

ROLE OF SMALL BUSINESS ASSOCIATIONS IN BUSINESS ENVIRONMENT REFORM

30th November 2006 Bangkok

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Definition

- Business Membership Organizations (BMOs): Democratic member-driven organizations representative of business (Include Chambers and Employers)
- Small Business Associations (SBAs) dependent on local definition of “small”
- All SBAs are BMOs, but not all BMOs are SBAs (data often not disaggregated)

“Embedded SBA”s

Some SBA functions may be exercised by:

- Small industry sector associations
- Artisanal or microfinance clusters
- NGOs or community-based organizations
- Cultural, religious, or gender-based groups

ADVANTAGES for B.E. Reform

- Represent SME obstacles to authorities
- Channel for authorities to win co-operation of SMEs in policy and regulation
- Channel for migration of unorganized / informal sector enterprises to formal
- Can represent disadvantaged groups
- Can improve self regulation of subsectors

VALUE OF SBAs TO CURRENT DEVELOPMENT FOCUS

- LOCAL ECONOMIC DEVELOPMENT
- PUBLIC PRIVATE DIALOGUE
- POVERTY REDUCTION

DISADVANTAGES

- BAD EXPERIENCE BY DONORS OF BMOS: RENT SEEKING, CORRUPTION
- REPRESENT PRIVATE INTERESTS
- WESTERN MODEL USEFUL ONLY FOR LARGER ENTERPRISES
- LESS ATTRACTIVE THAN TECHNICAL OR COMMERCIAL INTERVENTIONS (e.g. MICROFINANCE)
- MORE COMPLEX: INVOLVE ISSUES OF SOCIAL & CULTURAL CAPITAL

IMPORTANCE AT SUBNATIONAL LEVEL

- HIGHER PRIORITY TO UTILITIES AND INFRASTRUCTURE
- LOCATION FOR IMPLEMENTATION OF NATIONAL REGULATIONS / POLICY
- MUNICIPAL GOVERNMENT NEED SBAS AS PARTNERS
- MORE WOMEN-LED ENTERPRISES
- CLOSER TO DISADVANTAGED GROUPS

BUILDING CAPACITY

- TRAIN TECHNICALLY COMPETENT & CULTURALLY SENSITIVE FACILITATORS
- USE INTEGRATED PROJECTS
- MAP INSTITUTIONAL ECOLOGY
- TAP INTO CORPORATE SOCIAL RESPONSIBILITIES OF LARGER BMOs AND IMPROVE THEIR HRD DESIGN
- BUILD PARTICIPATIVE STRUCTURES FROM CONSULTATIVE EVENTS

DONOR / TECHNICAL INTERVENTIONS

- SELECT GEOGRAPHICAL & INDUSTRY COMBINATIONS WITH POTENTIAL FOR “MODEL” BUSINESS ENVIRONMENTS
- SWOT INSTITUTIONAL ECOLOGY
- CLARIFY PUBLIC PRIVATE GOODS
- ALLOW TIME FRAME FOR CULTURAL CHANGE & INSTITUTIONAL SUSTAINABILITY
- NEGOTIATE CONSENSUS ON ACHIEVEMENT & ACCOUNTABILITY BENCHMARKS