



# HISTORY & GEOGRAPHY

STUDENT BOOK

▶ **12th Grade** | Unit 7

---

# HISTORY & GEOGRAPHY 1207

## BUSINESS AND YOU

INTRODUCTION | 3

### 1. **BUSINESS AND THE CONSUMER** **5**

---

RUNNING A BUSINESS | 6

CAVEAT EMPTOR | 9

GOVERNMENT AND BUSINESS | 14

SELF TEST 1 | 17

### 2. **BANKS AND MERGERS** **21**

---

FEDERAL RESERVE SYSTEM | 22

MONOPOLIES | 26

SELF TEST 2 | 29

### 3. **BUSINESS CONCERNS** **33**

---

DEREGULATION | 33

BANKRUPTCY | 36

SELF TEST 3 | 40



**LIFEPAC Test is located in the center of the booklet.** Please remove before starting the unit.

**Author:**

Brad Zockoll

**Editor:**

Brian Ring

**Media Credits:**

**Page 5:** © Siri Stafford, DigitalVision, Thinkstock; **7:** © Digital Vision, Photodisc, Thinkstock; **11:** © Banana-Stock, Thinkstock; **21:** © jjgervasi, iStock, Thinkstock; **26:** © designer491, iStock, Thinkstock; **27:** © Ingram Publishing, Thinkstock; **34:** © encrier, iStock, Thinkstock ; **36:** © Creativeye99, iStock, Thinkstock.



**804 N. 2nd Ave. E.  
Rock Rapids, IA 51246-1759**

© MM by Alpha Omega Publications, Inc. All rights reserved.  
LIFEPAC is a registered trademark of Alpha Omega Publications, Inc.

All trademarks and/or service marks referenced in this material are the property of their respective owners. Alpha Omega Publications, Inc. makes no claim of ownership to any trademarks and/or service marks other than their own and their affiliates, and makes no claim of affiliation to any companies whose trademarks may be listed in this material, other than their own.

# Business and You

## Introduction

Let's say you'd like to run a business. You have always wanted to run a toy store and sell unique crafts made by people from all over your state. You are quite excited at the initial response from the community, which would like to see you open a new place to compete against the mega-stores around the area. You finally have the money to do so, and you have picked out a prime location; off the highway, to run your very own shop called Satellite Toys. You even have a nifty little **logo** of a rocket ship loaded with toys flying next to a satellite in space. You are as good as started. Or are you? We will take a look at a few of the challenges you may face if you want to get that 30,000-square-foot store to draw customers!

## Objectives

**Read these objectives.** The objectives tell you what you will be able to do when you have successfully completed this LIFEPAAC®. When you have finished this LIFEPAAC, you should be able to:

1. Understand the importance and responsibilities of managing a business.
2. Understand how and why one must be a wise and careful consumer.
3. Understand how our government, as well as other influences, play a part in business.
4. Explain the purpose and duties of the Federal Reserve system.
5. Explain what a monopoly is and be able to explain its strengths and weaknesses.
6. Explain deregulation and how it stimulates competition and affects the consumer.
7. Explain the purpose of bankruptcy and its different categories.



# 1. BUSINESS AND THE CONSUMER

## Section Objectives

**Review these objectives.** When you have completed this section, you should be able to:

1. Understand the importance and responsibilities of managing a business.
2. Understand how and why one must be a wise and careful consumer.
3. Understand how our government, as well as other influences, play a part in business.

## Vocabulary

**Study these words to enhance your learning success in this section.**

|                                  |  |
|----------------------------------|--|
| <b>arbitrating</b> . . . . .     | Deciding a settlement on an issue.   |
| <b>broker</b> . . . . .          | In business, manager who is a go-between in working with his employees and management. |
| <b>embezzlement</b> . . . . .    | Taking business money illegally for private use.                                       |
| <b>entrepreneurial</b> . . . . . | Risk-taking management; making the decisions that affect the future of the business.   |
| <b>forbearing</b> . . . . .      | Refraining from; keeping away from.  |
| <b>logo</b> . . . . .            | An easy-to-recognize symbol or artwork of a company.                                   |
| <b>management</b> . . . . .      | Executive oversight of a business.   |
| <b>operational</b> . . . . .     | Concerned with the day-to-day activities and decisions of the firm.                    |
| <b>personnel</b> . . . . .       | The people employed by a business.   |
| <b>profit margin</b> . . . . .   | The sum after the expenses of a business have been calculated; net gain.               |

**Note:** All vocabulary words in this LIFEPAK appear in **boldface** print the first time they are used. If you are not sure of the meaning when you are reading, study the definitions given.



## RUNNING A BUSINESS

**Management is the art of running a business.** It applies to the firm's financial operation, its **personnel**, its **production**, and the sales and distribution of its product. In other words, who is hiring workers and laying out the goals of Satellite Toys? Do you have some strong leaders who can help you create advertisements for the newspapers? Do you have an idea of how many units of toys you want for the month of December as opposed to January? Somebody must make a decision on these things if your business is to run smoothly. **Management** is taking the responsibility for business.

### YOU MUST HAVE GOOD MANAGEMENT

**Being a manager is more than just being the boss.** Management has two aspects: **entrepreneurial** and **operational**. Entrepreneurial management is the risk in a business, because an entrepreneur is a risk-taker. Entrepreneurship is making the basic decisions that affect the future of the business. For example, you might decide that you will stock twice as many kites during the month of March, banking on the high-wind season to bring in more sales. You may also decide to double your advertising in November just before the Christmas season starts. This kind of decision-making is entrepreneurial management. The test of an entrepreneurial decision is whether it results in profit or loss. Entrepreneurship is the function of the leadership of the business, whether it is the owner or proprietor, top officers, or board of directors of a corporation.

**Operational management is concerned with the day-to-day activities and decisions of the firm.** Last month, your store manager laid off a trouble-making worker, but hired two efficient salespeople who are adding to your profit. That is an example of operational management. Its functions include hiring and firing nonexecutive employees, performing professional **services** such as accounting or legal counsel, making decisions within the normal business routine and **arbitrating** problems about work. For example, since you are the owner, you pass on to the manager the directives that all employees be made aware of the increase in break time, but also of the penalty for stealing from the company. He is most effective in passing the word around, and he sends you feedback that the employees would like to discuss overtime pay with you. He is good at operational management. In a corporation, the manager stands as a go-between or **broker**

between his employees and the top management. He represents the company to those under him, but he represents the point of view of his department to those over him. He is like a translator and mediator. It is his job to communicate the wishes of top management in such a way as to motivate employees to carry out these wishes.

**Most authorities agree that the character of management is changing.** In the past, much management has been based upon fear. It has been autocratic and dictatorial. "Do this or your job goes to the next man in line!" was the dominant spirit. This attitude is not true today, however. The principal reason for the change in management is a change in the complexion of the work force. It is not composed of poorly educated industrial workers.

**Can a Christian run a business and not compromise his faith?** There are weekly newspaper stories about unethical business owners who break the law and commit **embezzlement** to make their business successful. There are business managers who will abuse employees with low pay and unfair labor practices. Even Christian owners have been guilty of such infractions, reasoning that "You cannot make it in the business world of today if you don't fight to get your own way." Today's work force is composed of more highly skilled workers such as computer programmers, technicians, artists, researchers, and teachers who have options of seeking employment wherever they are best suited. Their motivation is much different from the assembly-line worker who had to slave all day just to feed his family. Whereas in the past, businesses focused mainly on the **profit margin**, business thinking nowadays is concerned with creating a high-quality environment for the workers so they can do a better job for the business. The motivation of more highly skilled workers requires a more positive, professional approach.

**The Bible offers guidelines for management.** The chief principle in these Biblical passages (Leviticus 19:13 and Deuteronomy 24:14-15) is fairness. The employer is to be fair and kind to his employee. "Thou shalt not defraud thy neighbor, neither rob him: the wages of him that is hired shall not abide with thee all night until the morning" (Leviticus 19:13). To run your toy store well, you must be fair to your employees for the work they have done for you. Look at the principle of fair management laid down in Deuteronomy:

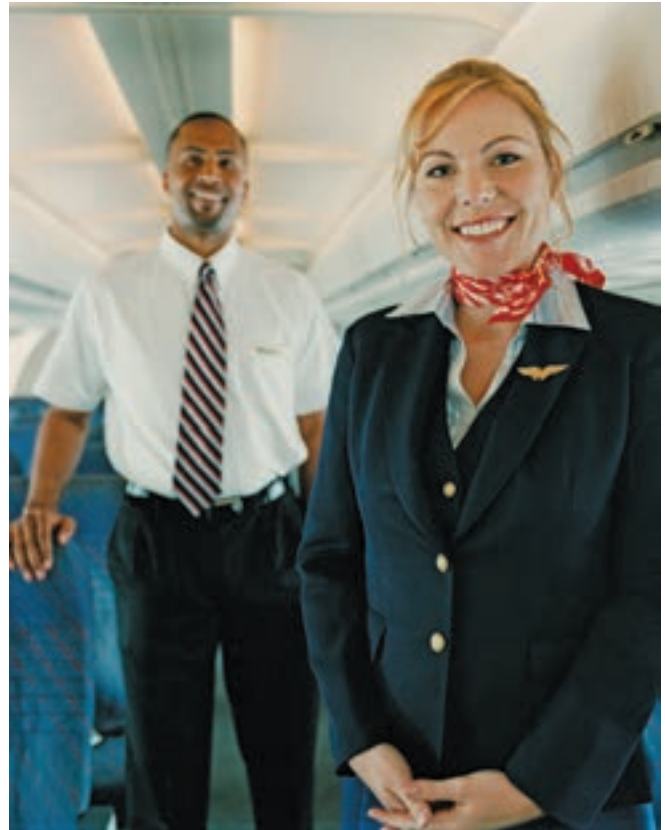


*Thou shalt not oppress an hired servant that is poor and needy, whether he be of thy brethren, or of thy strangers that are in thy land within thy gates: At his day thou shalt give him his hire, neither shall the sun go down upon it; for he is poor, and setteth his heart upon it: lest he cry against thee unto the LORD, and it be sin unto thee.*

(Deuteronomy 24:14–15)

**You must pay your toy store employees as faithfully as they serve you!** Could you imagine someone's feelings when they have put in 40 hours of hard work and yet you pay them unfairly or not on time? You will not have a satisfied worker with this kind of practice! An emphasis of the verses in Deuteronomy is that an employer pay on time. In ancient cultures, pay day was every day. The wage was to be paid at day's end; the employer was not to wait until the next day, but was to pay when due. Not to do so was to be unfair to those who needed the paycheck to buy food for the next day! When you hear about surveys that list businesses with high satisfaction ratings among the workers you know that they are treated right by their employers.

Perhaps the most employee-satisfied airline corporation is Southwest Airlines®, whose leadership runs the business with the belief that if the employees are satisfied, they will provide top quality service to customers. Southwest Airlines® has turned a profit every year since 1973 while maintaining the lowest fares in the industry. It annually ranks best in customer service as well as keeping a consistently high safety record. Because of the fair and caring leadership of CEOs like Herb Kelleher, James Parker, and Gary C. Kelly and the board of directors, Southwest Airlines has been consistently rated as one of the top 10 best places to work for in America. Its employees are staunchly loyal, despite the fact that more than 80 percent of them are unionized. For 20 consecutive years, Southwest Airlines was named to the list of the world's most admired companies by Fortune magazine. How does Southwest Airlines®



| If employees are satisfied, they will provide top quality service to customers.

do it? Researchers agree on one point: they treat everyone with kindness and respect.

**No matter what business you run, follow the pattern of fairness that God gave.** Be a fair and honest boss, and your employees will go the extra mile to see that your business is a success. Paul wrote to the Ephesians (Ephesians 6:9), "And, ye masters, do the same things unto them, **forbearing** threatening: knowing that your Master also is in heaven; neither is there respect of persons with him." Management by fear has no place in Christian management. It is also generally unacceptable today among professional managers. Whether you have a toy store, a gas station, or a computer software company, proper management is a key to success.



**Fill in the blanks.**

- 1.1 Describe operational management: \_\_\_\_\_  
\_\_\_\_\_
- 1.2 An important part of a Christian’s obligation as manager is to be fair to his workers. “Thou shalt not defraud thy neighbor, neither \_\_\_\_\_ him: the wages of him that is hired shall not abide with thee all night until the morning” ( \_\_\_\_\_ 19:13).
- 1.3 What are the two aspects of management?  
\_\_\_\_\_  
\_\_\_\_\_
- 1.4 The test of an entrepreneurial decision is whether there is a recognizable \_\_\_\_\_  
or \_\_\_\_\_ .
- 1.5 Concerning the success of Southwest Airlines®, researchers agree on one point: treat everyone with kindness and \_\_\_\_\_ .
- 1.6 In a corporation, the manager is a(n) \_\_\_\_\_ between his employees and top management.
- 1.7 It is the manager’s job to \_\_\_\_\_ the wishes of top management in such a way as to motivate employees to carry out these wishes.
- 1.8 The chief principle in the four Biblical passages (Leviticus 19:13 and Deuteronomy 24:14–15) on management is \_\_\_\_\_ .
- 1.9 Paul wrote to the Ephesians (Ephesians 6:9), “And, ye, \_\_\_\_\_ do the same things unto them, forbearing threatening: knowing that your \_\_\_\_\_ also is in heaven; neither is there respect of persons with him.” Management by \_\_\_\_\_ has no place in Christian management.

**Answer true or false.**

- 1.10 \_\_\_\_\_ Risk-taking management, which involves making the basic decisions that affect the future of the business, is called entrepreneurial management.

**Check the correct answers.**

- 1.11 What is entrepreneurship?  
\_\_\_\_\_ It is making decisions that affect the future of a business.  
\_\_\_\_\_ It is the day-to-day operation of a business.  
\_\_\_\_\_ It is completing jobs above the expected standard.

1.12 What people would make entrepreneurial decisions in a corporation?

- \_\_\_\_\_ top management
- \_\_\_\_\_ government
- \_\_\_\_\_ board of directors
- \_\_\_\_\_ individual worker

## Vocabulary

Study these words to enhance your learning success in this section.

- acting ethically** ..... Acting within the good principles of society and within the accepted rules of proper behavior.
- Caveat Emptor** ..... A Latin phrase meaning “let the buyer beware;” a buyer of defective goods cannot hold seller legally responsible.
- commentator** ..... A news broadcaster or reporter who adds analysis after reporting.
- coupon** ..... Printed certificates which offer the bearer certain financial advantages such as discounts or rebates.
- impulse buying** ..... Buying without planning or forethought; “on the spot” purchasing.
- inventory** ..... A detailed accounting of all the goods in stock.
- odometer** ..... An instrument used to measure the distance traveled by a vehicle.
- rebate** ..... A deduction from a full purchase amount that is repaid to the consumer.
- return policy** ..... Guidelines by which a product may be brought back by the purchaser to the seller for an exchange.
- warranty** ..... A guarantee that is legally binding to the company that issues it.

## CAVEAT EMPTOR

**Caveat Emptor** means “Let the buyer beware.” It is a frequently-used phrase to remind consumers and others that they must be careful in making their purchases. For every great bargain that you encounter, you may run into a real disaster which would end up costing you your hard-earned dollars!

### BE A CAREFUL CONSUMER

**Beware of false advertising claims by the makers of consumer products.** Many customers were delighted when a food manufacturing company introduced a new line of popular chocolate peanut butter bars that could be baked at home. What was the appeal? The front of the box announced that the

products were “NOW THICKER.” You would be given the impression that there is more mix added to the box, but it was soon pointed out that the business actually put less in the box and kept the price the same! What did they do to make the bar mix thicker? They changed the instructions on the box to suggest that you use an 8-inch by 8-inch baking pan instead of their old directions which instructed you to use a 9-inch by 9-inch pan. The smaller pan means that the batter will rise higher and give you a “thicker” bar. If you were not aware of the previous box’s baking instructions, you might never have known that the company has actually filled the box with 7 ounces less mix. Instead of making a better product they gave an old product a new appearance.



804 N. 2nd Ave. E.  
Rock Rapids, IA 51246-1759

800-622-3070  
[www.aop.com](http://www.aop.com)

HIS1207 - Aug '17 Printing

ISBN 978-1-58095-237-8

