

Preface

Understanding and explaining how the business world operates involve many challenges for both instructors and students. This fourth edition of the *Introduction to Business* provides students with a rewarding educational experience with the ultimate goal of preparing them for a meaningful and successful business career. To achieve that objective, students must have strong foundational knowledge in a range of business subjects. The *Introduction to Business* provides a common understanding of fundamental business practices that students need to appreciate.

Any business, big or small, is fraught with risk, and unless students have a clear understanding of contemporary business principles, they will be taking unnecessary risks that could lead to business failure. Understanding the pillars of the business environment—globalization, technology, and ethics—is crucial to success. This book introduces students to the art and science of managing a business today—and in a way that is interesting, relevant, and engaging.

A Team of Experts Can Make a Difference

The introduction to business course covers a lot of ground, touching on the macro and micro economic environments as well as all the major functional areas of business. We recognize that it is a challenge for students to understand how all the different functional areas are interrelated in the current digital era, and it is a test for an instructor to cover all these areas with equal amounts of enthusiasm and expertise. Most introduction to business texts are written by authors who have expertise in one, two, or perhaps three functional areas of business. Our text is unique in that it has an author team of six functional area experts. We meet regularly as a team to discuss contemporary business developments, review manuscripts and videos, examine market feedback, and make sure that we have created a current, cohesive, comprehensive, and authoritative presentation of business that is unparalleled in the market. Helping us all the way in this process—making sure that the material is presented consistently and clearly—has been our lead author. He has taught thousands of business students and understands the challenges they and you, the instructor, face in our digital global economy.

Goals and Themes of the Book

Throughout the planning and writing of the *Introduction to Business*, 4e, we have sought and listened to the advice of instructors across the country who have taught this course for many years. We have also sought student feedback to be sure the content is appealing and relevant to millennials. As a result, the features of this book have been carefully designed with the latest technology to respond to both student and instructor needs.

Key Themes

Anyone who listens to the news and follows current business events knows that contemporary business, regardless of where it is conducted, is heavily influenced by rapid globalization (despite the recent retraction because of security concerns and populism), advances in technology (especially digital information technology), and enforcement of

ethical business standards. With globalization, the notion of the purely domestic firm has become a myth. Similarly, rapid advances in technology, in the form of social media, electronic commerce, block chain and algorithmic information technology operations, supply chain management, electronic banking, and so on, are quickly transforming the way businesses operate to be successful. There is hardly any business or business function that is “technology insensitive.” Finally, firms need to be ethically governed if they are to be sustainable, deliver value to investors and customers alike, and be resilient in the long term. To be successful in business—today and in the foreseeable future—students need a text that fully integrates these three themes within all aspects of business. That is why we have embraced these concepts through numerous in-text examples as well as boxed features throughout.

A Focus on Integrated Examples

Another unique feature of the *Introduction to Business*, 4e, is weaving the strategies and operations of three major global companies—Shell, McDonald’s, and Samsung—throughout the text so that students can follow how the topics at hand, across different functional areas, relate to these real-world examples. These three companies, which most students have already heard of, reflect three important regions of the world: Europe (Shell), North America (McDonald’s), and Asia (Samsung). Also, these three companies are following extremely challenging and interesting business strategies to maintain leadership in their respective fields. *Case in Point* features throughout the book follow these three companies. Many of these features also touch on the themes of globalization, technology, and ethics.

Accessible, Relevant Text

Since the *Introduction to Business*, 4e, is an introductory business text, we have strived to keep the narrative conversational and concise. Reviewers have commented positively about the readability of the text. We hope this text will be “user friendly” so that students will read the chapters regularly and come to class well prepared. Every aspect of the *Introduction to Business*, 4e, aims at getting the reader to think deeply about the subject matter and how it relates to everyday business—the contemporary geopolitical environment of business as well as the functional areas of business operations. Our primary goal is to help the reader fully appreciate business fundamentals and pursue a career in business—either as an entrepreneur or as an employee.

New Material on Up-to-Date Topics

Keeping abreast of current issues is vital to make a text relevant and interesting. Examples of new business trends or issues that we have identified and included in the *Introduction to Business*, 4e, are:

- The important role knowledge workers play in the contemporary digital economy
- The impact of the COVID-19 pandemic on business resilience
- Why emerging economies are a great source of business diversity and opportunity
- The measurement and impact of consumer confidence on business
- The importance of understanding consumer demographics and psychographics in business
- How to infuse cultural diversity to enhance business performance
- How to utilize purchasing power parity to determine potential business opportunities abroad
- How algorithmic IT operations platforms are changing the business world
- Why trade is better than no trade for society as a whole

- The rationale behind a country's choice of exchange-rate regimes
- The evolution of globalization, the rise of populism, national insecurity, and their impact on business
- The rising importance of shareholder and institutional investors activism in ESG investment
- The Sarbanes-Oxley Act, Regulation FD, and other recent governmental rules in the corporate governance area
- Business ethics training and the impact of recent business ethics
- Cyber security and pandemic planning in the post-9/11 era
- Current military and foreign policy examples to help teach organizational structure material
- Six Sigma initiatives initiated by General Electric and adopted by other leading companies as quality control mechanisms
- U.S. Supreme Court–University of Michigan affirmative action cases and the impact of 9/11 on workforce diversity
- Off-duty conduct statutes and other state-level regulation of human resources management
- The pros and cons of contemporary hybrid work-life programs
- How major leadership theories impact leadership styles
- Why share of wallet is being increasingly used as a measure of customer purchasing patterns
- The greater emphasis companies are placing on maximizing the value of their brand equity
- Key elements of the financial process for making business investment decisions
- Advice on how to wisely invest your money in the financial markets
- Cryptos, electronic money, and how to protect yourself from identity theft
- The role of central banks and their effects on the economy, businesses, and individuals
- How management information systems can create value for businesses and customers
- The increasing ubiquity of enterprise resource planning systems
- The redefinition of business competition via supply chain management
- The emergence of digital enterprises
- The impacts of Amazon's online product sales on brick-and-mortar firms
- Recent large bank mergers and the financial system
- Central bank independence in the age of populism
- Smartphone mobile payment innovations
- The advent of cryptoassets such as Bitcoin
- Ongoing changes in health-care insurance policies
- Artificial intelligence and how they make marketing and logistic decisions better
- Digital marketing's impact on advertising expenditures
- Amazon's use of drones to deliver goods to customers
- Use of social media to promote products and services
- Uber: going beyond ride-sharing
- EVs and disruptive technologies to shake up complacent companies and industries
- Thinking machines and how companies are experimenting with autonomous robots

The Features That Are the Keys to Success

Part and Chapter Openers

Each of the six parts in the *Introduction to Business*, 4e, addresses a broad topic, and the part-opening text gives students an overview of what is going to be covered in that section and helps link the different parts together. Each chapter begins with a *Chapter Outline* and a list of *Learning Objectives* to help direct student reading. The learning objectives are repeated in the margins of the chapter text so that students can map their progress through the chapter. The chapter *Summary* is also organized by the learning objectives to help students retain their focus on key issues.

Chapter-Opening Vignettes

Each chapter opens with a new and short but interesting story—something that students can relate to easily—that corresponds to the chapter's topic. Within the chapter, reference is made to the chapter openers to connect the opening story to chapter content.

Case in Point and Theme Features

Each chapter includes at least one *Case in Point* feature focused on Shell, McDonald's, Samsung, or a major disruptive company. Each chapter also contains at least one boxed feature that deals with one of the three themes—*Globalization*, *Digital Technology*, and *Ethics in Business*. Every feature concludes with questions that encourage students to think about what they have read and that can lead to interesting in-class discussion.

Profiles in Business

A new item in each chapter is *Profiles in Business* that identifies an exemplary academic, businessperson, or national leader who contributed significantly to the topic under discussion in that chapter.

Graphics, Color, and Real Examples

The layout of the *Introduction to Business*, 4e, has been designed for clarity, with an uncluttered, sophisticated look. At the same time, this streamlined approach is enhanced with color and graphics meant to heighten interest in the topics and focus the reader's attention on the most important business concepts. Real-world examples throughout the text show how the topic at hand impacts big and small businesses. The important roles that globalization, technology, and ethics play in the future of business stand out because of these features.

Marginal Notes

The introduction to business course is chock-full of terms that are new to students. To make this new vocabulary more accessible, all key terms appear in bold type in the chapters and are defined clearly in the text, marginal notes, and the comprehensive glossary at the end of the text.

Reality Check

Each learning objective section ends with a *Reality Check*, a question that asks students how that section's learning objective impacts them in the real world. Because business issues are brought to this personal level, students are more likely to be engaged.

End-of-Chapter Pedagogy

The end-of-chapter pedagogy carefully reinforces the relevance of chapter content, as well as the learning of terminology, concepts, business environment, and operations. A

menu of assignments allows instructors to choose which activities are most appropriate for their course.

Careers

Directly preceding the *Summary* for each chapter is a section devoted to career opportunities in that chapter's business field. Students are informed about the various job possibilities available in that area of business and provided with tips on how to go about the job search.

Chapter Summary

Each chapter *Summary* is organized according to the learning objectives. By the time students finish going through the *Summary*, they will have read the learning objectives at least three times and will know where to find the required information related to the objectives.

Key Terms List

Each chapter introduces new key terms and concepts relevant to the topic of discussion. For ease of reference, all those key terms are defined and listed in the end-of-chapter section of the text.

Chapter Questions

Chapter Questions help students recall business concepts, understand how these concepts are applied, and challenge students to use judgment when developing their answers.

Interpreting Business News

Given topical and/or current business news items that readers would find in periodicals such as the *Wall Street Journal*, *Financial Times*, *Bloomberg Businessweek*, and so on, students are required to interpret what the news item means, using their understanding of the material covered in that chapter.

Web Assignments

Students are directed to visit the websites and YouTube videos of specific topics/companies to extract the information necessary for answering chapter-based business questions.

Portfolio Projects

To help students build their own business portfolio, one or both of the *Portfolio Projects* may be assigned as individual or group activities that span the course. The objective of *Exploring Your Own Case in Point* is to encourage and enable students to conduct a comprehensive analysis of a large company (e.g., a *Fortune 500* company). Students select a company of interest that is publicly traded and obtain information that is readily available on the Internet and from library sources. By answering chapter-specific questions in these sections, students will have conducted a comprehensive analysis of the company by the end of the course. The questions in *Starting Your Own Business* take an entrepreneurial approach and are intended to provide students with the opportunity to put together a comprehensive business plan—the first step in the start-up of a new commercial enterprise. The objective here is to enable students to become successful entrepreneurs by helping them establish clear business goals, strategies, and methods of operation.

Test Prepper

Professors and students alike have lauded this feature as one that is unique and that truly adds value to the book. Without having to purchase an extra study guide, students can test their comprehension of a chapter's subject matter by using these true/false and multiple-choice questions.

Organization and Topical Coverage of the Text

The contents of the *Introduction to Business*, 4e, have been arranged so that each chapter builds on the substance of previous chapters. In addition, each topic is covered by

explaining business fundamentals carefully before getting into examples and other details. The logical sequence of the parts and chapters follows.

Part 1, The Nature of Contemporary Business, provides a four-chapter introduction to what business—large and small—is all about. Chapter 1, *What Is Business?* defines business in terms of for-profit and not-for-profit organizations and how they operate in different types of economic systems. We explain concepts such as inputs, outputs, and how business performance is measured in a consumer-driven market economy that operates in the digital era. In Chapter 2, *The Environment of Business*, we explain carefully why business is global in nature regardless of the type and location of business activity. We show that with falling trade and investment barriers, and advances in information technology, we live in a global village where outsourcing of goods and services is the norm and where ethical businesses will thrive. We discuss how recent deglobalization that is being initiated for geopolitical and national insecurity reasons are a step back from globalization and is anticipated to lead to increased onshoring, duplication of production, inefficiencies, and inflation. Chapter 3, *Business Governance, Ethics, and Social Responsibility*, takes an up-to-date look at business governance structures and the potential conflicts of interest that exist within these structures. It also examines business codes of ethics and how companies are seeking to promote better ethical behavior on the part of their employees. In Chapter 4, *Small Business and Entrepreneurship*, we discuss the critical role of small business in the economy, government support for small business, what kind of individuals become successful entrepreneurs, how to develop a viable business plan and set up a small business organization, and key management decisions of small businesses. This chapter is geared toward providing ingredients essential to starting a small business and includes many real-world examples of entrepreneurs and their business operations.

Part 2, Managing Business Behavior, includes three chapters and examines the specifics of managing business—since all firms need to be managed. In Chapter 5, *Managing and Organizing Business*, students learn about the basic managerial functions of planning, organizing, directing, and controlling. This chapter also discusses the different types of managers and management skills that are needed to run a business successfully. Chapter 6, *Human Resources Management*, explores the management of people in organizations. Issues such as recruiting employees, setting their wages and benefits, the legal environment of human resources management, and workplace diversity in the post-9/11 era are all discussed. In Chapter 7, *Motivating and Leading Employees*, we focus on the crucial role motivation and leadership play in business success. After defining motivation, we examine major motivation theories from the perspective of how employee job satisfaction and performance can be enhanced. Special attention is also given to how businesses can implement work-life programs, which can allow employees to best balance present-day work with family lives. New attention is given to work from home and hybrid work programs considering the COVID-19 pandemic, with an analysis of the challenges faced by firms. This part concludes with a comprehensive analysis and discussion of major leadership theories and leadership styles, along with an examination of the importance that ethics plays in this function.

Part 3, Marketing, provides students with a three-chapter introduction to this important business responsibility. Chapter 8, *Marketing Basics*, describes the various types of markets that companies can elect to serve, what comprises the marketing environment, how information is gathered about markets and the environment, what objectives marketing executives pursue, what strategies they might employ (e.g., social media) to achieve those objectives, and how to effectively manage customers. Chapter 9, *Developing the Product and Pricing Mixes*, deals with the product and pricing elements of the marketing mix. It familiarizes students with the basic aspects of products. The new product development process is presented as are ways to effectively manage existing products. We discuss pricing objectives, along with basic pricing concepts. Chapter 10, *Developing the Promotion and Distribution Mixes*, provides coverage of the other marketing mix elements—

promotion and distribution. It contains a discussion of the promotion mix. Integrated marketing promotion programs are emphasized, as are the advantages and disadvantages of using or not using channels of distribution, such as e-commerce. The importance of direct marketing is also identified, and the increasing attention being paid to logistics and supply chain management by the business world is discussed.

Part 4, Accounting, consisting of two chapters, describes the role of accounting to people within and outside the business firm. Chapter 11, *Accounting for Decision Making*, describes how the accounting information system contributes to developing a sound organizational structure, ensures that employees are held responsible for their actions, and maintains cost-effective business operations. Outside the firm, external users such as investors and lending institutions use financial statements to make investment and loan decisions. In Chapter 12, *Financial Reporting*, we focus on the four financial statements: the income statement, the statement of retained earnings, the balance sheet, and the statement of cash flows. Together, these four financial statements represent a business firm in financial terms and provide information that people need to make effective business decisions.

Part 5, Finance, includes three chapters that review important elements of finance applicable to business firms, investors, and individuals. In Chapter 13, *Financial Management of the Firm and Investment Management*, we consider how companies raise funds for investment and evaluate the best way to invest those funds. We also examine how investors who purchase the debt and equity of firms assess how well financial managers are performing their duties. Chapter 14, *Understanding the Financial System, Money, and Banking*, looks at the bigger picture of the financial system as a whole. The financial system is composed of financial markets, institutions, and instruments. We show how financial systems affect the lives of individuals and the success of business firms. Chapter 15, *Personal Financial Planning*, covers important principles of personal financial planning, which involves gathering all of your financial and personal data, analyzing that data, and creating a financial plan for the future. This hands-on chapter can help any individual achieve a sound personal financial plan.

Part 6, Managing Business Operations, Management Information Systems, and the Digital Enterprise, includes three independent yet interrelated chapters. In Chapter 16, *Managing Business Operations*, students are exposed to the operations function and to how good management of this function leads to competitive advantage for the firm and to value creation for the firm's customers. We explain the key operations management decisions in regard to product, process, capacity, location, layout, production rate, material requirements, purchasing, inventory, scheduling, and quality. In Chapter 17, *Management Information Systems*, students are introduced to the major elements of contemporary management information systems: computer hardware, computer software, databases, and telecommunications networks. Management information systems are then classified by the type of manager or the business function that they serve. The chapter also addresses the development of information systems, the strategies for the globalization of information systems, and the activities that firms perform to ensure the security and accuracy of their information systems. In Chapter 18, *The Digital Enterprise*, we examine attempts by companies to digitally integrate across business functions via enterprise resource planning systems, across firms via supply chain management, and with their customers and partners via e-business. This chapter offers evidence to students that, for the digital enterprise, the future is already here.

Online and in Print

Student Options: Print and Online Versions

This fourth edition of *Introduction to Business* is available in multiple versions: online, in PDF, and in print as either a paperback or loose-leaf text. The content of each version is identical.

The most affordable version is the online book, with upgrade options including the online version bundled with a print version. The benefit of the print version is that it offers you the freedom of being unplugged—away from your computer. Academic Media Solutions recognizes that it is difficult to read from a screen at length and that most of us read much faster when reading printed materials. The print version is particularly useful when you have extended print passages to read.

The online edition allows you to take full advantage of embedded digital features, including search and notes. Use the search feature to locate and jump to discussions anywhere in the book. Use the notes feature to add personal comments or annotations. You can move out of the book to follow Web links. You can navigate within and between chapters using a clickable table of contents. These features allow you to work at your own pace and in your own style as you read and surf your way through the material. (See “Harnessing the Online Version” for more tips on working with the online version.)

Harnessing the Online Version

The online version of the *Introduction to Business* offers the following features to facilitate learning and to make using the book an easy, enjoyable experience:

- **Easy-to-navigate/clickable table of contents**—You can surf through the book quickly by clicking on chapter headings, or first- or second-level section headings. The table of contents can be accessed from anywhere in the book.
- **Key terms search**—Type in a term, and a search engine will return every instance of that term in the book, then jump directly to the selection of your choice with one click.
- **Notes and highlighting**—The online version includes study apps such as notes and highlighting. Each of these apps can be found in the tools icon embedded in the Academic Media Solutions/Textbook Media’s online eBook reading platform (www.academicmediasolutions.com).

Supplements for Instructors

In addition to the student-friendly features and pedagogy, the variety of student formats available, and the uniquely affordable pricing options, the *Introduction to Business, 4e*, also includes a number of ancillaries and supplements that instructors will find useful when teaching their courses:

- **Test Item File**—An extensive set of multiple-choice, short-answer, and essay questions for every chapter are provided for creating original quizzes and exams.
- **Instructor’s Resource Manual**—This enhanced version of the book offers assistance in preparing lectures, identifying learning objectives, developing essay exams and assignments, and constructing course syllabi.
- **PowerPoint Presentations**—Key points in each chapter are illustrated in a set of PowerPoint files designed to assist with instruction.
- **Online Video Labs with Student Worksheets**—This collection of high-quality, dynamic, and sometimes humorous video segments (contemporary and classic), produced by a variety of media, academic, and entertainment sources, is accessed via the Internet. Organized by chapter, the video segments illustrate key topics and issues discussed in the text. Each video segment is accompanied by a student worksheet that consists of a series of discussion questions that help students connect the themes presented in the video segment with key topics discussed in the specific chapter.

Student Supplements (Additional Purchase Required)

- **Lecture Guide**—This printable lecture guide is designed for student use as an in-class resource or study tool. Note: Instructors can request the PowerPoint version of this guide, which can be used as developed or customized.
- **Quizlet Study Set**—Quizlet is an easy-to-use online learning tool built from all the key terms in the textbook. Students can turbo-charge their studying via digital flashcards and other types of study apps, including tests and games. Students are able to listen to audio clips and create their own flashcards. Quizlet is a cross-platform application and can be used on a desktop, tablet, or smartphone.
- **Study Guide**—The Study Guide is available online, and a printable version is available via downloadable PDF chapters for easy self-printing and review.

Acknowledgments

The *Introduction to Business, 4e*, owes a debt of gratitude to Texas A&M University's Mays Business School, which played a critical role in bringing together the six-author expert team and inspiring the text's three critical business themes: globalization, technology, and ethics.

We benefited immensely from public information provided by three major multinational companies: Shell, McDonald's, and Samsung. Their business stories are woven throughout the text to help demonstrate modern business practices in developed and emerging markets.

In addition, many professors provided us with constructive criticisms throughout the writing process. Also, numerous professors acted as reviewers and Advisory Board members, contributing constructive comments that have improved the text's quality. We thank the following faculty members:

Gary Amundson
Montana State University–Billings

Charlene Barker
Spokane Falls Community College

Joe Bell
University of Northern Colorado

Gary Donnelly
Casper College

William Flood
Capitol College

Leatrice Freer Pitt
Community College

Selena Griswold
The University of Toledo

Starla Haislip
Boise State University

Karen Hawkins
Miami Dade College

Mary Higby
University of Detroit–Mercy

Scott Homan
Purdue University

Steven McHugh
Centenary College

Lawrence Overlan
Stonehill College

Carmen Powers
Monroe Community College

Gary Reinke
University of Phoenix

Marianne Sebok
Community College of Southern Nevada

James Smith
Rocky Mountain College

William Steiden
Jefferson Community College

Mary Thibodeaux
University of North Texas

Shafi Ullah
University of Central Oklahoma

Mary Williams Community
College of Southern Nevada

We wish to thank Richard Hise for his contributions to the first three editions of this book.

Finally, Dan Luciano, CEO/founder, and the editorial staff at Academic Media Solutions worked tirelessly to produce this quality textbook. In particular, Victoria Putman of Putman Productions played a critical role in all stages of writing and revisions to chapters. Her attention to organization, content, and mundane details is much appreciated by all of the authors. Likewise, Charles Hutchinson helped to ensure a smooth publishing process.