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## SPECIAL ISSUE ARTICLE

# The presence, role and economic impact of Employers' Associations in Europe

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## 1 | INTRODUCTION

Employers' Associations (EAs), a major pillar of Western industrial relations and corporatist political systems, are notoriously under-researched compared to their counterparts, the unions. Beginning with Mancur Olson, their theoretical analysis has been further developed by Philip Schmitter and Wolfgang Streeck in particular. Beyond some descriptive studies of mainly aggregate developments, with Franz Traxler at the forefront, there has been, however, a lack of empirical studies based on microdata. This situation has recently changed for the better with the availability of new databases – often country-specific, but some also suited for international comparisons – and with the accompanying development of micro-econometric methods.

There is no need for a detailed account of these developments in my introduction, because the following papers quote the theoretical milestones and the empirical and methodical advancements on which they build. Despite their small number and differing focus, the five selected papers present the current state of our knowledge – and our ignorance – on the role and the impact of EAs in Europe.

Even pure EAs may pursue various activities beyond collective bargaining to favour their members' interests, such as offering legal services directly or via preferential group contracts, lobbying, information sharing and training. Where an EA not only deals with employment matters, but cares also for other member interests, like marketing or financing issues, in so-called mixed EAs, the variety of activities is obviously even greater.

*Bryson and Willman* assert in their conceptual keynote that EAs, as colluding collectives, face a multi-issue mission drift, whether pure or mixed. The selection of specific activities depends on

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the industry's collusion climate, which includes labour, product, financial and political market considerations, according to Bryson and Willman's strategic collusion approach. The authors effectively demonstrate the productivity of their contingency perspective in two ways. Firstly, they assert the significance of 'no poaching' and 'no solicitation' agreements in the absence of collective bargaining in the United States. Secondly, they confidently explain the decline of collective bargaining in the UK and Germany, where attempts to influence minimum wage legislation and occupational licensing can be seen as a substitute for collective bargaining.

In a novel 27-country comparison of approximately 30,000 establishments, *Lehr, Jansen and Brandl* examine the determinants of membership in pure EAs and whether these associations provide preferential treatment to their larger members. The analysis uses the European Company Survey (ECS) microdata, which expresses membership as a proportion of companies/establishments rather than as a proportion of the relevant labour force. At the establishment level, the independent variables considered are the presence and strength of employee representation, workplace unionization and size. At the country level, the variables include the coordination of wage setting, the existence of tripartite councils and trade union density. The data from two waves of the ECS, 2013 and 2019, are combined and analysed using a multi-level bivariate logit regression with maximum likelihood methods. *Lehr, Jansen and Brandl* find that despite the widespread suspicion of a decline in collective bargaining, variables indicative of collective bargaining remain positively correlated with EA membership. They also discover that approximately 70 per cent of the total variation in EA membership is company-level variation within countries, with only 30 per cent variation between countries (or survey waves). The expected positive correlation between establishment size and EA membership obviously poses representativeness issues. The authors articulate caveats given certain weaknesses of their ECS database.

*Fanfani, Lucifora and Vignani's* study on the representativeness of Italian EAs also use disaggregated firm-level data. They base their analysis of the characteristics of members and changes in membership rates over time on cross-sectional surveys of some 20,000 enterprises with a rich set of information on their characteristics. The descriptive results are similar to those of the previous study: Members tend to be larger, older, in manufacturing, more likely to have collective agreements, to have decentralized bargaining and to have a union presence at company level. Affiliated companies are also more export-oriented, more likely to provide training and more innovative. The authors make an original use of the Oaxaca decomposition technique to compare union membership rates in 2005 and 2015, which declined by 19 percentage points, using a linear probability model. For observationally similar firms, 43 per cent of the decline is related to differences in the propensity to be affiliated. Larger firms were more likely to leave EAs; firms that used a firm or local collective agreement, provided more training or were export-oriented, were significantly less likely to leave EAs. *Fanfani, Lucifora and Vignani* enrich their study by asking whether the representativeness of an EA has an impact on negotiated minimum wages. Using their disaggregated data, they find that the share of affiliated firms within a collective agreement is *positively* correlated with contractual wages.

The quality of empirical work depends primarily on data quality. *Breda* undertakes the painstaking task of comparing five membership statistics for French EAs. The statistics are based either on representative surveys of companies, or on independent surveys using questionnaires, or finally on fiscal data, that is observations of the contributions paid by companies to their associations. *Breda* considers France to be an ideal country in which to compare these data sources, as the legal requirements and the interests of the EAs to be recognized as representative should guarantee the validity of the data. However, a comparison of these sources reveals major discrepancies in terms of the proportion of firms and the proportion of employees represented by EAs.

He identifies different sampling criteria, ignorance and disinterest as possible reasons for the discrepancies. Breda, therefore, proposes a purpose-dependent selection of databases, but in general, he argues in favour of REPONSE, a regular, detailed establishment-level survey of industrial relations conducted by a government agency, which he considers more reliable than the ECS. He outlines strategies for inferring membership rates for non-covered small enterprises and for estimating measurement error – practical recommendations indeed. Unfortunately, the data sources currently available in France are not yet suitable for panel studies.

The final selected paper is again conceptual in nature. *Sheldon, Carollo, della Torre and Nacamura* start with remarkable examples of EAs that are active presumably beyond their membership interests and strategically foster product or process innovations in their communities or territories. The study identifies several adaptive innovations in territorial entrepreneurship by EAs. These initiatives include vocational training in France, eco-industrial parks in the United States and the Netherlands, networks and alliances to promote the growth of technologically enabled start-ups in Greece and participation in the EU Digitizing European Industry initiative to establish regional Innovation Hubs. The authors focus on countries with mixed EAs that handle labour market and trade issues. Their core hypothesis is that EAs are willing to participate in collective community development, which accounts for community or territory-wide initiatives. The authors assert that this assumption cannot be explained by the dominant Olson approach. They assert instead that Eleonore Ostrom's conditions for successful collective actions hold, which rely on the nature of shared resources and the social context in which actors interact, conditionally making community investments a viable option. This may explain the seemingly irrational endeavours of EAs to develop open and cooperative organizational structures in a community or territory. The article provides an in-depth illustration of the engagements of the Italian EA Confindustria Bergamo and offers some cautious predictions about the growing significance of such activities in general.

The bibliographies of the five papers collect both classic and recent literature on EAs. The papers demonstrate the state-of-the-art, which has been significantly improved since the early 90s, see, for example Sadowski and Jacobi (1991). The articles benefitted greatly from the constructive comments by the BJIR reviewers and from the discussions at the workshops of the network of researchers 'EmRep', a European Commission co-funded Action (01.04.2020–31.03.2022, Grant Number: [VS/2020/0122], which investigated the structure and conduct of Employers' Associations, as well as their impact on bargaining and labour market outcomes. Their Homepage, [www.emprep.eu](http://www.emprep.eu), stated on 22-02-2024: 'The range and content of such collective interests, as compared with an employer's individual interests, are neither objectively given nor self-evident, but a matter of interpretation. Hence, the structure, membership basis and tasks of employers' organisations differ widely across countries'.

The focus of the project was meant to be on four countries, among them France and Italy, that share features pertinent to the issues under investigation and to the corresponding social dialogue. One such feature is the prevalence of Small and Medium Sized Companies (SMEs), which makes the issue of social partner representativeness more pressing. For these four countries, detailed microdata – Quadros de Pessoal (Portugal), REPONSE (France), INAPP-Ril (Italy), WDN Survey (Greece) – together, with new information from interviews with firms and/or members of EAs, were used. The aim was to document measures of EA representativeness, to study the determining factors of EA membership and the impact of EAs on the effectiveness of collective bargaining and labour market performance.

The principal coordinator of the network was Daphne Nicolitsas from the University of Crete, who served with great expertise and organizational skill as well as charming patience. Uwe

Jirjahn, University of Trier, served as External Adviser, he felt it appropriate to publish his contribution on German EAs elsewhere (Jirjahn, 2023).

I sincerely thank all authors not only for their contribution, but also for their willingness to take critical suggestions seriously. I would also like to thank the staff at the publishing house and especially John Heywood for his constructive and sympathetic support throughout the whole process.

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In this paper, no data are used.

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