

The background is a complex collage of textures and colors. It features a large, dark blue circle on the left side. Overlaid on this circle is the word 'Business' in a white, sans-serif font. Below this, the word 'Business' is repeated in a lighter, blue, semi-transparent font, appearing as if it's a reflection or a second layer. To the right of the circle, there's a textured, reddish-brown area that looks like a close-up of a hand holding a pen or a similar object. Various geometric shapes, including squares and diamonds in shades of blue, red, and gold, are scattered across the design. A thin white horizontal line is positioned below the first 'Business' text.

# Business

Business

Pride  
Hughes  
Kapoor

Sixth Edition

# Business

SIXTH EDITION

WILLIAM M. PRIDE

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*Texas A & M University*

ROBERT J. HUGHES

---

*Dallas County Community College*

JACK R. KAPOOR

---

*College of DuPage*



**Houghton Mifflin**

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*To Nancy, Allen, and Michael Pride*

*To my mother, Barbara Y. Hughes, and my wife, Peggy*

*To my parents, Ram and Sheela, my wife, Theresa, and my children, Karen, Kathy,  
and Dave*

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# Preface

*Opportunity!* It's only eleven letters, but no other word provides a better description of the current business environment. Employment opportunities for entry-level workers, investment opportunities, and career advancement opportunities have never been greater. And yet, employers and our capitalistic economic system are more demanding than ever before. For many students, preparation for life-long success begins with an introduction to business course. As educators, we want to help our students succeed by giving them the tools they need to do it. Naturally, using a strong text is one of the most effective ways to show students what really matters in business today.

Both instructors and students deserve the most up-to-date text available. As authors, we're especially proud of the sixth edition of *Business*. This text invites students into the study of business and can help them be satisfied, successful, and enthusiastic business students. With these goals in mind, and with the help of an advisory board of instructors who teach this course across the country, we've revised this edition to emphasize real-world relevance, career skills and career opportunities, and the exciting world of business.

Consider some of the changes in the business world, and the world at large, that have occurred since the previous edition of *Business* was published!

- The U.S. gross domestic product grew from \$6.4 trillion to \$7.6 trillion.
- The average prime rate for loans dropped to approximately 8 percent in most areas of the United States.
- The Dow Jones Industrial Average broke the 9,000 mark (and promises to climb higher).
- The amount spent by business and government to control water and air pollution and to clean up toxic waste increased to over \$72 billion a year.
- The number of Internet users increased to approximately 100 million worldwide.
- Unemployment rates in many parts of the United States dropped to a record low.

These important changes along with many more are discussed in this new edition of *Business*. In fact, the primary impetus behind this edition is to provide our customers—students and instructors—with the latest information available.

Our objective has always been to provide both students and instructors with the best textbook possible: one that is relevant, accurate, and interesting—just like business itself. To that end, we worked hard to make sure that this new edition of *Business* maintains the same tradition of providing quality instructional materials. In the next several sections, we describe the distinctive features unique to the sixth edition of *Business* that ultimately make this book different from any other book available today.

## New to This Edition

Suggestions from both educators and students who have used previous editions have been incorporated into the sixth edition. Here are some of the many new ways we make business accessible and relevant to your students.

- Revised chapters include more emphasis on important topics such as total quality management, women in business, cultural diversity, ethics, minority-owned businesses, technology, managing change, small businesses, business research, and global business.

- There are five types of boxed features in this edition: Adapting to Change, Examining Ethics, Exploring Business, Going Global, and Talking Technology. The issues discussed in the boxes are described more fully in the next section.
- A new section entitled Building Skills for Career Success appears at the end of each chapter. Five different exercises require students to explore the Internet, develop critical thinking skills, build team skills, research different careers, and improve communication skills.
- All of the chapters open with Inside Business vignettes. Companies showcased in Inside Business include Coca-Cola, Dell Computer, Starbucks, UPS, Zane's Cycles, Lids, Columbia Sportswear, Cadillac, and other well-known firms recognized for a history of excellence. An additional feature at the end of each chapter, Return to Inside Business, provides further information about the company profiled in the chapter opener and poses questions to stimulate class discussion.
- There is a completely new video program. Each chapter video contains four segments that include an overview of the chapter, two different video segments that illustrate concepts within the chapter, and a video case that highlights a real-world company. The video guide helps instructors integrate videos with chapter material and provides a summary and multiple choice questions for each chapter video.
- An all-new technology-based supplement enhances the text for students and instructors. It includes content-rich Web sites, PowerPoint slides, and a CD-ROM—all of which are described in this preface.

## Exciting Boxed Features

To help highlight today's important issues, we have included a variety of boxed features. Five types of boxes appear throughout the book: Adapting to Change, Examining Ethics, Exploring Business, Going Global, and Talking Technology.

### Adapting to Change

Nothing is more certain in today's business environment than change. And the changes taking place are dramatic. Although viewpoints vary considerably about the nature of such changes, business people must deal with both the benefits and challenges of these changes. The workplace changes on which we focus fall into several broad areas, including cultural diversity, total quality management, and changes in business practices. Specific topics include

- The Business Case for Environmental Protection (Chapter 2)
- Corporate-Casual (Chapter 4)
- Women at the Top (Chapter 6)
- The Corporate Laughter Business Is Booming (Chapter 9)
- Outstanding Diversity Programs (Chapter 10)
- E-Mail Can Cause Conflict! (Chapter 16)

### Examining Ethics

Following up on the ethics coverage provided in Chapter 2, Ethics and Social Responsibility, the Examining Ethics features are designed to develop students' abilities to think critically about typical ethical dilemmas that arise in business. To encourage classroom discussion, discussion questions are provided at the end of each Examining Ethics feature. Examples of topics discussed are:

- Bring Business and Profits Back to the Inner City (Chapter 2)
- Is Ethical Downsizing Possible? (Chapter 7)
- Is Targeting Vulnerable Groups Ethical? (Chapter 12)

- Advertising Alcohol to Underage Drinkers (Chapter 15)
- Guarding against Internet Fraud (Chapter 16)
- “Cooking the Books” Can Lead to Indictment for Fraud (Chapter 17)
- Phony Investments! (Chapter 20)

### Exploring Business

The Exploring Business series examines a wide range of organizations and contemporary topics that include business trends, social issues, success stories, and personal applications for students. Selected topics include:

- Which IRA Is Right for You? (Chapter 1)
- Satisfying Customers at Southwest Airlines (Chapter 1)
- Will You Be Successful in Running Your Own Business? (Chapter 4)
- Carmax Takes the Mystery and Stress out of Car Buying (Chapter 13)
- Using Credit Cards Wisely (Chapter 18)
- How Small Businesses Can Obtain Financing (Chapter 19)
- Do You Want to Be a Millionaire? (Chapter 20)

### Going Global

This series of boxes, together with Chapter 3, Global Business, is designed to enhance students’ awareness of the globalization of the business world. Sample boxed features include:

- Translating Leadership Styles (Chapter 6)
- Is the Whole World Working Too Hard? (Chapter 9)
- Mayonnaise and Potato Pizza, Anyone? (Chapter 13)
- Amway: Direct-Selling Global Powerhouse (Chapter 14)
- Evaluating Global Investments (Chapter 17)

### Talking Technology

As we enter the twenty-first century, both consumers and businesses are aware of the impact that technology has had on the way we do business. The topics covered in this boxed feature describe some of the latest, state-of-the-art applications that promise to change the way we will live in the future. Selected topics include:

- World-Class Information Technology Companies (Chapter 1)
- Telecommuting: Technology Instead of Traffic (Chapter 9)
- Surfing the Internet for a Job (Chapter 10)
- Cyberpromotion: Communicating with Customers Online (Chapter 15)
- Favorite Web Sites for Business (Chapter 16)
- Pioneering the Way to High-tech Methods of Raising Capital (Chapter 19)
- Can the World Wide Web Help You Invest? (Chapter 20)

## Effective Pedagogical Aids

As we invite students to study business, this text provides the pedagogical tools that will help make their first business course a success. The following features in the text have been evaluated and recommended by reviewers with years of teaching experience.

### Part Introductions

Each of the text’s six parts begins with a concise description of the materials to follow. From the outset of each part, students are exposed to upcoming content and develop a better understanding of the chapters’ context within the text.



## Learning Objectives

A student with a purpose will learn more effectively than a student wandering aimlessly. Each chapter of *Business* contains clearly stated learning objectives signaling important concepts to be mastered. Together, the learning objectives and introductory paragraphs enable students to recognize the chapter's direction. The learning objectives are reinforced as they appear in the margins of the text and serve as the chapter summary's organizing framework. To aid instructors, questions in the *Test Bank* are keyed to the learning objectives.

## Inside Business

Chapter-opening vignettes, entitled Inside Business, relate business concepts to students. Inside Business introduces the theme of each chapter and focuses on pertinent activities of real organizations, such as Ford, Deloitte & Touche, and Wells Fargo. The decisions and activities of these and other familiar organizations not only demonstrate what companies are actually doing, but also make the materials in each chapter relevant and absorbing. When students become involved in the chapter material, critical thinking and active participation replace passive acceptance, and real learning takes place.

## Introductory Chapter Overview

The opening paragraphs of each chapter offer an informal chapter preview, while also providing a smooth transition from the Inside Business section. Students can quickly grasp the major topics in the chapter and the sequence in which they are covered. When students are ready to review, each introductory paragraph also serves as a useful reminder of chapter content.

## Margin Notes

Two types of margin notes help students understand and retain important concepts. First, to aid students in building a basic business vocabulary, the definition of each key term is placed in the margin near the introduction of the term in the text. Second, each learning objective is positioned at the beginning of the section where it is discussed. This easy reference to terms and objectives helps reinforce the learning of business fundamentals.

## Stimulating Writing Style

One of our major objectives in *Business* is to communicate to students our enthusiasm for business in a direct, engaging manner. Throughout the book we have used a lucid writing style that builds interest and facilitates students' understanding of the concepts discussed. To ensure that the text is stimulating and easy for students to use, we have given special attention to word choice, sentence structure, and the presentation of business language.

## Real-World Examples and Illustrations

Numerous real-world examples drawn from familiar organizations and recognizable products are showcased in each chapter. How does a Southwest Airlines manager attract and keep such upbeat, effective employees? How did Physician Sales and Service raise the cash needed to expand and go nationwide? What are the fastest-growing industries in the small business sector? Contemporary examples such as these catch students' attention and enable them to apply the concepts and issues of each chapter. The new Snapshot feature highlights up-to-date fun facts, and the content-based photo captions provide continual, eye-catching examples.

## Return to Inside Business

This newly suggested feature helps students tie theory and practice together. The Return to Inside Business feature offers a review of the material included in each

chapter's Inside Business section. Additional information about the organization profiled in Inside Business provides real-world examples of the application of specific chapter concepts within organizations that are taking advantage of opportunities or solving problems. At the end of each Return to Inside Business feature, there are also questions that can be used for classroom discussion. Suggested answers are included in the *Instructor's Resource Manual*.

### **Complete End-of-Chapter Review Materials**

We provide the practical applications that make a business course so valuable for students. Each end-of-chapter summary, based on the chapter's learning objectives, reviews important ideas. A list of key terms with page references and a complete set of review questions serve to reinforce the learning of chapter definitions and concepts. Discussion questions encourage careful consideration of selected issues presented in the chapter by asking students to engage in critical thinking and writing about chapter topics.

### **Video Cases**

A new video case in each chapter focuses on recognizable organizations. The cases offer descriptions of current business issues and activities, allowing students to consider the real-world implications associated with the concepts covered within the chapter. Related questions suitable for class discussion or individual assignment follow each case. Sample case titles include:

- Motorola's Total Commitment to Employees (Chapter 1)
- Home Depot's Social Responsibility Agenda (Chapter 2)
- T.G.I. Friday's Organizes for Global Expansion (Chapter 7)
- Saturn Listens to Its Customers (Chapter 8)
- Church's Chicken—"Gotta Love It" (Chapter 15)
- The "Big" Stock Exchanges in the United States (Chapter 20)

### **Building Skills for Career Success**

Each chapter ends with a new section, Building Skills for Career Success. All exercises in this section provide detailed introductory material along with a student assignment. The five exercises include Exploring the Internet, Developing Critical Thinking Skills, Building Team Skills, Researching Different Careers, and Improving Communication Skills. Suggested answers for each student assignment are included in the *Instructor's Resource Manual*.

### **Glossary**

A glossary containing nearly 750 fundamental business terms from the text appears at the end of the text. The glossary serves as a convenient reference tool to reinforce students' learning of basic business vocabulary.

## **Complete Package of Support Materials**

Accompanying the sixth edition of *Business* is a support package that focuses on generating enthusiasm in class, inspiring student success, and increasing the effectiveness of instructors.

### **For Instructors to Plan, Present, and Assess More Effectively**

**Instructor's Web Site** This continually updated, password-protected site includes valuable tools to help instructors design and prepare for the course. The contents will feature text updates, new examples, the Teaching Idea Exchange, sample syllabi, PowerPoint slides that can be downloaded, and text files from the *Instructor's Resource Manual*.



**Power Presentation Manager CD-ROM** This new software package provides instructors with all the tools they'll need to create customized multimedia lecture presentations for display on computer-based projection systems. The software makes available lecture outlines from the *Instructor's Resource Manual*, figures and tables from the transparencies, and PowerPoint slides. Instructors can quickly and easily integrate all of these components, create their own screens, and prepare a seamless classroom presentation.

**PowerPoint Slide Presentations** New PowerPoint slides (by Milton Pressley, University of New Orleans) have been specially developed for this edition. This package contains over 500 slides, providing a complete lecture for each chapter, including key figures from the text. Instructors with Microsoft PowerPoint can use the presentations as is, or edit, delete, and add to them to suit their specific class needs. For those without PowerPoint software, a reader is provided so that the slides may be viewed.

**Videos** The twenty-one all-new video modules, supporting each chapter in *Business*, can help instructors bring lectures to life by providing thought-provoking insights into real-world companies, products, and issues. These videos were produced specifically for educational use with this text. Each chapter module includes four segments: a chapter overview, two key concept segments, and a segment supporting the end-of-chapter video case. A complete description of each chapter's series of video segments is provided in the *Video Guide*.

**Video Guide** This guide is designed to help instructors integrate text content with the video series. For each video module, the title, location, and length are provided. In addition, a video preview and description of each of the four segments (overview, two separate concept segments, and the video case) are provided for each chapter video. Multiple choice questions that can be used for classroom discussion or testing are also provided.

**Instructor's Resource Manual** The comprehensive *Instructor's Resource Manual*, written by the text's authors, features the following items for each chapter:

- Note from the authors
- Learning objectives
- Brief chapter outline
- Guide for using the transparency acetates
- Comprehensive lecture outline (including transparency cross references, suggestions on where video material can be used, suggested answers to Examining Ethics feature questions, and At Issue debate features for class discussion)
- Supplemental lecture
- Answers to the text review questions, discussion questions, and case questions
- Suggested answers for Building Skills for Career Success exercises
- Two chapter quizzes with answer keys
- Answer key for transparency class exercise and quiz

In addition, the *Instructor's Resource Manual* provides general information that instructors can use to integrate the text into their courses, including a special note to part-time instructors.

**Test Bank** Written and class-tested by the text's authors, the *Test Bank* contains over 3,000 items. Each chapter contains a variety of essay, true/false, and multiple-choice questions. An item-information column in the *Test Bank* specifies details about each question, such as a learning objective tie-in, learning level

(knowledge or application), answer, and text page reference. More specific information about different types of test questions appears in the introduction to the *Test Bank*.

**Computerized Test Bank** This electronic version of the printed *Test Bank* allows instructors to generate and change tests easily on the computer. The program also includes an online testing and a gradebook feature, by which instructors can administer tests via a network system, modem, or personal computer. The grading function lets users set up a new class, record grades from tests or assignments, analyze grades, and produce class or individual statistics.

**Transparencies** The instructional package includes 300 color transparencies—some drawn from the text and over 150 from outside sources. Supplemental transparencies for each chapter include a chapter outline, a class exercise useful for stimulating class discussions, a debate issue excellent for generating fast-paced class interaction, and a multiple-choice chapter quiz. Additional transparencies for each chapter include definitions and figures not found in the text.

### **For Students to Enhance Knowledge and Application Skills**

**Student Web Site** This valuable resource will be updated periodically to ensure currency and high-interest. The site will include a research center linking to other sites of interest for business students; end-of-chapter online exercises with links to assigned sites, and any updates that are necessary to keep the exercises current; links to the companies highlighted by Inside Business sections, boxed features, and cases; business templates to help students create documents such as resumés, cover letters, job applications, business plans, and personal financial plans; career-related links; a downloadable version of *PCStudy*, an electronic study guide; and online self tests that afford students immediate feedback on their progress.

**Study Guide** Written by Kathryn Hegar of Mountain View College, the *Study Guide* is a self-help tool for students to use in learning definitions, concepts, and relationships in each chapter. Based on student feedback from the previous edition, the exercises and questions have been redesigned to be especially useful for self-evaluation and review purposes. For each chapter in the text, the *Study Guide* provides the following:

- Key terms
- Matching questions
- True/false questions
- Multiple-choice questions
- Short answer and analytical questions
- Answer key

**PCStudy** This menu-driven, user-friendly computerized tutorial is an instructional program that gives students the opportunity for active learning and helps them review and assess their knowledge of concepts, issues, and applications discussed in each chapter of the text. Each chapter is supported with a brief chapter overview, learning objectives, and follow-up questions (multiple-choice, true/false, and matching). With multiple-choice questions, students respond to each item, and the easy-to-use program provides reinforcement for correct answers and explanations for incorrect answers. Students can time their work and answer questions in the order given or at random. After completing a test, students can see the percentage along with number of questions answered correctly and the number of attempts made to answer each question. They can print their score, the questions, and the answers. Material in this supplement is not contained in the print version of the *Study Guide*.

***Entrepreneur: A Simulation and Manager: A Simulation, Third Edition*** These business simulations, developed by the successful team of Jerald R. Smith and Peggy Golden (Florida Atlantic University), allow student players to make business decisions through simulated real-world experiences. *Entrepreneur* involves the planning, start-up, and continuing operation of a retail store. *Manager* presents cross-functional decisions about the operation of an organization in the home stereo industry. Acting as management teams, students encounter many factors as they tackle each phase of the business. Ongoing decisions include areas of pricing, advertising, quality control, cash flow, market research, and inventory management. Support materials are provided for instructors.

***The Ultimate Job Hunter's Guidebook, Second Edition*** This practical, how-to handbook by Susan Greene (Greene Marketing and Advertising) and Melanie Martel (New Hampshire Technical Institute) is a concise manual containing abundant examples of and practical advice on each of the job hunter's major tasks: conducting a self-assessment, preparing résumés and cover letters, targeting potential employers, obtaining letters of recommendation, filling out job applications, interviewing, and starting a new job. The guide also covers current topics of interest such as online job hunting, handling rejection, networking, evaluating job offers, negotiating salary, and looking ahead to future opportunities. It also includes numerous success stories used as models to inspire students.

## A Special Note to Students and Instructors

We have worked very hard to bring you a text and support package that will successfully address a variety of needs. Since a text should always be evaluated by the students and instructors who use it, we would welcome and sincerely appreciate your comments and suggestions. Please feel free to contact us.

William M. Pride  
Department of Marketing  
Texas A & M University  
College Station, TX 77843  
w\_pride@tamu.edu

Robert J. Hughes  
Division of Business and Professions  
Dallas County Community Colleges  
12800 Abrams  
Dallas, TX 75243  
rjh8410@dcccd.edu

Jack R. Kapoor  
Division of Business  
College of DuPage  
22nd & Lambert Streets  
Glen Ellyn, IL 60137  
kapoorj@cdnet.cod.edu

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Rex Cutshall  
*Vincennes University*

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Michael Griffin  
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Nathan Himmelstein  
*Essex County College*

Carol A. Jones  
*Cuyahoga Community College*

Karl Kleiner  
*Ocean County College*

John R. Pappalardo  
*Keene State College*

Peter Quinn  
*Commonwealth College*

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Ted Valvoda  
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*North Central Technical College*

Carole Anderson  
*Clarion University*

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*John Tyler Community College*

Ed Atzenhoefer  
*Clark State Community College*

Xenia P. Balabkins  
*Middlesex County College*

Charles Bennett  
*Tyler Junior College*

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*Southwest Missouri State University*

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- Edwin Giermak  
*College of DuPage*
- R. Gillingham  
*Vincennes University*

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 Sanford Helman  
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*Middlesex County College*  
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*Westmoreland County Community College*



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*Southwestern College*
- Robert C. Lowery  
*Brookdale Community College*
- Anthony Lucas  
*Community College of Allegheny County—Allegheny*
- Sheldon A. Mador  
*Los Angeles Trade and Technical College*
- Gayle J. Marco  
*Robert Morris College*
- John Martin  
*Mt. San Antonio Community College*
- Irving Mason  
*Herkimer County Community College*
- John F. McDonough  
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*Bucks County Community College*
- L. J. McGlamory  
*North Harris County College*
- Charles Meiser  
*Lake Superior State University*
- Ina Midkiff-Kennedy  
*Austin Community College—Northridge*
- Edwin Miner  
*Phoenix College*
- Linda Morable  
*Richland College*
- Charles Morrow  
*Cuyahoga Community College*
- T. Mouzopoulos  
*American College of Greece*
- W. Gale Mueller  
*Spokane Community College*
- C. Mullery  
*Humboldt State University*
- Robert J. Mullin  
*Orange County Community College*
- Patricia Murray  
*Virginia Union University*
- Robert Nay  
*Stark Technical College*
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*Vincennes University*
- Jerry Novak  
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- Gerald O'Bryan  
*Danville Area Community College*
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*Edison Community College*
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- Joseph Platts  
*Miami-Dade Community College*
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*University of Toledo*
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- Peter Quinn  
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- Kenneth Robinson  
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- J. Gregory Service  
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