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The Building of Strategic Capabilities for Sustainable Competitive Advantage: Case Studies in the New Zealand Seafood Industry

A thesis presented in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Strategic Management at Massey University, Albany, New Zealand

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Preface

During the examination of the thesis, it was agreed that this preface be added to address issues raised concerning the contribution each case study makes to the theory on sustainable competitive advantage. The main issues raised are:

1. The within-case analysis;
2. The identification of firms' competitive advantages;
3. How firms' competitive advantages impact on their performance; and
4. Generalisations made about the study's findings.

The first three issues relate to the study's design and choice of methodology, including the researcher's experience in gaining the trust of participants and honouring the agreement to ensure that their involvement would not jeopardise their firms in any way. The fourth issue relates to the appropriateness of making generalisations at the national and general theory levels. These issues are addressed as follows:

1. Questions were raised about the case studies because it was assumed narrative accounts lack within-case analyses. However, the case studies, as narrative accounts, are the outcome of within-case analyses. The analyses consisted of the researcher synthesising the multiple types of data, resolving contradictions in the data and negotiating with participants any conflicts of recollections and limitations placed on the release of the data (refer p.262). The analyses culminated in the most sensible accounts of what happened in...
the firms and the identification of sources of competitive advantage and the processes used to build them. The identified competitive advantages and building processes were further analysed at the cross-case level.

Prior to this study little research had been done on the process of building sources of competitive advantage. The researcher concluded, therefore, that the study should focus on this process. The researcher contends that the study's findings at the cross-case level on the capabilities building process are its greatest contribution to the theory on sustainable competitive advantage.

(2) This study broadly defines competitive advantage as something one firm enjoys over another in a particular market. This definition does not presume a direct association between superior financial performance and a competitive advantage. Instead, an advantage is more in line with a firm consistently producing products and/or delivery systems with attributes that correspond to the majority of its customers' key buying criteria (refer p.9).

This study's identification of sources of competitive advantage commenced with the researcher observing relationships among concepts or variables during within-case analyses. Participants further contributed to the observations during a series of subsequent interviews (refer pp.260-1). The study used various multiple-data collection methods to verify participants' statements about sources of competitive advantage, their sustainability and the processes used to build them (refer pp.254-5). This method of identifying sources of competitive advantage was appropriate, given the broader definition outlined above and the restricted access to financial data, as outlined below.

(3) Analysing the impact a source of competitive advantage has on firm performance (profitability) was hampered by participants either refusing the researcher's request for access to basic financial data or constraining its
release. For these reasons, a sixth research question regarding why firms operating in similar product markets display varied performance was eventually omitted from the study (refer pp.244-5).

Restricted access to comparable types of economic and financial data across firms and the industry prevented this study from tracking firm-level financial performance over time and making comparisons across firms and with industry averages. The study cautions against making within-nation and cross-nation comparisons of seafood firms due to the lack of available quantitative data on the performance and operations of New Zealand seafood firms (refer p.424).

(4) The appropriateness of generalising the study’s findings is best addressed by distinguishing between statistical generalisations and theoretical generalisations. The study could not be designed around statistical generalisations that focus on ‘how many’ types of quantitative research questions. Instead, the study was designed to ask a variety of ‘what’, ‘how’ and ‘why’ questions that lead to theoretical generalisation (refer pp.243-4). The comparative case study approach treated each case study as a separate experiment instead of a statistical sample (refer p.263).

The study qualifies any generalisations made to only those seafood firms with similar size and levels of vertical integration. The expectation was expressed that the study might provide a more comprehensive understanding of firm-level competitiveness with broader application to firms in other industries, particularly other natural resource-based industries characterised by high vertical integration (refer p.427). The theoretical generalisations made are reasonable given the stated qualifiers.

The researcher trusts that this preface clarifies the above issues so that the reader can fully appreciate this study’s purpose, limitations and contribution.
Abstract

The aim of this study was to identify the process by which selected New Zealand seafood firms built firm-specific resources, referred to as strategic capabilities, to gain and sustain a competitive advantage in the context of New Zealand’s economic reforms and transformation of the fisheries management system. Having identified several contextual factors unique to the seafood industry and the macro-environment, this study examined the capabilities building process using broad organisational, environmental and historical contexts. A case study approach was used to conduct the research. The case study design consisted of four medium to large-sized, highly vertically-integrated seafood firms. Data were collected from interviews, internal documents, industry documents and observations.

The study concludes that the strategic capabilities building process is predominantly systemic, that is utilising and combining several firm-specific resources to develop simultaneously sources of advantage so that firms can compete successfully in the highly competitive international seafood market. The systemic nature of the strategic capabilities building process requires seafood firms to build up intangible processes and routines that link all of their value chain activities in the best possible way. Processes and routines are dynamic; they change, therefore, with the acquisition and integration of new knowledge about a firm’s operations, its products and those external environmental forces that impact on the firm. This study suggests that the greatest potential gain for highly vertically-integrated firms lies in senior managers’ reviewing the nature and extent of their interactions, their comprehension of value chain activities, and their firm-wide communication-oriented processes and routines that support the capabilities building process. This study also confirms that for vertically-integrated firms operating in resource-based industries, secure access rights to the resource play a critical role in firm-level competitiveness.
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