



# HISTORY AND GEOGRAPHY 1207

## BUSINESS AND YOU

### CONTENTS

<b>I. BUSINESS AND THE CONSUMER .....</b>	<b>2</b>
<b>Running a Business .....</b>	<b>2</b>
<b>Caveat Emptor .....</b>	<b>6</b>
<b>Government and Business .....</b>	<b>11</b>
<b>II. BANKS AND MERGERS.....</b>	<b>18</b>
<b>Federal Reserve System.....</b>	<b>18</b>
<b>Monopolies .....</b>	<b>24</b>
<b>III. BUSINESS CONCERNS .....</b>	<b>29</b>
<b>Deregulation.....</b>	<b>29</b>
<b>Bankruptcy .....</b>	<b>33</b>

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Alpha Omega Publications®

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

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# I. 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.

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## 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 LIFE PAC appear in **boldface** print the first time they are used. If you are unsure 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 troublemaking 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 breaktime, 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 look at the high satisfaction ratings among workers at businesses such as Saturn® cars, Whole Foods® markets and Rubbermaid® you will see 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 CEO Herb Kelleher and his board of directors, Southwest Airlines® is rated one of the 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 the last four years, Southwest Airlines® has earned the “Triple Crown” for best on-time performance, fewest customer complaints, and the best baggage handling. How does Southwest Airlines® 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.