their employment and are often overwhelmed with credit card and other debt, in securing relief from creditors, some of whom are pursuing aggressive collection strategies. There is also a discussion of the disappointing performance of the FDA in ensuring food safety. A theme explored throughout the chapter is the shift in regulatory philosophy as a Republican-dominated federal

government took over from a Democrat-dominated government. Conservatives generally believe in a lighter-touch for market regulation, and this has led to significant changes in agency rules and enforcement activities.

Chapter 16 begins by discussing Brexit, which is expected to fully take effect in January 2021. It updates the statistics on governmental requests to block content, which can raise free speech issues, directed at companies like Google and Facebook. Progress on the CISC is described. Uruguay's 2016 legal victory over tobacco company Philip Morris, which was using aggressive tactics to acquire new customers, is presented. Also explored is the growing problem of effectively regulating multinational enterprises, especially those that are state-owned companies, and most particularly those based in China. The United States' reaction in 2020 to China's refusal to allow inspectors of the financial statement audits performed on corporations based there and to allow the SEC to pursue fraud investigations involving Chinese actors is described. The antitrust section adds a discussion of Google's 2019 \$1.7 billion fine by the EU.

Chapter 17 describes several recent environmentally damaging events, such as the 2020 Siberian oil spill into the Arctic Circle and a 2017 air quality crisis in London. The chapter documents the continuing environmental crises resulting from the 2011 meltdown of Japan's Fukushima nuclear power plant and the severe risks still presented by the World War II-era Hanford nuclear facility's underground toxic waste storage tanks. Statistics about the state of the environment have been updated, such as the percentage of the world's food irrigated with wastewater, the number of people living in water-stressed areas, and the proportion of the planet's species headed for extinction, to name a few. The D.C. Circuit's 2019 ruling that the EPA's regulations governing the movement of air pollution across state borders were too lax is discussed. As with other chapters, the anti-regulatory orientation of the Trump Administration has had impacts on various laws, a number of which are described. The EPA's budget has been significantly reduced, fuel economy standards for vehicles have been scaled back, the Obama-era extension of the EPA's jurisdiction to non-navigable waters has been repealed, the U.S. will be withdrawing in November 2020 from the 2015 Paris Agreement to limit global temperature increases, and the 2016 Clean Power Plan rules have been withdrawn, although 30 states and cities are suing to reverse that repeal.

Chapter 18 catalogs numerous recent and significant events involving the Internet, including the Chinese company Huawei's proposal to replace the present "worldwide web" with its "New IP," featuring a "top-down" design that gives governments "absolute control" over its infrastructure. Our digital divide became widely visible as the COVID-19 pandemic forced the closure of schools, and we saw education largely continue in wealthier districts and effectively stop for the poorest among us. We also saw the FCC's stance on net neutrality reverse with the arrival of the Trump Administration, leaving the issue to the states, 25 of which have already passed or introduced net neutrality legislation. Freedom of speech continues to challenge the Internet because, for example, the anonymity that makes some willing to contribute to the marketplace of ideas allows others to fill that marketplace with hate speech. Facebook settled a suit brought by the National Fair Housing Alliance by agreeing to pay about \$5 million and to remove "ethnic affinity" markers that facilitate race-based housing advertising. It also agreed to pay a \$5 billion penalty and to substantially change its corporate governance structure for deceiving its users about the control they have over their personal information, in violation of its 2012 consent decree with the FTC. A Practicing Ethics box

presents what is likely the most invasive form of data mining: the hundreds of mobile phone apps that track our phones' every movement capture their precise geographic locations at precise times and sell that information to others. Some additional covered topics include the use and abuse of facial recognition software, the multitude of ways employers can track their employees' activities, and the \$6 trillion that cybercrime will be costing us by 2021. The chapter closes with a Practicing Ethics box, *The Dark Side of Social Media*, which discloses that the human interface with social media was made addictive by design, specifically to capture vast amounts of personal information for the purpose of selling it and enabling precisely targeted advertising.

OVERVIEW

This text is directed to courses at both the upper-division undergraduate and masters levels in the legal environment of business, government and business, and business and society. Authors of textbooks in these areas often rely on a single discipline (for example, law, economics, or management) as the foundation for their efforts. In this text, we take an interdisciplinary approach, using elements of law, political economy, international business, ethics, social responsibility, and management. This large task necessarily requires certain trade-offs, but we hope the product will more accurately capture the fullness of the business environment.

Our primary goal is to produce an interesting, provocative reading experience. Naturally, accuracy and reasonable comprehensiveness cannot be sacrificed. Our feeling, however, is that a law text can be both intellectually and emotionally engaging without sacrificing substantive ends. To meet our objective, we have presented the bulk of the book in the form of contemporary legal and ethical conflicts emerging from today's news. We have provided scholarly results, surveys, polls, data, anecdotes, and other specific details that lend credibility, immediacy, and interest to the reading experience.

The book is divided into five units, as follows:

Unit I—Business and Society. We do not begin with the law. Rather, in Chapter 1 (Capitalism and the Role of Government), Chapter 2 (Business Ethics), and Chapter 3 (The Corporation and Public Policy: Expanding Responsibilities), we describe some of the economic and social forces that shape our legal system.

The goals of Unit I are to (a) enhance student awareness of the many societal influences on business; (b) establish the business context from which government regulation arose; and (c) explore the roles of the free market, government intervention, and individual and corporate ethics in shaping business behavior.

The student must understand not merely the law, but the law in context. What forces have provoked government intervention in business? What alternatives to our current "mixed economy" might prove healthy? These considerations help students respond to one of the critical questions of the day: To what extent, if any, should we regulate business?

Unit II—Introduction to Law. Chapter 4 (The American Legal System) and Chapter 5 (Constitutional Law and the Bill of Rights) survey the foundations of our legal system. Here we set out the "nuts and bolts" of law, combining cases and narrative. Then with Chapter 6 (Contracts) and Chapter 7 (Business Torts and Product Liability), we examine the foundations of business law.

Unit III—Trade Regulation and Antitrust. Chapter 8 (Government Regulation of Business) raises the book's central policy inquiry: When should the government intervene in business practice? Chapter 9 (Business Organizations and Securities Regulation), Chapter 10 (Antitrust Law—Restraints of Trade), and Chapter 11 (Antitrust Law—Monopolies and Mergers) survey the core of government oversight of business.

Unit IV—Employer-Employee Relations. Chapter 12 (Employment Law I: Employee Rights), Chapter 13 (Employment Law II: Discrimination), and Chapter 14 (Employment Law III: Labor-Management Relations) are intended not only to survey the law in those areas, but also to introduce some of the sensitive and provocative social issues that have led to today's extensive government intervention in the employment relationship.

Unit V—Selected Topics in Government-Business Relations. Two of the closing chapters of this book—Chapter 15 (Consumer Protection) and Chapter 17 (Environmental Protection)—emphasize the dramatic expansion of the public's demands for socially responsible conduct in business. Chapter 16 (International Ethics and Law) provides an overview of the legal and ethical issues arising out of the reality of our inextricably intertwined national economies, and Chapter 18 (Internet Law and Ethics) explores the many ethical and legal issues that arise when people can and do connect instantaneously, without the impediments or protections of location or borders.

ACCREDITATION

Our text conforms to Association to Advance Collegiate Schools of Business (AACSB) International accreditation standards.

Two chapters are devoted exclusively to ethics, and ethics themes emerge throughout the book. The chapter on employment discrimination should be quite helpful in aiding students' understanding of diversity issues. Ethics and social responsibility are at the heart of the text rather than an afterthought to meet accreditation standards.

Furthermore, as required by the rapidly changing nature of commerce and as recommended by the AACSB, the text devotes extensive attention to legal and ethical issues arising from international business. Various topics throughout the text (for example, comparative economic systems, the Foreign Corrupt Practices Act, and global pollution) afford the student a sense of the worldwide implications of American business practice, and Chapter 16 is entirely devoted to international themes.

KEY FEATURES

Approximately 180 boxed features and ethics vignettes place the law in a practical context and offer many provocative opportunities for discussion. Here are two examples.

Room for Big Ideas

The Boring Company, founded by Elon Musk (the co-creator of PayPal and the founder of Tesla, the electric car company, and SpaceX), is one of several enterprises developing Hyperloop technology that envisions passenger pods, propelled by electromagnets through a near-vacuum tube, are projected to be capable of moving people from New York City to Washington D.C. in 30 minutes at perhaps 700 miles per hour. Boring's first project is a \$48 million people mover and tunnel of less than one mile under the 200-acre Las Vegas Convention Center.

Question

Is a market-based culture of freedom and risk taking necessary to the creation and sustenance of these very big ideas, or is a blend of the market and government more likely to succeed? Explain.

PRACTICING ETHICS

Individual Social Responsibility to Humanity?

Consider the following excerpt from a speech delivered September 28, 2001, by Jose Ramos-Horta, Nobel Peace Prize Laureate (1996) and Minister for Foreign Affairs and Cooperation for the East Timor Transition Government:

There is no dispute that abject poverty, child labor, and prostitution are a moral indictment of all humanity.

However, poverty should not only touch our conscience: It is also a matter of peace and security because it destabilizes entire countries and regions. In turn it threatens the integration of the global economy that is vital if the rich are to stay rich or if the poor are to move up, if only an inch.

Peace will be illusory as long as the rich ignore the clamor of the poor for a better life, as long as hundreds

of millions of people live below the poverty line, cannot afford a meal a day, do not have access to clean water and a roof.

Question

Should most of us, not just active international businesses, accept a social responsibility to humanity? If we answer yes to this question, how might our actions as students, educators, employees, employers, and investors change?

Jose Ramos-Horta, "Speech to the Northern Medical Foundation Tribute to Military Medicine and Lt-Gen. P. Cosgrove," Sydney, Australia, September 28, 2001.

Approximately 200 selected websites appear throughout this edition to which students can turn for more information on many of the topics discussed, including related videos.

Each chapter concludes with a Research Exercise suitable for either individual or team projects.

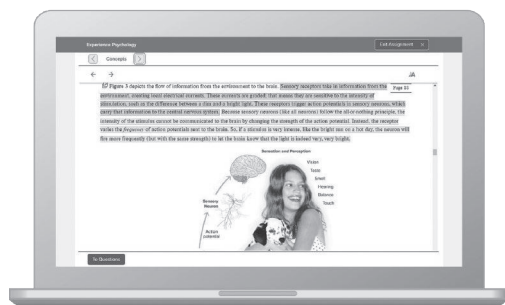


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Tools to enhance your unique voice

Want to build your own course? No problem. Prefer to use our turnkey, prebuilt course? Easy. Want to make changes throughout the semester? Sure. And you'll save time with Connect's auto-grading too.

65%
Less Time
Grading



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Business Law Newsletter

McGraw Hill's monthly Business Law newsletter, *Proceedings*, is designed specifically with the Business Law educator in mind. *Proceedings* incorporates "hot topics" in business law, video suggestions, an ethical dilemma, teaching tips, and a "chapter key" cross-referencing newsletter topics with the various McGraw Hill business law textbooks. *Proceedings* is delivered via e-mail to business law instructors each month.

Business Law Case Repository

The Case Repository is a collection of cases from the current and previous editions.

Videos

Links to brief videos for classroom use are provided.

INSTRUCTOR RESOURCES

Instructors Manual

A package of supplementary materials is included in the instructors manual. Those materials include (1) chapter outlines, (2) general advice regarding the goals and purposes of the chapters, (3) summaries of the law cases, and (4) answers for the questions raised in the text.

PowerPoints

This edition's revised PowerPoints contain an easy-to-follow lecture outline summarizing key points for every chapter.

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Nancy Ganong Neslund

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