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**SURVEY OF GOOD PRACTICE
IN PUBLIC-PRIVATE SECTOR
DIALOGUE**



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Note

This publication is part of the Enterprise Development Series issued by the Technology and Enterprise Branch of the Division on Investment, Technology and Enterprise Development. The Series has been initiated as one of the vehicles for the exchange of information and experiences in respect of key issues pertaining to the central role of enterprise development in the development process in an increasingly private-sector-driven global economy.

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Preface

An effective policy framework for the development of small and medium-sized enterprises needs to focus on identifying real constraints and determine how these could be realistically addressed. The most productive and reliable way of identifying such constraints and possible solutions is through public–private sector interaction and dialogue, thus creating an enabling environment and fostering policy coherence. The quality of such a working relationship between the public and private sector might be a competitive advantage for a country in its own right. In fact, it has been suggested that, in an increasingly interdependent world, competition among enterprises is often competition among different systems of government–private sector relationships.

The Midrand Declaration called upon UNCTAD to examine successful experiences in public–private sector dialogue and cooperation with a view to facilitating the exchange of such experiences regarding the formulation and implementation of enterprise development strategies by developing countries. In seeking to meet that request, the UNCTAD secretariat commissioned a survey of good practice in public–private sector dialogue and set up a project entitled “Enhancing public–private sector dialogue in LDCs”. The survey aims to distil from cross-country experiences key principles of effective dialogue that will serve as benchmarks for evaluating the practice of public–private sector dialogue and interaction in LDCs.

This survey presents best practices in public–private sector dialogue distilled from cross-country experiences. It focuses on public–private sector dialogue in general with a special emphasis on dialogue for enterprise development. The issues considered include the following: the background to the notion of dialogue as a platform for interaction to inform policy development, and its validity as a research method; the organizational culture necessary for enabling dialogue; representative organizations, and their governance and representation; an enabling environment for representation; the processes of dialogue and its promotion, and the conditions needed to enable individuals to facilitate dialogue.

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I. Background

The word *dialogue* comes from two Greek roots — *dia* (meaning “through” or “with each other”) and *logos* (meaning “word”). It has been suggested that it conveys a sense of “meaning flowing through”.

Dialogue in this context can be defined as a sustained collective inquiry into everyday experience — the goal being to open up new ground by establishing a “container” or “field” for inquiry.

The word *discussion*, by contrast, is derived from the Latin verb *discutere*, which means “to smash to pieces”! Discussion is therefore a conversational format which encourages disaggregation and fragmentation. *Skilful* discussion, as described by the organization development consultant Rick Ross, differs from unproductive discussion because the participants are not merely engaged in battles to enforce their opinions. They develop a repertoire of techniques, such as collaborative reflection and inquiry skills, to identify how to reconcile the elements of a challenging situation and develop a more profound understanding of their own and others’ positions.

“Dialogue is not merely a set of techniques for improving organizations, enhancing communications, building consensus or solving problems. It is based on the principle that conception and implementation are intimately linked.”

(William Isaacs, Sloane School of Management, Massachusetts Institute of Technology)

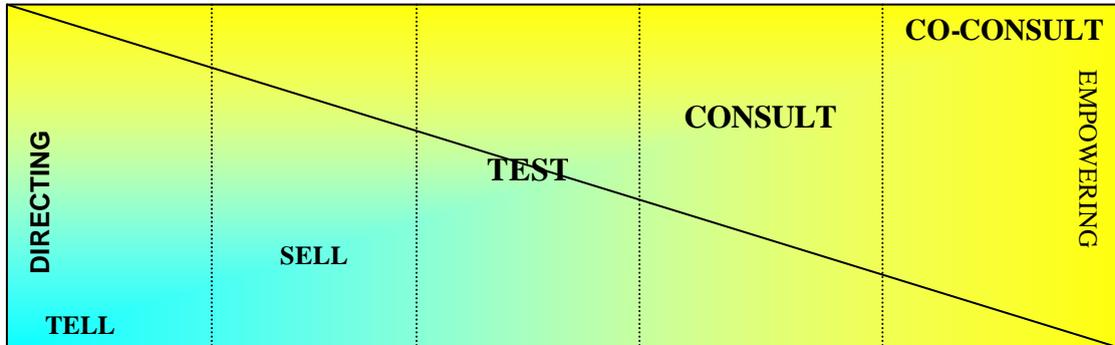
These perspectives on dialogue may seem a million miles away from the prosaic process of policy development and the needs of small and medium-sized enterprises (SMEs) for representation. However, it is clear from the examples of practice in the survey, and from the very nature of the political context in which policy development operates, that dialogue is and should be a distinct and higher goal than conversation, discussion and consultation. Consultation is a particularly generic term (which may include dialogue) and too often *precedes* policy announcements but *follows* policy decisions.

Engaging in public–private sector dialogue represents a move towards a collective process which recognizes that policymakers and their professional advisers do *not* have a monopoly on perspective, understanding, knowledge and wisdom. However, they still have to retain the responsibility for the resulting policy and its implementation, and they will still be judged by their electorate. The will to engage in dialogue also reflects a continuing global move towards democratization and the changing nature and level of most states’ intervention in private sector development. In order to create “the level playing field” so often referred to by small and medium-sized enterprises (SMEs) and their representative organizations, policymakers need to truly understand the potential impact of their actions on all types of business.

Dialogue is also beginning to make an impact as a platform for organizational development within the large multinational corporation. As the complexities and ambiguities of globalized markets and empowered consumers impact on organizations the latter have begun to practise more progressive methods of decision-making. There is an increasing recognition that “top-down” approaches neither utilize nor engage the abilities

of employees and that approaches which move to the right along the Tannenbaum and Schmidt Continuum (see figure 1) are more appropriate in certain circumstances.

Figure 1. Tannenbaum and Schmidt Continuum



Validity of dialogue as a research tool

Dialogue as a method for policy development is in contrast with the more common positivist research paradigm and should not therefore be judged by its measures of reliability. The positivist research approach can be summarized as “determining the scientific status of a statement through formal theory or hypothesis capable of empirical verification” (Johnson et al. 1976).

Within this paradigm, a conventional approach would be to select a statistically valid sample of a population and subject it to a survey whose results would then be deemed to be applicable to the population as a whole. The underlying assumption is that behaviour can be measured, modelled and predicted according to statistical measures of reliability and robustness. As a result, these conventional methods are linear and “closed” to influence.

Dialogue and similar models fall into the set of “post-positivist” or “constructivist” approaches. These are iterative, interactive, hermeneutic, intuitive and “open” and bring an explanatory dimension to research. It is argued, as discussed above, that constructivist approaches do not meet the robustness tests of internal validity, external validity, reliability and objectivity. Promoters of dialogue argue that these should be judged according to their own criteria, and not the criteria of a different research tradition. Lincoln and Guba propose “alternative trustworthiness criteria” to judge constructivist research and therefore to judge the validity of dialogue.

1. Credibility — this is enhanced by:
 - peer debriefing to disinterested peers in order to probe biases and explore meaning;
 - prolonged engagement for learning about causality, trust and culture. Etc.;
 - member checks, i.e. testing interpretations and conclusions with members of the original stakeholder groups.
2. Dependability — this is enhanced by:
 - overlapping methods (triangulation);

- stepwise replication (parallel investigation by research teams).
3. Confirmability — this is enhanced by:
- keeping of diaries (by researchers);
 - triangulation;
 - confirmability audit (a record of the process of inquiry and the end product).

It would not be sensible to try to position dialogue as equivalent to a statistical method when intending to influence policy decisions. Dialogue, as described above, is most powerful when combined with other methods in a more pluralistic approach to policy development. It can complement and accommodate the broader geographical and statistical approaches of quantitative methods. The use of dialogue can influence the change in policy makers' and researchers' mindsets from data rational and extractive to participative.

The survey approach

A review of a number of works on the subject of various types of public–private sector projects has been undertaken. There appears to be scant literature that specifically considers dialogue for SME development and rather more that relates to the relationship between business associations, or non-governmental organizations (NGOs) and government (at various levels). Much of this literature looks at the experiences of collaborative inquiry processes, e.g. participative assessment, considers the necessary national support for encouraging constructive advocacy (or “lobbying”) or considers the cultural differences between the public and private sectors and the implications of these differences for their interaction.

In view of this lack of SME-specific data, pertinent cases and lessons from the literature were extracted and experiences from SME policy development projects in over 20 countries were drawn upon. Many of these projects have specifically involved building partnerships between public and private sector organizations and have spanned advanced economies, transition economies and developing countries. “Good practice”, in the context of this survey, is the collection of proven *effective* individual approaches, methods, frameworks, guidelines etc. In many instances, good practice is the *removal of barriers* to effective dialogue and as such is also defined by identifying what has been *learned from unsuccessful experiences*.

This survey attempts to balance more detailed examples of specific case experiences with lessons drawn from generalized experiences across a range of locations. These are inter-woven throughout the survey.

II. Survey report

Case study 1

The Australian Regional Export and Investment Group (REICG) is a forum for the discussion of Federal and State Government interests with private sector exporters. It has been developed against an historical background of adverse trade terms for Australian exporters. The strategic plan for Queensland stated explicitly a “commitment to work with the private sector and relevant agencies (e.g. Austrade) to identify and pursue new trade and investment opportunities for Queensland” and “provide facilitation support services and programmes which complement government (central) programmes, but with a specific focus on Queensland’s needs and priorities”. In addition, a Trade and Investment Development Division (TIDD) was established as a commercially focused and supporting interface between business and government.

The first REICG meeting was held in Townsville and co-hosted by the private sector. Over 100 people attended — exporters, potential exporters, Austrade officials, State Government officials, Department of Business, local government, Chamber of Commerce, industry group representatives, academics and regional development managers. This meeting became the model for six subsequent meetings held at six monthly intervals. The structure was semi-formal, encouraging interaction and collaboration. The meetings were well organized with professional input and were positioned apolitically. The atmosphere/culture of the meetings was described as non-condescending, information-sharing and knowledge-sharing, with practical and functional presentations. Question and answer sessions were encouraged both inside and outside the organized sessions. There was no “fobbing-off” of any queries or issues by officials or businesses.

The aims were:

- *To encourage and facilitate existing exporters into new markets;*
- *To create export awareness and foster the development of an export culture.*

These aims were serviced by:

- *Developing effective networks among stakeholders;*
- *Disseminating specific strategic market information in response to clearly identified information needs;*
- *Providing export facilitation.*

The meetings operated so that:

- *All members could place items on the agenda or could raise items whilst at the meeting;*
- *Feedback was sought on content and presentations;*
- *The emphasis was not on the meeting as a government forum but as a forum for business and organizations to apprise government of their needs;*
- *They were not viewed as “top-down” — the participants were all prepared to listen and respond in a direct and non-bureaucratic manner;*
- *Co-hosting encouraged shared ownership.*

The performance indicators for the success of the meetings were:

- *Continuing attendance at individual/organizational expense;*
- *Increased interaction;*
- *Increased input to, and feedback from, each meeting;*
- *Increased business activity related to meetings.*

A number of positive outcomes were identified by participants:

- *Increased confidence in professionalism of officials;*
- *Learning from the experience of others in a non-threatening and non-competitive environment;*
- *Provision of contacts for addressing “hard” issues;*
- *The network was dedicated to serving the needs of local businesses;*
- *It was considered positive that existing “hardened” exporters were encouraged, as were “would be” exporters with grievances to discuss, i.e. it was not seen as a “back-slapping” exercise.*

There were also a number of negative practices which were described as resulting from embedded behaviour:

- *Local groups will still develop their own provision, trade missions etc. outside agreed protocols and frameworks;*
- *Departmental competitiveness caused confusion and embarrassment during inward missions;*
- *Departmental officers who were not experienced in trade issues gave the wrong advice rather than refer businesses to the correct body.*

The positive and negative results of the above forum illustrate some of the general cultural changes occurring within the public sector. These are worthy of note as they are the necessary precursors to enabling the public sector to engage in dialogue with the private sector. They are also useful indicators of what, in any given situation, may be inhibiting effective dialogue.

The general change in relationship between the public and private sectors has been the convergence of public sector practice towards private sector norms. This has largely been due to external environmental pressures on the public sector. Public sector organizations in liberal democracies have been encouraged by their governments to change towards a more “managerial” and less “administrative” style of delivery. This perspective on change is predicated on the consistent belief that public sector organizations have exhibited what might be termed “unhealthy” characteristics, whilst the private sector exhibits “healthy” characteristics.

Table 1. Indicators of Maturity for Dialogue

Unhealthy	Healthy
Little personal investment in organizational objectives except at the top.	Objectives widely shared by members, and strong and consistent flow towards those objectives.
Mistakes and problems are habitually ignored, hidden or denied. Issues are not discussed with those involved.	Open discussions of difficulties in the belief that they can be resolved; general view is optimistic.
Problem-solving complicated by other factors status, hierarchy etc. Too concerned with	Pragmatic problem-solving. Informal working to solve problems without concern for status, hierarchy etc.

Unhealthy	Healthy
pleasing management rather than problem-solving. Internal formal and polite relationships mask issues. Non-conformity discouraged.	“Boss” is frequently challenged. A great deal of non-conforming behaviour is tolerated.
Managers feel isolated in objectives.	Team work in planning; responsibility is shared.
Judgement of people lower down the organization not respected outside the limits of their job.	Judgement of people throughout the organization is respected.
Personal needs and feelings are side issues.	Personal needs and human relationship problems are tackled.
People do not collaborate. They protect their responsibilities. Needing help is a sign of weakness. Offering help not considered.	People freely collaborate and readily seek the support of others and give help in return.
When there is a crisis people withdraw or start blaming one another.	When there is a crisis people band together in work until the crisis is eradicated.
Conflict is covert and there are continuing and continuous unresolved issues.	Conflict is valued in decision-making and growth and is encouraged constructively.
Learning is difficult without peer support on offer. Only have own mistakes to review.	A great deal of “on-the-job” learning with open sharing of knowledge and experience.
Feedback is avoided.	Joint critique of progress is routine.
People are unmotivated and work is not considered fun; fun occurs outside work.	Motivated and fun work environment with feeling of choice.
Management is prescriptive and paternalistic.	Leadership is flexible and versatile to meet the needs of differing situations and individuals.
Tight management control of details and budgets, with little freedom for making mistakes.	High degree of trust and a sense of freedom. People generally know what is really important and what is not.
Risk avoidance and eradication have a high value.	Risk is tolerated as a dimension of growth and change.
Poor performance is “buried” or poorly handled.	Poor performance is confronted and resolution sought.
Structures, rules, policies and procedures encumber the organization. People hide behind these and use them as excuses for lack of progress.	Structures etc. are fashioned to enable progress and achievement and can be rapidly changed if required.
Tradition.	High rate of innovation within a sense of order. Historical approaches are open to question and change.
Innovation is not widespread.	Future is constantly being anticipated and created throughout the organization.
Individuals do not take responsibility for developing the organization.	Individuals feel it is their responsibility to develop the organization.
Management accepts alliances and partnerships with a win/lose approach.	Partnerships and alliances are considered a natural process of synergy intended to create win/win results.
Failures are not tolerated and are presented as “successes”.	Outcomes are openly shared and communicated as learning experiences for the future.

As mentioned above, these characteristics provide indicators of a public sector organization’s preparedness/maturity for dialogue. Table 1 is based on Morris and Haigh’s *The Changing Public-Private Sector Partnerships: What is to be Done?* and is deliberately stereotypical in its presentation of the sectors as “healthy” and “unhealthy”.

The move from an “administrative” culture to a “managerial” culture was similarly summarized by Keeling as long ago as 1972 (see table 2).

It is clear how the development of these cultures, i.e. healthy and managerial, is essential for creating a public sector that is able to engage in dialogue as opposed to a

culture which is unhealthy and administrative and will perceive dialogue as threatening to existing legitimate authority.

The new mindset required for real dialogue is described by John Darwin in *The Partnership Mindset* and reflects the commercial drift towards cooperation rather than competition as a precursor to dialogue. There are a number of relatively recent concepts which are important in appreciating the need for dialogue as a form in decision (policy) development.

Table 2. Move from administrative culture to managerial culture

	Administration	Management
Attainment criteria	Avoiding mistakes.	Seeking success.
Resource use	Secondary task.	Primary task.
Organizational structure	Roles defined in terms of responsibility. Long hierarchies. Limited delegation.	Roles defined in terms of task. Shorter hierarchies. Maximum delegation.
Management role	Arbitrator.	Protagonist.
Perceptions	Passive: workload determined outside system; best people used to solve problems. Time insensitive. Risk-avoiding. Procedure emphasis. Conformity to standards.	Active: seeks to influence environment; best people used to discover and exploit opportunity. Time-sensitive. Risk-tolerant. Emphasis on results. Local experiments.
Skills	Legal and quasi-legal.	Economic/socio-economic.

These are:

- The move from transactional, or adversarial, contracting towards relational contracting, or partnership sourcing.
- Fuzzy boundaries — the breakdown of sharp delineating boundaries between, and within, the environment. This has led to more network forms of organization. This is combined with increasing democratization and access to information and communications technology (ICT), which removes international barriers to the movement of information and knowledge. In mathematics and computerscience, this is studied in the field of fuzzy set theory and fuzzy logic.
- Polyocular viewpoint — multiple perspectives on each issue which are all valid, although often founded on different paradigms.
- Autopoiesis — (Maturana and Varela) a complex view of systems using an organic metaphor which recognizes the degree to which they are self-organizing, self-sustaining and self-propagating. This is important for enabling those in dialogue groups to recognize that the group will develop and have a natural life of its own which will not necessarily comply with others' requirements for it.
- Distance (far) from equilibrium — (Capra) the notion of systems being as complex as possible without disintegration and anarchy. Again, this is derived from work in the field of chaos theory and is useful in recognizing the unbounded nature of useful dialogue: effective dialogue has been described as having a centre but no boundaries.
- Emergence — in taking action we have to recognize, and accept, that new issues will arise (emerge) as action takes place and we will have to adapt our thinking and

intentions accordingly. The results and direction of true dialogue cannot be predetermined or controlled.

- Complex adaptive systems — systems co-evolve with their members and there is an interdependence of groups and members and a constant revising and rearranging of components as they gain experience, i.e. a complex adaptive system is emergent.

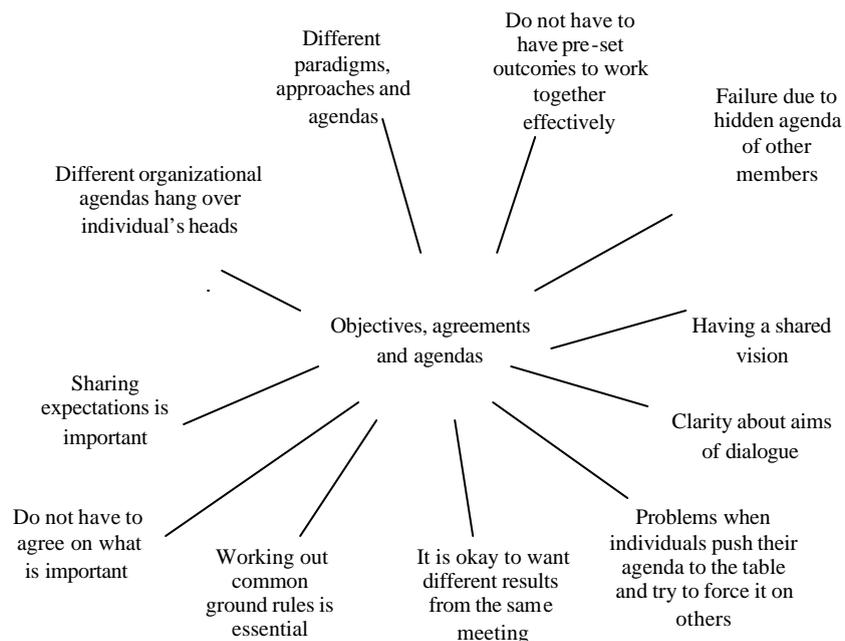
The capacity of those from the public sector to participate in dialogue is enriched if they can recognize the need to:

- Accept unpredictability and the likelihood of emergence;
- Search for and discover the patterns beneath the apparent complexity of situations;
- Accept fuzziness (but distinguish fuzzy thinking from sloppy thinking);
- Identify and use both positive and negative feedback;
- Give due weight to the capacity for self-organization and freedom that must be given to facilitate groups;
- Accept that organizations’/groups’ members shape environments, generate knowledge and choose apparently disruptive actions;
- Exercise “negative capability”, i.e. the ability to be in what the English Romantic poet John Keats referred to as “uncertainty, mystery and doubt”;
- Recognize that knowledge, power and beliefs are all in play;
- Recognize that strategy in complex situations will almost always be action-driven.

Given the above observations, Large Group Intervention (LGI) methods such as Open Space and Future Search conferencing work in the development of dialogue because they ensure that all parts of the system participate and are given a voice, share information openly, remove barriers to self-organization and establish common ground before moving to planning and outcomes. Since these methods are a significant subject in their own right, they are not detailed in this survey but are summarized in annex A.

Figure 2. Management of dialogue

One group’s issues on aims and objectives



Building upon the above notions of complexity and its implications for the public sector representative, the work of Vangen and Huxman is pertinent. Their research was carried out interactively with those undertaking dialogue for social and economic development. It reinforced the fact that many undertaking collaborative approaches, including dialogue, seem unaware of the need to consider explicitly the management of their processes. The need to manage the process of goals, aims, objectives and agreements and create an overt acknowledgement of the variance of these across participants is of particular importance (see figure 2).

The consequence of this awareness of process has led to the development of a framework, or “goal taxonomy” which enables participants to discuss their differing objectives more openly (see table 3).

Table 3. Goal types: a taxonomy for assisting dialogue

	The dialogue/collaboration	The organization	The individual
<p>Meta-goals</p> <p>Explicit: -Openly acknowledged; -All agree, in principle, on what they are; -There may be differences in interpretation.</p> <p>Assumed: -Not stated so there may be multiple views on what they are.</p> <p>Hidden: -By definition non-existent.</p>	<p>Goals for the dialogue.</p>		
	<p>Goals for specific organizations which can (only) be achieved through collaboration or dialogue, but which differ from the overt purpose of the activity.</p>	<p>Goals which specific organizations wish to achieve for themselves by themselves, some of which will be related to their participation in the dialogue.</p>	

Table 3 (continued)

	The dialogue/collaboration	The organization	The individual
<p>Individual Goals</p> <p>Explicit: -Acknowledged by individual and other members.</p> <p>Assumed: -Not stated; -May not have acknowledged goal themselves; -Others may be unaware or have different view on the goal.</p> <p>Hidden: -Does not state this interest; -Believes it unacceptable to others.</p>	<p>Goals for individual core group members which can (only) be achieved through the activity, but which differ from the overt purpose of the activity.</p>	<p>Goals which individual members wish to achieve for themselves through their own organization, some of which will be related to its participation in the dialogue.</p>	<p>Goals which an individual wishes to achieve for themselves by themselves, some of which will be related to their participation in the dialogue.</p>

It is also mentioned here as a substantial aid in developing capability and understanding in those facilitating dialogue between the public and private sector cultures. Its structure allows more dispassionate discussion of the issues which lead to conflict, i.e. differing but not necessarily mutually exclusive goals, and provides a format for two or more parties to use a common platform for “mapping” and discussing them.

One of the common areas for conflict is measures of performance. There is often political pressure on the public sector to use measures such as jobs created, individuals receiving training etc., whilst the private sector is more interested in profit growth and return on investment. There is a clear need to be explicit, share, discuss and agree a range of measures to meet a range of needs. A failure to reconcile these differences at the outset of a discussion can result in problems.

Experience in Central and Eastern Europe has led to a number of specific public sector development projects by the European Union. In these environments the state sector has suffered “guilt by association” in the minds of East Europeans, and this has led to strong anti-statist and anti-interventionist attitudes. The State’s role has been perceived as disabling rather than enabling — limiting the acquisition of property and the practices of entrepreneurship. In these environments, and others like them where centralist policies have polarized attitudes, the problem is not simply to reform the public sector but to redefine it. As discussed above, the structural reform which has largely taken place has not impacted by improving dialogue with the private sector in general or the SME sector in particular. This is because reform has not yet focused sufficiently on culture, ethos and userorientation.

There have also been problems with political instability leading to changes of personnel in the field (adverse effect on relationships with the private sector) and demarcation between local, regional and national government.

The EU's Phare project is making some progress towards improving local and regional dialogue. For example, the Polish Omega-2 Programme is developing public sector management, public sector coordination, the skills of public sector managers and decentralization of policy processes and their implementation. The Foundation in Support of Local Democracy is assisting in the training of hundreds of civil servants in colleges for local government and administration. Similar central, local and regional authority training programmes are being supported in Hungary, the Czech Republic and Slovakia. In addition to these training programmes to develop appropriate attitudes, skills and beliefs, the EU OUVETURE Programme, established in 1991, supports cooperative links between regional and municipal authorities in Central and Eastern Europe and their more progressive equivalents within the EU. This encourages the exchange of know-how and best practices and has, among various potential strands, a focus on SME development as a subject for transnational learning. These programmes have demonstrated how an appreciation of the needs of SMEs within one economy can be derived from studying how SMEs are engaged in another economy.

Case study 2

The University College Cork study of customer focus in the Irish Civil Service considers how the authorities use dialogue, of various forms, to review their service provision. The truism here is that finding out what customers want is essential to providing customer service. The customer, or SME manager, can help the authorities decide whether they are "getting it right", or not. This is particularly relevant for SME development, although it is often necessary to distinguish what SMEs want from what they need. Of the public sector managers in the Irish survey, 37 per cent collected "on-going needs" and 32 per cent seek "expectations". The elected members of authorities (councillors) were also a source of information from personal contacts within SMEs, and this represents the informal dimension of dialogue. Public sector organizations need to think in terms of intelligence as well as information when sourcing data. All staff should be encouraged to feed back useful information from the field. Customer-facing staff in particular should be encouraged to gather feedback and to test proposals through the opportunities for open dialogue in the course of their work.

To this end, complaints can provide the public sector with another channel for "being in touch". Complaints should be collected and analysed. This is both an inexpensive and a continuous source of information. An effective complaints system is imperative for improving services and quality of provision. Two fatal mistakes in responding to complaints are taking too long and responding impersonally. Speed conveys a commercial sense of urgency, and responding personally (call or visit) creates an opportunity for dialogue with people who hold strong views and provides the opportunity to listen, ask questions, explain and generally improve understanding of the SME sector.

Representation

Representative organizations are the usual route and contact point for the public sector to discuss the needs of the private sector in general and SMEs in particular. Small companies' concerns and issues are often not the same as those of their larger business equivalents. Across most of the United States of America and the countries of Europe, and other countries with developed private sector interests, there is a move to launch and develop representative bodies for SME interests, as distinct from the existing business

associations which are felt to represent larger businesses interests. This is already the case in Central and Eastern Europe.

There is a case to be made for associations which represent the needs of the broadest spectrum of enterprises and a case for maintaining separate small business representation. It makes sense to avoid fragmentation in order to maintain a critical mass. Fragmentation of business associations can lead to a lack of equal representation and a decline in profile and influence. Herein lies a paradox of representative associations — they need sufficient scale to have influence and commercial viability and yet the proximity to their members for the latter to feel that their identity is reflected in the organization and its views.

Representative organizations can become heavily politicized; this is more prevalent in economies with less mature democracies. However, it is clear that lobbying, or advocacy as it is also known, does bare fruit for the business community: legislation and regulations can be adapted to meet the needs and concerns of private enterprise. This can range from improvements in street lighting maintenance by a town council to the redesign of a national SME development programme to reflect SMEs' own preferences for support. The Entrepreneurs Society in Slovakia has had new social insurance legislation modified to meet the concerns of private business, the Hungarian Association of Craftsmen's Corporations (IPOSZ) in Hungary has obtained a lower tax burden for SMEs, and the Czech Energy Agency (CEA) in the Czech Republic has reduced the tax and social security burden on SMEs in the power industry.

There are often exaggerated expectations of the outcome of lobbying and it is in the representative organizations' interest to sound more influential than might reasonably be the case. Even in the most highly developed democracies and economies, government still selects what it wants to hear and when it wants to hear it.

Associations may be manipulated by those with political aspirations and this can be counter-productive to the lobbying element. This has certainly been seen in Poland, Slovakia and Hungary, where business associations have not remained as apolitical as required for sustaining a broad base of support.

The danger of associating too much with one movement is that it can polarize the other factions. Representative organizations should seek to be in dialogue with both (all) sides. This is best summed up as dealing with policies rather than parties.

When political aspirations are combined with fragmented approaches, in-fighting amongst representative organizations is common. In some Eastern European and African countries, any small group of businesses can form a chamber (in Poland, any group of 50 or more businesses can be a recognized chamber). The result can be several unrepresentative structures competing with each other in one town.

There is an added complexity in countries with a large state-owned sector and with chambers that do not have only private sector members. State-owned industries are also members and so there is an ambiguous relationship between the chambers, government and the private sector.

There is continued speculation as to whether membership of representative bodies should be voluntary or mandatory. Table 4 summarizes the key arguments in each case.

Table 4. Voluntary versus mandatory membership to representative bodies

Voluntary	Mandatory
Problems of achieving critical mass. Problems of sufficient financial stability. Insufficient range of service provision. Fragmentation into a number of small ineffective bodies. Viewed as truly independent “voice of business”. Commitment of membership to organization is clear (voluntary purchase of membership).	Achieve critical mass. Financial strength. Can develop competitive range of services. Government obligation to consult before enacting legislation and regulation. Alienation of leadership from obligatory membership. Resentment of mandatory nature of organization.

Levitsky (1993, 1994), in his research into the development of representative structures in Europe, United States of America, Asia and Africa, suggests that government should:

- Recognize and accept the role and status of private sector organizations as partners in economic development and as the spokesman of private enterprises, to be consulted on all major issues and policies affecting business;
- Transfer some statutory obligations, e.g. Certificates of Origin for export and business registration, to representative organizations. The caveat to this is that it may position the organizations as agents of the Government in the minds of SMEs. This will be a greater issue in those countries with a larger informal sector and may inhibit subtler methods of encouraging graduation to the formal sector;
- Channel some promotional and procedural activities through private sector organizations, e.g. qualifying subcontractors, clustering, incubation, consortia purchasing, consortia marketing, export promotion.

In Japan the chambers are halfway between the voluntary model and mandatory public law status. Although membership is not obligatory, 95 per cent of small firms are members of these “Societies of Commerce”, mainly through strong social pressures for conformity. A large amount of assistance from the Government is channelled through these bodies: loan guarantees, special financing, preferential treatment in government procurement, and subcontracting opportunities. Overall, the government provides an official sanction to the Chambers, which enables them to exert a stronger “pull” as regards membership and representation rather than a mandatory “push”.

Levitsky (1993, 1994) also states that the public and private sector must understand that consultation cannot be left to adhoc arrangements (alone). In the United States of

America there is an Office of Advocacy in the Small Business Administration, a federal agency, to promote engagement in the decision-making process.

It has also been suggested that representative bodies are more influential when they can demonstrate a more responsible and mature approach to developing society and the economy as a whole rather than being seen to simply “fight their own corner”. In practice, this means that they are seen to take a longer-term view of development and give due weight to the rights of individuals in society, to measures to reduce unemployment, to promoting social cohesion, to addressing poverty, etc.

An Asian Governments/NGOs workshop in Hyderabad, India, promoted by the Overseas Development Institute (ODI), identified a list of constraints on collaboration and dialogue between the public and private sector. These are presented here in their opposite form as necessary for dialogue:

- Increasing understanding of each other’s goals;
- Government needs to develop the ability to identify types of organization that can become reliable working partners;
- Remove restrictive government procedures;
- Develop better attitudes on both sides (i.e. work to remove distrust);
- Develop clear government policy and guidelines on business organizations, NGOs etc.
- Recognize and accommodate the sharp contrast between the Governmental top-down approach and the private sector participatory approach;
- Develop linkages between various state institutions for increased coherence;
- Develop better understanding of strengths and weaknesses on both sides.
- Increase the representative organization’s accountability to their constituencies for resource allocation.

Representative organizations need to be more strategic and visionary in their thinking and actions in order to be more influential. One route to this position is to create “apex” organizations which serve the representative sector itself — promoting its visibility, strength and legitimacy, developing and instituting codes and standards of conduct, providing a source and structure for accountability, facilitating linkages.

The World Bank’s NGO Unit has developed the following possible policy instruments to create an enabling environment for business organizations:

Governance: encouraging public debate and consultation; ensuring rights of association and encouraging the organization of interest groups.

NGO regulation: facilitating and streamlining registration, reporting, auditing and accounting procedures and requirements for this sector.

Taxation: Providing supportive legal and fiscal measures on income generation and fundraising etc.

Clear involvement in policy-making.

Project implementation: commitment to consider organizations as implementers of public projects and programmes.

Access to information: enabling organizations to act as two-way information channels for their members or clients at the grass roots regarding government programmes and public resource allocation. (In the EU, business support organizations tender to become European Information Centres (EICs) which, are contracted to disseminate information on EU programmes to their memberships and to make inquiries on their behalf.)

Coordination: promoting the need for coordination, including institutional mechanisms within civil society and between it and government.

Official support: channelling of government incentives through organizations.

Access to decisions: providing information about what measures are under consideration, what policies are being discussed and what options are on the table in the government arenas where public decision-making takes place.

The London-based Commonwealth Foundation compiled in 1995 a set of guidelines which address some of the issues of transparency, governance, rights of association, consultation and partnership. These are summarized in annex B.

Case study 3

A review of four representative bodies in South Asia — PREM, Urmal Seemant, Shariaptur and the River Project group working with between 3,000 and 600,000 beneficiaries, has provided useful information for grass-roots representation and influence. Recent political reforms in India have seen a move towards “strong government”, with the decentralization of many processes and more authority and decision-making responsibility being devolved to the local “panchayat” level. This local level of action provides more opportunities for local-level organizations to influence decisions.

The situation in Bangladesh was found to be very different. Organizations which could have been representative of small business issues were encouraged to take on large-scale service provision and actively discouraged by the political elite from advocacy roles and grass-roots organization (if necessary by force). The Government was weaker than that in India and the establishment forces were keen to maintain the status quo. Therefore, there were few, if any, organizations in real dialogue and NGOs in general were seen as an institutional-type career path focused on building their own resources and securing their own existence — far from the ideal focus on being self-liquidating.

The key factor, consistent with other studies above, in the success or failure of these four organizations was that their goals and strategies were clear and consistent. They should not change them too often or have too many. PREM is fully convinced that “they have the power to rise up from a culture of silence to assert themselves effectively for a desirable social transformation for their villages provided they are enabled to participate as subjects in the development process of the nation”. This focus is uncompromising and undiluted.

The study also found the need to ensure that strategies for influencing are clearly and logically linked to goals. Local policy development could more readily identify with a series of deliberately interconnected activities driving towards a common goal.

It was important for the lobbyists not to spread themselves too thin by trying to be all things to all people. Along these lines it was also found to be important that sufficient time and resources were allocated to awareness raising with grass-roots organizations and participating in unstructured and unhurried group discussions. There was a tendency to spend too little time facilitating the actions of others and too much of a focus on building up the institution as an entity.

The empowerment of marginalized and localized groups requires larger representative organizations to take a back seat, facilitate the emergence of strong and autonomous groups at grass-roots level and then provide the channel for grass-roots opinion to be heard at regional and national levels. The strength of identity and self-confidence of grass-roots organizations is crucial since as there is a danger of their being swamped by the larger and more powerful bodies; indeed, they may even become co-opted.

It was also found that it is vital to have representative structures at the higher levels of the system so that the grass-roots organizations can be heard and can articulate their needs. Representative organizations need to have a genuine selflessness with a clear and continuous determination to hand over power at every opportunity. This is critical in their role as intermediary and, paradoxically, leads to their ability to scale up their influence and impact.

It is important that as intermediaries in the process of dialogue, the organizations have good internal processes for open decision-making and dialogue. As an employee of one of the four organizations said, “ - - - we do not seem to be very good at talking to each other in the organization, so we are a long way from being able to talk to our beneficiaries”.

In addition to goals and strategy, the other most important factor for these organizations was human resource development. Wherever possible they tried to recruit staff from their constituencies. This led to stronger links between different levels of the organizations and was inspiring to those at grass-roots level who could see that their peers were able to progress and bring about policy development. It also proved important to listen to staff and members and implement practical ideas. If this is not done, goodwill is lost and the talented will leave. The competent leaders of dialogue were used as rolemodels and trainers for others, and it was found that formal training was as important as work-based development opportunities. There is, however, a balance to be struck between progressing good performers, infilling with “new blood” and causing too much disruption and change, which then have an adverse effect on the relationships that have been developed with the public sector.

Coordinating bodies for representation

Case study 4

In Kyrgyzstan, in 1996, there was a meeting of 70 local business associations and other NGOs, which was facilitated by the Centre InterBilim, an NGO support organization. It was decided to form a forum to express NGO interests and defend against government encroachment. The mandate was to include working towards an enabling environment in which representative organizations could contribute to the development of democracy and an open civil society. The forum would engage in lobbying for NGO interests, promote international links, organize conferences and facilitate learning.

Self-regulation is most prevalent and successful in countries with the most highly developed legal frameworks for NGOs. The corollary is that rudimentary NGO laws rarely result in an NGO environment that seeks to develop its image through higher standards and integrity (Report of the Working Group on Self-Regulation, Conference on Regulating Civil Society, Sinaia, Romania, 1994). There is a reciprocity between mature governance and professional NGO behaviour.

There are several mechanisms for business organizations' self-regulation:

- Adoption of individual codes of conduct for the organizations themselves — codes of ethics and good practice;
- Use of umbrella bodies or coordinating structures to regulate the sector. This is consensual self-regulation through membership organizations' setting their own inclusion standards;
- Creation of "watchdogs" — often self-appointed with their own set of criteria to monitor. This is not as sinister in practice as it may sound, since it may often form part of donor-funded independent evaluation.

The International NGO Training and Research Centre (INTRAC) ran workshops for business organizations and other NGOs in the Central Asian Republics which identified reasons for creating coordinating bodies and possible obstacles to effective coordination.

Reasons for creating coordination bodies

- To represent individual bodies' interests and provide linkages for communication at government, donor and international levels;
- To provide a measure of protection for associations;
- To lobby for legislative change on socio-economic issues and NGO legislation;
- To gain respect and recognition for the representative sector with the general public and the media;
- To bring together the three sectors of government, business and NGOs for mutual education and cooperation;
- To encourage mutual cooperation among associations themselves;
- To provide an indigenous means of providing training and other learning forums.

Possible obstacles to effective coordination

- Lack of business association experience of working together;
- Lack of contact between associations;
- Difficulty in liaising with and including smaller provincial NGOs;
- Lack of finance to create or manage coordination bodies;
- Major gaps in information on the sector as a whole;
- Lack of experience in lobbying.

Reconnecting with reality

Case study 5

A project carried out by the United States Agency for International Development (USAID) in the early 1990s compared research undertaken in Madagascar and in Guinea to develop resource management and zoning policies. In Madagascar, outside

researchers investigated the issues and presented the results to government officials. This process was therefore dependent on the will of government actors to accept the information and internalize it to use in their deliberations.

In Guinea, the research was done by the government officials themselves in dialogue with the population involved. There was still a need to disseminate the information and to inform and influence others, but there was a core ownership of the findings behind this.

The Guinea experience changed officials' perceptions from purely rationalized views to advocacy of the idea that customary and traditional local systems had to be taken into account when drafting texts and codes.

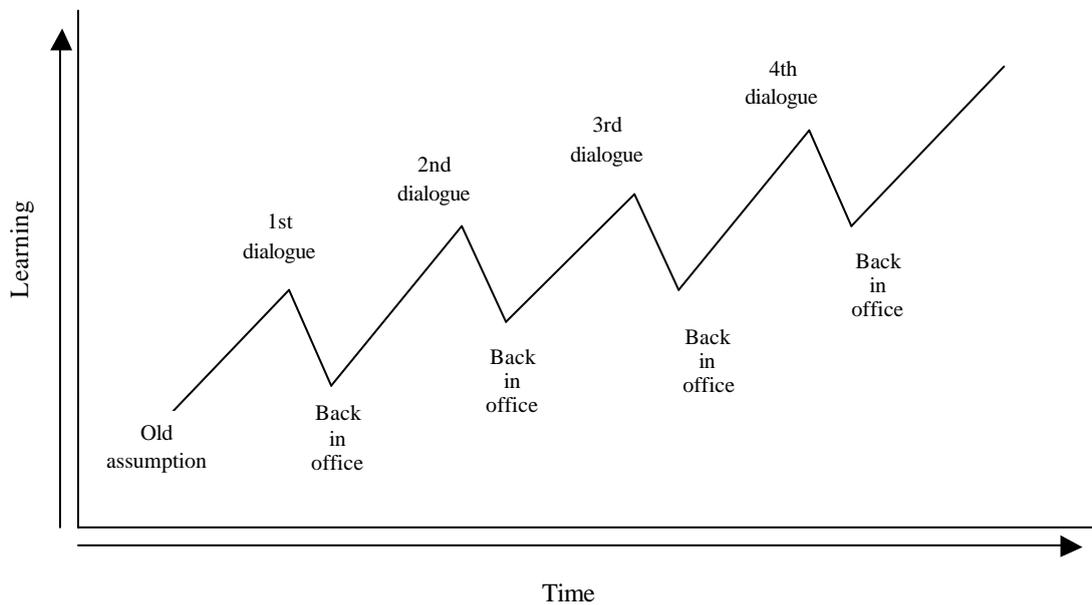
Although many officials originated from villages, they had received their education in formal education systems that do not value indigenous knowledge and customary systems and values. Often their principal frame of reference was not the reality of their own country but "modern" urban western approaches. Thus, for many of them, participation in researching policy through dialogue was a liberating experience — reconnecting them with views and realities that were known at a deeper personal level.

Policy-maker involvement directly in dialogue has a high cost or investment implication but is worth it in terms of grounding and ownership. Written material, reports and so forth, developed by "others", are easily dismissed if they challenge deeply held opinions. Personal experience, however, is not so easily dismissed. In Guinea the policy makers began questioning, reflecting and debating at deeper levels as they confronted, in person, real situations that challenged orthodox views.

This process of engagement needs to be cumulative and reinforcing, otherwise the dominant paradigm of the workplace and colleagues will cause individuals to revert to previous ways of thinking. The learning process requires repeated opportunities for dialogue (see figure 3).

The process in Guinea was not without problems. There was a question about the small sampling and whether it was representative. Even if dialogue is undertaken widely and there is a large enough volume, it is not going to be representative of itself — it is never likely to be undertaken in high enough volume to be statistically significant. This is a conceptual rather than a real problem in as much as dialogue is intended to provide policy makers with useful insights, not statistical accuracy. This is quite appropriate in developing SME policy as SMEs are a far from homogeneous sector in any environment. Dialogue provides learning and qualitative information. It gives access to an understanding of why people behave in certain ways. As such, it is most effective when combined with quantitative methods, e.g. to identify issues for SMEs in an economy through a qualitative approach and then to research their relative prioritization using a quantitative method.

Figure 3. The learning process



The use of government officers or policy makers is difficult as it is hard to take them out of routine work and their schedules are rearranged frequently. Their attitudes and assumptions can be ingrained and they may spend time defending their ministerial interests and impose their assumptions rather than listening. In the Guinea example this was seen to change over time.

A main issue identified through the case above is the general credibility of qualitative methods. If the findings of dialogue are challenging to the status quo or the prevailing paradigms, the qualitative approach is negatively contrasted with the sampling rigour of quantitative methods. Consequently, it helps to document the process well.

Training for dialogue

An Institute of Development Studies (IDS) workshop in 1996 on participative methods identified the following training issues for those involved:

- Emphasis on the generic issues, e.g. learning reversal, optimal ignorance or intelligent naivety (the ability to know the right questions to ask without preconception of an answer), rather than developing a range of technical know-how or “toolkit” of techniques;
- Training to appreciate the historical differences between research methods and traditions;
- Analyses;
- report writing in order to be able “translate” the conversation from meetings into a format that is accessible and presentable to a policy-making audience without losing the “voice” of all those present;
- Dissemination, in order to link with policy development.

In addition, for optimal effectiveness, training would also be required in the more personal competency areas of:

- Personal behaviour and attitudinal development — facilitation skills (see below), group processes and critical self-awareness;
- Respecting and building confidence in others;
- Listening skills (rare in politicians);
- Empowering and passing over initiative and responsibility;
- Flexibility;
- Tolerance of ambiguity.

These are challenging personal development objectives for the majority of politicians and senior public sector workers.

Preparation for dialogue

There is a need to strike a balance between forward planning and maintaining the flexibility which is a key advantage of this approach.

As many stakeholders may be involved in the process, those engaging in dialogue with the private sector must be clear about their own initial purpose. It is impossible to guarantee that there will be an impact on policy, but it is important to identify the potential areas of policy development and tailor the selection of participants to deal with these.

In order to attempt to obtain a perspective on private sector views across a large population, e.g. nation-wide, it is necessary to spend more time to prepare:

- The questions to be investigated;
- The fit with objectives;
- The method for selection of locations;
- The method for selection of participants;
- The schedule (including the follow-up analysis).

For larger-scale interaction with the private sector involving parallel meetings or workshops, it is good practice to develop a guide for each individual facilitator or team so that there is a common understanding of the initiative, a common approach, comparable results and a good base for coherent policy conclusions. Ideally, participants (i.e. the private sector and other contributors to the discussions) should have an opportunity to review the outputs of the analysis for accuracy, and this needs to be built into the schedule.

For contributing to policy development, the quality of the recording of conversations and reporting is critical. Research workshops in Zambia and South Africa have produced a useful checklist of elements to be recorded (see annex C).

III. Summary of findings

Effective public–private sector dialogue is the result of many factors. It is clearly not a simplistic process which can follow recipes for success or be prescribed as a result of imparting knowledge, experience or know-how.

It is primarily a *symptom* of a desire and commitment to engage openly, positively and uncompromisingly with various stakeholders in the process of policy development and implementation. Consequently, it is the maturity of Governments, ministers, senior public sector officials and their staff that will principally determine whether dialogue can occur. For those whose sense of identity is vested in the legitimate authority and power of their positions, dialogue with private sector stakeholders is a serious challenge. It is a public acknowledgement that they do not have all the answers (nor should they be expected to), but that they want to understand the issues and are eager to ground their decision-making as much in the realities of day-to-day business as in economic models and political necessities.

It is clear that the culture of the public sector partners entering into dialogue is critical to its success. They must be mature, open and honest with a progressive, or at least developing, approach to human resources, management and their own role as facilitators of economic development.

Government at every level needs to support representative bodies through the creation of an enabling legislative and fiscal environment and by recognizing and engaging representative organizations as partners in the policy development process.

Balance, transparency and integrity of representation are achieved through good governance of representative organizations, and this is facilitated by umbrella organizations providing standards and by government encouraging broad membership through its positive recognition of these bodies.

Useful dialogue is, by definition, an informal rather than a formal process. However, the timing, participation and location of its occurrence can and should be organized to ensure that the relevant stakeholders are included. Organized opportunities for dialogue do not exclude adhoc opportunities for dialogue with the private sector, and individuals at all levels of the public sector should be encouraged to seek feedback from the private sector and improve their own understanding.

Although dialogue should ideally occur at all levels of government, it is reasonable to expect it to be more frequent where it is nearest the individual business, i.e. at the local level. However, there is sufficient evidence to demonstrate that it *can* occur at all levels and on all subjects of relevance to the private sector stakeholders. Heads of State, Presidents, Prime Ministers, Cabinet Ministers, Junior Ministers through to town councillors and individual town council departments throughout the world have demonstrated that it is possible to meet with businesses, groups of businesses, local associations and national associations to discuss the implications of their potential decisions. Although there may be no right level for dialogue, there is certainly no wrong level if the subject is of relevance to the participants.

Dialogue needs to be recognized as a tool for increasing understanding and as a vehicle for moving from an authoritative approach to a participative one. It is not a robust empirical method and should not be judged as such.

The ability to facilitate good dialogue is not quickly and easily developed in all students as it reflects a number of personal attributes and competencies rather than the ability to acquire technical mastery.

There is insufficient investigation, research or reflection available on the *measurement of the impact on policy formulation* to offer any meaningful conclusions on this element of the survey. Communication with other researchers in the field of dialogue, public-private sector partnership and SME development has been sought on this subject. It suggests that since there is only a *non-linear* and *indirect* relationship between informing inputs and policy outputs, and given the almost infinite *number of variables*, the only reasonable measure is the degree to which policy development and implementation reflects the recorded concerns and preferences of the private sector.

Principles of effective dialogue

This section brings together the key points, which are interwoven throughout this survey to provide a summary checklist of the principles for effective dialogue.

- For effective dialogue, the culture of the public sector needs to reflect a change towards a more “managerial” and less “administrative” style of delivery.
- A public sector organization’s preparedness/maturity for dialogue is indicated by the “healthy” versus the “unhealthy” characteristics which it exhibits (see table 1).
- The public sector needs to balance historical legal and quasi-legal skills requirements with the skills needed for economic and socio-economic development.
- The public sector should seek to identify and use both positive and negative feedback.
- Self-organization should be supported and encouraged in participative forums.
- Large Group Intervention (LGI) methods should be used to overcome issues of perceived “ownership” of the agenda for dialogue.
- The processes of dialogue should be explicitly prepared, organised and managed.
- Participants must be explicit and share, discuss and agree a range of measures to meet a range of needs.
- Cooperative links should be developed between national, regional and municipal authorities.
- Dialogue processes at national, regional and local levels should be benchmarked with exemplar locations internationally and exchange of know-how and experience encouraged.
- All public sector staff should be encouraged to feed back useful information from the field. Customer-facing staff in particular should be encouraged to gather feedback and to test proposals through the opportunities for open dialogue in the course of their work.
- Complaints from the private sector should be collected and analysed.

- Government should:
 - Recognize and accept the role and status of private sector organizations *as partners* in economic development and as the spokesperson of private enterprises, to be consulted on all major issues and policies affecting business;
 - Transfer some statutory obligations, e.g. Certificates of Origin for export and business registration, to representative organizations;
 - Channel some promotional and procedural activities through the private sector organizations;
 - Remove restrictive government procedures;
 - Develop better attitudes on both sides (i.e. work to remove distrust);
 - Develop clear government policy and guidelines on business organizations, NGOs etc;
 - Develop linkages between various state institutions for increased coherence;
 - Develop better understanding of strengths and weaknesses on both sides;
 - Increase the representative organizations’ accountability to their constituencies for resource allocation.
- A government agency should be responsible for promoting the engagement of SMEs and their representatives in the decision-making process.
- Representative organizations should remain as apolitical as required for sustaining a broad base of support and should seek to be in dialogue with all sides.
- Representative bodies should demonstrate a responsible and mature approach to developing society and the economy as a whole. In practice, this means that they are seen to take a longer-term view of development and give due weight to the rights of individuals in society, to measures to reduce unemployment, to promoting social cohesion, to addressing poverty, etc.
- “Apex” organizations, which serve the representative sector itself, should be created — promoting its visibility, strength and legitimacy, developing and instituting codes and standards of conduct, providing a source and structure for accountability, and facilitating linkages.
- Representative organizations should:
 - Ensure that strategies for influencing are clearly and logically linked to goals;
 - Sufficient time and resources are allocated to awareness raising and participating in activities with grass-roots organizations;
 - Facilitate the emergence of strong and autonomous groups at grass-roots level and then provide the channel for grass-roots opinion to be heard at regional and national levels.
- Representative organizations should self-regulate through:
 - Adoption of individual codes of conduct — codes of ethics and good practice;
 - Use of umbrella bodies or coordinating structures to regulate the sector;
 - Creation of “watchdogs”.
- Individual policymakers should have direct involvement in the dialogue on a cumulative and reinforcing basis.
- Dialogue should be combined with quantitative methods for maximum effect.
- The process of dialogue should be well documented.

- Alternative “trustworthiness criteria” to those used for empirical studies should be used to judge the validity of dialogue.
- Skills training is required for those involved in facilitating dialogue.
- Training is also required for facilitators in areas of personal competency.
- In order to attempt to obtain a perspective on private sector views across a large population, e.g. nation-wide, it is necessary to spend more time to prepare:
 - The questions to be investigated;
 - The fit with objectives;
 - The method for selection of locations;
 - The method for selection of participants;
 - The schedule (including the follow-up analysis).
- A guide for each individual facilitator or team should be developed so that there is a common understanding of the initiative, a common approach, comparable results and a good base for coherent policy conclusions
- For contributing to policy development, the quality of the recording of conversations and reporting is critical. Annex C provides a recording checklist.

Effective mechanisms for promoting dialogue

This section summarizes goodpractice in the promotion of dialogue by government at various levels.

Consultative panels. Panels of various types are used by Governments to identify issues, test ideas, consult on policy developments and review the impact of policy. To be effective vehicles for dialogue they need to be conducted in a spirit of inquiry and exploration, rather than as opportunities for government to receive feedback for marketing purposes. The composition, selection processes and discussions of these panels need to be appropriately transparent in order to ensure public confidence in their value.

Expert panels. These panels, which may include specialist advisers are drawn together to discuss issues of policy from differing expert perspectives. In terms of dialogue, they can raise, although not answer, issues for further examination with the private sector. *It is rare, though not impossible, for expert perspectives on international SME development to be provided by individuals who are themselves active in a real and typical small business.*

Lay panels/focus groups. Whilst focus groups are often used by political parties to identify the components of public opinion, they are also used to examine issues with representatives of private enterprise and/or individual owner/managers themselves. Typically a panel of 5 to 10 individuals is invited to participate in a facilitated conversation with a professional facilitator in control. These groups may be heterogeneous or homogeneous, depending on the issue(s) to be discussed. Multiple groups would normally be used and policy makers can have the opportunity to witness the dialogue through accurate recording processes, ideally video recording. This removes the need for the public sector representative to be present and so increases the openness of the views collected. The defence of a Government’s position by a public servant — correct or otherwise — can restrict

further discussion on the point. An individual focus group will normally meet only once and will not form an ongoing research platform.

Foresight panels. These panels are usually cross-sections of experts, business leaders, representatives and individual business owner/managers. They meet together on a regular and ongoing basis and consider future developments in the fields of business, regulation, international trade etc. They may include representatives of the public sector or be supported by them. A professional facilitator is used, or at least a member of the panel with the requisite skills leads the discussion. Such panels consider and develop scenarios for the medium- and long-term future and discuss their implications. This provides all participants, including government, with the opportunity to plan scenarios and alert others to both potential opportunities and threats. In a number of developed countries, ministers involved in SME development hold breakfast or dinner meetings of a regularly invited panel to discuss the implications of the most recent political, social and technical developments.

Regional and local panels. These panels reflect regional and local structures of devolved decision making. Often made up of local or regional business leaders and representatives, they meet with local or regional government representatives in order to provide geographical adaptation and relevance to national policy development and implementation. They also provide a platform for regional industrial clusters to inform policy development.

Explicit and open policy development processes. An explicit, and practised, process for policy development provides major promotion for dialogue. This is especially true if consultative requirements are built into a State's mechanism for policy development. Many developed countries' administrative and/or legislative structures require consultation on new policy to take place. These processes can require referral of new developments to legitimate bodies of expertise or representation. This visible process encourages the private sector to believe that government is concerned with their views, and consequently encourages individual businesses and representative organizations to inform government of their views.

The Mauritian Government has a minister who has cross-departmental oversight of policy development. The Small Business Administration of the United States of America reviews all new policy for small business implications, while the United Kingdom is currently introducing a Small Business Service to coordinate government policy and be a powerful "voice of small business in government". These initiatives promote greater dialogue with the private sector through the presentation of a transparent and personified commitment to development of the small business sector.

Open government activities. These include the use of a range of media to encourage participation in the process of policy development. Governments are increasingly using websites to promote dialogue opportunities, request the submission of views, feed back summaries of consultations and publish policy papers. In addition to electronic media, the press and other print media can be effectively used to invite the submission of opinions and promote the mechanisms of consultation.

The publication of the summarized results of consultative processes provides government with an opportunity to demonstrate that it has included all submissions in its deliberations. These summaries are often followed by the final policy proposals themselves. Consequently, any member of the public can examine both summaries and the final proposals to see to what degree policy has been informed by consultation.

Conferences. Government participation in, or even organization of, conferences of representative organizations and small businesses can communicate the State's desire to engage in dialogue. Across most of Western Europe, Governments sponsor and attend conferences of small business researchers. In the United Kingdom, the Small Firms Minister, as a matter of routine, officially opens, and is the keynote speaker at, the annual conference of the Institute of Small Business Affairs.

State support for legitimate representative organizations. A specific legal status for representative organizations serves to promote their legitimacy and may often ensure that their administrative burdens are less heavy than those of a commercial entity. Many Governments provide a specific Chamber of Commerce or other NGO status.

Openly involving representative bodies in decision-making processes and policy dialogue encourages businesses to become members of those bodies. This creates a virtuous circle as a larger membership ensures that the organization becomes more representative, more financially viable and consequently more independent, in its views and actions, of any single source of revenue generation.

A large number of Governments will share public platforms with significant representative organizations and recognize and support their role in policy development through openly respectful references and visible joint-working arrangements.

Benchmarking of dialogue processes with overseas bestpractice. There are a limited number of programmes, promoted by the European Commission, to encourage local and regional governments to share know-how and experience with others in order to transfer goodpractice. These have included INTERREG, RECITE and ECOS-OUVETURE (which included countries of Central and Eastern Europe). The experience of these and other institutional capacity-building programmes shows that they not only promote dialogue *amongst* the public sector institutions which participate, but also encourage businesses to engage in dialogue through the publicity that they generate for the initiative in question.

Facilitator training. The promotion of dialogue is most significantly enhanced by building the awareness, capability and confidence of those in the public sector that may deliver initiatives on dialogue with the private sector. In many previously centrally planned and highly bureaucratic countries, the involvement of the private sector in decision-making processes is perceived as both unconventional thinking and highly threatening. Programmes are run by international agencies to create sufficient confidence in individuals to engage in dialogue in an authentic manner, i.e. in a spirit of exploration and participative inquiry. Various local governments in Europe run internal programmes for their own staff on consultation and facilitation of groups, as well as employing their own teams of development professionals who are available as professional facilitators.

Institutional culture change programmes. As highlighted at the beginning of this survey, dialogue is most significantly promoted and implemented as the result of the desire for and belief in its relevance rather than through the technical implementation of its processes. Therefore, the most significant activity to promote dialogue is the development of a progressive culture within the public sector which then demands improved technical capabilities.

Culture change programmes have been carried out, and are still being carried out, in the public sectors of most developed economies. Such initiatives in the United Kingdom, Spain, Sweden, Jamaica, Egypt and other countries impact on most aspects of the management of the public sector. Structures, rewards, recognition, processes, systems, training and development are all potential inhibitors or enablers of a preferred work culture.

Perhaps the most extreme form of these programmes has been seen in the United Kingdom, with public services being tested through Compulsive Competitive Tendering (CCT), whereby the costs and quality of public services are compared and contrasted with the commercial provision of those services. This has led to greater market orientation and consequent recognition of the need for interaction with the private sector.

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ANNEX A

Large Group Intervention (LGI) methods

Much of the following information is reproduced from the Public Involvement Programme website (www.pip.org.uk), and from the MultiMind Solutions website.

Openspace events

Open Space technology creates the conditions for respectful conversation. It is a powerful way of bringing people together to search for solutions to complex issues. All participants have the opportunity to express what they consider to be important and to take responsibility for their passions. In doing so, they discover new ways of working cooperatively.

Benefits

Open Space technology enables organizations to address directly complex issues to which nobody knows the answer and which require the ongoing participation of a number of people to deal with the questions that arise. These include the following: 'How to adapt to changing circumstances? What vision to pursue? How to achieve cooperation between people who may have very different views of the issues to be considered?

Issues can be addressed through the Open Space approach because it provides people with experiences of genuine empowerment. They thus achieve a degree of collaboration that they previously would have considered impossible. Having done this, they discover that doing it again on an everyday basis is a matter of choice. It releases creative energy to address real business issues in organizations such as government departments, business associations, educational institutions and community organizations, and in industry and commerce.

Features

Working in Open Space is a novel experience for many people. One of its special features is how it promotes cooperation by allowing the learning of new ways of working and being together in a relaxed and natural manner. Perhaps it reminds us of old ways that have been neglected; human beings have an affiliative, trusting side to their nature which we would do well to bring out more and to honour.

Four principles underpin the process:

- Whoever comes are the right people.
- Whatever happens is the only thing that could have happened.
- Whenever it starts is the right time.
- When it is over it is over.

There is also the *Law of Two Feet*, which indicates that if anyone finds herself or himself in a situation where they are neither learning nor contributing, they can use their two feet to go to a more productive place. This law emphasizes that everyone is present voluntarily.

Where is it best used?

It works best with issues such as strategic/future planning, new product development, conflict resolution and market research — issues of passionate concern to stakeholders addressing a specific issue. According to Harrison Owen, the creator of *Open Space*, there

are two fundamentals: *passion and responsibility*. Without passion, nobody is interested. Without responsibility, nothing will get done.

What happens in an Open Space gathering?

When people gather in Open Space there is no pre-set agenda other than the topic previously agreed to and the time allotted for the meeting. There are no planned panel discussions or plenary sessions. The facilitator creates the agenda is by inviting everyone present to nominate issues that he or she feels passionately about and is prepared to take responsibility for. Once the agenda has been established, all the participants choose which sessions to attend and the meeting is under way. From then on until the agreed end time people meet in groups to discuss and make recommendations for action which they consider are relevant to the specific issue. Groups large and small (5–1000+) demonstrate their ability to rapidly create effective meeting agendas and deal with highly conflicted issues.

What are the outcomes?

The reports of every small group discussion are the proceedings of the meeting. (With high-speed printing, these can be available to all participants very soon after the completion of the meeting.) These proceedings, owned by all present, become the foundation for later decision-making.

Most tangible is widespread ownership of possible solutions from which action plans can be devised. This is also reported as a change of mood by the organization to being more trusting, nurturing and supportive.

In a curious way Open Space always seems to work. Outcomes often reported are release of ideas and creativity that nobody knew were there, self-managed work teams, distributed leadership, a spirit of ongoing learning, greatly increased levels of productivity and experiences of great playfulness and fun.

Who has used it?

Some of the organizations that have used Open Space to good effect are Levi Strauss in Sydney, the Australian Taxation Office in Melbourne, Brisbane City Council and a large number of organizations in the United States, including Honeywell, Owens Corning Fibreglass and PepsiCo. It was also used widely in South Africa in the lead-up to the 1994 elections.

Facilitation

A key component of a successful Open Space meeting is skilled facilitation by someone from outside the organization staging the meeting. One facilitator can manage very large groups.

Conclusions

Once you have experienced a full Open Space gathering you know the spirited performance, teamwork and breakthroughs that emerge. These “high points” can become part of the ongoing life of organizations, and not just of a one-time meeting. Increasingly, they must be so. We are at the edge of learning the relationship of structures and self-organizing processes. We are becoming conscious of what it takes for leadership to have clear intent and yet flow with teams to perform beyond expectations.

The “technology” of Open Space meetings is simple. Management gives the meeting intention and focus. The participants organize the agenda and run the meeting. Facilitation is required in order to “hold the space” and manage the information systems.

Performing at the level of an Open Space meeting in the ongoing life of your corporation or community service requires your brains, heart and spirit. It requires the ability to focus, let go and learn. It is physically, emotionally and spiritually demanding. Positive spirit can be threatening.

Electronic democracy

Information and communications technologies could benefit public participation by complementing existing methods of democratic involvement. Debating forums in cyberspace, televoting, government on-line and electronic deliberation illustrate assessments taking place in the United States and elsewhere of the delivery of different models. However, the possible pitfalls of some of these methods must be examined in order to enable their potential to be fulfilled.

Method of delivery. The technology facilitates interactive communication. Listed below are some examples of technological advances that provide a vehicle for a particular model.

- Internet: The network enabling interactive communication between people through a variety of different processes;
- Websites: Used as a forum for debating policy. A resource that can be accessed by an infinite number of people from a wide-ranging area;
- Televoting: Mirrors traditional forms, but instead of pen, paper and cross, existing networks such as the telephone and developing technologies become the method for conveying opinion directly;
- On-line deliberation: Citizen juries and other models conducted in a similar way to their terrestrial counterparts, but operated through cyberspace;
- On-line delivery of government services: Local authorities provide information over an electronic network with the potential to empower users because of the speed of transmission.

Pitfalls: Because the study of these technologies is relatively recent, it is important to examine some of the problems that could be encountered. These are:

- Will lack of access mean that a particular sample is unrepresentative, because some are excluded?
- Will exclusion arise from lack of experience with the new technology?
- How is information collected, processed and distributed? Is it accessible and user-friendly?
- What are the chances of manipulation/distortion/misinformation/corruption, even when a process appears to be interactive, fully informative and inclusive?

Examples and experience

United Kingdom Citizen's On-line

United Kingdom Citizens Online Democracy (UKCOD) runs on-line debates, inviting the public to discuss issues with policy makers and academics.

London School of Economics

Dr. Stephen Coleman, at the London School of Economics, recently received a grant to explore the future of electronic democracy in Britain.

Nexus

This virtual think-tank is a forum for debate for internet subscribers on a variety of issues ranging from the Third Way in economics to United Kingdom policy on Europe.

Buckinghamshire on-line citizens' jury

Buckinghamshire Health Authority commissioned a citizens' jury in 1997 which ran parallel to a discussion on the web. Visitors to the site were given information from the jury and were asked to register and vote on the jury's recommendations. Residents were able to access the debate from conveniently situated terminals throughout the county.

Opportunity Links

Opportunity Links is a Cambridgeshire-based experiment, designed to give residents easy access to all local services. This is achieved through a touch screen user-friendly network located throughout the county. The service matches the users' individual needs to easily available services. The scheme was set up in 1996 and now has about 800 people a week using the website. It is planned to start similar schemes in other areas in the near future.

Future Search conferences

A Future Search conference is a two-day meeting which tries to create a shared business community vision of the future. It brings those with the power to make decisions together with those affected by decisions to try to agree on a plan of action.

Methodology

- The process is managed by a steering group of local people representing key sections of the community.
- About 64 people are recruited who are asked to form about eight stakeholder groups within the conference.
- They take part in a structured 2½-day process in which they move from reviewing the past to creating ideal future scenarios. Each of the stakeholder groups explains its vision to the whole group and then a shared vision is explored.
- The conference ends with the development of action plans. Self-selected action groups develop projects and commit themselves to action towards their vision.

Features

Practitioners of Future Search claim that it is designed to empower participants.

People as experts

The method upholds the idea that individuals are experts in their own lives. There are facilitators but no other experts.

Seeking common ground

A Future Search conference is consensual, bringing together key stakeholder groups who are often opposed to each other to find common ground and create common solutions.

Participants are responsible for the outcomes

Those taking part are expected to identify points of action and to be responsible for realizing them.

Examples and experience

In addition to many experiences in large businesses, about 20 Future Search conferences have been held in the United Kingdom since 1995. Most have been in local communities, with some in the health field. The Centre for Community Visions at the New Economics Foundation carried out the first training in the conferences in the United Kingdom and now coordinates the United Kingdom Future Search Practice Network.

Planning for real

Planning for Real is a hands-on planning process first developed in the 1970s by the Neighbourhood Initiatives Foundation as an alternative to traditional planning meetings. Using models and cards, it can be utilized to address many issues, such as traffic, community safety, condition of building stock and environmental improvements.

Methodology

- Planning for Real exercises are often initiated by communities.
- The Neighbourhood Initiatives Foundation provides material to help people to embark on a survey to identify problems and issues.
- A three-dimensional model is prepared by all sections of the community.
- The model is moved around the area to places accessible to the community.
- The Planning for Real Event is an open meeting that focuses attention on the model. Moveable options cards are used to identify problem areas and discuss how they may be solved.
- The event is followed by workshop sessions to prioritize options and identify responsibility.

Features

A sense of community ownership

The approach generates local involvement, and draws on the knowledge and skills of the local community.

An inclusive process

The emphasis on visual materials enables everyone, and not just the articulate, to participate in workshops or meetings.

Building consensus

The approach encourages residents to work with local bodies to reach a consensus.

Community led

The approach is community-led, with professionals acting to provide information or to facilitate the proceedings.

Experience

Since the 1970s Planning for Real exercises have been used in hundreds of localities across the United Kingdom.

ANNEX B

Creating the right environment

In order to create an enabling environment for NGOs, Governments should promote voluntarism generally and acknowledge the validity of the role of NGOs in civil society. They should also have appropriate legislation and official procedures for the registration and public accountability of NGOs.

Definition: Legislation and official procedures established by Governments should enable the formation and operation of organizations which possess the defining characteristics of NGOs, namely:

- Voluntary formation and an element of voluntary participation;
- Controlled and managed independently, but nonetheless operated under the laws of society as a whole;
- Not for the personal private gain of those who manage their affairs, and using earned reserves in pursuit of the aims of the organization;
- Not self-serving: aim to act on concerns or issues which are detrimental to the well-being or prospects of people or society as a whole.

Recognition: Registration and official procedures established by Governments in respect of NGOs should enable NGOs

- To be independent, while operating within the law;
- To pursue a variety of activities in the course of their work, including service and project delivery, mobilizing human and other resources, research and innovation, human resource development, advocacy, campaigning and reform;
- To operate at local, regional, national and international levels;
- To operate under legal structures which are appropriate to them, including private trusts and foundations, not-for-profit limited liability companies, associations, cooperatives, and friendly and provident societies;
- To be linked with parent bodies, provided that these are NGOs themselves and to form subsidiary bodies in pursuit of their aims;
- To secure resources from a wide variety of sources in order to carry out their work, including private citizens, the public sector, the private sector and grant-giving agencies.

Consultation and Partnership: Government should at all times endeavour to work in partnership with NGOs. This should include open information provision and consultation on all matters affecting the work and interests of NGOs, including consulting with them before decisions are made or agreements entered into with other parties which may affect their work or interests as well as cooperation on matters of mutual benefit, such as in seeking funds from international and intergovernmental bodies. The development of legislation and official procedures should be done in consultation with NGOs.

Source: Based on *Non-Governmental Organizations: Guidelines for Good Policy and Practice*. Commonwealth Foundation, London, 1995.

ANNEX C

Key elements to record from a discussion

Basic recording of the exercise

- Place, location (any particular characteristics of the location that are significant, e.g. a public space or a private venue, factory, warehouse, hotel etc.);
- Date, time of day and duration of meeting;
- Participant details — numbers, gender, ethnicity, age range, names where appropriate, specific key individuals (e.g. chair of a representative organization);
- Facilitators or observers present;
- Any language issues (use of interpreters);
- Materials used (if at all).

Recording the process

- Who participates? How does the quality of the participation change during the meeting?
- How was the discussion started and by whom?
- Relevant aspects of the context for the exercise (e.g. aspects of social or industrial context known to be relevant, previous information gained on the subject).
- Full reporting on the content of the discussion generated while the meeting is in progress.
- Key quotations from the participants (verbatim).
- Points of interpretation critical to understanding the content of the meeting. Notes on any visual material produced. Explanatory notes to any material.
- Decisions taken during the meeting and commitments to future actions.

After the meeting

- Follow-up one-to-one interviews to clarify any key points raised but not explored (this can be common when public sector organizations are subject to criticism and participants will only identify corrupt practices (or even individuals) in confidence).
- Cross-referencing with other material to verify information where possible (e.g. employers may raise issues of skill shortages which may or may not be borne out by local labour market assessments).