



Part 3

3.3

Advocacy Tool 4

How to formulate enabling environment reforms

Section 3.3: Advocacy Tools

Managing policy conflicts



Purpose

Every process of change has potential beneficiaries and losers. But even within the Employer Organization's own membership different sectors, large and small enterprises, exporting or domestically focused enterprise all can have different views on a given proposal by the EO. This tool seeks to provide guidance to EOs in navigating the occasionally tricky course of keeping the broad membership supportive of its actions.



How to use this tool

This Assessment Tool is designed for use by EOs. It is best used as a guide for employers and enterprise development specialists who will facilitate the assessment process with the EO and among other actors.



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Representative national business organizations are entities that promote the collective interests of all businesses. Their role is to incorporate all the varying (and occasionally competing) views and concerns of the business community into a consolidated and cohesive position. The policies the EO advocates need to be driven by the concerns that affect small and large businesses alike, across sectors. They need to avoid situations whereby individual companies, small groups of individual companies, or specific sectors drive policy. For the EO, balancing the different interests can be very difficult, but it is vital to do so successfully – the very credibility of the organization depends on it.

From the perspective of an EO, policy advocacy is geared towards creating a hospitable business climate for *all* its members.

The EO's proposals need to have wide support amongst its members as a prerequisite. It also needs support amongst the wider private sector – non members. It would be extremely detrimental to have the EO's proposals attacked by another business group.

There will be also differences in approaches which have to be reconciled; SMEs will often focus on a singular issue that is impacting on them, and demand often radical action. Larger companies can generally afford to take a broader and more nuanced view, and have a wider range of policy priorities. These are large challenges requiring skilful leadership in order to inspire confidence that the EO's agenda is moving in a direction that satisfies all members, both large and small.

Arriving at a position that the broad membership will support can be, depending on the issue, very difficult. A call for policy or regulatory change will often be hampered by the fact that those who benefit from protection are more aggressive in resisting change than those that may potentially benefit from such a change.

For example take trade policy: the losses are usually concentrated in import-competing industries, while the gains by consumers and users of the goods concerned tend to be diffused.¹ In other terms, individual gains from reforms - while in the aggregate are usually greater than costs - tend to be dispersed, while losses are concentrated. Consequently, those who face losses resulting from liberalization have a greater incentive to invest in lobbying than those that may stand to gain from said liberalization.²

EXAMPLE I:

In order to increase demand and consumption, larger retailers may push the EO to advocate that extending retail trading hours will help facilitate this goal and, by extension, boost wider economic growth. Smaller retailers, being squeezed on costs and cash flow, may be against this provision as for them it would entail increased costs (e.g., through increases in wage premiums). *Which side does the EO take?*

EXAMPLE II:

Some large manufacturing members, facing decreased demand exacerbated by foreign competitors, may push the EO to advocate that government should introduce protectionist tariffs (or other non-tariff barriers) in their sector. This, of course, could institute retaliatory tariffs which would impact negatively on small exporters. *Which side does the EO take?*

EXAMPLE III:

Government is anxious to help reduce costs for exporters. Infrastructure and logistics are identified as two bottlenecks. A small number of trucking companies hold a monopoly and costs are high. Opening up the sector to more operators would both significantly reduce costs and improve services, in particular for small operators. The trucking companies are members and would fiercely resist any changes to the status quo. *Which side does the EO take?*

The abovementioned challenges underline the importance of two things. First, the basic philosophy of the organization (i.e. free trade, market-based principles, etc.). These principles are like an anchor for an EO, holding it firm as competing voices try to drag it in different directions. Secondly, ensuring that the governance and consultation structures of the organization enable the concerns of all actors to be elaborated so that a credible policy is put forward – one that achieves the best outcome for the EO's members as a whole.

This has led most employer organizations to develop statements of first principles that set out their objectives, such as the promotion, advancement, and protection of employers, particularly in the private sector.

**See Part 3 of the Toolkit for guidance on developing statements of first principles.*

The Tool below can assist EOs in mapping the impact of a particular policy or regulatory change and its likely or possible impact on its membership.

Indicate on a scale of 1 to 5 the impact on each category. In making this assessment, all the factors should be taken into consideration in giving a final score.

¹ Downs, 1954.

² Kruger, 1974.

(5)	(4)	(3)	(2)	(1)
Major Impact				No impact at all

MEMBERSHIP IMPACT ASSESSOR

NAME OF ISSUE:					
		Current membership (as %)	Membership growth in last 12 months (as %)	Remarks	Score
Sectors	Basic metal production				
	Chemical industries				
	Mechanical and electrical engineering				
	Mining (coal; other mining)				
	Oil and gas production; oil refining				
	Textiles; clothing; leather; footwear				
	Transport equipment manufacturing				
	Agriculture; plantations; other rural sectors				
	Construction				
	Food; drink; tobacco				
	Forestry; wood; pulp and paper				
	Commerce				
	Education				
	Financial services; professional services				
	Health services				
	Hotels; tourism; catering				
	Media; culture; graphic				
	Postal and other communication services				
	Public service				
	Transport (including civil aviation; railways; road transport)				
Utilities (water; gas; electricity)					
Shipping; ports; fisheries; inland waterways					
Other (specify)					

Firm size	<25				
	<50				
	<100				
	<250				
	>250				
Firm ownership	Nationally-owned firms				
	Foreign owned firms				
	Firms owned by women				
Geographic Regions	List regions below				