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Journal Introduction & Welcome Message

Dean Bressler
Undergraduate School of Business

Students have many ways of distinguishing themselves at Touro College. Their academic record and performance in the diverse classes they take are an indication of their likelihood of success. Indeed, employers and graduate school admission offices look closely at their achievements as reflected in their college transcript as well as their involvement in extracurricular activities. Especially significant are student portfolios that demonstrate initiative and quality. Active participation in a student journal is a reflection of a level of academic performance that goes well beyond the classroom.

The papers contained in this edition are the product of a strict refereed process. The purview of the topics covered is a mirror of the richness and diversity of the fields and subfields of Business studies. Student papers range from finance and economics to marketing, management, and strategy. Aside from reviews of literature and demonstration of statistical and computer skills, original insights, and perceptions are presented.

On behalf of Chairperson Dr. Michael Szenberg and the Business School leadership, I want to commend the faculty for stimulating our students to apply what they learned from class lectures and textbook assignments to develop their own ideas, applications and recommendations. Specifically special commendations should go to Professors Rovt, Teich, Tendler, and Bigel who have all consistently encouraged their students to submit papers over the years.

Above all, we are indebted to Dr. Julita Haber for her painstaking review of every line of every paper and for the revisions she made. Finally, there are no words to adequately thank Esther Widroff, my Administrative Assistant, for coordinating every single detail of the editing process, creating the cover design, formatting each and every article, and for general and specific overseeing of all aspects of the journal.

This student journal is a reflection of dedication to learning, academic development and the striving to excellence. These will be rewarded by future academic recognition and successful careers. Students have demonstrated that they are able to conduct research and inquiry and extrapolate principles of business from course material and apple them to the real world.

We eagerly await their future work.

When the Trees Are Gone

Miriam Leah Teitelbaum

For decades, gross domestic product (GDP) has been used worldwide as an indicator of an economy's wellbeing. Media, politics, and even economists, however, use GDP figures also as a measure of the country's public welfare. GDP's inventor, Simon Kuznitz, would be aghast at the thought of his indicator being used in this manner, as he himself stated, “the welfare of a nation can … scarcely be inferred from a measure of national income” (Harford, 2010, p. 1). Though GDP is accurate in determining the short-term growth of economies, it is not suited to measure long-term economic health or welfare, and therefore a better indicator is needed for that purpose. This new indicator should be able to address and account for GDP's shortcomings, as well as be used to help countries make decisions that will benefit both their economies and their citizens.

Literature Review

The following section reviews the literature of GDP’s recent praise and criticism as an accurate indicator of economic growth and the influence using it has on the environment.

GDP and Its Limitations

GDP refers to “the market value of all final goods and services produced in a nation during a period of time, usually a year" (Tucker, 2008, p. 557). This information is very useful, but it omits key factors that are needed to make responsible economic decisions. GDP lacks the ability to show the costs of economic activity and to indicate whether the current levels of economic activity are sustainable in the future (Talberth, 2010); making it an ineffective measure in determining the state of public welfare.

One of the biggest problems with using GDP, even as an indicator of economic growth, is its failure to differentiate between money spent to produce new goods or services and spending to correct the negative effects of production, known as economic bads. Consider a factory pumping pollution into the air through its tall smoke stacks. The money that was spent to build the factory boosts GDP. The cars which the factory produces boost GDP. Shockingly, the pollution which the factory and the cars produce also boosts GDP as well. How is that possible? Furthermore, when the nearby rivers darken with muck and soot, the expenditures to cleanse them is counted in GDP. Farmers in the vicinity spending money to correct acid rain damage to their fields and pastures contribute to GDP. Local parents paying doctors to cure their child's asthma developed from breathing the factory smog also increases GDP. Gross domestic product's figures show these expenditures as an increase in the economy, but they do not explain the reason why. A person looking at the numbers will mistakenly think that the country is doing very well, because the figures misrepresent the mucky rivers, corroded fields, and sick children as economic growths rather than economic costs (Frankel & Goldstein, 2013).

The other main drawback of GDP is its inability to indicate whether the current level of activity is sustainable. GDP will show deforestation as a positive venture, leading to the production of homes, furniture, and the paper this publication is printed on. The more trees that are cut down and processed, the more GDP will rise. Talberth (2010) believes that if businesses base their decisions solely on GDP, a reflection of their pockets, they will send out more and more

loggers and GDP will continue to rise until there are no more trees. This is because GDP does not give decision makers a warning that current economic activity levels cannot be maintained. It only reflects what is currently happening.

The limitations of GDP described above make it an insufficient indicator of public welfare. By adding the costs and negative effects of production to GDP instead of deducting them, its figures disregard whether money spent actually benefits the people (Frankel & Goldstein, 2013). Additionally, GDP only shows the final sum of the current year's productivity. Since it is impossible to determine from a flat sum whether the rich got richer and the poor became poorer or whether there was an equal distribution of prosperity, it is not an adequate way to measure country's welfare. Robert Kennedy encapsulates the idea that GDP should not be used to measure welfare when he said, "[GDP] measures everything, in short, except that which makes life worthwhile" (Talberth, 2010, p. 1).

Alternative Indicators

In response to the recognition that GDP is limited, governments and economists have begun researching new indicators. The consensus is that two additional features are needed to create a useful macroeconomic indicator capable of replacing GDP. The first, Green GDP, is the ability of this indicator to measure genuine economic welfare rather than just the level of economic activity. The second, genuine progress indicator (GPI), signals whether the current level of welfare is sustainable in the future (Talberth, 2010).

Incorporating Natural Capital

The common denominator of Green GDP and the GPI is that they take into account the value of natural capital. Nature's prevalence in a country is an often underestimated asset. Until now, countries and economies viewed the environment as a source of the resources used in production, be it wood, fresh water, land to build on or game. However, in addition to providing us with raw materials, the environment is also a natural source of labor. Countries are starting to experience the negative effects of depleting these ecosystems and using up the benefits gifted by nature. Nature's ability to clear waste or prevent erosion was being taken advantage of in order to make a profit, which added to the GDP but caused a great deal of long term risk in the form of mudslides, reduced yields, lost species, water pollution, etc. The work that nature had previously done for us, free of charge and expertly well, is no longer being accomplished because we have gotten rid of the ecosystems that provided us with these benefits.

Countries have been coming up with solutions to compensate for the loss of natural labor, but it is becoming very clear, now that we no longer have the environment performing these tasks, that nature's methods are safer, cheaper, and much more efficient than whatever methods people can come up with. Since countries now need to spend more to get less of the benefits that nature had provided, it lowers their public welfare (Global Green New Deal, 2009). Additionally, as mentioned above, economic ventures that consume natural capital are unsustainable because eventually the capital will run out. Therefore, to have an effective indicator capable of measuring sustainability and welfare, it must include the country's environmental situation (Talberth, 2010).

However, calculating natural capital's worth is problematic. Unlike market goods, nature "does not come prepackaged in units" or have established price tags for all of its benefits (Boyd, 2007, p. 716). This presents a real challenge when trying to assign a dollar value to a country's natural capital and ecosystem

services. Many economists have been discouraged from attempting this seemingly impossible feat. Boyd was not deterred, however, and outlines the basics for measuring the immeasurable and suggests which components of nature should be considered.

Adamant that "nature's public goods must be counted if welfare is to be comprehensively measured" Boyd (2007, p. 718) states that the first step in welfare-based accounting for environmental goods is to define the units of nature to be counted. From a welfare perspective, he argues, the best way to assess nature's assets is by measuring ecosystem services, "the aspects of nature that society uses, consumes, or enjoys to experience those benefits [and] are the end products of nature that directly yield human well-being" (Boyd, 2007, p. 719). The end products show the value of nature to people, because people make choices about them. Thus, by assessing how valuable ecosystem services are to the people, economists can assign values to nature and measure its contribution to welfare.

Green GDP

Boyd (2007) applies his theory directly to Green GDP. He defines Green GDP as a measure of what is valuable about nature, excluding goods and services that are already accounted for in GDP. Green GDP is meant as a supplement to GDP, to determine GDP's impact on the environment and its public goods. Just as GDP measures final goods and services, Green GDP, its parallel, should measure the final goods of nature defined here as ecosystem services (Boyd, 2007). By having a monetary value of nature's benefits calculated in a similar manner as GDP, economists and leaders can compare GDP to Green GDP. It will depict the damage economic growth inflicts on the environment by determining whether the current economic activity is sustainable and beneficial to the population (Mutert, 2010).

Genuine Progress Indicator

Whereas Green GDP is used as a supplement to GDP to give the full picture of the economy and its impact on the people, the GPI is meant to replace GDP by combining economic growth with its costs and impact on welfare. GPI is summarized as an indicator which "nets the positive and negative results of economic growth to examine whether or not it has benefitted the people overall" (Genuine Progress Indicator, 2013). Using the previous example of pollution, GDP would increase as pollution increased, because it is a direct result of economic activity, and subsequently GDP would increase once more when the pollution is cleaned up (Genuine Progress Indicator, March 2013). GPI, however, treats the accumulation of pollution as a cost rather than a benefit, and deducts it from GDP. GPI also takes into account factors such as environmental conditions and the number of people who depend on the government for aid, so that a larger percentage of degradation and dependents will lower the GPI figure to reflect lowered public welfare.

Moreover, GPI incorporates sustainability into its figures to more accurately represent what is really going on in the economy and to indicate whether the economy can maintain the current level of activity. In 1948, the economist John Hicks formulated the theory of sustainable income upon which the GPI is based. Sustainable income is essentially the amount a person or an economy can consume during one period before decreasing his or her consumption during the next period (Genuine Progress Indicator, April 2013). If a country's economic activity during a period of time renders it incapable of repeating at least the same level of activity in the future, it is deemed unsustainable. This will be reflected in the GPI by lowering its

figures. For example, famers opting to use replenishing water resources like river runoff to irrigate their crops will raise the GPI, whereas farmers accomplishing the same level of agricultural activity by irrigating their fields with pumped well water will lower GPI, because it diminishes the water table and is therefore unsustainable. The result is that GPI measures not only the scope of [production], but also the rate of social equality, crime rates, the state of public transportation, green spaces, and how the nation deals with its pollution problems (Frankel & Goldstein, 2011). Thus, GPI is able to portray society's current state of welfare as well as give advanced warning to a potential drop in economic activity and welfare by factoring in the economy's capability to maintain itself.

Putting all these components together, the simplified formula of GPI is A + B – C – D + I (Genuine Progress Indicator, April 2013). "A" represents the income weighted private consumption. This is "C" of GDP, but weighting the income helps show the division of wealth which GDP does not indicate. Added to that is "B", the value of non-market services generating welfare, which is the quantified benefits of the ecosystem services. This total is subtracted by "C", the private defensive cost of natural deterioration and "D", the cost of deterioration of nature and natural resources. By deducting these values, GPI corrects GDP's shortcoming of counting these negatives as gains. Finally "I", the increase in capital stock and balance of international trade are added to produce the final GPI figure.

GDP vs Green GDP and GPI

The need for Green GDP and the GPI has become apparent in recent years. The results of modern studies performed on a multitude of countries provide evidence for the growing gap between traditional and green GDP, which shows that economic activity may be self-canceling from a welfare perspective (Talberth & Bohara, 2006). The gap widens because of the threshold effect, where the benefits of economic growth are increasingly offset by the costs of welfare when a macroeconomy grows past a certain size (Talberth & Bohara). This was occurring in the U.S. in the early 1990s, where an increase in the money supply was actually reflecting a decrease in the country's well-being. Although the economy expanded with essential natural and social services being paid for in cash, it degraded the quality of life.

When applied to real data, the GPI shows a picture closer to the truth than GDP reveals. The U.S. began using GPI in the latter half of the 1990s. The results show that while U.S. GDP has experienced substantial growth, the GPI has not changed. This indicates that in the past 30 years the increases to GDP have not increased public welfare. Similar results have been found in Finland, where its growing GDP did not benefit the national welfare. Furthermore, Finland's GPI figure signals a decrease in the sustainability of their welfare because of a buildup of natural degradation (Genuine Progress Indicator, April 2013). Worryingly, a widening gap between GDP and GPI is found amongst many of the developed countries.

Implications for the Future

It must be noted that indicators such as Green GDP and the GPI are useless if they do not influence decisions. Talberth (2010) stresses that "replacing GDP with a measure of sustainable economic welfare is not an end to itself but rather a means for guiding policy" (p. 1). Green GDP and GPI let countries know that they have a problem, but only the nation's leaders can implement the solution. In the wake of the 2008 recession, Achim Steiner, United Nations Environment Programme (UNEP) Executive Director, asserts that the 2008 crisis is partly a result of market choices triggering disturbing

losses of natural capital and nature-based assets coupled with an over reliance of finite, often subsidized fossil fuels (Global Green New Deal, 2009). Green GDP and GPI figures attest to this truth. Pavan Sukdhev, a senior banker from Deutsche Bank, summarizes the current situation:

> "Investments will soon be pouring back into the global economy – the question is whether they go into the old, extractive, short-term economy of yesterday or a new green economy that will deal with multiple challenges while generating multiple economic opportunities for the poor and well-off alike" (Eccleston, 2008, p.1).

In other words, countries now have a choice. They can resume their irresponsible economic habits and expect ever-increasing recessions as natural capital disappears, or they can opt to invest in restoring the environment and its benefits to promote long-term success.

In summation, current situations have proved that GDP is unable to accurately measure the economic status of a country. In response, new indicators such as Green GDP and the GPI have been developed. The goal of these new indicators is to correctly represent economic activity as well as welfare by addressing GDP's shortcomings. A new figure is just a number, however, and the most important point is *what we will do about it.*

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Marketing Orientation

Asher Dobin

The concept of marketing has forced companies to make their decisions based on customer needs. An organization with a marketing orientation offers customers products or services needed, and in doing so paves a path to success (Perreault, Cannon, & McCarthy, 2011). This is different from product-oriented companies, which typically make products without meeting specific customer needs. Although the product orientation makes more sense conceptually because they can produce items as they wish and at a cheaper production cost, the theory of marketing orientation is spreading. Marketing-oriented companies use the philosophy of buyer power and hypothosize that an increase in customer satisfaction will bring an increase in profit.

Marketing-orientation consists of two essential sets of behaviors, which are both crucial to a marketing-oriented company. First, the company must be reactive, or responsive to customers to gain feedback and learn more about their target market. Some people refer to this set of behavior as the customer lead behavior. The second set of behaviors essential to a marketing-oriented company is proactivity. The emphasis of this behavior is to understand and recognize areas where customers' needs are not being met. Every target market has latent needs awaiting responses from manufacturers (Narver, Slater, & MacLachlan, 2004).

The debate between product-orientation and marketing-orientation is based on product innovation (Lukas & Ferrell, 2000). When an organization bases its decisions on its customers, the organization manufactures products which are new to the world as opposed to producing what marketing professionals call "me-too" products. A product-oriented company produces items based on what other companies manufactures, thereby creating "me-too" products. A product-oriented company may look at a competitor's product and produce something similar, whereas a marketing-oriented company will look at other products and find the reasons of why customers want them.

According to Lukas and Ferrell (2000), there are some expert authours who claim that company reliance on customers' insights could yield lower profit, because customers prefer familiarity and therefore cannot always provide the company with needed innovative ideas. If a marketing-oriented company only abided by one of the two sets of behaviors, proactive or reactive, the expert authours whom Lukas and Ferrell cite would probably be right. The proactive behavior keeps a marketing-oriented company from remaining stagnant. If a company is proactive it will translate into innovation. The marketing-oriented side of the argument has grown substantially in the last 25 years.

Background Statement

Marketing has a relatively short history but has still revolutionized and changed over its short time. Marketing started in the 1900s after the Industrial Revolution. The earliest marketing students had an economics background. As time went on and marketing changed into an entire different body of thought, marketers distanced themselves from economists. The main idea marketers differed upon is the principal determination of price. Many different factors contribute to the price of a product. Marketers in the early years tried to use tactics to convince

people to buy products based on prices alone. As the field developed, the creativity of a marketer became essential because a variety of factors entailed with a purchase were realized (Gummeson, 1987).

Prior to the Industrial Revolution, manufacturers were able to produce goods with cheap manufacturing costs and force customers to buy the goods at any manufactured quality. This limited the capacity of the marketers because the products being made were not aimed to please anybody. The marketers were limited in their ability to realistically impact the customer decision process. Thus, there has been a refinement to the orientations of companies. While prior to the Industrial Revolution every company had a product orientation, post Industrial Revolution many companies have altered their strategies and have become marketing-oriented (Bartels, 1976).

Literature Review

Narver and Slater (1990) explored the relationship between marketing-orientation and profitability. The study developed a measure to gauge customer satisfaction that asked hundreds of small businesses questions about how their business orients itself. The results showed a clear correlation between marketing-oriented companies and profitability. After reviewing the results further, it was concluded that commodity businesses have a much stronger correlation than non-commodity based.

Customer satisfaction can be a factor at all three stages of a transaction: pre-transaction, transaction, and post-transaction. During pre-transaction, a company can try its best to make sales policies that are customer friendly. Customer friendly policies include things like satisfactory warranties, and the opportunity to pay less money up front. Another friendly policy is to never be undersold, even to give refunds if other prices are lower (Donaldson, 1986). At the time of the transaction a company customer service could be judged and measured based on the inventory carried. A fully stocked store offers more opportunities for customers and therefore makes the buying experience more satisfying. Post-transaction includes complexities of customer satisfaction, which many companies often do not understand. In an industrial marketing theory, called the network/interaction theory, marketing is defined as all activities by the firm to build, maintain, and develop customer relations. This theory stresses the importance of relationships and interpersonal interactions. The former IBM vice president of marketing claims a large part of a marketer's paycheck is determined by their ability to maintain long term relationships with customers (Gummeson, 1987).

Relationship marketing is believed to work most effectively when customers are highly involved in the good or service, there is an element of personal interaction, and customers are willing to engage in relationship-building activities. As opposed to marketing in a transaction to transaction field, relationship marketing made the discipline a long term relationship. The originators of this type of marketing realized many transactions are relational by nature (Leverin & Liljander, 2006).

Customer service is not easily duplicated by somebody else (Donaldson, 1986). There are some aspects of customer service such as, price, and quality of product which could easily be compared, however the buying experience as a whole is rarely similar in two different places. Factors such as the design of the store, the characteristics of the employees, the ambiance, and location of the store are unique to each company. Services, such as landscaping and plumbing, will very rarely be the same. Just like manufactured products prices can be

competitive, however the speed and the characteristics of the service differentiate between service providers. Marketing-oriented companies can easily capitalize on the uniqueness of service.

It is easier to build customer loyalty when a company is marketing-oriented. If a customer is satisfied with their purchase or with the service provided they will likely not find a reason to search elsewhere for the same service or product the next time they need it. One satisfying experience can lead to a fruitful long term relationship, which can also lead to word-of-mouth recommendations. The flip-side of this is also true. A bad company-customer relationship can have a massive negative effect on the company. Building customer loyalty is a tremendous advantage in the competitive market.

A market-oriented company must be willing to take risks. Senior managers at market-oriented companies must realize some products may fail. Some products fail due to bad marketing and some products fail due to bad quality. Some products fail due to poor advertising and some for unknown reasons. If enough customers in a specific target market are in need of a certain product it may be worth attempting to rethink how to make the innovation work, even after a failed attempt (Jaworski & Kohli 1993).

A crucial part of customer satisfaction in a marketing-oriented company is interdepartmental cohesiveness. While in a product oriented company customers do not expect there to be flawless communication between the upper management and the lower management, marketing-oriented companies are different. Therefore, it is imperative to have means of interdepartmental training programs available for employees in marketing-oriented companies. Another useful tool is close proximity between departments whether through communication or locational proximity. Studies have shown interdepartmental cohesiveness is correlated with successful marketing-oriented businesses (Jaworski & Kohli, 1993).

Wynbrandt (2004) believes that JetBlue is the best model for the marketing concept. JetBlue is an airline that began in 1999, and is now owned by David Neeleman. Neeleman was born in Brazil and moved to Salt Lake City, Utah when he was young. At age nine, Neeleman began to work with his grandfather in the family-owned convenience store. He reported that when the store lacked an item the customer wanted, his grandfather would run out of the store to go buy the item from another location. His grandfather's willingness to go an extra mile for every customer had a lasting impression on him (Wynbrandt, 2004). Neeleman was later employed by Southwest airlines, which did not give Neeleman room to be innovative. Five years after he left Southwest, Neeleman started JetBlue airlines, which he saw as a better Southwest. His first innovative, customer friendly idea was to have assigned seating, which Southwest did not have. After finding success, JetBlue began to offer television on flights. Having TV has proved very valuable; JetBlue bought the provider to protect its advantage over rivals (Woodyard, 2002).

JetBlue continues to be innovative with its complimentary services offered to passengers, and their marketing slogan of "You Above All" exemplifies their wish to please everybody. In November 2009, JetBlue's improved customer loyalty program, TrueBlue, was launched. JetBlue's target market is domestic leisure passengers looking for value. This differs from major airlines whose focus is on the worker and the industrial traveler. To attract these value customers, JetBlue's marketing campaign centers around social media. To achieve this

goal, JetBlue has made widespread use of social media. Use of this channel of communication allows the company to spot macro and micro issues as they arise, address consumer complaints directly, and give JetBlue an opportunity to build its corporate image. JetBlue maintains two Facebook pages, including one offering vacation deals. The airline is successful due to their reputation with customers, as seen in JetBlue's marketing plan and chart posted on their Facebook page (Wynbrandt, 2004).

JetBlue is a prime example of a company with a marketing-orientation doing well financially. From 2008 to 2012, the company's passengers increased from 21 million to 28 million, and the company's share of the total market for domestic airline travel is 4%, up from 3%. JetBlue increased its return on Invested Capital to 8%, a 1% increase from 2012. While the airline industry continues to go in a downwards spiral, JetBlue saw record revenues in 2013, amassing $168 million in revenue, a $40 million increase from 2012 (JetBlue, 2012).

Conclusion

It is obviously not simple for any company to succeed in the competitive business world. A marketing-oriented company with bad marketing or a marketing-oriented company, that is not both proactive and reactive, is doomed to fail. However, a company that is marketing-oriented has advantages over product-oriented companies.

A marketing-oriented company that is run properly could have a unique advantage and separate itself from competition in many ways. Marketing, which deals with the emotional side of customers, can heap success for the company. If a company remains proactive and keeps innovating new products it eliminates the only possible advantage of a product-oriented company. The recent increase in marketing-oriented companies is for good reason.

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Strategic Alliances: Strategy of the Future

Joseph R. Gomez

Companies constantly compete amongst one another to establish themselves in their respective market. However, a distinction amongst companies is consistently apparent, when certain companies manage to rise to the top and remain there, year after year, pleasing their customers, shareholders, and other shareholders alike in the process (Thompson., Peteraf, Gamble, Strickland, & Jain, 2014). A company's competitive position is determined by a variety of factors, whether it is external or internal. However, long-term success, as seen in companies such as Apple, Google, Coca-Cola, McDonald's, and General Electric, stems from a well-executed strategy that facilitates the capture of good opportunities and can rise to competitive challenges from rival firms (Thompson et al., 2014). A strategy can direct company to take an offensive or defense approach, depending on their market positioning.

One offensive strategic approach is a *strategic alliance*, or an agreement between two companies where they agree to work together toward some strategic objective (Thompson et al., 2014). Forming alliances and partnerships allows for companies to extend their scope of operations while minimizing costs and overcoming associated challenges.

Thompson et al. (2014) found that strategic alliances and partnerships have become a common way for companies to narrow their scope of operations as well as a useful way to manage outsourcing. Understanding this strategy is crucial now more than ever. Strategic alliances are common within the technology industry, where firms struggle to keep up with advancing technology. The study found that in order to keep up with the advancing technology, firms find it virtually essential to have cooperative relationships with other enterprises to stay on the leading edge of technology, even in their own area of specialization.

This paper looks at a variety of articles discussing the strategic alliance strategy. Although they generally agree the strategy has the potential for both beneficial and negative outcomes, they present different approaches of how to deal with them. At a time when strategic alliances are becoming increasingly prevalent, the understanding of the strategy, both its positives and negatives, is imperative.

Background Statement

During the 1950s, small and medium-sized Hungarian enterprises merged into a large enterprise, with a single location, in hope that new large companies would bolster the national economy and efficiency levels (Buzady, 2005). However these were more along the lines of convenient business arrangements, as opposed to strategic alliances. An alliance only becomes "strategic" when it serves certain purpose. Strategic alliances were said to have developed in the 1990s. Functioning inter-organizational networks based on the principles of the market, such as strategic alliances, emerged only in the 1990s (Buzady, 2005). The U.S. has recently begun to form strategic alliances internationally, under the Obama administration, which has formed partnerships with Indonesia, Vietnam, Malaysia, and New Zealand.

Certain purposes must be fulfilled in order for an alliance to be strategic, which is why the business arrangements amongst Hungarian enterprises were not considered strategic. A

strategic alliance must work to achieve an important business objective between two parties; build a competitive advantage and remedy a competitive weakness for the two parties in alliance among the entire industry; help open up new market opportunities; and shrink individual company risk due to competition (Thompson, et al., 2014). Many companies go into strategic alliances with their suppliers to have a direct link to their production and manufacturing. Strategic alliances allow companies to enter a new market, develop new technologies, bypass governmental restrictions quickly, and reduce production costs. They are becoming more common in the global economy.

Strategic alliances do, however, experience pitfalls. Organizations often rush to join in on the strategic alliance influx without first taking necessary preliminary steps. Strategic alliance failures occur at an alarming rate of 70 percent (Elmuti & Kathawala, 2001). Despite the high rate of failure, companies continue to collaborate, particularly in the technology industry.

Research indicates that 82 percent of corporate executives feel alliances will cause future growth, and that within five years, strategic alliances will account for 16 to 25 percent of medium company value, and 40 percent of the market value for about a quarter of the companies (Elmuti & Kathawala, 2001). According to the studies, alliances would represent $25-$40 trillion in value. The increase of strategic alliances has made it difficult for small to medium firms to compete remaining independent. It is believed that the global economy has reached a new era, an age of collaboration.

Literature Review

In this review, the benefits and risks of strategic alliances are discussed first, followed by internal firm problems and strategic alliance failures.

Benefits and Risks of Strategic Alliances

Forming strategic alliances has pros and cons, and the outcome depends on a variety of factors. Elmuti and Kathawala (2001) delve into why and how companies form strategic alliances. Furthermore, they examine the risks associated with entering and maintaining a successful strategic alliance by identifying factors that may impact the success in an increasingly competitive marketplace.

Elmuti and Kathawala (2001) outline reasons why companies form strategic alliances, including growing and entering a new market; obtaining new and higher quality technology at a cheaper cost; reducing financial risk; sharing costs of research and development; and achieving or ensuring competitive advantage. It then analyzes the risks and problems involved with strategic alliances, such as a clash of cultures or "incompatible personal chemistry," which suggests a lack of trust, lack of clear goals and objectives, lack of coordination between management teams, differences in operating procedures and attitudes among partners, relational risk or performance risk. Finally, the factors necessary for a successful alliance are explained (Elmuti and Kathawala, 2001).

The pursuit of growth strategies and a new market entrance are rated as one of the top reasons why companies form strategic alliances. The fast-paced economy of today does not allow for companies to tackle multiple markets. Single companies must focus on one market at a time, which is time costly. Instead, companies are leaning towards alliances with companies already established within a market. An

exemplary company is Anhueser- Busch. Rather than buying a foreign beer company, or building breweries in foreign countries, Anhueser-Busch licensed its right to brew and market Budweiser to other brewers such as Labatt in Canada, Modelo in Mexico, and Kirin in Japan. Additionally, 50 percent of firms in alliances market their goods and services internationally, while only 30 percent of non-allied firms (Elmuti & Kathawala, 2001).

Certain smaller companies lacking technological advancement are incapable of competing in their markets on their own. As a result, they are forming alliances with companies who can provide the technology or share the liability of attaining the necessary technology. BP Amoco decided to outsource its accounting function to PricewaterhouseCoopers LLP, thus gaining a higher quality of accounting work while PricewaterhouseCoopers gained 1,200 employees. Small companies, in particular, have leaned towards strategic alliances, because they provide the tools businesses need to be competitive (Elmuti & Kathawala, 2001). Small companies are able to perform larger projects, quicker and more efficiently, than if alone.

The financial risk involved in chasing a new product or production method is often too high for one company to take, therefore two or more companies join together to share the risk. For example, Boeing formed a strategic alliance with Aerospatiale of France, British Aerospace, Construcciones Aeronautics of Spain, and Deutsche Aerospace of Germany, in order to distribute the extremely high costs of developing a new large jet plane.

The article then shifts focus to the risks and problems facing strategic alliances. One of the largest issues companies encounter during an alliance is clashing cultures, where different cultures have different business priorities, and cultures and intentions clash. For example, culture amongst U.S. companies stresses the importance of financial success, whereas in Japan, companies tend to focus on internal factors like strategy and skill (Elmuti & Kathawala, 2001). Furthermore, strategic alliances are often being formed without clear goals and for the wrong reasons. A company entering an alliance to combat industry competitors might experience an opposite effect, and instead put them in the spotlight causing more competition. Additionally, management might expect an increase in personnel to be a quick correction for internal company problems; however, adding on more personnel cannot solve internal company problems.

Despite providing statistics overwhelmingly showing strategic alliance failures, Elmuti and Kathawala (2001) examine both its benefits and risks, and determine that in certain circumstances strategic alliances are still not only a potentially beneficial strategy, but a necessary one in today's fast-paced economy. They provide key factors to minimize risk.

There has been a sharp increase in strategic alliances, specifically in technology intensive industries, despite many studies pointing to high failure rates. Dodourova (2009) presents a qualitative study, amongst different industries, of the motivators, benefits, and risks of strategic alliances. The computer, telecommunications, and media industries (CTMI) are used to prove that behavioral characteristics are more important in the success of an alliance, than organizational characteristics. Contradictory interests amongst allies are a particular problem that requires attention. Alliances allow companies to invade new markets, develop new technologies, and grow globally at a fast pace. At the same time, they are known to fail due to opportunism, lack of trust, and power. Regardless of this, strategic alliances have

become increasingly popular, in high technology industries in particular.

Research of the motives and success of strategic alliances were collected from 30 interviews (Dodourova, 2009). The research instrument of face-to-face interviews allowed for in-depth conversations leading to detailed experiences of individuals. The questions were designed to conduct data comparable across industrial sectors. Specifically U.S. and Western Europe companies were targeted due to high development in CTMI markets. A diverse sample of firms was studied to incorporate varieties in size, profitability, and business activities. The data provided insight into why, when, and how firms collaborate. Research shows consistencies among the studies in regards to the importance of strategic alliances.

Digitalization and increasing use of computer software in both the telecom and the media industries have created enormous opportunities for growth. In order to remain competitive, firms direct a vast part of their research and development (R&D) activities towards experimenting with new opportunities, often outside the existing business areas (Dodourova, 2009). Therefore, firms are using alliances as a way to reduce risk and uncertainty when taking on new opportunities. However, unlike Elmuti and Kathalwala (2001), Dodourova placed an emphasis on commitment, coordination, and communication as significant roles in successful alliances, more so than organizational characteristics such as structure and control mechanisms. Cultural issues amongst large firms, particularly at the managerial level, often stunt development in an alliance.

Internal Firm Problems and Strategic Alliance Failure

Abodor (2002) explores the proposition that alliances fail not because of poor choices by alliance, but because of problems embedded within the businesses themselves. He believes that these businesses possess internal issues and stringencies that inhibit their ability to merge with another corporation. However, he offers key recommendations to diminish the chances of failure: Firms may opt to make or buy, instead of using an alliance. Furthermore, firms must first develop their internal competencies before using alliances in spite of any strategic attraction. The choice to form an alliance should be decided partly on the firm's orientations and abilities to engage in alliance building behaviors. The firm should appoint dedicated alliance managers and give them visibility into the business.

Though a sudden growth of inter-firm alliances has occurred, Abodor (2002) offers insight whether or not all firms are capable of using strategic alliances as a strategy for growth. Alliances are failing at a high rate and one reason might be that firms simply are not prepared to have successful relationships. Firms should be more cautious in their use of alliances, as opposed to being a "first-cut strategy." Instead, firms need to develop habits that are beneficial to partnerships.

Abodor (2002) recognizes the benefits of alliances, similar to the Dodourova (2009) and Elmuti and Katawala (2001) studies. However, Abodor placed an emphasis on why alliances fail at such a high rate, and how companies can fix this. The majority of alliances fail due to being ill-equipped. Unlike the previous articles, this article ventures to say these companies lack the correct habits. Keys to a successful alliance are dealing with the company's intrinsic ability to communicate, instill trust, and share responsibility.

Communication requires a degree of openness and transparency, allowing partners to exchange

useful, relationship-building information. Dodourova (2009) emphasizes the importance of communication however Abodor's (2002) theory places an importance on the deep-rooted company culture that actually forms the communication. He emphasizes the dangers of a closed communication system, where the top manager makes most important decisions and limits input from others, reducing cooperation and creating animosity among lower ranking employees (Abodor, 2002). The second deep-rooted issue is when top managers lacks trust in their employees. A firm that has a low tendency of trust will have difficulty being involved in a successful alliance. Finally, he believes a climate of individualism and competition between the two parties will stunt alliance building potential.

Although the advantages of strategic alliances are clear, companies often focus solely on advantages, in the process, overlooking key details. This article brought to light factors that the previous articles omitted. Certain companies simply are not built for strategic alliances. Their workplace culture and environment is based on characteristics which are not conducive to alliances.

Future Research

Researching this topic showed that strategic alliances can be a key growth strategy for a company. This business strategy is seeing a steady increase in its appliance, despite the large number of alliance failures. Although all three articles provided possible reasons for these failures, the final one honed in on the statistic and looked deeper into the matter. Companies likely reflect habits and attitudes of their managers or owners. Further research on companies with anti-alliance orientations would be of interest. In order for these companies to compete in today's quick-paced economy, they are most likely required to attain alliance-friendly orientation.

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Management Structure Success in Apple, Inc.

Nathan Cohen

On August 24th 2011, Tim Cook was named the CEO of Apple Inc., one of the most successful companies in American history. However, it was not until October 5th 2011, when Steve Jobs, the father of Apple, and possibly the greatest leader and innovator, died, that Tim Cook began to grow into his particular role. Cook was placed in a spotlight and expected to fill the hole created and left by Jobs. Cook faced many challenges early on in his new role.

Within a year after Jobs' death, the media and critics were already trying to replace Cook as the CEO. The first year under Cook's administration, Apple underperformed as revenues and profits grew at a lower rate than anticipated. The lack of innovation from a company known to be one of the leaders in technology and the major competition for other technology companies had investors concerned. Instead of Tim Cook simply managing the company similarly to his predecessor, he made many changes to the structure and culture of the company. This not only saved his job, but also made Apple the first company ever to pass the $700 billion valuation.

One might assume that Cook's methods and managing technique would be an exact blueprint for all companies to follow. He helped double the revenue stream and triple the amount of cash Apple currently has on its books, taking an already great company to new heights. However, after taking a deeper look into other successful companies, there does not seem to be such an exact blueprint for managing a company successfully. Each individual company needs its own unique organizational structure, culture, and strategy to succeed. How does management go about creating or choosing the right blueprint?

Firstly, in looking at management tasks, there are four main functions: leading, organizing, controlling, and planning. In using these tasks management is responsible for creating an organizational architecture that makes the best use of resources to produce the goods and services customers want. The organizational architect of a company determines how efficiently and effectively their resources are being used. The goal of organizational architecture is for all the business functions to work cohesively to accomplish the company's goals. Organizational architecture is the combination of organizational structure, culture, control systems, and human resource management. The focus of management is to create a blueprint that best allows the company to be efficient and effective.

In a nutshell, to accomplish its goals most efficiently a company must find the best organizational architecture for its company. Management does this by identifying the characteristics of the company in order to find what organizational structure would best work. In order for management to determine the organizational structure, the organization of the company has to be broken down into four components: the external environment, strategy, technology, and human resources. These four components are the main focus of the organizational design. Afterwards, management must group tasks into jobs and jobs into functions. Management then coordinates the functions by distributing authority in the organization. Lastly, organizational culture is the standard that controls how individuals and groups interact. The four main factors of organizational culture are the characteristics of its members, organizational ethics, the nature of the employment relationship, and the design of

organizational structure. The way in which management follows and creates the general blueprint of organizational architecture correctly will determine the success of the company.

Background Statement

Choosing the correct organizational structure for any given company involves four major factors; environment, strategy, technology, and human resources (Jones & George, 2014). The environment plays a major factor in how management will run the company. If the external environment is steady, with weak competition, and resources are easily assessable then management will run a tighter ship. A predictable environment allows management to build a structure based off order and rules. An environment that is not changing can follow a stricter blueprint that will be applicable even when certain problems arise. However, if the external environment is rapidly changing and there are many uncertainties, management will give more leeway to even lower level employees. Rapid change places more pressure on management to succeed quicker and more efficiently so self-empowering lower level employees can increase flexibility as well as productivity.

Secondly, there is the concept of choosing the right strategy and implementing the strategy correctly (Jones & George, 2014). It is important for management to not only choose the best strategy for the company, but also find the best way to implement their strategy in the business. In 2013, the CEO of Target Inc. put together a strategy to expand Target into Canada and grow the business quickly. They opened up 130 new stores throughout Canada. Two years later, the operation has been shut down as Target closed all 130 stores in Canada and replaced the CEO. The CEO had a strategy to expand the business but did not implement his plans well. When expanding, especially to other countries, a more flexible structure should be implemented to allow the transition to be smoother. The CEO of Target kept the same structure as before the expansion, which was the primary reason for its failure.

Technology is constantly changing for the better replacing slower less efficient machines, computers, and even people. It keeps companies on their toes because a company must adopt better technology in order to stay relevant. This places a certain amount of pressure on management. Certain technology is simple and remains the same just with constant upgrades. But in certain industries, technology gets more and more complicated and management needs to build an organizational structure that addresses this constant change in technology in a workplace. High task variety and low task analyzability can complicate the industry's technology (Jones & George, 2014).

Human resources are straight-forward. The more qualified and trained a company's employees are the more management can be flexible with the organizational structure. These well-trained and highly skilled employees have the potential to accomplish more if they operate in a more open working environment. Training requires many years of experience for employees to be adequately skilled. Therefore, when employees lack the necessary training a more rule-oriented structure would be suited.

After choosing the right structure the next step is grouping tasks into jobs, also known as job design (Jones & George, 2014). The two focal points are job enlargement and job simplification. One way to build motivation is through job enrichment, which increases an employee's responsibilities An example of job enlargement is when employees can work as sales representatives for all products as well as function as technology support personnel and

cashiers. An Apple employee can have many different tasks in one job. Macy's, however, practices job simplification; the employees are assigned to a certain product, like shoes or suits, and they stay within one department. Job simplification reduces the tasks that the employees need to perform. The reasoning behind which companies choose to simplify or enlarge is based on the motivation of the employees among other factors.

Moving a step closer to building an effective organizational architecture is departmentalization, grouping jobs into functions and divisions (Jones & George, 2014). There are many types of structures ranging from functional structure, product, market, geographic, matrix, and hybrid structure. All of these structures are set up for specific industries and management should use whichever division best suits the company and industry. Dividing the jobs into divisions separates specific jobs and allows employees to maximize their talents.

Management must coordinate all the functions and divisions, which can be a difficult task when a company uses a complex structure (Jones & George, 2014). The chain of command can become somewhat neglected unintentionally due to the complex number of many divisions and subdivisions in a company. Employees may be uncertain who to report to. It is important for management to clarify the hierarchy of authority so that all employees are on the same track and the company is running smoothly.

The bigger an organization the taller the hierarchy of authority is. Communication problems can occur with so many levels of hierarchy and this can cause a delay to business decisions. There are other problems with having a tall hierarchy such as the cost of a maintaining many levels of management. So usually when there is a tall list of hierarchy a more appropriate structure would be a flat organizational hierarchy. This removes many levels of hierarchy and communication and decision-making should be quicker and more efficient.

The final step in creating the correct blueprint for a successful organization is the culture (Jones & George, 2014). Organizational culture is how the employees of the organization relate to one another and achieve organized goals. Shared values and expectations lead to a united workforce with a clearer focus on the organization's goals. The culture of the organization can focus on teamwork of an organization. Agroup, whose members collaborate with one another, learn from each other.

Organizational structure is based on four factors. Organizations can attract similar type of people who match both their value system and ethics. However, this can end up having a negative outcome, because these groups can have trouble adjusting to change in the workplace. Next is ethics, which is the values, beliefs, and rules on how one must conduct himself towards people in and outside the organization. Management's goal is to balance teamwork and shared beliefs in the company, without having employees getting overly set in their ways.

The third factor is employment relationship, which is the relationship that an organization and its employees establish with each other. Creating a satisfying relationship with employees promotes greater motivation to work hard and achieve organizational goals. The final factor is the organizational structure itself. Certain structures can automatically create improved teamwork and collaboration to achieve goals. Organizational structures may fit with the cultural setting and cause it to thrive or it may interfere with and hinder the culture. Management choice of the right organizational

structure for the company is essential for a solid foundation. Every task, job and functions' success strongly relies on the management's creation of a blueprint that best fits the organization. Management is responsible for creating the structure and then splitting up tasks, jobs, and functions. In summary, the decisions of management in regards to the structure and jobs focuses on creating a strong culture that produces motivation, collaboration, a strong work ethic, and a relationship with its employees (Jones & George, 2014).

Literature Review

Walczak (2005) describes the structure and culture of knowledge sharing. His foundation is based on knowledge management, but takes a step further. He believes that knowledge management is needed in order to achieve an ideal structure of knowledge sharing. Walczak points out that in today's times, the economy is shifting from its old ways of corporate culture to knowledge management. He also explains knowledge management is not solely about managing knowledge, but rather about creating a culture that encourages sharing. He urges corporations that are specifically geared towards providing services, to change their organizational structure to a knowledge sharing structure.

Using a chart to show traditional structures, Walczak (2005) points out the flaw of how time consuming a structure can be when transferring knowledge from one group to another. This flaw limits knowledge sharing and may slow down a company's growth. However, adopting a knowledge-based structure connects the hierarchy to closely working teams and groups that increase knowledge sharing and contribute to a faster growth of the organization. Some of the flaws in Walczak's study are advising companies to change their structure to a more costly structure. Furthermore, older organizations may have a hard time adapting to this change. Down the line, Walczak believes that organizations that adopt this structure will reap the rewards of knowledge sharing in the near future.

Zamanou and Glaser (1994) performed a test called the organizational culture scale (OCS) which is based on a five-item Likert scale and tested in a government organization. The test included six topics: information flow, meetings, morale, involvement, teamwork, and supervision. The organization was composed of 322 employees and ranged from every level and division in the organization. They interviewed 75 employees and administered the OCS test to about 200 employees. The organization wanted to change their structure and culture to focus more on teamwork and participation from all employees to grow morale and effectiveness. The interviews and tests were performed twice, 20 months apart to track the progress of the company's transition to a stronger teamwork culture. They also held an intervention where they discovered that most employees felt underappreciated and viewed the supervisors as "guards". The goal of the intervention was to set up a new program that would motivate these employees to work more efficiently and effectively.

The results from the first test results ranged from a low rating of 2.10 on morale to a high rating of 3.25 on teamwork. Twenty months later, the second test results ranged from a low of 2.83 on information flow to a high of 3.37 on teamwork. There was a significant increase in the employees' results in all six categories. Following the full process, employee's reactions appeared to be very different. Employees reported improvements in their relationship with supervisors and a newfound motivation to work. Furthermore, they felt that they were more involved in decision-making and were given

more authority. Two task teams were formed due to the encouraging success of this culture change. Meetings became a more regular part of the schedule, where employees had the opportunity to share their opinions. Looking further into the numbers, employees' sick days dropped to a little over 11,000 hours saving the company nearly $100,000. The results of this study indicate how an organization that was struggling due to culture was able to turn the company around with a change in its structure and culture. Management found a more effective and efficient way to run the organization, which paid off immediately.

Coghlan (1994) focused his research on an employee group's response to change. He looked for the root cause that holds back a team from adapting change. Coglhlan explored whether an individual affects negatively the team or the team influences the individual to cause failure in the group work. He also looked into the negative effects a team can have on another team. He broke down the road to organizational success into a two-step process. The first process is the public life that consists of structure, hierarchy, and rules. The second is the informal life that consists of group feelings and attitudes towards respect, power, and influence in the organization. In order for an organization to succeed it must work on both aspects.

Coghlan's (1994) approach addressed the reason why teams have trouble succeeding. He mentioned that the comfort of being on a team for a certain period of time helps form strongly engraved group habits. The new members who join this team learn the wrong habits from the veterans of this team. He found that in order to change a well established team, the new team must take the norms and culture of the previous establishment into account. He emphasized that building and improving culture off the existing team's norms and culture is better than creating an entirely new culture for the team. Using different team building exercises and past work experiences, he designed a plan to fix the weak team instead of focusing on building a totally new one. Lastly, he claimed that in order to successfully enact change, an organization must use current teams that already exist in the organization and ensure that they fully understand the process and reasons for the change.

Future Research

With the advancements and constant change in technology there should be more focus and research in the decisions management makes when choosing an organizational structure. Today, technology is involved in even the most simplistic jobs. In the name of the great comedian, Bill Burr, "evidently I am not only a comedian, I work part time at a supermarket" (Blurr, 2012). He referred to the self-checkout that is pretty standard in most supermarkets. Technology has advanced greatly in such a short time that it should be a topic of future research.

Another area that lacks research is the entrepreneurial area of a flexible structure and corporation structure. An extreme example of flexibility is Google. Larry Page, the CEO of Google, created an atmosphere that is structured around flexibility and entrepreneurship. He preaches nothing is impossible and he proves this with their constant new products. On the other hand, Apple runs a very tight ship. The company has a strong structure and is very rule oriented. Even though both of these companies are structured differently they both have had tremendous success. An interesting area to further research would be to study the structure differences between Apple and Google.

Lastly, the fact that companies and management choose the wrong organizational architecture

was nearly neglected. According to the above research, there are many pitfalls that management can fall in resulting in dire consequences for companies. It is interesting that much research focused on how to fix the past, rather than learn from the past. Research examining past failed managers and companies that seeks to explain their chosen organizational architectures can help others learn from their mistakes.

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Intrapreneurship

Ezra Sturm

Sir Richard Branson, the founder of Virgin Airlines, recently emphasized the importance of intrapreneurship. He noted that many people degrade the prestige and importance of intrapreneurs, employees who have steady work and financial freedom to create new ideas, projects, services, and systems for their company (Branson, 2013). He believes that intrapreneurs are vital for a healthy growth of a company, and he seeks intrapreneurs who are "belongers," who are immersed in what they are doing for the company without feeling as employees.

In fact, intrapreneurs have been responsible for creating a tremendous amount of product innovation around the world today. At Lockheed Martin, intrapreneurs in the Skunkworks division came up with the SR71 Blackbird and many other famous aircraft designs. At Google, intrapreneurs originated Gmail and Adsense, and at 3M intrapreneurs came up with the concept of Post-It notes.

Strictly defined, an intrapreneur is "a person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation" (Editors, 2014, p. 562). Some authors define the second concept of intrapreneurship as simply entrepreneurship within the existing organization. Indeed, intrapreneurship is also given the appellation of corporate entrepreneurship (Antoncic & Hisrich, 2003).

Scholars point out in a world of increasing globalization with rising competition from small startup businesses and overseas corporations that large organizations have to always come up with innovative ways to improve products and services (Jones, 2014). One of the key methods to attain this goal is through intrapreneurship. Modern large companies such as Facebook, LinkedIn, and Texas Instruments are full of such examples of intrapreneurship, and these examples with be discussed in greater length in further sections of this paper.

Background Statement

Macrae (1982) believes that "too often large organizations pay employees simply for attendance and not for productivity or creativity" (p. 1). Pinchot (1985) developed the concept of intrapreneurship as a solution to this problem. Macrae urges "dynamic corporations of the future" to follow Pinchot's ideas, and establish confederations of intrapreneurs, which would "simultaneously be competing among themselves to find alternative ways of doing things better within the corporation" (Macrae, 1982, p. 4).

Pinchot (1985) himself found that in 1870 80% of Americans were self-employed, but by 1970 over half of Americans worked for large organizations. Pinchot felt that despite our desire for individual autonomy and freedom while working, certain tasks, such as the building of automobiles or industrial equipment, could only be done by large organizations. If U.S. were going to succeed in the future it would have to find a way of promoting innovation within these large organizations.

Pinchot (1985) further believes that the future will rely more heavily on economic and industrial innovation rather than the labor or capital goods themselves. Large companies would need to discover exciting new technologies and methodologies and would also need to find a way of implementing these

technologies and methodologies without getting bogged down in the quagmire of politics and over analysis common to large organizations.

Large corporations would also have to be able to retain the best and most innovative personnel to prevent the best ideas from being developed elsewhere and to prevent the corporations from being filled with "dead weight." Pinchot (1985) cited Digital Equipment and Hewlett-Packard as examples of large corporations that lost creative innovators due to oppressive managing and their refusal to embrace intrapreneurship; their employee Edson de Castro could not persuade the Digital Equipment Corporation to go along with his idea of a new type of a computer, so instead he went out and founded *Data General*, which became the fourth largest U.S. computer company. Similarly, Steve Wozniac could not convince Hewlett-Packard to back his concept of small computers, so he joined Steve Jobs and founded Apple Inc.

According to Schawbel (2013) there are several skills and characteristics necessary for an individual to become a successful intrapreneur. First, an individual must be a visionary and be willing to change the status quo. Second, the intrapreneurs must be diplomatic and capable of navigating the internal corporate maze of a large enterprise. Lastly, the intrapreneur must have an understanding of his external and internal environments and be able to persevere even in the face of uncertainty.

In terms of differentiating intrapreneurship from entrepreneurship, Azami (2013) points out that often times the intrapreneur's main obstacle is the organization's own internal antagonism, whereas in the case of the entrepreneur the main challenge is the market. According to Azami, intrapreneurship has frequently restorative objectives as it tries to counter stagnation within a large entity, while entrepreneurship is developmental in nature and more commonly creates something new. Entrepreneurs have to hustle to obtain funding or use their own personal wealth, but intrapreneurs can access company funds, facilities, and networks.

Modern companies practice intrapreneurship in various manifestations. LinkedIn allows employees to come up with new ideas once every three months and pitch their innovative ideas to the executive team. If approved, the employee is granted three months relief from all other duties to purely focus on his new concept. At DreamWorks, employees are given practice sessions of how to pitch new ideas so when a new idea comes along they will easily be able to do so. Facebook sponsors hackathons where different teams of engineers are allowed to collaborate on new ideas. The Like button on Facebook is just one example of the ideas coming out of these intrapreneurial hackathons (Azami, 2013).

Literature Review

Other examples of corporate intrapreneurship will be covered sectors and in more depth in the literature review section.

Strategy of Internal Markets-Corporate, Non-profit, and Government Institutions

Nielsen, Peters, and Hisrich (1985) discuss the use of intrapreneurship in three different business settings: the corporate, the non-profit, and the government. Their research analyzes the extent to which intrapreneurship benefits each of these settings, while also exposing potential drawbacks of intrapreneurship.

In terms of corporations, Texas Instruments forced its engineering services and marketing services units to maintain a constant level of intrapreneurship by obligating them to compete against each other and outside organizations. These marketing end engineering units had to

constantly strive to be state of the art and extremely responsive to the various product centers of the corporation, otherwise, the product centers would purchase the engineering and marketing services elsewhere. The authors demonstrated how this practice allowed Texas Instruments to adopt the best solutions for its non-core units rather than to simply compromise (Nielsen, Peters, & Hisrich, 1985).

Nielesen, Peters, and Hisrich (1985) use Harvard University to analyze intrapreneurship in the non-profit sector. The various hospitals, institutes, and schools under Harvard auspices could freely choose how they wanted to acquire their support services, such as publishing, copying, catering, custodial, et cetera. These services could be developed internally, bought from outside organizations or purchased from the central Harvard Student Sgencies (HSA). This practice forced the HSA to be extremely intrapreneurial in its responses and practices to justify its own existence. The researchers effectively and clearly compare the intrapreneurial experience of the non-profit HSA and the corporate engineering and marketing units of Texas Instruments.

Nielesen, Peters, and Hisrich (1985) examine the U.S. Department of Energy (DOE) and its Solar Energy Research Institute (SERI) for intrapreneurism in the government sector. Other government units had the choice of buying energy resource services from either outside organizations or from SERI, which was not allowed to act independently of the DOE. The SERI's intrapreneurial freedom to obtain multiple different supporters and potential funders for its research projects proved efficient, as they were able to give a shorter response time than the DOE. The authors demonstrated how the intrapreneurial nature of a governmental agency, SERI, was comparable to the non-profit HSA and the for-profit Texas Instruments' engineering and marketing services units.

Despite the many successes of intrapreneurship, Nielesen, Peters, and Hisrich (1985) also point out several limitations. First, an organization must be large enough to support competing intrapreneurial groups within that organization. Second, competing intrapreneurial groups can lead to duplication of efforts with wasting of resources when too many units trying to accomplish the same thing. Third, when it comes to the non-profit groups, there may be legal constraints as to how much revenue producing intrapreneurial activity can be allowed. Further, the culture and climate within non-profit organizations may not be suitable for the kind of risk taking and profit motivation that is inherent to intrapreneurial activity.

Barriers To Entrepreneurship In Healthcare Organizations

Phillips and Garman (2006) expand on the difficulties in implementing intrapreneurship in non-profit organizations. The authors focus particularly on the healthcare sector and academic medical centers, where at times the goals of research, education, and patient-care can conflict with intrapreneurial desires to maximize financial reward. The authors note particular difficulties in the healthcare sector. Most healthcare providers and institutions do not receive revenue directly from those that receive their services but rather from third party payers, such as the government and insurance companies. Hence, the revenues received must often be targeted for specific services and cannot be allocated toward new revenue producing intrapreneurial activities.

Additionally, Phillips and Garman (2006) observe how intrapreneurial behavior requires a high degree of comfort, with both financial and social risk. Healthcare providers, however, often place greater value on stability of employment

and often work for organizations where maximizing certainty takes precedence over exploring risky ideas. Their research also disputes the notion that healthcare organizations will be increasingly compelled to promote intrapreneurial activity and develop alternate revenue sources, because these institutions are under considerable pressure to deliver ever increasing higher quality of care while at the same time maintaining cost controls. For intrapreneurial activities to be successful in such institutions, they must be consistent with the institutions' core mission and must reward the intrapreneurs in a manner that satisfies the organizations regulatory and personnel policies.

Peaceful and Ethical Transition Toward Privatization

Nielsen (2000) believes that intrapreneurship is best suited for governmental use during transformations from public to private enterprises. Nielsen cites Greece, Italy, and the former Soviet Union as examples where privatization failed when it was implemented too rapidly, without proper consideration toward changing the institutional mindset from a "guardian" to a "commercial" mentality. Out of the 13,000 East German enterprises that attempted privatization, only 20 percent were successful. Entrenched union and political interests often lack incentives to increase employee work or decrease inefficiencies. However, Nielson cites the privatization of Scotland's Royal Dockyards as an illustration of the benefits of intrapreneurship in privatization. The Dockyards utilized an intrapreneurial strategy, where each year the Dockyard's reliance on government contracts slowly decreased while intrapreneurial units slowly increased revenue through private customer contracts. Nielson also cited Chinese privatization as a further demonstration of government intrapreneurial success. Chinese managers of state owned enterprises still remained employees with job security but were gradually given flexibility and intrapreneurial freedom in the operation of their individual units.

Previously mentioned research seems to suggest that the success rate of intrapreneurship is far higher in the private sector than in non-profit or governmental agencies, and that large corporations reap the greatest reward from implementing intrapreneurship.

Area of Future Research

To measure one's intrapreneurship, Pinchot (1985) asks,

> "Does your desire to make things work better occupy as much of your time as fulfilling your duty to maintain them the way they are? Do you think about new business ideas while driving to work or taking a shower? Are you able to keep your ideas under cover, suppressing your urge to tell everyone about them until you have tested them and developed a plan for implementation? Would you be willing to give up some salary in exchange for the chance to try out your business idea if the rewards for success were adequate?" (p. 176).

A questionnaire could be administered aimed at identifying the intrapreneurial spirit among employees in private, non-profit, and government sectors. Further research could compare the intrapreneurial spirit between each of these three sectors or between the U.S. and other developed countries.

One would probably expect to find a greater intrapreneurial spirit in the private sector over the non-profit and government sectors. However, it maybe difficult to assess statistical difference between intrapreneurial spirits in non-profits groups versus governmental organizations. Additionally, one would expect a larger amount of intrapreneurial spirit in

countries where free market capitalism is prevalent, such as the U.S. and certain developing nations, over areas where a more socialist mentality prevails, such as the European Union.

A further way the questionnaire could be utilized is by assessing a cohort of college or business school graduates. A longitudinal study over the next 20 or 30 years could examine a pattern of change in the intrapreneurial spirit over an entire work career and shed light on how future developments in the business climate can affect the intrapreneurial spirit.

Additionally, the success or failure of intrapreneurial programs within private and public organizations could be researched on a more scientific basis. As mentioned, all of research reviewed previously was anecdotal. It would worthwhile to develop more objective measures assessing success rates of intrapreneurial projects among private corporations. It would also be interesting to conduct scientific studies and develop measures for intrapreneurial success among governmental and non-profit entities.

Conclusion

For years, top U.S. corporations have grown weary of losing their most creative employees to small startups, and employees have been seeking ways of revitalizing their otherwise boring jobs. Intrapreneurship has become a way to instill new life into corporations and increase employee motivation. Perhaps as companies grow larger, they can continue to be incubators for new ideas, harness patience and fortitude to stick to these ideas, and watch them grow into society's next greatest advancements.

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The study of Business Ethics

Nate Hershkowitz

For the most part, ethics have never and will never be set in stone. As we enter into an even more technologically advanced world, people from all over the globe are coming together, sharing thoughts and ideas, and contributing to ongoing and growing ethical debates. A question of creating a universal code of ethics arises. Many companies around the world ask themselves this question when creating ethical codes for their companies. However, those who are studying the field of business and management are more focused on asking *why* companies subscribe to certain ethical laws. Why would one company agree that it is ethical to spend money on new employees, whereas another company would prefer to spend money on giving bonuses to its remaining employees? Why is it that one society promotes women to join the workforce, while in another society, it is considered a felony? The current paper explores the ins and outs of ethical business decisions using management concepts and current societies to help answer this difficult question of *why*.

Since business ethics is such a broad and complex topic, it is worth delving into two specific ethical concepts that will provide some clarity as to why managers, employees, and customers make the ethical choices they do. The first concept and ethical standard to explore is societal ethics. Societal ethics are based solely on the norms of the particular society (Jones & George, 2014). For example, in a society where insider trading is legal, a company's ethical code will not admonish an employee who is involved in insider trading. However, in the U.S., an employee who engages in insider trading will be fired and even arrested.

The second ethical concept is individual ethics. These are the ethics of the individuals within the company, and tend to stem from family, peers, and upbringing (Jones & George, 2014). To truly understand these societal ethics, one can compare and contrast the business ethics of Israel and the business ethics of its surrounding Arabian countries. The Middle Eastern region has many external factors that play large roles is businesses, work ethic, employment, and ethics in general. This research isolates specific issues that play major roles in ethical decision making, such as religion, strong family ties, tradition and upbringing. This research is important because it provides a better understanding of Middle Eastern business ethics as well as a deeper understanding of the factors that affect decision-making all around the globe.

Background Statement

Unlike science, art, math, and finance, business ethics and its two sub categories, education of societal ethics and individual ethics emerged on American college campuses in the late 1960s and mid 1970s. There was a high demand and necessity for this education: people did not know how to deal with certain situations and could not establish what was and what was not considered ethical (De George, 2005). Another major difference between this area of research and all others was that it was originally taught by philosophy professors and almost never by business professors. Most philosophy professors felt more equipped to answer moral and philosophical questions that many young college students posed in regards to ethical decision making (De George, 2005).

As the field progressed, many different terms started to be coined by ethical researchers and even implemented in organizations and

societies. Although taught in the U.S., ethics were not taught on campuses in the Middle East, as most countries were less developed, and some were extremely underdeveloped. For example, the first business ethic classes taught in the region was in the mid 1990s as an optional course (Schwartz, 2012). Another major component of business ethics is that they change depending on the nation and specific situation. Therefore, historically ethics have remained relatively constant within each country, but internationally have differed immensely.

What is currently well-known within the field of business ethics, societal ethics and individual ethics, is that companies that act ethically tend to be more efficient, effective, and have a better overall performance than companies that do not act ethically (Jones & George, 2014). Companies that follow ethical guidelines also increase the national standard of living, well-being, and prosperity.

A primary cause for the decline in efficiency and effectiveness in unethical companies is because unethical behavior tends to lead managers and employees to loose trust in each other and in the common goals they once shared. The byproduct of a company where no one trusts each other is a lack of dedication and loyalty among staff, and as a result, lowers efficiency and effectiveness levels.

It is also well known within the world of business ethics that the culture, religion, and society play huge roles in how companies and societies shape their ethical codes and how their employees and managers make decisions.

The primary unknown area within the field of business ethics is predicting internal and emotional differences within individuals that cause them to have different ethics from those of very similar upbringing. For example, a young secular Jewish Israeli who grew up in the same community, had a similar family background, and served in the same unit in the army might have a totally different approach on dealing with authority than someone with the exact same background as him. When it comes to an individual, one's lifestyle can be seemingly quite predictive of one's actions, yet the ethical actions one takes may be, in fact, completely unpredictable.

Jones and George (2014) identify four rules to deal with ethical decision-making. The first is the utilitarian rule, where a decision is made based on what will produce the greatest good for the greatest number of people. The next is the moral rights rule that the decision made will protect the fundamental rights and privileges of the people involved. The next rule is the justice rule; that all decisions should distribute fair benefits among people in an equitable way. The final traditional rule that happens to be used the most frequently is the practical rule. This rule is that a manager will make a decision without hesitation or consulting with others because the typical person in society would agree with the decision being made.

The reason why societal ethics and individual ethics are so important to investigate is because they are the roots of how and why people run their business the way they do. Once we understand the fundamentals of how people in a certain country or region operate and how their backgrounds affect their business actions, then we can work and trade more efficiently. Companies will be able to decide with which countries to do business. Hopefully the present research and all research done in this field will lead to a safer and more predictable global economy.

Literature Review

As I mentioned above, I would like to present business ethics and the factors involved by examining the societies of Israel and the Islamic countries in the Middle Eastern region. Beekun and Badawi (2005) portrays the Islamic perspective by investigating the influence of religion and upbringing in the Islamic business structure.

According to the Islamic perspective, business runs according to a stockholder theory, where wealthier more powerful stakeholders tend to be treated with more respect than the less wealthy and less powerful. However, the more powerful stakeholders will never be overly indulged if the lower stakeholders will be negatively affected (Beekun and Badawi, 2005). The primary source that helps protect the lower status stakeholders comes directly from the Qur'an, Hadith[1] and the Ijmaa. The Quran states that the human race is considered to be the trustee of God on Earth. Therefore, the Islamic religion will never make a business decision at the expense of the less important stakeholders because all are equal partners with God.

Islamic communities tend to adhere to Qur'an rules. Any action done through pure intent, even if not related to spirituality, is still considered an action of God and is righteous. Therefore, any business done is only considered righteous if done through the rules of the Qur'an. Another reason for their respect of the lower status stakeholder is from the parts of the Islamic scripture that mention "adl" and "Quist"; these two words mean equity and balance. Their religion is based on a balance concept, implying that every one should get an equal share according to their rank in a system, which is why higher stakeholders get treated a bit with more respect than the lower stakeholders. However, it also supports the equality among stakeholders, where every person in the company is treated equally and no one will ever get rewarded or punished more severely than others just because they hold a lower position.

The next issue the Beekun and Badawi (2005) address is the way Islamic community deals internally with everyday business and personal matters, ultimately explaining why the Islamic businesses run the way they do. They mention the Islamic concept of Halal, the Islamic law that states that worldly involvement must be done in a permissible way. In accordance with this law, Islamic companies will only hire managers that can manage effectively while simultaneously remaining in the confines of the Islamic law. One of the main examples of this is not violating the law of "riba"(interest), which makes it difficult for Islamic companies in the Middle East to run effectively and efficiently. Due to this law of "riba" Islamic banks such as SIB (Sudanese Islamic Bank) have to change their whole lending platform, for example, they will not lend money to people as traditional loans, but rather, they will buy the borrower's actual equipment off them as well as shares in the borrower's company, this causes them to function as an actual entity in the company as opposed to a lender (Beeken & Badawi, 2005).

Lastly, the authors examine the relationship between employees and their employers. In the Islamic community most employees tend to feel a certain level of loyalty towards their company, and will protect their employers at all costs. An employee who is currently working at large company and is offered a higher more respectable position at another firm will most likely not betray his former place of employment. The primary reason for this is because the Qur'an refers to the office as a place

[1] The inferences made from the teachings of the Qur'an.

of trust and is viewed more as a family than an employer. Therefore, leaving a company is the equivalent of leaving one's family. For example, a leading nuclear scientist recently sold secrets to a Libya and was viewed as a villain and a betrayer of God (Beeken and Badawi, 2005).

Schwartz (2012) accounts the ways in which Israeli society influences its ethical business decisions, too. Israel is extremely advanced for its size, and is currently one of the world's leaders in technology, innovation, and economic success. Therefore, business ethics have been modernized and are not solely based on the religion of Judaism, the primary religion in Israel. Instead, Israeli colleges are currently the primary source of business ethics and convey their ideas in a global academic manner. Still, Schwartz mentions some institutions that do try to incorporate ethical teachings from a more Jewish perspective, such as the Business Ethics Center in Jerusalem.

Favoritism and nepotism in the Israeli society has become a major problem in business administration. This has become an issue because all Israelis living in Israel over the age of 18, unless exempt, must serve in the army for three years. During their time in the army, people develop close friendships and can become biased when hiring people for their business; people will end up choosing an old friend over another more qualified applicant for the job (Schwartz, 2012). Also, because of the emphasis that society puts on community and family, people will hired solely due to the connections that they have; this leads to qualified people being left out of a job and the unqualified being hired.

Another major component within the Israeli society that makes ethical decision making very difficult is the many different sects of Judaism that are spread throughout the country. This makes advertising specifically very difficult because the right winged ultra orthodox communities, that make up a large part of Israel, grow easily offended by immodestly dressed women in secular advertisements (Schwartz, 2012). Another major problem within the country is the lack of whistleblowing. Employees and managers will not inform the authorities or other members of a company even when people might need informing about internal issues. A major reason behind this is that in Israel, slanderers are not highly regarded and are viewed as being weak, making it difficult for those who need to inform other people of a problem to do so. This differs a large amount from the Islamic world of business where everything must be done under one code of law allowing people to speak up immediately (Schwartz, 2012). These are some of the many ethical business issues that are directly affected by the society and the individuals within it.

Schwartz (2012) also dissects the reasons behind many Israelis' unethical behaviors. When a census was taken in Israel asking people why they thought many Israeli managers and employees acted unethically, they answered the following reasons: greed, ego, peer pressure, fear of mistake, best interest of the company, and lack of education on what ethics were. Israelis do not want to be considered failures and will do everything they possibly can to propel themselves to the top, sometimes cutting ethical corners to get there.

Izraeli (1997) looks at both Israeli and Arabic cultures and their influence on business ethics. Izraeli mentions two very common slang terms that are used in the Middle East in regards to business ethics, "wasta" (family loyalty) and "protecktzia" (connections). Izraeli claims that these terms are the fundamentals of Middle Eastern ethics and are ultimately what the society as a whole is built on—it is not about

what you know, it is who you know. This leads to family members getting discounted prices, government officials bending laws for close friends, and the rich keeping their wealth within the community. It is culturally unacceptable to give preference to a non-family member over a close family member or a friend, hence, business ethics play a non-factor role in the region (Izraeli, 1997).

Furthermore, Izraeli (1997) identifies two huge differences between Israeli and Arabic business ethics. The first major difference is women in each respective culture's workforce. It is estimated that in the Israel, 47 percent of women work, compared to a mere 15 percent in Israel's surrounding Arabic countries. Islamic society tends to view working as inappropriate for women. Israeli society, however, has a less extreme position and has made many advancements in regards to women joining the workforce.

The second difference Izraeli (1997) points out is the ways in which Israelis and Arabs deal with corruption in their companies. Israeli companies tend to rely on non-governmental organizations (NGO) that deal specifically with internal corruption, and provide legal assistance for the victims involved. Arabic countries, however, lack in resources and infrastructure, and have no governmental agencies to prevent unethical internal acts.

Previously stated research highlights the influence of religion and strong family ties on a society's business ethics. With this knowledge, perhaps mangers across the globe will have a better understanding of conducting business in the Middle East.

Future Research

The first area of future research worth exploring is the role international politics plays in the Middle East. How does constant world criticism of the politics in the region impact company's ethical decision making? Does it make people in the business world more inclined to act ethically? Is it a non-factor? Does it influence the way the government goes about dealing with the global economy?

Another area that has yet to be explored is how a constant state of war, Islamic radicalism, and government upheaval affect the Middle Eastern ethical behavior. This would primarily only apply to the less developed countries in that region, however, the whole Middle East on some level is affected by these three factors. The future research in this area would explore how managers and employees in these countries react to an unstable government and population. These factors are most probably major causes of corruption in the government and in the larger society. We could study how traumatic events, such as war and government upheaval, affect people's ethical decision making. Further studies would help us further understand these societies and help better our trade and global relationships.

The final area of research not examined in the previously mentioned research is homosexuality. These societies base all their ethics around religion, which does not support unconventional sexual preferences. Therefore, can conservative companies in the Middle East overlook this personal choice, or will they adhere to a strict anti-homosexual policy? If businesses are open to this behavior, have they developed any programs to integrate these people? Does it affect their relationship with a company that openly accepts homosexual individuals? For example, if a company has a homosexual CEO, will they send another member of the company to interact with companies in the Middle East in order to show respect? There are many ethical decisions that are affected by homosexuality and

an in-depth analysis of this matter might be beneficial to our society.

In this paper, we have explored the affects that individuals and society have on ethical business decision making. Some factors have been found to have major effects on society such as religion, army, strong friend and family relationships, developments within society and connections. Although we have reviewed studies on one specific region, they may not necessarily apply to other regions. Therefore, there is much more research to be done in the vast field of business ethics and its various dimensions.

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Effective Listening to Improve Personal Selling

Zvi Spiegel

Personal selling is one of the driving forces of the marketing world, and is a skill that can and must be honed in order to maximize company profits. Too often, a salesperson tries too hard to clinch the deal by talking about the merchandise's qualities, and ignoring the client's particular needs. To be an effective salesman, one must harness the power of listening in order to discover what exactly the customer wants.

This paper seeks to expound on the benefits of listening and its influence on effective personal selling. Personal selling typically focuses on the mechanical issues, such as the order getting, and order taking, but ignores the trust that the customer must have in the salesperson and the company. Research has proven that listening to customers, and focusing on their needs improves the customers' trust with the salespersons. Ramsey and Sohi (1997) discuss three levels of listening that a salesperson must master in order to truly listen: *sensing, processing,* and *responding*. Comer and Drollinger (1999) build on Ramsey's and Sohi's three levels of listening, and introduce another level: *active emphatic listening*.

Background

Personal selling is the driving force of today's market. Around one in ten workers in America deals in sales (Perreault, Cannon, & McCarthy, 2011). Personal selling is not just about filling invoices, rather it is about creating a strong bond between the customer and the corporation. An effective salesperson can increase customer loyalty to the company, leading to larger sales. A good salesperson can utilize clients to keep up with market trends and stay informed about the competition. Clients, who have a strong rapport with particular salespersons, might update them on the competitor's new products or how products can be improved. However, the focus of personal selling was usually on the value of the good being sold, to clinch the sale or competitive pricing, and not the relationship between the buyer and seller.

Hansen (2009) ascribes the rise of modern service dominated selling to Walmart. Walmart pioneered the use of computing inventory in order to efficiently stock its superstores. This was critical as the Walmart franchise started out in small towns with varying needs to be satisfied. As Walmart focused on its customer's needs, its 61,000 suppliers realized that they, too, must abandon the competitive pricing model and start focusing on the consumer needs. This successful model of identifying the needs of the target spread throughout the industry due to Walmart's policy of information sharing.

As the frontier of personal selling expands, it must include the need for effective listening. Listening helps build trust and establishes a bond with the customer. In their research, Dobbins and Pettman (1997) stress the importance of relationships with customers, as 70% of selling is building trust and developing a relationship with customers while only 30% is directed toward actual presentations and sales.

Many researchers had suggested a link between effective listening and customer relationships but a strong connection between the two had not been found. Therefore, Ramsey and Sohi (1997) developed a scale to measure salesperson listening. They were able to empirically demonstrate the positive impact of listening on trust in the salesperson, anticipation of future interactions, and satisfaction with the salesperson.

Research in customer satisfaction also suggests that employees, who listen actively, give irked customers the impression that their complaints were dealt with appropriately (Gruber, 2011). This provides an added benefit to listening. Not only does listening increase sales, it also helps retain customers.

Literature review

Ramsey and Sohi (1997) identify the dimensions of listening that a salesperson must possess. There is *sensing*, which means hearing the customer's message as well as the non-verbal cues, *processing*, or assigning meaning to the messages, and *responding*, in which the salesperson conveys to the customer that the message was correctly received. The study tested the merit of this threefold theory of listening by asking students to identify listening behaviors exhibited by salespeople. A second questionnaire was sent to salespeople to determine if customers and salespeople had similar perceptions of listening. The results showed the three dimensions of listening, such that successful salespeople were identified with the listening attributes singled out by the consumers. The study also found a clear link between the customers' perceptions of the salesperson listening to customers' trust in the salesperson and future interaction; though trust was not associated with satisfaction or sales profits.

Research also suggests a positive relationship between effective sales and attentive listening. Castleberry, Shepherd and Ridnour (1999) formulated a questionnaire based on consultation with salespeople and researchers. The questionnaire was filled in by 604 responders with 81 percent of males, a mean age of 42 (standard deviation of 12.5) and 14 years of sales experience (standard deviation of 10.4). The study identified a significant correlation between strong listening skills and the salespersons' performance in critical areas such as closing sales and handling objections. The researchers do note that further analysis is required to ascertain the value of listening in regard to various methods of sales.

In terms of listening, Comer and Drollinger (1999) attempt to add a fourth dimension. Echoing Ramsey and Sohi (1997), this research also outlines the three types of listening: *sensing*, *processing,* and *responding*. It also posits that there are three separate levels within listening itself, *marginal listening* (spacing out), *evaluative listening* (when the listener concentrates on what is being said but do not sense non-verbal cues), and *active listening* (where the listener processes verbal and non-verbal messages and provides feedback). A salesperson, according to Comer and Drollinger, must strive to actively listen when dealing with customers. Their study adds another listening level, called *active emphatic listening*, where the listener seeks to intuitively place himself in the customer's shoes. The paper espouses the benefits of this added level of listening.

While Castleberry, Shepherd, and Ridnour (1999) clearly show the benefits of listening, the benefits of *active emphatic listening* are harder to gauge. Comer and Drollinger (1999) admit that past studies dealing with empathy and sales have yielded mixed findings, only partly due to invalid measurement instruments. However, they suggest that as empathy levels rise, so too should listening, and by extension, sales. While the researchers suggest a valid business model, they fail to buttress their claim with ample evidence. Further confirmation is needed before active emphatic listening becomes the standard for salespeople.

The work of Ramsey and Sohi (1997), and Castleberry, Shepherd, and Ridnour (1999)

show a strong correlation between listening and a salesperson's performance. Comer and Drollinger (1999) have built a model for salesmanship, *active emphatic listening,* based on the proven benefits of listening. However the marginal benefit of *active emphatic listening* remains to be proven.

Future Research

While many studies show a link between the salesperson's listening skills and trust in the salesperson and willingness to future business dealings, there is not enough evidence to directly link listening with bottom lone profits. Future research is needed to establish this claim. Further research in *active emphatic listening* may prove or disprove Comer and Drollinger's (1999) theory. If it can be proven beneficial to salesmanship, this quality should be sought in prospective salespeople and taught to employees.

Another topic to research is the innate nature of listening skills. Employers may wish to enhance their salespeople's listening skills by training them in listening skills, but may reach a wall if listening skills are inherent, and their workforce does not possess them. Research will indicate the effectiveness of teaching salespeople listening skills.

Furthermore, research could delve into the extent to which a salesperson can improve their performance through the use of effective body language. Body language is a skill that can be used in two ways. A salesperson can be taught to give his sales pitch in friendly manner that invites trust. A discerning salesperson can also read the customer's body language and adjust to the customer's non-verbal cues. Research may find that someone who can control his or her body language can be a better communicator.

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Using Non-Verbal and Non-Written Elements in a Communication In a Multi-Cultural Global Economy

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Communication is a vital step in functional business model of any successful company. Communication ensures that the goals and mission statement of a company are adhered to across all the levels of the company. The CEO and top level managers need to be able to properly communicate with the lower level employees, in order to be able to implement intended strategies and plans. The company also needs to be able to communicate properly with customers, to ensure that customers are properly aware of the benefits of doing business with the company. Communication is also important to help the company receive feedback and improve their operations. Customers need to be able to communicate with the company about their needs. Lower level employees need to be able to send feedback to the upper levels of management about work status, implementation progress, and ways to improve company operations and plans.

The simplest and most common forms of communication are the written and spoken word. The written and spoken word allows instructions to be transmitted in a clear and detailed manner. In addition to the spoken and written word, other elements can be used to enhance a communication. Visual aids can be used to solidify the message being transmitted. However, it is important to be aware that there are potential downsides to visual aids, so while they often are extremely beneficial, they must be used with proper forethought.

Promoting Effective Communication

Being able to properly communicate a message is arguably the most important job that a manager has to do. As important as it is to develop effective and efficient plans with regards to production and distribution, it is essentially worthless if a manager cannot properly communicate how the plan needs to be implemented.

Communication is the sharing of information between two or more individuals or groups to reach a common understanding (Jones & George, 2014). Communication only occurs when there are two parties involved: the presenter and the receiver. If a presenter attempts to communicate when no one is around to receive it, or a receiver attempts to receive a message that was not communicated, communication has not occurred. Second, effective communication only occurs when both the presenter and receiver reach a common understanding about the message being transmitted.

Efficiency increases when managers properly take advantage of emerging technologies and train their employees in the proper use of new technology. Communication is used to learn about new technologies, implement the technology in the organization, and train the workers in how to use the technology. Quality control relies on communication. Managers need to be able to convey to the employees the importance of maintaining the proper standards of quality, while employees need to be able to relay messages concerning quality issues back to the managers.

Responsiveness to customers also increases due to effective communication. While communication from customers will always remain an uncontrollable variable, communication from the sales team to the customer, as well as among the sales team and management about customer needs, can be used

to streamline and improve responsiveness to customers. Proper communication also improves innovation when, for example, a cross-functional team is developing a new product (Jones & George, 2014).

The communication process occurs in two phases: the transmission phase, which is when the communication is sent out, and the feedback phase, which ensures that all the parties involved received and understood the message. The sender of a message needs to make sure that a minimum amount of noise, which is anything that could interfere with the message or impede with the communication (Jones & George, 2014). It is important to be aware of how noise can affect communications, especially amongst the different mediums of communication.

There are four levels of communication mediums, with varying levels of information richness. Information richness is the measure of the extent of information included in the communication. In descending order of information richness, they are face-to-face communication, spoken communication electronically transmitted, personally addressed written communication, and impersonal written communication (Jones & George, 2014).

Face-to-face communication is communication delivered directly from the sender to the receiver, without any middle forces potentially causing any noise. This method of communication has the highest level of information richness. The direct method of communication allows instant feedback to ensure that all parties involved understand the message to the fullest. Most importantly, in-person communication allows one to view the body language of the parties involved, which can sometimes be more indicative than spoken language (Jones & George, 2014). Recently, due to advances in technology, many face-to-face meetings are done through videoconferencing, which some managers have claimed is even more efficient than traditional face-to-face meetings (Jones & George).

The next level of communication is spoken communication electronically transmitted. This method has the benefits of being immediate and often with a minimum amount of noise. Questions and uncertainties could be solved immediately, and the important subtleties transmitted through elements like tone are also included. However, since the communication is not done in person, the important element of body language is not included (Jones & George, 2014).

Personally addressed written communication is the next lower level of communication. This medium of communication removes the benefits inherent in in-person communication, such as tone and body language, and also does not have the same level of instant feedback. However, since the communication is personally addressed, the receiver is more likely to receive and respond to the message than if it was generic. An additional benefit of personally addressed written communication is its ability to complement the higher levels of communication. A follow up letter after a meeting, summarizing the points that were mentioned and thanking those involved, can help concretize the decisions reached by management (Jones & George, 2014).

The lowest form of communication is through impersonal written communication. The proliferation of technology and social media sites have made it extremely easy for people to communicate with multitudes of people at once, with tools such as e-mail and blogs allowing several people to be addressed with the same communication. While it might be necessary at times to use an impersonal written

communication, for example when a manager is sending out a newsletter to thousands of employees, more often than not an impersonal communication will get a cursory glance at best. If any of the other mediums of communication are possible, impersonal written communication should be avoided (Jones & George, 2014).

When transmitting a message, one needs to ensure that the message is being properly conveyed. There are several important considerations needed when communicating. The sender needs to make sure that they select the appropriate medium to transmit the message. While generally the rule is to pick the mode of communication that has the highest level of information richness, other factors also need to be taken into consideration. For example, time constraints might be too tight for face-to-face meetings, or visual aids might be needed to explain a plan (Jones & George, 2014).

A communicator also needs to be aware of filtering and information distortion. Filtering occurs when the sender mistakenly withholds a necessary piece of information, as the sender does not realize it was necessary. Information distortion occurs when the meaning of the message changes between when the sender sends the message and the receiver receives it. Both information distortion and filtering often occur accidentally, so a communicator must be extra vigilant to ensure that the message is conveyed properly (Jones & George, 2014).

A communicator must also be aware of differences in linguistic styles. Linguistic styles vary based on geographic as well as cultural differences. In particular, a communicator needs to be aware of cultural differences with members from other countries, as the economy is becoming more global, and managers from one country need to interact with managers from other countries.

Communication of the Organization

Slomski (2008) gives a definition of communication, and points out certain limitations in communication. Slomski defines communication as the sending of a coded symbol to recipient who decodes it. Coded in this case often simply refers to spoken language, which the recipient has to understand.

The classic Shannon-Weaver model of communication stresses the influence of the physics of sound on communication (Slomski, 2008). Therefore, the model is designed in a way that encourages feedback from the recipient, albeit not always through the channel where the communication was originally sent. Therefore, more complex communications have a greater chance of being correctly understood, as the both the sender and recipient can ensure that all parties involved fully understand the issues being communicated.

Certain methods of communication limit the effect of outside factors on the meaning of the message. Examples of this type of communication are conversations over a telephone and written communication. These forms of communication are limited by not allowing outside forces such as the speakers body language and posture to affect the meaning of the message. At certain times, particularly when dealing with particularly complex instructions, a written communication can be the best medium of communication.

Distortions of communications occur in many different ways. One cause of distortion can be the medium used. The communication must be delivered in a manner that the recipient is able to understand. If the communication is not transmitted in a common language used by all parties involved, the message will likely get distorted.

Situational context can also distort the communication. The situational context refers to a preconceived notion that either the sender or the receiver has concerning the communication, which is used to interpret the communication. If either party has a different outlook on how the communication could be viewed, they may interpret the communication differently than it was intended (Slomski, 2008).

Cultural diversity and distinctions in societies can also cause communication distortions, due to assumed stereotypes, expectations, and customs (or lack thereof) (Slomski, 2008). If the communicator and the receiver do not have the same base of understanding, the chances of the message getting distorted increases. When dealing in a multi-cultural work environment, one needs to make sure that all communication is delivered in a way that members of different cultures are also able to correctly comprehend the message.

What is Communication?

There are five essential questions to ask regarding communication. Why am I communicating? Who will receive my message? Where will they be when they get my message? What do I want to say and what do they need to know? How shall I communicate? ("What is communication?", 1994)

Many of the questions are standard ideas regarding communication, however some of these questions hint to the importance of non-verbal elements of communication, such as personal knowledge about the recipients and the timing of their receipt of the message.

Of the four basic principles of good communication, the first two are instruction and information, while the other two are slightly less conventional: entertainment and influencing of attitudes. To go beyond a simple transmission of orders and create an emotional connection with the receiver requires connecting with the receiver on more than a verbal level ("What is communication?", 1994).

The author lists several descriptive adjectives associated with communication. The list spans actions taken by both the communicator and the receiver. There are the more classical actions, such as verbal and written for the communicator, and listening for the receiver. There are also several other non-verbal actions included such as body language and aroma for the communicator, and the senses of touch and smell for the receiver. Even the type of aftershave/perfume worn can be used to help solidify the transmission of the message. To minimize the interference as much as possible and optimize the chances that a message is properly received, a communicator needs to be acutely aware of all the elements that could help and interfere with a message ("What is communication?", 1994).

Possibly the most important benefit of having communications that are not only verbal based is message retention. People can retain around 30% of what they hear, 75% of what they see, and 90% of what they do (but only if motivated to do so). As most communicators hope to achieve a higher than 30% retention rate of information, visual and interactive elements to a communication are logical steps in improving retention rates ("What is communication?", 1994).

The Influence of Language and Culture on Interpretation of Abstract Symbols

Communication in the global environment relies heavily on technology. In particular, slide shows are often used to enhance presentations, to the extent that approximately 30 million presentations are given using PowerPoint per

year (Albritton, Bendriss, & Hahs-Vaughn, 2006). Within a PowerPoint presentation, clip art images are often used to enhance the slides. The clip art is used to either explain a point mentioned in the slides, or simply to demonstrate a relevant concept in order to increase the interest of the listeners. According to the authors, visuals can improve the learning process by up to 400%, as people can process visuals up to 60,000 times faster than text (Albritton, Bendriss, & Hahs-Vaughn, 2006). Non-verbal enhancements, therefore, can greatly increase the effectiveness of a communication.

There are times when clip art can detract from a presentation. This occurs mainly when the image being presented does not translate in the mind of the receiver to what the communicator intended. While a cause of this could be unclear images, cultural differences could affect the way one interprets an image (Albritton, Bendriss, & Hahs-Vaughn, 2006).

Issues in understanding visual aids are most likely to occur in cross-cultural presentations. When deciding which clip art image to use, presenters use images that they believe will represent the idea they are trying to convey. However, the interpretation that the presenters have of the image are biased due to their own socio-cultural upbringing. In the mind of the presenters, the image must refer to what they intend it to, but to others who do not have the same socio-cultural background, the meaning may be completely different. An example given of this misunderstanding was a test given to native French-speaking students. When asked what they believed the English phrase “hang up one’s hat” meant, over 60% of respondents were not able to answer correctly. This occurred between England and France, two countries who geographically are not that distant. One can imagine the divide being greater in a case where the different countries are even more distant, both physically and culturally (“What is communication?”, 1994).

Albritton, Bendriss, and Hahs-Vaughn (2006) conducted research concerning the level of understanding of clip art images among different demographics. They formed four groups: native English-speaking professionals (level 1), English-speaking non-professionals (level 2), non-native English-speaking professionals (level 3), and non-native English-speaking non-professionals (level 4). The goal was to see the effect of English proficiency on interpreting symbols.

The results demonstrated the importance of a native level with regards to understanding images. Level 1 respondents had 86% accuracy, level 2 respondents had 54% accuracy, level 3 respondents had 43% accuracy, and level 4 respondents had 38% accuracy (Albritton, Bendriss, & Hahs-Vaughn, 2006). Several key points were found in their research. First, one cannot simply learn techniques used to interpret symbols the same way they learn to speak the language. Their results indicate that level 1 participants had about double the accuracy of level 3 participants, even though level 3 participants are business professionals who were well trained in English. Second, even level 2 participants, who had no formal business training, were able to understand business-based images more accurately than level 3 participants, even though the level 3 participants had years of formal business experience. This stresses the importance that become ingrained; socio-cultural values are the key factor that people use when they attempt to interpret symbols (Albritton, Bendriss, & Hahs-Vaughn, 2006).

As a result, when one attempts to transmit a communication, one needs to be particularly aware of the differences in culture between the sender and the receiver. Benefits of adding in

non-verbal elements into a presentation are great, but only if the elements add to the presentation, and do not distract from the message. Therefore, particularly when dealing with cross-cultural communication, great care must be made when deciding how to incorporate non-verbal and non-written elements into communication (Albritton, Bendriss, & Hahs-Vaughn, 2006).

There are different elements of communication that improve a receiver's understanding, including changes in tone and body language, jokes, and relevant images. However, it is important to be aware, particularly within a global economy, that members of different cultures might understand symbols differently than how the presenter intended. Though the benefit of having added elements in a verbal or written communication is substantial, one does need to be aware of the fact that at times, the message may become somewhat distorted.

Future Research

Technology is always expanding, and new technologies change the way people communicate with each other. Microsoft PowerPoint, for example, is less than 30 years old, yet tens of millions of presentations are created annually with it. As new technologies emerge, it would be interesting to study how different cultures approach and revise their communication.

One area of interest could explore possible ways to streamline and improve the way messages are currently transmitted, and optimize them in a way that non-native English speakers are able to get the full impact of the message. Another possibility would be to study whether writing a caption near an image would help explain the image and whether requiring the explanation would reduce the benefits of having an image in the first place.

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Mission Statement's Correlation with Employee Behavior and Firm Performance

Aron Orenstein

It is common practice for a company to have a mission statement. A quality mission statement will identify the company's products or services, specify the buyer needs that it seeks to satisfy, and stipulate which customer groups or markets it serves. A well written mission statement also gives the company its own identity (Thompson, Peteraf, Gamble, Strickland, & Jain, 2014). In some companies the mission statement is nothing more than a formality, and the top level executives and managers do not work on implementing the mission statement into the strategy of the company. On the other hand, there are company executives and managers who work on having the company embody the message its mission statement portrays (Thompson et al., 2014). For a mission statement to be effective the company has be from the latter group, because if managers do not enforce the mission statement then it cannot positively affect the company.

The goal of the managers promoting the mission statements is for the employees to commit to the mission statement, and consequently have a positive change in behavior. The company intends from the mission statement to have a positive impact on employee behavior and also on company performance. Academics hypothesize that there is a link between employee commitment to mission statements and employee behavior. They also hypothesize that there is an association between the change in employee behavior from the mission statements and company performance. Verifying these two hypotheses is important since mission statements are commonly used despite the lack of clarity of their effectiveness. The scope of this paper is to discuss the validity of these two hypotheses from findings of various studies.

Background Statement

The origination of the mission statements as an organizational tool is attributed to Drucker's Handbook of Management (1974). Pearce and David (1987) pioneered research between mission statements and organizational performance, and found that Fortune 500 firms' mission statements gave special attention to its corporate philosophy. Various other studies were performed in the 1990s yielding results contrary to Pearce and David's findings. For example, O'Gorman and Doran (1999) replicated Pearce and David's test and found different answers, challenging the reliability of their experiment. Mission statements are clearly prevalent strategic tools, but whether they truly have an effect on company performance is uncertain due to the contradictory findings of previous studies.

Literature Review

Some research suggests that mission statements do not directly affect company performance, rather they influence individual employee behavior, which in turn influences company performance. Bart, Bontis, and Taggar (2001) state two hypotheses about the relationship between mission statements and employee behavior. The first hypothesis seeks to analyze the extent to which a mission statement's organization of the company positively affects the mission statement's influence on employee behavior. The second hypothesis concerns the degree of employee commitment to a mission, and the extent to which that mission influences employee behavior. According to the first hypothesis, organizational structures, which are aligned with the mission statement, reinforce the message of the mission statement and clarify the organization's direction. According to the

second hypothesis, the mission statement positively affects employee behavior. Bart, Bontis, and Taggar discovered a correlation between mission-organizational alignment and employee behavior, albeit fairly low. They did, however, find a strong correlation between employee commitment to the mission statement and employee behavior. Finally, they found a very strong correlation between the degree to which a mission statement influences employee behavior and the company's performance.

However, some believe mission statements do not positively affect company performance. Darbi (2012) reports 40% of employees do not know or understand their company's mission statement. Consequently, a company's mission statement cannot affect employee behavior in order to increase firm performance. Darbi performed his study on 160 employees from a tertiary institution in Ghana. The first section of the questionnaire intended to capture employees' knowledge of their company's mission statements.

Darbi's study found 97.5% of employees were aware of the existence of the company mission statement, though 33% of employees said the mission statement is occasionally seen, 19% said it is frequently seen, and only 5% said it is always seen. On the other hand, 33% of employees said the mission statement is never seen, and 10% said it is seldom seen.

The next section of the questionnaire intended to capture how well employees understand their company's mission statement. The survey found 80% of employees described their comprehension of their company's mission statement as either very good or excellent. 9% said average, and 11% said below average or poor. According to the survey though, employees were not as aware of the details in the mission statement. Only 55% of employees described their awareness of mission components as very good or excellent. Darbi's findings seem to support research claims that mission statement influences individual employee behavior. The findings point towards high employee awareness and understanding of the company mission statement.

Khalifa (2011) questions the alleged link between mission statements and organizational performance. Khalifa cites various studies that found no association between mission statements and firm performance, but does not give much weight to studies that show a correlation between a quality mission statement and firm performance, because the can be attributed to correlation and not causation.

Bart, Bontis, and Taggar (2011) found a positive relationship between employee commitment to a mission and employee behavior influencing that mission. Darbi's (2012) study disproves this argument against Bart, Bontis, and Taggar's theory. Darbi found 97.5% of employees were aware of their company's mission statement, and 80% of employees had an excellent or very good understanding of their company's mission statement. Together, these studies are supportive of the hypothesis mission statements positively affect employee behavior, and thus also improve firm performance.

On the other hand, Darbi's (2012) study is unreliable since it was conducted on only one firm in Ghana. The extremely small sample size does not guarantee accurate results. Perhaps this firm is superior at informing its employees of the company mission statement. Also, perhaps tertiary institutions put more emphasis on mission statements than other firms in other industries. Another issue is the study was performed in Ghana, which may not reflect employees in North America and their awareness of the company mission statement.

While numbers may support Bart, Bontis, and Taggar's (2011) theory, Khalifa (2011) asserts this theory is logically flawed. Khalifa contends the correlation between firms with strong mission statements and improved firm performance is nothing more than correlation, and not causation. Meaning that it is possible that high performing organizations are high performing independently of mission statements, and they are doing nothing more than writing better mission statements (Khalifa, 2011).

Areas for Future Research

Future research should be centered on the two main arguments against Bart, Bontis, and Taggar's (2011) theory. Darbi's (2012) study found employees were aware of the mission statement, but his study was unreliable, since it was only performed on one firm in Ghana. A study similar to Darbi's should be performed in the North America with a multitude of companies from a wide range of industries. Such a study would either confirm or disprove Darbi's claims.

Khalifa (2011) believed studies that find a correlation between quality mission statements and firm performance does not prove the mission statement caused the firm performance, because it can be a case of correlation and not causation. It is difficult to perform a study that supports or refutes this argument, because it claims any statistical correlation is only correlation and not causation. A possible study could be to have a number of North American companies from different industries only change its mission statement, and nothing else. If these companies perform better after changing its mission statement, then it would support Bart, Bontis, and Taggar's (2011) theory, but if the companies show no change then it would support Khalifa's reasoning.

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Digital Business Strategy

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Every business needs some sort of strategy to succeed. The current study investigates a successful business strategy before and during digitalization in business. The first portion focuses on business strategy before digitalization, before rapid Internet and technological advancements. The paper then transitions to business strategy in the current digital decade to explain how a business digitalization strategy has entirely become a business strategy in itself.

In business, a strategy will set the direction in which the business will follow for a certain amount of time to achieve its goals. The goal can be to set a strategy that will create an advantage among the competition. Vu (2007) believes that it is managerial structure that drives strategic objectives. Top managers of a company set a broad based plan and the managers of each division or department set more specific plans to fulfill the overarching company goals.

Before the digital decade, the information technology (IT) departments of businesses were just another division of a company. Prior to 1980s businesses would use technology sparingly and it was never thought to be integral to business proceedings. Bharadwaj, El Sawy, Pavlou, and Venkatraman (2013) suggest that firms' business strategies must align with IT strategy. Accordingly, businesses have made adjustments to their outlook of digitalization. Entire businesses and startups have sprung up purely focusing on digitalization technology.

Research on the subject of the evolvement of technology in business strategy is still evolving. However, it remains an important issue because startups and newer companies relying on technology can create competitive advantage over older companies that do not embrace change. Therefore, the business digitalization strategy is no longer a sub-division plan of an IT department; it is a key component strategy to ensure company's success.

Background Statement

In large corporations top managers cannot be involved in every gritty detail of a business proposal or idea, so they can review proposals at final stages. This process wasted time, money, and manpower on ideas that could be nixed or completely restructured at their final stages. This led to the evolution of top managers working with subordinates on business strategy and planning before an idea got too far off the ground. Doing so prevented a company's resources from being wasted on an idea that would never come to fruition. And with the advancements of technology, digitalization was weaved into the early strategic planning process as well.

Digital business strategy has evolved in its own right. Starting of as part of every department, it has become the core of business strategy when it comes to planning for the future. Every proposal is now assessed and matched with the positive or negatives effects of technology. Digitalization has also greatly affected marketing analytics, where a product marketing strategy must be accompanied with a digital marketing plan in order to compete with other ideas within the business. Digitalization has helped companies cut costs and save time compared to companies lacking digitalization within their business strategy. For example, a real estate company with a centralized digital program created

strategy to support a smooth process of communication, scheduling, property management, and payroll for the company. These are all key factors that can affect the success and future growth of a company.

It is pretty certain that digital business strategy will influence the future of planning within businesses and corporations. However, there is no predicting exactly what effects will take place; though it may continue to involve communication and marketing sectors. It is crucial for top managers to have instant communication among all levels of management in order to prevent misunderstandings and solve unpredicted events within the company.

As mentioned above, companies have begun to digitize their marketing. Marketing on social media platforms and news websites has become a common way to reach out to customers. Because of the changes from print to digitalization, having a face on the web is essential to connecting with customers, who otherwise could not be reached. Additionally, companies can strategically target social media and Internet users based on previously visited webpages, age, location, and pop-up advertisements.

Yet, this all comes with a cost. Before the rapid growth of the Internet technology, updating software and equipment happened less frequently than today. Now, most software updates can be installed even weekly while equipment upgrades could be upgraded semi-annually. This means that companies must strategically purchase and update software and equipment while comparing high rising costs against the risks of falling behind competitors. Additionally, it is little known whether these technology purchases can actually affect the company's growth or if the technology funds could be used more effectively elsewhere.

The technology world has become a world of rapidity, creating a notion that not being up to date with technology will halt all growth for a company. Even more so, technology and digital business strategy affect every aspect of a company in some way or another. Currently group videoconferences are just as common as group phone calls previously made. Each department uses the digital strategy that management implanted in order to increase efficiency and centralize operations.

Traditionally companies used digitalization through an IT department that would fix phones, computers, fax machines, and other technological mishaps in the company. Over time, the IT departments progressed into "make or break" units for a company's success. Top level management strategizes with the IT specialists daily, in some cases IT being the driving force behind the strategy.

The reason business strategies transition into digital business strategy is worthy of investigation is because of the importance a business strategy carries in and of itself. For most plans to succeed they need a strategy which they will use to reach the end goal. Top management of company has a broad goal or vision for the company. The top vision is then followed by creating a strategy for the sub-level of management to reach their specific goals. When put together, each division goals correspond with the broad based vision of top level management. Without the hierarchical structure of a business strategy, there would be an uncoordinated flow of effort and an aimless direction for a company. Digital business strategy comes into play because over time it has become a differentiating factor in ensuring a company's success. Since technology is ever-growing, it is worthy to study the effects of

digitalization on business strategies in the past and present to better navigate the future.

Literature Review

Hunsicker's (1980) research delves into what managers can do to streamline managements' role in the digital strategizing process. The first change Hunsicker suggests is called shifting the timing, where a top manager's input is more effective at the beginning of the strategizing process. Hunsicker believes that rather than being the last line of approval, top managers should voice their input at the beginning, in order to give a direction for the rest of the planning team to follow. Hunsicker uses the 1973 oil crises and recession as an example of a lack of effort from mangers to change the original planning in the beginning.

Furthermore, Hunsicker (1980) suggests that businesses generate new ideas and options, evaluate new and alternative ideas carefully, set priorities, refine functional programs, and control damages from the beginning. He believes instituting these ideas from the start will have greater impact than critiquing an idea that has already been created. Hunsicker advises people to implant the why question at every stage of the process in order to take people out of "tunnel vision" state of mind. He suggests using the why question to get people thinking, for example, to address the challenge of lowering costs or increasing cash flow. This approach stimulates scrutiny at all levels of management who are responsible for the planning and implementation process.

Additionally, Hunsicker (1980) brings examples of how two companies weeded out weak ideas and brought in realistic innovative ideas. Presented with costly high risk strategies, managers sent their planners back to create alternative solutions resulting in new realistic and cost effective approaches for both companies. Lastly, Hunsicker complements the Japanese process of strategic decision making. He suggests that Western managers should focus more on the social aspect and less on their own power in order to welcome new ideas. In this way it is a team effort between different levels of management rather than the top executive driven approach.

Vu (2007) stresses the idea of creating a competitive advantage through constant improvements in the business strategy. Vu brings two perspectives that help a company create an advantage. The first includes the industrial organizational view, which focuses on the structural forces within an industry, the competitive environment of firms, and how these influenced competitive advantages. The second is the resourced based view, where a firm's resources are more important than an industry's structure.

Vu (2007) uses Sam's Club as a business with the model management team. With incentivized programs for employees, Sam's Club gets higher employee productivity translating to lower costs. With various strategies to create an evolving advantage over competition, Vu believes Sam's Club's greatest advantage is the employee satisfaction. By keeping the employees satisfied, Sam's Club retains top performing employees with its top tier customer service. Further, the addition of fast food restaurants aimed at distinguishing the company from other retail stores (Vu, 2007). The focal point of a successful strategy according to Vu is that companies need to stay competitive by constantly developing the company's strategy and never staying stagnate.

Technological advancements changed the business world in various ways especially planning and strategizing departments. In their research, Bharadwaj, Sawy, Pavlou, and

Venkatraman (2013) develop the notion of the digital business strategy, inspired by the fast paced evolution of technology over the last decade. There is a necessity for companies to use the most up to date technology, and a digital business strategy helps reach the given goal. A great example is companies such as Amazon, Google, Netflix, and Microsoft, which are all heavily involved in the industry of software and hardware development.

However, under a typical functional business strategy these industries will not cross paths, creating the need for a digital business strategy. Even a company, such as Nike, became involved in the technology world, when they paired with Apple to create products that work with Apple's iOS software. Without utilizing a digital business strategy, the effort of Nike's development teams for material and software products would not be coordinated during the development process. The scale of digital business strategy weighs heavily on companies' capabilities to work together.

Digital strategies include a variety of services and products. Cloud computing, Internet bandwidth, and broadband networks create a reliance on the providers to constantly deliver these services to businesses. There must be a strategy in place to handle the amount of data that is being collected daily. With all this information, there is a need to increase the speed and flow of the company as a whole. Product launches must have a mapped out sequence for releasing the original product, followed by newer versions. Decision making of companies has to be timely and supported by technology. For example, when a defect in a product is found and instantaneously spread all over social media, the company must have a digital strategy solution to respond with a release statement and not to lose customers. As managers are learning to manage vast amount of data, the role of digital business strategy will grow out of its still developmental stage.

Future Research

Previously mentioned research studies defined the functions of business strategy in the years 1970-2013. Each article recognized the importance of change and growth in business strategy, in each of their respective decades. In the final article, technology was the key for change in a business strategy, focusing on managing digital data as a means for growth. However, as companies shift to digitalization, they need to take precaution to prevent a network intrusion or data hack. Just as an established company is expected to navigate a natural disaster or financial crisis, in today's era a data intrusion will potentially shut down businesses. Hackers have proven to be a real and dangerous threat, as seen in the recent infamous Sony hack. Companies must develop a strategy to protect, respond, and recover from the threat of being shut out of their own systems.

A further area of research could analyze the success of companies like Uber, who in a matter of two years established themselves as a legitimate threat to all taxi and car service providers. Through an incentivized marketing campaign, Uber recruited drivers and clients away from their competition. They currently offer an easy, efficient way for drivers to pick up riders and for riders to find drivers. Uber became a wakeup call for all industries not heavily involved in mobile apps as a way of conducting business. The Uber Company itself is purely a virtual middleman, connecting a driver to a rider while taking a cut from the drivers and the riders. GrubHub, though a bit different, is considered the Uber of restaurants, the virtual middleman between hungry customers and busy restaurants by receiving orders through the app, notifying the restaurants, and delivering the food to the customers. If industries do not adapt their strategies and not become more comfortable with technology use, they will fall to new innovative competition, just

as the taxi service industry has recently fallen to Uber.

Lastly, the emergence of drones in the business world has yet to become wide spread. There is a need to evaluate their influence on business and strategy. Though drones began as an asset for military use, the media has used them for news coverage as well as filming of videos and movies. In the business world, corporations such as Amazon are trying to utilize drones to facilitate speedier delivery. Drones have big potential to become something for everyday use. Thus, companies need to figure out how to take advantage of these newly developed residential drones. Drones are worthy of research, because of the potential time and money saved on the delivery of goods. Drones can skip traffic of city streets and cover long distances to travel in rural residential areas. With recent surge in drone sales, it is only a matter of time until they are incorporated into a smart business strategy.

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Getting The Most From Employees Through Motivation

Eric Gorlechen

When entering the marketplace, new businesses must contend with tremendous obstacles. To be successful, a small or new business needs to find a niche in the market, be able to compete effectively, control costs, and maintain a high managerial standard (Scanlan, 1973). To minimize such hurdles, a new company must utilize its limited resources such as funding, office space, and outside connections, in the most efficient way possible. There is no better way to utilize resources and maximize a company's full potential than to employ productive and highly motivated individuals.

More important than finding the right type of employees is creating an environment that attracts, retains, and allows motivated individuals to thrive. There are many ways to create such an environment. One way is to create an ownership culture (Burzawa, 1998). Creating an ownership culture can be accomplished by offering part ownership to employees through stock options. This gives them an invested interest in the company, which goes far beyond their individual job tasks. By offering employees stock in the company, management's interests and the interests of individual worker are one and the same, as the success of the company benefits both parties.

A new businesses success is tied directly to the amount of product it can sell and the profits it makes. No group of employees is as critical to the success of a new business as its sales staff. Finding skilled sales people who are self motivated can be accomplished by establishing a culture which allows them to work independently and allows them to focus on their job of making sales (Burgart, 1986). Motivating already self-motivated sales staff can be accomplished by offering stock options or through other financial incentives such as bonuses or commissions for their sales. An equally successful and important way to get the most out of a sales staff is to give them a sense of pride in the company and product, which they are representing. When motivated additionally through financial incentives or through an ownership interest, a sales staff can allow a new business to overcome many of its other deficiencies through its efficient work and successful sales.

Literature Review

This essay will examine three articles that discuss motivating employees within a small business, motivating a sales force, and the effects of offering stock options to employees. The summaries and analysis of the following articles will help determine a strategy for a new company so that it may experience long term success through the way it motivates and gets the most from its employees.

Motivation: How to Get the Most from Your Sales Force

Burgart (1986) focused on a seemingly obvious and simple question: how does a company get the most out of its sales staff? Her research demonstrates that motivating a sales team is not as simple as it appears. Although monetary incentives do play a vital role in motivating a sales staff, it is not sufficient for a manager to rely exclusively on this tool if he or she wishes to tap into the full potential of a sales staff. Instead, Burgart asserts that motivating a sales team requires a deeper understanding of the makeup of a salesman and delves into other motivating tools used by successful companies to motivate its sales people.

Burgart (1986) believes constant feedback and good communications between management and its sales staff is absolutely necessary to run a successful business. Open communication and feedback can not only relay how management feels about a sales staff and its contribution to the overall company, but also it can also give a sales staff a connection to management and the overall direction of the company. Tools of motivation, which are used to relay feedback from management to its sales staff, can come in the form of commissions, bonuses, incentives or even in-person or written recognition. When choosing which form of communication or feedback to use in relaying successes or failures to the staff, management must be aware that its sales staff is comprised of already self-motivated employees.

In order to find a good salesman, managers of companies located in the state of Indiana, for example, screen for five most desirable traits: being well-groomed, neat appearance, self-motivation, pleasantness, congeniality, good communication skills, knowledge of field, and ability to learn (Burgart, 1986). The most important of these traits is self-motivation, for it indicates that a salesperson has ability to work without overbearing supervision and organization from managers. This saves the company manager's time so that they can devote their attention to other more strategically important projects and to focus on employees who are less productive. To take full advantage though, a company must give its sales staff a greater reason to be additionally motivated to make sales, other than a sense of internal pride.

Vice president of Gene Glick Corporation, Frank Basile, believes that motivation for a salesperson should already be there, and that it is the company's duty to maintain it. According to Basile, the following factors are primary motivators in the area of direct sales: money, recognition/feedback from management, visible results, positive peer feedback, potential with company, personal development, job satisfaction, and pride (Burgart, 1986). Though money is obviously a huge motivating factor for any salesperson, the other tools of motivation, although less intuitive, are just as important in pushing a sales staff to its full potential.

To be effective, a salesperson must believe in their product and the direction in which the company is headed. Wheel Horse Products national commercial sales manager, Dal Neely, believes that salespeople must be aware of what a corporation is doing. The President of Chi-Chi's, Inc., Joe Smaha, also believes that employees cannot be motivated to sell what they do not know or believe in. These factors can help increase the pride they take in their position within the company, give them greater job satisfaction, and add additional motivation to sell the company's products (Burgart, 1986).

The promise of long term career advancement can also motivate a sales employee, such as offering the possibility of promotions or enhanced responsibly within the company. If a salesperson is successfully making sales, acknowledgment from management of those successes can motivate the employees by assuring them that their sales are not only benefitting the company, but also helping to further their career within the company.

Christine Patterson, president of Fort Wayne-based Wentworth Sales & Marketing Services, strongly believes that salespeople make or break a company, because they are the ones who present the company's image to the world (Burgart, 1986). A company should also help the sales staff in any way it can so their time can be properly allocated to making sales. For example, an excess of paperwork can be a detriment to

employee motivation and productivity, thus creating a likely slump in sales.

Companies should utilize the tools of motivation to get the most out of its sales staff. Motivation does not need to be limited to bonuses and commissions exclusively. To get the most out of a sales staff, monetary incentives should be applied along with other motivational tools such as good feedback, potential growth within the company, job satisfaction, and pride. Success breeds success, so it is a company's responsibility to put its sales staff, the ones who make or break a company, in a favorable position so they may properly use their skills to financially enrich the company.

Broad-based stock option plans

Broad-based stock option plans have become increasingly common in the business world. Offering an ownership stake in the company to its employees to accomplish various goals and objectives. Burzawa (1998) focused on the company-wide efforts and their effects on motivation, namely giving financial, cultural, and philosophical ownership status or stock options to employees.

Giving stock options to employees links the company's success directly to its employees. According to Ed Carberry of the National Center for Employee Ownership, stock offered to employees in technology startups gives everyone an interest in the company's goals (Burzawa, 1998). For larger public companies, stock option plans accomplish a similar goal of linking the company's success to its employees in much the same way as a technology startup would. Its employees can feel the effects of the public company's success immediately. Theoretically, as the employees achieve success, the company's stock prices and earnings per share will increase making the employees' stake in the company more valuable. Giving employees a stake in the company in the long run, helps the company establish an ownership culture, where the employees are focused on the company's overall success, rather than on just their specific jobs or tasks. They perceive the overall success of the company to benefit them personally.

Will Kuchta, head of Organizational Development at a Rochester-based payroll processing firm, believes that another benefit of offering stock to employees is that it also attracts and retains employees (Burzawa, 1998). Offering stock in a company to employees encourages them to stay and participate in the company's success in very much the same way as an owner of a company would. This is especially true in the high-tech industry where a company's success is tied to its highly skilled employees. Offering stock to employees is a way many tech companies distinguish themselves from others and attract top tier talent. Attracting and retaining talented and motivated employees is paramount to the company's long term success.

Successful employees are motivated employees. It is the management's responsibility to motivate its employees to get the most productivity from them. Offering stock to employees is a way of motivating them. Will Kuchta explains when stock is offered to employees it is offered based on their work performance grade. The higher the performance rank, the more stock that individuals would receive on par with their job position at the company. The motivation of rising within a company's hierarchy to receive more stock may push the employees to be more productive so that they could reap the financial benefits. In using stock option plans as a motivator, the company can increase its production and earnings while also establishing a strong relationship between management and its employees. All of these things help support a

positive culture to exist and thrive within the company.

Motivating Employees in the Small Business
Running a successful small business is a complicated task that demands a niche in the market, staying competitive, and maintaining an effective managerial framework. Scanlan (1973) believes, however, that the most critical aspect of running a successful small business is the quality of personnel and their motivation level. Larger companies, he explains, commonly have many employees working well below capacity. Larger companies may be able to survive the negative effects of unproductive employees, however, a small business with limited resources does not have the luxury or capacity to afford the adverse effects of employing unmotivated, unproductive workers.

Scanlan (1973) outlines the keys to motivating people in a small business so a company may prosper. First, it is necessary for a company to decide the type of employee they need, and then to establish an environment that is conducive for those types of employees to be successful. Establishing an environment where these traits can be cultivated requires a manager to treat his employees in a way that rewards such behaviors.

For managers to create an environment where productive behaviors are encouraged, they must understand the basis of motivation. Scanlan (1973) believes that in order for managers to create a motivating atmosphere for their employees, they must instill a sense of individual importance, responsibility, and achievement among the employees and provide an opportunity for recognition, reward, and growth. He believes this can all be achieved with effective communication. A manager seeking out an employee's advice for a specific problem and collaboration on solving an issue is a great way to make the employee feel empowered. Other ways to motivate employees includes recognizing achievement, delegating authority and responsibility to employees, and by giving them freedom to work. Another key manager should never let an employee get stale, meaning the job the employee is doing no longer provides the proper amount of challenge. In a small business, managers cannot allow employees to be under-utilized. It is important they establish an environment, which is conducive to the type of employees they wish to attract.

Future Research
When starting a new business, an owner must have a plan to achieve success. A company's success is tied directly to the level of competence of its staff and their commitment to the company's success. To be profitable and financially solvent, management must properly motivate its employees. Whether dealing with a sales staff or other employees, the proper utilization of their specific skillsets is management's responsibility to cultivate. A common theme emerging from all three articles is, for a company to thrive it needs to create a culture that gets the most from its employees. How a culture is created is very much at the discretion of management.

For a new business to experience success, it must establish its short and long term goals, and determine how it plans to achieve those goals. The goals and strategy of the company need to be shared with the employees of the business. From Burgart's (1986) research on motivating a sales staff, it is clear that in order for salespersons to sell to their full capacity, they must have an understanding of the company's product it is trying to sell and they must believe in that product. For a new business, which probably has few salespeople, the importance a corporation puts on their sales should be shared with the salespeople through open

communications so they can fully comprehend their pivotal role in the company. This can also help establish what Scanlan (1973) calls one of the bases of motivation: feeling a sense of job and individual importance. Informing a salesperson of their importance to the company can motivate them to sell even more.

To tie a company's success to the employees who are largely responsible for the company's survival, a company should employ a stock option plan of giving ownership stake in the company to employees. Although this may diminish the returns owners may make on their investment, the tradeoff is warranted. An ownership stake in the company might act as a great incentive for salespeople to be successful. The tactic of offering stock to employees should also be used to attract top tier talent other than sales staff. New companies need any competitive edge they can get to set them apart from other companies in the market. By offering stock in the company, a company can attract the top talent and highly skilled employees it needs to be successful (Burzawa, 1998). Offering stock to both sales staff and other employees is a good strategy in aligning the long term goals of employees and management. By owning part of the company employees are much more likely to remain with the company. As it can attract and retain the most desirable employees, the offering of a small ownership stake in the company may end up being the reason of why the company is successful.

Another way of motivation through monetary means is by offering commissions to sales people or bonuses to workers who meet a certain standard. However, more importantly, is establishing a culture where employees have the drive to be successful because they take pride in the company. It is management's job to have open dialogue with its employees so they feel valued. Creating the right type of culture is imperative to achieving long term success.

For a company to achieve longevity, it is necessary to create a healthy culture within the company where employees can thrive. Whichever way management decides to go about it, aligning the company's interests with employees is a way to create such a culture. When a company creates an ownership culture, employees feel appreciated through financial compensation and open communication; thereby a company gets the most from its employees.

Employing motivated individuals who believe in the company and genuinely care about its long term growth, coupled with the right culture, can lead to the longevity of the company. Finding and motivating these individuals is the responsibility of the owners and management. Ultimately, the success of the company falls on their decisions of how to go about motivating their employees and what costs they are willing to incur to keep the individuals who make the company profitable.

When one considers the impact of proper motivation in creating a work environment where employees can thrive, other research topics can also enhance and add to these ideas come to mind. For example, what is the difference in overall motivation when a company offers stock options to various demographics? Do younger employees truly value stock in the company and the long term implications of an ownership stake, or would they rather cash bonuses instead for immediate gratification? Every person responds to motivational tools in their own unique way. However for many companies, finding a rule of thumb for motivating specific groups of people would be extremely beneficial. By creating general guidelines for motivating specific groups of employees through further research, a

corporation will have a starting point for utilizing the aforementioned motivational tools and will not need to determine its strategy for motivating its employees merely through trial and error.

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