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Silver bullet or last resort? Business Membership Organisations in MSD



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All blogs

Why is it that development practitioners can be wary of partnering with Business Membership Organisations (BMOs)?

BMOs are often prime candidates to address coordination-related market constraints. Needless to say, they come up a lot in market systems analyses! Whether it is to address a lack of widely recognised quality standards, strengthen linkages between buyers and suppliers, improve communication between government and private sector... BMOs often seem to be perfectly suited to the task. Yet, in practice, development practitioners can be wary of partnering with them.

The fact of the matter is that collective action is inherently messy. Even where a BMO is already there to accommodate it, there usually is no way around members haggling over objectives, strategy, individual responsibilities and a bunch of other potential sticking points.

Trust, leadership and vision are critical in these situations, not to mention the resources and technical skills required to execute what has been agreed. Hence, considering that BMOs in developing countries often suffer from low member engagement and limited capacity, the scales appear to be tipped towards failure...

Is this to say that BMOs are inconsequential and rightly overlooked? Quite the contrary! While a BMO may not (yet) be adept at defending its members against opportunistic buyers or serving them new market opportunities on a silver platter, it may perform other 'behind the scenes' functions. For instance, providing members access to collectively owned assets such as office facilities or lending them

liquidities to cover upfront costs of burials or weddings. And quite often, with a little nudge in the right direction, the range of constraints that BMOs are able to effectively cover can expand dramatically.[icg1]

So, what's the trick? Obviously, there is no infallible blueprint guaranteeing success. And although there is lots of relevant guidance material on BMO capacity building in the public domain, it is easy to get lost in the sheer depth of it and lose track of key actionable concepts that can guide action in development practice. Moreover, for projects using the Market Systems Development (MSD) approach, importing BMO development best practices drawn from the experiences of 'non-MSD-compatible' projects can be problematic.

In this brief - [Market systems and Business Membership Organisations: Who should we work with and how can we get to scale?](#) - insights from academic research are paired with those from four MSD projects that have worked with BMOs. Based on the concrete experiences of these four projects it presents a set of key lessons that can help MSD (and other development) practitioners better select BMO partners, support BMO-led interventions and scale-up successful interventions.

If you aren't yet convinced or ready to commit to the whole thing (it is only a mere 10-page read, mind you...) and would like to take a sneak peek beforehand, I invite you to read on. You will find three of the lessons that emerged from this research minus the case examples.

Partner Selection

One of the major challenges that projects face when dealing with BMOs is in assessing their will and skill to deliver. A group that expresses a collective willingness to work with the project is great. But, quite often, **when the time comes for individual members to actually put in the additional effort and resources required**, that widely shared **drive tends to dissipate somewhat if not completely**.

Since they often stand to benefit irrespective of their contribution, members have an inherent incentive to free-ride on the contributions of their peers. And even when there are some willing to contribute, these might not be the most capable members.

As a result, while getting everyone to contribute might look good on paper, in practice it is simply utopic. A better **strategy to overcome this challenge and ensure sustainability and ownership of initiatives by BMO partners is to bet on the presence and/or the grooming of 'champion' members** able and willing to drive BMO initiatives and rally others to join and contribute.

Intervention Support

Members might also not be willing to contribute as much as they could because they are simply not convinced the BMO can substantially increase the benefits it delivers to them. Unfortunately, the argument for increased engagement can be hard to make given that the benefits BMOs generate are often diffuse, difficult to measure in terms of bottom line impact on member businesses, and potentially slow to materialise (e.g. the benefits of advocacy efforts). To top it all off, since BMOs are regular recipients of development support, MSD projects offering 'facilitative' support might have an even harder time securing buy-in from BMOs and their members.

While the presence of visionary members can go a long way in overcoming potentially debilitating expectations, projects can also make sure they make a good first impression convincing members of the value of the BMO and of partnering with the project. Projects tend to support BMOs with the development of multiple BMO functions, e.g. sector marketing, information sharing, skills development initiatives etc. With this in mind, they should prioritise interventions targeting functions where primary (if not sole) beneficiaries are members, and where benefits come quickly and can be clearly attributed to efforts by the BMO and the project.

Scaling-up Impact

Scale is one of the core tenets underpinning the MSD approach. But reaching impact at scale when piloting BMO-led interventions can be a bit tricky. After all, BMOs and enterprises are distinct market actors operating under different sets of incentive structures and market forces. **One cannot simply expect the pathways to scale that work for enterprise-level innovations to work at the BMO level.**

For instance, given that BMOs generally constitute a fertile breeding ground for knowledge-sharing among peer enterprises, a common strategy for projects seeking dissemination of certain technologies or practices is to channel “demonstration” interventions through BMOs made up of intended adoptees. The potential for reaching critical mass is thereby significantly enhanced (especially when these enterprises are geographically clustered).

On the other hand, compared to enterprise-level innovations, replication at the BMO level (i.e. of BMO practices such as advocacy methods, or of the BMO model of organisation itself) appears to be considerably less likely. Simply put, the appetite for replication is typically lower (given the less direct impact on members' bottom line); there are often high adoption barriers involved (e.g. high BMO setup costs); and, ultimately, there are generally fewer potential replicators operating where demonstration effects are likely to crop up.

Conclusion

It is clear that dealing with BMOs successfully entails, on many fronts, a radical departure from the usual strategies and tools suited to dealing with private enterprises.

Admittedly, this might at times require more resources, time and effort than projects would typically dedicate to a different type of partner. Nevertheless, for projects that get it right, the reward can be that much greater.

Where properly supported, BMOs can rise to become institutionally strong and effective organisations able to drive local economic development and increase target group opportunities associated with it.

To get a more in-depth and comprehensive look at how projects can navigate the challenges associated with BMO support and reap such rewards, read the whole brief:

> [Market systems and Business Membership Organisations: who should we work with and how can we get to scale?](#)