FIFTH EDITION

Business

Ricky W. Griffin • Ronald J. Ebert

STUDENT CD-ROM INCLUDED

FIFTH EDITION

Business

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To Dustin

Live well and be happy —(R.W.G.)

To Katy

A beloved companion —(R.J.E.)

n unidentified Japanese executive recently said, "American and Japanese businesses are 90 percent the same, and different in all ways that matter." That's the way we see introduction to business textbooks. A quick and superficial review of the leading books might lead someone to conclude that they are all pretty much alike. After all, their basic outlines, frameworks, and sequence of chapters are all very similar to one another.

We believe that a more detailed and systematic review would highlight some very important and substantive differences. In short, we believe that this book is a superior introduction to the field of business. One reason for its superiority is the text itself. Indeed, as in previous editions, the fifth edition of *Business* has been developed and guided so as to have the following fundamental characteristics:

- Our book is comprehensive, providing a thorough survey of all the important facets of business.
- Our book is accurate, with all statements of fact based on research and/or actual managerial practice.
- Our book is *current*, with illustrative examples and cases from business situations that are still unfolding.
- Our book is readable so that students will enjoy the experience of reading this edition as much as they tell us they have liked earlier editions.

We believe that these qualities, a part of the book since its very first edition, are even more evident in this fifth edition. Indeed, *Business* continues to offer significant coverage of both traditional topics and newer ideas, and it continues to engage, inform, and enlighten the student reader in ways unmatched by other books.

We started work on this milestone edition by meeting with our publisher in Upper Saddle River, New Jersey, in the spring of 1997. We wanted to review every aspect and segment of the book and the support package, including reviewing each theme and approach that we had taken in the four previous editions to determine what had worked well and perhaps what hadn't. Through each of the four editions of *Business*, the supreme constant has been a belief that this book and support package will help students learn about, and perhaps launch a career in, business. We believe that this edition of *Business* is the best we have prepared yet for the beginning student of business and the professors who teach them.

The Fifth Edition Has a New Organization

This is a celebration of sorts. A textbook that makes it to its fifth edition has clearly established itself in the market. We are proud of the fact that hundreds of thousands of students have begun their careers with *Business*. One way that a textbook, or any successful product for that matter, succeeds in the long term is by close reevaluation on a regular basis. We have done this with *Business* over the years.

The fifth edition of *Business* has been reorganized based on reviewer feedback and our own observations of the market. *Business* is now 21 chapters organized in 6 parts with 2 appendices. This streamlined organization should make the material more manageable for a traditional semester and even for a quarter course.

Part One introduces the basics of the business system in the United States and includes chapters on two of the most contemporary influences in business today; the international business scene and ethics and social responsibility.

Part One: Introducing the Contemporary Business Environment

Chapter 1: Understanding the U.S. Business System Chapter 2: Conducting Business in the United States Chapter 3: Understanding the Global Context of Business Chapter 4: Conducting Business Ethically and Responsibly

Part Two addresses the management side of business from a mostly macro view. In this part we discuss managing and organizing the business enterprise in two of the chapters. In another chapter we look closely at an increasingly important aspect of the U.S. business scene, entrepreneurship and small business.

Part Two: The Business of Managing

Chapter 5: Managing the Business Enterprise Chapter 6: Organizing the Business Enterprise

Chapter 7: Understanding Entrepreneurship and Small Business

Part Three looks at the key element in any successful business, human resources. The three chapters in this part introduce students to the key elements of managing people. Topics addressed are motivation, leadership, group dynamics, and labor and management relations issues.

Part Three: Understanding People in Organizations

Chapter 8: Managing Human Resources

Chapter 9: Understanding Employee Motivation and Leadership Chapter 10: Understanding Labor and Management Relations

Part Four covers a topic that is often fun for students—marketing. Typically this is fun for students because they can relate personally in some way to the topics covered. For example, in our experience, all students can identify with an advertisement of some type, usually a television commercial (so do we, for that matter!). The chapters in this part discuss topics such as consumer behavior and pricing, and promoting and distributing products.

Part Four: Understanding Principles of Marketing

Chapter 11: Understanding Marketing Processes and Consumer Behavior

Chapter 12: Developing and Pricing Products

Chapter 13: Promoting Products Chapter 14: Distributing Products

Part Five gets at the way businesses manage operations and information. For the first time we have combined the topics of producing goods and producing services in one chapter. This was a difficult decision for us. We worked hard with the editorial staff to combine the best and essential ideas of these chapters into one cohesive and effective chapter. This part also examines managing for productivity and quality, accounting, and information systems.

Part Five: Managing Operations and Information

Chapter 15: Producing Services and Goods

Chapter 16: Managing for Productivity and Quality

Chapter 17: Managing Information Systems and Communication Technology Chapter 18: Understanding Principles of Accounting

Part Six introduces the financial elements of business to the students. These can be tricky topics for beginning business students. We stress the fundamentals in these chapters with an even and consistent style. Our goal with these chapters is to address the key topics in a context that lets the students see application. Topics that we cover in this part are money and banking, securities, and financial and risk management.

Part Six: Understanding Financial Issues

Chapter 19: Understanding Money and Banking

Chapter 20: Understanding Securities and Investments

Chapter 21: Understanding Financial and Risk Management

In the appendices we cover two important topics, the legal aspects of business and insurance. Most reviewers of the fourth edition of *Business* told us they would not feel comfortable if these topics were excluded completely from the book, but that they are not necessary in the main table of contents. We know that you might differ with this; if so, let us know and we will reconsider for the sixth edition.

Appendix 1: Legal Environment and Business Law

Appendix 2: Insurance

More That's New— It's Your Business!

This new edition of *Business* has a completely new and student-centered theme. We call it "It's Your Business." This reflects our focus on the student and their success. "It's Your Business" is two things. First, it is the effort that went into this revision. Everything that we did in preparing this edition was done with the student in mind. We wanted to be accessible, clear and, maybe, fun! We wanted the student to grasp, understand, and do well in this course. So, "It's Your Business" is an approach dedicated to the students and stressing that business is something that touches every one of them in some way. It can be seen in everything from the new design of the text to the features in it. Second, "It's Your Business" is a set of new features that can be found in *every chapter in the book*. These features talk directly to the students and show them just how and why business is an important part of their lives. They cover an assortment of interesting and contemporary topics such as telecommuting (chapter 2), virtual teams (chapter 6), a job after college (chapter 8), on-line banking (chapter 19), and insurance for sport utility vehicles (appendix 2). See every chapter for the "It's Your Business" feature.

Web Vignettes—Another First

Business has been known for its many firsts. We were the first to provide an Annotated Instructor's Edition (1989), a laser disk (1991), an integrated Business Field Trip (Lawless Container Corporation in 1993 and Chaparral Steel Company in 1996), and a CD-ROM for students (Enterprise in 1996). The fifth edition of Business introduces the Web Vignette. Recognizing the explosion of information available on the World Wide Web, we felt compelled to integrate this dynamic technology in a major way. Part-opening Web Vignettes bring the Web right to the front of each major section of the book. The Web Vignettes discuss situations in companies or industries. The Web address of the principal subject is pro-

vided, as are additional Web sites and assignment and discussion questions. The Web Vignettes cover such topics as Beanie Babies, Southwest Airlines, NASCAR, and the year 2000 problem. See the table of contents for a complete listing of topics and page numbers.

It's Showtime! Showtime Networks Inc. Cases and Videos

In keeping with our tradition of integrating business information straight from the front lines, we worked with the managers and executives of one of the leading cable TV networks in the country, Showtime. During our visits with Showtime we gathered information and strategy that applies directly to all of the core areas of the introduction to business course. We wanted to be sure to create an environment where students can see the application of business concepts. Each of the six parts of *Business*, Fifth Edition, ends with a written case about a facet of the business at Showtime. To accompany this case, a videotape has been produced that can be shown in class. Many of the people interviewed and quoted in the text can be seen and heard in the video. We feel that the activities of Showtime will be of interest to the student.

The Total Support Package

Total support—that is the best way to describe the nature of the supplements and service that accompany *Business*, Fifth Edition. From the expected to the unexpected, from traditional to nontraditional, the supplements package has been designed to support the course experience in every way. For a set of the supplements or further information about them, just contact your Prentice Hall representative.

PHLIP, Prentice Hall's Learning on the Internet Partnership

This Internet supplement is by far the most successful and popular online textbook support Web site in the higher education textbook industry. PHLIP has generated over 4 million "hits" from faculty and students. Faculty can use PHLIP to integrate current events from business, search for related Web resources, or download supplements that are included on the site. There is also a faculty lounge where faculty can interact and exchange useful information. Students like the current events that illustrate text concepts. They also use the Ask the Tutor component for help from our faculty advisors. Surf over to PHLIP and explore it for yourself at http://www.phlip.marist.edu.

Business CD-ROM

Every copy of the textbook is packaged with a free student CD-ROM. The CD provides another way for the student to learn the principles of business. The CD contains interactive questions and comments written by Professor Tom Kaplan of Fairleigh Dickinson University. This information is supported by short video clips from the Showtime video series. We think that many students will be motivated to learn about business by using the CD.

Showtime Networks Inc. Video

To support the cases in the textbook about Showtime, we have produced a videotape that brings the sights and sounds of Showtime alive. More importantly, the video is another tool for the classroom that will help the students see the workings of business. Our goal with this and every video we produce is to illustrate business concepts. Audio and visual have proven to be an effective way to achieve this. The video is available free to adopters of *Business*, Fifth Edition.

Beginning Your Career Search

We know that students want to know just how they can fit into the business environment. We know they are interested in careers. This free book, by James S. O'Rourke IV of the University of Notre Dame, gives students a concise resource for resume preparation, interviewing, and overall career planning strategy. (ISBN 0-13-790312-X [free])

Study Guide

The study guide has been expertly prepared by veteran author Charles Beem of Bucks County Community College in Pennsylvania. Professor Beem has taught this course for many years and knows precisely what students need in a study guide to succeed. (ISBN 0-13-081552-7)

Instructor's Manual

This resource for professors has been prepared by James P. Hess of Ivy Tech State College in Indiana. The manual can be viewed as a resource and planning guide and will be helpful to both experienced and newer professors of the introduction to business course.

Test Bank and Prentice Hall Custom Test for Windows

Traditionally the best way to measure progress is to test the students. Professor Ed Blevins of Devry Institute of Technology in Texas has again written the test bank. It is fully updated and revised and contains more than 2,500 test questions. A unique element of the test bank is the crossword puzzles that reflect the content of each chapter.

The test bank is available in computer format on 3.5" disks in Windows format. Based on the number-one state-of-the-art test generation software program, PH Custom Test has been developed by Engineering Software Associates (ESA). A key feature of the PH Custom Test is that you can customize the tests to meet the individual needs of your class. (ISBN 0-13-081555-1 [Test Bank], ISBN 0-13-081558-6 [PH Custom Test])

Overhead Transparencies and PowerPoint 4.0 Presentations

Athena Miklos has created a full set of 125 traditional overhead transparencies to accompany *Business*, Fifth Edition. These overheads are unique visuals and *not* picked up from inside the textbook. The visuals are also available in PowerPoint 4.0 on 3.5" disks for technology-enabled classrooms.

Surfing for Success in Business 1998-99

This free and brief (about 70 pages) book is available to all adopters of *Business*, Fifth Edition. It concisely describes the workings of the Internet, provides some context by discussing the history of the Internet, and discusses navigating the Net. It also provides many Web addresses for Web sites that are relevant to business. This book is ideal for "value packs"—*Surfing* packaged with *Business*, Fifth Edition, at no additional charge. Ask your Prentice Hall representative how to order this package.

Threshold Competitor: A Management Simulation, Second Edition

Written by Philip H. Anderson of the University of St. Thomas and Timothy W. Scott of Mankato State University, *Threshold* is a Windows-based business management program that simulates the workings of small business. Working in groups, students interact with

the program and make the decisions needed to run a small manufacturing business. *Threshold* is available for purchase at a modest price. (ISBN 0-13-675539-9)

The New York Times Contemporary View Program

Working with the *New York Times*, the editors at Prentice Hall have selected dozens of recent articles from the business section of the *New York Times* on topics that are directly relevant to the study of business. For example, when talking to students about management topics, it is useful to enlighten students by having them read about the management challenges that will be faced by CitiCorp and Travelers Group when they merge. Articles like this are exclusive to this newspaper supplement and it is free upon adoption of *Business*, Fifth Edition.

College Newslink

Now you can link up to the world news every day with Prentice Hall's College Newslink program. College Newslink is a unique educational service that brings today's news from the leading newspapers of the world to your computer via e-mail. Visit www.ssnewslink.com for a free trial.

Acknowledgments

Although only two names appear on the cover of this book, we could never have completed the fifth edition without the assistance of many fine individuals. Everyone who worked on the book was committed to making it the best that it could be. Quality and closeness to the customer are things that we read a lot about today. Both we and the people who worked with us took these concepts to heart in this book and made quality our watchword by listening to our users and trying to provide what they want.

First, we would like to thank all the professionals who took time from their busy schedules to review materials of *Business*, Fifth Edition, for us:

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Highline Community College

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A number of other professionals also made substantive contributions to the text, ranging from draft material on specialized topics to suggested resource materials to proposals for cases and examples. In particular, we are greatly indebted to Elisa Adams and Judy Block for their inventive and indefatigable contributions in their capacity as professional writers and researchers.

The supplements package for *Business*, Fifth Edition, also benefited from the able contributions of several individuals, all under the direction of Don Hull, John Larkin, and Kristen Imperatore at Prentice Hall. We would like to thank these people for developing the finest set of instructional and learning materials for this field.

Meanwhile, a superb team of professionals at Prentice Hall made this book a pleasure to write. Authors often get the credit when a book is successful, but the success of this book must be shared with an outstanding group of people in New Jersey. Our editor, Don Hull, has been a true product champion and has improved both the book and the package in more ways than we can list, going all the way back to the first edition. John Roberts, the production editor, also made many truly outstanding contributions to the project.

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Finally, our families. We take pride in the accomplishments of our wives, Glenda and Mary, and draw strength from the knowledge that they are there for us to lean on. And we take joy from our children, Ashley, Dustin, Matt, and Kristen. Sometimes in the late hours when we're ready for sleep but have to get one or two more pages written, looking at your pictures keeps us going. Thanks to all of you for making us what we are.

Ricky W. Griffin Ronald J. Ebert

About the Authors

Ricky W. Griffin was born and raised in Corsicana, Texas. He received his B.B.A. from North Texas State University and his M.B.A. and Ph.D. from the University of Houston. He served on the faculty of the University of Missouri-Columbia from 1978 until 1981, when he joined the faculty at Texas A&M. In 1990, he was named the university's Lawrence E. Fouraker Professor of Business Administration. In 1997 he became the Head of the Department of Management in the Lowry Mays College and Graduate School of Business at Texas A&M.

> Dr. Griffin's research interests include executive skill development, employee health and well-being, and dysfunctional behavior in organizations. He has done consulting in the areas of task design, employee motivation, and quality circles for such organizations as Baker-Hughes, Texas Instruments, Six Flags Corporation, Texas Commerce Bank, and AT&T. His research has won two Academy of Management Research Awards (both in the Organizational Behavior division) and one Texas A&M University Research Award.

> Former president of the Southwest Division of the Academy of Management, Dr. Griffin also has served as the Director of the Center for Human Resource Management at Texas A&M. In addition to Business, he is the author or co-author of four books and more than 60 journal articles and book chapters.

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> Dr. Ebert has held engineering and supervisory positions in quality management with the Frigidaire Division of General Motors Corporation. He has also done TQM and operations strategy consulting for the National Science Foundation, the United States Savings and Loan League, Kraft Foods, Oscar Mayer, Sola Optical USA, Inc., the City of Columbia, and the American Public Power Association. His research interests include manufacturing policy and strategy, engineering design processes in product development, statistical quality control, and subjective managerial judgements in strategy formulation.



Introducing the Contemporary Business Environment

WEB VIGNETTE Beanie Baby Business

Want to make money fast? Drop everything and listen, because it's a deal you won't believe. No, we're not talking about a hot stock tip, an investment in commodities futures, or land in oil-well territory. This deal involves Bernie the St. Bernard, Nuts the Squirrel, Strut the Rooster, Web the Spider, and 141 more fist-size, plush beanbags called Beanie Babies.

Manufactured by Ty Inc., a privately held company in Oakbrook, Illinois, that specializes in stuffed animals, Beanie Babies have earned a fortune for the company and made staggering profits for tens of thousands of children and adults who trade them on secondary markets via the Internet. How Ty Inc. made this happen and how company executives handled the inevitable business problems along the way is a story worth telling.

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