THE GOVERNMENT AGRIBUSINESS INTERFACE: CONCEPTUAL ISSUES, AND VIEWPOINTS FROM THE AUSTRALIAN FOOD MANUFACTURING SECTOR

Bill Schroder and Felix Mavondo

Invited Paper presented to the Australian Agricultural and Resource Economics Society 40th Annual Conference.

Melbourne, February 15th, 1996[1]

INTRODUCTION

The government/business interface in agricultural production, food processing and distribution is a topic of long-standing interest to agricultural economists. It has been the subject of at least two presidential addresses to this Society (Edwards, 1989; Johnson, 1994).

There are two established perspectives on the role of government in a market economy (Rausser and Zusman, 1992; Self, 1989, Johnson, 1994). The first is that of governments as benign defenders of the national interest; the second is that governments are simply a marketplace for favours to individuals or interest groups - that is, there is a supply of, and demand for regulations and government assistance and the manifested activities of government represent some sort of equilibrium in this market.

To these two perspectives, we will add a third; governments as proactive partners with business in seeking to achieve policy objectives. This model has some similarities to the public choice/rent seeking model but the basic difference is that, in the "partnership" model, the emphasis is on governments seeking cooperation from business, rather than the other way round. In both cases, there is a supply of and demand for government policies but, in the partnership model, governments are not a passive vehicle for the activities of interest groups. There is a significant national interest component.

---

1 Bill Schroder and Felix Mavondo are, respectively, Professorial Fellow and Lecturer in the Syme Business School Faculty of Business and Economics, Monash University, McMahons Road Frankston 3199. (Telephone, 03-9044328; Fax, 03-9044145). This paper is based, in part, on a Working Paper published in late 1994 (Schroder and Mavondo, 1994).

We acknowledge the financial support of Rural Industries' Research and Development Corporation and the valuable comments provided by Professor Nicholas Samuel, Department of Agricultural Business, University of Adelaide; Dr Ian Wills, Economics Department, Monash University; and Professor Tim Wallace, Department of Agricultural and Resource Economics, University of California, Berkeley.

The partnership model has strong parallels with industrial marketing - the application of marketing principles to the supply of products and services to business customers. The model recognises that, in an increasingly global business environment, Australian state and federal governments compete with governments in other countries for investment by both Australian and overseas owned companies.

There are two basic questions here; firstly, is this sort of activity appropriate for the Australian federal, and state governments. The second-order question is, given that some degree of intervention is seen to be appropriate[2], how can we enhance its effectiveness? The first step is to recognise that firms within a sector are not homogeneous. They differ in a multitude of ways - scale, technology, marketing strategy, and so on. Identifying these differences requires the detailed research that supports any form of professional marketing activity. We have made a start on this sort of research and present some of the results below.

THE POLICY-MAKING ENVIRONMENT

Direct and indirect assistance to industry has fallen.[3] Most analysts agree that this trend will continue.

On a more general level, Self (1989) argues that environmental forces will require government to play a greater role in the future.

These environmental forces are:

- Technological Change. For example, in agribusiness, governments will not be able to avoid the regulatory issues arising from genetic engineering and information technology.
- Economic changes are moving the organisation of economic activity further from the laissez-faire ideal - requiring more government intervention to remedy market failure.
- Social change such as the decline in traditional family structures throws more responsibility on governments (and, to some degree, business) for individual welfare

The costs of obtaining data to support the case for, or against, government intervention can be substantial - possibly a significant share of the deadweight loss component of any policy measure. Policy debate often proceeds without such information, the opposing arguments being based on hypotheses derived from selected theories rather than facts.[4] The stronger the ideological position of a protagonist, the more selective the use of theory. This often condenses to interest debate versus negotiation.

---

2 The plethora of regulations and assistance measures relating to the food sector in Australia seems to suggest that successive governments find it a sector worthy of their sustained attention

3 . One quantitative measure of the impact of government intervention is the Effective Rate of Assistance (ERA). ERAs for Australian agriculture and food manufacturing have generally declined

4 Of course, analysis of major policy issues is often supported with detailed empirical investigations (as in most IC studies). However, most investigations of the organisation of export marketing lack such supporting information.

This suggests that the environment for passing or failing the intervention test may change over time with the prevailing ideology. It is certainly more difficult to justify any government intervention today than it was twenty years ago.

In developing a policy proposal, it is harder to produce reliable information to support the introduction of some new intervention than it is to produce information that shows that an established policy has failed - historical information always being more reliable than a forecast. Joskow and Noll (1981) argue that "...far too much of the effort of economists has been directed towards asking whether there should, or should not be regulation and far too little effort directed at how to improve the performance of regulatory policies"

In this context, anyone who canvasses the possibility of any type of partnership between government and business begins with a significant handicap. We address this topic in the following section.

MODELS OF THE GOVERNMENT/BUSINESS INTERFACE

The National Interest Perspective

The basic premise of national (or public) interest model is that the role of government policy is to increase social welfare. The government is seen as a "omniscient and benevolent dictator" (Johnson, 1994), but the democratic political process ensures that the dictatorship is one that remains responsive to the public interest.

In the public interest model, the government intervenes in a market economy when the market fails to maximise social welfare because of natural monopoly, externalities or the lack of effective competition. It is also recognised that government intervention may not necessarily result in a net improvement. In the long term governments can fail as well as markets.

Some cases of potential market failure in the food manufacturing sector are:

1. When a pioneering exporter incurs expenditure in establishing an Australian product in a new market and following exporters "coat tail" his efforts. It can be argued that the exporter's marketing effort should establish a brand presence sufficient to provide a lead over followers. After all, such competition is found in any situation where a new product/market is being established. The validity of the free rider argument depends on whether the overseas buyer sees the product mainly in terms of its Australian origin or in terms of its brand. Ironically, generic Australian promotional activities can, unless carefully managed, make it easier for free riders (For example "Clean Food Australia" campaigns)

2. Negative externalities in exporting; for example, if the efforts of the pioneering exporter turn out to be a disaster or if a well-publicised quality problem is linked with the "Australian" generic brand.

3. Statutory Marketing Authorities (SMAs) were, in many cases, established in response to a type of market failure - the market power of agricultural producers relative to processors and retailer. SMAs have, in many cases, been successful in generating higher

prices for producers but at a cost to consumers. That is, from a societal viewpoint, there may have been overcompensation for the original market failure. (Industry Commission, 1991). SMA's may also slow down structural adjustment, which may, at worst, lead to the demise of the industry. However, the abolition of SMAs leaves all but the largest agricultural producers in a position where they are in danger of becoming alienated from the food chain. There is a need for new legal and institutional structures that facilitate collective action by agricultural producers. This would require an integrated review of all relevant legislation: trade practices, company law, cooperatives law and so on.

4. Australia has one of the most concentrated food retailing sectors in the world. The evidence suggests that food retailers certainly use their power to reduce prices paid to suppliers but are intensely competitive for customers. It appears that this arrangement is appropriate from a societal perspective - consumers get cheap food and only the most efficient food manufacturers and suppliers survive. However, Samuel and Ratnatunga (1993) point out that the situation is not as simple as this. Large food manufacturers may establish alliances with large retailers, which may result in smaller, innovative manufacturers being excluded from the process. They argue that, because these smaller manufacturers are unable to secure a profitable foothold in the domestic market, they are not able to initiate export activities. In a similar fashion, large retailers, comfortable in their oligopolistic domestic market, may not feel any need to export or invest offshore. However, it appears that exporting is seen to be an appropriate societal objective for Australian business. In this sense, the failure of potential exporters to do so could be seen as a type of market failure.

5. Destructive Competition, which can arise where there is excess capacity and high exit barriers in an industry. For example, the New Zealand meat processing industry, which had excess capacity when the kill was significantly larger than it is today, suffers from a cycle of new ownership, intense competition for supply, bankruptcy, new ownership (at a significantly reduced price) ..and so on. This situation would not usually be described as market failure. In fact, it could be argued that New Zealand farmers benefit from the intense competition for livestock. However, it is clearly temporal market failure of the type described by Traxler and Unger (1993) in that investors in the industry are always focussed on short term survival rather long term strategy. The role of government in facilitating rationalisation at the maturity phase of the industry life cycle is well recognised in Japan where MITI actively supports such activities (Mirza et al, 1994; Van den Bosch and de Man, 1994)

6. The currently-fashionable government activity of identifying "best practice" companies and encouraging other companies to follow their example can bo'h "crowd out" private initiatives and generate externalities. Westgren (1994) gives an example of an apparently innocuous activity - government-supported training programs:

> " Suppose the industry leader is competitive because of its commitment to being a 'learning organisation' and because it makes a concomitant investment in in-house training programs. Should the government subsidise the imitation of this successful strategy by rivals spending public money on identical training programs? Will this enforced dissipation of quasi rents throughout the industry

make the whole industry more competitive, or just erode the global position of the industry leader?" (Underlining ours)

7. Policy in relation to mergers and acquisitions is designed to correct the market failure of monopoly power. There is evidence that this activity is being pursued more vigorously under the new competition policy. Business people argue that restricting the scale of operation of Australian food companies limits their opportunities to be successful internationally (Langdon, 1995). This argument is debatable. An alternative point of view is that a highly competitive domestic market may actually encourage export activity.

If these are real examples of market failure, it does not follow that legislation is necessarily an appropriate response. In fact, the evidence from successful food exporting countries such as Holland or Denmark is that cooperation among business people through trade associations and the like is more likely to be effective in managing most types of market failure (in particular 1 to 3) than coercive legislation. It follows therefore that governments should facilitate, not discourage collective activity. This is the model provided by "corporatist" (and apparently economically successful) States such as Germany and Japan (Murtha and Lenway, 1994).

The Interest Group Perspective [5]

The interest group perspective sees political actors operating in a forum that might be called a "political marketplace". Zusman (1994) describes this marketplace in the following terms:

> " political actors (political parties, political entrepreneurs, policy makers in government etc) rationally seek to maximise political support to themselves by offering political favours to interest groups. Political actors compete with each other for political support. A competitive market in which political favours are traded for political support is thereby created. Endogenous policy formation is then associated with the equilibrium solution of the political market".

In this model, the state is not an organic body apart from the individuals comprising it and the issue is how efficiently government institutions enable individuals to express their preferences about public goods, services and policies (Johnson, 1994).

Economists have devoted considerable attention to the question of efficient markets for goods, services and capital. Similar principles should apply to the organisation of political markets. The most important criterion for an efficient political market is that individuals and interest groups should have equal access to information and equal access to the political process.

Zusman (1994) states four conditions for an economically efficient political-economic equilibrium:

---

5 Other phrases used to name and describe this model of the policy-making process are "public choice" and "rent seeking'

a) All individuals whose well-being is influenced by the policy choice should be represented

b) The policy objective functions of both policy makers and organised interest groups should reflect group members' policy preferences.

c) Interest groups should be treated as being equally powerful in the policy making process.

d) The preferences of members of unorganised interest groups (for example consumers) should be faithfully reflected in the policy making process.

This model is interesting, but incomplete in the sense that it does not include, the important criterion of equal access to information.

Zusman (1994) expresses reservations about a market model of the political process in terms of the problems of satisfactorily defining the "price" that is established in the political market and because the exchanges that occur in political markets are of a much more personal nature than the impersonal exchanges that occur in commodity markets. Rausser and Zusman (1992) say that .." the paradigm is limited by its profoundly cynical view of the political process" (page 248) and that "..governments do more than engage in either improving allocative efficiency through collective action or simply serving rent-seekers and the politically powerful".

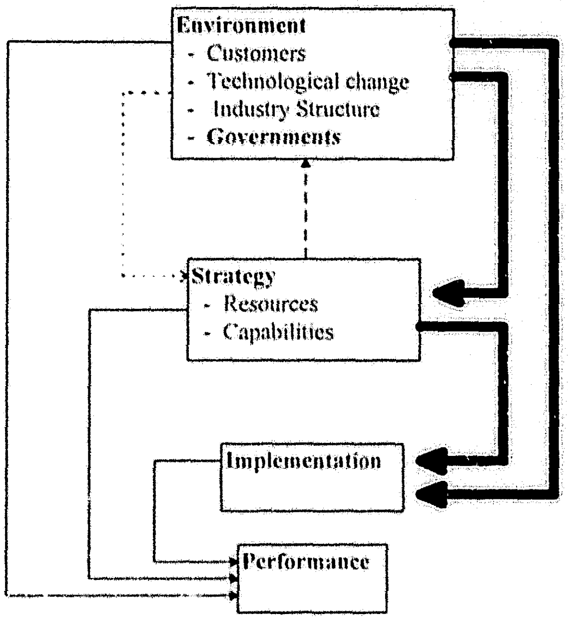
Moving from the assumption of a perfectly competitive industry's political market acknowledges the reality of industry's desire to differentiate it's political offering. Under certain conditions, discussed in the next section, this activity can enhance economic welfare.

Government/Business Partnerships

In a sense, the government/business partnership model lies between the public interest and rent-seeking models. There is recognition of cooperation and the possibility of a positive-sum game. This can only occur when there is a degree of mutual understanding between the two parties. In corporatist economies, such an understanding is seen as a necessary precondition for the development and implementation of industry policy.

From government's perspective, effective policies are those that achieve a high degree of acceptance by business in a short time. But, even at an industry level, firms are not homogeneous - as is evidenced by numerous studies that show intra-industry variation in performance and strategy is significantly greater than inter-industry variation (For example: Schmalensee, 1985; Connor, 1991). The conventional marketing response to customer diversity is to segment the market and tailor marketing activities to the needs of each segment. Government policy is however, usually of the "one size fits all" type. Targeted industrial policy increases administrative costs, has all the problems associated with favouritism and "picking winners" and, in the long term, lacks credibility in a pluralistic economy. (Murtha and Lenway, 1994)

Perhaps surprisingly, there has been very little research on government/business relationships as a part of business strategy: "In the strategic management literature, frameworks explaining the impact of the national environment, and more particularly of government, on firms and industries are still in their infancy" (van den Bosch and de Man, 1994). We will use a basic model (Figure 1) of firm strategy to develop some exploratory propositions on this question.



Strategy is influenced by management's perceptions of the environment.

Management seeks to proactively change the environment

Direct linkages between performance and; environment, strategy, implementation

Indirect linkages. Higher-order variables mediated through lower-order variables

Figure 1: Environment/Strategy/Implementation/Performance Linkages

Figure 1 identifies the three key dimensions of the environment/strategy/performance relationship:

- Each higher-order set of variables can influence performance directly, or through intervening variables. For example, the environment may influence performance directly or be mediated through strategy. Strategy may be considered to influence performance directly or through the mediating variable of "implementation".
- Firms may passively accept environmental change (for example, legislation) or proactively seek to influence the direction of the change.
- Managers respond to their perception of the environment, which may, or may not, correspond to objective reality or reality as perceived by other actors. "Those factors that go unnoticed or are deliberately ignored are not part of the organisation's enacted environment and thus do not affect managerial decision making and action" (Snow and Miles, 1983, p239) This view contrasts with the economist's "black box" model of the firm in which there is assumed to be a uniform and predictable response to any environmental change.

Two parts of this model have implications for the design, and implementation of government policy: the perceptual processes by which managers receive, sift, and use information concerning their external environment and conditions that encourage and facilitate a proactive response to threatened environmental change- in our case, changes in government policy

Perceptions of Environmental Change

The perceptual process illustrated in Figure 1 has a number of implications for government-business relationships.

Firstly, managers' perception of government activity is influenced by their attitudes and previous experience. A manager who has had positive experiences in previous dealings with government (for example, the attitude of most food manufacturers to the Victorian State Government) will respond differently to one who has not. Managers' attitudes to policy are also likely to more positive when they have had some say in its development (for example, Food Victoria)

Secondly, the "noise" in the communication channel increases with the number of policies, thereby diluting their impact. The Commonwealth and State governments all seem to find food manufacturing as an attractive target and there is plethora of assistance measures for this industry. One of the results is that managers have trouble keeping up with what is going on. In our survey, the average awareness of Federal and State assistance programs was 68 percent; 65 percent for small (less than 100 employees) companies (Appendix Table 1). The average for "aware, but did not use" was 51 percent, supporting the view expressed by many managers in face-to face interviews that application and reporting costs exceeded the potential benefits.

Thirdly, the credibility of government policy is determined by both it's specificity and whether managers see the policy as continuing beyond the term of the present government. Overly-specific policies lack credibility:

> "Policies that target a particular technology or product, however, amount to a bet unless government can anticipate or control or perfectly anticipate all economic factors that all economic factors that pertain to its success. Under the circumstances, firms can anticipate considerable policy inconsistency associated with errors and false starts. Firms will avoid non-reversible commitments that reduce their flexibility to change courses" (Murther and Lenway, 1994)

The most specific policy is one targeted at a particular firm (eg Kodak in the late 1980's) or industry sector (eg wool processing). Firms will only respond to such policies if the payback period on any associated investment is relatively short.

Business as a Proactive Participant in the Policy-Making Process

Business interest groups can take a more, or less, proactive role in their relationships with government. Oliver (1991), identifies five levels of strategic response that an organisation may make to an environmental change (government being just one component of the business environment); acquiescence, compromise, avoidance, defiance and manipulation. She suggests that a pro-active, manipulative response is most likely to occur when there are multiple constituents imposing conflicting demands (acquiescing to the demands of one constituent will certainly offend another. Therefore, a proactive response is required to change the position of one or the other) where the environmental change poses a serious threat to the organisation or the perceived benefits significantly exceed the cost.

Political behaviour is a particular category of response to environmental change. It is potentially attractive to firms for five reasons (Boddewyn and Brewer, 1994):

- "Rents" can be clearly identified and quickly obtained.
- Political behaviour does not necessarily require wealth. A person's time, organising ability, legitimacy and access to information may be equally, or more important
- Collective action is both legal and encouraged in the political marketplace; it is discouraged in the economic marketplace
- Political power can be more enduring than economic power. (sustainable competitive advantage)
- In politically constructed environments, actors do not always experience directly the consequences of their actions.

Modifying Oliver's (1991) alternatives slightly, Boddewyn and Brewer (1994) categorise the relationship of business and government as:

Non-bargaining:

compliance
avoidance
circumvention

Bargaining

conflict
partnership

Following the well-known model of the bargaining process, conflict would be expected when the government/business relationship is a zero-sum game; partnerships are generated and sustained by the possibility of a "win/win" solution. A win for the government is where the policy provides identifiable social benefits. Such policies are more likely to be promoted by inclusive, and truly representative "umbrella groups" such as the Keidanran in Japan and more likely to be implemented in parliamentary democracies with an elitist career civil service (Hillman and Keim, 1995).

Boddewyn and Brewer (1994) develop a series of propositions on the political behaviour of international business firms. In most cases however, these apply equally well to a business operating in only one country. These propositions can be operationalised into testable hypotheses on business behaviour. Five of the key propositions are:[6]

- Businesses comply with government when government actions are favourable or have small impact on them, or when they lack the power to change government behaviour.

---

6 We have modified these slightly from the paper, but their essential nature is unchanged

- Businesses circumvent government policies when the benefits of doing so exceed their legitimacy cost (political/legal cost x the chances of getting caught). An example would be the use of agents in international marketing to handle the payment of illegal, but customary, bribes.

- Conflict occurs between government and business when:
    - the result is important to both parties
    - the situation is perceived as being a zero-sum game
    - both parties believe they have sufficient power to influence the outcome

- Partnerships occur when:
    - both sides see the situation as a positive-sum game.
    - the government is willing to correct for natural market failure or to generate market imperfections

(The "partnership" proposition is, of course, the converse of the conflict one.)

- Business will use political approaches more when they have had previous positive experiences of political processes.

Because political action is usually carried out through some sort of interest group, we add a sixth proposition:

- Businesses with a successful record of cooperation, will be more effective in using interest groups to influence government.[7]

Governments as Competitors for Business Investment

Governments compete internationally for business investment (Brewer, 1993; Boddewyn and Brewer, 1994). Footloose global companies will seek opportunities for foreign direct investment (FDI) anywhere in the world, recognising that governments are an important (but not the only) influence on the profitability of such investments. Until recently, the international business literature has emphasised the role of government policies that increase market imperfections, the argument being that such imperfections (eg tariff barriers) generally encourage FDI ahead of exporting and other entry strategies. However, Brewer(1993) points out that reducing government intervention may also attract FDI. Furthermore, global companies consider government activities in relative (Country A compared with Country B), not absolute terms.

Brewer (1993) categorises the government policy/FDI interface as follows:

1. Policies that increase market imperfections and increase FDI

- Protectionist import policies (including technical barriers)
- Weak enforcement of intellectual property law
- Investment subsidies
- Undervalued currency

---

[7] There is some irony here. Trade practices law discourages collective activity in the business arena, but governments generally prefer to deal with well organised groups in the political arena.

- Weak competition policy measures (facilitating mergers and acquisitions)

2. **Policies that decrease market imperfections and increase FDI**
   - Liberalisation of investment restrictions
   - Privatisation of government enterprises
   - Institution of currency convertibility
   - Anti dumping measures against imports
   - Reduction in favouritism towards domestically owned firms in government procurement
   - Stronger enforcement of competition laws
   - Rebates on tariffs on imports for export-oriented FDI projects
   - General liberalisation measures (increasing expectations for growth)

3. **Policies that increase market imperfections and decrease FDI**
   - overvalued currency
   - increased restrictions on FDI
   - price controls
   - restrictions on purchased imports
   - Restrictions on remittance of dividends

4. **Policies that decrease market imperfections and decrease FDI.**
   - Vigorous enforcement of competition policy
   - Vigorous enforcement of transfer pricing rules

For each of these four cases, Brewer also identifies the impact of government policies in the company's "home" country (or any alternative investment location) relative to the country being considered for FDI. For example, privatisation of government owned enterprises in Australia may encourage Australian companies to invest their money here rather than offshore.

Brewer's paper has been discussed in some detail because it addresses three important issues:

- There is a wide diversity of government policies and programs that impact on business
- It is inappropriate to generalise concerning the impact of regulation/deregulation. Different companies will find different opportunities as government policies change.
- Internationally footloose companies (for which global market share is increasing) consider government activities in relative terms, in particular, the activities of their home country government relative to foreign governments.

Support for the view that is what is good for General Motors is also good for any country that attracts General Motors as an investor is given in a recent article in The Economist that reports research showing a strong positive association between multinational companies' approval of government policy and economic growth (The Economist, January 27th, 1996). "Political credibility" (as seen by business investors) provided a better explanation of economic growth than any of the traditional measures.

1. A basic principle of marketing is to segment markets and target specific groups of customers. For a number of reasons (for example, 3 and 4 below), governments are reluctant do this, thus limiting their effectiveness in influencing business.

2. Managers are more likely to respond positively to government initiatives when: a) their previous experience of government has been positive, and b) they participate in the policy-making process.

3. Increasing the number of government programs reduces their impact because: a) The budget for any sector is limited. (More programs means less dollars per program - possibly to the point of ineffectiveness), b) managers are boundedly rational (A multiplicity of programs adds to the confusion as appears to be the case for government programs relating to food manufacturing)

4. Policies that are specific to an industry sector or individual firm lack credibility with the industry.

5. Business will be successful in influencing government when they promote positive-sum policies - those that benefit a number of political interest groups or provide relative wide social benefits.

6. Political behaviour can be attractive to firms. It is likely to be most attractive in corporatist states that have a tradition of socially responsible (as in 5 above) political behaviour by the business sector. Australia has no such tradition. The Australian food manufacturing sector has been an example of a politically ineffective industry group. They did not have a good record of cooperation within the industry or credible peak bodies that promoted positive-sum policies. Collective or individual lobbying efforts were not sophisticated by international standards. This situation could, however, change with the establishment of the Australian Food Council.

7. Australian governments are competitors for investment by global companies, both between State governments within Australia, and between Australia and other governments. This applies to both the established multinationals and Australian-based companies.[8] Competition between governments can occur both by increasing or decreasing market imperfections. (There is increasing evidence that the latter is seem more positively by international investors).

8. Notwithstanding 7 above, established global food companies such as Nestles or Tate and Lyle have shown that they can find profitable niches in a variety of political and economic regimes.

---

[8] The "home" country of a company is becoming increasing irrelevant (Ohmae, 1990). This is particularly true in the food manufacturing industry where international competition forces companies to be footloose in search of customers, reduced raw material and manufacturing costs and international strategic alliance partners.

REFERENCES

Boddewyn, J. and Brewer, T. (1994), "International-Business Political Behaviour: New Theoretical Directions", Academy of Management Review, 19 (1), 119-143

Brewer, T. (1993), "Government Policies, Market Imperfections, and Foreign Direct Investment", Journal of International Business Studies, 24 (First quarter), 101-120.

Connor, K (1991), "A Historical Comparison of Resource-Based Theory and Five Schools of Thought Within Industrial-Organisational Economics: Do we have a New Theory of the Firm?", Journal of Management 17, 121-154

Economist (1996), "Measuring the Price of Politics", January 27th, Page 78.

Hillman A. and Keim, G. (1995), International Variation in the Business-Government Interface: Institutional and Organisational Considerations", Academy of Management Review 20 (1), 193-214

Industry Commission (1991), "Statutory Marketing Arrangements for Primary Products", Report Number 10, March 1991., AGPS Canberra.

Johnson, R.W.M. (1994), "The National Interest, Westminster and Public Choice", Australian Journal of Agricultural Economics, 38 (1), 1-30

Joskow, P. and Noll, R. (1981), "Regulation in Theory and Practice: An Overview", in Fromm, G (Ed), Studies in Public Regulation, The MIT Press, Cambridge

Langdon, I (1995), "Reorganisation of the Australian Dairy Industry and Its Product Development and Expansion into Asia", Paper presented to the Eighth Annual Conference of the Agribusiness Association of Australia and New Zealand, September.

Mirza, H., Buckley, P., Pass C. and Sparkes. (1993), "Government-Industry Relations in Japan: Some Contrasts with The UK and Europe", International Business Review, 2 (1), 15-37

Murtha, T and Lenway, S. (1994), "Country Capabilities and the Strategic State: How National Political Institutions Affect Multinational Corporation's Strategies", Strategic Management Journal, 15, 113-129.

Oliver, S. (1991), "Strategic Responses to Institutional Processes", Academy of Management Review, 16 (1), 145-179

Rausser, G. and Zusman P.(1992), ("Public Policy and Constitutional Prescription", American Journal of Agricultural Economics, 74 (2), 247-257.

Samuel N. and Ratnatunga J. (1993), "Structural Constraints to the Development of Food Processing Industries", Australasian Agribusiness Review, 1 (1), 50-79.

Schmalense, R. (1985). "Do Markets Differ Much", American Economic Review, 341-351.
Schroder W. and Mavondo, F. (1994), "Government/Agribusiness Relations in Australia: Towards a New Research Agenda". Working Paper 94-03, Syme Department of Marketing, Monash University, November.

Self, P. (1989) "Redefining the Role of Government", in, Coaldrake, P., and Nethercote, J.R. (Eds), What Should Government Do?, Hale and Ironmonger, Sydney

Snow, C.C. and Miles, R.E. (1983), "The Role of Strategy in the Development of a General Theory of Organisations" in Lamb, r. (ed) Advances in Strategic Management, JAI Press, Greenwich CT. 231-259

Traxler, F and Unger, B. (1994), "Governance, Economic Restructuring and International Competitiveness", Journal of Economic Issues 28 (1), 1-23

van den Bosch, F. and de Man A. "Government's Impact on the Business Environment and Strategic Management" Journal of General Management, 19 (3), 50-59.

Westgren, R., "Firm Resources, Industrial Organisation and Austrian Economics: The Basis for a new Strategic Management Approach to Competitiveness" Paper presented at the 22nd International Conference of Agricultural Economists, Harare

Zusman, P. (1994). "Public Policy for Agriculture: The Role of Constitutions and Political Economy", Paper presented at the 22nd International Conference of Agricultural Economists, Harare

Appendix Table 1

Awareness, Use and Value of Government Assistance Programs

Fedearl Program	All companies: Not aware	All companies: Aware but not use	All companies: Mean score	Small Companies: Not aware	Small Companies: Aware but not use	Small Companies: Mean score	Large Companies: Not aware	Large Companies: Aware but not use	Large Companies: Mean score
150% tax concession Industry R&D grants	22.6	62.4	4.31	25.7	63.8	3.75	10.7	57.1	5.00
Rural R&D Grants	39.8	53.4	2.46	41.0	51.4	2.33	35.7	60.7	2.75
Innovative Agricultural Program	45.2	45.1	3.33	48.6	44.8	2.71	32.1	46.4	3.88
Best Practice	30.8	56.4	4.51	37.1	56.2	3.56	7.1	57.1	5.25
Networking	28.6	57.1	4.38	33.3	55.2	3.58	10.7	64.3	5.44
Quality Management	19.6	57.9	4.97	22.9	61.0	4.68	7.1	46.4	5.33
Export Market Development Grants	19.5	55.6	5.00	20.[illegible]	60.0	4.84	17.9	39.3	5.25
Marketing Skills Program	45.1	45.1	4.14	47.6	43.8	3.80	35.7	50.0	5.00
Export Market Advice (Austrade)	13.5	59.1	3.83	14.3	61.5	3.85	10.7	50.0	3.78
Trade Promotion	23.3	52.6	4.07	23.8	57.1	4.32	21.4	35.7	3.60
Market Access Advice (Foreign Affairs/Trade)	36.1	46.6	3.68	39.0	47.6	3.67	25.0	42.9	3.71
Clean Food Promotion (Clean Food Australia)	39.1	47.4	3.25	42.9	46.7	3.86	25.0	50.0	2.40
Wage subsidies(Jobstart)	5.3	58.6	4.45	5.7	59.0	4.39	3.6	57.1	4.60
Training and Skills Program	9.0	62.4	4.23	10.5	66.7	3.90	3.6	46.4	4.78
State Programs									
Innovation Support	66.9	29.3	2.33	69.5	25.7	2.50	57.1	42.9	2.00
Improving Manufacturing	63.2	30.1	4.75	66.7	27.6	4.25	50.0	39.3	5.25
Employment, Training and Industrial Relations	36.8	48.2	4.41	40.0	49.6	3.91	25.0	42.9	4.91