



A JOURNEY TOWARD LINKAGE

Best practices
of Vietnamese Business Associations
and Self-assessment Tool



Australian Government
Department of Foreign Affairs and Trade





Founded in 1963, the Vietnam Chamber of Commerce and Industry (VCCI) is a national organization that assembles and represents the business community, employers, and business associations of all economic sectors in Vietnam. The mission of VCCI is to protect and assist business enterprises, to contribute to the socio-economic development of the country, and to promote economic, commercial, and technological cooperation between Vietnam and other countries in the world.

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Hanoi 3/2015

FOREWORD

Connectivity enhancement is becoming an important requirement for Vietnamese businesses. Foremost, it is need by Vietnamese businesses themselves as they lack experience and competence in comparison to those in other countries. To improve on credibility, competence and competitiveness on international market, businesses need strong connectivity to gain advantage in market knowledge, improve negotiating skills with suppliers, create favorable conditions in training and education, and establish own stance and voice in advocacy activities. Despite its importance, it is connectivity that is the inherited weakness of Vietnamese businesses, which, as some experts put it, are now like “junks sailing to open sea”. Business associations – important institutions in business linkage – are facing numerous difficulties and not proving themselves effective. Therefore, improving efficiency of business associations is a must-do, an important solution for enhancement of connectivity in order to raise competitiveness of Vietnamese businesses.

In your hands now is a publication by Vietnam Chamber of Commerce and Industry and The Asia Foundation, which is supported by Department of Foreign Affairs and Trade of Australia (DFAT). The publication tables out suggestions and solutions for Vietnamese business associations in capacity raising, with ultimate goal of effective performance and dynamic and comprehensive development. It also lists out best practice cases by business associations in Vietnam, which were selected based on actual success, so that other associations may refer to and implement as needed. For the first time, the publication provides a toolkit for business associations to conduct competence self-assessment and position themselves by international standards and Vietnam reality. All are realistic and concrete solutions that can help business associations improve own competence.

Strong, effective business associations enable stronger connectivity by Vietnamese businesses; and as such, stronger competitiveness. And though “consolidating junks” is certainly not an easy process, we believe that little steps help make new path, and you will never reach your destination unless you start walking. So join us in our journey of this connectivity.

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ABBREVIATIONS

AVR	Association of Vietnam Retailers
BA	Business Association
BMO	Business Membership Organizations
CBA	Can Tho Business Association
CEO	Chief Executive Officer
DTA	Danang Tourism Association
DANIDA	Danish International Development Agency
GIZ	The German Federal Enterprise for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
HAWA	Handicraft and Wood Industry Association
HCMC	Ho Chi Minh City
HHDN	Business Association
HUBA	Ho Chi Minh City Union of Business Associations
HYBA	Hung Yen Business Association
ICT	Information and Communication Technology
JSC	Joint Stock Company
MARD	Ministry of Agriculture and Rural Development
NGO	Non Governmental Organization
SME	Small and Medium Enterprise
TAF	The Asia Foundation
U.S.	United States
VASEP	Vietnam Association of Seafood Exporters and Producers
VBA	Vietnam Bee Association
VPA	Vietnam Pepper Association
VTA	Vietnam Tea Association
VCCI	Vietnam Chamber of Commerce and Industry
VINASME	Vietnam Association of Small and Medium Enterprises
YBA HCM	Ho Chi Minh City Young Business Association (or The Young Entrepreneurs' Organization of Ho Chi Minh City)

The image shows several paper cut figures in various colors (orange, brown, grey) holding hands in a circle. They are standing on a white, curved surface that resembles a globe or a platform. The background is a light blue and white gradient. The word 'ACKNOWLEDGEMENT' is written in white capital letters on a dark blue background that is part of a larger graphic design on the right side of the page.

ACKNOWLEDGEMENT

The report “A journey toward linkage: Best practices of Vietnamese Business Associations and Self-assessment tool” has been conducted in the framework of “Effective business association for dynamic and comprehensive development in Vietnam” Program run by The Asia Foundation (TAF) and funded by Department of Foreign Affairs and Trade of Australia (DFAT). The program aims at competence raising for business associations in Vietnam for better serving of its members, and as such enhancing participation of these stakeholders in development of policy and legal system toward dynamic and comprehensive development in Vietnam.

The report consists of two main parts. Part I “Good practice of Business Associations Activities” provides analysis and summary of good practice by Vietnamese business associations, which was conducted by Economica’s experts – Mr. Le Duy Binh, Mr. Truong Duc Trong, Mr. Ngo Vinh Bach Duong, Mr. Pham Tien Dung, Ms. Do Thi Kim Yen and Ms. Nguyen Thuy Nhi. Part II “Proposal of Self-assessment Toolkit for Business Associations” was conducted by experts from Legal Department of Vietnam Chamber of Commerce and Industry (VCCI), including Mr. Dau Anh Tuan, Mr. Pham Ngoc Thach, Ms. Phan Minh Thuy and Ms. Ta Thanh Hoa.

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Context

Vietnam achieved encouraging results in economic development after application of market-oriented reforms since middle 1980-x. However, Vietnam economic development started facing many challenges in recent years. Vietnam needs to continue with efforts in improving business-oriented environment that would support development of dynamic, multi-faceted, vigorous private business sector for recovery of economic growth, maintenance of sustainable development, and competitiveness raising of the economy in near future.

Business associations (BA) operating in economic sector play an important role in raising competitiveness of companies, supporting dynamic and sustainable development of economy. Some Vietnamese associations recently have grown up and started playing an important role by representing interests of their members domestically and internationally. However, most of the associations still lack competence and skills required to attract participation of members in development of strategy and industry standards, supply of services, information to members, deliberation and contribution to advocacy and legal development.

In order to overcome such shortcomings, The Asia Foundation started a three-year program “Effective business association for dynamic and comprehensive development in Vietnam” financed by Department of Foreign Affairs and Trade of Australia (DFAT). The program aims at capacity building for BA in Vietnam in serving their members, increasing participation of those objects in policy and legal development toward comprehensive development. This report has been conducted in such a context.

Objectives

This report aims at establishing good practices in many activity sectors of business associations in Vietnam. Through collection and reflection of business practice, good examples from many provinces in Vietnam, this research will contribute to information and practice sharing among associations for building capacity and improving quality of activities of BA in Vietnam.

Based on identified good practice in Vietnam and expertise collected from BA, commercial chambers abroad, the report proposes a Self-assessment toolkit for BA in Vietnam. Comprising of many criteria, the toolkit can be used for: (1) Assessment of strengths and weaknesses of BA based on Vietnam practice and international standards; (2) Compare association’s competence over time and among BA; (3) Identify good practice in operation and governance of BA, and disseminate such practice to other BA; (4) Using suggested criteria, BA can further develop the toolkit to suite its organization, and to provide to members to evaluate BA; and (5) Supporting organisations, sponsors and Government can use this toolkit for identification of supporting programs for competence raising of BA.

Approach and means

Almost all Vietnam BA appeared and develop in the context of Vietnam renovation and conversion from centrally planned economy to a market one. Adjustments in policy and legal system supported appearance and development of businesses and gave birth to needs of business community in having organisation representing its rights and interests. BA also have to support their members in providing domestic and international market intelligence, advocacy, trade promotion, membership training, legal consultancy, dispute settlement, etc. Besides, there was also

a need by the government itself in associations' growth in order to comply with the task of providing information and industry-specific expertise to government agencies during policy formation and governance.

In the scope of this study, BA are understood as socio-professional organisations which registration was certified by the Government, with membership being businesses, other social organisations and individuals voluntarily contributing asset or membership fee for membership services, non-profitable, acting for protection legitimate rights and interests of members and mutual support for effective operation and contribution to socio-economic development of the country.

Competence of BA in this study is the capability of the associations in performing organisational functions. Main associations' functions are: (1) representing and protecting legitimate rights of members in the relationship with domestic and foreign agencies, organisations as stipulated by law; (2) consulting, deliberating in legal-economic aspects within operational scope; (3) performing linkage tasks between members, between members and relevant agencies in issues related to sustainable development of small and medium enterprises in general within framework stipulated by law; (4) assisting members in expansion and development of production and trade, trade-tourism-international relations promotion, providing information, consulting, organizing exchange for a, cooperating and organizing other activities as stipulated by law.

Besides drawing from operational practice of BA in Vietnam, determination of methodology for this study also referred to international expertise. Globalisation process helped forming generally accepted criteria in organization and operation of many institutions, including BA. In practice, businesses themselves are pioneering in international integration in every country and are stimulating globalization process. Vietnamese BA, in their capacity of business representatives, need to approach international standards in order to maintain their role of associations in the process of international economic integration of Vietnam.

The report is based on results of: (1) review of published studies; (2) expert consultations; (3) interview with Vietnamese BA for identification of good practice; and (4) referring to expertise, lessons from operation of international associations/chambers of commerce.

To make issues, information tabled by this report satisfy needs and draw attention from the associations, research team organized a consultation round-table with BA and experts in the field on good practices of BA in Vietnam. The round-table was organized on April 4, 2014 in Hanoi with participation of about 30 delegates representing national and regional BA and independent experts in the field for consultation on field study topics, and collect suggestions from some BA with good practice. Contribution from experts representing associations helped research team identify issues of interest for associations, propose effective solution and selected associations that can provide useful and suitable information on each topic of the typical study. Based on that, research team conducted survey, interviewed representatives of 16 BA in Hanoi, Ho Chi Minh City, Da Nang, Can Tho, Dong Thap, Quang Nam and Hung Yen in June-July 2014¹. Information, documents collected during interview and reference material from international associations were compiled and developed into report draft on good practices in associations' operation. The report was then disseminated to experts, associations for final comments before public launching at the expertise sharing conference in all three regions of the country.

Besides, the research team also conducted consultations with representatives of associations during development of the toolkit. There had been 2 expert consultations on the toolkit, namely: round-table in Hanoi on May 15, 2014 and in Ho Chi Minh City on July 6, 2014. Contribution from associations helped completing criteria and improved feasibility of toolkit application by associations in the future. Research team also collected inputs to toolkit draft from 16 BA country-wide during interviewing process on association's good practice. The toolkit was further developed by expert team with inputs from BA representatives in North, South and Mekong Delta at 3 seminars on expertise exchange for BA operation in Hanoi, Ho Chi Minh City and Can Tho in October and November 2014 and during face-to-face meeting with BA in Hanoi, Hung yen, Nghe An, Da Nang, HCM City, Binh Phuoc, Can Tho. Upon accepting inputs from BA at all those round-tables and in-depth BA expert consultation, research team further refined toolkit and conducted pilot testing at 10 BA in the country for lessons drawing and completion before official publicizing.

¹ List of interviewed business associations is enclosed in Annex

Report's highlights

The report consist of two parts. Part I touches upon seven topics and some best practices in Vietnam BA operation, including:

- ▼ **Provision of services to members:** Talking about BA competence in Vietnam, most researches showed vicious circle of difficulties: limited number of membership leads to small membership fee revenue; low revenue renders quality of operations not satisfying members' needs; as a result, association gradually loses the capability of attracting new members and is forced back to original problem of small membership. Development of services for members, especially revenue-generating ones, are considered a reasonable direction that can help associations make a "break-through" from this vicious circle. Based on experience of some associations that succeeded in moving from providing free-of-charge services to fee-based services, some lessons and suggestions from associations were drawn: *Making provision of fee-based services to members central in BA tasks; Gradually moving from free-of-charge services to fee-based services; Professionally design services and concentrate investment into services of advantage; Outsourcing – solution for resource shortage.*
- ▼ **Development of effective revenue-generating model:** Revenue-generating model considers mechanisms that help BA receive revenue to support servicing association's needs. Effective revenue-generating model needs to help association achieve requirements in independence, full resource mobilization, profit expectations and sustainability. Following parts of the report introduce some good expertise in development of revenue generation that satisfy criteria of: *Generating revenue from commercial centers; Generating revenue from services through associated companies; Receipt of membership fees through network of branches/clubs; generating revenue through cooperation-sponsorship relation with organisations and individuals.*
- ▼ **Application of information technology and media:** Rapid development of information technology during past years helped associations with application in serving membership, and at the same time generates revenue. The report also mentions some good practices such as: *Proactively apply information technology (IT) and webpages in public imaging of modern, dynamic and professional association; Utilize IT for development of a channel for membership consultation and contribution to legal documents; Apply IT for benefit and added value for members and enhance connection between members and association; and Use IT for revenue generation for association..*
- ▼ **Association governance:** Governance of BA considers management of the association's main internal issues. Main issues often considered in association's scope are association's structure, human resources management, membership development and financial management. It is difficult to create a uniform model of successful association as governance depends on scale and specific features of each association. However, it is possible to separate association's governance by each aspect and conduct a corresponding practice studies: *Organisational structure: toward professionalization and result-based governance; Human resources management: human resource selection based on comprehensive criteria; Membership management: Enhancing bondage between members and development of advisory units with deep knowledge for members.*
- ▼ **Policy deliberation and contribution:** During many recent years, advocacy and policy deliberation have been a topic of interest for BA and gradually become one of core activities of associations. Many associations actively participate in contribution to and suggestions to adjustment of legal documents in systematic and professional manner with some considerable results. That success is gained after a long process and is a result of combination of many factors, including: *Considering deliberation and contribution to policy a mission and being consistent in pursuing that mission; Motive for deliberation and contribution to policy needs to be objective and in overall social interest; Being close to members for being able to speak "members' language"; Consolidate for effective deliberation and contribution to policy.*
- ▼ **International connectivity:** Connectivity with international organisations have been conducted by associations from very early stages of their formation and development, especially in sectors related to export. However, there are still many issues related to connectivity of associations: many loose connections;

weak practicality, some exist as formality only without bringing about real benefit to association and members; management, planning or strategic direction of linkage are not being paid due interest by associations. According to experience by many associations, linkage will be more effective if *the linkage is connected to public image development and sectorial interest protection; International relations shall be linked to trade and economic relations; Connection to and effective usage of support from international organizations.*

- ▼ **Industrial standards:** Application and improvement of industrial standards for improvement in export capability, as well as expansion of domestic market are gaining increasing interest from associations. Many associations have creative approach to realistic and effective application of industry standards: *Link improvement in industrial standards to marketing activities for industry and member companies; Encourage member confirm quality standards for improvement of quality and overall industry standard; Apply principle of value chain development for increasing of industry standard.*

Part II of the report considers competence self-assessment toolkit for BA in Vietnam.

- ▼ **Toolkit content:** Competence self-assessment toolkit for BA consists of 6 component indicators and 50 criteria overseeing major functions performance of BA. Namely including: (1) *Strategic direction capability;* (2) *Leadership and governance capability;* (3) *Financial and material base capability;* (4) *members serving capability;* (5) *Capability in participating in contributing inputs and suggestions in policy and legal making;* and (6) *Capability in development and assistance in development of business community.*
- ▼ **Toolkit guidance:** include explanation on assessment levels, potential users of the toolkit, steps in usage of the toolkit.

PART I:

BEST PRACTICES FROM BUSINESS ASSOCIATIONS



1. Provision Services to Members

When talking about VBAs' capacity, one often talks about a "vicious circle", i.e. small number of members leading to a low membership fee base, thus limiting the budget and restraining the association from providing services that can meet members' needs. As a consequence, the association fails to attract new members and come back with the start point of the circle, i.e. limited number of association members. Developing services for members, especially the services which can generate income for associations is considered as a suitable method to "break" such a vicious circle.

The increasing importance of service provision within the associations is driven by members' attention. Often, when making decision to join an association or to stay with an association, an enterprise will consider their benefits generated to it by the association. The most realistic benefits will be generated by the services provided by associations to their members.

Member services include the activities implemented by associations to assist its members' business and production. In Vietnam, member services can be in different forms such as fairs and exhibitions, consultancy, training, market information provision and so on (Table 1). Each type of service can be classified into free of charge and fee-based services.

Table 1. Services provided by Vietnam business associations

Group of services	Service Examples
Trade promotion and exploring market	<ul style="list-style-type: none"> • Organize fairs/ exhibitions to promote products • Supports in terms of the information of potential import/export market • Buyer - Seller brokerage, • Hosting incoming and organizing outgoing trade promotion delegations • Market research • Marketing for enterprises
Training	<ul style="list-style-type: none"> • Training courses on management skills • Training courses on techniques and profession • Develop training materials • Seminars/workshops
Consultancy	<ul style="list-style-type: none"> • Good practices in business administration • Legal affairs of enterprises • Accounting, tax and financial issues • Technical standards for enterprise's products • Creative innovation in enterprises • Sustainable development (environment aspect and corporate social responsibility)
Information supports and developing networks of partners	<ul style="list-style-type: none"> • Periodical meetings for members • Networks of clubs and functioning departments • Website and ICT-based interaction • E-newsletter and periodical publications • Members' directories and database • Study tours
Delivering public services delegated by governmental agencies	<ul style="list-style-type: none"> • Register export contracts of enterprises • Verify contracts or product samples • Issuing Certificate of Origin

This section aims at highlighting selected good practices of VBAs in providing services to members. The mentioned good practices range from the change in acknowledgement of the role of member services to the development direction of those services and the arrangement of resources for fulfilling the task.

Providing services to members should be put at the center of business association's mission

The first change that VBAs should make is how they recognize the role of service development for their associations. Many well-operated business associations have proven that prioritization of service development will really benefit the associations.

Providing services including the fee-based ones will generate significant income for BAs. The better service quality is provided the better chance of higher income can be generated for BAs. Increasing its income from service provision can be one of the better ways for many VBAs to reduce the financial dependence on subsidies of local or central government. Once the financial independence is achieved, the BAs can take initiatives in implementing its core functions i.e. protecting members and conducting policy advocacy. In medium and long terms, the impacts of providing charged services will create a positive image of the BAs and motivate non-member enterprises to join. Therefore, BAs should consider service provision as a central area in their operation which play the role of "propping" up other activities of BAs.

Emphasizing the central role of service provision can be started with integrating service provision into long-term strategy of the association, and then translated them into annual plans of associations. This is the way to articulate the official commitment of an association for its members.

While laying higher emphasis on income-generation, associations should be at the same time loyal to the non-profit and community-oriented principles. It is important not to allow donors, sponsors to influence the mission and vision of the association, affecting its service to the enterprise community, and to its members.

Box 1

Developing member services: A HAWA's strategic choice

The Handicraft And Wood Industry Association (HAWA) established in 1991 is a reputable association. The association is especially strong in providing services to enterprises of Vietnamese handicraft and wood sector. After 24 years of operation the strategy of HAWA has been continuously changed and defined in a flexible manner. It now has a strong focus on service provision.

During the first 12 years from 1991 to 2003, HAWA faced difficulties, just like many young business associations in Vietnam. Its main activity in that period was to build the linkage with its members. The association's finance relied entirely on its very-limited membership fee. In 2013 with a new personnel structure, the members of HAWA worked together to define new strategy for the association. HAWA's executive board agreed that "Whatever business members need, whatever their problems are, HAWA will make the best efforts to support them to deal with the problems". At the time, developing member services was decided as the key solution which both brings benefits to members and generates sustainable revenue for the association for implementing other duties.

At that important time of HAWA, Vietnam economy in general and the wood processing industry in particular were accelerating its global integration. Many enterprises of the industry wanted to expand export market. HAWA had a full understanding of the situation and decided to concentrate its resources to develop services in trade promotion and exploring market for enterprises. This enabled HAWA to become one of the most reputable service suppliers in Vietnamese handicraft and wood industry. As of early 2014, HAWA successfully organized seven international trade fairs, four local trade fairs of handicraft and wood furniture. HAWA regularly organized study tours abroad for members to seek partners and expand export market.

In addition to trade promotion service, for seven years HAWA has developed some training services to help members to improve competitiveness in the global market. HAWA also has developed trainings focusing on marketing for the enterprises in the industry of wood processing. Every year, hundreds of entrepreneurs from handicraft and wood industry participated in these training courses.

Actively defining the focus of service provision has earned HAWA a strong position in the market of service provision for the enterprises.

Gradually shifting from free services to fee-based services

“There is no such thing as a free lunch”². Business association should consider this principle when deciding on provision of services to its members. At present, many VBAs provide service free of charge to their members and are reluctant to shift to fee-based services. They are concerned that charging services might make members stop using the services which are being offered. This is not really true. Whether or not the services are charged is not so important concern of the member enterprises. What concerns them more is whether the benefits received from the services worth the cost or not. If a service’s quality is satisfactory, enterprises will be willing to pay for it. Otherwise they will not use the service even it is for free. As a result, instead of worrying that no customers use fee-based services, VBAs should pay more attention to improving the quality of their services to attract more customers.

The service charge should be set at a lower level for the association's members as compared with non-member customers. This make members feel being prioritized and recognize the benefits of joining associations.

In some business associations, clients are offered trial services for free for a certain period of time. After the trial time, if the customers are satisfied with the services, the BAs will charge for the services offered. As for the BAs who plan to shifted from free to fee-based services, the change should follow a specific route and be announced to members.

Design services in a well structured manner with focus on the competitive services

Currently, VBAs are facing several restraints in their efforts to provide services to members. The restraints are shown through limitation in supply capacity, especially the shortage and quality of services. The shortage of service packages which are suitable for association members is partly due to the way that VBAs are organizing the provision of services. Specifically, only 17% of business associations in a survey of VCCI (2013)³ confirmed that they did conduct customer needs assessment before deciding the services to be developed. Besides, many associations are weak in providing quality services. As a result, not many members are interested in and/or use services provided. Just 17% of VBAs surveyed by VCCI in 2013 reported to be able to attract an adequate number of members of users. The number is quite humble in comparison to the potential of the current market of business development services in Vietnam

Before developing services, business associations should thoroughly study legal issues. It would be better if business associations consult with legal experts to design new services in compliance with legal requirements.

In order to have service provision with good result, BAs should design their services in a well-structure manner and concentrate the resources of their strengths for the services.

Designing services in a well-structured process

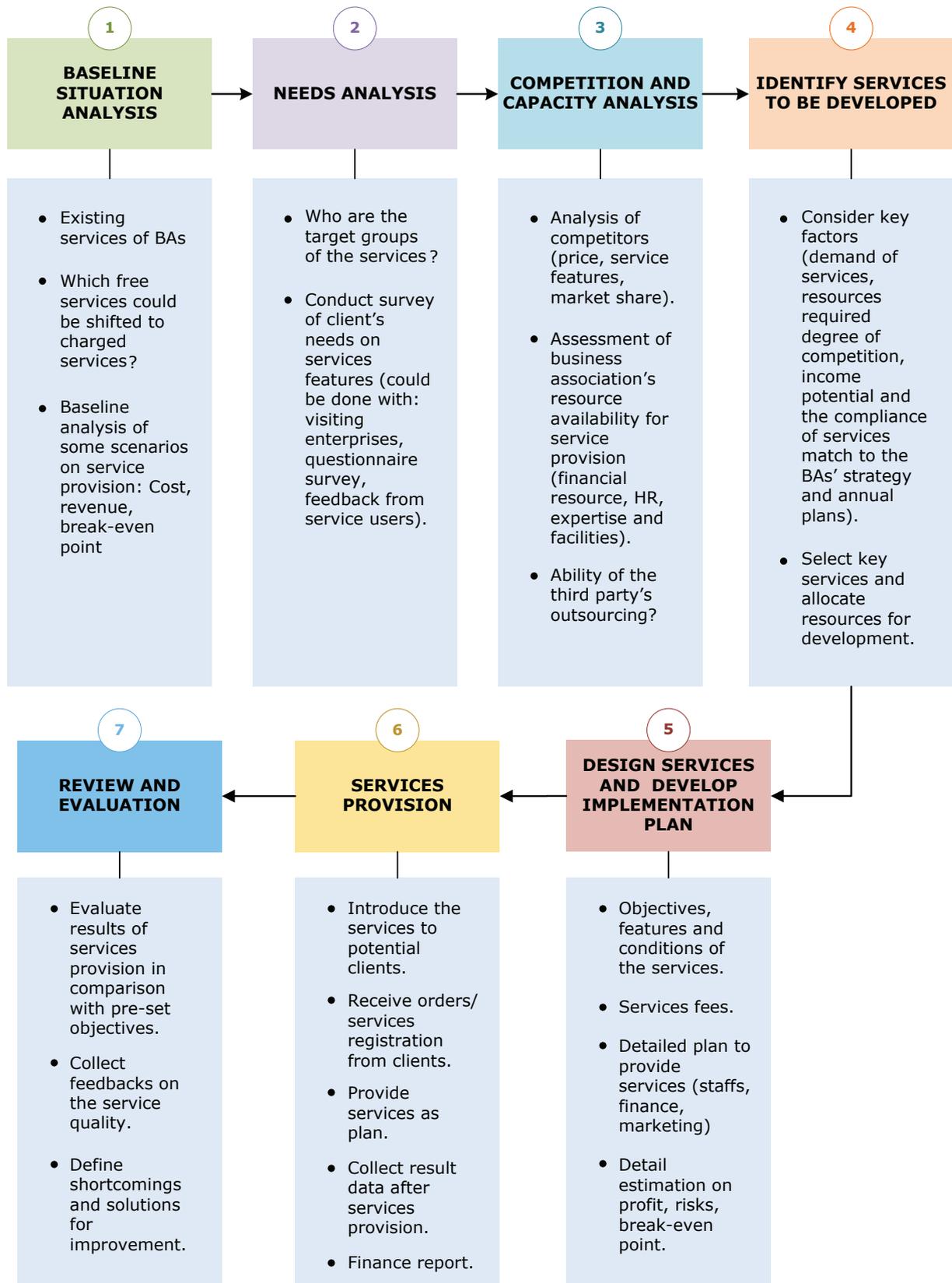
The business associations that are strong in providing services to their members share a common experience that is they all follow a well-structured process in designing services. These associations disclosed that they follow a seven step process, including: (1) Baseline situation analysis, (2) Needs analysis, (3) Analysis of competitors and associations’ capacities, (4) Identify the services to be developed, (5) Design services & develop implementation plan, (6) Service Provision, and (7) Review and Evaluation (Figure 1).

Among the seven steps, Step 2 and Step 3 is the important basis for the steps that follow. Good implementation of these two steps will help the associations understand the demand and supply of the intended services. Based on that, the BAs can make decision on what services to be developed and how to design them to match the best with customers’ needs.

² Milton Friedman: “There is no such thing as a free lunch”

³ VCCI (2013) “Operation capacity of VBAs”

Figure 1. The procedure of development and provision of member services - Experience of BAs from Ho Chi Minh City (HUBA, HAWA, YBA, VASEP)



Concentrate resources for the services with strongest competitive advantages

Very few business associations have sufficient capacity to provide all services as mentioned in Table 1. Often, a business association should identify the services which it has strong competitive advantages and to allocate available resources to develop the services. This is shown in the Step 4 of Figure 1. Business associations make decision based on various factors. The information of these factors is collected by the implementation of step 2 and 3 of the procedure. Some important factors should be taken into account, including: needs for the services, business association's resources (human resources, finance, infrastructure and so on), level of competition, revenue potential and the compatibility of services with the existing plans of the associations.

Torsten Schumacher⁴ provides a method to select the service to develop. For instance, Association X is capable of providing four services (A, B, C and D). However, available resources of the association only allow it to choose two services for developing. The Decision-Making Grid can help associations to choose suitable services:

Table 2. Example of a Method used for Decision-making in Selecting Services

Decision-making factors	Weight (example)	Service A	Service B	Service C	Service D
Services for small and medium enterprises	5%	2	3	1	2
All the Business Association's staff members have sufficient expertise, skills to provide the services	20%	2	1	3	2
Infrastructure (office, equipment...) of the BAs can be utilized to provide the service	20%	1	3	2	3
Low competition level from the providers of similar services	20%	3	2	1	2
Services having income generating potential in short-term (1-6 months)	20%	2	3	1	2
Services having income generating potential in long-term (12 months or more)	10%	1	3	1	2
Compliance with BA's long term strategy and annual plan	5%	2	3	2	3
Total	100%	1.9	2.4	1.65	2.25
Ranking		3	1	4	2

Note: 1 = incompatible, 2 = relatively compatible, 3 = very compatible; Weight will be assigned by the business association. The total score will be calculated by weighted average. The services with the highest score should be selected by BAs.

In the above example, the association will choose service B and D for investment and development. The lesson learnt is BAs need to carefully consider and select the services which are of the most important competitive advantages, and the services which are unique and has higher potential for success.

⁴ Torsten Schumacher (1999). "Manual on Income-Generating Services of Chambers and Trade Associations".

Box 2. Ho Chi Minh City Young Business Association (YBA) and Vietnam CEO Forum

Ho Chi Minh City Young Business Association (YBA) is officially established in 2003 with the objective of providing high-quality services to its members.

In order to provide suitable services, YBA spent a lot of time for doing researches, analyzing market demand of the service of organizing businessman networking events - the service that YBA had intended to provide. At that time, YBA found that there was a vacuum for the services which are attractive to Chief Executive Officers (CEO), especially the CEOs of other locations of the country. At the time some organizations did have networking activities for the members. However the activities were limited within a certain geographic area or an industry. Whereas, YBA clearly recognized the various needs of networking with partners for exchanging management experience of the enterprises located both in Ho Chi Minh city and in the neighboring provinces.

Then YBA concluded that CEO networking at national level could be a potential service. With the advantage of being member of the national network of young businessman associations (under Vietnam Youth Union) and being located in the most dynamic city, YBA's standing committee decided to establish the Vietnam CEO Forum. This is an annual event with a national outreach that is co-organized by 5 business associations and enterprise clubs in Ho Chi Minh City which are Saigon Entrepreneur Club, Leading Enterprises Club, 2030 Entrepreneur Club and the Business Association of Vietnam High-quality Goods, and Ho Chi Minh City YBA - the leading organization.

Not as normal events, when realizing the idea of CEO Forum, YBA paid special attention to the event's contents, guest speakers, and interaction of participants. The CEO Forum was aimed to update the currently trends of the economy and business perspective. It is designed in a way that all the participants could join the discussion for building experience. Guest speakers invited to the forum were outstanding experts who were selected with the criteria of diversity in terms of industry, generation and view angle. High-profile speakers e.g. the Minister of Science and Technology, the leading economists and the leading CEOs of Vietnam have participated in the forum in the role of guest speakers. CEO Forum interaction was done with focus discussions and mini talk shows which allowed the maximum interaction between participants and the guest speakers.

Since 2012, by capitalizing on its youth nature and on the advantage of its large network with many YBA in over the country, HCMC YBA has developed the CEO Forum to become a reputed event, attracting the attention of a large number of entrepreneurs. The 2013 Forum was communicated to 20,000 CEOs in over the country and attracted 800 CEOs participating in the event.

Currently, Vietnam CEO Forum has become the YBA's top program that helps develop its image and brand name.

Outsourcing - a solution to address the issue of resource limitation

Not all business associations have sufficient capacity to carry out all tasks required by themselves in service provision. Each association should consider their level of involvement in service provision.

As for the services which are of competitive advantages of BAs, e.g. professional knowledge (for the industry associations), brand name or relationship with enterprises, an association can obviously act as the provider. However, in areas where the Bas do not have expertise or competitive advantages, the association should provide the service in cooperation with a third-party service provider.. This outsourcing approach is a very popular way of cooperation between the industry associations or the BAs located at big cities.

Box 3 Cooperation in training – A successful model of VASEP

Vietnam Association of Seafood Exporters and Producers (VASEP) is known as an association that has strengths in providing services, policy advocacy and promoting the application of industry standard of fishery production. In terms of member service provision, VASEP is especially experienced in providing trainings to member enterprises.

VASEP is applying the model of cooperation in training in which it plays the role as an intermediary between the demand and supply sides of this service. The VASEP Training and Trade Promotion Center (VASEP.PRO) was established in 2007 with a function of developing plans, organizing training courses and doing trade promotion for the association.

In comparison with other associations, the total personnel of VASEP.PRO is rather big which includes 22 staff members, however, this is due to the geographical area where it is providing training services is not limited within Ho Chi Minh City but also in many provinces of Mekong Delta (Bac Lieu, Ca Mau, Soc Trang and ect.) or in the central region of the country (Khanh Hoa, Phu Yen and Ha Tinh) with a diversity of training fields including business, finance, technology, production management, human resource, individual skills environment and ect.

VASEP.PRO realizes that the center itself cannot implement all training activities with efficiency and effectiveness. As a result, the center has decided to do the role of an agent in coordinating the connection between trainees and trainers. VASEP.PRO is responsible for organizing training courses, and arranging location, training schedule and other supporting activities. As for trainer arrangement, the center applies the approach of outsourcing external trainers/speakers for the flexible selection of the suitable individuals and organizations for each training course. By 2014, VASEP.PRO has developed a wide network of associated trainers/ collaborators across the country for the services provision in information and training. The center has set up contracts with 20 organizations and 40 local and international experts in different fields for supports in delivering training services.

Approximately 100 training courses related to fishery production has been organized and brought remarkable revenue to the center. Each year, VASEP.PRO develops 15 – 20 new training topics and delivers 30 – 40 courses with the participation of 1.000 – 1.500 trainees.

2. Developing Effective Models for Income Generation

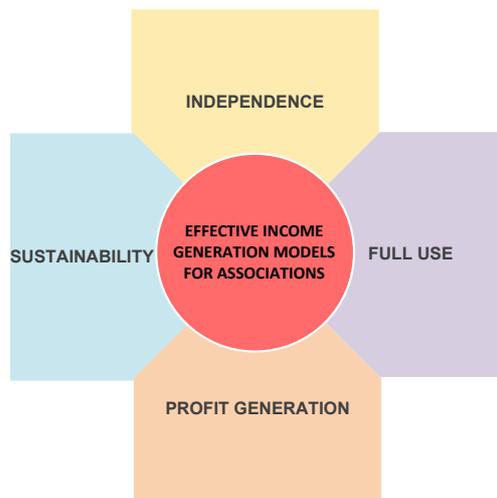
As referred to in Section 1-Providing services to members, income is an important leading factor to any business associations. Limited income is one of the causes of the “vicious circle ” which makes association development ineffective. Learning about Income Generation Mechanism will help business associations find the relevant way to improving their operation effectiveness. In this section, the report summarizes the experience of building income generation models on the basis of experience of some business associations.

Income generation model mentions the mechanism through which business associations can get income to serve the association activities. In Vietnam, business associations often have the following income sources: (i) Government support, (ii) Membership fee, (iii) Services provision, and (iv) Financial support from individuals, organizations and donors.

Table 3. Income Generation Models for business associations

No.	Model name	Providers	Mode
1	Government support	Local government	Receive annual subsidy from local authority budget
2	Membership fee	Members	Collect fee from members with different rate
3	Services provision	Customers using services	Develop services charged; Organize associations operation under the business-oriented direction
4	Financial supports from individuals and organizations	Donors	<ul style="list-style-type: none"> - Receive and cooperate to implement projects with foreign organizations. - Organize social activities and call for supports of entrepreneurs. - Support enterprises to promote brand names (free of charge) and receive financial supports

Figure 2. Effective Income Generation Models for Associations



An Effective Income Generation Model is expected to lead associations to achieving independence, full use of resources, expected benefit and sustainability. The independence is manifested by the ability of self-determination of an association in developing income plan using the model without being influenced of any other parties. The model also ensures full use resource, i.e. maximization of available resources including human resources and facilities to generate revenue. Expected benefit criteria reflect the ability of generating income enough for offsetting the operation costs, as well as allowing an association to be able to accumulate for other activities. Finally, sustainability is the ability of long-term lasting of income source.

With such pre-set criteria, this section won't discuss in details about the income model with the governmental support. Governmental support to BAs is good or not is still being debated. Some people object to business association receiving government support. They said that business

associations may be at risk of depending on local authorities if they receive this support. In such condition, the role of representing for the voice of business could be hardly guaranteed because the associations may lose their independence. In contrast, some people who support receiving government support say: Income received from the government support is sustainable to help associations to actively manage the annual income. The associations are still independent in policy advocacy because many local leaders encourage and appreciate critical opinions of the business sector.

This section of the report describes good experiences of the rest of three income generation models. Normally, for developing good income, associations need to strike a balance between the income generation sources from membership fee, charged services and financial aids of external organizations and individuals. Each individual model has its particular advantages and disadvantages. And if they are used for complementing each other they will form an overall model which meets the criteria set out including independence, full use of resources, expected benefit and sustainability.

In this overall model, what should be the associations's priority? Should it be membership fees or fee-based services, or donation? Experiences from Vietnam and also many parts of the world show that fee-based services need to be

prioritized. Not only does provision of high-quality service provide a significant income source for the association, it has also has positive impacts on the two remaining income generation models. The impact is assessed by the number of new members joining with the association thanks to improved quality of member services, thus further revenue being generated. Similarly, many donors will be also keen on working associations which have better reputation of being more responsive to members needs and of being more capable of providing member services. Thus, developing income generation by the combination of fee-based services together with membership fees and financial aids of external organizations/individuals is the model that VBAs should consider.

Below are some good practices of applying this overall mode.

Generate income from service through profit centers

It is not strange in developed countries that profit centers being established under business associations. However, it is a relatively new model for the associations in Vietnam, especially in the cases of provincial business associations. In response to the need of becoming more professional in service provision for income generation, VBAs need to have a clear roadmap for organizing departments which are in charge of business. They need to set up for-profit business centers under their own associations.

Profit centers have legal status and their own seal, with independent bookkeeping. They are also eligible to issue tax invoices. Such centres are given relatively large autonomy in their operation. The centers can, at their own decision, design and introduce their services, develop customer strategy and to provide services. Income from services will be transferred partially to associations finance association activities for the benefits of members.

Box 4 Leadman Institute – A successful model of HUBA

Leadership and Management Science Research Institute (SRI) is an institution of science and technology founded by HUBA. Leadman Institute was established by HUBA in the profit center model with the objective of providing professional training services for the association. The institute has its autonomy in implementing its functions including scientific research, cooperation for training and organizing short courses.

With the advantage of being a subordinate unit of HUBA, the institute is regularly tasked by HCMC People's Committee to coordinate with the programs supporting local businesses. With good team and long-term direction, Leadman Institute is able to fully concentrate its resources for providing training services. Recently, the project of training business managers of HCMC in the period 2013 - 2015 has been approved by HCMC People's Committee and attracted high attention of many businesses. 165 courses organized by HUBA directly within the program will be conducted by the end of 2015. Tuition is sponsored partially by HCMC People's Committee and the rest will be paid by businesses.

Annually, Leadman Institute provides training services in many areas of corporate governance for approximately 4,000 students from the corporates of the city and in over the country. Income from this service has generated for the institute a stable financial source to cover all operating expenses, and extract a big part of the profit to HUBA. The association will then re-allocate the income to its subordinate units according to annual plans.

Currently, besides Leadman Institute, HUBA also has other business centers such as The Center for Assisting SMEs, Center for Legal Advisory and Saigon Entrepreneurs Newspaper.

Generating income through the services provided by an affiliated joint-stock company

Beside profit centers, a number of business associations have established joint stock companies (JSC) which are affiliated with the associations for the purpose of providing services and of generating income. The JSCs have the advantages of a flexible capital structure and the easiness in transfer of shares. The linkage between association - JSC enable the maximum mobilization of resources both within and outside associations for achieving the objectives of services and business.

Legally, joint stock companies have an independent legal status. The JSC is independent from the founding association. The cooperation of the association and the JSC is based on the agreement or contract between the two parties.

A JSC often cooperates with the founding association in providing services. The association acts as focal point for receiving service requests from clients and then forward to the JSC for implementation. In addition to the services brokered by the association, a JSC also conducts its business at its own initiative. Depending on the agreement, the company may be allowed to use brand name and image of the association to serve the promotion of products and services. In turn, part of the income or annual profit of the company will be transferred to the association for activity which benefit members. This is the way that some associations are currently using to generate additional income.

Box 5 JSC affiliated with association model – A case study at HAWA of HCMC

Alliance Handicraft and Wooden Fine Art JSC (HAWA Corp) was established in 2007 by HAWA of HCMC. The company is specialized in organizing activities to promote the trading of the industry of wooden products, handicrafts and interior decoration.

HAWA Corp is a legal entity which is fully independent from HAWA though HAWA is the founder of the company. HAWA Corp is operating in the form of an enterprise with the supports of image and brand name of the association. Many trade promotion activities, fair organized by HAWA have been assigned to the company for implementation. Since 2008 the JSC has supported HAWA directly in organizing seven seasons of Vietnam International Furniture & Home Accessories for Export Fairs (VIFA EXPO) and four seasons of Vietnam Furniture & Home Furnishing Fairs - VIFA HOME (for domestic market) since 2010.

Coordination mechanisms between the company and the association has been agreed since HAWA Corp was established. Currently, HAWA Corp continuously transfers 15% of its annual profit to the association. All the members of the board of the company are committed to this obligation being adhered to.

Due to positive results of business in the recent years, HAWA has received a considerable income from the JSC. The income increases the budget of HAWA, enabling the association to implement its longer-term plans.

Indirectly collecting membership fee through the network of local association branches and clubs

For associations which mainly rely on the income from membership fee, especially the associations have large number of members, the issue of how to maximize the fee collection from all the members is not a simple one.

Some associations have taken the advantages of its organizational structure to solve this problem. Typically, with the associations having large membership, association structure will be divided into branches and/or clubs. The associations can assign tasks to the heads of branches or the personnel in charge of the clubs of entrepreneurs with appropriate incentives. This way can help the associations to increase membership payment.

Box 6 Collect membership fee - The experience of Hung Yen Business Association

HYBA is a typical provincial level BA with the organizational structure including local branches and clubs. In order to have a better management of membership fee collection, the association has assigned the work directly to the chairmen of the branches. Through these contacts, membership fee is collected to HYBA. The association provided autonomy to most of its branches, HYBA only receives 20% of the fee collected by the branches. For the rest of the collected fee, the local branches may retain for its activities. Hence, the branches have a stable funding source for development meanwhile HYBA still be provided with sufficient revenue which is also supplemented with income from provision of fee-based services.

Generating income through collaboration partnership with organizations and individuals

In addition to the income from fee-based and membership fee, associations can also generate additional income by collaboration partnership. Collaborating–funding relationship means that associations build relationships with domestic and foreign partners, especially large corporations, NGOs, entrepreneurs to receive requests of assistance or propose for coordinating and implementing projects. The supports may be image promotion and brokerage meetings. They can also take the form of being implementing partners of projects or coordinating units for social activities. Business associations receive fund to carry out these activities. This can be considered as an additional income to supplement the stable income from membership fee or charged services.

Box 7 VASEP and the engagement with Denmark's organizations and individuals

Vietnam Association of Seafood Exporters and Producers (VASEP) is one of the many associations having close relationship with organizations and individuals from Denmark. The activities of the Danish support for Vietnam fishery industry had begun in the 1990s even before VASEP was established. One of the most effectively supported activities is Seafood Export and Quality Improvement Project – SEQUIP in the period 1996 – 1999. The project is the premise leading to the establishment of first association of fishery industry in Vietnam - VASEP in 1998.

With the extremely enthusiastic support of Danish experts, VASEP has been growing and become a leading industry association in provision of services, judgment and policy advocacy to its members. The success of VASEP contributes to the strengthening of the collaboration between the association and the organizations of Denmark. Based on the cooperation, two governments had signed “The Fisheries Sector Program Support (FSPS)” with a total budget of USD 40 million in the period 2000 - 2005. After FSPS - 1, Danish Government has decided to continue select VASEP to be one of the actors involving in the FSPS - 2 from 2006 to 2012 with a budget of USD 35 million.

VASEP is partially funded by the projects which support the association to innovate their approaches of management organizing, encouraging the provision of services, and improving the industry market analytical capacity. The projects have also helped to provide trainings to build capacity for staff of VASEP in policy advocacy and the capacity for legal conflict resolution in overseas trading related to the fishery industry. VASEP also has responded to the supports by the effective use of fund for building capacity of the association and sustaining the position and image of the association as one of the most important industry associations of Vietnam. It is necessary for VASEP to remain being a reliable partner of the international organizations in implementing development projects in Vietnam.

3. Using Information and Communication Technology

Information and Communications Technology (ICT) is becoming increasingly important in modern business. In this common trend, the application of ICT in the operation of the business associations need to be emphasized more than ever before. How to build the image of the association in the Digital Age? How to obtain quickly and easily comments of members on laws and policies? How to enhance the linkage and maintain the contacts between the members? What means should be used to improve efficiency of income generation through charged service provision? The answers to these questions can be partly found in this section. Some good practices in the application of ICT for business associations are also presented.

Actively using of ICT and websites for promoting the modern, dynamic and professional images of associations

Business associations can not stay out of the development course of ICT. Business associations has the choice of different ways in responding to the development of ICT and many associations have chosen a proactive way of using ICT for activities implementation, service provision, image building, and the professionalism in the operation of the associations.

The most-seen use of ICT of VBAs are to develop website and set up email systems. Many associations have built their own websites. However, the quality and the efficiency of the websites are very different from one to another. Many websites are rich in contents. They can provide information not only to members, but also to general public. Many websites are built both in Vietnamese and English. Such websites by VINASME, VASEP, HUBA, YBA... show the proper investment of the associations for the work. The availability of information, the frequency of updating, the professional and eye-catching design have made these websites effective tools of the associations to enhance their images.

Using ICT for developing a channel for member consultation and policy advocacy

Improving the efficiency of the dialogue between members and authorities is one of the key tasks of associations. Understanding the concerns, requirements of members and consulting with them on the issues can be implemented in different formats.

In order to improve the efficiency of consultation with members, a number of business associations have developed and introduced consultation platforms on its website. Vietnam Association of Financial Investors (VAFI) is reported to have built a channel to exchange information via its website. Such a platform allows the member investors to send comments, share the problems they encounter during operation with the association. Hence, the association can synthesize opinions, understand their needs and difficulties for processing the dialogue with authorities in order to solve difficulties for enterprises. Whilst, though not setting up their own dialogue forums, a number of other associations choose to use the existing modern ICT channels established by some other agencies to represent members in contributing to legislation development. For example, Transport Association of Hanoi, VAFI, HYBA... reported that they have actively used The Online Consultation Forum of Legislation Development – VIBonline which is initiated and operated by VCCI for contributing comments on draft legal documents.

Other business associations use creative way of using ICT for their activity, e.g. seeking members' opinions over websites about the issues of their concern, using the forum or blog on the internet; using websites to for doing online surveys by BAs to have better understanding of the needs of members or to create forums for discussing the issues of common concern. Danang Young Entrepreneurs Association is one of the associations which have been actively using ICT for their activities.

Using ICT for generating benefits and value added for the members and reinforcing the relationship between members and associations

ICT offers great opportunities for associations to quickly provide services and value-added services to member enterprises and generate greater benefits to members. E-newsletters is one of the commonly used forms. E-newsletters of VASEP and HUBA are much appreciated by members. Some associations like VAFI and YBA have applied telecommunication technology for sending automatic messages of market price, legislation and association operation information.

YBA HCM has built an "online" member directory on the website. For businesses, especially the young businesses, this is an effective channel for business promotion and a convenient mean to connect between members. The directory is comprehensively gathered, sorted for easy search. For members of YBA, this directory is more useful than the previous directory or yearbooks developed and printed on paper.

Many other initiatives for applying ICT such as building electronic trading platform B2B to connect businesses of HUBA or HYBA using social network such as Facebook and Linked-in to strengthen connections with members.

Using ICT to generate income for associations

Many members of associations are willing to contribute to the activities of the associations. However, they will only do so if they realize that the activities they participate in or the fund they contribute to generate specific benefits. Besides, the member enterprises also have to take accountability to the members, shareholders and the boards of their companies about the expenditure including the fund being contributed to the associations. From this perspective, HUBA, in addition to improving operational effectiveness, has used ICT to offer products and services to members. Selling advertising space on associations' websites is an effective income generating service for the

association. However, in order to sell advertising space on its websites for member firms, HUBA have taken efforts to prove that publishing logos or advertising on the website of the association is effective for the members. Hence, the association has applied the basic principle of online marketing to sell advertising space. Business principles are applied. Investment in the technology of web pages, contents and decoration are enhanced in order to improve the web hit. As such, it is important to apply the principle of fair exchange in the purchase of services between the association and its members; and constantly improving technological capacity. In addition, continuously innovating provided services and saving a little bit of favor for members are the keys to ensuring the success of the association in generating income if they want to use ICT as a means to generate income.

4. Improving Business Association's Capacity for Governance

Association governance has to do with the ways to deal with internally fundamental matters of an association, e.g. the organizational structure of the association, personnel arrangement, membership development and finance management.

Association's governance plays a particularly important role. Firstly, good governance is the foundation for a clear orientation for business planning, long-term stability and sustainability for the associations. Secondly, association governance ensures an appropriate human structure for development. Lastly, it helps associations to sustain the interaction between members.

It is difficult to clarify what is a well governed association because governance ways depend on the size and the specific conditions of each association. However, it is also possible to classify the association governance according to different dimensions. In this section the good practices in association are presented by the following dimensions: (i) Organizational structure; (ii) Human resource management; and (iii) Membership management. Financial management, the factor remarkably contributes to good governance, has been further analyzed in Section 2. Developing Effective Models for Income Generation.

Organization structure – An approach to professionalization and result-based management

Currently, Vietnam business associations have quite similar charter concerning organizational structure. Associations are generally organized with an Executive Board which includes the Standing Board and Supervisory Board. In the development process, associations are gradually interested in expanding its operations with the establishment of specialized departments, branches or subordinated groups of members. After that, associations continue to enhance its operation effectiveness of organization by assigning specific responsibilities to each department and division with concrete performance indicators. This is the development progress towards professionalization and results-based management.

Table 4. Common models of organizational structure development of VBAs by stages⁵

	Fundamental organization structure (Executive Board, Supervisory Board)	Establish specialized departments and/or subordinated groups	Decentralization and result-based management
Establishment stage	√		
Expansion stage	√	√	
The stage focusing on effectiveness of scale	√	√	√

⁵ Synthesized from the actually structural transformation of VBAs: HUBA, YBA HCM, VASEP, CBA

Developing actively specialized departments and locally affiliated branches

Often when an association expands, its organizational structure will be correspondingly changed to ensure a smooth operation. In some business associations, the associations are organized into functional departments. Unlike foreign Bas, VBAs' departments are often highly specialized. The departments or centers of legal consultancy, training and trade promotion are the most common. Experience shows that in order for this organization of departments to be effective, a mechanism for promoting the active participation of these departments in the association's operations should be developed.

Associations should periodically discuss specific topics with the specialized departments. This will be a good basis for associations to be updated on members' needs. This will help them to be aware of issues faced by members and need to be to propose to authorities for improvement. The works of planning and providing services to members then can be assigned to the departments. The association executive board will then be able to focus on the coordination role, developing its strategies and plans; membership development; and implementing policy advocacy.

Some associations also begin to show interest in the establishment and organization of their local branches. In particular, provincial business associations will establish branches by districts. Branches of associations will be the rooms for organizing regular meeting activities for local entrepreneurs. Via their branches, associations can shorten the gap with their members, attract new members and collect membership fee. This approach is quite suitable for provincial business associations where regional factors or geographical conditions influence their ability to mobilize members.

Box 8**Development organization of associations – HYBA approach**

HYBA was established in 2004. Since its establishment, the association has quickly received the trust of the enterprises in the whole province. It also command a good respect from the local authorities. One of the good practices of HYBA which could be use as an example for other provincial associations is the way it developed the network of grassroot branches.

In 2008, even before the Decree No. 45/2010/ND-CP regarding the organization, operation and management of associations was issued by the Government, HYBA had defined its own approach in internal governance and the way of membership development. At that time, the Executive Board of HYBA planned to divide the associations into the functioning departments specialized in specific work areas including the Membership and Training Division, Legal Division and SME Assisting Division.

At the time, HYBA discussed and agreed on the idea of establishing the grassroot association branches at the 10 districts of the province. The district level associations are allowed to form some lower level associations of business even with the handicraft villages. The district level associations are operated in accordance with the common Charter of the provincial association and also allowed to contextualize the regulation according to the specific conditions of the locality.

The idea, later on, was supported by the provincial authorities for implementation. As results, 10 district level associations were established. Thanks to a suitable organizational approach, the number of the enterprises of Hung Yen province grew rapidly. The association has attracted a large number of enterprises to join the association. Up to now, the model has helped the association to remain 300 members participating regular activities. For a small province like Hung Yen, this membership development is a remarkable achievement.

Applying corporate governance principles in governing associations and enterprises – Application of performance-based indicators

After reaching a certain scale and the function departments have been set up, association will then have to focus on effectiveness. In addition to the regular functions assigned to their departments, associations can then periodically determine the outcome indicators, for example the indicators of service users, revenue, profit for each service and so

on. This should follow the principles used in business management. Associations then can appraise the performance of the departments on the basis of actual results. The assignment surely will generate pressure for the departments. However, the more important thing is this mechanism can make all the staff members to be highly responsible and be focused more on the effectiveness requirements.

Box 9 Department performance based appraisal of results – The experience of HCMC YBA

HCMC YBA was structured with five specialized departments which are in charge of specific areas including communication, PR, consultation, training-legislation and international relationship. Each department is assigned to be responsible for some programs. The programs are divided into two groups. Group 1 includes the “key” programs which according to the definition of the Executive Board are the more important programs which promote image, brand name of the association. Group 2 includes the normal programs which mostly are for income generation.

The Executive Board discusses and agrees to assign the outcome indicators to each department in charge. The “key” programs of Group 1 can be supported by the association in terms of funding and execution with the principle of ‘no losses’. Meanwhile the normal programs are responsible for generating profit for the association. The department has great autonomy in designing the program contents and the implementation strategies. The association mainly appraise performance on the basis of actual outcomes. The profit (if any) from the service provision of the programs later on may be shared to supplement the major programs of the association.

Currently, HCMC YBA considered CEO Forum as a key program. This is the program having the most well-known brand name of the association. CEO Forum has been achieving the positive outcomes in terms of finance in addition to the other objectives assigned by the association. The rest of programs generate stable income sources for the association due to the efforts of all the staff members. The assigning of suitable outcomes has strengthened the responsibility of the individuals to the common goal of the association.

Human resource management – Use of merit-based and comprehensive criteria set in selecting association personnel

How to select the suitable personnel for the positions of Executive Board and Supervisory Board at each of association plenary conference? This is not a simple question as there are many different criteria which can be considered by the members when electing for the positions. Associations can develop a set of criteria and provide to the members prior each conference as the basis of their decision making in election.

The experience from the BAs of HCMC, Danang and Can Tho shows that the clear pre-defined criterion set will assist the members very well in considering candidates in election.

There are three basic steps for this from the experience of BAs for considering and selecting personnel. Step 1, associations need to describe the general requirements of qualification as for the new positions. Step 2, the associations then specify the description into a set of criteria scores which the conference representatives can use for considering the candidates. Association members can use this set of criteria scores to evaluate the candidate and can refer to it for voting. After the conference, the selected personnel the details can be re-used for capacity building plan for each of the personnel.

Describing the qualification required for new positions

The description of the required qualification should be developed by the members of the existing Executive Boards in group discussions for agreement. The description must specify the expectation of the associations from each candidates at some certain aspects, for example the requirements on capacity of communication, relationship building, management capacity, specially professional capacity or other factors depending on the priorities of the associations.

Developing a set of criteria scores for evaluating candidates

Evaluation forms with criteria scores will be distributed to each association members prior to the conferences. The criteria are developed based on the qualification requirements for new positions. The more specific the criteria are, the more convenient the scoring is. A set of criteria may include several detailed criteria reflecting different aspects. The criteria may include quantitative or qualitative indicators. Each criteria is scored in 1 to 5 scale, in which 5 score stands for totally meet requirements. The importance of each criterion will be calculated with a weight factor and the result will be weighted average.

Table 5. An example of candidate evaluation forms

Position	General requirements (Example)	Specific criteria	Weight	Score for candidate 1	Score for candidate 2	Score for candidate 3
(1)	(2)	(3)	(4)	(5)	(6)	(7)
ABC	1.			
	2.			
			
					
			100%	Total 1	Total2	Total 3

In the above table, column (2) states the general requirements for the candidates to be fit with the positions to be elected. Associations will specify these general requirements into specific criteria in Column (3). Column (4) is the weight (the criteria with higher importance for the associations will be multiplied with higher weight). Column (5), (6) and (7) are for members to add scores. Finally, the scores will be summed up into total score of each candidate

The use of evaluation result

The *evaluation* result using criteria scoring will not be only used by the members for selecting the Executive Board and Supervisory Board but also can be used for supporting associations post election.

Associations can get the filled forms from the members with the detailed scores of each person in the new personnel. It is up to the members to decide to fill the forms, on to submit the filled forms to the associations. Moreover, the associations should have a mechanism to ensure the filled forms submitted to them will only be used for the research purpose and the forms are anonymous. Personal information (if any) of the members shall not be revealed. The collected evaluation forms will be summarized and analyzed so that the leaders of the associations can plan for improvement of the personnel in appropriate ways.

Member administration – Reinforcing the engagement between the members and Setting up Advisory Boards for members with focused capacity

Organizing clubs for reinforcing the engagement

Beside the functional departments, associations currently pay more attention to building the affiliated groups within each association. Normally, these groups are organized under the form of member clubs. As for provincial associations the clubs often organized by industry. For example, the province X association has the club of construction entrepreneurs and the club of transportation entrepreneurs and ect. Whilst the provincial clubs often appear in the national associations of industries. E.g. The club of wood and handicraft product enterprises of province Y. The club activities are various and may take the form of cultural exchange, sport events, social activities or sharing business experience and business opportunities. Club is an important channel to reinforce the engagement between the members hence to reinforce the engagement of the members with associations.

Box 10**Engage the members of clubs through charity activities – Good example from the “Community Entrepreneurs Fund – CEF”**

HUBA is currently remained with a large number of entrepreneur clubs. These clubs are often classified by locality meaning the entrepreneurs are doing business in HCMC but come from other provinces, e.g. the club of the entrepreneurs from Phu Yen province, the club of the entrepreneurs from Binh Dinh province.

In order to engage the large number of the clubs with each other, HUBA has organized several activities which help the clubs in integrating or meeting including sport and cultural events or social activities. The most meaningful and effective activity for engagement of the clubs and the entrepreneurs from different provinces is “Community Entrepreneurs Fund – CEF”.

The Community Entrepreneurs Fund – CEF was founded by HUBA and the member clubs for encouraging the member enterprises to make supports of humanitarian and charity activities for community including supports to the people in poverty, victims of floods and natural disasters, fatal disease patients, sponsoring scholarship and genius training for social development. The fund is operating effectively and appreciated by the local authorities and public. More and more enterprises have recognized the good sense of the fund and participated in to contribute to the fund. The fund has generated opportunities for the entrepreneurs to get close with each other for the common responsibility toward community.

Attracting the foreign enterprises to join Advisory Boards to strengthen expertise for associations

In the recent year, there have been more and more participation of the enterprises with foreign factors in doing business and production in Vietnam, especially in the industries of service, trading and logistics. Many foreign enterprises want to join VBAs to seek for business partners whilst Vietnam enterprises also found the opportunities of learning experience in business management which may be shared by these potential association members. Prevailing laws do not allow foreign enterprises to become members of VBAs. However, they can become associated members or honorary members⁶. This reduces the benefits of the foreign enterprises in comparison with Vietnam enterprises hence reduces their motivation to join Vietnamese associations.

In order to take the advantages of the expertise and knowledge of foreign enterprises, some associations have created the open and favorable mechanism for these enterprises to participate. The associations will register the foreign enterprises as associated members. At the same time an Advisory Boards is established, allowing a strong role and participation of foreign enterprises. This approach is totally matched with the regulation of Vietnam laws but also helps the associations to have foreign members with good capacity for supporting the development of the associations.

⁶ Article 17, Chapter III, Decree 45/2010 / ND-CP on the organization, operation and management of associations. According to this decree, the official members of the association firstly must be citizens and organizations of Vietnam. The joint-venture enterprises and enterprises with 100% foreign investment who want to join the association can only be registered as associated members or honorary members and do not have rights to vote on matters of association or being candidates of leading positions in leadership or supervisory board.

Box 11**Danang Tourism Association and the model of Foreign Advisory Board**

Danang Tourism Association (DTA) is one of the typical VBAs in the country's industry of tourism and hospitality. In Danang, this is the industry with high density of foreign investment. DTA's understand that these enterprises are important entities in transferring the globe's modern hospitality technology to Vietnam. Unfortunately, Vietnam's laws do not allow them to be the official members of the association.

In order to solve this difficulty, the association has established a Foreign Advisory Board operating beside the Executive Board, including Vietnamese entrepreneurs. This is the way helping the industry legalizing their position and their role in the association and in the development of tourism. The foreign advisors have remarkable authority in consulting for the programs, plans of the association. They also usually facilitate the activities sharing experience and tourism management skills toward the Vietnamese colleagues.

DTA has also organized the affiliated branches including Hostability Association, Tourism Guide Association. At these branches the positions of chairman or secretary general can be hold by foreigners. Such mechanism allows them to share the good management skills in the industry as well as association governance.

5. Policy Advocacy

Advocacy is a strategy carried out by individuals or organizations to influence policy makers and other authorized entities in issuing and promulgating of policies and laws through which they influence the activities/actions or decisions of these bodies. In another way, advocacy involves with the expression of the supports or a collective opinions of support toward specific public policies. The expressed opinions may be for supporting, not supporting or proposing for amendments. The policy may include laws, regulations on trade, labor, transport, finance, and also court rulings, administrative decisions, and other administrative procedures.

Policy advocacy is playing an important role in the current context. As for the community of enterprises, participating in process of developing laws and policies - particularly those related to business, not only helps enterprises to predict upcoming regulations and policies but also is a great opportunity to drive the policies toward enabling a favorable environment. VBAs that represent the community of enterprises should be the most suitable organizations for implementing this function. Policy advocacy will not only protect the legitimate rights and interests of associations' members, but also contribute significantly to develop and promote the favorable environment for their members and for the whole business community.

In recent years, policy advocacy has been paid more attention by business associations. It has step by step become one of the main functions of their operation. Many associations have actively contributed to the development, amendment of legal documents in a systematic and methodical manner by consulting with members, conducting research, facilitating public - private dialogue and using different channels (national assembly delegation, the media channels, and etc.) to influence policy makers. However, many other business associations, as reported in the VCCI's study on capacity of VBAs, have not conducted any policy advocacy activities. 56% of interviewed VBAs have never implemented policy dialogue of any form. About 38% of interviewed VBAs reported that the policy advocacy activities were effective⁷. With the aim of improving the policy advocacy capacity of business associations, a number of good practices, initiative examples have been compiled from the experience of business associations in different provinces of Vietnam.

⁷ VCCI (2013). "Operation capacity of Vietnam Business Associations"

Policy advocacy – The mission to be pursued in long term

Policy advocacy is long time and not-so-easy process, which requires business associations to have a good understanding their members' concerns/issues. They also need to have professional knowledge and/ or certain level of understanding on policies/legal documents, the development and promulgation procedures of policies, legal documents, and especially the target groups of policy advocacy activities – the policy makers. Each of those agencies has its own competence and procedures. Therefore in a same advocacy campaign business associations may have to advocate different agencies at the same time and employ various measures specified and suitable to each agency. Understanding the characteristics of policy advocacy, defining requirements, challenges to be confronted at early stage, being well prepared in terms of expertise, human resources, finance and required skills are important requirements of for business associations to be effective in policy advocacy.

Box 12 Some forms of policy advocacy - Practical experience of HAWA

Passive Advocacy: After being promulgated by the Government, laws and policies sometimes face such shortcomings as low feasibility, contraction between laws, thus limiting the enterprise's operation. For such shortcomings, on behalf of its members, HAWA usually gives feedbacks, proposes amendment and participates in revision, e.g. the case if phytosanitary regulations for wooden products.

Proactive Advocacy: Once the governmental agencies and the bodies in charge of drafting policy documents and send them over HAWA usually informs immediately its members and organizes meetings to collect comments. After that, it summarizes the opinions to submit to the competent authorities. For a prompt and effective comment, HAWA has also established a group of dynamic entrepreneurs with strong background, being able to present opinions in a scientific, objective, and especial relevance.

Policy Proposal: HAWA conducts researches and then makes proposals of undeveloped laws and policies which help competent authorities to control better and improve the business environment for the enterprises of the industry. For example, on 7 May 2014, HAWA, after a long time of thorough study, submitted a policy proposal entitled "The vision and development strategy for the wood processing industry by 2020" to related authorities, including Prime Minister, HCMC People's Committee, Ministry of Agricultural and Rural Development (MARD), and Ministry of Industry and Trade. HAWA also introduced this proposal to State Bank of Vietnam and Ministry of Finance. HAWA has successfully defended its proposal with some authorities and departments of HCMC and received wide support. The proposal then was sent to governmental level agencies for feedbacks. Another similar example for this is the proposal on public expenditure for wood products which are used in major building works, social sheltering and public buildings, in which HAWA recommended that all wooden materials used for the work must be made from wood certified to be of legal origin.

Motives of policy advocacy should be objective and society-oriented

Policy advocacy has gradually been recognized as a meaningful activity. It is an important factor to strengthen the partnership between Government and the business community. It is also the factor that help to improve the quality of laws and polices. However, many people have expressed doubts about the motives of advocacy and considered advocacy might be used as a means to protect the vested interests. It can also be misused, resulting in corruption. Some factors for this doubt is that policy advocacy, in some cases, have not succeeded in proving its transparency, its objectiveness and its orientation towards the benefit of the whole society.

HAWA did recognize at very early stage that an objective and society-oriented motive can make the association's opinions heard and respected. It can help to make the association to have the supports and agreement from related parties and ultimately create its sustainable benefits. When conducting advocacy activities, HAWA and its members always adhere to the principle: "Always stand for the national interests but not for the vested interest of any group". The association always distinguishes issues of particular enterprises and those of the whole industry when it comes to policy advocacy work".

With such viewpoint, HAWA has proposed many policies and activities to promote the development of the wood processing industry with full consideration of the benefit of the whole society. Typically, HAWA has suggested the

Government to encourage investors to build intermediate processing plants in provinces where the source of material wood is abundant. At present, material wood is mostly located in the North East, accounting for 26% of the country's wood material production area, North West (17%), North Central (22%), West Central (22%), and Central Coastal area (12%)⁸. Whereas, South East area where 65% of wood processing plants allocated has about 1% of the total area producing wood materials, consequently, those plants have to import raw material of artificial wood for production. Building intermediate processing plants will make 100% use of domestic material, which (25% of the processed wood will be delivered to plants in South East area for production of refined products, 75% will be used for pulp, wood shavings, industrial plywood production) and reduce amount of wood imports. Moreover, once the processing plants are built, related public services such as electricity, roads, schools and health services will also be invested and developed. Not only more jobs will be created for local people but their quality of life will therefore be improved. If people's lives are assured, they will no longer do harm to the forest. They may even join forces with forest rangers in forest protection, protect social security and public security.

Being close to members to understand them and make their voice heard

There is a fact that there are still many enterprises which hesitate to comment on the proposed policies, laws and other issues related to legislation execution because they are afraid of "troubles" which may arise afterwards. Hence, though officially being the representatives and the bridges between the community of enterprises and governmental bodies, many associations have not yet been the actual "spokesman" of their members due to the difficulties faced in gathering the members' opinions. However, some associations do use simple and effective approaches to help their members to overcome the psychological barrier to participate in and contribute information and ideas for the associations' policy advocacy.

Business association leaders works with member enterprises in person for their opinions

Annual dialogues, unplanned meetings, sending postal mails or emails to member enterprises or contacting through telephone are the ways commonly used by VBAs. These approaches have been also used by HUBA and they have been considered as the suitable ways for the association to organize and implement the activity. However, these methods have not been the most effective way for the following reasons:

- The dialogue with all association members is a high interactive activity but it is limited within a fixed duration. The more enterprises participating in the less time is allocated for each comment. Therefore, it is difficult to get into deep and careful discussions. Furthermore, in such discussions the bigger enterprises are often confident to raise their opinions while the smaller ones do not have chances to speak out the similar opinions. Hence, after some time, these smaller enterprises will feel overshadowed and participate less.
- Though sending postal mails or emails to member enterprises or contacting through telephone can help to address the issue of time limitation, it can help enterprises to express their opinions. However, these are less interactive and do not generate motives or pressure for the enterprises to answer the questions. Sometimes, this leads to the situation in which the enterprises only respond when they like or when they have free time. In addition, some issues are difficult to be expressed in writing, e.g. the evaluation on the attitude or quality of the services of the governmental agencies as enterprises did not want to face "arisen troubles". Therefore, the opinions collected were not actually comprehensive.

Facing this reality, HUBA worked out the solutions for overcoming the weakness of the above mentioned approaches. Leaders of the association will work with at least two member enterprises per week to collect their opinions. According to the leaders each meeting with enterprises is a chance for the leaders to have better understanding of their members including the situation of their business, the strengths, the faced difficulties and the assistances needed by the members. The meetings have influenced the enterprises positively, i.e. the members have recognized the care, the intimacy and the friendship of the association leaders. As a result, the enterprises participated more actively when being requested for information and their opinions for policy advocacy. Moreover, the collected information from the meetings also helps the association in management and development of the association through creating platform for sharing the members' good experience, contributing to the promoting for the business of the enterprises, brokering between the members, setting the directions of supporting services for serving the members better and having useful information for policy advocacy.

⁸ According to Mr. Huynh Van Hanh (Vice chairman of HAWA)

Structuring the association into small groups, clubs and working groups

The “umbrella model” of associations with the affiliated working groups and clubs in terms of sub-industries or favorite areas lead by the members of the associations’ Executive Boards has been applied widely in over the country. This organization model helps the associations to manage the activities which are more suitable with the needs of the members. Furthermore, doing activities in smaller groups helping the enterprises to build more close relationship with each other, to share information better and report their difficulties and challenges to the leaders of the associations more timely and exactly.

Though it was just formed in 2011, Lao Cai Business Association has contributed greatly to policy advocacy for improving business and investment environment of the province. Such contribution has been highly appreciated by the provincial authorities. One of the factors contributing to the success is the organizational structure of the association. With the direction of “Uniting, Integrating and Developing together” the association has not only paid attention to the larger enterprises but also to SMEs. Lao Cai business association has organized six groups of member enterprises by industry including Trade – Service; Infrastructure Construction; Small Hydropower; Mining; Banking and Financial Services and Industry - Fabrication/ Production. One enterprise working in more than one industry can be members of different groups at the same time. The association assigned six standing vice chairmen who are the representatives of strong enterprises in each of the industry to be responsible for managing and supporting the enterprises under each group.

SMEs are sometimes hesitant to express their recommendations or reflect their difficulties at crowded workshops and meetings. They are often confused or have no knowledge of the persons they should talk to about their issues. Organizing the association by groups of industries and frequent meeting for information exchange between the enterprises of the same industry help the enterprises to express their opinions more openly. Moreover, the practice of assigning leading enterprises to mentor and coach smaller one also helps the association, the leaders of the province and its departments to understand the business situation and the difficulties of the enterprises and the industries easily and quickly. They therefore can take action to solve the difficulties and obstacles of the enterprises in a more timely and effective manner.

Partnership for effective policy advocacy

The partnership between associations or between association and media in policy advocacy are not new. However, many associations have not valued sufficiently the importance of such a partnership and make the best use out of it in policy advocacy. A single association may face the lack of resources including manpower, finance, expertise and ect.. As a result, its voice is not as powerful and effective as it should be. Therefore, the cooperation of the relevant parties in policy advocacy is necessary because it helps to make the best advantages of the resources and strengths of each party.

The Association of Vietnam Retailers (AVR) is one of the associations who recognized at the early stage the importance of the partnership between associations for creating a common and strong voice in policy advocacy. In 2012, the rate of 23% of enterprise income tax was proposed in the draft of the Law on Enterprise Income Tax. This represented a mere 2% lower than the previous one. The reduction was not reasonable and would not be sufficient to encourage to the enterprises to save for investment to expand production and business. AVR recommended to set the rate at 20% or reduce at least 1% from the previous rate. AVR was determined that this issue would impact on not only the enterprises in retail industry but also the whole community of enterprises. AVR understand that by getting the business associations together to make the same request would help to reinforce the power and the voice of the association. It will also help to take advantages of the resources of manpower, finance of many business associations for a more effective advocacy campaign. Therefore, AVR has actively partnered and cooperated with 15 associations of other industries such as the Association of Leather and Footwear, VASEP, the Association of Tourism, the Banking Association and the Association of Insurance Institutions to study the proposal of the law, research the relevant documents both domestically and internationally to prove the unreasonable points of the proposal⁹. In next step, the associations organized several seminars and talks to present their recommendations with the participation of leading economists, representatives of National Assembly’s Economic Committee, the members of the National Assembly who are entrepreneurs and the media. Though it was not as expected by the community of enterprises but as the result the Law has been approved with the rate of income tax being reduced 1% as compared with initially proposed rate. In addition, the associations have learnt a lot of good and bad experiences in policy advocacy and building relationship with the media. This is a good lesson learnt for associations for referring to in doing policy advocacy which are related to the associations of different industries.

⁹ One of arguments made by associations was ‘the new tax rate of 23% as defined in the draft law is still higher than that in other countries. For example, the tax rate of Singapore and Taiwan is 17%, of Thailand is 20%. Since the beginning of 2013, some Eastern European countries have reduced the income tax rate from 30% to 19%.’

6. Strengthening International Linkages

International partnership development was implemented by associations at very early stage of their development process, especially for the associations working in the export related industries. Forms of existing partnerships varied among associations. For example, the associations can join as a member of international organizations, alliances with donors and the media, establish a joint forum to share experience and good practices, participate in bilateral / multilateral agreements, etc. As the economy is integrating deeper into to global economy, international linkage of the associations is playing an important role and is an indispensable factor for development. International partnership facilitate the share of information, experience, and promote trade/commercial activities for members. It is also helpful to utilize and maximize related parties resources, to build capacity of staffs, or to promote the associations' images.

Looking from outside, the international partnership seems to be exciting and effective. However, there have been still issues have not been solved sufficiently. Among these issues are: loose linkages, unrealistic and formalistic linkages without benefits generated for the associations and member enterprises; the management, planning or developing partnership strategies not being implemented without the sufficient attention of the associations.

Combining international partnership with industry's image and benefits

Market is a battlefield. In the integration era, Vietnamese enterprises need to understand the rule of the game and be able to play in the international chessboard. Being aware of this, Vietnam Pepper Association (VPA) has persistently pursued international partnership. In the recent years, the pepper industry of Vietnam has been lifted of a new level of development. However, it is always important for authorities as well as the association to know in details about the situation of production, the conditions of nature, marketing and products of each country in the world; and the changing trends of productivity and price over the years. This information will not be able to be obtained if there is no participation in international organizations. Participating in international organizations has helped VPA to know better the movement principle of the market and closely monitor the changes of productivity and price. On that basis, the association has provided the suitable information to the members and provided sufficient consultation to the formulation of policies related to the pepper industry.

International partnership must be used to enhance the image, influence and impacts of the industry that the business association is presenting on the global market. Vietnam has a major share of the global market for some commodities products. However, price is not under the control of Vietnamese exporters. The influence and impact of the Vietnamese enterprises and the associations to the global market are not strong enough to generate the best benefits for Vietnamese enterprises and farmers. VPA has been always determined to concentrate on strengthening the international partnership and to step by step gain the market leading role. By the internal union and agreement of the member enterprises, VPA and Vietnamese enterprises have gradually played an important role in the global map of pepper market. The voice of VPA has become more powerful and more influential at the forums of the World Pepper Association.

Combining international partnership with economic-trading relation

VASEP is one of the associations with remarkable and successful international partnership in the recent years. One of the principles for international relation and international linkage expansion is to develop the international relationship in terms of economy and trade. Economic-trading relation is fundamental principle for the depth and sustainability of the international relationship. VASEP has specially paid attention to build the relationship between the exporters and the importers as between VASEP and the associations of importers in the markets of Europe, America and Japan. VASEP and the international importers have common economic benefits and this has created the fundamental principle for sustaining the relationship and to start the expanding of international relationship toward other relevant groups.

In addition, VASEP has been a member of Fishery Association of the United States (US) and participated in the different associations of US and other major importing markets of Europe and Japan. In addition, the association has also signed Memorandums of Understanding with the associations of other countries as India and Bangladesh for establishing an alliance for supporting each other in market development and strengthening the economic relationship. VASEP, at the same time, has actively supported its members to participate in the fairs in Europe and America. These relations have actively helped to expand and develop the trading relationship of VASEP's members in the recent years.

Cooperation with and use the assistance of international organizations effectively

Developing private sector and building capacity for the representative offices of the enterprises in general and for associations in specific is one of the leading priorities of international organizations. In fact, the community of enterprises and VBAs have received a lot of assistance from international organizations in the recent years. The organizations including The Asia Foundation (TAF), Danish International Development Agency (DANIDA), The German Federal Enterprise for International Cooperation (GIZ), European Union (EU), United States Agency for International Development (USAID) and ect. through different programs have been assisting the associations. Strengthening the partnership with international organizations should be focused, and enhanced, especially for taking the advantages of the assistance of these organizations in terms of the valuable resources of technique, knowledge and experience. Many associations of Vietnam have taken these advantages and used the assistance of the international organizations effectively. HAWA is an example for the long-term and sustainable relationship with GIZ in which the association has been supported by the agency at many aspects of its operation. The importance for HAWA is the continuous attention being paid to the effectiveness and the sustainability of the assistance activities and the effective use of the achievements of the assistance-cooperation process for building capacity for the association. E.g. HAWA is one of the associations which continuously using the appraisal tools for association assessment developed within the framework of the project MUTRAP for the planning of the association's activities and strategies. HYBA which was established with the assistance of GIZ has sustained the multi-disciplinary policy dialogue activities that were advised by this organization in terms of methodology.

In order to approach and build the partnership with international organizations associations, association need to have necessary preparations. International organizations and donors are willing to support associations which have clear objectives; clear strategies and clear action plan, and a professional way of working. The associations need to have creative and meaningful ideas prior to the discussions with international organizations. The ways of presentation and preparing proposals for funding requests play an important role in the effort of forging the cooperation partnership with international organizations and donors.

Box 13 Eight steps to build a network - Sequa BMO Toolbox

(1) Analyze the current situation and demand: identify and analyze the current needs of BAs, expectations of members – what exactly would they want from the new partnership(s)?

(2) + (3) Study and assess target group(s): after identifying the objectives of partnership, the BAs should find potential groups of partners – organizations/ individuals that can act/influence so that the BAs can achieve defined objectives; Analyze the role, the influence of each partner; Consider and select the most suitable ones for the BA's objectives.

(4) Assess the BA's capacity for achieving the cooperation objective: Are the BAs able to handle all activities which are needed to pursue the objective? Do the current personnel have necessary capacity for implementation and management of the work relating to the partnership or not? Would recruitment of new staff or re-scheduling of present work in your association become necessary? Is outsourcing of the task or part of it recommendable?

(5) Prioritize activities and sign agreements: Together with their partner(s) the associations define the specific objective of the partnership, prioritize the potential activities.

(6) Plan implementation and market the partnership/linkages: Plan timing and budget, launch activities and promote them to members and the business community to get supports.

(7) Monitor and evaluate: Identify performance indicators to measure progress against the targets

(8) Continue/expand/reduce planned activities and identify new activities: On the basis of monitoring, decide on how to continue actions towards desired results.

7. Establishing industry standards

One of the most important requirements for enterprises if they want to enter the global market is to adhere to international standards. Technical standard compliance help the enterprises as well as the economy to enhance its competitiveness. Export of products and services become easier.

Vietnam is stepping up efforts to integrate globally, the active participation of VBAs into the development of the industry standards is necessary. BAs can help member enterprises to speed up the compliance of the industry standards by using their influence and action plans. Besides, the coordination with the governmental agencies which are responsible of the industries also helps to build the standards and regulations of the industries sufficiently so that the community of enterprises having direction in responding to the requirements.

This section of the report summarizes some good practices of VBAs in establishing industry standards.

Combining industry standard improvement with marketing activities for industry and association's member enterprises

Enterprises will be more proactive in applying measures to comply with industry standards if they see the benefits of so doing. Improving industry standards should also be derived from the benefits of the country and the industry's rather than of a group of individual firms.

Since its first year of operation in 1980s Vietnam Beekeepers Association has identified exporting and creating a brand name for the honey industry of Vietnam as the strategy of the industry. In order to achieve the strategy, product quality should be emphasized and prioritized. The association has partnered with the customs authority of Vietnam, VCCI to develop HS system (The Harmonized Commodity Description and Coding System) in compliance with the international standards to help classify and track product origin more easily which also help to make the export to the U.S. market easier. In addition, the association also has advocated governmental agencies to issue technical standards for administering the production and trading of honey. The association has cooperated with research centers/institutes, honey-trading companies and international organizations to conduct training courses in order to improve the techniques of beekeepers and honey producers and hence to improve the quality of honey. Members of the association have also agreed to keep its commitments on the origin of honey i.e. Not taking honey products from outsiders which may affects the honey quality and the reputation of the association as well as the whole bee industry of Vietnam. After years of being patient and persistent, the ban on Vietnamese honey was lifted, Vietnam's honey under the brand of VBA has been acknowledged by the U.S. and European markets.

Similarly, HAWA has thoroughly applied this principle when finding the ways to improve quality and the common standard of the industry of wood processing in the South of Vietnam in particular and of the whole wood processing industry of Vietnam in general. With the goal of building the image of Vietnam wood industry as "an industry of a business community with full sense of environment protection and social responsibility", HAWA has issued a statement which is applicable to all the members. The statement says "no members of HAWA are allowed to use illegal wood. All the wooden products of HAWA members must be processed from wooden materials which have clear, transparent and legal origins". HAWA has been bravely to propose to the policy makers that "The public purchases must satisfy the condition of legal wood origin. The building works using public financial resources, the large scale building works and the building works for community must be proved in terms of legal origin of wooden materials".

These seems to create higher requirements for the member enterprises. However, in fact it is a very effective way of promotion for the products and image s of the members of HAWA, especially for the overseas markets.

Be creative and flexible in improving the industry standards

When it comes to industry standards, associations often think they do not play any roles in the improvement of industry standards. For many associations, developing and promulgating the industry standards are the roles of government authorities.

This perception is not true. Many associations have proved with their good practices regarding the important role of the associations for the improvement of industry standards.

In the context of Vietnam, developing and promulgating the industry standards are responsible by the governmental authorities. However, associations play important roles in advocating for reasonability of the standards. VASEP is the association which usually participates in the commenting activities with MARD for the industry standards of fishery processing products. VPA and Vietnam Tea Association also have actively participated into the contribution of comments for the industry standards developed for their industry's products.

For many associations, industry standards are commonly published under the forms of regulations, legal documents issued by the governmental authorities. In fact, industry standards are also established under the form of common statement of association standards or under the form of Code of Conducts applied commonly by all the members of associations. HAWA and the Association of Securities Business are the good cases for the use of this method in promoting for its industry standards.

Improving industry standards also includes trainings and promulgation of the standards. In the process of global integration VBAs play in important role in discussion and harmonization of the industry standards. E.g. for the wood or food processing industries in ASEAN. It is clear that the harmonization process only can be done with the active participation of associations.

Encouraging members to apply for the confirmation of quality standards for improve the quality and the common standards of industry

The common quality standards of an industry can only be improved if the quality of each member enterprise is improved. BA is an effective channel to disseminate and encourage member enterprises to apply industry standards or implementing the procedures to be confirmed of standard conformity. Having the confirmation of standard conformity will benefits the enterprises directly. Moreover, this also contributes to the building of a common image of enterprise community and of the industries which are represented by BAs. E.g. recently, HAWA has worked with other associations and agencies to actively encourage for the confirmation of COC and FOC certificates of 250 Vietnamese enterprises till the end of 2013 whilst none of Chinese enterprises have obtained these certificates and only eight enterprises of Thailand have obtained these.

These efforts of HAWA will generate an important contribution for developing the wood processing industry in long term. This will help to build the image and economic value of Vietnam wood industry.

Not only at the wood industry but also at many other industries such as food processing, coffee, fishery ect. The enterprises also have been working hardly to obtain different certificates of standard and quality conformity. The roles of VBAs in these industries are clearly important, especially in promulgating, encouraging and training for the enterprises to obtain more necessary confirmation of industrial standard conformity.

Using the principle of value chain for improving the common industry standards

The quality of products and services of an industry can not be decided by a unique processing segment but by all the actors participating in the different segments of the value chain. The principle of the development of value chain have been applied by a number of associations to seek solutions for improving overall quality and standards of the industry's products. In an effort to improve the quality of Vietnamese tea, Vietnam Tea Association has applied this approach for all the actors in the value chain of tea industry from the farmers who plant and harvest tea. This covers the whole range of the tea collectors, the traders, the processing bases, the tea plants and the trading companies. With different activities the association has disseminated and encouraged for the improvement of tea products with all the members of the tea value chain. The supporting activities of the associations are not only oriented to the processing and trading enterprises who originally considered as focused target group of associations generally but also to the farmers, and small collecting and processing bases.

Similarly, Vietnam Pangasius Association has also applied the theory of value chain development to overcome the excessive and scattered development without quality control of Vietnam pangasius industry. With the common goal of restoring order in the industry, improving product quality, and sustaining the development of the pangasius, Vietnam Pangasius Association has targeted its activities to all actors of the value chain, rather than to the processing and export enterprises only. The quality of the fishery products must be secured at all the steps in the process of production, processing and trading. And this is the basis for the formulation of the vision, mission and target members of the association.

PART II

**PROPOSAL OF TOOLS FOR SELF ASSESSING
BUSINESS ASSOCIATIONS' CAPACITY**





1. Self-assessment tools for business associations

Some foreign self-assessment tools

Nowadays, experts usually evaluate the capacity of business associations by a set of tools proposed by the World Bank in 2005. This system is actually suggested to the Bank's members as a method of choosing potential partners in their programs/ projects. Accordingly, the criteria for selection include: (1) Democratic governance and independence from the authorities; (2) Number of members which are small and medium sized enterprises (SMEs); (3) The commitment and vision of its leaders; (4) The trend towards shouldering responsibilities by the member SMEs; (5) Financial sustainability; (6) Quantity and quality of its staff; (7) Office and equipments; (8) Policy advocacy and service provision for the SME members. Each criterion is evaluated on a scale of 3, whereby 1 is low, 2 is medium and 3 is high. Basically, this World Bank's Tool is relatively objective and easily applicable. It is useful in determining the rank of some associations with the total score from 5% to 20%, depending on the relative importance of each sub-index. However, this Tool lacks the capacity to provide a clear qualitative assessment of the specific criteria for each sub-index i.e. low, medium or high. Additionally, the scale provided by the World Bank cannot be readily adopted for comparison purposes between associations and/or even within one association over time.

In 2001, the consulting firm McKinsey & Company constructed a Tool for improving the efficiency of non-profit organizations (NPOs) under the request of Venture Philanthropy Partners (Partners, 2001). According to the firm, the capacity of NPOs, including business associations, has 7 crucial elements which can be organized in a pyramid form: 3 top-level elements – ambition, strategy and organizational skills; 3 base-level elements – the structural system, infrastructure and human resources; and lastly the organizational structure in which cultural element plays the role of linking all the remained elements. This Tool can be used by managers, staff members, boards of directors and external sponsors of the NPOs for various purposes. Firstly, the strengths and weaknesses of the subject NPO can be identified through this Tool. Secondly, the changes in the NPO's capacity over time can be measured. Subsequently, a summary of the different viewpoints within the NPO with regards to its capacity, as provided by its staff, the board of directors and its sponsors, for example, can be the beginning of a fruitful discussion within the organisation. Thirdly, this Tool provides a general indicator, somewhat akin to a thermometer, to identify potential areas to be improved upon. Fourthly, it should nevertheless be noted that this Tool is just a start. Thus, organizations are encouraged to adjust and customize the Tool to adapt to their specific needs. The four general levels are: (1) clearly in need of improvement; (2) medium; (3) fair; and (4) good.

Thank to this Tool by McKinsey & Company, many organizations have developed other self-assessment Tools, for example, the standard assessment Tool developed by Frank Martinelli and Shelly Schnupp's Centre for Public Skills Training (2012). This is used for the initial assessment of business associations, which provide a clear and detailed image of the organisation's current well-being, based on 6 factors: (1) Mission, Vision and Strategy; (2) Governance and Leadership; (3) Service provision and Impact; (4) Resource Development; (5) Strategic Relations and (6) Internal Activities and Management. Inherited from the McKinsey & Company Tool, this Tool is quite user-friendly and easy to calculate by grading the 6 ingredient components. The result will again be presented based on the four general levels (as identified by the McKinsey & Company Tool), which are: (1) clearly in need of improvement; (2) medium; (3) fair; and (4) good.

Another important document is the Development Plan for professional accounting associations by the Confederation of Asian and Pacific Accountants (CAPA, 2014). In this document, experts from CAPA consolidated a system of assessment for professional organisations based on their aggregate expertise and experience. This document was adopted by the Vietnam Association of Certified Public Accountants and shared among their research group. The information contained in this document and the experience obtained from using it were largely helpful to the research group for the complete construction of the final Tool.

In 2011, The Centre for International Private Enterprise (CIPE) and The World Chambers Federation (WCF) published some very useful standards for the operation of business associations and chambers of commerce around the world. Specifically, in order to attain the status of “good governance,” the relevant body needs to meet the benchmarks in the following seven aspects:

- (1) The governance framework of business associations and chambers of commerce has to create independent and efficient organizations which represent the interests of their members, create values and meet their social responsibilities;
- (2) Members have to take ownership: the governance framework should recognize and acknowledge that the members are the basis of the association's existence. And allowing them to act as the knowledgeable and proactive owners consequently ensures that there are transparency and accountability in the association's governance, and that sufficient professionalism and efficiency is properly observed;
- (3) Fair treatment for members: the governance framework should ensure a fair and equitable treatment for all members;
- (4) The role, the structure and the responsibilities of the Executive (Management) Board: the governance framework should create an Executive (Management) Board which can: ensure strategic direction, policy development and supervising the implementation, ensure national law and legal regulations and ethical standard compliance; ensure proper management by professional staff; and (4) ensure accountability and transparency in public discourse;
- (5) Information disclosure and transparency: the governance framework should ensure that the publishing of relevant information and documents in relation to the association's affairs i.e. its financial status, activities, members and governance system are done in a timely manner;
- (6) Relationship with relevant parties: the governance framework should ensure that the association's relationship with the main relevant parties are sufficiently disclosed to the public and furthered for the interests of its members;
- (7) Assuring effective institutional framework for the governance of the association: effective governance depends on the institutional framework which can promote fairness, transparency, accountability, and responsibility in both private and public sector, and in accordance with the spirit of sovereign laws.

The assessment frameworks in Vietnam

One of the first research reports on Vietnamese business associations is a report entitled “*Business Associations in Vietnam: Status, Role and Performance*”, which was written by Nguyen Phuong Quynh Trang and Jonathan R. Stromseth in 2002 and sponsored by the Asia Foundation. This research surveyed Vietnamese business associations and enterprises, identified and evaluated the main characteristics of these bodies as well as their operating conditions. The authors also analysed the role and the current state of clubs and business associations in supporting enterprises in Vietnam. The result of this study showed that the associations have been relatively successful in providing information concerning law and policy, making recommendations on policies and regulations related to business, training, short-term courses. However, Vietnamese business associations are still weak in consulting and supporting their members, providing information about the market and prices, and improving accessibility to domestic and export markets. Many associations cannot effectively perform their functions because they lack the necessary resources, the capacity, the specialized, professional staff and the legal framework for constructing and developing themselves. The authors recommended that these associations should try to specialize their activities and services to meet the needs and wants of their members. The collecting of membership fees, service fees and fundraising should be prioritized; associations may also seek help from international organizations which operate in developing the private sector by providing technical consultation and financial support (Trang & Stromseth, 2002). However, this is only a research report on Vietnam business associations and not a proposal for any self-assessment tools.

Another research report entitled “*Vietnam Business Association as Policy Advocates: A lot more can still be done*”, written by Tran Huu Huynh, Dau Anh Tuan and published in 2007, also analysed the situation of business associations in Vietnam. Focusing mainly on the issue of policy advocacy, the authors analysed the advocacy role of business associations through: (1) Directly participating in various Drafting Committees of the resolutions of Communist Party, Laws and Ordinance of the National Assembly and other legal normative documents of the Government; (2) Participating in arguing and commenting legal normative documents; (3) Participating in Working Groups and Implementation Group for laws and policies; (4) Via representatives of association in a number of elected bodies such as the National

Assembly and the People's Councils; (5) Participating in regular dialogues between the Government and businesses; (6) participating in other ad-hoc dialogues; (7) Submitting written recommendations to the Government; (8) Conducting surveys and collecting opinions from the business; (9) Publishing the recommendations on the Internet; (10) Other forms of advocacy such as state agencies research projects, research organizations and sponsorship.

This report shows that business associations still face many difficulties with regards to financial matters, human resources, leadership issues, the trend towards "governmentize" the establishment and operation of member business associations and other unrelated associations the level at which technology is being utilized and information being updated by weaker businesses (Huynh & Tuan, 2007). This research has some useful analysis for gathering the necessary criteria to assess the policy advocating capacity of a business association.

In a research entitled "*The solutions to improving the operational capacity of the industry associations, in order to strengthen Vietnam's exporting capacity in the midst of international economic integration*", Doctor- Professor Nguyen Van Nam (2003) researched the role, the duty and the operational capacity of supporting business associations in strengthening Vietnamese export in the context of economic integration. This research emphasizes the integration elements of business associations, together with the assessment of the operational capacity of the industry associations in helping their members boost the export of goods, and proposing methods to improve the operational capacity of association to strengthen Vietnamese exports. Analysis pertaining to the capacity and the assessment criteria were provided, which includes: the association's financial capacity, its staff's capacity, its management, the size of the association members, and the criteria and methods of assessing its activities. However, this topic only focuses on single-industry associations, rather than other multi-sector associations. Another scientific research conducted at the ministerial level named "*Developing Vietnamese industrial associations in the midst of international economic integration*" by Dr. Hoang Van Chau in 2008 also analyses the role of industrial associations in Vietnam. This role is evaluated in 5 aspects: (1) connecting enterprises and the State; (2) supporting enterprises in the process of international economic integration; (3) implementing trade promoting activities; (4) contributing to improving the relevant industry's competitiveness; (5) creating and promoting the industry's brand. All in all, these 2 researches have provided suggestions with regards to the criteria of the assessment tool for Vietnamese business associations.

Another remarkable report entitled "*Business associations in Hung Yen, Quang Nam, Dak Lak and An Giang: A survey, comparison and recommendation*" was conducted by Simone Lehmann and Tang Van Khanh, and published by the [German Technical Cooperation Agency \(GTZ\)](#) in 2008. This study set out about 6 groups, encompassing 16 criteria, with the purpose of evaluating other activities of business associations at provincial level and providing guidelines for further development. The result obtained from comparing various business associations may be used to set out the conditions which can facilitate the learning process of member business associations. This tool was proposed for monitoring and evaluating the impacts on business associations under GTZ's support.

The criteria, which inherit certain features of the World Bank Tool, include:

- (1) A democratic governance and the association's independence from the state, which in turns contain the following elements: (1.1) some degree of ownership by the association members, the democratic nature of the administrative procedure, control, transparency and accountability; and (1.2) the authority's impact on the policies, activities, recruitment and finance of the association;
- (2) The number of members which are Small and Medium enterprises (SMEs), which in turns contains the following elements: (2.1) the number of members paying membership fee, (2.2) the membership fee system, and (2.3) the percentage of members compared to non-members in the industry / geographical area;
- (3) The association's financial sustainability, considering its dependence on membership fees, subsidies or the diversity of revenue sources. Another relevant financial matter is the different price mechanism for members and non-members;
- (4) Honorary and specialized/ professional staff: (4.1) the number of specialized staff members; (4.2) the quality of specialized staff; and (4.3) the quality of honorary staff members;
- (5) Office and equipments: quality and number;
- (6) Advocacy, which in turns contains the following elements: (6.1) internal discussions on improving the business environment; (6.2) cooperation with the Government and public administrative bodies; (6.3) building a network with other associations and federations to gather additional policy advocates; and
- (7) Services, which in turns contains the following elements: (7.1) training and consultancy; (7.2) other services which directly benefit members.

Although this report has provided some useful assessment frameworks, in terms of providing meaningful evaluation, the criteria have hardly been “localized” to suit the reality in Vietnam. Indeed, these evaluation criteria were selected based on the experience of foreign associations rather than Vietnamese ones.

Another document, “*Assessing the capacity of associations based on modern criteria: Improving strategic governance and management by business association*” – a handbook which was published in 2011 by Economica – has inherited the results of the GTZ report and given 7 groups of criteria for diagnosing and assessing associations' capability. They are: (1) transparent and democratic management which is independent from the state; (2) members and membership fees; (3) Finance; (4) Human Resources; (5) Office, equipments and the application of technology; (6) Policy advocacy; and (7) Service provision. Each group has 1 to 3 specific criteria. The scores for each criterion are divided into three basic levels: (1) 1 point - very low; (2) 3 points - medium; and (3) 5 points - very high. Each criterion is graded on a scale of 5. The scoring system is most frequently done in the 1-3-5 system as explained above. However, some indicators may have detailed corresponding descriptions for all numerical scores from 1 to 5. For systems which have only 3 levels of 1, 3 and 5, it is possible to give a score of 2 or 4 if the business association has yet to achieve levels 3 or 5, but has exceeded levels 1 and 3 respectively. The score of each indicator is set out on a table in order to facilitate comparison among the indicators and the drawing of a star chart (Economica, 2011).

Eurocham Vietnam has also provided an assessment tool which is relatively friendly to Vietnamese business associations. The 17 indicators, which were identified and in turn divided into 7 groups have managed to cover almost all aspects of local business associations. However, these 7 groups have unequal distribution of indicators: Some groups have 1 indicator while others have 3. Additionally, the scoring system for each indicator is rather difficult to apply evenly to all Vietnamese business associations. For example, the criterion regarding the number of members who pay membership fees regularly in relation to the total number of members, with a band score from 1 to 5, is hard to apply to some associations which operate quite narrowly such as banks (Economica, 2011). Moreover, the assessment criteria of this tool, which are in the framework of the Multilateral Trade Assistance Program (EU-MUTRAP), are mostly appropriate for specific industry associations and associations which are in the exporting industry. As such, this tool is not sufficiently broad to assess business associations at provincial level.

Most recently, in 2013, Vietnam Chamber of Commerce and Industry published “*The Research Report on the operational capacity of Vietnamese business associations*” (VCCI, 2013). This report, which was based on the survey of Vietnamese business associations, has analyzed the operational capacity of local associations in 5 areas. They are: (1) managerial capacity and strategic goal-setting; (2) financial capacity and infrastructure; (3) the capacity to serve its members; (4) the capacity for advocating policies; (5) the capacity for building and developing the business community. However, due to limited resources from the BWTO project, VCCI has only published the report and stopped short of building a working set of tools for business associations. Therefore, the programme entitled “*The efficient operation of business associations, for a dynamic and comprehensive development in Vietnam*”, which was managed by TAF and supported by DFAT, is an exceptional opportunity for local business associations to improve their capacity.

2. Proposed Assessment Tool

After reviewing various researches and reports on the topic of assessing both domestic and foreign business associations, the VCCI's research team has been able to come up with a draft for the proposed Tool. Subsequently, experts and several business associations in the country were consulted on the draft before it was tested in 10 associations across the country for the purpose of further modifying and adapting the Tool to suit the commercial reality in Vietnam. This Tool produces a system of indicators to assess the ability of the business association in accomplishing its main tasks. Each indicator is then assigned to a sub-index. The indicators are graded on different levels, which reflect the development level of the associations on each specific indicator. This Tool has 6 sub-indexes and 50 indicators, to fully assess the activities of the business association. The 6 groups are:

- (1) *Strategic orientation capacity*
- (2) *Leading and governing capacity*
- (3) *Financial capacity and infrastructure*
- (4) *The capacity to serve its members*
- (5) *The capacity to give comments and propose recommendations to laws and policies*
- (6) *The capacity to contribute and support the development of the business community*

Strategic orientation capacity

This Sub-index evaluates a business association's capacity in terms of its strategic orientation and development plan, from drafting, consulting, and publishing to evaluating the implementation of these two important documents by the association. The 8 targets set out include: (1) Forming the development strategies for the term; (2) Consulting the relevant authorities for further improvements on these strategies; (3) Publishing/ announcing the strategies; (4) Evaluating the implementation of the strategies; (5) Building an annual operation plan; (6) Consulting the relevant authorities for improvements and contributions to the annual plan; (7) Announcing the plan; (8) Evaluating the implementation of the plans.

Table 6: Criteria for evaluating the Strategic Orientation capacity

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)					Self-assessment by the association	Basis for self-assessment
		1	2	3	4	5		
1	Forming the development strategy (ies) for the term	1- Not available or yet to be formally documented.	2- In the process of being formed.	3- Published and promulgated, but hardly implemented (no program or plan of action).	4- Promulgated, implemented into practice but the results have not been evaluated.	5- Promulgated, implemented into practice; the results are evaluated and the targets achieved.		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
2	<p>Consulting the relevant authorities for further contributions and improvements on the proposed strategies</p>	<p>1- No consultation</p> <p>2- Consultation in process. Only internal members of the Executive Board have been consulted. General members have not been consulted.</p> <p>3- The relevant draft has received comments from members of the Executive Board and a few members (only applicable to members which are large enterprises).</p> <p>4- The draft is commented on by the members of the Executive Board and most of the general members (over 50%).</p> <p>5- The draft is commented on by the association's Executive Board, a majority of its members (over 65%) and independent specialist(s) who is not part of the association or a leader of a previous term (if any).</p>		
3	<p>Publishing/Announcing the development strategies</p>	<p>1- Publishing or announcement is not yet done</p> <p>2- Announcement only made within the Executive Board and a few members.</p> <p>3- Announcement made to the Executive Board, a few members, and published (briefly) on the association's website.</p> <p>4- Announcement made to the Executive Board, most of its members (over 50%), published (fully) on the association's website and disseminated to members.</p> <p>5- Announcement made to the Executive Board, all of its members, published on the association's website. The Executive Board and the members understand the strategies and have some specific activities to achieve the targets set out.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
4	Evaluating the implementation of strategies	<p>1-No evaluation yet</p> <p>2- No actual evaluation yet, but evaluation criteria are being drafted.</p> <p>3- Evaluation criteria selected and evaluation done, but in a superficial way. Results only announced to the Executive Board. No proposed action plan to remedy weaknesses and shortcomings yet.</p> <p>4- Evaluation criteria selected and evaluation done. Results announced to the Executive Board and a few important members. Proposed methods to improve weaknesses and shortcomings formulated.</p> <p>5- Evaluation criteria selected and evaluation done. Results announced to the Executive Board and all members (public announcement on the association's website). Proposed methods to improve the weaknesses and shortcomings formulated, with the participation of its members. The proposed plan has been implemented and effective in overcoming the weaknesses/ shortcomings in implementing the Strategies.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
5	Building an annual operation plan	<p>1 - Not available or the initiative for building such a plan has only been made</p> <p>2 - Being built</p> <p>3 - Promulgated, but have not been implemented</p> <p>4 - Promulgated, implemented, achieved most of the targets set out</p> <p>5 - Promulgated, implemented, and achieved all of the targets set out</p>		
6	Consulting the relevant authorities for further contributions and improvements on the annual operation plan	<p>1 - No consultation</p> <p>2 - The relevant draft has only been commented on only by the Standing Committee and not the members</p> <p>3 - The draft has been commented on by the Executive Board and a few members (only applicable to large enterprises)</p> <p>4 - The draft has been commented on by the Executive Board and most of its members (over 50%)</p> <p>5 - The draft has been commented by the Executive Board, most of its members and by independent specialist(s) who is not part of the association</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
7	<p>Announcing the annual operation plans</p>	<p>1- No announcement</p> <p>2- Announcement only made to Executive Board</p> <p>3- Announcement made to the Executive Board, a few members, and published (briefly) on the association's website</p> <p>4- Announcement made to the Executive Board, most of its members (more than 50%), published (fully) on the association's website and disseminated to members</p> <p>5- Announcement made to the Executive Board, all members, published (fully) on the association's website. The Executive Board and the members understand the plan and have some specific strategies to achieve the target set out</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
8	<p>Evaluating the implementation of the annual operation plan</p>	<p>1- No evaluation</p> <p>2- No actual evaluation yet, but evaluation criteria are being drafted</p> <p>3- Evaluation criteria selected and evaluation done, but in a superficial way. Results only announced to the Executive Board. No proposed action plan to remedy weaknesses and shortcomings yet</p> <p>4- Evaluation criteria selected and evaluation done. Results announced to the Executive Board and a few important members. Proposed methods to improve weaknesses and shortcomings formulated</p> <p>5- Evaluation criteria selected and evaluation done. Results announced to the Executive Board and all members (public announcement on the association's website). Proposed methods to improve the weaknesses and shortcomings formulated, with the participation of its members. The proposed plan has been implemented and effective in overcoming the weaknesses/ shortcomings in implementing the plan</p>		

Leading and governing capacity

This Sub-index evaluates the leading and governing capacity of business associations. The objects of evaluation are the leaders, officers, staff members and even the issues related to the formalization of the associations' activities. This Index includes ten specific criteria which are: (1) selecting members for the Executive Board; (2) planning for successive terms; (3) the capacity of the Standing Committee; (4) The governing capacity of the association's Office; (5) The capacity of the heads of different organs (department, group, team); (6) The capacity of staff members; (7) Decentralization and promoting the efficiency and effectiveness of the association's activities; (8) the association's regulation(s) of governance; (9) Organizing members into groups in order to facilitate communication and bonding among them; (10) assessing the effectiveness of some of the association's important activities.

Table 7: Criteria for evaluating the Leading and Governing capacity

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)					Self-assessment by the association	Basis for self-assessment
		1	2	3	4	5		
1	Selecting members for the Executive Board	1- Generic criteria available on formal documents but they are not clear and not specific	2- A clear and specific system of criteria available, but no actual application yet	3- A clear and specific system of criteria available; partial performance; no complete observation	4- A clear and specific system of criteria available and observed completely	5- A clear and specific system of criteria available. Performed and observed completely. The system is comprehensively consistent with the development of the association and good for selecting suitable candidates		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
2	<p>Planning for successive terms</p>	<p>1. Plan not available</p> <p>2- Plan being drafted</p> <p>3- Plan drafted but only partially performed</p> <p>4- Plan drafted and fully performed. Successors trained and formal handover done</p> <p>5- Plan drafted and fully performed. Successors trained and formal handover further drove the development of the association</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
3	<p>The capacity of the Standing Committee</p>	<p>1. No criteria to assess the capacity (a table describing each position of the Standing Committee)</p> <p>2- Criteria being formulated</p> <p>3- Criteria formulated but no assessment yet</p> <p>4-Criteria formulated and assessment done. Proposed solutions to improve the weaknesses and further the strengths made</p> <p>5- Criteria formulated and assessment done. The leaders are aware of the weaknesses and strengths and have formulated the proposed solutions to address this</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
4	The governing capacity of the association's Office	<p>1. The office is not able to oversee the basic activities of the association. Rather, it stops at collecting information</p> <p>2- Oversee basic activities of the association (managed the role of collecting and handling information)</p> <p>3- Oversee most of the basic activities of the association (managed the role of collecting and handling information. The office organizes and tracks the performance of managing decisions)</p> <p>4- The office collects and handles information; organize, track, and evaluate the performance of promulgated decisions</p> <p>5- The office collects and handles information; organize, track, and evaluate the performance of promulgated decisions. It is also an efficient advising department for the administrators to organize and handle the operation of the association</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
5	The capacity of the heads of different organs (department, group, team)	<p>1. No table describing the capacity of each relevant position yet</p> <p>2- Table being formulated</p> <p>3- Table formulated but no assessment made in accordance with the table yet</p> <p>4- Table formulated and assessment made in accordance with the table. Areas to be improved on identified</p> <p>5- Table formulated and assessment made in accordance with the table. The heads of the relevant organ are aware of their weaknesses and strengths and take action to address this</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
6	The capacity of staff members	<p>1. No table to describe the capacity of each position yet</p> <p>2- Table being formulated</p> <p>3- Table formulated but no assessment made in accordance with the table yet</p> <p>4- Table formulated and assessment made in accordance with the table. Areas to be improved on identified</p> <p>5- Table formulated and assessment made in accordance with the table. The staff members are aware of their weaknesses and strengths and take action to address this</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
7	<p>Decentralization and promoting the efficiency and effectiveness of the association's activities</p>	<p>1- Not available</p>	<p>2-Decentralization, but no performance</p>	<p>3-Decentralization and performance</p>
			<p>4- Decentralization and performance. Proposed methods to increase efficiency made and supported the development of the association. All of the association's leaders, officers, and staff members understand and comply with the decentralization. Association effectively operates under this system</p>	
			<p>5- Decentralization and performance. Proposed methods to increase efficiency made and these proposals have supported the development of the association. All of the association's leaders, officers, and staff members understand and comply with the decentralization. Association effectively operates under this system</p>	

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
8	The association's regulation(s) of governance	<p>1 - Not available</p> <p>2- Unofficial documents/guidelines available but have not become regulations</p> <p>3- Regulations available, but observation has not been evaluated</p> <p>4- Regulations available with regular performance; observation is evaluated</p> <p>5- Regulations available with regular performance; observation is evaluated. Complete observation. Regulation is adjusted to suit the practical operation.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
9	<p>Organizing members into groups in order to facilitate communication and bonding among them</p>	<p>1- No organized groups</p> <p>2- Organized groups but few activities</p> <p>3- Organized groups with regular activities. Each activity has particular aims</p> <p>4- Organized groups with regular activities. Each activity has particular aims. The needs of the members are met</p> <p>5- Organized groups with regular activities. Each activity has particular aims. The needs of the members are met. These activities all produce appropriated results when considering the association's strategic targets in bonding its members and observing its motto</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
10	Assessing the effectiveness of some of the association's important activities.	<p>1- No criteria to evaluate the effectiveness of activities</p> <p>2- Criteria present but no assessment made</p> <p>3- Criteria present and assessment made. Proposed adjustments made but no implementation</p> <p>4- Criteria present and assessment made. Proposed adjustments made and mostly implemented</p> <p>5- Criteria present and assessment made. Proposed adjustments made fully implemented. The association's effectiveness is thereby improved.</p>		

Financial capacity and Infrastructure

This sub-index focuses on evaluating the capacity of a business association in terms of financial and infrastructural issues, which are necessary for its operation. The 9 criteria of this sub-index are: (1) The financial regulation(s) of the association; (2) The annual financial plan of association; (3) Openness and transparency of financial matters; (4) Financial sustainability; (5) Diversity of income/ revenue; (6) Conditions of the workplace; (7) Workplace equipments and facilities; (8) Utilisation of information and technology; (9) Building an internal information system.

Table 8: Criteria for evaluating Financial Capacity and Infrastructure

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)					Self-assessment by the association	Basis for self assessment
1	The financial regulation(s) of the association	1- Not available	2-Being drafted	3- Promulgated, but no complete compliance. The Executive Board is consulted in the drafting process.	4- Promulgated and complete compliance, but no evaluation on the regulation(s) to identify areas in need of improvements. The Executive Board and a few members are involved in the drafting process.	5- Promulgated and complete compliance. The Executive Board and most of its members (over 50%) are involved in the drafting process. Evaluation on the improvements and adjustments made to suit the targets set out. Regulatory compliance contributed to the effective operating of the association.		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)			Self-assessment by the association	Basis for self assessment	
2	<p>The annual financial plan of the association</p>	<p>1- Not available</p>	<p>2- Being drafted</p>	<p>3- Promulgated, but no complete compliance. The Executive Board is consulted in the drafting process.</p>	<p>4- Promulgated and complete compliance, but no evaluation on the plan to identify areas in need of improvements. The financial plan anticipates for certain risks in the activities. The Executive Board and a few members are involved in the drafting process.</p>	<p>5- Promulgated and complete compliance. The Executive Board and most of its members (over 50%) are involved in the drafting process. Evaluation on the improvements and adjustments made to suit the targets set out. The financial plan anticipates for certain risks in the activities. The plan contributed to the effective operating of the association.</p>	
3	<p>Openness and transparency of financial matters</p>	<p>1- Details not published to the public, only to the Standing Committee</p>	<p>2- Published, but only to the Executive Board</p>	<p>3- Published, but only to the Executive Board and a few members.</p>	<p>4- Published to the Executive Board, most of its members (more than 50%), and (briefly) on the association's website.</p>	<p>5- Published to the Executive Board and all members. All financial reports are published on the association's website.</p>	

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self assessment
4	<p>Financial sustainability</p>	<p>1- The association's budget is not enough for 1 year (office expenses, Officer's salary, some basic annual activities)</p> <p>2- The budget is enough for 1 year</p> <p>3- The budget is enough for 1/2 terms</p> <p>4- The budget is enough for a term</p> <p>4- The budget is enough for 1.5 term</p>		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)		Self-assessment by the association	Basis for self assessment
5	<p>Diversity of income/ revenue</p> <p>1- Revenue comes from only a few members</p> <p>2- Revenue comes from membership fees</p> <p>3- 2 sources of revenue: (1) membership fees; (2) from service fees and potential members. But, source (2) is not stable</p> <p>4- 2 sources of revenue: (1) membership fees; (2) from service fees for members and potential members and some others related subjects (from performing service for the State, outer organization). The (2) source is stable, yet the proportion is small in association's income (Less than 50%).</p>	<p>4- 2 sources of revenue: (1) membership fees; (2) from service fees for members and potential members and some others related subjects (from performing service for the State, outer organization). The (2) source is stable, yet the proportion is small in association's income (Less than 50%).</p>	<p>5- (1) From membership dues; (2) from services for members / potential members and some others relating objects (from performing services for the State and outer organizations). Source (2) is stable, constitutes a large proportion (more than 50%) in the association's income, and plays an important role in implementing the association's general activities.</p>		
6	<p>Conditions of the Workplace</p> <p>1- No fixed workplace (under 1 year)</p> <p>2- Workplace is fixed, but have yet to be adapted to the working demand of the association</p> <p>3- Workplace is fixed and adapted partly to the working demand of association</p> <p>4- Workplace is fixed and adapted to most of the working demand of association</p>	<p>4- Workplace is fixed and adapted to most of the working demand of association</p>	<p>5- Workplace is fixed and completely adapted to the working demand of association; and it ensures that the association can operate in accordance with strategies set out.</p>		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self assessment
7	<p>Workplace equipments and facilities</p>	<p>1-Equipments are lacking for the working demand</p> <p>2- Recently furnished with some basic equipments to meet part of the working demand of association (telephone, fax, printers...)</p> <p>3- Some basic equipments to meet most of the working demand of association (telephone, fax, printers...)</p> <p>4- Fully furnished equipments to meet nearly all of the working demand of the association. Equipments are upgraded periodically.</p> <p>5- Fully furnished equipments to meet nearly all of the working demand of the association. Equipments are upgraded periodically. The equipments are a good facility in implementing the association's activities for realizing the strategies and plans of the association.</p>		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self assessment
8	Utilisation of information and technology	<p>1- No Internet connection</p> <p>2- Internet connection available; emails are used at work</p> <p>3- Internet connection available; emails are used at work. Private website set up but not frequently updated (every 3 months)</p> <p>4- Internet connection available; emails are used at work. Private website set up and updated monthly.</p> <p>5- Internet connection available; emails are used at work. Private website set up and updated weekly.</p>		
9	Building an internal information system	<p>1- No information archived</p> <p>2- Information archived, but only on paper.</p> <p>3- Information archived, on both paper and the computer. Officers of the association can access internal information in accordance with the decentralization system and their respective responsible fields.</p> <p>4- Information archived, on both paper and the computer. Information is updated, but not in a timely manner. Officers of the association can access internal information in accordance with the decentralization system and their respective responsible fields.</p> <p>5- Information archived, on both paper and the computer. Information is timely updated. Officers of the association can access internal information in accordance with the decentralization system and their respective responsible fields.</p>		

The capacity to serve an association's members

For evaluating the capacity of a business association on serving its members, this sub-index includes 9 criteria. They are: (1) Service provisional plan(s); (2) Consultation for further contributions and improvements on the service provisional plan; (3) selecting (specific) services to provide for members; (4) Assessing the quality of services provided by the association; (5) The human resources for services provision; (6) Providing specialized knowledge for members (laws, policies, markets...); (7) Skills training for members (administering, negotiating contracts...); (8) Providing consultation (tax, labour, commodities/ services standards, treatment of disputes...); (9) Supporting members in dealing with obstacles with government agencies.

Table 9: Criteria for evaluating the capacity to serve an association's members

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)					Self-assessment of association	Basis for self assessment
		1	2	3	4	5		
1	Service Provisional Plan	1-No plan and/or list of services for members	2- Being built	3- Plan announced but no specific activities	4- Plan announced, with specific activities. Most of the targets set out achieved. Plan is suitable with the strategies of the association.	5- Plan announced, with specific activities. All of the targets set out achieved. Plan is suitable with the strategies of the association.		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment of association	Basis for self assessment
2	<p>Consultation for further contributions and improvements on the service provisional plan</p>	<p>1- No consultation</p> <p>2- Only the association's Standing Committee was consulted, not the members.</p> <p>3- The association's Standing Committee was consulted and a few members (only large enterprises) made comments.</p> <p>4- The association's Standing Committee and most of the members (more than 50%) were consulted.</p> <p>5- The association's Standing Committee and most of the members (more than 50%) and independent expert(s) were consulted.</p>		
3	<p>Selecting (specific) services to provide for members</p>	<p>1- Selected services are solely intended by the leader(s) responsible</p> <p>2- Selected services are only intended by the Standing Committee. The Executive Board and other members have yet to be consulted, even after several surveys.</p> <p>3- Selected services are intended by the Executive Board and a few members.</p> <p>4- Selected services are intended by the Executive Board and most of the members (more than 50%).</p> <p>5- Selected services are intended by the Executive Board and all of the members (i.e. surveys are conducted widely on the association's website).</p>		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment of association	Basis for self assessment
4	Evaluating the quality of services provided by association	<p>1- No criteria for evaluation</p> <p>2- A system of criteria for evaluation is available; but monitored evaluation has not been conducted</p> <p>3- A system of criteria for evaluation is available; monitored evaluation is conducted. But the results are only used for synthesizing internal reports, not for improving the services provision in the future.</p> <p>4- A system of criteria for evaluation is available; monitored evaluation conducted. The results are used for synthesizing internal reports and improving the services provision in the future.</p> <p>5- A system of criteria for evaluation is available; monitored evaluation conducted. Members can evaluate the quality of the services provision. The results are used for synthesizing internal reports, improving the services provision in the future and published to all members.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment of association	Basis for self assessment
5	<p>The human resources for services provision</p>	<p>1- Not available. Outside contractors have to be employed</p> <p>2- People from the association collaborate. Outside contractors do most of organized works and all specialized works.</p> <p>3- The association can be responsible for organizing events. There are in-house specialists to provide professional services.</p> <p>4- The association can be responsible for organizing events. There are in-house specialists and staff members to provide professional services.</p> <p>5- The association can be responsible for organizing events. There are in-house specialists and professional staff members with established reputation to provide professional services.</p>		
6	<p>Providing specialized knowledge for members (laws, policies, markets...)</p>	<p>1- No provision yet</p> <p>2- Provision via newspapers (although not regular) or conferences or news websites (although not regular as well).</p> <p>3- Provision via regular newspaper updates, conferences, and news websites.</p> <p>4- Provision via regular newspaper updates, conferences, and news websites. Provision is directed at some targeted objects.</p> <p>5- Provision via regular newspaper updates, conferences, and news websites. Provision is directed at some targeted objects. Archived knowledge is available on websites and easily accessible for research.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment of association	Basis for self assessment
7	<p>Skills training for members (administrating, negotiating contracts...)</p>	<p>1- No training provided</p> <p>2- Training provided via newspaper bulletins (although not regular) or training courses, bulletins on website, but not regularly as well.</p> <p>3- Training provided via periodical newspaper bulletins, training courses and periodical website bulletins.</p> <p>4- Training provided via periodical bulletins, training courses and periodical website bulletins, directed at targeted groups.</p> <p>5- Training provided via periodical bulletins, training courses and periodical website bulletins, directed at targeted groups. Archived information is available on website, easily accessible for research.</p>		
8	<p>Providing consultation on relevant matters (tax, labour, standards of commodities/ services, treatment of disputes...)</p>	<p>1- Not provided</p> <p>2- Provided, but not regularly</p> <p>3- Provided regularly but just at a general level. No detailed and substantial advice for specific enterprises.</p> <p>4- Provided regularly, with detailed and substantial advice for specific enterprises. A specialized supporting unit is available.</p> <p>5- Provided regularly, with detailed and substantial advice for specific enterprises. A specialized supporting unit is available. A hotline for direct support and an online library for reference by the members/other enterprises are available.</p>		

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment of association	Basis for self assessment
9	Supporting members in solving problems with government agencies	<p>1- No support provided</p> <p>2- Support provided, but limited to delivering members' complaints/ enquiries to competent government agency (ies)</p> <p>3- Support provided, but limited to delivering members' complaints/ enquiries to competent government agency (ies) Case(s) are studied and initial solution(s) are proposed for members. However, the association has not prompted the competent government agency to resolve the issue(s)</p> <p>4- Support provided, but limited to delivering members' complaints/ enquiries to competent government agency(ies). Case(s) are studied and initial solution(s) are proposed for members. The association has prompted the competent government agency to resolve the issue(s), but have not published the results to members.</p> <p>5- Support provided, but limited to delivering members' complaints/ enquiries to competent government agency(ies). Case(s) are studied and initial solution(s) are proposed for members. The association has prompted the competent government agency to resolve the issue(s) and published the annual results to members.</p>		

The capacity to give comments and propose recommendations to laws and policies

This sub-index has 7 criteria, namely: (1) Assigning and organizing human resources to give comments on and recommendations to laws and policies; (2) Harmonizing the business associations' benefits with society's benefits; (3) Giving constructive recommendations to law and policies; (4) Monitoring and assessing the responses and proposed solutions by government agencies after recommendations have been given; (5) The effectiveness of giving recommendations; (6) Collaborating with others business associations in giving recommendations to laws and policies; (7) Using the media in giving recommendations.

Table 10: The capacity to give comments and propose recommendations to laws and policies

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)					Self-assessment by the association	Basis for self-assessment
		1	2	3	4	5		
1	Assigning and organizing human resources to give comments on and recommendations to laws and policies	1- Not available	2- Only voluntary contribution from members (both in terms of finance and human source).	3- Stable assignment and organization of human resources.	4- Stable assignment and organization of human resources; staff members have the necessary research skills.	5- Stable assignment and organization of human resources; staff members have the necessary research skills and the ability to make recommendations on law and policy.		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
2	<p>Harmonizing the business associations' benefits and society's benefits</p>	<p>1- Only considered the benefits of a few members which are affected directly by the policy</p> <p>2- Considered the benefits of a few members which are affected directly by the policy.</p> <p>3- Considered the benefits of almost all members which are affected directly or indirectly by the policy.</p> <p>4- Considered the benefits of almost all members which are affected directly or indirectly by policy. Harmonized these benefits with some other relevant business associations' benefits.</p> <p>5- Considered the benefits of the business community and the recommendations proposed for social benefit.</p>		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)			Basis for self-assessment	
3	<p>Giving constructive recommendations to laws and policies</p>	<p>1- Rarely or never performed</p>	<p>2- Only performed at the request of government agency (ies) (ad-hoc basis).</p>	<p>3- Performed actively to protect members' interests.</p>	<p>4- Performed actively to protect members' interests. Participation of some relevant professionals.</p>	<p>5- Performed actively to protect members. Participation of some relevant professionals and collaboration with other business associations in policy advocacy.</p>
4	<p>Monitoring and assessing the responses and proposed solutions by government agencies after recommendations have been given</p>	<p>1- Not performed</p>	<p>2- Performed, but only for the purpose of internal reporting of the association.</p>	<p>3- Performed for the purpose of improving the association's Dialogue Talks and monitoring the proposed solutions by government agencies. However, the results are only published within the Executive Board.</p>	<p>4- Performed for the purpose of improving the association's Dialogue Talks and monitoring the proposed solutions by government agencies. However, the results are only published within the Executive Board.</p>	<p>5- Performed for monitoring the proposed solutions by government agencies. The results are published to the Executive Board and all members</p>

No.	Criterion	Level of assessment (1- Primary, 3 - Stable, 5 - Developed)	Self-assessment by the association	Basis for self-assessment
5	<p>The effectiveness of giving recommendations</p>	<p>1- Not recognized by society</p> <p>2- The Drafting/issuing body rarely pays attention to the recommendations. The recommendations do not value-add to the discussion. No recommendation accepted.</p> <p>3- The recommendations are considered valuable and constructive by the drafting agency. They are recognized as a valuable source for constructive comments/ suggestions/ about 30% of them are accepted.</p> <p>4- The recommendations are submitted early enough to make an impact. They are considered valuable and constructive by the drafting agency, and highly valued by the business community. About 50% of them are accepted.</p> <p>5- The recommendations are considered impactful among the association's sphere of activities. Recognized as playing a defining role in policy discussions regarding societal benefits/ Existing prestigious leaders in policy addressing/ more than 60% of recommendations are accepted. Offered to give comments by state authorities regarding to the issues of the sectors/ members of the association.</p>		

Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)		Self-assessment by the association	Basis for self-assessment
No.	Criterion		
	6	<p>Associating with others business associations in giving recommendations to laws and policies</p> <p>1 - Not been performed</p> <p>2 - Collaborated passively upon the request of other associations.</p> <p>3 - Collaborated actively with other associations, but only on an ad-hoc basis</p> <p>4 - Collaborated actively with other associations. Established a formal collaboration mechanism for exchanging information and unifying incentives.</p> <p>5 - Collaborated actively with other associations. Established a formal collaboration mechanism for exchanging information and unifying incentives. The results are appropriate for the initial targets set out.</p>	
7	Using the media in giving recommendations	<p>1 - Not performed</p> <p>2 - Performed passively at the request of the media</p> <p>3 - Performed, with an active collaboration with the media, but only on an ad-hoc basis</p> <p>4 - Performed, with an active collaboration with the media. Established a formal collaboration mechanism.</p> <p>5 - Performed, with an active collaboration with media companies. Established a formal collaboration mechanism. The results are appropriate for the initial targets set out.</p>	

The capacity to contribute and support the development of the business

This Sub-index contains 7 criteria; they are: (1) Plan for developing the association's membership; (2) Plan for building and protecting the associations' reputation; (3) Setting up a business network within the association; (4) Setting up a business network to connect with other business associations; (5) Membership database; (6) Constructing a development plan for the business community; (7) Setting a technical standard to improve the associations' capacity.

Table 11: Criteria for evaluating the capacity to contribute and support the development of the business

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)					Self-assessment by the association	Basis for self assessment
		1	2	3	4	5		
1	A plan for developing the association's membership	1- Not available	2-Being drafted	3- Promulgated but superficial: no clear distinction between potential and available members; no specific benefit table for the different classes of members and the corresponding care services.	4- Promulgated. The plan clearly distinguishes between potential and available members, and has a specific benefit table for the different classes of member and the corresponding care services.	5- Promulgated. The plan distinguishes clearly between potential and available members, and has a specific benefit table for the different classes of member and the corresponding care services. The plan is implemented effectively for the development of associations' members		

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)			Self-assessment by the association	Basis for self assessment
2	<p>A plan for building and protecting the associations' reputations'</p>	1 - Not available	2- Being drafted	3- Promulgated, but not yet performed.	4- Promulgated and performed. Members' participation/support present. Developed a troubleshooting plan to resolve media problems (if any)	5- Identified and performed the mechanism to protect the association's and members' reputation. Members' participation/support present. Developed a troubleshooting plan to resolve media problems (if any). Support from society at large (government agencies, newspapers/ media, consumers) present.
3	<p>Setting up a business network within the association</p>	1- Not available	2- Some internal collaboration but no concrete activities performed	3- Collaboration and concrete activities performed, but only on ad-hoc basis.	4- Collaboration and regular activities performed. Some results are attained but not yet assessed.	5- Collaboration and regular activities performed. Results are assessed for improvement.

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)			Self-assessment by the association	Basis for self assessment
4	<p>Setting up a business network to connect with other business associations</p>	<p>1 - Not available</p>	<p>2 - Some collaboration but no concrete activities performed.</p>	<p>3 - Collaboration and concrete activities performed, but only on ad-hoc basis.</p>	<p>4 - Collaboration and regular activities performed. Some results are attained but not yet assessed.</p>	<p>5 - Collaboration (even with foreign business associations) and regular activities performed. Results are assessed for improvement.</p>
5	<p>Membership database</p>	<p>1 - Not available</p>	<p>2 - Information is stored on paper and updated annually.</p>	<p>3 - Information is stored on paper and the computer, and updated semi-annually</p>	<p>4 - Information is stored on paper and the computer, and is easy to use. It is updated quarterly.</p>	<p>5 - Information is stored on paper and the computer, and is easy to use. It is updated monthly.</p>

No.	Criterion	Level of assessment (1 - Primary, 3 - Stable, 5 - Developed)		Self-assessment by the association	Basis for self assessment	
6	Constructing a development plan for the business community	1 - Not available	2 - Being constructed	3 - Promulgated	4 - Promulgated and referred to for building industrial/socio-economic development plans by government agency.	5 - Promulgated and utilised for building industrial/socio-economic development plans by government agency.
7	Setting a technical/ industrial standards to improve the associations' capacity	1 - Have not been set	2 - Being set up	3 - Set up and applied in improving the competitiveness of members.	4 - Set up, applied and referred to for building the industrial technical standards by government agency.	5 - Set up, applied and utilised for building the industrial and technical standards by government agency.

3. Assessment levels

In each field, these criteria were evaluated based on 5 levels in increasing order. There are 3 main indicating levels: 1-primary; 3-stable; 5-developed. The details are as following:

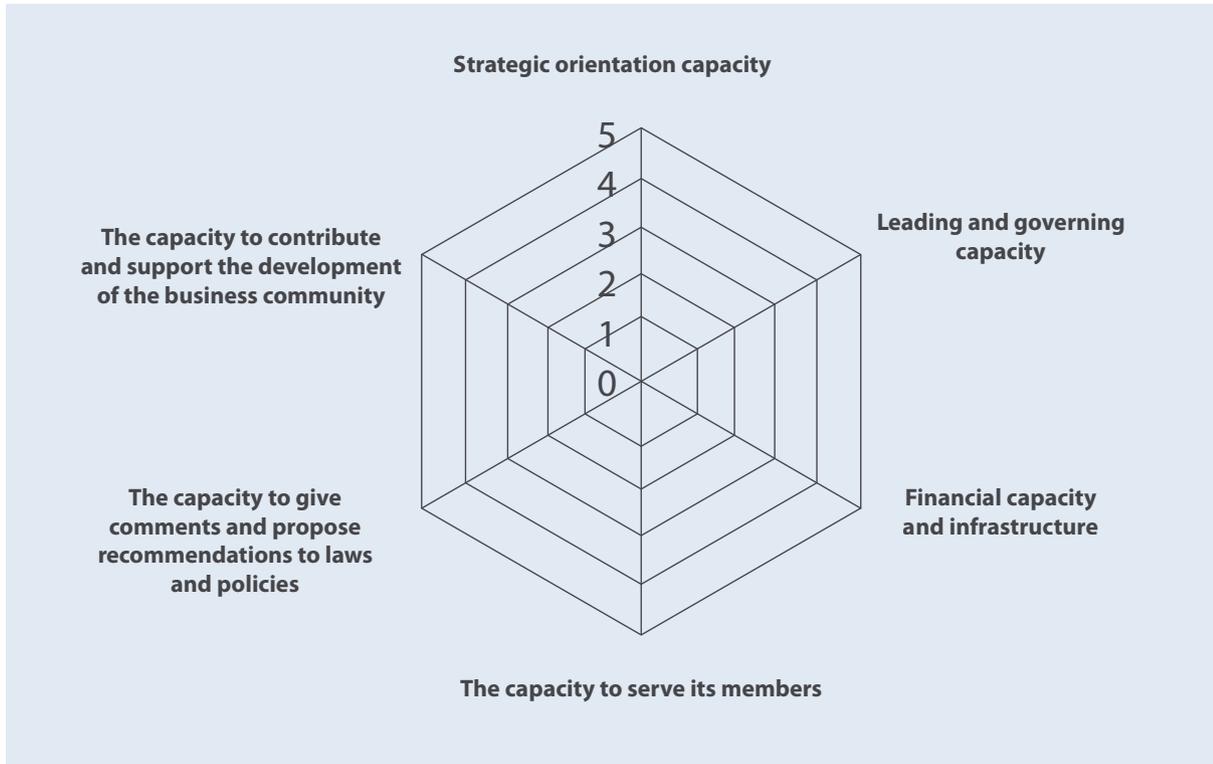
- Level 1: **Primary:** the business association is in the process of establishing its internal institutions and in need of improvements in the upcoming period of time (1 point);
- Level 2: The association's capacity is somewhat adapted to its functions (2 points). This is generally observed among business associations which are in operation and are beginning to implement their functions;
- Level 3: **Stable:** the association has gradually institutionalized the process of implementing its functions. Accordingly, their capacity is able to meet most of their functions (3 points);
- Level 4: The association has a capacity that is well suited to meet its functions and some good experiences to share with other business associations (4 points);
- Level 5: **Developed:** the association has a capacity that is well suited to meet its functions and many good experiences to share with other business associations (5 points).

Corresponding to the various development levels (Table 7), level 1 and 2 represent the formation period of the association. Level 3 represents the development period; level 4 and 5 represents the intensive period during which the association would focus on its effectiveness based on its current size. The working capacity of the association is derived from the totality of the 6 areas above, with each being similarly divided into 5 levels.

Table 12: Summary of the self-assessment Tool for Vietnamese business associations

	FIELD	Level 1: Primary	Level 2	Level 3: Stable	Level 4	Level 5: De- veloped
I	Strategic orientation capacity	1	2	3	4	5
II.	Leading and administrative ca- pacity	1	2	3	4	5
III.	Financial capacity and infrastruc- ture	1	2	3	4	5
IV.	Member serving capacity	1	2	3	4	5
V	The capacity to give comments and recommendations to laws and policies	1	2	3	4	5
VI.	The capacity to contribute and support the development of the business community	1	2	3	4	5

This Tool was basically built base on both domestic and foreign research results. Besides the assessment Tool on MS.Excel with default formulas, a highly interactive function conducted via the Internet will also be integrated into this Tool, making it easily accessible to business associations these days.

Figure 3. Diagram for self-assessment by business associations

4. Targeted objects of the Tool

Business associations could use this Tool for periodical self-assessment, which can be done by 4 main groups:

- (1) The Standing Committee
- (2) The Executive Board
- (3) The Officers
- (4) The Members

The results collected by the groups were consolidated and the differences in their assessment were observed. These differences can also provide the association's leaders with the expectations of each group, which may consequently facilitate the selection of a way to improve association's capacity in the future.

5. Steps to apply the self-assessment Tool

Associations should follow four steps below:

- **Step 1:** Evaluate the overall capacity of the targeted association based on the specific sub-indexes. With each sub-index, the association can make assessment based on each criterion. If the conditions allow, besides assigning the grades or levels, the assessors may be able for provide concrete reasoning and/or bases to support their assessment.
- **Step 2:** Evaluate the result of each sub-index: The Excel version of the Tool has default formulas. As such, after evaluating and grading the various criteria, the final, composite result for each sub-index will appear automatically. This enables the association to make preliminary assessment of theirs capacity in each sub-index.
- **Step 3:** Overall evaluation: After evaluating all the sub-indexes, the overall composite result will appear on the Synthesis Table (on the Excel file). With this result, the association will examine and check the assessments done at step 1 and step 2 to yield a final, conclusive result.
- **Step 4:** Suggesting an improvement plan: With the final result at step 3, the association can identify the strengths, which should be furthered, and the weaknesses, which should be improved upon. Based on the factor endowment (i.e. financial, time, human resources) and the level at which improvement is prioritised in the near future, the association can propose an action plan to further improve on their capacity. This plan should be detailed and specific of the targets, solutions and steps to be taken in order to reach these targets.

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APPENDIX

LIST OF BUSINESS ASSOCIATION INTERVIEWED

No.	BUSINESS ASSOCIATION	NAME OF INTERVIEWEE
1	Vietnam Association of Financial Investors	Mr. Luu Quoc Yen- Deputy Manager of Information and Training
2	Vietnam Retail Association	Ms. Nguyen Thi Tong - General Secretary Ms. Dinh Thi My Loan - Chairman
3	Ho Chi Minh Business Association	Mr. Pham Ngoc Hung - Deputy Chairman
4	Handicraft and Wood Industry Association of Ho Chi Minh	Mr. Huynh Van Hanh - Deputy Chairman
5	Vietnam Association of Seafood Exporters and Producers	Mr. Truong Dinh Hoe - General Secretary
6	Vietnam Pepper Association	Mr. Tran Duc Tung - Chief Officer
7	Ho Chi Minh City Young Business Association	Ms. Truong Ly Hoang Phi - General Secretary
8	Danang Tourism Association	Mr. Huynh Tan Vinh -Chairman Mr. Trinh Bang Co -General Secretary Mr. Nguyen Trinh Lich - Secretary
9	Da Nang Young Business Association	Mr. Le Van Hieu - Chairman Ms. Nguyen Hoang Thuy - Chief Officer
10	Quang Nam Business Association	Mr. Nguyen Quang Viet - Chairman
11	Vietnam Pangasius Association	Mr. Vo Hung Dung - Deputy Chairman cum General Secretary Ms. Vo Thi Thu Huong - Deputy General Secretary
12	Can Tho Business Association	Ms. Nguyen My Thuan - Chairman
13	Dong Thap Business Association	Mr. Nguyen Quoc Hung - Chairman
14	Vietnam Tea Association	Mr. Hoang Vinh Long - Chief Officer
15	Vietnam Beekeepers Association	Mr. Dinh Quyet Tam - Chairman
16	Hung Yen Business Association	Mr. Dang Dinh Quan - Chairman Mr. Dao Ngoc Nam - Head of Membership and Training Department

LEGAL FRAMEWORKS FOR BUSINESS ASSOCIATION'S OPERATION

Presidential decree No. 102/SL/L004 dated May 20, 1957 promulgating the Law on the freedom of associations is the first legal document on the right of Vietnamese people to set up, join and leave an association at his own discretion:

- Article 1 provides conditions to set up an association:
 - Having clear, legitimate purposes which are suitable to the people's benefits
 - The association's operation should result in people's solidarity
 - The association's operations are supposed to develop the people's democratic system.
- Article 2 on the rights of citizen: "Vietnamese citizens, except for those who lost citizenship or are being under prosecution, are entitled to set up associations. Vietnamese citizens are entitled to freely join or leave the legitimately established associations. No individuals/ organizations are allowed to violate the right to establish, join or/and leave the association of others..."

In the period 1960-1992, issues related to association establishment continued being affirmed in Constitutions, as follows:

- Constitution 1959:
 - Article 25: "Citizens of the Democratic Republic of Vietnam have rights and freedom of speech, freedom of the press, freedom of assembly, freedom of association, and freedom of demonstration. The state guarantees all necessary material conditions for citizens to enjoy these freedoms."
- Constitution 1980
 - Article 67: "Citizens have freedom of speech, freedom of the press, freedom of assembly, freedom of association, and freedom of demonstration, which are suitable to the socialism and people's benefits. The state guarantees all necessary material conditions for citizens to use these freedoms. No one is allowed to abuse these rights to violate the Government and people's benefits."
- Constitution 1992
 - Article 69: "The citizen have freedom of opinion and speech, freedom of the press, the right to be informed, and the rights to assemble, form associations and hold demonstrations in accordance with the laws."

Constitution 2013 continues recognizing "Citizens have freedom of speech, freedom of the press, information accessment, freedom of assembly, freedom of association, and freedom of demonstration. The realization of these rights to be regulated by laws".

Government Decree 88/2003/ND-CP of July 30, 2003 providing for the organization, operation and management of association defines:

- Associations prescribed in this Decree are understood as voluntary organizations of citizens, organizations of Vietnamese of the same professions, the same hobbies, the same genders for the common purposes of gathering and uniting members, regular activities, non- self-seeking, aiming to protect members' legitimate rights and interests, to support one another for efficient activities, contribute to the country's socioeconomic development, which are organized and operate according to this Decree and other relevant legal documents (Article 2)
- Associations bear different names such as union of associations, confederation, federation, society, clubs with legal person status and different appellations according to law provisions (Article 2)
- The establishment of associations must be permitted by the competent State bodies (Article 3)
- Associations shall be organized and operate according to their respective charters which are approved by

competent State bodies and do not contravene laws, they are organized and operate according to the principles of voluntarism, self-management, self-financing and self-responsibility before law (Article 3)

Government Decree 45/2010/ND-CP (which then was replaced Government Decree 33/2012/ND-CP in 2012) replaced Decree 88/2003/ND-CP on the organization, operation and management of Associations, and became the most updated and highest legal-effect decree which specifically regulates associations. Some noticeable points in this decree are as follows:

- Article 3: associations operate based on principles of democracy, equality, transparency, not-for-profit, in accordance with the laws
- Article 23: association shall participate programs, projects, research, consultation and policy advocacy as required by state bodies
- Article 23: supplements the right to organize training, capacity building and other services in accordance with laws and that association shall be able to grant professional certificate when satisfying conditions stipulated by laws
- Article 24: supplements the obligation to develop and issue the code of conducts in operation of the association

INTERVIEW QUESTIONNAIRES (FOR PART I)

A. GENERAL QUESTIONS

1. Could you please introduce in general about the establishment and development of your association? (by whom, objectives, changes during operation)
2. What are the strength and advantages of the association? The basis of the opinions? How to obtain those advantages?

B. FOCUS QUESTIONS

I. Providing services to members

1. Currently, what services does the association provide to the members?
2. Of which what are the services used frequently by the association members?
3. The creative differences of the services provided by the association in comparison with the other associations' similar services?
4. What is the context or reasons for making the decision of providing these services to the members?
5. How were the services developed in terms of objectives for members?
6. What are the resources used by the association for providing services (manpower, infrastructure, finance and ect.)?
7. What activities have been implemented by the association with those resources for providing services to the members?
8. The results of providing services to members?
 - 8.1. Number of service approaching times? The number of approaching participants of the members in or outside of the association has ever used the services?
 - 8.2. An example of a specific case in which the taking of advantages of the benefits from the services have generated positive changes in business?
9. The features of the service packages provided by association which are highest appreciated by the members? Why? What are the differences in comparison with the similar services of the other providers?
10. How were the service fee calculated?
11. What are the marketing activities implemented by the association for attracting users including communication, advertisement and fee discount?
12. What are the measures to be taken by the association to ensure the stability and sustainability of the service providing in long term?
13. How will the association assist in sharing information and brokering with the parties having needs in case an association member wants to provide one service?
14. What are the other services (successful or different) can be shared by the association?
 - 14.1. Events (seminar, social event, meeting with authorities, enterprise exchange meetings)

14.2. Yearly directory with the details of the members and the companies relating to the associations.

14.3. Periodical publications of the association.

14.3. Online forum for connection and sharing experience between the members (forum, social network...).

14.4. Periodical business updates sent by email.

II. Industry standard development

1. (For the industry association only) What are the standards currently applied by the industry's enterprises?
2. What are the standards which developed by the association or with the participation of the association?
3. What is the role of the association in promulgating and assisting the enterprises in applying the international standards of the industry? Purpose of development of the industry standards?
4. How was the preparation for developing the industry standard implemented? What were the difficulties? What were the solutions helping the association to overcome the difficulties?
5. What is the effectiveness of using the industry standards?
6. What is the role of the association in protecting the members when facing to high applied standards and regulations in exporting? What are the solutions and action which have been applied by the association?

III. Policy advocacy

1. What are the consultation and policy advocacy activities done by the association in the recent years?
What do you think about how to do an effective policy advocacy and attracting members into consultation process?
2. How have those activities been done? (Procedure, the steps of consultation, and advocacy).
3. Does the association do the researches and consultation with the members? (especially for the SMEs)
4. Did the association pay attention to the common social benefits and impacts or only pay attention to the benefits of the members when implementing the advocacy and consultation campaigns?
5. What are the results of the advocacy and consultation campaigns? What are the impacts on the image, the role and the position of the association?
6. Did the association pay attention to set up the relationship with the media in the advocacy activities? How was this implemented?
7. Did the association pay attention to the partnership with the outside organizations (other associations, research institutions)?

IV. Association governance

1. What is the current organization structure in terms of personnel and departments arrangement of the association?
2. What are the useful lessons learnt recognized by the association from reality for the internal governance of the association?
3. Is the financial mechanism of the association currently independent or dependent on the local authorities/ other governmental agencies?

4. What is the current percentage of the support of government in the annual budget of the association?
5. What has the partial dependence on the government budget impacted on the association governance including both positive and negative impacts?
6. How was the executive board of the association selected?
7. Do the members of the executive board concurrent the positions of the supervisory board, currently?
8. Are the association organized into departments, committees or branches? If so, how does the association coordinate these departments?
9. What are the difficulties the association's executive board has faced in internal governance?
10. What have been overcome by the association among the difficulties? Example of the applied approaches?
11. The results and impacts generated by the approaches?
12. What are the good practices (if any) in association governance in addition to the above mentioned issues?
In concrete,
 - 11.1. Information and finance transparency
 - 11.2. Fair treatment between the members of the association
 - 11.3. The participation of the members in order to represent the members' benefits in policy advocacy and planning.
 - 11.4. The regulation concerning creation of motive for the members to participate into the common activities of the association.

V. External partnership

1. Have the association got any activities of partnership with domestic and international organizations?
2. Who are the partner organizations (domestic and international)?
Did the association actively looked for the partnership or was offered?
3. What are the fields of the partnership?
4. How important does the association recognize from the activities?
5. What are the common fields or activities of the partnership?
6. How is the effectiveness of the cooperation? What need to be improved?
7. What are the feedbacks of the member enterprises concerning the partnership activities?

VI. Effective income generation model

1. What are the realistic issues for developing the effective income sources need attention of associations in general?
2. What are the current income sources of the association? The structure? Has this structure been changed since being established?
3. What is the mechanism of government budget allocated to the association? Is the budget fixed or increased

in portion yearly?

4. What is the common portion of members who paid membership fee in total number of the members of the association? What is the model of membership fee collection (human resource, periodical membership fee, fee level and favorable fee)?
5. Has the association got departments in charge of doing business with the products and services for profit? How do these perform (if any)?
6. How is the revenue from the products and services provided by the association re-allocated to the activities of the association? How many percentages are used for re-investment for the development of the products and services of the association including marketing cost?
7. What are the difficulties recognized by the association in sustaining the financial model which depends on the membership fee? What are the approaches for overcoming or experience from other associations who have done better?
8. What are the difficulties recognized by the association in sustaining the financial model which depends on the business of providing products and services? What are the approaches for overcoming or experience from other associations who have done better?
9. Should NGOs or international donors concentrate into improving one of the existing financial models or develop a new model in case they want to assist the association to develop a sustainable income generation?



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