

Integrative Processes in Agricultural Marketing Channels

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INTER-SECTORIAL INTEGRATION

The marketing arena is comprised of a large number of inter-dependent groups and individuals with both common and conflicting interests (Mallen 1963; Alderson 1969). It is not only a locale for economic transactions; it is also a politicized field of action in the sense that participating sectors, i.e. producers, wholesalers and retailers, compete with one another and within their own ranks for influence and for a greater share of available resources. Changes in market structure over the decades frequently have been the outcome of this struggle for dominance by some, and for sheer survival within the arena by others. Izraeli (1971) views the historical development as a cyclical process of evolution:

In each cycle the economic position of "weaker members" in the marketing channels (whether they be manufacturers, wholesalers, retailers or even customers) is threatened by the growing concentration of some other member in the channel. A characteristic feature of the cycle is that the disadvantaged component or member of the channel mobilizes to countervail both the vertical and horizontal competitive pressures. It then reasserts its position through either internal growth or affiliation.

While some institutions decline in importance within the channel, and new ones emerge as major contenders, there is an overall growth in concentration of marketing through vertical and horizontal integration, both within each sector and between the sectors within the channel (Bucklin, 1970). This paper examines the dynamics of this process with particular emphasis on the field of agro and food marketing in

developed countries. The integrative processes explored in this article, however, have relevance for policy formulation in the development of other industries and in other countries.¹ It traces the pattern of institutional integration through a series of stages and presents a model of this development. At each stage we distinguish three dimensions of integration among marketing organizations — cognitive orientation, inclusivity and modes of interaction — and show how these vary with the changes in the structure of the channel. The last two stages in this model are conceptualized as Inter-sectorial and Societal Marketing Boards. The concept of Inter-sectorial Marketing Board is based on observations of the process of marketing integration in North America and Western Europe. The concept of Societal Marketing Board is based on observations of the Israeli experience where boards similar to our concept of the Societal Marketing Board actually operate. An important feature of the Societal Marketing Board is that it curbs government's direct initiation of activities and transfers power and responsibility to the sectors to coordinate their activities in response to the needs of the industry. We propose that the Societal Marketing Board Concept can contribute toward mitigating the tension from contradictory pressures for greater coordination and efficiencies in the complex marketing system, on the one hand, and the wish to preserve a significant degree of economic freedom, on the other.

THE MARKETING ARENA OF PRICE MAKERS AND PRICE TAKERS

The typical market structure in agriculture is that of a large number of farmers dispersed over a wide geographical area and a multitude of consumers, served by a smaller number of intermediaries on whom they are dependent.² This dependence is a source of power for the intermediaries who are in the position to employ monopsonistic practices in the purchase of the produce and monopolistic practices in the sale of products to their customers (Sadan 1976). Within this structure, there is tendency for first-level intermediaries (handlers) to act as price makers, for consumers to be the price takers, while wholesalers and retailers play both roles to varying degrees.

Traditionally, the individual small farmer has been the most vulnerable contestant in the arena. The liability of size, his geographical distance from the markets, the perishability of farm products and unpredictability of crop yields combined, contribute to the farmer's predicament and intensify his dependence on handlers and processors.

In the absence of intra-sectorial organizations, the market share of any single farmer or consumer is minute and the consequence of his marketing decision insignificant. This was the situation that predominated in the marketing arena of most western countries until the first decades of this century.

Entrepreneurs who expanded their enterprise and established themselves as a countervailing power in relation to other levels, or integrated two or more levels within their own operation, intensified horizontal competition and vertical pressure faced by individual farmers and retailers who failed to expand sufficiently.

In an attempt to improve their bargaining power, different sectors in the marketing channel cooperated to create new organizational structures and expand their resources. These organizations gave their members a measure of control over the supply of goods to the markets. Farmer organizations decreased the dependence of farmers on processors and middlemen since they could function as their own middlemen. Through investment in such technical as storage and cooling facilities they could also reduce the urgency of distribution. Farmers organized into marketing cooperatives and bargaining associations. Retailers and wholesalers established voluntary chains while manufacturers and distributors developed franchising and other integrated organizations (Cassidy and Jones 1949; Izraeli 1972).

In summary, from the beginning of this century we observe parallel developments in the direction of voluntary integration among members in several sectors of the marketing channel.³ The objectives of institutionalized cooperation were much the same in all sectors:

1. To achieve economies of scale and efficiencies by pooling resources for storage, packaging, transportation, promotion and other marketing functions.
2. To strengthen their bargaining position in relation to other sectors through centralized negotiation.
3. To reduce market uncertainty. Farmers, in particular, had an interest in increasing price stability for their products.

FROM COOPERATIVES TO MARKETING ORDERS AND MARKETING BOARDS

The voluntary nature of the farmers' marketing cooperative proved to be a serious limitation. Two problems arose — the first was recruiting members, the second, ensuring member loyalty to the cooperative.⁴ Once a cooperative was established in an area and succeeded in gaining advantages for its members, there was little motivation for other farmers to join, since they could enjoy most of the benefits secured by the cooperative, without sharing the costs of membership. Ironically, non-members were sometimes at an advantage since they were free of the cooperative's restraint on the sale of their produce. This, for example, was the case in Canada in the late 1920's when non-members profited most from the activities undertaken by cooperatives to improve their bargaining position in the face of falling fruit prices (Abbott 1966, p. 3).⁵ Furthermore, since the interests of the

cooperative were not always coincidental with those of individual members, the cooperative could not be certain of member commitment and backing. An added problem was that rivalry among cooperatives undermined the bargaining power of each organization.

Farmers concluded that to influence the terms of exchange the cooperative had to be able to exert control over the flow of produce to the market. The voluntary nature of the association combined with the individualistic tendencies of the farmers, made this unlikely. The inability of the cooperatives to have a substantial effect on their adverse economic situation led farmers to pressure government for legislation which would make producer cooperation compulsory.

The first marketing schemes backed by statutory powers of compulsion were introduced in Canada (1927) and Australia (Abbott 1966, pp. 2-3). The principle that agricultural marketing should not be left to free market competition gained general recognition during the world depression. A sequence of events that changed the terms of trade and the economic crisis prompted government intervention to assure the supply of produce to the markets and alleviate the dire condition of farmers.⁷ Compulsory marketing schemes were applied to many products in most English speaking countries.

When the depression was over, and farm prices failed to recover to the same extent as those of industrial products, farmers lobbied to continue and expand marketing schemes requiring compulsory participation of all producers. Government Legislation provided for a national or regional marketing authority to regulate supply and assure orderly marketing based on subsidies, marketing quotas and pooling returns from internal and external markets. Most measures introduced under such legislation were implemented by farmers through mandatory organizations usually called Marketing Committees or Advisory Boards in the U.S., or Marketing Boards in other English speaking countries. We use 'Marketing Board' as a general term to refer to a producer influenced compulsory organization sanctioned by government authority to intervene and engage in various phases of marketing (Koh 1964). The Marketing Orders or Marketing Boards Acts specify the conditions for the establishment of a marketing board and for the nature and scope of its activities.

Marketing boards differ from government agencies in that producers are assigned some autonomy in the management of the Board. The amount of autonomy varies among countries and even among states within the U.S. They differ from cooperatives in that they have the authority to impose industry-wide compliance. The decisions of the marketing board are uniformly applicable to all producers and /or handlers of the products(s) for which the marketing board has been established (Hoos 1957, p.318; Kohls and Downey 1972, Ch. 13). They are usually also subject to the approval of the Minister or Secretary of Agriculture.

Boards in most developed countries are not imposed by government fiat on an industry. They are instituted only after approval is obtained from a majority of producers and in many cases also of handlers of not less than a given percentage of the volume of the commodity. These measures aim at protecting members of an industry from domination by other members contrary to their interests or desire.

The term marketing board covers diverse types of organizations. They are often classified by function into six types ranging from least involved to most involved in the marketing process (Abbott 1967; Morley 1967):

A) Non-Trading Boards

- 1) Advisory and Promotional Boards
- 2) Regulatory Boards
- 3) Price Stabilization Boards

B) Trading Boards

- 1) Price Stabilization Boards with Trading Powers
- 2) Export Monopoly Boards
- 3) Domestic Monopoly Boards

FROM SECTORIAL TO INTERSECTORIAL MARKETING BOARD

Originally the marketing board was established to promote the interests of the farmers and to cope with apparent inequities of bargaining on the markets for farm products. Although most marketing board legislation includes reference to such societal objectives as establishment of orderly marketing and prevention of economic waste, and some countries have given recognition to the interests of other participants, "the legislation is clear that its primary concern is with the economic welfare of the producers" (Hoos 1957, p. 320; Shepherd and Futrell 1969). By and large these marketing schemes have proven successful in that farmers today are a countervailing power in the marketing arena.

It is appropriate at this point to ask whether this partial exemption of farmers from the "rule of competition" (Grether 1966) has not made the Marketing Board an undesirable cartel. There are critics who argue that indeed it has (Bauer and Yamey 1954; Sadan 1976). The projection of laggards who fail to adapt innovations, may be an undesirable consequence of a sectorial board. The balance between preventing unfair competition or monopoly on the one hand and control or creating a counterbalancing monopoly on the other is a delicate one. Both government and the courts play a role in preserving this balance. Two other developments further constrain the producers on the marketing board from exploiting their preferential position:

1) The pressure on the marketing board to include other sectors, particularly processors and handlers, and participants on the Board.

2) The countervailing power (particularly of distributors) resulting from the increased integration in other sectors in the arena.

Processors and Handlers

Where there is strong inter-dependence between farmer and the processors or handlers, the latter are generally represented on the board and share in the cost of its administration. Decisions affecting both sectors are taken jointly and the approval of a specified percentage of each is required when a vote is taken. Such formal procedures and the experience of working together facilitate mutual understanding and improve coordination between the sectors.

Farmers and their customers (processors and handlers) jointly undertake such programs as sales promotion, technical and market research, and product and export development. Consequently, while each sector pursues its own goals, it is also confronted with those of the other sector and decision-making becomes a process of "partisan mutual adjustment" (Lindblom 1965) in which the interests of both sectors are advanced and frequently also those of the whole industry. The marketing board thus becomes inter-sectional both in structure and orientation.

Distributors

Wholesalers and retailers, in response to other pressures in the marketing environment, underwent a process of integration parallel to that of farmers and processors (Kohls and Downey 1972, pp. 230-231). In the distributive trades, there is a strong trend toward concentration in large regional and national organizations through horizontal and vertical integration (Izraeli 1972, Ch. 8). The advent of large organizations as a result of mergers, voluntary chains and franchising, and the development of larger selling outlets, contributed to a situation wherein fewer chain buyers control a growing share of the market. The distributors, therefore, were able to sustain their power position in the face of growing integration among farmers, processors and handlers (Hurd 1967).

Distributors are generally less vulnerable to countervailing pressure from sellers or buyers than producers and processors. Because they carry a wide assortment of products, they enjoy greater flexibility of action. When faced with an unfavorable price they can refuse to buy without severe loss of opportunity or damage to themselves. Alternatively they can pass the price increase on to the consumer. These alternatives decrease their dependence on any specific marketing board.

Consumers

The consumer movement has re-emerged as an important social force only in the last decade (Herman 1971). A criticism levied by consumer advocates against the marketing board is that it fails to take sufficient account of consumer interests, and that the benefits accrued to farmers from greater control over supply, and/or price, are often not passed on to the consumer. More harshly stated, the marketing board is accused of increasing producer profits through quantity manipulations at the expense of the consumer rather than by reducing distributive margins between producers and consumers.

For the last three decades or so, the consumer has been the least organized and the most vulnerable contestant in the marketing arena. This is despite the fact that as early as the mid-nineteenth century, consumer cooperatives were developed as a countervailing power to distributors.⁸ As these cooperative outlets developed into large organizations, they lost their consumer orientation and their management came to resemble that of any private enterprise concerned with business profits.

The responsiveness of the marketing board to consumer welfare is today a politically charged issue. Several bills have been introduced into the legislature of various countries in recent years, recommending different formulae for consumer representation on Marketing Boards.⁹ Partly in anticipation of the passing of such a bill, a number of boards have invited public members to participate.¹⁰ The trend appears to be that of increasing involvement of consumer representatives on the marketing board.

How the societal interest can best be represented and promoted however, are as yet unresolved issues.¹¹ In the next section we attempt to resolve some of the difficulties through our concept of the Societal Marketing Board.

FROM INTER-SECTORIAL TO SOCIETAL MARKETING BOARD

The Societal Marketing Board (SMB), as we conceive it, is a federated inter-organizational system comprised of all sectors of an industry, established by legislation to promote the interests of that industry.

The term "federated" is here significant. It implies an association of autonomous units that combines a measure of unity with a measure of diversity. Such a structure is built upon two related assumptions:

1. That the members have some common objectives but that they also have important differences in the ordering of their priorities.
2. That each sector reserves the right to advance and protect its particularistic interests. In other words, the SMB institutionalizes both conflict and cooperation while permitting competition.

The SMB is concerned primarily with general policy issues, and overall resource allocation. It defines the future domain of action for the industry, and initiates structures to enable the achievement of policy goals. Three important goals of the Societal Marketing Board considered in this section are:

- A. To generate resources and 'increase the pie' for the benefit of all.
- B. To broaden the orientation of the marketing board so that its policies consider the general societal welfare.
- C. To achieve the above goals while curbing direct government intervention.

'Increasing the Pie'

The SMB achieves efficiency at the macro level through coordination and economies of scale. It generates and mobilizes resources greater than is available to any individual sector and, therefore, can provide benefits greater than the contribution of any individual sector (Stern, 1969, p. 289). It improves coordination¹² by creating an institutional framework through which information can be exchanged,¹³ projects initiated and differences resolved through confrontation. Decisions are not imposed, but are arrived at through a bargaining process in which all sectors negotiate.

Broadening the Orientation:

As a result of their participation, and inter-dependence, board members may come to perceive themselves as part of a larger system and become more responsive to the interests and needs of other parts of that system.¹⁴ The long-term effect of consumers on the Societal Marketing Board, however, depends on the amount of influence they can wield. This in turn depends on several key factors:

1. The authority granted to consumer representatives by law;
2. The expertise and knowledgeability of the particular representatives;
3. The political support they can mobilize from consumers;
4. Whether there is an accredited consumer organization to which representatives are accountable.

The advent of strong organizations in all sectors means that there exist loci of influence and legitimacy to serve as accrediting agencies for sector representative. The representatives can then be accountable to these organizations, which play a crucial role in ensuring that the representative function is indeed fulfilled.

Limiting Government Intervention:

A critical feature of the SMB is that it curbs government's direct initiation of activities and transfers power and responsibility to the sectors to coordinate their activities in response to the needs of the industry. Legislation establishes the SMB and then puts the tools for achieving more efficient marketing in the hands of the sector representatives, rather than restricting their use to government agencies. The emphasis is on 'self-help' rather than on regulation; on activating those directly affected to initiate and administer their own programs rather than having the Minister of Agriculture (or the Department of Food and Agriculture) do so for them.

Government plays two roles on the SMB. It serves as 'referee,' ensuring that the Board operates within the terms of reference specified by legislation and does not abuse its authority. This function has traditionally been filled by representatives of the Department of Food and Agriculture.

The second role of government is to protect and promote the public welfare. While each sector tends to view the Board from its special perspective and to exert pressure to promote its sectarian interest, a function of the government is to ensure that the interests of society as a whole are considered. Its social responsibility is to superordinate social values and long-term societal well-being as reflected in such issues as combating pollution, narrowing the economic gap by encouraging greater efficiency in distribution, and preserving market competition. It is unlikely that the representatives of the Ministry of Agriculture can fill this role adequately. Their orientation generally reflects the interest of their ministry—namely to assure orderly marketing and facilitate agricultural development. Hoos has suggested that "a separate section in the Director's office could be established and charged with the responsibility of acting as the 'watchdog' for the general public" (Hoos 1975). In Israel, representatives from several ministries sit on the board to represent and safeguard different aspects of the societal welfare.

The case of Israel is of particular relevance in this respect. Although marketing board legislation provides for consumer representation, consumers do not in fact play an active role in the various boards. Nonetheless, Israeli marketing boards are characterized by a strong societal orientation (Israeli and Zif 1977). They grant high priority to needs deriving from such national issues as immigration absorption, national defence, export development, even at the expense of narrow producer interests. This strong commitment to societal goals is related to the pioneering role played by collective farming and agricultural institutions in the process of nation-building since the beginning of this century (Eisenstadt 1967). Marketing boards have been instrumental in the development of new agricultural branches, in the

promotion of research and development, and in distribution to remote border settlements and development towns.

A complaint recently voiced against Israeli marketing boards is that they tend to be paternalistic in their relations with the general public (Israeli and Zif 1976). That is, the government together with representatives of producers and distributors determine what is in the best interest of society. There is currently a demand for greater accountability of the representatives on the marketing boards to the wider publics whose interests they claim to represent, including consumers. The active involvement of consumer representatives as well as greater accountability of the sector representatives (Producers, distributors and processors) to their respective constituencies would make the Israeli marketing board approximate more closely the Societal Marketing Boards as we conceive it.

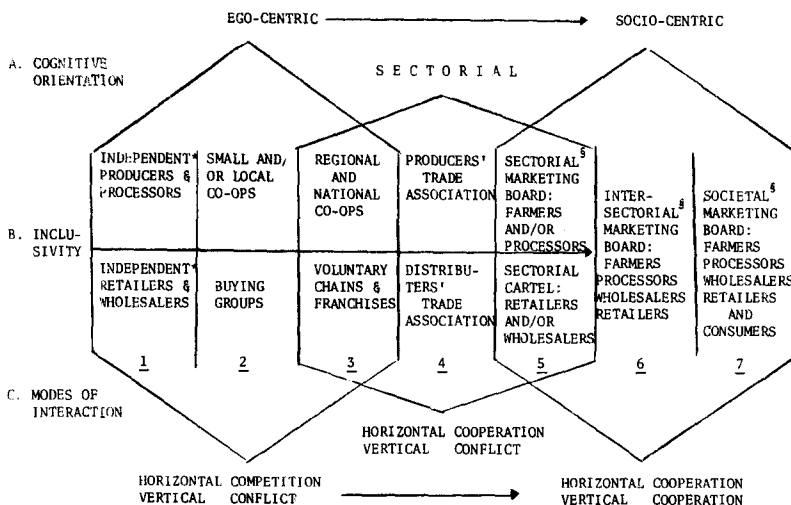
In the United States we observe another kind of development: there appears to be a growing general awareness that business must become more responsive to society (Prakash 1974; Preston and Post 1975). This new consciousness, although somewhat controversial, is in large measure the outcome and major target of the activities of consumer advocates. There is some evidence that marketing boards and other business organizations are responding to these pressures in a variety of ways which reflect the beginnings of a maturing societal orientation. (Linwoes 1972; Moskowitz 1972). While it is beyond this paper to present an analysis of developments in marketing boards in Israel and the United States, we wish to point to pressures coming from different directions that seem to operate toward the development of Societal Marketing Boards. The greater accountability of the Israeli boards to their respective constituencies and the increased awareness of the American boards of their social responsibility should bring both types closer to each other and to the model of a Societal Marketing Board as presented in this paper.

A SUMMARY MODEL OF THE MARKETING INTEGRATION PROCESS

The developments analyzed in this paper are summarized in a model that conceives of marketing institutions as falling along a continuum of institutionalized inter-organizational coordination.

INTEGRATIVE PROCESSES IN AGRICULTURAL MARKETING CHANNELS

Figure 1 The Inter-Organizational Coordination Continuum (Along Three Dimensions)



* Sometimes integrated by channel leader.
 § With Government Initiative and/or Control.

This continuum is characterized by three dimensions in terms of which marketing institutions can be compared at each point. The three dimensions are:

- A. Cognitive Dimension: ORIENTATION; from EGO-CENTRIC to SOCIO-CENTRIC
- B. Structural Dimension: INCLUSIVITY; from ATOMISTIC to INCLUSIVE
- C. Action Dimension: MODE OF INTERACTION; from COMPETITION & CONFLICT to COOPERATION & COORDINATION

A. Orientation: The orientation of a marketing organization is reflected in the dominant interests that determine organizational decisions. Orientations vary from ego-centric, where the interests of only one producer or distributor are taken into account, to socio-centric where the welfare of society as a whole is given priority.

B. Inclusivity: Inclusivity or the degree of inclusiveness refers to the number or proportion of organizational units with formalized links that make up the

'membership' of the organization or over which the organization has jurisdiction. Inclusivity ranges along a continuum from atomistic structure, where each producer is an independent autonomous unit, to inclusive structure, where all producers cooperate or where producers have formal institutional ties with other sectors as in a marketing board. While marketing boards are concentrated at the inclusive pole of the continuum, individual marketing board organizations vary in the degree of their inclusiveness.

C. **Mode of Interaction:** among members of the marketing channel is characterized by the polarity of competition and conflict on one hand and cooperation and coordination on the other hand. Wroe Alderson presents this polarity in terms of *Monostasy* and *Systasy* as alternative explanations of human behavior (Alderson 1969, p. 195):

1. "The tendency toward *Monostasy* represents the fundamental urge to be independent or to be different." It leads to strong individualism and/or intensive competition, when resources are scarce.
2. *Systasy* represents "the urge to stand together." This tendency to participate in common activities is intensified by the recognition of interdependence and leads to cooperation.

The polar tendencies, toward *Monostasy* and *Systasy*, operate simultaneously within each member in the marketing channel. While affecting the integration process they are also constrained by it. As institutions become more structurally integrated, and incorporate a larger number of organizations, the domain of cooperation expands and competition operates within the limits of a set of common objectives and rules of the game.

At point 1 on the coordination continuum (see Figure 1) each independent unit, in both the farmer and distributor sectors, negotiates with his environment for himself, markets his own goods and makes his own marketing decisions. While his authority within his domain is extensive, his power in relation to the environment is limited. He is constrained by horizontal competition and vertical conflict. His major concern is with maximizing his position in relation to others, and his orientation, therefore, may be considered ego-centric.

At successive points 2-3, an increasing number of independent units cooperate for the purpose of increasing their power in relation to non-members in their own sector and in relation to vertical pressures from other sectors. For this purpose, formalized links among members are established on a voluntary co-operative basis. Each relinquishes a measure of his autonomy and an interface of joint action is created within which it is agreed that the decision of the integrated groups prevails over that of any individual member. Horizontal competition is reduced while the vertical competitive position is considerably strengthened. As the institutions become more inclusive, their orientation widens to incorporate the interests and

welfare of all members of the respective sectors (point 4). The battle of one against all (point 1) is modified and becomes the battle among sectors (point 4).

The continuum moves towards greater inclusiveness as formal institutionalized links are established. In agriculture, the form is a sectorial marketing board for farmers and/or handlers. The parallel development among intermediaries is the formation of cartels among retailers and/or wholesalers of the branch (point 5). The statutory recognition granted by government greatly strengthens the power position of the marketing board, but at the same time it limits its possibilities for exploiting this power against other sectors.

The inter-sectorial marketing-board (point 6) is to some extent a structural remedy to the danger inherent in the sectorial orientation of the producer marketing board. Representatives from other sectors are included, sometimes as active observers, but more often as policy and decision-makers. By increasing the inclusiveness of the board, it is expected that its orientation will expand. The Inter-Sectorial Marketing Board, however, while safeguarding the interests of those represented, may do so at the expense of the consumers or without regard for the objective long-term interests of the society of a whole. At the socio-centric orientation end of the continuum (point 7), knowledgeable and accountable activists represent the consumer while government or some other public body safeguards the societal welfare.

The widening scope of the producers' orientations on the marketing board, from ego-centric or sectorial-centric, toward socio-centric is not simply the outcome of a growing concern for social values. It is a consequence of the more inclusive structure which institutionalizes coordination and creates a forum where the various interest groups negotiate with one another over priorities and the allocation of resources. Marketing decisions become the outcome of a bargained transaction among pressure groups with different interests, in which producers are forced to adjust their position and take account of those of other sectors.

The extent of socio-centric orientation is in large measure a reflection of the policies and influence of government as well as of other public bodies concerned with societal welfare. We do not claim that all organizations will necessarily move in the direction of great inter-organization integration, nor that they should do so. Some will clearly prefer to remain independent and, given favorable environmental conditions, will continue to survive and even prosper.

Many factors affect the tendency toward greater integration. One set of factors seems to be related to characteristics of the product which make it particularly advantageous for members of different sectors to coordinate their activities to the extent of institutionalizing integration. For example, the perishability of milk necessitates a highly coordinated system of action among producers, processors and

marketers which may explain the widespread tendency for extensive integration in this branch. The conditions conducive to institutionalized interorganization integration are worthy of more research but this problem is beyond the scope of this paper.

SUMMARY

In this paper we traced the patterns of institutional integration in marketing with special emphasis on agro and food marketing, in the developed countries. Market integration is viewed as a continuum characterized by three analytically distinct yet empirically inter-related dimensions: cognitive orientation, structural inclusivity and modes of interaction. As institutions become more integrated they grow in size to include a greater number of organizations dispersed over a wider geographical area. They tend to develop a broader orientation toward the environment taking the interests of a wider spectrum of organizations into consideration. Internal relations among the members are regulated to ensure cooperation and institutionalize conflicts.

The marketing board, a blanket term used to cover various types of producer influenced compulsory organizations was presented as an example of an integrated inter-organizational institution in agro-marketing. Our observations of marketing boards in the U.S., U.K. and Israel reveal that they are developing characteristics of a Societal Marketing Board. We conceive of a Societal Marketing Board, as a federated inter-organizational system comprised of all sectors of an industry, established by legislation to promote the interests of that industry. While we view this development favorably, we do not argue that the Societal Marketing Board is suitable for all industries or products, nor is it a panacea for the problems of any. More research is needed to determine for which products the Societal Marketing Boards can be most effective, under what conditions and in which socio-economic contexts. We suggest that the Societal Marketing Board has the potential: 1) to generate resources and 'increase the pie' for the benefit of all; 2) to broaden the orientation of sectorial organizations to reflect a wider range of social interests; 3) to achieve the above goals while curbing direct government intervention. It suggests that the operation of the Societal Marketing Board can contribute toward mitigating the tension from contradictory pressures for greater coordination in the complex marketing system on the one hand, and for economic freedom and market competition on the other. In this way it can contribute toward mitigating the tension from contradictory pressures for greater coordination and efficiencies in the complex marketing system, on the one hand, and the wish to preserve significant economic freedom, on the other.

FOOTNOTES

¹Agro-marketing has been unduly ignored by professionals in marketing and the few agro marketing studies of recent years for the most part deal with developing countries (Riley and Slater 1970; Izraeli *et al* 1976). The current crisis in food supplies and international concern with the availability of raw products should bring this neglected area into the forefront of marketing concern. In 1973, consumer expenditures for farm-food products in the U.S. totalled \$132.2 billion. Of this amount, \$82 billion was the marketing bill (Crawford 1974).

²For example even in 1974, in California, there were marketing programs for 39 different agricultural commodities. These included approximately 42,900 producers (farmers) in contrast to 2,900 handlers and processors, or a ratio of 1/14.8. In many marketing orders the ratio is much higher, e.g. Citrus - 1/51.7, Avocado - 1/74.5 and Raisins 1/194.2 (California D.F.A. 1975).

³A second parallel development is the growth of trade associations which played a role in educating members to the need for coordinated action as well as in lobbying on their behalf (Assael 1968). In the last decades of the 19th century a series of protest organizations emerged with the aim of improving the lot of the farmer; among them the Granger Movement which sought to establish cooperatives (North 1966).

⁴The problem of mobilizing support in a large group seeking benefits for many members is considered by Mancur Olson (1965).

⁵Products vary in the market opportunities they offer the farmers. The probability of success for cooperative integration seems to be inversely related to the market opportunities of the product (all other things being equal).

⁶Mechanization increased fixed costs and reduced cost elasticity.

⁷Net farm income in 1932 was 70% below 1929 (Kohls and Downey 1972, p. 171).

⁸The "founding fathers" of the consumer cooperative movement met at Rochdale in 1843.

⁹A somewhat extreme example of such legislation is Bill AB 1121 (1975) introduced by Assemblyman Montaya to the California legislature, recommending that at least 50% of the Board be comprised of public members "to represent the interest of consumers". For a critique of the Montaya Bill, see Sidney Hoos, *The Montaya Bill Again*, Gianini Foundation, U.C. Berkeley, May, 1975.

¹⁰For example, public representatives sit on the California Egg Board.

¹¹A point emphasized by Sidney Hoos in personal communication. Defining what the public interest is, in specific contexts and what constitutes the protection of that interest is a problematic issue generally in the field of consumerism and public policy.

¹²The SMB plays the role of uncertainty absorber which Stern, following March and Simon, observes is functional for reducing the amount of perceived vertical conflict within the channel (Stern 1969, pp. 296-7).

¹³Izraeli and Zif describe a role playing simulation in which a coordinated plan for increasing efficiency of the poultry marketing system is devised through joint planning by various sectors (Izraeli and Zif 1977, Part II).

¹⁴Stern observes that "Channel members seldom consider themselves as part of a larger system". See Stern for additional references supporting this observation (Stern 1969, p. 291).

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