



Trainer Manual

Business Policy Advocacy

This trainer manual was developed by:



Alexanderstr. 10, D-53111 Bonn
Tel: +49 (0) 228 98238 – 0
E-Mail: info@sequa.de
Internet: www.sequa.de

Authors: J Jeyasseelan
Former Senior Director, Federation of Indian
Chambes of Commerce & industry
R. Vijayalakshmi
Additional Director, TFSC

Curriculum Design: Christine Falkenberg, sequa gGmbH
Alok Kesari, sequa gGmbH, Liaison Office India

Methodological Design: U. Tenhagen, sequa gGmbH

On behalf of :

MSME Umbrella Programme
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
B-5/1, Safdarjung Enclave, New Delhi 110 029, India
T : +91 11 4949 5353 | F : +91 11 49495391 | Email : amit.kumar@giz.de

Responsible

Amit Kumar
New Delhi, May 2013

Copyright @GIZ

Disclaimer:

This manual developed by named authors do not necessarily reflect the views of the GIZ . The information has been created and compiled from reliable documented and published references/resources, as cited in the publication.

Table of Contents

Contents	Page No
Introduction to the Manual	1
Session 1: Business Policy Advocacy (BPA) – What is it About?	7
Overview	8
Trainer Instructions	9
Background Readings	11
Charts	17
Participant Handouts	23
Session 2: Case Studies and Organisation of BPA	25
Overview	26
Trainer Instructions	27
Background Readings	28
Charts	32
Participant Handouts	34

Introduction to the Manual

Introduction to the Manual

Background

This trainer manual was developed by J. Jeyaseelan and Vijayalakshmi on behalf of sequa gmbH within the project 'Capacity Development of Business Membership Organisations in India' which is part of the MSME Umbrella Programme implemented jointly by GIZ (German Society for International Cooperation), office of DC MSME & SIDBI in India.

The term “Business Membership Organisations” (BMOs) refers to various organisations where companies or individual entrepreneurs and sometimes other business organisations are members. BMOs advocate the interests of their members and respond to their needs by delivering required services and information. A general distinction is to be made between business associations and chambers. Worldwide there are different types of associations

- Trade or industry associations (in many cases referring to one industrial sector or cluster)
- Small Scale enterprises' associations
- Business Women's organisations
- Industrial estate associations
- Employers' associations
- Apex bodies / Federations (formed by other BMOs at lower administrative levels)

Beside the associations most of the countries have chambers of commerce and industry representing the business communities in a district or region (and sometimes of sectors, too). India and other countries follow the tradition of British economic policy where chambers can be established under private law while in several European countries like Germany, Austria, Italy, France and Spain chambers have a public law status with obligatory membership of companies. These countries do also have chambers for various sectors and professions like skilled crafts, agriculture as well as for lawyers, doctors, architects and other occupations.

Objective, scope and target groups

The objective of this manual is to support and guide trainers in providing training on Business Policy Advocacy (BPA) to BMO representatives in management positions being Presidents, office bearers, committee members and administrative staff like General Secretaries and department leaders (if any in a BMO). The training material can basically be used for all BMOs but the main target group in India are leading representatives of BMOs and here especially of industrial associations on district level.

This Trainer Manual was developed to improve the availability and quality of didactic material on improving the ability of BMOs to engage in BPA. The manual is meant to be used as a guide and source book providing theoretical and practical knowledge on what BPA is, how to prepare for effective BPA and how to get the message across to policy makers.

This training forms part of the National Training Programme 1 (NTP 1) in India and consists of 5 modules with various subjects to be dealt within a 5-days training. Business Policy Advice as an introduction into that area is taking one-and-a-half hours. The other areas are BMO management, income-generating services, access to public support schemes and business responsibility. NTP 1 will be followed by National Training Programme 2 with introduction of new topics and deepening understanding of existing ones.

In existing publications advocacy is treated in a rather generic way whereas this trainer manual attempts a practical approach for industrial associations at district level taking into account the Indian context.

Not every recommendation will be applicable to every BMO. Organisational differences, especially with regard to the specific stage of a BMO's development, will always have some bearing on the concrete form in which BPA is conducted. The proposals made in this manual are based on the author's personal experience and involvement in BPA in India and the public knowledge available on BPA.

How to use this manual

The structure of all modules follows one pattern so it will be easy for a trainer to make use of the manual and to get prepared.

The training schedule gives an overview on the number of sessions forming the training module, their sequence, main topics to be dealt with, the duration of the sessions and the proposed time. If a training is scheduled for half a day, it can be run in the morning or the evening, depending on local preferences. The training schedule helps the trainer to better imagine the course of the module and the areas covered.

Each training session is divided into the chapters:

- A. Overview
- B. Trainer Instructions
- C. Background Readings
- D. Charts
- E. Handouts

Session overview

The 1-page summary sheet gives information on the time needed for that particular session, a brief overview on the basic content of the session and the methods to be applied, defines the learning objectives for the participants and finally enumerates the materials required to run the session.

Trainer instructions

These instructions are the screenplay of each session and give the trainer detailed information on each step of moderating and organising the course. This information is complemented by a time frame for each step and the written material to be used, whether being trainer's reading, charts or handouts.

Written Materials

There are 3 types of written materials:

Background readings give background and further information on contents of the session to be moderated. They have been elaborated to support the trainers in their preparation before the workshop. They give theoretical and practical information on the most important topics covered by the different sessions.

Charts are slides to be presented with a projector in order to visualise the most important points during each session. They are meant to facilitate the participants' learning process and the discussion with the group.

Handouts are a means to retain learning. Thus, important charts, tools to be used or parts of trainer's reading are distributed as handouts to course participants. In some cases the handouts are utilised during the training session, in other cases they are taken home to be used in participants' working places.

Rationale & Introduction:

Business Policy Advocacy (BPA) is a core activity for Business Member Organisations (BMOs). It is one of the prime reasons why Indian businesses join BMOs as members. The BMO is required to demonstrate to its members that it can do more than what each member can hope to achieve individually in areas like business policy advocacy.

A very important performance benefit that a BMO brings to BPA is collective thinking based on pooled knowledge and insights. By facilitating free and confidential exchange of views among its members through mechanisms like committees and task forces, a BMO is in a better position to identify the most appropriate policy solutions than what each member can do independently.

By being able to speak on behalf all its members, a BMO acquires the character of a representative body. Within democratic societies the voice of representative organisations are far more effective than representations made by individuals or individual businesses. The collective bargaining strength of BMOs often goes beyond their own membership. By being a constituent of a vast network of BMOs involved in BPA at different levels, every BMO has the opportunity to leverage its own collective bargaining with the help of like minded and/or more powerful BMOs.

Policy makers are more inclined to listen to BMOs as these provide a convenient mechanism for them to get the majority view of the sectors/businesses seeking or being affected by any new policies or changes in existing policies. Most policy making government functionaries/organisations are not equipped to handle multitude of individual representations. In addition, these functionaries/organisations also do not possess consensus building mechanisms in case they receive conflicting representations. The real power of a BMO stems from their ability to speak with one voice.

From the point of view of businesses, government policies play a very major role in their profitability and future prospects. These affect not only their freedom to operate but also impact their financial performance. Although companies are more concerned about the policies that affect them directly, they also have an interest in the overall policies that affect a wider spectrum of businesses. They do have a kind of a community interest for all the broad policies so long as such policies do not affect their own interests adversely. Members therefore expect BMOs to take up BPA.

This short training is intended to give an introduction into main issues of BPA, mainly for Secretariat staff of BMOs:

- What is BPA and what are the characteristics of the business policy paradigm in India?
- What is the role of BMOs in BPA?
- What can be learnt from existing BPA initiatives in India?

While designing the training programme, it has been assumed that every BMO is required to do BPA in some form or other. The fact that there are - as of now - no institutions which provide specialised training in this area has also been taken in to account. It is also assumed that BMO executives learn to do BPA by following past practices or by observing what other BMOs do in this respect. The training might be complemented by a 4-hours training designed for BMO office bearers.

Trainer Manual on Business Policy Advocacy
National Training Programme 1
Training Schedule

Session	Topics	Duration	Proposed Time*
Session 1: Business Policy Advocacy (BPA) – what is it about?	<ul style="list-style-type: none"> • Introduction to Business Policy Advocacy • Business Policy Paradigm in India and its unique characteristics • Role of BPA in BMOS with examples from India 	45 min.	9.30 AM - 10.15 AM
Session 2: Case Studies and organisation of BPA	<ul style="list-style-type: none"> • Case studies on BPA activities • Role of cost benefit analysis • BPA Advisory Committees and BPA Action Committees • Do's and Don'ts 	45 min.	10.15 AM - 11.00 AM
	Coffee / Tea break	15 min.	11.00 PM – 11.15 PM

Session 1: Business Policy Advocacy (BPA) –
what is it about?

Session 1: Business Policy Advocacy (BPA) – what is it about?

A Overview

Time: 45 minutes (9.30 AM–10.15 AM)

Overview: This session deals with understanding the specific features of business policy advice in general terms as introduction to that area and the importance of BPA in BMO, the second one illuminated with 2 small surveys among participants. Understanding the business policy paradigm in India with main stakeholders, key players and their concerns is the third subject, identifying key stakeholders and key players with their concerns and motivations. The final subject is the role of BMOs in BPA, with a series of examples from India and how to identify relevant issues.

Learning Objectives:

1. Participants get an understanding of the main characteristics of business policy advocacy and differ it from general advocacy.
2. Participants gain knowledge of the business policy paradigm comprising the stakeholders, key players and their concerns, and the factors governing the feasibility of policy changes.
3. Participants are aware of various BPA initiatives in India and their outcome.

Materials required:

1. Background Reading 1.1 – 1.4
2. Charts 1.1 – 1.12
3. Handout 1.1 – 1.3
4. Flip charts
5. Pin Boards
6. Cardbord cards
7. Whiteboard with colour markers
8. Projector
9. Message stickers

B Trainer Instructions

Session 1: Introduction to Business Policy Advocacy (BPA)

Time	STEPS	Materials
10 min	<p>Understanding BPA</p> <p>Open the training programme with introductory remarks on Business Policy Advice as area of interest for BMOs. Explain that in addition to this session in NTP 1 a specialised training on BPA could be offered upon request.</p> <ul style="list-style-type: none">• Having used background reading 1.1 for your preparation, ask the following questions to participants: “How is general advocacy different from Policy Advocacy pursued by Civil Society?” and briefly collect some answers. Then open chart 1.1 pertaining to the question. Refer to the additional points in the chart to provide illumination of the issue.• To illuminate this issue, the participants are engaged in a two part on the spot survey. Prepare yourself by going through background reading 1.2. The first survey (Chart 1.2) asks the participants to rate the importance of BPA to their BMO. Collect ratings in colour coded stickers and stick the votes on the flip chart.• The second survey (Chart 1.3) requests participants to vote on the reasons why they think BPA is important to them. Collect responses and present the results.	<p>Background reading 1.1 Chart 1.1</p> <p>Background reading 1.2 Chart 1.2</p> <p>Chart 1.3</p>
15 min	<p>Business Policy Paradigm in India</p> <ul style="list-style-type: none">• This section involves an interactive process through which the participants are enabled to identify the key stakeholders, the key players among them and their concerns and motivations. Prepare yourself by going through Background Reading 1.2.• Charts 1.4 to 1.7 list the four key players of BPA. Ask participants first to identify the major stakeholders (chart 1.4) and then display chart 1.5. Within these 4 groups of stakeholders, there are key players as shown in chart 1.6. Go briefly through these groups and then pass to chart 1.7 with the key concerns of stakeholders. Finally, in chart 1.8 the interrelatedness between the interest of the 4 main players and the growing probability of change is shown, increasing with the intensity of interest.	<p>Background reading 1.2</p> <p>Chart 1.4 Chart 1.5 Chart 1.6 Chart 1.7 Chart 1.8</p>
20 min	<p>Role of BMOs in BPA</p> <ul style="list-style-type: none">• Having introduced basic concepts, next point is the role of BMOs in BPA: what are the main reasons a BMO should engage in BPA? Distribute handout 1.1 and then go through these examples repeated in charts 1.9 – 1.11. Ask participants for additional reasons they might identify.• How relevant issues for a BMO can be identified? Introduce the 3 main ways (chart 1.12) and ask participants what they as secretariat staff can do in this process.	<p>Chart 1.9 Chart 1.10 Chart 1.11</p> <p>Chart 1.12</p>

Materials for session 1:

Introduction to Business Policy Advocacy (BPA)

Background Readings

- 1.1 Advocacy versus Business Policy Advocacy
- 1.2 Role of BPA in BMOS and attendant benefits
- 1.3 Developing Insights in to the Business Policy Paradigm in India
- 1.4 Some BPA Examples from India

Charts

- 1.1 General vs. Business Policy Advocacy
- 1.2 Importance of Business Policy Advocacy
- 1.3 Why BPA is Important to BMOS?
- 1.4 Who are the Stakeholders of BPA
- 1.5 Major Stakeholders of BPA
- 1.6 Key players of stakeholders
- 1.7 Key concerns of stakeholders
- 1.8 Business policy paradigm. How does it work?
- 1.9 Some BPA Examples from India (1)
- 1.10 Some BPA Examples from India (2)
- 1.11 Some BPA Examples from India (3)
- 1.12 Identifying Issues for BPA

Handouts

- 1.1 Background reading 1.2
- 1.2 Background reading 1.3
- 1.3 Background reading 1.4

C Background Readings

Background Reading 1.1

Advocacy Versus Business Policy Advocacy

What is 'Business Policy Advocacy' (BPA) and how it is different from Policy Advocacy pursued by Civil Society?

This understanding is necessary for BMOs to adapt advocacy strategies in a way that suits them best.

Chart 1.1: General/Public vs Business Policy Advocacy

<ul style="list-style-type: none">• focuses on a single or few policy objectives and limited number of policy makers• attempts to garner more and more public support for its causes• use special fund raising campaigns or methods• use well known political instruments such as public meetings, media advertisements, protests, etc. for achieving their goals	<ul style="list-style-type: none">• spread over a large range of issues involving several policy makers at different levels.• can hardly rely on public support• depend on their members for support and required to be done within their regular revenues• use of academic and business methods for convincing the policy makers.
--	---

1. Most public advocacy organisations are focused on a single policy goal and their effort is always to build larger and larger public support for it.
2. BMOs always have to pursue a large number of policy changes at the same time. It is not easily possible for BMOs to mobilise public support since situations, public and business interests are perceived to be antithetical to each other
3. Often, BMOs are constrained in their BPA by their limited resources, particularly human resources
4. BMOs will have to therefore depend more upon correct strategies and powers of logical persuasion to get their policy work done. Of course there may be a few issues where BMOs can join bigger coalitions for asserting their political power.
5. BMOs would also find it difficult to adopt confrontational strategies in BPA as these would often antagonise the authorities unnecessarily.
6. BMOs cannot also adopt partisan approach for achieving success in BPA

Background Reading 1.2

Role of BPA in BMOS and attendant benefits

Degree of importance attached to BPA by BMOs

BPA is one of the core mandates of BMO. However its importance is perceived in varying degrees by different BMOs depending upon the policy related problems faced by their members and their own faith in the power of business friendly policies.

In order to successfully undertake BPA, the BMO would need to be very clear about the priority it attaches to BPA. The pre-course feedback obtained from the participants would give an idea of level of commitment that the concerned BMO shows towards BPA.

Chart 1.2: Importance of Business Policy Advocacy

HOW IMPORTANT ?	VOTES
Most Important	
Very Important	
Important	
Not Important	

It is most likely that the Indian BMOs rate BPA either as most important or very important. Such responses are indeed reflective of the important role that government policies play in determining the fortunes of the members of any BMO. From another point of view such responses also explain the reason for businesses joining BMOs as members, given the fact that there is no legal compulsion on them to join any BMO. Given the voluntary nature of BMO membership, it is certainly the collective efficiency and collective bargaining strengths that businesses perceive in the area of BPA that motivates them to join BMOs.

Why do BMOs feel that BPA is important?

The reasons why any BMO attaches importance to BPA would also determine the type of strategies that they would adopt while pursuing their BPA goals.

The following chart includes some of the key reasons why BMOs pay serious attention to BPA.

Why BPA is Important?

Based on Pre-course Survey of BMOS

Reason	Most Important	Very Important	Important	Not Important
For facilitating economic growth				
For members to make profits				
For creating better business climate				
For satisfying member demand				
For boosting the image of BMO				
For attracting more membership				
For helping the policy makers				
For resolving day to day problems				

The above chart includes both inward looking and outward looking reasons. While all the reasons are valid, the inward looking reasons such as attracting more membership, enabling members to make more profits, satisfying the demands of the members or even boosting the image of the BMO would not be sufficient for ensuring success in BPA.

If on the other hand the BMO pursues BPA in the broader context of enhancing economic growth, helping the policy maker in formulating correct policies and thus creating a business friendly policy environment, the chances of success in BPA is bound to be far greater.

BMOs that believe more in inward looking reasons are likely to end up just raising their demands and submitting petitions and resolutions, BMOS which focus on the bigger picture of development and business friendly policy environment are likely to be more proactive and productive in their BPA initiatives.

What are the attendant benefits of BPA?

Since BPA is one of the core expectations of members from BMOs, successful BPA would lead to greater member satisfaction and enhanced BMO reputation. By involving itself in successful BPA activities, BMOs would also be able to win the confidence of policy makers. These together would create a virtuous cycle of benefits for the BMO.

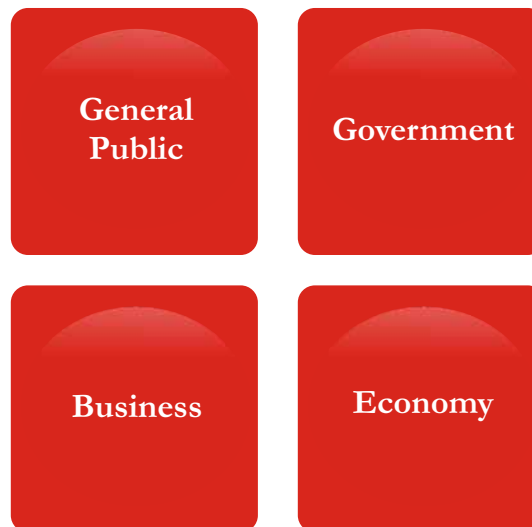
Background Reading 1.3

Developing Insights into the Business Policy Paradigm in India

A paradigm is a model that helps understand the interplay and even measure the underlying forces inside any given system. To fully understand any human or societal paradigm and gain insights into it, we would need to identify not only the stakeholders, but also the major players representing such stakeholders along with their goals and concerns. Therefore, the first question to ask for understanding the business policy paradigm is: 'who are the major stakeholders in the realm of business policy?' - the stakeholders are those who have an involved interest in any given area.

While the government, the public and the business are easily identified to be the major stakeholders having a role in the policy paradigm, the very important and independent role played by the 'economy' often remains underrated.

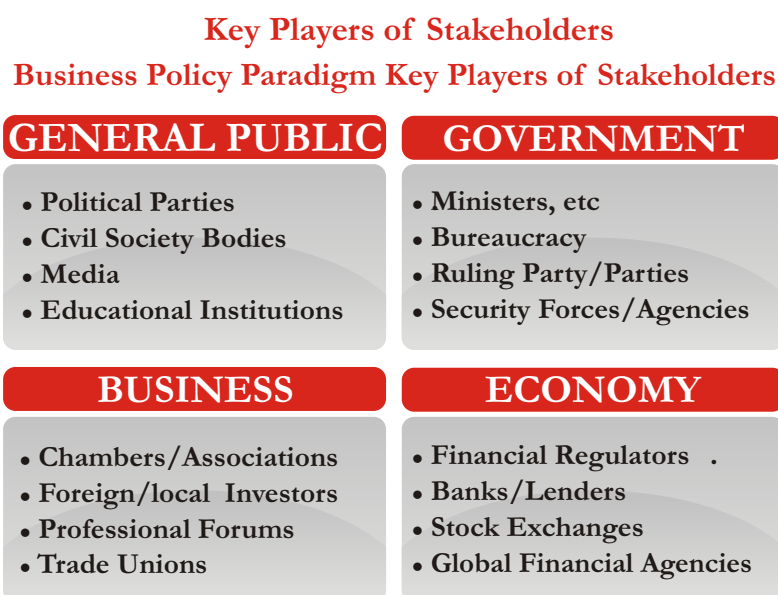
FOUR MAJOR STAKEHOLDERS



The 'economy' is indeed a major stakeholder, in spite of it being an abstract entity having no committed stakeholders or spokespersons. A very good example of the role played by the economy in the policy area is the launching of economic liberalisation policies in 1991. These policy measures were triggered primarily by economic factors. Whether the politicians and public would have accepted a significant shift away from the predominantly socialistic underpinnings of the then extant policy framework but for catastrophe confronting the economy will always remain a moot question. The current spate of recession has also forced the US government to announce several business friendly policies, which would not have happened under 'business as usual' conditions most probably.

The term stake holders however, refers to a wider spectrum of people and organisations. It would be therefore necessary to identify the key players who actually play a significant role in advancing the cause of the wider stakeholder group. An example of this is the shareholding pattern in companies. Although there can be a large number of shareholders, not all of them would be in a position to influence the

company's policies unless they manage to come together as a group. Under normal circumstances, it is always the major shareholders who call the shots. Similarly, in the area of policy also there are several key players among the various stakeholders. We therefore need to identify the key players among the stakeholders to understand the way in which a particular stakeholder group would react or respond to any given policy proposition. The following chart provides the list of key players among the different stakeholders.



Note that political parties are grouped along with NGOs and educational institutions. This is typical of countries like India where party whip plays a major role. While the elected representatives are supposed to speak up for the aspirations of the people who voted for them in reality, policy decisions are usually made by the most influential members of the ruling political party or parties. In fact, parties in power invariably assume that people vote for their manifesto and therefore the government does not need to go back to the people for a mandate from the public or their elected representatives. This is very different from some developed countries, where referendums are used to decide major policy issues. There are also countries where legislators debate and decide on issues cutting across party lines, forcing the government to pay heed to the majority view. However, the situation in India is different. Opposition parties often rely on the public support in the form of public protests and rallies to exert influence of the government. However, the final say usually belongs to the government that enjoys the majority.

Also note the inclusion of educational institutions as part of the key players. In fact, most policy related mindsets get created at universities. It needs also to be noted that in the case of the economy there are no direct players. But the proxy players included in the list play a role in shaping the perceptions and opinions about the state of the economy. Although they are not the main forces, these players do come under stress when the economy performs poorly or starts malfunctioning. Trade unions are listed as key players along with chambers of commerce since the views of the trade unions are often perceived by the rest of the stakeholders as an important consideration in the sphere of business policy, even if it runs counter to the interest of the businesses.

The way these key players respond to any policy propositions is conditioned by their concerns.

Key Concerns of Stakeholders



The key concerns presented in the above chart are only illustrative lists. These can be expanded substantially. The way in which any policy proposition affects these concerns would determine the potential reactions of these stake holders. A positive impact would evoke support while negative impact would generate resistance or rejection. Having understood the major stakeholders, their key players and their concerns and motivations, we need to understand how the model works and also learn to make use of the model for taking strategic decisions in the area of BPA.

Background Reading 1.3

Some BPA Examples from India

- As successful BMOs forward the results of their business policy advice to their members, these are better informed and can make easier use of improved regulations and procedures for MSME. One example is the combined registration form for new enterprises allowing entrepreneurs to get registered at one single place instead of 7 different as it was before. They save paper work, expenditure and time.
- In Punjab and Madhya Pradesh the existing **transport monopoly** led to high rates and competitive disadvantages for enterprises operating there. Intensive talks to politicians and governors on different levels by various BMOs in these regions led to the **disintegration of the existing monopoly**. Now enterprises are entitled to choose any transport company, even from outside the States. Cargo rates have dropped considerably since then.
- A very effective BPA mechanism is the **Monthly Trade and Industry Grievance Redressal Camp** at Udaipur Chamber of Commerce and Industry. All Government Officers, chamber representatives and business people attend these meetings. A wide range of different subjects is dealt with such as **individual grievance** on high power bills on one hand or **infrastructural matters** such as insufficient street lighting, irregular water supply and waste disposal on the other.

- BPA in various States and regions in India has contributed to a more **enterprise friendly environment**. Several enterprise taxes have been reduced or eliminated completely. Energy costs have been modified due to revision and changes to current regulations. In Madhya Pradesh BMOs have managed to change classification of MSME. They are now considered as “category C” and pay lower taxes.
- As well, as BPA leads to growing acceptance of **BMOs as competent and serious dialogue partner** with State Government. BMOs are invited to submit **proposals with relevance to MSME for the next 5-years plan** together with suggestions for the budgets. One example is FMPCCI (Federation of Madhya Pradesh Chambers of Commerce and Industry) who forwarded a document with suggestions for MSME for 2010 Industrial Promotion Policy, forwarded to Madhya Pradesh Government. By that means, **preventive care** on industrial issues is taken.
- The BPA efforts by BMOs lead to visible improvements for MSME, and raise their attractiveness as well to existing as to new members.

D Charts

Session 1: Business Policy Advocacy (BPA) – What is it About?

Chart 1.1: General/Public vs Business Policy Advocacy

<ul style="list-style-type: none"> • focuses on a single or few policy objectives and limited number of policy makers • attempts to garner more and more public support for its causes • use special fund raising campaigns or methods • use well known political instruments such as public meetings, media advertisements, protests, etc. for achieving their goals 	<ul style="list-style-type: none"> • spread over a large range of issues involving several policy makers at different levels. • can hardly rely on public support • depend on their members for support and required to be done within their regular revenues • use of academic and business methods for convincing the policy makers.
---	--

Chart 1.2: Importance of Business Policy Advocacy

HOW IMPORTANT ?	VOTES
Most Important	
Very Important	
Important	
Not Important	

Chart 1.3: Why BPA is Important for BMOS?

BASED ON PRE-COURSE SURVEY OF BMOS

Reason	Most Important	Very Important	Important	Not Important
For facilitating economic growth				
For members to make profits				
For creating better business climate				
For satisfying member demand				
For boosting the image of BMO				
For attracting more membership				
For helping the policy makers				
For resolving day to day problems				

Chart 1.4: Who are the Stakeholders of BPA

BUSINESS POLICY PARADIGM
WHO ARE THE STAKEHOLDERS



Chart 1.5: Major Stakeholders of BPA

BUSINESS POLICY PARADIGM
FOUR MAJOR STAKEHOLDERS

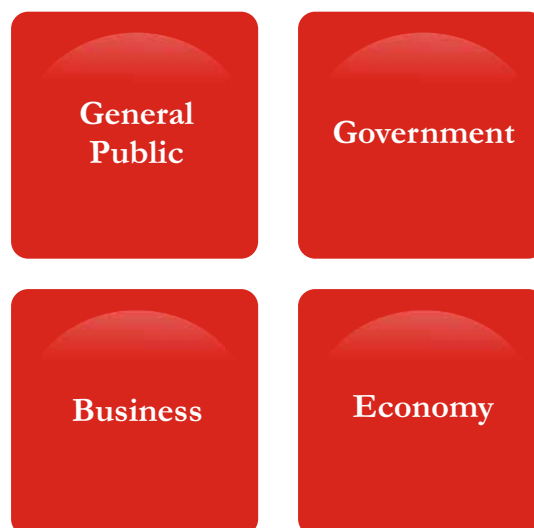


Chart 1.6: Key Players of Stakeholders

Business Policy Paradigm Key Players of Stakeholders

GENERAL PUBLIC	GOVERNMENT
<ul style="list-style-type: none"> • Political Parties • Civil Society Bodies • Media • Educational Institutions 	<ul style="list-style-type: none"> • Ministers, etc • Bureaucracy • Ruling Party/Parties • Security Forces/Agencies
BUSINESS	ECONOMY
<ul style="list-style-type: none"> • Chambers/Associations • Foreign/local Investors • Professional Forums • Trade Unions 	<ul style="list-style-type: none"> • Financial Regulators • Banks/Lenders • Stock Exchanges • Global Financial Agencies

Chart 1.7: Key Concerns of Stakeholders

Business Policy Paradigm Key Concerns of Stakeholders

GENERAL PUBLIC	GOVERNMENT
<ul style="list-style-type: none"> • Standard of Living • Security: all encompassing • Future Prospects • Electing Next Govt. 	<ul style="list-style-type: none"> • Retain/Return to Power • Resources to run Govt. • Implement Programmes • International Relations
BUSINESS	ECONOMY
<ul style="list-style-type: none"> • Profits • Business Freedom • Improve growth prospects • Human Resources 	<ul style="list-style-type: none"> • Growth Indices. • Inflation/Recession Rates • Exchange Rates • Stock Exchange indices

Chart 1.8: Business Policy Paradigm. How does it Work?

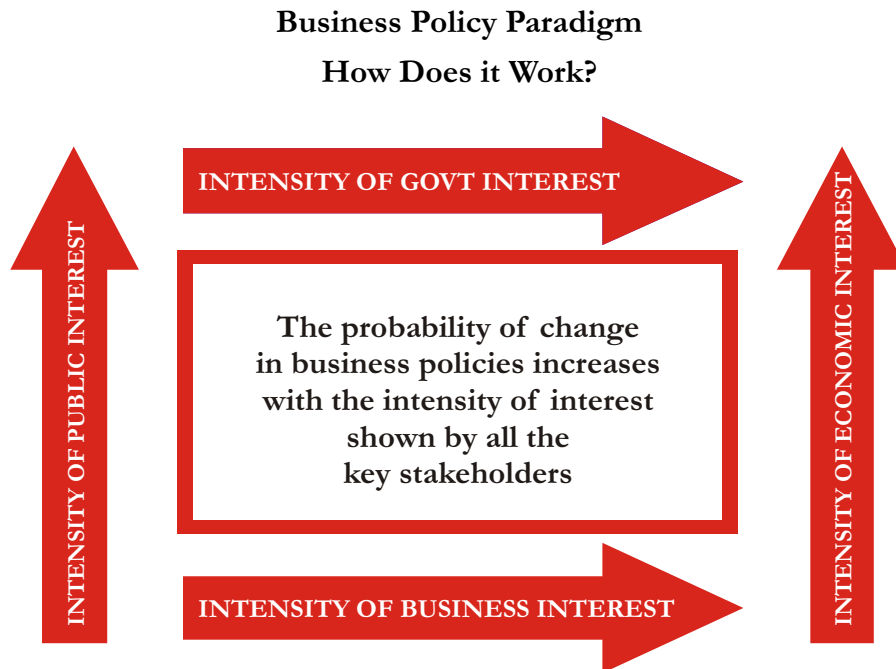


Chart 1.9: Some BPA Examples from India (1)

- Introduction of a **combined registration form** for new enterprises to get registered at one single place instead of 7 different as it was before. **MSME save paper work, expenditure and time.**
- **Disintegration of the existing transport monopoly** in Punjab and Madhya Pradesh. Cargo rates have dropped considerably since then.



Chart 1.10: Some BPA Examples from India (2)

- **Monthly Trade and Industry Grievance Redressal Camp** at UCCI, resolving individual complaints on high power bills as well as infrastructural matters such as insufficient street lighting, irregular water supply and waste disposal.



- Contribution to a more **enterprise friendly environment**: reduction or elimination of several enterprise taxes through collective bargaining and follow-up of decisions taken.

Chart 1.11: Some BPA Examples from India (3)

- Growing acceptance of **BMOs as competent and serious dialogue partner** with Government due to permanent conversations and regular meetings. BMOs are now invited to submit **proposals with relevance to MSME for the next 5-years plan** with suggestions for the budgets as well. A Federation in Madhya Pradesh forwarded suggestions for 2010 Industrial Promotion Policy to State Government. By that means, **preventive care** on industrial issues is taken.

Chart 1.12: Identifying Issues for BPA

- It can be done either through a survey by framing a questionnaire
- By engaging the other product/sector wise associations
- By organising open house with concerned officials from the Government



E Participant Handouts

- 1.1 Background reading 1.2
- 1.2 Background reading 1.3
- 1.3 Background reading 1.4

The background is a solid red color with two large, curved, overlapping shapes in a slightly darker shade of red, creating a sense of depth and movement. These shapes curve from the top right towards the bottom left.

Session 2: Case Studies and Organisation of BPA

Session 2: Case Studies and Organisation of BPA

A **Overview**

Time: *45 min.* (*10.15 AM – 11.00 AM*)

Overview: The second session commences with the introduction to the proactive and reactive processes of identification BPA issues, listing a series of possible actions a BMO might undertake. Then 2 case studies from India, their procedures and outcomes are briefly discussed. Third topic is cost benefit analysis adapted to BPA in BMOs. The session on BPA finishes with a summary, listing do's and don'ts of BPA initiatives in BMOs.

Learning Objectives:

1. Participants appreciate the significance of adopting proactive methods for inviting and identifying the policy issues for which advocacy is required.
2. Participants identify procedures and outcome of a BPA case study.
3. Participants reflect on do's and don'ts of Business Policy Advocacy to raise probability of success for a BMO.

Materials required:

1. Background readings 2.1 – 2.3
2. Charts 2.1 – 2.3
3. Handouts 2.1 – 2.2
4. Flip charts
5. Whiteboard with colour markers
6. Projector
7. Pin Boards
8. Cardboard cards

B Trainer Instructions
Session 2: Case Studies and Organization of BPA (45 min)

Time	Steps	Materials
25 min	<p>Case Studies on BPA Initiatives</p> <ul style="list-style-type: none"> • There are several ways of proactively influence business policy for the benefit of MSME. In background reading 2.1 you find some hints. Collect some ideas and then show chart 2.1 with some recommendations. Distribute chart 2.1 as handout. • Then form 2 groups and distribute one different case study to each group (handout 2.2). Invite participants to briefly go through the case and discuss procedures and benefits for 10 min. After that, they summarise their main findings in plenary. To summarise, show chart 2.2 with essentials of BP. 	<p>Background reading 2.1 Chart 2.1 Handout 2.1 Handout 2.2 Chart 2.2</p>
10 min	<p>Cost Benefit Analysis</p> <p>Prepare yourself by going through the Background Reading No. 2.2, illuminating issues and the need for Cost Benefit Analysis (CBA). Making use of chart 2.3, emphasise the importance of CBA and also the different way in which BMOS would need to do the CBA and discuss the points briefly with participants.</p>	<p>Background reading 2.2 Chart 2.3</p>
10 min	<p>Summary of main session's contents</p> <ul style="list-style-type: none"> • The summary at the end of the training on BPA aims at summarizing the benefits of BPA as shown in chart 2.4. Use background reading 2.3 for your preparation. Subsequently think through a list of 'Do ' and 'Do not do' items for BMO when getting into business policy advocacy based on the discussion so far. • Use the whiteboard to list what the participants are able identify as actions that they must take and those that must avoid. • Finally refer to Chart 2.5 to cross check if more could be added to the bullet points already on the white board. 	<p>Chart 2.4 Background reading 2.3 Chart 2.5</p>

Materials for session 2: Case Studies on Business Policy Advice

Background Readings

- 2.1 Passive vs. proactive BPA issue identification
- 2.2 Important role of Cost Benefit Analysis
- 2.3 Benefits of Successful Business Policy Advice

Charts

- 2.1 Recommended Proactive Processes of Identifying BPA Issues
- 2.2 Effective BPA Essentials
- 2.3 Important Role of Cost Benefit Analysis
- 2.4 Benefits of Successful Business Policy Advice
- 2.5 Do's and Don'ts list

Handouts

- 2.1 Recommended Proactive Processes of Identifying BPA Issues
- 2.2 Case Studies

C Background readings

Background Reading 2.1

PASSIVE VS PROACTIVE BPA ISSUE IDENTIFICATION

Passive and reactive methods of identifying BPA issues

1. Businesses always feel the pinch of problems created by policies. It is not therefore unusual for BMOs to wait for the members to draw their attention to the policies causing problems. Members could write a letter to the BMO or could raise the issues in meetings or just communicate the problem over phone.
2. Sometimes the concerned government organisations, agencies, committees or functionaries might seek the views and suggestions from concerned BMOs

Proactive processes of identifying BPA issues

1. Send a regular newsletter to members to be keep them updated about the latest changes in relevant policies
2. Create a classified compendium of specific policies relevant to the members and set up mechanisms to study and evaluate changes required in different groups policies to make these more business friendly – on an ongoing basis

3. Conduct regular surveys of members to identify policy issues that are of concern to them
4. Carefully follow the BPA activities of higher level BMOS and provide timely feedback, in case of any apprehension of adverse of impacts.
5. Network with policy makers or policy influencers to gather advance information about the policies on the anvil
6. Diligently scan the media reports for identifying both favourable and unfavourable policy recommendations advanced by editors and external authors.
7. Closely follow the research outputs of policy research organisations and evaluate the implications of such research on policies affecting the members
8. Keep a close watch on the activities or organisations opposed to business friendly policies and counter all their efforts to spread wrong information or perceptions

Pros and Cons of Passive and Proactive Methods

- Proactive methods should be preferred although passive methods place less stress on the secretariat
- Proactive methods are likely to raise the level of expectations from the members. BMOs should be careful enough to create a realistic catchment of BPA issues so that results can be delivered
- Proactive methods would actually make the BPA process more successful since the related networking activities undertaken by the BMO would render both policy makers and the media more receptive to the recommendations of the BMO
- With the adoption of knowledge based BPA, the brand image of the BMO would also get a boost
- Reactive methods usually do not create the conducive environment for being strategic about BPA initiatives. In the absence of any commonly agreed BPA Agenda, BMO would find it difficult to prioritise its BPA initiatives.

Background Reading 2.2

Important role of Cost Benefit Analysis

1. Identifying Areas Requiring Illumination

- Lack of adequate resources is one of the reasons that would force the BMO to be selective in BPA
- At the same time BMO has the advantage of being able to tap the in house experience and knowledge as well as from its members, who are affected.
- With its ongoing public relations and not for profit status, it is also in a better position to get free advice from well wishers, media and even the policy making machinery
- Given the resource constraints, BMO needs carefully examine each BPA issue and identify the specific areas of illumination needed.
- The areas that need to be illuminated would need to be identified specifically for each issue.
- BMOs would be required to specifically identify the gaps in the knowledge relating to the concerned BPA issue and also the best possible way of presenting and communicating the BPA message to the target audience

- There are several research methods available for fully understanding any issue
- Research methods generally include data collection instruments and data analysis procedures apart from the data presentation techniques, which we would discuss later. Use of RTI may become necessary to get relevant governments or organisations
- The choice of research methods depends on the purpose on hand
- There are two specific purposes for the research to be carried out in the context of BPA
- For bringing about greater clarity about the issue with no important aspect being left out.
- For deciding on the right BPA strategies
- We would require mostly data collection for deciding on the BPA strategies based on strategic analysis procedures discussed earlier.

2. Main elements of Cost Benefit Analysis

Cost Benefit Analysis (CBA) is a well known method widely used by policy research organisations and businesses, besides governments of developing countries. Doing a cost benefit analysis of any proposed policy advocacy would not only help in quantifying and highlighting the benefits but also help clear the doubts in the minds of the policy makers about the beneficial aspects of the policies proposed by the BMO. It would also help clear the apprehensions about the adverse effects of the issue being advanced by the BMO

- The context in which BMOs would be required to use CBA for BPA is different
- While costs in CBA usually represent the cost of implementing a particular policy measure, in BPA the cost estimates would relate to the costs already being incurred by the economy and society because of the government not making/changing any given policy. As a result, the BMOs would not be required to quantify the benefits. A simple example relates to the costs licensing. It was estimated that the country was losing about Rs 1,28,000 Crore annually in terms of cost over runs in project implementation due to delays attributable licensing processes.
- Generally CBA analysts use the concept of social opportunity cost, which is relevant for estimating the value of scarce resources either used up or saved as a result of the program. In the BPA context of BMO, what needs to be highlighted is the social opportunity cost of the financial or economic losses incurred because of the absence of a favourable business policy
- Another important concept used in CBA is the willingness to pay, which means the maximum amount of money that an individual or business would be willing to pay in order to have a favourable policy implemented. This concept also needs to be adapted to suit the BPA context. The benefit needs to be estimated in terms of the revenue loss attributable to the absence of a favourable business policy. For example, if a policy measure can lead to growth in a particular industry or region, it translates in to tax or other revenues to government. In the absence of the required policy, the government would be losing all that revenue

Background Reading 2.3

Benefits of successful Business Policy Advice

The following chart illustrates how BMOs benefit from successful BPA.



Source: Regional Center for Organizational Management 2008.

What the above chart illustrates is that successful business policy advocacy leads to direct benefits in terms of good membership development and better organisational capacities and financial sustainability. These two benefits can also in turn lead to more and more successful business policy advocacy.

What this chart brings out further is the fact that apart from the successful BPA that is bound to have salubrious effects on the BMOs, the constructive public private dialogue, which forms part of both successful and unsuccessful BPA would also yield similar secondary benefits.

Similarly, tertiary benefits would also accrue to the BMO from the better business climate and faster economic growth resulting from its BPA initiatives.

D Charts

Session 2: Case Studies and Organisation of BPA

Chart 2.1: Recommended Proactive Processes of identifying BPA Issues

1. Send regular newsletter to members with latest changes in relevant policies
2. Create a classified compendium of specific policies, study and evaluate changes required in different groups policies to make these more business friendly – on an ongoing basis
3. Conduct regular surveys of members to identify policy issues that are of concern to them
4. Follow BPA activities of higher level BMOS and provide timely feedback, in case of any apprehension of adverse of impacts
5. Network with policy makers or policy influencers to gather advance information about the policies on the anvil
6. Scan media reports for identifying both favourable and unfavourable policy recommendations
7. Follow research outputs of policy research organisations and evaluate the implications such research on policies affecting the members
8. Keep a close watch on activities or organisations opposed to business friendly policies and counter all their efforts to spread wrong information or perceptions

Chart 2.2: Effective BPA Essentials



Chart 2.3: Role of Cost Benefit Analysis

Due to government not making /changing a given policy

COSTS

- Unnecessary Costs incurred and thereby economic losses
- Social opportunity loss –loss of possible benefit
- Estimated revenue loss on account of absence/given policy

BENEFITS

- Estimated revenue benefit with a change in policy
- Resources saved

Chart 2.4: Benefits of Successful Business Policy Advocacy



Source: Regional Center for Organizational Management 2008.

Chart 2.5: Some Do's and Don'ts in BPA

DO	DON'T DO
<ul style="list-style-type: none"> ✓ Create catchment for BPA issues ✓ Take the inputs from the members while working out the requirements ✓ Prepare a clear strategy while working on BPA ✓ Undertake strategic analysis of issues ✓ Always better to have an advisory committee and consult them at every step ✓ Once when the Business policy is framed, disseminate this to the stakeholders and take their inputs before presenting it to the Government ✓ Follow up with the Government is very essential ✓ Try to build a good rapport with the stakeholders ✓ Believe in what is good for the country ✓ Always remain apolitical ✓ Recognise the realities of your SWOT ✓ MORE to be added after each session 	<ul style="list-style-type: none"> • Do not neglect BPA issues in your BMO • Do not work on the policy that is not required for the members • Do not fight losing battles • Do not compromise BMO reputation you have already acquired • Do not antagonise other stake holders • Do not neglect strategic analysis • Do not underestimate opposition • Do not underestimate threats • Don't give up at any stage

E Participant Handouts

2.1: Chart 2.1

2.2.: Case Studies

Handout 2: Case Studies on BPA

Case Study 1: EXIT POLICY FOR SMEs

Small Enterprises play a very significant role in terms of balanced and sustainable growth of the economy by way of employment generation, development of entrepreneurial skills and contribution to export earnings. These units produce a wide range of items employing traditional to state-of-the-art technology. Though small enterprises as a whole performs well in terms of production and exports and have out-performed the large industries on key indicators, there are variations in performance levels across sub sectors. The small industries fall sick due to various reasons like non availability of latest technology, credit etc.,

Realising the need, TANSTIA FNF Service Centre (TFSC) framed an Exit Policy for SMEs with specific reference to Tamil Nadu to address not merely on certain key issues for sustained growth of SMEs, raising total factor productivity and price competitiveness, ensuring quality standards, but also on providing a safe exit route for the unviable enterprises.

The inputs for this policy advocacy were being collected from the stakeholders through structured questionnaires, designed by an external expert.

The stakeholders include BMOs from other States apart from the local BMOs and individual SMEs, Financial institutions and Government.

Then based on the inputs from the stakeholders, suitable suggestions on the policy was framed and presented to the Government. The Government has accepted few of the suggestions but yet to put in the policy due to the change in the policy makers. This is a continuous effort of the BMO to keep on following up with them and get this done. This is yet to happen.

Case Study 2: Labour Laws for SMEs

One of the key factors of production in Economics is the labour. The growth of the economy depends largely on this factor of production. Some countries leverage on the quality and some leverage on the quantity.

Global competitiveness report is one of the comprehensive ranking of countries based on the primary and the secondary data relating to various factors that influence the business environment. This report classifies countries into three categories:

- Factor driven economies
- Efficiency Driven Economies
- Innovation Driven Economies.

One of the key factors in the efficiency driven economy is the labour market efficiency. That is the ease at which the market economies have access / entry and exit policies built in the system.

To have a proper Labour laws policy favouring labourers and employers and since SMEs needed a fair Labour Laws policy, in a office bearers' meeting it was decided to look into the existing laws and arrive at a suitable policy.

The following methodology was used.



A reputed research organisation prepared a comprehensive law that was discussed with the stakeholders through a common forum. A meeting was organised by TFSC with participation of Government officials, policy makers, financial institutions like Banks, SMEs. They debated the first draft of the findings. Taking the inputs from this, the findings were amended and presented to the Government. The Government is yet to include the findings of the study in the policy and of course once when it is implemented, it would be beneficial both to the SMEs and also to the labourers who work with them.

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
MSME Umbrella Programme
B-5/1, Safdarjung Enclave,
New Delhi 110 029, India
T : +91 11 4949 5353
F : +91 11 49495391
E : giz-indien@giz.de
I : www.giz.de