



**SURVEY OF INTEGRITY MARKETING  
IN TECHNOLOGY-BASED SMEs IN ANHUI, CHINA**

**Thesis**

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<p>Abstract</p> <p>The thesis concentrates on investigating and describing the current situation of integrity marketing in technology-based SMEs in Anhui, and attempting to explore the principles of integrity marketing. The objective is to provide some guidelines for technology-based SMEs.</p> <p>The main research approaches include qualitative research and quantitative research. The methods utilized in the research are analysis of literature and internet resources, focus groups, and a questionnaire survey. Theoretical research consists of the concept of integrity marketing, cost-benefit analysis on integrity marketing, and integrity marketing environment analysis. The empirical study is implemented by focus group discussion on integrity marketing, and questionnaire of integrity marketing in technology-based SMEs.</p> <p>The results of the survey show that technology-based SMEs are having a relatively good awareness on integrity marketing; however, their integrity behaviour has been impacted easily by the factors of internal and external environment of enterprises. Therefore, by integrating empirical study with theoretical research, the thesis strives to offer suggestions to integrity marketing in technology-based SMEs from internal and external construction of enterprises, thereby propelling the sustainable, sound and fast development of enterprises.</p>		
<p>Keywords: integrity marketing, technology-based SMEs, sustainable development of enterprise</p>		

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## 1 INTRODUCTION

The melamine-tainted Sanlu milk powder scandal in September, 2008 triggered off a spate of crises of corporate integrity in China. The incident brought the issue of corporate integrity into sharp focus. Subsequently, Chinese government vigorously advocates enterprise integrity, gives positive guidance to public honesty, and actively promotes establishment of social credit system, thereby creating great climate for sound development of society and economy. (Sina Finance 2010) As a consequence, in market economy, it is essential for an enterprise to take corporate integrity as the fundamental moral guideline of its existence and development, which will, in turn, enhance its operation.

In China, the definition of small and medium-sized enterprise (SMEs) is based on enterprise's employee quantity, sales volume, and total assets. A medium-sized enterprise should at least own 300 employees, or reach total sale of not less than 300 million RMB, or have total assets of more than 400 million RMB. And the standard of small-sized enterprise is lower than medium-sized enterprise's. Currently, more than 98 % Chinese enterprises are SMEs. (China SME Website 2009)

As vital components of Chinese enterprises, technology-based small and medium-sized enterprises (technology-based SMEs) are an emerging and rising force which develops rapidly in recent years. These enterprises operate on the basis of voluntary integration, self financing, independent management, sole responsibility for profits and losses, self development and self restraint. Scientific and technical personnel are in the majority of the staff, who specialize in transformation of scientific and technological achievements, technological development, technology transfer and technical consultation and service. Another type of technology-based SMEs is engaged in the integration of research, development, production and sales of high-tech products. These intelligence-and-technology-intensive economic entities play an increasingly important role in promoting economic growth and social progress in China. And its four features are: innovation, high investment, high development, high risk, and high returns. (Anhui Technology and Science Department 2009)

Located in East China, Anhui is not a typical industrial base. Agricultural economy takes a large proportion while large-scale enterprises are relatively less here. Anhui distinguishes itself



by concentration of numerous prosperous technology-based SMEs which sprang up here and play an increasingly important role in promoting economic growth and social progress of Anhui Province. Until the end of 2009, Anhui province already has about 20,000 technology-based SMEs, and the number may keep rising in the coming years. (Anhui Technology and Science Department 2009)

### **Objectives of Research**

The purpose of this study is to investigate and describe the situation of integrity marketing of technology-based SMEs in Anhui province. Thus aims of the study are:

- Finding out existing problems about integrity marketing in technology-based SMEs in Anhui;
- Analysing the reasons and provide the suggestions to solve the problems;
- Guiding the integrity marketing operating and encourage enterprises to persist with integrity marketing.

The study is carried out from the point of view of enterprises, since the integrity is quite important to enterprises. In general, this study focuses on inquiring into the current cognition of technology-based SMEs on integrity marketing in Anhui, and discussing the significant aspects of integrity marketing in the enterprise management.

### **Research Approaches and Methods**

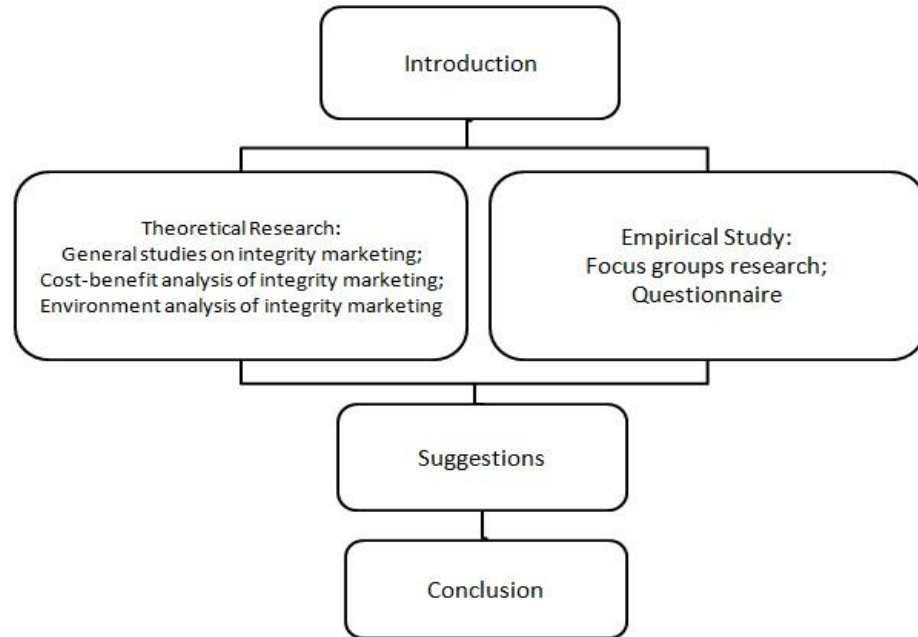
Both qualitative research and quantitative research are utilized throughout in the thesis. Three major methods are adopted here, including literature research, focus groups and questionnaire. By literature research to explore the operation mechanism of integrity in technology-based SMEs, and then from the perspective of marketing, using empirical study (focus groups and questionnaire) to find out the basic principles and methods of integrity marketing adopted by these enterprises and assisting them in developing operation and management strategies for integrity marketing to promote their sustainable development. To probe into the essence of integrity marketing, a wide variety of theories are applied, namely management, enterprise, system, business ethics, marketing, market competition, etc.

## Limitations

Due to limitations of researchers' capability and shortage of research time, some issues involved cannot be thoroughly studied with in-depth analysis. In addition, integrity marketing is still a newly-emerging research topic in academic circles and business communities, whose meaning and scope has not been clearly defined; hence, further theoretical study and exploration are necessary.

## Structure of Study

The thesis contains eight chapters, but it can be divided actually into five sections. The first part is an introduction that introduces a general idea of the thesis. After the introduction, there is theoretical research part, including chapter two, chapter three, and chapter four, which are used to study theories that are relevant to integrity marketing. The empirical study is made up of chapter five and chapter six, which explore and analyse the situation of integrity marketing of technology-based SMEs in Anhui. After that, Chapter seven integrates the preceding studies and provides some suggestions to help enterprise improve integrity marketing. Lastly, chapter eight is the conclusion of the entire thesis.



*Figure 1. Structure of Study.*

## **2 THE CONCEPT OF INTEGRITY MARKETING**

Integrity marketing as a relative new marketing form is generated with market economy's development and economic globalization, which is innovation of modern marketing idea. This chapter puts emphasis on discussing and studying general concept of integrity marketing.

### **2.1 Different Studies on Integrity**

Integrity is a product of social economic development, and it is also a basic condition of market economy. Actually, a vast number of scholars have studied integrity for long time and the issues about integrity are illuminated from economics, business ethics, institutional economics, organisation behaviour science, sociology, management and so on.

In the domain of economics, Adam Smith who is the founding father of economics indicates that product exchange depends on individuals' morality, which is due to the legal system is incomplete in initial market economy; hence, the development of integrity is promoted by product exchange. Put another way, the needs of integrity and the needs of product exchange are homologous; the modern economic life is developed hardly without trust. (Liao et al. 2004, 4-5)

In the domain of business ethics, David J. Fritzsche suggests that the ethical behaviour is necessary for long-term business. At the macroscopic level, immoral behaviour not only brings about distorted market system, but also tends to inefficiency of resource allocation; and from the microscopic view, immoral behaviour also can cause the profit reduction in long-term business. Arren Schmidt had conducted a research that aimed at six thousands members (managers and chiefs from different companies) of American Management Association (AMA), and found that managers thought the responsibilities and integrity are two of the most important value, and honest individuals were appreciated. (Fritzsche 1999, 18)

In the field of sociology, Fukuyama (2001) refers to the level of social integrity can decide the national welfare and competitiveness of country; thus, integrity plays a key role in globalisation competition. Integrity is intangible assets, since integrity can bring about goodwill for enterprises and in the meantime, good reputation can reduce the transaction costs. (Klen B. and Leffler K. B. 1981(9), 451-468)

Bill George (2004, 30) analysed the integrity leadership's impact to enterprises from the point of view of organisation behaviour, and he thinks one integrity leader help to build one integrity enterprise; meanwhile, integrity leader should have several characteristics: target, value, intention, relationship and self-discipline. According to Paine (1999, 341), people pride themselves on being a member of the organisation when they think the leaders are honest; namely, integrity leaders can give employees a sense of belonging.

In the field of institutional economics, the famous 'Lemons Market' theory by Akerlof (2001) states econometrical models about the importance of trust. If sellers cannot get benefits from investing in reputation building, they will not pay attention on providing high quality products or services. As a result, maybe dishonest trade instead of honest trade, which will causes reasonable transaction no longer exist.

Kotler emphasizes enterprises' competition should base on ethic; good marketers should commit themselves to creating integrity and efficiency market environment. Kotler and Armstrong (2007, 492-524) discuss the social responsibility and marketing ethics in their literature and refer to some ethical issues in marketing process may influence society and consumers. According to Lewis (2001, 6-10), integrity can help enterprises get outstanding achievement; however, even before that, enterprises should set up integrity relationship with employees, customers, competitors, and other stakeholders.

## **2.2 The Meaning of Integrity**

Integrity is a traditional virtue of Chinese nation. Indeed, Chinese people had begun to interest themselves in integrity as long ago as the Spring and Autumn period, and Confucius who is the greatest of the ancient Chinese sages suggests that integrity is a foundational morality people should obey. According to Confucianism, the word 'integrity' contains two kinds of meanings: as an individual, you should be honest, do not lie, which emphasize person's inner quality; to get along with people, you should do what you say, which focus on person's outward appearance. (Li 2008, 292-293; Liu 2008, 31-34) To conclude, integrity means a person persists in performing what he or she promises and never dose skulduggery. In modern society, Chinese scholars look at things of integrity from legal point of view, they think integrity refers to people is open, genuine, not deceitful, and keep the promise. Integrity is the outcome of social system,

on the hand, people is honest that because of they must be subject to the laws of state; on the other hand, persons trust others, since they believe social mechanism can control effectively people's behaviour. Therefore, legalisation can be considered the distinctive sign of development of integrity. (Chen 2005)

Carter (1996, 74) considers integrity is crucial morality that not only means to be honest, but also contains three phases:

- Using standards or norms to distinguish what is right and what is wrong
- To do 'right' things, even if you will have to pay for that
- To explain your behaviour based on your understanding of 'right' and 'wrong'

Therefore, to reach the real integrity, three conditions should be met: the risks of standards and value are considered, the foundation of performing the standards is the expense of individual, and the reason of the decision is to gain the trust. (Carter 1996, 74)

Walker and Marr (2001, 81-85) suggest that the meaning of integrity is quite similar to ethic. Integrity is an essential component part of enterprise reputation and stakeholder's undertaking; meanwhile, it is as motivation for improving enterprise's management. Consequently, as more and more important managing procedure, enterprise's integrity should be evaluated and estimated, and the results should be used to increase the level of integrity of enterprise.

In summary, from the moral point of view, integrity refers to being honest and keeping promise, which can be considered the basic criteria and behaviour norms that help marketers arrange various relationship in marketing activities. For enterprises, the meaning of integrity obtains six aspects:

- **Sincerity** - to serve customers whole-heartedly, focus on customer satisfaction;
- **Honesty** - the products or services should be real, enterprises do not use any false pretence to gain profits;
- **Cordiality** - to treat customers with good faith, enterprises do not to conceal something of real situation;
- **Credit** - trust, which means enterprise's actions correspond with its words;
- **Goodwill** - to build good reputation of an established business;

- **To follow the law** - Observing the law and administrative statutes and accepting supervision. (Walker and Marr 2001, 81-85)

### **2.3 Integrity Marketing in Technology-based SMEs**

Marketing theory stems from the United States at the turn of the nineteenth century into the twentieth century, which is the special and essential product of American economic development. The development of marketing theory so far has undergone almost four phases: infancy (1900-1920), application stage (1921-1945), the period of formation & development (1946-1980), the stage of maturity (1981- ). (VPSite 2008) However, during the development of marketing theory, integrity marketing has never been as an independent topic scholars paid attention to; as a matter of fact, integrity marketing only is considered as one part of the whole business ethics. Even though integrity marketing is referred to in some studies about the societal marketing and relationship marketing, the systematic research still does not launch. Therefore, there is no exact definition of integrity marketing at present.

In recent year integrity marketing has attracted the attention of Chinese scholars and enterprises, since the lack of integrity has gone from bad to worse in Chinese business world, and some dishonest behaviour has caused a lot of harm to people and country, such as Sanlu Event, Guanshengyuan Event, and Sanzhu Event.

According to the perspective of some Chinese scholars, integrity marketing is included in marketing ethics. It means the enterprise in marketing process should be honest, insist on keeping symmetry of information with consumers, and ensure fair and just marketing activities; thereby maintaining the development of enterprise and improving the welfare of the whole society. (Liu 2003, 65-67)

Integrity marketing refers to enterprises implement integrity principle in production, pricing, promotion, distribution and so on. Furthermore, both the ethical basis and the institutional assurance are requirements of integrity marketing. (Hao 2002, 36-39)

Overall, on the basis of above discussion, integrity marketing in technology-based SMEs is defined that: technology-based SMEs carry out the marketing activities with integrity consciously. That means during the complete marketing process, enterprises should keep the

senses of integrity persistently, respect the stakeholders' benefits (include society, enterprise, consumers, employees, etc.), insist on being honest; thereby developing the enterprises for a lasting time. Especially, the emphasis here is on conscious integrity, which refer to enterprises need to have a good coordination for the benefits among the society, the public, and the enterprise, promoting the sustainable development of enterprise finally. For the integrity marketing of technology-based SMEs have the following characteristics:

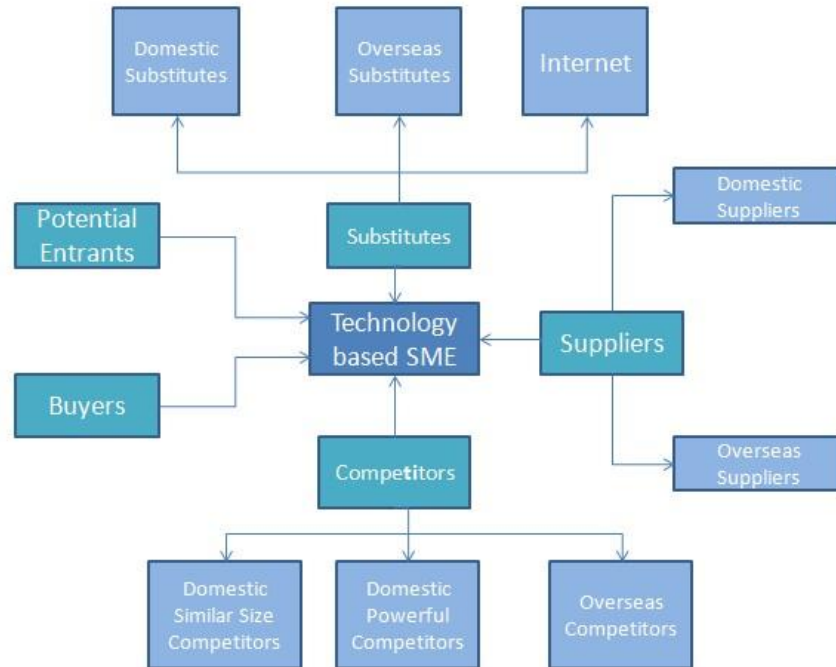
- **Enterprise with equal status** - no matter what situation of the enterprise looks like, such as the size, the publicity, every enterprise should be on an equal footing with the others, and all the transaction in deference to the market rules.
- **Balance of moral and benefit** - successful enterprise not only respects the ethics but also is good at using ethics to pursue profits.
- **Risk avoidance** - effective integrity management contributes to avoid the risks from business operation. For example, Wenzhou, is one famous Chinese city with economy developing fast in 1990s, but the enterprises lost the integrity and trust because of marketers in Wenzhou made counterfeit and shoddy products for a mess of pottage, and as a result, people boycotted the goods which made in Wenzhou, and then that took the knock of Wenzhou's economy. Since that the enterprises in Wenzhou have been aware of their mistake and implement integrity marketing positively, and now they have won the new good reputation again.
- **Good returns** - it is obvious that integrity marketing is able to help enterprise build good integrity image, gain the trust from the government, the public, the consumers, even the competitors; thereby earning more benefits.

#### **2.4 The Need for Integrity Marketing**

With the rapid development of Chinese economic and the evolving trend of economic globalisation, the market competition of technology-based SMEs is becoming more intense. As a consequence, Chinese enterprises' development is facing the severe challenges.

According to Michael Porter's competition theory, a five forces model of technology-based SMEs is performed that can help to analyse and recognize the competition environment what technology-based SMEs face. In fact, the competitive capabilities of enterprise are analysed by

identifying the five forces: competitors, substitutes, buyers, suppliers and potential entrants. (Porter 2005, 3-11)



*Figure 2. Competition Environment of Technology-based SMEs (Porter 2005, 3-11).*

Figure 1 describes distinctly the five major competitive sources to technology-based enterprises, and the complex competition environment of technology-based SMEs is clarified by outside-in business thinking (Porter 2005, 3-11). Meanwhile, a question is also asked with this model: how enterprises to survive and develop in the keen competition of market.

Enterprise integrity is an intangible asset as well as a rare resource to enterprises, which is a kind of moral rules that enterprises should be conformed during doing business. It is one reflection of enterprise morality when enterprises chase their value actualization. Therefore, integrity of enterprise has tremendous economic importance. (Huang and Zhu 2007, 170)

In APEC Shanghai meeting, American president of GM said that if enterprises want to remain invincible in domestic and international competitions, they should strengthen the competitiveness in the market, and integrity is the first thing that enterprises should be



conducted. Take McDonald's for example, it is one famous globalisation corporation even though its products are quite common without any high technology, the key factor of its success is that McDonald's put great emphasis on building good reputation. Consequently, the final result of international competition is reputation and brand competition, and integrity marketing is the most effective competitive approach. Integrity is a good promoter for enterprises when they compete in the complex competition environment.

## **2.5 Types of Integrity Marketing in Technology-based SMEs**

Integrity marketing of technology-based SMEs can be launched in different types, and these integrity marketing types also take various effects to technology-based SMEs.

### **2.5.1 Internal Integrity Marketing and External Integrity Marketing**

Internal integrity marketing puts emphasis on integrity to employees. Through internal integrity marketing, technology-based SMEs are able to enhance the cohesion of enterprise, help enterprise have outstanding vitality, and generate the 1+1=2 effect.

The detailed integrity marketing behaviour is manifested that:

- respect employees and defend their rights and interests;
- concern for employees, including their work, life, self-development, even recreation;
- provide safe and satisfied work environment, and take pleasure in communication with staff;
- give opportunities to help personnel improve their availability, quality and skills;
- treat employees equally, avoid discrimination against race, religion, gender, sexual orientation or other personal characteristic;
- etc. (Mullins 2007,489)

External integrity marketing is mainly aimed at the stakeholders of enterprise except employees. Generally, these stakeholders include a wide variety of interest and may be considered, for instance, under six main heading of:

- providers of finance;

- consumers
- suppliers and distributors;
- government, community, and environment;
- competitors; and
- media. (Mullins 2007, 543-545)

The cooperation and support of these external stakeholders play a pivotal role in enterprise subsistence and development; hence, technology-based SMEs should arrange the relationship with them carefully, construct hard one value chain based on integrity and trust, and help to create good external climate for enterprise development.

Indeed, enterprise, internal integrity, and external integrity are interrelated and interact with each other, and then they are made a whole. Accordingly, integrity marketing should be conducted in two ways: to be honest with employees from internal aspect, and to be honest with other stakeholders from external aspect. As a consequence, a steady and competitive delta model about integrity is founded by which enterprise can develop effectively. (see Figure 2)

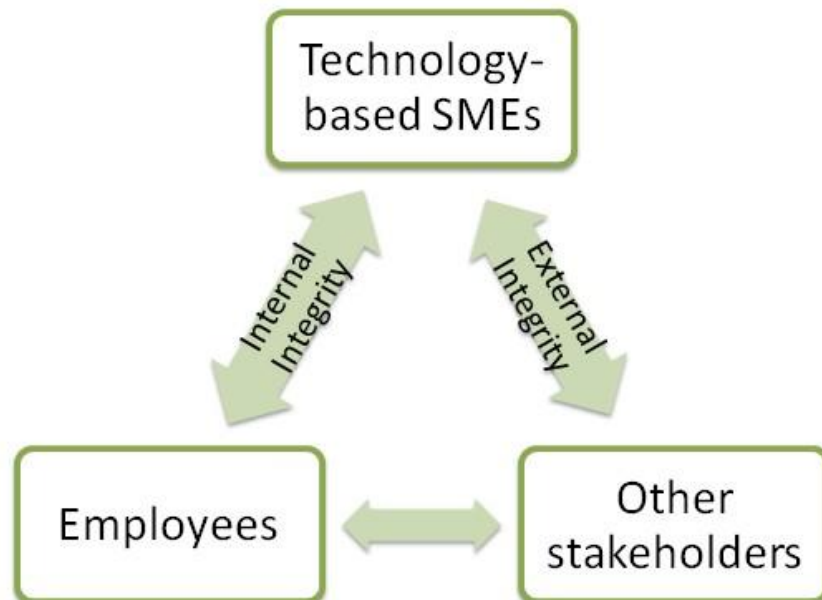


Figure 3. Integrity Delta Model (MBAlib 2009).

### 2.5.2 Active Integrity Marketing and Passive Integrity Marketing

Active integrity marketing refers to technology-based SMEs perform the principle of integrity in marketing activities by themselves, they do not need any external force to push them conduct honest behaviour; thus, the motivation of integrity is from senses within the enterprise, which guides enterprise to do business with integrity consciously.

Conversely, passive integrity marketing means due to the external forces, technology-based SMEs have to implement marketing activities under integrity principle and they have no ideas about integrity, or rather they do not volunteer to do integrity marketing behaviour. In general, the external forces refer to laws and regulations.

As matters stand, perhaps that the integrity institution has not been set up completely in China, so enterprises often implement integrity marketing based on one passive force; however, Chinese government is trumpeting and encouraging the integrity of enterprise, and the complex and keen competitive environment also claims the enterprise's integrity; therefore, to cope with the rapid expansion in Chinese market, the concept of integrity of enterprise should be converted from performing passively to launch actively .

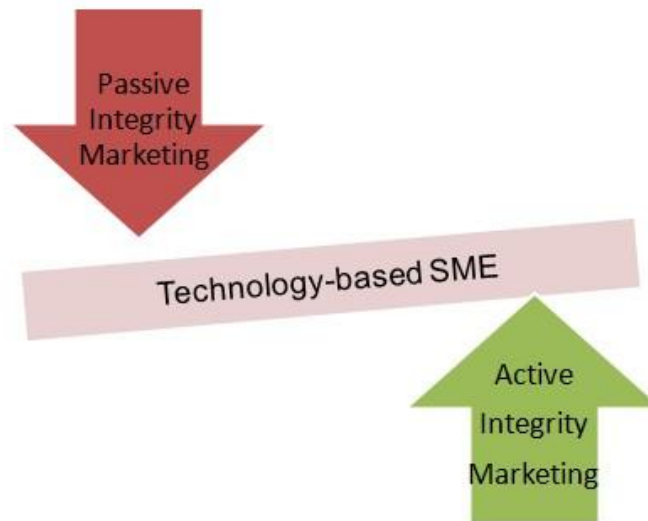


Figure 4. Passive Integrity Marketing & Active Integrity Marketing (MBAlib 2009).

## **2.6 The Strategic Importance of Integrity Marketing**

Technology-based SMEs implement integrity marketing, which could be of vital importance for their development.

### **Promoting competitiveness**

The competitiveness of enterprise decides directly the enterprise's development and expansion. According to Zhang (2001), the competitiveness of enterprise arises in two aspects: one is the enterprise accumulation of money, knowledge, experience; the other one is the goodwill. In the short term, the competitiveness might be decided in a wide range of factors, such as the R&D of product, technology innovation, process improvement, and so on. In the long run, however, the foundation of competitiveness is always integrity. If no integrity, even if more efficient management, more advanced technology, better product, which cannot reveal their value in the market. Jack Welch who is the former CEO of GE points out if the enterprise wants to win in modern intense competitive market, integrity is the matter it must do. Consequently, one integrity enterprise can get people trust and friendliness, thereby helping enterprise to gain market, goodwill, benefits, even improving the competitiveness.

### **Enhancing cohesion**

Based on the study of the integrity standards to the enterprise, Stone and Tashchian (2001, 199-211) found that the enterprise's integrity norms could impact the employees' behaviour and decision. In other words, if the enterprise frames the norms about restricting employees' integrity behaviour, the staff will think the enterprise is willing to approve of integrity behaviour highly; when employees encounter many difficulties about ethical issues, they can arrange these problems in conformity with the integrity norms of enterprise and do not conduct some actions against integrity easily. According to Toffler B. L. (1991), integrity norms of enterprise could help employees decrease the difficulty that they learn the complicated moral dilemmas, and give them the best resolution. Flynn G. (1995, 30-37) suggests that the purposes of building integrity norms in the enterprise are to enhance the staff's ethical quality and their legal consciousness; thereby helping they work with high proficiency. Overall, building the integrity norms in enterprise is able to influence employees' understanding on the value of

integrity directly, which also can cultivate staff's team spirit and increase the cohesion of enterprise.

### **Constructing customer relationship**

According to the societal marketing concept, customer wants and society's interests are two key factors for enterprise, and marketers should balance the relation between them and company's profits. In the long run, satisfying consumer wants and improving the society's well-being, which are the good way to deliver superior value to customers. The company document of Johnson & Johnson's stresses honesty, integrity and putting people before profits, and its chief executive believe that if they keep trying to do the right things, and the marketplace will reward them finally. (Kotler and Armstrong 2007, 16-17)

In additional, proceeding from the marketing concept, customer needs is the core of all the marketing activities, and marketers can coordinate the marketing activities depend on customer value and satisfaction; furthermore, the final goal is to create the long-term relationship with customers and make profits. (Kotler and Armstrong 2007, 15-16) Indeed, be honest to the customers is an effective way to build good customer relationship, since integrity behaviour is able to give customers a feeling that this product or service is reliable and follows their needs; as a result, they might trust the enterprise more easily and are willing to buy the product or service again. Grönroos who is a Finnish expert in marketing points out if customers feel the real consumed experience is better than they expected, they will think the quality of service is quite good. Hence, the enterprise can create the trust relationship with customers by integrity behaviour; thereby improving the customer feeling on service quality. (Han et al. 2003, 158-164)

### **Building good image**

Marketing activities not only sell the product and service, but also market the enterprise itself. If the enterprise use the immoral and wicked methods to market the product and service, the direct result is consumers cannot buy the product and service and the image of enterprise also is damaged. Therefore, the enterprise should insist on integrity marketing and build good image harder.

**Attracting talent**

The development of enterprise is heavily reliant on the outstanding staff; thus attracting talent is one of the crucial issues. Integrity can help enterprise set up good reputation, and create perfect work climate for people; thereby attracting talent, and strengthen the human resource configuration.

### **3 COST-BENEFIT ANALYSIS ON INTEGRITY MARKETING IN TECHNOLOGY-BASED SMEs**

Cost-benefit analysis, generally, is a decision-making approach by which individuals or organisations can rank their investment choices from economic point of view, taking account of both costs and benefits of the investment. (MBAlib 2010)

This part of the studies is to perceive the relationship between the costs of integrity marketing of technology-based SMEs and their benefits.

#### **3.1 Costs of Integrity Marketing in Technology-based SMEs**

Cost means all the expenses that enterprises spend on production and sale, and it reflect the strength of enterprise on production, technology, economic powers and so on. As a marketing behaviour, integrity marketing requires investment by which the cost of integrity marketing is formed. That is, integrity marketing cost refers to the total expenditures which are used for performing integrity marketing. There are three forms of integrity marketing cost.

##### **Direct Costs**

It means the cost is used for creating the integrity management system and fulfilling the commitment of integrity to stakeholders. (Jin K. W. et al. 2004, 54-55) Usually, it is consisted of:

- 1) The expenses of making integrity management system

This expense involves internal part and external part. The major uses of internal expense are employee's training about integrity, regulating and forming integrity norms in companies, rewarding integrity behaviours of employees, and integrity auditing; external cost is devoted to payment of delivering integrity information of enterprises by government or media.

- 2) The spending on undertaking integrity commitments to employees

Employees have right to get proper payment, to enjoy good working environment, to have social security and other benefits enterprises should provide.

3) The payment for carrying out the integrity promises to other stakeholders

Enterprises should spend money on quality management, since enterprises should provide good quality product to customers. Some expenses are used to create safe investment environment for enterprise' investors, for example, the fees of listing of a company, reshuffle of the enterprises, merger, or bankruptcy. Enterprises have a responsibility to society, for instance, to pay full taxation. A part of cost should be spent on taking care of community and environment.

4) Some costs about branding and maintaining good image in public

It is obvious that building an integrity brand need enterprise to pay money; and if several activities without integrity are occurred, enterprises also need to spend money to redeem their reputation.

### **Indirect Cost**

Indirect cost is used for ensuring the integrity marketing success and helping to establish social integrity management. It involves:

- 1) the expense of integrity research
- 2) the expense of social integrity system establishment
- 3) the expense of integrity supervision by society or government. (MBAlib 2010)

### **Opportunity Cost**

In contrast with direct cost and indirect cost, opportunity cost suggests that technology-based SMEs conduct behaviours without integrity to get various benefits under the same time and same condition.

Benefit from dishonesty behaviours, technology-based SMEs might:

- get all kinds of social resources (money, human resources, materials, technology, etc.);
- make products which could be fake and shoddy ones ;
- gain profits;
- create benefits for individual, for example, enterprise operator; and



- produce other benefits for the enterprise. (MBAlib 2010)

### 3.2 Cost Analysis of Integrity Marketing in Technology-based SMEs

In the above-mentioned three costs, both direct cost and indirect cost are impacted significantly by external factors. In the low integrity environment, the direct cost and indirect cost will be increased continuously; however, both of them will be decreased, while the level of integrity rise and integrity enterprises are increasingly many. In contrast, the benefits got by dishonesty behaviours tend to peak in the early time. After that, the benefits decline rapidly until stopping, whilst more and more people identify the dishonesty behaviours with the passage of time. (see Figure 5)

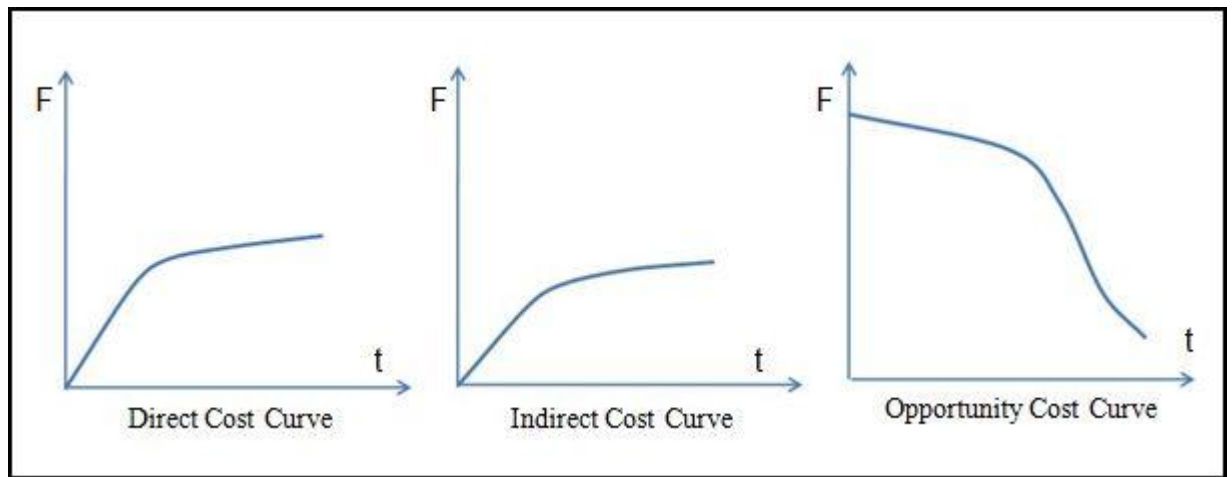


Figure 5. Cost Analysis Curve of Integrity Marketing (Wu 2009, 39-42).

### 3.3 Benefit Analysis of Integrity Marketing in Technology-based SMEs

It is obvious that the cost of integrity marketing is not low; nonetheless, enterprises would like to invest on it if they can gain high returns. In other words, integrity marketing is able to bring some positive effects for enterprises, such as economic benefits, social benefits, and political benefits.

#### 3.3.1 Economic Benefits

According to Fombrun and Van Riel (2004), integrity marketing benefits to enterprises, because it can lead to two possible advantages for enterprises. Integrity marketing can:

- help to attract various kinds of resources
- increase the market value of enterprises

### Help to attract various kinds of resources

Integrity marketing is one of most important motivators, helping enterprises get numerous resources. Integrity marketing influences enterprise stakeholders' decision making. (see Figure 5.) Take employee for example, the result of integrity marketing is to bring good reputation for enterprises, which can give workers a sense of pride of their job, promoting they to work hard to increase the production efficiency and work performance.

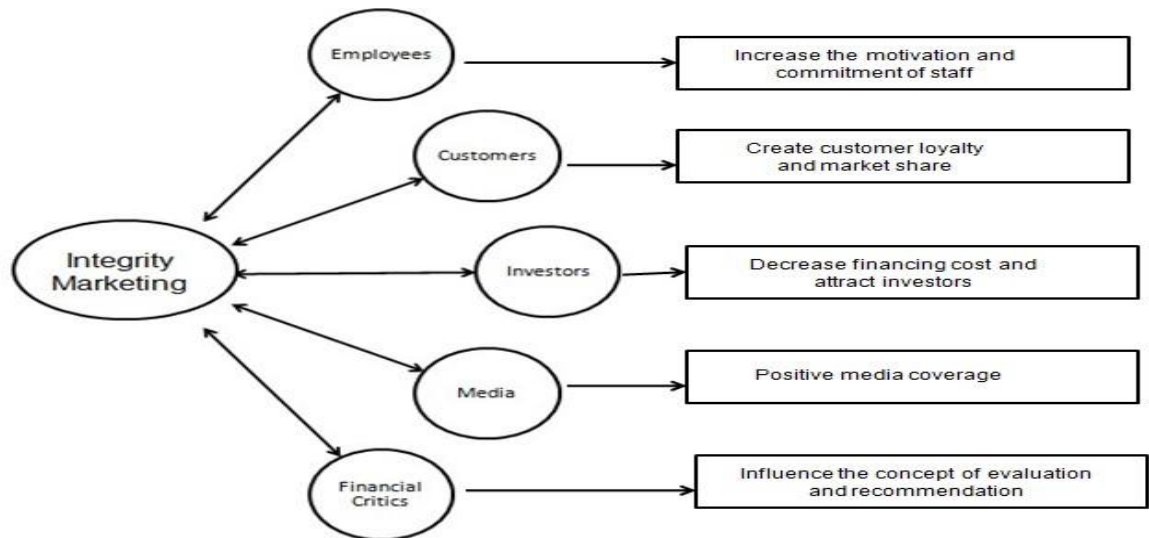


Figure 6. Integrity Marketing Helps Enterprises Attract Resources (Fombrum and Van Riel 2004, 50).

### Increase the market value of enterprises

The positive effects of integrity marketing also appear that giving other stakeholders, such as suppliers, cooperators, stockholders, etc., a feeling of personal trust and satisfaction by which enterprises could reduce the capital investment and increase profit. Lower investment cost and higher product price, which not only increase the profit of enterprise but also make enterprise be estimated highly by the financial critics. After that, the market value of enterprise is increased with growing of the stock demands. (see Figure 6.)



*Figure 7. Relationship between Integrity Marketing and Market Value (Fombrun and Van Riel 2004, 52).*

In terms of other economic impacts, enterprises also can gain huge benefits through integrity marketing. Such benefits should embrace:

- improve the efficiency of economic activities of enterprise
- expand the size of enterprise
- enhance the core competence of enterprise

### **Improve the efficiency of economic activities of enterprise**

Compare with traditional economy, market economy is best characterized by exchanging to achieve the allocation of resources and interpersonal connections; thus, transaction is the foundational mode of operation of market economy. According to transaction cost theory by Cosas (writing in 1937), transaction needs costs, for instance, the costs of searching business partners, negotiation costs, the costs of contract signing. (MBAlib 2010) Consequently, integrity marketing benefits to transaction costs reduction, thereby increasing the efficiency of

economic activities of enterprise. And the further analysis can be considered from two aspects: enterprise internal and its external.

***Internal aspect*** - Through integrity, enterprises can help their employees build trust in each other, which reduce the expenses about coordinating interpersonal relationship, motivating staff and increasing the work efficiency. In addition, the trust from managers or leaders that also is able to strengthen confident and pride of employees, perfect the relationship and impair the internal friction, so that the economic efficiency is raised. (Mullins 2007, 489)

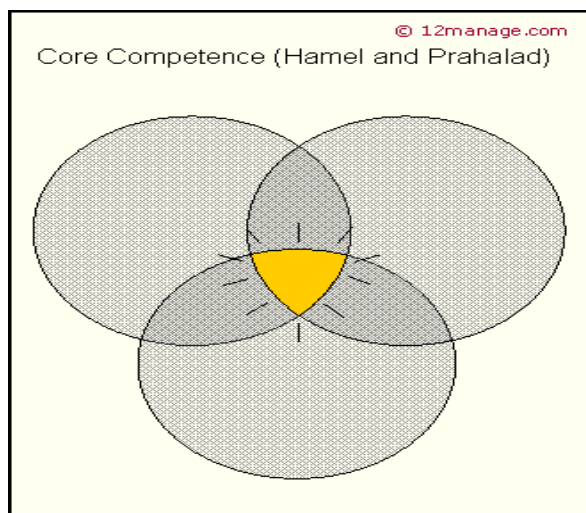
***External aspect*** - The contacts always relate enterprises with their suppliers, stockholders, customers or community and so on, as enterprises need these stakeholders to support their survival and development. Provided that enterprises can set up some kind of credit mechanisms with these stakeholders, the transaction costs will be decreased and the efficiency of marketing is higher. (Mullins 2007, 542-545)

### **Expand the size of enterprise**

A study on exploring the meaning of trust was carried out by Zhang and Ke who are two professors in Beijing University (2002). Their research presents the result of empirical study of a vast number of firms in different provinces in China and the relationships between the trust and enterprise size. The main point of view of the study was that the size of enterprise was linked closely with trust. It means the degree of trust and credit among individuals is higher, the supply chain can be longer, and then the average size of enterprises will be bigger. (Zhang and Ke 2002, 134-139) In short, good trust and integrity environment contribute to increase enterprise performance. Meanwhile, Fukuyame (2001) describes the importance of trust to the enterprise size from the view of ethnic culture. He suggests that trust can make enterprise expansion, because the interpersonal trust in the enterprise internal is like non-monetary capital enterprise invest, and more and more investment of this non-monetary capital can conduce to increased capability of expansion of enterprise. Therefore, the relationship the size of enterprise and the level of internal trust is in direct proportion; lower trust level makes managers have to pay more attention to supervising, which dampens the working enthusiasm easily and is against the development of enterprise. If technology-based SMEs perform integrity marketing positively, they will be got the benefit of enlarging the size of enterprise.

### Enhance the core competence of enterprise

Core competence model of Hamel and Prahalad was presented in their article ‘The Core Competence of the Corporation’ in 1990. Compare with outside-in business strategy, such as five forces model, core competence model is an inside-out strategy, and it emphasizes that the competitive advantage depends on two essentials which are lower cost and building core competence faster than competitors. Meanwhile, Hamel and Prahalad indicated that core competence of enterprise is the fount of remaining the competitive advantage of enterprises. (12manage.com 2010)



*Figure 8. Core Competence Model (12manage.com 2010).*

According to RAND Corporation’s explanation, enterprise’s core competence is divided into three levels: product level, system level, and cultural level. Product level includes product and quality control, service, cost control, marketing competence and R&D competence; system level consists of a combination of various management factors, operation system, property system; and cultural level is the core level which contains enterprise culture, enterprise image, enterprise innovation competence, enterprise diversity, exceed expectations and long-term development aims. Consequently, integrity culture is located the most crucial and basic status, while enterprises cultivate and increase their core competences. (Huang and Zhu 2007) Blanchard and Peale suggested that ethic behavior would generate core competence that causes final success of enterprise in commercial society. (Zhao 2002, 43) Eiichi Shibusawa, one

famous Japanese businessman, also said honesty and credit were the base of his successful business. (Shibusawa 1994, 28)

Therefore, the integrity behavior of enterprise could bring significant competitive advantage for the enterprises. Provided that technology-based SMEs insist on integrity marketing, integrity will become enterprise culture and idea; hence, integrity can be a dominant benefit for enterprises.

### **Increase the economic performance of enterprise**

High honesty and ethic behavior will help increase transaction and gain more profits, since integrity business activities are more likely to create customer loyalty, and satisfied customers will bring more business for enterprises. For another, healthy business environment also will profit from integrity marketing behavior. In spite of enterprises can get profits from dishonesty behavior in short-term, the behavior that meets the ethical norms accord substantially with the increasing profits of enterprise from the long-term perspective. Additionally, integrity plays a positive role in enterprise development. Because integrity can be an immaterial resource and it can increase the indirect returns of enterprise. Therefore, the honesty image of enterprise can become the powerful competitive advantage, and good integrity marketing behavior will impact the economic performance of enterprise.

### **3.3.2 Social Benefits**

Integrity marketing can bring good social benefits for enterprises' development, which can be reflected in terms of:

- keeping good market order
- obtaining good word-of-mouth spreading
- building good brand image
- creating good investment environment

### **Keeping good market order**

Integrity is a basic condition for market economy. The integrity market is a healthy market that leads to an ordered market. Chinese renowned economist Wu Jinglian (2001, 150-154) pointed

out that trust is an intermediary for most of transactions of business; if enterprises lose their credits, the transaction chain will be broken, and then the market economy will not be operated. Thus, exchange actions of modern market on the premise that enterprises should be integrity and honesty. Enterprises (involved the technology-based SMEs) as the major role in the microeconomic, if they operate the marketing activities without integrity, the transaction chain will be broken that leads to increased transaction costs; hence, there will be not ordered in the competition environment, and even in the entire market, and then the national economy also will be impacted ultimately.

### **Obtaining good word-of-mouth spreading**

Word-of-mouth spreading is a means of oral communication to deliver the information about product, service, brand, and organisation from person to person. It is a powerful controlling tool that influences customers' attitude and behavior. (MBAlib 2010) Integrity behavior can win the good feeling of customers, and build great customer relationship, which help customers disseminate positive ideas about the product, service, brand and organisation, thereby forming good work-of-mouth spreading. The works of technology-based SMEs is to develop the high-tech industry; meanwhile, they also undertake higher risks, such as electronic information, bioengineering and medicine. Facing the intense competition of the market environment, provide that technology-based SMEs can gain well-behaved word-of-mouth publicity by customers, the immaterial asset of enterprise will be increase by which enterprise' development can be sustainable.

### **Building good brand image**

Kotler and Keller (2006, 273) stated that "Building a strong brand requires careful planning and a great deal of long-term investment. At the heart of a successful brand is a great product or service, backed by creatively designed and executed marketing." And integrity marketing is a marketing activity with a mass of long-term investment, which provides an advantage in building strong brand of technology-based SMEs, thereby maintaining a good image of enterprises in society. The integrity marketing is mainly instrumental in building good brand image, which is showed:

- Integrity is the core of brand.

- Integrity improves brand value.
- Integrity creates the force of brand communication.

### Creating good investment environment

According to the research by China Association of Enterprises with Foreign Investment (CAEFI), foreign investors thought that the highest risk of investment in China is credit problem, for instance, a host of foreign brands were be infringed, and there are a proliferation of fakes around. (Ping 2002, 65-67) As a consequence, if Chinese enterprises want to attract the foreign investment, business integrity and credit will play a crucial role.

*Table 1. Top 10 China Integrity Province/City (CEC-CEDA 2002).*

City	Shan hai	Bei jing	Jiang su	Guang dong	Shan dong	Zhe jiang	Tian jin	Liao ning	Si chuan	He bei
Integrity (%)	66.9	26.0	36.1	32.7	29.1	26.0	17.2	9.9	9.2	8.9

Table 1 gives details of the integrity degree of these ten cities / provinces in China, and it is easy to find that the degree of integrity in more develop area is higher than less one. Furthermore, according to other research, these ten areas account for the largest proportion (80 %) of foreign investment. (Management World 2002(5), 121-128) As a result, good integrity environment contributes to attracting foreign investment. Provided that technology-based SMEs insist on integrity marketing, they will more easily gain a great deal of investment from abroad.

#### 3.3.3 Political Benefits

In terms of political benefits, integrity marketing behavior as a motivating influence to technology-based SMEs that it means:

**The prestige of enterprise in the community is promoted**, since integrity image and integrity reputation can help enterprises earn acknowledge from local government, people or other organisations, increasing technology-based SMEs' social status in China.



**The social climate is improved.** Technology-based SMEs are an important component in Chinese society, and they also may be used as a vehicle for propagating integrity and honesty ideas to the Chinese public, thereby molding them into good examples to help people to learn and upgrade their moral intelligence. Hence, through implementing integrity marketing, technology-based SMEs should promote good formation of social climate.

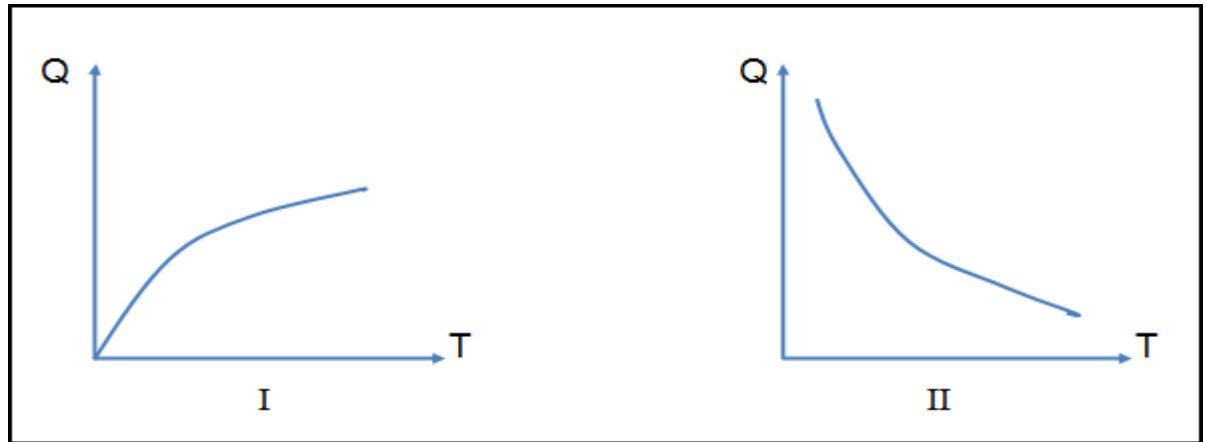
**International cooperation and communication are enlarged.** Due to integrity behavior, technology-based SMEs can attract more easily foreign investment that means enterprises get cooperation opportunities with overseas enterprises or other organisations, which contributes to learn international business development, fit global competition environment, and establish the image of Chinese enterprises in world. Consequently, integrity marketing of enterprise can lend much assistance to a rise of international status of China.

### **3.4 Cost-Benefit Analysis on Technology-based SMEs**

Actually, it is manifest from the above discussion about the costs and benefits of integrity marketing that there are two possibilities which decide enterprises whether implement integrity marketing.

**Situation 1.** Enterprises would like to launch positively integrity marketing, when these costs of integrity behavior can get actual and persistent benefits. (see Figure 9-I) This situation will lead to a beneficial cycle, which helps to the sustainable development of enterprise.

**Situation 2.** It is likely that enterprises are averse to invest or reduce the expenses of integrity marketing, if integrity behavior cannot take enterprises any positive and sustained effect. (see Figure 9-II) In fact, this situation is more dangerous, because enterprises cannot get profits from integrity behavior, they may transfer their focus to some activities without integrity.



*Figure 9. Analysis on Cost-Benefit of Integrity Marketing in Technology-based SMEs (Wu 2009, 39-42).*

As a consequence, on the basis of cost theory, there are two issues should be paid attention: firstly, the dishonesty behavior should be punished strongly, encouraging technology-based SMEs to conduct integrity marketing; namely, the costs of dishonesty behavior are increased which are higher than the returns of doing integrity behavior, and the returns mean any benefit is from aspects of economy, society, or polity. For another, government should optimize the market environment, perfect the market system, enhance market management, provide the development of technology-based SMEs with enough benefits and advantages, make integrity behavior become an effective instrument of competition, thereby promoting enterprises to launch integrity marketing positively.

#### **4 ANALYSES ON INTEGRITY MARKETING ENVIRONMENT OF TECHNOLOGY-BASED SMEs**

Successful marketing activities, the marketers should establish good relationship with customers, the other person in the company, and external stakeholders. In order to complete these work effectively, marketers must understand the environmental factors that might influence the relationship's establishment. (Kotler and Armstrong 2007, 65)

The marketing environment is considered the sum of the factors and the forces that affect the development of enterprise. Any enterprise's activities are impacted and restricted by its marketing environment, and technology-based SMEs are no exception. According to different categorical norms, the marketing environment of enterprise can be divided many sorts.

Based on the effects on the enterprise, the marketing environment is composed of a microenvironment and a macro environment. The microenvironment includes the company, suppliers, marketing channel firms, customer markets, competitors and publics. The macro environment includes demographic, economic, natural, technological, political and cultural factors. (Kotler and Armstrong 2007, 65)

In terms of the nature of the environment, the marketing environment is made up of natural environment and cultural environment. Natural environment includes the water, the earth, the climate and so on; and cultural environment includes the population, the customs, the languages and so on.

The marketing environment also consists of controllable forces and uncontrollable forces. Controllable factors include the product, the price, the place, the promotion and so on. The uncontrollable factors include the policy, the economy, the culture, the law and so on.

As the product of Chinese reform of economic and technological system, not only do technology-based SMEs have good development foundation, but they can create the huge social, economic and political effects; moreover, their development are always influenced and restricted by internal and external environmental factors of enterprise. As a consequence, the integrity marketing of enterprise is impacted by these two factors as well; meanwhile, the external factors generate a 'pressed' effect and the enterprise must adapt them; a 'pushed' effect

arises out of the internal factors to which the enterprise can adjust them depend on the situation . Figure 10 describes these internal and external environmental factors which impact the enterprise's integrity marketing.

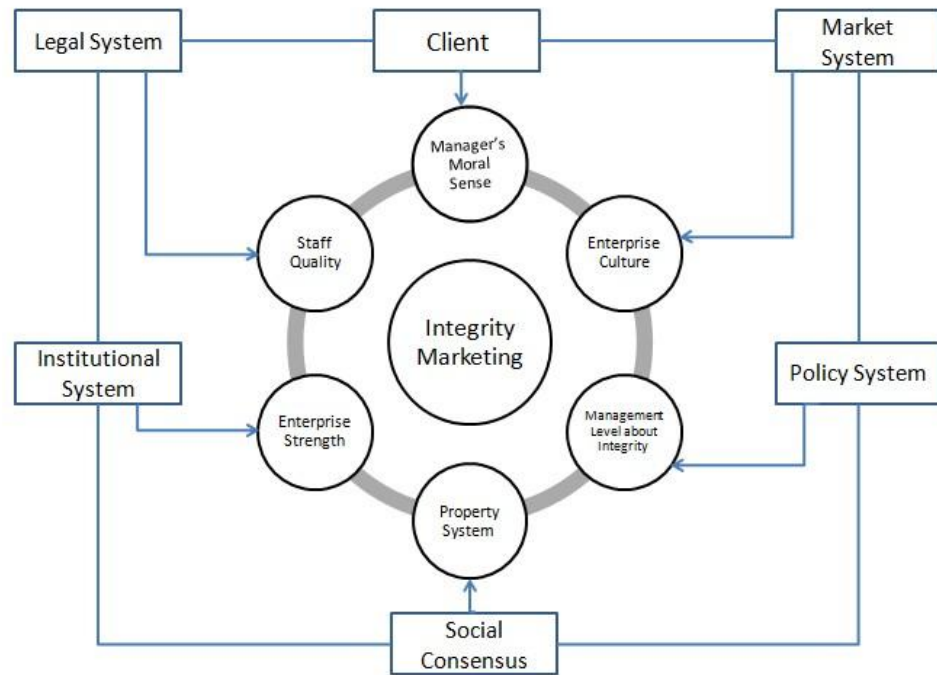


Figure 10. Environmental Factors Influence Integrity Marketing in Technology-based SMEs (Chen 2004, 35-36).

#### 4.1 The Functions of Marketing Environment of Technology-based SMEs

The environment what the enterprise have to face affects deeply the production and operation of enterprise. At the meantime, the environment produces both threats and opportunities as well. (Kotler and Armstrong 2007, 59-60) It means that the environment brings both huge market opportunities and severe challenges for the enterprise development. And the functions of environment on technology-based SMEs' integrity marketing can be clarified from three respects:

##### 1) Peremptory function

Peremptory function tends to appear a deterrent effect to standardise the marketing behaviour of technology-based SMEs through various types in accordance with the law. That means the

enterprise will be punished if its marketing activities, such as fraudulent activities, the counterfeit products, the infringement of any intellectual property right, tax evasion, damaging the ecological environment, do not obey the statutes in the country,.

## 2) Restrictive function

Restrictive function shows the government formulates and implements various policy and measures by which affect enterprise's marketing activities. For example, the government declares selling one product is an illegal behaviour, the enterprise should stop to producing or marketing this product.

## 3) Guiding function

This function mainly stresses the change of environment may impact the marketing mix of enterprise, giving them an indicative effect. For instance, when the requirements of customer on the product or service are high increasingly, the enterprise has to improve its product or service by which maintain the customer market.

## **4.2 Internal Environment of Technology-based SMEs**

Internal factors are as the inner propulsion to impetus integrity marketing of technology-based SMEs, which involve:

- Property regime of enterprise
- Enterprise strength
- Level of enterprise integrity management
- Moral consciousness of manager of enterprise
- Corporate culture
- Employee quality (Chen 2004, 35-36)

### **Property Regime of Enterprise**

When the benefits and the profits of the enterprise are unrelated to the incomes of operator of enterprise, it is difficult to maintain the enterprise's credit relations. (Pejovich 2000, 23) Zhang Weiying suggests that decision makers of enterprise cannot care about the reputation of

enterprise if their benefits have nothing to do with the company value. Consequently, the legitimate property right system can be considered a basis of technology-based SMEs' integrity.

Property right means people have legitimate rights to occupy, utilize and dominate the property depend on their mind. The basic function of property right system is providing individuals a rule or an expectation that helps to seek a long-term gain. The vague property right may be a reason for losing integrity, since unclear property right leads to no connection between decision-maker interests and enterprise's goodwill; hence, the manager of enterprise are not required to undertake any responsibility, and they cannot ensure to implement integrity behaviour. As a consequence, the enterprise must have definite property right, thereby providing the best assurance for developing integrity marketing. (Wang J. 1996, 18-27)

Currently, although the technology-based SMEs have conducted the reform of system highly and established modern enterprise system, the problems about unclear property right still exist in several companies. The main issues are revealed in some aspects:

- the relationship of the enterprise to the department in charge of enterprise is unclear;
- the ownership about management and technology is not defined definitely;
- the initial main investor cannot be confirmed clearly;
- it is difficult to adjust the property right of the state-owned funds belongs to whom if the enterprise cooperates with others through merger, acquisition, transformation and recombinant of shareholding systems, etc. (Wang J. 1996, 18-27)

### **Enterprise Strength**

Enterprise strength comprehensively reflects the various capacities of enterprise in the market, including production capacity, technology capacity, capacity of market expansion, sale capacity, management capacity, ability to generate cash flows and so on.

The strength of enterprise relates to the enterprise integrity as well, since experience has shown the more powerful enterprise is more easily to implement integrity behaviour. At the background of intense competition in the marketplace, the living space of enterprise is impacted. For example, some enterprises are small scale and have no strong strength, which may occupy very limited living space in the market, and they are squeezed by powerful enterprises; hence,

these enterprises would have no choice but to survive desperately without any extra time to think integrity or other ethical issues. Meanwhile, due to no strength, they conduct easily immoral behaviour for getting short-term profits. In contrast, the large scale enterprises with good economic results, which have solved the problems of survival; thus, they are able to consider how to increase the benefits in long term, including enterprise goodwill building; they can face positively the problems of integrity of enterprise and put emphasis on them. Consequently, enterprise strength also is an external factor that influences the integrity marketing environment of technology-based SMEs.

### **Level of Enterprise Integrity Management**

The integrity marketing activities need good integrity management to maintain them. Indeed, the integrity management is highlighted for special attention in western developed countries, and it is also one important part of their enterprises' daily administration, thereby promoting the establishment of integrity system in the enterprise. However, there are less professional departments and people are engaged in integrity management in Chinese enterprises, and there are also less principles and methods about managing integrity of enterprise; thus, the work of integrity management might appear incontrollable condition and much immoral behaviour cannot be controlled, which will lead to losing power of integrity marketing finally.

### **Moral Consciousness of Manager of Enterprise**

The moral consciousness of enterprise's manager as a crucial internal element affects integrity marketing environment of technology-based SMEs. According to a survey that was conducted by Chinese relevant official department, 96 % of those interviewed thought that enterprise's impropriety is relevant to the moral integrity of executive. (Ouyang R. P. 2003) Moreover, Yu K. D. and Xu M. L. suggest that different managers have different ethical characteristics, which might have an impact on the integrity behaviour and integrity marketing environment of enterprise. (Shi X. J. et al. 2004) The details are shown in Table 2.

Table 2. Different Moral Characteristics & Integrity Appearances of Enterprise Manager (Shi X. J. et al. 2004, 124).

Classification Criteria	Level	Integrity Behaviour	Integrity Environment
<u>Situationism</u>	Low consistency High ideality	✓ pay little attention to customer's integrity and internal integrity ✓ integrity performance is general and it may fluctuate	✓ be possible to use some cases to educate employees behave morally in special situation
<u>Subjectivism</u>	Low consistency High ideality	✓ poor integrity performance	✓ creating a integrity culture is not important
<u>Absolutism</u>	High consistency High ideality	✓ integrity is performed as a basic principle ✓ concern about building integrity during serving customers ✓ good integrity performance	✓ be able to set up a strict integrity system, incl. internal & external ✓ in right time, be able to take good examples to educate employees work with integrity
<u>Exceptionism</u>	High consistency Low ideality	✓ good attitude in customer service, but sometimes cannot make good on the promise ✓ be able to payment follow the contract on time, if no special cases ✓ integrity performance is relatively good	✓ use strict integrity standards to form employees' <u>behaviour</u> , especially, emphasis on self-integrity risks

Paine L. S. (1999) refers to it is possible that the most important element to build and maintain the goodwill of organisation is the leader plays an exemplary role firstly. Therefore, the moral consciousness of manager can affect integrity marketing of enterprise, because the manager is the decision maker to the enterprise as well as the maker of enterprise's institution; the moral quality of manager is directly reflected on enterprise's behaviour. As a result, one integrity leader cannot tolerate immoral behaviour happens in the enterprise.

### Corporate Culture

Terrence E. Deal points out outstanding and successful corporations possess powerful corporate culture. (Post et al. 2005, 121) According to Schein (1984, 3-16) who is a famous scholar on corporate culture and organizational behaviour, corporate culture is defined that a aggregation of shared basic assumptions, concepts, and values that help to solve enterprise's problems from the views of external adaptation and internal integration, which has worked well enough to be



considered valid, and meanwhile, to teach the newcomers as the right ways to think, feel in relation to those problems. Corporate culture involves many respects, such as corporate value, business philosophy, enterprise institution, business ethics, and the objective of enterprise and so on. And the functions of corporate culture have: enhancing the identity of member; managing the steadiness of corporate relationship; and guiding the member's behaviour.

Consequently, the integrity marketing of technology-based SMEs is limited and affected by corporate culture, because corporate culture is a crucial factor that impacts company's behaviour meets integrity principle or not. As Post et al. (2005, 121) point out individual value and moral characteristic can influence company's moral behaviour, however, this effect cannot be performed independently as corporate culture also influence individual value. Obviously, when an integrity corporate culture has been shaping in the corporation, integrity marketing can be implemented naturally. Specifically, there are three effects:

- the core of corporate culture is corporate value, and corporate value steers business behaviour; thus, corporate culture limits intention of marketing decision;
- enterprise's members are required to conduct marketing activities under integrity principle, and this integrity principle is involved in the document of corporate culture; hence, corporate culture regulates content of marketing decision;
- good corporate culture helps to form the cohesion of enterprise, thereby promoting the implementation of marketing decision with integrity.
- etc. (Gan B. Q. 1997, 45-47)

### **Employee Quality**

In fact, the employees implement the marketing activities, which means they are the frontline, dealing with all the production, research, promotion, distribution and so on; thus, the quality of employee also is a key factor that may affect the launch of integrity marketing. A survey shows that the educational, professional, and ethical quality of employee have the direct proportion with the integrity level in the marketing activities. (Gan B. Q. 2003, 87-93) As a consequence, when the employees have high educational background, advanced marketing thinking, higher sense of integrity, and higher level of business, their effects to the marketing decision-making are positively, thereby benefiting the development of integrity marketing of enterprise.

### **4.3 External Environment of Technology-based SMEs**

In the terms of external environment, some factors are incorporated as outer pressure to push technology-based SMEs to be integrity. They are:

- institutional environment
- social environment
- policy environment
- legal environment
- market environment
- customer environment (Chen 2004, 35-36)

#### **Institutional Environment**

Sound institution is the foundation of developing integrity marketing in technology-based SMEs. During the market competition, the enterprise as an individual for the pursuit of profit cannot obey the integrity principle naturally; thus, building a good institution that causes the costs of immoral behaviour are higher than the profits of moral behaviour is the key to the matter. Actually, the institution refers to a set of rules which regulate people's actions and maintain the stabilisation of society; it involves two types: formal institution and informal institution, the former means various market regulations, and the latter mainly means the habits, the customs or the etiquette, and so on. (Ke W. G. et al. 2002, 130-137) Through these rules, people can be regulated what they should do or not clearly, so the basic effect of institution is that as an inducement to affect people's decision-making, thereby influencing the economic efficiency of an organisation. Moreover, the good institution contributes to coordinate the interpersonal interactions, build the public trust, and reduce the expenses on searching information, knowledge, and other sources.

Currently, due to the immature market economy, Chinese enterprises may launch some non-integrity activities, which appear in several ways: unclear property right relations, incomplete competition, monopoly and so on. Consequently, perfecting the market rules and institutional environment are the crucial condition for promoting integrity marketing of technology-based SMEs.

## **Social Environment**

In a way, the level of social integrity can reflect in the enterprise integrity marketing, since the level of the whole social integrity guarantee the integrity degree to the enterprises; if the degree of social integrity is lower, it is difficult that the enterprise want to keep higher level of integrity. As is well known, when the market economy is built and completed in the western developed countries, both honesty and integrity have become the common behaviour norms which people comply with; meanwhile, integrity and honesty also are thought the best competitive method in the business world, so integrity marketing is one popular management idea which is admired. For instance, a vast number of international companies' management ideas refer to 'integrity' and 'honesty', such as GE, Motorola, IBM, etc. (Wei J. et al. 2002, 87-89) Accordingly, integrity is Chinese traditional ethic, hence, the modern Chinese society should have a good base about creating integrity climate. Furthermore, if the society frames powerful integrity level, it will contribute to the development of integrity marketing in the enterprise.

## **Policy Environment**

In fact, the development of integrity marketing of technology-based SMEs needs relatively steady policy environment. Uncertain policy environment may cause technology-based SMEs put emphasis on the short-term profits, there are two reasons:

- Increased changefulness equate to reduce the possibility of getting the business. Thus, the enterprise will have no patience for building goodwill during doing business.
- Uncertain factors make enterprises identify the deceit difficultly. For example, the defaulter more easily makes some excuses and attributes all the bad results to irresistible elements from outside. (Lu Y. C. 2002)

Indeed, one characteristic of market economy is uncertainty, and those uncertainties which the enterprises in the western countries have to face are from the market, such as technology innovation, consumer behaviour changing, etc. However, the uncertainty also can be from the government behaviour in China, which means the changing of policy may impact the perspective of enterprise. In other words, the enterprises in the western countries make business decision based on the market forecast, but the enterprises in China make business decision based on the policy forecast. If the policy environment is relative stable, the enterprises do not

need to spend much money and time on forecasting the future policy and they can pay attention to thinking the long term development of enterprise, including the moral issues. In contrast, if the policy is often changed, the enterprises have to adjust their business plans to meet the new policy, which might lead to the enterprises have no time to think a long-run development plan. Currently, the Chinese government had launched various policies to help technology-based SMEs; however, some policies still imply uncertainties that more easily engender non-integrity behaviour if the enterprise is eager to pursue its short-term interests.

As a result, the Chinese government must regulate the policies, creating a steady and normal environment to promote sound development of integrity marketing of technology-based SMEs.

### **Legal Environment**

The law imposes constrains, restricting the marketing actions of technology-based SMEs; hence, the sturdy legal system contributes to establish integrity institution in the enterprise. In the market, any enterprise is an economic individual, so it also needs to compare the cost of this behavior and the benefit when conducting any behaviour. Therefore, if immoral behaviour is not punished heavily, and its performer can gain profits that are higher than the costs, the non-integrity behaviour will become tendency of enterprise's management method.

At present, in accordance with the requirements of Chinese market economy, the Chinese legislation has been advanced, but it still has legal loopholes:

- The legislation gap is in existence. There are no specialised laws about integrity, honesty or credit in China at the moment, and few legal regulations touch upon enterprise integrity. However, in developed countries, using laws to regulate enterprise's credit issues has been for a long time, and the relevant laws and regulations have tended to perfection. Take United States for example, seventeen laws on credit and integrity have been enacted there, such as *Truth In Lending Act*, *Consumer Credit Protection Act*, *Uniform Commercial Code*, etc. (Li L. Y. et al. 2000, 156-160)
- Some laws and regulations are not accurate, normative, which may affect judgments of non-integrity behaviour, and the actual implementation is more difficult.
- Some contents of laws have been obsolete, which need to modify.

- The enforcement of law should be intensified.

To sum up, constructing perfected laws and regulations on integrity and truth, which is a crucial external condition for improving the development of integrity marketing of technology-based SMEs.

### **Market Environment**

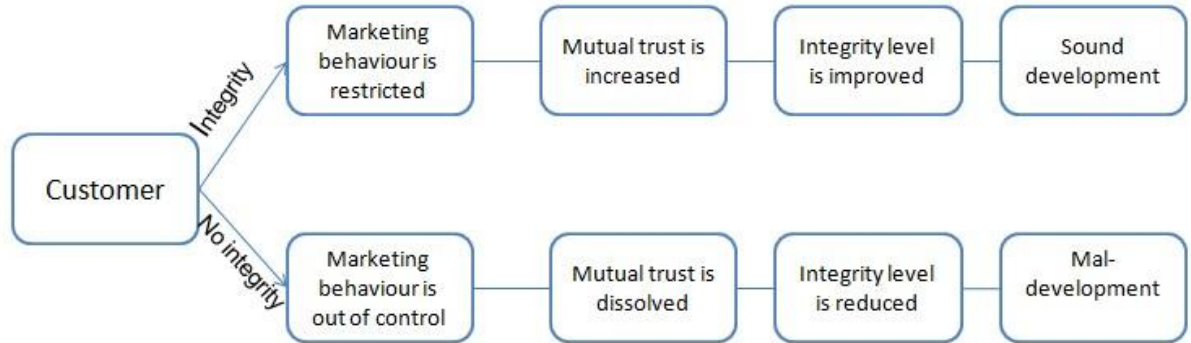
Market is indispensable for marketing activities; furthermore, upstanding market environment strongly guarantees integrity marketing to the enterprise. However, several elements that exist in Chinese marketplace may impede the development of integrity marketing of technology-based SMEs.

First, the credit intermediary organisations in the marketplace are ineffective and imperfect. Compare with foreign mature credit system, most of Chinese credit agencies have no large scale and higher influence; some organisations even cannot provide true and exact information, which may mislead individuals, enterprises and society. Secondly, unfair competition environment leads to technology-based SMEs cannot gain equal development opportunities. For example, in a case, technology-based SMEs cannot share the preferential treatment as with foreign investors in the same project; nationalised business can get finance support from banks or government easily, but technology-based SMEs get those with difficulty. Besides, there is no developed social credit network in China for the moment; thus, the record of enterprise cannot be integrated in consolidated supervision system, which may result in information asymmetry that may give some people opportunities to conduct immoral behaviour in the business, thereby leading to invalidation of market. Lastly, although a plenty of organisations who service the technology-based SMEs have been established in China, the quality of service is not high; for example, lack of marketing service agencies that causes technology-based SMEs cannot gain enough support on information collection, staff training, market planning, luring investment, etc.

### **Customer Environment**

The characteristics of customer can influence directly the integrity marketing behaviour of technology-based SMEs. Generally, customer's integrity degree is higher, which is better for improving the integrity degree of enterprise's marketing behaviour; conversely, if the

customers are not integrity, which might dampen enterprise's initiative of integrity marketing. Figure 11 indicates the relationship between customers and enterprise's integrity marketing.



*Figure 11. Relationship between Customer & Integrity Marketing (Kotler and Armstrong 2007, 122-157).*

As shown in the figure 11, when customers enhance their own awareness to protect themselves, complying with the integrity principle actively during the consumption activities, such as buying the copyrighted software, the marketing behaviour of enterprise is able to be limited that help to raise the relationship of belief between customer and enterprise, thereby conducting to sustainable development of technology-based SMEs. In contrast, if customers do not pay attention to protect their own legitimate rights and interests, and do not respect the rules of integrity during the consumption activities, such as buying the pirate software, the enterprise might be willing to conduct marketing activities without integrity that can lead to the trust relations between customers and enterprises is starting to disintegrate and the integrity level of enterprise is decreased; finally, the enterprise may be go bankrupt because of losing customer source.

## **5 SYMPOSIA ON CURRENT SITUATION OF INTEGRITY IN TECHNOLOGY-BASED SMEs IN ANHUI**

The symposium is an exploratory research, and the aim is to learn how the technology-based SMEs in Anhui think about enterprise's integrity issues, which may help in designing questionnaire later.

### **5.1 Principle of Operation**

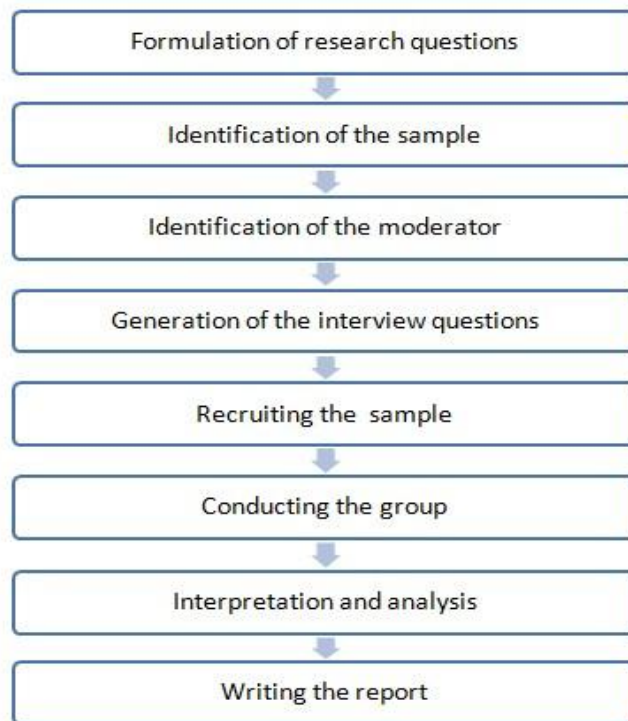
Using focus groups to collect the data, which is a main type of qualitative research method. Focus groups take many different forms, such as discussion groups, focused interviews, group interviewing and group research, etc. (Ghuri and Grønhaug 2005, 140-143) And discussion group is chosen as the form of symposium.

In this type of research method, the researcher is able to gather information in a relatively cheap and convenient way, because a small group of individuals are got together and interact with each other by which the researcher can seek information about a certain topic at the same time in the same place. (Ghuri and Grønhaug 2005, 114, 140-143)

Generally, a focus group is made up of from six to around twelve people, who discuss a specific issue under the direction of a moderator, who keeps the discussion on the track. The discussion may last from an hour to around two hours. And in focus groups researchers record data on the paper, notepads or other recorders which ensure researchers to see and analyse the data later. (Ghuri and Grønhaug 2005, 140-143; Bush and Burns 2009, 69-71)

### **5.2 Designing Focus Groups**

According to Stewart and Shamdosani, the process of focus groups involves several phases (Ghuri and Grønhaug 2005, 140-143), and Figure 12 details that:



*Figure 12. Steps in Conducting a Focus Group (Ghauri and Grønhaug 2005, 143).*

- **Formulation of the research questions**

The focus groups are just designed to explore initially the realization of integrity marketing in technology-based SMEs in Anhui.

- **Identification of the sample**

It is obvious that the population of the research subject is all technology-based SMEs in Anhui, so the sample is also from these enterprises, and sixteen enterprises are selected and divided in two focus groups (each group has eight enterprises). These two focus groups are separately representative of enterprises in two different levels of regions in Anhui: enterprises in the better developed areas and enterprises in the less developed areas, thereby helping to identify the variations.

- **Identification of the moderator**



The moderator is also called qualitative research consultant (QR or QRC), who plays an important role in keeping the discussion on the certain issue; hence, finding an appropriate moderator is necessary. (Ghauri and Grønhaug 2005, 140-143; Bush and Burns 2009, 69-71) However, due to limitation of research abilities, the researcher cannot find the professional QR; therefore, one type of people is considered, who owns rich experience to moderate the meetings and also knows these technology-based SMEs.

- **Generation of interview questions and structure**

In this case, these two focus groups are named the symposia by the researcher, which revolve around one theme that on enterprise integrity and consist of several small questions. The theme is that how the enterprise thinks about the integrity issues during doing business. The questions are:

- Are consumers the financial supporters or equal partners of the company?
- In the business, can you keep promise to the customers?
- Did you do any behaviour that exaggerates/conceals the functions of the product, misleads the customers, or infringes on customer's privacy? What do you think about this behaviour?
- If the enterprise is not integrity, what the reasons are?
- How does the enterprise act to build good reputation? Does good reputation connect with enterprise's integrity?
- Do you have any system to supervise and evaluate the integrity level of your enterprise?

These questions seem like guideline, the moderator can lead group members to discuss around the right topic; meanwhile, the researcher can understand initially the views of the participants and test their reactions to the integrity marketing by these questions.

- **Recruiting the sample and choosing the moderator**

Due to the assistance from Anhui Technology and Science Department, sixteen technology-based SMEs are selected from two cities in Anhui, involving eight enterprises the first ones are marked Group 1 and others are marked Group 2. The enterprises in Group 1 are from Hefei city, which represent enterprises in the better developed areas; Group 2's enterprises are from

Bozhou city, which represent enterprises in the less developed areas. Hefei and Bozhou are selected, since they are two typical representatives of two types of development level in Anhui.

The moderator also is an officer who works in Anhui Technology and Science Department, who has enough experience of meeting and quite knows situation of technology-based SMEs in Anhui.

However, due to respecting the privacy, the detailed information about enterprises and the moderator are not reported.

- **Conducting the groups**

The focus groups are held in the meeting room of Anhui Technology and Science Department, and Group 1 and Group 2 are organised by moderator individually to participate discussion group in different time. Every focus group lasts from one hour to around one and a half hours. The researcher just as a notekeeper, do not join in discuss the topic, and subsidiary instrument is a recording pen which help to record the actual content of discussion. All the records are analysed later.

### **5.3 Interpretation and Analysis**

The majority of both two focus groups think customers are the financial supporter of enterprise as well as the equal partner. Because the both parties (include seller and buyer) in the transaction should be on the equality.

Integrity is a basic ethical norm in the marketing process, including the enterprise keeping promise to the customers. The enterprise certainly should keep promise to the customer, and promise means the enterprise cannot lie to the customer. However, the members of Group 1 suggested that sometimes the enterprise had hard to be completely honest when they faced the customers. There are several reasons: firstly, this customer may be non-integrity. For example, the customer does not pay the money on time. The second reason is some customers have lower personal qualities, and the enterprise cannot interact with them smoothly. When encountering unreasonable requirements, the enterprise has to use some special ways to solve the problems. For example, the enterprise may mislead the customer.

Group 2 emphasized the non-integrity behaviour of enterprise because of intense competitive environment. Unfair competition may lead to some enterprises are dishonesty, since the cost of non-integrity is lower. As a result, the whole market environment may deteriorate. Meanwhile, the current social system lacks integrity supervisions department; thus, the dishonesty behaviour cannot be restricted in time.

However, the enterprise can understand the importance of integrity to them. Perhaps the dishonest cost is lower, and it can take the enterprise the high benefits in the short term; but if the enterprise wants to develop in the long term, promoting integrity behaviour is obligatory. Therefore, the enterprise should build some rules and systems to regulate the integrity behaviour and reduce non-integrity behaviour.

To conclude, the enterprise should insist on integrity marketing, but the enterprise is integrity or not that is based on the influence by enterprise own and external environment. The focus groups discussed some influence factors, but the other factors still need to explore further. Due to non obvious different recognition between Group 1 and Group 2, the regional dimension of sample can be neglected in the next survey about integrity marketing.

## **6 SURVEY OF INTEGRITY MARKETING IN TECHNOLOGY-BASED SMES IN ANHUI**

On the basis of the generalisation of focus groups, a survey about integrity marketing of technology-based SMEs was conducted. The aim of survey was to inquire further into the current understanding and states of technology-based SMEs in Anhui on integrity marketing, and then to raise a quantity of value-judgments, thereby laying the foundation for the countermeasure discussion later.

### **6.1 Methods**

Survey utilizes questionnaires to collect data for getting technology-based SEMs' opinions, attitudes; thus, some criteria of questionnaire should be defined clearly.

#### **6.1.1 Population Definition**

According to Bryman and Bell, the population means 'the universe of units from which the sample is to be selected'. (Ghauri and Grønhaug 2005, 147) Therefore, all technology-based SMEs in Anhui as the objects of survey are the population, and each technology-based SME is a unit of the population, and the researcher can sample some of them from a universe of enterprises. From the statistics of Anhui Technology and Science Department (2009), the amount of technology-based SMEs in Anhui is approximate twenty thousand.

#### **6.1.2 Sample Size**

A suitable sample size is needed, because the researcher cannot to examine the whole population; hence, choosing a relative precise sample size that plays a pivotal role in the survey. And an appropriate measure that can calculate the sample size is given by:

$$n = \frac{Z^2(p * q)}{E^2}$$

in the formula,  
 n = sample size  
 Z = confidence level of standard error  
 p = the population proportions  
 q = (100% - p)  
 E = acceptable error limit (desired accuracy)

Figure 13. Calculating Sample Size (Bush and Burns 2009, 191).

To estimate the required sample size, the researcher wishes to be 95 % confident of the result, thus, the corresponding value 'Z' is 1.96. Also to assume that the expected variability 'p\*q' is believed to be (50 % \* 50 %). To decide on the precision of sample 'E', the researcher wishes this value to be  $\pm 8$  %. (Bush and Burns 2009, 191-193) By using the information above, the sample size can be got:

$$n = \frac{1.96^2(50 * 50)}{8^2}$$

giving sample size 'n' = 150.

### 6.1.3 Sampling

The simple random sampling is implemented in the survey, which means all the enterprises in the population have the same chance to be chosen. (Ghauri and Gronhaug 2005, 148-149) The formula is expressed:

$$\text{Probability} = \text{Sample size} / \text{Population}$$

Figure 14. Calculating Sampling Probability (Bush and Burns 2009, 196).

Thus, it has been known that the sample size and the population are 150 and 20,000, respectively. And then, based on the formula,  $\text{Probability} = 150 / 20000 = 0.0075$ , which means the chance that each technology-based SME can be chosen is 0.0075.

#### **6.1.4 Constructing Questionnaire and Data Collection Method**

Centering on the research aim, the questionnaire is designed and consists of twenty five questions. The main forms of question are categorical response format and metric response format. Categorical response format means the alternatives to a question are provided in the questionnaire, and respondents just select as they agree or like; metric response format requires respondents to give one figure, or use the metric scale which is made by the researcher. (Bush and Burns 2009, 149-165)

The contents of questionnaire are divided into three sections: the first part is to investigate the basic information about sample enterprises, including respondent's gender, age, education background, and enterprise business field and so on. In the second part, the purpose is to learn enterprise's general realization to the integrity marketing. The last part is to inquire into the relationship between integrity marketing and enterprise development.

The questionnaire is delivered by e-mail, which is the most efficient and economical way to collect data. And enterprise list is provided by Anhui Technology and Science Department.

#### **6.2 Data Analysis**

According to the calculated sample size, 150 questionnaires were sent randomly to the 150 technology-based SMEs by e-mail. Finally, researcher received 128 completed questionnaires. Thus, the response rate is:  $128/150=0.85$ .

The sample characteristics are outlined through respondents answer six basic information questions.

As already stated in the previous pages, the survey explores issues of integrity marketing in various aspects. Therefore, the data analyses are detailed in five aspects, and each question can be interpreted as clearly as possible.

### 6.2.1 Background Information about the Respondents

The background information of respondents consists of six questions; and each question indicates a characteristic of interviewees.

1) Question 1: What is your gender?

Figure 15 illustrates the proportion of respondent gender, involving male respondents occupy 70.3 % of the total and the percentage of females is 29.7 %. Specifically, males who filled in the questionnaire outnumber females, male respondents are over twice as many as females.

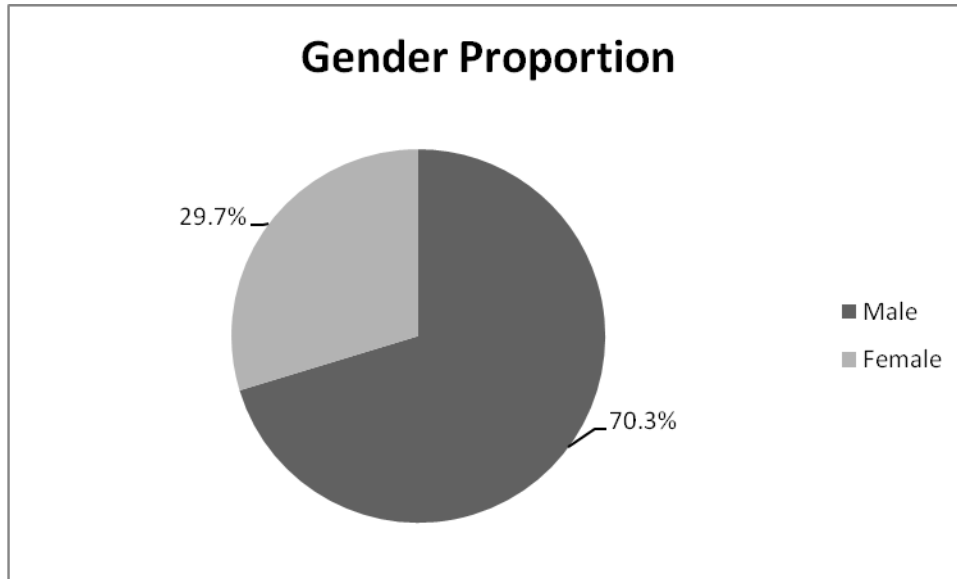


Figure 15. Gender of the Respondents (  $n=128$  ).

2) Question 2: What is your age?

It can be seen from Figure 16 that the respondents are divided into four age groups. More precisely, 'under 30' group and '31-40' group account for the largest proportion (29.7 % + 29.7 % = 59.4 %), which means the ages of respondent have younger tendency. Additionally, '41-50' group and 'over 50' group take up 28.13 % and 12.5 % of the total respondents, respectively.

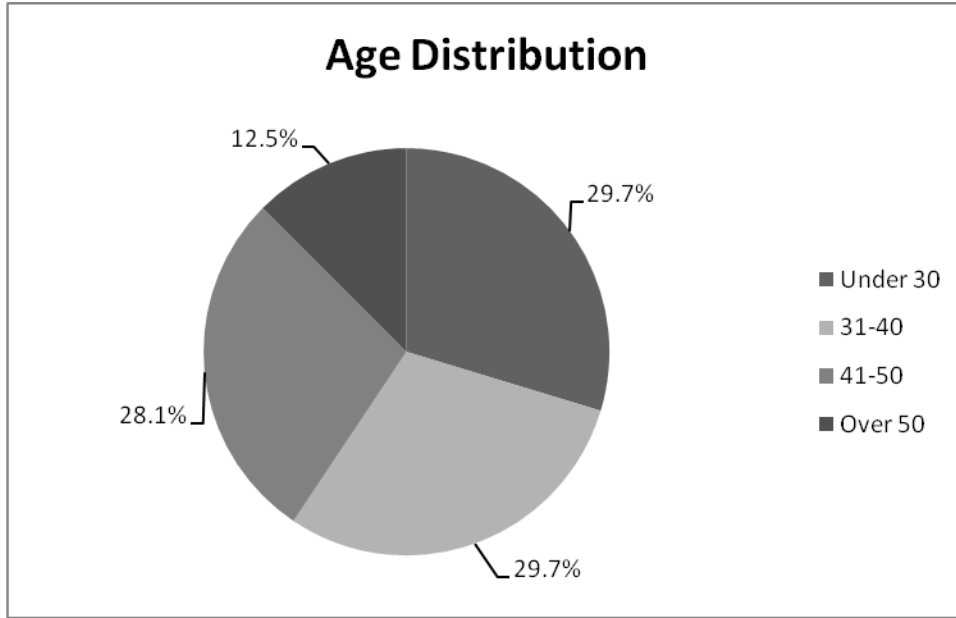


Figure 16. Age of the Respondents (  $n=128$ ).

3) Question 3: What is your education?

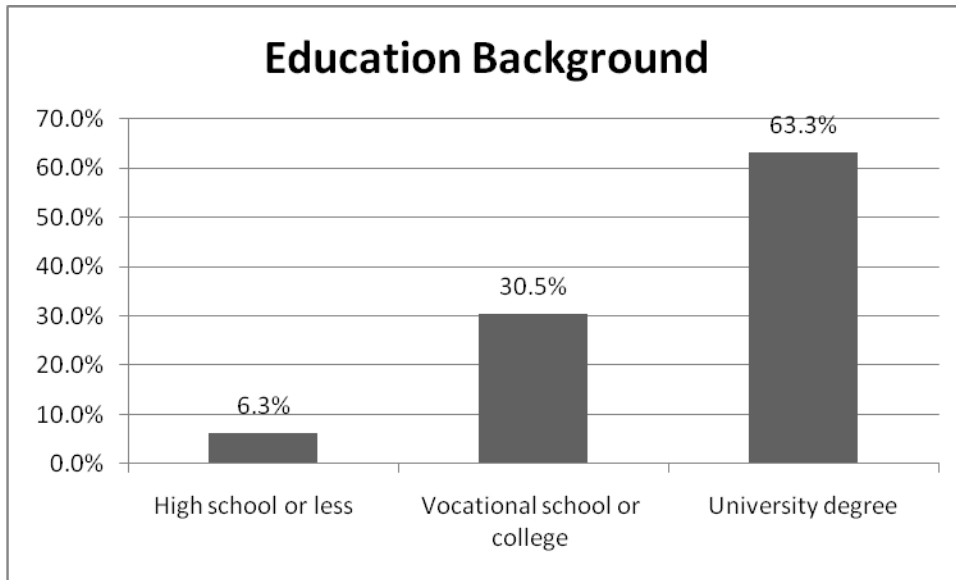


Figure 17. Education of the Respondents (  $n=128$ ).

Figure 17 clearly shows that the people who own university degree account for the greatest proportion (63.3 %) of the whole sample. As for other categories, the percentage of 'vocational school or college' is 30.5 %. Besides, people who graduated from high school or less only takes



up 6.3 % of the entire sample. Therefore, it can be clearly seen from the chart that high educational background people make up the large body of the whole interviewees.

4) Question 4: What is your position in your company?

Figure 18 reveals the position distribution of respondents in their enterprises. Top managers account for the largest scale (53.2 %) of respondents according to the figure. The percentage of people who are the middle manager and first-line manager are 23.4 % and 12.5 %, respectively. The ordinary employees only occupy 10.9 % of the entire sample. More specifically, it appears that a much greater proportion of respondents who work in managerial positions outweighs people who works as the managed. Hence, in a sense, the answers of the respondents can reflect the management consciousness of leaders of enterprises.

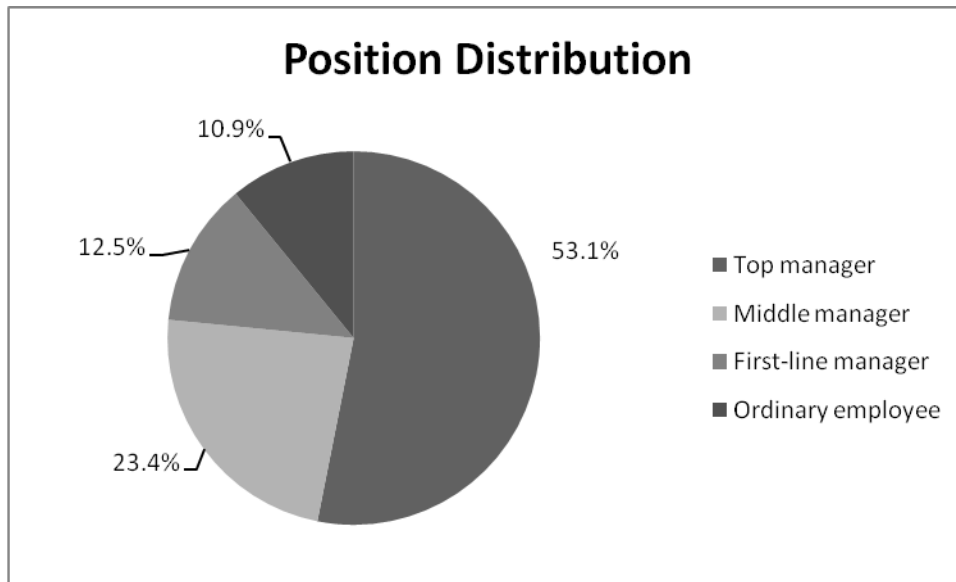


Figure 18. Organisational Position of the Respondents (n=128).

5) Question 5: What is your field of responsibility in your company? (Multiple-choice, so total percentage is more than 100 %.)

As can be seen from Figure 19, the work about technology development takes up the highest proportion (35.9 %) of the total. It can be as a profile drawing to indicate that the typicality of the subject investigated: technology-based SME is one type of enterprises are engaged in high-tech business.

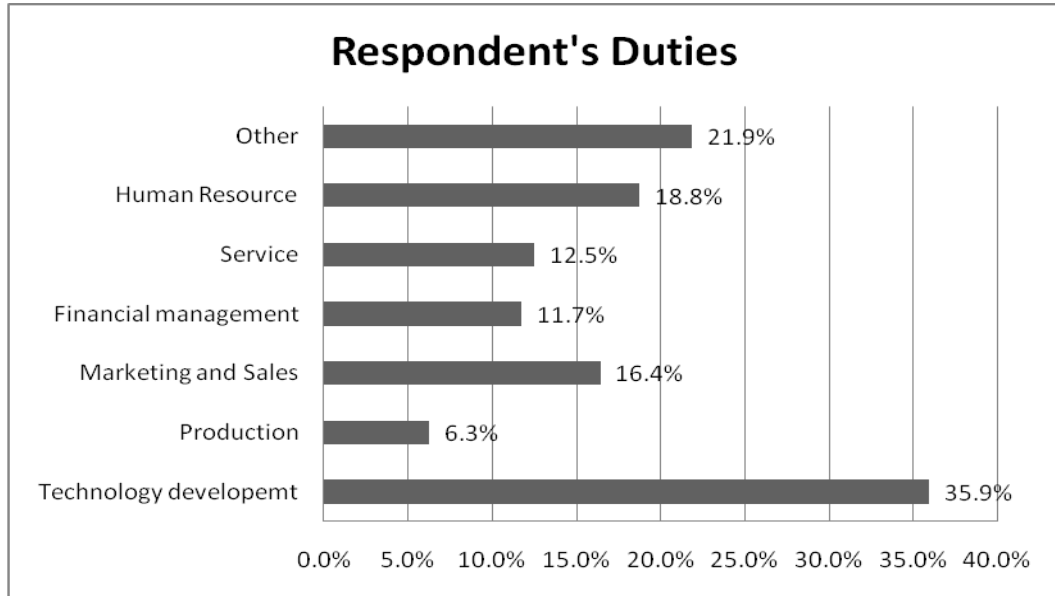


Figure 19. Responsibilities of the Respondents in the Company (n=128).

6) Question 6: What is the field of your business?

According to Figure 20 below, it is easily to find respondents come from which business field. In these categories, the most respondents are from electronic information (27.3 %), the second and the third are from new materials (21.9 %) and optical-machanical-electronic integration (15.6 %), respectively.

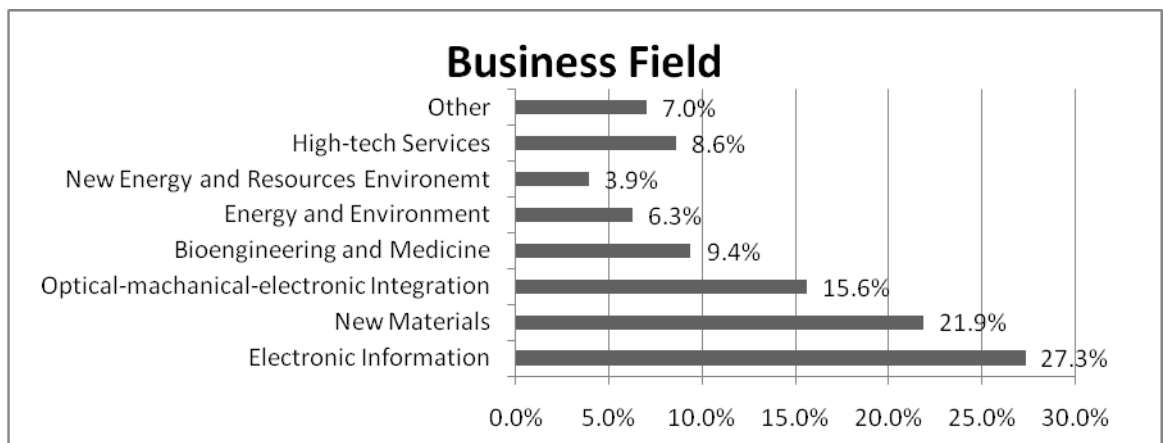


Figure 20. The Fields of Business of Interviewed Enterprises (n=128).

### 6.2.2 Respondents' General Realisation about Integrity

According to Fukuyama (2001), social capital and material capital represented by integrity play the key roles in the competitive global economy. Hence, integrity can be thought the best competitive edge. In order to learn the technology-based SMEs' understanding and attitude to integrity importance, the researcher designed four questions.

1) Question 7: How important is integrity in your company?

*Table 3. Identification of The Importance of Integrity (n=128).*

<b>Viewpoint</b>	<b>Number</b>	<b>Proportion</b>
Very important	126	98.4 %
Important	2	1.6 %
Neither important nor unimportant	0	0
Unimportant	0	0
Very unimportant	0	0
<b>Total</b>	<b>128</b>	<b>1</b>

Table 3 shows that almost all respondents think integrity is quite important in the company. It indicates enterprise's basic attitude about integrity is that enterprise cannot develop without integrity.

2) Question 8: Why the enterprise integrity is important? (Multiple-choice, so total percentage is more than 100 %)

This question inquires further the realisation of respondents about integrity importance. Figure 21 summaries four reasons of importance of integrity, and the acceptance of 'set up good image and reputation' occupies the highest proportion (93.8 %), and on the heel of it, that are the reason about 'integrity is a basic element to the core competitiveness of enterprise' (85.2 %) and 'integrity helps enterprise to increase the market share effectively' (82.8 %), respectively. Only the support rating of 'integrity can restrict enterprise's conducts' is relatively lower which

reaches 63.3 %. However, all acceptances exceed 50 %; thus, it is still can be seen that respondents assent to that integrity is important to the enterprise, definitely.

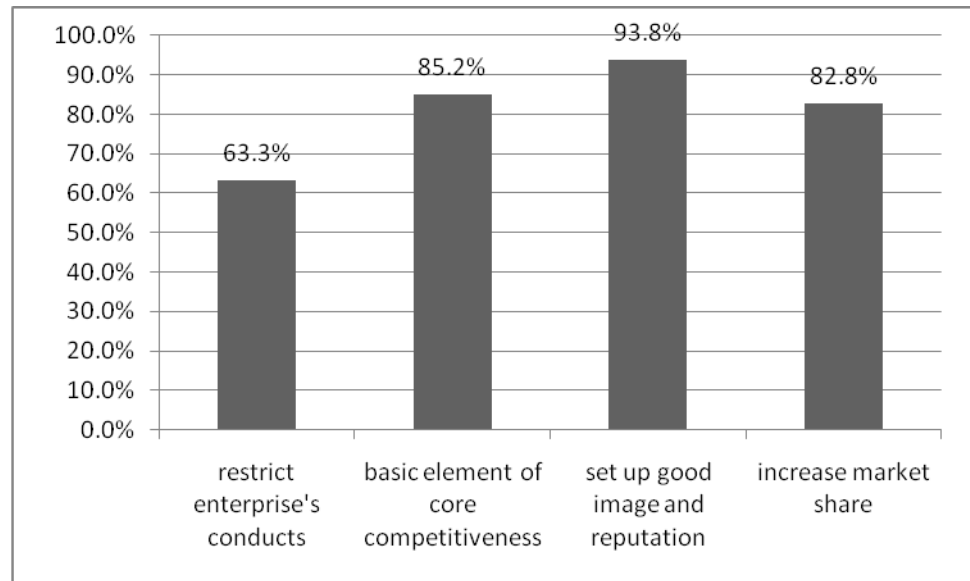


Figure 21. Reasons for Integrity Importance (n=128).

3) Question 9: What level is the situation of environment of enterprise currently?

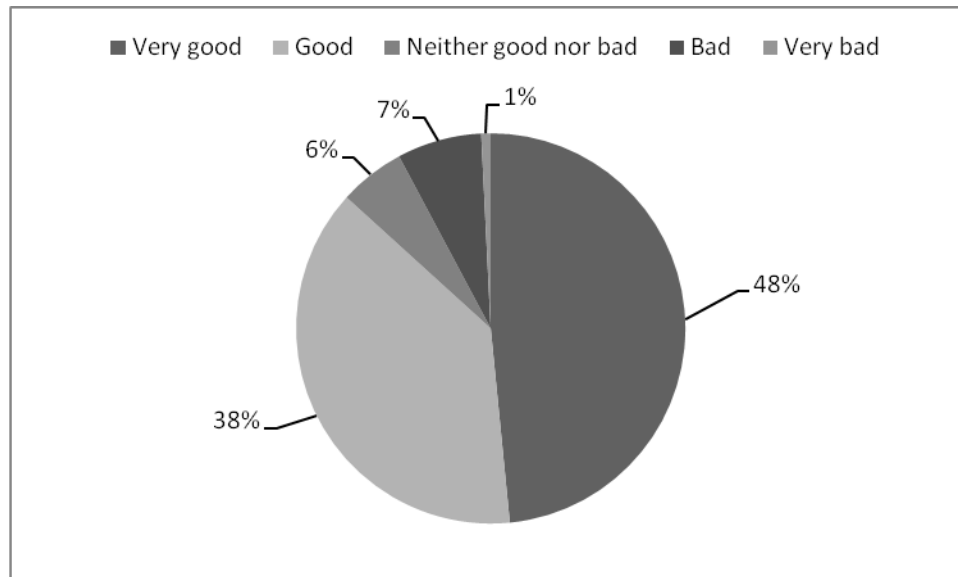


Figure 22. Judgements of Respondents on Enterprise Integrity Condition (n=128).

This question is used synthetic metric format which requests respondents to define his or her enterprise's integrity environment by label metric scale. According to Figure 22, a much greater percentage of people who think the integrity environment of enterprise is not bad (includes: very good 48.0 %, and good 38.0 %). In contrast, only a few persons give the negative assessment about their enterprises' integrity environment (includes: bad 7.0 % and very bad 1.0 %). Besides, 6.0 % of respondents preserves an attitude of neutrality. Overall, the great majority of respondents are confident of their enterprises' integrity environment.

- 4) Question 10: How is the dishonest behavior of enterprise in marketing process shown?  
(Multiple-choice, so total percentage is more than 100 %)

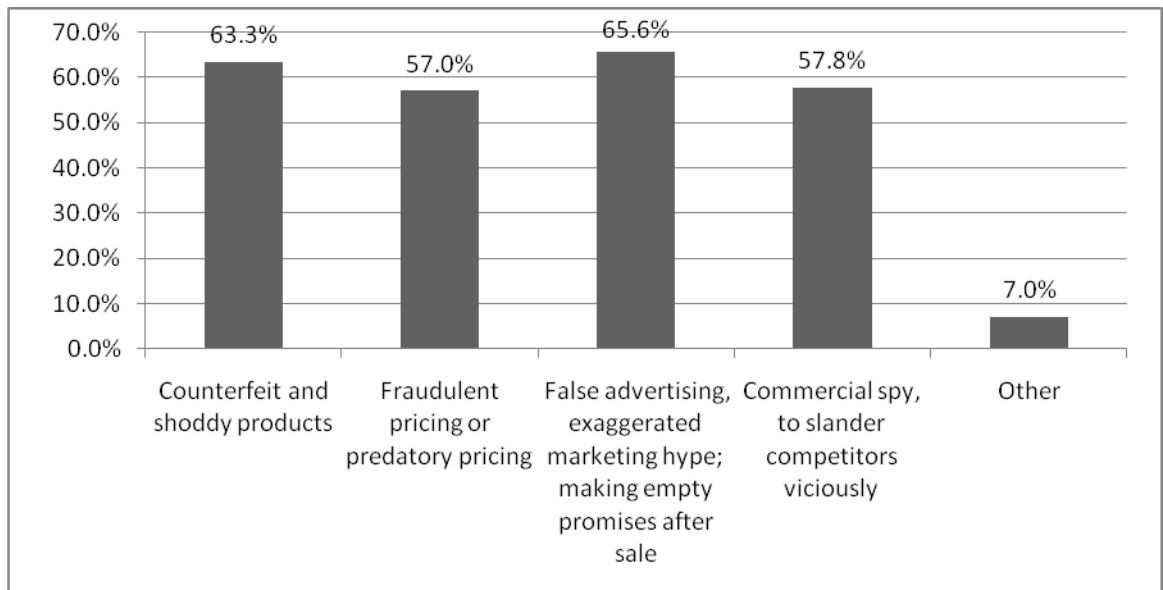


Figure 23. Forms of Non-integrity Behaviour (n=128).

Actually, this question is a transition, which helps the researcher change the topic to the next one; meanwhile, it also provides some information, such as the respondents may think which marketing behaviour are non-integrity. Figure 23 outlines enterprise's dishonesty behaviour and the proportion respondents chosen.

### 6.2.3 Controlling and Managing the Enterprise Integrity Marketing

Paine (2008) suggests that numerous managers think whether integrity is personal matter which is not related to the enterprise's management; however, integrity is closely linked to the

management of enterprise. In fact, the non-integrity behaviour of enterprise involve acquiescence and cooperation of other people, which also shows the enterprise's value, attitude, belief, language, behaviour habit and so on. Therefore, if managers cannot conduct anything to motivate integrity behaviour, such as correct leadership, good supervision system, they as well as the non-integrity people, need to be blamed for immoral behaviour. In the view of Paine above, six questions are designed for inquiring about the control and management of technology-based SMEs to the integrity marketing.

1) Question 11: Did you have any dishonest behaviour during the marketing process?

*Table 4. Dishonest Behaviour in Enterprises (n=128).*

	<b>Viewpoint</b>	<b>Number</b>	<b>Proportion</b>
YES	be forced	18	14.1 %
	be a normal business operation	1	0.8 %
	follow others	2	1.6 %
	Other	1	0.8 %
NO		106	82.8 %
<b>Total</b>		128	1

Table 4 above indicates how many respondents did dishonesty behaviour. 82.8 % of the entire respondents expresses they do not carry out any dishonest behaviour in the marketing process. In addition, a small part of respondents acknowledges they once did dishonest actions; however, the most proportion (14.1 %) of these persons did marketing activities without integrity since they were forced. For the other reasons of dishonesty, two persons think they just as dishonesty as other businessman when they launch business. And only one person think dishonesty marketing behaviour is one normal business way. In general, technology-based SMEs' awareness of integrity is relatively good, but a few of individuals may have wrong moral understanding during doing business.

2) Question 12: Did you have any experience that the customers were dishonest?

Compared with the answer of eleventh question, the selection rate of 'yes' is higher in this question. Table 5 below reveals over two thirds respondents had experience that their customers were dishonest. And about how to handle the relationship with these dishonesty customer, a greater percentage (57.0 %) of respondents expresses that they can keep a good lookout for doing business with the dishonesty customers. By contrast, 9.4 % people expresses they do not do business with their dishonesty customers any more. And no respondent think they can revenge the customers, which shows enterprises own relatively good awareness on morality and laws.

*Table 5. Enterprise's Attitude to Customer Dishonest Behaviour in Enterprises ( n=128).*

Viewpoint		Number	Proportion
YES	not do business with them any more	12	9.4 %
	to keep a good lookout for doing business with them	73	57.0 %
	revenge	0	0
	Other	4	3.1 %
NO		39	30.5 %
<b>Total</b>		128	1

3) Question 13: Do you have any department to supervise integrity in your enterprise?

Figure 24 shows nearly half of respondents (49.2 %) think that their enterprises have no one department to be in charge of integrity management of enterprise. The people who expresses the enterprise plans to build this kind of department account for 28.1 %, and the enterprises have owned the department to preside over the integrity which constitute only 22.7 % of the whole sample.

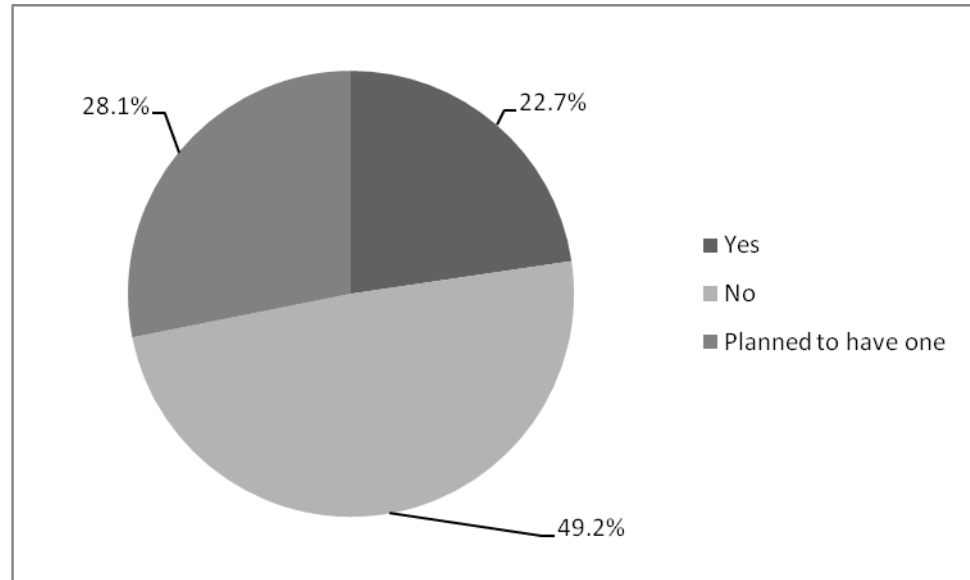


Figure 24. Integrity Supervision Department in Interviewed Enterprises (n=128).

4) Question 14: Do you have any staff training with emphasis on integrity?

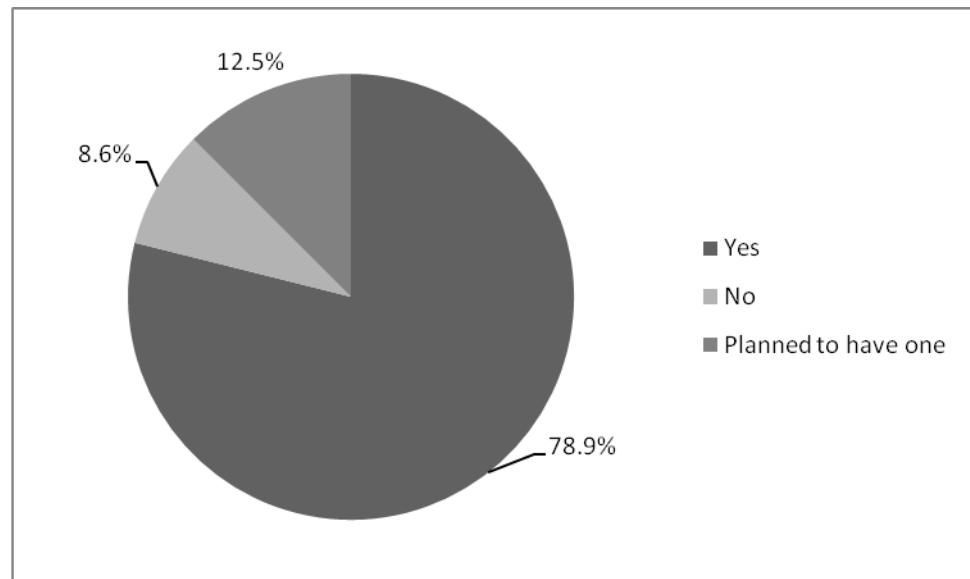


Figure 25. Statistic on Whether Interviewed Enterprises Have Owned Staff Integrity Training (n=128).

There is a distinct result about whether sample enterprises provide their staff training about integrity. According to the pie chart, the vast majority (78.9 %) of respondents thinks their enterprises have training on integrity.



5) Question 15: Do you make company rules about integrity to regulate employees' behaviour?

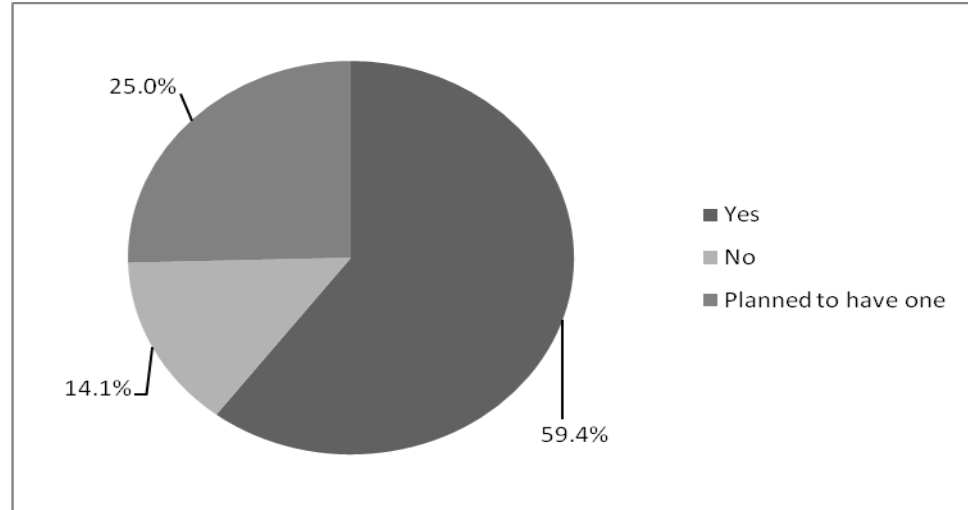


Figure 26. Statistic on Whether Interviewed Enterprises Have Owned Regulations about Integrity (n=128).

Figure 26 shows 59.4 % of respondents think their companies have framed rules about integrity to regulate employees' behaviour; meanwhile, only 14.1 % of respondents think the enterprises lack the regulations about integrity.

6) Question 16: Do you set up a strict system of reward and penalty to improve employee integrity?

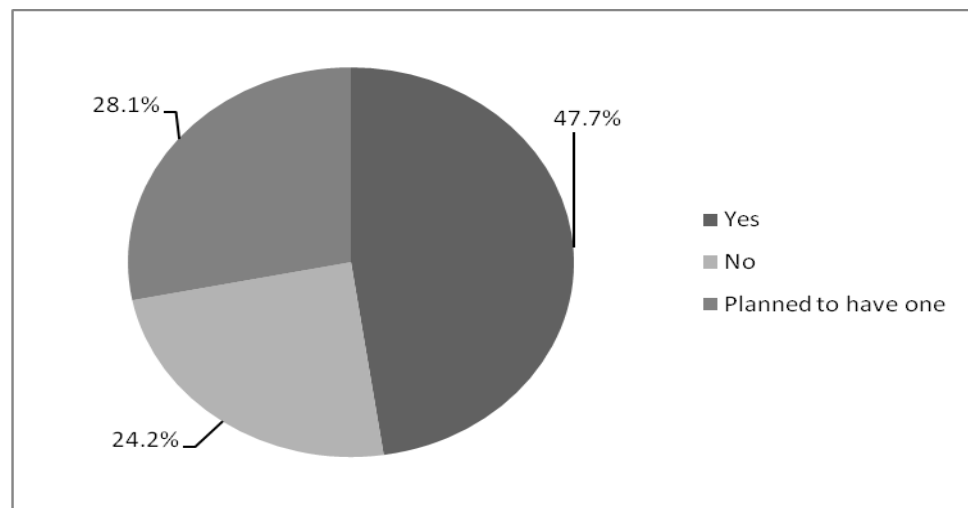


Figure 27. Statistic on Interviewed Enterprises Whether Own Reward & Penalty System to Improve Integrity (n=128).

According to Figure 27 above, almost half (47.7 %) of respondents shows their companies establish a strict system of reward and penalty to improve employee integrity.

#### 6.2.4 Benefits of Integrity Marketing of Enterprise

According to Paine (2008), integrity can be as an asset to the enterprise, because it can give enterprise a vast of indirect benefits, such as to improve organisation effectivity, to maintain the relationship with the stakeholders, to increase the social status of enterprise, and so on. Hence, the researcher forms two questions to learn the enterprise's opinions about the relationship between integrity and benefit.

1) Question 17: What is the relationship between integrity marketing and enterprise benefits?

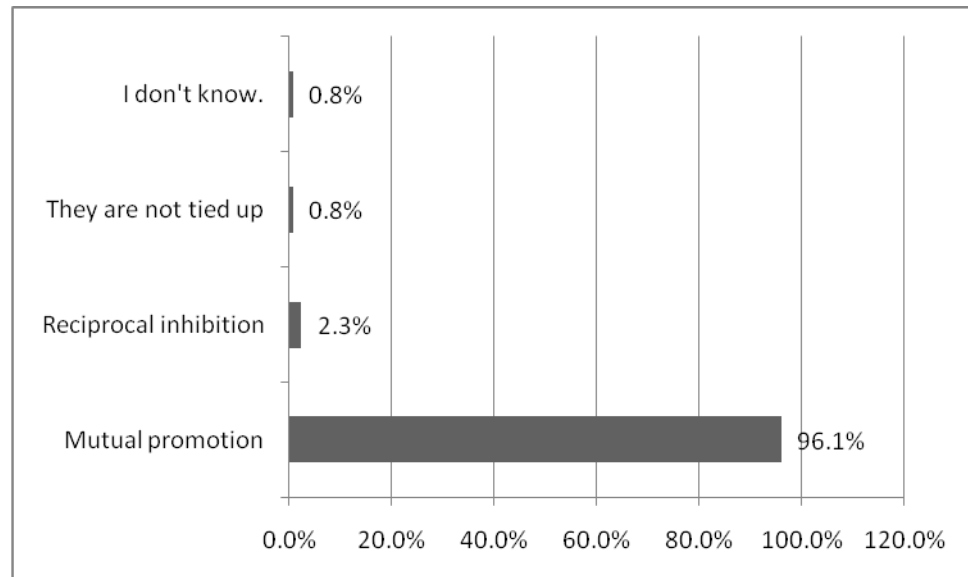


Figure 28. Relationship between Integrity Marketig & Enterprise Benefits (n=128).

It is obvious that almost all respondents (96.1 %) second integrity and enterprise's benefits interact and help each other forward.

2) Question 18: what is the purpose of integrity marketing in your company? (Multiple-choice, so total percentage is more 100%)

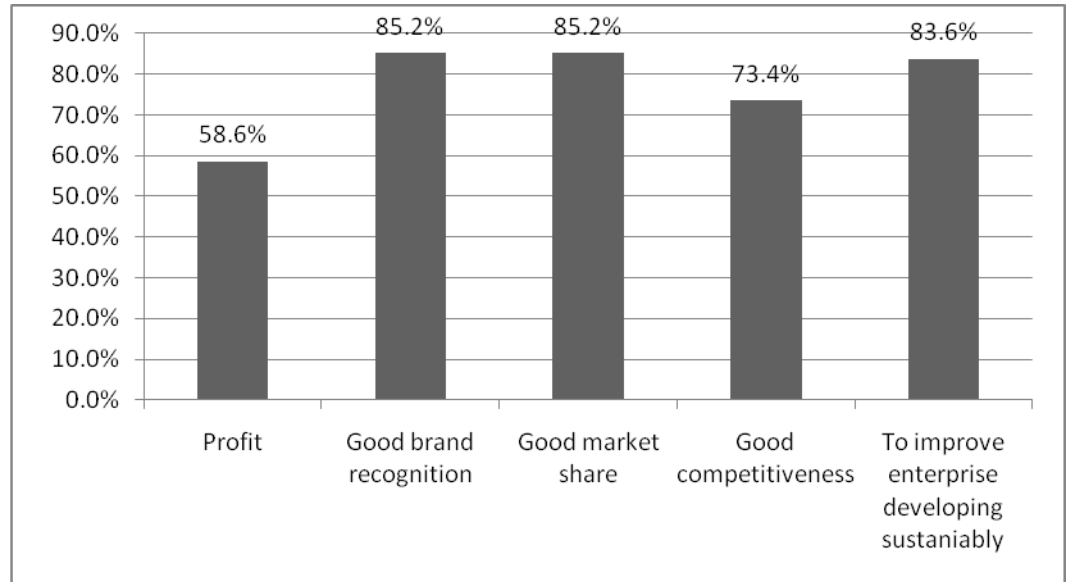


Figure 29. Indirect Benefits of Integrity Marketing (n=128).

Figure 29 indicates the three most important purposes of integrity marketing: to get good brand recognition (85.2 %), to hold good market share (85.2 %), and to improve enterprise developing sustainably (83.6 %). In a sense, the enterprise have been able to understand integrity marketing can take indirect benefits to them.

### 6.2.5 Elements to Impact Integrity Marketing of Enterprise

According to the general principles of management, enterprise and its environment can interact mutually; hence, the integrity behaviour of enterprise also can be impacted by enterprise environment. (Griffin 2008, 54-74) And in practice, through three questions that help to know which environment factors can influence enterprise integrity.

#### 1) Question 19: Which factors influence integrity marketing of enterprise?

Figure 30 below shows the respondents who agree integrity marketing is affected by both internal and external factors account for the largest proportion (85.2 %). As for other options, the percentage of people who thinks only internal factors influence integrity of enterprise is 10.9 %. And less than 4 % of respondents think integrity marketing is impacted merely by external factors. As a result, provided that integrity marketing is promoted, the enterprise must enhance its management in two aspects: internal factors and external factors.

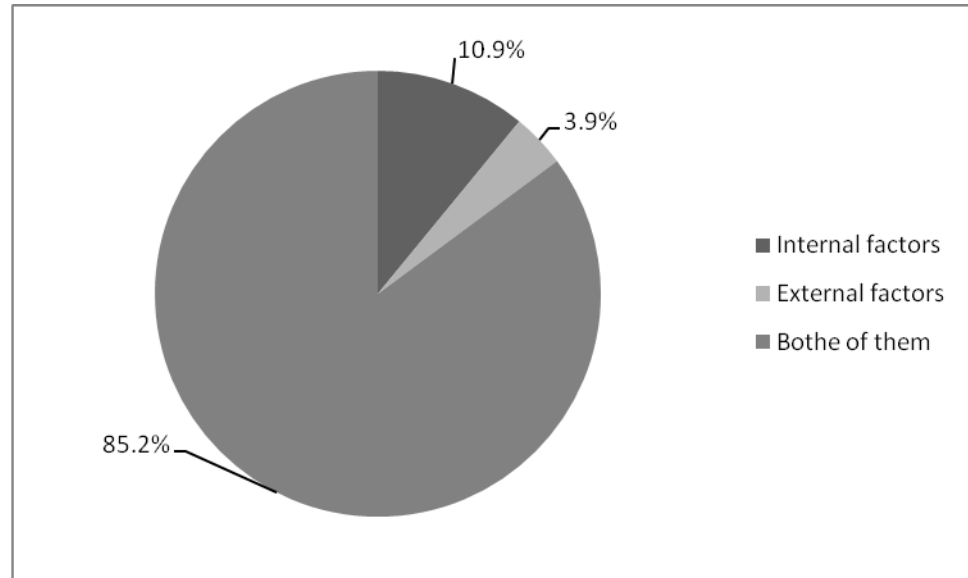


Figure 30. Factors Influencing to Integrity Marketing of Enterprise (n=128).

- 2) Question 20: Which internal factors affect integrity marketing? (Multiple-choice, so total percentage is more 100%)

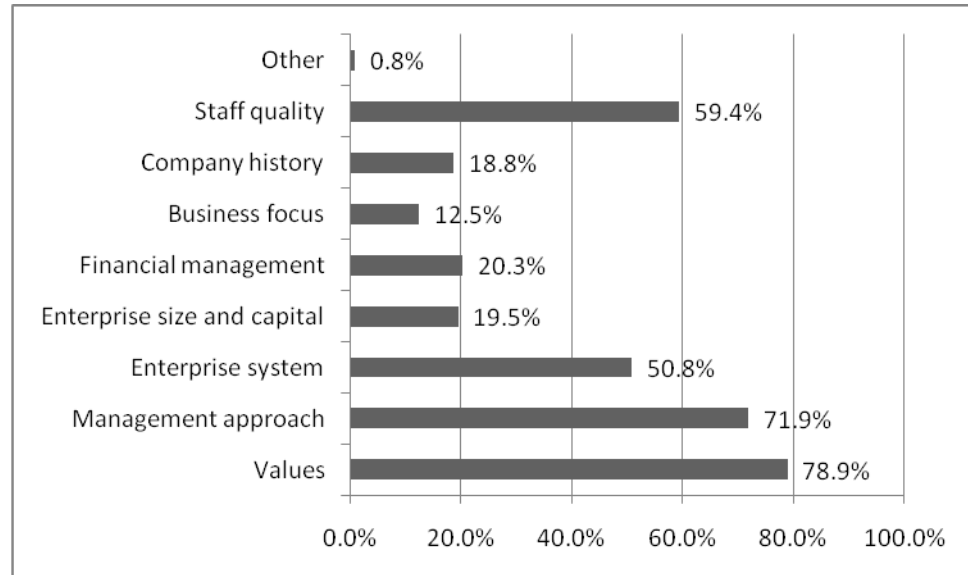


Figure 31. Internal Factors Impact to Integrity Marketing (n=128).

Figure 31 above reveals about eight probable internal factors may impact the enterprise integrity, and ranking in the first three are enterprise value (78.9 %), management approach

(71.9 %), and staff quality (59.4 %). This result reflects these three factors are the most important internal factors what enterprise think.

3) Question 21: Which external factors could affect integrity marketing? (Multiple-choice, so total percentage is more 100%)

According to Figure 32, the external environment is made up of about six factors, and occupying the greatest proportion (81.3 %) is market environment, the second important factor is social environment (80.5 %); and the factor 'customer environment' seems a bit of a comedown after the first two factors, which represents 51.6 % of the total respondents. Consequently, market environment, social environment, and customer environment are three most elements that affect the integrity marketing of enterprise.

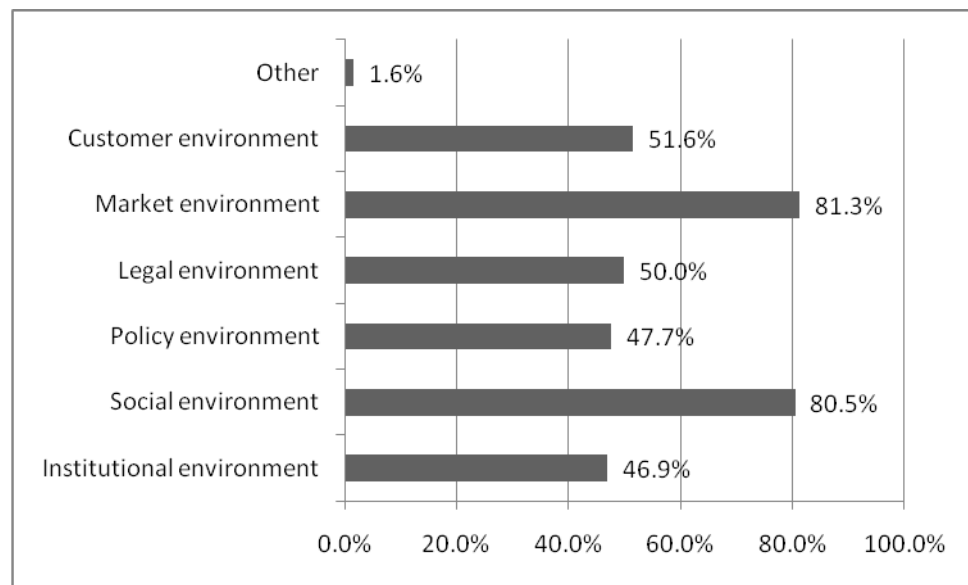


Figure 32. External Factors Affecting Integrity Marketing (n=128).

### 6.2.6 The General Understanding on the Dishonesty of Enterprise

Learning what the enterprise thinks about enterprise dishonest behaviour, which contributes to find out some solutions to help enterprise set up perfect integrity marketing management system.

1) Question 22: What do you think about dishonesty of enterprises in China?

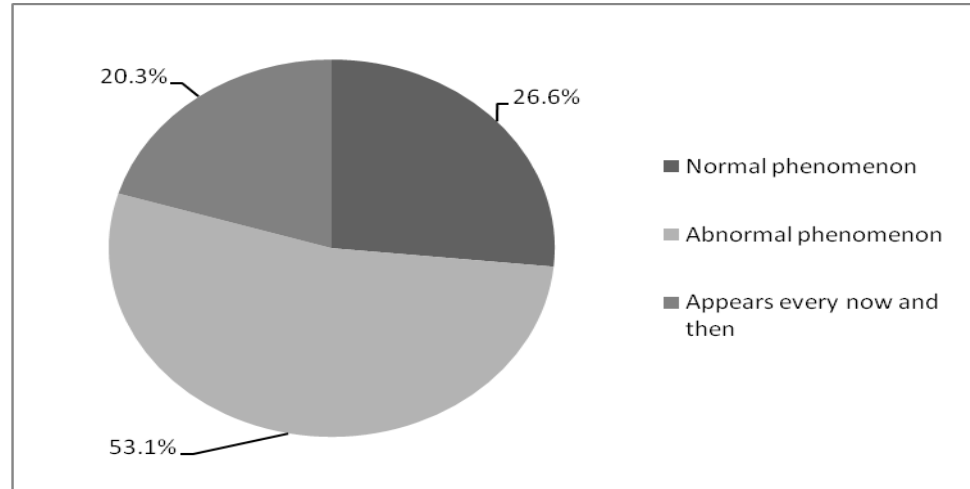


Figure 33. Respondents' Attitudes about Losing Integrity (n=128).

Figure 33 illustrates more than half of respondents (53.1 %) think enterprise dishonest behaviour is abnormal phenomenon. And people who think dishonest behaviour appears every now and then takes up 20.3 %, the rest of respondents (26.6 %) agree that is normal phenomenon. Generally, the most of enterprises can judge correctly the problem about losing integrity.

2) Question 23: What are the disadvantages of enterprise without integrity? (Multiple-choice, so total percentage is more 100%)

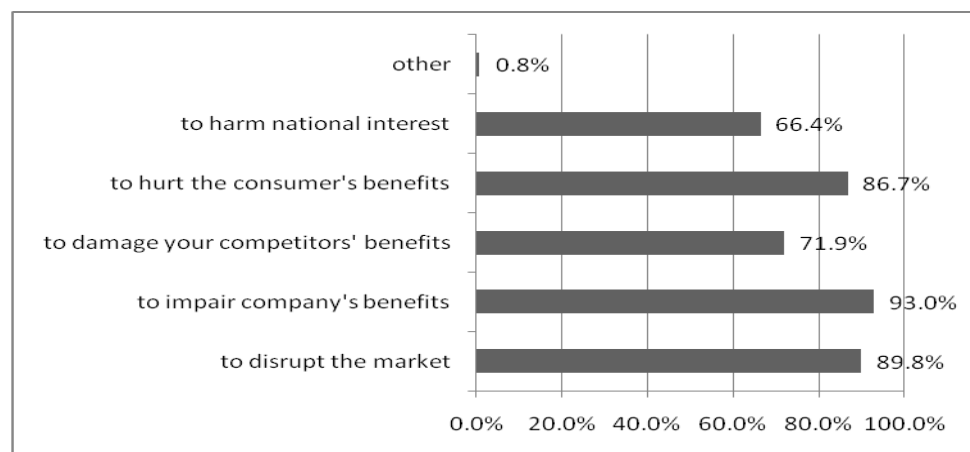


Figure 34. Disadvantages of Enterprise without Integrity (n=128).

Figure 34 reveals the disadvantages of losing integrity during business process. Specifically, the most serious risk is that to impair company's benefits (93.0 %), the second is to disrupt the market (89.8 %), the third is to hurt consumer's benefits (86.7 %). To sum up, respondents can fairly realize the damages of losing integrity, and know non-integrity will impair enterprise, society and consumers.

3) Question 24: Why enterprises lose their integrity? (Multiple-choice, so total percentage is more 100%)

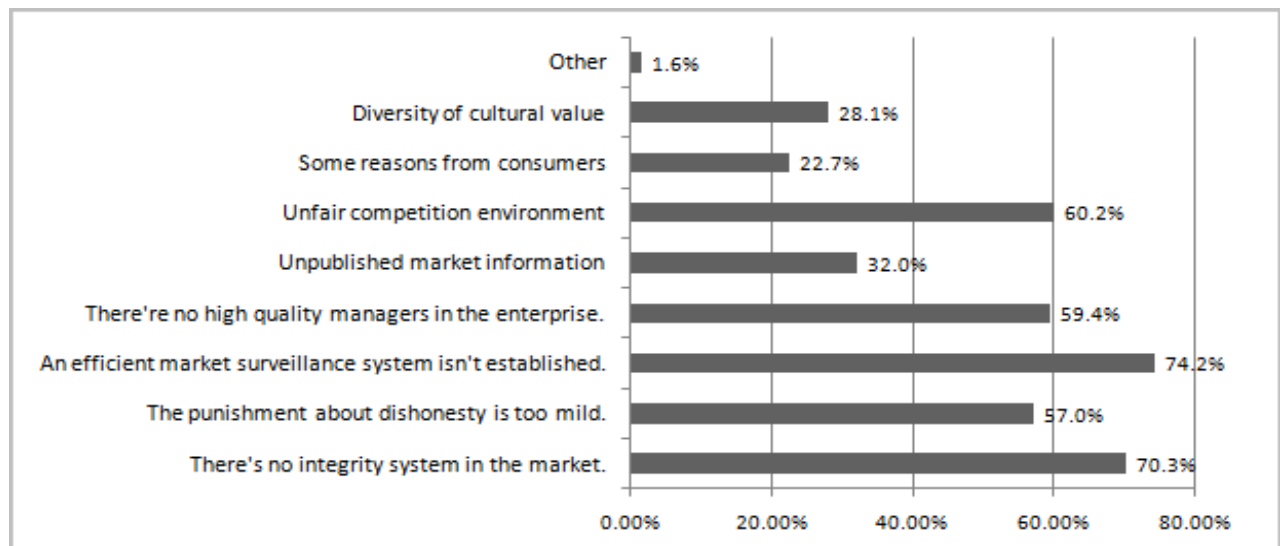


Figure 35. Reasons for Losing Integrity (n=128).

Figure 35 summarises some reasons that may make enterprise to lose their integrity. Among these reasons, 'an efficient market surveillance system is not established' account for the greatest proportion (74.2 %) while 'there's no integrity system in the market' makes up 70.3 % of the total selection. And the third high selection is 'unfair competition environment', which occupies 60.2 % of the total.

4) Question 25: what are the ways improve the integrity marketing level of enterprise? (Multiple-choice, so total percentage is more 100%)

According to Figure 36, this question provides several solutions for improving enterprise's integrity marketing level, and the three leading ways what respondents think are 'set up correct values'(78.1 %), 'perfect laws and regulations'(76.6 %), and 'improve managers' professional

ethics and management ability'(72.7 %). It can provide the researcher a clue that what are the most important the enterprise will be eager to change and improve.

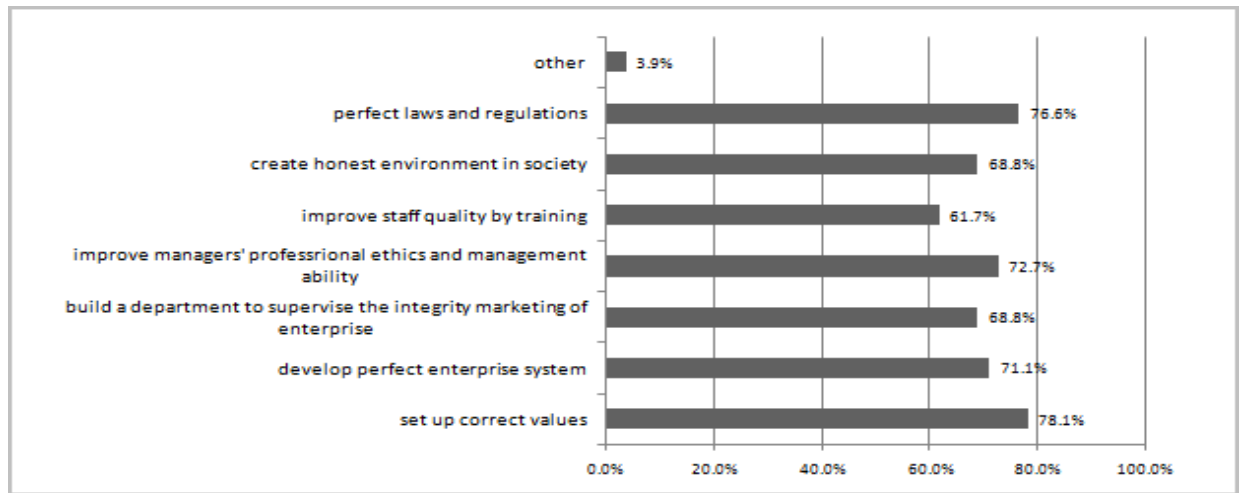


Figure 36. How to Improve Enterprise Integrity (n=128).

### 6.3 Result Conclusions

Based on a series of analyses above, some conclusions about integrity status of technology-based SMEs in Anhui are summarised:

1. Basically, good integrity moral awareness has been set up in technology-based SMEs in Anhui. The enterprise not only understands the importance of integrity, but also knows enterprise's integrity can give them positive effects in a number of ways, such as good reputation, more market share, etc. As a consequence, this correct perception on integrity contributes to healthy development of enterprise.
2. Internal integrity management system is perfecting in the technology-based SMEs in Anhui. Various activities are launched in the enterprise, which promote the development of enterprise integrity. For example, many enterprises have established the norms and regulations that are relevant to the enterprise integrity; a great deal of staff training about integrity is organised in numerous enterprises. Thus, the enterprise can control its own marketing behaviour well, and reduce the dishonest behaviour. However, the controlling force that focuses on the external environment is relative weak. For instance, the enterprises universally lack integrity management department. Thus, the enterprise



cannot control or avoid the non-integrity behaviour of customer. Consequently, the enterprise should enhance the customer integrity management, and reduce the risks by customers.

3. As a type of marketing behaviour, integrity marketing not only takes good benefits to the technology-based SMEs, but also can create good external environment for sustainable development of enterprise. Nevertheless, the enterprise should undertake relative high costs, thereby gaining the higher benefits. Therefore, technology-based SMEs must straighten out the relationship between integrity and benefit, only thus can promote integrity marketing.
4. Conducting integrity marketing is affected and limited by manifold factors, including enterprise internal factors and external factors. From the aspect of internal factors, the main influence factors involve enterprise value, management approach, and employee quality. And the uppermost external influence factors are market environment, social environment, and customer environment. Only through constantly optimizing the internal and external environment, integrity marketing of technology-based SMEs can be developed effectively.
5. Diverse reasons lead to enterprises to lose integrity, and non-integrity is a serious hazard to the enterprise, society, and individuals. Finding effective ways to control dishonest behaviour is crucial.

## **7 SUGGESTIONS ON INTEGRITY MARKETING IN TECHNOLOGY-BEASED SMEs**

Integrating the preceding theoretical research and empirical study, some suggestions for improving the integrity marketing of technology-based SMEs are generated and discussed from two aspects: the external construction and internal perfection of enterprise.

### **7.1 External Construction of Technology-based SMEs**

Integrity marketing of enterprise is affected by external environment. The external environment refers to national code, market management, policy support, and so on. Hence, to improve the integrity level of enterprise that needs cooperation in many respects in society. There are some elementary suggestions below for helping technology-based SMEs to improve their integrity marketing.

1. To perfect continuously the legislations about integrity and credit, thereby firming the legal foundation of social credit system.

Recent years, Chinese government repeatedly emphasized the importance of establishing the credit system by which the development of integrity system establishment is promoted. However, some of the unresolved issues are still included in the process of legislation, such as the lower rank of legislation, incoordination between legislations, indefinite behaviour regulations, and so on. Referring to other countries' experience, perfection of credit system should be speeded up and be related to the real conditions of China. And the detailed procedure is that:

For one thing, to sort out, amend, and perfect the present laws about integrity and credit; meanwhile, as the legal substratum for the further credit legislation, the laws and regulations that are relevant to the social credit system and enterprise integrity should be sorted and collated.

Moreover, to research the most pressing concerns on current credit system, such as the disclosure of credit information, the codes of conduct in credit, etc., and then to enact the new laws and regulations, thereby formulate the new credit legal system.

2. To set up the effective management support, since establishment of social credit system is a social systematic project that needs to be progressed steadily.

Currently, much redundant conduct exists in the Chinese social system construction; therefore, it is necessary to establish a unified and highly efficient social credit management mechanism. Based on the actual condition of China, one trans-departmental, highest rank, and specialized coordination agency should be founded by which to promote the credit legislation, to coordinate between departments of government, to plan the managerial framework of Chinese social credit system, and to deploy establishment of social credit system in all localities and departments.

3. To strengthen the supervision and punishment to the non-integrity behaviour, thereby promoting the development of integrity and credit in business.

In the recent years, non-integrity behaviour has occurred in some enterprises that causes serious integrity crises and negative effects. Therefore, it is recommended that government in all levels in China should build the restraint and punishment system to fight non-integrity behaviour, and to supervise different industries' sound development. Using various methods involve laws, policies, ethics, etc., thereby enhancing the forces of supervision and creating the good market order.

Furthermore, government should segment industries and design proper management methods to each industry. Take technology-based SMEs for example, due to the size of enterprise, they bear higher market risks and credit risks; hence, if government can increase the support on financing, information supplying, and the relevant policy, technology-based SMEs' integrity will be improved definitely.

4. To exert the chamber of commerce and business association to promote self-integrity in the enterprise.

At present, the chamber of commerce and business association as the main enterprise self-discipline and service organisations to connect with government, and they play more and more important role in the economical and social life. Thus, they should establish industry self-regulation system, and then an effective supervision network will be made up of

government supervision, social intendance, and industry self-discipline. And the self-discipline system should involve:

Firstly, the chamber of commerce and business association should enhance the integration capability and credibility, and get the support of government and the belief of enterprise.

Secondly, the chamber of commerce and business association should conduct research by which to know the real status about enterprise integrity. Through training and consultation, they help enterprises improve their integrity marketing management. Using a great deal of publicity, the enterprise can know good examples about integrity marketing, thereby impacting more enterprises to join in the establishment of integrity and credit.

Indeed, the substance of external construction of enterprise is that using the entire social context and public opinion as exterior restricted forces to push technology-based SMEs to be integrity. According to Skinner's reinforcement theory, individual's behaviour is controlled by external factors; hence, when people receive the bonus because of their good behaviour, they may repeat this behaviour. In contrast, if people's behaviour is not rewarded, or to be punished, the repetitive possibilities of this behaviour will be lower and lower. (MBAlib 2010) Consequently, external environment could affect deeply enterprise or individual's integrity behaviour. However, enterprise or individual's behaviour not only is influenced by external environment factors, they also are impacted by internal environment factors. Because a few of enterprises still can be non-integrity in good social context. Therefore, enterprise's internal perfection is crucial as well as the external construction.

## **7.2 Internal Perfection of Technology-based SMEs**

Internal perfection means technology-based SMEs improve their level of integrity marketing by the intra-enterprise moral management and control. It is an inner impulse to motivate integrity marketing of enterprise. On the basis of the foregoing studies, building integrity marketing management chain as a proposal is put forward for increasing technology-based SMEs' integrity.

The integrity marketing management chain is composed of seven sectors: feedback, promise, communication, solution, respect, responsibility, and control. These parts connect to each other through the information flow by which one integrated system is formed.

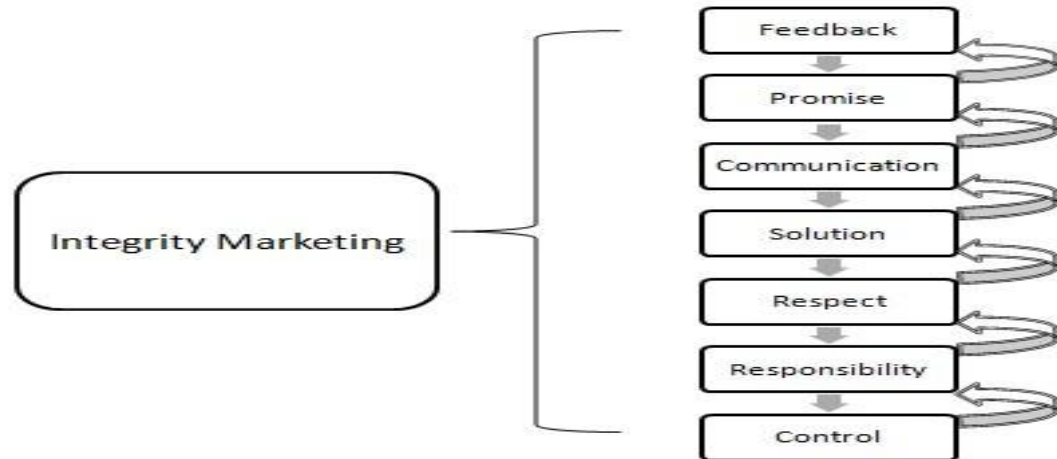


Figure 37. Integrity Marketing Management Chain (Chen 2005, 109-111).

- Feedback

It means enterprises should delivery information to customers in time during the marketing process, and can answer various questions clearly. In fact, in the transaction between the enterprise and the customer, the two parties own different information; usually, the enterprise holds the information outweigh the customer's. According to asymmetric information theory, asymmetric of information may lead to adverse selection and moral hazard. (MBAlib 2010) Both adverse selection and moral hazard could make customers do not trust the enterprise any more, which means an enormous breakdown of trust, and that is not good for enterprise's long-term development. Therefore, the enterprise must solve the problems about asymmetric information in the marketing process, which requires to building a high efficiency feedback system between the enterprise and the customer, thereby ensuring fast response information.

- Promise

Promise suggests that the enterprise is able to vouch for the quality of product or service to the public, which also is a way to attract customers' attention and set up good image of enterprise. Furthermore, an effective promise impacts directly customer's actual purchase behaviour, because the enterprise wants to get customer's trust that needs long time and must always satisfy customer's needs. Keeping a promise that has some advantages: firstly, it helps enterprises establish a closer relationship with customers; secondly, it contributes to enhance staff's self-discipline awareness; thirdly, it actuates integrity to become enterprise's inner moral requirement and conscious activity.

- Communication

Effective communication helps the enterprise win customer's trust, and it consists of three phases: listening, teaching, and helping. Listening refers to the enterprise should encourage customer to offer comments, understand customer's feeling, and avoid misunderstanding and conflict. Teaching involves helping customer build right consumption concept, telling customer how to use the product, and increasing customer's belief to the enterprise. Helping means the enterprise should provide high quality service to help the customer solve problems, including purchase, application, and maintenance.

- Solution

In the marketing process, the enterprise should help the customer to solve the problems; even if the problem is not derived from the enterprise's product or service, the enterprise still should help customer as much as possible. Because the ability of problem-solving for the customer that is related with enterprise reputation and customer trust, which help to build good integrity image of enterprise. For example, IBM's marketers always help their customers to buy computers rather than to sell computers to the customers, and this marketing behaviour make IBM get its customer's trust.

- Respect

Customer is service object of enterprise; the enterprise should respect their rights in the marketing process. Enterprise cannot break customer's rights for the enterprise profits, which will hurt enterprise integrity image and loss trust of customer.

- Responsibility

An integrity enterprise is always ready to take up its social responsibility. Bearing the social responsibility that means enterprise should contribute to public welfare or environment protection, and it can make enterprise get some benefits.

At first, although enterprise needs to spend money and time as the costs, the returns of this investment is that enterprise can build good reputation in society which is invisible asset to the enterprise. Further, it helps enterprise to get closer to the customer, because customers always are willing to believe the enterprise which would like spend money on public interests; hence, a long-term relationship with customers is build easily. Additionally, it is good for enterprise to recognize the importance of enterprise integrity, since the enterprise pursues integrity that not only for profits but also for realizing real value of enterprise: bring benefits to society.

- Control

Enterprise needs restraining mechanism to supervise and control marketing behaviour, thereby reducing risks which are from non-integrity behaviour. Controlling the integrity marketing may be approached from three aspects.

First, enterprise should perfect enterprise internal moral construction. For example, the enterprise can restrict employee's conduct through rules and regulations; using training, the enterprise can educate employees to be integrity; enterprise also can build an integrity evaluation system to quantify employee's integrity performance, which can provide warrant for rewarding or punishing. Second, the enterprise should build customer credit management system, thereby controlling customer non-integrity behaviour. This system may involve two parts: customer credit database, which is used to record each customer's previous transaction and credit status; customer credit research, which means the enterprise should collect new customer credit information

and pre-assess customer credit degree before doing business. Third, enterprise should establish an integrity crisis management system, which may include three sections: precautions before crisis, treatment in crisis, and restoration after crisis.

When enterprise carries out these seven links completely, the internal integrity may be improved greatly. However, if the external construction is not good, the integrity of enterprise still cannot be guaranteed. Therefore, only by resolutely controlling enterprise internal integrity while making energetic efforts to create good external integrity environment, the integrity marketing of technology-based SMEs can be developed really.



## 8 CONCLUSIONS

With the gradual establishment and improvement of Chinese market economy system, integrity will become an important yardstick of an enterprise's performance and the foundation of its existence and development. It is imperative for enterprises to implement integrity marketing. Taking technology-based SMEs in Anhui Province as research subjects, the thesis attempts to explore the basic principles guiding corporate integrity marketing in a systematic way based on multidisciplinary knowledge with the adoption of multiple research methodologies, consequently enriching and advancing marketing theories as well as providing theoretical guidelines for technology-based SMEs.

The conception of integrity marketing is based on thorough research into relevant literature of different countries and study on integrity marketing in China. It defines the path to sound business development. Technology-based SMEs should conscientiously adhere to the principle of integrity and honesty throughout every link in the marketing chain and take into account the benefits and interest of society, enterprises, consumers, suppliers and employees to promote the sustainable development of enterprises. Integrity marketing can be divided into different categories according to various standards, namely internal marketing and external marketing, active marketing and passive marketing, etc. Through adoption of integrity marketing, technology-based SMEs can enhance their competitiveness, shape favorable corporate image, maintain good customer relationship and appeal to talents of high quality.

According to the results of cost-benefit analysis, investment is needed to implement integrity marketing as an approach to marketing for enterprises. The investment serves as the direct cost, indirect cost and opportunity cost for enterprises to launch integrity marketing, which will, in turn, bring favorable social, economic and political effects on the sound development of enterprises.

Marketing environment analysis is applied to probe into the factors of internal and external environment. Internal environment factors serve as the impetus for integrity marketing of enterprises. They include corporate strength and management level of an enterprise, its corporate culture, moral qualities of its managers and qualities of its employees, etc. External environment factors include institutional environment, social environment, political

environment, legal environment, market environment, consumer environment, etc., which serve as market pressure mechanism of integrity marketing.

Based on the results of focus groups, questionnaires, and comparative analysis of relevant data, preliminary judgments on integrity marketing among technology-based SMEs in Anhui Province have been made in accordance with the basic requirements of integrity marketing implementation. At present, majority of technology-based SMEs in Anhui Province have a profound understanding of the significance of integrity marketing, especially its important role as intangible assets of an enterprise in improving transaction efficiency, gaining more competitive advantages and building favorable image, thus forming the imitative to implement it in operation. Most of enterprises have set up internal supervision system to control over integrity marketing of enterprise. However, in a majority of enterprise, the control of customer integrity is not launched well, thus leading to a vast number of enterprises have experience about customer non-integrity. In addition, according to the results of questionnaire, the implementation of integrity marketing is also held up and restricted by a variety of internal and external factors.

By integrating empirical analysis with theoretical study, this research explores the suggestions to the problem of integrity marketing in technology based SMEs from two aspects - internal and external construction of enterprises. External construction serves to motivate the launch of integrity marketing in technology-based SMEs as an external momentum; meanwhile, internal construction, as a form of internal factors, is aimed at implementing integrity marketing in technology-based SMEs as inner momentum. Integrity marketing of technology-based SMEs can be further promoted through strengthening both constructions simultaneously.

### **Reflections**

I was interested in this topic since the early 2009, because I found China government and even individuals more and more paid attention to enterprise credit system establishment. Meanwhile, integrity marketing is an infrequent topic which belongs to concept of business ethics. Although moral issues always exist in the business life, less people chooses it as thesis topic. Hence, compared with marketing strategy, or customer relationship management, I was more willing to challenge this topic about business ethics.

In fact, it was true that studying integrity marketing was a big challenge to me. When I embarked on collect data about integrity marketing, I found related theories were quite limited. Usually, I just could find a little information from some books or internet, and most time that information was not systematic. So arrangement of theory data took my much time. In the empirical research, a great deal of data processing was also difficult, because I did not have any experience to input and analyse more than 100 questionnaires independently.

Anyway, I am still happy that I completed this thesis, even though the process was a little difficult and the thesis cannot be perfect. However, I think I found, at least for myself, real information about integrity marketing of technology-based SMEs in Anhui, and I learnt so much. The thesis work is great way to find and learn something.

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## APPENDICES: Questionnaire Questions

Dear respondent,

This questionnaire belongs in a study on investigate the enterprise integrity in the high-tech private enterprises in Anhui, China. It won't take you too much time, and your comments and ideas will directly affect the final result. In addition, all the information you fill in won't be public due to the privacy policy. Thank you very much for your cooperation.

1. What is your gender?       Male       Female
  
2. What is your age?       Under 30       31-40       41-50       Over 50
  
3. What is your education?       High school or less       Vocational school or college  
 University degree
  
4. What is your position in your company?       Top manager       Middle manager  
 First-line manager       Ordinary employee
  
5. What is your field of responsibility in your company?       Technology development       Production  
 Marketing & sales       Financial management  
 Human Resource       Service       Other\_\_\_\_\_
  
6. What is the field of business of your company?       Bioengineering and medicine  
 Electronic information       New materials  
 Energy and environment       High-tech services  
 Optical-mechanical-electronic integration  
 New energy and resources environment  
 Other\_\_\_\_\_

7. Please rank your answer on the scale of 1 to 5, (1= **very important**, 2= **important**, 3= **neither important nor unimportant**, 4= **unimportant**, 5= **very unimportant**)

	1	2	3	4	5
How important is integrity in your company?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How important is integrity in enterprises in general?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Why the enterprise integrity is important? ( **You can choose more than one option.**)

- It can restrict the enterprises' conducts.
- It is a basic element to the core competitiveness of enterprise.
- It is an important strategy to set up good image and reputation for the enterprise.
- It helps enterprise to increase the market share effectively.

9. Please rank your answer on the scale of 1 to 5 (1=**very good**, 2= **good**, 3=**neither good nor bad**, 4=**bad**, 5=**very bad**)

	1	2	3	4	5
What level is the situation of environment of enterprise currently?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. How is the dishonest behavior of enterprise in marketing process shown? (**You can choose more than one option.**)

- Counterfeit and shoddy products
- Fraudulent pricing, predatory pricing
- False advertising, exaggerated marketing hype; making empty promises after sale
- Commercial spy, to slander competitors viciously
- Other \_\_\_\_\_

11. Did you have any dishonest behaviors during the marketing process?

- Yes  No

If you choose 'yes', please give a reason:

- Be forced to do that
- Dishonesty is the way of business operation.
- All the people do business without integrity, so do I.
- Other \_\_\_\_\_

12. Did you have any experience that the customers are dishonest?

- Yes  No

If you choose 'yes', how did you deal with this situation?

- I don't do business with them anymore.
- To keep a good lookout for doing business with them.
- Revenge
- Other \_\_\_\_\_

Currently, your enterprise...

- |  | Yes                                      | No                                    | Planned to<br>have one   |
|--|--|---------------------------------------|--------------------------|
| 13. Do you have any department to supervise integrity in your enterprise?                                      | <input type="checkbox"/>                 | <input type="checkbox"/>              | <input type="checkbox"/> |
| 14. Do you have any staff training with emphasis on integrity?   | <input type="checkbox"/>                 | <input type="checkbox"/>              | <input type="checkbox"/> |
| 15. Do you make company rules about integrity to regulate employees' behaviors?                                | <input type="checkbox"/>                 | <input type="checkbox"/>              | <input type="checkbox"/> |
| 16. Do you set up a strict system of rewards and penalties to improve employee integrity?                      | <input type="checkbox"/>                 | <input type="checkbox"/>              | <input type="checkbox"/> |
| 17. What is the purpose of integrity marketing in your company? ( <b>you can choose more than one option</b> ) |  |                                       |                          |
| <input type="checkbox"/> Profit  |  |                                       |                          |
| <input type="checkbox"/> Good brand recognition  |  |                                       |                          |
| <input type="checkbox"/> Good market share   |  |                                       |                          |
| <input type="checkbox"/> More competitive  |  |                                       |                          |
| <input type="checkbox"/> To improve enterprise developing sustainably  |  |                                       |                          |
| 18. What is the relationship between integrity marketing and enterprise profit?                                |  |                                       |                          |
| <input type="checkbox"/> Mutual promotion  |  |                                       |                          |
| <input type="checkbox"/> Reciprocal inhibition   |  |                                       |                          |
| <input type="checkbox"/> They are not tied up.   |  |                                       |                          |
| <input type="checkbox"/> I don't know.   |  |                                       |                          |
| 19. Which factors influence integrity marketing of enterprise?   |  |                                       |                          |
| <input type="checkbox"/> Internal Factor   | <input type="checkbox"/> External Factor | <input type="checkbox"/> Both A and B |                          |

20. Which internal factors affect integrity marketing? ( **you can choose more than one option**)

- Values       Enterprise system       Enterprise size and capital  
 Business focus       Staff quality       Management approach  
 Financial management       Company history       Other\_\_\_\_\_

21. Which external factors could affect integrity marketing? ( **you can choose more than one option**)

- Institutional environment       Social environment  
 Policy environment       Legal environment  
 Market environment       Customer quality  
 Other \_\_\_\_\_

22. What do you think about dishonesty of enterprises in China?

- Normal Phenomenon       Abnormal Phenomena  
 Appears every now and then

23. What are the disadvantages of enterprise without integrity? ( **you can choose more than one option**)

- To disrupt the market  
 To impair company's benefit  
 To damage your competitors' benefits  
 To hurt the consumer's benefit  
 To harm national interest  
 Other\_\_\_\_\_



24. Why enterprises lose their integrity? ( **you can choose more than one**)

- There is no integrity system in the market.
- The punishment about dishonesty is too mild.
- An efficient market surveillance system isn't established.
- There are no high quality managers in the enterprises.
- Unpublished market information
- Unfair competition environment
- Some reasons from consumers
- Diversity of cultural value
- Other \_\_\_\_\_

25. What are the ways improve the integrity marketing level of enterprise? (**you can chose more one option**)

- Set up correct values
- Develop perfect enterprise system
- Build a department to supervise the integrity marketing of enterprises
- Help enterprise managers to improve their professional ethics and management ability
- mprove staff quality by training
- Create a honest environment in society
- Perfect laws and regulations to regulate integrity behaviors of enterprise
- Other \_\_\_\_\_

Thank you for your contribution!