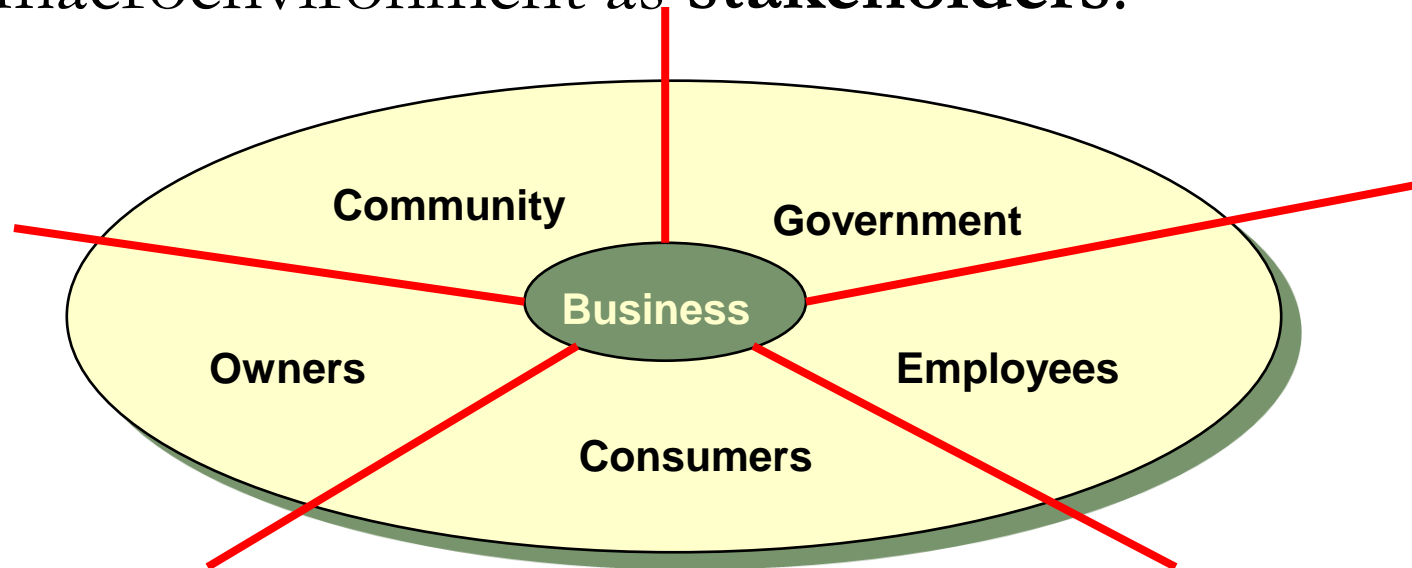


# Business & Society: An Overview



- **Business** is the collection of private, profit-oriented organizations.
- **Society** is a broad group of people and other organizations, interest groups, a community, a nation.
- **Business and society** interrelate in a macroenvironment as **stakeholders**.



# SOCIETY: THE MACROENVIRONMENT

- The **macroenvironment** is the total societal context in which the business or corporation exists and is made up of four parts:

**Social**

**Political**

**Technological**

**Economic**

# Four Parts of the Macroenvironment

- 1) Social environment** focuses on demographics, lifestyles and social values
- 2) Economic environment** focuses on the economy (local, as well as global)
- 3) Political environment** focuses on the legislative process, election process and the interaction between firms, politics and government
- 4) Technological environment** focuses on the changes in technological advancement

# Pluralistic Society

Power is shared among many groups, or “Stakeholders”, each with special interests

## Strengths

- Prevents concentration of power
- Disperses individual allegiances, creating diversified sets of loyalties and support
- Provides systems of checks and balances

## Weaknesses

- Multiplies the numbers of organizations and groups with overlapping goals, which may promote inefficiency

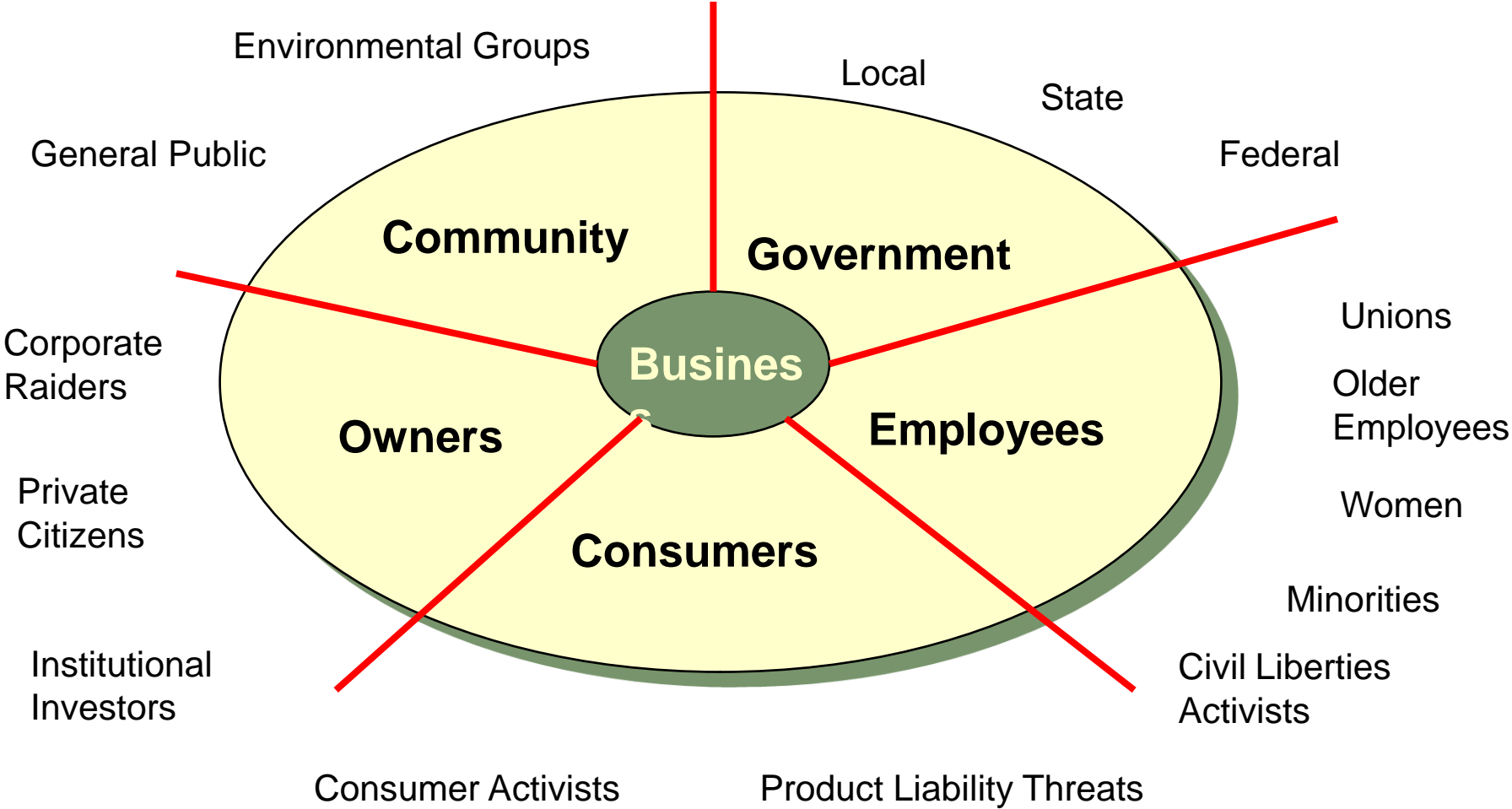
# Special-Interest Society

Visit the following link for an example of some special interest groups and their work:

<http://www.leg.state.mn.us/lrl/links/links.aspx?links=special>

- Special interests make life more complex for business
- Thousands of special interest groups exist
- Special interest groups each pursue their own limited agenda
- Special interest groups attract a lot of supporters, which increases their revenue and power

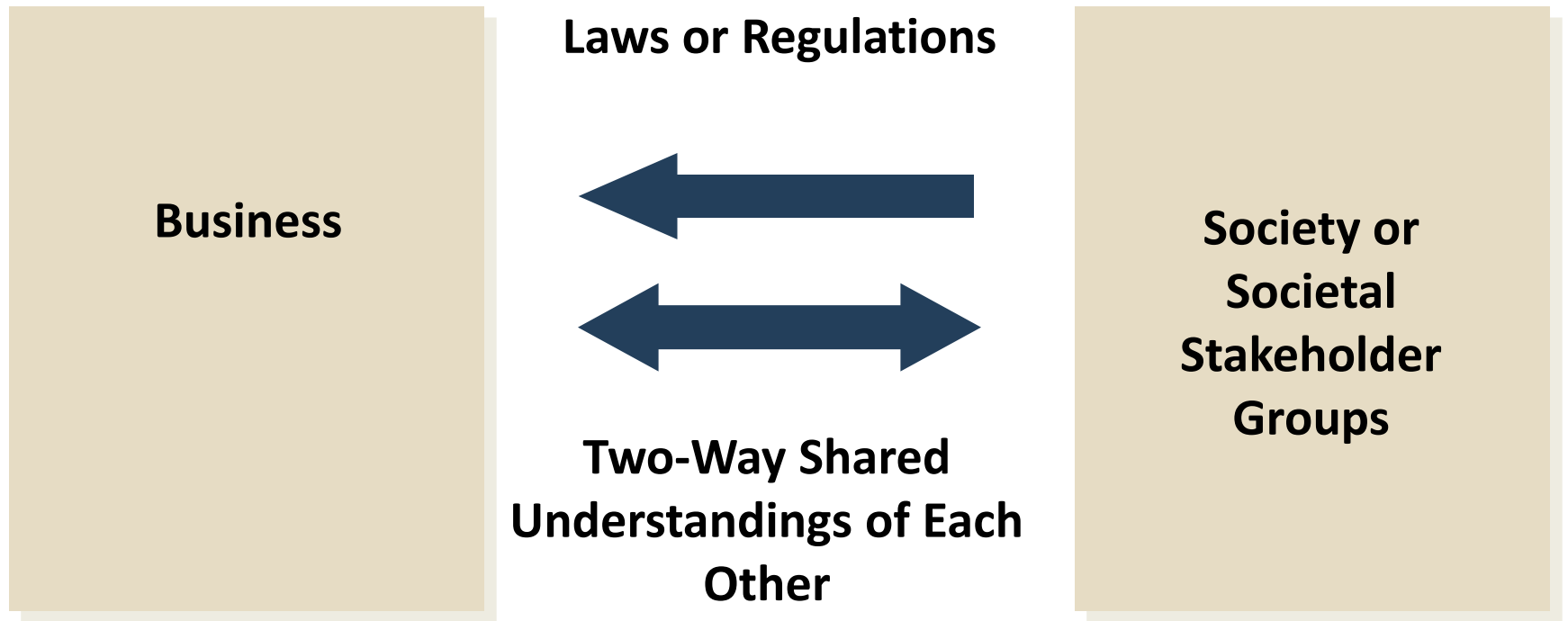
# Business and Selected Stakeholder Relationships



<b>Stakeholder</b>	<b>Main Interests</b>	<b>Power and influence</b>
<b>Shareholders</b>	Profit growth, Share price growth, dividends	Election of directors
<b>Banks &amp; other Lenders</b>	Interest and principal to be repaid, maintain credit rating	Can enforce loan covenants; Can withdraw banking facilities
<b>Directors and managers</b>	Salary ,share options, job satisfaction, status	Make decisions, have detailed information
<b>Employees</b>	Salaries & wages, job security, job satisfaction & motivation	Staff turnover, industrial action, service quality
<b>Suppliers</b>	Long term contracts, prompt payment, growth of purchasing	Pricing, quality, product availability
<b>Customers</b>	Reliable quality, value for money, product availability, customer service	Revenue / repeat business Word of mouth recommendation
<b>Community</b>	Environment, local jobs, local impact	Indirect via local planning and opinion leaders



# Elements in the Social Contract

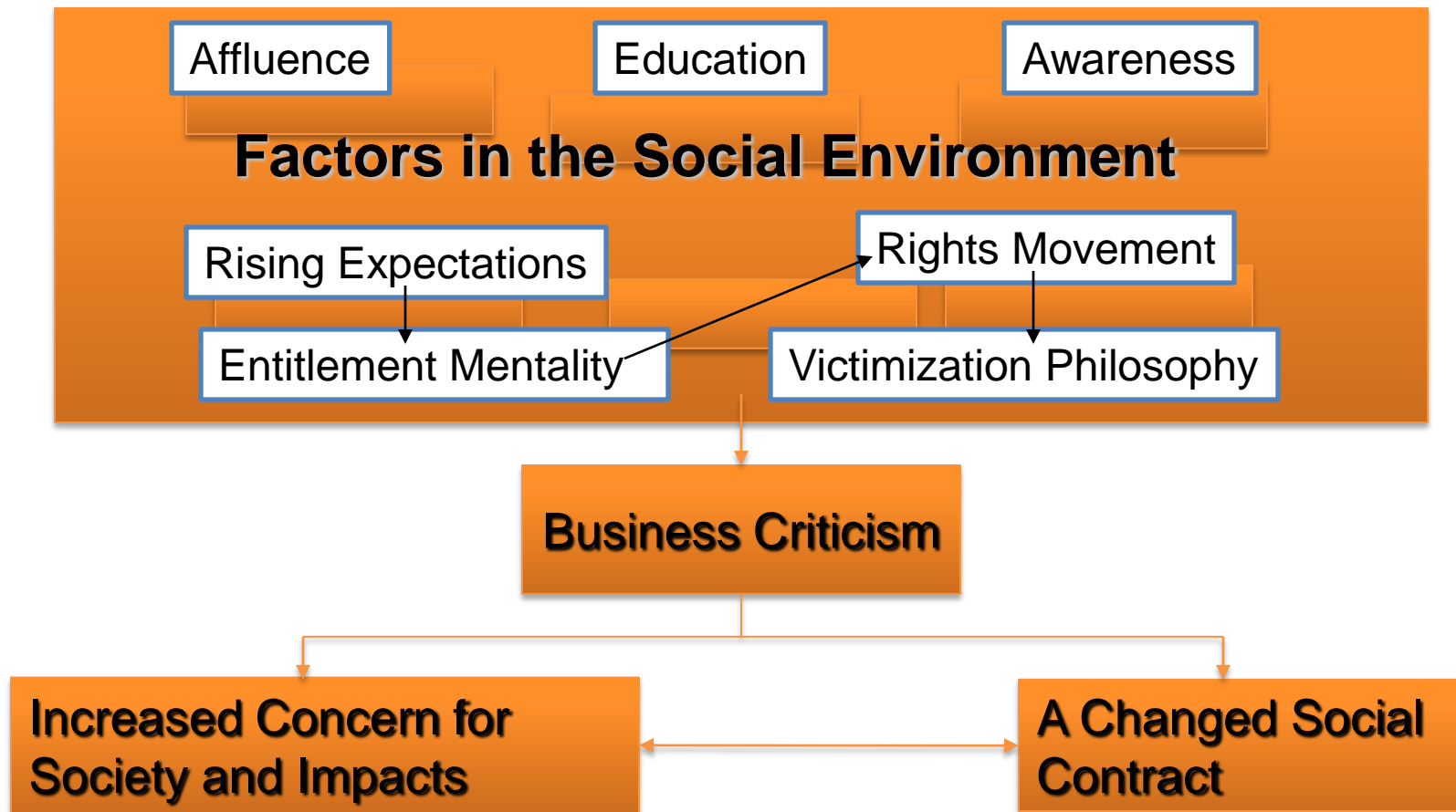


# Business Criticism

## Factors in the Social Environment

- Affluence and education
- Awareness through television
- Revolution of rising expectations
- Entitlement mentality
- Rights movement
- Victimization philosophy

# Social Environment, Criticism, and Corporate Response



# Examples of Business Criticisms

Payscale

Lack of ethics

Accounting Scandals

Lazy CEOs

Bailouts

CEO Payouts

Glass Ceiling

Job Security

Discrimination/

Intolerance for

Diversity

Outsourcing

Traffic congestion

Public safety

Health insurance benefits

Illegal workers

Pollution

Bad working conditions

Bad customer service

# **Increased Concern for Society Stemming from Business Criticisms Leads to New Outcomes**

**Criticisms of business based upon special interests groups regarding: changes in technology, human rights movements, environmental concerns, economic impacts, etc. has pushed business leaders to:**

- reconsider the basis of their social contracts**
- invest in concepts of corporate social responsibility and sustainability**

# Sources Cited:

Retrieved from: <http://blog4biz101.com/blog/business/major-social-and-behavioral-criticisms-of-business/>

Carroll, Archie B., Buchholtz, Ann K. Business & Society: Ethics and Stakeholder Management. 2008. Cengage Learning, Inc.

Sample retrieved from:

[http://books.google.com/books?hl=en&lr=&id=B9diOWV8X\\_UC&oi=fnd&pg=PR3&dq=business+and+society&ots=0leAqMKFL7&sig=yYJFAbT--S0ycSeTLRxr6kpJcLw#v=onepage&q&f=true](http://books.google.com/books?hl=en&lr=&id=B9diOWV8X_UC&oi=fnd&pg=PR3&dq=business+and+society&ots=0leAqMKFL7&sig=yYJFAbT--S0ycSeTLRxr6kpJcLw#v=onepage&q&f=true)