



## 教育部高校工商管理类教学指导委员会双语教学推荐教材

工商管理经典教材·核心课系列 BUSINESS ADMINISTRATION CLASSICS

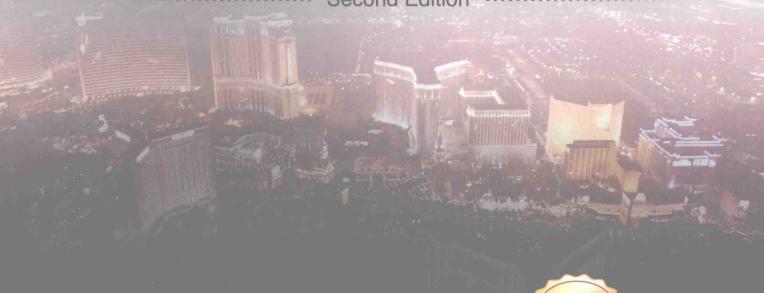
# 管理经济学:市场与企业

英文版・第2版

威廉·博伊斯 (William Boyes) 著 李自杰 改编

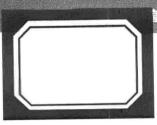
# MANAGERIAL ECONOMICS

Second Edition



✓ 中国人民大学出版社





工商管理经典教材・核心课系列

**BUSINESS ADMINISTRATION CLASSICS** 

# 管理经济学:市场与企业

英文版・第2版

威廉·博伊斯 (William Boyes) 著 李自杰 改编

# MANAGERIAL ECONOMICS

Second Edition

常州大字山书的藏书章

中国人民大学出版社 · 北京 ·

#### 图书在版编目 (CIP) 数据

管理经济学:市场与企业;英文/博伊斯著;李自杰改编.-2版.-北京:中国人民大学出版社,2013.8 教育部高校工商管理类教学指导委员会双语教学推荐教材 工商管理经典教材.核心课系列 ISBN 978-7-300-17831-8

I. ①管··· Ⅱ. ①博···②李··· Ⅲ. ①管理经济学-高等学校-教材-英文 Ⅳ. ①F270

中国版本图书馆 CIP 数据核字 (2013) 第 162849 号

教育部高校工商管理类教学指导委员会双语教学推荐教材 工商管理经典教材 · 核心课系列

管理经济学: 市场与企业 (英文版・第2版)

威廉•博伊斯 著 李自杰 改编

电

XX

出版发行 中国人民大学出版社

社 址 北京中关村大街 31 号

话 010-62511242 (总编室)

010-82501766 (邮购部)

010-62515195 (发行公司)

址 http://www.crup.com.cn

http://www.ttrnet.com (人大教研网)

经 销 新华书店

印 刷 三河市汇鑫印务有限公司

规 格 215 mm×275 mm 16 开本

张 22.5 插页 2 印

字 数 616 000 邮政编码 100080

010-62511398 (质管部)

010-62514148 (门市部)

010-62515275 (盗版举报)

版 次 2013年8月第1版

ED 次 2013年8月第1次印刷

定 价 45.00元

版权所有 侵权必究

印装差错 负责调换

随着我国加入 WTO,越来越多的国内企业参与到国际竞争中来,用国际上通用的语言思考、工作、交流的能力也越来越受到重视。这样一种能力也成为我国各类人才参与竞争的一种有效工具。国家教育机构、各类院校以及一些主要的教材出版单位一直在思考,如何顺应这一发展潮流,推动各层次人员通过学习来获取这种能力。双语教学就是这种背景下的一种尝试。

双语教学在我国主要指汉语和国际通用的英语教学。事实上,双语教学在我国教育界已经不是一个陌生的词汇了,以双语教学为主的科研课题也已列入国家"十五"规划的重点课题。但从另一方面来看,双语教学从其诞生的那天起就被包围在人们的赞成与反对声中。如今,依然是有人赞成有人反对,但不论是赞成居多还是反对占上,双语教学的规模和影响都在原有的基础上不断扩大,且呈大发展之势。一些率先进行双语教学的院校在实践中积累了经验,不断加以改进;一些待进入者也在模仿中学习,并静待时机成熟时加入这一行列。由于我国长期缺乏讲第二语言(包括英语)的环境,开展双语教学面临特殊的困难,因此,选用合适的教材就成为双语教学成功与否的一个重要问题。我们认为,双语教学从一开始就应该使用原版的各类学科的教材,而不是由本土教师自编的教材,从而可以避免中国式英语问题,保证语言的原汁原味。各院校除应执行国家颁布的教学大纲和课程标准外,还应根据双语教学的特点和需要,适当调整教学课时的设置,合理选择优秀的、合适的双语教材。

顺应这样一种大的教育发展趋势,中国人民大学出版社同众多国际知名的大出版公司,如麦格劳-希尔出版公司、培生教育出版公司等合作,面向大学本科生层次,遴选了一批国外最优秀的管理类原版教材,涉及专业基础课,人力资源管理、市场营销及国际化管理等专业方向课,并广泛听取有着丰富的双语一线教学经验的教师的建议和意见,对原版教材进行了适当的改编,删减了一些不适合我国国情和不适合教学的内容;另一方面,根据教育部对双语教学教材篇幅合理、定价低的要求,我们更是努力区别于目前市场上形形色色的各类英文版、英文影印版的大部头,将目标受众锁定在大学本科生层次。本套教材尤其突出了以下一些特点:

- ●保持英文原版教材的特色。本套双语教材根据国内教学实际需要,对原书进行了一定的改编,主要是删减了一些不适合教学以及不符合我国国情的内容,但在体系结构和内容特色方面都保持了原版教材的风貌。专家们的认真改编和审定,使本套教材既保持了学术上的完整性,又贴近中国实际;既方便教师教学,又方便学生理解和掌握。
- ●突出管理类专业教材的实用性。本套教材既强调学术的基础性,又兼顾应用的广泛性;既侧重让学生掌握基本的理论知识、专业术语和专业表达方式,又考虑到教材和管理实践的紧密结合,有助于学生形成专业的思维能力,培养实际

的管理技能。

- ●体系经过精心组织。本套教材在体系架构上充分考虑到当前我国在本科教育阶段推广双语教学的进度安排,首先针对那些课程内容国际化程度较高的学科进行双语教材开发,在其专业模块内精心选择各专业教材。这种安排既有利于我国教师摸索双语教学的经验,使得双语教学贴近现实教学的需要;也有利于我们收集关于双语教学教材的建议,更好地推出后续的双语教材及教辅材料。
- 篇幅合理,价格相对较低。为适应国内双语教学内容和课时上的实际需要,本套教材进行了一定的删减和改编,使总体篇幅更为合理;而采取低定价,则充分考虑到了学生实际的购买能力,从而使本套教材得以真正走近广大读者。
- 提供强大的教学支持。依托国际大出版公司的力量,本套教材为教师提供了配套的教辅材料,如教师手册、PowerPoint 讲义、试题库等,并配有内容极为丰富的网络资源,从而使教学更为便利。

本套教材是在双语教学教材出版方面的一种尝试。我们在选书、改编及出版的过程中得到了国内许多高校的专家、教师的支持和指导,在此深表谢意。同时,为使我们后续推出的教材更适于教学,我们也真诚地期待广大读者提出宝贵的意见和建议。需要说明的是,尽管我们在改编的过程中已加以注意,但由于各教材的作者所处的政治、经济和文化背景不同,书中内容仍可能有不妥之处,望读者在阅读时注意比较和甄别。

**徐二明** 中国人民大学商学院

## 改编者的话

本书是威廉·博伊斯 (William Boyes) 教授编写的一部管理经济学经典著作。 威廉·博伊斯教授是美国亚利桑那州立大学经济学教授,他撰写了多部在市场上 广受欢迎的教材。其中影响最大的就是现在大家看到的这本《管理经济学》。

撰写管理经济学教材的作者总会碰到以下两个难点。首先,在面向知识背景不同的读者的情况下,如何深入浅出地解释清楚复杂的经济学理论和逻辑;其次,管理经济学的理论性太强,往往使读者难以在管理实践中加以应用。

现在面世的这本《管理经济学》就很好地解决了这些问题。大家打开目录就 会发现,这本书具有明显区别于一般管理经济学教材的特点。首先,一般的管理 经济学教材往往将教材写成微观经济学的翻版教材,辅以大量的数学推导。相比 较而言,本书则适用于各个层次的读者,对于经济学的介绍也着重于经济学的思 维方式,将数学公式作为辅助理解的工具,而更多涉及了如何应用管理经济学原 理的内容。许多教材认为,管理经济学是一门基础的学科,因此更重要的是理论 的说明。但是实际上,任何高深的理论都可以深入浅出地进行表述。一本好的管 理经济学教材应该使人们认识到,现有的一些热点的话题在经济学里已经有相应 的表述,经济学确实可以起到举一反三的作用。这样,大家才会喜欢学习经济 学,喜欢运用经济学的相关知识思考问题。其次,一般的管理经济学教材的结构 是先介绍需求和供给,然后引入生产理论和成本函数,并在介绍企业内部之前先 介绍需求理论。但这种做法有些本末倒置,过分强调了在微观经济学的数学推导 中提到的"在一定限制条件下得到最优解"这个问题,将思维完全转化为寻找最 优解的数学问题,企业被视为一个黑箱,将资源投入企业后,问题就变为如何获 得最大的产出。至于企业内部到底如何运行并不是一般的管理经济学教材关注的 重点。而本书中,作者首先介绍企业的产、企业组织、架构、人力资源政策,以 及企业内部运行机制,然后再介绍生产和成本理论,引导读者形成对经济学思维 方式的认识和理解。最后,本书体现了作者将与企业运营相关的经济学知识融会 贯通的能力,作者将经济学的知识应用到战略、环境分析等各项内容,加深了读 者将知识联系实际的能力。

为了加深大家对于原版教材的理解,中国人民大学出版社在出版中文翻译版的同时推出了英文改编版。使用英文原版教材不仅可使学生直接学习原著的思想精髓,还可以学习专业词汇,提高外语水平。为了使得读者在阅读的时候能够把注意力集中于经济学对企业运营最有启示的领域,避免与其他课程教材在知识点上产生重复,我们删除了与财务管理和国际金融领域有一定重合性的第17,19,20章。这样整章删减的好处是既避免了与其他课程的冲突,又保持了著作的完整

性。对这几章内容有兴趣的读者可以阅读本书的中文翻译版。

改编图书看似容易,实则不然。因为稍有不慎,就会破坏原著的整体逻辑。 笔者虽然做出了最大的努力,但客观上仍然难以避免出现纰漏,有不妥之处欢迎 读者批评指正。

李自杰

## Preface\*

It is quite amazing to look around the world today and see the huge differences in wealth from one nation to another. A person in Malawi may have less than \$1 a day to live on, while the average person in the United States has more than \$40,000 per year. In 1800 it would be hard to know whether you were living in Latin America, North America, or Europe; standards of living were not very different. By 1900, a differential between wealthy and poor nations was being created. Today the differences are huge. According to the United Nations' Food and Agriculture Organization, there are over 800 million people in the world who don't get enough to eat. Thirty percent of children in Malawi are malnourished, and more than two of every ten will die before their fifth birthday. Why have some countries become so wealthy while others remain mired in poverty? Although development economists have studied this issue since prior to Adam Smith's *The Wealth of Nations* in 1776, the answer is relatively simple. It is economic freedom and private property. How does this apply to firms? There is a direct analogy between this answer and the answer to the question of which firms are successful and which fail? And there are direct implications for firm policy and strategy.

What I try to do in this text is to rely on the similarities between the development of economies and the emergence of firms, on the similarities between the factors that are necessary for a system of markets to develop and the internal workings of the firm, and on the analogy between the success and failure of nation-states and the success and failure of firms. In so many economics texts, particularly managerial texts, the emphasis is on optimization with constraints, solving for some algebraic formula or some optimal solution. But, this emphasis brings up the age old problem of getting lost in the trees without seeing the forest. Without understanding where firms come from, what their role is and what drives success or failure, the optimization problems provide few insights. In this text I provide an intuitive tour of managerial economics. I minimize use of graphs and math and rely instead on the verbal tradition. It is my belief that if you can understand and explain how business problems develop, what the problems are, and how they can be resolved, you can be a successful manager. You need not solve an algebraic problem.

Until the 1960s, economists looked at the firm as a black box into which went inputs and out of which came the output. What went on inside the firm was not a subject of interest. Since the 1970s, in particular, the black box has been broken into. The structure of a firm, its organization or architecture, its culture, its compensation structure and personnel policies are now subjects of interest to economists. The roles of the entrepreneur, the manager, the owners, and employees are being examined. The typical structure of a managerial economics text is to introduce demand and supply, derive production and cost functions and discuss demand prior to looking at any issues internal to the firm. I think this is backward, putting the emphasis, as I say, on optimization under constraints rather than understanding and intuition. In this text the emergence of firms, their organization, structure, personnel policies, and internal workings are considered even before the production and costs typically covered in the first part of a managerial course, especially when the firm is treated as a "black box."

In addition to considering the firm as a black box, economists have generally ignored the role of the entrepreneur. The economy is usually viewed as being in equilibrium or as

<sup>\*</sup>为使读者了解原书概貌,前言未做删改。——改编者注

changing from one equilibrium to another while the firm is typically seen as arriving at an equilibrium position defined by the market structure in which the firm operates. There is, therefore, no explicit role for innovation and recognition of profit opportunities, in other words, no role for the entrepreneur. Only those economists referred to as Austrian economists (because their initial founders came from Austria) have explicitly provided a role for entrepreneurs, but until very recently their focus has been on the macro economy, not the individual firm. The Austrians looked upon the economy as always being in motion and the entrepreneur's role as both driving innovation and equilibrating markets via competition. The entrepreneur plays an important role in the economy in innovating, creating new firms, discovering profitable opportunities even if those opportunities consist of getting the government to transfer resources from others to the entrepreneur. So, in this text, the entrepreneur is discussed and the role of the entrepreneur examined.

#### Tour of the Text

Chapter 1 is an introduction, indicating what will be and won't be done in the remainder of the text. The idea of "how to think like an economist", opportunity costs and scarcity, tradeoffs and thinking at the margin are discussed. In Chapter 2 the power of markets, the market process, efficiency, competition and barriers to entry are discussed. In Chapter 3 the material of Chapter 2 is carried over and market issues such as market failures are examined. The role of government in the economy is discussed as is the structure and organization of government. Then in Chapters 4 and 5, the knowledge from Chapters 2 and 3 are applied to the firm. Why firms emerge and their structure and organization are examined. In Chapter 6 the examination of market failures and government's role in the economy is applied to structures and activities inside the firm.

Chapters 7-10 are devoted to strategy. Chapter 7 is devoted to how the firm behaves when other firms do not react to whatever the first firm does? In Chapter 8 the firm's behavior is examined when its rivals do react to what it does. Chapter 9 discusses strategy with respect to the government. Chapter 10 is devoted to the entrepreneur.

In Chapter 11 the question "what should the firm do" is discussed. Should the firm maximize profit, maximize stockholder return, ensure a safe environment for customers and employees, contribute to charitable organizations or all of the above?

Chapters 12–14 contain the standard cost, demand, and profit material presented in most managerial texts.

Chapter 16 is devoted to what has become known as "the knowledge" economy. Do firms act differently when they are high-tech or do employees act differently when their productivity is based primarily on what is in their minds? Is everything now different? The answer is generally no and the explanation is presented in the Chapter.

Chapter 17 contains information about the cost of capital and the corporate form. The use of the cost of capital in allocating resources internally is discussed. In Chapter 18, this is extended to the idea of using markets as decision tools for internal allocation. Chapter 19 is focused on measuring economic profit. How accountants measure profit and how this measure is not particularly useful is discussed. Then the accounting definition is adjusted so that the measure of profit is of use in determining resource flows.

In Chapter 20 the firm is discussed in the setting of a national economy and in a global economy. The following questions are discussed. What do cycles in business activity mean for firms? What causes fluctuations in business activity? What policies does the government use to attempt to control business cycles and are these successful? What do exchange rate changes mean for a firm? Can a firm be affected by currency changes in another country?

In Chapter 21, some commonly assumed topics in strategy and business are discussed. For instance the idea that a firm has to grow to be successful is examined. Also, topics such as diversification, repressed technologies, and leadership are discussed.

In Chapter 22 several interesting cases are presented. These cases are written along the lines of the opening chapter cases.

## **Pedagogical Features**

The opening case in each chapter presents an issue that is answered in the chapter. At the end of the chapter, a discussion of the case is presented. Each chapter contains summaries and exercises as well as key terms, margin notes, and business insight vignettes.

### Ancillary Package

- Instructor's Manual guides instructors through every chapter with a Chapter Summary, Teaching Objectives, and Important Terms. For classroom help, Topics and Teaching Suggestions and Answers are offered.
- Test Bank, available in ExamView and Word formats, allows instructors to generate and edit tests easily. For ease of use, answers, level of difficulty, and topic section appear with each individual question.
- PowerPoint Slides contain key lecture points and exhibits from the text. Instructors can use these PPT slides as is, or they can edit, delete, and add them to suit specific class needs.
- Student CourseMate provides an extended learning environment for students where materials are carefully developed to complement and supplement each chapter. Students will find numerous opportunities to test their mastery of chapter content—including electronic flashcards, key term crossword puzzles, videos, practice quizzes, and Internet Exercises that are linked to the text. To access additional course materials, including CourseMate, please visit www.cengagebrain.com. At the CengageBrain.com home page, search for the ISBN of your title.

### Acknowledgements

I want to thank my colleagues and others who have read the manuscript, offered suggestions and criticisms, and provided ideas, especially William S. Mounts of Mercer University, Jonathon Eyer, and Alexia Shonteff of Arizona State University.

I would also like to thank the following reviewers who provided valuable comments at various stages:

Ryan Amacher, University of Texas, Arlington
Anthony Paul Andrews, Governors State University
Javed Ashraf, University of St. Thomas Hamid Bastin, Shippensburg University Michael Becraft, Austin Peay State University
Barry Blecherman, New York University-Polytechnic
Robert F. Brooker, Gannon University

Paul Burgess, Arizona State University

Jeffrey Cohen, University of Hartford

Damian S. Damianov, University of Texas - Pan American
Berna Demiralp-Foreman, Old
Dominion University
David Eaton, Murray State University
Harold W. Elder, University of
Alabama
Kenneth C. Fah, Ohio Dominican
University
Brendan P. Finucane, Shippensburg
University
Yoshi Fukasawa, Midwestern State

University

Mark Funk, University of Arkansas at Little Rock

Satyajit Ghosh, University of Scranton Animesh Ghoshal, DePaul University Stephan F. Gohmann, University of Louisville

William A. Hamlen, Jr., SUNY Buffalo Richard Hawkins, University of West Florida

John Hayfron, Western Washington University

Stella Hofrenning, Augsburg College Tim James, Arizona State University Jonatan Jelen, The City College of New York

Raja Kali, University of Arkansas Raja Kali, University of Arkansas David Kalist, Shippensburg University Robert Knox, Arizona State University James Leady, University of Notre Dame Daniel Lee, Shippensburg University David Lehr, Longwood University David Levy, University of Baltimore Carl B. Linvill, University of Arkansas Vince Marra, University of Delaware Martin Milkman, Murray State University

Martin Milkman, Murray State University

Kathryn Nantz, Fairfield University Andrew Narwold, University of San Diego

Michael Nieswiadomy, University of North Texas

Nitin Paranjpe, Oakland University Abdul Qayum, Portland State University

Ken Slaysman, York College of Pennsylvania

Gary L. Stone, Winthrop University Elizabeth J. Wark, Worcester State College

## 简明目录

前言	İ
第1篇 介绍和基础	
第 1 章 经济学与管理	2
第2章 市场力量与国家财富	20
第3章 自发秩序、市场和市场失灵	
第2篇 寻求竞争优势	
第4章 自发秩序与企业	58
第5章 公司组织结构	74
第6章 市场失灵和公司的内部激励问题	90
第3篇 保持竞争优势	
第7章 当其他公司不作回应 10	06
第8章 当其他公司做出反应 12	28
第9章 企业家与市场过程	48
第 10 章 与政府有关的战略 16	62
第 11 章 企业该如何做?	82
第 4 篇 解决问题的分析工具	
第 12 章 需求和收益管理 20	00
第 13 章 成本 27	14
第5篇 组织外的视角	
第 14 章 利润最大化机制 23	
第 15 章 定价	50
第6篇 综合思考	
第 16 章 知识经济	70
第 17 章 内部市场 2	
第 18 章 战略传说 2	
第 19 章 案例	16
术语表 3.	32

## **Contents**

1 1
PART I Introduction and Foundation
CHAPTER 1 Economics and Management
CASE: Hans Brinker or the Silver Skates 2
What Makes a Firm Successful? 3
The Role of Economics 7
Our Study of Managerial Economics: How Do We Proceed? 11
CASE REVIEW: Hans Brinker or the Silver Skates 15
Summary 16 • Key Terms 16 • Exercises 17 • Chapter Notes 17
CHAPTER 2 The Power of Markets and the Wealth of Nations
Why Are Some Countries Rich and Others Dirt Poor? 21
Efficiency 28
CASE REVIEW: Land Titling in Argentina 34
Summary 34 • Key Terms 35 • Exercises 35 • Chapter Notes 36
CHAPTER 3  Spontaneous Order, Markets, and Market Failure
The Prime Directive: Look to the Market 39
Governance and Government Failure 46
CASE REVIEW: Wal-Mart's German Failure 52
Summary 52 • Key Terms 53 • Exercises 53 • Chapter Notes 55
PART II Seeking Competitive Advantage
CHAPTER 4 Spontaneous Order and the Firm
The Analogy between Markets and Firms 69

CASE REVIEW: Governance 70
Summary 71 • Key Terms 71 • Exercises 71 • Chapter Notes 72
CHAPTER 5
Organization of the Firm
CASE: Intelligence Failure 74
Organizing for Performance 75
Summing Up 84
CASE REVIEW: Intelligence Failure 85
Summary 85 • Key Terms 86 • Exercises 86 • Chapter Notes 88
Summary 65 V Rey Terms 66 V Exercises 66 V Chapter Hotes 66
CHAPTER 6
Market Failures and Incentive Issues Inside the Firm
CASE: Retention 90
Market Failures Inside the Firm 91
Compensation Arrangements 96
CASE REVIEW: Retention 101
Summary 101 • Key Terms 102 • Exercises 102 • Chapter Notes 104
PART III Sustaining Competitive Advantage
0 1
CHAPTER 7
CHAPTER 7 When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond
When Other Firms Don't Respond 106  CASE: Wal-Mart Predatory Pricing Case 106  Choices 107  Restricting Entry 117  Summing Up 122  CASE REVIEW: Wal-Mart Predatory Pricing Case 122  Summary 123 • Key Terms 124 • Exercises 124 • Chapter Notes 125  CHAPTER 8  When Other Firms React 128
When Other Firms Don't Respond

CHAPTER 9
The Entrepreneur and the Market Process
CASE: Entrepreneurs and Economic Freedom 148
Markets 149
The Search for Profit 152
The Manager Compared to the Entrepreneur 156
CASE REVIEW: Entrepreneurs and Economic Freedom 158
Summary 159 • Key Terms 159 • Exercises 159 • Chapter Notes 160
CHAPTER 10
Strategies with Respect to Government
CASE: Rent Seeking 162
Government Intervention in Business 163
International Regulation 170
Economic Regulation 172
Social Regulation 175
CASE REVIEW: Rent Seeking 178
Summary 179 • Key Terms 179 • Exercises 179 • Chapter Notes 180
CHAPTER 11
What Should the Firm Do?
CASE: Corporate Social Responsibility 182
Stakeholders and Shareholders 183
Maximizing the Power of the Firm 183
Competition and Price 186
CASE REVIEW: Corporate Social Responsibility 194
Summary 194 • Key Terms 195 • Exercises 195 • Chapter Notes 196
Smilling 151 - Key 10 me 150 - Emerence 150 - Gimple Notee 150
PART IV Analytic Problem-Solving Tools
TAIT IV Amarytic Froblem Solving 10015
CHARTER 42
CHAPTER 12  Demand and Personus Management
Demand and Revenue Management
Price, Sales, and Consumer Choice 201
CASE REVIEW: Knowing the Customer 210
Summary 210 • Key Terms 211 • Exercises 211 • Chapter Notes 212
CHAPTER 13
Costs
CASE: The Problem with Size 214
Output and Productivity 215
The Planning Horizon: The Long Run 221
CASE REVIEW: The Problem with Size 227
Summany 227 - Van Tarrie 228 - Examples 228 - Charter Mates 220

PART V Looking Outside the Firm
CHAPTER 14 The Mechanics of Profit Maximization
CASE: Analytics 232
Golden Rule of Profit Maximization 233
The Simple Mathematics of Profit Maximization 236
Oligopoly 242
CASE REVIEW: Analytics 245
Summary 246 • Key Terms 246 • Exercises 246 • Chapter Notes 248
CHAPTER 15
Pricing
CASE: Pricing Chips 250
What Price? 251
More Complexities 257
Interdependencies among Firms 261
CASE REVIEW: Pricing Chips 263
Summary 264 • Key Terms 265 • Exercises 265 • Chapter Notes 266
PART VI Putting It All Together
CHAPTER 16
The Knowledge Economy
CASE: Industrial or Innovation Policy 270
Everything Has Changed 271
Increasing Returns and Networks 274
Internal Organization and Knowledge 276
CASE REVIEW: Industrial or Innovation Policy? 279
Summary 280 • Key Terms 280 • Exercises 281 • Chapter Notes 282
CHAPTER 17
Internal Markets
CASE: Terrorist Markets 284
The Market as a Collector of Information 285
Using Markets to Collect Dispersed Information 289
Summing Up 294
CASE REVIEW: Terrorist Markets 294
Summary 295 • Key Terms 296 • Exercises 296 • Chapter Notes 297
CHAPTER 18
Strategy Myths
CASE: Conspiracy 298

A Firm Has to Grow to Be Successful 299
A Firm Must Be Diversified to Minimize Risk 304
Leadership and CEO Compensation 305
Suppressed Technologies 308
Globalization: Harms Developing Nations, Homogenizes Cultures, and Ensures Business Practices Are the Same 309
CASE REVIEW: Conspiracy 312
Summary 312 • Key Terms 313 • Exercises 313 • Chapter Notes 314
CHAPTER 19
Cases
Is Management Necessary? 316
Passing along Costs 317
Competition in the Information Economy 317
The Yen and the Dollar 318
New Retail Strategy 319
The Black Swan 320
Privatizing Public Activities 321
Job Sharing 322
How to Nurture the Entrepreneur 323
Private Equity Firms 324
Corporate Governance 324
The Regulatory Origins of the Flash Crash 325
DeadHeads 326
The Coffin Cartel 327
Business Myths 327
Creative Destruction 328
Does Management Theory Offer Anything New? 329
Chapter Notes 329
Classary