



Aquaculture Economics & Management >

Volume 22, 2018 - [Issue 3: Aquaculture Economics and Marketing—Special Session of Aquaculture America 2017, San Antonio, Texas, February 20–22, 2017](#)

1,486 63

Views

CrossRef citations to date

0

Altmetric


Original Articles

Profitability in Norwegian salmon farming: The impact of firm size and price variability

Frank Asche  , Marius Sikveland & Dengjun Zhang

Pages 306-317 | Published online: 14 Feb 2018

 Cite this article

 <https://doi.org/10.1080/13657305.2018.1385659>



Sample our
Economics, Finance,
Business & Industry Journals
>> **Sign in here** to start your access
to the latest two volumes for 14 days

 Full Article

 Figures & data

 References

 Citations

 Metrics

 Reprints & Permissions

Read this article

 Share

ABSTRACT

In this paper, we investigate the impact of firm size and price variability on firm profitability in the Norwegian salmon farming industry using a panel data set of all companies from the period 2000 to 2014. Several proxies for firm size are included in the analysis. We find that firm's share of total sales has a positive impact on profitability, while an alternative proxy, total assets, is negatively linked to profitability. Financial leverage (gearing) has a negative impact, but liquidity (current assets/current liabilities) is not found to significantly affect profitability. Operating efficiency indicators like working capital management (net working capital/total assets) and operating leverage (fixed assets/total assets) are positively associated with profitability. Finally, we find that salmon price variability increases profitability, and that smaller companies are more able to take advantage of the profit opportunities that price variability offer, compared to larger companies.

KEYWORDS:

- Firm size
- price variability
- profitability
- salmon

Acknowledgment

Thanks to two reviewers and the guest editor for helpful comments.

Notes

Markets can also create additional risks through reputation effects (Bronnmann & Asche, [2017](#); Liu, Lien, & Asche, [2016](#); Sha, Roheim, Insagnaris, & Asche, [2015](#)) and regulations (Chu & Tudur, [2014](#); Osmundsen et al., [2017](#)).

After adjusting for inflation this number is 10.7 million in 2015.

Additional information

Funding

Financial support for the Norwegian Research Council (CT-233689, CT-267572) is acknowledged.

Related Research Data

[The Behaviour of Salmon Price Volatility](#)

Source: Marine Resource Economics

[INNOVATION AND PRODUCTIVITY GROWTH IN NORWEGIAN PRODUCTION OF JUVENILE SALMONIDS](#)

Source: Aquaculture Economics & Management

[The Cost of Lice: Quantifying the Impacts of Parasitic Sea Lice on Farmed Salmon](#)

Source: Marine Resource Economics

[The Bumpy Road of Demand Growth—An Application to Atlantic Salmon](#)

Source: Marine Resource Economics

The Effects of Business Environment and Strategy on a Firm's Rate of Return on Assets

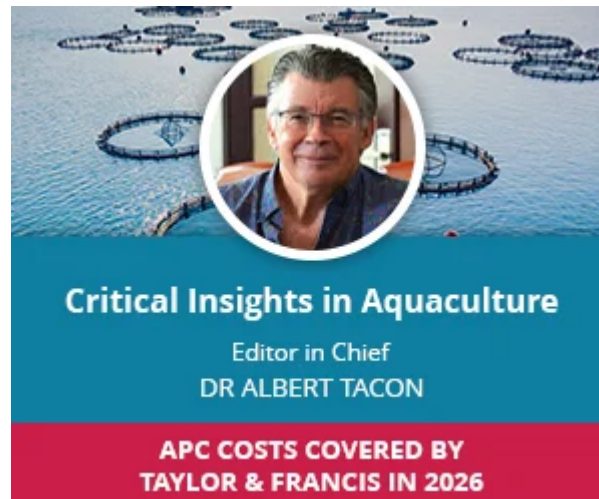
Source: Financial Analysts Journal

Patterns in the Relative Price for Different Sizes of Farmed Fish

Source: Marine Resource Economics

Fish Price Volatility

Source: Marine Resource Economics



Related research

People also read

Recommended articles

Cited by
63

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

