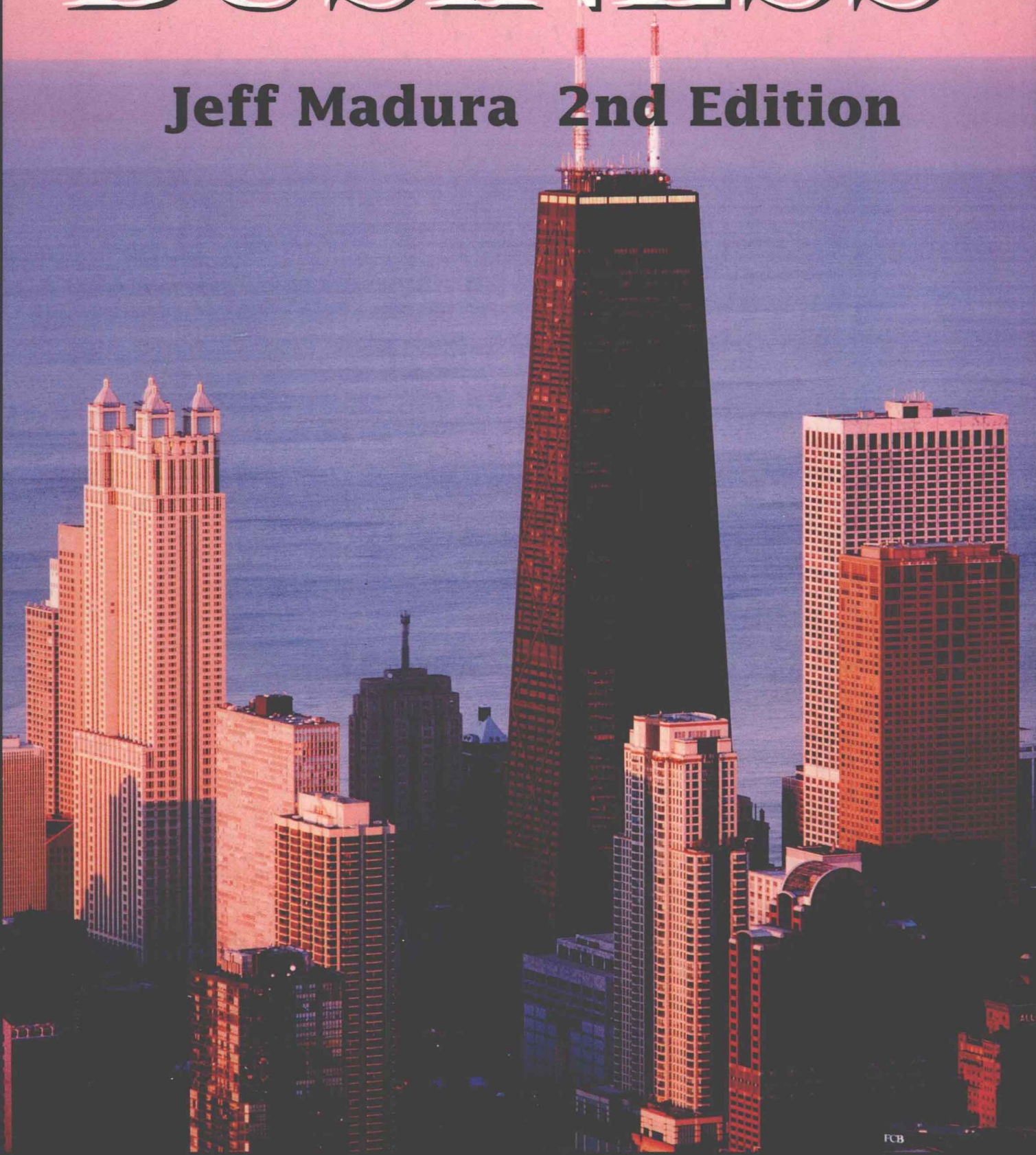


Introduction to

BUSINESS

Jeff Madura 2nd Edition



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BUSINESS
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Jeff Madura
Florida Atlantic University

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To Mary



Preface

Whether college students select business or some other area as their major, they typically pursue a career that is in a business setting. For example, students who major in science commonly work for biotechnology firms, and can benefit from an understanding of business. Students who select journalism as a major commonly work for media and publishing firms, and therefore

benefit from an understanding of business. Even students who plan to work for the government benefit from an understanding of business, since the government has become more focused on recognizing its revenue and its expenses as if it were a business.

A course in Introduction to Business can be one of the most important courses for shaping a student's

career. It provides the foundation of business knowledge that can enable students to utilize their talent in the business world. It also provides a survey of the different business topics, allowing students who plan to major in business to determine the field of business (management, marketing, etc.) they would like to pursue.

Focused Around a Business Plan

The underlying approach of the text revolves around the development of a business plan. The chapters follow the structure of a business plan and are organized into seven parts. Part I of the text explains how to establish a business, how to choose a type of business organization, and how to establish ethics guidelines for the business. Part II describes how the business environment (economic, industry, and global conditions) can affect a business. Parts III and IV focus on the management of a business, while Part V focuses on the marketing, and Part VI explains the financial management of the business. Part VII discusses other business topics.

Focused on Key Business Concepts

This textbook is designed to prepare students for the business world by focusing on business concepts, without dwelling only on definitions. It uses a unique approach to place students in positions as decision-makers so that they can truly understand the dilemmas faced by businesses. Here are some examples of key business concepts that are discussed in this text:

- ▶ What are the objectives of managers, and what potential conflicts of interest can occur?
- ▶ How can a firm use the Internet to enhance its performance?
- ▶ How does the level of competition within an industry affect a firm's performance?
- ▶ How can firms benefit by expanding overseas? How can they be adversely affected by expanding overseas?
- ▶ Why do firms restructure their operations?
- ▶ How can firms motivate their employees?
- ▶ How should firms promote their products?
- ▶ How does the Federal Reserve System (the Fed) affect a firm's performance?
- ▶ How are the roles of different business departments intergrated?

The concepts in this text are intended to make students think, rather than just rely on memory. This enables students to understand business strategy, so that they can not only survive but also be successful in the business world.

Focused on Learning Methods Endorsed by the AACSB

This text enables students to learn concepts through learning methods (such as decision making, teamwork, and communication) that are endorsed by the American Association of Collegiate Schools of Business (AACSB). For example, students are challenged to be creative by forming their own business idea. The cases and other end-of-chapter exercises frequently put students in positions in which they must make business decisions. There are teamwork exercises so that students become experienced in working with others to resolve business dilemmas. There are communication exercises that enable students to improve their writing and speaking skills, and thus learn how to communicate their ideas, as they learn business concepts.

Special Features That Distinguish This Text From Others

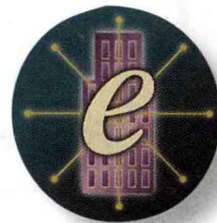
This text is loaded with features that help students learn business concepts. In particular, six special features differentiate this text from other texts:

- ▶ Emphasis on Technology
- ▶ Practical, Real-World Applications and Team Building Projects
- ▶ The Coca-Cola Annual Report Project
- ▶ Small Business Applications
- ▶ Value Creation First, Definitions Second
- ▶ Cost-Saving Features
- ▶ Reinforcement of Key Concepts

Emphasis on Technology

Business Online

The Internet is now being used in some manner by most businesses. Each chapter has two or more sections called **Business Online**, which illustrate how the Internet is used by businesses to apply a particular business concept discussed in that chapter. Featured websites include **Adobe** (Chapter 2, p. 34), **Blockbuster** (Chapter 6, p. 146), and **Monster.com** (Chapter 12, p. 317).



Spotlight on Technology

The role technology plays in business continues to grow. **Spotlight on Technology** explores the integration of technology in business, both now and in the future, and develops the relationship between technology resources and each functional area of business. Examples include **Online Resources for Starting a Business** on p. 18 in Chapter 1, **Online Recruiting and Recruitment Software** on p. 329 in Chapter 12, and **Distribution through the Internet** on p. 401 in Chapter 14.



Dell Computer's Formula for Success

Dell Computer is one of the most successful firms in the last decade. Each chapter has a section called **Dell Computer's Formula for Success** (an example follows at top of next page) that explains how Dell applied the key concepts in that chapter to achieve high performance.

New!

New!

DELL® COMPUTER'S FORMULA FOR SUCCESS

One of the five factors Dell considers responsible for its success in the computer industry is closeness to its customers or customer contact. To achieve a high level of customer contact, Dell segments the computer marketplace into well-defined customer groups, each of which has unique computing needs. For example, large corporations have a high need for global service capabilities, while medium-sized businesses place a high value on product repair and help-desk support. By segmenting the marketplace in this manner, Dell is able to address varying customer needs with greater precision and speed, thereby satisfying its customers.

Applications for Dell Computer

At the end of each part, students are asked how specific business concepts covered in that part can be applied to Dell Computer's business. An emphasis is placed on the use of the application of the Internet and technology to Dell Computer's business. This ensures that students understand how Dell Computer has been able to achieve success by applying technology and other business concepts.

Internet Applications

Internet Applications at the end of each chapter send students out to real-company websites to research and answer questions related to the chapter concepts.

Practical, Real-World Applications and Team-Building Projects

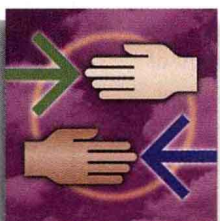


Global Business

Global Business boxes in each chapter show how global realities impact every area of business and emphasize how international opportunities and dilemmas affect the value-creation ability of the firm. For example, see *Global Quality Standards* on p. 267 in Chapter 10 and *Promoting Products Across Countries* on p. 422 in Chapter 15.

Self-Scoring Exercises

Self-Scoring Exercises scattered throughout the text prepare students for the business world by helping them understand their strengths and weaknesses and how those characteristics can successfully fit into a business setting. Questions posed include *Assessing the Ethical Standards of the Firm Where You Work* (Chapter 3, p. 71), *Are You an Empowered Employee?* (Chapter 11, p. 303), and *How Much Risk Can You Take?* (Appendix A, p. 615).



Cross-Functional Teamwork

Cross-Functional Teamwork boxes emphasize the need for managers of different functional areas to work as a team in order to maximize profits, focusing on planning errors that occur when individual units are NOT working together toward the same goal.



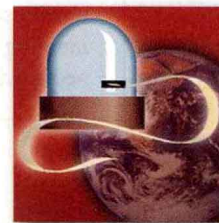
Investing in the Stock of a Business

Students acquire the annual report of a company in which they want to invest, then track that company's stock price throughout the semester. Students also investigate how their company manages its business operations, analyze how it markets products, and generally learn how it conducts business.

New!

Stock Market Game

This new feature, appearing at the end of each part, allows students to simulate the management of a stock portfolio. It keeps track of the portfolio as the student trades over time, and determines the market value of the portfolio on a daily basis. The last part includes a project that allows the student to determine the performance of their investments.



Integration of Business Concepts

The text integrates business concepts throughout. There is a **Part Introduction** at the beginning of each part that introduces the chapters in that part and explains how those chapters are related. At the end of the part, a **Part Summary** summarizes how various concepts covered within the part are integrated.

As previously mentioned, the "Cross-Functional Teamwork" feature in each chapter explains how various business strategies discussed within the chapter require teamwork and interaction among employees of different departments. The final chapter of the text (Chapter 21) summarizes the entire text and integrates many of the key business functions that were described throughout the text.

The Coca-Cola Co. Annual Report Project

Introduction to Business includes exercises after each chapter that specifically reference The Coca-Cola Company's annual report and show practical applications of chapter topics. This stimulating hands-on look at The Coca-Cola Company gives students first-hand, real-life exposure to how all functional areas of a company work together to propel one of the world's most recognizable products into the 21st Century. Updated questions for the most recent Coca-Cola Company annual report are found on the text's web site at http://madura_intro_bus.swcollege.com.

THE *Coca-Cola* COMPANY ANNUAL REPORT PROJECT



Questions for the current year's annual report are available on the text web site at http://madura_intro_bus.swcollege.com.

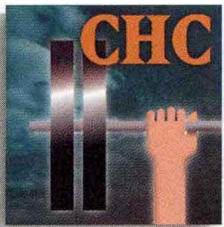
The following questions apply concepts learned in this chapter to The Coca-Cola Company. Go to The Coca-Cola Company web site (<http://www.cocacola.com>) and find the index for the 1999 annual report.

QUESTIONS

- 1 Look at the information on the "Impact of Inflation and Changing Prices." How could inflation affect The Coca-Cola Company's future profitability? What does The Coca-Cola Company generally do to counteract inflationary effects?
- 2 Look at the information on "Euro Conversion." Does the management of The Coca-Cola Company perceive any problems to be associated with the introduction of the euro, the new European currency?
- 3 Look at "Middle & Far East Group." Given that it is impossible to predict future economic conditions, what might be a general strategy of a large firm such as The Coca-Cola Company to insulate against shifts in the economic environment of any particular country?

Small Business Applications

Examples from Fortune 500 companies are beneficial, but it's also important to recognize issues facing smaller businesses. This text gives you many flexible options to do just that.



College Health Club: Business Dilemma

This on-going simulation tracks the dilemmas of Sue Kramer's new business, College Health Club, from start-up through the growth phase. The **Business Dilemma** is tied closely to specific issues in individual chapters as students encounter the problems and opportunities faced by Sue and her business.

Small Business Survey

Who are the board members of small firms? Do employees want more influence in business decisions? How do CEOs allocate their time when managing employees? Answers to these and similar questions are discussed in **Small Business Survey**, providing your students with a reality-based picture of how small business managers conduct day-to-day business.

Running Your Own Business

The **Running Your Own Business** project at the end of each part of the text takes students step-by-step through issues and decisions they would face in running their own business. Students choose their own business and develop a business plan as they go through the chapters of the text. Questions guide them through the issues they would face. At the end of the project, students can convert their accumulated answers into a formal business plan. An accompanying business plan booklet and CD-ROM provide templates where students can document their business plan.



Managing Campus.com

In the **Managing Campus.Com** project, students are given an idea for a small business that would sell information about college campuses to prospective students over the Internet. They are asked to make decisions about how to apply business concepts covered within each part of the text. By the end of the semester, they will have completed a business plan for this small business. An accompanying business plan booklet and CD-ROM provide templates where students can document their business plan. This project also offers the opportunity for students to work in teams and to develop their communication skills by sharing their ideas with their team or with the class.

Value Creation First, Definitions Second

Introduction to Business provides complete and thorough definitions to the hundreds of terms this course requires. **Key terms** are highlighted in four different ways:

- ▶ Boldfaced within the text
- ▶ Placed in the margin with full definitions
- ▶ Listed at the end of the chapter where they first appear
- ▶ Assembled in a glossary at the end of the text and page-referenced to where the definition appears.



But this isn't a dictionary of business terms. It emphasizes business concepts and strategy, which are much more important to your students' success in understanding business than memorizing a list of terms.

Introduction to Business reaches students through a variety of vignettes, exercises, and projects. In addition, end-of-chapter material reinforces this practical application through four distinct elements for each chapter:

- ▶ **Review Questions** that emphasize the review of basic chapter concepts
- ▶ **Discussion Questions** that ask students to apply chapter concepts to business situations
- ▶ **Cases** that present real-world scenarios for students to analyze and make decisions about the direction of a business
- ▶ **Video Cases** that allow you to bring a real business into the classroom, where students can discuss the situation faced by the business and the results of the action the business decided to take.

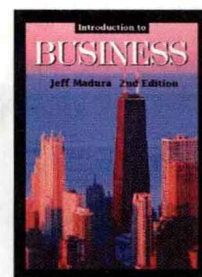
Cost-Saving Features

In-Text Study Guide

Found at the end of each chapter, the **In-Text Study Guide** questions essentially serve as a study guide without the additional cost. Segments focus on test preparation, with 10 true/false and 25 multiple-choice questions per chapter. Answers to these questions, along with page references for where the answers can be found, are provided in Appendix C of the text. In-Text Study Guide questions are repeated in a separate section of the test bank for instructors who want to provide an incentive for students to work through the questions.

Loose-Leaf Version of *Introduction to Business*

If you're concerned about keeping costs down for your students, or if you prefer to teach the topics in a different order, you should look into the loose-leaf version of *Introduction to Business*. (ISBN 0-324-10159-7)



Reinforcement of Key Concepts

Many of the features just described reinforce the key concepts in each chapter. This leads to better understanding on the part of the student. In turn, instructors have more flexibility to focus on current events and class discussion exercises. To illustrate how this text can ensure a clear understanding through reinforcement, consider the concept of making a decision on how to promote a product, which is discussed in Chapter 15. The Spotlight on Technology discusses electronic shopping offered by firms. The Small Business Survey section in that chapter discusses the opinions of small businesses about the skills that are necessary to be successful in sales. The Global Business section in that chapter explains why promotion strategies need to be adjusted to appeal to customers in foreign countries. The Business Dilemma section in that chapter explains the dilemma of a health club that is considering various strategies to promote its services. The Investing in the Stock of a Business exercise in that chapter asks students to determine how the firm that they decided to invest in at the beginning of the term promotes its products. The Case in that chapter illustrates the decisions involved in promoting a product on a website. The Video Case illus-

Brief Contents

PART I

1 Organization of a Business

3 Chapter 1 Planning a Business

29 Chapter 2 Selecting a Form of Business Ownership

55 Chapter 3 Business Ethics and Social Responsibility

PART II

89 Business Environment

91 Chapter 4 Economic Environment

119 Chapter 5 Industry Environment

141 Chapter 6 Global Environment

PART III

177 Management

179 Chapter 7 Fundamentals of Effective Management

207 Chapter 8 Organizational Structure

231 Chapter 9 Production Management

259 Chapter 10 Improving Production Quality and Efficiency

PART IV

287 Managing Employees

289 Chapter 11 Motivating Employees

315 Chapter 12 Hiring, Training, and Evaluating Employees

PART V

351 Marketing

353 Chapter 13 Product and Pricing Strategies

385 Chapter 14 Distribution Strategies

409 Chapter 15 Promotion Strategies

PART VI

439 Financial Management

441 Chapter 16 Accounting and Financial Analysis

463 Chapter 17 Financing

493 Chapter 18 Business Investment

PART VII

525 Special Topics

527 Chapter 19 Information Systems and Technology

555 Chapter 20 Risk Management

581 Chapter 21 Synthesis of Business Functions

Contents

PART I

1 Organization of a Business

3 Chapter 1

Planning a Business

Key Stakeholders in a Business 3

- Owners 3
- Creditors 4
- Employees 4
- Suppliers 5
- Customers 6

Business Online: Customer Satisfaction Information 6

- Summary of Key Stakeholders 7*

Creating a Business Idea 7

- Examples of Successful Business Ideas 8*
- Impact of Technology on the Creation of Businesses 8*

Business Online: Customer Needs Fulfillment 9

Key Functions of a Business 12

- Interaction among Business Functions 12*
- How Some Business Functions Enhance Decision Making 13*

Developing the Business Plan 14

- Assessment of the Business Environment 14*
- Management Plan 15*
- Marketing Plan 15*
- Financial Plan 16*
- Summary of a Business Plan 16*

Assessing a Business Plan 16

Business Online: Business Planning Tools 17

Spotlight on Technology: Online Resources for Starting a Business 18

Business Dilemma: Developing a New Health Club Business 19

Summary 21

Key Terms 22

Review Questions 22

Discussion Questions 22

Investing in the Stock of a Business 23

Case 1: Planning a New Business 24

Video Case 1: Business Planning by Yahoo! 24

Internet Applications 25

The Coca-Cola Company Annual Report Project 25

In-Text Study Guide 25

29 Chapter 2**Selecting a Form of Business Ownership**

Possible Forms of Business Ownership	29
<i>Sole Proprietorship</i>	29
<i>Partnership</i>	31
<i>Corporation</i>	33
Business Online: Corporate Information	34
<i>Comparing Forms of Business Ownership</i>	38
Methods of Owning Existing Businesses	39
<i>Assuming Ownership of a Family Business</i>	39
<i>Purchasing an Existing Business</i>	39
<i>Franchising</i>	40
Business Online: Forms of Ownership Information	40
How Owners Measure Business Performance	41
<i>Return on Investment</i>	41
Spotlight on Technology: Organizing Your Business by Using the Internet	42
<i>Risk</i>	43
Self-Scoring Exercise: Do You Have the Skills Necessary to Succeed in Business?	45
Cross-Functional Teamwork: Sources of Risk Across Business Functions	46
Business Online: Small Business Information	46
Global Business: Ownership of Foreign Businesses	47
Business Dilemma: Ownership Decision at College Health Club	48
Summary	49
Key Terms	49
Review Questions	49
Discussion Questions	50
Investing in the Stock of a Business	50
Case 1: Deciding the Type of Business Ownership	50
Video Case 1: Business Organization at Second Chance Body Armor	51
Internet Applications	51
The Coca-Cola Company Annual Report Project	51
In-Text Study Guide	51

55 Chapter 3**Business Ethics and Social Responsibility**

Impact of Unethical Decisions	55
<i>Impact of Unethical Practices on Firm Value</i>	56
Responsibility to Customers	56
<i>Responsible Production Practices</i>	57
<i>Responsible Sales Practices</i>	57
<i>How Firms Ensure Responsibility toward Customers</i>	58
<i>How Consumerism Ensures Responsibility toward Customers</i>	58
<i>How the Government Ensures Responsibility toward Customers</i>	58
Responsibility to Employees	60
<i>Employee Safety</i>	60
<i>Proper Treatment by Other Employees</i>	60
<i>Equal Opportunity</i>	62
<i>How Firms Ensure Responsibility toward Employees</i>	62
<i>Conflict with Employee Layoffs</i>	63
Global Business: Global Ethics	63
Responsibility to Stockholders	64

How Firms Ensure Responsibility	64
Business Online: Stockholder Information	64
How Stockholders Ensure Responsibility	65
Conflict with Excessive Executive Compensation	65
Business Online: CEO Compensation Information	66
Responsibility to Creditors	67
Responsibility to the Environment	67
Air Pollution	67
Land Pollution	67
Conflict with Environmental Responsibility	68
Responsibility to the Community	69
Conflict with Maximizing Social Responsibility	69
Spotlight on Technology: Ethical Misconduct	70
Summary of Business Responsibilities	71
Self-Scoring Exercise: Assessing the Ethical Standards of the Firm Where You Work	72
Self-Scoring Exercise: Assessing Whether Specific Situations Are Ethical	72
Cross-Functional Teamwork: Ethical Responsibilities across Business Functions	73
Business Online: Social Responsibility Information	74
Business Responsibilities in an International Environment	74
The Cost of Ensuring Social Responsibilities	74
Cost of Lawsuits	75
Business Dilemma: Social Responsibility at College Health Club	76
Summary	77
Key Terms	77
Review Questions	78
Discussion Questions	78
Investing in the Stock of a Business	78
Case 1: Responsibilities to Employees	78
Video Case 1: Social Responsibility at Ben & Jerry's Ice Cream	79
Internet Applications	79
The Coca-Cola Company Annual Report Project	79
In-Text Study Guide	80
83 Summary of Part I	

PART II

89 Business Environment

91 Chapter 4

Economic Environment

Macroeconomic Factors That Affect Business Performance	91
Economic Growth	92
Inflation	94
Interest Rates	95
Summary of Macroeconomic Factors That Affect a Firm's Performance	97
Business Online: Macroeconomic Data	97
Global Business: Capitalizing on Global Economic Conditions	98
How Market Prices Are Determined	98
Demand Schedule for a Product	98
Supply Schedule for a Product	99
Interaction of Demand and Supply	100

Business Online: Supply and Demand Conditions	100
<i>Effect of a Change in the Demand Schedule</i>	101
<i>Effect of a Change in the Supply Schedule</i>	101
<i>Effect of Demand and Supply on the General Price Level</i>	103
Factors That Influence Market Prices	103
Consumer Income	103
Consumer Preferences	104
Production Expenses	104
Government Influence on Economic Conditions	104
Monetary Policy	104
Fiscal Policy	105
Spotlight on Technology: Monitoring the Economic Environment	106
Summary of Government Influence on Economic Factors	107
Business Online: The Government and Economic Conditions	107
Cross-Functional Teamwork: Economic Effects across Business Functions	108
Dilemma of the Federal Government	109
Business Dilemma: Economic Effects on College Health Club	109
Summary	111
Key Terms	111
Review Questions	111
Discussion Questions	112
Investing in the Stock of a Business	112
Case 1: Impact of Economic Conditions	112
Video Case 1: Exposure to Weak Economic Conditions	112
Internet Applications	113
The Coca-Cola Company Annual Report Project	113
In-Text Study Guide	114

119 Chapter 5

Industry Environment

Industry Characteristics that Influence Business Performance	119
Industry Demand	119
Industry Competition	121
Small Business Survey: Are Firms Affected by Industry Regulations?	122
Labor Environment	122
Regulatory Environment	122
Summary of Industry Characteristics	123
Business Online: Detailed Industry Information	123
Industry Sources	124
Business Online: Industry Analysis	124
Exposure to Industry Conditions	125
Firm's Market Share	125
Business Online: Market Share Information	126
Firm's Focus on Its Main Industry	126
Competing within an Industry	128
Assess the Competitors	128
Develop a Competitive Advantage	130
Spotlight on Technology: Competitive Advantage	131
Cross-Functional Teamwork: Industry Effects across Business Functions	132
Global Business: Assessing the Industry Environment from a Global Perspective	133
Business Dilemma: Industry Effects on College Health Club	133
Summary	135
Key Terms	135
Review Questions	135

Discussion Questions	136
Investing in the Stock of a Business	136
Case 1: Impact of Industry Conditions	136
Video Case 1: World Gym's Position in the Fitness Industry	137
Internet Applications	137
The Coca-Cola Company Annual Report Project	137
In-Text Study Guide	137

141 Chapter 6

Global Environment

Why Firms Engage in International Business	141
<i>Attract Foreign Demand</i>	141
<i>Capitalize on Technology</i>	142
<i>Use Inexpensive Resources</i>	144
<i>Diversify Internationally</i>	146
Business Online: International Corporate Information	146
<i>Combination of Motives</i>	146
Foreign Expansion in the United States	148
<i>Foreign Competition</i>	149
Business Online: Foreign Competition in the United States	150
How Firms Conduct International Business	150
<i>Importing</i>	150
<i>Exporting</i>	151
<i>Direct Foreign Investment (DFI)</i>	151
<i>Strategic Alliances</i>	152
Global Business: Nonverbal Communications in Different Cultures	153
How Foreign Characteristics Influence International Business	154
<i>Culture</i>	154
<i>Economic System</i>	154
<i>Economic Conditions</i>	156
<i>Exchange Rates</i>	157
<i>Political Risk</i>	157
Small Business Survey: Do Small Firms Conduct International Business?	158
Cross-Functional Teamwork: Managing International Business across Business Functions	159
How Exchange Rate Movements Can Affect Performance	159
<i>Impact of a Weak Dollar on U.S. Importers</i>	160
<i>Impact of a Strong Dollar on U.S. Importers</i>	160
Spotlight on Technology: Moving Technology across Borders	160
<i>Actual Effects of Exchange Rate Movements on U.S. Importers</i>	161
<i>Impact of a Weak Dollar on U.S. Exporters</i>	162
<i>Impact of a Strong Dollar on U.S. Exporters</i>	162
<i>Hedging against Exchange Rate Movements</i>	163
<i>How Exchange Rates Affect Foreign Competition</i>	163
Business Online: Exchange Rate Quotations	164
Business Dilemma: Exchange Rate Effects at College Health Club	165
Summary	167
Key Terms	167
Review Questions	167
Discussion Questions	167
Investing in the Stock of a Business	167
Case 1: Global Expansion by Linton Records	167
Video Case 1: Global Business by ETEC	168