

# **Business in Action**

**TENTH EDITION** 

**GLOBAL EDITION** 

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Courtland L. Bovée John V. Thill

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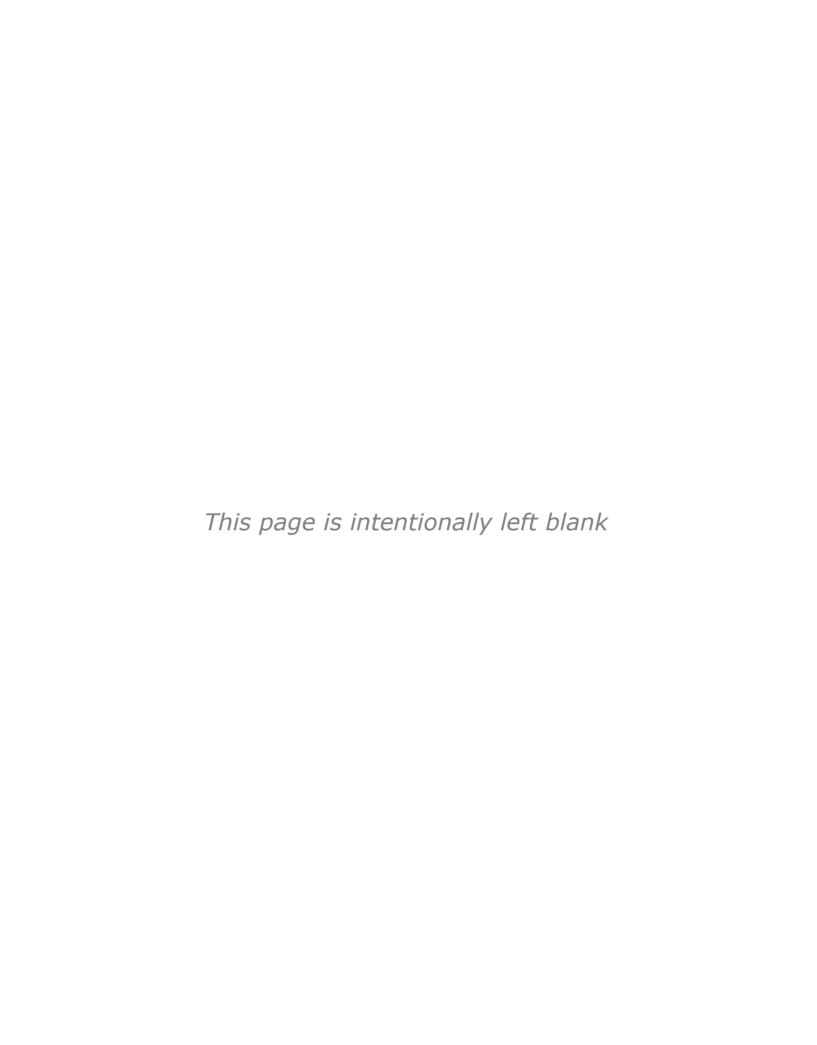
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### **New to This Edition**

From the world-changing impact of the pandemic to the prospect of conducting business in the metaverse to a spark of hope in the union movement, the past several years have been momentous for business. Now in its 10th edition, *Business in Action* has been comprehensively revised to reflect all these changes and to help students prepare for the complexities and expectations of today's workplace.

## **Preparing Students for a Vastly Changed World of Work**

The business world that students will enter or reenter upon graduation has changed dramatically from just a few years ago. The concepts of remote work and hybrid work models have gone from rarity to mainstream. Leaders find that conventional motivational techniques are no longer as effective as the pandemic gave millions of employees the opportunity to step back and reevaluate their relationship with work. Companies are expected to take a stance on public controversies that continue to divide the population. Virtual reality is spreading from the gaming universe and isolated business applications to the intriguing idea of conducting business in the metaverse. The pandemic disrupted supply chains to such an extent that many firms are rethinking their entire operations strategies. The use of artificial intelligence to enhance or replace human activities in business continues to grow.



Disney is just one of many corporations that have been drawn into political disputes in recent years.



With innovations such as digital twins that simulate their physical counterparts, the smart factories of Industry 4.0 promise greater agility and adaptability in addition to improvements in efficiency and productivity.

The 10th edition of *Business in Action* tackles all these issues head-on with extensive updates that help students grasp these important topics. The pandemic helped accelerate the transition to the digital enterprise concept that we introduced in the 9th edition, and this new edition keeps that conversation moving forward with the latest advances in innovative, data-driven business technologies.

### REFLECTING THE FACES AND VOICES OF CONTEMPORARY BUSINESS

The past few years have also witnessed a long-overdue reckoning with bias in the workplace, and responsive businesses are rethinking everything from recruiting strategies to executive mentoring programs. In addition to addressing these changes through updated chapter content, the special features and visual presentation of the 10th edition were reimagined so that students can see their cultures and lived experiences reflected in the material. More than half the "Behind the Scenes" case narratives were replaced to highlight a more diverse range of entrepreneurs and executives. More than 70 new photos were added to show the rich diversity of today's workforces and other stakeholder groups.

#### **BEHIND THE SCENES**

### Bethany Yellowtail: Creating an Authentic Business and Lifting Her Community



Bethany Yellowtail founded her fashion design firm B. Yellowtail with the goal of presenting her Northern Cheyenne culture authentically and respectfully to the mainstream fashion market.

#### www.byellowtail.com

Some of the most satisfying business stories involve people who acquired a passion for something early in life and pursued it through thick and thin to create companies that fulfill their dreams. Bethany Yellowtail is a great example of just such a passionate entrepreneur. Growing up on a remote cattle ranch in Montana, she developed an interest in fashion design after her aunts and grandmothers taught her to sew. When a teacher told her she really had an eye for it, that sealed the deal. She set her mind then to become a designer.

Yellowtail wasn't going to be just any fashion designer, however. She wanted her work to reflect her culture and to present it to the larger world in an authentic and respectful way. Growing up in the Crow Nation and as a member of the Northern Cheyenne Nation, she had seen too often how Native American culture had been misrepresented, misappropriated, and disrespectfully commercialized. She wanted to share her heritage with the rest of the world but in a way that honored the traditions and spirit of her community.

As the idea of being an independent designer matured during college and in her early years in the industry, she also realized she wanted to do more than build a business. She wanted to be a force for good in that community, to help other

#### The Pandemic as a Teaching Opportunity

By touching virtually every aspect of business, the pandemic presented a variety of ways to show students how external forces affect business management. The 10th edition explores these learning opportunities in such areas as employee motivation, leadership styles, organizational models, and the design trade-offs that made global supply chains so vulnerable to disruption.

#### **Extensive Content Enhancements**

The 10th edition features numerous major improvements:

- More than half the "Behind the Scenes" vignette/case study features are new
- More than 750 new and updated citations reflect the depth of research that went into preparing this new edition
- The unique "Thriving in the Digital Enterprise" sections were updated to show the latest advances in the digital transformation of business
- Every chapter was carefully evaluated for currency and then comprehensively revised as needed; the following section emphasizes the depth and extent of these changes

### **Chapter-by-Chapter Enhancements and Updates**

Dozens of chapter sections are new, updated, or substantially revised to reflect the latest research and practices in business. Here are the most significant changes and improvements, organized by learning objective:

Chapter 1: Developing a Business Mindset	LO3: Recognizing the Multiple Environments of Business: Added an introduction to the pandemic's impact on business (this theme is revisited in multiple chapters)
	LO7: Thriving in the Digital Enterprise: Disruptive Technologies and Digital Transformation: Major updates and additions, including new sections Predicting the Path of Disruptive Innovations and Fine-Tuning Your Personal Hype Detector
Chapter 2: Economics, Money, and Banking	<b>New</b> Behind the Scenes chapter opener and case study on the fintech company Gig Wage, which is helping companies and workers navigate the financial aspects of the gig economy
	LO5: Money's Role in Business: Updated coverage of cryptocurrencies and new coverage of NFTs
	<b>LO6: Banking Institutions and Services:</b> Numerous edits and new section <i>Shadow Banking</i>
	LO7: Thriving in the Digital Enterprise: Fintech: Significant updates throughout
Chapter 3: The Global Marketplace	LO3: International Trade Organizations: New material on the United States-Mexico-Canada trade agreement that replaced NAFTA
	New Exhibit 3.7 Translation Apps
Chapter 4: Business Ethics and Corporate Social Responsibility	<b>New</b> Behind the Scenes chapter opener and case study on the fashion firm B. Yellowtail, featuring Native American designer Bethany Yellowtail and her quest to respectfully integrate Indigenous design traditions in contemporary fashion
	LO1: Ethics in Contemporary Business: Streamlined and updated
	LO2: Corporate Social Responsibility: New section Taking Sides on Public Issues: Stakeholder Expectations and Company Viewpoints
	LO4: CSR: The Natural Environment: Business Efforts to Conserve Resources and Reduce Pollution revised to include carbon offsets, carbon markets, and other topics; Sustainability and the Circular Economy adds coverage of the circular economy concept
	LO5: CSR: Consumers: The Right to Digital Security expanded with more discussion of privacy and the Internet of Behaviors; new section The Right to Equitable Service discusses racial inequalities in financial services and other aspects of consumer fairness
	LO6: CSR: Employees: Equality in Employment Opportunity has nearly all new material; new section Fair Compensation focuses on minimum wage/living wage; Working Conditions expanded with discussion related to the pandemic and work-from-home arrangements.
	LO7: Thriving in the Digital Enterprise: The Ethics of Artificial Intelligence: Human Biases Embedded in Al Systems revised and updated with clearer explanation of how Al systems are trained; Lack of Transparency and Explainability revised to cover the conundrum of explainability in Al systems; The Efforts to Make Al a Force for Good updated with coverage of the uneven distribution of Al resources and talent
Chapter 5: Forms of Ownership	<b>New</b> Behind the Scenes chapter opener and case study on DoorDash's use of acquisitions to keep fueling its pandemic-driven growth surge
	<b>LO4: Corporate Governance:</b> Board of Directors has new material that simplifies and updates the role of boards
	LO5: Mergers, Acquisitions, and Divestitures: New section Corporate Divestitures discusses corporate spin-offs
	New Exhibit 5.6 Big Data and Analytics

Chapter 6: Entrepreneur- ship and Small-Business	LO5: Financing Options for Small Businesses: New section Corporate Sponsors
Ownership	LO7: Thriving in the Digital Enterprise: Machine Learning and Deep Learning: Reorganized for clearer coverage of the technology and its business applications
Chapter 7: Management Roles, Functions, and	LO2: The Planning Function: Revised to discuss using the mission statement to guide strategy and incorporating ESG concerns in the values statement
Skills	LO4: The Leading Function: Developing an Effective Leadership Style updated to discuss value of autocratic leadership during extraordinary circumstances; Coaching and Mentoring expanded to discuss inclusivity issues with mentoring programs; Building a Positive Organizational Culture significantly updated to talk about how social forces and the pandemic have affected organizational culture
	LO6: Essential Management Skills: Decision-Making Skills added intuition as a decision-making method and discussed its use alongside process-driven decision-making
Chapter 8: Organization and Teamwork	<b>New</b> Behind the Scenes chapter opener and case study on Indonesian startup Gojek's growth and organizational structure
	<b>LO2: Organizing the Workforce:</b> Virtual and Hybrid Teams revised extensively to reflect new hybrid work models
	<b>LO5: Fostering Teamwork:</b> <i>Team Development</i> has revised discussion of norming to include the possibility of negative behavioral norms
	LO6: Managing an Unstructured Organization: Updated with current terminology and the shift in perspective among independent workers about financial security
Chapter 9: Production Systems	<b>New</b> Behind the Scenes chapter opener and case study featuring Fictiv, a digital manufacturing ecosystem now used by several thousand companies
	LO2: Value Chains and Value Webs: Extending Organizations with Value Webs expanded with new discussion and examples; Offshoring and Reshoring clarified pros and cons of offshoring; added reshoring as a key term; discussed the pandemic's influence on reshoring decisions
	LO3: Supply Chain Management: Significantly expanded with more discussion of how supply chains work and new coverage of how the pandemic disrupted supply chains and prompted new thinking in the field of supply chain management; The Strategic Role of Supply Chain Management expanded discussion of risk; Supply Chain Systems and Methods expanded discussion of blockchain and Al optimization in supply chains
	LO4: Production and Operations Management: Lean Systems and Make to Order Manufacturing has new discussion that compares make to inventory with make to order manufacturing
	LO5: The Unique Challenges of Service Delivery: Location Constraints and Virtual Service Delivery added discussion of virtual/remote service delivery, including future possibilities in the metaverse; Scalability Challenges and Opportunities has new discussion of digital transformations that make it possible to scale services
	LO6: Product and Process Quality: Strategies for Ensuring Product Quality expanded discussion of statistical process control with pareto charts and the 80/20 rule; expanded discussion of Six Sigma to include cautions about its potential downsides
	New Exhibit 9.3 Gantt charts
Chapter 10: Employee Motivation	<b>New</b> Behind the Scenes chapter opener and case study featuring Zoom founder Eric Yuan and his quest to launch a company where people would be excited to come to work
	LO2: Explaining Employee Choices: Now includes the four-drive theory as one of three contemporary theories that explain employee choice
	LO6: Motivational Strategies in the New World of Work: Expanded to six strategies; new section Beyond Money: Motivating with Meaningful Purpose reflects the growing emphasis on purpose; Addressing Workplace Negativity expanded with growing incidences of "no jerks" policies and the QuitTok phenomenon on TikTok; expanded Being an Inspiring Leader; Motivating Yourself and Avoiding Burnout expanded to include discussion of burnout

### Chapter 11: Human Resources Management

**New** Behind the Scenes chapter opener and case study featuring L'Oréal China's use of Al solutions to overcome its recruitment challenges

**LO1: Guiding the Human Side of Business:** Contemporary HR Challenges has new discussion of the Great Resignation; Aligning the Workforce with Business Requirements is mostly new material; Creating Safe and Healthy Workplaces is mostly new material; Ensuring Fair Treatment and Equal Opportunity is nearly all new material; Creating a Sustainable Employee Experience is all new material with new focus on the employee experience; The Evolving Role of HR is all new material

**LO2: Managing a Diverse Workforce:** Entire section is mostly new; *Diversity Considerations in the Contemporary Workplace* extensively updated and expanded to six sections (age; gender and sexual orientation; race and ethnicity; religion; physical, emotional, and cognitive traits; education, economics, and life experience); *Diversity, Equity, and Inclusion Initiatives* updated

LO3: Managing the Employment Life Cycle: Planning for a Company's Staffing Needs has mostly new material; Forecasting Supply and Demand is all new material that includes coverage of using non-employee workers, who now make up nearly 50 percent of the U.S. workforce; Alternative Work Arrangements has all new material that covers three dimensions of flexibility: place, time, and career path; Hiring Employees has numerous updates including new coverage of quality of hire

**LO4: Developing and Evaluating Employees:** *Managing Employee Performance* retitled to reflect shift from annual review to continuous, interactive feedback, with new key term employee performance management

LO5: Compensating and Supporting Employees: Updated and simplified

**LO6: Understanding the Role of Labor Unions in Today's Business World:** Nearly all new material, with three major sections: *Unionization in the United States* (brief history and current state of the union movement), *Union Organizing and Collective Bargaining*, and *Organizing Options for the Gig and Creator Economies* 

**LO7: Thriving in the Digital Enterprise: Workforce Analytics:** All new material organized by major uses of analytics systems

Three new exhibits: 11.1 Contemporary HR Challenges, 11.8 Unionization: Employer and Employee Perspectives, 11.9: Workforce Analytics

### Chapter 12: The Art and Science of Marketing

LO2: Challenges in Contemporary Marketing: Making Data-Driven Decisions and Measuring Marketing ROI was updated with all new material on attribution and marketing ROI; Marketing with Greater Concern for Ethics and Etiquette was revised to clarify separate discussions of ethics and etiquette; nearly all new material

**LO7: Thriving in the Digital Enterprise: Marketing Analytics:** Numerous updates in *Major Goals of Marketing Analytics* 

#### Chapter 13: Product Management and Pricing Strategies

LO3: Product Identities: Expanded the layers of brand meaning

**L05: Pricing Strategies:** Expanded discussion of customer perception in pricing with psychological pricing, reference prices, and MSRP

LO6: Pricing Methods: Expanded coverage of algorithmic pricing

LO7: Thriving in the Digital Enterprise: AR, VR, and the Metaverse: Nearly all new coverage throughout, including new coverage of the

2 new exhibits: 13.8 Augmented Reality, 13.9 Toward the Metaverse

Chapter 14: Customer Communication and Product Distribution	LO1: Customer Communication: Challenges, Strategies, and Issues: New introduction to contemporary challenges; new section <i>The Power of Personalization</i> ; several updates to <i>Communication Laws and Ethics</i>
	LO2: Advertising and Direct Response Marketing: Multiple updates to Advertising and Direct Response Marketing sections
	<b>LO4: Sales Promotion:</b> Consumer Promotions has updates on experiential marketing and POP displays; Trade Promotions has updates on slotting fees
	LO5: Social Media and Public Relations: Multiple updates in Social Media in the Marketing Process
	<b>LO6: Product Distribution and Marketing Intermediaries:</b> The Outlook for Retailing: More Disruption, More Innovation has multiple updates on the future of retailing
	LO7: Thriving in the Digital Enterprise: Al-Enabled Marketing: All new section
	4 new exhibits: 14.4 Emotional Advertising Appeals, 14.8 Using Social Media to Deliver Value-Added Content, 14.9 Media Relations, 14.12 Al Applications in Marketing
Chapter 15: Financial Information and	<b>New</b> Behind the Scenes chapter opener and case study featuring IBM's Food Trust blockchain and its impact on the global food supply chain
Accounting Concepts	LO2: Major Accounting Rules: Updates to non-GAAP metrics and GAAP-IFRS convergence; streamlined discussion of Sarbanes-Oxley
Chapter 16: Financial Management and Financial Markets	<b>New</b> Behind the Scenes chapter opener and case study showcasing how the networking and training initiative Black Women Talk Tech is working to close the venture capital funding gap for Black women company founders
	LO4: Financing Alternatives: Equity: Simplified the coverage in Venture Capital and Other Private Equity; Public Stock Offerings adds coverage of special purpose acquisition companies (SPACs) to reflect their growing role in IPOs
Appendix A: Business Law	2 new exhibits: A.2 Elements of a Contract, A.3 Categories of Intellectual Property
Appendix B: Risk Management	Added discussion of ransomware, pandemics, and climate change effects to the types of risks that businesses must assess and manage
	Replaced section on health insurance with simpler overview and updated coverage
	New exhibit B.3 Cost Components of Health Insurance
Appendix C: Information Technology	Replaced Types of Information Systems with Enterprise Information Systems, providing all new material focused on modern modular enterprise systems
	Updated <i>Ensuring Security and Privacy</i> with discussion of social engineering and deepfakes in phishing attacks
	Replaced coverage in Monitoring Productivity and Misuse
Appendix D: Personal Finance: Getting Set for	Cut text by roughly 15 percent; replaced most of Life Stage 1: Getting Through College with updated advice
Life	New exhibit D.6 Investment Simulators

### **Solving Learning and Teaching Challenges**

**High-Efficiency, Objective-Driven Learning.** Every chapter is divided into seven concise segments, each focused on its own learning objective and offering a comprehensive checkpoint to help students review and reinforce what they've learned. With this approach, each learning objective segment is treated as a mini-chapter within the chapter, letting students pace their intake and memorization, rather than trying to review an entire chapter at once. **Interpreting and Summarizing the Changes in Contemporary Business.** A major point of emphasis in our revision efforts is developing thoughtful interpretations and summaries that highlight the forces at play while avoiding getting bogged down in details. **Visual Learning for a New Generation of Students.** Business in Action takes efficiency and student-friendly design to an entirely new level with nearly 120 Exhibits That Teach. With these unique diagrams, infographics, and other exhibits, the emphasis throughout is on productive learning—on helping students minimize the time they spend reading while maximizing their learning outcome.

**Vignettes and Case Studies That Bring Business Concepts to Life.** Every chapter is bookended with a vignette/case study pair that help students grasp the principles covered in the chapter. The chapter-opening vignette introduces a company faced with a major strategic challenge or opportunity and encourages students to imagine how they would address that challenge. The chapter-closing case study describes the strategic choices the company's leaders made, including how they applied the concepts students just learned in the chapter. Three critical thinking questions require students to apply the concepts covered in the text. The 16 narratives present a mix of companies that students probably know, including Airbnb, L'Oréal, Zoom, Lego, and DoorDash, and up-and-coming innovators such as Affectiva, Gig Wage, Fictiv, and B. Yellowtail.

#### **BEHIND THE SCENES**

#### L'Oréal China's Recruitment Problem



L'Oréal China must sift through a flood of job applications to find the right people to hire.

L'Oréal, the globally known French cosmetics giant, operates in 130 countries. In 2022, it employed over 88,000 people world-

and innovation and research center. It also offers a very prestigious internship and graduate trainee scheme. In 2015, when Jacob Bonk was serving as a recruitment director at L'Oréal China, the scheme received 33,000 for 70 places. This was a significant challenge for his team.

China produces around seven million graduates a year, and L'Oréal had recognized by then that its reliance on CV screening was not delivering the candidates it wanted. Reviewing so many applications is time consuming, labor-intensive, and expensive, so L'Oréal China would limit their search to the graduates of most prestigious top-tier universities. But L'Oréal had also adopted a global mission of achieving more diversity, and this was clearly misaligned with its hiring practices, which amounted to excluding a huge proportion of potential applicants from diverse socio-economic backgrounds. Moreover, as Bonk noted, when a company hires, it looks for candidates who match the company's culture while possessing the right competencies, and having studied at a certain university is hardly likely to guarantee those traits. What L'Oréal sought instead from university candidates was simply raw talent.



#### **BEHIND THE SCENES**

#### L'Oréal China Uses Al to Drive Diversity

An excess of applications is an issue for many large companies. The growth of online advertising and the digitalization of the application process means that applying for jobs has become cheaper and easier, with the result that many large companies have been overwhelmed by applications. The process of meticulously going through each of them is a hugely time- and resource-consuming process. What could an HR team do?

Clearly reducing the pool of candidates to top-tier university students was not fair or consistent with L'Oréal's pursuit of diversity. In China, as in many other countries, the education system may be stacked against a candidate who may be bright but comes from a less-privileged background. As Niilesh Bhoite, L'Oréal's Chief Digital Officer of Global Human Resources has

as the technology was available 24/7, application processing times also shortened significantly, making the recruitment process much more efficient.

L'Oréal is not alone in using Al in recruitment and selection. In 2019, as much as 88 percent of companies around the world used Al in some capacity in their HR practices; 55 percent of this implementation was in China. Nevertheless, like any innovation, the risks of using Al technology in recruitment must be considered before it is implemented. Although L'Oréal appears to have been successful in using Al to extend its pool of applicants, thereby improving diversity, many have raised concerns about whether implementation of Al can really lead to less biased outcomes. For instance, software like Seedlink typically works by comparing an applicant's data to

### **Developing Employability Skills**

With its comprehensive coverage of contemporary business topics and a broad array of student activities, *Business in Action* helps students develop the skills that experts say are vital for success in the 21st-century workplace:

- **Communication.** The Sharpening Your Communication Skills activity in every chapter is an opportunity to practice communication skills while exploring real-life business issues and challenges.
- **Critical thinking.** In many assignments and activities, students need to define and solve problems and make decisions or form judgments.
- Collaboration. The Building Your Team Skills activity in each chapter provides students
  with multiple opportunities to work with classmates on reports, presentations, and
  other projects.
- **Knowledge application and analysis.** The five diverse Practice Your Skills activities in every chapter let students put their developing business skills to work right away.
- **Business ethics and social responsibility.** Ethical choices are stressed from the beginning of the book, and the Resolving Ethical Dilemmas activity in every chapter encourages students to be mindful of the ethical implications that they could encounter in similar projects on the job.
- Information technology skills. Projects and activities in every chapter help students build skills with technology, and the Intelligent Business Technology research activity in each chapter encourages students to explore the major tools in use today.
- **Data literacy.** Many of the activities require students to develop data literacy skills, including the ability to access, assess, interpret, manipulate, summarize, and communicate data.

### **Instructor Teaching Resources**

Detailed information and resources are available at <a href="https://www.pearson.com/en-gb.html">https://www.pearson.com/en-gb.html</a>.

This program comes with the following teaching resources:

Supplements available to instructors at www.pearson.com	Features of the Supplement
Instructor's Manual authored by Maureen Steddin	<ul> <li>Chapter summary</li> <li>Chapter outline</li> <li>Teaching notes</li> <li>Suggested classroom exercises</li> <li>Test Your Knowledge answers</li> <li>Expand Your Knowledge answers</li> <li>Practice Your Skills answers</li> </ul>
Test Bank authored by Susan Schanne from Eastern Michigan University	<ul> <li>Over 1,500 multiple-choice, true/false, and essay questions</li> <li>Answer explanations</li> <li>Keyed by learning objective</li> <li>Classified according to difficulty level</li> <li>Classified according to learning modality: conceptual, application, critical thinking, or synthesis</li> <li>Learning outcomes identified</li> <li>AACSB learning standard identified (Written and oral communication, Ethical understanding and reasoning, Analytical thinking, Diverse and multicultural work environments, Reflective thinking, Application of knowledge, Interpersonal relations and teamwork, and Integration of real-world business experiences)</li> </ul>
Computerized TestGen	TestGen allows instructors to  customize, save, and generate classroom tests.  edit, add, or delete questions from the Test Item Files.  analyze test results.  organize a database of tests and student results.
PowerPoints authored by Jeffrey Anderson from Ohio University	Slides include all the graphs, and tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include:  • Keyboard and screen reader access  • Alternative text for images  • High contrast between background and foreground colors

### **About the Authors**



Courtland L. Bovée



John V. Thill

Courtland L. Bovée and John V. Thill have been leading textbook authors for more than two decades, introducing millions of students to the fields of business and business communication. Their award-winning texts are distinguished by proven pedagogical features, extensive selections of contemporary case studies, hundreds of real-life examples, engaging writing, and thorough research. Each new edition reflects the authors' commitment to continuous refinement and improvement, particularly in terms of modeling the latest practices in business and the use of technology.

Professor Bovée has 22 years of teaching experience at Grossmont College in San Diego, where he has received teaching honors and was accorded that institution's C. Allen Paul Distinguished Chair. Mr. Thill is a prominent communications consultant who has worked with organizations ranging from Fortune 500 multinationals to entrepreneurial start-ups. He formerly held positions with Pacific Bell and Texaco.

Courtland Bovée and John Thill were recently awarded proclamations from the Governor of Massachusetts for their lifelong contributions to education and for their commitment to the summer youth baseball program that is sponsored by the Boston Red Sox.

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The supplements package for *Business in Action* has benefited from the able contributions of numerous individuals. We would like to express our thanks to them for creating a superb set of instructional supplements.

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