

CROSSING THE THIRD RUBICON: HAVE AUSTRALIA'S MULTINATIONAL
FREIGHT FORWARDING COMPANIES GONE GLOBAL?

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ABSTRACT:

As an understanding of the large business organisations engaged in freight forwarding is pivotal to any comprehension of the Australian transport industry this study analyses the structure and performance of Brambles Industries Ltd, Mayne Nickless Ltd and Thomas Nationwide Transport Ltd. Although these three firms are competing and complementary counterparts in their operational environment the study concludes that they are following very different corporate growth paths reflecting, in part, unequal access to finance. These findings suggest, therefore, that the three firms should not be lumped together for analysis - a conclusion that has implications for the way in which we consider smaller firms.

...unless a haulier can cross the Rubicon and become a comprehensive operator with a large parcels and smalls volume, sheer size alone confers no long-run advantage in the level of costs or in a differentiated product (Joy, 1964:389).⁽¹⁾

Freight forwarders were accorded a pivotal role in the National Road Freight Industry Inquiry (1984). In particular, the Inquiry highlighted: their high standard of performance in responding to most user's needs; their strong bargaining position in purchasing line haul services from road subcontractors and the railways; and their possible contribution to the instability among long distance owner-drivers and small fleet operators in the line haul market. As the Inquiry was national in scope it did not consider the internationalisation of the large business organisations engaged in freight forwarding activities. That is the topic of this paper.

The early history of the development of these larger business organisations is well-known and, as illustrated in Figure 1, can be incorporated into a graphic model. Apart from recognising small firms, national business organisations, multinational business organisations and global corporations it identifies a series of gaps between them. Each gap is, in essence, financial. Once a gap has been crossed new sources of finance become available or the expanded firms are able to meet new financial requirements. As discussed by Taylor and Thrift (1982): the regional gap refers to banking capital which has diminished in importance except for the smaller firms; the national gap refers to venture capital associated with the raising of equity finance and investment from institutions such as merchant banks, insurance companies and superannuation funds (a gap that has widened as the increasing size of financial institutions has narrowed the number of firms that can meet their investment criteria); and the global gap, of particular interest here, refers to that brought about by the creation of Eurodollar markets and the internationalisation of the banking system that has made finance readily available to global corporations on a partnership or consortia basis.

Within this model, at least three development sequences can be recognised in Australia: a smaller regional firms sequence; a large national business organisations sequence and a multinational business organisations sequence. After the Second World War granulated capitalism prevailed in which smaller regional firms (small firms and independent road hauliers) competed strongly against others in a business environment marked by high company birth and death rates. As noted by Stewart Joy (1964) in his classic paper on the unregulated road transport industry, large hauliers left the world of the smaller regional firms in the late 1950s and 1960s by crossing the Rubicon (i.e. regional gap of Figure 1) with the aid of a judicious process of takeover and merger to become comprehensive national operators with a large parcels and smalls volume. In the process, a new development sequence was created and a set of large oligopolistic business organisations or national freight forwarders emerged.

As these larger business organisations have grown in size and power their ability to take over successful smaller firms and offer users a comprehensive national network has expanded (Rimmer, 1970). Several of

1 The Rubicon is a small stream which formed part of the boundary between Italy and Cisalpine Gaul; the crossing of it by Caesar marked the beginning of the war with Pompey. To cross or pass the Rubicon is to take a decisive or final step particularly at the outset of some enterprise.

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INDEX OF SIZE
(Log scale)

- Key
- I 19th century development sequences
 - II early and mid 20th century development sequences
 - III late 20th century development sequences

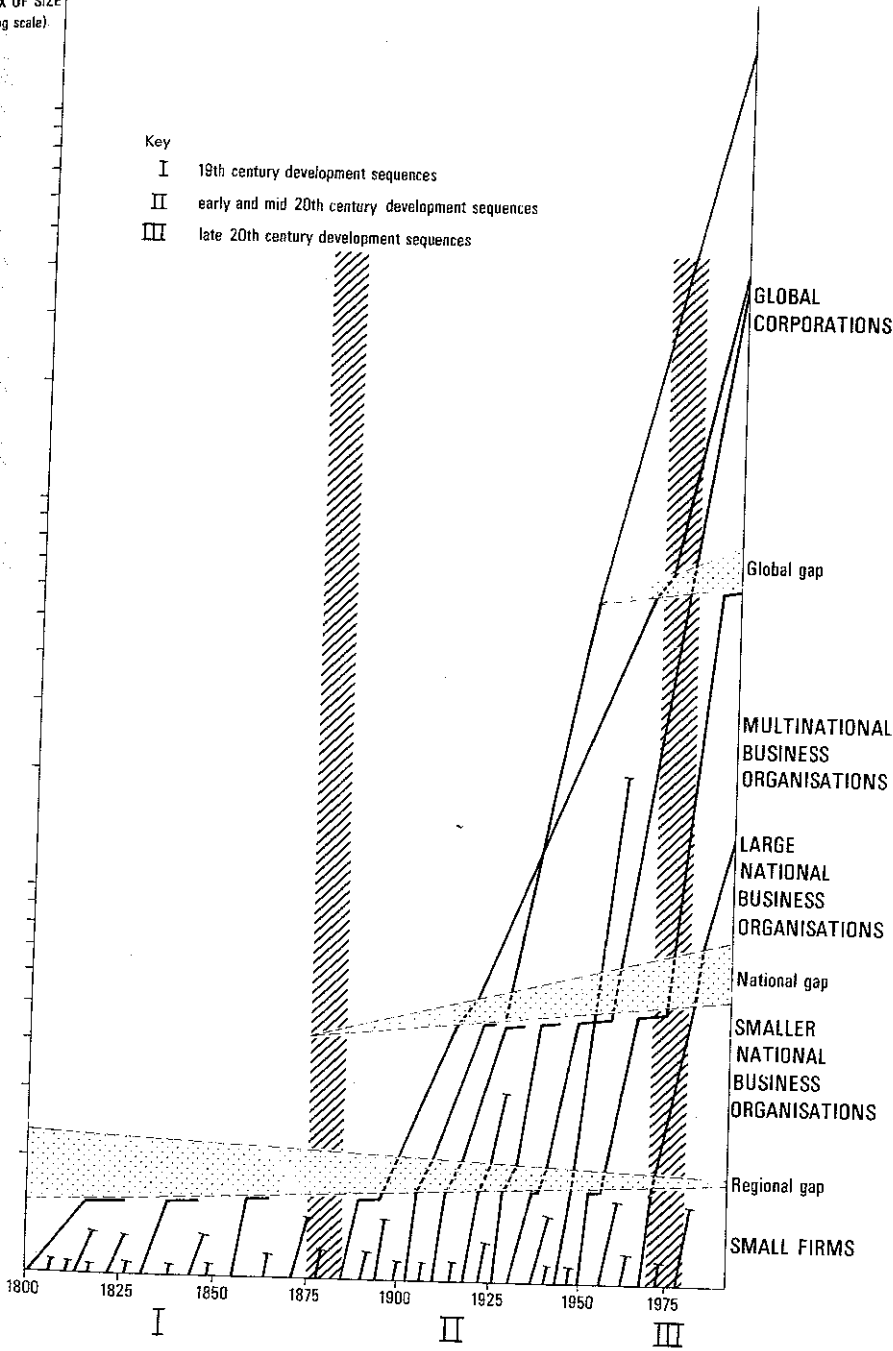


Figure 1 A schematic diagram of the corporate growth paths of Australian-based transport firms in an historical context (Source: Taylor and Thrift, 1982).

these national network carriers have crossed a second Rubicon (i.e. the national gap of Figure 1) by locating some of their activities in another country to acquire a multinational corporate form (Rimmer, 1977). Initially, the Australian parent company exerted a strong grip over its foreign subsidiaries, branches and affiliates established from the late 1960s in what has been described as a mother-daughter relationship (i.e. monocentric). As these subsidiaries, branches and affiliates took on a life of their own semi-independent development sequences emerged and the company responded by adopting a multidivisional organisational structure (i.e. polycentric) (see Taylor and Thrift, 1982:25). Although much attention has been paid to the smaller firms and large business organisations, the multinational activities of these large Australian-based business organisations have, for the most part, been ignored by researchers.

This neglect could be excused except that a fourth development sequence occurred in the business world during the 1970s and early 1980s stemming from the geographical expansion in the activities of some multinational corporations. As these firms are very different from the more localised multinational corporations operating in fewer countries, they have been designated global corporations. The interest of these global corporations is not so much in performing some core activity, such as transport, but in weighing up the relative merits of a range of investment opportunities. For the time being these interests include transport activities, specialist and wide-ranging, but as soon as economic conditions change they will transfer investment to greener pastures both sectorally and globally.

These new global corporations are very much the product of interlocking between the relative autonomous sequences of subsidiaries, branches and affiliates because the foreign and domestic firms that have been taken over had hitherto acquired their own foreign subsidiaries, branches and affiliates -- the outcome being a conglomerate with a wide range of different products, markets and services. Invariably, a grid organisation linked by computers and satellites has superseded the multidivisional structure because top managements have adopted a 'geocentric strategy'. As global corporations, through this process of the de-nationalisation of economic relationships, can exercise a sturdy independence of their home-based government it is important to question whether any of the large Australian multinational organisations have attained this status.

Before tackling this question as to whether any of the Australian-based multinational firms have crossed a third Rubicon to become a global corporation it is necessary to recap the detail of their past developments. These past developments are the antecedent conditions of all future changes. Successful or unsuccessful investment strategies of the past create conditions that act as either a stimulus or constraint to future developments and will greatly influence the ability of a firm to become truly global.

As shown in Figure 2, twelve major national freight forwarding companies have developed in Australia since the 1950s. Through a process of takeover and merger this number has been whittled down to six organisations. Three of these organisations can be discounted from further consideration. Two of them -- Transport Development Australia Ltd and United Transport Holding Australia Ltd -- are based and owned in the United Kingdom and the ultimate holding company of the third, Fleetways (Holdings) Ltd, is believed to be Jardine Matheson & Co. Ltd incorporated in Hong Kong (Fleetways (Holdings) Ltd, 1983). We are, therefore, left with three large Australian-based business organisations -- Brambles Industries Ltd, Mayne

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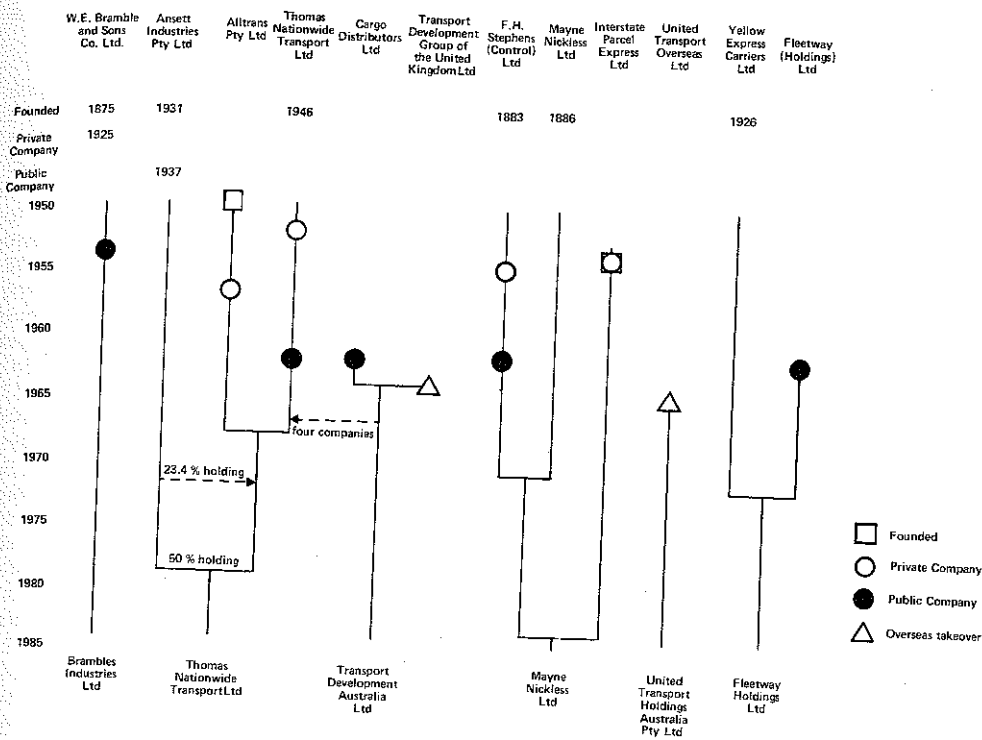


Figure 2 Merger activity among large business organisations engaged in freight forwarding activities. Note Cargo Distributors was formed from a merger of two old established transport companies -- Green McCandlish Ltd, a Melbourne-based carrier, and Rudders Ltd, a customs shipping and forwarding agent (Source: based on Rimmer, 1977).

Nickless Ltd and Thomas Nationwide Transport Ltd.

Generally, these three firms are lumped together for analysis. This is of little consequence so long as the purpose is academic. Theoretical studies of corporate structures which contrast large business organisations against small have helped focus on key factors. While simplified concepts can be a virtue in theoretical analyses they can be treacherous tools in the formulation of policy (Rimmer and Dick, 1980). If we are not to fall into the trap of dealing with stereotypes there is a pressing need to establish if these three large business organisations have to be subdivided into segments in terms of their access to resources (e.g. funds, information and services) and position within power networks inside and outside transport (Taylor and Thrift, 1982, 1983). At this stage, however, the crucial question is to determine if one or two of these large business organisations have adopted a global strategy. If this is the case, we may have to abandon the practice of lumping these organisations together on the assumption that they are, in essence, the same type of organisation which is developing in a parallel and complementary way. In differentiating between them we presume that these large business organisations are in competition at the expense of each other. They are still,

however, in an interacting set because if one of the companies goes global it may pull up the ladder behind it to prevent the others joining the club.

This question of whether Brambles, Mayne Nickless or Thomas Nationwide Transport have gone global is discussed in terms of three critical dimensions.

1. Geographical spread that is specified in terms of the number of countries in which the organisation is established.
2. Product diversification that is determined by the number of activities domiciled overseas to exploit markets, to take advantage of favourable factors or to mitigate risk as a means of maintaining market shares in the face of oligopolistic competition in Australia.
3. Rate of company re-formation that is reflected in the extent to which an organisation has moved out of basic transport core activities into treating all activities as investment opportunities to be bought, shuffled and discarded.

Before discussing the three firms in terms of these dimensions, attention is focused on the degree to which their organisations have been restructured since the early 1970s -- a prelude to considering their subsequent performance and the implications for researchers examining Australia's transport industry.

STRUCTURE

As takeover and merger play a critical role in large business organisations crossing the global gap, attention here is focused on the acquisition and disposal of subsidiaries (i.e. rather than the more conventional measures of production such as the capital intensity index provided by the ratio of assets/employment). The directors of the three companies are required to list the number of subsidiaries formed, acquired, sold and liquidated as additional statutory information in annual reports (Brambles Industries Ltd, 1964-; Mayne Nickless Ltd, 1964-; Thomas Nationwide Transport Ltd, 1967-). Net tangible assets of subsidiaries that have been acquired or sold are also given. If these net tangible assets are related to total company assets we have a sensitive indicator of the rate at which companies have been restructuring.

Figure 3 shows that Brambles Industries Ltd has not undergone a major restructuring on this score. By 1973, however, the company was already a large multidivisional organisation with overseas interests. Since then there have been three marked takeovers and mergers. In 1977, the company acquired total control of the Australian-based armoured car carrier Brambles Binks Ltd (previously the share had been 50 per cent). Four years later Brambles acquired the Sydney-based McArthur Shipping and Agency Corporation. In 1984, the company acquired the Australian storage and furniture removalist Grace Bros. and the remaining 50 per cent shareholding in Brambles-Ruys Pty Ltd previously held by the Royal Nedlloyd Group (it now trades as Brambles International Freight). These changes have not radically altered the company's structure -- the Brambles Binks takeover represented less than 1 per cent of total assets, the McArthur acquisition less than 2 per cent and the joint Grace Bros and Brambles-Ruys exercise 1 per cent. Hence, the company still has considerable reserve potential for snapping-up corporate opportunities (as witnessed by the A\$17

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million stake in the European rail wagon and renting operation Group Caib).

Figure 3 also shows that Mayne Nickless Ltd experienced a similar somnolent period to Brambles Industries Ltd during the late 1970s but subsequently underwent a period of turbulent change through a series of takeovers and mergers. In 1980, the company acquired the Loomis Corporation and its subsidiaries in the United States which were engaged in armoured car and courier services. Two years later, it acquired a string of companies in the United Kingdom engaged in computer and security operations. In 1984, the company intensified its holdings in the United States by taking over Purolator Armored Inc. to give it a strong number two position in security services. As one of these acquisitions represented over 3 per cent and two others over 7 per cent of total assets it is very much a company that is taking on more of an international character. Indeed, the acquisition of Skyroad and a 50 per cent holding in the IPEC Transport Group within Australia in 1983 paled in comparison with its overseas acquisition activity as the combined net tangible assets represented less than 1 per cent of total assets (though Skyroad made Mayne Nickless one of the two major groups in the air express market and IPEC gave it a major share in the road express market). Although the company's total assets had been boosted between 1980 and 1984 earnings per share had declined from its 1982 high point which led to shareholder's undervaluing their stock and to a takeover offer by Australian Paper Manufacturers Ltd (APM) -- a company operating in more mature markets where growth is slow and overseas competition a recurrent concern (see Dargavel, 1984; Ries, 1984). This successful takeover not only killed-off speculation about a possible Mayne Nickless-Brambles takeover (The Australian 12 November 1984) but underlined the importance of the control exercised over the company by large investment institutions -- the performance pressure on this occasion was too much to prevent them from selling for profit (Sydney Morning Herald 1 December 1984; Ries, 1984).

Figure 3 also shows that Thomas Nationwide Transport has undergone a less turbulent restructuring than Mayne Nickless Ltd in the 1980s. Much of its restructuring has been accomplished before 1973. By then the company had already acquired freight forwarding and road line haul interests in New Zealand (1967), the United States (1969) and Canada (1970). It had also acquired holdings in major line haul and terminal companies -- Bulkships Ltd, R.W. Miller (Holdings) Pty Ltd, the Union Steamship Co. of New Zealand Ltd, Ansett Transport Industries (initially 23 per cent, later 50 per cent) and Seatainer Terminals Ltd. These purchases had transformed the company into a vertically-integrated organisation with interests not only in line haul services and terminals but also in freight forwarding and warehousing and distribution (Rimmer, 1977). Thus, when we begin to examine the organisation in detail in 1973 there were already over sixty-five subsidiaries, 7000 employees, over 4000 vehicles and over 120 terminals in Australia, New Zealand and North America.

In 1974, the company consolidated its freight forwarding and road line haul interests in the United States, Canada and Brazil with the acquisition of Acme Fast Freight Inc., Overland Western Ltd and Transportadora Roda Branca respectively (Figure 3). Two years later the company formed Trans Freight Lines to enter the trans-Atlantic trade between the United States and Europe (which, despite losses, had become the second largest carrier on the route by 1983). In 1977, Thomas Nationwide Transport bought the shipping and freight forwarding activities of the Tasmanian-based Wm Holyman and Sons Ltd and a share in transport and terminal activities in the United Kingdom. In 1982, the company purchased the international courier business of IPEC Holdings Ltd carried on under

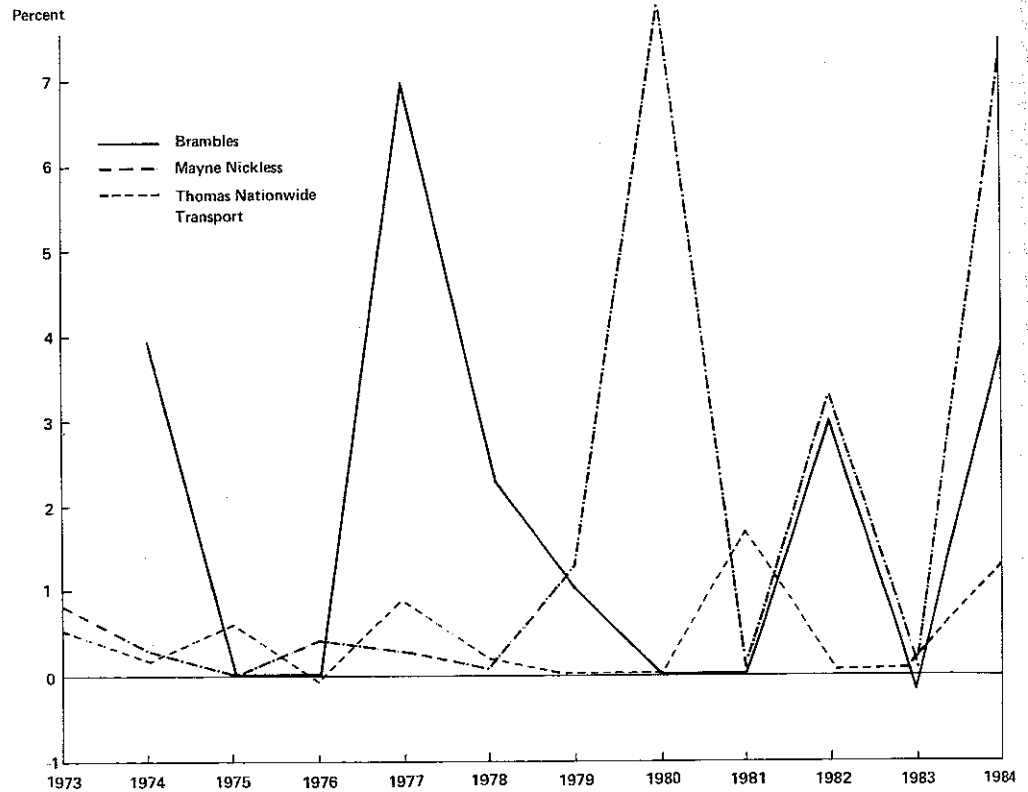


Figure 3 Percentage of total assets represented by value of subsidiaries that have been acquired or sold (Source: Company reports).

the name of IPEC Couriers in the United States and Skypak International in twenty-six other countries; Schuster Express Inc. was also purchased in the same year to consolidate the company's position in trucking within the United States. Two years later Thomas Nationwide Transport bought Holland Motor Express, Inc., another United-States trucking company, in a bid to transform its big losses in North American road haulage into modest profits (Stackhouse, 1984). Although the 1982 acquisition accounted for almost 3 per cent of the company's assets and the 1984 takeover 3.7 per cent, much of the major restructuring of the company has been completed in the 1970s. In 1974, the Canadian and, to a lesser extent, United States and Brazilian takeovers accounted for almost 4 per cent of total assets in 1974 and the additional holdings in Bulkships during 1977 for over 7 per cent (Bulkships Ltd became a subsidiary of the company in 1981). Within the Thomas Nationwide Transport Group (excluding Ansett) there were over 160 subsidiaries and more than 32,000 employees in 1984.

The effects of these acquisitions are reflected in the geographical spread of the companies. As shown in Table 1 the emphasis has been on acquiring subsidiaries in advanced capitalist and newly-industrialising countries. Brambles, for example, has located subsidiaries in Southeast Asia. Mayne Nickless has extended this basic pattern by acquiring

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Table 1 Geographical distribution of acquisitions of subsidiaries by Brambles, Mayne Nickless and Thomas Nationwide Transport 1973-1984

Year	Brambles		Mayne Nickless			Thomas Nationwide Transport					Inter-national
	Aust-ral-Asia	W. Europe	Aust-ral-Asia	North America	W. Europe	Aust-ral-Asia	North America	South America	W. Europe	South-East Asia	
1973	7	-	8	-	-	2	-	1	-	-	-
1974	3	-	2	-	-	-	3	1	1	1	-
1975	1	-	0	-	-	-	-	-	-	-	-
1976	1	-	3	-	-	-	1	-	-	-	-
1977	5	1	1	-	-	1	2	-	-	-	-
1978	2	-	1	-	-	2	-	-	3	-	1
1979	1	-	1	-	-	5	1	-	1	-	-
1980	0	-	1	1	-	-	2	-	3	-	-
1981	1	-	2	-	-	-	1	-	-	-	-
1982	3	-	2	1	4	1	4	-	-	-	-
1983	2	-	1	1	2	4	2	-	-	-	2
1984	7	1	1	1	-	-	8	-	1	-	2

Source: Company reports.

Table 2 Geographical distribution of activities of Brambles, Mayne Nickless and Thomas Nationwide Transport, 1983

Activity	Brambles					Mayne Nickless					Thomas Nationwide Transport				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
General transport															
Wharf & local	x	-	-	-	-	x	-	-	-	-	x	x	x	x	-
Customs agents	x	-	-	-	-	x	-	-	-	-	x	x	-	-	-
Storage (bonded & free)	x	-	-	-	-	x	-	-	-	x	x	-	-	-	-
Warehousing	x	-	-	-	-	x	-	-	-	-	x	x	-	x	-
Cold storage	-	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Freight forwarding															
Road - general	x	-	-	-	-	x	-	-	-	-	x	x	x	x	-
Road - express	x	-	-	-	-	x	x	-	-	-	x	x	x	x	-
Rail	x	-	-	-	-	x	-	-	-	-	x	x	-	-	-
Sea	x	-	-	-	-	x	-	-	-	-	x	x	-	x	-
Air	x	-	-	-	-	x	x	-	-	-	x	x	-	x	x
Specialised services															
Courier	x	-	-	-	-	x	x	-	-	-	x	x	-	-	-
Taxi truck	x	-	-	-	-	x	x	-	-	-	x	-	-	-	-
Overnight express	x	-	-	-	-	x	x	-	-	-	x	x	x	x	-
Armoured car	x	-	-	-	-	x	x	-	x	-	x	-	-	-	-
Liquid bulk	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Dry bulk	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-

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Table 2 continued.

Activity	Brambles					Mayne Nickless					Thomas Nationwide Transport				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Refrigerated	x	-	-	-	-	x	-	-	-	-	x	x	-	-	-
Insulated	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Low density freight	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Removals	x	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heavy haulage	x	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Car carrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earth moving	x	-	-	x	-	x	-	-	-	-	x	-	-	-	-
Waste removal	x	-	-	-	-	x	-	-	-	-	-	-	-	-	-
Car rental	-	-	-	-	-	x	-	-	-	-	-	-	-	-	-
International forwarding															
Sea	x	-	-	-	-	x	-	-	-	-	x	x	-	x	-
Air	x	-	-	-	-	x	-	-	-	-	x	x	-	x	-
Road	-	-	-	-	-	x	x	-	-	-	x	x	-	x	-
Courier	-	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Removals	x	-	-	-	-	x	x	-	-	-	x	-	-	-	-
Ancillary service															
Pallet pool	x	x	-	x	-	-	-	-	-	-	x	-	-	-	-
Container pool	x	-	-	-	-	-	-	-	-	-	-	x	-	-	-
Equipment rental	x	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Stevedoring	x	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Equipment maintenance	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Line haul ownership															
Road	x	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Rail	-	-	-	-	-	-	-	-	-	-	x	x	-	x	-
Sea	-	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Air	-	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Pipeline	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other activities															
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	x	-	-	-	-	x	-	-	-	-
Hotels	-	-	-	-	-	x	x	-	x	-	x	-	x	-	x
Computer services	x	-	-	-	-	-	-	-	-	-	x	-	-	-	-
Marine services	x	-	-	-	-	-	-	-	-	-	x	-	-	-	-

Note: The numbers refer to regions; 1 Australasia; 2 North America; 3 South America; 4 Western Europe; and 5. East and Southeast Asia.

(a) Brambles is also engaged in logistics support for major resource projects in Australia and other parts of the Pacific Basin, industrial plant hire, marine towage, metals reclamation and deep-sea diving; (b) Mayne Nickless is also concerned with civil engineering, helicopters and quarrying in Australia; (c) Thomas Nationwide Transport also has property, coalmining and other related interests.

Source: Company reports.

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subsidiaries in North America and Western Europe. Thomas Nationwide Transport has gone furthest with representation in South America. These broad regional categories, however, under-represent the real spread of Australian-based companies. In 1984, for example, Thomas Nationwide Transport's international courier, Skypak, operated in thirty-two countries, employed 1800 people and was the second largest in the world.

As reflected in Table 2, the subsidiaries acquired by the three Australian-based business organisations did little to enhance product diversification. Indeed, the pattern was contrary to that in Australia where takeovers were used initially to provide a complete transport services package and balanced loading between places of unequal freight generation but later to diversify into non-transport activities. Acquisitions outside Australasia, however, have been narrowly based on a limited range of activities that presumably offered above average returns. For example, Brambles, an industrial services specialist in Australasia, focused on waste removal and pallet pools in Western Europe; the latter activity being its sole activity in the United States. Similarly, Mayne Nickless has concentrated on its familiar trinity -- security services, express freight and computer services -- in North America; its European activities were more circumscribed being confined to armoured cars and computers. Although Thomas Nationwide Transport has replicated its vertically-integrated Australasian network more faithfully, its main activities are focused on a much narrower range -- express road services, international couriers and sea-based line haul services figuring most prominently.

This narrower focus of overseas operations exhibited by these three large business organisations might have attributed, at least to some extent, to two pressures. First, as is widely recognised, going international involves great costs, not only financial, but also in terms of information -- learning about the new environment. Second, when entering a new economy the firm must face well-informed competition immediately, especially in North America and Western Europe. Therefore, these investment strategies might be looked upon as role minimising, testing the water, or establishing a foothold for future expansion.

A variety of different structures is reflected in the resultant company re-formation arising from these takeover activities. Brambles has displayed a propensity to return to basics by concentrating its activities on pallet hire and waste removal. Although Mayne Nickless have moved into such disparate activities as civil engineering, helicopters and quarrying in Australasia its overseas activities -- security, overnight road express and computers -- are not far removed from its own transport basics. As Thomas Nationwide Transport had acquired television, property, coalmining and related interests in Australasia it is not surprising that the company has been more venturesome overseas. Nevertheless, it has remained within a more confined spectrum outside Australasia. Indeed, its acquisitions suggest that it is still holding onto basics and doing what it knows best rather than treating them as mere investment opportunities to be bought, shuffled and discarded.

The analysis of the structure of Brambles, Mayne Nickless and Thomas Nationwide Transport on these three critical dimensions suggests that the large business organisations can be assigned to particular growth paths although there may be some difficulty in locating each firm's precise position. Rather than resolve the matter at this stage it seems pertinent to consider the performance of each large business organisation before pronouncing on whether it has adopted a global strategy or not.

PERFORMANCE

An examination of the performance of the three companies is made in terms of a series of geographical indicators rather than in the more conventional terms of allocative efficiency (i.e. by calculating the ratio between long-run accounting profit, as measured by net profit before tax, and owners equity, as measured by shareholder's funds) (see Rimmer, 1977). The time series data necessary for this exercise is, however, sparse.

There is little information on Brambles Industries Ltd. Apart from the fact that 32 per cent of its employment was based in overseas subsidiaries in 1980 no other data are provided in the company's annual reports (Table 3). This problem should not detain us because it is evident from the preceding discussion that Brambles is still a multinational corporation with its overseas activities largely coralled within its international division -- a company offering services on an individual basis rather than a volume merchant. On this ground a substantial growth in overseas earnings is anticipated and, not surprisingly, the company is cited as a likely takeover target (see Stackhouse, 1984; The Australian 12 November 1984).

More detailed information is available for Mayne Nickless Ltd for the period between 1981 and 1984 (Table 3). Although the bulk of the company's net assets were located in Australasia there has been a total shift in assets away from the region. In 1984, over 29 per cent were in North America alone. This internationalisation, however, has been even more marked in terms of full-time employees as more than two-fifths are domiciled overseas. Revenue figures have not matched the internationalisation rate in terms of employment but there has been a pronounced increase in receipts from overseas sources. Over four-fifths of the company's net profit, however, has stemmed from its Australasian activities; North American profits have yet to contribute more than 12 per cent and the European activities have barely broken even after two years in the red. These figures, however, should not be taken as a reflection of a poor performance by Mayne Nickless. Rather they reflect the costs incurred in their learning process. Indeed, it may be necessary to develop projects with low returns on investment because of their competitive pay-off and to accept a variety of targets for different subsidiaries (see Clarke, 1982).

Thomas Nationwide Transport exhibits a similar pattern to Mayne Nickless but it is clear from the somewhat scantier evidence that the company may have crossed the third Rubicon (i.e. the global gap). No geographical breakdown of total assets and net assets is available but there has been a dramatic shift in employment. In 1972 over 78 per cent of Thomas Nationwide Transport's employees were based in Australasia -- the balance being in North America. Although the addition of line haul shipping has complicated matters (and inflated the 'other' column) there has been a shift in employment from Australia between 1979 and 1984. Less than two-fifths of the company's full-time workforce is domiciled in Australasia. There has also been a relative decline in employment in South America as operations have expanded in North American and Western Europe. Although comparable revenue and net profit figures to those for employment are not available, it is evident for the period 1977-1980 that Thomas Nationwide Transport was further along the path to becoming a global corporation than Mayne Nickless. Already the figures show that Australasia contributed one-third with the balance coming from South America, Western Europe and 'other' (East and Southeast Asia and shipping). In terms of net profit Australasia's contribution has declined to less than 50 per cent.

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Table 3 Geographical distribution of selected company indicators
(percentage)

	Australasia	North America	South America	Western Europe	Other
<u>Employees</u>					
Brambles					
1980	68.2	n.a.	n.a.	n.a.	31.8a
Mayne Nickless					
1981	62.8	35.1	-	2.1	-
1982	58.8	38.6	-	2.6	-
1983	63.3	33.8	-	2.9	-
1984	55.8	41.3	-	2.9	-
Thomas Nationwide Transport					
1979	48.9	19.5	18.0	10.5	3.0
1980	50.6	18.4	16.0	12.1	2.9
1981	48.5	18.4	17.5	13.2	2.3
1982	42.6	27.1	13.5	14.6	2.2
1983	38.1	28.9	12.6	17.1	2.3
1984	34.8	31.3	11.2	20.2	2.5
<u>Revenue</u>					
Mayne Nickless					
1981	77.4	21.8	-	0.8	-
1982	76.0	23.0	-	1.0	-
1983	72.7	25.9	-	1.4	-
1984	69.3	29.5	-	1.1	-
Thomas Nationwide Transport					
1976	47.6	33.1	4.2	-	14.3
1978	52.6	31.0	5.1	-	8.7
1979	51.0	30.1	4.8	-	8.7
1980	53.0	30.0	3.5	7.3	6.1
<u>Net profit</u>					
Mayne Nickless					
1981	92.5	7.5	-	(-0.0)	-
1982	90.8	9.3	-	(-0.1)	-
1983	88.8	11.1	-	0.1	-
1984	86.7	11.9	-	1.2	-
Thomas Nationwide Transport					
1977	56.2	-5.4	10.1	-	29.1
1978	54.5	16.8	6.7	-	11.7
1979	48.8	28.7	5.9	-	11.4
1980	47.2	24.9	3.8	10.8	13.4

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Table 3 continued.

	Australasia	North America	South America	Western Europe	Other
<u>Total assets</u>					
Mayne Nickless					
1981	80.0	18.7	-	1.2	-
1982	80.3	17.9	-	1.8	-
1983	78.0	19.8	-	2.2	-
1984	69.3	29.0	-	1.6	-
<u>Net assets</u>					
Mayne Nickless					
1981	86.3	12.0	-	1.7	-
1982	85.5	11.9	-	2.6	-
1983	86.6	11.0	-	2.3	-
1984	82.6	15.1	-	2.2	-

Note: (a) includes New Zealand.

Source: Company reports.

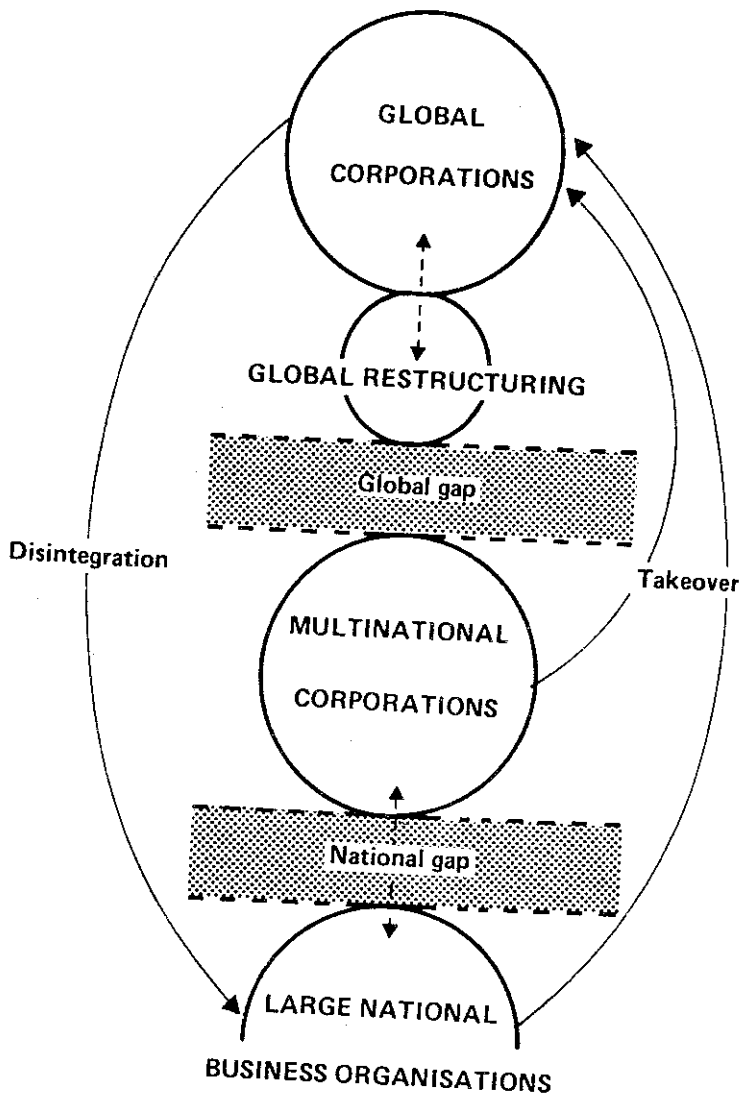
Although the profits in Brazil have declined in tandem the contribution from North America was substantial with Western Europe promising to compensate for the decline in other sources (notably shipping as activities in East and Southeast Asia made a slight contribution to overall profitability). At least for Thomas Nationwide Transport it looks as if the learning stage is over.

These findings on the structure and performance of Brambles, Mayne Nickless and Thomas Nationwide Transport suggests that they have been following very different corporate paths in an historical context. Hence, we need to return to the original model (Fig. 1) or, at least a specific part of it, as this reinforces the requirement that they should no longer be lumped together for analysis.

CONCLUSIONS

The three large business organisations discussed in this paper — Brambles, Mayne Nickless and Thomas Nationwide Transport — appear to have followed each other by expanding in Indian file suggesting that there has been a corporate perception of the need to follow the leader. As such, these three large business organisations fit snugly into the model of corporate segregation, reorganisation and interaction developed by Clarke (1982) and reproduced in Figure 4. Brambles appears to be a multi-divisional company that has straddled (or is in the process of straddling)

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Key

—> Interaction processes

- -> Reorganisational processes

Figure 4 A model of corporate segmentation, reorganisation and interaction (Source: Clarke, 1982).

the national gap. Mayne Nickless would appear to be either at the global gap, within it or in the initial throes of a global restructuring process. Thomas Nationwide Transport seems to be either at the end of a process of global restructuring or may have even joined the ranks of the truly global corporations.

Presumably, the leader (or leaders) has been able to extract a cost advantage as a leverage on the market (e.g. in obtaining subcontracting arrangements). Of even greater importance is the fact that as the leader has internationalised it has had increased access to global financial institutions ahead of its competitors. Bolstered by the political clout inherent in the composition of its board of directors this access allows the leader to increase its cash flows and mitigate competition, particularly from small firms hamstrung by the higher costs of obtaining external finance. Not surprisingly, the leader may be pulling up the ladder on its rivals so that there is no longer a path to be followed by them.

The end result is that the segmentation process has produced an unequal concentration of corporate power (i.e. between the dominant and dominated). As crossing the third Rubicon -- the global gap -- is becoming increasingly difficult the number of options to those down the ladder is restricted. Indeed, the structure of these three very different (but interacting) organisations may be using very different processes of re-organisation. The localised effect of these specific organisational changes may hold the key to the differing performances of particular regions within Australasia. Disaggregated data, however, would be required to tease out these repercussions at the local scale.

This paper will have served its purpose if it has alerted (or re-alerted) researchers to the complexity of the Australian transport industry and its international ramifications. As mentioned, the industry is too often discussed in terms of small firms versus large business organisations. In this caricature, large firms are seen at the 'core' of the economy as wielding something akin to monopoly power and controlling the bulk of commodities moved and profit making potential. In the smaller firm sector there is a proliferation of firms at the 'periphery' of the economy that still exists in a competitive environment; they are seen to be either dominated by larger business organisations or conscious of their clout. At best, the description of the corporate sector in terms of large business organisations and smaller firms is a crude approximation of reality. At least four ideal types of smaller firms can be identified (e.g. independent owner-drivers, subcontractors, specialists and pacemakers) though they would have to be confirmed by more detailed analysis. As this study has shown, however, Brambles, Mayne Nickless and Thomas Nationwide Transport represent three very different types of organisation in terms of their geographical spread, product diversification and company re-formation. Indeed, it is important for researchers to appreciate that the die is cast and the third Rubicon has been crossed.

The casting of the global die also has far-reaching consequences for the transport industry. When, for example, will the first global firm shed its transport interests altogether. No longer does one transport mode compete with just one other transport mode but now with all other investment opportunities available to a corporation be it mining, electronics, bio-engineering or whatever. As investment becomes more flexible and capital flows more freely at a global scale, then it has to be expected that large corporations are more likely to discard past investments like old boots. When might transport become some corporation's

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discarded bicycle?

By introducing the corporate dimension and the corporate dynamic into discussions of the freight forwarding industry this paper raises important policy issues. How, for example, are national transport policies to be framed? It would appear that planning or policy prescriptions cast at a market segment level (for example, passenger air transport, road passenger, road freight, parcels, freight forwarding and so on) is now almost obsolete. What were once separate activities run by separate competitive firms are now no more than departments in multinational and global concerns. As we have seen, they are now merely investment opportunities to be used and discarded as the returns to be gained rise and fall. In the language of economics, all transport facilities are becoming internalised (Caves, 1982) and linked into corporate hierarchies (Williamson, 1975).

Should apparent benefits decline, they can just as easily be disposed of by the corporation. The consequent sale of subsidiaries and adjustment labelled euphemistically takeover and merger leads to potential organisational disruption and, in the transport context, the rapid creation and demise of services to the public. The control of corporations is difficult and even more difficult as they become global. Once global, the corporate concern is maximisation of global returns and minimisation of the global tax burden. In these circumstances, the Australian assets and investments become even smaller fry than they are now. Policy must determine how far concentration in corporate hands is to go. It must also determine now more than ever before where the public and national interests lie and whether they are best served by the business organisations currently in control.

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