

COUNTERTRADE
AND THE
INTERNATIONALISATION
OF THE
AUSTRALIAN FIRM

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CERTIFICATE

I certify that this thesis has not already been submitted for any degree and is not being submitted as part of candidature for any other degree.

I also certify that the thesis has been written by me and that any help I have received in preparing this thesis, and all sources used, have been acknowledged in this thesis.

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RICHARD FLETCHER

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ABSTRACT

This thesis seeks to broaden our understanding of the nature, causes and consequences of countertrade in the context of the internationalisation of the firm. A comprehensive review and assessment of previous research is presented, including a discussion of how countertrade fits within the context of the various models of the internationalisation process.

An analytical framework is presented for studying a number of dimensions of internationalisation (viz forms of international behaviour and international orientation) and possible causes and effects. The forms of internationalisation involve *outward*, *inward* and *linked* forms (such as countertrade).

Based on the literature relating to internationalisation, a number of hypotheses are developed relating various management and firms' characteristics to predisposition to countertrade. These were tested using both bi-variate and multi-variate techniques which involved the use of data generated from a nationwide sample of Australian manufacturing firms. Generally the results of the bi-variate analysis supported the hypotheses showing that the factors which predict *outward* driven internationalisation also tend to predict countertrade. The analysis involved three measures of internationalisation and four measures of

countertrade.

Firms were then grouped according to various measures of predisposition towards countertrade. Using discriminant analysis, these groups of firms were profiled according to factors found to predict countertrade in the bi-variate analysis. In order to further explore the relationship between internationalisation and countertrade, firms were also grouped according to their degree of internationalisation and strength of their predisposition towards countertrade. Firms in each group were then profiled using bi-variate and multi-variate analysis. These profiles provide potentially useful classifications of firms as possible bases for targeting and designing government assistance programs.

Finally, three case studies of countertrade transactions by Australian firms were undertaken using the network approach which facilitates a deeper understanding of countertrade in the context of internationalisation. In each case the networks of relationships involved were analysed at both inception and maturity, to further explore how countertrade influenced the internationalisation of the Australian firm. It was found that although the transactions would not have occurred without countertrade, in all cases countertrade led to further international business which in some instances did not require countertrade.