



ends up helping sales for many artists, will it become legitimate? Should it? Is it a new way business models are being changed by 15–26 year olds? While the debate continues, individuals (15 year olds and younger in many cases) who still illegally share files have rights on. Who is right and who is wrong, especially when two rights collide? Who stands who to gain? Who gets hurt by these transactions? Which group's ethical position are most defensible?

Stakeholders are individuals, companies, groups, and even governments and their subsystems that cause and respond to external issues, opportunities, and threats. Corporate scandals, globalization, deregulation, mergers, technology, and global terrorism have accelerated the rate of change and brought about a climate of uncertainty in which stakeholders must make business and moral decisions. Issues concerning questionable ethical and illegal business practices confront everyone, as the following examples illustrate:

- The subprime lending crisis in 2008 involved stakeholders as varied as consumers, banks, mortgage companies, real estate firms, and homeowners. Many companies that sold mortgages to unqualified buyers lied about low-risk, high-return products. Wall Street companies, while thriving, are also settling lawsuits stemming from the 2008 crisis. In 2013, "Hundreds of thousands of subprime borrowers are still struggling. Subprime securities still pose a significant legal risk to the firms that packaged them, and they use up capital that could be deployed elsewhere in the economy."<sup>5</sup> In 2011, Bank of America announced that it would "take a whopping \$20 billion hit to put the fallout from the subprime bust behind it and satisfy claims from angry investors."<sup>6</sup> The ethics and decisions precipitating the crisis contributed to tilting the U.S. economy toward recession, with long-lasting effects.
- The corporate scandals in the 1990s through 2001 at Enron, Adelphia, Halliburton, MCI WorldCom, Tyco, Arthur Andersen, Global Crossing, Dynegy, Qwest, Merrill Lynch, and other firms that once jarred shareholder and public confidence in Wall Street and corporate governance may now seem like ancient history to those with short-term memories. Enron's bankruptcy with assets of \$63.4 billion defies imagination, but WorldCom's bankruptcy set the record for the largest corporate bankruptcy in U.S. history (Benston, 2003). Only 22% of Americans express a great deal or quite a lot of confidence in big business, compared to 65% who express confidence in small business.<sup>7</sup> Confidence in big business reached its highest point in 1974 at 34%, and even during the dot-com boom in the late 1990s it hovered at 30%. The lowest rating of 16% was polled in 2009 after the subprime lending crisis, and although public confidence has slightly increased, the significant differential in American confidence between big and small business belies a public mistrust of big business that may not be easily repaired.<sup>8</sup>
- The debate continues over excessive pay to those chief executive officers (CEOs) who posted poor corporate performance. Large bonuses paid out during the financial crisis made executive pay a controversial topic, yet investors did little to solve the issue. "Investors had the opportunity to provide advisory votes on executive pay at financial firms that received TARP funds in 2009, and they gave thumbs up to pay packages at every single one of those