Employer organisations transformed

Abstract

Employer organisations and the literature examining them have transformed since their inception in the nineteenth century. We systematically review this literature and the evolving role of employer organisations by focussing on the most cited publications of this body of academic work. This article provides a synopsis of our current understanding of employer organisations, identifies gaps in our knowledge and develops the following argument. Employer organisations adapted to changing socio-economic contexts by evolving within and across three roles – as industrial relations actor, political actor and service provider. Historically, employer organisations were predominantly understood as an industrial relations actor with collective bargaining as their defining activity. However, employer organisations also influenced the political process through lobbying and participating in corporatist arrangements, while more recently their provision of member services has grown in scope and importance.

Keywords

Employer organisation, employer association, collective bargaining, employer interests, collective action, corporatism, lobbying, interest representation
1:  INTRODUCTION

Historically, employer organisations (EOs) emerged as an industrial relations (IR) actor whose primary role was to counter trade unions (Sisson, 1987; Haipeter, 2011; Plowman, 1988). They progressed to a central role within institutional collective bargaining, regarded by the literature as their defining activity. Other collective bodies existed but had no bargaining role, and were known as trade organisations (Traxler, 2000). However, economic and political changes in recent decades impacted on EOs. Patterns of bargaining became increasingly decentralised throughout the developed world, and EOs’ involvement in bargaining decreased. Collective employer bodies did not, however, retreat from work and employment relations. Their continuing activity within these topics ranged broadly and included lobbying governments on related issues and providing human resource management (HRM) based services. We broaden the definition of EOs to capture this continuation, examining their ongoing role within work and employment relations beyond collective bargaining.

EOs and trade unions are employment relationship counterparts but research has focussed predominantly on the latter, and EOs have been less researched (Barry & Wilkinson, 2011; Bonnett, 1922; Schmitter & Streeck, 1999). Nonetheless, a multi-disciplinary body of literature exists on EOs, primarily in employment relations and political science, and to a lesser extent in the sociology of work, labour economics and business history. We systematically review this literature by analysing the most cited academic texts. The article synthesizes academic knowledge on EOs, identifies the gaps in the literature and develops the following argument to capture their evolution.
We argue that since their inception, EOs adapted to changing socio-economic contexts by developing within and across three roles – as IR actor, political actor and service provider – along with related practices and activities in each. In relation to the first, the literature once predominantly understood EOs as an IR actor focussing on collective bargaining. The decline of trade unions and economic internationalization contributed to a lessening of the incidence of collective bargaining, although trajectories of change varied across liberal and coordinated market economies (Hall & Soskice, 2001). More recently, some EOs promoted equality and diversity working standards by developing codes of conduct and certification, constituting private voluntary regulation of the labour market (Demougin, et al., 2019; Bowkett, Hauptmeier, & Heery, 2017).

The second role, of political actor, was always present given the political importance of employment relations (Crouch, 1993; Martin & Swank, 2008). This role, however, became more important in the post-war era as EOs were formally integrated into political economies through their involvement in corporatist and tripartite economic governance alongside trade unions and the state (Hall, 1989; Scharpf, 1991). Joint governance survived in some countries where employers were involved in the governance of national training systems, regulation of national insurance or setting minimum wages. However, EOs often lost those channels of influence in countries with more liberal trajectories, and strengthened instead their existing focus on lobbying (Sheldon et al., 2016).

Finally, EOs have recently evolved in their role as service provider, moving beyond those related to collective bargaining to include others such as training, legal services and HRM advice. These latter services offer continuing incentives for individual employers to associate with EOs (Sheldon et al., 2016; Zhu & Nyland, 2016). However, other studies have identified
alternative strategies such as generating new collective goods in the form of promoting regional development (Sheldon et al., 2019).

As we discuss in this article, employer collective organisation was hampered by broader developments such as: declining government support for collective regulation and economic governance; weakening of labour unions; the liberalization of markets; and, economic internationalization. However, the ‘strange non-death of employer associations’ (Brandl & Lehr, 2016) meant that EOs survived despite adverse conditions by evolving in their roles as IR actor, political actor and service provider to maintain relevance to their members.

2: METHODS AND DATA

Our argument is based on a systematic review of the most cited publications on EOs. We identified our sample through database searches and an expert survey. We looked for variations\(^1\) of the term “employer organisation” in four social science databases: Google Scholar, Web of Science, Business Source Premier and Scopus. Search terms had to be present either in the Title, Abstract or Keywords of the publications. We then identified the most cited texts, although Google Scholar citations were required to be higher than for the other sources as its counting algorithm draws from more sources. Counts were relaxed for older citations as these pre-date internet search engines and have lower citation numbers. Citation counts were also relaxed for newer citations as they take time to accumulate after publication. We manually excluded all publications that only mentioned EOs in passing. To increase the robustness of our sample, we asked academic experts to identify omissions in

our initial selection of articles. Sixteen academics took part in this survey and helped us to identify additional texts. The final sample was 131 publications.

We then developed and applied a coding scheme to capture key information from each publication. Categories included, for example: type of publication; academic field; theoretical topic; research methods; type of analysis; geographical focus; industry focus; and, EO activity. We manually coded each text and entered the results into a Microsoft Excel database, which enabled us to identify key themes and topics in the study of EOs as well as omissions.

Over half of the publications (55.7%) were journal articles, while around one-fifth were either respectively book chapters (21.4%) or books (19.1%). The remainder were conference or working papers (2.3%) or other types (1.5%), such as the report of the UK’s Royal Commission on Trade Unions and Employers’ Associations (1968). Nearly two thirds (66.4%) of the most cited publications were from the field of IR and HRM, and almost a quarter (23.7%) were from political sciences. Only a small minority of references were from (labour) economics (3.1%), sociology (of work) (2.3%), other academic (3.8%) or non-academic sources (0.8%).

Nearly two thirds (63%) of the sample included some empirical data, whereas the remaining publications (37%) were opinion pieces, essays or syntheses. Out of those 82 articles that included empirical data, 44% were purely qualitative, 38% were entirely quantitative and 18% used mixed methods. More specifically, 38% of the 82 empirical publications used

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document analysis with a minority relying on archival research. Thirty-four percent included secondary data, 23% used interviews or focus groups, 10% used surveys or questionnaires, and only two articles used participatory methods. Sixty-six percent of empirical articles used a qualitative approach to data analysis and reporting, whereby 30% used a case study and 36% were comparative. On the quantitative side, 38 articles used quantitative data analysis, from which 71% relied on descriptive statistical analysis and 29% used regression analysis.

The vast majority of publications focused on one or several specific countries (69.9%), while 9% had a global region focus, such as Europe and Latin America. Thirteen percent were large scale comparative studies (e.g. Traxler, Blaschke, & Kittel, 2001; Traxler, 2004), and only 3.1% focussed on specific regions within countries, such as New South Wales (Plowman, 1982) or Northern England (McIvor, 1996). Figure 1 outlines the varied country focus of the national studies, demonstrating how the study of EOs is biased towards European countries, the USA, Australia and Japan, but less is known about EOs elsewhere.

**Figure 1: Country focus of articles**
The most common theoretical focus was interest representation (26%), followed by collective bargaining theory (15%), collective action (12%) and Varieties of Capitalism (12%). Finally, we collected data on the EO activities that were the main focus of the publications. A clear majority (69%) focused primarily on EOs’ activity within collective bargaining, followed by lobbying and political representation (36%). Another important focus was services (16%). We now explore in more detail the themes identified by our literature review.

3: EMPLOYER ORGANISATIONS AS INDUSTRIAL RELATIONS ACTOR

Industrial relations has long been considered EOs’ most important area of activity. Such activity centred on collective bargaining, the theme most commonly found within our sample. Three sub-themes emerged: EOs as countervailing power to unions; EOs as bargaining agents; and, the decentralization and decline of collective bargaining.

3.1 Countervailing power

What induces employers competing against one another in markets to found collective organisations? Across various national and historical contexts, our sample’s primary answer is that EOs were created as a countervailing force to the labour movement (e.g.: Windmuller & Gladstone 1984). Nine per cent of our sample featured a theoretical focus on employer power and countervailing power, concentrated within studies examining the origins and early developments of EOs (e.g. Plowman 1985; Zeitlin 1991).

EOs protected individual employers faced with emerging trade unions, the threat of strike action and pressure to raise wages, with Traxler describing EOs as ‘essentially a built-in
response to a high degree of strategic coordination on the part of trade unions’ (1999, p.354).
The need for protection was felt acutely in competitive industries populated by small firms or
where a large percentage of overheads comprised labour costs (Paster, 2012). More recent
work on emerging economies identified a similar pattern, as employer collective action arose
in response to new and independent labour movements (Benson, Zhu, & Gospel, 2017).

Countervailing trade unionism was pursued by different methods. In the early phase of EOs,
one common strategy was to suppress the labour movement and defend managerial
prerogative. Historical accounts attest to the role of EOs in breaking strikes, locking out trade
unionists, and recruiting strike-breakers often with the cooperation of state authorities (Grant
and Wallace, 1991). Similar methods continued in countries with weakly institutionalized
systems of IR, e.g. in Turkey where Islamic EOs resisted trade unionism, even when such
organisations possessed an Islamic character (Sezer, 2019).

The other countervailing approach used by EOs accepted unions as the legitimate
representative of workers and managed their influence through collective bargaining. Much
of the classic post-war IR literature viewed employers’ acceptance of this orientation as a key
indicator of system maturation. This rather teleological interpretation of employer behaviour,
however, warrants two qualifications. First, the transition towards accommodation was often
the product of state intervention, as governments required EOs to recognize and deal with
unions. Plowman’s (1989) account of the emergence of EOs in Australia, for example,
identified the government’s creation of the Arbitration Act 1906 as a key stimulus, while even
in the voluntarist UK government played an active role in encouraging employers to associate
and bargain collectively in the early twentieth century (Clegg, 1979; Howell, 2005). The other
qualification is that EOs in many countries weakened their commitment to accommodate the
labour movement. Rather than a once and for all transition, representing a decisive step towards mature IR, the shift from suppression to accommodation in employer behaviour should be therefore viewed as contingent, capable of being reversed.

In many developed economies, the labour movement’s loss of power reduced the imperative for employers to act collectively, as noted by countervailing power theorists (Barry & Wilkinson, 2011). As the union movement declined, it was partially supplanted by other countervailing power forces, providing a fresh impetus for collective employer organisation (Gooberman, Hauptmeier, & Heery, 2019). Two such forces were the increasing juridification of the labour market through individual rights legislation (O’Sullivan et al., 2015), and the emergence of identity-based social movements grounded in gender, ethnicity, disability and sexuality which pressured employers to develop equality and diversity policies. We traced how these forces impacted on employers, leading to new collective organisations, employer forums, which mediated employment law and formulated good practice in the management of gender, ethnicity, disability and other characteristics for their members (Bowkett et al., 2017; Demougin et al., 2019, Gooberman, Hauptmeier, & Heery, 2019). Such employer bodies carried out voluntary regulation within a broader ‘regulatory state’ that seeks to steer business behaviour through a mix of hard and soft regulations (Moran, 2002).

3.2 Collective bargaining

The quintessential activity associated with traditional EOs was multi-employer collective bargaining (Sisson, 1987; Haipeter, 2011; Plowman, 1988), considered by a majority (68%) of our sample. The following themes were apparent in the literature: the benefits of multi-
employer bargaining for members of EOs; the variable forms that multi-employer bargaining assumes; and, the wider economic and social impacts of such bargaining.

One of the main benefits of multi-employer bargaining was to “neutralize the workplace” (Sisson, 1987) by directing union pressure away from individual businesses, thereby supporting management prerogative. Specifically, bargaining could protect against wildcat strikes, union whipsawing and upward wage pressure (Hauptmeier, 2011). Researchers also noted that multi-employer bargaining could control interfirm competition, taking wages out of competition and reducing the threats posed both by low-cost entrants into product markets and of poaching of skilled labour by more profitable firms (Swenson, 1991). Others observed that the benefits of multi-employer bargaining were spread unevenly across EO memberships (Thelen, 2000). Research noted that large employers in Germany were the primary beneficiaries of multi-employer agreements as wage increases were tied to average productivity increases by industry, making wage settlements more affordable to larger businesses with high rates of productivity increase (Thelen, 2000).

The literature also highlighted how multi-employer bargaining varied but often conformed to distinct national patterns, identifying the level and centralization of collective bargaining as key indicators of variation (Traxler, 2000). In one pattern, seen in post-war Nordic countries and Austria, bargaining was centralized nationally as agreements were negotiated by the peak organisations of industry and labour to provide economy-wide regulation of the labour-market (Johnston, 1981; Swenson, 2000). A second pattern in Germany saw multi-employer bargaining conducted primarily at an industry-level, albeit with agreements in key export industries providing a benchmark to be followed by other sectors (Streeck, 1997).
A third, mixed, pattern combined national and industry agreements. In post-war Italy, Belgium and France national agreements were used to determine broad issues such as hours of work while industry or enterprise agreements dealt with other topics (Traxler, 1998). Another pattern of ‘coordinated bargaining’ existed in Japan where agreements were concluded at enterprise level, but EO coordination ensured that similar agreements were signed within a particular industry (Sako, 1997). Finally, although while national patterns can be identified, within-country variation existed. Collective bargaining coverage was often higher in the public sectors than the private sector, while manufacturing sectors tended to have a higher coverage than service sectors (e.g. Gooberman, Hauptmeier, & Heery, 2019).

A final theme in the literature on EOs as bargaining agents addressed the economic and social effects of multi-employer bargaining. A much examined topic was how varying degrees of collective bargaining centralization affected economic performance (Traxler, 2000). Initial research identified that countries with highly centralized or decentralized collective bargaining systems outperformed systems that were neither fully centralized nor decentralized (Calmfors & Driffield, 1988). Stronger economic performance was attributed to either the positive effects of flexible labour markets or corporatist wage setting, although the positive effects of collective bargaining was also debated. An economic critique was that collective bargaining led to labour misallocation and attendant inefficiencies, whilst IR scholars identified positive social outcomes such as reduced income inequality and a lower gender wage-gap (Rubery, Grimshaw, & Figueiredo, 2005).
3.3 Decentralization and decline of collective bargaining

The decline and decentralization of collective bargaining has been examined across, in particular the nature and extent of such change processes; the role EOs played in the decline and decentralization of collective bargaining; and, how change affected the relationship between EOs and their members.

An important indicator of collective bargaining’s decline was the decreasing coverage of collective agreements. Coverage peaked in the post-World War II decades at different points depending on the country, but subsequently the number of people whose wages and working conditions were so determined decreased. In some liberal market economies such as the USA and UK, the erosion of multi-employer bargaining progressed the furthest and industry agreements disappeared from most private sector industries. A different pattern existed in coordinated market economies such as Germany where multi-employer bargaining remained in many industries although its scope reduced. The decline of collective bargaining was marginal only in some Nordic economies, where most workers remained covered by collective bargaining. A correspondent change process to the decline of collective bargaining was decentralization, as bargaining issues moved to lower levels. Katz (1993) examined decentralization across liberal and coordinated market economies and identified the growth of plant and company level collective bargaining.

In pursuing changes to collective bargaining, EOs adapted to common trends across countries. The internationalization of the economy weakened trade unions, and the need for employers to contain unions through collective bargaining decreased. At the same time, increased market competition required greater flexibility in organising employment relations and work systems
(Katz 1993). Traxler’s (1995) differentiation between coordinated and uncoordinated decentralization is helpful for mapping the varying EO strategies. In countries with uncoordinated decentralization such as the USA, UK and New Zealand, EOs pursued greater flexibility by simply exiting multi-employer bargaining and wage-setting moved to the company or firm level without coordination across companies (Gooberman, Hauptmeier & Heery, 2019).

EOs also sought greater flexibility in countries with more coordinated employment relations but did so without leaving multi-employer bargaining, thus ensuring coordinated decentralization. Although bargaining took place at company and firm level, EOs negotiated some aspects at higher levels, limited variation at the company level or kept some control over which bargaining contents moved to company levels. For example, new opening clauses allowed employers to deviate from higher-level bargaining contracts if required by economic circumstances, but EOs and unions had to agree to individual derogations from collective agreements (Ellguth & Kohaut, 2010). However, coordinated decentralization did not entirely stop the decline of collective bargaining, although the pace of such decline substantially varied across countries and the erosion and hallowing out of collective bargaining were central themes in the literature (Hassel, 2009).

Bargaining changes also impacted on the relationships between EOs and their members. Given the centrality of collective bargaining and trade unions, it is unsurprising that their decline raised members’ questions about the relevance of EOs. An increasing number of employers left EOs to unilaterally organise employment relations and work. In some contexts, this corresponded to the growth of large firms that had the capacity to develop enterprise-specific HRM systems (Gospel, 1992). To counter such developments EOs created new
member categories to respond to membership demands. For example, Behrens and Helfen (2019) described how German EOs introduced new ‘bargaining-free’ membership, offering a membership category to employers interested only in political representation and service provision but without the obligation to adhere to collective bargaining agreements.

Overall, the capacity of EOs to negotiate, implement and enforce collective bargaining standards decreased and only a few coordinated countries avoided this dynamic. Otherwise, the elements described above contributed to a partial ‘disorganization’ of EOs as a collective IR actor and the demise of institutional IR (Lash & Urry, 1987; Purcell, 1995). EOs compensated for the decline of their main function through redefining their role as political actor and expanding the provision of services, to which we turn in the next two sections.

4: EMPLOYER ORGANISATIONS AS POLITICAL ACTOR

EOs also became an important actor through lobbying and representation in the political system, and 36% of publications in our sample (the second highest thematic proportion) dealt in some form with this topic. The literature had two main themes. One was how EOs represented member interest in the political system. The other was how the comparative capitalism literature examined the role of EOs in different types of capitalism, focussing on their roles within economic governance and their contributions to economic performance.

4.1 Interest representation in the political system

Twenty-six per cent of our sample had some theoretical focus on interest representation. Analytical foci included: the role of EOs during the origins and development of political
systems; corporatist or pluralist modes of interest representation; and, different logics of EO representation in the political process.

To some extent, EOs’ interaction with trade unions always had a political dimension. When the labour movement swelled during the industrial revolution, the responses by EOs and state shaped the characteristics of the political system and the associated role of interest groups (Crouch, 1993; Martin & Swank, 2008). For example, the German government aimed to stifle the upward trajectory of trade unions at the end of the 19th century by addressing some social demands. The government founded pension, unemployment and health insurance schemes and involved EOs and unions in their governance and administration (Marks, 2014). In the UK by contrast, governments sought to confine the role of EOs and unions to the sphere of IR. Beyond such differences, a common pattern across countries was that newly founded labour parties had direct links to labour movements but EOs were less likely to be directly associated with political parties (Oechslin, 1982).

Following these early developments, further watershed moments were World Wars I and II. EOs and unions followed the call by governments to take part in the war effort to maximise industrial production (Paster, 2012; Flanders, 1974). Such activities upgraded the role of EOs and unions, particularly important for the latter as they continued to struggle for legitimacy within the political system (Lichtenstein, 1995). This had implications for post-war decades, when EOs faced unions that were more established in national political economies.

The post-World War II decades were fertile ground for corporatist policy-making. Corporatism refers to the state’s formal integration of interest groups into the political system (Molina & Rhodes, 2002). Hereby, the state entrusts policy-making authority to interest
groups such as EOs and trade unions, but groups contribute in return to the governance and administration of policy areas (Schmitter & Streeck, 1999). Keynesianism became the dominant paradigm in many Western industrialized countries and it stipulated a role for EOs and unions in macro-economic policy making (Hall, 1989). State, EOs and unions engaged in tripartite co-operation with the aim to balance and coordinate policies including income, inflation and unemployment (Scharpf, 1991). Many EOs and unions became central actors in national training regimes, participating in the development of apprenticeship and other training programmes and their subsequent administration. In some countries, EOs and unions were closely associated with the development of the welfare state. Such association was particularly marked in the Ghent countries where trade unions were largely responsible for welfare payments such as unemployment benefits, and this role contributed to high membership levels in trade unions and EOs (Western, 1997).

However, from the 1980s the emerging neoliberal economic paradigm advocated free markets without interference from EOs and trade unions. In a number of liberal market economies, governments curtailed the corporatist role of trade unions and EOs. Yet, despite some changes, corporatist institutions and policy making remained more entrenched in coordinated economies. This process also included the revival of social pacts in some European countries in the 1990s and 2000s to increase economic competitiveness and fight unemployment (Hassel, 2009). Similar corporatist co-operation existed in the wake of the economic and financial crisis in Germany, Austria and Switzerland, where EOs, unions and state co-operated in dealing with the economic and social consequences (Eichhorst & Weishaupt, 2013). Finally, the International Organisations of Employers represented the interests of employers in the context of the tripartite International Labour Organisation (Oechslin, 2001).
Pluralism is a distinct analytical account that captures the role of interest groups such as EOs in the political system (Grant & Marsh, 1977). Interest groups do not generally participate in the administration and governance of political institutions, but instead seek to influence policies through lobbying and formal representation in parliament. Pluralism accounted for the role of EOs in countries with limited or no tradition of corporatist policy making such as the USA (Dahl, 2005). It also captured the changing role of EOs in countries where tripartite policy making declined in the wake of neoliberal economic reforms, but developed more towards a pluralist political system (Gooberman, Hauptmeier, & Heery, 2019).

In many countries, the boundaries between pluralist and corporatist accounts of EOs blurred and overlapped. For example, Sheldon and Thornthwaite (2003) described how EOs in Australia were involved in policy-making, implementation and evaluation (p. 243) within a political system that generally leant more towards the pluralist spectrum, while EO lobbying increased and became more pronounced in countries with a tradition of corporatist policy making. Beyond influencing national governments, employers founded international EOs that targeted international inter-governmental organisations (Traxler, 1999). For example, European and international EOs lobbied the Commission and Parliament of the European Union, but literature on international EOs is sparse.

Another influential account for modelling the role of EOs in the political system is Schmitter and Streeck’s (1999: 19-24) logics model. This model was widely applied in the literature but applications often focussed on two logics of interest representation, ‘membership’ and ‘influence’ (e.g. Schneider & Grote, 2006, Behrens, 2017). Generally, tensions exist between these two logics implying that EOs need to balance their relationship with members against the outward representation in the political system. For example, to gain access to influence
political authorities, an EO must make commitments, agree to compromise and represent themselves in a fashion that might not be fully compatible with the immediate interests and demands of the membership. While most of the EO literature has focussed on the ‘two logics’, this is an abridged version as Schmitter and Streeck (1999) also discussed the logics of ‘effective implementation’ and ‘goal formation’ (see also Child, Loveridge, & Warner, 1973). Respectively, they focused on the capacity of EOs to implement policies and negotiated agreements and the processes through which EOs develop their aims.

4.2 Comparative capitalism

The comparative capitalism literature (with 12% of our sample focusing on such theoretical approaches) examined how EOs and other associations contribute to the functioning and economic performance of different models of capitalism. A more recent focus was the role of EOs in processes of institutional change and labour market dualization. This literature built on the corporatist literature discussed above and grew in prominence since the 1990s. A core assumption was that EOs and other economic actors were embedded within a national institutional context that crucially shaped their behaviour. Streeck’s (1997) argument suggested that EOs did not necessarily voluntarily take part in collective economic governance and employment relations, but rather that institutions placed ‘beneficial constraints’ on them. These institutional obligations ensured that employers take part in positive sum collective coordination, which can contribute to economic performance of the economy. The differing roles of EOs across countries was highlighted by Hall and Soskice’s (2001) distinction between liberal market economies and coordinated market economies. Their ‘Varieties of Capitalism’ framework suggested that economic governance systematically
varied across both types of capitalism. Governance by markets existed across both types, but coordinated market economies also used non-market coordination such as governance by association from EOs. Thus, EOs played a central role in governing economic activity in coordinated market economies through their involvement in collective bargaining, national training regimes, welfare states and other forms of tripartite cooperation. Whereas EOs in liberal market economy primarily focused on service provision but had only a marginal role in economic governance (Martin & Swank, 2012).

Hall and Soskice’s (2001) framework challenged globalization arguments suggesting that liberal economies were economically superior and coordinated market economies would have to liberalize to retain international competitiveness. In contrast, Hall and Soskice argued that both types of capitalism could perform well under globalization but that they did so differently. Liberal market economies benefited from dynamic and competitive markets in sectors requiring radical innovation. However, in coordinated market economies social and collective institutions that often incorporated EOs in their governance underpinned performance where incremental innovation and long-term business strategies were needed. Following Hall and Soskice, the literature explored further types of capitalism such as mixed market economies (e.g. Italy and Spain), Nordic capitalism, and hierarchical market economies in Latin America (Kristensen & Lilja, 2011; Molina & Rhodes, 2007; Schneider, 2009). As in the above discussed argument by Calmfors and Driffill (1988), the countries on both ends of the spectrum tended to outperform the mixed cases.

However, the inclination of the Varieties of Capitalism literature to depict economies as coherent national models came under pressure through empirical anomalies (Vidal & Hauptmeier, 2014). These included the decline of EOs, trade unions and collective bargaining
coverage as discussed above, but also the growing number of low wage or precarious workers, which challenged the image of coordinated market economies. Moving beyond such coherence of national models, two streams in the literature examined these changes within national economies: the institutional change and the dualization literatures.

Researchers focussing on institutional change attempted to capture the transformation and liberalization of different national models. This literature did not see EOs and other actors as passive recipients of institutional effects, emphasizing instead the capacity of actors to proactively change institutions. Baccaro and Howell (2017) forcefully elaborated this point in their analysis of Britain, France, Germany, Italy and Sweden since the 1970s. They argued that an expansion of employer discretion took place across all countries, i.e. a “greater influence and control of individual employers over wage determination, hiring and firing and the organization of the workplace” (2017, 1). Initially, the power of trade unions and other institutional constraints limited employer discretion; however, employers increasingly bypassed or ignored institutions in the later periods of their inquiry. Employers first-order preference was to liberalize employment relations and they pursued their “dormant wish” once the political opportunity structure changed (Ibsen et al., 2011). Employers simply weakened existing institutions through exit as individual employers left EOs, or EOs ceased to conduct collective bargaining. These changes were uneven but greater liberalization and employer discretion could be observed across all countries. Other authors such as Thelen (2014) saw efforts to liberalize coordinated market economies as more limited and stressed the continuing interests of employers to maintain collective and social institutions.

The dualization literature offered possibilities to fuse both sides of the debate to capture the parallel processes of liberalization and coordination (Emenegger et al., 2012). For example, core parts of the German economy followed the typical pattern of coordination between firms,
EOs and labour representatives at different levels, while at the same time low value added work was outsourced and service sector work liberalized (Hassel, 2014). This labour market dualization was explained by ‘producer coalitions’ between core workers, employers and their collective representatives, EOs and trade unions, which had the political and economic strength to maintain core institutions, often in manufacturing sectors; while service sector workers and lower segments of the labour market lacked supporting coalitions to prevent deregulation and liberalization. Producer coalitions in the German economy focussed on increasing productivity through coordination and cooperation when under economic pressure, whereas low wage and service sector workers faced blunter labour cost cutting measures and deterioration of working standards. Overall, EOs retain an important role within comparative capitalist research, but debate continues as to how capitalist economies evolve.

5: EMPLOYER ORGANISATIONS AS SERVICE PROVIDER

Another, more recent strand of research emerged to explain how EOs survived through adapting and expanding their service offered to members. Although only 16% of our sample focused on such activity, it emerged recently as an important area of study (e.g.: Gooberman, Hauptmeier, & Heery, 2017, 2018a; Sheldon et al., 2016; Ibsen and Navrbjerg, 2019). Such research often built on Olson’s (1965) classic formulation of the collective action problem, the theoretical focus of 12% of our sample. This formulation predicted that self-interested firms and individuals would not act collectively due to the ‘free rider’ problem that emerged when organisations lobbied successfully for the creation of public goods such as collective agreements or regulation. As such goods were available to all, rational actors would not commit resources to collective groups as these goods could be obtained at no cost. Olson’s theory implies that collective action is unlikely to occur in the absence of state-driven
encouragement or compulsion to join EOs. However, one way to overcome the problem and the threat it faces to organisational survival is through offering services. These were often offered as either or both selective and elective services, with the former making membership more attractive to new and existing members and the latter enabling EOs to obtain resources (Sheldon et al., 2019).

Although consistent cross-national data on the type and volume of services provided by EOs to individual members were not available, some broad trends were identified by country-specific studies. Ibsen and Navrbjerg (2018) analysed Danish EOs, collecting data on 12 types of HRM related services, such as employment law helplines or advice on topics including equality and diversity, employee engagement and managing conflict. EOs on average offered between 50 and 60 per cent of these depending on their size, with larger EOs offering higher levels (2019: 8). In Germany, the gradual erosion of collective bargaining (Streeck, 2009) spurred some EOs to respond with a greater emphasis on services (Silvia & Schroeder, 2007). Finally, the importance of service provision has been noted outside more developed economies. For example, Zhu and Nyland (2017) argued that the Chinese Employers Confederation was able to recruit members’ in part due to its provision of HRM consultancy services.

While comparative studies are largely absent from the literature, it appears that EOs in countries with more decentralized employment relations systems may be offering a greater volume of selective and elective services. For example, studies of Australian EOs (You and Barry, 2016; Sheldon et al., 2016) argued that they faced threats to their financial sustainability, producing responses prioritising commercial over associational objectives.
Some EOs raised revenue by offering elective goods such as commercially-priced, expert services to non-members, often discounting the same services to their members on a selective basis (Sheldon & Thornthwaite, 2004). While EOs had long provided some selective goods such as information on industry trends and advice on regulatory compliance, these were joined by more commercial activities available on an elective basis including those relating to HRM. As an example, the New South Wales Business Chamber offered five member types with the more expensive offering greater access to services such as legal compliance (Sheldon et al., 2016). In the UK, Gooberman, Hauptmeier and Heery (2017) identified 447 EOs. Few remained active in collective bargaining, but all generally provided a broad range of selective and elective services across HRM and business development.

One set of explanations for the shift towards service provision focused on how organisational adaptation and innovation drove a service based model that enabled EOs to survive declines in collective bargaining. Some scholars developed this approach further by analysing EOs as entities seeking to survive in a competitive commercial environment. Sheldon et al. (2016) used strategic choice and resource dependency frameworks to analyse Australian EOs. They argued that organisations facing environmental threats to financial sustainability, such as decentralisation that increased exposure to competition, often responded by prioritizing commercial over associational objectives. The importance of commercial stimuli, such as intra-industry competition, in driving change was also highlighted by You and Barry’s (2016) study of Australian retail EOs. Finally, Ibsen and Navrbjerg (2018) used functional and structural adaptation (Traxler, 2004) to explain change in Danish EOs, finding that they layered new services onto traditional collective functions. Layering was driven by changes within employment relations, and although survival was linked to the continuation of some
collective approaches, the provision of such goods within bargaining was insufficient to ensure EOs’ survival and they were forced to offer new services to individual firms.

Although our review suggests that EOs are increasingly focused on service provision (e.g. Sheldon and Thornthwaite 2004; Gooberman, Hauptmeier, & Heery, 2018), the service-based hypothesis has to be qualified with two caveats. One is that the trajectories of such shifts varied widely due to differing national institutional contexts. The other is that the provision of selective and elective goods is not the only response to changing external circumstances, as some EOs have developed new collective goods. For example, Sheldon et al. (2019) drew on meta-organisational and resource based views to argue that difficulties in competing with commercial providers within service provision has led to successful attempts by Italian and Australian territorial EOs to develop new collective goods. These goods shifted the focus of these territorial EOs away from bargaining leadership towards promoting regional economic development.

6: CONCLUSION

EOs’ main functions were once to counter trade union power and conduct collective bargaining, but the decline of these institutions raised concerns as to the continued existence of EOs. However, researchers pointed to the ‘strange non-death of employer associations’ (Brandl & Lehr, 2016) to debate the continuing relevance of EOs (Ibsen & Navrbjerg, 2019; Sezer, 2019). This article contributed to this debate by arguing that EOs adapted to changing socio-economic contexts by evolving within and across three roles – as an industrial relations actor, a political actor and a service provider. Beyond their previous bargaining role, some EOs promoted higher working standards in the area of equality and diversity through codes
of conduct and certification, which are forms of private voluntary regulation of the labour market (Demougin, et al., 2019; Bowkett, Hauptmeier, & Heery, 2017). EOs also expanded political representation and lobbying by influencing labour and employment legislation. Finally, EOs widened the provision of services to include legal services, training and development, and HRM advice. However, some EOs also promoted regional development and economic growth, which collectively benefitted members and non-members (Sheldon et al., 2019).

We highlight how Traxler’s (1995) differentiation between coordinated and uncoordinated decentralization helps map EO strategies. In countries with uncoordinated decentralization, EOs exited multi-employer bargaining and wage-setting moved to the individual company or firm. In these countries, EOs were likely to be more advanced in evolving their roles as political actors and service providers. In countries with more coordinated employment relations, EOs still sought greater flexibility. However, they did not necessarily leave multi-employer bargaining, instead often adopting approaches that delegated some aspects of bargaining to company level but retained others (Ellguth & Kohaut, 2010). The partial retention of institutional IR meant that there was less pressure on EOs to evolve as political actors and service providers although evolution did take place (Ibsen and Navrøbjer, 2018). Despite such differentiation, patterns varied considerably by country depending on specific institutional and political circumstances.

The study of EOs is less voluminous compared to that on trade unions, but the literature within employment relations, political science, the sociology of work and labour economics allows to trace and map the changing roles of EOs and identify processes of decline and revival. Nonetheless, we identify five gaps that could be addressed by future research. The first is the
lack of research on EO members meaning that we know little about why employers join EOs. The functions of EOs may well correspond with employer interests (Mares, 2003), but empirical quantitative or qualitative research focussing on individual employers might identify additional interests. Second, there are indications that some EOs target international governmental organisations, such as the European Union and the International Labour Organization. Literature exists on the politics of such organisations, but research that focuses on employer interest representation in the context of these and other international bodies is sparse.

Third, some articles point to increasing EO political representation and lobbying at national levels but detailed analysis is largely absent. Elite research is difficult (Mills, 2000), but future research could unpack activities and channels used by EOs to influence policy. Fourth, most of the English language research focusses on a small number of countries, such as European states, the USA, Japan and Australia (see Figure 1). However, we know little about EOs in other countries, although an important recent exception is Benson, Zhu and Gospel’s (2017) edited volume on EOs in Asia. Fifth, little research exists on the internal governance of EOs, although indications exist that some EOs moved away from democratic governance towards unilateral delivery of services without member input. EOs also seem less capable of implementing and enforcing collective standards vis-à-vis their members. Such questions of internal governance have yet to be explored systematically by empirical research.

In conclusion, EOs have been central actors in employment relations and national political systems, as governments sanctioned and supported them through: informal guidance and administrative rulings in voluntarist systems (Howell, 2005); the creation of new political and IR institutions; and, their integration in tripartite governance structures. However, state
support for EOs has weakened since the 1980s although the intensity of these processes varied between countries. EOs attempted to compensate for their declining role by expanding political representation and service provision. However, it is unlikely that internal renewal strategies are sufficient for EOs to return to their previous influence and organisational strength. Such a return seems possible only with new forms of state support and delegations of authority to EOs. These forms of state action are less common but do occur, e.g. the German government delegated the authority to set the newly introduced minimum wages to EOs and unions in 2015, providing both actors with a new purpose in a context of declining collective bargaining (Bosch, 2018). The “strange non-death” of EOs is a continuing phenomenon, but one that may yet lead in unexpected directions.
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