



# SCHOOL OF BUSINESS

December 2003

# news

For alumni, friends and business partners

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SCHOOL OF BUSINESS



news

December 2003

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## From the Dean

The past six months have seen a period of consolidation for the School of Business as many beneficial initiatives undertaken over the past year are bedded down. The most significant challenges to us becoming a truly world-class business school have been changes in Government policy and we have been proactive in addressing these.

We will introduce a Master of Entrepreneurship next year. The programme has been established with the Dunedin City Council (DCC), the University of Otago Centre for Innovation, and entrepreneurs in New Zealand. The Director of Entrepreneurship, Dr Jenny Darroch, has worked closely with the DCC and Otago Polytechnic in the development of a proposal to the TEC Innovation and Development Fund for 'The Student Entrepreneurs Club'. This would encourage teams of tertiary students to experience the realities of entrepreneurship so that it is viewed as a viable career choice after graduation.

I invite alumni, business and government to consider how university programmes in entrepreneurship can assist in developing New Zealand business, and to contact me or appropriate people within the School to discuss their thoughts and ideas.

The development of Executive Education under Director, Derek Nind, is going extremely well and he has done an excellent job of refuting sceptics' claims it could not be accomplished out of Dunedin. The programmes are orientated at the senior management level and much of the teaching is undertaken by staff of the School. Co-operation between the School and industry in the business disciplines is critical and there needs to be a greater understanding by industry of business research activities provided for in these courses.

Government policy changes mean increasingly having to seek funding from external sources such as executive education, applied research consulting, and our alumni. One example is a government decision to limit fee increases to a maximum of 5%. We have, by accident of timing, the lowest fees for a BCom in New Zealand universities, which has severely restricted our capacity to develop the School and reflect the value and quality of the degree we provide. This problem is compounded by the lower relative increase of 5%, compared to other NZ universities.

The PBRF exercise I mentioned in the last newsletter has been completed and has taken vast amounts of staff time. The Government needs to realise these requirements take away from productive teaching and research time. On a positive note, the Government has set up funds for innovative developments and for e-learning both of which we have made submissions to for funding of new developments.

The Board of Advisors detailed elsewhere in this newsletter is an important development for the School providing greater input from the business world into our programme, facilities, and operations development and promoting better communication with the business world.

I have attended a number of alumni functions nationally and internationally this year and I am amazed at the diversity of posts and powerful positions our graduates are in and the extremely positive feedback I have had about graduates' experiences at Otago. I again seek alumni input into our future development and ideas to help make the School of Business one to be truly proud of.

[dean@business.otago.ac.nz](mailto:dean@business.otago.ac.nz)

## New Board of Advisors

The first Chairman of the School of Business Board of Advisors is the Pro-chancellor of the University of Otago, Lindsay Brown.

Mr Brown, who is also a company director with interests in the health and tertiary sectors, accepted the post at the request of the Dean, Professor David Buisson.

The recently created Board provides a chance for business professionals, and particularly alumni, to participate more fully in the activities of the School. Members are expected to provide information and recommendations to the Dean and to give informal advice and assistance, generally promoting better communication with the business community.

Their knowledge of trends, changes and developments in business will enhance the relevance of the School's curriculum.

Board members are expected to have their first meeting early next year.

## TOP POST

The new Executive Director of the World Bank in Washington is an Otago MBA graduate.

John Austin who graduated 20 years ago, started as an assistant lecturer in the Department of Management and then went to a prestigious firm of merchant bankers in Sydney for about five years.

After a spell as MBA Director at the University of Canterbury, he was appointed by the Government to be Director of the Greenstone capital venture fund. From there he went to Malaysia as financial adviser to the government for six years before taking up the World Bank directorship.

## STEPHEN TINDALL

INAUGURAL SCHOOL OF BUSINESS

*Distinguished*  
BUSINESS SPEAKER  
*Series*

The School of Business hosted the first Distinguished Speaker in October, as part of its increasing commitment to students, faculty and the business community. In conjunction with the Otago Chamber of Commerce, local business people, students, University staff and the general public were invited to listen to The Warehouse founder and CEO, Stephen Tindall's presentation titled 'It's not just about red sheds! Business advice for young entrepreneurs'.



He delighted audiences with his personal stories of dealing with people, success and the wonderful staff of The Warehouse. An interesting insight into the life of one of New Zealand's most prominent and successful entrepreneurs.

# Clean, Green – Who Cares?

New Zealand's clean green image may be of only minor importance to major European food distributors, despite being 'world-famous in New Zealand'.

A study by researchers from the Department of Marketing has found New Zealand's image as a supplier of high quality food is unlikely to be harmed by use of GMOs in non-food applications.



Dr John Knight

Dr John Knight, lecturer and Director of International Business at the School, says the study shows European food distribution companies give little weight to the image New Zealanders have become so proud of.

"Highly favourable perceptions of New Zealand as a source of food products are dependent mainly on confidence and trust in our production, hygiene and quality control standards, rather than on diffuse images of a 'clean green' landscape".

New Zealand food is certainly highly regarded, according to Dr Knight.

The head of a German firm which has been distributing fruit throughout Europe for more than 125 years told him New Zealand apples have better colour, shelf-life, and taste - due to superior packaging and quality control standards.

A UK distributor of Australian, New Zealand and South African wines believes "it's not an emotional attachment to New Zealand, it's the fact that good sauvignon blanc comes from New Zealand."

Potential value of a "GE-free New Zealand" label was tested using perceptions of the "nuclear-free New Zealand" policy as an indicator. Only four of 17 companies recalled hearing of it, and it appears to have little positive benefit.

Highly negative consumer sentiment towards GMOs in Europe has resulted mainly from a succession of food scares and a perception that the US is trying to force this technology onto Europe.

This negative sentiment, fanned by the European news media, seems likely to continue to influence food distributors against buying GM foods, says Dr Knight.

Furthermore, it appears likely to transfer from GM crops to non-GM and organic versions of the same crop type due to fears of accidental mix-up or contamination.

However, there's no clear evidence that the presence of GM crops in a country such as the USA, Canada, or Argentina causes negative perceptions in general of food from those countries. Supermarket chains that refuse GM food still stock Florida grapefruit and Californian grapes - as they do in New Zealand.

Dr Knight says there is no evidence applications of GM technology in non-food areas such as forestry, pest control, or bio-remediation (eg cleaning up DDT residues), would harm New Zealand's image as a food supplier.

"Australia has 100,000 hectares of GM cotton crops and also GM carnations. Nevertheless, New Zealand consumers seem happy to buy Australian food products, as are Europeans. The issue has been hyped up by some politicians and lobbyists with no supporting evidence", Dr Knight said.

# Daylight Robbery

Retailers in New Zealand are being robbed blind – and most of the time they don't know anything about it.

More than \$560million worth of goods vanished last year and most of the theft wasn't discovered until stocktaking.

More than 180 retailers took part in a national survey of Retail Theft and Security, mounted by the Centre for Retail Research and Studies in the Department of Marketing.

It showed only about \$47million worth of theft was found at source, that 58 per cent was stolen by the public and that staff got away with the rest. Co-workers were largely responsible for identifying thieving staff and a quarter of dishonest customers were caught by security cameras.

Director of Retail Research, Dr John Guthrie, says 20 per cent of the loss is attributable to administrative errors. Only 5 per cent of those caught shoplifting are handed over to the police and many shopkeepers accept robbery as a business cost because they have little faith in the justice system. Fines are inadequate, they say and there's a low prosecution success rate in courts.

Only 7 per cent have tried Civil Recovery which has a success rate of better than 70 per cent.

Given the extent of the problem, the average amount spent on security measures is low, says Dr Guthrie, but many plan to invest up to 20 per cent more on staff training and CCTV technology.

The problem, say retailers, needs to be addressed by shopkeepers, the police, the community and the justice system.

Given that the Government is the big loser because of uncollected GST and company tax on lost profit, there seems to be a good argument for political intervention, says Dr Guthrie.

A campaign to make it clear theft is unacceptable is called for while a neighbourhood-watch system for stores might also be worth investigating.



John Guthrie

## Devoted Students



Hard at work in EMBA VII are Alan Morpeth, Brynlea Hunter and Jon Brewerton.

Participants in the Otago Executive MBA class in Auckland don't like to miss any part of their course – some are going to extraordinary lengths to attend.

Of the 25 managers and executives in the EMBA VII class which began in May, five live and work far from the Auckland campus. And they make heroic efforts to attend the course, according to the Director, Dr Regena Mitchell.

One flies every fortnight from Sydney (where he is Financial Controller for Qantas); the CEO of the Kaipara District Council drives from Dargaville; the Assistant Manager of KiwisStat flies from Christchurch; a critical care nurse drives from Whangerei; and a senior manager with Carter Holt Harvey commutes from Rotorua.

The EMBA V and VI classes include participants who fly from Wellington and two who, after accepting promotions, have completed the course by commuting fortnightly from Australia.

Dr Mitchell says this type of travel is common in other countries for EMBA's but she believes having 20 per cent of a class commuting more than two hours, one way, may be a first for a New Zealand based course.

# Management Makes Inroads in China

A new teaching tool produced by the Department of Management is set to cast new light on management approaches in China's burgeoning small business sector -- the powerhouse of the ever-expanding economy.

The production of the DVD, *Releasing the Dragon*, is a "first for both the University and the whole area of cross-cultural management research", says Dr Malcolm Cone, who undertook the fieldwork two years ago. Interest has been high, with copies being sold in Russia and a number to local organisations.

*Releasing the Dragon*, which contains filmed case studies of four small-to-medium enterprises (SMEs) in China's rural Hubei province, will give students important insights into a little-studied sector after unprecedented permission was granted to film interviews with the enterprises' managers, says Dr Cone.

"We were amazed local Communist Party officials so readily agreed to let us get inside these businesses and find out what makes them tick.

"Armed with two digital cameras, remote mikes and an interpreter, we found ourselves warmly welcomed into the workplaces by managers who were keen to share the stories of how they are attempting to grow their enterprises in what is a very challenging environment," he says.

The case studies draw on over 80 hours of interviews to investigate how the businesses are coping with the challenges of market liberalisation, China's entry into the WTO, motivating staff and operating in overseas markets, he says.

SMEs, the major force behind China's emergence as the economic power of the 21st century, now account for half of China's GDP which has recently grown to be the second largest in the world, says Dr Cone. "Knowing more about how they operate will be of particular interest to New Zealand companies seeking to build links with China."



Malcolm Cone

## Evaluating Overseas Drivers

How much tourists know about New Zealand roads and driving conditions before they arrive and how they deal with what they find is being assessed in a survey commissioned by the Land Transport Safety Authority.

Believed to be among the first such detailed inquiry, the work is being carried out by the Executive Education group at the School of Business, at a number of South Island centres including Christchurch, Dunedin, Queenstown, Milford and Te Anau.

In the past two years, 20 overseas drivers have been involved in accidents on Otago and Southland roads and the project aims to identify their level of knowledge of local rules and conditions, driving skills and judgement, with the aim of improving road safety.

Visitors will be asked about their knowledge of New Zealand law and road and driving conditions when they arrive and before they drive. They'll also be asked where they found their information. In the second part of the survey, researchers will concentrate on those who have been in the country for a while, probing their experiences so far.

Targets for the work include people from Asian countries, North America, Europe, the UK and Australia.

## Alumni Network Offers Great Things

School of Business graduates in finance and accounting are being offered unprecedented chances to work and study in the United States through the support of an alumni network.

Chris White, who works at Stonegate Securities in Dallas, heads a group of University of Otago finance graduates anxious to support younger people. He has the full support of the University Chancellor, Eion Edgar.

First to take advantage of the opportunity is Ben Turner who has a BCom in Finance and Accountancy and a BA Economics with a minor in English. He leaves early next year for a 3-month internship with MCM Associates in New York.

He'll go on to work in other positions arranged by the network as he is entitled to work in the USA. Ben has a green card but normally students who have been on exchange get a student work permit equivalent to the period of time they have been on exchange.

Ben will be followed next year by Kieran Osborne who will be an exchange student at the University of Texas before seeking internships. He has Bachelor degrees in Tourism and Finance and is likely to be followed by two other possible candidates.

Through the auspices of the network, they'll be able to follow up their exchange status with six months or a year work experience.

## Contacting Other Alumni

If there's someone from your time at Otago you've lost touch with but would like to contact, the Alumni Office may be able to help you.

The New Zealand Privacy Act prevents us from passing on personal details, but we can forward your messages to the person you're looking for, leaving them to reply to you directly if they wish.

It's also worth remembering that if someone is looking for you, the Alumni Office can't forward their message for you unless your address is accurate, so please keep your info updated. To submit your new address or contact us about messages, there's a quick weblink at [www.otago.ac.nz/alumni](http://www.otago.ac.nz/alumni)

# Share Market Help **ONLINE**

Two University of Otago graduates, with qualifications in marketing and computer graphics, have created an entrepreneurial share market portfolio web-based management system called StockChartNet.Com.

Grant Keeley and his son Michael were assisted by Emma Lawford of the Spark! team (see June 2003 School of Business News) at an Auckland commercial law firm in the initial legal work.

The system is based on a sophisticated technical analysis software program written by Michael that operates on the daily price movements of stocks.

It provides investors and online traders with buying and selling signals, enabling easy management of investment portfolios and is

suitable for a wide range of users ranging from individuals to investment advisors and fund managers.

The software is designed to crystallise gains and wait on the sidelines when share prices start descending, thereby retaining each individual gain made by shares in a portfolio.

Furthermore, investors do not need to interpret a massive amount of information from the indicators as StockChartNet does it for them. And as only the results are shown, monitoring a large number of stocks becomes very easy.

The system allows realistic paper trading of a portfolio, an important feature for users just starting with StockChartNet or for investors new to the share market.

## Wizard Development

A new software programme designed to provide more accurate rankings of alternatives or individuals and better decision making, *Point ★ Wizard* is the brainchild of Paul Hansen from the Department of Economics and software developer, Franz Ombler.

Points systems are used in decision-making situations in which there are hundreds or even thousands of alternatives or individuals to be ranked, often on an ongoing basis. They are used in a wide variety of applications, including diagnosing and prioritising patients for treatment and managing waiting lists; selecting immigrants; choosing employees and appraising their performances; and admitting students to restricted courses.

Once decision makers have chosen the criteria and categories for a particular points system, *Point ★ Wizard* allows the preferences of decision makers to be represented exactly.

The programme can also be used to rank or choose the 'best' from a relatively small group of alternatives or individuals, perhaps on a one-off basis. Applications might include choosing the best location for a building, the best car to buy, or the best employee to hire or promote.



Paul Hansen

## Scholarships

**Jonathon Wong**, BCom(Hons)Economics has received a WestpacTrust Travelling Scholarship to the Stockholm School of Economics, Sweden. His name was inadvertently omitted from the previous issue.

**Stefan Clyne** (MBus student) has won the inaugural First NZ Capital Ltd scholarship for studies in finance. He was chosen for his outstanding academic achievements to date; his extra-curricular activities and specifically, his interest and aptitude in finance.

**Matthew Angus**, completing a BCom(Honours) degree in marketing, is the recipient of the 2004 Nestlé Scholarship. The \$5,000 is to be utilised for assistance in completing his Honours dissertation in an area of FMCG. Whilst Matthew hasn't decided on the topic of his dissertation, it will cover one of the four areas of selling, product placement, new product development, or branding.



### FINC 302 Applied Investments Prizegiving

The Ninjas (Michael Kean and Martin Majdloch) having outsmarted all other teams to take the \$500 Trustee Executor's Portfolio Prize. In the background Trustee Executor's Craig McAuliff and FINC 302 Lecturer PJ King.

You never know who is looking over your shoulder in the Investment World. Winner of the First National Prize of \$100 for best commercial property assignment Sam Winstone, closely watched by FINC302 lecturer PJ King.



# “I Wish It Could Rain Money”

When you put money in a bank, it goes into a special box with your name on it, mum and dad have access to a never-ending supply of money, and shop-keepers are well-off because they own everything in the shop. These are just some of the perceptions of primary school children found in a study carried out by the Department of Marketing.

Researcher Dr Sarah Todd explored children’s understanding of money –where it comes from, why it is needed and what it can buy. Given that children of different ages have different levels of understanding, initial findings suggest primary school children commonly receive pocket money and strongly believe they have control over how it should be spent, yet have little knowledge of related concepts such as the role of banks and how prices are set.

Almost all children studied indicated they received pocket money from their parents on a regular basis, while it is also common to receive money as a present for birthdays or Christmas, often from close relatives. They use it for toys, books, leisure activities and confectionery and they believe how they spend it is largely their decision. When asked if they thought parents should be allowed to decide how pocket money was spent, there was an overwhelming “no” response, says Dr Todd.

But on reflection it was acknowledged parents should be involved in the decision because children recognised their consumer skills are not adequately developed, and their knowledge of the marketplace is somewhat lacking.

There also appeared to be a strong desire for social approval of their consumption, not only from their peers but also from parents. Parental attempts at economic socialisation were evident, with general consensus that “adults don’t want children spending all their money”. Another child noted it was important to start saving early for large purchases; he had begun “saving now to buy a car when I grow up”.

Children expressed strong beliefs that money is important for adults, and “you couldn’t live without money”. However, it was not seen as important for children as they “don’t need to buy clothes and food”. Largely, says Dr Todd, it was seen as an adult responsibility, with one child indicating its importance would increase if your parents died “but then you would be sent to an orphanage and so you still wouldn’t really need to worry”.

Initial findings at least suggest that, rather than indicating intangible concepts such as status, money’s importance is equated with specific items it allows you to purchase.

“More conceptual issues, such as problems that money might create, were less well understood but there was some recognition that money was not equally distributed and that this could cause problems, which led onto discussion of people stealing money, robbing banks or, more immediately, older siblings wanting their pocket money,” Dr Todd found. In general, it appears the children studied think life would be easier if there was more money available or, as one child remarked “I wish it could rain money.”



Sarah Todd

## Bright Ideas and Making Them Happen

Got a really bright business idea? Like to know how to make it work? The School of Business may be just the place for you.

If you can’t dream up something new and different, but would still like to be entrepreneurial, you’ll fit in nicely. And it doesn’t matter in which discipline you gained your degree.

The new Masters in Entrepreneurship will be launched next year and the Director of the programme, John Bell, says each of the seven papers will be taught in intensive three-day blocks. The other component is a business project.

The 15-month course is open to all graduates or to those with an appropriate alternative professional qualification. A maximum 25 places are available. The timetable is designed for people with jobs or who live out of town with classes on a Thursday, Friday and Saturday every six weeks.

“It is ideally suited to a graduate who has been out for a few years and has an idea they would love to put into practice. It’s equally valuable as a grounding for those who aspire to the entrepreneurial lifestyle.”



John Bell



The MBA’s 28th class got under way late this year with a substantial intake. The 16 month full-time course has attracted students from the US, Canada, Mexico, France, Germany, South Africa, Korea and India as well as a representation from New Zealand. Average age of the group is 30.

# Shared Expertise

A co-operative project between researchers from the School of Business and the University of California comes to fruition early next year.

Dr David Lont from the Department of Accountancy and Business Law will host ex-pat Paul Griffin, Professor of Management and Associate Dean of the Graduate School of Management when he takes up a Valentine Visiting Professorship.

Considered one of New Zealand's leading experts in his field, Professor Griffin has been working with Dr Lont on investor response to major changes in the regulatory environment brought in after the collapse of Enron and other major corporate failures.

These include a requirement from the Security Exchange Commission that all CEO's and CFO's certify accounts as a true record and a number of new rules and regulations enacted by the US government.

Dr Lont and Prof. Griffin seek to establish what sort of response these moves have produced in the market and have been measuring share price volatility associated with these changes.

The US moves are having a massive global impact, well beyond America, says Dr Lont. The changes have prompted many other countries to review their own market regulations. Compliance problems are also being reported by dual listed companies because of conflicting regulations between countries.



*Members of the Otago team in the inaugural New Zealand Business Case Competition held at the School of Business in August. Teams from Auckland University, Victoria, Waikato and AUT (the winners) battled it out for a \$2,000 first prize. The contest also launched the Otago-based National Case Research Centre, established earlier this year under the auspices of Associate Professor Graham Elkin. The Otago team, Matthew Slater, Clare Healy, Anna Wellingham and Laura Hofman will be back in action in February at an international contest in Copenhagen where they'll be lead by Marketing's Dr Sarah Todd and coached by Virginia Phillips from Management.*

## Enhancing Employment Prospects



Rob Cook

The University of Otago is the first in New Zealand to trial new software that should make recruiting graduates easier for both employers and students.

The Department of Marketing is helping to develop an online program likely to change the way students look at university life.

Portfolio is a means of logging life and study skills to generate a professional CV more likely to reflect the whole person to prospective employers who usually see only academic qualifications.

'It could reshape the way students think about their careers,' says the Department's careers liaison contact Rob Cook.

'Knowing everything they do can add to their CV and create a different dimension in the way students

look at what they study and how they structure their study.'

The software will enhance existing facilities at the University's Careers Advisory Service, according to Manager Mary Cull. 'It's going to get students thinking early on about the other skills they are learning as well as their academic work,' she says.

Portfolio will extend the university's existing CareerHub program, which brings together students seeking jobs and employers seeking staff.

'CareerHub helps students to assess themselves to see what kinds of work they are suited to as well as research what jobs are out there,' says Ms Cull.

'Employers like it because they can easily enter their details online and reach a wide audience.'

## Face of the Future



George Benwell

Taking communication to a new level is the aim of a multi-million dollar research project involving the Department of Information Science. The Department is part of two consortia, subsidised dollar for dollar by the government and incorporating representation from business and education.

Head of Department, Professor George Benwell, is Otago's representative on an interim board looking at developments in the Information, Communications and Technology sector.

The project, funded to the extent of \$10million in the next five years, also has input from Canterbury, Victoria and Massey universities as well as a

number of significant industries and economic development units in Wellington and Christchurch.

Professor Benwell says the aim is essentially to produce the next generation of collaborative interactive tools, superseding the telephone, fax, video conferencing and other existing communication systems.

Film, telecommunications and computing sectors are merging, he says, and they will be at the heart of the new wave. Among the exciting prospects is the possibility of linking international participants in such a way that they can discuss a project and all see the same thing at the same time.

Otago is involved in this government initiative to get people to work together because it is at the leading edge, says Professor Benwell.

'ICT is so diverse it is hard to say what lies at the other end. But it would be nice if we could create the equivalent of Fonterra in the ICT sector, getting companies and universities to work together to create a bigger industry.'