

FACTORS INFLUENCING THE INITIATION OF SEAFOOD EXPORT BUSINESS IN TAMIL NADU

R.K. Ramya

Ph.D. Research Scholar in Management, Department of Management Studies, A.V.V.M. Sri Pushpam College (Autonomous), (Affiliated to Bharathidasan University), Poondi, Thanjavur Dt. Tamilnadu, India, E-Mail: ramya.shyami@gmail.com

Dr. P. Jegan

Director & Research Adviser, Department of Management Studies, A.V.V.M. Sri Pushpam College (Autonomous), (Affiliated to Bharathidasan University), Poondi, Thanjavur Dt. Tamilnadu, India, E-Mail: jeganpavul@gmail.com

Abstract

The export of seafood has been instrumental in the growth of India's fishing and aquaculture industries, playing a pivotal role in poverty reduction and employment generation. Various factors such as personal motivations, geographic advantages, prior experience, and environmental conditions influence individuals' decisions to enter the seafood export business. Therefore, it is essential to analyze the significance attributed to these different factors in initiating seafood export ventures within the research area. This study aims to shed light on the perspectives of seafood exporters, including those involved in manufacturing, trade, and ornamental fish, regarding the factors driving the commencement of seafood export enterprises.

Keywords: Seafood, Aquaculture, Fishery Sector, Environmental Factors

Introduction

The fisheries sector stands out as a significant contributor to both income and employment, serving as a catalyst for the growth of various ancillary industries while providing accessible and nutritious food. Moreover, it serves as a vital means of livelihood for a substantial portion of the economically disadvantaged populace. Exportation plays a pivotal role in expanding the market reach of fisheries products, thereby increasing their marketability, scale of operations, and capacity utilization, consequently boosting profitability and ensuring industry sustainability.

In developing nations like India, the fisheries industry holds paramount importance in the economic landscape, offering substantial employment opportunities and serving as a primary source of foreign exchange earnings. Among Indian states, Tamil Nadu emerges as a prominent player in the fisheries sector, boasting a significant share in seafood exports within the southern region. Major ports in Tamil Nadu further amplify its capacity to engage in international trade.

Internationally, Indian seafood commands high demand, with importing countries presenting ample market potential, particularly for value-added products such as cooked ready-to-eat items, prepared seafood dishes, dried shrimp, and canned fish. The export of seafood has

been instrumental in the advancement of the fisheries sector in India, solidifying its position as a pivotal driver of employment generation.

This study aims to delve into the factors underpinning the initiation of seafood export businesses in Tamil Nadu. Various factors may motivate individuals to venture into this domain. While numerous considerations may influence the decision to commence seafood export ventures, this study focuses on discerning the most significant factors for thorough analysis.

SCOPE OF THE STUDY

This study endeavours to explore the factors driving the initiation of seafood export enterprises in Tamilnadu. Given its status as a port town and the presence of numerous coastal villages within the district, Tamilnadu serves as a hub for seafood export activities, with a substantial number of export units operating within its bounds.

By examining Tamilnadu's specific dynamics and circumstances, this research sheds light on the underlying motivations and conditions that propel individuals and businesses to engage in seafood export ventures. Tamilnadu's geographical and economic attributes, including its strategic location and proximity to coastal communities, undoubtedly influence the establishment and growth of seafood export businesses in the area.

This study aims to provide valuable insights into the drivers of seafood export entrepreneurship in Tamilnadu through a comprehensive analysis of the factors at play. By understanding these factors, policymakers, entrepreneurs, and stakeholders can develop informed strategies to foster the growth and sustainability of the seafood export sector in the region, thereby contributing to local economic development and livelihood enhancement.

Methods

This study aims to pinpoint the factors that motivate the commencement of seafood export businesses. In the state of Tamilnadu, a significant number of exporters have officially registered their names and units with the Marine Product Export Development Authority (MPEDA). For this study, 230 seafood exporters operating from Thoothukudi and Chennai ports have been included as participants.

This analytical study relies on primary data from the 230 seafood exporters in the Thoothukudi and Chennai districts. The data collection process involved the utilization of interview schedules administered to the respondents. Prior to the finalization of the interview schedule, a pilot study was conducted to refine and adjust the questionnaire based on feedback received from the respondents during the pilot phase.

Factor Analysis was employed to distill the multitude of factors contributing to the initiation of seafood export businesses. Additionally, statistical measures such as the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's Test of Sphericity were applied to assess the appropriateness and validity of the collected data. Moreover, the reliability of variables was evaluated using Cronbach's alpha coefficient. This comprehensive analytical approach ensures the robustness and credibility of the study's findings, enabling a thorough understanding of the factors driving seafood export entrepreneurship in the Thoothukudi and Chennai districts.

Factors Influencing the Initiation of Seafood Export Businesses

In this study, exporters were tasked with rating 23 identified variables on a five-point scale, reflecting their perceived importance in driving the establishment of seafood export

enterprises in the study areas. The scores assigned to these variables were then subjected to factor analysis to consolidate them into distinct factors, or key reasons, for further investigation.

To ensure the validity of the data for factor analysis, two crucial tests were conducted: the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity. The results presented in Table 1 indicate that the KMO measure exceeds 0.60, and the chi-square value is significant at a 5% level. This confirms the suitability of the data for factor analysis, providing a solid foundation for subsequent interpretation.

The factor analysis revealed the presence of seven significant factors contributing to the initiation of seafood export businesses. These factors encompass various aspects such as product attributes, governmental policies, business environment, managerial capabilities, financial considerations, personnel factors, and environmental conditions. Among these factors, those associated with product characteristics and government policies emerge as particularly influential, as evidenced by their Eigenvalues of 4.38 and 2.91, respectively.

This analysis underscores the multifaceted nature of the factors driving the commencement of seafood export ventures, highlighting the importance of product quality and alignment with governmental regulations. By discerning these key influencers, stakeholders can gain valuable insights into the dynamics shaping the seafood export industry, thus facilitating informed decision-making and strategic planning to foster sustainable growth and competitiveness in the sector. The first two factors, namely product characteristics and government policies, explain 19.04% and 12.64% of the variation, respectively. Following them, business- and management-related factors contribute significantly, with eigenvalues of 2.15 and 1.62, explaining 9.36% and 7.04% of the variation, respectively.

Subsequently, the last three factors identified- financial, personnel, and environmental- play a role in explaining the initiation of seafood export businesses, with eigenvalues of 1.36, 1.32 and 1.09, respectively. These factors account for 5.93%, 5.74%, and 4.77% of the variation.

The seven factors described collectively elucidate 64.52% of the variables influencing the commencement of seafood export businesses. This comprehensive understanding of the varied factors at play provides valuable insights into the complexities of initiating and sustaining such enterprises, facilitating more informed decision-making and strategic planning within the industry.

Table 1. Factors leading to Start Seafood Export Business

Factors	Eigen value	Per cent of variance explained	Cumulative percentage of variance
Product factors	4.38	19.04	19.04
Government policy factors	2.91	12.64	31.68
Business factors	2.15	9.36	41.04
Management factors	1.62	7.04	48.08
Financial factors	1.36	5.93	54.01
Personal factors	1.32	5.74	59.75

Environmental factors	1.09	4.77	64.52
KMO test: .622; Bartlett's Test: 1044.006; df : 253; P .000			

Testing for Reliability and Validity

Factor analysis was utilized to pinpoint variables exhibiting higher factor loadings across key factors. Factor loadings, communalities, and Cronbach's alpha coefficients were computed for all variables to assess their reliability and validity. The results are exhibited in Table 2.

A reliability test was performed for all variables encompassed within each identified factor using Cronbach's alpha. It was observed that the factor loadings of variables within all these factors exceeded 0.60, surpassing the requisite threshold. The communalities (H2) of each variable reflect the variable's capability to elucidate all factors collectively. Across all identified variables, the communalities (H2) values exceeded 1.5, denoting the variable's potency in explaining the factor.

Table 2: Test for Reliability and validity

Variables	Cronbach's Alpha	Factor loading	Communality
Government Policy Factor:	0.75		
Favorable export policies and government subsidies		0.92	0.89
Infrastructure facilities and intermediate services		0.80	0.74
Receptive policies of importing countries		0.79	0.68
Business-Related Factor:	0.70		
Reasonable business profitability		0.77	0.67
Easy product availability		0.76	0.65
Good product demand		0.64	0.65
Management-Related Factor:	0.74		
Availability of various transportation modes		0.81	0.69
Favorable policies of importing countries		0.71	0.61
Availability of intermediate services			
Finance-Related Factor:	0.75	0.71	0.55
Comparatively lower financial requirements		0.81	0.77
Availability of government subsidies		0.70	0.56
Access to finance		0.56	0.51
Personal Factor:	0.69		
Ancestral involvement in business		0.72	0.56
Association with fisheries		0.67	0.66
Membership in the fishing community		0.60	0.65
Support from financial institutions		0.48	0.58
Environmental Factor:	0.67		
Presence of major ports		0.76	0.64
Larger coastal area		0.67	0.60

Availability of fishing harbours		0.52	0.55
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Conclusion

Upon analyzing the factors influencing the initiation of seafood export businesses, it becomes evident that certain key considerations must be taken into account at the outset of such ventures. Among these considerations, two factors emerge as particularly crucial: product-related aspects and government policies.

The nature and quality of the exported seafood products significantly impact the business's success and viability. Factors such as freshness, variety, packaging, and adherence to quality standards are paramount in ensuring customer satisfaction and market competitiveness. Additionally, understanding and complying with government regulations and policies governing seafood exportation is indispensable for navigating legal requirements, ensuring compliance, and securing necessary permits and certifications.

By recognizing and prioritizing these essential factors, aspiring seafood exporters can make informed decisions and take proactive steps to establish and sustain successful ventures in the dynamic and highly competitive seafood export industry. Moreover, policymakers and regulatory authorities can leverage these insights to formulate and implement policies that facilitate the growth and resilience of the seafood export sector, thereby fostering economic development and enhancing the overall competitiveness of the industry.

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