



SME Empowerment: A Road Map for Chambers & Business Associations

Industrial & Economic Research Center - Jordan Chamber of Industry



1. Recommendations' Roadmap

On April 2014, Jordan Chamber of Industry (JCI) organized the SMEs Regional Conference titled “Chambers & Business Associations: Drivers of Change”, in cooperation with multiple local and international partners. By organizing this conference JCI aimed at creating a dialogue in regards to the important role Chambers and Business Associations (CBAs) should play to support the prosperity of SMEs as the engines of economic growth in the MENA region.

The conference thus emphasized the role CBAs should play based on their wide representation base of business communities. Overall, the conference served as an attempt from JCI to address this vital role in the business environment through a two-day discussion that tackled various challenges and core issues facing the progress of SME growth and sustainability in Jordan and the region.

The conference was concluded with a set of recommendations intended to be utilized by CBAs in the region to enhance (the focus on) their role in empowering SMEs. This document reflects these recommendations in the form of a roadmap that enables CBAs in the Arab region to play a distinguished new role in offering unique and unconventional services to SMEs, as they represent the biggest segment of enterprises in the Arab region. This will contribute to achieving the socio-economic and development objectives we all strive for.

2. Main Conclusion – The Way Forward

2.1 Main Conclusion:

In brief, two days' discussions of expert speakers and participants, tackled the role of CBAs in SME empowerment from all different angles and perspectives in a quest of coming up with a vision of a transformed role that CBAs in the Arab region can adopt to better serve the majority of their members.

Pillars of discussion were derived from the main challenges ahead of SMEs, and it was concluded that CBAs should put

forward efforts to link SMEs with Financial and non-financial service providers from one side, and spread awareness among SMEs with the importance of both sides together for development and growth.

In order to complete the picture, the government role in putting forward support programs for SMEs was discussed trying to explore the most efficient mechanisms through which governments can provide assistance for SMEs, those particular

mechanisms should be priorities for CBAs lobbying efforts.

Finally, innovation is a key concept for both CBAs and SMEs to achieve the required transformation. From one side SMEs should understand the great impact of innovation to their growth, and CBAs should work on providing a set of innovative

services to assist and empower SMEs from the other side.

2.2 The Way Forward:



All CBAs are created with the aim of providing services to their members; CBAs sometimes lose focus of this aim and get engaged in routine work leaving behind providing value-added services to their members.

CBAs should reassess their work, services and achievements and transform themselves to become member-oriented organizations putting their members at the core of their operations and striving to provide new services required by the members themselves.

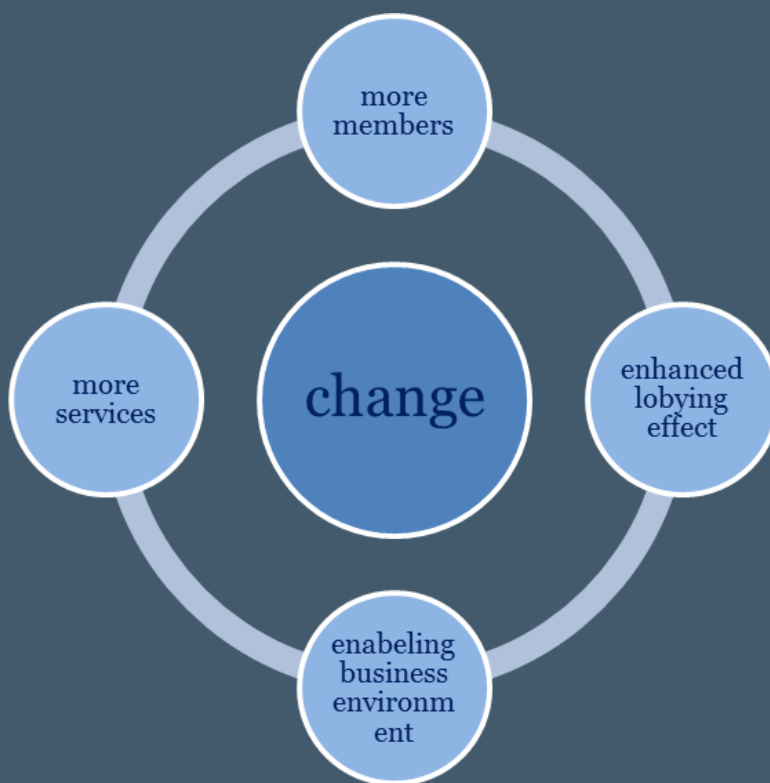
In parallel, particular attention should be given to strengthening the lobbying function of CBAs through true representation of all members and engagement in enhancing all factors of the business environment.

This way, CBAs will drive and lead the required change (change in their own working methodology and in the business environment) and positively impact the economic and social development in their communities.

3. Inter-related Factors:

The above mentioned factors for the new transformed role of CBAs in SME empowerment are interrelated and therefore should be addressed together as a “new approach” for CBAs.

Once CBAs succeed in changing the mindset through which they operate and become member-oriented, more services will be offered to their members. As members perceive true value of membership, more SMEs will be willing to join to enjoy the benefits of membership. The wide representation base of CBAs will give them an enhanced lobbying effect and enable them to better contribute to achieve what is needed to make the business environment more stimulating and favorable, which will by default enable CBAs to develop more services and become more member-oriented.



4. Recommendations Into Action:

RECOMMENDATIONS	SUGGESTED ACTION
<p>CBA's should provide a vision for establishing an enabling business environment that focus on improving culture in the private sector with extra care for SMEs as the engines of growth - in compliance with all related factors (e.g. the financial and economic needs and tax regulations) and in consideration of the available infrastructure</p>	<ul style="list-style-type: none"> • Develop clear mission with 10-20 short and long term goals • Revision of organizational strategy to better reflect the vision of SME empowerment • Build a strong communication strategy to achieve strong exposure and utilize available channels to promote organizational goals • Organize a set of related workshops and awareness seminars for SMEs and stakeholders on relevant issues to spread awareness of SMEs challenges and requirements in terms of laws, regulations and services • Prepare position papers, reports, and studies on impact of regulations, infrastructure, and services and SME performance and productivity and linking such to the overall economic performance in order to be better able to lobby for required change
<p>CBA's should work together with the government to bring down business registration procedures to maximum of one week.</p>	<ul style="list-style-type: none"> • Strengthen the policy advocacy effort by making a clear policy advocacy strategy based on evidence form member surveys and accurate scientific information • Conduct solid background research of the actual situation and develop an impact study on the required action before communicating with the government. This ensures a stronger position to negotiate. • Map relevant government officials and develop strategies on how to influence them for each topic. In terms of SMEs, CBA's should ensure their recognition of the needs of SMEs, and motivate them to take the needed measures to improve the level of services offered to SMEs • Scrutinize internal administrative procedures in order to ease the bureaucracy • Build a strong communication and networking strategy to achieve exposure and utilize available channels (printed media, social media, publications, website) to promote organizational goals

<p>CBAAs should engage themselves in the development of industrial policies, in that way ensuring that the private sector, especially SMEs, have a voice towards policy makers.</p>	<p><i>Same actions as above, but with focus on the meso level (industrial sector) as well as:</i></p> <ul style="list-style-type: none"> • By utilizing the national policy as the guideline, sectoral strategy could be derived and implemented. In this process, internal SME units can set a base for national industrial policy to be better able to determine priority sectors and provide credible information as well as creating a national consensus on priorities and required improvement measures
<p>CBAAs should help financial institutions realize and recognize the importance of SMEs as an emerging target segment.</p>	<ul style="list-style-type: none"> • Scan the financial and non-financial needs of SMEs in order to make their needs obvious to financial institutions • Match-make needs with potential services • Educate both SMEs and financial institutions and spreading the credit culture
<p>CBAAs should stimulate the entrepreneurial business environment through the creation of (better) laws and regulatory frameworks for entrepreneurial processes.</p>	<ul style="list-style-type: none"> • Lobby for SMEs law, modern investment law, and related regulatory framework • Initiative and/or strengthen cooperation between academic institution and incubators • Build linkage services between start-ups and services providers (administration, marketing, financial)
<p>CBAAs should focus on entrepreneurship, innovation and youth development, as well as inclusion of women in the economic cycle</p>	<ul style="list-style-type: none"> • Develop programs and activities which implement this in an integrated strategy • Initiative and/or strengthen cooperation between academic institution and incubators • Build linkage services between start-ups and services providers (administration, marketing, financial)

Member-oriented Services

RECOMENDATIONS	SUGGESTED ACTION
<p>CBAAs should serve as a source for launching innovation concepts, and offer all what it needs to spread this concept through supporting entrepreneurship, research and development</p>	<ul style="list-style-type: none"> • Modernize and innovate the mechanisms through which services are offered to SMEs • Modernize and innovate internal organizational development schemes • Facilitate the financing of research and development activities through special financial products
<p>CBAAs should recognize the vital role of SMEs and enhance the services for them</p>	<p>CBAAs are encouraged to:</p> <ul style="list-style-type: none"> • conduct thorough research on SME members and establish a unit to cater for their needs • scan all the stakeholders and related service providers and establish a one-stop-shop to facilitate the provision of services and information to SMEs • bring forward business incubators on sector level for SMEs through the support from the private sector • create linkages between large firms and SMEs where large firms serve as a mentor and provide assistance (clustering) • create linkages between SMEs and other business segments of larger companies (exporters or non-exporters)
<p>CBAAs should compile a list of local experts from various fields related to SME development to offer technical consulting and advisory for reasonable prices</p>	<ul style="list-style-type: none"> • Agreements with expert houses and think tanks as well as freelance experts • Connecting experts and SMEs through different channels (e.g. networks, websites, live chat, social media and face to face meetings)

<p>CBA's should play a vital connecting role between SMEs on the one side and financial and technical service providers on the other, by offering a database of information about target segments</p>	<ul style="list-style-type: none"> • CBA's should direct the various financial resources on the national and regional levels in an integrated, coordinated approach to SMEs in particular, thereby avoiding overlapping or duplication • Prepare a database of service providers and make available for SMEs • Conduct continuous assessments on SMEs financial and non-financial needs and make available for service providers • Conduct studies to determine the required types of assistance and work as a link between service providers and SMEs to create success stories and implement projects of actual outcomes
<p>CBA's should acknowledge their vital role in creating and maintaining communication between SMEs and governmental bodies who run programs that target SMEs, and other relevant stakeholders on local and regional levels.</p>	<ul style="list-style-type: none"> • Working in full partnership with governmental bodies in compiling a database for the needs of SMEs and based on that, coordinate support mechanisms • Developing a specialized communication strategy for SMEs that can increase the awareness for services and programs available for those businesses • Participating in financial programs with the public sector to offer various technical support programs
<p>CBA's should offer high value adding services which meets the needs of entrepreneurs, with a minimal contribution for the cost of the services to be paid by the beneficiary (entrepreneurs) to ensure their commitment and ownership.</p>	<ul style="list-style-type: none"> • Regular needs assessments • Training and capacity building of entrepreneurs • Consultancy and advisory services

5. This Is A Work In Progress

When JCI first decided to hold the SME Regional Conference, the main focus was to come up with a document to serve as a guideline for future strategic planning. With this goal in mind, more than 300 experts convened in Amman to discuss the new role CBAs should play as drivers of change. This document is only an attempt to move the valuable recommendations of this conference one step further, the rest of the work lies in the hands of CBAs. This roadmap reflects clearly what kind of transformation everybody wants to see, the actual implementation required adjustments to the actual conditions of each CBA and hence this document is “a work in progress” for all interested chambers and business associations.

