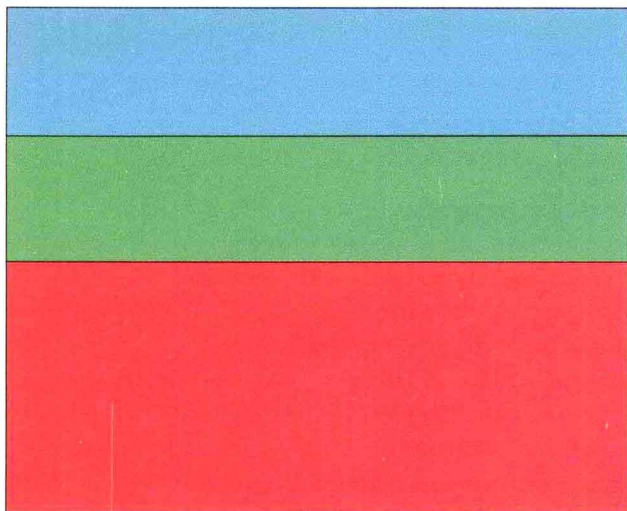


BUSINESS WORLD 2



LAWRENCE J GITMAN

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BUSINESS WORLD 2

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PREFACE

We begin with a sincere thank you to the thousands of professors and students who used the first edition of *Business World*. Your faith in us made *Business World* the most successful business textbook introduced in the 1980s. Moreover, the positive feedback from professors and the enthusiastic response of students have been most gratifying.

We have not rested on our laurels, however. The eager acceptance of the first edition has made our commitment and dedication to our original objective even stronger in the second edition. We have worked to make *Business World* the most lively, interesting, and stimulating textbook of any student's college career. We have given equal importance to the depth and breadth of the topics covered. We have gone to great lengths to ensure that "lively and interesting" never means "superficial and shallow." We undertook extensive research to ensure that the right material would be covered—and in sufficient depth to provide a meaningful foundation for students. As with the first edition, we used an elaborate and thoroughly researched model to structure the overall design of the text and of each chapter.

THE SECOND EDITION IS A TRULY NEW TEXTBOOK

Creating a second or third edition of a successful textbook often means updating a few charts and tables and replacing material that is obviously dated. We have not approached the second edition of *Business World* in this manner. We've done the following instead:

- We've rewritten the book from cover to cover, retaining our lively, informal writing style but

making the language even clearer and more stimulating. We've also added hundreds of new real-world examples to make sure the book is both contemporary and engrossing.

- We've added two new chapters. In Part 1, we've added a chapter on the business economy (Chapter 2). It introduces the basic concepts of economics, explains the economic goals of the United States, and describes the role of government in business activities. In Part 5, we've added a chapter on computer-based information systems and business analysis (Chapter 22). The first half of the chapter details how managers can use computer-based information systems for more effective decision-making. The second half is devoted to business research methods. We believe that the addition of these new chapters helps make the second edition of *Business World* the most balanced and contemporary introductory text available.
- We've consolidated some chapters and expanded others. For example, in order to streamline concepts and improve the flow of material, we've combined the chapters on the marketing process and product and service offerings into a single new chapter (Chapter 12). Another significant change is our addition of a major section on franchising in the small-business chapter (Chapter 5). We've also moved the accounting chapter (Chapter 16) so it now leads off the finance section of the text (Part 4). We believe that the introduction to accounting principles and techniques will provide a better appreciation of the finance-oriented chapters that follow.

THE SECOND EDITION RETAINS THE MOST IMPORTANT FEATURES OF THE FIRST EDITION

Your feedback has guided this thorough revision of *Business World*. We've attempted to make the second edition even more satisfying and captivating while retaining the distinct character of the things you liked in the first edition. To this end, we've kept the chapter model that makes *Business World* a professional learning tool, offering:

- Learning objectives that challenge the student to explain, discuss, understand, and clarify the concepts presented in each chapter.
- A chapter-opening vignette, several boxes, and photos and other illustrations that amplify and clarify text material. The boxes offer real-life examples of what is discussed in the text—and they do it in a special way. Each chapter contains two “Business World Briefs”—boxes that show what is happening currently at specific firms. A third box, “Business Decision Making,” discusses how individual businesses manage themselves, their employees, their products, and so on. The fourth box, “Small Business/Entrepreneurship,” details how certain small firms operate. The box may be about an entrepreneur, a franchise, or an unusual small business. All the boxes are tied closely to the text and are not only interesting but informative.
- A comprehensive summary of each chapter.
- Bold-faced key terms in the text and a glossary of those terms at the end of the chapter.
- Review questions that help students recall the key points of the chapter.
- Discussion questions that provide a thought-provoking stimulus to class discussion.
- Two new cases per chapter—short, lively real-world situations and questions about them. These cases will enhance student learning and enjoyment.

We've also maintained the same basic chapter sequence and topical coverage—both of which were developed after an extensive marketing-research

study of professors' needs. Part 1, “The Business World,” begins with an overview of the business system and economy. It goes on to explore the social responsibilities of businesses, cover the forms of business organization, and examine small businesses and franchises. Parts 2 through 6 follow in a logical sequence. Part 2 is “Management,” Part 3 “Marketing Management,” Part 4 “Finance,” Part 5 “Managing Information,” and Part 6 “Further Dimensions and Opportunities” (the legal and tax environment of business, international business, and opportunities for the student in tomorrow's business world).

Each of the six parts of *Business World* has been designed to stand alone as a logical, highly teachable unit. Furthermore, each chapter has been developed as a separate unit so professors can create their own unique sequences of material. For example, accounting can easily be covered at the end of Part 1 without confusing students. This stand-alone chapter design avoids the problems of the building-block approach, which can create gaps in understanding if the professor departs from a rigid sequence of chapters.

We've updated our state-of-the-art design program. In keeping with the “magazine”-like look of the first edition, we have retained many familiar features. However, you will notice an entirely revamped illustration program. Photos and ads were specifically selected with the student in mind. When attempting to illustrate a concept through the use of a visual representation, we tried to choose those photos or ads that would have meaning and significance to the student. This ensures that connections of theory into contemporary application were easily recognizable and understandable, which adds to the learning process.

We've revised the part-closing career appendices. Each appendix now begins with a new section called the “Dream Career.” The dream career is a career that offers unique opportunities for excitement, advancement, high earnings, and self-fulfillment. Following the dream career are reviews of specific jobs—including information on the skills and education required, where the best opportunities can be found, the employment outlook through 1995, and the salary ranges. In addition, Chapter 25 offers a glimpse into the future of business and explains how to find the first job after college.

COMPLETE INSTRUCTIONAL SUPPORT PACKAGE

Business World 2 is supported by a comprehensive learning package that further assists the instructor in creating a motivating and enthusiastic educational environment. This package of supplementary resources has been developed, tested, and carefully refined by a number of experienced educators. It offers a variety of easy and creative ways for the instructor to provide students with an innovative and complete learning experience. The specially designed support package consists of the following high-quality items:

- **INSTRUCTORS RESOURCE MANUAL** Developed and prepared by Mary Kay Nelson of the University of Minnesota, is a unique, comprehensive integrating guide to building a system of customized instruction. The manual begins with helpful sections such as sample course outlines, a guiding matrix covering how to best use the supplements, and a discussion on using the microcomputer in the classroom. Following this overall introduction to the text and supplements are detailed lecture outlines for each chapter. Each outline assists the instructor in organizing lecture contents, choosing materials from other text supplements, bringing in outside examples, and taking full advantage of text discussion. Special emphasis is placed on how major chapter points can be reinforced through transparencies, discussion questions, boxed material, and so on. Answers to Review Questions and Discussion Questions are included for each chapter, as well as end-of-chapter case answers, written by A. Andrea Licari, St. John's University. At the end of the manual, you will also find a section of additional cases. This manual has been designed for maximum effectiveness in integrating every piece of the package to support the teacher for classroom lecture and discussion while at the same time creating a high level of interest for the student.
- **STUDENT STUDY GUIDE/MICROSTUDY** Prepared by Jerry Kinskey and Judy Barille. Each part opens with a listing of the chapters in that part and a discussion of the purpose of the part. For each chapter, the Study Guide includes a chapter outline, student learning objectives, and key concepts and ideas of the chapter. This opening material is followed by self-tests, including a fill-in-the blank test on the chapter's highlights, a true/false test, a multiple-choice test, and a matching test. Each chapter ends with two minicases, including questions and sample answers. At the end of the Study Guide is the answer key to all of the self-tests. A special microcomputer version of the Study Guide is available as *Microstudy* (for IBM PC or Apple II).
- **TEST BANK/MICROTEST** Containing over 2000 test items, the test bank has been prepared by Jerry Kinskey and Judy Barille. Each test item has been carefully reviewed by instructors of the introduction to business course to ensure that questions are well-written, varied, and valid. The same test items are also available in microcomputer formats (IBM PC or Apple II). Additionally, a write-in and phone-in test service is provided for adopters who do not have computer facilities available. Simply fill out a request form, or call us, and within 48 hours from receipt, you will receive a printed exam, ready for duplication.
- **COMPUTERIZED GRADING RECORD/GRADISK** A computerized grading program that allows students' grades to be maintained and computed on microcomputer records. This grading record allows the instructor to use a variety of weighing schemes for tests, quizzes, cases, projects, and other graded assignments as desired.
- **COLOR TRANSPARENCY ACETATES** This creative instructional supplement provides a wealth of multicolor acetates ready for classroom use. Developed by Dale Brown of Southern Illinois University at Carbondale, in consultation with the authors, these acetates augment text discussions, since these Figures do not appear in the text. They are an engaging means of presenting major topics in class for additional discussion.
- **TRANSPARENCY MASTER BOOK** Over 100 masters are contained in a separately bound

volume. These include masters for many key figures in the text as well as additional masters, designed to enhance classroom discussions and presentations. Many masters have separate lecture notes to guide the instructor. They are also accompanied by companion masters that can be used to prepare student handouts showing a small reproduction of the figure and including room for taking notes as each transparency is shown.

- **CAREER DISCOVERY WORKBOOK** Developed and prepared by Dale Brown of Southern Illinois University at Carbondale, this career planning supplement integrates student career thinking with the introduction to business course. This personal and professional development workbook offers guidelines, techniques, and assignments that help students analyze personal capabilities, goals, and needs in the context of alternative business careers. A special section on internship development is especially useful to students in need of career-oriented work experience prior to graduation.
- **WINDOWS ON THE BUSINESS WORLD** Created by James Schreier of Marquette University, and Timothy Dondlinger of the University of Wisconsin, this involving and timely set of integrated microcomputer exercises simulate the typical day-to-day problem-solving and decision-making activities of the business person. For each in-basket exercise (coinciding with the business functions covered in the text), students assume the roles of business people fac-

ing a variety of tasks requiring them to solve problems and make decisions. Unique to this exercise is a career component that allows students to rate their attitudes toward different areas of business. They also become acquainted with productivity tools as they are required to use a mini-spreadsheet, mini-word processor, and mini data-base.

- **BUSINESS SIMULATION GAME—MICRO-TRONICS, INC.** Developed by J. Bernard Keys and Robert Wells of Georgia Southern College, this computer game gives students hands-on experience in the simulated setting of a dynamic consumer electronics company. The students make a variety of decisions that apply the full range of business knowledge. The computer simulation creates a real-world context in which they experience and deal with an integrated set of behavioral incidents that have a productivity focus.
- **MOTION MEDIA GUIDE** Separately bound and prepared by Dale Brown of Southern Illinois University at Carbondale, this extensive listing of hundreds of films categorized by business area is an invaluable guide to the many films available for classroom use. Each film listed carries a description, date, length, and so on. Suggested films for each chapter are listed in the Instructor's Resource Manual.

LAWRENCE J. GITMAN
CARL MCDANIEL, JR.

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Preparing a thorough revision of a text and its supplements required the help, advice, and support of many individuals. Special thanks goes to subject matter experts David Gray, University of Texas at Arlington, for his advice on the management section and Roger Gates, University of Texas at Arlington, for his contributions on computer applications.

We owe a debt of gratitude to Jo-Anne Naples for her excellent editorial support and work on the boxed vignettes. We also appreciate the help of Jo-Anne's assistant, Beverly Peavler, for her diligent research efforts on the vignettes.

Special recognition also goes to the team of professionals at John Wiley & Sons that assisted in making the second edition of *Business World* a reality. Safra Nimrod did an excellent job in providing exciting and colorful photos for the text. Robin Besofsky and Leonard Sprung took a very complicated project and skillfully shepherded it through the production process. We must also thank Michelle Gardiner for coordinating and supervising the variety of supplements for *Business World*.

Finally, we are most indebted to Cheryl Mehalik, our editor, whose creativity, motivation, and enthusiasm was the driving force behind this project. Her persistent energy and resourcefulness kept this very complicated endeavor on track and on time.

Although the list is lengthy, we cannot overlook the many individuals who contributed to both the first and/or second editions of *Business World*. Without the cooperation and assistance of this group of talented and highly motivated professors of introduction to business, our job would surely have been far more difficult. Our sincere thanks go to the following:

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Community College
Judith Stoye
Temple University
Carl Donchess
Dean Junior College
C. Erik Nieuwejaar
New Hampshire
College
Keith Mills
Chemeketa Community
College

L.J.G.
C. McD.

TO THE STUDENT

We wrote *Business World* for you. The study of the many exciting aspects of business described in this text should open the door to the wide, wide world of business. It may even motivate you to pursue further studies in this area as well as to take up a career in business—small or large. We urge you to open your mind, relax, and enjoy this text. Its magazine format, lively writing style, interesting illustrations, use of color, and the many learning aids included in each chapter should make your first exposure to the study of business pleasant as well as highly informative.

To help you understand the career opportunities that await you in the business world, we've included a career appendix at the end of each part of the text. Each one reviews specific jobs and describes the skills that are required, where the opportunities can be found, the employment outlook through 1995, and the salary ranges. Also, the final chapter—"Opportunities for You in Tomorrow's World"—discusses the future of business and how to find your first job. The glossary at the end of each chapter and the one at the end of the text should help you define key terms. For your convenience, the end-of-book entries are keyed to the chapter in which they are first defined.

The Student Study Guide for *Business World*, second edition, is available for further enriching your first experience of the world of business. Each part opens with a listing of the chapters in that part and a discussion of the purpose of the part. For each chapter, the Study Guide includes a chapter outline, student learning objectives, and key concepts and ideas of the chapter. This opening material is followed by self-tests, including a fill-in-the blanks test on the chapter's highlights, a true/false test, a multiple-choice test, and a matching test. Each chapter ends with two mini-cases, including questions and sample answers. At the end of the Study Guide is the answer key to all the self-tests. Although the use of this guide may be optional at your school, it should help ease and augment your learning experience.

We applaud you for choosing to learn about the business world, and we're confident that this text and the Study Guide will greatly enhance your learning experience—and, as we've said, perhaps even help you pursue further studies in business. Here's to you!

LAWRENCE J. GITMAN
CARL MCDANIEL, JR.

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If you bet on a horse, that's gambling. If you bet you can make three spades, that's entertainment. If you bet cotton will go up three points, that's business. See the difference?

Anonymous

INSIGHTS

