Trade Support Services

CHAMBERS OF COMMERCE

Services to Small and Medium-sized Enterprises

International Trade Centre UNCTAD/WTO

International Bureau of Chambers of Commerce of the International Chamber of Commerce

ZDH Technonet Asia Partnership Project

CHAMBERS OF COMMERCE

- SERVICES TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

Technical Paper
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International Trade Centre UNCTAD/WTO	ITC
International Bureau of Chambers of Commerce of the International Chamber of Commerce	ICC/IBCC
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INTERNATIONAL TRADE CENTRE UNCTAD/WTO (ITC)
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Chambers of Commerce: Services to Small and Medium-Sized Enterprises

Geneva: ITC, 1996, VI, 132 p. (Technical Paper)

Study on services of / **CHAMBERS OF COMMERCE** / with particular reference to those needed by / **SMALL AND MEDIUM-SIZED ENTERPRISES** / focuses on services that can be financed by specific fees; discusses variety of services that can be provided, including trade promotion activities, publications, training events, consultancies and office services; pricing and self-financing of services when feasible, as well as legal and administrative considerations; includes case studies based on the experience of some chambers providing samples of tools used for improvement of services.

Engl (Free to chambers of commerce & business orgs. in developing countries)

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ABBREVIATIONS

ADB	Asian Development Bank
ATA	Admission Temporaire/Temporary Admission
HRD	Human Resources Development
IBCC	International Bureau of Chamber of Commerce
ICC	International Chamber of Commerce
IFC	International Finance Corporation
ILO	International Labour Organization
IR	Industrial Relations
ISBS	International Small Business Series
ITC	lnternational Trade Centre
LSEs	Large-Scale Enterprises
NCAER	National Council of Applied Economic Research
R&D	Research and Development
SMEs	Small and Medium-Sized Enterprises
SSEs	Small-Scale Enterprises
SSI	Small-Scale Industry
TA	Technonet Asia
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WASME	World Assembly of Small and Medium Enterprises
ZDH	German Federation of Small Business

INTRODUCTION

In industrial as well as in developing countries more than 95 % of all enterprises are of small or medium-size. Small and medium-sized enterprises (SMEs) generate a large part of the national income and employment, disseminate know-how and new technologies, decentralise economic structures and improve an efficient use of national resources.

In the past, chambers of commerce and industry often neglected this sector by concentrating on larger firms which are able to pay higher membership fees. Many chambers, especially in developing countries, still have only very few members consisting of large-scale enterprises. Usually, a big portion of them is engaged in foreign trade. With such a structure of membership, chambers represent only a small portion of the business community. Today, it is widely accepted that chambers of commerce must try to attract new members particularly from the SME-sector. With such a policy, chambers can increase their status, influence and income and achieve a higher recognition by government.

In this context, the following publication wants to help and assist chambers and other business organizations by showing how to serve SMEs. Services create direct, tangible benefits to the entrepreneurs and are therefore best suited to attract new members. Furthermore, services offer the possibility to generate an additional income for the chamber by charging specific service-fees.

Despite these advantages, many chambers do not make use of the possibilities given by an attractive service offer. Reasons are possibly that they are not aware of the advantages or that they do not know how to develop and organise service delivery. This publication wants to assist chambers in both cases. It gives the rationale for service delivery to small and medium-sized enterprises, demonstrates the range of possible services and shows how to implement them.

Some major questions which were a guideline for the preparation of this publication are:

- How can a chamber identify the demand for new services by SMEs?
- How can a chamber determine an adequate range of services to SMEs?
- How can a chamber calculate the cost of services to SMEs?
- Which steps should be undertaken by a chamber for a successful introduction of a new service to SMEs?
- Which possibilities exist for a chamber to obtain funding for services to SMEs?
- Which kind of experiences do have other chambers in developing services for SMEs ?

Dealing with these topics the publication is divided into seven sections. Section 1 gives an introduction on the role and problems of SMEs. Section 2 is about common functions and aims of chambers of commerce and industry. The comprehensive chapters 3 and 4 present a broad range of chamber services to SMEs. While chapter 3 deals with more general services related to the domestic sector, chapter 4 presents specific services related to foreign trade. Chapter 5 gives concrete suggestions for introducing new services to SMEs by describing different mechanisms for implementation. Chapter 6 presents case studies of chamber services to SMEs which have been implemented successfully by chambers of commerce and industry around the world as well as practical advice for implementation. Major conclusions and recommendations are summarised in chapter 7. The publication finally encloses an annex containing a bibliography of relevant literature as well as an example of registration requirements for SMEs in India.

ITC, ICC/IBCC, SEQUA and the ZDH-Technonet Asia Partnership Project hope that this publication will find a wide readership. It is especially designed for officials in chambers and other business organizations who want to improve their service delivery for SMEs. But even consultants and other professionals engaged or interested in chamber management will profit from the ideas and assistance given in this publication.

1 Small and medium-sized enterprises (SMEs)

1.1 DEFINITION OF SMEs

E.F. Schumacher[1] had observed that "small is beautiful"! What constitutes small, however, continues to be a matter of a wide debate. The term "small and medium-sized enterprise" is a relative concept usually defined in contradistinction to that of a large enterprise.

SMEs can be defined by both qualitative and quantitative criteria. The qualitative definition determines the scope of SMEs in terms of the general characteristics of the business, that is, degree of operational independence, financing pattern, ownership structure, management style, etc. The quantitative definition uses such criteria as tangible fixed assets, capital employed, number of employees, etc. The criteria, however, differ depending upon a country's development stage, business line of the enterprise, and various other imperatives.

In industrialised countries, small-scale often means business enterprises employing less than 300 workers. In developing countries the average enterprise size is smaller and small will generally be taken to mean up to 50 workers; firms in this group with 5-10 workers are called tiny or cottage or micro enterprises. The size of the enterprise may also be measured in terms of capital employed, and for some purposes this may be a more appropriate measure. However, according to Little, "both availability of statistics and the fact that employment size is more easily envisaged, make it to be a more dominant measure.” [2]

A small enterprise is an owner-operated, single location enterprise which generally does not employ specialised experts. The entrepreneur himself arranges finance and looks after the general management, procures equipment and raw materials, manages production, marketing and accounting functions. The bigger medium-scale units, however, engage professional managers or experts for some of these functions. Few other wide-spread characteristics of small enterprises are informality, integration of household and enterprise, linkage of capital provision and risk bearing, reliance on local markets, labour intensity and simple technologies, and greater integration with the local social structures.

Most small enterprises are proprietorship or partnership organizations while medium-scale units are incorporated corporations, equity of which is subscribed by the family and friends which make such units closely held entities. Thus, by and large, SMEs do not have access to the capital market and, therefore, face problems in getting funds for start-up, development, diversification and growth.
It will be fair to infer that SMEs are defined differently in different countries making due allowances for local variations and needs. This definition can be based on the number of

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[1] E.F. Schumacher: Small is Beautiful – A Study of Economics as of People Mattered. Blond Briggs, London 1973

[2] I.M.D. Little et al: Small Manufacturing Enterprises – A Comparative Study of India and Other Countries, Oxford University Press New York; quoted in World Bank Economic Review - Vol. I No. 2, 1987, page 203.

workers, capital employed or any other criterion. The underlying characteristics of these enterprises are distinct and make them different from large enterprises.

1.2 ROLE OF SMEs IN THE ECONOMY

The historical experience of economic development in the developed countries is replete with success stories of the role of SMEs in industrial development, technological innovation and export promotion. The Industrial Revolution (1760 to 1850) is a testimony of the innovative spirit of SMEs which is increasingly challenged in the present century particularly after winds of economic change and industrial liberalisation have swept various economies of the world.

Contrary to the general impression, SMEs are as much an important economic catalyst in industrialised countries as they are in the developing world. In many developed countries, more than 98 per cent of all enterprises belong to the SME sector. 80 per cent of the total industrial labour force in Japan, 50 per cent in Germany and 46 per cent in USA are employed in smaller firms. In USA, small business contributes nearly 39 per cent to the national income. Figures in many developed countries are even higher.

Many studies have indicated that the revival of interest in SMEs in the developed economies is due to technological as well as social reasons, namely, the growing importance of knowledge and skill-based industry as against material and energy-intensive industry. This is also due to a paradigm shift to new processes of manufacturing based on flexible systems of production. The social reasons include the need for generation of more employment through self-employment ventures, accent on niche-demand and decentralised work centres.

In the absence of a universal definition of small enterprise, it is difficult to obtain exact and comparable figures on SMEs for developing countries. Nevertheless, it is obvious that the role of small business is equally important in the economies of developing and developed countries. Small domestic markets, inadequate infrastructure, high transport costs, shortage of capital and foreign exchange as well as surplus of low quality labour are the general characteristics of developing countries. These are, however, best suited, to small enterprises. Table 1.1 gives a broad overview of the contribution of SMEs in some Asian economies.

Table 1.1: Contribution of SMEs in Selected Asian Economies
(in per cent)

Industrial Characteristics	Malaysia (1985)	Singapore (1990)	Rep. of Korea (1991)	India (1994)
Contribution to total number of industrial establishments	92.1	88	97	94
Contribution to total industrial employment	49.4	40	63.5	31
Contribution to total industrial production	46.7	26	44.5	40
Contribution to total industrial value addition	30	23	45.8	35

Source: Confederation of Asia Pacific Chambers of Commerce and Industry – Journal of Commerce and Industry, Vol. 11, 1994: page 6-18

Exports of the SME sector range from 30 to 50 per cent in developed and developing countries. In tune with the latest developments in the global economy, their role in future is likely to be even greater and more pervasive with a demonstrable impact on the emerging world trading order.

Almost every country provides some assistance to small-scale enterprises. The emphasis is more on facilities and supportive services than on protection and subsidies. This is generally a hallmark of an effective strategy for promoting the SME sector. Assistance provided by governments is making available commercial finance, venture capital, information, training and retraining, R&D support and infrastructure.[3] The facilities are provided through local authorities and industry associations with increasing involvement of non-governmental organizations (NGOs).

1.3 PROBLEMS OF SMEs

A study of the operation of SMEs reveals that they are beset with internal and external impediments of varying nature. Broadly speaking, these relate to finance, marketing, production, and institutional issues. The most important constraints which are affecting the performance of SMEs are enumerated below.

1.3.1 Lack of Adequate Finance

One of the major weaknesses of SMEs is that of finance whether equity, term loans or working capital. They have very little access to the capital market as they are promoted by persons with small financial resources. Denied of institutional credit, small entrepreneurs meet their financial requirements of working capital and term finance from their own

[3] NCAER and FNS: Structure and Promotion of Small Scale Industries in India – Lessons for Future Development New Delhi 1993: page 101

funds and informal sources. The problem arises not only in start-up but also for expansion and diversification as financial institutions and commercial banks are reluctant to lend to small scale enterprises because of the high risk.

Governments of various countries have tried to assist the SME sector by establishing specialised financial institutions or venture capital funds, and even issuing regulations regarding mandatory lending to SMEs. All these factors have had only a marginal effect. Inadequate finance remains the biggest handicap with regard to access, availability, adequacy, cost, and terms and conditions. There is also a communication gap between the small-scale sector and institutional lenders. SMEs find their procedures and formalities time-consuming and cumbersome. There is a considerable time lag between the sanction and the availability of funds. After disbursement, periodical statements have to be submitted about the progress of the project at various stages of execution, indicating utilisation and management of loans. SMEs, especially smaller ones, find it difficult to meet these requirements because they lack the expertise for such detailed style of managerial functioning. Furthermore, SMEs experience problems with the credit delivery system, as offices of financial institutions are generally situated in cities or locations which are far away from their factories.

1.3.2 Marketing

Marketing has all along been a major problem for SMEs, its intensity varying from industry to industry and from enterprise to enterprise. It is obvious that for a new entrepreneur the starting point is the identification of a suitable product or service which has market acceptability and good growth prospects. To select such a product or service, an entrepreneur needs to have vision, information and guidance. When business expands and new markets within the country and abroad are sought, the need for accurate market intelligence (evolving a specific marketing strategy) and for developing new markets (and new products) becomes important but difficult for the small entrepreneur.

Small enterprises usually operate in local and adjoining markets, and therefore become susceptible to demand stagnation. Artificial barriers in the market-place are another constraint to be noted. Purchase preferences to local enterprises with the help of taxation policy create problems for non-local SMEs by limiting their market. For ancillary manufacturers the problem is to get a tie-up with large industry to supply the parts and components required by them. These orders are often not placed purely on economic considerations and hence SMEs which do not have the necessary drive and lack in non-economical capabilities (e.g. access to decision making authority, influence) find it difficult to get linkages with large enterprises. Some SMEs have marketing tie-up arrangements with large enterprises. Though their problem of marketing is solved, their dependence on large enterprises makes them vulnerable.

SMEs, especially those which are working as ancillaries or sub-contractors, experience serious problems in getting timely payments from their customers, whether from governmental agencies or from big firms. This increases their need of working capital and causes additional interest burden.

A major area of concern for SMEs is in consumer products where an aggressive marketing and advertising strategy is needed, which is beyond the means of small sized firms. SMEs are poorly placed in all non-price competitive attributes viz sales promotion, advertising and distribution, vis-a-vis products from the large sector. In reality, SMEs compete with LSEs mainly on the basis of low price and as the price differential gets narrowed down, their problems increase. To overcome this, a number of methods have been tried in various countries. One of the successful methods used in the Republic of Korea and in Japan is to form production and marketing co-operatives wherein producers of similar types of goods jointly take the responsibility of marketing. In many developing countries, governments have established special marketing organizations. For example, in India, the National Small Industries Corporation Limited (NSIC) has established marketing outlets at the Centre and State levels. They have opened depots and sales offices for marketing of products of SMEs but their success in pushing sales has been limited. Specialised companies have been established in countries like the USA and Japan which market similar products of a number of SMEs under their own brand name and do the publicity work, provide after sales service etc.

1.3.3 Quality of Products

Production of the right quality at a competitive price is the key to success in the market. just work harmoniously with other responsible constituencies in the society. They should identify priorities and problems and use the knowledge, abilities and resources of the business community for developing pragmatic solutions. Thus, chambers of commerce make effective contributions not only to the economy but also to the welfare of the society.

Availability of Raw Materials

SMEs buy raw materials in much smaller quantities than large firms. They cannot get bulk order discounts and whenever shortages occur, they are discriminated against. Small business is particularly in a disadvantageous position in procuring imported raw materials.

Chambers of commerce, industry, associations, specialised government agencies and cooperatives of SMEs, especially in Japan and Korea, have attempted to mitigate the problem by bulk purchases at home and abroad and distributing the raw materials to SMEs. This has helped to some extent in reducing the problem in the case of items like steel, non-ferrous metals, man-made fibres, plastics etc. which are consumed in bulk in locations where there are clusters of units of a particular industry.

Trained Manpower

Trained Manpower – whether technical, managerial or skilled – is a general problem, because not enough training facilities are available in a large number of developing countries. The small scale sector generally provides employment to people who enter the labour market for the first time. They are untrained and unskilled and learn o the job, but once they gain the skills, they leave for greener pastures. Trained manpower is lured away by LSEs by paying much higher emoluments which SMEs are not able to match.

Low Level of Technology

Technology is another problem area for SMEs which includes identifying appropriate technology for their operations and obtaining it on favourable terms and, equally important, upgrading it constantly to keep abreast of others, both at home and abroad. The technology level of the small scale sector is generally inferior. Small entrepreneurs continue to work with their obsolete machines, as they are not generally aware of the developments in technology that have taken place over the years. Notwithstanding official efforts at various levels, the information delivery system for Sses has been weak and inadequate. Even where they were able to identify their requirements, their biggest handicap was lack of finance to undertake the proposed modernisation.

1.3.4 Administrative Bottlenecks

The general business environment is another area that small firms find difficult to cope with. Though the SSI sector is not subject to licensing and is a free entry sector, entrepreneurs experience administrative and procedural problems at all stages of their operations. This may include conforming to archaic laws and cumbersome procedures for getting the business started, registration, obtaining industrial space, procure of machinery, raw materials, power supply etc. which could make even the most enthusiastic entrepreneur dispirited and demotivated. In India, for example, an enterprise has to obtain a minimum of 22 clearances before commencing production (see Annex – 1). It has been noted that the position is not different in many other developing countries.

Coping with these regulations and procedures requires the services of specialists whom SMEs are not in a position to engage, and thus either defaults occur or management's considerable time and energy has to be spent on these matters. Chambers of commerce have a crucial role I supporting this cause and mitigating the hardships that SMEs suffer. Certain chambers have issued guidelines on various aspects of how to mitigate the difficulties of SMEs. They are also involved in counselling, but unless shorter and simplified procedures are developed for SMEs, their difficulties will persist.

2 Role and aims of chambers of commerce

Chambers of commerce came into existence "to protect and promote business". Originally their function was to protect commerce in transit and to promote the sale of goods. In the context of changes in the economic, political and social environment over the years, both the role and the responsibility of chambers have extended and altered, and their reach and range of services widened and deepened. Chambers of commerce are the logical entities through which the unified efforts of the business community get articulated. Their main objective is "to advance human progress through economic, political and social systems based on individual freedom and initiative"[4] Towards this objective, chambers must work harmoniously with other responsible constituencies in the society. They should identify priorities and problems and use the knowledge, abilities and resources of the business community for developing pragmatic solutions. Thus, chambers of commerce make effective contributions not only to the economy but also to the welfare of the society.

2.1 CROSS-FUNCTIONAL ACTIVITIES

Chambers of commerce operate differently in different countries. For instance, in France, Germany, Spain and Egypt, they have public law status with obligatory membership. In other countries, like the UK, USA, Ghana, Argentina and the Philippines, chambers have private law status with voluntary membership. In Japan and a few other countries, chambers are halfway between these two chamber systems. The Japanese law requires only registration of all enterprises with chambers of commerce without imposing an obligation to join the chamber as a member.

The predominant feature of chambers is the commonality of the interests of the business community in their area of responsibility. Acting within their charter, chambers not only work to create a competitive environment in industry, trade and services but they also assist to protect the business from unfair policies. Chambers promote the development of business in a changing environment lt is, therefore, explicit that chambers of commerce are flexible in their approach; they tune services and activities to match the requirements of their membership and perform functions which they can afford with the financial and secretarial resources they have, and with the ability and quality of the leadership they possess.

The common functions that most chambers generally perform can be divided into the following broad categories:

- General Activities.
- Specialised Activities
- Consultancy Services.
- Developmental Activities.

[4] Encyclopaedia of Associations. Chambers of Commerce of the United States 1993: page 2043.

2.1.1 General Activities

The primary function of a chamber of commerce is to act as spokesman for the business and industrial community and to translate the thinking of this group into action. The general services expected from the Chamber are:

- Protect business interests within the framework of government rules, laws and regulations.
- Lobbying with the public and the government to formulate policies conducive to business.
- Representation on various governmental bodies.
- Collect, analyse and disseminate information (economic situation, legislation, international trade etc.).
- Issuing of circulars, economic bulletins, special publications on business and economy to educate members and the public.
- Publication of business directories.
- Organising meetings, conferences, workshops, seminars etc. to present business views to the government and the public.
- Maintenance of a library and an information centre.
- Carrying out market surveys and other research activities of interest to business.
- Advising members about business opportunities at home and abroad.
- Secretarial services to trade/commodity organizations.
- Settlement of disputes (arbitration, conciliation, legal and fiscal expertise).
- Advisory services in areas like labour laws, taxation, customs, corporate laws, environmental protection, consumer protection etc.

2.1.2 Specialised Activities

The dimension and types of services provided to members and the business community as a whole have expanded manifold depending upon the resources, support and response to these activities. A very important sector is trade promotion. Services provided in the field of trade promotion include taking up problems related to foreign trade with concerned authorities and creating public awareness for the promotion of foreign trade. Specialised activities, inter alia, include:

- Economic intelligence and information on foreign trade.
- Undertaking specific export functions e.g. issuing certificates of origin, ATA carnets, managing export quotas etc.
- Sponsoring and receiving trade missions.
- Organising and participating in trade fairs and exhibitions.
- Establishing display centres at home and in foreign countries.
- Establishing bi-national chambers and joint business councils.

- Entering into memoranda of understanding with chambers in other countries for bilateral trade promotion.
- Maintaining business directories of various countries.
- Conducting training courses for exporters.
- Advising on commercial documentation.
- Bringing out special country studies.
- Giving awards to encourage exports.
- Arranging buyer-seller meets.
- Providing counsel on shipping, banking and other aspects of foreign trade.
- Furnishing information to business houses on the financial standing and commercial strengths of national firms.
- Managing infrastructure facilities such as airports, warehouses, harbours etc.

2.1.3 Consultancy Services

Chambers of commerce have developed expertise in various areas such as customs, taxation, labour laws, corporate laws, etc. Consultancy services on these issues are provided generally on payment of a fee and are largely utilised by enterprises which cannot afford to engage costly consultants.

Some chambers provide consultancy services in areas such as procedures for establishing a new business, quality management, and even conduct special studies for groups of members. Chambers may also maintain lists of available consultants in various areas and assist their members in choosing appropriate schemes or advisory agencies able to meet their members' specific requirements

2.1.4 Developmental Activities

Chambers of commerce also undertake certain developmental activities. Some of the areas covered under the developmental activities include:

- Vocational training.
- Human resource development programmes.
- Quality management.
- Special subcontracting exchanges.
- Start-up services for SMEs.
- Testing facilities for industrial products.
- Energy conservation.
- Environmental audit and awareness programmes, etc.

2.2 INTER - DISCIPLINARY APPROACH TO PROBLEM SOLVING

Unlike trade associations with group enterprises belonging to a certain sector of trade, members of the chambers have diverse interests. The very nature of the diverse membership and plural structure requires chambers to adopt an interdisciplinary approach to various problems, namely between industry and trade, between large and small enterprises, between consumer industries and capital industries and so on. Chambers are expected to sort out conflicting interests of suppliers and buyers, bankers and customers, insurance companies and policy holders; management and workers etc. On the one hand, chambers support the cause of their members and on the other they have to resolve intergroup conflicts. A Herculean task indeed! ln practice, however, chambers may fail to reach the optimum balancing act and this may sometimes result in either members resigning in protest and/or forming alternate organizations to put across their points of view. Nevertheless, chambers enjoy a distinct advantage in so far as all the diverse interests represented get reflected in their discussions; generally a consensus is reached reconciling the different interests in a harmonious manner, thus eliminating conflicts.

2.3 SMEs AS A MAJOR CONSTITUENT OF CHAMBER MEMBERSHIP

By sheer numbers, SMEs may predominate chambers' membership. In countries where Chambers have public law status they account for up to 99 per cent of the membership. However, SMEs' contribution to the revenues of the chambers compared to their share of membership is rather small. In countries where membership is not compulsory chambers generally have more large enterprise members compared to SMEs. SMEs either do not join chambers or represent only a small fraction of the total membership. In either case, SMEs do not exert a significant influence in the opinion making process/policy formulation. This is why most chambers are not very active in espousing SMEs' causes.

As a consequence, in some countries SMEs have established separate organizations. The irony, however, is that on account of internal problems such organizations tend to be even less effective in servicing SMEs. However, in countries like Bangladesh, the Republic of Korea, Singapore, Sri Lanka, India etc. there are reasonably strong independent organizations of SMEs. These organizations are operating almost parallel to chambers of commerce. Their efficacy and creditability differ from country to country depending mainly on resource-command, expertise-availability, overall servicing orientation and the quality, calibre and commitment of the leadership.

2.4 RATIONALE FOR SERVICING SMEs

As has been observed in Chapter 1, there is hardly any country where special programmes have not been devised for SMEs. The range, variety and the quality of services differ depending on governmental policies and the government's understanding of the needs of this sector. Nonetheless, the general impression is that these programmes, whether they relate to credit programmes or management training, technological training or extension services, lack effectiveness towards servicing the SMEs.

Therefore, private sector institutions such as chambers of commerce and industry associations have to increasingly play a more effective and vital role in the formulation and implementation of programmes and policies for small business promotion than has been the case so far. There has to be a qualitative shift in the strategy for the promotion of the SME sector - from a regulated and bureaucratic approach of governmental agencies to a more pragmatic and pervasive involvement of chambers and non-governmental organizations (NGOs) which should imbibe an element of faster delivery systems.

Following are some of the advantages of such private sector organizations in SME promotion: [5]

- They have better access to the target group and are more familiar with their problems and needs.
- They can develop a countervailing force against policy discriminations.
- They have the knowledge and ability to provide practical "hands - on" assistance.
- They strive for better cost-effectiveness.
- They are less bureaucratic and more flexible in decision making
- They can be controlled and sanctioned by the small business community.
- They are governed by democratic participation of their members.
- They can balance the interests between government policy and small business requirements.
- Their work reduces the use of scarce administrative government capacities.

It should be clarified that the new approach to SME promotion is more than a substitution of implementation bodies (chambers instead of government agencies). The foremost aim is to stimulate the small business community itself to recognise and develop its strengths and business opportunities. A sustainable development perspective for small business should be created by supporting their self-help capability.

With the above strategic shift in focus, chambers also have to re-orient their strategies and policies even in their own interest. Chambers neglecting small business cannot be regarded and recognised as true representatives of the private sector. It is obvious by now that the increased involvement of chambers in the small business sector will lead to a widening of the membership base resulting in greater decision making power, better finances and pronounced influence on the polity and its policies.

Chambers in many countries are already engaged in serving SMEs by providing training and counselling, undertaking entrepreneurial development programmes and by setting up advisory and information services. They are also taking a lead role in protecting SMEs' interests and in promoting their growth and development.

As all sizes of business enterprises or industries are members of chambers, they are best suited for encouraging linkages between large and small industries regarding production and supplies of parts and components for the assembling units. Chambers understand the problems of small and large industries well and are in a position to sort out the problems in fixing prices, terms of payment and other conflicts which arise among small and large

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[5] The Role of chambers and associations in Small Business Promotion – Arguments for Private Sector Representatives, published by ZDH-Technonet Asia Partnership Project, Singapore 1992, page 14.

industries. They can, therefore, act as powerful and reliable middlemen in sub-contracting arrangements

Chambers, through their contacts with government, banks and financial institutions, can influence the latter effectively to formulate proper schemes of finance for SMEs, and also to review the existing schemes and bring them in tune with the changing requirements. Technology transfer, especially from international markets, is a major problem for SMEs. Chambers, being in constant touch with enterprises all over the world through joint business councils and business delegations, are in a much better position than governments to help SMEs in securing appropriate foreign as well as domestic technology. They can also attract much more resources than any other organization for undertaking promotional activities from industry, government, domestic and foreign foundations and international organizations because of their credibility built over years of good servicing orientation.

In summing up, some of the services being successfully undertaken by chambers to promote SMEs are:[6]

- Offering information on the current economic situation, new legislations, trade possibilities and other important matters affecting the operations and growth of small firms.
- Establishing service offices with qualified personnel which can offer advice and assistance in technical, legal, fiscal or marketing areas.
- Organising training courses for the management or other employees of small firms.
- Establishing small business-large industry liaison offices.
- Organising joint business activities such as joint advertising or group exhibitions at trade fairs.
- Offering common communication services, such as telephone, telefax and business centres.
- Organising buyer-seller meets.
- Undertaking research in favour of small business.

It can be concluded that there is a strong case for providing improved and diversified services to SMEs. Chambers undertaking an effective programme for SMEs will enhance their status and will also indirectly discourage formation of separate associations of SMEs which develop if the chambers do not effectively serve the interests of this growing sector.

[6] Ibid, page 18

2.5 PROBLEMS OF CHAMBERS OF COMMERCE

Finally, it may be instructive to look at the main weaknesses of chambers of commerce as they are presently constituted especially in developing countries:[7]

1. *Low membership of SMEs*. This factor makes chambers unrepresentative resulting in little influence and weak contacts with the sector and in policy making circles. The low level of membership related with little income from membership fees means few and poor services which in turn fail to attract more members.
2. *Poor leadership and shortage of skilled staff*: Persons with a vision to build up strong organizations to serve the sector are often not available. Another compounding factor which acts as a serious constraint on the chambers to ensure efficiency in servicing their constituents is non-availability/shortage of skilled staff.
3. *Inefficient management and administration*: Either due to incapacity or lack of time of those in leading positions and with few resources for staffing, chambers are often ineffectively managed. Full-time paid managers are seldom highly qualified and lack adequate experience to develop an efficient service delivery structure.
4. *Non-acceptance as full partners by government*: Sometimes, for political or other reasons, governments have shown reluctance or even outright opposition to supporting these agencies or fully accepting a role for them in determining policies. This, in turn, lowers the enthusiasm of enterprises in participating actively in the organization
5. *Inadequate finance*: For all the reasons given above (low membership, poor leadership, inadequate government support, etc.), chambers may end up without any real financial resources, thus making it impossible for them to offer effective services.

What do chambers require then to become effective engines of growth for SMEs? Here are some practical prerequisites

- Highly qualified and motivated staff,
- Adequate financial resources,
- Organizational stability,
- Visionary leadership,
- Adequate representation from the small business community,
- Active participation of members in the decision making process,
- Credibility with public authorities,
- Authority to represent members and to negotiate on behalf of the small business community.

It is desirable to remember that small business promotion and the strength of the organization are two sides of the same coin. A greater involvement of private sector organizations in small business promotion programmes will strengthen the position of these organizations. They will succeed only if they show a certain level of professionalism coupled with the tenacity to face new challenges and provide a long-term leadership role

[7] Ibid., page 15.

for the steady and sustained growth of the SME sector. Against this backdrop, an overview of the activities and services which chambers of commerce are rendering for SMEs in the domestic and foreign trade sectors will be given in the following two chapters.

3 Chambers' services to SMEs related to the domestic sector

In this chapter and the following chapter (Chapter 4) an attempt will be made to spell out various services which chambers can provide to SMEs in the domestic sector and in foreign trade. The methodology and the techniques of starting new services and how various chambers tackle the problems and difficulties they encounter are explained in Chapter 5 and in case studies in Chapter 6.

The raison d'etre of chambers is service to its constituents. The extent and quality of services provided by chambers differ from country to country and even from chamber to chamber within the same country. While chambers of commerce are engaged in small business programmes depending upon the nature, size, needs and resources of the community that they serve, it is not uncommon to observe that small business is not entirely satisfied with the services that they get from chambers. The general view of SMEs is that the attitude of chambers is of benign tolerance rather than of providing active support. There are, no doubt, some exceptions. In countries like Japan, Germany, the Republic of Korea and the USA, chambers are active in providing wide ranging services which SMEs find useful and beneficial.

In developing countries like India, one finds regional chambers as well as local and district chambers relatively more active in this area than some of the larger chambers, which hitherto were mainly assisting regional and local chambers in their efforts to service SMEs. Of late, however, the trend is changing and it is observed that many large chambers have also started support programmes for SMEs with varying degrees of success. However, there is a wide gap between the totality of needs in a highly dynamic business environment and the servicing capabilities of chambers and associations. Much more would have to be done if chambers were to truly serve the larger interests of the business community as a whole rather than taking care of sectional and narrow issues.

In many chambers, there are specialised Committees whose main aim is to look to the health and promotion of the SME sector. Such a Small Business Committee is normally headed by a senior member with an active interest in promoting small business. Its cochairman may be a distinguished member from the small sector with sufficient knowledge and background. The membership of the Committee should be broad enough to cover a wide spectrum of interests and specialisations represented in the chamber. This Committee is responsible for providing guidance and direction to various activities of the chamber aimed at promotion of SMEs. The Committee may become a representative forum and platform for SMEs and represents the 'small' lobby within the chamber. How effective the chamber is in serving small enterprises depends upon the vision, vigour and vibrancy of the chamber leadership, and also the calibre and experience of the personnel that is engaged in servicing this sector.

It does occur that there are conflicting views on a particular issue within the chamber between SMEs and large enterprises. In such a situation it becomes difficult for the chamber to take a view. The chamber may arrange dialogues between SMEs and large enterprises and try to arrive at a consensus. If, however, it is not possible to sort out the conflicting views, either no representation is made or the representation is made on the basis of the majority view. In this context, SMEs often feel that they are being discriminated.

At this stage, it would be useful to look at the activity profile of chambers to get an accurate picture of chambers' activities relating to SMEs.

3.1 ADVOCACY ROLE

An important function of Chambers of Commerce is advocacy; namely representing the opinions of their members to the government and helping and assisting in the formulation of policies concerning business so as to meet the needs and concerns of their membership.

At the same time as governments are keen to liberalise their approach to stimulate economic development, they often are not aware of the practical realities of business and, therefore, are not in a position to forge effective policies. This calls for a closer cooperative relationship between the government and the business sector. Chambers, industry organizations and employers' associations provide effective vehicles to inform the authorities of the experience, thinking and requirements of the private sector. Practices and traditions differ in establishing dialogues with the authorities. While such consultations are ad hoc in countries where chambers are voluntary organizations, in countries where chambers enjoy public law status, consultation by government with chambers before enacting any legislation which affects business is mandatory.

Since the availability of adequate and timely finance for SMEs creates a serious constraint in almost every country and more particularly in developing countries, chambers have to involve themselves vigorously in helping SMEs to obtain financing and in activities related to investment promotion. The strategy in this regard could comprise of:

- identifying the needs of SMEs in regard to finance (both working capital needs and term financing);
- taking up the issue with banks, respective financial institutions and governmental authorities to ensure adequate credit flows for the SME sector;
- holding periodic interaction with the agencies involved in financing SMEs for projecting the problems of SMEs and for obtaining their timely resolution,
- at the institutional level rendering assistance to SMEs in
    a) the preparation of feasibility studies and project reports;
    b) helping in the documentation needed prior to the disbursement of funds and;
    c) interacting with financial institutions for devising an appropriate policy framework for adequate and speedy credit at reasonable rates.

Regional chambers and national chambers may have small industry councils or committees on which SMEs are represented. These councils / committees meet periodically, discuss difficulties of SMEs and then present them to the government through letters, memoranda, meetings, and by organising workshops or seminars on specific subjects. In these seminars or workshops, representatives of the government and various governmental agencies connected with the problems and SMEs participate. Such periodical dialogues help to better understand each other's problems and limitations and assist the authorities in evolving a conducive policy framework for SMEs.

3.2 ADVISORY SERVICES

SMEs, especially smaller and new ones, generally are not able to employ experts. They are also not able to seek advice from consultants because of the high fees but look to chambers for advice on varied subjects. To meet this demand, many chambers have started counselling and advisory services; however, the areas of counselling and advisory services as well as their effectiveness and the confidence of SMEs in such advice differ from chamber to chamber, depending upon the expertise available, the needs of the members and the overall capacity of the chamber.

Some of the areas in which counselling and advisory services are provided by chambers are listed below:

- Advice on setting up of new units or developing new areas of business. (Refer to Case Study V.)
- Help in acquiring local and/or foreign technology and technology upgrading.
- Ancillarisation and vendor development.
- Help in sorting out technical problems relating to production.
- Advice on marketing.
- Advice on labour matters. (Refer to Case Study 11.)
- Quality management.
- Advice on sourcing of imported materials.
- Energy conservation. (Refer to Case Study IV.)
- Environment regulations.
- Taxation and Customs procedures.
- Accounting and bookkeeping.

These services are generally provided on a one-to-one basis. The main feature is to help individuals, but on certain issues, advice is made available through group discussions and also through publishing information in the chamber's regular publications or bringing out special publications on a specific subject of relevance to meet the needs of a large number of SMEs. Many chambers also maintain lists of consultants who may be engaged by SMEs for expert advice on specialised matters in instances where the chamber's servicing capabilities may not fully meet the requirements of SMEs.

Consultancy services may be provided by experts within the chamber, community volunteers, full or part-time outside specialists or in association with universities and management institutes etc. Some of these services are provided free, but many chambers charge fees for such services and treat them as an income-generating activity. Chambers generally charge lower fees to members than to non-members. A satisfactory service rendered becomes a good retention and membership sales tool.

In providing counselling and guidance services, Japan has evolved an interesting scheme. There are more than 4000 advisors who have exclusive contracts with local chambers to provide one-to-one counselling in the chambers' offices, by visiting factories and through group guidance. When an entrepreneur seeks counselling from the chamber, he is immediately referred to the consultant of the chamber nearest to his business location. The consultant analyses the problem and renders advice on all aspects for start up or for an ongoing project. The Austrian Chamber of Economy offers similar services through its 'Institute for the Promotion of the Economy'.

Chambers in the United States also provide one-to-one counselling, conduct pre-business seminars and provide material for counselling with a view to helping prospective entrepreneurs avoid mistakes and safeguard against business failures. Chambers in the Philippines, the Republic of Korea, and many European countries also provide similar counselling services to SMEs.

A very successful example of rendering advisory service to small business is implemented by Small Business Consultants in German Chambers of Small Business. The way it operates, is financed and helps the small businesses to successfully withstand size-induced disadvantages has been detailed in Case Study IX.

An example of support to SMEs is the setting up of a "Small Industries Business Helpline" (SlB-Helpline) Cell at the PHDCCI (India). The objective of this Cell is to get acquainted with the problems specific to an industry, or an individual enterprise, and then to seek redress and remedies. The Cell operates through voluntary help and assistance of experts in various disciplines working with the member companies and even outside experts. The only financial burden on the Chamber in utilising the services of these experts is by way of reimbursement of conveyance and local hospitality expenses.

The problems which chambers experience in providing these services are:

1. Lack of professionally trained manpower.
2. Reluctance by members to pay the requisite fees to make the 'service' economically viable.
3. Fierce market competition.

Lack of continued support from top leadership to sustain the service over a reasonable time span to make it popular and self-sustaining.

3.3 INFORMATION DISSEMINATION AND DATA BANKS

Information is one of the most strategic inputs of the decision-making process. Traditionally, chambers provide information to the industry on governmental policies and regulations, the state of the economy, programmes of economic development, prospects of exports etc. They disseminate information to their constituents through circulars, publications, conferences, workshops and seminars, etc. SMEs who cannot have their own information networking depend entirely upon chambers and their industry associations for such information.

Some of the services rendered by active chambers are:

- Information on new business opportunities.
- Information on technology.
- Maintaining a register of production capabilities of SMEs.
- Maintaining a register of items regularly required by large enterprises which can be manufactured by SMEs, so that there may be linkages between SMEs and large enterprises and viable sub-contracting arrangements.
- Maintaining sub-contracting records. Chambers in the Philippines, the Republic of Korea and Japan are very active in this field.
- Maintaining information on domestic and international markets of items of interest to SMEs.
- Maintaining information regarding assistance, incentives and support to SMEs from governmental, semi-governmental and private agencies.
- Publishing pamphlets and leaflets providing information on government policies and business opportunities.
- Providing information on sources of raw materials.
- Maintaining directories of buyers and sellers.
- Some chambers have set up technology information centres, e.g. in Singapore, Malaysia, the Philippines, etc.
- Information on regulations regarding energy conservation, environment, health and other matters.

The chamber libraries may have data on a variety of subjects of interest to SMEs which members can consult.

Disappointingly, information continues to be weak. Some of the problems faced by chambers in this regard are:

1. Lack of sources of information for regular updating of information.
2. Lacking in-house expertise for information processing and the creation of data banks.
3. Lacking suitable media for quick dissemination of information etc.

3.4 MANAGEMENT TRAINING

Education and skills of workers, managers and entrepreneurs are decisive factors for the establishment, growth and success of SMEs. As is well known, SMEs are not able to get the best workers, particularly in economies where skilled manpower is scarce. Realising the serious need for HRD programmes, many chambers have started training as a regular service, but many of them are not able to have these on a sustainable basis because of constraint of resources.

Training activities are generally concentrated in the field of generating appreciation and awareness and improving knowledge about policy-related issues and business skills, in the areas of finance, international marketing, management techniques, entrepreneurship development and even in the art of business correspondence. Chambers, especially in Germany, France and Austria, are very active in this field and have been entrusted with the job of training by their respective governments which also provide funds. In Japan, the Institute of Japan Small Business Corporation offers a variety of training programmes for entrepreneurs, their successors and administrative managers. Part of the expenses are met through subsidies from the government.

In Germany, chambers of commerce throughout the country supervise vocational training. Every chamber has a Vocational Training Committee composed of representatives of industry and workers, as well as teachers from vocational schools. These chambers supervise on-the-job training programmes, conduct professional examinations every year, and issue certificates to those trainees who have acquired vocational training and the professional skills. The chamber decides whether a particular employer has the necessary abilities and expertise to carry out on-the-job or vocational training. In addition to these regular programmes, chambers also run and manage part-time vocational schools to provide broad-based vocational training.

Some chambers also run specialised professional schools where technical education is provided. In the USA, for example, there is a strong association and linkage between universities, management schools and chambers for deciding on courses of education and for giving training to entrepreneurs especially from the SME sector. In addition to providing training to management and senior employees, there are also training and retraining programmes for workers.

For providing training services, some chambers have engaged full-time experts and others draw on consultants from various disciplines for the duration of the programmes. Some programmes are organised in cooperation with universities, management schools and government. Experts from international agencies are also drawn under their technical cooperation programmes. Sometimes training programmes are organised jointly by a number of chambers.

Training appears to be accepted as one of the popular services to the SME sector and has a great potential for chambers as an income-generating activity.

3.5 MARKETING

SMEs lack in marketing skills. Reaching the market is a serious problem for SMEs both in the domestic and international markets. Chambers can help SMEs in marketing efforts in a number of ways. In the domestic markets, the following services may be provided by chambers.

- Market surveys to find out the demand of various products and the competitive strength of SMEs vis-a-vis large enterprises.
- Specific market research for a particular product either on the chamber's own initiative or on the request of a group of members.
- Help in establishing linkages between SMEs and large firms requiring components and parts suitable to be manufactured in the SME sector.
- Establish sub-contracting exchanges to help SMEs to get sub-contracts. The chambers of the Republic of Korea, the Philippines and Japan are particularly active in this area.
- Provide testing facilities to upgrade the products of SMEs which help them in marketing.
- Establish design and development centres to help SMEs upgrade their designs and keep in line with the latest changes in consumer preferences to make them competitive in the market place.
- Create consumer awareness in favour of products manufactured by SMEs especially for handicrafts and labour-intensive products.
- Organise exhibitions and trade fairs for specific products or general exhibitions to promote sales of SMEs. In this activity, chambers are often supported by the Government.
- Receive enquiries from buyers and sellers which are circulated to manufacturers/ traders.
- Arrange buyer/seller meetings.
- Locate opportunities for joint ventures and help SMEs to take advantage of the opportunities by arranging one-to-one meetings
- Encourage large firms to market products of SMEs.
- Establish specialised agencies to help to market SMEs products independently or in cooperation with governmental or other agencies.
- Organise conferences, meetings and workshops to highlight marketing problems and to educate SMEs in this respect.
- Engage experts in marketing to advise members to improve marketing techniques.

It may be instructive to relate some useful measures taken by governments in Japan and the Republic of South Korea to protect SMEs against severe competition from large domestic enterprises or from overseas products with active assistance of Chambers of Commerce/lndustry Associations.

In Japan, the "Law on Securing Business Opportunities for Small & Medium Enterprises" was enacted in 1977 to ensure fair business opportunities for small enterprises against intensified competition from large companies.

The law provides that the association or organization of SMEs in a particular industry can request the relevant ministry to issue a recommendation of harmonisation to large firms which are intending to start business operations in that industry.

In the Republic of South Korea, under the Small & Medium Industry Business Coordination Act and Small & Medium Industry Basic Act of 1966, SME organizations are encouraged to act in order to cool the overheated competition between SMEs and large enterprises. The Act became the legal basis for the sound development of SMEs by effectively reducing excessive competition through securing markets for SMEs by declaring specific business off limits to large enterprises.

In general, chambers can assist SMEs vis-a-vis large enterprises by:

1. Obtaining constant feedback regarding their problems and interacting with governmental and other authorities for amendments and changes in policies, fiscal and other measures as may be necessary to safeguard interests of SMEs.
2. Encouraging cooperative marketing by SMEs themselves where other marketing outlets are not readily available.

It needs, however, to be noted that chambers' support in marketing has not been able to meet very satisfactorily the needs of SMEs. The promotion of innovative marketing methods for SMEs would thus need more attention of chambers.

3.6 QUALITY MANAGEMENT

In the competitive market scenario, quality management has become crucial for products manufactured by SMEs, especially for items like food products, textiles, ready-made garments and other consumer products. If SMEs have to compete in domestic (and foreign markets), quality is a must, which also helps in reducing cost. Chambers of commerce of various countries are, therefore, making SMEs quality-conscious and can assist them in the following ways[8]

- Help SMEs in improving productivity through brochures, TV and radio programmes, workshops, seminars and special training of shop-floor workers and executives.
- Encourage the establishment of quality circles in various enterprises to make workers and management conscious of the need to enhance the quality of products and services.
- Undertake 'Improve your Business Programmes' with the cooperation and assistance of ILO.

[8] See also tohe following ITC publications: Total Quality Control at enterprise Level – A requisite for successful export trade of developing countries, eneva 1986. ISO 9000 – quality Management Systems. Guidelines for Enterprises in Developing Countries. Geneva 1993

- Encourage entrepreneurs and managers by providing support services for quality management through provision of consultants for training those concerned with the subject in order to achieve better quality and help member enterprises to obtain requisite certification under relevant standards for entry into specific markets like the European Union.
- Institute awards for quality excellence.
- Chambers in certain countries have separate committees for standards. For instance, at the Mauritius Chamber. of Commerce and Industry there is a Food and Agricultural Standards Committee, a Mechanical Engineering Industry Standards Committee, a Building and Construction Industry Standards Committee etc.
- Guide SMEs regarding formalities to be completed to achieve national quality standards and ISO-9000 series of standards. Some chambers have a separate division to render services to SMEs in this regard.
- Disseminate information on quality trends in production, packaging and serving the consumer through workshops, publications, visual media etc.
- Entertain complaints pertaining to sub-standard quality from consumers and conduct investigations for the ultimate benefit of the industries.
- Undertake quality surveys of export cargo.
- Establish strategic alliances with organizations dealing with quality, productivity etc. with a view to keep members informed about the latest developments in these areas.
- Keep information on process and product development within the country and abroad and inform the constituents.

3.7 FINANCE, BUDGETING AND A CCOUNTING

SMEs, more so the smaller ones, are very weak in maintaining proper accounts, bookkeeping and budgeting, and they face many problems in getting finances from the banks and institutions as was noted in Chapter 1. In the ultimate analysis, every kind of problem, whether of raw materials, power, transportation or marketing has financial consequences, but entrepreneurs do not engage professional staff and do not follow standard budgeting and accounting practices. There is no review mechanism and at times it results in business failures, as has happened to a large number of SMEs in the USA, UK, Japan and much more in developing countries.

There is a lack of appropriate control on the inventory and cash flow, creating problems of working capital. When surplus funds are generated, the management does not know how to invest them properly and often they end up with uneconomic use of short and long-term surplus funds. Due to lack of proper accounting and internal auditing, they are not able to know the true state of financial affairs, and are not sure whether funds are being utilised efficiently The management is lacking in good accounting knowledge, but it still wants to maintain the accounts itself, either due to constraint of resources or its unwillingness to disclose trade secrets to others. This is one area where SMEs in general, and smaller ones in particular, are very weak and vulnerable.

To meet the needs of their constituents, some chambers of commerce have instituted a number of programmes and services including counselling and advisory services in this field.

The services provided by chambers can cover the following areas:

- Organise training programmes for book-keeping, accountancy, budgeting and financing for the executives of SMEs.
- Organise programmes of short duration for management on finance issues through workshops, seminars etc.
- Chamber consultants of certain countries, especially Japan and Austria, analyse in detail the finance problems and advise on restructuring the enterprise.
- Chambers, especially in the USA and Europe, publish manuals on bookkeeping, accounting practices, procedures and standards to be followed. These are generally priced publications.
- Make SMEs aware of the availability of finances from various sources and appraise merits and demerits of each one of them.
- Arrange meetings with bankers, financial experts and executives of financial institutions in order to train management to understand policies and practices and to clarify the issues.
- Take up financial problems with institutions and government both on policy matters and with regard to procedures and practices.
- Arrange lectures on the capital market, long-term finances, working capital practices within the country and abroad. In certain countries like Singapore, there are venture capital clubs in which experiences and information are exchanged.
- In the Japanese chambers, there are special consultative officers to prevent bankruptcy. These officers are supported by arbitrators, lawyers, accountants and other professionals.
- Encourage management to introduce cost control and economic measures.
- Educate SMEs on how to prepare project reports.
- Disseminate information on viable financial projects and assistance schemes available. Advice is also given on how to use these facilities and opportunities.
- In the Republic of Korea, chambers provide guidance on tax accounting and bookkeeping to SMEs selected under an arrangement with the City Office of the Tax Administration, with a view to promoting them as honest tax paying firms. These firms are exempted from the imposition of taxes by estimates.

3.8 ENVIRONMENT

Protection of the environment is another critical area which has recently attracted the attention of chambers, and the emphasis is likely to be much more in the years to come. This problem affects SMEs much more seriously than their counterparts in the large sector. Most of the SMEs are operating with a machinery of obsolete technology which is not eco-friendly. They have small premises and have neither sufficient finances nor space to undertake pollution control measures to make their production eco-friendly. Chambers can play a useful role in educating their constituents regarding the need for eco-friendly production processes. At the same time, they also constructively get involved in rendering advisory and consultancy services so that SMEs are able to change their processes, production techniques or equipment, which could then result in lower, if not negligible, environmental damage.

Chambers can also keep the SMEs informed of their statutory and legal obligations under environment-related regulations and can create the awareness needed to save SMEs from punitive action for the violation of statutory requirements. Some chambers have undertaken such a task by setting up industrial consultancy divisions which advise their constituents of various facets of preventing damage to the environment. If successfully implemented, such a service can even be a source of income to the concerned chamber or association.

3.9 OUTLOOK

Chambers can render a variety of services to SMEs, and the areas where chambers may actively pursue the cause and interests of SMEs have been mentioned in the preceding paragraphs. Some practical cases have also been cited where chambers are already operating successfully. Such schemes could be replicated in other countries, taking into account the prevailing circumstances.

While attempting any such replication, the following factors have, inter alia, to be taken into consideration:

a) the need for any service or range of services has to be duly assessed in order to match demand;

b) the capacity (financial, administrative and managerial) existing in the chamber has to be duly appraised,

c) the approach for providing/extending services should be gradual rather than attempting something what is not achievable;

d) a review of the services introduced needs to be held periodically with regard to:

   - their continuance/modification/pruning.
   - assessing their cost-benefit ratio to the chamber and the clientele availing of such services.

Keeping the aforesaid in mind, some of the services which can be easily replicated and would be self-financing (income-generating over a period of time) are:

- Publications - Directory of Members, Chamber Magazine (monthly/weekly); Monographs containing useful information on Government Policies, Export Documentation and Procedures, Investment Policies, Executive Information sheets, Digest of Court decisions on Commercial and Labour issues; Proceedings of important Workshops/Seminars; Chamber yearly Calender Cards and Planners etc.;
- Training programmes on subjects of interest to members;

- Advisory and consultancy services with the help of volunteers from members or hired outside experts,
- Library and Data Bank;
- Mounting Trade delegations,
- Participation in Trade Fairs and Exhibitions through "Umbrella Stands"

Chambers will have to reorient their tasks if they wish to survive as dynamic and progressive institutions. They are already encountering serious competition from industry associations and similar outfits. While chambers have many strengths, they also suffer from the handicap of having to seek a consensus before proceeding to launch any new activity. An orientation from being a lobbyist to becoming an activist and service provider is called for.

4 Chambers' services to SMEs related to foreign trade

As is well known, SMEs all over the world are contributing significantly to the export efforts of their respective countries. The urge to enhance exports is accelerated by a favourable international trading environment for labour-intensive products, expectations of making better profits, and provision of attractive incentives and concessions by governments. SME development agencies, trade promotion organizations, trade and industry associations, Chambers of commerce and a host of other agencies offer technical and procedural assistance to exporting SMEs. Each of them has its own area of strength, but none of them offers the entire range of services which SMEs need.

All too often the complexities of exporting, lack of market information, difficulties of transportation and communications, and unfamiliarity with procedures and channels of distribution in foreign markets are formidable bottlenecks which obstruct the efforts of SMEs. What are the expectations of SMEs from the supportive agencies? These primarily relate to access to finance, technology and markets.

"The export environment can be improved by ensuring a closer and structured system of consultation with a wider cross-section of SMEs, while deciding between the options of policy and procedures of incentive schemes. Sensitisation of implementing authorities should be a continuing exercise. SMEs require an improvement in the quality of infrastructure facilities as a whole and, in particular, in the availability of reliable and steady power, improved access to modern telecommunication facilities and, on the financial front, timely credit at affordable prices. In the marketing sphere, the most difficult step is securing first market entry. SMEs look for timely, relevant and comprehensible information specific to their products"[9].

In this chapter those services are examined which are already offered by chambers or which should be rendered to SMEs relating to foreign trade.

It is worth noting that chambers of commerce have two distinct advantages to offer in serving exporting SMEs, viz. (i) the global network of chambers of commerce which makes foreign markets accessible, and (ii) the major breakthrough in the field of information technology which has made it possible for inter-chamber linkages to take place electronically.

[9] R. Badrinath : Constraints and Analysis of Exporting SMEs, ITC, Geneva 1994, page ix.

4.1 INTERNATIONAL MARKETING

There is a vital difference between producing goods and services which can be sold in the domestic market, and developing a healthy export market for those products. In the marketing sphere, the most difficult step for SMEs is first securing a market entry and then building up market and customer credibility. There appears to be little institutional support available for this function and most firms rely on private and informal sources. This is an area where support agencies have a great scope for rendering very useful services to SMEs by identifying trading opportunities after matching market possibilities with the product range, performance ability and comparative strength of individual SMEs[10]. Further, the support structure available for promoting the acquisition of new technology and for forming strategic business alliances is rather weak. Some chambers of commerce play a proactive role in needs assessment for such alliances, preparation of cooperation proposals, partner sourcing and negotiations of cooperation arrangements. Much more is needed to be done.

4.1.1 Mounting Trade Delegations

Chambers generally organise trade delegations to a foreign country or group of countries with a view to assisting members to forge business cooperation, as well as arrangements for marketing, production and technology transfers. The delegation can be tailor-made to cater to the specific interests of the participants. A trade mission may be horizontal, covering business representatives belonging to a variety of interests, or vertical, covering a specific product interest, say a mission of garment manufacturers. The global recognition of chambers puts them at an advantageous position for promoting two-way trade.

The planning for such missions requires a high degree of professionalism, as it involves:

- Assessment of the business interests of the prospective delegation members and then decide on the destinations.
- Having decided on the country/group of countries to be visited, identify and coordinate with the counterpart agencies/chambers in such country(ies).
- Making plans for individual discussions and factory visits.
- Meeting with senior government functionaries/policy makers.
- Drawing up a time-table for meetings, one-to-one discussions, social events and calls on authorities, and ensuring support from host chambers and local embassies.
- Organising for printed materials such as company/product profiles, profile of mission members, etc.
- Structured publicity, in cooperation with counterpart organizations or the embassy in the host country.
- Participation of representatives of trade promotion organizations/government officials/ministers in the missions to lend prestige to the mission.

[10] Ibid, page 11.

As regards funding of the mission, participating members are usually asked to make a contribution to cover all costs. The chamber can also explore the possibility of funding assistance from the government or a development aid agency. Sometimes, trade missions are subsidised by the government or by the chamber as is the case in Austria.

In organising such missions, the chamber should also take advantage of the economies of booking tickets for group travel, hotel, food, transport, movement of baggage, transport of samples, etc. The budgeting should be planned so as to leave a net surplus for the chamber with a view to effective follow-up and undertaking this activity on a regular basis. SMEs may be included in these delegations where they can meet their counterparts. The meetings should be purpose-oriented to transact business deals. The chambers should assist in the preparation of such meetings from which SMEs could obtain maximum benefits.

4.1.2 Hosting of Visiting Delegations

Hosting of incoming trade delegations is equally a beneficial experience. Apart from individual business contacts, meetings with such delegations are also helpful to influence trade policies in both the host as well as the visiting countries. One-to-one meetings can be organised to assess the visiting delegates' business capabilities and potential. It is always desirable to get in advance information on the "business interests" of the visiting delegates and particular areas in which they are interested. This would enable them to have a much more fruitful interaction and would avoid repeated visits for business promotion.

4.1.3 Debriefing Sessions / Delegation Reports

Some chambers organise "debriefing sessions" after the visit of their delegations. In the debriefing session, all interested members of the chamber are invited to participate. The delegation leader and other members share their perceptions with the interested members. This results in the perceptions of the delegation members being shared by a larger business community. Visiting delegations always bring back a lot of literature and data about the countries visited. This data has relevance and is useful for the general membership. The chambers can bring out such data in a book form along with the major findings of the delegation. This delegation report could be a very useful document for members, government and other interested businessmen.

4.1.4 Organising Meetings with Visiting Ambassadors and lndustrialists

Chambers can facilitate their members' interaction with visiting Ambassadors and industrialists from a particular country. Apart from giving a general overview of the host country's economic policies, such interactions would also result in familiarity and personal contacts which could be useful in future. Many chambers arrange lunch/dinner meetings for such events and charge fees to the participants. These events could, therefore, be income-generating and not a burden on the chamber[11].

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[11] See also the ITC/ICC/IBCC/ZDH-TA publication on income-generating activities of chamber of commerce, Geneva 1993 page 23 - 25

4.1.5 Trade Fairs and Exhibitions

Participation in specialised trade fairs and undertaking marketing missions are very effective market promotion measures. Private displays, advertising and other forms of commercial publicity are not considered economical/effective by many SMEs. Their basic weakness lies in the lack of adequate information on market opportunities and their inability to allocate adequate financial resources to effectively exploit them.

Chambers of commerce can help SMEs to participate in trade fairs/exhibitions by providing an "umbrella stand" for a group of companies which can then benefit from rebates on rent and shared expenses. They can also help SMEs to avail themselves of funding support by the government or promotional agencies. Furthermore, chambers can be instrumental in organising joint exhibitions of products with groups of SMEs. The planning for such joint exhibitions would broadly involve:

- Booking space.
- Booking group travel, hotel accommodation and transport.
- Providing support services.
- Interaction with target countries.

4.1.6 Consortium Approach in International Marketing

In view of the specific problems that individual small exporters face, the idea of pooling the resources of groups of SMEs through a consortium of like-minded export companies has been fast gaining ground, particularly in developing countries. In this context, the role of the chamber is to identify and locate exporters with business interests in similar product lines, regions, markets and target locations. By virtue of their global networking, chambers of commerce are in an appropriate position to tackle administrative matters develop a marketing strategy and provide meaningful support to exporters. Furthermore promotional agencies, including the government, would be more inclined to extend support to such initiatives. Joint export schemes offer the advantage of size; they have greater flexibility than individual companies to increase production to meet demand. Joint export marketing schemes are also helpful in spreading employment opportunities and market knowledge. While in the developed countries, consortia have largely resulted from the joint efforts of privately owned companies, in developing countries, there is a basic need for the government to support such endeavours through chambers of commerce.

4.1.7 Training on Trade Promotion

Chambers of commerce also play a very meaningful role in providing training to small exporters on international business management and practices, export - import procedures, distribution channels of foreign markets, international shipping, Total Quality Management (TQM) ISO 9000 series certificates and so on. Such training programmes are designed to impart to small enterprises the skills, knowledge and confidence to initiate and develop international business functions. SME executives are interested in such training if they see the possibilities of putting the new skills to commercial use.

In organising such training programmes, adequate attention should be given to the following aspects:

- Offering customised training to meet exporters' specific staff development needs.
- Flexibility in scheduling learning programmes to match the availability of participants and faculty members.
- Developing innovative training delivery systems and stressing the need for easy-to-use learning methods.
- Building training capabilities within client enterprises.
- Maintaining a close link with exporting enterprises and other support business organizations for regular feedback[12].

In this context chambers are advised to refer to the work done by ITC-Geneva in export promotion efforts of chambers. The ITC training manuals are very good guides and chambers can make use of these for the benefit of their membership.

4.1.8 Authorised/Other Services

Chambers of commerce also provide certain authorised or delegated services arising from governmental decrees, traditions or demands of the business community. Such authorised services may include:

a) issue of certificates of origin;

b) monitoring of export quotas, and

c) certifying the authenticity of documents used in international trade, such as invoices, insurance policies etc.

The above services are provided on payment of specific fees and chambers generally charge members lower fees thereby inducing other exporters to join the chamber as members.

[12] See also the ITC publications and training materials referred to in the bibliography

Some other services offered by chambers in this connection are:

1. issuing ATA Carnets[13] and other documents relating to exports,
2. issuing inspection certificates;
3. advising members about documentation relating to export or import;
4. receiving documents of tenders for circulation to concerned parties;
5. undertaking market research for individual firms or making it available if some other chambers or bodies have done it,
6. building the image of SMEs as reliable suppliers, and
7. assisting individual firms to exhibit their products or take up booths in foreign trade fairs on behalf of the member etc.

Of particular interest is the issue of building the image of SMEs as reliable suppliers. The task of the Chamber in this regard is primarily to act as a facilitator or matchmaker through which SME units are brought in contact with a large unit. The Chamber may also advise a large enterprise to technically help the SME to develop and grow as a reliable supplier. In cases where business contacts develop after the initial hesitancy between them, the role of the Chamber is restricted to dissemination of information, training and advice to the SME in its area of interest.

There are successful examples of such linkages. For instance, the largest Indian car manufacturer Maruti Udyoug Limited (MUL), which has a technical and financial collaboration with Suzuki Motor Co of Japan, has successfully spawned small auto component suppliers by developing a cluster of such units around its manufacturing unit. Due to a deliberate policy of declining reliance on the imported components, MUL helped its suppliers to improve the quality and delivery of their products. Based on such practical examples, chambers can help in creating the image of SMEs as reliable suppliers.

4.1.9 Bilateral Trade Committees

Chambers of commerce may also enter into agreements with their counterparts in partner countries with the twin objective of information networking and providing a forum for interaction between business groups on both sides. Such bilateral agreements take various forms, a few important ones being the following:

- Joint Business Council (JBC) or Joint Business Cooperation Committee (JBCC)

  The JBC and similar fora may be effectively used in "Match-Making" exercises between enterprises in different countries. This is extremely useful to SMEs because they do not have the capabilities to search out partners for joint ventures in manufacturing and trading. SMEs increasingly look for this kind of activity from their chambers.

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[13] See the above-quoted publication on Income-generating Activities of Chambers of Commerce, page 30 and Annex II page 59; ATA stands for 'Admission Temporaire/Temporary Admission".

JBCs are formed between two national chambers in different countries with he overt blessings of both governments. Business groups on both sides hold periodic meetings and Governments on both sides are formally kept informed about the activities of the JBCs.

- The chamber may sign a Memorandum of Understanding with its counterpart in another country to achieve specific objectives. This is a less formal level and does not require government approval.

4.2 TRADE INFORMATION - DATA BANK

Professional information management is one of the key issues for successful internationalisation. Access to authentic and relevant information on a continuing basis is vital to the successful operation. A typical SME has a variety of information needs, important ones being:

a) information on government trade policies and procedures,

b) product-related information;

c) market-related information;

d) technology-related information etc.

As pointed out by R Badrinath[14], SMEs tend to rely heavily on private sources, possibly because of accessibility, affordability or reliability or a combination of these factors. The support agencies viz. chambers of commerce/trade associations etc. are often seen to be useful only for providing trade statistics and disseminating information on Government policies and procedures, but not on other forms of information.

Chambers of commerce disseminate information through circulars, press notes and publications. Trade enquiries received from members and foreign buyers and sellers are also circulated at home and abroad. Directories of Exporters/Importers, directories of Trade Fairs/Exhibitions, Country Profiles, Product Profiles, Bulletins on Foreign Trade Publications are major sources of information on foreign trade and should be kept in the libraries of the chambers.

Some chambers of commerce also maintain computerised Data Banks to help individual enterprises in accessing and analysing data and to cull information of immediate relevance. Some chambers have on-line information networking facilities with chambers abroad. In this sphere, the International Bureau of Chambers of Commerce (IBCC) is launching the IBCC-Net in cooperation with the IB Net[15] in the autumn of 1995.

Some other ways adopted by chambers to help their members are:

- Bringing out publications on doing business with different countries.

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[14] Ibid, page 13.

[15] Further information can be obtained from the IBCC Secretariat, 38 Cours Albert ler, 75008 Paris, France; Tel: ++33-1-49532944: Fax: ++33-1-49532942.

- Maintain a Data Bank on trade in various countries.
- Circulate trade enquiries.
- Circulate excerpts from mission reports to concerned persons/parties.
- Maintain directories of foreign importers and exporters.
- Foreign trade divisions and country desks in important chambers keep their members posted with latest information on trade opportunities.
- Some chambers have established foreign offices for trade information and promotion/transfer of technology, etc.
- Bringing out publications relating to exports periodically.
- Advertise in prospective markets.

This is an area where chambers of commerce can play a very meaningful role by providing comprehensible and timely information to the small enterprises.

4.3 FINANCING EXPORTS

Export financing is one of the main pillars for export promotion. Many developed countries have well-organised systems of pre and post-shipment credits for all sizes of exporters, such as foreign exchange bill discounting schemes, and provisions to cover exchange rate fluctuations. But, these schemes have not been well developed in many developing countries as yet. Chambers can play a vital role in promoting these schemes.

The main services provided by chambers of commerce to SMEs in the area of export financing relate to:

a) educating SMEs by arranging Seminars/Workshops/Meetings on export credit facilities, procedures to avail themselves of such facilities and the competent authorities to be approached;

b) publications on financial aspects of exports, and foreign exchange formalities to be observed;

c) guidance and counselling on one-to-one basis in matters of export financing.

Chambers are represented on governmental and financial export promotion agencies and they take up problems faced by the SMEs in these fora.

4.4 GUARANTEE ARRANGEMENTS F0R EXPORTS

Exporting involves a number of risks, such as the exchange rate fluctuation risk, shipment uncertainty and so on. These risks are covered by export credit guarantees, insurance and forward coverage of exchange rates. The services provided by chambers of commerce in this field are mostly confined to:

a) lobbying with the government for a well-structured development of the credit guarantee scheme and other related facilities;

b) educating SMEs about the facilities available and how to avail themselves of them; and

c) provide guidance and consultancy on a one-to-one basis.

4.5 FACTORING

Factoring refers to the relationship between a financial institution (factor) and a business concern selling goods or providing services to trade customers. The factor provides credit on an agreed fee basis to the supplier against the invoice of the delivered goods.

An advance of 80 to 90% is made immediately against invoices. Basis of the fee is the credit rating of the debtor (customer) which the factor charges independently. The factor thus provides credits to SMEs who are not able to wait for the payment of customers. Such SMEs find this service very helpful both in domestic and foreign markets. This facility is as yet not available in a large number of developing countries. Chambers can take the initiative in the introduction of the factoring service in their respective countries.

4.6 EXPORT PROMOTION - LINKAGE WITH EXP0RT FACILITATING ORGANIZA TIONS

The governments of a number of developing countries have established export facilitating organizations for the promotion of exports of goods and services. These agencies collect and disseminate information. There are export finance and credit agencies as well as special agencies for promoting the export of specific commodities. Sometimes, chambers of commerce have been entrusted with the work of facilitating imports or exports. For instance, in India, the Indian Cotton Mills Federation (ICMF) handles the import of cotton and distributes export quotas. The Cement Manufacturers' Association (CMA) has established a fund for export promotion. The Indian Sugar Mills Association (ISMA) was made responsible for exports of sugar when it had to be subsidised. In days to come, chambers may have to be involved more visibly in such tasks.

Chambers, especially apex national and regional chambers, have representations on governmental bodies dealing with policy issues. They take up problems of SMEs in the field of exports in meetings of these organizations or by giving representations from time to time. Chambers are also represented in various export development agencies. They provide effective interface between these agencies and SMEs through meetings, workshops and seminars. Some of the export promotion organizations conduct special studies on export opportunities or other aspects of export. Chambers having close liaison with these organizations may circulate the main results of such studies. They should also keep copies of these studies in the chamber's library, where they can be consulted by interested parties.

However, the linkages between chambers and export development agencies are not equally strong in all countries which does not serve the SMEs' cause very well.

4.7 IMPORT MANAGEMENT AND TECHNIQUES

Importing the right raw materials, at the right price and at the right time is crucial for the success of any business, especially SMEs, if they are dependent on imported inputs. The proper management of appropriate import techniques is very important. However, SMEs often lack this expertise. In order to help them, some chambers provide a number of services, viz.:

- Provide market intelligence about the world market situation with regard to the availability prices, market trends and future prospects.
- Help in locating the best sources from where inputs can be procured.
- Help in locating agents and foreign suppliers.
- Organise collective imports of raw materials and inputs in bulk and distribute them to SMEs.

Chambers may also act as importing and distributing agencies for which a separate organization/corporation is usually formed. Bulk imports are cheaper and industrial SMEs save the trouble of managing imports, as specialised staff of the chamber is able to import at the most appropriate time.

With dynamic changes in the global market, SMEs need a variety of information techniques and skills to sell and to buy. It is difficult for SMEs to organize all of that with cost-effective methods. Supportive institutional tools are necessary and chambers are ideally suited to take up this role and fill the gap[16].

[16] For more information, refer to the ITC publication "The Role of Chambers of Commerce in Import Management". Geneva 1984.

5 Mechanism for introducing services for SMEs

5. 1 INTRODUCTION

Having looked at the constraints of SMEs and also what services chambers are rendering or could render to SMEs, what solutions can be found? It is a disappointing reality that many chambers of commerce, particularly in developing countries, have not been very effective in finding reasonable solutions to the impediments faced by SMEs. It need not be repeated that SMEs are very often weak, backward, use obsolete technology and are in need of considerable advice, management skills training and support. To enable them to play their due role, the strengthening of self-help infrastructures and self-administered institutions seems imperative. The obstacles that prevent them from flourishing must be removed and incentives to facilitate their growth have to be enhanced. This calls for an effective intervention and such intervention entails cost. Any decision on effective support mechanisms to assist SMEs by chambers of commerce will depend upon the chamber's philosophy and commitment of the leadership.

The second area of concern is the implementation of promotion programmes. It is well accepted that traditional approaches have become outdated. A good point would therefore be to suggest that public promotion policy leaves direct intervention and instead takes the form of indirect supervision. One of the main reasons for the failure of special assistance programmes in the past is the inadequate involvement of the small business community and their organizations in designing and implementing promotion programmes.

The existing literature on SMEs and various studies on the subject reveal that SMEs lack adequate organizational support which is necessary to sustain their growth "A major study undertaken by the UNDP, and other specialised agencies like UNIDO and ILO (1988) found that Small and Medium Industrial Development Agencies (SMIDA) suffer from over-centralisation, rigidity and over-emphasis on hardware with a largely urban focus"[17]. There is a strong need for a total overhaul in the SSE support and promotion system.

It may be stated at the outset that, on account of the variations in the environment and differences in resources in various countries, it would be impossible to suggest a package which is universally applicable. However, a broad framework will be suggested.

[17] Jacob Lcvitsky; in “Private Sector Membership Associations and Support for SMEs. Small Enterprises Development". Vol.3. No. 1. March 1992. page 22-34

Concept for strategic SME support mechanisms

- An ideal support mechanism would be: [18]
- demand- rather than supply-oriented
- indirect rather than direct
- through private rather than public intermediaries
- oriented on institutions rather than on individual enterprises
- long-run evolutionary promotion rather than ad-hoc-interventions
- self-control within the target group rather than external control by donors
- to have concepts worked out in a participative manner rather than ones that are presented from external sources
- to have local rather than external advisers
- functional promotion across the sector rather than selective promotion, applied to individual enterprises
- bottleneck-oriented rather than package promotion
- decentralised rather than centralised promotion

Why Chambers ?

Learning from the experience of existing support mechanisms for SMEs both in developed and developing countries, the most effective support agencies for small enterprises would be self-help organizations like chambers and not government sponsored bodies. The important role of NGOs in the provision of assistance to small enterprise development is increasingly recognised by international agencies concerned with third world development.

Advantages of private sector institutions in small business promotion[19]

- They can have better access to the target group and therefore can be more familiar with their problems and needs.
- They can develop a counterweight against policy discriminations.
- They have the knowledge and ability to provide more practical "hands on" assistance.
- They are less bureaucratic and more flexible in decision-making.
- They can be controlled by the small business community.
- They are governed by democratic participation of their members.
- Their work reduces the use of scarce administrative government capacities.

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[18] H Fahnel. J Hartmann. W Konig. R Meier (eds). In search of new and innovative concepts for Small Enterprise development in Third-World countries - Results of an all Expert Conference. University of Göettingen. "International Small Business Series". No 15 (1993). page 16

[19] See Meier R. and Pilgrim M., The Role of Chambers and Associations in Small Business Promotion - Arguments for Private Sector Representatives. Volume 1. Textbook, 2nd ed, published by ZDH-TA Partnership Project. Singapore 1995, page 14

- They can balance the interests between government policy and small business demands.

Chambers offering an enlarged spectrum of activities get greater recognition from the community and the government, increased membership, and more influence at the policy making levels.

Determinants of successful interest representation[20]

- The chamber or association has a high number of active members of the represented group.
- The chamber or association does not represent the interests of a single business entity.
- The chamber or association enjoys high public prestige and visibility.
- The chamber or association has a professional organizational structure and healthy financial conditions, and can make sound and convincing proposals.
- Countervailing group interests are not overwhelming.

5.2 SME COMMITTEE

How does the Chamber go about in organising itself to serve the SME Sector ?

The chamber, once its Executive Board is convinced of the need for supporting SMEs, should constitute a "Small Business Committee" (SBC) which could help take up promotional and development work for SMEs. The SBC needs to have the following:

- It should be guided by a leadership that involves both owners of small business and representatives of other community interests who are capable of contributing to small business development programmes.
- The programme should give appropriate incentives and recognition to the beneficiaries.
- It should operate on a broad and continuous and not on a piecemeal basis.
- The interaction within the community, and with its constituent members, should be frequent enough. Avoid an appearance of doing something "for" small business, but instead do it "with" small business.

With a genuine commitment to improve the sustainability of small business, the Small Business Committee becomes an important tool for successful action; it also provides a mechanism for SMEs to articulate their needs.

5.3 ASSESSMENT OF NEEDS

Before setting up a programme of work, the chamber would do well to make an assessment of what is needed by the community so that efforts can be optimised. The identification can be done in the following ways:

- Brain-storming amongst the community leaders. This process should be repeated as frequently as required.

[20] Ibid, page 17.

- It would be advisable to conduct a survey (compare case study X) amongst the members to get a real sense of their

  a) problems;

  b) needs and specific service requirements, and

  c) specific suggestions.

On receipt of the feedback from the survey, it would be essential to draw first a list of all the proposed suggestions. This list can then be debated in a "small workshop" in which prospective users, consultants and those who have been in the field of providing such services should participate. Such an exercise would enable the chamber to decide on a priority programme of work over a specific time span instead of "rushing with" doing everything which it cannot sustain.

5.4 SECUR1NG FUNDS FOR INITIA TING SERV1CES

An important step now would be to assess the cost of providing the proposed services and suggested programmes. It is important to remember that the services are available to the SME sector at reasonable and affordable costs. It is neither desirable nor feasible on a long-term basis to support such services mainly through subsidies, donations or outside contributions. It is, therefore, desirable to steer a middle course. It has been the experience in many organizations that members do pay for the services which they feel are useful. The advantage of a chamber initiating such programmes and services is that the organization has a community base, performance record and captive users. It can, therefore, afford to undertake a service which may not recover full costs at the very start. A phased success would be a useful strategy in establishing credibility and confidence amongst the user constituents.

5.4.1 Assistance in Take-off with Financial Aid

A few suggestions for securing funds for introducing new services and programmes are listed below:

- A commitment of funds from the chamber's own revenues depending on the available resources. This is important to give a message of the chamber leadership's commitment to the SME Sector.
- Levy a temporary surcharge on the general membership for the purpose of financing special programmes. This will be time-bound and for a specific purpose. By and large, the experiences in India in this regard have been extremely successful whenever the activity/service has been "industry-driven". The reader would appreciate this aspect of financing newer activities more after going through Case Study II on "Industrial Relations Consultancy Services by Chambers of Commerce".
- Approach government agencies for grants to provide part of the expenses for special programmes say HRD, Vocational Training, Quality Improvement, etc.
- Approach various foundations and/or large corporations to finance a particular activity. Such contributions could be publicly recognised by associating the name of the concerned member with the programme.

- Approach international foundations for making available in cash and or in kind particularly books, equipment, consultancy and technical services.
- Explore funding possibilities from selected foreign chambers in the developed world who may be interested in financing such innovative programmes or specific projects.
- Approach international organizations like UNIDO, ITC, ILO, IFC, World Bank, ADB etc. who are directly or indirectly assisting programmes of technical cooperation for SMEs. Many chambers around the world have benefited from such programmes; it should be noted, however, that the technical cooperation offered by international organizations or agencies does, in principle, not include financial aid.

5.5 INTRODUCING THE.SERVICES

The Case Studies given in chapter 6 narrate the actual life experience of successful examples of services in diverse fields being offered by Chambers of Commerce in many countries. A look at these reveals how the need for a particular service was felt and assessed, the manner in which it was planned, the process of introduction of a new service, the marketing effort, its actual operation, the problems the chamber encountered and how these were overcome.

5.6 PRICING THE SERVICES

The existing literature on the subject indicates that practice varies. In countries like Japan, Austria, the Republic of Korea, most of the services to SMEs are provided free of charge. Expenses for these are reimbursed by governmental agencies (as in Japan, the Republic of South Korea etc.) or being borne by the chamber (as in Austria). In countries like India, Pakistan, Bangladesh etc. agencies are set up by the government to undertake specific programmes to promote SMEs. In the context of chambers of commerce undertaking these programmes, their financing will depend on the resources of the chamber. If the chambers are public law bodies with substantial funding, such programmes could be organised as a part of on-going activities and could be either on a no-charge or on a nominal charge basis. However, the beneficiaries usually take more seriously an assistance for which they have to pay.

Chambers which are voluntary organizations would find it hard to undertake extensive programmes for the Small Sector on a long-term basis without running into a serious financial situation. It is, therefore, suggested that chambers undertaking SME programmes should start off with a subsidy for which support could be available from the chamber's general budget, its major members or through a special contribution.

Following this initial period, the chamber must take a decision as to whether it would wish to continue offering the service free or at a price - and if so, at what price. An important element which is to be considered is what the market can bear and at what rates such services are available in the market from other agencies. The chamber, being a service organization, may not necessarily look at profit. It may be content to meet the costs.

5.7 MARKETING OF THE SERVICES

Marketing of the services / programmes is the most critical element in this process; not only that the product should be good, it should also be made known to the prospective participants. The chamber has an advantage in so far as it has an established clientele and possibly its own newsletter through which the information could be disseminated to members:

On a wider horizon, it is important to prepare suitable publicity materials:

- They could be:
    1. of general nature, enumerating the facilities which the chamber provides or
    2. about the specific programmes.
- This could then be circulated to an identified target group. If resources permit, the marketing could also be done through occasional advertisements in newspapers announcing future programmes. Another medium of publicity could be by organising programmes at the inauguration and valediction, where VIPs may be requested to join. Invitations could also - beyond the membership - be sent to prospective clients.
- Information circulars related to the programme should give the details of the programme, qualifications and experience of the training staff, the fee to be charged, duration, who is likely to benefit, etc.
- Another way of getting the programme known is drawing on outside faculty and making the announcement of the programme amongst major organizations through their newsletters and the like.

5.8 NETWORKING WITH NATIONAL/INTERNATIONAL ORGANIZATIONS

Many services may be introduced in collaboration with national and international agencies both in the private sector as well as government institutions. For example, in the USA, Europe, Japan, the Philippines and the Republic of Korea, there is a close cooperation between chambers, universities and management schools in introducing and providing extension services. Possibilities of introducing certain programmes in association with government institutions serving the small-scale sector could also be explored. However, one caution: the chamber should not allow its independence to be diluted by its association with government programmes.

There is also a number of international organizations which implement programmes providing technical cooperation to SMEs. Generally, they provide guidance, literature, case studies, and occasionally faculty members for such programmes. At the international level, ITC, IBCC and ILO have been undertaking various programmes in helping SMEs in developing their services on a voluntary basis. Bilateral programmes like the ZDH-Technonet Asia Partnership programme in Singapore (see Case Study Xll), foundations like the Konrad-Adenauer-Foundation, the Friedrich-Ebert-Foundation or the Friedrich-Naumann-Foundation (all from Germany), as well as e.g. the Center for International Private Enterprise of the US Chamber of Commerce, have been instrumental in assisting the small-scale sector by supporting many programmes of technical cooperation. Many chambers all over the world have taken advantage of coordinating their activities with these institutions. They help the respective chambers and their members, and have also given a sense of partnership to the foreign collaborators.

5.9 COLLABORATION WTH RESEARCH INSTITUTIONS

SMEs are very weak in R&D. They are faced with day-to-day problems of operations and production as well as issues relating to quality control, productivity, etc. The task of technological upgrading in the small industry segment is certainly amenable to the systematic application of engineering knowledge and management skills. However, the technology effort requires a significant resource base which small industries cannot afford. In these spheres, a number of research organizations are working in various countries, but they are basically concentrating research on the problems of large enterprises. If the chamber of commerce collaborates with them, suggesting specific issues facing SMEs, they may be willing to undertake such research. As yet, the contact between chambers of commerce and research institutions is not as strong as it should be, especially in developing countries.

Some suggested areas of research are:

1) Need for Eco-friendly Technologies for SMEs
2) Quality Management in SMEs
3) Production Management constraints among SMEs
4) Managerial Effectiveness - How to improve through sustained HRD
5) Marketing Problems of SMEs
6) Financing New Projects
7) Prospective Financial Needs of SMEs
8) Problems relating to Payments to Ancillaries
9) Problems of Vendor Development
10) Ancillarisation/Sub-contracting - Potentials and Prospects

Governments should be persuaded to provide the requisite funding as a part of their promotional policies for the development of the SME sector. SME organizations should also provide or make available a specific percentage of their profit for R&D efforts. Chambers can act as useful catalysts.

5.10 EVALUATING THE SERVI CES

It is not sufficient nor would it be desirable to leave this chapter without emphasising the need for a continuous assessment and evaluation of the programmes and the services. It has been seen in many organizations that programmes which have lost their validity, popularity or acceptance continue to be undertaken for lack of evaluation. One should modify or drop them or introduce new programmes as may be warranted. A chamber should periodically evaluate its programmes in the following manner: (i) after every programme, there should be an evaluation from all participants regarding the programme and its efficacy. The number of participants in the programmes itself would be an indication of the popularity of the programme; and (ii) a survey could be made say once in two years on the usefulness of the existing programme and for seeking suggestions for future improvement.

6 Case studies of successful chamber services to SMEs

With a view to illustrating what some chambers have done or are doing successfully in servicing the SME sector, 13 case studies are following:

I. Starting a training centre for Entrepreneur Development.
II. Setting up a Consultancy Cell on Industrial Relations.
III. Organising Industrial Estates.
IV. Setting up Energy Audit Management Services.
V. Promoting SME-sized Business Firms and Entrepreneurship.
VI. Promoting a Business Action Centre.
VII. Establishing Small Business Consultancy.
VIII. Relending Programme of Metro Angeles Chamber of Commerce.
IX. Small Business Consultants in German Chambers of Small Business
X. Manual for a Need-Assessment Survey
XI. Workshop / Seminar Evaluation
XII. ZDH-Technonet Asia Partnership Programme
XIII. Chambers of Commerce and Industry - An Assessment Survey

The case studies are based on the real experience of some chambers. They reveal a common tenor and that is, given the will, the determination and a long term perspective, it is always within the realm of feasibility that chambers can successfully start and implement programmes and projects, and sustain these over-time.

This obviously would require a helping hand and a core leadership group which would support the project in the initial stages. With the passage of time and based on the experience gained and with suitable modifications and changes, it could sustain in the long run. Needless to say that the case studies cannot be adopted in toto by every organization everywhere. The implementation of programmes will need to be changed and modified, meeting the requirements of each chamber to make them sensitive to and effective in different situations.

CASE STUDY- I

TRAINING CENTRE FOR ENTREPRENEURSHIP DEVELOPMENT FOR SMALL AND MEDIUN SIZED ENTERPRISES (SMEs)

SUMMARY

This is the example of an initiative taken by a leading Chamber of Commerce and Industry in collaboration with the Konrad-Adenauer-Foundation, Germany, to promote the growth of small and medium-sized enterprises (SMEs) through organising different training programmes. This Case Study explains the difficulties faced by the chamber while launching the training programme and also the ways through which it could overcome these difficulties during the course of time. The programmes have been so successful that the chamber has now proposed to set up an "Institute of Business Initiative".

The Northern Region of India has a preponderance of SMEs in that as much as 40% of the country's small scale industry constitute its industrial base. The SMEs were established by first generation entrepreneurs mostly after independence in 1947; it is a vibrant and growing sector. However, there are also many weaknesses of the SMEs.

As first generation entrepreneurs, their major handicap is that they lack professional training in production management, finance, marketing etc. A serious consequence, thereof, was the emerging sickness in many industrial firms for one reason or another. This was a matter of serious concern. After due deliberations, it was considered advisable for the chamber to initiate "training programmes" which were expected to help existing, new and budding entrepreneurs to learn the necessary management skills in an organised and professional manner.

1. CONCEPTUALISATION

The chamber leadership sought the help and assistance of some of its senior knowledgeable members to tackle this issue and decided on a plan of action. The terms of reference for this special group were:

To identify the targeted beneficiaries, to draw up a project profile which, inter alia, gives recommendations on the types of courses to be introduced, the duration of such training programmes, the faculty for the training programmes, the funds required etc. The group was also required to recommend whether the courses/training programmes should be free, subsidised or on a full charge basis, and, further, to identify other possible sources than the chamber, which would be able to support the programme in its initial stages.

The special group, after due deliberations and consultation with academic and other institutions which were engaged in conducting training programmes, prepared its recommendations. It was able to identify the Konrad-Adenauer-Foundation (KAF), a German Foundation, as being interested in the development of small and medium-sized enterprises and therefore ready to partly fund this programme.

2. STRATEGY FORMULATION

With this input, the special group made its recommendations to the President of the chamber suggesting that the chamber should start such a programme, the contribution of the chamber for the programme being a full-time Project Director and supporting staff of a Secretary and Assistants and the space for holding classes. The German counterpart agreed to balance the expenditure. The Managing Committee unanimously endorsed the proposal and constituted a PHDCCI-KAF Advisory Committee with a senior business leader as Chairman to implement the proposed programme. This delinking of the programme from the other activities of the chamber and the Chamber Managing Committee helped a great deal, in so far as it gave continuity of leadership to the programme. The chamber was fortunate in being able to enlist the services of a senior person who had the experience of a training institute and exposure to Government and chambers to work as the Project Director. With the induction of such an expert leader to run the programme, there was no going back.

3. IMPLEMENTATION

The programme was started with effect from January 1990, after getting formal approval of KAF on the project profile and the necessary clearance from the Government of India.

The main focus of the project was developing entrepreneurial skills by imparting training to young entrepreneurs in different fields. The participants were mostly fresh graduates or persons who were keen to be entrepreneurs, or were fresh entrepreneurs in small and medium enterprises. The main thrust was:

1. To develop entrepreneurial skills.
2. To generate a spirit of self-reliance among young entrepreneurs.
3. To give an impetus to their skills, particularly those in small towns and less developed areas; and
4. To develop counselling services in the chamber so that SMEs could get advice. Another objective of this project was that participants who were trained would be able to impart training to other prospective entrepreneurs, thus creating a multiplier effect.

Regarding the charging of a fee, it was felt that the chamber should not subsidise the training programmes. Young persons wishing to be entrepreneurs should be ready to pay a minimum charge which would indicate their seriousness, thus the programmes would not be a burden on the budget of the chamber.

The Project Director was able to interact with a number of senior executives of member-companies to deliver lectures. In addition, key faculty persons were recruited from the market on a payment basis. Participants in the programme were encouraged to visit plants of member companies and to prepare case studies on various subjects.

In the first year of this project, 17 training programmes of long and short duration were conducted with 316 participants. The trainees themselves were enthusiastic and there were cases where they came back for participation in new extension programmes. Over the last five years, the programmes have become so popular that there is a long queue of potential participants in the training programmes. During the last five years, 171 programmes have been organised, of which over 30% were organised in towns outside Delhi in all the states covered by the PHD Chamber. Up to date, 3752 entrepreneurs have been trained under this programme which itself is a record. About 15% have been able to set up their firms and those which had already started operations found these programmes very practical and useful. A stage is now reached that the project is self-sufficient.

In these programmes, special attention was given to the following four important areas:

I. Training Programmes

Keeping in view the needs of the participants, the following areas were selected:

a) Developing entrepreneurship for small entrepreneurship (DESE).

b) Finance.

c) Marketing Techniques and Sales Promotion.

d) Export Business Entry and Development.

II. Consultancy

Another important step taken by the chamber under this project was to provide consultancy services to small entrepreneurs. The main areas of consultancy were:

a) How to start a new venture;

b) Raising funds from the banks and other financial institutions;

c) Total quality management etc.

III. Exhibitions

The chamber has been organising exhibitions of products manufactured by the trained entrepreneurs. This enables them to display their products and to find a market for their products.

IV. Computerised Data Bank

This is an important area where the chamber is providing assistance to SMEs. The computerised data-bank covers trade enquiries, trends in Indian exports, sales tax rates, Industrial Policy press notes, State profiles and investment guides.

As already mentioned, the project has now become self-sufficient and is in a position to generate its own resources to meet all expenses such as printing of study materials, payment of honorarium to guest faculty members who come to deliver their lectures and other miscellaneous expenses. With the passage of time, not only small and medium entrepreneurs are benefiting from the projects, but also big corporations, as advance training programmes on Marketing, Finance and Exports are organised for high ranking executives working in this sector.

4. EVALUATION

With a view to ascertain how far training efforts put in under the project had been effective regarding the objective of converting trainees into successful entrepreneurs, a questionnaire was sent out to all the participants of the various training programmes held from 1990 up to the end of March 1994. The feed-back from the past participants was very satisfactory. The fact is that 114 past participants have succeeded in setting up their own business. Typical lines of business in which the participants have established are exports of ready-made garments and accessories. Some others have entered into the field of general trading.

5. PROBLEMS ENCOUNTERED

The main problems were:

a) The duration of programmes was not market-oriented in the beginning, resulting in low participation. For instance, in the six weeks programmes, outside participation was not substantial. The duration of programmes was, therefore, curtailed down to manageable levels in order to ensure larger participation.

b) Selection of the faculty was another problem that was encountered. As professional strengths and weaknesses of the faculty members were not known, a list of competent faculty members could only be prepared after a long period of time in which a "hit and trial method" was used.

c) Organising programmes outside the chamber's headquarters (New Delhi) did not prove to be cost-effective. To overcome this, sponsorship from interested members was sought for hospitality, course material etc.

d) Case studies on relevant subjects were scarce and not readily available. It took quite some time to develop customised case studies for different types of programmes.

6. STRATEGIC PLANS AND FUTURE OUTLOOK

The success achieved in conducting training programmes under this project created a very good image among the people connected with trade and industry. There was a great demand for conducting other training programmes also. As a consequence, the chamber has finally decided to set up a full-fledged institute which would be known as "Institute of Business Initiative".

The main objectives of the proposed Institute are to undertake, organise and facilitate education and training both long-term and short-term, to impart knowledge and improve skills; to bring about attitudinal changes among the youth and others in the community; and also to promote and provide for the study and research of problems relating to business development in general and development of small and medium enterprises in particular.

Courtesy: PHD Chamber of Commerce and Industry, New Delhi
and
Representative of the Konrad-Adenauer-Foundation, New Delhi

CASE STUDY- II

INDUSTRIAL RELATIONS CONSULTANCY SERVICES BY CHAMBERS OF COMMERCE

SUMMARY

Manpower is the greatest asset for developing countries. It is, therefore,essential that more emphasis should be put on the development of human resources and healthy Industrial Relations. Due to resource constraints, it is difficult for SMEs to keep themselves abreast with the latest changes and amendments in labour legislation. Moreover, small and medium-sized enterprises cannot afford to engage specialists in this field on a regular basis, as is done by the large enterprises to deal with problems concerning industrial relations.
A chamber of commerce is thus an ideal set-up to provide specialised services by employing qualified staff and help SMEs in tackling I.R. problems.

A case study of a chamber of commerce setting up "Industrial Relations Consultancy Services" is detailed below.

1. CONCEPTUALISAT1ON

The PHD Chamber of Commerce and Industry - a regional chamber of India based at New Delhi with a membership of around 500 Industrial Units, mostly small and medium-sized enterprises - faced a spate of problems relating to Industrial Relations (IR) in the 50s, when the Labour Legislation scenario had become highly complex in view of new laws. While large corporations had exclusive departments to deal with IR problems, SMEs faced problems in understanding and in complying with various statutes. Besides, the chamber was often required to make representations to the authorities and also to interact with the Trade Unions and Government officials to get problems of members resolved.

In view of the aforesaid, the Managing Committee of the chamber thought it desirable to set up a separate IR Cell in the chamber. It sought the views of its members and found that there was overwhelming support, as a majority of members were experiencing or apprehending problems in the industrial relations area.

2. STRATEGY FORMULATlON

A small group consisting of officers from the Industrial Relations Departments and from member companies was set up to examine in detail the services to be made available to members relating to industrial relations. The group, after deliberations, suggested the following terms of reference for the proposed Industrial Relations Cell in the Chamber:

- Information dissemination;
- Evolving a collective stand on IR issues;
- Discussions with Trade Unions;
- Appearance on behalf of members before Labour Courts, Industrial Tribunals and other statutory authorities under various Labour Laws; and
- Bringing out periodical publications on various aspects of industrial relations.

The Working Group, in drafting the project "Setting up an IR Cell in PHDCCI", suggested the following organizational structure:

- Industrial Relations Manager with an experience of 15 - 20 years in this field to head the Department.
- Supporting Staff- Legal Assistant.
- Secretarial Staff.

It was felt that setting up of the 'IR Cell' would cost about $2,500 annually. An additional accommodation of about 200 Sq. Ft. was required for housing this Cell. Thus all in all, a total expenditure of about $3,500 per annum was envisaged.

3. IMPLEMENTATlON

The proposal of the Working Group was put up for consideration by the Managing Committee, the highest collective decision making body of the chamber. With the intervention of the President of the chamber and senior members of the Committee, six large member-companies were motivated to fund this project for a period of three years by contributing $600 per annum each. This gesture was a support to the chamber's activities by larger companies.

With the above financial assurance, the chamber went ahead in implementing the project. An expert who was the head of the Personnel Department of a member-company was inducted as the Chief of the Industrial Relations Department on deputation for a period of three years. Thus, the Industrial Relations Department was set up in the PHD Chamber of Commerce and Industry in 1960. The following steps were taken:

- Recruitment of the requisite staff.
- Identifying the schedule of services.
- Fixing servicing fees.
- Printing brochure to promote the activities of the Department.

Initially, the function of the Department was to formulate opinions on various Industrial Relations matters and labour laws, and to make representations to the authorities. In due course, the Department also undertook the following functions:

4. FREE SERVICES

- A monthly meeting of the Personnel Managers of member-companies to acquaint them with up-do-date knowledge in the field of industrial relations and labour laws. Experts were invited to chair these meetings, in order to make the discussions stimulating and well informed.
- Circulate periodically summaries of important Labour Judgements.
- Bringing out publications periodically on labour matters.

5. SPECIALISED SERVICES ON PAYMENT BASIS

The Department also started providing the following special services to members on payment of fees. Initially, fees were kept low and, as the Department's services became popular, these were appropriately increased:

- Consultation on Labour Laws and Industrial Relation problems.
- Legal drafting, viz. application, written statements, rejoinders, replies etc.
- Drafting Agreements or Settlements between member-companies and their workmen.
- Drafting Standing Orders / services.
- Rules for factories or establishments of member companies.
- Conducting Domestic Enquiries.
- Negotiations with Trade Unions.
- Conducting cases on behalf of member-companies before Labour Courts, Industrial Tribunals and other authorities appointed under various Labour Laws.
- Organising Training Programmes for Personnel Managers on subjects of common interest.

Besides the publicity brochures, the office-bearers, during their meetings and tours amongst the constituents, promoted the IR Department which was set up in the Chamber. This aggressive marketing resulted in most of the members knowing about the services initiated by the Chamber. In the initial stages, members mostly came for chamber advice relating to their IR problems. Slowly, those who came to the chamber also wanted the officials of IR Department to handle their cases before the Labour Authorities.

In due course, the IR Cell became a point of reference, an information centre and a reliable consultant. The number of members using the services constantly increased as the services became very popular.

6. STRATEGY EVALUATION

A Labour Affairs Committee was constituted with a senior member of the Managing Committee as its Chairman. The function of the Labour Affairs Committee was to ensure that the services provided by the Department were customer-friendly and need-based.

7. REVIEW

Before the end of three years, the Department's work was reviewed by the Managing Committee. It was found that the Department was doing useful work and its popularity was increasing. It was also interesting to note that, though large companies did not use it initially, with the experience gained by the officials of the Department, later even these companies started consulting officials of this Department. It therefore became a place for expert advice.

It was also observed that very small members were hesitant to come to the chamber's office for consultation. It was, therefore, decided that officials of the Department would visit industrial centres and even industrial employers to advise them on their problems. It was quite clear that the Department was working with the objective of an extension service and was taking the chamber's services to the doorsteps of the members. This approach had a visible impact.

In view of the initial success which the Department had achieved, the original group of supporting members were persuaded to continue their support for another two years. In the meantime, the service fees were revised, extra staff' was recruited and it became not only a self-supporting and self-financing department, but an income-generating unit.

It is now over thirty years that this Department has been operating and, based on periodical evaluation and feedback, it has emerged as a great asset to the chamber in not only resolving members' day-to-day problems, but also as a premier spokesman for the employers in the field of Industrial Relations.

8. PROBLEM AREAS

While the sailing has been generally smooth, the Department has faced periodically the resignation of paid experts who either started their own private practice or joined private sector corporations on higher emoluments. This problem is persisting, and the only way to manage it is by hiring the services of retired experts who are less likely to change employment.

Other problems faced by the chamber in running this service were:

a) Not enough clientele in the initial years (aggressive marketing was resorted to through brochures, letters from the President to members);

b) Small enterprises found the fee structure too high; therefore a two-class fee structure with lower rates for small enterprises was designed;

c) Outstation members found it expensive to visit Delhi for consultations (officials of IR Department periodically visited important industrial centres for on-the-spot consultations);

d) Unethical trade practices by private legal practitioners to lure clients. (This problem was addressed through personal meetings and discussions with prospective clients and by even free advice at the initial stages. Nevertheless the problem still persists with very small enterprises).

9. PRESENT STATUS

Now manned by three full-time paid experts, the Department is providing free general services and specialised services on payment as spelled out earlier.

10. CONCLUSION

The Industrial Relations Department now makes a net contribution to the chamber's finances. On account of its reputation, it also helps in the enrolment of new members. And the greatest beneficiaries are SMEs who are in a position to get a "one window service" on crucial IR issues at an economic cost.

Courtesy: PHD Chamber of Commerce and Industry! New Delhi

ORGANISING INDUSTRIAL ESTATES

SUMMARY

Organising industrial estates is a major activity that any chamber of commerce or small industry association can undertake. If, for an entrepreneur, an industrial shed is immediately made available, it is said that his project time is reduced by almost one year.

One can organise industrial estates in three ways:

- A Joint Stock Company for the purpose.
- A Cooperative Industrial Estate Society.
- Organise the estate on behalf of the chamber as a part of its departmental work.

The third alternative is generally not preferred because it involves many financial and taxation problems.

In India, a cooperative society is generally organised because it gets some special treatment from the State Government. It can get share capital contribution to the extent of 20% of the capital cost and also finances at a concessional rate of interest. Thus, the normal pattern of a co-operative estate is a 20% contribution from members, 20% contribution from the State Government and a 60% loan from the financial institution to be repaid in 8 or 10 years.

The Maharatta Chamber of Commerce and Industries (MCCI) has promoted two industrial estates in Pune. The first one was promoted in 1974 and was meant exclusively for electronic firms. The second is for the general category of Small-Scale Industrial (SSI) units, a case study which is given hereunder:

1. INTRODUCT1ON

1.1 Within the main industrial belt of Pune, there is a large number of small-scale industrial units operating in non-conforming zones in the area of a Pimpri Chinchwad Municipal Corporation (PCMC). Some are in residential areas, some are on both sides of the Bombay-Pune Road, and some are located on lands reserved for gardens, public schools etc.

The matter of shifting these units from such non-conforming locations and rehabilitating them in an industrial area had been under consideration by different authorities. A number of meetings were held and it was concluded that merely refusing to renew their licenses would not help. These units continued their activities and it appeared very difficult for the authorities to stop their operations at non-conforming locations.

1.2 Hence, it was decided by the MAHARATTA CHAMBER to organise and promote a scheme of an INDUSTRIAL ESTATE of flatted type sheds or galas of standard size in an industrial area to accommodate these units. The Development Corporation and the State Government also agreed to extend their cooperation and assistance. It was expected of the Maharashtra Industrial Development Corporation to make available land in an industrial area at a concessional rate, and of the banks and other financial institutions, like the Life Insurance Corporation (LIC) or the Maharashtra State Finance Corporation (MSFC), to provide finance to the cooperative industrial estate.

As the first step in this direction, the chamber conducted a survey of SSI units in the PCMC area. Information from about 400 firms was collected. The main findings of this survey were as follows:

- Out of these units, 70% were proprietary concerns and only 4% were private limited companies.
- More than 50% of these units had raised finance from their own resources and had not obtained loans from any financial institution. 36% had approached banks and about 6% had taken MSFC finance. About 5% had obtained loans from individuals.
- The capital employed was quite small. About 250 units (63%) had less than Rs. 100,000[21] investment, 36% had less than Rs. 50,000 investment, and only about 30 units had more than Rs. 400,000 investment.
- The annual turnover was also quite small in the majority of cases; 52% of the units had a turnover of less than Rs. 400,000 each, 33% had less than Rs.50,000 turnover each, while only about 70 units had a larger turnover of about Rs.500,000.
- 54% of these units employed less than 5 workers, while only about 35 units employed more than 10 workers.
- The power connection data showed that about 190 units had less than a 10 HP connection. Among these, about 80, i.e. 2%, had only 5 HP or a lesser connection. Only about 25 to 30 units had a higher power supply of 50 g or more.
- Regarding the area of the work premises, it was found that 200 units had less than 500 sq. ft. area; 90 among these had less than 200 sq. ft. area. Only approx. 80 units were having more than 1000 sq. ft. area. 80% had rented premises and only 20% had their own premises.
- Most of them were working on a single shift basis and were engaged in job work for large companies to supply parts, components, packing materials etc. Some were engaged in automobile repairing, fabrication work, cement products, ice making, steel furniture and so on.

[21] Exchange rate US$1 = approx.30 Rs.

Hence, the general conclusions drawn were that it would not be possible for the majority of these units to purchase independent plots and have their own sheds. So, flatted type sheds or galas would have to be provided to units which are sharing common facilities and amenities on a cooperative basis. To begin with, about 150 firms had shown willingness to join such a scheme and to shift from their present locations.

2. STRATEGY FORMULATION

2.1 Land: The Maharashtra Industrial Development Corporation Ltd. was ready to help by agreeing in June 1990, in principle, to make available a suitable piece of land in the Pimpri Chinchwad Bhosari area. In August 1991, a specific Letter of Intent for the allotment of 5 acres of land in the Bhosari area for this purpose was given by MIDC, and subsequently, in February 1992, a letter of offer for 5 acres (20,000 sq. metre.) at Rs. 150/- per sq. metre was received by the chamber from MIDC. As the land is in a Government-owned industrial area, all the infrastructure facilities like road, water, electricity and communication facilities etc. were readily available.

2.2. The cost of land was Rs. 150/- per sq. metre. i.e. Rs. 0.6 million per acre. Thus, for 5 acres of land, the total cost incurred was Rs. 3 million. In addition, there was the cost of the development of this land, i.e. levelling, clearing etc.

2.3. Built up areas: The Floor Space Index (FSI) available for the construction of building was taken as 80% of the land area, i.e. 16,000 sq. metre, after leaving out 20% towards internal roads, open space etc. The cost of construction was taken as Rs. 3000 per sq. metre, and therefore the total construction cost worked out to Rs. 48 million. To this was added a provision of 20% towards common amenities like compound, gates, internal roads, water supply, drainage, electrical installation for power supply etc., which worked out to Rs. 9.6 million.

2.4. Thus, the total estimated cost of project was:

- Land Cost	Rs 3 million
- Construction of buildings	Rs 48.0 million
- Common amenities, including electrical installations for power supply	Rs 9.6 million
Grand Total **say Rs. 60 million.**	**Rs 60.6 million**

3. MEANS OF FINANCING/IMPLEMENTATION

3.1. Since all the SSI units which would be taking the gala are small or tiny, in terms of their financial investment capacity, turnover etc., it was expected that they could invest about 25% of the cost of the project as their margin money. The rest of 75% was to come forth from financing institutions as term loan with a repayment period of about 6 to 8 years.

3.2. There were, in all, about 150 members or companies and the form of organization adopted was the co-operative society, which was formed in April 1993. The built-up gala allotted to each member could be mortgaged to the financing institution as security for the loan and each individual was made responsible for repayment of the loan towards cost of his gala.

3.3. The Cosmos Co-operative Bank Ltd., which is a leading urban co-operative bank in Pune, has taken the responsibility of the project finance. It has provided a working capital of Rs. 15 million to the Society to keep the work going up to the completion stage. In the meantime, gala takers are submitting their loan proposals to the Bank to obtain loans.

4. PRESENT STATUS

The actual construction work has commenced in January 1994 and was expected to be completed by September, 1995.

4.1. A total of 160 galas of various sizes ranging from 500 sq. ft. to 1500 sq. ft. have been planned. Half of these will be on the ground floor and half on the first floor. Sufficiently large passages, staircases, well ventilated and lit working premises, suitable structure for engineering work shops even on the first floor, lifts for material transport to first floor, are some of the features of this project. The industrial estate will also have common amenities like canteen, dispensary, bank etc.

4.2. The galas have been made available at a very reasonable cost of Rs. 400/- per sq. ft. After completion of the building, the estate will be handed over to the Society for further management.

Courtesy: Maharatta Chamber of Commerce and Industries. Pune

ENERGY AUDIT AND MANAGEMENT SERVICES BY CHAMBERS OF COMMERCE

SUMMARY

Shortage and poor quality of electricity have been a perpetual problem for the last couple of decades in the industrial belt of Northern India. The outlook indicated continuing shortage in the next few years to come. While efforts for augmentation of power supply are continuing, it was felt that, by undertaking some in-house measures and small improvements in the power system, 15 to 20% of power could be saved. A chamber of commerce of Northern India set up an Energy Management Cell with the objective of assisting its members in the conservation of power in order to enable industrial units to continue with their production plans. The project was successfully implemented and obtained a good response from the users. It is now self-supporting and even generates some surplus for the chamber. A case study of the Energy Audit and Management Services is given below:

1. BACKGROUND

Shortage and poor quality of electricity supply have been persisting over the last few decades affecting the industrial production. The operating condition of SMEs was all the more difficult as they could neither afford to engage qualified and experienced experts of the appropriate level to counter this problem nor provide enough finance to go in for a captive generation of power as some of the large scale units could do. The situation had an adverse effect on their capacity to maintain production and compete efficiently.

In discussions at various fora it was felt that the efficient use of energy was critical for the overall economic development of the country and also for effective management of the limited supply of electricity. It was also accepted that energy conservation measures were cost-effective, required relatively small investment and had short gestation as well as payback periods.

The energy conservation concept was examined in the Task Force meetings of the Energy Committee which was formed by the chamber to examine the matter seriously. It was felt that SMEs required need-based and practical advice on the technology and the concept of useful and productive use of energy with least wastage. To establish such a service, the chamber would need:

- A number of experts on energy utilisation in all spheres of energy use, i.e. electrical, mechanical, thermal, refrigeration and air conditioning systems etc.
- The experts would have to be equipped with state-of-the-art instruments for checking and measuring the energy use patterns on site in different establishments.
- For achieving the above, the experts would have to be very mobile so that they could move about to solve site problems, it was not going to be a mere desk service.

It was assessed that the project as conceptualised above would need at least Rs. 2.5 million[22] by way of capital expense on the required infrastructure, i.e. an Energy Bus, with the state-of-the-art instrumentation, office furniture and equipment, including computers and telecommunication facility etc., apart from a yearly expenditure of over Rs. 0.5 / Rs. 0.6 million on the salaries and perks of the experts and the supporting staff. The chamber could not mobilise all this from its own resources, especially when a large majority of the SMEs wanted such a service at very nominal one-time-expense.

Simultaneously, a movement of improving the availability of energy with least expense and in short time gained momentum, and the government and international agencies like UNDP became quite active and vocal to pursue the theme of conservation and management of energy. Senior Task Force members of the chamber contacted the concerned government authorities and convinced them to allot to the chamber an Energy Audit and Conservation project which was conceived by the Government of India in collaboration with UNDP with the following objectives:

- Create wide-range awareness for energy conservation effectively in commercial and industrial sectors by organising periodic seminars during the project.
- A specified number of comprehensive and demonstrative Energy Audit and Management studies would be conducted with the help of national and international experts within the project term of three years.
- The entire project would be carried out by four lead agencies, one for each region of the country, i.e. Northern, Southern, Eastern and Western.
- For successful execution, the experts of the leading agencies would be trained abroad by UNDP in the methodology and procedures of Energy Audit and Management studies.
- The project cost was to be shared on a 50:50 basis by the Government of India and UNDP for three years.

The chamber submitted a competitive proposal for taking up a part of the execution of the project and it was selected for the job. This was an off-the-tradition job for the chamber.

[22] Exchange rate: US$ I = approx. 3() Rs.

2. IMPLEMENTATION

The entire project was strictly time-bound, and every input and output had been very carefully itemized and time-scheduled.

The chamber's task was to identify the target units of specified industrial and commercial sectors, to set up a working office and to recruit technical and other personnel. Initial funding posed no problem, because the project had been allotted on a contractual basis and all types of expenses were to be met either by the Government or UNDP

The second important decision taken by the chamber was to immediately start commercial operations at the very beginning of the project on a small scale to build up an appropriate image and also to extend the benefit to the maximum number of industrial/commercial establishments.

Thirdly, the chamber decided to work in the initial stages on a "No Profit No Loss" basis and thus render a real service to the industrial/commercial sectors7 befitting its intrinsic image of being a servicing organization.

All the specified audits and management studies, numbering about 16 in the project document, were successfully completed well within the scheduled time frame and, in the end, the efforts of the chamber were appropriately appreciated by both the Government and UNDP.

On the expiry of the three year project in October 1992, the chamber's Energy Management Cell continued its work on a commercial basis, as it had meanwhile built up expertise, experience and credibility in the market place.

3. EVALUATION

The efficiency of the Cell can be observed from the fact that, while only 16 Energy Audit and Management studies were conducted during the three year tenure of the UNDP Project, the Cell successfully conducted comprehensive energy audits in about 88 establishments within the next 2.5 years of commercial working.

The year-wise progress of the commercial operation of the Cell can be seen at a glance from the following table:

Year	No. of Cumulative Energy Audits	Annual Recurring Savings Identified (Rs. Million) in the audit reports
1990 - 1991	7	46.8
1991 - 1992	21	67.5
1992 - 1993	37	120.4
1993 - 1994	68	144.2
1994 - 1995	95	172.0

A large number of firms have sent feedback and testified to have made substantial savings, though not as much as estimated in the audit reports for various reasons, including the inability to make the necessary changes in the equipment etc.

4. PROBLEMS ENCOUNTERED

- The managements of the enterprises first showed little enthusiasm for energy conservation as they were too busy and energy costs were not considered to be too prohibitive. (Actual case studies which showed substantial savings and personal discussions were found helpful.)
- The technical and managerial work-force of the plants to be studied were usually hesitant to expose their working to the outsiders because they were afraid of detection of their short-comings or other operational deficiencies. (It needed frequent discussions to build up mutual trust and confidence.)
- The cooperation of the in-house personnel was, by and large, very moderate, and it became quite difficult to even collect historical energy use operational parameters and connected data. (It needed a missionary spirit to motivate the personnel. In some cases visits to other plants helped in creating enthusiasm.)
- The trained professionals of the chamber would migrate to private consultancy agencies for better prospects because the only objective of such agencies was to make money as against the "servicing attitude of the chamber on a "no profit, no loss basis". (This problem still persists though by improving the emolument structure and hiring retired personnel, it is less acute.)
- In cases, where assistance of process experts is essential, meager resources of the chamber become an impediment for their retention and hiring. (Outside experts from market and member firms were hired for short assignments through the intervention of the chamber leadership.)
- Action by managements on energy audit reports is not very spontaneous. While action is initiated on general recommendations, specific recommendations which call for new equipment or modifications involving expenditure are not acted upon. (Follow-up visits by the chamber's energy experts and communications from the chamber office bearers requesting feedback on implementation and the savings effected are helpful in motivating managements.)

5. CONCLUSION

The Energy Management Cell is now financially self-sustaining and working as an independent commercial entity.

The area of Energy Audit and Management was quite a new subject. The management of industrial/commercial undertakings was not aware nor adequately informed, and, for this reason, not quite enthusiastic initially to get the audits done. The idea, however, is gaining ground, and more and more units are coming forward.

It is expected that the Cell will continue to be financially viable and the chamber is thinking of retaining it on a permanent basis, even though it may have to bear some expenditure for the replacement of the state-of-the-art-instrumentation and expenses on maintenance and replacement of other infrastructures SMEs are the biggest beneficiaries of this project, as they find it more economical and reliable than private/corporate consultants.

Courtesy: PHD Chamber of Commerce and Industry, New Delhi

PROMOTING SMALL AND MEDIUM SIZED BUSINESS FIRMS AND ENTREPRENEURSH1P: THE ENTERPR1SE PROMOT1ON CENTRE (SINGAPORE)

SUMMARY

With a grant from the Economic Development Board of Singapore, the five national chambers of commerce and three major industry associations came together in 1989 to organise the Enterprise Promotion Centre (EPC) to complement government efforts in enterprise promotion. EPC acts as the consultancy arm and business information centre of the chambers and at the same time promotes among members the use of government development assistance programmes.

Business information services take the form of regular circulars, guidebooks and directories on government assistance, business services and business solutions. Consultancy services are also available.

EPC has also set up an electronic network, to provide the business community with an efficient channel for communication, information dissemination and exchange of documents. EPC-Net offers electronic mail services, an electronic bulletin board, on-line information services, electronics data interchange services and international links. With its unique status as private sector organization enjoying government support, EPC has become an effective catalyst for enterprise promotion.

CONCEPT

Complementing the Government's multi-agency efforts, EPC reaches out to local enterprises by acting as the consultancy arm of the chambers of commerce and industry associations. At the same time, EPC promotes Government Development Assistance Programmes. Although set up as a non-profit organization, EPC operates as a commercial entity and works towards achieving excellence in its services.

EPC's Objectives are:

- to promote, encourage and foster the development of local enterprise in Singapore by identifying their specific needs and business requirements and to provide advice, information, consultancy and other services necessary to start and promote their development;

- to gather, collate and accumulate information concerning any scheme, arrangement of plan for development assistance offered by various government agencies and disseminate such information to local enterprises and also advise and assist them in applying for such schemes.

EPC's mission is to provide assistance to local firms to upgrade and grow, by acting as a Business Information Centre, promoting entrepreneurship within the local business community, as well as the Consultant arm of local chambers of commerce and industry associations.

IMPLEMENTATION

How EPC Was Set Up

The need for chambers of commerce and industry associations to expand their efforts in helping local companies was identified by a tripartite group, comprising representatives from business, academia and government. The Enterprise Promotion Centre (EPC) Pte Ltd was set up following the release of the SME Masterplan in May 1989.

Set up as a private extension of the Economic Development Board (EDB) in 1989, with seven local chambers of commerce and industry associations as shareholders, EPC is well-positioned to assist local enterprises make the best use of government tax incentives, loans and grants.

Supported by a three year grant of $5 million from the Economic Development Board (EDB), seven local chambers of commerce and industry associations came together in September 1989 to form EPC as the body to co-ordinate the efforts of local business groups.

EPC'S SERVICES

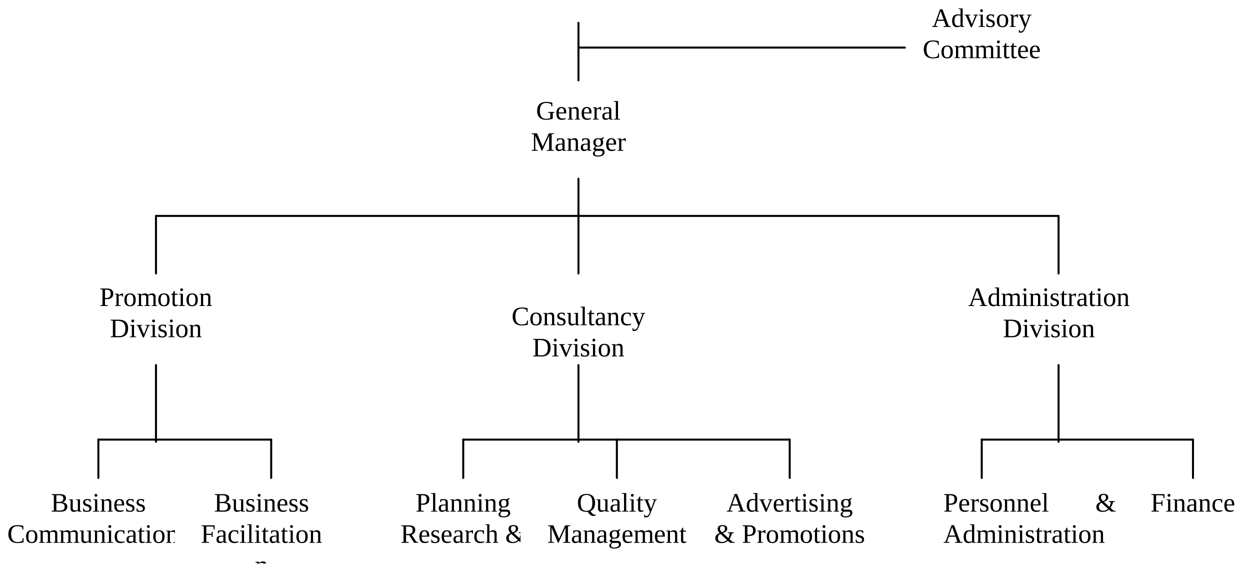
EPC's MISSION is to promote entrepreneurship and help local enterprises develop to their fullest potential.

As a first-stop business centre offering a holistic approach to enterprise development, EPC services range from general promotion and facilitation to specific hands-on assistance. These are grouped into four main areas:

- Business Communications to disseminate information, generate awareness, profile role models and promote the use of best management practices through training.
- Business Facilitation to provide first-line assistance, help in dealing with government agencies, source for finance and business networking.
- Multi-Disciplinary Consultancy to carry out cost-effective planning, research, and system upgrading work for companies.
- Regionalisation to help companies take advantage of the emerging business opportunities in the Asia-Pacific countries.

<u>EPC's ORGANIZATIONAL CHART</u>

Board of
Directors



EPC acts as an Approved-ln-Principle (ATP) agency of the EDB under its Local Enterprises Technical Assistance Scheme (LETAS) to approve grant applications from SMEs (Small and Medium-size Enterprises) directly.

To enable local enterprises to take maximum advantage of government incentives and assistance schemes, EPC helps improve or redesign their business concepts and approaches so as to meet the approval criteria. This process includes evaluation and selection for the best government assistance package.

Having assisted many SMEs, EPC has tailor-made grant-linked programmes, such as the StartUp and Local Enterprise Accounting Programmes (LEAP) to meet their specific needs.

Many multinational corporations (MNCs) and large companies have also engaged EPC consultants to carry out market research and management consultancy work.

Business Communications

The Department helps enterprises keep in touch with the latest developments on the local and regional business scene. It also promotes entrepreneurship and the use of best management practices.
Training activities cover:

- Regular "How To" talks, workshops and seminars on current business trends, conditions and opportunities and management issues.
- Information dissemination and dialogue sessions on government schemes and measures, business needs and challenges.
- Management courses to enhance the skills of entrepreneurs, managers and executives, such as Strategic Planning workshops by Dr Russell Olive of the Massachusetts Institute of Technology; and Master of Enterprise Innovation by the Swinburne University of Technology, Melbourne, Australia.

The Department also organised the Enterprise '92 Forum, which brought together over l,000 entrepreneurs, members of the business community, government officials and academics. The Forum examined challenges and opportunities for local enterprises in the emerging Asia-Pacific economies.

EPC publications include:

- Singapore Enterprise News - a joint effort with the EDB and other economic promotion agencies which gives monthly updates on the local enterprise scene.
- First-Stop - EPC newsletter on the latest events, activities and services offered.
- Guide on the government's development assistance programmes for local enterprises and business directories.
- Business and management guide books.

Business Facilitation

EPC Facilitators offer first-line assistance to businesses at no charge. Moreover, Facilitators usually work with a company over a period of time in order to facilitate its upgrading and growth.

For individual companies, Facilitators conduct a first-cut analysis of the needs and help them formulate a course of action.

This covers:

- Referrals for in-depth diagnosis, research, consultancy or assistance by specialised government agencies.
- Help in applying for government incentives, financial assistance schemes and factory space or land.
- Sourcing for finance, business opportunities and partners locally and abroad.
- Follow-up evaluation.

At industry level, Facilitators work with chambers of commerce and industry associations to surface industry trends and directions; study the current strengths and capabilities of local enterprises, so as to initiate industry-wide upgrading projects.

The seven shareholding chambers of commerce and industry associations are: the Singapore Chinese, Singapore Malay and Singapore Indian Chambers of Commerce and Industry, Singapore Manufacturers' Association, Singapore Precision Engineering and Tooling Association, Master Printers' Association and Textiles and Garments Manufacturers' Association. In addition, EPC serves as secretariat to the Association of Electronic Industries of Singapore and the Singapore Surface Finishing Society.

Multi-disciplinary Consultancy

To render hands-on assistance to enterprises, we have a team of multi-disciplinary consultants.

EPC Consultants have extensive experience in helping companies develop business concepts and strategies; start up new ventures or operations; set up or upgrade management systems; improve operational efficiency and effectiveness; advertising and promotions; as well as assistance to expand their business regionally.

EPC implements cost-effective and in-depth consultancy projects in the following fields:

- Planning, research and management systems.
- Quality management systems.
- Advertising and promotions.

Over a short span of four years, EPC has delivered 400 projects to both manufacturing and service companies. These companies range from start-ups, SMEs, large enterprises to MNCs.

EPC Consultancy Projects			
	Completed	In-Progress	Total
Planning, Research & Systems	152	26	178
Quality & Manufacturing Systems	109	22	131
Advertising & Promotions	103	18	121
Total:	**364**	**66**	**430**

As at March 1995

EPC CONSULTANCY CLIENTELE	
Start-ups - Not more than $ I m NFA for Manufacturing - Not more than 20 employees for Services	16%
SMEs - Not more than $ 1 2in NFA for Manufacturing - Not more than 100 employees for Services	65 %
LEs/MNCs - More than $ 12m NFA for Manufacturing - More than 100 employees for Services	19 %

As at March 1995

(Note: NFA = Net Fixed Assets; LEs = Large Enterprises; MNCs = Multi-National Corporations)

Planning, Research and Systems Department

EPC Consultants offer a wide range of services from diagnosis, development of business concepts, strategic and business planning, market research to implementation or enhancement of management systems ranging from accounting and finance, personnel management to computerisation. One of EPC's objectives is to prepare companies for listing.

Examples of EPC projects include:

- Strategic planning for Lek Sun Industries and Vredelco Food Industries.
- Business planning for Jin Zing Warehouse, Thong Siek Seafood Industries and Leisure Park.
- Computerisation and accounting systems for Nobel Design, Flotech Control Systems and Acmax Machinery.
- Feasibility studies for Kim Ann Engineering, Monocrafts and BHP Lysaght SE Asia.
- Market development plans for Khong Guan Biscuits, Way Company and Javz Fashion.
- Consumer research for Singapore Cable Car, Malay Village, Sentosa Development Corporation and Singapore Telecom.

Quality Management Systems Department

EPC Consultants have helped over 40 companies attain ISO 9001 certification. The track record includes:

- ISO 9001 certification for Safe Nife Power Systems and Esso Singapore.

- ISO 9002 certification for [PC, Singapore National Printer, Compact Metal Industries, BHP Lysaght SE Asia, Amtek Engineering, Jone's Enterprise, Epex Industrial and Polymicro Precision Technology.

Other areas of work are - ISO Guide 25 Laboratory Management Systems, Total Quality Management, Statistical Quality Control, "5S" Good Housekeeping, Internal Quality Audits and other related quality systems training, conducted in both English and Mandarin

Advertising And Promotions Department

EPC is the fully-accredited advertising agency of major media owners, such as Singapore Press Holdings and Television Corporation of Singapore.

The extensive range of services covers media placements, advertising and promotion campaigns, openings and anniversaries, announcements and supplements, product launch / repositioning, logos, leaflets, brochures, annual reports and public relations.

Some of the projects include launching Condenz Sweetened Condensed Milk for Dumex; Wanderer telecommunications equipment for Communications and Network Systems; 25th Anniversary Press Supplement for Jurong Town Corporation and an advertorial for Motorola. EPC is also the advertising agency for Casa Italy, Richfied Computers, Universal Furniture, Good Health Distributors, Mon Cherie, PSN Enterprise, Aik Lim Hung Trading and CG Aerospace Warehouse.

Regionalisation

To help companies take advantage of the rapid market openings and the emerging business opportunities in the Asia-Pacific countries, EPC offers a comprehensive range of regionalisation services:

- Country seminars and talks to generate awareness on the business conditions, regulations and opportunities in countries in the region, and promote the exchange of ideas and experience of local companies.

- Business development missions to identify business opportunities, projects, and partners while working with local chambers of commerce and industry associations.

- Research and consultancy covering project evaluation, feasibility studies and business planning.

- Sourcing for finance and assistance by applying for government incentives and assistance for regionalisation ventures.

EPC's regionalisation projects include market research for Batamindo Industrial Management (Indonesia) and Singapore Suzhou Township Development (China); and ISO 9001 certification for Esso (Thailand) and Lithcon Petroleum (Taiwan).

EPC'S TRACK RECORD

Most of EPC's clients have grown and achieved outstanding success. From medium or even small-size enterprise status, many have gone on to achieve public listing, delivering performance of international standards in excellence. EPC has played a part in their success.

To stay ahead, Singapore companies must be entrepreneurial. They must be innovative, visionary, respond flexibly and immediately, look beyond Singapore, and equip themselves with a focus on value-adding networking. These are doubtlessly daunting tasks. But with EPC, help is always just around the corner.

Courtesy: Mr George Abraham, Director, EPC; Executive Director, Singapore Indian Chamber of Commerce and Industry

CASE STUDY- VI

THE BUSINESS ACTION CENTER OF THE NAGA CITY CHAMBER OF COMMERCE AND INDUSTRY

SUMMARY

The twentieth century is known as the information age. As the complexity of business grows, particularly in the context of the imperatives of the new world economic order, the need for providing vital information to the business community, especially for small and medium-sized enterprises, through an effectively operated institutional mechanism, such as a Business Action Centre, becomes obvious. The case study which follows is based on the structure and major operational details of the Business Action Centre of the Naga City Chamber of Commerce and Industry (Philippines) and spells out broadly as to how it operates and serves the business community.

1. BACKGROUND

The Naga City Chamber of Commerce and Industry (NCCCI) started operating its Business Action Center (BAC) in January, 1992.

The project had one core objective - organizational strengthening - viz. attracting a larger and more active membership generating enough finance to provide services to enterprises, and operating as an effective Voice of the Business.

At the start of 1991, the chamber was already offering some services, especially along the lines of training and providing credit facilities. It was felt, however, that while these projects required a lot of funding, the majority of the members did not fully appreciate these to warrant continuing support to the organization.

The organization needed a service which would cater to a larger spectrum of its membership, and which present and prospective members would rate as really tangible one which they could hold and see, so to speak. It also had to be something which they would regularly avail themselves of, so that they could always be reminded that the chamber was, indeed, catering to the needs of its members.

With the help of the ZDH-TA Partnership Project, NCCCI came to realise that it should identify the services needed by its members and other enterprises. Often it would be as simple as facilitating the conduct of daily business transactions. This could mean gaining easier access to communication facilities' preparing letters and sending them in a presentable form, or having someone deliver packages within the same community when the entrepreneur or his employees had better things to do.

2. PRE-OPERATIONAL PHASE

Planning for the Business Action Center started during the second semester of 1991. At the outset, the Chamber Board of Directors decided to maximise the use of existing facilities, equipment and personnel. The BAC would, therefore, not require a separate office, but would be integrated within the chamber office.

The services/facilities which the Center would offer were:

Telecommunications Services

- Direct Dial Telephone
- Answering Services/Message Handling
- Facsimile Services

Business Office Facilities

- Conference Room
- Office Cubicles
- Mailboxes

Business Support Services

- Secretarial Services
- Messenger Services
- Photocopying Services
- Accounting and Legal Consultancy

Computer Services

- Word-processing/Data Encoding
- Desktop Publishing

To entice non-chamber members to join, these services were exclusively meant for regular chamber members and members of affiliated sectoral organizations.

The intent, at the start, really was to limit BAC services to those which the administrative/finance support staff could competently carry out. The chamber avoided offering services which would require the hiring of technical personnel. As such, some services were dropped off from the initial wish list.

3. INITIAL OPERATIONS

The result of operations in 1992 was not very encouraging. Aside from the Board of Directors, hardly any member availed himself of the BAC services.

After one year, the BAC was being referred to within the chamber as a Loss Center. Despite being an organization for businessmen, the chamber simply forgot how to do business.

The NCCCI seemed to be focused on just having the services and facilities. The chamber took it for granted that once it had the common service facilities, businessmen would naturally come to avail themselves of them.

4. THE TURNING POINT

Despite these discouraging results, the chamber was still convinced that the BAC was a good project. However, three issues had to be addressed before the operations could continue:

- How do we sell the BAC?
- How should operations be run to fit the image which we want to project?
- How do we ensure that we are meeting the targets which we set?

In short, the chamber had to re-think how the BAC was supposed to be, as a business providing services to enterprises.

How Do We Sell?

Virtually no marketing efforts were undertaken during the first year of BAC operations. The chamber realised that utilizing the Centre would not necessarily follow the presence of common service facilities. Chamber members and non-members had to be informed about these services and had to be convinced that they were better than those available elsewhere.

The chamber found out that what local businessmen needed was a package of efficient office services. The NCCCI therefore decided that the BAC would be in the EFFICIENCY business.

Promotional materials were prepared. Among these were bill-boards, letters to members and Presidents of sectoral organizations, and a BAC brochure with a loose-leaf Business Reply Form.

With a membership of a little more than 200, the chamber further noted that it had a limited client base and decided to open up BAC services to the entire business community. Discounts, however, were given to members of the chamber and its affiliated sectoral organizations only. This was meant as an incentive for joining the organization.

How Should Operations Be Run ?

Despite identifying its market and its products, chamber management, at the end of 1992, still had very few ideas as to how it could live up to its vision of providing efficient office services. Prominent business centres based in Metro Manila were, therefore, visited. These visits provided inputs which the BAC adopted and they were incorporated into an Operations Manual.

Aside from quality output, the chamber felt that to maintain an image as an efficient service-provider, the BAC had to show clients that its operations were systematic and predictable and that the staff was personable and gave importance to customers.

The chamber made sure that all personnel involved in BAC operations knew and followed the operations manual. Progress reports and customer complaints had to be discussed during weekly meetings.

In 1992, the chamber practically still had no system to keep track of the results of the Business Action Center operations. Aside from the general accounting system, procedures had to be put in place so that the chamber could be informed about the following:

- what services were selling ?
- who was using BAC services ?
- what was the status of receivables from clients ?

By December 1993, the BAC had 82 subscribers. Of these, 31 previously were nonmembers. Nearly 22% of the total number of subscribers can be considered as frequent users.

Despite the fact that nearly all services were rendered on credit (subscribers have an account with the BAC), the Business Center had a collection efficiency of nearly 94%. The average age of an account is 24 days.

Clients records also show that clients/subscribers may drop-off from the list of service users. This can be attributed to any of the following:

- Other service providers have set up a shop and are more accessible to clients.
- Previous service-providers have improved their services and have, therefore, eroded BAC's competitive advantage.
- Clients are not satisfied with BAC services.

It is, perhaps, the role of the chamber to prod other enterprises to provide those services needed by other businesses and which the chamber itself is not able to render.

This, therefore, brings to light the need for the chamber to constantly develop other services or look for a tie-up with other service providers when practicable. In the case of BAC, the revenues from telecommunications services were dropping off due to the improvement in the services of the Naga Telephone Company. However, there can be tieups with this service provider. The telephone company has, in fact, accredited the BAC as a public calling office and will install more facilities.

The BAC cannot hope to satisfy all customers. But this simply emphasises the need for constantly monitoring the status of client transactions. When dissatisfied, clients seldom complain. They simply do not come back. With a good client monitoring system, they can be identified so that BAC personnel can convince them to avail of the services again and get feedback on how to improve services further.

Courtesy: The Naga City Chamber of Commerce and Industry and ZDH-TA

ESTABLISHING SMALL BUSINESS CONSULTANCY

SUMMARY

As the Government's partner in business development, KPIK-KADIN (Department of Entrepreneurs and Small Industry of the Indonesian Chamber of Commerce and Industry) helps small scale entrepreneurs to overcome problems in gaining access to credit through Small Business Consultants, with the support of the ZDH-TA Partnership Project.

The Small Business Consultants who are trained by KPIK-KADIN assist small-scale entrepreneurs in preparing their feasibility studies and provide other business consultancy services to meet the requirements of the financial institutions. The training of the Small Business Consultants is undertaken at the national and also at the regional level.

The case study which follows describes the modus operandi including the learning points.

1. BACKGROUND

a) The Credit Management Assistance Team

The Department of Entrepreneurs and Small-scale Industries of the Indonesian Chamber of Commerce and Industry (KPIK-KADIN National, Jakarta) began offering consultancy and counselling services to small businesses in February 1992. It formed a Credit Management Assistance Team responsible for securing capital for small businesses.

The team was established in response to a new government policy requiring banks to set aside 20% of their total credits to small businesses and industries.

The team consisted of:

- Two persons with degrees in economics, who were responsible for reviewing feasibility studies.
- Three persons with degrees in industrial technology, who conducted relevant studies and provided technical guidance.
- One person with a degree in accounting, who provided counselling on management, administration and finance.

The team entered into a six-month cooperative venture with a private bank on extension of small business loans of up to an aggregate of 20 billion rupiahs[23]. Small entrepreneurs,

[23] Exchange rate: US$ I = approx. 2.20() Rs

however, encountered various obstacles to securing loans. Consequently, the target of the team was not reached.

b) Bank Loans to Small-Scale Entrepreneurs

The major obstacles in implementing the policy of granting credit to small business and industry were:

- There was only a limited number of small businesses eligible for bank loans.
- Small entrepreneurs did not have the required collaterals.
- Small businessmen who could pledge a collateral found the terms and conditions too stringent .
- The banks were not very enthusiastic in extending a helping hand to small entrepreneurs.

c) Support to Small-Scale Enterprises from profits Earned by State-Owned Companies

The Minister of Finance directed state-owned companies to set aside between 1% and 5% of their profits to assist small entrepreneurs. Funds could be used to support training, assistance in marketing? and for working capital. There were, however, delays in implementing the ministerial decision because state-owned companies were not prepared for it. In view of the difficulties encountered in securing loans for small entrepreneurs, the KPIK team approached state-owned companies for cooperation in implementing the above scheme.

State-owned companies were facing the following difficulties to assist small entrepreneurs:

- They did not have the personnel with experience in counselling small entrepreneurs.
- Most state-owned companies had no sections or divisions which could assume responsibility for managing and counselling small businesses.
- Most of the business activities of state-owned companies were different from the activities of small businesses and there was little knowledge on how to assist SSE.
- State-owned companies had no information on where small entrepreneurs were located and on the areas with potential for counselling and promotion.

Thus, state-owned companies were not well prepared to assist small entrepreneurs. However, in 1991, state-owned enterprises made more than 200 billion rupiahs available for SSE/SSI support programmes.

The above-mentioned difficulties called for training of prospective business consultants on the basics of small business operations. Between October 1992 and February 1993, the Department for Small Entrepreneurs and Industries, Indonesian Chamber of Commerce and Industry (KPIK), trained prospective consultants from 25 state-owned companies. The training emphasized the principles and patterns of counselling to be implemented by state-owned companies. Trainees were also reviewing and analysing the successes and failures of previous government programmes for small entrepreneurs.

2. TRAINING OF CONSULTANTS FOR SMALL ENTREPRENEURS

The aforementioned training produced encouraging results. There was an increase in the delivery of consultancy services and counselling to small entrepreneurs by state-owned companies. An increasing number of small business operators sought assistance to secure capital and technical training.

For this purpose, a Consultancy Division was created by KPIK. The Consultancy Division entered into a cooperation with the ZDH-Technonet Asia Partnership Project on Training of Small Business consultants, and the training activities included:

- 15 persons, 7 from the Consultancy Division, participated in a 14-day training in June 1992. This programme sought to enhance SBC capacities in managing and counselling small entrepreneurs and industries. The training enabled consultants to step up delivery of counselling and consultancy services not only to state-owned companies but also to small businesses. These activities were productive and satisfactory.
- Intensified counselling activities promoted the need to further enhance the knowledge and skills of SBC counsellors, particularly with regard to follow-ups on management counselling, and with regard to capital and financial management of small entrepreneurs and industries. Therefore, additional training was given to the SBC counsellors.
- Another SBC training was organized in JUIY 1993. It emphasized issues such as sources of capital for small entrepreneurs, how to secure loans and how to utilize loans efficiently.

3. SERVICES TO SMALL ENTREPRENEURS BY KPIK

Increased delivery of consultancy services was noticeable 6 months after the SBC Division came into being.

The counselling and consultancy services which SBC delivered were concerning finance and capital, marketing, management, and skills in production and design.

Records until February 1994 show that consultancy on capital investment occupied the top spot on the list of services which SBC delivered. Next were consultancy on raw materials, marketing and management. Meanwhile, 62 businesses received counselling and consultancy on administration, finance and management. To date, 30 businesses are being monitored by KPIK's consultants. This three-month programme calls for the delivery of training, its practical application and monitoring of the results.

Consultancies on marketing and raw materials were provided on a short-term and case by case basis. They focused on how to participate in public tenders, how to prepare tender documents, information on export, and sources of cost-effective raw materials.

4. FUNDING

Consultancy services to small entrepreneurs and industries are extended on application. When a small business operator wishes to prepare a feasibility study to supplement a loan application, he is charged a fee of between 0.5% and 1.0% of the approved loan depending on the assets owned by the small entrepreneur.

Counselling and consultancy services are delivered in cooperation with other counselling agencies and state-owned companies.

5. ENHANCEMENT OF SBC SERV1CE QUALITY

The following activities are proposed to increase the volume of training and consultancy services to generate even more positive results:

a) Creation of SBCs by every Regional Chamber of Commerce and Industry.

b) Enhancement of SBC capabilities.

6. LEARNING POINTS

Looking back to the history of KPIK's SBC Division, some salient learning points for other chambers who want to establish consultancy services are:

A. The chambers should employ at least a staff of 3 people with the following qualifications:

- Small Scale Business Analysis
- Small Scale Business Administration and Management Guidance, and
- Inter Agencies Relation (Liaison Officer), with a background of Business Analysis and Small-Scale Business Promotion.

B. Important instruments of Small-Scale Business Development are training as well as consultation. The- training and consultation should cover inter alia:

- How to apply for a Small-Scale Business Enterpreneur licence.
- Simple Bookkeeping.
- The rights and obligations of the "foster/parent company", as well as the “beneficiary partner/subcontractor".

C. Chambers should cooperate with state-owned companies, state and private banks and other related government agencies, in order to help Small Scale Entrepreneurs to have access to their development funds.

Courtesy: Indonesia Chamber of Commerce and Industry and ZDH-TA.

(The case study was written in early 1994; the S8C-services of KPIK are continuing. Meanwhile service centres have been set up in cluster areas of SB enterprises)

THE RELENDING PROGRAMME OF THE ANGELES CHAMBERS OF COMMERCE AND INDUSTRY (METRO ACCI), PHILIPPINES

SUMMARY

Access to credit is one of the crucial requirements for small enterprises. Metro ACCI is one of the chambers in the Philippines which has been able to successfully implement a relending programme catering for the small enterprises. The case study giving concrete information about the programme with practical recommendations, identifying problems and indicating as to how these were solved is given below.

1. CREDIT SUPPORT AND OTHER SERVICES OF METRO ACCI

There are six financing packages that the Camber and its Foundation offer to small and medium enterprises. Broad particulars as to the nature of the programmes, beneficiaries, loan amount etc. are spelt out as follows:

FINANCING PROGRAMMES OF THE CHAMBER AND THE FOUNDATION[24]

PROGRAMME	BENEFICIARIES	MINI. LOAN AVAILMENT	MAXI. LOAN AVAILMENT
Microfinancing	Subcontractors	P50,000.00	P50,000.00
Livelihood Assistance for Victims Affected by Mt.Pinatubo	Entrepreneurs in Manufacturing	P50,000.00	P50,000.00
Purchase Order (PO) Financing	Subcontractors	P50,000.00	P150,000.00
Garments Subcontractors	Garment Manufacturer	P50,000.00	P50,000.00
Rehabilitation assistance	Manufacturer-Subcontractor	P77,000.00	P200,000.00
Relending for Chamber members	Manufacturers	P25,000.00	P25,000.00

[24] Exchange rate: US$ I = approx.27 Pesos

The first five out of the six programmes are managed by the Foundation of the Chamber which was specifically set up by the Chamber to be the implementing arm of the relending programme, and the sixth one is directly operated by Metro ACCI. While the programme is offered to all SMEs, priority is given to those in the manufacturing sector.

2. FINANCING OF TTIE RELENDING PROGRAMME AND DIFFERENT FINANC1AL PACKAGES OFFERED

a) Initial funding

The Microlending Programme forming part of the Sub-contractors Development Programme was launched by the Chamber and its Foundation in 1989 to help the manufacturing sector. An initial loan of P1.0 million was provided by the Department of Trade and Industry (DTI) through Tulong Sa Tao (TST) Programme. For this loan, a counterpart fund of P 100,000 was provided by the Chamber. The Foundation acted as the implementing arm of the re-lending programme with the Secretary General of the Chamber managing the foundation. The Chamber provided organizational support to the Foundation to implement the programme through the sharing of staff.

The funds were made available to sub-contractors of export-manufacturers at 16% p.a. (against a market rate of around 25% to 33%) up to a maximum amount of P25000 without securing a collateral. Instead the borrowers were asked by the Foundation to issue postdated cheques. Repayment of principal and interest was effected in 12 equated instalments. The money used for relending was borrowed @12%, thus giving the Foundation a spread of 4% to cover their operational expenses.

b) Augmentation and Enlargement of the Relending Programme

In 1990, the Funds of the Foundation were increased to P3.0m via the Non-Government Organization (NGO) Microcredit Project of the Department of Trade and Industry.

The eruption of Mt. Pinatubo and the withdrawal of the Americans from Clark Air Base in 1990 caused considerable economic dislocation and infrastructure damage to the Angeles city providing, however, an opportunity to the Chamber for undertaking activities towards rehabilitation specially in providing livelihood alternatives to the people. This necessitated the augmentation and enlargement of the re-lending programme which was facilitated by a grant to the Chamber of DM10,000, equivalent of P162000, from the ZDH Technonet Asia Partnership Project (the Chamber's partner in its development project) to be part of its microlending programme for SMEs.

Other features of this financing package were:

- it was managed directly by the Chamber for relending to Chamber's members;
- the amount up to P25000 lent was for working capital needs;
- interest @16% p.a. plus a processing fee of P125;
- repayment period fixed at 3 months;
- no collateral was required;

- repayments through postdated cheques issued by the borrower;
- loan guaranteed by another member of the Chamber.

c) Livelihood Assistance for Victims in Eruption-Affected Areas (LAVA)

The Chamber was identified as a conduit for funds earmarked under the Presidential Rehabilitation Programme for setting up of new ventures or the re-establishment of businesses following damage due to eruption of Mt. Pinatubo.

- a total of P8.7m was given to the Foundation for assisting the residents in the establishment of their own livelihood;
- LAVA funds were broken into different financing packages such as:
  - LAVA financing;
  - Purchase order financing;
  - Garments sub-contracting, and
  - Rehabilitation assistance.

The majority of the borrowers had principals who assured them of regular orders.

d) Lending Guidelines &Terms

Broad lending guidelines and terms, inter alia, spelling out methods of selecting beneficiaries, loan processing and approval procedures, interest rate and other charges for different financing packages in regard to funds received under different programmes were drawn up.

e) Organizational Set-Up

Initially the Foundation and the Chamber shared staff with the Secretary General of the Chamber managing the Foundation activities. The loans were all guaranteed, but were available only to those sub-contractors who were supplying to Chamber members.

As the activities increased due to the availability of LAVA funds, the Foundation drew upon (as a transitory step) manpower with experience in relending provided by Department of Trade and Industry.

The staff was later augmented to cope with the expanding activities and with the Foundation setting up its own office with adequate staff.

3. PRESENT POSITION

After four years of implementation the following has been achieved:

- Loan releases reached P15.76m with a client base of 324.
- Repayment ranges from 90% to 97%.

- Amortisation of loans by the Foundation with DTI is up-to-date as of February 1994.
- As of December 1993, the Foundation's net worth stood around Pl.8 million.

The Foundation has updated data on suppliers, subcontractors and producers, thereby assisting existing and would-be entrepreneurs to identify alternative buyers for their products.

With a high disbursement and repayment rate, the performance of the Foundation in relending was outstanding.

a) Problems

Organizational

As indicated earlier, the initial organizational deficiencies of the Foundation were solved by:

a) Staff support from the Chamber;

b) Provision of manpower well-versed with relending procedures from the DTI as a transitory step from October '91 to January '92.

Others

A study on the problem accounts identified the following causes for delays in repayment rate:

1. Lack of market and technical know-how;
2. Weak information network to assess borrowers/market;
3. Not enough skilled personnel.

The first two problems were addressed by the services the Chamber offers to its members: training, seminars, publication of product catalogues, regular conduct of trade fairs etc.

The relending guidelines stipulate collection procedures, inter alia, presenting action to be initiated for securing payments in default.

Further expanding re-lending activities

The Foundation is considering undertaking a study on possible ways of

- generating more funds for relending;
- establishing a "seed fund" from the income generated by the Foundation from the existing relending programme.

Learning Points

Chambers who want to operate a relending scheme should observe the following:

a) have a clear picture of the economic situation;

b) identify the specific chamber role in community development;
c) there should be focus on strategies;
d) there should be specific objectives in each financial package;
e) invest in staff, get qualified people and continuously train them; the values of the staff are important;
f) there should be a continuous evaluation and re-evaluation of the financial packages.

Overall Assessment

The relending programmes with different financing packages have assisted a lot of entrepreneurs, specially the small enterprises in Angeles City and neighbouring municipalities, and have given a strong impetus to the manufacturing sector. The Chamber and the Foundation were fortunate to have entities such as Department of Trade and Industry and ZDH-TA as partners in their development projects.

Courtesy: Metro Angeles Chamber of Commerce and Industry Inc (Metro ACCII) and ZDH-TA

SMALL BUSINESS CONSULTANTS IN GERMAN CHAMBERS OF SMALL BUSINESS

SUMMARY

In comparison with large firms, small-scale enterprises have certain size-Induced disadvantages. These disadvantages include a relatively low capability to deal with technical, organizational and economic problems because small firms do not have sufficient resources to employ specialised experts. This underscores the need of an advisory service that gives assistance and information for specific problem areas and acts as a strong supportive measure in enabling SMEs to overcome their business problems. The Chambers of Small Business in Germany have institutionalised mechanism for such advisory consultancy which has shown commendable results.

The following case study of German Chambers of Small Business in purveying such an advisory service could prove to be of considerable relevance for other Chambers.

1. THE ADVISORY SERVICE OF THE CHAMBERS OF SMALL BUSINESS

The Chambers of Small Business are the most important institutions rendering advisory services in Germany.

Small business enterprises, as defined by law, are obligatorily members of one of the 56 regional Chambers of Small Business; such enterprises (numbering 700.000) of different trades and professions therefore have direct access to the consultants employed by the Chambers.

2. SYSTEM

Established more than 30 years ago, the advisory service is presently provided by different chamber organizations mostly located in the 56 regional chamber offices through small business consultants numbering roughly 690.

In 1992, small businesses utilised this opportunity more than 80,000 times with an average consultation of 5 to 6 hours.

The service is, by and large, free of charge except in cases of a complex nature requiring reference to a private consultant for advice on the basis of payment of a fee which, in turn, is partly subsidised.

The areas for consultations include:

a) Business management;

b) General economics;

c) Technology;

d) Foreign trade;

e) Environmental protection;

f) Product design;

g) Trade fairs;

h) Sub-contracting;

i) R&D.

An analysis of the consultations indicates that economic problems about business administration are the most important area of consultation (60.000). Within this field, entrepreneurs are especially interested in management (18.000) and financing (13.000). 20.000 consultations concerned technical problems, mostly regarding manufacturing processes.

Around 35% of all consultations were rendered to newly established firms with the topic of consultation being economic in a large number of cases, highlighting the crucial importance of such advisory service in the process of starting a new enterprise.

Information about the availability of public promotion and assistance programmes is also sought in consultations by many enterprises.

3. FINANCING

a) The small business advisory service of the German Chambers is free of charge for the entrepreneur, with the chambers and public funds bearing the costs.

b) The law provides subsidies for consultations in the following fields:

- technology;
- business administration;
- organization;
- creation of new firms;
- energy savmg;.
- environmental protection.

Direct legal, personnel and financial advice is not subsidised.

c) Subsidised consultations in crucial fields enables enterprises to overcome size-induced constraints.

(i) In 1992, the federal government supported the advisory service of the chambers with the equivalent of US dollars 13.5 million. In addition, governments of federal states made considerable contributions.

(ii) The system and the amount of subsidies vary with the kind of the advisory service concerned; usually half of the amount is provided by the federal government.

d) Out of the 690 small business consultants employed by the Chambers in 1992, around 580 were subsidised by public funds. According to calculations done by the Chambers themselves, about 35-40% of the Chambers' costs of the consultancy services are met through public subsidies.

4. SOME EXPERIENCES

A study prepared for the German Government regarding the success of small business consultations showed:

a) the advisory system is efficient with 80 to 90 per cent of successful consultations;

b) the service is especially important for new and small enterprises with no access to qualified consultation;

c) qualification of the consultants plays a crucial role for successful results, and as such skills and expertise of the consultants need considerable sharpening through (i) training, and (ii) periodical meetings and seminars.

In line with the above outcome of the study, the Chamber of Small Business provides their consultants with regular training courses organised together with research institutes and other experts.

The study also threw up an interesting feature: The smaller firms use the advisory services less intensively than the medium-sized firms. This has highlighted the need for intensive dissemination of information and awareness amongst the small entrepreneurs so that they can avail themselves of the free facility.

Some more results emanating from the study indicate that:

a) there is a certain tendency that entrepreneurs are more satisfied with private consultancies than with the advisory service rendered by the Chambers. This underscores the need for improving the qualitative aspects of chamber consultancies.

b) introducing fees for chamber advisory services in Germany is not considered favourably either by the public or by entrepreneurs who consider such service an integral part of the Chambers' services on the basis of obligatory chamber membership.

5. CONCLUSION

The subsidised small business advisory service of the German Chambers, with Government involvement confined to subsidies and minimal supervision, has proved its worth in serving the needs of the small business. All in all, the system has fulfilled the expectations as it leaves the implementation to Chambers who are more familiar with this sector and are most suitable to render a need-oriented service.

Courtesy: ZDH-Technonet Asia Partnership Project 1993

MANUAL FOR A NEED-ASSESSMENT SURVEY

SUMMARY

The major task of chambers and associations, besides interest representation, is providing services to members. The following questionnaire gives an example for a survey on entrepreneurs' needs. It helps to identify those areas where entrepreneurs expect some assistance from their chamber or association. Survey results can be used by chambers and associations to create adequate services which meet the demands of their members.

The Questionnaire

This questionnaire is designed by your chamber. We want to learn more about the problems and needs of our members. Therefore, we ask you to answer the following questions. The answers given by you and other entrepreneurs will help us to improve our services. All information is confidential. Your or your business name will not be stored.

A. General Profile of the enterprise *(Please write down the information asked)*

1. Location of the firm (name of town)?: ______________________
2. Activities of the firm (area of trade)?: ______________________
3. Number of workers (including owner and family workers)?__________________

B. Services *(Please mark your judgements)*

1. Are you interested in the following **business information?**

	highly interested => not interested				
a) Data and statistics on the economic situation:	①	②	③	④	⑤
b) Taxation rules and regulations:	①	②	③	④	⑤
c) Marketing possibilities:	①	②	③	④	⑤
d) Foreign trade information:	①	②	③	④	⑤
e) Public tenders:	①	②	③	④	⑤

2. Are you interested in the following **office services**?

	highly interested => not interested				
a) Group fax and telex services:	①	②	③	④	⑤
b) Photocopy service:	①	②	③	④	⑤
c) Office space for business meetings:	①	②	③	④	⑤
d) Translation service:	①	②	③	④	⑤

3. Are you interested in **training courses or seminars** about the following topics?

	highly interested => not interested				
a) Bookkeeping:	①	②	③	④	⑤
b) Banking and financial management:	①	②	③	④	⑤
c) Marketing and distribution:	①	②	③	④	⑤
d) Materials management:	①	②	③	④	⑤
e) Transportation (rail, road, air and sea):	①	②	③	④	⑤
f) Taxation-practices and procedures:	①	②	③	④	⑤
g) Contracts - law and practice:	①	②	③	④	⑤
h) Computers:	①	②	③	④	⑤
i) Export marketing:	①	②	③	④	⑤
j) Customers' procedures:	①	②	③	④	⑤
k) International Standards (ISO):	①	②	③	④	⑤

4. Are you interested that your chamber/association is active in the following **other fields**?

	highly interested => not interested				
a) Organising exhibitions and trade fairs	①	②	③	④	⑤
b) Industrial estate development:	①	②	③	④	⑤
c) Offering insurance:	①	②	③	④	⑤
d) Organising credit guarantee schemes:	①	②	③	④	⑤
e) Organising social and cultural events:	①	②	③	④	⑤

5. Did you **profit from any service** of your chamber within the last years?

0 yes, business information   0 no
0 yes, office services
0 yes, training courses or seminars
0 yes, other fields (please specify): ________________________

a) **If yes**, please judge the value of this service(s) for your business!

very helpful (1) (2) (3) (4) (5) not helpful

5. Do you have any suggestions to improve the services of your chamber?
Please specify: ________________________________

Thank you very much for your co-operation!

Courtesy: Ralf Meier, Institute of Craft Industries and Small Enterprises, University of Goettingen

WORKSHOP EVALUATION

SUMMARY

An important service chambers and associations provide to their members are workshops / seminars on various subjects. The following questionnaire serves as an example how these workshops / seminars can be evaluated by handing out the enclosed questionnaire to the participants at the end of the workshop / seminar.

THE QUESTIONNAIRE

This questionnaire has been designed by your chamber. As we are interested to find out the participants' opinions on this workshop/seminar, we would like to ask you to answer the following questions. Your answers will help to improve our workshops. All information is confidential. Your name will not be stored.

(please write down the information asked)

Workshop: ___________________________

dated: ___________________________

Location: ___________________________

A. PARTICIPANT DATA

a) Why did you attend this workshop?	❍	for personal reasons
	❍	on behalf of my employer
b) Was your previous knowledge on the subject of this workshop	❍	fully sufficient?
	❍	just sufficient?
	❍	not sufficient?
c) What is your professional background?	*(please fill in)*	_________________________
		_________________________
		_________________________

(Please mark your judgements)

B. THE TRAINER	fully applicable	⇨⇨⇨			not applicable
- had a sound knowledge of the subject	①	②	③	④	⑤
- was able to present the subject clearly	①	②	③	④	⑤
- treated the subject completely	①	②	③	④	⑤
- gave sufficient opportunity for your participation	①	②	③	④	⑤

C. THE HANDOUTS / TEXTBOOKS					
- were comprehensible and illustrate the - subject appropriately	①	②	③	④	⑤
- were clear and well structured	①	②	③	④	⑤

D. OVERHEAD FOILS					
- were readable	①	②	③	④	⑤
- were a useful illustration of the subject	①	②	③	④	⑤

E. THE EXERClSES AND EXAMPLES were realistic and practical	①	②	③	④	⑤
F. ALTOGETHER, the workshop has met my expectations	①	②	③	④	⑤

SUGGESTIONS FOR IMPROVEMENTS / COMMENTS (if any)

Thank you very much for your cooperation!

THE CASE OF THE ZDH-TECHNONET ASIA PARTNERSHIP PROJECT

Summary

Donor funded programmes for the promotion of SMEs can be found in nearly all developing countries. Most of them are carried out by government agencies. However, in the last years, there is an increasing interest to include private sector self-help organizations in SME-promotion. These opportunities for external support can be used by the chambers and associations to improve their performance.

The ZDH-Technonet Asia Partnership Project is funded by the German Government. It pursues a new concept of SME-promotion by supporting and strengthening chambers and associations. The Project started in 1989 and presently cooperates with about 40 chambers and associations in 7 Asian countries. Major fields of cooperation are service delivery to SMEs, advocacy for the small business sector and capacity strengthening of chambers and associations. The experiences of the Project show that the concept is workable. SME-promotion can be successfully done by chambers and associations.

1. BACKGROUND OF THE PROJECT

Small-Scale Enterprise (SSE) or Small and Medium-Scale Enterprise (SME) Promotion Programs are implemented in many Asian countries, as this sector is considered vital for the economy. Most of the programmes are executed by government agencies; however, the impact of the programmes is in many cases limited and the success not always satisfying.

The ZDH-TA Project pursues a new concept: Strengthening the self-help capacity of business organizations, such as chambers of commerce and industry or business sector associations, so that they can provide services for their SSE and SME members.

2. OBJECTIVES OF THE PROJECT

SSEs and SMEs lack power and access to influence policies and public opinion to favour their growth. A conducive policy framework is, however, a prerequisite for the growth of SSE/SMEs. In order to create a more favourable SSE/SME framework, chambers and associations need to build up professional capacity to present the needs and suggestions of the small/medium business sector effectively.

Large enterprises are able to build up know-how and management capacity with regard to markets, technology, and finance on their own. With the support of a small staff only, owner-operated SSEs/SMEs need institutional support from outside to improve their performance. Business organizations should therefore become efficient providers to satisfy the needs of their SSE/SME members with regard to training, information, consultancy and other areas of concern.

The ZDH-TA Project supports chambers and sector associations so that they

- become effective advocates for SSEs/SMEs
- become efficient service providers for SSEs/SMEs
- develop an infrastructure (staff, equipment) which is sufficiently strong for executing the above functions.

3. Organizational Set-up of the Project

The ZDH-TA Project is funded by the German Ministry for Economic Cooperation and Development (development aid funds). It is implemented through a Foundation (SEQUA) that has been established by the German Chamber and Employer Organizations (ZDH, DIHT and BDA; see annex 1). For the implementation of the project, ZDH and Technonet Asia (TA) signed a cooperation agreement (for information on ZDH, SEQUA and TA; see annex 2).

The Project's head office is in Singapore. The Project presently cooperates with about 40 chambers and associations from 7 Asian countries (see annex 3). In most of the partner countries, there is a local ZDH-TA Representative/Delegate who coordinates the implementation of project support activities in the respective country. As the project activities in China and Myanmar have only started recently, no ZDH-TA Representative has yet been appointed there.

The activities with each of the partner chambers and associations are agreed upon on the basis of planning workshops and proposals of the partners. Agreements signed by ZDH-TA with the partner chambers and associations specify the activities, their implementation and the contributions to the cost by the partners and ZDH-TA.

4. Project History and Activities

The ZDH-TA Project started with an international workshop in Singapore in October 1989 which discussed the Project's concept and implementation approach. Actual project activities started - after a preparation phase - in the Philippines and in Bangladesh at the end of 1990. In 1991/1992, Nepal was added as a partner country and in 1992/1993, cooperation commenced with chambers in Indonesia. 1993/1994 saw the addition of Vietnamese chambers to the Project, and in 1995, first pilot project activities were undertaken in China. Since February 1996, business organizations in Myanmar have become partners of ZDH-TA.

In line with its objectives, the ZDH-TA Project supports activities of chambers and sector associations with regard to advocacy, service delivery and strengthening of the capacity of the organizations.

Examples for project assistance are:

- In the field of advocacy/policy framework
  - work on chamber laws and regulations for business organizations
  - work on delegation of SSE/SME promotion functions from government to chambers/associations and/or work on sharing of such functions
  - joint government/business organization workshops for reshaping SME promotion policies

- In the field of service delivery
  - assistance for training which chambers/associations organize for their SSE/SME members
  - support for publications (newsletters, brochures, directories) of chambers/associations
  - assistance for exhibitions (SSE/SME products) organized by chambers/associations
  - support for developing information services

- In the field of strengthening the infrastructure
  - support for training of staff of chambers/associations
  - contribution to equipment of the business organizations
  - salary support for professional staff of chambers/associations
  - support for chamber/association management workshops

All joint activities of the project and the partner organizations are governed by two important principles:

- The chambers and associations, not the Project, decide what their priorities are. The Project supports some, not all of the planned activities which the partner organizations want to implement.
- The Project supports only part, not all, of the cost of the joint activities to be implemented.

The ZDH-TA Project does not assist in the construction of buildings, procurement of vehicles, provision of long-term experts, and in the contribution of funds for credit programmes.

5. EXPERIENCES AND PROBLEMS OF THE ZDH-TA PROJECT

The major obstacles for achieving the objectives of the project are:

- In some countries governments are not yet ready to fully accept chambers/associations as partners in developing SSEs/SMEs.
- Many chambers/associations are not yet interested to cater for SSEs; they remain "big boy" institutions.
- In many countries chambers/associations are still "run" by the elected officers who change frequently, while the permanent staffs quality and motivation is 1ow.
- In some countries there is a fragmentation of the chamber and association system; too many competing business organizations exist; they are bound to remain weak and powerless.

In many places, chambers and sector associations are in a vicious circle: They do not offer attractive services for SSEs/SMEs, therefore, these enterprises do not join; as membership and income is low, the chambers/associations cannot develop attractive services.

The starting point for a change must come from a committed chamber/association leadership which wants to break the circle and is ready to invest time and funds to achieve that. The ZDH-TA Project can provide ideas, assist with funds and share risks, but the motoring power must come from within the chamber or association.

Planning workshops have been and are a good Project instrument to develop plans of activity of a chamber/association for a year or two based on a thorough strength and weakness analysis of the present status of the chamber or association.

Of the services <u>training</u> (conducting <u>practical</u> courses, discussion meetings with experts, fora with government agencies on regulations, taxes etc.) is usually readily appreciated by SSE/SME members of the chambers and associations. But these events must be need-based, brief, focused, and should allow participants to (at least partly) attend to their business affairs in order to attract SSE/SME participation. At the be8inning it is not easy for the chamber/association to charge fees that cover the cost (as government agencies and also donor funded projects often offer training for free). However, experience has shown that SSEs/SMEs are ready to pay fees if the training is meeting their needs and expectations. Member SSE/SME should pay less than non-members to attract additional enterprises to the chamber/association.

Another service which chambers/associations should start offering in the early phases of their development is to conduct <u>exhibitions</u> for SSE/SME products and catalogue shows (for suppliers of equipment). These help SSEs/SMEs to showcase their products, to market them and to get appropriate technology information (through catalogue shows). Project experience confirms that exhibitions can become money earners for the chamber/association.

Chambers and associations have to develop information services (via circulars, newsletters, other publications, electronic billboard, e-mailing) for their SSE/SME members. The ZDH-TA Project assists its partners in this process which usually starts with developing a concise membership database (with sufficient in-depth information for business matching). It is comparatively more difficult to earn from selling information. But - as with all services - the commercialisation of providing information is a "must" for the chamber/association in order to cover cost.

Some partner chambers established Business Centres with ZDH-TA's support which provide communication and office facilities (telex, fax, IDD, photocopying, conference facilities etc.). This may be a very welcome service for SSE/SME members, depending on the local conditions. One precondition must, however, always be met: the Centres have to work competitively (with regard to prices, office hours, service friendliness etc.) to survive and to earn in the market. Many partners are still struggling with this challenge. There are also market "niches" for other business services (translation, staff recruitment, group advertising etc.) which the chambers/associations should explore as additional facets of Business Centre facilities.

Consultancy can be another valuable chamber/association service for SSE/SME. It is comparatively more difficult to make this service an income-generating activity as many entrepreneurs (in particular SSE) are not yet ready to pay commercial rates for consultancy. Partner chambers and associations have tried out various ways to develop advisory concepts. Legal, tax, and accounting services can be provided through lawyers and consultants who work on a retainer basis. Some chambers/associations develop lists of experts who can be contacted with regard to technical consultancy (against a fee). There is also plenty of scope for organising group consultancy in the context of training.

Chambers and associations in many countries are often more "businessmen's clubs" than service organizations. The concept of "selling" services is new to these "clubs" and their members. This is why membership fees are usually low and why services are often free; consequently chambers are poor but they may have relatively "rich" members who do not readily accept a due or service fee increase. The process of change needs time and - for the chamber and association - the experience that it is "possible" to charge for and to earn from services.

The changeover to the concept of a service organization also affects the "power structure" of the chamber/association. Most of them are still strongly governed by the President and Board Members who remain responsible for day-to-day operations. While the chamber/association grows in size and functions, this leadership concept has to go and responsibilities have to be delegated to professional staff. But old concepts die hard and nothing is more difficult than to delegate power. Identification of precise workplans, responsibilities, and job descriptions usually help to speed up this process.

The ZDH-TA Project is emphasising the exchange of experience among chambers in the respective country and across borders. ZDH-TA supports chamber/association visits and staff exchange programmes as this has turned out to be a fast track to transfer ideas of how to go about SSE/SME promotion7 income generation and organizational development. Chamber management development workshops have been another useful Project tool for sharing experience and learning from others.

In some developing countries in Asia, there is still a dividing line between government bodies and the business organizations. Chamber/association development efforts should not aim towards lobbying but towards engaging governments in a qualified (!) dialogue (via joint committees, workshops, task forces etc.) and in programmes that are planned and implemented jointly. The Project's experiences (e.g. in the Philippines) have been very positive, but it takes time to build up trust and confidence between government agencies and business organizations.

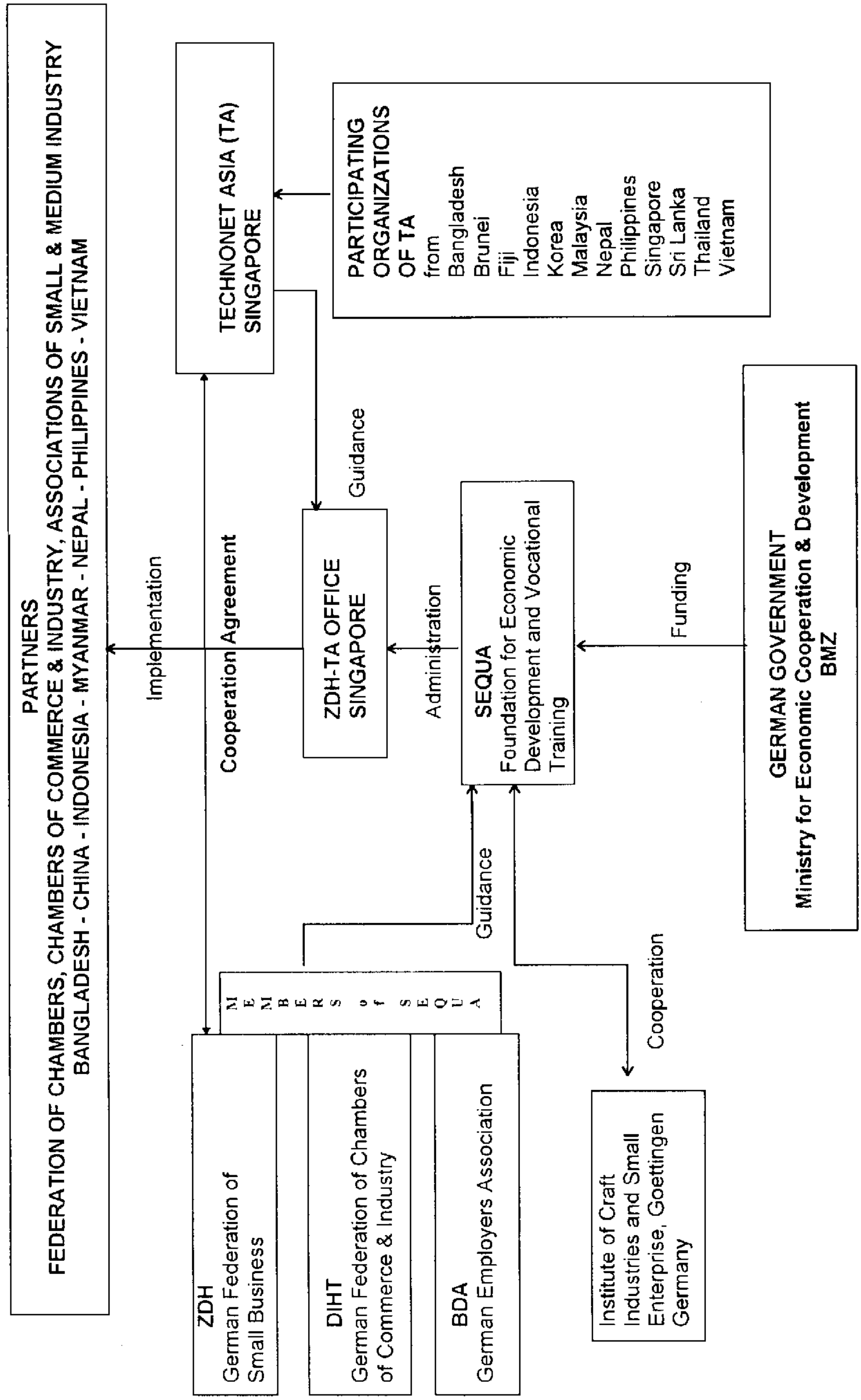
Another learning point of the Project has been to keep the tie up with partner chambers and associations flexible. After a change in leadership, partner chambers and associations may become more or less active. The ZDH-TA Project has to react to that and intensify or reduce support. In a few cases, assistance had to be cut because the chamber/association had lost too much of self-motoring capacity. It has thus been a Project policy to work with flexible budgets regarding support to the different partners depending on their proposals and development speed. In the initial phase of a partnership with a chamber/association, only a few activities would get ZDH-TA support, annual joint activity programmes may be developed with more mature and seasoned partners.

While it is true that all chambers/associations have to continuously improve their services and advocacy, the role of the ZDH-TA Project is to assist chambers and associations primarily in their "teething period" only and to withdraw/reduce support when they have completed this phase successfully. ZDH-TA is satisfied with the progress that many of its partner chambers and associations have achieved. We have, however, come to realize that institutional development is a long-term process. Thus, ZDH-TA has not finalized its cooperation with many of its partners, leaving them to continue SSE/SME promotion on their own. But the volume of ZDH-TA support has dropped considerably in many programs (as the partners improved their income situation) which made it possible to cooperate with new partners.

Courtesy: Heiko G. Waesch, Regional Coordinator, ZDH/TechnoNet Asia Partnership Project

ANNEX 1

PROJECT STRUCTURE



ITC/236/1A/96-VII-TP

A word about ZDH and SEQUA

The economic sector represented by the German Federation of Small Business (ZDH) is currently made up of around 790,000 companies with 7 Mio employees.

ZDH comprises two main bodies - the chambers of small business and the associations of small business. The chambers of small business are nonprofit corporations under public law with compulsory membership for any firm belonging to the small business sector. The associations of small business are trade organizations on a voluntary basis. They represent the interests of their specific profession and also act as employers associations

The chambers and associations have joined forces in the ZDH which represents the interests of the small business sector as a whole vis-a-vis the German Government and all central authorities, as well as the European Union and other international organizations.

The Foundation for Economic Development and Vocational Training (SEQUA) is a joint undertaking of

- the German Federation of Small Business (ZDH) as the umbrella organization of the 56 German small business chambers and the sectoral associations,
- the German Federation of Commerce & Industry (DIHT) which is the Apex body of the 83 German chambers of commerce & industry,
- the German Employers Association (BDA).

SEQUA's objective is to strengthen the private sector institutions in Central and Eastern Europe, as well as in developing countries. Its programs are supported by the Federal German Government and it also cooperates with the Commission of the European Union.

SEQUA administers the ZDH-TA Project and ultilizes the services of the Institute of Craft Industries and Small Enterprises (Goettingen/Germany) to support the ZDH/TA Project.

A word about Technonet Asia

Technonet Asia is a non-profit, non-political and non-governmental international development organization comprising a cooperative network of 14 Participating Organizations (POs) from 12 Asian-Pacific countries, with its Secretariat based in Singapore.

Its mission is to improve the efficiency and competitiveness of micro, small and medium enterprises (MSME) in the member countries, thereby enhancing the sector's contribution to their respective economies.

Its program activities revolve around five major areas:

- dissemination of industrial information
- provision of industrial extension services
- facilitation of technology transfer/sharing
- development of indigenous entrepreneurs and enterprises
- capacity building of MSME support institutions

These are usually delivered to the target groups through the POs and other collaborating institutions via training, consultancies, research and information service program activities.

Besides annual subscriptions from its member organizations, Technonet's prpgrams are principally supported by international donors and development agencies. Technonet has so far successfully implemented projects for USAID, GTZ, JICA, CIDA, WB, IDRC, ILO, FAMD, ZDH and others.

Since its inception in 1973, Technonet Asia has gained international recognition as an active South-South and North-South network organization. It has made significant achievements in promoting technology transfer, entrepreneurship develqpment, industrial information and extension programs benefitting national development support institutions and private sector micro, small and medium interprises.

ZDH-TECHNONET ASIA
PARTNERSHIP PROJECT

At present the Project works with the following partners:

Bangladesh
- Federation of Bangladesh Chambers of Commerce & Industry (FBCCI)
- Dhaka Chamber of Commerce & Industry (DCCI)
- National Association of Small & Cottage Industries of Bangladesh (NASCIB)
- Chittagong Chamber of Commerce & Industry (CCCI)
- Bangladesh Handicrafls Manufactures and Exporters Association (Banglacrafl)
- Bangladesh Electrical Merchandise Manufacturers Association (BEMMA)
- Sylhet Chamber of Commerce & Industry

China
- All-China Federation of Industry & Commerce (Beijing)
- Hubei Provincial General Chamber of Commerce (Wuhan)
- Jiangsu Federation of Industry & Commerce (Nanjing)
- Suzhou Chamber of Commerce
- Suzhou Rural Township Enterprise Association

Indonesia
- Indonesian Chamber of Commerce & Industry
- Yogyakarta Chamber of Commerce & Industry (Provincial)
- Yogyakarta Chamber of Commerce & Industry (Town)
- Ujung Pandang Chamber of Commerce & Industry
- West Java Chamber of Commerce & Industry, Bandung

Myanmar
- Union of Myanmar Chamber of Commerce & Industry
- Myanmar Industries Association

Nepal
- Federation of Nepal Chambers of Commerce & Industry (FNCCI)
- Handicrafl Association of Nepai (HAN)
- Lalitpur Chamber of Commerce & Industry (LCCI)
- Narayangarh Chamber of Commerce & Industry (NCCI)
- Palpa Chamber of Commerce & Industry (PCCI)
- Bhaktapur Chamber of Commerce & Industry (BCCI)
- Kavre Chamber of Commerce & Industry (KCCI)

Philippines
- Philippine Chamber of Commerce & Industry (PCCI)
- Metro Angeles City Chamber of Commerce & Industry (MACCCI)
- Naga City Chamber of Commerce & Industry (NCCCI)
- Metro Bacolod Chamber of Commerce & Industry (MBCCI)
- Laguna Chamber of Commerce & Industry (LCCI)
- La Union Chamber of Commerce & Industry (LUCCI)
- National Capital Region Council (NCRC)

Vietnam
- Chamber of Commerce & Industry of S.R. of Vietnam Hanoi, with branches in Ho Chi Minh City, Cantho, Danang, Haiphong, Vinh
- Union of Associations of Industry & Commerce (UAIC), Ho Chi Minh City

More partners may be added in the course of the development of the ZDH/TA Project.

CHAMBERS OF COMMERCE AND INDUSTRY - AN ASSESSMENT SURVEY

SURVEY HIGHLIGHTS

The survey provides information on the activities of different chambers of commerce for the promotion of SMEs. The information has been collated through a specially designed questionnaire. The findings provide an interesting study of the wide spectrum of services undertaken by chambers to support SMEs and an insight into their experiences and problems.

The findings are based on a survey of 38 chambers of commerce in 25 countries covering Asia, Africa, Europe and Australia. Chambers surveyed are operating at national, regional and local levels. Responses to the questionnaire were received through courtesy of the International Chamber of Commerce and the ZDH-TechNet Asia Partnership Project.

1. MAJOR FINDINGS OF THE SURVEY

Small and medium-sized enterprises play an important role in the economies of both developing and developed countries.

Out of 38 respondents, 30 chambers have dedicated 'Special Committees' to look after the interests of SMEs. 52 per cent of the chambers felt that services provided to SMEs are extremely important, while 35 per cent felt that services to SMEs are only important. 90 per cent of the respondents felt that lack of finance is the major problem inhibiting the growth of SMEs; other problems cited are outmoded technology, marketing, policy discrimination, overdependence on government, lack of information etc. in this order. Major reasons for the success of SMEs were cited as Government support programmes (80%), as e.g. Iower taxes, cost advantage, flexibility in production etc.

2. INFORMATION DISSEMINAT1ON

Information dissemination appears to be the mainstay of services provided to SMEs. All 38 chambers are providing such services in an extensive manner. Various sources of information are: notifications and circulars of the government, statistical data published by government and research institutions, newspaper reports, business journals and magazines etc. A major impediment is that the information is not available in the form it is required. CCIs collect relevant information, collate and consolidate it on the basis of the felt needs of their constituents. Networking with other similar organizations improves information and most of the CCIs are exploring this possibility. Furthermore, financial and technical support from government and international agencies is also availed of for developing inhouse expertise on data processing and documentation.

CCIs face difficulties with regard to:

- Locating sources of information
- Lack of suitable in-house expertise for information processing and creation of data bank, and
- Lack of a suitable medium for faster dissemination of information.

3. ADVOCACY ROLE

CCIs organise and participate in policy dialogues with the government and other institutions on the basis of perceived needs of members. This is a continuous process. It is widely believed that effective advocacy avoids Government-Business confrontation on policy issues. In this regard, adequate attention is given to pre-event and post-event publicity, as it helps CCIs in earning government recognition, consolidating its status and also in attracting prospective members. The finance for organising workshops/ seminars/conferences is normally raised by levying participation fees and/or through contributions made by sponsors for conference materials, hospitality etc.

4. ADVISORY AND COUNSELLING SERVICES

Services provided in this area are mostly confined to helping SMEs in coping with government regulations, providing information on sources of finance and for upgrading technology. Further, it appears from the survey that consultancy services are not developed by many chambers in the developing countries; out of 38 chambers only 18 chambers are providing consultancy services in the limited areas of start-up guidance, finance and accounting and industrial relations. Consultancy services in areas such as marketing and sales promotion, selection of technology, ancillarisation and vendor development, preparing project reports etc. are extremely limited.

Problem areas cited are:

- Lack of professionally trained manpower.
- Difficult access to reliable inputs.
- Difficulty in getting the requisite clientele.
- Finance.

Only 16 out of 38 Chambers surveyed have a structured methodology for developing consultancy concepts and for counselling/advisory activities. The remaining chambers are found to be relying heavily on informal methods for this purpose.

5. PUBLICATIONS

CCIs bring out a number of publications that include product catalogues, newsletters, brochures, directories of members etc. Information on exports, imports, trade fairs and exhibitions, trade enquiries, joint venture possibilities, match-making etc. are major areas of interest for their members. As far as funding for publications is concerned, a large part of the revenue comes from advertisements and sponsorships.

It was widely felt that newsletters and brochures create considerable impact amongst all to talk about the organization's activities and the programmes for the promotion of SMEs.

Product catalogues and trade directories are considered to be important tools for marketing.

6. DELEGATION OF GOVERNMENT FUNCTIONS

A number of regulatory functions of the government agencies in respect of SMEs are transferred to Chambers which include issuing of certificates of origin, registration of business names and trade marks, implementation of government's industrial guarantee and loan funds, visa recommendation letters to businessmen etc. The credibility and integrity of CCIs facilitate the delegation of government functions on a larger scale.

7. INDUSTRIAL RELATIONS

CCIs espouse the cause of SMEs on issues of common interest in the field of industrial relations. Some of the problems faced by CCIs in this regard include: (a) lack of professionally qualified manpower, (b) inadequate finance, and (c) difficulty in attracting adequate clientele. Industrial relations being a sensitive matter, SMEs prefer to tackle the issue themselves.

8. FOREIGN TRADE PROMOTION

The survey reveals that CCIs are active in helping SMEs to participate in trade fairs/exhibitions by providing them an 'umbrella stand' and thus saving on cost of participation.

It was observed that CCls at the local level do not have easy access to information on international marketing. Local CCI having an understanding with regional and apex chambers are better placed as far as access to information is concerned.

9. TRAINING ACTIVITIES

Training appears to be picking up as one of the popular services provided to SMEs; and training as a regular service is perceived to have great potential for development. Presently, training activities are concentrated in the field of generating appreciation/awareness about policy related issues.

The survey reveals that skill-based training programmes, such as accounting and bookkeeping, marketing and sales promotion, tailoring, fashion and dress designing, packaging etc. are not adequately developed. Only 7 out of the 38 chambers surveyed are providing training activities in these areas and that, too, in a very limited way. Further, CCIs generally do not have an in-house faculty for training activities.

It is observed from the survey that training programmes are largely provided free of cost, and that in those cases where a specific fee is charged, it is either heavily subsidised or the fee is fixed on a no-profit no-loss basis. Out of the 38 chambers only 16 chambers treat training as an income-generating activity.

While chambers of commerce feel that servicing SMEs not only provides income and attracts prospective members, but also helps in developing the local economy, CCIs are still generally perceived as being an association of big businesses. This perception is, by and large, true for chambers operating at the national and regional levels. It is further noticed that SMEs, more particularly the very small units, stay away from applying for membership or even asking for information and advice from chambers. Another explanation for small firms shunning the chambers is that small business is usually managed full-time by the owner himself and that the entrepreneur is not in a position to spare time for chamber activities.

In view of the limitations of the chambers in terms of membership and direct impact on small enterprises, there is a need for a drive to arouse their interest. It is worthwhile to mention that, in an attempt to encourage small firms to join chambers on payment of a nominal fee, an "Access Card" facility has been launched by the Mauritius Chamber of Commerce, enabling card holders to enjoy practically all the advantages of a member except voting rights. Innovations like this can be helpful in attracting SMEs to the chamber's fold.

SOME INTERESTING FINDINGS*

A. Does your Chamber have a dedicated special committee/business interest group to look after the interests of SMEs?

Yes ,	79%
No	21%

B. Compared to other activities of your organization, how important are the activities relating to development of SMEs?

Extremely Important	52%
Important	35%

C. How are the area(s) of counselling/advisory services identified?

As suggested by members	12%
As suggested by Funding Agencies	23%
Through special surveys only	Nil
Combination of the above three	65%

D. Does your Chamber provide help to .SMEs in the following areas?

Financing of projects	75%
Marketing	68%
Technology Upgrading	33%
Coping with Governmental Regulations	71%
Ancillarisation	52%

E. Are Advisory/Counselling services provided free or charged?

Free	14%
Charged	86%

F. On what basis charges are fixed?

Charged, but subsidized	19%
Charged on no-profit-no-loss basis	55%
Charged as Income-Generating Activities	26%

G. Type(s) of training activities undertaken?

Regular Training Programmes	5%
Long-duration courses	5%
Short-duration courses	90%
Need-based training courses	81%

* Note: Figures are as %age of the total response

H. Does your Chamber provide the following foreign trade related services?

International Marketing	82%
Information on foreign trade	94%
A Finance for exports	14%
Guarantee Arrangement for exports	5%
Factoring Services	8%
Import Management Techniques	26%
Linkage with export promotion agencies	26%
Trade Fairs/Exhibitions	97%
Possibility of joint ventures and technology transfer	55%

LIST OF RESPONDENT CHAMBERS OF COMMERCE

THROUGH ICC

1. Victoria Chamber of Commerce and Industry, Australia
2. Brussels Chamber of Commerce, Belgium
3. Estonian Chamber of Commerce and Industry, Estonia
4. Paris Chamber of Commerce and Industry, France
5. Kiel Chamber of Commerce and Industry, Germany
6. Hong Kong General Chamber of Commerce and Industry, Hong Kong
7. Dublin Chamber of Commerce and Industry, Ireland
8. Japan Chamber of Commerce and Industry, Japan
9. Federation of Malaysian Manufacturers, Malaysia
10. Malta Chamber of Commerce, Malta
11. Chamber of Commerce and Industry of Amsterdam, Netherlands
12. Oslo Chamber of Commerce and Industry, Norway
13. Polish Chamber of Commerce and Industry, Poland
14. Chamber of Commerce and Industry of Romania, Romania
15. Singapore International Chamber of Commerce, Singapore
16. Slovak Chamber of Commerce, Slovak Republic
17. Association of Swedish Chambers of Commerce and Industry, Sweden
18. Istanbul Chamber of Commerce, Turkey
19. London Chamber of Commerce and Industry, United Kingdom
20. Mauritius Chamber of Commerce and Industry, Mauritius
21. PHD Chamber of Commerce and Industry, India, courtesy PHDCCI

THROUCH ZDH-TA PARTNERSHIP PROGRAMME

22. Federation of Bangladesh Chambers of Commerce and Industry, Bangladesh
23. Chittagong Chamber of Commerce and Industry, Bangladesh
24. The Dhaka Chamber of Commerce and Industry, Bangladesh
25. Department Pengusaha Dan Industri Kecil Kadin, Indonesia
26. Medan Chamber of Commerce and Industry, Indonesia
27. South Sulawasi Chamber of Commerce and Industry, Indonesia
28. a) Yogyakarta Chamber of Commerce and Industry, Indonesia
    b) Yogyakarta Municipality Chamber of Commerce and Industry, Indonesia
29. Federation of Nepalese Chambers of Commerce and Industry, Nepal
30. Lalitpur Chamber of Commerce and Industry, Nepal
31. Narayangarh Chamber of Commerce and Industry, Nepal
32. Palpa Chamber of Commerce and Industry, Nepal
33. Metro Angeles Chambers of Commerce and Industry, Philippines
34. Metro Bacolod Chamber of Commerce and Industry, Philippines
35. Philippines Chamber of Commerce and Industry, Philippines
36. a) Chamber of Commerce and Industry of Vietnam, Vietnam
    b) Vietnam Chamber of Commerce and Industry, Ho Chi Minh City

7 Conclusions and recommendations

In tune with the developments that are taking place globally, SMEs are expected to play a larger role in the future economic development of their own countries, as well as internationally. Their distinct advantage is that they are locally based, skill-intensive, employment-oriented and, to an extent, environment-friendly. These factors favour SMEs more than large enterprises. The revival of interest in SMEs in the developed economies is also due to techno-social reasons: the increasing role of knowledge and skill-intensive activity on the one hand, and the need for generation of more employment through self-employment ventures, accent on niche-demand, networking, improved quality of life and decentralised work centres on the other.

In the developing countries, SMEs have an even stronger potential for growth in new areas, apart from traditional sectors, where there is a demand for new technologies which are knowledge-intensive and multi-disciplinary in nature. Major dimensions of change in the future would include management of knowledge, technological sourcing and the impact of information technology. As SMEs have (1) lower capital requirements; (2) lower overheads; (3) great maneuverability; and (4) lower wages, it could be safely suggested that SMEs in future would stimulate vertical growth of enterprises especially in the developing world and in the economies in transition. They have no less a place in the developed countries, though for different reasons. The days of 'economic Darwinism' are over. SMEs are not only going to stay in developed as well as developing countries, but also have a bright future, provided they are made a part of the industrial ambience of efficiency and competition.

It is against this background that one has to analyse the institutional support which would be required by SMEs to play their due and expanding role.

It is the general experience that the various promotional and developmental measures initiated through government agencies, though well conceived, have often not been able to really achieve the desired objectives. The chambers of commerce movement has also not distinguished itself in many places in servicing the SME sector hitherto, though there are some notable exceptions.

Anyway, it is almost certain that in the trend following Government and aid agencies to favour greater NGOs' involvement, chambers of commerce are well suited to undertake the responsibility of supporting SMEs.

As true self-help institutions of the sector, chambers of commerce are familiar with the problems and needs of small enterprises. Chambers would, however, have to re-orient their activities, staff and skills, services and facilities so as to be in a position to provide necessary guidance to their constituents. They would need to collect and distribute more information on technology, trade, finance, government policies and available trade opportunities for SMEs.

They would have to provide specific linkages with the large-scale sector and develop the capacity and capabilities to influence policy makers on behalf of SMEs. In developing countries, it may be appropriate to introduce legislation which would mandate the government to ensure consultation with representative bodies of the private sector on regulations affecting small enterprises.

Does it look like a tall order? Yes and - perhaps - no. Strong chambers having substantial and abiding interests in SME development, and with a visionary leadership and long-term perspective, will certainly be able to undertake the task of supporting SMEs and in the process strengthen their own organizations. However, the lack of such a vision cannot be ruled out.

The range of possible services by a chamber to SMEs is obviously great, but not every programme is suited to each situation. Chambers will perform best if they adapt their range of services closely to the special needs of their members. As chambers are much closer to the SME business community than the state authorities, they can perform certain governmental tasks which concern the business much more effectively and efficiently. The delegation of functions implies a reduction of governmental power. There may be some hesitation before such a delegation is authorised. The chambers, therefore, must possess the necessary organizational strength, membership support and personnel capacity before the delegation of authority can become a reality.

How can the chambers approach this newly assigned task? Chambers should undertake core activities to serve SMEs through the help assistance and guidance of more enlightened sections in its membership. They should start some specialized services on payment basis, and should be able to seek supplementary/additional assistance from Government or aid-giving agencies for such activities. As activities get popular, they could increase participation fees and, in due course, make the specialised services self-supporting and later income-generating.

Chambers could also devise special projects or programmes and seek support for these specific projects from international aid agencies. Successful examples of such cooperation are: (i) the ZDH-TECHNONET Partnership Programme on Cooperation with chambers of commerce; (ii) the Cll (Confederation of Indian Industry) - EU (European Union) Project on Energy Conservation; (iii) the PHDCCI (PHD Chamber of Commerce and Industry, New Delhi) - KAF (Konrad-Adenauer-Foundation, Germany) Training Programme for new entrepreneurs; and (iv) the PHDCCI - CIPE (Center for International Private Enterprise, Washington) Project on 'Governance for Development' for retraining of government officials. In fact, there are numerous other instances where chambers of commerce were able to interest outside agencies for funding specific projects. It has been shown that chambers of commerce are a very effective channel to set up promotional programmes for SMEs with appropriate support from donor agencies, which, besides matching funds, could provide short-term consultants and help in developing overseas contacts for the transfer of technology, joint ventures etc.

Keeping the aforesaid in view, the following conclusions and recommendations emerge:

- There is no universally acceptable definition of SMEs. SMEs have specific characteristics such as size, single location, the owner being a manager who oversees the project from beginning to the end.
- SES are playing an important role, both in developed and developing countries.
- SMEs are contributing significantly to exports, and their contribution is likely to increase further in future.
- SMEs are seriously constrained in their operations and face problems relating to finance, marketing, production, and general management. These problems are getting sharper and more complex in the face of severe competition in the new economic setting.
- While a host of government institutions has been set up in many developing countries to support SMEs, experiences, by and large, have shown that they are not very effective. Against this context, chambers of commerce - which enjoy grassroot support and have large information and institutional networks - are best suited to undertake support measures for SMEs.
- Chambers in many industrialised countries and newly industrialising countries, notably Japan, Germany, Austria, the Republic of Korea, Singapore, etc., did recognise the potential of SMEs. They have initiated special programmes and support activities for them. Such instances are unfortunately not yet equally prominent in developing countries.
- A major challenge to chambers is the strength of their network. The quality of their information and promotion programmes depends substantially upon the quality of their local and foreign networking. This is a formidable task but most desirable and certainly achievable, as has been shown by the success of chambers in Germany, Austria, the Republic of Korea, Japan and many others.

Against the backdrop of the foregoing broad observations, the following recommendations are made to help the chambers to reorient and re-adapt themselves to fulfill their increasing role in the new economic order:

- Associations/Chambers should establish more active linkages with technical institutes set up by authorities for the modernisation and technological upgradation of SMEs.
- Chambers should establish information centres to help SMEs concerning information on products/technology/local and foreign markets.
- Chambers should be encouraged to take up SME training and counselling as they are close to business realities and entrepreneurs. On the basis of the success story of the Small Business Advisory Service of the German Chambers of Small Business, other Chambers may examine the desirability and feasibility of instituting such a service in their chambers tailored to the needs of small business. They may consider seeking subsidy from their respective governments for part-financing of the service.
- Export financing is one of the main pillars for export promotion. Many countries have well organised schemes of pre and post shipment credits for exports. But such schemes have not been well established in many developing countries. Chambers in such countries can play a vital role in promoting these schemes and provide useful support to SMEs in their export efforts.

Policy makers of chambers, both in developing and developed countries, have to recognise that SMEs have a vital role to play besides large and growing national enterprises and multinationals. While the world has shrunk, it has place for many who can deliver goods and services at competitive prices and give value for money to the customer. Forming a partnership between the various players involved in the system is an objective which must be aimed at today to strengthen the SME sector. Chambers as proponents of the private enterprise system are best designed to work for and achieve this goal.

Annex

SMALL & MEDIUM-SIZED ENTERPRISES
LIST OF CLEARANCES REQUIRED IN INDIA

	Nature/Name of Approval	*Competent Authority*
(i.)	Registration as SSI	State / Provincial Govt. Office / Agency
(ii.)	Registration of ownership	Registrar of Companies / Firms
(iii.)	License from Municipality / Local body	Municipality or concerned local authority
(iv.)	Approval of plan of factory and installation of machinery etc.	Department of Town Planning
(v.)	Registration under the Factories Act (if the unit comes under the definition of a factory)	Inspector Factories
(vi.)	Consent for discharge of sewerage and effluents	Pollution Control Board
(vii.)	Licence under the Boilers Act	Inspector of Boilers
(viii.)	No-objection Certificate from the Fire Service Dept	Divisional Fire Officers
(ix.)	Sanction of Power Supply	Concerned Engineer of the Electricity Board
(x.)	Sanction of Water Supply	Municipality or Local authority
(xi.)	Central Excise License	Superintendent of Central Excise
(xii.)	Sales Tax Registration	Sales Tax Officer in the area
(xiii.)	Income Tax Registration	Income Tax Officer
(xiv.)	Registration with the Foreign Trade office	Regional Office of the Foreign Trade Department / Agency
(xv.)	Registration with the Government for Purchase	Purchase Organizations, Governmental or autonomous

	Programme	
(xvi.)	Weights and Measures	Local office of Weights and Measures
(xvii.)	Sanitation	Local office of sanitation and Garbage Department
(xviii.)	Employees' State Insurance Scheme (ESIS)	Local office of ESIS
(xix.)	Storage Licence	Municipal Board / Local authority
(xx.)	Supply of stores to Defence organizations	Purchase organizations of Defence Department
(xxi.)	Export Inspection	Export Inspection Agency
(xxii.)	Manufacture of Food and Drugs	State Department of Food and Drugs

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INTERNATIONAL TRADE CENTRE UNCTAD/WTO (ITC)

The International Trade Centre UNCTAD/WTO (ITC) is the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. ITC was created by the General Agreement on Tariffs and Trade (GATT) in 1964 and since 1968 has been operated jointly by GATT (now by the World Trade Organization, or WTO) and by the UN, the latter acting through the United Nations Conference on Trade and Development (UNCTAD). As an executing agency of the United Nations Development Programme (UNDP), ITC is directly responsible for implementing UNDP-financed projects in developing countries and economies in transition related to trade promotion.

Main programme areas

ITC works with developing countries and economies in transition to set up effective trade promotion programmes for expanding their exports and improving their import operations. This covers six key areas:

- Product and market development: Direct export marketing support to the business community through advice on product development, product adaptation and international marketing for commodities, manufactures and services. The aim is to develop and market internationally competitive products and services to expand and diversify these countries' exports.
- Development of trade support services: Creation and enhancement of foreign trade support services for the business community provided by public and private institutions at the national and regional levels. The objective is to ensure that enterprises have the facilities to export and import effectively.
- Trade information: Establishment of sustainable national trade information services and dissemination of information on products, services, markets and functions to enterprises and trade organizations. The purpose is to lay a foundation for sound international business decisions and for appropriate trade promotion programmes.
- Human resource development: Strengthening of national institutional capacities for foreign trade training and organization of direct training for enterprises in importing and exporting. The goal is to achieve efficient foreign trade operations based on relevant knowledge and skills.
- International purchasing and supply management: Application of cost-effective import systems and practices in enterprises and public trading entities by strengthening the advisory services provided by national purchasing organizations, both public and private. The aim is to optimize foreign exchange resources expended on imports.
- Needs assessment and programme design for trade promotion: Conception of effective national and regional trade promotion programmes based on an analysis of supply potential and constraints, and identification of related technical cooperation requirements. The objective is to reinforce the link between trade policy and the implementation of trade promotion activities.

In all of these services ITC gives particular attention to activities with the least developed countries (LDCs).

Trade promotion projects

ITC's technical cooperation projects are carried out in all developing areas, at the national, subregional, regional and interregional levels. They are undertaken at the request of governments of the countries concerned. Projects are administered from ITC headquarters in Geneva and are implemented by ITC specialists who work in close liaison with local officials. A project may last from a few weeks to several years, depending on the number and types of activities involved.

National projects often take the form of a broad-based integrated country project, which includes a package of services to expand the country's exports and/or improve its import operations. In some cases national projects cover only one type of activity. Subregional, regional and interregional projects may also deal with either one or a combination of ITC services, depending on the trade promotion and export development requirements of the group of countries concerned.

All of ITC's technical cooperation projects are systematically monitored and evaluated to ensure that the objectives initially agreed to between the government(s) and ITC are being achieved.

Headquarters services

In addition to specific technical cooperation projects with individual developing countries and economies in transition, or groups of these countries, ITC provides services from its headquarters in Geneva that are available to all such countries. These include publications on trade promotion, export development, international marketing, international purchasing, supply management, and foreign trade training, as well as trade information and trade statistics services of various types.

Coordination with other organizations

ITC's technical cooperation work is coordinated with a number of other organizations inside and outside the UN system. ITC maintains close liaison with UNCTAD and WTO for specific technical cooperation activities, in addition to its more formal links with these two organizations for its overall technical cooperation programme. ITC's export market development activities are coordinated whenever relevant, with the work of the Food and Agriculture Organization of the UN (FAO) and the United Nations Industrial Development Organization (UNIDO). Close contacts are maintained with UNDP, which provides financing for a portion of ITC's projects with developing countries and economies in transition, and whose Resident Representatives and Resident Coordinators serve as ITC's official representatives in their countries of assignment.

ITC also works with other UN organizations, regional development banks, intergovernmental bodies outside the UN system, nongovernmental organizations and numerous trade-related institutions. In particular it has developed a close association with import promotion offices that have been set up in various countries to promote exports from developing countries into their respective national markets. ITC is continuously broadening its contacts with foreign trade and business institutions as it extends its network of technical cooperation partners.

Sources of funding

ITC's regular budget is funded in equal parts by the UN and WTO. It finances general research and development on trade promotion and export development, part of which results in published studies, market information and statistical services. This budget also covers overall administration of the organization.

Financing for ITC's technical cooperation activities in developing countries and economies in transition comes from UNDP, other international organizations, and voluntary contributions from individual developed and developing countries. Voluntary contributions consist of either trust funds for projects in other countries or funds-in-trust provided for projects in the donor's own country.

Status and policymaking

ITC's legal status is that of a "joint subsidiary organ" of WTO and the UN, the latter acting through UNCTAD. The broad policy guidelines for ITC's technical cooperation work are determined by the governing organs of ITC's parent bodies. Recommendations on ITC's future work programme are made to these two organs by ITC's annual intergovernmental meeting, the Joint Advisory Group on the International Trade Centre UNCTAD/WTO (JAG). T he JAG also reviews ITC's proposals for its medium-term plan, which provides a general framework for ITC's activities over a six-year period and forms part of the overall UN Medium-Term Plan. Representatives of member states of lTC's parent organizations attend the JAG meeting. In addition to the review by these intergovernmental meetings, ITC's policies and programmes are periodically examined in meetings attended by representatives of its parent organizations and ITC's Executive Director.

Secretariat

Mr. J. Denis Belisle, ITC's Executive Director, is responsible for the management of ITC. Staff at ITC headquarters in Geneva, Switzerland, number close to 200. Several hundred consultants are assigned to ITC projects in developing countries and economies in transition each year.

Liaison offices

ITC does not have any regional or national field offices. However, each government with which ITC works, in both recipient and developed countries, appoints an official ITC liaison officer within its administration.

Contact information

International Trade Centre UNCTAD/WTO (ITC)
Palais des Nations
1211 Geneva 10
Switzerland

Telephone: (41-22) 730 01 11
Telefax: (41-22) 733 44 39
Telex: 414 119 ITC CH
E-mail: itcreg~intracen.org
Internet: http://www.unicc.org/itc/

THE INTERNATIONAL CHAMBER OF COMMERCE (ICC)

The world business organisation

Founded in 1919, the International Chamber of Commerce (ICC) serves world business by promoting trade and investment and open markets for goods and services, as well as the free flow of capital. It defends the private enterprise system and encourages self-regulation by business. The ICC is a non-governmental organisation of thousands of companies and business associations in 139 countries.

The ICC has top-level consultative status with the United Nations and close relations with the World Trade Organisation (WTO), the Organisation for Economic Co-operation and Development (OECD), the European Union and other intergovernmental and non-governmental bodies.

One of its main activities is the harmonization of trade practices and the development of voluntary codes for business. For instance, ICC rules on documentary credits are used by banks throughout the world, and Incoterms - international commercial terms defined by the ICC - are applied by importers and exporters worldwide.

ICC commissions meet regularly to review issues affecting business in a wide range of sectors, including banking, competition, the environment, financial services, insurance, intellectual property, marketing, air, maritime and surface transport, taxation, and trade and investment policy. The commissions make critical assessments of legislative proposals and other developments and communicate these views to governments and international organisations.

Foremost amongst the ICC's practical services to business is the ICC INTERNATIONAL COURT OF ARBITRATION, the world's leading body for the resolution of international commercial disputes by arbitration.

The **INTERNATIONAL BUREAU OF CHAMBERS OF COMMERCE (IBCC)** works to strengthen cooperation between chambers. It provides technical assistance and training programmes for those in developing countries and transition economies. The Bureau also manages the ATA Carnet system for temporary duty-free imports.

The institute for **INTERNATIONAL BUSINESS LAW AND PRACTICE** conducts research and training, and disseminates information between academics and practitioners.

The **WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD)** provides a business contribution to the international environmental debate.

The London-**based ICC COMMERCIAL CRIME SERVICES** is composed of three units dealing with crime affecting business, commercial frauds, maritime crime, including fraud, cargo theft, and piracy; as well as product counterfeiting.

ICC PUBLISHING S.A. offers business people more than 60 practical reference works and corporate handbooks for the conduct of international business. Publications may be ordered from ICC Publishing in Paris, or national committees.

ICC CONFERENCES AND ITS TRIENNIAL CONGRESSES are held anywhere in the world, providing an opportunity for business people to learn from each other's experiences. The next ICC congress is scheduled for April 1997 in Shanghai (People's Republic of China). lCC commissions and the Institute also organise regular technical seminars and conferences.

There are two possible ways of becoming a member of the International Chamber of Commerce: either through affiliation to an ICC National Committee or Group or through direct membership where a National Committee does not exist.

More information on the International Chamber of Commerce is available at the following address

ICC
International Chamber of Commerce
The World Business Organisation
38, cours Albert 1er - 75008 Paris, France
Tel: (33) (1) 49.53.28.28 - Telex: 650770 F
Fax: (33) (1) 49.53.28.59

The ICC International Bureau of Chambers of Commerce

(IBCC)

The **ICC International Bureau of Chambers of Commerce** (1BCC) is the world forum of chambers of commerce. It is a unique international meeting place for exchange of experience and expertise on a wide range of policy and technical issues of topical and common interest, such as the strengthening of the role of chambers in promoting the private sector and economic development as well as the development of new practical services in response to the evolving needs of their member enterprises. The IBCC also represents chambers of commerce from all over the world in contacts with intergovernmental organizations and other international bodies.

Participants in the IBCC's work are executives of chambers from developed and developing countries as well as economies in transition. Membership includes chambers of commerce and national associations of chambers of commerce, members of the ICC, in more than 130 countries.

IBCC's mission is to:

- ❑ promote chambers of commerce and help them to support the private sector, and contribute to world economic growth and development;

- ❑ Strengthen the chamber of commerce movement world-wide and promote interchamber co operation at regional and international levels;

- ❑ Administer, in collaboration with the World Customs Organization - WCO - (formerly the Customs Co-operation Council), the ATA Carnet System and its international guarantee chain for duty-free temporary imports of certain categories of goods (i.e. samples of value, professional equipment, and goods to be presented at international trade fairs and exhibitions) functioning under various international Customs Conventions on temporary admission (ATA Convention, Istanbul Convention). The ATA System now operates in 50 countries and territories throughout the world and, in 1995, almost 190.000 ATA Carnets were issued for goods valued at approximately USS 9.8 billion.

- ❑ Manage the IBCC-Net system, a new IBCC service designed to help chambers of commerce to promote business contacts and trade, and to become active partners in the world-wide information society. The IBCC-Net system offers chambers of commerce electronic facilities for fast and efficient exchanges of information about business opportunities and trade data around the world. Promote greater involvement of chambers of commerce in electronic commerce and EDI issues;

- ❑ Provide technical assistance and training programmes, including seminars and on-the-job training sessions, for executives of chambers in developing countries and transition economies. Some are independent initiatives, and others are staged in cooperation with various intergovernmental organisations such as ITC UNCTAD/WTO, the United Nations Development Programme/Private Sector Development Programme (UNDP/PSDP), and the European Commission.

More information on the International Bureau of Chambers of Commerce is available at the IBCC Secretariat at the following address:

ICC

International Chamber of Commerce **IBCC**
Secretariat
The World Business Organisation Tel: (33)
(1) 49.53.28.68
38, Cours Albert 1er - 75008 Paris, France Fax: (33)
(1) 49.53.29.42
Tel: (33) (1) 49.53.28.28 - Telex: 650770 F Email:
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FOUNDATION FOR ECONOMIC DEVELOPMENT AND VOCATIONAL TRAINING

SEQUA

The Foundation for Economic Development and Vocational Training (SEQUA) is a joint undertaking of

- the Association of German Chambers of Industry and Commerce (DIHT) as the apex body of the 83 chambers of industry and commerce,

- the German Federation of Small Business (ZDH) as the umbrella organization of the 56 German small business chambers and its sectoral associations and

- the German Confederation of Employers' Associations (BDA) as the umbrella organization of 62 employers' associations in the federal states.

SEQUA, based in Bonn, Germany, was established in 1991 as an officially recognized non-profit, non-governmental organization. SEQUA's primary objective is to strengthen the private sector economy in the countries of central and eastern Europe as well as in developing countries. This commitment has been favoured by a changing climate in many economies which today puts more emphasis on private initiative. In this context, SEQUA regards itself as a service institution for the German Government as well as for supranational bodies,mobilizing the know-how of German private sector organizations and their member enterprises for building up competitive economies in the target countries.

The Foundation's project activities focus on the support of chambers, associations, training institutions and other private sector organizations for strengthening their organizational capacities and extending the range of services offered to member businesses. SEQUA's programmes are supported by the Federal German Government as well as by the Commission of the European Union.

SEQUA maintains a core of programme and administrative staff being responsible for project formulation, planning, monitoring and evaluation. The implementation of the different programmes is carried out in close cooperation with the German chambers and associations. This cooperation allows SEQUA to make use of the existing chamber infrastructure, e.g. training facilities, data bases, etc. Experts for implementing the projects are generally mobilized through the chamber network. The volume of project activities amounted to approx. US$ 11 Mio. in 1995.

The Foundation's most important programme in the Asia-Pacific region is the Partnership Project between ZDH (German Federation of Small Business) and Technonet Asia, Singapore. This project supports chambers and associations to become effective advocates and eff1cient service providers for the small and medium-sized enterprise sector (SME). Thus, the project's main focus is on institution building - strengthening the private sector organizations in their tasks of advocacy and service delivery.

The various tools used by the project include seminars on chamber management, development of income-generating services, basic and advanced training for SME's, organization of conferences on relevant policy issues. The ZDH/Technonet Asia Partnership Project is at present working directly with more than 35 chambers, associations and federations in 7 Asian developing countries.

For more details on SEQUA or the ZDH/Technonet Asia Partnership Project, please contact:

SEQUA
Mozartstr. 4-10
D - 53115 Bonn

Tel: ++4912281982380
Fax: ++49228/9823819