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MARKETING SYSTEMS IN A DEVELOPMENT PROCESS

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ABSTRACT

The rapid rate of urbanization and the worsening economic situation in many TWCs have accentuated the problems of distribution in these countries. They have also reopened the discussion on marketing's roles in these economies. There is a growing support for the view that marketing can play a catalytic role in the development process.

This paper argues that the existing theories and perspectives of marketing do not provide us with appropriate guidelines for developing the marketing systems to play the required role. It broadens the conceptual framework of marketing by presenting it as a variable in the socio-ecological complex. This perspective emphasises marketing as an exchange mechanism which continually interact with a wide range of variables in a social transformation process.

MARKETING SYSTEMS IN A DEVELOPMENT PROCESS: A CONCEPTUAL FRAMEWORK

1. INTRODUCTION

1.1 Background and Aim

The role of marketing in the development process has, for some time now, been a central point of theoretical exploration in studies of marketing systems (Moyer, 1965). In more recent years, students of Third World economies have demonstrated renewed interest in this area of study (Hilger, 1978; Mittendorf 1979, 1982; Sorensen, 1984). Among the probable reasons have been the worsening economic situation and the growing distributional problems, especially within the agricultural and rural sectors of these economies.

There is a growing acceptance of the view that marketing is not simply part of the problems of development. It is also, and perhaps more significantly, a solution to some of them. The marketing system, it has been argued, can do a lot more to stimulate production and harness resources for investment than has been earlier thought. Some current attempts are also being made to broaden the conceptual base of marketing and relate marketing studies more closely to the peculiar problems that Third World Countries (TWCs) are facing in their development process.

The emerging ideas have not however found their way as yet into the development plans and policies of the TWCs. The reason might partly be that planners and policy-makers are plainly ignorant about the relations

between marketing and other variables of development, and partly that political and economic constraints have not permitted the necessary investments even in cases where the knowledge is not lacking.

This paper is predicated on the assumption that the development of marketing thoughts has not given enough emphasis to marketing's role in Third World economies and has therefore not provided planners with adequate normative guidelines for strategy formulation. Earlier studies have been based primarily on Euro-American experiences recasted within Rostow's Stages of Growth model (Moyer, 1965). Such a framework is fundamentally deficient, because it lacks the appropriate perception of development problems of TWCs (Amin, 1973, 1976).

In view of the above, this paper aims at providing an integrated conceptual framework for the study of marketing systems within economic development context, particularly those of TWCs. It is based mainly on an ecletic synthesis of ideas found in different disciplines that focus attention on development issues. It first examines the roots of marketing thoughts and changes in the theoretical development of marketing as a discipline(section 2). This provides the backcloth for a discussion of marketing systems' development in an economic growth process (section 3). An alternative conceptual model is introduced in section 4, presenting marketing as part of the socio-ecological complex. Section 6 presents an illustrative application of the model within an agrarian economy. But before plunging into these discussions it is purposeful to explain the terms "economic growth" and "economic development" which recur very frequently in the text.

1.2 The Meaning of Development

The concept of economic development has several dimensions and therefore notoriously resistible to clear-cut definition. It appears settled, however, that economic development has both quantitative and qualitative dimensions. Earlier discussions of the concept have focused on quantitative aspects such as:

(a) increased gross domestic product
(b) increased variety in goods and services
(c) increased productivity through technological innovation and improvement in the management of productive resources
(d) increased investment in infrastructure, research and product development which brings idle resources into economic use.

All these activities reinforce each other and produce a dynamic force which accelerates the rate of economic growth. It was assumed then that economic growth was synonymous with economic development. However, years of experience with accelerated economic growth have indicated that without proper macro planning, direction and control the impact of economic growth can be negative for some sections of a community or society. The overwhelming polarization of income and the widening class differentiation in terms of living standards have been noted in many TWCs during periods of rapid economic growth (Griffin, 1977; Oshima 1978). The general scenario in most TWCs is that about 20 per cent of their populations enjoy about 80 per cent of the national wealth (with the top 5 per cent taking the lion's share).

Such empirical evidences have forced a revision of the concept of economic development. It is now generally

accepted that development means growth plus a qualitative change in wealth distribution to ensure greater social equality as well as provision of equal opportunity for enjoying a nation's resources, possibly through social reforms. It is in this broader sense that the term is used in this paper.

2. FOUNDATION OF MARKETING THOUGHTS

2.1 The View of Marketing in the Social Sciences

Trade, according to Moyer(1965), is an inevitable human process. Very few societies exist now without the influence of marketing systems, however crude their development. Originally, the term "market" described a geographical place where buyers and sellers met to exchange goods for money. But it has now assumed an abstract meaning in disciplines such as economics, sociology and business administration.

In Economics, the marketing system is viewed as a grand coordinating and exchange mechanism. It transforms essential factors, including labour and parts of the physical environment, into salable commodities and channels them to their prospective users. In this way, it foments inter-sectoral linkages within the economy and thereby lubricates the engine of growth. It responds mainly to changes in production and consumption and helps to direct economic forces toward a stable equilibrium. Orthodox economists discuss marketing systems mainly in terms of market structures, focusing attention on the number of sellers and buyers, the degree of competition among sellers, and the effect of their activities on prices, demand and supply.

Economists who concern themselves directly with problems of economic development in the TWCs have a slightly different view about the role of marketing in the development process. An example is the view contained in studies by the Latin American Marketing Project (LAMP) centre of the Michigan State University. Their studies have been based on the proposition that improved management of urban food marketing channels in TWCs could directly contribute to their economic development process by liberating and channelling additional resources to areas requiring increased investment, and at the same time reduces food prices to poor urban dwellers. These studies actually provided policy guidelines for improving food channel systems in a number of Latin American countries in the 60s and the 70s.

Marketing systems have been discussed by a number of other social science disciplines including anthropologists and geographers. The latter group has been basically concerned with analysis of market centres as geographical locations and their effect on economic growth and development (Bromley, 1971), while the former group has studied the effects of the development of market centre on the lives of communities around them. Much of these materials are familiar and require no further elaboration at this point.

Another influential contribution has come from political economists. Scholars adopting the liberal framework have presented marketing systems as the preferred economic ideology of the western industrial societies, extolling the virtues of the free enterprise system and arguing against interventionism. The market price mechanism is seen by them as the most efficient way of

controlling the allocation of resources to satisfy the unlimited wants of human societies. Scholars of the marxist or radical persuasions have projected the marketing system as a mechanism of surplus accumulation, exploitation of the weaker segments of society and class stratification as well as a means of political power differntiation. They therefore argue in favour of state control of marketing activities. The dichotomy in the views of the two groups stems from ideological differences, the discussion of which is outside the scope of this paper.

The wide variety of angles from which marketing systems are studied in the social sciences and the powerful intellectual currents behind them indicate its importance in the transformation process of present day human societies. It can be viciously manipulated in the hands of a greedy few or directed to improve the living condition of a broader spectrum of society provided macro policies are purposefully formulated and implemented to achieve the desired societal objectives.

2.2 Marketing as a Discipline

As a discipline, marketing developed as a branch of management science, and its original purpose was to help producers expand the markets for their mass-produced goods. Consequently, the basic functions of marketing have been defined as:

a. obtaining demand for goods and services
b. servicing this demand.

In order to provide management with the appopriate tools to attain these ends marketing scholars have borrowed extensively from other social science disciplines, such as psychology, sociology and economics. The resultant theoretical models and

tools have however remained essentially micro, obeying the management science tradition and with profit as their primary goal.

The last decade has however witnessed attempts by a few scholars to broaden the theoretical concept of marketing. These conceptual modifications appeared first as mere additions to existing areas in which marketing management tools can be applied, for example in non-business and non-profit making organizations (Kotler and Levy, 1969). Later, Moyer and Hutt (1978) focused attention on macro-marketing problems and consequences and argued that a total systems perspective provided a better framework for determining the net social consequences of marketing activities.

More recent writings on the theoretical developments of marketing have advocated a holistic constructual approach as a basis for universal theory formulation (Bagozzi, 1984,).

These theoretical refinements have, however, ignored considerations of marketing as an element of development in non-industrial societies where the problem remains how to create surplus rather than how to dispose of it. This omission requires an urgent correction if attempts at universalizing marketing theories are to be complete and meaningful. A starting point for this conceptual revision is a careful study of marketing requirements during an economic growth process and the nature of bottlenecks created by a weak marketing system.

3. THE CHANGING ROLES OF MARKETING IN AN ECONOMIC GROWTH PROCESS

3.1 Division of Labour and Marketing

A growing economy is characterised by changes in modes of organization of productive activities. One of such organizational changes with powerful influence over the growth process has been captured by the concept of division of Labour. Adam Smith, in his Wealth of Nations, explained that the task of raising labour productivity can be partly executed by breaking the production process into a set of distinct activities each of which is carried out by workers specialized in its performance. The frequent repetition of the tasks would improve the skills and dexterity of the workers, thereby making them more proficient. New tools would also be required to perform each task effectively. This would stimulate technological innovation and thereby fuel the growth process.

The above concept forms an analytical basis for the general structural transformation within a growing economy and the various forms of specialized activities that emerge. An economy is basically divided into industrial, agricultural and service sectors. Following the Euro-American experience of economic growth, technological development within the agricultural sector results in the displacement of farm labour which is redeployed in a rapidly expanding industrial sector. This brings in its wake other forms of division of labour including:

a. spatial division of labour - involving changes in population density between farming and manufacturing areas, urban and rural areas etc.

b. vertical division of labour - indicating the various distinct production stages through which a basic product passes before reaching its final users. For example, groundnuts are first cultivated by farmers, shelled at the mills, processed into various products in factories or cottage industries and finally distributed by commercial enterprises.

c. horizontal division of labour - involving the production of identical or slightly differentiated products by a number of producers. The producers compete with each other to sell their products using a combination of marketing parameters in their competitive strategy.

Doubtlessly, division of labour raises productivity, and for that matter, the quantity of goods and services available to a society. But it requires an efficient exchange mechanism for the commodities to be actually enjoyed. This coordinating task falls on the marketing system. In another phraseology, marketing systems "link" what division of labour "parts" (Sorensen, 1984).

The linkage is not fomented just between consumers and producers. The marketing system webs together different producers as well. It produces, through its coordinating activities, an intricate pattern of linkages which further reinforces the growth process. This point was clearly expressed by Leontief (1966). He maintained that during the growth process of economies with efficient marketing systems,"an event at one point is transmitted to the rest of the economy step by step via a chain of transactions that link the whole system together".

Following the above general description, development economists have argued that the first step in the growth

process of TWCs is the commercialization of their subsistence agricultural sectors in order to integrate them into the rest of the market economy. The marketing system supports this process of integration by facilitating the dependence of the peasants on other producers for goods they cannot themselves produce. As a step toward the sectoral interdependence mentioned above, the agricultural sector produces not only food for the industrial workers, it also provides agro-based industries with their basic raw materials. Higher agricultual productivity and lower domestic produce prices may reduce manufacturing cost as well as consumer expenditure on food. The result is an expansion in the market for manufactures and the generation of additional capital for investment. Both sectors - industry and agriculture - are served by a wide range of service systems including research and information systems, administration, financing, social services and the market system all of which will expand concurrently.

What actually happens to labour in a growing agrarian economy depends largely on two factors:

a. the choice of agricultural technology, and
b. the mode of organising production in the farming areas.

Economic development models of the early 60s vigorously supported the use of advanced agricultural technology which could reduce the use of labour. Not only was agricultural production and productivity expected to rise considerably, but the strategy would also release labour to work in the factories which were also expected to expand. The marketing flow system was consequently expected to adapt to the needs of a changing spatial division of labour.

As it turned out, modernization of the agricultural sector

succeeded in rendering many peasants landless. The displaced farmers and, a generation later, their children flooded the urban labour market in search of promised jobs which the weak industrial sector could not offer. The challenge of the marketing system turned out to be different from what the models envisaged. With low purchasing power, feeding the unemployed urban population meant keeping food prices lower than investment cost would permit in some cases.

3.2 Determinants of Marketing's Roles

How is the development of the marketing system engendered and how does it exactly perform its coordinating role? These twin questions have engaged the attention of scholars for some time now and years of studies have produced two distinct views: - the determinist view and the activist or reformist view (Hilger, 1978).

3.2.1 The Determinist View

The determinist view attributes development of the marketing system to changes in the economic, social and political environment in which it exsists. That is the primary changes in the marketing system are conditioned by changes outside the marketing system itself, and these changes determine the direction in which the market develops. The main changes to which the marketing system adapts are changes in production and consumption. Consumption changes may be determined by economic factors such as changes in the density of population, sex, age and work habits within given geographic locations; as well as changes due to government intervention and political decisions.

Most of the empirical studies supporting this view have been based on the analysis of channel systems. Johan Arndt (1972)

explained the time lag in the development of certain aspects of retail structures in Norway and Sweden in terms of the time lag in (what he called) environmental developments. These include personal consumption expenditures per head, passenger car ownership, and geographic concentration of population. Goldman Arieh. (1974) postulate that the patronage of more efficient retail outlets such as the supermarket would depend on consumers' willingness to travel further and shop less frequently. These shopping habits would in turn depend on consumers' social, spatial, informational and cultural environment.

Writers on marketing systems development in the TWCs have also explained the existing marketing structures in terms of the socio-economic and other environmental circumstances of the countries. Moyer (1965) argues that at early stages of economic growth, distribution channels tends to operate within limited range and to be short; but as growth proceeds , market specialisation occurs and channels become longer; at a later stage of growth the marketing system becomes increasingly efficient and the resulting economies of scale would once again produce short channels.

It appears from the above statements that major improvements in the channel system cannot be expected until economic growth produces the requisite changes in the marketing environment. This point seems to be confirmed by Bucklin's (1979) analysis of the food marketing system in some Asian countries. He doubted the suitability of modernised retail structures for the countries, arguing that under their existing socio-economic circumstances, the public market centres and the traditional retail structures were fairly permanent. Other writers such as Bauer in earlier published works (1969) expressed similar views.

Attempts to modernise market facilities far ahead of production growth have failed miserably in many TWCs. Reusse (1976) recounted several cases in which large-scale commercial storage and processing facilities remained idle many years after their construction or were used at under 20% capacity.

The determinist view has not been extended to the analysis of cases of economic stagnation or retrogression. Bucklin's view cited above may suggest what to expect in a stagnating economy - ie. the existing channel systems become fairly permanent, expansions, if any, take the form of additions to the old structures and not a qualitative change. It is more difficult to determine what happens in a declining economy. Scattered evidences suggest the following possibilities:

a. Food channel systems would become longer when domestic food production grows at a slower rate than the demand in urban areas and traders have to search marginal and remote areas to find food.
b. Urban retail trade becomes more atomistic as urban unemployment increases and poor transport facilities limit the outreach of consumers.
c. Government intervention in the marketing system and control over scarce resources would increase and this would lead to negative marketing behaviour such as speculation, hoarding and blackmarketing among traders.
d. Some marketing variables would diminish in importance in firms' marketing mix strategies. For example, lesser emphasis would be placed on advertising apart from simple information dissemination, and greater emphasis would be on efficient allocation of available goods.

Additional empirical research is required to clarify the marketing problems and to confirm the above propositions.

3.2.2 Activists View

The activists' view is that changes in marketing systems need not be preceded by changes in other economic variables. Instead, marketing systems can be planned and directed to play a catalytic role in the growth and development process itself. Drucker (1958) suggested that an effective marketing system could uncover and channel all purchasing power that exist within a domestic economy.. This would not only expand the domestic market and encourage increased production of goods and services, but it could also lead to pooling financial resources together for large-scale investment and thereby raise the efficiency of capital. Rostow (1965) also expressed a similar view. He strongly advocated for the development of a national marketing system as an important factor in the economic growth process of TWCs. The national marketing system would, according to him, facilitate the distribution of agricultural inputs as well as manufactured goods to rural consumers. It would also improve urban food distribution and the marketing of other rural products.

At the normative level, much of the discussion have been in the area of food marketing, with particular emphasis on the dual problems of reducing urban food prices and stimulating rural food production. The bias towards urban food problems has been given further justification by statistical projections of urban populations. United Nations figures show that there will be 130 cities in TWCs with more than 2 million inhabitants each by the year 2,000 compared with 50 cities in 1980 and 20 in 1960 of like status (Mittendorf, 1982). At this rate of growth, the marketing system must be made capable of handling three times the volume of food they handled in 1975.

Analyses have indicated that the primary urban food

marketing problems include serious traffic congestion, insufficient space for efficient movement of produce, inadequate storage and improper management methods such as low volume of sales and poor stock management. Such analyses readily lead to recommendations for the modernization of the physical facilities in the urban areas.

Perhaps the most comprehensive studies of TWC food marketing problems to date are those of the LAMP centre mentioned earlier. The LAMP studies have been based on what may be termed DEMAND STIMULATED INVESTMENT MODEL. They are predicated on the assumption that limited demand for local products (due to income inequalities) is one of the primary causes of low investment in agriculture. Accordingly, sustained market opportunities for low income urban population can result in income distribution favourable to growth. Slater (1969) explained the stimulus as follows:

> " A fall in food prices, (through modernization of the channel system) will cause increases in demand for food among low income consumers. If the demand appears to be stable and continuing, the investment response may be positive".

LAMP proposals for food marketing reforms also focused on channel modernization. They proposed the establishment of vertically and horizontally integrated chains of retail stores that can introduce technically and managerially efficient procedures to reduce overall cost of distribution and, therefore, prices.

When examined against the backcloth of the challenges posed by TWC economic problems, it is quite evident that existing marketing theories are deficient in two principal ways. Firstly, the problem confronting many of these countries is production shortage. This is particularly true of food whose shortage creates the dual problems of undernourishment and high food prices relative to earnings.

In this sense, the problem is a reverse of what marketing theories and activities have been developed to tackle. Secondly, with current emphasis on hollistic approaches to the study of TWC economic problems and the popularity of integrated planning for rural communities, the strictly micro tradition of marketing studies is a serious handicap to its contribution to the developmental task.

These deficiencies do not however reduce the importance of marketing systems in the TWCs. They rather suggest a revision of existing concepts and the development of new ones to relate them directly to the peculiar problems of these countries.

4. AN ALTERNATIVE CONCEPTUAL FRAMEWORK FOR MARKETING

Carefully considered, marketing's importance is not limited to the realms of economics. Its influence is pervasive, spanning all the essential dimensions of a society. The process of conceptual redefinition therefore involves a lot more than merely adding to what are considered traditional areas of marketing influence. It entails determining the relations between marketing and other active variables involved in a society's change process. This is the task initiated in this section.

4.1 Marketing and its "Environment"

Conventional analysis describes marketing as a system with its internal structure and functions. Everything outside that structure is termed "the marketing environment". Although the components if this "environment" are usually identified, the interrelations between them and their

resultant influence on the environment are normally considered to lie outside the purview of marketing. The task of the marketer is seen as how to tune the variables under his control to the "environment" in order to attain balanced equilibrium (Majaro, 1983, P.36). From an analytical standpoint, this strategic approach limits the marketer's scope of operation and perception. He perceives the relations between marketing and its "environment" from only a uni-directional angle. As hinted earlier, since the influence of marketing systems is pervasive within a society, it is most appropriate to analyse its fucntions within a broader socio-ecological conceptual framework.

4.2 Marketing as an Ecological Variable

4.2.1 Definition of Ecology

Ecology is generally defined in physical science as the science that deals with interrelations between organisms and their environment. The conceptual basis of ecology is rooted in the basic understanding that life and its environment are essentially inseparable. It is the continual interaction between the elements within the environment that determines the path of ecological change.

On the social plain, human societies have been percieved as an ecological complex, with its variables in a consistent flux. For expositional purposes, this complex is defined as consisting of four primary interrelated clusters of variables (Symanski and Bromley, 1974) namely:

Population - defined in terms of distribution, density and demographic structures;

Organization- broadly defined to include economic, social, bureaucratic and political institutions, their operations as well as their interplay; the principal variables are the modes of production, division of labour, transactional and exchange systems as well as patterns of political and economic interraction among people (Arndt, 1980).

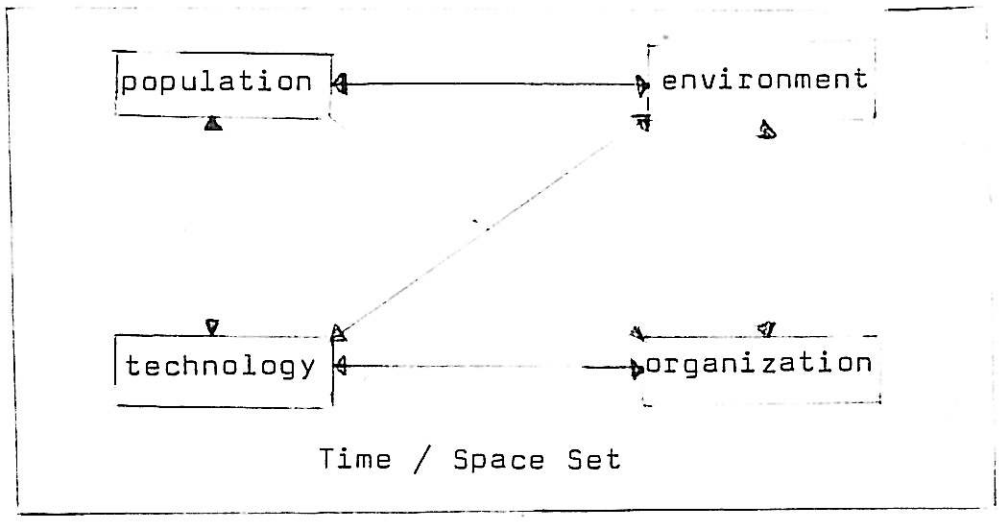
Technology - including techniques, methods, tools, and management of production activities;

Environment - embracing natural entities and conditions as well as artifacts which might be results of applied technology.

These clusters of variables constitute the major elements in a society's transformation process. Populations are organised in various forms to support development; scientific - technological development has been the locus of economic productivity in modern societies; and modes of organization have been developed to support economic, political and socio - cultural development of people.

A paramount feature of a development process is that the variables interact vigorously with each other; the degree of interaction being a major determinant of the pace and pattern of the development of a society. This is presented pictorially in figure 1.

Figure 1



Schematic Presentation of a Socio - Ecological Complex.

4.2.2 The Locus and Functions of Marketing in an Ecological Complex

In terms of locus, the marketing system is part of the organizational cluster of variables. It interacts with variables within its immediate cluster as well as variables belonging to other clusters. Thus it influences changes within its own cluster and joins the other variables in changing the ecology as a whole. The degree of influence depends on the extent to which the society relies on marketing in the exchange relations between its members and organized units.

A few examples may clarify the point. Technology affects marketing systems through its impact on production and, for that matter, economic growth. Assume an agrarian society in which farmers consume four-fifths of their output leaving one-fifth for distribution. Assume further that technological innovations have been introduced that raised production by 20 per cent. This would constitute a 100 per cent increase in the produce that would flow through the marketing channels. Considerable improvements in facilities would therefore be necessary for the marketing system to function efficiently. Moreover, improvements in physical distribution services depend greatly on technology.

Another example: Population growth tends to cause increased spatial interaction, leading to changes in marketing activities.The exact nature of marketing adjustments however depends on the nature of the other variable in the ecological complex. In the absence of a good transport system, outlets must be established close to the areas of population concentration in order to serve consumers effectively. Again, where the pace of development in production technology lags behind population increase and

demand, the marketers have to search far and wide in order satisfy the needs of the people. Furthermore, the demand for goods by individuals consists of requirements for relatively small amounts, at intermittent intervals and very often, at widely scattered locations. Goods are also usually used in combination with other goods. These features impose additional tasks on the marketing system. Goods must be assemblied, sorted, assorted in various sizes and combinations, stored and distributed widely in order to satisfy the various pockets of consumer needs (Dixon, 1981).

It is significant to note further that changes in socio-cultural values and the desire of consumers to own their property imply that marketing must simultaneously provide for the transfer of property rights and make payments for the resources used in the satisfaction of consumers. This is often accomplished through consumer credits. Again marketing relies on various institutions within the organizational cluster of variables to satisfy these needs. In performing all these functions, marketing systems channel values and life-styles to people over space and time.

4.3 Marketing as a Developmental Catalyst

It is in its interacion with other variables that marketing plays a catalystic role in the socio-economic development process. Marketing research analyses the needs of consumers and producers and communicate to engineers/artisans who develop appropriate products to satisfy them. In this respect marketing systems play a vital role in technological change process and thereby stimulate economic growth.

However, as a tool in the hands of profit-minded entrepreneurs, marketing has, over the years, focused

primarily on those functions which are proven to generate profit. Most often societal goals of development are sacrificed. This has led to a growing incidence of governmental intervention (see section 5). Very frequently, acts of intervention have been ad hoc and unplanned. There is a growing support for the view that systematic and planned integration of marketing into overall development plans would enhance its role in the development process.

4.4 Marketing in Development Plans

In a general sense, planning and implementation of economic strategies attempt to move the economic system closer to society's established goals as specified in the plans. Planning helps macro decision-makers to understand the relations between the various sets of variables within the ecological complex. This understanding provides them with the opportunity to judiciously select the main variables in a mix strategy in such a way that they jointly produce a total effect greater than the sum of their independent parts. The basic assumption in this reasoning is that it is positively synergistic to promote a certain set of development projects as a group rather than in isolation.

With special reference to marketing development projects, existing evidences indicate that failure to integrate them into development plans could lead to enormous losses to the economy. There have been many instances in which post-harvest marketing facilities such as storage depots, and processing plants have been built in excess of requirements. In some cases the facilities have been located in the wrong areas - ie. far away from areas where production has actually expanded and therefore requiring such facilities. Other cases revealed that locally deve-

loped facilities, although crude by standards in industrial countries, were more economically efficient and better suited to the cultural and ecological environment of the communities than were imported substitutes (Reusse, 1976).

The conceptual framework introduced above helps to minimize such wastes. It compels planners to examine the relations between given projects and a wide range of other variables during the project formulation and evaluation stage. For example, the effect of a marketing project on employment, income distribution, technological change and linkages with other sectors of the economy have to be carefully examined. It also encourages a closer assesment of the human (managerial and technical) and institutional capabilities of the community as against the additional demands that the new project would make on these types of manpower.

The fact that development plans aim at achieving multiple objectives and focus on a wide range of activities further complicates the task of developing marketing systems synergistically with other sectors. It is important to determine the amount of pressure that alternative strategies place on the marketing system, the various investments required, the timing of these investments in relation to other projects as well as the possible reaction of marketers to the proposed policies and strategies. In many TWCs the poor relations between marketers and the governments create uncertainties about the former's support of government initiated marketing development plans. It is therefore essential to examine government-marketer relations more closely in this paper.

5. GOVERNMENTAL INTERVENTION AND THE DEVELOPMENT OF THE MARKETING SYSTEM

5.1 The Theory of Intervention

It is generally agreed that the free play of market forces entails some degree of risk - gain or loss to producers, consumers and society in general. From this standpoint, governmental intervention is viewed as risk management aimed at readjusting the balance in risk-sharing when this balance seems to unduly favour any of the participants in the marketing system. Thus, intervention structures the opportunity set within the ecological complex, shapes the behaviour of participants and consequently influences performance (Shaffer, 1979). In this sense marketers' behaviour can be viewed as conditioned behaviour - ie. responses of individuals or groups to altered opportunity set. Consequently, it is legitimate to expect changes in marketers' behaviour in accordance with governmental policies or marketers' anticipation of such policies based on past experience (Lucas, 1976).

Government attitudes and policies towards business are not static. They change with time and circumstances. A business activity that may be considered socially irresponsible at one point in time and/or within a given set of circumstances, may become fully acceptable at another point in time and under different circumstances (Sethi, 1975). Thus, with the emergence of new social needs, changes in accepted political ideology, reallignment of interest groups, or even research evidences that shift government opinion, we should expect the rules of business practice to be redefined.

It is however difficult in practice to determine precisely the reasons for any particular intervention or the objective it is to achieve. Most frequently, intervention poli-

cies result from a constellation of factors - eg. a number of discrete prior decisions, a multiple of objectives, pressures from competing interest groups all of which coalesce and counterbalance.

5.2 Forms of Intervention

Governmental interventions take many different forms the most common of which are:

Regulatory Intervention - where policies such as price control and official allocation of goods to distribution channels are formulated and implemented to correct what government may consider to be failure of the market mechanism. Methods such as wheedling, coaxing or threats may also be used to elicit compliance to official policies.

Facilitative Intervention - in which government provides supporting services or facilities to the marketing system to improve its performance. Policies such as subsidies may also be adopted to support activities that the marketing system has ignored or to encourage activities desired by policy-makers.

Prohibitive Intervention - may take the form of laws, decrees or legislative instruments that restrain the people from indulging in certain forms of marketing behaviour or practices.

Reconciliatory Intervention - aim at settling disputes between competing interest groups.

Participatory Intervention - include the acquisition of shares or the right to have a representative on boards as a means of challenging the hold of enterprises that have dominant position and power in the economy.

Take overs - complete ownership of enterprises .

Competitive Intervention - establishing state enterprises to compete with and dilute the monopoly position of private companies.

5.3 Marketers' Reaction to Governmental Intervention

It has been suggested earlier that intervention induces a specific set of behavioural patterns among marketing participants. Bloon and Dholakia (1973) identified seven forms of behaviour which they defined as follows:

a. Questionable behaviour - embracing all those marketing activities judged by government as running counter to the attainment of some defined social goals.

b. Illegal behaviour - defined as an action which breaks a law or a regulation. It may be politically motivated or an attempt to test the power of a government.

c. Opportunistic behaviour - including behaviours which aim at exploiting loopholes in (or failures of) government policies. A common example in the TWCs is price control or import restriction which accentuates the scarcity of goods and creates opportunities for "black marketing".

d. Regulated behaviour - is found in state enterprises that perform their normal management functions with bias towards cultivating harmonious relations with politicians and the public.

e. Supportive behaviour - is a voluntary effort on the part of the marketer to engage in activities which assist government in achieving its broader social objectives.

f. Defensive behaviour - consists of self-protecting actions taken by marketers in anticipation of or reactions to (a) a complaint or a suit being filed against them, or (b) legislations being introduced that will, if passed, affect them. It may either lead to minimization or escalation of the degree of conflict between marketers and government.

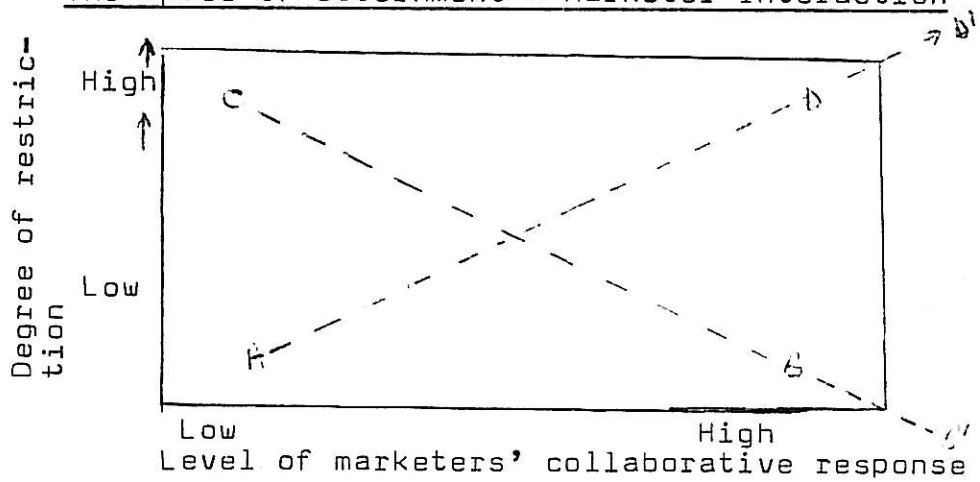
g. Adaptive behaviour - refers to the adjustments that are made by the marketer following the introduction of a new law or regulation. They may be cooperative or noncooperative.

They observed that interaction between government and marketers usually lead to either of two situations - persistent conflict situation or collaboration. It would naturally be in the best interest of society, to wit its development, if government and business interact in a collaborative rather than persistent conflict environment. Government, according to Lucas (1976), can induce the desired behaviour through reasonably accurate measurement of marketers' expectation formation and response patterns. As hinted earlier, marketers' choice of behaviour depends greatly on whether or not government policy is perceived as facilitative or antagonistic. The greater the relative emphasis on supporting services/ facilities and containment the stronger the marketers' attitude to support. The greater the relative emphasis on displacement/ take-overs the stronger the hostile attitude of marketers.

The above phenomenon may be more clearly described with a scaling matrix that indicates the levels of conflict elements in an intervention package and the consequent response from marketers. This is presented in figure 2.

Figure 2

The Space of Government - Marketer Interaction



A represents a low level of collaboration with governmental intervention package due to high degree of restrictive/ regulatory elements. As regulatory elements decrease toward B collaborative behavioural tendencies increase toward D. B′ and D′ represent imaginative extreme situations which approximate free market situation and exist outside the intervention space.

6. AN ILLUSTRATIVE APPLICATION OF THE MODEL

The preceding discussions have set the stage for illustrating the application of the model in a TWC. The focus of this illustration is on agrarian societies in transition, where subsistence farming is increasingly replaced by market orientation and where governments and their agencies are vigorously involved in planning and stimulating the development process. Although many TWCs fall within this general framework, the illustration does not suggest a prescription for all of them due to variations in local circumstances. Unless specifically stated in the text, our geographical focus is on the West African subregion.

6.1 Focusing on Agriculture as Priority Sector

The starting point is to determine the priority sector on which a development plan is to concentrate the nation's resources. For most agrarian societies the focus falls naturally on the agricultural sector. Admittedly, however, agricultural development is not the only serious problem area for TWCs during the coming years. There are problems of energy, technology, industry and debt servicing. Nevertheless, there are strong arguments for making agriculture the priority sector in planning and development.

It is a common knowledge now that food supply in most TWCs is at a dangerously low levels and the situation continues to worsen. There are currently many people who, through malnutrition, have become too weak and feeble to make any contribution to the development process. It has also been indicated that again, as a result of malnutrition, their resistance to infectious diseases is considerably low and the mental development of many children has been retarded as a result. In the light of these circumstances, increased food production and distribution become the starting point of the development process of these countries.

6.2 The Catalystic Role of Marketing in Agricultural Development

Marketing in agrarian economies does not concern only the mechanics of exchange but also the institutional framework for development in general as well as the socio-cultural values and life-styles of the people, all of which require change. It is in this light that the relevance of the above model should be perceived. Its primary proposition is that marketing can play a frontal role in the development process by stimulating the essential variables to interact and coordinating the flow of resources and products. Relating this proposition to agricultural development strategies we can identify three primary roles for the marketing system - viz:

a. stimulating technological change process within the agricultural sector,

b. motivating farmers to raise their productivity, and

c. harnessing resources for rural development.

6.2.1 Marketing as a Technological Change Agent

All types of production require the use of inputs. In the agricultural sector, the speed with which

inputs are delivered to farmers greatly determines the efficacy with which they can be used. Several empirical evidences have shown that the logistics problems associated with the importation and distribution of biochemical inputs such as fertilizers, pesticedes and high yielding varieties of seeds have greatly hampered their efficient use in most TWCs. In the first place, it is difficult to assess inputs demands accurately in order to determine the quantities to be imported. Secondly, the chronic foreign exchange problems of these countries have made the efficient management of the imports almost impossible. Most frequently, the inputs arrive after the cropping seasons are over. Furthermore, storage facilities at the ports and the distribution centres have been inadequate in many countries. The evacuation of the inputs has also been hampered in many cases by the lack of goods vehicles and motorable roads. This catalogue of problems suggests that marketers have not been actively involved in the formulation of agricultural development strategies of most of these countries. If they were at all their views might have been ignored.

Agricultural inputs marketing problems are, however, not only in logistics. There are additional problems such as inadequate training of farmers in the use of the inputs, the lack of credit facilities to smaller, poorer farmers and difficulties in breaking cultural or traditional barriers to their use. In the case of mechanical inputs it has been noted that the products themselves are unsuitable to the socio-economic and cultural circumstances of the farmers and the economies in general. These problems have led to the suggestion that TWCs must encourage the development of agricultural inputs based on their local resources and within the farming areas themselves as a first step to agricultural technology development.

The development of local agricultural technology calls for new forms of marketing activities including:-

a. research and information gathering and dissemination among local artisans on the nature, quality and price ranges of the inputs to be developed,

b. supplying artisans with raw materials and tools

c. distributing the new inputs in the farming areas,

d. campaings to introduce and popularize their use - ie. technology diffusion campaigns involving demonstrations, after-sales visits and services, and credit facilities to farmers.

Success in performing these functions may require some reorganization and reorientation of institutional, social, and administrative structures as well as popular attitudes and sometimes even customs and beliefs. This again underscores the importance of integrating marketing development planning with an overall development strategy.

6.2.2 Marketing as a Prime Motivator of Farmers

The era of regarding peasants as backward and incapable of making rational economic decisions is over. Considerable evidences abound to suggest the response of farmers to price stimulus and the economic rationale underlying their choice of crops. It has also been suggested that the availability of manufactured consumer goods in farming regions encourages farmers to increase their output in order to buy the goods. These are all areas in which improved rural marketing systems are needed.

In addition, market research could also analyse the time - consuming daily chores of rural families and suggest product ideas which would help them save time from these chores and thereby enable them to devote more time to production. For example, most African rural households rely on fire-wood for all domestic heating requirements, especi-

ally food preparation. Apart from the ecological problems presented by wood cutting, the collection and preparation of fire-wood is very labourious and time - consuming. An alternative heating method could reduce the amount of time spent on this chore. The same can be said about rural housing which in many places are nothing more than jerry-built and run down structures. Peasants use a great deal of their time during the lean seasons to undertake repair work on these dwellings. This reduces the time they could, for example, invest in land development projects such as checking erosion or digging irrigation ponds. In this case too, new ideas could emerge through research to improve rural housing based on materials existing in the communities.

6.2.3 Marketing's Role in Rural Resource Development

All the above funtions contribute significantly toward harnessing resources in the rural areas; farmers produce more, raise their income and thereby raise their investment and consumption expenditures. The linkage between rural artisans and peasants is strengthened through the demand for locally produced technology and consumer goods. Through research and information (dissemination) activities of marketing, not only are new products developed but new resources may also be identified or new uses may be found for redundant resources.

In a marketing sense, a new product does not necessarily have to be an invention. A product might exist in a country for centuries but known and used only by a small group of people within a locality or community. It might be a very useful product whose production has been limited either because it has not been commercialized or because the market has not expanded beyond the locality in which it is used.

The agricultural sector is again a good repository of examples of such products. The different climatic zones in a number of African countries have resulted in geographical specialization in the production of many food items, some of which remain known to only the inhabitants in the areas in which they are produced. Effective promotional campaigns at national level can popularize such products and widen their domestic market. This would not only stimulate their production, but could also lead to a reduction in the demand pressure on the few nationally known staples.

Commercialization of such products would have other growth implications for the agricultural sector. It would widen the range of crops that farmers could cultivate and, for that matter, the range of their investment opportunities. A farmer may, on the basis of the resources at his disposal, choose among crops with

a. different maturity periods,
b. different market opportunities,
c. different combination of variable factors to the fixed factor, land.

For example, farmers in areas with adequate water but less of other resources may choose to cultivate crops with shorter maturity periods so that they can engage in a multiple cultivation of these crops. In this way they can spread their resources over several cropping periods within each year and avoid the handicap they may face in cultivating other crops.

6.3 Determining Types of Marketing Facilities

The exact nature and types of marketing facilities required by the agricultural sector are determined by the development plan objectives and overall strategy. They may range from complex market centres in some areas to simple inputs

distribution outlets in others; some areas may require vertically integrated channel systems using advanced management techniques while other areas or products may depend on food traders assited in their functions by a coordinating institution.

Although very little can be said about the details, the discussions above suggest the development and strengthning of four important commodity channels:

a. Rural-to-urban flows which should ensure that the surpluses from the peasants are readily marketed in the urban areas.

b. Inter-rural flows which ensure that inputs and outputs are easily marketed within rural communities themselves. These would ensure that areas with food deficits could get their extra supplies from neighbouring areas with surpluses rather than depending on urban food traders.

c. Urban-to-rural flows which should ensure that essential items which are at present obtained only in urban areas are easily sold in the rural areas.

d. Intra-urban flows which would reduce marketing costs within the urban areas themselves thereby reducing retail prices and stimulating demand for agricultural produce.

7. SUMMARY AND CONCLUSION

A review of marketing thoughts and conventional strategies as well as the development problems of TWCs suggest a need for a broader conceptual framework for analysing and planning the development of marketing systems. The Ecological-Complex framework has been suggested as a useful alternative. This model is in line with current perception and definition of development as a multidimensional process involving the reorganization and reorientation of entire social systems; changes in institutional, social and administrative structures; and sometimes changes in even customs, popular attitudes and beliefs (Todaro, 1977 , P.87).

The paper does not, however, intend to present marketing as a panacea to TWC problems. Marketing is only one of the many variables in the ecological complex; its efficiency depends not only on the strength of its interaction with these other variables but also on the extent to which the variables interact among themselves. Even as an exchange mechanism, marketing activities are limited to the exchange of private goods. Some other methods are involved in making collective and public goods available to society.

Furthermore, the value of the model presented above does not lie in any naive thought that planning can by itself make the marketing system or the entire economic system function in the desired manner. (The general limitations of human endeavours and the specific problems of plan implementation are acknowledged.) Its value lies in directing attention to issues widely ignored in economic development planning and marketing analysis and in correcting certain erroneous perceptions. It emphasises the need to integrate marketing development policies and programmes with overall development plans and to analyse the interrelations between the other relevant variables and marketing in order to ensure that marketing problems do not become bottleneck to development. In fact an improved marketing system can speed up the process of development.

Finally, it must be mentioned that marketing development planning, like the overall plan, has both analytical and operative aspects. The analytical requirement is that the marketing system must be subjected to continual and attentive observation, changes must be evaluated in relation to stated objectives and programmes and conclusions drawn from them as to the corrective measures to be adopted. The operative aspect is that, on the basis of the appraisals and conclusions, new measures must be taken or

existing ones altered to ensure that the system develops to fulfil its objectives and with the least possible waste.

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