

## **Reconceptualising Employer Associations under Evolving Employment Relations: countervailing power revisited**

### **Abstract**

The decline of institutional industrial relations has led to a major reassessment of the way that traditional industrial relations actors operate. Yet, the debate about institutional change has been characteristically asymmetrical in as much as some institutional actors have figured extensively while others have been much less prominent. Historically, employer coordination has not captured the attention of the industrial relations community and there are relatively few contemporary studies of the activities of employer associations. The purpose of this paper is to review and critique the literature on employers associations and explain how the traditional concept of countervailing power can be developed to re-conceptualise employer coordination. We then argue for a research agenda to re-examine employer associations in light of ongoing changes to employment relations systems that require these bodies to revise the ways that they coordinate employer interests.

**Key Words:** Countervailing Power, Employer Associations, Industrial Relations, Unions.

### **Introduction**

The decline of institutional industrial relations has led to a major reassessment of the way that traditional industrial relations (IR) actors operate. Yet, the debate about institutional change has been characteristically asymmetrical in as much as some institutional actors have figured extensively while others have been much less prominent. Trade unions and employer associations, as institutional actors, are a classic example. In a number of countries there has been a burgeoning literature on how unions have responded to pressures stemming from the combined effects of globalisation and trade liberalisation, the oppositional policies of employers and changes to regulatory frameworks inspired by neo-liberal governments. Union decline and subsequent attempts at renewal have also been a focus of both country specific, and comparative studies (e.g. Fernie and Metcalf 2005; Frege and Kelly 2004; Fairbrother 2007; Peetz, 1998).

Historically, employer coordination has not captured the attention of the IR community because many researchers have been more inclined to examine unions, industrial disputes, or broader structures of labour market regulation (Ackers and Wilkinson, 2003; Gospel 1983:1-2; Windmuller and Gladstone 1984: vi). Employer associations have also been difficult institutions for researchers to penetrate as they have often preferred their strategies and deliberations to remain private (Sheldon and Thornthwaite 1999a:2). Equally, there has perhaps been a tendency to assume employer interests could all too easily be read off from the standpoint of capitalism, and that responses to the pressures generated by capitalism were more intellectually interesting than mechanisms of employer coordination.

Surveys of the major journals in the field also reveal few contemporary studies of the activities of employer associations. A search of keywords for this Journal over the last 10 years indicated the following: Union: 333, Management: 337, Employers Associations: 11. All the papers that included employer associations as a key word were not however, papers about employer associations and only mentioned them in passing. A search of other journals which one might expect to be suitable outlets for publications on employers associations, namely *British Journal of Industrial Relations*, *Industrial Relations Journal*, *Journal of Industrial Relations*, *Relations Industrielles* and *International Journal of Human Resource Management* revealed only three papers over the last ten years; on Europeanization and interest representation (Wilts 2001), on Swedish engineering employers and the end of national collective bargaining (Sheldon and Thornthwaite 1999b) and on employers' perceptions of associability in South Africa (Donnelly 2001). Overall then, while we can say that the field of industrial relations has become interested in new actors such as non-union representation, management consultants and social movement organisations, and is developing an agenda for their investigation (Heery and Frege 2006), it seems to have neglected an important aspect of the old industrial relations.

Furthermore, while it is fair to say that there has been a concerted effort to 'bring capital back in' in order to better conceptualise employer strategy and employer regulatory preferences, such work has generally not dealt explicitly with the role of employer associations. A notable exception is the analysis of the role of German

employer association decline that focuses on cleavages between the interests of small and large employers, and how associations have responded (Thelen and van Wijnbergen 2003; Silvia and Schroeder 2007; Grote et al 2007; Behrens and Helfen 2009). It is significant in our view that much of the effort to reconceptualise the role of coordinated capital has been undertaken primarily by scholars outside mainstream IR, within comparative politics and political economy, by authors such as Bell (1994), Swenson (2002) and Thelen (2004). This work has also contributed to the Varieties of Capitalism debate, of which a central focus has been understanding institutions of market and non-market coordination in comparative capitalism. In a sense then a core component of the traditional “industrial relations system” has become more intellectually interesting outside of the field.

The omission of employer representation from much of the discussion of ongoing employment relations change is curious because current changes could be seen as portending badly for employer associations; and so there is a need to understand how these important actors address their own institutional challenges, just as unions and other actors have needed to. As a result, we are left with only partial answers to important research questions such as: how do employer associations, like their counterpart trade unions, function without the protection afforded (or constraints imposed) by once coordinated regulatory frameworks? Put in other words, to what extent are the traditional institutional functions performed by employer associations sustainable under less coordinated and more devolved bargaining frameworks?

Under traditional IR systems, employer associations had coordinated employer industrial action, and helped to preside over systems of multi-employer bargaining where wages and conditions were standardised and therefore taken out of competition (see below). Exactly how employer associations became involved in this function was crucial to determining employment relations outcomes within national systems. For example, Swenson and Pontusson (2000) explained how differences in wage bargaining outcomes in Sweden and Austria owed much to the structure of employer associations and how they coordinated the interests of divergent employer constituencies. Thus, while employer association rules gave voting power to small employers in Austria, in Sweden larger employers held sway and this helped to

sustain peak level wage bargaining outcomes that were more egalitarian than the outcomes produced by industry level bargaining in Austria.

In light of these general observations, the purpose of this paper is to critically review the literature on employers associations, and to highlight questions that arise from what we see as some of the main limitations of this literature. We argue that employer associations need to be reconceptualised in light of changes to ER systems that have required them to revise their traditional structures and functions, and a new agenda for research is needed.

The article is organised as follows: in the next section we briefly review the historical reasons for employer coordination. This is important because we need to appreciate, as a basis for employer association renewal, whether the forces that initially prompted employer coordination remain relevant to the type of environment employer associations currently operate within. From there, we examine the available literature on how these bodies have changed their functions and activities to remain relevant in the current environment. Noting limitations in how the IR literature assesses employer associations, we then discuss the notion of countervailing power as a possible way of reconceptualising the role and influence of employer associations. In doing so, we develop a novel approach by reversing the traditional emphasis in the IR literature of unions seeking countervailing power to consider its application to employer coordination.

### **Employer Association Formation and Behaviour**

Three reasons are typically advanced for the formation of industrial relations employer associations. In some places, employers first combined to counter the growing power of trade unions. In particular the spread of unionisation from established unions of skilled trade employees to “new unions” of semi-skilled and unskilled workers – a process that occurred in a number of countries during the 1870s and 1880s – was an important catalyst for employer coordination. Employer coordination was required to combat union “whipsawing”; a process whereby unions would pick off employers individually to improve wages and conditions across an industry or sector (Plowman 1989:100; Windmuller and Gladstone 1984). Thus, unions had a considerable advantage under company level bargaining, needing only to

strike at one establishment in order to set or maintain an industry-wide pattern while allowing the rest of its members to continue working, thus replenishing the strike fund (Sisson and Marginson 2002).

The second reason employers formed permanent associations was to seek to influence, or to respond to encroachments by, the state as governments began to comprehensively regulate employment (e.g. Jackson and Sisson 1976). Like the development of new unions, this process also occurred in many countries towards the end of the 1800s and during the early 1900s. Key state interventions at this time included the development of minimum wages and maximum working hours, the beginnings of health and safety regulation, the introduction of collective bargaining laws, and trade union recognition rights. The general objective of employer coordination in relation to state intervention was to defend managerial prerogative and to provide a united voice to lobby and influence governments on industrial relations and trade issues (Howell 2005).

The third, and often neglected, reason for employer coordination was to attempt to manage competition among employers. Given the desire of employers to achieve more decentralised and deregulated systems of industrial relations in recent years, it is worth noting that in many instances it was employers that originally fought for structures of regulation that would ensure a pattern of multi-employer coordination. As Swenson (2004: 5) pointed out, in industries such as coal, clothing, construction and transportation, employers agreed to pay wages above market clearing levels and sought the support of unions – as active partners - to ensure their competitors were kept in line, and to reduce the prospect of competition on a low wage basis. The desire here was to prevent undercutting, and it was often the larger employers that sought to impose standard terms and conditions on their smaller competitors (Gladstone 1984:38; Thelen and van Wijnbergen 2003; Silvia and Schroeder 2007). In industrial relations terminology, employers fought within their own ranks to achieve a system of multi-employer regulation that would provide a cartelising function by “taking wages out of competition” (Traxler 2008:231).

Central to this line of argument is the need to understand that forms of employer coordination and action are not simply the product of an aggregation of a common

employer interest (Tolliday and Zeitlin 1991). Rather, employer interests are inherently heterogeneous; and conflicting employer interests undermine employer solidarity and collective action. Understanding the diversity of interests that are contained within employer associations also provides a clue as to how associations might re-invent by providing a range of different incentives to accommodate as much as is possible the diversity of services employers seek. Thus, according to Silvia and Schroeder (2007:1439), German “employers-association officials have learned to attract and to retain heterogeneous firms by providing selective incentives, such as legal services, personnel advice, strike insurance, and lobbying.” Despite the heterogeneous tendencies working against employer unity, some form of structured multi-employer coordination was central to the industrial relations consensus that remained firmly in place until pressures stemming from economic recession, globalisation, reductions in tariff protection, and the intellectual onslaught of new right ideology began to take hold during the 1970s and 1980s.

### **Institutional Decline: Employer Associations and the New Industrial Relations**

Institutional forms of regulation, including unions and employer associations, became unfashionable as neo-liberal inspired rhetoric came to dominate public policy debates surrounding industrial relations in the 1980s, and as employers sought a range of “flexibilities” as they confronted uncertain and more competitive economic conditions (Streeck 1987). Institutional actors and centralised bargaining structures were seen as antithetical to the emerging agenda for enterprise flexibility and de-regulation. To the extent that employer representation was seen to play a continuing role it was to be in lobbying government for changes to regulations to facilitate a decentralisation of bargaining so as to allow employers and employees to tailor employment relations arrangements to suit their particular workplace interests. In a very real sense, this placed employer associations in a tenuous position in that they were expected to advocate for changes that would undermine their own institutional security (e.g. Broad 2001:31). The new consensus on the need for such reforms appeared to overshadow any consideration of the reasons why employers had long ago decided to combine, including, as mentioned, to collectively self-regulate to manage competition for labour.

Thus, a pressing research question is whether the original motives for employer coordination remain relevant, and how they might have changed over time. As the industrial relations system has changed from a predominantly multi-employer to single-employer bargaining system, it would seem logical that the focus of employer association activity would change from predominantly coordinating employer interests towards representing individual member interests (Sheldon and Thornthwaite 2004). Also, with the decline of formal industrial dispute that has been observed across a range of countries, we should expect that associations play a lesser role in managing employer responses to strikes, and in coordinating lockouts. In this sense, the functions of employers associations are tied explicitly to the fortunes of trade unions which have been declining. Thus, while studies of trade union decline have examined the impact of the loss of union monopoly representation rights, it is also worth asking what this change means for the continuing relevance of employer associations as the respective fortunes of these actors are not mutually exclusive. As Streeck (1987:283) argued:

To be able to speak on behalf of their members, employers associations seem to need the support of strong interlocutors, in particular trade unions and governments. They also seem to depend on the presence of favourable institutional and economic conditions that induce similar individual responses of their members and thereby help associations contain the strong centrifugal tendencies among their membership.

Given the decline of union influence and the demise of institutional structures of regulation in many countries, employer associations have begun to integrate the provision of traditional collective goods, such as collective bargaining representation and coordination of industrial action, with a range of private services relevant to individual firms (Behrens 2003). This is by no means an entirely new phenomenon, for as Gladstone (1984:31) pointed out; small and medium sized firms in particular have traditionally been reliant upon employer associations for authoritative information and advice on IR issues. A more novel development is that associations are increasingly making individual services available also to non-members on a fee for service basis (Gennard and Judge 2005:154-155). Broadly speaking, it appears that employer associations have been fashioning themselves into the role of private providers of employment advice and services for the many small to medium sized

firms that do not have their own “in house” HR function, and struggle with the increasingly legal complexity of employment relations (Traxler 2008: 230). On the other hand, larger firms, who are also more likely to be unionised and have in house employment relations specialists, are more likely to continue to associate for traditional collective goods provision. The paradox here is that continued decentralisation of bargaining provides fewer incentives for these larger firms to associate, and therefore increases incentives for associations to provide more private services to attract new members who are more likely to be smaller firms (Sheldon and Thornthwaite 2004:132). Research also indicates that employers associations have moved outwards in their focus especially in terms of lobbying, opinion formation and developing political influence (e.g. Bell 1994).

So it seems plausible that employer associations are engaging in a process of reinvention, but we lack systematic analysis of the extent to which associations have changed their fundamental approach to representing their members. The evidence is piecemeal both in terms of international coverage and industry focus. We do have some country studies which have attempted to examine the question of the changing focus. It is interesting that much of the research is in countries which are struggling with a centralised model such as Germany or have made a radical move to decentralisation such as Australia. In Germany, as mentioned, there has been interest in employer association responses to membership decline that have seen the creation of two classes of membership; conforming and non-conforming. This response is supposed to lessen tensions between small and large employers, by allowing smaller firms to opt out of multi-employer collectives but remain affiliates (Grote et al. 2007).

### **A New Agenda?**

Given the changes to employer associations observed above, a key issue to be explored is how to assess their continuing influence. In doing so, we question whether the classic industrial relations indicators of membership and density are the correct measures to make such an assessment. As we have noted, while there are numerous studies of unions that have adopted new strategies to address membership and/or density decline, there has been little systematic analysis of the effect of the changes that employer associations have initiated to remain relevant. We know little about whether associations that have created new services have been more successful in



attracting new members and retaining existing members than those associations that might have retained their traditional functions.

Studies of the fortunes of trade unions often trace trends in union density and membership as indicators of union decline, and of the need to engage in renewal. At a general level, we know that employer associations, like unions, are affected negatively by structural changes to the economy that make organising more difficult – such as the growth of employment in small firms in the services sector and shrinkage in large scale manufacturing (Traxler 2008:237). An important research question that arises is whether membership and density decline present the same immediate challenge for employer associations as they do for trade unions. We note that Sullivan (2010) has recently observed that a “density bias” among labour scholars has tended to lead to oversimplification in relation to our analysis of the process of union organising, and has effectively narrowed lines of enquiry in this area. Sullivan (2010:147) argues that because density measures labour’s effectiveness within an institutionalised (collective) bargaining system, it is of lesser value where such systems have been in decline, and that as a singular measure density limits our capacity to conceptualise the prospects of a revitalised labour movement as being something larger than trade union renewal.

Studies of employer associations have developed a similar bias by employing density as the dependent variable for evaluating employer association influence and power (Traxler 2004, 2008; Silvia and Schroeder 2007). Here it is important to note that the generally preferred definition of employer association density is of the percentage of employees employed in organisations affiliated to the peak employer association within a particular jurisdiction (Traxler, 2004:44), and so it is not a definition that can explain whether employers themselves are choosing to leave or retain their associations, and if so why. This measure may give a false picture of the continuing influence of employer associations, as influence cannot be read simply from any statistical analysis of employee coverage within peak associations. Influence reflects a number of factors, including the capacity of employer associations as pressure groups to shape public policy to suit their preferred regulatory settings, and it is perhaps the capacity to exert this type of influence that will help associations to attract or retain members (Schmitter and Streeck, 1999). Another problem with density is that it

cannot be taken as a measure to compare the fortunes of employer associations and trade unions in that the reasons for high or low density do not co-vary. As Traxler (2004:50) himself has explained, employer association and union density might be high and low in one country because the forces prompting decline of one institutional actor may not necessarily apply to the other.

We would also argue that membership as a measure of influence is not as crucial for employer associations as for unions, particularly in an environment where membership fees are augmented by revenue generated by other services such as training, conferences, education, and the provision of employment advice on a fee for service basis. For example, one of the authors conducted research on employer association in New Zealand and this revealed that up to 90 per cent of association income now comes from funding sources that are not part of membership revenue. In that country, the government supplies substantial funding for 'employment relations education', as well as for core competency training in OHS, and this has encouraged employer associations (and unions) to re-invent themselves as providers of subsidised education and training programs. The New Zealand research revealed that in some cases employer associations have even joined with unions in making bids, against other providers, for government tenders for training program funding.

All this is not to say that membership for employer associations is unimportant. Indeed, membership is a proxy for employer association representativeness, and the capacity of an association to speak – to unions, governments and other agencies – with one united voice. Associations like to advertise that their affiliates cover a wide range of industries and sectors and employ a high percentage of workforce employees.

### **Employer Associations and the Need for Countervailing Power**

The limitations we have identified above lead us to conclude that the field requires new measures and different conceptual tools to understand the continuing relevance of employer associations. Here we propose a reinterpretation of the traditional concept of countervailing power as one possible way of understanding the role of employer coordination under contemporary employment relations. We mentioned earlier that countervailing power is said to be one of the principal reasons for employer

association formation. Specifically, employers are seen to have associated to combat the growing power of trade unions and the use of whipsawing tactics to raise wages and conditions. Interestingly, however, the concept of countervailing power, as developed by JK Galbraith, was not conceived to understand the formation and development employer associations. Rather, it was intended to explain the development of unions and state intervention under Post-War American capitalism. According to Galbraith (1952), union development and protective state intervention in the labour market could be understood as measures to countervail employer power. Galbraith saw employer power as stemming from the concentration of industrial ownership in the hands of a small number of firms.

For Galbraith, under an industrial structure characterised by oligopoly, employers had little need to concern themselves with pressures stemming from consumers or employees to either lower prices or increase wages. The small number of large firms that dominated most industries had unusual power in that they could distort prices (both those that they charged and those that they paid) and at least partly manipulate consumer tastes. Thus, employees sought countervailing power to combat the “original” market power of employers, and they received it through such measures as the provision of statutory organising rights to unions and statutory minimum wages to unorganised workers.

While Galbraith used countervailing power to explain trade union development and protective state intervention, the term became more widely associated in the IR literature with the understanding of employer association formation and behaviour. However the usage of the term “countervailing power” in the employer association literature has not included any reference to Galbraith’s classic work. This is even the case where the term has been used most explicitly, in one instance in the title of an article on employer associations (Plowman 1989). More importantly, there has been no serious attempt to apply Galbraith’s logic of countervailing power to employer associations.

Despite this, we contend that countervailing power is a useful conceptual tool that can be reinterpreted to at explain (at least in part) the role of employer coordination in contemporary employment relations. Using Galbraith’s logic, it follows that we need

to reverse the preconditions for trade union countervailing power for this concept to be applicable to employers. Thus, the organisation of industry would have to approximate more closely a competitive (rather than oligopolistic) model where there were a large number of diverse firms supplying goods and services. This precondition is certainly consistent with much of the recent literature on employer associations that contends that these bodies have needed to develop renewal strategies to contend with conflicts arising from inherent tensions between small and large firms that have arisen under conditions of increased market competition (a point we develop further below).

This logic also explains the historical nature of employer coordination in the United States, where decentralised bargaining provided a rationale for employer coordination if only in competitive industries. As Derber (1984:109) explained:

The employers association is an important part of the American industrial relations system although it is largely absent from collective bargaining in the mass production industries where the corporate giants predominate. Its 'natural' domain appears to be a highly competitive industry consisting of numerous small and medium-sized firms and a relatively strong union seeking stability, standardization, and convenience in collective bargaining.

The second precondition for the application of the concept of countervailing power is (as Derber put it) the presence of unionisation sufficient in strength and organisation that employees are able to use market power to against employers within this competitive market. Slate's (1975) study of employer coordination in wholesaling in Seattle provides a useful example, where an industry dominated by many small and medium sized firms saw coordination as a means to counter the powerful Teamsters union, and bring stability to industrial relations. The preconditions for the need for employer countervailing power are then (a) a competitive market, in which (b) employees retain the organisational capacity to use market power.

Taking this logic forward and applying the general principles of the business cycle, it follows that under conditions of decentralised rather than coordinated bargaining, employee market power would be amplified in times of economic prosperity, where the strike weapon in particular could be used as a "rent seeking" mechanism. Yet, it also follows that under such economic conditions, employers have a least some

capacity (although less in competitive industries than where ownership is concentrated) to pass on to consumers the cost of increases in wages and conditions, and would be more likely to pay for industrial peace so as to maintain or expand production. Therefore, employers would most require countervailing power during periods of economic and product market decline, where any contest over union market power is in Galbraith's words (1952:137) a contest over the division of profits.

Thus, under conditions of decentralisation and economic decline, it would be logical for firms to seek to combine and coordinate their actions to countervail employee power. Indeed, historically, it has been shown that it is under deflationary conditions that multi-employer bargaining in competitive industries provides the most effective counter to union market power (Somers 1953). Employers could of course attempt to directly nullify employee market power through such measures as the use of lockouts and, as mentioned, this would be more likely in times of economic decline where profits cannot be enhanced by increasing production. Where direct industrial action is not possible or attractive, an alternative employer strategy would be to coordinate politically to lobby the state to weaken or diminish the rights of employees to organise, bargain and to initiate effective forms of legal industrial action. In this sense employers can be seen as seeking to prevail on the state to countervail union power by providing new forms of statutory employer protection. Consistent with this line of argument, Bell (1994) has argued that a remarkable feature of the renewal of business associations has been the development of their capacity to generate sophisticated research that lends credibility to their efforts to influence public policy to achieve their desired regulatory preferences.

We would further hypothesise that employers' reliance on the state to provide statutory protections against employee market and organisational power would be greater where regulatory systems have transitioned most obviously from non-market to market-based forms of coordination, and where bargaining structures have been noticeably decentralised. It is interesting to point out here, as we mentioned above, that the recent literature on employer association renewal has a heavy focus on two countries, one (Germany) being a prototype CME and the other (Australia) being a country that has transitioned from CME to LME (see Briggs 2006). This literature highlights that radical decentralisation of bargaining in Australia and the fracturing of

multi-employer coordination and bargaining in Germany creates a need for employer associations to reinvent themselves because these system changes heighten competitive pressures stemming from the inherent heterogeneity of interests of small vs. large firms (see for example Behrens and Helfen 2009; Sheldon, Paoletti and Nacumulli 2009, Thelen 2004). While there are studies of employer associations in countries that exhibit these tendencies, one of the apparent gaps in the employer association literature are of studies of countries that have traditionally had decentralised industrial relations systems, such as the US or Japan. In both countries, although bargaining has occurred within the workplace, employer associations have nevertheless played an important coordinating role especially, as mentioned, in helping employers to regulate the market in competitive industries (Derber 1984; Sisson and Marginson 2002:210). Contemporary studies of employer associations in such jurisdictions could usefully ask what role they continue to play, and whether they have also needed to revise their functions and activities in relation to other types of pressures.

Finally, we feel it is important to qualify our comments about the use of countervailing power. While we believe that this concept has salience for understanding employer coordination, particularly where changes to employment relations systems that decentralise bargaining and expose fracturing of employer interests give rise to employee opportunism. However, it is important to caution against seeing countervailing power as more than a partial determinant of employer coordination. For example, we noted earlier that employer associations are undertaking organisational renewal by increasing their provision of private services to individual members. The concept of countervailing power does not account for this fundamental change, but it does provide a rationale for employer associations to continue to provide public goods, at least under certain circumstances. Thus, countervailing power predicts that the provision of public goods will remain important where employers operate in competitive sectors and where they face, at least in some remaining pockets of the labour market, employees who are both well organised and can demonstrate significant market power. Without some form of bargaining coordination, the countervailing power thesis predicts that these employer groups will increasingly rely on the state to protect their interests by constraining the capacity of employees to use their market power to further expose and capitalise on

differences of employer interest. The interesting feature of calls by employer representatives for the state to curb union power is that enhanced union power may well be an artefact – or more properly, and unintended consequence - of neo-liberal inspired changes to employment relations systems which both decentralise and “marketise” the employment relationship. In this sense the real analytical contribution of countervailing power is that it illustrates how employer interests may actually run counter to orthodox interpretations of employer preferences, which are generally understood to favour bargaining decentralisation and limited third party intervention by the state.

### **Conclusion**

This paper has critically reviewed the literature and made two substantial claims about employer associations. Firstly employer associations have been somewhat neglected by researchers, and that much of the interest in employer associations has been published outside of mainstream industrial relations. Secondly, we argue that this neglect raises important questions about how we are to understand the ongoing relevance and influence of employer associations. Within mainstream industrial relations, employer associations are generally understood to be an institutional response to trade unions, and to a lesser extent the role of the state. Are we then to assume that since unions have declined, employers associations are no longer of any importance? We would argue that while unionisation may have declined, employer associations are concerned with promoting employer interests in a range of labour market (and broader) issues that extend much more widely than unions. In other words, it may be that employer associations are less concerned with dealing directly with unions and collective bargaining but more with influencing the environment within which they operate. Indeed employer associations have arguably played a crucial role in helping employers to reframe the industrial relations debate in ways that advance employers’ normative values and regulatory interests. In short, employer associations are not just bargaining bodies and cannot be assessed purely on that basis.

With these observations in mind, we would assert that a broader research agenda is required to properly consider the various ways in which we can measure and assess the continuing relevance and influence of employer associations. Such an agenda we

believe should look beyond simple proxies of association membership and density, for in these measures employer associations are not functionally equivalent to trade unions. What is required is data that can be used to assess the various ways that associations shape and are shaped by their regulatory environment, including how employer associations have initiated renewal and whether such activities have yielded positive benefits in terms of revenue, membership, enhanced access to policy makers, and perceptions of the continuing relevance of these bodies.

In an attempt to promote a broader research agenda, in this paper we have developed the concept of countervailing power to explain how the role of employer associations might be understood in light of the contemporary economic and regulatory changes to which these bodies have been responding. We point out that the term has often been used in relation to employer associations but that it has not been explicitly tied to Galbraith's original formulation of his theory neither in terms of its analytical purchase nor acknowledging that it was a theory developed to explain trade union development and protective state intervention. Despite this, we have argued that countervailing power can be used as a useful conceptual tool to explain employer coordination in circumstances where competitive market conditions compel employer representatives to seek new forms of coordination, and in particular where employees retain market power. Under these conditions, employer coordination has been used as a means to obtain new forms of regulatory employer protection to countervail employee market and organisational power.

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