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**MASSEY UNIVERSITY**  
**Department of Commerce**

**Evaluation of Stakeholder Relationship  
Marketing: A Paradigm in Practice**

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## **CHAPTER 1            INTRODUCTION**

The evolution of competitive economies in the early 20<sup>th</sup> century saw the rapid development of the marketing discipline as organisations sought to secure their share of burgeoning demand in the face of increased competition and consumer sophistication. Corporate success was measured by return on investment and shareholders were the critical stakeholders in the business environment.

While internal business systems focused on operational efficiencies and economies of scale, external activities focused on sales volumes and revenue generation. In an environment where competition for sales was intensifying and more players were entering the market, critical importance was placed on the exchange process and the successful completion of transactions between provider and customer.

In an era with a seemingly limitless growth in consumer demand, and with corporate success measured by immediate returns on investment, the single transaction became the focus of marketing. Transactional marketing strategies, and thinking, dominated marketing theory and practice from the 1940s until the 1970s.

By the 1970s, the increasing cost of competition, a maturing market environment and more sophisticated and selective consumers was putting increasing pressure on organisations to change and adapt to meet market needs. This placed extreme pressure on profitability and added considerable risk to the corporate equation.

A simple transaction was no longer sufficient to ensure corporate sustainability and there was a growing awareness of the importance of building longer-term relations with customers. While organisations could measure and budget for the cost of acquiring new customers, there was substantial hidden cost in the non-retention of existing customers and it was increasingly clear that the transaction was only the beginning of the marketing process.

The continual, and extremely rapid, change in social, political, economic and competitive forces in the market environment was placing extreme pressure on organisations. Given the considerable investment made in building market share it

became increasingly clear to marketers that they had to consider more than just simply completing a transaction.

The refocusing of marketing from a philosophy based on the act of exchange, to one based on building long term sustainable relationships, emerged through the 1980s and has become the basis of current marketing theory and practice.

While Berry (1983) is credited with first coining the phrase “relationship marketing” the concept, if not the terminology, had been touched upon in a number of behavioural scientists including Hirschman (1970), Homans (1961) and Skinner (1953) over the past 50 years.

The growing acceptance of relationship marketing, as a new marketing paradigm, has been supported and reinforced by a considerable body of theoretical and empirical work over the past 25 years. However, this emergent field appears to have a single minded, silo like focus on the dyadic, bi-polar relationship between the organisation and the customer.

This silo approach is understandable given that relationship marketing has, as its base, the fundamental concept of marketing as an exchange process between two parties, the supplier and the consumer.

Recent research by Murphy et al. (1997, 2004) has highlighted the economic and social benefits to an organisation of a more holistic approach based on stakeholder relationship marketing. This challenges the dyadic approach and questions whether the current narrow view of the role of marketing is sustainable in the future.

In the broad field of management theory, the role of stakeholders has long been a critical area of focus. The word ‘stakeholder’ was first recorded in 1708 as “a person who holds the stake or stakes in a bet” (Batterley, 2004, p. 1). This definition has since evolved to mean a person who has a financial stake in an organisation as an owner or shareholder. The modern corporations that grew from 19th century individual and family based business operations historically focused on this single stakeholder group.

While profits, and return on investment to shareholders, were seen as the sole purpose of emergent corporations, from as early as the 1930s, this focus was questioned and challenged by Berle and Means (1933), and by Barnard (1938). They argued that the corporation has responsibilities to other stakeholders, not just shareholders.

The impact, and therefore the importance, of other stakeholder groups was increasingly recognised by practicing managers. This growing awareness was stimulated by the emergence of organised labour and competition for economic resources in the early years of the 20<sup>th</sup> century. This required organisations to recognise and react to the need of other stakeholder groups. Initially in the fields of labour relations, then in service and supply, organisations began to develop a broader stakeholder focus.

Through the 1970s and 80s the increasing complexity of business, and turbulent nature of markets, resulted in the evolution of more inclusive, stakeholder based approaches to management. Planning had to become more inclusive of organisational stakeholders, both internal and external, as organisations struggle to make management decisions that were both timely and sensitive to change.

Increasingly stakeholders are accepted as key figures in strategic management, and their critical role is recognised in the associated fields of operations management, services management, project management and change management. Hierarchical management has been replaced by team solutions and stakeholder theory has emerged as the basis for an analytical and practical approach to strategic planning across a range of disciplines.

At first glance, the holistic, inclusive, stakeholder approach to strategic planning is at odds with the bi-polar, silo approach of relationship marketing. While the concept of a wider stakeholder involvement in marketing is noted and discussed in general terms in many publications and articles on marketing the concept of stakeholder relationship marketing has not gained credence in mainstream thinking. There is a tacit acceptance that other stakeholders are important in marketing but the consumer focus still prevails.

In examining case studies, and applications of stakeholder theory, it emerges that holistic stakeholder relationship marketing, as part of the corporate strategic planning process, is a reality in some organisations. Unfortunately, it is not a reality when we examine relationship marketing case studies, where the silo approach continues to dominate.

That the concept of stakeholder relationship marketing has not translated from strategic management to marketing management is concerning when the research conducted by Murphy et al. (1997), Maguiness (2003), and by undergraduate students at Massey University at Albany (Future Research Group, 2004), is considered. This 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.

There have been a very limited number of stakeholder relationship marketing studies carried out to date yet extensive research has been conducted in the fields of strategic planning, project management, network management, quality control management and human resource management in relation to stakeholder relationships.

Case studies across these fields have a focus on organisational activities and organisational assessments of stakeholder perceptions and they give a clear indication of the key strategies used in establishing stakeholder relationships.

Across all areas of management, two underlying strategies have been identified as critical in an organisation's development of stakeholder relationships. The first is planning involvement where the stakeholder group is involved in the planning phase through meetings, consultation or research. The second is communication that may occur in the pre-planning, planning or post-planning phase.

Planning involvement and communication strategies may involve both formal and informal elements and are seldom mutually exclusive. While there is extensive discussion of the importance of both involvement and communication in management literature, the question of which is more important has not been resolved. This question will be addressed as part of this investigation into stakeholder relationship marketing.

## CHAPTER 2      PURPOSE

### *2.1 Research Aims*

The development of a stakeholder based framework to measure stakeholder relationship marketing performance by Murphy et al. (1997) built on earlier exploratory work by Murphy (2002). Murphy et al. (2004) conducted a New Zealand based pilot study where a stakeholder relationship assessment was used to develop an index measuring stakeholder relationships called the Stakeholder Performance Index (SPI).

A critical factor in this study was that it was based on stakeholder perceptions across a range of attributes related to their relationships with the organisation rather than the organisations view of that relationship.

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 59 organisations (Future Research Group, 2004). This verified that a statistically significant correlation and causal relationship exists between strong stakeholder relationships and an organisation's future return on investment (ROI).

Studies using the SPI to date have had a broad industry approach and have been focused on establishing that SPI as an empirically sound predictor of future ROI.

This has now been established and the significant impact stakeholder relationships can have on an organisation's future ROI reinforces the importance of stakeholder relationship marketing as an evolutionary development in relationship marketing.

In 2003 research was carried out into the application of stakeholder relationship marketing, and its impact on change management, across a broad spectrum of businesses in New Zealand (Maguiness, 2003). This study further reinforced the finding of earlier studies that the stakeholder relationship marketing model can be seen to be a significant indicator of future ROI, and that it is a management tool with established validity (Murphy et al., 2004).

Studies to date have been across a wide and diverse range of companies and this has established some general benchmark norms with relation to SPI.

No industry specific studies have been completed yet it is clear, from studies in the broader field of relationship marketing, that significant differences occur between industry areas.

The universal application of relationship marketing is not without its critics. Day observes, "investing in, or building, closer relationships is neither appropriate nor necessary for every market, customer or company" (Day 2000, p. 25).

Day's point is reinforced by Oderkerken-Schroder et al.'s (2003) study which showed that the impact of relationship marketing depended upon the consumers' receptiveness and that the 'relationship proneness' of an industry had a significant impact on outcomes. Their key point was that relationships depend on the propensity to be involved in a relationship.

On a more positive note, Priluck found that where relationship proneness is strong, relationship marketing could have crucial benefits, even to the extent of mitigating for product or service failure (Priluck 2003).

While consumer relationship marketing may not be a general instrument, the more holistic and inclusive approach of stakeholder relationship marketing seems to offer a considerably broader application base.

There are indications throughout both stakeholder theory literature and relationship marketing literature that aspects of stakeholder relationship marketing are being applied by some organisations.

The extent to which stakeholder relationship marketing is being practiced, the involvement and communication strategies used in its application, and the impact of these strategies, are questions the answers to which will extend our knowledge in the field of stakeholder relationship marketing. These answers will provide additional guidance to industry in the application of stakeholder relationship marketing.

## ***2.2 Research Objectives***

This thesis has four objectives:

1. To extend the body of knowledge in the area of stakeholder relationship marketing.
2. To examine the extent to which stakeholder relationship marketing is being practiced within a specific industry area in New Zealand; the Information Technology industry.
3. To examine the application of involvement and communication strategies in stakeholder relationship marketing in the New Zealand IT industry.
4. To determine the relative importance of involvement and communication strategies in stakeholder relationship marketing.

## ***2.3 Research Questions***

The objectives lead to four research questions:

1. Do organisations in the IT industry with a strong stakeholder relationship marketing focus, as measured by the stakeholder performance index (SPI), perform better in terms of future ROI than organisations with a weak stakeholder focus?
2. Do organisations in the IT industry with high stakeholder marketing planning involvement perform better in terms of SPI than organisations with low stakeholder marketing planning involvement?
3. Do organisations in the IT industry with high stakeholder marketing communication perform better in terms of SPI than organisations with low stakeholder marketing communication?
4. Do organisations in the IT industry with a high level of stakeholder marketing planning involvement perform better in terms of SPI than organisations with a high level of stakeholder marketing communication?

### 2.4 Research Hypothesis

From the four research questions, four testable hypotheses have been developed.

1. There is a significant positive correlation between stakeholder relationship marketing, as measured by SPI, and Return on Investment (ROI) as measured by CEOs predicted future ROI.
2. There is a significant positive correlation between a high Stakeholder Involvement Index\* and a high level of stakeholder relationship marketing, as measured by SPI. (*\*The Stakeholder Involvement Index is a construct derived from questions on formal market planning involvement and informal market planning involvement*)
3. There is a significant positive correlation between a high Stakeholder Marketing Communication Index\* and a high level of relationship marketing as measured by SPI. (*\*The Stakeholder Marketing Communication Index is a construct derived from questions on formal marketing communication and informal marketing communication.*)
4. There is a significantly higher correlation between a high Stakeholder Marketing Involvement Index and a high level of relationship marketing as measured by SPI, than between a high Stakeholder Marketing Communication Index and a high level of relationship marketing as measured by SPI.

## CHAPTER 3      LITERATURE REVIEW

This literature review focuses on published material, both academic texts and academic journals (on line and print) with particular concentration on refereed journals published between 1990 and 2004.

It provides a picture of the historic framework for the development of stakeholder relationship marketing and examines the two foundations of this emerging discipline, stakeholder theory and relationship marketing. It examines their theoretical base, and the applications and case studies that illustrate the evolution of these disciplines.

Within the theoretical work and application of both stakeholderism and relationship marketing can be seen the threads of stakeholder relationship marketing and these illustrate that stakeholder relationship marketing has been a paradigm in practice in business organisations for many years.

Gummesson comments on relationship marketing apply equally to stakeholder relationship marketing. He says “relationship marketing exists in practice, and putting the academic headlights on relationship marketing will increase the awareness of relationship marketing in business and academia and stimulate the development of a new approach in marketing” Gummesson (1997, p. 271).

### 3.1      *Stakeholder Theory*

While Freeman identifies the concept of the stakeholder as first emerging in the 1963 model by Cyert and March (Freeman 1983), we know that as early as 1933 Berle and Means were postulating that stakeholders rather than shareholders were fundamental to the purpose and operation of corporations. They argued that the purpose of the corporation was to serve society as a whole and not simply the interests of the shareholder (Berle & Means, 1933, p. 220). Barnard supported their concept of social responsibility in his 1938 publication “The Function of the Executive”.

In 1965, Ansoff identified an extended base of stakeholders and recognised that there were potential conflicts between stakeholder groups that could impact upon the profitability of the organisation. While he recognised the existence of both internal and external stakeholders, he argued that external stakeholders are peripheral and

secondary to economic participants (employees and shareholders). His subsequent approach to business policy was based on a 'management by objectives' approach rather than one encompassing stakeholder theory (Ansoff, 1965, p. 34).

The Stanford Research Institute began a major study into the role of stakeholders in the corporate environment in the 1960s and the term 'stakeholder' is said to have first appeared as in an internal SRI memo in 1963 (Freeman and Reed 1983). Stanford's original work identified stakeholders as including shareholders, employees, customers, suppliers, lenders and society.

Freeman and Reid commented that the academic exploration of stakeholder theory was slow to develop during the 1960s and application in the corporate environment was constrained by the continued dominance of the shareholder, stakeholder concept.

There were some developments over this period with Rhenman (1968, cited in Freeman & Reed, 1983) expanding the concept of stakeholder and corporate interaction in theories based on industrial democracy studies in Sweden and, in the early 1970s, the Harvard Business School developing the 'Corporate Responsiveness Model' which focused on corporate response to social pressure. They both expounded a proactive, rather than the traditional reactive, approach to external stakeholder pressure.

The growing interest in the stakeholder concept and the lack of a structured approach to stakeholder analysis prompted the Wharton School to begin a 'stakeholder project' in 1977. Their aim was to develop a management theory, a process for practitioners and an analytical framework for stakeholders (Freeman & Reed, 1983).

The concept of an extended group of stakeholders having an important impact in the in the economic process, and in the health of an organisation, was gaining increasing support in 1970s management literature. Ackoff (1974) saw the interaction of stakeholders as having an important role in solving organisational problems while Dil questioned the treatment of stakeholders as externalities and highlighted that there was increasingly a move from stakeholder influence to stakeholder participation. He broadened the stakeholder base by including not only participants but also competitors and adversaries. He was the first to acknowledge the role of hostile pressure groups

such as 'Nader's Raiders' and this signalled a growing awareness of environmental, ecological and social pressure groups as significant stakeholders in the business environment (Dill, 1975).

Freeman and Reed (1983) reinforced the point that stakeholders included both groups who could impact an organisations immediate achievement of objectives and secondary, peripheral groups, who, while outside the organisation, could have an impact on organisational survival.

They noted that many corporations resisted the inclusion of external groups, particularly adversary groups, in considering stakeholder influence and importance.

They felt that there was a need to develop a generalised approach to stakeholder management that "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).

Their suggestion that stakeholders should be invite into, and involve in, the strategic decision making process added a new dimension to stakeholder theory. Where previous discussions centred on cognition and reaction, they suggest a move to a proactive strategy based on involvement.

To this end, they proposed an approach based on a stakeholder audit process to identify stakeholders, a stakeholder strategic process to identify the relative importance of stakeholders and an analysis of decision on key stakeholders that would recognise the fact that marketplace decisions were becoming increasingly politicised.

They summarise their philosophy as being a shift of emphasis from "stockholder to stakeholder" and a "move from the gospel that corporations have obligations only to shareholders" (Freeman & Reed, 1983, p. 88).

In his definitive work on stakeholder theory in 1984, Freeman produced a complete history of stakeholder theory and defined 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 highlights the critical importance of

stakeholders in strategic decision-making and emphasises that “congruency problems between the companies and stakeholders perceptions can make strategic decisions meaningless” (Freeman 1984, p. 64). Sturdivant (1977) added to the body of work in this area by summarised the history of stakeholderism from Berle and Means to the present day.

The issue of power in the stakeholder/organisational relationship emerged as early as in the work of Berle and Mean in 1933 and has been a constant irritant in the attempts to develop stakeholder theory into a generalised management process. The early emphasis on shareholders was followed by a reluctant acknowledgement of the direct stakeholder influence of employees through their unions (Rhenman 1968, cited in Freeman & Reed 1983), and consumers through their buying behaviour.

While organisations increasingly acknowledged the role of stakeholders, the difficulty in developing a universally acceptable process to apply stakeholder theory reduced their willingness to incorporate stakeholder theory to strategic planning. As noted by Giddens, “while power is seen as being the key attribute in stakeholder relationships, organisations often found the fluid and dynamic nature of power relationships made arriving at a workable mechanism difficult” (Giddens, 1984, p. 257).

It is also notable that much of the discussion on power relationships has a focus on ways to control and influence stakeholders rather than involving them in a proactive, mutually beneficial relationship. Despite Dill’s (1975) and Freeman’s (1984) call for stakeholder participation, the predominant managerial approach to stakeholders in the 1970s and 80s continued to be based on control and influence rather participation and involvement.

The emphasis on organisational action, rather than stakeholder involvement, is highlighted by Wolf who notes, “power shapes the field of action so as to render some kinds of behaviour possible while making other less possible or impossible” (Wolf, 1990, p. 587).

Despite this limited focus, the underlying importance of stakeholder participation and involvement was continuing to be emphasised. Senge (1992) observed that the culture and stakeholders of an organisation were critical to the success of strategic planning

change and the 1994 Toronto Conference, “Reflections on Stakeholder Theory”, brought together major theorists and practitioners to examine the evolution and the future of stakeholder theory.

At the Toronto Conference, Carroll identified the major strength in stakeholder theory as “enabling the comprehensive and systematic identification of those individuals and groups with whom the organisation must effectively interact” (Carroll, 1994, cited in Clarkson et al., 1994, p. 109). The conference focus on interaction was critical in setting the future direction for the development of the stakeholder concept that would focus on interaction and involvement rather than control and influence. It sought to address the five weaknesses Freeman identified in stakeholderism:

- a) it assumes management want an open system
- b) it requires the involvement of top management
- c) lower levels of management must be involved
- d) it lends itself to excessive analysis
- e) ‘snail darter’ stakeholders may be ignored, but they may hold the balance of power (Freeman, 1984, cited by Carroll in Clarkson et al., 1994, p. 109).

The growing significance of this field of study was emphasised by the fact that between 1984 and 1994 a dozen books and more than 100 refereed articles have been published with primary emphasis on the stakeholder concept (Clarkson et al., 1994, p. 85).

In 1995 Clarkson completed a ten year study into the practice of stakeholder theory that found that organisations “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).

While it was encouraging that organisations were accepting a broader stakeholder base and that more esoteric factors influenced company performance the study also identified that management see a clear division between primary stakeholders and secondary stakeholders who they regard as being “not essential to survival” (Clarkson 1995, p. 101).

The recognition of the need to adopt a more inclusive approach came through the development of the Business Focus Project Management (BFPM) by De Wit & Meyer (1999). Their approach focused on the need for involvement from a wider group of stakeholders.

Two conflicting views of stakeholder theory emerged through the 1990s. On one hand were the proponents of the descriptive theory, with a focus on stakeholder management, and the other the supporters of the normative theory, with a focus on ethics and social responsibility.

In 1995 Donaldson and Preston argued that stakeholder theory is a managerial function and stakeholder management contributes to a successful economic performance (Donaldson & Preston, 1995), yet by 1999 Donaldson commented that “both the normative and descriptive views of stakeholder theory have validity and often a company which follows one also prescribes to the other” (Donaldson, 1999, p. 241).

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 and environmental value for all stakeholders” (Murphy et al., 1997, p. 45).

This concept of success being defined as long-term survival and growth is also supported by Polonsky (1995, 2001) and by Sirgy who said “corporate performance is measured by building on the stakeholder model of business ethics and success is defined as long-term survival and growth” (Sirgy, 2002, p. 143).

The managerial approach to stakeholder theory has become embroiled in definitions and driven by complex analysis to the extent that managerial application has been limited.

In an analysis of business literature Mitchell et al. found 27 different definitions of “stakeholder” and beyond this confusion of identification is a plethora of assessment and management options further confusing the situation. Mitchell et al. propose a

stakeholder assessment based on their “power, legitimacy and urgency to identify stakeholder salience” (Mitchell et al., 1997, p. 853), while Grimble et al. call for the identification of “key actors and assessing their respective interests in the system” (Grimble et al., 1995, p. 3).

Svendsen has developed a mnemonic based 6 step collaborative stakeholder relationship model (Svendsen, 1998, p.6) while, in contrast, Rowley moves beyond the dyadic relationship approach to an “interactive complex array of multiple and interdependent relationships in stakeholder environments” (Rowley, 1997, p. 890).

To provide a cross industry approach, the FRS (Fortune Reputation Survey) and the Socrates Social Rating Database have been used in stakeholder group analysis. While this has provided a standardised approach for primary stakeholders, it is restricted to the major corporations for whom such data sources are available.

Szwajkowski and Figlewicz comment, “managers should be aware that the reputations of their firms are, at least partly, a function of stakeholder perceptions of performance in areas of social behaviour” (Szwajkowski & Figlewicz, 1999, p. 147). Unfortunately, they do not define the means to assess these perceptions.

Holmlund structured relationships into networks to develop a relationship matrix but admitted, “the changing facets of relationships may not be adequately revealed” (Holmlund, 1997, p. 310).

The view of everyone connecting through networks was further developed by Day and Montgomery who said, “the array of relationships in the set has been expanded from the dyad of seller and customer to include partners up and down the value chain” (Day & Montgomery, 1999, p. 6).

In keeping with the control and influence concept, Cleland developed a structured five-step process to identify, specify, measure, predict and evaluate to enable managers to determine the latitude they had in managing any particular project (Cleland, 1999, p. 151).

Vinten's concept of the 'stakeholder manager' succinctly encapsulates the stakeholder control and management concepts discussed above (Vinten, 2000, p. 377).

The alternative to the descriptive, managerial approach to stakeholder theory is the normative, ethical, approach which holds that stakeholders have a moral and ethical right to be included as part of the strategic management process. This social contract concept evolved most rapidly through the 'green' economy of the 1990s and has been regarded with considerable suspicion by traditional management and organisations.

Rowley saw stakeholder theory as a unifying factor between business and the society and believed that multiple stakeholders had a 'right' of involvement (Rowley, 1998, p. 105). Argandona discusses the social aspects and concepts of 'common good', and expounds the theory of social responsibility (Argandona, 1998, p. 1101).

Turner took a more radical stance in eliminating primary stakeholders in defining stakeholders as "all the people or groups whose lives or environment are affected by the project, but who receive no direct benefit from it" (Turner, 1999, p. 51). However, normative stakeholder theory concerns Gioia because he felt that it "does not adequately represent the complex social....and organisational realities a manager faces" (Gioia, 1999, p. 228).

Donaldson accepts that the moral and ethical claims for stakeholder rights do not sit comfortably with organisations with a short-term financial focus. However he comments that the normative view of stakeholder theory, based on moral and ethical claims, is not necessarily in conflict with the descriptive view based on empirical measures of performance and achievement of corporate goals.

Donaldson says, "doing well and doing good go hand-in-hand" and contends that the two concepts of are not diametrically opposed but, in fact, have a common purpose and outcome. He proposes a convergent stakeholder theory combining the two dominant strands that have developed during the 1990s (Donaldson, 1999, p. 241). Jones & Wicks (1999) support the concept of a convergent theory and argue the two strands of stakeholder theory need to be combined.

Freeman has resisted the combination of the normative and instrumental typologies as espoused by Donaldson, and Jones and Wicks, he believes that to develop divergent theories need to be developed and tested and it is too soon to be looking for a definitive theory (Freeman, 1999, p. 236).

He is supported in this by Trevino and Weaver who say, “deep integration across conventional normative/empirical boundaries will be difficult” (Trevino & Weaver, 1999, p. 226). Harrison and Freeman reinforced the point that “dividing the world into economic and social ultimately is quite arbitrary” (Harrison & Freeman, 1999, p. 483).

Since 2000 the proliferation of analytical instruments and management processes has continued. McLarney’s strategic group analysis approach introduced a dynamic element of “stakeholders entering and leaving a domain, increasing or diminishing in importance” (McLarney, 2002, p. 260). The ability to manage such an instrument requires a sophisticated longitudinal analysis of stakeholders and the practical application of this management tool is limited because of this.

Friedman and Miles developed a four-step model based on the change of relationships over time that is somewhat more manageable than that developed by McLarney. This incorporates social theory and stakeholder differentiation and they comment that clear differentiation and definition of the stakeholder/organisational relationship is critical as in other models “highly negative and highly conflicting relationships between organisations and stakeholders has been ignored” (Friedman & Miles, 2002, p. 1).

Schneider was also concerned about stakeholder differentiation but his concern was that the definitions were too precise. He developed a model based on what he describes as the “realities of fuzzy boundaries between stakeholder groups” (Schneider, 2002, p. 219).

Sirgy (2002) designed a standardised survey based process for internal, external and distal stakeholders while Zolkiewski and Turnbull (2002) utilised portfolio and network analysis as a basis for a complex interactive model of relationship management. Sawhney and Zabin developed a network and portfolio approach that

incorporated closed loop learning, however, they emphasize that “if you can’t measure it, you can’t manage it” (Sawhney & Zabin, 2002, p. 329).

Drawing on stakeholder theory, network theory and transaction cognition theory, Danov et al. developed a “stakeholder sequencing model” for start up industries based on the underlying premise that “all relationships are equally legitimate” (Danov et al. 2003, p. 67), a view earlier expressed by Murphy et al (1997).

On a more basic level, Kaler (2002) continued the elaboration of stakeholder definition, while Buer (2002) and Kitchen (2002) focused on the development of broad based stakeholder communication systems as a critical element in maintaining consistent stakeholder relationships.

In many ways stakeholder theory can be likened to the Chinese concept of Guanxi, with its “complex network of influences, formal and informal relationships that are a function of continually changing environmental and social factors” (Bell, 2000, p. 132). Given these relationships, trying to achieve a finite definition and a fully generalisable approach to stakeholder management is clearly unrealistic. However using the developing body of knowledge to develop specific instruments does have promise.

In this regard a number of developments are encouraging, Ballyntyne’s (2000) internal stakeholder communication strategy and the increasingly industry specific stakeholder processes that are being developed show the practical application of stakeholder theory. Maury (2000) identifies the integration of stakeholders in the corporate audit function and Bunn et al. have developed a five-step stakeholder analysis process for the wireless technology industry (Bunn et al., 2002).

The evolution of a practical range of instruments is encouraging and may lead to management being more accepting and less sceptical about the importance and utility of a sound stakeholder strategy. That Bunn developed his industry specific platform from the generic strategies developed by Savage et al. (1991) and Harrison and St. John (1996) is an indication that some maturity is emerging from what has been a confused body of work.

Much of the difficulties faced by stakeholder theory have been the difficulties of definition and empirical validity. Wright and Kearns point out that the true test of a theory is “its ability to be tested and for it to be falsifiable” (Wright & Kearns, 1998, p. 16).

Key agrees with Wright and Kearns and says, “a theory without context and causal laws to explain process does not meet the requirements of theory”. He criticises stakeholder theory as “lacking a scientific base and having “no specific theory logic underpinning”. He suggests underpinning based on contract theory will enable stakeholder analysis to move into stakeholder theory (Key, 1999, p. 326).

Jones (1995) and Donaldson and Dunfee (1994) were the first to suggest a link between stakeholder and contract theory and Hunt (2002) also suggests contract theory as a way to formalise stakeholder theory.

Stoney and Winstanley conclude that the concept is “under-theorised and under-researched” and were concerned that “the conceptual confusion that has continued to limit the impact of stakeholding in organisations and society” (Stoney & Winstanley, 2001, p. 623).

Hunt also criticises stakeholder theory as having “incomplete linkages between actors, and between internalities and externalities” (Hunt, 2002, p. 321). He espouses the idea that groupings based on common interest rather than stakeholder may be more significant and suggests that individuals may move quite freely between various interest groups.

A more pragmatic and practical approach to stakeholder theory has been taken by Polonsky who, as early as 1995, was moving away from the attempts to produce a generalised and universally applicable model of stakeholder behaviour and emphasising that different groups of stakeholders exist from organisation to organisation with each having a different set of expectations.

Polonsky identified 13 stakeholder groups and commented that there were in fact multiple groups of stakeholders and that they varied from organisation to organisation. Like many others writing on stakeholder theory he highlights that the

strength of influence is critical in “determining the stake” that each group has in the organisation (Polonsky, 1995, p. 40). He also comments that stakeholders’ differing expectations often cause conflict and in this regard he is supported by Lampe who said, “disputes between stakeholders are as inevitable as death and taxes” (Lampe, 2001, p. 171).

In 2002 Polonsky et al. proposed 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). While O’Shannassy (2003) points out that the interaction between internal and external stakeholders is both sophisticated and dynamic, he, like Polonsky, sees organisations as having a unique subset of stakeholders.

The variability in stakeholder groups, the uncertain scale of their involvement and influence are challenging when looking at a general application of stakeholder theory but the underlying principles can be applied to all organisations and research design can ensure a valid base for analysis and interpretation.

That stakeholder theory is not universally accepted is illustrated by the criticisms of traditionalists such as Sternberg (1997) and Barry (2002) who both regard the concept of stakeholderism as illogical and impractical. However the more positive critical perspective of Reed (1999) and the outright advocacy of Vinten (2001) are more indicative of current thinking.

The importance of stakeholders is best summarised by Kenny who said, “for innovation to occur, the culture, structure and processes of an organisation need to be supportive” Kenny (2003, p. 47) He saw the development of a culture to support innovation as a difficult, but vital, task involving all organisation stakeholders.

### **3.2 Stakeholder Theory in Practice**

While the validity of stakeholder theory continues to be a hotly debated issue, it has been actively applied across many areas of business including strategic management, project management, contract management, human resource management and service quality management. While it is a theory in development, it is also a theory in practice

with sound empirical studies verifying the importance of its application even if the precise mechanisms underpinning the concept have yet to be fully defined.

The level of awareness of stakeholders amongst management in all types of business enterprise, across industry areas, national boundaries and organisational size is remarkably high. A 1992 study by Wang & Dewhirst of 2,361 corporate directors showed that they were not only aware of distinct stakeholder groups but placed high importance on responding to their expectations (cited in Beaver, 1999, p. 13).

Atkins and Lowe conducted a survey of 3000 firms and eight key stakeholder groups were defined by respondents with an average of 4.4 separate groups actively involved in planning (Atkins & Lowe, 1994, p. 18). They also found that the more 'turbulence' in a market, the higher the level of stakeholder involvement and that less 'sophisticated' managers involved fewer stakeholders.

Lerner and Fryxell surveyed 220 CEOs in 1994, asking that they rate the importance of their stakeholders. The rating value range was 1-5 and customers were ranked highest at 4.07, shareholders were second at 3.91 and the community were the lowest ranked at 2.19 (Lerner & Fryxell, 1994, p. 64).

Walker Information conducted a worldwide study of business executives in 1999 where they were asked to prioritise stakeholders' importance to the organisation. 83% of USA executives and 93% of Canadian stressed the importance of stakeholders. In terms of rating customers and employees were both rated by 93%, shareholders 82%, suppliers 74%, community 66% and the government 60% (cited in Malhotra & Sajid, 1999, p. 15).

Many major corporations are actively involved in developing close relationships with stakeholders and Svendsen, in 11 case studies, identified significant US organisations as having all developed close stakeholder relationships including information sharing, strategic planning, human resource planning, professional development, environmental strategies and joint projects (Svendsen, 1998, p. 4).

In three Australian case studies, one found that customers were regarded as the "default priority" stakeholder rather than shareholders while the other two ranked

managers and employees as more important in meeting company objectives than shareholders (Jackson, 2001, p. 858).

A further study of Australian CEO perceptions showed that, while a diverse range of stakeholders was identified, there was a wide variance between their views on salience, and scope of stakeholder involvement. Service and retail CEOs recognised a broader group of stakeholders while manufacturing and primary industry CEOs recognised a narrower group (Greenwood, 2001, p. 38).

When 500 organisational managers were asked why they gave credence to stakeholder views the two most critical factors were “company protection” and “company continuance” (Wood, 2002, p. 71).

Yet despite the strong evidence in support of the concept of stakeholder salience in corporate health the involvement of stakeholders continues to be muted in most organisations. Research into stakeholder salience and involvement by Mitchell et al. found that only 14% of company board seats were filled by non-shareholder stakeholders (Mitchell et al., 1997, cited in Harrison & Freeman, 1999, p. 480).

Studies by Strong et al. (2001) on financial institutions, Wolfe and Putler (2002) on Universities, Gade (2002) on newspapers and Heugens and Van Oosterhout (2002) on the Dutch manufacturing sector reinforce the point that management, across both industry and geographic borders, are cognisant of the critical importance of stakeholders.

This is not to say that variations in salience between industry and between countries do not exist. Cumming’s study shows there are clear differences between management views in Australia, China and Indonesia but in each case, it is a ranking of stakeholders, not their intrinsic worth, which varies (Cummings 2002, p. 10).

An additional difficulty faced by management across all industry and geographic division is the confusion surrounding different types and magnitudes of relationships with, and between stakeholders. As illustrated in Golicic et al.’s exploratory study, while the importance of these relationships is widely recognised, developing a universal template is problematic (Golicic et al., 2003, p. 63).

A key factor in the acceptance and application of stakeholder theory has been the growing body of evidence that shows that it supports and enhances profitability and financial performance.

An empirical study conducted in the United Kingdom in 1986 showed a statistically significant relationship between firms with different levels of planning sophistication and their financial performance with this greater sophistication including stakeholder involvement (Bracker & Pearson, 1986).

Kotter and Heskett of Harvard University conducted an 11-year tracking study that showed that stakeholder-balanced companies had 8 times the growth of shareholder-focused companies (Kotter & Heskett, 1992). A 1991 service industry study linked profitability with employee satisfaction (Heskett et al., 1994) while a longitudinal study of the top 100 'Fortune 500' firms was conducted from 1991-1996 and showed socially responsive stakeholder relationships had a direct effect on financial performance (Berman et al., 1999).

Over an 8-year period, Holder et al. collected survey data from 477 firms that showed that managers considered the claims of other than equity stakeholders in financial decision-making and in dividend policy formulation. They said, "non-investor stakeholders were perceived as entering the dividend decision process through implicit claims and managers felt stakeholders were willing to pay more for products when a firm was in a position to make payoffs on implicit claims" (Holder et al., 1998, p. 83).

A S.W. Graves research paper based on a 500 company study established that "companies with a good reputation with stakeholders are more profitable and that a solid financial performance was consistent with good stakeholder relationships" (cited in Svendsen, 1998, p. 6).

In some instances, legislation has been used to protect stakeholder interests. This was the case with the privatisation of the British water industry in 1989 and this case study showed that while service performance was costly in terms of current profit, shareholder returns and financial performance was significantly higher over the longer term (Ogden & Watson, 1999, p. 526).

Two case studies, the Sears-Roebuck (USA) turnaround, 1992-1995, and the Nortel Networks (Canada) 1990s 'value cycle' approach to restructuring illustrate the improvement in financial performance achieved when organisations focus on a multi-stakeholder approach (Payne et al., 2001, p. 787).

An empirical study of 500 organisations in 1991-92 Ruf et al. confirmed that, "shareholders benefit financially when management meets the demands of multiple stakeholders" (Ruf et al., 2001, p. 151).

This finding is reinforced by the work of Deloitte who, in developing a relationship portfolio on behalf of British Petroleum, had a significant impact on financial returns (Eilles et al., 2003 p. 31). Other industries are increasingly taking this proactive approach most notably the Norwegian Engineering industry (Karlsen, 2002), and the Canadian (Welcomer et al., 2003) and American (Shelby et al., 2004) lumber industries.

One area of concern is the continued corporate emphasis on short-term performance and the pressures on contract based CEOs to meet profit and performance expectations, and to achieve personal incentive packages is seen as damaging to the future development of stakeholder value (Harrison & Freeman, 1999).

Even as late as 1998, the concept of the shareholder as the key stakeholder was still being officially reinforced, and even proscribed, in developed economies.

The Olivencia Report on good corporate governance drawn up by the National Commission of the Spanish Stock Exchange and implemented in 1998 sets out from a requirement for a single focus on the shareholder as the only critical company stakeholder (Lazano, 2000, p. 175). This blueprint for listed corporations in Spain illustrates the deeply entrenched role of shareholders in some economies and highlights the difficulties in introducing a stakeholder focus.

An organisation's external and social stakeholder relationships also impact upon the quality of their employees and the retention of their customers, two critical stakeholder groups in the continuing health of an organisation.

Three case studies clearly illustrated this. One in Canada that showed that 26% of consumers were actively boycotting firms they regard as 'bad citizens' and a second in the USA that showed 76% of consumers would switch to firms associated with a good cause (Kotter & Heskett, 1992, p. 7). A third study in 1998 by Walker Information found that 42% of respondents said that a company's integrity would influence their decision to work for them (Phillips Business Information, 1998).

The benefits of "greening" organisations, recognising environmental and ecological stakeholders and accepting the impact of the organisation on indirect stakeholders has resulted in documented economic benefits to some organisations.

The alliance between Fom Industries and Greenpeace to produce CFC free refrigerators resulted in Greenpeace supporters buying the first 10,000 produced (Polonsky, 2001) while Maiden Mills recovered from a disastrous fire was bedded in their pre crisis strong community stakeholder relationships (Ulmer, 2001). These cases highlight that while primary stakeholders are frequently the focus of management attention, the role of peripheral stakeholder groups cannot be ignored.

Management's assessment of stakeholders, and the descriptive approach to stakeholder theory, tends to focus on power relationships and the perceived negative impact a stakeholder group can have on economic performance. Managers tend to be dismissive of less powerful and less well-defined groups and this strategic holds considerable risk.

The dangers of a power based assessment of stakeholder salience and the impact of seemingly powerless stakeholder groups has been illustrated in stakeholder literature. The Dabhol power project in India was halted because the critical failure of the developers to involve the indigenous people in the decision making process (Smith, 1999, p. 158).

Karlsen studied the level of importance of various stakeholder groups in engineering projects in Norway. Most significantly he discovered that the organisations perception of their level of involvement and importance was often far less than their influence. It found that even the least influential or involved could have a significant negative

effect on the project (Karlsen, 2002). Upchurch found that ethical decision-making was a significant factor in a survey of 500 logging operators (Upchurch, 1998).

Whysall illustrates the dangers of a failing to respect the views of stakeholders with three examples: the Hoover marketing campaign of 1992/3, the Ratner Jeweller collapse in 1994 and the British Gas wage realignment of 1994. He observed, “stakeholder groups do not stand in isolation but interact and modern technology increases that interaction” he added that “stakeholder mismanagement fallout is likely to be widespread, highly publicised, long lasting and difficult to contain” (Whysall, 2000, p. 19).

The risks of not being sensitive to stakeholder opinion is further illustrated by McLarney’s study on the Canadian canning industry where local community concerns over the dumping of waste in lakes during the production season were ignored. Community action subsequently linked with the public, environmental pressure groups, media and the government to shut companies down (McLarney, 2002, p. 266).

In a study based on the Starkist Tuna case, which related to Dolphin-safe tuna production and marketing, Winn and Keller found that, where differing stakeholders had differing expectations, firms were more likely to take a stance with one or more stakeholders at the expense of others rather than selecting a compromise solution. They also found that the more the decision was in line with the views of the decision maker the more robust it would be. Finally, they discovered that the factors identified by Wolf (1990), and Mitchell et al. (1997), power, legitimacy and urgency, dictated the pre-eminence of stakeholder groups (Winn & Keller, 2001, p. 179).

This focus on power, legitimacy and urgency permeates the normative stakeholder literature. While secondary and “non strategic” stakeholder groups frequently hold the balance in relation to organisational survival they are seldom regarded as having any salience in the stakeholder relationship equation.

The 1997/8 study the CEOs of 80 large US firms observed that stakeholder salience was, “directly related to the stakeholders power to impact the economic well-being of the organisation, the level to which their claims or interests were considered to be legitimate and the level of perceived urgency that existed in the relationship” (Angle

et al., 1999, p. 507). Driven by this definition organisations have been dismissive of peripheral stakeholders to their economic cost.

Perceptions are important, but whose perceptions? Reidenbach and McChung surveyed 2000 stakeholders including management, staff and patients in a central USA medical organisation 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 both management and stakeholder groups were sought and they were found to be considerably different (Reidenbach, 1999 & McChung, p. 23).

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).

Tilley identified examples in a number of areas where management and stakeholder perceptions were so diametrically different that the stakeholder strategy being employed by the organisation was a dismal failure. He cites case studies in the technology and medicine where stakeholders did not buy-in to the strategy because of a lack of prior involvement or understanding (Tilley, 2003, p. 1).

Kenny also identified a similar case of stakeholders to buy-in in the failure of the University of Melbourne’s web based learning system that was 99.7% technically reliable but was universally rejected by staff and students. Interestingly each of the key stakeholder groups (students, academic staff and administration) identified a different reason for refusing to adopt the system that further illustrated the critical

importance of involvement and communication tailored to meet the needs of each stakeholder group (Kenny 2003, p. 41).

Perhaps the most significant finding in this examination of stakeholder theory in practice is that of Waddock and Graves who, in examining the relationship between quality management and the quality of stakeholder relations, found that “increases in satisfaction in one stakeholder group tends to be accompanied by increases in satisfaction of other stakeholders” (Waddock & Graves, 1997, p. 258).

### **3.3 *Relationship Marketing***

Organisations have long been aware of the critical importance of stakeholders and relationships and this is not a new discovery in the field of marketing. Any transaction involves stakeholders and all relationships require interaction and involvement, fundamental elements in the exchange process underpinning the marketing concept.

While Berry is credited with first coining the phrase ‘relationship marketing’ (Berry, 1983, p. 25), it is clear that the concept has existed in marketing since its earliest days. The single stakeholder approach is what differentiates customer relationship marketing from stakeholder relationship marketing. The interesting fact is that, through much of the marketing literature of the 1980s and 1990s, other stakeholders are frequently mentioned before the work returns to a single-minded focus on the bipolar relationship between organisations and customers.

In 1980 Kotler and Armstrong identified stakeholders as “customers, distributors, dealers and suppliers” (Kotler & Armstrong, 1980, p. 10) and described relationship marketing as “creating, maintaining and enhancing strong relationships with customers and other stakeholders” (Kotler & Armstrong, 1980, p. 560). Twenty-four years later, Kotler et al. still identify stakeholders as “customers, distributors and suppliers” (Kotler et al., 2004, p. 11) and relationship marketing as “the process of creating, maintaining and enhancing strong, value laden relationships with customers and other stakeholders” (Kotler et al., 2004, p. 683).

The body of both definitive works on marketing have a single minded focus on the dyadic relationship between supplier and customer yet clearly defined in the relationship are ‘other stakeholders’. Yet, most interestingly, in 1991, Barich and

Kotler, in discussing marketing image identified marketing “publics” as being made up of over 20 stakeholder groups (Barich & Kotler, 1991, p. 94). In identifying and defining these groups they have in fact reinforced the stakeholder relationship marketing concept and identified the critical importance of involvement and communication, elements that are fundamental to stakeholder relationship marketing.

East sees relationship marketing building from exchange theory and habitual, learned behaviour models as postulated by Skinner (1953), Homans (1961) and Hirschman (1970). East cites the definitive work of B.F. Skinner on human behaviour in 1953 as “underpinning the concept of relationship marketing” (East, 1999, p. 24) and Homans discusses in detail the concepts of interaction in the process of exchange that is central to the relationship concept (Homans, 1961). East sees relationship marketing as building from exchange theory and the habitual, learned behaviour models postulated by Skinner (East, 1999, p. 25).

Petrof argues that relationship marketing, far from being something new, was an old concept and “the 4Ps and transactional marketing were, in reality, relationship marketing”. He contends that relationship marketing is simply a “new spin on an old concept” which has been the basis for the discipline of marketing for over 50 years. He points out that the concept of “the customer is always right” emerged decades before there was talk of customer relationships (Petrof, 1997, p. 28).

In 1994 Gummerson identified and defined 30 relationships, 26 of which involved ‘non-customers’ (Gummerson, 1994 p. 5), while Sheth and Pavatiyar explored the development of relationship marketing and defined it as a “process of developing co-operative and collaborative relationships with customers and other market actors” (Sheth & Pavatiyar, 1995, p. 264).

Gummerson identified traditional marketing mix theory, quality management, organisational theory and networks as all being elements of relationship marketing and traces the development of relationship marketing to the Nordic School approach to services marketing in the 1970s (Gummerson 1994).

He is adamant that the development of relationship marketing is nothing less than “a paradigm shift which has replaced transactional marketing and the 4Ps rather than representing a modification of existing theory” (Gummesson, 1997, p. 267).

In discussing relationship marketing in terms of an “interactive process between supplier, customer, competitors and others” (Gummerson, 1997, p. 268), he extends the scope of relationship marketing to include other stakeholders.

He does this by identifying both internal and external relationships within a framework of “market (customer, supplier, competitors, middlemen), mega (society, government, media, bureaucracy) and nano (staff, management) relationships which exert pivotal influence on market behaviour” (Gummerson, 1998, p. 246).

Gronroos supports this view and emphasises a “systems approach that enables you to include all relevant actors” (Gronroos, 1994, p. 14) and he elaborates on this theme in his later works (Gronroos, 1996, 1997).

While considerable debate still exists as to the degree to which relationship marketing can be identified as a new paradigm in marketing, there is no doubting the rapid increase in the salience of relationship marketing in the 1980s and 1990s.

A detailed examination of relationship marketing literature indicates that while there have been frequent mentions of stakeholder groups a strong dyadic focus continues to dominate thinking.

Despite this bi-polar focus, stakeholder concepts have consistently appeared in relationship marketing literature. Farris et al. (1987) and Verberke (1992) emphasised the critical importance of other stakeholder relationships in the supplier/customer interface while Arthur's complex systems approach to marketing systems signalled a more complex marketing structure and introduced the idea of the importance of other marketing stakeholders (Arthur, 1988, cited in Verberke, 1992, p. 149).

Peter & Olsen, in their discussions of modelling, shaping and building customer relationships intimate that developing a veneer, or perception, of positive relationships with other stakeholders was an objective of business (Peter & Olson, 1999). Even this

defensive and negative response signals that stakeholders are seen as significant in developing corporate relationship strategies.

In contrast, Kandampully and Duddy took a much more positive stance when they noted that, “the competitive advantage today is dependant on the holistic competency of the firm, developed through strategic alliances with various networks of stakeholders” (Kandampully & Duddy, 1999, p. 321).

Payne et al. reinforced this by introducing a multi-stakeholder approach to relationship marketing where they explored the integration of employee, customer and shareholder values in looking at organisational performance. They identified the importance of “reliability, trust, responsibility, caring, environment, charity and community in developing relationships” (Payne et al., 2001, p. 7).

Even with the rapid development of relationship marketing over the past decade it is not a universal panacea. In some fields transactional marketing continues to be practiced, particularly in areas where the cost/benefit of relationship marketing does not exist because the service costs exceed the returns generated (Sheth, 2002).

This stance was supported by a study of 308 firms that found transactional marketing was still relevant in many instances (Coviello et al. 2002) and Day comments “investing in or building closer relationships is neither appropriate nor necessary for every market, customer or company” (Day 2000, p. 25). Hultman and Shaw’s extensive study across a wide range of industries suggested a more holistic approach when they concluded that transactional and relationship marketing should be complementary (Hultman & Shaw, 2003, p. 36).

Regardless of whether relationship marketing was natural evolution or a new paradigm the critical factor has been a one of a change of perspective. Focus has moved from a short-term relationship between two stakeholders (the organisation and the customer) for a single transaction, to a long-term relationship between the same stakeholders.

Stakeholders, and relationships, have existed throughout the history of marketing, it is the emphasis, the focus, that has changed as markets have become more competitive,

costs of customer acquisition have risen and the risks of lost customers has been compounded.

While both transactional and consumer relationship marketing focus on dyadic relationships, both are, in fact, examples of stakeholder relationship marketing in a truncated form.

### **3.4 *Stakeholder Relationship Marketing***

The thread of stakeholder relationship marketing can be seen running through the literature detailing the evolution of consumer relationship marketing. Stakeholders have frequently received no more than a passing comment before a return to a dyadic focus, but their existence, if not their importance, has been acknowledged throughout the history of marketing.

Stakeholder theory has long been successfully integrated into project, change and strategic management and the integration of stakeholder theory and relationship marketing is seen as a natural evolution by Chevalier who comments, “while stakeholder analysis has been poorly developed from a methodological viewpoint the method travels well across disciplinary and theoretical boundaries” (Chevalier, 2001, p. 1).

As early as 1982 Deming extended his marketing feedback process to include other stakeholders (Deming, 1982 p. 175) while Farris et al. contended that channel operators such as retailers had become a critical stakeholder with the ability to influence and change market dynamics (Farris et al., 1987).

Verbeke also challenged the single stakeholder focus in marketing by specifically introducing additional stakeholders. He looked to expanding the relationship model to including a wider range of marketing stakeholders (Verbeke, 1992). Bowen and Chaplin focused on the role of external and internal stakeholders in the marketing activities of councils in the public sector (Bowen & Chaplin, 1995, p. 1).

Apaiwongse (1994) and Polonsky (1995) both feel it has been in the “green” economy that the use of stakeholder theory in marketing is most evident.

Polonsky notes that while stakeholder theory calls for organisations to consider a wider range of influencers when developing strategy, the theory has not been utilised, to any great extent, in marketing except in green markets. He did note that evidence of stakeholder marketing abounds in environmental areas and highlighted that a study by Peattie and Ring of the 50 top companies in the UK found “78% of CEOs believed green issues were important in the organisations marketing activities” (Peattie & Ring, 1993, cited in Polonsky, 1995, p. 32).

He also feels that stakeholder theory is implicit in relationship marketing and is widely used by organisations in marketing at a subliminal level even though a general model of stakeholder theory in marketing has not been developed (Polonsky, 1995). In his analysis of stakeholder marketing, he introduces a 4-step stakeholder management process in environmental marketing based on 12 identified stakeholder groups (Polonsky, 1995, p. 29).

Wright et al. develops the stakeholder relationship marketing theme in their review of approaches to marketing educational innovations to stakeholders (Wright et al., 1995, p. 628). While Moss et al.’s study of public relations as a marketing tool to influence stakeholders covered 4 major retail groups in the UK (Moss et al., 1996, p. 77).

Davis identified a need for a market driven, multiple stakeholder model of open learning in the field of management education to explain the interactions of the various different, and sometimes competing, stakeholder groups (Davis, 1996). Murphy et al. addressed this need when they introduced a performance model based on the Stakeholder Performance Index to support organisations in developing effective stakeholder marketing strategies (Murphy et al. 1997).

Frooman takes a dyadic stance in focusing on the integration of stakeholder groups in marketing by proposing a segmented approach to stakeholder marketing with the firm as “the hub of a wheel” and clearly identified, and mutually exclusive spokes lead to each stakeholder groups (Frooman, 1999, p.191). This is at odds with Hunt’s (2002) comment that one stakeholder can be in multiple groups and attributes, or areas of interest and concern may be a better way of grouping stakeholders from a marketing perspective.

In developing a code of ethics for marketing educators, Malhotra and Miller emphasis the role of different stakeholders in marketing education and the need to involve them all in developing a valid code (Malhotra & Miller, 1999).

Both Mason and Gray (1999) in the marketing of air travel, and Fabian (2000), in discussing British retailing, emphasis that a widening base of stakeholders are increasingly active and than marketing communication is an important factor in influencing their perceptions and actions.

Varey and White (2000) call for a total stakeholder perspective in marketing communication while Whysall (2000), Dibb and Meadows, (2000), and Arnould and Luthra (2000) call for stakeholder theory to be given more prominence in retail marketing studies.

Polonsky et al. have developed a framework to enable the application of stakeholder theory to marketing practice that identifies stakeholders and their relationships with the organisation. They have built on Tuominen's 'ladder of stakeholder loyalty' to provide "a tool that will determine the focus of activity and the relative importance of each group" (Polonsky et al., 2002, p. 110). They see a stakeholder perspective lying at the heart of relationship marketing and feel that stakeholder theory should be integrated into it.

The linking of customer value creation concepts to the management of stakeholder relationships by Christopher et al. is a progression from the commonality of interest concept discussed by Hunt (2002) That today's customer may be tomorrow's shareholders and that one individual may be, at any one time, in multiple stakeholder groups adds complexities to stakeholder marketing. Christopher et al. note that "recognising the legitimate requirements of various stakeholders create a better marketing climate for a business win" (Christopher et al., 2002, p. 444).

This evolution of the relationship marketing model has continued with an increasing number of both internal and external stakeholders being identified as contributing to, and influencing the marketing effort. Payne et al. (2001) explored how the integration of employees, customer and shareholder values impacted upon organisational

performance and a broader understanding of the dynamics of relationship marketing is slowly evolving.

In the diverse areas of technological and educational change both Sheasley (1999) and Bates (2000) emphasize the need for stakeholder empowerment as key factors in stakeholder marketing. While the concept of marketing to stakeholders has been implicit in much of the literature, Bates (2000) clearly highlights its importance.

The role of communication as a critical tool in shaping stakeholder perceptions was identified through the Canadian National and Molson Breweries case studies (Hornick, 1998, p. 54). It was further reinforced by Piercy who identified the role of communication and involvement with the cases of AVIS and CIGNA providing exemplars of what can be achieved by taking a marketing approach that “explicitly linking internal employee issues to external customer issues” (Piercy, 1998, p. 214). He also cited the failure of British Airways to communicate its takeover package to USAir staff as being the fundamental cause of the ultimate collapse of that partnership.

Duncan and Morarity (1998) focus on interactive communication with stakeholders as being critical in developing brand relationships that drive brand value while Varey and Lewis highlight that marketing requires “a meta-structure perspective, a consciously created interactive communication system” (Varey & Lewis, 1999, p. 936). In developing an internet and intranet based framework for stakeholder marketing communication DeBussy et al. signalled the continued progression of stakeholder relationship marketing (DeBussy et al., 2003).

In 1991, Miller and Lewis commented that “barely a handful of articles on stakeholder theory written from a specific marketing orientation or for a specific marketing audience” (Miller and Lewis, 1991, p. 6) and it must be acknowledged that writings on traditional dyadic relationship marketing far outweigh those incorporating the stakeholder relationship concept. Fitchett further comments that “marketing theory has limited appreciation for stakeholder values; they sit uncomfortably alongside the one-dimensional obsession with consumers propagated by much marketing idealism” (Fitchett, 2004, p. 1).

Despite these pessimistic views, evidence exists that the holistic, inclusive concept of stakeholder relationship marketing is evolving from the dyadic relationship marketing model and the importance and validity of this new focus is increasingly being supported in marketing literature.

Morarity draws the threads of this evolution together well when she says “a company exists within a value field rather than a linear value chain and interacting and overlapping relationships mean the corporate focus of integrated marketing must be on relationships, and on more audiences, not just customers” (Morarity, 2003, p. 1).

### ***3.5 Stakeholder Relationship Marketing in Practice***

While the stakeholder relationship marketing thread of appears throughout relationship marketing studies this is generally incidental and is rarely the focus of the study. This literature review has found that there have been very few published studies, or articles, that have a specific stakeholder focus.

A case study examining the introducing of innovation in an educational environment found a failure to market the innovation to interested stakeholders resulted in resistance and problems (Wright et al., 1995).

Walker’s case study in the construction industry showed that large enterprises were seriously attempting to widen the definition of stakeholders and illustrated that the implementation of the treble bottom line philosophy required that the pre-eminence of the customer be challenged in favour of a broader stakeholder interpretation. He highlights the Shell Group Annual Report of 1998 as an example of the growing integration of stakeholders into the marketing process (Walker, 2000, p. 19).

From 1997-2001 Travel New Zealand successfully developed a marketing strategy to refocus tourism on a national basis after what Morgan et al. describe as a “history of fragmentation and acrimonious non-co-operation amongst a multitude of tourism service operators, local bodies and governmental organisations.” The success was based on a process that involved political, cultural, social, local body, governmental and commercial stakeholder groups and resulted in a unified and extremely successful international marketing focus for New Zealand as a travel destination (Morgan et al., 2003, p. 290).

In a pharmaceutical company case study, Nystom and Poon-Asawasombat looked at the application of the stakeholder model in a risky market launch situation for a drug produced by genetically transformed organisms. They found that stakeholder involvement in the initial marketing development phase enabled the company to develop a plant, rather than animal, based medium that was acceptable to management, staff, consumers, environmental groups and the community at large.

This resulted in a successful launch and acceptance by all stakeholder groups. They commented, “the study highlighted that any stakeholder group, regardless of its size or power relationship with the organisation, could become a significant limiter or champion for the introduction of a new product” (Nystom & Poon-Asawasombat, 2003, p. 18).

The definitive summation of the role of stakeholderism in marketing comes from the Carlson Marketing Group study of five major corporations (Canadian Imperial Bank, Harrahs, Mazda, Roche and Sears) which found that “the best practice relationship marketing organisations have a strategy that includes a clear and holistic vision of all the key stakeholder relationships” (cited in Batterley, 2004, p. 1).

## CHAPTER 4      STAKEHOLDER PERFORMANCE APPRAISAL

### 4.1      *Methodology*

The stakeholder performance index (SPI), derived, from the stakeholder performance appraisal developed by Murphy et al. (2004), identifies and quantifies stakeholder marketing relationships with the organisation from a stakeholder perspective.

In Murphy et al. (2004) 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 rate the business's future ROI(next 12 months) in relation to the average percentage return in the financial market on a 0-10 numerical rating scale. This provides a standardised measure of perceptual business performance.

The perceptual performance data is analysed by stakeholder group and averaged to give total sample results. Performance data is also averaged into social, environmental, economic performance factors, which are then averaged into the Stakeholder Performance Index (SPI).

The SPI incorporates TBL philosophy and stakeholder management philosophy by equally weighting social, environmental, and economic performance, and equally weighting each stakeholder group. The SPI can be benchmarkable over time and against other businesses.

The Future Research Group (FRG) in the Department of Commerce of Massey University, Albany 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 59 businesses in the FRG SPA Benchmark Project database to date, comprising 56 New Zealand businesses, including seven from this study, two Chinese businesses and one Australian business. The benchmark norms for the 59 businesses in the database to date are shown below.

**Table:1 Benchmark Norms in the FRG SPA Data Base**

Base: 59 Organisations

Business Size/Type		Goods Provider	Services Provider	Total
Small	No	6	22	28
	SPI	6.9 (6.0 - 7.7)	6.5 (5.3 - 7.8)	6.6 (5.3 - 7.8)
	ROI	7.4 (6.0 - 8.0)	6.5 (4.0 - 10.0)	6.7 (4.0 - 10.0)
Medium	No	9	14	23
	SPI	7.4 (5.6 - 8.4)	7.2 (5.3 - 8.2)	7.3 (5.3 - 8.4)
	ROI	7.4 (5.0 - 10.0)	6.8 (3.0 - 10.0)	7.0 (3.0 - 10.0)
Large	No	-	8	8
	SPI	-	6.7 (6.0 - 7.7)	6.7 (6.0 - 7.7)
	ROI	-	6.7 (5.0 - 8.0)	6.7 (5.0 - 8.0)
Total	No	15	44	59
	SPI	7.2 (5.6 - 8.4)	6.8 (5.3 - 8.2)	6.9 (5.3 - 8.4)
	ROI	7.4 (5.0 - 10.0)	6.6 (3.0 - 10.0)	6.8 (3.0 - 10.0)
No is the number of businesses in the category; ( ) is the range of the scores				
Correlation between ROI and SPI: $r = 0.50$ (significant at the .001 level)				
Regression between ROI and SPI: $ROI = -1.16 + 1.15 SPI$ ( $r^2 = 0.25$ , significant at the .001 level; ROI is 0 when SPI is 1.0, ROI is 10 when SPI is 9.7)				
<b>Performance Rating Classification</b> 0.0 – 1.9 extremely poor performance 2.0 – 2.9 very poor performance 3.0 – 3.9 poor performance 4.0 – 4.9 fairly poor performance 5.0 – 5.9 adequate performance 6.0 – 6.9 fairly good performance 7.0 – 7.9 good performance 8.0 – 8.9 very good performance 9.0 – 10 extremely good performance. (Murphy et. al. 2004)				

The SPI, derived from the stakeholder performance appraisal, has been shown in earlier studies by Maguiness (2003), and Murphy et al. (2004) to be an indicator of the extent to which stakeholder relationship marketing is a paradigm in practice in the New Zealand business environment.

This current study was designed to begin the development of industry specific benchmarks and to investigate the level of stakeholder relationship marketing in the Information Technology industry in New Zealand. In doing so it will determine the extent to which stakeholder relationship marketing is a paradigm in practice in the industry.

To ensure this study will extend the base of empirical knowledge in this area the general methodological approach taken in earlier studies by Murphy et al. (1997, 2004) and Maguiness (2003) was followed. It was important that results could be exchanged with current and future researchers using SPA methodology and that they could be incorporated into a meta-analysis. To this end, particular care was taken in relation to those aspects of the study relating to the development of factors forming the Stakeholder Performance Index (SPI), which is derived from the SPA.

As mentioned, focusing on information technology (IT) companies is seen as the first stage in developing industry specific benchmarks for SPA to complement the general organisational benchmark that has been derived from earlier studies (Murphy et al., 2004).

To extend the base of knowledge with relation to stakeholder marketing practices the study also explored the levels of stakeholder's perceptions of planning involvement and communication in relation to marketing as further indicators of a stakeholder relationship marketing as a paradigm in practice.

An Involvement Index and a Communication Index were developed from the current study and these quantify stakeholder marketing planning and stakeholder marketing communication relationships with a company.

These indexes measure stakeholders' perceptions of performance in terms of formal and informal market planning involvement and formal and informal market communication.

***The Involvement Index is derived from:***

*Formal Involvement:* Involvement in marketing planning and development through formal meetings, official discussions, research or surveys, team planning meetings or other organised activities.

*Informal Involvement:* Involvement in marketing planning and development through casual talks, lunchroom discussions, word of mouth, unplanned meetings or other informal or social contacts.

***The Communication Index is derived from:***

*Formal Communication:* Communication and information on new products, services and marketing activities through advertising, newspaper articles, formal presentations, information packs, formal meetings, official briefings or other organised activities.

*Informal Communication:* Communication and information on new products, services and marketing activities through word of mouth, casual conversations, unplanned meetings or other informal or social contacts.

These indicators include the critical components of successful stakeholder relationship management identified through the literature review; involvement (Ackoff, 1974; Freeman, 1984; Polonsky, 1995, 2002; Bates, 2000; Karlsen, 2002) and communication (Piercy, 1998; Duncan & Morarity, 1998; Hornick, 1998; Varey, 1999).

#### ***4.2 Sample Selection***

Utilising the Universal Business Directory (UBD) on-line database a random sample of information technology companies was identified and contacted by e-mail and telephone to assess their willingness to participate. Companies of varying sizes from all areas of the IT industry including software development companies, computer bureau, network and systems companies, and computer hardware suppliers were included.

Based on earlier studies (Murphy et al. 1997, 2004; Maguiness 2003) it was felt that at least six companies would be needed to give a sufficient level of response to produce meaningful results. In total 56 companies were contacted before a final participant list

of seven was finalised. A meeting with the CEO followed the initial telephone or e-mail contact. This was to discuss the parameters of the study, and to deliver an information pack containing the stakeholder questionnaire, the CEO questionnaire, a covering letter for stakeholder respondents, procedural information and timeframe details.

The successful enrolment rate of 12.5% for IT companies was significantly below that recorded in the non-industry specific 2003 study where a 20% enrolment rate was achieved (Maguiness, 2003). An analysis of the 56 contacted companies identified the following reasons for non-participation:

1.	Too busy/cannot spare time	15
2.	Confidentiality	12
3.	No reason given	10
4.	Head Office/CEO declined	8
5.	No interest in marketing	4
6.	Agreed to participate	7

One interesting feature of the information technology companies who agreed to participate was that they all identified themselves as being service providers even though they were heavily involved in marketing computer equipment.

In discussion with their CEOs it emerged that they saw themselves as IT “solution providers”, a function they defined as essentially a service, even though it involved them in the sale of computers, printers, cabling and network equipment and accessories.

Three participants in the study classed themselves as large companies (over \$20 million turnover) with four classing themselves as small companies (less than \$5 million turnover).

To facilitate analysis, participating companies have been grouped into large and small organisations and listed in alphabetical order within each grouping.

### **Large Organisations (t/o >\$20 million)**

#### ***Axon Computer Systems Limited***

*Provider of Services:* Network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services.

#### ***Gen-i Limited***

*Provider of Services:* Network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services.

#### ***Provenco Group Limited***

*Provider of Services:* Eftpos systems (software, hardware, accessories and consumables), network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services.

### **Small Organisations ( t/o <\$5 million)**

#### ***Canary Data Solutions Limited***

*Provider of Services:* Network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services.

#### ***Computerware Plus Limited***

*Provider of Services:* Network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services.

#### ***Logical Systems Limited***

*Provider of Services:* Network solutions, network support, software development, hardware and accessory sales and service, consumables, contract services, APPLE distributor.

#### ***Systems Advisory Services Limited***

*Provider of Services:* Computer bureau, IBM contractor, network solutions, network support, software development, hardware and accessory sales and service, consumables, consumables, contract services.

Five stakeholder groups were identified:

Customers: Buyers of goods/services

Employees: Wage, salary and contract staff

Suppliers: Providers of goods and services to participating companies

Community: Neighbours, social and community organisations and associates who have a non-commercial relationship with the participating companies

Shareholders: Owners or shareholders

These were identical to the stakeholder groups identified and surveyed in pilot study conducted by Murphy et al. (1997), and the study by Maguiness (2003).

In the literature review there is considerable debate over the definition of key stakeholder groups and their salience. The Dabhol (Smith, 1999) and Norwegian Engineering (Karlsen, 2002) case studies highlight the equal importance of all stakeholder groups and the dangers inherent in an arbitrary assessment of their power or influence.

The five groups above were selected to ensure we could generate results consistent with earlier studies and because the majority of studies examined in the literature review identifies them as key stakeholders.

They are not a comprehensive listing of stakeholder groups, and fall far short of the 29 groups identified by Gummerson (1997). However, they have been the basis of earlier studies, can be defined and contacted, and, as was noted earlier, “increases in satisfaction in one stakeholder group tends to be accompanied by increases in satisfaction of other stakeholders” (Waddock & Graves, 1997, p. 258).

In all cases customers, employees, suppliers and shareholders were accessed through company databases and from each group a random sample was selected. Where a stakeholder group had less than 20 identifiable members all were given the opportunity to participate in the study.

Identification of community stakeholders was more problematic and focused on a compiled list of sports, social and cultural groups the company had connections with through support or donations; adjacent businesses and associates established through industry group membership.

Most participants had difficulty in identifying more than a handful of community groups and all identified community stakeholders were contacted for each participating company. That an acceptable level of response was eventually received from those subsequently identified indicated a much higher level community interest than that perceived by participating organisations.

The pilot study conducted by Murphy et al. (1997) utilised a paper questionnaire while an initial e-mail and electronic questionnaire approach in the subsequent study by Maguiness (2003) found considerable resistance to the use of e-mail because of the lack of confidentiality.

In this current study, the e-mail option was discarded in favour of a printed questionnaire with a freepost return address. A number of questionnaires, particularly those from employees, were returned to participating companies and these were either physically collected by the researcher or forwarded to the freepost address.

Each participating company appointed a liaison to facilitate the survey process and this ensured that research deadlines were met.

The study also included a CEO questionnaire to provide a management perspective of performance and to assess the perceived ROI anticipated by the CEO in relation to what they perceived as the norm, or standard, in their market area. The researcher collected CEO questionnaires.

### ***4.3 Questionnaire Design***

The questionnaire was based on that used by Murphy et al. (1997) Maguiness (2003) in previous works and consisted of satisfaction and performance attribute questions to provide the basis for producing a Stakeholder Performance Index (SPI).

In addition, it included a qualitative SWOT section to provide qualitative information to complement the qualitative SPI data, and a quantitative and qualitative section addressing the areas of stakeholder market planning involvement and stakeholder marketing communication.

The 0-10 assessment scale (Murphy et al., 2004) was adopted for all questions except that, as with Maguiness's 2003 study, the layout of the questionnaire was changed to provide check boxes for respondents rather than requiring write in ratings. It was felt that the check boxes for respondents reduced respondent fatigue and encouraged completion.

Marketing students and academic staff from the Auckland Campus of Whitireia Community Polytechnic piloted the final questionnaire. There was some comment on the forced nature of the study with no provision for 'don't know' or 'no knowledge' within the questionnaire structure.

This was also commented upon by participating organisations however the introduction of such a major variance from the pilot and other studies conducted would negate the ability to produce a meta-analysis and it was decided to remain with the forced response format.

The CEO questionnaire also consisted of performance attribute questions, a qualitative SWOT section to provide qualitative information to complement the qualitative SPI data, and a section measuring the CEO's perception of stakeholder involvement and communication in marketing.

CEOs were also asked, based on the current state of their company, to rate their expected future return on investment in relation to their industry norm.

Once again, marketing students and academic staff from the Auckland Campus of Whitireia Community Polytechnic piloted the questionnaire.

In loading raw data into the SPSS database all completed questionnaires were coded to allow individual cases to be identified and accessed if required. Raw data was checked for out of range values to ensure data entry bias had not been introduced to the study.

#### **4.4 *Response Levels***

The overall response rate of 19% in this study was in line with expectations but extreme variations were evident between stakeholder groups and companies.

Canary Software and Systems Advisory Services (SAS), both small organisations, had remarkably high response rates while Logical Systems, another small organisation, had an extremely poor response rate. In contrast, the response rates for the three large organisations (Axon, Gen-i and Provenco) were very consistent.

While the response rate from the more accessible stakeholder groups, employees and shareholders, was relatively high across all companies, marked differences were evident in the response rates other stakeholder groups between organisations. These variations will be reflected upon in more detail in the individual case analysis.

**Table 2: Response Rates by Stakeholder Group/Organisation**

Stakeholder Group	Axon	Gen-i	Provenco	Canary Software	Computer Ware Plus	Logical Systems	SAS	Total
	%	%	%	%	%	%	%	%
Customers	10	14	20	37	13	4	56	12
Employees	49	38	49	86	55	70	70	49
Suppliers	14	9	11	30	9	15	23	13
Community	16	28	11	36	24	28	20	20
Shareholders	100	71	100	100	100	100	100	91
Total	19	21	24	40	16	8	42	19

In reviewing individual respondent data, the incidence of non-response to a particular attribute question was identified.

**Table 3: Non Response to Specific Questions by Stakeholder Group**

*Base: 472 stakeholders*

Base	Customers (151)	Employees (181)	Suppliers (60)	Community (59)	Shareholders (21)
	%	%	%	%	%
Customer relationships	0.0	2.2	0.0	0.0	0.0
Employee relationships	7.9	0.0	0.0	0.0	4.8
Supplier relationships	8.6	2.8	0.0	10.3	0.0
Community relationships	14.6	3.9	1.7	0.0	0.0
Shareholder relationships	23.8	9.4	6.7	10.3	4.8
Ethical standards	5.9	0.6	0.0	3.4	0.0
Preservation of the environment	18.5	2.8	6.7	1.7	4.8
Sustainable use of natural resources	19.2	3.9	6.7	1.7	4.8
Provision of value for money product/service	2.0	1.1	0.0	0.0	0.0
Profitability	17.2	1.7	3.3	5.1	0.0
Return on Investment	19.2	4.4	6.7	13.6	0.0
Overall Performance	0.7	0.0	0.0	0.0	0.0
Strength	27.8	12.7	18.3	28.8	4.8
Weakness	47.7	17.1	35.0	56.0	28.6
Opportunity	39.1	27.6	28.3	33.9	14.3
Threat	35.8	23.8	23.3	39.0	19.0
Formal Involvement	2.0	1.1	1.7	0.0	4.8
Informal Involvement	2.6	1.1	1.7	0.0	4.8
Formal Communication	1.3	0.6	1.7	0.0	0.0
Informal Communication	1.3	1.7	1.7	0.0	4.8

Non-response to attribute questions is significant in that it may be an indicator of either a lack of knowledge, a lack of opinion/perception or a lack of interest with regard to that aspect of the stakeholder/organisational interface. Table 3 above summarises the percentage of respondents not answering a particular question and non-response over 15% is highlighted.

It is noticeable that customers of these IT companies had significantly lower levels of knowledge, awareness or interest in shareholder relationships, and in environmental and financial areas than other stakeholders.

Response to the SWOT analysis was muted but this applies generally across all stakeholder groups.

#### ***4.5 Stakeholder Performance Appraisal Benchmark Analysis***

As discussed, the meta-analysis of SPA results from 59 organisations compiled by the Future research Group of the Commerce Department of Massey University at Albany provides a base against which individually researched companies can be benchmarked (Future Research Group, 2004).

As mentioned, these results indicate that SPI is significantly correlated with CEOs' perception of future ROI, and that present SPI explains 25% of the variance in future ROI. (see Table 1, pg 43)

The benchmark SPI is based on a number of indicator indexes and the study by Maguiness (2003) incorporated an examination that confirmed the statistical validity of these indexes.

To reinforce this confirmation the aggregate data from this study of 7 IT companies has also been examined to determine if the statistical validity of indexes continues to be supported.

As the information derived from this study is interval, Pearson's correlation has been used to examine the relationships between component attributes in each sub-index. The robustness or reliability of each sub index was tested using Cronbach's Alpha.

To be meaningful combined correlations needed to be significant at the .01 level (2-tailed) with the magnitude and direction of the correlation significant. Correlations were also examined for instances of multicollinearity. (Grimm and Yarnold, 2001)

Components of Social Performance showed medium (0.5) positive correlations with no indication of multicollinearity (a correlation greater than 0.9 indicates two attributes may be measuring the same thing). The Cronbach's alpha value of 0.8743 confirms that this is a robust index.

**Table 4: Social Performance Correlations**

		Customer Relationships	Employee relationships	Supplier Relationships	Community Relationships	Shareholder Relationships	Ethical Standards
<b>Customer Relationships</b>	Pearson Correlation	1.000	.603**	.622**	.467**	.434**	.588**
	Sig. (2-tailed)	.	.000	.000	.000	.000	.000
	N	468	455	448	442	408	457
<b>Employee relationships</b>	Pearson Correlation	.603**	1.000	.632**	.553**	.494**	.638**
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000
	N	455	459	444	440	407	452
<b>Supplier Relationships</b>	Pearson Correlation	.622**	.632**	1.000	.522**	.433**	.566**
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000
	N	448	444	448	432	407	444
<b>Community Relationships</b>	Pearson Correlation	.467**	.553**	.522**	1.000	.490**	.547**
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000
	N	442	440	432	442	408	439
<b>Shareholder Relationships</b>	Pearson Correlation	.434**	.494**	.433**	.490**	1.000	.483**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	408	407	407	408	408	408
<b>Ethical Standards</b>	Pearson Correlation	.588**	.638**	.566**	.547**	.483**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.
	N	457	452	444	439	408	460

\*\* Correlation is significant at the 0.01 level (2-tailed).

Environmental Performance attributes (Table 5) have a strong positive correlation and the index has a robust Cronbach's alpha value of 0.8937.

Economic Performance attributes (Table 6) have medium to strong positive correlations with an index Cronbach's alpha value of 0.8051.

**Table 5: Environmental Performance Correlations**

		<b>Preservation of Environment</b>	<b>Use of Natural Resources</b>
<b>Preservation of Environment</b>	Pearson Correlation	1.000	.810**
	Sig. (2-tailed)	.	.000
	N	433	428
<b>Use of Natural Resources</b>	Pearson Correlation	.810**	1.000
	Sig. (2-tailed)	.000	.
	N	428	430

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table 6: Economic Performance Correlations**

		<b>Value for Money</b>	<b>Profitability</b>	<b>Return on Investment</b>
<b>Value for Money</b>	Pearson Correlation	1.000	.514**	.507**
	Sig. (2-tailed)	.	.000	.000
	N	467	437	423
<b>Profitability</b>	Pearson Correlation	.514**	1.000	.756**
	Sig. (2-tailed)	.000	.	.000
	N	437	438	421
<b>Return on Investment</b>	Pearson Correlation	.507**	.756**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	423	421	423

\*\* Correlation is significant at the 0.01 level (2-tailed).

As can be seen, the data from this current study verifies the findings of Maguiness (2003) that the component elements of the SPI are both robust and represent significant relationships.

In addition the 11 individual component attributes that make up the SPI were collectively examined in this current study and were found to exhibit medium to strong positive correlations with an extremely robust Cronbach's alpha of 0.9140.

In expanding the study to include measures of stakeholder involvement in market planning and stakeholder marketing communication, a further tool has been created to support SPI and SWOT in assessing stakeholder relationship marketing in practice in participating companies.

The two factors in the Involvement Index, formal and informal stakeholder involvement in market planning, have a strong positive correlation and the derived index has a Cronbach's alpha value of 0.8668.

**Table 7: Market Planning Involvement Index**

		Planning Involvement Formal	Planning Involvement Informal
<b>Planning Involvement Formal</b>	Pearson Correlation	1.000	.765**
	Sig. (2-tailed)	.	.000
	N	465	464
<b>Planning Involvement Informal</b>	Pearson Correlation	.765**	1.000
	Sig. (2-tailed)	.000	.
	N	464	464

\*\* Correlation is significant at the 0.01 level (2-tailed).

The two factors in the Communication Index, formal and informal stakeholder marketing communication also have a strong positive correlation and the derived index has a acceptable Cronbach's alpha value of 0.7778.

**Table 8: Marketing Communication Index**

		Formal Communication	Informal Communication
<b>Formal Communication</b>	Pearson Correlation	1.000	.636**
	Sig. (2-tailed)	.	.000
	N	468	464
<b>Informal Communication</b>	Pearson Correlation	.636**	1.000
	Sig. (2-tailed)	.000	.
	N	464	465

\*\* Correlation is significant at the 0.01 level (2-tailed).

Benchmarks have yet to be established in relation to involvement and communication but the correlation of these indexes with SPI supports their function in the relationship matrix.

**Table 9: Involvement, Communication and SPI Correlation**

		Involvement Index	Communication Index	SPI
<b>Involvement Index</b>	Pearson Correlation	1.000	.602**	.358**
	Sig. (2-tailed)	.	.000	.000
	N	464	461	384
<b>Communication Index</b>	Pearson Correlation	.602**	1.000	.376**
	Sig. (2-tailed)	.000	.	.000
	N	461	464	383
<b>SPI</b>	Pearson Correlation	.358**	.376**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	384	383	388

\*\* Correlation is significant at the 0.01 level (2-tailed).

In further investigating the relationship between stakeholder relationship marketing, as measured by the indicator SPI, stakeholder market planning involvement and stakeholder marketing communication, a regression analysis was conducted.

**Table 10: SPI Regressed Against Involvement and Communication Indexes**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.408	.166	.162	1.126

a Predictors: (Constant), Communication Index, Involvement Index

**ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	96.106	2	48.053	37.878	.000
	Residual	482.081	380	1.269		
	Total	578.186	382			

a Predictors: (Constant), Communication Index, Involvement Index

b Dependent Variable: SPI

**Coefficients**

		Unstandardised Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	5.168	.130		39.663	.000
	Involvement Index	.098	.029	.202	3.390	.001
	Communication Index	.135	.032	.250	4.200	.000

a Dependent Variable: SPI

This indicates that 16% of the variance in SPI can be explained by these factors and the ANOVA verifies that this result is statistically significant.

Stakeholder market planning involvement and marketing communication are significant predictors of SPI with communication having a marginally greater impact on SPI than involvement.

To provide a basis for further analysis of involvement and communication an interpretive scale has been developed based on the SPI scale developed by Murphy and detailed in Table 1, pg. 42 (Murphy et al. 2004).

**Involvement/Communication Rating Classification**

0.0-1.9	almost never involved/communicate	5.0-5.9	sometimes involved/communicate
2.0-2.9	very seldom involved/communicate	6.0-6.9	often involved/communicate
3.0-3.9	seldom involved/communicate	7.0-7.9	frequently involved/communicate
4.0-4.9	occasionally involved/communicate	8.0-8.9	very frequently involved/communicate
		9.0-10	almost always involved/communicate

## CHAPTER 5      STAKEHOLDER PERFORMANCE APPRAISAL -CASE ANALYSIS

While all participants were drawn from the information technology industry, significant differences in stakeholder attitudes, and in overall SPI, were evident between participating organisations. This is in line with the findings of earlier SPA studies (Maguiness, 2003) and was anticipated, as commonality in terms of stakeholder relationship marketing policy was not expected.

**Table 11: Stakeholder Performance Assessment: Information Technology Companies**

<i>Respondents</i>	<i>99</i>	<i>90</i>	<i>119</i>	<i>36</i>	<i>45</i>	<i>40</i>	<i>43</i>	<i>472</i>
	<b>AXON</b>	<b>GEN-i</b>	<b>PROVENCO</b>	<b>CANARY</b>	<b>COMPUTERW.</b>	<b>LOGICAL</b>	<b>SAS</b>	<b>TOTAL</b>
Customer Relationships	7.7	7.2	6.8	8.2	6.3	6.6	7.3	7.2
Employee Relationships	7.4	6.6	6.5	8.1	5.8	6.7	6.9	6.9
Supplier Relationships	7.5	6.4	6.6	7.5	6.2	6.4	6.4	6.7
Community Relationships	5.4	5.2	5.5	6.4	5.7	5.8	5.1	5.6
Shareholder Relationships	6.5	6.2	6.5	8.0	6.3	6.8	7.1	6.8
Ethical Standards	8.0	7.0	6.8	8.3	6.8	7.0	7.3	7.3
Preservation of the Environment	5.5	5.6	5.7	7.6	5.5	6.4	5.7	6.0
Use of Natural Resources	5.3	5.1	5.2	6.7	5.3	6.0	5.3	5.6
Value for Money	7.1	6.5	6.5	8.2	6.6	6.4	6.9	6.9
Profitability	6.6	6.2	6.3	7.1	6.1	6.8	7.1	6.6
Return on Investment	6.8	6.2	6.0	7.5	5.7	6.8	6.9	6.6
Overall Performance	<b>7.2</b>	<b>6.9</b>	<b>6.6</b>	<b>8.0</b>	<b>6.1</b>	<b>6.8</b>	<b>7.1</b>	<b>7.0</b>
Social Performance	7.1	6.4	6.5	7.8	6.2	6.6	6.7	6.7
Environmental Performance	5.4	5.4	5.5	7.2	5.4	6.2	5.5	5.8
Economic Performance	6.8	6.3	6.3	7.6	6.1	6.7	7.0	6.7
Stakeholder Performance Index	<b>6.4</b>	<b>6.0</b>	<b>6.1</b>	<b>7.5</b>	<b>5.9</b>	<b>6.5</b>	<b>6.4</b>	<b>6.4</b>
CEO Future ROI Rating	<b>8</b>	<b>5</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>7.3</b>
Formal Involvement	3.8	3.1	2.6	5.2	2.4	2.0	4.4	3.4
Informal Involvement	4.6	3.2	3.2	5.7	2.0	2.3	4.4	3.6
Formal Communication	5.7	5.1	5.0	6.2	4.4	3.3	4.7	4.9
Informal Communication	5.4	3.8	4.1	6.0	3.4	2.8	4.2	4.2
Involvement Index	<b>4.2</b>	<b>3.2</b>	<b>2.9</b>	<b>5.5</b>	<b>2.2</b>	<b>2.2</b>	<b>4.4</b>	<b>3.5</b>
Communication Index	<b>5.6</b>	<b>4.5</b>	<b>4.6</b>	<b>6.1</b>	<b>3.9</b>	<b>3.1</b>	<b>4.5</b>	<b>4.6</b>

By focusing on the IT industry this study provides a base for the development of an industry specific benchmark of SPI as a measure of stakeholder relationship marketing in practice.

As detailed earlier a meta-analysis of 59 unrelated organisations had an average SPI of 6.9 (see Table 1, p. 43) and an average ROI of 6.8. This can be compared with an average SPI of 6.4 and an average ROI of 7.3 for the IT companies examined in this study (Table 11, p. 57).

The meta-analysis tells us that large service providers (8 surveyed) have an average SPI of 6.7 with a CEO expected ROI of 6.7, while small service provider (22 surveyed) have an average SPI of 6.5 with a CEO expected ROI of 6.5.

This lower than average SPI indicates that the IT industry do not appear to have adopted the practice of stakeholder relationship marketing to the extent that organisations in other industries have.

Discussions with CEOs from the participating companies indicate that this is a volatile and rapidly changing industry where technological advantage is critical to business success but where returns and rewards can be exceptional for companies that lead development.

They indicate that knowledge is power and intense competition for skilled staff and high staff mobility typify the industry. The higher than average ROI reflects the exceptional returns anticipated for those organisations who do secure a competitive advantage. Conversely, those companies who have not achieved this goal anticipate a much poorer future.

Across the seven IT companies in this study the average involvement index rating was 3.5 and the average communication index rating was 4.6 (Table 11, p. 58). While a benchmark has yet to be established for these indicators, their relatively low values, along with the lower than average SPI, reinforces the thought that the IT industry is not as strongly committed to the practice of stakeholder relationship marketing as some other industries.

A more meaningful picture can be elicited by examining the extent to which individual companies are practicing stakeholder relationship marketing and this can be derived from an analysis of each participating company.

The qualitative SWOT analysis and the quantitative and qualitative assessments of formal and informal involvement and communication for each company provide additional information to assist in the interpretation of qualitative data.

In addition to providing evidence relating to the extent stakeholder relationship marketing as a paradigm in practice in the IT industry, meaningful and actionable information can be extracted that can assist in future strategic plans and marketing programmes.

Because of the small number of participating organisations, their varying sizes and diverse operations, care must be taken in broad generalisations based on aggregate results.

Individual company analysis is more meaningful and will provide participating organisations with specific information that can support, or guide their future strategic planning.

### 5.1: Case 1: AXON COMPUTERS

Axon's SPI of 6.4 is in line with the average of IT companies examined in this study (see Table 11, p.57) but is below 6.7 the average for the large service companies included in the meta-analysis (see Table 1, p. 43).

**Table 12: Axon Stakeholder Performance Assessment**

<i>Respondents</i>	<i>30</i>	<i>49</i>	<i>11</i>	<i>8</i>	<i>1</i>	<i>99</i>
	Customers	Employees	Suppliers	Community	Shareholders	Total
<b>Customer Relationships</b>	<b>7.3</b>	7.3	7.7	7.4	9	7.7
<b>Employee Relationships</b>	7.3	<b>6.4</b>	7.9	7.6	8	7.4
<b>Supplier Relationships</b>	7.3	7.2	<b>8.0</b>	7.0	8	7.5
<b>Community Relationships</b>	6.1	5.2	5.2	<b>5.3</b>	5	5.4
<b>Shareholder Relationships</b>	5.9	6.1	6.3	7.4	<b>7</b>	6.5
<b>Ethical Standards</b>	7.2	6.9	8.0	8.0	10	8.0
<b>Preservation of the Environment</b>	6.1	5.4	5.3	5.6	5	5.5
<b>Use of Natural Resources</b>	5.6	5.2	4.8	5.0	6	5.3
<b>Value for Money</b>	6.6	7.0	6.6	7.3	8	7.1
<b>Profitability</b>	7.0	6.7	7.0	7.1	5	6.6
<b>Return on Investment</b>	6.4	6.4	6.2	7.1	8	6.8
<b>Overall Performance</b>	<b>7.1</b>	<b>7.1</b>	<b>7.7</b>	<b>8.3</b>	<b>6</b>	<b>7.2</b>
<b>Social Performance</b>	6.9	6.5	7.2	7.1	7.8	7.1
<b>Environmental Performance</b>	5.9	5.3	5.1	5.3	5.5	5.4
<b>Economic Performance</b>	6.7	6.7	6.6	7.2	7.0	6.8
<b>Stakeholder Performance Index</b>	<b>6.5</b>	<b>6.2</b>	<b>6.3</b>	<b>6.5</b>	<b>6.8</b>	<b>6.4</b>
<b>CEO Future ROI Rating</b>						<b>8</b>
<b>Formal Involvement</b>	3.2	2.9	3.1	1.0	9	3.8
<b>Informal Involvement</b>	3.7	3.5	3.8	2.0	10	4.6
<b>Formal Communication</b>	5.8	5.9	3.7	4.3	9	5.7
<b>Informal Communication</b>	5.5	5.3	4.1	2.1	10	5.4
<b>Involvement Index</b>	<b>3.5</b>	<b>3.2</b>	<b>3.5</b>	<b>1.5</b>	<b>9.5</b>	<b>4.2</b>
<b>Communication Index</b>	<b>5.7</b>	<b>5.6</b>	<b>3.9</b>	<b>3.2</b>	<b>9.5</b>	<b>5.6</b>

While an SPI of 6.4 indicates a fairly good performance, the critical relationship is the derived ROI based on the relationship between SPI and ROI identified in the meta-analysis and defined by the regression analysis,  $ROI = -1.16 + 1.15 \text{ SPI}$  (as detailed in Table 1, pg. 43).

Derived ROI represents the future ROI of the organisation based on current stakeholder relationships. It removes external factors and current advantages in terms of technology and knowledge to reveal the underlying strength, or weakness of the organisation in relation to its stakeholders. Given the volatile nature of the market, it gives a critical insight into a future where market forces may result in a level playing field.

Axon's CEO rates future ROI at 8, which indicates that, in relation to perceived industry norms, he expects to achieve a very good performance. Derived ROI, at 6.2, does not support this expectation with only a fairly good performance predicted, a level significantly below that predicted by the CEO.

This indicates that the ROI expectations of the CEO may be based on factors other than the organisation's relationships with its stakeholder base. In a period of high demand, and with technological advantages, this may not be seen as critical but long-term success, as defined by Elkington's triple bottom line concept (Elkington, 1999, p. 22) and as evidenced by our literature review, will ultimately rest on stakeholder relationships.

An ANOVA examination of stakeholder perceptions of individual attributes contributing to the SPI showed there were no significant differences between stakeholder groups except for employees' perceptions of their own relationships with the company. While other stakeholders felt the companies employee relationships were good to very good, employees themselves felt they were only fairly good.

Stakeholder perceptions of their own relationships with the organisation are particularly significant with suppliers rating their relationships as very good, employees rate theirs as fairly good and the community see their relationships as only adequate (see highlighted values in Table 12, p. 61).

Overall Axon is highly regarded with respect to ethics but is seen as only adequate in relation to environmental factors.

### **5.1.1 *Axon's Aggregate SWOT Analysis***

The SPI provides a quantitative assessment of Axon's stakeholder relationship marketing performance that we can assess against the IT benchmark established by this study and against the benchmark for large service organisations derived from the 59 company meta-analysis.

While quantitative assessments such as the SPI and benchmarks measure stakeholder relationship performance and provide a cross industry and cross organisation performance comparison they do not expose the underlying reasons for the levels of perception being reflected by stakeholders. They may identify a strength or weakness but they do not provide direction in terms of specifics that can be used in developing strategies to address stakeholder issues.

In order to expose the underlying reasons behind stakeholder perceptions a qualitative SWOT analysis was incorporated in this study. With varying numbers of stakeholders in each stakeholder group weighting the aggregate results an overall aggregate SWOT is meaningless, as the dominant stakeholder groups, in terms of survey respondents, will artificially skew results.

As discussed in the literature review, any stakeholder group can, at any one time achieve salience and impact significantly on an organisations functions so all stakeholders must all be treated with equity and relationship marketing strategies need to focus specifically on each group's needs.

Because of the significantly different respondent numbers in each stakeholder group, aggregate SWOT tables have not been included in this analysis; rather the focus will be on each individual stakeholder group's relationships with each participating company.

### **5.1.2 *Axon's Aggregate Involvement/Communication Analysis***

As discussed the successful application of stakeholder relationship marketing strategies is further evidenced by two identifiable factors, stakeholder involvement and stakeholder communication and the literature indicates that successful stakeholder relationships are bedded in high levels of both.

Axon's overall involvement index rating of 4.2 indicates that stakeholders are occasionally involved in market planning with their informal involvement higher than their formal involvement. Stakeholder communication is somewhat better with a 5.6 rating with levels of formal communication slightly higher than those for informal (see Table 12, p. 60). With the involvement index benchmark across 7 IT companies being 3.5, and the communication index benchmark being 4.6, Axon performance is above the industry average (see Table 11, p. 57).

Qualitative information relating to stakeholders perceptions of levels of involvement and communication was collected as part of this study. As with the SWOT analysis, the differing response levels in each stakeholder group make an aggregate analysis meaningless but analysis by each stakeholder group will provide information that is pertinent to the companies' development of stakeholder relationship marketing strategies.

### ***5.1.3 Axon's Customer Analysis***

Only 10% of the customers sent questionnaires responded which is considerably below the 20% norm than can be expected from mail surveys.

Their overall SPI of 6.5 reflects a perception of a fairly good performance in social and economic areas with an adequate performance in the environmental area. They rated their own relationships with Axon as good (7.3) and the relative balance of strength and weakness comments, with 67% of customers commenting on strengths and 57% on weaknesses, supports their generally good assessment of their own relationships.

It is evident that, with their own relationships rated at 7.3, customer's overall SPI of 6.5 is reflective of the customer's lower rating of community and shareholder relationships, environmental and economic factors.

Detailed individual verbatim comments were recorded for all qualitative questions and will be made available to participating companies for detailed analysis. Table 13 below summarises verbatim comments made by customers and identifies the percentage of commenting customers who made a comment in a particular area.

Percentages rather than raw scores have been used to enable cross stakeholder group comparisons to be made.

**Table 13: Axon’s Customer SWOT Analysis**  
*All Customers (30)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	20(67%)	Commenting Customers	17(57%)
Number of Comments	26	Number of Comments	23
Comments per Customer	1.3	Comments per Customer	1.4
Communication (5%)		Communication (18%)	
Knowledge (15%)		Knowledge (6%)	
Management (10%)		Management (24%)	
Service (35%)		Price (12%)	
Staff (55%)		Product (6%)	
Structure (10%)		Service (18%)	
		Staff (41%)	
		Structure (6%)	
		Other (6%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	13(43%)	Commenting Customers	16(53%)
Number of Comments	19	Number of Comments	20
Comments per Customer	1.5	Comments per Customer	1.3
Competition (8%)		Competitors (69%)	
Customer (54%)		Customer (19%)	
Market (8%)		Market (6%)	
Product (54%)		Technology (13%)	
Technology (8%)		Other (19%)	
Other (15%)			

Staff and service were identified as key strengths but specific comments were general with ‘good staff’ and ‘helpful’ being typical. Staff turnover was the main weakness identified with negative comments on management relating to decision making.

43% of customers identified opportunities, and 53% identified threats, with increased customer service and a wider product range identified as opportunities and aggressive competitors as the key threats.

Axon’s customer involvement index rating of 3.5 indicates that they are seldom involved in market planning. Little difference is exhibited in ratings between formal and informal involvement and the overall picture is reflective of a company that does not actively engage its customers in the marketing planning process. A typical comment was ‘we have never been asked’. It was interesting that 38% of those answering the question felt they did not need to be involved.

**Table 14: Axon's Customer Involvement/Communication Analysis***All Customers (30)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	13(43%)	Commenting Customers	11(37%)
Number of Comments	14	Number of Comments	14
Comments per Customer	1.1	Comments per Customer	1.3
Involvement (15%)		Communication (82%)	
No Involvement (46%)		No Communication (45%)	
Not Required (38%)			
Other (8%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	11(37%)	Commenting Customers	9(30%)
Number of Comments	11	Number of Comments	10
Comments per Customer	1.0	Comments per Customer	1.1
Involvement (36%)		Communication (67%)	
No Involvement (45%)		No Communication (44%)	
Not Required (9%)			
Other (9%)			

Formal and informal communication with customers is somewhat better with positive comments reflecting the higher 5.7 communication index. Formally, regular e-mails and newsletters were mentioned while informal communication was related to casual conversations.

#### **5.1.4 Axon's Employee Analysis**

A very high 49% of employees receiving a questionnaire returned them giving a solid base for analysis. The employees overall SPI of 6.2 reflects their perception of a fairly good performance in social and economic areas with an adequate performance in the environmental area and their own relationships with Axon which they rate as good (6.4).

In the qualitative SWOT analysis, 88% of employees made a positive comment in relation to strength with staff and service were identified as being key strengths. Comments on staff were very general and are typified by comments such as 'good staff', 'good teamwork' and it's the people'. Service comments simply related to the quality and speed of service.

90% of employees commented on weaknesses with structure and management the most frequently mentioned. The lack of clear roles, poor processes and systems was the main criticism with comments on management covering a wide range of unrelated issues.

**Table 15: Axon's Employee SWOT Analysis***All Employees (49)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	43(88%)	Commenting Employees	44(90%)
Number of Comments	62	Number of Comments	53
Comments per Customer	1.4	Comments per Employees	1.2
Communication (5%)		Communication (14%)	
Knowledge (7%)		Knowledge (5%)	
Management (14%)		Management (27%)	
Price (2%)		Product (5%)	
Product (2%)		Service (7%)	
Service (23%)		Staff (20%)	
Staff (70%)		Structure (32%)	
Structure (14%)		Other (11%)	
Other (7%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	37(76%)	Commenting Employees	42(86%)
Number of Comments	39	Number of Comments	50
Comments per Employee	1.1	Comments per Customer	1.2
Customer (46%)		Competitors (64%)	
Market (16%)		Customer (17%)	
Product (19%)		Market (5%)	
Other (24%)		Technology (7%)	
		Other (26%)	

Building business through leveraging existing customers was seen as the key opportunity area while aggressive competitors were very clearly identified as the main threat.

Axon's employee involvement index rating of 3.2 indicates that they are seldom involved in market planning. Involvement in formal market planning is 'very seldom' and the overall picture is reflective of a company that does not actively engage its employees in the marketing planning process.

An examination of employee comments on their planning involvement reinforces this assessment. 78% commented on the level of formal involvement with almost all comments related to the lack of formal involvement they were experiencing.

Informal involvement was commented upon by 65% of employees and it appears, from the comments, that informal involvement is somewhat better than formal. The stronger informal involvement rating of 3.5, compared to that of 2.9 for formal involvement, supports this interpretation. Once again, comments covered a wide range of issues and no one theme dominates.

**Table 16: Axon's Employee Involvement/Communication Analysis***All Employees (49)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	38(78%)	Commenting Employees	34(69%)
Number of Comments	44	Number of Comments	39
Comments per Employee	1.2	Comments per Employee	1.1
Involvement (21%)		Communication (97%)	
No Involvement (82%)		No Communication (18%)	
Not Required (5%)			
Other (8%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	32(65%)	Commenting Employees	30(61%)
Number of Comments	36	Number of Comments	33
Comments per Employee	1.1	Comments per Employee	1.1
Involvement (50%)		Communication (97%)	
No Involvement (59%)		No Communication (13%)	
Other (3%)			

Their communication index was 5.6 with a formal communication rating of 5.9. 69% commented on the level of formal communication and they generally made positive comments. These ranged from comments such as 'always keep us up to date', 'regular information' and 'receive e-mails' to a simple mention of: 'newsletters', 'meetings' and 'conferences'. Informal communication comments are also quite positive highlighting 'chats', 'lunchroom' and 'impromptu'.

### **5.1.5 Axon's Supplier Analysis**

As with most IT companies Axon does not have a large number of suppliers. They are not manufacturers and apart from the normal service product suppliers (electricity, stationery) they focus on negotiated relationships with a limited number of suppliers of equipment and accessories to be integrated into the computer solution packages they develop. Responses were received from 14% of the Axon's suppliers who were sent questionnaires, which gave a base of only 11 for this analysis.

Suppliers rate their own relationships as very good (8.0), but their overall SPI of 6.3 reflects their lower rating for environmental and economic factors.

Their generally positive perceptions are supported by the qualitative SWOT analysis where 100% of suppliers made a positive comment in relation to strengths, with staff most frequently mentioned. In comparison 73% commented on weaknesses with the structure of the organisation mentioned as a concern.

**Table 17: Axon's Suppliers SWOT Analysis***All Suppliers (11)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	11(100%)	Commenting Suppliers	8(73%)
Number of Comments	17	Number of Comments	8
Comments per Supplier	1.7	Comments per Supplier	1.0
Communication (9%)		Communication (13%)	
Knowledge (27%)		Product (13%)	
Management (27%)		Staff (13%)	
Product (9%)		Structure (38%)	
Service (18%)		Other (25%)	
Staff (45%)			
Structure (9%)			
Other (9%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	8(73%)	Commenting Suppliers	9(82%)
Number of Comments	9	Number of Comments	10
Comments per Supplier	1.1	Comments per Customer	1.1
Customer (50%)		Competitors (33%)	
Market (13%)		Customer (11%)	
Product (25%)		Market (33%)	
Technology (25%)		Technology (22%)	
Other (13%)		Other (11%)	

Opportunities identified have a 'build customer base' focus while threats are 'aggressive competition' and 'a changing market environment'.

The supplier's involvement index of 3.5 indicates that they are seldom involved in market planning with comments such as 'never ask us' and 'never been involved' typifying formal involvement and this is reflected in a formal rating of 3.1. Informal involvement, at 3.8, is rather more evident with comments such as 'casual only' and 'good level from my contacts' supporting a slightly stronger rating.

As with customers and employees, the overall picture is reflective of a company that does not formally engage its stakeholders in the marketing planning process.

The supplier's communication index of 3.9 indicates that there is seldom any marketing communication with this stakeholder group and this level is significantly below that for customers (5.7) and employees (5.6). Once again verbatim comments tend to reinforce this but it is interesting that a number of suppliers express the comment that it is 'not required' or 'not expected'.

**Table 18: Axon's Suppliers Involvement/Communication Analysis***All Suppliers (11)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	11(100%)	Commenting Suppliers	10(91%)
Number of Comments	9	Number of Comments	12
Comments per Supplier	1.1	Comments per Supplier	1.2
Involvement (27%)		Communication (30%)	
No Involvement (55%)		No Communication (40%)	
Not Required (27%)		Not Required (20%)	
OK (18%)		OK (10%)	
Other (9%)		Poor (10%)	
		Other (10%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	11(100%)	Commenting Suppliers	5(45%)
Number of Comments	13	Number of Comments	7
Comments per Supplier	1.2	Comments per Supplier	1.4
Involvement (55%)		Communication (20%)	
No Involvement (18%)		No Communication (60%)	
OK (18%)		Not Required (20%)	
Other (9%)		OK (20%)	
		Other (20%)	

### 5.1.6 Axon's Community Analysis

The community SPI of 6.5 was remarkably high when their assessment of their own relationships was only 5.3.

It appears that members of this stakeholder group expect a low level of association with the company and this does not detract from their overall perception of the organisation.

As with suppliers, a relatively low 16% response rate was achieved and this was a difficult stakeholder group to identify and contact. Strength comments related to staff and management but only 3 suppliers (38%), identified a weakness.

A stronger market presence, with comments such as 'sell yourselves' and 'build image', was seen as the main opportunity while 'aggressive competition' was identified as the main threat.

**Table 19: Axon's Community SWOT Analysis***All community (8)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	7(88%)	Commenting Community	3(38%)
Number of Comments	10	Number of Comments	3
Comments per Community	1.4	Comments per Community	1.0
Management (43%)		Product (33%)	
Product (14%)		Staff (33%)	
Service (14%)		Structure (33%)	
Staff (57%)			
Other (14%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	6(75%)	Commenting Suppliers	6(75%)
Number of Comments	7	Number of Comments	7
Comments per Community	1.2	Comments per Community	1.2
Market (17%)		Competitors (83%)	
Product (17%)		Technology (17%)	
Technology (17%)		Other (17%)	
Other (67%)			

The community involvement index rating of 1.5 indicates that they are almost never involved in market planning and formal involvement is virtually nil. Comments such as 'never happened' and 'none' reinforce this assessment. The community communication index of 3.2 indicates that there is seldom any communication with this group and that which occurs tends to be formal (4.3) rather than informal (2.1). Once again, verbatim comments reinforce this finding.

**Table 20: Axon's Community Involvement/Communication Analysis***All Community (8)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	6(75%)	Commenting Community	7(88%)
Number of Comments	6	Number of Comments	7
Comments per Community	1.0	Comments per Community	1.0
No Involvement (67%)		Communication (29%)	
Not Required (17%)		No Communication (71%)	
Other (17%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	4(50%)	Commenting Suppliers	3(38%)
Number of Comments	6	Number of Comments	3
Comments per Community	1.0	Comments per Supplier	1.0
No Involvement (100%)		No Communication (33%)	
Not Required (25%)		Not Required (33%)	
Other (25%)		OK (33%)	

### 5.1.7 Axon's Shareholder Analysis

Only one shareholder responded to the survey for Axon and the SPI of 6.8 is very much in line with the shareholder's assessment of his/her own relationships at 7 (good).

He/she identified knowledge, management and ethics as strengths with comments relating to management and service made with regard to weaknesses. The market was seen to contain both opportunities and threats.

The shareholder's involvement and communication indexes were both 9.5, indicating that the shareholder was almost always involved in market planning and in market communication.

#### **5.1.8 Axon's CEO Analysis**

The CEO's view of stakeholder marketing relationships is important in that it can be directly compared with the perceptions of the individual stakeholder groups. As discussed earlier, historically stakeholder studies usually focused on a management view of stakeholder relationships rather than observing the relationship from the stakeholders' viewpoint. This SPA study, as with earlier work in this field, has a stakeholder orientation and elicits the stakeholders' perceptions as the critical element in determining if a relationship actually exists. The CEO's view has critical importance in that it can be used to determine the degree to which management is in touch with the realities of their companies' stakeholder relationships.

In addition to providing indicators of perceived financial strength through a debt/equity and profitability rating against industry norms, the CEO also recorded their perception of employee and customer satisfaction, their assessment of the companies overall performance and their assessment of the levels of involvement and communication that exist with each stakeholder group.

Axon's debt/equity ratio and profitability were both rated as 5, an only adequate level of performance against industry norms yet future ROI was rated at 8, an expectation of a very good performance which is somewhat at odds with the other financial ratings provided.

Employees rated their relationships with the company as fairly good (6.4) and the CEO's rating of good (7) is sufficiently close to this to indicate a good understanding of the current climate. The CEO's very positive assessment of customer satisfaction at 9 (extremely good) can be assessed against customers perception of their relationships which they see as good (7.3) and their assessment of the overall performance of the

company which is also good (7.1). These indicate that some moderation of the management view may be in order.

CEOs were asked to rate their perceptions of involvement and communication with each stakeholder group and a CEO perception based involvement and communication index was calculated to enable direct comparison with the equivalent stakeholder indexes.

**Table 21: Axon's CEO/Stakeholder Involvement and Communication Index**

	<b>CEO Response Based Index</b>	<b>Stakeholder Response Index</b>
<b>Customer Involvement Index</b>	8.0	3.5
<b>Employee Involvement Index</b>	8.5	3.2
<b>Supplier Involvement Index</b>	7.5	3.5
<b>Community Involvement Index</b>	1.5	1.5
<b>Shareholder Involvement Index</b>	7.0	9.5
<b>Customer Communication Index</b>	10.0	5.7
<b>Employee Communication Index</b>	10.0	5.6
<b>Supplier Communication Index</b>	9.5	3.9
<b>Community Communication Index</b>	1.0	3.2
<b>Shareholder Communication Index</b>	9.0	9.5

It is in the area of involvement and communication that the difference between CEO perception and that of stakeholders is most noticeable.

Axon's CEO sees involvement for all but community stakeholders to be frequent to very frequent while the stakeholder's perception against the same parameters is, with the exception of the one shareholder, significantly below this level. Customers, employees and suppliers perceive their level of market planning involvement to be seldom and it is only in the area of community involvement that the CEO and the stakeholder are in agreement with both rating involvement as being almost never.

This major difference in perception is also reflected in the area of market communication where the CEO sees a perfect rating for customer and employee and a near perfect rating for suppliers against stakeholder perceptions that are of being communicated with sometimes in the case of customers and employees, and seldom by suppliers.

### **5.1.9 Axon Summary**

A number of interrelated and interacting components provide an information matrix for assessing IT companies in terms of their application of stakeholder relationship marketing.

The first is the indicator index, SPI, which measures overall performance in terms of stakeholder relationship marketing. This is supported by qualitative information from the company SWOT analysis.

The second is stakeholder involvement and communication as measured by the indicator involvement and communication indexes. These show the current level of activity supporting SPI perceptions and ratings are supported by qualitative information.

The third component in the matrix is the perceptions of financial performance, derived ROI, providing an indicator of stakeholder based future ROI, and the CEO's future ROI providing a management view. These can be contrasted to determining the fit between CEO and stakeholder perceptions and by inference, the degree to which views correlate.

The final component in the matrix is the perceptions of the CEO and stakeholders with regard to stakeholder relationships, involvement and communication. These illustrate the closeness, or the gaps, in perception that impact upon managerial decision making in relation to stakeholder relationship marketing.

Axon's stakeholder relationship marketing performance, as measured by the indicator index SPI, is fairly good. Their performance is below benchmark norms for large service providers (6.7) but it is in line with those established by this study for IT companies (6.4).

Despite their overall SPI of fairly good (6.4), Axon's stakeholder involvement ratings are relatively low with customers, employees and suppliers seldom involved, their community almost never, and only their shareholder perceiving a high level of involvement. While stakeholder ratings are relatively low Axon's overall involvement index of 4.2 was above the 3.5 benchmark for IT companies established by this study.

Communication levels were also relatively low with customers and employees sometimes communicated with, while for suppliers and the community, communication seldom occurs. Only the shareholder indicated a high level of communication. Despite this, their overall communication index of 5.6 was above the 4.6 benchmark for IT companies established by this study.

Axon is achieving a fairly good level of SPI despite relatively low levels of involvement and communication. The importance of this outcome is indicated by the regression of SPI on these indexes which indicates that improvements in these areas has the potential to significantly increase SPI and, as a consequence, future ROI.

Derived ROI is considerably below that predicted by the CEO, and his perceptions in the areas of involvement and communication with individual stakeholder groups are markedly higher than perceived by the stakeholders themselves for several key stakeholder groups.

While Axon has a fairly good level of SPI, other indicators, particularly the gap between CEO and stakeholder perceptions, indicate a weakness in the relationship matrix that could negatively impact long term security and profitability.

### 5.2: Case 2: GEN-i

While Gen-i's aggregate SPI of 6.0 indicates a fairly good performance, it is below the 6.4 average of IT companies examined in this study. It is also below the average of 6.7 for the large service companies included in the meta-analysis.

**Table 22: Gen-i; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>24</i>	<i>38</i>	<i>9</i>	<i>14</i>	<i>5</i>	<i>90</i>
	Customers	Employees	Suppliers	Community	Shareholders	Total
<b>Customer Relationships</b>	<b>6.8</b>	6.9	7.4	7.1	7.6	7.2
<b>Employee Relationships</b>	5.8	<b>6.2</b>	6.8	6.1	8.2	6.6
<b>Supplier Relationships</b>	6.2	5.8	<b>6.6</b>	6.2	7.0	6.4
<b>Community Relationships</b>	5.4	4.9	4.8	<b>5.1</b>	5.6	5.2
<b>Shareholder Relationships</b>	6.1	5.4	5.7	6.9	<b>7.0</b>	6.2
<b>Ethical Standards</b>	6.0	6.9	7.0	6.9	8.2	7.0
<b>Preservation of the Environment</b>	6.1	5.3	5.3	5.2	6.0	5.6
<b>Use of Natural Resources</b>	5.3	4.9	5.0	4.9	5.6	5.1
<b>Value for Money</b>	6.3	6.4	6.1	5.9	8.0	6.5
<b>Profitability</b>	6.7	5.9	5.8	6.4	6.4	6.2
<b>Return on Investment</b>	6.4	6.0	6.1	6.3	6.2	6.2
<b>Overall Performance</b>	<b>6.4</b>	<b>6.5</b>	<b>7.0</b>	<b>6.9</b>	<b>7.8</b>	<b>6.9</b>
<b>Social Performance</b>	6.1	6.0	6.4	6.4	7.3	6.4
<b>Environmental Performance</b>	5.7	5.1	5.2	5.1	5.8	5.4
<b>Economic Performance</b>	6.5	6.1	6.0	6.2	6.9	6.3
<b>Stakeholder Performance Index</b>	<b>6.1</b>	<b>5.7</b>	<b>5.8</b>	<b>5.9</b>	<b>6.6</b>	<b>6.0</b>
<b>CEO Future ROI Rating</b>						<b>5</b>
<b>Formal Involvement</b>	3.3	2.4	2.7	0.9	6.4	3.1
<b>Informal Involvement</b>	3.1	2.9	2.9	1.3	5.6	3.2
<b>Formal Communication</b>	4.7	5.7	4.4	2.6	8.0	5.1
<b>Informal Communication</b>	4.4	4.1	3.9	1.6	5.0	3.8
<b>Involvement Index</b>	<b>3.2</b>	<b>2.7</b>	<b>2.8</b>	<b>1.1</b>	<b>6.0</b>	<b>3.2</b>
<b>Communication Index</b>	<b>4.6</b>	<b>4.9</b>	<b>4.2</b>	<b>2.1</b>	<b>6.5</b>	<b>4.4</b>

The CEO has rated future ROI at 5 which indicates that he expects a barely adequate performance in relation to industry norms. Derived ROI, which represents the future ROI of the organisation based on current stakeholder relationships, is 5.7, which is slightly less pessimistic but does indicate that the CEO's expectations are close to those of stakeholders.

Stakeholder perceptions of their own relationships with the organisation are interesting with customers, employees and suppliers all rating their own relationships as fairly good while the community rated theirs as only adequate and shareholders rated theirs as good.

In examining (ANOVA) individual attributes contributing to the SPI there were no significant differences between stakeholder group ratings for any attribute except for shareholders who perceived their own relationships to be significantly better than other stakeholders saw them.

As with Axon, Gen-i's overall environmental performance is rated as only adequate while economic and social performance are perceived as being good.

#### ***5.2.1 Gen-i Aggregate Involvement/Communication Analysis***

Gen-i's involvement index rating of 3.2 indicates that stakeholders are seldom engaged in the market planning process. Both formal and informal involvement levels were rated at a similar this level.

Stakeholders rate their marketing communication as occasional (4.4), with formal communication being somewhat better (5.1) than informal (3.8).

With the involvement index benchmark across 7 IT companies, being 3.5 and the communication index benchmark 4.6, Gen-i's is below the industry average on both indexes.

#### ***5.2.2 Gen-i Customer Analysis***

14% of Gen-i customers who were sent questionnaires responded and their SPI of 6.1 indicates that they perceive the company as having a fairly good performance level. They also rated their own relationships with Gen-i as fairly good (6.8).

**Table 23: Gen-i's Customer SWOT Analysis***All Customers (24)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	20(83%)	Commenting Customers	16(67%)
Number of Comments	32	Number of Comments	19
Comments per Customer	1.6	Comments per Customer	1.2
Knowledge (20%)		Communication (25%)	
Management (25%)		Price (13%)	
Price (10%)		Service (25%)	
Service (40%)		Staff (38%)	
Staff (55%)		Other (19%)	
Other (10%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	18(75%)	Commenting Customers	14(58%)
Number of Comments	22	Number of Comments	17
Comments per Customer	1.2	Comments per Stakeholders	1.2
Customer (56%)		Competition (71%)	
Market (22%)		Customer (14%)	
Product (22%)		Other (36%)	
Technology (11%)			
Other (11%)			

83% commented on strengths with staff (its people/good people), and service (customer focus/flexibility) most frequently mentioned. 67% mentioned a weakness with staff (staff morale/staff turnover) emphasised.

Customer related factors (add value to customers/leverage customers) were identified as key opportunities while competitors (big offshore companies/innovative competition) were seen as the key threats.

Gen-i's customer involvement index rating of 3.2 indicates that they are seldom involved in market planning and no significant difference is seen between formal and informal involvement. Comments on involvement (spasmodic/not much activity) were generally negative and this applied to both formal and informal involvement..

The customer's communication index of 4.6 indicates that they only occasionally receive marketing communication, and no significant differences occurred between formal (4.7) and informal (4.4) communication. 54% of customers commented on formal communication and informal communication with comments in both areas similar. Those acknowledging communication occurred were still quite negative with comments such as 'could be better' and 'not enough'.

**Table 24: Gen-i's Customer Involvement/Communication Analysis***All Customers (24)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	13(54%)	Commenting Customers	13(54%)
Number of Comments	16	Number of Comments	15
Comments per Customer	1.2	Comments per Customer	1.2
Involvement (46%)		Communication (46%)	
No Involvement (31%)		No Communication (46%)	
Not Required (8%)		Poor (23%)	
OK(8%)			
Poor (31%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	10(42%)	Commenting Customers	13(54%)
Number of Comments	11	Number of Comments	20
Comments per Customer	1.1	Comments per Customer	1.5
Involvement (30%)		Communication (46%)	
No Involvement (50%)		No Communication (54%)	
Not Required (10%)		Not Required (8%)	
Poor (20%)		OK (23%)	
		Poor (15%)	
		Other (8%)	

### 5.2.3 Gen-i's Employee Analysis

38% of employees surveyed responded and their SPI of 5.7 indicates an only adequate SRM performance. They perceive a fairly good performance in social and economic areas with only an adequate performance in the environmental area, and this is in line with their own relationships with Gen-i which were slightly more highly rated at 6.2.

This low level of SPI contrasts with the qualitative SWOT analysis where 95% of employees made a positive comment in relation to strengths and where the staff (it's employees/the people) were identified as being the key area of strength.

89% of employees commented on weaknesses with other issues (lack of investment/lack of profitability) and management (lack of leadership/too many bosses) the most frequently mentioned.

Customers, market development and technology were all seen as areas of opportunity while competition and ownership changes (Telecom) were seen as the greatest threat.

**Table 25: Gen-i’s Employee SWOT Analysis**  
*All Employees (38)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	36(95%)	Commenting Employees	34(89%)
Number of Comments	44	Number of Comments	45
Comments per Employee	1.2	Comments per Employee	1.3
Knowledge (14%)		Communication (24%)	
Product (3%)		Management (32%)	
Service (8%)		Price (9%)	
Staff (89%)		Staff (6%)	
Structure (6%)		Structure (21%)	
Other (3%)		Other (41%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	30(79%)	Commenting Customers	34(89%)
Number of Comments	32	Number of Comments	37
Comments per Employee	1.1	Comments per Stakeholders	1.1
Competition (3%)		Competition (47%)	
Customer (23%)		Customer (15%)	
Market (27%)		Market (3%)	
Product (13%)		Product (3%)	
Technology (20%)		Technology (3%)	
Other (20%)		Other (35%)	

Gen-i’s employee involvement index rating of 2.7 indicates that they are very seldom involved in market planning and this applies to both formal and informal involvement. This indicates that the company does not actively engage its employees in the marketing planning process.

An examination of employee comments on their planning involvement reinforces this assessment. 71% commented on the level of formal involvement with most comments related to the lack of formal involvement they were experiencing (there isn’t any/done in a black box). Informal involvement was commented upon by 61% of employees and once again comments relating to non involvement dominate (not part of business model/no opportunity).

58% commented on the level of formal communication with these employee stakeholders generally making positive comments (good information/monthly briefings/e-mails sent out) which reinforce the 5.7 rating for formal communication. Comments on informal communication are also generally positive (some filters down/casual conversation).

**Table 26: Gen-i’s Employee Involvement/Communication Analysis**  
*All Employees (38)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	27(71%)	Commenting Employee	22(58%)
Number of Comments	30	Number of Comments	28
Comments per Employee	1.1	Comments per Customer	1.1
Involvement (11%)		Communication (46%)	
No Involvement (78%)		No Communication (46%)	
Not Required (22%)		Poor (23%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	23(61%)	Commenting Customers	13(54%)
Number of Comments	25	Number of Comments	20
Comments per Employee	1.1	Comments per Customer	1.5
Involvement (26%)		Communication (114%)	
No Involvement (65%)		No Communication (14%)	
Not Required (9%)			
Other (9%)			

**5.2.4 Gen-i’s Supplier Analysis**

Responses were received from only 9% of the Gen-i’s suppliers who were sent questionnaires. Their low rating for environmental factors and community relations impacts upon their overall SPI which is only 5.8 in contrast to their own relationships of 6.6 (fairly good).

Comments on strengths related to knowledge, service and staff while weaknesses comments had no specific focus. Opportunities were customer and product based with competition and the Telecom takeover seen as potential threats.

**Table 27: Gen-i’s Supplier SWOT Analysis**  
*All Suppliers (9)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	7(78%)	Commenting Suppliers	4(44%)
Number of Comments	8	Number of Comments	4
Comments per Supplier	1.1	Comments per Supplier	1.0
Knowledge (29%)		Price (25%)	
Service (29%)		Product (25%)	
Staff (43%)		Service (25%)	
Other (14%)		Structure (25%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	5(56%)	Commenting Suppliers	6(67%)
Number of Comments	7	Number of Comments	6
Comments per Supplier	1.4	Comments per Supplier	1.0
Customer (40%)		Competition (50%)	
Product (40%)		Other (50%)	
Other (60%)			

A 2.8 involvement index indicates that suppliers are very seldom involved in market planning and this applies to both formal and informal involvement.

There was a limited response to qualitative questions on both formal and informal involvement, which reinforces the low index scores in this area.

**Table 28: Gen-i’s Supplier Involvement/Communication Analysis**

*All Suppliers (9)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	3(33%)	Commenting Suppliers	4(44%)
Number of Comments	4	Number of Comments	4
Comments per Supplier	1.3	Comments per Supplier	1.0
No Involvement (67%)		Communication (50%)	
Not Required (33%)		No Communication (25%)	
OK (33%)		OK (25%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	2(22%)	Commenting Suppliers	4(44%)
Number of Comments	2	Number of Comments	4
Comments per Supplier	1.0	Comments per Supplier	1.0
Involvement (100%)		Communication (75%)	
		OK (25%)	

The supplier’s communication index of 4.2 indicates that there is occasionally some marketing communication with this stakeholder group and this level is only slightly below that for customers (4.6) and employees (4.9)

Only a very limited number of verbatim comments were made and these were generally positive (regular newsletters/ informal communication is high).

**5.2.5 Gen-i’s Community Analysis**

The community SPI was 5.9 and they rated their own relationships with the company at a barely adequate 5.1. The response level for this group was a very health 28%, which is reflective of the strong response received from associates in the Gen-i building.

A very limited number of strength and weakness comments reflect the lack of engagement with the company.

**Table 29: Gen-i's Community SWOT Analysis***All Community (14)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	6(43%)	Commenting Community	4(29%)
Number of Comments	6	Number of Comments	4
Comments per Community	1.0	Comments per Community	1.0
Management (17%)		Communication (25%)	
Service (17%)		Product (25%)	
Staff (50%)		Structure (25%)	
Other (17%)		Other (25%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	5(56%)	Commenting Community	6(43%)
Number of Comments	7	Number of Comments	7
Comments per Community	1.4	Comments per Community	1.1
Customer (40%)		Other (100%)	
Product (40%)			
Other (60%)			

The community involvement index rating of 1.1 indicates that they are almost never involved in market planning and formal involvement is virtually nil at 0.9. The minimal level of comments reinforces this assessment.

A communication index of 2.1 indicates that there is very seldom any marketing communication with this group.

**Table 30: Gen-i's Community Involvement/Communication Analysis***All Community (14)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	4(29%)	Commenting Community	6(43%)
Number of Comments	4	Number of Comments	6
Comments per Community	1.0	Comments per Community	1.0
No Involvement (75%)		Communication (50%)	
Other (25%)		No Communication (33%)	
		OK (17%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	5(36%)	Commenting Community	2(14%)
Number of Comments	6	Number of Comments	2
Comments per Community	1.1	Comments per Community	1.0
Involvement (40%)		Communication (50%)	
No Involvement (40%)		No Communication (50%)	
Other (20%)			

### 5.2.6 Gen-i's Shareholder Analysis

Five shareholders responded to the survey for Gen-i, which represented 71% of all shareholders. Their SPI of 6.6 is close to their assessment of their own relationships at

7.0 (good) and all made comments with regard to strengths with service levels and management identified as key strengths.

Communication was identified as a weakness while market related factors were seen as both opportunities and threats.

**Table 31: Gen-i’s Shareholder SWOT Analysis**  
*All Shareholders (5)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Shareholders	5(100%)	Commenting Shareholders	4(80%)
Number of Comments	11	Number of Comments	5
Comments per Shareholder	2.2	Comments per Shareholder	1.3
Knowledge (40%) Management (60%) Product (20%) Service (80%) Structure (20%)		Communication (75%) Structure (50%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Shareholders	5(100%)	Commenting Shareholders	5(100%)
Number of Comments	8	Number of Comments	7
Comments per Shareholder	1.4	Comments per Shareholder	1.4
Customer (20%) Market (80%) Other (60%)		Market (40%) Competition (60%) Other (40%)	

The stakeholder involvement index was 6.0 (often involved) with formal involvement being somewhat higher than informal.

Comments are a little mixed with ‘not heavily involved’ contrasting with ‘formal meetings’ but they do indicate a positive level of involvement.

The overall communication index of 6.5 indicates that shareholders often receive formal communication. The high level of formal communication (8.0) can be contrasted with the relatively low level of informal communication (5.0).

Comments such as ‘regular information’, ‘good newsletters’ and ‘good discussions’ reinforce the endorsement of formal communication.

**Table 32: Gen-i's Shareholder Involvement/Communication Analysis***All Shareholders (5)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Shareholders	5(100%)	Commenting Shareholders	5(100%)
Number of Comments	6	Number of Comments	6
Comments per Shareholder	1.2	Comments per Shareholder	1.2
Involvement (120%)		Communication (80%) OK (40%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Shareholders	4(75%)	Commenting Shareholders	5(100%)
Number of Comments	5	Number of Comments	6
Comments per Shareholder	1.3	Comments per Shareholder	1.2
Involvement (25%) No Involvement (50%) OK (50%)		Communication (60%) No Communication (20%) OK (40%)	

**5.2.7 Gen-i's CEO Analysis**

Gen-i's CEO rated the company's debt/equity ratio at 5, an only adequate level of performance against industry norms and profitability at 7 which is a good performance. Overall, the future ROI at 5 indicates a somewhat pessimistic view but one we have seen is in line with stakeholder derived ROI.

The CEO's rating for customer satisfaction at 6 is slightly below the 6.8 level perceived by customers themselves. Employees rated their relationships with the company as fairly good (6.2) which is slightly below the CEO's rating for employee satisfaction of good (7). The CEO's view of the companies overall performance as only adequate (5) is below the average 6.9 rating of aggregate stakeholders, and overall management views are somewhat more pessimistic than those of stakeholders.

**Table 33: Gen-i's CEO/Stakeholder Involvement/ Communication Index Comparison**

	CEO Response Based Index	Stakeholder Response Based Index
Customer Involvement Index	7.5	3.2
Employee Involvement Index	7.5	2.7
Supplier Involvement Index	5.0	2.8
Community Involvement Index	2.0	1.1
Shareholder Involvement Index	7.5	6.0
Customer Communication Index	9.0	4.6
Employee Communication Index	9.5	4.9
Supplier Communication Index	5.5	4.2
Community Communication Index	2.0	2.1
Shareholder Communication Index	8.0	6.5

There are some major variances in perception between the CEO and stakeholders with regard to involvement and communication.

Gen-i's CEO sees involvement for customers, employees and shareholders to be good, while that with suppliers is only adequate and with the community being very seldom involved. This can be contrasted with customers who feel they are seldom involved and employees and suppliers who feel they are very seldom involved.

Perceptions with regard to market communication show some extreme differences except with relation to community stakeholder marketing communication.

### **5.2.8 *Gen-i Summary***

Once again we can assess overall stakeholder relationship marketing performance utilizing the components of the stakeholder relationship matrix, SPI, the involvement and communication indexes, derived ROI and CEO's future ROI and the CEO/stakeholder perceptual interface.

Gen-i has a fairly good (6.0) level of stakeholder relationship marketing, as measured by the indicator index SPI. Customers and shareholders give a fairly good rating while employees, suppliers and community rate their performance as only adequate.

Their performance is below benchmark norms for large service providers (6.7) and below those established by this study for IT companies (6.4).

Their stakeholder involvement ratings are generally very low; with shareholders often involved, customers seldom involved, employees and suppliers very seldom involved and the community almost never involved. Their overall involvement index (3.2) was slightly below the IT company benchmark (3.5) established by this study.

Communication levels were somewhat better; with shareholders often communicated with, customers, employees and suppliers occasionally communicated with, and the community very seldom. Their overall communication index (4.4) was slightly below the IT company benchmark (4.6) established by this study.

CEO's future ROI at 5, is slightly lower than derived ROI at 5.7, which indicates a degree of commonality between management and stakeholders in terms of future performance.

Significant variations exist between CEO and stakeholder perceptions in relation to involvement and communication. In conjunction with other indicators, this reinforces the assessment of Gen-i as an organisation that has several areas of weakness in the stakeholder relationship matrix that should be addressed.

### 5.3: Case 3: *PROVENCO GROUP*

Provenco have an aggregate SPI of 6.1, which indicates that they are just achieving a fairly good performance. This is below the 6.4 average for IT companies examined in this study and it is below the average of 6.7 for the large service companies included in the meta-analysis.

**Table 34: Provenco; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>39</i>	<i>49</i>	<i>11</i>	<i>10</i>	<i>10</i>	<i>119</i>
	Customer	Employee	Supplier	Community	Shareholder	Total
<b>Customer Relationships</b>	<b>6.9</b>	6.5	7.0	6.4	7.3	6.8
<b>Employee Relationships</b>	6.1	<b>6.0</b>	7.3	6.2	6.9	6.5
<b>Supplier Relationships</b>	6.2	6.4	<b>6.9</b>	6.4	7.2	6.6
<b>Community Relationships</b>	5.2	5.0	5.6	<b>5.2</b>	6.5	5.5
<b>Shareholder Relationships</b>	6.0	5.7	6.2	7.3	<b>7.4</b>	6.5
<b>Ethical Standards</b>	6.1	6.5	6.7	7.2	7.3	6.8
<b>Preservation of the Environment</b>	5.6	5.5	5.4	5.2	6.9	5.7
<b>Use of Natural Resources</b>	5.1	5.1	4.7	4.8	6.2	5.2
<b>Value for Money</b>	6.3	6.2	6.2	6.1	7.5	6.5
<b>Profitability</b>	6.2	6.3	5.8	6.7	6.7	6.3
<b>Return on Investment</b>	5.7	5.6	5.9	6.5	6.3	6.0
<b>Overall Performance</b>	<b>6.4</b>	<b>6.2</b>	<b>6.6</b>	<b>6.9</b>	<b>6.7</b>	<b>6.6</b>
<b>Social Performance</b>	6.1	6.0	6.6	6.5	7.1	6.5
<b>Environmental Performance</b>	5.4	5.3	5.1	5.0	6.6	5.5
<b>Economic Performance</b>	6.1	6.0	6.0	6.4	6.8	6.3
<b>Stakeholder Performance Index</b>	<b>5.8</b>	<b>5.8</b>	<b>5.9</b>	<b>6.0</b>	<b>6.8</b>	<b>6.1</b>
<b>CEO Future ROI Rating</b>						<b>8</b>
<b>Formal Involvement</b>	2.3	3.7	3.8	1.4	2.0	2.6
<b>Informal Involvement</b>	2.7	4.2	4.0	2.1	2.8	3.2
<b>Formal Communication</b>	5.2	5.7	5.0	4.8	4.1	5.0
<b>Informal Communication</b>	3.8	4.8	4.4	3.5	4.0	4.1
<b>Involvement Index</b>	<b>2.5</b>	<b>4.0</b>	<b>3.9</b>	<b>1.8</b>	<b>2.4</b>	<b>2.9</b>
<b>Communication Index</b>	<b>4.5</b>	<b>5.3</b>	<b>4.7</b>	<b>4.2</b>	<b>4.1</b>	<b>4.5</b>

The CEO has rated future ROI at 8, which indicates that he expects a very good financial performance in the next twelve months in relation to industry norms.

Derived ROI, at 5.9, gives us a radically different picture and does not support the CEO's expectation. This indicates that the ROI expectations of the CEO may be based on factors other than the organisation's relationships with its stakeholder base. As discussed earlier, in a period of high demand, and with technological advantages, this may not be seen as critical but long-term success, as defined by Elkington's triple bottom line concept (Elkington, 1999, p. 22) and as evidenced by our literature review, will ultimately rest on stakeholder relationships.

Customers and suppliers rate their own relationships as fairly good (6.9) while employees see theirs as only just more than adequate at 6.0. The community rated theirs at 5.2 while shareholders rated theirs as good (7.4).

In examining (ANOVA) individual attributes contributing to the SPI there were no significant differences between stakeholder group ratings for any attribute except for shareholders relationships where employees rated them significantly lower than other stakeholder groups.

Provenco's overall environmental performance is rated as only adequate while economic and social performance is perceived as being fairly good.

### ***5.3.1 Provenco's Aggregate Involvement/Communication Analysis***

Provenco's involvement index rating of 2.9 indicates that stakeholders are very seldom engaged in the market planning process. Formal involvement is a very low 2.6 with informal at 3.2. This contrasts with the somewhat stronger communication index, which, at 4.5, indicates occasional communication. Formal communication is the highest rated of the parameters in this area at 5.0 (sometimes communicate).

With the involvement index benchmark across 7 IT companies, being 3.5, and the communication index benchmark 4.6, Provenco falls below the industry average on both indexes.

### ***5.3.2 Provenco's Customer Analysis***

Responses were received from 20% of Provenco's customers who were sent questionnaires and their SPI of 5.8 indicates that they perceive the company as having only an adequate performance level. Environmental factors were lowly rated, as was

ROI and community relations. This is in contrast to their own relationships, which they rate as 6.9 (fairly good).

**Table 35: Provenco's Customer SWOT Analysis**

*All Customers (39)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	26(67%)	Commenting Customers	16(41%)
Number of Comments	42	Number of Comments	18
Comments per Customer	1.6	Comments per Customer	1.1
Communication (15%)		Communication (32%)	
Knowledge (12%)		Knowledge (6%)	
Price (15%)		Product (6%)	
Product (35%)		Service (50%)	
Service (50%)		Staff (13%)	
Staff (23%)		Other (6%)	
Other (12%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	25(64%)	Commenting Customers	27(69%)
Number of Comments	31	Number of Comments	36
Comments per Customer	1.2	Comments per Customer	1.3
Customer (24%)		Competition (70%)	
Market (12%)		Customer (4%)	
Product (20%)		Market (19%)	
Technology (44%)		Product (7%)	
Other (24%)		Technology (30%)	
		Other (4%)	

67% commented on strengths while only 41% identified weaknesses with strengths having a particular focus on service (customer focused/good backup) and product (good product/innovative product). This is understandable given Provenco's pre-eminent position in the New Zealand EFTPOS market. Service (slow response) and communication (slow to answer) were customer identified areas of weakness.

Technology based factors (technological advances/EMV) were identified as key opportunities, while competitors (lots of competition/deals being offered/price competition) were seen as the key threat.

The customer involvement index rating was a very low 2.5, which indicates they are very seldom involved. Both formal and informal involvement was low with comments on involvement varied from 'discussing new ideas' to 'no involvement' and a number said involvement was 'not required'.

**Table 36: Provenco's Customer Involvement/Communication Analysis**  
*All Customers (39)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	19(49%)	Commenting Customers	22(56%)
Number of Comments	20	Number of Comments	22
Comments per Customer	1.1	Comments per Customer	1.0
Involvement (32%)		Communication (59%)	
No Involvement (21%)		OK (23%)	
Not Required (21%)		Poor (18%)	
OK (5%)			
Projects (16%)			
Other (11%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	19(49%)	Commenting Customers	17(44%)
Number of Comments	19	Number of Comments	17
Comments per Customer	1.0	Comments per Customer	1.0
Involvement (58%)		Communication (76%)	
No Involvement (5%)		OK (12%)	
Not Required (16%)		Poor (6%)	
OK (11%)		Other (6%)	
Other (11%)			

Formal communication was rated at 5.2 but the overall communication index of 4.5 indicates that only occasional communication occurs. Comments made were generally positive for formal communication, with 'regular information' and 'good feedback' being typical comments. Informal communication comments were also positive with 'always ready to talk' and 'we chat' being typical.

### 5.3.3 Provenco's Employee Analysis

Employees returned a very high 48% of questionnaires but their SPI of 5.8 indicates an only adequate performance. This is in line with their own relationships with Provenco, which they rated at 6.0.

71% of employees made a comment in relation to strengths; with staff (skilled staff/ current staff), service (service delivery/bend over backwards) and knowledge (intellectual property) identified as key areas.

Staff (potential disenchantment high), management (weak leadership) and communication (lack of communication) were issues for the 61% of employees commenting on weaknesses.

**Table 37: Provenco's Employee SWOT Analysis***All Employees (49)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	35(71%)	Commenting Employees	30(61%)
Number of Comments	45	Number of Comments	42
Comments per Employee	1.3	Comments per Employee	1.4
Knowledge (23%)		Communication (23%)	
Management (3%)		Knowledge (3%)	
Service (31%)		Management (27%)	
Staff (51%)		Product (3%)	
Structure (11%)		Staff (33%)	
Other (9%)		Structure (13%)	
		Other (37%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	26(53%)	Commenting Customers	23(47%)
Number of Comments	26	Number of Comments	26
Comments per Employee	1.0	Comments per Stakeholders	1.1
Customer (15%)		Competition (74%)	
Market (35%)		Customer (4%)	
Product (4%)		Market (9%)	
Technology (38%)		Product (4%)	
Other (8%)		Technology (9%)	
		Other (13%)	

The employee involvement index rating of 4.0 indicates occasional involvement with informal being slightly stronger than formal. Only 47% commented on formal involvement and 37% on informal involvement, with comments on no involvement dominating (everything is always a secret/low profile communication/do we have a marketing policy?).

**Table 38: Provenco's Employee Involvement/Communication Analysis***All Employees (49)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	23(47%)	Commenting Employee	16(33%)
Number of Comments	28	Number of Comments	21
Comments per Employee	1.2	Comments per Customer	1.3
Involvement (26%)		Communication (94%)	
No Involvement (61%)		No Communication (13%)	
OK (17%)		OK (6%)	
Poor (4%)		Other (19%)	
Other (13%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	18(37%)	Commenting Customers	14(29%)
Number of Comments	19	Number of Comments	16
Comments per Employee	1.1	Comments per Customer	1.1
Involvement (33%)		Communication (79%)	
No Involvement (50%)		No Communication (21%)	
OK (11%)		Other (14%)	
Other (11%)			

The communication index of 5.3 reflects the somewhat higher level of formal communication. Only 33% commented on the level of formal communication with generally positive comments (internal e-mail/monthly meeting), while only 29% commented on informal communication, comments were equally positive (word of mouth/chatting/casual talks).

#### 5.3.4 Provenco's Supplier Analysis

11% of suppliers responded and their SPI of 5.9 indicates an only adequate performance. They see their own relationships as somewhat better at 6.9 but give lower ratings for environmental factors and community relationships.

Comments on strengths related primarily to staff (teamwork/professional people) while weaknesses covered a wide range of issues. Opportunities were customer and market based with competition and market changes seen as potential threats.

**Table 39: Provenco's Supplier SWOT Analysis**

*All Suppliers (11)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	8(73%)	Commenting Suppliers	7(64%)
Number of Comments	11	Number of Comments	10
Comments per Supplier	1.4	Comments per Supplier	1.4
Communication (13%)		Communication (14%)	
Knowledge (13%)		Management (29%)	
Product (13%)		Product (14%)	
Service (13%)		Service (14%)	
Staff (75%)		Staff (29%)	
Other (13%)		Structure (14%)	
		Other (14%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	7(64%)	Commenting Suppliers	7(64%)
Number of Comments	9	Number of Comments	7
Comments per Supplier	1.3	Comments per Supplier	1.0
Customer (27%)		Competition (43%)	
Market (36%)		Market (43%)	
Technology (18%)		Product (14%)	

A 3.9 involvement index indicates that suppliers are seldom involved in market planning while communication is slightly better at 4.7.

**Table 40: Provenco's Supplier Involvement/Communication Analysis***All Suppliers (11)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	6(55%)	Commenting Suppliers	4(44%)
Number of Comments	7	Number of Comments	4
Comments per Supplier	1.2	Comments per Supplier	1.0
Involvement (33%)		Communication (50%)	
No Involvement (33%)		No Communication (25%)	
Not Required (33%)		OK (25%)	
OK (17%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	4(36%)	Commenting Suppliers	4(36%)
Number of Comments	5	Number of Comments	4
Comments per Supplier	1.3	Comments per Supplier	1.0
Involvement (75%)		Communication (75%)	
Not Required (25%)		OK (25%)	
OK (25%)			

Comments on formal involvement were mixed and those on informal involvement indicated limited involvement. The supplier's communication index of 4.7 indicates that there is occasionally some marketing communication with comments such a 'generally get to hear'

### 5.3.5 Provenco's Community Analysis

The community SPI was 6.0 with community members rating their own relationships at a barely adequate 5.2. A very limited number of strength and weakness comments reflects the lack of engagement with the company.

**Table 41: Provenco's Community SWOT Analysis***All Community (10)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	6(60%)	Commenting Community	4(40%)
Number of Comments	7	Number of Comments	4
Comments per Community	1.2	Comments per Community	1.0
Management (33%)		Communication (25%)	
Product (17%)		Product (25%)	
Price (17%)		Other (50%)	
Staff (33%)			
Other (33%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	6(60%)	Commenting Community	5(50%)
Number of Comments	9	Number of Comments	6
Comments per Community	1.5	Comments per Community	1.2
Market (17%)		Competition (40%)	
Product (33%)		Technology (80%)	
Technology (50%)			
Other (50%)			

The community involvement index rating of 1.8 indicates that they are almost never involved in market planning, and their communication index of 2.1 shows that there is very seldom any marketing communication with this group.

**Table 42: Provenco's Community Involvement/Communication Analysis**

*All Community (10)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	3(30%)	Commenting Community	3(30%)
Number of Comments	3	Number of Comments	3
Comments per Community	1.0	Comments per Community	1.0
Involvement (67%)		Communication (100%)	
No Involvement (33%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	2(20%)	Commenting Community	2(20%)
Number of Comments	2	Number of Comments	2
Comments per Community	1.0	Comments per Community	1.0
Involvement (100%)		Communication (100%)	

### 5.3.6 Provenco's Shareholder Analysis

The shareholder's SPI of 6.8 is somewhat below their rating for their own relationships, which is 7.4, but it reflects their relatively even perception across other SPI factors. Most made comments with regard to strengths with products (Eftpos) seen as the key strength.

**Table 43: Provenco's Shareholder SWOT Analysis**

*All Shareholders (10)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Shareholders	9(90%)	Commenting Shareholders	6(60%)
Number of Comments	13	Number of Comments	6
Comments per Shareholder	1.5	Comments per Shareholder	1.0
Knowledge (11%)		Communication (33%)	
Management (11%)		Management (17%)	
Product (44%)		Staff (33%)	
Service (22%)		Other (17%)	
Staff (22%)			
Structure (11%)			
Other (22%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Shareholders	9(90%)	Commenting Shareholders	7(70%)
Number of Comments	9	Number of Comments	10
Comments per Shareholder	1.0	Comments per Shareholder	1.4
Market (56%)		Competition (57%)	
Technology (33%)		Market (29%)	
Other (11%)		Technology (57%)	

Staff relationships and communication were identified as a weakness while market related factors were seen as both opportunities and threats.

The shareholder involvement index was 2.4, which reflects the public ownership of this company. Their communication index is somewhat better at 4.1.

**Table 44: Provenco's Shareholder Involvement/Communication Analysis**

*All Shareholders (10)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Shareholders	6(60%)	Commenting Shareholders	4(40%)
Number of Comments	7	Number of Comments	4
Comments per Shareholder	1.2	Comments per Shareholder	1.0
Not Required (17%)		Communication (75%)	
OK (33%)		Poor (25%)	
Poor (17%)			
Other (50%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Shareholders	5(50%)	Commenting Shareholders	4(40%)
Number of Comments	5	Number of Comments	4
Comments per Shareholder	1.0	Comments per Shareholder	1.0
OK (40%)		Communication (25%)	
Poor (20%)		OK (50%)	
Other (40%)		Poor (25%)	

### 5.3.7 Provenco's CEO Analysis

Provenco's CEO rated the company's debt/equity ratio at 7 and profitability at 8 which is ahead of the average of 6.6 and 6.4 respectively for this industry group.

Overall, his view of future ROI, at 8, indicates an expectation of a very good performance against industry norms.

The CEO's rating for customer satisfaction at 6 is slightly below the 6.9 level perceived by customers themselves; while his rating of employee satisfaction, at 6, is exactly the same as employees' own rating of their relationships with the company.

The CEO's view of the companies overall performance as good (7) is slightly better than the overall performance rating of stakeholders (6.6).

**Table 45: Provenco CEO/Stakeholder Involvement and Communication  
Index Comparison**

	<b>CEO Response Based Index</b>	<b>Stakeholder Response Based Index</b>
<b>Customer Involvement Index</b>	5.0	2.5
<b>Employee Involvement Index</b>	5.0	4.0
<b>Supplier Involvement Index</b>	5.0	3.9
<b>Community Involvement Index</b>	3.5	1.8
<b>Shareholder Involvement Index</b>	5.0	2.4
<b>Customer Communication Index</b>	6.5	4.5
<b>Employee Communication Index</b>	5.5	5.3
<b>Supplier Communication Index</b>	5.5	4.7
<b>Community Communication Index</b>	3.5	4.2
<b>Shareholder Communication Index</b>	3.5	4.1

There are some major variances in perception between the CEO and stakeholders with regard to involvement and communication.

Provenco's CEO sees involvement for customers, employees, suppliers and shareholders to be adequate while that with community seldom occurs. This can be contrasted with customers and shareholders who feel they are very seldom involved, employees who feel occasionally involved, suppliers who feel they are seldom involved and community who see themselves as almost never involved.

CEO perceptions with regard to market communication are that customers are often communicated with, employees and suppliers sometimes, and community and shareholders seldom. Employees agree with this assessment, community regard theirs as better and other groups believe theirs are worse.

### **5.3.8 Provenco Summary**

Provenco has a fairly good (6.1) level of stakeholder relationship marketing with a very even assessment across stakeholder groups. Community and shareholders see a fairly good performance while customers, employees and suppliers gave a slightly lower, only adequate, rating. Provenco's performance is below benchmark norms for large service providers (6.7) and below those established by this study for IT companies (6.4).

Their stakeholder involvement ratings are extremely low with employees occasionally involved, customers and shareholders very seldom involved, suppliers seldom

involved and the community almost never involved. Their overall involvement index (2.9) was below the IT company benchmark (3.5).

Communication levels were slightly better with employees sometimes communicated with; and customer, suppliers, community and shareholders occasionally. Their overall communication index (4.6) was in line with the IT company benchmark (4.6).

Derived ROI, at 5.9 is significantly below the CEO's future ROI level of 8, and this could well reflect the unique monopoly situation enjoyed by Provenco with regard to the Eftpos market in New Zealand.

The CEO's perceptions in the area of involvement and communication vary from those of stakeholders in some areas, and the captive market the company enjoys could well account for the difference between CEO and customers perceptions.

Overall, it can be concluded that Provenco do not show a strong commitment to stakeholder relationship marketing.

#### 5.4: Case 4: CANARY DATA SOLUTIONS

Canary has an aggregate SPI of 7.5, this indicates that they are achieving a good performance and, in relation to the 6.4 average for IT companies examined in this study, this is a significant result. Their SPI is also considerably better than the benchmark 6.5 for small service companies included in the meta-analysis.

**Table 46: Canary; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>13</i>	<i>6</i>	<i>6</i>	<i>9</i>	<i>2</i>	<i>36</i>
	<b>Customer</b>	<b>Employee</b>	<b>Supplier</b>	<b>Community</b>	<b>Shareholder</b>	<b>Total</b>
<b>Customer Relationships</b>	<b>8.4</b>	7.8	8.2	7.8	9.0	8.2
<b>Employee Relationships</b>	8.2	<b>8.2</b>	8.0	7.8	8.5	8.1
<b>Supplier Relationships</b>	7.4	6.8	<b>8.2</b>	6.4	8.5	7.5
<b>Community Relationships</b>	7.4	6.2	6.7	<b>5.8</b>	6.0	6.4
<b>Shareholder Relationships</b>	7.4	8.5	8.0	6.7	<b>9.5</b>	8.0
<b>Ethical Standards</b>	8.6	8.3	8.3	7.9	8.5	8.3
<b>Preservation of the Environment</b>	7.1	8.3	6.2	6.9	9.5	7.6
<b>Use of Natural Resources</b>	6.9	7.5	6.2	5.9	7.0	6.7
<b>Value for Money</b>	8.2	9.7	7.8	6.7	8.5	8.2
<b>Profitability</b>	6.8	7.0	7.5	7.0	7.0	7.1
<b>Return on Investment</b>	7.6	7.7	7.6	6.9	7.5	7.5
<b>Overall Performance</b>	<b>8.5</b>	<b>8.2</b>	<b>8.2</b>	<b>7.8</b>	<b>7.5</b>	<b>8.0</b>
<b>Social Performance</b>	7.9	7.6	7.9	7.1	8.3	7.8
<b>Environmental Performance</b>	7.0	7.9	6.2	6.4	8.3	7.2
<b>Economic Performance</b>	7.5	8.1	7.6	6.9	7.7	7.6
<b>Stakeholder Performance Index</b>	<b>7.5</b>	<b>7.9</b>	<b>7.2</b>	<b>6.8</b>	<b>8.1</b>	<b>7.5</b>
<b>CEO Future ROI Rating</b>						<b>8</b>
<b>Formal Involvement</b>	4.0	7.7	5.3	1.2	8.0	5.2
<b>Informal Involvement</b>	3.5	8.5	5.3	2.2	9.0	5.7
<b>Formal Communication</b>	3.5	8.3	6.3	3.4	9.5	6.2
<b>Informal Communication</b>	4.5	7.8	6.3	2.9	8.5	6.0
<b>Involvement Index</b>	<b>3.8</b>	<b>8.1</b>	<b>5.3</b>	<b>1.7</b>	<b>8.5</b>	<b>5.5</b>
<b>Communication Index</b>	<b>4.0</b>	<b>8.1</b>	<b>6.3</b>	<b>3.2</b>	<b>9.0</b>	<b>6.1</b>

While derived ROI, at 7.5, is slightly below the CEO's rating of 8 for future ROI, it indicates management's ROI expectations are close to those of stakeholders.

Customers, employees and suppliers rate their own relationships as very good while the community see theirs as only adequate and shareholders rate theirs as extremely good. In examining individual attributes contributing to the SPI there were no significant differences between stakeholder group ratings for any attribute.

#### **5.4.1 Canary Aggregate Involvement/Communication Analysis**

Canary's involvement index rating of 5.5 indicates that stakeholders are sometimes engaged in the market planning process. This is significantly better than the 3.5 average for all IT companies.

Stakeholders are often communicated with (6.1) and, once again, this is above the industry average communication index benchmark of 4.6.

#### **5.4.2 Canary's Customer Analysis**

Responses were received from 37% of Canary's customers who were sent questionnaires and their SPI of 7.5 indicates a good performance. They rate their own relationships as very good (8.4) with ratings for environmental factors and profitability being somewhat lower.

**Table 47: Canary's Customer SWOT Analysis**

*All Customers (13)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	12(92%)	Commenting Customers	6(46%)
Number of Comments	22	Number of Comments	7
Comments per Customer	1.8	Comments per Customer	1.2
Knowledge (17%)		Price (17%)	
Management (8%)		Product (17%)	
Price (8%)		Service (50%)	
Service (100%)		Other (33%)	
Staff (25%)			
Other (25%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	8(61%)	Commenting Customers	7(54%)
Number of Comments	8	Number of Comments	8
Comments per Customer	1.0	Comments per Customer	1.1
Market (25%)		Technology (28%)	
Customer (25%)		Competition (57%)	
Product (25%)		Other (28%)	
Other (25%)			

Service (fast to respond/great attitude to customers/commitment to excellence) was identified as the key strength by the 92% of customers answering this question. Only 46% commented on weaknesses with service (understanding clients needs) once again prominent. Comments on opportunities were quite general while larger competitors were seen as the major threat.

Their involvement index rating of 5.5 indicates an adequate level of involvement with little difference between formal and informal. Formal involvement comments related to low levels of involvement (not very often/very little contact/not really involved) while informal comments (approachable/warm and friendly) are generally positive.

**Table 48: Canary's Customer Involvement/Communication Analysis**

*All Customers (13)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	10(77%)	Commenting Customers	5(38%)
Number of Comments	10	Number of Comments	6
Comments per Customer	1.0	Comments per Customer	1.2
Involvement (20%)		No Communication (80%)	
No Involvement (50%)		Not required (20%)	
Not Required (20%)		Ok (20%)	
OK (10%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	7(54%)	Commenting Customers	6(46%)
Number of Comments	8	Number of Comments	7
Comments per Customer	1.1	Comments per Customer	1.2
Involvement (43%)		Communication (33%)	
No Involvement (29%)		No Communication (50%)	
Not Required (29%)		Not required (17%)	
Ok (14%)		Ok (17%)	

While the company often communicates with customers comments on formal (not received much information/very little material received) and informal (not enough detail/not received much information) communication indicate a desire for more.

#### **5.4.3 Canary's Employee Analysis**

Canary is a small company and 86% of all staff completed a questionnaire with their SPI of 7.9 indicating a good performance. They rated their own relationships slightly better 8.2 (very good).

All made a comment in relation to the strength of the staff (intelligent employees/staff who love their work) and the main weakness seen was small staff numbers.

Opportunities identified had no specific focus but competition (bigger organisations/large companies) seen as the main threat.

**Table 49: Canary's Employee SWOT Analysis**

*All Employees (6)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	6(100%)	Commenting Employees	5(83%)
Number of Comments	9	Number of Comments	5
Comments per Employee	1.5	Comments per Employee	1.0
Management (17%)		Staff (40%)	
Price (17%)		Structure (20%)	
Service (17%)		Other (40%)	
Staff (100%)			
Structure (17%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	6(100%)	Commenting Customers	6(100%)
Number of Comments	6	Number of Comments	6
Comments per Employee	1.0	Comments per Stakeholders	1.0
Customer (33%)		Competition (67%)	
Product (33%)		Market (17%)	
Technology (33%)		Technology (17%)	

Employees' involvement and communication indexes are both 8.1, which indicates they have very frequent contact and verbatim comments in both areas reinforce these ratings.

**Table 50: Canary's Employee Involvement/Communication Analysis**

*All Employees (6)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	6(100%)	Commenting Employee	5(83%)
Number of Comments	6	Number of Comments	5
Comments per Employee	1.0	Comments per Customer	1.0
Involvement (83%)		Communication (80%)	
OK (17%)		OK (20%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	6(100%)	Commenting Customers	4(67%)
Number of Comments	6	Number of Comments	4
Comments per Employee	1.0	Comments per Customer	1.0
Involvement (67%)		Communication (50%)	
OK (33%)		OK (50%)	

#### 5.4.4 Canary's Supplier Analysis

Canary has few suppliers however, 30% responded and their SPI of 7.9 indicates a good level of performance. They see their own relationship as slightly better at 8.2 (very good).

Comments on strengths related primarily to staff (excellent people) while size (small organisation) was seen as a weakness. Opportunities were customer based (build repeat business), while competition and the companies small size were seen as threats.

**Table 51: Canary's Supplier SWOT Analysis**

*All Suppliers (6)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	6(100%)	Commenting Suppliers	2(33%)
Number of Comments	8	Number of Comments	4
Comments per Supplier	1.3	Comments per Supplier	2.0
Service (50%) Staff (83%)		Product (50%) Service (50%) Structure (100%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	4(67%)	Commenting Suppliers	4(67%)
Number of Comments	6	Number of Comments	5
Comments per Supplier	1.5	Comments per Supplier	1.3
Customer (75%) Other (75%)		Customer (25%) Competition (50%) Other (50%)	

Suppliers rate their involvement as only sometimes (5.3) while communication seen as fairly good at 6.3.

**Table 52: Canary's Supplier Involvement/Communication Analysis**

*All Suppliers (6)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	6(100%)	Commenting Suppliers	6(100%)
Number of Comments	7	Number of Comments	7
Comments per Supplier	1.2	Comments per Supplier	1.2
Involvement (100%) Other (17%)		Communication (117%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	6(100%)	Commenting Suppliers	2(33%)
Number of Comments	7	Number of Comments	2
Comments per Supplier	1.2	Comments per Supplier	1.0
Involvement (100%) Other (17%)		OK (100%)	

Comments on involvement (as needed/always discuss before project) were generally positive as were those made with regard to communication (we are in the loop/very good communicators).

#### 5.4.5 Canary's Community Analysis

The community SPI was 7.8 (good) despite community members rating their own relationships at an adequate 5.8.

Staff (excellent employees/great team) and service (customers come first/strong on service) were identified as strengths while size and limited products were seen as weaknesses.

Opportunities included 'higher profile', 'new technology' and 'sell customers more', while threats related to competition and keeping up to date.

**Table 53: Canary's Community SWOT Analysis**

*All Community (9)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	9(100%)	Commenting Community	4(44%)
Number of Comments	10	Number of Comments	6
Comments per Community	1.1	Comments per Community	1.5
Communication (11%)		Product (50%)	
Management (11%)		Staff (50%)	
Product (11%)		Structure (50%)	
Service (33%)			
Staff (44%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	7(78%)	Commenting Community	5(56%)
Number of Comments	7	Number of Comments	6
Comments per Community	1.0	Comments per Community	1.2
Customer (29%)		Competition (60%)	
Product (29%)		Customer (20%)	
Technology (14%)		Technology (40%)	
Other (29%)			

The community involvement index rating of 1.7 indicates that they are almost never involved in market planning, and the communication index of 3.2 shows that there is very seldom any marketing communication with this group. A number said that involvement and communication was not required.

**Table 54: Canary's Community Involvement/Communication Analysis***All Community (9)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	6(67%)	Commenting Community	5(56%)
Number of Comments	7	Number of Comments	6
Comments per Community	1.2	Comments per Community	1.2
No Involvement (50%)		Communication (60%)	
Not Required (67%)		No Communication (20%)	
		Not Required (20%)	
		Poor (20%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	5(56%)	Commenting Community	4(44%)
Number of Comments	5	Number of Comments	4
Comments per Community	1.0	Comments per Community	1.0
Involvement (20%)		Communication (25%)	
No Involvement (40%)		No Communication (25%)	
Not Required (40%)		Not Required (50%)	

#### 5.4.6 Canary's Shareholder Analysis

Canary's two shareholders both responded to the study and their SPI was 8.1. They gave a lower rating for profitability and ROI but their own relationships rated as extremely good at 9.5.

Both shareholders commented on the staff as being the key strength of the company with one mentioning its low profile as a weakness. One mentioned technological development as an opportunity and competition as a threat.

The shareholder involvement index, at 8.5, reflects that these are working shareholders and this is evident in their communication index of 9.0. Both shareholders commented that they were fully involved and that they had good levels of communication.

#### 5.4.7 Canary's CEO Analysis

With a debt/equity ratio at 9 and profitability at 8, Canary is in a strong position when compared with the industry averages of 6.6 and 6.4 respectively. A future ROI of 8 reflects an expectation of a very good performance against industry norms.

The CEO's ratings for customer and employee satisfaction are 9, which is slightly higher than perceived by the stakeholders, but his overall performance rating of 7 is lower than the 8 given by aggregate stakeholders.

**Table 55: Canary CEO/Stakeholder Involvement and Communication Index Comparison**

	<b>CEO Response Based Index</b>	<b>Stakeholder Response Based Index</b>
<b>Customer Involvement Index</b>	3.5	3.8
<b>Employee Involvement Index</b>	7.5	8.1
<b>Supplier Involvement Index</b>	1.5	5.3
<b>Community Involvement Index</b>	1.0	1.7
<b>Shareholder Involvement Index</b>	6.5	8.5
<b>Customer Communication Index</b>	5.0	4.0
<b>Employee Communication Index</b>	6.5	8.1
<b>Supplier Communication Index</b>	1.0	6.3
<b>Community Communication Index</b>	0.0	3.2
<b>Shareholder Communication Index</b>	3.5	9.0

The CEO has a generally more conservative view of stakeholder involvement and communication levels than do the stakeholders themselves. Only with customers' communication is the stakeholders' assessment lower than the CEOs.

#### **5.4.8 Canary Summary**

Canary shows a good level (7.5) of stakeholder relationship marketing, with shareholders rating their performance as very good, customers, employees and suppliers as good, and the community as fairly good. Their overall performance is above benchmark norms for small service providers (6.5) and above the benchmark for IT companies established by this study (6.4).

Involvement ratings are quite variable between stakeholder groups with employees and shareholders very frequently involved; suppliers sometimes, customers seldom and the community almost never. Their overall involvement index of 5.5 was significantly above the 3.5 benchmark for IT companies.

Shareholders almost always receive communication, employees very frequently, suppliers often, customers occasionally and the community seldom. Their overall communication index of 6.1 was significantly higher than the 4.6 benchmark for IT companies.

Derived ROI at 7.5, is close to the CEO's future ROI prediction of 8 and this, added to the strong SPI, involvement and communication indexes indicates a strong

stakeholder relationship marketing focus. This is reinforced by the closeness of CEO and stakeholder's perceptions of involvement and communication

### 5.5: Case 5: *COMPUTERWARE PLUS*

Computerware Plus has a SPI of 5.9, which indicates that they are achieving an only adequate performance. This is below the 6.4 average for IT companies examined in this study and below the average of 6.5 for small service companies included in the meta-analysis.

**Table 56: Computerware Plus; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>20</i>	<i>11</i>	<i>7</i>	<i>6</i>	<i>1</i>	<i>45</i>
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	6.3	6.3	6.4	6.7	6	6.3
Employee Relationships	5.7	6.0	6.6	6.5	4	5.8
Supplier Relationships	6.6	6.3	6.3	6.8	5	6.2
Community Relationships	5.4	4.9	5.7	5.5	7	5.7
Shareholder Relationships	6.2	6.2	6.4	6.7	6	6.3
Ethical Standards	6.2	7.5	7.3	7.0	6	6.8
Preservation of the Environment	5.7	5.8	5.3	5.5	5	5.5
Use of Natural Resources	5.2	5.1	5.0	5.0	6	5.3
Value for Money	7.2	7.8	6.6	7.3	4	6.6
Profitability	6.4	6.4	6.0	6.7	5	6.1
Return on Investment	6.0	6.6	5.9	6.2	4	5.7
Overall Performance	6.0	6.4	6.6	6.7	5	6.1
Social Performance	6.1	6.2	6.5	6.5	5.7	6.2
Environmental Performance	5.5	5.5	5.2	5.3	5.5	5.4
Economic Performance	6.5	6.9	6.2	6.7	4.3	6.1
Stakeholder Performance Index	6.0	6.2	5.9	6.2	5.2	5.9
CEO Future ROI Rating						6.0
Formal Involvement	1.0	4.7	3.1	0.3	3	2.4
Informal Involvement	1.6	4.8	3.7	0	0	2.0
Formal Communication	3.7	4.8	5.0	5.7	3	4.4
Informal Communication	2.6	5.4	2.3	0.7	6	3.4
Involvement Index	1.3	4.8	3.4	0.2	1.5	2.2
Communication Index	3.2	5.1	3.7	3.2	4.5	3.9

The CEO has rated future ROI at 6, which slightly higher than the ROI of 5.6 that is derived from the stakeholders' SPI.

Customers, employees, suppliers and shareholders all rate their own relationships as fairly good while the community rated theirs as adequate (5.5). An ANOVA test tells us that there were no significant differences between stakeholder group ratings for any attribute. Environmental performance is seen as being only adequate while economic and social areas rate as fairly good.

#### 5.5.1 *Computerware Plus' Aggregate Involvement/Communication Analysis*

An involvement index of only 2.2 indicates that stakeholders are very seldom engaged in the market planning process. This can be compared to the involvement index benchmark across 7 IT companies which is 3.5. Informal involvement is a very low 2.0.

Their communication index is only 3.9, compared with the industry benchmark of 4.6. with formal being stronger (4.4) than informal (3.4).

#### 5.5.2 *Computerware Plus' Customer Analysis*

Responses were received from 13% of customers who were sent questionnaires and their SPI of 6.0 indicates a fairly good performance level. Environmental factors, employee and community relationships were rated as only adequate in contrast to their own relationships which they rate as 6.3 (fairly good).

**Table 57: Computerware Plus' Customer SWOT Analysis**

*All Customers (20)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	14(70%)	Commenting Customers	10(50%)
Number of Comments	15	Number of Comments	11
Comments per Customer	1.1	Comments per Customer	1.1
Management (14%)		Service (70%)	
Service (79%)		Staff (20%)	
Staff (14%)		Other (20%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	10(50%)	Commenting Customers	17(85%)
Number of Comments	10	Number of Comments	18
Comments per Customer	1.0	Comments per Customer	1.1
Customer (50%)		Competition (41%)	
Product (20%)		Product (18%)	
Other (30%)		Technology (12%)	
		Other (35%)	

Service was seen as a particular strength (easy access to firm/service back up) by the 70% expressing an opinion. 50% cited weaknesses with service also featuring (was lukewarm/lack of customer service). Customers (sell more to customers/get more customers) were identified as opportunities while competitors (aggressive competitors/competitors with service) were seen as a threat.

Their involvement index rating was a extremely low 1.3 which indicates they are almost never involved. Formal involvement was only 1.0 with comments such as 'never happens' and 'little if any'. Informal was also very low at 1.6 (never happens/ never been contacted).

Communication was rated at 3.2 (seldom), with formal at 3.7 and informal at 2.6. Typical comments on formal communication were 'communication is hit and miss', 'web site could be better' and 'much less than before', while informal comments were also generally negative (only if we ask/ pretty loose).

**Table 58: Computerware Plus' Customer Involvement/Communication Analysis**

*All Customers (20)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	13(65%)	Commenting Customers	18(90%)
Number of Comments	13	Number of Comments	21
Comments per Customer	1.0	Comments per Customer	1.2
Involvement (8%)		Communication (72%)	
No Involvement (62%)		No Communication (17%)	
Not Required (15%)		OK (22%)	
OK (15%)		Poor (6%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	13(65%)	Commenting Customers	14(70%)
Number of Comments	13	Number of Comments	16
Comments per Customer	1.0	Comments per Customer	1.1
Involvement (8%)		Communication (50%)	
No Involvement (46%)		No Communication (29%)	
Not Required (15%)		OK (14%)	
OK (31%)		Poor (21%)	

### **5.5.3 Computerware Plus' Employee Analysis**

55% of all staff responded and their SPI of 6.2 indicates a fairly good performance which was in line with their perceptions of their own relationships at 6.0.

All made a comment in relation to strengths with staff (dedicated staff/good team spirit) and service (good service/customer first attitude) prominent. Communication

(we don't discuss enough/to busy to talk) and management (lack of direction/inability to make firm decisions) were the main weaknesses mentioned.

**Table 59: Computerware Plus' Employee SWOT Analysis**

*All Employees (11)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	11(100%)	Commenting Employees	11(100%)
Number of Comments	16	Number of Comments	19
Comments per Employee	1.5	Comments per Employee	1.7
Communication (18%)		Communication (73%)	
Knowledge (18%)		Management (55%)	
Price (9%)		Product (9%)	
Service (45%)		Service (9%)	
Staff (45%)		Staff (18%)	
Structure (9%)		Structure (9%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	11(100%)	Commenting Customers	10(91%)
Number of Comments	12	Number of Comments	10
Comments per Employee	1.1	Comments per Stakeholders	1.0
Customer (55%)		Competition (10%)	
Market (9%)		Customer (20%)	
Product (9%)		Market (10%)	
Technology (9%)		Technology (30%)	
Other (27%)		Other (30%)	

Customer development was seen as an opportunity, while changes in technology and current location were identified as threats.

**Table 60: Computerware Plus' Employees Involvement/Communication Analysis**

*All Employees (11)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	11(100%)	Commenting Employee	9(33%)
Number of Comments	14	Number of Comments	11
Comments per Employee	1.3	Comments per Customer	1.2
Involvement (91%)		Communication (44%)	
No Involvement (18%)		No Communication (67%)	
OK (9%)		Poor (11%)	
Other (9%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	7(64%)	Commenting Customers	9(82%)
Number of Comments	8	Number of Comments	9
Comments per Employee	1.1	Comments per Customer	1.0
Involvement (100%)		Communication (78%)	
No Involvement (14%)		No Communication (11%)	
		Other (11%)	

An involvement index of 4.8 indicates occasional involvement, with mixed comments on both formal (some good involvement/ top down approach/we could do this better)

and informal (if you are at the right place at the right time/you find out about things by butting in).

Their communication index was 5.1, with informal at 5.4 and formal at 4.8. Comments were generally negative for formal (knowing before would be good/not enough gets out) and positive for informal (we chat a lot/pretty good most of time) communication.

#### 5.5.4 Computerware Plus' Supplier Analysis

Only 9% of suppliers sent questionnaires responded and their SPI of 5.9 indicates an only adequate performance. They see their own relationships as slightly better at 6.3 but give lower ratings for environmental factors and community relationships.

Comments on strengths related primarily to staff (teamwork/professional people) while weaknesses covered a wide range of issues. Opportunities were customer and market based, with competition and market changes seen as potential threats.

**Table 61: Computerware Plus' Supplier SWOT Analysis**

*All Suppliers (7)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	4(57%)	Commenting Suppliers	4(57%)
Number of Comments	5	Number of Comments	7
Comments per Supplier	1.3	Comments per Supplier	1.8
Communication (25%)		Communication (25%)	
Price (25%)		Management (50%)	
Product (25%)		Product (25%)	
Service (25%)		Service (25%)	
Staff (25%)		Staff (25%)	
		Structure (25%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	5(71%)	Commenting Suppliers	6(86%)
Number of Comments	6	Number of Comments	7
Comments per Supplier	1.2	Comments per Supplier	1.2
Customer (20%)		Competition (50%)	
Market (40%)		Customer (17%)	
Technology (20%)		Product (17%)	
Other (40%)		Technology (17%)	
		Other (17%)	

A 3.4 involvement index indicates that suppliers are seldom involved in market planning, and this is reinforced by comments relating to formal (not something that happens/ very average) and informal (only occasional/when we have something new)

involvement. While the communication index at 3.7 is also low, formal communication, at 5.0, is considerably higher than informal at 2.3. Comments in each area were quite general.

**Table 62: Computerware Plus' Supplier Involvement/Communication Analysis**

*All Suppliers (7)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	5(71%)	Commenting Suppliers	4(71%)
Number of Comments	7	Number of Comments	4
Comments per Supplier	1.2	Comments per Supplier	1.0
Involvement (20%)		Communication (25%)	
No Involvement (40%)		No Communication (25%)	
Not Required (40%)		OK (50%)	
Other (20%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	4(57%)	Commenting Suppliers	3(43%)
Number of Comments	5	Number of Comments	3
Comments per Supplier	1.3	Comments per Supplier	1.0
Involvement (50%)		Communication (33%)	
No Involvement (25%)		No Communication (33%)	
OK (25%)		OK (33%)	
Other (25%)			

#### 5.5.4 Computerware Plus' Community Analysis

While the community rated their own relationships at 5.5, their overall SPI was 6.2, with value for money being rated as good (7.3). Their limited number of comments in the SWOT analysis had no specific focus.

**Table 63: Computerware Plus' Community SWOT Analysis**

*All Community (6)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	6(100%)	Commenting Community	5(83%)
Number of Comments	8	Number of Comments	5
Comments per Community	1.3	Comments per Community	1.0
Communication (33%)		Staff (20%)	
Management (17%)		Communication (20%)	
Product (17%)		Structure (20%)	
Service (17%)		Product (20%)	
Staff (33%)		Other (20%)	
Other (17%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	6(100%)	Commenting Community	6(100%)
Number of Comments	9	Number of Comments	6
Comments per Community	1.0	Comments per Community	1.0
Customer (33%)		Competition (67%)	
Product (17%)		Technology (17%)	
Technology (17%)		Other (17%)	
Other (33%)			

The community involvement index rating of 0.2 indicates virtually no involvement and, informal involvement is rated at 0. The communication index level of 3.2 is generated by a formal level of 5.7 as the informal was only 0.7. Comments were limited to formal relationships.

**Table 64: Computerware Plus' Community Involvement/Communication Analysis**

*All Community (6)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	4(67%)	Commenting Community	4(67%)
Number of Comments	4	Number of Comments	5
Comments per Community	1.0	Comments per Community	1.3
No Involvement (75%)		Communication (100%)	
Other (25%)		No Communication (25%)	

#### **5.5.5 Computerware Plus' Shareholder Analysis**

The one shareholder SPI was 5.2, a barely adequate rating with economic performance rated at a low 4.3.

The shareholder identified the brand as a strength, the small size of the organisation as a weakness, new business as an opportunity and competition as a threat.

His involvement index of 1.5 (I am only involved in sign off), and communication index of 4.5 (not here on a day to day basis) indicate little contact with the company.

#### **5.5.6 Computerware Plus CEO Analysis**

Provenco's CEO rated the company's debt/equity ratio and profitability at 3 which is significantly below the industry averages of 6.6 and 6.4 respectively. His future ROI forecast of 6 is somewhat more optimistic than this negative assessment.

He rates customer satisfaction at 6 which is in line with the level perceived by customers themselves while his rating of employee satisfaction, at 5, is below employees own rating (6) of their relationships with the company.

The CEO's view of the company's overall performance as only adequate (5) is somewhat worse than the overall performance rating of stakeholders (6.0).

**Table 65: Computerware Plus CEO/Stakeholder Involvement and Communication Index Comparison**

	CEO Response Based Index	Stakeholder Response Based Index
<b>Customer Involvement Index</b>	3.0	1.3
<b>Employee Involvement Index</b>	6.0	4.8
<b>Supplier Involvement Index</b>	1.5	3.4
<b>Community Involvement Index</b>	2.5	0.2
<b>Shareholder Involvement Index</b>	7.5	1.5
<b>Customer Communication Index</b>	5.0	3.2
<b>Employee Communication Index</b>	6.0	5.1
<b>Supplier Communication Index</b>	2.5	3.7
<b>Community Communication Index</b>	4.5	3.2
<b>Shareholder Communication Index</b>	4.5	4.5

There are some major variances in perception between the CEO and stakeholders with regard to involvement and communication.

Involvement for customers, employees, community and shareholders are more highly rated by the CEO, with only suppliers seeing their involvement as better.

Communication repeats this pattern except for shareholders where the perceptions are identical.

#### **5.5.7 Computerware Plus Summary**

Computerware Plus illustrates an only adequate level (5.9) of stakeholder relationship marketing. Customers, employees and the community rating their performance as fairly good while suppliers and shareholders rated it as only adequate. Their overall performance is below the benchmark norms for small service providers (6.5) and below the benchmark for IT companies established by this study (6.4).

Involvement ratings are very low; with employees occasionally involved, suppliers seldom, and customers, the community and shareholders almost never involved. Their overall involvement index of 2.2 was significantly below the 3.5 benchmark for IT companies.

Communication with employees occurs sometimes, shareholders occasionally, and customers, suppliers and the community only seldom receive communication. Their

overall communication index of 3.9 was lower than the 4.6 benchmark for IT companies.

While derived ROI (5.6) and CEO's future ROI (6) are close, there is considerable variance between the CEO's and stakeholders' perceptions of involvement and communication levels.

The stakeholder relationship matrix indicates that stakeholder relationship marketing is not well developed in this organisation.

### 5.6: Case 6: LOGICAL SYSTEMS

Logical's SPI of 6.5 indicates a fairly good performance and is in line with the 6.4 average for IT companies examined in this study, and with the average of 6.5 for small service companies included in the meta-analysis.

The CEO has rated future ROI at 7, which indicates that he expects a good financial performance in the next twelve months in relation to industry norms.

Derived ROI, at 6.3, gives us a less optimistic picture than the CEO's expectation of 7.

**Table 66: Logical Systems; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>16</i>	<i>7</i>	<i>9</i>	<i>7</i>	<i>1</i>	<i>40</i>
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	5.9	6.9	5.9	6.1	8	6.6
Employee Relationships	6.3	6.4	6.7	6.3	8	6.7
Supplier Relationships	5.4	6.1	6.7	6.0	8	6.4
Community Relationships	5.3	5.4	5.6	4.7	8	5.8
Shareholder Relationships	6.6	6.3	7.0	6.0	8	6.8
Ethical Standards	6.2	5.7	6.6	6.4	10	7.0
Preservation of the Environment	4.8	6.1	5.8	5.1	10	6.4
Use of Natural Resources	4.3	5.6	5.3	4.9	10	6.0
Value for Money	5.4	6.1	6.7	6.0	8	6.4
Profitability	5.8	6.1	7.2	6.7	8	6.8
Return on Investment	5.9	6.3	7.3	6.7	8	6.8
Overall Performance	5.8	6.6	6.8	6.6	8	6.8
Social Performance	6.0	6.1	6.4	5.9	8.3	6.6
Environmental Performance	4.6	5.9	5.6	5.0	10.0	6.2
Economic Performance	5.7	6.2	7.1	6.5	8.0	6.7
Stakeholder Performance Index	5.4	6.1	6.3	5.8	8.8	6.5
CEO Future ROI Rating						7
Formal Involvement	0.3	4.0	2.0	0.7	3	2.0
Informal Involvement	1.1	4.0	2.3	1.3	3	2.3
Formal Communication	1.3	4.2	3.9	3.1	4	3.3
Informal Communication	1.9	4.7	2.9	1.3	3	2.8
Involvement Index	0.7	4.0	2.2	1.0	3.0	2.2
Communication Index	1.6	4.5	3.4	2.2	3.5	3.0

Employees and suppliers rate their own relationships with the company as fairly good while customers see theirs as only adequate at 6.0, the community theirs as fairly poor and shareholders very good.

In examining individual attributes contributing to the SPI there were no significant differences between stakeholder group ratings for any attribute. Logical was rated as fairly good across the three areas included in the SPI, social, environmental and economic performance.

#### ***5.6.1 Logical Systems' Aggregate Involvement/Communication Analysis***

An involvement index of 2.2 indicates stakeholders are very seldom engaged in the market planning process. Both formal and informal levels are very low. Communication is only slightly higher rated at 3.0, with formal at 3.3 and informal only 2.8. With the involvement index benchmark across 7 IT companies being 3.5, and the communication index benchmark 4.6, Logical falls below the industry average on both indexes.

#### ***5.6.2 Logical Systems' Customer Analysis***

To obtain a minimal sample it was necessary to contact 400 customers and only 4% eventually responded. This was indicative of the lack of currently active customers in the Logical database with comments like 'only used them once', and 'not been a customer for years', being received.

Customer's SPI of 5.4 indicates an only adequate performance and may well be a function of the database used. Environmental factors received lower ratings and the customers rated their own relationships at 5.9 (adequate).

**Table 67: Logical Systems' Customer SWOT Analysis***All Customers (16)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	10(63%)	Commenting Customers	9(56%)
Number of Comments	11	Number of Comments	16
Comments per Customer	1.1	Comments per Customer	1.8
Management (10%)		Staff (33%)	
Staff (60%)		Communication (22%)	
Knowledge (40%)		Service (100%)	
		Price ( 22%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	10(63%)	Commenting Customers	10(63%)
Number of Comments	15	Number of Comments	15
Comments per Customer	1.5	Comments per Customer	1.5
Customer (50%)		Customer (30%)	
Product (20%)		Competition (90%)	
Competition (10%)		Other (30%)	
Other (70%)			

Staff (skilled technicians/staff are well educated) and knowledge (know the tech side/current knowledge) were seen as strengths with service (poor service/don't really care about customers/no follow-up) being the major weakness noted.

Opportunities related to customers (look at themselves from the customers viewpoint) and location (exposure/signage). The biggest threat was seen to be competition (more organised companies/service focused opposition).

The customer involvement index was almost non-existent at 0.7, which showed customers were almost never involved. This is reflected in customers' comments.

**Table 68: Logical Systems' Customer Involvement/Communication Qualitative Analysis***All Customers (16)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	10(63%)	Commenting Customers	9(56%)
Number of Comments	10	Number of Comments	11
Comments per Customer	1.0	Comments per Customer	1.2
No Involvement (80%)		Communication (33%)	
OK (20%)		No Communication (89%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	4(25%)	Commenting Customers	5(31%)
Number of Comments	4	Number of Comments	6
Comments per Customer	1.0	Comments per Customer	1.2
No Involvement (100%)		Communication (20%)	
		No Communication (60%)	
		OK (40%)	

This group almost never (1.6) received marketing communication and this applied to both formal and informal options.

### 5.6.3 Logical Systems' Employee Analysis

70% of employees returned their questionnaire and a SPI of 6.1 indicates a fairly good perception of performance. They rated of their own relationships at 6.4 and social, environmental and economic factors were quite evenly rated.

The key strength identified was staff (flexible staff/loyal staff) with organisation structure (reporting systems/procedural organisation) seen as a weakness.

Expanding the product base and new customers were seen as opportunities while price based competition was a key threat.

**Table 69: Logical Systems' Employee SWOT Analysis**

*All Employees (7)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	7(100%)	Commenting Employees	6(86%)
Number of Comments	9	Number of Comments	8
Comments per Employee	1.3	Comments per Employee	1.3
Service (29%)		Communication (17%)	
Staff (86%)		Knowledge (17%)	
Other (14%)		Structure (67%)	
		Other (33%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	5(71%)	Commenting Customers	6(86%)
Number of Comments	5	Number of Comments	6
Comments per Employee	1.0	Comments per Stakeholders	1.0
Market (20%)		Competition (67%)	
Product (40%)		Technology (17%)	
Other (40%)		Other (17%)	

Employees are occasionally involved in market planning (4.0) with levels of formal and informal involvement being the same.

Few staff made comments and they were generally negative (It rarely happens/ don't know before clients).

**Table 70: Logical Systems' Employee Involvement/Communication Analysis***All Employees (7)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	3(43%)	Commenting Employee	3(43%)
Number of Comments	3	Number of Comments	4
Comments per Employee	1.0	Comments per Customer	1.3
Involvement(33%)		Communication (33%)	
No Involvement (33%)		No Communication (100%)	
Poor (33%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	2(29%)	Commenting Customers	3(43%)
Number of Comments	3	Number of Comments	3
Comments per Employee	1.5	Comments per Customer	1.0
Involvement (150%)		Communication (100%)	

A communication index of 4.5 indicates occasional communication and comments were once again generally negative (you must help yourself/rarely formal).

#### **5.6.4 Logical Systems' Supplier Analysis**

The 15% of suppliers responding had van SPI of 6.3 indicating a fairly good perceived performance. They also saw their own relationships as fairly good (6.7).

**Table 71: Logical Systems' Supplier SWOT Analysis***All Suppliers (9)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	8(89%)	Commenting Suppliers	9(100%)
Number of Comments	11	Number of Comments	11
Comments per Supplier	1.4	Comments per Supplier	1.2
Staff (25%)		Management (22%)	
Service (50%)		Staff (22%)	
Product (25%)		Communication (11%)	
Price (13%)		Structure (11%)	
Knowledge (25%)		Service (33%)	
		Product (11%)	
		Other (11%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	9(100%)	Commenting Suppliers	9(100%)
Number of Comments	9	Number of Comments	10
Comments per Supplier	1.0	Comments per Supplier	1.1
Customer (44%)		Customer (33%)	
Product (33%)		Technology (22%)	
Technology (11%)		Competition (22%)	
Other (11%)		Other (33%)	

Comments on strengths related primarily to service areas (good service/excellent support/ know their products) while perceived weaknesses covered a wide range of issues.

Opportunities were seen in customer and product development areas while the loss of customers and competition were seen as threats.

Suppliers are very seldom involved in market planning (2.2), and comments on formal (company could do better by involving us/not much communication) and informal (not good enough) reflect this rating.

While suppliers seldom receive marketing communication (4.5) both formal (OK as a casual vendor/seems to work), and informal (good chats with staff/talk to techs) received positive comments.

**Table 72: Logical Systems' Supplier Involvement/Communication Analysis**

*All Suppliers (9)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	8(89%)	Commenting Suppliers	6(67%)
Number of Comments	8	Number of Comments	6
Comments per Supplier	1.0	Comments per Supplier	1.0
No Involvement (38%)		Communication (33%)	
Poor (38%)		Poor (17%)	
OK (25%)		OK (50%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	6(67%)	Commenting Suppliers	4(44%)
Number of Comments	6	Number of Comments	5
Comments per Supplier	1.0	Comments per Supplier	1.3
Involvement (17%)		Communication (50%)	
Not Required (17%)		Poor (25%)	
OK (33%)		OK (25%)	
Poor (33%)		Other (25%)	

#### **5.6.5 Logical Systems' Community Analysis**

Logical community's SPI was 5.8 (adequate) with their own relationships rated as fairly poor (4.7).

Comments in the SWOT analysis were limited and covered a range of areas.

**Table 73: Logical Systems' Community SWOT Analysis***All Community (7)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	4(57%)	Commenting Community	3(43%)
Number of Comments	4	Number of Comments	3
Comments per Community	1.0	Comments per Community	1.0
Communication (25%)		Communication (33%)	
Management (25%)		Price (33%)	
Product (25%)		Other (33%)	
Service (25%)			
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	4(57%)	Commenting Community	5(71%)
Number of Comments	4	Number of Comments	5
Comments per Community	1.0	Comments per Community	1.0
Customer (25%)		Competition (20%)	
Product (25%)		Market (20%)	
Other (50%)		Product (20%)	
		Technology (20%)	
		Other (20%)	

Community are almost never involved (1.0) in planning and this is reflected in the limited comments made. Communication is only marginally better at 2.2 (very seldom) and once again comments are limited.

**Table 74: Logical Systems' Community Involvement/Communication Analysis***All Community (7)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	4(57%)	Commenting Community	4(57%)
Number of Comments	4	Number of Comments	4
Comments per Community	1.0	Comments per Community	1.0
No Involvement (75%)		Communication (50%)	
Not Required (25%)		Poor (50%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	3(43% %)	Commenting Community	2(29%)
Number of Comments	3	Number of Comments	2
Comments per Community	1.0	Comments per Community	1.0
Involvement (33%)		Communication (50%)	
Not Required (67%)		No Communication (50%)	

#### 5.6.6 Logical Systems' Shareholder Analysis

Only one of the two shareholders responded to this survey. His SPI of 8.8 (very good performance) is significantly higher than that of other stakeholders and well above the aggregate 6.5 for the company. He also rates his own relationships with the company as very good (8).

Staff skills and the Apple product range were seen as strengths with staff motivation and dealer support being weaknesses. Opportunities were seen in building the service market, while Apple going direct was seen as the biggest threat.

The shareholder’s involvement index was 3.0 (seldom involved) and his communication index was at a similar level at 3.5. These ratings are at odds with the shareholder’s rating of 8 for his relationships with the company but his comments that the main supplier (Apple) controls the market, and they find out at the same time as clients, indicates he is relating the question to his relationships with Apple.

**5.6.7 Logical Systems’ CEO Analysis**

The CEO rated the company’s debt/equity ratio at 7 which is slightly above the average of 6.6 for IT companies in this study. Profitability, at 5, is somewhat below the industry average of 6.4. A future ROI of 7 indicates an expectation of a good future performance.

Customer satisfaction is rated at 8 by the CEO and contrasts sharply with the 5.9 level perceived by customers. The CEO’s rating of employee satisfaction as good (7) is closer to the employee’s assessment of 6.4.

The CEO’s view of the company’s overall performance as very good (8) is markedly higher than the overall performance rating of stakeholders (6.5).

**Table 75: Logical Systems’ CEO/Stakeholder Involvement and Communication Index Comparison**

	CEO Response Based Index	Stakeholder Response Based Index
Customer Involvement Index	5.0	0.7
Employee Involvement Index	5.5	4.0
Supplier Involvement Index	2.0	2.2
Community Involvement Index	1.5	1.0
Shareholder Involvement Index	8.5	3.0
Customer Communication Index	5.5	1.6
Employee Communication Index	8.0	4.5
Supplier Communication Index	3.5	3.4
Community Communication Index	1.5	2.2
Shareholder Communication Index	8.5	3.5

The major difference in perception between the CEO and customers in both involvement and communication is the most significant feature of this analysis.

Employee communication also shows major difference in perception while in both involvement and communication the CEO's perception is markedly different from that of the shareholder although, as discussed, the shareholder's focus on external factors (Apple) in answering the questions in this area would affect this result.

#### **5.6.8 Logical Systems Summary**

Logical Systems stakeholder relationship marketing, as measured by SPI, is fairly good (6.5); with their shareholder rating it as very good, employees and suppliers as fairly good, and customers and the community as adequate. Their overall performance is in line the benchmark norm for small service providers (6.5) and with the benchmark for IT companies established by this study (6.4).

Involvement ratings are low and quite variable between stakeholder groups; with employees occasionally involved, shareholders seldom, suppliers very seldom and the community and customers almost never involved. Their overall involvement index of 2.2 was significantly below the 3.5 benchmark for IT companies established by this study.

Communication occurs occasionally with employees, seldom with suppliers and shareholders, very seldom with the community and almost never with customers. Their overall communication index of 3.0 was significantly lower than the 4.6 benchmark for IT companies established by this study.

Derived ROI (6.3) is below CEO's future ROI of 7 and the final element in the matrix, perceptions of involvement and communication show significant variances.

Overall, the indicator variables in our matrix show that Logical has made little commitment to stakeholder relationship marketing.

### 5.7: Case 7: *SYSTEMS ADVISORY SERVICES*

Systems Advisory Services (SAS) had a SPI of 6.4, which indicates that they are achieving a good fairly good performance which is in line with the 6.4 average for IT companies examined in this study. Their result is also in line with the benchmark 6.5 for small service companies included in the meta-analysis.

**Table 76: SAS; Stakeholder Performance Assessment**

<i>Respondents</i>	<i>9</i>	<i>21</i>	<i>7</i>	<i>5</i>	<i>1</i>	<i>43</i>
	Customer	Employee	Supplier	Community	Shareholder	Total
Customer Relationships	7.6	8.0	7.9	6.8	6	7.3
Employee Relationships	7.1	7.0	8.1	6.2	6	6.9
Supplier Relationships	6.6	6.2	7.9	6.2	5	6.4
Community Relationships	5.7	4.5	6.3	4.0	5	5.1
Shareholder Relationships	6.3	7.1	8.0	7.0	*	7.1
Ethical Standards	7.3	6.6	7.9	7.8	7	7.3
Preservation of the Environment	6.1	5.4	5.4	5.6	6	5.7
Use of Natural Resources	5.5	4.9	5.3	4.8	6	5.3
Value for Money	7.0	7.2	5.4	6.8	8	6.9
Profitability	7.1	7.6	7.6	7.3	6	7.1
Return on Investment	6.7	7.4	7.6	6.7	6	6.9
Overall Performance	7.3	7.3	7.7	7.0	6	7.1
Social Performance	6.8	6.6	7.7	6.3	5.8	6.7
Environmental Performance	5.8	5.2	5.4	5.2	6.0	5.5
Economic Performance	6.9	7.4	6.9	6.9	6.7	7.0
Stakeholder Performance Index	6.5	6.4	6.6	6.2	6.2	6.4
CEO Future ROI Rating						9
Formal Involvement	6.0	5.6	2.3	1.0	7	4.4
Informal Involvement	6.2	5.6	3.7	1.6	5	4.4
Formal Communication	5.9	6.1	2.0	2.4	7	4.7
Informal Communication	5.0	5.9	2.9	2.2	5	4.2
Involvement Index	6.1	5.6	3.0	1.3	6.0	4.4
Communication Index	5.5	6.0	2.5	2.3	6.0	4.4

\* No Response

The CEO's expectation of an extremely good future ROI (9) is not supported by derived ROI which, at 6.2, indicates only a fairly good performance against industry

norms. The company's bureau operation, with its strong contractual base, may well be reflected in the CEO's assessment.

Customers and shareholder rate their own relationships as good while employees and suppliers rate theirs as fairly good and the community theirs as only fairly poor.

An ANOVA examination of individual attributes contributing to the SPI shows there were no significant differences between stakeholder group ratings for any attribute except community relationships which suppliers felt were fairly good and the community felt were fairly poor.

#### ***5.7.1 SAS' Aggregate Involvement/Communication Analysis***

SAS's involvement index of 4.4 indicates that stakeholders are only occasionally engaged in the market planning process. This is still better than the 3.5 average for all IT companies. Their communication index is also 4.4 which is close to the industry average of 4.6.

#### ***5.7.2 SAS' Customer Analysis***

As a contract based operation, SAS has a small customer base and 56% responded to the study. They rated their own relationships with SAS as good (7.6) and their SPI of 6.5 reflects lower ratings on environmental factors and community relationships.

Staff (depth of staff/excellent staff) were seen as a key strength with no particular area identified in weaknesses.

Product based opportunities (other IT systems/selling software/niche software) were emphasised while the development (by customers) of in house IT systems were seen as the main threat.

**Table 77: SAS' Customer SWOT Analysis***All Customers (9)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Customers	7(78%)	Commenting Customers	5(56%)
Number of Comments	11	Number of Comments	6
Comments per Customer	1.6	Comments per Customer	1.2
Knowledge (43%) Service (43%) Staff (71%)		Price (20%) Product (40%) Service (20%) Staff (20%) Structure (20%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Customers	8(89%)	Commenting Customers	6(67%)
Number of Comments	9	Number of Comments	8
Comments per Customer	1.1	Comments per Customer	1.3
Customer (25%) Market (13%) Product (63%) Technology (13%)		Competition (17%) Customer (17%) Product (50%) Technology (50%) Other (33%)	

Customers are often involved (6.1) in marketing planning which reflects the contract nature of SAS' business. Formal (excellent, respond well/give excellent feedback) and informal (unstructured and casual/someone is always available) comments were generally positive. Communication only sometimes (5.5) occurred with formal, at 5.9 slightly more prominent than informal. Comments on formal communication (often verbal/not enough relevant information) were mixed while informal communication was seen a proactive and useful.

**Table 78: SAS' Customer Involvement/Communication Analysis***All Customers (9)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Customers	7(78%)	Commenting Customers	5(56%)
Number of Comments	8	Number of Comments	7
Comments per Customer	1.1	Comments per Customer	1.4
Involvement (100%) OK (14%)		Communication (100%) Ok (40%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Customers	6(67%)	Commenting Customers	5(56%)
Number of Comments	8	Number of Comments	5
Comments per Customer	1.3	Comments per Customer	1.0
Involvement (83%) Not Required (17%) OK (33%)		Communication (40%) Not required (20%) Ok (40%)	

### 5.7.3 SAS' Employee Analysis

70% of employees returned questionnaires with a SPI of 6.4 indicating a fairly good performance. They rated their own relationships slightly better 7.0 (good).

Staff (people skills/people/ability to work together), and service (strong service culture), were key strengths while no one issue was identified as a key weakness.

Opportunities were customer (larger number of clients) and product (expansion into new services) based. Competition and dependence on IBM technology were seen as the main threats.

**Table 79: SAS' Employee SWOT Analysis**

*All Employees (21)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Employees	20(95%)	Commenting Employees	20(95%)
Number of Comments	35	Number of Comments	23
Comments per Employee	1.8	Comments per Employee	1.1
Knowledge (15%)		Communication (15%)	
Management(5%)		Knowledge (5%)	
Service (45%)		Management 20%)	
Staff (110%)		Product (5%)	
		Service (5%)	
		Staff (10%)	
		Structure (15%)	
		Other (40%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Employees	16(76%)	Commenting Customers	17(81%)
Number of Comments	23	Number of Comments	26
Comments per Employee	1.4	Comments per Stakeholders	1.5
Customer (44%)		Competition (71%)	
Market (13%)		Customer (18%)	
Product (44%)		Market (12%)	
Technology (19%)		Technology (41%)	
Other (25%)		Other (12%)	

Employees are only sometimes (5.6) involved in planning and comments on formal involvement tended to seek more involvement (involved in some formal planning, but not all/top down style/should be involved more often). In contrast, comments on informal involvement (a number of forums are available/daily lunchtime sessions) were generally positive.

The communication index was a more robust 6.0 and this is supported by positive comments for both formal (very good at advising of new products/scheduled meetings

on new products) and informal (in-house research openly spread by word of mouth/this is always good as you can talk about product and services a lot more/learn more this way) communication.

**Table 80: SAS' Employee Involvement/Communication Analysis**

*All Employees (21)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Employees	17(81%)	Commenting Employee	14(67%)
Number of Comments	25	Number of Comments	19
Comments per Employee	1.5	Comments per Customer	1.4
Involvement (67%)		Communication (136%)	
No Involvement (38%)			
Not Required (10%)			
OK (6%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Employees	17(81%)	Commenting Customers	12(57%)
Number of Comments	19	Number of Comments	12
Comments per Employee	1.1	Comments per Customer	1.0
Involvement (88%)		Communication (100%)	
No Involvement (6%)			
Not Required (6%)			
OK (6%)			
Other (6%)			

#### 5.7.4 SAS' Supplier Analysis

A 23% response rate was achieved from suppliers and their SPI of 6.6 indicates a fairly good performance. They rate their own relationships at a very robust 7.9 (good). Low ratings for environmental factors and value for money affect their overall perception.

**Table 81: SAS' Supplier's SWOT Analysis**

*All Suppliers (7)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Suppliers	5(71%)	Commenting Suppliers	5(71%)
Number of Comments	6	Number of Comments	5
Comments per Supplier	1.2	Comments per Supplier	1.0
Knowledge (20%)		Communication (20%)	
Management (20%)		Price (20%)	
Service (60%)		Product (40%)	
Staff (20%)		Service (20%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Suppliers	5(71%)	Commenting Suppliers	5(71%)
Number of Comments	5	Number of Comments	6
Comments per Supplier	1.0	Comments per Supplier	1.2
Customer (20%)		Competition (60%)	
Product (40%)		Technology (40%)	
Technology (20%)		Other (10%)	

Service (good service/excellent service) was identified as a strength while a limited product range was seen as a weakness. Opportunities related to product development and threats focused on competition and technology.

Suppliers rate their involvement as seldom involved (3.0) with communication even lower at very seldom (2.5).

**Table 82: SAS' Suppliers Involvement/Communication Analysis**

*All Suppliers (7)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Suppliers	4(57%)	Commenting Suppliers	4(57%)
Number of Comments	4	Number of Comments	4
Comments per Supplier	1.0	Comments per Supplier	1.0
Involvement (25%)		Communication (75%)	
No Involvement (25%)		Poor (25%)	
Not Required (50%)			
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Suppliers	3(43%)	Commenting Suppliers	3(43%)
Number of Comments	4	Number of Comments	4
Comments per Supplier	1.3	Comments per Supplier	1.3
Involvement (67%)		Communication (100%)	
No Involvement(33%)		Poor (33%)	
Not Required (33%)			

There were very limited comments and they were quite general.

#### **5.7.5 SAS' Community Analysis**

While the community saw their own relationships with SAS as fairly poor (4.0) their SPI was fairly good at 6.1. Apart from environmental performance, and their own relationships, they gave fairly good or better ratings on all other attributes.

Staff (excellent employees/great team) and service (customers come first/strong on service) were identified as strengths while size and limited products were seen as weaknesses.

Opportunities included 'higher profile', 'new technology' and 'sell customers more' while threats related to competition and keeping up to date.

**Table 83: SAS' Community SWOT Analysis***All Community (5)*

<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
Commenting Community	4(80%)	Commenting Community	3(60%)
Number of Comments	4	Number of Comments	3
Comments per Community	1.0	Comments per Community	1.0
Service (25%) Staff (75%)		Communication (33%) Product (33%) Other (33%)	
<b><u>Opportunities</u></b>		<b><u>Threats</u></b>	
Commenting Community	4(80%)	Commenting Community	4(80%)
Number of Comments	4	Number of Comments	4
Comments per Community	1.0	Comments per Community	1.0
Customer (25%) Product (50%) Technology (25%)		Competition (50%) Technology (50%)	

The community involvement index rating of 1.3 indicates that they are almost never involved in market planning and the communication index of 2.3 shows that there is very seldom any marketing communication with this group and the limited number of comments reflected this.

**Table 84: SAS' Community Involvement/Communication Analysis***All Community (5)*

<b><u>Formal Involvement</u></b>		<b><u>Formal Communication</u></b>	
Commenting Community	3(60%)	Commenting Community	3(60%)
Number of Comments	4	Number of Comments	3
Comments per Community	1.3	Comments per Community	1.0
No Involvement (67%) Not Required (67%)		Communication (33%) No Communication (67%)	
<b><u>Informal Involvement</u></b>		<b><u>Informal Communication</u></b>	
Commenting Community	3(60%)	Commenting Community	2(40%)
Number of Comments	3	Number of Comments	2
Comments per Community	1.0	Comments per Community	1.0
Involvement (33%) Not Required (67%)		Communication (50%) No Communication (50%)	

### 5.7.6 SAS' Shareholder Analysis

Only one shareholder responded to the study and their SPI was 6.2 (fairly good). He did not give a rating for his own relationship with the company.

Staff and knowledge were identified as strengths with a lack of advertising and marketing (people don't know who we are, or what we do) seen as a weakness. No opportunities were mentioned but competition was seen as a threat.

The shareholder involvement and communication indexes were both 6.0. In each index formal was 7 (frequent) and informal 5 (sometimes). No comments were made in this area.

**5.7.7 SAS’ CEO Analysis**

Discussions with the CEO verified that the debt/equity ratio of 10 reflected a debt free operation with very high (9) profitability. SAS is in a very strong position when compared with the industry averages of 6.6 and 6.4 respectively. A future ROI of 9 reflects an expectation of an extremely good performance against industry norms. Secure contracts are the foundation of this operation and this is reflected in the CEO’s assessment.

The CEO’s ratings for customer and employee satisfaction are both 7 which is somewhat lower than customers perceptions of their own relationships (7.9) and identical with employees’ perceptions (7.0). While his overall performance rating of 8 is higher than the 7.1 rating of aggregate stakeholders.

**Table 85: SAS’ CEO/Stakeholder Involvement and Communication Index Comparison**

	CEO Response Based Index	Stakeholder Response Based Index
Customer Involvement Index	2.0	6.1
Employee Involvement Index	5.0	5.6
Supplier Involvement Index	0.0	3.0
Community Involvement Index	0.0	1.3
Shareholder Involvement Index	6.5	6.0
Customer Communication Index	4.0	5.5
Employee Communication Index	5.5	6.0
Supplier Communication Index	0.0	2.5
Community Communication Index	0.0	2.3
Shareholder Communication Index	6.0	6.0

The CEO has a considerably more conservative view of stakeholder involvement and communication levels than do the stakeholders themselves. Only with employee and shareholder involvement and communication is the CEO’s assessment close to that of the stakeholder group.

### 5.7.8 *SAS Summary*

SAS have a fairly good (6.4) level of stakeholder relationship marketing, as measured by SPI, with a very even level of perception across stakeholder groups. All rated the company's performance as fairly good. Their overall performance is in line the benchmark norm for small service providers (6.5) and with the benchmark for IT companies established by this study (6.4).

Involvement ratings are quite variable between stakeholder groups; with shareholders and customers often involved, employees sometimes involved, suppliers seldom involved and the community almost never involved. Their overall involvement index of 4.4 was significantly above the 3.5 benchmark for IT companies established by this study. This high level of involvement could well be driven by the contractual nature of the business.

Communication often occurs with employees and shareholders; sometimes with customers, and very seldom with suppliers and the community. Their overall communication index of 4.4 was slightly lower than the 4.6 benchmark for IT companies established by this study.

With derived ROI at 6.2 it can be assumed that the secure contractual nature of their business accounts for the extremely high future ROI of 9 given by the CEO.

The CEO sees levels of involvement and communication as being markedly lower than the levels perceived by stakeholders, and this pragmatic view is unique amongst IT companies participating in this study.

Some elements of the SAS matrix show a positive trend with realistic views of relationships, while other elements show the organisation has some way to go in developing a stakeholder relationship marketing focus.

## CHAPTER 6 CONCLUSIONS

### *6.1 Hypothesis Testing*

#### *6.1.1 Hypothesis One*

“There is a significant positive correlation between stakeholder relationship marketing, as measured by SPI, and future Return on Investment (ROI) as measured by CEOs perceived future ROI”.

There was a concern that the small sample base in this study may not provide sufficient data for a statistically significant result. Because of this data from the seven companies in the study was added to that collected between 1997 and 2004 to provide an aggregate base of 59 organisations for meta-analysis. It was felt this meta-analysis would give a robust view of the relationship between SPI and future ROI.

As detailed in Table 3, p. 41, the Pearson’s correlation between SPI and future ROI for this larger sample base was  $r = 0.50$  (significant at the .001 level) and this confirms that a statistically significant positive correlation does exist. A linear regression was run to determine if a significant relationship existed between SPI and the CEO’s future ROI rating. Adjusted  $R^2$  tells us that 25% of the variance in future ROI is explained by SPI and this is statistically significant at the .001 level (Murphy et al. 2004).

Returning to our focus on the IT industry, our first research question was “Do organisations in the IT industry with a strong stakeholder relationship marketing focus, as measured by the stakeholder performance index (SPI), perform better in terms of future ROI than organisations with a weak stakeholder focus?”

To answer this question a statistically significant positive correlation must be shown to exist between SPI and CEOs’ future rating for the aggregate group of IT companies.

Although the sample base is very small, a very weak, but significant, correlation exists between SPI and CEOs future ROI rating.

**Table 86: Correlations, SPI and CEOs Future Return on Investment***Base: 7 IT Companies*

		<b>SPI</b>	<b>CEO Future ROI</b>
<b>SPI</b>	Pearson Correlation	1.000	.118*
	Sig. (2-tailed)	.	.020
	N	388	388
<b>CEO Future ROI</b>	Pearson Correlation	.118*	1.000
	Sig. (2-tailed)	.020	.
	N	388	472

\*Correlation is significant at the 0.05 level (2-tailed).

The meta-analysis confirms a significant positive correlation between SPI and future ROI and, despite the small sample size, there is a very weak, but significant, positive correlation between SPI and future ROI for IT companies in this study.

**Hypothesis 1 is therefore supported by the meta-analysis and by the current study.**

#### **6.1.2 Hypothesis Two.**

“There is a significant positive correlation between a high Stakeholder Involvement Index and a high level of stakeholder relationship marketing, as measured by SPI”.

Using the data from the 7 IT companies the Pearson’s correlation between SPI and the Stakeholder Involvement was examined and a significant positive correlation was shown to exist.

**Table 87: Correlations, SPI and Involvement***Base: 7 IT Companies*

		<b>SPI</b>	<b>Formal Planning Involvement</b>	<b>Informal Planning Involvement</b>	<b>Involvement Index</b>
<b>SPI</b>	Pearson Correlation	1.000	.316**	.356**	.358**
	Sig. (2-tailed)	.	.000	.000	.000
	N	388	384	384	384
<b>Formal Planning Involvement</b>	Pearson Correlation	.316**	1.000	.765**	.940**
	Sig. (2-tailed)	.000	.	.000	.000
	N	384	465	464	464
<b>Informal Planning Involvement</b>	Pearson Correlation	.356**	.765**	1.000	.939**
	Sig. (2-tailed)	.000	.000	.	.000
	N	384	464	464	464
<b>Involvement Index</b>	Pearson Correlation	.358**	.940**	.939**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	384	464	464	464

\*\* Correlation is significant at the 0.01 level (2-tailed).

To examine the relationship between SPI and involvement, the correlation has been extended to include discrete formal and informal involvement values. These indicate that informal involvement has a marginally stronger relationship with SPI than formal involvement.

The overall correlation between SPI and involvement supports the hypothesis that organisations in the IT industry with high stakeholder involvement perform better in terms of SPI than organisations with low stakeholder involvement.

### **Hypothesis 2 is supported by the results of this study**

#### **6.1.3 Hypothesis Three**

“There is a significant positive correlation between a high Stakeholder Marketing Communication Index and a high level of relationship marketing as measured by SPI”.

The Pearson’s correlation between SPI and the Stakeholder Communication was examined and a significant positive correlation was shown to exist.

**Table 88: Correlations, SPI and Stakeholder Communication**

*Base: 7 IT Companies*

		<b>SPI</b>	<b>Formal Communication</b>	<b>Informal Communication</b>	<b>Communication Index</b>
<b>SPI</b>	Pearson Correlation	1.000	.351**	.328**	.376**
	Sig. (2-tailed)	.	.000	.000	.000
	N	388	386	383	383
<b>Formal Communication</b>	Pearson Correlation	.351**	1.000	.636**	.903**
	Sig. (2-tailed)	.000	.	.000	.000
	N	386	468	464	464
<b>Informal Communication</b>	Pearson Correlation	.328**	.636**	1.000	.906**
	Sig. (2-tailed)	.000	.000	.	.000
	N	383	464	465	464
<b>Communication Index</b>	Pearson Correlation	.376**	.903**	.906**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	383	464	464	464

\*\* Correlation is significant at the 0.01 level (2-tailed).

To examine the relationship between SPI and communication, the correlation has been extended to include discrete formal and informal communication values. These

indicate that formal communication has a slightly stronger relationship with SPI than informal communication.

Overall, this result supports the hypothesis that organisations in the IT industry with high stakeholder communication perform better in terms of SPI than organisations with low stakeholder communication.

**Hypothesis 3 is supported by the results of this study**

**6.1.4 Hypothesis Four**

“There is a significantly higher correlation between a high Stakeholder Involvement Index and a high level of relationship marketing as measured by SPI, than between a high Stakeholder Marketing Communication Index and a high level of relationship marketing as measured by SPI”.

Both the involvement and communication index have a significant positive correlation with SPI, but, in terms of magnitude, the communication index has a marginally stronger correlation with SPI than the involvement index.

**Table 89: Correlations, SPI, Involvement and Communication Indexes**

*Base: 7 IT Companies*

		SPI	Involvement Index	Communication Index
SPI	Pearson Correlation	1.000	.358**	.376**
	Sig. (2-tailed)	.	.000	.000
	N	388	384	383
Involvement Index	Pearson Correlation	.358**	1.000	.602**
	Sig. (2-tailed)	.000	.	.000
	N	384	464	461
Communication Index	Pearson Correlation	.376**	.602**	1.000
	Sig. (2-tailed)	.000	.000	.
	N	383	461	464

\*\* Correlation is significant at the 0.01 level (2-tailed).

While the overall result indicates that organisations in the IT industry with strong stakeholder communication perform marginally better in terms of SPI than organisations with strong stakeholder marketing involvement, a more complex picture emerges when we disassemble the indexes into component parts.

**Table 90: Correlations, SPI, Involvement and Communication Index Components**

*Base: 7 IT Companies*

		SPI	Formal Involvement	Informal Involvement	Formal Communication	Informal Communication
SPI	Pearson Correlation	1.000	.316**	.356**	.351**	.328**
	Sig. (2-tailed)	.	.000	.000	.000	.000
	N	388	384	384	386	383
Formal Involvement	Pearson Correlation	.316**	1.000	.765**	.453**	.480**
	Sig. (2-tailed)	.000	.	.000	.000	.000
	N	384	465	464	464	462
Informal Involvement	Pearson Correlation	.356**	.765**	1.000	.480**	.643**
	Sig. (2-tailed)	.000	.000	.	.000	.000
	N	384	464	464	463	461
Formal Communication	Pearson Correlation	.351**	.453**	.480**	1.000	.636**
	Sig. (2-tailed)	.000	.000	.000	.	.000
	N	386	464	463	468	464
Informal Communication	Pearson Correlation	.328**	.480**	.643**	.636**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.
	N	383	462	461	464	465

\*\* Correlation is significant at the 0.01 level (2-tailed).

Informal involvement has the strongest correlation with SPI followed by formal communication, informal communication and formal involvement.

**While Hypothesis 4 is not supported by the overall result, a closer investigation indicates that informal involvement, not a communication component, has the strongest correlation with SPI.**

## 6.2 Summary

This study has provided additional input to a meta-analysis that confirms the significant relationship between SPI, as an indicator of stakeholder relationship marketing performance, and CEOs perception of future ROI. While this is a perceptually based analysis there have been a number of empirically validated longitudinal studies, as detailed in our literature review, that confirm that proactive stakeholder relationship marketing has a significant and demonstrable effect on an organisation's long-term viability and profitability.

Earlier general industry studies have established the role of the Stakeholder Performance Index as an indicator of stakeholder relationship marketing. With this study, we have begun to develop an information matrix approach to assess stakeholder relationship marketing and to develop industry specific benchmarks that can be used, in conjunction with qualitative research, in stakeholder focused strategic market planning.

Underpinning the stakeholder relationship marketing performance matrix is the indicator index, SPI, which measures overall performance in terms of stakeholder relationship marketing. Supporting this is the stakeholder SWOT analysis providing information in support of stakeholder perceptions.

The second element in the matrix, also supported by qualitative responses, is the indicator involvement and communication indexes. These show the current level of activity supporting SPI perceptions.

The third component is the perceptions of financial performance, derived ROI (stakeholder based), and the CEO's future ROI. These can provide important 'gap' information between CEO future perception and stakeholder based 'reality'.

The final component in the matrix is the perceptions of the CEO with regard to stakeholder relationships, involvement and communication. These illustrate the closeness, or gaps, in perception that impact upon managerial decision making in relation to stakeholder relationship marketing.

As industry benchmarks are developed through extension studies in this field, organisations will have a relatively simple and practical management tool that will provide strategic direction in the evolution of an organisation's stakeholder relationship marketing strategy.

In this study of the Information Technology market the application of stakeholder relationship marketing is clearly fragmented. While results support the contention that stakeholder relationship marketing exists in practice, what is also evident is that, in many cases, this application is incidental and not part of a specific, planned strategic approach.

It is significant that our case analysis shows that those operations with higher levels of involvement and communication have significantly higher levels of SPI.

Canary Software, with an SPI of 7.5, an involvement index of 5.5, a communication index of 6.1 and close CEO/stakeholder perceptions in other key areas, can be held as an exemplar of an organisation with a positive investment in stakeholder relationship marketing.

While marketing communication has a slightly higher positive impact on SPI than stakeholder market planning involvement, the disassembly of these indexes shows the equal importance of involvement in the relationship matrix.

Results from this study suggest a stakeholder relationship marketing strategy with a high level of informal market planning involvement, and a high level of formal marketing communication will have the greatest impact on stakeholder perceptions.

The significant differences identified between CEOs' perceptions and those held by the stakeholders themselves is particularly important when we consider the large number of stakeholder relationship studies based on managerial perception identified in our literature review. This suggests that considerable caution needs to be taken in interpreting such managerially sourced studies.

As a market led (stakeholder perceptions), rather than management driven (management opinions), study the results lend empirical support to the contention that

stakeholder relationship marketing has a positive impact on a company's future financial performance. It also provides support for the positive effect of stakeholder involvement and communication on company performance, and by inference, on a company's future financial performance.

This study has added to the body of knowledge with regard to stakeholder relationship marketing, has introduced the concept of a stakeholder relationship marketing matrix and has provided the first industry specific analysis of stakeholder relationship marketing in New Zealand.

It can be concluded that Stakeholder Relationship Marketing is a developing paradigm in practice and an emerging reality for successful modern business enterprises.

As it matures, it will support the implementation of Elkington's triple bottom line concept of "sustainable value creation, economic added value and social added value set the base for long term profitable and sustainability" (Elkington, 1999, p.22).

The Stakeholder Relationship Marketing Model can be the vehicle that will deliver practical solutions and establish stakeholder relationship marketing as **"a paradigm in practice"**.

## CHAPTER 7      STUDY LIMITATIONS AND FUTURE RESEARCH

### *7.1 Study Limitations*

This was a study based on a relatively small sample of IT companies. The final participating group included no medium sized (\$5-\$20 million) companies and was restricted to operations that were Auckland based. While random selection techniques were used in selecting the sample, we must accept that the results are indicative, rather than representative, of the IT industry in New Zealand.

Although external stakeholders were randomly selected, or, in the case of small numbers, fully included, employee questionnaires were distributed by participating companies and randomness cannot be guaranteed. This could bias our results for this stakeholder group and could affect our ability to draw generalised inferences.

Churchill warns of the danger of errors in sampling procedures and highlights the fact that when we cannot assess the error that can be attributed to sampling procedures this will limit the generalisation of our results (Churchill, 1999, p. 605).

The forced response approach taken by excluding a 'don't know' option was commented upon during the piloting of the questionnaire, however an examination of completed questionnaires showed that stakeholders unsure of a question simply did not answer it. This resulted in relatively low level of response for some questions, particularly those related to financial aspects of organisational performance.

In an earlier study (Murphy, 2003), CEOs were asked to rank the importance of each stakeholder group as a basis for producing weighted results. This option was not included in the current study because of the dangers inherent in such an arbitrary approach.

Karlsen (2002) showed that all stakeholder groups could be of equal importance when comes to exerting influence and causing problems, depending on circumstance or some other imponderable factor. Churchill reinforces this when he points out the difficulties inherent in ranking and highlights that in seeking a ranking, when equal importance exists, may generate an invalid result (Churchill, 1999, p. 411).

The addition of a SWOT analysis, and the involvement and communication section, to the original SPA questionnaire increased its length considerably. This was initially of concern, but piloting of the final version indicated no completion concerns with unprompted feedback positive in terms of ease of completion.

## ***7.2 Future Research***

This study has been an initial investigation of stakeholder relationship marketing in practice in a specific industry area, the IT industry in New Zealand. The extension of this study to include a broader base of IT organisations in terms of size, primary function and geographic location is a logical next step in extending our knowledge base in this area.

The development of industry benchmarks in a wide range of industry areas would provide organisations with industry specific information to assess performance and to provide a basis for strategic development. Differences clearly exist between industry groups, and what is a good performance in one industry may be a bad performance in another. Cross industry comparisons are problematic as they may lead to unrealistic expectations.

This is the first study to incorporate an investigation of the role of involvement and communication and the differences in perception between management and stakeholders in key areas. Extensions of this study to fully explore the stakeholder relationship matrix concept developed are recommended.

If stakeholder relationship marketing is to move from the current morass of conflicting ideas and arguments, then managerial tools that are definable, practical and universal need to be developed. They must be easy to use, well benchmarked with sound exemplars, and provide actionable information and strategic direction.

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