

**Duplicate, Replicate, Speculate, or Innovate? How Health Care Managers Solve Problems**      4

*Most of the innovative efforts in the huge health care industry are directed toward medical technologies, not delivery of treatment, patient safety, and expectations. Inefficient processes abound. What factors determine the willingness of health care managers to innovate? In-depth interviews with 10 health care managers in different roles explored how perceptions of complexity and risk arising from problems and situations and attached to potential solutions affect the choice of "safe" or familiar versus unknown or innovative actions. Findings suggest that health care managers are typically loath to leave their "comfort zones" to try innovative solutions.*

**Ozgur Ekmekci and Catherine L. Turley**

**Competitive Strategy and the Wal-Mart Threat: Positioning for Survival and Success**      14

*The popular image is that Wal-Mart comes to town and locally-owned retailers shrivel up and die. This may happen, but it doesn't have to. Retailers who carefully analyze their own strengths and weaknesses vis a vis Wal-Mart's may survive and prosper. Retail owners should consider three strategies: a focus on low costs, a focus on differentiation, and a value orientation. Sometimes these can be mixed-and-matched among a retailer's product lines. "There's no substitute for knowing one's customers, markets, and resources as a foundation for . . . a successful strategy," according to the authors.*

**John A. Parnell and Donald L. Lester**

**How Trust Reduces Transaction Costs and Enhances Performance in China's Businesses**      25

*It stands to reason that when businesses trust each other, the costs associated with transactions between them will be lower since safeguards are not needed. Lower transaction costs should enhance profit. But does trust have these results in a transitional economy like China's, one with many state-owned businesses and with significant differences between rural and urban economies? A survey of almost 3,000 firms in 31 Chinese cities located throughout China finds that trust does lower transaction costs, but developing trust is another matter. Trust did not correlate positively with profitability. Details of these results should be of great interest to any firm seeking to do business in China or invest in that country.*

**Irene Hau-siu Chow**

**Forced Ranking: A Review**      35

*When Jack Welch extolled a management tool, all managers took note. One such tool was "forced ranking," in which managers rank employees in their department against others in that department or a designated peer group. The top 20% are rewarded and the bottom 10% are put on probation or possibly terminated. This is much different from the widely used "performance appraisal." Managers attracted to the benefits of forced ranking should carefully review the pros and cons, especially the latter which include likely high turnover costs and injury to employee relationships and trust.*

**Beth Hazels and Craig M. Sasse**

## **Retraction: Corporate Social Responsibility Study in the United Arab Emirates** 39

By  
Marios I. Katsiolouides and Tor Brodtkorb

## **The Future of Disability Harassment Law in the Workplace** 40

*In 1986, the U.S. Supreme Court upheld a claim of sexual harassment brought under Title VII of the 1964 Civil Rights Act, thereby validating sexual harassment as a form of discrimination prohibited by that Act. Will a similar interpretation eventually develop regarding Title I of the 1990 Americans with Disabilities Act, so that "disability harassment" cases are viewed as a form of discrimination against employees with disabilities? A review of the principles and cases arising from litigation under Title VII suggests that a similar evolution will take place with ADA's Title I. Penalties can be severe, so employers should become familiar with existing sexual harassment cases and take steps to limit potential liability for disability discrimination cases that might arise under Title I.*

**Charlie C. Jones**

## **Reflecting on Downsizing: What Have Managers Learned?** 45

*Before the 1990s, firms downsized—deliberately shrank—in response to hard times. Now, however, downsizing is just another management tool to increase profitability, efficiency, and competitiveness. Despite a growing body of evidence that the long- if not short-term consequences of downsizing are negative, it remains a respectable and even popular strategy. Managements contemplating a downsizing strategy would do well to heed the five lessons presented here concerning preparation, training, the survivor syndrome, direct and hidden costs, and using the strategy as a last resort.*

**Franco Gandolfi**

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