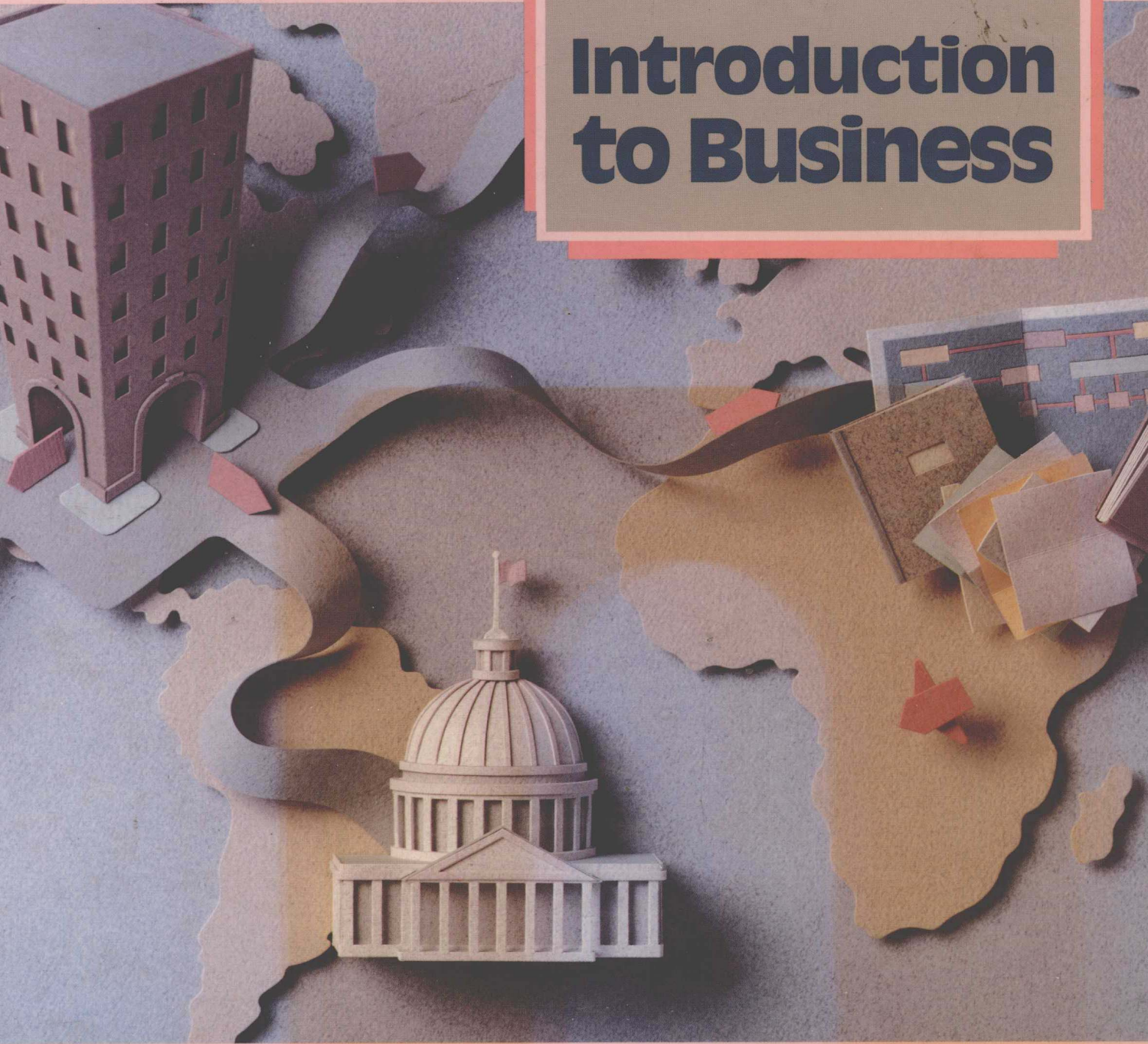


Fourth Edition

Introduction to Business



Straub/Attner

Introduction to Business

Fourth Edition

Joseph T. Straub

Valencia Community College

Raymond F. Attner

Brookhaven Community College



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**To Pat and Stacey (J.S.)
and
To Deborah—my partner, my friend, my support
(R.A.)**

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Preface

Basic Intent

The fourth edition of *Introduction to Business* reaffirms the intent of its predecessors: to fill the need for an introductory business textbook that is written by authors who have taught the course successfully for many years. We hope that our familiarity with the course and our perception of students' and professors' expectations for a textbook are reflected in the caliber of the textbook itself and its ancillary materials: study guide, instructor's manual, test bank, and overhead projector transparencies.

Colleagues agree that the introductory business course is a cornerstone of college-level business programs for at least three reasons. First, the course gives students the macro view of business, an important prelude to such advanced and specialized courses as finance, marketing, management, and labor relations. Second, the introductory business course has a

profound impact on students' decisions about choosing a major field of study. Finally, this course is the only one that gives students a comprehensive view of the dynamic world of business in all its aspects.

By placing business in perspective and surveying the topic in a contemporary and thorough fashion, our text gives students a solid foundation in the survey business course and equips them for future success in advanced business courses. We realize, of course, that non-business majors may take the introductory business course as an elective. These students will benefit from our comprehensive coverage of a subject that affects every aspect of their daily lives, no matter what their present or future career interests. Our text will prepare such students to make more astute consumer decisions and to appreciate the significant role that business plays in today's society.

Organization

Our decisions on part and chapter sequencing were based on an extensive market survey of professors who teach the introduction to business course. The organization that we have selected reflects their consensus.

Part One, *The Business Setting*, guides students into the course by examining the role of business in our economy, and by exploring the features and characteristics of unincorporated business and of corporations. Unlike competitors, we acknowledge the complexity and popularity of corporations in today's business world by devoting an entire chapter to that form of organization.

Part Two, *The Human Side of Business*, discusses the importance of and need for management, the functions managers perform, the roles played, and the skills necessary to manage. It then addresses the processes and concepts involved, and alternative designs that managers utilize to create organizations. Following this, we explore the principles and processes involved in planning for, recruiting, selecting,

orienting, training, appraising, and compensating their organizations' human resources. This leads to a chapter on the importance of and approaches to working with human resources by building an organizational climate, creating the opportunity for motivation, and providing leadership. Part Two ends with a chapter on labor relations, including exceptional coverage of the principles and objectives of unions, labor history and legislation, the reasons employees join unions, labor and management tactics, the collective bargaining process, the grievance procedure, and a discussion on mediation and arbitration.

Part Three, *Production and Marketing Activities*, examines and illustrates current production principles and techniques, and then investigates marketing principles and the elements of product, promotion, distribution, and pricing strategies. You will discover that our coverage of these important areas is thorough and logical.

Part Four, *Finance and Information Systems*, contains chapters on money and financial institu-

tions, finance, risk and insurance, gathering and processing data, and accounting. Our accounting chapter is purposely preceded by one on gathering and processing data so that students will better appreciate the widespread impact of computers on business operations and on the lifestyles of individuals who own, or who plan to purchase, a personal computer. And we cover the subject of accounting in a fashion that introductory students can readily understand without oversimplifying or distorting this complex but essential topic.

In Part Five, Special Challenges and Issues, we

investigate the topics of small business and franchising, multinational business, legal concerns, and the social and ethical environment. Our four decade's worth of classroom teaching experience and our market survey data convinced us to reserve small business and franchising until this point in the text. By prefacing that discussion with chapters on forms of business organization, human relations, production, marketing, finance, and information systems, our book truly prepares students to comprehend and appreciate the concerns of small-business owners or franchises more effectively than any competitor.

Pedagogical Devices

As dedicated classroom teachers, we devoted a great deal of time and effort to create pedagogical devices that will help students maximize their learning experience with our text. The array we offer is second to none.

Chapter Outline

Each chapter opens with a topical outline of the areas that will be covered. This provides students with a general framework for upcoming discussion.

Chapter Objectives

These establish the learning benchmarks by which students' success will be measured. Organized according to discussion sequence within each chapter, they clarify what the student must do to master the material presented.

Opening Quotation

Each chapter opens with a quotation: an ice-breaker related to one or more concepts that are addressed in the chapter. It's an upbeat way to begin each new area of study.

Up Front

Because business practices are often a reflection of individual attitudes, efforts, and personalities, the fourth edition offers a new Up Front personality pro-

file for every chapter. These profiles feature individuals who have constructed business careers based on concepts discussed in the chapters in which they appear. We selected our Up Front personalities based on their exceptional success in a chapter-related area.

Our Up Front business personalities are constructive role models for students of all ages. In addition, the Up Fronts personalize the chapter material, giving it a real-world orientation that should be considered paramount in an introductory business text. The people we have selected constitute an age, sex, and ethnic mix to which all students can relate.

You Decide

These features, which appear at strategic points in each chapter, pose thought-provoking questions that students may answer by referring to material just read and/or personal experience. They encourage introspection and reflection while providing a necessary study break.

Manager's Notebook

This element complements the chapter's Up Front with either a profile of a company or group, or a discussion of a contemporary topic or trend linked to chapter concepts or principles. Like the Up Fronts, the Manager's Notebooks give the text real-world orientation and credibility—students can see how the material they study is actually applied or how it affects the operations of an identified firm. All of our Manager's Notebook features, like the Up Front personality profiles, are new to the fourth edition.

Summary

Each chapter closes with a narrative summary of salient topics. Students may use the summary for a general review and for placing the material in perspective after studying the chapter in depth.

Key Terms

These are listed after each summary so students may review the entire chapter's terms in one spot. Terms are alphabetized in each list. In addition, each key term's page number is noted for easy student reference.

For Review and Discussion

We provide an exceptionally generous amount of review and discussion activities that require students to apply chapter principles and to study and com-

prehend the vocabulary and concepts that the chapter presents. Our review and discussion activities are coordinated, of course, with the objectives at the beginning of the chapter. Mastery of the review and discussion items ensures that students will accomplish the chapter objectives.

Applications (Cases)

The cases for the fourth edition, like the Up Front personality profiles and the Manager's Notebook features, are new. Each chapter contains two cases. These, like the discussion questions, encourage students to explore, reflect on, and apply their learning to business situations. They complement the role of the Up Fronts and the Manager's Notebooks in blending theory with practice, and they're excellent devices for generating classroom discussion and independent thought.

Careers

Students are eager to learn how companies prepare them for careers in certain business areas. To meet that expectation, we provide a formal discussion of career planning and job searches. We address those subjects specifically in the appendix, *The Business of Getting a Job*. There we examine in detail how to choose a career (including selection of a major in

college), prepare a résumé, locate job openings, and deal with company recruiting activities (including successful interviewing and job offer evaluation). This outstanding feature of our text may be incorporated into your classroom discussion or reading assignments whenever you feel it is appropriate.

Terminology

Command of business vocabulary is an integral goal of any introduction to business course, and our text ensures that this will be achieved through several techniques. Each term is printed in boldface and defined in italics where it first appears. It is also printed and defined in the margin to draw students' attention to it during chapter review. As mentioned previously, key chapter terms are conveniently grouped at

the end of each chapter along with their page numbers. Finally, every key term in the text is repeated, along with its text definition, in a comprehensive glossary at the end of the book. Our reviewers confirm that no other introduction to business text goes to such lengths to help students gain a firm command of the language of business.

Treatment of Small Business and Franchising

We mentioned earlier, and we believe it's worth repeating, that we lead students into small business and franchising more logically and effectively than

competing texts. The first four parts of our text examine areas that are prerequisites to understanding such a topic: legal forms of organization, personnel,

management, motivation, labor relations, production, marketing, finance, risk management, data processing, and accounting. *After* students have studied those areas, we introduce them to small business and franchising. We are convinced (and our reviewers have confirmed) that this is the most academically

sound way to organize an introductory text. To place the small business and franchising chapter before a discussion of essential business topics does students a grave injustice. We successfully avoid that oversight and your students will benefit accordingly.

Graphics and Photographs

Our array of graphics—more effective and impressive than any competing text's—was designed for maximum educational benefit. Significant chapter information and relationships are captured visually through the dramatic use of a second accent color combined with highly informative tables and figures. There are numerous new photographs through-

out our book. In addition, the color photograph "Galleries" have been updated to include timely, up-to-date photographs. The international gallery is completely new in this edition. These give our book exceptional visual appeal and enhance the impact of the multitude of pedagogical devices mentioned earlier.

A Commitment to Credibility

We further distinguish ourselves from competitors through our commitment to credibility. That simply means that this book was researched and written *entirely* by us. No chapters or pedagogical items were ghostwritten by colleagues, student assistants, or others whose labor we claim as our own. Our "total immersion" approach, although demanding intense labor and time, has resulted in a text with integrity.

By being fully responsible for and intimately knowledgeable about our book's contents, we were able to refer students ahead to upcoming discussion (or back to previous material) at strategic points. We thus unite the book's contents so students understand how various subjects relate to one another in the operation of a functioning business.

Supplemental Items

We realize that many professors place great value on the supplemental items that accompany a text. Our commitment to excellence is obvious here, too. With the help of our publisher, who conducted a market study to determine what the essential components of the supplemental package should be, we provide the following items.

Student Study Guide

Authored by Nancy Carr of the Community College of Philadelphia, this self-paced learning aid contains questions in several formats that promote thorough vocabulary mastery and command of chapter concepts.

Instructor's Manual

As career instructors of the introduction to business course, we have prepared a most valuable, efficient, and practical instructor's manual. It contains:

- Detailed lecture outlines for each chapter, including enrichment vignettes
- Suggested course outlines for 7- and 14-week courses
- Several hundred 16mm films available from 39 sources and coordinated with text chapters
- Suggested business periodicals for library reference

- Sources of guest speakers and tips on how to select a subject and a speaker, prepare for the visit, and follow up after the speaker's appearance. We also include a section on teleconferencing, a way in which key business executives may interact with your students through conference calls.
- Course-building activities that will help you gather material to supplement and enhance classroom discussion. This section also contains a mailing list to request material from *Fortune's* top 200 companies, ranked according to 1990 sales and 29 of the nation's leading franchise firms.
- Answers to all the questions and case problems contained in the Study Guide.

One Hundred Acetate Transparencies

These are keyed to the text chapters, but they contain new information not provided in the book. They may be used in conjunction with our detailed lecture outlines to illustrate various chapter concepts, promote class discussion, and supplement your personal file of transparencies.

Test Bank

A comprehensive test bank containing over 2,000 questions is provided to adopters of *Introduction to Business*, Fourth Edition. The test bank, which has been revised extensively for the fourth edition, follows a chapter-by-chapter format and is structured according to chapter objectives. There is a balance between true/false and multiple choice questions.

Highlights of This Edition

We have already stated that various chapter elements, including Up Fronts, Manager's Notebooks, and cases, are new for the fourth edition. We also want to emphasize that the statistics cited in chapter body material have been thoroughly updated. Data in charts, graphs, and tables that illustrate and enrich chapter discussions were updated to reflect changes in the business environment.

Chapter highlights include:

Chapter 1 The Role of Business in Our Economic Setting

- The characteristics of private enterprise
- The history of American business

Chapter 2 The Unincorporated Business

- The rights and obligations of partners under the Uniform Partnership Act

Chapter 3 The Modern Corporation

- Discussion of S corporations (formerly titled Subchapter S corporations) that includes the effects of the Subchapter S Revision Act

Chapter 4 Managing Business Organizations

- A thorough explanation of each level of management's responsibility for the performance

of the management functions—the universal-ity of management

- The importance of management roles and examples of managerial roles

Chapter 5 Creating an Organization

- The step-by-step process for organizing
- The relationship of delegation, authority, responsibility, and accountability

Chapter 6 Personnel: Acquiring and Developing Human Resources

- The legal environment of human resources management
- Specific dos and don'ts of the selection process

Chapter 7 Managing People: Motivation and Leadership

- The importance of developing a positive work environment to increase motivation
- A discussion of Theory X and Theory Y as the basis for a manager's motivation and leadership approaches

Chapter 8 Labor Relations

- The principles and objectives of unionism
- The goals and directions of unions

Chapter 9 Producing the Product

- The use of robots on production lines

Chapter 10 Marketing and Product Strategy

- The process of marketing
- The components of product strategy

Chapter 11 Marketing Promotional Strategy

- The roles and importance of promotional strategy
- An explanation of the communication process utilized by promotion

Chapter 12 Distribution and Pricing Strategy

- The importance of distribution strategy
- The importance of pricing strategy and pricing objectives

Chapter 13 Money and Financial Institutions

- Discussion of the Consumer Price Index, including the CPI-U and the CPI-W
- The trend toward interstate banking
- The S&L Crisis

Chapter 14 Financing for Profits

- The impact of the 1982 Tax Equity and Fiscal Responsibility Act on bond formats
- Information on adjustable rate or "floating rate" preferred stock and "zero coupon" bonds
- Discussion of the stock market and personal investing

Chapter 15 Risk and Insurance

- Information on how companies may avoid risks and discussion of the practice of self-insurance
- Criteria required for an insurable risk

- Material on no-fault auto insurance, universal life insurance, and hazardous waste insurance required by the Environmental Protection Agency

Chapter 16 Gathering and Processing Data

- The popularity and uses of personal computers

Chapter 17 Accounting for Profits

- The various groups that use accounting data
- Discussion of the CPA's responsibility to maintain "professional skepticism" regarding possible fraud

Chapter 18 The Small Business and Franchising

- Discussion of venture capital firms

Chapter 19 Multinational Business

- Discussion of why businesses go international
- Barriers to international trade

Chapter 20 Business Law and the Legal Environment of Business

- Discussion of secrecy as an alternative to patenting
- Discussion of governmental response to regulation, including discussion of the work of the Private Sector Survey on Cost Control

Chapter 21 The Social and Ethical Environment of Business

- The evolution of social responsibility
- The need to implement social responsibility and the social audit

Appendix The Business of Getting a Job

- Networking as a method of obtaining job interviews

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