

Association Membership, Retention and Credentials in China



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Executive Summary

Associations are fascinated with the potential opportunity for expanding membership in China. As a country of more than 1.3 billion people and an economy that is growing at rates approaching 10% annually, there is good reason for the intense interest.

However, China also represents enormous challenges to associations that include governmental control over civil society domains, differences in culture that relate to adult learning, training and networking, language differences, lack of good intellectual property controls, and others.

IMA - The Association of Accountants and Financial Professionals in Business, asked GLOBALSTRAT to conduct an analysis of membership recruitment and retention outcomes for a select group of associations that offer professional credentials, and that have several years or more experience in China.

GLOBALSTRAT interviewed 5 professional societies, in addition to IMA, that have been delivering both membership and a professional designation, credential or certification program in mainland China for a period of at least 4 years or longer.

Our objective was to understand;

- a) what are the major challenges associations face in delivering their credentials,
- b) what challenges they face in recruiting and retaining members,
- c) what has been their actual performance (number of members and retention rates over time), and
- d) what approaches have they taken that have proven successful in China.

The results of these interviews and our interpretation of the feedback we obtained is provided here in this report, published with the permission of IMA.

NOTE: The associations that agreed to be interviewed for the project have requested that their identities be kept confidential because of the performance data that was shared. Therefore we have used pseudonyms instead of their true identities in this public report.

Comparative Association Survey Results

GLOBALSTRAT contacted and interviewed a total of 6 professional associations that deliver membership and credential programs in China;

ALPHA (a professional society in the management sector)

BETA (a professional society in the management sector)

GAMMA (a professional society in the logistics industry)

DELTA (a professional society in the building sector)

EPSILON (a professional society in the production and manufacturing sector)

ZETA (a professional society in the marketing sector)

Duration and Experience in China

The associations we interviewed have been operating in China for as long as 20 years, with 4 years being the shortest amount of experience in the country.

Years of experience in China;

- ALPHA 10
- BETA 10
- GAMMA 20
- DELTA 20
- EPSILON 4
- ZETA 11

Number of Credentials and Language

Participating associations were asked how many credentials they offered in China and what languages they were offered in.

Number of credentials offered and languages;

- ALPHA 1 in English and Mandarin
- BETA 4 of which only 1 is offered in Mandarin
- GAMMA 2 in English only
- DELTA 3 in English only
- EPSILON 16 of which 4 are in Mandarin (only 3 are really sold).
- ZETA 3 in English and Mandarin

Even in those cases where multiple credentials were offered, there was in almost every case just one credential per organization that was the dominant or primary credential in terms of demand in China.

Number of Credentials delivered in the past 1-3 years

ALPHA	3,000
BETA	credential "A" 8,908 / credential "B" 3126 / credential "C" 498 / credential "D" 536
GAMMA	credential "A" 2,000 / credential "B" 4,000
DELTA	500
EPSILON*	credential "A" 440 / credential "B" 140 / credential "C" 73
ZETA	3,000

*EPSILON test takers; credential "A" 704 / credential "B" 240 / credential "C" 187

Number of Members in China

Respondents were asked to indicate the number of members they have in China. Each of the associations surveyed indicated that the main driver for membership in China was access to the credential and discounts.

Number of members in China;

- ALPHA 9,800
- BETA 3,356
- GAMMA 2,000
- DELTA 4,000
- EPSILON DNK*
- ZETA 8,000

* These respondents were unsure of their membership statistics and unable to report reliable numbers.

Most associations did not focus on promoting membership because they did not experience any significant demand. Instead they concentrated on selling credentials, realizing that membership was simply a vehicle for individuals to get discounts to the credential training and testing.

Only GAMMA did not offer a discount on credentials through membership.

What is the relationship between membership and credentials?

Almost all respondents universally indicated that the primary motivation for individuals to obtain membership was to get a price discount on the credentials offered. In the case of one of the respondents, they felt that 90% of their membership was related to credential price discounts and that only 10% of members renewed after getting credentialed.

In the case of GAMMA, they do not offer a price discount on their credentials for members versus non-members and therefore they did not see any significant demand for membership.

A number of the respondents reported that the basic concept of “membership” in a professional society for local Chinese in general was not a popular nor attractive idea. Chinese prospective members simply did not see the value in joining, mainly because national associations are not in the culture of current day china.

How are are the tests and credentials delivered in China?

The 5 different associations we interviewed for this report used a variety of structures and vehicles to promote and deliver their credential products in China.

ALPHA and EPSILON have in-country staff that help to supervise or deliver the tests, or at least to supervise the process.

ALPHA partners with SAFEA, the Chinese State Agency for Foreign Expert Affairs. SAFEA is the Chinese government entity that is responsible for vetting and selecting qualified expert bodies that are then endorsed and allowed to deliver education and credentials in China.

For those organizations that offer skills development in a sector that the government has targeted, SAFEA can be very proactive in facilitating the delivery of these products.

In the case of ALPHA, potential test takers register and pay with SAFEA first (using a Chinese language site and payment gateway). SAFEA then passes the funds and registrant’s names to ALPHA for processing. They register first with SAFEA in Mandarin and then must register again in English with ALPHA for pre-test qualification (ALPHA spot checks that applicants have the requisite experience before offering the exam).

ZETA also partners with SAFEA. In the case of ZETA, SAFEA administers the test taking and ZETA staff score the paper based exams.

ALPHA uses Prometrics testing centers and GAMMA uses Pearson View for their credential and exam services. (Prometrics and Pearson View are companies that offer proctored and computer based testing facilities and platforms).

BETA administers its China operations through its HK based chapter where it had been based before expanding the chapter's scope of responsibility to include all of China.

The ZETA organization does not maintain any of their own staff but instead, the person responsible for their international activities travels to China once a month to coordinate with SAFEA.

The DELTA organization has no staff in China. Instead they supervise and manage their online self study courses and the online exams from their US based headquarters.

How are the credentials and exams promoted?

One of the common models for the promotion of credentials in China is through third party education providers and training companies. These for-profit partner companies deliver education, training and test preparation services. The association administers the test and does not deliver competing training services.

ALPHA reported that they believe 70% of their applicants come through their training company partners and 30% come from SAFEA. Test takers that come through SAFEA for ALPHA are primarily State Owned Enterprises (SOE's) that are targeted by the Chinese government and SAFEA for personnel development efforts. (State Owned Enterprises or SOE's are commercial companies that are either wholly or majority owned by the Chinese government and they are the dominant force in the Chinese economy.)

For ZETA, SAFEA acts as a J.V. partner whereby SAFEA promotes the tests, accepts payment and administers the tests. ZETA staff will then score the paper based tests. SAFEA also provides training services for test preparation and ZETA trains the trainers for SAFEA. It is a very collaborative process for ZETA and one that seems to work well for them.

Those associations that have staff based in China are making use of local language websites, email marketing, telemarketing, Google Adwords (in Chinese) and Chinese social media sites (Weibo) to promote their offerings.

All organizations reported a set of difficulties in a.) understanding local country needs and b.) penetrating SOE's (State Owned Enterprises). It is in the SOE's where they feel the bulk of the market opportunity reside simply due to their massive size (many times larger than the number of multi-national firms with established operations in China).

What are your greatest achievements?

We asked the participating associations to describe what they feel their greatest achievements have been in China. All of them paused and required some thought before they could answer this question.

ALPHA reported that its relationships with SOE's and SAFEA were among the greatest achievements. It also considered its multi-channel marketing efforts and having a strong local staff team to be strengths. They also have a full-time, dedicated staff person for relationship management with their partners and SAFEA that they felt is a significant achievement.

Other respondents reported only what they considered to be moderate success, including just the fact that they have passed the initial hurdles and have been able to deliver programs. Having established a relationship with SAFEA or other government partners was also cited as an achievement while DELTA considered having achieved a measurable level of Word of Mouth marketing as a success.

None of the respondents reported significant financial returns as an achieved success.

What are your greatest challenges?

When we asked respondents to identify their most significant challenges in China, we received a much more spontaneous and robust response.

Difficulties in identifying local market needs and customer demand was a common theme. Another common refrain was the challenge to effectively communicate the value of a credential and of membership to individuals and their employers (i.e. how to educate the market).

Another major and growing challenge in China is how to identify, recruit, retain and train qualified staff at acceptable rates of pay. Especially when it comes to finding candidates that understand what an association is and how it operates. Every domestic and multi-national company that operates in China is competing for talent in a hot market with Chinese willing to “job hop” for the next highest paying position.

Despite the many years that most of the participating associations have achieved in China, they felt it is still “early days” in China. They felt it takes an extended amount of time to establish relationships with the most appropriate government entity or department. Success depends on a combination of choosing the right partner and then developing an effective relationship or partnership.

One of the biggest obstacles cited was the overall lack of market acceptance or demand for the professional association membership model. They felt that this was more of a cultural rather than a technical obstacle.

Another significant challenge is the inability to penetrate SOE’s and local Chinese companies. This is in part because of a lack of investment by Chinese companies in staff development and education. The other major hurdle here is the Chinese language. It is essential to offer a true “end to end” experience in Chinese in order to attract true SOE’s and local individuals.

Government bureaucracy and the difficulty of operating in China, from company registration and banking to the restrictions on operations without a Chinese partner, were also highlighted.

Last but certainly not least in terms of importance was maintaining security over the organization’s Body of Knowledge (BOK), intellectual property including trademarks, copyrighted material, exam questions and the exam process.

What advice do you have for other associations?

Given that most of the participating organizations have many years of experience in China, we asked if they had any advice for other groups that wanted to operate in China.

At the top of the list was the need to identify the most appropriate local governmental agency partner and to cultivate a relationship / partnership. In particular, to have a government partner that will help to protect the association's Intellectual Property (IP), content and test questions.

A common refrain was to anticipate the long haul, citing that it takes a lot of time (quantity of input as well as duration) to make progress.

Another very strong and clear piece of advice is that Chinese language support is a "must have" in order to reach a significant portion of the domestic market.

The two associations that use SAFEA to collect registration fees and then to pass the proceeds and information on to the association, reported good experience. They report being paid on time and that SAFEA passes the full amount paid locally in RMB to the organizations in USD. This seems to be a very satisfactory arrangement and is most effective at reaching individuals within SOE's.

All groups reported extremely low demand for membership, very low renewal rates and seem resigned that this will not change in the future. All are focused on the promotion and sale of the credential. Membership does not feature as a major component in their business models or plans.

Each of the respondents also relies heavily on related third parties to promote their credential. Usually these are training companies that provide education and test preparation services or are dedicated marketing service firms.

Outcomes and Observations

GLOBALSTRAT started this project with two fundamental questions;

“Is membership retention in China a cultural issue or is it a process issue?”

and,

“Do we believe that people from State Owned Enterprises (Chinese Nationals) behave differently regarding membership and renewals than employees from multi-nationals (Westerners)?”

Based on the responses we received and from prior experience with other associations, the lack of interest in joining a professional association appears to be a cultural characteristic in mainland China. We also have no reason to expect that this characteristic will change in the near future.

Observations

Based on our discussions with the survey participants, we can make the following observations;

- A. We feel that associations that are determined to serve the Chinese market and that have the resources, will be significantly more successful if they are able to provide a complete Chinese language path, from start to finish (from the first “touch” through to annual renewal and payment).
- B. Working with a local partner to collect and track membership fees, together with credential related fees (like SAFEA) can be very successful, as long as you maintain tight control over the process. In an ideal world, SAFEA would make continuing membership in the partner association a mandatory requirement for maintaining the professional credential.
- C. The use of local staff (Chinese nationals) to promote and administer your program is a strong operational advantage.
- D. Associations should make use of multiple marketing channels to raise awareness and drive interest in the certification, building an email prospecting database and using social media channels.
- E. Associations might consider mapping the member value proposition from the local Chinese perspective in terms of how the membership, credential and other member benefits are perceived.

We hope that associations with an interest in China find this report helpful and we want to thank IMA - The Association of Accountants and Financial Professionals in Business, for permission to share this information.

Do not hesitate to contact us if you have any questions regarding global growth and international business strategies.

Terrance Barkan CAE - Chief Strategist

A handwritten signature in black ink, appearing to read 'Terrance Barkan', with a stylized flourish at the end.

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