



# BUSINESS

A CHANGING WORLD SECOND EDITION

O.C. FERRELL

GEOFFREY HIRT



# BUSINESS

## *A Changing World*

Second Edition

**O.C. FERRELL**

University of Memphis

**GEOFFREY HIRT**

DePaul University

**IRWIN**

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# PREFACE

To keep pace with the numerous and rapid changes over the last three years, we have revised *Business: A Changing World* to be the most up-to-date, student-focused introduction to business textbook available. There is a trend toward more compact texts that permit the instructor to cover efficiently all of the text in a single term without having to omit a significant number of chapters. *Business: A Changing World* provides 16 chapters on topics that instructors view as most essential in a comprehensive survey of business. After extensive research, we have created the highest-quality compact textbook and comprehensive teaching package for the value-driven and highly competitive introduction to business market.

This book emphasizes the dramatic nature of business and the trends that will change the way business is conducted in the twenty-first century. Recognizing that most students will not start their careers as middle managers, we have designed the material to be useful for those who take supervisory management positions. Moreover, career material is integrated into each chapter. We have used the latest technology and business terms to make traditional concepts more practical and student friendly—an approach that helps students understand and apply the concepts in the book in their daily lives and in their work.

Integration of traditional functional areas with emerging issues and trends provides today's business student with the background necessary to begin a career. The use of real-world examples, boxed features, and video cases that were written only months before the book was printed creates excitement about business and stimulates students' thought processes, judgment, and communications skills. To assist in cognitive processes related to building skills, the text provides exercises at the end of each chapter. This book encourages thinking, communicating, and making choices—critical skills that students will need in the changing world of business.

Six perspectives that are changing the world of business are emphasized throughout the text—the globalization of business, quality, ethics and social responsibility, diversity, technology, and productivity. Chapter 2 introduces these concepts, and they are integrated into the text of the subsequent chapters and in boxes in each chapter. We use terms and concepts that appear in the mass media, especially business publications such as *The Wall Street Journal*, *Business Week*, *Fortune*, *Inc.*, and *U.S. News & World Report* throughout the text, boxes, cases, and exercises. More than 50 percent of all citations in this text are from 1995. This indicates our commitment to be as up-to-date as possible.

Our mission was to develop a book to prepare students for the opportunities and challenges of a career in business, and to provide skill-building and critical-thinking exercises to assist with students' self-development and understanding of decision making. Our contemporary and efficient coverage of basic business knowledge provides a solid foundation for success in business.

This book is for the faculty and students who have been telling us they want a change. We know that you will see the Ferrell/Hirt difference in the classroom.

## ORGANIZATION

*Business: A Changing World* is divided into six parts. Part One introduces the fundamentals of contemporary business and economics and discusses current issues, such as social responsibility, ethics, and global business. Part Two deals with forms of business organization and small business and entrepreneurship. Part Three explores management principles, structuring the organization, teamwork, communication, and production and operations management. Part Four focuses on human relations and human resources management. Part Five covers customer-driven marketing. Part Six addresses financial management. Additionally, the book includes appendixes on preparing a business plan, legal aspects of business, and the Internet.

## PEDAGOGY

*Business: A Changing World* provides numerous features to facilitate student learning:

- Learning objectives at the beginning of each chapter inform students about what should be achieved after reading and studying the chapter.
- A chapter-opening vignette sets the scene for issues discussed in each chapter.
- **Value Diversity, Consider Ethics and Responsibility, Think Globally, Enhance Productivity, Strive for Quality, and Embrace Technology** boxes highlight real, familiar companies or business issues to help students gain practical experience about business and focus on the issues of concern in business today.
- Because of the prevalence of small business in the U.S. economy, many small businesses are featured in boxes and examples within the text.
- A **Solve the Dilemma** box in each chapter gives students an opportunity to think creatively in applying chapter concepts to hypothetical situations that could occur in the real world.
- An **Explore Your Career Options** box in each chapter provides information about career planning and business career opportunities.
- End-of-chapter learning devices include a **summary** that repeats chapter learning objectives, a list of **key terms**, **Check Your Progress** questions to test and reinforce understanding, and **Get Involved** exercises to challenge students to apply and expand on concepts learned in the chapter.
- A comprehensive, challenging **video case** at the end of each chapter tests students' judgment and decision-making skills.
- A **Build Your Skills** exercise at the end of each chapter provides an opportunity to build critical skills through a variety of self-tests and other exercises.
- Application-oriented **appendixes** at the end of the book focus on preparing a business plan, the legal aspects of business, and the Internet.
- An end-of-book **glossary** is included featuring all of the marginal terms and concepts boldfaced in the text.
- **Name and subject indexes** at the end of the book aid in finding both topics and key companies and people featured throughout the book.

## SUPPORT MATERIALS FOR THE STUDENT

- **Study Guide.** Each chapter of the *Study Guide* includes a chapter summary; space to respond to learning objectives; true/false, multiple-choice, matching, and skill-building questions; and a real-world vignette.

- **Self-Test Computer Exercises.** A computer diskette that is included with the *Study Guide* allows students to take sample exams. The disk includes true/false and multiple-choice questions from each chapter. Students can take a sample quiz from each chapter or simulate a test by combining questions from multiple chapters. They can select a multiple-choice exam, a true/false exam, or a combination of each. A self-study scoring system keeps track of the scores on each exam for up to ten separate attempts, so students can measure their improvement and mastery of the subject.

## SUPPORT MATERIALS FOR THE INSTRUCTOR

- **Test Bank.** Coauthored by Amy Morgan (Bradley University) and Stephen Huntley (Florida Community College), the *Test Bank* contains true/false, multiple-choice, and essay questions. Questions are linked to chapter learning objectives so that instructors can tailor exams to their classes' needs.
- **Instructor's Manual and Transparency Masters.** Coauthored by Scott Inks, Isabelle Maignan (both of the University of Memphis), and Glynn Morse (Augusta College), the *Instructor's Manual* includes a list of chapter learning objectives, key terms and their definitions, a lecture outline and notes with references to the transparencies, a supplemental lecture, a short discussion of a controversial issue, answers to the "Check Your Progress" questions, questions pertaining to the opening vignettes and boxed text discussions, additional discussion questions and exercises, a chapter quiz, teaching suggestions, answers to the end-of-chapter case and exercise, term paper and project topics, and suggestions for guest speakers.
- **Transparency Package.** A set of transparency acetates contains supplementary exercises and figures.
- **Computerized Testing Program.** Available through Richard D. Irwin, this advanced-feature test generator allows you to add and edit questions, save and reload tests, create up to 99 different versions of each test, and more.
- **Video Cases.** A complete inventory of video cases, with a video guide, is available in the *Instructor's Manual*, along with specific test items to be used in class.

## ACKNOWLEDGMENTS

Many people have assisted us in writing this book. We sincerely appreciate the commitment and dedication to this project of Gwyneth M. Vaughn, a competent editor who has assisted us with almost every aspect of this project and coauthored the *Study Guide*. Barbara Gilmer provided much technical assistance, including editing and coordinating the development of the text and ancillaries. Bill Schoof helped us with major decisions and provided us with the opportunity to respond to changes in the needs of students and professors. John Weimeister and Mary Fischer were helpful in conducting research and providing us with valuable insights into the introduction to business markets. Special thanks to Elm Street Publishing Services, Inc., for development, design, and production provided by Phyllis Crittenden, Karen Hill, Kelly Spiller, Sue Langguth, Cathy Ferguson, Melissa Morgan, Jan Huskisson, and Abby Westapher. Stephen Pruitt, University of Memphis, assisted with the financial chapters. Stef Nicovich and Wakiuru Wamwara (both of University of Memphis) helped with appendixes. Corinne Livesay, Mississippi College, developed the skill-building exercises at the end of

each chapter. Amy Morgan, Bradley University, and Stephen Huntley, Florida Community College, coauthored the *Test Bank* and class-tested most of our test items. Isabelle Maignan and Scott Inks (University of Memphis) and Glynna Morse (Augusta College) coauthored the *Instructor's Manual* and provided suggestions for improving text material. Brian Hirt developed computer software for the self-test computer exercises.

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*Illinois State University*

Constantine G. Petrides  
*Borough of Manhattan  
Community College*

Victoria Rabb  
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*Florida Public Utilities Commission*

Martin St. John  
*Westmoreland Community College*

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*Austin Community College*

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*Indiana University Southeast*

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*North Texas State University*

Pat Wright  
*Texas A&M University*

Timothy Wright  
*Lakeland Community College*

O. C. Ferrell  
Geoffrey Hirt  
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# ABOUT THE AUTHORS

**O. C. FERRELL** is Distinguished Professor of Marketing and Business Ethics and director of the Family Business Forum at the University of Memphis. In addition, Dr. Ferrell served as interim dean, Fogelman College of Business and Economics, University of Memphis, 1993–1995. He has also held teaching positions at Texas A&M University, Illinois State University, and Southern Illinois University, as well as visiting positions at Queen's University (Ontario, Canada), University of Michigan (Ann Arbor), University of Wisconsin (Madison), and University of Hannover (Germany). Dr. Ferrell received his B.A. and M.B.A. from Florida State University and his Ph.D. from Louisiana State University. His teaching and research interests include business ethics, entrepreneurship, and marketing.

Dr. Ferrell is widely recognized as a leading teacher, trainer, and scholar in business ethics. His articles on this topic have appeared in the *Journal of Business Ethics*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Advertising*, *Journal of Business Research*, *Journal of Macromarketing*, *Journal of the Academy of Marketing Science*, and others. He chaired the American Marketing Association (AMA) ethics committee that developed its current code of ethics. He is the vice-president-elect of Marketing Education and president of the Academic Council for the AMA. He has also coauthored numerous textbooks for marketing, management, and other business courses as well as a trade book on business ethics.

Dr. Ferrell has extensive business and consulting experience. He was an establishing partner of a highly successful specialty printing company in St. Louis, Missouri. He currently serves on the board of directors of an international specialty printing company headquartered in Jacksonville, Florida.

Dr. Ferrell's major focus is teaching and preparing teaching materials for students. He has traveled extensively to work with students and understands the needs of instructors of introductory business courses. The University of Memphis has awarded him a Merit of Excellence award in recognition of superior academic performance in the areas of teaching, research, and service.

**GEOFFREY A. HIRT** is Professor of Finance and Chairman of the Finance Department at DePaul University in Chicago. He formerly held faculty positions at St. Cloud State College, Texas Christian University, and Illinois State University. Dr. Hirt received his B.A. from Ohio Wesleyan University, his M.B.A. from Miami University (Ohio), and his Ph.D. from the University of Illinois at Urbana-Champaign.

Dr. Hirt is well known as a leading finance educator. He was editor of the *Journal of Financial Education* and is past president of the Midwest Finance Association. He has published seven books, many of them translated into foreign languages. He is best known for his *Foundations of Financial Management* (7th Edition) and *Fundamentals of Investment Management* (5th Edition), both published by Richard D. Irwin.

Since 1987, Dr. Hirt has been the director of the Chartered Financial Analysts Study Program for the Chicago Investment Analysts Society. In this capacity, he has taught at all three levels of the program and has had the opportunity to teach the CFA in Bangkok, Thailand. He has served as an investment consultant to St. Cloud State Bank and Trust and Marine American Bank. Dr. Hirt has taught investment seminars for the World Business Council, for Harris Trust in Chicago, and for the American Association of Individual Investors throughout the United States.

As director of the European Seminar for DePaul University in 1990, he and his students visited international organizations in the Netherlands, England, France, and Belgium. Since 1992, Dr. Hirt has trained several hundred Polish bankers on bank credit analysis and lending. His numerous trips to Poland have given him a firsthand look into the economic restructuring of one of the most dynamic Eastern European economies. In 1994, he was invited to Warsaw, Poland, by the National Bank of Poland and Dun & Bradstreet to moderate a day-long seminar on bank information and risk management of credit. This seminar was followed by an invitation to present a paper on the risk management of credit at the Annual Board of Governors Meeting of the European Bank for Reconstruction and Development in St. Petersburg, Russia. Much of this international knowledge found its way into *Business: A Changing World*.

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