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Stakeholder Communication of Small Businesses in Australia And Its Impact on Their Success

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Certificate of Authorship

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Abstract

This study investigates stakeholder communication by small businesses in Australia and its impact on small businesses' success. It provides insights into their approaches to communication with key stakeholders, communication channels used, and how various approaches and models of communication affect the businesses' success. The study was framed within *Excellence Theory* of public relations and *Stakeholder Theory* drawn from business management.

The study was conducted through an in-depth examination of four small businesses based in Sydney, Australia using in-depth interviews with the owners and/or managers of each of the four businesses and content analysis of communication materials from each of the four small businesses.

With small businesses accounting for 35 per cent of Australia's Gross Domestic Product (GDP), the findings are important as a pilot study for a larger research project, which again will be important for economic stability and growth as well as the hundreds of thousands of people who decide to establish a small business.

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Introduction

Small business (SB) is an important sector of the Australian economy responsible for 35% of the GDP (IISR 2007). The 21st century has seen a new face to Australian small business as nearly half the SBs in operation in Australia today started in the past 10 years (ABS 2008). According to the Australian Bureau of Statistics (ABS), over the short to medium term, “the chance of continuous survival is strongly related to the age of the business” (ABS 2007, para 8). Apart from cash flow, operation time also depends on the business’ ability to satisfy the needs of its stakeholders (Friedlander & Pickle 1968). At the NSW Industry and Investment’s Digital Day in September 2010, business and communications professionals strongly advocated the importance of communication in SB success (Gamble 2010; Shelton 2010; Singh 2010). Not only are people increasingly using online communications tools at work, “they have to” (Singh 2010). Gamble (2010) states that “small business has to communicate who they are and what they do” to all their stakeholders in order to stay alive. Shelton (2010) encourages SBs to elevate their communication skills using Search Engine Optimisation (SEO) and social media tools such as *Facebook*, *Twitter*, *LinkedIn* and *Blogger* to create and maintain relationships, establish authority and build trust.

Public relations theory proposes that communication is the vital link that joins organisations with their stakeholders. Scholars have provided us with valid evidence that managed strategic communication, or public relations (PR), has led to organisational effectiveness, which has been seen as organisational success (Dozier, Grunig & Grunig 2002). Effective PR does not indicate the social implications of organisational success, but rather how organisations “do” PR, or communicate with their stakeholders (L'Etang & Pieczka 1996). Thus, how people “do” PR affects both internal and external stakeholder relationships. According to Sriramesh and Verčič, “communication is in essence the sharing of meaning and the creation of understanding that can only be established by solid stakeholder relationships” (Coetzee, De Beer & Rensburg 2008, pp. 385-396). Solid stakeholder relationships therefore are the objective of managed communication in PR.

The literature available to define communication is extensive and beyond the scope of this thesis. Bryant and Miron (2004) have identified 604 theories of communication and Dance

and Larson (1976) identified 126 definitions of communication. It is important however to indicate the way the term communication is used in this study, as the term does not refer to “information transmission”, but rather it is used in a two-way interactive process in the context of the “sharing and negotiating of meaning” and understanding, in the establishment of relationships (Littlejohn & Foss 2009, p. 618). A useful example to circumscribe communication theory is Lasswell's maxim, "who says what to whom in what channel with what effect" (Lasswell 1948 p. 37). From a constructionist view, communication is “an ongoing process that symbolically forms and re-forms our personal identities”, and thus would have an effect on our relationships (Craig 2007, p. 125). Communication has been increasingly studied since WWII and throughout 20th century, and is seen as a means of survival (Dozier, Grunig & Grunig 2002; Grunig & Hunt 1984; Johnston & Zawawi 2009; Lasswell 1948 ; Littlejohn & Foss 2009). Communication is vital for the survival of an organisation.

Communication with key “stakeholders” in particular is recognised as an important ingredient of business and organisational success (Deetz 1995; Freeman 2010; Spicer 2007, pp. 27-41). This is reflected in the worldwide growth and increasing sophistication of public relations as a professional practice, along with its related and synonymous practices such as corporate communication, corporate relations, external and internal relations, and public affairs. Today, PR and its specialty sub-fields is estimated to be an \$8 billion a year industry globally (Wilcox & Cameron 2009, p. 3), growing at 10 per cent per annum (Sorrell 2008b) and employing between 2.3 and 4.5 million communication practitioners, according to various studies (Falconi 2006; Wilcox & Cameron 2009, p. 3). In Australia, an estimated 14,600 PR practitioners were employed in corporate, government and non-profit organisations in 2010, according to the Public Relations Institute of Australia (PRIA 2010).

Key stakeholders with which businesses need to establish and maintain good relationships include customers, shareholders, distribution channel partners such as retailers, local communities, employees, industry associations and, in some cases, regulatory bodies and consumer and environmental groups (Longenecker 2010). While there is disagreement among stakeholder theorists about the meaning of “stakeholder”, it has played a crucial role since it emerged over the last 15 years and came into wide-scale usage “to describe those groups who can affect, or who are affected by, the activities of the firm” (Freeman, Jones & Wicks 2002, p. 19). Today, most academics consider the term “stakeholders” and “publics”

relatively interchangeable. The term “stakeholders” is most widely used in management theory and first appeared in management literature in “an internal memorandum of the Stanford Research Institute” in 1963 (Bourne 2009; Freeman 1984, p. 31). The term “publics” is most widely used in PR theory, and the definition of the term was introduced to PR through *Situational Theory of Publics* in reference to situations where people and organisations are likely to communicate and why (Grunig & Hunt 1984). Contemporary PR literature and PR theory focuses on stakeholder communication and stakeholder relationships, thus the use of PR theory as part of the framing for this study.

In large businesses, PR and its specialty sub-disciplines such as employee relations, trade relations, community relations, government relations, and industry relations, together with customer relations that are often identified as a separate specialist function. The PR function is part of marketing communication, and are recognised as key components of management responsibility and operations. The role of PR and the range of public communication activities that it conducts on behalf of businesses and organisations have been extensively studied (Broom & Cutlip 2009; Cain 2009; Cancel, Mitrook & Cameron 1999; Coetzee, De Beer & Rensburg 2008; Cutlip, Center & Broom 2006; Dozier, Grunig & Grunig 2002; Dozier 1995; Grunig, Grunig & Toth 2007; Grunig 1992; Hutton 1999; Johnston & Zawawi 2009; Kent & Taylor 2002; Murphy 1989; Pearson 1989; Ruler, Verčič & Verčič 2008; Ruler & Verčič 2004; Sriramesh & Verčič 2008; Taylor Spring 2000; Verčič et al. 2001).

However, SBs rarely if ever have specialised functions or staff to manage communication with key stakeholders, and the ways in which SBs communicate with their key stakeholders has been much less studied. Nevertheless, building and maintaining relationships with their key stakeholders is essential for the survival and success of SBs and is a field deserving of close study. Longenecker (2010) believes there are few differences between personal and professional relationships. This study investigates such relationships in a sample group of four SBs in Australia and how they communicate with key stakeholders in order to build and maintain relationships necessary for the success of their businesses.

Chapter One: Background and Literature Review

Two areas of research are relevant to studying stakeholder communication in SBs. Business-stakeholder communication practices are informed first and foremost by the substantial body of PR theory that has been developed since the practice evolved in its modern form in the early 20th century (Grunig & Hunt 1984). In particular, areas of PR theory and practice relating to business provide a theoretical framework for examining stakeholder communication by SBs. Second, an understanding of the structure and operations of SBs in Australia, and identification of any existing research into their stakeholder communication practices conceptually frames this study.

Small Business in Australia

In Australia, small business collectively forms the largest business sector (English 2006). Out of the over 2 million actively operating businesses in Australia, there are approx. 1.62 million non-agricultural small businesses, with 1.93 million owners and operators, representing 96% of the Australian industry and responsible for four out of five of all the new jobs created (ABS 2008, para 11, para 26; IISR2007). There are a number of small business definitions. In Australian, small business are classified based on either their employment or turnover (ABS 2008). The Australian Taxation Office (ATO) uses business size and total annual income to determine definitions of small business (ABS 2008). In contrast, the Australian Bureau of Statistics (ABS) makes use of employment levels as a designated criterion (ABS 1998; 2008). The ABS definition is most widely used in Government and research circles, hence most appropriate for this study. According to the ABS, small business is defined as employing between five and 20 full-time or equivalent fractional staff (ABS 2008). Business that does not employ staff (1.2 million) qualifies as micro businesses (ABS 2007; ABS 2008; IISR 2007). Furthermore, 1.89 million businesses (94% of the total) had an annual turnover of less than \$2 million (ABS 2007; ABS 2008). Reflecting the population distributions, the predominance of these businesses were located and operated in NSW (ABS 2007, para 15). Relatively unchanged since 1995, the average owner is male (68%), aged between 30 and 54, and 30% of the business operators were born overseas (ABS 2007, para 12-32). Out of these businesses, 56.3% were sole traders, 32.8% employed 1-4 people, and 10.9% employed 5-19 people (ABS 2007, para 24-29).

Table 1.1: Numbers of small business by employment size

Year	Non-employing	1-4 employees	5-19 employees
2006–07	1 171 832	527 445	228 313
2005–06	1 156 326	494 196	227 373
2004–05	1 155 278	471 481	206 342
2003-04	1 210 725	411 511	225 447
	500 000	1 000 000	1 500 000
			2 000 000

(ABS 2007, para 24-29; ABS 2008; IISR 2007)

Table 1.2: Contribution to GDP by business size

Small Business	Medium business	Large business
35.0%	23.6%	41.4%

(ABS 2007, para 24-29; ABS 2008; IISR 2007)

Small business can be further defined by structure and stages in development (Churchill & Lewis 1983; English 2006, p. 107). Churchill and Lewis (1983) define “five stages of small business growth” as start-up, success, maturity, stability, and rejuvenation or death phase (p. 30-40). English (2006) defines the “small business life cycle” as start-up, take off, harvest and renewal (p. 107). For the purpose of this study, small businesses could be further defined as businesses that are in the first two stages of development of both these definitions and having a simple organisational structure where the owner personally manages and supervises all activities in the workplace (Churchill & Lewis 1983; English 2006).

Organisational Management

Organisational and business management involves achieving desired goals and objectives efficiently and effectively by getting people together. Fayol (1949) describes modern concepts of management as consisting of six functions: forecasting, planning, organising, commanding, coordinating and controlling. Managers are responsible for organising, staffing, planning, leading and controlling individuals or objects. According to Gerber (2010) organisations only exist because people, or stakeholders, want them to. Thus, organisations need to attend to their stakeholders for successful growth. An organisation must undergo a selection process of suitable stakeholders and regard these stakeholders as people they want

to do business with. If an organisation moves through stages of development and creates and provides a continuous growth of products or services for its stakeholders, it will eventually attract further stakeholders as a result of shared success.

Stakeholder Theory

Stakeholder Theory is mainly aimed at keeping key stakeholders on side and supportive for the survival of the organisation. It was developed in response to a growing interest in corporate social responsibility and identifies, explains and prescribes “an organisation’s relationship and responsibility to other actors” which can “include any human or non-human actor who influences or is influenced by an organisation” (Littlejohn & Foss 2009, p. 929). *Stakeholder Theory* aims to understand “how organisations communicate with and are held accountable to their stakeholders” and it studies the process of communication, dialogue and exchange between organisations and stakeholders (Littlejohn & Foss 2009, p. 929). Similar to *Excellence Theory*, *Stakeholder Theory* is often “justified in its normative value” and attempts to “portray corporations as more ethical” (Littlejohn & Foss 2009, p. 931). There are however controversies of the identification and definition of stakeholders, and the responsibilities of who should determine and prioritise the needs of stakeholders (Littlejohn & Foss 2009, p. 930). Today, building relationships with stakeholders is a determinant for best practice PR.

Strategic Stakeholder Relationships and Communication

The current movement in stakeholder communication is a focus on the relational approach. Bubna-Litic (2010, pers. Comm., 29 September) depicts that the main “relation-ality” lies in the interchange between stakeholders with power simulating “patterns on a landscape”. Bubna-Litic (2010, pers. Comm., 29 September) explains that Freeman’s attempt to push and separate stakeholder communication clarifies great variety in challenges facing small and large business in relation to dependencies with key stakeholders. In a large business such as IBM, it has been recognised that stakeholder communication increases benefits to the organisations reputation, reduces risk, increases positive communication by researching markets and through engagement, and it also increases potential collaboration solutions regarding knowledge sharing (Bubna-Litic 2010, pers. Comm., 29 September). In small business, this may not be the case.

Challenges such as governmental laws and regulations often control the integrity levels of SB owners tempted to cut corners, under-report income, and claim personal expenses as business expenses (Longenecker 2010). Thus, managing decisions of ethical matters calls for difficult choices which may affect profit (Longenecker 2010). Eller (2005) states that “integrity is all you’ve got” and is ultimately a success factor in small business (pp. 89-90). Similarly, Kotter and Heskett (1992) state that revenue is likely to increase when a company culture emphasise the interest of all stakeholders, beyond the income statement, which again will boost company performance (Longenecker 2010). According to Longenecker (2010) integrity creates trust and “trust is vital in relationship building” necessary for the success of an organisation (pp. 43-54). Blanchard and Peale (1989) identify integrity as a way to communicate the organisation’s “ethical code of conduct” to shape the culture and values of an organisation and to improve communications and standards with all stakeholders.

Covey (2004) and Sorrell (2008b, 2008a) assert that people have lost their trust and faith in organisations (Ch.2a; p. 8). Covey (2004) declares that “what brought success in one economic age will not lead to it in the next” (Ch. 2a). Coveys’ advice to business managers and owners is to release, transform and empower the people behind the business rather than focussing on transactions, machines and increased productivity (Covey 2004). Whereas the most valuable asset in the 20th century was production equipment, the most valuable asset in the 21st century will be knowledge sharing, and knowledge workers and their productivity (Covey 2004). The relationships supporting an organisation shape its success.

Managing Strategic Communication

Strategic communication involves internal and external communication of concepts, processes, and data in order to meet organisational goals (Longenecker 2010). Effective internal communication between management and staff is key as “the speed with which information moves through a company is critical” to a healthy organisation (Longenecker 2010, p. 508). In today’s changing industry, Spence asserts that “tomorrow’s winners will be those firms that become innovators in *how* they communicate their business – not in what they make or sell” (Guffey 2001, p. 4). In an increasingly global and diverse workforce using sophisticated communications technologies, communication skills in business are vital (Guffey 2001, p. xv). In addition, top business schools increasingly recognise the importance of media and the role of business education in society (AEN 2010).

Contrary to that of a large business where communication travels in a formal way or from the top down, the communication of a small business takes place horizontally and is often reliant upon the quality of personal relationships (Fayol 1949; Shockley-Zalabak 1994, 2009). According to Papa, Daniels and Spiker (2008), this horizontal elasticity makes it easier for staff members to solve problems, share information across different work groups, and coordinate tasks between departments or project teams. Koehler, Anatol and Applebaum (1981) emphasize that lateral or horizontal communication in the workplace both enhances morale and assists in conflict resolution. In addition, lateral communication is also defined as the quality of information sharing occurring among peers at similar levels (McClelland & Wilmot 1990). Thus, to share information effectively, it is critical for an organisation to understand its structure and culture, which according to Mino, Rowles and Spillan (2002) are “the two major determinants of the quality of lateral communication” (p. 101). Effective information sharing and communication is also affected by communication technology.

Small Business Use of Communication Technology

According to Burnett and McMurray (2003), the most commonly used communication channels in SBs are face-to-face networking and the internet (pp. 10-11). Small business is increasingly online: 97% use the internet and 81% have a website (Singh 2010). Alarming, only 21% have a digital communication strategy (Singh 2010). According to various studies however, strategic planning can either be very effective or a waste of time in SBs, all depending on the current situation and whether the plan is actioned appropriately (Longenecker 2010, p. 147; Unni 1981, pp. 54-58). Being small creates time and funding constraints, incurring additional work in personal time by owners and managers, and the SB is also not able to invest large amounts on technology, innovation, training, and staffing such as large corporations. Instead SBs can benefit from engaging with local communities and large corporations in order to gain exposure to further key stakeholder groups. Such strategies of marketing products and engaging with the community are considered a less profit oriented and more social approach to stakeholder communication (Bubna-Litic 2010, pers. comms., 29 September)

The NSW State government supports SBs in creating jobs and leveraging investment (I&I NSW 2010). During the 2010 Small Business September events, The Department of Industry

and Investment had a clear focus on knowledge sharing and the use of new media (I&I NSW 2010). Thousands of SB managers and owners came together to learn about old and new processes, technologies and innovations (Davies 2010). Various presenters advocated the use of social media as a cost effective and simple method to communicate and build relationships with stakeholders. According to Sheffer, “PR has always been about relationships, but it has changed fundamentally in that relationships have almost become the primary responsibility of a PR practitioner” and “it’s relationships with everyone who has a significant influence on the reputation of your company” (Falconi et al. 2009, p. 1). In order to get a better grasp on the development and conceptual underpinnings of stakeholder communication and PR, the following sections examine PR theories and models.

Public Relations Theory

There are conflicting interpretations and definitions of the term “Public Relations”. A review of the literature shows that the most widely recognised definition of contemporary PR is “the management of communication between an organisation and their publics” (Botan & Hazleton 2006; Broom & Cutlip 2009; Cain 2009; Cancel, Mitrook & Cameron 1999; Cutlip, Center & Broom 2006; Dozier, Grunig & Grunig 2002, p. 2; Goldman 1984; Grunig & Grunig 1992b; Grunig & Hunt 1984, p. 6; Heath & Vasquez 2001; Hutton 1999; Johnston & Zawawi 2009; Kent & Taylor 2007; L’Etang 2009; Macnamara 2005, 2010; McAllister-Spooner 2009; Ruler & Verčič 2004). Another more recent definition is “the management function that establishes and maintains mutually beneficial relationships between an organisation and the public on whom its success or failure depends” (Broom & Cutlip 2009, p. 7). Or more concisely, “managing strategic relationships” (Hutton 1999, p. 199). Not only has the evolution of PR witnessed a development in definition, it has also experienced a significant growth in theories of best practice.

The most dominant body of PR knowledge is called *Excellence Theory*. The name “*Excellence Theory*” was adopted by its founders Dozier, Grunig and Grunig who were inspired by Peters & Waterman’s book *In Search of Excellence* (Grunig & Grunig 2008, p. 237). The researchers thought it to be an appropriate title for the “Excellence Study” which set out to test the theory and pursue excellence in PR (Grunig & Grunig 2008, p. 237). Today, *Excellence Theory* is referred to as best practice PR and defined as “strategic, symmetrical communication management” (Dozier, Grunig & Grunig 2002, p. 307). The management

term “best practice” refers to methods and techniques that have consistently shown results superior to those achieved by other means, and which are used as benchmarks to strive for (Macmillan 2010). It is observable however; that one practice is not necessarily best for everyone in every situation, as change introduces better ways of practicing. Thus, *Excellence Theory* is a coming together of several mid-level theories that have developed over time (Grunig & Grunig 2008, pp. 237-347). The following section outlines how *Excellence Theory* has developed and what it entails.

The Pursuit of Excellence in PR

Grunig and Hunt (1984) envisaged a new model for “excellent PR” which would make PR more ethical. This model would advance the practice professionally and academically (Grunig & Hunt 1984, p. v; Heath & Vasquez 2001, p. xiii). In order to create a clear overview of best practice PR, Grunig and Hunt (1984) developed a typology of historical approaches to PR practice, containing four models. These four models include; *Press Agency/ Publicity Model*; *Public Information Model*; *Two-way Asymmetrical Model*; and *Two-way Symmetrical Model* (Grunig & Hunt 1984). Drawing on these four models, it was the final one, the *Two-way Symmetrical Model*, which was originally deemed “excellent” and therefore regarded as the benchmark for best practice PR (Grunig & Grunig 1992a). To identify and get a better grasp of the conceptual developments of best practice PR theory, we can first evaluate the four models before examining the current state of *Excellence Theory*.

Press Agency/ Publicity Model

In the *Press Agency/ Publicity Model*, the organisation saw itself as being accountable only to itself for the impact of its messages and its primary purpose was to persuade its publics to accept those messages. Press agency and publicity was prominently practised by P.T. Barnum in promoting his circus, “The Greatest Show on Earth”, fooling the public with tricks and stunts (Grunig & Grunig 1992b; Grunig & Hunt 1984; Johnston & Zawawi 2009; Macnamara 2010, p. 309). This model could also include *Propaganda* which is a conceptual model in political economy which refers to “manufacturing consent in the public’s mind” and was initially coined by Lippmann (1922) and advanced by Herman and Chomsky (1994, 2008). Less conceptual than political, Maiden refers to propaganda as “building a movement or following” (L’Etang & Pieczka 2006, p. 364). Goldman (1984) refers to this era as “the public be fooled”, because practitioners would present any information to its publics, true or

untrue, in order to promote an organisation (1984, p. 21; Grunig & Grunig 1992b, p. 286). This model emerged in the mid-19th century and was practised by specialists as a monologue practise (Grunig & Hunt 1984). Propaganda is a familiar international phenomenon, from the Catholic Church Commission propaganda, to Nazi Germany's communication campaigns and the U.S. Committee on public information during the two World Wars (Johnston & Zawawi 2009, p. 19; Macnamara 2010, p. 308). The public objected to this method, particularly because of investigative journalists, and the perceived limitations of propaganda and press agency lead to the emergence of another conceptual model, the "*One-way Public Information Model*" (Grunig & Hunt 1984).

One-way Public Information Model

The *One-way Public Information Model* gave slightly more credit to the intelligence of the public and supported truthful and accurate information as part of PR practice. Organisations held themselves accountable for the accuracy of their claims; however the information was still one-sided and therefore open to bias. Pioneered by Ivy Lee, this model emerged in the early 20th century to help businesses explain and defend themselves from attacks from a public who had become sceptical of claims by organisations and those in power (Cutlip, Center & Broom 2006; Grunig & Hunt 1984; Johnston & Zawawi 2009; Macnamara 2010). Due to the information focus in the PR practice, Goldman (1984) referred to this era as "public be informed" (p. 21; Grunig 1992, p. 286). However, while the *One-way Public Information Model* was of obvious value in informing the public on political matters important to the development of society, it did not account for the public's need for a variety of information in order to make conscious decisions. A new model, "*Two-way Asymmetrical Model*", soon came into prominence.

Two-way Asymmetrical Model

The *Two-way Asymmetrical Model* emerged from the influence of social science on professional practice (Grunig & Grunig 1992b, p. 288). Research was carried out into the behaviour of target publics so that this knowledge could be used to manipulate the target public through the choice of strategy (Bernays 1961, pp. 958-971; Bernays & Cutler 1955). Dialogic fieldwork with publics assumed they were not passive recipients of messages but rather made active choices about what to accept and how to act on the basis of information received (Grunig & Grunig 1992b, p. 288). Thayer (1968) referred to this as synchronic

communications, which was “to synchronize the behaviour of a public and the organisation so the organisation can continue to behave the way it wants without interference” (Grunig & Grunig 1992b, p. 287; Thayer 1968, pp. 129-130). This model was introduced in the late 1920s, and is associated with Edward Bernay’s practice during World War II (Bernays 1961, pp. 958-971; Grunig & Hunt 1984, pp. 14, 27; Johnston & Zawawi 2009, p. 19). Due to its imbalance, wherein the balance of power was in favour of the organisation, this model was still not accepted by the public (Grunig & Grunig 1992b, p. 288; L’Etang & Pieczka 1996). As technologies and societies developed, challenging organisations under scrutiny by the public, a new idealistic model emerged where organisations would cooperate more with the public.

Two-way Symmetrical Model

The *Two-way Symmetrical Model* describes an organisation that “presents information to its publics and also changes its position and behaviour to align itself with its publics after listening to and receiving feedback from its publics” (Dozier, Grunig & Grunig 2002; Grunig & Hunt 1984, pp. 41-43; Grunig 1992, pp. 65-91). This mutually beneficial outcome is similar to Thayer’s “diachronic communication” which is to “negotiate a state of affairs that benefits both the organisation and the public” (Grunig & Grunig 1992b, pp. 287-290; Thayer 1968, p. 31). This model uses research to facilitate understanding, is based on a balanced dialogue whereby all parties are communicating with each other as equals, seeks to maintain a relationship based on mutual understanding and needs, and does not manipulate publics to benefit the organisation.

In the first three models, organisations viewed “publics” as passive citizens or audience, and practitioners meant that the public would benefit by cooperating with the organisation because they knew what was best. The final model however, would require organisations and practitioners to change their world view and strive towards a *Two-way Symmetrical Model*. The four models, in particular the *Two-way Symmetrical Model*, are the basis for *Excellence Theory*. Due to organisations’ and practitioners’ world view, the symmetrical model may not often be used, however by identifying the use of the four models, this was a useful way to begin the development of a theory composed of continuous variables and develop a new two-way model of excellent PR (Heath & Vasquez 2001, p. 29). The four models could be used as a plan to classify what sort of PR program to implement contingent upon situations (Dozier,

Grunig & Grunig 1995, p. 51; Grunig & Hunt 1984, p. 43). There are four underlying variables that define the models including: the extent to which advocacy and collaboration describe symmetry or asymmetry; the extent to which PR is one-way or two-way (direction of communication, referring to which one of the four models an organisation would use more); the extent of mediated and interpersonal forms of communication; and the extent to which the PR function is ethical (Heath & Vasquez 2001, p. 29). Dozier, Grunig and Grunig (2002) state that “by introducing ethics to the PR process rather than the outcome”, involving all relevant parties in two-way symmetrical dialogue, “the communication and the practice is ethical” because it reflects and adjusts based upon feedback from an organisations’ publics (p. 17; p. 308). The concept of symmetry suggests that, if the PR function aims to value both the organisation and the public, it must be based on “values that reflect a moral obligation to balance the interests of an organisation with the interests of publics with which it interacts in society” (Dozier, Grunig & Grunig 2002, p. 306). Critics however do not support the ethical claims behind two-way symmetry. If an organisation conducts research, and defines a certain group (publics), in order to understand their wants and needs, and then persuade them towards the organisations’ viewpoint, this is not considered ethical (Karlberg 1996; Leitch & Neilson 2001). According to Leitch & Neilson (2001) “publics are not fixed categories waiting to be identified but rather are constructed and reconstructed through the discourses in which they participate” (p. 138). Such an organisational model only views the public as “primarily consumers and the public sphere [as] primarily a marketplace” (Karlberg 1996, p. 226). Up until today, the definition of publics has been a key argument of disagreement in public relations theory. To better understand the definition of publics, it is useful to examine how it initially influenced *Excellence Theory*, through *Situational Theory of Publics*.

Situational Theory of Publics

Situational Theory of Publics argues that publics can be identified and classified in context of situations where communications aimed at people are most likely to be effective and why, and when people are most likely to communicate (Grunig, Grunig & Toth 2007). This theory is credited by PR scholars as being the first “deep theory” of PR and includes the three independent variables; level of involvement, recognition of problems and recognition of physical and mental constraints (Grunig, Grunig & Toth 2007, p. 399). The relevance of personal and emotional involvement increases the likelihood of people attending to and comprehending messages (Grunig, Grunig & Toth 2007, p. 340; Grunig & Hunt 1984, p.

149). Consequently, highly involved people prefer better arguments and therefore achieve greater knowledge levels. Active involvement may also lead to active information seeking which is often due to the recognition of a problem. When someone has recognized a problem, they are likely to increase their communication in order to solve it (Major 1993). If individuals think that they are constrained by their ability to act, change behaviour or solve a problem, they are likely to decrease their communication. A valuable campaign must therefore illustrate how the collaboration between the organisation and the public can solve a problem through a relationship.

Grunig and Grunig (1992a) suggested that practitioners could use Dervin's sense-making approach as a guide to understand how to place an emphasis on the target group and develop symmetrical communication to clarify the three variables of a situation (Grunig & Grunig 1992b, p. 285). People need a variety of events, objects and information to be able to make sense and intelligent decisions concerning their lives, the people in it, and society (Dervin 1992, pp. 61-84; Dervin, Foreman-Wernet & Lauterbach 2003). Similarly, "organisations define information as what they think publics need to know", they can ask publics what they need to know or understand to be able to make a decision, which makes communication dialogic, two-way and balanced (Grunig & Grunig 1992b, pp. 285-321). Such effective communication could increase involvement and problem solving. Furthermore, it could increase harmony and reduce conflict, another influence to the concept of symmetry which has its grounds in the *Co-orientation Model*.

Co-orientation Model/ Theory

Co-orientation Theory states that the ultimate goal of PR is social harmony and assumes that organisations prefer harmony to conflict and can use communication to achieve harmony (Grunig & Hunt 1984). *Co-orientation Theory* is a motivational theory of attitude change which helps increase psychological balance (Littlejohn & Foss 2009, p. 709). This focus on harmony and on "ideas of how to build a normative model of ethical and socially responsible PR", continues the evolution of *Excellence Theory* towards a "comprehensive theory" (Heath & Vasquez 2001, p. 29). In order to achieve excellence, to research the use of the four models, and establish a new model for best practice PR, Grunig, Grunig and Dozier commenced the largest PR research project ever conducted; *Excellence Study*.

Excellence Study

The *Excellence Study* aimed to test the *Two-way Symmetrical Model*, “to capture and reduce the enormous variation in public relations practice”, and to “distinguish between excellent PR and other ways of practicing” (Dozier, Grunig & Grunig 2002, p. 286). *Excellence Study* was funded by the IABC Research Foundation and was designed to answer the questions “how, why and to what extent does communication affect the achievement of organisational objectives?” (Dozier, Grunig & Grunig 2002; Gillis & International Association of Business Communicators. 2006, p. 3). The study researched the practice of 327 organisations in three different countries (including US, UK and Canada) over 15 years (from 1987 – 2002) and the findings were published in three books during that time including: *Excellence in Public Relations and Communication Management* (1992), *Manager's Guide to Excellence in Public Relations and Communication Management* (1995), and *Excellent Public Relations and Effective Organisations* (2002) (Dozier, Grunig & Grunig 2002, pp. 286-307). According to the study’s claims, if an organisation was efficient and supported the two-way symmetrical model more than the other three, then both the organisation and the model was excellent (Dozier, Grunig & Grunig 2002, pp. v, 286-307). Researchers conducted in-depth interviews with several owners, managers and staff from each organisation in order to gain in-depth naturalistic (qualitative) data preceded by a survey of 327 organisations for scientific (quantitative) data (Dozier, Grunig & Grunig 2002). The study, as well as *Excellence Theory*, did however lend itself to criticism.

Criticism of Excellence Study and Excellence Theory

Critics point out that the American definition and model of excellence is only seen from the organisations perspective, and proclaim that such measures of success are grounded in capitalism and functionalism (L'Etang & Pieczka 2006, pp. 62-64, 347). At the forefront of critique, Pieczka and L'Étang (1996) stated that the study researched two-way symmetrical communication as the ideal normative model for “excellent public relations”, and therefore had a corporate research agenda which focussed on the economic objectives of how excellent PR makes organisations more effective, and how much that contributes economically (Dozier, Grunig & Grunig 2002; Heath & Vasquez 2001, pp. 16-17; L'Etang & Pieczka 1996, pp. 96-97, 126, 140, 154, 105, 2006). Excluding challenging alternative critical perspectives, and declaring two-way symmetry as a general theory of PR would allow the model to remain unchallenged and the “lack of challenge leads to the development of a somewhat confused or

hybrid form of systems theory achieving the status of ideology” (L'Etang & Pieczka 2006, p. 357). During *Excellence Study*, a global debate between scholars and practitioners advocated that excellent PR was not an indication of the social implications of organisational success. Although the purpose was to move towards ethical PR, excellent PR was not always ethical. It soon became evident that combining the *Two-way Asymmetrical Model* and the *Two-way Symmetrical Model* was a more useful and descriptive way of best practice PR. This “mixed motive” has been suggested as a fifth model the “*Mixed-Motive Model*” (Murphy in Grunig & Grunig 1992b; Tindall 2007).

The Mixed-Motive Model

Aiming to define “audience-organisation interaction”, Murphy (1989) suggested that the *Mixed-Motive Model* was a better way of describing the behaviour of PR practitioners, as it was not very likely that anyone would practise only the *Two-way Symmetrical Model*. Murphy said that *Excellence Theory* was incomplete and “elusive in practice” because although it dealt with dimensions such as symmetry, management, strategy, diversity, and ethics, its assumptions about symmetry meant that it did not deal with motivation (Murphy 1989, pp. 173-192, 1991a, p. 127). Murphy used game theory to describe a “mixed-motive game” involving “a combination of information dissemination and persuasion matched by listening and responding to public opinion” (Macnamara 2010, p. 312; Murphy 1991a, p. 127). This model opens up not only one model of communications but an endless series of specific situations for which mixed-motive model can be applied to reach an outcome. Murphy was influenced by Pearson, who from an ethical standpoint wanted organisations and publics to be seen as equals regarding power, freedom from manipulation, and challenge and explanation. Murphy’s *Mixed-Motive Model* instigated further development of *Excellence Theory* (Pearson 1989, pp. 111-131). According to Dozier, Grunig, and Grunig (1995) *Excellence Theory* now subsumes the former two-way symmetrical and asymmetrical models as it was ever meant for the models to be read as fixed, but that a mix of the models would apply contingent upon the situation. Thus, *Excellence Theory* evolved from the four models, and essentially through the *Mixed-Motive Model*, which became the basis for further development, shaping the characteristics of excellent organisations and excellent PR. Despite J. Grunig’s attempt to claim ownership of such ideas of a mixed motive, the term “mixed-motive” or discussion regarding a mixed motive was never clearly communicated in writing till after Murphy’s chapter contribution “*The limits of symmetry: A game theory approach to*

symmetric and asymmetric public relations” in *Public Relations Research Annual*, co-edited by J. Grunig (Murphy 1991b, pp. 115-131). Upon defining a four (or five) model typology, excellent PR required the definition of an excellent organisation.

Characteristics of an Excellent Organisation

According to *Excellence Theory*, excellent organisations are managerial, strategic, diverse, symmetrical and ethical (Grunig & Grunig 1992a). *Excellence Theory* also advises that “excellent communications departments design their communication programs on the two-way symmetrical model” rather than the other three (Grunig & Grunig 1992b, p. 16). This includes using several levels of communication for strategic management, including interpersonal and group communication (Dozier, Grunig & Grunig 2002, p. 306; Grunig & Grunig 1992b, p. 56; Grunig & Hunt 1984, pp. 6-8). For this to take place, a PR practitioner has to be part of the organisations senior management (Grunig & Hunt 1984, pp. 22-24). This means that an organisation needs a PR manager who is not a technician yet has the knowledge of a technician, in order to communicate well with staff. In addition, the PR manager needs management knowledge appropriate for a managerial role and function. *Excellence Theory* also states that there should be equal opportunities for males and females regarding employment into a management position, which brings “diverse perspectives and ethical considerations into organisational decisions and behaviour” (Dozier, Grunig & Grunig 2002, p. 308). Thus, practitioners would have to adopt a new theoretical perspective that sees PR as “idealistic, optimistic and exemplary” and sees “symmetrical communication as the normative ideal for public relations” (Dozier, Grunig & Grunig 2002, p. 307; Grunig & Grunig 1992b, p. 56). While possibly seen as naïve, idealism challenged an American PR industry where 85 per cent of organisational communication was one-way or two-way asymmetric and based on a worldview of persuasion and manipulation (Grunig & Hunt 1984, pp. 21-25). As a normative theory, which defines how things should be or how things should be carried out “*Excellence Theory* explains how public relations should be practiced” (Dozier, Grunig & Grunig 2002, pp. 292-297).

Contingency Theory of Organisations

Contingency Theory of Organisations states that “organisational effectiveness results from fitting the characteristics of the organisation, such as structure, to contingencies that affect the organisation” (Donaldson 2001, p. 1). Contingencies include *environment*, *organisational*

size and *strategy*. Fitting organisational characteristics to contingencies leads to efficiencies and organisations are motivated to change and adapt according to new levels of contingencies to maintain high performance (p. 2). According to Pennings (1992), *environmental* stability or change affects an organisation's mechanistic or organic structure. In a stable environment, a mechanistic structure with a hierarchical approach to routine operations and centralized control is more efficient (p. 2). Whilst in an unstable environment an organic structure where a participatory approach and decentralised decision making fosters innovation is required (p. 2). An unsuitable structure causes inefficiency and lack of innovation. The *size* of an organisation affects its levels of bureaucracy, and a more rule-governed approach is more appropriate for larger organisations where decisions and operations are more repetitive. In a small business, where management make decisions personally and effectively, an un-bureaucratic approach is fitting. Organisational *strategy* affects structure. A functional structure where activities are focused fits an undiversified strategy. In a divisional structure where diverse activities service various markets, a diversified structure fits. As opposed to universalistic organisational theory which focus on specialisation, contingency theory of organisations focuses on adoption to optimal levels of contingencies and its variables; *environment, organisational size and strategy* (Donaldson 2001).

In the latter years, further developing models have been added under the excellence umbrella, or been offered as an alternative to the *two-way symmetrical model* and *Excellence Theory*. With an increasing focus on relationships, the theoretical development includes, but is not confined to, *Contingency Theory of Accommodation*; *Dialogic Model*; and *Relationship Management Models or Relationship Theory*, all of which are explained in the following part of this paper.

Contingency Theory of Accommodation

Contingency Theory of Accommodation is a framework to understand and explain the enormous variation in symmetrical communication, from persuasion on one end of the scale to presentation of information on the other end. Introduced to PR by Cancel, Mitrook and Cameron (1999), this model claims that “there is no best way to organise a corporation” and that “decision depends upon internal and external situations” (p.171). Thus, persuasion to the organisation’s viewpoint is reasonable in some instances, and alignment between an organisation and public views is more desirable on other occasions (Cancel, Mitrook &

Cameron 1999, p. 171). To clarify with an example, Macnamara (2010) explains that “in campaigns to combat AIDS, obesity and drug use, and promote healthy lifestyles (known as social marketing), and in campaigns to inform citizens about new laws, security measures or social benefits available, one-way information dissemination is reasonable” (p. 312). In other situations, “communication with customers, shareholders and employees may at times require an organisation to listen and respond to expectations, concerns and needs” (Macnamara 2010, p. 312).

Dialogic Model

Dialogic Model explains how dialogue can decrease the risk of unscrupulous organisations manipulating publics (Kent & Taylor 2002, pp. 21-37). Kent and Taylor introduced the *Dialogic Model* to PR because PR was shifting with the rise of the internet as a channel of communication, and the model was “offered as an alternative to strategic communication or the two-way symmetrical model” (Kent & Taylor 2002, pp. 21-37, 2007, pp. 10-20). Although dialogue cannot enforce ethics or “make an organisation behave morally or force organisations to respond to publics” it can change the nature of the organisation by placing emphasis on the relationship (Kent & Taylor 2002, pp. 21-37). Because dialogue can be both moral, by changing following dialogue with publics, and immoral by manipulating to change the public following dialogue, it is not appropriate in all circumstances. The model outlines how dialogue is a “product of ongoing communication and relationships” rather than a process (Kent & Taylor 2002, Horsley & Liu 2007). Building on Martin Buber’s idea of “reciprocity, mutuality, involvement and openness” this model describes five features of dialogue (Macnamara 2010, p. 313). *Mutuality* refers to the recognition of a relationship; *propinquity* means the convenience of temporary and spontaneous interactions; *empathy* refers to support, confirmation of public goals and interests; *risk* is the organisations willingness to interact on publics’ terms; and finally *commitment* refers to the extent of dialogue, interpretation, and understanding between the organisation and its publics (Kent & Taylor 2002, pp. 21-37). Dialogue between an organisation and its publics therefore includes “building interpersonal relationships, building mediated dialogic relationships, and establishing procedures to facilitate dialogue” (Kent & Taylor 2002, pp. 21-37). Such strategies are consistent with the recent relational approach to PR.

A Relational Approach to Excellent PR

The concept of relationship management is the second most investigated area of public relations (L. A. Grunig, J. E. Grunig & Dozier, 2002; J. E. Grunig, & L. A. Grunig, 2008; Ledingham 2008, p. 252; Sallot et al., 2003). With relationships as the central focus of the management function between an organisation and its publics “on whom its success or failure depends”, Broom highlights how relationships remain unmeasured and may not be something that can be controlled as well or as directly as the organisational definition of PR suggests (Broom & Cutlip 2009, p. 7). Critical of the four model typology, Hutton (1999) outlined a six model typology which included; *Persuasion*, *Advocacy*, *Crisis Management*, *Public Information*, *Cause Related PR*, *Image and Reputation*, and finally *Relationship Management* (pp. 199-214). Hutton gave the final model, *Relationship Management*, the status of a paradigm he claimed the field was in desperate need of, referring to mutual interests between organisations and publics and a “win-win situation”, analogous to that of *Mixed-Motive Model* (Hutton 1999, pp. 199-214). The relational approach is currently experiencing emergence of further models. L’Etang (1996; 2009) views public diplomacy as a suitable way of explaining some forms of PR where organisations and publics do not have to agree yet will find mutually acceptable solutions to a common challenge in a non-confrontational manner (L’Etang 2009; L’Etang & Pieczka 1996). This would constitute an open relationship, where both the organisation and its publics gain benefits through cooperation, without necessarily being friends or agreeing on a world view.

As organisations are increasingly expected to be accountable to their publics, communities and society at large, Bruning and Ledingham suggested that relationships function more or less the same in a business-to-business context as they do in the context of organisations and publics (Ledingham 2008). Although interpersonal and organisation-stakeholder relationships are fundamentally different, the characteristics, behaviours and consequences of both types of relationships are similar in any context (Ledingham 2008). Although the notion of relationship building is increasingly popular both within academia and within professional practice, the relational perspective may not be widely adopted throughout the industry. Ledingham suspects that “clip counting” and “ad cost comparisons” are still the most commonly used methods for determining the value of public relations (Ledingham 2008, p. 249). This statement is however based upon feedback from PR interns, who most likely worked in PR firms. It should be noted that there are many organisations that perform organisation-stakeholder communications without the assistance of PR firms, the use of a PR

department, or have any kind of professional PR experience. Therefore, industry will be best placed to understand and represent the interests of clients and of society.

This literature review has outlined concepts and practices considered by the current literature as most relevant and appropriate for a particular stage of best practise PR, and literatures' cover of small business management and stakeholder communication. People have diverse perspectives and interpretations, and PR will undoubtedly be implemented differently, especially in small business where there is often not enough time, funding or knowledge to implement PR strategies. PR theory and theorizing involves trying to understand the causes and nature of PR. From this review of the literature, it can be seen that certain gaps in knowledge, information, transition, capacity and delivery govern small business management in Australia. Small business therefore forms the most appropriate environment to conduct this research project and produce data useful to the Australian society at large. The capital and training needs of small business owners are deeper and more complex than what the current literature expresses. This study aims to explore such issues with a focus on communication practices, aiming to understand the hidden power and influence of communication and various stakeholders, which is seen as a critical skill in business (Hoy, Raaz & Wehmeier 2007).

Small Business Research in Australia

Over the past 50 years, small business and entrepreneurship has emerged as an important area of research (Grant 2002). In the 1970s and 1980s small business research in Australia focussed on “skills development, education, management training”, and advanced theoretical and conceptual research evolved throughout the 1990s (Landström 2005, pp. 115-116). Traditional business research is most often directed at major players in Australian industry such as large companies and large unions. In recent years however, the economic role of small business is increasingly recognised and researched for its economic contributions to Australian society with a devotion to finance, failure rates and benchmarking (Landström 2005, pp. 115-116). Apart from a study for the *Small Enterprise Association of Australia and New Zealand* in 2003, little research has been conducted into the communication practices of small business in Australia and its impact on the business success (Burnett & McMurray 2003). The findings from the study show that the interrelationship between communication, innovation and change plays a vital role in the success of micro and small business (Burnett

& McMurray 2003). The study does not however cover the specific models of communication used between the organisation and their stakeholders, the communication channels and messages used to practice these models, the strategies used, and the operators' view of the impact of stakeholder communication practices on the business success.

Further Research and Relevance of Thesis

There have been studies of small business in Australia; however they have mainly been quantitative. This study takes a different approach by using qualitative research within the interpretivist paradigm to explore the stakeholder communication of a number of small businesses in detail. The findings and analysis summarises, describes and groups data into categories and studies interview transcripts and collected communications material in depth. The context of this project as outlined in the introduction has had implications for this choice of research design. Naturally, previous PR research and the *Excellence Study* in particular, inspired the use of qualitative methods as appropriate for this research; however methods used in this study are unique and not equivalent to those of the *Excellence Study*.

Research Questions and Objectives

The aim of this study was to explore stakeholder communication in SBs by conducting semi-structured in-depth interviews with owners and managers, supported by content analyses of the SBs communication material, in order to discover and answer the following five research questions:

RQ 1: Which communication channels do SBs use to communicate with their stakeholders?

RQ 2: To what extent do SBs strategically plan communication with key stakeholders?

RQ 3: How important to SB operators is communication with stakeholders?

RQ 4: What are the main barriers or challenges that SBs encounter regarding their stakeholder communication practices?

RQ 5: How do SBs communicate with their stakeholders in reference to best practice PR models?

Chapter Two: Methodology

This exploratory study examined stakeholder communication in four Australian small businesses using two qualitative research methods.

Approach

This study was framed within the *interpretivist* paradigm of research, also referred to as the *naturalistic* (Frey, Kreps & Botan 2000) or *constructivist* paradigm (Denzin 2008; Guba & Lincoln 2005), rather than a positivist, scientific or empirical approach. Research within this paradigm aims to understand meaning in the complex world of lived experience and what can be known from the point of view of those who live it including researchers and research respondents (Lewis & Ritchie 2003). According to Klein and Myers (1999), an *interpretivist* paradigm can be used as “a sensitizing device allowing greater insights into familiar situations”, which in this study was small business management and stakeholder communication. The motivation for conducting qualitative research was to understand and explain how and why stakeholder communication occurred and provide information regarding its role and importance from the perspective of small business owners and managers.

Further, the *interpretivist* approach recognises diversity and plurality, important elements in studying small businesses which vary widely in size, structure, purpose, culture, and operations. Research undertaken within the *interpretivist* paradigm is most commonly qualitative, designed to gain in-depth insights. Qualitative research is valid and useful as part of a mixed methods approach with quantitative research, or in its own right, as it gives insights into the meanings of specific objects or activities. According to Kaplan and Maxwell (1994), the goal of understanding a phenomenon from the point of view of the respondents and their particular social and institutional context is largely lost when textual data are quantified. Findings gained from inductive analysis of specific cases provide explanations that are context-bound, but more detailed and insightful than quantitative research.

It was considered important to conduct this research within the ‘natural setting’ of small businesses (i.e. in their place of business) where owners and managers have access to information and materials and feel comfortable and “at home”, rather than be intimidated by

a survey questionnaire or formal interview process. Also, the research questions sought in-depth responses rather than statistical data.

Methods

This study employed two qualitative research methods. In the first stage, in-depth interviews were conducted with the owners and senior managers of a sample of four small businesses. The interviews were semi-structured using a questionnaire guide, but were extremely wide-ranging and open-ended. Business owners and managers were encouraged to speak openly and freely about the ways in which they communicate with stakeholders, how important they perceive communication to be, and barriers or challenges that they encounter.

An in-depth interview is an intensive individual interview conducted one-on-one to explore and elicit information about the respondent's opinion, belief and values as well as their perspective on a specific issue (Boyce 2006, p. 17; Iorio 2004, p. 21). They are conducted in order to achieve a holistic understanding of the interviewees' point of view or situation, and to explore interesting areas for further investigation (Iorio 2004). Also known as unstructured interviewing, in-depth interviews allow the researcher to describe an extraordinary amount of complexity and to reduce and compare it for increased understanding and further social development (Chirban 1996; Iorio 2004; Keats 2000; Oppenheim & Oppenheim 1992). As the most natural and obvious way of gathering information, in-depth interviews is a "space" for people to be heard and understood, creating a sense of acceptance and belonging (Iorio 2004, pp. 21-31; Oppenheim & Oppenheim 1992). Interviews both connect people with information and create relationships (Biagi 1992; Chirban 1996; Clayton 1994; Iorio 2004; Keats 2000; Marshall & Rossman 2006; Oppenheim & Oppenheim 1992). Such relationships were first explored by the "Chicago School method", which emerged in the 1990s and encouraged students to test developing theories through fieldwork and methodologies such as case studies, interviews and observation (Iorio 2004, pp. 21-41). Despite disagreement over reliability and efficiency, the method has grown both in use and acceptance ever since (Friedland & Campbell, Iorio 2004; Marshall & Rossman 2006).

Kvale (1996) addresses three categories of in-depth interviews as "structured, semi-structured, or unstructured" (pp.15-26). It was decided to use semi-structured in-depth interviewing which is a combination of the informal conversational interview and a general

interview guide approach. It involved individual conversations using a list of fifteen questions to cover the key topics. The interview method was regarded as a mixed one because it only had a checklist of questions and further exploration of the research focus was still needed following the interview. The interview guide is included in Appendix C.1.

Second, content analysis was conducted on communication-related materials including plans, strategies, brochures, pamphlets, newsletters, websites and online media, signage and visibility, formal notes, emails and other in-house documentation. This enabled the researcher to verify if claimed communication was undertaken and how and also allowed exploration of the nature of communication including analysis of transmissional versus transactional and asymmetrical versus symmetrical models.

A content analysis is a well-established methodology which is briefly defined as “a systematic, objective, quantitative analysis of message characteristics”, and has been the fastest growing technique in mass communication research over the past 20 years (Neuendorf 2002, pp. 1-15). Content analysis in this study summarises rather than reports messages of the communication material used by each of the four small businesses. Accordingly, the content analysis examined the “text” of the communication material used by the businesses and analysed whether the function or existence of such material was in conjunction with the information provided during the interview and related research. Although content analysis is a technique which aims to describe objectively and with precision, some researchers dispute objectivity in social research and point out that texts are open to interpretation. Fifty years of research has found that audiences interpret messages differently due to prior experiences and events, as such an analysis cannot be entirely objective (Dervin 1992; Macnamara 2005). Thus, the content analysis in this study also confirmed or disputed findings in the interviews on the basis of their existence and purpose of the communication material. All available material for this study was collected at time of the interview except for the businesses online material which was studied prior to the interview as part of preparation to gain knowledge of the businesses under study.

Sample

The four small businesses under study were selected purposively. The sample was set within a boundary relevant to the research question and was not concerned with “generalisability” or

“representativeness” (Miles & Huberman 1994, p. 29). In accordance with qualitative research methodology, probability sampling was not required; a non-probability method was used. This was informed by Miles and Huberman’s (1994) 16 qualitative sampling strategies, including maximum variation sampling, extreme case sampling, and defined case sampling (p.28). Furthermore, the sample was selected in accordance with three techniques suggested by Miles and Huberman (1994). These techniques included (1) typical/representative, (2) negative/disconfirming, and (3) exceptional or discrepant (p.34). According to the ABS (2008), the majority of small business owners are male, between the age of 30-54, born overseas and are single owners. Thus the first respondent selected for the sampling group fit this description as the typical sample. Second, for greater variation of responses and findings, a “negative” or “disconfirming” respondent included a family business owned and operated mainly by the wife, but the husband also shared ownership and worked in the business. According to the ABS (2008), many Australian businesses also include family businesses and as such the second business was a good example of an Australian small business. In order to specify variations or contingencies and qualify findings, the third “exceptional” or “discrepant” sample included the atypical instance of a male/female partnership (professional not personal) both below the age of 30, and in a distinctly different industry of operation. The fourth business differed in the way that it was located in a more regional area, owned by a female but operated by a male (interview respondent), and this business also had significantly more staff than the other businesses with 19 employees, many of whom were not closely related to the owner or operator. This business had also been operating longer than the other businesses and been around for 10 years, which is at the end of the lifetime spectre of most Australian small business in operation today (ABS 2008).

According to Morrison (2002), researchers can optimize research findings through redundancy criterion, also referred to as information saturation, information redundancy, thematic redundancy or diversity exhaustion. Thus, sample recruitment may end when “thematic redundancy emerges from the analysis” (p.118). That is to say, when information revealed through the interviews become repetitive or saturated. Even though Morrison (2002) and McCracken (1988) suggest eight or more samples, four was thought appropriate as a starting point, allowing for further sampling if redundancy did not occur on any levels. Also, this study could be regarded as a pilot study to investigate the necessity, possibility and methodology for further extensive research.

The sampling strategy can be further justified with three reasons. First, the small businesses selected for this study shared similar characteristics. All businesses had been in operation for 2-10 years, they were located in Sydney, and employed between five and twenty staff. Second, demographical differences included variation in service or product delivery, the owners and operators fell into different age groups (20-29, 30-39, 40-49, above 50), and respondents included a variety of males and females. The sample group included one family business, one partnership, one transferred ownership and one single owner. Third, to provide further diversity in the study, the businesses were selected from different metropolises and a variety of industries including; social welfare, marketing, IT and business services. An online search was conducted in order to find the participating businesses, following a phone call to confirm interest and availability. Access strategies such as early arrangements and careful planning resulted in a time saving approach and positive response. All business owners contacted were interested to participate at first point of contact and mentioned they felt privileged and intrigued about the research.

Ethical Considerations and Informed Consent

An initial phone call was made to each business owner, followed up by an introductory email attaching a copy of a consent form, an information form explaining the project, and requesting an appointment for the interview. These materials are attached in Appendix A and B. All respondents were fully aware of the nature of the research and their role within it. In order to gain trust, all respondents were informed upfront that the interviews would be tape recorded yet kept confidential, and the respondents were assured of anonymity. Matters of consent were also discussed immediately prior to the interviews and all respondents signed a consent form before the interview. In addition, the researcher called all the respondents the day after the interview to express appreciation, and also confirm that they had not changed their mind about the recordings, the conversation, or any other part of the process. The interviews were conducted in a pleasant and relaxed atmosphere to help the respondents feel at ease. To ensure the anonymity of respondents, they are referred to as Respondent 1, 2, 3, and 4 in this thesis.

Limitations

As this study was conducted on businesses in Sydney, it does not reflect small business in other locations. Furthermore, as the research is qualitative, its findings are not “generalizable” other than in a context-bound way for similar small businesses in similar circumstances.

Pilot Study

Prior to the main process of data collection for this research project, a smaller study also using the qualitative method in-depth interviews was conducted, and can be regarded as a pilot study. Employing this strategy enabled the benefit of refining the overall data collection method. By being aware of the challenges of conducting qualitative research and measuring the time constraints of data collection, a carefully planned and organised schedule guided the entire research process. The greatest concern prior to commencing the pilot study was the researcher’s confidence and ability to master such a research project from beginning to end. The pilot study therefore enabled changes to strategy which resulted in a better prepared and essentially more valid research project. The pilot study also assisted in gaining background knowledge and preparation of questions and ethics procedures.

Field Work

Following the initial contact and subsequent appointments with the business owners, the interview process was conducted in five steps involving (1) background research on each of the small business selected for study and preparation of an interview guide; (2) interviews with the owners and collection of communication materials; (3) categorisation of data into an Excel table of themes relating to the research questions and for content analysis; (4) a thank you e-mail and follow up call to all respondents with any following questions that were left unanswered, and (5) data analysis.

As suggested by Kvale (1996), an interview guide of 15 key points to cover was prepared to keep the conversations on track. The semi-structured interviews took 45-60 minutes and were conducted at the workplace of each of the small business owners, using a questionnaire containing open-ended questions. In accordance with the literature review and research questions, the interview guide included questions about specific communication channels and practices in relation to symmetry, management, strategy, diversity, and ethics. The interview

guide is included in Appendix C.1. According to Wolfe (1992) and Levine (1985) there is no boundary between data management and data analysis. Thus, data was organised into tables following each interview. This allowed for formatting of notes which made it easier to contrast and compare respondents' answers. Miles and Huberman (1994) stress the need to "pause and ponder" during data collection and analysis (p.51). Thus, a contact summary sheet was used to track main concepts, themes, issues and questions after each interview and reviewed following some reflection. An example of a contact summary sheet is included in Appendix C.2.

Data Analysis and Coding

According to Miles and Huberman (1994), qualitative data analysis is "a source of well-grounded, rich descriptions and explanations of processes in identifiable local context" (p. 1). According to Lewins and Silver (2007), in order to facilitate developing and detailed understanding of the "phenomena which the data is seen as representing", a systematic coding strategy allows for grouping or organising data into significant events, comments or opinions (p. 83). Codes are influenced by various factors including research aims, methodology and analytic approach, amounts, kinds and sources of data, level of depth and analysis, constraints, and research audience (Lewins & Silver 2007). Lewins and Silver (2007) also suggest generating coding in terms of themes or topics which are derived from the interview or identified within the data. Coding may be based on ideas or concepts which are "derived from existing literature" or "developed from close reading" (Lewins & Silver 2007, p. 86). Due to the low number of respondents and interview transcripts, it was decided to use simple software to code and categorise. The data from the interviews, including handwritten notes and tape recordings, were transcribed almost verbatim, edited, and then copied into a Microsoft Excel sheet. The excel sheet functioned as a qualitative data analysis tool by organising the information into major themes relating to the research questions. The themes included types of communication channels used, ideas of strategic planning, importance of communication, challenges in SB management, and ideas of relationship building. The interview transcripts were then analysed in conjunction with the communication material collected at point of interview. According to Levine, data should be managed in an overall file structure similar to that of a map (Miles & Huberman 1994, p. 45). Thus, the Excel sheet included *abstracting* and condensed summaries which were linked to the interview transcripts using *pagination*. *Pagination* in the form of numbers was used to

locate answers from the interview transcripts and information from the contact summary sheet in the excel sheet. An example of the excel sheet is included in Appendix C.3.

The communication material from each business was gathered at the point of interview. The various materials were studied and coded into a Microsoft Excel sheet which was theme categorized based on the existence of material, type of medium, its function, its purpose and whether or not the material could classify as tools for relationship building. Furthermore, coding can include language or terms used in the data, such as “words or phrases used by respondents” or “documentary evidence” (Lewins & Silver 2007, p. 84). Thus, the use of the words “relationship” and “strategy” was also counted, considered and analysed in accordance with the situation in which it was mentioned.

Lewins and Silvers’ (2007) three stages of coding distinguish between *open*, *axial* and *selective* procedures (p. 84). First, terminology found in the data and hence used for theme categorising findings, is referred to as *in vivo coding* (p. 84). This method opens and fragments the data into possible ways in which it can be understood. Second, the more abstract *axial coding* is when data is reconsidered and grouped, categorized or subdivided (p. 84). Data is then revisited, compared and examined continually and the fragmented data brought together identifying relationships between them. Finally, *selective coding* refers to further revision where themes concepts and relationships are identified. As a result, conclusions are “validated by illustrating instances represented by and grounded in the data” (p. 89). As suggested by Miles and Huberman (1994), there are thirteen tactics for generating meaning towards a conclusion including patterns and themes, seeing plausibility, clustering, making metaphors, counting, contrast and comparison, partitioning variables, subsuming particulars into the general, factoring, noting relations between variables, finding intervening variables, building logical chain of evidence and making conceptual/ theoretical coherence (pp. 245-246). Due to the considerable amount of data, these tactics and the research procedures are therefore referred to throughout the findings and also linked to certain terms and methods explained in the literature review.

Data Selection

Selecting what data to include and omit was resolved through the methodological criteria. In order to identify chapter headings related to the themes inherent in the literature review and

data analysis, the five research questions were first applied to categorize and address the original aim of the research. The strategy behind this was that many of the findings concurred with findings from previous research and theory. As the intention of this study was to analyse the data within the framework of existing typologies; a range of concepts were useful in analysing and interpreting data. As such, further data could be discarded for not fitting the typology. That said, the first section of the findings chapter reflects a theme which became evident throughout the data collection and production process. The strategy behind the selection of this data was due to all respondents raising a particular issue.

Chapter Three: Findings

The study found distinct differences as well as recurring themes in all four small businesses. Prior to answering the five research questions it is important to note respondents' negative image of PR which could explain the reason why they did not associate PR with what they did.

Negative Image of PR

All respondents expressed a negative image of PR, and a limited concept of the definitions of the different communication professions and strategies; marketing, public relations, journalism, sales and information sharing. Throughout the conversations, respondents termed PR as “free advertising”, used the terms “marketing”, “sales” and “relationship building” interchangeably, and said that PR strategy was something they did “not perform or use” and did “not support or believe in”. Only Respondent 2 later admitted that some of the organisations actions or strategies could be considered PR. For example, Respondent 2 did not refer to their use of social media as PR, however described it as “a form of propaganda”, which is regarded as a form of PR. Respondent 4 had previously hired a PR firm and was not pleased with the service. She said the results were unmeasurable, inefficient and did not express who they were. She found the service “costly”, “a waste of time”, “out-dated”, and “only useful for building awareness for large corporations”. She said she felt the message did not get through to the right people. Respondent 3 claimed not to use PR or to know much about it, although he had both contacted local media offering to write advertorials and organised events mainly for publicity. He said this was to “create awareness” of the organisation and their services. Respondent 1 said that he had encountered both marketing professionals and large organisations who he said seemed to seek out SBs as target customers for their services. This he said, made large organisations a threat to SBs because they were not interested in mutually beneficial relationships, but rather to take advantage of the SBs vulnerability, lack of resources and lack of diverse knowledge. He also claimed that other SBs and large organisations had provided him with incorrect information, which led him to feel “targeted” and “increasingly insecure about whom to trust”. Therefore he said, SBs should “operate with like-minded people in other small businesses” and not with large businesses who seemingly “take advantage” of SBs to get them on their side and gain

monopoly. Respondent 2 and 4 also expressed that they preferred working with other SBs, however did and would cooperate with large organisations if they saw a clear benefit to their own business.

Research shows that most people still associate the term “public relations” with “propaganda” and “publicity”, and that despite public relations professionals’ wish for academic recognition and increased focus on ethics, the profession has been portrayed with disagreement by publics and “incompletely and negatively by media for decades” (Penning 2008). In a study on perceptions of public relations, Penning (2008) found that the term “public relations” is generally associated with “image building”, “reputation management”, and “persuasion”. Contemporary attacks on the industry have even caused public relations practitioners to distance themselves from the term because of a limited and negative “perceived public opinion about it” (Penning 2008, p. 344). Thus it is not surprising that respondents’ had a negative image of PR, and explained PR as something they did not want to be associated with. It could also indicate lack of knowledge regarding what PR is and does.

RQ 1: Which communication channels do SBs utilise to communicate with their stakeholders?

Respondents identified distinct differences in how they communicate with stakeholders. They expressed a high daily usage of phone and e-mail; however their responses varied greatly regarding the purpose for utilising each channel. E-mail was mostly only for short and concise messages to “avoid misunderstandings”. Respondent 1 and 3 mostly utilised phones and emails for direct marketing, telemarketing or internal conversations. Respondent 2 however, said that she and her staff utilised phones “daily for everything”, including for telemarketing, “catching up” with stakeholders or confirming messages that could not be conveyed well by e-mail, and for texting promotions and meeting reminders. Otherwise, the phone was mostly used for internet purposes to read e-mails between activities and meetings, perform internet searches and reading news, use location services, and for active use of constant social media participation on *Facebook* and *Twitter*. For Respondent 2, most channels of communication were mentioned as tools for building relationships. Respondent 2 also had advanced knowledge of corporate social media applications. They employed as well as taught the use of social media applications to partnership stakeholders in order for both

parties to attract customers and communicate with stakeholders regularly through these channels. Respondent 2 also utilised *Sendloop* (newsletter) as a direct marketing tool for direct mail and regular information transmission to clients. She said “we have become an authority in the use of social media marketing because people who are enquiring about it find us online quickly through our search engine optimisation (SEO)”. Respondent 2 and their partners rank highly in *Google* (easy to find for a person using certain keywords searching in Google) and gain significant attention from prospects through knowledge sharing. Such participation in social media could imply knowledge of and interest in communication and building relationships with stakeholders. Respondent 4 expressed regret in not applying social media. She said it was a mistake as their target market was “all over social media” and as a result they were missing significant conversations, information and new knowledge they saw as vital to “stay in touch” with stakeholders. According to Respondent 4, the reason for not using social media was lack of knowledge, time and motivation to change. This does not mean however that they did not utilise communication channels to build relationships. Respondent 4 communicated regularly with stakeholders through events and personal referrals.

Of note, respondents over forty tended to shun advanced forms of communication technology such as social media, whilst respondents under forty expressed their blog or social media as the most cost efficient and effective communications tool allowing for specific measurements (web analytics). Respondent 2 called their social media “the ultimate tool to communicate with consumers on their own terms”, especially because “consumers of today (gen Y) will be the CEOs of tomorrow”, meaning it is important to communicate and build relationships with stakeholders utilising communication channels they are comfortable with. Respondent 2 said that building relationships through social media essentially was to “gain business” and “increase profits”. In summary, social media stands out as a cost effective and efficient way to communicate and build relationships with stakeholders for small business, provided it is operated strategically. In addition, collaborating with local media and hosting work-related social events are prosperous environments for SBs to build relationships.

Table 3.1. Data display of what respondents utilised their communication channels for

Channel	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Mobile / Telephone	Sales, Information transmission, Internet research	Sales, Research, Information transmission, Friendly conversation, Internet research	Sales, Research, Information transmission, Friendly conversation	Sales, Research, Information transmission, Friendly conversation
Internet	Product research, Website with limited information	Extensive market research, News, Regular communication with stakeholders, Information transmission	News, Website	Website
E-mail	Direct marketing, Follow up new business	Direct marketing	Internal communication and tenders	Internal communication
Online media	None	Social media participation	None	None
Print Media	None	None	Press Release and Advertorials to create awareness	None
Radio / TV	None	Advertising to create awareness	Press Release to create awareness	None
Social Media	None	Facebook, Twitter, Sendloop, Google, Blogger, Flickr to become an authority and thought leader	None	Recently signed up for Facebook but did not know how to use it

RQ 2: To what extent do SBs strategically plan communication with key stakeholders?

Strategic stakeholder communication was ad hoc and based on intuition, yet existent in all four businesses. Strategy has been defined by Longenecker (2010) as “a plan of action that coordinates the resources and commitments of an organisation to achieve superior performance” (p. 77). Such strategies could include restricting focus to a niche market, emphasising products or services, limiting geographical region or concentrating on superiority of product or service (Longenecker 2010, pp. 79-80). All respondents had a clearly defined niche market; however none of them had it written down in a document. Respondent 1 claimed no plan or documentation was necessary as he knew what he was doing and who he was dealing with from experience. He did however mention that it would have been useful if someone could come in and provide this service as a consultancy as he said he was “not good at communication”. All respondents also operated within a limited geographical region as well within a demographical group which sharpened their focus without limiting their services. When asked about whether or not they were concentrating on superiority of product or service, all respondents said they had good customer service however only Respondent 3 had specific scripts, documentation or models to evidence actions suggesting that they did.

Common types of strategic plans include business, marketing, human resources, location, and finance. The level of planning varied and in some cases was almost non-existent. Only Respondent 3 was able to provide evidence of solid strategic plans. He drew up a strategy during the interview, provided a layout of each plan and clearly explained the need and use of strategic plans. In particular, their HR strategy included diversity in staff or staff that reflected the society in order to integrate and provide better service. Respondent 3 also had “deep” connections in government which he said was “very beneficial” despite the increased workload bureaucracy imposed on the business. For Respondent 3, strategic planning was only really implemented upon regular strategic relationships with government, where plans were “required”, because he said “government wants to look good”. Strategic relationships with government had also resulted in support with funding, staffing and location planning. Government relationships also introduced a much wider and influential professional and personal network of stakeholders which to Respondent 3 was “useful for creating awareness”. He mentioned that their strategic relationship with the government was also quite beneficial

to the government because the government alone was not able to provide enough suitable services to the public. With regards to building “more traditional strategic relationships” Respondent 3 referred to face to face communication, attending networking events and building on long-term personal relationships. The main purpose of the strategic plans for Respondent 3 was however “to avoid possible negative effects of actions and events” which he said was the opposite of what they aimed for.

Respondent 4, who juggled work and family life in a partnership business, said that plans were “difficult to follow” and “not advantageous or useful”; especially when aware of people’s personal time. Respondent 4 preferred ad hoc plans and schedules which were easy to change. In addition, she said their long-working personal and professional relationship had taught them how to work around one another which had provided better understanding of each other’s lives, and “emotional and strategic decision making”. Respondent 4 had an annual business plan, several financial plans, and also template documents used for planning such as goal sheets, cash flow projection sheets and company agreement proposals. Respondent 4 did however express regret in not having updated skills for a digital strategic plan and said the market had “changed drastically over the past two years”. Limited knowledge of online applications resulted in “missing out on an online platform”, meaning they had to re-structure their entire strategy which was “time-consuming” and “exhausting”. The previous strategy included hosting free or “reasonably cheap” events with industry partners in order to attract clients and then follow up through phone calls and emails. Respondents 4 mostly spoke of these activities as ways to attract new paying customers and not in regards to building relationships with various stakeholders, although they collaborated with partners.

Respondent 1 proved to be complicated regarding analysis as contradictions provided conflicting findings. He claimed to have statements and plans for sales, finance and annual planning, however could not provide any and did not clearly explain any kind of strategy apart from a sales strategy during the interview. Respondent 1 said staff members were “committed to their strategic plan” and the “system in place”, and that plans were available and could be provided by email or “later by a staff member”, however no plans were ever provided. A plausible impression suggested no plans existed, however this needed further checking. The day after the interview, a follow up call was made to the staff member who was supposed to provide the plans. The staff member said that no such documentation existed

and never had. Following this, the owner called the researcher and said that no plans could be provided as they were mostly in his head and “not necessary”. Respondent 1 did also not mention any strategic partners or relationships, as he suggested “you can’t measure communication in terms of return on investment (ROI)”. Although he mentioned relationships as an integral part of business, he showed few signs of actually building any. Respondent 1 expressed the wish “to be seen as the leading provider of this services industry, a positive influence in the community and a name that people affiliate with a good connotation”. In order to build this image, Respondent 1 stated that he “obviously needs to spend the time and effort required to get out there and tell people” what they do. He spoke about “giving back to the community prior to receiving trust or loyalty”, however did not provide plans, strategies or documents evidencing any kind of relationship building. Respondent 1 did however have a sales strategy where he relied and built upon personal referrals followed up by face to face meetings. He said it was “easier to prepare this way and tailor messages in terms of delivery”. He said anything else was considered “impersonal” and allowed for “misinterpretations”. Respondent 1 suggested calling people directly to inform them as a more appropriate method for initiating relationships that are not reliant upon personal referrals. This type of cold calling does however classify as sales and not as relationship building. In addition, Respondent 1 had limited conceptual understanding of financial planning. He looked with awe when profit and loss statements and cash flow projections were mentioned and said he knew his expenses, and what he needed to make in order to “make it to the next quarter”. According to Miles and Huberman (1994) a logical chain of factors or evidence could lead to success. On the other hand, it could lead to failure. In this instance there is reason to believe that the low level of planning and presentation of untruthful information, as well as low level of communication and relationship building, could be a sign of admission that the lack of planning was not beneficial to the business.

Respondent 2 said they were “firm believers of integration, relationships and social media”, and made efficient use of a digital plan with an aim to initiate and create long term relationships. She spoke of search engine optimisation (SEO) which is to optimise a websites’ content and the links from external sites to increase an organisations’ ranking on Google. Respondent 2 referred to social media as their long term strategy, and said that “a lot of people think that SEO and online marketing creates awareness to a million people overnight, but it is actually better to get 1000 really good, loyal followers that come back every month than to just have hit and runs”. Social media is time intensive due to the amount of research

involved and of written content and articles necessary for distribution across numerous online networks. Despite the workload however, Respondent 2 believed the rewards of building social media relationships were greater in reference to long-term stakeholder relationships. Respondent 2 said “consumers today are very sceptical, they are very anti-advertising and if they feel like they found something themselves then that is a more valuable brand impression”.

Respondent 2 provided a detailed marketing plan however did not provide evidence of any other form of planning. She said that “although we have a plan, we seem to go beyond it the less time we spend worrying about it”. Respondent 2’s strategic planning mostly referred to social media and online marketing. Their social media applications included *Facebook*, *Twitter*, *LinkedIn*, *Sendloop*, *Flickr* (picture manager) and their most vital medium was their blog in *Blogger*. The objective of the blog was to “take a thought leadership position”, and it was meant to “work as a pull strategy”. The blog was built to be search engine friendly which meant that articles from the blog ranked very highly on search engine return lists. A person would view the article in an online search, and “find” the organisation through an internet search. The e-mail newsletter had the same function and purpose. In Respondent 2’s instance, people who signed up to the blog would receive a monthly e-mail newsletter containing promotional offers which made it “act as a loss leader”. According to Respondent 2, the purpose of their social media was “maintaining continuous dialogue with interested publics”. It was about “thought leadership” and “stamping position in the market”. Respondent 2 stressed the need for a communications plan in social media participation: “it needs to be tailored and trendy, and you can’t just write random articles”. The right social media strategy is important to build a brand, and according to Respondent 2, “branding and strategy is unique to everyone”. She said that with the use of SEO people were pleased when they thought they had “found” them, and would therefore “enter the relationship with a positive attitude which always helps”.

Table 3.2. Data display and outline of the four respondents' responses to questions about strategy

Criteria	Respondent 1	Respondent 2	Respondent 3	Respondent 4
What they said initially	HR, Finance, Location, Sales, Annual	Marketing and digital	HR, Finance, Location, Sales, Annual, Marketing	Financial, Basic communications plan
Documentation provided	None provided Respondent altered answer to "no plans are necessary"	Only for marketing not for long term strategic business planning or finance	Sample of all plans provided during interview	Financial plan provided. Very basic other plans such as 1 page action plan. Did however have templates for customers to use
Outsourced Consulting Financial Planning/Advisor	Newly appointed Business Coach Discontinued tertiary studies in IT Accountant	In IT and Staffing Both owners had tertiary education in marketing	Sponsors, Web, IT Design, Coaching, Government Secondary education in HR Network with Government	Some IT and Web Design Owners had secondary education in business, financial planning, marketing Networked with TAFE
Research	Scanned local community for prospects, little preparation research into segments, mostly sales related	Online, daily, market research	Policy and government regulation, to meet with community groups	Limited, knowledge mostly based on experience
Events, staffing, promotion	Attend business networking events monthly	Online promotions, staffing and training arrangements	Hosted events, met with local press, public speaking	Regular events with partners and TAFE

RQ 3: How important to SB operators is communication with stakeholders?

All respondents expressed the importance of communication in their work life, however looked guilty as the discussion progressed towards specifics of actions, relationships and outcomes. The respondents portrayed very different levels of guilt regarding different issues; however it mostly related to realising during the interview (when questions were asked) that they did in fact not have much evidence of building relationships with stakeholders. If not for relationships, respondents mostly contacted people for sales and marketing purposes, not considering that a long-term relationship would be more beneficial. Respondent 1 claimed long term relationships was their goal, however did not portray this in any other way than by saying so. On the other hand, Respondent 4 referred to good internal communication, office lunches and awards nights and events with partners. She mentioned strategic decisions regarding who would communicate with whom depending on the situation and the personalities involved. Respondent 4 also said that “business would not succeed without healthy financials *and* good efficient communications, both are vital for survival and growth”.

Respondent 3 spoke of relationship building as having dinner with business partners, hosting award nights, sharing related and unrelated information and also giving gifts and cards of appreciation. Respondent 3 strongly advocated long-term relationships and suggested to spend more time being of good character rather than building an image as “people will do business with those who have integrity, who are honest, respectful and interested”. Respondent 3 reported a significant increase in various stakeholder relationships following a marketing campaign where they went from having little visibility and no communication material to having a website, brochures, flyers and hosting events. Prior to this he said, “People often asked if we existed because we didn’t for example have a website”. Thus they made the decision to outsource to a web designer as they felt they “had to” have online communication material to please stakeholders. Although not referring to it as PR, Respondent 3 often engaged in cultural PR projects such as events, workshops, and consultations, engaging local and community stakeholders who had low involvement in society.

Respondent 1 did not refer to any relationships and did not regularly communicate with anyone other than internal staff, through direct telemarketing between staff and prospects, with his business coach and through attending some B2B networking events. These actions were however very recent and was brought about by the wish to grow his business in profit, and upon advice from the business coach. Respondent 1 had no internal meetings or social events for internal stakeholders.

Respondent 2 had weekly internal meetings, socialised on their personal time, organised after work drinks on Fridays and went on long weekend trips together. Respondent 1 did however not provide any thank you notes, membership kits or evidence of relationship building outside their own office apart from their social media. She said “social media for work and personal life is one and the same thing”, and that “anything else would be fake”.

In summary, all respondents said that building relationships and communicating with stakeholders was important to them, although documented relationship building was limited both internally and externally. An increased number of long-term, both personal and professional relationships, proved advantageous for efficiency, image and awareness of the organisation.

<i>Table 3.3. Outline of the four respondents' responses to questions about importance of communication</i>				
<i>Criteria</i>	<i>Respondent 1</i>	<i>Respondent 2</i>	<i>Respondent 3</i>	<i>Respondent 4</i>
<i>Say it is</i>	Very much so	Very much so	Very much so	Very much so
<i>Documentation provided</i>	None	Significant but confined to social media	Marketing plan Events, Brochures, Flyers, Signage, Website, thank you notes,	Brochure, Booklet, Website, Annual plan
<i>Actions to demonstrate</i>	Telemarketing Tracking sheet	Newsletter, Social Media	As above	Public speaking
<i>Actual Events</i>		Weekends away, after work drinks	Awards night, dinners, presentations	Regular industry events followed by phone calls
<i>Other</i>	Telemarketing	None	Gifts	None

RQ 4: What are the main barriers or challenges that SBs encounter regarding their stakeholder communication practices?

Challenge 1: Ability to Communicate Ideas Clearly Internally and Externally

Respondent 1 and 4 were not able to communicate their vision and mission for the organisation clearly. According to Gerber (2010), the management of impressions is the management of people. For Respondent 1 in particular, people management seemed challenging. The internal communication was strained and thus affected external communication, both situations leading to uncomfortable work environments where relationships did not prosper and stakeholders were not managed well.

In addition, all respondents expressed that the greatest challenge was sourcing suitable new staff and dealing with or managing current staff. According to Respondent 3 “high risk business partners and internal managers who create rather than prevent fires”, and “rude or just strange internal staff” were “frustrating to deal with”. Respondent 3 suggested that although passion was admirable, “extreme passion for work can decrease rational thinking with regards to dealing with other people”. On the other hand, he said “no passion for work will decrease team spirit and productivity”. Sourcing staff members that were equally passionate about the organisations goals in order to understand each other better and work well together was “frustrating” and “time consuming”. Respondent 3 placed weight on staff diversity in order to meet challenges and said that “if you have staff members that reflect society, then you provide a better service”. This was however a challenging goal to meet.

Respondent 4 said that working with their partner was the greatest challenge because “internal communications take on a very emotional feel”. Respondent 4 also expressed the difficulty in being objective both in regards to opinions and also when you are aware of “the intricacies of your relationship” which affects work. According to Respondent 4, small business partnerships have to be emotional due to high involvement and passion. Respondent 4 had also noticed this in both their partners and clients. According to Respondent 4, goals need to be specific, measurable, achievable, result oriented and time framed (SMART) prior to start up, as “individual agendas create problems” resulting in “conscious and unconscious fighting all the time to attend to their own individual disasters”. She gave an example:

“Sometimes two mums decide to go into business together, because they don’t want to go back to work, or for whatever reason. Often, they don’t examine the dynamics of the relationship beforehand, and may or may not be on the same page with regards to their personal and professional goals. They assume the other partner thought the same way they did and a major conflict arises. I have often experienced that the best thing to do in this instance is to terminate the partnership and move on”.

Although a small workplace can be challenging, an intimate workplace shaped by personal friendships and like-minded people created both happiness and friendships through shared success and achievements which were mentioned as both mentally and emotionally rewarding. Diversity in staff can be detrimental in internal reflection of society as well as efficiency. Clear and regular internal communication in the form of meetings and social activities meant that staff and operators were able to understand each other better and respect each other more. Both Respondent 2 and 4 mentioned that, because they knew each other so well internally, there was no one to blame but themselves if something did not go exactly to plan, which resulted in a speedy recovery from any issues that arose. In a workplace where limited internal communication occurred, staff and managers seemed to work more against each other than with each other. In the case of Respondent 1, where there were no weekly meetings, strategic plans to follow, and no communication such as brochures or handbooks, communication was strained which sometimes resulted in misunderstandings, power struggles and conflict. Further conflict also arose internally when power struggles of knowledge, decision making and money affected the entirety of the organisation simultaneously.

Challenge 2: Motivation and Willingness to Change – Diversity in Skillset

A recurring challenge was motivation and willingness to change. Respondent 4 was pleased with the assistance they got from a recent PR work experience student who assisted with the creation of a *Facebook* page to communicate with stakeholders. However, she admitted her inability of staying up to date after the student’s departure as she did not have the skills to continue without spending significant time or money updating it.

Respondent 2 did not specifically express a current struggle or barrier however mentioned that “what is new media now will soon be old as there will be new *new media*, so keeping

abreast of all these changes and how changes and technologies form part of people's lives and the uses of media in a marketing sense is essentially a challenge that will continue to change over time". Willingness to change may also be the reason Respondent 1 did not build relationships or use media to communicate with stakeholders. He may not have been aware of nor had technical skills to apply or utilise certain media and communication channels. Comments such as "it would be nice if someone could offer a service where they created a communications plan for the company", suggested that he did not know that many people and companies already do offer this service.

Challenge 3: Organisational Skills to Build and Manage Relationships

Although all respondents mentioned time constraints, Respondent 1 in particular seemed more concerned with their self-management skills regarding time. Respondent 1 performed technical work within the business as well as working at the front end with customers and found it difficult to plan and organise his schedule and manage staff. Although people cannot be organised, they can organise their time, space and work. If a business or the people in it are not managed well, are stressed and feel as if they are running out of time and space and are overloaded with work, this will show internally and externally and can affect stakeholders' impression and willingness to build relationships with the business. It also leaves little time to build relationships. Thus, a lack of organisational skills affects the business success in terms of time and knowledge regarding building vital and necessary strategic relationships with stakeholders.

RQ 5: How do SBs communicate with their stakeholders in reference to best practice PR models?

In reference to best practice PR models reviewed in this thesis, respondents were measured and analysed against four models in particular including *Press Agency/ Publicity Model*; *Public Information Model*; *Two-way Asymmetrical Model*; and *Two-way Symmetrical Model*. In *Excellence Theory*, the *Two-way Symmetrical Model* is suggested as a model to strive for yet a mix of the models is more likely to occur. In this study, contingencies such as motivation and personality played a significant role in whether people or organisations were able or willing to take on suggestions from stakeholders and change.

Respondent 1 mostly practices a *Public Information Model*. Respondent 2 practiced all models. Respondent 3 mostly practiced a *Press Agency/ Publicity (Propaganda) Model*, and a *Public Information Model*. Respondent 4 mostly practiced a *Public Information Model* and a *Two-way Asymmetrical Model*. Although this study showed that respondents practised all models, two-way symmetrical communication is contingent upon the operators' view. Research into a considerably larger sample group is necessary in order to determine the various directions of communication, which models are most applied in Australia, and which models are more useful in which situations. Similarly to the *Excellence Study* however, *Public Information Model* seems to be the most widely used

All respondents distinctively differed in what they classified as a professional working relationship and how they described the use of communication tools for relationship building. Respondent 2 referred to their own utilisation of social media as long term relationship building for researching, learning about, communicating with, and creating trust with stakeholders, and also said it could be regarded as propaganda. Respondent 3 referred to social media as an "efficient propaganda machine for long term manipulation of people's opinion". Both respondents were highly supportive of social media as a relationship building tool however due to their opposed view of its purpose, they fall into different categories or models.

Respondent 2 revealed greater trust in the public. This interpretation is based on the following comments: "people are not stupid, they won't sign up for just anything", "we prefer

it when there is a benefit for both so we can have a growing relationship”, “these days you have to show that you can be trusted, not tell people what to do or believe”, “eventually people will come ask for your help repeatedly when they trust you”, “we kind of hang out online, and we all get something fun and educational out of it”, “we spend a lot of time learning what people are saying out there (on the web) so that we can learn how to accustom our services to whatever people are into”. Such a method or campaign is similar to that described by Morrison (2001) as a valuable campaign illustrating how the collaboration between the organisation and the public can solve a problem through a relationship.

If it is true that, as *Excellence Theory* states, excellent organisations today should be managerial, strategic, diverse, symmetrical and ethical, such dimensions are contingent upon the situation and the view of the stakeholders involved. L’etang and Piezcka (1996) proclaimed that *Excellence Theory* and as such “excellent organisations” only were successful from the organisations’ point of view. In this study, all respondents strongly advocated their “ethical” business models. However, in discussions of ethical behaviour, actions and situations, and in reference to comments such as “when they think they find us” or “call them and tell them how we can help them”, all respondents said they had practices business they considered unethical. Respondents also suggested that it was stakeholders’ own responsibility to decide whether to engage in a relationship with the organisation, and all respondents mentioned turning away stakeholders considered “unsuitable” rather than working with them in order to avoid conflict. When asked who was to decide who was a suitable stakeholder, they all said they themselves had enough experience and fair judgement to make such a decision.

Respondent 4 did however open up and said that they had “sneaky techniques” which they had “become very good at”. She said the techniques were necessary for profit making and were more strategically smart than anything. Techniques would for example include placing items for sale in particular locations, telling people there was a sale when there was not, and placing information and ad words on people’s personal *Facebook* profiles and email space. When discussing matters of being ethical to the organisation or to stakeholders, all respondents admitted issues such as conflict of interest serving multiple clients in the same industry, paying people under the table, twisting the truth for a sale, creating a fake image of the size of their business by applying the address of a large business in the CBD, and convincing “weak individuals” into buying more of something “unhelpful” or “useless”.

In addition, both strategy and diversity had its pros and cons according to all respondents, yet they all thought they were successful in their own way and they were also pleased with their profits. The use and usefulness of strategy and planning did in some cases prove both necessary, important and vital yet was also referred to as a waste of time, all depending on the actions taken to meet the plan. In terms of focus and specialisation, diversity seemed to create internal power struggles. When internal staff operated in cramped environments with less personal space, or when an organisation grew to the size where there was need to source further staff to specialise in a specific division, yet match the current culture and knowledge of the organisation. Outsourcing or partnerships was a cost effective way of diversifying their services and skill set.

Challenges such as internal communication struggles, lack of organisational skills and motivation and willingness to change clearly affected the business owners' and operators' ability and knowledge of relationship building. Communicating with stakeholders and building strategic relationships thus is the greatest challenge for small business indicating a training need in public relations. People prefer doing business with people they have a relationship with, which makes training in strategic stakeholder communication vital to all staff of a small business in order to create trust, share knowledge and cooperate both internally and externally.

Communication challenges, specifically with regards to employing suitable, passionate and trustworthy staff needs to be met. The study found that relationships are nurtured through in-house meetings, social events, gifts, conversations (phone and face-to-face) and business networking. Thus, this research would be further enhanced by examining the different interpersonal relationships that exist between the various stakeholders in a small business and to uncover further specific challenges small businesses face and which practices does or does not work. If it is true as Gerber (2010) says, that the search for excellence in theory has eluded us in practice, further research could uncover why and also what can be done to achieve excellence in practice.

Today, *Excellence Theory* constitutes a general theory of PR which is a coming together of several mid-level theories that have developed over time. The body of knowledge embracing *Excellence Theory* today states that for PR to be excellent and "best practice" it has to be

symmetrical, managerial, strategic, diverse and ethical. It is contingent upon situations and motivation, and it is guided by or derived from relationships. The constant development of relationships and acceptance of world views and perspectives on a global level could result in closing, or at least narrowing, the gap between certain world views and gaps in societal development. There still seems to be a significant gap between education (theory) and industry (practice). Whilst *Excellence Theory* could be said to be prescriptive, it aims to conceptualize best practice PR and provides a theoretical framework that guides students, practitioners and academics' on the implementation and the role of excellent PR and is a processing model of thinking and learning excellent PR. All too often however, there is a gap in the link between education and industry and the practical applications of excellent PR theory are clearly deficient. University teachers are pressured to incorporate in their teaching such admirable and general goals as theoretical understandings of the world around us; however Australian industry is often managed by people with training from other fields than PR or people who have no communications training at all, and we experience slow implementation of best practice.

Table 3.4. Data display and Outline of the four respondents' application of PR models						
Model	Direction of communication	Description	Respondent 1	Respondent 2	Respondent 3	Respondent 4
Publicity/ Press agency / Propaganda	One-way	Persuades and manipulates to influence publics or audiences to behave as the organisation desires. True and untrue information.	Create fake presence in CBD “tell ppl what they do to convince them”	Make ppl believe they found them Create online presence for awareness and authority		
Public Information	One-way	Applies one way communication techniques such as press releases to distribute organisational information. Truthful yet bias information.	Limited information on website with only 4 tabs of all together 15 paragraphs	Abundant information on website and social media Teach work experience students and partners in social media applications	Industry events Public speaking Local press Brochures, flyers, annual plan Limited information on website	Industry events Public speaking Annual plan Brochure Limited information on website
Two Way Asymmetrical	Two-way (imbalanced)	Persuades and manipulates to influence publics or audiences to behave as the organisation desires. Uses research to find out how stakeholders feel about the organisation.	No evidence	Research in order to customize product Meet with stakeholders to discuss solutions	Research	No evidence
Two Way Symmetrical	Two-way	Communicates to negotiate with the public to resolve conflict and promote mutual understanding and respect between the organisation and its stakeholders. Aims to be mutually beneficial for the organisation and their publics.	No evidence	On occasions through social media	No-for-profit to support community On occasions	Limited

(Grunig 1992, Thayer 1948, L'Etang 2006)

Conclusion

In conclusion it is reasonable to say that small business vary in their stakeholder communication and its relation to the business success. Similar to Burnett and McMurray's (2003) previous study on small business communication, stakeholder communication remains central to the establishment of a business vision and business success. In addition, methods of communication and relationship building which include social inclusion and pleasurable environments prove successful. Due to challenges of time and cost, social media exemplifies a massive potential for stakeholder communication and relationship building. It is cost effective, includes knowledge sharing, creates community and sense of belonging and goes far beyond marketing. Large organisations spend millions of dollars a year on communications; at times it makes little or no difference to organisational success be it related to image, profit or a happy workplace. At the same time, others could spend much less and be much more effective. Thus, there is a need to uncover similarities and differences in the approaches and what works and what does not and in what environments and in what industries. Small business owners in Australia need to know whether they are putting their resources into plans that would work and deliver on the outcomes the organisation said it was going to deliver on, regardless of success meaning satisfying visual, functional, emotional or financial goals. Interested parties to small business development in Australia, such as universities, non-government organisations, and business development services, should address these determinants and impediments of business success in giving assistances to small business.

Due to the economic and social importance of small business in Australia, it is interesting and necessary to research which methods and channels of communication strategies provide tangible positive economic outcomes, and which do not. In addition, other factors need to be identified to get a more complete picture of determinants and impediments of business success among small business. The results then, would be beneficial to develop small business.

This study does not reflect the diversity and complexity of today's small business stakeholder communication; however it attempts to gain greater understanding of the current issues that affect small business and their success in relation to their stakeholder communication. The

validity of the results is reflected in a limited number of respondents and there is need for further study into a larger sample group of small businesses, or even a business group, in order to get a wider perspective of the current situation in Australia. Nevertheless, the data produced in this study yielded fresh insights and understanding on the topic.

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Appendices

Appendix A.1.

Introductory email to respondents followed by an immediate phone call

Information	Email
<p>Establishing rapport in cases I missed them on the phone first</p>	<p>Dear Mr X,</p> <p>This email is to follow up my call this morning. Thank you for taking the time to talk with me.</p> <p>As we spoke about this morning, I am conducting a research project with The University of Technology, Sydney (UTS). As you know, I found you and your company in an online search. In our phone call, we came to the conclusion that you and your company fit the criteria for this research project. I am very grateful for your participation and thank you in advance for your time and interest to participate.</p>
<p>Why</p>	<p>I am honoured to meet with you to discuss your work and experience as a small business owner. Other than my personal interest to learn from you, I would like to apply the information from our conversation to my Honours Thesis in Communications at UTS.</p>
<p>What</p>	<p>The research project is examining communication practices in small business in Sydney. This project will help me learn the theoretical and practical aspects of small business management and communication, and enable me to write about the current situation around this topic in Australia today. People, including myself, would have a lot to learn from you, and I would very much appreciate your opinion and perception, knowledge, skills and influence. I would make sure to mention your generous contribution towards my research project, should that be of interest to you. Otherwise the research is confidential and the information will not be published or used for any other purpose than for the Honours Thesis at UTS.</p>
<p>How</p>	

<p>Where</p>	<p>As discussed, we will meet at a location convenient or close to you, such as your office or in the close vicinity of your office. I would much appreciate however if this could be a location with less noise because I would like to record the interview. The recordings and transcripts will be kept confidential and will not be published.</p>
<p>When</p>	<p>I have calculated that it will take approximately 45 minutes, but would much appreciate if you could please set aside one full hour, to make sure I don't interrupt your regular schedule too much.</p>
<p>Their prompt to action</p>	<p>Please let me know if you are still interested in participating, and what time you are available to meet over the next month.</p>
<p>My details</p>	<p>Please feel free to call my mobile any time if you have any questions or concerns (M: 0414 978 683).</p>
<p>Follow up</p>	<p>As promised, I have attached further information about the research project as well as a sample of the mentioned consent form.</p> <p>I look forward to hearing from you and will call you in a few days to confirm your availability and receipt of this email unless you advise me otherwise.</p> <p>Thank you again for your generous assistance.</p> <p>Kind Regards, Sophia Demetriades</p> <p>Honours Research Student at UTS</p>
<p>About me FYI</p>	

<p>In case I didn't catch them on the phone at first attempt of contact</p>	<p>About me:</p> <p>I am currently doing my Honours year of Communications Journalism at the University of Technology, Sydney. My return to university for this Honours year is with a greater passion for education and research hoping to take this project further to a PhD. My thesis is on Communication Practices of Small Businesses in Australia. I have performed both journalism interviews as well as research interviews previously (not scholarly but for work), however very much feel I have much more to learn. I am excited about my research project and look forward to seeing the results of my work, and meeting interesting people throughout this journey.</p> <p>I am originally from Norway where I completed a diploma of Fine Arts and Art History and worked as a teacher for three years, before deciding to relocate to Australia to advance my experiences in language, culture, communications, and for a bit of adventure. My initial endeavour in Sydney was a Bachelor of Communications (Journalism) at UWS, after which I spent four years working in management and communications in the education industry as well as in the private services industry. I also did some freelance journalism at that time. I hope this introduces me a little and I look forward to learning more about you.</p> <p>Thank you very much, Sophia</p>
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Appendix A.2.

Ethics Information Letter 1

INFORMATION LETTER 1

“Stakeholder Communication of Small Businesses in Australia and its Impact on their Success” – Sydney, 2010

WHO IS DOING THE RESEARCH?

My name is Sophia Demetriades and I am a student at UTS.

(My supervisor is Professor Jim Macnamara)

WHAT IS THIS RESEARCH ABOUT?

This research is to find out about the current communication practices of small business in Australia and how this affects the business success.

IF I SAY YES, WHAT WILL IT INVOLVE?

I will ask you to

1. Participate in a face to face interview with me which will take no more than 1 hour. It will be recorded and kept strictly confidential.
2. I will also ask for one further face to face interview with another manager or director of your business should it be necessary. This interview will take no more than thirty (30) minutes and may be over the phone.
3. Provide the business' communications material such as brochures or flyers for a professional content analysis which I will provide you with when I complete the research if you like.
4. To be available for a follow up call of maximum 30 minutes to make sure I have all the information I need in order to describe our conversation accurately.

ARE THERE ANY RISKS?

There are very few if any risks because the research has been carefully designed. However, it is possible that you may find some of my questions difficult to answer or may not want to spend more time. If this is the case, please let me know and I will terminate the interviews or the entire research of your company immediately.

WHY HAVE I BEEN ASKED?

You have been asked because you are able to give me the information I need to find out about the communication practices of small businesses in Australia in 2010 and its impact on your business' success.

- You own or work in a Small Business (5-20 staff)
- You reside and operate in Sydney
- You communicate with your customers
- You have been in operation between 2 and 10 years

DO I HAVE TO SAY YES?

You do not have to say yes.

WHAT WILL HAPPEN IF I SAY NO?

Nothing will happen. I will thank you for your time so far and will not contact you about this research again unless you want me to.

IF I SAY YES, CAN I CHANGE MY MIND LATER?

You can change your mind at any time and you don't have to say why. I will thank you for your time so far and will not contact you about this research again unless you want me to.

WHAT IF I HAVE CONCERNS OR A COMPLAINT?

If you have concerns about the research that you think I (or my supervisor) can help you with, please feel free to contact me (us) on 0414 978 683 (or: 02 9514 2334). If you would like to talk to someone who is not connected with the research, you may contact the Research Ethics Officer on 02 9514 9772, and give them my student number: 10983106.

Ethics Information Letter 2

INFORMATION LETTER 2

“Stakeholder Communication of Small Businesses in Australia and its Impact on their Success” – Sydney 2010

Dear respondent,

As we spoke about this week, I have returned to university to do a research project. I am a student at the University of Technology, Sydney.

I am conducting research into the communication practices of small business in Australia in 2010 and its impact on the business success, and would welcome your assistance.

The primary research method will involve one or two face to face interviews with managers or directors of your business, and should take no more than two hours of your time (each). A second interview would only apply if there is anything specific discovered throughout the research process which involves any outstanding information. This means that, should I get to the analysis and discover that I did not ask an important question or did not quite understand something you explained, I will call and ask you to please clarify. This is to ensure that I do not misinterpret anything you tell me. The interviews will be recorded for transcription, and kept strictly confidential. The transcripts will also be kept confidential.

I will also conduct a secondary method, a basic level of content analysis. A content analysis is an analysis of your business' communication material which is already available to customers or the public. That means brochures, flyers, websites and the like, and not personal emails and letters or anything that would not be available to the public. I would however appreciate if you could provide me with any business plans or the like that you may have.

I will never mention your name, your company's name or say or write anything that will identify you or your company in the final project.

I will provide your business with all the information I use and you are entitled to edit or withdraw any information should you wish to do so.

This research is not funded; it is part of a university honours degree research project which I have paid for.

If you are interested in participating, I would be glad if you would contact me on

E: Sophia@dreaminternship.com.au

E: Sophie.demetriades@student.uts.edu.au

M: 0414 978 683

You are under no obligation to participate in this research.

Yours sincerely,

Sophia Demetriades

Student Communications Researcher

City Campus

15 Broadway,

Ultimo, NSW 2007

P: 0414 978 683

Sophie.demetriades@student.uts.edu.au

Appendix B.1.**Ethics Consent Explanation Guide**

SECTION 1: Introduction	
<p>Introduction Key Components</p> <ul style="list-style-type: none"> • Thank you • Your name • Purpose • Confidentiality • Duration • How interview will be conducted • Opportunity for Questions • Signature of consent 	<p>Thank you for taking the time to meet with me today. My name is Sophia Demetriades and I would like to talk to you about you and your company's communication practices and how it impacts your success. Specifically, we will focus on your experience.</p> <p>It is a semi structured interview, so please feel free to explain as much as you like.</p> <p>I will be taping the session because I don't want to miss any of your comments. Although I will be taking some notes during our meeting, I can't write fast enough to get it all. Because we are on tape, please be sure to speak up.</p> <p>All responses will be kept confidential and only used for this specific Honours Thesis. This means that your responses will only be shared with my Supervisor and three additional examiners. The thesis will be published, so we will make sure that any information I include in the thesis, does not identify you as the responded. If you comment on something particularly relevant to the project, I will take note of that and ask you later if I can quote you. Remember, you don't have to talk about anything you don't want to, and you can end the interview at any time.</p> <p>Are there any questions about what I have just explained?</p> <p>Are you willing to participate in this interview?</p>
<p>Closing Key Components</p> <ul style="list-style-type: none"> • Additional comments • Next step • Thank you 	

Appendix B.2.

Ethics Consent Form

UNIVERSITY OF TECHNOLOGY, SYDNEY STUDENT RESEARCH

I _____ agree to participate in the research project “**Stakeholder Communication of Small Businesses in Australia and its Impact on their Success**” being conducted by:

Sophia Demetriades (10983106)
Unit 15/16-24 Dunblane Street
Camperdown NSW 2050
M: 0414 978 683

of the University of Technology, Sydney for her degree; Bachelor of Arts (Honours) in Communication (C09009v3).

I understand that the purpose of this study is to research the current communication practices of Small Businesses in Australia. I know that the study aims to report on the types of communication vehicles Small Business use to communicate with their customers, what type of messages they carry and how communication affects the business success.

I understand that my participation in this research will involve:

1. Participate in a face to face interview with me which will take no more than 1 hour. It will be recorded and kept strictly confidential.
2. I will also ask for one further face to face interview with another manager or director of your business should it be necessary. This interview will take no more than thirty (30) minutes and may be over the phone.
3. Provide the business’ communications material such as brochures or flyers for a professional content analysis which I will provide you with when I complete the research if you like.

4. To be available for a follow up call of maximum 30 minutes to make sure I have all the information I need in order to describe our conversation accurately.

I am aware that I can contact Sophia Demetriades or her supervisor Professor Jim Macnamara if I have any concerns about the research. I also understand that I am free to withdraw my participation from this research project at any time I wish, without consequences, and without giving a reason.

I am aware that any withdrawal from the research will not prejudice my future career, academic progress, employment or relationship.

I agree that Sophia Demetriades has answered all my questions fully and clearly.

I agree that the research data gathered from this project may be published in a form that does not identify me or my business in any way.

_____/_____/_____
Signature (respondent)

_____/_____/_____
Signature (researcher or delegate)

NOTE:

This study has been approved by the University of Technology, Sydney Human Research Ethics Committee. If you have any complaints or reservations about any aspect of your participation in this research which you cannot resolve with the researcher, you may contact the Ethics Committee through the Research Ethics Officer (ph: +61 2 9514 9772 or Research.Ethics@uts.edu.au) and quote the students ID number which is: 10983106. Any complaint you make will be treated in confidence and investigated fully and you will be informed of the outcome.

Appendix C.1.

Interview Guide

Introduction

First I will ask you a few questions about you, your role and your company. Second, I will proceed to ask questions about your use of communication channels such as email, phone, radio, television etc. The third section will include questions about you and your company's use of communication practices and planning. Finally, I will ask some over all questions about your advantages, barriers and challenges

Interview Guide

Stakeholder Communication of Small Businesses in Australia and its Impact on their Success

	Question	Probe
1	<i>1. Which channels of communication do SMBs use to communicate with their stakeholders?</i>	Which channel, how often, why, how useful, to whom, why/why not?
2	<i>1.2. What is the purpose of each channel?</i>	Sales, follow up, marketing, just chat, research, survey, give examples, new or current customers, partners? Internal/external?
3	<i>1.3 How did you learn about or decide on that channel?</i>	From whom/where/when/experience?

4	2. To what extent do small businesses strategically plan communication with key stakeholders – or is it more intuitive and dynamic?	For what, in what area, who makes it, why, does it work well, why/why not? Please explain with an example.
5	2.2. Can you show me some of the plans and explain them to me?	What is it used for, by whom, who made it, if there is no plan, what else do you use?
6	2.3. Where did you learn about planning?	From whom/where/when/experience?
7	3. How important is communication with stakeholders to small business operators?	In your own opinion, how do you think it is important for others? Who are good at communicating? Who is not? why/why not? Do you measure communication? How? Why?
8	3.2. Is communication is important to you? 3.3. How do you build relationships with clients?	Why? When? Different now from previously?
9	4. What are the main barriers or challenges that small businesses encounter regarding their stakeholder communication practices?	What is it like for other people you have hear of? Do you have an example of a challenge for you? For others? Why? Has it always been like that? What is your advantage? What is something you wish you had or could do? Why? What would you like to change?
10	4.2. What is your staff's main challenges?	Why is that? How can you help? How can they help you? Where are you

		different?
11	4.3. What are your clients challenges?	Why is that? How can you help? How can they help you? Where are you different?
12	5. How do SBs communicate with their stakeholders in reference to best practice models?	
13	5.2. How do you inform stakeholders? (partners, customers etc)	Why? How does it work? How do they respond? How do people find out about you?
14	5.3. How do you research stakeholders?	What do you know about them? How do you understand them? Do you use surveys or evaluation forms?
15	5.4. How do you convince people to trust you?	Actions, events, speech/language?
Any questions for me?		

Appendix C.2.

Example of Contact Summary Sheet - following the interview

Interview Guide and Contact Summary Sheet			Notes
<i>Stakeholder Communication of Small Businesses in Australia and its Impact on their Success – Resp. 2</i>			
	Question	Probe	
1	<i>1. Which channels of communication do SMBs use to communicate with their stakeholders?</i>	Which channel, how often, why, how useful, to whom, why/why not?	Email, phone internet, blog constant – looked proud and interested, excited about work
2	<i>1.2. What is the purpose of each channel?</i>	Sales, follow up, marketing, chat, research, survey, give examples, new or current stakeholders? Internal/external?	Justifying their ethics, want to be convincing
3	<i>1.3. How did you learn about or decide on that channel?</i>	From whom/where/when/experience?	Confidents, knowledgeable

4	2. To what extent do small businesses strategically plan communication with key stakeholders – or is it more intuitive and dynamic?	For what, in what area, who makes it, why, does it work: why/why not? Explain, Example.	Justifying their strategy, seems pleased
5	2.2. Can you show me some of the plans and explain them to me?	What is it used for, by whom, who made it, if there is no plan, what else do you use?	Shows some plans, says nothing more is needed
6	2.3. Where did you learn about planning?	From whom/where/when/experience?	Education and experience – best way
7	3. How important is communication with stakeholders to small business operators?	In your own opinion, how do you think it is important for others? Who are good at communicating? Who is not? why/why not? Do you measure communication? How? Why?	Nods and tries to convince me
8	3.2. Is communication is important to you? 3.3. How do you build relationships with clients?	Why? When? Different now from previously?	As above
9	4. What are the main barriers or challenges that small businesses encounter regarding their stakeholder communication practices?	What is it like for other people you have heard of? Example of a challenge for you? For others? Why? Has it always been like that? What is your advantage? What is something you wish you had or could do? Why? What would you like to change?	
10	4.2. What is your staff's main challenges?	Why is that? How can you help? How can they help	Looks for understanding, squints

		you? Where are you different?	eyes
11	4.3. What are your clients challenges?	Why is that? How can you help? How can they help you? Where are you different?	Want to change topic, opens up eventually
13	4.4. How do you inform stakeholders? (partners, customers etc)	Why? How does it work? How do they respond? How do people find out about you?	This is how we do it because that is best type of attitude
14	4.5. How do you research stakeholders?	What do you know about them? How do you understand them? Do you use surveys or evaluation forms?	We are very thorough here type of attitude
15	4.6. How do you convince people to trust you?	Actions, events, speech/language?	Wants to move on, looks guilty, opens up eventually
Any questions for me?			Ask for my opinion, advice, want to know more about the project – keep talking for a while

Appendix C.3.

Example of Excel Summary Sheet (The numbers in the boxes refer to the numbers of the interview question/answer.)

Category/ Theme	Respondent 1	Respondent 2
Types of communication channels	1. Email. Both in terms of marketing and communications, as well as keeping people informed with our services delivery and what we do. 2: phone, 3: face to face. Don't use social media . . . Reason: clients are not really quite adept; They wouldn't necessarily follow the communication; nobody would probably read it because they wouldn't know how to get to it; and they're not used to doing that. Stay in what the client will be used to and comfortable to receive, because org need to know client received the information. direct mail, and telemarketing	1. Digital, online agency - use channels in the same way that we promote.
Face to Face Phone and Email communication	29. Cross sell more, easier to talk, time to establish relationship - more personalized, provides more work.	Mostly email, phone, online - face to face with clients at least once, but most people are actually happy to email and online communicate - profiles, cultures etc.
	30/31. Misinterpretations easy, just information, no judgements, sender receiver emotions/moods not convenient for email, carefully construct short messages to avoid conflict. Internally: we're not as careful there, and sometimes we get our ways crossed. But we are a very small team and we have a good understanding of each other's psychological dispositions and DISC profiles.	JW: Oh yah, that's constant, that's all day. We maintain pretty continuous contact with our clients. E-mail and phone is pretty much the standard. If it ever gets too long in an e-mail we'll make a phone call. We don't really use fax...it's sort of on its way out. We do have some clients...like lawyers...that like to use fax. We use the phone a lot because it's important to have that human contact. We have a sales brochure so that when we are talking to new people we can send it to them. It carries through our brand guidelines and it's a snapshot of all our services. We send those electronically to save trees. We will print it in paper for a big pitch.
Relationship with the media?	16/33. We have achieved the impossible and manage to be here for a while and be invisible. Right now we don't have signage on the building yet non-existent in a way, with our marketing. Have strong ties with our networking group in the area. Were in the process of trying to wrap up our presence and our website, and everything else that goes with it. And become visible. We will try to work around the local community and give back as much as possible. I think that first thing is first, we need to get the fundamentals right and so that people can find us. We haven't had any coverage or an official launch of the business. We will probably get some media coverage locally - hopefully kick start the business in a few months. 33. No not yet, but we look to establish some rapport. We also have strategies in place to do some sponsoring of local causes and organisations so we can get our name out there. We also look to support the local community, that's very important to me. I feel like putting something back for the benefit of everyone else, and that is in part one of the reasons why I chose X to start my business. It's also social responsibility. We may still be a small business but it will not be like that forever, eventually we will be a big business. It's good to put the seed in for giving back now, so as the business grows that can grow as well. Instead of waiting to grow a huge business and then saying okay we have to give something back now.	17. Firm belief in Integration. Work with radio: tell them to mention website more than once and we do see a big spike in some of the sites when there is advertising but mostly people are still going to Google and doing brand related searches. Not enough people are doing it though [putting their URL in TV ads] there are some but usually it's not tied to any offer or reason to go online, it's just on there as an afterthought and even on outdoor advertising it's usually tiny [the URL] and you can't see it. It's got to stand out with outdoor media. I would never say that TV doesn't work. It's quite obvious that it does do something. I think that TV is overpriced for what it does deliver but it is a great way to build mass awareness. But if you've got a lot of money, why not, you sort of have to. But if I was any medium sized business, I wouldn't really do it.
How do you feel about PR? What is PR to you?	22. Worked with PR agencies in the past, in my experience I have observed that they are really expensive and they are more focused on the promotional end. They certainly don't like to build relationships with people. They're more about putting together a great idea and making lots of money, which is great, but what is the ROI on that in a small or medium sized business, you know?	JW: No, not really. It's hard to find that balance of having the time to do it because then you are sacrificing the clients work. But in a way the blog does act as some kind of online PR. PR is a lot of work. It's about developing relationships with journalists over time, then they leave...and you have to build new relationships. I do like PR a lot. Often, not always, it's a cost effective way of building awareness. But the market isn't big enough here to warrant it. PR is a lot of time with not as big of a reward, I think.