

'Peak' Employers' Organizations: International Attempts at Transferring Experience

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Employers' organizations central role in social dialogue at national and supra-national levels is advocated and supported by supra-national institutions. Yet some of the organizations, particularly outside Western Europe, face considerable membership and revenue generation challenges. West European national employers' organizations are used extensively as models of 'best practice' for their counterparts in the developing world and especially in Central and Eastern Europe. This article examines how far West European models can be used in this way. International data are analysed to suggest that Western European models should only be used as exemplars under strict conditions, as a more context-sensitive approach is required. Moreover, measures based on high levels of state support may threaten organizational independence.

Keywords: employers' associations, industrial relations

Introduction

This article discusses 'peak' employers' organizations internationally, and assesses the suitability of West European models for assisting their weaker counterparts elsewhere. The European Foundation (2003) defines 'peak' bodies as 'national employer peak associations'

independent of, and not subordinate to another employers' organization, with national and cross-sectoral membership domains and fulfilling the role of a 'pure' employers' organization. They represent business to national and supra-national bodies and remain essential to social dialogue. The International Labour Organization (ILO) and the European Union (EU) emphasize these processes as foundations of democracy.

Many also coordinate multi-employer collective bargaining, lobby other institutions and provide commercial services. Typically, they are members of the International Organization of Employers (IOE) or, in Europe, of the Union of Industrial and European Confederations of Europe (UNICE).

Windmuller and Gladstone (1984) argued that employers' organizations internationally showed considerable homogeneity in their practices based on collective bargaining, but also demonstrated that this was reducing in the early 1980s as trade unions declined in some countries. More recent commentators argue that European employer bodies face real challenges from competitors such as consultants, and from EU policies (Hornung-Draus, 2002). Western European employers' organizations are nevertheless often seen as 'success models'. Those in Eastern Europe and the developing world are not, because they often attract low levels of employer support (Hornung-Draus, 2002; Kauppinen and Welz, 2002).

Programmes to strengthen weaker employers' organizations are widespread. One of the ILO's four operational sectors is dedicated solely to promotion and improvement of social dialogue globally. This sector's biennial budget for 2004/5 was almost US\$130m. Further resources from the other three operational sectors, or extra-budgetary contributions donated to ILO are also targeted to this end. Similarly, the EU funds projects for employers' organizations and unions in 'accession' and 'accession candidate' countries. European-level social partner organizations alone plan to spend over €1.6 million of EU funds between December 2004 and July 2006 on capacity-building initiatives for unions and employers' organizations, in addition to the extensive resources devoted by the European Commission's Directorate GV to promoting social dialogue.

Much assistance consists of activities linking employers' organization representatives. The EU's 'Business Organizations as Single Market Integration Players' (BOSMIP) programme suggests the EU's purpose in its title, and provides networking opportunities

between Western employers' organizations and their Central and Eastern European counterparts. Other projects twin selected peak employers' organizations. All have the premise that if Eastern European employers' organizations mirror their Western European counterparts' behaviours, they can become successful organizations. ILO seminars, workshops and symposia are based upon the same notion (see, for example, O'Brien, 1991; Brennan, 1997).

This article critically examines this approach and is structured as follows. First, we review literature on the current position of employers organizations. Second, our methodology and international data are introduced. Third, the data are used to evaluate how applicable the Western European success models are to employers' bodies globally. Finally, conclusions are drawn.

Literature

It has been argued that employers' organizations persist at least partly because of institutional inertia (Scholz et al., 2004). Yet peak employers' organizations experience demand for their services both from external bodies and from their constituents.

National and supra-national demands brought about the establishment of peak employers' organizations in the US, Canada and many developing countries. In Canada and US, the organizations exist solely to represent business interests in international bodies like the ILO and OECD. In Austria, the law requires employers to join sectoral organizations, a practice also common in the Arab states (Wild, 1999). The European Monetary Union, by strengthening the need for wage restraint at national level, encouraged national social pacts involving peak employers' organizations (Pochet, 1999). In Sweden, employer organizations have long been heavily involved at national level, but recent EU legislation has created potential for further involvement to coordinate responses (Falkner and Leiber, 2004).

EU policy requires employers' organizations in Europe to engage in a social dialogue for which many East European employer bodies appear unfitted (Mailand and Due, 2004). Mailand and Due, critically examining East European employer organizations, propose four essential conditions for all partners involved in 'social dialogue'. First, the parties must be sufficiently independent of each other; second, all organizations must have sufficient organizational

capacity and legitimacy to act on behalf of the constituency they represent; third, the distribution of power between the participants must not be too uneven; and finally, the participants must show willingness to cooperate and acknowledge other parties' legitimate interests (Mailand and Due, 2004: 183).

Mailand and Due suggest that the first three of these conditions have been largely absent in Eastern Europe. Employers' organizations often have weak bases of support and governments largely ignored them after negotiating the transition's initial uncertainties (Kyla, 1995; Flanagan, 1998; Gabor, 2000). Thus, it has been argued that formalized tripartism threatens to become 'totalitarian corporatism' in Eastern Europe (Gabor, 2000: 16). In Africa, employers' associations developed in the 1960s in response to growing unionization, but state pressure created essentially puppet institutions (Ansprenger, 1983). Thus, tripartism formally exists in many countries outside Western Europe, but employers' organizations frequently lack independence, threatening breach of Mailand and Due's first criterion.

Nevertheless, in many countries real employer demand for the organizations also exists. Traxler and colleagues (Traxler, 1998a, 1998b, 2004; Traxler et al., 2001; Traxler and Behrens, 2002) analysed 'peak' employers' organizations in developed countries excluding the US. His latest study (Traxler, 2004) suggests that these organizations have succeeded in maintaining membership density *where there is sectoral bargaining and particularly where the results of the bargain are extended to all companies in the sector* (Traxler, 2004: 49–50). Multi-employer collective bargaining remains significant in many European countries but is changing to allow more individual employer flexibility (Marginson et al., 2003). Traxler shows a strong association between membership stability and sectoral level bargaining arrangements. Peak bodies' prospects are intimately connected with those of sectoral employers' associations, since the latter provide organizational and financial bases. Employers compelled to recognize sectoral bargains have strong incentives to participate in its negotiation, strengthening their adhesion to sectoral organizations, with positive results for peak organizations.

Germany illustrates the mechanisms at work. Although weaker than some Nordic employers' organizations, the BDA (Bundesvereinigung der Deutschen Arbeitgeberverbände) is part of a system described variously as a 'Co-ordinated Market Economy'

(Hall and Soskice, 2001) or a 'Co-ordinated Business System' (Whitley, 2000). In these models, employers' organizations coordinate and discipline members to negotiate and observe sectoral bargains, as part of a wider system of coordination. At sectoral level, however, the density of employers' membership in associations declined by the late 1990s as a result of two factors. First, reduced union power brought employer questioning of sectoral settlements (Lane, 2000). Second, reunification offered employers a weakly unionized region (Zagelmeyer, 1997). Some employers left employers' associations and are outside sectoral agreements (Kohaut and Bellmann, 1997). In the Eastern *neue Bundesländer*, private sector employers' organizations developed relatively weakly, especially among smaller employers (Rosdücher, 1994; Schroeder and Sylvia, 2003). Yet by 2000, BDA had more members than 10 years earlier, because privatization had opened up more sectors to membership, a factor that also had a comparable impact in the UK and France. The trends are therefore contradictory.

Other European employers sometimes refer to the English-speaking world for alternative 'deregulated' models (Barnard et al., 2003). Sectoral bargaining largely disappeared in Britain in the 1970s and 1980s, surviving only in specific industrial contexts (Gospel, 1992; Gospel and Druker, 1998). Organizations faced by such challenges may adapt by reducing the costs of membership, and/or introduce what Traxler describes as 'selective incentives'. Traxler (2004) draws on New Zealand research for the example of the Auckland Employers' Association, which, deprived of much of its bargaining role, successfully commercialized its services. Yet, crucially, the organization had strong historic employer links from its previous functions (Carol and Tremewan, 1993). These adaptations may therefore depend for their success on a *history* of industrial relations links between employers and associations.

In summary, peak bodies in many countries have sought to adapt. They appear to be able significantly to maintain their positions in four possible ways. First, continued importance of multi-employer collective bargaining (e.g. Germany). Second, strong state support (e.g. Austria, the Arab states). Third, the enlargement of potential constituencies can assist them (e.g. the UK, Germany, France). Fourth, service provision can make them more attractive to members (e.g. New Zealand). Whether these circumstances or measures exist elsewhere remains unclear.

Research Question

Our research question is therefore: how far are the environmental conditions identified in Traxler's analysis critical to the success of efforts to renew employers' organizations beyond the countries he examined?

The answer is likely to be relevant to attempts to spread 'best practice' between employers' organizations.

Methodology

The article draws on two studies conducted by the authors on behalf of the ILO and synthesizes data relating to collective bargaining from various sources. It also draws on the authors' experience of working in employers' organization development throughout the world including, most recently, in the Central and Eastern European EU accession countries.

The first study contains survey data on internal management issues in 71 employers' organizations globally, including the USA (Wild, 1999).

The second study contains data obtained in three surveys of employers' organizations and individual companies conducted in 2003 (Wild, 2003):

1. An analysis of the characteristics of members of employers' organizations taken from the 1999/2000 'survey of 6236 companies in 22 European countries. ' is an international survey of HR practices answered by the most senior HR manager in each organization. It asks a wide range of questions about each organization's HR practices and organizational characteristics. (For more detail on the survey and its methods, see Tregaskis et al., 2004.)
2. An enterprise survey of 900 small, medium and large companies in nine countries (Estonia, Republic of Ireland, Jamaica, Japan, Philippines, South Africa, Sri Lanka, Sweden and the USA) that, inter alia, evaluated companies' perceptions of employers' organizations as service providers.¹ The survey was answered by those responsible for membership and liaison with employers' associations. It was conducted in two phases. The first phase involved national research partners conducting a short question-

naire survey responded to by at least 100 private sector companies of varying sizes, representative of the national economy by employment. In phase two, in-depth interviews were conducted with 10 percent of the sample, for clarification and explanation of survey results.

3. A questionnaire based study of 40 employers' organizations conducted at the International Labour Conference in June 2003 that considered the strengths, weaknesses, opportunities and threats facing employers' organizations today. Respondents were the directors general of the employers' associations, or their functional equivalents.

The data relating to international trends in collective bargaining are taken from a variety of sources cited in the text.

The data analysed in this article constitute the most comprehensive data series available on the issue of employers' organization success. The surveys collectively considered over 7500 individual responses from respondents in 52 countries. They are nevertheless inevitably limited. The members' survey (*) took place in 22 Central, Eastern and Western European countries. While comparison with the findings of the other more international surveys do not throw up inconsistencies, more global data would have been welcome. The employers' organization surveys relied on response rates of 30 percent and 50 percent respectively, and the sample may be biased towards more efficient organizations. The results were however evenly spread across the world's regions. The service take-up data relies upon a detailed analysis of 900 enterprises in only nine countries of the world. Furthermore, directly comparable data were available for only seven of them. Although the results from the two other survey countries, Japan and South Africa, were entirely consistent, variations in local survey methods made it impossible to aggregate them in the charts.

Despite these caveats, the data allow analysis of both 'peak' and sectoral employers' organizations that can be combined with enterprise-level data to provide an international picture.

Data Analysis

We turn first to discussion of Traxler's central finding, that of the importance of sectoral bargaining to high membership density.

Sectoral Bargaining

Sectoral bargaining is under pressure in many European countries. It may be argued that in some countries (for example Denmark and Sweden), bargaining decentralization has led to greater sectoral coordination, but the argument clearly does not apply to countries such as Britain, Ireland and several East European countries (Vos, 2004). There are obvious reasons for the pressures. International competitive pressures fall unequally on companies, and those more exposed to international competition demand company-level bargaining to increase their capacity to adapt to changing labour and product markets.

How extensive is sectoral bargaining internationally? Table 1 illustrates the predominant forms of collective bargaining in a

TABLE 1
Wage Bargaining Levels by Country

| | National Level | Sector/ Regional Level | Company Level | Estimated Coverage (% of Working Population) |
|-------------------------|-------------------|------------------------------|------------------|---|
| <i>Africa</i> | | | | |
| Kenya | | | XXX | 35 (1995) |
| Mauritius | | | XXX | 40 (1995) |
| South Africa | | XX | XX | 49 (1998) |
| Swaziland | | | XXX | 25 (1995) |
| Uganda | | | XXX | 25 (1995) |
| Zambia | | | XXX | 30 (1995) |
| Zimbabwe | | | XX | 25 (1995) |
| <i>Asia and Pacific</i> | | | | |
| Australia | | | XXX | 80 (1996) |
| China | | | XXX | 15 (1995) |
| India | | | XXX | 2 (1995) |
| Japan | | | XXX | 20 (2000) |
| Korea (Republic of) | | | XXX | 14 (1999) |
| Malaysia | | | XXX | 3 (2001) |
| New Zealand | | | XXX | 21 (1999) |
| Philippines | | | XXX | 32 (2000) |
| Singapore | | | XXX | 19 (1998) |
| Thailand | | | XXX | 27 (1995) |

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Europe

| | | | | |
|-----------------------|-----|-----|-----|-------------|
| Austria | | XXX | | 98 (2001) |
| Belgium | XXX | | | > 90 (2001) |
| Cyprus | | XXX | | 70 (2001) |
| Czech Republic | | | XXX | 30 (2001) |
| Denmark | XX | XX | | 83 (2001) |
| Finland | XXX | | | 90 (2001) |
| France | | | XXX | 90 (2001) |
| Germany | | XXX | | 67 (2001) |
| Greece | | XXX | | n.a. |
| Hungary | | | XXX | 31 (2001) |
| Ireland (Republic of) | XXX | | | 80 (1995) |
| Italy | | XXX | | 90 (2001) |
| Latvia | | | XXX | 20 (2001) |
| Lithuania | | | XXX | 15 (2001) |
| Luxemburg | | XX | XX | 58 (1998) |
| Netherlands | | XXX | | 79 (1995) |
| Norway | | XXX | | 77 (1998) |
| Poland | | | XXX | 40 (2001) |
| Portugal | | XXX | | 87 (2001) |
| Slovakia | | XXX | | 48 (2001) |
| Slovenia | XXX | | | 100 (2001) |
| Spain | | XXX | XX | 81 (2001) |
| Sweden | | XXX | | > 90 (2001) |
| Switzerland | | XX | XX | 37 (1999) |
| UK | | | XXX | 36 (2001) |

The Americas

| | | | | |
|------------|----|-----|-----|-----------|
| Argentina | XX | XX | | 65 (200) |
| Bolivia | | | XXX | 11 (1995) |
| Brazil | | XXX | | n.a. |
| Canada | | | | 34 (1998) |
| Chile | | | XXX | 10 (1999) |
| Costa Rica | | | XXX | 3 (1995) |
| Ecuador | | | XXX | 5 (1995) |
| Guyana | | | XXX | 27 (1995) |
| Honduras | | | XXX | 13 (1995) |
| Mexico | | | XXX | 18 (1998) |
| Panama | | | XXX | 16 (1995) |
| Peru | | | XXX | 10 (1995) |
| US | | | XXX | 15 (2000) |
| Uruguay | | XXX | | 16 (1999) |
| Venezuela | | | XXX | 27 (1998) |

Key:

XXX = dominant level of collective bargaining.

XX = important, but not dominant form of collective bargaining.

sample of countries globally for which data are available (European Foundation, 2003a, 2003b; ILO, 1997, 1998; Visser 2000; Vega Ruiz, 2003). It shows that sectoral bargaining is a largely West European phenomenon.

Trade unions in most countries have been in no position to exert pressure on other national industrial relations actors to strengthen sectoral bargaining. Moreover, for unions, company-level bargaining impacts more positively on job security, a key membership concern.

Table 2 tracks trends in trade union membership in a range of countries from the mid-1980s to the mid-1990s using a variety of sources (ILO, 1997, 1998) Outside of a few countries, there is a widespread trend for trade unions to lose members.

Thus, if sectoral bargaining is a necessary condition for peak employers' organization sustainability, the rareness of such bargaining outside Europe means that many employers' organizations experience relatively great pressure to provide other services.

Industrial Relations: Precondition for Renewal?

Our data reveal that the difference in resource availability between rich and poor 'peak' organizations is stark. The 1999 survey of employers' organizations (Wild, 1999) showed that the typical employers' organization in a developed economy enjoyed an income in US dollars some 50 times higher than that earned in less developed countries, and 40 times higher than that earned in

TABLE 2
Trade Union Density (% of Non-Agricultural Workforce)

| | Mid-1980s | Mid-1990s |
|---------------|-----------|-----------|
| <i>Africa</i> | | |
| Kenya | 42 | 17 |
| Mauritius | 35 | 26 |
| South Africa | 28 | 54 |
| Uganda | 8 | 4 |
| Zambia | 19 | 13 |
| Zimbabwe | 12 | 14 |

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Asia and Pacific

| | | |
|---------------------|----|----|
| Australia | 46 | 29 |
| China | 59 | 55 |
| India | 27 | 15 |
| Japan | 28 | 23 |
| Korea (Republic of) | 12 | 13 |
| Malaysia | 14 | 13 |
| New Zealand | 44 | 22 |
| Philippines | 24 | 30 |
| Singapore | 19 | 16 |
| Thailand | 4 | 4 |

Europe

| | | |
|-----------------------|----|----|
| Austria | 52 | 39 |
| Belgium | 51 | 54 |
| Czech Republic | 77 | 43 |
| Denmark | 79 | 68 |
| Finland | 69 | 60 |
| France | 14 | 6 |
| Germany | 36 | 30 |
| Greece | 37 | 24 |
| Hungary | 80 | 60 |
| Ireland (Republic of) | 56 | 36 |
| Italy | 42 | 31 |
| Luxembourg | 50 | 43 |
| Norway | 56 | 52 |
| Poland | 59 | 34 |
| Portugal | 41 | 25 |
| Slovakia | 77 | 62 |
| Spain | 9 | 11 |
| Sweden | 82 | 77 |
| Switzerland | 28 | 20 |
| UK | 45 | 33 |

Americas

| | | |
|------------|----|----|
| Argentina | 67 | 39 |
| Canada | 37 | 31 |
| Chile | 12 | 16 |
| Costa Rica | 29 | 17 |
| Mexico | 60 | 43 |
| Panama | 20 | 14 |
| US | 18 | 13 |
| Uruguay | 20 | 12 |
| Venezuela | 30 | 17 |

Eastern Europe. The staff headcount of a typical employers' organization in a developed country was 114 while the equivalent headcount in less developed countries was just seven.

Other than in specific cases such as the US Council for International Business (USCIB), an organization that exists solely to represent US business interests in forums like the ILO and OECD, the difference is not associated with a difference in mission, objectives or scope of service provision. It is associated with fewer members, lower member fees and a lack of services to employers. In Eastern Europe, cases of staff remaining unpaid for long periods of time or organizations relying for their survival on international grants and on projects to cover core costs are commonplace.

This in itself suggests considerable difficulties in transferring 'best practice' between associations. The difficulties involved in developing effective internal divisions of labour when dealing with extensive governmental apparatuses with small numbers of staff are clear. So, too, is the difficulty of retaining high quality staff in the weaker organizations not least because of difficulties in paying salaries regularly.

Although there is a correlation between national economic wealth and employers' organizations' financial stability, relatively poor peak employers' organizations exist in successful economies (Canada) and vice versa (Sri Lanka). Respondents suggested that this might be due to certain organizations in rich economies being less efficient or effective in maximizing their market opportunities, while others in poorer economies have maximized their possibilities. This argument is also used by those involved in best practice migration projects to support the notion that by becoming more efficient, organizations could move from commanding only minimal employer loyalty towards being 'success models'.

However, more refined comparison of these data with information on the nature of national industrial relations practice suggests a different conclusion. A few outlier countries were identified in our surveys because their income and headcount fell far outside a tightly clustered group. There were six such countries in the sample of 71. In the developed countries, compared to the typical figure of 114, three employers' organizations employed just 24 staff between them. In the less developed countries, compared to the typical figure of seven staff, three employers' organizations employed 250 people between them. Due to commitments made

when organizations agreed to complete the survey, the names of the individual outlier organizations cannot be revealed.

The three 'low resource' developed country organizations were located in countries with little or no private sector multi-employer collective bargaining. Conversely, the three high employment, less developed organizations were in countries with current or historically well-developed systems of multi-employer bargaining. In all three of the latter cases, the countries in question are making transitions from central or sectoral-level collective bargaining to more decentralized approaches. Their relative success is based upon perceived historic good performance in multi-employer bargaining combined with a relatively active current industrial relations environment as bargaining systems change. The organizations are moving from being direct bargaining agents on behalf of company groupings to being advisers to individual companies. Hence, the outlier organizations appear to confirm Traxler's thesis that sectoral bargaining and extension practices at the industry level provide the essential background for 'peak' organizations to be successful. However, our evidence tends to support an extension to his argument in that in these cases it is both recent and history and current change away from this model that provides support for the associations.

The relationship to bargaining is illustrated in Tables 3 and 4. The CRANET survey data from 1999/2000 in Table 3 show, possibly unsurprisingly, that companies involved in more centralized forms of collective bargaining for manual and clerical staff are more likely to join employers' organizations while those that set pay at the individual level are far less likely to join.

TABLE 3
The Level at Which Pay is Set (Non-Members in italics)

| Level | Manual (%) | | Clerical (%) | | Prof./Tech. (%) | | Mgmt (%) | |
|---------------|-------------|-------------|--------------|-------------|-----------------|------|----------|------|
| National | <i>43.4</i> | <i>31.1</i> | <i>34.6</i> | <i>26.0</i> | 27.8 | 22.8 | 18.2 | 19.6 |
| Regional | <i>11.6</i> | <i>6.3</i> | <i>8.7</i> | <i>4.9</i> | 7.1 | 3.8 | 3.4 | 2.6 |
| Company | <i>18.7</i> | <i>25.9</i> | <i>21.9</i> | <i>26.9</i> | 22.6 | 27.8 | 24.3 | 27.5 |
| Establishment | <i>15.6</i> | <i>19.8</i> | <i>16.0</i> | <i>19.1</i> | 15.7 | 17.7 | 10.2 | 11.7 |
| Individual | <i>10.7</i> | <i>17.0</i> | <i>18.7</i> | <i>23.1</i> | 26.8 | 27.8 | 44.0 | 38.6 |

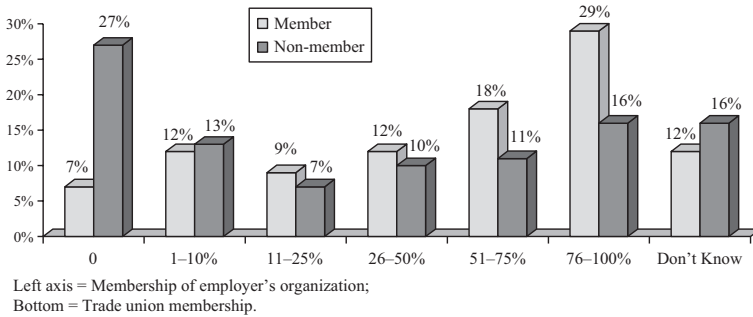


FIGURE 1
Trade Union Membership

Perhaps more interestingly, Figures 1 and 2 show a marked tendency for European companies reporting no trade union influence on their activities not to join employers' organizations.

Companies with no trade union membership and no perceived trade union influence were four and three times respectively less likely to join employers' organizations. This factor was clearly significant and was therefore followed up in a series of interviews with respondents to the enterprise survey. It was regularly suggested that non-membership was due to their unwillingness to associate themselves with organizations that dealt with collective industrial relations. A typical comment from an Irish managing director serves as an example of how managers explained the phenomenon:

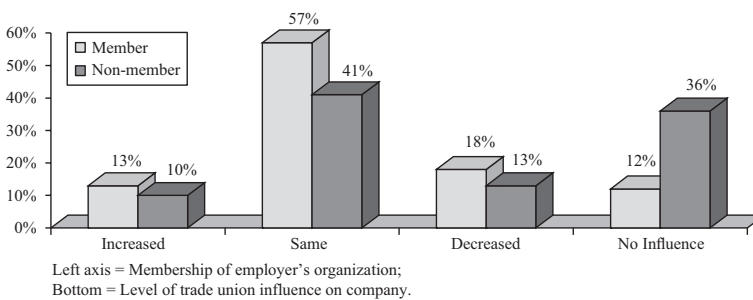


FIGURE 2
Trade Union Influence

The way to remain 'non-union' is to keep your head down, get on with the job, treat your staff well and not be published as being a member of an organization that exists primarily to deal with trade unions.

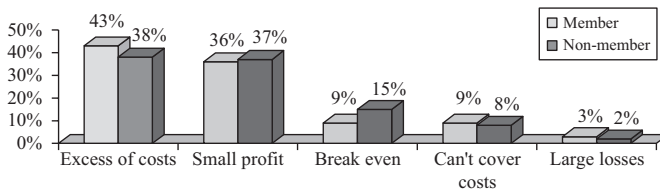
We can conclude from this that while sectoral bargaining does appear to be of wide importance, both as a positive and negative membership driver, so, too, does a broader industrial relations agenda. In particular, companies outside membership had no wish to be associated with organizations taking collective approaches to industrial relations.

We now turn to Traxler's two possible routes taken by employers' organizations to increase their appeal: reducing costs of membership and increasing selective incentives. These methods are dealt with in turn.

Affordability

Traxler cited the 'enormous pressures' members put on peak associations in some European countries, bringing about subscription reductions notably in Finland and Austria (Traxler, 2004: 55). Employers' organization leaders also often cited affordability as creating a member recruitment or retention problem. The data call this contention into question. Figure 3 (Wild, 2003), shows no discernible relationship between profitability and membership.

It is clearly in companies' interests to reduce costs of all kinds. On the other hand, it is not clear from the evidence that non-members are notably less *able* to pay subscriptions than members. It appears more likely that membership is not primarily cost driven. This



Left axis = Membership of employer's organization;
Bottom = Company profitability.

FIGURE 3
Profitability

argument is supported by the nature of subscriptions typically charged to companies by employers' organizations. Subscriptions are most frequently based on company size, and generally the number of employees. Such scales mean larger companies carrying the brunt of subscriptions and fees are normally very low for small companies. In Egypt, for example, the member fee for a small company of LE225 (\$36) makes registration, renewal and provision of the employers' organization magazine to a small business a loss-making proposition. The lowest membership incidence is not at the high fee-paying end of the scale, but at the lowest end where membership should be the best value for money.

Selective Incentives

Traxler (2004) explains that employers' organizations may increase the 'selective incentives' for membership by providing additional services to members to replace the bargaining-related services. In the enterprise survey (Wild, 2003), when companies indicated the extent to which they used and valued employers' organizations' services there was a clear and positive relationship between three factors: organization membership, organizational reputation and service take-up. Conversely, low rates of membership correlated with low reputation and low rates of service take-up (see Table 4). This might suggest that the practitioner notion that well-run employers' organizations are more effective than less well-run ones is well founded.

However, examination of the data by country shows the prominence of industrial relations issues to be more important than this suggests. Thus in Sweden, the Republic of Ireland, Sri Lanka and to some extent Jamaica, one or more of the following factors impacted positively on business views of the employers' organization's reputation: high trade union membership or influence; and centralized or difficult industrial relations in the country. This in turn impacted positively on the likelihood of them joining and on how far they took up the organization's services.

In the US, Philippines and Estonia, where bargaining is predominantly at enterprise or individual levels, much lower levels of membership, organizational reputation and service take-up were reported by companies. Table 4 shows that in countries with strongly

TABLE 4
Where Companies Buy Employee Relations Related Services

| Where Companies Buy Employee Relations Related Services (Number of Positive Responses in Brackets) | | | | |
|---|-------------------------------|------------------------------|---|---------------------|
| Country | First | Second | Third | Nat. Emp. Org./Fed. |
| Sweden | National emp. org./fed. (82) | Consultants (68) | Association of managers/directors (65) | |
| Estonia | Lawyers (26) | Government department (13) | Consultants/private empl. agency (tie 12) | Ranked 11th (4) |
| Philippines | Consultants (113) | Government department (99) | Lawyers (72) | Ranked 6th (53) |
| US | Consultants (133) | Lawyers (119) | Professional association (57) | Ranked 6th (22) |
| Ireland | National emp. org./fed. (140) | Regional emp. org./fed. (58) | Consultants (40) | |
| Jamaica | Government department (130) | National emp. org./fed. (87) | Consultants (66) | |
| Sri Lanka | National emp. org./fed. (615) | Consultants (104) | Government department (86) | |

Source: Enterprise survey 2003.

decentralized industrial relations systems, the services forming the core of the success model employers' organization offering were provided by private consultants and lawyers. Companies bought these services, but not from employers' organizations.

These data suggest that the viability of developing alternative services to compensate for a lack of industrial relations services may be related to a history of providing the latter. In other words, it appears that a perspective based on consultancy services will have to be particularly strong and well tailored to local circumstances in the absence of a history of successful industrial relations services.

Conclusion

We now revisit our research question: How far are the environmental conditions identified in Traxler's analysis critical to the success of efforts to renew employers' organizations beyond the countries he examined?

The persistence of industrial relations functions appears to be a necessary condition for success across different countries worldwide. This tends to support the view that it is continuity rather than change that favours employers' organization adaptation. The importance of Traxler's emphasis on sectoral bargaining as a condition for strong employer organization renewal strength is confirmed across a larger range of countries. However, the persistence of wider industrial relations functions was also important.

Although there was a relationship between the strength of national economies and that of their 'peak' employers' organizations, the exceptions proved the rule. Relatively strong bodies only existed in developing economies either where sectoral bargaining, strong trade unionism or concerns related to transitions away from sectoral bargaining also existed. The reverse also applied in developed economies, i.e. weak bodies existed only where those conditions were not present. As regards the actions taken by sectoral employer bodies to increase their appeal, the strategy of improving affordability does not appear to have played a great role since employers' own estimates of their profitability showed no consistent association with membership. 'Selective incentives' on the other hand appeared to be relatively effective in improving peak organizations' appeal, but only where the other favourable conditions existed. This very industrial relations role appears on the other hand to be a disincentive for non-member companies to join. Although employers do show a need across different employment regimes to purchase employee relations services, they only appear to purchase them from employers' organizations where the latter also have, or have had, an industrial relations role. In other cases, they purchased the services from elsewhere.

This article's contribution has been to test the applicability of Traxler's thesis on the strength of employers' organizations as related to the importance of sectoral bargaining across a wider range of countries. We find that his argument holds for a wider range of countries than he was able to study. In addition, we suggest

that the thesis should be extended and nuanced: service development by organizations may rely for its success on a history of industrial relations concerns among employers, while transitions away from sectoral bargaining may also increase demand for association services. We have called into question arguments based on the affordability of membership as a factor in non-adhesion and this appears to underline the ineffectiveness of a strategy based on reducing membership costs. We have also shown that employers continue to purchase non-IR services, but in the absence of a history of IR concerns, they do not purchase them from employers' organizations.

The implications of our findings for proposed solutions to employers' organizations problems are clear. Two important types of solution have been suggested: the type of 'best practice' exchange described at the beginning of this article, and increased state funding as proposed by some practitioner respondents. The first sort of solution appears unlikely to be effective. Attempting to transfer practices from one context to a very different one where the preconditions for success do not exist seems unlikely to succeed. A more nuanced, locally sensitive approach would appear to be called for.

If benchmarking and best practice networking based upon replication of Western European models are unlikely to transform weak organizations into representative and financially sustainable bodies, it is important to consider if and how employers' organizations can be strengthened in the current climate. It would be wrong to take a deterministic view and to the extent that sectoral bargaining and a need for sectoral coordination exist, there is a clear role. Outside of that situation, efficiency gains may accrue from improved exchanges between organizations with more in common, but it appears that the conditions for employers' organization renewal are intimately linked to their histories and to trade union strength. The second type of solution, if significant sums are involved, leads to employers' organizations being reliant for their survival on governments that it is often their role to criticize.

In reality, the two solutions may not be very different, since both arrangements may lead to funds being used to subsidize ailing bodies' core costs. Additionally, government funding appears to breach at least the first and potentially the other conditions laid down by Mailand and Due (2004) for the capacities required by tripartite partners: increased state funding and independence may well be incompatible.

The European Commission response to this problem rests in part on investing heavily in the establishment of a European-level sectoral social dialogue and thus creating a supra-national need for sectoral, as well as peak, social partner organizations. This strategy is worthy of further and more detailed consideration, but it would appear from the analysis here that creating supra-national demand for sectoral employers' organizations, in the absence of corresponding bottom-up support from companies, is unlikely to be successful, and might be damaging. If the promotion of sectoral social dialogue does not persuade significant numbers of companies to join employers' organizations, the strategy runs the risk of spreading already limited resources available from company membership across more organizations and a broader agenda.

Note

1. The survey was designed and consolidated by the ILO but conducted in Estonia, the Republic of Ireland, Jamaica, Japan, the Philippines, South Africa, Sri Lanka, Sweden and the US by individual business schools.

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'Peak' employers organizations: international attempts at transferring experience

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