



# Belarusian Business Associations: Problems and Potential Development

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BEROC Policy Paper Series, PP no.5

## INTRODUCTION

*Consolidated entrepreneurship in Belarus is represented by two organizational types: business associations, i.e. associations including commercial organizations and entrepreneurs; and public associations of entrepreneurs consisting of individuals. The major aim of the study is to examine the existing obstacles for doing business in Belarus, as well as analyze the compliance of business associations activity in Belarus with the needs of business associations members and business in general.*

The research was focused on business associations (hereinafter referred to as BA) in Belarus. The subject of study was not bounded to the organizations having corresponding legal status, it also included public associations (PAs) and entrepreneurs' alliances (EAs). PAs and EAs were included into the research on the basis of the following formal criteria: the principle of organization's structure and operation, the objectives it pursues, and its mainstream activity. PAs and EAs were also chosen on the ground of expert opinion of BA leaders who believe these associations complement a comprehensive picture of business environment representations in Belarus.

The study was of an investigative nature and was aimed primarily at identifying the common problems and obstacles for doing business in Belarus, as well as describing business environment on the whole. Since the object of study was a group of respondents who were not always available (heads of BAs and alliances) the study required significant organizational effort and creating a broad survey network. However, taking into account the investigative nature of the research and limited resources of the Center a nonprobability surface sample was formed, which was done in the following way: a number of selected BAs represented associations of all the types (regional/republican and sectoral/non-sectoral). Then those respondents who agreed to take part in the survey were interviewed, which is acceptable for investigative studies implying the second research stage based on the primary data obtained.

The data were collected using the three methods simultaneously: questionnaire survey of BA members (presented by authorized representatives of BA members), questionnaire survey of BA representatives (presented by authorized BA representatives) and in-depth interviews with experts (presented by BA leaders). The study involved 10 experts, 15 BAs, 38 BA members. The average number of BA members participated in the study in the year of 2012 constituted 207.3, the number of members in the smallest interviewed association being 35, and 876 members in the largest one.

## 1. AIMS OF BUSINESS ASSOCIATIONS

BA mainstream activity is predetermined by its goals, that is why one of the study aims was to identify all the goals of examined BAs. In the course of analysis all the aims were divided into three groups:

1. Promotion and development of entrepreneurship, increasing competitiveness of enterprises and the economy sectors and economy of Belarus in general, stimulation of scientific and technological advance, professional development, training of specialists, improvement of BA members activity, promotion of social partnership system in Belarus;
2. Co-ordination of activities of the Association members;
3. Protection (representing and protecting the rights and legitimate interests: professional, social, cultural interests of BA members).

The research revealed that BA goals described in their charters are quite consistent with the ones stated by the experts during the interview, which confirms that BAs adhere to their original activity course.

## 2. ANALYSIS OF SERVICES PROVIDED BY BUSINESS ASSOCIATIONS

In general, mainstream activity and goals of BAs match. However, some services might differ depending on whether the organization is sectoral or not, republican or regional.

This section of the study includes several aspects: identifying the range of provided services, revealing the most significant ones both for BA members and BAs themselves, and comparing quality evaluation of the services.

### 2.1. Types of BA Services

To compile a list of BA services the data were obtained during the interviews, as well as BAs regulation documents were analyzed.

Regional associations act locally, while the republican BAs are seeking to address the issues of a national scale.

The experts identify the following main types of BAs activity:

1. Dialogue with the government.

Regional: interaction with local authorities in order to improve business environment and stimulate the development of business in the main city of the regions and in the region itself.

Republican: participation in creating legal, financial and organizational conditions for the development of private initiative in the Republic of Belarus.

Regardless of the type the associations tend to participate actively in all the actions aimed at improving legislation in the legislative process.

2. Partnership of the business and the government.

BAs seek active co-operation with state authorities by participating in legislative activities intended for creation and support of favorable environment for development of business and specific sectors.

### 3. Information and Consulting Support of BA Members.

Should BAs possess all the necessary resources they ~~explore every avenue to~~ provide their members with organizational, consulting and information support by conducting different kinds of research (market behavior, marketing and other research). Sectoral associations explore, summarize and spread best practices, make recommendations to their members on the important activity issues, analyze market conditions and economic trends, inform and make recommendations on these issues to BAs members.

### 4. Advocacy –Assertion/Protection and Promotion of Interests of the Society.

Activities aimed at assertion/protection and promotion of association's interests, as well the interests of its members is one of the main functions of a business association. It should be noted that BA activity within the framework of advocacy program includes not only the legal aid and support of BA members, but also the actions taken in the sphere of democratic reforms in order to improve the investment climate.

Major BA activities related to advocacy:

Leading BAs carry out individual work aimed at assisting BA members and leaders of partner associations: legal consultations, assistance in finding the necessary legal documents, preparation of claims, assistance with court cases, promotion and development of BA members' business.

Republican BAs participate mainly in creation of legal, financial and organizational conditions for the development of private initiative in the republic through co-operation with state authorities: associations inform the authorities about the updated problems of Belarusian entrepreneurship and make specific proposals aimed at improving business climate in Belarus.

5. Lobbying interests of association members (protection of interests of association members)
6. Organizing and holding thematic seminars
7. International co-operation.

Bellow are the results obtained from the questionnaire survey of BA members about the types of activities and services provided by BA:

**Table 1. Services Provided by BA**

Type of Activity	Provided, %
Promoting partnership development	97,4
Protection of interests in the government and state authorities	86,8
Providing information about local and international exhibitions, conferences and seminars	86,8
Educational programs	84,2
Development of external economic and international relations	81,6
Assistance in business development	73,7
Protection of interests in public and other organizations	71,1
Work with mass media	68,4
Assistance in individual and corporate image improvement	63,2
Legal consulting	57,9
Financial and investment consulting	47,4
Creation of the republican business network	2,6
Arbitration	2,6
Organizing and conducting public expertise of legislative and other acts	2,6
Assistance in development and introduction of innovations, promotion of innovative infrastructure and growth of economy	2,6

In the opinion of BA members the main type of associations' activity is promoting partnership development. The main types of activities also include protection of interests in the government and state authorities,

providing information about local and international exhibitions, conferences and seminars, educational programs and development of external economic and international relations.

Besides the activities specified in the questionnaire BA members stated the following activities implemented by their associations: creation of the republican business network, arbitration, organizing and conducting public expertise of legislative and other acts, assistance in development and introduction of innovations, promotion of innovative infrastructure and growth of economy.

## 2.2. Significance Evaluation of BA services

Moreover, in the course of the survey BA members and representatives were asked about the first-priority activities of their associations. There was obtained the following data:

**Table 2. Significance Evaluation of BA Services by BA members (BAM) and BA representatives (BA)**

Type of Activity	Significance		Rank	
	BAM	BA	BAM	BA
Protection of interests in the government and state authorities	2,63	4,47	1	1
Promoting partnership development	3,37	4,20	2	4
Protection of interests in public and other organizations	4,91	3,55	3	9
Assistance in business development	5,21	4,4	4	2
Development of external economic and international relations	5,91	4,07	5	5
Educational programs	6,06	4,29	6	3
Assistance in individual and corporate image improvement	6,14	3,87	7	8
Legal consulting	6,94	4	8	6
Financial and investment consulting	7,29	3,5	9	10
Providing information about local and international exhibitions, conferences and seminars	7,46	3,93	10	7
Work with mass media	8,79	3,87	11	8

To reveal similarities and differences in priorities setting among BA members and BA representatives, there were compared the data obtained from questionnaire survey of BA and BA members.

In the opinion of BA members, the most important activity is protection of interests in the government and state authorities. Then goes promoting partnership development and protection of interests in public and other organizations. The least significant activity from BA members' point of view is work with mass media, providing information about local and international exhibitions, conferences and seminars, and financial and investment consulting.

BA representatives ranged the activities in the following way: primarily important is to protect interests in the government and state authorities, then goes assistance in business development and educational programs.

In general the difference in evaluation the importance of services provided by the associations is insignificant. The major divergence of opinions is observed for the activity "protection of interests in public and other organizations". BA members put it on the third place, while BAs themselves give it only the ninth priority place. Moreover, BA rank educational programs, as well as providing information about local and international exhibitions, conferences and seminars higher than BA members (3<sup>rd</sup> place vs. 6<sup>th</sup> and 7<sup>th</sup> place vs. 9<sup>th</sup> respectively). Work with mass media is observed as more important by BA members in comparison with BA themselves (8<sup>th</sup> place vs. 11<sup>th</sup>).

### 2.3. Recommendations of BA Members on the Desired Types of Additional Services

The survey revealed a number of services currently not provided by BAs, but being still relevant.

In the opinion of BA members the associations should provide a number of services not mentioned in the questionnaire and not rendered by associations at present. All the proposals were divided into five groups. The most popular lacking service was marketing of BAs members.

**Table 3. Recommendations of BA Members on the Desired Types of Additional Services**

Groupa	Answers of Respondents (quotes)
Development of domestic partnership	<ol style="list-style-type: none"> <li>1. Activation of co-operation and interaction between BAs of the Republic of Belarus in order to elaborate a common strategy on key issues being of interest to BA members</li> <li>2. Assistance and collective support of BAs while working with clients, fiscal authorities and third parties</li> <li>3. Having a casting vote in decision-making in the government, and advisory vote in the Supreme Council</li> <li>4. Participation in government programs and volunteer projects, youth trainings</li> <li>5. Development of public-private partnership</li> <li>6. Co-operation between members on production load</li> </ol>
Development of foreign partnership	<ol style="list-style-type: none"> <li>1. Development of relations with foreign BAs, organizing meetings of business groups to discuss the activities of BAs</li> <li>2. Support in negotiations with foreign partners</li> <li>3. Business trips to Russia</li> </ol>
Providing information services	<ol style="list-style-type: none"> <li>1. Creating projects for BA members (business magazine, exhibition, training center, etc.)</li> <li>2. Consultations on business, advertising</li> <li>3. Access to the results of market research and impartial information on its participants</li> <li>4. Establishment of an information and consulting center</li> <li>5. Subscription to technical journals and literature on the main activity</li> </ol>
Conflicts resolution	<ol style="list-style-type: none"> <li>1. Obtaining information about unfair market participants</li> <li>2. Adhering to professional ethics</li> <li>3. Arbitration in conflict situations between members</li> </ol>
Providing advertising services	<ol style="list-style-type: none"> <li>1. Marketing of association's members</li> <li>2. Consultations on business problems and advertising</li> <li>3. Making use of association's image</li> </ol>

### 2.4. Quality Evaluation of BA Services

One of the aims of the study was to analyze the quality evaluation of BA services done by BA members, as well as to verify its evaluation conformity to the evaluation done by BAs themselves. The results of comparing service quality assessed by BA members and BAs are presented in table 4.

**Table 4. Quality Evaluation of BA Services by BA Members (BAM) and BA Representatives (BA)**

Service	Average Rating		Divergence of Rating	Rank	
	BAM	BA		BAM	BA
Providing information about local and international exhibitions, conferences and seminars	4,32	4,07	0,25	1	1
Work with mass media	4	3,87	0,13	2	3
Development of external economic and international relations	3,85	2,9	0,95	3	10
Assistance in individual and corporate image improvement	3,85	3,4	0,45	3	8
Educational programs	3,79	3,64	0,15	4	4
Promoting partnership development	3,74	3,93	-0,19	5	2
Protection of interests in public and other organizations	3,74	3,5	0,24	5	6

Service	Average Rating		Divergence of Rating	Rank	
	BAM	BA		BAM	BA
Protection of interests in the government and state authorities	3,71	3,47	0,24	6	7
Legal consulting	3,61	3,38	0,23	7	9
Assistance in business development	3,38	3,53	-0,15	8	5
Financial and investment consulting	3,07	2,9	0,17	9	11

To identify the adequacy of quality evaluation of BA services, the quality of services were assessed both by BA members and BAs themselves and the results were compared with each other. According to BA members, the most highly rated services were: providing information about local and international exhibitions, conferences and seminars, work with mass media, development of external economic and international relations, and assistance in individual and corporate image improvement.

BA representatives believed that the most highly rated services assessed by BA members would be providing information about local and international exhibitions, conferences and seminars, promoting partnership development, and work with mass media.

In general BAs underestimate the quality evaluation of services done by BA members. Only two types of services were rated by BA members lower than it was expected by BAs: promoting partnership development – by 0.19 points and assistance in business development – by 0.15 points.

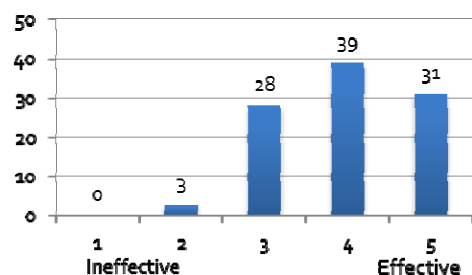
Divergence in service quality rating constituting 0.3 points and more is observed for the services of the development of external economic and international relations (BA members rated the quality to 0.95 points higher than BAs expected) and assistance in individual and corporate image improvement (BA members rated the quality to 0.45 points higher than BAs expected).

## 2.5. Effectiveness of BA Activity

Along with evaluating the relevance and quality of certain BA services, BA members were also asked to evaluate the effectiveness of their BAs in general.

The results showed that the majority of BA members consider their BAs to be effective. Answers distribution was as follows: 70% of BA members considered the activity of their BA to be generally effective, and only 3% of respondents believed it to be generally ineffective.

**Diagram 1. Effectiveness of BA Activity**



### 3. MAIN QUANTITATIVE CHARACTERISTICS OF BAs

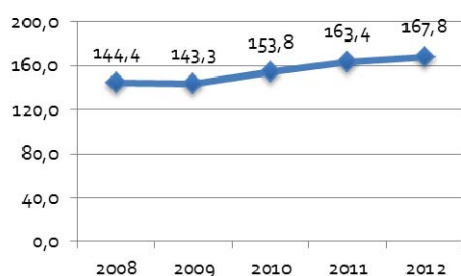
The study presents an analysis of several quantitative characteristics of BAs: the number of BA members in dynamics over the years and the ratio of representatives from the businesses of different size (large, medium, small-scale businesses and entrepreneurs respectively). The analysis is based on the data obtained during the questionnaire surveys, as well as expert opinions on the results of in-depth interviews.

#### 3.1. The Average Number of Members over the Years

The data on the number of BA members in dynamics over the years obtained during the survey are presented without extremes in diagram 2.

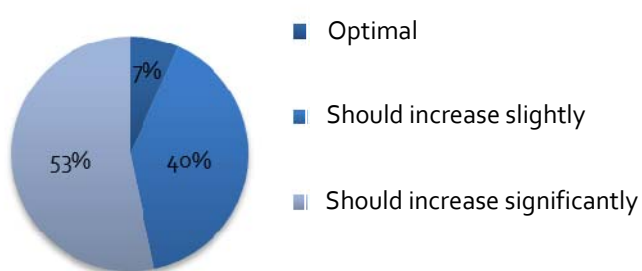
Over the period from 2008 to 2012 there was a slight increase in the number of BA members. In general the dynamics over the stated period was insignificant.

**Diagram 2. The Average Number of BA Members over the Years**



BA representatives were asked whether they were satisfied with the number of members of their association. Responses to this question were as follows: the majority of respondents (93%) believed that the number of BA members should increase, of which 53% believed that the number should increase significantly.

**Diagram 3. Estimating the Number of BA Members by BA Representatives**



Moreover, the question about the number of BA members was asked during the interview with experts. No positive response was received to the question about satisfaction with the current number of BA members. The majority of BAs would like to increase the number of members; many of them set a task to increase the number of members and were permanently working on it.

There were claimed the following reasons for increasing the number of BA members:

- Improvement of financial well-being (the amount of member fees is proportional to the number of members).
- Integration of all the professional and active representatives of business community within one association.

The experts indicated a number of obstacles for attracting new members:

- Lack of PR (distrust of advertising, lack of financial resources for advertising)
- As of today the Belarusian business is not inclined to consolidate ("The association cannot be considered as a tool for communication with the government - big business addresses their issues directly, while small businesses find no point in the union, as the regional associations and until recently even the republican associations had no chance to lobby for the common interests of business")

### 3.2 Special Actions to Attract New Members

Answering the question about the measures undertaken by BAs to attract new members to their organization many BA representatives admitted that ~~the~~ no actions are taken. As a rule the initiative to join the BA comes from the entities themselves which obtain information about the existence of a BA from its actual members.

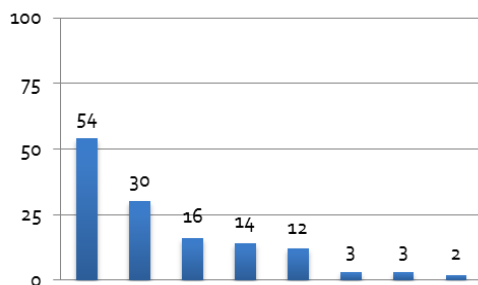
Those BAs that do take actions to attract new members use the following methods:

- Advertising in mass media (Internet, informational mailings, newspapers and magazines)
- Participation in forums, exhibitions, conferences
- Accepting new BA members based on the recommendation of an actual member.

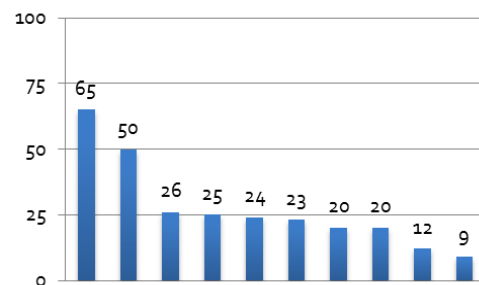
### 3.3 The Ratio of Representatives from Large, Medium and Small-scale Businesses in the Studied BAs

The ratio of representatives from the businesses of different size presented in each association was chosen as one of the quantitative characteristics of BA. The analysis revealed the number of associations which include representatives of large, medium, small-scale businesses and entrepreneurs. Moreover there were identified typical BAs having representatives from business organizations of a certain size in its structure.

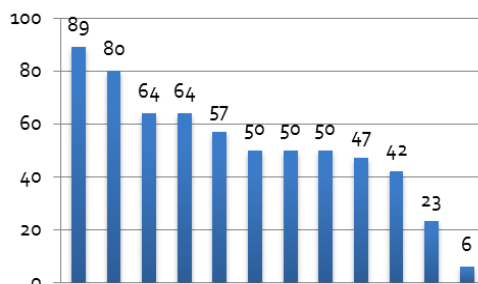
**Diagram 4. The Ratio of Representatives from Large-scale Businesses in the BA, %**



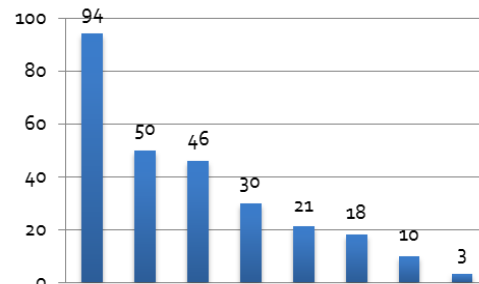
**Diagram 5. The Ratio of Representatives from Medium-scale Businesses in the BA, %**



**Diagram 6. The Ratio of Representatives from Small-scale Businesses in the BA, %**



**Diagram 7. The Ratio of Entrepreneurs in the BA, %**





The majority of studied BAs are mixed, i.e. include representatives of large, medium and small-scale businesses and entrepreneurs.

8 out of 15 BAs have representatives of large-scale businesses in their structure. Associations presenting BAs with the predominant ratio of large-scale business representatives account for 54% of the total number of members.

10 out of 15 associations have representatives of medium-scale businesses in their structure. Typical representative of an association of such a type include 65% representatives of medium-scale businesses.

12 out of 15 associations have representatives of small-scale businesses in their structure, 8 of them being represented by 50% and more small-scale businesses. Typical representative of an association with the highest ratio of small-scale businesses include 89% representatives of small businesses.

8 out of 15 associations have entrepreneurs in their structure; a typical representative of such a BA includes 94% entrepreneurs of the total number of members.

## 4. BA FUNDING

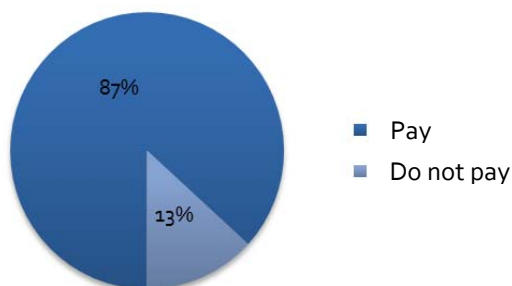
One of the study aims was to analyze the changing dynamics of membership fee over the years (the number of fees paid and its amount), as well as identify the alternative sources of funding (besides membership fees). It was also important to reveal the main obstacles faced by BAs for attracting additional funding.

The study showed that the membership fee policy depends greatly on BA type (regional/republican, sectoral/non-sectoral), that is why the results are almost impossible to compare. Nevertheless, it should be noted that the dynamics of fee growth over the years is hardly observed in the associations.

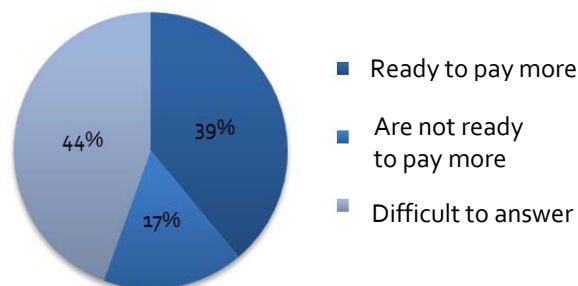
### 4.1. Membership Fee Payment.

The following responses were obtained for the question about payment of a membership fee and readiness to pay increased fees in exchange for the additional BA services:

**Diagram 8. Payment of Membership Fee by BA Members**



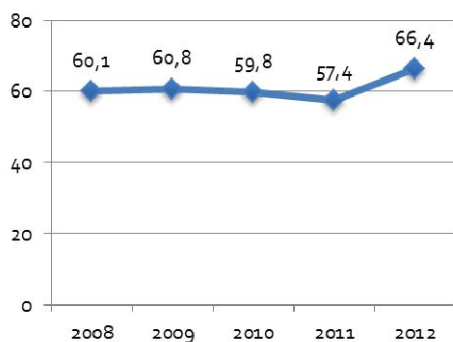
**Diagram 9. Readiness to Pay Increased Fees for the Additional Services needed by organizations**



The majority of respondents (87%) pay membership fee, 39 % of them being ready to pay more in exchange for provision of additional services.

The data on changes in the percentage of the fees paid by BA members obtained from questionnaire results are presented excluding the extreme values in the Diagram 10.

**Diagram 10. Percentage of the Fees Paid by BA Members**



In the analyzed period (2008-2012) the percentage of fees paid by BA members did not change a lot and constituted 60%.

#### 4.2. Alternative Sources of BA Funding

Speaking about the alternative BA funding the respondents indicated the following sources: "sponsorship" - 36%, "commercial activity" (consulting, informing, other paid services) - 27%, "grants" - 27%, "providing information services" - 18%. 9% each were obtained by "interest from bank deposits", "holding exhibitions", "rent" and "target payments."

**Table 5. Alternative Sources of BA Funding**

Source	Used, %
Commercial activity	27,3
Sponsorship	36,4
Grants	27,3
Providing information services	18,2
Interest from bank deposits	9,1
Holding exhibitions	9,1
Rent	9,1
Target payments	9,1

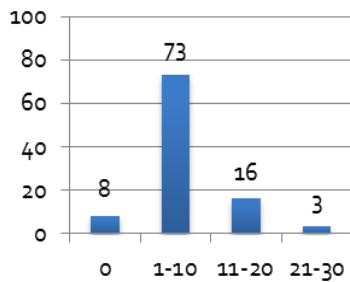
In experts' opinion, attracting funding from alternative sources is quite a challenge, because this process is strictly regulated and requires serious time and human resources due to the numerous systematic bureaucratic procedures.

## 5. INTERACTION INTENSITY BETWEEN BAs AND BA MEMBERS

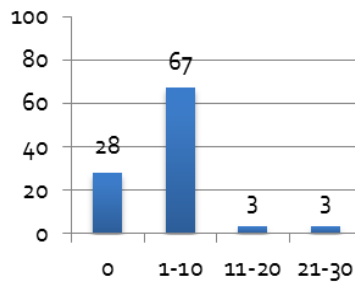
The intensity of interaction between BAs and their members is primarily characterized by such factors, as frequency of meetings with BAs, frequency of BA services usage and participation in BA events.

The corresponding data obtained from the questionnaire are presented in Diagrams 11-13.

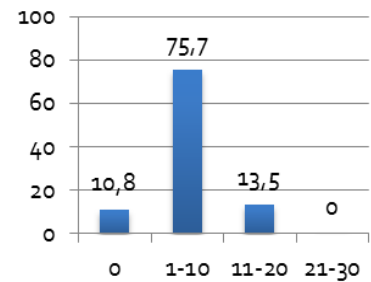
**Diagram 11. Percentage of BA Members Meeting BA Representatives (once a year)**



**Diagram 12. Percentage of BA Members Using BA Services (once a year)**



**Diagram 13. Percentage of BA Members Participating in BA Events (once a year)**



In general, survey results showed that BA members do interact with BA representatives. 73% of interviewed members met BA representatives with a frequency of 1 to 10 times, 68% - used BA services, 76% - took part in BA events. Tense communication (from 11 to 30 times a year) was observed in 18% of cases when BA members met BA representatives, 6% when they used BA services, 14% when they participated in BA events. At the same time 8% of respondents did not meet BA representatives during the year, 28% did not use BA services, and 11% did not participate in BA events.

## 6. BA PRESTIGE AND AUTHORITY

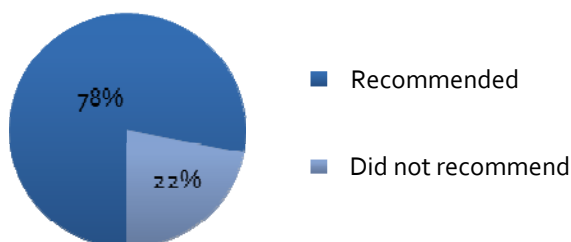
This section studies the assessment of BA prestige and authority by BA members based on the following factors: recommendations to join the BA and the result of the latest recommendation, assessment of the importance of joining the BA, and evaluation of the impact the BA has on policy development on the national level.

### 6.1 Recommendation to Join BA and the Results of The latest Recommendation

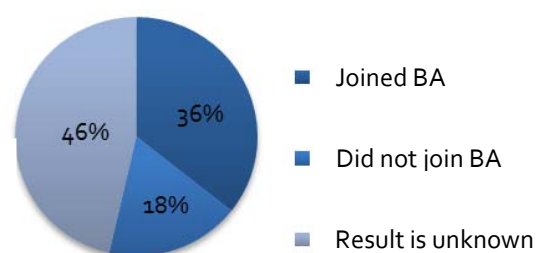
The assessment of BA image and prestige by BA members themselves can be measured by such a factor as a recommendation given to the colleagues to join the BA and the result of this recommendation.

The obtained data showed the following results:

**Diagram 14. Recommendations of BA members to join their BA**



**Diagram 15. The result of the Latest Recommendation**

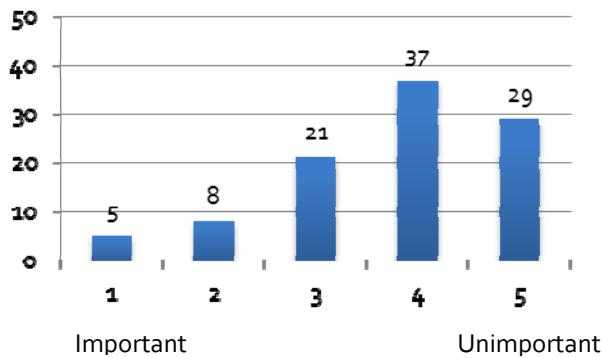


78% of respondents recommended to join their BA, 36% of recommendations resulted in favor of the association, new members followed the advice and joined the BA.

## 6.2 Evaluating Benefit from Joining the BA

Answering the question about the benefits for BA members gained from joining an association, 66% of respondents found it useful for their business, while 13% considered it to be useless and unimportant for doing business, that is quite a good result.

Diagram 16. Evaluating Benefit from Joining the BA



## 6.3 Assessment by BA Members of BA Impact on Policy-Making and its Realization at the National Level

In the opinion of BA members, the potential impact of BAs on policy making and its realization at the national level differs from the real impact exerted in practice.

The following results were obtained during the survey:

Diagram 17. Assessment by BA Members of BA Potential Impact on Policy-Making and its Realization at the National Level

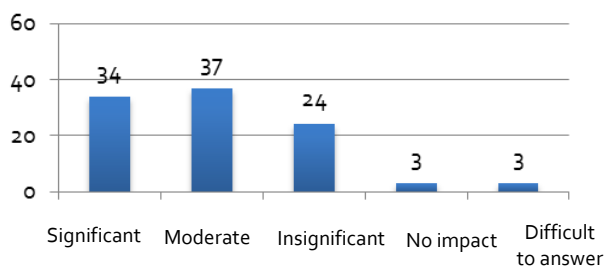
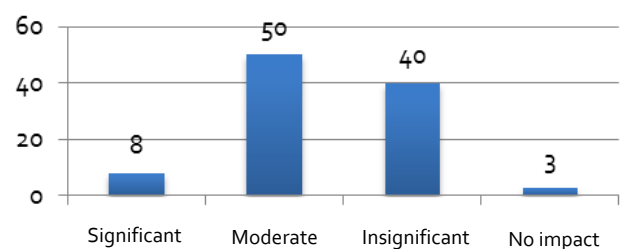


Diagram 18. Assessment by BA Members of BA Real Impact on Policy-Making and its Realization at the National Level



The majority of BA members (95%) believe the BA can influence policy making and realization at the national level, 34% of them considering this impact to be significant. Only 8% of respondents regard the real influence in practice as important, while 50% assess it as moderate.

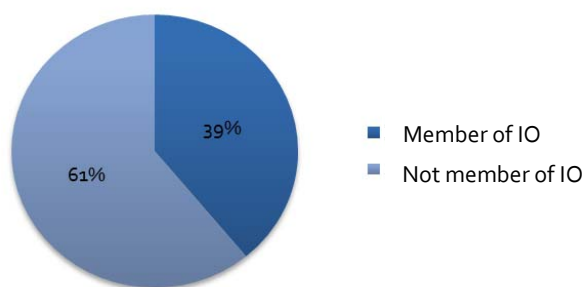
## 7. BA MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS AND PROGRAMS ON INTERNATIONAL CO-OPERATION

The study was also aimed at identifying international organizations BAs are part of, as well as international co-operation programs which involve BAs as participants and serve for their common good.

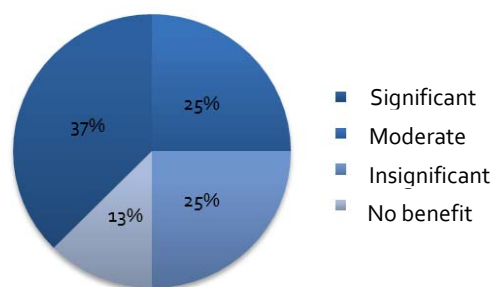
### 7.1 BA Membership in International Organizations

The following results related to BA co-operation with international organizations were obtained during the survey:

**Diagram 19. BA Membership in International Organizations (IO)**



**Diagram 20. Evaluation of Benefits from Membership in International Organizations**



39% of respondents are members of international organizations, 38% of them believe it to be useful for them. 13% of respondents consider that membership in an international organization is of no use for their BA.

The major benefits for BAs of being a part of an international organization include: "enhanced co-operation" (75% of respondents), "improved public image of BA" (63% of respondents) and "exchange of new ideas" (50% of respondents). It should be noted that no one chose a response "access to external sources of funding" as a benefit for their BA, i.e. the associations do not use membership in the international organizations as a means to get an access to alternative funding. The survey results are provided in Table 6.

**Table 6. Benefits for BAs from Membership in International Organizations**

Benefits	% of answers
Exchange of new ideas	50
Enhanced co-operation	75
Improved BA image	62,5
Access to external sources of funding	0
Assistance in implementing investment projects	12,5
Obtaining useful information	25

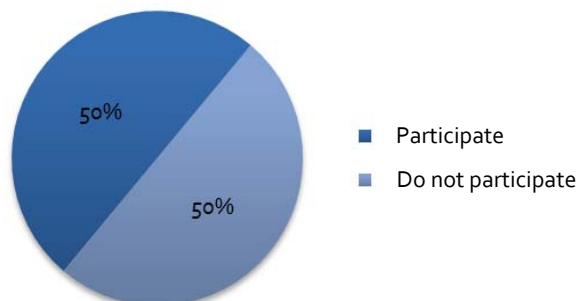
The list of international organizations which include Belarusian BAs in their structure:

- European Confederation of Associations of Small and Medium-sized Enterprises (CEA-PME)
- World Trade Center Poznan Club (WTC-Poznan)
- International Congress of Industrialists and Entrepreneurs
- The World Information Technology and Services Alliance (WITSA)
- DigitalEurope
- International Road Transport Union (IRU)
- International Valuation Standard Council (IVSC)
- Council of Association Appraisers Eurasia

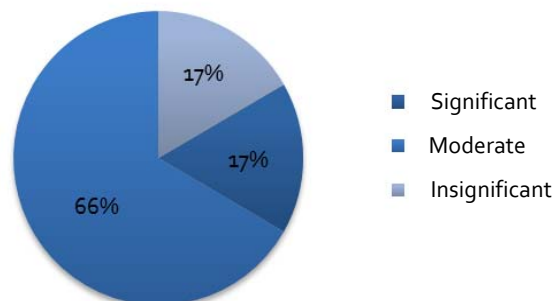
## 7.2 BA Participation in the Programs on International Co-operation

In the course of the survey there were obtained the following results regarding participation of BAs in the programs on international co-operation:

**Diagram 21. BA Participation in International Co-operation Programs**



**Diagram 20. Evaluation of Benefits for BA from Participation in International Co-operation Programs**



50% of BAs participate in the international co-operation programs and consider it to be useful for their association, 16% of them being certain it brings significant benefit.

The major benefits of participation in international co-operation programs stated in the questionnaire are: "enhanced co-operation", "exchange of new ideas", "access to external sources of funding", "improved public image of BA". Besides the answers specified in the questionnaire the respondents also listed "expanded range of services for BA members and improvement of its quality", "more constructive dialogue with the business", "participation in internships, conferences".

**Table 7. Benefits for BA from Participation in International Co-operation Programs**

Benefit	% of answers
Exchange of new ideas	83,3
Enhanced co-operation	100
Improved BA image	50
Access to external sources of funding	83,3
Expanded range of services for BA members and improvement of its quality	16,7
More constructive dialogue with the business	16,7
Participation in internships, conferences	16,7

The list of programs on international co-operation involving the examined BAs:

1. Eastern Partnership
2. Belarus Support Program (Germany)
3. UNDP
4. Eastern Committee of German Economy
5. Eurasia Foundation (USAID)
6. ILO
7. U.S. Embassy projects
8. CIPE
9. Polish Aid
10. Trade and investment programs of the International Congress of Industrialists and Entrepreneurs
11. Cross Border Cooperation Programme "Poland - Belarus - Ukraine" for the period from 2007 to 2013 (in co-operation with the Association of Road Carriers in Podlasie and Grodno University)
12. Projects related to the development of a regulatory framework for international leasing within the CIS
13. European Dialogue on Modernisation with Belarus

## 8. BA ENVIRONMENT AND ITS IMPACT ON BA ACTIVITY

The study examined the environment of BAs and its impact on associations' activity. BA representatives were interviewed about political, economic and social factors affecting the BA activities. One of the aims of the questionnaire was to reveal the factors singled out by experts.

The following political factors were listed: attitude of government towards business in general and BA in particular, interaction between business and government and state system of decision-making related to business.

Experts' opinions concerning the impact of political factors were divided:

1. Political factors do not hinder BA activities and business development in general;
2. Political factors hinder the development of BAs and business in general;
3. Neutral position (BAs do business, not politics and are not interested in it for as long as the political factors do not interfere with it).

To experts' mind, the above listed factors affect BA activities and business development in the following way:

1. Attitude of government towards business and BAs in particular. The government gives preference primarily to the development of state business (state protectionism of state-owned enterprises) and pays less attention to private business (fewer guarantees and support). As for the attitude towards BAs the government remains neutral, because BAs are regarded as organizations dealing more with technical issues of business functioning rather than being involved into politics. Moreover, according to experts, the government shows little interest in the activities of BAs: "In our hierarchical government system the level of a BA event is measured by the position of ~~bureaucrats~~ public person attending it. In our country Deputy prime minister, Prime minister or President never visit the events organized by BAs. This confirms that our organizations have no real authority."
2. Interaction between business and government. Communication channels between business and government are not used regularly, and the leading republican associations of Belarus are constantly working on establishing and strengthening contacts with the government. In experts' opinion the most successful examples of co-operation between government and business are signing of Directive №4 as of 31.12.2010 and participation in community and advisory boards. BAs are more interested in establishing a constructive dialogue with the government. According to some experts, "the government attempts to consider interests of entrepreneurship, but the time for the dialogue hasn't started yet, so the problem is not in BAs. Authorities do understand that the process of co-operation needs to be initiated, but the positive actions are delayed." Moreover, experts from the regions noted some mistrust and resistance from local authorities. "At the government level the authorities recognize business as an established segment of economy, but local resistance is tangible enough. Local authorities and businessmen are still on the opposite sides of the barricade. We are opposed not to the authorities in general, but to the local officials".
3. State system of decision-making related to business. "Our system of public administration works vertically and follows the directives... should we turn to democratic principles in administrative system, civil society would become more active, as well as business and etc. In such a system the decisions are made by consensus in contrast to the vertical system of public administration based on orders. It can't but affect entrepreneurs' activity."

Political factors are closely connected with economic ones. For example, economic reforms belong to economic factors, but serious decisions related to economic reforms are taken at the political level. According to the experts the authorities are not going to change the existing economic model and seek to preserve status-quo, while business sector is interested in reforms and BAs, in their turn, are ready to support it. In experts' opinion economic factors include instability of economic environment, as well as government's attitude to private property and privatization issues.

Opinions of experts related to economic factors and their impact on BA activity do not differ that much. The majority of experts note an occasional character of economic factors impact on BA activity: a range of services provided by BA depends on the economic environment. During the interview the two main economic factors affecting BA activity were identified:

1. Instability of economic environment (economic crises, high inflationary expectations increased after the crisis of March 2011, devaluation risk) predetermines the general direction of BA activity.
2. Government's attitude to private property and privatization issues. "Our main goal at present is to consolidate small-scale privatization to make it possible that the tenant becomes an owner." "The litmus indicator for me is settling down the property issues. By and large government's respect of private property is a basis of economic development of the country. No one would invest one's one effort and human resources into something that can easily be taken away. That is why I do not recommend any small or medium private business to develop further. The alternative is to establish personal contacts with the state authorities which would give you some guarantees. But I personally do not support this idea, I believe these guarantees to be granted by law and be equal and obligatory for everyone." BAs have direct interest in settlement of privatization problem in order to strengthen the private sector. But again the decisions related to privatization are made at the political level.

As for social factors experts assess their impact as significant for BA activity and distinguish the following:

1. Shortage of skilled personnel (education does not meet the standards, lack of skilled specialists in the regions)
2. "Entrepreneurial incompetence" of the officials (being unaware of the basics of entrepreneurship, professional ethics, etc.)
3. Law unemployment does not stimulate competition negatively affecting the development of business.

## 9. MAJOR BUSINESS AND BA PROBLEMS

One of the aims of the study was to indicate the main obstacles for doing business, as well as BA problems associated with it. The corresponding data were obtained during in-depth interviews with BA experts. According to them, the existing problems are different by their character and the difference depends on BA type (i.e. regional BAs have problems different from the ones existing in large republican BAs). At the same time experts have common opinions on key issues.

BA representatives list the following most severe problems:

1. Administrative interference in the economy of enterprises
2. Unstable and ~~inadequate~~ imperfect legislation
3. Lack of guarantees for private property, biased state control
4. Existing system of state decision-making on the issues affecting business (business representatives cannot influence legislative decisions).

It should be noted that republican BA representatives are more concerned with the problems of republican level, while regional BA representatives have more local concerns.

The experts gave the following recommendations to improve the current situation:

1. To establish real co-operation between the business and the authorities (the authorities do not initiate a dialogue with business, the interests of entrepreneurs and BAs are not taken into account and have no real value, the authorities suspend launching transformations)



2. Concepts for business development (for example, new concept of industrial policy) should be developed with regard to the interests of business (a dialogue with the government); and an elaborated concept is not enough, there should also be real instruments and mechanisms for its implementation (for example, financial sources)
3. To establish contacts with local authorities to ensure that directives, decrees and laws are observed at a higher level in the regions.
4. Improve material procurement (for example, to restore the previous law on public organizations to enable them earn according to non-commercial rules).

## 10. BA ACTIVITY RESULTS AND STRATEGIC PLANS

The data on the results of BA activities were obtained from in-depth interviews with BA experts. One of the aims was to reveal what is considered as a result of BA activity according to BA leaders and how they measure it.

The experts listed the following results of BA activity:

1. Increased size of the organization (attraction of new members)
2. Participation in the development of legislation (Directive №4, changes in the regulatory framework)
3. Lobbying interests of members (through participation in various programs)
4. Stimulating a dialogue with authorities
5. Holding educational seminars
6. Creating business network (including those of a republican level)
7. Simplification of tax system
8. Creation of entrepreneurship councils
9. Consulting (participation in advisory boards)

Strategic plans claimed by BA leaders can be divided into three main groups:

### 1. *Growth (focus on quantity):*

- Increasing the number of active BA members
- Increasing the number of BA members to make it larger.

### 2. *Focus on quality:*

- Attracting professionals to improve the quality of organization
- Providing more qualitative work and services

### 3. *Other:*

- Creation of a business-friendly environment
- Obtaining more authority to develop regulatory framework
- Development of a new vector: participation in educational processes
- International vector
- Creation of a self-regulation system
- Establishing the Discussion club

## CONCLUSION:

1. BAs regardless of their type have common aims and vector of activities
2. BAs have common strategy, but implement it in a different way depending on their type
3. In general BA members consider the services provided by BAs to be of high quality and their activity to be effective and efficient
4. BAs evaluate adequately the quality of their own services
5. BAs respond adequately to the needs of their members for specific services
6. Growth in the number of BA members within the period from 2008 to 2012 was insignificant and BAs are not satisfied with the number of BA members and regard expanding of the association as one of their major objectives
7. The majority of BAs are of a mixed type having entrepreneurs and representatives from businesses of different size in their structure
8. On the average around 60% of BA members pay membership fees, the dynamics of changing the fee amount is hardly observed
9. The main alternative source of BA funding is sponsorship; there is a real need to amend the existing legislation on alternative sources of funding for BA
10. Interaction between BAs and their members is well organized
11. BA members believe that BAs might have a significant impact on policy-making at the national level, but in practice this influence is limited enough
12. BAs are members of international organizations and participants of programs on international co-operation, and consider such a co-operation to be useful for their organizations
13. BA members do not regard participation in international programs as an additional source of funding
14. BA environment influence greatly the character of BA activity, the impact of political factors on BAs is seen by experts differently (some experts believe these factors hinder the development of BAs and business in general, some of them don't think so or take the neutral position); the impact of economic factors is different in various situations, and the impact of social factors is regarded as being very significant
15. In the opinion of experts, the main problems and obstacles for BAs and business are: administrative interference in the economy of enterprises, unstable and inadequate legislation, lack of guarantees for private property, biased state control, current system of state decision-making on issues related to business activities

## METHODOLOGY SECTION

### Attachment 1. Distribution of Answers in the Questionnaire for BA Member

**Question 2.** Range the following aims you pursued when joining BA in the order of importance from 1 to 11, where 1 is extremely important and 11 is not important at all.

Rank	Aim	Importance
1	Protection of interests in the government and state authorities	2,63
2	Promoting partnership development	3,37
3	Protection of interests in public and other organizations	4,91
4	Assistance in business development	5,21
5	Development of external economic and international relations	5,91
6	Educational programs	6,06
7	Assistance in individual and corporate image improvement	6,14
8	Legal consulting	6,94
9	Financial and investment consulting	7,29
10	Providing information about local and international exhibitions, conferences and seminars	7,46
11	Work with mass media	8,79

**Question 3.** Which of the following activities are implemented by your BA?

Type of activity	Yes, %	No, %
Promoting partnership development	97,4	2,6
Protection of interests in the government and state authorities	86,8	13,2
Providing information about local and international exhibitions, conferences and seminars	86,8	13,2
Educational programs	84,2	15,8
Development of external economic and international relations	81,6	18,4
Assistance in business development	73,7	26,3
Protection of interests in public and other organizations	71,1	28,9
Work with mass media	68,4	31,6
Assistance in individual and corporate image improvement	63,2	36,8
Legal consulting	57,9	42,1
Financial and investment consulting	47,4	52,6
Creation of the republican business network	2,6	97,4
Arbitration	2,6	97,4
Organizing and conducting public expertise of legislative and other acts	2,6	97,4
Assistance in development and introduction of innovations, promotion of innovative infrastructure and growth of economy	2,6	97,4

**Question 5.** Rate the quality of the services provided by BAs in the following areas

Ранг	Service	Rating
1	Providing information about local and international exhibitions, conferences and seminars	4,32
2	Work with mass media	4
3	Development of external economic and international relations	3,85
3	Assistance in individual and corporate image improvement	3,85
4	Educational programs	3,79
5	Promoting partnership development	3,74
5	Protection of interests in public and other organizations	3,74
6	Protection of interests in the government and state authorities	3,71
7	Legal consulting	3,61
8	Assistance in business development	3,38
9	Financial and investment consulting	3,07

**Question 6.** Do you consider the activity of your BA to be effective? (from 1 to 5)

Mark	% of answers
1	0
2	2,8
3	27,8
4	38,9
5	30,6

**Question 7.** How many times did you visit BA's office or meet BA representatives last year? How many times did you use the service provided by BA last year? How many events organized by BA did you visit during last year?

Number of times	Met BA representatives, %	Used BA services, %	Participated in BA events, %
0	8,1	27,8	10,8
1-10	72,9	66,7	75,7
11-20	16,2	2,8	13,5
21-30	2,7	2,8	0

**Question 8.** Did you recommend anyone to join the BA?

Answer	%
Recommended	77,8
Did not recommend	22,2

**Question 9.** The result of the latest recommendation

Answer	%
Joined BA	35,7
Did not join BA	17,9
The result is unknown	46,4

**Question 10.** Do you pay BA membership fee?

Answer	%
Pay	86,8
Do not pay	13,2

**Question 11.** Are you ready to increase membership fee in exchange for providing additional services needed to your organization?

Answer	%
Ready	38,9
Not ready	16,7
Difficult to answer	44,4

**Question 12.** Evaluate the importance of joining BA (How useful is it for the business in Belarus?) from 1 to 5

Answer	% of answers
1	5,3
2	7,9
3	21,1
4	36,8
5	28,9

**Question 13.** Do you think BAs can make an impact on policy-making and its realization at the national level?

Answer	% of answers
Significant impact	34,2
Moderate	36,8
Insignificant	23,7
No impact	2,6
Difficult to answer	2,6

**Question 14.** In your opinion, what impact on policy-making and its realization at the national level is really made by BAs in practice?

Answer	% of answers
Significant impact	7,9
Moderate	50
Insignificant	39,5
No impact	2,6
Difficult to answer	0

## Attachment 2. Distribution of Answers in the Questionnaire for BA Representatives

### Question 4. Type (What is the type of your BA?)

Answer	%
Sectoral	26,7
Non-sectoral	73,3

### Question 5. territorial jurisdiction (What is the territorial jurisdiction of your BA):

Answer	%
Republican	50
Regional	50

### Question 8. Range the type of services provided by your BA to its members in the order of importance

Rank	Service	Importance
1	Protection of interests in the government	4,47
2	Assistance in business development	4,4
3	Educational programs	4,29
4	Promoting partnership development	4,20
5	Establishment of contacts and relations	4,07
6	Legal consulting	4
7	Providing information about events	3,93
8	Assistance in image improvement	3,87
8	Work with media	3,87
9	Protection of interests in organizations	3,55
10	Financial and investment consulting	3,5

### Question 10. Do you consider the number of your BA members to be optimal?

Answer	%
Optimal	6,7
Should slightly increase	40
Should significantly increase	53,3

### Question 13. To what extent are your BA members satisfied with the quality of services provided by your BA in the following areas?

Rank	Service	Mark
1	Providing information about events	4,07
2	Promoting partnership development	3,93
3	Work with media	3,87
4	Educational programs	3,64
5	Assistance in business development	3,53
6	Protection of interests in organizations	3,5
7	Protection of interests in the government	3,47
8	Assistance in image improvement	3,4
9	Legal consulting	3,38
10	Establishment of contacts and relations	3,33
11	Financial and investment consulting	2,9

**Question 16.** Alternative sources of funding (List other sources of funding besides membership fees)

Source	Yes, %	No, %
Commercial activity	27,3	72,7
Sponsorship	36,4	63,6
Grants	27,3	72,7
Providing information services	18,2	81,8
Interest from bank deposits	9,1	90,9
Holding exhibitions	9,1	90,9
Rent	9,1	90,9
Target payments	9,1	90,9

**Question 17.** Is your BA a member of an international organization?

Answer	%
Yes	38,5
No	61,5

**Question 18.** Give the full name of the following organizations

1. European Confederation of Associations of Small and Medium-sized Enterprises (CEA-PME)
2. World Trade Center Poznan Club (WTC-Poznan)
3. International Congress of Industrialists and Entrepreneurs
4. The World Information Technology and Services Alliance (WITSA)
5. DigitalEurope
6. International Road Transport Union (IRU)
7. International Valuation Standard Council (IVSC)
8. Council of Association Appraisers Eurasia

**Question 19.** Does being a member of an international organization bring any benefits to your BA?

Answer	%
Significant	37,5
Moderate	25
Insignificant	25
No benefits	12,5

**Question 20.** What is the benefit for your BA from a membership in an international organization?

Benefit	Yes, %	No, %
Exchange of new ideas	50	50
Enhanced co-operation	75	25
Improved BA image	62,5	37,5
Access to external sources of funding	0	100
Assistance in implementing investment projects	12,5	87,5
Obtaining useful information	25	75

**Question 21.** Participation in the programs on international co-operation (Does your BA participate in international co-operation programs?)

Answer	%
Yes	50
No	50

**Question 22.** Give the names for the following programs

1. Восточное партнёрство
2. Eastern Partnership
3. Belarus Support Program (Germany)
4. UNDP
5. Eastern Committee of German Economy

6. Eurasia Foundation (USAID)
7. ILO
8. U.S. Embassy projects
9. CIPE
10. Polish Aid
11. Trade and investment programs of the International Congress of Industrialists and Entrepreneurs
12. Cross Border Cooperation Programme "Poland - Belarus - Ukraine" for the period from 2007 to 2013 (in co-operation with the Association of Road Carriers in Podlasie and Grodno University)
13. Projects related to the development of a regulatory framework for international leasing within the CIS
14. European Dialogue on Modernisation with Belarus

**Question 23.** Is participation in programs useful for BA?

Answers	%
Significant	16,7
Moderate	66,7
Insignificant	16,7
No use	0

**Question 24.** What is the benefit for BAs from participating in the programs?

Benefits	Yes, %	No, %
Exchange of new ideas	83,3	16,7
Enhanced co-operation	100	0
Improved BA image	50	50
Access to external sources of funding	83,3	16,7
Expanded range of services for BA members and increased quality	16,7	83,3
More constructive dialogue with business	16,7	83,3
Participation in internships, conferences	16,7	83,3