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# **Exploring the role of employer forums – the case of Business in the Community Wales**

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## **ABSTRACT**

Collective employer representation in the United Kingdom has changed in fundamental ways in recent decades. Collective bargaining has declined and instead, we have seen the emergence of a significant new form of collective organization, the employer forum, which promotes good corporate behaviour and typically focuses on issues of equality and diversity, social policy and community engagement. This paper examines this new form of collective action through a case study on Business in the Community Wales. It also compares this employer forum with traditional employers' associations in order to establish what is significant and distinctive about employer forums.

## 1 INTRODUCTION

Collective employer representation in the UK has changed in fundamental ways. In the post-war decades employers' associations (EAs) negotiated collective bargaining for the majority of British workers. However, the coverage of collective bargaining has declined markedly since the 1970s and many traditional associations have either been wound up or have changed their mix of activities (Brown and Walsh 1991). EAs have developed a greater focus on consultancy, political representation and providing services for members (Barry and Wilkinson, 2011: 154). In contrast to the decline of EAs, a new form of employers' organisation has emerged and become more prominent: employer forums (EFs). While traditional EAs emerged in the late 19<sup>th</sup> and early 20<sup>th</sup> Century, EFs are a relatively new form of labour market institution that has emerged in the late 20<sup>th</sup> and early 21<sup>st</sup> Century. They are issue-specific 'standard setting employers' organizations' (reference concealed for peer review), that provide a vehicle for collective action for employers interested in questions of corporate social responsibility (CSR), equality and inclusion. Ten of these organisations have been identified operating in the UK with seven of these established after 2002 (reference concealed for peer review). Examples include the Business Disability Forum, the Employers' Network on Equality and Inclusion and Employers for Carers. EFs have attracted significant numbers of primarily corporate employers into membership and their combined membership employs a substantial fraction of the UK workforce. They have emerged as an important 'new actor' in UK industrial relations (reference concealed for peer review).

The focus of this article is on the Welsh branch of Business in the Community (BitC). BitC was founded in 1982 and is one of the oldest and largest EFs in the UK. It was set up as a national umbrella group to encourage business engagement with local enterprise agencies, as a means of regenerating inner city areas through entrepreneurship. The creation of BitC was

encouraged by the Conservative Government, led by Margaret Thatcher, and the body was also modelled on US experience of business involvement in the regeneration of local economies. Since its foundation, BitC has grown to become ‘one of the world’s leading business-led CSR coalitions’ (Kinderman 2012), with more than 800 employers in membership. Membership is dominated by large private sector organizations though also includes public sector employers and voluntary organizations. BitC Wales was established twenty-five years ago and has more than 200 Welsh-based organizations in membership, ranging from small enterprises to large corporates that are active within Wales.

BITC Wales is a ‘typical case’ (Patton, 2014; Seawright and Gerring, 2008) that shares key characteristics and functions with other EFs across key analytical dimensions (i.e. regulation of labour and work, cause of association, membership principles, activities and services, governance, relationship to government and relationship to civil society), and therefore provides insights into the wider population of EFs in the UK. In addition, the article compares EFs, examined through a qualitative case study of BITC Wales, and traditional EAs, introduced and discussed in the literature review, along the same analytical dimensions. The aim of contrasting EAs with the case study on BITC Wales is to establish what is distinctive and significant about EFs and to consider the implications for employment relations in the UK.

The article argues that EFs and EAs support employers in dealing with challenges of managing the employment relationship and threats to profitability in different political contexts. The organisation of employers in EAs was a response to increasing trade union power and labour costs. EFs are helping employers to deal with a different set of challenges, including declining social cohesion in communities in which employers operate, reputational and legal risks posed by new equality and diversity legislation and expectations of good corporate citizenship by

consumers and their own employees. EFs address these challenges by engaging in social projects in local communities, by promoting good corporate behaviour through benchmarking and codes of conduct, and by boosting the reputation of employers through award schemes and promotion of CSR activities of member companies.

## **2 THE ROLE OF TRADITIONAL EMPLOYERS' ASSOCIATIONS**

EAs are collective membership-based bodies, formed by employers to represent their interests. The central aims, functioning and behaviours of EAs can be described along a number of key analytical dimensions, including *causes of association, membership composition, regulation of labour and work, activities and services, governance, relationship to government and relationship to civil society.*

EAs gained prominence in the UK in the late 1800s, and the most important *cause of association* at that time was burgeoning trade union power. Unions posed a seeming threat to the continued profitability of many UK businesses, manifested in an increasing number of trade unions, growing union membership and frequent strike action that disrupted production. This threat was experienced most sharply in intensively competitive sectors populated with small employers, or in industries where a large percentage of employer overheads were labour costs (Paster, 2012). As a response, employers joined EAs to counter union power (Barry and Wilkinson, 2011). During the post war decades, an important rationale for membership of EAs remained to control rising labour costs, driven either by inter and intra-firm competition or by militant workplace trade unionism that whipsawed employers and pushed up wages (reference concealed for peer review). EAs were instrumental in negotiating collective bargaining agreements that protected individual employers from upward wage pressures (Sisson, 1987), and were responsible for policing inter-firm competition (particularly in relation to poaching

skilled labour) and enforcing compliance using sanctions and penalties (Zagelmeyer, 2004). However, in the 1980s trade union power was eroded through increased economic competition and employer exit options under globalization, as well as through government deregulation of labour and product markets (Tilly, 1994). Hence, one of the initial, central causes of association and membership of EAs has become less prevalent and other services and activities, further discussed below, have become more important reasons for employers to join EAs.

An important principle of EA *membership composition* is homogeneity. The need for a homogeneous membership stems from the difficulty and ‘substantial constitutional challenges’ caused by heterogeneity when attempting to formulate common purpose across multiple employers and workforces (Brown, 2010: 265). Maintaining a sense of unity across membership through regional or industry simplifies the multiple requirements of participants in the bargaining process of multi-employer agreements. Research on EAs in the UK showed that there exist 79% national-sectoral EAs, 17% regional EAs (including in the devolved nations) and only 4% general EAs with membership from different regions and sectors (reference concealed for peer review). After the decline of collective bargaining on an industry level and the growth of single-employer bargaining (Brown, 2010), membership has remained strongest amongst SMEs in competitive industries and in the public sector where multi-employer bargaining remains highest (Brown, Bryson and Forth, 2009), including civil service, health and education. In contrast, large firms were amongst the first to opt out of sector wide agreements and nowadays rely less on EAs for negotiating employment relations (Purcell, 1991).

The *regulation of labour and work* is the central focus of EAs. EA activity focusses primarily on collective bargaining and dispute resolution. Collective bargaining activities include

negotiation over wages and working conditions (Brown, 2010), as well as providing the basis for the creation of procedural agreements for the resolution of both collective and individual disputes. Labour is one of the few commodities that involves a constant re-negotiation as it is ‘intrinsically difficult to specify the detail of tasks, to monitor work, or to predict the future content and stability of requirements’ and this ‘transactional uncertainty’ results in bargaining between workers and employers about the expectations on each side (Brown, 2010: 255). EAs also provide guidance and prescriptions to members on how to manage the employment relationship (Behrens, 2004).

Other EA *activities and services* have grown in scope and include legal advice, training and lobbying. These activities can be seen as a diversification of EA activity (Barry and Wilkinson, 2011) and are used as incentives to retain and attract new membership in the context of a decline of collective bargaining. The increase in provision of these types of services is in some cases the reason for the success of the membership organisation, in particular when catering to smaller and medium sized companies. While larger organisations and employers have the resource for specialized HR departments, SMEs often lack both specialist staff such as HR managers and more formalised personnel procedures. Amongst others EAs provide training for member employees, offer legal services, support recruitment and selection and advice on the implementation of the health and safety standards (reference concealed for peer review). An example of a major EA that reflects the changing focus of EAs is the Manufacturers’ Association (EEF). The EEF terminated collective bargaining in 1989 (Joyce, 2013), but developed all the above mentioned services and activities to maintain relevance for their members. This broadening of EA activities and services has been argued to result in a widening of EA recruitment criteria (i.e. by covering more industries or regions/ mergers) resulting in greater competition between EAs for member businesses (Sheldon et al., 2016).

The *governance* of EAs is based on several principles. An important organising principle and positive norm is solidarity between members, which is of particular importance during times of conflict with labour unions (Windmuller and Gladstone, 1984). During strikes and lock-outs employers are supposed to stand up for each other and share the collective costs incurred even if finding an individual agreement with a labour union would be beneficial for the EAs other members. Besides relying on positive norms and a shared ideology, EAs have coercive repertoire and formal penalties for non-compliance (ibid). Through the threat and subsequent enforcement of fines, withholding access to services or loss of membership an association is able to ensure membership compliance with its agreements, an essential component when collective bargaining across multiple employers is conducted. EAs tend to be democratic organizations who are crucially governed by membership conferences (reference concealed for peer review). During these assemblies members elect the president and other executive roles or bodies (such as steering committees or collective bargaining committees), ratify changes of the organization's constitution and determine policy positions.

The *relationship to government* has been the crucial context for the development of EAs and it has gone through several stages. First, in the early period of the industrial revolution the state collaborated with employers to violently suppress labour unions (Thompson, 1963). Second, in the following period the state regulated employment relations, which spurred the organization of EAs and collective bargaining. Third, in the decades following World War II, the state and related EAs developed an active role in collective bargaining, negotiated agreements that covered the vast majority of public sectors workers. The state also facilitated corporatist arrangements, e.g. government, labour unions and EAs jointly governed industrial training boards that trained millions of workers (Keep and Rainbird, 2009). Fourth, the Thatcher government deregulated labour markets and withdrew state support for collective



bargaining and corporatist training systems, which contributed to the decline of EAs. Besides these broader developments, the state, in its role as regulator of labour law has been the target of lobbying. EAs lobby for the removal or prevention of changes to labour law, but they also lobby the state for subsidies in various areas (Martin and Swank, 2012). It is important to note that EA lobbying in the UK will often avoid issues of high political salience (such as immigration) to avoid alienating or dividing their constituents (Wright, 2017).

EAs *relationship to civil society* has been limited. Recent literature has reported the growth of civil society organisations (CSOs) and their involvement in the employment relationship (reference concealed for peer review), including active attempts by CSOs to shape HRM practice within individual businesses (reference concealed for peer review). However, EAs typically have no direct relationship with non-governmental organisations (NGOs) or CSOs, confining their activities largely to interaction with trade unions and other business organizations.

### **3 METHODS AND DATA**

In exploring the role of EFs this article proceeds in two steps. First, BITC Wales is selected as a ‘typical case’ (Patton, 2014; Seawright and Gerring, 2008), which shares key characteristics and functions with the wider population of EFs. This applies to the crucial issue of regulating labour and work, but also the other key analytical dimensions of this article: causes of association, membership principles, activities and services, governance, relationship to government and relationship to civil society. Second, EFs and EAs are different types of employer bodies (reference concealed for peer review) and the article compares both types along the above mentioned analytical dimensions in the following way. The characteristics and functions of EAs are represented in the literature review, while the EF BITC Wales is examined

in the following case study. By comparing and contrasting EAs with BITC Wales, the article details what is distinctive and significant about EFs.

Interviews were the primary applied research method. In total, 68 interviews were conducted with the representatives of employers' organisations (as part of a broader project on employer collective action in the UK) between 2013 and 2017. Eleven interviews were conducted with BITC representatives and experts with knowledge of the organisation (e.g. a Trade Union Congress (TUC) representative), which provided crucial empirical data for the case study. Ten additional interviews were conducted with representatives from other EFs, which helped to select and establish BITC Wales as a 'typical case' (Patton 2014; Seawright and Gerring, 2008). The remaining interviews with EA representatives and experts were partly conducted for a different purpose, but nonetheless provide valuable background information for the comparison between EFs and EAs.

In addition, we used a range of other data sources, including publicly available information from BitC websites and newspaper articles compiled through the Lexis Nexus database. We also sourced a wide range of internal BITC documents including member fact sheets, internal reports, newsletters and case studies that allowed us to evidence the internal working of the organization and its wide range of activities and projects.

## **4 Business in the Community Wales**

### **4.1 Causes of association**

BitC was established in 1982 in a distinct political climate that provided new challenges to the profitability of employers. The UK economy experienced mass redundancies in manufacturing, rising unemployment (particularly affecting youth unemployment) and significant cuts to

funding for public services and the welfare state at a time when welfare dependency was increasing (Carley, Christie, Fogarty and Legard, 1991), factors that led to social unrest and rioting. In response, the state urged employers to initiate social projects and engage with local communities as part of a private-sector led programme of economic development. The ideological shift implemented by the newly elected Conservative Government focussed on the rise of a 'spirit of enterprise' (Burrows, 1991). This shift manifested in an increasing focus on entrepreneurship and placed the small business sector at the centre of community regeneration (Marinetto, 1998). Local enterprise agencies were set up, a 'national network of support agencies for small enterprise' (ibid: 53), and the state provided more outlets for the partnership of business and government in coordinating bodies, one of which became BitC, designed to be a national body to promote business involvement with local enterprise agencies (Carley, Christie, Fogarty and Legard, 1991: 11-13). Employers were encouraged to be socially active by the state through fiscal assistance including tax relief on 'salary costs for those employees seconded to charities' and corporate donations, and by reducing the length of charitable covenants from seven to four years (Marinetto, 1998: 53).

BitC Wales, the Welsh branch of the national organisation, enjoys a high level of autonomy due to its unusual re-launch that took place several years after the formation of the national organisation. The Welsh branches of the Confederation of British Industry, TUC and representatives of Welsh Office (the Welsh branch of UK Government prior to devolution) worked together and approached the national organisation to negotiate for a subsidiary to be present in Wales. This coalition was symptomatic of joint endeavours by these organisations to attract inward investment in Wales in the late 1980s and early 1990s, made necessary because Wales had higher levels of manufacturing and was more heavily impacted by the decline of industrial production than the rest of the UK (Meadway, 2013). However, contact

between BitC Wales and the Welsh branch of the TUC declined over time, and currently BitC Wales has no active relationship with trade unions (Interview Ex TUC Official, 22.08.2013).

#### **4.2 Membership composition**

Membership of BitC Wales is not restricted an industry, and members come from various sectors including food, utilities, retail and insurance (BitC, 2014b). The majority of BitC members are customer facing and rely on positive reputation and branding in consumer markets; however some companies occupy positions further down the supply chain.

Initially, membership focussed on large companies; however, it is no longer homogeneous in terms of employer size as since its creation BitC has expanded to include all sizes of businesses. BitC Wales acted as the test bed for a membership designed for small businesses, as Wales has an employer population that is dominated by small businesses (Morris, 2013). However, a significant percentage of employment is provided by a handful of ‘anchor’ companies that are either larger Welsh businesses or subsidiaries of British and multinational companies. The BitC agenda is driven by the requirements of the initial members, large corporates. BITC Wales acknowledges that smaller employers lag behind as they aim to ‘catch up’ with lead employers. In this way the EF has remained steered by the needs of its initial membership.

#### **4.3 Regulation of labour and work**

BitC’s central focus is on promoting a ‘race to the top’ ethos in relation to CSR. Its activities are centred around formulating ‘norms’ of practice, and praising and publicising good performance of member business activities in any of their key ‘issue’ areas, which include the workplace, environment, community, and marketplace (Interview Director, 16.07.2013). In this way the EF enacts soft regulation, encouraging employers to take up forms of voluntary

unilateral regulation such as developing or implementing codes of conduct or policies. This should not be confused with standard setting, as BitC does not produce standard codes of conduct for members, or have membership requirements in relation to CSR that members must subscribe to (Grayson, 2007). Instead, it benchmarks members against the performance of other employers and internal standards. The ability to quantify CSR activities through the metrics and ranking tools that BitC provides are acknowledged in membership surveys as one of the most valuable services BitC offers. This is despite initial controversy when BitC released the results from their first benchmarking survey in 1996 which generated negative press for some members, causing backlash from one member firm which claimed the results had caused their share price to drop (Grayson, 2007).

BitC's main benchmarking tool is the CSR Index, designed to provide metrics on business performance in CSR areas. The CSR index, launched in 2002 is aimed predominantly at large, corporate members. It is accessible to both members (for £2000) and non-members (for £8000), and companies self-report on performance against criteria set by BitC, compiling this into a report before it is signed off at board level, and then reviewed by the EF (BitC, 2014a; 2014c). Members can take part annually, are ranked based on their scores and given a star rating. The average score for 2014 was 85%, one that has led to criticism that the benchmarks set by BitC are not challenging enough. These rankings can be displayed on member firms' websites, and have been used by external rankings and evaluations of company performance, e.g. the FTSE 100 uses BitC's Workwell criteria as a measure of CSR performance (CorporateRegister, 2012).

Additional tools have been developed to provide similar metrics to medium and small firms such as the responsible business practice check-up which takes only three hours to complete,

but still provides measurement and benchmarking against similar sized employers in their sector (BitC, 2012; Interview Account Manager, 18.07.2013). In addition, BitC Wales account managers offer members support that ranges from “sending through CSR policy examples” to “actually helping the company to write their CSR policy” (Interview Account Manager, 05.08.2013) with additional support available in account management to support implementation.

BitC Wales also influences labour and work through their promotion of employee volunteering and through its portfolio of programmes and initiatives. BitC Wales promote not only the community benefits from these programmes, but also the benefits to the employees and businesses participating. In particular these programmes are seen as a way for workers to display leadership capability, particularly in firms where there is not an opportunity for them to do so in their current role, supporting succession planning and career progression (Interview Employee Volunteering Coordinator, 06.08.2013).

BitC influences employer regulation of labour by supporting employers to manage their internal brand and employee engagement. Businesses are able to engage with their workers through BitC’s programmes, and workers gain time-off from their duties to contribute back to their community and do something that will gain them extra skills but also give them a ‘feel good factor’ (Interview Employee Volunteering Coordinator, 06.08.2013). These activities, in particular, support businesses which are seeking to increase employee engagement.

BitC also runs programmes to support rehabilitation of offenders and to help other marginalised groups such as the homeless enter the labour market. These programmes typically offer work experience placements or skill development to help participants gain employment. One

example is a project undertaken by BitC Wales with the Welsh branch of Network Rail to provide “support and training for Cardiff Prison inmates [that] has created a pool of skilled workers for the company, while reducing reoffending rates by almost three-quarters” (BitC, 2013). Another is the Business Action on Homelessness (BAoH) programme which provides homeless people with employability training, mock interview practice, work experience placements, and finally, mentors or ‘job coaches’ to help support them as they move forward and seek work (Interview Employee Volunteering Coordinator, 19.07.2013). At the same time, these programmes are an opportunity for employers to source future employees.

#### **4.4 Other activities and services**

BitC’s activities and services have changed significantly and grown in scope since its set up as the national body to promote regional local enterprise agencies in 1982. It in fact withdrew from these duties all together in 1992, to focus on ‘identifying and disseminating good practice’ and to build on its account management services (Grayson, 2007: 29). Account management services are incentives used to retain and attract membership in the context of increasing pressure on businesses to operate ethically (particularly in relation to the environment and diversity), whether from the state, EU legislation, or through supply chain and tendering processes. There is a central drive from BitC’s initial membership of large corporates or ‘corporate citizens’ in standard setting, whether due to a vested interest to spread the cost of CSR to competitors (Grayson, 2007) or to mitigate business risk to their brand image from supplier actions (Wright and Brown, 2013). This coupled with public sector targets, including CSR activities in tender requirements, has placed pressure on businesses to formalise their CSR activity. For customer-facing corporate members, priority is given to the building, managing and protection of their brand through CSR activities. For those member businesses which

operate in supply chains or rely on public sector procurement, membership activities will often centre on meeting the requirements of their purchaser in terms of CSR activities.

Typically, an annual action planning session is undertaken by BitC to support member businesses in defining strategies to address specific priorities and goals for the coming year, followed by quarterly or biannual meetings to review progress. Larger corporates often have designated CSR managers and so in these cases account management will often be more focused on agenda setting and aligning CSR activities to the business strategy (Interview Account Manager, 05.08.2013). Smaller businesses tend to lack specialist staff, and so for these organisations the annual meetings will often involve other management staff and aim to integrate CSR into the organisations' core activities (Account Manager, 18.07.2013). Account managers use the initial priorities and goals to tease out feasible actions that the member company will then undertake. BitC Wales can then support them to achieve these key priorities, and provide ongoing support in measuring and revising these initial plans throughout the year (Interview Account Manager, 18.07.2013).

As part of account management, BitC identifies and disseminates good practice by providing 'intellectual property' to members in the form of research, and by sharing case studies of best practice, that alongside the results of the CSR index and responsible business check-up can be used to structure and measure performance (Interview Account Manager, 18.07.2013). Particular attention is paid to 'brand management' as account managers focus on how member businesses can display and best utilise their CSR activities. This includes a wide range of activities, including both public relations work such as writing press releases, writing up company activities into case studies for the BitC website and helping structure tender documents (Interview Director, 16.07.2013; Account Manager, 18.07.2013; Account Manager,



05.08.2013). Membership can also be seen as a way for member businesses to gain access to the BitC brand. BitC members are able to display their membership by including the BitC logo on their websites and have a profile on the BitC website that they can update with their CSR activities (Interview Account Manager, 18.07.2013).

BitC acts as a broker between member businesses and other stakeholders by offering a forum for members to connect with both residents in the community it operates in, and also other businesses who are members. Inter-member connection can be through participation in some of the secondary functions of the EF such as workshops, training programmes, specific networking events or through individual profile pages on the BitC website, which can be sent to other companies for work purposes and used for “we’re in the same club” pitches (Interview Account Manager, 05.08.2013).

BitC Wales also utilises these campaigns and events such as the annual “Give and Gain day” and the annual awards as a way of recruiting new membership, profiling and disseminating ‘best practice’ activities undertaken by their members and brokering connections between their members. The annual awards, in particular, are seen as a way of profiling good performance through nominations, but also as an opportunity to sponsor particular award categories (Interview Account Manager, 18.07.2013; Account Manager, 05.08.2013). Case studies are compiled by BitC Wales to share good practice examples of both account membership and employee volunteering activities that are used to promote both BitC’s activities and those of their members.

#### **4.5 Governance**

BitC's governance is based around one central organising principle, namely the involvement with the CSR agenda or the 'commitment to action and to the continual improvement of the company's impact on society' (Grayson, 2007: 11). However, BitC is a broad church, and there are no enforced membership requirements. This has led to the criticism that, for some members, membership (and by proxy, CSR activity) can be seen as a 'fig-leaf' or a 'bolt on' to operations rather than being 'built in' to their purpose and strategy' (Grayson, 2007: 49-50). This lack of membership requirements, coupled with the ethos of praising for good practice means that BitC employs no sanctions or penalties for members who do not comply with agreed goals or improve CSR performance (BitC, 2014a, BitC, 2012)

BITC Wales has two offices, one in Cardiff and one in Mold, with both the Director and Deputy based in the Cardiff office. Employees are split between account management, employee volunteering or supporting services (finance, public relations, communications, debt management) and there are overlaps between these activities with some workers undertaking combinations of tasks.

BITC's governance has some democratic elements, but the development of policies and key appointments happen without direct consultation of the membership. BITC holds an annual general meeting of members, where members are able to elect directors to sit on the Board of Trustees. The directors tend to be managers of large corporations (e.g. Tata, BT, Waitrose, Boots, Barclays, BUPA) but also include leaders from NGOs and the Confederation of British Industry. The Board meets quarterly, and is responsible for agreeing the strategy for the EF, but it is acknowledged that considerable discretion is devolved to the CEO and leadership team (Grayson, 2007; Interview Director, 16.07.2013). There is also a Wales Advisory Board that includes Directors from Welsh Government as well as large corporates (e.g. BT, Principality,

BBC, Welsh Water, Barclays). This board has no legal standing and its members are not democratically elected – its role is primarily to advise the Welsh branch on strategic direction, and to expand membership through providing contacts (Interview Director, 16.07.2013). It should also be noted that the director of the Welsh organization is not elected by the membership, and is instead appointed by the national BITC organisation.

Another important principle for the EF is the payment of membership fees which provide a large percentage of the income generated for the organisation. On average 60 per cent of BitC's budget comes from the private sector through these fees, while additional income is generated through public sector funding for programmes and projects. Membership is stratified, with size (turnover, total assets, number of employees) dictating membership costs. Annual contributions range from £200 (micro business) to £13,650 for large corporates (BitC, 2011; Interview Account Manager, 18.07.2013).

#### **4.6 Relationship to government**

BitC's relationship to government has been crucial to the development of the EF. Firstly, as discussed above, BitC's formation was initially encouraged and supported by the state to act as an umbrella body for the local enterprise agencies network. Secondly, once BitC relinquished this role, it strategically aligned its employee volunteering programmes with government policies, such as its launch of the Right to Read education initiative in 1998 at a time when the Blair government was setting tough new literacy targets. This alignment began in the 1990s as a way of brokering relationships between its member businesses and the state, and minimising the requests to members for financial support from government departments (Grayson, 2007). BitC's merger with the Action Resource Centre in 1995 also provided the regional infrastructure that meant it could maximise returns on the Labour Government's

devolution agenda. Thirdly, BitC often produces White Papers on issues that fall under its remit, and runs campaigns to raise awareness about CSR issues and supports companies in compliance with legislation. It regards existing legislation as minimum standards setting, and it encourages its members to exceed these levels through voluntary adherence to good practice.

BitC's strategic alignment of its employee volunteering programmes (such as those supporting groups furthest from the labour market) to match government approaches is most closely seen through those centred on youth unemployment, an issue for successive governments since the 1980s. This means that many of the programmes focus on "education and employability" (Interview Account Manager, 05.08.2013). Education programmes are two tier, with the first tier a later version of the 'Right to Read' programme, called 'Reading and Numbers' aimed at primary school level and designed to improve basic literacy and numeracy. The second tier is called Business Class and is aimed at Secondary School students and provides business mentors whose role is to inspire the students and raise their aspirations (Interview Employee Volunteering Coordinator, 19.07.2013; Interview Account Manager, 05.08.2013; Interview Employee Volunteering Coordinator, 06.08.2013). Business Class is also designed to prepare participating students for entry into the labour market, through employability skills training, workshops and work experience days run or hosted by local businesses. The focus on employability skills training is one that mirrors the current Conservative Government's focus. In a recent government report, Business Class was held up as an example of 'excellent practice to build on' in terms of policy changes designed to link education and business as a way of better preparing people for work (UKCES, 2014: 18).

On a regional level, BitC Wales has informal partnerships in place with both the Welsh Assembly and local council departments (particularly education sectors). BitC Wales often

targets its programmes at areas outlined by Welsh Government as Community First Areas (or areas with high levels of deprivation). Where BitC's interests directly align with Welsh Government it has run joint programmes and partnerships such as the Big Conversation, an event allowing high school students to talk to business leaders (UKCES, 2014: 18). BitC Wales also has received funding for various Wales-specific programmes from Welsh Government such as the Workplace Energy Challenge. This was designed to help members tackle concerns about employee behaviour in relation to energy efficiency. This focused on the office environment as this was recognised as 'core to the majority of businesses, across sector and size' and involved supporting businesses in generating employee behavioural change (BitC Wales, 2013: 6-7).

#### **4.7 Relationship to civil society**

BitC's relationship to civil society is extensive, with many examples of collaboration with NGOs, civil society organisations (reference concealed for peer review), and other third sector organisations. These relationships tend to be strategic partnerships often centred on particular campaigns, programmes or initiatives. The nature of these vary and can range from funding or financial support to joint running of programmes or events. BitC represents and mediates access to member businesses in exchange for access to resources, services or expertise they require from their partners. This prevents BitC membership from being inundated with requests from other organisations such as CSOs, NGOs and charity organisations (Account Manager, 05.08.2013). It also acts to mitigate increasing competition within the sphere of their activities, such as the environment where the number of organizations operating have expanded (Account Manager, 05.08.2013). This competition with civil society is in contrast with BitC Wales's relationships with other employers' organisations. It was promoted by the CBI to its membership when it was initially established, and uses local business organisation meetings to

promote its activities and attract new members (Account Manager, 05.08.2013). BitC Wales works with these organisations such as Carbon Trust, Energy Saving Trust, Cynnal Cymru and Careers Wales, who are seen as the ‘specialists’ in their field. In the ‘Workplace Energy Challenge’ programme undertaken in 2012, BitC Wales and Cynnal Cymru jointly ran the programme, while workshops were run by other partners, the Carbon Trust and the TYF Group (BitC Wales, 2013: 11-12). BitC Wales also sees the partnerships as a way of gaining resources, both in terms of funding, manpower, administration and other supportive functions which allow the team to increase their impact well beyond their staffing means.

## **5 COMPARATIVE ASSESSMENT**

Based on the previous case study of the EF BitC Wales and the depiction of EAs in the literature review, this section uses the findings generated about BitC to present a comparison between EFs and EAs (see Table 1).

### ***Table 1 about here***

The *causes of association* are related to the varying demands on employers in different political contexts. Employers countered the power of labour unions and increasing wages through organizing EAs and negotiating collective bargaining agreements. When trade union power waned under globalization, EA sought to remain relevant through diversifying and offering a range of additional services. In contrast, EFs help employers deal with a different set of challenges, including declining social cohesion in the communities in which companies operate, legal risks through new equality and diversity legislation, reputational risk and brand management in consumer markets and the engagement and motivation of employees.

An important *membership principle* for EAs has been homogeneity. Often employers in the same industry or sector would join EAs to regulate employment relations and take wages out of competition within the sectors, hereby protecting employers from union whipsawing. The membership of EFs is generally more diverse. Initially membership was focussed on large corporations, but increasingly includes smaller businesses. The majority of member businesses are customer-facing and membership is seen to improve members' reputation in the marketplace.

The distinction between hard and soft regulation (Trubek and Trubek, 2005) captures the differences in terms of how EAs and EFs *regulate labour and work* in distinct ways. EAs negotiate collective bargaining agreements and enforce their rules and provisions. Members that do not comply can be sanctioned, while unions can use strike action or dispute resolution to challenge violation of collective agreements. In the post-World War II decades, this resulted often in widely shared employment relations standards across the companies covered by the agreement within a sector. In contrast, EFs aim to shape standards through codes of conduct and guidelines on good corporate behaviour. However, members are not required to sign up to these standards and there are no sanctions for violations. Instead, EFs seek to gradually improve the standards in member companies through regular benchmarking, pointing out deficiencies that members ought to address. Ultimately, member companies voluntarily choose to what extent the standards are implemented and do so, crucially, without employee representation or involvement.

Both EFs and EAs have diversified their portfolio of *activities and services*. In the wake of the decline of labour unions and collective bargaining, EAs have begun to offer membership incentives to maintain and recruit new members, such as legal services and training, alongside

more traditional activities of lobbying and networking. EFs, while a newer form of organisation have also shown responsiveness to the changing political climate and member needs. EFs promote the CSR activities and accomplishments of member companies in various ways with the aims of boosting the brand image of companies in consumers markets and fostering involvement and engagement amongst employees. EFs consult members on how CSR activities align with business and employment relations strategy and offer advice on how these activities might improve the performance of companies. They have non-competitive relationships with other employers' organisations.

The *governance* of EAs and EFs is based to differing degrees on democratic principles. EAs are typically formally democratic organizations and power rests ultimately with the membership, which elects key executive representatives and decides on key policies. EA executives and staff have some leeway in running the daily affairs of the organisation within the programme and constitution set by annual membership meetings. Democracy as a governance principle is less firmly entrenched in EFs. Importantly, executive positions are regularly filled through appointment and not election and members are less involved in determining the direction and policies of EFs. In addition, EFs have no authority or enforcement mechanisms to ensure member compliance with EF principles or codes of conduct and rely on positive encouragement and benchmarking. This situation contrasts with that found in many EAs, which possess a range of punitive instruments, ranging from fines to expulsion, to enforce organisational policies and adherence to collective agreements.

The *relationship to government* is instrumental in different ways for EFs and EAs. The state provides a regulatory framework for collective bargaining and EA activities, but at the same time EA lobbying seeks to influence government regulations and secure subsidies for member



firms. In addition, government in its role as employer negotiates some of the largest collective bargaining agreements in the UK. Government regulation is also an important focal point for EFs. The adherence to laws or implementation of new laws, e.g. equality and diversity legislation, can lead to uncertainty and risk for employers and EFs assist employers in dealing with such challenges. EFs attempt to influence government policies by taking part in the consultative parliamentary process or delivering White Papers. EFs tend to strategically align with the government agenda in areas that are important to the organization, which helps them secure additional funding and income, while governments tend to appreciate EF support in promoting and implementing government policy.

The *relationship to civil society* differs across both types of employer bodies. EFs rely in their work on collaboration with CSOs, charities and NGOs, which helps to extend the reach of EFs by providing them with additional resources, specialized expertise and networks. This is likely to be due to EFs being issue based, and therefore more likely to compete and/or collaborate with other organisations whose remits fall within the same issue base. EAs by contrast do not rely on building relationships with civil society. The exceptions are labour unions, other EAs and trade organizations.

## **6 CONCLUSION**

This article has argued that employer bodies such as EFs and EAs respond to varying threats to profitability and challenges in managing employment relations. In the heyday of labour unions, employers organised in EAs and sought to counter the increasing power of organized labour, strikes and a rising wage share. As collective bargaining has declined, EAs have attempted to remain relevant by broadening their remit of membership, offering fee for service options and advocating for employers through lobbying government (Sheldon et al, 2016). EFs

assist employers to deal with different challenges, including new legislation, reputational risks and opportunities and engagement of employees. EFs address these issues through a number of core activities, and by offering services that are directly related to their central issue. EFs encourage good corporate behaviour and the implementation of CSR norms that are, at a minimum, compliant with legal standards but which regularly go beyond them. EFs engage with their members in community projects and promote these activities in various ways with the aim of enhancing company brand image vis-à-vis consumers and the businesses' own employees. The 'business case' that EFs put forward assumes that consumers are more likely to buy products or services from ethically responsible businesses and shun companies that violate environmental, human rights and labour standards. In the same vein, EFs argue that employees are more motivated to work for good corporate citizens. EFs are not fully democratic organisations and members are only involved indirectly in providing direction to the organisation. Instead, EFs provide services that are appealing to their members, to which they relate primarily as consumers. Finally, EFs strategically collaborate with governments, CSOs and NGOs, with the aims of extending the reach of the organization and capturing resources.

The fortunes of EAs and EFs developed in opposite directions. EA numbers and membership have declined, while EF numbers and membership have increased. Thus, the comparison between EAs and EFs provides insights into the changing nature of employers' organisation in the UK. A crucial question from an employment relations perspective is how the regulation of work and labour differs across both types of employer bodies. The comparison revealed that EAs have a greater authority and capacity to implement organisational policies and norms and standards of collective bargaining agreements (e.g. through various penalties). In contrast, EFs encourage businesses to improve CSR standards, whereby the regular benchmarking of

member companies is a crucial tool that identifies areas members lag behind their competitors. Ultimately, members voluntarily follow CSR standards and EFs have no enforcement instruments. A further difference between EAs and EFs in the regulation of work is the involvement of employees. EFs' member firms do not formally involve employees in the setting, implementation and supervision of labour standards. This is different for EAs, which face collectively organised employees in form of labour unions. Unions take part in the negotiations of standards and defend them through strike action and dispute resolution. This is likely to lead to a more robust implementation of standards compared to the voluntary regulation of EFs. In addition, collectively negotiated labour conditions are more expansive in scope and content and include the crucial issues of pay, while the employer-led CSR agenda focuses more narrowly on equality and diversity issues.

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**Table 1: Comparing Employers’ Associations and Employer Forums**

	<b>Employers’ Associations</b>	<b>Employer Forums</b>
<b>Causes of Association</b>	To counter trade union power and deal with labour costs	Dealing with reputational and legal risks; concerns about brand image; engaging employees
<b>Membership principles</b>	Homogeneity; sectoral or industry focus	Heterogeneity. Large and small customer-facing firms across all economic sectors
<b>Regulation of labour and work</b>	Collective bargaining, dispute resolution	Voluntary civil regulation, CSR
<b>Other Activities and Services</b>	Lobbying, legal support, training	Promoting CSR activities of member firms, brand management, consultancy services
<b>Governance</b>	Democratic organisations; norms can be enforced through punitive enforcement mechanisms	Limited democracy; encouraging members to voluntarily follow norms, benchmarking
<b>Relationship to government</b>	State provides regulatory framework; target for lobbying, public sector collective bargaining	Strategically engage with government policy initiatives (consultation, funding)
<b>Relationship to civil society</b>	Labour unions; other business or trade organisations	Partnerships with civil society organisations to enhance reach and resources