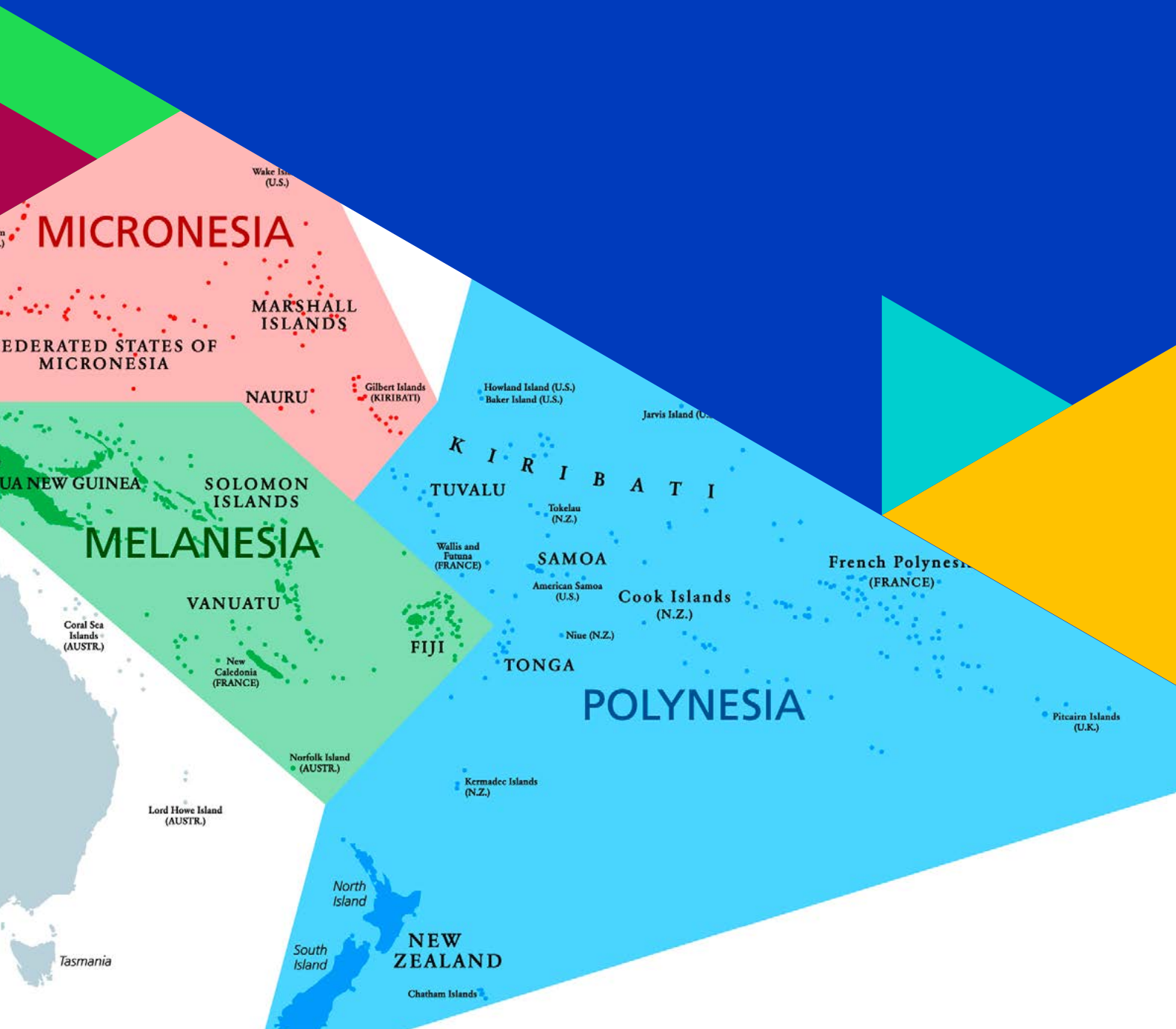




▶ A practical guide to managing small Employer and Business Membership Organizations in the Pacific



- ▶ **A practical guide to managing small Employer and Business Membership Organizations in the Pacific**

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▶ How to use this guide

This guide is adapted from the ILO's *Managing Small Business Associations - Trainer's Manual* and the ITCILO series of resources for Effective Employer and Business Member Organizations. The material from these resources has been customized into a comprehensive and practical guide for leaders and managers of small Employer and Business Membership Organizations (EBMOs) in Pacific island countries to help them to review their EBMO's operational structure and approach in different areas and to assist newer organizations to build appropriate structures and processes from the outset. The overarching aim of this guide is to help foster more resilient and sustainable EBMOs equipped to adapt and respond to the changing needs of their members and market conditions.

The guide is aimed at both those seeking to establish an EBMO and those already managing a small EBMO with the aspiration to further develop the organization. While best suited to national EBMOs, the material presents best practice and guidance relevant to EBMOs that operate at local, regional and sectoral levels. We encourage readers of this guide to apply the advice and tools in a way that is appropriate to the size of their EBMO and the regional and cultural contexts in which it operates. EBMOs in the Pacific have varying strengths, specializations and levels of organizational maturity. In addition to the cross-sectoral umbrella EBMOs, there are many subnational industrial, sectoral and territorial EBMOs. Other than a few well-established national EBMOs, many such organizations in the Pacific are relatively small. In view of the extensive materials and content, this guide is structured into six chapters, with cross-references to additional tools and guidance materials highlighted throughout.

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▶ Acronyms

AGM	Annual General Meeting
COVID-19	Coronavirus disease 2019
CSO	Civil Society Organization
EBMO	Employer and Business Membership Organization
ILO	International Labour Organization
ILO-ACT/EMP	ILO Bureau for Employers' Activities
ITCILO	International Training Centre of the ILO
MSME	micro, small and medium-sized enterprise
NGO	non-governmental organization
PIPSO	Pacific Island Private Sector Organization
SDG	Sustainable Development Goal
SME	small and medium-sized enterprise

▶ Introduction

What is an EBMO?

An EBMO is a voluntary, independent and membership-based group of companies and/or industry or territorial association established to represent, protect and advance the collective interests of the private sector and to provide support and services to members. National Private Sector Organizations are one common form of EBMO in the Pacific region.

The main objective of an EBMO is to promote the economic and social interests of its member enterprises and associations. On matters of labour and social policy affecting employers, this frequently involves bipartite and tripartite negotiations and consultation with the government and trade unions through a formal institutional mechanism.

Why EBMOs are important

Successful enterprises are at the heart of strong economies and sustainable societies. They create employment and raise living standards, leading the way for nations to prosper. Strong, independent and representative EBMOs that respond to members' needs and challenges are important actors in shaping an environment conducive to competitive and sustainable enterprise, good governance, political and social stability, democracy and socio-economic development.

As representatives of the collective views of enterprises, EBMOs are essential to promoting and creating an enabling environment in which businesses, economies and societies can thrive. The private sector is acutely needed to help solve global challenges such as COVID-19 recovery and to achieve the Sustainable Development Goals (SDGs). Building back better will require a stronger- than-ever commitment to multi-stakeholder engagement and partnership with the private sector, with EBMOs as the entry point.

Different types of EBMOs

There are different types of EBMOs with varying characteristics and hierarchies. These include:

- ▶ **Sector and industry-based associations:** established to promote, protect and advance the interests of members in a specific sector, industry or business category. Sectoral associations are usually members of a national umbrella EBMO and may be members of a regional and/or global association that is sectoral in nature. Although not common, sectoral associations sometimes include smaller industry associations as their members. Examples from the Pacific include the Small Retailers Association of Fiji and the Samoa Association of Manufacturing Enterprises (SAME).
- ▶ **Territorial associations:** established to promote, protect and advance the interests of members in specific geographical areas within a country. Territorial associations are usually affiliated to a national umbrella EBMO either through membership or operating as a branch office of the national organization. Examples from the Pacific include the Ebeye Chamber of Commerce and the Port Moresby Chamber of Commerce.
- ▶ **National employers' association, federation or confederation:** a stand-alone national employers' organization established to protect and represent the interests of employers in labour, industrial relations and socio-economic issues. Members are from sectoral, industry or territorial associations

and individual enterprises. Most of the national federations or confederations are the umbrella and national peak organizations of employers. Examples are the Fiji Commerce and Employers Federation (FCEF) and the Employers Federation of Papua New Guinea (EFPNG).

- ▶ **National, regional and local chambers of commerce and industry:** established to promote business, trade and investment. Members are from industry and/or territorial organizations and individual enterprises. Examples include the Samoa Chamber of Commerce and Industry (SCCI), the Vanuatu Chamber of Commerce and Industry (VCCI) and many other national chambers of commerce and industry.

EBMOs in the Pacific island countries

EBMOs in the Pacific¹ have varying strengths, specializations and levels of organizational maturity. Adapting the civil society organization (CSO) development scale,² EBMOs in the Pacific can be grouped into four categories:

- ▶ **Nascent:** those at the earliest stage of development and lacking internal governance frameworks, formal systems and processes and key infrastructure, including human resources with the technical and functional expertise required to fulfil their mandate;
- ▶ **Emerging:** those with formal governance arrangements under development and a degree of capacity in people, processes and infrastructure needed to fulfil their mandate;
- ▶ **Expanding:** those with formal governance arrangements and capacity in place as demonstrated by a track record for achievement, and which are recognized by national stakeholders as an effective social partner; and
- ▶ **Mature:** those that are fully functional and sustainable with a diversified membership and resource base engaging effectively at the local, national and international level.

EBMOs in the Pacific tend to have a broad mandate covering the collective interests of their members in regard to both the labour market and trade and investment issues. They deliver on this mandate by operating at different levels.

There are national cross-sectoral EBMOs whose membership includes both companies, and industry, sectoral and territorial-level EBMOs. In addition, businesses have formed different types of subnational associations, such as industrial associations representing the interests of specific industries; sectoral associations representing the interests of a specific “category” of enterprises, for example, small and medium-sized enterprises (SMEs); women entrepreneurs; and youth entrepreneurs. There are also many territorial associations that operate at the district or provincial level to represent business interests vis à vis the relevant authorities and provide services and assistance to members at the respective local level.

In addition to national, industry, sectoral and territorial EBMOs, the peak representative body of EBMOs and the private sector in the Pacific subregion is the Pacific Island Private Sector Organization (PIPSO). PIPSO is a regional umbrella organization whose members are national and regional EBMOs across the Pacific Islands Forum countries.

Like other EBMOs worldwide, EBMOs in the Pacific are being challenged by the pace and extent of technological, social, economic and demographic changes. They also face unique challenges and constraints related to their geographic isolation, remoteness from large developed markets, small and dispersed population bases, delicate ecosystems and climate change.

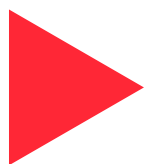
¹ The contents of this section are sourced and adapted from ILO, *Investing in the Business of Representing Business in the Pacific: A Capacity and Capability Needs Assessment of Employer and Business Membership Organizations*, 2021 (unpublished).

² UNDP Pacific Centre, *A Capacity Development Plan for CSOs in the Pacific*, 2015 (table 5.1).

Due to the relatively small size of the private sector in many Pacific island countries, the recent establishment of most EBMOs in the region and the cultural realities of policy influence, many EBMOs are small and lean in their operations and face struggles common to small businesses, such as a lack of funds and time, difficulties in finding and retaining good employees and balancing organizational growth and quality, and an ineffective digital presence.

Notwithstanding these challenges, EBMOs in the Pacific have a critical role to play in representing their members and working with the government and stakeholders to improve the business environment and support private sector businesses in the region. The impact of COVID-19 has amplified the vulnerabilities of EBMOs in the region, and therefore novel ways of thinking are needed to tackle emerging challenges, create opportunities and generate fresh ideas and approaches to embrace new agendas and priorities.

In this context, new and innovative ways of working are required by EBMOs in the Pacific to advance their mandates and effectively contribute to national policy dialogues. Pacific island countries need strong, representative and vibrant EBMOs to help seize the opportunities created by dynamic transformations in the world of work and to ensure successful implementation of the 2030 Agenda for Sustainable Development and achievement of the SDGs.



1

Chapter 1: Developing a sustainable business model for small EBMOs

As for all EBMOs, a structured, strategic and sustainable business model is essential to enable small EBMOs in the Pacific to advance their mandates, adapt and respond to the unique needs of and challenges facing members and effectively contribute to the growth of the private sector in Pacific island countries.

▶ 1.1 Good governance

Governance is the process by which organizations establish, implement and monitor their rules and policies. Governance covers the norms, values and rules through which the affairs of an organization are managed.

Good governance is the foundation for any organization. Such governance is crucial to an EBMO, indicating it has the necessary institutions and tools to ensure legitimacy, credibility and integrity in forming rules, making decisions and developing programmes and policies in a transparent, participatory, inclusive, responsive, accountable and efficient manner.

The principles of independence, clarity, transparency and accountability must be adhered to without exception.

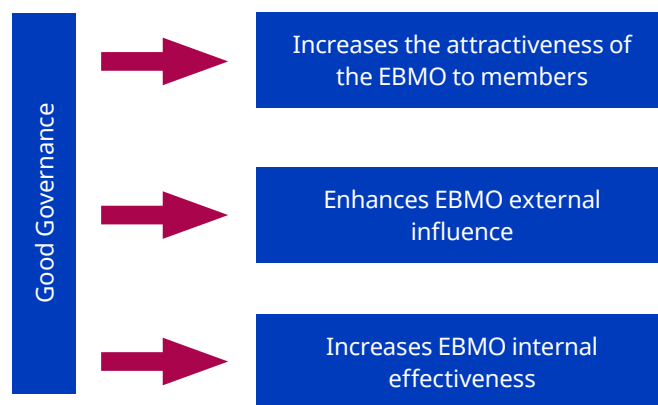
▶ Figure 1 Good governance of an EBMO



Why does good governance matter?

Good governance is an essential element in ensuring that the EBMO works in the genuine interests of its members. It enables the EBMO to maintain the trust of its members and enhances its reputation and influence. Good governance also strengthens the ability of the EBMO to represent its members’ interests credibly, and positively impacts their ability to grow and develop.

►Figure 2 Good Governance



Governance versus management

Governance is the responsibility of the elected board or council. The president or chairperson of the board (also president or chairperson of the EBMO) is ultimately responsible for good governance and ensuring that the boundaries between governance and management are respected and maintained. The board’s governance functions are to approve major policies, make major decisions and oversee the organization’s performance.

Management refers to individuals or groups, led by the chief executive officer (CEO) or director general, who are given the authority to implement and achieve the desired results. In other words, the board makes the higher-level strategic decisions and management implements them.

While the board is responsible for overseeing management and organizational performance, it is crucial that board engagement does not cross the line into micro-management. While it may be tempting for board members (particularly the president or chairperson) of small EBMOs to delve into operational management decisions, this can undermine the CEO’s credibility and authority to the detriment of the EBMO. Therefore, it is important that board members understand the division of responsibility between the board and management.

Summary of the differences between governance and management

► Table 1 Summary of the differences between governance and management

	Governance	Management
Strategy	Sets the norms, strategic vision and direction and formulates high-level goals and policies.	Runs the organization in line with the broad goals and direction set by the governing body.
Resources	Makes resources available to achieve the strategy and oversees their use.	Applies available resources in accordance with the strategy.
Performance	Directs and oversees the performance of management to ensure that it achieves the desired outcomes.	Implements the decisions within the context of the mission and strategic vision.
Accountability	Oversees the management to ensure that it is working in the best interests of members and stakeholders.	Makes operational decisions and policies, and keeps the governance bodies informed.
Compliance	Oversees processes to ensure compliance with legal requirements.	Runs the organization in line with the established processes and in compliance with legal requirements.
Risks	Oversees the risk management framework to ensure that the organization is acting prudently and diligently.	Implements decisions and takes action according to the risk framework.

Constitution/statutes

The Constitution³ is the core document of an EBMO, setting forth its fundamental structure, rules and essential operating principles. The Constitution should be clearly and concisely written and accord with the laws and practices of the country in which it applies. Best practice suggests that changes to the Constitution should be subject to approval by a majority of the EBMO’s members, typically voted upon in an Annual General Meeting (AGM). While a good Constitution will allow for flexibility to adapt and respond to a changing operational environment, it should stick to the fundamental issues of principle and procedure that do not require regular revision.

³ sometimes referred to as the statutes, articles of incorporation, charter or by-laws.

▶ **Box 1. Elements of the Constitution**

1. The name and objectives of the EBMO
2. Definition, rights and responsibilities of members
3. Operations of the AGM
4. Board and committee membership, duties, responsibilities and decision-making procedures
5. Election and removal of board members
6. Appointment of an independent auditor
7. The process of amending the Constitution
8. Membership – who can be a member of the EBMO, including acceptance and termination
9. Setting of membership fees and non-payment of fees
10. Roles and responsibilities of the CEO

For further guidance on good governance, see *A Reference Guide to the Structure and Governance of Employer and Business Membership Organizations*, the *Onboarding Handbook for Board Members of Small Employer and Business Membership Organizations*, and *Good Governance: Designing and Implementing Sound Governance Practices in Employers and Business Membership Organizations*. You may also refer to the [Checklist on Good Governance](#) to conduct a self-audit of the effectiveness of good governance in your EBMO.

Annual General Meeting

The AGM or Member Assembly is the key institution of governance for an EBMO. The authority and legitimacy of board members, committee members and management are based on members' support. An EBMO's credibility depends on it being genuinely representative of members' interests.

▶ **Box 2. Main functions of the AGM**

1. Election of board members
2. Approval of the budget
3. Amendment of the Constitution
4. Nomination of committee members
5. Establishing or changing membership fees (based on the Constitution)

The AGM is generally open to all members. Some common problems associated with the AGM include unclear communication, repetitious meetings with the same people, non-participation and lack of attendance.

▶ Box 3. Suggestions to attract member participation at the AGM:

1. Organize an attractive event in conjunction with the AGM, such as an employer conference or an exhibition of members' products and services.
2. Arrange an attractive venue to stage creative programmes, such as a networking gala dinner.
3. Invite VIP or keynote speakers to talk about issues of concern to members.
4. Organize a panel discussion on emerging issues.

The governing board

The board is headed by the president or chairperson. It is responsible for governing and overseeing the affairs of the EBMO and plays a crucial role in ensuring both good governance and the long-term sustainability of the EBMO. Members of the board are unpaid volunteers nominated and elected at the AGM and are usually owners, the chairperson or senior management of member companies.

▶ Box 4. Common responsibilities of the board

1. Sets the vision, mission, strategic direction and policies of the EBMO
2. Approves the annual business plan and budget
3. Oversees the affairs and performance of the EBMO
4. Appoints/terminates the CEO
5. Recommends changes to the Constitution
6. Approves new members
7. Appoints external auditors

Committees

Committees are established to assist the board in carrying out its responsibilities as the board only meets periodically to make key decisions. Committees serve as the prime channel through which members can contribute directly to the work and positions of the EBMO, usually by sectors or subject matter. Committees also provide a good opportunity for future EBMO leaders to build their capacity and experience. While some committees will be standing, others will be more ad hoc and established only for a period of time.

A committee is generally established by the board, the president or the CEO. The committee chairperson works closely with the board or the CEO and staff to tap into their expertise and experience and leverage their contacts. Examples of common committees include the executive committee, audit committee, finance committee, employment policy committee and economic affairs committee. A committee is not a must, and whether to form one depends on the size and needs of the EBMO.

Secretariat

The secretariat is the backbone of an EBMO. A well-developed secretariat that is endowed with competent and efficient staff is essential to achieve an EBMO's objectives. The primary roles of the secretariat include planning and the execution and administration of day-to-day affairs to achieve the EBMO's

objectives. The secretariat is led by the CEO (director general, secretary-general or executive director in some organizations) and supported by a team of professional and technical staff.

The CEO is responsible for the day-to-day management of an EBMO and its staff and for implementing the organizational strategies and action plans. The performance of the CEO – who represents the highest full-time management level – usually dictates the overall success of an EBMO. It is quite common for small EBMOs to have a small secretariat, led by the CEO and a few key staff, depending on the financial resources available. To effectively carry out its functions, it is recommended that a small EBMO have a communications and membership officer, an administrative and finance officer and a research officer and/or a policy officer.

For small EBMOs that may not be able to afford all of these posts, the CEO may have to take on one or more of these roles, or the roles may be filled by part-time staff. Remuneration should be competitive with equivalent roles in the private sector in order to attract qualified and competent people.

For more information, see [Good governance: Designing and implementing sound governance practices in Employer and Business Organizations](#).

▶ 1.2 Representativeness

EBMOs represent the collective voice of businesses. This representational function is carried out by influencing policy through advocacy and lobbying activities as well as by participation in social dialogue and private sector consultation. Typically, the more members an EBMO has, the stronger its influence on policy matters impacting the private sector. Where multiple EBMOs exist in a jurisdiction, policymakers will be more inclined to engage with organizations that are recognized as being representative due to the size and diversity of their membership.

Representative EBMOs are more likely to attract members and therefore to have the resources needed to attract and retain competent staff.

▶ 1.3 Strategic planning

Strategic planning is essential to identify priorities and approaches that will enable an EBMO to effectively advance the interests of its members. The ability to prioritize the use of limited resources and plan long term while maximizing performance and impact in the short term are essential for a small EBMO.

A strategic plan that identifies the EBMO's key strategies and direction provides a road map to success. The governing board, together with the CEO in consultation with its members, should develop a strategic plan and a budget, ideally based on a three-year perspective and supported by a more detailed annual work plan that clearly outlines the EBMO's desired activities and outcomes.

Generally, a strategic plan should contain the following: an introduction by the chairperson; an executive summary; background information relating to the establishment of the EBMO; a description of the changing external landscape, incorporating, for example, the local economic context, current government policies and the enabling environment for business; the mission and vision statements; strategic priorities and objectives; how the plan will be put into action; and how it will be reviewed.

While there are many ways to undertake strategic planning, this guide seeks to present an approach best suited to small EBMOs working with limited resources.

Steps towards developing a strategic plan

▶ **Step 1: Secure buy-in from the governing board**

Ensure that the governing board is committed both to undertaking the strategic planning process and implementing its outcomes.

▶ **Step 2: Establish a planning process**

Establish key milestones for the strategic planning process which include responsibilities for key tasks, work time frames and the required budget.

▶ **Step 3: Develop vision and mission statements**

Vision and mission statements establish clearly and publicly what the EBMO wishes to achieve, who it represents and why it represents them. While the vision statement should present a picture of long-term goals and aspirations, the mission statement should focus more on what the EBMO plans to do to achieve them. To learn more about vision and mission statements, see *Guide 2, Strategy, A Strategic Approach to the Management of Employers' Organizations*. For examples of vision and mission statements adopted by EBMOs around the world, see *A Reference Guide to the Structure and Governance of Employer and Business Membership Organizations*.

▶ **Step 4: Agree on strategic priorities**

Setting strategic priorities for an EBMO generally involves conducting SWOT (strengths, weaknesses, opportunities and threats) and PEST (political, economic, social and technological) analyses and member surveys or consultations. The real skill in strategic planning lies in the ability to assess the current environment and anticipate future scenarios. These assessments can lead to opportunities for strengthening the organization. In evaluating these potential opportunities, the planning team should check strategic alignment with the mission statement and review current and potential competitors and their relative strengths, and the internal strengths and weaknesses of the employers' organization itself. The planning team should ask how strengths can be built upon and weaknesses reduced or eliminated. Once the planning team has singled out priority areas for action, the board can then discuss these proposals in detail. Adoption of strategic priorities requires unanimous agreement by the board.

▶ **Step 5: Define objectives and developing a work plan**

Strategic objectives define specific goals to be pursued through work plans. Objectives need to be SMART (specific, measurable, achievable, relevant and time-bound) and make a clear contribution to organizational priorities. Once the board agrees on objectives, an annual work plan can be developed, featuring key activities that will be pursued to deliver these objectives along with the budget and time frames required.

▶ **Step 6: Measure and review progress**

To ensure that the EBMO is operating effectively in accordance with the strategic objectives, and in the interests of good governance, it is important to review and monitor progress on the strategic plan at regular intervals, taking the time when required to revise and adjust the plan.

▶ Box 5. Best practice in objective setting

1. Objectives must result from the participation of those responsible for their execution. They must not be imposed from outside.
2. They must be adequate to and compatible with the organization's mission or statement of purpose. They must be consistent and pertinent to goals.
3. They must imply a reasonable challenge; that is, they must have a certain breadth of scope.
4. They must be realistic, feasible and doable.
5. They must be clearly stated in writing.
6. They must be up to date and adapted to reality and thus periodically revised.
7. Objectives must be limited in number and reasonable. Too many objectives detract from those that are most important.
8. They must be hierarchical; that is, they must be prioritized.
9. They must be concrete, clear and measurable. Such generalities as "maximize", "minimize", "as soon as possible", "improve" and "do our best" must be avoided.
10. Objectives must relate to one another. This means that short-term objectives (week, month) should relate to medium-term objectives (trimester, semester) which, in turn, should relate to long-term objectives (such as one year, five years).

For further guidance on strategic planning, see [A Strategic Approach to the Management of Employers' Organizations](#).

To effectively measure performance, it is vital to establish a process for regular review of the annual work plan and the strategic plan. In addition to regular review, it is best practice to assimilate the work plan into the performance management system to monitor the progress of the identified actions towards meeting the objectives.

▶ Box 6. Checklist for implementing performance measurement

1. Does the EBMO have a strategic plan approved by the governing board?
2. Does the EBMO have an annual work plan that describes the key action points and activities with time frames, a budget and a responsible person for each action?
3. Does the EBMO have a performance management system that regularly reviews individual and organizational achievements against its objectives?
4. Does the EBMO have a regular review process for the annual work plan?
5. Has the EBMO put in place a process to review the strategic plan on an annual basis?

To learn more about strategic planning for EBMOs, see *Guide Two: Strategy, A Strategic Approach to the Management of Employers' Organizations*, and *Building a Strong and Efficient Sectoral Employers' Organization* – part of the ITCILO's *The Effective Employers' Organization: A Series of "Hands-On" Guides to Building and Managing Effective Employers' Organizations*.

▶ 1.4 Digitalization and strategic data management

As industry and business increasingly incorporate digital technologies, EBMOs will need to develop new capabilities to respond to and innovate at the pace of constantly changing technology and market conditions.⁴ To embrace digitalization, EBMOs must be prepared to make both structural and cultural changes to how they operate. A small change can create a strategic advantage and help the EBMO to remain competitive, future-focused and member-oriented. In today's digital world, this can be achieved with limited financial resources, and there are many different free and low-cost tools available, including for the collection and analysis of data.

A focus on technology, or a misunderstanding about its role, is the most frequent cause of an EBMO's failure to successfully embrace digitalization. In reality, 60 per cent of success is estimated to derive from people factors and 30 per cent from changing business processes. Many EBMOs in the Pacific region can attest to this finding. Whether it is a website, social media account or customer relationship management software, the ability to successfully leverage these technologies is rarely due to the quality of the technology itself but is more frequently associated with the right mindset, motivation and capacity of staff to use them.

Another major reason for EBMOs' unsuccessful attempts to embrace digitalization is the failure to recognize the role and importance of data as a strategic asset. Indeed, data are perhaps the most powerful, yet underutilized and poorly managed organizational asset EBMOs possess. For EBMOs, data provide knowledge and insights that can support effective decisions and actions at the strategic, organizational and operational levels. Effective use of data can lead to better business intelligence, analysis-based decision-making and real-time information about operations, enabling EBMOs to improve their strategic and tactical decisions, provide meaningful insights and intelligence to members and ultimately wield greater influence over policy outcomes. In addition, analysis of data concerning the EBMO's internal operations can yield new information to improve work efficiency and effectiveness. In other words, data-informed choices can lead to more efficient management, higher-quality and more effectively tailored member services, increased influence and thus a greater competitive advantage.

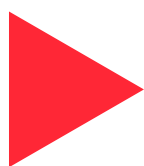
With analytics no longer solely the domain of large global enterprises, the strategic management and use of data has become a realistic solution available to support EBMO decision-making and improve organizational performance. The digital economy favours organizations that are decisive, data-driven, innovative, open to learning and customer-centric. Development of data-centric practices with consistent, focused and intentional data management practices can provide EBMOs with opportunities to provide high-quality services to members. EBMOs that can effectively use data to reinforce and market their value propositions ultimately increase their membership, resources and influence in a virtuous cycle of expanding effectiveness. Such EBMOs are more likely to thrive and grow.

Positioning data as a strategic asset involves the following:

- ▶ recognizing the potential value of data;
- ▶ safeguarding that value through intentional collection, storage, retrieval and analysis of data;
- ▶ ensuring that data become central to decision-making and part of the EBMO's competitive advantage; and
- ▶ sharing that value through thoughtful dissemination of data-based insights.

For further information and guidance on digitalization and data management, you may refer to the ILO report *Towards Using Data as a Strategic Asset: A Study of Current Data Management Practices, Challenges, and Opportunities for Employer and Business Membership Organizations*.

⁴ The contents of this section are sourced and adapted from ILO, *Towards Using Data as a Strategic Asset: A Study of Current Data Management Practices, Challenges, and Opportunities for Employer and Business Membership Organizations*, 2021.



2

Chapter 2: Membership strategies

Members are the key asset of an EBMO, whether they are individual private sector enterprises or other EBMOs such as sectoral or trade associations. EBMOs are established by, composed of and have legitimacy because of their members. Such organizations exist to advance the interests and serve the needs of their membership. Members are the driving force behind an EBMO and are essential to preserving and increasing its income and representativeness. In this way, members are both the shareholders and clients of EBMOs. The success of an EBMO is strongly linked to its membership rate.

▶ 2.1 Why members are essential to an EBMO

1. Legitimacy

Members provide the EBMO with the status and authority to legitimately represent and speak on behalf of employers.

2. Representativeness

The more members an EBMO has, the stronger its voice and potential are to yield influence on behalf of its members. Broad industry representation and a large membership enable an EBMO to operate both effectively and authoritatively to promote employers' interests.

3. Subscription income

Membership subscription fees provide an EBMO with the income and resources it needs to operate and provide quality services for its members. An EBMO with no, or low, membership income is restricted in the advocacy and services it can offer, which require a budget and resources. Membership income provides the organization with a degree of sustainability.

4. Independency

A substantial membership ensures that power and influence rest within the EBMO, without the need to depend on alternative funding.

5. Members as core clients

Members are the prime beneficiaries of an EBMO's activities and services. This may include their influence on EBMO policies, the benefits enjoyed as result of successful lobbying and advocacy, and access to services, networks, events or products at a reduced cost compared to non-members.

▶ 2.2 Who can be members of an EBMO

Membership of an EBMO depends on what type of organization it is and its location and rules of establishment (Constitution or statute). In general, membership of an EBMO is open to private sector

companies of all sizes and sectors. Some EBMOs also accept state-owned enterprises, non-profit organizations, self-employed entrepreneurs and informal enterprises.

However, territorial or sectoral EBMOs may only accept as members companies that are located in a specific region or sector, depending on their rules of establishment. For example, regional or local chambers of commerce may only accept members from the same region, while a hotel association can only accept members from the hotel industry.

► **Box 7. Potential members of an EBMO**

1. Private sector companies of all sizes and sectors
2. State-owned enterprises
3. Non-profit organizations and non-governmental organizations (NGOs)
4. Self-employed entrepreneurs
5. Informal enterprises

► 2.3 The difference between direct and indirect members

In its simplest terms a company can be a direct member of a cross-sectoral umbrella EBMO. Alternatively, it may be a direct member of a sectoral or territorial business and employers' organization which may itself be a member of a higher-level confederation.⁵ In the latter case, the company would be an indirect member of the general cross-sectoral EBMO. Understanding how many member companies an association has is important for a general cross-sectoral EBMO as the number of these companies can be added to the total number of companies represented while it also contributes to the diversity of the membership.

► 2.4 Why companies join an EBMO

Companies or entrepreneurs may have different reasons for joining a business association. The most common reasons for joining an EBMO include:

1. Influence and access to the voice of business

Being part of an EBMO can be a way to influence legislation, policies and regulations. It may give direct or indirect access to policymakers, particularly in the case of large companies. Some companies join an EBMO because they support the values promoted by the organization (for example, free market access, competition and transparency) and wish to participate in efforts that express those values and help to shape the economic landscape.

2. Access to services

Some members join an EBMO because of the services it provides. EBMOs may offer a range of services (or just one core service), such as labour and employment law updates, advice, consultation

⁵ ITCILO, *Membership Strategies and Policies: A Manual for Employers and Business Member Organizations*, 2021.

or training. In this case, membership may inspire the confidence that should the need arise, a member will have access to professionals with the skills and experience to provide the advice and support required.

3. Access to networking

Some companies join an EBMO to access networking opportunities. EBMOs provide a platform for meeting new business partners and potentially expanding business opportunities. This includes events organized by the EBMO, such as annual conferences, business lunches and seminars. For some enterprises, joining an EBMO may be a status issue (like an exclusive club membership). A proactive owner or CEO, for example, might be interested in becoming an EBMO board member as a way to gain influence or with a view to building a personal profile.

▶ 2.5 Determining membership fees

Membership or subscription fees are critical to an EBMO's income. Such fees are also a key factor in determining whether a company will join an EBMO. Ideally, membership fees should be fixed at a high enough level to give the EBMO the financial resources to run an efficient organization with the capacity to conduct advocacy and provide relevant member services, yet low enough to attract companies of different sizes and, thus, to ensure representation.

With this in mind, there are many different fee structures applied by EBMOs around the world. Some apply a flat-rate membership fee for all companies regardless of their size. The flat-rate fee structure is easy to implement but may be unaffordable and unattractive to smaller companies. Another approach adopted by EBMOs is to apply a tiered system of membership fees with criteria to determine how much members should pay, dependent on such factors as the number of employees, company revenue and/or total employee wages.

For cross-sectoral umbrella EBMOs in large economies, honorary membership at no cost is frequently extended to other business associations in the country. In smaller economies with fewer enterprises this approach may not be sustainable. Instead, cross-sectoral umbrella EBMOs may either implement a flat fee for association members, fix the fee according to the number of member companies these business associations have, or set the fee as a percentage of the total membership fees these business associations collect. More recently, cross-sectoral umbrella EBMOs have started to experiment with contributions in-kind rather than charging a membership fee, such as being provided with office space or (part- or full-time) secondment of staff from the business association to support the EBMO's operations.

For small EBMOs in the Pacific, it is important that membership fees are affordable to sole traders and micro, small and medium-sized (MSME) enterprises, which represent the majority of private sector businesses in the region.

▶ 2.6 Recruiting and retaining members

Attracting and recruiting members

Members are the driving force behind an EBMO and are essential to preserve and increase their income and their capacity to be representative. Attracting new members, retaining current members and keeping them engaged is a perpetual challenge for any EBMO. Thus, it is important for an EBMO to have an appropriate membership strategy within its own context and environment that will make it attractive to entrepreneurs, private sector companies or other business associations.

EBMOs may broaden or expand their remit into new business sectors and segments. Recruiting new types of business can create opportunities for the organization, particularly in the post-COVID-19 business environment in which some sectors are in decline while others are emerging. EBMOs need to develop and profile their brand and strengthen their member value propositions, including differentiated benefits and opportunities to attract and recruit members. Having a clear value proposition that reflects business needs is the starting point for establishing and building a relationship with members.

A good value proposition should convey to members that they are not alone, that they are part of an organization of like-minded businesses facing similar challenges, and that membership offers access not only to experts staffing the organization but also to professionals within the wider membership network of companies. This must be stated clearly enough for a potential member to read and understand the value derived from membership without requiring further explanation.

Common recruitment challenges

The following membership recruitment challenges are frequently identified by EBMOs:⁶

- ▶ **Awareness** – Companies are not aware of the EBMO or the different services, activities and products that it provides.
- ▶ **Price** – EBMO fees are considered to be too high.
- ▶ **Services** – Advocacy and lobbying activities and/or training and advisory services are not relevant to different target markets.
- ▶ **Uniqueness** – There is strong competition from other EBMOs.

▶ Box 8. Key success factors for EBMO recruitment strategies

1. **Increase awareness about the EBMO:** who you are and what you do for members.
2. **Highlight the value proposition** or added value provided for members.
3. **Cater to member needs:** be customer-oriented and relevant by tailoring the EBMO's services to the specific needs of potential members.
4. **Highlight the comparative advantages of the EBMO,** for example, its access to policymakers or its membership of a leading international EBMO. Informal enterprises

⁶ The survey was administered by the ITCILO Programme for Employers Activities' (ACT/EMP) from 2017 to 2020 as part of its membership strategies for EBMO training courses and based on the answers provided by 64 EBMOs worldwide.

Recruitment tools

It will be useful for an EBMO to develop a membership pack as part of its recruitment initiative. This pack usually contains promotional materials such as the EBMO brochure which should include the organization's mission, objectives, services offered, member benefits, highlights of its activities, achievements in policy influence and in serving members, membership application forms and contact information.

Recruiting new members can be a labour-intensive process. There are various channels an EBMO can use in its recruitment campaign, depending on the country context. Common methods include:

- ▶ **Information or networking events** that package membership in an attractive way. The presence of the CEO and board members is important to emphasize that members will have opportunities for direct access to the organization's senior management.
- ▶ **Well-planned company visits** by the CEO, board members or senior staff of an EBMO. These often result in good outcomes. However, since company visits are time consuming, they are normally reserved for large or strategic companies.
- ▶ **Members recruiting members.** Incentives can be offered for existing members to attract new members. This "word of mouth" approach is particularly effective for small, sectoral or territorial EBMOs.
- ▶ **Marketing and advertisement**
 - ▶ EBMOs of all sizes, sectors and scope are now using social media platforms like LinkedIn, Facebook, Instagram and Twitter to promote their organization and raise awareness around their activities.
 - ▶ EBMOs can also use indirect brand promotion whenever public statements are made or representatives of the organization engage with the media. An outspoken president or CEO who becomes a recognized public figure can be a powerful tool to improve the image and awareness of the EBMO's influence.

Attracting MSMEs

For some EBMOs, particularly national cross-sectoral organizations, it can be more cost-effective and tempting to target large companies as members. This may be justified by the national EBMO on the grounds that such enterprises are strategically the most significant in terms of the economy and can enhance the image and reputation of the EBMO. Nonetheless, to be representative, it is important to have as broad a membership base as possible in terms of both the size of members, the type of enterprise and the sectors they represent.

MSMEs account for 90 per cent of businesses, 70 per cent of employment and 50 per cent of gross domestic product worldwide.⁷ They are the major drivers of economic growth and important contributors to job creation and economic development in most economies, including in Pacific island countries. To attract MSMEs, an EBMO needs to offer a credible and sustainable value proposition. While MSMEs are often the most demanding members that pay the lowest membership fees, they nevertheless are the group most in need of the support and services that EBMOs can provide.

A key factor in positioning the EBMO as an attractive proposition for an MSME is its ability to identify key issues of relevance to these enterprises, such as red tape, business management training, human resource development and taxation, and to articulate clear policy positions and service offers that will

⁷ Micro-, Small and Medium-sized Enterprises (MSMEs) Day 2022.

assist them in these areas. Providing MSMEs with a platform through which to voice their concerns within the EBMO, and having representatives sit on the board and relevant committees, are also positive recruitment tools that can make the EBMO more attractive to MSMEs.

Nevertheless, the membership fee will likely be the most important factor for the MSME in deciding whether to join an EBMO.

Retaining members

As with recruitment, member retention is crucial to organizational stability and survival. Retention is a useful tool for recruitment by creating a positive impression of the EBMO as an organization that can provide value for membership. It means existing members are satisfied and tend to talk positively about the EBMO, which could prompt other peers to join, contributing to membership growth.

Importantly, membership retention is cheaper than membership recruitment. The business literature suggests that it costs around five times more to get a new customer than it does to keep an existing customer.⁸ There are different actions and measures that can be taken by EBMOs to enhance retention, such as building trust with members, understanding and responding to their needs and proactive outreach and engagement with existing members. There are also different tools that EBMOs can use to monitor and retain members such as membership databases, member satisfaction surveys, member needs surveys and member exit interviews. These tools, which can often be managed digitally, help the EBMO to learn more about its members and their needs, gauge whether members are happy with its services and understand why members decide to leave. This information provides essential input to the development of membership strategies.

For more information, see the [Checklist on Members Management and Retention](#) and the ITCILO publication *Membership Strategies and Policies: A Manual for Employers and Business Member Organizations*.

▶ 2.7 Communicating with and engaging members

Effective, proactive outreach and ongoing communication with members is essential to membership retention and brand reputation.

Communication technologies and social media platforms now provide an important tool for EBMOs to stay connected with their members. While most EBMOs have invested in these areas, it is important for them to be mindful that such communication still needs to be relevant, targeted and non-intrusive. Furthermore, people expect online experiences to be interactive and engaging. EBMOs therefore need to actively monitor and improve online member experiences, including by:

improving their websites by mapping their customer journeys and optimizing navigation and content;

launching new mobile sites;

providing new eLearning tools;

personalizing services to meet the needs of different groups; and

integrating technologies, particularly customer relationship management software, to ensure that a holistic picture of individual members is available for analysis.

⁸ Jia Wertz, "Don't Spend 5 Times More Attracting New Customers, Nurture The Existing Ones", *Forbes*, 12 September 2018.

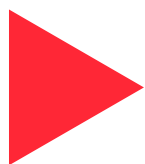
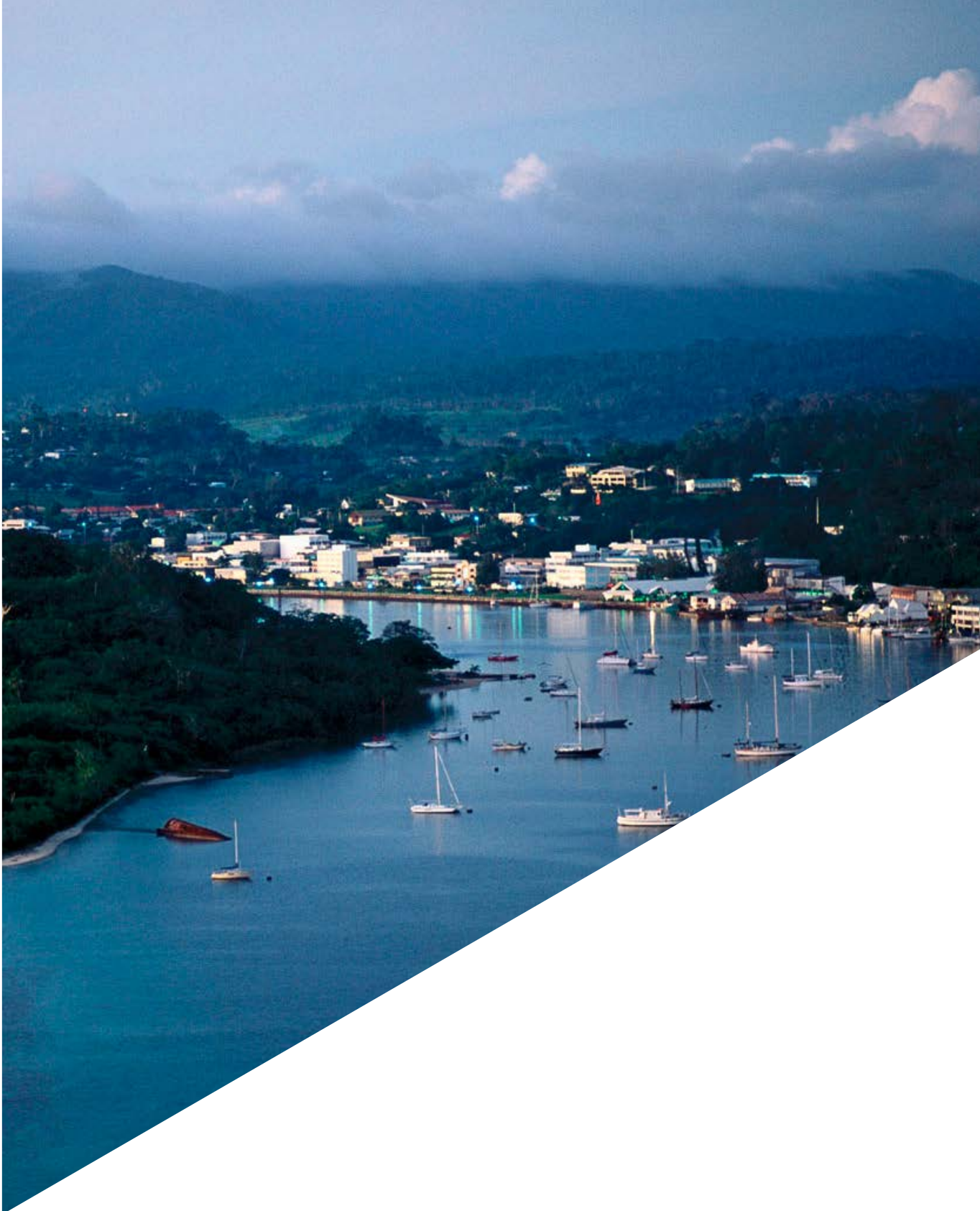
In-person opportunities to engage with members also remain important. These opportunities may include live events, meetings, training courses, phone calls or company visits. Other opportunities for in-person membership engagement include:

sectoral or regional committees that discuss issues of common interest; and

working groups to study a particular issue and propose recommendations for submission to policymakers.

By prioritizing membership engagement and working towards higher-quality contact with members, an EBMO will be in a stronger position to attract and retain members while also having more leverage to promote its advocacy agenda and attract companies to other revenue generating activities.

For more information, see the ITCILO publication *Membership Strategies and Policies: A Manual for Employers and Business Member Organizations*.



3

Chapter 3: Financial resources and management

▶ 3.1 Sources of revenue

Having a stable financial revenue base is crucial for the effective and sustainable operations of a successful EBMO. Sufficient financial resources enable an EBMO to recruit qualified and competent staff to support the secretariat in performing its core functions of advocacy and service provision. Most small EBMOs find it difficult to cover their operational costs. EBMOs that want to survive and grow need to find stable sources of income – which can be either internal or external.

Internal sources of income

Membership fees

Income from services such as training, consultancy and representation

Income from the organization's regular activities such as issuing certificates of origin

Income from ad hoc activities such as conferences, exhibitions and trade fairs

Income from capital and assets such as rent from buildings and interest on bank deposits

Internal sources of income are very important for the long-term stability of the association. Membership subscription fees and payments for direct services are the two most common and important sources of income for an EBMO. Mature EBMOs should be able to fully cover the costs of their core activities through internal sources of income.

External sources of income

For small EBMOs, external sources of income can be very useful. However, it is important to avoid becoming overly dependent on any one source (or provider) of external revenue.

Development grants

For small EBMOs, it is helpful to have seed capital provided by a donor or development agency particularly in the setting up phase and, to a limited extent, beyond. However, other than general grants that may apply to newly established EBMOs in the initial phase, most international donors and development agencies will not be interested in giving a general grant to the business association but may be looking for a specific project to support (such as a training programme or a trade fair). They would expect the EBMO to prepare a project proposal, including objectives, specific activities, outputs and resources required. EBMOs that want to attract funding from government or donor agencies should, therefore, take the initiative to submit a project proposal.

To obtain a grant, an EBMO should study the market and learn about potential donors and their preferences, terms and requirements. Most development agencies and donors have specific priority or focus areas.

EBMOs should note that a significant amount of work is involved in finding, applying for and securing a grant. Most project grants are conditional upon successful completion of the project activities and objectives and often involve complex reporting obligations. The EBMO should only apply for grants where the objectives of the donor and the project align with its own objectives and promise to advance the EBMO's agenda. It is surprisingly easy for an EBMO to get caught up in seeking large grants simply because of the funds involved, but EBMOs may find the time and capacity required to deliver competes with the time and attention needed for other priorities, which are perhaps more relevant and important to members.

Government support

In some countries, the government offers support to business associations in a variety of forms, such as direct grants or in-kind support, for example, providing office space, facilities or equipment. While it is common for an EBMO to take advantage of any funding opportunities offered by the government, there is always a tension that needs to be managed carefully between accepting such support and remaining independent as an organization. In other words, it must be clear to all parties concerned that the acceptance of government support does not influence the policy positions of the EBMO.

Company sponsorship or donations

EBMOs may seek donations or sponsorship from company members for specific events, products or activities provided by the EBMO. Common examples include flagship reports, business conferences and trade fairs. The sponsor usually pays a cash sum or offers a product or service in return for prominent exposure. Therefore, an EBMO that accepts sponsorship must ensure that its credibility is not eroded but rather enhanced by its association with the sponsor.

In-kind support

In addition to direct financial assistance or financial support for specific projects, EBMOs can also benefit from in-kind support from external donors. In-kind support might be:

- ▶ provision of office space free of charge or at highly discounted rates;
- ▶ use of secretarial, copying facilities and postal services free of charge;
- ▶ provision of goods (such as office supplies) or services; and
- ▶ provision of meeting rooms and other services related to organizing workshops, seminars and other types of meetings free of charge.

Such in-kind support must be financially transparent and advantageous for the EBMO. It should also be apparent to both the donor and the members that acceptance of such support will not influence the policy positions of the EBMO. Finally, the EBMO must comply with local accounting and taxation rules for accepting in-kind support.

To learn more, see the ITCILO publication *Guide Four: Revenue Building: Building Employers' Organization Revenue*

▶ 3.2 Financial management

The importance of good financial management

A sound system of financial management is essential for any membership organization, including small EBMOs. An EBMO needs to provide its members with clear information on the costs incurred and the income generated. Therefore, it needs a simple but effective method for recording financial transactions.

One of the most common causes of membership organization decline is disagreement or distrust over financial matters. Incompetence in managing the financial affairs of an organization risks undermining its credibility. A transparent, comprehensible and workable financial system is important for a small EBMO.

The characteristics of a good accounting system include the following:

- ▶ Information on income and expenditure is collected in a systematic way.
- ▶ Data collection is always kept up to date.
- ▶ Information is processed and given to the relevant personnel in the organization.
- ▶ No payment is made unless authorized in accordance with the organization's rules.
- ▶ All records and account books are kept accordingly.
- ▶ Key financial reports are available for members to view.

EBMOs need to have clear procedures on who can authorize certain payments. These could include, for example, the requirement for a double signature for payments that exceed a certain amount and authorization of larger payments by the president and the treasurer. Important expenditures should require approval from the governing board.

The budget, cash flow forecast and record-keeping

A budget is a financial plan that shows an EBMO's expected income and expenditure over a set period of time – usually one year. The annual budget should be approved by the AGM. During the year, the actual income and expenditure should be compared to what was forecast in the budget. If major differences appear between the two or if there are unexpected developments, management must make appropriate decisions to correct the situation.

Small EBMOs that have considerable amounts of income and expenditure should make regular cash flow forecasts to ensure that they have sufficient cash available when expenditures are due. The cash book shows the cash received and spent by the EBMO and the ledger shows the source of the cash received and the purpose of the cash spent. The EBMO's bookkeeper needs to keep the receipts and all supporting documents for every transaction.

Financial statement

An EBMO must periodically report to its members about its financial situation, usually as part of the annual report. The most common way to present the financial results is through a profit and loss statement, while the financial position of the EBMO is normally illustrated through a balance sheet.

The profit and loss statement shows whether an EBMO has earned a profit or made a loss over a certain period, and the balance sheet shows its financial situation at a given point in time (usually at the end of

the accounting year). The financial statement includes data such as cash in hand, the amount of money held in bank deposits, the fixed assets owned by the EBMO and outstanding loans. The EBMO's net worth is calculated by adding up the organization's assets and subtracting its liabilities (money owed). Thus the statement provides a picture of the EBMO's financial health.

Audit procedures

An audit is an inspection of the accounts. An auditor checks whether the accounts are correct and detects and reports fraud. The audit can be "internal", that is, carried out by internal auditors or trustees, or "external", undertaken by a specialist company of auditors. In both cases, the audited report would be presented to the AGM as part of an EBMO's reporting obligation.

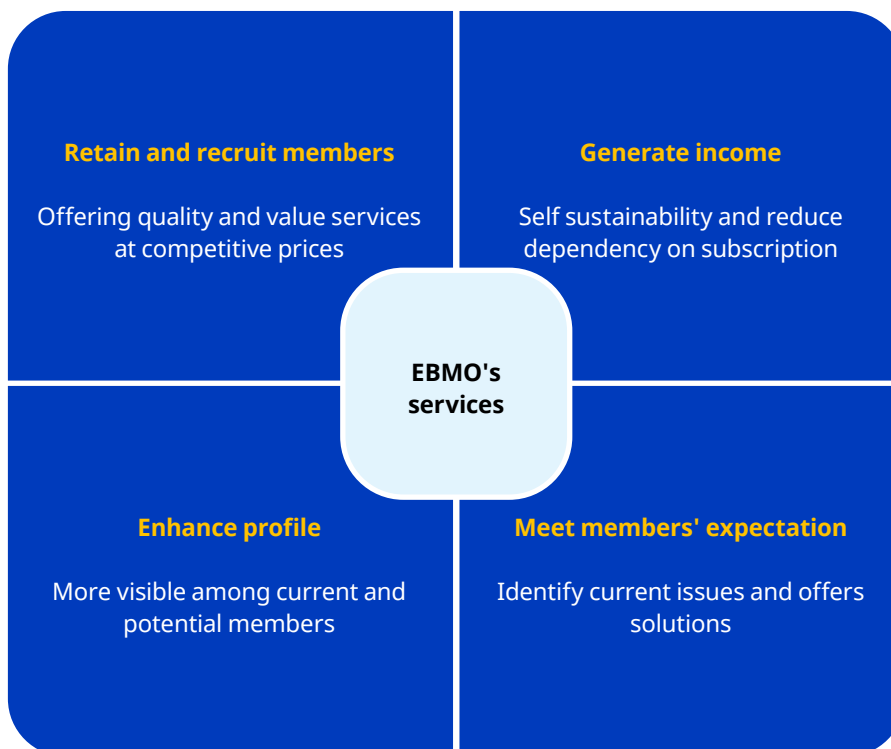


Chapter 4: EBMO services

▶ 4.1 Why EBMOs provide services

Providing services to members is a fundamental role of an EBMO. Provision of direct services helps to attract and retain members and adds value to EBMO membership. It also generates income for the EBMO and reduces its dependency on membership fees. Offering services is also a way to raise visibility and enhance an EBMO's profile.

▶ Figure 3 EBMO's services



► 4.2 Potential EBMO services

Table 2 EBMO type of service

Type of service	Examples
Information provision	<ul style="list-style-type: none"> • Newsletters • Publications: informative reports, booklets, guides, analytical studies, annual reports • Help desk • Regular updates on legal and other initiatives and changes
Advice and consultancy	<ul style="list-style-type: none"> • Written/oral/website-based • Legal advice: registration, licensing, patents, contract drafting, disputes settlement • Support on legal compliance • Assistance for loan applications • Industrial relations, human resources and responsible business practices
Access to public financing	<ul style="list-style-type: none"> • Information about tenders, donors and opportunities for training and funding support • Project proposal assistance • Project management
Networking	<ul style="list-style-type: none"> • Regular business meetings • Meetings with key policymakers • Conferences and high-level meetings • Social and cultural events
Trade promotion and market development	<ul style="list-style-type: none"> • Conducting economic and market surveys • Organizing an entrepreneur week, trade fair or exhibition • Opportunity to be part of a trade delegation • Digital marketing campaign
Training and development	<ul style="list-style-type: none"> • Labour law and compliance • Rights and obligations of employers • Responsible business practices • How to start and manage your business • Digital marketing, e-commerce, etc.
Business mentorship	<ul style="list-style-type: none"> • Business mentorship programme • Business incubator
Awards and recognition	<ul style="list-style-type: none"> • Employers or Entrepreneur of the Year • Excellence brand award • Best practices (industrial relations, human resources, corporate social responsibility) award

► 4.3 Building on EBMO strengths and comparative advantages

While there may be a wide-ranging demand for services, it is not practical for an EBMO to offer everything. Its management and financial capacity will always be limited, and it will have to make choices as to what kind of services it will provide. An EBMO must be selective regarding services and focus on areas where it has a comparative advantage and established strengths. Alternatively, it may collaborate with a reliable

service provider or partner. Cross-sectoral umbrella EBMOs also need to take into consideration the services their member associations provide so as to avoid situations of direct competition.

In addition, members expect quality services and competitive prices from an EBMO. As many services require high levels of competency and professional skills, a small or new EBMO with limited funds may not have the resources to sustain the services offered. As a general rule, it is better for a small EBMO to concentrate on just one or a few activities and offer a real advantage to members rather than opting for a range of services that are of poor quality and low reliability.

Therefore, small EBMOs are best placed to provide services that build on their comparative advantages, established strengths and resources. These services should also be compatible with the EBMO's mission, objectives and strategic priorities and not be based on a random review of members' opinions on what services they want to receive. Only after the EBMO has proven itself an excellent service provider in one area and is able to provide such service in a sustainable manner should it move on to develop new offerings.

▶ 4.4 Business model for service provision

Depending on individual circumstances, an EBMO may choose to use different delivery mechanisms for each of its services. The decision on how to provide the service will be influenced by the following factors:

- ▶ demand from EBMO members;
- ▶ EBMO capacity and experience in the field;
- ▶ resources required to develop the service;
- ▶ existence and competitiveness of other service providers; and
- ▶ potential short- and long-term benefits for the EBMO.

Very often when talking about services, most EBMOs think only of direct service provision. In addition to direct services, however, there are a range of approaches for extending services to members. EBMOs can deliver services indirectly by partnering with member organizations or other service providers, through outsourcing or by referral. The exact nature of the arrangement will depend on the particular service and the available partners.

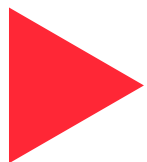
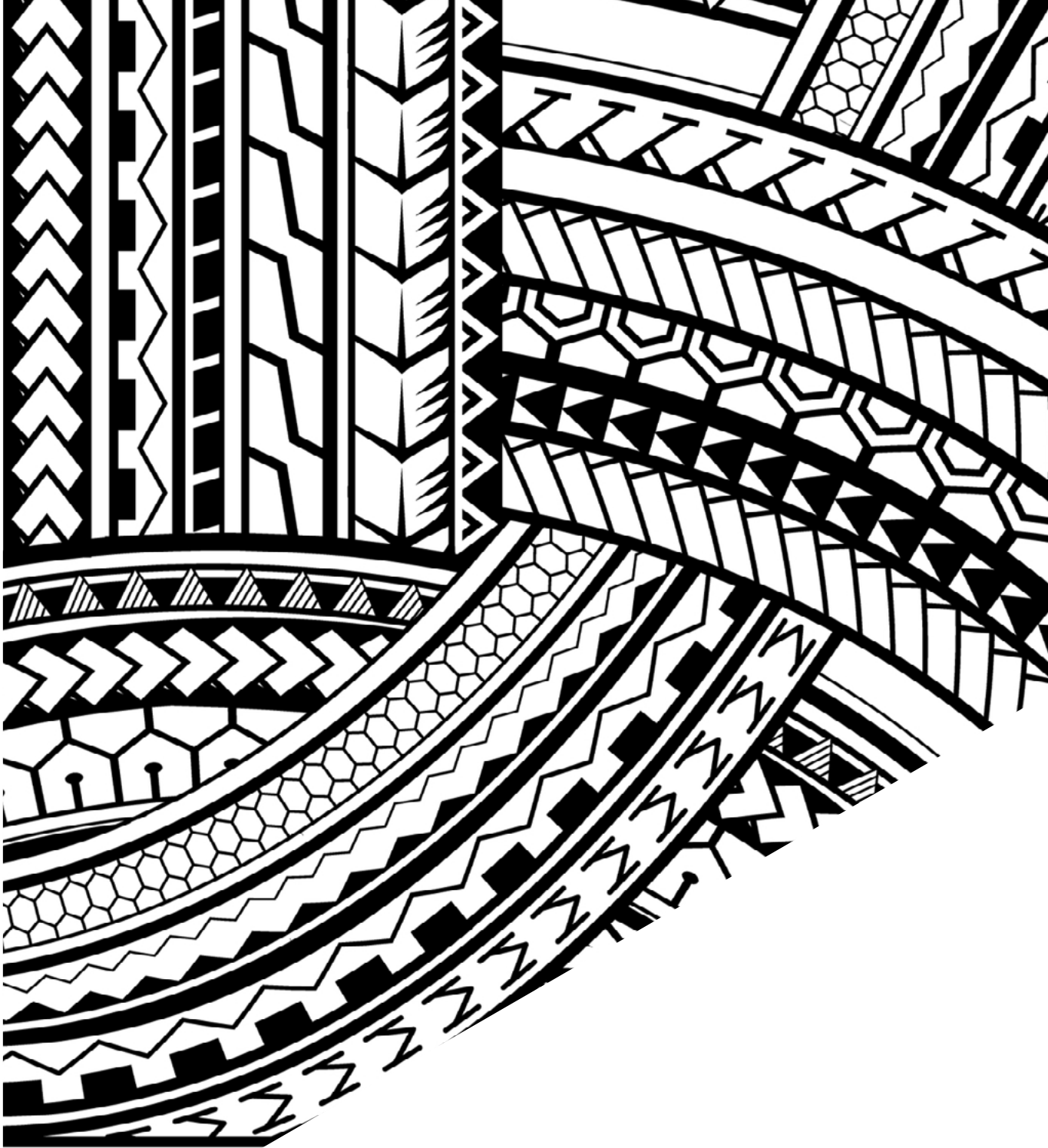
- 1. Direct provision** If the service is closely related to the core competencies of the EBMO and where it has a comparative advantage, it should be provided directly by the EBMO using internal staff members. This option relates to information, advice, networking and selected training and consultancy services.
- 2. Strategic partnerships** Partnerships with other business associations or service providers are typically pursued by EBMOs as a longer-term arrangement that has benefits to both parties beyond the income generated.
- 3.** The partner in the service delivery will typically play the role of an agent. The partner delivers the services based on the agreed provision (financial and non-financial) but does not become an owner of the service (although in some cases there may be shared ownership). The partner's contribution is linked to the specific market knowledge and expertise which the EBMO does not possess. The EBMO, though, controls the quality of the service and ensures that it satisfies the needs of its members.
- 4. Outsourcing** It is common for EBMOs to outsource some service provision to a specialized firm or alternative provider. This approach is often adopted as a win-win arrangement rather than as a typical

commercial arrangement as both the EBMO and the provider have a reputational stake in the service provided. Outsourcing is typically pursued when the EBMO does not have the staff, expertise or the capacity to provide the service or as a strategic choice when the service is an ad hoc exercise unlikely to be repeated.

- 5. Referral** Some EBMOs prefer to provide members with referral to existing service providers, often where members can access preferential treatment or rates on the basis of their membership in the EBMO.

To learn more about developing, agreeing and delivering a sustainable service strategy, see *Services by Employers' Organizations: A Strategic Approach to Service Development* or complete the [ITCILO's free one-hour e-training module for EBMOs on services development](#).

You can also refer to the [Checklist on Service Offer](#) in the Employer and Business Member Organizations online platform to compare the status of service provision in your organization versus the best EBMO management practices.



5

Chapter 5: Advocacy and lobbying

Advocacy and lobbying are the core functions of an EBMO, undertaken to influence laws, regulations and the general attitude and approaches of decision-makers in socio-economic policy. Therefore, most EBMOs include advocacy and lobbying in their vision and/or mission statements.

▶ 5.1 Why advocacy and lobbying are important to EBMOs

A successful business creates jobs and contributes to a country's economic growth, competitiveness, wealth generation and prosperity. EBMOs help to create the conditions for enterprise success by influencing the environment in which companies do business and by providing services that improve their individual performance. As membership-based organizations with a mandate to represent the collective interests of business in relation to labour market issues and trade and investment, EBMOs are well suited to help policymakers and development partners better understand the private sector's needs. As such, it is critical to good policy outcomes that the private sector is given opportunities to participate in decisions that have the potential to affect its industries and businesses. Advocacy and lobbying provide such an opportunity.

▶ **Figure 5** The unique goal of most lobbying and advocacy efforts by an EBMO is to improve the business environment.



Being an effective advocate:

- ▶ strengthens the EBMO's public profile and leads to increased membership;
- ▶ provides reputation and brand recognition that promotes other revenue-generating services of the EBMO.

▶ 5.2 Characteristics of effective advocacy

EBMOs need the capacity to respond to government priorities, policies and proposals with well-supported position statements and recommendations that reflect the interests of their members. While there are no strict rules for how advocacy must be pursued, an EBMO should be prepared to publicly defend any policy position or recommendation advocated for with evidence and data developed through objective analysis and with input from members.

▶ Box 9. Steps for effective EBMO advocacy

1. **Articulate members' concerns as a unified voice to attract the attention of policymakers.**
2. **Provide sound and well-researched policy positions.**
3. **Meet regularly with decision-makers to discuss key policy issues and promote members' interests.**
4. **Establish regular channels of communication and close relations with the government and key stakeholders.**

▶ 5.3 Private sector consultation

Consultation with the private sector, both member and non-member enterprises, is a critical factor for the success of all EBMOs regardless of their size or focus. Whether consultations are undertaken to inform strategic planning, policy work, service development or organizational evaluation, they should be professional, well-planned and well-executed.

Private sector consultation is a two-way process of communication with and between representatives of private industry, be they representatives of other EBMOs or enterprises themselves.

As well as playing an important role in organizing and coordinating private sector consultation, EBMOs are frequently engaged by policymakers as representatives of the private sector for the purposes of consulting on public policy and programming. Cross-sectoral umbrella EBMOs will often have a formal institutional role through a national tripartite council or under legal provisions governing the role and function of the national chamber.

While EBMOs should be prepared to mobilize when opportunities for private sector consultation emerge, successful EBMOs will proactively engage with policymakers and development partners to create new opportunities for dialogue as and when the need arises. To do this, the EBMO needs to:

- ▶ identify the forums and agencies at national and local levels that cover the issues that the business association wants to influence;
- ▶ request official representation or the right to be consulted;
- ▶ appoint competent representatives and ensure that they have the relevant facts and data to support the position(s) taken; and
- ▶ ensure that the representatives report back regularly to the management team and other relevant committees on the discussions they are having.

For more information, see [A Practical Guide to Private Sector Consultation for Employer and Business Membership Organizations in the Pacific](#)

▶ 5.4 Communicating with members

Members need to be regularly updated on the EBMO's advocacy objectives, the positions adopted, the actions being taken, the opportunities for members to contribute to or engage in the process, and on how advocacy efforts are progressing.

While communicating the outcomes of advocacy is essential to show the performance and effectiveness of the EBMO, it is often difficult to explain advocacy success as a clear "win", as often there will be multiple actors advocating for the same outcome and, at times, a win may be perceived as a "loss" for other stakeholders.

The EBMO's members and the public will often judge advocacy success by the relevance of the issues the EBMO is working on and by the volume and tone of media coverage. In short, members want to see clear evidence that the EBMO is working hard on the issues that matter to them. As such, it is important to ensure that the EBMO:

- ▶ undertakes regular consultations with members on the advocacy and lobbying agenda;
- ▶ updates members regularly on the actions taken through newsletters, briefs or updates;
- ▶ features current advocacy information on its website; and
- ▶ ensures visibility of any positive media coverage the EBMO receives in regular publications and on the website.

To learn more, see *Advocacy and Lobbying: Being the Voice of Business* and [Guide 3: Advocacy: Maximising the Impact of the Voice of Business - Developing and implementing a successful advocacy strategy](#) or complete the ITCILO's [free one-hour training module for EBMOs](#).



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Chapter 6: Effective communication

Public relations and the media can have such a large influence over public opinion and policy outcomes that EBMOs are at a significant disadvantage if they have no strategy in place to utilize these effectively. EBMOs must ensure that their messages are clear, consistent, timely and relevant to members' needs. EBMOs also need to anticipate and respond quickly to emerging issues and crises so that members can see that the organization is acting in their best interests.

▶ 6.1 Internal communication

Communication within the EBMO and between members of staff and staff and the board, is as important as external communication. It is important for good governance and has a significant impact on employee engagement, organizational culture and productivity. Everyone in the EBMO, including management, staff and members, needs to share a common understanding of where the association is heading and what needs to be done to get there. Even though internal communication tends to be informal in small EBMOs, a formal strategy and structure is important to ensure that internal communications are optimized for accuracy and efficiency.

▶ 6.2 External communication

As introduced earlier, effective communication plays an important role in membership retention, brand visibility and enhancing an EBMO's reputation.

Regardless of the size of the organization, it is critical to create and maintain sustainable channels through which to reach members with updates, news and anything that is pertinent. Even small EBMOs will thrive with a good communication strategy that can result in more satisfied and informed members.

EBMOs need to know what their members are interested in hearing about. This could be changes or updates on regulations and policies or the advocacy agenda. It could be about events, information on the organization's services, or anything pertaining to membership benefits. A targeted communication strategy that addresses members' needs and truly benefits them will result in stronger membership engagement and keenness to read the latest EBMO website article, text message or newsletter.

The following are some tips for effective communication with members:

- ▶ **Identify the target audiences.** Are they large companies, MSMEs or entrepreneurs? These entities are most likely to be looking for different things.
- ▶ **Draft clear and concise messages.** For any identified objective the message must be clear and concise – for example, clearly promoting the benefits of membership for prospective members to enable them to make an informed decision on whether to join.

- ▶ **Use targeted communication.** Achieve maximum engagement by tailoring the message for each target audience based on their needs and preferences.
- ▶ **Personalize communication.** Craft a communication message with information about the member. It can be something as simple as using their first name in an email. Taking the time to personalize emails to members will make them feel valued. They are thus more likely to engage in the EBMO's activities.
- ▶ **Use different communication channels.** There are many forms of communication, such as emails, texts, phone calls, events and social media outlets. Diversification gives an EBMO more touchpoints with members, as different categories of members may have different preferred ways to communicate.

EBMOs should make it easy for their members to engage and encourage two-way interaction. As the purpose of an EBMO is to serve its members, ensuring that their voice is heard is essential.

There are various tools that EBMOs can use to communicate with their members, including up-to-date membership databases, emails, digital platforms, websites, periodic online magazines or newsletters, mailshots, the AGM and the annual report.

In addition to its members, an EBMO has a relationship with the government, development agencies, trade unions, NGOs, the public and other entities. It is important that the EBMO maintains appropriate communications with each of these groups and that these obligations are explained in the EBMO's rules. Communication with certain organizations can be assigned to specific EBMO representatives such as the CEO and inserted into the job description of these representatives.

Media

The media are a key tool for influencing public opinion and communicating to the general population that business community concerns are important. Often the only time an EBMO is reported in the media is when it is embroiled in a dispute with a trade union, either nationally or on behalf of a member, or when it is objecting to a government proposal. This negative perception of EBMOs can be countered by having regular meetings with newspaper editors and television news producers, and by building up contacts and relationships in all sections of the media. An EBMO can also arrange to provide the local newspaper with a weekly or fortnightly article covering a topic of general interest, organize a regular slot on talk-back radio so members of the public can call in with questions, or arrange for a member of staff or board member to be interviewed on television in their area of expertise.

To learn more, see *Advocacy and Lobbying: Being the Voice of Business* and *Persuasive Communication: Making the Voice of Business Heard*.

Newsletters

While newsletters may sometimes be perceived of as old fashioned, they remain an effective tool for sharing updates with members, particularly in their digital form. Newsletters provide an opportunity to feature key EBMO activities, highlighting success stories and promoting services.

Websites

Having a website is a must for any EBMO. The website should be a one-stop-shop enabling members to find all the information they need to know – whether about services, events, contact information or a description of the organization and its goals. The website should also provide pertinent details on how to become a member. To attract the attention of current and potential members, the website should be informative, user-friendly, well-organized and easy to navigate.

Generally, a good EBMO website should include the following elements:

- ▶ profile of the EBMO, including its mission, vision and objectives;
- ▶ organizational structure, governing board, committee(s) and secretariat;
- ▶ member benefits, including programmes, services, networks and sponsorship;
- ▶ services offered, including trainings, workshops and business-related information such as new legislation;
- ▶ main activities, including advocacy (highlighting actions taken and outcomes);
- ▶ member profiles, sharing of best practices and member success stories;
- ▶ membership portal exclusively for members to access key information;
- ▶ current news, activities and events;
- ▶ interactive platform for exchange of information with members and other stakeholders; and
- ▶ ways to contact the EBMO or ask questions.

The website should be regularly updated to ensure that it features the most recent and relevant information. Some resources do need to be allocated for this purpose, including for website design and a focal person responsible for content editing and updating.

For further information, see the ITCILO free on-line course [Mobile Engagement with Members: A toolkit for BMOs](#).

▶ 6.3 Use of social media

Most EBMOs are now using social media to promote their organization and activities. The most common social media channels used are Facebook, Twitter, Instagram, LinkedIn, Google+, Soundcloud, YouTube and Slideshare. According to a survey of 35 EBMOs in Europe,⁹ the effective use of social media can bring three main benefits to EBMOs:

- ▶ raising their profile within the media (85.3 per cent);
- ▶ communicating with members (67.6 per cent); and
- ▶ influencing politicians and external stakeholders (61.8 per cent).

Challenges and risks of using social media

According to the survey, the main risks to an EBMO of using social media are:

- ▶ reputational damage (68 per cent);
- ▶ loss of control (50 per cent);
- ▶ wasting time and resources (32 per cent); and

⁹ ITC-ILO-IOE-Business Europe, [Making Sense of Social Media A Practical Guide for Employers' Organizations](#), p. 7.

- ▶ diluting the membership offering (16.7 per cent).

Reputational concerns for EBMOs can take many forms, ranging from poorly judged tweets on sensitive issues to being systematically targeted by individuals or organizations with an anti-business agenda. Another risk faced by EBMOs that are regularly active on social media is silence on particular issues or incidents as attention may be drawn to the non-statement of position.

Seven steps to an effective social media strategy

- 1. Be clear about the objectives** Having clear objectives in mind from the outset is the hallmark of an effective EBMO social media strategy. Obtain internal “buy-in” and alignment and set clear targets, such as the number of downloads or followers. Make sure to get the tone right and to use social media to listen, stimulate debate and broadcast key messages.
- 2. Go where your target audience is** Be clear about the target audience and what specific channels will deliver the best results and go to where the target audience is. As social media is an ever-evolving arena, the use of different channels by target audiences should be re-evaluated regularly.
- 3. Pre-empt potential risks and pitfalls** A proactive action from an EBMO may create a reaction among social media users that, if not handled properly, may affect the image and reputation of the EBMO. Thorough scenario planning and pre-empting risks can help to manage any unexpected response to prevent escalation. Staff training and proper resource planning would be useful for effective crisis management to cope with challenging situations. Cyber security for EBMOs is another area that can limit potential risks.
- 4. Invest in capability and infrastructure** EBMOs need to invest in the required infrastructure and capability to effectively use social media, including staff skills and competencies. Staff training is important to enhance technical knowledge, which will help to develop the right tone and boost consistency. In addition, internal procedures are necessary for effective collaboration among the different departments for social media activities.
- 5. Reach in: Use social media to engage and retain members** Social media is changing the way EBMOs communicate with members. It has ushered in the move from one-way communication to active engagement in campaigns and lobbying activities. EBMOs are increasingly using channels such as Twitter, LinkedIn and Facebook to identify and build dialogue with potential members, drive traffic to the website and promote events, reports and member services. Some EBMOs are developing their own apps to consolidate their services/activities and make them easier to access.
- 6. Reach out: Use social media to boost the EBMO’s profile and campaigning activities** Social media is increasingly embedded in campaigning activities and is changing the way EBMOs drive proactive advocacy and lobbying campaigns. It provides new ways of engaging with stakeholders, policymakers and journalists. EBMOs are using social media to actively engage members in campaigning activities. LinkedIn forums, Google Hangouts, webinars and Twitter are some of the channels being used. Social media also facilitates the development of new networks and new entities. EBMOs should monitor how their key audiences and stakeholders are using social media, including trade unions and government departments.
- 7. Measure success** Quantifying the return on investment in social media is not easy but is a crucial part of the process. Google Analytics and other tools are increasingly being used to monitor “reach” and influence. Overall success can also be assessed against a range of measures, including specific lobbying wins and awareness surveys of politicians and key stakeholders. EBMOs should instigate a culture of regular reviews and continuous improvement, including exchange of views and best practice between EBMOs.

For further information, see the ITCILO-IOE-BusinessEurope publication *Making Sense of Social Media: A Practical Guide for Employers' Organizations*.

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This guide is adapted from the ILO's Managing Small Business Associations - Trainer's Manual and the ITCILO series of resources for Effective Employer and Business Member Organizations. The material from these resources has been customized into a comprehensive and practical guide for leaders and managers of small Employer and Business Membership Organizations (EBMOs) in Pacific island countries to help them to review their EBMO's operational structure and approach in different areas and to assist newer organizations to build appropriate structures and processes from the outset. The overarching aim of this guide is to help foster more resilient and sustainable EBMOs equipped to adapt and respond to the changing needs of their members and market conditions.



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