



Chester Piaseik

**College Mathematics**  
with Applications to Management, Economics,  
and the Social and Natural Sciences

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# **COLLEGE MATHEMATICS**

**WITH APPLICATIONS TO MANAGEMENT,  
ECONOMICS, AND THE SOCIAL AND  
NATURAL SCIENCES**

**CHESTER PIASCIK**

Bryant College

Charles E. Merrill Publishing Company  
A Bell & Howell Company  
Columbus Toronto London Sydney

To my wife, Francine, and sister, Joan, who gave  
countless hours towards the preparation of early  
versions of this manuscript.

Published by Charles E. Merrill Publishing Co.  
A Bell & Howell Company  
Columbus, Ohio 43216

This book was set in Univers  
Production Editor: Rex E. Davidson  
Developmental Editor: Annamaria Doney  
Cover Design: Tony Faiola  
Cover Photo: Melvin L. Prueitt,  
Los Alamos National Laboratory  
Text Designer: Cynthia Brunk

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Library of Congress Catalog Card Number: 83-61872  
International Standard Book Number: 0-675-20094-6  
Printed in the United States of America  
1 2 3 4 5 6 7 8 9 10—88 87 86 85 84

# PREFACE

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This text is designed to provide the mathematical concepts required in today's undergraduate business administration curriculum. Typically the algebra backgrounds of the students taking these courses are varied. Thus, one of my goals has been to make the text as readable as possible without sacrificing its mathematical content.

Another goal of this text is to train the student to think graphically. Accordingly, I have included sections in Chapter 2 on graphing polynomial and rational functions and in Chapter 3 on graphing exponential functions. These sections are also designed to prepare the student for calculus. Since a calculus student is often sketching and working with higher degree polynomial functions, rational functions, and exponentials and logarithmic functions, a prior study of these topics will help to reduce their "shock effect" when encountered in calculus.

This text contains a more thorough coverage of mathematics of finance in response to managements' express needs. Feedback from management professionals indicates that this is the mathematical topic requiring more extensive coverage in undergraduate studies. Many business decisions involve an analysis of cash flows under various conditions. This text includes, in addition to the usual mathematics of finance topics, equations of value, deferred annuities, and complex annuities.

Since we live in an age of inexpensive computing, greater emphasis is placed upon problem formulation. In this regard, I have included one section (Section 6–8) at the end of Chapter 6 (Linear Programming) on formulating linear programming problems from various fields of application.

Chapter 7 (Probability) provides the instructor with many options. The section on Bayes' formula may be omitted if desired. Similarly, Section 7–7 (Counting, Permutations, Combinations, and Probability) may be omitted, as well as the sections on Markov chains, if time does not permit their treatment.

The calculus chapters are designed to provide the student with essential concepts and viable applications. Chapter 8 presents an intuitive approach to the concepts of average rate of change and instantaneous rate of change. These serve as the structural foundation for the "rate of change" and "slope of tangent line" concepts of the derivative. The "Limits" and "Differentiability and Continuity" topics



have been placed in separate sections so that the instructor has the flexibility to choose the level of treatment of these topics.

The chapter on optimization stresses both graphics and problem-solving. Applications to real-world problems accompany the calculus concepts.

Applications appear at numerous places in the calculus chapters as they do throughout the text. Section 10–8 (Continuous Cash Flows) attempts to integrate these financial models with those presented in the Mathematics of Finance chapter. In this regard, the Improper Integrals section contains an application to the present value of a perpetual cash flow. Finally, continuous probability distributions are presented as an application of integral calculus. The intent is to introduce the concept of a continuous probability distribution for germination in future courses.

We have six business cases in this text. Each is intended to show how math techniques are actually applied to business problems to solve such practical problems as forecasting the price per share for a stock, calculating the present value, or determining the annual inventory cost for a company. By working through these problems, it is hoped the student will see how mathematical techniques are applied to solve real-world business problems.

## Acknowledgments

I wish to thank the many reviewers of this manuscript for their valuable suggestions. These include especially Robert A. Moreland, Texas Tech University; Franklin Sheehan, San Francisco State University; Laurence Maher, North Texas State University; Joseph M. Mutter, Northern Arizona University; and Merlin M. Ohmer, Nichols State University.

A special note of thanks goes to my colleague, Alan Olinsky of Bryant College, who provided assistance with the computer generation of tables for this text. Also, I thank my colleague, Robert Muksian of Bryant College, for his valuable suggestions.

I thank Bryant College for its support with the secretarial and typing aspects of this project. A special thanks goes to Jackie David who coordinated the typing of this project. Her efficiency and willingness to help were invaluable. I am indebted to the typists who worked faithfully and diligently on this project. These include Mary Afeltra, Sherry Maddison, Pamela Eddleston, and Susan LaRosa.

My sincere thanks goes to the staff of Charles E. Merrill Publishing Company for their support and expertise in the production of this text. Specifically, I thank Christopher R. Conty for his support and patience during the earlier phases of this project. I thank Marianne Taflinger for her editorial support during the final stages of this manuscript. I especially thank Annamaria Doney for her dedication and tireless efforts towards the goal of producing an excellent text.

A very special thanks goes to Ho Key Min for valuable suggestions and comments regarding the applications in this text. Another very special thanks goes to Patricia A. Fox for invaluable suggestions and perceptive criticisms for both the text and Instructor's Manual.

Finally, I thank my family for their support and patience during the countless hours I have spent writing this manuscript.

Chester Piascik

# CONTENTS

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## **1** LINEAR FUNCTIONS 1

- 1-1 The Real Numbers 2
- 1-2 Functions 7
- 1-3 Slope of a Straight Line 22
- 1-4 Slope and Equations of Straight Lines 30
- 1-5 Graphing Linear Functions 41
- 1-6 Applications of Linear Functions 47

## **2** POLYNOMIAL AND RATIONAL FUNCTIONS 59

- 2-1 Exponents 60
- 2-2 Quadratic Functions 67
- 2-3 Applications of Quadratic Functions 78
- 2-4 Polynomial Functions 92
- 2-5 Applications of Polynomial Functions 99
- 2-6 Rational Functions 106

## **3** EXPONENTIAL AND LOGARITHMIC FUNCTIONS 119

- 3-1 Exponential Functions 120
- 3-2 Applications of Exponential Functions 132
- 3-3 Logarithms 139
- 3-4 Applications of Logarithms 149
- Case A Stock Price Forecasting—Microchips, Inc. 156

## 4 MATHEMATICS OF FINANCE 159

- 4-1 Simple Interest 160
- 4-2 Compound Interest 169
- 4-3 Continuous Compounding 180
- 4-4 Geometric Series and Annuities 185
- 4-5 Present Value of an Annuity 193
- 4-6 Sinking Funds and Amortization 200
- 4-7 Equations of Value 207
- 4-8 Deferred Annuities 214
- 4-9 Complex Annuities 219
- 4-10 Complex Annuities Due 227
- Chapter Exercises 232
- Case B Capital Investment Decisions—  
Write Graphics, Inc. 236

## 5 LINEAR SYSTEMS AND MATRICES 239

- 5-1 Two Equations in Two Variables 240
- 5-2 Matrices 248
- 5-3 Multiplying Matrices 255
- 5-4 Gauss-Jordan Method of Solving Linear Systems 269
- 5-5 Inverse of a Square Matrix 283
- 5-6 Solving Square Linear Systems by Matrix Inverses 290
- 5-7 Applications 294
- Case C Oil Refinery Scheduling—  
Merco Oil Refinery 302

## 6 LINEAR PROGRAMMING 303

- 6-1 Algebra Refresher 304
- 6-2 Linear Inequalities in Two Variables 307
- 6-3 Linear Programming 317
- 6-4 Simplex Method Formulation 326
- 6-5 Simplex Method 335
- 6-6 Shadow Prices 349
- 6-7 Simplex Method: Minimization 352

- 6–8 Linear Programming: Formulation and Applications 362**  
 Case D Profit Maximization—  
 Comfort House Furniture Company 368

## **7 PROBABILITY 369**

- 7–1 Sets 370  
 7–2 Basic Probability Formula 382  
 7–3 Laws of Addition 390  
 7–4 Conditional Probability 397  
 7–5 Laws of Multiplication 402  
 7–6 Bayes' Formula 409  
 7–7 Counting, Permutations, Combinations, and Probability 416  
 7–8 Probability Distributions and Random Variables 429  
 7–9 Binomial Experiments 435  
 7–10 Markov Chains 445  
 7–11 Markov Chains in Equilibrium 451  
 Case E Probability Distributions—  
 Next Day Courier, Inc. 457

## **8 DIFFERENTIAL CALCULUS 459**

- 8–1 The Derivative 460  
 8–2 Limits 467  
 8–3 Differentiability and Continuity 482  
 8–4 Rules for Finding Derivatives 487  
 8–5 Chain Rule 502  
 8–6 Applications 507  
 8–7 Derivatives of Exponential and Logarithmic Functions 518

## **9 DIFFERENTIAL CALCULUS: OPTIMIZATION 531**

- 9–1 Critical Values and the First Derivative 532  
 9–2 The Second Derivative and Curve Sketching 541  
 9–3 Applications 550



## **X CONTENTS**

- **9–4** Partial Derivatives 560
- **9–5** Maxima and Minima 566
  - Case F Back-order Inventory Model—  
BFI, Inc. 572

# **10 INTEGRATION 575**

- 10–1** Antidifferentiation 576
- 10–2** The Definite Integral and Area Under a Curve 584
- 10–3** Area Between Two Curves 599
- 10–4** Application: Consumers' and Producers' Surpluses 604
- 10–5** Integration by Substitution 607
- 10–6** Integrals Involving Exponential and Logarithmic  
Functions 615
- 10–7** Using Tables of Integrals 620
- 10–8** Application: Continuous Cash Flows 624
- 10–9** Improper Integrals 626
- 10–10** Continuous Probability Distributions 630

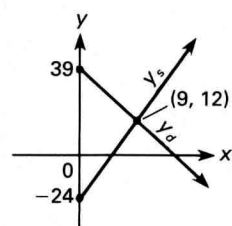
## **APPENDIX A-1**

## **ANSWERS TO SELECTED EXERCISES A-33**

## **INDEX I-1**

# LINEAR FUNCTIONS

# 1



## 1-1

**THE REAL NUMBERS**

All the numbers we will use in this text can be represented as points on a straight line. Such a representation can be constructed as follows. Begin with a straight line. Choose an arbitrary point, called the **origin**, on the line and label it 0. Then choose another point to the right of 0 and label it 1. Let the distance between 0 and 1 represent 1 unit of measure (see Figure 1-1). The point on the straight line 1 unit to the right of 1 is labeled 2, the point 1 unit to the right of 2 is labeled 3, etc. (see Figure 1-2). Also, the point on the straight line 1 unit to the left of 0 is labeled  $-1$ , the point 1 unit to the left of  $-1$  is labeled  $-2$ , the point 1 unit to the left of  $-2$  is labeled  $-3$ , etc. (see Figure 1-2). The straight line of Figure 1-2 is called the **real number line**. There is a one-to-one correspondence between the points on the real number line and the set of real numbers. In other words, any real number is associated with some point on this number line. Also, any point on this number line is associated with some real number. For example, the fraction  $1/2$  is associated with the point midway between 0 and 1; the number  $1\frac{3}{4}$  is associated with the point three-quarters of the distance between 1 and 2; and the number  $-1/3$  is associated with the point one-third the distance between 0 and  $-1$  (see Figure 1-3).

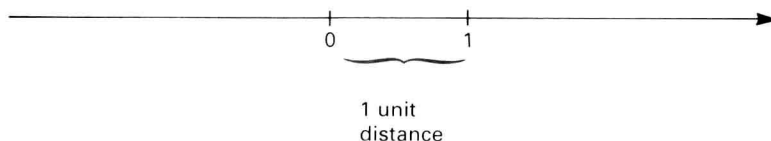


FIGURE 1-1

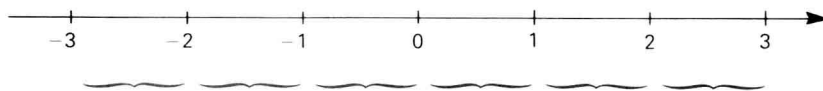


FIGURE 1-2

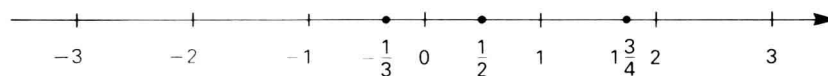


FIGURE 1-3

There are several types of real numbers:

1. **Counting Numbers** (also called **natural numbers**):

$$1, 2, 3, 4, 5, \dots *$$

### 3 LINEAR FUNCTIONS

#### 2. Whole Numbers:

$$0, 1, 2, 3, 4, \dots *$$

#### 3. Integers:

$$\dots, -4, -3, -2, -1, 0, 1, 2, 3, 4, \dots$$

4. **Rational Numbers**—All numbers that can be expressed as a quotient of two integers, where the denominator is not equal to 0. Examples are numbers such as  $1/2$ ,  $3/4$ ,  $4/1$ , 3, 1.23, and nonterminating repeating decimals such as  $5.838383 \dots$ , which can be written as  $5.\overline{83}$ .

5. **Irrational Numbers**—All real numbers that are not rational. Irrational numbers have decimal representations that are nonterminating and nonrepeating. Some examples are:

$$\sqrt{2} = 1.4142135 \dots **$$

$$\pi = 3.1415926 \dots$$

$$e = 2.718281 \dots$$

$$-\sqrt{5} = -2.2360679 \dots$$

Thus, a real number is either rational or irrational. The rational numbers include the integers, the integers include the whole numbers, and the whole numbers include the counting or natural numbers.

**Inequality** If a number  $a$  lies to the left of a number  $b$  on the real number line, then " $a$  is less than  $b$ ." This is written  $a < b$  (see Figure 1–4). Also, if a number  $b$  lies to the right of a number  $a$  on the real number line, then " $b$  is greater than  $a$ ." This is written  $b > a$  (see Figure 1–5). Thus, the statement "5 is less than 6" is written  $5 < 6$ .

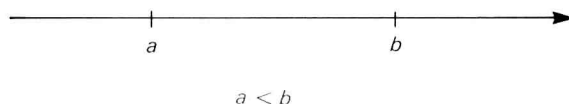


FIGURE 1–4

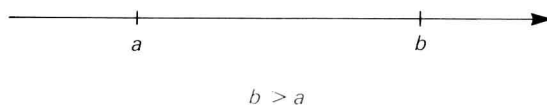


FIGURE 1–5

\*Here, the three dots indicate that the numbers continue indefinitely in the same manner.

\*\*These dots indicate that the decimal representations are nonterminating.

The inequality phrases and their respective symbols are summarized as follows:

Inequality Phrase	Symbol
"Is less than"	$<$
"Is greater than"	$>$
"Is less than or equal to"	$\leq$
"Is greater than or equal to"	$\geq$
"Is not equal to"	$\neq$

**Intervals** Sometimes, it is necessary to refer to all real numbers located between two numbers  $a$  and  $b$  on the real number line (see Figure 1–6). Such a set of numbers is called an **interval** and is expressed as all real numbers  $x$  such that

$$a < x < b$$

Observe that the endpoints,  $a$  and  $b$ , are not included in the above interval. This situation is graphically expressed by using an open circle at each endpoint (see Figure 1–6). If the endpoints are to be included, then the set must be written as

$$a \leq x \leq b$$

and graphically expressed by using a solid circle at each endpoint (see Figure 1–7).

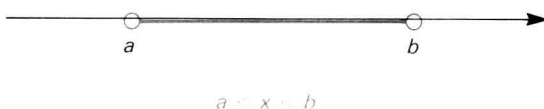


FIGURE 1–6

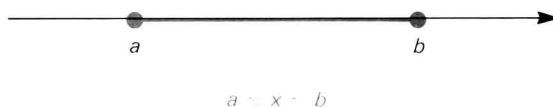


FIGURE 1–7

**EXAMPLE 1–1** Graph all real numbers  $x$  such that  $5 \leq x \leq 10$ .

## 5 LINEAR FUNCTIONS

**Solution** This interval includes all real numbers between 5 and 10. The endpoints are included. The graph appears in Figure 1–8.

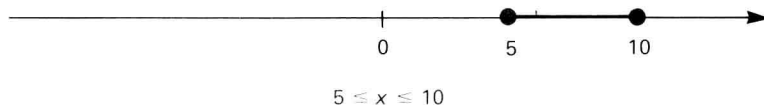


FIGURE 1–8

**EXAMPLE 1–2** Express the interval of Figure 1–9 by using the variable  $x$ .

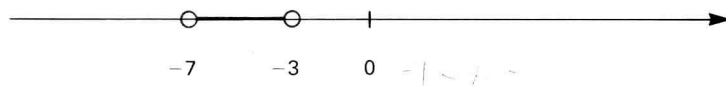


FIGURE 1–9

**Solution** This interval includes all real numbers between  $-7$  and  $-3$ . The endpoints are not included. Hence, the interval is written as all real numbers  $x$  such that  $-7 < x < -3$ .

**EXAMPLE 1–3** Graph all real numbers  $x$  such that  $x \leq 9$ .

**Solution** This interval includes all real numbers less than or equal to 9. The endpoint, 9, is included. The graph appears in Figure 1–10.

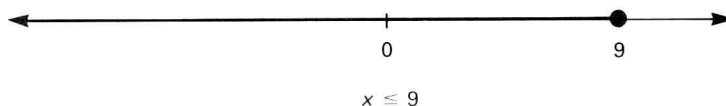


FIGURE 1–10

**Absolute Value** The **absolute value** of a number  $x$ , written  $|x|$ , is the distance on the real number line from 0 to  $x$ . Thus, the absolute value of  $-3$ , written  $|-3|$ , is 3 since the distance from 0 to  $-3$  is 3 units (see Figure 1–11). Also, the absolute value of 3, written  $|3|$ , is 3 since the distance from 0 to 3 is 3 units (see Figure 1–12). Note that the absolute value of a number is always nonnegative.



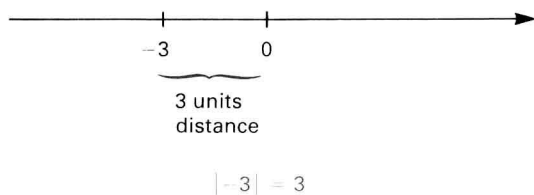


FIGURE 1-11

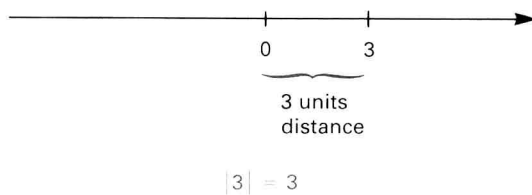


FIGURE 1-12

**EXAMPLE 1-4** Solve for  $|-7|$ .

**Solution**  $|-7| = 7$  since the distance between 0 and  $-7$  on the real number line is 7 units.

**EXAMPLE 1-5** Solve for  $|8|$ .

**Solution**  $|8| = 8$  since the distance between 0 and 8 on the real number line is 8 units.

**EXAMPLE 1-6** Graph all real numbers  $x$  such that  $|x| \leq 5$  on the real number line.

**Solution** This interval includes all numbers  $x$  on the real number line such that the distance between 0 and  $x$  is less than or equal to 5. Thus, any real number  $x$  within 5 units distance of 0 has an absolute value less than or equal to 5. Hence, we write

$$-5 \leq x \leq 5$$

This interval is graphed in Figure 1-13.

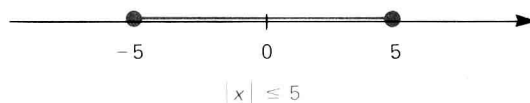


FIGURE 1-13

## EXERCISES

1. State whether each of the following is true or false:

(A)  $3 < 7$

(B)  $-3 < -7$

(C)  $-2 < -5$

(D)  $2 < 5$

(E)  $-6 < -2$

(F)  $-3 > -7$

(G)  $-2 > -5$

(H)  $0 < 5$

(I)  $0 > -3$

(J)  $9 > 6$

(K)  $8 > 10$

(L)  $-6 < -1$

## 7 LINEAR FUNCTIONS

2. State whether each of the following is true or false:
  - (A) Every counting number is a whole number.
  - (B) Every whole number is an integer.
  - (C) Every counting number is an integer.
  - (D) Every integer is a rational number.
  - (E) Every rational number is a real number.
  - (F) Every integer is a whole number.
  - (G) Every whole number is a counting number.
  - (H) Every irrational number is a real number.
3. State whether each of the following is true or false:
  - (A) 7 is a rational number.
  - (B)  $\frac{3}{5}$  is a rational number.
  - (C)  $-\frac{2}{3}$  is a rational number.
  - (D)  $\sqrt{11}$  is a rational number.
  - (E)  $\sqrt{11}$  is an irrational number.
  - (F) 3.56345 . . . is an irrational number.
  - (G) 4.7065 is an irrational number.
  - (H) 2.767676 . . . is a rational number.
4. Sketch each of the following on the real number line:
 

(A) $-5 \leq x \leq -1$	(B) $7 \leq x \leq 11$
(C) $-4 < x < -2$	(D) $9 < x < 15$
(E) $-3 < x \leq 2$	(F) $2 \leq x < 9$
(G) $5 \leq x$	(H) $x \geq 5$
(I) $x \leq -3$	(J) $x < 10$
(K) $x > -2$	(L) $x > 4$
(M) $2 < x$	(N) $x \geq -1$
(O) $x \neq 2$	(P) $x = -3, x \neq 5$
5. Solve for each of the following:
 

(A) $ 0 $	(B) $ -1 $	(C) $ 1 $
(D) $ -21 $	(E) $ -2 $	(F) $ 15 $
(G) $ -15 $	(H) $ -20 $	(I) $ 20 $
6. Sketch each of the following intervals on the real number line:
 

(A) $ x  \leq 4$	(B) $ x  < 8$
(C) $ x  \leq 10$	(D) $ x  < 10$
(E) $ x  \geq 6$	(F) $ x  > 6$
(G) $ x  \neq 5$	(H) $ x  \neq 3$

## 1-2

### FUNCTIONS

A **function** is a rule that associates a unique **output value** with each element in the set of possible **input values**. Consider, for example, the conversion of temperature from degrees Fahrenheit to degrees Celsius. Given a temperature in degrees Fahrenheit (input value), we can find the corresponding value in degrees Celsius (output value) by the following rule:

$$\underbrace{\text{Celsius temperature}}_{\text{output value}} = \frac{5}{9} \underbrace{(\text{Fahrenheit temperature} - 32)}_{\text{input value}}$$

If  $C$  is temperature in degrees Celsius and  $F$  is temperature in degrees Fahrenheit, then this rule may be expressed by the equation

$$C = \frac{5}{9}(F - 32)$$

To determine the Celsius temperature (output value) associated with 50 degrees Fahrenheit, we substitute  $F = 50$  (input value) into the equation and obtain

$$\begin{aligned} C &= \frac{5}{9}(50 - 32) \\ &= \frac{5}{9}(18) \\ &= 10 \end{aligned}$$

Thus, 10 degrees Celsius is associated with 50 degrees Fahrenheit. Since only one value of  $C$  is associated with a value of  $F$ , then this equation defines  $C$  as a function of  $F$ .

Observing the equation

$$\begin{array}{ccc} C & = & \frac{5}{9}(F - 32) \\ \uparrow & & \uparrow \\ \text{output} & & \text{input} \\ \text{value} & & \text{value} \end{array}$$

note that the output value,  $C$ , is dependent upon the input value,  $F$ . Thus,  $C$  is called the **dependent variable**, and  $F$  is called the **independent variable**. This relationship is usually indicated by saying that  $C$  is a *function* of  $F$ .

### Functional Notation

Often, a letter is used to represent a function. Specifically, if the letter  $f$  is used to name the function defined by the equation

$$y = 5x^2 + 2x + 7$$

then the dependent variable,  $y$ , is represented by the symbol  $f(x)$ , read " $f$  of  $x$ ." Thus, the preceding equation is written as

$$f(x) = 5x^2 + 2x + 7$$

To find the output value associated with  $x = 3$ , we replace  $x$  with 3 to obtain