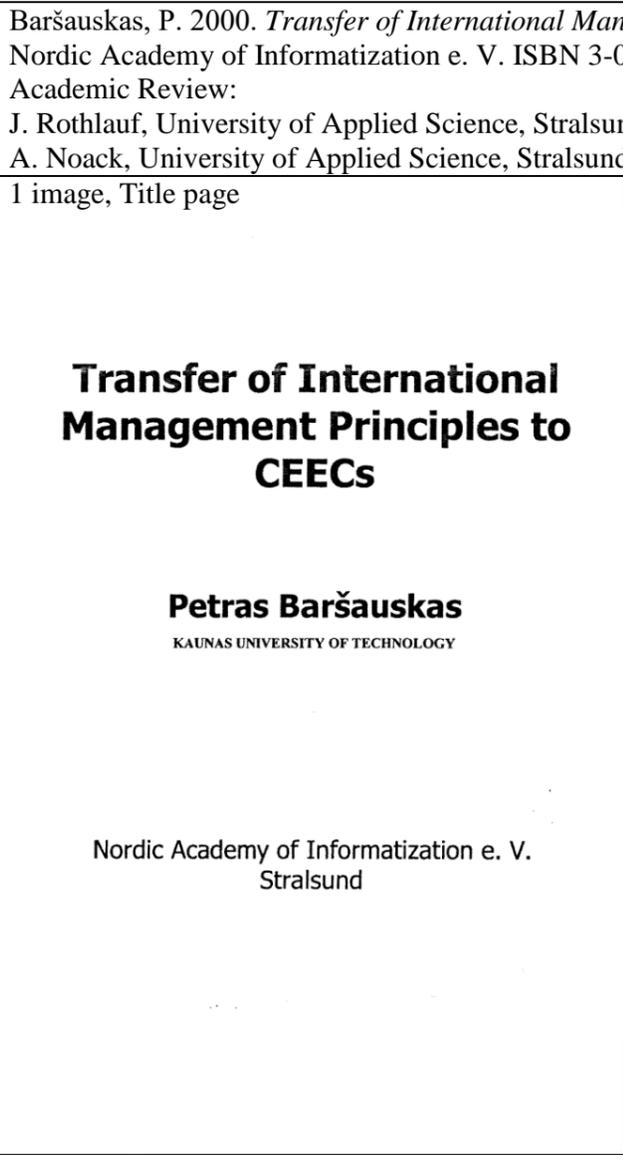
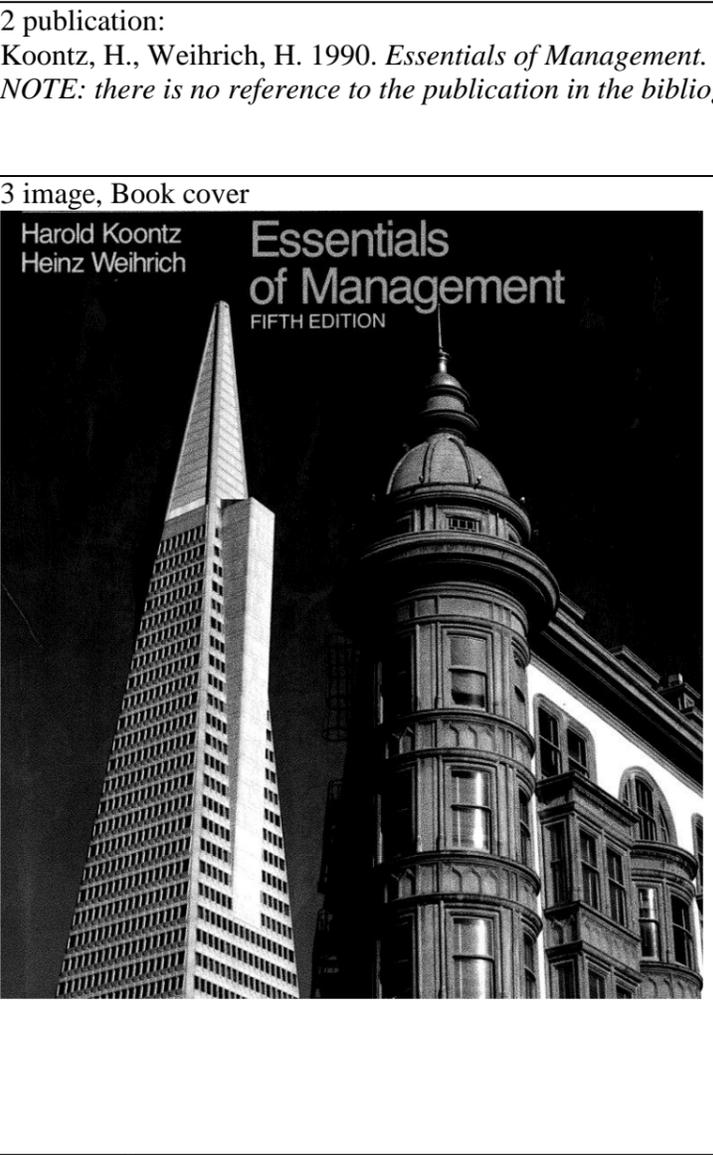
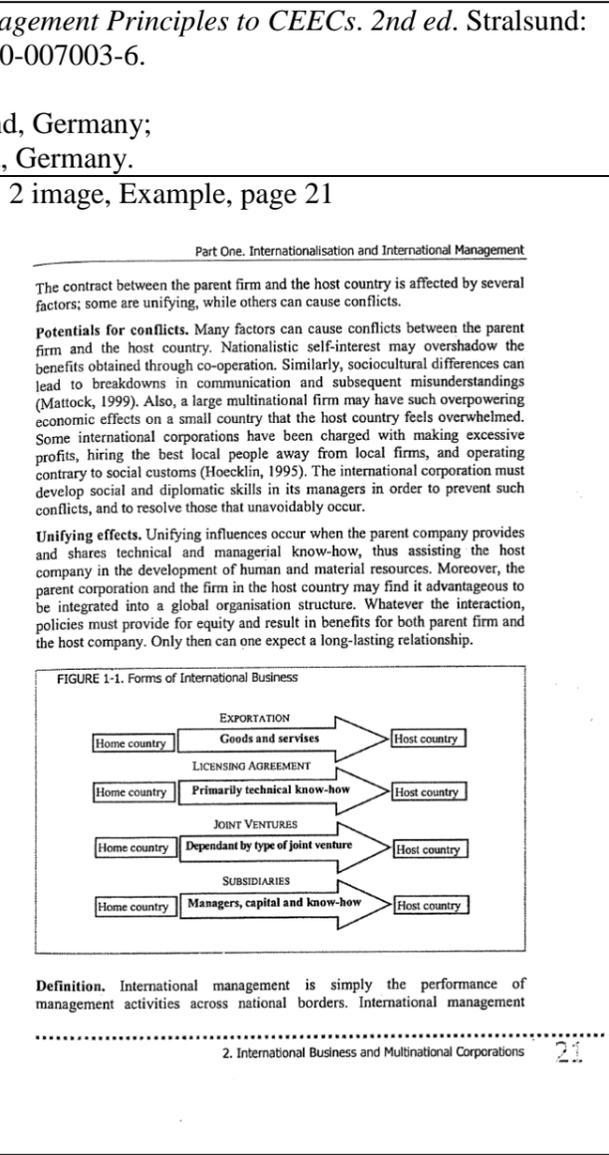
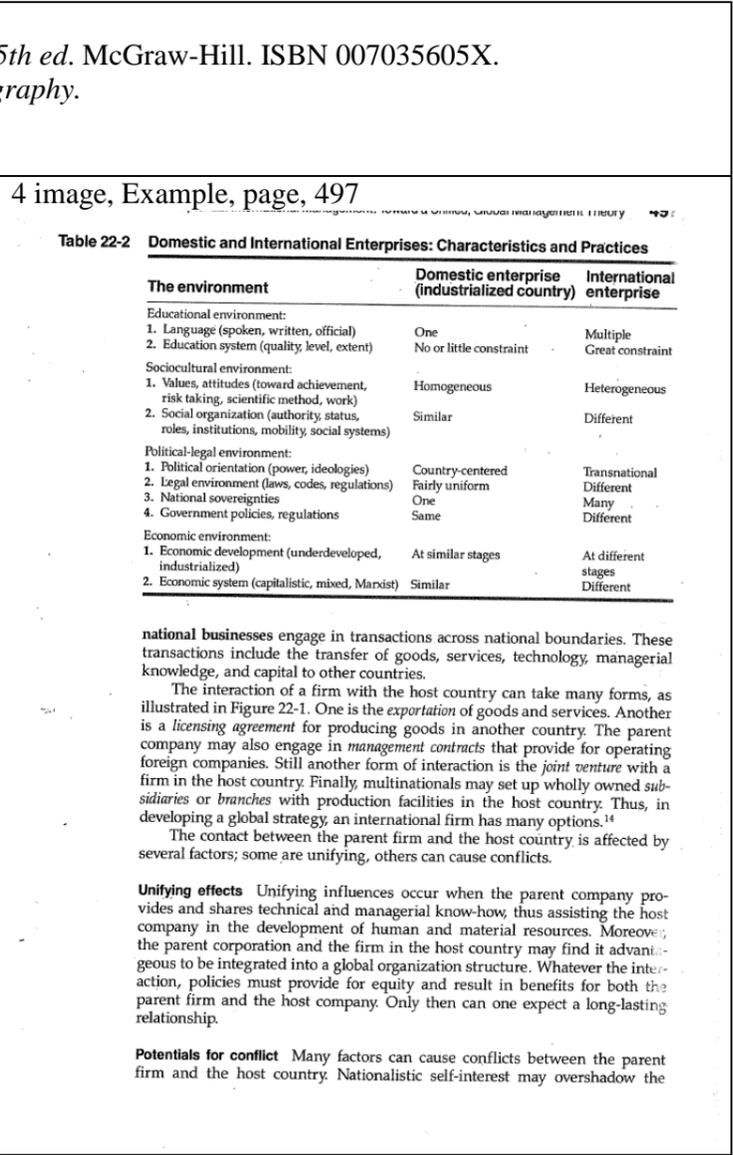


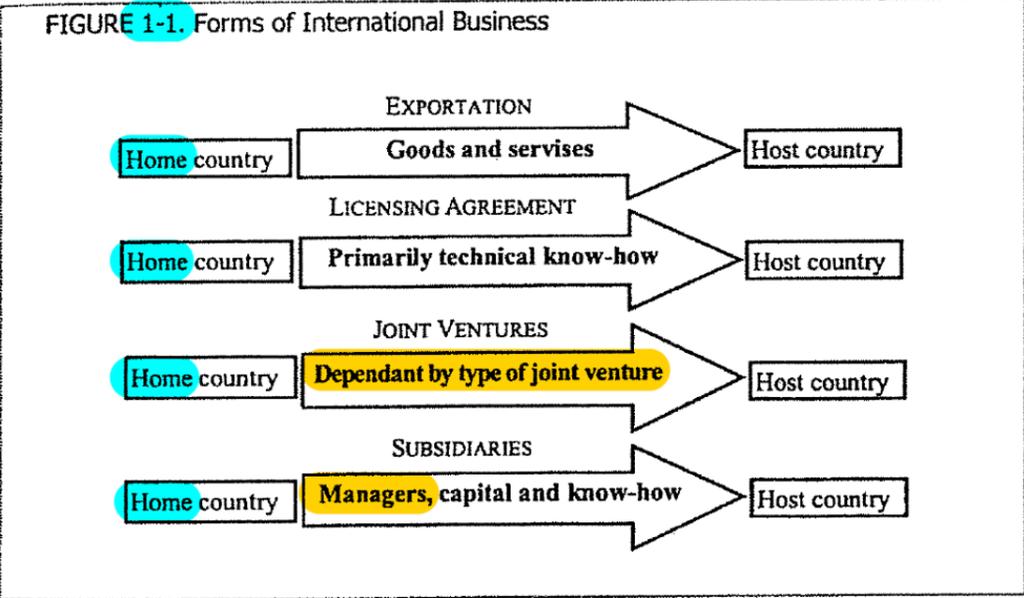
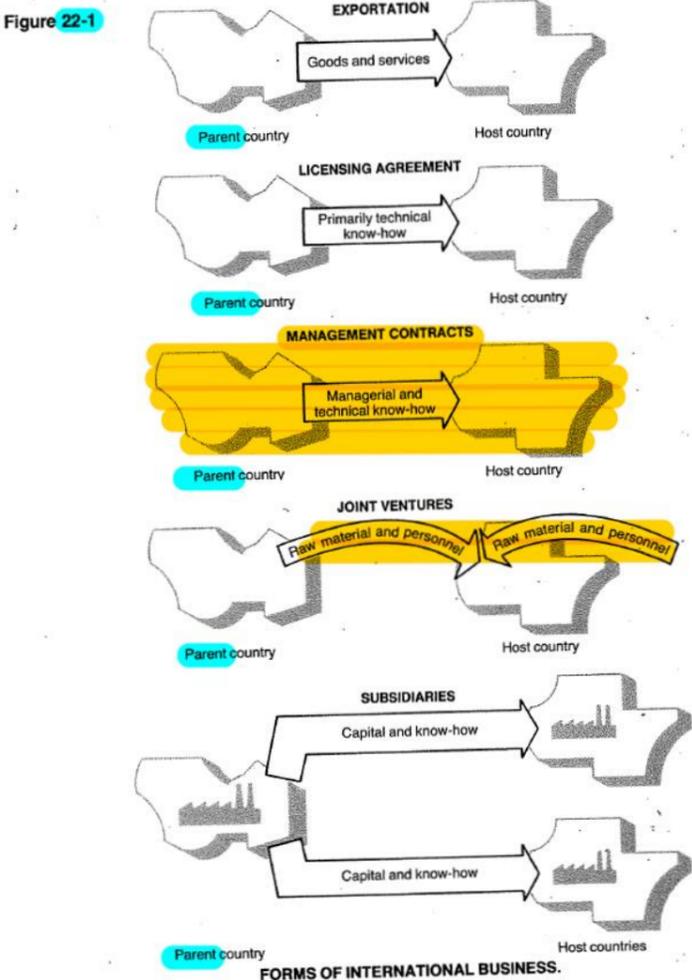
TABLE OF COMPARISON OF PETRAS BARŠAUSKAS’ BOOK “TRANSFER OF INTERNATIONAL MANAGEMENT PRINCIPLES TO CEECS” AND HAROLD KOONTZ’S, HEINZ WEHRICH’S BOOK “ESSENTIALS OF MANAGEMENT”¹

<p>Baršauskas, P. 2000. <i>Transfer of International Management Principles to CEECs</i>. 2nd ed. Stralsund: Nordic Academy of Informatization e. V. ISBN 3-00-007003-6. Academic Review: J. Rothlauf, University of Applied Science, Stralsund, Germany; A. Noack, University of Applied Science, Stralsund, Germany.</p>		<p>2 publication: Koontz, H., Wehrich, H. 1990. <i>Essentials of Management</i>. 5th ed. McGraw-Hill. ISBN 007035605X. <i>NOTE: there is no reference to the publication in the bibliography.</i></p>	
1 image, Title page	2 image, Example, page 21	3 image, Book cover	4 image, Example, page, 497
			
			
Page No	Content	Page No	Content
16	In Theory Z, selected Japanese managerial practices are adapted to the environment of the United States. One of the characteristics of Type Z organisation, as suggested by Professor William Ouchi, is an emphasis on group decision making, responsibility remains with the individual (which is quite different from the Japanese practice, which emphasises collective responsibility). There is also an emphasis on informal and democratic relationships based on trust.	494	In Theory Z , selected Japanese managerial practices are adapted to the environment of the United States. It is practiced by companies such as IBM, Hewlett Packard, and the diversified retail company Dayton-Hudson. One of the characteristics of Type Z organization is an emphasis on the interpersonal skills that are needed for group interaction. Yet, despite the emphasis on group decision making, responsibility remains with the individual (which is quite different from the Japanese practice, which emphasizes collective responsibility). There is also an emphasis on informal and democratic relationships based on trust. Yet the hierarchical structure still remains intact, as illustrated by IBM, in which not only goals but also authority, rules, and discipline guide corporate behavior.
18	2. International Business and Multinational Corporations	496	International Management and Multinational Corporations

¹ Marking and other notes:

- 1) the table contains the parts of the Monograph of P. Baršauskas (on the left) and the corresponding publication (on the right) in which the coincidences were found. Parts of publications are presented in accordance with the content of the monograph;
- 2) the literal coincidences are unmarked, not highlighted by colours, special font or other means;
- 3) the differences between individual characters, punctuation marks are not indicated;
- 4) the differences that are related to the numbering and the order of the parts of the text, individual and similar words or their combinations are marked in blue;
- 5) parts of texts found only in one of the publications are marked in yellow;
- 6) the references to the texts of other authors in the monograph of P. Baršauskas are marked in red.

	<p>The study of international management focuses on its operations of international firms in host countries. It is concerned with managerial issues, related to the flow of people, information, goods, technology, know-how, and money with the ultimate aim being to manage better in situations that involve crossing national boundaries.</p> <p>The environmental factors that affect domestic firms usually are most critical for international corporations operating in foreign countries (International Management 1996). As illustrated in Table 1-1, managers involved in international business are faced with many factors that are different from those that impact their domestically oriented firms. Managers have to interact with employees, who have different educational and cultural backgrounds, and value systems; they also must cope with different legal, political, and economic factors. Thus, these environments understandably influence the way managerial and enterprise functions are carried out (Daniels, 1991).</p>		<p>The study of international management focuses on the operation of international firms in host countries. It is concerned with managerial issues related to the flow of people, goods, and money, with the ultimate aim being to manage better in situations that involve crossing national boundaries.</p> <p>The environmental factors that affect domestic firms usually are more critical for international corporations operating in foreign countries. As illustrated in Table 22-2, managers involved in international business are faced with many factors that are different from those of the domestically oriented firm. Managers have to interact with employees who have different educational and cultural backgrounds and value systems; they also must cope with different legal, political, and economic factors. Thus, these environments understandably influence the way managerial and enterprise functions are carried out.</p>																																																																																										
19	<p>TABLE 1-1. Domestic and International Enterprises: Characteristics and Practices</p> <table border="1" data-bbox="278 554 1397 1556"> <thead> <tr> <th>Environment</th> <th>Domestic enterprise (industrialised country)</th> <th>International enterprise</th> </tr> </thead> <tbody> <tr> <td colspan="3">Political-legal environment:</td> </tr> <tr> <td>1. National sovereignties</td> <td>One</td> <td>Many</td> </tr> <tr> <td>2. Political orientation (power, ideologies)</td> <td>Country-centred</td> <td>Transnational</td> </tr> <tr> <td>3. Government policies, regulations</td> <td>Same</td> <td>Different</td> </tr> <tr> <td>4. Legal environment (laws, codes, regulations)</td> <td>Fairly uniform</td> <td>Different</td> </tr> <tr> <td colspan="3">Educational environment</td> </tr> <tr> <td>1. Education system (quality, level, extent)</td> <td>No or little constraint</td> <td>Great constraint</td> </tr> <tr> <td>2. 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20	<p>Nature and Designation of International Business</p> <p>Although business has been conducted on an international scale for many years, international business has gained greater visibility and importance in recent years, because of the growth of large multinational corporations. International business engages in transactions across national boundaries. These transactions include the transfer of goods, services, technology, managerial knowledge, and capital to other countries (Coller, Marginson, 1998).</p> <p>The interaction of a firm with the host country can take many forms, as illustrated in Figure 1-1. One is the exportation of goods and services. Another is a licensing agreement for producing goods in another country. The parent company may also engage in management contracts that provide for the operating of foreign companies. Still another form of interaction is the joint venture with a firm in the host country. Finally, multinationals</p>	496-497	<p>The Nature and Purpose of International Business</p> <p>Although business has been conducted on an international scale for many years, international business has gained greater visibility and importance in recent years because of the growth of large multinational corporations. Inter-national businesses engage in transactions across national boundaries. These transactions include the transfer of goods, services, technology, managerial knowledge, and capital to other countries.</p> <p>The interaction of a firm with the host country can take many forms, as illustrated in Figure 22-1. One is the exportation of goods and services. Another is a licensing agreement for producing goods in another country. The parent company may also engage in management contracts that provide for operating foreign companies. Still another form of interaction is the joint venture with a firm in the host country. Finally, multinationals may set up wholly owned subsidiaries or branches with production facilities in the host country. Thus, in developing a global strategy, an international firm has many options.</p>																																																																																										

	<p>may set up wholly owned subsidiaries or branches with production facilities in the host country. Thus, in developing a global strategy, an international firm has many options (Barham, 1992).</p>		
<p>21</p>	<p>The contract between the parent firm and the host country is affected by several factors; some are unifying, while others can cause conflicts.</p>	<p>497</p>	<p>The contact between the parent firm and the host country is affected by several factors; some are unifying, others can cause conflicts.</p>
<p>21</p>	<p>Potentials for conflicts. Many factors can cause conflicts between the parent firm and the host country. Nationalistic self-interest may overshadow the benefits obtained through co-operation. Similarly, sociocultural differences can lead to breakdowns in communication and subsequent misunderstandings (Mattock, 1999). Also, a large multinational firm may have such overpowering economic effects on a small country that the host country feels overwhelmed. Some international corporations have been charged with making excessive profits, hiring the best local people away from local firms, and operating contrary to social customs (Hoecklin, 1995). The international corporation must develop social and diplomatic skills in its managers in order to prevent such conflicts, and to resolve those that unavoidably occur.</p>	<p>497, 499</p>	<p>Potentials for conflict Many factors can cause conflicts between the parent firm and the host country. Nationalistic self-interest may overshadow the benefits obtained through cooperation. Similarly, sociocultural differences can lead to breakdowns in communication and subsequent misunderstandings. Also, a large multinational firm may have such overpowering economic effects on a small country that the host country feels overwhelmed. Some international corporations have been charged with making excessive profits, hiring the best local people away from local firms, and operating contrary to social customs. The international corporation must develop social and diplomatic skills in its managers in order to prevent such conflicts and to resolve those that unavoidably occur.</p>
<p>21</p>	<p>Unifying effects. Unifying influences occur when the parent company provides and shares technical and managerial know-how, thus assisting the host company in the development of human and material resources. Moreover, the parent corporation and the firm in the host country may find it advantageous to be integrated into a global organisation structure. Whatever the interaction, policies must provide for equity and result in benefits for both parent firm and the host company. Only then can one expect a long-lasting relationship.</p>	<p>497</p>	<p>Unifying effects Unifying influences occur when the parent company provides and shares technical and managerial know-how, thus assisting the host company in the development of human and material resources. Moreover r, the parent corporation and the firm in the host country may find it advantageous to be integrated into a global organization structure. Whatever the interaction, policies must provide for equity and result in benefits for both the parent firm and the host company. Only then can one expect a long-lasting relationship.</p>
<p>21</p>	<p>FIGURE 1-1. Forms of International Business</p> 	<p>498</p>	<p>Figure 22-1</p>  <p>FORMS OF INTERNATIONAL BUSINESS.</p>
<p>81</p>	<p>5. Analysis of International Business Management Principles in Selected Countries It is interesting to know some of the differences in managerial practices in selected countries. This discussion, however, is illustrative rather than comprehensive, and it is based</p>	<p>490</p>	<p>INTERNATIONAL MANAGEMENT IN SELECTED COUNTRIES It is interesting to know some of the differences in managerial practices in selected countries. This discussion, however, is illustrative rather than comprehensive, and it is based on generalizations. There are,</p>

	on generalisations. There are, for example, great differences among U.S. managers; the same holds true for managers in other countries. Furthermore, a society is not static, and changes do occur over time. For instance, the traditional authoritarian style of German managers is slowly giving way to a more participative approach (Hayes, Allinson, 1994).		for example, great differences among U.S. managers; the same holds true for managers in other countries. Furthermore, a society is not static, and changes do occur over time. For instance, the traditional authoritarian style of German managers is slowly giving way to a more participative approach.
81	Selected factors influencing management. For example, managing in Australia is influenced by that country's moralistic stance and its emphasis on political and social values, achievement, and risk taking. While Italian managers operate in an environment of low tolerance for risk. Italians are very competitive, but at the same time, they like group decision making. Management in Austria (and Germany) is characterized by self-realisation and leadership. Independence and competitiveness are valued. The tolerance for risk taking is rather low. In Britain, security is important, and so are resourcefulness, adaptability, and logic. Similarly, individualism is also highly valued.	491-492	Managing in <i>Australia</i> is influenced by that country's moralistic stance and its emphasis on political and social value, achievement, and risk taking. <i>Italian</i> managers are operating in an environment of low tolerance for risks. Italians are very competitive, but at the same time they like group decision making. Management in <i>Austria</i> (and <i>Germany</i>) is characterized by self-realization and leadership. Independence and competitiveness are valued. The tolerance for risk taking is rather low. In <i>Britain</i> , security is important and so are resourcefulness, adaptability, and logic. Similarly, individualism is also highly valued.
82	Autocracy in Germany In the past, and to a lesser extent today, the German cultural environment favoured reliance on authority in directing the work force, although it was often benevolent authoritarianism (a managerial function of leading). Even today, while managers may show concern for subordinates, they also expect obedience. It is almost a paradox that, on the one hand, the managerial style is characterised by considerable use of authority, while, on the other hand, labour, by law, is represented by and actively involved in managing large corporations. In 1951, a law was passed that provided for co-determination, which requires labour membership on the supervisory board and executive committee of certain large corporations. Furthermore, a labour director is elected as a member of the executive committee. This position is a difficult one. Labour directors supposedly must represent the interests of the employees and, at the same time, must make managerial decisions that are in the best interest of the enterprise.	491	Germany: Authority and Codetermination In the past, and to a lesser extent today, the German cultural environment favored reliance on authority in directing the work force, although it was often benevolent authoritarianism (managerial function of leading). Even today, while managers may show concern for subordinates, they also expect obedience. It is almost a paradox that, on the one hand, the managerial style is characterized by considerable use of authority, while, on the other hand, labour, by law, is represented by and actively involved in managing large corporations (legal-political environment). In 1951 a law was passed that provided for codetermination , which requires labor membership in the supervisory board and the executive committee of certain large corporations. Furthermore, a labor director is elected as a member of the executive committee. This position is a difficult one. Labor directors supposedly must represent the interests of the employees and, at the same time, must make managerial decisions that are in the best interest of the enterprise.
83	Le Plan and Cadre in France In France, government planning on a national scale (legal-political environment factor) helps co-ordinate the plans of individual industries and companies (managerial function of planning). The government's aim is to utilise the country's resources most effectively, and to avoid expansion in uneconomic areas. Although government planning – which is also extended to regional areas – is carried out by relatively few, but competent people, co-operation and assistance are provided by other government departments, employer's organisations, unions, and consumers. The plan, which is generally revised every 5 years, attempts to obtain economic growth, price stability, a balance in foreign payments, and a favourable employment situation. Managers, then, are not only constrained by <i>Le Plan</i> , but also aided by it, since it produces a great deal of information upon which they can draw for their own enterprises. At times, the plan becomes a global strategy, helping specific industries. For example, the French government attempts to integrate the electronics industry into a whole, so that it can overcome its weaknesses in information processing, consumer electronics, microelectronics, and automation. To implement the strategy, the government plans to support several national projects, such as speech synthesis, mini- and microcomputers, and large mainframe computers. Clearly, there is a close relationship between government planning and firms, especially those that are owned and directly aided by the government.	490	France: Le Plan In France, government planning on a national scale (legal-political environment factor) helps coordinate plans of individual industries and companies (managerial function of planning). The government's aim is to utilize most effectively the country's resources and to avoid expansion in uneconomic areas. Although governmental planning – which is also extended to regional areas – is carried out by relatively few, but competent, people, cooperation and assistance are provided by other governmental departments, employers' organizations, unions, and consumers. The plan, which is generally revised every 5 years, attempts to obtain economic growth, price stability, a balance in foreign payments, and a favorable employment situation. Managers, then, are not only constrained by "Le Plan" but also aided by it, since it produces a great deal of information upon which they can draw for preparing plans for their own enterprises. At times, the plan becomes a global strategy helping specific industries. For example, the French government attempts to integrate the electronics industry into a whole so that it can overcome its weaknesses in information processing, consumer electronics, microelectronics, and automation. To implement the strategy, the government plans to support several national projects, such as speech synthesis, mini- and microcomputers, and large mainframe computers. Clearly, there is a close relationship between government planning and firms, especially those that are owned and directly aided by the government.
84	Training Foreign Managers for Work in the United States With the increasing investment of foreign firms in the United States, more attention must be given to the integration of managers and labour from other countries into American society. This need is highlighted by the fact that the number of intercompany transferees more than tripled from the late 1970s to the mid-1980s. The Japanese, for example, often find it difficult to be outspoken and direct in their interactions with their colleagues, and especially with their superiors. People from Arabian countries usually find American teaching methods too impersonal. Various approaches have been used to reduce culture shock. These include special programs about corporate life in the United States, as well as instruction in English, books,	492	Preparing Foreign Managers for Work in the United States With the increasing investment of foreign firms in the United States, more attention must be given to the integration of managers and workers from other countries into American society. This need is highlighted by the fact that the number of intercompany transferees has more than tripled from the late 1970s to the mid-1980s. The Japanese, for example, often find it difficult to be outspoken and direct in interactions with their colleagues and especially with their superiors. People from Arabian countries usually find American teaching methods too impersonal. Various approaches have been used to reduce culture shock. These include special programs about corporate life in the United States, as well as instruction in English, books, and movies; even tax advice is given to the newcomers. Some companies have found the buddy system useful for making the foreigner feel

	<p>and movies; even tax advice is given to the newcomers. Some companies have found the buddy system useful for making the foreigner feel comfortable in the new environment. In this approach, an American links up to look after the needs of the newcomer. Other firms use role playing to demonstrate alternative types of managerial behaviour. Because of their cultural background, Japanese managers usually find it rather difficult to conduct an American-style performance review that focuses on results (Wehrich, Koontz, 1997).</p> <p>In the past, training and development focused on preparing U.S. managers and workers for overseas assignments. Increasingly, firms are realising that they need to help foreigners reduce the culture shock they may experience upon coming to America.</p>		<p>comfortable in the new environment. In this approach an American looks after the needs of the newcomer. Other firms use role playing to demonstrate alternative ways of managerial behavior. Because of their cultural background, Japanese managers usually find it rather difficult to conduct an American-style performance review that focuses on results.</p> <p>In the past, training and development focused on preparing U.S. managers and workers for overseas assignments. Increasingly, firms are realizing that they need to help foreigners reduce the culture shock they may experience upon coming to America.</p>
85	<p>Different Approaches to Employee Behaviour</p> <p>Japan, one of the leading industrial nations in the world, has adopted managerial practices that are quite different from those of economically advanced countries in the Western world. The discussion below deals with two common Japanese practices: lifetime employment and consensus decision making. This is followed by a discussion of Theory Z. But before coming to Theory Z, the background of its precursors, Theory X and Theory Y must be mentioned.</p>	492	<p>JAPANESE MANAGEMENT AND THEORY Z</p> <p>Japan, one of the leading industrial nations in the world, has adopted managerial practices that are quite different from those of other economically advanced countries in the Western world. The discussion below deals first with two common Japanese practices: lifetime employment and consensus decision making. Then it will compare and contrast Japanese and U.S. managerial practices, including Theory Z.</p>
86	<p>Theory Z. In Theory Z, selected Japanese managerial practices are adapted to the environment of the United States. Companies such as IBM, Hewlett-Packard, and the diversified retail company, Dayton-Hudson, practise this approach. One of the characteristics of a Type Z organisation, as suggested by Professor William Ouchi, is an emphasis on group decision making, although responsibility remains with the individual (which is quite different from the Japanese practice, which emphasises collective responsibility). There is also an emphasis on informal and democratic relationships based on trust. Yet the hierarchical structure still remains intact, as illustrated by IBM, where not only goals, but also authority, rules, and discipline guide corporate behaviour.</p> <p>Participative management facilitates the free flow of information needed to reach a consensus. Formal planning and objectives are important, but numerical measures are not overly emphasised. Instead, corporate philosophy and corporate values guide managerial actions. People are seen as whole human beings, not simply as factors in production. In short, Theory Z companies selectively use some Japanese managerial practices, but make adjustments for the environment prevailing in the United States.</p>	494	<p>In Theory Z, selected Japanese managerial practices are adapted to the environment of the United States. It is practiced by companies such as IBM, Hewlett Packard, and the diversified retail company Dayton-Hudson. One of the characteristics of Type Z organization is an emphasis on the interpersonal skills that are needed for group interaction. Yet, despite the emphasis on group decision making, responsibility remains with the individual (which is quite different from the Japanese practice, which emphasizes collective responsibility). There is also an emphasis on informal and democratic relationships based on trust. Yet the hierarchical structure still remains intact, as illustrated by IBM, in which not only goals but also authority, rules, and discipline guide corporate behavior.</p> <p>Participative management facilitates the free flow of information needed to reach consensus. Formal planning and objectives are important, but numerical measures are not overly emphasized. Instead, a corporate philosophy and corporate values guide managerial actions. People are seen as whole human beings, not simply as factors in production. However, the Japanese practice of very infrequent performance evaluations and promotions is not emphasized by Theory Z-type companies. In short, these companies selectively use some Japanese managerial practices but make adjustments for the environment prevailing in the United States.</p>
88	<p>Decision Making in Japan</p> <p>The managerial practice of decision making in Japan is also considerably different from that in the United States. It is built on the concept that change and new ideas come primarily from below. Thus, lower-level employees prepare proposals for higher-level personnel. Supervisors, rather than simply accepting or rejecting the proposals, tactfully question them, make suggestions, and encourage subordinates. If necessary, proposals are sent back to the initiator for more information. Still, in major decisions, top management retains its power.</p> <p>Japanese management, then, uses decision making by consensus to deal with everyday problems; lower-level employees initiate an idea and submit it to the next higher level until it reaches the desk of the top executive. If the proposal is approved, it is returned to the initiator for implementation (Kimura, 1988). Although the decision making process is time-consuming, the implementation of the decision – because of the general consensus at various levels of management – is swift, and does not require additional "selling".</p> <p>An important characteristic of Japanese decision making is the large amount of effort that goes into defining the question or problem; there is a great deal of communication before a decision is actually made. American managers are often accused of making decisions before defining the problem. In contrast, Japanese management makes a decision only after long discussions of the issue.</p> <p>In summary, Japanese managerial practice still emphasises (although changes are occurring) lifetime employment, concern for the individual, seniority, and a sense of loyalty to the firm. Furthermore in decision making, there is open communication among people at different levels of the organisational hierarchy, a great deal of collaboration, and recognition of mutual dependence.</p>	493	<p>Decision Making</p> <p>The managerial practice of decision making in Japan is also considerably different from that in the United States. It is built on the concept that change and new ideas should come primarily from below. Thus, lower-level employees prepare proposals for higher-level personnel. Supervisors, rather than simply accepting or rejecting suggestions, tactfully question proposals, make suggestions, and encourage subordinates. If necessary, proposals are sent back to the initiator for more information.</p> <p>Japanese management, then, uses decision making by consensus; lower-level employees initiate the idea and submit it to the next higher level, until it reaches the desk of the top executive. If the proposal is approved, it is returned to the initiator for implementation. Although the decision-making process is time-consuming, the implementation, of the decision – because of the general consensus at various levels of management – is swift and does not require additional "selling."</p> <p>An important characteristic of Japanese decision making is the large amount of effort that goes into defining the question or problem; there is a great deal of communication <i>before</i> a decision is actually made. American managers are often accused of making decisions before defining the problem. In contrast, Japanese management makes a decision only after long discussions of the issue.</p> <p>In summary, Japanese managerial practice still emphasizes (although changes are occurring) lifetime employment, concern for the individual, seniority, and a sense of loyalty to the firm. Furthermore, in decision making there is open communication among people at different levels of the organizational hierarchy, a great deal of collaboration, and a recognition of mutual dependence.</p>

89	<p>Japanese Companies Operating in the United States</p> <p>In an attempt to demonstrate the effectiveness of Japanese managerial approaches, success stories of Japanese companies operating in the United States are often cited. Workers at Sony's television plant in San Diego are said to produce as well as workers in Japan. But other cases are not quite as convincing. YKK, Inc., a manufacturer of zippers, has experienced labour-management confrontations, similar to those experienced by U.S. companies. At Sanyo's television and microwave plant in Forrest City, Arkansas, a violent strike resulted in bitterness and mistrust. At any rate, the trend of Japanese firms investing in manufacturing facilities in the United States is probably going to continue.</p>	494, 496	<p>Japanese Companies Operating in the United States</p> <p>In an attempt to demonstrate the effectiveness of Japanese managerial approaches, success stories of Japanese companies operating in the United States are often cited. Workers at Sony's television plant in San Diego are said to produce as well as workers in Japan. The Bridgestone Tire Company (see the Perspective) is another positive example. But other cases are not quite as convincing. YKK, Inc., a manufacturer of zippers, has experienced labor-management confrontations similar to those experienced by U.S. companies. The trend of Japanese firms investing in manufacturing facilities in the United States is probably going to continue. In 1983, 31 Japanese firms were established here, bringing the total of Japanese-owned companies to 309 in 1984; they employed 73,000 workers. These firms often demand less costly labor contracts. Although Japanese firms generally resist unions, 23 percent of the 163 companies responding to a 1982 survey were unionized.</p>
89	<p>Lifetime employment. Important features of Japanese management practice are lifelong employment for permanent employees (related to the staffing function), great concern for the individual employee, and emphasis on seniority. Typically, employees spend their working life with a single enterprise, which in turn provides employees with security and a feeling of belonging. This practice brings the culturally induced concept of <i>wa</i> (harmony) to the enterprise, resulting in employee loyalty and close identification with the aims of the company.</p> <p>However, it also adds to business costs, because employees are kept on the payroll even through there may be insufficient work. Consequently, firms are beginning to question the practice of lifelong employment. Indeed, changes appear to be in the making, but they are slow - very slow. What is often overlooked, however, is that primarily large firms use this permanent employment practice. In fact, it is estimated that the job security system applies to only about one-third of the labour force.</p> <p>Closely related to lifelong employment is the seniority system, which has provided privileges for older employees, who have been with the enterprise a long time. But there are indications that the seniority system may be superseded by a more open approach that provides opportunities for advancement for young people. For example, the relatively new Sony Corporation has team leaders (a point is made of not calling them supervisors), who are often young women of 18 or 19. There is little age difference between them, and the operators they lead.</p>	492-493	<p>Lifetime Employment</p> <p>Important features of Japanese management practice are lifelong employment (related to the staffing function), great concern for the individual employee, and emphasis on seniority. Typically, employees spend their working life with a single enterprise, which in turn provides employees with security and a feeling of belonging. This practice brings the culturally induced concept of <i>wa</i> (harmony) to the enterprise, resulting in employee loyalty and close identification with the aims of the company.</p> <p>However, it also adds to business costs, because employees are kept on the payroll even though there may be insufficient work. Consequently, firms are beginning to question the practice of lifelong employment. Indeed, changes appear to be in the making, but they are slow-very slow. What is often overlooked, however, is that this permanent employment practice, known as <i>nenko</i>, is used only by large firms. In fact, it is estimated that the job security system applies to only about one-third of the labor force.</p> <p>Closely related to lifelong employment is the seniority system, which has provided privileges for older employees who have been with the enterprise a long time. But there are indications that the seniority system may be superseded by a more open approach that provides opportunities for advancement for young people. For example, the relatively new Sony Corporation has team leaders (a point is made of not calling them supervisors) who are often young women 18 or 19 years of age. There is practically no age difference between these leaders and the operators they lead.</p>
222	<p>Avoiding Organisational Inflexibility</p> <p>One basic advantage of organisation planning is the avoidance of organisational inflexibility. Many enterprises, especially those which have been in operation for many years, become too rigid to meet the first test of effective organisation structure; the ability to adapt to a changing environment and meet new contingencies (Cameron, 1994). This resistance to change can cause considerable loss of efficiency in organisations.</p> <p>Some older companies provide sample evidence of inflexibility; an organisation pattern that is no longer suited to the times, a district or regional organisation that could be either abolished or enlarged because of improved communications, or a structure that is too highly centralised for an enlarged enterprise requiring decentralisation (Borys, Jemison, 1989).</p>	197	<p>AVOIDING ORGANIZATIONAL INFLEXIBILITY</p> <p>One basic advantage of organization planning is the avoidance of organizational inflexibility. Many enterprises, especially those which have been in operation for many years, become too rigid to meet the first test of effective organization structure: the ability to adapt to a changing environment and meet new contingencies. This resistance to change can cause considerable loss of efficiency in organizations.</p> <p>Signs of inflexibility</p> <p>Some older companies provide ample evidence of inflexibility: an organization pattern that is no longer suited to the times, a district or regional organization that could be either abolished or enlarged because of improved communications, or a structure that is too highly centralized for an enlarged enterprise requiring decentralization.</p>
222	<p>Need for Readjustment and Change</p> <p>In addition to pressing reasons for reorganisation, there is a certain need for moderate and continuing readjustment merely to keep the structure from becoming stagnant. "Empire building" (that is, building up a large organisation so that the manager appears to be more important) is not so attractive, when all those involved know that their positions are subject to change. As a company president told his subordinates: "Don't bother to build any empires, because I can assure you that you won't be in the same position three years from now." Some managers, realising that an organisation structure must be a living thing, make structural changes merely to accustom subordinates to change (Moran, Haris, Stripp, 1993).</p>	198	<p>The Need for Readjustment and Change</p> <p>In addition to pressing reasons for reorganization, there is a certain need for moderate and continuing readjustment merely to keep the structure from becoming stagnant. "Empire building" (i.e., building up a large organization so that the manager appears to be more important) is not so attractive when all those involved know that their positions are subject to change. As a company president told his subordinates: "Don't bother to build any empires, because I can assure you that you won't be in the same position three years from now." Some managers, realizing that an organization structure must be a living thing, make structural changes merely to accustom subordinates to change.</p>

223	<p>Much can be said for developing a tradition of change. People, who are used to change, tend to accept it without the frustration and demoralisation that result, when the need for reorganisation is allowed to reach the stage at which change must be revolutionary. On the other hand, a company that is continually undertaking major reorganisation may damage morale, and its employees may spend much of their time wondering what will happen to them because of organisational changes (Ghoshal, 1987).</p>	198	<p>Much can be said for developing a tradition of change. People who are used to change tend to accept it without the frustration and demoralization that result when need for reorganization is allowed to reach the stage at which change must be revolutionary. On the other hand, a company continually undertaking major reorganization may damage morale, and people may spend much of their time wondering what will happen to them because of organizational changes.</p>
223-224	<p>Avoiding Inflexibility Through Reorganisation</p> <p>Although reorganisation is intended to respond to changes in the enterprise environment, there may be other compelling reasons for reorganisation. Those related to the business environment, include changes in operations caused by the acquisition or sale of major properties, changes in product line or marketing methods, business cycles, competitive influences, new production techniques, labour union policy, government regulatory and fiscal policy, and the current state of knowledge about organising (Hodgetts, Luthans, 1997). New techniques and principles may become applicable, such as developing managers by allowing them to manage decentralised semi-independent units of a company (Hamel, Prahalad, 1990). Or new methods may come into use, such as gaining adequate financial control with a high degree of decentralisation.</p> <p>Moreover, a new chief executive officer, and new vice presidents and department heads are likely to have some definite organisational ideas of their own. Shifts may be due merely to the desire of new managers to make changes based on ideas formulated through previous experience, or to the fact that their personalities and methods of managing require a changed organisation structure.</p> <p>Furthermore, reorganisation may be caused by demonstrated deficiencies in an existing structure. Some of these arise from organisational weaknesses: excessive spans of management, an excessive number of committees, lack of uniform policy, slow decision making, failure to accomplish objectives, inability to meet schedules, excessive costs, or a breakdown of financial control. Other deficiencies may stem from inadequacies of managers. Lack of knowledge or skill on the part of a manager, who for some reason cannot be replaced, may be avoided by organising in a way that moves much of the authority for decision making to another position (Grundy, 1994). Examples can be almost all the privatised companies in the Baltic Republics that are experiencing the same kind of organisational constraints and shortcomings.</p> <p>Personality clashes between managers also may be solved by reorganisation. Staff-line conflicts may develop to such an extent that they can be resolved only by reorganisation.</p>	197-198	<p>Avoiding Inflexibility through Reorganization</p> <p>Although reorganization is intended to respond to changes in the enterprise environment, there may be other compelling reasons for reorganization. Those related to the business environment include changes in operations caused by acquisition or sale of major properties, changes in product line or marketing methods, business cycles, competitive influences, new production techniques, labor union policy, government regulatory and fiscal policy, or the current state of knowledge about organizing. New techniques and principles may become applicable, such as developing managers by allowing them to manage decentralized semi-independent units of a company. Or new methods may come into use, such as gaining adequate financial control with a high degree of decentralization.</p> <p>Moreover, a new chief executive officer and new vice-presidents and department heads are likely to have some definite organizational ideas of their own. Shifts may be due merely to the desire of new managers to make changes based on ideas formulated through their previous experience or to the fact that their methods of managing and their personalities require a changed organization structure.</p> <p>Furthermore, reorganization may be caused by demonstrated deficiencies in an existing structure. Some of these arise from organizational weaknesses: excessive spans of management, an excessive number of committees, lack of uniform policy, slow decision making, failure to accomplish objectives, inability to meet schedules, excessive costs, or breakdown of financial control. Other deficiencies may stem from inadequacies of managers. Lack of knowledge or skill on the part of a manager who for some reason cannot be replaced may be avoided by organizing in a way that moves much of the authority for decision making to another position.</p> <p>Personality clashes between managers also may be solved by reorganization. Staff-line conflicts may develop to such an extent that they can be resolved only by reorganization.</p>
225	<p>Avoiding Mistakes in Organising by Planning</p> <p>As with the other functions of managing, establishment of objectives and orderly planning are necessary for good organisation. As Urwick said in his classic book: "Lack of design (in organisations) is illogical, cruel, wasteful, and inefficient." It is illogical because good design, or planning, must come first, whether one speaks of engineering or social practice. It is cruel because ".the main sufferers from a lack of design in organisation are those individuals who work in an undertaking." It is wasteful because "unless jobs are clearly put together along lines of functional specialisation, it is impossible to train new men (or women) to succeed to positions, as the incumbents are promoted, resign, or retire." And it is inefficient because if management is not based on principles, it will be based on personalities with the resultant rise of company politics, for "a machine will not run smoothly when fundamental engineering principles have been ignored in construction."</p>	196	<p>AVOIDING MISTAKES IN ORGANIZING BY PLANNING</p> <p>As with the other functions of managing, establishment of objectives and orderly planning are necessary for good organization. As Urwick said in his classic book, "Lack of design (in organization) is illogical, cruel, wasteful, and inefficient." It is illogical because good design, or planning, must come first, whether one speaks of engineering or social practice. It is cruel because "the main sufferers from a lack of design in organization are those individuals who work in an undertaking." It is wasteful because "unless jobs are clearly put together along lines of functional specialization, it is impossible to train new men (or women) to succeed to positions as the incumbents are promoted, resign or retire." And it is inefficient because if management is not based on principles, it will be based on personalities, with the resultant rise of company politics, for "a machine will not run smoothly when fundamental engineering principles have been ignored in construction."</p>

227	<p>Planning for the Ideal</p> <p>The search for an ideal organisation to reflect enterprise goals under given circumstances is the impetus to planning. The search entails charting the main lines of organisation, considering the organisational philosophy of the enterprise managers (for example, whether authority should be centralised as much as possible, or whether the company should divide its operations into semi-independent product or territorial divisions), and sketching out consequent authority relationships. The ultimate form established, like all other plans, seldom remains unchanged, and continuous remoulding of the ideal plan is normally necessary. Nevertheless, an ideal organisation plan constitutes a standard, and by comparing the present structure with it, enterprise leaders know what changes should be made when possible (Wenner, Le Ber, 1989).</p> <p>An organiser must always be careful not to be blinded by popular notions in organising, because what may work in one company may not work in another. Principles of organising have general application, but the background of each company's operations and needs must be considered in applying these principles. Organisation structure needs to be tailor-made (Watson, 1994).</p>	196	<p>Planning for the Ideal</p> <p>The search for an ideal organization to reflect enterprise goals under given circumstances is the impetus to planning. The search entails charting the main lines of organization, considering the organizational philosophy of the enterprise managers (e.g., whether authority should be centralized as much as possible or whether the company should divide its operations into semi-independent product or territorial divisions), and sketching out consequent authority relationships. The ultimate form established, like all plans, seldom remains unchanged, and continuous remolding of the ideal plan is normally necessary. Nevertheless, an ideal organization plan constitutes a standard, and by comparing present structure with it, enterprise leaders know what changes should be made when possible.</p> <p>An organizer must always be careful not to be blinded by popular notions in organizing, because what may work in one company may not work in another. Principles of organizing have general application, but the background of each company's operations and needs must be considered in applying these principles. Organization structure needs to be tailor-made.</p>
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