AUSTRALIAN BUSINESS MANAGEMENT IMPROVEMENT PROGRAMS:

A CRITICAL ASSESSMENT

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Industry policy comprises strategies to alter the industrial structure and performance of firms and industries. In Australia, it has been enacted through means such as direct public investment in science and technology (via CSIRO, NH&MRC, for example) and tax concessions for business spending on research and development. It has also included co-funding of private investment such as expanding renewable energy (ARENA) and government procurement (defence shipbuilding and, during COVID, vaccine production). Less well-known means of industry policy are the plethora of federal and State government business management improvement programs (BM programs).

BM programs are differentiated from other government industry policy programs, such as R&D tax concessions and export promotion, which share similar objectives of raising productivity, innovation, profitability and firm survival. Non-BM programs are directed at modifying specific aspects of firm behaviour without specifically seeking to change or enhance overall management capability. It is with the latter programs that this article is concerned.

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For over half a century, a succession of government-sponsored reports has identified deficiencies in management capabilities that constrain the growth of existing firms and cause a high failure rate among new firms (Wiltshire 1971; Karpin 1995; Green 2009). The deficiencies, especially pronounced within Small and Medium-sized Enterprises (SMEs), relate to business strategy, financial management, marketing, work organisation, successful new firm creation, innovation and exporting. [1]

Attempting some redress of this situation, State and federal governments have funded a wide variety of business management (BM) advisory services. Advocates of using taxpayer funds in this way point to the potential benefits for the wider society, or positive externalities, such as higher productivity, job growth and lower rates of business failure.

Are those benefits achieved in practice? Despite strong claims and high expectations for improved firm performance, there is surprisingly little publicly available information on the scope, objectives, target groups, activities and effectiveness of the current Australian BM programs and the large expenditures on them by public and private sectors.

This article seeks to fill this knowledge gap. It is based on a study that poses three research questions: what are government-funded BM programs? do they work? and how can they be improved? Overall, the findings indicate that, while the programs meet a genuine need and are moderately successful in achieving some aims, there are also significant program deficiencies that impede program performance. These deficiencies include program duplication across jurisdictions; perennial closure and re-invention of programs; absence of program rationales and performance benchmarks and limited publicly available evaluations. These problems constrain both cumulative learning by program administrators and incremental improvement in program design and performance.

Explaining why these deficiencies persist in Australia, despite nearly five decades of BM programs, requires deeper institutional political economic analysis. The explanation offered here draws on Australian literature, such as Bell (1993), Stewart (1994) and Jones (2016, 2021), that points to a

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[1] Despite their scepticism regarding the value of these programs, the Productivity Commission (1998: Ch 4) provides a useful guide to the statistical evidence on the variety and scale of management problems faced by SMEs.

bureaucratic and political environment that is hostile to long-term strategic state engagement in targeted industry development.

BM programs evidently suffer from similar problems to those besetting industry policy more generally in Australia. Exploring this theme, subsequent sections of this article provide: (1) an historical background to BM programs; (2) description of the data sources for the research on which this article is based; (3) a typology of BM programs; (4) analysis of how effectively they work; (5) consideration of how they are constrained; and (6) discussion of how these concerns relate to the broader limitations of Australian industry policy.

Background to BM programs

Early stimulus to BM programs was provided by the 'Productivity Council' movement of the 1960s and 1970s (Wright 1995) and the 1971 *Report of the Committee on Small Business* (Wiltshire Report) which argued that 'an important role for government to play is that of a catalyst, stimulating and motivating the managers of small business and all bodies capable of serving them' (cited in Schaper 2014: 222).

BM programs were expanded in the 1980s and 1990s due to a marked shift in government industry policy orientation from 'protection', primarily through tariffs, to liberalisation of trade, labour markets and capital markets. This period was also one of government activism to lift 'national competitiveness' by focussing on the productivity and innovation performance of firms and industry (Bryan and Rafferty 1999). The source of this activism was partly pragmatic, as long-established industries were provided new forms of support to partially offset their rapid decline resulting from tariff cuts. In parallel, Labor governments sought to encourage the development of new 'globally-oriented' industries.[2] The prime examples of this activism were the 'Button Plans' (1983-1995) for mature industries such as autos, ship-building, steel, TCF and heavy engineering, and 'emerging' industries, pharmaceuticals and ICT (Sheehan *et al*. 1994). The Plans were named after the then Labor Industry Minister, John Button.

[2] Mazzarol and Clark (2016) highlight a second stimulus in this period in the growth of research into the contribution of SMEs to job growth and especially the importance of 'new firm creation'.

At the same time there were certain intellectual counter-currents to the ascendant theories of economic liberalisation and 'economic rationalism'. Krugman's (1979) 'strategic growth theory' introduced imperfect competition into orthodox trade theory and argued that firms and nations could generate 'rents' by supporting innovation and scale economies ahead of competitors. This made an implicit case for government intervention that would assist businesses to exploit these two drivers of growth. Separately, management theorist Michael Porter (1980) highlighted the key role of management capabilities in creating firm success through 'competitive strategy'. While it is difficult to assess the domestic impact of these ideas in shaping implemented policy, they did provide a 'respectable' justification for action.[3]

In 1986, the National Industry Extension Service (NIES) was created. Modelled on long-running agricultural extension services, its function was to provide 'specialised extension services involving such matters as product innovation and development, design, best management practices, human resources management, manufacturing process technology, quality, financial management and marketing' (Minister for Industry and Technology 1986). NIES provided the template for many subsequent BM programs in terms of the services delivered, the mix of free government-subsided and fee-for-service activities and the use of private consultants and public servants to deliver these advisory services.

Partly as a result of the positive outcomes of NIES the Labor government in 1991 initiated an inquiry into leadership and management skills in Australia, resulting in the ground-breaking *Karpin Report* (1995). This influential report raised 'awareness of the relationship between management capability, at all levels of the organisation, and company performance' (Samson 2011:6). The report made 28 wide-ranging recommendations. Of particular relevance here was recommendation 6: 'that a system of financial assistance be provided to small business owner-managers by way of entitlement to purchase accredited one-to-one mentoring/advising. Such assistance would address the reluctance or inability of many small business owner-managers to seek advice for

[3] Wickham (2005) identified the use of Porter's 'competitive advantage' model in key Australian industry policy documents of the 1980s and 1990s. In addition to its opposition to BM programs, cited earlier, the Productivity Commission (1990) also felt the necessity to directly challenge Krugman's arguments regarding the efficacy of industry policy.

business problems as they arise and for long term management skills development'.

Karpin was prescient in seeking to support existing activities, as the incoming Howard government abolished NIES in 1996. There was no replacement for it until 2007 when the Howard government created the short-lived Industry Productivity Centres program (Parliamentary Library 2007). The Labor government replaced this in 2008 with Enterprise Connect (EC) which, in turn, was replaced by a Coalition government in 2014 with the current Entrepreneurs' Program (Department of Industry, Science, Energy and Resources 2020a). This latter program had its funding cut substantially in November 2022 under the incoming Labor government and, at the time of writing, is under budget review (Jones 2022).

A later Labor government-funded inquiry, *Management Matters* (Green *et al.* 2009: 16-18), replicated in Australia international benchmarking studies which had established a strong quantitative relationship between specific management practices and positive firm performance. The local data revealed that management capabilities, especially in Australian SME's, were deficient in comparison to counterparts in other advanced economies. Subsequent research by Moran *et al.* (2018) and Agarwal *et al.* (2021) confirmed Green's findings.

However, neither Karpin nor Green provided detailed guidance for BM program designers and managers about what services to provide, who should provide them or program evaluation. Karpin's 28 recommendations canvased a range of possible activities, including: 'leadership training'; 'front line management'; 'study tours and performance benchmarking'; and lifting the quality of management training provided by universities and TAFE. Each recommendation comprised a generalised statement of intentions but not a detailed analysis of needs and plan for implementation. Green *et al.* (2009: 40) made three broad suggestions to improve the then EC program.

In summary, BM programs have a long history in Australia[4], dating at least from the 1970s, and are identified by governments and industry as an essential complement to 'market forces' in driving productivity and innovation. Paradoxically, they are also subject to an inconsistent level of government support and constant abolition and re-invention, at least in

[4] Schaper (2014) and Mazzarol et al (2016) provide a useful history of small business programs.

form if not content. However, the major inquiries into Australian management did not provide detailed guidance as to the cause of management deficiencies and their improvement and even less guidance for diverse industries and different firm sizes.[5] Thus, to this day, Australian BM programs lack a detailed rationale and reflection on the most efficient and effective range of possible services for business.

Data sources

Descriptive data on Australian BM programs are derived from a study conducted by the authors in early 2021. The study aimed to provide a comprehensive description of the objectives, methods and outcomes of Australian BM programs.[6]

The study comprised an online search of BM program documentation and evaluations from which was drawn a large random sample of 57 Australian federal and State government funded BM advisory services. Program documents were systematically analysed using a coding frame comprising 36 data items such as program objective, rationale, range of services, delivery agents, outcomes and evaluations.

In addition, 14 semi-structured telephone interviews were conducted with public sector managers of Australian BM programs, representatives of industry associations whose members use these programs and academics who advise governments on these programs. The interviews gathered perspectives on the relevance of current programs to industry needs and to identify gaps in provision and potential improvements to the design and delivery of Australian BM support services.

Finally, an extensive literature review of local and international BM programs was also undertaken, with the review focussed on design and evaluation issues.

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5 For example, the *Management Matters* study was limited to manufacturing industry.

6 Conducted for the Department of Industry in 2022 by the authors (https://opus.lib.uts.edu.au/handle/10453/166415).

What are government funded BM programs?

Government-funded BM advisory services provide assistance to firms to improve business management capability.

The study identified two broad categories of service:

(i) Business Management Strategy and Direction (business model and structure, financial management, risk management, leadership and strategic thinking)

(ii) Production and Operational Management (product and service development and commercialisation, process improvement, new technology identification, workforce planning and training, quality assurance, new sales channels and investment attraction).

Some 22 programs (39 percent of programs surveyed) also offer grants to aid firms to implement advice. These grants can be substantial (up to $150,000 under the federal Entrepreneurs' Program, $100,000 for the South Australian Future Industries Accelerator, and $50,000 under the Victorian Government's Global Gateway Program).[7]

The great majority of domestic (and international programs) have multiple goals and offer multiple services. To make the analysis of BM programs tractable a typology of program objectives and services was developed. Each program was classified into just one category based on its dominant stated purpose. Five broad program objectives were identified as well as their incidence. Table 1 (on the following pair of pages) shows these five objectives and their frequency in BM programs.

The most common objectives were 'lifting firm and/or industry innovation, efficiency & productivity' and 'expanding existing firms', with each accounting for 32 percent of BM programs. The next most frequent was 'increasing the rate of new firm creation', notably through assistance to start-ups and encouraging entrepreneurship, representing 21 percent of programs. The least common objective was 'increasing firm exports', accounting for 7 percent of program objectives.

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[7] Unfortunately, data on program budget allocations, actual expenditure and the number, location, and other characteristics of firms receiving assistance is not readily available.

Table 1: Typology of BM program objectives and services

Objective	Definition of objective	Typical services provided to meet objectives	Program example and funding jurisdiction	No. and % of total programs
1. Lifting firm and/or industry innovation, efficiency & productivity	Principally directed at product, process, or organisational improvement: including programs used new technology such as automation, commercialising new products/services, or digital transformation of services/marketing	Process and system, new technology, workforce planning, commercialisation, quality assurance, financial management	Entrepreneurs program (Comm.) SME connect (CSIRO); boosting business innovation (NSW); boost your business voucher program (Vic)	18 (32%)
2. Expanding existing firms	Generic advisory services: improving business plans, finance systems, marketing, and have a general aim of lifting firm revenue and employment	Financial management, innovation/commercialisation, investment attraction; leadership, strategic thinking; sales channels, workforce planning	Growing SA companies (SA); business growth fund (Qld)	18 (32%)
3. Increasing rate of new firm creation	Assistance to start-ups and encouraging entrepreneurship	Business model and structure; financial management, risk management; sales channels	Sydney school of entrepreneurship (NSW); business recovery and resilience mentoring (Vic)	12 (21%)

4. Improving inter-firm collaboration	Promoting inter-firm co-operation to solve common technical, marketing, or training problems: programs use universities/public research agencies/training providers or consultants: fostering collaboration can also be an end in itself given anticipated benefits.	Innovation/commercialisation strategic thinking; risk management	Co-operative research centres (Comm.); Industry growth centres (Comm)	5 (9%)
5. Increasing firm exports	Services such as assisting firms to identify o/s markets; supply chains; import/export licenses and requirements and subsidising firms' promotional activities	Strategic thinking; sales channels; risk management	Austrade landing pads (Comm.); Aigroup export fundamentals	4 (7%)

Programs by jurisdiction

Table 2 (below) shows the distribution of programs by objectives across the jurisdictions. The federal government is the largest single provider of BM programs (44% of the total), but collectively the States account for a higher share of total programs (56%). The federal government runs programs across all objectives, but each State also conducts programs across multiple objectives.

Table 2: BM Program objectives, federal and state, column percentages*

			Objectives %				
	Number of Programs	**% of Total Programs**	**1**	**2**	**3**	**4**	**5**
Federal	25	44	44	58	33	40	50
NSW	4	7	0	8	11	20	0
Vic	7	12	11	0	17	20	25
Tas	4	7	11	8	0	20	0
Qld	5	9	17	0	11	0	0
WA	6	11	6	25	6	0	25
SA	3	5	6	0	11	0	0
NT	3	5	6	0	11	0	0
Total	*57*	*100*	*100*	*100*	*100*	*100*	*100*

**Notes:* The five objectives are: 1. innovation, efficiency and productivity; 2. increasing the rate of new firm creation; 3. expanding existing firms; 4. inter-firm collaboration; and 5. increasing firm exports.

Who receives assistance?

BM programs are directed at business characteristics such as firm size (especially SMEs), start-ups and specific industries such as tourism and or particular regions. Over 50 percent of programs are explicitly targeted at SMEs. 11 percent of programs were directed partly or wholly at manufacturing industry, roughly double the share of this industry in total national output. Even when targeting common business characteristics, considerable variation exists across jurisdictions in the definition of these characteristics and thus also considerable variation across programs in their program entry criteria. For example, SMEs can be defined in terms of a revenue level, rate of annual revenue growth, employment size or even age of the firm. This large number of discrete programs, targets and entry criteria has implications for the efficiency of program design and administration and program evaluation, to be examined subsequently.

How do firms get to participate?

Aside from participant firms meeting specific targeted business characteristics, such as size or age, all Australian BM programs examined apply additional selective entry criteria. Due to funding constraints, some programs are rationed on a 'first come first served' basis. Other programs, such as Commercialisation Australia, are 'merit based' where program administrators select the 'best' applications from eligible businesses, based on assessment of the detail in the applications for and anticipated benefits. This selection method imparts considerable discretion to program administrators. Grant-based schemes can also require 'matched funding' from firms (such as elements of the Entrepreneur's Program and Victorian government Global Gateway program).

Who delivers assistance?

Six main types of organisations deliver program services: the Department funding the program (Austrade, Landing Pads program); public sector research institutions (CSIRO, Kickstart Program) and universities (University of South Australia, Future Industries Accelerator); industry associations (AiGroup, Export Fundamentals Program) and specialist associations such as Indigenous Business Australia. Large consulting firms

are also prominent – notably Deloitte (Entrepreneurs Program) and PwC (Business advisory services for aged care providers). Smaller independent, often regionally based, business consultants and accounting firms are also used in roles such as 'business coaches' to deliver services (NSW Business Connect). Occasionally, programs are delivered by a mix of organisational types. The quality of program delivery agents is examined later.

Do BM programs work?

International studies

International meta-reviews that synthesise the results of multiple evaluations find that BM programs in high income nations are moderately successful in lifting some aspects of firm performance.[1] One such review of 'business advice' evaluations found that these 'programmes show consistently better results for productivity and output than they do for employment. Results for sales, profits and exports are mixed' (*What Works Centre for Local Economic Growth* 2014: 6). A meta-review of technology and innovation advisory services in Germany, the US and UK concluded that they provide 'positive benefits for participating firms' such as 'improved quality, reduced waste, improved environmental performance, higher productivity and innovation'. However, these 'net benefits […] are often relatively modest for individual projects', an outcome partly attributed to the low levels of investment 'by both the public sector and private participating firms' (Shapira and Youtie 2014: 6).[2]

The literature also identifies some common problems with program design and evaluation methods. The main issues are, first, that programs have multiple and often vague objectives, making performance assessment

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[1] Examples of individual BM programs that were subject to high quality evaluations, and which found positive program outcomes, include the US Manufacturing Extension Programme (Lipscomb *et al.* 2017); the UK Manufacturing Advisory Service (BIS Expert Peer Review for Evaluation 2016) and UK Catapult Program (House of Lords 2021). Conversely, the rigorously conducted study of the Japanese Small Business Innovation Research program (SBIR) found no 'additionality' in innovation performance for SBIR participants compared to a control group (Inoue and Yamaguchi, 2017).

[2] *Campbell Systematic Reviews* (2016) finds similar findings for middle and low-income nations.

difficult. Second, programs usually provide multiple services, presenting challenges in attributing success or failure to particular program activities. Third, many evaluations are methodologically challenged and not regarded as 'high quality', due, for example, to reliance solely on participant 'self-reported impacts', absence of 'control groups' and 'selection bias' (Shapira and Youtie 2014: 6; OECD 2007).[3] The net effect of these deficiencies is that the impact and cost effectiveness of programs is difficult or impossible to estimate and the scope for program improvement is thereby constrained. In sum, quantitative evaluations can provide partial insights into program performance and program administrators must be alive to their limitations. Nevertheless, if properly conducted and with due recognition of their restraints, such studies should be an essential input into determining 'what works'.

However, meta-reviews and single program evaluations suggest a genuine justification for these programs in a variety of information 'failures',

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[3] *What Works Centre for Local Economic Growth* (2014) reviewed over 700 evaluations but only 23 met their quality requirements. Control groups are usually data constructs that compare the characteristics of BM program participants (using variables such as industry, age, size, growth rate, location etc) to non-participants. Researchers use control groups to address the 'counter-factual' question- would participating firms achieve the same outcomes in the absence of the program? However, there are two problems with this method. First, 'control' variables are frequently chosen because of their ready availability in existing data collections and may not be closely correlated with program objectives. The result is that the variables may not actually 'control' for or isolate the effects of program participation. Second, these methods are also confounded by 'selection bias'. Firms that self-select to participate in a BM program may differ in important but 'unobservable' ways, from firms that do not elect to participate. Such differences cannot be readily 'controlled' for. For example, compared to non-participants, managers of self-selecting firms may have higher expectations of performance; managers may be more self-critical of their own abilities or be more open to learn from others and to new ideas. These problems represent a significant challenge for evaluators (Department of Industry, Science, Energy and Resources 2015). One solution is to use randomised control trials (RCT). In theory, not only is program entry randomised but, where programs offer more than one type of treatment, so too is the type of treatment received, including no treatment for a control group. The federal government has supported the use of RCT for BM programs (Department of Industry, Science, Energy and Resources 2015) but to date no such evaluation has been conducted. Several international BM programs have employed this method, but these have been very small-scale (Åstebro and Hoos 2021; Kleine 2022). RCT is the 'gold standard' in medical research. However, RCT is not without its own methodological perils (Deaton and Cartwright: 2018) and the dis-incentives for firms to participate in such programs are obvious. The term 'high-quality evaluation' is not limited to quantitative studies. As explained later, key insights into the 'how' and 'why' questions of program performance can only be supplied from well-structured qualitative studies.

especially among SMEs, relating to government regulation, business management, technology, finance and market entry. The key barriers identified relate to managers 'not knowing what they don't know'; the high cost of information in private markets; and the costs of implementing advice. This current study makes similar findings.

We now turn to use Australian examples to explain these and other problems with the design and administration of BM programs that have been identified in the literature.

Barriers to Australian BM program improvement

Limited number and quality of evaluations

Despite the long history and large number of programs, there is a paucity of publicly available evaluations. Few of the 57 programs examined in this study had public evaluations. Among these, even fewer are of high-quality. In addition, because BM programs in Australia are subject to regular changes in scope, target groups and services offered, it is difficult to draw valid conclusions about their relative performance over time. These issues severely limit the capacity for evidence-based incremental improvements in program design and constrain the ability of governments to replicate 'successful' programs operating in other jurisdictions. Consequently, firms and their industry associations lack good information to form a realistic appraisal of potential costs and benefits to participation in BM programs. Limited evidence as to their effectiveness and value for money arguably makes them easier 'targets' for closure, either by their ideological opponents or in periods of government austerity.

Examples of local high-quality evaluations of BM programs include the Department of Industry, Innovation and Science (DIIS) (2020a) analysis of Enterprise Connect (EC), which ran from 2008 to 2014 (superseded by the current Entrepreneur's Program) and the DIIS (2020b) analysis of Commercialisation Australia (CA), running from 2009 to 2014. The purpose of CA was to support companies and innovators develop innovative products and bring them to market. Both evaluations found the programs achieved their objectives as program participants achieved higher rates of revenue growth, employment, exports, investment and R&D compared to 'matched' non-participants.

However, despite being rigorous and well-constructed, both evaluations were conducted six years after the programs were disbanded. Evaluators had to wait several years before a suitable dataset on participant and control group performance was available.[4] Moreover, both evaluations only addressed program 'effectiveness' or the question 'did the program achieve its objectives'. They did not investigate *what* services contributed to positive outcomes and *how* these services improved (or perhaps even diminished) management capabilities. Effectiveness evaluations are confronted with an 'attribution problem': a review may indicate a program meets its objectives but the reasons for this are essentially a 'black box'. Addressing the attribution problem requires different research methods such as large-scale surveys of participants or case studies to identify the 'what' and 'how' of interventions (Intrac 2017). Examples of Australian BM program evaluations which addressed these issues and used these methods include the study of the federal Incubator Support Initiative (DISER 2019) and the Northern Australia Tourism Initiative (DISER 2020b). These evaluations provided important insights to clarify program administrative processes, objectives and services. Funding for these programs ceased in 2019 and 2021 respectively and were not replaced with programs that might have incorporated the lessons learned.

Program rationale and performance benchmarks

A program rationale should frame the specific program objectives and justify existence of a program by briefly describing the causes and scale of the problem to be addressed; how the program services address the problem and program resource requirements (OECD 2000, 2007). Without a robust *raison d'etre* the case for government devoting resources to BM programs lacks legitimate defence and thus adds to their vulnerability to government shutting them down. A manager of a large State government BM program expressed the issue succinctly: 'The challenge is [identifying] what problem we are trying to solve and [whether] government should do something'.

[4] Evaluators had to rely on the creation by the federal government of a data base, Business Longitudinal Analysis Data Environment (BLADE) in 2017, that permitted 'matched firm' comparisons of program participant and non-participants (Department of Industry 2017).

None of the 57 programs reviewed had a detailed rationale for either the program or their specific advisory services in their publicly available documentation. This deficiency provides the Productivity Commission (PC) with a consistent line of attack on government industry policy in general, as in the claim that '[A] limitation of many current small business policies, as in other areas of industry policy, is that they tend to state objectives as if they were rationales'(PC 1998: xviii).

In addition, no programs reviewed had explicit quantitative or qualitative performance benchmarks.[5] These benchmarks could include, for example, the number of firms to be assisted, scale of anticipated improvement in firm performance and level of support from participants for the program. The imposition of either quantitative or qualitive performance benchmarks is neither an unreasonable practical burden on program administrators nor an 'academic' notion yielding little real-world benefit. An absence of performance metrics can result in very poor outcomes, as shown in a recent Australian National Audit Office (ANAO) report into the federal government's flagship Entrepreneur's Program (EP), conducted some seven years after the program commenced. This found that, due to lax obligations on service delivery firms ('delivery partners'),

> contracts [...] [did] not include an effective performance management framework […] [They] do not contain:
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> - specific service levels that each delivery partner must achieve or exceed;
> - any performance measures and related targets to assess delivery partner performance; and
> - a means to adjust payment based on the performance of delivery partners' (ANAO 2022: 10-11).

An absence of provider performance benchmarks also raised probity issues in tender selection. The ANAO review states: 'In its conduct of the procurement, the department did not demonstrate achievement of value for money. There was not open and effective competition for the delivery partner roles as competing tenders were not treated fairly or equitably' (ANAO 2022: 6). The review further said that '[t]he department's conduct of the procurement process also fell short of the ethical requirements set

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5 Barrett, Billington and Neeson (2004: 191), reviewing BM programs focused on the Latrobe Valley, found a similar lack of clarity for 'the manner in which [program] objectives are determined in the first place' and criticised that 'there are no measurable targets set'.

out in the CPRs [Commonwealth Procurement Rules], with […] probity risks not being appropriately managed' (ANAO 2022: 8).

Absence of clear rationales, performance benchmarks and performance data represent a 'chicken and egg' problem as their availability is a pre-condition for high-quality evaluations. These limitations are frequently noted by BM program evaluators (Accenture 2021: 7; Department of Industry, Innovation and Science 2019: 7).

Quality of external advisers

Ideally, external BM advisers are selected by government departments to provide services because they are skilled, represent value for money and have no conflicts of interest. However, concern about the quality and probity of government-funded BM program advice is long-standing. Karpin (1995), for example, recommended 'that a comprehensive accreditation process be established for small business trainers, educators, counsellors and advisors so as to upgrade the quality of small business advice' (cited in Samson 2011: 14).

Several respondents interviewed for this study questioned the quality of advice and the integrity of programs. One industry association respondent was especially critical of voucher programs, saying:

> The voucher model has been a disaster everywhere. When there is no quality control then there are likely to be rorts and it opens up the market for pseudo consultants who may not be giving best possible advice. Government should be overseeing the program and have strict criteria and also evaluate the results for grants and funds.

Voucher programs tend to be small, with individual vouchers ranging in value from several hundred to a few thousand dollars and typically subsidise general advice on business formation, innovation, business plans and basic financial advice directed at prospective or recently established businesses. The large number and relatively small expenditure per voucher make it difficult to monitor program integrity.

Other research finds that certain design features of BM programs undermine service delivery quality among private providers. For example, program payments to external service providers can be lower than the revenue providers generate from their own private clients; there can be high costs imposed on providers in promoting the programs to SMEs and programs often have a short lifespan (Labas and Courvisanos 2021: 11).

These features of some programs create disincentives for BM service providers to invest in improving service quality and generate adverse selection risks as more able advisors choose not to deliver these programs.[6]

Program Duplication and Multiplicity

Analysis of data in Table 2 revealed apparent program duplication as all States fund programs with similar objectives to those of the federal government. Multiplicity arises when programs offer a limited range of services requiring firms to make multiple applications to different programs to satisfy their needs. Almost all respondents interviewed emphasised the problems for business arising from duplication and multiplicity. An industry association representative cogently summarised these views:

> There are a lot of government programs out there […] and every year it increases […] From the business side it is confusing what the government strategy is [...] There are a lot of programs out there that can be hard to navigate. Yes, there is lot of overlap between most programs [...] That is also one of the reasons why programs don't succeed and makes it confusing for business (Industry association respondent).[7]

A contrary view would be that duplication and multiplicity allow for experimentation and novelty in program design and services. This is a theoretical benefit which has not been realised in practice. A possible reason for this was supplied by a federal government respondent who

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6 The issue of public versus private BM service provision is too broad to explore here. However, one respondent, a manager of a large state government business advice program, explained that after consultation with industry, they elected to directly employ 120 business advisers as public servants rather than persist with contracting-out provision. Private provision was found to limit the sharing of useful information within the adviser network, such as ideas to enhance participant outcomes and participant recruitment, as advisers competed to renew their periodic contracts.

7 Other BM reviews also conclude that firms have 'difficulties coordinating and integrating assistance programs across […] different jurisdictions' (Heffernan and Fern 2018: 86). The scale of duplication and multiplicity can be gauged from data collated by the federal government on State and federal funding directed at business support. There are currently a staggering 712 'business […] grants, funding and support programs from across government' (Australian Government 2022). This population of programs is much larger than that directed solely at BM as here defined.

observed that there are no formal or even informal mechanisms for knowledge sharing within and across State and federal government agencies operating BM programs. This, combined with the general absence of publicly available program evaluations, constrains collective learning and incremental design improvement.

Models of long-established mechanisms for information sharing on government-supported business improvement programs exist elsewhere, such as the OECD Working Party on SMEs and Entrepreneurship (OECD 2022).

BM programs in a broader industry policy context

Respondents interviewed for this research agreed that, taken as a whole, BM programs are valuable for user firms. Many explicitly identified the widely reported poor performance of Australian management in international rankings as a rationale for BM programs. This performance was attributed to the cost and difficulty that SMEs have in identifying and assessing 'information' and implementing external advice.

One government respondent neatly summed up their views:

> It is hard for firms to 'know what they do not know' and this inhibits them seeking external advice […] Government plays a key role in providing advice and support for companies for fostering management capabilities, deploying technology and implementing advanced processes and overcoming barriers they face.

These needs are not being adequately served due to are significant deficiencies in the design and administration of Australian BM programs.

Some of these shortcomings include an absence of program rationales and performance benchmarks; poor program administration; short program lifespans and constant program re-invention; lack of public systematic evaluation; limitations in evaluation methods; program duplication and multiplicity; inadequate information sharing mechanisms across jurisdictions and concerns about program adviser quality and probity. These inadequacies impede bureaucratic learning to improve programs.

Similar problems apply historically to broader Australian industry policies of which BM programs form a constituent part (Green 2009: Ch 5; Conley and Acker 2011). Representative of these assessments is the Senate

Standing Committee on Economics (2015: 15) review into Australian technology and innovation policy, which concluded that programs:

> tended to be short term, inadequately funded, and prematurely terminated. Some interventions have lacked a strong evidence base whilst others have operated with limited reporting of outputs and outcomes, and minimal evaluation. Evaluations, when conducted, are performed under a political or fiscal threat of termination.

Why are these problems with Australian industry policy widespread and persistent? The political economy literature suggests a key reason is the traditional hostility of central economic agencies and political parties at a national and State level to long term strategic industry policy.[8] In the memorable phrase of Robert Wade (2014) '"Industrial policy" has long been one of the most toxic phrases in the whole of the economics vocabulary', or at least in the orthodox economics lexicon. This hostility is attributed largely to a legacy of liberalist economic philosophy absorbed from the UK by economic agencies and local political parties (Bell 1993; Stewart 1994; Jones 2016, 2021, 2023).[9] Indicative of this failure to form a national and bipartisan long-term strategic settlement is that the federal Department of Industry has had 10 Ministers over the decade from 2013 to 2022.

A consequence of this mindset is that industry policies in Australia are too frequently sporadic, ad hoc and pragmatic – instituted in response to periodic crises such as large-scale industry shut-downs; to favour financial backers of political parties or for short-term electoral advantage (Jones 2016, 2023; Conley and Acker 2011).

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[8] An example of this hostility is the Productivity Commission's (2009:34) off-hand rejection of a foundational argument for industry policy: that firms face barriers to identifying and processing 'information' and that governments can reduce these barriers.

[9] Unsurprisingly, hostility to coherent industry policy is also a feature of UK governments. In response to rising inequality and falling productivity the UK instituted a formal Industrial Strategy in 2017, but this was abolished in 2021. In response the House of Commons Treasury Committee (2022: 3) noted 'we are particularly concerned at the 'chop and change' and lack of long-termism in growth strategy and policy, without which businesses themselves are unable to plan and invest. This churn also makes it difficult to assess the success or otherwise of initiatives such as the Industrial Strategy in improving growth and productivity'.

Conclusion

Substantial evidence exists for widespread weaknesses in the quality of Australian SME management and their adverse effects on firm performance. Government-funded BM programs are therefore justified, as market-based mechanisms for information transfer are insufficient to foster innovation and efficiency within SMEs. International and some local experience shows that BM programs can be effective. However, many past and current Australian programs are subject to significant deficiencies in conception, implementation and evaluation.

These deficiencies are attributed largely to a hostile political and bureaucratic environment marked by a rejection of a legitimate sustained role for the state in strategic, targeted, long-term industry development. Yet BM programs persist while other larger programs directed at improving the performance of whole industries, such as the Button Plans, have largely ceased. There is not space here to examine why this may be the case, but some reasons may be that BM programs generally make small demands on government budgets, the SME target is electorally significant, and government can be seen to be 'doing something' at a very local level. Further, compared to more ambitious and transformational Button type plans, BM programs can be more readily framed in acceptable orthodox economic terms of redressing a variety of agreed 'market failures'.

Given this environment, would investing more resources in evaluation and improving the design and performance of BM programs diminish opposition to industry policy? No definitive answer can be provided. What is more certain is that the deficiencies in BM programs outlined in this article arguably create a vicious cycle where insufficient resources are devoted to remedying their deficits, leading to further diminished bureaucratic and political support for BM programs in general.

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