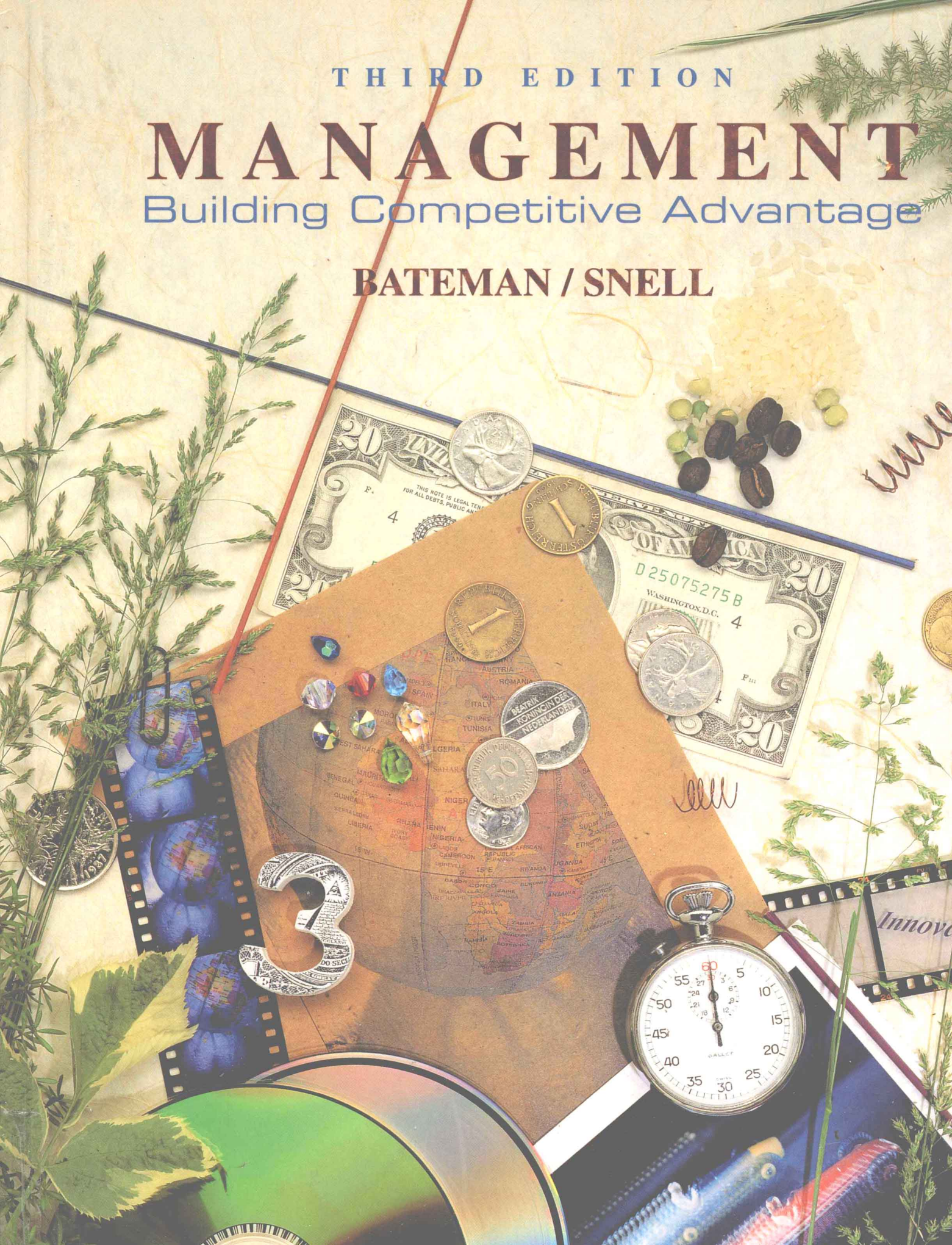


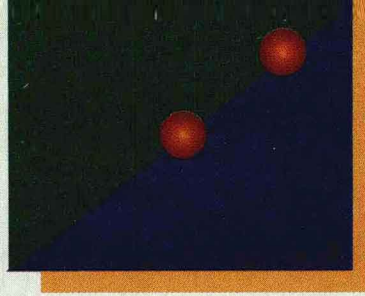
THIRD EDITION

MANAGEMENT

Building Competitive Advantage

BATEMAN / SNELL





MANAGEMENT

Building Competitive Advantage

Third Edition

Thomas S. Bateman

The University of North Carolina

Scott A. Snell

Pennsylvania State University

IRWIN

Chicago • Bogotá • Boston • Buenos Aires • Caracas
London • Madrid • Mexico City • Sydney • Toronto

About the Cover

We wanted the cover image to reflect the richness of the interior—in terms of both content and design. The four running themes of the book—cost, quality, speed, and innovation—are depicted symbolically. Each item, from the compact discs to the stopwatch to the greenery, represents a part of the unique story told in the third edition of *Management: Building Competitive Advantage*.

© The McGraw-Hill Companies, Inc., 1990, 1993, and 1996

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the publisher.

Sponsoring editor: John E. Biernat
Senior developmental editor: Libby Rubenstein
Senior marketing manager: Michael Campbell
Project editor: Mary Conzachi
Production supervisor: Bob Lange
Assistant manager, desktop services: Jon Christopher
Cover Designer: Keith McPherson
Interior Designer: Stuart Paterson
Assistant manager, graphics: Charlene R. Perez
Coordinator, graphics & desktop services: Keri Kunst
Compositor: PC&F, Inc.
Typeface: 10/12 Times Roman
Printer: Von Hoffmann Press, Inc.

Library of Congress Cataloging-in-Publication Data

Bateman, Thomas S.

Management: building competitive advantage/Thomas S. Bateman,
Scott A. Snell.—3rd ed.

p. cm.

Includes index.

ISBN 0-256-14053-7

1. Management. I. Snell, Scott. 1958- . II. Title.

HD31.B369485 1996

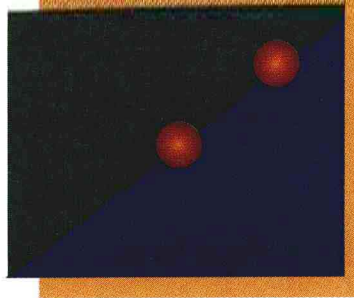
658.4—dc20

95-36620

Printed in the United States of America

3 4 5 6 7 8 9 0 VH 2 1 0 9 8 7 6

*For my parents, Tom and Jeanine Bateman,
and Mary Jo, Lauren, T. J., and Jamie
and
My parents, John and Clara Snell,
and Marybeth, Sara, Jack, and Emily*



ABOUT THE AUTHORS

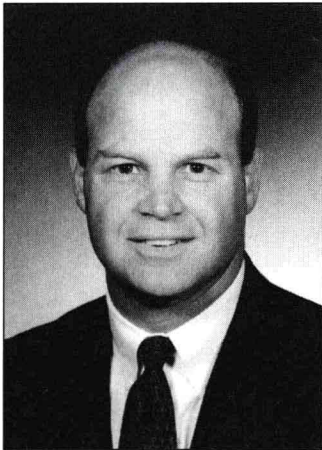


THOMAS S. BATEMAN completed his doctoral program in business administration in 1980 at Indiana University. Prior to receiving his doctorate, Dr. Bateman received his B.A. from Miami University. Dr. Bateman is now chair of the management area and a chaired professor of management at the Kenan-Flagler Business School where he teaches courses in organizational behavior to undergraduates, M.B.A. students, Ph.D. students, and practicing managers.

Before accepting his current position, Dr. Bateman taught organizational behavior at Texas A&M University and Tulane University, where he received teaching honors. While at Texas A&M, he also taught and served as course coordinator for Principles of Management, a course that involved over 1,000 students per year. Dr. Bateman also conducted a six-week course in Europe, where he taught classes and visited with the managers of companies such as Porsche, Löwenbräu, Caterpillar, and the Scotland office of Hewlett-Packard.

Dr. Bateman is the coauthor (with Dennis Organ) of the book *Organizational Behavior*, and the coeditor (with Gerald Ferris) of a book of readings, *Method and Analysis in Organizational Research*. He is a business consultant, has served on the editorial boards of academic journals, and has presented numerous papers at professional meetings on topics including managerial decision making, job stress, negotiation, employee commitment and motivation, group decision making, and job satisfaction. These articles appeared in professional journals such as the *Academy of Management Journal*, *Journal of Applied Psychology*, *Strategic Management Journal*, *Business Horizons*, *Organizational Behavior and Human Decision Processes*, and *Decision Sciences*.

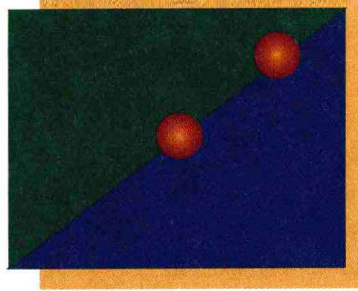
Dr. Bateman's current consulting and research centers around entrepreneurship in the United States, Central Europe, and Southeast Asia. He's currently working closely with companies including Arthur Andersen, Kaiser Permanente, and Dusit Thani Hotel in Thailand.



SCOTT A. SNELL is associate professor of business administration at Pennsylvania State University. He holds a B.A. in psychology from Miami University, as well as an M.B.A. and Ph.D. in business administration from Michigan State University. During his career, Dr. Snell has taught courses in human resources management, principles of management, and strategic management to undergraduates, graduates, and executives. He is actively involved in executive education and serves as faculty director for Penn State's Strategic Leadership Program, as well as faculty leader for programs in human resources, developing managerial effectiveness, the engineer/scientist as manager, and managing the global enterprise. In addition to his teaching duties, Dr. Snell also serves as director of research for Penn State's Institute for the Study of Organizational Effectiveness.

As an industry consultant, Professor Snell has worked with companies such as Arthur Andersen, AT&T, General Electric, and Shell Chemical to redesign human resources systems to cope with changes in the competitive environment. His specialization is the realignment of staffing, training, and reward systems to complement technology, quality, and other strategic activities. Recently, his work has centered on the development of transnational teams in global network organizations.

Dr. Snell's research has been published in the *Academy of Management Journal*, *Human Resource Management Review*, *Industrial Relations*, *Journal of Business Research*, *Journal of Management*, *Journal of Managerial Issues*, *Personnel Administrator*, *Strategic Management Journal*, and *Working Woman*. In addition, Dr. Snell is on the editorial boards of *Journal of Managerial Issues*, *Digest of Management Research*, and *Journal of Quality Management*. He is author of two additional books: *Managing Human Resources* with Arthur Sherman and George Bohlander, and *Strategic Human Resource Management* with Patrick Wright.



PREFACE

Our mission with this book is threefold: to inform, instruct, and inspire. We hope to *inform* by providing descriptions of the important concepts and practices of modern management. We hope to *instruct* by describing how you can take action on the ideas discussed. In other words, you will learn practical applications that will make you more effective in ways that benefit both you and your organization.

We hope to *inspire* not only by writing in a positive, interesting, optimistic way, but also by providing a real sense of the unlimited opportunities ahead of you. Whether your goal is starting your own company, leading a team to greatness, building a strong organization, delighting your customers, or generally forging a positive future, we want to inspire you to take positive actions.

We hope to inspire you to be both a thinker and a doer. We want you to think about the issues, think about how to become a better manager, think about the impact of your actions, think before you act. But being a good thinker is not enough; you also must be a doer. Management is a world of action. It is a world that requires timely and appropriate action. It is a world not for the passive, but for those who commit to positive accomplishments.

We also hope to inspire you to keep learning. Keep applying the ideas you learn in this course, read about management in sources outside of this course, and certainly keep learning about management after you leave school and continue your career. Make no mistake about it, learning about management is a personal voyage that will last years, an entire career, your entire lifetime.



COMPETITIVE ADVANTAGE

Today's world is competitive. Never before has the world of work been so challenging. Never before has it been so imperative to your career that you learn the skills of management. Never before have people had so many vast opportunities with so many potential rewards.

You will compete with other people for jobs, resources, and promotions. Your organization will compete with other firms for contracts, clients, and customers. To survive the competition, and to thrive, you must perform in ways that give you an edge over your competitors, that make the other party want to hire you, buy from you, and do repeat business with you. You will want them to choose you, not your competitor.

To survive and thrive, today's managers have to think and act strategically. Today's customers are well educated, aware of their options, and demanding of excellence. For this reason, managers today must think constantly about how to build a capable workforce and manage in a way that delivers the goods and services that provide the best possible value to the customer.

By this standard, managers and organizations must perform. The four types of performance, on which the organization beats, equals, or loses to the competition, are *cost*, *quality*, *speed*, and *innovation*. These four performance dimensions, when done well, deliver value to the customer and competitive advantage to you and your organization. We will elaborate on all of these topics throughout the book, but here is a brief overview.

Cost competitiveness means the company delivers valuable products (goods and services) priced at levels the customer is willing to pay. Good management requires managing

so that costs are kept under control and the company can sell its products at fair prices that cover costs and achieve a profit.

Quality refers to the all-around excellence of your goods and services. It includes such things as attractiveness, lack of defects, reliability, and long-term dependability. Quality means doing the job right and meeting or surpassing customer expectations.

Speed means the organization can respond to market needs quickly. It includes introducing new products to the market before competitors do, delivering fast on customer orders, and responding quickly to customer services requests. You are at a competitive advantage if you do these things faster and better than your competitors, and at a competitive *disadvantage* if *they* are faster and better.

Innovation is the ability to create new goods and new services that customers value. Moreover, effective innovation occurs quickly and results in products that are competitive on the basis of cost and quality. Innovative management practices often are the key to staying abreast or ahead of competitors who are constantly trying to outdo you in all four of these arenas of competitive advantage.

Good managers find ways to make their organizations successful. The ways to do this are to build competitive advantage in the forms of cost competitiveness, quality, speed, and innovation. Because of the importance of the four sources of competitive advantage—which really are goals that every manager should constantly try to achieve and improve upon—we refer to them frequently throughout the book. The idea is to keep you focused on a type of “bottom line,” to make sure you think continually about “delivering the goods” that make both the manager (you) and the organization a competitive success.



RESULTS ORIENTATION

An important theme of this book, then, is how to manage in ways that deliver *results*—results that customers want. When you deliver high-quality, innovative products, quickly, and at a competitive price, you are achieving the results that can give you the competitive edge. And keep in mind, these are the same results that your competitors strive for as they try to gain an edge over you.

This approach makes this book unique among management texts. Rather than offering only concepts and processes, which nonetheless are integral parts of this text, we have a clear results orientation that is essential to success. The concepts and processes are means to an end, or the ways by which you can achieve the results you need.

It goes without saying that this textbook, in its third edition, remains on the cutting edge of topical coverage, as updated via both current business examples and recent management research. Chapters are thoroughly updated and students are exposed to a wide variety of important current topics, including:

New overseas markets	Transnational organizations
Product and process innovation	Customer service
Core competencies	Crisis management
Learning organizations	Empowerment
European unification	Codetermination
Privatization	Strategic HRM
NAFTA	Post-heroic leadership
Technology leadership	Cross-functional teams
Reengineering	Network organizations
Total quality management	Sexual harassment
Rightsizing	Mass customization
Future economic scenarios	Sustainable growth

Benchmarking
 Corporate political activities
 Strategic alliances
 Competitor analysis

The MBA Enterprise Corps., working to bring the free market to Eastern Europe and Southeast Asia

This list, of course, is just a sampler of the comprehensive coverage offered by this text. We have done our very best to draw from a wide variety of subject matter, sources, and personal experiences.



FORGING THE FUTURE

By highlighting the sources of competitive advantage and using a clear results orientation, we continue our efforts to create a new generation of management texts. Our previous edition was more integrative than other texts and was the first to devote chapters to the vital management topics of managing in our natural environment and managing workforce diversity. And, we have broken the traditional mold by encouraging students to “forge the future.”

Still, in this edition we retain the traditional functional organization. Even though the world has changed, it is not chaos. A functional approach still is useful in that it provides students and instructors with a framework within which to tackle dynamic issues. Moreover, we of course give full coverage to all the topics other texts tout as their primary emphases: globalization, total quality, change, ethics, teams, and so on.

As this textbook forges the future for management texts, we want to influence students to forge *their* futures. Throughout the text, a proactive rather than passive approach to management is encouraged. For example, Chapter 9, *New Ventures*, doesn’t merely describe small business management; it inspires readers to create new ideas and new businesses. And Chapter 21, *Becoming World Class*, speaks to the importance of creating a world-class future, not just being ready for the future and adapting to it.

With your help, we want to influence business in the future. Through our mission of informing, instructing, and inspiring, we hope you will apply these ideas to create your own organizations and/or make the organizations in which you work more successful and outstanding.



A TEAM EFFORT

We wrote this book believing that we would form a team with the course instructor and with students. The entire team is responsible for the learning process.

Our goal, and that of the instructor, is to create a positive learning environment in which you can excel. But in the end, the raw material of this course is just words. It is up to you to use them as a basis for further thinking, deep learning, and constructive action.

What you do with the things you learn from this course, and with the opportunities the future holds, *counts*. As a manager, you can make a dramatic difference for yourself, and for other people. What managers do matters, tremendously.



OUTSTANDING PEDAGOGY

Management: Building Competitive Advantage is pedagogically stimulating and is intended to maximize student learning. With this in mind, we used a wide array of pedagogical features—some tried and true, others new and novel:

- Learning Objectives, which open each chapter, identify what students will learn by reading and studying the chapter.
- Opening quotes provide a thought-provoking preview of chapter material. The quotes are from people like Peter Drucker (on the external environment), Jack Welch (on strategic management), Henry David Thoreau (on ethics), Margaret Meade (on the natural environment), and Julius Caesar (on leadership).

- Setting the Stage describes an actual organizational situation and provides a rich introductory example of the chapter topic. Setting the Stage is placed before the text material as a practical application.
- Logos representing the four running themes of the book—cost, quality, speed, and innovation—are placed at appropriate points in the text to indicate an extended example, best practice, or issue for discussion. The logos continually reinforce and enhance the learning of these important themes.

End-of-Chapter Elements

- Key Terms, which are page-referenced to the text and are part of the vocabulary-building emphasis. These terms are defined in the glossary at the end of the book.
- A Summary of Learning Objectives provides clear, concise responses to the learning objectives, giving students a quick reference for reviewing the important concepts in the chapter.
- Discussion Questions, which follow the Summary of Learning Objectives, are thought-provoking questions that test the student's mastery of concepts covered in the chapter.
- Concluding Cases, which provide focus for class discussion.
- A Video Case or Video Exercise appears at the end of the chapter. These cases/exercises reinforce the concepts presented in the videos for each chapter.
- Two Experiential Exercises are included. Most of them are group-based, and many involve outside research.

End-of-Part Elements

- An Integrating Case and two Case Incidents appear at the end of each of the five parts of the book. The short Case Incidents focus on managerial problems that include issues from multiple chapters in each part and are a stimulating arena for discussion.
- The Company Directory appears at the end of the text. It lists over 400 existing companies discussed in the text and gives the following information about each: company name, subsidiary data when applicable, address, phone number, yearly sales figures, and number of employees. Students will find this directory useful for employment and case research purposes.



COMPREHENSIVE SUPPLEMENTS

FOR THE STUDENT

- Study Guide, prepared by Sue Stewart-Belle, Illinois State University, contains chapter previews, a listing and definition of key terms, and over 100 true/false, multiple choice, matching, short answer, and essay questions, and exercises per chapter.

FOR THE INSTRUCTOR

- Instructor's Manual, prepared by William Matthews, William Patterson College, contains chapter outlines, suggested discussion questions and answers for Setting the Stage, two lecturettes for each chapter, suggested answers to end-of-chapter Discussion Questions, suggested answers to the Concluding Case discussion questions, objectives and teaching tips for the experiential exercises, and discussion questions and suggested answers for Case Incidents and Integrating Cases.
- Test Bank, prepared by Jane Pettinger, North Dakota State University, contains approximately 100 questions for each chapter and consists of true/false, multiple choice, fill-in, matching, and essay questions.

- Powerpoint Presentation software contains tables and figures from the text plus additional graphic material. A self-contained viewer is packaged with each disk so that those who do not have the Powerpoint software can easily view the presentation.
- Color acetates consisting of figures and tables from the book are also available.
- Videos are available for each chapter and are accompanied by a videoguide that ties the videos closely to the chapter.
- Irwin's Computerized Testing Service enables you to pick and choose questions and develop tests and quizzes quickly and easily on the computer.
- Teletest enables you to phone an exam request directly to Irwin. Just tell the Irwin representative what you want, and within a few days you will receive your exam.



ACKNOWLEDGMENTS

This book could not have been written and published without the valuable contributions of many individuals. Special thanks to Scott Bateman of Cox Enterprise for help with the cases and vignettes about the “information superhighway,” to Carol Smolinski for help with the experiential exercises and the glossary, and to Courtney Hunt, Mark Youndt, and David Lepak for their help with research.

Our reviewers over the last two editions contributed time, expertise, and terrific ideas that significantly enhanced the quality of the text. The reviewers of the third edition are:

Robert W. Allen California State Polytechnic University	Esther Long University of West Florida
Falih M. Alsaaty University of the District of Columbia	William Matthews Wm. Patterson College
Deborah A. Arvanites Villanova University	Jana Minife Southwest Texas State
Harold C. Babson Columbus State Community College	Ali Mir University of Massachusetts–Amherst
Charles A. Beasley State University at New York–Buffalo	Joseph B. Mosca Monmouth College
Judith Bulin Monroe Community College	Raghavan Parthasarthy Seton Hall University South
Carmen M. Caruana St. John's University	Jim Swenson Moorehead State University
Gary Coombs Ohio University–Athens	Alice M. Warner Marietta College
Charles Franz University of Missouri	Leslie Wiletzky Hawaii Pacific University
William Jedlicka Harper College	James M. Wilson University of Texas–Pan American
John F. Keeling Old Dominion University	

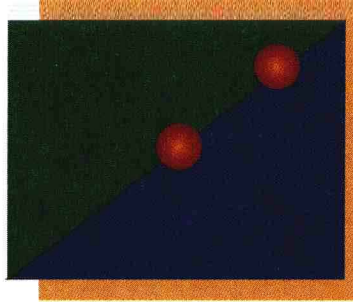
Many individuals contributed directly to our development as textbook authors. Dennis Organ provided one of the authors with an initial opportunity and guidance in textbook writing. John Weimeister has been a friend and advisor from the very beginning. John Wood was a crucial early sponsor for the project. The entire Richard D. Irwin team demonstrated continued and generous support for this book. John Biernat was a great champion for the project, and is a talented editor and good friend. Kurt Strand is, too! What a team!

Mary Conzachi provided guidance and support throughout this process. And Libby Rubenstein was the hub around which everything revolved. Libby gave tireless attention to all phases of the creative process, leading to a final product in which we all take great pride.

Finally, we thank our families. Our parents, Jeanine and Thomas Bateman and Clara and John Snell, provided us with the foundation on which we have built our careers. They continue to be a source of great support and encouragement. Our wives, Mary Jo and Marybeth, demonstrated great patience, insight, and understanding throughout the entire process. Our children, Lauren, T. J., and Jamie Bateman and Sara, Jack, and Emily Snell, are an inspiration for everything we do.

Thomas S. Bateman

Scott A. Snell



CONTENTS IN BRIEF

PART I

FOUNDATIONS OF MANAGEMENT 2

CHAPTER 1

Managers and Organizations 4

CHAPTER 2

The Evolution of Management 28

CHAPTER 3

The External Environment 54

CHAPTER 4

Managerial Decision Making 80

PART II

PLANNING AND STRATEGY 110

CHAPTER 5

Planning and Strategic Management 112

CHAPTER 6

Ethics and Corporate Responsibility 136

CHAPTER 7

Managing in Our Natural Environment 158

CHAPTER 8

International Management 180

CHAPTER 9

New Ventures 206

PART III

ORGANIZING AND STAFFING 236

CHAPTER 10

Organization Structure 238

CHAPTER 11

The Responsive Organization 262

CHAPTER 12

Human Resources Management 286

CHAPTER 13

Managing the Diverse Workforce 318

PART IV

LEADING 350

CHAPTER 14

Leadership 352

CHAPTER 15

Motivating for Performance 382

CHAPTER 16

Managing Teams 406

CHAPTER 17

Communicating 430

 PART *V*
CONTROL AND CHANGE 468

CHAPTER 18
Managerial Control 462

CHAPTER 19
Operations Management 490

CHAPTER 20
Managing Technology and Innovation 516

CHAPTER 21
Becoming World Class 542

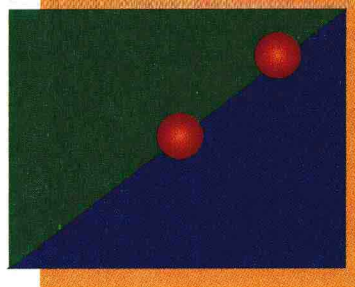
COMPANY DIRECTORY
577

GLOSSARY
G1

NOTES
N1

NAME INDEX
I

SUBJECT INDEX
I-8



CONTENTS

PART I

FOUNDATIONS OF MANAGEMENT 2

CHAPTER 1

MANAGERS AND ORGANIZATIONS 4

MANAGEMENT AND ITS FUNCTIONS 6

The Functions of Management 6 Performing All Four Management Functions 8

MANAGEMENT LEVELS 9

Strategic Managers 9 Tactical Managers 10
Operational Managers 11 The Complete Manager 11

WHY STUDY MANAGEMENT? 11

Managers Are Universal 11 Management by Common Sense 12 Management by Experience 12

ORGANIZATIONS 12

MANAGING FOR COMPETITIVE ADVANTAGE 14

Cost Competitiveness 14 Quality 15 Speed 15
Innovation 16

MANAGEMENT SKILLS 16

Technical Skills 16 Interpersonal and Communication Skills 17 Conceptual and Decision Skills 17

EXCELLENCE IN MANAGEMENT 18

Managers as Active Leaders 18 A Positive Work Environment 19

YOUR CAREER IN MANAGEMENT 20

CHAPTER 2

THE EVOLUTION OF MANAGEMENT 28

EARLY MANAGEMENT CONCEPTS AND INFLUENCES 30

CLASSICAL APPROACHES 31

Systematic Management 31 Scientific Management 32
Administrative Management 35 Human Relations 36
Bureaucracy 39

CONTEMPORARY APPROACHES 40

Quantitative Management 40 Organizational Behavior 40
Systems Theory 41 Contingency Perspective 44

CHANGE AND THE FUTURE OF MANAGEMENT 44

Globalization 45 Total Quality 45 The Learning Organization 45 Reengineering 46 An Eye on the Future 47

CHAPTER 3

THE EXTERNAL ENVIRONMENT 54

A Look Ahead 56

THE MACRO-ENVIRONMENT 57

The International Environment 57 The Legal/Political Environment 61 The Economy 62 Technology 62 Demographics 63 The Social and Natural Environments 64

THE COMPETITIVE ENVIRONMENT 65

Competitors 65 Threat of New Entrants 66 Threat of Substitutes 66 Suppliers 66 Customers 68
Environmental Analysis: Opportunity and Threats 68

RESPONDING TO THE ENVIRONMENT 69

Strategic Maneuvering 69 Independent Strategies 70
Cooperative Strategies 72 Choosing a Response Approach 72

CHAPTER 4

MANAGERIAL DECISION MAKING 80

CHARACTERISTICS OF MANAGERIAL DECISIONS 82

Lack of Structure 82 Uncertainty and Risk 83
Conflict 84

THE STAGES OF DECISION MAKING 84

Identifying and Diagnosing the Problem 84 Generating Alternative Solutions 84 Evaluating Alternatives 85 Making the Choice 86 Implementing the Decision 86 Evaluating the Decision 87

THE BEST DECISION 87

BARRIERS TO EFFECTIVE DECISION MAKING 88

Psychological Biases 88 Time Pressures 90 Social Realities 90

DECISION MAKING IN GROUPS	90
Potential Advantages of Using a Group	91
Potential Problems in Using a Group	91
MANAGING GROUP DECISION MAKING	92
Leadership Style	92
Constructive Conflict	93
Encouraging Creativity	93
ORGANIZATIONAL REALITIES	94
Constraints on Decision Makers	94
Negotiations and Politics	94
Decision Making in a Crisis	95

PART II

PLANNING AND STRATEGY 110

CHAPTER 5

PLANNING AND STRATEGIC MANAGEMENT 112

AN OVERVIEW OF PLANNING	114
The Formal Planning Process	114
LEVELS OF PLANNING	116
Strategic Planning	116
Tactical and Operational Planning	117
STRATEGIC PLANNING AND STRATEGIC MANAGEMENT	118
Strategic Planning: 1960 to 1985	118
Strategic Management in the 1990s	118
THE STRATEGIC MANAGEMENT PROCESS	118
Establishing a Mission and Vision	118
Environmental Analysis	120
Internal Analysis	121
Strategy Formulation	123
Strategy Implementation	127
Strategic Control	128

CHAPTER 6

ETHICS AND CORPORATE RESPONSIBILITY 136

ETHICS	138
Business Ethics	138
Ethical Codes	141
Ethical Decision Making	142
CORPORATE SOCIAL RESPONSIBILITY	143
Advocates of Corporate Social Responsibility	144
Critics of Corporate Social Responsibility	144
Philosophies of Corporate Social Responsibility	144
THE POLITICAL ENVIRONMENT	146
Competitive Advantage	146
Corporate Legitimacy	146
Strategies for Influencing the Political Environment	147

CHAPTER 7

MANAGING IN OUR NATURAL ENVIRONMENT 158

BUSINESS AND THE ENVIRONMENT: CONFLICTING VIEWS	160
The Win-Win Mentality	160
The Dissenting View	160
Balance	161
WHY MANAGE WITH THE ENVIRONMENT IN MIND?	162
Legal Compliance	162
Cost Effectiveness	163
Competitive Advantage	164
Public Opinion	164
Long-Term Thinking	164
The Environmental Movement	166
WHAT MANAGERS CAN DO	169
Systems Thinking	169
Strategic Integration	170
Life Cycle Analysis	171
Implementation	171

CHAPTER 8

INTERNATIONAL MANAGEMENT 180

COMPETITION IN THE GLOBAL ECONOMY	182
Consequences of the Global Economy	184
GLOBAL STRATEGY	186
Pressures for Global Integration	186
Pressures for Local Responsiveness	187
Choosing a Global Strategy	187
ENTRY MODE	191
Exporting	191
Licensing	192
Franchising	192
Joint Ventures	192
Wholly Owned Subsidiaries	193
MANAGING ACROSS BORDERS	194
Skills of the Global Manager	195
Understanding Cultural Issues	196
Ethical Issues in International Management	198

CHAPTER 9

NEW VENTURES 206

INDEPENDENT ENTREPRENEURS	209
Why Do People Become Independent Entrepreneurs?	209
What Business Should You Start?	210
What Does It Take to Be Successful?	211
Planning	212
Critical Resources	213
Competitive Advantage and Business Strategy	215
Entrepreneurial Hazards	216
SPIN-OFFS	218
Why Spin-Offs Occur	218
The Spin-Off Process	219
Change in Industry Structure	220

INTRAPRENEURSHIP 221

Building Support for Your Idea 221 Building
Intrapreneurship 221 Organizing New Corporate
Ventures 223 Hazards in Intrapreneurship 223

PART III

ORGANIZING AND STAFFING 236

CHAPTER 10

ORGANIZATION STRUCTURE 238

SPECIALIZATION AND COORDINATION 240

Differentiation 240 Integration 240

AUTHORITY IN ORGANIZATIONS 241

The Board of Directors 241 The Chief Executive
Office 242 Hierarchical Levels 242

THE ORGANIZATION CHART 243

SPAN OF CONTROL 244

DELEGATION 246

Responsibility, Authority, and Accountability 246
Advantages of Delegation 247 How to Delegate 247

DECENTRALIZATION 248

DEPARTMENTALIZATION 248

Functional Departmentalization 249 Product
Departmentalization 250 Customer and Geographical
Departmentalization 252 Mixed Forms of
Departmentalization 253

MATRIX ORGANIZATIONS 253

Pros and Cons of the Matrix Form 254 Matrix Survival
Skills 254 The Matrix Form Today 254

ORGANIZATIONAL ROLES 255

Line Managers 255 Staff 256 Integrating Roles 256
Boundary Roles 256

LOOKING AHEAD 257

CHAPTER 11

THE RESPONSIVE ORGANIZATION 262

TODAY'S IMPERATIVES 264

THE ORGANIC STRUCTURE 264

MANAGING SIZE 265

The Case for Big 265 The Case for Small 266 Small
within Big 266

MANAGING INFORMATION 267

Reducing the Need for Information 267 Processing
More Information 267

ORGANIZATION CULTURE 268

Diagnosing Culture 269 Managing Culture 269

THE RESTRUCTURING OF CORPORATE AMERICA 270

Mergers 270 Acquisitions 271 Takeovers 272
Leveraged Buyouts 272 The Impact of
Restructuring 272 Downsizing 273

NEW ORGANIZATIONAL FORMS 274

Core Competencies 274 The Network
Organization 275 Strategic Alliances 276 The
Learning Organization 276 The High-Involvement
Organization 277 Team-Based Organizations 277
Everyone a Businessperson 278

CHAPTER 12

HUMAN RESOURCES MANAGEMENT 286

HUMAN RESOURCES PLANNING 288

The HR Planning Process 289 Job Analysis 290

STAFFING THE ORGANIZATION 291

Recruiting 291 Selection 291 Reliability and
Validity 293 Outplacing 294 Legal Issues and Equal
Employment Opportunity 297

DEVELOPING THE WORKFORCE 297

Training and Development 297

PERFORMANCE APPRAISAL 301

Gathering PA Information 301 Sources of Appraisal
Information 302 Giving PA Feedback 303

DESIGNING REWARD SYSTEMS 304

Pay Decisions 304 Incentive Systems and Variable
Pay 305 Employee Benefits 305 Legal Issues in
Compensation and Benefits 305 Health and Safety 306

LABOR RELATIONS 306

Labor Laws 307 Unionization 307 Collective
Bargaining 308 What Does the Future Hold? 309

CHAPTER 13

MANAGING THE DIVERSE WORKFORCE 318

DIVERSITY: A BRIEF HISTORY 320

DIVERSITY TODAY 320

The Size of the Workforce 321 The Workers of the
Future 322 The Age of the Workforce 325 Future
Jobs and Workforce Qualifications 328

MANAGING DIVERSITY AND AFFIRMATIVE ACTION 328

BUILDING COMPETITIVE ADVANTAGE THROUGH WORKFORCE
DIVERSITY 329

Attracting, Retaining, and Motivating Employees 329
Marketing 330 Creativity, Innovation, and Problem
Solving 330 Flexibility 330