



Factors that impact on the export performance of  
small and medium sized Australian seafood  
producers

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# 1. Introduction

## 1.1 Background to Research

Exporting is of vital economic importance to many nations and their firms, including Australia. For over 20 years exporting has been one of the fastest growing economic activities in the world, consistently exceeding the rate of growth in world economic output (International Monetary Fund 2009). For businesses exporting boosts profitability and improves capacity utilisation. For individuals, export provides employment and for the nation exports improve trade balances (Department of Foreign Affairs and Trade 2008). Therefore, the positive economic flow-on effects of expanding a country's trade volume are enormous and the benefits are evident throughout the entire nation (Julian & O'Cass 2004).

Australia has always maintained a strong trade focus and currently relies on trade for macroeconomic stability. However, recent global financial turmoil and a shift in national focus from the manufacturing industry to the service industry have contributed to Australia becoming a national importer of goods and to possess a large trade deficit (Australian Bureau of Statistics 2009). The ramifications of a growing trade deficit on the competitive advantage of Australian exporters are proving to be severe, and subsequently are the justification for the current research.

Australia's growing trade deficit, as well as domestic market saturation with cheap imported products has solidified the need for Australian businesses to consider exporting as a feasible alternative for growth (Australian Bureau of Statistics 2009; Craig et al 2009). Many firms are now attempting to go global without thoroughly assessing their capability or conversely, many firms also choose to ignore the potential opportunities exporting to international customers can generate (Balabanis et al 2004; Fillis 2007). This situation therefore poses the question; how can firms interested in export realistically assess their own export propensity? Consequently, the current study seeks to understand what firm characteristics influence export propensity, in the context of the Australian seafood industry.

The seafood industry has long recognised the importance of international markets for growth and survival and is one of Australia's largest food exports (Department of Agriculture Forestries and Fisheries 2009). In fact, Stoler and Dolaldson (2008, p.2) stated that, "the

seafood sector has the potential to be a much bigger contributor to exports, employment, and national wealth, provided that the Australian Government undertakes to work more effectively with the seafood industry to produce and harvest seafood.” In recent years, many seafood firms have been forced to diversify their product range and look to international markets in response to increasing import competition and domestic saturation of markets (Department of Agriculture Forestries and Fisheries 2009). Hence, if the seafood industry is to reach its full potential, an assessment of the determinants of export propensity will have a positive effect on the growth, performance and arguably the longevity of the industry.

Despite the importance and potential for growth only a very limited amount of export propensity studies within the world’s agricultural industries have been carried out (Javalgi et al 2000). This is a significant oversight, as the agricultural industry (including the seafood industry) contributes a sizeable six percent to global Gross Domestic Product (GDP) with agri-business generally employing 37.5 percent of the world’s population (Central Intelligence Agency 2010). The majority of studies focusing on export propensity have predominantly captured data within the manufacturing sector from the United States (US) and Europe (Huang-Gay et al 2008; Rojec & Damijan 2004).

## **1.2 Primary Research Question and Objectives**

The current research seeks to identify the internal firm resources and capabilities, within the context of the seafood industry, that contribute to the export propensity of prawn farmers and prawn fishers in Australia (see definition in section 1.5). More concisely, this research seeks to understand what is it that enables some seafood producers to become exporters while others (even if they have the capability) continue to produce only for the domestic market. Therefore, the primary research question to be addressed is;

***“What factors contribute to the export propensity of Australian seafood firms?”***

**Table 1: The Research Objectives of this Thesis**

<b>Research Objective 1</b>	Identify factors that impact on export propensity for seafood firms.
<b>Research Objective 2</b>	Determine the level of importance that each identified factor has on export propensity for seafood firms.
<b>Research Objective 3</b>	Propose a model of export propensity for Australian seafood firms in assessing their export propensity.

*Source: developed for this research*

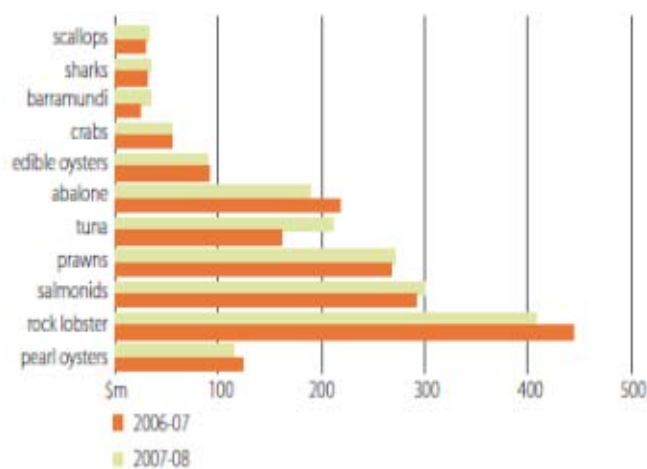
### **1.3 Justification of this Research**

For the national economy, the practical implications of research that has the potential to further develop Australia's significant seafood industry can be justified on three grounds, government policy, industry and theory. Justifications will be given and supported by a brief overview of the Australian seafood industry.

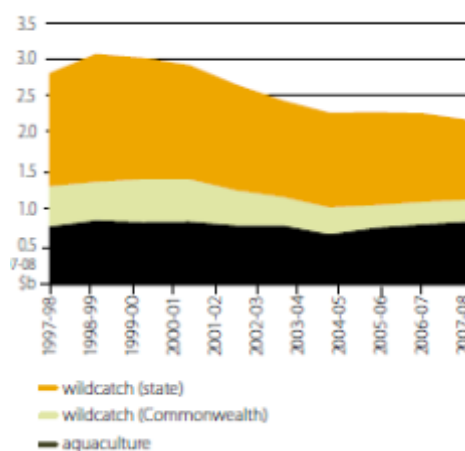
#### **1.3.1 Government Policy**

The Australian seafood industry represents the fifth most valuable food-based primary industry after wool, beef, wheat and dairy (Department of Agriculture Forestries and Fisheries 2009), with a gross production value of Australian dollars (AUD) 2.19 billion in 2007-08 (Australian Bureau of Agricultural and Resource Economics 2009; Australian Seafood Cooperative Research Centre 2009). The industry consists of wild-catch, aquaculture, processed seafood and Commonwealth Fisheries production (Austrade 2009). The real value of production (Figure 1.2) has been in decline since 1998, falling by 22 percent, as a result of the decline in value of rock lobster, prawns, abalone and tuna (Australian Bureau of Agricultural and Resource Economics 2009). In 2007-2008 total overall seafood production fell by 3 percent to 236 000 tonnes (Australian Bureau of Agricultural and Resource Economics 2008). Whilst the wild-catch sector decreased 6 percent in the last year, aquaculture production increased by 8 percent and represents 40 percent of the gross value of Australian fisheries. As shown in Figure 1.1, current production focuses on high valued species, primarily catering to the export industry.

**Figure 1.1: Total Production by Species**



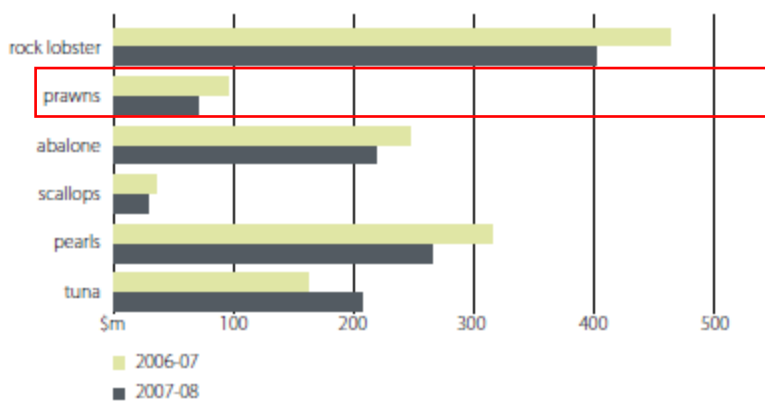
**Figure 1.2: Total Production by Sector**



Source: Australian Bureau of Agricultural and Resource Economics 2009

Seafood exports in 2007 to 2008 were reported at over one billion Australian dollars (Figure 1.3). Species such as rock lobster (AUD 401 million), abalone (AUD 217million), tuna (AUD 202million) and prawns (AUD 69million) appeal to broad international markets (Australian Bureau of Agricultural and Resource Economics 2009).

**Figure 1.3: Exports by Species**



Source: Australian Bureau of Agricultural and Resource Economics 2009.

Hong Kong, accounting for 42 percent of total export value (AUD 554 million), has emerged as Australia’s main export destination for seafood products, overtaking Japan, which now accounts for 32 percent of Australia’s total seafood exports (AUD 382 million). Hong Kong

and Japan are followed by the US (AUD 96 million), Chinese Taipei (AUD 45 million), and Singapore (AUD 43 million) (Australian Bureau of Agricultural and Resource Economics 2009). Rock lobster and abalone account for the majority (88%) of the exports to Hong Kong, whilst tuna (60%), rock lobster, abalone and prawns account for the majority of exports to Japan (Australian Bureau of Agricultural and Resource Economics 2009). Until recently, exports to Japan were suffering and significant decrease in export to China has occurred throughout the last three years, falling by almost 80 percent (Australian Bureau of Agricultural and Resource Economics 2009). The industry however, is facing the challenge of the declining total value of exports, which has fallen 49 percent in the last decade, primarily due to the steady appreciation of the Australian dollar in recent years, which has resulted in the fall in value of the key species (Australian Bureau of Agricultural and Resource Economics 2009).

By identifying the factors that encourage seafood firms to export part of their production overseas, economic expansion can be stimulated and contribute to the reduction of the national account deficit (Carbaugh 2009). This research will inform government policy makers regarding the identification of factors which influence the export propensity of Australian seafood firms. The results of this research will therefore facilitate an improved understanding of the position of seafood exporters and potential seafood exporters.

### **1.3.2 Industry**

The results of this research will provide practical application to industry, specifically business managers and practitioners in the seafood industry. The significance of this proposed research is supported by the fact that the Australian prawn industry was worth AUD 268 million in 2008 with AUD 69 million being exported around the world (Australian Bureau of Agricultural and Resource Economics 2009, p 17). Prawns are the third most valuable seafood export commodity at AUD 268 million, after rock lobster (AUD 407 million) and salmonoids (AUD 299 million) (Australian Bureau of Agricultural and Resource Economics 2009). In 2007-08 prawn exports decreased by AUD 28 million (see Figure 1.3). However, the Australian prawn industry currently has a strong domestic focus, primarily due to the high value of the Australian dollar and so is at risk of encountering market saturation and market shrinkage. The Australian prawn industry is made up two sectors, the wild-catch sector and the aquaculture sector.

**Wild-catch prawn sector.** Wild-caught prawns accounted for AUD 223 million of total prawn production in 2008 and national prawn consumption is increasing (Lobegeiger 2008). In 2007-08, prawns remained the most valuable species caught in the Commonwealth Fisheries, with the gross value of prawn production rising by 13 percent (AUD 9.6 million) to AUD 83.7 million. This increase was the result of a 26 percent increase in prawn production to 7900 tonnes in 2007-08, which counterbalanced the negative effect of an 11 percent decrease in average unit price on the gross value of prawn production (Australian Bureau of Agricultural and Resource Economics 2009). The value of crustacean production, which includes prawns, fell by AUD 38.4 million to AUD 696 million as a result of lower trading prices for prawns (as well as rock lobster) and the high value of the Australian dollar (Australian Bureau of Agricultural and Resource Economics 2009). In 2009, prawns were a significant contributor (17%) of total value of wild-catch seafood production in Australia (Fisheries Research and Development Corporation 2009).

**Aquaculture prawn sector.** Prawn farming is now the largest aquaculture sector in Australia (Australian Prawn Farming Association 2010) and farmed Australian prawns have an international reputation as being a safe and quality product. The prawn farming industry now produces over 5,000 tonnes of product annually with a farm gate value in excess of AUD 80 million, providing more than 1000 direct jobs and 1800 indirect jobs in the domestic economy (Austrade 2009). The Australian prawn industry is one of the smaller volumetric producers in the world, however it leads the world in productivity with an average yield of more than 4,500 kg per hectare (Australian Prawn Farmers Association 2010). Return on research and development investments in the aquaculture industry are expected to encourage growth in the future and opportunity remains for new areas of development in grow-out, hatchery, processing, marketing and service sectors (Department of Primary Industries and Fisheries 2008). This investment in the aquaculture industry will continue to increase prawn production capacity and therefore increase reliance on new export markets, as harvest volume is increased. Hence, this research will specifically assist managers of prawn firms, a valuable sector of the Australian seafood industry, to assess their export propensity. Furthermore, by exporting a firm can reduce its dependence on domestic markets (Leonidou 1998).

### 1.3.3 Theory

Limited research has been published to date that specifically focuses on agricultural firms and more specifically on seafood firms in countries outside of the US and Europe. Addressing the

urgent need for industry specific evidence, this research investigates the determinants of firm-level export propensity in Australia, focusing on the Australian seafood industry.

In summary, there is potential for growth in seafood exports from Australia due to an abundance of high-value products with a broad international appeal of both farmed and wild-catch species such as prawns (Australian Bureau of Agricultural and Resource Economics 2009; Peshanoff & Jaensch 2009; Stoler & Dolaldson 2008). Furthermore, industry growth correlates with increased capacity of firms to move from a domestic to an international focus, therefore creating new opportunities for internationally orientated seafood firms. The benefits of the seafood industry's potential economic (employment and contribution to national GDP) contributions to the Australian community is substantial. To assist prawn firms in accessing these emerging opportunities, managers need the tools to assist in assessing the export propensity of their firm.

#### **1.4 Methodology**

This research follows a two stage research approach. The data collection process was preceded by a comprehensive review of the export propensity and associated literature (Chapter 2). Stage one consists of semi-structured, in-depth interviews with prawn industry experts and stage two of semi-structured, in-depth interviews with four case study participants from prawn firms located throughout Queensland. The methodological approach for this research will be explained in detail in Chapter 3.

**Secondary Data.** Data was initially collected from secondary sources, primarily from the current body of academic literature, during the literature review component of the research process (Chapter 2). Additionally seafood and prawn industry reports, company documents and information from relevant government departments were sourced for the research. The researcher also had access to information from the Seafood CRC Australia database in the form of industry research and reports. The use of primary and secondary sourced data ensured triangulation of information during the data analysis.

**Stage 1. Industry Experts.** Four industry experts from both the farmed and wild-caught sectors of the prawn industry were interviewed in stage one of the research process. Three of the experts were located in Queensland and one in Western Australia (interviewed by telephone). Industry experts were interviewed to identify internal firm characteristics that are



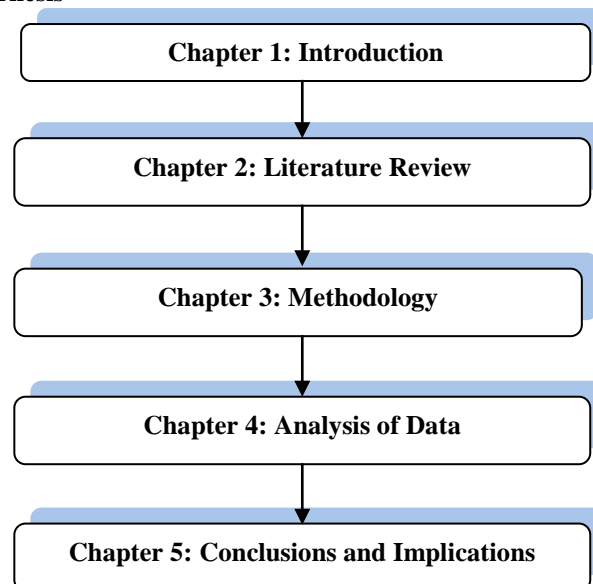
important for understanding why some firms export and others choose to focus on the domestic market. This data was then used to refine the stage two case study interview protocol.

**Stage 2. Case Studies.** Case studies were deemed to be an appropriate way of gathering rich data to accomplish the research objectives as well as the primary research question derived from the literature review (Eisenhardt 1991; Yin 2003). Stage two included a qualitative case study approach with two wild-caught prawn fishers and two prawn farmers. The case studies were conducted in Far North Queensland, South East Queensland and Southern Queensland. According to the Australian Bureau of Statistics' (2002) definition of firm size in the agricultural sector, three of the case studies were large firms and one a medium sized firm. This stage of the research followed a multiple case study design, therefore an examination of four case studies was deemed appropriate and firms were chosen to represent both sectors of the prawn industry; wild-caught and farmed. Owners and/or managers of the prawn firms were interviewed to identify factors of export propensity.

## 1.5 Outline of the Thesis

This thesis is structured into five main chapters as depicted in Figure 1.4. A description of the content of the five chapters is included below.

**Figure 1.4: Outline of Thesis**



*Source: developed for this research*

The purpose of chapter one is to lay the foundations for the research (Perry 1998). Consequently, this chapter comprises a brief background to the research from which the research question and research objectives are developed. The justification of the research and the methodology are then briefly outlined.

Chapter two contains a review of the body of academic literature relevant to the primary research question. Subsequent research questions and conceptual frameworks are then developed from the literature review.

Chapter three presents the methodology by which the research is undertaken, as well as justification for the chosen case study methodology. Research procedures and ethical considerations of the research project are also discussed.

Chapter four provides an analysis of the data and an explanation of the implications of the results on the research focus, export propensity.

Chapter five concludes this research. Research findings are explained within the context of the current area of research and also in the context of the findings from the literature review (Chapter 2). Conclusions and implications in relation to the primary research question are then presented. Limitations are acknowledged and implications for government policy, industry and theory development are discussed.

## 1.6 Definitions

To further assist in understanding the direction this research has taken, key terms used throughout the thesis are clarified below:

***Export propensity.*** There are a number of contending definitions of export propensity prevalent in current literature. Atuahene-Gima (1995, p.13) argued that, “propensity to export refers to a firm’s manifest outcome behaviour as represented by whether or not it currently exports its new products”. This research however, adopts a more current definition of export propensity by Estrin et al (2008, p. 577) who defines it as, “the factors influencing whether or not firms are exporting”. This definition was chosen as it encompasses the multi-dimensional constructs of export propensity.

*Prawn farmers.* Aquaculture firms.

*Prawn fishers.* Wild-caught firms.

*Prawn firms.* Refers to both prawn farmers and fishers.

*Size of prawn firms.* According to the ABS (2002), a size definition based on employment is not used for the agricultural statistics. This is due to the fact that Agricultural businesses can have large scale operations with relatively few or no permanent employees, using large numbers of seasonal and itinerant workers to satisfy short term labour needs. Therefore this study adopts the ABS definition of size based on the Estimated Value of Agricultural Operations (EVAO) measure. This measure is based on the area of crops sown, the number of livestock, and the crops produced and livestock sales throughout the year (Australian Bureau of Statistics 2002). A medium to large agricultural business is defined as one having an EVAO of between AUD 400 000 to AUD 600 000. Agri-business with an AVEO of AUD 600 000 and above are classified as large businesses (Australian Bureau of Statistics 2002).

## **1.7 Delimitations of Scope**

This research is restricted to members of the Australian Seafood Cooperative Research Centre (CRC). However, prawn industry participants in the Seafood CRC account for over 80 percent of the Australian Seafood industry's GDP, making it an appropriate sample source. The scope of an honours research project is itself a delimitation as sample size and research depth, as well as resources were subject to institutional, financial and time requirements.

## **1.8 Conclusion**

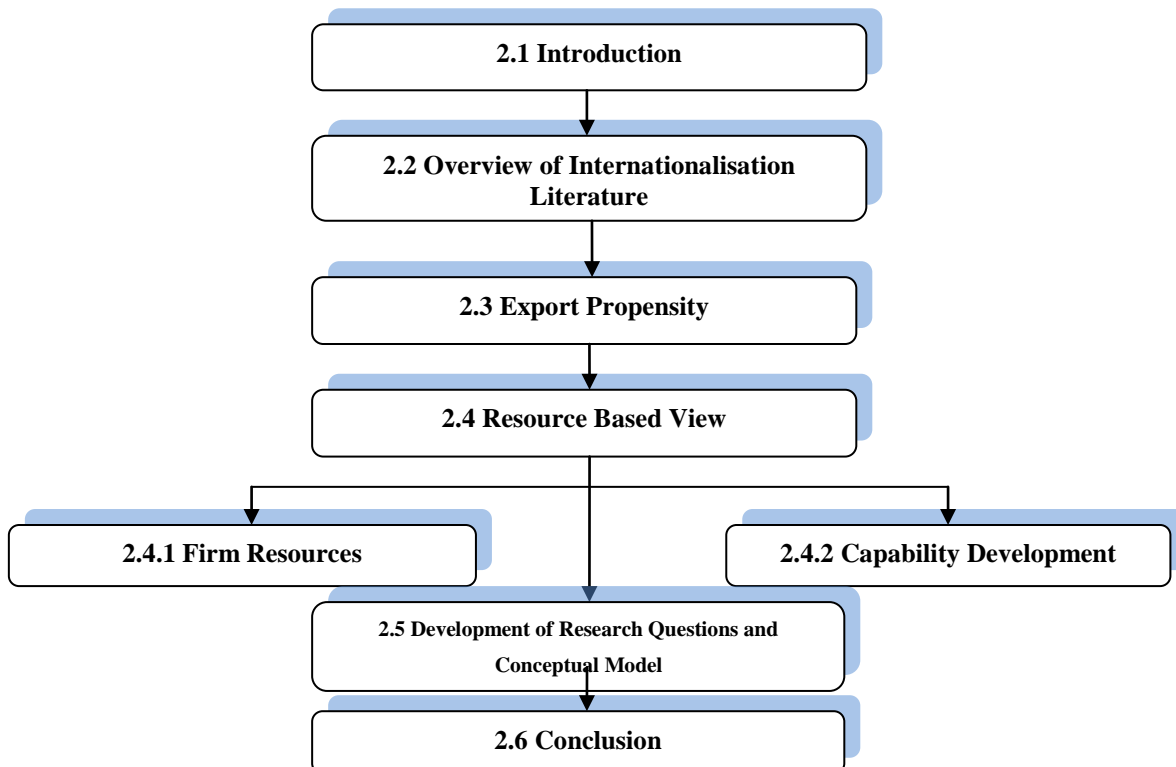
In summary, this chapter has provided a brief background to the current research and solid justification for study into the seafood industry. The research methodology and outline of the report were also outlined. The thesis will focus on identifying the firm characteristics that contribute to the export propensity of both prawn farmers and prawn fishers operating in Australia. Factors relevant to the study and their varying importance will be identified in light of a comprehensive review of the academic literature in Chapter 2.

## 2. Literature Review

### 2.1 Introduction

The purpose of this chapter, as depicted in Figure 2.1 below, is to review the extant body of literature to include industry documents relevant to the export propensity of Australian prawn firms in order to develop a conceptual model. Internationalisation is the theory in which export propensity is embedded. For this reason section 2.2 contains a review of the internationalisation literature to date. Section 2.3 then introduces export propensity before leading into section 2.4 which discusses the theoretical framework underpinning this research, the Resource Based View (RBV). Sections 2.4.1 and 2.4.2 highlight the key factors of export propensity identified in the literature review, beginning with firm resources in section 2.4.1 and firm capability development in section 2.4.2. Subsequent research questions for the current study that have been derived from the review of the literature are then outlined in section 2.5. Finally the conclusion will be stated in section 2.6.

**Figure 2.1: Overview of Chapter 2 (with section interrelationships and numbers noted)**



*Source: developed for this research*

## 2.2 Overview of Internationalisation Theory

There is vast body of literature on the internationalisation of firms relating to export propensity. For the purpose of this study, internationalisation is defined as the process of adapting firm's operations (strategy, structure and resources) to the international environment (Calof & Beamish 1995). This definition was also the first to include the phenomenon of de-internationalisation, which occurs when a firm has reduced its international sales or withdraws completely from the international market (Chetty & Campbell-Hunt 2003a).

The internationalisation literature can broadly be divided into two streams of research: the economic approach and the process approach (Benito & Gripsrud 1992). This study will adopt the process approach of internationalisation as it focuses on the internally driven actions of the firm and not on the externally determined economic drivers. The process approach has its base in organisational theory and the most widely accepted process model is the Uppsala Stage Model (Johanson & Wiedersheim-Paul 1975; Johanson & Vahlne 1990; Anderson 2000) as it considers the individual steps and decisions made by firms when considering and entering the export market.

A very significant amount of research has been dedicated to the process of export in the academic literature (Aksoy & Kaynak 1994; Huang-Gay et al, 2008; Javalgi et al 2000; Mittelstaedt & Ward 2006; Shaw & Darroch 2004) and the Uppsala Stage Model of internationalisation has received a large amount of scholarly attention since its development in 1975 (Chetty & Campbell-Hunt 2003b; Johanson & Vahlne 1990; Johanson & Wiedersheim-Paul 1975). However, research focusing on the pre-export stage of the Uppsala Stage Model, has not drawn the same volume of attention in the literature. In fact, because this pre-export stage of internationalisation is the stage where management may make the decision to proceed to stage two and begin exporting, it can arguably be identified as the export propensity stage. The current research will focus on the export propensity stage of internationalisation and explore what firm characteristics can contribute to an Australian seafood firm's decision to export.

From their original study, Johanson and Wiedersheim-Paul (1975) pioneered internationalisation process theory with a study of four Swedish manufacturing firms and identified four different stages of entering an international market, where each successive

stage represents a greater degree of internationalisation (Anderson 2000). At stage one, or the 'export propensity stage', there is no regular export activity thus there is not yet a measurable degree of internationalisation (Chetty and Campbell-Hunt 2003). The internationalisation process is marked by cumulative incremental progression, which evolves from interplay between the development of knowledge and market commitment (Chetty & Campbell-Hunt 2003; Johanson and Vahlne 1990). The Uppsala Stage Model emphasises the importance of information by focusing on market knowledge and commitment and deals with knowledge acquisition. How the organisation learns and how their learning affects their investment behaviour are the central issues for the model (Johanson & Vahlne 1990). Furthermore, to minimise risk and overcome uncertainty, the Uppsala Stage Model purports that firms should internationalise in a step-by-step process. In effect, as firms gain market knowledge they commit more resources to the market in order of the following stages; no regular export activities, export via independent agents, creation of an offshore sales subsidiary and finally the development or acquirement of overseas production facilities (Chetty and Campbell-Hunt 2003; Johanson & Vahlne 1990).

In a recent review of their original Uppsala Stage Model, Johanson and Vahlne (2009) concluded that, the contemporary business environment is viewed as a network of relationships rather than neoclassical markets, upon which their original model was based, with many independent suppliers, customers and stakeholders. According to the revised model, the contemporary firm is embedded in an 'enabling', and at the same time 'constraining', business network that includes stakeholders engaged in a wide variety of independent relationships. Therefore, internationalisation is seen as the outcome of a firm's actions to strengthen network positions by what is traditionally referred to as improving or protecting their position in the market. As networks are borderless, the distinction between the stages of internationalisation and expansion into foreign markets is less relevant, given the network context of the revised model (Johanson & Vahlne 2009).

Despite the popularity of the Uppsala Stage Model as an explanation of the path to internationalisation, it is widely understood that a firm's strategy for internationalisation is a complex configuration of inter-dependent activities and must always be understood in the context of the overall pattern of these configurations (Chetty & Campbell-Hunt 2003; Miller 1996; Porter 2004). Sullivan and Bauerschmidt (1990) reasoned that the complexity of

internationalisation makes it a series of incremental decisions rather than bold and broad-sweeping initiatives.

The literature also suggests that the steps taken towards internationalisation vary enormously, depending on a wide range of firm, industry and country specific factors and therefore cannot be homogenised into a stage theory of internationalisation (De Toni and Nassimberri 2001). Indeed, the evolution of business practices over the past decade confirms that incremental internationalisation is no longer the norm for firms entering international markets (Johanson & Vahlne 2009; Knight & Cavusgil 1996; Singh and Lindsay and Lindsay 1996). While some firms still follow the traditional, slow and evolutionary stage process of development, many firms now internationalise rapidly or are international at founding, or very shortly after (Knight & Cavusgil 1996). These types of businesses are now commonly known as ‘born globals’ (De Toni and Nassimberri 2001; Johanson & Vahlne 2009). The reasons for the different paths to internationalisation, both incremental and rapid, remains inconclusive in the literature with the only point of consent among researchers being the impact of barriers unique to the firm, that are encountered during the export process (Chetty & Campbell-Hunt 2003; Johanson & Vahlne 2009; Porter 2004). In summary, from the literature it can be deduced that the process of internationalisation, whether incremental or rapid, ultimately depends on the nature and export propensity of the firm. The literature on export propensity is discussed in the following section.

### **2.3 Export Propensity Literature Overview**

There are a number of contending definitions of export propensity prevalent in the current literature. Atuahene-Gima (1995, p. 15) for example defines propensity as, “a firms manifest outcome behaviour as represented by whether or not it currently exports its new products.” This early attempt at defining export propensity supports a more contemporary definition suggested by Estrin et al (2008), which has been adopted for this research. Estrin et al (2008, p. 577) define export propensity as, “the factors influencing whether or not firms are exporting.” This definition encompasses the multi-dimensional construct of export propensity (Gertner et al 2007).

The influence of firm characteristics on export propensity has received much attention in the literature over the past four decades (Bonaccorsi 1992; Calof 1994; Delacroix 1984; Javalgi et al 2000; Johanson & Vahlne 1975; Reid 1983). During the late 1970’s, 1980’s and early

1990's, studies on export propensity and firm related determinants dominated the export literature. The majority of these works have accumulated as more countries and firms began to place increased emphasis on the importance of exporting (Aksoy & Kaynak 1994; Hill et al 2008; Javalgi et al 2000). As globalisation has increased, so has the proliferation of export related literature. Accordingly, the phenomenon of export propensity has enjoyed a period of popularity (Bonaccorsi 1992; Calof 1994; Delacroix 1984; Javalgi et al 2000; Kaynak & Kothari 1984; Reid 1983; Sullivan & Bauerschmidt 1990). Export propensity research has primarily focused on the belief that a significant degree of dormant export potential tends to lie at the pre-export phase of export development. Encouraging non-exporters to become exporters is perhaps a more fertile area of interest for government than attempting to increase the export activity of marginal exporters (Hamilton and Dana 2003; Hutchinson et al 2009; Morgan 1997).

While export propensity has enjoyed a considerable amount of popularity in academic literature in the past, studies have been lacking in the new millennium. In the 1990's a slowdown in this stream of research was observed, with only six empirical studies inquiring into the topic (Leondiou 1998). The new millennium has seen the world contend with global pandemics, internationally administered war-fare, the rapid evolution of technology, the realisation of climate change and a global financial crisis, which has irrevocably altered the practice of business around the world. It is therefore arguable that new research into export propensity is necessary to reflect current business practices. Moreover, a significant gap in the literature has become evident, as export propensity, as its own theory and not as part of the internationalisation process, has not appeared to have attracted much attention in the research, particularly in non-manufacturing industries (Huang-Gay et al 2008). This gap includes the need to identify the firm characteristics, such as resources and capabilities that influence the export propensity of a firm. Hence, the aim of this research is to help to identify the internal firm factors that detract from a firm's likelihood of engaging in export. These are commonly referred to in the internationalisation and international relations literature as barriers to internationalisation.

***Barriers to internationalisation.*** Barriers encountered by firms intending to engage in export or who are currently engaged in export have been an area of special interest in the academic literature as exporting provides firms with the most popular mode of entering overseas markets (De Toni and Nassemeri 2001). The presence of these export barriers can largely



explain why current exporters are not exploiting their full potential in international markets and why non-exporters are not engaged in exporting at all (Leonidou 1995; Shaw & Daroch 2004).

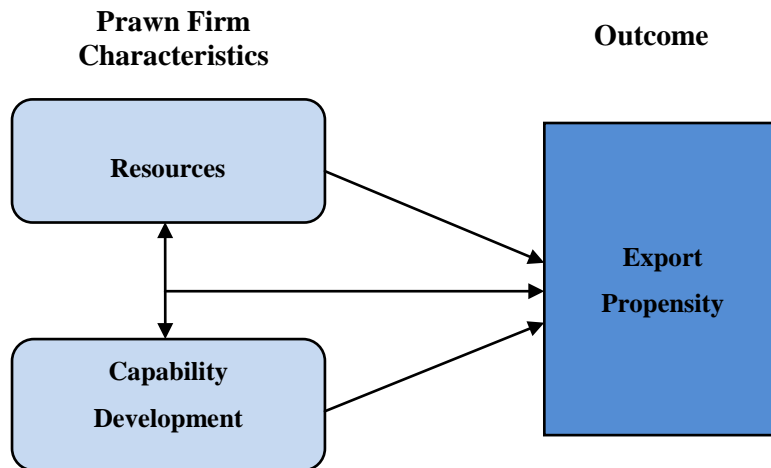
The literature to date has identified both external and internal export barriers for firms (Bonaccorsi 1992; Calof 1994; Delacroix 1984; Kaynak & Kothari 1984; Reid 1983). Barriers to exporting are defined in the literature as, “all those attitudinal, structural, operational, and other constraints that hinder the firm’s ability to initiate, develop or sustain international operations” (Leonidou 1995, p. 31). Internal barriers are intrinsic to the firm and are usually associated with available organisational resources, approach to export marketing or insufficient production capacity (Leonidou 1995a; Leonidou 1998b). Whereas external barriers to trade are imposed on a firm by external stakeholders, usually governments, and can be separated into two categories, tariff and non-tariff trade barriers. External barriers to trade, including tariffs, import quotas, economic sanctions and domestic production quotas, are usually outside the control of the firm (De Toni and Nassemeri 2001). The removal or minimisation of barriers to trade specific to a firm would contribute towards a higher level of export propensity (Leonidou 1995; Shaw & Daroch 2004).

The current research will focus on identifying the internal barriers (internal firm factors) underpinned by Resource Based View (RBV), a widely accepted theoretical perspective in which to understand firm factors (resources and capabilities) (Hutchinson et al 2009). This RBV theory has been adopted for the current study and will be discussed next in section 2.4.

## **2.4 Resource Based View**

RBV theory is embedded in the internationalisation literature and this section will now shift focus from the broad scope of internationalisation theory to RBV. The purpose of this section is to provide an overview of the RBV theory which will form the basis of the preliminary conceptual model (see Figure 2.2). The model for this research has been adapted from the model proposed and tested by Freeman (2009) in a study of export determinants of small to medium sized Australian exporters. This model originally tested export performance, however the dependent variable has been modified to export propensity for this research.

**Figure 2.2: Preliminary Conceptual Model**



*Source: developed for this research*

The RBV theory is becoming increasingly recognised as a key theoretical paradigm within export related literature (Matanda & Freeman 2009). This paradigm can be defined as a theoretical view that maintains that a firm gains and ultimately maintains competitive advantage by developing valuable resources and capabilities that are inelastic in supply (Akher & Robels 2006; Ray et al 2004). Hence, the RBV stresses the importance of internal resources and capabilities of the firm in the context of the competitive environment (Barney 1991; Chmielewski and Paladino 2007).

Arguably, the seminal work in RBV theory is from Wernerfelt (1984) however, there is a representation of earlier works, loosely tied to RBV, as early as Penrose in 1930. Research by Wernerfelt (1984) was to a largely ignored by academics and it was not until six years later that interest in the theory begin to surface. According to a study by Wernerfelt (1995) of practicing managers, the theory of RBV was not widely known until the publication by Prahalad and Hamel (1990). Their paper transformed RBV from a complicated academic concept into an accessible managerial strategy. In 1990, Barney began to map out the specific resources pertaining to RBV. This work has since become seminal literature in the area of RBV. Barney (1991) argued that in order to sustain a competitive advantage, a firm's internal capabilities and resources must have four key attributes; (i) they must be of value or able to exploit opportunities and neutralise threats in the environment, (ii) they must be rare among a firm's current and potential competitors, (iii) they must be difficult to imitate and distinct from competitors, and (iv) there cannot be equivalent substitutes for this resource.

Resources are defined as those tangible and intangible assets linked to the firm in a semi-permanent way, whereas capabilities are related to the way of accomplishing different activities, depending on available resources (Aragon-Sanchez & Sanchez-Martin 2005). In short, the RBV proposes that a firm is viewed as a bundle of linked resources, combined with resource conversion activities and will now be discussed in more detail next.

***Firm Resources.*** Resources are defined as all assets, human resources and organisational processes that are controlled by the firm and that enable it to conceive and implement strategies to improve its efficiency and effectiveness (Barney 1991). Furthermore, a resource is an observable (but not necessarily tangible) asset that can be valued and traded, such as a brand, a patent, a parcel of land, or a license (Huang-Gay Fung et al 2008; Makadok 2001). Resources may also include trade secrets, embedded technology, managerial, marketing and production skills, which are valuable and difficult to imitate and provide the sustainable competitive advantage needed for internationalisation (Barney 1991; Loane & Bell 2006). Porter (1998) argues that the most important resources are those that are superior in use, hard to imitate, difficult to substitute for, and more valuable within the firm than without.

***Firm Capabilities.*** Capability is defined as, “a special type of resource; specifically, an organisationally embedded, non-transferable, firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm” (Makadok 2001, p. 389). Capabilities may include product capabilities, information capabilities and relationship capabilities such as the development of innovating new products or services, accumulation and manipulation of data and relationships with agents and distributors (Aragon-Sanchez & Sanchez-Martin 2005; Freeman 2009). A capability is firm-specific since it is embedded in the organisation and its processes, while an ordinary resource is not. Because of the characteristics of firm capabilities, ownership of a capability cannot be easily transferred from one organisation to another without also transferring ownership of the organisation itself, or some reasonably self contained sub-unit of the organisation (Barney 1991; Makadok 2001; Zou & Cavigsil 2002).

Therefore, according to the RBV, a firm can be viewed as a bundle of interlinked and embedded internal resources and capabilities. Similar to Porter’s (2004) theory of competitive advantage, RBV highlights the importance of a firm’s internal resources and capabilities

which are very often both specific to the firm and intangible and therefore of great importance in the competitive environment (Aragon-Sanchez & Sanchez-Martin 2005; Collis & Montgomery 1995; Loane & Bell 2006). It follows that most firms will have a different mix of resources and capabilities and that their strategic response to their unique mix will allow for the possibility of different paths to growth and internationalise (Aragon-Sanchez & Sanchez-Martin 2005; Collis & Montgomery 1995; Singh and Lindsay 1996).

It must also be noted that dynamic capability theory has recently evolved from the RBV literature and argues that the RBV only sees firms as owning heterogeneous firm specific resources and hence a firm's competitive advantage comes from exploiting existing firm based assets (Freeman 2009; Teece et al 1997; Zahra et al 2006). The theory of dynamic capabilities concerns the way in which firms develop new skills and routines that allow them to be competitive in the market (Helfat and Peteraf 2009). Due to the infancy stage of the dynamic capability literature and the complex nature of dynamic capabilities, a widely accepted definition of the phenomenon is not yet available (Cepeda & Vera 2006; Collis and Montgomery 2008; Teece et al 1997). This research acknowledges the contributions of the dynamic capabilities perspective and will draw upon these recent contributions, however will follow the rationale behind the seminal RBV framework.

For the purpose of this research, and similar to a range of authors (Barney 1991; Eisenhardt and Martin 2000; Freeman 2009), firm resources, will include the physical resources of the firm's production and technology capabilities, human resources will include intangible assets such as management expertise and commitment. Organisational resources encapsulate the planning, coordination processes and systems within the firm. Lastly, financial resources explain the capital available for a firm to develop export markets. Firm capabilities are defined as a firm's information, relationships and product development capabilities which include collecting and decimating information forming relationships with international wholesalers and adapting products to suit new markets (Barney 1991; Freeman 2009). Table 2.1 sets out the export propensity studies underpinned by the RBV framework. Descriptors have been assigned which allows the reader to identify the variables of firm resources and capabilities which have been adopted in these studies.

**Table 2.1 Summary of Export Propensity Research**

<b>Section 2.3</b> Overview of Ex. Prop & Int. Literature	<b>Section 2.4</b> Resource Bases View		<b>Industry, country</b>
<b>Researchers</b>	<b>Section 2.4.1</b> Resources	<b>Section 2.4.2</b> Capabilities	
<b>column 1</b>	<b>column 2</b>	<b>column 3</b>	<b>column 4</b>
McGuinness & Little, 1981	3		Manufacturing, USA
Delacroix, 1984	2,6		Mixed, USA
Sullivan & Bauerschmidt, 1990	4		Forest products, Europe
Bonaccorsi, 1992	6	2	Manufacturing , Italy
Katsikeas & Piercy, 1993	3,6		Manufacturing, Europe
Aksoy & Kaynak, 1994	2,4,5	1,3	Agriculture industry/ fresh produce, Europe
Calof, 1994	6		Manufacturing, Canada
Atuahene-Gima, 1995	2,3		Retail/Manufacturing, Australia
Gusmede, 1995	2,5,6		Manufacturing, South Africa
Leonidou, 1995	5		Manufacturing, Cyprus
Oviatte & McDougall, 1995		2	,Mixed,NZ
Morgan, 1997	3,5		Retail/manufacturing, United Kingdom
Roberts & Tybout, 1997		1,2	Manufacturing, Columbia
Leonidou, 1998	3,6		Manufacturing, Cyprus
Philip, 1998	6	1,3	Manufacturing, Australia
Dyer & Singh, 1998		2	Retail, USA
Javalgi et al, 1999	6		Manufacturing, USA
Anderson & Wictor, 2003		2	Retail/Manufacturing, Sweden
Hamilton & Dana, 2003	4,5	1,2	Mixed, NZ
Sjoholm, 2003	6	1,2	Manufacturing, Indonesian
Chetty & Campbell-Hunt, 2003		2	Service/Manufacturing, NZ
Lim et al, 2003		3	Manufacturing USA
Morgan, 2004		1	Retail, United Kingdome
Rojec & Damijan, 2004	2,4		Manufacturing ,Estonia
Suarez-Ortega & Alamo-Vara, 2005	3,6	1,2	Manufacturing/Retail, USA
Huang-Gay et al, 2008	2,6		Manufacturing , China
Hutchinson et al, 2009	3, 4, 5		Retail, United Kingdom

<b>Firm Resources</b>		<b>Firm Capabilities</b>	
Descriptor	<i>Physical</i>	Descriptor	<i>Capability</i>
1	Technology	1	Information
2	Production Capacity	2	Relationships
	<i>Human</i>	3	Product Development
3	Experience		
4	Commitment		
	<i>Organisational</i>		
5	Planning		
	<i>Financial</i>		
6	Capital		

Source: developed for this research

Table 2.1 shown above contains a summary of the extant internationalisation and export propensity literature, which included findings, based on some or all of the RBV factors. The table is set out as follows.

**Column 1.** The first column of Table 2.1 lists the identified export propensity journal articles in chronological order. As can be seen in Table 2.1, studies on export propensity were carried out more extensively in the 1990s, whereas the trend in the literature now seems to be focussing on the export performance of firms (e.g. Freeman 2009; Matanda and Freeman 2009; Ural 2009) rather than the pre-export stage of internationalisation. This research trend is perhaps the result of the rapid opening up of markets and lowering of trade barriers experienced in the new millennium due the “...opening up effects of globalisation of markets” (OECD 2008). It follows that the proliferation of ‘born globals’ has shifted the academic focus from the pre-exporting to the exporting stage.

**Column 2.** The second column of Table 2.1 lists the firm resources which were found to influence export propensity. As can be seen, human resources proved to be the most reported factor within the resource construct and was reported 12 times, followed closely by financial resources, referred to as capital, in 11 studies. Physical resources were only reported six times and organisational resources were reported six times.

**Column 3.** The third column of Table 2.1 shows the journal articles which were found to influence export propensity. As can be seen in Table 2.1, relationship capability was found to be the most reported factor and was cited nine times. Followed by information capability, cited seven times and product development was reported in three studies.

**Column 4.** As seen in Table 2.1, column four illustrates the industry sector and country focus of the export propensity studies. The overwhelming majority of these studies have captured data from Europe and the US with only two studies focusing on the export propensity of firms in Australia.

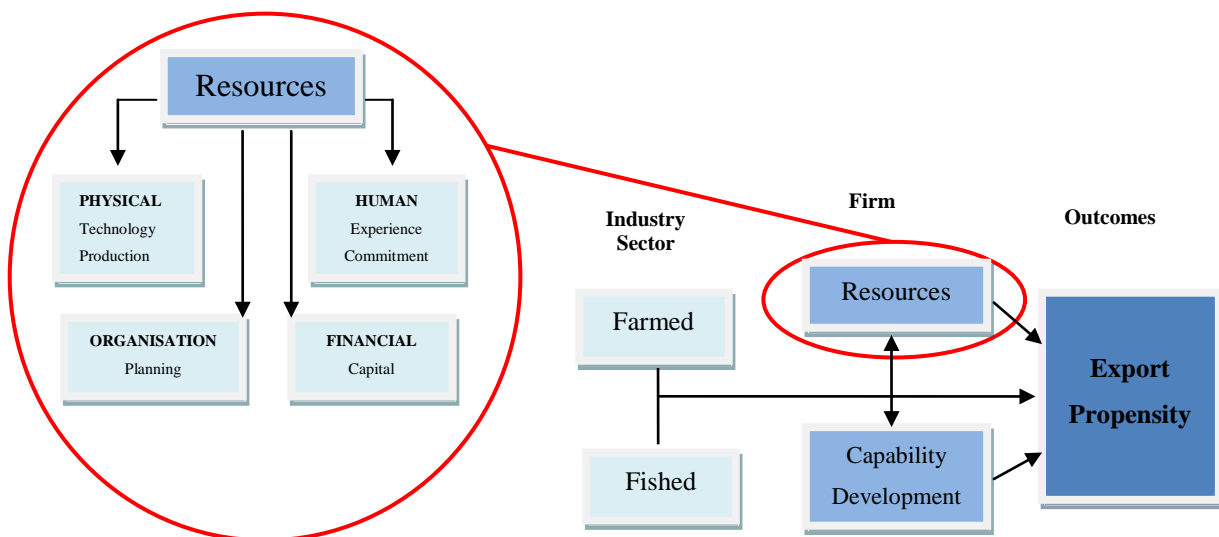
In summary, due to increasing uncertainty in the international business environment, a firm’s resources and capabilities have become the principle source of sustainable competitive advantage and therefore the catalyst for strategy formulation (Teece et al 1997). It can be argued therefore that the RBV suggests a holistic view of a firm, in which the coordinated deployment of resources and capabilities provides the foundation for exporting (Knight &

Cavusgil 1996). The following sections will discuss the factors of RBV to include, the firms resources (section 2.4.1), as well as capability development (section 2.4.2).

### 2.4.1 Resources

For the purpose of the current research and as shown in Figure 2.3 below, firm resources are defined as: physical resources, human resources, organisational resources and financial resources (Barney 1991; Haber & Reichel 2007; Freeman 2009). Physical resources are the firm’s production and technology capabilities. Human resources include intangible assets such as management expertise and commitment. Organisational resources encapsulate the planning, coordination processes and systems within the firm. Lastly, financial resources explain the capital available for a firm to develop export markets (Barney 1991; Freeman 2009).

Figure 2.3: Firm Resources



Source: developed for this research

Table 2.2 provides a review of the literature relating specifically to firm resources and export propensity. As previously reported human resources were reported in 12 studies, with experience reported in six studies and commitment in five. Physical resources were reported in six studies, with all studies adopting production capacity with no evidence for technology as an influence of export propensity. Financial resources were reported in 11 studies as an important resource and organisational resources were reported six times. The following section will discuss each identified variable in turn and elaborate on the information tabled below. Table 2.2 contains studies that have been extrapolated from Table 2.1 and

also includes studies focusing on individual variables pertaining to the four human resource constructs.

**Table 2.2 Summary of Export Propensity Literature Pertaining to Firm Resources**

Literature	Firm Resources					
	Physical		Human		Organisational	Financial
	Technical	Production	Experience	Commitment	Planning	Capital
	0	6	7	5	6	11
McGuinness & Little, 1981			✓			
Delacroix, 1984		✓				✓
Sullivan & Bauerschmidt, 1990				✓		
Bonaccorsi, 1992						No support
Katsikeas & Piercy, 1993			✓			✓
Calof, 1994						No support
Aksoy & Kaynak, 1994		✓		✓	✓	
Atuahene-Gima, 1995		✓	✓			
Gusmede, 1995		✓			✓	✓
Morgan, 1997			✓		✓	
Phillip, 1998						✓
Leonidou, 1998a					Indirect effects	
Leonidou, 1998b			✓			✓
Javalgi et al, 1999						✓
Hamillton & Dana, 2003				✓	✓	
Sjoholm, 2003						✓
Rojec & Damijan, 2004		✓		✓		
Suarez-Ortega & Alamo-Vara, 2005			✓			✓
Huang-Gay, 2008		✓				✓
Hutchinson et al, 2009			✓	✓	✓	
✓= denotes a positive influence on export propensity						

Source: developed for this research

### 2.4.1.1 Physical Resources

**Technical.** Physical resources include a firm’s technical knowledge and production processes that are valuable and difficult to imitate (Lee et al 2001). Technical resources refer to a firm’s technical assets such as complex manufacturing or production processes that can provide a firm with a stronger competitive position in the export market (Barker et al 1992; Barney 1991; Leonidou 1998a). While no references to technical resources as a contributor to export



propensity were identified, according to the RBV, it can be argued that firms with modern, well maintained and efficient technology have a competitive advantage and therefore higher export propensity (Barney 1991; Lee et al 2001). The literature also states that technology allows firms to compete in export markets via new product development and enhanced manufacturing processes and is widely acknowledged as a critical and fundamental tool that facilitates innovation and fast response to changes in the export environment (Holmund & Kock 1998; Huang et al 2002). However despite the recognised importance of technology in RBV theory, no studies in fact adopted technology as a contributing factor to export propensity. Therefore it can be argued that technology was not found to be an important factor of export propensity as it was not identified in any studies. This could have two implications. Firstly, that the technology component of RBV in regards to export propensity has not been considered in detail by researchers and is thus a significant gap in the literature. Secondly, that it follows common sense logic that firms rich in technology would have a competitive advantage and therefore increased level of export propensity, therefore rendering the need for academic inquiry into this relationship redundant.

***Production.*** A firm's production capacity is its ability to produce the goods and services demanded by its customer base (Suarez-Ortega and Alamo-Vara 2005). Whereas, Rojec and Damajen (2004) developed the concept of a 'productivity gap' as a tool to determine a firm's ability based on their productivity or production levels and may be applied to exporting and non-exporting firms. As shown in Table 2.2, in a study by Gusmede (1995), the study of Estonian and Slovenian manufacturing firms, found that differences in export propensity between foreign and domestic firms are significant and are due to different productivity levels. Differences in productivity affect the firm's level of export propensity insofar as more efficient firms are also more competitive in international markets (Rojec & Damajen 2004). Table 2.2 also shows that the physical resource of production reported in six studies is moderately represented in the literature as a positive influence on a firm's export propensity. Therefore, according to the literature, to develop export propensity capability Australian prawn firms need to have efficient levels of productivity.

#### **2.4.1.2 Human Resources**

***Experience.*** As can be seen in Table 2.2 human resources in the form of managerial experience was reported in seven studies. The literature has revealed that managerial experience is well supported in the literature as a means of increasing the export propensity.

It follows common sense that managers and company decision-makers with international business experience are more likely to engage in and actively pursue export activities (Atuahene-Gima 1995; Hutchinson et al 2009). As Cavusgil and Zou (1994) and Katsikeas and Piercy (1993) explain, managers with international experience can be a hugely beneficial resource to a firm as they bring with them exporting experience, previously developed international networks and contacts as well as a low level of psychic distance which can potentially be introduced to non-exporting firms. Leonidou (1998b) also found for their study that managers with international experience have higher managerial and enterprise competence, these competencies were identified as the most significant stimulus for export and therefore an important factor of a firm's export propensity. As many Australian prawn firms, primarily in the aquaculture industry, have a domestic market focus, this human resource component of managerial commitment may have a positive effect on a firm's export activity.

***Commitment.*** Table 2.2 shows managerial commitment plays an important role in a firm's export propensity with five studies having a positive influence. Hamilton and Dana (2009) reported that managerial attitude exerts a major influence in determining the exporting activities of firms. Hence, a commitment to grow the firm into an international enterprise must be present in both the managers and owners of the organisation for exporting to occur. This was supported in studies by Sullivan and Bauerschmidt (1990) and more recently Hamilton and Dana (2003) and Hutchinson et al (2009) that found that in particular, a positive interest, desire and commitment to export must be exhibited by the decision makers of the firm in order to increase export propensity. Aksoy and Kaynak (1994) also identified that ownership of the business and commitment to objectives as two factors determining export behaviour.

***Development of Research Question 1.*** In summary, preliminary research findings have revealed a significant positive correlation between human resources, managerial experiences and commitment, and export propensity. This finding from the literature will be tested in this research further and referred to henceforth as research question 1 (RQ1): *Does the experience and commitment of managerial staff have a significant positive influence on the firms export propensity?*

### 2.4.1.3 Organisational Resources

**Planning.** As seen in Table 2.2. Organisational resources in the form of planning were reported in six studies, with five studies reporting a positive impact on export propensity. Aksoy & Kaynak (1994) as well as Hamillton et al (2009) found that a manager's commitment to export development is indicative of the level of planning. Further, the firm's competitive advantage in marketing, intelligence and other functional business areas can also be linked to planning and the firm's export propensity. It can therefore be argued that by creating a comparative advantage through planning activities, a firm will increase its export capability and hence its export propensity. However, Leonidou (1995a) found that planning to gather information on marketing, export intelligence and other areas had no serious impact on the willingness of the non-exporting companies to consider export.

### 2.4.1.4 Financial Resources

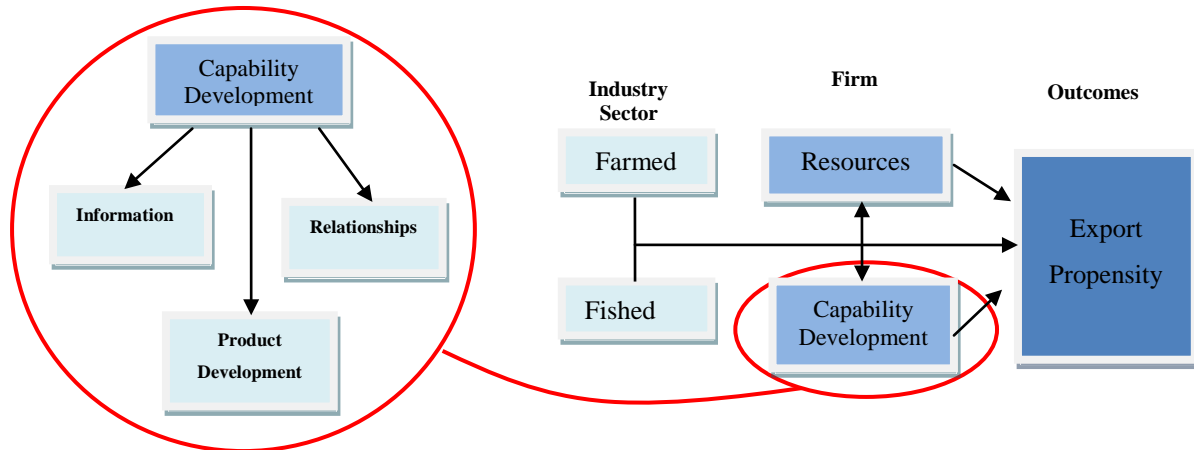
**Capital.** The decision to export to foreign markets requires additional resources and capabilities that must be financed by the company (Sjoholm 2003). A firm therefore must have sufficient capital resources if they are to begin exporting. Firm capital, the most cited firm characteristic in the export literature, was cited 11 times, as can be seen from Table 2.2. The abundance of academic attention to this particular RBV factor is perhaps due to the measurability of the factor and therefore ease of data collection and assessment. For example, Javalgi et al (1999) found in a study of manufacturing firms in the US, that sales revenue is in most cases the primary contributor to a firm's capital resources. It follows that total revenue is a direct contributor to the level of a firm's export propensity, as revenue feeds directly into capital resources. However, of the 11 studies that included capital as a variable to determine export propensity, three found capital to be unsubstantiated and even unimportant. The following section will introduce the discussion on capability development in the context of the current study.

## 2.4.2 Capability Development

Simply acquiring valuable resources is insufficient to ensure a competitive advantage; indeed it is the combination of resources and capability development that is valued in the export market (Freeman 2009; Morgan & Hunt 1999). Performance differences among firms result not only from the control of idiosyncratic resources, but also from capabilities that combine and transform available resources into superior customer value (Barney 1991; Freeman 2009; Hung-Gay 2008). As illustrated in Figure 2.4 below, this research will adopt information,

relationships and product development capabilities as indicators of capability development and will attempt to investigate in more detail the influence of these three variables on a firm's export propensity.

**Figure 2.4: Capability Development**



Source: developed for this research

A review of the studies that have explored capability development as indicators of export propensity is summarised in Table 2.3 below. Information capability was reported in seven studies, relationship capability in nine studies and product development in three studies.

**Table 2.3 Summary of Export Propensity Literature Pertaining to Capability Development**

Literature	Capability Development		
	Section 2.4.2.1 Information	Section 2.4.2.2 Relationships	Section 2.4.2.3 Product Development
	7	9	3
Bonaccorsi 1992		✓	
Aksoy & Kaynak, 1994	✓		✓
Oviatte & McDougall, 1995		✓	
Roberts & Tybalt, 1997	✓	✓	
Philip, 1998	✓		✓
Dyer & Singh, 1998		✓	
Anderson & Wictor, 2003		✓	
Chetty & Campbell-Hunt, 2003	✓	✓	
Hamillton & Dana, 2003		✓	
Lim et al, 2003			✓
Sjoholm, 2003	✓	✓	
Morgan, 2004	✓		
Suarez-Ortega & Alamo-Vara 2005	✓	✓	

✓ = denotes a positive influence on export propensity

Source: developed for this research

### 2.4.2.1 Information Capability

Information capability is defined as a firm's capability to acquire and disseminate information about customers, competitors and the wider export market environment which helps to reduce the uncertainty a firm associates with a specific export market (Morgan et al 2004). As shown in Table 2.3, information capability was reported in seven studies as an influencing factor on export propensity, therefore this factor is significantly represented in the literature. Sjöholm (2003) found that a firm's decision to export to foreign markets requires information on consumer preferences, distribution channels and marketing. Moreover, this study found that it is necessary to identify the main competitors and to learn about the foreign institutional framework.

The accumulation of specific market information for exporting was found by Loan and Bell (2006), to be rare, valuable and difficult to substitute and to have the ability to increase a firm's international competitive advantage. Further, Phillip (1998) and more recently Suarez-Ortega and Alamo-Vara (2005), reported that a manager's foreign language proficiency and subsequent ability to access information relevant to the business in the host market was identified as having a positive influence on the firm's export propensity. Aksoy and Kaynak's (1994) study on the export behaviour of fresh produce marketers supported this finding by also identifying that management's qualities and attitudes in areas such as awareness of information are relevant to the firm's export objectives. For example awareness of government export promotions, access to research and development information were all higher in exporting firms than non-exporting firms and were regarded as a key capability.

***Development of research question 2.*** In summary, as shown in Table 2.3, there is a consensus across the literature acknowledging that increased information capability, including managerial and firm access to market intelligence, is increasingly important to firms when considering exporting (Aksoy & Kaynak 1994; Loan & Bell 2006; Suarez-Ortega & Alamo-Vara 2005). Therefore, preliminary research findings have revealed a significant positive relationship between information capabilities and export propensity. This finding will be further examined in Chapter 4 of this thesis and will be referred to hereafter as research question two (RQ2): *Are relationship capabilities of the firm an important contributor to export propensity?*

### 2.4.2.2 Relationship Capability

With increasing complexities in the international business environment, greater emphasis has been placed on the importance of building relationships and foreign networks (Loan & Bell 2006; Sjöholm 2003). Table 2.3 shows that relationship capabilities were reported in nine studies as an important determinant of export propensity.

The review of the literature concerning the relationship capability found that networks and relationships have a similar meaning and will forthwith be used interchangeably. International networks, both personal and organisational, are important for export start-ups, or new export markets with a new product offering (Anderson & Victor 2003; Oviatte & McDougall 1995). There was some evidence that business networks offer the only vehicle for internationalisation when the process is sudden and involves big increases in capability and specialisation (Chetty & Campbell-Hunt 2003).

Hamilton and Dana (2003) cite the importance of commitment to long term relationships with international partners, which greatly improves and can sustain a firm's export propensity. It can take a considerable commitment and investment of time, managerial effort and capital to create and sustain international working relationships. However the investment of time and money to foreign networks and business relationships will decrease a firm's costs for collecting new data on new markets (Roberts & Tybout 1997; Sjöholm 2003). Investment in establishing profitable relationships may take many attempts and can fail completely (Hamilton & Dana 2003). Thus, a working relationship is the result of a considerable amount of investment and is an important firm capability (Dyer & Singh 1998). Roberts and Tybout (1997) suggested that foreign networks have the added advantage of decreasing firms' costs for collecting new data on new markets. In fact, long term, quality relationships offer advantages to all parties involved as resources are leveraged through joint efforts (Doole et al 2006).

***Development of research question 3.*** The finding mentioned above points to the possibility that, for Australian prawn firms, the advantages of committing to the development of mutually beneficial, long-term business relationships with stakeholders, both domestically and internationally, is an important factor of export propensity that requires a more detailed examination. Therefore, preliminary findings from the literature review indicate a significant

positive relationship between firm capabilities and export propensity in the form of relationship capabilities. This study will examine this factor further in Chapter 4 and will be referred to hereafter as research question three (RQ3): *Is the information capability of the firm an important contributor to export propensity?*

#### **2.4.2.3 Product Development Capability**

Product capability development was referred to in four studies, as shown in Table 2.3, as a determining factor of export propensity. Many researchers have examined various issues associated with new product development and have concluded that it is critically important for export success (Cooper & Kleinschmidt 1985; Murray & Chao 2005; Zirger & Maidique 1990). Aksoy and Kaynak (1994), purport that it is important for a firm to actively seek to understand the product development requirements of its customer base, whether in domestic or international markets, and that an understanding of changing customer requirements at a managerial level is imperative to the firm's product development capability. For non-exporters and marginal exporters new product development practices were important considerations in the process of export development and therefore were found to contribute heavily to the export propensity of the firm (Lim et al 2003).

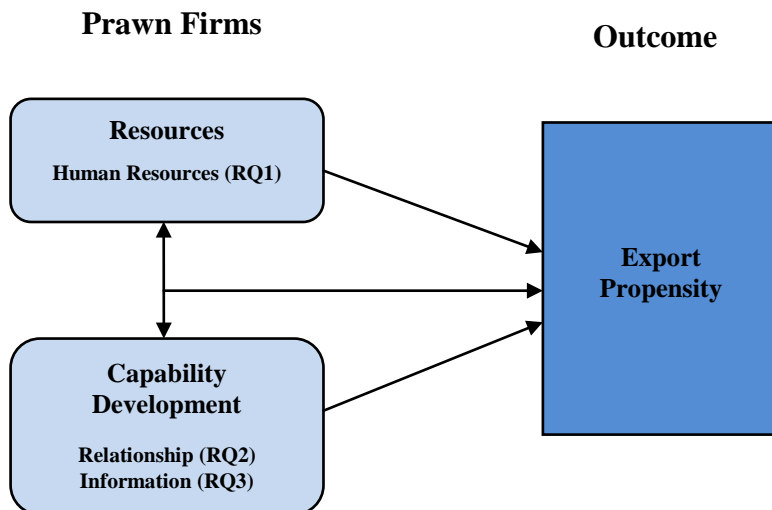
Furthermore, rapid technological developments have drastically changed the competitive landscape in the global economy and firms have been forced to initiate new product development processes that are flexible in nature and responsive to changes required by international markets (Lim et al 2003; Murray & Chao 2005). It has been found that firms must not only actively seek to understand the product development requirements for its customers but need to innovate in accordance with changes in technology and the demands of an international customer base (Rojec and Damijin 2004).

The findings and subsequent research questions developed from this literature review are summarised in the following section.

## 2.5 Summary of Research Questions

Having completed a review of the literature pertaining to export propensity and the internationalisation process, it is possible to revisit the theoretical framework to address the primary research question: *What factors contribute to the export propensity of Australian seafood firms?* The theoretical framework for this research is depicted in Figure 2.5.

**Figure 2.5 Theoretical Framework for this Research**



Note: RQ denotes Research Question

Source: developed for this research

The theoretical framework in Figure 2.5 is adapted from the Freeman (2009) and Barry (1990) model and contains several factors of the RBV theory. None of these factors have been previously studied in the context of Australian seafood firms, or more specifically, in the context of the Australian prawn industry. The preliminary findings of the literature review identified that all factors of the RBV model, excluding technology, were identified in the export propensity literature. Three of these factors were prominent in the literature. These were human resources, information capabilities and relationship capabilities. To address these findings, the current research seeks to scrutinise the relationship between these variables and export propensity by examining the three research questions below in Table 2.5.



**Table 2.5 Research Questions for Further Examination**

<b>Research Question 1</b>	<b>Firm Resources</b>
	Does the experience and commitment of managerial staff have a significant positive influence on the firms export propensity?
<b>Research Question 2</b>	<b>Firm Capabilities</b>
	Are relationship capabilities of the firm an important contributor to export propensity?
<b>Research Question 3</b>	<b>Firm Capabilities</b>
	Is the information capability of the firm an important contributor to export propensity?

*Source: developed for this research*

Although no additional factors of export propensity were identified in the literature review, strong relationships exist between export propensity, experience and commitment of management, relationship and information capability therefore supporting the preliminary conceptual model.

## **2.6 Conclusion**

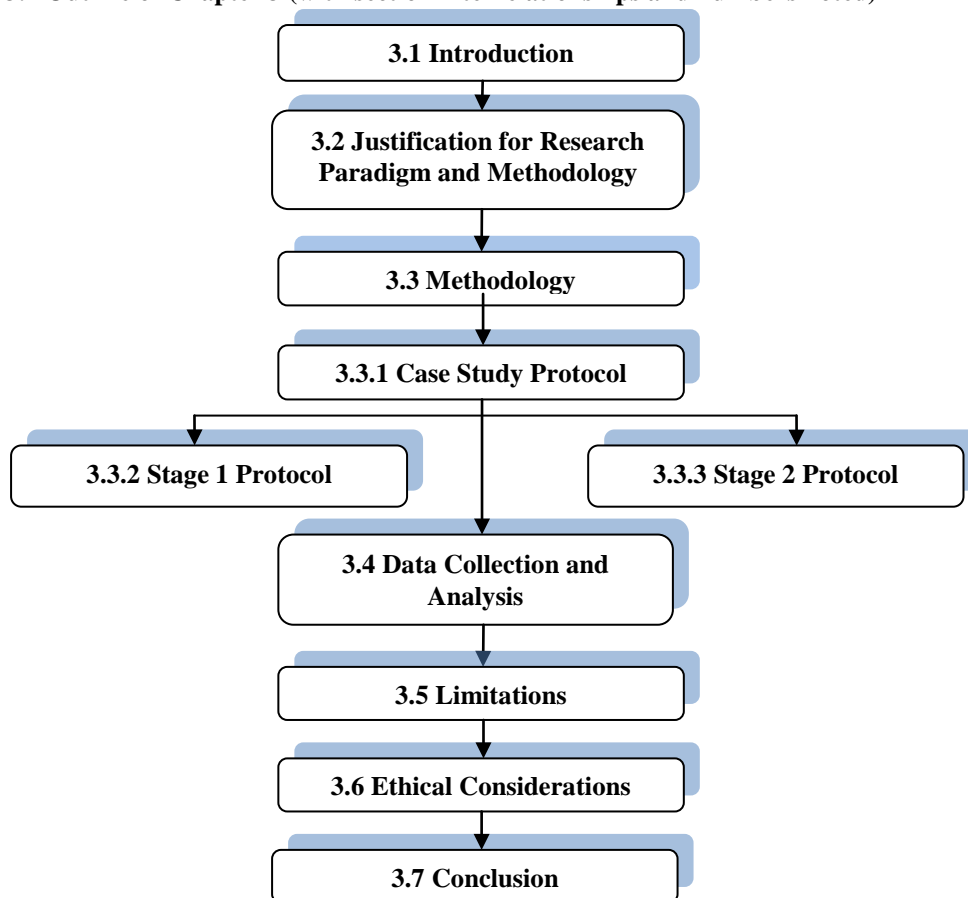
Australian seafood firms encounter their own types of barriers to internationalisation and are subjected to a host of challenges unique to the seafood industry. This research aims to contribute new evidence to the existing body of literature, which has until now predominately focused on firms within the manufacturing industry. In this chapter the adopted RBV theory was used to identify a firm’s resources and capabilities, as reported in the extant literature. A theoretical framework for the export propensity of Australian seafood firms was then developed. Based on this framework, three research questions were identified. The research questions will be used in the formation of the case study protocol, detailed next in Chapter 3, and further explored in Chapter 4 of this study.

### 3. Methodology

#### 3.1 Introduction

The following chapter explains and justifies the methodological approach and research protocols used for data collection to address the research questions identified in the literature review (section 2.5). The preferred research paradigm for the current study is the realism paradigm and, due to the gaps identified in the literature review (Chapter 2), the researcher has chosen the case study method of inquiry in order to build theory. This approach is justified by a discussion on the validity of the case study method (section 3.2). This is followed by a discussion of the case study protocol (section 3.3). The stage one protocol (section 3.3.2) and stage two protocol (section 3.3.3) of the research process is then discussed. Following this, the data collection and analysis process is explained (section 3.4.). The limitations of the case study research (section 3.5) are then identified, followed by a discussion on the importance of research ethics (section 3.6). The chapter is then summarised (section 3.6).

Figure 3.1 Outline of Chapter 3 (with section interrelationships and numbers noted)



Source: developed for this research

## 3.2 Justification for Research Paradigm and Methodology

The validity of all research is based on underlying assumptions of the researcher about what constitutes ‘valid research’ and which research methods are the most appropriate (Chenail 1997). Individual researchers are also likely to employ specific methods (such as interviews or focus groups) and methodological approaches (such as conversation or discourse analysis) to suit their own preferred position, thereby choosing to emphasise some aspects or properties of the approach and de-emphasise others (Barbour 2008). The research design is ultimately the choice of the researcher and should be dictated by the purpose of the research and the level of existing knowledge about the research issue (Yin 2003). An important component of the research design is the paradigm.

### 3.2.1 Research Paradigm

A research paradigm can be defined as, “an overall conceptual framework within which a researcher may work, that is, a paradigm can be regarded as, “the basic belief or world-view that guides the investigator” (Guba & Lincoln 1994, p. 105). Table 3.1 below summarises the philosophical assumptions of Epistemology, Ontology and Methodology in the context of the four different research paradigms of social science.

**Table 3.1 Elements of the Paradigms of Social Science**

Research Paradigm				
	Positivism	Realism	Critical Theory	Constructivism
<b>Epistemology: The nature of the research</b>	<i>Objectivist:</i> Observer, findings are true	<i>Modified objectivist:</i> Observer with some level of participation, but objectivity is sought, findings probably true.	<i>Subjectivist:</i> Transformative intellectual, value mediated findings	<i>Subjectivist:</i> Passionate participant, created findings
<b>Ontology: The nature of the data</b>	<i>Naïve realism:</i> reality is real and apprehensible	<i>Critical realism:</i> reality is ‘real’ but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to know it.	<i>Historical realism:</i> ‘virtual’ reality shaped by social, ethic, political, cultural, and gender values, crystallised over time.	<i>Critical relativism:</i> multiple local and specific ‘constructed realities’.
<b>Methodology</b>	<i>Experiments/ surveys</i>	<i>Case studies/ convergent interviewing</i>	<i>Dialogic/ dialectical</i>	<i>Hermeneutical/ dialectical</i>

Source: adapted from Guba & Lincoln 1994; Perry 1998 p. 547

If the variables influencing the export propensity of Australian seafood firms had been identified previously in the literature review, this study would have adopted the standard

approach of incremental empirical testing and extension (Hartley 2004). However, there is little known about seafood firms and export propensity in Australia and so it is argued that a theory-building approach is the most appropriate (Eisenhardt 1989; Yin 2003). Thus, the methodological approach for the current study is a qualitative research approach. Qualitative research has the ability to build theory and therefore answer very different questions from those addressed by quantitative research (Barbour 2008).

As such, this research will be constructed within the realism paradigm. As seen in Table 3.1, the realism paradigm's methodology allows in-depth interviews in the form of case studies and convergent interviewing. Therefore, unlike positivism, critical theory and constructivism, realism is not restricted to formal and rigid methodological structures, making it more suited to the purpose of collecting qualitative data (Perry 1998). Realism seeks to understand the common reality of the phenomena in which many people operate independently and realists believe that there is a 'real' world to discover, even if it is only imperfectly and probabilistically apprehensible (Guba & Lincoln 1994). The suitability of the realism paradigm is confirmed by the suggested methodology which identifies the use of case studies and convergent interviews. Therefore, qualitative data from convergent interviews is the most appropriate data collection method for this study.

### **3.2.2 Justification for Case Study Methodology**

Rather than following a fixed research design, (as in the case of experiments and surveys) to examine a limited number of variables, the case study method involves an in-depth examination of a single instance, where the focus of interest is the case (Gill & Johnson 2010).

Different authors define case studies in different ways, however there is a general consensus that a case study entails empirical research that focuses on understanding and investigating particular phenomena and their dynamics (Barbour 2008; Yin 2009). This investigation of a phenomena is conducted within the context of a naturally occurring, real-life single setting and uses multiple sources of evidence in the form of an array of qualitative methods to collect data (Eisenhardt 1989; Hartley 2004; Yin 2003). In effect, a case study can be an intensive study of an individual, a group, an organisation or a specific process (Hartley 2004).

For the purpose of this research however, Yin's (2009, p.18) two-fold technical definition of case study has been adopted;

“First, a case study is an empirical enquiry that; investigates a contemporary phenomenon in depth and within its real-life context. Especially when, the boundaries between phenomenon and context are not clearly evident.”

This definition was found to be the most relevant for this research as the phenomenon of export propensity in the Australian prawn industry is an emerging area of academic enquiry. Hence the definition is both contemporary and investigative as it considers a situation where there is a lack of research which clearly defines the boundaries between the phenomena (export propensity) and the context (prawn farmers and fishers).

Secondly, Yin's (2009, p.18) definition of case study enquiry states that;

“Case study enquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from prior development of theoretical propositions to guide data collection and analysis.”

In accordance with this definition, a variety of data sources were utilised by the researcher, within the firm's setting, including digital recordings of in-depth interviews, reference to external documents and observation in order to provide triangulation. Case study methodology comprises a variety of methods as well as single or multiple cases to access different sources of evidence. The most commonly used methods are interviews, direct and participant observation, documentation and archival records (Eisenhardt 1989; Yin 2009). The collected evidence may be quantitative, qualitative or both. According to Yin (2009) no single source of information for case study analysis has complete advantage over other sources and as the sources may be seen as complementary, a good case study will use as many different sources as possible collected (Yin 2003). This is supported by Eisenhardt (1991) who found that the multiple-case approach encourages the researcher to study patterns

common to cases and theory, and discourages the researcher from making chance associations. Furthermore, multiple-case research methodology is deemed more robust than a single case study (Gill & Johnson 2010; Yin 2003) and it is further argued that the potential benefits of data quality and richness compensate for any shortcomings of limited representedness and generalisability of the research findings (Hutchinson et al 2009; Ibeh et al 2006). This is especially the case for the Australian prawn industry. Moreover, case studies can be used to accomplish various research aims, primarily to provide detailed description of a phenomena and to generate theory (Eisenhardt 1989; 1991). As considerable gaps have been identified in the theory (Chapter 2), case study methodology is needed to generate new theory pertaining to the primary research question.

The use of case studies has grown in importance and popularity over the past twenty years and is often the preferred label for exploratory and evaluative social science research (Hartley 2004; Johnson & Gill 2010). Therefore, case studies are a flexible approach to research and the measures used vary considerably according to the aims of the researcher (Johnson & Gill 2010; Yin 2003; Yin 2009), making a multiple case study methodological approach the most appropriate for the current study.

### **3.3 Methodology**

#### **3.3.1 Case Study Protocol**

The case study protocol contains the research procedures and general rules for the researcher to follow when collecting data (Hart 2004). Having a well structured research protocol is desirable under all circumstances and according to Yin (2009) is essential if following a multiple-case study approach. Once the literature review was completed and three subsequent research questions were identified (section 2.5), the current study adopted a two stage research process to explore and analyse four separate cases. The first stage of the research process consisted of semi-structured, in-depth interviews with four prawn industry experts and the second stage consisted of semi-structured, in-depth interviews with two managers of firms from the wild-catch sector and two managers of prawn farms, these were treated as individual case studies. The protocols in this study were therefore used by the researcher to account for the contextual environment for both the interviews with prawn industry experts in stage one and the case study interviews of the prawn farmers and fishers in stage two.

Adherence to a well constructed protocol ensured that the data collected from stages one and two were consistent, accurate and valid. According to Yin (2003) and Perry (1998), three sections should be utilised in interview protocol. These are an overview, field procedures and a complete interview guide. These three protocol sections are explained and the procedures for the current study outlined in Table 3.2 below.

**Table 3.2 Breakdown of Case Study Protocol**

<b>Section</b>	<b>Explanation</b>	<b>Current Study</b>
<b>Overview</b>	This section includes project objectives and sponsorship, case study issues, and relevant readings.	The objectives of the current study as well as a summary of the literature and the three identified research questions are detailed in Chapter 1 and 2 of this report. The research questions are: <b>RQ1:</b> Does the experience and commitment of managerial staff have a significant positive influence on the firm's export propensity? <b>RQ2:</b> Are relationship capabilities of the firm an important contributor to export propensity? <b>RQ3:</b> Is the information capability of the firm an important contributor to export propensity? Issues included accessing the managers for interviews at their place of work as they were geographically dispersed.
<b>Field Procedures</b>	Included in field procedures are how each site is assessed, procedural reminders, credentials of the researcher and general sources of information.	<b>Stage 1: Expert interviews</b> Four seafood industry experts representing both the farmed and wild-catch prawn sectors were interviewed. Stage one participants were chosen for their experience and expertise in the current industry of research enquiry. Semi-structured interviews ran for an average time of 1 hour. Interviews were scheduled throughout March and April 2010 in Brisbane and Sunshine Coast, as well as Perth (interviewed by phone), Australia. Results from interviews were used to formulate stage two interview protocols. <b>Stage 2: Case study interviews</b> To further enrich data from stage one of the research process two prawn aquaculture farmers and two wild-caught prawn fishers were interviewed. Semi-structured interviews ran for an average time of one hour. Interviews were held during April 2010 at sites in Brisbane, Gold Coast, Cairns and Cardwell, Queensland, therefore covering a large geographic spread from Southern to Northern Queensland.
<b>Complete Interview Guide</b>	This section outlines the case study questions, moving from general demographic questions to specific questions, and the potential sources of answers.	Both the expert interview questions and case study questions for the semi-structured interviews are provided in sections 3.3.2 and 3.3.3 respectively. At the beginning of each interview a series of role related and demographic questions relating to the expert or the firm were used to put the participants at ease and to provide contextual information on the case study. The next section followed with specific questions about the current area of research, export propensity as well as internal resources and capabilities of the firm. A final open-ended question inviting further comments or opinions closed the interviews.

Source: adapted from Perry 1998; Yin 2003

Table 3.2 introduces the interview protocols for both stage one and stage two of the data collection process. The recommendations for case study protocols by Yin (2003) and Perry (1998) were applied in the current study. The findings of the stage one interviews with industry experts were used to further develop and enhance the stage two interviews with the prawn firms. The interview questions were structured to elicit broad industry information and to lead to specific information pertaining to the research questions adopted in the current study. A detailed explanation of the interview protocols for stage one and stage two will now be discussed in section 3.3.2 and section 3.3.3 respectively.

### 3.3.2 Stage 1 Protocol: Industry Expert Interviews

Chapter 2 provided an insight into the antecedents of the export propensity construct and highlighted the current gap in the literature concerning factors that impact on export propensity within the context of the Australian seafood industry. The objectives of both the exploratory stage one and stage two research process are a preliminary step to answering the primary research question of the current study (section 1) as well as answering the subsequent research questions identified in section 2.5 and reiterated in Table 3.3 below.

**Table 3.3: Research Questions Identified in Chapter 2**

<b>Research Question 1</b>	<b>Firm Resources</b>
	Does the experience and commitment of managerial staff have a significant positive influence on the firms export propensity?
<b>Research Question 2</b>	<b>Firm Capabilities</b>
	Are relationship capabilities of the firm an important contributor to export propensity?
<b>Research Question 3</b>	<b>Firm Capabilities</b>
	Is the information capability of the firm an important contributor to export propensity?

*Source: developed for this research*

**Criteria for industry expert participant selection.** Seafood industry experts were identified through the Australian Seafood CRC. Three experts were chosen from South East Queensland and one from Western Australia, who was interviewed by telephone (see Appendix 3). These four industry experts included representatives from both the farmed and wild-caught prawn sectors.

Interviews are an essential source of case study information (Yin 2009). The semi-structured interview approach adopted for stage one was used to draw out information from participants,



rather than the researcher dictating the direction of the interview, as is the case in more structured interviews (Barbour 2008). The semi-structured interview approach was also used due to the exploratory nature of this study and to encourage interview participants to bring forward any potentially important factors that had been overlooked by the researcher (Yin 2009).

In this type of interview, the interviewees can be chosen specifically in accordance with their suitability for the research (Barbour 2008; Johnson & Gill 2010). Accordingly, while this study followed a qualitative approach, in the case of identifying and choosing interview participants, the research followed a purposive sampling approach which relies on the researcher deliberately selecting highly qualified experts, in this case prawn industry experts, who could provide detailed insight to address the research questions (Teddlie & Yu 2007; Yates 2004). Table 3.4 below provides a profile of the industry expert participants who were interviewed during stage one of the research process.

**Table 3.4: Industry Expert Participants**

<b>Case</b>	<b>Roles/Position</b>	<b>Location</b>	<b>Industry Sector</b>
<b>Expert A</b>	Australian Prawn Farmers Association (APFA) Executive Officer	Metropolitan South East Queensland (SEQ)	Farmed
<b>Expert B</b>	Chief Executive Officer of the Northern Prawn Fishery Pty Ltd; Executive Member of Commonwealth Fisheries Association; Member of Marine Stewardship council.	Regional SEQ	Wild-Caught
<b>Expert C</b>	Business Support Manager, Kalis Pty Ltd	Western Australia	Wild-Caught
<b>Expert D</b>	Member of APFA	Regional SEQ	Farmed

*Source: developed for this research*

Table 3.5 below provides a record of the questions used in the semi-structured interviews for the industry experts in stage one of the research process.

**Table 3.5: Interview Questions for Industry Experts**

<b>Question 1</b>	Could you please tell me your general experience in the seafood industry?	
<b>Question 2</b>	How long have you been involved in the prawn industry?	
<b>Question 3</b>	What is your role now?	
<b>Question 4</b>	I would like to know more about the specific focus of my research; export propensity. How would you define export propensity?  For example, likelihood of exporting, strategic direction, export potential etc	<b>RQ 1, 2</b>
<b>Question 5</b>	In speaking or working with other prawn producers/farmers, what have you heard to be the biggest challenges for individual prawn farmers/fishers?	<b>RQ 1, 2, 3</b>
<b>Question 6</b>	What do you think the biggest challenge is for the prawn industry generally?  What are the biggest challenges for individual fishers/farmers?	<b>RQ 1, 2, 3</b>
<b>Question 7</b>	What do you think would help these organisations overcome some of these challenges?	<b>RQ 1, 2, 3</b>
<b>Question 8</b>	What do you think are the internal factors (explain) that impact on a firm's likelihood, or propensity to export? <ul style="list-style-type: none"> <li>• First, can we look at firm human resources in the form of managerial commitment and experience?</li> <li>• Second, can we look at firm capabilities in the form of relationships and information?</li> </ul>	<b>RQ 1, 2, 3</b>
<b>Question 9</b>	Would you like to share or provide any other information that may be helpful for this research project?	<b>RQ 1, 2, 3</b>
<b>*Note: RQ1 denotes Research Question 1, RQ2 denotes Research Question 2 and RQ3 denotes Research Question 3.</b>		

*Source: developed for this research*

The sequence of questions for the expert interviews were designed to encourage the interviewees to share general information about the prawn industry and then allow their views and opinions on the current area of research. As can be seen in Table 3.5, questions one to three relate to the participants' experience in the seafood industry and then their experience and role in the prawn industry. Questions four and five addressed the current area of research, export propensity, in order to identify the industry level understanding of the concept. Questions six and seven aimed to identify challenges within the industry. Question eight sought to identify information regarding firm resources and capabilities. Finally question nine included a broad and open ended question to encourage participants to elaborate on any points previously expressed and to provide any new and relevant information. It should also be noted that the above set of questions acted as an interview guide only for the semi-structured interviews (see Appendix 4). The findings from stage one interviews, as well as the

experience itself, were utilised in the development of the stage two case study interview questions.

### 3.3.3 Stage 2 Protocol: Case Study Interviews

Stage two of the research process included four case studies of prawn producers. The sample is comprised of two wild-caught prawn fishers and two prawn farmers, representing both sectors of the Australian prawn industry. These cases were selected from current members of the Seafood CRC. As the sample should serve to identify determinants of export propensity that can be applied generally to all Australian firms involved in the seafood industry, the researcher chose companies that met the following criteria.

**Criteria for case study participant selection.** For the purpose of this research, multiple cases were adopted. This allowed cross-case analysis and therefore the possibility of richer theory building (Perry & Coote 1994). ‘Multiple cases’ should be regarded as ‘multiple experiments’ and not ‘multiple respondents to a survey’ and so replication logic is recommended for multiple case studies (Yin 2003). Opinion varies regarding the optimum number of case studies to be used. Yin (2009) argues that a researcher can use one study if properly justified. In regards to case selection, random selection is not necessary and a guarded choice taking into account case merits (predictability of contrary or similar results) is advocated by both Yin (2003) and Eisenhardt (1989). Therefore this research purposefully chose case study participants from the Australian Seafood CRC.

The information for the study was obtained by interviewing a senior manager or the owner of the prawn firms. The same research interview method as was detailed in section 3.3.2 was also applied to the interviews with case study participants. Participants were interviewed at their work site or work place in different areas of Queensland, Australia. Table 3.6 below is a brief profile of the four case study participants.

**Table 3.6: Details of Case Studies**

Case	Location	Industry Sector
Case A	Metropolitan South East Queensland (SEQ)	Wild-caught
Case B	Northern Queensland (QLD)	Farmed
Case C	SEQ	Wild-caught
Case D	Southern QLD	Farmed

*Source: developed for this research*

The researcher used the experience of the stage one interviewees to further develop the interview technique used in stage two of the research process. The final case study interview questions were also modified using information gained from the expert interviews to address the research questions, as shown in Table 3.7.

**Table 3.7 Case Study Interview Questions**

Question 1	What is your experience in the prawn industry?	RQ1
Question 2	How long has the firm been operating?	Contextual Data
Question 3	What changes have you seen in the way prawn farms/vessels are operated?	Contextual Data
Question 4	Is your firm currently exporting? / Can you tell me a little about your exporting activities?	RQ 1, 2, 3
Question 5	(If exporting) What are some of the firm's reasons for exporting? <ul style="list-style-type: none"> <li>Have you ever had to withdraw from any markets?</li> </ul>	RQ 1, 2, 3
Question 6	(If not exporting) Why are you not exporting? <ul style="list-style-type: none"> <li>Has your firm ever exported?</li> <li>Are you planning to export to new markets in the future?</li> </ul>	RQ 2, 3
Question 7	From your company's perspective, what are your biggest challenges to exporting? <ul style="list-style-type: none"> <li>Are these challenges generally indicative of the industry?</li> </ul>	RQ 1, 2, 3
Question 8	What types of assistance would best cater to the challenges (trade barriers) you have identified?	RQ 1
Question 9	R and C	How Important? Comment
	HR	
	Commitment	
	Experience	
	Relationships	
	Information	
Question 10	What do you think are the most important firm resources/internal resources and capabilities for a successful business in your industry?	RQ 1, 2
Question 11	Would you like to share or provide any other information that may be helpful for this research project?	RQ 1, 2 or 3
*Note: RQ1 denotes Research Question 1, RQ2 denotes Research Question 2 and RQ3 denotes Research Question 3		

*Source: developed for this research*

As was the case for the stage one interview questions, the sequence of questions for the case study interviews were intended to encourage the interviewees to share general information about their industry and sector. The questions purposefully encouraged the interviewees to allow their views and opinions on the current area of research to be expressed. Therefore,

questions one to three sought to extract generalised information about the case study and their history within the seafood industry. Questions four to six related to any current export activity and export history. Questions seven focused on identifying the challenges associated with exporting and question eight focussed on identifying methods of overcoming export challenges. Question nine specifically addressed the three research questions and sought to determine the participants' opinions and interpretation of their resources and capabilities. In question ten the most important resources and capabilities, according to the interviewee, were identified. Finally question 11 included a broad and open-ended question to encourage the participant to elaborate on any points previously expressed and to provide any new information they considered relevant. At this stage it is also relevant to reiterate that the above set of questions acted as an interview guide (see Appendix 5) only for the semi-structured interview.

### **3.4 Data Collection and Analysis**

Having described the sample and the interview protocol above in sections 3.2 and 3.3, the Chapter will now move its focus to a description of the data analysis process. Collecting the data involved interviewing participants (stage one: industry experts, stage two: prawn farmers and prawn fishers). The duration of each interview varied in length, however on average lasted between one and two hours. Throughout each interview, detailed and extensive research notes were taken by the researcher and on completion of each interview the research notes were reviewed and checked by the researcher. Interviews were recorded and transcribed to enable a permanent record of findings and to ensure access to the data at a future date for further analysis and interpretation. The researcher undertook the transcription of the interview recordings which increased the researcher's familiarity and understanding of the data.

The initial stages in the data analysis for each case study interview were to immediately check the hand-written notes taken during the interview. The recordings were also checked for clarity and saved to a secure external database. Any information that was unclear to the researcher was identified through this process and the interview participant contacted to interpret any ambiguous data.

The theory building method adopted for this research requires that transcripts undertake analysis of major themes (Yin 2003). Thematic coding and axial coding were used to identify the major themes (Barbour 2008). These styles of analysis suited the requirements and skills

of the researcher and provided a useful method for recording, coding and grouping data in a clear and simple manner. All four case study interview transcripts were coded in this way and coding was overseen by a supervisor to ensure 'cross-checking,' thereby increasing the trustworthiness of the coding (Miles & Huberman 1994).

Once each transcript had been coded, the researcher was able to identify themes within the interview transcripts that relate to the current area of research specific to the research questions (Patton 2002). Initial themes came from prior theory and the identified research questions, such as 'managerial commitment', 'barriers' and 'export motivation'. Subsequent themes were created as they were recognised during the coding process, these included, 'government relationships', 'human resource retention' and 'proactive information'. Relationships between these identified themes were then explored and models and tables illustrating the relationships between the themes were then created. The researcher then produced a set of documents, separate from the interview transcripts, which contained a synthesis of all the themes identified, comments from the case study participants and a measure of the strength of the comments. To further explore and interpret the themes, the documents were compared and contrasted which resulted in the formulation of a list of final themes, referred to later in Chapter 4 as research themes, relating the three research questions (Miles & Huberman 1994). The data will be analysed and findings discussed in Chapters 4 and 5 respectively.

### **3.5 Limitations of Case Study Research**

Despite the appropriateness and strengths involved with using case study research, limitations do exist. This section addresses common criticisms of case study methodology and provides discussion on how these criticisms are overcome in the current research. In addition, limitations specific to this research are also discussed.

#### **3.5.1 Criticisms of Case Study Methodology**

Although case study methodology is a distinctive form of empirical inquiry and has increased in popularity in recent times, the robustness and validity of the methodology as a form of empirical investigation still attracts some criticism (Yin 2009). Five common criticisms of case studies are discussed below.

Firstly, the greatest concern over case study inquiry has been the lack of rigor of case study research. According to Yin (2009), this criticism is due to many researchers not following a systematic procedure of investigation or by allowing equivocal evidence or biased views to influence the direction of the findings and therefore the conclusions. For this reason, a comprehensive case study protocol was developed for the current study and followed during the data collection and analysis stage of the research process.

A second common criticism is that case study methodology provides little basis for scientific generalisation (Yin 2009; Willis 2007). The same can be argued about single case experiments in quantitative research however, as scientific fact is rarely derived from a single experiment (Hartley 2004). Using multiple case studies on the same phenomenon is a way of alleviating this concern. The current study has used information from four different cases and four different expert interviews to draw out generalised information about the prawn industry.

Thirdly, case studies are criticised for taking an extended amount of time to complete and that they often result in large, unreadable documents. This criticism can be related to the lack of rigour in case study procedures in the past. However Yin (2009) argues that as case study methodology becomes more widely used, traditional and lengthy narrative styles will become obsolete. Technology has also contributed to the decrease in the time period needed for case study analysis. Lengthy field research or participant observations are not required for a case study to be legitimate and of high quality; this can be achieved without the researcher leaving their desk, depending on the area of investigation. Furthermore, the use of sophisticated research analysis software packages can decrease the amount of time taken to analyse field research data.

A fourth common criticism of case studies concerns randomised field trials or true experiments. Such studies aim to establish a 'casual' relationship between two subjects. That is whether a particular treatment has been successful in producing a particular effect. This criticism is hard to address due to the very nature of case study inquiry. However, Yin (2003) argues that this criticism can be balanced as case studies offer important evidence to compliment experiments and enhance results from quantitative experiments.

Finally, there is also criticism relating to the lack of coherent rationale for case study research selection. Often this can be due to the difficulty of gaining access to the most appropriate

research subjects. Also, the practicalities and objectives of the research situation may go against developing thorough selection reasoning and therefore some attempt at after the fact justification of case selection is reasonable (Johnson & Gill 2010). This criticism cannot be applied to the current study however, as the researcher has a coherent rationale for case study selection and access to the most appropriate case study sample through the support of Seafood CRC.

The majority of these criticisms can be circumvented through the strict application and thorough understanding of a systematic case study methodology protocol, as has been applied to this research. Also, multiple case studies were carried out in order to obtain some generalised data on the Australian prawn industry. Due to the nature of this research project (Research Honours degree), it was completed space of 11 months, therefore ensuring timely and relevant findings were published. Finally, the rationale for case study research selection was strongly supported by the lack of research into the phenomenon of investigation and the consequent need for richer, theory building data.

### **3.6 Ethical Considerations**

Ethics were an important consideration in this research as poor ethical standards can have unfavourable effects on the participants involved in the research as well as the research outcomes (Cooper & Emory 1995). Ethics approval for this research involving humans was granted by the University of the Sunshine Coast Human Research Ethics Committee (HREC: S/10/250, 30<sup>th</sup> of March, 2010). Ethical considerations that were considered for this study included; protection, privacy, consent (see Appendix 3), deception, anonymity and confidentiality.

The case study participants were the most likely to be affected by ethical issues as they were the key informants and bases of the research. Information regarding the current research was sent to case study participants prior to seeking consent to participate in order to allow participants to give informed consent (see Appendix 1 and 2). This included consent to record and store copies of interview conversations on secure networks and in private data storage devices. Gaining consent from the case study participants was necessary to encourage participants to feel secure and relaxed about the information they disclosed. This assurance of security also encouraged the sharing of rich information, which may have lead to more significant and unconsidered insights into the research topic (Cooper & Emory 1995). In



addition, the researcher took steps to ensure the participant's privacy (and firm) was protected and unidentifiable by not referring to the participants or the firms by name. Finally, case study participants were assured by the researcher and the research institutions that the results of the current study would not be misused and participants were offered a full copy of the research findings.

In summary, ethical concerns relating to the current study were identified, and measures were taken to ensure that the research met high ethical standards. As a result, the participants were likely to be confident in the validity of the researcher, resulting in the collection of high quality and detailed information.

### **3.7 Conclusion**

This chapter has provided a detailed outline of the approach taken to conduct stage one and stage two of the data collection process for this research. The case study approach to the research was accepted by the interview participants and realism paradigm adopted for this research proved to be appropriate. The following chapter presents patterns of results and analysis of the four case study interviews and will test the findings for their relevance to the primary research question and the three subsequent research questions identified from the literature review in section 2.5 and synthesised in Table 2.5.

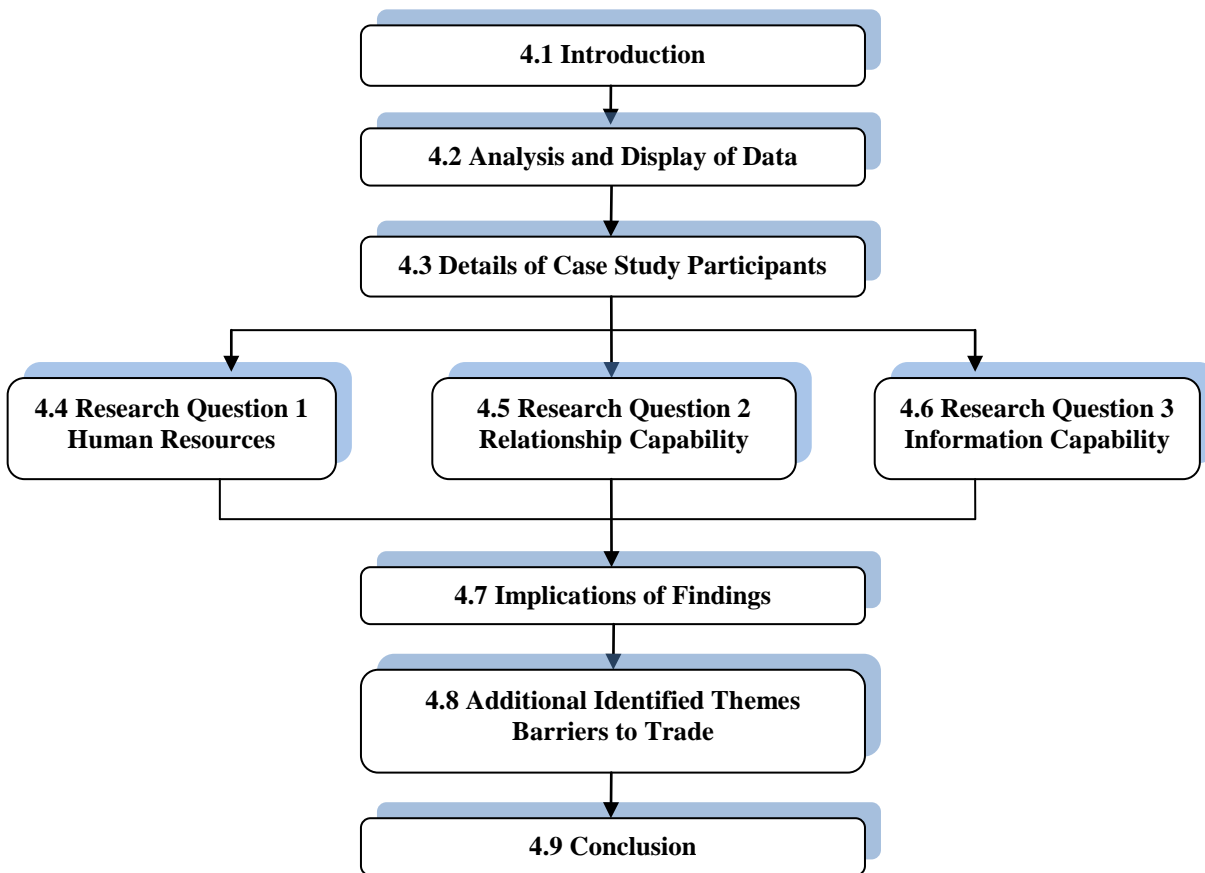
## **4 Data Analysis**

### **4.1 Introduction**

Chapter 3 described the qualitative methodological approach adopted for this study. The purpose of this chapter is to examine and categorise the data in order to further refine the preliminary research model developed in Chapter 2 based on previous literature. The analysis of the in-depth interview data and their relation to the research questions and the preliminary model form the central component of this chapter. Further exploratory research in an Australian seafood industry context was deemed necessary as the preliminary research revealed the majority of export propensity studies were based on American and European manufacturing industries.

This chapter is organised into nine sections as shown in Figure 4.1. In section 4.2, the analytical methodology adopted for the study is restated and the analysis process explained. In section 4.3 brief descriptions of the four case study participants are given. In section 4.4 the data relating to the first research question concerning human resources is analysed. Next, section 4.5 examines the data relating to the second research question, concerning the relationship capability of the firm. In section 4.6 the data relating to the third research question concerning information capability is discussed. Based on the findings from these three sections, implications for the research model regarding the export propensity of Australian prawn firms are then summarised in section 4.7. Additional identified themes in the form of external barriers to trade are analysed in section 4.8. The conclusion is then provided in section 4.9.

Figure 4.1 Outline of Chapter 4 (with section numbers and interrelationships noted)



Source: developed for this research

## 4.2 Analysis and Display of Data

Chapter 3 detailed the methodological approach for the current research. This chapter provides an in-depth analysis of the case study results and their implications to the research questions.

**Type of analysis.** Qualitative research is initial research conducted to clarify and define the nature of a problem (Zikmund 1997). This is particularly useful for the current research, given the lack of previous Australian studies in the area of export propensity. As explained in Chapter 3, this research employs the qualitative technique of in-depth interviews due to the suitability of the method to exploratory research which suits the logistical and time issues of this study (Zikmund 1997).

**Outline of Analysis.** This research followed a multiple case study approach, with data collected using in-depth, semi-structured interviews allowing for flexibility in appointment times with senior management as well as the development of a more personal relationship

with the case study participants during the interview process (Yin 2003). The first step in the analysis phase of this qualitative study consisted of examining each case to achieve a proper understanding of the case study participant's perspectives. Key issues and themes were identified by thematic content analysis (Perry 1998) of the case study interviews (which for triangulation purposes, included interview transcripts, documents and field observations), and documentation of data. This was characterised by a process of data reduction whereby the data was summarised and themes were generated through thematic coding. In the final stage, cross-case analysis was carried out to develop matrices linking identified themes and patterns and the original research model was revisited. The use of the direct quotations provided further insight (Miles & Huberman 1994). Cross-case analysis involved using factors from the data obtained from the interviews to identify patterns, similarities and inconsistencies between the case study interviews (Eisenhardt 1989; Kerr et al 2007; Yin 2003).

Quotations were extracted to highlight the importance of the participants' insights and are in italics within quotation marks, preceded or followed by a letter to identify the case study participant (Miles & Huberman 1994). It must be noted that while judgements were made by the researcher, reliability of data was improved through the use of a consistent interview protocol as well as regular results debriefing with supervisors.

### **4.3 Details of Case Study Participants**

The purpose of this section is to provide a profile of the participants as a basis for discussion of the research questions identified in section 2.5. Participants were chosen based on the principles discussed in the case study methodology in section 3.3. As the focus of the primary research question identified in section 1.2 was prawn firms in general, the sample consisted of two prawn farming firms and two firms from the wild-catch sector. Furthermore the sample consisted of firms who are members of the Seafood CRC Australia. Each of the four case studies consisted of a one to two hour interview with a senior executive/owner of the firm. In order to gain greater depth of insight into the experience and opinions of managers during the internationalisation process the confidentiality of the participants must be addressed. Therefore, to promote confidentiality and for ease of reference, cases used in this research are referred to as Cases A, B, C and D.

This section presents a brief description and background information of the four case study participants and is summarised in Table 4.1. This overview of the cases is regarded as the

within-case analysis that preceded the more important cross-case analysis (Miles & Huberman 1994) that is discussed later in the Chapter.

**Table 4.1 Brief Background of Case Studies**

Case	Location	Industry sector	Export activity	Market focus	Participant's title	Seafood industry experience
Case A	Metropolitan South East Queensland (SEQ)	Fished	Frequent	International/ Emerging Domestic	Export Manager	16 years
Case B	Northern Queensland (QLD)	Farmed	Infrequent	Domestic/ Emerging international	General Manager	12 years
Case C	SEQ	Fished	Infrequent	Domestic	Owner/General Manger	25 years
Case D	Southern QLD	Farmed	Infrequent	Domestic/ Emerging international	General Manager	23 years

*Source: field data collected for this research*

### 4.3.1 Case Study A

According to the ABS (2002) definition of agricultural business size and as detailed in section 1.6, Case A is a large seafood processing and exporting firm based in metropolitan South East Queensland. Case A has been operating and exporting from its company base in Queensland since the 1960's and is now a major supplier of seafood to distributors, wholesalers, seafood retail outlets and major supermarket chains in Queensland. Case A trades in a variety of wild-caught Australian seafood species and currently exports prawns and maintain fishing vessels which operate in the Northern and Southern Fisheries. Case A has been exporting Australian caught product to international markets since the early 1980s and although its focus had changed to the domestic market in recent times, it still maintains a strategic commitment to its international markets.

### 4.3.2 Case Study B

Once again, according to the definition of firm size provided by the ABS (2002), Case B is a large and fully integrated aquaculture company operating in North Queensland. The firm began farming product from one farm sight in 1984 and now has multiple farm sights operating on a year-round basis across North Queensland. The company has developed a unique strain of the Banana prawn which it primarily sells to large supermarket chains across the country as well high-profile customers in the premium restaurant market. Currently Case B exports to a small number of international markets however, due to increased production

capacity, is planning to intensify its international focus in the near future and has already implemented plans to grow its current markets. However these developments are recent and the firm is still gaining export experience.

#### **4.3.3 Case Study C**

Case C is a small prawn exporter, according to ABS (2002) and is a wholesaler and management company operating in South East Queensland. Formed in 2006, Case C is the youngest firm of the four cases and markets and trades Banana and Tiger prawns sourcing product from vessels operating in the Northern Prawn Fishery, Eastern Prawn Fishery and Papua New Guinean Fishery to both domestic and international markets. By exporting since conception Case C can be defined as a ‘born global’ (De Toni 2001; Johanson & Vahlne 2009; Knight & Cavugsil 1996) and maintains a strong international focus client base. However due to increasing barriers to trade Case C is increasing its focus on the domestic market.

#### **4.3.4 Case Study D**

According to the Australian Prawn Farm Association (2009), Case D is one of Australia’s leading fully integrated prawn farming operations and is based in Southern Queensland. This firm began farming Black Tiger prawns in the late 1980’s and is now a large firm by the ABS (2002) definition, and one of the largest prawn aquaculture farms in Australia with product available on a year round basis. Since conception, the company has focused on supplying the domestic market and has developed strong contracts with leading Australian supermarkets and retailers, as well as high profile restaurants across Australia. Recent increase in production capability has prompted a new strategic focus on international markets and Case D is currently assessing its export opportunities. The firm has had little export experience and currently have limited international contracts however newly appointed senior management are experienced exporters. As Case D operates in an urban location, it is positioned close to transportation infrastructure, including an international airport.

The results of the case studies are discussed in the next sections (4.4, 4.5 and 4.6) and demonstrated in Table 4.3. The themes identified in the case studies are shown in column 2, columns 3-7 present the number of times themes were cited by individual cases and the final column depicts the strength of the discussion for each theme by participants. The strength of responses range from no support to weak, moderate and strong support. These scores indicate

the degree of strength each theme carried, based on the depth of discussion from the case study participants and will form the foundation for the analysis. It must be noted that these scores were rated at the discretion of the researcher but only after considerable discussion and debriefing with the principal supervisor.

#### 4.4 Patterns of Data for Research Question 1

The results of the in-depth interviews with the four senior managers of Australian prawn firms are presented in the following sections. Results will be presented according to the three research questions identified in the literature review, section 2.5, which is how human resources (experience and commitment), relationship capabilities and information capabilities influence export propensity. The first research question is:

**Research Question 1:** *Does the experience and commitment of managerial staff have a significant positive influence on a firm’s export propensity?*

Following the interview protocol (see Appendix 5) the researcher first went through the broad and general interview questions with the case study participants to build up rapport and help assess the relative experience of the participant. The participants were then asked the semi-structured interview questions (9 - 11), relating to the firm’s human resources, current export activity and export propensity. The two elements of human resources in RQ1 were separated into two questions, RQ1a concerning managerial experience and RQ1b concerning managerial commitment. See Table 4.2 below for a summary of the interview questions relating to RQ1a and RQ1b.

**Table 4.2 Summary of RQ1a and RQ1b Interview Questions**

<b>RQ1 Interview questions</b>	
<b>Q1</b>	<b>What is your experience in the prawn industry?</b>
<b>Q 9</b>	<b>How important- Comment</b>
	Human Resources Experience Commitment
<b>Q 10</b>	<b>What do you think are the most important firm resources for creating a successful business in your industry?</b>
<b>Q 11</b>	<b>Would you like to share or provide any other information that may be helpful for this research project?</b>

*Source: developed for this research*

The following section discusses the answers to the questions tabled above, concerning the importance of the human resources of the firm as perceived by interview participants, in the context of managerial experience and commitment. It must also be noted that due to the semi-structured nature of the research protocol, participants were also encouraged to speak freely on topics they held as important relating to the current area of research and that the interview questions acted as a guide only. Hence, information relating to managerial experience and commitment of the firm's human resources included in the analysis does not always directly correspond with a specific interview question. The patterns of data for RQ1 are discussed in detail next.

#### 4.4.1 Managerial Experience

The findings from the literature review identified that human resources, as an internal firm resource, are important factors of a firm's export propensity. More specifically, the literature indicated that managerial experience was found to be the most important factor of human resources to impact on export propensity (Atuahene-Gima 1995; Hutchinson et al 2009; Suarez-Ortega & Alamo-Vara 2005). Experience as part of human resources has been measured from a managerial level as all participants in the study held senior management positions.

The five identified themes pertaining to managerial experience are discussed in more detail next. As shown in Table 4.3, the four interview participants cited the positive effects of managerial experience on export propensity 14 times during the case study interviews.

**Table 4.3 Summary of Identified Themes**

Findings- RQ1a Managerial experience		A	B	C	D	Total Comments	Strength
1	The value of human resources in the form of managerial experience to the success of a prawn firm	S	S	S	S	4	S
2	The importance of years of experience in industry of managerial staff	S	S	S	S	4	S
3	Attracting and retaining new senior managers to the industry is a challenge	NS	NS	S	S	2	M
4	Managerial experience impacts on the motivation levels of staff to commit to export	NS	S	S	NS	2	M
5	Management experience and achieving export standards for seafood products in Australia	M	M	NS	NS	2	W
<b>Total comments</b>						<b>14</b>	<b>Ave. M</b>

S = Strong Support, M = Medium Support, W = Weak Support, NS = No Support

Source: in-depth interviews



Firstly, strong support was cited from all cases when questioned about the importance of human resources, particularly in regards to managerial staff, as a factor of export propensity. Case A stated, *“In my experience, your human resources are the most important.”* Furthermore, the importance of this internal firm resource was strongly illustrated by Case B, *“people are your biggest single asset by far.”* Case B extended this argument to include the skills and knowledge of staff members and stated that these assets are more important to the success of a business than the actual products being sold, *“people and knowledge are more important than products and things.”* When asked to rate the managerial experience, both Case C and Case D stated that managerial experience is the most important factor of a firm’s export propensity.

The second theme identified in the case study data with strong support was managerial experience. To understand the importance of managerial experience on a firm’s export propensity, case study participants were asked about their experience in the prawn industry and for their views on the importance of experience to the success of a business venture. All four participants held senior management positions in the firm and their average time experienced working in the prawn industry was 19 years, ranging from 12 years for Case B to 25 years for Case D, according to Case C, *“I literally have decades of experience in the seafood industry and I am still learning.”* Case D also cited the importance of experience for industry growth, *“the industry is still operating with the original 60 (%) to 70 percent of prawn farms, there’s a very small amount of growth in industry...but through years of experience we (managers) have increased tonnage.”* The importance of experience for managing the export process was also highlighted by Case A, *“experience is especially important for the export process, all the documentation, accreditation, LC’s... experience help to avoid costly pitfalls.”* It must also be noted that all four firms are operating with a profit and two are currently experiencing rapid growth. The combination of these findings suggests that a sizable breadth of experience is essential in the successful management of a prawn firm.

The third theme identified in the data concerns a shortage of new industry workers, which has resulted in a fairly stagnant pool of managerial level human resources to draw from. Case D describes the industry as *“...a fairly incestuous bunch,”* as most managers have previously worked for other prawn farms or prawn distributors. This is not surprising considering the average length of industry experience for the case study participants was 19 years. According

to Case C, this insular style of promotion and placement within the industry is failing to attract new human resources and therefore talented and skilled individuals to the industry.

The fourth theme identified in the data was that the manager's level of experience was cited by Cases C and B to have an impact on the motivational levels of staff to commit to or sustain an export venture. Case C pointed out that, "*experienced managers are better at motivating their people...usually because they are confident in their role and know how to pass that confidence on to the rest of the staff.*" Case B further supported this statement and suggested that staff at the lower level of management and production cannot be motivated to export if they are not encouraged by the example of senior management. The findings from the data indicate that managerial experience impacts on the motivation of human resources to achieve and maintain export standards.

Finally the fifth theme identified that, according to Cases A and B, understanding the legal requirements for exporting products and the process of product transformation to achieve export standards can be difficult, therefore managers with previous experience in exporting are better able to understand the processes. Case A identified that meeting the many import requirements, imposed by home and foreign governments is difficult, "*experience is definitely an important factor. We have to be on our toes about food quality, food safety, packaging requirements; everything from shipping documents to labelling...it's a lengthy and often difficult process.*" Case B also cites the positive effect of managerial experience in regards to export accreditation, "*the management has to generate an expectation that we have to produce a product of an export standard.*"

The findings from the data indicate that overall managerial experience is an important factor of the firm's export propensity. The second component of human resources, managerial commitment will now be discussed.

#### **4.4.2 Managerial Commitment**

For this study commitment, as part of human resources, has been measured from a managerial level as all participants in the in-depth interviews held senior management positions. Table 4.4 below shows the preliminary themes identified in the case study data.

**Table 4.4: Summary of Identified Themes**

Findings-RQ1b Managerial commitment		A	B	C	D	Total Comments	Strength
1	The importance of human resources in the form of managerial commitment to export activities	S	S	S	S	4	S
2	Top-down management approach to commitment to export activities	M	S	S	NS	3	M
3	Commitment to change of company 'culture'	NS	S	M	S	3	M
4	Managerial commitment of capital to developing and maintaining customer relationships	S	M	NS	S	3	M
5	Commitment of capital investment to the firm's human resources	S	S	NS	M	3	M
<b>Total comments</b>						<b>16</b>	<b>Ave. M</b>
S = Strong Support, M = Medium Support, W = Weak Support, NS = No Support							

Source: in-depth interviews

Table 4.4 shows managerial commitment was mentioned a total of 18 times during the case study interviews and therefore as being an important factor of export propensity. This indicates that managerial experience and managerial commitment, as human resources, are both important factors to the firm's export propensity. Five major themes concerning managerial commitment were identified from the interview data. These themes are discussed next.

Firstly, all four case study participants confirmed strongly the importance of managerial commitment to the firm's export activities. As Case C pointed out, *"for it (an export venture) to work, as a manager you have to commit whole-heartedly."* Case B supports this sentiment, *"in my experience exporting isn't something that just happens, that is successful, long-term, profitable (international) contracts don't just fall into your lap. It takes a solid commitment by management to achieve those."*

Secondly, a top-down management commitment to achieving and maintaining export propensity found moderate to strong support by three of the cases. According to Case C, *"it is a hard industry to work in and make money out of, so if you are not committed and do not have the drive yourself, then you can't expect your staff to."* This top-down managerial approach was explained by Case A who stated that management staff must lead the way in developing and maintaining the focus of their staff on the international market, *"senior management must have an export culture for international business ventures to work."* This suggests that a firm's management must show commitment to internationalisation and work to promote this commitment to staff at lower levels within the business.

Thirdly, according to Case B, managerial commitment to creating an 'export culture' within the firm is especially important when the firm begins the internationalisation process and consequently is shifting its focus from a domestic to an international outlook. It appears that the shift in market focus cannot be successful without a 'cultural' change in management staff as well as a permanent change in management's vision for the company. Case B, has only recently begun to export their product regularly to a handful of international markets and accredits their recent market development to a conscious, well-developed and planned shift of the company's culture from "...*being the best in Australia to the best in the world.*" By committing to changing the business focus from the domestic market to the international market through the generation of an 'export culture' Case B has substantially increased its export propensity and pointed out, "*our efforts to achieve 'the premium' have to be much greater than our competitors.*" By cultivating an 'export culture' Case B has increased its production capacity, year round harvest capability and produces a better quality product and stated that, "*the only thing that has changed here are the people and the knowledge. The product is essentially the same, the process is the same.*"

Thus, according to findings from the data, management must be fully committed to creating an 'export culture' in order to change their employees' focus from the domestic market to international markets. Case D further supports this and by stating that, "*when we decided to shift our focus away from the domestic market, we had to make sure we took all our people with us. You can't just have management announce a new company policy; if we were going to be successful everyone had to come on board.*" According to Case C, successfully managing to change a company culture can turn into a drawn-out and difficult process, as in their experience, "*people don't change voluntarily; you have to force the changes.*"

However, according to Cases A, B and D, this level of HR commitment is often not possible without a solid commitment of capital investment in the firm's human resources and this is the fourth theme identified in the data. Case A pointed out that capital investment such as, "*...training for human resources to use new processing machinery, new animal husbandry techniques and learning new packaging requirements for international shipments for example...training your staff is an investment but it requires capital that could be used elsewhere.*" For many firms in the prawn industry, finding cash to commit to training human resources can be difficult. Despite the associated costs, according to Case D, "*managers must make a commitment to constantly evolve and modernise.*" The positive effects of investing

capital resources on the firms export propensity are illustrated in Case B, *"by committing our resources to growing much more, we can compete in the market more successfully."* Case B's situation attributes most of the recent growth in the company to the evolution of management attitudes and company culture through capital investment in training and education.

The fifth theme identified concerns managerial commitment of capital to customer relationships. This theme is clearly illustrated by Case A, *"at the end of the day, it's our relationships with our customers that sell our prawns, so you spend whatever you have to maintain those relationships."* In addition, Case B argues that, *"building relationships... takes time, money and commitment."* Case D also strongly cites the importance of commitment to relationships, *"people buy from people they know."* Cases B and D extended this theme to include managerial commitment to forming long-term relationships with customers. The theme of relationships will be discussed in more detail in section 4.5.

In conclusion, the preliminary findings of the data analysis support the first research question, that is; human resources in the form of managerial experience and commitment are an important contributor to export propensity. An additional theme concerning human resources which did not fit within the managerial experience or commitment paradigms is discussed next.

#### 4.4.3 Additional Themes for Human Resources

Attracting and retaining human resources to the prawn industry was mentioned in all four cases as an important determinant of export propensity, as shown in table 4.5 below. This theme did not fit within the context of managerial experience or commitment and will therefore be discussed as a separate theme of human resources.

**Table 4.5 Human Resources Additional Theme**

Additional Human Resources Themes		A	B	C	D	Total Comments	Strength
1	Attracting and retaining new human resources to the prawn industry is a challenge	S	S	S	M	4	S
<b>Total</b>						<b>4</b>	<b>Ave. S</b>

S = Strong Support, M = Medium Support, W = Weak Support, NS = No Support

Source: in-depth interviews

Both the farmed and wild-caught sectors of the prawn industry have remained at stagnant levels of growth for almost two decades, as discussed in section 1.3. Cases C and D have identified that the prawn industry in Australia is not growing and that the future of the industry is unattractive. Furthermore, both the cases were from different sectors of the industry and both agreed that due to the lack of growth into the industry it is difficult to attract new people, especially young, educated people to work in the industry as a long-term career. According to Case D, *“you can’t expect the young people to be coming in droves to an industry that is not growing...there is no job creation here.”* Case C from the wild-catch sector stated that, *“the problem is this is a dying industry so you are not getting the depth of skill...there aren’t any young people coming through because there isn’t any growth in the industry.”* According to Case C, many young, unskilled workers treat their jobs on the prawn fishing boats as a place to gain boating training and accreditation before moving on to working for offshore oil rigs which offer more positive, long-term employment opportunities, *“they work for us and get the training they need to work at sea, and their boat licences, then take up jobs on the oil rigs as quickly as they can.”*

Case A pointed out the wild-catch industry has had some success in staff retention through visa sponsorships programs for immigrant workers, *“by sponsoring the lads in their visa applications we offer the incentive of a long-term, stable job in Australia, which works out better for all parties involved.”* In response to the same issue, Case B of the prawn farming sector, has also implemented a visa sponsorship program to attract low-skilled workers, *“we employ a lot of seasonal workers, usually young travellers who work here as part of their agricultural visa requirements.”* Case B also regularly advertises with employment agencies that specialise in recruiting itinerant workers for seasonal agricultural work. It does seem that the growth of both sectors are restrained due to staff retention at all levels of the organisation.

The following section will discuss the patterns of data identified for RQ3, concerning the internal relationship capabilities of the firm.

## 4.5 Patterns of Data for Research Question 2

The relationship capabilities of the firm and their impact on export propensity were identified in the literature review, section 2.4.2.2 as an important determinant of export propensity. The following section analyses this factor as represented in the data. Hence the research question concerning the relationship capability variable is:

**Research Question 2:** *Are relationship capabilities of the firm an important contributor to export propensity?*

Table 4.6 below lists the interview questions pertaining to RQ2 in the interview protocol. According to the interview protocol, (see Appendix 5) the respondents were asked questions (9, 10, 11) regarding the importance of relationship capabilities to a firm's export propensity. It must be noted that due to the semi-structured nature of the interview protocol, participants were also encouraged to speak freely on information relating to the relationship capabilities of the firm. Hence the data collected from the participants and included in the analysis does not always correspond to a specific research question.

**Table 4.6 RQ2 Interview Questions**

<b>RQ2 Interview questions</b>	
<b>Q 9</b>	<b>How important- Comments Relationships</b>
<b>Q 10</b>	<b>What do you think are the most important firm resources and capabilities for a successful business in your industry?</b>
<b>Q 11</b>	<b>Would you like to share or provide any other information that may be helpful for this research project?</b>
<b>*Note: RQ1 denotes Research Question 1, RQ2 denotes Research Question 2 and RQ3 denotes Research Question 3</b>	

*Source: developed for this research*

This section discusses the responses to the questions tabled above, concerning the importance of relationship capabilities to the firm's export propensity, as perceived by the interview participants. It must be noted that due to the semi-structured nature of the research protocol, participants were also encouraged to speak freely on topics they held as important relating to the current area of research and that the interview questions acted as a guide only. As previously highlighted in sections 2.4.2.2 and 2.5, relationship capability of the firm was identified in the literature as the second most important internal factor influencing the firm's

export propensity. Supporting this finding, all four participants in the case studies cited a positive link between relationship capabilities and export propensity. These themes from the collected data are shown in Table 4.7 below.

**Table 4.7 Summary of Findings**

Findings-RQ2 Relationship Capabilities		A	B	C	D	Total Comments	Strength
1	Relationships are an important factor of export propensity	S	S	S	S	4	S
2	Forming long-term relationships	S	S	M	NS	3	M
3	Relationships and capital resources	NS-	S	S	NS	2	M
4	Relationships and government departments	NS	NS	NS	S	1	W
<b>Total comments</b>						<b>10</b>	<b>Ave. M</b>
S = Strong Support, M = Medium Support, W = Weak Support, NS = No Support							

Source: in-depth interviews

Firstly, all four cases strongly cited that the relationship capability of the firm is an important factor of export propensity. Comments relating to the relationship factor were identified 10 times during the in-depth interviews and were cited by all four of the case study participants.

Secondly, building and sustaining long term relationships was identified as an important contributor to a firm's export propensity. According to Case B, *"people buy from people they know."*, therefore suggesting long-term relationships are both more profitable and cheaper than seeking out new customers. According to the most experienced exporter, Case A, *"it's forging those long-term relationships with clients that makes doing business so much easier."* The importance of maintaining long-term relationships with buyers is especially important when conducting business in Asian markets (Huang-Gay 2008), where three of the four case studies had export experience. As cited by Case A, *"good relationships are your key to doing business in Asia."* The long-term cultural orientation of the dominant Chinese, Japanese and Korean business relationships should be taken seriously by the Australian seafood exporter if they wish to maintain Asian customers and build a good reputation. Despite the challenges of many export relationships and the effects of the current economic climate, the benefits of maintaining relationships in Asia far outweigh the risks as according to Case C, *"We (prawn fishers) will never give up export business because not all the products can be consumed in the domestic market and secondly, because the market is so volatile you need to maintain that relationship and have product going into the international market."*



It would seem that the results indicate that prawn fishers have a greater understanding of the importance of relationships to the success of an export venture. Cases A and C contributed most of the data on external firm relationships. External firm relationships are the relationships the firm has with buyers, distributors and other stakeholders outside the firm. This may be due to the industry sector and history of the firms, as both Cases A and C are from the wild-catch prawn sector and have been exporting since conception, making them 'born globals'. Both firms retain an international focus and are currently exporting their products regularly to international markets, suggesting that wild-catch prawn firms have already recognised the importance of establishing trade relationships.

Thirdly, as mentioned in section 4.4, building long-term, mutually satisfying relationships often involves a continued investment of capital and human resources. According to the data, this is especially true of the time and commitment invested by senior management in building and maintaining customer relationships. According to Case B, "*(relationships are) fundamentally important...senior management must engage in, commit to and actively seek to establish and maintain relationships.*" Case C rated relationships as the most important firm capability, "*all three (firm information, relationship and product development capabilities) are definitely important for keeping your business competitive...but I'd say we rely on relationships the most.*" Case C also pointed out the time saving benefits of conducting business through established relationship channels in regards to terms of payment, "*if a trusting relationship has already been establish then you're less likely to have to have to waste your time with LCs (letters of credit) and the bank...it's as simple as shipping the product and receiving the payment direct*".

A fourth theme concerning the firm's relationships with government departments received weak support. As explained in the justification for this research (section 1.3), there are a number of government departments (local, state and federal level) that are involved in managing and monitoring the seafood industry in Australia. The data suggests that the ability of management to maintain healthy working relationships as well as open lines of communication with a variety of government departments will have a strong effect on the firm's export propensity. According to Case D, "*forming strong relationships with the government is also very important.*" This is especially the case for prawn farmers who, according to the data, must rely on the relationships they have built with members of the Environmental Protection Agency to ensure their industry is not being unfairly represented or

misinterpreted in regards to the environmental impact of prawn farms. As Case D pointed out, “*there is so much mis-information out there, not to mention a fair bit of bad will towards prawn farmers...if we don’t get the right information to these departments and educate them about what it is that we actually do out here, our farming practices, our sustainability measures, our water output, bad decisions can be made on our behalf that can affect the very survival of our business.*” Moreover, Australian seafood products currently incur tariffs in many export markets. These tariffs are making the Australian product uncompetitive and prawn firms are dependent upon their government relationships with bodies such as Austrade and the Department of Foreign Affairs and Trade to try to reduce these tariffs.

In conclusion, the findings of the data analysis support the second research question, that is; relationship capability of the firm is an important contributor to export propensity. The following section will discuss the patterns of data identified for RQ3, concerning the internal information capability of the firm.

#### **4.6 Patterns of Data for Research Question 3**

This section is related to the third and final research question which examines the impact of the prawn firm’s information capabilities on export propensity, as discussed previously in Chapter 2, section 2.4.2.1. Hence the research question is as follows:

***Research Question 3: Is the information capability of a firm an important contributor to export propensity?***

Having discussed the two factors of human resources and relationship capabilities, the case study participants were then asked questions concerning information capabilities (questions 9, 10 and 11) (see Appendix 5) on the importance of information capability on a firm’s export propensity. The interview questions are summarised in Table 4.8. Once again, due to the semi-structured nature of the interview protocol, participants were encouraged to speak freely on the topic and the interview questions were only used as a guide. Comments relating to the firm’s information capabilities included in the analysis do not always directly correspond to an interview question.

**Table 4.8 RQ3 Interview Questions**

<b>RQ3 Interview questions</b>	
<b>Q 9</b>	<b>How important- Comment</b>
	<b>Information capability</b>
<b>Q 10</b>	<b>What do you think are the most important firm resources for a successful business in your industry?</b>
<b>Q 11</b>	<b>Would you like to share or provide any other information that may be helpful for this research project?</b>

*Source: developed for this research*

This following section discusses the responses to the questions, concerning the importance of the information capabilities on export propensity, as perceived by interview participants. The responses from all four participants in the case studies indicated a positive link between information capability and export propensity, and a total of seven themes were identified in the data, as shown in Table 4.9. Responses to the above tabled questions as well as associated data are discussed next.

**Table 4.9: Summary of Findings**

<b>Findings-RQ3 Information Capability</b>		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Total Comments</b>	<b>Strength</b>
1	Information capability is important to the firm's export propensity	S	S	S	S	4	S
2	The relationship between information and planning	S	S	S	M	4	S
3	Sharing of information with competitors across the seafood industry	NS	S	S	M	3	M
4	Information and relationships	S	NS	M	S	3	M
5	Proactive search for information	S	W	M	S	2	M
6	The use of information by managerial staff	S	W	NS	M	3	M
7	Information capabilities and technology	NS	NS	NS	S	1	W
<b>Total comments</b>						<b>23</b>	<b>Ave. M</b>

S = Strong Support, M = Medium Support, W = Weak Support, NS = No Support

*Source: in-depth interviews*

Firstly, as shown in Table 4.9, the positive impact of information capability on the firm's export propensity was strongly cited by all four case study participants a total of 23 times during the case study interview. All participants agreed that information capability was an important firm resource.

Secondly, the importance of information to help with the planning for the firm (for growth and exporting) was identified as strong theme in the data analysis by all four case study participants. Case D pointed out the relationship between the two factors, "if you can't get information you can't plan." Case C also stated, "good planning requires good information."

According to Case A, *“we can plan for growth and plan for profit but without the right information, all that planning is meaningless.”* This theme also supports the ‘top-down management’ theme identified in section 4.4. According to Case B, planning must first occur at the senior management level before all levels of the business can plan for success, *“planning at the strategic level, the production level...all levels need to be involved in the planning process”*. Furthermore, Case A supported this sentiment stating that, *“management at the senior level must combine an active search for information with active planning in order for the information and planning to have a positive effect.”*

Case C also commented on the relationship between information and planning. Unlike the positive experience described by Cases B and Case D of the prawn farming sector, Case C of the wild-catch sector described the inability of the sector to use information to plan for growth. According to Case C, *“information, processes and planning are more important as markets shrink...but this industry can’t plan for growth”*. Shrinking fishing zones and a decrease in the number of licenses available to prawn fishers due to sustainable fishing practices have limited the amount of grown on the industry.

Thirdly, the sharing of information with competitors across the seafood industry also found moderate support. Cases B and D, both from the prawn farming sector, were found to have recently shared information regarding the breeding of new prawn stock, a new and developing technology for the industry. According to Case D, *“information is shared between farmers in the interests of reciprocity and industry success.”* Case B also stated that, *“it’s in the best interest of the industry to share some knowledge...it helps us to deliver what our customers want.”* Case C of the wild-catch sector also made reference to the sharing of information regarding exchange prices and trade deals amongst distributors of wild-catch prawns, *“markets and product now move so quickly, there is no way you can keep track of it all, 24 hours a day, seven days a week. I rely on my industry contacts get that extra information, information that could make or break a deal.”* Due to the highly competitive market that both sectors of the prawn industry operate in, this proactive willingness to share information may be a necessity to a firm’s success.

A fourth theme identified in the data was the moderate association between information capability and relationships. As discussed in section 4.5, findings suggest the relationship capability of a firm plays an important role in increasing export propensity. Cases A, C and D

linked their firm's information capability with their relationship capability. According to Case C, "*gaining new information through relationships is the best way.*" This method of gathering information is supported by Case A who stated, "*getting new information through relationships is best.*" The superior value of information gathered through relationships may be due to a number of reasons; firstly, by gathering information through existing business relationships firms can save money on costs of R&D. Secondly, the firm tends to trust more in the validity of the information they have received due to a pre-existing relationship. Thirdly, according to Case D, information received through a relationship does not always have to be the result of a proactive search, "*the beauty of that kind of information is that often you are not looking for it because you don't know you need it.*" Thus, the codependent relationship between the two types of firm capabilities suggests that there is a strong link between the information and relationship capabilities of a firm. Moreover, according to the data it may be argued that firms with strong relationship capabilities also have strong information capabilities, which will increase the firm's export propensity.

The fifth theme that emerged from the analysis, which also found moderate support, was that firms must be proactive in their search for information. This 'proactive' search for information was cited strongly by two of the case study participants. According to Case D, "*the search for new practice and capability knowledge should be a proactive one and not a reactive process.*" The data suggests that by actively seeking out new information and thereby increasing its information resources, a firm can increase its information capability. Case A supports this finding, "*there is a lot of good, helpful information out there but if you're not looking for it, it won't help you.*". This theme was further supported by Cases A, B and Case C. Case A pointed out, "*we are constantly on the lookout for new market opportunities as demand in our traditional markets is decreasing.*" Case B is currently actively pursuing access to international markets and has begun to export small quantities of their farmed product, "*we engaged in a considerable amount of R&D when deciding where our product should be exported to, we needed to find open and receptive niche markets for our prawns.*" This could indicate that actively seeking out information about new markets and market growth, as possible new or alternate export destinations, is an important aspect of export propensity. According to Case C, Australian prawn fishers have a reputation within their industry as being proactive and innovative when it comes to searching out new markets, "*unfortunately the Australian prawn industry has very strong competition in many previously lucrative international market and for various reasons, we now struggle to compete... After*

30 years, when it comes to finding new markets, the Aussies haven't left any stones unturned." Therefore, findings indicate that, by actively engaging in information searching, may influence a firm's export propensity.

The sixth theme, receiving moderate support, highlighted how important the management of information is and how the information is utilised by managerial staff. According to Cases A, B and D the information must be used correctly otherwise its value is significantly decreased. Case A stated that, "*simply gathering information is not enough, it has to be managed effectively if it going to have an impact*". Case D also stated that, "*it's very important that managers learn from their mistakes and understand the value of new information.*" According to Case B, the firm has been very successful in increasing its information capability due to a change in the way the company uses their information, "*we are currently engaged in building an in-house database using in-puts from every aspect of our business and from externally sourced data to produce a future harvest forecasting modeling.*" By using the database as a source of new information to predict harvest volume, the firm can secure future sales contracts both domestically and internationally. Thus, findings would indicate that information capability is increased when information is managed correctly.

The seventh and final identified theme found weak support overall between information capability and technology but Case D providing a strong argument. According to Case D, the active search for new prawn farming technologies, covering aspects from bioengineering for new breeding stock to the development of machinery for distributing feed has resulted in the take-up of new technologies by the firm. This new technology take-up was preceded by an intense period of research by the firm, "*we needed more information about aquaculture technology and we needed to find it quickly.*" In some instances this active search for existing information on technology yielded little results and the firm turned to developing their own technology to fill the gap, thus becoming the creator of information. The technology take-up and development by Case D, has allowed increased harvest tonnage by, "*improving all aspects of farming...from feeding to processing*". By increasing their information capability, Case D has managed to increase their export propensity as the new technology has enabled the firm to increase their production capacity to supply to export markets. Case D stated that, "*only just this year we have been in a situation where we have a predictable volume of production...because we developed new technology we needed...that information wasn't out*

there.” The creation of new information has also become a valuable internal resource for the firm.

In conclusion, as discussed above, the preliminary findings of the data analysis support the third research question, that is; information capability of the firm is an important contributor to export propensity. Having examined RQ1 human resources, RQ2 relationship capability and RQ3 information capability, the next section will summarise the findings from the analysis of the data relating to the three research questions.

#### 4.7 Summary of Findings

The overall summary of the depth interviews and previous research findings are presented in Table 4.10 below. The summary table synthesises the themes identified in Tables 4.3, 4.4, 4.5, 4.7 and 4.9.

**Table 4.10 Patterns of Support for Research Questions**

What internal factors contribute to the export propensity of a firm?					Comments Total	Strength Total
Case	A	B	C	D		
<b>RQ1</b>						
Managerial Experience	M	M	S	M	4	S
Managerial Commitment	M	S	M	S	4	M-S
<b>RQ2</b>						
Relationship Capability	M	M	M	M	4	M
<b>RQ3</b>						
Information Capability	M	W	M	S	4	M
S = Strong Support, M = Moderate Support, W = Weak Support, NS = No Support						

*Source: analysis of field data*

As shown in Table 4.10, the patterns of responses are based on the three RBV constructs that impact on the export propensity of prawn firms that have been referred to as RQ1, RQ2 and RQ3. Managerial experience, as part of the human resources construct found the highest level of support in the case studies. Managerial commitment, as part of human resources, found moderate to strong support as an important factor of a firm’s export propensity. Relationship capability and information capability found moderate support in the data.

**Research Question 1: Human Resources.** Managerial experience was found to have the strongest level of influence on export propensity in the case study data. An average of 19 years experience working across the industry was identified in the case study participants,

indicating the importance of experienced managerial staff to exporting. Moreover, the importance of managerial experience for finding ways to grow the industry and for managing the export process were identified as having an impact on firm's export propensity. Attracting and retaining new senior management to the industry was also identified as a barrier to export propensity. According to the data, this is mainly due to the lack of growth in the both industry sectors. The second part of RQ1 addressed the influence of managerial commitment on the firm as part of human resources. Managerial commitment as part of human resources was found to have a moderate to strong influence on export propensity in the case study data. It was found that for two of the firms, Case B and Case D, commitment to developing an 'export, quality culture' among the firm's human resources through a top-down management approach was an essential step in the process of moving from a domestic to an internationally focused firm. Note an additional theme receiving strong support (refer to Table 4.5), was the difficulty of attracting and retaining new staff to the industry, due to competing industries and the prawn industries slow growth rate.

**Research Question 2: Relationship Capability.** Relationship capabilities were found to have an overall moderate level of influence on the firm's export propensity in the case study data. The analysis found that building and maintaining relationships involves an investment of capital resources and human resources. However, cost savings effects of information gathered through relationships were found to offset this investment and by investing in relationships, the firm's relationship capabilities are positively affected. Investing in relationship capabilities was also found to influence the firm's reputation in long-term relationships. Finally, a theme concerning positive relationships and open-communication with relevant governing bodies was identified by Case D as a factor influencing the firm's relationship capabilities and consequently its export propensity.

**Research Question 3: Information Capability.** Information capabilities were found to be a moderate influencing factor on export propensity in the case study data. The dominant theme within this construct was identified as the relationship between information capability and planning. Generally the case studies agreed that in order to plan, information was critical. Also a willingness to share information amongst competing prawn firms in the industry and a proactive approach to information searching was found to influence export propensity. In conclusion, according to the data analysis for RQ3, by actively engaging in the search for



new information relating to export, the firm increases its chances of exporting and thus its export propensity is also positively affected.

#### 4.8 Additional Identified Themes: External Barriers to Trade

Although the primary research question focused on the internal factors of RBV that affect the export propensity of a firm, during the course of the data collection and analysis, external barriers to trade were repeatedly identified as having important implications to a firm's ability to export, and therefore the firm's export propensity. Although outside the scope of the study, the five external barriers to trade identified in the data analysis have been included in the discussion and are illustrated in Table 4.11 below.

**Table 4.11 Barriers to Trade**

Finding- Barriers to Trade		A	B	C	D	Total Comment	Strength
1	Australian dollar exchange rate	S	S	S	S	4	S
2	Tariffs	M	NS	M	S	3	M
3	Domestic demand	NS	S	M	NS	2	W
4	Cadmium in the European Union	S	NS	S	NS	3	W
5	Environmental Protection Agency	NS	S	NS	S	2	W

S = Strong Support, M = Moderate Support, W = Weak Support, NS = No Support

Source: in-depth interviews

Firstly, as shown in Table 4.11 above, the most predominant barrier to trade and export propensity experienced by all case study participants was identified as the strength of the Australian dollar and the exchange rate. The high value of the Australian dollar, coupled with the instability and weaker standing of many country's economies, as a result of the global financial crisis, has forced international buyers to source their prawns from countries that can produce at a lower cost. According to Case D, *"our buyers are going to Thailand and China to get a cheaper product, the exchange rate has made it almost impossible to compete on price."* Case B pointed out that the seafood industry is not the only industry that is suffering from the strength of the Australian dollar, *"the exchange rate is killing our export business, the buyers just aren't interested and we can't give them the prices they want. We are in the same boat as a lot of primary producers I suppose."* Moreover, according to Case A, the use of exporting to liquidate excess stock has been diminished by the strength of the exchange rate, *"exporting used to be the best method of clearing excess stock, that's no longer the case. Even our discounted stock is expensive for our (international) buyers."* Case C highlighted the importance of the exchange rate to the success of the seafood industry, *"I have always said our fortunes in the seafood industry are dependent on where the exchange rate is, it's*

*quite simple."*

The second dominant theme identified concerned the influence of tariffs on the firm's export propensity. Tariffs were identified as a moderate barrier to trade in the data analysis and according to Case D, seafood firms looking to export are disadvantaged by a one-way tariff system, *"we pay heavy export tariffs on our seafood...Letting prawns in from anywhere with no tariff, that's crazy."* For many firms in the prawn industry tariffs have become such a high barrier to trade that firms have resorted to exporting through 'grey markets' or 'grey channels' to remain competitive. These are semi-legal markets and distribution channels, predominantly located in China where payment of most tariffs can be avoided. According to Case C, *"there is a big market for prawns in China, probably the biggest in the world...the only viable option for export is through grey channels, otherwise the tariffs make the whole exercise pointless."* However, the ethics and legality of selling through 'grey channels' is questionable. According to Case A, *"it is sort of a touchy subject because what's happening isn't quite legal."*

The third theme received weak support concerns the fluctuation in domestic demand for Australian prawns. A significant increase in the volume of imported prawns has greatly increased competition for Australian prawn firms, especially in the retail sector, where consumers are choosing cheaper, imported product. However, according to Case C, the availability of cheap imported prawns has also had the positive effect of increasing customer awareness of prawns and has changed consumption patterns, *"consumers are now more aware of prawns than ever before...people are now going to the supermarket and thinking 'what should I cook for dinner, chicken or prawns?' It's a shift in the way people think about the product."* Case B also argues that cheap, lower quality imported prawns has created new opportunities for Australian producers, *"ironically, some of the imports are creating new markets for us...as customers become more discerning they care more about quality and safety... we can offer an import replacement with our own product."*

The fourth theme identified, unique to the wild-caught sector, is the issue of cadmium in some Australian wild-caught prawn products. The wild-caught prawn firms, Case A and Case C, were found to struggle with the issue of cadmium in the European market. Cadmium is a mineral deemed by the EU to be dangerous for human consumption found in some

crustaceans, including prawns caught in some Australian fisheries. According to Case C, who operates prawn trawlers in the North-Western and Western fishing zones, the trade barrier of cadmium has severely handicapped the previously lucrative European market, *"Europe is a basket case...we have a lot of issues in Europe, the cadmium issue and the value of the Aussie dollar, but cadmium is the worst...it's a blatant trade block that we can't resolve."* Case A pointed out, *"in the grand scheme of things, they (the Government departments responsible for fisheries and trade) don't want to upset them (the European Union) over cadmium because there are probably bigger fish to fry, if you'll pardon the pun."* Case C also cited that, *"the government are more concerned with the mining industry and other big industries to commit to solving the cadmium issue."* thus suggesting that further government assistance is needed for the industry to solve this matter.

The fifth and final theme identified in the data analysis concerns the prawn farming firms. Case B and Case D, identified that the restrictions imposed by the Environmental Protection Agency (EPA) are significant barriers to trade. According to Case D, the policy developed by the EPA restricts the growth of the prawn farming sector and contributes to a negative public image of prawn farming practices, *"I feel we are targeted a little unfairly by the EPA when the reality is the water we pump out of our ponds is cleaner than the water we pump in... All the restrictions and controls have only resulted in bad press and made it almost impossible for the industry to grow."* Case B also argued that more cooperation between the industry and the EPA is needed to resolve this issue, *"there needs to a greater effort at communication and understanding each other for this issue to resolve, we can't keep butting heads, we need to work together."*

In summary, as discussed above, the findings from the data analysis suggest that external barriers to trade do affect the export propensity of the firm by decreasing their ability to plan for and/or maintain a successful export venture.

## 4.9 Conclusion

The objective of this chapter was to summarise the information collected from the four case study interviews and to identify patterns in the data. In order to achieve these objectives, the chapter presented the patterns of results of each of the three research questions. This analysis of data was done through detailed thematic analysis and cross-case analysis of the collected data. In most instances the results represented theoretical replication of logic; however some new insights emerged, particularly in the area of staff recruitment and retention and external barriers to trade however outside the scope of this research. Hence, the case study participants confirmed that internal firm resources and capabilities, articulated in RQ1, RQ2 and RQ3, are moderate to strong factors impacting on export propensity. The implications of these results are discussed in the next chapter.

## 5 Discussion, Conclusions and Implications

### 5.1 Introduction

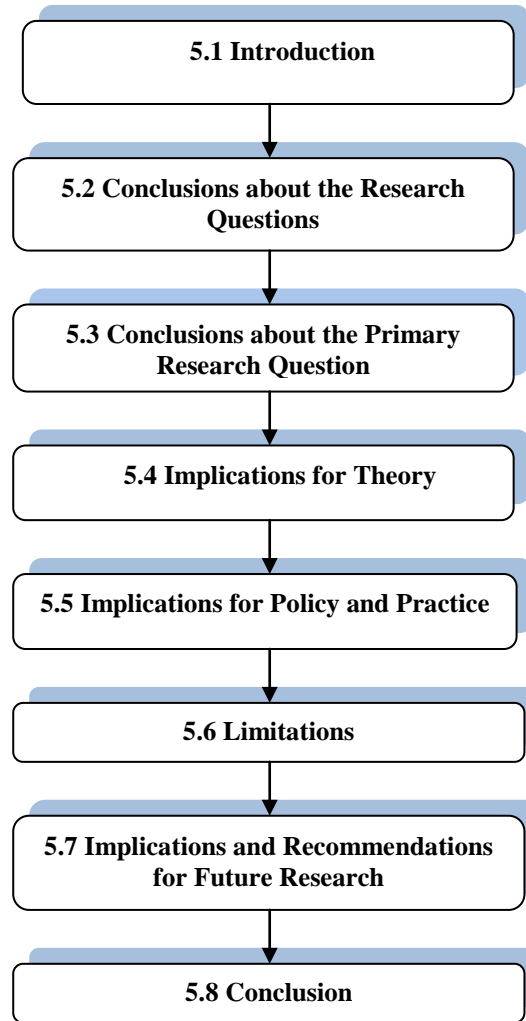
The previous chapter reported the results of the data analysis collected during the case study interviews. This chapter will draw conclusions on the primary research question and offer implications based on the results of this study and the literature. The primary research question was outlined in section 1.2 of this thesis and is reinstated below.

*“What factors contribute to the export propensity of Australian seafood firms?”*

In order to achieve the objective of answering the primary research question, three subsequent research questions were established (section 2.5) from an extensive review of the literature. Research protocol for this study was developed in Chapter 3. Using the protocol as a guide, four semi-structured case study interviews were conducted. Data collected from these interviews were presented and comparisons made between each of the cases, in relation to each of the three research questions in Chapter 4, using thematic coding and cross-case analysis.

The final Chapter is arranged into eight sections, as shown in Figure 5.1. The first section of the chapter (section 5.1) will briefly summarise the previous chapters. This is followed by a presentation of the conclusions regarding the research questions (section 5.2). Conclusions regarding the primary research question are then provided (section 5.3). Implications for theory (section 5.4), policy and practice (section 5.5) are then discussed. Limitations of this research are then addressed (section 5.6) followed by recommendations for future research (section 5.7). The final section concludes the chapter (section 5.8).

**Figure 5.1 Outline of Chapter (with section numbers noted)**



*Source: developed for this research*

**Summary of chapters.** In Chapter 1, the background to the current research was discussed (section 1.1) and the primary research question was introduced (section 1.2) followed by detailed and validated justification for the research (section 1.3). The justification included the size and importance of the seafood industry in Australia to the economy and to regional employment. The introductory chapter also introduced the methodology and the two stage research design (section 1.4) that would be adopted to address the primary research question, with stage one consisting of interviews with seafood industry experts and stage two, the major study, consisting of semi-structured and in-depth interviews with four case study participants who represented four prawn producing firms. The interview protocol for the case studies was then explained. An outline of the structure of the thesis was then given (section 1.5). Definitions of important terminology were then provided (section 1.6) and the scope of the study was also delimited to Queensland prawn farms and firms that are current members of the Australian Seafood CRC (section 1.7). Finally the chapter was concluded (section 1.8).

Chapter 2 consisted of a review of the extant literature pertaining to the primary research question and identified gaps in the literature. The literature review first discussed the broad theory of internationalisation (section 2.2). The scope was then narrowed to export propensity (section 2.3) and Resource Based View theory (section 2.4). This review of the literature revealed that a sizeable gap existed, regarding the lack of studies into the export propensity of Australian agriculture and more specifically seafood firms. Finally, this chapter concluded with the identification and development of three subsequent research questions derived from the literature (section 2.5), to address the primary research question which are explored in detail in Chapter 4. The chapter was then concluded (section 2.6).

Chapter 3 explained and justified the methodology of the data collection process. The justification for the realism paradigm and the qualitative approach adopted for this research (section 3.2) was provided. The methodology (section 3.3) and corresponding case study interview protocol (section 3.3.1) for the collection of data via the two staged data collection process, expert interviews and case study interviews, were then detailed. The process of collecting and analysing the data for the current and study was then discussed (3.4). Following this, the limitations of the research (section 3.5) and all relevant ethical considerations (section 3.6) were identified. The chapter was then concluded (section 3.7).

Chapter 4 reported the findings and results derived from the data collected in the main stage of this research, the case study interviews (4.1). The cases included two prawn farms and two prawn fishers in Queensland. Using the interview protocol as a guide, the cases were asked to identify factors that contribute to export propensity of prawn firms. This chapter began with an explanation of the type of analysis and the display of data in this thesis (section 4.2). The case study participants were then profiled (section 4.3). Following this, a cross-case analysis of the data relating to research question 1 (section 4.4), research question 2 (section 4.5) and research question 3 (section 4.6) was then carried out. A summary of the findings relating to the three research questions was then provided (section 4.7). Finally, the additional identified themes were discussed (section 4.8). Conclusions regarding the collected Chapter were then drawn (section 4.9).

## 5.2 Discussion and Conclusions Regarding the Research Questions

This section examines the conclusions concerning the three research questions and compares the results with the literature discussed in Chapter 2.

### 5.2.1 Discussion and Conclusions Regarding RQ1

*RQ1: Does the experience and commitment of managerial staff have a significant positive influence on the firms export propensity?*

This section summarises the findings of research question one, which examined the impact of human resources, in the form of managerial experience and commitment, to the firm's export propensity. Essentially, the findings in this section contributed to the body of literature by adding new insights into the impact of human resources on the export propensity of Australian prawn firms. A summary of the findings from the case study interviews on the impact of managerial experience and commitment is discussed below.

#### 5.2.1.1 Managerial Experience

The current research finds that the level of export experience of managerial staff is a significant contributing factor to a firm's export propensity. This finding is commensurate with current research findings (Cavugsil & Zou 1994; Hutchinson et al 2009; Suarez-Ortega & Alomo-Vara 2005).

Furthermore, Cavugsil and Zou (1994), Katsikeas and Piercy (1993) and Leonidou (1998a) found that experienced managers are beneficial to a firm as they possess highly useful skills, resources and enterprise competence. The current research also found that the manager's breadth of experience in the industry can create export propensity, as managers who have export and international business experience, previously developed international networks and contacts as well as an understanding of export standards and documentation requirements are more likely to engage in export activities.

The current study also revealed that managerial experience affects the motivational levels of staff to commit to a new export venture. In order to motivate the staff in the pre-internationalisation stage to commit to a higher quality standard, the management also needs to encourage an 'export culture,' thus, changing the focus of the firm from domestic to international.



Finally, it was also found that the seafood industry must draw from a restricted pool of human resources, at the senior management level, when recruiting new management. It was identified that this problem was due to the industry's struggle to attract new human resources, as industry growth rates slow. This inability to attract experienced export managers was found in the current study to have a negative effect on export propensity.

In conclusion, the research found that managerial experience is an important determinant of export propensity and that previous export experience increases the firm's likelihood of beginning an export venture. Managers with export experience are more likely to motivate staff to adapt to an 'export culture' thus changing the firm focus from a domestic to an international outlook. Finally, the difficulty of attracting and retaining appropriate human resources was also found to influence export propensity.

### **5.2.1.2 Managerial Commitment**

The current research finds that the level of management commitment to the export process is an important determinant of export propensity. This finding corresponds with the earlier research results identified in the literature review by Aksoy and Kaynak (1994), Hutchinson et al (2009), Sullivan & Bauerschmidt (1990).

Other similarities between the findings of the current research and prior studies will now be discussed. Sullivan and Bauerschmidt (1990) and Hutchinson et al (2009) found that managerial attitude, including a positive interest, desire and commitment to export, exerts a major influence in determining the exporting propensity of firms. Hence, a commitment to the growth of a firm from a domestically focused business to an international enterprise must be present in the senior management of the organisation for internationalisation to occur. This finding from the literature is supported in the findings of the current research and was identified as a 'top-down' commitment of managers to internationalisation. Thus, by committing to exporting at a managerial level, lower level staff will also follow suite.

An important finding in the current research is that managerial commitment of capital to developing and maintaining long-term international relationships and networks is an important factor of export propensity. Similar to findings by Sullivan and Bauerschmidt (1990), commitment to these relationships can be highly profitable for a firm and managers

who recognise the importance of investing financial resources (e.g. travel, gifts) in international relationships increase their firm's export propensity.

Finally, in contrast to Aksoy and Kaynak (1994) who identified ownership of the business and commitment to firm objectives as two factors determining export propensity, the current study uncovered very little evidence to support a significant link between these factors and export propensity.

In conclusion, the research found that managerial commitment was also an important resource influencing export propensity and furthermore managerial attitude and commitment towards exporting was responsible for a change in a firm's export orientation. Also, the importance of committing to building long-term relationships was identified in this study as important determinant of export propensity.

### **5.2.2 Discussion and Conclusions Regarding RQ2**

*RQ2: Are relationship capabilities of the firm an important contributor to export propensity?*

The current research finds that relationship capabilities influence export propensity which is similar to findings in the literature (e.g. Anderson & Victor 2003; Loan & Bell 2006; Oviatte & McDougall 1995; Sjolholm 2003), see Table 2.3.

For example, the current research yielded results that are commensurate with the literature in regards to the importance of building long term relationships to the firm's export propensity. Dyer and Singh (1998) and more recently, Hamilton and Dana (2003) found that commitment to long term relationships with international partners greatly improves and sustains a firm's export propensity. It can take a considerable commitment and investment of time, money and managerial effort to create and sustain international working relationships. Similar to Hamilton and Dana (2003) Loan and Bell (2006) the current research also found that building and sustaining long-term relationships with international contacts increases export propensity of the firm. Of some possible significance in this regard was the fact that some case study participants in this research primarily exported to, or had experience exporting to Asian customers who prefer and value a long-term business orientation.

Another similarity between the findings in the current research and prior export propensity research is the link between relationships and capital resources. Roberts and Tybalt (1997) as

well as Doole et al (2006) found that foreign networks and relationships have the added advantage of decreasing the associated costs of beginning an export venture and that long term, quality relationships can lead to joint business ventures. The analysis of the case studies also revealed cost saving advantages associated with strong international relationships.

Finally, the results of this research also found that developing relationships with government departments increases a firm's export propensity. According to the researcher, it may well be that an explanation for this finding lies in the understanding that open channels of communication between state and federal government departments in Australia increases both the standing and reputation of the seafood industry and discourages the dissemination of negative or misleading information about the industry to the public.

In conclusion, similar to the literature review, the current study found that relationships moderately influence the export propensity of a firm. For relationships to be of value, firms must invest financial capital in the development of export contacts and long term relationships. The study also concluded that relationships with seafood industry government authorities must also be nurtured to increase industry productivity and export propensity.

### **5.2.3 Discussion and Conclusions Regarding RQ 3**

*RQ3: Is the information capability of the firm an important contributor to export propensity?*

The current research finds that the information capabilities have a moderate influence on export propensity. These findings support the earlier research identified in the literature review (e.g. Loan & Bell 2006; Morgan et al 2004; Phillip 1998; Sjöholm 2003).

Other similarities between the findings in the current research and prior export propensity research results may be noted at this point. The current study finds that firms within the prawn industry share information, for example on international markets, as well as farming practices, product availability and fluctuations in prices, in an effort to keep the industry competitive. This finding is commensurate with the prior research of Loan and Bell (2006), which identified that the accumulation of specific market information has the ability to increase a firm's international competitive advantage.

The current study also found that the value of information and its impact on the firm's export propensity is dependent on how the information is managed and used to achieve firm

objectives by the managerial staff once it has been collected. For example, awareness of government export promotions and access to research and development information are only useful if acted upon appropriately. This finding corresponds with earlier research by Aksoy and Kaynak (1994), Phillip (1998) and Loan and Bell (2006).

Suarez-Ortega and Alamo-Vara (2005) found that a manager's foreign language proficiency and subsequent ability to access host country specific information has an important affect on the firm's export propensity. In contrast, the current research uncovers no significant link between foreign language ability and ability to access information. According to the researcher, and in the context of the Australian seafood industry, this may suggest that language is no longer considered an insurmountable barrier to gathering pertinent information regarding international markets.

The strong link between the information capability and planning capability of the firm was also identified. This relationship between information and planning for the firm (for growth and exporting) was identified as having a strong influence on the export propensity of the firm as according to this research information cannot exist without planning.

In conclusion, the current study found that the information capabilities of the firm are a strong determinant of export propensity and that the sharing, use and management of information by the firm influences export propensity. The manager's knowledge of foreign languages was not found to affect export propensity and a relationship between planning and information was identified as an important factor of export planning.

### **5.3 Conclusions Regarding the Primary Research Question**

*“What factors contribute to the export propensity of Australian seafood firms?”*

This study sought to determine whether the factors identified in the literature (managerial experience, managerial commitment, relationship and information capabilities), might also be relevant to prawn firms in Australia, an industry not previously subjected to scrutiny in this regard. Arguably, the most significant finding presented here is that there is indeed support for the existence of relationships between the RBV variables and their affect on export propensity, the most notable factors and themes are provided in Table 5.1.

**Table 5.1 Major Factors and Themes**

<b>Research Question 1 - Human Resources</b>		
Importance of managerial experience		<b>S</b>
Strongest Theme	Years in seafood industry	<b>S</b>
Importance of managerial commitment		<b>S</b>
Strongest Theme	Top-down management approach to commitment to export activities	<b>M</b>
<b>Research Question 2 - Relationship Capabilities</b>		
Importance of Relationships		<b>S</b>
Strongest Theme	Forming long term relationships	<b>M</b>
<b>Research Question 3 – Information Capability</b>		
Importance of information		<b>S</b>
Strongest Theme	Information and planning	<b>S</b>
S = Strong Support, M = Moderate Support, W = Weak Support, NS = No Support		

*Source: developed for this research*

## 5.4 Implications for Theory

This section considers the implications of the research for the seafood industry generally, specific to the prawn industry and finally for theory contribution. These three implications are discussed in detail next.

### 5.4.1 The Australian Agriculture and Seafood Industries

The assessments of the determinants of export propensity, specifically relating to the internal resources and capabilities of the firm, is an important aspect of the export literature, however very few studies to date have looked at this phenomenon in an agricultural and seafood context and no studies were identified in the context of the Australian agricultural industry. The traditional export propensity and related internationalisation literature also completely neglected studies of Australian seafood firms.

As suggested in the literature review (section 2.3), the lack of an Australian agricultural and seafood approach to determining the factors that influence a firm’s export propensity is limited by the complexity of measuring the influence of internal resources and capabilities, the relationship between these variables, underlying theoretical constructs and results. This research has contributed to this gap in the literature, however further research is required to

develop more conventional operational definitions and scales of measurement for internal resources and capabilities.

The current research developed conceptual relationships between the RBV constructs in addition to external determinants of export propensity. An rigorous analysis of the case study interview data found the relationships to be significant in all cases. Therefore, this study contributes to theory development by being the first to examine resources and capabilities, internal to the firm, that influence on export propensity of Australian prawn firms.

#### **5.4.2 The Australian Prawn Industry**

As explained above, this study has contributed to the export propensity literature by providing evidence of the determinants of export propensity in the context of the Australian prawn industry. This study suggests that human resources and information capabilities may be influential in determining a firm's export propensity and external barriers to trade outside of the firm's control also reduce the firm's export propensity. Furthermore, theoretical implications of this study can be applied to both sections of the prawn industry in Australia, the wild-catch sector and the farming sector. By identifying the relative impact of these factors in the context of the prawn industry this research has also made a unique contribution to the literature.

#### **5.4.3 Countries Outside the US and Europe**

The current research also identified that the export propensity literature and corresponding internationalisation literature contains very little research on the export propensity of firms captured outside of the US and the EU (section 1.3.3). Therefore this study contributes to the theory by providing an Australian perspective of the determinants of the export propensity of firms and therefore builds on existing knowledge.

#### **5.4.4 Case Study Research Methodology**

This research also had methodological implications. The research has shown that a case study methodology is a viable alternative to the more widely used quantitative research approach of studying export propensity. The case study methodology facilitated the collection of rich data through semi-structured, in-depth case study interviews. The collection of data for triangulation was also possible through personal observation and the collection of documents. The analysis of this data provided a rich understanding of the factors contributing to export propensity for seafood firms in Australia. Thus this research confirms the usefulness of the

case study methodology and was justified and appropriate for the research subject. The qualitative methodology adopted in this study must be acknowledged as a limitation but is well justified for this research.

## **5.5 Implications for Policy and Practice**

This research has implications for private sector managers of firms within the prawn industry as well as those involved in the management of other seafood firms. The research also carries implications for those involved in the public sector of the seafood industry. The implications for the industry and the public sectors are discussed below.

### **5.5.1 Private Sector**

Managerial implications from the findings can be drawn from mainly from two perspectives; attracting human resources and information management to increase export propensity. Firstly, the results of this study identified that both sectors of the prawn industry are struggling to attract new human resources and that the industry loses many human resources to more attractive industries, after a significant investment in training. Therefore firms should develop strategies that place more attention on identifying ways to attract and retain new workers and to offer the right incentives to discourage attrition. This may include visa sponsorship programs for migrant workers and the utilisation of itinerant workers to compensate for seasonal demand. Ultimately, the problem of attracting and retaining workers for prawn trawlers is the most difficult to develop policy for, as the reason for attrition was found to stem from the relative lack of growth in the prawn industry.

Secondly, the literature and the results of this study established that superior export propensity is influenced by information capability. Therefore firms should engage in the development of information databases, like that of Case B, to assist in future harvest forecasting, export contact management and information management. Prawn firms should also invest in information procurement by sending relevant staff to export related seminars, workshops and training facilitated by both state and federal agencies and industry associations.

### 5.5.2 Public Sector

Policy makers view exporting as a means to accumulate foreign exchange reserves, increase employment, enhance societal prosperity and improve national performance and productivity. The challenge therefore facing policy makers is to continually devise more effective ways of improving the resources and capabilities of firms so that they may export, regardless of their industry. The Australian government has long recognised that exporting is fundamental to sustaining Australia's macroeconomic stability and growth. Consequently, it is important that strategies developed and facilitated by policy makers can be both improved and better directed through the identification and dissemination of information about increasing export propensity.

Therefore, to increase firm export propensity, policy development could focus on assisting seafood firms to identify appropriate government and industry assistance as well as international networks and associations that can aid in the development of firm resources and capabilities. Perhaps, where relevant, government representative could work to develop stronger international relationships with their government equivalents in desirable export locations.

Next, two other areas for improvement in public policy emerged from the data concerning the two sectors of the prawn industry; these were EPA restrictions and non-tariff trade barriers. These are outside the original scope of the current research, however due to the strength of the data warrant mentioning. Policy makers for the prawn farming industry should improve channels of communication to prawn farmers in an effort to reassess the impact of imposed environmental restrictions on the growth and productivity of the prawn farming industry. Finally it was also highlighted that non-tariff trade barriers, primarily in the form of 'the cadmium issue' for the European market and import restrictions in the US are severely impacting the export propensity of Australian prawn fishers. Therefore, a stronger focus on the resolution of trade issues specific to the industry is required.



## 5.6 Limitations

Although the researcher attempted to ensure that the findings of this research are both reliable and valid, a number of limitations must be considered when evaluating the results and implications for future research.

Firstly, as was noted in Chapter 1, this research was delimited to a case study data collected from Queensland prawn firms and farms. However, due to limitations in terms of funding, time and location, restricting the research to case study participants located in Queensland was necessary.

Secondly, this research was delimited to a sample population consisting of Australian Seafood CRC members. It was identified early in the literature review that a key gap in the literature was the need for more research into the export propensity of firms within the Australian seafood industry and specifically the prawn industry. However, Seafood CRC members consist of the country's largest and most reputable prawn firms, the majority of which are in fact located in Queensland.

The limitations identified above do not however render this research or any of the findings inconsequential or insignificant. Instead, these limitations are highlighted in order to draw attention to areas requiring further research in the area of export propensity, which is the focus of the following section.

## 5.7 Implications for Future Research

Exporting has become a means for improving a firm's financial and competitive performance as well as a necessity for seafood firms operating in a saturated domestic market. Therefore the contribution that a viable, export orientated, seafood industry can make to the Australian economy through increased employment and other flow-on effects from export is quite substantial. It is hoped that the current results will stimulate additional research into the determinants of export propensity among Australian seafood firms. Future researchers should consider the following:

Firstly, the two delimitations of scope of this research could be extended in the future research. The first delimitation was that the research was conducted in Queensland, Australia. Therefore, any future research could be extended to include all other Australian states and

territories where prawn farms and firms are present. The second delimitation was related to the sample of the study and the exclusive focus on Seafood CRC members. This research could be extended to include all non-members within the industry. This could lead to greater understanding of the impact of different resources and capabilities on the export propensity of Australian seafood firms.

In this study, the analysis of the internal resources and capabilities of the firm, revealed that external variables were also very important in determining export propensity and in effect could not be completely separated. Therefore it is recommended that future researchers extend the scope of the research to include external variables.

Finally, with regards to the research approach, the research for this study was conducted using a qualitative approach for theory building. Therefore, it is hoped that future research would take a quantitative approach for theory testing and test the theoretical model derived from this research.

## **5.8 Conclusion**

This chapter compared the three subsequent research questions with the literature to investigate and make conclusions regarding the primary research question. In summary, the research provided a theoretical model that answered the primary research question, “*What factors contribute to export propensity of Australian seafood firms?*” The resulting analysis concluded with implications for theory and practice as well as opportunities for future research. Overall, the results of this research can be used to address the challenges encountered in the initial stages of export process, and therefore allowing more Australian prawn firms to fully realise entry into international markets. This theory building research has contributed to the existing knowledge base specific to the factors contributing to the export propensity of Australian seafood firms and thus provides a basis for future research. This research provides a key contribution to the literature as there is a lack of research in the area of export propensity for the seafood industry. It is hoped that other researchers will seek to establish the validity of the findings in this study by replicating the research design with other Australian and international seafood industry firms.

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## List of Appendices

### Appendix 1: Initial Phone Contact Guidelines

#### Export Propensity: A study of Australian Prawn Farmers

The researcher will be guided by the following;

##### **Introduction**

Good morning/ good afternoon, my name is Chelsey Parish and I am an honours student at the University of the Sunshine Coast. My sponsor, CRC Australia has recommended your company to me as a possible case study participant for my research on Australian prawn farmers and export propensity. If you are interested, I would like to send you some information about my proposed research in a view to helping you decide if you would like to participate as a case study.

*If they do not want to receive any more information about the study, the researcher will thank the person for their time and wish them the best.*

*If they would like to proceed and receive the research information via email;*

Thank you very much for agreeing to receive an email from me. After you have received the email I will contact you to see if you would like to proceed as a case study participant. Or if you prefer or have any questions regarding the research, you are more than welcome to contact myself or my supervisors. Our contact details will be included in the information sent to you.

Thank you for your time, all the best.

## Appendix 2: Participant Information Sheet

Chelsey Parish  
BBus (Int. Bus)/BArts (Communication/Japanese)  
Honours Research Student  
Faculty of Business  
Mobile: 0400 837 639  
Email: cep005@student.usc.edu.au

### Export Propensity: A study of Australian Prawn Farmers

#### **Research Project Information Sheet for Prawn Aquaculture Farmers and Wild-Harvest Prawn Farmers**

The Research Project:

The purpose of this research is to identify internal factors that influence export propensity of prawn farmers, both in the prawn aquaculture industry and the wild-harvest industry. For this research propensity is defined as the factors influencing whether or not firms are exporting. The identification of these factors will in turn allow prawn farmers to access their capacity and readiness to enter international markets. If you agree to participate as a case study subject, as the research student, I will conduct a personal interview with you at your place of work at a time that is most suitable to you. It is expected that the interview process would take approximately 1 hour. If you choose to be involved in this research by contributing your opinions and experiences, all information will remain strictly confidential. Your participation is, of course completely voluntary and there are no anticipated risks to you as a result of your participation. You may choose to withdraw from participation in this research at any time without consequence and explanation. I seek your assistance in this research project as someone who is very interested in the export industry and as a passionate supporter of Australian grown, quality products.

As this research is being conducted for the fulfilment of a Business Honours Degree at the University of the Sunshine Coast, all data collected from the interviews will be confidential. In addition to being published in a thesis, the results of this study may be published in academic journals and presented at conferences. The results will be generalised so the anonymity of the individual respondent will be maintained. If you decide to withdraw from the research however, data collected as a result of your involvement will not be included. On completion of data collection, upon request, you will be provided with feedback on the research through summary of the results.

If you kindly agree to participate please retain this sheet for future reference and contact details.

If there are any questions or matters of concern about the research, please feel free to contact myself or my supervisors at the contact details provided. The researcher and the university greatly appreciate your assistance with this project.

**Associate Researcher: Chelsey Parish**

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This project has been approved by the Human Research Ethics Committee of the University of the Sunshine Coast.

If you have any complaints about the way in which this research project is being conducted you can either raise them with the Chief Research Supervisor, or if you prefer an independent person, the Chairperson of the Human Research Ethics Committee.

**Chairperson of the Human Research Ethics Committee**

C/- The Committees Officer  
University of the Sunshine Coast  
Maroochydore DC Qld 4558  
Phone: +61 7 5459 4574

Thank you so much for your assistance so far. If you wish to continue with this project, I would like to once again thank you for your time and participation. Please don't hesitate to contact me or my supervisors for any further information.

Yours Sincerely,

Chelsey Parish  
\_\_\_\_\_/\_\_\_\_\_/2010  
University of the Sunshine Coast

## Appendix 3: Participant Consent Forms

Chelsey Parish  
BBus (Int. Bus)/BA (Comm./Jap)  
Honours Research Student  
Faculty of Business  
Mobile: 0400 837 639  
Email: cep005@student.usc.edu.au

### Consent to Participate in Research

**This research aims to identify factors that relate to the export propensity of Australian prawn farmers. The identification of these factors will in turn allow potential exporters, government agencies and researchers to further develop strategies to improve the likelihood of entering international markets, therefore having a positive impact on the overall export performance of Australia.**

I consent to participate in the above name research project. I also understand that:

- I do not have to participate in this research project if I do not wish. I realise that it is my decision to participate or not.
- I can withdraw from the research project at any time and that I do not have to give any reasons for withdrawing.
  - If I do choose to withdraw from the study at any time, any information received from me or pertaining to me that was obtained during the research will not be used; and
  - I will not be penalised or treated less favourably or lose and benefit if I do withdraw from the study.
- My participation in the study involves a 1 hour interview.
- All information obtained from me or pertaining to me will be kept strictly confidential to the research team and there will be no means of identifying me personally as a research participant in any publication, presentation or other means arising from the research.
- I will be provided with a summary of the research results, if requested.

*I understand the contents of the Research Project Information Sheet for the research project and this Consent to Participate in Research form. I agree to participate in the research project and give my consent freely. I understand that the project will be carried out as described on the Research Information Sheet, a copy of which I have kept. I realise that whether or not I decide to participate is my decision. I also realise that I can withdraw from the project at any time and that I do not have to give any reasons for withdrawing. Any questions I have about this research project and my participation in it have been answered to my satisfaction.*

Participant's Signature: \_\_\_\_\_ \_\_\_\_/\_\_\_\_/2010

Name: \_\_\_\_\_

Associate Researcher's Signature: \_\_\_\_\_ \_\_\_\_/\_\_\_\_/2010

Name: \_\_\_\_\_

## Appendix 4: Interview Protocol for Prawn Industry Experts

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### Interview Guidelines for Prawn Industry Experts

Export Propensity: A study of Australian prawn farmers and fishers

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The interviewer/ chief researcher will be guided by the following:

#### **Introduction:**

*Thank you for agreeing to be interviewed. As we have previously discussed, I am trying to discover what factors influence the export propensity of Australian prawn farmers and fishers. As an experienced expert within the prawn industry, I would find your view and opinions very interesting. This research is mainly for my Honours degree at the University of the Sunshine Coast; however it is my hope that it will also provide people involved in the seafood industry and government representatives with better information about the process of exporting.*

*Any information that you provide to me will be kept strictly confidential. To help me remember your comments and suggestion accurately, I would like to record our conversations so that I can transcribe your responses. This recording will be kept secure and I will not be recording your name or job position with the interview. While the interview is in process please avoid saying names of people or organisations that might identify you as an individual. If you inadvertently say anything that you wish to erase, we can replay the conversation at the end of the interview or stop immediately and record over the dialogue. Is that fine with you? I will place the recorder within you reach so that you may turn it on or off whenever you wish.*

*I have provided you with a copy of the research project information sheet along with a consent form for your signature. Would you please sign the consent form before we begin the interview?*

If they do not wish to proceed, thank the person for their time and wish them well.

*If you are interested you are more than welcome to a final copy of the results of my research. If you have any issues with the research, you have my contact details as well as my supervision's contact details on the project information sheet.*

*Do you have any questions before we start?*

## Questions

<b>Question 1</b>	Could you please tell me your general experience in the seafood industry?
<b>Question 2</b>	How long have you been involved in the prawn industry?
<b>Question 3</b>	What is your role now?
<b>Question 4</b>	I would like to know more about the specific focus of my research; export propensity. How would you define export propensity?  For example, likelihood of exporting, strategic direction, export potential etc
<b>Question 5</b>	In speaking or working with other prawn producers, what have you found to be the biggest challenges for these producers?
<b>Question 6</b>	What do you think the biggest challenge is for the prawn industry generally?
<b>Question 7</b>	What do you think would help these organisations overcome some of these challenges?
<b>Question 8</b>	What do you think are the internal factors (explain) that impact on a firm's likelihood, or propensity to export? <ul style="list-style-type: none"><li>• First we can look at firm resources</li><li>• Second we can look at firm capabilities</li></ul>
<b>Question 9</b>	Would you like to share or provide any other information that may be helpful for this research project?

### Close and thanks:

*That was excellent, thank you very much for your time and help. It has been great talking to you. I will make sure that this information will remain confidential and not linked to any one person or organisation. Please remember you have my contact details as well as the University's if you wish to get in touch.*

*Thank you.*



## Appendix 5: Interview Protocol for Case Study Interviews

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### Interview Guidelines for Prawn Industry Case Studies

Export Propensity: A study of Australian prawn farmers and fishers

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The interviewer/ chief researcher will be guided by the following:

#### **Introduction:**

*Thank you for agreeing to be interviewed. As we have previously discussed, I am trying to discover what factors influence the export propensity of Australian prawn farmers and fishers. As an experienced prawn fisher/prawn farmer I would find your view and opinions very interesting. This research is mainly for my Honours degree at the University of the Sunshine Coast; however it is my hope that it will also provide people involved in the seafood industry and government representatives with better information about the process of exporting.*

*Any information that you provide to me will be kept strictly confidential. To help me remember your comments and suggestion accurately, I would like to record our conversations so that I can transcribe your responses. This recording will be kept secure and I will not be recording your name or job position with the interview. While the interview is in process please avoid saying names of people or organisations that might identify you as an individual. If you inadvertently say anything that you wish to erase, we can replay the conversation at the end of the interview or stop immediately and record over the dialogue. Is that fine with you? I will place the recorder within you reach so that you may turn it on or off whenever you wish.*

*I have provided you with a copy of the research project information sheet along with a consent form for your signature. Would you please sign the consent form before we begin the interview?*

If they do not wish to proceed, thank the person for their time and wish them well.

*If you are interested you are more than welcome to a final copy of the results of my research. If you have any issues with the research, you have my contact details as well as my supervision's contact details on the project information sheet.*

*Do you have any questions before we start?*

## Questions

<b>Question 1</b>	What is your experience in the prawn industry?	
<b>Question 2</b>	How long has the firm been operating?  What is your position within the firm?	
<b>Question 3</b>	What changes have you seen in the way prawn farms/fleets are operated?	
<b>Question 4</b>	Is your firm currently exporting?  Can you tell me a little about your exporting activities?	
<b>Question 5</b>	(If exporting) What are some of the firm's reasons for exporting?  Have you ever had to withdraw from any markets?	
<b>Question 6</b>	(If not exporting) Why are you not exporting?  Has your firm ever exported?  Are you planning to export to new markets in the future?	
<b>Question 7</b>	From <b>your company's</b> perspective, what are your biggest challenges to exporting?  Are these challenges generally indicative of the industry?	
<b>Question 8</b>	What types of assistance would best cater to the challenges (trade barriers) you have identified?	
<b>Question 9</b>	<b>R and C</b>	<b>Level of Importance Comment</b>
	Human Resources	
	Commitment	
	Experience	
	Relationships	
	Information	
<b>Question 9</b>	What do you think are the most important firm resources/internal resources and capabilities for a successful business in your industry?	
<b>Question 10</b>	Would you like to share or provide any other information that may be helpful for this research project?	

### Close and thanks:

*That was excellent, thank you very much for your time and help. It has been great talking to you. I will make sure that this information will remain confidential and not linked to any one person or organisation. Please remember you have my contact details as well as the University's if you wish to get in touch.*

*Thank you.*