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**Using Stakeholder Relationship Marketing
To Enhance Entrepreneurship**

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CHAPTER 1 INTRODUCTION

Relationship marketing has received extensive attention from marketing scholars in the last two decades. It evolved in the 1980s from the transactional marketing of the 1960s and 1970s. Due to the high cost of competition, a lot of organizations have to reexamine the business environment and their long term strategies. A simple transaction was no longer sufficient to ensure corporate sustainability and there was a growing awareness of the importance of building longer term customer relationships (Maguiness, 2004).

The relationship marketing, as a new marketing paradigm has been supported and reinforced by a considerable body of theoretical and empirical work over the last two decades. More and more business people realized that the success of their business should establish good customer relationships from short term to long term (Berry, 1983; Gronroos, 1997; Gummesson, 1999; Kotler & Armstrong, 1999).

However, many marketing commentators (Freeman, 1984; Arrow, 1988; Murphy, 1988; Verbeke, 1992; Polonsky, 1995; Murphy et al., 1997, 1999; Payne et al., 2001; Polonsky et al., 2002; Christopher et al., 2003; Murphy et al., 2004) have expressed the view that a business is a coalition of stakeholders including employees, suppliers, shareholders, the community, as well as customers. Hence, business should shift their focus from relationship marketing to stakeholder relationships.

Some empirical studies suggested that a firm's success depends on the firm's capability to create consistent value and satisfaction for a variety of stakeholders (Berman et al., 1999; Ogden & Watson, 1999; Ruf et al., 2001; Voss et al., 2005).

Murphy et al. (2005) have encapsulated the modern consideration of an holistic, sustainable business as a coalition of stakeholders with strategic objectives of achieving sustainable economic, social, and environmental value for all stakeholders

by augmenting the prevailing customer relationship marketing paradigm to an holistic stakeholder relationship marketing paradigm. Murphy et al. (2005) define stakeholder relationship marketing as:

“Stakeholder relationship marketing involves creating, maintaining, and enhancing strong relationships with customer, employee, supplier, community, and shareholder. Stakeholders of a business with the goal of delivering long-term economic, social, and environmental value to all its stakeholders in order to enhance sustainable business financial performance.”

Entrepreneurship and small businesses have been considered as the power of growth because they create employment opportunities, not only in the developed countries and also in developing economies across the world (Liao, 2004). Many entrepreneurs have thrived in this environment, taken advantage of the increasingly favorable tax climate, and made millions (Taplin, 2004).

Entrepreneurship has become the buzzword of a knowledge-based global economy, and for a good reason. It is the only economic resource that cannot be easily transferred across corporate boundaries, and, therefore, the ultimate source of competitive advantage in global industries where imitation, market saturation, lower entry barriers quickly eliminate market rents. In its many different forms, entrepreneurship is the part of human nature that spins the world around its axis, shifting it into a new orbit. When freed from theocracy, monarchy, and oppression, people sailed the vast seas, ventured to distant lands, reach for new ways to better their lives. (Mourdoukoutas & Papadimitriou, 2002).

Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks—in terms of time, equity, or career; the ability to formulate an

effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion (Kuratko & Hodgetts, 2003).

The relationships between a firm and its core stakeholders will determine the future of the business. To ensure the long term interests, it is vital for a business to establish close relationship with its core stakeholders. “A board should aim to produce evidence of the strength of these relationships as a routine in their internal and eventually, external reporting on performance (MacMillan et al., 2004)”. Strong relationships provide entry barriers; preferential access, to scarce resources and markets, and customer loyalty-base cost and profit advantages.

The research on entrepreneurship in general and stakeholder relationship marketing has received much scrutiny over the last few decades. And also the concept of a wider stakeholder involvement in marketing has been discussed in many publications and articles. However, there is no direct conceptual and empirical development on how stakeholder relationship marketing can enhance entrepreneurship.

Murphy et al. (1997, 2004) conducted the research on stakeholder relationship marketing. The first time, that research supports the hypothesis that a statistically significant, positive, impact on an organisation’s return on investment (ROI) is causally linked to a stakeholder relationship marketing approach (Maguiness, 2004).

There have been a very limited number of studies link the stakeholder relationship marketing and entrepreneurship. Case studies across goods providers and service providers. We will focus on examine the different stakeholders from different companies.

Through 6 case studies, whether the expected ROI in the next 12 months rated by the CEO of different business can indicate the relationship between the stakeholder relationship marketing and entrepreneurship. Whether there is any relationship between stakeholder relationship marketing and entrepreneurship orientation, start-up entrepreneurship capital, ongoing entrepreneurship resources, and to generate business opportunities. These questions will be investigated in this study.

CHAPTER 2 PURPOSE

2.1 Research Aims

Murphy et al. (1997, 2004) conducted a New Zealand based pilot study on the stakeholder relationship marketing concept. They have developed an index measuring stakeholder relationships called the Stakeholder Performance Index (SPI). In the averaging, the SPI incorporates triple bottom line business philosophy by equally weighting Social, Environmental, and Economic Performance, and incorporates the commonsense indispensability of each stakeholder group in the functioning of a sustainable business by equally weighting each stakeholder group. The SPI can be considered to be a perceptual measure of present holistic sustainable business performance reflecting the outcome of present stakeholder relationship marketing strategies. The SPI is benchmarkable over time and against other business.

Following the pilot study, a number of studies were conducted by both undergraduate and graduate students at Massey University, Albany that provided the base for a meta-analysis of stakeholder relationships for 60 businesses (Future Research Group, 2004). This indicates that there is a significant correlation and causal relationship between strong stakeholder relationships and an organisation's future return on investment (ROI).

The relationship between entrepreneurship and its core stakeholders will determine the future of the business. Researchers suggest that developing long-term relationships with key stakeholders is an important strategy in today's intensely competitive business environment. Business should encourage stakeholders to participate in planning .

This thesis will examine the relationship between stakeholder relationship marketing and entrepreneurship. It is expected that my research could add value to business.

Firms by using stakeholder relationship marketing can enhance their entrepreneurship journey..

2.2 Research Objective/Questions

The objective and related research question of this study is to determine whether Stakeholder Relationship Marketing (SRM) can enhance entrepreneurship.

CHAPTER 3 LITERATURE REVIEW

This literature review focused on stakeholder relationship marketing theory and entrepreneurship theory. It included academic journals and academic texts published between 1980 and 2005.

It provides a new picture for businesses to examine the association between stakeholder relationship marketing theory and entrepreneur theory. It covers the theoretical base and also the applications and case studies that illustrate the evolution of these disciplines.

Based on the theoretical work and case studies, we can see that the stakeholder relationship marketing theory has been widely used by entrepreneurs in business.

3.1 Stakeholder Relationship Marketing

Freeman identifies the concept of stakeholder as first emerging in the 1963 model by Cyert and March (Freeman, 1983). In 1965, Ansoff recognised that internal and external stakeholder were exist in a business (Ansoff, 1965, p.34).

The concept of stakeholder having an impact in the economic process from 1970s. Ackoff (1974) recognised the interaction of stakeholder as having an important role in solving organisational problems. Stakeholders included both groups could influence the organisation's immediate achievement objectives and organisational survival (Freeman & Reed, 1983).

“Understood the needs of each stakeholder in a similar fashion to understanding customer needs and designing products, services and programmes to fulfil those needs” (Freeman & Reed, 1983, p.94). In 1984 Freeman defined the stakeholderism as:” the firm taking into account all those groups and individuals that can affect, or are affected by, the accomplishment of organisational purpose”. He emphasised the

importance to involve stakeholders in strategic decision-making for a business, “congruency problems between the companies and stakeholder perceptions can make strategic decisions meaningless” (Freeman, 1983, p.64).

Clarkson (1995, p.112) described “ If any primary group perceives, over time, that it is not being treated fairly or adequately... it will seek alternatives and may ultimately withdraw from that firm's stakeholder system”. Rowley and Berman (2000, p.409) also produced similar argument: “stakeholders take actions to sanction – reward or punish – a firm's action in an attempt to change or reinforce that behaviour”. Stakeholders will take action if stakeholders’ expectation is not satisfied by their organisation’s actions (Polonsky, 1996).

The role of stakeholders in relation to the organisation is to:

1. Set expectations
2. Evaluate outcomes; and
3. Experience effects
4. Act on these evaluations. (Wood & Jones, 1995)

Neville et al. (2005) stated that the individual, dyadic relationships between organization and their stakeholders are reciprocal “in terms of harms and benefits as well as rights and duties”.

At the Toronto Conference 1994, “Reflections on Stakeholder Theory”, marketing scholars discussed the evolution and the future of stakeholder theory. In 1995, based on Clarkson’s ten year study, found that “no longer saw stakeholder being synonymous with shareholder and wealth and value were not the only factors in an organisations share price and dividends” (Clarkson, 1995, p.92).

Stakeholders changing of the level of resources that the corporation is dependent on – customers for revenue, employees for labour, and so on – then directly impacts

financial performance. This may be done through withholding resources from the organisation or through placing conditions on the usage of the required resources (Frooman, 1999).

Stakeholders' expectations have generally been framed in terms of protecting their interests (Savage et al., 1991; Frooman, 1999; Rowley & Moldoveanu, 2003). Rowley and Moldoveanu (2003) argued that stakeholders may also be motivated by personal, identity-based outcomes achieved by participating in the stakeholder group's activities. Notwithstanding the importance of the protection of interests and intra-group identification, authors within the marketing discipline have proposed that organisational identity theory (Ashforth & Mael, 1989; Dutton et al., 1994; Gioia et al., 2000) is appropriate to understand stakeholders' resource allocations (Drumwright, 1994; Maignan & Ferrell, 2001, 2004; Sen & Bhattacharya, 2001). Stakeholders will identify with an organisation where they perceive that the characteristics of the organisation correspond with their self-identity. Identification with the organisation will result in the stakeholder aligning their resources with the organisation (Neville et al., 2005).

Murphy takes holistic stance defined stakeholderism as “the nurturing of mutually beneficial, long term, ethical relationships between stakeholders of a business based on affirmation, integrity, efficiency and equity, in order to create a sustainable economic, social environmental value for all stakeholders” (Murphy et al., 1997, p.45).

There are “no universally accepted definitions of stakeholder theory or even what constitutes a stakeholder” (p. 351). However, they see two rival perspectives: one where stakeholder intent means “improving corporate performance” and another where it means “maximising social welfare and minimising the level of harm produced within the exchange process” (Polonsky et al., 2003, p.351). However, Gioia (1999) argued that the two perspectives may never be entirely reconciled in

practice. Smithes and Lee (2004) stated that the dominant assumption that the pursuit of “profit” is for the shareholders effectively denies legitimacy to other claims to the meaning of profit as a “shared benefit”, or as a “shared good” (Payne et al., 2005).

“Relationship-based approaches to marketing offer a reformist stakeholder agenda with an emphasis on stakeholder collaboration beyond the immediacy of market transactions. According to different authors, this involves creating exchanges of mutually beneficial value (Christopher et al., 2002), interactions within networks of relationships (Gummesson, 1999), or mutual commitment and trust that may or may not be achievable (Morgan and Hunt, 1994). Relating is connecting, and at its simplest level, a relationship is a state of being connected. A critical question arises: “With whom are you connected, and why?” (Payne et al., 2005).

Relationship based strategic approaches becomes more popular in marketing. This is due to the expand global markets, the ongoing deregulation of many industries and application of new information and communication technologies. Notwithstanding, practitioners and academics alike can overlook the fact that business and industrial relationships are of many kinds. (Wilkinson & Young, 1994), and that an understanding of the value generating processes is required (Wilson & Jantrania, 1994; Ravald & Grönroos, 1996; Grönroos, 1997; Anderson & Narus, 1999; Payne & Holt, 1999; Tzokas & Saren, 1999; Donaldson & O’Toole, 2002; Payne et al., 2005).

Perceptions are important, but whose perceptions? Reidenbach and McChung surveyed 2000 stakeholders including management, staff and patients in a central USA medical organization and found there were significant differences in perception with regard to their involvement. Many studies ask the management of their views of stakeholder participation. In this study, the views of about management and stakeholder groups were sought and they were found to be considerably different (Reidenbach & McChung, 1999, p.23; Maguiness, 2004).

This is significant in that most of the research in this area has a management focus and asks management to assess their stakeholder relationships rather than asking stakeholders to assess their own. Fitchett comments “stakeholder theory is rarely presented from the point of view of the stakeholder themselves. He comments that it is a paradigm very much ‘for’ the stakeholder rather than ‘by’ the stakeholder (Fitchett, 2004, p.7).

Lester’s study identified that all internal stakeholders exerted an influence (Lester, 1998), while Gade’s survey of 182 newspapers experiencing change identified the threats posed by stakeholders in the change process where they felt they had not been involved (Gade, 2002).

In the marketing literature mainstream, the long-term relationships with both customer and other stakeholder groups has been largely ignored in the last two decades (Håkansson, 1982; Möller, 1992, 1994; Grönroos, 1994; Gummesson, 1995; Sheth & Parvatiyar, 1995; Parvatiyar & Sheth, 1997; Henning & Hansen, 2000). Kotler (1992) first called to take the relationships between an organization and its publics into account in marketing. That is the relationship marketing literature in particular that has stressed the importance of stakeholder relationships (Christopher et al., 1991; Morgan & Hunt, 1994; Doyle, 1995; Gummesson, 1995; Buttle, 1999).

Polonsky et al. (2002) suggested that stakeholder theory should be incorporated into relationship marketing. They said, “Stakeholders need to be considered in all marketing activities” (Polonsky et al., 2002, p. 111).

“Stakeholder thinking is becoming a “core” part of marketing as well as other business related disciplines (Polonsky, 2005)”. Based on the business source primer database, it showed that there were only 58 articles using the term stakeholder in their title and 27 academic marketing related articles with stakeholder as a key term prior to 1995. Stakeholder theory has received considered attention from marketing scholars

and practitioners in the last 10 years. There were more than 288 articles using stakeholder theory in the title and 140 academic marketing related journal articles about stakeholder theory (Polonsky, 2005).

Murphy et al. (2005) defined the stakeholder relationship marketing based on Kotler and Armstrong (1999) customer relationship marketing definition as: stakeholder relationship marketing involves creating, maintaining, and enhancing strong relationships with customer, employee, suppliers, community, and shareholder stakeholders of a business with the goal of delivering long-term economic, social, and environmental value to all stakeholders in order to enhance sustainable business financial performance.

Stakeholder theory offers a new way of understanding marketing mainstream to traditional market economics, which holds that endless growth may not be the wisest model to underpin long-term national policy. Marketing academics and practitioner recognised that there a wide range of drivers motivate firms, from the key tenets of the Kotlerian marketing concept, centred on customer satisfaction and profitability, to an approach more attuned to the societal marketing concept and consumer welfare in the long-run (Kotler, 1992).

More and more people notice that it is relevant and intuitively realistic for businesses to develop greater stakeholder awareness. Bunn et al. (2002) stated that the identification and management of a wide range of stakeholders can be very complex with the development of greater numbers of multi-sector complex for marketing strategy. Opportunities to gain competitive advantages have been identified by Morash and Lynch (2002) as having great potential for those who can address the needs of various stakeholders with policies capable of traversing the globe. This idea resonates with the earlier work by Porter (1985) on the “value chain” yet is particularly compounded by the diversity of stakeholders apparent in international

business to business transactions across multiple sectors. For multi-nationals, the challenge is made even more difficult by acknowledged differences in ethical views and practices between marketing professionals operating in international markets (Singhapakdi et al., 1994; Singhapakdi & Karande, 2001; Karande & Rao, 2002). Further, the positive link identified between explicit corporate ethical values and organisational commitment by marketers, suggests that the role of leaders in businesses is significant in this regard (Clulow, 2005).

3.2 Cross Culture Issues in Stakeholder Relationship Marketing

Chinese people always respect Confucianist traders who conduct business ethically with Confucianist theory as their direction. One view is that profit with ethics go together, that profit is not just used for developing the business but also contributes to society; from society, returned to society (Murphy & Wang, 2005).

In China, the concept of relationship marketing can be traced back to the period of Spring and Autumn of 770-470 B.C which is called Guanxi. Guanxi is like a ladder of loyalty: trust bonding, reciprocity and empathy are interrelated and complementary (Yao et al., 2002; Murphy & Wang, 2005).

According to Geddie et al. (2002) the Western world begins with transitions by laying out a network of channels, agents, and contacts then analysing strengths, weaknesses, opportunities and threats, before finally focusing on relationships. Chinese start by building up relationships and then incorporate relationships into their business strategies. Interpersonal relationships and mutual understanding at the personal level is a pre-requisite for business success in China. Guanxi enhances perception of relationship quality, which will increase future business potential, marketing efficiencies, and marketing effectiveness (Sheth & Parvatiyar, 2000).

Relationality forms the social glue of the system, and its progress depends upon self-cultivation of the individual within a stable and harmonious hierarchical order which stresses the importance of “mutual obligation, reciprocity, responsibility and education” (Yau et al., 2002).

Taoism also promotes greater understanding of the harmonious natural world. The Taoist ethic may be characterised as yin (i.e. feminine, intuitive, yielding, tolerant, permissive and mystical), in complementary contrast to the yang (i.e. masculine, rational, domineering and managerial) Confucian ethic. This complementarily reflects the undertow within Confucianism which predicates a human society based on natural order. Overall, Chinese classical philosophy is very similar to the principles of the Stakeholder Relationship Marketing Model (Murphy & Wang, 2005).

Based on Murphy and Wang’s study (2005). They found that in Chinese culture, the stakeholder relationship marketing model has been understood as:

- Doing business sincerely, honestly, ethically
- Paying attention to decorum no matter what the situation is
- Implementing business with ethics, that is Dao. There is famous Chinese saying that making profit has to do with following Dao. The concept of Dao does not only refer to business ethics, but also includes sustainable use of natural resources and reservation of the environment
- Treating your customers, suppliers, employees, and community with sincerity
- Fair trading
- Looking for long term rather than short term profit
- Ensuring that what the customers need and want is the direction for the business.

3.3 Entrepreneurship

Entrepreneurship is an integrated concept that permeates an individual's business in an innovative manner. The concept of entrepreneurship has gained extensive attention from marketing scholars and practitioners in the last twenty years. It has impacted many aspects of business, education, government, and overall community life.

In the business community, this has taken the form of increased formation rates of new ventures in many countries throughout the world, an increased focus of existing, mostly large, organizations on intrapreneurship (entrepreneurship in an existing organization) often in the form of creating new business venture units, increased flexibility in the working environment, and different compensation packages being developed and offered (Hisrich & Drnoveski, 2002).

Entrepreneurs are commonly seen as those people who start up small businesses, creating their own wealth and facilitate their growth and development. Johnson (2001) defined entrepreneurship:

- it is a creative act whereby something is built/created that did not exist previously;
- creation is based upon perceiving and capturing an opportunity that may be buried in the "noise" of the environment;
- creation is opportunity driven rather than resource driven, i.e. if the opportunity is perceived as significant, resource will be found;
- it invariably involves a degree of risk because of the newness and differentness that makes it difficult to calculate value;
- it results in the creation of value for the individual, community or society; and
- it often involves creative destruction.

Being an entrepreneur, one who is self-employed and who starts, organizes, manages, and assumes responsibility for a business, offers a personal challenge that many

individuals prefer over being an employee working for someone else (Segal et al., 2005).. Entrepreneurs accept the personal financial risks that go with owning a business but also benefit directly from the potential success of the business. Being an entrepreneur is often viewed as an aversive career choice where one is faced with everyday life and work situations that are fraught with increased uncertainty, impediments, failures, and frustrations associated with the process of new firm creation (Campbell, 1992).

A successful entrepreneur must necessarily look for a sustained, rapidly growing market to enter as it has the best prospects (Umesh et al., 2005). During the dot-com bubble, many firms poured millions of dollars to increase the adoption rate. When they failed, the negative cash flow from lack of sales was too severe for them to sustain operations. The best indicator of a successful entrepreneurial venture is a rapid increase in revenue. The need for revenue in the long run has always been obvious to businesses

Based on the large portion study of entrepreneurship, it helped to gained specific qualities or factors related to entrepreneurs that identify them in the Entrepreneurship greater society (Churchill & Lewis, 1986; Jones, 1995). The various characteristics of entrepreneurs include: the need for achievement (McClelland, 1961); a locus of control (Rotter, 1966); a propensity towards risk, a personality deviance (Collins *et al.*, 1964; Kets, 1977); and a tolerance of ambiguity (Shere, 1982). “These characteristics of the personality of primarily established entrepreneurs are fascinating to consider, and offer a glimpse into the motivating factors of those who open a new business” (Alstete, 2002).

Watson *et al.* (1998) mentioned that there are huge difference between successful business founders and unsuccessful business founders, in terms of their motivations for starting a business and objectives in business ownership. Based on the literature review provided by Alstete (2002), there are two common “push” and “pull” factors as motivators for business start-up. The “push” criteria of redundancy, unemployment,

frustration with previous employment and the need to earn a reasonable living are important factors for business start-up. These are particularly crucial in today's era of decreasing economic growth and uncertainty of stability in the employment sector. Other "pull" criteria identified in the literature such as independence, being one's own boss, using creative skills, doing enjoyable work and making a lot of money are more closely associated with survival and the need to develop.

In addition, the characteristics of the entrepreneurial personality are fluid, and changes have been found in the entrepreneurs' personal relationships and the personality itself (Littunen, 2000).

Another important aspect of these issues in becoming an entrepreneur, and one that is also explored in the literature, is the timing of opportunities in the career process and the impact of market conditions (Harvey & Evans, 1995). The idea of strategic windows was developed to address the way that there are limited periods in which the "fit" between key requirements of the current business market and the particular abilities of a company competing in that market are at an optimum (Abell, 1978).

Smith (1967) has described entrepreneurship as forming a continuum, characterizing the extremes in this range as "craftsman" to "opportunistic". The craftsman, or what Ronstadt (1985) terms the "lifestyle" entrepreneur, is more likely to have gained experience through particular application of skills. Personal control of their venture is paramount to this type of entrepreneur, with dissatisfaction in prior paid employment motivating the self-employment decision. Since these founders tend to build on directly acquired skills, the influence of entrepreneurial role models may also be more direct.

Prior experience has been analyzed by a number of researchers attempting to explain the differences in venture performance (Haynes, 2003). Cooper (1971, 1981) describes the prior work experience of the founder as the "incubator" for subsequent entrepreneurial action and venture success. Experience, according to Krueger and

Brazeal (1994), increases the likelihood of entrepreneurship through both perceived competence and the ability to recognize an opportunity.

Studies focused within individual industries by Keeley and Roure (1990) and Van de Ven et al. (1994) did not find a significant relationship between the founder's industry experience and venture performance. Yet, prior entrepreneurial and sector experience are often the very qualifications that enhance funding opportunities (Brush et al., 2001).

An earlier study of high growth ventures by Chandler and Jansen (1992) provides some evidence that prior sector experience was associated with less adaptability for some founders. For those founders, firm performance tended to be lower. In contrast, in a study of lifestyle ventures, industry experience was found to correlate positively with sales volume (Lerner & Almor, 2002).

When individuals with prior entrepreneurial experience launch same sector ventures, those ventures tend to have a stronger position (Wright et al., 1998). That particular combination is not available to fledgling entrepreneurs, who are more likely to stay in the same sector as their previous employment (Cooper, 1981; Westhead & Wright, 1998).

Dyke et al. (1992) examined the relationship of a number of types of experience to firm performance. Three types of experience were most strongly associated with higher firm performance: prior industry and management experience and entrepreneurial experience based on the owner's number of previous start-ups. While having an entrepreneurial role model was associated with higher performance levels in some of the firm categories examined, the evidence was not consistent or strong. Education produced no positive relationships with venture performance variables. The effects of education, like those of a parental role model, may be somewhat indirect. Brush et al. (2001) suggest formal education may enhance a founder's credibility, thereby improving their funding opportunities.

Herron and Sapienza (1992) suggest that higher employment dissatisfaction levels may be more likely to result in launching a venture in a different sector from the prospective entrepreneur's previous employment.

Based on Johnson's study (2001), the entrepreneurship, in its narrowest sense, involves capturing ideas, converting them into products and, or services and then building a venture to take the product to market. From the six case studies, we found out that they all capture new ideas, collect resources (including financial and human resources) and then, they used the collected resource for their new ideas to create a new product or service that adds value to the organisation's offering to the market. There are more and more serious academic and business publications, frequently contain different articles appraise their success business and social activities. Furthermore, the act of entrepreneurship is portrayed as an economic necessity within a modern economy, promoting structural balance, employment choice and economic growth and functioning as a restraint to the excesses and misuse of corporate power (Beaver, 2002; Beaver & Prince, 2004; Beaver & Jennings, 2005).

Starting up a new firm is very much an individual decision, which is why the individual's qualities as an entrepreneur are central in the investigation of entrepreneurship. During the start-up phase of a firm, the important characteristics an entrepreneur must have include innovativeness and the will to act (Tibbits, 1979; Bird, 1989). "Innovativity means that the entrepreneur must have the ability to produce solutions in new situations. This is presumably linked with the entrepreneur's abilities, attained through training and experience. The will to act, besides being in part the product of experience, is probably connected with the entrepreneur's training and the resources under his/her control. These factors shape the values and attitudes of the entrepreneur. They can also be seen as factors bringing the entrepreneur closer to what he/she expects from life, or causing these expectations to disappear" (Littunen, 2000).

Many traits and behaviours of successful social entrepreneurs appear to mirror those of entrepreneurial businessmen and women in the profit-seeking sectors (Leadbeater, 1997). As a successful social entrepreneur, normally they have ambitious for the future, their leadership and personal qualities are similar. It is common; we cannot do everything by ourselves. However, you can also clarify and communicate with your people as long as you know how to generate information from and management people.

To an organization, it is very important for them to recruit inspired paid staff, users, and partners. They considered as your stakeholders (Murphy et al., 2005). “The development of relationships and a network of contacts (a typically entrepreneurial behaviour) has brought trust, visibility, credibility and co-operation which has been used as an intellectual base from which the physical and financial capital required to generate social capital could be found. Creativity has invariably featured. By understanding and managing the inherent risks – the projects are often financially fragile with limited resourcing; and the targeted beneficiaries may be prone to stray – the social entrepreneurs have been able to overcome the inevitable setbacks and crises” (Thompson et al., 2000).

Carland et al. (1984) focus upon the essential factor of growth in distinguishing the small business venture from the entrepreneurial venture, and the small business owner from the entrepreneur. The small business venture is seen as any business that is independently owned and operated, not dominant in its field and does not engage in any new marketing or innovative practices. An entrepreneurial venture is one that engages in at least one of Schumpeter’s (1934) four categories of behaviour, that is, the principal goals of an entrepreneurial venture are profitability and growth and the business is characterised by innovative strategic practices (Beaver & Jennings, 2005).

Casson (1982) summarized the typical characteristics of a successful entrepreneur are the ability to take risks, innovativeness, knowledge of how the market functions, manufacturing know-how, marketing skills, business management skills, and the

ability to co-operate. Caird (1988) mentions a good nose for business, the desire to take risks, the ability to identify business opportunities, the ability to correct errors effectively, and the ability to grasp profitable opportunities as characteristics of an entrepreneur. Bird (1989) divides risks into five types, four of which are clearly relevant to any potential entrepreneur: economic risk, risks in social relations, risks in career development, plus psychological and health risks. The findings of Brockhaus (1982) show that the preference for a particular risk type does not differ as between professional managers and the general population, nor as between successful and unsuccessful firms (Littunen, 2000).

Beaver and Jennings (2005) stated that a small business owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and consumes the majority of his/her time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires. An entrepreneur is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterised principally by innovative behaviour and will employ strategic management practices in the business. An alternative but complementary view is provided by Stanworth and Curran (1976) who distinguish three types of small business activist:

1. The artisan who seeks intrinsic satisfaction from business activity.
2. The manager who seeks recognition for managerial excellence in business.
3. The “classic entrepreneur” who seeks to maximise profits.

Innovativeness is considered one of the most important elements of entrepreneurship orientation. It has been recognized as a necessary (Drucker, 1998; Covin & Miles, 1999), but not sufficient (Miller, 1983; Stevenson & Gumpert, 1985; Covin & Slevin, 1991; Lumpkin & Dess, 1996) condition to EO (Voss et al, 2005).

Entrepreneurship has been defined in many different ways (e.g. Brockhaus, 1976; Casson, 1982; Wärneryd, 1988). In Littunen's study (2002), entrepreneurship means activities connected with owning and managing a business firm (Brockhaus, 1976). Achievement motivation and the locus of control are psychological factors which have been presumed to explain success as an entrepreneur, and to differentiate between entrepreneurs and other people (Aldrich & Zimmer, 1986; Brockhaus & Horwitz, 1986; Chell *et al.*, 1991). To investigate the various dimensions of achievement motivation and locus of control, a sum variable was formed from a number of different items.

Entrepreneurial orientation means the firm's strategic posture in terms of innovativeness, risk-taking and being proactive, as well as competitive aggressiveness and autonomy. (Miller, 1983; Covin & Slevin, 1989; Yeoh & Jeong, 1995; Lumpkin and Dess, 1996; Kuemmerle, 2002; Ibeh, 2003; Knight & Cavusgil, 2004).

Human capital means the entrepreneur's innovativeness, tolerance for ambiguity/flexibility, commitment, need for achievement. Also, their general perception of risk and risk tolerance, entrepreneurial and management competence, international experience, education and language proficiency (Johanson & Vahlne, 1990, 1997; Chandler & Hanks, 1994; Cooper *et al.*, 1994; McDougall *et al.*, 1994; Bloodgood *et al.*, 1996; Lumpkin & Dess, 1996; Reuber & Fischer, 1997; Leonidou *et al.*, 1998; Westhead *et al.*, 2001; Kuemmerle, 2002).

Social capital means the entrepreneur's proprietary network relationships such as communication/social networks, informal contacts (Birley, 1985; Jarillo, 1989; Coviello & Munro, 1995, 1997; Ellis, 2000; Yli-Renko *et al.*, 2002).

“When you become a business owner, you'll love money, hate it, and then learn to wield it as you never have before” (Abarbanel, 2005). “As an entrepreneur, you have a more intense and powerful emotional relationship with money than you did as an

employee. Whatever your feelings about money and your money-management style before you start a business, these are amplified when you make a move from corporation to cottage. Recognizing this, renegotiating your relationship with money and catching old financial patterns are among the hardest—and most liberating—challenges that entrepreneurs face”.

Voss et al. (2005) integrate stakeholder theory with the entrepreneurial orientation literature to explore the relationship between them. Based on their study, they examined the relationships between entrepreneurial orientation and stakeholder support evolves over time for non-profit organization. They found that the diverse stakeholders have impacted on entrepreneurial behaviors, and also entrepreneurial behaviors can influence future stakeholder support. Their findings offer insight into the complex balancing act that entrepreneurial managers must execute to generate support from distinct stakeholder markets. Their research offers researchers and managers with unique insights into the evolutionary nature of the relationships between distinct entrepreneurial behaviors and external stakeholder support.

Based on Entrepreneurial orientation are associated with the extent to which they engage in foreign and domestic learning activities. Sapienza et al. (2005) examined the past history of international and domestic learning effort in independent firms. Their study found out that early entry in foreign markets and an entrepreneurial orientation is positively related to a culture

Hunter (2005) conducted a case analysis of 133 New Zealand entrepreneurs active between 1880 and 1910. Five stages in the life cycle of the entrepreneur were investigated. The life cycle of entrepreneur included: preparation, embarkation, exploration, expansion and transformation. In his study, he examined the entrepreneur’s behavior when they entered into different life cycle.

To discovery business opportunity is at the heart of entrepreneurial activity. Vandekerckhove and Dentchev (2005) stated “Cognitive limitations determine the search for and the analysis of information and, as a consequence, constrain the identification of opportunities. Moreover, typical personal characteristics – locus of control, need for independence and need for achievement – suggest that entrepreneurs will tend to take a central position in their stakeholder environments and thus fail to adapt to the complexity of stakeholder relationships in their entrepreneurial activity”. They used two mappings of the entrepreneur constituents. Through their study, they suggested that entrepreneurs can facilitate the discovery of new business opportunities by using the complexity of stakeholder relationships (Vandekerckhove & Dentchev, 2005).

A successful entrepreneur must necessarily look for a sustained, rapidly growing market to enter as it has the best prospects. During the dot-com bubble, many firms poured millions of dollars to increase the adoption rate. When they failed, the negative cash flow from lack of sales was too severe for them to sustain operations. The best indicator of a successful entrepreneurial venture is a rapid increase in revenue. The need for revenue in the long run has always been obvious to businesses (Umesh et al., 2005).

“Weighing the influence of various stakeholders is one approach to managing marketing strategy and related performance. It is the fluidity of the dynamics and relative levels of influence between stakeholder groups that has become a key strategic challenge for larger firms and institutions, and which offers an opportunity for contribution by the marketing function” (Clulow, 2005).

Crane and Desmond (2002, p.565) have suggested that stakeholder theory offers an important avenue for research in response to the need for new models of governance and accountability for marketers. They are quick to direct our attention towards a need

for a better understanding of the intricate web of interactions in the environment, which they describe as the "... processes and discourses which frame decision making in marketing and consumption, particularly with respect to their moral dimension." They urge further research to focus on a greater illumination of the nature of marketing decision making from which a better "understanding of the morality embedded in (societal) marketing practices" can be sought, rather than persistence with further descriptive marketing theory or indeed attempts at prescriptive "ethical" marketing models (p. 565).

Usually entrepreneurship refers to business behaviour related to innovation and growth (Schumpeter, 1934; Bolton, 1971; Advisory Council on Science and Technology, 1990; Stanworth & Gray, 1991; Storey, 1994; DTI, 1998). "Entrepreneurs may be broadly defined as individuals who manage a business with the intention of expanding that business and with the leadership and managerial capacity for achieving their goals, generally in the face of strong competition from other firms, large and small" (Gray, 2002) .

In most small firms, especially the very small microfirms (fewer than ten employees), the leading manager is also the principal owner. It is now widely accepted that, apart from the start-up phase, most small firm owner-managers are more concerned about survival rather than growth *per se* and are often not especially entrepreneurial once they feel that they are established (Davidsson, 1987; Storey, 1994; Gray, 1998). Consequently, a lot of research in this field has focused on finding the characteristics that determine the entrepreneurial person or firm.

Gray (2002) cited some of the finding from Chell (1985, 1999, 2001), a social psychologist, has examined numerous psychological trait-based approaches and sociological type-based approaches to suggest that, whilst psychological aspects such as "entrepreneurial intention" and the "ability to recognise opportunities" generally appear to be linked to an entrepreneurial approach, entrepreneurial behaviour itself is

usually situated in a particular context. This means that influences of location, industry and size have to be taken into account as do those of the business cycle.

Chell (2001) points out that many, if not most, small firms deal with other firms rather than directly with consumers, which means that their customers are subject to similar influences as well. Entrepreneurial firms that deal directly with consumers are, of course, rather more immediately exposed to switches in consumer tastes. Thus, entrepreneurship reflects complex interactions between the individual and the situation. Perceptions and judgment are key elements in this process. Chell (1999) cites Casson's (1982) focus on "judgment" as one of the qualities that distinguishes the successful entrepreneur from the much larger group of non-entrepreneurial small firm owners.

3.4 Linkage Entrepreneurship with Stakeholder Relationship Marketing

This literature review has found that there have been very few published studies, or articles, that have a specific stakeholder and entrepreneur focus.

National culture and organisational culture have a profound influence on the level of entrepreneurship and innovation in organisations. Culture is a primary determinant of entrepreneurship and innovation (Herbig et al., 1994). Hofstede (1980) defined national culture as the collective mental programming of a people of a certain nation. As a result of his cross-cultural study of 40 countries, he defined four dimensions by which country cultures differ: power distance; uncertainty avoidance; individualism; and masculinity.

According to Hofstede (1980), countries that have a higher score on individualism and a lower score on power distance often have higher economic growth and tend to be more innovative. Countries with high power distance culture often take on a centralised hierarchical structure that hinders innovation, whereas countries with low power distance culture often have a more decentralised and less hierarchical structure, which is conducive to innovation (Zhao, 2005).

Organisational culture also has an important impact on entrepreneurship and innovation (Slevin and Covin, 1990). Organisational culture has been defined in different ways in the literature. A simple definition shared by many researchers is that organisational culture is “the way we do things around here”. It reflects the norms and deeply rooted values and beliefs that are shared by people in an organisation. Organisational culture can affect levels of entrepreneurship and innovation through socialization processes that influence workplace behaviour, and through structures, policies, and procedures that are shaped by the basic values and beliefs of the organization (Martin and Terblanche, 2003). Buckler (cited in Ahmed, 1998) viewed innovation as an environment and a culture that drives value creation in an organisation. Slevin and Covin (1990) emphasised the importance of an appropriate organisational culture in developing effective entrepreneurial and innovation behaviour to address market dynamics.

Voss et al. (2005) have studied the association between entrepreneurship orientation (EO) and support from stakeholders. The results suggest that when the relationship between stakeholder influence and EO behaviours is transparent, managers develop reciprocal, strategic relationships that reinforce valued behaviours. When the interaction between stakeholder influence and EO behaviours is less transparent, managers must perform a balancing act to contend with complex, pluralistic and conflicting stakeholder demands and responses. Their findings support a multi-dimensional conceptualization of entrepreneurial orientation, point to tensions inherent in satisfying multiple stakeholder demands, and illustrate that different stakeholders support entrepreneurial behaviours in unique and sometimes unexpected ways. Their findings offer insight into the complex balancing act that entrepreneurial managers must execute to generate support from distinct stakeholder markets.

Downing (2005) used a holistic framework or approach to studying the narrative and dramatic processes amongst entrepreneurs and stakeholders. In this study, he suggested that three related processes are observable: story-lines, employment, and

narrative structuring. It is argued that these processes identify regular patterns in the interactions of entrepreneurs and stakeholders that express emotions, establish identities and understanding, and enable coordinated actions. The SENSE framework was presented as a way of understanding regular patterns of interaction amongst entrepreneurs and stakeholders that jointly produce entrepreneurial identities and organizations.

Bhide and Stevenson (1989) urged businesses to attract stakeholders. In their studies, they stated that every enterprise needs employees, customers, suppliers, and financiers who are willing to risk their time and money, attracting these "stakeholders" to an entrepreneurial venture is a particularly difficult challenge. They also mentioned that entrepreneur must work on the task in order to overcome it: designing the enterprise to minimize the stakeholder investment needed, selecting the right stakeholder, and then convincing them to participate in the enterprise.

Stakeholder theory suggests organizations that address their stakeholders' interests will somehow perform "better" than firms that do not address these groups' interests (Wood & Jones, 1995; Agle et al., 1999; Berman et al., 1999; Post et al., 2002).

Polonsky and Scott (2005) concluded that marketing managers appeared to perceive some strategies to be applicable to specific stakeholder groups irrespective of their influencing ability. Firms use stakeholder approach would need to ensure that they implemented clear procedures for evaluating stakeholder-firm relationships before acting. In this way the value of the network of firm-stakeholder and stakeholder-stakeholder exchanges could be maximized, as stakeholder oriented firms would more carefully consider how various stakeholders might act and would therefore act to minimize the potential of firm-stakeholder conflict. This activity would give these firms a competitive advantage over those who had not adopted a stakeholder perspective.

Nystom and Poon-Asawasombat (2003) highlighted that any stakeholder group, regardless of its size or power relationship with the organization, would become a significant limiter or champion for the introduction of a new product.

Vandekerckhove and Dentchev (2005) conduct a heuristic approach of stakeholder analysis, which requires two mappings of the entrepreneurial constituents. The first mapping focuses on current interactions between the entrepreneur and their stakeholders, while the second focuses on a specific issue and the stakeholders that constitute it. Such a stakeholder analysis requires entrepreneurs to use the complexity of stakeholder relationships in order to go beyond their cognitive limitations and thus facilitate the discovery of new opportunities.

The stakeholder relationship marketing has direct influence over the entrepreneurship journey. As Polonsky and Scott (2005) mentioned in their study, an organization could enhance their competitive advantage if they use stakeholder relationship marketing.

CHAPTER 4 STAKEHOLDER PERFORMANCE APPRAISAL

4.1 Methodology

The Future Research Group (FRG) in the Department of Commerce at Massey University in Auckland New Zealand in conjunction with Research Consultants Ltd an Auckland based stakeholder research consultancy have developed the Stakeholder Performance Appraisal to measure stakeholder perceptions of business performance as predictors of future business performance, in order to augment managerial perceptual marketing planning (Murphy et al., 2005). The Stakeholder Performance Appraisal focuses on the measurement of present stakeholder attitudes (influenced by past and present stakeholder relationship marketing activity) as timely, early warning signals of future stakeholder behaviour and concomitant future business performance.

The stakeholder performance index (SPI) derived from the stakeholder performance appraisal developed by Murphy et al. (2005), and identifies and quantifies stakeholder marketing relationships with the organisation from a stakeholder perspective.

In Murphy et al. (2005) the stakeholder performance appraisal is described as a survey of a representative sample of customers, employees, suppliers, community and shareholders of a business which measures current perceptual business performance in terms of economic, social and environmental indicators on a 0—10 numerical rating scale. The indicator variables are detailed as:

Economic: provision of value for money products; profitability; return on investment.

Social: customer, employee, supplier, community and shareholder relationships; ethical standards.

Environmental: environmental preservation; sustainable resource use.

These indicators have been chosen to reflect core business performance issues underpinning a holistic, Triple Bottom Line business orientation. The perceived overall performance of the business is also rated on a 0—10 numerical rating scale.

Qualitative perceptions of the strengths and weaknesses of the business, and its opportunities and threats (SWOT) are asked to provide supporting information.

Additionally, the CEO of the business is asked to forecast the ROI in the next 12 months; to rate the entrepreneurship orientation of this business; to rate the ease access of this business to start-up entrepreneurship capital; to rate the ease access to on going entrepreneurship resources; and also to rate the ongoing ability of this business to generate business opportunities.

The perceptual performance data are analysed by stakeholder group, which are averaged to give total sample results. The performance data are also averaged into Social, Environmental, Economic Performance, which are averaged into the Stakeholder Performance Index (SPI). In the averaging, the SPI incorporates triple bottom line business philosophy by equally weighting Social, Environmental, and Economic Performance, and incorporates the commonsense indispensability of each stakeholder group in the functioning of a sustainable business by equally weighting each stakeholder group. The SPI can be considered to be a perceptual measure of present holistic sustainable business performance reflecting the outcome of present stakeholder relationship marketing strategies. The SPI is benchmarkable over time and against other businesses.

The Future Research Group has established the FRG Stakeholder Performance Appraisal (SPA) Benchmark Project to enable businesses to benchmark their stakeholder perceptions of business performance against other businesses, by comparing perceptual SPI and ROI ratings by business size and type. There are 82 businesses in the FRG SPA database to date comprising 69 New Zealand businesses,

10 Chinese businesses, 2 Indian and 1 Australian business, shown in the following table.

Table 1. Benchmark Norms in the FRG SPA Database as at November 2005

Base: 82 Organisations

Business Size/Type		Goods Provider	Services Provider	Total
Small	No	10	25	35
	SPI	7.1 (6.0 – 8.6)	6.6 (5.3 – 8.3)	6.7 (5.3 – 8.6)
	ROI	8.0 (6.0 – 10.0)	6.3 (4.0 – 10.0)	6.8 (4.0 – 10.0)
Medium	No	13	18	31
	SPI	7.3 (5.2 – 8.4)	7.2 (5.3 – 8.2)	7.2 (5.3 – 8.4)
	ROI	7.0 (4.5 – 10.0)	6.7 (2.0 – 10.0)	6.8 (2.0 – 10.0)
Large	No	7	9	16
	SPI	7.7 (6.7 – 8.4)	6.7 (6.0 – 7.7)	7.1 (6.0 – 8.6)
	ROI	7.5 (7.0 – 8.0)	6.7 (5.0 – 8.0)	7.1 (5.0 – 8.0)
Total	No	30	52	82
	SPI	7.3 (5.2 – 8.6)	6.8 (5.3 – 8.3)	7.0 (5.3 – 8.6)
	ROI	7.5 (4.5 – 10.0)	6.5 (2.0 – 10.0)	6.9 (2.0 – 10.0)

No is the number of businesses in the category; () is the range of the scores

Location of businesses: New Zealand 69, China 10, India 2, Australia 1

Correlation between ROI and SPI: $r = 0.46$ (significant at the .001 level)

Regression between ROI and SPI: $ROI = -0.39 + 1.03 \text{ SPI}$ ($r^2 = 0.21$, significant at the .001 level)

These results indicate that SPI is significantly correlated with ROI, and that present SPI is a significant explainer of future ROI.

Source: Future Research Group (2005)

For international stakeholder management planning purposes it is useful to convert the ROI rating scale to an actual percentage ROI scale which is relevant for a particular country at a particular time, acknowledging that the average percentage return in the marketplace (the midpoint of the ROI rating scale) will change between countries and over time (Murphy et al., 2005). The following relationship between the ROI rating scale and percentage ROI scale has been derived in consultation with business practitioners and is applicable to the New Zealand business in Table 2 for 2006:

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(NZ)% ROI:-ve	1-2	3-4	5-6	7-8	9	10-13	14-17	18-21	22-25	26+	

Based on Murphy et al., (2005) study and consultation with Chinese business practitioners, we could derive the ROI rating scale and percentage ROI scale for Chinese business:

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(PRC) % ROI:-ve	1-1.5	2-2.5	3-4	5-6	7-8	9-10	11-12	13-15	16-18	20+	

The percentage of ROI is slightly different between New Zealand business and Chinese business. New Zealand has relatively small market compared to China. The competition level is lower than China. Hence, businesses here can enjoy relatively high return. However, the market is huge in China, but more players in the market, the competition is very intense. The main strategy for a lot of businesses in China is: to sell large quantity with relatively low margin.

The SPI, derived from the stakeholder performance appraisal appeared in Murphy et al. (2005) working paper indicates that stakeholder relationship marketing is a paradigm in practice in different business environment such as New Zealand and China.

In this study, we use the specific benchmarks to examine the level of stakeholder relationship marketing in different industries in New Zealand and China. The results coming from the examination will be used to determine whether the stakeholder relationship marketing is a paradigm in the different industries.

This work is based on Murphy et al. (2005) previous research. His previous empirical knowledge and the general methodological approach will be taken in this study as well. By the end of this study, we will use the Stakeholder performance Index (SPI), which is derived from the SPA to check the different stages of entrepreneurship journey.

To examine the relationship between the stakeholder relationship marketing and entrepreneurship, we will develop the Entrepreneurship Index, which is based on the research data generated from different entrepreneurs.

4.2 Sample Selection

Six businesses at various stages of their entrepreneurial journey will be examined in this study by undertaking Stakeholder Performance Appraisals (SPA) (Murphy et al. 2005) on them. A convenient sample method was used for this research. Companies of varying sizes from different industries including education, bakery, electronic goods provider, consulting were included.

Based on earlier studies (Murphy et al., 1997, 2005; Maguiness, 2004), to have at least six companies would be able to give us sufficient level of response to generate significant results. More than 15 companies were contacted before we draw the final participant list. In this research, we expect to examine those companies which in different stage of entrepreneur journey. Hence, we chose six companies coming from different industry.

Due to those companies located at different geographic region. Telephone, Fax and email become the major communication tools. Have discussed the parameters of the study, and delivered an information pack containing a cover letter for stakeholder respondents, the stakeholder questionnaire, the CEO questionnaire, and the timeframe.

Based on the different entrepreneur journey, participating companies have been grouped into three stages: early stage, development stage and success stage.

Early stage refers to those businesses have been operating for less than 2 years, such as Nuuland Business Solutions Ltd, Affston (China) Ltd

Development stage refers to those businesses have been operating for more than 2 years but less than 5 years, such as Guangzhou Jinbei Electronics Ltd, Kingsland Institute.

Success stage refers to those business have been operating for more than 10 years, such as North's Bun Company Ltd, Henan Yongwei Group.

Five stakeholders groups were identified from those 6 businesses:

Customers: people who purchasing particular company's goods/services

Employees: full time/part time employees, and contractors

Suppliers: Providing goods/services to participating company

Community: Neighbours , non-profit organisation and associates with a non-commercial relationship with the participating companies

Shareholders: Shareholders or Owners

These were identical to the stakeholder groups identified and survey in pilot study conducted by Murphy et al. (1997), and the study by Maguiness (2004).

4.3 Questionnaire Design

The standard stakeholder questionnaire provided by The Future Research Group has been used. Murphy et al. (1997) used the same questionnaire in their previous study proved satisfaction and performance attribute questions to provide the basis for producing a Stakeholder Performance Index (SPI).

In the standard stakeholder questionnaire, the 0-10 assessment scale (Murphy et al., 2004) was adopted

Performance Rating classification:

0.0 – 1.9	extremely poor performance	5.0 – 5.9	adequate performance
2.0 – 2.9	very poor performance	6.0 – 6.9	fairly good performance
3.0 – 3.9	poor performance	7.0 – 7.9	good performance
4.0 – 4.9	fairly poor performance	8.0 – 8.9	very good performance
		9.0 – 10	extremely good performance

An additional entrepreneurship assessment questionnaire was also created. Most of respondents are the CEO or Managing Director of the company. To better understand their entrepreneurship journey, it is more appropriate to ask them directly. They can give us a better picture.

Based on the current situation, the entrepreneurs of each company were asked to rate their expected future return on investment in the next 12 months.

In order to investigate the relationship between stakeholder relationship marketing and entrepreneurship, we also asked the entrepreneurs to rate their entrepreneurship orientation, ease access of the business to star-up entrepreneurship capital, ease access to their on going entrepreneur resource, and ongoing ability of this business to generate business opportunities.

To make sure the respondents understand all the questions, some entrepreneurs from New Zealand and China piloted the questionnaire. Due to the terminology used, we explained the concept to participants during the interview.

We loaded the raw data into Excel. To minimise the data entry bias, raw data was checked for our range of values.

4.4 Response Levels

The overall response rate of this study is relative high. Using the convenience research method, we have relatively good relationship with those companies. Hence, the average response rate is above 40%, even 100% response rate from entrepreneurs.

Table 2: Response Rates by Stakeholder Group/Organisation

Stakeholder Group	Nuuland	Jinbei	Yongwei	North Bun	Kingsland Institute	Affston	Total
	Number	Number	Number	Number	Number	Number	Number
Customers	23	10	13	10	20	4	90
Employees	6	17	15	15	8	20	81
Suppliers	3	6	5	5	3	4	26
Community	2	6	6	4	3	6	27
Shareholders	1	1	1	1	1	1	6
Total	35	40	40	35	35	35	220

CHAPTER 5 STAKEHOLDER PERFORMANCE APPRAISAL –CASE ANALYSIS

Participants were drawn from different industries and countries. Respondents represented significant difference in stakeholder attitudes, and in overall SPI

By focusing on the goods and service providers of six different businesses, this will help us to develop an industry benchmark of SPI as a measure of stakeholder relationship marketing in practice.

Refer to Table 1, it shows that the average small goods provider have an SPI of 7.1 and an average ROI of 8.0

Table 3: Stakeholder Performance Assessment: Goods/Service Providers

Respondents	35	40	40	35	35	35	145
	Nuuland	Jinbei	Yongwei	North Bun	Kingsland	Affston	Total
Customer Relationships	8.8	8.3	7.8	8.9	7.9	8.3	8.3
Employee relationships	8.7	8.2	8.2	9.0	7.8	8.1	8.3
Supplier relationships	8.5	8.2	7.8	9.0	8.0	7.7	8.2
Community relationships	8.3	8.0	7.9	7.9	7.6	7.7	7.9
Shareholder relationships	8.9	8.7	8.4	9.1	8.3	8.2	8.6
Ethical standards	8.1	7.5	7.5	8.4	7.1	7.8	7.7
Preservation of the environment	8.1	7.5	7.2	8.3	7.0	7.7	7.6
Sustainable use of natural resources	8.1	7.5	7.2	8.5	6.6	7.8	7.6
Value for money	8.4	8.1	8.0	8.1	7.2	8.1	8.0
Profitability	8.0	8.0	8.0	8.4	7.8	7.2	7.9
Return on investment	8.0	7.8	7.9	8.1	7.8	6.7	7.7
Overall Performance	8.2	7.8	7.9	8.5	7.6	7.7	8.0
Social Performance	8.6	8.2	8.0	8.7	7.8	8.0	8.2
Environmental Performance	8.1	7.5	7.2	8.4	6.8	7.8	7.6
Economic Performance	8.1	8.0	8.0	8.2	7.6	7.3	7.9
Stakeholder Performance Index	8.3	7.9	7.7	8.4	7.4	7.7	7.9
CEO Future ROI Rating	6.5	7.0	7.0	8.0	7.2	5.0	6.8

Because of the small sample, their varying sizes, different cultures, diverse operations, the results may need careful interpretation.

Individual company analyses to provide a clear picture will be presented. This meaningful information can help those entrepreneurs to support and enhance their entrepreneurship journey in the future.

5.1 Case 1: NUULAND BUSINESS SOLUTIONS LTD

Nuuland Business Solutions Ltd located at Hong Kong. The scope of this business is to provide tailor-made business solutions with relatively low cost to westerners who want to set up or develop their ongoing business in Asian region. The business is less than 2 years old. It is still considered new to the market. The Managing Director said: “Nuuland is still at the early stage of my entrepreneur journey. There is a long way to go.” Quantitative SPA data for --a small service provider are shown in the Table 4.

Table 4: Nuuland Stakeholder Performance Assessment

Respondents	23	6	3	2	1	35
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	9.0	9.0	8.7	8.2	9.0	8.8
Employee relationships	8.6	8.8	8.5	8.4	9.0	8.7
Supplier relationships	8.7	8.5	8.9	8.0	8.6	8.5
Community relationships	8.5	8.0	8.1	8.2	8.7	8.3
Shareholder relationships	8.9	9.2	8.9	8.6	9.0	8.9
Ethical standards	8.2	8.0	8.0	8.0	8.1	8.1
Preservation of the environment	8.0	8.1	8.4	8.0	8.0	8.1
Sustainable use of natural resources	8.2	8.0	8.4	7.9	8.0	8.1
Provision of value for money products	8.3	8.5	8.5	8.0	8.5	8.4
Profitability	8.5	8.0	8.5	8.2	7.0	8.0
Return on Investment	8.5	8.4	8.5	8.0	6.5	8.0
Overall Performance	8.2	8.2	8.5	8.2	8.0	8.2
Social Performance	8.7	8.6	8.5	8.2	8.7	8.6
Environment Performance	8.1	8.1	8.4	8.0	8.0	8.1
Economic Performance	8.4	8.3	8.5	8.1	7.3	8.1
Stakeholder Performance Index	8.4	8.3	8.5	8.1	8.0	8.3
Future ROI Rating						6.5

The total SPI of 8.3 indicates that stakeholders perceive the performance of the business as very good. Customer, Employees, Suppliers, Community, and Shareholders rate the business performance as very good too. The SPI provided by different stakeholder groups is above 8.0. Amongst the stakeholder groups, the highest performance rating is 8.7 from the Customers and Shareholders for social performance and the lowest rating is 7.3 from shareholders for economic performance. However, the lowest rating for economic performance is still higher than the average in Table 1—Benchmark Table of Small Service provider. Overall performance is rated as very good.

The future ROI rating is 6.5 indicating that ROI is predicated to be relatively lower than the average percentage return in the financial market in 2006. The business is little bit under the norms for its category in both SPI and ROI in the FRG SPA Database (Table 1).

Referring to Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 8.2 in 2006 is higher than the CEO's perceptual forecast of 6.5. The calculation shows that there is a gap between stakeholders' derived assessment of future ROI and the CEO's direct assessment of future ROI. The CEO expects the business to perform well.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 15% - 16%, the CEO's direct assessment of 2006 ROI is 10% - 11%.

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(PRC) % ROI:-ve	1-1.5	2-2.5	3-4	5-6	7-8	9-10	11-12	13-15	16-18	20+	

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 13% - 15% ROI.

From the quantitative SPA data, stakeholder perceived greatest performance strengths and weaknesses are:

Customers: strength *Customer Relationships*; weakness *Preservation of environment*

Employees: strength *Shareholder Relationships*; weakness *Community Relationship, Ethical standards, Sustainable use of natural resources, Profitability*

Suppliers: strength *Shareholder Relationships*; weakness *Ethical Standards*

Community: strength *Shareholder Relationships*; weakness *Sustainable use of natural resources*

Shareholders: strength *Customer Relationships, Employee Relationships, Shareholder Relationships*; weakness *Return on Investment*

Total: strength *Shareholder Relationships*; weakness *Profitability, Return on Investment*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
Strengths <ul style="list-style-type: none"> ▪ flexibility ▪ Price advantage ▪ Low fix cost ▪ Experience sharing ▪ Reduce learning curve 	Weaknesses <ul style="list-style-type: none"> ▪ Disadvantageous location (Hong Kong is not the most attractive region to new investors) ▪ Small business size
Opportunities <ul style="list-style-type: none"> ▪ Speed ▪ Better management control 	Threats <ul style="list-style-type: none"> ▪ Needs to subcontract new partners ▪ No replacement for sickness leave
Employees	
Strengths <ul style="list-style-type: none"> ▪ Competent CEO ▪ Suitable business strategy ▪ Variety of tasks contribute to experience and learning 	Weaknesses <ul style="list-style-type: none"> ▪ Small business ▪ No job security ▪ Language barrier
Opportunities <ul style="list-style-type: none"> ▪ Networks for future opportunities 	Threats <ul style="list-style-type: none"> ▪ Intense competition
Suppliers	
Strengths <ul style="list-style-type: none"> ▪ Good supplier relationships 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of promotion ▪ Small business size
Opportunities <ul style="list-style-type: none"> ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ Intense competition

Community	
Strengths <ul style="list-style-type: none"> ▪ Supports investors and job creation in the region 	Weaknesses <ul style="list-style-type: none"> ▪ Small business size ▪
Opportunities <ul style="list-style-type: none"> ▪ Job creation 	Threats <ul style="list-style-type: none"> ▪ Small business might not sustain
Shareholders	
Strengths <ul style="list-style-type: none"> ▪ Suitable business strategy 	Weaknesses <ul style="list-style-type: none"> ▪ Language problem ▪ Lack of promotion ▪ Small business size
Opportunities <ul style="list-style-type: none"> ▪ demand growth 	Threats <p>Intense competition</p>

The stakeholder derived perceptual SWOT analysis from the quantitative and qualitative SPA data for Nuuland will augment the traditional managerially derived perceptual SWOT analysis in the situation analysis of the strategic market

Customers

Customers are located in Germany and Austria.

They like taking advantage of hiring for getting flexible support for start-up without fix cost.

They like the reasonable pricing against expensive larger consultancies.

Hong Kong and hinterland is less attractive as new business start location.

Most customers like to start in Shanghai where cannot provide service

Customers like sharing the experience of staff.

With supporting the start up can be done faster and cheaper than competitors can do by own means (competitive advantage).

Nuuland is small. If one key employee leaves or gets sick the project is at risk.

Employees

Employees like the job variety, the challenge and the growth opportunities.

But the small business does not offer many career opportunities.

Working with opens them opportunities to get own networks for future career.

There are many small companies offering the same and might steal colleagues.

Suppliers

Suppliers are other professional service companies, such as lawyers, accountants, audit firms, IT service, marketing service, etc.

Nuuland is a professional orchestrator and has good management with partners.

Nuuland is small business and for some suppliers not big enough.

There are many suppliers competing in this small market.

Suppliers might give up against competition.

Community

Likes that investors will be supported and therefore attracted to the region.

Service will create jobs and earning potential for the region.

Small business might not create enough business to sustain for long.

Shareholders

Shareholder is CEO and founder.

Depends on business partners to find new customers (no marketing/promotion).

Needs continuous projects to sustain.

Table 5: Entrepreneur Assessment of Nuuland Business Solution Ltd

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
Business Solution Ltd	7.0	4	4	6	5.3

The Nuuland Business Solution Ltd is relatively small compared to the average size of companies in China and Hong Kong. From the Entrepreneur Assessment Table, we can clearly see that the entrepreneurship orientation of this business—7 is above the average.

The founder considered himself as an entrepreneur, mentioned he has many ideas. He is very confident about himself. In the first three months of his business, he could not get much business. He worked long hours to conduct market research and talked to various people. His 25 years of corporate experience taught him to become more entrepreneurship orientated. He believes that it is just a matter of time, and business will come to find him.

When he rated the ease access of his business to start-up entrepreneurship capital, he only gave 4 points. He mentioned that it was very hard for him to raise capital in Hong Kong at the early stage. Nobody knew him. He did not have much fixed assets in Hong Kong. Even though he has some relationships with some large corporations, however, it did not help him to raise investment funds.

To access to on going entrepreneurship resources (includes financial and human) is another crucial job for many entrepreneurs. Like Nuuland, at the initial stage, they could not afford to pay much to employees; hence, it was hard for them to recruit high qualified staff. For those experienced and highly qualified people, normally they have

relatively high expectations; they prefer to work in multi-national organisation. That is why the owner of Nuuland only rated 4 points for this question.

Hong Kong is part of China. You need to have good relationships with your associates and connection. Otherwise, it will be very hard to generate business opportunities. “Guanxi” is the major success factor for a business in Asia. In Nuuland’s case, their target market is those businesses from Europe who want to set up business in China. To generate business opportunities, Nuuland has to build relationship with Chinese local government and also European government. Only then, they can get the latest information about their customers and market. In the last two years, Nuuland generated some business opportunities through the founder’s own connections. That was not too bad for a start. 6 is above the average. However, as the owner said:” There is still a lot of work to be done in the future”.

Based on the rating provided by the CEO of Nuuland, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 5.3. It indicates that the performance of Nuuland is slightly higher than the average 5. For a firm less than two years, it is not too bad.

5.2 Case 2: GUANGZHOU JINBEI ELECTRONICS CO LTD

Guangzhou Jinbei Electronics Co Ltd began its business on providing rechargeable mobile phone battery packs to the domestic market. After three years of operation, they have started to expand their product lines to include other cellular phone accessories, such as plug-in saver/chargers, portable handsfree kits, AC/DC travel chargers, and gradually to enter international markets. This company has been operating for about 5 years.

Their R&D team develops new products that meet existing market demands, and continuously improves them. With their four years of experience, their engineers are

ready to cope with clients' project teams to figure out an optimal design to meet their requirements. Meanwhile, their continuous investment in engineering, molding, and manufacturing have greatly strengthened their competitive power and become the basis of technical leadership and innovation.

Through knowledge and understanding of the fast changing patterns in the wireless telecom industry, they have adapted their products to the market needs and offer a more comprehensive range of products, including cellular/computer/household products. They have gained an excellent reputation among customers from US, Europe and Australia. Quantitative SPA data for Jinbei—a medium goods provider are shown in Table 6.

Table 6—Jinbei Stakeholder Performance Appraisal Data

Respondents	10	17	6	6	1	40
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	8.0	8.5	8.0	8.1	8.8	8.3
Employee relationships	7.8	8.4	8.2	8.2	8.6	8.2
Supplier relationships	7.5	8.4	8.5	8.0	8.5	8.2
Community relationships	7.2	8.3	7.9	8.2	8.2	8.0
Shareholder relationships	8.5	9.0	8.5	8.4	9.0	8.7
Ethical standards	6.3	8.0	8.0	7.2	8.1	7.5
Preservation of the environment	6.7	7.8	7.9	7.0	8.2	7.5
Sustainable use of natural resources	6.5	7.7	7.8	7.1	8.2	7.5
Provision of value for money products	8.0	8.4	8.0	7.4	8.7	8.1
Profitability	8.6	7.5	8.3	7.8	7.6	8.0
Return on Investment	8.5	7.6	8.0	8.0	7.0	7.8
Overall Performance	7.8	8.0	8.1	7.8	7.5	7.8
Social Performance	7.6	8.4	8.2	8.0	8.5	8.2
Environment Performance	6.6	7.8	7.9	7.1	8.2	7.5
Economic Performance	8.4	7.8	8.1	7.7	7.8	8.0
Stakeholder Performance Index	7.5	8.0	8.0	7.6	8.2	7.9
Future ROI Rating						7.0

The total SPI of 7.9 indicates that stakeholders perceive the performance of the business to be good. Employees, Suppliers and Shareholders rate the business performance as very good. However, Customers and Community rate the business performance just good. There maybe some room for improvements Guangzhou Jinbei needs to consider in the future. The SPI provided by different stakeholder groups is above 7.5. Amongst the stakeholder groups, the highest performance rating is 8.5 from the Shareholders for social performance and the lowest rating is 6.6 from Customers for environment performance. The average rating for economic performance is above 7.5. However, the lowest rating for environment performance is lower than the average in Table 1—Benchmark Table of Medium Goods provider. Overall performance is rated as good.

The future ROI rating is 7.0 indicating that ROI is predicated to be normally compared to the FRG SPA Database (table 1). Even the ROI predicted by the CEO is relatively lower than other stakeholder groups; however, the business should be maintaining their strong performance in the next twelve month.

Refer to the Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 7.7 in 2006 which is higher than the CEO's perceptual forecast of 7.0. The calculation shows that there is a gap between stakeholders' derived assessment of future ROI and the CEO's direct assessment of future ROI.

The CEO explained the possibilities for the next twelve month. There are so many competitors in the market who are providing the similar products. There are more and more global players coming to China since China adopted the open door policy. Hence, the business environment will become tougher.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 12% - 13%, while the CEO's direct assessment of 2006 ROI is 11% - 12%.

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(PRC) % ROI:-ve	1-1.5	2-2.5	3-4	5-6	7-8	9-10	11-12	13-15	16-18	20+	

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 12% - 13% ROI.

From the quantitative SPA data, the stakeholders' perceived greatest performance strengths and weaknesses are:

Customers: strength *Profitability*; weakness *Ethical Standards*

Employees: strength *Shareholder Relationships*; weakness *Profitability*,

Suppliers: strength *Supplier Relationships and shareholder Relationships*; weakness *Sustainable use of natural resources*

Community: strength *Shareholder Relationships*; weakness *Preservation of the environment*

Shareholders: strength *Shareholder Relationships*, *Shareholder Relationships*; weakness *Return on Investment*

Total: strength *Shareholder Relationships*; weakness *Ethical Standards*, *Preservation of environment*, *sustainable use of natural resources*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
Strengths <ul style="list-style-type: none"> ▪ Advanced technology ▪ Good quality products & services ▪ Quality staff 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of English speaking staff ▪ Limited quantity can supply ▪ Only one office
Opportunities <ul style="list-style-type: none"> ▪ High expectation ▪ High demand for electronic products 	Threats <ul style="list-style-type: none"> ▪ Intense competition ▪ Upgrading technology
Employees	
Strengths <ul style="list-style-type: none"> ▪ Good management ▪ Price advantage ▪ Good remuneration system ▪ Good image 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of R&D ▪ Production capacity
Opportunities <ul style="list-style-type: none"> ▪ Global demand ▪ Government encourage export 	Threats <ul style="list-style-type: none"> ▪ Intense competition ▪ Customer become more demand ▪ Increasing material cost ▪ High exchange rates
Suppliers	
Strengths <ul style="list-style-type: none"> ▪ Good supplier relationships ▪ Strong financial resource ▪ Suitable business strategy 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of marketing activities ▪ Lack of bilingual employees
Opportunities <ul style="list-style-type: none"> ▪ More producers come to China ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ Material cost increasing ▪ Intense competition

Community	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Advanced technology ▪ Good management ▪ Good shareholder relationship 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Lack of concerning environment ▪ Lack of social marketing activities ▪ Inadequate community relationships
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Lower interest rate ▪ Easy to get bank loan 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Increasing environmental concerns from consumers ▪ Competition from oversea
Shareholders	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Good management ▪ Competent CEO ▪ Cost leadership ▪ Suitable business strategy 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Need more marketing people ▪ Production capacity ▪ Speed of creating new products and designs
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ High demand for electronics products ▪ More visitors come to China ▪ Industry growth 	<p>Threats</p> <ul style="list-style-type: none"> ▪ High costs ▪ Strong Chinese Currency ▪ Bird flu problem ▪ Intense competition ▪ More capricious customers ▪ Increasing environmental concerns ▪ High entry barriers to enter into global market

The stakeholder derived perceptual SWOT analysis from the quantitative and qualitative SPA data for Guangzhou Jinbei will augment the traditional managerially derived perceptual SWOT analysis in the situation analysis of the strategic market

Customers

Customers are satisfied with the quality products and services provided by Guangzhou Jinbei. Operating in the electronics industry for almost 5 years, Jinbei has built up a relatively good reputation. They rank among the top 10 electronics parts providers in China in 2004, a reason why more and more overseas customers come to look for them.

Their business and marketing strategy did not focus much on the international market at the early stage of their entrepreneurship. There is a huge market in China. The company is located in the Canton region, close to all the electronics manufacturers. In their common working environment, their employees do not need to speak English. However, the company is increasingly approached by overseas companies for which they need to have more bilingual employees in the future.

Living in the information age where technology makes life easier, the demand for electronic products is increasing. There will be huge opportunity for Guangzhou Jinbei to grab. Guangzhou Jinbei's opportunity is also coming from increasing customer expectations.

Customers feel that there are more alternatives for them to choose. Hence, it could cause intense competition for electronics parts suppliers. And also technology is very dynamic. No one can image what it is going to happen tomorrow in this technology driven market. To maintain their sustainable competitive position in the market, Guangzhou Jinbei needs to upgrade their technology as well.

Employees

The strong management has played an essential role in Guangzhou Jinbei. Most of the time, the owner/CEO of Guangzhou Jinbei is out of office, the management team has to manage daily business and also make plans for Guangzhou Jinbei's future. "You do not need to need to stand behind them to tell them what to do. Everyone knows what to do", said the CEO.

Employees are appreciated by what they have contributed to the organization. The average salary of Guangzhou Jinbei is higher than other similar manufacturers in the Canton region. The good remuneration system motivates all the employees to get what they want. Hence, the staff turnover rate is very low. They all treat Guangzhou Jinbei as their family.

But they are also concerned about the future of the company. Due to the intense competition and increasing raw material cost, the production is higher than before. However, the selling price is falling, which worries them. Technology is changing fast, which means Guangzhou Jinbei needs to upgrade their production equipment and facilities in order to catch up with the market in this industry.

Guangzhou Jinbei is in the development stage of their entrepreneur journey. They need to hire more experienced R&D employees in the future. To compete with other players in the market, they also need to expand their production capacity. Already they could not satisfy some large orders in a short period of time due to the limited production capacity.

Employees still can see the opportunities for Guangzhou Jinbei. The local and central government encourages business to create more export business by offering certain incentives. Since the global demand for electronic products is still increasing, it will help Guangzhou Jinbei to generate more opportunities for their entrepreneur journey in the future.

Suppliers

Guangzhou Jinbei has established very good relationship with their suppliers. In the last four and half years, Guangzhou Jinbei never delayed any payment to their suppliers. The high level of performance of Guangzhou Jinbei helped them to accumulate sufficient capital. The management team of Guangzhou Jinbei has a clear focus. In their business plan, a bright future appears ahead of them.

As mentioned earlier, Guangzhou Jinbei concentrated their efforts on the local market in China. To expand to oversea markets, they need to employ bilingual employees. A lot of Chinese businesses do not like to spend much on marketing activities. Some companies even do not have professional marketing people. People will not buy products or services if they do not know well about the company and the products/services. “That is why we want to create awareness in marketing”, the CEO said.

From the huge market in China one can foresee the business opportunities, imagining the increase of domestic demand when the standard of living is improving year by year. The population in China is 1.4 billion. The average GDP of China was around 8% in the last five years. This will help business like Guangzhou Jinbei to find more business opportunities. More and more global payers come to China, which will also help Guangzhou Jinbei to sell more of their accessories to those producers.

Like some of the Guangzhou Jinbei’s suppliers said, the market becomes very competitive. One has to keep learning new things; otherwise one will be out-dated. That is why Guangzhou Jinbei encourages their employees to learn about new technologies.

Community

The professional management team of Guangzhou Jinbei has also built very good neighborhood relationship. To support Jinbei to grow, the local government just

granted permission to them to build a new factory in Guangzhou. The government encourages banks to offer attractive bank loans to businesses like Guangzhou Jinbei. This helps Guangzhou Jinbei to generate more business opportunities in the future.

Guangzhou Jinbei has adapted some new technologies in China which enhanced them to compete with other players in the market. To maintain the dominant position, Guangzhou Jinbei also needs to pay more attention on the social and natural environment. The Triple Bottom Line (TBL) business philosophy was developing, emphasizing that the traditional single business objective of achieving a single bottom line of maximum economic returns to shareholder stakeholders require augmentation to a tripartite sustainable business objective of achieving optimal economic, social, and environmental returns to all stakeholders, as promulgated by Elkington (1997).

Shareholders

Shareholder is the CEO and founder. He used to manage a military manufacturing company in China with more than 10,000 employees working for him. His extensive experience and knowledge helped him to set up and run his own business. Due to the cheaper labour and relatively cheap raw material, Guangzhou Jinbei can achieve low cost leadership strategy in the industry.

During the interview, the CEO mentioned some interesting points regarding his business. He is worrying about the Bird Flu. He mentioned that like SARS, it is very scary that nobody knows what it is going to happen next. The economic environment will be blocked by this uncertain factor in the next 12 months.

Since companies like Guangzhou Jinbei can go for low cost leadership strategy, they should have competitive advantages over other competitors from those developed countries. However, the higher entry barriers in many foreign markets make it tough for Guangzhou Jinbei to expand their business to overseas. The opportunities perceived by the shareholders are that China established working relationships with

many economical highly developed countries. China's open door policy attracted a lot of oversea buyers to explore China's technology and cheap products which may help Guangzhou Jinbei to sell more of their products in the future.

Competition becomes the major concerned for different stakeholder groups of Guangzhou Jinbei. They feel their happy time already gone. The weak US Dollar and strong Chinese currency will make products made in China relatively more expensive compared to prior years.

Despite rich management experience of the CEO of Guangzhou Jinbei further growth depends on how successful business partners are to find new customers (without professional marketing/promotion) and to find continuous projects to sustain.

Table 7: Entrepreneurship Assessment—Guangzhou Jinbei Electronics Ltd

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
Guangzhou Jinbei Electronics Ltd	8	6	8	8	7.5

The Guangzhou Jinbei is considered as a medium size business in China. From the Entrepreneur Assessment Table, we can see that the entrepreneurship orientation provided by the CEO of Guangzhou Jinbei—8 is above the average.

In the interviewed, the CEO explained his story. He was under pressure to set up his own business with one of his business partner from Taiwan and had to give up the position of one large state-owned manufacturer in China, means he threw away a

“Golden Rice Bowl” in China. Once he had decided, he knew he had no way back. The only one thing is the turn his idea into reality.

Entrepreneurial orientation means the firm’s strategic posture in terms of innovativeness, risk-taking and being proactive, as well as competitive aggressiveness and autonomy. (Miller (1983); Covin and Slevin (1989); Yeoh and Jeong (1995); Lumpkin and Dess (1996); Kuemmerle (2002); Ibeh (2003); Knight and Cavusgil (2004).

In the first two years, he worked very hard. He knew what he was heading for. Like many other entrepreneurs, he fought very aggressive for his dream, a reason why he rated 8 for the entrepreneurship orientation of his venture.

Regarding the ease access of Guangzhou Jinbei to start-up entrepreneurship capital, the CEO rated 6. It is a moderate result for Guangzhou Jinbei. Having been the Managing Director of that state-owned manufacturer in China, he had established relatively good relationships with varies stakeholder groups, and had saved some money from his salary.

Guanxi is like a ladder of loyalty: trust bonding, reciprocity and empathy are interrelated and complementary (Yao et al., 2002). In China, people establish businesses by building up relationships first and then incorporate relationships into their business strategies. That is exactly what the CEO of Guangzhou Jinbei did in the past. To run a factory successfully, one needs access to on going entrepreneurship resources all the time, otherwise one could be blocked by the shortage of resources.

The CEO of Guangzhou Jinbei rated 8 for the ongoing ability of this business to generate business opportunities. In China, “Guanxi” means opportunities. The only problem is how one can identify business opportunities. “Guangzhou Jinbei has done very well in the last four and half years”, the CEO stated proudly.

Based on the rating provided by CEO of Guangzhou Jinbei, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 7.5. It indicates that the performance of Guangzhou Jinbei is very good.

5.3 Case 3: HENAN YONGWEI GROUP

Henan Yongwei Group (Yongwei) is a multifunctional corporate with several subsidiaries under its umbrella, specialized in producing bullet proof jackets, hats, and other accessories for military, building & decoration materials, fire resistant paint, cable, and even education. They carefully observe the ever-changing requirements of the worldwide market in order to serve effectively and promptly with their advanced production lines imported from overseas, qualified raw material, and expertise technical teams. Their high quality standard was certified with ISO9001, ISO9002.

They have established their distribution system all over the Greater China region with exports to Japan, UK, and North America. The company has been operating for more than ten years. Quantitative SPA data for Yongwei—a large goods provider is shown in Table 8.

Table 8: Yongwei Stakeholder Performance Assessment

Respondents	13	15	5	6	1	40
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	7.2	8.0	8.2	7.8	8.0	7.8
Employee relationships	8.1	7.8	8.4	8.0	8.5	8.2
Supplier relationships	7.0	7.2	8.5	7.5	9.0	7.8
Community relationships	7.3	7.5	8.3	8.5	8.0	7.9
Shareholder relationships	8.0	8.0	8.5	8.0	9.5	8.4
Ethical standards	7.0	7.2	8.0	7.4	8.0	7.5
Preservation of the environment	6.4	6.0	8.0	7.5	8.0	7.2
Sustainable use of natural resources	6.1	6.4	8.0	7.3	8.0	7.2
Provision of value for money products	7.2	7.8	8.1	8.0	9.0	8.0
Profitability	7.9	8.0	8.5	8.5	7.0	8.0
Return on Investment	8.0	8.3	8.2	8.0	7.0	7.9
Overall Performance	7.2	8.2	8.3	8.0	8.0	7.9
Social Performance	7.4	7.6	8.3	7.9	8.5	8.0
Environment Performance	6.3	6.2	8.0	7.4	8.0	7.2
Economic Performance	7.7	8.0	8.3	8.2	7.7	8.0
Stakeholder Performance Index	7.1	7.3	8.2	7.8	8.1	7.7
Future ROI Rating						7.0

The total SPI of 7.7 indicates that stakeholders recognize the good performance of the business. The Employees, Suppliers, Community and Shareholders rate the business performance as very good. The Customers rate the business performance just good.

Among the stakeholder groups, the highest performance rating is 8.5 from the Shareholders for social performance and the lowest rating is 6.2 from Employees for environment performance. The average rating for economic performance is above 7.7. It indicates that the Yongwei is doing very well in the last ten years. However, the lowest rating for environment performance provided by employees and customers is lower than the average in Table 1—Benchmark Table of Large Goods provider. Overall performance is rated as good.

The future ROI rating is 7.0 indicating that ROI is predicated to be lower compared to the FRG SPA Database (table 1). Even the ROI predicted by the CEO is relatively lower than other stakeholder groups. Based on the data provided by various stakeholder groups, it indicated that the confidence level is very high. The company should be able to maintain the current performance level in the next twelve month.

Refer to the Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 7.5 in 2006 which is higher than the CEO's perceptual forecast of 7.0. The calculation shows that there is a gap between stakeholders' derived assessment of future ROI and the CEO's direct assessment of future ROI.

Due to the large investment in the education business, the CEO of Yongwei predicted the ROI in the next twelve months would be lower than the industry average in China. The competition level is getting higher now. One of the common problems in China is that a lot of companies try to copy others if that kind of business seems profitable. They never spend time and money on market research. Maybe that is an indicator for the difference between Asian and Western culture. Western enterprises rely more on

market research, and tend to be more rational, rather than emotional. The CEO of Yongwei stated that there are a lot of small players in the market that spoil the business practice.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 12% - 13%, while the CEO's direct assessment of 2006 ROI is 11% - 12%.

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(PRC) % ROI:	-ve	1-1.5	2-2.5	3-4	5-6	7-8	9-10	11-12	13-15	16-18	20+

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 12% - 13% ROI.

From the quantitative SPA data, stakeholder perceived greatest performance strengths and weaknesses are:

Customers: strength *Employee Relationships*; weakness *Sustainable use of natural resources*

Employees: strength *Return on investment*; weakness *Preservation of environment*

Suppliers: strength *Supplier Relationships, shareholder Relationships and Profitability*; weakness *Ethical standards, Preservation of environment and Sustainable use of natural resources*

Community: strength *Community Relationships and Profitability*; weakness *Sustainable use of natural resources*

Shareholders: strength *Shareholder Relationships*; weakness *Profitability and Return on Investment*

Total: strength *Shareholder Relationships*; weakness *Preservation of environment, sustainable use of natural resources*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Quality products ▪ Strong brand name ▪ Advanced technology ▪ Price advantage 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Lack of advertising and promotion ▪ No English website
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ High demand in domestic market 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Intense competition ▪ Price war
Employees	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Competent CEO ▪ Wide range of products ▪ Good management ▪ Low price strategies ▪ Good relationship with government ▪ Good location 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ No professional IT employees ▪ Not many German/English speaking employees ▪ Need more training course for employees
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ 2008 Olympic Game ▪ Domestic demand ▪ Local government support 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Intense competition ▪ High exchange rates

Suppliers	
Strengths <ul style="list-style-type: none"> ▪ Positive Image ▪ Suitable business strategy ▪ Fast payment ▪ Advanced technology 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of promotion ▪ Decision process is slow ▪ Too many relatives working in the company
Opportunities <ul style="list-style-type: none"> ▪ High domestic and international demand ▪ Countries pay more attention on terrorism ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ Difficulty of entering new markets ▪ Intense competition
Community	
Strengths <ul style="list-style-type: none"> ▪ Good brand name ▪ Good social ties 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of concern about the natural environment ▪ Lack of bilingual employees
Opportunities <ul style="list-style-type: none"> ▪ Decreasing interest rates ▪ High demand 	Threats <ul style="list-style-type: none"> ▪ Competition ▪ Increasing environmental concerns
Shareholders	
Strengths <ul style="list-style-type: none"> ▪ Advanced technology ▪ Quality employees ▪ Good brand name & price advantage ▪ Diversity business environment ▪ Good relationship with government 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of promotion ▪ Lack of experienced manager
Opportunities <ul style="list-style-type: none"> ▪ 2008 Olympic Game ▪ More buyers come to China to source cheap products ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ High costs ▪ Intense competition ▪ Strong Chinese currency ▪ Increasing environmental concerns

The stakeholder derived perceptual SWOT analysis from the quantitative and qualitative SPA data for Yongwei will augment the traditional managerially derived perceptual SWOT analysis in the situation analysis of the strategic market

Customers

Yongwei has established their strong brand name in the last ten years. Customers are attracted by their high quality products and lower price. Based on the data provided by the customers, it indicates that customers showed a high level of satisfaction with Yongwei.

Customers suggested that Yongwei should put effort on their marketing strategies and programmes. There are so many choices for customers. Marketing plays a very important role for a business. To attract customers to buy their products or service, businesses need to use the marketing tools to facilitate their marketing strategies.

The website of Yongwei needs to be updated more frequently. Some customers mentioned that they should construct an English website. It is very frustrating for overseas customers to access information. Today, living in the information age, it is absolutely common to expect that a company has a website. Hence, to catch up with the international market, Yongwei needs urgently to improve their website in order to serve their customer more efficient and effectively.

Compared to ten years ago, there are plenty of products available in the market, especially in China. Customers have relatively more bargain power. To compete with other rivals in the market businesses try to adopt different marketing strategies and programmes to target them. For instance, since it is not common for the general public to buy bullet proof products in China, there were only few suppliers in the market. Today, in order to source better products and to upgrade the equipment of the Chinese military, the government strongly encourages more competition and getting companies this way under more pressure to improve their products.

Employees

The CEO/founder of Yongwei appears to be a very competent person. Coming from a small village in China, the initial purpose of this business was to get enough rice to fill his stomach. He was born in a big family. As the elder son, he had to take responsibility for his family. That is the traditional culture in China. Since his job was to earn money to support the big family, he did not have much time to sit in the classroom. Today, he is one of the famous businessmen in that region.

He knows how to manage a business, even though he did not have chance to go to a university in China. In his employees' eyes, the whole management team is seen as very good. Some of them have been working there since the company was established. Everyone follows clear objectives. Especially for expanding the business into different industries the good relationship with local governments has proven a valuable strength of Yongwei.

Yongwei offers a lot of jobs to disabled employees for who it would be very difficult to find a job in the low labour cost market of China. Since the CEO of this business knew how hard it was when he first started his business, he wanted to create employment opportunities for the local community. Even though profit is important for a business, it is also important to look after social and environmental needs. That is what the Triple Bottom Line is all about.

Yongwei has updated their facilities in the last five years. They permanently try to provide a good working environment for their employees with sports clubs, karaoke facilities etc. This is a good way to motivate employees. Most of employees come from the local community. Hence, the turnover rate is very low. They established a good incentive system. Employees can earn more if they can create more wealth for the company.

For further expansion of their businesses they recently entered the education industry. Investing several hundred millions on this business, they want to build one of the best schools in China. Every employee knows the clear vision of the CEO in Yongwei. However, to maintain their competitive advantage, Yongwei needs to employ more talent employees, such as more IT specialists, qualified accountants, experienced sales and marketing people etc.

The weak US dollar on the one hand and the strong Chinese RMB on the other hand make Chinese made products relatively more expensive than before. It becomes hard for Yongwei to maintain their low cost leadership in the international market. Competition is another problem for Yongwei. The open door policy attracts many foreign investors to set up their business in China.

In China relationship enables business opportunities. The support from local governments will help Yongwei to create and identify more business opportunities. Now, everyone is talking about the Olympic Games 2008 in China. This big event lets organizations expect more and new business opportunities. Excited about that, employees of Yongwei also strongly hope to get more business from this big event in the next three years.

Good relationship and networks with different suppliers became one of the major success factors of Yongwei. In the last ten years, Yongwei has established very solid relationship with their suppliers, among them many from overseas such as USA, Holland, Germany and Japan, but also some from domestic regions. Without them, Yongwei could not have today's achievement. The good relationships with suppliers helped Yongwei to maintain a sustainable competitive advantage in different industries.

The management of Yongwei cares very much about their technology. They understand that advance technology is very important for this business. Customers'

tastes and preferences are changing all the time. To satisfy their needs and wants, businesses need to upgrade their technology permanently.

A lot of relatives of employees are working in the company. Even though it is good to have those people because these people seem to be more loyal than outsiders, sometimes it is hard to manage them. One person has relationship to the CEO, another person has relationship to the CEO's wife etc. It caused a couple of management problems, and also delayed or stopped decision making. Compared to other similar businesses, the decision process is longer. There are so many good choices. Yongwei should act faster.

The business environment has changed dramatically since the 9/11 terror attack happened in the USA. Terrorism has become one of the major factors for business to take into account if they would set up an oversea office, and where to set it up. On the other hand, since nowadays so many countries are worried about terrorism, it helped Yongwei to grab even more business opportunities. When countries increase budgets for security and defense, Yongwei is trying to offer related products. That is one of the reasons why Yongwei performed so well in the last three years.

All the stakeholders talk about competition. High demand is coming with high competition which leads to the situation that it will become harder and harder to meet the new standards. Since there are some many increasing standards in different industries, it is hard for Yongwei to enter into new markets.

Community

The professional management team of Yongwei has also built up a very good relationship with the community. As mentioned earlier, Yongwei provides employment opportunities to disabled people. To support the local community, Yongwei also shares their facilities with other local organizations. The good community relationship enhanced Yongwei's business.

Yongwei has permanently implemented new technologies which enhanced their competitiveness against other players in the market. To maintain the dominating position, Yongwei also pays attention to the social and natural environment. To maintain their competitive advantage, Yongwei also needs to further develop their resources—financial and human. Especially, they need to employ more bilingual employees if they want to capture more international business in the future.

Pollution becomes a very serious problem in China. The government introduced a lot of new regulations to govern the different businesses in regards of environmental care. To compete with other suppliers in the market, Yongwei may need to consider the environmental issues. Recently Yongwei can enjoy business opportunities from the decreasing interest rate. Yongwei can get more money from bank for business expansion at relatively low cost

Shareholders

Family and professional background of the founder of Yongwei helped him to learn how to face challenges in his life. His easy going personality enhanced the relationship with employees. He is very satisfied with the current performance. In his opinion his success is based on the performance of his excellent employees. “They work hard and treat the business as their own.” There is great team spirit in this firm. Hence, he has delegated authority to his employees, so that they can make decisions on his behalf. This way he has more time for expanding his relationship with local governments rather than staying in the office to manage daily operations.

Driven by the firm belief that technology can enhance his business, he spent large amounts on upgrading production lines annually. In their company profile they state that they have received many awards from domestic and international authorities which also proves that they know how to use technology well for further development of their business.

With large expectations many businesses wait for the 2008 Olympic Games to come where millions of people will come to see the great event organized by China. The shareholder of Yongwei holds the similar view with others and strongly believes that he can generate more business opportunities with the help of this event. A lot of construction is going on in the Olympic venue now. To maintain security and order, the government will recruit more policemen, and they might need to wear bullet proof jacket, helmets, and other Yongwei products. This event might help Yongwei to boost his business.

The good brand name helps Yongwei to maintain their market position. However, the shareholder of Yongwei noticed that they need to be more aggressive on marketing strategies. Especially, many global players entering into China market are very good in marketing. In order to better compete with them, Yongwei will be going to spend more money and employ more professional employees to help them to market their products and services.

Table 9: Entrepreneurship Assessment Henan Yongwei Group

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
Henan Yongwei Group	8	4.5	6	8	6.6

Yongwei is considered as large size business in China. From the Entrepreneur Assessment Table, we can see that the entrepreneurship orientation provided by the CEO 8 is above the average 5. The founder's unique background forced him to grab any business opportunity he could see. At the early stage, he had no money, no relationships with the government, and his parents and relatives also could not support

him. Based on his own judgement and knowledge, he took the risk and borrowed money to set up his first business in China.

At that time, it was not easy for ordinary people in China to borrow money to finance the business, since there were no private finance companies. The only way to borrow money was to get it from a bank. But since all the banks were state owned, nobody would like to take the responsibility if there was no security for the loan. Everyone was doubting his capability at the early stage. However, the founder of Yongwei had a dream, and knew he would make his dream reality. The largest constraint for him was to get enough money to run the business.

People felt moved by his words and actions. He borrowed RMB 1000 (less than NZ\$ 200) from one business owner in his small town. That was his initial entrepreneurial capital. Without his innovativeness and his risk-taking ability, Yongwei would not have been able to survive in today's dynamic business environment.

Regarding the ease access of Yongwei to start-up entrepreneurship capital, the CEO rated 4.5 which is lower than the average in China. That seems caused by his unforgettable experience. Without any fixed assets, it was very tough to borrow money, especially more than ten years ago. Not many had confidence in him. After this hard time the CEO of Yongwei had experienced, he wants to do some thing for the society. That is why he offers scholarships to students who have talent but could not afford an university education; and also he offers job opportunities to disabled people. He tries his best to contribute to the society.

Access to on going entrepreneurship resources is one of the challenging jobs for the CEO of Yongwei, for which he rated 6. "It is easy to find graduates in China, but it is not easy to find one professional one", he said.

In finance, there is a golden rule that advises not to put all of one's eggs in one basket. That rule is exactly what Yongwei is following. With his business diversified into different industries, the founder of Yongwei is one of the most successful opportunity seekers. Through his various connections, he permanently identifies lot of new business opportunities. The company offers incentives to encourage employees to find and take new business opportunities. The CEO of Yongwei rated 8 for the ongoing ability of this business to generate business opportunities.

Based on the rating provided by CEO of Yongwei, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 6.6. it is not very high. It indicates that the performance of Yongwei is good.

5.4 Case 4: NORTH'S BUN COMPANY LTD

North's Bun Company Ltd (North Bun) is the only supplier of McDonald's hamburger buns, breakfast bagels and muffins in New Zealand. They freshly bake their golden buns at their Auckland bakery, and their muffin bakery is only one of two in New Zealand. North's imported specialised equipment from the United States to produce bagels using a steam baking process. North's Bun Company and McDonald's have developed a recipe for success over the many years of their relationship.

North's production capacity for McDonald's is huge. The manager of the company stated that if you took the number of buns produced annually for McDonald's and placed them on top of each other, they would be 11,981 times higher than Auckland's Sky Tower.

Over the years, North's Bun Company senior management has become expert in their field and McDonald's enjoys the benefits of this superior knowledge. North's provides other McDonald's bakeries in the Asia Pacific region with technical support and advice. A subsidiary of North's, Richmond Foods Ltd has been the sole

producer of apple pies to McDonald's New Zealand from its Rotorua factory for over 20 years. Only top quality New Zealand grown apples are used in the delicious filling. Quantitative SPA data for North Bun—a larger goods provider is shown in Table 10.

Table 10: North Bun Stakeholder Performance Assessment

Respondents	10	15	5	4	1	35
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	8.5	9.0	8.8	9.0	9.0	8.9
Employee relationships	8.0	8.8	9.0	10.0	9.0	9.0
Supplier relationships	8.5	8.6	9.0	10.0	8.9	9.0
Community relationships	7.5	8.2	8.3	7.0	8.5	7.9
Shareholder relationships	8.5	8.9	9.3	10.0	9.0	9.1
Ethical standards	8.0	8.5	8.0	9.0	8.5	8.4
Preservation of the environment	8.2	8.2	8.0	9.0	8.2	8.3
Sustainable use of natural resources	7.8	8.0	9.3	9.0	8.2	8.5
Provision of value for money products	8.0	8.0	8.8	6.5	9.0	8.1
Profitability	8.5	8.6	8.7	8.0	8.0	8.4
Return on Investment	8.6	8.3	8.5	7.0	8.0	8.1
Overall Performance	8.5	8.6	8.5	9.0	8.0	8.5
Social Performance	8.2	8.7	8.7	9.2	8.8	8.7
Environment Performance	8.0	8.1	8.7	9.0	8.2	8.4
Economic Performance	8.4	8.3	8.7	7.2	8.3	8.2
Stakeholder Performance Index	8.2	8.4	8.7	8.4	8.5	8.4
Future ROI Rating						8.0

The total SPI of 8.0 indicates that stakeholders perceive the very good performance of the business. The Customers, Employees, Suppliers, Community and Shareholders rate the business performance as very good. They seem to be very satisfied with the current performance of North Bun Co Ltd.

Amongst the stakeholder groups, the highest performance rating is 9.2 from the community for social performance and the lowest rating is 7.2 from community for economic performance. The average rating for environment performance is above 8.0. It indicates that the North Bun cares is doing very well, especially on the environment issue. There is only the rating provided by community about the economic performance is lower the average in Table 1—Benchmark Table of Large Goods provider. Overall performance is rated as very good.

The future ROI rating is 8.0 indicating that ROI is predicated to be higher compared to the FRG SPA Database (table 1). As mentioned the above, maybe North Bun should perform better in terms of economic. In general speaking, all the stakeholder groups are very satisfied with the current situation. They believe there is a prospective future in the next twelve months.

Refer to the Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 8.3 in 2006 which is higher than the CEO's perceptual forecast of 8.0. The calculation shows that there is a gap between stakeholders' derived assessment of future ROI and the CEO's direct assessment of future ROI. Maybe the figure provided by the CEO is more conservative.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 21% - 22%, while the CEO's direct assessment of 2006 ROI is 18% - 21%.

ROI Scale: 0 1 2 3 4 5 6 7 8 9 10

(NZ)% ROI:-ve 1-2 3-4 5-6 7-8 9 10-13 14-17 18-21 22-25 26+

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 21% - 22% ROI.

From the quantitative SPA data, stakeholder perceived that the greatest performance strengths and weaknesses are:

Customers: strength *Return on Investment*; weakness *Community relationships*

Employees: strength *Customer Relationships*; weakness *Sustainable use of natural resources and Provision of value for money products*

Suppliers: strength *shareholder Relationships and Sustainable use of natural resources*; weakness *Ethical standards and Preservation of environment*

Community: strength *Employee Relationships, Supplier Relationships and Shareholder Relationships*; weakness *Provision of value for money products*

Shareholders: strength *Customer Relationships, Employee Relationships, Shareholder Relationships and Provision of value for money products*; weakness *Profitability and Return on Investment*

Total: strength *Shareholder Relationships*; weakness *Community Relationship*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Advanced technology ▪ Quality products and services ▪ Good brand name 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Cultural differences ▪ Disadvantageous location
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Strong domestic demand ▪ Attractive natural environment 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Intense competition ▪ Small market size ▪ Geographic distance
Employees	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ New effective leadership ▪ Innovative organization ▪ Powerful brand positioning ▪ Advanced technology ▪ Highly skilled and motivated employees 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Unreliable part time employees ▪ Lack of control system
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ More migrants ▪ Growth estimate for the market for the next five years 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Fierce competition ▪ Consumer looking for healthy products

Suppliers	
Strengths <ul style="list-style-type: none"> ▪ Strong relationships with McDonald's ▪ Suitable business strategy 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of marketing activities
Opportunities <ul style="list-style-type: none"> ▪ More international students in the country ▪ People like to have more leisure time ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ Difficulty of entering new markets ▪ Intense competition
Community	
Strengths <ul style="list-style-type: none"> ▪ Advanced technology ▪ Professional management team ▪ Strong leadership position 	Weaknesses <ul style="list-style-type: none"> ▪ Disadvantageous location
Opportunities <ul style="list-style-type: none"> ▪ Population is increasing ▪ Opportunities for joint-ventures and acquisition overseas 	Threats <ul style="list-style-type: none"> ▪ People questioned about the fast food
Shareholders	
Strengths <ul style="list-style-type: none"> ▪ Advanced technology ▪ Professional employees ▪ Good relationship with McDonald's ▪ Suitable business strategy 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of promotion ▪ High turnover of part time employees
Opportunities <ul style="list-style-type: none"> ▪ High exchange rates ▪ Industry growth ▪ Good economic environment 	Threats <ul style="list-style-type: none"> ▪ High labour costs ▪ Intense competition ▪ Increasing environmental concerns ▪ Criticism about fast food

The stakeholder derived perceptual SWOT analysis from the quantitative and qualitative SPA data for North Bun will augment the traditional managerially derived perceptual SWOT analysis in the situation analysis of the strategic market

Customers

North Bun has been serving New Zealand customers for more than ten years. The only supplier of McDonald's burger buns, bagels and muffins in New Zealand has gained massive brand awareness. The strong brand name helped the business to gain the competitive advantages over years. That is why the North Bun can maintain their dominant position in the bakery industry. Customers are very satisfied with the quality products provided by them.

The quality products come from the advanced technology. North Bun's golden buns and muffin bakery is only one of two in New Zealand bakery industry. They introduced the latest technology from the United States to produce bagels using a steam bake process.

The location of North Bun is considered as one the weakness for them. It is a little bit too far for them to serve customers in South Island, even though they have their own delivery truck. New Zealand is a multi-cultural society. So far, they could not find the balance point to serve people coming from other cultures, for instance, Asian, Indian and other ethnic groups in New Zealand.

The New Zealand market has changed dramatically in the last ten years. Large numbers of migrants have moved into the country. It helped to boost the country's economy. The property market is very active in the last three years. The high demand for fast food also helped North Bun to enjoy comfort profit. The market demand is still high, and will help North Bun to enjoy another prospective year in 2006.

Of course, the more open the market is, the more intense will be competition. There are so many different bakery houses in New Zealand. They are the direct and indirect competitor of North Bun. Customers spend more on other fast food, which means they will consume less McDonald's burger, Muffin Breakfast etc. It will impact on North Bun's business as well.

Employees

North's production capacity for McDonald's is huge. There have several hundred workers. Some of them have been working here since the first day of North Bun. The manager of the company stated that if you took the number of buns produced annually for McDonald's and placed them on top of each other, they would be 11,981 times higher than Auckland's Sky Tower.

Over the years, North's Bun Company's senior management has become expert in their field and McDonald's enjoys the benefits of this superior knowledge. North's provides other McDonald's bakeries in the Asia Pacific region with technical support and advice.

To have the best talents to run the business is one of their key success factors. The company has appointed one of the largest American recruitment agencies to hunt the best talents in the world. To update employees' knowledge, the company provides in-house training, and also sends them to take training by outside experts.

There are some unstable factors, such as that part time employees are very hard to keep over a longer period. Especially students just treat this job opportunity only as a means to earn some money, and move on once they graduate. In this case the company has to train a new person again. Normally, it takes several weeks for a new person to master the working procedures and adapt to the organizational working environment. This may be affected by the nature of work.

The New Zealand market is getting larger due to the increasing number of migrants. This will help North Bun to catch more business opportunities. Their business partner—McDonald's has a dominant position in New Zealand. North Bun will benefit from it as well.

Even though, the business opportunities are there, consumers become more conscious about nutrition. They are concerned about what they eat, and where to eat. A lot of people questioned the American junk food. It may have negative impact on McDonald's business in the future. North Bun will be affected with it as well.

Suppliers

Domestic and overseas suppliers helped North Bun to achieve a high standard of performance in the last 10 years. All the suppliers are very satisfied with the current relationships with North Bun. They even believe they can do better in the future. The strong social ties between McDonald's and North Bun will enhance the business performance.

The management has implemented sustainable business strategies in North Bun. There are a lot of new opportunities since the bakery industry is growing.. The labour lead government continues open the door for migrants and international students. People are attracted by the beautiful landscape of New Zealand. More and more tourists come to New Zealand as well.

The consumer market has changed dramatically in the last two decades. More and more women join the workforce. Families have a relatively more disposable income. There is an unbalance in life between work and leisure. People tend to acquire more service. Working parents want to spend more time with their family and friends. This will boost the industry as well.

North Bun also offers products for wholesale, such as pies, cakes, buns etc to coffee shops in New Zealand. Based on the information provided by the suppliers, they suggest carrying out some marketing activities. To create more awareness, they should place advertisements in magazines or newspapers and on TV or radio. The company has employed some people for sales but not for marketing.

North Bun is considered as large organization in New Zealand, however, compared to some international companies, North Bun maybe only the size of one division. Hence, there are some constrains for North Bun to move into other international markets. They need to have strong financial resources to support their investment. A lot of business cannot generate profit in the first five or ten years. For instance, it took almost 10 years for Amazon.com to generate profit.

North Bun holds the dominant position in New Zealand. They need to compete with other big players in the global market. The market is becoming more competitive. It will be very hard to succeed without enough resources.

Community

The professional management team of North Bun has also built a very good relationship with the community by offering free bread, buns and other food to different community centers, and offering job opportunities to migrants coming from different backgrounds. To support the local community, they offer discounted products to the public. This good community relationship enhanced North Bun's business.

North Bun has imported the latest technology from the United States which enhanced their competitiveness against other players in the market. To maintain its dominating position, North Bun also needs to pay more attention on developing products with nutritious ingredients. To expand their business, North Bun also needs to build strategic alliances with other organizations from overseas.

To overcome the geographic distance, North Bun may also need to find business partners in South Island. Hence, they can serve customers from the two Islands. To compete with other suppliers in the market, North Bun should focus on recruiting good employees. New Zealand has a very good reputation in the world. Hence, North Bun can use this advantage to develop their business overseas.

Shareholders

The founder of North Bun mentioned some good points about his employees. The success of the company would rely on his excellent employees. They would treat the business as their own. Everyone would be happy to be part of this company. His easy going personality enhanced the relationship with his employees. He even went on holidays with his employees. They feel just like family members. There is great team spirit in this firm. He has delegated authority to his employees; they can make decision on his behalf.

To the large export business, the strong New Zealand Dollar is considered as a threat. At the same time it is also a good opportunity for North Bun, because they import a lot of raw materials from the United States and can enjoy relatively low cost. This has helped them to boost their profit in 2005.

Some pressures on this business are the numerous laws that shall protect employees. The company has to pay the minimum wages due to the Employment Act while they cannot charge a high price on their bread. It is even necessary to increase the employees' salary every year. Like in most places in the world, people in New Zealand get more and more concerned about the environment. It is good but the company needs to pay for it. "For instance, we have to use recyclable packages for our buns, muffins, etc. which will push our cost", explained the CEO.

Due to the nature of the business, North Bun cannot pay too much to their employees. The problem is that they loose part time employees frequently. They have high

expectation once they have achieved their qualification. But when the company cannot offer them significant higher pay they leave and the company has to go to the market to find and train replacements. Since years, North Bun has not been able to solve this problem satisfactory.

The brand name helps North Bun to maintain their market position. However, the shareholder of North Bun noticed that they need to be more aggressive on marketing promotions which would help their sale people to perform better in their job.

Table 11: Entrepreneurship Assessment of North Nun Company Ltd

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
North Bun Co Ltd	6	7	7.5	8.5	7.3

The North Bun is considered as large size business in New Zealand. From the Entrepreneur Assessment Table, we can see that the entrepreneurship orientation provided by the CEO 6 is just over the average 5. Compared to other entrepreneurs from China, the figure is little bit lower. This maybe affected by the nature of the business, and also the different culture. “People need to eat everyday, so there is no need to push them, they will come to you when they get hungry”, the CEO explained. That is why the founder of North Bun just operates his business as it was at the initial stage. There is no pressure for him to urgently find some new business opportunity.

Regarding the ease access of North Bun to start-up entrepreneurship capital, the CEO rated 7.0. It is quite high. The founder of North Bun did not have many financial problems in the beginning. He borrowed money from a bank to finance his business. There are a lot of good finance companies. The credit system is well developed in

New Zealand. Totally different from the case in China, entrepreneurs in New Zealand can borrow money from financial institutions as long as they can pay for it.

Resources are considered as key success factor to a business. The CEO of North Bun is always monitoring the search for high quality employees. He knows that only good employees can help him to maintain the competitive advantage. To expand his business, he has also built good relationships with different banks, so that he can get a good interest rate for his bank draft and loan.

The CEO of North Bun rated 8.5 for the ongoing ability of this business to generate business opportunities. Through his many good connections, he can always discuss with people about new business opportunities. Often, he also encourages his employees to give him some good suggestions. Although the founder of North bun is around 70 years old, his mind seems just like 40. He always can identify new opportunities. That is why he purchased a lot of other businesses in the last five years.

Based on the rating provided by CEO of North Bun, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 7.3. It indicates that the performance of North Bun is very good.

5.5 Case 5: KINGSLAND INSTITUTE

Kingsland Institute is a private owned education provider. The campus is located in Auckland. They present to students a facility of the highest quality and standards. They are dedicated to achieve the best professional training outcomes. Their management and the academic teams are constantly giving personal support and assistance to their students in every way possible.

Mission Statement of Kingsland Institute:

To provide an excellent environment to teach quality academic courses and ensure the best possible outcomes for our students.

To provide personalized pathways to academic and workplace success.

To support our students and create a safe facility that is totally student supportive and friendly.

To act with integrity at all times and to maintain a proper sense of responsibility towards our students.

Quantitative SPA data for Kingsland—a small service provider are shown in Table 12.

Table 12: Kingsland Stakeholder Performance Assessment

Respondents	20	8	3	3	1	35
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	7.5	8.2	8.1	7.9	8.0	7.9
Employee relationships	7.2	8.0	8.0	7.6	8.2	7.8
Supplier relationships	7.5	7.5	8.8	7.7	8.5	8.0
Community relationships	6.8	7.0	8.2	8.0	8.0	7.6
Shareholder relationships	7.9	8.0	8.5	8.1	9.0	8.3
Ethical standards	6.1	6.0	7.5	7.8	8.0	7.1
Preservation of the environment	5.9	5.8	7.8	7.6	8.0	7.0
Sustainable use of natural resources	5.8	5.5	7.9	7.5	6.5	6.6
Provision of value for money products	6.0	6.2	8.0	7.2	8.5	7.2
Profitability	7.5	8.0	8.1	8.0	7.3	7.8
Return on Investment	7.8	8.0	8.2	8.0	7.2	7.8
Overall Performance	7.5	7.6	8.0	7.4	7.5	7.6
Social Performance	7.2	7.5	8.2	7.9	8.3	7.8
Environment Performance	5.9	5.7	7.9	7.6	7.3	6.8
Economic Performance	7.1	7.4	8.1	7.7	7.7	7.6
Stakeholder Performance Index	6.7	6.8	8.0	7.7	7.7	7.4
Future ROI Rating						7.2

The total SPI of 7.4 indicates that stakeholders perceive the good performance of the business. The Suppliers, Community and Shareholders all rate the business performance as good. The Customers and Employees rate the business performance fairly good. There is room for Kingsland to make improvement.

Amongst the stakeholder groups, the highest performance rating is 8.3 from the shareholder for social performance and the lowest rating is 5.7 from employees for environment performance. The average rating for economic performance is above 7.0. It indicates that the Kingsland's performance is relatively good.

The rating for environment performance provided by customers and employees is lower the average in Table 1—Benchmark Table of Medium service provider. Overall performance 7.8 provided by all the stakeholders is above the average in Table 1. It indicates that all the stakeholders are satisfied with the current situation of Kingsland.

The future ROI rating is 7.2 indicating that ROI is predicated to be higher compared to the FRG SPA Database (table 1). Kingsland has established a strategic alliance with their business associates. They have introduced a new programme in the institute. They also got the permit from the New Zealand Immigration Service to provide English training to migrants, which could be why the CEO of Kingsland rated the future ROI higher than the average in Table 1.

Refer to the Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 7.2 in 2006 which is same as the CEO's perceptual forecast of 7.2. This indicates that the result of SPI is significantly correlated with ROI, and that present SPI is a significant explainer of future ROI.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 17% - 18%, while the CEO's direct assessment of 2006 ROI is 17% - 18%.

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(NZ)% ROI:-ve	1-2	3-4	5-6	7-8	9	10-13	14-17	18-21	22-25	26+	

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 17% - 18% ROI.

From the quantitative SPA data, the stakeholders' perceived greatest performance strengths and weaknesses are:

Customers: strength *Shareholder Relationships*; weakness *Sustainable use of natural resources*

Employees: strength *Customer Relationships*; weakness *Sustainable use of natural*

Suppliers: strength *Supplier Relationships*; weakness *Ethical standards*

Community: strength *Shareholder Relationships*; weakness *Provision of value for money products*

Shareholders: strength *Shareholder Relationships*; weakness *Sustainable use of natural resources*

Total: strength *Shareholder Relationships*; weakness *Sustainable use of natural resources*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
Strengths <ul style="list-style-type: none"> ▪ Friendly staff ▪ Price advantage ▪ Quality of lecturers ▪ Flexible course 	Weaknesses <ul style="list-style-type: none"> ▪ Poor facilities ▪ Disadvantageous location
Opportunities <ul style="list-style-type: none"> ▪ Government encourage more international students to come 	Threats <ul style="list-style-type: none"> ▪ Intense competition ▪ High exchange rates
Employees	
Strengths <ul style="list-style-type: none"> ▪ Competent management team ▪ Price advantage ▪ Product advantages ▪ Good brand name 	Weaknesses <ul style="list-style-type: none"> ▪ The market focus is very narrow ▪ Need more full time employees
Opportunities <ul style="list-style-type: none"> ▪ Many international students like study in Auckland 	Threats <ul style="list-style-type: none"> ▪ Intense competition ▪ More capricious customers ▪ High exchange rates
Suppliers	
Strengths <ul style="list-style-type: none"> ▪ Good supplier relationships ▪ Suitable business strategy 	Weaknesses <ul style="list-style-type: none"> ▪ Lack of promotion ▪ Small business size
Opportunities <ul style="list-style-type: none"> ▪ New Zealand is considered as a safe country ▪ Industry growth 	Threats <ul style="list-style-type: none"> ▪ Difficulty of entering new markets ▪ Intense competition ▪ High exchange rate ▪ Tight immigration policy

Community	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Good management ▪ Good relationship with communities ▪ Quality of teaching 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Disadvantageous location ▪ Small business size ▪ Target market is very narrow
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Open Immigration policy ▪ High demand for education 	<p>Threats</p> <ul style="list-style-type: none"> ▪ High standard set by the government ▪ Rent cost ▪ High exchange rate
Shareholders	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Good brand name ▪ Competent CEO ▪ Price advantage ▪ Quality teaching ▪ Range of “products” ▪ Suitable business strategy 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Location ▪ Small business size
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Good relationships between New Zealand and other countries ▪ Industry growth 	<p>Threats</p> <ul style="list-style-type: none"> ▪ High costs ▪ High exchange rates ▪ Intense competition ▪ Tight immigration policy

The stakeholder derived perceptual SWOT analysis from the quantitative and qualitative SPA data for Kingsland will augment the traditional managerially derived perceptual SWOT analysis in the situation analysis of the strategic market.

Customers

Customers of Kingsland are satisfied with the friendly staff and quality of lecturers. They feel the institute is performing well. They have introduced several new courses in the last two years. Students can choose the subjects based on their interest. A lot of international students are coming from non English speaking countries. They could also get free English training once they enroll for the diploma course or other Level 5 or 6 courses.

To help students with different courses, Kingsland employed several part time and full time tutors. Students can discuss their problems with tutors when the lecturers are not there. Compared to other institutes, the course fee is relatively lower. Not all of the international students are coming from wealthy families, some of them have to work part time to pay for their daily expenses. To facilitate the learning, Kingsland also offers practice opportunities to students, Hence, students can use the theories learned from the textbooks.

Based on the data provided by the students, most of them are not agreeable with the facilities. The number of spare rooms is too little. The library is too small, and not so many books are available there. They mentioned that the worst thing would be the computer equipment. Most of them are international students, who need to keep in contact with their friends and family members. Since it is relatively expensive to make long distance phone calls, they would prefer to contact people via internet. Unfortunately, there are not many computers available; and even if a computer is available, the internet might not function well. Students feel very frustrated. The other constraint is the location. It is very hard to find free parking in the direct environment of the school which is located in the city centre. The parking fee is very expensive for most of the international students. They wish they could get provided cheaper or free car parking in the future.

Education is one of the major businesses in New Zealand. It helped the country to generate around \$4 billion annually. New Zealand is rated as one of the most favorable destination for international students. The New Zealand government has done a lot to enhance the education business in their country. Since it is easy to set up a school, there are so many institutes available. This makes it hard for small businesses because the market is very competitive now.

Employees

Overall, the employees of Kingsland have given some good comments. They prefer to work there. This institute is still young. They have achieved substantial performance in the last four years. Kingsland has established a good name in the industry. Some students even transferred from South Island or Wellington to Kingsland. There is a positive word-of-mouth for Kingsland. The business has expanded substantially.

Kingsland is a good education provider in New Zealand. However, the target market is of limited size, a reason why they only target those international students. Due to the nature of the industry, the number of students might be affected by the New Zealand Immigration policy, exchange rate etc. To minimize the risk, Kingsland might also consider other markets as well.

Auckland is New Zealand's largest city. People are attracted by the diverse landscapes and the ecological system. More recent migrants come from all over the world. Auckland's ethnic diversity helps making the city an exciting place to live. New Zealand's British based education system is internationally recognized. As a private education provider, all the courses are credited by the New Zealand Qualification Authority. Kingsland with a strong national and international reputation, it is an important part of New Zealand's tertiary education system. It offers different programmes, hence, students are linked in a national framework, and can advance from one level to the next.

While on the one hand, there seem to be a lot of business opportunities, on the other hand, there are also lots of threats to Kingsland. For instance, recently, the strong New Zealand Dollar kept a lot of potential students away. Compared to three or four years ago, when the number of students was about 20—30% more. Numbers of student have dropped dramatically during the year, but there are a lot of private education providers in the market. They try to compete with each other. That is why some of them start a price war to attract students. The students of today have learned how to negotiate the price. All these constraints put pressure on Kingsland. In order to maintain the current performance and further development, Kingsland still needs to think about some better strategy.

Suppliers

To recruit students, Kingsland has established a very good relationship with their agents. For example, Kingsland also helps agents to hold seminars in different countries, in order to encourage those agents to cooperate better. Kingsland also invites these agents to the school to conduct training to them as well. Apart from that, they also pay those agents good commission.

The good relationship between Kingsland and their suppliers, really enhances the business. Kingsland encourages their agents to provide feedback about their operation. They can make adjustments after careful consideration of all the suggestions and opinions. The management team has adopted suitable marketing strategies for this business.

The agents believe Kingsland would perform better in the future. There are a lot of business opportunities. The whole environment is very good there. Quality of education is recognized by the world. Every year, there are thousands of students coming to study. The industry is still growing, specially, by students from Asian countries. New Zealand as a small economy has gained very good reputation in the world.

There are some constraints for Kingsland. The size of the business, Kingsland cannot grow so fast. It is a still new player in this industry. The CEO stated: “We are still at the development stage. We are still learning to manage a high class education business”. The competition is very intense. Due to the high New Zealand dollar, there is only a limited number of international students. To compete with other education providers, Kingsland needs to go for certain strategic alliances with their suppliers. Hence, those agents could act as their business partners to represent them.

Community

The professional management team of Kingsland has also built a very good relationship with the community. As mentioned earlier, Kingsland provides employment opportunities to their top students. This way they encourage them to study well. Also students can get some income to support their studies. To support the local community, Kingsland also offers English courses to migrants. There are several classes for those senior citizens. They come here with their children. Unfortunately, they did not have chance to study English when they were in China. Kingsland offers a special discount to them, and also provides car to pick up and sends them home after class.

The Triple Bottom Line has been implemented by Kingsland. The CEO of Kingsland never forgets to contribute to the society. He has participated in several donation events. Even not too much, he still wants to show his lovely heart.

The fixed costs are higher in New Zealand, especially when running a business in the down town center. The property market is very active. The market value has increased more than 60% in the last five years. Landlords expect to ask high rental prices which also puts pressure on businesses. The selling price of Kingsland’s service is decreasing, but the running costs are getting higher and higher. But it also keeps some companies out of the business.

The current performance of Kingsland is alright. To continue grow of business, they have to face a lot of challenges. The higher standard is set by the New Zealand Qualification Authority. While this is good for the business by helping to achieve a better image in the international market, to achieve the standard, Kingsland will need to put in more money and efforts.

Shareholders

The CEO views the company's overall performance as very good. Compared to other competitors in the market, they have a lot of strengths. The CEO is around 40 years old. He appears as smart and intelligent person. Kingsland has well established its brand name in the education industry. Kingsland has benefited a lot from the CEO's previous experience. He used to work in the education department. Ten years ago, he had dreamed to have his own school. His motivation and inspiration has motivated him to work toward his goal.

The relatively small size is considered as a weakness of Kingsland. Students expect to have large a campus with many facilities. This will be very hard for Kingsland with only very limited resources, in terms of money and people. Construction costs are very high in New Zealand. To reduce this obstacle, Kingsland may need to form a strategic alliance with other business associates.

The CEO has the big picture in his mind. He wants to build his school to be one of the best in the New Zealand. The New Zealand government has established very good relationships with other countries. This will help New Zealand businesses to step into other countries. The market is expecting to grow in the next ten years. It will be a smart move to invest in education.

Table 13: Entrepreneurship Assessment—Kingsland Institute

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
Kingsland Institute Ltd	8	7.8	8.5	7	7.8

The Kingsland is considered as the medium size business in New Zealand. From the Entrepreneur Assessment Table, we can see that the entrepreneurship orientation rated by the CEO 8.0. It indicated that the CEO is very concerned about the successful of this business.

Regarding the ease access of Kingsland to start-up entrepreneurship capital, the CEO rated 7.8. It is pretty good. The CEO has accumulated some capital before he set up his school business in New Zealand. Compared to some other entrepreneurs, it is relatively easier for the founder of Kingsland to accumulate his start-up entrepreneurship capital.

The CEO of Kingsland rated 8.5 for the ease access of Kingsland to entrepreneur resources. To build a good school, it is important to have quality lecturers and tutors. They are the key persons in the educational business. The CEO of Kingsland spent a lot of time and money on finding good people.

To satisfy the high demand of customers, Kingsland has upgraded their facilities several times, for example the student canteen, library, computer room etc. The CEO of Kingsland has established good relationships with several banks in New Zealand. They provide a good interest rate to his business. To run a school successfully, he needs access to on-going entrepreneurship resources all the time, otherwise he could be blocked by the shortage of resources.

The CEO of Kingsland rated 7 for the ongoing ability of this business to generate business opportunities. Based on the rating provided by CEO of Kingsland, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 7.8. It indicates that the performance of Kingsland is very good.

5.6: Case 6: *AFFSTON (CHINA) LIMITED*

Affston (China) Limited produces electronic parts for mobile phones and power supplies. The Group is a family business with 600 employees, mainly in low labour cost countries. The newly established factory in China follows customers which moved to China and attempts to provide the same quality and short delivery times as before in Europe by achieving lower production cost.

In order to grow and recognizing that the family has no longer enough own resources to manage the growth alone, it is the first time that the founder and owner put an outside expert in charge of the management in China. The electronic parts industry is highly competitive. Profit margins range in average around 5% and some products do even just earn a contribution margin but no profit at all. To survive in this industry, factories have to operate in low labour cost countries, such as in Eastern Europe and China.

Since many key customers are in the process of moving more and more production to China, the Group had to set up a factory close to their customers that moved to China. Facing tremendous competition by several hundreds of Asian rivals, the ramp up of the new production facility in China runs slowly but gradually in line with the relocation strategy.

Quantitative SPA data for Affston--a medium goods provider is shown in Table 14.

Table 14: Affston Stakeholder Performance Assessment

Respondents	4	20	4	6	1	35
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	8.0	8.4	8.8	8.2	8.2	8.3
Employee relationships	8.1	8.4	8.0	8.0	8.0	8.1
Supplier relationships	7.9	6.4	8.4	8.0	8.0	7.7
Community relationships	7.5	6.8	8.1	8.4	7.9	7.7
Shareholder relationships	8.0	8.1	8.2	8.0	8.5	8.2
Ethical standards	7.0	7.2	8.0	8.6	8.4	7.8
Preservation of the environment	7.1	7.4	8.0	8.0	8.0	7.7
Sustainable use of natural resources	7.2	6.5	9.3	7.9	8.1	7.8
Provision of value for money products	8.0	9.2	7.8	7.6	8.0	8.1
Profitability	7.5	8.5	7.1	7.2	5.5	7.2
Return on Investment	7.6	7.0	6.5	7.5	5.0	6.7
Overall Performance	7.5	7.7	8.5	7.8	7.0	7.7
Social Performance	7.8	7.6	8.3	8.2	8.2	8.0
Environment Performance	7.2	7.0	8.7	8.0	8.1	7.8
Economic Performance	7.7	8.2	7.1	7.4	6.2	7.3
Stakeholder Performance Index	7.5	7.6	8.0	7.9	7.5	7.7
Future ROI Rating						5.0

The total SPI of 7.7 indicates that stakeholders perceive the performance of the business to be good. All the stakeholders rate the business performance as good. The average rating for Social performance and Environment performance by Suppliers, Community and Shareholders is above 8.0. It indicates that Affston has very good social and environment response.

Among the stakeholder groups, the highest performance rating is 8.7 from the suppliers for environment performance and the lowest rating is 6.2 from shareholder for economic performance.

The rating for environment performance provided by customers and employees is lower than the average rating. Overall performance 7.7 provided by all the stakeholders is above the average in Table 1. It indicates that all the stakeholders of Affston are satisfied with the current situation.

The future ROI rating is 5.0 indicating that ROI is predicated to be lower compared to the FRG SPA Database (table 1). Due to the large investment in China, more capital is required, Affston is still at the early stage, and it takes time for them to be ready for profit.

Refer to the Table 1, applying the equation of the relationship between ROI and SPI to the business results in a predicted future ROI rating of 7.5 in 2006 which is higher than the CEO's perceptual forecast of 5.0.

From the following experientially derived approximated relationship between the future ROI rating scale and % ROI, the stakeholders' derived assessment of 2006 ROI is 17% - 18%, while the CEO's direct assessment of 2006 ROI is 9%.

ROI Scale:	0	1	2	3	4	5	6	7	8	9	10
(PRC) % ROI:-ve	1-1.5	2-2.5	3-4	5-6	7-8	9-10	11-12	13-15	16-18	20+	

Based on present stakeholder perceptions, without any change to present stakeholder relationship marketing strategies the best prediction of business financial performance in 2006 is 17% - 18% ROI.

From the quantitative SPA data, stakeholder perceived greatest performance strengths and weaknesses are:

Customers: strength *Employee Relationships*; weakness *Ethical standards*

Employees: strength *Provision of value for money products*; weakness *Supplier Relationships*

Suppliers: strength *Sustainable use of natural resources*; weakness *Return on investment*

Community: strength *Ethical standards*; weakness *Profitability*

Shareholders: strength *Shareholder Relationships*; weakness *Return on Investment*

Total: strength *Customer Relationships*; weakness *Return on investment*

From the qualitative SPA data, the summary SWOT analyses for the stakeholder groups are:

Customers	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Good quality of products ▪ Price advantage due to production in low labour cost countries ▪ Suitable business strategy = company is moving close to customers' China operations 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Small business size ▪ Only hand assembly, but no automation (required by automotive industry customers)
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Getting high quality parts makes products better than those of many domestic competitors 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Intense competition in China ▪ Difficulty of generating domestic business in China

Employees	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Competent leader/ CEO ▪ Good learning environment ▪ Job security ▪ Income above average 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Boring repetitive tasks (workers) ▪ Career development limited against expatriates ▪ Language barrier
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Professional experience gained provides good standing in job market 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Relationship culture against Western management culture leads to loyalty conflicts
Suppliers	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Good supplier relationships ▪ Allow charging a premium for quality 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Language barrier ▪ Culture barrier (Western vs. Chinese) ▪ Small business size (volume)
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Growing with the partner 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Difficulty of meeting quality requirements ▪ Intense competition
Community	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Advanced technology 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Small business size ▪ Inadequate community relationships due to culture differences
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Job creation in the region 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Increasing concerns on compliance with local laws and regulations to avoid bureaucracy and restrictions

Shareholders	
<p>Strengths</p> <ul style="list-style-type: none"> ▪ Competent CEO ▪ Price and cost advantage ▪ Suitable business strategy 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Cultural differences ▪ Small business size ▪ Lack of understanding for cultural differences
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Close to customers ▪ Industry growth in China 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Intense competition ▪ Customers expect price reduction that compensate the low labour cost advantage ▪ Increasing concerns about instability of laws and regulations

Customers

The company has been serving European customers for couple of years. But now the customers relocate large parts of their production facilities to China in order to participate from the large opportunities of the growing China market.

The customers appreciate the quality of the company's products, but they would easily find new suppliers in China since competition is high. Since quality is a major concern for the customers, they would prefer to continue buying from the company if the company could ensure a price level that is competitive against Chinese vendors and the lead time would be short. Being asked if they would continue buying from the company if the factory would be located in convenient reach in China, all suppliers confirmed that they even would be willing to pay a small premium for getting the quality they were used to.

Step by step products which were once produced in Europe are produced in China now, and after intensive quality checks the customers approved purchase from the China factory. Since they know that it is cheaper to source material in China rather

than in Europe, the customers expect significant price reduction in return for lower material cost. This puts high pressure on the company, because it seems difficult to find vendors in China that can meet the high quality standards for the expected lower cost.

The attitude toward quality is one main cultural difference between Chinese and Western manufacturers. The company can take advantage out of this situation because their customers are Westerners who prefer to trust Western business partners rather than Chinese sellers.

One disadvantage is that Affston's China factory is very small and some customers have not yet gained confidence in their sustainability and quality. Relocation of existing products for existing customers is only one business opportunity for the Group. The other large opportunity is that they can find new Western customers in the large China market who prefer to buy from Western partners.

Employees

Chinese employees like the clean working environment and good expatriate management. Workers like that they get trained well but their tasks for are repetitive and boring. Despite the low wages, the Chinese workers remain very stable in the company. They like the good work environment and the chance to learn. The piece rated pay offers them the opportunity to earn a bit more than in other factories, but they have to work harder for that.

Tasks for office staff are quite challenging, especially during this ramp-up phase. But their career development is limited due to strong supervision and limitations in trust by the foreign managers (expatriates). Local employees might not have a chance to get senior management positions due to cultural differences. The CEO has very good skills to lead a local management team which results in high job satisfaction even without high pay.

Suppliers

Most of the suppliers of the China factory are small Chinese domestic companies. These domestic Chinese suppliers have difficulties in communication with Affston due to language barrier and different business culture. The expatriate management of Affston China does not suit relationship management expectations.

Small Chinese vendors are able to offer very low prices but most of them lack of sense for quality and reliability. They cannot understand why this customer is so dissatisfied with their quality while other local Chinese customers never complained. Overall, domestic vendors are very interested getting business with this new Western factory. They expect to grow with them and to prosper from these new business opportunities. But Affston China is still very small and some suppliers are not very interested making business with them at this stage or not motivated offering a low price.

The Chinese suppliers are well aware that they are attractive because of their lower cost, but in order to achieve low cost they need to cut efforts, and often decide to save efforts on quality. There is still some learning to do.

Community

Authorities and government are not much interested because the operation appears too small and does not have aggressive growth plans.

Authorities are afraid that foreign investors like Affston try to ship around many restrictions and regulations, such as import, tax and minimum labor. The regional authorities are interested that Affston provides job and training opportunities, but with less than 100 employees so far it is not a significant support for the community.

The owner family is aware that from Western investors the local government in China has higher expectations than from Asian investors. It is difficult to gain competitive

advantage against local firms which pay below minimum wage and provide very poor working and living conditions to their workers while Western companies obey the laws and regulations, and also maintain good working and living standards.

They trust their China CEO to know what is the best compromise between being a good member of the community as well as staying competitive.

Shareholders

The Shareholder is the founder, owner and CEO. For the owner continuous growth is important in order to survive in this highly competitive environment, but by taking moderate risks and better accepting smaller profits than taking high risks and expecting high profits. The business shall ensure the good lifestyle of the family and his recognition in the community of his hometown where he maintains his headquarters.

The owner sees the advantage that his new China factory is close to their customers who moved from Europe to China and hopes to keep them or get them back. The shareholder family wants to take gain even more advantages of low labor cost, and getting new domestic business by participating China's market growth. Many competitors do the same, mostly from Taiwan, Hong Kong and Japan. These Asian rivals are able to manage at even lower cost than Affston in China. European customers want price reduction that compensates the cost advantage, but by this Affston would lose a large portion of the benefits for moving to China.

Large constraints are China's laws and regulations which are very restrictive, and there is the risk of sudden changes. Cancellation of tax holidays, increase of minimum wages, decreasing input VAT refund, and other unpredictable changes permanently cause the shareholders to rethink if they have put their investment at risk or if they have done a wise step to take an opportunity.

Table 15: Entrepreneurship Assessment of Affston (China) Ltd

	Entrepreneur Orientation	Entrepreneur Capital	Entrepreneur Resource	Business Opportunity	Entrepreneur Index
Affston Electronics Ltd	7	7	7	8	7.3

The CEO of Affston considered his business is at the early stage of his entrepreneur journey. The above Entrepreneur Assessment Table shows that the entrepreneurship orientation rated by the CEO 7.0. It indicated that the CEO is really a person with ideas and dear to take risk.

Regarding the ease access of Affston to start-up entrepreneurship capital, the CEO rated 7.0. It did not cause him much trouble to raise his investment fund. Based on his previous good credit, his finance has easily been approved. The CEO of Affston had some other business experience before he set up this business.

The CEO of Affston rated 7.0 for the ease access of Affston to entrepreneur resources. To produce quality products, it is important to have adequate resources—financial and human resources. Affston has established good relationships with all the suppliers. Hence, it becomes easier for them to access to entrepreneur resources.

The CEO of Affston rated 8.3 for the ongoing ability of this business to generate business opportunities. It indicates that the CEO has full confident about the business development. People who working in Affston and the management would have ability to generate more business opportunities in the future. Based on the rating provided by CEO of Affston, we add the rating for Entrepreneur Orientation, Entrepreneur Capital, Entrepreneur Resource and Business Opportunity together, then divided by 4, we got the Entrepreneur Index 7.3. It indicates that the performance of Affston is good.

CHAPTER 6 CONCLUSIONS

In this chapter, I seek to answer the study objective which is to determine whether stakeholder relationship marketing can enhance the entrepreneurship.

6.1 Literature Summary

Moving from a customer orientation to a stakeholder orientation has been demonstrated to improve business return on investment (Berman et al., 1999; Caulkin, 2002). A stakeholder relationship marketing perspective provides a useful augmentation to entrepreneurship by using the Stakeholder Performance Appraisal to measure stakeholder perceptions for present holistic sustainable business performance reflected in the SPI and ROI which are the reliable predictor of future sustainable business financial performance (Murphy et al, 2005).

Entrepreneurship and small businesses have been considered as the power of growth in a country's economy. The entrepreneurship means activities connected with owning and managing a business firm (Brockhaus, 1976). It is commonsense for an entrepreneur to create optimal economic, social, and environmental returns for its stakeholders as an outcome of sustainable business performance, because stakeholders are likely to support and reward such businesses over the long term.

The characteristics of a successful entrepreneur are the ability to take risks, innovativeness, the ability to identify opportunities, marketing skills, management skills, and the ability to cooperate. Voss et al (2005) integrate the stakeholder theory with entrepreneurial orientation. Their study found that the diverse stakeholders have impact on entrepreneurial behaviours, and also entrepreneurial behaviour can influence future stakeholder support.

There are already increasing signs that companies will be able to secure their future by recognising the holistic stakeholder in the business. Murphy demonstrated that a

stakeholder relationship marketing orientation significantly enhances business profitability beyond that achieved by a customer only relationship marketing orientation. A further augmentation with the triple bottom line philosophy provides a very significant additional enhancement to business profitability (Murphy et al., 2005).

The literature review also indicates that stakeholders can help an entrepreneur to identify business opportunities, easy access to ongoing entrepreneurship resources. The stakeholder relationship marketing can enhance the business performance, in terms of ROI in the short and long term. This review is also supported by the empirical studies.

6.2 Empirical Summary

Based on the six businesses, we used the stakeholder performance appraisal data and entrepreneurship assessment data by the stakeholders and

Based on the different entrepreneurship stages: early stage (less than 2 years), development stage (2 to 5 years) and success stage (5 years plus), of the six businesses, we add the rating for each category such as ROI, SPI, EO, EC, ER, and BO for those businesses who belong to the same entrepreneurship stage up then divided by two, then add the EO, EC, ER and BO up, then divided by four, so we got the Entrepreneurship Index:

Table 16: Entrepreneurship Index Table

Stage	Years	ROI	SPI	EO	EC	ER	BO	EI
Early	- 2	5.8	8.0	7.0	5.5	5.5	7.0	6.3
Develop	3-5	7.1	7.7	8.0	6.9	8.3	7.5	7.7
Success	5+	7.5	8.1	7.0	5.8	6.8	8.3	7.0

A trend can be picked up from the table, when a business moves from the early stage to the success stage. The ROI has increased from 5.8, 7.1 to 7.5. This value has increased substantially. It indicates that an entrepreneur could improve the business performance if the stakeholder relationship marketing is implemented.

The SPI have increased by 0.1 point when a business moved from the early stage to the success stage. The performance data are averaged into Social, Environmental, Economic Performance, which are averaged into the Stakeholder Performance Index (SPI). Murphy et al, (2005) states that the SPI can be considered as a perceptual measure of present holistic sustainable business performance reflecting the outcome of present stakeholder relationship marketing strategies. Even it is not much, it does show that business will perform better when the business moves from the early stage to the success stage.

The value for EO has moved from 7.0 (early stage) to 8.0 (development stage). As reflected by the CEO's comments, an entrepreneur seems more motivated during the early stage. It is an exciting stage, where they try to convert their ideas into reality. They normally work long hours, and more aggressive to push their ideas. Hence, the value is increasing. However, the motivation level is lower a little bit due to less pressure from the business. They already passed through the difficult time. Their ideas and ability are examined by the environment. So that is why the value for entrepreneurship orientation decreases from 8.0 to 7.0.

The value for rating the ease access of the business to start-up entrepreneurship capital has increased from 5.5 (early stage) to 6.9 (development stage). This is a similar explanation provided by each of the several CEO of the six businesses. The start-up capital is very important for a new business. In general speaking, an entrepreneur would like to take an aggressive approach to raise the start-up capital. Like some of the CEO mentioned, they spent more time to talk with various people, and try to persuade people to provide a loan to them. No one can carry out a business

without sufficient start-up entrepreneurship capital. No matter what wonderful ideas they might have.

Once business steps into the development stage, an entrepreneur normally thinks about the ways to maintain that current business situation. They start to make conservative decisions and will try to minimise their risks. Hence, they will act differently compared to the early stage. That is where the Entrepreneurship Index shows that the value of OE has decreased from 6.9 to 5.8.

The value for rating the ease access to on going entrepreneurship resources has increased from 5.5 (early stage) to 6.8 (success stage). This has shown a substantial increase. The increasing trend is reflecting the views of CEO from six different businesses. To further develop a business, the entrepreneur should pay close attention to the ease access to on going entrepreneurship resources. The on going resources can enhance the business. It could help a business to fulfil the requirements in the long run.

The increasing trend for the ongoing ability to generate business opportunities is very obvious when the business moves from the early stage to the success stage. The BO value in the Entrepreneurship Index Table has increased from the 7.0 (early stage), 7.5 (development stage) to 8.3 (success stage). It indicates that a business has opened the eyes to seek and identify new business opportunities. The CEO of the six businesses underlined the importance to have stakeholders to participate in the process. Motivated stakeholders can have strong impact on the performance of a business in the long run. From the empirical studies, we can see that the stakeholders from the six businesses have contributed to the success of those businesses. To further develop a business, the ability to explore to new business opportunity is the must for a long run.

The Entrepreneurship Index has increased from 6.3(Early stage) to 7.7 (Success stage). This phenomenon seems associated with the SPI and ROI. The general trend for ROI,

SPI and EI is increasing. It matches with our research objective. We can draw our general conclusion: the higher SPI, the better will be the EI, and will also accomplish a higher ROI. In other words, we could say that the stakeholder relationship marketing can enhance the entrepreneurship in the long run.

6.3 Summary

Empirical study suggests that long-term firm success depends on the firm's ability to create value and satisfaction for a variety of stakeholders, such as customers, employees, suppliers, community, and shareholders (Murphy et al, 2005). From the literature and the quantitative and qualitative stakeholder Performance Appraisal analysis of the six businesses, it can be concluded that the foundational principles of the Stakeholder Relationship Marketing Model are not new for Chinese and New Zealand businesses.

MacMillan et al (2004) states that to ensure the long term interests, it is vital for a business to establish close relationship with its core stakeholders. To be successful in today's dynamic environment, an entrepreneur should encourage the stakeholders to participate in organisational decision making process. To improve the business performance, entrepreneur should aim to produce evident to the strength of these stakeholder relationships as a routine base.

CHAPTER 7 STUDY LIMITATIONS AND FUTURE RESEARCH

7.1 Study Limitations

This study is only based on six cases, even the participating group comes from different countries and industries. The sample selection is based on convenience. We must accept that the results are indicative, rather than representative of the global businesses.

All the stakeholders who participated in this study are not randomly selected, but based on other issues, such as relationship. Some employees gave ratings which not reflect what they really had in their mind, particularly in China. It is suspected that they were more interested to show their respect to their management rather than providing a critical view. This could have led to a biased result for this stakeholder group and could affect our ability to draw generalised inferences.

The response rate for certain questions in our questionnaire was very low, especially for the stakeholder questionnaire. Through the examination of completed questionnaires showed that when stakeholders were unsure of the meaning of a question they ticked “do not know”.

Churchill warns that wrong sampling selection procedures could limit the generalisation of our results (Churchill, 1999, p.605). Karlsen (2002) showed that all stakeholder groups could be of equal importance when it comes to exerting influence and causing problems, depending on circumstances or some other imponderable factors.

Another limitation of this study was time and budget. In order to collect data from six businesses located in different countries, the time involved was huge. There were previous studies conducted about this topic, so we were able to compare the results.

Due to the limited budget, we could not visit the stakeholders and conduct personal interviews. The written result given by them may be biased.

7.2 Future Research

This study has been an initial investigation about the relationship between stakeholder relationship marketing and entrepreneurship. The extension of this study should include more organisations in terms of size, primary functions and geographic locations in a next step in accumulating our knowledge base in this area.

Future research should also include more cross cultural aspects. The development of industry benchmarks in a wide range of industry areas would provide organisations with specific information to assess performance of the businesses. There maybe some differences exist among countries. What is a good performance in one country may be a bad one in another. Cross country and industry comparisons may cause some problems to lead us to unrealistic expectations.

In order to better understand how stakeholder relationship marketing has impact on entrepreneurship, future research should be divided into certain periods, otherwise, it will be difficult to compare and could mislead businesses to emotional interpretation.

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