AT&T, BT, and NTT are the largest telecommunications service providers in the USA, UK, and Japan, respectively, and until the mid-1980s, the three companies were monopoly suppliers of telecommunications services in their own national markets. But then all three companies were confronted by similar changes in their environments: more specifically, as a result of changing beliefs on the part of their governments and regulatory authorities, they all faced competition from vigorous new entrants. At the same time, their legal status was changed, with AT&T being divested of and separated from the regional Bell operating companies, and BT and NTT being partly privatized. Simultaneously, the companies had to deal with the maturation of the market for telephone services—the growing importance of new telecommunications services, and the rapid globalization of both service and equipment markets. This chapter looks at: how the three companies have responded to these similar changes in their environment; whether they have constructed similar visions in order to deal with the threats and opportunities resulting from the changes; what differences there are in the strategies developed and in their beliefs regarding the necessary in-house competences to take advantage of their changing circumstances; and what role should be played by research and development (R&D), and how this should be organized within the company.
This chapter, the previous one, and the following one look at the structural changes that have resulted from the economy-wide application of contracting out. The public sector is, perhaps, the one that has been most profoundly affected by it, and about which controversy concerning the appropriate scope of private and public production continues to smoulder. Chapter 10 analyses the structural changes in three major economies, the UK, USA, and Australia, and the role that contracting for services has played in bringing about those changes. This is done by using national accounts statistics to examine shifts in employment and output between sectors at a reasonably disaggregated level. The different parts of the chapter are as follows: The nature and significance of services in the economy; Producer services—the growth of intermediate transactions; Contracting for services and the productivity puzzle; and Contracting and producer services—which causes which?

The Shifting Boundaries of Organizations

This chapter examines the shifting boundaries of organizations—what they choose to do for themselves and what they increasingly rely on the market for. It briefly considers changes in the horizontal as well as the vertical boundaries of firms. Horizontal boundaries determine what range of output markets firms choose to be in, over and above their principal business activity. Vertical boundaries are determined by the proportion of activities in a firm's value chain let out to external providers of goods and services. The chapter also examines the underlying factors behind these organizational changes, in both the private and the public sectors. In addition, it contains a brief overview of international contracting trends in the G5 economies (USA, UK, France, Germany, Japan) and in Australia.
This chapter and the previous three consider the alternative means through which a contracting strategy is devised and implemented. Chapter 8 discusses the problems of organizational change associated with the introduction of contracting out—problems that are frequently the major obstacles to structural adjustment. The different parts of the chapter are as follows: Contracting out and organizational change; Impact on staff; Clean break or negotiated transfer? Terms and conditions of transfer; TUPE—the Transfer of Undertakings (Protection of Employment) Act in the UK, which is an implementation of the European Community Acquired Rights Directive (ARD, 1977); Managing transition; and Impact on customers and suppliers.