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THE WORLD OF BUSINESS

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The World of Business

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THE WORLD OF BUSINESS
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ISBN: 0-7172-8511-1

To My Good and Dear Wife Jill

Preface

The attitudes of Americans toward business have varied greatly during the course of the history of our nation. When the countryside needed to be explored and developed, when the forbidding wilderness needed signposts and street lamps, when times were hard and something had to be done, society encouraged its farmers, trappers, traders, doctors, lawyers, and teachers to set out and seize a stake in America's future. But when the trails and waterways had given way to railroads and canals, when telegraph lines had been built and commercial routes established—in short, when the land had been settled and developed—people came to distrust and discourage the pioneer spirit. Indeed, by the late nineteenth century, success often was seen as proof of opportunism and greed. The more successful a person was in charting unknown territory, the more likely it was that that person would be blamed for other people's problems and failures.

Things have not changed so much in the ensuing years. Even as society turns to modern business organizations to explore and develop the unknown—whether in international trade, human relations, or technological advancement (even to the edge of outer space)—we tend to discredit those who are most successful. Facing, as human beings always will, some other, modern wilderness, it's easy to miss the forest for the trees. We resent the “establishment” for the very success we urged it to achieve. Beset with problems, we blame those who have solved them most successfully.

The business world in particular has been criticized and blamed for many modern ills. And since business usually is measured in terms of profit, the most profitable organizations often become the focus of society's distrust and resentment. Indeed, the study of business itself is sometimes discredited, aimed, as it is, toward success. Woodrow Wilson put this matter in perspective when he commented about America's problems during his presidency: “The way to stop financial ‘joy-riding’ is to arrest the chauffeur, not the automobile.” In the same way, society must distinguish between proper and im-

proper business practices rather than blame “business” for what individual people do.

This book is an effort to identify and describe proper business practices as they have developed over time in our economic system. The focus of our study is the principles and theories on which modern business activities are based. We also are concerned with understanding the relationships that exist among various parts of the business world and with how business methods are applied to make those relationships effective. For example, how are the manufacturing methods of an industry related to its sales and distribution methods? How do the principles of accounting, marketing, factory layout, financing, management, and retailing all come together to produce the goods we seek? What things influence the operation of the business world? What things does the business world, in turn, influence?

By understanding the basic aspects of businesses and how they interrelate, students can become the valuable human resource that makes the business world operate. This book is aimed toward that end, toward training people who want to pursue a challenging career in what is still pioneer country. The danger is not that dishonest people will use business to further their selfish goals; rather, it is that honest individuals will be so untrained that they will be unable to ensure their own success or to help shape the future.

THE PLAN OF THIS BOOK

As the table of contents shows, this book is divided into seven main sections—an introduction and six parts. The introductory chapters consider what business is and what it does; they present an overview of the business world in order to identify and explain its key segments. Part 1 then discusses the functions of management and how business firms can be organized.

Parts 2, 3, and 4 focus on the main activities of the business world. These chapters describe what is involved in securing raw materials, in manufacturing and distributing products, and in financing these operations. In line with the current emphasis in business courses, the topics of marketing, risk bearing, and physical distribution receive extra attention.

Part 5 deals with the day-to-day operations of business. Personnel management, accounting, information processing, and research and development are ongoing activities in every business organization, and each topic is described fully. In addition, because the modern business world relies so heavily on careful record keeping, a separate chap-

ter is devoted to the topic of business paperwork.

Part 6 examines the environment within which the business world operates and considers such factors as social issues, economic systems, government regulations and taxes, and world trade. There are many opinions about these topics, and the reason that they are discussed so late in the book is that students must understand the details of accepted business practices before they can usefully consider other approaches.

HOW TO USE THIS BOOK

Features

Unless a particular topic demanded some special arrangement, each chapter in this book has been designed to include the following features: chapter outline, note to students, preview questions, summary, key terms, review questions, and a case in point. When new terms are introduced, they appear in italic type so that definitions can be located easily for review purposes.

Before reading a chapter, students should preview the material by examining all the features listed above, along with the chapter's tables, drawings, and photographs. Particular attention should be paid to the chapter outline, the preview questions, the summary, and the key terms. After reading a chapter, students should examine the same features before turning to the review questions and a case in point. Numerous lists and headings have been included so that readers can determine quickly which material has been understood and which deserves further attention.

Should the text fail to answer some questions that a reader may have, the index is offered to provide additional information.

ACKNOWLEDGMENTS

No textbook can be seen as the sole work of one author, particularly in a field as diverse and interrelated as business. In addition, this text developed over several years and various drafts before appearing in its present form. For both normal and unusual reasons, then, I happily acknowledge the contributions and encouragement of numerous colleagues, readers, students, and friends. Special appreciation is offered to President Henry King Stanford of the University of Miami, to Dean Edward Fox of the School of Business, and to Dr. Carl McKenry,

chairman of the Management Department. In addition, Professors Nicholas Glaskowsky and Courtland Thompson of the Management Department, Edward Wheatley of the Marketing Department, and Everett Royer of the Accounting Department gave valuable assistance, constructive suggestions, and serious attention to the manuscript as it developed.

I am particularly grateful to colleagues throughout the country who read portions or all of the manuscript and generously offered comments and advice. Thomas P. Dent and his students at St. Louis Community College at Florissant Valley helped especially in determining which pedagogical features would be most useful. I want also to thank Robert Litro of Mattatuck Community College; Fred Veal of Miami Dade North; Raymond Tewell of American River College; James O'Donovan of Cayuga County Community College; James Peterson of Kennedy-King Jr. College; Jack Mars of Mercer County Community College; and Larry Orilia of Nassau Community College.

Very special thanks go to Ms. Irene Sperling of McGraw-Hill's New York staff. Her thoughtful work contributed greatly to making this book a reality.

Dan Steinhoff

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