



Members or Clients? Employer Associations, the Decentralization of Bargaining, and the Reorientation of Service Provision: Evidence from Europe and Australia

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For employer associations, decentralization of collective bargaining poses serious challenges to their traditional organizational roles, membership retention, and identity. In such cases increasing costs can combine with declining revenues to threaten organizational survival. This article discusses how employer associations in Australia, Italy, and Sweden have attempted to meet these challenges. We find strong evidence that their choices lie on a continuum between traditional membership-based organizational identity and one that more closely approximates a business services firm. Associations experiment along this continuum as they develop strategy iteratively; the article identifies variables that help determine their choices.

The recent decentralization of collective bargaining in some European countries and in Australia and New Zealand have posed new challenges for those employer associations largely concerned with labor market questions. Formal employer associations arose in response to threats that labor unions and state intervention appeared to pose for employers. Subsequently, two spheres of activity have been their main focus: multi-employer collective bargaining with unions, and policy advocacy and lobbying governments. True to these origins, employers have combined through their associations in ways similar to those that Alan Flanders theorized for labor unions.¹ That is, employer associations have been

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¹ Alan Flanders, *Management and Unions* (London, 1970), 37-47.

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<http://www.thebhc.org/publications/BEHonline/2005/sheldonandthornwaite.pdf>.

“movements” and “organizations” of employers that have sought to provide solidarity, mutual insurance, a higher collective public profile for employer concerns, and economies of scale for a relatively narrow range of member services. Traditionally, these services included (apart from bargaining representation, lobbying, and public relations): the provision of industrial relations and labor market information, research and advice; representation in grievance and judicial proceedings; and a range of personnel and management training and education services.²

These activities largely depended on and reinforced employer association commitments to centralized bargaining regimes, either at industry- or economy-wide levels. However, since the early 1980s, employer associations have been at the forefront of successful campaigns to decentralize collective bargaining and, in certain situations, to eliminate it completely. Decentralization of bargaining to enterprise or workplace levels without a framework of industry bargaining—“bargaining disaggregation”—poses particular challenges for employer associations. First, it appears to remove some of the fundamental reasons for employer combination: solidarity, mutual insurance, and the economies of scale that flow from centralized bargaining. As a result, the “movement” element of association life and the imperative to belong, may decline in importance. At the same time, disaggregation increases the diversity and complexity of needs that single companies face in managing employment relations. For associations, bargaining disaggregation thus greatly increases both the array of their members’ needs and the costs of servicing them. For companies, their association’s provision of customized services becomes more important than the standardized benefits derived from their movement/organization. This changes the imperative to join and maintain membership and may change the nature of membership itself. As a result, employers may appear to see their associations increasingly as one of an array of businesses providing these services, including legal firms and management consultancies.

Bargaining disaggregation also affects membership revenue, particularly by intensifying inherent tensions between large and small member companies. As multi-employer bargaining declines, large companies see much less need for collective coordination, and they shift more employment relations activity in-house, at times with the aid of specialized management services firms. This is particularly true for subsidiaries of some multinational enterprises whose attention shifts from host national systems to dynamics internal to the firm. As larger firms

² Alan Gladstone, “Employers Associations in Comparative Perspective: Functions and Activities,” in *Employers Associations and Industrial Relations: A Comparative Study*, ed. John P. Windmuller and Alan Gladstone (Oxford, U.K., 1984), 24-43; J. J. Oechslein, “Employers’ Organizations,” in *Comparative Labour Law and Industrial Relations in Industrialized Market Economies*, 5th ed., ed. Roger Blanpain and Christian Engels (Deventer, Netherlands, 1993), 39-43.

provide disproportionately large membership revenues, but make relatively small claims on resources, their membership cancellation considerably weakens an association's financial base. The result may well be that employer associations end up consisting of only smaller members heavily dependent on them for services. High costs of service meet low revenues from membership.

One response has been for associations to redirect their energies toward the provision of elective services on a "customer" fee-paying basis. Sometimes this means providing entirely new areas of services; at others it means shifting services previously provided by right to members into the realm of commercial activity. Clearly, when making their strategic choices, associations are able to decide along a continuum of combinations of traditional membership and new customer-related services. How far can associations move along the continuum and still remain associations? How do we identify at what point a qualitative change has taken place? In the early 1980s, Alan Gladstone argued that employer associations had "hesitated to go into consultancy as a business, feeling that this would compromise their standing with members and the public as a service organization."³ Given the decentralization of bargaining in the intervening years, is this still the case, and do those sorts of concerns still inhibit the strategic choices that associations make?

There is already some research on these matters concerning the British experience from the 1960s.⁴ In this paper, we provide further research evidence as well as speculation. Specifically, we look at the choices facing employer associations attempting to meet the challenge of competing with commercial service businesses while maintaining their core values of membership: movement and organization. We particularly focus on evidence from Australia, Sweden, and Italy. All three countries have experienced substantial decentralization of bargaining (but, for Italy and Sweden, not disaggregation) since the 1980s. In looking at these associations, we have observed a number of variables that appear relevant to explaining the strategic choices that associations are making. These variables include: whether an association concentrates its efforts on one industry sector, or attempts to spread its efforts over a wide range of sectors; whether it limits or extends its efforts in a territorial (geographical) sense; whether it faces powerful and militant unions; and whether its hiring policies for senior officials privilege internal or external labor markets. These variables appear to help shape an association's self-image and its policy regarding fee generation as against dues collecting—in

³ Gladstone, "Employer Associations," 34.

⁴ Steven Tolliday and Jonathan Zeitlin, "Conclusion: National Models and International Variations in Labor Management and Employer Organization," in *The Power to Manage: Employers and Industrial Relations in Comparative-Historical Perspective*, ed. Steven Tolliday and Jonathan Zeitlin (London, 1991), 273-343, see p. 298.

short, the extent to which it wishes to remain an association rather than becoming a business. Table 1 charts some of the key characteristics and variables pertaining to each of the employer associations examined in this paper. The following sections introduce the seven associations on which this study focuses and explore the ways that they have reacted to the decentralization of bargaining.

The Associations

*Australia.*⁵ In this paper, we concentrate on four prominent associations in Australia. They are the Australian Industry Group (AI Group), Australian Business Limited (ABL), the Victoria Employers' Chamber of Commerce and Industry (VECCI), and the Queensland Chamber of Commerce and Industry (QCCI; more recently, Commerce Queensland). We focus most of our attention on AI Group and ABL. In many ways, AI Group represents a modified continuation of traditional employer association concerns with movement and organization, or "associationism," with its implications of greater contributions from and services to members, representation, and coordination. ABL is an association that has largely shifted to a "membership" model, much more similar to that provided by business services firms: essentially client services on a retainer basis plus fees for extra services provided. ABL is progressively replacing the solidarity ethos of associationism with "contractarian" forms. VECCI and QCCI have been experimenting in the space between these two evolving models.

Australia has a long tradition of fragmentation in employer association representation and divisions in association policy and practice, due to the federal nature of Australia's government and judicial systems; to the early development of separate state-based economies; and to the continued existence of state-based, industrial conciliation and arbitration tribunal systems. Within the boundaries of most states, a state tribunal system still coexists with the national (federal) system and sometimes prevails over the federal system in importance. One result of this fragmentation has been that many companies, in particular larger ones, have maintained membership in a range of employer associations, even those with competing policy stances.

During the last decade, the national (federal) government has systematically decentralized the federal system so that industry bargaining no longer formally exists within the federal jurisdiction. On the other hand, the most important state jurisdictions, New South Wales (NSW), Victoria,

⁵ The authors have recently published an expanded treatment of the Australian situation; see Peter Sheldon and Louise Thornthwaite, "Business or Association? The Strategic Response of Employer Associations to the Decentralisation of Bargaining in Australia," *Economic and Labour Relations Review* 15 (June 2004): 128-58.

and Queensland, have experienced quite diverse patterns in regard to bargaining level. For the moment, New South Wales and Queensland have largely returned to more centralized models, while Victoria, previously in step with the federal decentralization process, now seems likely to partially re-centralize. Decentralization of bargaining within some jurisdictions rather than others has reinforced fragmentation among employer associations while at the same time increasing commercial competition between those operating largely under decentralization.

Australia has a large, prominent, and generally representative national peak body, the Australian Chamber of Commerce and Industry (ACCI). ACCI is an association of associations; firms cannot join it directly. Its members include territory- and industry-sector-based associations (or sometimes both). Thus, VECCI and QCCI are prominent members of ACCI and are the dominant territorial bodies in their respective states, the second and third most populous in Australia. VECCI and QCCI, in turn, represent both smaller industry/trade/sector associations and individual companies. ABL, with its *de facto* base in New South Wales, Australia's most populous state, competes for territorial predominance with the NSW Employers' Association, also an ACCI member, whose base in that state is *de jure*. Due to its history, ABL has much of its membership in New South Wales, particularly in the manufacturing industry. Critically, much of that manufacturing was outside the sector that had the most powerful and militant unions: engineering and metalworking.⁶

ACCI, as a national peak association, concentrates on questions of national public policy, legislation, important judicial test cases, and arbitration of tribunal affairs with national implications, and on lobbying the national government and bureaucracy. It has little to do with individual firms, and it leaves state-based lobbying, test cases, and tribunal representation to state-level members. ABL, VECCI, and QCCI are all very involved in these areas but ABL also at times ventures independently into areas of national policy debate.

Not all companies or employer associations recognize ACCI as the national voice of Australia's employers. The Business Council of Australia represents the chief executives of one hundred of Australia's largest employers. It was formed in 1983 specifically to articulate the concerns of big business at a time when senior executives of such firms felt that the ACCI too heavily represented the interests of small and medium-size employers. The Business Council plays a highly influential role in medium-term policy formulation in industrial relations, in lobbying governments and bureaucrats, and in shaping media and public opinion. However, it rarely involves itself in operational matters and provides no services. For these reasons, we do not address the ACCI or Business

⁶ A very old association by Australian standards, it was formerly called the NSW Chamber of Manufactures.

Council but instead focus on the four most important associations that have direct service relations with members that are single firms.

The AI Group, the dominant national voice of employers in manufacturing industry, once belonged to ACCI but left in 1987 over policy differences. Subsequently autonomous of other peak bodies, in 1998 it expanded through amalgamation. After amalgamation, it had some 11,500 members who together accounted for more than one million employees in Australia.⁷ Since the 1980s, a tradition of policy independence has sometimes placed it in vigorous conflict or competition with both the ACCI and the Business Council. As well, as the association that covered engineering and metalworking companies, it has long been responsible for leading employers into battles against, and negotiations with, Australia's most militant manufacturing unions. These conflicts and negotiations are the traditional pacesetters for all collective regulation in Australia. Here lies one of the traditional differences between AI Group and ABL, given that ABL's membership base was, and remains, outside the engineering and metalworking sector. Both AI Group and ABL have moved to broaden their membership by diversification into other industry sectors, including service industries such as call centers and information technology.

Italy. Italy too has had a history of fragmented and, at times, competing employer associations.⁸ Nevertheless, the overall picture is of much greater organizational coordination and cohesion than in Australia. More than in many other countries, territorial associations retain an important role and are often more influential than industry associations. There are also autonomous national associations of artisans and very small employers. The decentralization process in Italy has also been much more coordinated and cohesive in recent years than that in Australia, largely because the country has a unitary rather than a federal jurisdiction. The most important development in this process was the ending of national,

⁷ Prior to amalgamation, it was called the Metal Trades Industry Association. In 1987, the ACCI was called the Confederation of Australian Industry. See Peter Sheldon and Louise Thornthwaite, "The Metal Trades Industry Association," in *Employer Associations and Industrial Relations Change: Catalysts or Captives?* ed. Peter Sheldon and Louise Thornthwaite (Sydney, 1999), 70-93, quotations at pp. 70, 72-74.

⁸ Ida Regalia and Marino Regini, "Italy: the Dual Character of Industrial Relations," in *Changing Industrial Relations in Europe*, ed. Anthony Ferner and Richard Hyman (Oxford, U.K., 1998), 459-503, especially 478-80. For more in-depth analyses, see Marco Maraffi, "*L'organizzazione degli interessi industriali in Italia, 1870-1980*" ["The Organization of the Interests of Industrialists, 1870-1980"] in *L'azione collettiva degli imprenditori italiani* [Collective Action of Italian entrepreneurs] ed. Alberto Martinelli (Milano, 1994), 137-96; Antonio Chiesi, "Il sistema delle associazioni industriali e le specificità del caso italiano" ["The System of Employer Associations and the Specificity of the Italian Case"], in *L'azione collettiva*, ed. Martinelli, 197-230.

economy-wide pay bargaining and a (tripartite) 1993 Accord that clearly demarcated particular areas of bargaining responsibility to industry and enterprise (or local) levels. In particular, the Accord dramatically widened the range of issues to be collectively negotiated by right at the enterprise level.⁹

The Confindustria, the dominant national employer voice, is the national peak employer association representing private and public sector organizations in most sectors apart from commerce and agriculture. It is a confederation of industry and territorial affiliates. Companies come under Confindustria through membership in one or both types of these affiliates. Thus, like ACCI in Australia, firms cannot join Confindustria directly. Confindustria plays a central role in national-level collective bargaining (when this occurs), in tripartite, neo-corporatist “concertation,” in public policy generation, and in pro-business propaganda. It owns an influential daily newspaper and publishing house, a prestigious private university specializing in business studies, and companies in the insurance, real estate, and events-promotion industries. To get a better sense of what decentralization might mean for the nature of employer associations, we will focus on its most important industry and territorial affiliates.

The most important and influential territorial association, the Assolombarda, covers Italy’s major industrial and commercial center, the province of Milan. Within Assolombarda, its membership of some five thousand companies (employing about 270,000 people in the province) is divided into industry groups. The largest of these, covering 40 percent of member companies, is the broad engineering and metalworking group.¹⁰ Assolombarda is a large and wealthy organization that has long provided a wide range of management support services as well as the traditional core functions of industrial relations coordination, support, and representation. Since 1977, it has separated the provision of dues-related direct services to members from the provision of fee-for-service activities to members and non-members alike. In that year, it established its own private services company, Assoservizi, to deliver fee-for-service activities. Assolombarda is also a partner in various initiatives in education and training, research, foreign trade, and the provision of loans to small businesses.¹¹ Such endeavors make it valuable to the association’s largely small business

⁹ Regalia and Regini, “Italy,” 482-84; Peter Sheldon, Louise Thornthwaite, and Tiziana Ferrero-Regis, “The Federmeccanica: Its changing commitment to collectivism and the remaking of industrial relations in Italy, 1980-1995,” in *Collectivism and Individualism: Trends and Prospects*, ed. Daryl D’Art and Thomas Turner (Dublin, Ireland, 1997), 77-99.

¹⁰ Assolombarda, *Assolombarda: Members, Objectives, Organization, Affiliated Companies* (31 Aug. 1997), 4, 13. With a few changes, this appears on the association’s website under *Che cos’è Assolombarda?* [What is the Assolombarda?]; URL: <http://www.assolombarda.mi.it/>.

¹¹ Assolombarda, *Assolombarda*, 10-12.

membership and to the many firms now involved in enterprise or local bargaining under the 1993 Accord.

The most important industrial-level Confindustria affiliate, the Federmeccanica, represents the industrial relations bargaining and lobbying interests of twelve thousand firms employing 900,000 employees in the engineering and metal working sectors. Again, individual companies are not members, but affiliate indirectly through industry sections of their territorial associations, such as Assolombarda's engineering and metal working group. This structure was the result of the Federmeccanica's birth in 1971, at the behest of FIAT (Fabbrica Italiana Automobili Torino) and other large manufacturers, to specialize in nationwide collective bargaining at the industry level. From the beginning, powerful territorial associations like the Assolombarda ensured that the Federmeccanica's brief was and remained narrow. They have also, from the outset, controlled its finances. The results include a restrictive level of resourcing of its national professional infrastructure, based in Rome. As a result, the Federmeccanica is in no position to expand its role into service provision or to compete with the territorial associations, even if it should wish to do so. Historically, too, outside the Confindustria universe, important "trade" (as opposed to industrial relations) associations of companies in the sector have also developed a range of business consulting services to their members. For the moment though, with industry-level bargaining still entrenched in Italy, Federmeccanica maintains its traditional purpose.¹²

Sweden. Of the three countries in this study, Sweden presents the simplest and most cohesive picture of employer association life. The powerful and influential Swedish Confederation of Employers (SAF) in 1997 represented forty-three thousand companies with 1.2 million employees. These companies are not directly members of SAF, but associate through their membership of SAF's industry-based affiliates. Technically, these companies are the "co-owners" of SAF.¹³

Swedish industrial relations traditionally included clearly articulated bargaining at three levels: first, at the economy-wide level with SAF bargaining on behalf of employers; second, at the industry level where SAF

¹² For information on Federmeccanica, see Alberto Martinelli and Tiziano Treu, "Employer Associations in Italy," in *Employers Associations and Industrial Relations*, ed. Windmuller and Gladstone, 264-93; author's interview with Dott. Vittorio Melissari (Vice-Dir. Gen., Assolombarda), 16 Jan. 1998, Milan; the association's web site. URL: <http://www.federmeccanica.it>. For recent industry-level bargaining, Roberto Pedersini, "Metalworking agreement renewed," *eironline*, (Dublin, July 1999), <http://www/eiro.eurofound.ie/1999/07/features/IT9907249F.html>. For trade associations outside the Confindustria sphere, such as UCIMU, see Regalia and Regini, "Italy: The Dual," 478-80, and the UCIMU website: URL: <http://www.ucimu.it/ita/>.

¹³ See SAF, *SAF Constitution* (Stockholm, 1995), Art. 3.

affiliates played a central role; and finally, at the enterprise level. In 1990, SAF removed itself from direct involvement in collective bargaining and, in doing so, forced decentralization from economy-wide to industry level as the highest level of bargaining. While SAF still coordinates bargaining campaigns of its industry affiliates, at the same time it has continued to develop a high profile in national policy generation and propaganda through a range of media and sponsored “think tanks.” These typically have a medium-term focus and relate to broad social, political, economic, and cultural themes that support the development of the world of private Swedish business, a market economy, and individualism within Swedish society. With such a strongly industry-based structure, SAF takes care of territorial representation and services for smaller industry affiliates through a host of regional offices. While SAF maintains a range of member services concerning industrial relations that are particularly useful to smaller firms, it is really the industry-based SAF affiliates that provide member services alongside their central collective-bargaining role.¹⁴

The most important industry affiliate is VI (Sveriges Verkstadsindustrier), the Employers’ Association of the Engineering Industry. With three thousand or so member companies employing some 300,000 employees, VI pioneered the decentralization process at the industry level, and it has been VI that has attempted, unsuccessfully, to decentralize collective bargaining further to the enterprise level.¹⁵ Therefore, VI still bargains at an industry level and assists members with enterprise- and plant-level bargaining. In doing this, it, too, has a network of regional offices. As both an employer association and a trade association with an autonomous territorial presence, VI is in a position to offer a range of services in a way that Italy’s Federmeccanica cannot.

Reactions to Decentralization: New Paths or Reinforced Ones?

Australia. Competition among employer associations with an operational role has intensified in recent years. Company managements have become more cost-conscious, scrutinize more closely the services that associations offer, and are much less inclined to support multiple association memberships. While some association members may wish for increased service provision, many are also very price-sensitive regarding association dues. Disaggregation of bargaining, the effective degradation of the tribunal system of industrial awards, corporate mergers, and greater

¹⁴ SAF, *SAF: The Swedish Employers’ Confederation*, (Stockholm, n.d.), publicity package; SAF, *The Swedish Employers’ Confederation—An Influential Voice in Public Affairs* (Stockholm, 1993), brochure.

¹⁵ Peter Sheldon and Louise Thornthwaite, “Swedish Engineering Employers: The Search for Industrial Peace in the Absence of Centralised Collective Bargaining,” *Industrial Relations Journal* 30 (Dec. 1999): 514-32.

cost-cutting within companies have all negatively affected employers' willingness to support multiple representation. This has encouraged a number of responses. The most strategically astute and successful associations have, at least partially, re-invented themselves in the last decade, broadening their roles and re-casting their activities. This has meant a widening provision of fee-for-service activities. With this have come a strong expansion of specialized staffing and a dramatic broadening of their staffing profiles generally. Prior to the early 1990s, many associations largely employed advocacy and support staff for their activities, which mainly centered on arbitration tribunals, workers' compensation boards, and courts. Nowadays the large associations have sizable staffs from diverse backgrounds who provide services relating to occupational health and safety, training, diversity management, and other personnel matters, law, business development, and international trade.

AI Group

During the 1980s and early 1990s, AI Group played a central role in national industrial relations policy debates while coordinating and representing manufacturing employers in their other lobbying efforts. At the same time, it maintained its central role in industry-level bargaining and within the arbitration system. Almost all collective bargaining in the manufacturing industry now takes place at the company level. Yet, AI Group continues to play a vital, intense role in coordinating members' strategies in the face of union pattern-bargaining campaigns, propagandizing on behalf of their positions and litigating on members' behalf as part of their (and its) bargaining strategy. In essence, AI does most of what an industry association would do in industry bargaining, apart from signing agreements.¹⁶ Similarly, disaggregation of bargaining has failed to diminish AI Group's voice and representativeness as a lobbyist or in major arbitration cases over the national minimum wage. Nevertheless, the unions' major pattern-bargaining campaigns arise only every few years, and the shift to enterprise bargaining has reduced AI Group's frontline industrial relations activity in the metals and engineering industry. While we feel that the association would perhaps relish a return to industry bargaining, its larger members currently appear adamant that bargaining remain at the company level.

Thus, for an association largely focused on industry bargaining, recent bargaining disaggregation has posed important strategic challenges. AI Group responded during the 1990s in two ways that were mutually reinforcing. First, it increased the spread of industries and companies among its membership, including fields with negligible union activity.¹⁷ In

¹⁶ Peter Sheldon and Louise Thornthwaite, "Employer Matters in 2000," *Journal of Industrial Relations* 43 (June 2001): 219-42.

¹⁷ This was a form of risk-spreading that also made sense given the secular decline of manufacturing employment in Australia.

doing this, it also filled voids left by other, smaller industry associations seriously weakened by the decentralization of bargaining. It has increasingly also taken on the role of representing and resourcing smaller associations.¹⁸

Second, AI Group expanded its portfolio of services. It had always provided a range of services to members, including research, training, and legal advice, but it has intensified and diversified those offerings in recent years. Wider services and a growing and diverse membership are mutually reinforcing. One sign of this is that the association's title now includes the somewhat ambiguous term "Group" rather than its earlier incarnation as an "Association." Another was the 1998 organizational restructuring to highlight its ability to deliver services. Increasingly, the diversity of membership has meant that AI Group is targeting services on a sector-by-sector basis and that it can offer companies any support they need in industrial relations or personnel issues, often on a fee-for-services basis. Further, whereas the old Association had "organizers" and "industrial officers," the Group now has a team of "Business Development Executives" in each state and a firmly entrenched philosophy that involves business development.¹⁹

At present, however, it does not appear that AI Group is becoming a services business rather than an employer association (see Table 1). It remains an employer association within which member companies participate, share ideas, and have a large say in the overall direction and tone of the Group. An element that reinforces the need of manufacturing employers for this collective organization and representation is the continuing strength and militancy of unions, particularly in metal manufacturing. Union threat-effects still underpin the employers' spirit of movement as well as their reason to belong to AI Group. During 2000, AI Group success in leading members into a tough, defensive-bargaining campaign only raised the spirit of commitment of company executives to their association. Another element derives from the philosophy of the Group's senior professional officers. Because of a strong internal labor market tradition within AI Group, most senior officers have spent much of their professional life there. One result is a commitment from them to the idea of serving within a representative association rather than in a commercial business. A conscious strategy deriving from this view is that the Group charges high membership dues but provides a wide array of free or inexpensive services to members.

¹⁸ In late 2000, it carried on this activity on behalf of some forty other associations. Stephen Smith, AI Group General Manager—National Industrial Relations, Sydney, Australia, interview with authors, 23 Oct. 2000.

¹⁹ Stephen Smith, interview; Peter Sheldon and Louise Thornthwaite, "Employer Matters in 1998," *Journal of Industrial Relations* 41 (March 1999): 152-69.

ABL

The objectives and strategy of AI Group's nearest "competitor," ABL, appear to be quite different. ABL is the wealthiest of Australia's employer associations through having sold its controlling stake in a large insurance company. This wealth provides it with strategic options uncommon to associations surviving largely on membership dues. Although ABL has some long-serving industrial relations practitioners, some of its most senior officials have relatively recently come from public service and the business world. They have taken the Association much farther down the path to becoming a service business, albeit one that still has a membership base and important representative functions. However, the relationship between these identities is quite complex and differs greatly from the scenario evolving at AI Group. The fact that a "Chamber of Manufactures" chose to call itself "Australian Business Limited" is itself powerful testimony to radically different aspirations.

Like AI Group, ABL responded during the 1990s to the challenges of a declining manufacturing sector and its own historical territorial constraints by strategically expanding its recruitment frontiers into other sectors and states. In addition, like AI Group, ABL services numerous smaller associations either on an affiliation or a client basis. However, unlike AI Group, ABL has greatly reduced the cost of membership dues and rapidly broadened its range of fee-based services, which are available equally to member and non-member companies, but members benefit from a price discount. Nor are the services restricted to the worlds of industrial relations and human resource management. Overall, the strategy is "customer-driven," and the organization has been moving to provide services of interest to all industries as well as providing specialized expertise in areas such as industrial relations and employment law. As a result, ABL has been positioning itself to compete not only with other employer associations, but also with large legal, accounting, and business service companies and smaller consultants. By late 2000, ABL had about 10,000 members and clients (of whom half were members).²⁰

²⁰ This and much of the following information is based on authors' interview with John Golden and Ross Nassif (ABL) and Paul Ronfeldt (AB Lawyers), Sydney, 26 Oct. 2000, and with John Golden, Sydney, 23 March 2001.

TABLE 1
Members or Clients: Characteristic Elements and Variables

Employer Association	Self-Image	Single or Multi-Sector Coverage	Payment for Services	Territorial Diversity *	Labor Market for Senior Officials	Trade Union Presence
AI Group	Association	Largely single	High dues Low fees	Heterogeneous	Internal recruitment	High density and strongly coordinated
ABL	Business with attached association	Multi	Low dues High fees (7 fee levels for services)	Homogeneous	External recruitment	Variable union presence; multi-unionism
VECCI	Association	Multi	High dues Low fees	Homogeneous	External recruitment	Variable-High density and multi-unionism
QCCI	Association & Business	Multi	Medium dues Medium fees	Homogeneous	External recruitment	Variable union presence; multi-unionism.
F'meccanica	Association	Single	Dues through territorial associations	Heterogeneous	External but from the industry	High density and strongly coordinated
Assolombarda	Association with a Business (Assoservizi)	Multi	High dues; commercial fees from Assoservizi	Homogeneous	Internal recruitment	High density and strongly coordinated
VI	Association	Single	High dues Low fees	Heterogeneous	Internal recruitment	High density and strongly coordinated.

* An employer association is defined as heterogeneous if its membership catchment area and focus of activities are widely dispersed territorially. It is defined as homogeneous if its membership and focus of activities are concentrated in a limited geographic area, such as a state or region.

One element of ABL's positioning strategy involved a more traditional alliance with other like associations, but on a business basis. During 1998, ABL joined five other large, state-based members of ACCI (all, like VECCI and QCCI, "chambers of commerce and industry"), in forming ChamberNet. ChamberNet is a formal alliance that provides a national membership package—"one-stop shopping"—for companies that are members of these state-based employer associations but operate across state borders. In 1998, ChamberNet embraced more than twenty-two thousand direct member companies employing 1.2 million employees.²¹ These employers can now gain the resources of other state chambers on a host of matters. ABL, with its financial resources and development of a strong information technology profile, took responsibility for designing, launching, and supporting the project. This has enabled ChamberNet to attract customers for its services from among organizations and companies outside its actual membership base.²²

ABL's strategy of combining wider service provision and price discounts appears to be attractive to large and small companies alike. The objective is clearly to increase both revenue generation and membership numbers by making membership more attractive to companies that had formerly had little interest in association membership. These objectives gained greater impetus as the organization's strategy changed radically in late 2000. In the context of a debate on the meaning of ABL membership, ABL restructured its operation to dilute that meaning further. A first element has been to separate more clearly its services and products to accentuate their commercial nature. Each ABL product and service now has a price attached to it. For the first time, too, ABL established the position of marketing manager, responsible for "branding" both Australian business and its products.²³

A second element has been to disaggregate sections of the organization around the services or products that they provide. The core traditional membership activities of industrial relations advocacy, coordination, lobbying, and representation, now fall to Australian Business Industrial, which retains its registration under state industrial-relations law and which, because of that law, has a separate membership roll from that of ABL itself. One result is that not all ABL members now choose to be members of AB Industrial, with approximately 30 percent abstaining. Those abstaining from AB Industrial thus have chosen, for the moment at least, to belong to an association that provides services but that does not and cannot represent them in an industrial relations sense and that cannot bind them to collective responsibility in industrial relations matters. The

²¹ Sheldon and Thornthwaite, "Employer Matters in 1998," 154.

²² Louise Thornthwaite and Peter Sheldon, "Employer Matters in 1999," *Journal of Industrial Relations* 42 (March 2000): 83-108 at 103.

²³ Interview with John Golden and Ross Nassif (ABL) and Paul Ronfeldt (AB Lawyers), 26 Oct. 2000.

relatively new legal practice, Australian Business Lawyers, is a separate entity established as a partnership of its principals. Operating within the ABL office tower, its largest client is ABL. Rapidly expanding Internet-based service activities come within Australian Business Online. Connected to it is a publishing arm, which, in addition to traditional books and pamphlets, provides content for ABL's Internet-based *HR Link*.

Third, ABL introduced the concept of distinct levels of membership. It has seven levels of membership, each of which sequentially costs more in dues, but brings with it a greater level of service. Beyond each of those levels, members pay commercial fees for other services but still have access to discounts. This more "contractarian" formula seems intended to reduce "free-riding" and clearly means that larger firms will no longer cross-subsidize smaller ones.²⁴ It thus encourages large companies to retain membership despite decentralization of bargaining and to remain involved in the organization's life. For example, the highest ("full") membership level brings members a 15 percent discount from AB Lawyers for any cases they run (including commercial cases)—an attractive option for large companies involved in large cases. However, even here there is room for greater flexibility, as ABL's sales force will negotiate particular fee and service packages for larger companies. There is even a proposal to add a new lowest level of membership, the "Internet membership," whose members would receive pre-packaged advice and news via the Internet. This service is aimed at small companies for whom Internet communications may be easier and cheaper. It also opens up the opportunity for large clients or members, such as banks or insurance companies, to use this scheme as a part of a "rewards" program for corporate customers and policyholders.

ABL's most used service, its industrial relations telephone advice line, which handles some 40,000 member calls each year, exemplifies how these three elements work together.²⁵ ABL now values this service in a commercial sense and it is part of a specialized organizational unit. Traditionally, employer associations provided such advice services free of charge to members. ABL members now have free access to a certain number of telephone inquiries, the number varying according to membership level. Members pay separately for excess calls. The same is true for the provision of relevant published awards (labor contracts).

QCCI

Queensland is a rather parochial state that has a growing, but still largely "branch-office" economy increasingly populated by small and medium-size

²⁴ For discussion of the concept of free-riding and employer associations, see Steven Tolliday and Jonathan Zeitlin, "Introduction: Employers and industrial relations between theory and history," in *The Power to Manage*, ed. Tolliday and Zeitlin, 1-31.

²⁵ Golden, Nassif, and Ronfeldt interview.

firms. Traditionally a fairly conservative organization, as the state's peak employer body QCCI has a prominent role within Queensland's state arbitration system. In terms of employees covered, that system is far more important within Queensland than the federal jurisdiction. It is also, perhaps, the most centralized in Australia and thus retains for the QCCI and other employer associations a central bargaining and representational role. Centralization here also means that most firms are affected by the resulting regulation, but do not have to be actively a party to it. This applies particularly to small firms. The largest firms in Queensland work mostly under the much more decentralized federal jurisdiction. As well, with the return of a Labour government in 1998 and that government's determination to provide more pro-worker and union-friendly legislation, QCCI has carried much of the lobbying and propaganda effort on behalf of Queensland employers. Once again, for jurisdictional reasons, most of this legislation affects smaller and medium-size companies rather than large ones.

Hence, much of QCCI's traditional industrial relations activities are conducted on behalf of members that are smaller businesses or smaller associations of smaller businesses. This guarantees that smaller members consume a great deal of its time and other resources. Nevertheless, in the last four years, QCCI has also been moving aggressively into the business services arena on behalf of members and non-member clients. Much of the impulse for this activity has come from the association's professional officers, who have nonetheless had to face concerns from smaller companies that new initiatives neither compromise traditional representation nor raise dues.²⁶

In this environment, one response of QCCI officials has been to intensify visits to members, a costly process, given the number of small member firms and Queensland's huge size. Because of its central responsibilities within the state tribunal system and Queensland political lobbying, QCCI faces particular problems with free-riders. Any loss of membership due to increasing costs or for other reasons increases the free-rider problem. This is particularly true regarding membership losses among large companies. In recent years, large companies, particularly those in manufacturing and those that are part of multinational enterprises, have been leaving the QCCI for a number of reasons, including mergers and acquisitions, particularly for firms with head offices outside Queensland. Others have withdrawn to manage industrial relations matters in-house and to use other avenues for lobbying. On the other hand, small companies have been joining in hordes. They prefer the benefits of membership to paying greater fees.

²⁶ Much of this and the following information on QCCI comes from the authors' telephone interview with Judith Himstedt, Manager—Workplace Relations, QCCI, 29 Nov. 2000.

The QCCI push into greater service provision relates not only to member interest; it also reflects the reality that many “new economy” companies appear to view associations as somewhat archaic, but are more than happy to use QCCI services on a client basis. This presents the association with the usual problem of the relative pricing of service fees membership subscription rates and the level of services available through membership packages. It also complicates the prioritizing of workloads arising simultaneously from different companies linked to the QCCI through quite different revenue bases and legal relationships.

In responding to these challenges, the QCCI has adopted the broad lines of ABL’s model of reducing membership fee levels and augmenting those fees with a broader range of user-pay services. While this appears to meet the needs of many companies, it does not completely resolve the QCCI’s problems linked to its representational roles in many state-level industrial and political issues. More than most, therefore, the QCCI has a major challenge in juggling its movement and organizational roles with its desire to become more of a business.

VECCI

Victoria presents a quite different picture. It has some of Australia’s manufacturing heartlands, is a traditional home of militant unionism, and does not have a state tribunal system standing alongside the federal system. Within Victoria, AI Group plays a leading role on behalf of manufacturing employers but leaves other sectors, and particularly small associations and small firms, to find a voice through VECCI. During the 1990s, VECCI grew enormously in size and diversified into a range of management consultancy and business services. VECCI has remained member-based, however, and provides a certain level of services to members. Beyond that point, once again, fees for service apply, but members receive a discount. VECCI also provides services on a fee basis to clients.²⁷

In the last year or so however, VECCI has retreated from this foray into service provision. Instead, it has consciously returned to focus on the traditional industrial relations and personnel services once again regarded as “core business.” For the provision of the sorts of services it no longer offers, VECCI instead has developed a range of strategic alliances with other commercial services providers that, by agreement, provide discounts to VECCI members. Why did this rapid and radical change occur? One easy explanation is the retirement in early 1999 of the VECCI chief executive, who had pioneered the management consultancy approach over much of the previous decade. However, there are more important reasons.

²⁷ Much of this and the following information on VECCI comes from the authors’ telephone interview with David Gregory, General Manager—Workplace Relations Policy, VECCI, 3 Nov. 2000.

VECCI had difficulty managing its services portfolio despite a rapid growth in the number of specialist staff. In much the same way as QCCI, VECCI had real problems in establishing priorities when the demand for services related to membership dues competed with demand for fee-paying services. Members came to resent what they saw as an increasing “thinness” of resources dedicated to those core areas that came to them by right as members. The mass of small company members, in particular, valued access to the telephone inquiry service, whereas the larger companies wanted greater sophistication in VECCI’s responses to large industrial disputes. Further, with the recent return of a Labour government, companies of all sizes wanted “their” VECCI to provide a firm propaganda response and energetic lobbying against proposed legislation that they considered threatening.

Italy. Italy’s engineering industry unions have maintained sufficient militancy and ability to mobilize to keep Federmeccanica busy in industry bargaining and with helping to support companies with local industrial relations problems. This has been the “saving grace” for Federmeccanica. By virtue of its constitution, governance, and funding model, Federmeccanica remains restricted to activities that support the industry bargaining for which Confindustria established it.

For its part, Assolombarda has been able to take advantage of continuing economic growth and diversification in its region to experiment and diversify into activities from which Federmeccanica remains quarantined. While Assolombarda continues to have a strong industrial relations role within its home province, it has been able to further re-position itself as a one-stop shop for all the needs that arise within the “world of the entrepreneur”: economic and commercial, political, industrial, social, educational and technological, cultural and intellectual. The breadth of these offerings and the sense of shared sociological identity that they encourage are particularly aimed at its majority membership of small and medium-size employers.²⁸ The strengthening of enterprise-level bargaining in the engineering and metalworking sector has expanded Assolombarda’s clientele for support services, as has the further integration of Italian industry within the European Community. These new services include trade and investment advice desks for Japan and China, respectively, as well as services regarding finance, the environment, taxation, quality, and information technology. One indication of the high use of member services is the association report that 88 percent of members contacted the association

²⁸ For a discussion of ideas of shared social identity among small and medium employers and their “cultural” commitment to an employer association, see Giulio Sapelli, *Modelli culturali e rappresentanza imprenditoriale: Il caso Federmeccanica* (Milan, 1990).

during 2000, for a total of almost 150,000 contacts.²⁹ Part of this growing array of services comes directly to members from Assolombarda, but the association also provides a service through which members can access private consultants on a range of issues. Further, the association has expanded the range of fee-for-service offerings of its management services company, Assoservizi Spa, to include outsourcing of administrative services, occupational and environmental health and safety, and language services. In its range of services and the development of its own private management services company, Assolombarda is the association that comes closest to ABL. Nevertheless, very important differences remain and those differences appear deeply entrenched. Thus, Assolombarda has more consciously retained a commitment to, and belief in, the ideas of movement and organization, and to the importance of the shared sociological identity and purpose of its entrepreneur members. Whereas ABL is becoming a management services business that “owns” an employer association, Assolombarda remains an association that is developing its own management services company.

Sweden. The enduring strength of Sweden’s manufacturing unions has stymied VI’s plans to shift all collective bargaining to the enterprise level. As a result, industry bargaining and related activities remain at the heart of VI’s activity and continue to structure its relationship with member companies. Nevertheless, there appears to have been some shifting of emphasis, akin to that at Australia’s AI Group. During recent periods of uncertainty as to where the dominant level of bargaining would rest, VI has continued to expand its array of member services. Many of those services relate to industrial relations, employment, and labor market issues, but they also include corporate development, including financial control and information technology. With the continuing internationalization of the Swedish manufacturing sector and Sweden’s entry into the European Union, they also embrace questions of trade policy and international law. Moreover, VI appears to be developing a growing suite of services and products to which members can subscribe, in addition to those that they receive through membership. Nevertheless, we get the sense that most of these services take the form of information packages rather than the more active forms of management services available through either ABL or Assolombarda. In this sense, VI seems to have maintained a much more collectivist approach in how it relates to individual members.

²⁹ Assolombarda, *Assolombarda*, 10-11. For the information about contacts, see the Assolombarda web site under “Perchè associarsi.” Also see the association’s website for the growing list of initiatives. URL: <http://www.assolombarda.mi.it/>.

Conclusion

The trend toward decentralization and disaggregation of bargaining thus opens up challenges for employer associations that formerly primarily engaged in managing, coordinating, and servicing the bargaining agendas of member companies. The first challenge relates to central organizational purpose. Many associations, including those in engineering industries, developed primarily to coordinate employer bargaining responses to the demands of militant unions. This was the only reason for the creation of the Federmeccanica, and it has remained the principal reason for the organization's continued active survival. Whether more centralized bargaining was the preferred strategy of organized employers or was an option that they had to endure at the hands of centralized unions, this type of activity largely defined their associations' relationships to members and to relevant unions and state authorities. It also largely molded their members' relations with each other within associations. What we have shown in this paper is that associations have been experimenting with the question of redefining their focus, their activities, and, in some instances, their core identities.

As we indicated, a number of intersecting variables help us explain the emerging and potential trajectories for employer associations. These include organizational history and membership dynamics, trade union presence, territorial compactness, resources, political and institutional environment, and leadership strategy.

Organizational histories and the associated involvement of members in decision making. Those industry associations such as the Federmeccanica that are essentially controlled by territorial associations will have the least room to innovate or change their purpose away from collective bargaining. On the other hand, Swedish associations, such as VI, whose members are, in fact, the organization's shareholders, will have greater room to move.

Small company membership. A heavy reliance on small company membership both encourages and inhibits any shift away from a traditional associational profile. Small companies often have less commitment to a collective identity and provide fewer membership resources relative to the demands they make on those resources. However, smaller members need the continuing mutual insurance benefits of service provision, because they have the least ability to pay commercial fees or to internalize provision of services within the firm.

Trade Union Presence and the demands of other labor market institutions. The continued effectiveness of militant or powerful unions continues to generate the need for solidarity and mutual insurance among employers. This is most particularly true where industry-level bargaining continues, as in Italy and Sweden. However, it is also true in the Australian manufacturing industry, notwithstanding substantial disag-

gregation in bargaining. For those employer associations that have to coordinate or even carry out the bargaining against such unions, the need for, and spirit of, movement and organization continues. As Table 1 indicates, VI in Sweden, Federmeccanica in Italy, and Australia's AI Group have to face tough engineering unions and find less need to change their essential profile and less reason to divert resources to newer areas of service. Even territorial associations such as VECCI and QCCI in Australia and Assolombarda in Italy have felt membership pressure against any dramatic shift to a business services model. Sometimes this reflects union strength. It may also derive from the complexity or other demands of their industrial relations environments, such as the state systems in Australia. The result is that memberships continue to need traditional industrial relations support as part of a membership package of services.

Territorial homogeneity. Organizations that are widely dispersed over different localities will tend to continue to concentrate on questions of coordination rather than service. This is in part a response to the questions of economies of scale and transaction costs. Thus, for example, although they represent very similar industries and members, AI Group and ABL have chosen quite different strategies. AI Group, with a truly national presence and a national set of coordination and representational responsibilities, has continued to focus on traditional industrial relations roles while also developing its services portfolio. In this sense, it has remained self-consciously a movement and organization of manufacturing employers rather than trying to become a business. In contrast, ABL, largely concentrated in Australia's most populous and wealthiest state, has greater options to develop itself into a business as well as an organization. The same is even more obvious in Italy, where Federmeccanica remains channeled within its national coordination, bargaining, and lobbying roles, whereas the powerful regional associations, most notably Assolombarda, have been able to grasp the commercial opportunities presented by dense concentrations of industries such as in Milan and its hinterland.

Resources. Here ABL clearly has had the opportunity to experiment and take risks, given its enormous financial patrimony. Similarly, very large and well-resourced territorial associations such as Assolombarda have had the opportunity to develop a range of business ventures alongside their traditional representational roles. Industry associations traditionally have not had similar resource bases from which to work.

Hiring of senior association officials and leadership strategy. From the Australian evidence, there is an indication that those associations that recruit their senior paid officials externally (see Table 1) develop strategies less committed to an associational model than those who recruit through an internal labor market. This is most likely to be true where senior officials come from sectors totally outside the professional industrial relations milieu such as business or government.