Firm-level perspectives on State-Business Relations in Africa: The food-processing sector in Kenya, Tanzania and Zambia

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Abstract
Experiences from now developed and emerging economies inform us that close state-business relations are crucial for economic development and structural transformation to take place. Based on the positive experiences from other parts of the world, most African governments have set processes in motion establishing collaborative SBRs. These processes include amongst others amendments to existing laws to facilitate public-private interaction, direct support to existing business associations, and support to and establishment of public-private dialogue fora. Drawing on an analysis of survey data from 179 local firms, complemented with qualitative data from interviews with 41 firms and a number of key informants and a range of secondary sources on the food processing sectors of Kenya, Tanzania and Zambia, this paper shows that businesses in the countries have limited policy influence, find policies and programs to be insufficiently targeting the needs and requirements of local businesses and that business associations in the countries are poorly organised. In spite of initiatives taken from the states and other actors, including an increase in the number of formal relations between state and businesses, it is difficult to conclude whether SBRs are collaborative or collusive. The paper contributes to the existing SBR literature by adding a firm-level perspective and by enhancing our knowledge on the usefulness of key theoretical approaches to these issues in an African context

Key words: State-Business-Relations, Africa, Kenya, Tanzania, Zambia, Food processing, Firm perspective

1. Introduction

In spite of the neo-liberal emphasis on the private sector as a panacea to development, lack of economic growth, limited development and continued poverty have shown that governments still have a role to play to bring about sustainable development. As global development agendas have come to highlight the importance of 'public-private partnerships' numerous examples and forms of collaboration between the public and the private sector have materialised. Experiences from now developed and emerging economies inform us that collaborative State-Business Relations (SBRs) are crucial in stimulating economic development and structural transformation, that is, the transformation that takes place when an economy diversifies away from dependence on a few primary resources to relying on value addition related to resource extraction, manufacturing or (high-value) services (Whitfield et al, 2015). SBRs promote a more efficient allocation of scarce resources and a more competent and prioritised removal of key obstacles to growth, than when the two sides engage in harmful collusion.

Based on this, sub-Saharan African (henceforth: African) governments have set in motion a process to establishing collaborative SBRs all over the continent. This process includes amendments of existing laws to facilitate public-private interaction. So far, however, these initiatives have not led to structural transformation and (inclusive) economic development in Africa (teVelde and Leftwich 2010).

In other words, what we see is paradoxical: on the one hand, researchers, policy makers and development practitioners call for structural transformation of economies in order to go beyond resource-led aggregate economic growth and instead kick-start 'sustained growth'. On the other hand, a key factor[1] underlying structural transformation in Asia and Latin America is either missing or has not produced the expected outcome in the African context, namely the collaborative relationship between state and (local) businesses.

The lack of systematic changes in production structures and related shifts in living standards for the majority of the population in Africa has led to a revival in heterodox economic explanations of growth. Hand in hand with these explanations, the interest in various aspects of SBR in SSA has revived. The lion's share of this literature has analysed SBR from a state perspective,

[1] It should be noted that collaborative SBRs did not do it alone. As demonstrated by Whitfield et al (2015) collaborative SBRs were only one part of a broader set of trends that made Asian economies structurally transform.

addressing how collaborative SBRs may lead to overall economic growth (Saeed Qureshi and teVelde 2013); why state elites engage in industrial policies (Whitfield et al 2015), and to what extent existing governance structures in Africa are compatible with industrial policies (Altenburg 2011; Kelsall 2013). A smaller, yet important, body of literature takes a private sector perspective; analysing how and to what extent business associations (BAs) help companies overcome growth obstacles (Hampwaye and Jeppesen 2014).

Most contributions to SBRs emphasise the key roles of formal channels between the state and the private sector and the importance of BAs in facilitating the dialogue. However, as concisely put by Taylor (2012b), the reality in an African context is that businesses also influence policy development without formal organisations. Of importance are also ad-hoc approaches and informal channels of SBRs that have not received adequate scholarly attention.

This paper seeks to further our understanding of how firms in the food-processing sector[2] in Kenya, Tanzania and Zambia engage with government in order to cope with changing institutional environments. In so doing, it adds to the existing body of SBR literature in three important ways: First, it adds a distinct firm-level perspective to the growing body of work on SBR in Africa. Second we analyse both formal and informal channels for SBRs. Finally, we bring new empirical data on African countries to a field, which has mostly investigated (South-East) Asian and to some extent Latin-American contexts.

The food-processing sector makes up a substantial part of the manufacturing sector in Africa, which is perceived of great importance for structural transformation (Lin, 2012). Its plethora of multiplier effects creates dynamic linkages that may spur growth in related industries including packaging, production of food industry equipment, specialised storage and transportation (Charles & Rwehikiza 2014). Evidently, the food-processing sector’s contribution to the economies, ranges from an estimated 60% of manufacturing output in Zambia (Sutton & Longmead, 2013), to 40% in Kenya (KNBS, 2015), and 34% in Tanzania *(*Sutton & Olomi 2012*)*.

[2] Food-processing in this paper denotes the transformation of raw ingredients into food (or one form of food into another form of food). It is a subset of the agro-processing industry, i.e. the subcategory of manufacturing that processes raw materials and intermediate products originating in the agricultural sector (including forestry and fisheries). A number of subcategories of food-processing exist termed as sub-sectors, e.g. the grain milling sub-sector, and the edible oils sub-sector.

The paper is divided into seven sections. Following this introduction, section two provides a review of the literature on SBRs with a particular focus on Africa and singles out an analytical framework that guides the subsequent empirical analysis. Section three offers a description of the research methodology and section four provides an overview of the historical developments of SBR in the three countries. Section five presents the findings on how the interviewed firms perceive the current role of SBRs in the food-processing sector. Section six provides an analysis of the findings, while section seven concludes the paper and provides research and policy implications.

2. State-Business Relations and Development: An Analytical Framework

Sustained economic growth depends directly on inputs such as skills and capital formation as well as the efficiency with which factors of production are put together, but the nature of the relations between government entities and actors in the private sector is a crucial factor behind efficient skills development, capital formation and ultimately higher productivity and incomes. These relations are normally referred to as SBRs. SBRs are defined as a set of institutionalised, responsive and public interactions between the state and businesses (Sen 2013). Stated differently, SBRs are made up of a range of linkages and interfaces between government entities (ministries, individual persons and political parties) and actors in the private sector. They encompass a wide variety of arrangements spanning from presidential advisory councils, formal and informal BAs, consultative mechanisms, growth alliances, and lobby groups; they are sometimes regular, sometimes ad hoc arrangements; they cover specific sectors, specific firms, or specific policies; and they can be of a more collaborative or more collusive nature (Moore & Schmitz 2008).

Several categorisations have been proposed to distinguish 'developmental' from 'predatory' SBRs, i.e. SBRs that lead to sustained inclusive growth and SBRs that hinder this, respectively. Terms include 'malign' vs. 'benign' SBR (Evans 1997), 'effective' vs. 'ineffective' (Saeed Qureshi and TeVelde 2013), and 'collaborative' vs. 'collusive' (Schneider & Maxfield 1997). These terms inform us that the relationship is seldom only 'developmental'/'benign'/'collaborative' or only 'predatory'/'malign'/'collusive'. Instead, SBRs form part of a continuum from collaborative on one end to collusive in the other. Therefore, it comes as no surprise that we have seen examples of both collaborative and collusive SBRs -

even in the same country at the same time (Buur, et al. 2012). In this article, we use the terms collaborative and collusive to point to the complex relationship between states and businesses.

Although the effects of SBRs on development are hard to assess accurately, a large body of mostly political economy literature has demonstrated that collaborative SBRs played an essential role in late capitalist development in East Asia and Latin America (Doner and Schneider 2000). Above all, collaborative SBRs may be growth-enhancing as they lower policy uncertainty and help reduce both state and market failures. This is done through market supporting and/or market complementing arrangements. Likewise, collaborative SBRs ease coordination failures by facilitating skill development, infrastructure provision, enhance the efficiency of capital markets and facilitate technological development. This is so because they deal with collective action problems and thereby create pockets of Weberian bureaucratic efficiency characterised by meritocracy, pilot agencies, industrial policies, and investment promotion agencies (Schneider and Maxfield 1997; Evans 1995). These pockets of Weberian efficiency create transparency via reliable and accurate information, reciprocity through a performance-subsidy contract, trust, credibility, and checks and balances between the state and the private sector. Hence, they provide for efficient allocation of scarce resources, and remove growth obstacles (Leftwich 2010; Sen and TeVelde 2009).

Importantly, we also know what characterised collaborative SBRs in East Asia and Latin America including strong BAs. Such SBRs had clear mechanisms of public-private dialogue, and were supported by well-functioning (and enforceable) competition laws, while strong BAs were characterised by incentive structures deemed valuable by the members and with high exit costs. Ideally, BAs are the means through which the business community influence government actions, hence strong and effective BAs mirror collaborative SBRs. In relation hereto, it has been demonstrated that the development of a shared project driven by local demands between government entities and the private sector is vital in order to set collaborative SBRs in motion. However, a shared project is not sufficient. It has to be backed by an overall shared vision and strategy as well as the technical capacity in the public entities to support the private sector and in the BAs to discipline their members (Doner and Schneider 2000; Haggard, Maxfield, and Schneider 1997; Bräutigam, Rakner, and Taylor 2002).

To sum up, this body of literature informs us that collaborative SBRs rest on a shared vision/project; that BAs have to offer relevant services/incentives to their members; that policies and incentive structures have to be transparent; and that technical capacity among both state and private sector entities is of utmost importance in success of business. Hardly any of these characteristics reflect the situation in Africa. Still, some findings on the link between growth coalitions and BAs on the one hand and growth dynamics, structural transformation and policy change on the other do exist in Africa (Bräutigam, Rakner, and Taylor 2002). However, the lion's share of studies conducted in Africa has shown that BAs tend to be inefficient and are likely not to represent the interests of the domestic private sector. Studies have furthermore shown that consultative mechanisms lack local ownership, that the private sector has limited or no institutional strength, that elites tend to capture rents from private sector support schemes, that SBRs are characterised by a high degree of clientelism, and that the state's capacity to engage with the private sector has been undermined by structural adjustment and hence is limited (Taylor 2007; Kraus 2002; Handley 2008).

Recently, research on SBRs in Africa has shifted from investigating and describing government policies and government agencies as well as the role of BAs towards explaining how and why aspects of SBRs are linked to economic growth and structural transformation or lack of same.

One strand of this body of literature has analysed how, where, and to what extent existing governance structures in 17 African countries (including Kenya and Tanzania) are compatible with industrial policies. This work concluded that despite the image of collusive SBRs permeating African countries in the past decades SBRs may lead to structural transformation in an African context even if governance structures do not mirror World Bank ideal types. What is missing, however, is knowledge about the more specific composition of the regime that fosters 'developmental patrimonialism' (Kelsall, 2013).

The composition of regime types – or rather political settlements – and its influence on industrial policies is the focus of another strand of literature that has developed the so-called 'political survival of ruling elites approach' (Whitfield et al. 2015). Essentially, this body of research argues that ruling elites want to stay in power. To do so they have to be able to extract rents to finance political costs. They therefore have to make sure that (some parts) of the private sector is working and generating a profit. In this manner, they share interest with parts of the capitalist class who need predictability and credible commitment in order to reduce uncertainty related to their investments. In order to make this work, the ruling elites require 'pockets' of efficient (state) bureaucracy. Thereby, this strand of research explains '*why some forms of rent-seeking support productivity improvements and learning, while others do not*' (Whitfield & Buur, 2014: 128). It also informs us what motivates state actors varies across sectors, and hence why SBR may be collaborative in one sector and collusive in another.

A third strand of literature examines how and to what extent 'effective' SBRs, may lead to overall economic growth in Asia and Africa. Effective SBRs, according to (Saeed Qureshi and teVelde 2013) foster transparency, trust, predictability and reciprocity through credible commitment, information sharing, coordination, targeted subsidies, and mobilisation of collective resources. This body of research finds such SBRs indeed are effective - not only in facilitating economic growth, but also in improving firm performance (some 25-35 percent) in selected countries. In both cases, the argument is that improvement of formalised institutional relations lead to an improved investment climate, which leads to overall growth and higher labour productivity (Sen, 2013).

Although we now know how effective bureaucracies worked in East Asia, which types of regimes in Africa resemble important characteristics of these bureaucracies (albeit they at first mirror collusive SBRs), why state actors engage in SBRs, and that it all seems to matter for both economic growth and firm performance, our understanding is far from comprehensive. Importantly, but for a study on growth alliances in Egypt (Abdel-Latif & Schmitz 2010) most of the empirical work on SBR has focused on formal institutions. In line with this, Taylor (2012b) maintains that informal relations between individual businesses, elites and government entities are of great importance as African BAs often are weak, fragmented and poorly organized. Hence, the level of influence of BAs seems limited compared to what a major part of the literature tends to assume. In order to further our understanding of how companies affect government policies and how SBRs affect the performance of companies directly, we therefore have to (also) look beyond the formal BAs and analyse how and to what extent individual firms get *access* to key policy-making in the sector and experience the relevance of existing policies and programs.

This focus on access rather than formal representation is inspired by the work of Scott Taylor (2007, 2012a, 2012b). In short, Taylor (2012b: 5) argues that the '*"business" component of state-business relations seldom depends on BAs in practice*', i.e. not only on formal representation. Instead, the important aspect is how and to what extent business gets access to policy makers/making and thus the degree to which they (may) influence it. What really is of importance is the outcome of SBRs, or the 'practice of SBRs', not the relationship itself.

Like Kelsall (2013) and Whitfield et al (2015), Taylor (2012b) argues that collaborative as well as collusive SBRs may lead to sustained growth. Based on an analysis of the three categories of stylised SBRs in Africa, namely 'capable state and strong associations'; 'self-styled 'development states''; and 'informal, ad-hoc approaches', Taylor finds that a growth-enhancing business environment may come about as a result of '(more or less) formal business coalitions'.

The 'informal, ad-hoc approaches' is used to describe a situation where '*business conditions … have improved overall in spite of what appears to be a pattern of state indifference, including tolerance of collusion, monopoly, and other seemingly anti-business environment actions*' and where '*the state has favored some firms, it does not appear to systematically disfavour others*' (Taylor 2012b: 19).

Table 1 summarises the framework adopted in this paper. It singles out three main findings from existing research on SBRs in Africa, namely that what matters is access to policy makers/making that this access takes place via formal as well as informal channels, and it is not the configurations of SBRs that are of interest, but whether or not they lead to sustained growth. These findings are operationalised via key indicators. The two last columns in the table specify the key informants and the key methods used to gain insights into these processes (see also section three below).

Table 1: Key elements in assessing SBRs and influence on sustained growth

Aspects of importance	Key indicators	Key informants	Key methods
Access to policy making	Membership of BAs Influence on policy making Perceptions	Locally owned firms BAs	Survey and interviews
Formal and informal channels	Membership of BAs Informal networks	Private sector and government stakeholders Locally owned firms	Survey and interviews Secondary literature
Drivers of sustained growth	BA incentive structures Quality/quantity of support programmes Ability to overcome obstacles to growth	Locally owned firms International actors	Survey and interviews Secondary literature

Source: The authors

3. Methodology

The methodology entailed four different components of data collection; a) literature review, b) mapping exercises and surveys, c) key informant interviews, and d) case studies. While the first part involved assessing the available literature the second part combined two phases of data collection in each of the three countries: a mapping and a survey phase, which were conducted between 2013 and 2014. Due to the lack of consolidated firm level data on the food-processing sector, the main objective of the mapping phase was to identify the firms in this part of the agro-processing industry.

The food-processing sector largely included grain milling, dairy processing, snacks, sauces and jams edible oils sub-sectors and 'others' (which e.g. included firms operating in more than one of the mentioned sub-sector)'. These parts of the food-processing sub-sectors were chosen due to their importance in the sector. The study focused on firms, which fitted the criteria of: a) having local ownership, b) being at least 5 years old, and c) employing a labour force of a minimum of 10 persons. These three criteria were applied for two main reasons: 1) to ensure that the firms interviewed have had the possibility of influencing policy-making, and 2) to ensure that the firms had some level of experience in the sector and not just were 'new entrants gone tomorrow'.

In the surveys, we were interested in assessing the perceptions of the firms on SBRs, including their access to policy makers and extent and quality of industry support programs and incentive schemes. Firms were asked to indicate their membership to BAs, their perception of government business relationship, including benefits from BA-membership, influence on policy making, including use of informal networks and linkages to relate with government.

Although the total sample is fairly small (38 in Zambia, 48 in Kenya and 93 in Tanzania), the 179 interviewed firms are estimated to cover between 25% and 50% of the local firms in each of the selected sectors in the countries[3].

Table 2: Distribution of local owned firms in main food processing sub-sectors in Kenya, Tanzania and Zambia

Sub-sector	Kenya		Tanzania		Zambia		Total	
	N	%	N	%	N	%	N	%

[3] No consolidated statistics exist in the three countries.

Grain milling	13	27	47	51	15	40	75	42
Dairy	13	27	4	4	8	21	25	14
Edible oils	3	6	22	24	5	13	30	17
Snacks, sauces, jams and juices	19	40	6	6	4	10	29	16
Others, including fish processing	0	0	14	15	6	16	20	11
Total	48	100	93	100	38	100	179	100

Source: The authors as part of the Country project teams

The two remaining parts of the methodology included qualitative, semi-structured interviews. Key informant interviews were conducted with people who were knowledgeable about the food processing industries in each country as well as with representatives of BAs and 41 interviews were conducted with firms in 2015: 15 in Kenya, 12 in Tanzania, and 14 in Zambia. From the interviews with the firms, we have mainly extracted information on the issue of 'access' to government for this article.

4. SBR in a historical light in Kenya, Tanzania and Zambia

The countries gained their independence in 1960s from Britain (Tanzania 1961, Kenya 1963 and Zambia 1964). All three countries pursued import substitution industrial policies until mid-1980s after which they gradually liberalised their economies because of stabilisation and structural adjustment programmes. Still, the specific SBRs varied across the three countries as a result of the political system adopted in each country and the relative strength of business and state, respectively.

While SBRs in Kenya for long could be described as being fragmented and divided along ethnic and regional lines (Himbara 1994; Holmquist, 2002), recently they have deepened with the business community interacting more frequently with the government through presidential and cabinet round table forums. This has resulted in the business community becoming more integrated into policy-making processes (UNECA, 2015). In spite of more collaborative SBRs, the business community still faces challenges relating to the regulatory and institutional environment.

SBRs in Tanzania have also changed markedly since independence, however, in a different way compared to Kenya. The first years of independence witnessed an emphasis on the state-owned parastatals and a resultant squeeze of the private sector, which caused many private sector activities to go underground and forced business people to rely on personal contacts. Following the economic liberalization in the 1980's, the current policy framework puts emphasis on promoting and empowering the private sector to take the lead in growing the economy. This has brought about a growing number of formal channels for SBRs, though informal channels continue to play a significant role.

SBR development in Zambia has seen large parts of the private sector being nationalized and industrialisation being pursued through parastatals soon after independence. Consequently, the private sector was almost non-existent in 1991, when Zambia held its first multi-party elections in a couple of decades and began the double process of economic and political liberalisation. Since the turn of the millennium, the situation has gradually changed, however, in spite of donor-led, large-scale Private Sector Development programmes and facilitation, SBRs in Zambia still are far from collaborative. Instead of a common shared vision, the business landscape has been characterised by mushrooming of new institutions, fragmentation, and internal competition (Taylor 2007).

In sum, the story of SBRs in Tanzania and Zambia mirrors the widespread story of collusive SBRs that have dominated the discourse on state-market relations in Africa the past 50 years. SBRs in Kenya were never as collusive as in the two other countries, but due to ethnic and regional divisions they never were not the cornerstone of sustained growth either.

5. Findings on SBRs in the selected countries

In this section, we present the information from the surveys supplemented with data from the qualitative interviews. We outline the membership status among the 179 surveyed firms before turning to findings on how the firms perceive; a) the ease of compliance with regulations, b) (amount of) benefit from government policies and programs, c) the state-business relations in their business area in general (understood as how the relationship between state and businesses was viewed on a scale from 'very good' to 'not good/could be improved significantly'), and finally d) which influence businesses (collective and/or individually) have on government. The data from the qualitative interviews with the selected firms and the key informants are used to provide further information on 'access' to governments.

Membership status in BAs

The firms in the food processing sub-sectors were members of different BAs. Overall, 50 % of firms in Kenya, 50% in Tanzania and 79% in Zambia belonged to BAs and accordingly half of the firms in Kenya and Tanzania was not a member of a BA, while about one fifth of the firms in Zambia was not a member. In Kenya, a majority of the firms that were members of a BA was a member of two or more BAs, while in Tanzania and Zambia the majority of firms with BA membership only was a member of one organisation (see table 3).

Table 3: Membership to BAs among surveyed firms in the three countries (percentages)

Membership to Business Association	Kenya	Tanzania	Zambia
Not a member	50	50	21
Member of one association	17	32	55
Member of two or more associations	33	18	24
Total	100	100	100

Source: The authors based on survey data

Owner-managers not only relied on MA membership to get access but also on individual *ad hoc* contacts. This was indicated at various occasions in the qualitative interviews. On the issue of access to persons in power, one respondent in Kenya revealed: '*I went right to the top to one of my friends working at the State House*'. Similarly, the owner-manager of one the biggest grain milling firms in Tanzania acknowledged that he could access the top administration without necessarily going through a BA '*When I have a serious issue, I can see the Prime Minister or the President directly, and I don't need to access them through a BA*'.

Ease of Compliance with regulations in the food processing sub-sectors

One of the critical aspects of SBRs in food processing sector relates to compliance with regulations. In Kenya, nearly half of the respondents (46%) mentioned that it was difficult to comply with regulations while 19% indicated that it was easy. A quarter (25%) indicated that it was neither difficult nor easy. In Tanzania, only very few (4%) reported that it was easy (Table 8). The majority of the firms (73%) indicated that it was difficult to comply with regulations in food processing sub-sector. In Zambia, almost a third (32%) stated that was easy to comply with regulations, while a minority (13%) found it difficult to comply. The largest group (42%) said 'average', and 13% did not reply (Table 4).

Table 4: Effort needed to comply with regulations in three countries (Percentages)

	Kenya	Tanzania	Zambia
Easy/Very Easy	19	4	32
Neither Easy nor Difficult (average)	25	23	42
Difficult/Very Difficult	46	73	13
N/A	10	-	13
Total	100	100	100

Source: Authors based on survey data

The access to important people in power also influenced the efforts to comply with regulations. One Kenyan manager said: '*It reached a point where we could not cope and we had to call in the provincial administration in the distribution. We were just milling and taking the cash while the district officer and this team were in charge of distribution*'.

Benefits from government policies and programs

The survey also sought out information regarding relevant support programs in the sector. In Kenya, our results indicate that 70% of the firms in the sample did not receive any support from the government to support their businesses, while 30% did. In Zambia, a similar number had the same experiences as 71% did not and 21% did (and 8% did not reply), while an even higher number of Tanzanian firms stated not have received any support (82%) and only 18% stated that they did (Table 5).

Table 5: Support schemes and programs availability within business area in the three countries (percentages)

Availability	**Kenya**	**Tanzania**	**Zambia**
Yes	30	18	21
No	70	82	71
No reply	0	0	8
Total	100	100	100

Source: Authors based on survey data

While our results indicate quite a bit of challenges in getting support as well as identifying relevant support program in the sector, knowing 'the system' helped some as did personal contacts. One Kenyan manager had discovered that benefits only materialised if certain procedures were followed: '*Of course, we do not win these tenders, but are bought by tender-dealers since the process is very complicated*'. Another example of acquiring benefits when the right type of access is in place was illustrated by this quote from a Kenyan manager: '*Also the government has paid for me to attend a conference in Addis Ababa …. This is a boost due the* *fact that the government is able to pay for me to attend yet I am in the private sector*'. Likewise, the owner manager of a small milk processing plant in Tanzania reported that he had received technical support from the government program to develop the value chain of his raw milk suppliers.

Relationship between government and businesses

Respondents were asked to rate their relationship with the government. In Kenya, only 10% of the firms rated the relationship between the government and the industry as 'good'/'very good'; compared to 38% in Tanzania and 29% in Zambia. In comparison, more than half (56%) of the firms in Kenya stated the relationship to be 'average', while the similar figures for Tanzania and Zambia were 41% and 45%. Finally, 34% of the respondents in Kenya stated that relations could be improved compared to 21% in Tanzania and 18% in Zambia (where also 8% did not reply – see Table 6 below).

Table 6: Rating of government and private sector relationship among food processing firms in the three countries (Percentages)

	Kenya	Tanzania	Zambia
Very good/Good	10	38	29
Average	56	41	45
Not good	34	21	18
N/A	-	-	8
Total	100	100	100

Source: Authors based on survey data

While the general perception of the SBRs was mostly negative, certain individuals had a much more positive view of this due largely to their access to influential circles. A Kenyan manager reported that '*when we met at an agricultural show with Mr. Kibaki* [former president] ... *he appreciated the ongoing work. After which I received an invitation to State House*'

Perceived influence by business on government (through BAs and individually)

In terms of influencing policy and regulations in the respective business area, 43% of the Kenyan respondents indicated that they had influenced the process while 57% said that they had not been involved policy making or regulations development in the area. In Tanzania, 18% reported that they have influence, while 82% stated that they did not have any influence, while a slightly higher percentage (29%) in Zambia stated that they influenced policy compared to a majority

(71%) that did not (see Table 7).

Table 7: Influence on policy and regulations in business by the interviewed firms (percentages)

	Kenya	Tanzania	Zambia
Yes	43	18	29
No	57	82	71
Total	100	100	100

Source: The authors based on survey data

It is worth noting that that Kenyan firms indicated to have much more influence on policy compared to Tanzanian and Zambian firms, while the Kenyan firms at the same time stated a less positive picture of the relationship between state and business compared to the firms in the two other countries.

In sum, we observe four main points from the perspective of local businesses that; a) half to about 80% of the firms are members of BAs; b) few firms find it ‘easy’ to comply with regulation though more in Zambia compared to the other countries and a vast majority of the Tanzanian firms find it ‘difficult/very difficult to comply’; c) policies and support programs insufficiently target the needs and requirements of local businesses; d) most firms find that relationship between businesses and government is ‘average’ or ‘not good’ and that the influence of businesses on government is limited. Some firms are more positive as they through informal relations have other types of access to government and possibility to influence government. We discuss these points while drawing on the qualitative interviews with key informants and secondary literature.

6. Discussion

Based on our findings, we see three main discussion points providing answers to the aim of the paper; a) a support to earlier studies showing that most BAs are having a limited membership base and that businesses in Africa are fragmented and poorly organised, hence limiting their political influence; b) though the number of formal relations have increased between state and businesses, informal relations continue to exist and in some cases continue to provide (a few) businesses access to influence government policies; and c) that while SBRs have been and are changing, it is difficult to conclude whether they are collaborative or collusive.

In spite of the membership level in our study, the BAs in the food processing sector across the three countries has limited membership, lack of internal coordination between BAs, and are poorly organised, with limited voice and influence vis-à-vis government. Even in in Zambia, the BAs had a modest total number of members and limited resources as the members were reluctant to pay fees which would have enabled the BAs to hire more staff and set initiatives in motion.

Secondly, while we found that numerous BAs exist, the key informants pointed out that limited coordination took place between the BAs. Only in few cases, did we hear about collaboration between the BAs, and if such collaboration existed, then it often had a history of being instigated by non-business organisations. One example is the much-hyped Zambian Business Forum established with donor funds in 2008, but did not make much impact. Hence, funds were reduced and it was finally shut down in 2014. Also in Tanzania, low commitment of the members and limited financial and human resources affected the sustainability of the associations. Considering the reasons for being a member of a BA, membership to BAs provides an avenue for firms to engage in the discussions with government institutions and resolve challenges facing the private sector. However, given the way that this 'chance' has been handled in the countries, businesses in the food-processing sector have restricted their potential influence on government.

An interesting observation is that a relatively low number of Kenyan firms are members of BAs, still some of the Kenyan BAs are perceived by key informants to be more influential than the BAs in Tanzania and Zambia. Two different reasons may account for this. First, by far the majority members of influential BAs are large-scale international firms that pay large membership fees and have leverage over government policies. Secondly, and related hereto, formal BAs are not the only avenue to leverage policies. In contrast, numerous informal channels exist (cf. Taylor, 2012b).

The three countries have a history of limited (formal) channels of engagement and communication between state and businesses. Though the number of formal channels has increased, our findings indicate that these formal channels have not eliminated the challenges related to doing business. First, the seriousness by which the state engages with businesses can be questioned (see also below). In many cases, agreed meetings were not held, resources not provided and targets not fulfilled. This 'lack of seriousness' might be explained by the historic control and continued dominance of the state in SBRs. Secondly, as the initiative to reform the private sector often has originated in the donor community, new initiatives have often lacked ownership from governments as well as from businesses. Therefore, informal relations built between the private sector and the state in post-independence days continue to influence SBRs today. These informal relations provide some powerful individuals, representing a few, larger firms, access to government and finance, preferential treatment in terms of bidding for tenders and/or getting access to land. Tanzania is the case in point, but also in Kenya and Zambia similar observations were made, and had implications on the food-processing sector.

One implication is that the policies and programs from government insufficiently target the needs of business. According to our qualitative interviews food-processing firms in the three countries in particular need proper infrastructure, assistance in dealing with the looming electricity crises, e.g. in terms of compensating businesses for loss of power, policies/programmes that assist firms enhancing capacity in dealing with food standards, and programs which encourage firms to invest in new technology. In contrast, they were met with policy dialogue for competition and investment laws. Hence, in all three countries, the food processing firms were in a situation where they either had to do it all by themselves (like investing in generators, hiring consultants to assist in acquiring certifications and persuading banks to provide funds for investments in new machinery) or not do it. This indicates that the 'pockets of efficiency' in government agencies are limited in the countries.

Another implication is that regulations and bureaucracy perceived unnecessary by the firms exist, and many firms found it difficult to comply. On the one hand, businesses perceived this as 'money and time wasted', which could have been used to enhance strategy efforts, seek new customers and so on. On the other hand, risk of corruption increased with a high number of laws and bylaws. In Tanzania, for instance, there is a consistent argument that 'inappropriate' regulations in the food processing sector lead to excessive compliance requirements affecting the competitiveness of food-processing firms. Accordingly, some BAs engaged in dialogue on the issues paid particular attention to business registration, levies, fees, sector regulation, and taxation (TPSF, 2015). The BAs also tend to indicate that the state has not taken serious actions to streamline and simplify regulations despite several attempts by the private sector associations to improve regulations (see above also). Findings from Tanzania show that even in situations where business and government have agreed to undertake certain reforms, eventually, it has turned out that government then has lacked the commitment to change the legislation or in some cases if new regulation has come in place, government has not implemented this on the ground

(Charles, 2014) .

In sum, our findings provide some indications that the SBRs are not collaborative in the sense that has been described in Asia. Rather, we found some support among firms pointing towards a collaborative form of SBRs in the three countries as about one third of the firms in the survey rated their relationship with the state as positive. Interestingly, in spite of being critical of the practices of the state in various areas, the Tanzanian firms were more positive compared to the Kenyan firms. The figures are also of interest in relation to the Taylor's (2012b) argument that business environments may improve despite collusive SBRs. While the survey data presented here does not take change over time into consideration, it is noteworthy that there seems to be a consensus that the business environment has improved.

However, it is also difficult to say that the SBRs are collusive. Our findings indicate little of this. Only few Zambian food processing firms referred directly to 'corruption', while some respondents in the qualitative interviews highlighted that individuals and/or large firms had access to government. In the Kenyan case, some key informants stated that a new trend with improved SBRs and some incidences of collaborative efforts between businesses and governments was observed. The Tanzania experience is quite similar to that of Kenya.

Our findings show that the private businesses in all three countries were somewhat content with its relationship with the states. However, competitiveness of the majority of enterprises was negatively affected by insufficient policies and regulations in the food-processing sector and it was time consuming and expensive for them to comply. In all three countries 'red tape' and lack of transparency have reduced the credibility of public policy and administration for the firms, and combined with inability to implement relevant support programs hinder governments' role in advancing economic growth and structural transformation. Therefore, promoting collaborative SBRs remains a great challenge given the limited capacity of the private sector to influence policy and the lack of government commitment and capacity to implement agreed policy actions.

7. Conclusion

Our paper makes a number of empirical and theoretical contributions. Empirically, we have demonstrated that despite the attempts to instigate and improve (collaborative) SBRs in the three African countries, this is not well reflected in the perceptions of the interviewed firms. There are three main possible explanations to the lack of observable link between access to policy-making and the reality on the ground. First, while numerous BAs exist that in theory could provide business with access to policy-making, few of these seem to have real power as governments do not take BAs seriously and conversely BAs are not effective in representing their members due to internal competition and limited resources and capacity.

Secondly, the findings show that the majority of enterprises in all countries did not recognize any government support schemes in their areas. The policies and existing programs are not sufficiently targeted to the needs of the firms or simply not existing. Despite the recognition of the more interactions between the state and enterprises, the level of support by state to enterprise appears to be low. While e.g. the Tanzanian government today interacts more with private sector (TPSF 2015; Charles & Rwehikiza 2014), the policy change has not been effective despite the acknowledgement of the need to improve the business environment. Consistent with Chingaipe and Leftwich (2007), this could be due to the dominance of the state in SBRs, which makes the implementation of policy recommendations less effective.

Thirdly, SBRs are still affected by the lack of trust that characterised a large part of the post-independence history in the three countries. Despite the efforts made by state and other actors in Africa to engage with private sector formally, the process of formalisation and the outcome of this still leaves much to desire in terms of achieving collaborate SBRs. It appears that in some cases, firms that were not members of BAs engaged with state through informal relations as evidenced in the case of TAMPA & CTI in Tanzania, or the situation that (powerful) individuals have special access to the government as we found in Kenya and Zambia.

Returning to the debate on the collaborative and collusive SBRs, we established that despite some (minor) variations of economic systems and the historical background of the three countries that SBRs have changed and keep changing, it is difficult to conclude whether the SBRs now can be termed ‘collaborative’ though some integration of the private interests have found their way into policy making processes. Although, we have not found strong indications of collusive behaviour, elements of such (collusive) SBRs appear in the food-processing sector after almost three decades of economic transition. The underlying conditions observed in the three countries relate to differences in the balance of power that reflect specific historical trajectories and a continued dominant presence of the state rather than the degree of market liberalisation, cf. Gray (2013). The findings also indicate that SBRs can be ‘muddy’ and even with elements of collusive SBRs, growth can happen in individual sectors (Kelsall 2013; Whitley et al. 2015).

Theoretically, our results show that we need to explore the linkages and dynamics between formal and informal SBRs further. While some of our findings are in line with the literature, which advocates formalised relations as a strategy for the private sector to engage with the government, other findings agree with and inspire critical analysis of the existence of informal SBRs in Africa (Taylor, 2012b). We need to continue to pay attention to the informal relations as they exist and function alongside the formal relations. Given the presence of inefficient and weak BAs, individuals and firms continue to seek influence through informal channels which reinforce the presence for informal SBRs when the business environment continue to be marked by insufficient support program and a tendency of bureaucratic structures and procedures to be in place.

Finally, our findings have various policy implications. At a general level, SBRs in the food-processing sector have not delivered the outcome that has been hoped, as the firm growth in the sector cannot be attributed to collaborative SBRs. While the SBRs in the three countries continue to be dominated by the state, our study points to the need for better policies and in some cases policies themselves. While the ability to formulate and implement such policies to a large extent rests on the existence of 'pockets of efficiency' it is clear that food-processing firms in the three countries at the moment do not experience any of such policies. Hence, there is a need to listen more to the industry and to learn from the growing number of experiences in the field (see e.g. Altenburg, 2011). The ambition should be to move from the 'general strategies in high level documents' to 'targeted and specific programs to the benefit of the intended firms'.

We still have a lot to learn empirically and theoretically in order to ensure that the present changes in global development agendas and in particular concerning the implementation of the SDGs will lead to more collaborative SBRs and assist in addressing the major challenges that we are faced with today.

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