

**ACCESSING THE JAPANESE FOOD GRAIN MARKET BY SUPPLYING
AUSTRALIAN NON GMO GRAIN INPUTS: THE CASE OF AN
AUSTRALIAN SMALL BUSINESS FOOD QUALITY CORN AND
SOYBEANS EXPORTER**

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ABSTRACT

This dissertation investigates how an independent Australian grain exporting SME has been able to access the Japanese market for food quality soybeans and corn. This firm has succeeded in entering this market despite entrenched competition from traditional suppliers in the USA and Canada and in the face of rigorous food safety and quality standards as required in this particular market. The research in this dissertation focuses on outlining the critical '*enabling competencies*' that the firm and its suppliers developed in order to enter the Japanese market. A single case methodology involving multiple in-depth interviews with key stakeholders was used to provide triangulated evidence concerning the necessary and sufficient conditions for SME exporters to compete successfully in such mature markets, particularly in the face of entrenched competition from large scale suppliers of similar products from the United States and Canada. From the data collected in this research, a model of SME internationalisation was proposed highlighting the driving forces which stimulated the development of a set of '*enabling competencies*' enabling successful entry into the Japanese market for food grains. This model has both practical and theoretical implications for the development of trade between Australia and Japan in the food grain sector. In conclusion this dissertation suggests that firms with the capacity to develop such competencies can succeed in entering enter such product-markets.

CERTIFICATION OF DISSERTATION

I certify that the ideas, experimental work, results, analyses, software and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

Signature of Candidate Date

ENDORSEMENT

Signature of Supervisor Date

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1.0 INTRODUCTION

This research analyses the processes of a SME exporter of food quality soybeans and corn it was found that this company had developed a set of “*enabling competencies*” to successfully enter the Japanese market. Japan, as a major manufacturing nation ranks as one of the world’s most significant economies, and is one of the three largest economies in the Asia Pacific region along with China and the Republic of South Korea. Japan is also the world’s largest net importer of agriculturally based food products, currently importing over 60 percent of its food requirements (Agriculture and Agri-Food Canada 2003). This highlights the limitations of Japan to produce sufficient food for its highly sophisticated population. Japan depends on overseas food input suppliers in order to meet the demands of its domestic consumers.

Although Australia is a major trading partner of Japan their principal imports are manufactures, foodstuffs, raw materials and fossil fuels mostly sourced from North America. Australia’s principal exports to Japan being commodity-based include coal 19 percent, liquified natural gas, iron ore 9 percent, aluminium 8 percent and beef 7 percent of total exports to Japan (Australian Trade Commission 2003). Australia has not generally been regarded by the Japanese as a significant source of food inputs such as grains, except for wheat. Traditionally the US was a major source of supply for Japanese importers who purchased food grain inputs such as soy beans used in manufacturing Tofu, Soymilk and Soybean (Miso) paste.

This situation is changing. A business meeting held in Tokyo in 2001 where a high ranking representative of the large Japanese trading company Mitsubishi trading commented that “*the onset of consumer concerns regarding genetic modification combined with the desire amongst Japanese importers to maintain and protect their credibility with their customers and in particular, the apparent inability of United States (US) producers to guarantee supply of GM free soy to Japan led to a search by Japanese food manufacturers for alternative sources of supply*” (Y Matsubara, 9/2/2001 pers comm.).

This dissertation investigates how a small to medium sized (hereafter referred to as SME) agribusiness exporting firm entitled Philp Brodie Grains (hereafter referred to

as PBG) succeeded in entering the Japanese market for food quality soybeans and corn, despite a number of formidable barriers to entering this market. These included entrenched preferences for other suppliers, a lack of knowledge about Australia as a food grain producer, and a consumer market which is extremely conscious of food-safety. What it investigates is how existing company competencies were used as well as detailing those which were specifically developed internally and in conjunction with other supply chain participants to succeed in entering the Japanese market. PBG is a privately owned grain trading and small scale manufacturing company located in the city of Toowoomba in Queensland, a major service centre for many agribusiness firms.

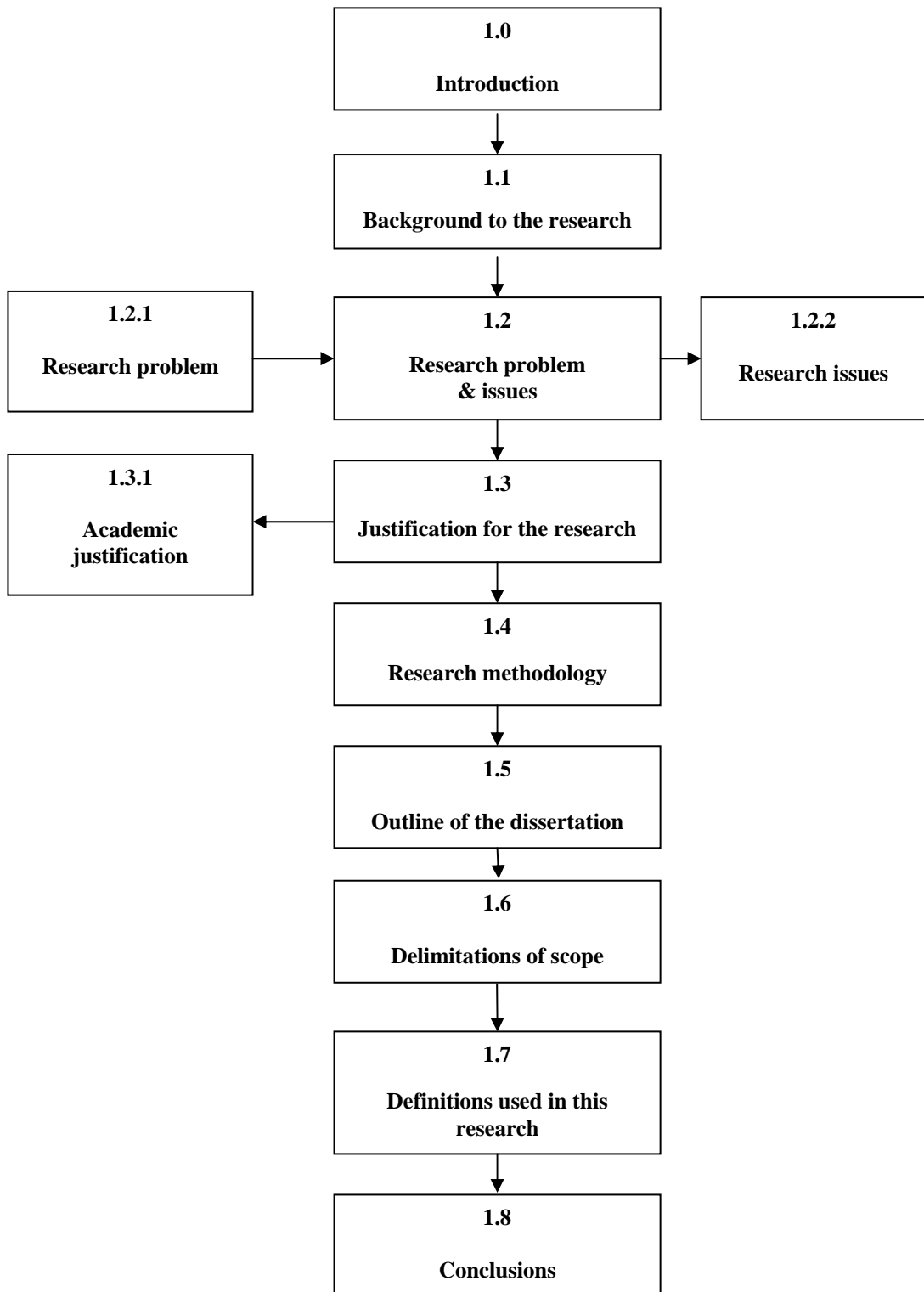
The existing literature concerning foreign market entry and firm internationalisation has focused on Multinational Corporations (hereafter referred to as MNC's) (e.g. Dunning 1995) and (SME's) (Wolff & Pett 2000) small and medium sized exporting firms (hereafter referred to as SME's). However, the importance of "*small*" firm market entry and internationalisation, with particular reference to Australia's food grain export industry has attracted little attention in the research literature. Therefore, this dissertation has three major purposes.

Firstly, to investigate, identify and view market entry and internationalisation approaches undertaken by a small to medium sized food grain exporting company (PBG) and compare and contrast these with existing theories of SME market entry and internationalisation.

Secondly, to develop a theoretical model of SME exporter internationalisation and foreign market entry suitable for use in pursuing the Japanese food manufacturing input sector in terms of food grains. This will contribute to the theory of internationalisation and foreign market entry.

Thirdly, from a practical perspective, to provide exporters with some insights into strategies which they may adopt to enhance or improve their export business development projects, particularly into markets which may appear to be difficult to enter. An outline of Chapter 1 is diagrammatically presented in figure 1.1.

Figure 1.1 Chapter 1 outline with section numbers



1.1 Background to the research

Australia has developed a strong export focus and reputation as a supplier of quality food and agricultural products. Exports accounted for 22 per cent of GDP in 2001-02, an increase of 11 per cent from 1981-82 (Fitzgibbon 2003). However as Australian agribusinesses mature it is important that they constantly seek out new markets and not rely on existing markets for future growth (Fitzgibbon 2003). Business structures within the international food industry are changing and there are many new business relationships and alliances emerging which allow entry to market chains. These are exemplified by grower supply networks which have evolved to supply large Australian retailers such as Woolworths and Coles (Studley 1998). However in the future Australian food producers will increasingly focus their attention on overseas markets, in order to seek out and develop alliances with international food conglomerates to provide an additional option for domestic production given the limited value of the domestic market (Studley 1998). This research focuses on how an exporter of specialist food grains is able to enter the Japanese market for food grains highlighting the fact that opportunities are available for Australian SME food grain exporters. Specialist food grains such as Soybean and Corn when used for direct consumption food products (e.g. Tofu and breakfast cereals) are a niche market involving small exporting firms due to the small volumes and specific product specifications required by Japanese manufacturers.

Both Australian government and industry are increasingly focusing on improving the competitiveness of Australia's food exports into the Asian region. This is clearly shown through a partnership arrangement between the Australian Food and Grocery Council, The National Farmers' Federation (hereafter referred to as NFF) and the Australian Retailers Association. These organisations collaborated with the Federal government to form the promotional entity 'Supermarket to Asia' (hereafter referred to as STA). The objectives of the STA initiative were to *"develop a market led export culture, remove barriers, build points of product difference and to improve Australia's competitiveness throughout the chain"* (Kennedy 2002).

Australian agribusiness exporting firms, like those in other competing nations, are constantly seeking new markets and are supported and driven by both public and

private sector organisations. This research displays clear evidence of both public and private sector agencies within the Australian agribusiness sector combining to develop new markets internationally. The relevance of SME's in this research is further emphasised by an Australian Austrade official who stated that, '*the majority of Australia's agribusiness exporters are small and medium sized enterprises*' (Austrade, 17/11/2005, pers comm.).

Such an opportunity was highlighted during a market trip to Japan by PBG in 2001 when Mr. Matsubara from the multinational Japanese trading company, Mitsubishi Ltd during a meeting in Tokyo commented that, '*Australia has not been seen as a credible supplier of food grade soybeans and corn by Japanese importers and manufacturers, because of pre-conceptions about Australia as being only a small and unreliable supplier. Japanese importers preferred establishing supply relationships with French, South African and Chinese suppliers, even though products imported from these countries were considerably more expensive and displayed some quality problems*' (Y Matsubara 9/2/2001 pers comm.).

However at that time contamination problems with USA imports of food corn which contained unacceptable levels of a genetically modified organism (hereafter referred to as GMO) were identified. This GMO grain which was believed to cause allergic reactions in humans was found in imported corn from the USA. Consequently, Japanese importers of corn and soybeans stopped buying from this source. This disenchantment with the USA as a supplier of food grain inputs provided a unique window of opportunity for Australian producers and exporters to promote their product to the Japanese food manufacturing sector.

Therefore, this research looks specifically at the way in which a SME exporter (PBG) of food grains was able to successfully penetrate the Japanese food grain market. PBG's success in entering the Japanese food grain supply chain was at least partially dependent on the development of close working relationships between the Japanese importing Sogo-Shosha and the Japanese processor/final product manufacturer in Japan on the one hand, and the Australian supply chain participants on the other. The researcher, in this instance, looked closely at the '*enabling competencies*' which the Australian small business exporter (PBG) developed to

address a set of *'necessary and sufficient conditions'* and which were instrumental in PBG's successful entry into the Japanese food grain market.

1.2 Research problem and issues

As previously discussed this research investigates how an Australian SME exporter was able to gain entry to the Japanese market for food grains despite entrenched competition from traditional large scale suppliers such as the USA and in the face of intensive buyer concerns about food safety and product integrity. A single case study approach was adopted using multiple informants. Throughout this case research the principal researcher had a close association with all aspects of this business development activity. This knowledge of the case study by the researcher was an ideal position from which to identify in consultation with case participants the research problem and subsequent research issues used to guide this research. The research problem is detailed below.

1.2.1 Research problem

'How do small and medium sized exporters of food quality and GMO free Soybeans and Corn successfully enter the Japanese market'?

The successful identification, development and implementation of a number of *'enabling competencies'* is a outcome of an SME's (PBG) determinedness to succeed in accessing the Japanese market for food quality soybeans and corn. This research sought to identify these *'enabling competencies'* which were seen as essential for entering the Japanese market for food grade soybeans and corn. Furthermore the role of *"relationships"* was seen as an extremely important component both in maintaining existing business contracts and was also a key to ensuring future access to the Japanese food grain market. This is important as it has been suggested that SME's have to use different strategies in entering complex markets than do larger multinational companies when entering the Japanese market (Freeman 2002; Wolff & Pett 2000).

1.2.2 Research issues

The following research issues provide the focus for this research and clearly provide direction for the data collection process, in conjunction with the development of the interview protocol used in the collection of data for further analysis.

- What have been your experiences/perceptions in developing opportunities in the Japanese market?
- To what extent do behavioural and business factors contribute to your selection process for buyers and suppliers to your business?
- What factors are important to you when evaluating opportunities to become involved in supplying overseas markets/customers?

1.3 Justification for the research

Given the limited potential of Australia's small domestic market for many manufacturers there are numerous producers and manufacturers who wish to expand their businesses through moving into the export market. However, many potentially successful exporters are at times deterred by a lack of information, understanding and basic knowledge of how to penetrate the global markets including, the ability to clearly identify the correct market and the best partners. Clearly, this is an area where formal market research can provide assistance to potential Australian exporters, particularly as the current Australian government through its national portfolio the Department of Foreign Affairs and Trade has an existing commitment to double the number of Australian firms exporting by 2006 (DFAT 2002).

This research therefore seeks to enhance an understanding of the activities Australian agribusiness firms need to develop and implement to gain entry to the Japanese food grain market. This research therefore investigates the market entry strategies used by a small Queensland food grain exporter in supplying the Japanese food market with Queensland produced Non-GMO food quality soybeans and corn.

From a practical perspective the use and identification of a number of '*enabling competencies*' used by small and medium sized Queensland companies to penetrate the Japanese food grain market particularly for Soybean and Corn as well as the

development and application of internationalisation approaches form the basis of this research. This research is important because it addresses the processes and strategies employed by a SME in accessing the extremely fastidious food grain market in Japan.

1.3.1 Academic justification

Limited prior research into the market entry methods and processes of internationalisation as employed by Australian SME's instigated this research. This gap in the academic literature is compounded with a number of authors including Oviatt & McDougall (1994) and Reuber & Fisher (1997) reporting that small businesses are limited to exporting as a means of internationalisation due mostly to their limited resources. In addition these small businesses rarely follow the generic stage process of market entry as proposed by (Bilkey & Tesar 1977; Cavusgil 1980; Johanson & Vahlne 1977, 1990; Johanson & Weidersheim-Paul 1975; Root 1987; Rugman, Lecraw & Booth 1986) with this research investigating how a SME exporter of food grains succeeded in exporting to the Japanese food market.

1.4 Research methodology

A case study methodology was used in this study for several reasons, firstly, there is an apparent lack of specific studies in relation to international marketing strategy development by SME's and, secondly, the apparent complexity of decision-making processes in the international marketing environment for such medium and small firms. Consideration of these factors led to the use of a 'theory building' approach rather than a theory testing approach which would have been inappropriate in this case.

This approach was selected because, as Cavusgil and Zou (1994) concluded, that although positive relationships between export marketing strategies and performance has been established in the literature, most studies had been confined to firm-level studies rather than those which focus on the operational requirements of internationalising firms. Deficiencies as were identified in several areas such as (a) a dependence on firm-specific characteristics which aggregated all product-market export ventures rather than studying individual product-market ventures, (b) rather than relating performance to firm *strategic* and competitive goals, but merely

assessing performance in terms of sales or profits, and (c) the generally diverse ways in which researchers have conceptualised both export marketing strategy and performance and the simplistic nature of research approaches used in many such studies.

The *theory building* methodology used in this research explored particularly the constructs of '*necessary and sufficient conditions*', and '*enabling competencies*' as contributors to export success. The research also addresses the shortcomings in previous research by; studying an SME exporter of food grade soybeans and corn in investigating the reasons for the success of this specific export venture.

In addressing the issues and theory relevant to this research, a *case study methodology* was chosen for this research. Furthermore this methodology is appropriate because the following pre-conditions for the use of case study methodology (Yin 1989, p. 17) can be satisfied. These are:

1. the type of research question proposed relates to how or why,
2. control over behavioural events is not required, and
3. the focus is contemporary rather than on historical events.

The use of a case study methodology in this research is further justified and described in chapter 3.

1.5 Outline of the dissertation

The purpose of this chapter (chapter 1) was to establish the academic and managerial importance of the topic area, as well as formulate the research problem and the context for the research. The research questions were designed to provide a clear focus for the study.

Chapter 2 provides a review and synthesis of the literature. It also demonstrates the importance of personal relationships in trade and identifies a set of '*necessary and sufficient conditions*' faced by Australian small and medium sized food grain exporters in their attempt to enter the Japanese market. The chapter also discusses a number of market entry and internationalisation strategies from the literature on firm

internationalisation. The main purpose of the literature review in chapter 2 is to provide the background for the study by looking at prior relevant research.

Details of the research methodology used in this research are described in chapter 3, the research protocol, data collection methods and analytical techniques used in the research are explained and justified. In addition, the operationalisation of the key constructs into variables is explained.

In chapter 4, the data collected about each of the research issues is presented. These results of analysing the data are interpreted in chapter 5 as are the implications for both the academic and business communities being explained. The chapter concludes with a discussion of the limitations of the research project as well as some suggestions for further research into the general topic area.

1.6 Delimitations of scope

The research in this project was limited by the nature of the study and the research method adopted. As the study is predominantly exploratory in nature and as comparisons are being made using a single case study with multiple industry and case study specific observations, with neither explicit nor implicit causality about strategy choice and export activity being inferred from the findings (Yin 1994). Further research, perhaps of a more quantitative nature and using experiments, would be required to provide evidence of causality between the identified '*necessary and sufficient conditions*' and the '*enabling competencies*' identified within the research.

This research focuses on the export of Non GMO soybeans and corn rather than the broad spectrum of SME's which includes the services sector as well as commodity (non-value added) sectors.

1.7 Definitions used in this research

GMO – Genetically modified organism – a plant or animal whose genes have been significantly modified

Tofu – Tofu is a soybean based food product where soymilk is curdled and salts or acids are added, this process has been in existence for over 2000 years

Sogo-Shosha (Keiretsu) – a network of businesses that own stakes in one another as a means of mutual security, especially in Japan, and usually including large manufacturers and their suppliers of raw materials and components

Zaibatsu (called Keiretsu after World War II) – A powerful family controlled commercial combine of Japan or a Japanese conglomerate or cartel. Leading Zaibatsu in Japan are Mitsui, Mitsubishi, Dai ichi Kangyo, Sumitomo, Sanwa and Fuyo

“Starlink” – Starlink is a genetic trait in Maize patented by Aventa Crop Sciences . The trait was created using genetic modification and gave the corn plants singularly powerful resistance to infestation by the European corn borer

Miso – A thick fermented paste made of cooked soybeans, salt and often rice or barley and used especially in making soups and sauces

Corn hybrid – In agriculture hybrid seeds are those produced by artificially cross pollinating plants (not genetically modifying). Hybrids are bred to improve the characteristics of the resulting plants, such as better yield, greater uniformity, improved colour, disease resistance etc.

Endosperm – This is a native tissue surrounding the embryo within seeds of flowering plants or tissues found in many seeds which supply nutrients to these embryos.

1.8 Conclusion

In conclusion this chapter has provided the background and a rationale for the research topic, which is to identify a set of decision rules used by SME exporters of food grains in successfully entering the Japanese market. The chapter also provides an explanation of the major concepts under review. Justification from both an academic and commercial viewpoint has also been provided. The chapter introduces the research problem, research issues and research questions used as the basis for the collection and analysis of the data.

The research methodology to be adopted is discussed followed by an overall outline of the dissertation concluding with a description of the limitations encountered when undertaking this research. The report will now progress to a more detailed description of the literature related to this research.

2.0 LITERATURE REVIEW

2.1 Introduction

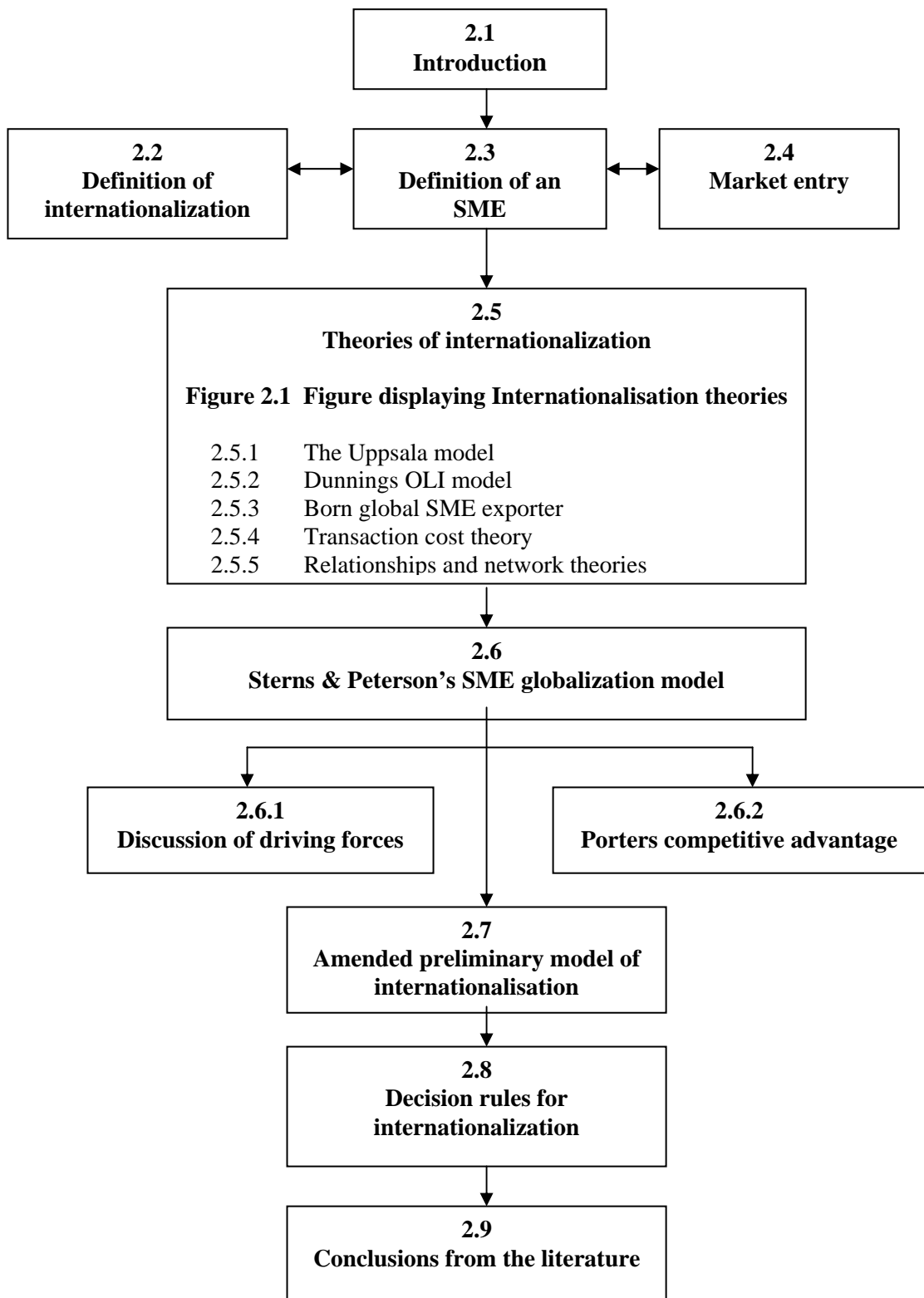
Chapter 1 provided a background to this research, identified the research problem and research issues whilst outlining research questions on which to clearly focus the research.

The chapter provides the theoretical framework for this research with an outline of the chapter being provided in figure 2.1. The chapter commences by providing definitions of both internationalisation and SME businesses as both these areas are the focus of this research; that is the internationalisation process of an SME exporter of food grains. A discussion of market entry tactics identifies exporting or the establishment of a foreign production base as strategies for business planning to enter foreign markets. The process of internationalisation by firms has been well grounded in the literature and spans theories displaying strategies based on costs and the establishment of foreign production to the more contemporary processes of relationships and network theories.

The chapter also proposes the need for a set of decision rules related to these conditions to be developed to enable agri-food businesses to become proactive in their approach to internationalisation. Finally an augmented model of internationalisation suitable for use by an agribusiness food grain SME is proposed.

Throughout the chapter the models have been synthesised concluding in a model being developed which represents how an SME food grain export succeeds in entering the Japanese market. A diagrammatic representation of this chapter showing section numbers is shown in figure 2.1.

Figure 2.1 Outline of Chapter 2 with section numbers



2.2 Definition of internationalisation:

As the key theoretical component of this research is how firms internationalise it is important to provide a definition. Although, there is no apparent single definition for internationalisation as it applies to SME's exporters it has been defined in the following way based on Dunning's (1979) eclectic paradigm of international production. This theory implies that internationalisation is a function of both international business activity and business activities internal to the firm and focuses on MNC's by suggesting that internationalisation is an evolutionary process, with Dunning (1979) proposing that '*internationalisation is a centralised control of activities and control crosses the boundaries*' (p. 182). In addition activities within the firm (internalisation) including employment of local overseas staff, production away from home, trade with their own affiliates/subsidiary's (technology, products and finance) ensure that control by home based management crosses national boundaries resulting in a firm's current international position (Lipsey 1998; Mahoney et al. 1998; Vahlne & Nordstrom 1993).

A single definition of internationalisation is difficult to identify although Beamish (1990) cited in McAuley (2001) provides a broad definition by viewing internationalisation as '*the process by which firms increase their awareness of the direct and indirect influence of international transactions on their future, and establish and conduct transactions with other countries*' (p. 80). Additionally McAuley (2001) proposes that '*if a firm's sales to international markets increase substantially, they may then decide to adopt alternative marketing strategies for each international market*' (p. 6). This definition will not be used but the following definition which relates directly to the situation being experienced by PBG will form the basis of this research from an internationalisation perspective.

2.3 Definition of a SME in the context of this research

As the focus of this research is on the processes used by a small and medium sized food grain export company, it is appropriate to clearly define an SME in this context. Wiltshire (1971) in the report from the committee on small business defined an SME in the following way.

A small business is one in which one or two people are required to make all the critical management decisions – finance, accounting, personnel, purchasing, processing or servicing, marketing, selling – without the aid of internal specialists, and with specific knowledge in only one or two functional areas. ...normally these conditions will be found to exist in the majority of enterprises having less than 100 employees (p. 2).

This definition is particularly relevant to PBG as decisions within this company are made entirely by the management partners.

Furthermore Brown (1997) provided a definition used by the Australian Bureau of Statistics (1984 p. 7) which uses a quantitative measures to define SME's proposing that an SME could be described as '*a small business (that) has less than 100 employees in the manufacturing industries and less than 20 employees in non-manufacturing industries*' a definition which clearly matches PBG's business structure. Additionally Perry 1999 citing Wiltshire 1971 defined an SME as a firm in which '*one or two persons making the key management decisions without aid from internal specialists*'. (p. 3). Again this definition can readily be applied to PBG.

Although similar the definition by Wiltshire (1971) will be used as it relates directly to the business structure and activities of PBG. Where both management partners are equally responsible for all decisions and as the firm has less than twenty employees.

2.4 Market entry

The selection of a suitable market entry mode is seen as one of the most important decisions an internationalising firm can make (Root 1987). Simplistically, there are only two main strategies used by firms entering foreign markets, that is either by (a) exporting or by (b) the establishment of a foreign production base (Perry 1999).

A firms internationalisation strategy choices are many however, Osland, Taylor and Zou (2001) outlined four alternative internationalisation strategies being, exporting, licensing, joint ventures and wholly owned subsidiaries (p. 154). Augmentations of

these entry methods include the use of export/import agents, distributors, foreign direct investment and setting up of foreign sales branches (Osland et al. 2001).

Other research has identified that successful exporters have entered markets through close attention to stage theory utilising Cavusgil's (1980) stage theory, whereby businesses progress through a domestic stage moves to pre-export activities, experimental exports, active involvement and finally to a more concrete committed stage (Gankema, Harold, Snuff and Zwart 2000).

An important concept which is common to many internationalisation strategies and market entry methods, but has received little research attention is the development of relationships. This research has addressed the role of relationships and their influence in developing a number of existing and new '*decision rules*' (Sterns and Peterson 2001).

2.5 Theories of internationalisation

Based on the identification of the literature a list of the limitations and benefits of each individual literature stream has been developed in table 2.1. These benefits and limitations in the context of this research will now be discussed concluding with the development of an amended preliminary model of SME internationalisation.

Table 2.1 Benefits and limitations of theoretical models to SME exporter internationalisation

Model	Benefit	Limitation
Eclectic paradigm & OLI Model Dunning	<ul style="list-style-type: none"> Employs a global perspective when firms are intent on expansion 	<ul style="list-style-type: none"> Focus is on multinational corporations (MNC's) not SME's Signifies centralised control (internationalisation of activities)e.g. production facilities offshore and employment of overseas local staff This theory concentrates on higher level activities of MNC's such as production costs and the internalising of these costs to the extent of vertical integrating some of the businesses activities instead of outsourcing.
Uppsala and innovation models Johanson&Vahlne	<ul style="list-style-type: none"> Identifies a range of business orientations under which firms can move through in their progression toward being a truly global enterprise 	<p>This model is time sequence focused and therefore does not recognise firms which go directly to global activities as described below:</p> <ul style="list-style-type: none"> Focus is on a gradual set of activities eventually arriving at acquisitions to become global businesses The sequential nature of this model excludes employment of other options or strategies e.g. to go direct to export activities Suggests that experience is tantamount to success and doesn't acknowledge the impact of being in alternative industries or even the individual differences of each market Doesn't recognise the global nature of international business where the impact of dealing with diverse cultures does not have as large an impact in recent times Suggests that a firm follows a gradual stage process and doesn't take into consideration a firms decision to go directly to export Doesn't recognise the commercial reality that some SME's don't follow a stage process and can through ad hoc inquiries become global without using a stage process using their existing skills and relationships
Relationships and networks IMP Ford (1990;1998)	<ul style="list-style-type: none"> Enables reliable access to resources, openness of information between suppliers and buyers, leading to a reduction in conflict amongst export partners 	<ul style="list-style-type: none"> Time consuming and the measurement of success is difficult to conclude in the short run

Model	Benefit	Limitation
	<ul style="list-style-type: none"> • Has resulted in lower transaction costs due to relationships ensuring that there was no need for the use of certain middle men and associated costs during business negotiations. • Promotes the development of value creating relationships between export partners which are difficult to duplicate • Views buyers, suppliers and consumers as an integrated and essential network 	
Transaction cost model Coase (1937)	<ul style="list-style-type: none"> • Firms have a clear awareness of cost structures within their business 	<ul style="list-style-type: none"> • Focus is on internalising activities they are able to perform at a lower cost (vertical integrate) • Modelled on taking advantage of spot markets and the eventual equity ownership of the chain (vertical integration) • Transaction cost models focus on single economic exchanges and place little effort or importance on developing on going business relationships • SME's are mostly unable to participate in vertical integration of business activities
SME Globalisation model Sterns & Peterson (2001)	<ul style="list-style-type: none"> • Promotes a set of necessary and sufficient conditions which are required in order for SME exporters to internationalise both perceptively and in business practices <p>Identifies a set of basic requirements for SME exporters to succeed internationally including:</p> <ul style="list-style-type: none"> • Being aware of product demand in order to identify unrealistic product opportunities • Skills in using a variety of contracting arrangements and business relationships to access targeted markets • Have structures and systems in place which contain overall costs of delivering product to the market thereby not prohibitively raising final prices • That decision makers have a perception that their product has a competitive advantage resulting from some feature 	<ul style="list-style-type: none"> • Original model based on globalisation rather than utilising the process of SME exporters which is to undertake expansionary tactics by using selected international markets.

Source: Developed by the author from the literature for the research

2.5.1 The Uppsala model of the internationalisation process:

The process of internationalisation of firms was researched in the 1970's and 1980's by Bilkey (1978) Cavusgil (1980) Johanson & Vahlne (1977) Johanson & Wiedersheim-Paul (1975) Welch & Loustarinen (1988). Two distinct processes of internationalisation have been referred to these are (1) the Uppsala model (u-model) of Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) and (2) the innovation-related internationalisation model (I-model) proposed by Cavusgil (1980). The Uppsala models are generally referred to as the U-models with Johanson and Vahlne (cited in Gankema et al. 2000) describing internationalisation as a '*gradual acquisition and a ... successively increasing commitment to foreign markets*'(p. 2) this description was extended by Nordstrom (cited in Gankema et al. 2000) by including the suggestion that 'the process is one of organisational learning and focuses on experience' (see figure 2.1).

Bilkey and Tesar (1978), Cavusgil (1980), Reid (1984) and Czintoka (1985) (cited in Gankema et al. 2000) considered the process of internationalisation was similar to the adoption stages undertaken by products when entering a market '*considering each stage in the internationalisation process to be an innovation of the firm (p. 2)*'. In a commercial sense the stages of the I-model are generally described based on a ratio of export sales to total sales. This provides a guide that estimates the level that export activity contributes to the total business and hence it is proposed to reflect the extent to which a firm relies on export markets relative to the domestic market (Gankema et al. 2000).

The internationalisation models developed by Bilkey and Tesar (1978), Cavusgil (1980) and Reid (1984) concentrate on the management of export activities. This is in direct contrast to Cavusgil's (1980) stage theory which includes the identification of other entry modes (see table 2.2) combining these with the identification and use of management activities applicable to export (Gankema et al. 2000).

Table 2.2 Stages of internationalisation

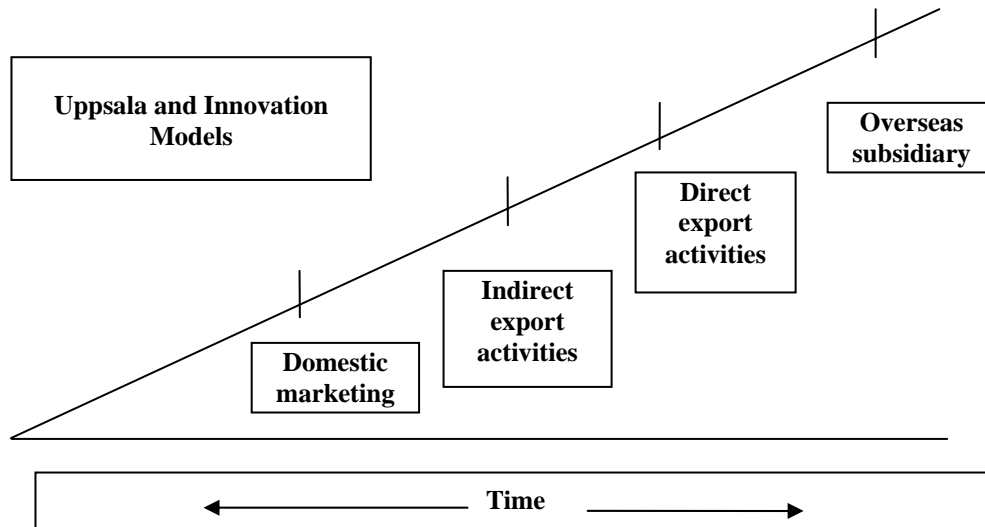
Stage 1	Domestic marketing
	The firm is only interested in the domestic market and does not export at all. The firm is not interested or willing to experiment with exporting, is too busy doing other things, or it is not capable of handling an export order. The export sales ratio is 0.
Stage 2	Pre-export
	The firm searches for information and evaluates the feasibility of exporting activities. However, basic information about costs, exchange risks, distribution etc is still lacking. The export to sales ratio is at or near 0
Stage 3	Experimental involvement
	The firm starts exporting on a small basis. Physical and cultural distances are limited. The involvement of an experimental exporter is usually marginal and intermittent. The export sales ratio varies from 0 – 9 percent
Stage 4	Active involvement
	There is a systematic effort to increase sales through export to multiple countries. A suitable organisational structure is in place to support these activities. The export to sales ratio varies from 10 – 39 percent.
Stage 5	Committed involvement
	The firm depends heavily on foreign markets. Managers are continually faced with choices for the allocation of limited resources to either domestic or foreign markets. Many firms are engaged in licensing arrangements or direct investments. The export to sales ratio is 40 percent or more.

Source: (Cavusgil 1980)

The Uppsala and Innovation related theories of internationalisation do not directly relate to this research as the models are time sequenced not recognising the commercial realities of firms whereby some proceed directly into exporting. However, additional research has identified a range of business orientations under which firms can proceed through in progressing towards becoming a truly global entity (Johanson and Vahlne, 1977).

The major limitation of these models (see table 2.1) as being relevant to business is that they are based on the presumption that firms move through a sequence of orientations. In addition they purport that eventual global activities revolve around a subsequent acquisition/s in order to become global businesses. This sequential nature of these models excludes the employment of other strategies or options such as direct relationships with overseas manufacturers. A further limitation is the insistence that firm experience is a precursor for success.

Figure 2.2 Continuum of small firm internationalisation



Source: Adapted from Johanson and Vahlne (1977); Oviatt and McDougall (1994); Johanson and Wiedersheim-Paul (1975) and Cavusgil (1980)

2.5.2 Dunning's OLI model of international production

Subsequent internationalisation theories addressed the reasons why firms choose foreign direct investment (hereafter referred to as FDI) as the mode for entering international markets. In particular the importance of locational advantages in internationalisation was included in Dunning's (1979) OLI (ownership, location and internationalisation) model which focused on internationalisation where factor costs are lowest by combining ownership advantages, locational advantages, and internationalisation advantages to unify a complete theory for FDI.

FDI will occur if undertaking a business activity in a foreign country is more profitable than performing the same activity in the domestic market. Also, the firm must have some unique competitive advantage over foreign firms when attempting to compete in a foreign market. Such advantages may consist of the ownership of a unique technology, a brand name or a definite advantage in terms of economies of scale (Dunning 1997). Finally, for FDI to succeed there needs to be a clear internal advantage whereby the firm must obtain a clear benefit from controlling the foreign business activity as opposed to employing an independent local company to provide the service (Mahoney et al. 1998).

The eclectic paradigm (OLI model) as proposed by Dunning (1981) provides little relevance to this research (see table 2.1) because of its concentration on developing international production as a basis for internationalisation plus its focus on MNC's as opposed to SME's which are the subject of this research. However, the eclectic paradigm does provide a global perspective when assessing a firm's intent to expand globally. This theoretical model is problematic and has three clear limitations. Firstly, it is focused on MNC's providing little relevance to an emerging SME such as PBG in this research. Secondly, it promotes a centralised control or internalisation of activities e.g. establishing off shore production facilities and the employment of local staff. Thirdly, it extends the focus of internalising its cost and activities to the extent of vertically integrating some business activities of the firm particularly in terms of even acquiring suppliers to drive down costs of production.

2.5.3 Born global SME exporter internationalisation

The emergence of SME's as exporters is important because of their extensive contribution to international trade with the emergence of SME's intending to export not being unique to any single world economy nor are they industry specific. Their continued emergence in recent years has been linked to the fact that these small and medium sized companies can develop international business using their inherent strengths of being strongly focused their customers plus their ability to provide customers with value for money. Also, a number of authors including Oviatt & McDougall (1994) and Reuber & Fisher (1997) have identified that companies internationalise by eliminating some of the generic stages.

Furthermore, much research addressing the question "*how small firms internationalise?*" has been undertaken since Johanson and Vahlne's (1977) experiential study including those of Andersen (1993); Barkema, Bell & Pennings (1996); Bilkey & Tesar (1977) and Johanson & Weidersheim-Paul (1975) Who proposed that the activities of small firm's abroad are developed incrementally beginning by trading with markets close to them both physically and culturally. Continuing their internationalisation process by moving further a field into markets which are both more distant and portray largely different trading cultures as their knowledge and experience with exporting/importing develops (Whitelock 2002). However, recent research has proposed that some SME's don't adhere to the stage

process and implement international trading activities from the outset (Oviatt & McDougall 1994).

Consequently the literature surrounding internationalisation of SME's now suggests two ways in which small firms internationalise (1) through stage theory processes (Johanson, J & Vahlne, J-E 1977) and (2) at the commencement of business activities or from the foundation of the business (Oviatt & McDougall 1994). It has been suggested that the two small firm internationalisation methods outlined above may well exist at opposite ends of a continuum (see figure 2.2) (Wolff & Pett 2000).

This then opens up a debate as to whether small firm internationalisation is limited to two methods or might there be firms that although not international upon their foundation re-allocation of company resources enabled them to bypass stages in order to internationalise (Oviatt & McDougall 1994; Reuber & Fisher 1997). Enabling such firms to be classified as '*born globals*' with other firms' preferring to reach a certain stage, for example they may decide to leave their export business to an agent and not move to the next stage of internal direct export or even establish an overseas office.

2.5.4 Transaction cost based internationalisation theory

In understanding internationalisation activities particularly those related to the exploitation of international market opportunities the concept of transaction cost economics (TCE) requires some explanation. Transaction costs are defined by Mahoney et al. (1998) as '*the costs of entering into a transaction and are those costs connected with negotiating, monitoring and enforcing a contract*' (p. 118). This concept assumes that a firm will '*internalise*' those activities it is able to perform at a lower cost (vertically integrate) and may go to the market and sub contract those activities that other providers have an advantage (Hastings 2000). Hobbs (1996) identified some of these costs, particularly those incurred in determining both the price and in the preparation and negotiation of contracts, which Arrow (1970) cited in Hobbs (1996), termed transaction costs.

Transaction cost based models evolved from dyadic transactions (or spot market activities) organised along horizontal supply chains to transaction cost minimisation

by equity ownership (vertical integration) (Healy 2000). However, equity ownership within businesses as typified by vertically integrated firms has pre-empted inefficiencies and declining levels of flexibility, particularly as these firms became larger and more complex. Characteristics that were historically the norm for vertically aligned businesses have become increasingly dynamic. This is clearly evident with the advent of ever increasing globalisation which has had the added effect of increasing competition from and among multinational firms. This has forced firms to become more specialised or to focus more on their core competencies essentially as an efficiency strategy.

TCE based models have been used to establish perceived cost reductions in firms through the internalisation of their operations between the various production stages. This has been based on managerial pricing decisions rather than externalised pricing decisions leading to the emergence of large businesses due somewhat to the emergence of equity ownership (Hobbs 1996).

The exchange process between a buyer and a seller has been described as a process of negotiation in which buyers and sellers interact on a one off or spot market basis (Day 1999; Hobbs 1996). However, transaction cost based explanations of firm behaviour have been considered by some as inflexible having not taken into full account the role and structure of some hybrid structures such as strategic alliances, joint venture and franchises etc. What is important is the efficiency level with which individual governance structures (spot markets, hierarchies and hybrids) utilise the control of transaction costs (Williamson 1991).

The transaction cost model developed from work undertaken by Commons (1934) and Coase (1937) displays a prominent focus toward transactions between buyers and sellers with an emphasis on the costs of the exchange. Although in defence of transaction cost models and their usefulness in assessing the relevance and importance they contribute to the internationalisation of firms such theories ensure firms have a clear awareness of cost structures. However such theories lack relevance to this research based on the limitations identified in table 2.1.

Transaction cost models focus on internalising activities they are able to undertake at a lower cost and model many economic decisions on spot market participation. As opposed to spending time on the development of long term economically focused business relationships. This results in their eventual move toward vertical integration of their business, a practice which shields them from advances in market and environmental activities. Such models focus on single economic exchanges and place little effort or indeed importance on developing on going business relationships.

2.5.5 Importance of relationships and networks in firm (SME) internationalisation

The marketing literature which *is* ‘fundamentally concerned with exchange relationships and thus encompasses the study of exporting’ traditionally focuses on short-term financial outcomes. In addition the literature is increasingly recognising the social context surrounding market exchanges (the relationship paradigm) (Bagozzi 1975; Kotler 1972 cited in Ellis and Pecotich 2001, p. 120; Easton and Araujo 1994 and Webster 1992) as a key driver in market entry and development, particularly in certain Asian markets such as Japan.

In Japan the pre World War Two ‘zaibatsu’ encouraged internalised company/government networks which, in the large trading companies (soga-shosha) are not kinship based as in China and Korea’ but display a more company based orientation (Fukuyama 1996). Although an extensive literature surrounding relationships and networks in industrial markets combined with the importance of developing and maintaining buyer-seller relationships has emanated from Northern Europe, little of this, apart from initial work by Styles and Ambler (1994); and Rosson and Ford 1982 and Ford 1998 in the UK and Scandinavian contexts and later again by Styles and Ambler (2000) in an Asian-Pacific context has focussed on such phenomena in export marketing.

Although the activities which are typical of relationship and network models of internationalisation could be viewed as time consuming displaying little short term impact on a firms desire to internationalise, they are of enormous relevance to this research (see table 2.1).

Research undertaken in Europe (IMP group) highlights the following benefits of relationship and networks to this research. The success of the firm identified in this research and their ability to progress directly to an international orientation and in recognition of previous research highlighted the following benefits of relationship and networks. As detailed below the IMP group perspective highlights the importance of:

- Enabling the reliable access to resources, openness of information between buyers and suppliers resulting in a clear reduction in conflict between export partners
- Their impact in ensuring a lowering in transaction costs based on the elimination of some middlemen and their associated costs during negotiations based on clear and definitive relationships
- Promoting the development of value creating relationships between export partners which unlike spot market transactions are difficult to duplicate
- Viewing buyers, suppliers and consumers as one integrated and essential network.

However, Ford (1980) in researching buyer-seller relationships within industrial markets considered the genesis of such relationships. Suggesting such relationships were a process which developed over time and were fundamentally concerned with defining why a buyer decides to develop a relationship with one or a number of suppliers instead of playing the market. In addition Ford (1980) reviewed how such relationships change over time: what are the factors here and which are controlled by the two companies and finally: what international opportunities will result from these close relationships over time as shown in table 2.3 (Ford 1980, p. 339).

Table 2.3 The development of buyer/seller relationships in industrial markets

Pre-relationship stage	The early stage	The development stage	The long term stage	The final stage
Evaluation of new potential supplier	Negotiation of sample delivery	Contract signed and delivery build-up scale deliveries	After several major purchases	In long established stable markets

Source: Ford 1980, p. 339

As Axim & Matthyssens (2002) proposed, current internationalisation literature does not fully address the methods employed by exporters in developing international business, identifying corporate growth, new market opportunities or internalisation and vertical integration as historical drivers of internationalisation activities of firms. This research addresses many of these criticisms by encapsulating the use, development and importance of relationships and networks emanating from a set of *'necessary and sufficient conditions'* which through management expertise produced a set of *'enabling competencies'*. Furthermore, this research provides input into what Axim and Matthyssens (2002) describe as, *"insufficient information available to explain the currently observed behaviours of firms in the international marketplace"* (p. 440).

Having previously outlined the role of various internationalisation models discussion will now concentrate on the impact of relationships and networks in stimulating export transactions and the internationalisation process of firms. Initially Powell (1990) cited in Larson (1992) identified the use of networks as an alternative to fully integrated hybrids describing them as being reliant on *'collaboration, complementary interdependence, a reputation and relational basis for communication and a less formal business environment oriented toward mutual gain'* (p. 77).

The development and use of networks enables companies to have reliable access to resources, improved competitive advantage, increased flexibility of partners, openness of information and reduced conflict among partners. All of these assist in minimising capital investments, with individual buyer/seller relationships, becoming parts of networks in the long run (Larson 1992). This is based on the assumption that individual firms will endeavour, to create their own competitive advantage through developing value creating relationships that are difficult to duplicate (Wilson 1995).

When studying business to business markets, the efficient management of relationships in a network is synonymous with the successful management of total business markets (hierarchies). This also aids the production of goods and services and technology. Successful business to business relationships confirm it is no longer acceptable to view suppliers, buyers and customers as separate businesses, managed in isolation but that they must be considered a network (Ford 1998).

Firms have successfully utilised an array of hybrid models by integrating the concepts of relationships into their business networks, with, Spekman, Kamauff & Myhr (1998), Spekman, Salmond & Kamauff (1994) and Spekman et al. (1994, 1998) having implied that single transactions no longer measure success suggesting that the accomplishment of successful negotiations now require a co-operative approach from both individual personnel and individual companies. When considering the composition of business networks it is necessary to include peripheral stakeholders such as transport companies, banks and other suppliers of inputs both products and services. In order to develop and maintain networks and associated relationships all those involved must derive value from the relationships and associations.

As has been previously noted in export marketing research, the '*perception of actionable foreign market opportunities will be contingent upon the information networks of the initiator's social network*' (Burt 1992, cited in Ellis and Pecotich (2001, p. 120). The presence of boundary-spanning links that the decision maker (export initiator), has with social groups abroad, has been described by Ellis and Pecotich (2001) as the *cosmopolitanism* of the decision maker. That the information gained from social contacts can facilitate the identification of export market opportunities and subsequent export outcomes has been noted in the export marketing literature for over twenty years (Styles and Ambler 1994; Axim 1988, Reid 1984; Welch and Weidershein-Paul 1980).

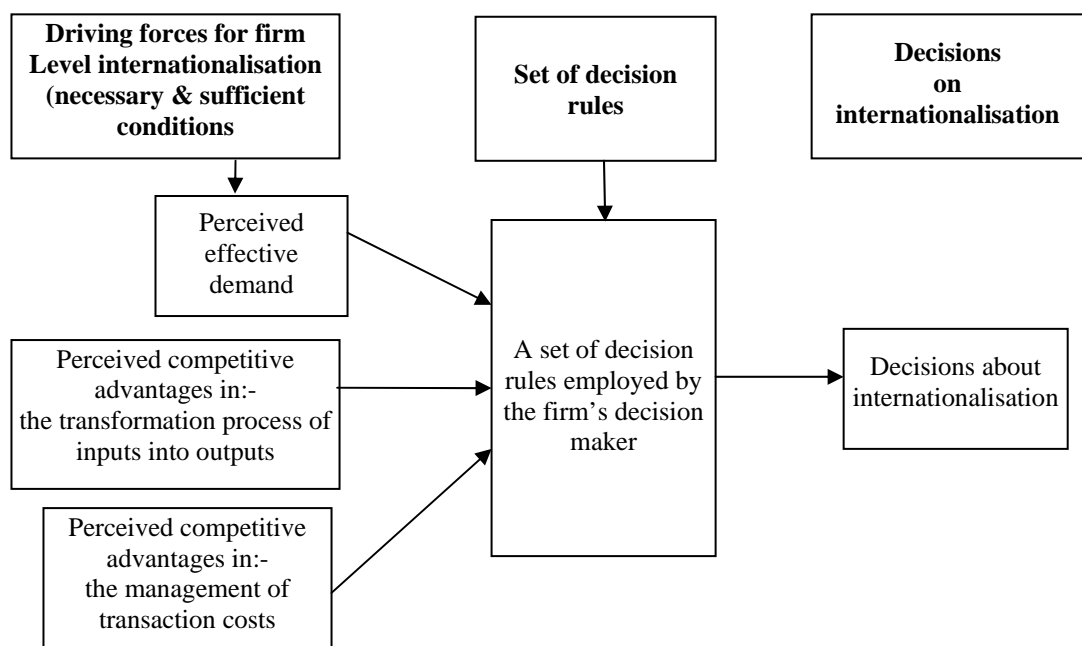
The importance of relationships and social networks in gaining access to the Japanese market was established in the early part of the seventeenth century. Such importance is exemplified by the British East India Company who relied on the personal relationship between the adventurer William Adams and the Shogun ... as

the sole means of gaining market entry for their exports into Japan. With this trade occurring when foreigners were regarded with deep suspicion by the Japanese. However, this trading relationship only lasted as long as Adams and the Shogun ... lived (Milton 2002).

2.6 Sterns and Peterson's SME globalization model

The process of SME internationalisation has been addressed within much of the literature with particular relevance as stated by Sterns & Peterson (2001, p. 134) '*to management, marketing and economics.*' In supplying more detailed evidence the internationalisation of firms has been detailed when discussing small firm internationalisation by (e.g. Johansson & Vahlne 1977; Johanson & Wiedersheim-Paul 1975; Oviatt & McDougall 1994), from a relationship networks perspective (e.g. Powell 1990; Larson 1992; Styles & Ambler 1994; Spekman, Salmond & Kamauff 1994), whilst identifying the social aspects important to internationalisation (e.g. Bagozzi 1975; Rosson & Ford 1982; Easton & Araujo 1994; Ford 1998) and centering on the impact of transaction costs (e.g. Williamson 1991; Hobbs 1996; Healy 2000). To better understand a firms' decision to enter international markets and in the context of agri-food products research by Sterns and Peterson (2001) produced a model of firm level globalization (see figure 2.3) this model will now be explained.

Figure 2.3 Sterns & Petersons SME firm level internationalization model



This model seeks to explain why some SME agri-food firms become actively international both in their outlook and through contracting export business while others of similar size don't. The model is of particular relevance to this research as it is based on case studies of firms involved in the agri-food sector.

The model was developed using results of case study research on the internationalisation process of a number of SME agri-food firms identifying and providing an extension of the literature surrounding internationalization. From this research the author identifies that in order for SME agri-food firms to internationalize driving forces in the form of three '*necessary and sufficient conditions*' are required these are:

1. perceived effective demand
2. perceived competitive advantage in the transformation process of inputs into outputs and
3. perceived competitive advantages in the management of transaction costs.

In taking advantage of these '*necessary and sufficient conditions*' the authors introduce a fourth '*condition*' in the form of a set of decision rules that are operational in nature and are employed by the decision maker within the firm. In this research the author's example the operation of this model in terms of decision rules from an economic perspective.

They suggest that an economic decision rule based on increased revenue from export sales as opposed to undertaking domestic activities if this is in favour of export then the firm would pursue internationalisation. Even though there is known competitive advantages and demand for the firms products in international markets the firm will not pursue such opportunities if there is a perception that for example, the goals, priorities and strategic directions currently existing within the firm's culture don't match internationalisation activities.

The model as developed by Sterns and Peterson (2001) was based on globalisation rather than making use of the process of a SME exporter as identified in this research which shows from the beginning, how the firm undertook expansionary activities by using a selection of international markets.

The model displays many benefits to firms wishing to partake in international expansion activities within their business as it promotes a set of “*necessary and sufficient conditions*” which are prerequisites for SME exporters to internationalise. Based on a set of understandings of the decision maker/s within the firm Sterns and Peterson (2001) identify that:

1. a clear knowledge of product demand will enable them to identify realistic product opportunities
2. utilisation of their skills in contract arrangements and their personal and business relationships to successfully access targeted markets
3. ensuring utilisation of the firms systems which contain costs particularly in terms of product delivery to the market resulting in prices being maintained at an economic level which will clearly benefit their consumers
4. decision makers must have a clear perception that their product displays a competitive advantage based on a unique feature.

The model proposes that companies wishing to become international in their outlook must identify the driving forces instrumental to undertaking international marketing ventures. It is suggested that this be conducted through evaluating a set of ‘*necessary and sufficient conditions*’ prior to deciding to participate internationally. The ‘*necessary and sufficient conditions*’ (*driving forces*) will now be discussed.

2.6.1 Driving forces for internationalisation (necessary and sufficient conditions)

The driving forces or ‘*necessary and sufficient conditions*’ as identified by Sterns and Peterson (2001) in their USA study of how agribusiness SME’s are able to succeed in the global market place were:

1. Perceived effective demand

Firstly, the model based on the research findings confirms the proposal that demand based on an economic premise is a driving force behind the firm's decision to internationalise. In terms of undeveloped untapped markets perceptions such as the large population of a potential market being sufficient to suggest there is latent demand for their products in that country. Furthermore the research proposes that merely being aware of demand will allow the decision maker to pursue decisions on the effectiveness of demand. This effectively suggests that latent and effective demand are both instrumental in a firm's decision to enter international markets.

2. Perceived competitive advantages in the transformation process of inputs into outputs

Secondly, the research identifies that the perception of the firm's decision maker in terms of their belief in the product and its perceived competitive advantages which are determined by its sometimes unique characteristics are well associated with a firm's decision to internationalise. However, perceptions surrounding the domestic market where decision makers quickly assume that market advantages only exist domestically are negatively related, particularly in terms of future decisions to internationalise. Although the research shows that marketing highly differentiated products usually allows decisions to internationalise to easily develop there, is evidence that this is not always true with the research identifying where a company had successfully marketed and undifferentiated commodity product. Also, the research identified that firm's that produced products which were easily cross culturally adaptable were more likely to be involved in international markets.

Therefore according to the authors for internationalisation to occur the firm's decision maker must have belief in their ability to transform raw ingredients into outputs that are competitive within the international market.

3. Perceived competitive advantages in the management of transaction costs

Thirdly, the authors identify that internationalisation will occur when the firm's decision maker perceives that the firm has a competitive advantage in its ability to undertake business transactions in international markets. The role of transaction costs

in terms of internationalisation decisions has been identified by many authors including Williamson (1985) however a firm needs to be confident of their ability to manage such costs.

However, this research views the perceived competitive advantage in the management of transaction costs as an *investment in the business relationship* from a business relationship perspective. Where the formation of a business relationship involved the negotiation of transaction costs associated with the business transaction. But these costs have been absorbed in the establishment of the business relationship and are deemed as a competitive advantage based on their *investment in the business relationship*. Therefore, ongoing business relationships are generally seen as involving sunk costs but little if any ongoing costs. With the authors citing the firm's governance structure and their actual ability to negotiate contracts based on their established business relationships as instrumental to the decision by the firm to internationalise.

The authors identify a fourth '*necessary and sufficient condition*' in the form of decision rules which are essentially the operative decision rules to be used by the decision maker. Although the need to develop a set of decisions can be seen as a necessary and sufficient condition for internationalisation to occur it should be regarded as a separate premise. This suggestion will be discussed regarding the amended model at the end of this chapter.

2.6.2 Porters competitive strategy

When commenting on the driving forces and subsequent '*necessary and sufficient conditions*', another important literature source is Michael Porters (1985) Competitive Strategy. According to Porter, competitive advantage can be obtained through the introduction of three generic strategies; cost leadership, product differentiation and focus. With '*cost leadership*' centring on producing standardised products at a very low per unit cost to keep prices low followed by, '*product differentiation*' which focuses on producing products which are unique and in fact attract those who are less price sensitive and finally, '*focus*' where by firm's produce products which fulfil the needs of small groups of consumers a common strategy employed by smaller firms (Porter 1985).

2.7 Amended preliminary model of internationalisation

Based on the synthesised information obtained from a number of internationalisation theories combined with Sterns and Petersons (2001) globalisation model an amended preliminary model of SME internationalisation has been developed (figure 2.4). The amended model includes the flow from a set of '*necessary and sufficient conditions*', to the identification of a set of decision rules and concluding with a successful export venture. The amended model (figure 2.4) identifies from the literature a number of sources including, Weaver & Pak 1990; Jaffe, Nebenzahl & Pasternak 1988; Kaynak 1992 and Madsen 1987, where the basis of decision rules have been developed.

What is of particular importance to this amended model is that the original Sterns and Peterson's model of SME globalisation has been applied and has integrated the relevant attributes of previous models from Commons (1934) and Coase (1937) in terms of transaction cost theory through the Eclectic paradigm. With the Uppsala and innovation related models, relationships and network theories including the work undertaken by the IMP group included as well.

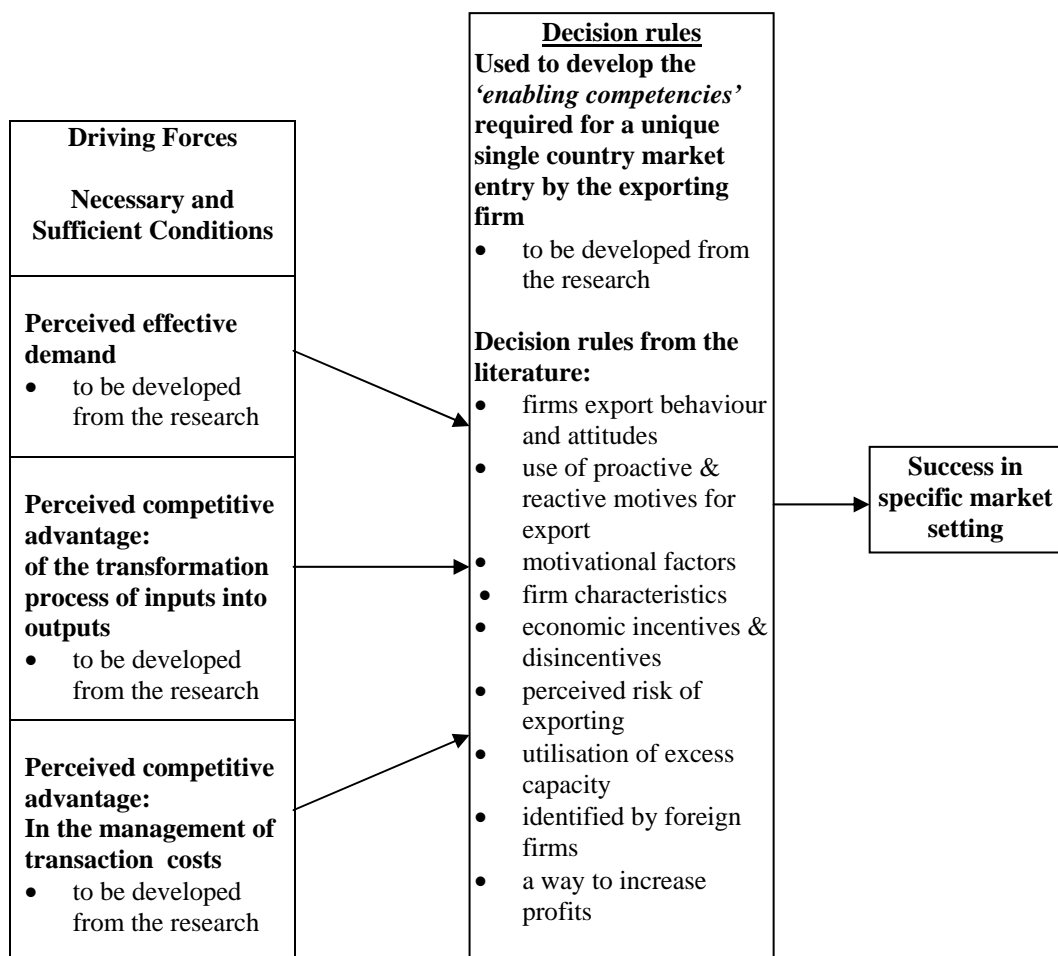
However the base model of Sterns and Peterson (2001) was designed for SME globalisation not for SME internationalisation. In defining globalisation Stonehouse et al. (2000) describe the globalisation of markets '*as the extent to which a market is characterised by broadly similar customer needs, global customers and global market segments (p. 8)*'. The export venture and the strategies employed by the SME export firm which is the focus of this research are not global in nature but rather display an internationalisation focus due to the fact that they are not focusing their efforts toward global customers and global market segments but are adopting marketing strategies that are differentiated from their domestic business and which suit Japanese food grain importers.

Because there appears to be little evidence regarding '*enabling competencies*' within the context of agri-food industries this research considers '*enabling competencies*' are the strategic activities used by management to capitalise upon market opportunities and were a result of the macro driving forces of: perceived effective demand, perceived competitive advantages in the transformation process of inputs

into outputs and the perceived competitive advantage in the management of transaction costs. In addition these macro driving forces are the triggers for management to develop strategies which the firm can use in capitalising on opportunities in international markets.

An explanation of the amended preliminary model for SME internationalisation will now be discussed.

Figure 2.4 Amended preliminary model of SME internationalisation as developed from the literature



Source: Adapted from Sterns and Peterson (2001).

The amended preliminary model of SME internationalisation (see figure 2.4 above) has been developed to display the internationalisation process for a SME exporter of food grains. The original model from which this has been developed was that of

Sterns and Peterson (2001). This model identified driving forces in terms of a set of *'necessary and sufficient conditions'* and included the need for decision rules to be developed by the firm in order to capitalise on the market opportunities in these conditions in order for such firms to globalise. In addition the Sterns and Peterson (2001) model was based on economic premises, although they did explain the model could be adapted to include marketing and management aspects of globalisation decisions by potential firm's.

The amended model (figure 2.4) is designed to be applied to decision makers in an SME exporter of food grain in its efforts to internationalise. The set of *'necessary and sufficient conditions'* identified by Sterns and Peterson (2001) in the amended model are based on the market conditions identified by the firm. The fourth *'necessary and sufficient condition'* proposed by Sterns and Peterson (2001) was the need for decision rules. The amended model views the decision rules as separate to *'necessary and sufficient conditions'* and identifies them as a set of *'enabling competencies'* that the firm requires and which will be developed from this research.

2.8 Decision rules for internationalisation

In the context of the Sterns and Peterson (2001) model of firm level globalisation it is suggested that only when a set of decision rules supports the necessary resource trade offs required will a firm actually globalise (p. 135). However researchers have viewed many areas of interest when investigating a firm's decision to export. From a broader view of exporting Weaver and Pak (1990) report on export behaviour and attitudes from a Korean exporters viewpoint, by analysing the importance of a number of factors in a firms decision to export (see table 2.4 below).

Table 2.4 Selected influences in the decision to export

Information about exporting	Patriotic duty of Korean firms	Korean market decline
Attended an export seminar	Banker's help	Declining profits
Trade association's help	Unsolicited order	To offset seasonal sales
Heard it was profitable	Competitor's successful performance	Only way to expand

Source: (Weaver and Pak 1990)

In addition Jaffe, Nebenzahl and Pasternak (1988) provide similar motives for exporting to commence within firms identifying the following '*reactive*' motives for exporting being, declining domestic sales, competitive pressure and '*proactive*' motives being, the exploitation of technological advantages, unique products and a range of marketing advantages (p. 29). Furthermore whilst reviewing the literature pertaining to export development Jaffe et al. (1988) identified, '*managerial attitudes and abilities, motivational factors, firm characteristics, economic incentives and disincentives and the perceived risk of exporting*'(p. 30) as important variables when assessing the export behaviour of firms.

In reviewing the export performance of firms from two regions within Canada Kaynak (1992) identified the following as major drivers of the decision to export firstly, '*exporting would enable them utilise excess capacity secondly, the fact that foreign customers sought them out and thirdly, they viewed export as a way to increase profits*' (p. 169).

In focusing on the critical success factors for exporting Madsen (1987) identified that, '*during the internationalisation process a firms organisational and management characteristics were significant in the growth of export intensity and sales*' (p. 43).

Table 2.5 Literature surrounding decision rules

	Authors			
Authors	Weaver & Pak (1990)	Jaffe, Nebenzahl & Pasternak (1988)	Kaynak (1992)	Madsen (1987)
Basis of decision rules				
Firms export behaviour and attitudes	Yes	No	Yes	Yes
Use of reactive and proactive motives for export development	No	Yes	Yes	No
Motivational factors	No	Yes	Yes	Yes
Firm characteristics	No	Yes	No	Yes
Economic incentives and disincentives	No	Yes	Yes	No
Perceived risk of exporting	No	Yes	No	No
Utilisation of excess capacity	Yes	Yes	Yes	No
Identified by foreign firms	No	No	Yes	No
Exporting a way to increase profits	Yes	Yes	Yes	No

Source: Adapted from the literature by the authors, Weaver & Pak 1990; Jaffe, Nebenzahl & Pasternak (1988); Kaynak 1992 and Madsen 1987

The literature identified in table 2.5 displays the sources from which a number of decision rules have been reported. The authors (Madsen 1987; Jaffe et al. 1988; Weaver & Pak 1990 and Kaynak 1992) identify higher level aspects in assessing export activity including a firm's managerial attitudes and internal abilities and view these as being inherent qualities required for the decision to export to be actively pursued by the firm's decision maker.

With, Jaffe et al. 1988 and Kaynak 1992 reporting that being both reactive and proactive to export opportunities and decisions is critical to employing export decisions with Weaver & Pak 1990 & Madsen 1987 not addressing reactivity and pro-activity in determining decisions to export preferring to take a more complete and rounded approach to export decision making discussing managerial abilities and overall company production and product capabilities. When considering motivation factors only Weaver & Pak (1988) did not indicate these as instrumental to a firm's

export decision making deliberations. In terms of the risks associated with exporting Jaffe et al. (1988) identified the inherent overall risk of exporting an element which was not highlighted by the other authors.

All authors except Madsen (1987) identified that the excess capacity of a firm impacted on the firm's decision maker/s during their deliberations whether to participate in export markets or to remain a domestic market supplier. A more indirect circumstance to base export decision rules upon was identified by all authors except Madsen (1987) and highlighted that export decisions can stem from a firm being identified by a foreign entity as a possible source of products.

In addition the desire by a firm to maximise profits was viewed by the majority of authors as a basis for undertaking decisions to export with respondents in the study by Weaver and Pak (1990) suggesting, *'firms willingly filled export orders and planned to increase exports in the near future, because they believed exports make a major contribution to profitability* (p. 69).

The literature surrounding decisions made by the firm's decision maker as they relate to export activities and internationalisation although displaying relevance to the Sterns and Peterson (2001) model of globalisation only provide a broad description of the decision rules.

The model has three components being the driving forces, decision rules and successful export activity. The decision rules as outlined in the literature do not provide a clear distinction for use at the operational level as is the case in this research. This research proposes to develop a clear set of driving forces and decision rules which will apply to exporters of food grains. Conclusions relative to the literature will now be provided.

2.9 Conclusions from the literature

An abundance of literature is available which refers to the processes and theories of internationalisation including the Uppsala model, Dunning's OLI model, born global SME exporters, transaction cost theory and impact of relationships and network

theory. These theories reflect a number of export actions including the stage theory of export progression, what influences export decision making, the identification of export performance indicators and the attitudes and behavioural influences within small firm exporters. However, there is limited research information which offers answers as to how SME's are able to develop their export capabilities at an early stage or avoid particular steps in the stage theory process of export development (Wolff & Pett 2000).

The research of Sterns and Peterson (2001) provides the opportunity to utilise their suggested globalisation model and adapt it for use by SME food grain exporters who don't follow a stage process for export development but internationalise their business through the adoption of differing strategies for different international market opportunities. This model developed by Sterns and Peterson (2001) outlines the driving forces required for the firm's decision maker to develop a set of decision rules and provides the basis upon which the research issues will be addressed in this research.

The research issue of identifying the perceptions/experiences in developing opportunities within the Japanese market will be addressed by the driving forces and subsequent necessary and sufficient conditions required for internationalisation and are developed in terms of perceived effective demand, perceived competitive advantage in transaction costs and the transforming of inputs into outputs.

Similarly, the research issue aimed at determining the behavioural and business factors which impact on the selection process for buyers and suppliers when concluding business internationally will be identified from within the driving forces for successful international market development.

Finally, research issue three which was designed to identify the important characteristics (e.g. price, new business, feedback to end users, reputation of buyer/supplier, company size, customer identification, processing capabilities, market leader status, recognisable product and other managerial requirements) will provide input into the decision rules used operationally by PBG within this case study research.

This research will now detail the research methodology used in this research which will form the basis of the data analysis detailed in chapter 4.

3.0 RESEARCH METHODOLOGY

3.1 Introduction

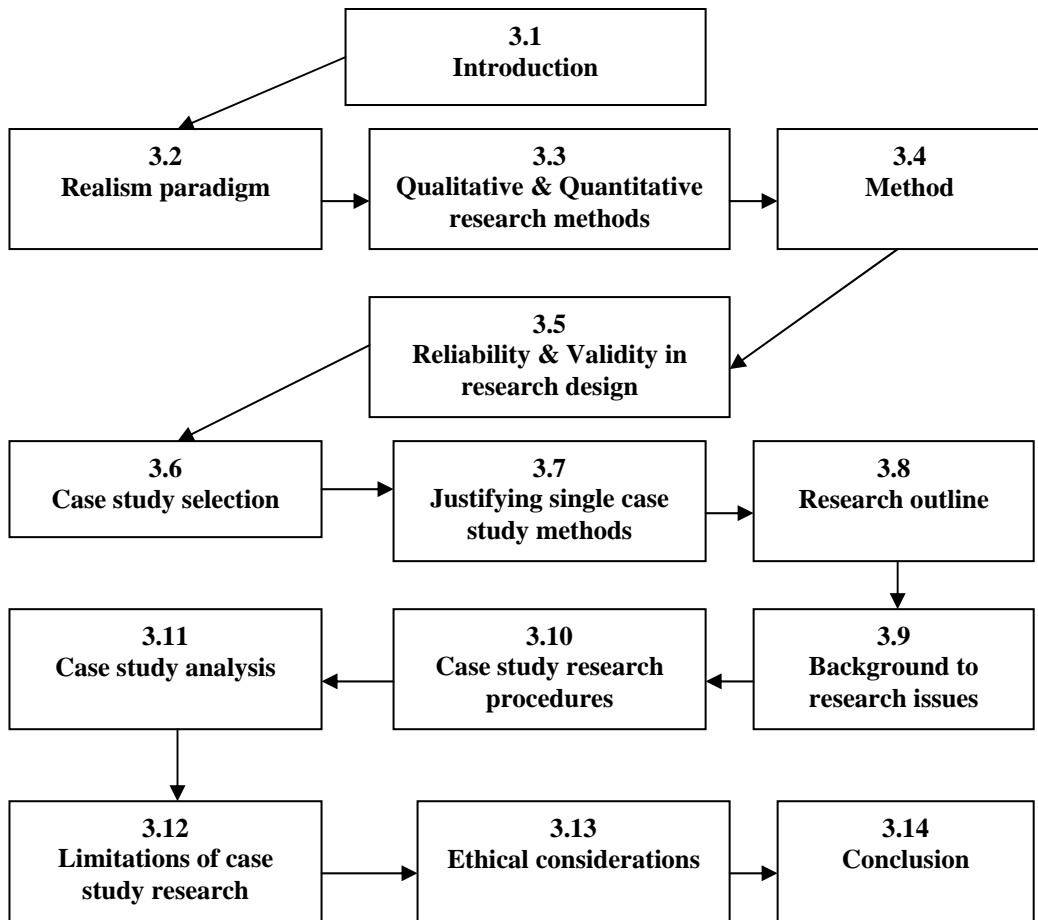
In chapter 2, the relevant marketing literature surrounding market entry and firm internationalisation was presented. Specifically, the literature focused on how SME exporters within the food grains industry are able to develop their export capabilities. This chapter provides an explanation of the methodology employed to collect data to address the research problem and subsequent research issues previously outlined in chapter 1.

This chapter defines the concept of paradigms and the research methodology used to collect data for this research. Firstly, it identifies and justifies qualitative research as the most appropriate research methodology within the realism paradigm and for this research. The use of case study research and more precisely the use of a single case utilising multiple information sources is explained and justified for this research.

The reliability and validity of the case study research method is discussed (see section 3.5) as is the basis for and evidence to support the use of a single case study. The process and instruments used in case study research including the interview guide, the development and delivery of a pilot interview, the selection of multiple in-depth interviews using multiple informants, and case analysis using pattern matching techniques to triangulate evidence are then discussed.

The limitations of using a case study methodology are outlined followed by suggested strategies for researchers to implement in order to eliminate such shortcomings. Finally the chapter discusses ethical considerations prior to the conclusion of the chapter. A diagrammatic representation of this chapter can be found in figure 3.1.

Figure 3.1 Outline of Chapter 3 with section numbers



3.2 Justification for the adoption of the realism paradigm

In undertaking research which reflects real world business activities, understanding the research philosophies (positivism and phenomenology) which drive research inquiry and activities is vital. Knowledge of such philosophies provides a basis for the research design adopted and enables the researcher to develop research procedures which lie outside their normal field of expertise (Healy 2000).

Paradigms: Paradigms include the adversarial, the judgemental and those which influence our spiritual and moral beliefs that is religious paradigms (Guba 1990). However of concern in this research is the paradigm associated with inquiry or research (Guba 1990). With a paradigm being defined as a ‘*basic set of beliefs that guides action*’ and in the case of research a paradigm involves action that is part of a more disciplined inquiry (Guba 1990).

Furthermore, there has been much conjecture on how best to conduct research. With debate generally centring on the relative value of the paradigms of '*positivism*' and '*phenomenological inquiry*' with the former making use of quantitative experimental methods and the latter using more qualitative and natural approaches (Patton 1980). Moreover, Guba & Lincoln (1994, pp. 18–27) identifies four paradigms which researchers use to guide and develop their research (table 3.1):

- positivism,
- postpositivism or realism,
- critical theory, and
- constructivism.

In justifying the choice of research paradigm the difference between 'positivism' and 'phenomenological inquiry' are displayed for consideration in table 3 and provide a comparison of the basic beliefs of each paradigm. The table extends from a positivist base where objectivity is the basis of measurement to phenomenological inquiry where an '*appreciation of differing constructions and meanings upon which people place their experience are paramount to research results*' (Easterby-Smith, Thorpe & Lowe 1991 p. 22) and provides a description of the paradigms centring on the three basic questions of ontology, epistemology and methodology (Guba 1990).

Table 3.1 Alternative research paradigms and basic questions that guide paradigm evaluation

	Positivist		Phenomenology	
	Positivist	Realism *	Critical theory	Constructivism
Ontology (The nature of reality)	An apprehendable reality exists driven by immutable natural mechanisms and the investigator and reality are independent.	'Reality' is imperfectly apprehendable because of human mental limitations and the complexity of the world, with claims about reality subjected to others' scrutinies to facilitate triangulating reality as closely as possible.	'Reality' is shaped by social and other forces, and research should emancipate the perceptions of co-researchers and participants.	'Reality' is constructed by people and so there is no 'truth'.
Epistemology	'One-way mirror' observer	Observer with some level of participation as dualism is not possible to maintain but some objectivity is sought.	Transformative, intellectual	Passionate participant
Methodology	Surveys and experiments	Case studies, interviews, convergent interviewing.	Action research	In-depth interviews And focus groups
Authors comparing alternative paradigms		Guba and Lincoln (1994); Davis and Cozenza (1993); Hunt (1991); Yin (1989); Lincoln and Guba (1985); Morgan (1983); Calder, Phillips and Tybout (1981); Burrell and Morgan (1979).		

Source: adapted from Woodward (1996); Guba & Lincoln (1994); Easterby-Smith, Thorpe & Lowe (1991); and Lincoln and Guba (1985).

Of the four paradigms, '*realism*' is the preferred paradigm for this research as this case involves the research of a real world activity (Lincoln & Guba 1985). Reality within the realism paradigm generally recognise the limitations incurred in research due to human mental thought processes, combined with the many complexities of researching real world situations. However, using multiple participants to triangulate the evidence presented ensures that limitations arising from human thought patterns are kept to a minimum thereby maintaining an appropriate level of validity and reliability in this research (Healy & Perry 2000).

Furthermore, realism is particularly appropriate in contemporary market research where there are deficiencies particularly where well established constructs and principles are lacking (Perry, Riege & Brown 1998), as is the situation with this research because it investigates a contemporary phenomenon which has not been previously researched. Another view of the appropriateness of the approach taken in this research is provided by Parkhe (1993) who justifies realism as an appropriate research paradigm in certain instances. Suggesting that qualitative research is appropriate in cases where the adoption of subjective qualitative research methods is appropriate particularly when it is deemed necessary to *generate* theory, or to *overcome* problems of *complexity* when the research literature is lacking in depth as in this research.

Few studies have shown how SME managers develop decision rules to enable their firms to capitalise on opportunities in the external environment. Such decision rules about developing '*enabling competencies*' if appropriate can allow SME's to successfully capitalise on market opportunities. This is the topic of this research.

The use of inductive/deductive theory development in this research addresses the process of discovery and is fundamental to theory development (Eisenhardt 1989). Also, research techniques which permit a process of discovery are employed in this research clearly exemplified by this researcher's use of multiple interviews within a single case study, this allowed analytical generalisations to be developed (Sterns, Schweikhardt & Peterson 1998).

This approach displays three clear benefits from a theoretical basis. Firstly, it has the potential to produce validated theories of marketing phenomena (Bonoma 1985). Secondly, this approach allows the pursuance of decision rules to be developed and implemented by Australian food grain exporters based on pre determined '*necessary and sufficient conditions*' (see chapter 2 section 2.6.1) and the extension of these practices to the successful development of future food grain exports to Japan. Thirdly, as international trade does actually occur and can be partly measured in dollar terms, this approach should capture an approximation of an external reality through triangulating the multiple perspectives of participants in the export process

(Patton 1980). In addition Parkhe's (1993) view as to the appropriateness in using the realism research paradigm is clearly linked to this research. That is, realism was an appropriate paradigm (table 3.1).

Furthermore, Parkhe (1993) proposed, '*a fresh epistemological approach to theory development using a balanced, methodologically rigorous program of research*' (p. 228). This approach, which was based on addressing gaps in the development of theories to explain international joint ventures, used multiple case studies in order to link data to theory in an inductive process. This resulted in a progression toward as stated by Parkhe (1993), '*the generation of an empirically valid theory that is subject to testing and refinement through replication logic*' (p. 229). In this research the perspectives of the participants enabled the researcher to construct an eclectic view of the processes of SME internationalisation without any apparent shortcomings or gaps in the information.

3.3 Qualitative and quantitative research methods

In comparing and contrasting the use of quantitative and qualitative research methods in theory development the quantitative approaches were found more applicable for theory testing than for theory development. This is because quantitative techniques are based on data collection and analysis and are based primarily on the scientific process of deduction, which emphasises empirical theory testing as a generalisation more than their formulation (Parasuraman 1991; Parkhe 1993). Alternatively, qualitative research techniques involve the use of a close and detailed observation of the '*real world*' and attempt to distance them from commitment to any predetermined theoretical model. This approach is particularly relevant to this study as data gathered is not clearly representative of any previously developed theoretical models (Yin 1994).

3.4 Research method

To explore how a small independent Australian food grain exporter was able to develop the decision rules relevant to gain access to a previously inaccessible segment of the Japanese food grain market, an embedded, ex-post, case study

research methodology was adopted. A case study approach is appropriate in areas where the following conditions apply: the extent of theory development is considered to be low, the research problem is considered to be complex, there is a need to study phenomena in their natural context and where results are difficult to quantify. As is the situation in this research, where the researcher was a participant observer in a complex environment of many communications between all industry participants (Bonoma 1985).

In addition case study research is seen as appropriate for generating robust and comprehensive knowledge of complex, highly interdependent economic phenomena because of its pluralistic epistemology and eclectic methodology (Sterns, Schweikhardt & Peterson 1998). Other researchers have used case methodology for investigating the internationalisation process of firms, including: Brown (1997), Chetty and Hamilton (1993), Smith and Zeithaml (1993). The justification for the use of case study research clearly applies to the focus of this research which investigates the internationalisation process used by a SME food grain exporter operating in a complex business environment.

Table 3.2 outlines in greater detail the relevant situations deemed appropriate for each of the five types of research strategies:

- case study research,
- experiments,
- surveys,
- archival analysis, and
- historical analysis.

Each of these is now discussed with reference to their suitability in relation to the research problem at hand.

Table 3.2 Relevant situations for different research strategies

Strategy	Form of research question	Control required over behavioural events?	Focuses on contemporary events?
Experiment	how, why?	yes	yes
Survey	who, what, where, how many, how much?	no	yes
Archival analysis	who, what, where, how many, how much?	no	yes/no
History	how, why?	no	no
Case study	how why?	no	yes

Source: Yin (1994, p. 6)

3.4.1 Justification for using case study research in this research

Case study research is deemed particularly appropriate when the form of the research question is seeking ‘how’ and ‘why’ responses. Secondly, when there is no control over behavioural events (non-experimental) and when, the focus is on contemporary events (Yin 1994). In this instance, case research is appropriate as the investigation needs to consider the phenomenon (export initiation- foreign market entry) and how it occurred. The case under investigation is appropriate as it investigates the overlapping social networks of the transacting parties located in separate political and cultural networks (Ellis and Pecotich 2001).

Case study research enabled the researcher to examine *why* firms developed new and made use of existing competencies in successfully entering the Japanese market and furthermore, permitting closer examination of how the possible business and personal relationships may influence the decision rules as they relate to the ‘*necessary and sufficient conditions*’. This is the ‘how’ aspect of the enquiry. Each of these criteria for the selection of case study research will now be addressed in turn.

First criteria: the type of research question posed. Given that research questions can be basically categorised into ‘who’, ‘what’, ‘where’, ‘how’ and ‘why’ questions, the first step is to decide into which of these categories the questions in this research fall. It would seem that the questions fall into two broad categories. Firstly, some exploratory or ‘what’ questions and secondly, the ‘how’ and ‘why’ category which attempt to identify outcomes.

Although any of the five strategies of experiment, survey, archival analysis, history and case study (table 3.2) would be suitable to answer ‘what’ questions, only case studies are considered suitable when two other criteria need to be satisfied. These criteria include the focus on contemporary events on one hand and an absence of any need to control behavioural events on the other. Given the research problem and research issues identified (see chapter 1), case study research was therefore considered as a valid method (Yin 1994).

Second criteria: the extent of control the investigator has over actual behavioural events. Although the case study method is closely allied to historical analysis, histories are preferred when there is no access to contemporary events or when relevant participants are no longer alive. The case study method appears the appropriate choice given the contemporary nature of the current research and the availability of stakeholders for interview. Furthermore, experiments in which the researcher has direct, precise and systematic control over the behaviour of the variables under scrutiny (Yin 1994), is not available to the researcher in this instance due to the qualitative nature of the data collection process.

Third criteria: the degree of focus of contemporary as opposed to historical events. The current research project examines current phenomena as it focuses on the actions taken or competencies developed by chain participants in their negotiations to supply to the Japanese market. When the previous two criteria are considered in conjunction with this third requirement, only the case study method is considered satisfactory (table 3.2).

Summary of methodology selection. The case study method was found to be the most appropriate method particularly when, the type of research questions, extent of control over behavioural events and the degree of contemporary focus required were considered. The case study method alone was able to satisfy each of these criteria. A criticism of case study research is that it is only concerned with dynamics within a single setting (Eisenhardt 1989) and therefore it lacks precision, objectivity and rigour. However, others, including (Sterns, Schweikhardt & Peterson 1998 and Yin, 1989) consider that it is no less deficient than the survey of the historical research

method because of the linkages between case studies and empirical reality, which allows the development of testable, relevant and valid theory (Glaser & Strauss 1967).

3.5 Addressing reliability and validity in research design

Four tests for judging the quality of any empirical research have been commonly applied. These are tests for construct validity, internal validity, external validity and reliability. As explained by Yin (1994) who states that, '*case studies are considered a form of empirical research*' (p. 32). These same four tests are necessary in order to achieve construct validity, internal validity, external validity and reliability in the context of case study research (table 3.3).

Construct validity. Construct validity is concerned with the construct or characteristic of the scale used is measuring data (Malhotra 1993). Therefore, in order to ensure construct validity, the researcher has to ensure that the construct or characteristic is achieved by using the correct operational measures for the concepts under review (Yin 1994). This research, satisfies this requirement by evaluating, several measures. Firstly, the operationalisation of the concepts was based on constructs identified in the literature review in chapter 2. Secondly, evidence was gathered not only from one on one interview's with senior company personnel but also from company reports and other documents such as marketing plans and newsletters where available (please refer to the critical points detailed in appendix 1).

This research displays a clear chain of evidence which involved the following actions, interview protocol development from initial interviews with case participants multiple interviews with case participants, collation and matching of the data from one on one interviews with case participants and which related to the three research issues, identification from the literature of a base model of SME internationalisation concluding with the an amended model of SME internationalisation (see figure 2.4).

Table 3.3 Case study tactics for four design tests

Test	Case study tactic	Phase of research in which tactic occurs
Construct validity	<ul style="list-style-type: none"> • use multiple sources of evidence • establish chain of evidence • have key informants review draft case study report	data collection data collection composition
Internal validity	<ul style="list-style-type: none"> • do pattern matching • do explanation building • do time series analysis 	data collection data collection data collection
External validity	<ul style="list-style-type: none"> • use replication logic in multiple case studies 	research design
Reliability	<ul style="list-style-type: none"> • use case study protocol • develop case study database 	data collection data collection

Source: Yin (1994, p. 33)

Internal validity: Internal validity relates to conclusions of causality in casual or explanatory studies and is threatened if casual relationships between variables are incorrectly inferred. Inferences must be based with complete explanations and all possibilities having been considered before conclusions are drawn. In this research, internal validity was achieved through the process of pattern matching using matrices developed from the interview data collected (see chapter 4) (Yin 1994).

External validity: External validity is concerned with the generalisability of cause and effect relationships found from experiments (Malhotra 1993; Yin 1994). In case study research, the goal is not statistical generalisation, but analytical generalisation of theories (Yin 1989). The use of multiple sources of information within the single case study context is recommended if external validity is to be improved. However, several cases should usually be used in post graduate research because they allow cross-case analysis to be used for richer theory building (Yin 1994). However, these multiple cases should be regarded as multiple experiments and not multiple respondents in a survey and so replication logic and not sampling logic should be used for multiple case studies (Perry 1998). The choice of each case should be made deliberately in order to produce similar results for predictable reasons (literal replication) or, produce contrary results for predictable reasons (theoretical replication) (Yin 1994).

In this research the use of multiple cases (key stakeholders) has been used within a single case context (a substantial export transaction) thereby conforming to Yin's requirements as described above.

Reliability: Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made (Malhotra 1993; Yin 1989). In order to address this issue, an interview protocol was developed and used in this research project, a copy of which is provided in appendix 3.

3.6 Criteria for case study selection and number of cases

In section 3.4.1 of this chapter, the case study method was identified as the most appropriate research design for the research study. Next it was necessary to determine the type of case research approach to be used with the case research design with the two alternatives being the use of a single or multiple case study approach.

An embedded, ex-post, case study research methodology was adopted to explore the way in which a small independent Australian food-grain exporter developed decision rules required to gain access the Japanese food-grain market. Justification for the use of case study methodology is undertaken by explaining the impact of the type/form of research question used, the level of control the researcher has over the event/s being researched, and whether the research findings rely on a discussion/documentation of contemporary or historical events (Yin 1994).

3.7 Justification for use of a single case study methodology

The use of a single case study is appropriate under several circumstances as explained by Yin (1994) and each of these pre-conditions as they relate to this research, are addressed as follows:

Pre condition 1. – *‘When the case represents an extreme or unique case (Yin 1994, p. 39.)’*

The researcher in this instance was in fact a participant observer in the complete process whereby the SME achieved clear success in entering the Japanese market. As participant observer, the researcher had full and free access to all events, stages and communications in the process. Therefore the researcher's knowledge of the whole process was much deeper than would normally be available to a researcher. Additionally, the uniqueness of this case study is highlighted through the findings of this study particularly in terms of its unique product market situation highlighting the fastidious nature of the Japanese food manufacturer's requirements especially in terms of product purity and stringent product specifications.

Pre condition 2. – '*A revelatory case*' (Yin 1994, p. 40.)

The revelatory nature of the case study contained in this research is clearly displayed as it uncovers a set of '*enabling competencies*' which were not only instrumental in the success of this export venture but which also addressed the requirements for the use of a single case study contained in this case research. As stated by Yin (1994), '*When other investigatorsuncover some prevalent phenomenon previously inaccessible to scientists*' (p. 40).

Justification for the use a single case approach is found in Yin (1994) who states '*if the case study is an agribusiness firm and the study focuses on the firm's exporting practices, a holistic approach has only one unit of analysis (i.e. the firm) and focuses on the general marketing and exporting activities of the firm*' (Yin 1994 cited in, Sterns, Schweikhardt and Peterson 1998, pp. 317-8). However pragmatism does not preclude the researcher looking beyond the general global activities of the firm and could therefore include multiple embedded units of analysis (Sterns, Schweikhardt and Peterson 1998). In this instance, stakeholders in the entire food grain supply chain are seen as integral to the analysis.

In order to ensure analytical rigour in the use of the single case-study methodology, the research design included several techniques for ensuring the integrity of the data. These included firstly, the use of a case study interview protocol to ensure a general replication across the range of interviews, and secondly, the triangulation of multiple sources of evidence derived from the multiple informant interviews. The principal researcher conducted every interview to ensure data integrity across a multitude of

information sources and data collected was rechecked with interviewees to ensure the reliability of the data presented.

3.8 Research outline

The supply chain network involved in this research including the specific commercial entities and their position in the supply chain for this research is displayed in table 3.4.

Table 3.4 Supply chain network displaying stakeholders. roles and responsibilities

Stakeholder	Role in the exporting food-grains from Australia to the Japanese market
“A” Seed developer	GMO free corn seed breeder
“B” Soybean and Corn grower	Grower supplier of GMO-free corn and soybeans
“C” Soybean and Corn grower	Grower supplier of GMO-free corn and soybeans
“D” Export firm Director	Managing partner – SME grain exporting firm
“E” Export Firm Director	Managing partner – SME grain exporting firm
“F” Importing firm Director	Director – Japanese importing firm (Japanese citizen resident in Australia)
“G” Trade facilitator	Queensland Government trade facilitator (Japan/Queensland trade)

Source: Developed by the author from the research, 2003

3.8.1 Interview protocol (guide)

An important component of case study research is to ensure the relevancy of the data collected and its usefulness during the final analysis of the case information. Yin (1994), highlighted the use of an interview protocol suggesting that *“the protocol is a major tactic in increasing the reliability of case study research and is intended to guide the investigator in carrying out the case study”* (p. 63).

The process of information gathering is of significant importance with the most important technique being the interviews. Interviews as indicated by Yin (1994 p. 84) *“may take on a number of forms from the delivery of questions of an open-ended nature to a more focused interview”* Although this type of interview can include open-ended questions it usually follows a set of pre determined questions based on an initial interview or interviews with parties relevant to the case research being investigated. With alternative interviewing styles using more formal and

structured questions to conduct more formal statistical inferences from the data collected and according to Yin 1994, “*this type of interview entails more structured questions along the lines of a formal survey*” (p. 85).

The collection of interview information records verbal conversation between the principal investigator and the interviewee is open to bias in opinion, poor recall and a certain degree of inaccuracy in the delivery of verbal information and therefore requires cross referencing against other sources (Yin 1994). Such validation was undertaken through the triangulation of information obtained from all interviewees to capture the differing perspectives based on the position in the chain of each respondent (see appendix 3).

In developing the interview protocol for this research the principal researcher undertook a pilot interview with one of the exporter partners to develop the questions applicable to this research. The selection of this person was based on their complete experiential knowledge of the industry and each of the chain participants involved in the research (Yin 1994).

Initial questions in the interview protocol ensured interviewees did not feel threatened, that they were aware of the purpose for the research and ensuing questions and so were comfortable with the basis for the research. Initial questions were open ended with the researcher intending to identify the interviewee’s relationship with the research topic (that is their experiences in exporting to Japan) with little prompting from the researcher. The purpose of this question type was to direct the interviewee’s attention and focus toward the research topic. Initial questions in this section apart from assessing the general motivations and issues behind their export orientation also included an assessment of the relevance and importance interviewees placed on relationships, cultural differences and the development of direct associations with the Japanese manufacturers. Such questioning clearly aligns itself with an inductive theoretical approach thereby developing aspects of the realism paradigm which is the focus of this research (Easterby-Smith, Thorpe & Lowe 1991).

The next section of the interview protocol addressed perceptions from the interviewees with regard to suppliers/buyers. This section was concerned with the supplier/buyer selection processes and preferences and how these impacted on the firm's ability to ensure customers received consistent supplies of quality products. This section viewed the behavioural, business and producer production factors considered important by each interviewee. Questions for exploring these factors were generated both from prior theory, initial interviews and information received from the critical incidents identified (see appendix 1).

In conclusion interviewees were questioned on their opinions of the importance they placed on a number of items. These interview questions were included to evaluate the factors considered important when evaluating opportunities to be involved in supplying overseas markets and customers. Table 3.5 summarises the research questions developed for use in the interview protocol.

3.9 Background to research issues

This research centres on the ability of an SME food grain exporter to successfully enter the Japanese market by introducing a number of relevant '*enabling competencies*'. In collecting data for this study it is important that the research issues and questions relate to the interview protocol to ensure relevant data is collected and relates to the research issues and questions, table 3.5 displays these linkages. In determining the relevance of the research to the issues and questions the following information provides some background information highlighting the relevancy of the research issues, questions and interview protocol.

International trade has been defined as an exchange process which '*begins with the exchange of information regarding the matching of a product with a perceived market need*' (Liang and Pakkhe 1997 and Toyne 1989). This definition is of particular importance in this research, as the Australian food grains sector under investigation (soybeans and corn production), had not previously specifically developed products (grain varieties) specifically for the needs of Japanese food manufacturers. However, its products (soybeans and corn) were found to be

appropriate for the production of food for human consumption (because of their certified GMO free status) when supplies from the US and other sources experienced problems in guaranteeing suitable food safety at levels required by Japanese food industry importers and manufacturers. An example of such problems occurring is detailed by Foster (2001) who states that *'this disenchantment with supplies from the US appears to have been triggered when 'Starlink', a genetically modified corn variety developed in the US for animal feed and not approved for human consumption in Japan, was found in a shipment destined for the Japanese food grain processing industry (p. 28).'*

Food safety concerns regarding food grains in general, prompted Japanese importers and processors to seek alternate sources of supply. Although, as previously stated, Australia was not seen as a consistent supplier of quality soybeans and corn for human consumption. This factor combined with political pressure placed on importers to maintain imports from the traditional supply source, the United States of America, meant that Australian exporters faced serious challenges in entering the Japanese market.

However, despite these negative effects, there were some positive factors for creating opportunities Australia. Firstly, Australian suppliers could provide acceptable grain hygiene standards backed by a credible Identity Preservation (IDP) system which the American industry lacked. Secondly, there was a strong desire by Japanese food manufacturers to develop an alternate supply source in order to ensure future supplies. These factors formed the basis for the identification of a number of *'necessary and sufficient conditions'* which became instrumental in the development of exports of food grains from Australia to Japan.

In recognition of the situation surrounding this research table 3.5 provides a summary of the linkages between the research issues, research issues and the interview protocol.

Table 3.5 Summary of linkages between research issues, research questions and interview protocol

Research Issue	Questions	
RI 1	What are your experiences/perceptions in developing opportunities in the Japanese market	
Interviewee	Protocol questions	
Seed breeder	<p>Q. 1.Explain your role in the export in the development of the export market for Corn to Japan</p> <p>Q. 2. What in your opinion did the Japanese see as important in developing this business</p> <p>Q. 3. From your position as a seed supplier what do you consider the important factors in developing this business?</p> <p>Q. 4. How did your company go about developing this business?</p>	<p>Q. 5.What do you consider are the main obstacles when attempting to enter a new international food market (Japan in this case)?</p> <p>Q. 6. Do you think it is important for you as a product supplier to visit the end user of your product, and if so why?</p> <p>Q. 7. Do you consider the following important for success when entering foreign markets – able to speak language, cultural acceptance, patience in negotiations, payment responsibility, product use, decision making hierarchy and attitude towards loyalty</p>
Producer 1 & 2	<p>Section 1 – Question 1</p> <p>Q 1.0 What is your opinion on the comment “we have adequate markets for food quality corn”. Why and what impact will more markets have?</p> <p>Q 1.2 With regard to the Japanese corn opportunity what extra things did you have to do above normal management practices to supply to this market?</p> <p>Q 1.3 Did you implement anything new that will assist your overall business in future market opportunities e.g. IP systems, storage and transport etc?</p> <p>Q 1.4 With regard to the Japanese corn opportunity did you consider it necessary for them to visit your property and how did you feel about their constant visits?</p> <p>Q 1.5 What did you learn from the Japanese visitors?</p> <p>Q 1.6 How has this affected the way in which you currently do business?</p> <p>Q 1.7 Would you be prepared to get involved in other export opportunities</p> <p>Q 1.8 Do you think it is important for you as a product supplier to visit the end user of your product? Would you like to do this and when do you think it would be appropriate to do so?</p> <p>Q 1.9 Could you comment on the exporting companies capabilities during the corn export business?</p> <p>Q 1.10 What areas do you think they performed very well in?</p>	<p>Q. 1.11 Were there areas/facets of the business opportunity where they could have done more?</p> <p>Q. 1.12Are there any things you think could be done to help the success of future overseas market opportunities, eg. Increase communication, visits in and out, product and farming practice understanding?</p> <p>Question 2</p> <p>Q 2.1 Ability to speak a foreign language?</p> <p>Q 2.2 An acceptance that all cultures are different?</p> <p>Q 2.3 Ability to be patient when expecting responses to business negotiations/</p> <p>Q 2.4 Knowing who is responsible for payment?</p> <p>Q 2.5 Knowledge of what your product is being used for?</p> <p>Q 2.6 An understanding of how decisions are made?</p> <p>Q 2.7 An understanding of who makes the decisions?</p> <p>Q 2.8 Understanding their attitude towards loyalty in business?</p>
Export partner 1 and 2	<p>Q 1.0 Could you tell us about your companies export business into Japan?</p> <p>Q 1.1 Could you tell us about your companies export business into Taiwan?</p> <p>Q 1.2 In what year did you start exporting?</p> <p>Q 1.3 How did you obtain your first overseas order?</p>	<p>Q 1.4 Do all your overseas orders commence this way?</p> <p>Q 1.5 If not how do they commence</p> <p>Q 1.6 How do you arrange your export business – direct, trading company etc?</p> <p>Q 1.7 Do you consider the following important for success when entering foreign markets – able to speak language, cultural acceptance, patience in</p>
Section 1 Business initiation process		
Section 2 & 3 Exporter		

Research Issue	Questions	
capabilities		negotiations, payment responsibility, product use, decision making hierarchy and attitude towards loyalty Q 1.8 Which of the following activities has your company undertaken as a result of export business and how has it been done – staff training, increased computer technology, market research, quality assurance, AQIS accreditation, health and safety standards, IP systems, consultants, promotional material and market visits?
Importer/Director Kanematsu	<ul style="list-style-type: none"> • Could you tell me the story of your experiences in international marketing with Australia? • How have you received your enquiries for import business? • What importance do existing networks have in instigating export business? • Do you think your reputation as a credible/expert/reliable supplier has influenced purchase/import inquiries received? • What payment/documentation method/s do you use the most in your export business? 	
RI 2	What extent do the following behavioural and business factors contribute to your selection process for buyers and suppliers to your business	
Interviewee	Protocol questions	
Seed breeder Producer 1 and 2 Exporting partners 1 and 2 Importer	<p>Q 2.1 Importance of the following behavioural factors</p> <p>(a) Long time loyal buyer of your business (b) Is viewed as a professional organisation (c) Seen to seek out new markets (d) Seen as a loyal client to you business (e) Interested in being involved in international markets (f) Will undertake extra duties to ensure market develops</p> <p>Q 2.2 Importance of the following business factors</p> <p>(a) Seen to be financially independent (b) Flexible regarding price returns to give market best chance to develop</p>	<p>(c) Flexible in terms of products/varieties grown (d) Has experience in producing the products required (e) Own storage facilities (f) Ability to segregate product (g) Is an irrigated/partially irrigated producer (h) Has implemented own QA system (i) Uses an Identity Preserved system for product identification</p>
RI 3	What level of importance do you place on each of the following factors when evaluating opportunities to become involved in supplying overseas markets/customers	
Interviewee	Protocol questions	
Seed breeder Producer 1 & 2 Exporting partner 1 & 2 Importer Section 3	<p>Q 3.0 Which of the following factors does your company see as important when evaluating opportunities to supply overseas customers?</p> <ul style="list-style-type: none"> • Price • New business • Feedback to end user • Reputation of inquirer (financial) • Is there opportunity for repeat business • Coy size 	<ul style="list-style-type: none"> • Who are their customers • Their processing facilities/capabilities • Seen as a market leader in their market • Well recognised product in their market • Additional management activities required

Government Trade Facilitator			
RI 1	What are your experiences/perceptions in developing opportunities in the Japanese market		
	Protocol questions		
Government trade facilitator	Q 1.0 Could you describe your role in Osaka? Q 1.2 What do you consider the main drivers in the emergency of this business opportunity? Q 1.3 Could you describe the activities you undertook in progressing this business?		
RI 2	What extent do the following behavioural and business factors contribute to your selection process for buyers and suppliers to your business		
	Protocol questions		
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"> Question 4 <ul style="list-style-type: none"> • Market leader? • Innovative ethos? • Financially sound? • Has long and loyal clientele? </td> <td style="width: 40%; vertical-align: top;"> <ul style="list-style-type: none"> • Professional operator? • Interested in international markets? • Work hard to progress new suppliers? • Other areas of importance? </td> </tr> </table>	Question 4 <ul style="list-style-type: none"> • Market leader? • Innovative ethos? • Financially sound? • Has long and loyal clientele? 	<ul style="list-style-type: none"> • Professional operator? • Interested in international markets? • Work hard to progress new suppliers? • Other areas of importance?
Question 4 <ul style="list-style-type: none"> • Market leader? • Innovative ethos? • Financially sound? • Has long and loyal clientele? 	<ul style="list-style-type: none"> • Professional operator? • Interested in international markets? • Work hard to progress new suppliers? • Other areas of importance? 		
RI 3	What level of importance do you place on each of the following factors when evaluating opportunities to become involved in supplying overseas markets/customers		
	Protocol questions		
	Q 5. How important is the development of business relationships in conducting business in Japan and why? Q. 6. Can you comment on ‘do you thing business relationships become personal relationships’? Q 7. Do you thing the development of strong personal relations should be the aim of intending market entrance and why? Q. 8. How do you think relationships can be maintained between clients and what activities do you consider to be most important here? Q. 9. How important do you consider the following in developing relationships <ul style="list-style-type: none"> • quick response time to business enquiries • respond to other information that they request • regular and unsolicited communications • reciprocal entertainment • financing incoming business trips • quick response when problems occur • preparedness to share a loss 		

Source: Developed for this research

Triangulation: Many benefits are obtained from using multiple sources of information for data collection to source evidence within a single research case study. This approach allows the researcher to ‘*address a broader range of historical, attitudinal and behavioural issues*’ (Yin 1994 p. 92). The most important advantage of the use of multiple information sources or triangulation of evidence is the development of ‘converging lines of inquiry’. Multiple sources of evidence provide multiple measures of the same phenomenon triangulation addresses any potential issues regarding construct validity (Patton 1980 and Yin 1994).

One analysis of the use of case study methods found ‘*that those case studies using multiple sources of evidence were rated more highly, in terms of their overall quality,*

than those that relied on single sources of information' (Yin, Bateman & Moore, 1983 cited in Yin 1994, p. 92). The approach undertaken in this case study focused research recognises the pursuit to obtain convergence of information through the triangulation of evidence. Figure 3.2 provides details of the various sources of information used to triangulate the evidence for this research.

Phenomena: Central to the discussion and identification of the sources of the evidence for this research is the overall phenomena under investigation which in this research is the success achieved in exporting food grains (corn and soybeans) to the Japanese market.

Hard records: Hard records are developed through electronic mails detailing the critical stages of business negotiations amongst all participants and through reports developed from interviews held with numerous Japanese manufacturers during initial trade missions.

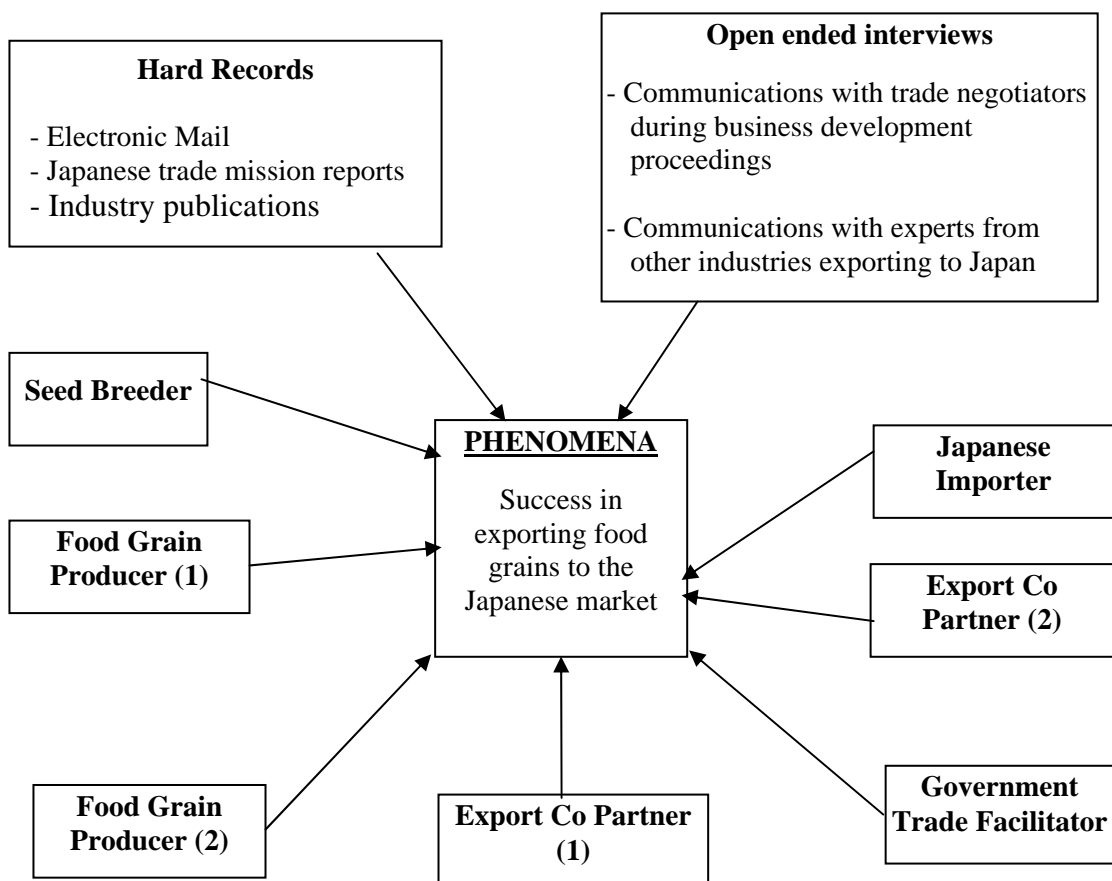
Open ended communications: In addition, a number of free lance communications were undertaken by the principal researcher who was heavily involved in all communications between all case participants. This communication has enabled the richness of the information to be confirmed. A number of information gathering communications with outside experts were also undertaken for example numerous conversations were held with a local organic flour milling specialist and a horticultural exporter due to their vast experiences in exporting to the Japanese market.

Interviews with case participants: Interviews were held by the principal investigator with all involved in the business opportunity of exporting food grains to Japanese manufacturers to complete the information gathered from multiple information sources. This included a pilot interview with one of the exporting partners which provided a basis on which to develop interviews with each of the other participants. Next, interviews were held with the total chain from seed breeder to grain producers to exporters, importers and the government trade facilitator. Due to the position in the chain of each case participant the interview guide which was developed initially was altered in recognition of the perceptions and relative

importance placed on certain areas of research interest by individual interviewees (see appendix 3).

In summary, the opinions about the justification for case study research in agribusiness of Sterns, Schweikhardt and Peterson (1998) are worth noting, ‘*as market concentration in the agricultural sector increases, ...large target populations (for random sampling) no longer exist*’ (p. 311) and further, ‘*documenting the motivations and strategies underlying decisions that are, in practice, far more complex than simple decision (rules) ... requires alternative research approaches*’ (pp. 311-2).

Figure 3.2 Diagrammatic representation of data triangulation including sources within a single case study



Source: Adapted from Yin 1994, (p. 93)

3.10 Case study research procedures

3.10.1 Sample selection

To ensure triangulation of evidence and consistency with sampling techniques this research used a single case study encapsulated by multiple sources of evidence.

In this instance, the case study used was the exporting firm (PBG) this choice of a single case is consistent with the recommendations of prior agribusiness researchers such as Ellis and Pecotich (2001) for such research. Within this specific case setting, multiple in-depth interviews with key stakeholders were conducted in order to explain how the firm gained the range of '*enabling competencies*' necessary in gaining market entry.

Interviews were undertaken with individuals from both within the exporting firm and also stakeholders, integral to the specific market entry activity, but who were external to the firm. The interview protocol was designed to extract the perspectives and opinions of the processes adopted by the firm to succeed in this particular export. The selected stakeholders, their roles and responsibilities are described in table 3.4.

In this instance, the transaction under scrutiny was being performed by the exporting firm, PBG a long established grain trading and exporting firm located in well known food grain producing region of the Darling Downs in South-East Queensland. The choice of a single case is consistent with the recommendations of prior agribusiness researchers such as Sterns et al. (1998). Further this single case is justified because it is evident that (PBG) represents a critical case in testing a theory, that it is a single case representing a extreme or unique case and that it is revelatory in nature all of which are reasons for using single case research (refer to section 3.7) (Yin 1994).

Within this specific case setting, multiple in-depth interviews with multiple informants were conducted in order to explain how the firm gained the range of competencies necessary and sufficient to gain market entry. In essence the process was one of looking for *triangulation of evidence* about the research issue from *key informants*. The eight 'key informants' are now described and the reasons for their selection are justified.

Two of the key informants (refer table 3.4) selected were drawn from within the exporting firm and the other five interviewees, were external to the firm but were directly involved in the export process as suppliers, buyers and input providers. Interviewee 'A' was the seed developer (scientific seed breeder employed by a major multi-national seed company based in the growing area, who had specifically developed an appropriate seed variety suitable for the buyers needs in this instant. Interviewees 'B and 'C' were both specialist producers who had along histories of working to the standards required by the exporting firm in other transactions. These interviewees had systems in place and safeguards suitable for the specific needs of the Japanese buyers, or were prepared to adopt the necessary IDP systems were necessary.

Both were considered by the exporting firm as 'preferred suppliers'. The joint managing partners of the exporting firm, 'D' and 'E' had been directly involved in virtually all aspects of the transaction with both personally having been involved in negotiating with the buyers, suppliers and input providers such as seed originators, transport operators, agents and growers and government trade facilitators.

Interviewee 'F', the importer, was a Japanese national resident in Australia, but who held the senior position of local manager of the large Japanese Trading House and who had actually negotiated the transaction with the exporting firm. He did not become involved with other stakeholders other than to organise visits to the grain suppliers by representatives of the processing firm in Japan.

Interviewee 'G', was a Queensland Government trade facilitator, specialising in Japanese/Australian trade, and who had recently returned from a tour of duty in Japan, but who had been directly involved in the initial introductions between the buyer and the exporting firm.

The one to one interviews were conducted by the principal researcher using a semi-structured interview protocol. Respondents were questioned for their perspectives and opinions on the processes that were adopted by the firm in this specific transaction. All interviews were taped with the permission of the interviewees,

transcribed and the resultant data encapsulated in appendix 2. The selected stakeholders, their roles and responsibilities are summarised in table 3.4.

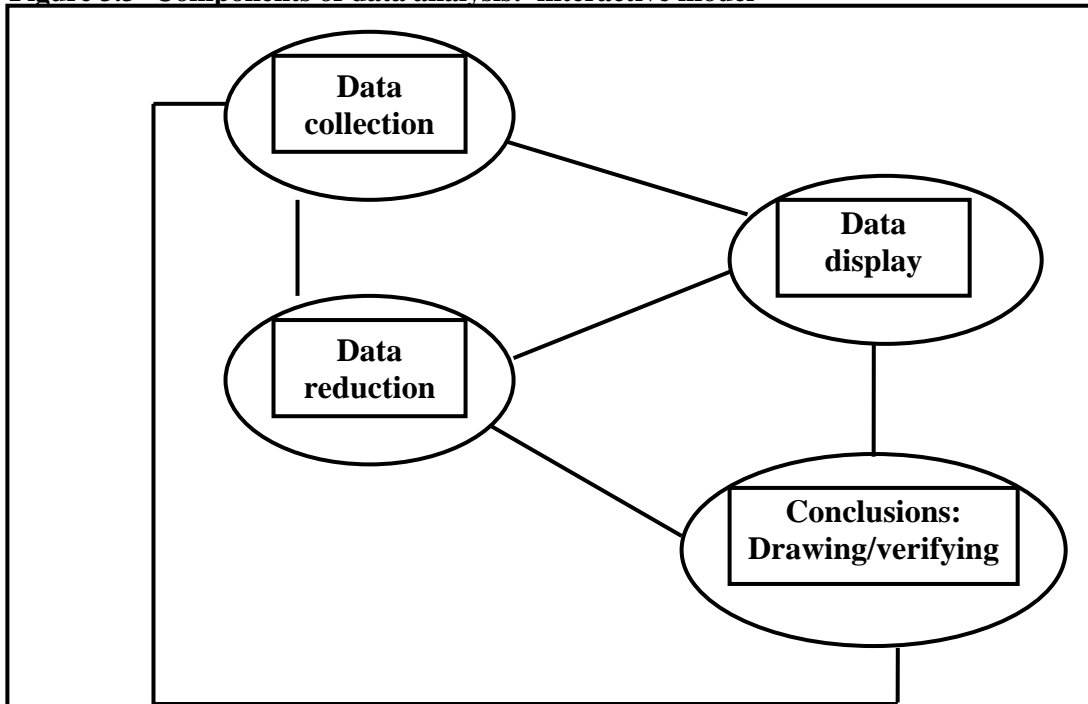
3.11 Case study analysis procedures

In order to address and answer the research problem and its associated questions, the data generated from the case study research effort needs to be compiled and examined (Yin 1989; Eisenhardt 1989). This section details the recommended techniques as proposed by Eisenhardt (1989), Yin (1989) and Miles and Huberman (1994). These techniques were used for the case study analysis and the results are reported in chapter 5. Yin (1994, p. 102) considers that the analysis of case study evidence as ‘one of the least developed and most difficult aspects of doing case studies’. All these requirements have been addressed in this research.

Firstly, in order to ensure the integrity of case study research, Miles and Huberman (1994, p. 12), emphasise that ‘qualitative analysis is a continuous iterative enterprise’ in which data reduction, data display and drawing conclusions are part of the analytical process, as is displayed in figure 3.3.

Furthermore, this research encapsulates the major requirements of all these processes by integrating an approach which includes multiple informant interviews within a single case context and comparing and contrasting the findings in ensuring the validity of the data analysis.

Figure 3.3 Components of data analysis: interactive model



Source: Adapted from Miles and Huberman (1994, p. 12)

Data reduction does not mean the quantification of data but the use of well-defined principles or canons which are more *'sequential than iterative or cyclical'* (Miles and Huberman 1994, p. 12). Thus the qualitative researcher does not rely on means, standard deviations, correlation displays, regression printouts or conclusions drawn from significance levels of control differences but instead seeks as stated by Miles and Huberman (1994) *'regularities, patterns, explanations, possible configurations, and propositions'* (p. 11) as the data from each case is processed. In order to achieve the qualitative researcher's goal of drawing conclusions from raw data by selecting, focusing, simplifying, abstracting and transforming, the following steps were followed.

1. making a matrix of *'necessary and sufficient conditions'* and *'enabling competencies'* categories and placing the evidence from the data collected within each category;
2. tabulating the frequency of different events;
3. examining the complexity of such tabulations and their relationships by calculating second-order numbers such as means and variances; and

4. placing information in chronological order or using some other temporal scheme (Healy 2000, p. 63).

In reviewing the effectiveness of this process, Yin (1994), cautions that although the techniques are useful in assembling the data prior to actual analysis, a general analytic strategy is necessary in order to complete the analytic phase in order to, *'treat the data fairly, to produce compelling analytic conclusions, and to rule out the alternative interpretations'*(p. 103).

Two general analytical strategies are available being (1) a reliance on theoretical propositions and (2) through the development of a case description. Of these, the first is the preferred approach when origins of the research are based on theoretical propositions from the literature. However, the second approach is more appropriate when theoretical propositions are absent as is the case in this research. Patton (1990) suggested that data analysis should begin with *individual case* analysis and then proceed to *cross-case* analysis. The individual case analyses in this research were performed based on data obtained from the opinions of multiple informant interviews within a single case study context. The cross-case analyses are performed in the later parts of chapter 4.

This research uses matrix displays to enter data and to illustrate findings (refer to appendix 2). The advantage of this technique is that it allows for a consistent and meaningful interpretation of findings for both the researcher and reader. Although the design of matrix displays has been defined in the literature (Miles and Huberman 1994), the actual cell entries and allocation of the most applicable *'necessary and sufficient conditions'* and *'enabling competency'* are the researcher's own subjective ratings and summarised judgements of the case study data collected (Yin 1994).

3.12 Limitations of case study research

The program of case study research outlined in this chapter follows a rigorous methodological approach which is indicative in nature. However, table 3.6 illustrates four of the most common criticisms of case study research and the methods adopted in this research to address these apparent shortcomings.

Table 3.6 Limitations of Case Study Research

Criticism	Strategic response
Results in overly complex theories	Develop prior theories and specific research questions
External validity	Aim to achieve local validity only
Difficult to conduct	Use case study protocol
No single approach sufficient for sound theory development	Treat the research effort as only part of the process of theory development

Source: Parkhe (1993)

The first of these criticisms is related to the potential for case study research to generate ‘overly complex theories’. This problem is the result of the researcher not limiting the domain of the research sufficiently (Parkhe 1993; Eisenhardt 1989). In order to address this point, the current research utilised only theories and research issues which had been carefully developed in chapters 2 and 3.

With reference to external validity, two safeguards were adopted. Firstly, careful replication through the use of an interview guide was adopted (table 3.5) and secondly, local validity was sought in preference to global validity (Dick 1990). The third criticism, relates to unforeseen logistical problems creating difficulties in conducting case study research. This problem was overcome through the use of an interview guide (Yin 1989). In addressing the last of the criticisms, that of shortcomings in the sufficiency of the methodology for sound theory development, the same criticism could be directed at alternate research methods. As Parkhe (1993) has noted, any research is unlikely to be able to satisfy the demands of construct validity, internal validity, external validity and reliability simultaneously.

In summary, the observations of Parkhe (1993) about the lack of objectivity in case study research, and the consequent need to maintain contact with an empirical reality, suggests that theory development which is testable, relevant and valid, can occur in case study research if safeguards are observed.

3.13 Ethical considerations

Questions of ethical behaviour in research arise when the rights of stakeholders in the research process are threatened. Furthermore, the quality of the results of such

research may be threatened if questions of ethics and ethical behaviour are not addressed (Davis and Cosenza 1985). As Emory and Cooper (1991) have pointed out, the application of ethical procedures to research activities should be primarily designed to protect participants from harmful or adverse consequences. The participants in this research most likely to be affected by ethical considerations were the participating organisations, their representatives and the researcher's sponsoring organisation. In order to protect the interests of all parties, three guidelines were adopted:

- the reasons for the research were explained well in advance of the formal interview;
- the rights of the interviewees, particularly in respect of confidentiality were protected by the preservation of anonymity throughout the data reporting and analysis process; and
- in order to assure participants that this would be the case, the entire process was explained prior to the interview. Where interviews were taped, permission to do so was obtained prior to the interview. Such measures were deemed essential in order to allow participants to disclose information which in a less secure environment they might be reluctant to provide and which might offer critical insights into the research topic.

3.14 Conclusion

This chapter demonstrated the appropriateness of the single case study research method by firstly justifying the adoption of realism as the research paradigm. The reasons for the use of a single case study as appropriate within this paradigm and the use of qualitative data in addressing the research questions were then explained as were the means of ensuring external and internal validity. Finally, limitations of case study research and questions of ethics in such research were addressed. The analysis of the research data from this study is discussed in chapter 4.

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

Chapter 3 provided a description of the methodology used in collecting case study data. This involved using a single case study approach to collect data relevant to the research issues. This chapter analyses the information gathered from interviews with respondents and uses pattern matching techniques to identify responses to individual research issues. Where responses from the multiple informants interviewed demonstrated similarities this was seen as evidence of triangulation, thereby confirming that '*enabling competencies*' if applied in a specific market context would enable SME exporters such as PBG to successfully penetrate the Japanese market.

The chapter commences with a diagrammatic representation of the research process undertaken. The analysis and collection method for the research data is explained including the data collection procedures used, including conversational records relevant from both electronic mail messages and verbal discussions between participants. To enrich the data, face to face interviews were undertaken with key informants. Data from the above sources was then analysed and presented in tabulated form, clearly identifying the relevant '*necessary and sufficient conditions*' and '*enabling competencies*' employed by PBG in their successful export transaction (appendix 2).

The chapter although providing a summary of both the '*necessary and sufficient conditions*' and '*enabling competencies*' does not relate the findings to the literature and does not provide a statement as to the findings from the research, as that is the role of chapter 5. A diagrammatic representation of the research including the enabling competencies is provided in this chapter (figure 4.2).

Figure 4.1 Outline of Chapter 4 with section numbers

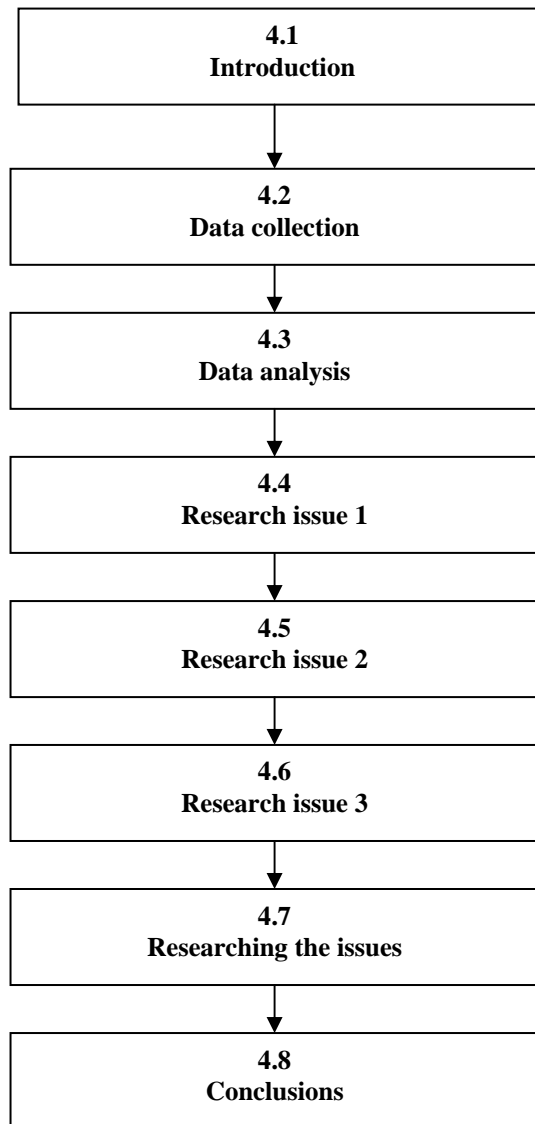
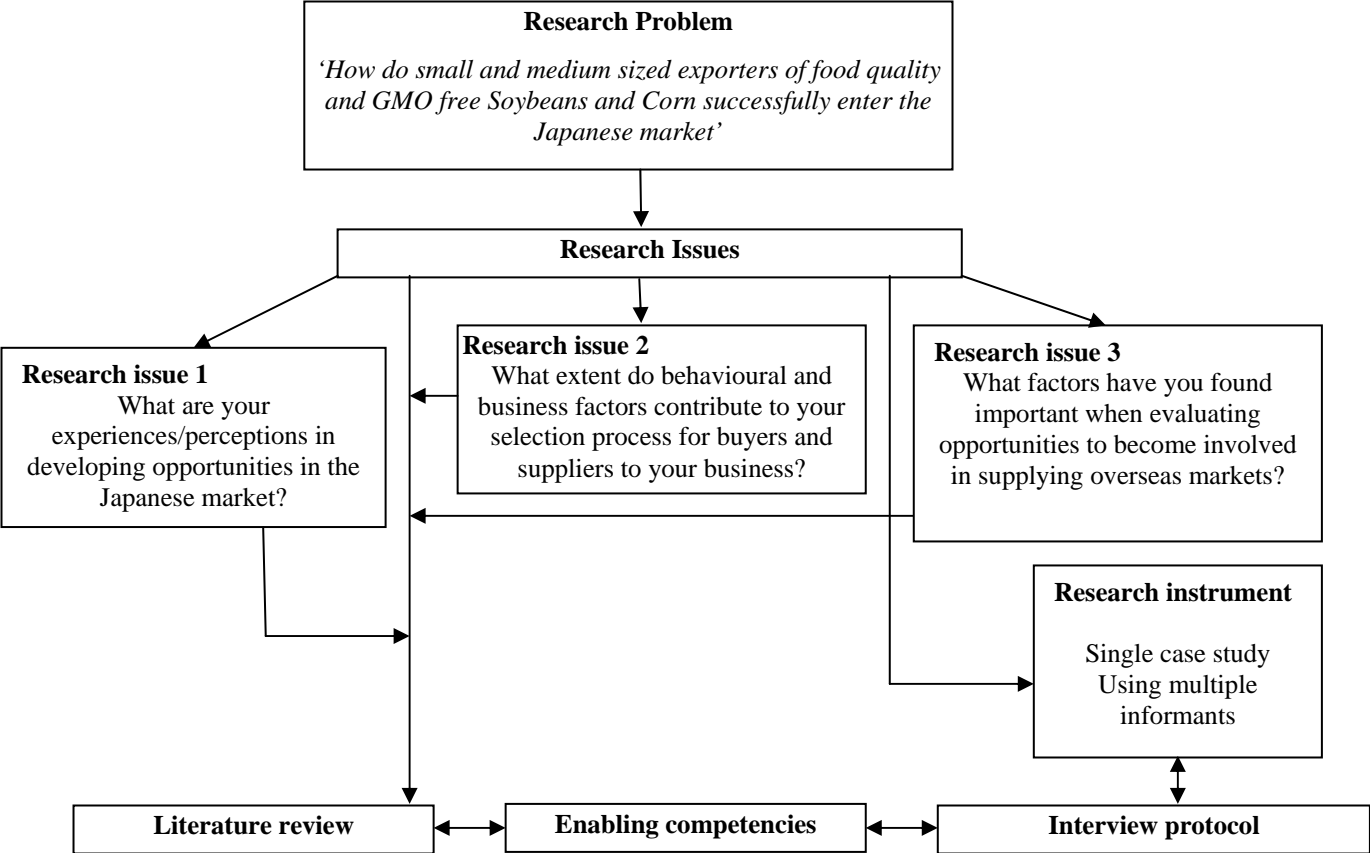


Figure 4.2 Research model displaying research problem, research issues, literature, interview protocol, single case study, multiple interviews and enabling competencies



4.2 Data collection

Evidence for this research was collected from a variety of sources as recommended by Yin (1994). Initially, copies of electronic mail messages between the exporter and the importing firm via the export facilitator were collated. The critical stages of the export transaction are identified from this data (appendix 1).

Prior research studies of relevance to exporting firms including the extent of their internationalisation process had found that in-depth interviews as used in case study methodology provided much greater data-richness than mail surveys (Cavusgil & Zou 1994). Therefore, in this research, face-to-face interviews were conducted on site with key informants by the principal researcher (n=7). The roles and relevance to this research of the interviewees are detailed in table 3.4. Subsequent to conducting a pilot interview, the suitability of the original interview format (test instrument) was reviewed and some minor changes made.

Seven interviews with the key stakeholders in this business transaction which involved the export by PBG of food quality soybeans and corn to Japanese food manufacturers were conducted. PBG has been involved in the food grain business for more than 20 years and has been involved in export for the past five years based on the business transaction which is the subject of this research. PBG is a SME exporter with a focus on food grains for the Japanese and the broader south-east Asian market with a view to expand exports of food quality grains to manufacturers in this region.

These interviews ranged from 45 minutes to an hour and comprised general questions based on the research protocol. As suppliers of inputs may have a slightly different perspective on the relative importance of some factors from the importing firms' decision makers, further probing was required. Such deeper investigation allowed the interviewees to expand on their responses. However, in all interviews the need to develop converging lines of enquiry was recognised, and is why all the interviews were conducted by the one principal researcher.

Data was collected by tape recorder with the permission of the interviewee in each instance.

4.3 Data analysis

Data were analysed primarily by comparing the statements of interviewees on key issues such as their identification of decision rules required to successfully enter the Japanese market and their ranking in importance. The interview guide included questions (on a three point scale) which ranged from not important at all to very important to a five point scale which identified the extent (from very low to very high impact/importance) to which a number of factors (behavioural and supplier selection methods) impacted on the successful development of this business.

Evidence of pattern-matching across responses to individual issues was sought as potential evidence of triangulation. Where there were difficulties in establishing whether or not consensus existed about specific issues, individual interviewees were re-contacted to clarify such issues. This process is in line with the general analytic technique for such research whereby successive iterations and revisions of an initial theoretical statement (interview data) are compared with other interviews until no new dimensions about the construct or statement appear (Yin 1994).

Simultaneously, insights from other sources of evidence and theoretical models in marketing and economics were compared with the interview data to produce findings regarding the case issues which were both theory laden and empirically grounded (Ragin 1987). This chapter will now introduce the results obtained from interviews with respondents whilst addressing the many research issues.

4.4 Research issue 1

The first research issue seeks to identify those experiences gained by the case participants along with what they perceived as important to the development of opportunities for SME food grain exporters in the Japanese market. The research issue was:

RI 1: What are your experiences/perceptions in developing opportunities in the Japanese market?

4.4.1 Analysis of research issue 1

The data collected from this research provides detailed insights into the research issues as collected from the key informants based on their experiences and perceptions surrounding the business transaction outlined in this research.

Table 4.1 Respondents experiences and perceptions in developing opportunities in the Japanese market

Respondent	Experiences and perceptions
“A” Seed developer	Familiar with Learnt product specifications required, Japanese end user varietal preferences, market development and relationships and networks
“B” Soybean and Corn grower	Gained cultural understanding, information and communication flows in the supply chain
“C” Soybean and Corn grower	Saw need for more food grade markets, information and communication flows in the supply chain
“D” Export firm Director	Identified food safety, relationship building, visiting the market, supply chain knowledge, identity preservation, export surplus, product suitability to Japan, supply chain knowledge, IDP
“E” Export firm Director	Saw Non GMO as an advantage for us, food safety a concern, product suitability to Japan, supply chain knowledge, IDP, export surplus, supply chain knowledge
“F” Importing firm Director	Building of relationship with a supplier with good supplier networks, product suitability to Japan, importer need for diversified supply base
“G” Trade facilitator	Relationship & network s, information and communication flows in the supply chain, consumer need for variety

Source: Developed by the author from the research, 2003

Each participant in this export opportunity from the seed developer to the overseas government trade facilitator had a role in the success of this export activity. Of particular importance to this export transaction and its eventual success was the food safety (table 4.4) problems associated with GMO product from the USA as highlighted by both exporting firm directors commenting that both ‘*our current Non GMO status and clean and hygienic storage systems ensure food safety is maintained*’ (Exporting partners, 20/5/2003 pers comm.). This problem provided other suppliers with a window of opportunity to become involved in this market.

In addition having an export surplus (table 4.4) created a distinct opportunity to gain recognition by Japanese food grain importers as highlighted by the exporting firm partner who commented that *'surpluses of food grade soybeans and corn in the Australian market at this time signified that Australian exporters had solid supply capabilities'*(Exporting partner, 20/5/2003 pers comm.). Additionally, Australia's seed developers were proactive in providing product specifications on demand to Japanese manufacturers and were prepared to develop market opportunities (table 4.4) by visiting the market when required with the seed developer commenting that, *'these factors contributed strongly to the successful entry into the Japanese market by PBG'* (Seed developer, 1/8/2003, pers comm.).

Initially inquiries from Japanese food manufacturers were delivered to the in market Queensland government trade facilitator based in Osaka, Japan with the trade facilitator emphasising the importance of building strong relationships and networks (table 4.4) for success in the Japanese market commenting that *'PBG's activities in developing a strong relationship with their offices in Osaka and Japanese manufacturers had resulted in many product inquiries from Japanese manufacturers and importers'* (Trade facilitator, 2/7/2003, pers comm.).

Subsequently, PBG visited Japan many times focusing on business meetings with potential users of their food grains with the exporting partner commenting that *'using such a direct strategy was instrumental to the success of both initial and future exports to Japan'* (Exporting partner, 20/5/2003, pers comm.). PBG's exporting partner highlighted the need to provide a suitable product (table 4.4) to Japanese manufacturers further explaining that *'focusing their business meetings on the suitability of Australia's food grains to Japanese manufacturer and not to an importer or trading company was a key strategy for their success in the Japanese market'* (Exporting partner, 20/5/2003, pers comm.).

This strategy made sure that demand was initiated from the manufacturer and was based on sound product quality attributes and the Japanese end users need for product variety (table 4.4). With the in market trade facilitator confirming this by commenting that *'traditionally, potential suppliers were forced to negotiate with the*

large trading companies, who were likely to already have supplies organised for a number of manufacturers'(Trade facilitator, 2/7/2003, pers comm.). This situation did not allow Japanese manufacturers to source top quality inputs highlighting the importance of securing a diverse supply base (table 4.4) and as stated by the Importing firm *'they were forced to source inputs where the focus was on price and not often on quality or manufacturing and yield efficiencies'* (Importer, 8/7/2003, pers comm.).

The seed developer identified the requirement of understanding products required and their relationship with current corn manufacturers (table 4.4) as important in developing clear opportunities in the Japanese market highlighting that *'from my experience with the Japanese market it is important for us as seed developers to learn the product specifications and how these relate to different seed varieties grown in Australia and their relativity and suitability to Japanese food manufacturers'* (Seed developer, 1/8/2003, pers comm.).

In terms of the production of food quality soybeans and corn the corn producers viewed the need for cultural understanding, increased communication flows (table 4.4) and more food grade markets as their experiences in developing opportunities in the Japanese market. With one corn grower commenting that, *'cultural adaptation will lead to an increased level of acceptance amongst Australian producers when given the opportunity to develop market opportunities with Japan'* (Corn grower, 26/7/2003, pers comm.).

In developing a successful commercial business with Japanese users of food grains PBG initiated other strategies internally and with other key participants in this export activity. Internally, PBG placed one staff member experienced in the supply chain for these products (table 4.4) to be solely responsible for all export activities (including, email and phone communications both domestic and international, logistics – domestic and international and financial arrangements). Whilst externally appointing a separate employee to organise producer supply arrangements including the development of an Identity Preservation (IDP) (table 4.4) documentation process to facilitate product traceability.

4.5 Research issue 2

Research issue 2 is concerned with establishing the factors which have influence the selection of buyers and suppliers in the establishment of the business transaction outlined in this research. The research issue was:

R.I. 2. To what extent do behavioural and business factors influence the selection process for recruiting buyers and suppliers to your business?

4.5.1 Analysis of research issue 2

The analysis of the data has provided insights into factors deemed relevant by the respondents in terms of buyer and supplier selection. The data identified amongst other items that PBG needed to review and develop aspects of their existing business practices and internal operations with a focus on particular responsibilities and procedures within the firm. Table 4.2 provides an outline of the significant factors influencing the selection of buyers and suppliers as participants in this business transaction.

Table 4.2 Factors influencing the selection of buyers and suppliers

Respondent	Influencing factors
“A” Seed developer	Identified best seed varieties for end use
“B” Soybean and Corn grower	Committed to development of a IDP system, market development, product suitability to Japan,
“C” Soybean and Corn grower	Committed to development of a IDP system, market development, product suitability to Japan
“D” Export firm Director	Long term professional supplier to their business, dedicated to developing international markets, importer/exporter viability and credibility , supply chain knowledge, strong relationships and networks, food safety
“E” Export firm Director	Saw need for professional producers, importer/exporter viability and credibility, supply chain knowledge, strong relationships and networks, food safety
“F” Importing firm Director	Identified strong supply networks, strong relationships and networks, supply chain knowledge,
“G” Trade facilitator	Identified abundant markets for high quality corn and soybean products

Source: Developed by the author from the research, 2003

Factors including tenure of loyalty, organizational professionalism, credibility and financial security (table 4.4) were viewed by PBG as instrumental to the success of their international marketing activities. This was of particular importance as stated by

the exporting director who indicates that *'this export opportunity will require food grain supplies to be delivered based on extremely high quality parameters and documentation procedures such as an Identity Preservation system to ensure product traceability is able to be clearly documented'* (Exporting partner, 20/5/2003, pers comm.).

In addition, the research identified that PBG's knowledge of the supply chain (table 4.4) and their firm commitment to establishing strong relationships and networks (table 4.4) enabled them to engage a selection of their most loyal grower suppliers, was instrumental to the success of this venture with the importer commenting that *'not being located in Australia we rely on relationships and would prefer to use PBG then attempt to deal with 60 or 70 individual growers'* (Importer, 8/7/2003, pers comm.). The research found these suppliers to be dedicated to the development of new markets (table 4.4) for food grade grains whilst recognising the consumers needs and in this research ensuring a product was suitable (table 4.4) to the Japanese manufacturers. Whereas, previously as highlighted by the corn producer *'many opportunities were available both domestically and through export for feed grain varieties however, few markets were available for the higher priced food grain products'* (Corn producer, 31/7/2003, pers comm.).

In particular the suppliers were supportive of PBG's efforts in developing market opportunities. This support was shown through developing traceability systems, concentrating on their production activities to ensure product suitability and quality were maintained, and maintaining high levels of communication and information flow throughout the chain.

Security of supply was highlighted by PBG as being of the utmost concern when negotiating supply contracts an area where PBG's vast network (table 4.4) ensured supplies were always guaranteed. In addition the financially secure and independent nature of their raw product and core seed suppliers was also of the utmost importance another area where PBG had strong networks and relationships (table 4.4) with key personnel. The significance of these is highlighted by the exporting partner who stated that *'the attraction of offers from other buyers with higher price offerings was*

found to be less likely to influence the loyalty of buyers who were financially sound' (Exporting partner, 20/5/2003, pers comm.).

In addition, the exporting partner highlighted the importance of financially secure suppliers by commenting that *'these growers were more likely to be flexible regarding price returns to ensure a market for food grains would have the best chance to survive and grow'* (Exporting partner, 20/5/2003, pers comm.). The safety and quality of the food grain supplied to PBG was the responsibility of the food grain suppliers'. This responsibility ensured that product suppliers (growers) provided their own product storage thereby segregating the product in order to guarantee the integrity and safety of the product (table 4.4) was strictly maintained.

4.6 Research issue 3

Research issue 3 is concerned with identifying factors deemed relevant by the case respondents when evaluating opportunities to become involved in supplying overseas markets. The research issue was:

R.I. 3. What factors have you found important when evaluating opportunities to become involved in supplying overseas markets?

4.6.1 Analysis of research issue 3

Whilst investigating the opportunities identified in the international food grain market the following factors were identified as important to the case study respondents.

This research identified price as an important factor by the majority of respondents as indicated by the corn producers who qualify this statement by suggesting that *'the decision to grow a certain crop is based on its return in dollars per hectare of the crop produced in relation to alternative cropping rotations'* (Corn producer, 26/7/2003, pers comm.). However, corn producers also highlighted the importance of developing a new market (table 4.4) by suggesting that a *'decrease in price may be acceptable if there was a definite indication that the market opportunity would grow and provide us with an alternative long term market option for our grain'* (Corn

producer, 26/7/2003, pers comm.). In addition, both producers and importers were prepared to negotiate to satisfy the needs of the end user in terms of a counter seasonal and fresh product supply (table 4.4) premise as indicated by the importer who commented that *'freshness of the product is better for them as it ensures a superior taste in the manufactured product this is the case with soybeans used for tofu manufacture'* (Importer, 8/7/2003, pers comm.).

Table 4.3 Important factors used in evaluating overseas market opportunities

Respondent	Important factors in assessing overseas market opportunities
“A” Seed developer	Information and communication flows in the supply chain
“B” Soybean and Corn grower	Price, counter seasonal supply advantages, market development, information and communication in the supply chain,
“C” Soybean and Corn grower	Price, counter seasonal supply advantages, information and communication in the supply chain, market development
“D” Export firm Director	Price, information and communication in the supply chain, reputation, identity preservation, importer/exporter viability and credibility, food safety
“E” Export firm Director	Price, information to end users, reputation, identity preservation, importer/exporter viability and credibility, food safety
“F” Importing firm Director	Price, counter seasonal supply advantages, information and communication in the supply chain, importing firm need for a diversified supply base
“G” Trade facilitator	Price, information and communication in the supply chain, reputation, information and communication flows

Source: Developed by the author from the research, 2003

Respondents in identifying factors important to supplying overseas markets concluded that the opportunity for new business, apart from providing extra competition for the domestic end user's, only had a minor impact on the decision to export. However, the importance of food safety (table 4.4) resulting in the development of an IDP system (table 4.4) by PBG and supported by food grain suppliers ensured as identified by the exporting that *'business resulting from Australia's Non GMO advantage clearly influenced both producers and exporters to develop Identity Preservation and other systems to ensure product quality and safety was not compromised and that export of corn and soybeans was successful'* (Exporting partner, 20/5/2003, pers comm.).

Information and communication throughout the supply chain (table 4.4) and in particular to the Japanese end users was considered important by all respondents when supplying overseas markets as identified by the trade facilitator who

commented that *'information is instrumental to the success of this export venture and in this transaction it included the delivery of the current crop situation and an indication of quality and volume estimates for the crop contracted'* (Trade facilitator, 2/7/2003, pers comm.). Information was also conveyed electronically to the Japanese end users through the delivery of frequent photographic material showing crop growth and maintaining strict records from planting to loading the ship.

The reputations, viability and credibility (table 4.4) of all those involved in this business venture were viewed as being of particular importance by the exporter who commented that *'for success you need to visit your buyer as often as required, they are not going to be open to you until they are satisfied with their relationship with you as it must be remembered that businesses and reputations are built up over along time and business can easily be destroyed from bad relations and reputations'* (Exporting partner, 20/5/2003, pers comm.). However, corn and soybean producers placed a lesser importance on reputations, with other respondents recognising the importance of reputations. However, producers were dedicated to providing the best quality products in order to attract new markets and were determined to align themselves with an end user who was considered: a market leader in their product category, who produced a well recognised product, had advanced processing facilities, and who was viewed as a reputable and financially strong business partner.

The results of investigation into this third research issue, add substance to the relevance of this research by showing that although price is an important factor critical factors also include communication of product quality and supply information to end users and producers, requirement by end users for fresh safe products and the importance of developing and maintaining strong relationships between all participants involved in this business transaction. An explanation of these methods is now discussed.

4.7 Summary of the research issues

Upon completion of the analysis of the three research issues, table 4.4 which was based on respondent interviews provides a comprehensive summary of the total data collected. Based on the analysis of the research issues in the previous sections two

overall themes emerged and are outlined in this table along with their determining factors. Firstly, highlighting the necessary and sufficient conditions required for successful export business to be transacted and secondly, a set of enabling competencies which need to be implemented for a successful business transactions to occur. The significance of the factors within each of these themes were recorded from respondent interviews which directly mentioned each factor within the two themes. A detailed explanation of the data collected is provided (see sections 4.7.1 and 4.7.2).

However, each of the two themes which emerged from the research are now discussed, starting with the necessary and sufficient conditions required for success in the Japanese food grain market.

Table 4.4 Outcomes for all the major research issues

NECESSARY and SUFFICIENT CONDITIONS (NSC)						ENABLING COMPETENCIES (E.C.)						
	Food Safety	Imp need for Diverse Supply Base	Imp/Exp Viability/ Credibility	Export Surplus	Consumer Need for Variety	Market Development	Relationships Networks	IDP	Product Suitability Japan	Info/Comm Flows/S Chain	Supply Chain Knowledge	
	(NSC 1)	(NSC 2)	(NSC 3)	(NSC 4)	(NSC 5)	(E.C. 1)	(E.C. 2)	(E.C. 3)	(E.C. 4)	(E.C. 5)	(E.C. 6)	
“A” Seed Developer	1	0	2	0	1	1	2	0	0	1	2	10
“B” Grain Producer	1	1	1	2	1	0	1	2	1	1	0	11
“C” Grain Producer	1	0	2	0	1	0	4	1	2	2	2	15
“D” Export Firm Partner	4	0	5	0	0	1	6	2	3	3	1	25
“E” Export Firm Partner	1	0	4	0	1	1	11	5	0	4	2	29
“F” Importer	1	4	3	3	0	0	9	5	1	2	0	28
“G” Trade Facilitator	1	1	2	0	1	3	9	0	0	0	1	18
Total	10	6	19	5	5	6	42	15	7	13	8	

Source: Case study interview data

4.7.1 Necessary and sufficient conditions

The first issue to emerge from this research was the range of necessary and sufficient conditions appropriate to success in the Japanese food grain market.

Of the factors identified as necessary and sufficient conditions required for this export transaction to succeed the majority of respondents viewed the viability and credibility of both the importer and the exporter as being of major significance. This factor recorded 19 responses from 7 interviewees. Although less significant the necessity for food safety saw ten responses from the 7 interviewees. Even though this factor achieved recognition by all interviewees it was the exporting firm which was firmly believed in its importance to the success of this export transaction. The need for an alternative supply source was also viewed as necessary by the importer who recorded four of the six responses to this factor. The remaining factors including an export surplus (five responses) and the consumer need for variety (five responses) although not seen as highly significant when compared to the previous factors were still seen as important by interviewees. An export surplus was viewed by the importer and the grain producer as a factor which influenced the opportunity to market food grains to the Japan market in the first instance.

A detailed account of each interviewee's responses in terms of the necessary and sufficient conditions required for the success of this export venture is now detailed.

Table 4.5 illustrates relevant patterns in the data, for example column totals and aggregate totals are displayed for all interviewees, with the higher the total responses received identifying the relevant importance for each category in this research. In this case the viability and credibility of both the importer and exporter was identified as being of the utmost importance to the success of the business detailed in this research.

Table 4.5 Interview data results highlighting the necessary and sufficient conditions

Necessary and Sufficient Conditions					
	Food safety	Importer need for a diversified supply base	Importer/Exporter Viability/Credibility	Export surplus	Consumer need for variety
“A” Seed developer	1	0	2	0	1
“B” Grain producer	1	1	1	2	1
“C” Grain producer	1	0	2	0	1
“D” Export firm partner	4	0	5	0	0
“E” Export firm partner	1	0	4	0	1
“F” Importer	1	4	3	3	0
“G” Trade facilitator	1	1	2	0	1
Totals	10	6	19	5	5

Source: Case study interview data

Seed developer ‘A’: Stakeholder ‘A’s’ position as a breeder/supplier of specific corn hybrids enabled him to characterise a number of specific traits suitable to both the corn producer (stakeholders ‘B’ and ‘C’) and the importer (stakeholder ‘F’). These traits included yield (tonnes per hectare for the producer) and end product yield (for example flaking grit yield as a percentage of total corn seed when manufactured).

In this particular case, although the seed breeder was aware of the more operational standards and impacts of the need for *food safety* this item was not identified as largely important. However, the seed developer placed more importance on the necessity to have a ‘paper trail’ ensuring full traceability from initial hybrid seed development through to the commercially available quantities of bagged seed. So the responsibility of food safety according to the seed developer started with them. In this case it was the GMO free status of their companies’ corn hybrids that helped maintain market momentum. As suggested by the seed originator, ‘*what kept them interested was that we*

were seen as a supplier of GMO free corn which gets back to the fact that food safety is a very important issue' (Seed developer, 1/8/2003 pers comm.).

In terms of the *viability and credibility* of the exporter stakeholder A saw their responsibility as being to converse regularly with the overseas manufacturer and Queensland corn producers to ensure the right corn hybrids were identified and were suitable to both parties. With stakeholder A suggesting, *'it gets back to specifications and what they require, we go through the same thing with Australian end users. They all have different requirements for alternate end uses and we need to understand those differences before we hope to supply them with the correct input (corn hybrid)'* (Seed developer 1/8/2003 pers comm.).

Based on stakeholder 'A's' core business as a breeder of hybrid seeds they did not directly see an export surplus as a key driver in this export opportunity. With their main business focus being to increase seed sales. However, they saw it as an opportunity to be involved in the promotion of Australian corn overseas. In addition stakeholder A was of the opinion that the Australian industry needs to concentrate on developing products suitable to the more 'niche' market opportunities. Furthermore, little opportunities exist when trying to compete head on in the commodity volume market for starch and other volume dry milled products.

Corn and soybean producer 'B': Stakeholder 'B' recognised that ensuring food safety concerns were allayed was of the utmost importance when supplying food quality corn. Japanese importers made frequent visits to all stakeholders and 'B' saw this as an opportunity to promote not only the product but to also explain the strategies they put in place to ensure food safety was maintained. These visits were also important in terms of reassurance to the buyers as they developed confidence in their suppliers knowing that they will act on their behalf.

In terms of expanding a *diverse supply base* producer 'B' did not view this strategic factor as a reason why the Japanese importers had come to Australia seeking alternative

suppliers. With producer B suggesting that the exporters should view this as an opportunity to open up alternative markets for food grains commenting that, *'we have an array of markets but very few for food type products, we need more opportunities for food grade product as we have sufficient demand for feed grade product'* (Corn producer, 26/7/2003 pers comm.).

In terms of *exporter/importer viability and credibility* producer 'B' considers this extremely import however, it is difficult for him to be able to make judgement on the importer placing this decision firmly on the exporter. In terms of an *export surplus* producer 'B' did not consider an *export surplus* was totally responsible for instigating exports but was more interested in the development of increased numbers of more specialised food quality market opportunities. In terms of consumer requirements for a variety of end products although recognised by producer 'B' they did not regard this as their responsibility. They were there to produce a product where possible that would be suitable for the manufacture of any new product released by the food companies.

Corn and soybean producer 'C': Stakeholder 'C' viewed the need for *food safety* as important and suggested that this assurance originated from the beginning in terms of displaying, in crop hygiene right through to storage, where the total process was documented commenting that *'clean and hygienic storage is a must'* (Corn producer, 31/7/2003 pers comm.). From this point it is the exporters responsibility to ensure food quality is maintained including ensuring the product remains, safe for human consumption suggesting *'once it leaves the farm it is the next levels responsibility'* (Corn producer, 31/7/2003 pers comm.). Producer 'C' did not comment on the notion of an *export surplus* but indicated strong support for the need for a viable and credible supplier with the issue of food safety being addressed under this factor. Producer 'C' suggested that *'we need to deliver to specification quality samples this will ensure there is no opportunity for negative thought from importer/manufacturer'* (Corn producer, pers comm. 31/7/2003). Although recognising the *consumers need for variety* producer 'C' did not consider this related directly to their position in the chain. However,

indirectly through the exporters and corn breeders there was a relationship in terms of the appropriate or new corn varieties developed by the corn breeder.

Exporting firm director ‘D’: Recognised that ensuring, the appropriate documentation and maintaining a *food safety* focus was extremely important to director ‘D’ having seen the non recognition of its importance result in severe financial and business relationship problems. Although director ‘D’ recognised the importers desire to locate an *alternative supply base* this factor played only a minor role in their decision to devote resources to developing export markets. Director ‘D’ considered the *viability and credibility* of both there company and the importer as the most important *‘necessary and sufficient condition’* for the development of *‘enabling competencies’* suggesting that their company maintained, *‘expertise in shipping, logistics, documentation, relationship building activities with all involved in the supply chain to Japan and they developed credibility with importers by sending photos and a progress brief as the corn crop grew’* (Exporting partner, 20/5/2003 pers comm.). With the importance of an *export surplus* and the Japanese *consumers need for variety* not being considered important to the development of *‘enabling competencies’* by director ‘D’.

Exporting firm director ‘E’: Exporting firm director ‘E’ also highlighted the need for *food safety*, having made research visits to Japan, Singapore and Taiwan where the requirement for GMO free product was of extreme importance to both importers and food manufacturers. Director ‘E’ agreed with his co director ‘D’ and did not place any significant importance on securing an *alternative supply base* except for the fact that our counter seasonal production system ensured a fresh product was available. An *export surplus* and the *consumers preference for variety* were not considered significant by director ‘E’ when developing or utilising existing competencies.

Also of significant importance to ‘E’ was *importer/exporter viability and credibility*. Previously director ‘E’ had negotiated with Japanese trading house representatives in Australia, however this route provided little feedback and opportunity to develop credibility with the end user. Director ‘E’ considered the development of credibility and

to show their financial viability when negotiating with the Japanese manufacturers to be extremely important. Director 'D' outlined the following strategies used in their business in ensuring they were seen by potential Japanese buyers as a credible and viable supplier to Japanese buyers as stated by director 'D', "*quickness of response when quality problems occur, the establishment of suitable payment terms early in negotiations, ensure they understand that we base our company on being ethical, provide reliable and prompt payment terms to our suppliers plus we have a good balance of skills within our staff (i.e. relationship building capabilities, accounting, marketing and logistics expertise)*" (Exporting partner 'D,' 20/5/2003 pers comm.).

Importing firm director 'F': Importing firm director 'F' identified the GMO free status of Australian corn as an important advantage for Australian corn suppliers, particularly when promoting the level of *food safety* our corn offers Japanese importers and manufacturers. Due to existing problems of GMO corn and soybeans experienced when sourcing corn supplies from USA and China, Japanese importers were keen to identify a diversity of supply sources, hence their interest in the Australian product. However, locating *reliable suppliers* who were able to provide a quality product, at competitive prices, were business focused and reliable was of major concern to the Japanese and difficult to achieve. However, Japanese importers achieved this by leaving the producer liaison and product accumulation to PBG as indicated by importer 'F' who claimed the importance of utilising the services of a **credible supplier** was because their company was a family company and were used to dealing personal basis with their suppliers commenting that '*we go on a personal basis and use a coordinator such as PBG as we don't want to deal with 60 or 70 producers*' (Importer, 8/7/2003 pers comm.). Another driving force behind the Japanese importers and manufacturers decision to investigate the option of sourcing corn from Australia was to identify the opportunity to source product **counter seasonal** to northern hemisphere suppliers thereby ensuring a fresh product. Of course as suggested by importer 'F' '*they could source from one supplier for twelve months of the year but then it wouldn't be fresh*' (Importer, 8/7/2003 pers comm.) additionally with storage being so expensive in Japan just in time and continuous shipments were preferred by end users.

Trade facilitator ‘G’: With *food safety* being a significant issue in Japan, opportunities for this business centred on recent concerns over the discovery of a number of incidences of food contamination, for example the make up of a potato product and the genetically modified corn variety ‘*starlink*’ which reached the food chain and was only registered for use in animal feed. Facilitator ‘G’ also indicated that Japanese companies as a direct result of recent negative food contamination incidences ‘*were seeking alternative supply sources*’ (Trade facilitator, 2/7/2003 pers comm.). Of importance to the development of this business was the promotion of the credibility of the supplier with facilitator ‘G’ suggesting that ‘*reciprocal visits in terms of them meeting us and researching what we do is paramount to deals being signed*’ (Trade facilitator, 2/7/2003 pers comm.). He added to this notion by explaining that if a problem occurs, quick and prompt actions are important in developing and maintaining credibility with Japanese end users and importers.

4.7.2 Enabling competencies

Table 4.6 illustrates relevant patterns in the data. In this case distinct patterns are clearly evident showing the importance of relationships and networks in developing successful business in the Japanese market for food grains. This factor recorded 42 responses from interviewees with the majority of responses being recorded from the exporting firm, importing firm and the trade facilitator. The requirement for an IDP system was also seen as significant (15 responses) particularly by the importer, exporter and one of the grain producers.

The requirement for information and communication flows throughout the entire supply chain although less significant was still viewed as important by the importer, exporting firm and the grain producers recording 13 total responses from all interviewees. Having a comprehensive knowledge of the supply chain was viewed by the seed developer, grain producer and exporter as somewhat significant recording 8 responses from interviewees.

The products suitability to the Japanese market was quite obviously important (seven responses) to the importer with other interviewees including the exporters and grain producers having a view that a product’s suitability to its end user is of paramount importance if future long term business is to be developed.

In terms of market development (six responses) this factor was considered important to the trade facilitator whose job it is to develop market opportunities for export companies, with the exporting firm and seed developer identifying market development activities as an area where competencies were not only required but essential to the expansion of the food grain export business.

A detailed account of each interviewee’s responses in terms of the enabling competencies required for the success of this export venture will now be detailed.

Table 4.6 Interview data results highlighting the important enabling competencies

Enabling Competencies						
	Market development	Relationships networks	IDP	Product suitability Japan	Info/Comm Flows/S chain	Supply chain knowledge
“A” Seed developer	1	2	0	0	1	2
“B” Grain producer	0	1	2	1	1	0
“C” Grain producer	0	4	1	2	2	2
“D” Export firm partner	1	6	2	3	3	1
“E” Export firm partner	1	11	5	0	4	2
“F” Importer	0	9	5	1	2	0
“G” Trade facilitator	3	9	0	0	0	1
Totals	6	42	15	7	13	8

Source: Case study interview data

Seed developer ‘A’: As a supplier of corn hybrids suitable for the manufacture of a range of products produced by domestic snack food, cereal and starch manufacturers’

seed developer 'A' saw their skills as; experts in developing new markets, relationship development/networking and communication. Seed developer 'A' considered these skills particularly important when negotiating with producers and food manufacturers.

Seed developer 'A' provided a valuable contribution in that they as a company had developed the ability to be firmly involved in the development of the corn product market in Australia. These market development skills were compatible with Japanese corn industry participants who required to understand the specific benefits from using individual corn hybrids in manufacturing a range of consumer products. What was important to seed developer 'A' was as explained by the seed developer *“to go there (Japan) and see if there were any differences about the products they used”* (Seed developer, 1/8/2003 pers comm.).

From visits to Japanese manufacturers and analyses received from corn samples sent to Japanese snack food, breakfast cereal and corn grit manufacturers a number of differences between the Australian product and the product currently used by the Japanese were highlighted. Although existing product used by Japanese end users displayed similar product specifications to those used in Australia there were some minor differences in terms of “ash content” and “seed size” requirements. This meant that seed developer 'A' to undertake further analysis on Australia's existing corn hybrids to ascertain which hybrids suited the Japanese specifications. With this market development project being required to show a return on investment as was noted by the seed developer who suggested *“we need to be involved in these sort of activities if we are to grow our business”* (Seed developer, 1/8/2003 pers comm.).

Seed developer 'A' based on his company's existing business focus was particularly skilful at developing relationships with corn producers and food manufacturers and had in place strong networks within the total industry. This was not only valuable from a domestic market development viewpoint but a core competency for the future development of this market opportunity particularly as Japanese culture recognises the establishment of strong business and personal relationships.

Finally, seed developer ‘A’s’ understanding of the process of developing new corn hybrids provided for the promotion of a key advantage that Australian suppliers have, this being the ability to produce quantities of planting seed in northern Australia during a period when southern producers are unable to do so thereby ensuring the supply of sufficient planting seed for intending corn producers can be made available in a relatively short time frame.

Soybean and corn producer ‘B’: What was significant to producer ‘B’ was their response concerning integrity of the product they were supplying. This is clearly exemplified by their adoption of the *Identity preservation* (IDP – E.C. 3) document that was required to be completed in order to participate in the export order. In fact a copy of all completed IDP documents was to form part of the complete set of documents required under the export/payment arrangements. In fact producer ‘B’ commented “*usually we never inspect trucks when they came on farm for residue from other products the requirement of the IDP document for this market makes us look now for any cross contamination problems and we use the document all the time now*” (Corn producer, 26/7/2003 pers comm.). Furthermore suggesting that a move toward establishing their own quality assurance scheme was necessary as a management tool as it outlines responsibilities to all property staff ultimately ensuring quality is maintained. The Japanese concern for identity preservation was accentuated by their visits to a selection of producers as they wanted to feel comfortable that just because they were situated a long way off in Japan, with little daily control over their investment they could be assured that the crop was grown specifically for them and that the necessary activities will be undertaken rigorously to ensure they receive the type of product they contracted to be grown for them.

Producer ‘B’ was adamant that the development of *relationships and networks* (E.C. 2) impacted heavily on both the current and any future market developments opportunities commenting that developing a relationship “*will help us to get to know their current*

business and where they would like to take that business in the future and what part we may be able to play in that decision” (Corn producer, 26/7/2003 pers comm.).

Producer ‘B’ saw the need to develop a clear understanding of what was important to in terms of *product suitability* to the Japanese market (E.C. 4 & 5) recognising that as a supplier of a commodity used to produce a consumable food product it is necessary to deliver to a *strict set of specifications* (E.C. 4). Producer ‘B’ was also of the opinion that it was important to visit the manufacturer once your product was being used by the manufacturer. In addition producer ‘B’ was of the opinion that an understanding of *product suitability* was a two way process and that it was important for manufacturers to communicate the trade off’s in terms of different quality aspects and the resultant costs of production of the final product. Highlighting the need for transparency of activities and knowledge of the total supply chain as such openness will ensure optimum benefits are achieved by all chain participants (E.C. 5 & 6).

Soybean and corn producer ‘C’: Producer ‘C’ did not consider market development activities vitally important from his position in this business indicating that this activity was more the domain of the seed breeder, exporting company and government facilitators. Indicating that his position as a corn producer was to support the market development activities by producing the product to desired specifications at the time required and the quantity demanded (E.C. 6).

In terms of *relationships and network development* (E.C. 2) producer ‘C’ completely agreed that it was necessary to develop an understanding of their cultural idiosyncrasies. However he viewed it necessary for this to be a two way exchange suggesting that this would ensure relationships are developed on a solid foundation based on an understanding of each others business situations stating that “*one of the biggest challenges in doing business is this relationship thing*”, continuing by suggesting “*there is no need for them to bow it is a handshake and I would like to think the next time they come they say good day Paul, how are you?*” (Corn producer, 31/7/2003 pers comm.). Producer ‘C’ is adamant about relationships in business and was of the view that having

an international relationship focus was necessary especially when producing for a specific export market.

Furthermore, strong relationships build faith in business dealings with success in business being strongly correlated to good relationships. Additionally, producer 'C' saw the need not just for relationships commenting, "*but you have to be sure from both perspectives that there is the capacity to deliver, that is the reality behind any commercial business success*" (Corn producer, 31/7/2003 pers comm.).

Producer 'C' considered it necessary to visit the buyers of their product because they must know the market requirement and *product suitability* of their products (E.C. 4) (both domestic and international). Producer 'C' acted on this and invested in trips to various manufacturers both in Australia and Japan suggesting that this was necessary so "*we can aim to produce the variety and subsequent specifications required for manufacturers to make their particular product*" (Corn producer, 31/7/2003 pers comm.). Producer 'C' like his counterpart producer 'B' considered the use of the IDP documentation as of the utmost importance in the development of any market for product used in manufacturing a food product. In addition producer 'C' considered a through knowledge of the supply chain absolutely necessary when receiving overseas visitors. As Japanese manufacturers want to satisfy themselves that you are a knowledgeable and loyal supplier, someone whom they can trust and who is prepared to participate in communications throughout the entire production and supply period (E.C. 5 & 6).

Exporting firm director 'D': As an exporter and supplier of food quality corn and soybeans to both domestic and international markets director 'D' contributes a substantial amount of time, effort and expenditure on *market development activities* (E.C.1). In the past they had supplied numerous product samples to the Australian representatives of the major Japanese trading houses plus numerous overseas commodity brokers, importers and manufacturers. In addition, they frequently host overseas visitors who wish to research and look for opportunities to source corn and soybeans from

Australia, Director 'D' sees this as an extremely important activity in identifying and developing market opportunities.

Suggesting that it is very important that customers understand what we can offer and that we also get an insight into what they require and what different products they can produce from our corn and soybean varieties. However, supplier reliability is critical and the ability to respond immediately to buyer requests is of paramount importance as director 'D' explains by way of the following example *“in response to a urgent request from a new buyer based in Taiwan who was experiencing difficulty receiving inputs we were able to ensure their manufacturing process did not stop by air freighting enough Soybean seed to cover their current shortfall”* (Exporting partner, 20/5/2003 pers comm.) (E.C.2).

In terms of relationships and network development activities director 'D' considered continually developing and maintaining their industry knowledge as being largely responsible for the initial success of the shipment of trial containers and centred on the comprehensive itinerary prepared for a visiting Japanese manufacturer which ensured the establishment of good relations with this company as commented by 'D' who claimed that success was due to *“our ability to provide a comprehensive visit program and explanation of the supply chain for the various grains in Australia impressed the Japanese buyers by giving them knowledge of the Australian way of doing”* (Exporting partner, 20/5/2003 pers comm.) (E.C.2).

Furthermore, director 'D's' long time relationships with grain producers was an important factor in the development of a credible IDP document which was required documentation for ensuring traceability was available in case any contamination issues arose from Japanese corn importers. Also, corn producers developed some ownership of the IDP document particularly as they had provided substantial technical input into its development (E.C.3).

Although director 'D' was skilled in; market development processes, developing relationships and networking, was proactive in developing an IDP system and had strong skills in acquiring product displaying exceptional suitability to food manufacturers, he recognised elements of their promotional capabilities were incomplete. In addressing this issue this director 'D' invested in the development of company brochure including an insert translated into Japanese which substantially improved communications with prospective overseas buyers (E.C.5).

Exporting firm director 'E': Exporting firm director 'E' saw the opportunity to develop markets within Japan and other North East Asian countries particularly as these markets had shown a distinct preference to use Non GMO food inputs (including amongst others corn and soybeans). As mentioned previously Australian corn and soybean varieties were not genetically modified, this resulted in director 'E' undertaking a number of *market development* visits to Japan, Singapore and Taiwan (E.C.1). Having previously experienced difficulties in receiving product suitability information from trading houses director 'E' employed a more direct approach by communicating directly with the manufacturer, a strategy which was often difficult due to language barriers. However, he found that once contact was made with a Japanese manufacturer generally someone from a trading house who could speak the language would become involved. This strategy not only had the benefit of developing *personal relationships* with the end user but also allowed both parties to understand their individual requirements in terms of *product attributes* (E.C.1 & 2).

Reciprocal overseas visits were used by director 'E' as they provided the added benefits of developing relationships, improving communication flow particularly as both parties gained a more complete understanding of each other. (E.C. 1, 2, 5 & 6). Director 'E' placed considerable importance on information and communication flows citing many examples including, the importance of promptness in addressing any quality, logistical or financial issues which are likely to jeopardise existing and future business dealings (E.C.5) as vital to any business relationship development.

Although director 'E' was an experienced marketer domestically and had some experience with international transactions, it was necessary for them to develop their existing competencies further to encapsulate the finer points in developing and doing business with international buyers. In the domestic market director 'E' generally knows who the buyer really is however he commented that, "*our decision to build our markets by visiting other countries was an important step this is the best way to identify who your overseas buyer really is*" (Exporting partner, 12/7/2003 pers comm.) (E.C.1, 2 and 5).

In summing up director 'E' identified their companies strengths as having a good knowledge of their products, prompt payment guaranteed (of great importance to their suppliers), good logistical and organisational capabilities, knowledge of storage and segregation activities and locations and above all we consider our core competencies as being *ethical, reliable and prompt* in all aspects of our business (E.C.2 & 10).

Importing firm director 'F': Importing firm director 'F' identified similar market development and relationship/network practices to those used by exporting firm directors 'D' and 'E. This is due to the fact that director 'F's' company has a team of sales people located throughout Japan and overseas. With those staff located in Japan being in frequent contact with manufacturers ensuring they have intimate knowledge of the product requirements of individual manufacturers with director 'F' commenting, "*we have approximately 150 staff in Japan whose mental focus is toward understanding the technology and processing and how things can be done better they also understand the logistics, business dealings and pricing. So they are specialists because they understand the product as well as the business*" (Importer, 8/7/2003, pers comm.) (E.C.1, 4 and 6).

In terms of *relationships* director 'F' identified that as an importer and supplier to Japanese food manufacturers they have a much stronger relationship with their manufacturer than their suppliers. Explaining that they purchase product worldwide and there is intense competition from other domestic (Japan) suppliers. Therefore in the first instance price is a determining factor. However, finding *reliable suppliers* is also a

concern to them and matching price competitiveness with supplier reliability is a difficult task. That is why as suggested by director 'F' "we invest considerable time and money in identifying suppliers we can rely on" (Importer, 8/7/2003, pers comm.).

Once supplier reliability has been identified quality and price relativity are assessed followed by their ability to provide a *continuity of supply* with an assessment of personal *relationships* finalising the purchasing decision. Furthermore, product suitability is paramount to Japanese manufacturers as quality specifications including a clearly identifiable *IDP system* are viewed as being directly related to a businesses efficiency and therefore profitability (E.C.2, 3 and 4).

Finding a reliable supplier is extremely important to director 'F' particularly as they don't have the time or resources to visit 60 to 70 producers as mentioned previously suggesting, "*that finding a coordinator is the preference*" (Importer, 8/7/2003, pers comm..) (E.C.1, 5 & 6). When asked why they chose PBG as their supplier director 'F' responded by saying that their research had shown that, "*PBG had strong relations with producers, had excellent logistics capabilities and were seen to be considered reliable and reputable suppliers by others involved in the industry, so why look further*" (Importer, 8/7/2003, pers comm.) (E.C.6).

Trade facilitator 'G': The role of the trade facilitator 'G' was to assist in defining the scope of the project (entitled "*Opportunities for Queensland produced Non GMO food quality corn and soybeans to the Japanese food market*"). The first stage being to provide some market research information with the second stage being to identify potential Japanese customers and import agents for the project. In the initial stages of the project it was not fully defined as to what our competitive advantages were apart from the Non GMO aspect of Queensland's production capabilities (E.C.1). However, recent GMO contamination issues with potatoes and the "*Starlink*" corn being found in the food chain in the US meant the timing was perfect to commence market development, relationships/networks and IDP activities in Japan (E.C.1, 2 & 3). Initial approaches to Japanese importers revealed significant interest as they were being forced into finding

alternative supply sources of food quality corn and soybeans (E.C.1). Market investigations revealed that it was not to our advantage to attempt to compete head on with US suppliers in the volume commodity market but to identify a specialist niche market in the snack food market segment in Japan.

Trade facilitator 'G's key competency was her deep knowledge of the Japanese people, its culture and the market particularly from a micro viewpoint, their organisation had been operating in Japan for a number of years and as a result had extremely good networks with Japanese food companies. In their role as project developer and to aid in the identification and negotiations with potential Japanese buyers trade facilitator 'G' was involved in developing all the *'enabling competencies'* identified, with more emphasis being placed on market development and relationships/networks than on IDP, product suitability, information and communication and a complete knowledge of the supply chain.

What was also a key competency of the trade facilitator 'G' was her unbiased view and advice on a number of issues throughout the project particularly when conveying the interpretation of Japanese opinions on IDP programs, product suitability and assistance with information and communication misunderstandings, this was most significant when commercial negotiations were in progress (E.C.2, 3, 4 and 5). Trade facilitator 'G' commented that *"developing business relationships is very important basically due to the Japanese culture as they place considerable importance on whether you are in business for the long haul. Further suggesting "that relationships with Japanese become stronger than a number of other cultures over the long run"* (Trade facilitator, 2/7/2003, pers comm.) (E.C.2). What was also important information provided by 'G' was the knowledge conveyed to commercial project partners that business decisions are bottom up within corporations whereas in the family company it is performed top down. This can be extremely difficult to work through when undertaking dealings with both a trading company who is in most circumstances the financier and a private company who is totally interested in price and quality. Clearly, the bottom up approach can delay

decision making processes whilst the manufacturer can be attempting to speed the process up (E.C.2).

4.8 Conclusion

The purpose of this chapter was to collate and summarise the data which was gathered from the seven interviews within a single case study methodology. The chapter also had the role of identifying patterns within the data collected. In achieving its purpose the chapter detailed the results obtained based on the research issues.

An interview protocol was used in the data collection process to aid in providing triangulated evidence relevant to the '*necessary and sufficient conditions*' and '*enabling competencies*'. Results from the data analysis revealed a close association to the theoretical models surrounding internationalisation methods however some more operational strategies and methods emerged particularly in relation to areas such as food safety, international relationships and knowledge management within the supply chain.

From this evidence, a hypothesised model was developed which displays both practical as well as theoretical implications about trade between Australia and Japan in the food grain sector. In conclusion firms that display the capacity to develop the competencies described in this research can succeed in entering enter such product-markets which were previously inaccessible to them.

5.0 CONCLUSIONS AND IMPLICATIONS

5.1 Introduction

The purpose of this research was to address the research problem as outlined below and which was also outlined in section 1.2.1:

“How do small and medium sized exporters of food quality and GMO free Soybeans and Corn enter the Japanese market”?

From this research the following research issues were identified.

- What are your experiences/perceptions in developing opportunities in the Japanese market?
- To what extent do behavioural and business factors contribute to your selection process for buyers and suppliers to your business
- What factors have you found important when evaluating opportunities to become involved in supplying overseas markets?

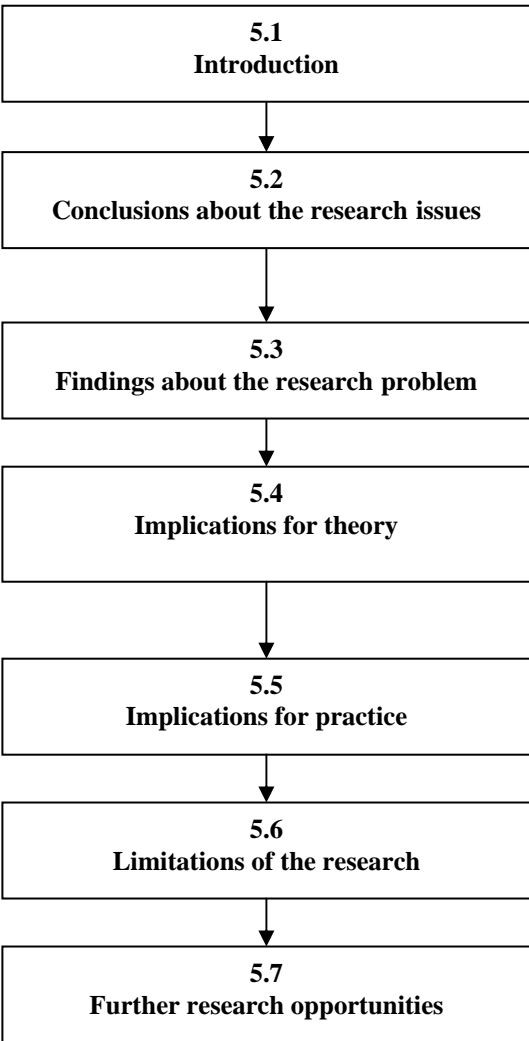
In order to address these issues an amended model of SME internationalisation (figure 2.5) was developed based on the Sterns and Peterson (2001) model of globalisation. This model comprised of a set of driving forces portrayed by three *‘necessary and sufficient conditions’* and a set of decision rules which were developed based on both the literature surrounding internationalisation and from the data collected.

In chapter 2, a review of the literature (including SME internationalisation, market entry, transaction cost theory and the role of relationships and networks) relevant to the research problem was conducted, from this research plus pilot interviews held with some respondents an interview protocol was developed. Using this document a single case study using multiple observations from seven participants was undertaken. The data collected from these interviews was presented and analysed using pattern matching techniques to disseminate the relevant information and from which a set of *‘necessary and sufficient conditions and ‘enabling competencies’* used amongst the case

participants in entering the Japanese food grain market for soybeans and corn were identified (chapter 4).

This chapter summarises the findings of the research, and discusses each of the research issues in turn relating these to the research problem and finally provides an augmented model of SME internationalisation.

Figure 5.1 Outline of Chapter 5 with section numbers



5.2 Conclusions about the research issues

5.2.1 Research issue 1

The first research issue was concerned with determining from the exporter how their export business began. This information provided the researcher with information regarding the companies export position.

RI 1: What are your experiences/perceptions in developing opportunities in the Japanese market?

Interviews with case respondents revealed a set of '*necessary and sufficient conditions*' in the form of perceived effective demand, perceived competitive advantage in transforming inputs into outputs and a perceived competitive advantage in managing transaction costs. From the interviews conducted interviewees identified; food safety, need for a diversified supply base, export surplus, viability/credibility of the exporter and their need for specific seed varieties as being extremely important operational issues when making export decisions. Furthermore, the data collection process revealed definite opportunities to supply Japan with food quality grains particularly in light of food safety issues (GMO contamination issues) with product supplies from the USA.

Also, Australia's geographic and climatic advantages highlighted the major opportunity available to Australian food quality grain exporters/suppliers particularly for corn and soybeans for the Japanese market. A major contribution to the commencement of this business was the decision by PBG management to undertake a trade mission to Japan, Taiwan and Singapore. This mission had been preceded by the author's visit to Japan where in conjunction with the Queensland government office's (Osaka) trade facilitator 'G' a number of potential importers were identified thereby beginning the process to establish export business to Japan.

5.2.2 Research issue 2

The second research issue focused on ascertaining from the exporting business if it was necessary for them to review and make changes to their existing business practices, internal operations, responsibilities and procedures in relation to their export activities toward to Japan.

RI 2: What extent do behavioural and business factors contribute to your selection process for buyers and suppliers to your business?

In addressing the obstacles presented by the *'necessary and sufficient conditions'*, the exporting firm was required to introduce or make use of existing *'enabling competencies'* so that the export opportunities presenting themselves could be captured, these are discussed next.

Market development was an area that PBG had addressed in the past however, mainly in terms of the domestic market. Based on the opportunity presenting itself to PBG and mainly driven by customers need for safe foods, PBG dedicated time to looking at new overseas markets and their associated product requirements but also included their suite of dedicated food grain producers. PBG increased their communication with seed developer 'A' in order to gain improved knowledge of the grain varieties available and their ability to suit a range of end products from an international manufacturer's perspective. Additionally, a major change implemented by PBG was their business focus where they decided to devote some extra resources (time and personnel) toward international market development.

Relationships and networks had always been a strength of PBG for they had strong relations with their loyal grower suppliers as well as with all those in the chain from logistics to agents and domestic processors and manufacturers. What they achieved from this export business was a closer relationship with seed developer 'A'. This resulted in improving their product knowledge in terms of suitability of certain hybrid seeds for particular end uses. PBG as a result of this project developed strong relationships with a

number of Japanese importers and government trade facilitators, recognising the valuable contribution and assistance which is available from these government officers.

PBG not having conducted business from a close proximity with Asian importers had to reassess their sensitivities of dealing with international cultures. To address this important aspect of conducting business internationally PBG actively encouraged Japanese importers and manufacturers to visit Australia, even financing their travel to Australia in some instances. Success was inevitable due mainly to their experience in developing relationships and networks domestically, with the international focus being merely an extension of what they were professional at in the domestic market.

In relation to **IDP** PBG had never previously had to develop such a system however, the demands of the Japanese market were such that developing an IDP system was unavoidable for market success. Therefore, PBG in consultation with their Japanese importers developed an IDP protocol for use by the complete chain from growers to shipment. This document has ensured the continuation of existing overseas orders as well as new importers with faith in PBG as a supplier of safe food products.

Products suitable for markets in Japan: PBG believed they were able to source the product volumes and quality specifications required by the Japanese food manufacturers. Product acceptance by international buyers had previously been a dilemma for PBG as they dealt mostly with agents from whom they rarely received comprehensive feedback from samples after shipment. Consequently PBG could not positively identify where problems lay. Were they with the grower or was it because the information provided by the agent was incomplete?. PBG previously had not paid attention to this mainly because they were of the opinion that the agent would explain to them the reasons for success or failure.

In addressing *product suitability* PBG made regular visits to Japan, liaised regularly with seed developer 'A', ensured overseas meetings included the manufacturers not merely the importer or trading companies (this made use of a pull strategy where the

manufacturer demanded his trading company to purchase from PBG). In addition in order to solve this problem PBG placed one staff member to be in charge of all international inquiries and sample despatch, correspondence and feedback information.

Information and communication flows within the supply chain: Continuity of information and communication flows between all supply chain participants was identified by all interviewees as essential to any business development and encapsulated the complete list of '*necessary and sufficient conditions*'. However, PBG as part of their existing business operations had strong information and communication processes in place domestically. PBG recognised their deficiency in their supply chain communications internationally. To improve this PBG made one staff member responsible for international communications and ensured that the information relevant to supply chain participants was made available to them.

Supply chain knowledge. Understanding of the supply chain within this export opportunity by PBG staff was considered adequate by both partners but once again from a domestic perspective. Although they had some knowledge of the supply chain from previous international business dealings they recognised that this needed to be improved. In order to do so, PBG invested heavily in market missions to Japan and ensured that their mission included discussions with industry association leaders, representatives of the Japanese regulatory body, the Ministry of Labour Health and Welfare (MHL&W), the Ministry Agriculture and Fisheries (MAF), logistics and storage companies, manufacturers, wholesalers and retailers.

5.2.3 Research issue 3

The third research issue focused on determining participants views on a number of areas relative to the effective and sustainable development of new export business.

RI 3: What factors have you found important when evaluating opportunities to become involved in supplying overseas markets?

From the *'necessary and sufficient conditions'* identified by case respondents a set of *'enabling competencies'* were identified and were particularly important to the development of export business by PBG. However, the development of relationships, networks and loyalty both from a business and personal viewpoint were found to be central to successful dealings with the Japanese. The following is a list of strategies introduced by PBG to ensure that relationships, networks and those loyal to their partners in the Japanese food grain market are maintained.

- undertake regular overseas trips to visit existing and potential customers;
- invite long term business associates to visit PBG - PBG arrange a comprehensive itinerary of the entire supply chain;
- make regular phone and Email contact to major customers;
- maintain active lead membership with Australian based industry associations;
- host Japanese industry associations;
- invite Japanese business partners to speak at Australian domestic and international conferences; and
- provide contacts to Japanese importers when requiring a product different to their main stream business arrangements.

PBG implemented a number of strategies which were important to the success of their venture in to the Japanese food grain market as detailed below. However, it is important to note that market entry was also aided by external environmental instances such as the decision by Japanese manufacturers to ban the use of product originating from genetically modified (GM) materials. The decision by Japanese manufacturers to seek out alternative sources gave Australian producers and exporters a window of opportunity. However, it was PBG's recognition of the *'necessary and sufficient conditions'* relative to existing Japanese market conditions which enabled them to develop the most appropriate *'enabling competencies'* to facilitate successful entry into the Japanese food grain market. These are outlined next.

Market Development

- Preparedness to provide potential importers with numerous product samples, a feature of achieving successful business dealings in Japan
- Continuous market visits including all parts of the chain manufacturers, shippers, government agencies, industry associations and importers

Relationships, networks and loyalty

- Immediate response when there were problems with the product post shipment – what could have been potentially expensive situations for PBG were avoided due to their immediate response and preparedness to fix the problem, even if it meant a monetary loss

Identity preservation (IDP)

- Provision of product promotional material and the IDP system for the manufacturer to use with their customers

5.3 Findings about the research problem

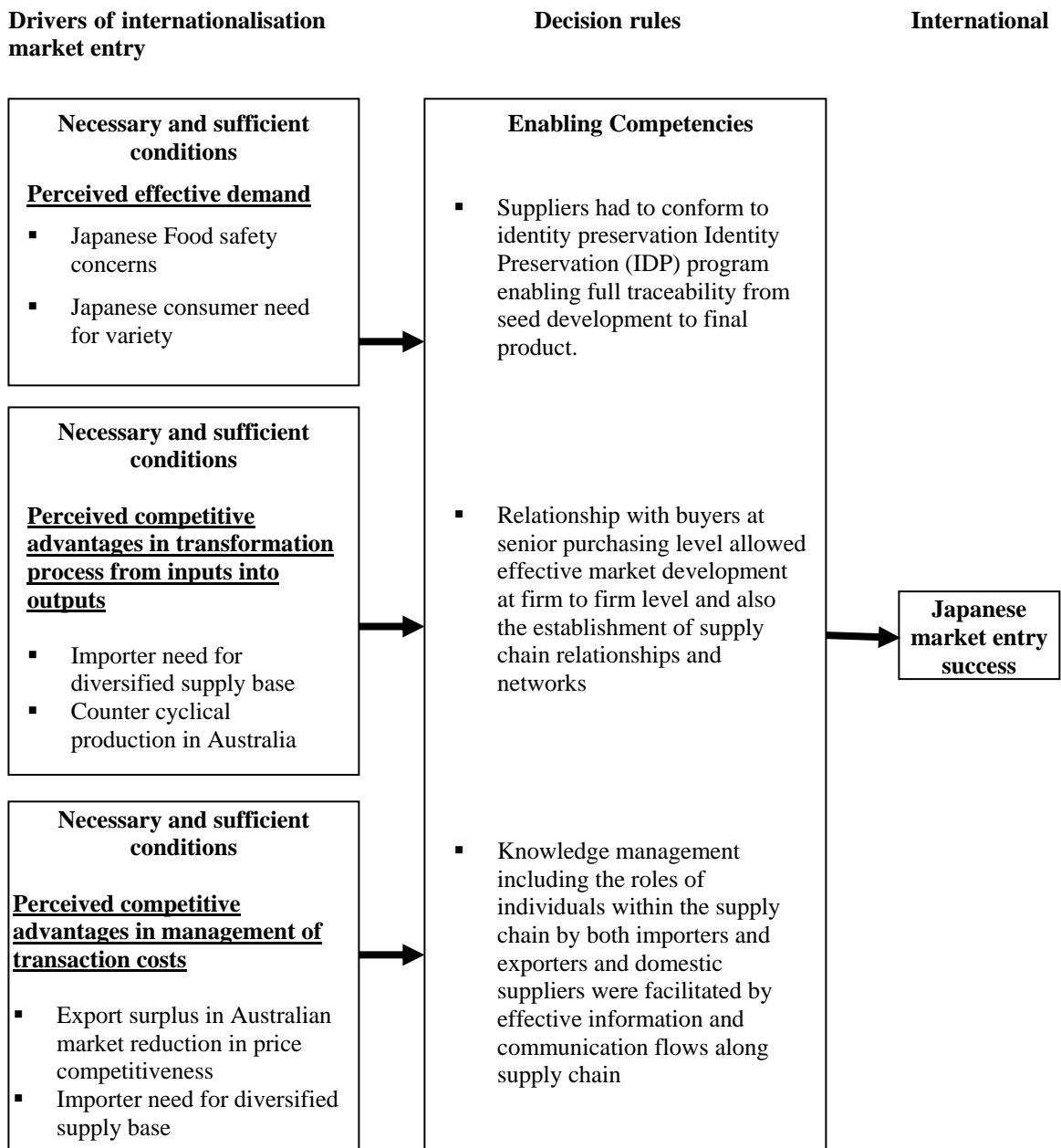
The single case study used in this research provide insights into how small and medium sized exporters of food quality and GMO free Soybeans and Corn can successfully enter the Japanese market, particularly in light of strong competition from long term suppliers from both the USA and Canada.

This research is the first study conducted in the context of SME exporters of food quality soybeans and corn adapting a previous study of SME globalisation to include the internationalisation process of a SME food grain exporter. This research in adapting the globalisation model for SME's ensures the research provides a conceptual framework of export success for SME exports of food grains. This research identified the literature sources relevant to internationalisation synthesising these to determine the literary sources impacting on the export success and those to be included in the development of the augmented model of SME internationalisation.

The applicability of the Sterns and Peterson (2001) SME globalisation model to agri-food industries lies in its ability to be the basis for the development of an augmented model of SME internationalisation of food grain exporters has emanated from this study. The results of this research have clearly identified the '*necessary and sufficient conditions*' of food safety, consumer need for variety, need for a diversified supply base, counter cyclical production in Australia and an export surplus of food grade soybeans and corn. The identification of these competencies formed the basis from which SME food grain exporters employed a set of '*enabling competencies*' (identity preservation, relationships with senior buyers and enhancement of knowledge and communication within the total supply chain) heralding successful entry into the Japanese market.

The data in Chapter 4 provided the basis for analysing the research problem. The problem in this research was to identify how SME exporters of food grain can successfully enter the Japanese market. From the results of this research, the findings reveal that potential exporters of food grains need to identify the relevant driving forces of internationalisation and then to develop a number of '*enabling competencies*' which clearly address these '*necessary and sufficient conditions*' and provide operational strategies from which successful exports can occur.

Figure 5.2 Augmented model of Japanese market entry including enabling competencies



Source: Augmentation of Sterns and Peterson’s (2001) model of SME globalisation to reflect current research findings about internationalisation processes

5.4 Implications for theory

The findings from this research have built on existing literature about internationalisation by identifying the ‘*enabling competencies*’ required for food grain

exporters to succeed in entering the Japanese market. This research was predicated on Sterns and Peterson's (2001) model of SME globalisation which was based on the need for SME exporters to develop '*enabling competencies*' in order to capitalise upon global market opportunities.

This research has directly addressed the limitations of the Sterns and Peterson (2001) model in terms of SME internationalisation (refer to figure 5.2). Overall, the Sterns and Peterson model lacked specific information about '*enabling competencies*' an area where additional research could be directed.

This research therefore makes the following contributions to the literature on international marketing and SME exporters:

- it allows for the development of an augmented model of Japanese market entry which includes a set of '*enabling competencies*' for use by Australian food grain exporters in entering the Japanese food grain market and is depicted in figure 5.2. This model has been augmented from the base model (figure 2.3) to include the '*necessary and sufficient conditions*' and '*enabling competencies*' relevant to the internationalisation strategies of SME food grain exporters.
- it integrates the relevant issues from a number of literature sources including the advantages of both relationship and economic models in terms of SME internationalisation.

Although this research was based on a single case study, it involved researching multiple stakeholders in order to add richness to the data. This was achieved by interviewing all participants within the supply chain from the seed developer, through the exporters to the Japanese manufacturers. The quality of the data was further enhanced by the researcher's intimate knowledge of the total business negotiations involving all participants.

The findings of this research implies that Sterns and Petersons (2001) globalisation model is able to be augmented for use as a model for internationalisation by SME exporters of food grade soybeans and corn to Japanese food manufacturers. Future theoretical models which aim to describe successful SME internationalisation and market entry success should include the operational '*necessary and sufficient conditions*' and '*enabling competencies*' used by SME exporters to ensure practitioners and firm decision makers are able to achieve the best possible market success.

5.5 Implications for practice

Based on the findings of this research, an augmented model of SME internationalisation (figure 5.2) has been developed. This model provides practitioners with decision rules which can be used by a firm's decision makers to facilitate SME exports.

From the interview data gathered for this research, there is little if any evidence that any direct interaction between Australian food grain producers and final consumers in Japan has occurred previously. This differs from what generally occurs in other agribusiness sectors, particularly beef and horticulture, in which feedback is normally provided by Japanese buyers.

This research provided a wealth of insights into what drove the decision by a SME food grain exporter to develop a number of '*enabling competencies*' in order to penetrate the Japanese food grain market. The information collated from the data enabled the three research issues to be addressed and the research problem to be answered. Furthermore this case study is a practical example of the application of the theories surrounding market entry, internationalisation, small firm internationalisation, transaction cost economics and the more recent application of networks and their individual relationships that facilitate networks.

Also in these sectors, there is little evidence of relationships between the Japanese importers and the Australian grower/producers as this role has been traditionally the

responsibility of the Australian exporter. This is confirmed by the following quote from the Japanese importer (refer to section 4.4): *‘there is more relationship with our manufacturer than our suppliers... we would rather use a co-ordinator (such as the exporting firm) as we do not have enough staff.... And we don’t want to see sixty or seventy growers (individually), we don’t have enough staff’* (Shiraishi, T 2003 pers comm., 8 July).

5.6 Limitations of the research

This research is limited by the fact that it focuses on a single case study even though multiple informants were interviewed and a standardised interview guide was used to collect the data. Additionally this research only focused on one food product and one international export market. Thus further research into other areas of food product exports and international markets should be undertaken.

Moreover, this research was limited to one domestic geographical region which may therefore limit the range of *‘necessary and sufficient conditions’* and *‘enabling competencies’* as found from this research.

This inclusion of other food industries and international markets would enhance the external validity of the research whilst also providing verification to the adaptability of the Sterns and Peterson (2001) model of globalisation.

5.7 Further research opportunities

The reliability and validity of the findings from this research would be enhanced by conducting a large scale survey of exporters to the Japanese market and including both Australian and overseas exporting firms. Additional research using SME exporter supply chains within the agri-food sector would avoid the issue of generalising the results from this research and thereby enriching the entire findings and the researches impact and applicability for practitioners.

Additional research involving SME food grain exporters in other geographic locations throughout Australia and including companies producing alternative agri food products would provide added benefits. Such research would benefit industry practitioners by capturing an Australia wide view of the major '*enabling competencies*' used by Australian food and food grain exporters in successfully entering global food markets.

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APPENDIX 1 OUTLINE OF CRITICAL ISSUES INVOLVED IN THE EXPORT TRANSACTION

Critical issue	Description	Period when it occurred
Starlink contamination	Starlink corn found in food chain. Not approved for human consumption	Beginning 1999
Negative perception of US products	Japanese seek alternative sources of supply	Mid 199 to present
Oversupply of Soybeans in Australia. Low domestic price and reasonable international price	Domestic processors had overbought Soybean stocks	January 2000
Negative reaction by Japanese to GMO products	Japanese import from Europe and IP corn and Soybeans from Europe and US at high cost	Late 1999 and early 2000
Provision of product portfolios	Provide buyers with a comprehensive description of product and company activities developed and delivered to prospective importers	May 2000 to Feb 2001
Awareness of Australian product	In Market mission to Japan and deliver industry presentations	February 2001
Prior to Japan mission: Provision of samples Translations of product descriptions Develop and translate industry presentation	Corn variety samples Product/variety information Power point industry presentations	December to February 2001
Recognition by large Japanese importer	Invited to present to Mitsubishi Corp – Tokyo	February 2001
Inward Japanese mission	Visit to Australia by Japanese corn importer and manufacturer	May 2001
Request for trial containers	Japanese importer ordered the delivery of 2 trial containers of 2 corn varieties	May 2001
Network/Relationship between Peter Brodie, Kanematsu (Aust) General Manager	Mr Brodie and Mr Henderson studied together at same agricultural college	May 2001 to present

Source: Electronic mail messages retained by the author

APPENDIX 2 OVERALL COMPARISON OF IN-DEPTH INTERVIEW FINDINGS ABOUT CRITICAL COMPETENCIES FOR FIRMS SEEKING TO ENTER FOOD GRAIN MARKETS IN JAPAN

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
Seed developer	1, 3, 5, 7	<p>3 = be there to fly flag for corn industry in Aust</p> <p>3, 5 = Knowledge of Australian corn manufacturing processes see if Japanese manufacturers required anything different</p> <p>6 = Grow Aust industry through knowing Japanese product manufacturer requirements</p> <p>7 = meetings, close involvement in supplying seed, quality meetings etc.</p> <p>7 = relationships with growers, storage and logistics contractors on and of farm</p> <p>1 = QA system for core seed production and variety traceability</p>	<ul style="list-style-type: none"> • Increase seed sales to Australian growers • Learn specifications and products they (Japanese)make • Preference for end users in terms of varieties • Return on investment with a long term view • Supply chain management (core seed supply)
Grower (1)	2, 3, 4, 7, 8, 9 and 10	<p>4 = need more market opportunities for food quality corn</p> <p>4 = haven't got any market which demands food quality specs year in year out</p> <p>8 = number silos for traceability</p> <p>7 = Manufacturer to explain processing losses using your product (disclosure of info and costs) Difficult P5</p>	<ul style="list-style-type: none"> • Need food grade markets • Plenty of feed grade markets • Traceability • 9 = Product suitability • Information flow and communication
Grower (2)	1, 3, 5, 8, 9, 10	<ul style="list-style-type: none"> • Establish long term relationship and even out price returns • In field hygiene – weeds etc Corn a good rotation • Variety yield and price trade off an issue • IP document • Culture acceptance should be a 2 way Street (Bow v's Handshake) leads to a change in mental attitudes (P4) • Cultural adaptation leads to increased level of acceptance in Aust • Need to deliver GOOD QUALITY (To specification) samples to decrease opportunity for negative thought on importer/manufacturers behalf (P5, P6) • Relationships very important – about the right attitude to do business you deliver more and you get more back (P6) • Clean and Hygienic storage a must • Must know market requirement (overseas and domestic) so we can aim to produce the variety and subsequent specs required for them to make their particular product. 	<ul style="list-style-type: none"> • see themselves as a supplier of a product to a export market • need to predetermine time lines for growing and delivery contract (6 mths to long)

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<ul style="list-style-type: none"> • Have to have an international relationship focus if producing for a specific export market. • Understand what the end product is used for and where your production skills fit in i.e. understand your market and its end product • Knowledge to explain farming system/supply issues to buyer • Do the right thing leads to Loyalty to confirmed relationships 	
Exporting firm Partner (1)	1, 3	<ul style="list-style-type: none"> • Relationship built on reliability (P2) • Documentation expertise a strength and a must for exporters • Ability to provide a comprehensive visit and explanation of the supply chain in Australia to comfort Japanese buyers lack of knowledge of Aust way of doing business, different to USA. This built confidence aided the relationship devt and led to the Japanese ordering 2 trial containers • Experts in shipping arrangements, logistics and documentation and good relations with their financiers • Good relations with production community aided the devt of the IP program important for traceability. Growers develop ownership of the IP system as they had input into it. • Growers already keeping some documentation but weren't all that sure why this export gave them a reason to do so(P5) • Develop ownership by the Japanese by sending photos and a brief on the grower of the corn in the photo (P5 and 6) • Were there when Japanese customer unloaded 2 trial containers of the larger shipment • Realised that there was a difference in expectations of corn specifications as Japanese manufacturer used a larger sieve size compared to the one stipulated in the contract. The Japanese I guess assumed the specs would be the same as the ones used by product from the US. Problem was that the Japanese trading company and the manufacturer assumed the sieve size would be the same as that used normally by the US. • This meant more gradings/screenings and therefore less volume to export (meant Qld exporter may be short the contract) • Net works 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>Reliability(1), Relationship with importer (3),</p> <ul style="list-style-type: none"> • Food safety (P7) • Traceability (P7) • Power Distance – Hofstede (P 10) High Context culture • Uncertainty Avoidance (P10) • Difficult to be an individual in Japan (P10) • Japanese pride themselves on being Ethical (P10) • Staff training – export documentation V important – have others check your docs • Increased adoption Comp Tech – Email for negotiations. But all final docs are done by hard copy as banks require that. • QA – important • AQIS Accreditation – important • Health and Food Safety standards – Extremely important • IP Docs – good marketing tool • Promo Material – Brochure in required language extremely important • Market Visits - Very important but good if you can know the people first • NB: Japanese PANIC when there is a crisis. It is in their nature to panic • NB: Producers like to see more market opportunities as it gives them the chance to highlight their expertise. Good producers won't wait for less experienced producers • NB: For success you need to visit the person buying your product. He is not going to take you to his downstream customers until he is satisfied with his relationship with you. Reason is he has to much credibility to loose.(P 16) 	
Exporting firm Partner (2)	1, 7. 10	<ul style="list-style-type: none"> • Saw opportunity to market Soybeans into Asia due to GMO free • Good producer connections • Need to be connected to Govt trade devt organisations to get given the opportunities they identify • Thought the only way to get into Japan market was through the 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>trading houses. However, using these ensures you receive little feedback. (P3)</p> <ul style="list-style-type: none"> • Traders don't want to give away information whereas the manufacturer wants to process the best product so meeting with them in the first place is very important • Also Japanese trading companies holding back or not discussing with us the results of the different varieties sent to Japan • Better to go to direct to users in the first instance to fully understand their requirements in a variety or soybean or corn • It is very important to have a good knowledge of the manufacturing process they use or at least get to understand it (P4) • Japan dealings are slow compared to Thailand and Taiwan – once again must have direct personal contact with end user • We didn't deal direct with manufacturer in Thailand and the business stopped • We think it is important to fund reciprocal visits but business must be at least envisioned • Customer is always right – problem is a lot of Australian exporters send what they “think” the customer wants (Paper bags P5) • Japanese decision making is slow (P7) • Japanese are not truly open (P7) • Important to address any quality problems and other issues promptly (P7) • Keeping contact with overseas buyers is a 2 way street • Loyalty is important (P8) • Establish payment terms early in the negotiations is important as everyone knows where they stand • Knowledge of what your product is going to be used for is very important as it opens up other product opportunities (P8) • Knowing who actually makes the purchase decision is important but you generally never really know that until you visit the company • Strengths of our company are: Good knowledge of our product/s, we guarantee payment (very important to our suppliers), we have good logistical capabilities & knowledge i.e we know how to store segregate and transport and 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>have good relationships with all these people, we are ethical, reliable and prompt and we have a good balance of skills on the staff – logistics, accounting, marketing and relationship building capabilities</p>	
Importer (A)	1, 2, 3, 4, 5		
Importer (B)	7,	<ul style="list-style-type: none"> • Japanese identify new opportunities from their team of sales people who are in contact daily with manufacturers. Relationships are built here the same as we are doing here in Aust • Japanese very specific with quality specs to ensure their customers business efficiency • Because we have competitors we place some importance on price • When selecting suppliers – the trouble is finding people who can supply <ul style="list-style-type: none"> - Next step is then to ensure Quality, price, reliability and capacity • I get continually asked by Japanese manufacturers about the size and grade of the crop in Australia • Having operated in Japan, Hong Kong and Australia and USA I have the ability to identify alternative supply sources from my time in different places – I have developed good personal and business relationships in these locations and that is what I look to when wanting to source products.(P2) • The trouble we often have is finding people who can supply various products (P3) • If the price is right (we have competitors) and the quality etc is ok, and continuity of supply is OK then we go on a personal relationship and we would rather use a coordinator like PBG then deal with 60 or 70 growers. • Sometimes US corn difficult to import so we go for Aust instead reasons are different seasonal growing so we can get fresh supply and continuity of supply all year round, China and US currently have problem with GMO also international conflict like Sept , Iraq etc leads to risk • We would also have more than one supplier (eg PBG + someone 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>else) to ensure supply is guaranteed. But we developed good personal relationships with PBG, we could have easily gone to somewhere else but chose not to.</p> <ul style="list-style-type: none"> • Note: They had good relationship with their farmers, the price was right, their logistics was excellent and they were considered reliable and reputable so why look elsewhere • Continuous shipments is preferred as storage in Japan is very expensive • The gritting processors want fresh corn, of course we could get 12 month supply from somewhere else but that would not be fresh. • We go to a selection of producers with PBG to ensure freshness is kept as well as to see the progress of the crop, check chemicals IP documents Japanese people came down twice V.I. • Australians need to get an understanding of the Japanese import laws for chemicals etc. Japanese rules regarding all contaminants is very strict • IP was developed in conjunction with importer and full traceback to seed producer and including documentation at all stages. This was unique for Qld corn growers. • Record keeping by Johns farmers were a bit better than most others • Control over the hybrid originator, segregation after and before left farm, clean trucks and inspected. Grainco use cleaned silos (paperwork to ensure this), we interviewed the grain terminal people looked at their facilities etc to decide whether we would use their facilities or not. Dedicated area for our corn was done in conjunction with John Philp. • We specified how the holds in the ship were to be divided off for segregation as they have the experience from separating the corn in Japan. • Japanese people are very very thorough and they don't like anything to go wrong. That is we try to stop a mistake before it happens. • Doing business in Aust and US is easy but by way of example doing business with China you have to double check everything. • As the Japanese are more likely to change jobs within their 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>organisation than Aust/US are there is difficulty in maintaining business relationships from A Japanese point of view than from a western point of view.</p> <ul style="list-style-type: none"> • Therefore it is difficult to maintain business dealings it is uncomfortable because you don't know what the next persons business attitude is going to be like • Management is a big problem in changes – and relationships are important new management might change the focus of importing/exporting and results in loss of market • The positive thing from the Japanese company promotion and job shifting regime is that those contacts will remain in place. Relationships never cease. 	
Trade facilitator		<ul style="list-style-type: none"> • Role was to aid in the defining the scope of the project, provide some market research information that is the first stage. Then the second stage was to identify partners in Japan • Opportunities for the business stemmed from GMO contamination in a potato product and “Starlink” • There was interest from Japanese companies as they were seeking alternative supply sources • We were not sure what our competitive advantages were and where we should position ourselves. Didn't want to compete head on with US but were looking for “small niche within food segment” (P2) • Reciprocal visits in terms of meeting us and looking at what we do – Very important you don't get any deals signed if you don't get them here to have a look at what we do. • NB: Companies that just by way of sending samples wont succeed in the Japanese market – “You are part of your product” (P 5) • When a problem occurs you need to act straight away • Japanese change staff every three years because they get to close to businesses so they change them (Alternate view to Japanese) (P5) • Change in staff both in Aust and Japan impacts on established relationships – Govt has stepped in at times to aid in the transition and where market fails but at the end of the day it comes back to company commitment (P5) • Developing business relationships is very important basically due to 	

Stakeholder	Necessary and sufficient conditions & Enabling competencies	Competencies (from interview data)	Additional insights
		<p>the Japanese culture as they place considerable importance on whether you are in business for the long haul. (P6)</p> <ul style="list-style-type: none"> • Relationships with Japanese become stronger than a number of other cultures over the long run. • Things are changing in Japan: slowing economic downturn, distribution system is being restructured and foreign ownership has led to power position changing leading to some corporations like Nissan trying to introduce more western business practices into the company (P6) • Business decisions are bottom up within the corporations whereas if you have a family business then the decision is top down.(P7) • Japanese could be seen to get younger ones to decline to honour contracts, as the older ones don't want to be seen to lose face • Also, the reason why younger sons came to Aust the second time was that the older ones were giving them a chance to hand over to younger ones.(P7) • Q 9 on P's 8 and 9 	

Legend

- 1= Food safety concerns
- 2 = Importers need for diversified supply base
- 3 = Importer/Exporter viability/credibility
- 4 = Export surplus/countercyclical production
- 5 = Consumer need for variety
- 6 = Market development
- 7 = Relationships/Networks/Loyalty (business & personal)
- 8 = Identity preservation
- 9 = Product suitability
- 10 = Information and communication flow
- 11 = Chain knowledge – eg. Market and Product end use knowledge

APPENDIX 3 INTERVIEW PROTOCOL

SEED DEVELOPER

SECTION 1 SEED DEVELOPER PERCEPTIONS OF EXPORT MARKET INVOLVEMENT

- Q1.0 Please explain your role in the development of the export market for Corn to Japan.
- Q1.2 What in your opinion did the Japanese see as important in developing this business?
- Q1.3 From your position as a seed supplier what do you consider the important factors in developing this business?
- Q1.4 How did your company go about developing this business?
- Q1.5 What do you consider the main obstacles when attempting to enter a new international food market (Japan in this case) from your position as a supplier of hybrid planting seeds - from a supply side perspective and from an end user perspective?
- Q1.6 Do you think it is important for you as a product supplier to visit the end user of your product and if so why?

SECTION 2 EXPORTER CAPABILITIES

- Q2.1 Could you comment on the exporting companies capabilities during the corn export business?
- Q2.2 What areas do you think they performed very well in?
- Q2.3 Where there areas/facets of the business opportunity where they could have done more?
- Q2.4 Are there any things you think could be done to help the success of future overseas market opportunities? e.g increase communication, visits in & out, product and farming practice understanding.

SECTION 3

- Q3.0 From your knowledge how important do you consider the following business practices when pursuing international marketing opportunities?

	Question	Not important	Somewhat important	Very important
Q3.1	Ability to speak a foreign language?			
Q3.2	An acceptance that all cultures are different?			
Q3.3	Ability to be patient when expecting responses to business negotiations?			
Q3.4	Knowing who is responsible for payment?			
Q3.5	Knowledge of what your product is being used for			
Q3.6	An understanding of how decisions are made?			
Q3.7	An understanding of who makes the decisions?			
Q3.8	Understanding their attitude towards loyalty in business?			

Other comments _____

SECTION 4 DISTRIBUTOR SELECTION

What level of importance do you place on each of the following when undertaking a distributor selection process, with particular thought to export market opportunities?

Q4.0	To what extent have the following <i>behavioural factors</i> been a part of your distributor selection methods?	Not important	Somewhat important	Very important
(a)	Long time loyal distributor of your business?			
(b)	Is viewed as a professional organisation?			
(c)	Proactive in seeking new markets?			
(f)	Interested in international market opportunities?			
(g)	Will undertake extra duties to ensure market develops?			
Other:				
Q4.2	To what extent have the following <i>business factors</i> been a part of your distributor selection methods?			
(a)	Seen to be financially independent?			
(b)	Seen as honest and ethical in business dealings?			
(c)	Prompt payment ethos?			
Other:				
Q4.3	To what extent have the following been a part of your distributor selection methods?	Not important	Somewhat important	Very important
(a)	Distributor is well regarded by other producers and is viewed as a opinion leader in the industry?			
(b)	Considered a large distributor?			
(c)	Flexible in terms of products marketed?			
(d)	Has experience in marketing the products you produce?			
(e)	Own storage facilities?			
(f)	Ability to segregate product?			
(g)	Has implemented own QA system			
(h)	Uses an Identity Preserved system for product identification			
Other:				

SECTION 5

Q5.0 What level of importance do you place on each of the following factors when evaluating opportunities to become involved in supplying overseas markets/customers?

Factor	Not important	Somewhat important	Very important
Price?			
New business?			
Closeness to end user?			
Reputation of inquirer (Financial)?			
Is there opportunity for repeat business?			
Company Size?			
Who are their customers?			
Their processing facilities/capabilities?			
Seen as a market leader in their market?			
Well recognised product in their market?			
Additional management activities required			
Other:			

EXPORTING PARTNERS

SECTION 1 BUSINESS INITIATION PROCESS

- Q1.0 Could you tell us about your company's export business into Japan?
Q1.1 Could you tell us about your company's export business into Taiwan?
Q1.2 In what year did your company start exporting?
Q1.3 How did you obtain your first overseas order?
Q1.4 Do all your overseas orders commence this way?
Yes No
Q1.5 If not how do they commence?

Q1.6 In what year did your company start exporting to the following?

Market	2000	2001	2002	2003
Japan				
Taiwan				
Thailand				
Others				

Q1.7 How do you arrange your export business?

Method used	Comment
Direct to Manufacturer/End User	
Using a trading Company	
Mixture of both end user and trading coy	
Indirect using an export agent	
Joint venture	
Licensing	
Informal alliance arrangement	
Other:	

Q1.8 Do you consider the following important for success when entering foreign markets?

	Question	Yes	No
(a)	Ability to speak a foreign language?		
(b)	An acceptance that all cultures are different?		
(c)	Ability to be patient when expecting responses to business negotiations?		
(d)	Knowing who is responsible for payment?		
(e)	Knowledge of what your product is being used for		
(f)	An understanding of how decisions are made?		
(g)	An understanding of who makes the decisions?		
(h)	Understanding their attitude towards loyalty in business?		

Other comments _____

Q1.9 Which of the following activities has your company undertaken as a result of export business and how has this been done?

	Activity	How was the activity introduced/what was done?
(a)	Staff training?	
(b)	Increased adoption of computer technology?	
(c)	Market research?	
(d)	Quality Assurance?	
(e)	AQIS Accreditation?	
(f)	Health and Safety standards?	
(g)	Identity Preservation	
(h)	Use of consultants – Mkt Research?	
(i)	Production of promotional material	
(j)	Market visits?	
Other:		

SECTION 2 SUPPLIER SELECTION

This section looks at methods employed by your firm to ensure quality and supply consistency issues are implemented.

Q2.1	To what extent have the following <i>behavioural factors</i> been a part of your supplier selection methods ?	very low	low	neither high nor low	high	very high
(a)	Long time loyal client of your business?					
(b)	Is viewed as a professional grower?					
(c)	Seen to seek out new markets?					
(e)	Seen as a loyal client to your business					
(f)	Interested in being involved in international markets?					
(g)	Will undertake extra duties to ensure market develops?					
Other:						
Q2.2	To what extent have the following <i>business factors</i> been a part of your supplier selection methods?					
(a)	Seen to be financially independent?					
(b)	Flexible regarding price returns to give market best chance to develop?					
Other:						
Q2.3	To what extent have the following <i>producer production factors</i> been a part of your supplier selection methods?	very low	low	neither high nor low	high	very high
(a)	Producer is well regarded by other producers and is viewed as a opinion leader in the industry?					
(b)	Considered a large producer?					
(c)	Flexible in terms of products /varieties grown?					
(d)	Has experience in producing the products required?					
(e)	Own storage facilities?					
(f)	Ability to segregate product?					
(f)	Is an irrigated /partially irrigated producer					
(g)	Has implemented own QA system					
(h)	Uses an Identity Preserved system for product identification					
Other:						

Q2.4 Are there any other choice factors other than Behavioural, Business and Production Characteristics that you believe are important when selecting suppliers and why?

Characteristic Identified	Reason/s

SECTION 3 WHERE DO YOU SEE ALLIANCES DEVELOPING?

This section seeks to understand how your company views its suppliers in terms of your long-term vision, and seeks to understand how to capture their loyalty as a consistent supplier to your clients in Japan and Taiwan.

Q3.1 What do you think your Japanese and Taiwanese customers look for when selecting potential suppliers such as your company?

Q3.2 What areas do you believe your company is good at and can offer potential customers? Please list them below e.g. – Delivery of a quality product, Timely delivery etc

1.
2.
3.
4.

Q3.3 Which of the following factors does your company see as important when evaluating opportunities to supply overseas customers?

Factor	Reason
Price?	
New business?	
Closeness to end user?	
Reputation of inquirer (Financial)?	
Is there opportunity for repeat business?	
Company Size?	
Who are these customers?	
Their processing facilities/capabilities?	
Seen as a market leader in their market?	
Well recognised product in their market?	
Other:	

Q3.4 What do you see as the meaning of the word NETWORK in the context of export marketing?

Q3.5 Do you see your suppliers as a network or not?

YES

NO

Q3.6 If YES what is your reason for this

Q3.7 If NO does this need to change?

Q3.8 What activities do you think could be introduced to develop a network approach between producers, exporters and end users?

Q3.9 Which of the above activities do you think your company could become involved in?

Q3.10 Do you think there needs to be a more formal/business type arrangement between producers, exporters and end users?

YES

NO

Q3.11 Have you any suggestions as to how a more formal arrangement between End users, exporters, producers etc may be developed?

Q3.12 Could you nominate some grower suppliers for us to contact for their perspective on this?

Producer/Company	Contact details

EXPORTING PARTNERS

SECTION 2 SUPPLIER SELECTION

This section looks at methods employed by your firm to ensure quality and supply consistency issues are implemented.

Q2.1	To what extent have the following <i>behavioural factors</i> been a part of your supplier selection methods ?	very low	low	neither high nor low	high	very high
(a)	Long time loyal client of your business?					
(b)	Is viewed as a professional grower?					
(c)	Seen to seek out new markets?					
(e)	Seen as a loyal client to your business					
(f)	Interested in being involved in international markets?					
(g)	Will undertake extra duties to ensure market develops?					
Other:						

Q2.2	To what extent have the following <i>business factors</i> been a part of your supplier selection methods?					
(a)	Seen to be financially independent?					
(b)	Flexible regarding price returns to give market best chance to develop?					
Other:						
Q2.3	To what extent have the following <i>producer production factors</i> been a part of your supplier selection methods?	very low	low	neither high nor low	high	very high
(a)	Producer is well regarded by other producers and is viewed as a opinion leader in the industry?					
(b)	Considered a large producer?					
(c)	Flexible in terms of products /varieties grown?					
(d)	Has experience in producing the products required?					
(e)	Own storage facilities?					
(f)	Ability to segregate product?					
(f)	Is an irrigated/partially irrigated producer					
(g)	Has implemented own QA system					
(h)	Uses an Identity Preserved system for product identification					
Other:						

Q2.4 Are there any other choice factors other than Behavioural, Business and Production Characteristics that you believe are important when selecting suppliers and why?

Characteristic Identified	Reason/s

GRAIN PRODUCERS

SECTION 1 PRODUCER PERCEPTIONS OF EXPORT MARKET INVOLVEMENT

Q1.0 What is your opinion on the comment “we have adequate markets for food quality Corn”. Why and what impact will more market opportunities have?

Q1.2 With regard to the Japanese corn opportunity what extra things did you have to do above normal management practices to supply to this market?

Q1.3 Did you implement anything new that you will assist your overall business in future market opportunities? IP, Storage, Transport etc

Q1.4 With regard to the Japanese corn opportunity did you consider it necessary for them to visit your property and how did you feel about their constant visits?

Q1.5 What did you learn from the Japanese visitors?

Q1.6 How has this affected the way you currently do business?

Q1.7 Would you be prepared to get involved in other export opportunities?

Q1.8 Do you think it is important for you as a product supplier to visit the end user of your product? Would you like to do this and when do you think it would be appropriate to do so

Q1.9 Could you comment on the exporting companies capabilities during the corn export business?

Q1.10 What areas do you think they performed very well in?

Q1.11 Where there areas/facets of the business opportunity where they could have done more?

Q1.12 Are there any things you think could be done to help the success of future overseas market opportunities? e.g increase communication, visits in & out, product and farming practice understanding

Q2.0 From your knowledge how important do you consider the following business practices when pursuing international marketing opportunities?

	Question	Not important	Somewhat important	Very important
(a)	Ability to speak a foreign language?			
(b)	An acceptance that all cultures are different?			
(c)	Ability to be patient when expecting responses to business negotiations?			
(d)	Knowing who is responsible for payment?			
(e)	Knowledge of what your product is being used for			
(f)	An understanding of how decisions are made?			
(g)	An understanding of who makes the decisions?			
(h)	Understanding their attitude towards loyalty in business?			

Other comments _____

SECTION 2 BUYER SELECTION

Q3.0 What level of importance do you place on each of the following when undertaking a buyer selection process, with particular thought to export market opportunities?

	To what extent have the following <i>behavioural factors</i> been a part of your buyer selection methods ?	Not important	Somewhat important	Very important
(a)	Long time loyal buyer of your business?			
(b)	Is viewed as a professional organisation?			
(c)	Proactive in seeking new markets?			
(d)	Interested in international market opportunities?			
(e)	Will undertake extra duties to ensure market develops?			
Other:				
Q3.1	To what extent have the following <i>business factors</i> been a part of your buyer selection methods?			
(a)	Seen to be financially independent?			
(b)	Seen as honest and ethical in business dealings?			
(c)	Prompt payment ethos?			
Other:				

Q3.2	To what extent have the following been a part of your buyer selection methods?	Not important	Somewhat important	Very important
(a)	Buyer is well regarded by other producers and is viewed as a opinion leader in the industry?			
(b)	Considered a large buyer?			
(c)	Flexible in terms of products marketed?			
(d)	Has experience in marketing the products you produce?			
(e)	Own storage facilities?			
(f)	Ability to segregate product?			
(g)	Has implemented own QA system			
(h)	Uses an Identity Preserved system for product identification			
Other:				

SECTION 3

Q3.3 What level of importance do you place on each of the following factors when evaluating opportunities to become involved in supplying overseas markets/customers?

Factor	Not important	Somewhat important	Very important
Price?			
New business?			
Closeness to end user?			
Reputation of inquirer (Financial)?			
Is there opportunity for repeat business?			
Coy Size?			
Who are there customers?			
There processing facilities/capabilities?			
Seen as a market leader in their market?			
Well recognised product in their market?			
Additional management activities required			
Other:			

IMPORTER

SECTION 1 BUSINESS INITIATION PROCESS

Questions	
Q1.0	What contextual influences impact on the identification and success of your <u>first</u> export business, and how do they influence your continued international marketing strategies?
(a)	Could you tell me the story of your experiences in international marketing with Australia?
(b)	How have you received your inquiries for import business?
(c)	What importance do existing networks have in instigating export business?
(d)	Do you think your reputation as a credible/expert/reliable supplier has influenced purchase/import inquiries received?
(e)	What payment/documentation method/s do you use the most in your export business?
Q2.0	Whilst investigating supply sources on behalf of your clients how do you identify and assess the options available?
(a)	Did you undertake any secondary market research if so could you explain what this consisted of?
(b)	Did you read any publications on the Australian market and doing business there
(c)	Did you undertake any primary market research?
(d)	Did you speak with local experts on the Australian e market and doing business with Australians?
(e)	Did you send gather product samples from prospective companies?
(f)	Did you discuss suitability of varieties for different uses with technical experts/your clients?
(g)	Did you visit the market and meet with prospective clients/buyers?
(h)	What do you think is unique about the way in which your company does market/product?
Q3.0	How did your existing internal systems and processes change to meet this new export business?
(a)	Could you comment on the impact of doing business with a different culture?
(b)	How important do you consider each of the following in developing export market business? (a) Quality assurance accreditation (b) AQIS accreditation (c) Workplace, Health and Safety systems in place (d) Identity preservation system in place (e) Appropriate and bi lingual promotional material (f) Business web page (g) Increased skills in computer software programs for business (h) Mobile communication and computer technology
(c)	What do you consider different as to the changes that had to made to your internal systems as opposed to other changes made by other organisations that you are aware of?

Q4.0	What were the major items of importance when selecting the suppliers required to progress this export business?
(a)	How did you select your suppliers are any of the following behavioural aspects of potential suppliers important? (a) Viewed as a longstanding company with loyal clientele and good ethical reputation. (b) Professional supplier (c) Continually seeks to be involved in international business (e) Will go the extra mile to ensure business opportunity develops and succeeds
(b)	When selecting suppliers are any of the following business factors important? (a) Viewed as financially secure as a supplier for this business (b) Will remain loyal to a contract arrangement
(c)	Do you think the way in which you select suppliers is in any way different to your competitor's selection process?
Q5.0	How do you view the ongoing maintenance and development of existing and other business relationships and what measures do you put in place to ensure business is retained and new business opportunities are investigated?
(a)	How do you develop/build your relationships with current and potential suppliers/buyers?
(b)	How do you maintain relationships with your suppliers/ buyers?
(c)	Is it important to develop relationships beyond the first stage i.e. doing your first business?
(d)	Is it important to respond to them with other information they require which may not be relevant to your current business dealings with them?
(e)	Is the time differential between international markets of importance?
(f)	How important is feedback from your buyers on product quality?
(g)	How do you ensure that you regularly keep in contact with your buyers/suppliers?
(h)	How important do you consider reciprocal entertainment to ensuring relationships are maintained and built?
(i)	Do you provide financial assistance to your buyers in terms of travel costs to develop your business relationships?
(j)	In terms of maintaining existing relationships with buyers what does your company do that you consider different to your competitors?
	Other Comments:

GOVERNMENT TRADE FACILITATOR

Q1.0 Could you describe your role in Osaka?

Q2.0 What do you consider the main drivers in the emergence of this business opportunity?

Q3.0 Could you describe the activities you undertook in progressing this business?

Q4.0 What do you consider are the most important areas when selecting Japanese partners for this business?

Item	Extremely important	Somewhat important	Not important
Market leader			
Innovative ethos			
Financially sound			
Has long and loyal clientele			
Professional operator			
Interested in international markets			
Work hard to progress new suppliers			

Other areas of importance (please comment):

SECTION 5

This section will investigate the use, importance and progression of business and personal relationships in the development and maintenance of both existing and new business opportunities in the Japanese market for soybean and corn products.

Q5.1 How important is the development of business relationships in conducting business in Japan and why?

Q5.2 Can you comment on the question “Do you think business relationships become personal relationships”?

Q5.3 Do you think the development of strong personal relationships should be the aim of intending market entrants and why?

Q5.4 How do you think relationships can be maintained between clients what are the activities you consider to be most important?

Q6.0 How important do you consider each of the following in developing relationships?

Item	Extremely important	Somewhat important	Not important
Quick response time to business inquiries			
Respond to other information they request (not directly related to current or future business)			
Regular and unsolicited communications			
Reciprocal entertainment			
Financing incoming business trips			
Quick response when problems occur			
Preparedness to incur a loss			