Factors contributing to the export propensity of Australian seafood firms

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Abstract

**Purpose** - The purpose of this study is to understand what firm characteristics influence the export propensity of Australian seafood firms.

**Design/methodology/approach** – Case study methodology was employed and involved collecting qualitative data from managers of seafood firms. The data was used to explore four propositions relating to the export propensity of Australian seafood firms. **Findings** – The data provides support for the propositions that a firm’s management experience and commitment along with relationship and information capability influence export propensity. Indeed the level of export experience of managerial staff had the strongest level of influence on export propensity in the case study data. **Research limitations/implications** – The exploratory nature of the study means that results cannot be generalised beyond the setting in which the data was collected. Future research should examine export propensity of Australian firms in a broader sample of agricultural industries in other developed and developing countries. **Keywords:** Export Propensity, Resource Based View, Seafood, Internationalisation Theory
Introduction

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). 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).

However, 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 Agriculture and Resource Economics 2009; Julian & O'Cass 2004). 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, Theodosiou & Katsikeas 2004; Fillis 2007). This situation therefore poses the question; how can firms assess their own export propensity? Consequently, the current study seeks to understand what firm resources and capabilities influence export propensity in the context of the Australian seafood industry.

The Australian 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 Fisheries and Forestry 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 Fisheries and Forestry 2009). The Australian seafood 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 which has resulted in the fall in value of key seafood species such as abalone, rock lobster, prawns and tuna (Australian Bureau of Agricultural and Resource Economics 2009; Austrade 2009).

Despite the importance and potential for industry growth only a limited amount of export propensity studies have been captured in the context of the world's agricultural industries (Javalgi, White & Lee 2000). This is surprising given that the agricultural industry (which includes the seafood industry) contributes a sizeable six percent to global Gross Domestic Product (GDP) and employs 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 and Europe (Fung et al 2008; Rojec, Damajin & Majkin 2004). Arguably, if the seafood industry is to reach its full potential, an assessment of the determinants of export propensity could positively affect the growth, performance and the longevity of the industry. Therefore, the primary research question to be addressed is, what factors contribute to the export propensity of Australian seafood firms? Underpinned by the resource based view of the firm, the main contribution of this research is to highlight firm specific factors that explain export propensity in the context of Australian seafood firms.

This paper is structured as follows. First, we provide the theoretical approaches to prior export propensity research then highlight the relevance of the resource based view (RBV) of the firm in investigating the effects of firm resources and capabilities on export propensity. We then develop four propositions regarding the effects of resources and
capabilities on export propensity. Next, we describe the exploratory qualitative study used to investigate these propositions, before we discuss the results and their implications for future research.

Literature review

Export propensity is defined by Estrin et al. (2008, p. 577) as, “the factors influencing whether or not firms are exporting.” 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 (Hamilton & Dana 2003; Hutchinson, Fleck & Reason 2009; Morgan 1997). However, a significant amount of research to date has been dedicated to the export performance of firms (Aksoy & Kaynak 1994; Fung et al. 2008.; Freeman 2009; Mittelstaedt & Ward 2006; Shaw & Darroch 2004) and less attention has been paid to the pre-export stage or the export propensity stage.

The literature suggests that the steps taken towards internationalisation vary enormously, depending on a wide range of firm, industry and country factors (De Toni & Nassimbeni 2001). Indeed, the evolution of business practices over the past decade confirms that incremental internationalisation is no longer the norm for all firms considering international expansions (Johanson & Vahlne 2009; Knight & Cavugíl 1996; Singh & Lindsay 2006). While some firms still follow the traditional, evolutionary and usually slow stage process of international development, many firms now internationalise rapidly or are international at founding, or very shortly after (Knight & Cavugíl 1996). These types of businesses are commonly referred to as ‘born globals’ (De Toni & Nassimbeni 2001; Johanson & Vahlne 2009). The reasons for the different paths to internationalisation, both incremental and rapid, remain inconclusive with the only point of consensus among researchers being the impact of barriers unique to the firm, such as location, infrastructure and organisational resistance that are encountered before or during the export process (Chetty & Campbell-Hunt 2003; Johanson & Vahlne 2009).

The RBV theory is becoming increasingly recognised as a key theoretical paradigm within export related literature (Matanda & Freeman 2009). This paradigm 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, Barney & Muhanna 2004). Hence, the RBV stresses the importance of firm resources and capabilities in the context of the competitive environment (Barney 1991; Chmielewski & Paladino 2007). In order to sustain a competitive advantage, a firm’s resources and capabilities 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 (Barney 1991).

Authors adopting the RBV emphasised the role that resources such as human resources (management experience and commitment) may play in creating a sustainable competitive advantage (Madsen 2007; Morgan & Hunt, 1999). Many firms lack experienced and skilled personnel to facilitate export. Also, a favourable managerial attitude or commitment to exporting has been linked to export development (Suarez-Ortega & Alamo-Vera 2005). Consequently, these constraints may significantly influence propensity to export (Leonidou 1998). In effect, a resource is an observable (but not necessarily tangible) asset that can be valued and traded and should be difficult to imitate and provide the sustainable competitive advantage needed for internationalisation (Barney 1991; Loane & Bell 2006). Therefore the importance of human resources (management experience and commitment) may arguably have a direct impact on export propensity and will be discussed next.
Management experience. The literature has revealed that managerial experience is well supported as a means of increasing a firm’s export propensity (Leonidou 1995; Leonidou, Katsikeas & Piercy 1998; Atuahene-Gima 1995). It follows common sense that managers and firm decision-makers with international business experience are more likely to engage in and actively pursue and commit to export activities (Atuahene-Gima 1995; Hutchinson, Fleck & Reason 2009). As Cavusgil and Zou (1994) and Katsikeas and Piercy (1993) report, managers with international experience can be a hugely beneficial resource to a firm as they not only bring exporting experience, but also bring with them existing international networks and contacts. Leonidou, Katsikeas and Piercy (1998) also suggest that managerial characteristics such as experience, plays a pivotal role in initiating, developing and maintaining export business. This highlights the need for further investigation of the following theoretical proposition:

P1: The level of experience of managerial staff has a positive influence on a firm’s export propensity.

Management commitment. Management commitment refers to the firm’s disposition towards exporting and as reported by Evangelista (1994) is made up of two components, attitudinal and behavioural. First the attitudinal component refers to the manager’s perceptions of the benefits and risks associated with exporting whereas the behavioural component refers to the extent of resource allocation associated with export activities (Ali 2004; Evangelista 1994; Shoham 1998). In a study of small to medium businesses, Dean, Menguc and Myers (2000) reported that management commitment towards exporting differentiates high export performers from low export performers. This finding suggests the level of commitment could prove to be a useful diagnostic tool to improve the export propensity of SMEs and in fact was reported by Hamilton and Dana (2003) where managerial attitude was found to be a major influence in determining the exporting activities of firms. Moreover, in studies by Sullivan and Bauerschmidt (1990) and more recently Hutchinson, Fleck and Reason (2009) a positive interest, desire and commitment to export exhibited by the firm decision makers proved to increase export propensity. Hence, a commitment to grow the firm into an international enterprise must be present for exporting to occur. This leads to our second proposition:

P2: The level of commitment of managerial staff has a positive influence on a firm’s export propensity.

According to the RBV, firm capabilities can be 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). Performance differences among firms result not only from the control of idiosyncratic resources, but also from capabilities such as relationship and information capabilities that combine and transform resources into superior customer value (Barney 1991; Freeman 2009; Fung et al 2008). 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 & Cavugsil 2002).

The literature acknowledges that the development of firm capabilities and therefore competitiveness is more beneficial to a nation in the long term as opposed to traditional government policy of simply assisting firms in export transactions (Grimes, Doole & Kitchen 2007). From a firm perspective, it has also been suggested that simply acquiring valuable resources is insufficient to ensure a competitive advantage; indeed it is the combination of resources and capabilities that should be developed (Freeman 2009; Morgan & Hunt 1999).
Indeed, many researchers argue that the development of firm capabilities (information and relationship) is more valuable than firm resources (Doole, Grimes & Demack 2006; Morgan, Kaleka & Katsikeas 2004; Sapienza et al. 2006). Further discussion specific to relationship and information capabilities is now provided.

**Relationship capabilities.** 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). International relationships or networks, both personal and organisational, are important for export start-ups (Anderson & Wictor 2003; Oviatte & McDougall 1995). International relationships also have the added advantage of decreasing firms’ costs for collecting new data on new markets (Roberts Tybout 1997). In fact, long term, quality relationships offer advantages to all parties involved as firm resources are leveraged through joint efforts (Doole, Grimes & Demack 2006).

Moreover, Hamilton and Dana (2003) found that commitment to long term relationships with international partners greatly improves and sustains a firm’s export propensity. Even though it can take a considerable commitment and investment of time, managerial effort and capital to create and sustain international working relationships, the investment of time and money to foreign networks and business relationships will decrease a firm’s internationalisation costs (Roberts Tybout 1997; Sjoholm 2003). Thus, a working relationship is the result of a considerable amount of investment and is an important firm capability (Dyer & Singh 1998), which justifies our next proposition:

P3: The level of relationship capability of the firm is an important contributor to export propensity.

**Information capabilities.** 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, Kaleka & Katsikeas 2004). Information capability has been accepted in the literature as a critical component in making effective and efficient export market decisions (Leonidou & Theodosiou 2004; Toften 2005). In fact, Eisenhardt and Martin (2000) and Keh, Nguyen and Ng (2007) claim manipulation of information capability is critical for sustained competitive advantage. The accumulation of specific market information which according to the RBV is rare, valuable and difficult to substitute has the ability to increase a firm’s international competitive advantage (Goll, Johnson & Rasheed 2007; Loane & Bell 2006). Like Morgan, Kaleka and Katsikeas (2004), information capability has been defined as the firm’s capability to acquire and disseminate information about customers, competitors, channels and the wider export market environment which helps reduce the uncertainty a manager associates with export development activities.

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 ability to acquire information relevant to the export market was had a positive influence on the firm’s export propensity. This viewpoint is expressed in our final proposition:

P4: The level of information capability of the firm is an important contributor to export propensity.
Research method

The research followed a multiple case study approach which has been advocated by various authors within the export field as a means of generating rich data specific to the internationalisation process (Andersson & Evangelista 2006; Chetty & Campbell-Hunt 2003). ‘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 that is, the key principle for the selection of cases is relevance rather than representativeness, therefore purposeful in nature (Yin 2009). We recruited four seafood firms which is within the acceptable range for phenomenological studies such as this research (Guest, Bunce & Johnson 2006). Yin (2009) argues that a researcher can use one study if properly justified. Thus a small sample of cases is sufficient as long as theoretical saturation is achieved. 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 (2009) and Eisenhardt (1989). Therefore this research purposefully chose four case study participants and the sampling frame for the study was Australian seafood firms which included two wild-caught fishers and two aquaculture farmers, representing both sectors of the Australian seafood industry. For ease of reference and also to protect confidentiality, the firms are referred to as Case A, B, C and D and a description of the case studies appears in Table 1.

Table 1: Profile of Case Studies

<table>
<thead>
<tr>
<th>Case</th>
<th>Industry Sector</th>
<th>Position</th>
<th>Industry Experience</th>
<th>Export Activity</th>
<th>Current focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>Wild-caught</td>
<td>Export Manager</td>
<td>16 years</td>
<td>Frequent</td>
<td>International/Emerging Domestic</td>
</tr>
<tr>
<td>Case B</td>
<td>Aquaculture</td>
<td>General Manager</td>
<td>12 years</td>
<td>Infrequent</td>
<td>Domestic/Emerging international</td>
</tr>
<tr>
<td>Case C</td>
<td>Wild-caught</td>
<td>Owner/General Manger</td>
<td>25 years</td>
<td>Infrequent</td>
<td>Domestic</td>
</tr>
<tr>
<td>Case D</td>
<td>Aquaculture</td>
<td>General Manager</td>
<td>23 years</td>
<td>Infrequent</td>
<td>Domestic/Emerging international</td>
</tr>
</tbody>
</table>

The main criteria for selecting the case studies included: representation of the industry experience of each case, maximum variation and heterogeneity (Jocumsen 2004), direct involvement with business development activities or main decision maker within the firm, level of background knowledge of the research topic and major issues being investigated generally (Zikmund 2003). A summary of the four case studies is provided next.

Case A. According to the Australian Bureau of Statistics (2002) definition of agricultural business size, Case A is a large seafood firm and has been an exporting firm for over 20 years and is also a major supplier to distributors, wholesalers, seafood retail outlets and major supermarket chains in Australia. Case A trades in a variety of wild-caught Australian seafood species and currently maintains fishing vessels which operate in the Northern and Southern Fisheries of Australia. Although in recent times, Case A has moved its focus to the domestic market, the firm still maintains a strategic commitment to its international markets.
Case B. Case B is a large and fully integrated aquaculture firm. The firm began farming product from one farm sight in 1984 and now has multiple farm sights operating on a year-round basis. The company primarily sells to large supermarket chains across Australia 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 strengthen its existing international contacts 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.

Case C. Case C is a small exporter as well as a wholesaler and management company. Formed in 2006, Case C is the youngest firm of the four cases and sources product from multiple domestic and international fisheries to sell to both domestic and international markets. By exporting since conception and according to Knight & Cavusgil (1996), Case C can be defined as a “born global” and maintains a strong international client base. However due to increasing barriers to trade Case C is becoming more focused on the domestic market.

Case D. Case D is a large and fully integrated aquaculture farming operation. This firm began farming in the late 1980’s and is one of the largest aquaculture farms in Australia with product available all year round. The company has always focused on supplying the domestic market and has developed contracts with leading Australian supermarkets and retailers, as well as high profile restaurants across Australia. A recent increase in production capability has prompted a new strategic focus towards international markets and Case D is currently assessing its export opportunities. To date the firm has had little export experience and few international contracts however a newly appointed senior manager brings export experience to the firm.

The interview procedure was pilot tested with an Australian seafood firm who is a current exporter. Further, two academic experts with experience in exporting and the seafood industry reviewed the interview questions. The duration of each interview varied in length, however on average lasted between one and two hours. Throughout each interview, detailed and extensive notes were taken by the researcher. Interviews were recorded and transcribed and resulting responses were coded and analysed according to emergent themes for each proposition and will now be discussed.

Results

In P1 we suggested that the level of experience of managerial staff has a positive influence on a firms export propensity. Table 2 shows the three identified themes pertaining to managerial experience.

Table 2: Summary of Identified Themes for P1

<table>
<thead>
<tr>
<th>Findings for managerial experience</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 The value of human resources in the form of managerial experience to the success of a seafood firm</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>2 The importance of years of industry experience of managerial staff</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>3 The challenge of attracting and retaining new senior managers to the industry</td>
<td>NC</td>
<td>NC</td>
<td>S</td>
<td>S</td>
</tr>
</tbody>
</table>

S = Strong Support, M = Medium Support, W = Weak Support, NC = No Comment
Firstly, strong support was cited from all cases regarding the importance of human resources, particularly managerial staff as a determinant of export propensity. Case A stated, “In my experience, your human resources are the most important.” Furthermore, the importance of this 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.

The second theme, managerial experience also found strong support from all case studies. According to Case C, “I literally have decades of experience in the seafood industry and I am still learning.” More specifically, the importance of experience for managing the export process was highlighted by Case A, “experience is especially important for the export process, all the documentation, accreditation, LC’s... experience help to avoid costly pitfalls.” Case A also added, “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.”

The third theme identified in the data concerns a shortage of new industry workers which has resulted in a fairly stagnant pool of managerial human resources. Case D describes the industry as “…a fairly incestuous bunch,” as most managers have previously worked for other seafood firms or seafood distributers. 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 human resources promotion and placement is failing to attract new and talented people to the industry.

Hence, the findings from the data indicate that overall managerial experience has a positive influence of a firm’s export propensity, therefore P1 is supported.

P2 posited that the level of commitment of managerial staff has a positive influence on a firm’s export propensity. Four major themes concerning managerial commitment were identified from the interview data and summarised in Table 3.

Table 3: Summary of Identified Themes for P2

<table>
<thead>
<tr>
<th>Findings for Managerial Commitment</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>The importance of human resources in the form of managerial commitment to export activities</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>Management to commitment to export activities</td>
<td>M</td>
<td>S</td>
<td>S</td>
<td>NC</td>
</tr>
<tr>
<td>Commitment to change of company ‘culture’</td>
<td>NC</td>
<td>S</td>
<td>M</td>
<td>S</td>
</tr>
<tr>
<td>Commitment of capital to develop human resources</td>
<td>S</td>
<td>M</td>
<td>NC</td>
<td>S</td>
</tr>
</tbody>
</table>

S = Strong Support, M = Medium Support, W = Weak Support, NC = No Comment

First, strong support from all four case studies revealed the importance of managerial commitment to a 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.” The overall sentiment by all respondents was provided by Case B, “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.”

Second, a top-down management commitment to achieving and maintaining export propensity found moderate to strong support by three case studies. 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 international market development activities, “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 within the business.

Third, according to Case B, managerial commitment to create an ‘export culture’ within the firm is especially important as the firms begins expand its focus to include international markets. 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 regularly and accredits their recent success to a conscious and planned shift of the company’s culture from “...being the best in Australia to the best in the world.” and adds, "the only thing that has changed here are the people. Case D further supports the promotion of an ‘export culture’, "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.”"

The final theme identified concerns managerial commitment of capital to the development of human resources. Case A argues that, “training your staff is an investment but it requires capital that could be used elsewhere.” For many firms in the seafood industry, finding cash to commit to training human resources can be difficult. Despite this according to Case D, “managers must make a commitment to constantly evolve and modernise.” The positive effects of investing capital resources to increase export propensity is highlighted by Case B, "by committing our resources to growing much more, we can compete in the market more successfully.” Also, the impact of managerial commitment of capital to developing customer relationships is clearly illustrated by Case A, “at the end of the day, it’s our relationships with our customers that sell our product, so you spend whatever you have to maintain those relationships.” In addition, Case B argues that, “building relationships... takes time, money and commitment.”

Thus the data provided support for P2 which highlighted that managerial commitment is an important contributor to export propensity.

In P3 we proposed that the level of relationship capability of the firm is an important contributor to export propensity. Firstly, and as shown in Table 4, all four cases strongly cited that relationship capability is an important determinant of export propensity.

<table>
<thead>
<tr>
<th>Findings for Relationship Capabilities</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Relationships are an important factor of export propensity</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>2 Forming long-term relationships</td>
<td>S</td>
<td>S</td>
<td>M</td>
<td>NC</td>
</tr>
<tr>
<td>3 Relationships and capital resources</td>
<td>NC</td>
<td>S</td>
<td>S</td>
<td>NC</td>
</tr>
</tbody>
</table>

\(S = \text{Strong Support}, \ M = \text{Medium Support}, \ W = \text{Weak Support}, \ NC = \text{No Comment}\)

Second, 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, especially in Asia”. Both Case A and C are from the wild-catch sector and are
currently exporting their products regularly to international markets, suggesting that wild-catch sector has already recognised the importance of establishing trade relationships.

Third, and as previous supported in P2, building long-term, mutually satisfying relationships often involves a continued investment of capital in the form of 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, and pointed out the time saving benefits of conducting business through established relationship channels and adds, “if a trusting relationship has already been establish then you’re less likely 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”.

In conclusion, the findings support P3, that is; relationship capability of the firm is an important contributor to export propensity.

Finally with respect to P4 we suggested that the level of information capability of the firm is an important contributor to export propensity. Firstly, all four case studies agreed there was a positive link between information capability and export propensity, and a further five themes were identified in the data, as shown in Table 5.

**Table 5: Summary of Findings for P4**

<table>
<thead>
<tr>
<th>Findings for Information Capability</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information capability is important to the firm’s export propensity</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
</tr>
<tr>
<td>The relationship between information and planning</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>Sharing of information with competitors across the seafood industry</td>
<td>N</td>
<td>S</td>
<td>S</td>
<td>M</td>
</tr>
<tr>
<td>Information and relationships</td>
<td>S</td>
<td>N</td>
<td>C</td>
<td>M</td>
</tr>
<tr>
<td>Proactive search for information</td>
<td>S</td>
<td>W</td>
<td>M</td>
<td>S</td>
</tr>
<tr>
<td>The use of information by managerial staff</td>
<td>S</td>
<td>W</td>
<td>N</td>
<td>M</td>
</tr>
</tbody>
</table>

*S = Strong Support, M = Medium Support, W = Weak Support, NC – No Comment*

The importance of information to assist in planning (for growth and exporting) found moderate to strong support by all four case studies. 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 previously in P2. According to Case B, planning must first occur at the senior management level before filtering down to all levels of the business but stressed, “all levels need to be involved in the planning process”. Furthermore, Case A supported this sentiment by adding, “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.”

Third, the sharing of information with competitors across the seafood industry also found moderate support. Cases B and D, indicated they had recently shared information regarding the breeding of new stock and technology for the industry. According to Case D, “information is shared between aquaculture 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 also made reference to the sharing of information regarding exchange prices and transaction amongst
distributers of wild-catch stock, “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 seafood market, this proactive willingness to share information could arguably become a necessity to a firm’s success.

A fourth theme identified in the data was the moderate association between information capability and relationships. 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 research and development activities. Secondly, the firm tends to trust more in the validity of the information they have received due to the 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 co-dependent 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 that invest in developing and maintaining relationships have strong information capabilities, which can positively influence a firm’s export propensity.

The fifth theme, with moderate support in the data, was the proactive search for information. This ‘proactive’ search for information was cited strongly by Case C and Case D. According to Case D, “the search for new practice and capability knowledge should be a proactive one and not a reactive process.” 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.” Case A adds, “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.” According to Case C, the Australian wild catch sector has a reputation for being proactive and innovative when it comes to searching out new markets, “…After 30 years, when it comes to finding new markets, the Aussies haven’t left any stones unturned.” Therefore, findings indicate that actively engaging in information searching could influence a firm’s export propensity.

The final theme, receiving moderate support, highlighted the importance of information utilisation by managerial staff. According to Cases A, B and D 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”. 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.” Thus, findings would indicate that information capability is increased when information is managed utilized effectively.

In conclusion, the strong themes identified in the data indicate that information capability is a contributor to export propensity hence P4 is supported.
Discussion

This study represented the first investigation with a multi-case study approach into the factors that contribute to the export propensity of Australian seafood firms. Significant relationships between RBV variables (firm resources and capabilities) and export propensity were identified.

Findings reported that the level of export experience of managerial staff was found to have the strongest level of influence on export propensity in the case study data. This finding is commensurate with research by Cavugsil and Zou (1994), Hutchinson, Fleck and Reason (2009) and Suarez-Ortega and Alomo-Vara (2005) where the consensus shared was experienced managers are beneficial to a firm as they possess the necessary, skills and capabilities to initiate and develop export business. Our research also found that the manager’s breadth of experience in the industry can influence export propensity, as managers who have 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.

Managerial commitment was also found to have a significant influence on export propensity in the case study data producing similar results reported by Aksoy and Kaynak (1994), Hutchinson, Fleck and Reason (2009), Sullivan and Bauerschmidt (1990). Our research also found that commitment to developing an ‘export culture’ through a top-down management approach was a critical step in the process of moving from a domestic to an internationally focused firm.

Further, the commitment of capital to developing and maintaining long-term international relationships and networks was found to influence 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. 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.

Our results also indicate that information capability has a positive influence on export propensity which is also supported by Loan and Bell 2006 and Morgan, Kaleka and Katsikeas (2004). A dominant theme in our results was 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 seafood firms and a proactive approach to information searching was found to influence export propensity. Further this study 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 by the managerial staff. This finding corresponds with earlier research by Suarez-Ortega and Alamo-Vara (2005) who reported access to host county specific information has an important affect on the firm’s export propensity.

The findings of this research have a number of implications for managers of seafood firms, policy decision-makers responsibility for the seafood industry and theoretical development. First, managerial implications from the findings can be drawn from mainly from three perspectives; attracting human resources, relationship development and information management when accessing a firm’s export propensity. The results of this study found that the seafood industry competes with more attractive industries (ie mining)
therefore seafood firms are struggling to attract and retain new human resources even 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. Our study also established that export propensity is influenced by relationship and information capability. Seafood firms could (i) invest in developing and maintaining relationships both within the domestic industry and in export markets and (ii) invest in the development of an information database which can be accessed by of relevant staff within the firm. Seafood 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.

Next, 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 develop 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. 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.

The current research confirmed conceptual relationships between the RBV constructs and export propensity as the data revealed the relationships to be significant for all propositions. Therefore, this study contributes to theory development by being the first to examine resources and capabilities that influence the export propensity of Australian seafood firms.

This study has certain limitations that need to be acknowledged. First, this study adopted an exploratory approach to investigate the influence of firm resources and capabilities on export propensity and therefore suffers from the common limitations of the method. Future research should seek to overcome this limitation by developing a quantitative study that includes other internal firm characteristics that could add valuable insight into export propensity research. Further, the research context limits the findings as the research involved only one country and one industry which may reduce the ambiguity of the results to some extent.

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 could be significant. It is hoped that our results will stimulate additional research into the determinants of export propensity among other agriculture industries in other national economies. Finally, 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.
Reference List


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