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**INDUSTRY ASSOCIATIONS IN CANADA:**

**WORKING TOGETHER**

**TO GROW AN INNOVATIVE ECONOMY**

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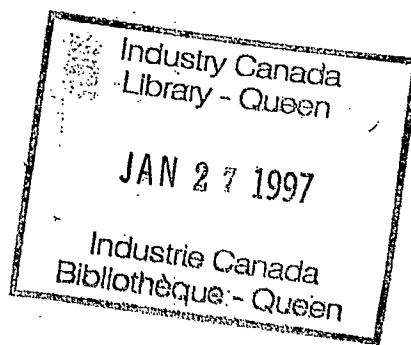
**TO GROW AN INNOVATIVE ECONOMY**

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**INDUSTRY ASSOCIATIONS IN CANADA:  
WORKING TOGETHER TO GROW AN INNOVATIVE ECONOMY**

A Report by

Michael Moore  
Industry Canada



January 1994

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**EXECUTIVE SUMMARY**

Industry Canada and its predecessor departments have had a long and fruitful history of working together with industry associations in Canada. In recent years, there has been a growing sentiment, within both government and the private sector, that these cooperative efforts ought to be strengthened even more. This view was expressed very clearly during ongoing consultations between the federal government and the private sector on competitiveness issues. However, the private sector stated that the "weak" state of industry associations in Canada could be a barrier to a further strengthening of this cooperation.

As a result, in early 1993, the department launched a major project aimed at developing a better understanding of the current state of industry associations in Canada. This reports on the results of the department's work on this project. It is based on a series of personal interviews, mail surveys and roundtable discussions (focus groups) with over 150 business and association executives that were conducted during the summer and fall of 1993, as well as on a review of available literature related to the subject.

The literature review tended to confirm the view that Canadian associations are generally weaker than their counterparts in some other countries. It seemed to suggest that the best association practices are to be found in Japan and in some European countries. It also indicated that, compared to Canada, industry associations in these countries seem to play a more prominent role in aggregating diverse company interests, forging intra-industry or inter-sectoral consensus, serving as an important point of access for continuous dialogue and communication between industry and government, and acting as a channel for delivering services to businesses.

It was clear from the discussions with association executives that the current and future health of their organizations is an important issue for them. This concern was, however, not shared by all of the business participants at the focus groups. Many of them said that they have had to adjust or scale down their operations due to the recession and globalization pressures, and that they are beginning to demand more tangible benefits from their association memberships. One cannot help but suspect, perhaps even conclude, that the driving force behind the rationalization of industry associations in Canada is the business community itself - the companies who are members and shareholders of associations.

The research findings indicated a general agreement among association executives that there is a need for rationalization of industry associations in Canada. Substantial evidence was presented to demonstrate that a major restructuring of the association world is underway. Indeed, the majority of association executives mentioned that they have already taken steps to prepare their organizations for this challenge. Also, it was noted that there have been many attempts at association mergers and amalgamations; some have failed while others have been successful.

The survey results showed, not surprisingly, that access to financial resources is a major area of concern for association executives. Moreover, they indicated that most associations are dependent on membership dues for their revenues. There is a small and growing minority, however, that offer services for a fee to their members and that rely on these resources as their main income source. The executives leading these associations argued that a more diversified revenue base gives them the flexibility and financial independence to provide a wider range and higher quality level of services to all of their members, both large and small.

The findings suggested that the majority of associations devote a high proportion of their time and energies to the policy advocacy and government interface functions. Many association executives argued that they have been thrust into this role by the very heavy legislative and policy agendas of recent years and by the consequent and numerous requests for consultations by governments. They believe, nevertheless, that these are very important functions that serve their members' interests and that help, ultimately, to improve their bottom-line competitiveness.

In general, and taken as a whole, industry associations in Canada offer an extensive array of high quality and innovative business services to their members. The range of services and activities includes education and training, codes and standards, export promotion, industry marketing, statistical and information services, technology diffusion, pre-competitive R & D, and others. These "hands-on" or "grassroots" types of services and activities are being demanded, in particular, by the smaller member companies.

However, not very many individual associations in Canada offer such a complete "menu" of services for their members. Perhaps, this might help to explain in part why the business executives, who participated in the focus groups, expressed such a high level of dissatisfaction with the overall performance of their industry associations. The larger national or horizontal associations seemed to be the main targets of their criticism.

In particular, the business participants put forth their views that many of the national associations do not make a sufficient effort to serve the needs of smaller companies (especially, companies outside of Ontario and Québec) and that the interests and activities of some of the horizontal associations are too broad and unfocused. Some companies have taken up memberships in international (usually, U.S.) associations, or are in the process of considering whether to do so.

The research results demonstrated an extensive amount of cooperation by industry associations in Canada, including cooperation with other associations in Canada and cooperation with associations in other countries. The majority of association executives, who participated in the interviews or answered the survey, stated that they work together frequently with other Canadian associations on common problems. Usually, this cooperation takes the form of informal networks or coalitions that operate within limited timeframes and are focused on specific policy or regulatory issues (e.g. labour and environment). The association and business participants were clearly in favour of this kind of loose arrangement, as opposed to a structured and hierarchial system that exists in some European countries. Also, the majority of the association participants mentioned that their organizations have formal and informal linkages to industry associations in other countries.

Another type of informal networking was discussed at the roundtable meetings with business executives. Several of them commented on how companies were bonding together to form consortia related to individual tasks or issues. Frequently, the consortia took the form of specific technology or marketing initiatives, or self-help support groups for small businesses. Some business participants stated that they found this type of loose arrangement to be more convenient and cost effective than formal association membership.

There was a general consensus among the association and business participants that governments should not provide "core" funding to industry associations. Many of the association executives noted, however, that they would be willing to deliver some government programs and services to businesses. Some of them also suggested that government should consider a secondment program under which public sector employees could be assigned to industry associations for defined time periods to undertake specific tasks.

A diversity of views were presented by association and business executives on the government's role in the association issues that were discussed during the interviews and at the focus group sessions. Their views ranged from non-interference to a greater leadership role by government in this area. No hard evidence was offered in support of either position.

In general, however, it can be concluded that the participants were in favour of governments working more closely together with industry associations as partners rather than as competitors. Many of them noted that government had a significant catalytic role to play by encouraging industry associations to coalesce around important business issues. It was also suggested that government could share more information with industry associations.

This report does not contain the answers to all of the issues and concerns that affect industry associations in Canada, nor was it ever intended for that purpose. However, it shows that there are valuable lessons to be learned from Canadian experiences. It also lays the groundwork for possible future discussions among business and association executives about the roles of their industry associations.

The report could be used to provide some "food for thought" for such discussions and, perhaps, to point in the right direction where changes might be considered. Hopefully, this would result in Canadian industry associations becoming even more effective contributors to Canada's international competitiveness.



## 1. INTRODUCTION

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The unanimous view of workshop participants in Canada and abroad was that cooperative processes, at the local, regional or national levels, can enhance economic performance. In other words, it pays to cooperate.

Several Canadian participants made fond reference to the days of C.D. Howe who mobilized public and private resources in an elaborate cooperative effort which revolutionized Canada's war production effort. They wished we could rise to the present economic crisis in similar fashion.

Many groups in the private sector are ill-equipped to participate fully in policy development. Often, they don't understand the process, lack the resources to bring fully articulated views to the table and approach it from a purely self-interested point of view.

Public Policy Forum, Private-Public Sector Cooperation as a Means of Improving a Country's Economic Performance: A Survey of Practices in Canada, the U.S., Europe and Japan (Ottawa: Public Policy Forum, 1993), pages 5, 6 and 7.

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Industry Canada and its predecessor departments<sup>1</sup> have had a long and fruitful history of working together with industry associations in Canada. The department has enjoyed the benefits of extensive cooperation with many different kinds of industry associations - including horizontal associations, which look after the common interests of various industries or a group of associations (e.g. Canadian Manufacturers' Association or Canadian Chamber of Commerce); vertical associations, which serve the interests of a specific industry sector (e.g. Aerospace Industries Association of Canada or Canadian Chemical Producers' Association); and special purpose associations that oversee a particular business function (e.g. Canadian Advanced Technology Association or Canadian Exporters' Association).

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<sup>1</sup>The predecessor departments include Industry, Science and Technology; Regional Industrial Expansion; Industry, Trade and Commerce; and before that, the Department of Industry, which was created in 1963. In this report, the term "department" refers to Industry Canada or the predecessor departments.

The type and extent of the department's involvement with Canadian industry associations has encompassed a broad range of activities. In some cases, it has been contractual or quasi-contractual in nature (e.g. Memoranda of Understanding) or it has been subsumed within the context of a departmental program (e.g. Sector Campaigns). In other cases, it has taken the form of informal, day-to-day working relationships. All of them have been very productive forms of industry-government cooperation.

In recent years, there has been a growing sentiment, within both government and the private sector, that these cooperative efforts ought to be strengthened even more. This view was expressed very clearly during ongoing consultations between the federal government and the private sector on competitiveness, and specifically, during the Prosperity Sectoral Consultations. However, it was also stated in blunt terms by the private sector that the "weak" state of industry associations in Canada could be a barrier to a further strengthening of this cooperation.

As a result, in early 1993, the department set out to enquire about the current state of industry associations in Canada. The purpose of this document is to report on the results of the department's work on this project, which is one of the most detailed and comprehensive studies of industry associations in Canada that has been undertaken in recent years, and to put this information into the public domain. It is based on a series of personal interviews, mail surveys and roundtable discussions (focus groups) with business and association executives that were conducted during the summer and fall of 1993, as well as on a review of the available literature related to the subject of industry associations.

In this report, the term "industry association" is used to refer to any non-profit organization (in most cases, federally or provincially incorporated) that has companies, businesses or other industry associations as members and whose main purpose is to promote the growth and development of industry in Canada or to assist its members by providing business services to them or by representing their collective interests on policy issues.<sup>2</sup>

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<sup>2</sup>The survey included three organizations - Canadian Council of Professional Engineers, Canadian Institute of Chartered Accountants, and Society of Management Accountants of Canada - that are "professional" associations, as opposed to "industry" associations. They were included in the survey because of the "proximity" and relevance of their activities to those of industry associations. Likewise, the Canadian Federation of Independent Business was included, even though it is a for-profit, private corporation.

The adjective "horizontal" or "inclusive" is used to describe associations that take in members from a wide range of industries. The adjective "vertical" or "sectoral" is used to describe associations whose scope of membership or sectoral focus is "exclusive", i.e. limited to a relatively narrow range of industries.<sup>3</sup> "National associations" include industry associations whose geographic focus extends across Canada. "Regional associations" include industry associations whose focus is limited to one province or a group of provinces.

The remainder of this report is organized into eight sections (Sections 2 - 9). Section 2 provides some further background details about the industry associations study and the relationship to competitiveness issues. The sources of current information about industry associations in Canada and other countries, and the methodology used to gather the survey data, are described in Section 3. The following section outlines the practices of some of the leading industry associations in Japan and Europe. Sections 5 and 6 give details on the research findings from the personal interviews, mail surveys and focus groups. In Section 7, the many-sided aspects of the views and perspectives of business and association executives are presented. The final two sections highlight the main results of the study and point in directions where change might be considered.

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<sup>3</sup>In some cases, the distinction between "horizontal" and "vertical" associations tends to be subjective. For purposes of clarification, in this report, Canadian Manufacturers' Association and Canadian Exporters' Association are classified as "horizontal associations". Canadian Advanced Technology Association, Information Technology Association of Canada, Industrial Biotechnology Association of Canada, and Canadian Franchise Association are included in the "vertical (sectoral) association" category.

## 2. BACKGROUND

As stated earlier, the issue of industry associations has been raised during consultations between the federal government and the private sector on competitiveness. During the Prosperity Sectoral Consultations, for example, it became abundantly clear that the need for strong industry associations in Canada was never greater in order to support the increased competitiveness of Canadian industry. It was mentioned during these consultations that industry associations can and do play an important role in the public sector/private sector relationship. In particular, it was noted that there are some activities that neither government nor the individual firm is best positioned to handle.

However, the private sector expressed concerns that, by and large, Canadian associations are poorly funded, under-staffed and ill-equipped to play a greater leadership role in the Canadian economy. Industry associations in Canada were described in the following manner:

- high degree of fragmentation, with overlapping jurisdictions, and financial problems due to declining memberships;
- narrow focus on lobbying governments rather than offering a wide range of business services;
- weak managerial cadre with decreasing support and involvement of company executives in operations; and
- inadequate contact and coordination with other domestic and international associations.

The Sectoral Consultation Groups emphasized that there is a need for strong and vibrant industry associations in Canada that are willing and able to play an expanded role in the national economy. Specifically, they identified three main areas where industry associations can have an important role:

- developing a long-range "vision" (prospects and priorities) for the sector;
- formulating comprehensive, integrated strategies for trade and technology; and
- establishing education systems and implementing skills training and apprenticeship programs for industry.

The European and Japanese experiences were sometimes cited as appropriate models for Canada because of the perception that industry associations in these countries offer a broader and more practical range of services to their clients. It was noted, however, that a significant portion of their revenues may come from compulsory levies that are imposed at the firm or employee level, thus guaranteeing financial viability.

It was also pointed out that it is not a simple matter to borrow from industry association "models" in other countries and transplant them into the Canadian context, but that Canadians can and should learn from experiences around the world in developing our own home-grown Canadian "models".

The Prosperity Sector Reports were vague on the question of what ought to be done and what are the specific areas of concern. Accordingly, to begin an initial exploration of the subject, the department hosted a meeting in Ottawa on February 25, 1993 with representatives of nineteen Canadian industry associations. It was labelled as a "brainstorming session".

During the "brainstorming session", four key issue categories affecting industry associations in Canada were identified and many important questions were raised:

(a) Health of Industry Associations in Canada

The general perception was that there are too many industry associations in Canada, with overlapping jurisdictions, chasing too few membership dollars. The problem inherent in this fragmentation is that a multitude of small associations may not be able to provide the quality and depth of service to members that fewer, stronger ones could do.

Would it be more effective for member companies if some of them were consolidated into a single organization? In the recent past, there have been attempts at association rationalization (e.g. mergers and amalgamations). Some have succeeded and others have failed. Why?

An important area of concern for associations is the lack of financial resources, which makes it difficult for them to address the challenge to improve the quality and scope of business services offered to their members. Many of them have had to allocate even more of their scarce energies to recruiting and keeping members.

Some associations have started to implement user-pay schemes. Others are looking for new ways to generate self-financing activities. (The area of self-regulation was mentioned as an example.) Are there other opportunities that associations could investigate?

(b) Services Offered by Industry Associations in Canada

Some associations put a high priority on the policy advocacy function while others think that enhancing the scope and quality of business services has a greater impact on the "bottom line" of member firms (especially for the smaller companies). There was general agreement that both the advocacy and business service roles of associations are directed at improving industry competitiveness.

Apparently, many Canadian associations are undertaking services and activities for their members that are on a par with the best associations anywhere in the world.

How can Canadian associations be encouraged to learn from the "best practices" of their counterparts in Canada. How can Canadian associations operate more effectively to respond to the needs of Canadian industry?

(c) Cooperation among Canadian Associations

It was suggested that industry associations in Canada are not well linked together, either among themselves or to associations in other countries.

It was also noted that Canada is one of the few industrial countries without a federation structure for associations, but this does not mean that Canada is necessarily "behind" other countries because of that. Are loose-knit networks or coalitions of associations a better approach than a hierarchial structure of associations?

Are there other ways for associations to work more closely together and avoid duplicating their efforts?

(d) Role of Government

There was general agreement that industry associations are a private sector responsibility but that the federal government has an important role to play. There were differences of opinion, however, over what the extent of government involvement should be. For example: Should the government offer financial support to associations and under what circumstances? Should government use associations as intermediaries to reach out to individual companies, or deliver programs and services?

It was suggested that government could play a catalytic role by bringing together groups of associations with common interests (e.g. in the same industry sector). How can existing industry-government collaboration mechanisms be improved?

At the end of the "brainstorming session", the private sector representatives encouraged Industry Canada to undertake a detailed study of industry association structures, practices and issues in Canada, including a review of existing literature on the subject and a comparison of some industry association models in other countries, and to share this information with industry associations and the business community. In March, 1993 the department launched a project aimed at developing a better understanding of industry associations in Canada. The project was to include consultations with association representatives and business executives in Canada and an examination of ways that associations can become more effective contributors to Canada's competitiveness.

### 3. METHODOLOGY

The findings and conclusions of this report are based on a wide variety of sources, inputs and evidence. A search was conducted of the available literature relating to industry association structures and issues in Canada and in other countries, including research done by some leading Canadian academics on this subject (e.g. William Coleman, Michael Atkinson and Isaiah Litvak). A selected list of references is included in Appendix I. An international comparison of how industry associations operate in some other countries was based on the literature search.

During the four-month period from June to September, 1993, interviews were conducted with executives of 57 industry associations in Canada (see Table 1 below). They spoke from extensive first-hand experience with horizontal and sectoral associations at the national and regional level. These interviews and subsequent consultations with associations are the report's major source of input on current association practices and the issues confronting them.

TABLE 1:

Participation of Industry Associations in the  
Interviews and Mail Survey

Number of Associations	Number	Percent
Personal Interviews	57	30
Mail Survey-Responded	43	22
Participation Rate	100	52
Mail Survey-No Response	93	48
Total # Invited	193	100



The names of the national sectoral (or vertical) associations were selected by the department's sector branches and, in the case of the horizontal (or "inclusive") associations, by the department's Policy Sector. The names of the regional associations were identified by the department's regional offices. Table 2 (below) describes the participating associations by type.

Since it was not economically feasible to interview all of the industry associations in Canada, a mail-in survey was also conducted. Survey questionnaires were mailed to 136 associations, in addition to the associations that were covered by interviews. The names of the associations to be surveyed were chosen in the same manner as the ones to be interviewed (described above).

The survey questionnaire consisted of two parts - Part A and Part B. A copy of the questionnaire is included in Appendix II. Part A (Key Issues) of the questionnaire was designed to elicit responses to questions related to the four issue categories that were identified at the February, 1993 "brainstorming session". Part B (Basic Information) contained questions related to basic information about industry associations in Canada (e.g. size and budget, membership base, services and activities). Forty-three associations (or 32%) responded to the mail survey.

During the fifty-seven personal interviews, Part A of the questionnaire was used as the interview guide. In addition, Part B of the questionnaire was left with the interviewees at the end of each interview, of which 29 (or 51%) were completed and returned.

TABLE 2:

## Participating Industry Associations by Type

Type	Percent	Type	Percent
Horizontal	11	National	70
Vertical	89	Regional	30
Total	100	Total	100

One hundred associations in Canada participated in either the personal interviews or the mail survey. Of the total number of participating industry associations: 70% are national associations and 30% are regional associations; 89% are sectoral associations and 11% are horizontal associations.

Figure 1 (below) portrays the geographic distribution of the participating regional associations. The following is a breakdown by region: Atlantic = 13%, Québec = 30%, Ontario = 7%, West = 50%. It should be noted that most of the national associations are based in Ontario.

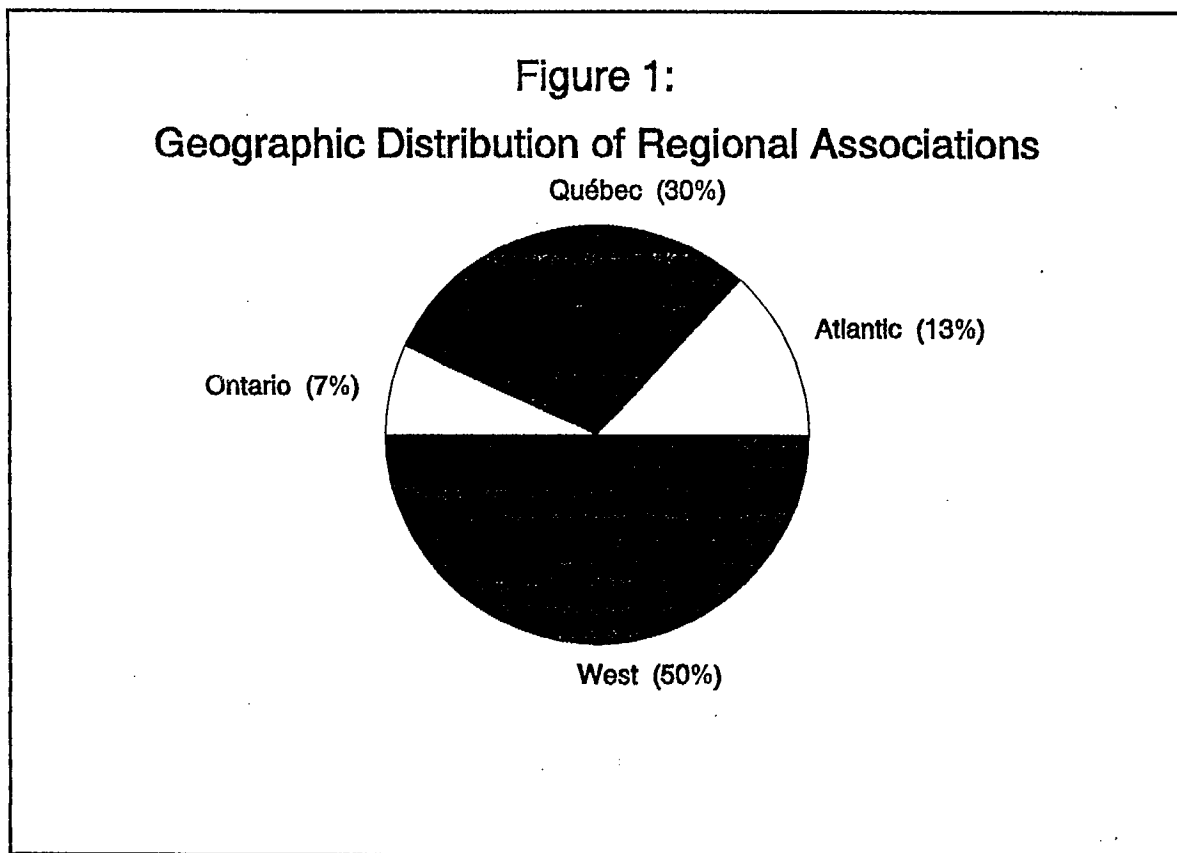
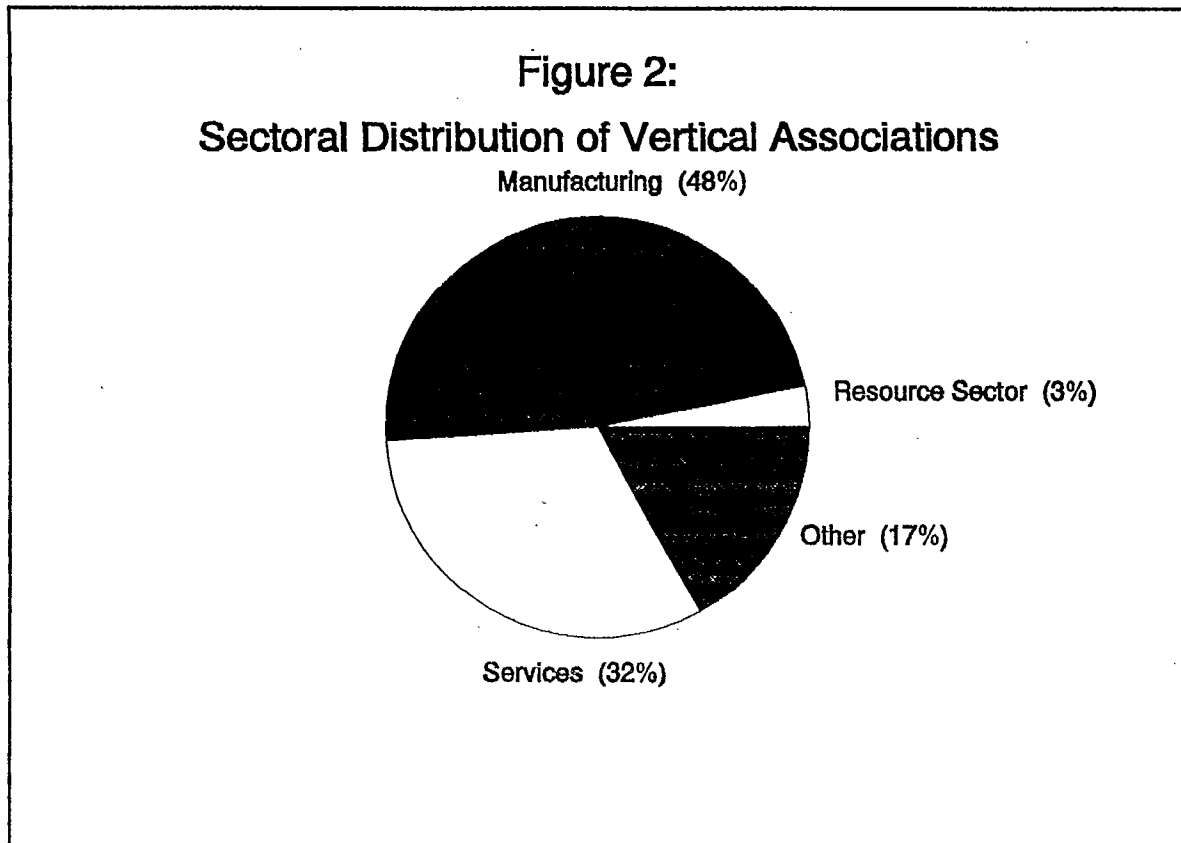


Figure 2 (next page) portrays the sectoral distribution of the participating sectoral associations. The following is a breakdown by sector: upstream resource sector (3%); manufacturing and processing sectors (48%); services and construction sectors, including tourism (32%). The remainder consists of professional, cross-sectoral and technology-related associations.



During the same time period as the personal interviews and mail survey were being conducted, focus group discussions were held in eight cities across Canada - Halifax, Moncton, Montreal, Toronto, Saskatoon, Calgary, Edmonton and Vancouver. These "roundtable" sessions were designed to obtain the views of individual business people on the practices and roles of industry associations in Canada. The department's regional offices decided on the locations of the focus groups and organized them in their respective regions.

Some of the business executives that participated in the focus groups do not belong to any industry association, but the majority are association members, and many had experience on the executive boards of associations. They represented a wide variety of types and sizes of companies. Some were from larger companies but the greatest proportion were from smaller companies.

The sectoral breakdown of the 65 participating companies is as follows: manufacturing and processing sectors (42%); services and construction sectors, including tourism (31%); and the remainder are high technology companies (e.g. information technology and bio-technology). By region, the breakdown is as follows: Atlantic (29%), Québec and Ontario (22%), and West (49%).

In addition to the eight focus groups for businesses, the department's regional offices organized three focus groups specifically for associations. They were held in Halifax, Montreal and Toronto. Executives from 27 associations participated in the "roundtable" discussions. Most of them represented associations that were not part of either the personal interviews or mail survey.

The department also contracted the services of some expert consultants (i.e. Christopher LeClair and Tom Deans) to undertake research work on industry associations and prepare a detailed study of the subject matter. The consultants participated in the interviews, survey and focus groups.

#### 4. INTERNATIONAL COMPARISON

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There are no comprehensive peak associations ..... Canada is quite distinctive in this regard. In all other capitalist democracies, except the United States, these peak associations exist to gather together more specialized groups and enhance business's capacity to define common interests.

Were industrial policy to take a different form ..... it is unlikely that business could engage in the intensive and demanding discussions ..... its legacy of weak associations has left it unprepared for a different type of state initiative.

Michael M. Atkinson and William D. Coleman, The State, Business, and Industrial Change in Canada (Toronto: University of Toronto Press, 1989), pages 48, 51 and 52.

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A review of the available literature, relating to industry competitiveness and to industry associations in Canada and other countries, was undertaken to see whether there are good examples that Canadian associations could work towards. The literature seems to suggest that many Canadian associations are generally weaker than their counterparts in some other countries and that many of the best association practices are to be found in Japan and in some European countries.<sup>4</sup> It also indicates that, compared to Canada, industry associations in these countries seem to play a more prominent role in aggregating diverse company interests, forging intra-industry or inter-sectoral consensus, serving as an important point of access for continuous dialogue and communication between industry and government, and acting as a channel for delivering services to businesses. In addition, there have been comments and criticisms in some of the literature suggesting that, since many industry associations represent existing mechanisms which link firms in the same sector, they would appear to be an appropriate means for promoting efforts to improve industry competitiveness.

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<sup>4</sup>Much of the available literature on association "best practices" is concentrated on the situation in Japan and Europe. Undoubtedly, there are also lessons to be learned from what is being done elsewhere, e.g. in the United States or some Asian countries. The scope and resources of this project did not allow for additional independent research on the activities of associations in these countries.

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..... the key function performed by trade associations ..... is that of lobbying and public affairs, which may encompass research and development and productivity concerns.

While the concern with promoting research and development and technological innovation has been an on-going one, it is only in recent years that Canadian governments have stressed the need to encourage trade associations to perform a more active role in the promotion and diffusion of technology.

Isaiah A. Litvak, Canadian Trade Associations and the Promotion and Diffusion of Innovation

(Ottawa: Department of Regional Industrial Expansion, 1985), pages 2 and 23.

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Obviously, the strength of industry associations must vary considerably across sectors and countries. Based on the literature review, however, it would seem that the leading associations in Japan and Europe exhibit some broad similarities, which are described below under three headings:

1) Organizational Characteristics

Most of the leading Japanese and European industry associations are very representative of their client industries (i.e. their members account for a high percentage of industry shipments or of the total number of firms in the industry). There tends to be only a few associations in each sector and they do not compete with each other for members. Moreover, the associations are able to reconcile competing interests within their memberships. Association structures are integrated and hierarchial, and there are usually "peak" associations that have other, more specialized associations, as opposed to companies, as members. These "peak" associations represent the interests of their members (associations) on broad sectoral or cross-sectoral matters. Many Japanese and European associations have access to predictable and diversified revenue sources (i.e. more than just membership dues). This gives them the relative autonomy (from immediate member demands) to engage in long-term strategic thinking for their industries.

## 2) Involvement in Policy Matters

In Japan and some European countries, the involvement of industry associations on policy matters goes beyond just lobbying on major policy issues. They tend to be full players in the government policy-making process and to be members of formal industry-government consultation structures. In large part, this high degree of involvement is because the associations have defined and agreed on their areas of expertise and policy responsibilities; they are representative of their business communities (on both regional and sectoral levels); and they are capable of forging different views among their members into an industry consensus.

## 3) Services Offered to Association Members

Many Japanese and European industry associations offer a broad and comprehensive range of business services that can help to improve the international competitiveness of their member firms. The majority of the services that are mentioned in the literature can be grouped into five areas of activities:

(a) Export Promotion - The associations are involved in helping small and medium size companies to take advantage of opportunities in emerging markets, e.g. by organizing trade missions or running industry-funded export promotion offices in key overseas markets.

(b) Education and Training - Their activities include delivering training programs tailored to companies' specific needs and establishing industry-driven apprenticeship programs and vocational training institutes.

(c) R&D and Technology Diffusion - They gather information on technology and related services from around the world and make it easily available to industry; help small businesses to gain access to new technologies and "best practices"; and set up industry-funded R&D facilities.

(d) Codes and Standards - Activities range from lobbying government on the content of regulations to drafting new legislation and enforcing the regulations (e.g. environmental, health and safety, consumer protection matters).

(e) Competitive Analysis - They are active in identifying key competitive issues and sharing industry analyses with member companies; providing statistical and informational services; devising adjustment strategies; and administering government support programs.

The preceding paragraphs outlined the qualities of some of the leading associations in Japan and Europe. Undoubtedly, it could be argued that it is both unfair and unrealistic to draw comparisons with what might be described as "the best of the best". On the other hand, there could be some value in pointing out the salient characteristics of these organizations and their activities, with a view to producing a "road map" that might point some Canadian associations in the right direction.



## 5. SURVEY FINDINGS: VIEWS OF ASSOCIATIONS

The survey questionnaire and interview guide were designed to obtain the views of association executives in four areas (described below).<sup>5</sup> A summary of the detailed statistics is included in Appendix III. It should be noted that the questions were mostly qualitative in nature and that the responses reflect the judgements of the executives who participated in the survey.

(a) Health of Industry Associations in Canada

Table 3 (below) gives the views of association executives on the health of industry associations in Canada. The percentages in this table, and in the other tables in this section, apply to those who participated in the survey or interviews, and who answered the questions.

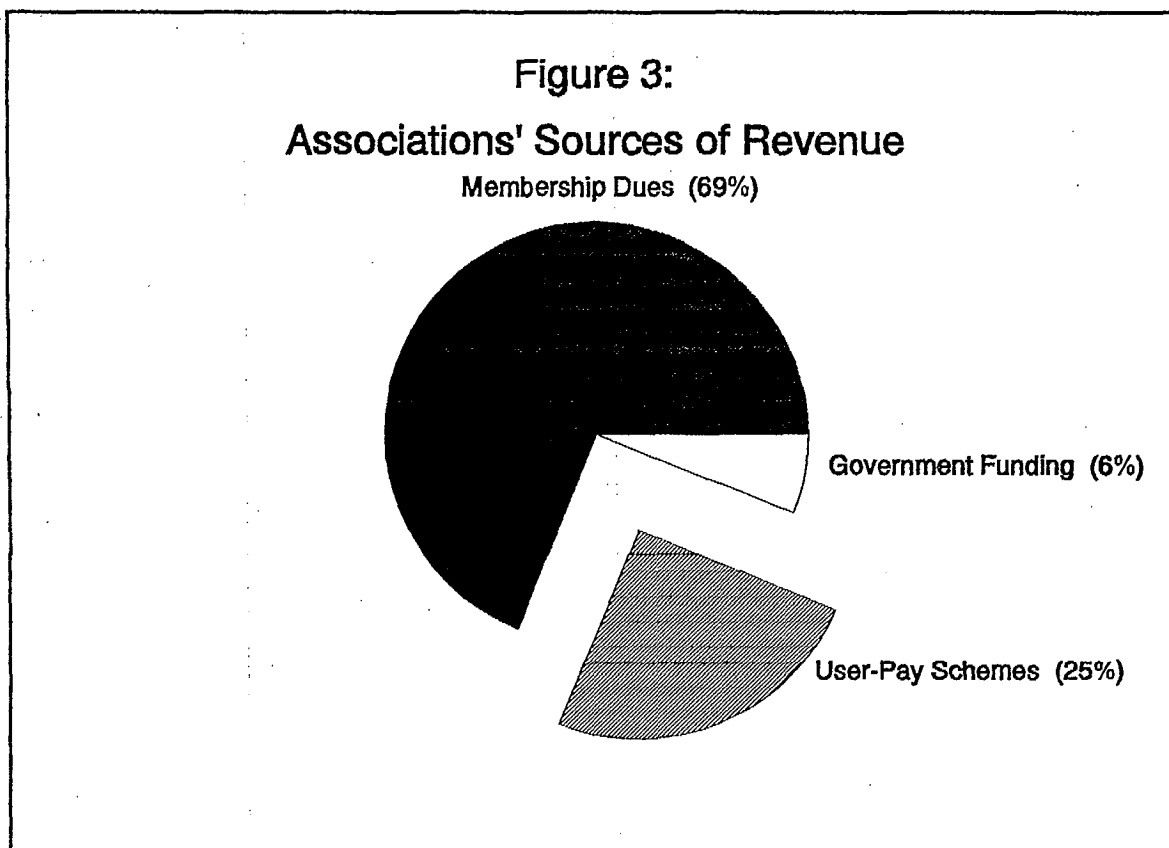
TABLE 3:

## Views on Health of Industry Associations in Canada

Question/Issue	Yes	No
Agree that associations are fragmented?	74%	26%
Agree that too many associations?	62%	38%
Active discussion on present & future roles?	92%	8%
Lack of financial resources is a key issue?	71%	29%
Offer services for a fee?	66%	34%

<sup>5</sup>Association executives also commented on several other issues, such as the Lobbyists Registration Act, taxation of commercial enterprises, and the effect of competition policy on their activities, which are outside of the scope of this report.

Over 70% of those who responded to the survey agree that, in general, Canadian industry associations are highly fragmented and weakly integrated, and over 60% agree that there are too many associations in Canada, with overlapping jurisdictions. In addition, over 90% of them indicated that, at present, there is active discussion within their organizations on current and future association roles.



It is clear from the interview discussions and the survey responses that a lack of financial resources is a key issue for industry associations in Canada. Over 70% of respondents indicated that lack of financial resources is an important issue for them and two-thirds stated that they are engaged in providing activities on a fee-for-service basis. However, almost 70% of industry associations in Canada are still dependent on membership dues for most of their revenues (see Figure 3 above); about one-quarter obtain most of their revenues from user-pay schemes; and the remainder rely mostly on government funding.

TABLE 4:

## Profile of Participating Associations

Size of Budget	Percent
Less than \$ 250 thousand	28
Between \$ 250,000 and \$ 1,000,000	25
More than \$ 1 million	47
Change in Budget Size	Percent
Greater	36
Same	49
Less	15
Number of Employees	Percent
Less than ten	64
Between 10 and 20	20
More than twenty	16
Change in Staff Size	Percent
Greater	25
Same	54
Less	21

Table 4 (above) gives a statistical profile of the participating associations in terms of organization size. About one-quarter have annual operating budgets of less than \$250,000; another one-quarter have budgets between \$250,000 and one million dollars; and the remainder are over one million dollars. About one-half indicated that their budgets are the same as they were three years ago; about one-third stated that they are greater; and the remainder said that they are less. About two-thirds have a staff of less than ten employees.

Table 5 (below) describes the participating associations in terms of their "density of representation", i.e. their members' share of total industry shipments and share of the total number of companies in the industry. About 60% of the participating associations indicated that their members account for more than three-quarters of industry shipments. But less than 35% indicated that their members account for more than three-quarters of the total number of companies in the industry.

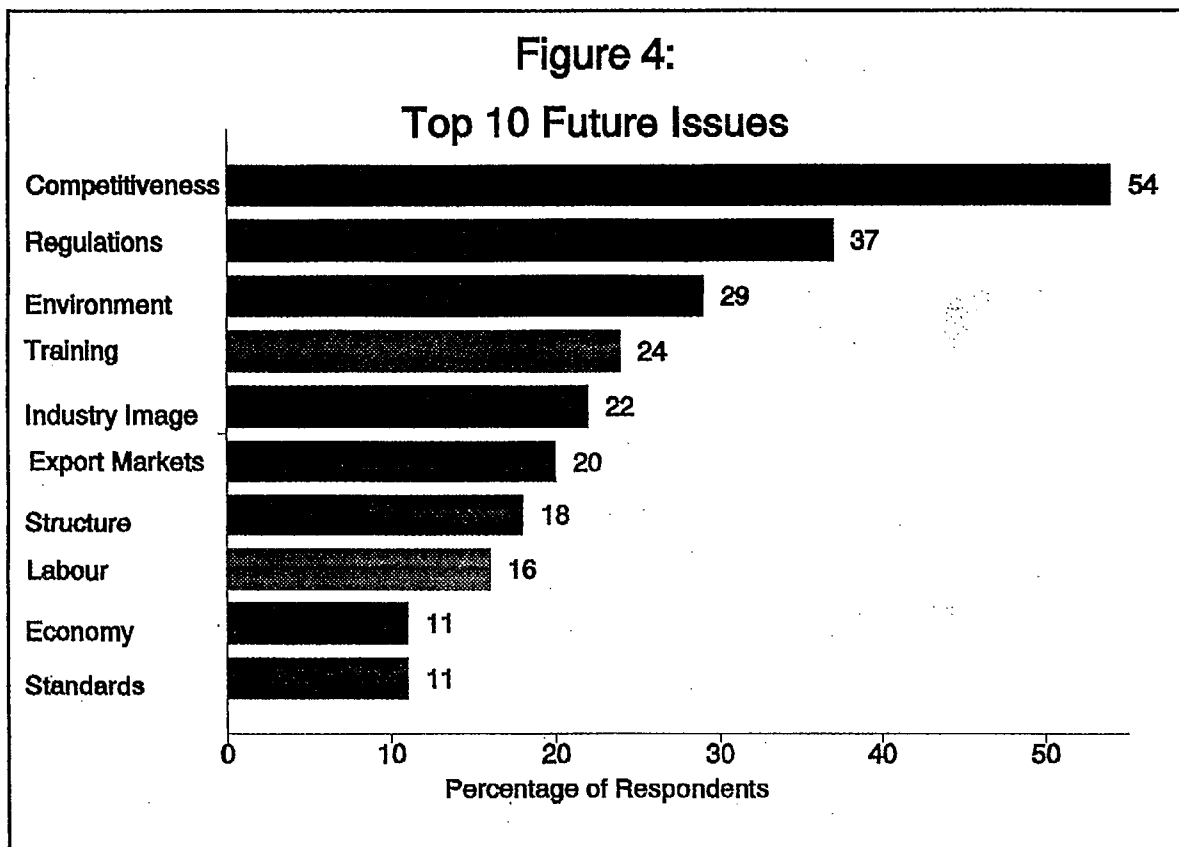
TABLE 5:

## Associations - Density of Representation

Members' Share of Industry Shipments	Percent
Less than half	20
Between 1/2 and 3/4's	22
More than three-quarters	58
Change in Share of Industry Shipments	Percent
Greater	32
Same	61
Less	7
Members' Share of Number of Companies	Percent
Less than half	48
Between 1/2 and 3/4's	20
More than three-quarters	32
Change in Share of Number of Companies	Percent
Greater	27
Same	63
Less	10

(b) Services Offered by Industry Associations in Canada

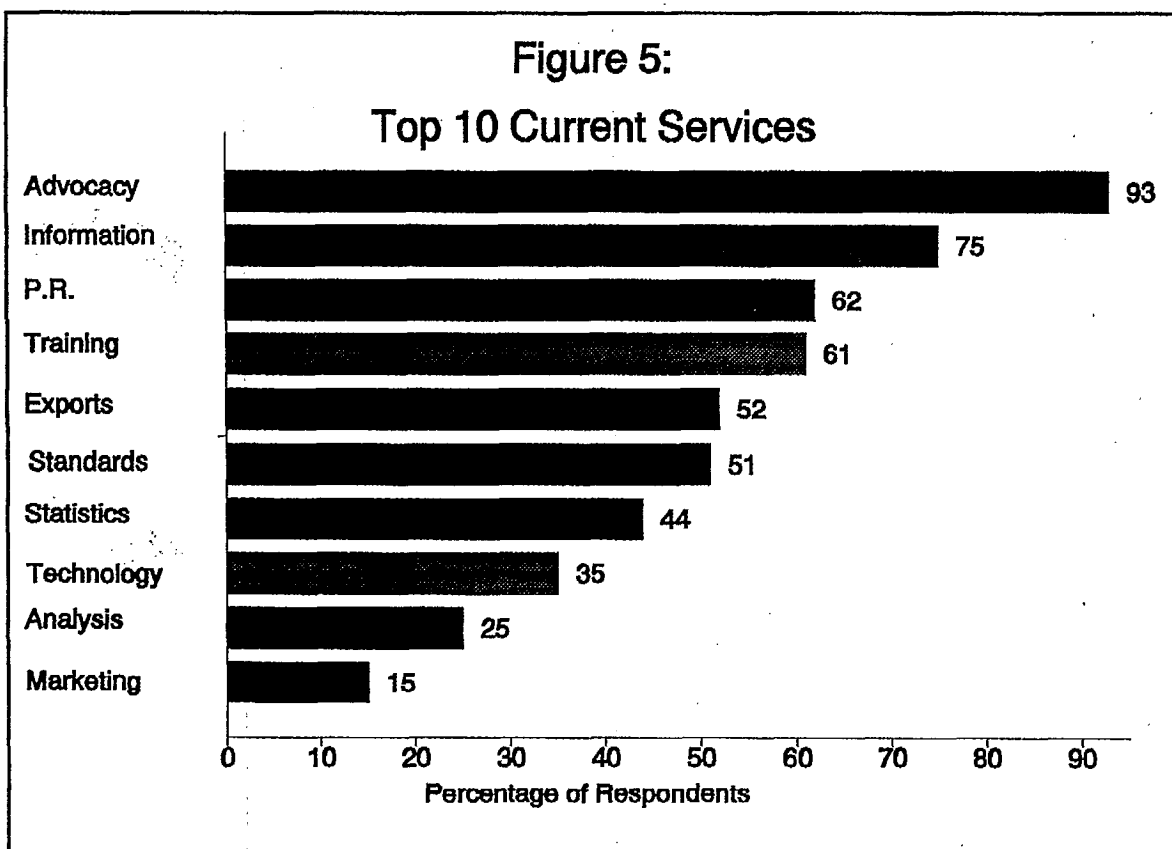
Association executives were asked, in terms of the firms that they represent, what they think are the most significant issues of the next decade. Figure 4 (below) shows their answers.<sup>6</sup>



"Competitiveness" was given as a response most frequently, with 54% of the respondents rating this as a key issue.

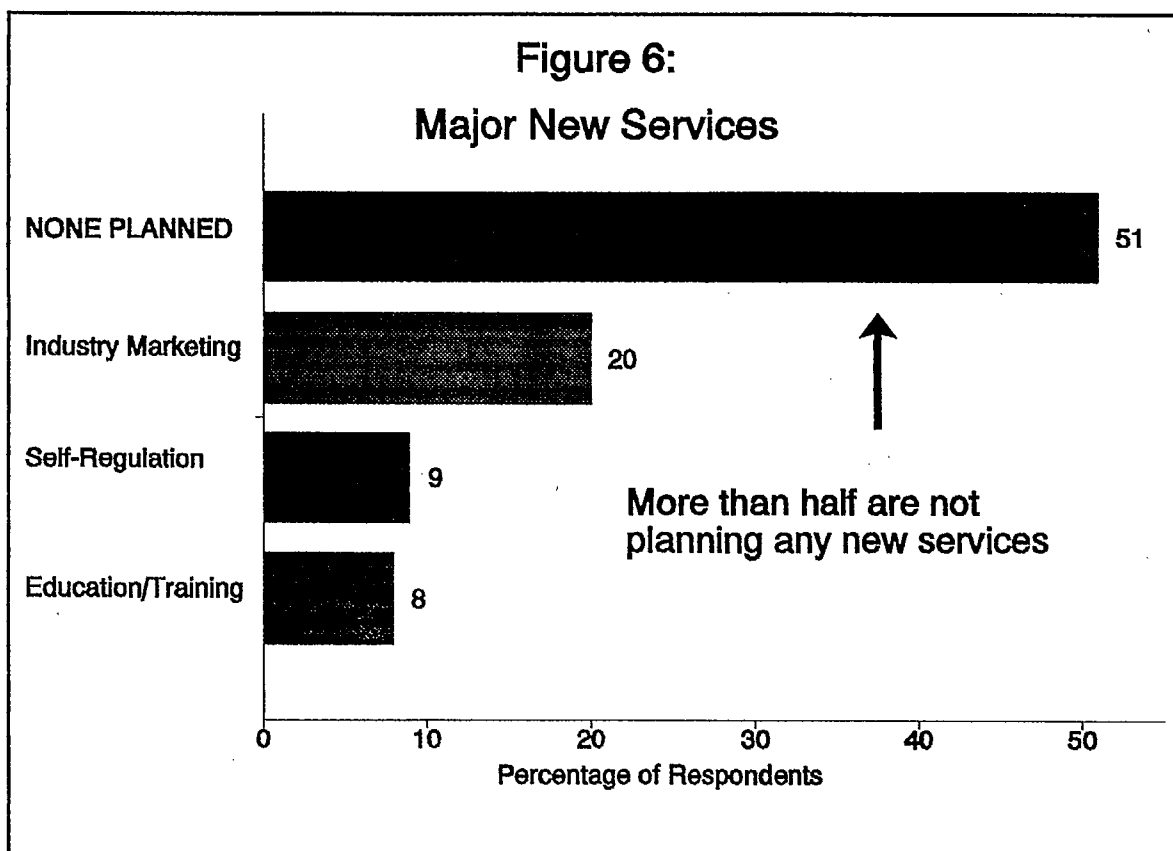
<sup>6</sup>The numbers in Figure 4 (above) indicate the percentage of the respondents who gave that answer; each respondent could give more than one answer. The same applies to Figure 5 (page 22), Figure 6 (page 23) and Figure 7 (page 25).

In declining order of importance, the following issues were also mentioned: government regulations (37%), environmental issues (29%), education and training (24%), industry image (22%), export markets (20%), technological and structural changes in the industry (18%), labour and human resource issues (16%), overall economic situation (11%), and codes and standards (11%). In addition, the respondents expressed concern about several other issues, including access to capital, supply problems, research and development, and energy issues.



Association executives were asked about the kinds of activities and services that they currently provide (see Figure 5 above) and the kinds of new activities and services that they plan to undertake in the future in response to the needs of member firms (see Figure 6, next page).

By a wide margin, the most common type of service currently offered by the associations that participated in the survey is policy advocacy (over 90%), followed by information services (75%), public relations (62%), education and training (61%), export promotion (52%), codes and standards (51%), statistical services (44%), R & D and technology diffusion (35%), competitive analysis (25%), and industry marketing (15%).



In terms of planned new activities and services, the most common response was industry marketing (20%), followed by self-regulation (9%), and education and training (8%). It is interesting to note that over half of the associations do not plan to offer any new services or activities in the near future. It should be pointed out, however, that these figures do not include cases where the association is planning to improve an existing service.

(c) Cooperation among Canadian Associations

The personal interview and mail survey results show that a remarkable degree of cooperation among Canadian associations seems to be occurring already (see Table 6 below). For example, almost all (99%) of them have worked together with other associations on common problems or issues. The interview discussions indicate that most of this inter-association cooperation is related to issues on the policy front, e.g. new labour laws or environmental regulations. Moreover, 85% of the associations who participated in the survey are cooperating on a regular basis with associations in other countries (most commonly, with their U.S. counterpart).

TABLE 6:

## Views on Cooperation among Industry Associations in Canada

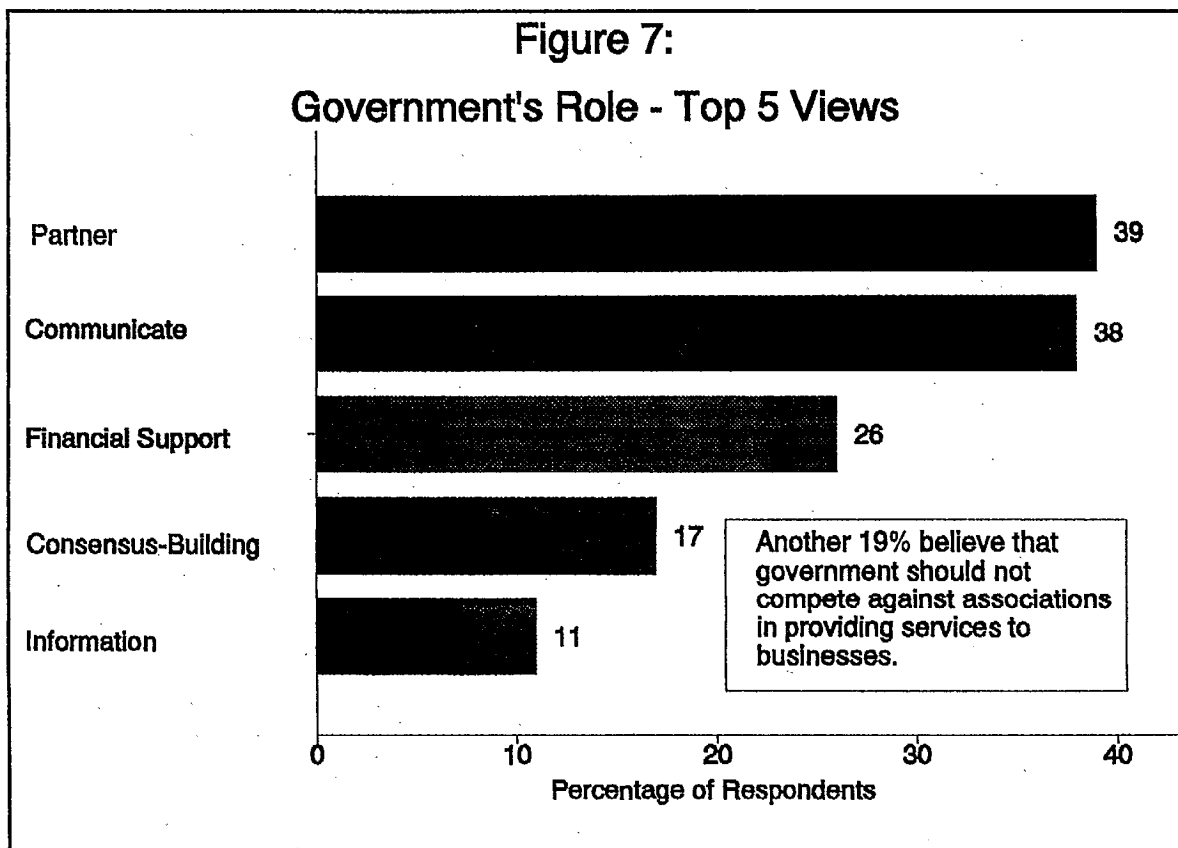
Question/Issue	Yes	No
Work with other associations in Canada?	99%	1%
Work with associations in other countries?	85%	15%
Some associations should be consolidated?	50%	50%
Networks or coalitions are better approach?	61%	39%

When association executives were asked whether they believe that consolidation of a number of sectoral associations into a single organization would result in a more effective vehicle for providing services to members and interfacing with government, the answers were split evenly between those who are in favour of this idea and those who are against. About 60% of those who answered think that networks or coalitions of associations might be a better approach.



(d) Role of Government

Association executives were asked to give their views about the appropriate role for government, in terms of working with associations. The responses, which are portrayed in Figure 7 below, uncovered a large amount of pent-up frustration from dealing with governments on a wide variety of issues. On the other hand, they also showed a desire and an understanding of the need for the private sector and the public sector to work together as partners, not competitors, to solve problems and to improve the competitiveness of Canadian industry.



The respondents stated their opinions that the most important roles for government, in terms of industry associations, are to partner and cooperate more with associations, and to listen to and communicate with them. The other roles that were mentioned, in declining order of importance, are: give financial support to associations; act as a catalyst by facilitating consensus-building among associations; and provide more information to associations (especially, marketing information). Almost 20% of the respondents stated that government should not be competing against associations in providing services to businesses.

Association executives were asked what they thought of the idea of government using industry associations as intermediaries to communicate with businesses or to deliver programs and services to companies. The answers are given in Table 7 (below). Specifically, they were asked whether they viewed this as positive, negative or neutral. Almost 90% said that they saw it as positive and the rest as either negative or neutral.

TABLE 7:

## View of Associations as Intermediaries

Answer	Percent
Positive	87
Negative	12
Neutral	1

During the interview discussions concerning the issue of the government's role, several important points were emphasized, but three in particular are noteworthy: 1) that a much closer degree of partnership between industry associations and government departments is needed in order to improve the competitiveness of Canadian industry; 2) that industry associations in Canada are a private sector responsibility and must keep their independence from government; and 3) that government has an important role to play in helping to form coalitions among industry associations. On the last point, the "Minister's Advisory Council" format (e.g. such as in the forestry or automotive sectors) was often mentioned as a good example of how to bring together "clusters" of associations.

## 6. FOCUS GROUPS: VIEWS OF BUSINESSES

The purpose of the focus groups (or roundtable discussions) was to obtain the views of individual business people on issues related to industry associations in Canada. This form of information gathering is inherently less structured than survey questionnaires or personal interviews, but it provides an economical means of receiving inputs from a large number of people in an interactive format. The views of the business people who participated in the roundtable discussions are grouped under the following four categories.

### (a) Health of Industry Associations in Canada

In general, the business executives who participated in the focus groups did not express a high level of sympathy with the apparent financial plight of some industry associations. The majority of them seemed to be of the view that associations are part of the marketplace of buyers and sellers of services and that economic forces (not government) should decide who succeeds or fails.

*If associations do meaningful things for their industries, they will have no trouble getting members, but they should do down-to-earth things.*

Business Executive

A significant observation was that many companies have had to downsize and restructure and, as a result, are taking a harder look at contributions to and membership in industry associations than, perhaps, they did in the past. They are also demanding more tangible benefits from association membership and a higher level of service at a lower cost.

(b) Services Offered by Industry Associations in Canada

The overall consensus was that most companies are not satisfied with the quantity or quality of services provided by many industry associations in Canada. Their view seems to be that they should be getting better value for the amount spent on associations. In terms of the types of services and activities offered by industry associations, there seemed to be a split opinion on the relative merits of policy advocacy versus specific member services. In general terms, the smaller companies were more likely to be in favour of business services, while the larger ones were more likely to prefer the advocacy role for associations.

*I do not get value for money from my association. I am waiting for market forces to work.*

Business Executive

An important point to note was the general perception that associations are out of touch with their members. This would apply in particular to horizontal and to national associations. In the latter case, companies express a much greater feeling of affinity to membership in regional associations than in national associations. This feeling of alienation was particularly apparent in the West and Atlantic regions. In the case of horizontal associations, many companies felt that their interests were too broad and their services not focused enough. Information sharing and business networking were given most often as the main reasons for joining industry associations.

(c) Cooperation among Canadian Associations

The general consensus is that a structured and hierarchial European model of industry associations would be too rigid for the Canadian business environment.

*A business coalition was formed to deal with (labour legislation). We are leaving it "on the shelf", to be used again. It will be a force to be reckoned with.*

Business Executive

In particular, there was widespread opposition to any idea of a "RAND-type" formula (mandatory dues check-off) where membership in an industry association would be obligatory.

(d) Role of Government

There was a diversity of opinion on the government's role in terms of the operations of industry associations. They ranged from one end - the "laissez-faire" approach that governments should not interfere with the workings of the marketplace - to the other extreme - that governments should take on a greater leadership role and be in front of the marketplace.

*The government should let associations die if they are not able to raise money on their own.*

Business Executive

*Government can help rationalization by working with and encouraging associations to move in the right direction.*

Business Executive

There was a general consensus that, as a matter of principle, governments should not be subsidizing industry associations. However, the follow-up discussions uncovered that this principle is meant to be applied to core funding, and that exceptions might be appropriate for program funding where an association is delivering a service on behalf of government (and presumably, more economically), or for "seed" funding in certain cases.

## 7. ASSESSMENT OF THE RESULTS

At the outset of the survey, the persons participating in the personal interviews, mail-in survey questionnaires, and focus group sessions were provided with background information about the project and the issues to be discussed. The participants were given the opportunity to mention additional comments, if they wished. It was clear from the discussions at the personal interviews and focus groups and from the survey responses that the four issue categories, originally identified at the February, 1993 "brainstorming session", are the main areas of concern affecting industry associations in Canada in 1993.

Many views and perspectives were presented by the participants. On some issues, a clear consensus emerged from the consultations. There was no overall consensus on many others, but the consultation process revealed many valuable lessons. The common thread weaving its way through the process was that the private sector and the public sector must work closely together to grow an innovative economy in Canada that is able to meet successfully the competitive challenges of the twenty-first century, and that this implies significant roles for industry associations.

The previous section outlined the major findings of the research. This section describes in detail the many-sided aspects of the views and perspectives presented by association and business executives during the interviews and focus groups and in the survey responses.

### (a) Health of Industry Associations in Canada

As mentioned earlier in the Background section, concerns have been expressed by the private sector that there are too many industry associations in Canada "chasing" too few potential membership dollars, that they have overlapping jurisdictions and declining membership rolls, and that these factors have had a negative impact on the financial strength of existing Canadian associations. In turn, this multitude of small, financially weak associations is not able to provide the quality, range and depth of services that are needed by Canadian industry. Certainly, there are many industry associations in Canada; indeed, there are over 500 of them at the national level. Including regional associations, the number is probably in the thousands.

The research findings paint a picture that is not as bleak as what the above might have suggested. Over three-quarters of the participating associations indicated that their budgets were either the same or greater than they were three years ago. There may be some truth, however, in the point about overlapping jurisdictions. Only about 60% of the associations in the survey indicated that they were representative of the industry in their jurisdiction in terms of share of industry shipments, and less than 35% in terms of share of companies in the industry.

*Many associations have yet to respond to the changed environment but rather hold on to their historical reasons for being and strive to reduce expenditures to provide a lower cost service and remain competitive with associations providing similar services.*

Association Executive

The evidence seems to indicate that the impetus for rationalization of industry associations is coming from association members, who are starting to "vote with their dollars". Many companies have suffered from a long recession and have had to downsize their operations. As a result, they are more demanding than they were before. This became very clear at the focus groups. Many of the business participants stated that they are taking a harder look at their "overheads", that no longer will they view membership in industry associations as a form of "pseudo-charity", and that they are requiring more tangible benefits from associations.

Also, there may be reason to suspect that the apparent increase in the number of associations in recent years has been in response to the demands of the marketplace. Many of the newer associations are in the so-called "new economy" areas (e.g. the services and high technology fields). But there has not been a corresponding decline in associations whose mandates may not be as relevant as they once were. (One focus group participant referred to them as a "Jurassic Park of associations".) In part, the proliferation and fragmentation of industry associations in Canada may be because companies were not as discriminating in their financial contributions to associations as they could have been.

*I suspect we will see more associations rather than fewer. Just as we have witnessed the growth of single issue 'NGOs' and other politically motivated organizations, businesses will want to ally with those with similar goals.*

Association Executive

Regardless of the cause, it is apparent that a restructuring of the industry association community is underway and that it is likely to continue occurring. Almost three-quarters of the participating association executives indicated they agreed that industry associations in Canada need to be rationalized. Also, over 90% of them are currently or were recently in the process of examining their organization's roles and re-focusing its priorities.

A lot of this can be attributed simply to good strategic planning and good association management. But one senses from the interviews with association managers their belief that a major shaking-out of the "association micro-economy" is inevitable and that the associations who respond to market signals will be the survivors. In fact, there have been some recent examples of successful association amalgamations or mergers. They include: the creation of the Canadian Association of Petroleum Producers in 1992, following the amalgamation of the Canadian Petroleum Association and the Independent Petroleum Association of Canada; and the 1991 merger of the Information Technology Association of Canada and the Canadian Association of Data and Professional Service Organizations.

There have also been several failed attempts at association mergers or amalgamations. In some of these cases, "turf wars" and "egos" have apparently been major stumbling blocks. Undoubtedly, there will be more attempts at association mergers in coming years, especially in areas where structural, technological and other changes in the industry are blurring the distinction between what used to be clearly separate and distinct sectors (e.g. in the insurance and financial services areas).



Not surprisingly, a high percentage of the association executives participating in the survey indicated that access to financial resources is a major issue. Most of them also indicated that they provide activities of one sort or another on a fee-for-service basis. However, almost 70% of them are still dependent on membership dues for their revenue base. (In many cases, for example, 80% or more of their revenues come from membership dues.)

*Lack of financial resources will become an even greater concern for associations due to the economic situation and greater competition in the economy in general. Associations must be more efficient and more creative; if the levels are to be maintained or increased, sources other than dues and assessments must be exploited.*

Association Executive

During the interviews, the dues-dependent organizations were asked why they did not attempt to diversify their financial base. In most cases, the response was that the organization would "lose focus" or become "non-strategic" if it had to depend on non-dues income sources. The non-dues-based associations, which usually obtain two-thirds or more of their income from user-pay schemes (e.g. by selling statistical services or participation in seminars or conferences), argued that their diversified revenue base gives them the flexibility and financial independence to provide a wider range and higher quality level of services to all of their members, both large and small. They also responded that a user-pay approach uses the market system to screen out those services that are not really needed or wanted. Moreover, some of the non-dues-based associations are able to use a portion of their fee-for-service revenues to hire staff to recruit new members, which enables them to speak more authoritatively on behalf of their industries.

Others have chosen a hybrid approach, where "core" services are funded from membership dues and are available to all members free of charge, and "non-core" services are funded on a cost recovery basis by charging a fee to those companies that choose to use or purchase the service. There seems to be a correlation between associations that place a high priority on policy advocacy and those that are dues-dependent, and likewise, between those that place a high priority on member services and the ones that receive a large share of their revenues from user-pay schemes.

*There has been a growth in provincial activities. Association members are increasingly interested in provincial or local activities. No doubt, because the provinces have the regulatory power in environmental matters, worker health and safety, labour relations, education and training.*

Association Executive

*We are adequately funded for what we do. There is no problem of finance per se. However, companies are increasingly U.S.A. oriented and take instruction from there. It is hard to obtain support for Canadian initiatives.*

Association Executive

Obviously, there are great differences among industry associations in Canada in terms of their overall financial situation and the strength of their membership base. In this context, two interesting phenomena are worth noting. Firstly, it was observed that in some sectors there are very strong regional or provincial associations and weaker national associations. In part, this may be due to the relatively stronger regulatory influence of provincial jurisdictions in some areas. But one suspects that the issue goes deeper than this because, during the focus groups, it was evident that many business people feel a greater affinity to regional association memberships than to memberships in their national counterparts.

Secondly, at the same time as this "regional strengthening" seems to be taking place, some of the focus group participants were questioning the relative merits of membership in Canadian (national) associations vis-à-vis membership in their U.S. counterparts, or in other international associations. Usually, these opinions were based on a perception that the benefits and services received from the foreign association would give the recipient a higher value for the dollars spent than an equivalent amount spent on the Canadian association. Sometimes, they were based on actual experiences.

In addition, there have been discussions by some association executives about whether it would be in the best interests of their members to continue as a national association or to become a Canadian chapter of a U.S. or North American association. Neither of these phenomena, taken individually, mean that their existence should necessarily lead to a weakening of national associations. Taken together, however, the parallel occurrence of these two phenomena - strengthening regional associations and growing Canadian membership in international associations - could be a concern for some national associations, especially those that are already suffering financially or are losing members.

(b) Services Offered by Industry Associations in Canada

On the issue of industry association services, three areas of questioning were posed to the participating associations, namely: i) What are the most important issues for their industries and their associations? ii) What kinds of services do they currently provide to member firms in response to their needs? iii) What new types of services do they plan to undertake in the future? The responses indicate that, in general, the two most important issues for associations and the industries that they represent, are competitiveness and government regulations. The concern about government regulations was mentioned in two different ways - in a "positive" or "expansive" sense, i.e. there should be more rules in certain areas or they should be more strictly enforced (for example, intellectual property rights); and in a "negative" or "restrictive" sense, i.e. there should be less government "red tape" or "interference" (for example, labour and environmental regulations). In terms of current activities, the most common one mentioned by the participants was policy advocacy.

Over half of the associations do not plan to offer any new services in the near future, presumably due to budgetary considerations or because they feel that they are already fulfilling members' needs. Of those who are planning new types of member services, the one most often quoted was "industry marketing" (i.e. "selling" the industry to potential customers or the general public, as opposed to the products or services of individual companies in the industry).

*We have deliberately allocated our existing resources to policy areas which have the greatest impact on and are of greatest concern to our members both individually and collectively. We have also deliberately chosen not to engage ourselves in other policy areas where the impact and concerns are less.*

Association Executive

The results indicate that the majority of associations are overwhelmingly preoccupied with policy advocacy and interfacing with government. There was much discussion of this issue during the personal interviews. Three important observations are particularly noteworthy: i) Not surprisingly, associations in the "regulated" industries (e.g. health care and financial services) devote a high proportion of their energies to the advocacy and government interface functions for reasons that are self-evident. ii) In many cases, association executives feel that they have been thrust into the policy advocacy and government interface roles by governments themselves due to the heavy legislative and policy agendas in recent years (i.e. everything from NAFTA to labour law reforms) and the consequent need for consultations. Some of them noted irony in government questioning why they devote so much time to this kind of activity. iii) The associations that place a heavy emphasis on advocacy do so because they believe that it is in their members' best interests and that it will improve their bottom-line competitiveness. Many of them feel that it is as much a "service" for their members as any of the other types of activities and that it is often difficult, if not impossible, to make a clear distinction between the "advocacy" and "informational service" activities.

*More than anything, effective associations will increasingly be in the information business. Current information and statistics must be available, and disseminated while they are still germane.*

Association Executive

Most industry associations in Canada engage in activities that could be labelled as "member services" or "business services", as opposed to policy advocacy. Some of them eschew any kind of advocacy function and devote all of their energies to business service activities. These associations tend to have a high proportion of smaller companies who are demanding the "hands-on" variety of business services. The research indicates that, as a whole, Canadian associations offer an extensive range of high quality and innovative business services to their members, including statistics, informational services, education and training, industry marketing, export promotion, codes and standards, pre-competitive R & D, and others. A major difference between the situation in Canada and the "European model" is that the "best practices" may not be as widely dispersed in Canada as in some European countries. Some examples of Canadian association "best practices" and a description of a "model" industry association in Canada are given in Appendices IV and V.

*For the past five and a half years a prime focus or vision of the Association has been to support ..... the industry in the acquisition and development of technology and the introduction of education and training at all levels.*

Association Executive

Also, there seems to be a wide gap in Canada between the performances of the "best" industry associations and those at the other end of the spectrum. Perhaps, this might account for the overall level of dissatisfaction with industry association performance that was expressed by business representatives at the focus group sessions. In general, their view was that they should be getting better value for money spent on associations and that industry associations are out of touch with their members. The degree of dissatisfaction seemed to increase as one moves along a scale from regional toward national associations or from sectoral toward horizontal associations. In other words, the more regionally and sectorally targeted the association, the greater is the likelihood that its business members will express a high approval rating of its performance.

As mentioned above, larger companies are more likely to be interested in "policy advocacy" and smaller companies in "grassroots" business services. In particular, in the opinion of most of the smaller companies, the larger (national) associations do not make a sufficient effort to serve their needs. In the more regulated sectors of the economy, companies are more likely to look to their industry associations as a conduit to government to ensure a positive legislative and regulatory framework.

Some of the focus group participants commented that industry associations should be investigating "non-traditional" types of services in order to improve their revenue base and to encourage new members to join their organization. In particular, "self-regulation" was mentioned on several occasions as an area that deserves closer scrutiny. (The term is used here loosely to refer to a broad range of activities, including codes of ethical conduct and voluntary compliance with standard industry practices. Some people prefer to use the term "co-regulation" rather than "self-regulation".)

The proponents of industry self-regulation argued that it can keep consumers happy, pre-empt government regulations, and improve the association's financial base by enhancing its visibility with members and "carving out a niche" for the organization, all at the same time. Most of the idea's opponents objected on philosophical grounds, i.e. that any form of regulation, whether imposed by governments or whether done on a voluntary basis, will make the industry less competitive. It was noted that there may be cases where industry self-regulation may not be appropriate and government regulations are needed. "Life and limb" situations or where the potential "public hurt" is very high, e.g. the bio-technology field, were given as examples. It was also noted that adequate reporting, appeal and approval systems are needed for industry self-regulation to work properly.

#### (c) Cooperation among Canadian Associations

The survey findings indicate a remarkable degree of cooperation among Canadian industry associations, which may be contrary to some people's perceptions. Almost all of the association executives stated that they have worked together with other associations on common problems, usually related to issues on the policy front, such as labour or environmental regulations.

In some cases, the cooperation has crossed sectoral boundaries, including associations in unrelated sectors, as well as horizontal associations. The All Business Coalition, which was set up to deal with proposed new labour laws in Ontario, is an example of this type of cooperation among associations. A similar group was established in British Columbia in reaction to a proposed new labour code in that province (Bill 84). Cooperative groupings of associations have also coalesced around other issues, such as environmental regulations and cross-border shopping.

In other cases, the cooperation has taken the form of associations within a sector or associations in related sectors working together on matters that concern a given sector or "cluster of sectors". For example, it was observed that there seems to be a lot of cooperation, and sharing of expertise and information, between some regional associations in the tourism sector. In almost all cases, the driving forces behind these cooperative arrangements were economy and efficiency.

*While other associations have similar concerns, they do not understand the \_\_\_\_\_ business. Many of our members also belong to horizontal associations as well. Others rely on us. We believe we succeed because we concentrate on the issues key to our industry.*

Association Executive

The noticeable characteristics of these informal cooperative networks or coalitions are: they are loose-knit without a formal structure or legal agreement; they operate within specific timeframes and do not have any permanency; and they have focused on specific policy or regulatory issues, as opposed to the delivery of programs or services. During the personal interviews and focus groups, some of the participants mused about whether, with some slight modifications, these loose coalitions could serve as a substitute for "peak" associations (as in the "European model"), or instead of consolidation of several related sectoral associations into a single organization or under the umbrella of a federation.

About 60% of the association participants favoured loose networks or coalitions over more formal arrangements. The majority of the business participants were opposed to the structured and hierarchial approach that is apparently used in some European countries, indicating that it would be too rigid for the Canadian business environment. There was no discussion of the practicalities of using loose-knit networks or coalitions to do anything more than argue against proposed new government regulations or advocate industry positions on policy matters.

*Associations with overlapping jurisdictions usually work as closely as possible with one another. The concept of creative alliances is well understood and accepted by industry associations.*

Association Executive

During the Québec focus groups and interviews, it was pointed out that, unlike elsewhere in Canada, in Québec there exists a true "peak" association, i.e. le Conseil du patronat du Québec (CPQ). Its membership, which is totally voluntary, includes 126 sectoral associations and 450 company members. It deals mostly with broad, cross-sectoral issues, such as manpower policies and workers' compensation.

*Real change requires the creation of coalitions of industry groups to pool ideas and resources on the all-encompassing challenges that affect all of us, particularly trade competitiveness and environmental responsiveness. .... Without this co-operative, consensus-building approach among these many groups, there exists the danger of disjointed, duplicated or possibly counter-productive efforts on any given issue.*

Association Executive



During the focus group sessions, it became clear that the phenomenon of loose-knit networks and coalitions is not only occurring among industry associations, but also among companies, some of whom are members of associations and others who are not. Several of the business executives commented on how they were bonding together to form consortia related to specific tasks or issues. Often, the consortia were aimed at individual technology or marketing initiatives. In other cases, they took the form of self-help business support groups, such as the Groupement Québécois d'Entreprises in Québec. Some of the business participants stated that this type of informal company networking is more convenient and cost effective than membership in industry associations. Sometimes, associations have become involved in these business networks and have supported them.

Many Canadian industry associations have formal and informal linkages to industry associations in other countries. In fact, 85% of the participating associations indicated that they cooperate on a regular basis with associations in other countries (usually, the United States). Several cases were reported, in both the manufacturing and service sectors, where Canadian associations have formed, or are in the process of forming, a federation of associations composed of counterparts in Canada, the United States and Mexico. There have also been attempted mergers or acquisitions involving Canadian and U.S. associations, particularly in sectors that are dominated in Canada by foreign-based multinational companies.

#### (d) Role of Government

Participants expressed a diversity of views on the appropriate role for governments in terms of working with associations. During the focus groups, some of the business people stated in unequivocal terms that industry associations are creations of the private sector and that governments should not interfere with the operations of the marketplace. At the other end of the spectrum, some focus group participants urged governments to develop a greater interest in association issues and to take a leadership role.

The association executives indicated their views that government's roles are: to listen to associations and work jointly in partnership with them, to act as a catalyst or agent of change by urging associations to coalesce around emerging issues (especially where there is a lot of fragmentation), and to "support" industry associations. In some cases, the type of support might take the form of giving "special recognition" to associations or of helping to contribute to the "awareness" of associations in the minds of the business community. In other cases, it could involve sharing more information with industry associations or providing financial contributions for services to businesses through associations.

*The perceived role for government organizations in dealing with industry associations is to ..... consult and be consulted by industry associations when policy initiatives are being contemplated by government or recommended by associations to deal with problems/opportunities concerning that industry or the economy at large ..... assist, if necessary, in the formation of coalitions among industry associations or other societal groups ..... where appropriate, contemplate using industry associations for the pursuit of mutual objectives with or without financial support.*

Association Executive

There was a general consensus that, as a matter of principle, governments should not be subsidizing industry associations. The issue of government funding was discussed in some depth during the personal interviews and focus groups. Many of the participants suggested that governments may have contributed to the proliferation and fragmentation of industry associations through indiscriminate funding of them. They urged the federal government to obtain a detailed understanding of the extent and type of its financial contributions to industry associations. The discussions revealed that the overall objection to government funding of associations was aimed specifically at "core" funding, i.e. contributions to underwrite operational costs.

There was general agreement that exceptions from this principle might be appropriate for program or project funding (i.e. where an association is delivering a service on behalf of government or undertaking a specific task with predetermined deliverables), or for "seed" funding in special cases and for limited time periods. There was no detailed discussion of the terms and conditions under which these exceptions would apply. Some association executives expressed a concern that accepting government financial support could lead to a loss of independence and focus for the association.

*As governments reduce their activities in the business environment, they should redirect a portion of funding for specific programs through trade associations. Government should work with industry associations to establish the criteria for funding. (And to avoid an overburdensome accounting structure for that funding.) This would be an efficient and effective means of enhancing the competitiveness of Canadian industry. In addition, this would be an ideal way to get associations to work together. Government could offer funding to "coalitions" of associations.*

Association Executive

Almost 90% of association executives stated that they were in favour of the general idea of governments using industry associations as intermediaries, either a) to communicate with or provide information to businesses, or b) to deliver programs and services to businesses. Many of them commented, however, that they would be interested only in part (a) of the above because they would not have the absorptive capacity (i.e. personnel and other resources) to take on a major program delivery role or because it could place them in a potential conflict of interest situation. Some others suggested that the key criteria, in deciding whether to use an association as a delivery agent, should be efficiency and effectiveness (i.e. whether the association can do the job better and more cheaply). They also cautioned that there would need to be appropriate mechanisms for ensuring accountability and proper monitoring. One of the potential difficulties for some associations is that they would be expected to deliver the program to both members and non-members.

*It is often appropriate for governments to use industry associations as vehicles to communicate with businesses. The extent to which this is done has reference to the nature of the task, the inclusiveness of the association, the economies of operating in this way, and the ability of the association to assume the task without prejudicing its independence from government.*

Association Executive

Several associations mentioned that they are weak in the area of analytical expertise or specific skill sets. They suggested that government should consider a secondment program under which public sector employees, who have the necessary skills, could be assigned to industry associations for defined time periods to undertake specific tasks.

Many association executives remarked that a much closer degree of partnership between industry associations and government departments is needed in order to improve the competitiveness of Canadian industry and to grow an innovative economy. They expressed a general disenchantment with government consultations. The concern was as much with the quality of consultations as with the quantity. In particular, they said that they want to be involved early in the policy process (before positions have solidified) and that they want follow-through by government (i.e. they want to be kept informed of what is happening).

*The effectiveness (of industry-government collaboration) can always be improved. The most common hitch is encountered when consultations are taking place upon issues which have already been decided. Attempts are made to convince stakeholders, whereas the stakeholders should have been part of the decision-making process.*

Association Executive

As stated above, association executives stated that government can play an important role by helping to form coalitions among industry associations. The "Minister's Advisory Council" format (e.g. such as in the forestry or automotive sectors) was mentioned as a good example of how to bring together "clusters" of associations. In both the forestry and automotive cases, the secretariat services are provided by the federal government.

## 8. CONCLUSION

This report has outlined the key issues affecting industry associations in Canada and the views expressed by more than 150 association and business executives on this important subject. The research findings were based on the results of personal interviews, mail survey responses and focus group sessions. Furthermore, many aspects of the issues, and of the perspectives that were presented by the participants, were discussed in detail. The fundamental goal was to prepare a report that would be shared with industry associations and the business community, and that will help, ultimately, to make a positive contribution toward improving the bottom-line competitiveness of Canadian industry.

It is clear from the discussions with association executives that the current and future health of their organizations is an important issue for them. This concern was, however, not shared by all of the business participants at the focus groups. Many of them said that they have had to adjust or scale down their operations due to the recession and globalization pressures, and that they are beginning to demand more tangible benefits from their association memberships. One cannot help but suspect, perhaps even conclude, that the driving force behind the rationalization of industry associations in Canada is the business community itself - the companies who are members and shareholders of associations.

*Survival of associations depends on how pertinent they are from a business perspective.  
Associations are not picking up the market signals.*

Association Executive

The research findings indicated a general agreement among association executives that there is a need for rationalization of industry associations in Canada. Substantial evidence was presented to demonstrate that a major restructuring of the association world is underway. Indeed, the majority of association executives mentioned that they have already taken steps to prepare their organizations for this challenge. Also, it was noted that there have been many attempts at association mergers and amalgamations; some have failed while others have been successful.

The survey results show, not surprisingly, that access to financial resources is a major area of concern for association executives. Moreover, they indicate that most associations are dependent on membership dues for their revenues. There is a small and growing minority, however, that offer services for a fee to their members and that rely on these resources as their main income source. The executives leading these associations argue that a more diversified revenue base gives them the flexibility and financial independence to provide a wider range and higher quality level of services to all of their members, both large and small.

The findings suggested that the majority of associations devote a high proportion of their time and energies to the policy advocacy and government interface functions. Many association executives argued that they have been thrust into this role by the very heavy legislative and policy agendas of recent years and by the consequent and numerous requests for consultations by governments. They believe, nevertheless, that these are very important functions that serve their members' interests and that help, ultimately, to improve their bottom-line competitiveness.

In general, and taken as a whole, industry associations in Canada offer an extensive array of high quality and innovative business services to their members. The range of services and activities includes education and training, codes and standards, export promotion, industry marketing, statistical and information services, technology diffusion, pre-competitive R & D, and others. These "hands-on" or "grassroots" types of services and activities are being demanded, in particular, by the smaller member companies.

Not very many individual associations, however, offer such a complete "menu" of services for their members. Perhaps, this might help to explain in part why the business executives, who participated in the focus groups, expressed such a high level of dissatisfaction with the overall performance of industry associations in Canada. The larger national or horizontal associations seemed to be the main targets of their criticism. In particular, the business participants put forth their views that many of the national associations do not make a sufficient effort to serve the needs of smaller companies (especially, companies outside of Ontario and Québec) and that the interests and activities of some of the horizontal associations are too broad and unfocused. Some companies have taken up memberships in international (usually, U.S.) associations, or are in the process of considering whether to do so.

*Key (influential) industry leaders in various industry sectors need to meet and agree on a strategy that would provide greater benefits from current not for profit expenditures. .... Canadian associations could start by asking and then answering the basic questions: What business are we in? Who are our customers? What are the market opportunities we should focus our resources on? There is a need to move away from responding only to short-term issues and be pro-active in the longer term. Specific steps involve first agreeing as a group that there is a need to respond to change and then commit the time and resources to do this in an organized way .....*

Association Executive

The research results demonstrated an extensive amount of cooperation by industry associations in Canada, including cooperation with other associations in Canada and cooperation with associations in other countries. The majority of association executives, who participated in the interviews or answered the survey, stated that they work together frequently with other Canadian associations on common problems. Usually, this cooperation takes the form of informal networks or coalitions that operate within limited timeframes and are focused on specific policy or regulatory issues (e.g. labour and environment). The association and business participants were clearly in favour of this kind of loose arrangement, as opposed to a structured and hierarchial system that exists in some European countries. Also, the majority of the association participants mentioned that their organizations have formal and informal linkages to industry associations in other countries.

Another type of informal networking was discussed at the roundtable meetings with business executives. Several of them commented on how companies were bonding together to form consortia related to individual tasks or issues. Frequently, the consortia took the form of specific technology or marketing initiatives, or self-help support groups for small businesses. Some business participants stated that they found this type of loose arrangement to be more convenient and cost effective than formal association membership.

There was a general consensus among the association and business participants that governments should not provide "core" funding to industry associations. Many of the association executives noted, however, that they would be willing to deliver some government programs and services to businesses.

Some of them also suggested that government should consider a secondment program under which public sector employees could be assigned to industry associations for defined time periods to undertake specific tasks.

A diversity of views were presented by association and business executives on the government's role in the association issues that were discussed during the interviews and at the focus group sessions. Their views ranged from non-interference to a greater leadership role by government in this area. No hard evidence was offered in support of either position. In general, however, it can be concluded that the participants were in favour of governments working more closely together in partnership with industry associations and, specifically, by sharing more information with them. Finally, it was noted by many of the business and association executives that government had a significant catalytic role to play by encouraging industry associations to coalesce around important business issues, and that, in this context, government should pay close attention to how it structures its consultation mechanisms with industry.



## 9. POSSIBLE IMPLICATIONS

This report does not contain the answers to all of the issues and concerns that affect industry associations in Canada, nor was it ever intended that it would do so. However, it has shown that there are valuable lessons to be learned from Canadian experiences and it has laid the groundwork for possible future discussions among business and association executives about their industry associations. Moreover, the report can be used to provide some "food for thought" for these discussions and, perhaps, to point in the right direction, where changes might be needed. This would result, hopefully, in Canadian industry associations becoming even more effective contributors to Canada's international competitiveness. As a final assist, this report concludes with nine questions, three each for association executives, business executives and government senior managers:

### Questions for Associations

- \* What steps should industry associations take, where appropriate, to ensure that they are representative of their clientele on both a sectoral and regional basis?
- \* What new and imaginative programs and benefits can industry associations offer to companies (especially, small businesses) on a fee-for-service basis that will increase their membership rolls and diversify their revenue base?
- \* How can industry associations improve the efficacy of their contributions to government policy decisions by becoming more proactive and taking a more strategic industry viewpoint?

### Questions for Businesses

- \* How can business executives be encouraged to take a greater interest in and to become more involved with industry association issues and activities?
- \* What kinds of benefits and services do businesses, especially small businesses, expect to receive from industry associations, and how much are they willing to pay for them?
- \* Should companies be more "discriminating" or "strategic" in the associations that they decide to support, whether through financial contributions or through volunteer time?

Questions for Governments

- \* Under what terms and conditions, if any, should governments provide "seed" funding to industry associations?
- \* If governments were to use industry associations as delivery agents for programs and services, what criteria should be used to determine whether an association has the proper resources and expertise to do the job, and what are the appropriate mechanisms to ensure accountability and monitoring?
- \* To what extent can governments be an agent of change by encouraging association coalitions? How?

APPENDIX

## APPENDIX I. SELECTED LIST OF REFERENCES

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APPENDIX II. SURVEY QUESTIONNAIRE

Registration No. IST/IST-100-93020

A. KEY ISSUES

(1) FUTURE ISSUES CONFRONTING INDUSTRY ASSOCIATIONS

In terms of the firms that you represent, what do you think will be the three most significant issues of the next decade?

How do you think your association will respond to the needs of your members in these areas?

(2) INDUSTRY ASSOCIATION PRIORITIES

Please explain the process by which your association determines the types of activities and services it provides to member firms (i.e. membership surveys, conferences, decisions by the Board of Directors, decisions by association staff, etc.).

Is there active discussion at present within your association on the roles it now plays and the future roles it might or should play? What do you envisage as the possible outcome?

(3) ASSOCIATIONS AND INTERNATIONAL COMPETITIVENESS

What kinds of services and activities have you undertaken or are you currently undertaking, either on your own or jointly with others, to help enhance the international competitiveness of member firms?

(4) HEALTH OF INDUSTRY ASSOCIATIONS IN CANADA

Canadian industry associations have been described as, in general, being highly fragmented, with a poor density of representation, and weakly integrated. Do you agree with this description? What do you think can or should be done about it?

It has been said that one of the key issues for associations is a lack of financial resources, which makes it difficult to improve the quality and scope of business services offered to member firms. Do you agree with this assessment? What do you think can or should be done about it?

**(5) NEW ACTIVITIES AND SERVICES FOR ASSOCIATIONS**

Many associations are undertaking new activities in response to members' needs. What new activities and services will your association be likely to undertake in the future, either jointly with others or on your own?

Does your association offer services to its members or to non-members for a fee? (Please describe them.) Are these services popular? Do they pay for themselves?

**(6) RELATIONSHIP WITH OTHER ASSOCIATIONS IN CANADA**

Have you ever worked with other associations representing similar or related sectors to collectively address a common issue or problem? If you have, please describe the nature of cooperation and the kinds of issues or problems that you sought to address.

In Canada, there are many industry associations. Some have said that there are too many associations with overlapping jurisdictions. Do you think there is any truth to that view? Why?

Do you believe that consolidation of a number of sectoral associations into a single organization would result in a more effective vehicle for providing services to members and for interfacing with government? Do you think this is feasible in your industry? If not, why not?

Do you think that a network or coalition of associations might be a better approach? Why?

**(7) COOPERATION WITH ASSOCIATIONS IN OTHER COUNTRIES**

Does your association cooperate on a regular basis with associations in other countries? If so, what are the kinds of activities around which you cooperate on an international basis?

**(8) IMPROVING THE EFFECTIVENESS OF ASSOCIATIONS: THE ROLE OF ASSOCIATIONS**

In your view, are there ways that Canadian associations in general could operate more effectively to respond to the needs of Canadian industry?

If there are, what specific steps should be taken so that associations can become more effective?

**(9) IMPROVING THE EFFECTIVENESS OF ASSOCIATIONS: THE ROLE OF GOVERNMENT**

In your view, are there ways that governments could help associations to become more effective in meeting the needs of member firms?

In terms of working with associations and Canadian industry, in general, what do you see as the appropriate role for governments (particularly, in your sector)?

**(10) ASSOCIATIONS AS INTERMEDIARIES**

In some cases, industry associations are used by governments as intermediaries to communicate with businesses and, sometimes, to deliver programs and services to companies. Is this true for your association? Do you view this as positive, negative or neutral? Why?

**(11) NEW FORMS OF INDUSTRY-GOVERNMENT CONSULTATIONS**

The federal government's Prosperity Initiative Sectoral Consultations is one example of industry-government collaboration. There are many other examples; such as, the federal government's Sectoral Advisory Groups on International Trade (SAGITs), ISC's Memoranda of Understanding with individual associations, Ministerial advisory committees (e.g. in the forestry and automotive sectors).

What forms of industry-government collaboration do you feel are the most effective for meeting your members' needs?

Are there ways in which these kinds of collaboration can be made more effective from the perspective of your industry association and the firms that you represent?

**(12) OTHER ISSUES**

Are there other issues concerning new roles for industry associations in the Canadian economy that you would like to mention?

B. BASIC INFORMATION

I. ASSOCIATION PROFILE

(a) SIZE AND BUDGET

Which of the following categories best describes your association:

No. of Employees

1 to 10

11 to 20

21 to 30

Over 30

Is this greater than, the same as, or less than it was three years ago?

Association Budget

\$0 - \$100,000

\$100,001 - \$250,000

\$250,001 - \$500,000

\$500,001 - \$1,000,000

\$1,000,001 - \$2,000,000

\$2,000,001 - \$5,000,000

Over \$5,000,000

Is this greater than, the same as, or less than it was three years ago?



(b) SOURCES OF REVENUE

What percentage of your association's revenues comes from the following sources:

\_\_\_\_\_ Membership Dues

\_\_\_\_\_ Government Funding

\_\_\_\_\_ Trade Shows/Conferences/Seminars

\_\_\_\_\_ Publications/Information Services

\_\_\_\_\_ Provision of Group Services, e.g. insurance programs

\_\_\_\_\_ Other

(c) SECTORAL AND GEOGRAPHIC FOCUS

Briefly describe your association's sectoral and geographic focus.

(d) DESCRIPTION OF THE INDUSTRY REPRESENTED BY YOUR ASSOCIATION

The following three questions relate to ALL of the firms in your industry sector (and geographic region, if applicable), i.e. including both members and non-members:

- What are the annual shipments (or receipts)?
- How many firms are there?
- How many employees are there? (What percentage are full-time employees?)

(e) MEMBERSHIP BASE

Which of the following categories best describes your association? (Please estimate, if necessary.)

Members of my association account for the following percentage of total industry shipments:

\_\_\_\_\_ under 25%

\_\_\_\_\_ 25 - 50%

\_\_\_\_\_ 51 - 75%

\_\_\_\_\_ 76 - 90%

\_\_\_\_\_ Over 90%

Is this greater than, the same as, or less than it was three years ago?

Members of my association account for the following percentage of the total number of companies in the industry:

under 25%

25 - 50%

51 - 75%

76 - 90%

Over 90%

Is this greater than, the same as, or less than it was three years ago?

(f) THE ASSOCIATION COMMUNITY

Does your association share membership with related sectoral associations?

Yes     No

If so, please list the names of these associations.

## II. ACTIVITIES AND SERVICES

### (a) MANDATE AND MISSION

Please describe the mandate and mission of your industry association.

### (b) TYPES OF ACTIVITIES AND SERVICES

Which of the following categories of activities and services do you provide to your membership on an ongoing basis:

- Advocacy/Government Relations
- Trade/Export Promotion
- Codes and Standards
- Education and Training
- Competitive Analysis/Benchmarking
- Statistical Programs and Services
- Technology Diffusion/R & D
- Informational Services
- Public Relations/Communications
- Other (Please Specify)

### (c) SPECIFIC EXAMPLES

For each activity/service category that you checked off, please describe briefly the SPECIFIC activities and services that are offered to member firms.

### (d) "BEST PRACTICES" INVENTORY

We are interested in identifying the "best practices" among industry associations in Canada in terms of the activities and services that they provide to member firms and assembling a "best practices" inventory.

If you have any examples of "best practices" that you would like to include in this inventory, please write a short description of them on a **SEPARATE SHEET OF PAPER** and return it with this Survey Questionnaire to the address indicated on the first page.

Alternatively, these examples may be described in documents that are already produced by your association (e.g. a newsletter or annual report). If you wish, **PLEASE ENCLOSE THESE DOCUMENTS** (and indicate whether you want them returned to you).

APPENDIX III. SURVEY RESPONSES

1. Agree that associations are highly fragmented, poor density of representation, weakly integrated?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
9	67	24	74	26
2. Agree that there are too many associations, overlapping jurisdictions?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
6	58	36	62	38
3. Active discussion within your association on roles it now plays and future roles?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
2	90	8	92	8
4. Does your association share membership with related sectoral associations?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
33	37	30	55	45
5. Agree that one of the key issues for associations is a lack of financial resources?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
5	67	28	71	29
6. Does your association offer services to its members or to non-members for a fee?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
6	62	32	66	34

7. Associations' sources of revenue:			
Number of Answers -			
No Answer	Membership Dues	User-Pay Schemes	Government Funding
36	44	16	4
Percent -			
No Answer	Membership Dues	User-Pay Schemes	Government Funding
n/a	69	25	6
8. Most significant issues of the next decade:			
Mentioned by # of respondents	Number	Percent	
Competitiveness	52	54	
Government Regulations	36	37	
Environmental Issues	28	29	
Education and Training	23	24	
Industry Image	21	22	
Export Markets	19	20	
Structural Changes in Industry	17	18	
Labour and HR Issues	15	16	
Overall Economic Situation	11	11	
Codes and Standards	11	11	
R&D/Technology Diffusion	8	8	
Fed.-Prov. Coordination	8	8	
Supply Problems	7	7	
Access to Capital	7	7	
Energy Issues	4	4	
Transportation Issues	3	3	
Public-Private Sector Coop.	3	3	
Aboriginal Issues	3	3	
No Answer	3	n/a	
Note: Respondents could give more than one answer.			

9. Kinds of services and activities that are currently provided to member firms:

Mentioned by # of respondents	Number	Percent
Advocacy/Government Relations	92	93
Informational Services	74	75
Public Relations/Commun.	61	62
Education and Training	60	61
Export Promotion	51	52
Codes and Standards	50	51
Statistical Programs/Services	44	44
Technology Diffusion/R&D	35	35
Competitive Analysis	25	25
Industry Marketing	15	15
Self-Regulation	14	14
Money-Saving Services	14	14
Quality Control Programs	6	6
No Answer	1	n/a

Note: Respondents could give more than one answer.

10. Kinds of services and activities for member firms that will likely be undertaken in the future:

Mentioned by # of respondents	Number	Percent
No new services planned	47	51
Industry Marketing	19	20
Self-Regulation	8	9
Education and Training	7	8
Competitive Analysis	4	4
Quality Control Programs	4	4
Technology Diffusion/R&D	4	4
Other	12	13
No Answer	7	n/a

Note: Respondents could give more than one answer.

11. Work with other associations in Canada?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
1	98	1	99	1
12. Work with associations in other countries?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
12	75	13	85	15
13. More effective to consolidate a number of sectoral associations into a single organization?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
8	46	46	50	50
14. Network or coalition of associations might be a better approach?				
Number of Answers			Percent	
No Answer	Yes	No	Yes	No
20	49	31	61	39
15. Appropriate roles for governments:				
Mentioned by # of respondents		Number	Percent	
Partner/Cooperate		37	39	
Communicate/Listen		36	38	
Financial Support		24	26	
Do not compete with assoc's		18	19	
Catalyst/Consensus-Building		16	17	
Provide Information		10	11	
Special Recognition		7	7	
Encourage Rationalization		6	6	
Help to Enhance Awareness		5	5	
No Answer		6	n/a	
Note: Respondents could give more than one answer.				

16. Associations' Profile:		
Number of Employees	Number	Percent
Up to 10^	45	64
11 to 20	14	20
21 to 30	3	4
Over 30	8	11
No Answer	30	n/a
Change in Number of Employees	Number	Percent
Greater	14	25
Same	30	54
Less	12	21
No Answer	44	n/a
Size of Budget	Number	Percent
Up to \$100,000	10	14
\$100,001 - \$250,000	10	14
\$250,001 - \$500,000	10	14
\$500,001 - \$1,000,000	8	11
\$1,000,001 - \$2,000,000	15	21
\$2,000,001 - \$5,000,000	11	15
Over \$5,000,000	8	11
No Answer	28	n/a
Change in Size of Budget	Number	Percent
Greater	22	36
Same	30	49
Less	9	15
No Answer	39	n/a



17. Associations' Membership Base:

Members account for % of industry shipments	Number	Percent
Under 25%	3	5
25% to 50%	8	15
51% to 75%	12	22
76% to 90%	19	35
Over 90%	13	24
No Answer	45	n/a
Change in Share of Shipments	Number	Percent
Greater	14	32
Same	27	61
Less	3	7
No Answer	56	n/a
Members account for % of no. of companies in industry	Number	Percent
Under 25%	18	30
25% to 50%	11	18
51% to 75%	12	20
76% to 90%	12	20
Over 90%	7	12
No Answer	40	n/a
Change in Share of Companies	Number	Percent
Greater	13	27
Same	30	63
Less	5	10
No Answer	52	n/a

18. Description of Industries Represented by Associations:

Industry Shipments or Receipts (millions of dollars)	Number	Percent
Up to \$1,000	11	24
\$1,001 - \$5,000	20	44
\$5,001 - \$10,000	4	9
\$10,001 - \$100,000	9	20
Over \$100,000	1	2
No Answer	55	n/a
Number of Firms	Number	Percent
Up to 100	15	29
101 - 500	15	29
501 - 1,000	6	12
1,001 - 10,000	10	20
10,001 - 100,000	4	8
Over 100,000	1	2
No Answer	49	n/a
Number of Employees (thousands of persons)	Number	Percent
Up to 10	10	22
11 - 50	20	43
51 - 100	6	13
101 - 1,000	9	20
Over 1,000	1	2
No Answer	54	n/a

19. View of governments using industry associations as intermediaries:

Number of Answers -

No. Answer	Positive	Negative	Neutral
14	75	10	1

Percent -

No. Answer	Positive	Negative	Neutral
n/a	87	12	1

#### APPENDIX IV. MODEL CANADIAN INDUSTRY ASSOCIATION

The purpose of this appendix is to indicate some of the potential attributes of a "model" industry association in Canada. It is aimed particularly at national sectoral associations, but most of the characteristics could also be applicable to regional and horizontal associations.

1. Broadly-based membership, including both large and small companies, and encompassing most of the industry.
2. Good regional representation or linkages to regional associations.
3. Few overlaps or duplication of efforts with other industry associations and good linkages to other sectoral and horizontal associations.
4. Financially strong and stable with a diversified range of revenue sources (not dependent on only membership dues).
5. Offers a broad range of high quality services to its members, including:
  - (a) Export Promotion, e.g. organizing trade missions abroad or operating export promotion offices in key markets;
  - (b) Education and Training, e.g. delivering education and apprenticeship programs or establishing vocational training institutes;
  - (c) R&D and Technology Diffusion, e.g. helping small businesses to gain access to new technologies or setting up industry-funded R&D facilities;
  - (d) Codes and Standards, e.g. advising governments on the potential impact of new legislation, writing new or updated codes for the industry, or monitoring voluntary compliance with industry standards;
  - (e) Marketing Information and Statistical Services, e.g. identifying and analyzing key competitiveness issues, developing long-term strategies for the industry, or providing statistical and marketing information to member companies.
6. Willing and able to deliver government programs and services in strategic areas.
7. Constructive and participatory culture; brings the broader public interest to consultations.
8. Proactive; insists on a leadership role; ability to reconcile competing interests within the membership and to forge an industry consensus.
9. Effective industry advocate; capable of developing long-term strategies for the industry.

## APPENDIX V. SOME "BEST PRACTICE" EXAMPLES

The purpose of this appendix is to mention just a small portion of the many examples of "best practices" exhibited by industry associations in Canada. They are offered for illustrative purposes only. In addition to the ones mentioned below, there are many other examples of activities and services that are applied by Canadian industry associations and that could be included in the category of "best practice".

### (1) Fee-for-Service Activities

Several associations, such as Canadian Office Products Association, Environmental Services Association of Alberta, Canadian Federation of Independent Grocers, Prairie Implement Manufacturers' Association and Canadian Restaurant and Foodservices Association, do not rely only on membership dues as a source of income. They use a fee-for-service approach to generate a large share of their revenues. Associations with a predictable and diversified revenue base are usually in a good position to provide a wide range of high quality services to their members.

### (2) Successful Association Mergers

In some cases, industry associations in the same sector have joined forces and merged together in order to achieve economies of scale, to reduce duplication of efforts, and to give better service to their member companies. An example is the recent merger of the Canadian Petroleum Association and the Independent Petroleum Association of Canada (to become the Canadian Association of Petroleum Producers). Another example is the merger a few years ago of two major associations in the information technology field (to become the Information Technology Association of Canada).

### (3) Export Promotion Services

Many associations, such as Council of the Forest Industries of British Columbia, Petroleum Services Association of Canada, Association des fabricants de meubles du Québec, Canadian Hardware and Housewares Manufacturers' Association, and Automotive Parts Manufacturers' Association of Canada, have made export promotion services a high priority. Some of them have established separate trade promotion offices in Canada or abroad to help their members exploit new export opportunities.

#### (4) Education and Training Programs

The Canadian Urban Transit Association (CUTA) has put a major emphasis on training. CUTA has developed a training program that enjoys a high reputation throughout the world. Its Canadian Transit Handbook is in high demand and is sold in Canada and in other countries.

The Canadian Securities Institute (CSI) enjoys an enviable reputation as a provider of high quality educational services to the securities industry. CSI is owned jointly by Investment Dealers Association of Canada and four stock exchanges.

#### (5) Industry Self-Regulation

The term "self-regulation" refers to the role that associations can play in ensuring that firms in their industries adhere to a set of regulatory requirements on a voluntary basis. For associations in the financial services sector (e.g. Investment Dealers Association of Canada, Canadian Life and Health Insurance Association, and Insurance Bureau of Canada), this is not a new phenomenon. In addition, many associations in other sectors (e.g. Canadian Chemical Producers' Association, Environmental Services Association of Alberta, Grocery Products Manufacturers of Canada, Mining Association of Canada, Pharmaceutical Manufacturers' Association of Canada, and Canadian Franchise Association) have assumed some self-regulatory functions.

#### (6) Cooperation Among Associations

The Canadian Chamber of Commerce took the lead, along with several other national associations, in creating the Forum for International Trade Training (FITT). The objective of FITT is to achieve a nationally recognized standard of international trade training for small and medium size companies. The Chamber was also instrumental in developing a National Coalition on the subject of business networks for small and medium size companies. It brought together a number of industry associations to develop a proposal for pilot programs across Canada.

Automotive Parts Manufacturers' Association of Canada developed a Federation with its counterparts in Mexico and the United States. The Federation will enhance information exchange within the automotive parts industry in North America and will help to promote partnerships among companies in the industry.

#### (7) Small Business Networking

In Québec, the Groupement Québécois d'Entreprises (GQE) has over 500 members, all of them small businesses. The GQE is an important vehicle for small business networking in Québec.

#### (8) R&D and Technology Diffusion

Society of the Plastics Industry of Canada helped to create and develop the Canadian Plastics Institute (CPI). CPI is an important provider of technological information to firms and others in the plastics industry.

Some associations (e.g. Canadian Chemical Producers' Association) have developed linkages between Canadian universities and member companies to promote R&D opportunities.

The Canadian Institute of Biotechnology (CIB) is dedicated to commercializing biotechnology in Canada. CIB pulls together the fragmented biotechnology community (including industry, academia and others) into cooperative ventures that will turn leading edge research into business opportunities for Canadian companies.

#### (9) Codes and Standards

Many associations (e.g. Petroleum Services Association of Canada, Pharmaceutical Manufacturers' Association of Canada, Information Technology Association of Canada, Association des manufacturiers de bois de sciage du Québec, Environmental Services Association of Alberta, Business and Institutional Furniture Manufacturers' Association of Canada, and Society of the Plastics Industry of Canada) have played a central role in developing and establishing operational codes and product standards in their industries.

