

BUSINESS TODAY 5

The background of the image is a complex, abstract pattern. It features a series of vertical, wavy lines in shades of red and blue. Overlaid on these are horizontal lines that create a grid-like effect. The overall effect is a sense of depth and movement, with the lines appearing to ripple and flow. The colors are vibrant, with the red being a deep, slightly dark shade and the blue being a rich, dark blue. The pattern is most prominent in the lower half of the image, where it seems to converge towards the bottom.

BUSINESS TODAY

FIFTH EDITION

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**Random House
Business Division**

NEW YORK

Fifth Edition

98765

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Library of Congress Cataloging-in-Publication Data

Rachman, David J.

Business today.

Bibliography: p.

Includes index.

1. Business. 2. Management — United States.

I. Mescon, Michael H. II. Title.

HF5351.R26 1987 658 86-24784

ISBN 0-394-35114-2

Manufactured in the United States of America
by R. R. Donnelly & Sons Company, Willard, Ohio

Composition, color separations, and art preparation
by York Graphic Services, Inc., York, PA

Cover photo by Graphic Media Inc.

Designed by David Lindroth, Inc.

Preface

Although *Business Today* has been widely imitated, it remains unique. And its popularity continues. No other author team has heard from so many satisfied students who have learned about business from *Business Today* — over a million students to date. No other textbook is as good at conveying the excitement and the flavor of American business. No other textbook is as trusted or relied on — for consistency of topics covered, for content, currency, ancillary package, service, or commitment to students. *Business Today* presents a balanced view of business — its strengths, weaknesses, successes, failures, problems, and challenges. With its vast array of features, it gives students a solid underpinning for more advanced courses and explains the opportunities, rewards, and challenges of a business career.

Business Today, fifth edition, continues this respected tradition of excellence. But with its up-to-date real-life examples, its carefully integrated, in-depth coverage, its lively, conversational writing style, and its eye-opening contemporary graphics, this edition is yet another important step in the evolution of introductory business textbooks.

The fifth edition has been extensively revised and updated, with two important goals in mind: first, to provide a clear and complete description of the concepts underlying American business; and second, to illustrate for the reader — with real-life examples and cases — the remarkable dynamism and liveliness of business organizations and the people who operate them. Every chapter in this edition has been improved and enriched to give students an even better learning experience.

Stimulating and sound pedagogy is emphasized

Business Today includes an extraordinary number of pedagogical devices that simplify teaching — as well as facilitate learning, maintain interest and enjoyment, and illustrate the practical application of chapter contents. In short, they make the new edition the most effective teaching tool for introductory business ever published.

A Business Close-Up introduces each chapter

As a glance at the table of contents will reveal, each chapter begins with a Business Close-Up, a vignette that introduces students to real people in real business situations. So instead of just reading theory, students benefit from others' practical experience in areas related to the chapter's content. References throughout the chapter to the opening vignette help students see the connection between the chapter's contents and the real world of business.

The subjects of these Business Close-Ups include

- Lane Nemeth, Discovery Toys
- Al Bennett, Mel Farr, and Charles Wells, Seven-Up

- Cathleen Black, *USA Today*
- Doug and Susie Tompkins, *Esprit*
- Debi Coleman, *Apple Computer*

The special dimension of reality provided by vignettes like these helps students develop a genuine interest in the world of business, which is the first step in learning about it.

Boxes center around five well-integrated themes

Fifty-nine boxes referred to as Special Features, and placed in every chapter, also help make the world of business come alive. They are based on extensive research in the business literature, and they further enhance the practical flavor of the book.

Spirit of enterprise

These boxes introduce companies, organizations, products, and people whose names have surfaced recently in the business media. They include “Deng, Drive, and Dollars,” “Beating Back the Burger Bashers” (McDonald’s), “The IBM Way,” “New Fizz for the Old Coke,” and “Saturn’s Factory of the Future.”

Spotlight on business

Another category of boxes stresses timely issues of vital importance to contemporary business. Some examples are “Megatrends: Ten New Directions That Will Transform Our Lives,” “Industrial Espionage: The Dark Side of Business Ethics,” “They Know All About You,” and “Subliminal Manipulation: Fact or Fantasy?”

Techniques for business success

These “how-to” guidelines demonstrate how business concepts can be applied in a practical way. They include “Secrets of Becoming Prosperous in Today’s America,” “In Search of Excellence,” “Ten Questions That Could Change Your Life,” “What Your Boss Really Wants from You,” and “How to Avoid Business Blunders Abroad.”

Checklist for business today

These boxes present information in a checklist format to guide students and to help them organize their thinking and make decisions. Examples are “How You Can Learn More About Business,” “Evaluating Software,” “It’s Your Money,” and “Evaluating Franchise Opportunities.”

Test yourself

Student involvement tests (with scales or answers for self-scoring by the students) include “How Do Your Ethics Measure Up?,” “Would You Make a Good Manager?,” and “It’s the Law, But Did You Know It?”

Cases present challenging business problems

At the end of each chapter, two cases provide further illustration and practical application of key concepts. This classic device assists students in evaluating situations, developing critical judgment, and learning to make decisions. The case questions reinforce major points made in the chapter.

**Real-life examples
translate theory
into practice**

Educational experiments demonstrate that students learn more and are more interested in their studies when actual people, organizations, and events are presented. True-to-life examples also help prepare students for the world of work by showing them how theory translates into practice. One of the most important characteristics of *Business Today* is its realism. In addition to having a factual chapter-opening vignette and two cases, each chapter has abundant examples from businesses of every size and a wide range of industries.

**Learning objectives
establish
benchmarks for
measuring success**

Each chapter begins with a list of objectives that summarizes exactly what students should learn as a result of studying the chapter. These objectives, which are organized to reflect the sequence of topics within the chapter, guide the learning process and help motivate students to master the material.

In this edition, a new section at the end of each chapter — “Summary: Recap of Learning Objectives” — restates the learning objectives and summarizes chapter highlights, a feature designed to reinforce learning of basic concepts.

**Business
terminology is
reinforced
throughout the
book**

Because business has its own special terminology, an important goal of this textbook is vocabulary development. Each key term is printed in boldface within the text. A definition appears in the margin adjacent to the term. At the end of each chapter there is a list of key terms, in the same order as they appear in the chapter and with convenient cross-references to the pages where they are defined. All marginal definitions are also assembled in an alphabetical Glossary at the end of the book. With this four-way vocabulary reinforcement, students should have no trouble learning the basic terminology of the course.

**Readable writing
style motivates
students**

The reading level of this book has been carefully monitored to ensure accessibility for students. The lucid writing style makes the material pleasing to read and easy to comprehend. Every line of text has been carefully edited to ensure that it reads clearly and that there is a smooth transition from one idea to the next.

**Full-color design
and graphics
reflect the state of
the art**

Business Today, fifth edition, looks the way it does for more than just artistic reasons. Students are used to reading popular magazines with lots of headings, paragraphs, and boxed material. And because of the pervasive influence of television and film, students expect to be visually stimulated while they learn. To accommodate today's media sophisticates, *Business Today* has been designed to be engrossing and attractive yet still businesslike and professional.

Because of a firm belief that effective design serves both to invite the reader's interest and to reinforce learning, striking new artwork and graphic examples have been created for this new edition. The art program — figures, tables, and photographs — amounts to a course in itself. Combined with the

instructive captions, the art serves as both a preview and a review of each chapter. Boxes, photos, and illustrations appear at the top or bottom of the page or in the margin to avoid interfering with students' attention and concentration.

Comprehensive research provides the foundation

A successful textbook must eventually be revised to reflect changes in the course for which the book is designed. For the fifth edition of *Business Today*, over 500 professors of business contributed their viewpoints on trends in instructional methodology for the introductory business course. Their recommendations, as well as those of a distinguished panel of more than 30 academic and business experts, helped to shape this new edition.

In addition, the authors conducted an exhaustive study of the literature of business, including literally hundreds of the very latest reports, monographs, articles, and books. In fact, *Business Today* is probably the most carefully researched introductory business textbook on the market. This attention to detail is in keeping with the goal of accurately portraying the changing nature and emerging trends of American business.

Business Today offers the unique advantage of currency

For any textbook to meet the needs and expectations of both students and professors, it must reflect the rapid changes occurring every day in the business world. Extraordinary measures have been taken to ensure that *Business Today* is the most up-to-date textbook on the market and includes these topics:

- Tax Reform Act of 1986
- Supreme Court decisions upholding affirmative action and ruling that sexual harassment is discriminatory
- Dennis Levine case of insider trading, which represents the largest illegal windfall in history
- Liability suits against auditors approving financial statements of companies that file for bankruptcy
- Federal Reserve Board's relaxation of rules governing banks' and thrifts' entry into nonbanking activities
- Imposition of protective tariffs by United States and Canada
- Agreement restricting Japanese "dumping" of low-cost products in American semiconductor market
- Confirmation of William Rehnquist as Chief Justice of the Supreme Court
- Efforts to ease liability-insurance crisis

Complete coverage includes small business

Besides giving full treatment to the functional areas of business, this edition covers issues of growing importance, such as our increasingly service-oriented economy, intrapreneurship, financial deregulation, robotics, and microcomputers.

Today's business students, more than any other recent group of students, have strong entrepreneurial interests. Although comparatively few will ever

be self-employed, many will go to work for small enterprises. In either case, they have an obvious need to understand the risks and rewards, the problems and the perils of small enterprises. An entire chapter is devoted to the subject, and smaller businesses are used as examples throughout the book.

Business career grids offer vital guidance

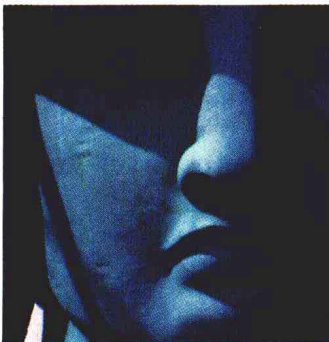
This edition retains the career grids for each of the functional areas of business; the grids are found in Appendix I. They reflect current trends in specific fields and include salary information, job descriptions, and future growth outlook. A separate careers supplement containing self-assessment material and in-depth career information is also available.

New organization and coverage meet the needs of professors and students

The organization of the fifth edition — part and chapter sequence as well as topical coverage — reflects the results of several extensive marketing surveys. The introductory business course covers a wide variety of subjects in a short time, and individual professors have their own valid preferences for sequence and emphases. Thus this edition has been designed to be more concise and more flexible than other textbooks. *Business Today* now has 22 chapters, three of which are labeled Component Chapters A, B, and C and placed at the end. The Component Chapters cover material that, according to the market surveys, is not always covered by all professors or is not covered in any particular sequence. The Component Chapters therefore give professors maximum flexibility in designing a course.

Chapter highlights

Significant topics covered in this edition include:



Part one: focus on business today

CHAPTER 1 FOUNDATIONS OF AMERICAN BUSINESS exposes students to the fundamentals of economics and the free enterprise system right at the beginning. It also outlines future challenges for business and encourages students to explore the relationship between business and their personal aspirations.

CHAPTER 2 FORMS OF BUSINESS ENTERPRISE provides an overview of four major trends affecting our nation's economy: the growth of the service sector, the farm problem, the shift from heavy industry to high-technology manufacturing, and the globalization of business activity. In addition, it expands the discussion of mergers and acquisitions, giving a clear account of the many different ways corporations may be restructured and encouraging students to consider the broader implications.

CHAPTER 3 SMALL BUSINESSES AND FRANCHISES defines small business according to the most recent Small Business Administration guidelines, covers incubators, focuses on the importance of teams in founding new ventures, highlights

sources of financing for small businesses, and expands the treatment of franchises.

CHAPTER 4 ETHICAL AND SOCIAL RESPONSIBILITIES OF BUSINESS provides positive models of businesses with a social conscience, discusses the social implications of the overzealous pursuit of profits, and outlines principles for making ethical decisions.



Part two: operating a business

CHAPTER 5 ORGANIZING FOR BUSINESS begins with a discussion of basic business organization. It also introduces such new concepts as intrapreneurship, corporate culture, restructuring, decentralization, office politics, and mentors.

CHAPTER 6 THE FUNDAMENTALS OF MANAGEMENT expands the discussion of leadership, clarifies the discussion of technical skills, and introduces crisis management techniques.

CHAPTER 7 THE PRODUCTION OF GOODS AND SERVICES updates the discussion of production and operations management to include the focused factory, flexible manufacturing, and new methods of materials management (MRP, JIT, MRP II). The chapter also puts production in the context of a quest for efficiency that has characterized the development of human society, contrasts quality assurance with quality control, and deemphasizes Japanese management in order to focus on innovations at American companies.



Part three: managing human resources

CHAPTER 8 HUMAN RELATIONS explains human relations theory first, as a framework for the discussion of human resource management and union-management relations. The chapter also outlines the changing needs and motivations of the work force. In addition, it presents additional motivational theories and methods, including Theories X, Y, and Z; the Managerial Grid; the Likert system; behavior modification; and job enrichment and redesign.

CHAPTER 9 HUMAN RESOURCE MANAGEMENT describes the human resource planning function and the process of human resource management. The chapter also presents a more positive view of changes in employment status by deemphasizing layoffs and discussing promotion and retirement. The discussion of compensation has been expanded to include more on incentive programs and such currently popular benefits and services as employee stock ownership plans and "cafeteria" benefits.

CHAPTER 10 UNION-MANAGEMENT RELATIONS emphasizes today's atmosphere of cooperation and compromise between unions and management, outlines the mechanics of unionization, and explains how unions are adjusting to falling membership levels.



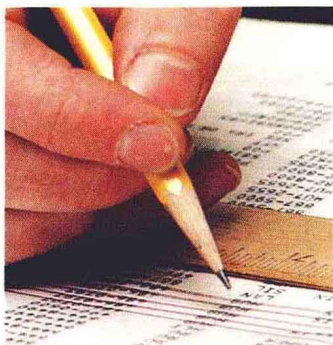
Part four: marketing

CHAPTER 11 MARKETING AND CONSUMER BEHAVIOR introduces the four Ps earlier and explains how they are integrated in actual practice. It increases the coverage of industrial marketing and explains how it differs from consumer marketing. In addition, the chapter expands the discussion of market segmentation to include psychographics and explains how the seller's marketing strategy is influenced by the buyer's approach to shopping.

CHAPTER 12 PRODUCT AND PRICING DECISIONS improves the discussion of pricing objectives and draws a connection between pricing strategy and the product life cycle. It also clarifies the coverage of breakeven analysis.

CHAPTER 13 PROMOTION expands the discussion of such important promotional methods as direct mail and personal selling, emphasizes push and pull strategies, reorganizes the discussion of advertising media in order of importance, and adds a discussion of videotex.

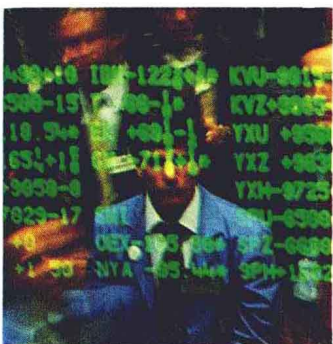
CHAPTER 14 DISTRIBUTION emphasizes the idea that different types of products and markets call for different distribution channels and approaches to market coverage. It also includes a more detailed discussion of the various types of wholesalers.



Part five: tools of business

CHAPTER 15 COMPUTERS AND INFORMATION TECHNOLOGY incorporates all information on computers in a single chapter and focuses on the applications for computers in business. The chapter emphasizes management information systems and the use of computer software rather than computer hardware, and it also adds an update on the electronic office. In addition, it discusses the social impact of computerization.

CHAPTER 16 ACCOUNTING discusses the uses for and limitations of accounting and describes several types of quantitative analysis in business, including ratio analysis, cash-flow analysis, and comparative statement analysis.



Part six: finance

CHAPTER 17 MONEY AND BANKING provides the necessary background for understanding how companies of all sizes finance their operations and explains the functions of money. The chapter expands the material on the various types of financial institutions and updates the discussion of deregulation to reflect recent rulings on regional banking and limited-service banks. It also updates the sections on thrifts and deposit insurance in light of recent events.

CHAPTER 18 FINANCIAL MANAGEMENT combines the material on short-term and long-term finance into a single chapter and adds information on medium-term finance in order to emphasize the continuum of financing options.

CHAPTER 19 SECURITIES MARKETS gives more attention to securities options, including an example of call and put options. Material has been added to clarify the difference between full-service and discount brokers.



Part seven: the environment of business

COMPONENT CHAPTER A INTERNATIONAL BUSINESS adds material on the cultural barriers to world trade and expands the discussion of types of international business activity to include licensing agreements, offshore manufacturing, importing/exporting arrangements, multinational corporations, and U.S. facilities of foreign companies. It also explains the worsening balance of payments.

COMPONENT CHAPTER B GOVERNMENT RELATIONS AND BUSINESS LAW outlines the sources of law and the types of business law. This chapter brings together the discussion of the many types of contact between government and business: government regulation of business, taxation, government assistance to business, and the political influence of business.

COMPONENT CHAPTER C RISK MANAGEMENT AND INSURANCE provides thorough and expanded coverage of basic insurance concepts, such as the law of large numbers, and discusses the current crisis in insurance.

Supplementary materials make *Business Today* a complete learning package

Study Guide

Lee Dahringer, Emory University
Stanley Garfunkel, CUNY — Queensborough
Community College
Dennis Guseman, California State University —
Bakersfield

Creative Lectures

Blaine Greenfield, Bucks County Community
College
Stanley Garfunkel, CUNY — Queensborough
Community College

Test Bank and Customized Test Services

Israel Markowitz, Metropolitan State College
Edward Mirch, West Valley College with
John Beem, College of Du Page
Leonard Presby, The William Paterson College

Instructor's Material for the Study Guide by
Lee Dahringer, Emory University
Dennis Guseman, California State University —
Bakersfield

Random House, Penn State Film Library

Color Acetate Transparency Program

Lecture Outline Transparency Program

Planning Your Career in Business Today
Les Dlabay, Lake Forest College
Lester Schwartz, Queens College

SOFTWARE: *Testmaker* (Computerized Test Bank)
SIMEX II

Techniques for Business Success
Computerized Study Guide

DECIDE: A Computer Simulation

Acknowledgments

Business Today remains outstanding because we have never ceased to listen to those teaching the ever-changing Introduction to Business course. Just prior to beginning the revision of this fifth edition, we again asked the advice of instructors around the country. We have worked hard to publish a textbook and package that reflect their needs. Our sincere thanks are extended to the following individuals, who graciously responded to our questionnaires or spoke at length with us:

Jim Agresta, Prince George's Community College; **L. L. Ainsworth**, Indiana University Southeast; **Anthony Alesi**, Passaic County Community College; **Larry Arp**, University of Southern Indiana; **Edward Atzenhoefer**, Clark Technical College; **Lorraine Bassette**, Prince George's Community College; **Lou Bauer**, Northern State College; **Alan Barnhart**, Mid Michigan Community College; **Alfred Bedell**, Ulster County Community College; **John Beem**, College of Du Page; **Karen Bessey**, Merced College; **Robert Bitter**, South West Missouri State University; **Robert Boatsman**, Seattle Central Community College; **Arthur Boisselle**, Pikes Peak Community College; **Philip Bomeisl**, Bergen Community College; **Robert Braid**, Atlantic Community College; **Sonya Brett**, Macomb Community College; **Pat Brock**, Scottsdale Community College; **Harvey Bronstein**, Oakland Community College; **Vera Brooks**, Motlow State Community College; **Don Brown**, Antelope Valley College; **Ed Brown**, Sinclair Community College; **John Buckley**, Orange County Community College; **Clara Buitenbos**, Pan American University; **Clifford Butje**, Suffolk County Community College; **Robert Byrnes**, Suffolk County Community College; **Al Campbell**, Los Angeles Harbor

College; **Annhenrie Campbell**, College of the Redwoods; **Bruce Charnov**, Hofstra University; **Felipe Chia**, Radford University; **Charles Clark**, South Oklahoma City College; **Jim Cockrell**, Chemeketa Community College; **Jerry Cohen**, Somerset County College; **Terry Comingore**, Brazosport College; **Helene Corby**, Oxnard College; **Phyllis Culp**, Kansas City Kansas Community College; **Paul Curtis**, Parkland College; **D. Dalton**, St. Louis Meramec Community College; **Don De Nisco**, State University of New York College at Buffalo; **Dale Dickson**, Mesa College; **W. M. Dickson**, Green River Community College; **Michael Dougherty**, Milwaukee Area Technical College; **Raymond Egan**, Fort Steilacoom Community College; **Pat Ellebracht**, Northeast Missouri State University; **Ted Erickson**, Normandale Community College; **C. Everett**, Des Moines Area Community College; **Frank Falcetta**, Middlesex Community College; **J. Faurer**, Metropolitan State College; **Jack Felts**, Odessa College; **Judith Furrer**, Inver Hills Community College; **Letty Fisher**, Westchester Community College; **J. Foegen**, Winona State University; **John Foster**, Montgomery College; **Richard Fox**, Essex Community College; **Don Freeman**, Pikes Peak Community College; **R. Fremier**, Monterey Peninsula College; **Charles Frost**, Tampa College; **Brenda Fung**, Portland Community College; **Harold Gelderloos**, Muskegon Community College; **Gary Gibson**, Maple Woods Community College; **Edwin A. Giermak**, College of Du Page; **Marjorie Gilmore**, Community College of Denver; **Paul Goldfeder**, Williamsport Area Community College; **Lu Goode**, Angelo State University; **Doug Gordon**, Arapahoe Community College; **David Grainger**, Oakland Community College; **Patricia A. Graber**, Middlesex County College; **Blaine Greenfield**, Bucks County Community College; **Darwin Grimm**, Iowa Lakes Community College; **Joseph Gray**, Nassau Community College; **John Gubbay**, Moraine Valley Community College; **L. Guynes**, Los Angeles Community College; **Carol Haag**, Lansing Community College; **R. Hadles**, Saint Petersburg Junior College; **John Harrington**,

New Hampshire College; **Larry Harrison**, Kankakee Community College; **John Hauser**, Fox Valley Technical Institute; **J. G. Hecht**, Montclair State College; **Gale Heiman**, Aims Community College; **Sanford Helman**, Middlesex County College; **Robert Henry**, Los Angeles Trade Technical College; **Ron Herrick**, Mesa Community College; **Tom Herring**, Jarvis Christian College; **Wallace Hettle**, Muskegon Community College; **Robert Higgins**, Middlesex County College; **Charles Hobson**, Indiana University Northwest; **G. E. Holt**, Tarrant County Junior College; **T. Huddleston**, Northern Virginia Community College; **David Hunt**, Blackhawk Technical Institute; **Linda Jackson**, Austin Community College; **Edwin Johnson**, Parkersburg Community College; **Francis Jones**, Cypress College; **Sid Kanter**, Penn Valley Community College; **Marvin Katzman**, George Washington University; **Jehan G. Kavooosi**, Clarion University of Pennsylvania; **Dan Keating**, Fox Valley Technical Institute; **Warren Keller**, Grossmont College; **David Kellmar**, Santa Monica College; **Marshall Kerper**, Moorpark College; **W. F. Kiesner**, Loyola Marymount; **Stanley Kissel**, Somerset County College; **V. Wayne Klemin**, Central Washington University; **John Krane**, Community College of Denver; **Fran Kubicek**, Kalamazoo Valley Community College; **Eric Kulp**, Middlesex County College; **Bob Kyriluk**, Bemidji State University; **Don Landdauer**, Los Angeles Community College; **Carol Lang**, Angelo State University; **Jim Lentz**, Moraine Valley Community College; **Edwin Leonard**, Indiana University — Fort Wayne; **George Leonard**, Saint Petersburg Junior College; **Chad Lewis**, Everett Community College; **John Lloyd**, Monroe Community College; **Paul Londrigan**, Charles S. Mott Community College; **J. Loprest**, Bucks County Community College; **Paul Loveday**, University of Nevada Las Vegas; **Anthony Lucas**, Community College of Allegheny County; **Edith Luft**, Orange County Community College; **Albert Mahrer**, Front Range Community College; **S. Mador**, Los Angeles Trade Technical College; **J. Magnuson**, State University of New York College at Delhi; **Edward Magruder**, Virginia Community College; **Donald Manning**, University of Northern Colorado; **John Martin**, Mt. San Antonio College; **Dorothy Maas**, Delaware State College; **Carol Matteson**, Slippery Rock University of Pennsylvania; **Michael Matukonis**, State University of New York College at Oneonta; **M. McCallum**, Portland Community College; **Donald McCauley**, McLennan Community College; **John McCollough**, West Liberty State College; **Terry McConnell**, Manchester Community College; **Jack McDonough**, Menlo College; **James McHugh**, Saint Louis Community College at Forest Park; **Judith McFatter**, Rockland Community College; **Martin McKell**, College of the Desert; **Jimmy McKenzie**, Tarrant County Junior College; **Donald Mellon**, Bergen Community College; **Edward Menge**, Franklin University; **James Meszaros**, County College of Morris; **Steven Miller**, Davidson County Community College; **Edwin Miner**, Phoenix College; **Bob Mitchell**, Orange Coast College; **James Mitchell**, Virginia Western Community College; **Richard V. Miller**, Hartford Community College; **Keith Mills**, Chemeketa Community College; **Ed Miner**, Phoenix College; **William Motz**, Lansing Community College; **Peter Moutsatson**, Montclair Community College; **Norman Muller**, Greenfield Community College; **W. Gale Mueller**, Spokane Community College; **L. Murray**, University of San Francisco; **Robert Nash**, Henry Ford Community College; **Jim Nestor**, Daytona Beach Community College; **Lee Neumann**, Bucks County Community College; **George Newton**, Central Virginia Community College; **Frank Nelson**, El Reno Junior College; **Joyce Newton**, Jackson Community College; **Robert Nixon**, Pima Community College; **Pat Normile**, Montgomery College; **Elaine Novak**, Austin Community College; **Allan Olsen**, Elgin Community College; **R. Olson**, Washburn University of Topeka; **Dennis Pappas**, Columbus Technical Institute; **T. Parmenter**, Ulster County Community College; **Clarissa Patterson**, Bryant College; **Merle Peper**, Southeastern Louisiana University; **Gus Petrides**, CUNY — Borough of Manhattan Community College; **James Pettijohn**, Southwest Missouri State University; **Marie Pietak**, Bucks County Community College; **Bonnie Phillips**, Casper College; **Arnold Pisani**, Berkshire Community

College; **Joseph Platts**, Miami Dade Community College; **John Polesky**, Indiana University of Pennsylvania; **Richard Randall**, Nassau Community College; **Bob Redick**, Lincoln Land Community College; **Peter Replogle**, Orange County Community College; **William Roach**, Washburn University of Topeka; **Elizabeth Robinson**, West Liberty State College; **Durell Rochester**, Tri-County Technical College; **D. Rogers**, State University of New York at Geneseo; **Floyd Rogers**, North Harris County College District; **Pierre Rothstein**, Oakton Community College; **Karl Rutkowski**, Pierce Junior College; **Jean Sanders**, Virginia Western Community College; **R. Schallert**, Black Hawk College; **Duane Schecter**, Muskegon Community College; **Daniel Schneck**, San Joaquin Delta College; **Martin Schwartz**, Rockland Community College; **Jon Seely**, Tulsa Junior College; **Joan Sepic-Mizis**, Saint Louis Community College at Florissant Valley; **Greg Service**, Broward Community College; **B. Shane**, Oregon State; **R. Shapiro**, Cuyahoga Community College; **Jenny Shelly**, College of the Sequoias; **David Shepard**, Virginia Western Community College; **Patrick Shield**, Rio Hondo College; **Celeste Sichenze**, Northern Virginia Community College; **Gene Six**, Mt. San Antonio College; **Carl Sonntag**, Pikes Peak Community College; **Richard Stanish**, Tulsa Junior College; **Jeff Stauffer**, Ventura College; **C. Strain**, Ocean County College; **Rhosan Stryker**, Delta College; **William Tapp**, College of the Mainland; **Raymond Tewell**, American River College; **Frank Titlow**, St. Petersburg Junior College; **Nancy Thomson**, Northwest Missouri State University; **Sandra Toy**, Orange Coast College; **John Turner**, Manatee Community College; **Bob Ulbrich**, Parkland College; **Karen Ulbrich**, Parkland College; **Palmina Uzzolino**, Montclair State College; **Ted Valvoda**, Lakeland Community College; **B. Van Hook**, Arizona State University; **Robert Vaughn**, Lakeland Community College; **Heidi Vernon-Wortzel**, Northeastern University; **Michael Vijuk**, William Rainey Harper College; **C. Thomas Vogt**, Allan Hancock College; **Catherine Watson**, Jackson Community College; **Bernard Weinrich**, Saint Louis Community College; **William Weller**, Modesto Junior College; **Ed Welsh**, Phoenix College; **R. Welsh**, Greenfield Community College; **Harold Wenke**, Iowa Lakes Community College; **Floyd Wente**, Saint Louis Community College; **Susan Wessels**, Meredith College; **J. Wheat**, Indiana University Southeast; **Paul Williams**, Charles S. Mott Community College; **Wayne Wilson**, Cameron University; **Sally Witten**, West Virginia State College; **Charles Womer**, De Anza College; **Gregory Worosz**, Schoolcraft College.

We also wish to acknowledge our debt to those who analyzed and made suggestions for individual chapters — some before revision, some after revision, and some at both stages. We are grateful for the expert guidance of these individual reviewers:

Frank Barnes, University of North Carolina (Production and Operations Management); **Clara Buitenbos**, Pan American University (Finance, Accounting, Risk Management and Insurance); **Anthony J. Campolo**, Columbus Technical Institute (Economics); **Herschel Chait**, Indiana State University (Human Relations, Human Resource Management, Union-Management Relations); **John Doyle**, Springfield College (International Business); **Thomas Dunfee**, University of Pennsylvania (Business Law); **Robert Eskew**, Purdue University (Accounting); **Charles Fay**, Rutgers University (Research Methodologies); **Don Freeman**, Pikes Peak Community College (Finance, Accounting, Risk Management and Insurance); **John W. Gergacz**, University of Kansas (Business Law, Ethics and Social Responsibility); **Robert Goldberg**, Northeastern University (Small Businesses and Franchises, Securities Markets, Risk Management and Insurance); **Linda L. Golden**, University of Texas (Marketing); **Patricia A. Graber**, Middlesex County College (Ethics and Social Responsibility, Forms of Business Organization, Economics, International Business, Small Businesses and Franchises, Business Law); **Robert**

Grau, Cuyahoga Community College (Marketing); **Ronald A. Hadley**, St. Petersburg Junior College (Marketing); **Robert W. Hall**, Indiana University — Indianapolis (Production and Operations Management); **George Head**, Risk Management Programs for the Professions (Risk Management and Insurance); **James Hoban**, Ball State University (Finance); **Linda Jackson**, Austin Community College (Management, Production and Operations Management, Human Relations, Human Resource Management, Unions); **Rose Knotts**, North Texas State University (International Business); **Donald Kuratko**, Ball State University (Small Businesses and Franchises); **James Lentz**, Moraine Valley Community College (Computers and Information Technology); **Paul Londrigan**, Charles S. Mott Community College (Marketing); **Don McCauley**, McLennan Community College (Management, Production and Operations Management, Human Relations, Human Resource Management, Union-Management Relations); **Margot Norwood**, Tarrant Junior College (Economics, Accounting); **David G. Oliver**, Edison Community College (Finance, Accounting, Risk Management and Insurance); **John A. Pearce II**, George Mason University (Management); **Arvind Phatak**, University of Pennsylvania (International Business); **Joseph Platts**, Miami Dade Community College (Computers and Information Technology); **Leonard Presby**, William Paterson State College of New Jersey (Computers and Information Technology); **Richard Randall**, Nassau Community College (Ethics and Social Responsibility, Forms of Business Organization, Economics, International Business, Small Businesses and Franchises, Business Law); **Richard Robinson, Jr.**, University of South Carolina (Small Businesses and Franchises); **Charles Schewe**, University of Massachusetts — Amherst (Marketing); **John F. Steiner**, California State University — Los Angeles (Ethics and Social Responsibility); **Sid Sugg**, Lakeland Community College (Production and Operations Management); **Ray Tewell**, American River College (Marketing); **Robert Ulbrich**, Parkland College (Securities Markets); **Anthony F. Verstraete**, Pennsylvania State University (Computers and Information Technology); **Ed Welsh**, Phoenix College (International Business); **Ed Yager**, Suffolk Community College (Management, Production and Operations Management, Human Relations, Human Resource Management, Unions).

We also extend a special thanks to John G. Foster, Montgomery College; John W. Lloyd, Monroe Community College; Paul Londrigan, Charles S. Mott Community College; and Gregory J. Worosz, Schoolcraft College, for their assistance in working out the table of contents for this edition.

The authors of the support package have again met the special challenge of developing materials that are fresh yet correspond closely to the text. We thank Blaine Greenfield and Stanley Garfunkel for their unflagging work on the *Creative Lectures*. Lee Dahringer, Stanley Garfunkel, and Dennis Guseman again pulled out the stops to ensure the *Study Guide* was ready to publish with the textbook. We are grateful also to the *Test Bank* authors, Edward Mirch and Israel Markowitz with John Beem and Leonard Presby, for their diligence and creativity.

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This edition of *Business Today* owes a great deal to the efforts of a pair of communication professionals. Jane D. Pogeler's knowledge, intelligence, and clear-eyed view of the business world infuse the book. And Rebecca

Smith's first-hand understanding of business, coupled with her disciplined approach to the publishing process, have ensured a quality product.

The editorial, production, and design qualities of *Business Today, Fifth Edition*, are the result of the combined efforts of many people at Random House. As with any team, each member has an important role. But the outcome depends on how well each one performs both individually and in concert with others. To this end we thank those whose knowledge, hard work, and joy truly helped to make this project a success.

We are indebted to our executive editor, June Smith, for her vision, support, and superb management of this project. Our acquiring editor, Susan Badger, has also made great contributions in terms of her creativity and her unflagging dedication to excellence.

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Once again, we are also indebted to Anne Mahoney, developmental editor, for her professionalism, sound judgment, and good humor in coordinating the review process and in bringing forth the ancillary materials. In addition, thanks go to Dan Alpert, developmental editor, who did a fine job of coordinating the mammoth day-to-day reviewer program; and to Lisa Mitchell, assistant editor, who also contributed to the review process. We thank Valerie Raymond for her creativity in developing the transparency program, and our dynamic marketing team, Marie Schappert and Liz Israel, for their helpful suggestions and ideas. Thanks are also due to the Random House sales representatives, who participated in focus group discussions and contributed their suggestions for improving the fifth edition.

David Lindroth's creativity, constant effort, and practical vision gave this book its unique and effective design. Della Mancuso, manager of production operations, and Anita Kann, production supervisor, tirelessly maintained quality control and kept us on schedule. Photo manager, Kathy Bendo, and photo editor, Elyse Rieder, aided us in communicating our ideas.

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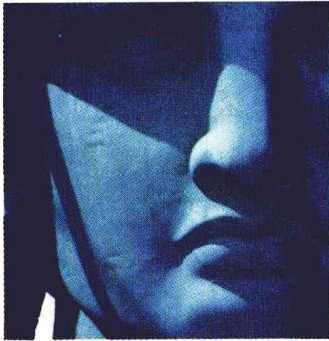
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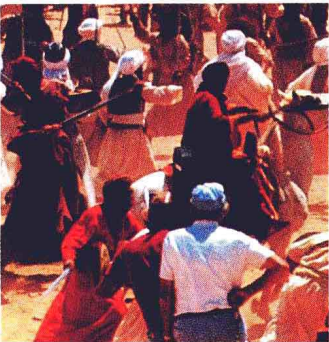
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