

Business or Association? The Strategic Responses of Employer Associations to the Decentralisation of Bargaining in Australia*

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Abstract

Decentralisation of bargaining poses particular challenges for employer associations. It reduces the sense of collective identity among members, decreases the attraction of associations' traditional collective goods and increases the urgency and array of individual member needs while increasing the costs of servicing them. Decentralisation also threatens revenue as large companies, the financial backbone of associations, shift employment relations activities in-house. This weakens the attractions of membership with the risk that employer associations will retain only smaller, heavily dependent members. We discuss employer association attempts to meet these challenges while competing with commercial service businesses. Their strategic choices lie on a continuum between traditional membership-based organisational identity, with its roots in

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movement as well as organisation, and one that more closely approximates a business services firm. Associations experiment along this continuum as they develop strategy iteratively and the article identifies factors that help determine their choices.

Employer associations and membership: an introduction to the problem

The recent decentralisation of collective bargaining in Australia, New Zealand, and some European countries has posed new challenges for employer associations largely concerned with labour market questions. Employer associations are akin to unions of employers. They are membership organisations of employers whose primary orientations or foci include labour market concerns. Some such organisations specialise entirely on labour market issues; others concern themselves with a mix of labour market, product market and other concerns. We exclude from our definition those organisations – ‘trade associations’ – that specialise in product market issues to the exclusion of labour market questions. Among employer associations, we count organisations whose members are individual firms (primary associations) as well as secondary associations – those that largely (or only) have as members (or affiliates) such primary associations. As for labour unions, the structure (or recruitment boundaries) of employer associations can follow a number of single or multiple criteria. Common criteria for recruitment have included a particular trade, occupation, industry, sector, locality or even size of firm. Secondary associations are often recognisable through their titles – federations, confederations, or groups. Peak, secondary associations often operate at state or even national level.

By establishing or joining an association, employers have sought advantages not available to them as individual owners and deployers or capital. Thus, formal employer associations commonly have arisen in response to threats that labour unions and state intervention appeared to pose for employers. As a result, multi-employer collective bargaining with unions and lobbying governments have been two prominent spheres of association focus (Bean 1985). These have been the primary ‘collective goods’ (Olson 1965) that have generated association purpose and continuity. By associating, employers can provide each other with solidarity, mutual insurance and a higher public profile for employer concerns. By developing bargaining coalitions through their associations, employers have been able to collectively defend themselves against union ‘whip-sawing’ – the strategic, sequential targeting of individual employers by union industrial action. Multi-employer bargaining

through their associations has also aided employers in their attempts to minimise the intrusion of strong unions in workplace issues that threaten managerial prerogatives. Through their associations, employers have also been able to more persuasively lobby governments and public instrumentalities than they could have done acting alone. Finally, even in weakly organised environments, associations can serve their members' product market interests by stabilising labour cost pressures through enforcing wage floors (or ceilings) and thus 'taking wages out of competition'.

The advantages of these collective goods flow to those employers who shoulder the responsibilities of association membership as well as to those who choose to remain non-members, 'free-riders'. As associations are largely dependent on the financial and representational resources that they draw from their membership, free-riding poses a continuing challenge to associational cohesion, resources and representativeness (Schmitter and Streeck 1999; Behrens 2003). Associations have long grappled with the question of what inducements, beyond their collective goods, can attract new members and retain existing ones in the face of the 'rational' temptation to free-ride. A longstanding response has been to provide – exclusively to members – a relatively narrow range of well-patronised services related to the core collective goods. Associations can provide members with these 'selective goods' (Olson 1965) either free or at greatly discounted price by taking advantage of the association's economies of scale (membership numbers and regular subscription levels) and economies of scope (professional expertise). According to Behrens (2003), to survive and grow, employer associations need to supply their members with sufficient breadth and depth of services. Traditionally, beyond collective goods, these services have included the provision of industrial relations and labour market information, research and advice; representation in grievance and judicial proceedings; and a range of personnel and management training and education services (Gladstone 1984; Oechslin 1993; Behrens 2003).

True to their origins as representative organisations of class interests, employers have combined through their associations in ways somewhat similar to those that Flanders (1970: 43), following GDH Cole, popularised for theories of labour unions. That is, employer associations have been, at the one time, 'movements' and 'organisations' of employers. According to Cole (1930: 12), 'movement' ... 'implies a common end or at least a community of purpose which is real, and influences men's (sic) thoughts and actions, even if it is imperfectly apprehended or largely unconscious'. Superficially, this sense of movement is far less apparent or much weaker in employer associations than it has been for unions;

associations typically project a great deal less colour, vivacity, and stridency and rarely appear as conscious agents of social mobilisation. However as Schmitter and Streeck (1999: 11) argue, 'collective political action' of the type that employer associations develop in providing collective goods, requires, 'a sense of solidarity in spite of existing internal divisions, and legitimate leadership strong enough to impose discipline and individual sacrifice on their members.'

Schmitter and Streeck (1999: 19-20) proceed to argue that employer associations can choose among four sets of activity each of which generates a particular type of organisational type or identity: participation for members ('club'); representation of members ('movement'), services to members ('firm'); and control over members ('government'). Associations can attempt to provide more than one activity set but the more they do this the greater the internal tensions around the structuring of decision-making and activities. We depart from Schmitter and Streeck by suggesting that provision of selective goods – because they are, by definition, exclusive to members – makes employer associations 'organisations' rather than 'firms'. Rather, associations come to resemble firms as they increasingly move their services from the realm of selective goods into the market for what we call 'client services' – elective services provided on a commercial fee-for-service basis.

Employer associations are, most obviously then, organisations that embody varyingly important elements of movement. According to Flanders (1970: 43)5, '(a)n organisation must have the effective means for ensuring that its members comply with its decisions. ... On the strength of its sanctions, rather than the on the appeal of its objectives, the unity and power of an organisation depends.' For Flanders, those sanctions could include both negative inducements as well as positive ones such as provision of selective goods.

Their provision of collective and selective goods typically depended on and reinforced employer association commitments to centralised bargaining regimes, whether at industry or economy-wide levels. This reinforced the tendency for associations to operate in ways that combined the spirit of movement and dynamics of organisation. Associations thus largely abjured the idea of developing into services businesses. In the early 1980s, Gladstone (1984: 34) argued that employer associations had, 'hesitated to go into consultancy as a business, feeling that this would compromise their standing with members and the public as a service organisation.' Given the decentralisation of bargaining in Australia, since then, is this still the case and do those concerns still inhibit the strategic choices of associations? In 1997, a prominent Australian employer association official argued that such change was inevitable (John

1997) but did not explain the implications for associations themselves. There is already some research regarding experiences in other countries (Tolliday and Zeitlin 1991a; Traxler 2000; Behrens 2003) but our knowledge of the situation in Australia is very scant.

McCaffree (1962: 58) has argued that US employer associations arose, developed and adapted in ways that were, 'purely responsive to their changing environments.' In this, he pointed especially to the effects of unions and governments. We suggest that this explanation is insufficient and prefer explanations that combine insights from resource dependence theory (Pfeffer and Salancik 1978) and strategic choice theory (Child 1972) when thinking about how and why employer associations choose to confront changing conditions. This allows for the interdependence between organisations and their external environments and the ways in which association leaders and managers frame and then choose to act on those environments and the challenges and opportunities they present.

In general, decentralisation of bargaining to enterprise or workplace levels without a framework of industry bargaining or coordination – bargaining disaggregation – poses particular challenges for employer associations. First, bargaining disaggregation dilutes some of the fundamental reasons for employer combination: solidarity, mutual insurance and the economies of scale that flow from centralised bargaining. With declining need for these collective goods, the 'movement' element of association life and the imperative to belong risk serious decline. At the same time, bargaining disaggregation brings greater diversity and complexity of employment relations challenges to single companies. For associations, this increases both the array of their members' needs and the costs of servicing them. For member companies, access to customised services – whether for bargaining or for individual rights matters – has risen as a priority relative to the traditional, standardised benefits that came with membership. This changes the imperative to join and maintain membership and may change the nature of membership itself and with it the essential relationship between provision of selective goods and organisation. As a result, employers may appear increasingly to see their associations as one of an array of similar service providers – including legal firms and management consultancies.

Bargaining disaggregation also affects membership revenues, particularly by intensifying inherent tensions between large and small member companies. According to Traxler (2000: 308), in Europe, 'large firms are significantly more willing to associate than small ones.' Collective goods have traditionally attracted larger firms to association membership because large firms are more prone to unionisation and un-

ion militancy and, at the same time, better able to provide selective goods in-house. For smaller firms, selective goods tend to be more important. Under traditional arrangements, association membership dues structures mainly reflected workforce size. Thus, larger firms provided proportionately larger shares of membership revenues but made relatively small claims on resources through selective goods, thus cross-subsidising smaller member firms' access to those selective goods.

In exchange, larger firms enjoyed more effective provision of collective goods through the greater representativeness that associations enjoyed by having smaller firms join in greater numbers. As multi-employer bargaining atrophies, larger companies see less need for collective coordination and shift yet more employment relations activity in-house, at times with the aid of specialised management services firms. This is particularly true for subsidiaries of some multinational enterprises whose attention has shifted from host national systems to dynamics within the firm (Hayden and Edwards 2001; Tueselmann, McDonald and Heise 2002). In these new circumstances, any emerging trend for large firms to let their memberships lapse greatly weakens an association's financial base. The result may well be that employer associations end up with only smaller members that are heavily dependent on them for those selective goods. Here high costs of service meet lower revenues from membership.

Employer associations in Australia

From the later nineteenth century, Australian employers experimented with mutual defence association models in the face of union militancy. These generally gave way to a variety of permanent organisations that focused on delivering collective and selective industrial relations goods, particularly after the establishment of state systems of compulsory arbitration and conciliation (Plowman 1989).¹ Certain labour market sectors subsequently developed bargaining patterns primarily at company or even plant level but, for nearly a century until the mid 1990s, the dominant pattern was multi-employer bargaining through associations within bargaining frameworks that compulsory arbitration provided. Major associations – such as the ones we examine in this article – were long deeply involved with and committed to these centralised structures (Plowman 1999).

Australia has long had a tradition of fragmentation in employer association representation and divisions in association policy and practice (Plowman 1989; Sheldon and Thorntwaite 1999a). This has been due to the federal nature of Australia's governmental and judicial systems, to

the early development of separate state-based economies and the continued existence of state-based industrial tribunal systems. Within the boundaries of most states, a state tribunal system still coexists with the national (federal) system and it sometimes prevails over the federal system in importance. One result of this fragmentation has been that many companies, and in particular larger ones, have belonged to a range of employer associations, even ones with competing policy stances.

During the last decade, national governments have systematically decentralised the federal system so that industry bargaining no longer formally exists within the federal jurisdiction (Dabscheck 1995 and 2001; Lee and Sheldon 1997). Over an even longer period, the state jurisdictions, including the most important ones – NSW, Victoria and Queensland – have experienced quite diverse patterns in regard to bargaining level depending on the political complexion of governments. More fundamental changes included Premier Kennett's transfer of the Victorian jurisdiction to the federal system in 1996. All state governments are now in Labor hands again and most have returned to more centralised models. This diversity of bargaining patterns has reinforced fragmentation among employer associations while at the same time increasing commercial competition among those operating substantially under decentralisation.

This paper concentrates on four prominent associations in Australia. They are the Australian Industry Group (AI Group), Australian Business Limited (ABL), the Victorian Employers' Chamber of Commerce and Industry (VECCI) and Commerce Queensland (Qld) (formerly, the Queensland Chamber of Commerce and Industry). Most of our attention focuses on AI Group and ABL. AI Group is the result of the 1998 amalgamation of two associations, each with a lengthy heritage of representing manufacturing employers: the Metal Trades Industry Association (MTIA) and the Australian Chamber of Manufactures. ABL also has strong, longstanding manufacturing roots. It adopted its new organisational persona by discarding its historic title of New South Wales Chamber of Manufactures in 1996. While AI Group is the heir to a long tradition of industry association activity, in recent years, as we explain below, it has come to partly resemble the 'umbrella' form (Plowman 1999) shared by the other three associations.

Australia has a large, prominent and generally representative national peak body, the Australian Chamber of Commerce and Industry (ACCI). ACCI is an association of associations; firms cannot join it directly. Its members include territory and industry/sector-based associations (or sometimes both). Thus, ABL, VECCI and Commerce Qld are prominent members of ACCI and are the dominant territorial bodies in their respective states, the three most populous in Australia. ABL, VECCI and

Commerce Qld, in turn, represent both smaller industry/trade/sector associations and individual companies, as does AI Group. ABL, with its base in New South Wales (NSW), Australia's most populous state, competes intensely for territorial predominance with Employers First (formerly, the NSW Employers' Association), also an ACCI member. Due to its history, ABL has most of its membership in NSW and, in particular, in manufacturing. Crucially though, much of that manufacturing was and remains outside the sector with the most powerful and militant unions, metalworking.

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

Not all companies or employer associations recognise ACCI as the national voice of Australia's employers. The Business Council of Australia comprises the chief executives of 100 of Australia's largest employers. It formed in 1983 specifically to articulate the concerns of big business at a time when senior executives of such firms felt that ACCI focused too heavily on the interests of small and medium employers. Since then, it has played a highly influential role in medium-term industrial relations policy formulation, in lobbying governments and bureaucrats and in shaping media and public opinion (Sheldon and Thornthwaite 1999a). However, it rarely involves itself in operational matters and provides no services. For these reasons, this paper does not further concern itself with ACCI or the Business Council but instead focuses on the four most important associations that have single firms as members and can provide them with direct services.

Since the mid 1980s, employer associations in Australia have been at the forefront of successful campaigns to decentralise collective bargaining and, in certain situations, to remove it completely (Sheldon and Thornthwaite 1999a). Yet, as discussed above, bargaining disaggregation poses particular challenges for employer associations. A continuing expansion of statutory individual employee rights has reinforced these challenges.

One response in Australia has been for associations to re-direct their energies towards the provision of elective client services on a 'customer' fee-paying basis. Sometimes this means providing entirely new areas of services; at others it means shifting services they previously provided members by right into the realm of commercial activity. Of importance

here is not whether these services are directly related to the labour market. Associations combining 'trade' and 'employer' association missions have long sought to service their members' product as well as labour market needs through the provision of selective goods. The issue here is whether associations have strategically chosen an activity set and with it an organisational profile or identity that privileges business over associational concerns and a client rather than a member focus. This would entail shifting services from the realm of selective goods to the market for client services. Clearly, when making their strategic choices, associations are able to choose along a continuum of combinations of traditional membership and new customer-related services. How far can associations move along the continuum and still remain associations? And how do we identify at what point there has indeed been a qualitative change?

The research project

This article explores the situation in Australia with its substantial decentralisation of bargaining and growing individual rights regime since the 1980s. We outline and explain the choices leading Australian employer associations have made and identify factors that help explain why these associations have chosen to adopt different strategies – and in particular choices between business or association models – in attempting to meet new environmental challenges. We examine four leading Australian employer associations, with a particular focus on two of these, the Australian Industry Group (AI Group) and Australian Business Limited (ABL).

We have been tracking these developments in the employer association world since the mid-1990s and this article brings together into an analytical whole our more disparate insights on these processes (Sheldon and Thornthwaite 1999a, 1999b, 2001 and 2003; Thornthwaite and Sheldon 1996, 2000 and 2002). In doing so, it provides the possibility for reflections that benefit from both longitudinal and comparative case study approaches. Our research has involved a mixture of methods over these years. We have been interviewing a number of association officials – typically more than one official per association and from different levels – over these years, allowing us also to get perspectives from association officials on other associations. Our references indicate some of these interviews. This process has also allowed us to get repeated feedback from these officials on our published work. As well, we have been systematically reviewing their publications and policies as well as their communications to other parties and to their members, whether electronic or in print form. Association websites are particularly useful sources as associations consciously use them as a preferred method for

'framing' and projecting their choices of organisational identity to members, potential members and clients.

Table 1. Members or Clients: characteristic elements and variables

Employer Association	Self Image	Single or Multi-Sector Coverage	Payment structure	Territorial diversity*	Labour Market for Senior Officials	Trade Union Presence
<i>AI Group</i>	Association (organisation with elements of movement)	Largely single	High dues Low fees	Heterogeneous	Internal recruitment	High density and strongly co-ordinated
<i>ABL</i>	Business with attached association and linked businesses	Multi	Tiered dues structure, from very, very low. Medium to high fees with member discounts	Homogeneous	External recruitment	Variable union presence; multi-unionism
<i>VECCI</i>	Association – shifted back after experimenting with business model	Multi	Medium dues Medium fees	Homogeneous	External/ internal recruitment	Variable union presence; multi-unionism
<i>Commerce Qld</i>	Dual Image: Association and Business	Multi	Medium dues Medium fees	Homogeneous	External recruitment	Variable union presence; multi-unionism

Note: * An association is 'heterogeneous' if its membership catchment area and activities are dispersed widely and in complex ways. This is the case of the AI Group which has very strong national (federal) level operations as well as high levels of activity at state and even sub-state regional levels. 'Homogeneous' associations are those whose membership and activities are largely concentrated in a limited geographic area – typically a state.

In looking at these associations, we have observed a number of variables that appear relevant to explaining the strategic choices that associations are making. These variables include: whether an association concentrates its efforts on one industry sector or attempts to spread its efforts over a wide range of sectors; whether it limits or extends its efforts in a territorial (geographical) sense; whether it faces powerful and militant unions; and whether its hiring policies for senior officials privilege internal or external labour markets. Taken together these variables also draw support from our preference for resource dependence and strategic choice theories.

These variables appear to help shape an association's self-image, its

policy regarding fee generation as against dues collecting; in short the extent to which it wishes to stress its identity as an association rather than becoming a business. Table 1 charts some of the key characteristics and variables pertaining to the four employer associations we examined in this article. The following sections introduce these four associations and explore their reactions to the decentralisation of bargaining.

The Associations

In many ways, AI Group represents a modified continuation of traditional employer association concerns with movement and organisation, or 'associationism', with its implications of greater contributions from and services to members, representation and coordination. ABL is an association that has largely shifted to a model of 'membership' much more similar to that provided by some business services firms – essentially client services on a retainer basis plus fees for extra services provided. It has largely replaced its ethos of associationism with 'contractarian' forms. VECCI and Commerce Qld have been experimenting in the space between these two evolving models.

The AI Group, the dominant national voice of employers in manufacturing industry, as the MTIA left ACCI in 1987 over policy differences. Subsequently autonomous of other peak bodies, in 1998 it expanded through amalgamation with the Australian Chamber of Manufactures, a Victorian-based association that included among its membership a range of smaller associations. After amalgamation, it had some 11,500 members who together accounted for more than 1 million Australian employees (Sheldon and Thornthwaite, 1999a: 70). Since the 1980s, a tradition of policy independence has sometimes placed it in vigorous conflict or competition with both ACCI and the Business Council. As the association that covers metalworking companies, it has long been responsible for leading employers into battles against and in negotiations with Australia's most militant manufacturing unions. These conflicts and negotiations were traditional pacesetters for collective regulation in Australia. Here lies a pervasive difference between AI Group and ABL, given that ABL's membership base was, and remains, outside the metalworking sector. Both now have important membership groupings in service industries. AI Group also represents all the major civil construction and the largest commercial building companies through its affiliated Australian Constructors' Association and increasingly covers call centres, telecommunications and information technology companies.

Reactions to Decentralisation: New Paths or Reinforced Ones?

Competition among employer associations with an operational role has intensified in recent years. Company managements have become more cost-conscious, scrutinise more closely the services that associations offer and are much less inclined towards multiple memberships. While some members may wish for increased services provision, many are also very price sensitive regarding association dues. Disaggregation of bargaining, the effective degradation of the tribunal system of industrial awards, corporate mergers and greater cost-cutting within companies have all negatively affected employers' willingness to support multiple representation. This has encouraged a number of responses. The most strategically astute and successful associations have, at least partially, re-invented themselves in the last decade, broadening their roles and recasting their activities. For some, this has meant a widening provision of fee-for-service activities. With this have come a strong expansion of specialised staffing and a dramatic broadening of their staffing profiles generally. Until the early 1990s, with their activities mainly centred on arbitration tribunals, workers' compensation boards and courts, many associations largely employed advocacy and support staff. Nowadays the large associations have numerous staff from diverse backgrounds who provide services relating to occupational health and safety, training, diversity management, other personnel matters, law, business development, and international trade.

AI Group

During the 1980s and early 1990s, the AI group (then the MTIA) played a central role in national industrial relations policy debates while coordinating and representing manufacturing employers in their other lobbying efforts. At the same time, it maintained its central role in industry-level bargaining and within the arbitration system. Almost all collective bargaining in the manufacturing industry is now at company level although unions have, with some success, maintained a degree of bargaining co-ordination. From the employer side, AI Group continues to play a vital, intense role in coordinating members' strategies in the face of union pattern bargaining campaigns, propagandising on behalf of their positions and litigating on members' behalf as part of their (and its) bargaining strategy. In essence, it does most of what an industry association would do in industry bargaining, apart from bargaining and signing agreements (Sheldon and Thornthwaite 1999a; 2001 and 2003; Thornthwaite and Sheldon 2000 and 2002). Similarly, decentralisation of bargaining has

failed to diminish AI Group's leading voice and representativeness as a lobbyist, or as leading employer protagonist in major arbitration cases over the national minimum wage and on issues such as maternity leave and casual employment. Moreover, AI Group has also taken the leading employer role in a series of major judicial proceedings that are clarifying the national bargaining framework (Sheldon and Thornthwaite 2003).

Thus, for an association largely focused on industry bargaining, recent bargaining decentralisation has posed important strategic challenges. AI Group responded during the 1990s in two ways that were to be mutually reinforcing. First, it increased the spread of industries and companies among its membership, including fields then with negligible union activity. This was a form of risk-spreading that also made sense given declining manufacturing employment. To do this, AI Group developed the notion that its role was to help firms manage their employment relations as they wanted, and irrespective of the legislative framework. In the meantime, the effects of union activity and developments in individual employment law have shifted these new sectors closer to more traditional industrial relations patterns, an arena where AI Group can vaunt an impressive pedigree (Sheldon and Thornthwaite 2003). To service these new sectors, AI Group established dedicated teams of staff. As well, it has filled voids left by other, smaller industry associations seriously weakened by decentralisation of bargaining and has increasingly expanded its pre-existing role of representing and resourcing smaller associations. In late 2001, it carried on this activity on behalf of some 40 other associations (Boland 1999; Smith 2000; 2001; 2003). The organisation's re-incarnation as a 'Group' rather than 'Association' was to specifically reflect an organisational reality where many more smaller associations cluster within or under the core body (Herbert 2002a).

Second, AI Group expanded its portfolio of services, including providing more sophisticated economic policy as a selective good. It had always provided a range of services to members, including research, training and legal advice, but it has intensified and diversified these offerings. In 2001, its services portfolio concentrated on five designated areas that play to its strengths: taxation; trade; investment; environmental matters; and occupational health and safety but since then education and training appear to have supplanted taxation. This is conscious niche strategy and AI Group now market tests its services to members. Further, as part of its firmly entrenched focus on business development, organisational restructuring has focused on improving this service-delivery capacity. Wider services and a growing and diverse membership mutually reinforce each other as AI Group targets services on a sector-by-sector basis with the capacity to offer companies whatever sup-

port they need in employment relations, often on a fee-paying basis (Sheldon and Thornthwaite 1999b; Smith 2000).

Nevertheless, it would be wrong to see this targeted development of service provision as having shifted AI Group away from its traditional path. In fact, after a lively internal debate on the issue in the early 1990s, AI Group fundamentally decided to remain an employer association based on a strong membership identity rather than moving towards becoming a services business (see Table 1). If anything, that framing of its identity only strengthened over the subsequent decade and AI Group charges high membership dues for which it provides a wide array of free or cheap services to its members. As the AI Group website itself stresses, the association 'is above all a representative organisation' whose goal is 'to be an energetic and effective advocate for Australian industry' (AI Group 2002; Smith 2002). AI Group's Chief Executive uses the language of movement to explain the advantages of this type of association. Thus AI Group provides, 'security of association; a commonality of purpose and direction; and above all a sense of cohesion and leadership' (Herbert 2002b). The core is membership, which 'gives you the opportunity to be part of a collective voice, getting results for your business and your industry' (AI Group 2003). Member companies participate and share ideas, and have a large say in the Group's overall direction and tone. Member feedback constantly reinforces the idea that the association's role as representative voice remains AI Group's most important contribution (Herbert 2002a; Smith 2002). Professional advice and information are important but less so.

For their part, senior officials see continuity of membership relationships as a source of comparative advantage over legal firms and consultancies and have developed a membership relationship management package to help foster this. Another indication is AI Group's website, which more than any of the other three employer associations surveyed, emphasises its achievements for members and their particular industries and sectors, rather than the business services it offers (AI Group 2002). In fact, according to AI Group Chief Executive, Bob Herbert, 'it is the quality of leadership that differentiates one representative body from another', and one of AI Group's advantages is that it has been providing high quality leadership for nearly 130 years (Herbert 2002b).

The continuing strength and militancy of metal manufacturing unions reinforces the need of manufacturing employers for this collective organisation and representation. Union threat-effects still underpin their spirit of movement as well as their reason to belong to an AI Group whose battle-tempered and highly professional staff prioritises representation over customised services. Between 2000 and 2003, AI Group suc-

cesses in leading members into tough, defensive bargaining campaigns against manufacturing industry unions reinforced the spirit of commitment of company executives to their association (Smith 2002). Another element derives from the philosophy of AI Group's senior professional officers. Due to a strong internal labour market tradition within AI Group, most senior officers have spent much of their professional life there and are imbued with a commitment to serving within a representative association rather than in a commercial business. Through their strong commitment to providing collective goods supplemented by a more flexible approach to selective good provision, AI Group's leading members and officials have maintained their association as an organisation imbued with the spirit of movement.

ABL

The objectives and strategy of AI Group's nearest 'competitor', ABL, appear to be quite different. ABL is the wealthiest of Australia's employer associations through having sold its controlling stake in a large insurance company. This wealth has provided it with strategic options uncommon to associations surviving largely on membership dues or commercial fees. As well, although ABL has some long-serving practitioners, in recent years some of its most senior officials have come from the public service and the business world. They have taken the association much further down the path to becoming a service business, albeit one that still has a membership base, active member involvement in policy-making, and important representative functions. However, the relationship between these identities is quite complex and differs greatly to the scenario evolving at AI Group. The fact that a 'Chamber of Manufactures' chose to re-name itself 'Australian Business Limited' is itself powerful testimony to radically different aspirations.

Like AI Group, ABL services smaller associations either on an affiliation or client basis. It too responded during the 1990s to the challenges of a declining manufacturing sector and bargaining decentralisation. However, as its larger members faced much milder union challenges, they had less need for an association to mobilise and coordinate them or to act on their collective behalf in judicial proceedings than was true for AI Group in the metal industry. Further, in the absence of union pattern bargaining, their enterprise bargaining experience has been more 'enterprise focused'. As a result, they have had less need for ABL to provide them with the benefits of association membership and a greater need for customised services on a business basis. So too have the mass of small ABL members, for whom unfair dismissal proceedings and

other individual matters weigh more heavily than unions or bargaining. These sorts of customised services proved difficult to absorb within the traditional, high membership dues-mutual insurance model (Golden 2000 and 2001; Grozier 1999, 2001 and 2002; Ronfeldt 2000; Pattison 2000; Holt 2001).

It was to these pressures for differentiated, customised and much more marginally expensive services that ABL responded by restructuring its service provision. After a great deal of discussion within the association's Council, ABL experimented with different models, including 'community rating' prior to adopting one of 'the user pays beyond a certain point'. Market signals rather than institutional mechanisms were to empower members in their interactions with their association. At the same time, those elected to ABL's governing Board (itself elected by ABL's unpaid Council members) appear to be less member representatives than remunerated company directors. By diluting the role of membership at the expense of consumer services, ABL appeared to be meeting rising employer scepticism about the value of membership, or at least its cost. Yet, at the same time, ABL sought to maintain a high and representative public policy profile as a collective good with the force for member cohesion and commitment. Finally, its financial endowment fuelled powerful ambitions to move beyond both manufacturing industry and its traditional geographical limits. This involved strategically expanding recruitment frontiers into other sectors and states and a willingness to take financial risks uncommon in the employer association world.

Thus, unlike AI Group, ABL greatly reduced the cost of its previously high membership dues and rapidly broadened its range of fee-based services. These services were available equally to member and non-member companies but members benefited from a price discount. Nor were the services restricted to the worlds of industrial relations and human resource management. Overall, the strategy was 'customer driven' and the organisation provided services of interest to all industries as well as providing specialised expertise – through subsidiary or allied 'Australian Business' organisations. As a result, ABL positioned itself to compete not just with other employer associations, but also with large accounting and business service companies and consultants. In this endeavour, ABL conducted ever more sophisticated market testing and product launching of services, with the aim of being at the 'cutting edge' of management strategy. Consultancy business strongly stressed the business advantages of human resource management (HRM) and marketing rather than industrial relations and a string of external appointments to senior positions reinforced these tendencies. In late 2000, ABL

had about 10,000 members and clients, of whom half were members and by mid 2003, there were some 16,000 members or members of affiliated associations (Pattison 2003).

One element of ABL's positioning strategy involved a more traditional alliance with other like associations, but on a business basis. During 1998, ABL joined five other large, state-based members of ACCI (all, like VECCI and Commerce Qld, 'chambers of commerce and industry'), in forming ChamberNet. This is a formal alliance that provides a national membership package – 'one stop shopping' – for companies that belong to these state-based employer associations, but operate across state borders. In 1998, ChamberNet embraced more than 22,000 direct member companies employing 1.2 million employees. By 2003, the numbers were 25,000 and 1.5 million respectively (Sheldon and Thornthwaite 1999b: 154; VECCI 2003). Through ChamberNet, employers can access some of the resources of other state chambers. ABL, with its strong financial base and information technology profile, managed the design, launching and support of the project (Thornthwaite and Sheldon 2000).

ABL's strategy of combining wider service provision and price discounts appeared to be attractive to large and small companies alike. The objective was clearly to increase both revenue generation and membership numbers by making membership more attractive to non-member companies. These objectives gained greater impetus as the organisation's strategy changed radically in late 2000. In the context of a debate as to the nature of what ABL membership might mean, ABL restructured its operations to further dilute that meaning. A first element was to more clearly separate its services and products to accentuate their commercial nature. Each ABL product and service now had a price attached to it. For the first time too, ABL established the position of marketing manager, responsible for 'branding' both Australian Business and its products (Golden 2000; Grozier 2000, Ronfeldt 2000; Pattison 2001). Hence, while ABL continues to have strong member involvement in its activities, particularly through its regional meetings and social gatherings, increasingly, it conveyed a commercial client orientation to those members.

A second element was to disaggregate sections of the organisation around the services or products they provided. The core, traditional membership activities of industrial relations advocacy, coordination, lobbying and representation now fell to Australian Business Industrial, which has retained its registration under state industrial relations law and which, because of that law, has a separate membership roll to that of ABL itself. One result is that not all ABL members now choose to be-

long to AB Industrial, with approximately 30 percent abstaining. Those abstaining from AB Industrial thus have chosen, for the moment at least, to belong to an association that provides services, but does not and cannot represent them in an industrial relations sense and cannot bind them to collective responsibility in industrial relations matters. This removes them from provision of core collective goods and much of what is left of the movement element in association behaviour. Increasingly, they are attracted to discounted client services that different parts of ABL cross-market.

The legal practice, Australian Business Lawyers, is a separate entity established as a partnership of its principals. Operating within the ABL office tower, it has ABL and AB Industrial as clients and ABL also strongly refers members and clients to AB Lawyers for employment and industrial relations legal work. ABL membership may confer access to discounted fees at AB Lawyers so that the legal practice plays an important membership attraction and retention role for ABL. Rapidly expanding internet-based service activities come within Australian Business Online. Connected to it is a publishing arm that, apart from more traditional books and pamphlets, provides content for ABL's well-researched electronic offerings – *Workplace IR Link*; *Workplaceinfo*, *Workplace OHS*, and a *WorkplaceInfo Employers Toolkit CD*. Here again membership confers a discount on subscriptions (ABL 2003).

Third, ABL introduced the concept of distinct levels of membership. After 2000, there have been seven membership levels. Each sequentially costs more in dues, but brings in turn a greater specified level of service through selective goods. Beyond each of those levels, members pay commercial fees for other services but still have access to discounts. This more 'contractarian' formula seems intended to reduce free-riding and clearly means that larger firms will no longer cross-subsidise smaller ones. It thus encourages large companies to retain membership despite decentralisation of bargaining and to remain involved in the organisation's life. For example, the highest ('full') membership level brings members a discount from AB Lawyers for any cases they run (including commercial cases); an attractive option for large companies involved in large cases. However, even here there is room for greater flexibility as ABL's sales force will negotiate particular fee and service packages for larger companies. The lowest level of membership for a time was an 'internet membership' whose members received pre-packaged advice and news via the internet. ABL has repackaged this membership level but it still combines low dues with very restricted access to free services for tiny companies (Pattison 2003).

To see how these three elements work together, a good example is

ABL's most used service, its industrial relations telephone advice line, which in 2000 handled some 40,000 member calls each year (Golden 2000; Ronfeldt 2000). ABL now values this service in a commercial sense and it is part of a specialised unit of the organisation. Traditionally, employer associations provided such advice services as selective goods, free of charge to members. With the exception of members on the lowest membership level, ABL members now have free access to a certain number of telephone inquiries, and this number varies according to a member's membership level or individually designed membership package. Members pay separately for excess calls. The same is true for the provision of relevant, published awards (ABL 2003).

However, this overall shift is not unconstrained and the changes it has induced have not gone uncontested. ABL remains a not-for-profit corporation and this limits its options. The drive to 'remake' ABL's organisational culture through a series of organisational change processes and in ways less connected to industrial relations services brought resistance from lower and middle levels in the organisation. Longstanding members sometimes balked at the new commercialised path, particularly when they had to start paying fees for services after years of 'sunk costs' through high subscription levels. Further, surveys of members always find that traditional industrial relations issues remain the overwhelming attraction of membership. This brings into focus the whole challenge of trying to define and maintain the limits to commercialisation given the dynamic unleashed.

During 2002, ABL withdrew from a number of minor areas of its more commercially-oriented client service offerings to refocus on areas of (more traditional) comparative advantage – for example industrial relations and occupational health and safety. This was part of an ongoing review of strategy implementation and effectiveness and it has meant a greater degree of involvement with outside firms that function as ABL 'alliance partners' providing discounts for ABL members – a form of outsourced service provision. At the same time, ABL has sought to highlight for itself a role supporting members as 'trusted advisor' in providing free business advice referrals. This derives from an understanding that members (and clients) not only recognise ABL's professional expertise but also accord it greater respect for integrity precisely because it is a membership-based association rather than a profit-seeking company. All members can call a member services help line to receive advice on the sorts of service providers best able to deal with the issue. Some issues go to ABL or its linked organisations but, as ABL has withdrawn from a range of service areas, it increasingly means informed advice as to recommended external providers. To this end, through a form of com-

competitive quality-oriented tender process, ABL has developed panels of ABL 'Accredited Service Providers' in all areas of business services, many of which provide a discount to members (ABL 2003; Pattison 2003).

In comparison to AI Group, ABL documents and publicity make very little of issues like a common front or common good for particular industries or the importance of collective identity and collective voice. The focus is very much on joining because it will help *your* business. Nevertheless, senior officials have continued to indicate ABL's intention to maintain itself as a member-based organisation and that it is reinforcing this in a number of ways. One is the provision of particular member-only core services specifically targeted to reinforce the value of membership. These selective goods include, for example, providing members with unlimited online 'content' regarding awards and other matters and opportunities for involvement in ABL's policy and lobbying unit. Another mechanism for maintaining or reinvigorating the spirit of movement and organisation is through local meetings for regional groupings. A third is the encouragement of volunteer activism within or on behalf of the organisation at local levels. These would suggest the challenge remains of combining market and democratic mechanisms or of balancing the interests of members against those of potential members and clients.

Commerce Qld

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

rather than large ones.

Hence, much of Commerce Qld's traditional industrial relations activities are conducted on behalf of members that are smaller businesses or smaller associations of smaller businesses. This guarantees that smaller members consume much of its time and other resources. Nevertheless, in the last five years, Commerce Qld has also moved aggressively into the business services arena on behalf of members and non-member clients; for example, gaining a greatly increased share of training consulting during 2002 (Commerce Qld 2003a: 18). Much of the impulse for this has come from the its professional officers who have nonetheless had to face concerns from smaller companies that new initiatives neither compromise traditional representation nor raise dues. In the business services arena, members are just one set of Commerce Qld's clients (Himstedt 2000; Commerce Qld 2002).

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

Commerce Qld's push into greater service provision is not related only to member interest. It reflects the reality that many 'new economy' companies appear to view associations as somewhat archaic, but are more than happy to use Commerce Qld services as clients. This presents the association with the dilemma of determining the relative pricing of client service fees and membership subscription rates and the level of services available through membership packages. A customised membership fee structure allows for fees to reflect firm size, the number of its employees and its need for services. In 2003, this meant three levels of fees with a range of options within each level (Commerce Qld 2003b).

Greater emphasis on service provision also complicates the association's problem of how to prioritise staff workloads that arise simultaneously from companies linked to Commerce Qld through these different

revenue bases and legal relationships. One initiative that attempts to blend an image of vibrant customer service with fee-paying membership is Commerce Qld's foray into exclusive benefits to members including special airline and hire car price rates (Commerce Qld, 2002).

In responding to these challenges, Commerce Qld has adopted the broad lines of ABL's model of reducing membership fee levels and augmenting these with a broader range of user-pay client services. Apart from 'workplace relations' advice and negotiation and advocacy services, the association now makes a special effort to promote its HRM services, including HR audits. Such services can include engaging Commerce Qld on a 6 to 12 month retainer to provide all HRM services as well as a system of hourly billing for consulting on HRM issues. Finally, like ABL and its Toolkit CD, Commerce Qld can provide a 'starter pack' that provides new firms with a range of policy manuals and other materials to cover their HRM requirements (Commerce Qld 2003b).

While these developments appear to meet the needs of many companies, they do not completely resolve Commerce Qld's problems linked to its representational roles in many state-level industrial and political issues. More than most therefore, Commerce Qld has a major challenge juggling its association role with its desire to become more of a business. It explicitly recognised this in its *2002 Annual Report*. Alongside initiatives that it listed for increasing a customer-driven approach to service delivery, 'often running against the tide of tough economic times, we also dedicated our organisation to improving the quality, scope and value-for-money of our services to members' (Commerce Queensland 2003a: 8). In doing this, the intention is to shift from recruiting (and then losing) single-issue 'fly-by-night' members to a focus on membership retention. As in other associations, it is targeting member (and client) relations and services on a sectoral basis (Nance 2002).

VECCI

Victoria presents a quite different picture. It has some of Australia's manufacturing and commercial heartlands, it is a traditional home of militant unionism and it does not have a state tribunal system standing alongside the federal system. Within Victoria, AI Group plays a leading role on behalf of metal manufacturing employers. Other sectors and, in particular, small associations and small firms find a voice through VECCI. In place of bargaining, VECCI seeks to attract and retain members through its lobbying and policy activities, its provision of mainstream industrial relations information and services and allied activities.

Employer consternation at involvement in unfair dismissal proceedings also provides a fertile recruiting ground. In recent years, VECCI's membership has remained at around 8,000 companies despite an annual 'turnover' of some 10 per cent. Much of this turnover comes from small firms that either fail or leave the association upon resolution of the particular problem that caused them to join – typically an unfair dismissal case (Gregory 2000; 2002a; 2002b).

During the 1990s, VECCI grew enormously in size and diversified into a range of management consultancy and business services. As for ABL, this growth was partly fuelled by VECCI's receiving a large sum for the sale of its insurance business. By the late 1990s, VECCI had moved a long way towards the ABL model of low membership subscriptions in return for a basic level of selective goods. Beyond that point, fees for service applied but members received a discount. VECCI also provided services on a fee basis to clients (Gregory 2000; 2002). Yet, VECCI remained member rather than client-based.

In the last few years, however, VECCI has partially retreated from this foray into prioritising fee-linked service provision. Instead, it has consciously returned to focus on the traditional industrial relations and personnel services once again regarded as 'core business'. As well, VECCI has returned some way to a more fully membership-centred model. While some companies 'struggle with the concept of membership' and prefer a fee-for-service regime, this appears to be a minority position within VECCI (Gregory 2002). VECCI emphasises membership issues and benefits, including standard services to members: telephone advice; policy lobbying; and seminars (VECCI 2003). While it still offers a more restricted range of supplementary client services to members and clients on a fee basis, the central concern is membership needs and the strengthening of membership identity and commitment among those who do join.

For the provision of the sorts of client services it no longer offers, VECCI instead has developed a range of strategic alliances with other, commercial services providers that, by agreement, provide discounts to its members. Why did this rapid and radical change occur? One easy explanation is the retirement in early 1999 of the (externally recruited) VECCI chief executive who had pioneered the management consultancy approach over much of the previous decade and the appointment as his replacement (after a short interregnum), of an internal candidate with strong industrial relations experience. However, the shift began well prior to the appointment of the current chief executive and under another external appointment. There are more important reasons.

VECCI had difficulty managing its services portfolio despite a rapid

growth in the number of specialist staff. In much the same way as described for Commerce Qld above, it had real problems in establishing priorities when the demand for services linked to membership dues competed with demand for fee-paying client services. While wealthy, VECCI does not have anywhere near the financial resources available to ABL. Members came to resent what they saw as an increasing 'thinness' of resources dedicated to those core areas that came to them by right as members. The mass of small company members, in particular, valued access to the telephone inquiry service whereas the larger companies wanted greater sophistication in VECCI's responses to large industrial disputes. Further, with Labor's return to government in Victoria, companies of all sizes wanted 'their' VECCI to provide a firm propaganda response and energetic lobbying against proposed legislation that they considered threatening. Selective and collective goods had again become important.

Discussion

The trend towards disaggregation of bargaining opens up the following challenges for employer associations that had primarily engaged in managing, coordinating and servicing the bargaining agendas of member companies. The first challenge relates to central organisational purpose. Australia's employer associations developed primarily to coordinate employer bargaining responses to the demands of militant unions and state regulation. Whether more centralised bargaining was the preferred strategy of organised employers or was an option that they had to endure at the hands of centralised unions and arbitral tribunals, this type of activity largely defined their relationships to members, and to relevant unions and state authorities. It also largely moulded their members' relations with each other within associations. What this article shows is that, in Australia, leading associations recently have been experimenting with the question of re-defining their focus, their activities and, in some instances, their core identity.

Our evidence indicates a great deal of internal debate and organisational experimentation as associations attempt to grapple with new environmental challenges. AI Group and ABL have chosen to peg out the ends of the continuum between self-identity as association or business but both also have chosen to maintain elements of the other. VECCI and Commerce Qld have experimented along this continuum with VECCI having made an early shift towards the business model before choosing to return to a stronger associational stance. Commerce Qld, if anything, has more slowly been moving in the other direction.

As we indicated earlier, a number of intersecting variables help us to explain the emerging and potential trajectories for employer associations. These include membership size, trade union presence, territorial compactness, resources, political and institutional environment, and leadership strategy. We now briefly explain our findings under these headings.

Small Company Membership

A heavy reliance on small company membership both encourages and inhibits any shift away from a traditional associational profile. Small companies often have less commitment to a collective identity and collective goods and provide fewer membership resources relative to the demands they make on selective goods. However, smaller members need the continuing mutual insurance benefits of this service provision as they have least ability to pay commercial fees or internalise provision of services within the firm. Therefore, the greater the voice of smaller companies in an association, the greater the pressure for the association to provide membership-linked services (selective goods).

Trade union presence and the demands of other labour market institutions

The effectiveness of militant or powerful unions continues to generate the need for solidarity and mutual insurance among employers. This is particularly true in the Australian metal manufacturing industry, notwithstanding substantial disaggregation in bargaining. For those employer associations that have to coordinate or even carry the bargaining against such unions, the need for movement and organisation continues. As Table 1 indicates, in the face of tough metalworking unions, AI Group has found the least need to change its essential profile and the least need to divert resources to newer areas of service. The territorial associations – such as VECCI and Commerce Qld – also have felt membership pressure against any dramatic shift to a business services model. Sometimes this reflects union strength. It may also derive from the complexity or other demands of their political, judicial and industrial relations environments, such as the state industrial relations systems. The result is that memberships continue to need traditional lobbying representation and industrial relations support as part of a membership package of services. Therefore, those associations whose memberships face one or more of strong, militant unions or pro-union governments or a strong tribunal system will prefer strong leadership from their associa-

tions. Where the challenge is government intervention – rather than union militancy – this sense of movement and demand for collective goods appears to emerge irrespective of the size of member firms.

Territorial Homogeneity

Organisations that are widely dispersed over different localities will tend to continue to concentrate on questions of coordination rather than service. This is in part a response to questions of economies of scale and transaction costs. Thus for example, although they represent very similar industries and members, AI Group and ABL have chosen quite different strategies. AI Group, with a truly national presence and a national set of coordination and representational responsibilities, has continued to focus on traditional industrial relations roles while also developing its services portfolio. In this sense, it has remained self-consciously a movement and organisation of manufacturing employers rather than trying to become a business. In contrast, ABL, largely concentrated in Australia's most populous and wealthiest state, has greater options to develop itself into a business as well as an organisation.

Resources

Here ABL clearly has had the opportunity to experiment in a range of business ventures and take risks given its enormous financial patrimony. Industry associations, such as AI Group, traditionally have not had similar resource bases from which to work.

Hiring of senior association officials and leadership strategy

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

Conclusion

Overall, despite the strength of an association's attachment to one or other orientation, decentralisation of bargaining has led to the four associations questioning their relationships with members, and, to a greater or lesser extent, reorienting their activities in an effort to address mem-

bers' needs. This study suggests that all five factors used in Table 1 may help explain what distinguishes those employer associations that embrace an associational as opposed to a business services orientation. Nevertheless, one factor, trade union density and trade union coordination of bargaining, appears to be the root explanation. Militant unionism supplies the continuing class challenges to employers that engender that sense of common identity and purpose necessary for both movement and organisation.

Thus it has been the militant manufacturing unions and their resilience in the face of a hostile political regime and bargaining decentralisation that have kept metal manufacturing employers, in particular, focused on their needs for the collective goods that AI Group can offer them. AI Group's decision to maintain this focus on movement and organisation, to continually emphasise its associational role through the provision of collective and selective goods has, in turn, determined its continuing financial strategy – particularly the relationship between levels of dues and services. Satisfaction of members' core collective needs has, in turn, kept membership and hence dues revenues at sufficient levels to remove any pressing demands for adoption of an individualized, client-oriented model of elective services. Mutual insurance continues to survive and prosper and with it the economies of scale and scope that AI Group can and does offer. This continuity has both encouraged and been encouraged by AI Group's heavy dependence on its internal labour market for senior officials.

For the other three associations, the absence of this strong trade union factor in an environment of bargaining disaggregation has encouraged an attenuation of employer needs for collective goods and this weakens the sense of common identity and purpose necessary for movement. This has been particularly true for those larger firms who have removed themselves into firm-centred models of employment relations. Where this has occurred, given that these associations were already heavily populated by smaller firms, the remaining members can no longer shoulder the burden of massive free-riding by other small firms. Nor can they cover the real costs of selective goods if these are to become more individually targeted to member needs.

Among members and officials alike, the perception developed that the answer lay in a business perspective that focused on clients rather than (or at least alongside) members. This set of perceptions generated pressures for the associations to redefine their identities, their purposes and their supporting financial models. It also helped shift recruitment philosophy for senior officials from internal labour markets to external appointments. However, these shifts have not been uncontested nor par-

ticularly successful. More recently, the reemergence of Labor governments at state levels and employers' perceptions of the serious threats they pose has reignited a sense of collective identity and purpose and with it a sense of movement among employers. This has been particularly evident in Victoria and Queensland. As well, a great number of smaller member companies have appeared greatly dissatisfied with the shift from association to business. For VECCI and Commerce Queensland, in particular, this has meant a return to a greater stress on associational purpose and identity and successful pressure from members to rebuild the selective goods oriented to their labour market needs. Dues structures have also partially shifted back, associations have narrowed the range of elective goods offered and VECCI has returned to greater use of its internal labour market.

Of the other factors, the role of territorial diversity and sectoral coverage are not so clear although the latter may reinforce the sense of common identity necessary for movement. Certainly, without these commonalities, it appears harder to inspire a commitment to collective goods in the absence of the inducements that centralised bargaining and/or strong unions pose.

Note

- 1 Plowman (1989: 208) even identifies one association that briefly transformed itself into a public company.

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