

**Creating Globally Competitive and Innovative Products: China's Next Olympic Challenge**      4

*Powered by low production costs, China's export economy has dazzled the world and sparked outstanding growth for several decades. But can this economic model continue to deliver such results? While manufacturers may innovate to increase production efficiency, the products themselves are often re-exports or copies. Obstacles to product innovation include a hierarchical structure, undeveloped intellectual property laws, and disincentives for risk-taking. In-depth interviews with eight indigenous, coastal Chinese firms, mostly in light manufacturing, illuminate these problems and suggest changes that could boost innovation in the future.*

**Linda C. Wang, David Ahlstrom, Anil Nair, and Rachel Z. Hang**

**Information Technology and Electronic Information: An Ethical Dilemma**      16

*All major advances in the world have had downsides, and electronic information technology (EIT) is no exception. Along with the leaps in productivity and communication techniques come new opportunities for unethical and illegal conduct. Organizations need to establish and enforce ethics codes and policies for the gathering, management, and dissemination of EIT as well as for IT use in the workplace. Leaders must assume broader roles. For example, the chief information officer becomes, in effect, the chief integrity officer, and should work closely with the chief security officer. A balance must be struck between enforcing codes and policies and invading employees' privacy or micro-managing.*

**Mayur S. Desai, Thomas J. von der Embse, and Kwadwo Ofori-Brobby**

**Toward Operational Excellence in Franchising: Achieving Synergy, Adding Value, and Security Competitive Advantage by Exploiting Entrepreneurial Traits and Core Competencies**      25

*Among all business models, a franchise operation clearly requires trust and cooperation between franchisor and franchisee to be successful. A thorough study of the literature on the subject provides the underpinnings for a modelling approach that can help franchise businesses achieve their mutual goals. It takes into account the powers held by the respective partners, the enlightened exercise of those powers, and the importance of avoiding conflict. This paper provides the literature review, identifies the gaps, and proposes a conceptual model to achieve operational excellence in a franchise business.*

**M. K. Rhatullah and Robert Raeside**

**Bridging the Gap from Concept to Prototype: A Case Study**      39

*How many entrepreneurs have great product ideas that never hit the market? Where a large company may have an established development process, a small, nontechnical operation may not. Whether an enterprise has whole departments to draw on or individuals with various skills, a multidisciplinary approach is recommended. A well-defined process is needed to research the market for the new product, suggest multiple solutions for design problems, and create and test a prototype, and secure patents. A case study involving a powered wheelchair walks through the steps from identifying the need and potential market, design issues, solutions, testing, and final prototype.*

**Jeffrey M. Wilson and George S. Vozikis**

## **Cost Reductions, Downsizing- 52 related Layoffs, and HR Practices**

*When firms need to cut costs, too often they start laying people off. In fact, layoffs should be the last resort, not the first, because of their widespread negative effects. Addressing the problem through the lens of three cost-reduction stages — short-, mid-, and long-range — potential strategies are offered that match the particular time frame. Each has advantages and disadvantages. Even when layoffs are unavoidable, the firm may eventually want to re-hire some of these employees, and the author suggests ways to succeed at this.*

**Franco Gandolfi**

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