

Developmental Role of Chamber of Commerce and Industries in Bangladesh: A Case Study of Sylhet Chamber of Commerce and Industries

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Abstract

Chamber of commerce and industry plays important role for development of business community and creating vibrant competition. Present paper compares chambers operations in Bangladesh, especially, Sylhet Chamber of Commerce and Industry(SCCI) by reviewing global models of chambers practices. The study identifies important gaps between international standards and Bangladesh practices. Mostly practiced chambers model in the world are: Continental Model, Anglo-Saxon Model and Mixed model or Asian model. Like other Asian countries, chambers in Bangladesh including SCCI, have been following Mixed Model. The empirical study found that SCCI is performing different developmental functions like accumulating members, collecting revenue, fulfilling corporate social responsibility and providing business development services to its members and business community. The notable constraining factors of SCCI operations are: short term orientation in assembling members, limited functional activities, lack of creative endeavors in diversifying services, linkage between SCCI and academic institutions, poor research involvement etc. The necessary suggestions for improvement of chambers performance include adoption of creative measures in various operations, providing training to the members, assisting entrepreneurs in obtaining industrial finance and extending support in the establishment of specialized industrial zone for attaining long term developmental objectives.

Keywords : Developmental role, Innovative Operations, Diversity of Services University
-Industry Linkage

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I. Introduction

For the development of a country vibrant private sector is indispensable where autonomous membership organizations of the business community representing the multi-oriental sectors advocate policy measures and arrange other facilitating environment in building a strong, competitive and viable economy. This type of organization ensures an effective dialogue with the government to formulate and implement appropriate policies favorable to the business development by considering sectoral priority and other important issues. Chambers of Commerce and Industries(CCI) is the government approved not for profit membership organization representing the business community from trade, industry and service sectors. It performs two fold roles: on the one hand they provide the assistance to the members and on the other they advise and influence government policies to create more congenial business environment.

After reviewing global models of chambers operations—Continental, Anglo-Saxon and Mixed—present study endeavored to explore the characteristics of the chambers model in Bangladesh with special reference to Sylhet Chambers of Commerce and Industries(SCCI), identifies its operational standards and practices in the light of the global standards.

Then, it suggests important policy options for improvement of the overall performance by the SCCI. To obtain research objectives present study used both primary and secondary data. For collecting primary data in-depth direct interview has been conducted with present and past executive members of the Sylhet chambers of commerce and industry, general and associate members and other experts in the relevant field. Basically, interview was conducted by using semi structured or unstructured questionnaire. The results of the interview have been integrated into the paper in descriptive or other suitable forms of analysis. Secondary data have been collected from the internet, different reports, articles and relevant books.

Present study faced some limitations it terms of its focus, methods and scope. It focuses on the developmental role of SCCI by using exploratory method of research study, although cause effective analysis using longitudinal method and more sophisticated statistical tools could be used for analyzing the factors and extent of their influences on the performance of the SCCI. On chambers operations more specific study could be done in future on various important issues such as innovations in their operations, contributions in government-private partnership, social responsiveness as a dynamic factors, their management

practices, strategic management and provision of different kinds of support services to the members and other business community and so on. Another limitation is that present study used data up to the year 2007 on different issues, as SCCI could not publish their annual report after that period and hence did not supply required data to researchers due to some operational constraints.

II. Defining Chambers, Other Related Trade Bodies and their Historical Evolution with Special Reference to Bangladesh

Today's chambers are inherited from and rooted in two oldest predecessors—the medieval European corporations and merchant guilds—that established to protect and regulate trades as a local self-help bodies concentrated in major trade centers for organizing commodity exchanges, determining and supervising weights and measurements, arbitration of the conflicts, and administering ports and markets (Pilgrim and Meier 1995). The establishment of chambers although originated for serving the interest of its members now it is serving multiple objectives like creating strong local economy, promoting the commu-

nity interest, providing networking opportunities to the members, bargaining with government on behalf of business and pro-business political actions. Out of important purposes chambers also contribute in the arbitration of disputes and serves as a “Better Business Bureau (BBB)”. With some variations in size chambers operations may range from a single city or town chamber, to a county, region, or up to an international chamber of commerce and industry. The operations of chambers are different from the BBB in the sense that it cannot bind its members under any formal operational doctrines and it represents the interest of all businesses while BBB represents the interest of all citizens. The chambers are the largest informal business networks globally where each local chamber incorporated and operating separately, rather than as a chapter of a national or state chamber.

Webster's Online Dictionary defines chambers of commerce and industry as a form of business network consisting of business owners in cities and towns to advocate on behalf of the business community where board of directors or executive council is elected by the members to determine policy and to run the organization.¹⁾ Pilgrim and Meier(1995)

1) http://en.wikipedia.org/wiki/Chamber_of_commerce, Surfed on: 03.12.2010, at 2:30 P.M. (GMT+ 6hrs.)

defined chambers as the not for profit and self administered membership organizations represented by the business community consisting of enterprises and individuals engaged in trade, industry and services in order to provide assistance to the members, protect and promote business interest, advise and influence government for creating a favorable business environment. Chambers, trade associations and employers' organizations also take different meaning. Chambers receive membership from multi-sectoral and heterogeneous enterprises. Trade and industry association consists of membership from homogeneous industries representing specific enterprise sector. Employers associations run with relatively narrow mission and focused on labor and social policy issues.

The chambers of commerce constitute the world's oldest and greatest network for commerce, industry and entrepreneurship. The first chamber of commerce was established in Marseilles in France in 1599.²⁾ The New York Chamber was originated in Fraunces Tavern in 1768.³⁾ In 1803 Paris Chamber of Commerce and

Industry of Paris was founded which was one of the largest chambers in France. It strived to improve exchange between China and France in areas of Economy, Trade and Culture. Presently, there are 12 educational institutes and 12 further-educational training centers affiliated to it.⁴⁾ The modern form of chambers inherited from "chambers de commerce" established also in France during Napoleonic period, the number of which was 176 between the periods of 1802 to 1804. According to the law of those chambers all entrepreneurs had to belong to the member of respective chamber. The regional coverage of the chambers was recognized as each city or district. Those forms of chambers were foremost advisory bodies of state administration the main task of which were to gather, aggregate and present business community views and proposals regarding economic legislation, tariffs and business promotion to the government. The Napoleonic chambers were headed by a civil servant and could be viewed as parastatal support bodies of government, the budget and administration of which were also made by the government intervention (Pilgrim and Meier 1995). The Bengal Chamber

2) Google search, search terms, "History of the Chambers of Commerce and Industries, Call date: 03.12.2010, at 3:00 P.M. (GMT+6hrs.); <http://www.chamber.ax/English.pbs>"

3) Google search, search terms, "History of the Chambers of Commerce and Industries, Call date: 03.12.2010, at 3:30 P.M. (GMT+6hrs.); <http://select.nytimes.com/gst/abstract.htm>"

4) Google search, search terms, "History of the Chambers of Commerce and Industries, Call date: 03.12.2010, at 3:45 P.M. (GMT+6hrs.); <http://sem-international.tongji.edu.cn/news>"

of Commerce and Industry, one of the oldest and respected Chambers in India was established in 1834. The Metropolitan Chamber of Commerce and Industry, one of the oldest and most representative trade organizations of Bangladesh(A part of then undivided India), was established in 1904. Its membership covers almost all the public sector corporation and all multinational companies. It served as the Tribunal of Arbitration for adjudicating commercial disputes.⁵⁾ Dhaka Chamber of Commerce and Industry was established in 1958, rendered services for more than five decades for the development of business and industry in Bangladesh. It is the vibrant platform to put forward fact based opinions, suggestions and recommendations for promotion and development of the trade, commerce, industry and overall economy of the country(DCCI 2002). The Chittagong Chamber of Commerce and Industry established in 1959 provided a wide range of services and acted as catalyst for growth of business in the country. It has been continuing to address different issues to meet the aspirations of the entrepreneurs and to create a congenial atmosphere for growth of trade, industry

and economy after its inception.⁶⁾ Federation of Bangladesh Chambers of Commerce and Industry(FBCCI), as an apex organization of the entire private sector came into existence in 1973, at present representing 77 Chambers of Commerce and Industry and 238 Trade and Industrial Association of the country. FBCCI helps in the organization of chambers and associations throughout the country and serves through collecting and disseminating statistical and other information for advancement of trade and industry. It also organizes training, seminars and workshops on trade, commerce and industry, conducts research on major policy issues, and cooperates in settlement of trade disputes through conciliation, negotiation and arbitration. It also plays the important role in consulting and advising the government in formulating the commercial, industrial and fiscal policies of the country. FBCCI has the close relations with different international bodies such as the International Chamber of Commerce(ICC), the Islamic Chamber of Commerce and Industry, the Confederation of Asia-Pacific Chambers of Commerce and Industry and the SAARC Chamber of Commerce and Industry

5) Google search, search terms, "History of the Chambers of Commerce and Industries, Bangladesh; Call date: 03.12.2010, at 4:15 P.M. (GMT+6hrs.); <http://www.mccibd.org>"

6) Google search, search terms, "History of the Chambers of Commerce and Industries, Bangladesh; Call date: 03.12.2010, at 4:30 P.M. (GMT+6hrs.); <http://gurumia.com/2010/03/02/Chittagong>"

(Banglapedia 2006). Sylhet Chamber of Commerce and Industry(SCCI) formed as a non-profit trade organization in 1966 by some motivated businesspersons to protect the interest of businesses and industries in the north east region comprising all districts of Sylhet division. It was registered under companies act in 1973, and afterwards became the member of FBCCI(www.sylhetchamber.com).

III. Multiplicity of Chambers Models and their Operational Characteristics: The World Scenario

Different types of chambers models are operating throughout the world. The French model characterized by obligatory membership and special chamber law defining the status and tasks. This type of chamber systems under public law is defined as the *Continental Model* of chambers operations. According to this model chambers are created through national legislation. Here, under the public law obligatory membership for all self-employed persons and legal entities to run businesses within the chamber's district is essential. Through obligatory membership chamber represents the enterprises of all sectors,

sizes and legal forms, ensures regular and mandatory financial contribution to the local chambers that helps to control free rider behavior and provides broad and stable sources of income. Under this model governments are legally obligated to consult with chambers and chambers send delegates to parliamentary hearings and public committees before framing policies related to the legal and economic matters and thereby business sector expertise can get priority. However, continental model of chambers can be attributed through following six characteristics:

- Special legislation governing the chambers operations such as membership, functional operations and other matters related to the executive functions.
- Mandatory membership guided and required by law.
- Formal consultative status ensures by the government and public law.
- Only one chamber in a specific area or district designated by law.
- Performs the tasks delegated by the government and
- They are subject to the public supervision

Another model of chamber practices is *Anglo-Saxon Model* also known as private law chambers, based on voluntary membership. There is no separate

specific legislation to regulate the affairs of this chamber and they are not compelled by the state or government delegated functions. Here, membership base is generally smaller but include more diverse sectors including trade, industry, agriculture, services, banking, insurance and service professionals like lawyers, accountants and consultants. This chamber is not legally protected, regional coverage is also not specified and there is no barrier to new entry in establishing a new chamber. Consequently, chambers may face severe competition for membership, as no chamber represents all kinds of business as a sole institution in a particular region. Therefore, for enhancing income they face competitiveness and need to adopt vigorous marketing initiatives to promote services and concentrate more on membership needs. Because of their voluntary characteristic, this kind of chamber is independent to decide about options whether to emphasize on lobbying or providing direct services to its members. In essence, major features of this model are: private law status i.e. no specific law is required to establish or execute the chamber affairs, voluntary membership, no entry barrier and independence in operations i.e. free from government interference regarding functional decisions.

The third kind of model in chambers

operations is *Mixed Model* that constitutes the characteristics of both models mentioned above. This is also referred to as 'hybrid' or in some cases 'Asian' model (Fedotov 2007). It takes foundation from one model in the formation stage and energize by borrowing concepts and principles from other model continuously to guide its operations and creating a new hybrid.

In the operational practices different countries are following different models. The notable countries of Europe and Africa like German, France, Italy, Spain, Egypt, Algeria, Morocco etc. are following Continental Model. Countries following Anglo-Saxon Model are: South Africa, Zimbabwe, and Namibia in Africa; U.K., Sweden, Denmark, Czech Republic and Poland in Europe; Canada and U.S.A of North America; Chile, Venezuela, Argentina and Jamaica of Latin America. The countries of Asia and Australia that following Anglo-Saxon model are India, Singapore, Sri Lanka, Nepal, Philippines, Australia and New Zealand. However, the Mixed Models are followed by Brazil and Mexico of Latin America along with most of the Asian countries such as Bangladesh, Bhutan, Nepal, Kuwait, Pakistan, Indonesia, Singapore, Japan and Thailand (Fedotov 2007). Some countries are re-orienting their practices and turning towards the new model by considering

their needs and feasibility. For example, Brazil and Mexico is now turning towards the pure Anglo-Saxon Model from existing practices of Mixed System. Poland is debating for Continental Model and Namibia for Mixed System from their present practices.

Every chamber model has own different characteristics by which differentiation can be made among them. Following tables shows the distinctive features of each model by using different criteria:

| Features | Continental Model | Anglo Saxon Model | Mixed Model |
|-----------------------|---|--|---|
| Legal Structure | Public-law chambers (The establishment and execution of chambers activities are made by distinct law and through proprietary designation) | Private-law chambers (There is no separate law but regulated by the incorporation law of particular geographical region) | Public-law chambers (The establishment and execution of chambers activities are made by distinct law and through proprietary designation) |
| Membership Status | Compulsory membership for individual businessmen and companies. | Voluntary membership across the area of business operations for any kinds of enterprises. | Voluntary membership of varying status with some exceptions. The general classifications are: <ul style="list-style-type: none"> • Ordinary • Extraordinary • Associates • Honorary |
| Area Definition | Government supervisory authority determines the operational area, generally one chamber in every major town/city. | There are no bindings regarding regional coverage for operation of any chamber. | One chamber per district / city area with non intersection. |
| Supervising authority | All the affairs are controlled and supervised by government. | No supervisory authority, chambers perform their affairs under the incorporation law of specific area. | Some government ministry entrusted with the chambers affairs that varies in different countries. For example, in Thailand Minister of Economic Affairs and in Japan Minister of International Trade and Industry. |

| Features | Continental Model | Anglo Saxon Model | Mixed Model |
|----------------------------------|---|---|--|
| Autonomous Functions of Chambers | <ul style="list-style-type: none"> • Preserving and enhancing members' interest in the operational area. • Provide counseling services to government authorities. • Promoting trade and industry through providing support services. | <ul style="list-style-type: none"> • The functions of chambers are determined and framed by chamber bylaws and in annual business plans. | <ul style="list-style-type: none"> • Promoting trade, industry, agriculture, finance or other sector of enterprises in the operational area. • Advising government and making coordination between government and business. • Conducting research related to trade and industry. • Providing advice and extending business facilities like issuance of certificate of origin, training and education facilities, arranging trade fair and arbitration of disputes etc. |
| Delegated functions | <ul style="list-style-type: none"> • Organizing different types of training for business promotion, issuance of certificate of origin and other certificates and other delegated functions. | <ul style="list-style-type: none"> • No mandatory functions need to be performed. | <ul style="list-style-type: none"> • Operational activities assigned by the government and outlined by law. |

IV. Practices of Chambers Models in Bangladesh : An Evaluation in the Light of the Above Models

Different kinds of chambers are operating in the various levels and in different geographical area of Bangladesh. At present 60 chamber of commerce and

industries are operating at the district levels.⁷⁾ Federation of Bangladesh Chambers of Commerce and Industry is the apex body of all chambers of commerce and industries as well as all trade associations of the country. Other than

7) <http://www.bdtradeinfo.com/yellowpages>, surfed on 16.02.2011 at 5:48 P.M. (GMT+6hrs.)

district level chambers of commerce and industries, some international and specialized chambers of commerce and industries are operating. The common features of chambers practices in Bangladesh can be summed up in the following points. Almost all the chambers in Bangladesh are established and registered under the Joint Stock Company Act, 1994. The bylaws of the chambers operations are formulated by Board of Directors(BOD) and must be consistent with prevailing legal framework of the country. The structure of membership is voluntary in nature. The members are categorized into four types: Associate, Ordinary/General, Town Association and Trade Group. In specifying area of operations, general principle is that every district should have one chamber of commerce and industry. Besides, for other chambers operational area should be determined based on the nature of operations of specific chamber category. In Bangladesh all the chambers and associations are operated under the indirect guidance and supervision of Ministry of Commerce. But in necessary case government may apply intervention for preserving and enhancing the members/public interest. Characteristically, chambers are involved for promoting business, providing advisory services to the members, arranging training programs and trade fairs /exhibition and other

support services for over all development of the entrepreneurship, trade and industry. They also work as a causeway between the government and business community. Besides, sometimes they perform the contingency jobs entrusted by the government for saving and serving the common interest of the business community and overall economic development of the country. Playing advisory role to the government in framing policies, rules and regulations are also notable practices by the chambers and trade bodies. Therefore, from the above discussion it is evident that chambers in Bangladesh can be categorized under the mixed or hybrid model of chambers operations with some exceptions.

V. Developmental Role of Sylhet Chambers of Commerce and Industry and its Operational Characteristics: An Evaluation

Like other chambers in the country SCCI has been playing important role for the development of the members and industrial development of the north east region of Bangladesh, comprising all the districts under Sylhet division. More elaborately, the contribution of SCCI can be summarized through the under

mentioned activities and achievements (SCCI 1973).

- Promoting and fostering cooperation and mutual help among the members.
- Protecting and safeguarding the interest of the business community.
- Advising government in devising trade, business and industrial policies.
- Entering into agreements with different parties for the overall industrial development of the region.
- Working for settlement of disputes and maintaining communication with government and other concerned bodies and institutions.
- Organizing training programs, seminars, symposium, workshop and other kinds of dialogue and forum for the development of the members and safeguarding the interest of business development.
- Providing scholarship for advancing education of the region.
- Accumulating membership and raising funds for the operational activities through collecting fees and membership dues.
- Investing funds in profitable ventures and projects as per the decisions of the BOD.
- Making contributions through conducting research, publishing periodicals

and other information template for disseminating knowledge to the members, industrial community and other suitable recipients.

- Building rapport with trade associations and other apposite institutions to enhance networking relationships for business development.
- Providing assistance through simplifying and facilitating business operations, issuing certificate of origin, performing inspection, and other need based facilities to the entrepreneurs.
- And other developmental activities as and when the BOD think is essential for the betterment of the chambers performance and saving the in interest of all the stakeholders concerned with SCCI.

The points above are clear depiction of the operational domain of SCCI. The following section will present extent of their achievement in various operational practices:

1. Growth of Members

One of the important activities of the SCCI is to collect and accumulate the members for the overall improvement of the performance. There are four types of members in the purview of SCCI operations. These are: Ordinary, Asso-

ciate, Town Association and Group Members.⁸⁾ The <Table 1> depicts that growth of new members in 2005/06 was increased by 156% compared to 2004/5. But it is declined by 4.17% in 2006/7. There were no clear reasons behind the enhancement and declining in the scenario of new category membership growth. But, it is learnt from the experience that before any election generally, enrolment of new members are increased due to vigorous initiatives of the prospective candidates who will compete for the positions in the executive committees from the specific category of members. However, as there was a conflict among the leaders in the BOD in the middle of the 2005/6, consequently, the collection of new members

declined in 2006/7.

The scenario in the renewal of membership category shows a sharp decline which is ranging from 20% to 36.4% during the period of 2004 to 2007. It has been learnt from the interview that sometimes people become interested to be a member of SCCI only for serving the short term interest such as mandatory membership for export/import purpose, requests from chamber leaders for election purpose etc. Therefore, it is manifested in the study that membership in the chambers brought limited effect in terms of generating long term commitment that may result in the achievement of developmental objectives. So, existing members become reluctant to renew their membership without any urgency. It is revealed in the study that only few business entrepreneurs are the member of SCCI keeping majority out of the purview of chambers operations. Although, by broadening and applying the members' selection strategy in befitting manner many talents could be brought. So, this scenario leads to the deficit of income and paucity of dynamic leadership for overall development.

8) Any commercial or industrial concern can be an ordinary member if it pays annual subscription of Tk. 1500 and admission fees Tk. 230 irrespective of its area of operations and size of business. Associate members need to pay annual subscription Tk. 750 along with admission fee Tk. 230. Any trade association representing particular industry or trade group within the district is eligible for being member in the 'group' category, the annual subscription of which is Tk. 5000 along with admission fee of Tk. 5000. Any organized association representing the trade and / or industries of a specific geographical area within the district can be a member in the 'Town Association' category. The annual subscription and admission fee for this category is similar to the group category membership.

<Table 1> Membership Growth in SCCI from 2004/5-2006/7

| Year/ Status Member Category | 2004-05 | | 2005-06 | | 2006-07 | | Growth of new in 05-06 | Growth of new in 06-07 | Old members renewed in 05-06 | Old members renewed in 06-07 |
|---------------------------------------|-------------|------------|-------------|-------------|-------------|-------------|------------------------------|------------------------------|---------------------------------------|---------------------------------------|
| | Renew | New | Renew | New | Renew | New | | | | |
| Associate | 689 | 503 | 893 | 937 | 1074 | 982 | 86.28 | 4.80 | -16.41 | -41.31 |
| Ordinary | 528 | 97 | 555 | 598 | 821 | 490 | 516.49 | -18.06 | -3.84 | -28.79 |
| Group | 04 | 00 | 04 | 01 | 05 | 00 | 100.00 | -100.0 | 0.00 | 0.00 |
| Town | 01 | 00 | 01 | 00 | 01 | 00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 1222 | 600 | 1453 | 1536 | 1901 | 1472 | 156.00 | -4.17 | -20.25 | -36.40 |

2. Evaluating Financial Performance from Developmental Viewpoints

Patterns of income and expenditure is one of the important determinants of the overall performance of an organization. Every organization needs to strengthen their financial position by increasing their revenue. A service organization like chambers is majorly dependent on the subscription of members as a source of revenue. The <Table 2> depicts the statement of changes in total income and expenditure of SCCI from 2003/4 to 2006/7.

It is obvious in the <Table 2> that both income and expenditure has been reduced by 10.93 percent and 10.78 percent respectively in 2004/5 compared to 2003/4. But positive growth in income and expenditure has been found in 2005

/6 and 2006/7 when these pictures are compared with immediate past year. The growth in income and expenditure is 86.71 and 178.38 percent in 2005/6, while on the other hand in 2006/7 it is 33.2 and 8.51 percent respectively. Growth of income and expenditure is an important indicator of the dynamism of operations and financial health of an enterprise. Income and expenditure should be in balanced proportion to obtain sustainable growth of an association. In the SCCI though the expenditure never exceeded the income but utilization pattern of financial resources is not showing sound financial management. It is sufficed in the percentage of year wise surpluses that income throughout the years is not consistently utilizing for the overall development of the members.

<Table 2> Statement of Changes in Total Income and Expenditure

| Year Items | 2003-04 | 2004-05 | 2005-06 | 2006-07 | Growth in 04-05 | Growth in 05-06 | Growth in 06-07 |
|---------------|----------|---------|----------|----------|--------------------|--------------------|--------------------|
| Income | 4098119 | 3650246 | 6815450 | 9078115 | -10.93 | 86.71 | 33.20 |
| Expenditure | 2199131 | 1962051 | 5462013 | 5927098 | -10.78 | 178.38 | 8.51 |
| Surpluses | 1898988 | 1688195 | 1353437 | 3151017 | - | - | - |
| % of Surplus | 46.33804 | 46.2488 | 19.85837 | 34.71004 | - | - | - |

Source: Annual Statement of SCCI 2004-2007

3. Appraising Performance by Sources of Income

Source of income is an important measure which determines the operational effectiveness of an organization. Different income sources of SCCI are annual subscription of the members including their entrance fee, income from arranging fair and exhibition, income from fixed deposit, rent and other sources. In this study income sources are categorized into three heads based on their nature. Annual subscription and entrance fee is categorized as regular income presented in the 1st category. Income from support services like organizing trade fair, exhibition etc. is treated in the 2nd category. Earning from fixed deposit, rent from building and income from other sources is described as income from idle investment

which is presented in the 3rd category. In <Table 3>, it is evident that percentage of regular income in different years is ranged from 25.47 to 37.21 percent. Income generated from support services and developmental sources is ranged between lowest 32.94 to highest 52.15 percent. Income from idle investment is ranged between 14.44 to 35.43 percent. After totaling the income of four years the percentage of income stood into the different categories is 31.01 percent, 41.66 percent and 27.32 percent respectively in the 1st, 2nd and 3rd category of income sources.

<Table 3> Year Wise Distribution of the Major Income Sources of SCCI

| Years Category/Items | | 2003-04 | 2004-05 | 2005-06 | 2006-07 | Total |
|---|---|---------------------|--------------------|--------------------|--------------------|--------------------|
| Category-1 Regular Income | Annual Subscription & Entrance fee | 1524750 (37.21)* | 1217400 (33.35) | 2277190 (33.41) | 2312440 (25.47) | 7331780 (31.01) |
| Category-2 Income from Support Services | Net Income from Organizing trade fair | 1350000 (32.94) | 1396662 (38.26) | 3554110 (52.15) | 3549590 (39.10) | 9850362 (41.66) |
| Category-3 Income from Idle Investment | Income from fixed deposit, rent & other sources | 1223369 (29.85) | 1036184 (28.39) | 984150 (14.44) | 3216085 (35.43) | 6459788 (27.32) |
| | Total Income (TI) | 4098119 (100) | 3650246 (100) | 6815450 (100) | 9078115 (100) | 23641930 (100) |

* Figure in the parenthesis shows the percentage of each item in different years.

Source: Annual Statement of SCCI 2004–2007

It is clear in the table that major portion of income in different years are generating from 1st and 2nd category which constitute the development oriented sources of income. Furthermore, SCCI can take deliberate and preplanned initiatives for increasing the income from these two sources by some innovative measures such as promotional campaign of diversified nature, providing need based counseling and technical services to the entrepreneurs, building strong networking relationship for supplying different kinds of input including information, physical and other important soft resources etc. Although income from the idle investment is lower

in percentage, but a large amount of money is involved here, that could otherwise be invested in the more profitable development oriented ventures. So, in terms of generating the income, SCCI need to focus on important innovative sources that provide them long-term competitiveness, enhance business and entrepreneurship development initiatives and assist in achieving survival objectives by the client firms in the vigorous competitive environment.

4. Assessing Performance in Utilizing Financial Resources

Proper utilization of the financial resources is one of the critical factors in the way of achieving success by an institution. Expenditure pattern in this study is classified into four categories. Salary, bonus, entertainment and other operating expenditure is considered as regular recurring expenditure shown in category-1. Expenditure related to business support and development is presented in category-2 that includes heads of trade fair, seminar, workshop, feasibility study and other business development expenditure. Expenditure related to CSR is included in category-3 that comprised education scholarship, grants, relief and other philanthropic activities. And finally, legal expenditure relating to mutual conflict is presented in the category-4. It is evident in <Table 4> that out of total expenditure, recurring expenses are of lion's share, which is ranged between minimum 56.84 percent to maximum 84.28 percent. The business support and development expenditure, which is considered as vital to any chambers operation, constitute only a negligible portion of expenses, ranging from lowest 1.99 percent to highest 17.30 percent.

Corporate social responsibility is one of the vital issues of business opera-

tions in the contemporary society. But expenses in this head are also very negligible that ranged between 1.56 and 7.7 percent. Legal expenditure relating to mutual conflict resolution is considered as burden but SCCI bound to soldier it due to unexpected conflict by the leaders of the association. So, from the above discussion one strong recommendation can be made find out innovative ways to expend money for the development objectives so that it become worthwhile through creating business support and facilitation. And other unproductive and undesired heads of expenditure must be contained for accelerating the innovation process by SCCI.

<Table 4> Year Wise Distribution of the Heads of Expenditure of SCCI

| Years | Category/Items | 2003-04 | 2004-05 | 2005-06 | 2006-07 | Total |
|---|---|---------------------|--------------------|--------------------|--------------------|--------------------|
| Category-1 Regular Expenditure | Salary, bonus, entertainment and other operating expenditure | 1690628 (76.88)* | 1653712 (84.28) | 3104855 (56.84) | 4288148 (72.35) | 1690628 (76.88) |
| Category-2 Expenditure related to Business Support and Development | Trade fair, seminar, workshop, feasibility study and other business development expenditure | 352963 (16.05) | 151235 (7.71) | 945168 (17.30) | 117660 (1.99) | 352963 (16.05) |
| Category-3 Expenditure for CSR | Education scholarship, grants, relief and others | 154500 (7.03) | 151804 (7.7) | 85000 (1.56) | 113750 (1.92) | 154500 (7.03) |
| Category-4 Legal Expenditure | Legal expenditure relating to mutual conflict | 1040 (0.05) | 5300 (0.27) | 1326990 (24.29) | 1407540 (23.75) | 1040 (0.05) |
| | Total Expenditure (TE) | 2199131 (100) | 1962051 (100) | 5462013 (100) | 5927098 (100) | 2199131 (100) |

* Figure in the parenthesis shows the percentage of each item in different years.

Source: Annual Statement of SCCI 2004-2007

5. Evaluating Performance of SCCI based on Autonomous developmental Activities

Chambers throughout the world perform many autonomous developmental activities within the purview of their operations. In the mixed model of chambers operations these kinds of activities are performed with large extent with some government directed activities in some cases. The overall activities of SCCI constitutes activities related busi-

ness support and development, activities related to corporate social responsibilities and internal functional affairs management. Business support and development related activities include: meeting with supervisory government authority, meeting with associations and delegates, business development seminars and workshops, arranging trade fair/ exhibition, sending delegates to trade air abroad, organizing protest to preserve business community interest, sending delegate in foreign country, organizing programs with

media, providing export trope and conducting feasibility study for establishing an industrial park in Sylhet. Activities related to CSR consist of meeting relating to contemporary social issues, organizing seminar and workshop on different contemporary social issues, and providing scholarship to the academic institutions. Activities related to internal affairs management comprised organizing different meetings including AGM and office automation contract.

The <table 5> exposed that in the business support and development related activities the SCCI performed different types of activities which is coun-

ted into 42 in number in the year 2004/5, 14 in 2005/6, and 16 in 2006/7. Overall achievement in this activity is 72 from 2004/5 to 2006/7. Although achievement in this category might not be the right measure to show the activities through numbers, but when it is taken together with total expenditure for this purpose, it can safely be concluded that SCCI could perform many other innovative activities compared to the present achievement causing towards preserving and enhancing the interest of its members and business community as a whole.

<Table 5> Autonomous Developmental Activities of SCCI during 2004-2007

| Types of Activities Conducted | 2004-05 | 2005-06 | 2006-07 | Total |
|---|----------------------|----------------|-----------|-----------------|
| Activities Related to Business Support and Development | | | | |
| Meeting with Supervisory authority | 11 | 03 | 10 | 24 |
| Meeting with associations and delegates | 08 | 07 | 05 | 20 |
| Business Development Seminar/workshop | 08 (15 days long) | 01 (05 day) | Nil | 09 (20 days) |
| Trade fair arranged | 01 | 01 | 01 | 03 |
| Delegates to trade fair abroad | 01 | Nil | Nil | 01 |
| Organizing Protest to preserve business community interest | 04 | Nil | Nil | 04 |
| Delegation in foreign country | 03 | Nil | Nil | 03 |
| Program with media | 04 | 02 | Nil | 06 |
| Export trope | 01(03) | Nil | Nil | 01(03) |
| Conducting feasibility study to establish an industrial park | 01 | Nil | Nil | 01 |
| Total | 42 | 14 | 16 | 72 |

| Activities related to CSR | | | | |
|---|-----------|-----------|-----------|-----------|
| Meeting relating to contemporary social issues | 07 | 03 | 12 | 22 |
| Seminar/workshop related to social awareness | Nil | Nil | 03 | 03 |
| Scholarship | 01 (84) | Nil | Nil | 01(84) |
| Total | 08 | 03 | 15 | 26 |
| Activities relating to Internal Affairs Management | | | | |
| Meeting related to internal affairs | 02 | 01 | 01 | 4 |
| Office automation contract | 01 | Nil | Nil | 01 |
| Total | 03 | 01 | 01 | 05 |

Source: Annual Statement of SCCI 2004–2007

In corporate social responsibility domain the achievement is also not commendable. In case of internal affairs management it is clear in the table that SCCI has conducted only four AGM/EGM or other special meetings along with routine BOD meeting, which are not sufficient to run and execute the job of organization innovatively, dynamically and effectively.

VI. Analysis of Gap between Expected Performance and Existing Practices in the Light of the Mixed Model of Chambers Operations and Some Relevant Suggestions

Like other chambers in Bangladesh SCCI is also playing important role to preserve the interest of the members as well as overall business community in Sylhet, broadly in the north–east region of Bangladesh, which is evident in the previous discussion. In spite of its achievement in various perspectives chambers are constraining with some operational bottlenecks that need to be ironed out for improving its performance at the expected level from its existing practices. The following points may be worthwhile to mention in this regard:

- The SCCI membership in different categories is very small in numbers compared to total business community in various sectors in the district. As it is stated above only some people are compelled by their short term needs of import or export or request of the aspirant

candidates in the future election become member. Because of absence of planned publicity, promotional programs and long term commitment towards the development of existing members' skills and fulfillment of their interest, they are also not interested to continue with their membership in future.

➤ Support services for entrepreneurship and existing business development are also very limited. Presently SCCI is organizing fair only in limited scale along with some mandatory services like issuing certificate of origin or other kinds of certificate. But there is an immense scope to broaden their operational domains in these activities. The notable area where they can play their innovative role are: giving need based training to the members and other business community on different operational dimensions like export-import procedure, functional operations of the business, technical improvement, automation for increasing productivity, environmental standards and so on.

➤ At present the sources of revenue of SCCI is limited to the members' entrance fee, annual fee, and income from some other idle investment. Although, it can increase its revenue by involving with many diversified activities like providing need based counseling to the business organizations, information services, publication of business directory,

journal, periodicals and other types of publications that may help business community in their operational needs. To increase revenue some other expertise services may be provided on payment of fees such as counseling on customs, taxation, labor law, corporate law etc. In case of expenditure the SCCI is not following consistency and modernism which is stated earlier. In that case also it can follow some alternative measures as it is stated previously.

➤ At present research involvement of SCCI is very weak. Although they can create opportunities for themselves as well as for overall business community by investing money in research and involving with some applied and commercial research activities. Even they can involve with some collaborative research activities with academic institutions of different levels and nature under the university-industry linkage program.

➤ Presently, SCCI is investing their surplus money in some unproductive way like fixed deposit in bank. Although, they can find out many alternative ways of investment for increasing surpluses for business community and society as a whole.

➤ For the industrial development in the region SCCI may take some initiatives like arranging specialized exhibition such as display of machineries, industrial products, different technologies etc.

In this regard they may mediate between the entrepreneurs and financial institutions for providing industrial loans at the initial, growth and survival stage of the enterprise development.

➤ Facilitating the establishment of specialized industrial zone through the private initiatives to support the clustering of the industries in suitable sectors consistent to the local needs, supplies, history and heritage which is feasible from all kinds of considerations.

VII. Conclusion

In the present days of globalization, intense competition and market forces orientation development of a strong and vibrant private sector is indispensable where chambers of commerce and industry as an association of the business community may play the important role. In the chambers operations different countries in the world are following three models: Continental Model, Anglo-Saxon Model and Mixed model. Along with other chambers in Bangladesh SCCI has been following mixed model of chambers operations to play their important role in preserving the interest of their members and overall business community of the region. It has been found in the study that SCCI is contributing in diffe-

rent area of operations like providing support and business development services to its members and business community, accumulating members, collecting revenue, and fulfilling corporate social responsibility etc. The important problems that constraining success achievement of SCCI operations are short term orientation in collecting members, limited portfolio of functional operations, lack of innovative initiatives in generating revenue, designing services, and utilizing the funds. Other limitations are: poor research involvement, lack of linkage between SCCI and academic institutions, mutual conflicts among the leaders and lack of dynamism in various operations. Therefore, it is suggested to adopt some important measures like innovating way for member collection, serving their needs, facilitating business development objectives by providing diversified need based training and other services, mediating for obtaining industrial finance and facilitating establishment of specialized industrial zone for attaining long term developmental goals of SCCI.

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