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## **The decline of Employers' Associations in the UK, 1976 to 2014**

### **Abstract**

This article examines the collective, member-based Employers' Associations (EAs) in the UK that regulate the employment relationship by participating in collective bargaining. The main empirical contribution is to provide, for the first time, a longitudinal dataset of EAs in the UK. We use archival data from the UK Government's Certification Office to build a new dataset, identifying a decline of 81 per cent in the number of EAs between 1976 and 2013-2014. We also find that political agency and reducing levels of collective bargaining undermined EAs by reducing employers' incentives to associate, although changes within the UK's system of employment relations enabled other types of collective employer organisation to survive.

Keywords: employers' associations, collective bargaining, economic governance, employment relations, collective action.

## **Introduction**

Employer Associations (EAs) are collective bodies in the UK that focus on the role of businesses as employers. Their primary activity over the period examined by this article was to represent employers' labour market interests within collective bargaining, although they often offered other services linked to employers' product market interests. The organisations that we examine in this article therefore were a combination of 'pure' EAs (Traxler, 2000) that focused only on employers' labour market interests through collective bargaining, and 'mixed' organisations that focused on both employers' labour and product market interests. We do not consider collective bodies that focused solely on employers' product market interests, often described as trade associations.

The main contribution of this article is to provide, for the first time in the literature, a longitudinal dataset of EAs in the UK that illustrates their changing fortunes. The other contribution is to explore factors that drove these changing fortunes. Both contributions draw on two datasets. The first is sourced from data collected by the Government's Certification Office (CO) between 1976 and 2013-14, with these being collated to form a longitudinal dataset. The other dataset is our interviews with 98 representatives of collective employers' organisations and linked bodies such as trade unions and governments. Interviews were conducted between 2013 and 2017 as part of a broader project on employers' organisations in the UK (Goberman et al, 2017a, 2017b, 2017c, 2017d), and interviewees often had detailed historical knowledge of the changing landscape of collective organisation.

The main contribution includes our finding that the number of EAs in the UK fell from 514 in 1976 to 97 in 2013-2014, a decline of 81 per cent. Over the same period the combined employer

membership of EAs fell from 210,615 to 93,585, a decline of 56 per cent. Data are available on 160 EAs removed from the CO's lists of such organisations, of which 126 (79 per cent) were either dissolved or could no longer be considered as EAs, with 34 (21 per cent) merging. Another marked change was a shift in the industry composition of EAs. In 1979, EAs representing employers in manufacturing dominated the list, accounting for 50 per cent of the total but by 2013-14 this figure had more than halved to 22 per cent.

In the absence of a comprehensive UK literature on EAs, the article's other contribution draws on the international literature (e.g.: Traxler, 2000; Behrens and Traxler 2004; Sheldon and Thornthwaite, 2004; Sheldon et. al. 2016) to propose two factors that could explain EAs' declining incidence; structural economic change and reducing levels of collective bargaining. We also draw on the literature examining the UK's changing system of employment relations (Howell, 2005; Baccaro and Howell, 2011) to propose a third factor; political agency. We find that EAs were inadvertent victims of state-driven changes to the UK's political economy. The decline of collective bargaining and the closure of tripartite bodies that regulated aspects of the labour market reduced employers' incentives to associate within EAs. Despite EAs' decline, the growing volume of legislation around individual employment relationships enabled collective action to continue, albeit often in a different form to that of EAs.

The remainder of this article is structured as follows. The next section examines the literature in relation to EAs, identifying factors that influenced their overall trajectory. We then outline our methods and data, before the subsequent section sets out our empirical findings. The article then explores potential explanatory factors, assessing the extent to which these explain our empirical findings. Subsequent sections discuss recent developments in employer collective organisation, before concluding.

## **Changes within collective bargaining and employer representation**

Despite the once important status of EAs in the UK, analyses of their declining incidence as a group do not exist. Studies have instead concentrated on individual organisations such as the Engineering Employment Federation (Joyce, 2013; McKinlay, 2011) and the Confederation of British Industry (Ingram and Lindop, 2011). While official data collected by the governments' Certification Office are available, these have yet to be fully collated and examined. Finally, other official data on EAs are conspicuous by their absence. For example, the most prominent post-war official investigation into employment relations was the Royal Commission on Trade Unions and Employers' Associations (known as the Donovan Commission) (HMSO, 1969). However, the Commission's research did not survey all EAs, instead focusing on a small number of manufacturing employer bodies.

While comprehensive studies of all EAs are absent from the UK's employment relations literature, the declining incidence of collective bargaining is a central theme (e.g. Marginson, 2015; Brown et. al., 2009). Analyses have highlighted how employment relations transformed from a collectivised approach characterised by collective bargaining, to a more firm-based focus as regulation of the individual employment relationship intensified. Dickens and Neal (2006a) summed up the change as follows: examining the list of bargaining arrangements that existed in 1980 was 'like reading the names in a war memorial'. Examinations of the factors driving what Purcell (1995) identified as the end of institutional industrial relations focus on the key role played by the governments of Margaret Thatcher and her successors after 1979 (e.g.: Howell, 2005; Baccaro and Howell, 2011).

While the totality of EAs in the UK is a neglected topic, international studies have analysed the changing patterns of employer collective action in mature economies. These studies have examined either a number of countries or have adopted a country-specific focus.

In relation to multi-country studies, Traxler (2000) noted that two economic factors impacted the density of EAs across Europe. The first was how increasing openness to international trade undermined the attractiveness of nationally focused EAs to current and potential members. The other factor was linked to the shift towards a service sector led economy making recruitment harder, as service sector companies were less likely to associate. Traxler (2000) also noted how more collective approaches to employment relations incentivised greater levels of membership of EAs, as multi-employer bargaining structures helped manage union influence and prevent whipsawing against individual employers (Hauptmeier, 2011). Behrens and Traxler (2004) linked the diminishing incidence of collective action in some countries to the increasing role of individual companies within employment relations. Some EAs, such as national peak federations, adjusted by replacing collective bargaining with other forms of interest representation as their primary activity. However, EAs showed limited organisational change in other countries where collective approaches to employment organisations continued.

Studies with a country-specific focus include Sheldon and Thornthwaite's (2004) examination of four EAs in Australia and their responses to bargaining decentralization. They report that three EAs were active in sectors where decentralization was accompanied by weakening union influence, and these organisations increasingly offered business oriented services to their members. The fourth EA was active in a sector where trade unions remained powerful and retained a focus on collective labour market issues. Silvia and Schroeder (2007) argued that manufacturing EAs in Germany have lost members due to economic change, despite the

continued existence of collective bargaining structures. Increased levels of global competition disproportionately affected small companies specialising in component manufacture, but benefited larger firms assembling manufactured goods. Small suppliers sought to reduce costs and left EAs to develop company-specific arrangements by the late 1980s. Membership loss was also driven by changing business demographics featuring a greater number of smaller companies, which are less likely to associate. EAs responded ‘in the way that any business would respond to declining sales. They altered their existing product to bring it more in line with perceived customer needs and have been developing new offerings’ (Silvia and Schroeder, 2007: 1451). Finally and most recently, Sheldon et al. (2016) examined responses to change within Australia and Italy across eight EAs. Three factors driving change were identified. The most important and overarching factor was decentralization within the structure of industrial relations, with the locus of decision-making increasingly transferred to the individual enterprise. The second factor was the retention of union strength in some sectors. The third was product market competition, where business services provided by EAs were also available from commercial organisations as well as via in-house expertise within larger companies.

All these accounts have differing foci, but tend to identify factors within two broad domains; economic and institutional. Economic factors generally feature the impact of increased global competition and its structural impact. Institutional factors relate to changes within employment relations, centred on bargaining decentralisation and associated aspects such as the reducing salience of trade unions. While there is consensus as to the importance of these factors, their components and relative importance inevitably varies between countries. Crucially, the difficulty of accessing data on EAs sufficient to disentangle and quantify the importance of factors was highlighted with, for example, Traxler (2000) noting the sparseness of such data (2000, 308).

In the absence of a UK literature on EAs, we draw on the international literature on collective employer action to propose two explanatory factors for the declining incidence of EAs; structural economic change and declining levels of collective bargaining. We also draw on the literature on the UK's changing system of employment relations (Howell, 2005; Baccaro and Howell, 2011) to propose a third; political agency.

However, accurately quantifying the impact of each factor on the continued incidence of EAs is impractical. The extensive literature on the decline of UK trade unions after 1979 highlights the difficulty of identifying and quantifying factors causing institutional decline within employment relations. There are three conflicting accounts, which respectively prioritize changes to the structural environment across economic, political or social factors (e.g. Freeman and Pelletier, 1990), failures within unions (e.g., Kelly and Heery, 1989) and hybrid accounts that combine elements of the other two (e.g., Pencavel, 2003). While there is no consensus as to why unions declined, there is agreement as to its multi-faceted nature and the difficulties of disentangling and quantifying causal factors (e.g., Charlwood, 2013). As a result of such difficulties, we present an exploratory account that quantifies EAs' decline before examining links between our empirical findings and explanatory factors.

## **Methods**

We use two data sources to explore the decline of EAs in the UK. The first were sourced from the CO (Certification Office) and form the empirical core of this article. The CO was founded in 1974 as an independent statutory authority to determine trade union independence. It maintained lists of registered trade unions and EAs, with both classified as an organisation of 'workers or employers which has the regulation of relations between workers and employers

as one of its principal aims' (CO, 1976, 3). In practice, this meant that only EAs active in collective bargaining were included. Each registered EA within Great Britain (Northern Ireland was excluded) was required to submit an annual return, containing data on its officers, numbers of employer members and finances. However, registration was voluntary and no advantages existed for EAs who did so (CO, 1990, 7). This means that registered lists are incomplete, with the CO stating (2000, 11) that 'it is difficult to say precisely how many [EAs] are in existence.' The CO addressed this lack of completeness through producing a parallel list of unregistered bodies that it believed met its definition of EAs.

CO data fell into four categories. First, the CO's annual reports provided data on the number and combined membership of all registered and unregistered EAs. Second, the reports also contained limited data, such as membership totals, on each of the largest listed and unlisted EAs. These were defined as those that exceeded annual income thresholds. Third, archival data are available at the UK Government's National Archives. Between 1976 and 2013-14, 280 EAs were registered at the CO. Paper files containing annual returns exist on 165, although data after 2000 are very limited. Finally, the CO's website includes the last three years' returns for all registered EAs. We examined each paper file and manually transcribed data, before combining these with internet data to create our longitudinal dataset.

The strength of these data is that they provide the only longitudinal data on EAs in the UK. While some commercial directories of business related organisations exist, each uses differing methodologies for data collection, conflate organisations representing employers with those representing individuals and are not available on a consistent basis over time. At the same time, some limitations exist within CO data. For example, literature on unions often use density data, based on the workforce proportion of members. These can be calculated through combining

membership data available from the CO with those on workforce size. However, CO data on EA membership relates only to the number of employer members and not to the numbers of people employed. Employment densities cannot be calculated, with density measures in the literature (Traxler, 2000; Behrens and Traxler, 2004) relating only to the estimated density of peak organisations. Finally, our membership analyses exclude data on the National Farmers' Union (NFU) and the Scottish NFU. In 1976, their combined membership accounted for 42 percent of all EAs, increasing to 52 per cent by 2013-14. They have a disproportionate 'flooding' impact and are excluded.

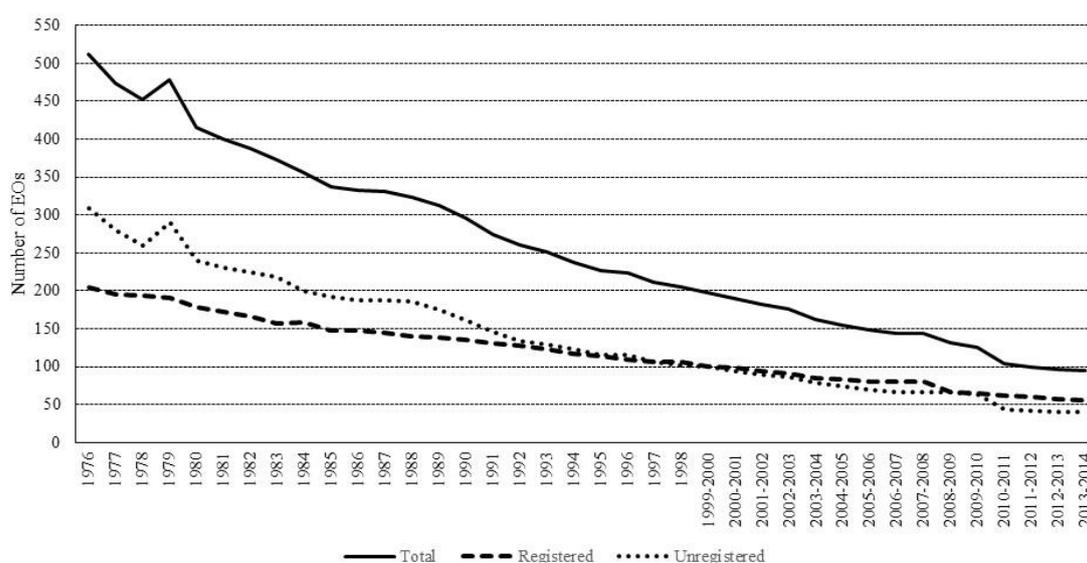
Our second data source is drawn from our project examining contemporary employer organisations in the UK (Goberman et al., 2017a, 2017b, 2017c, 2017d; Heery et al, 2017), of which 13 per cent conduct collective bargaining. We carried out 98 interviews with collective employers' organisations and linked bodies such as trade unions and governments. Interviews focused on the activities and governance of employer collective bodies and were carried out between 2013 and 2017. Interviewees were selected to represent a cross section of industrial sectors and organisational types. Interviews were semi-structured and aimed to shed light on activities and evolution of each body, while each was recorded and transcribed. We found that many interviewees had historical knowledge of the changing landscape of collective employer organisation. As a result, the interviews were particularly useful in outlining how collective employer bodies reacted to changes to the UK's system of employment relations over recent decades.

## Quantifying decline

### Overall EA numbers

The earliest years of the CO were characterised by difficulties in establishing how many EAs existed. These difficulties spurred a ‘process of pruning’ (1977, 4) that removed trade associations (employer collective bodies that did not bargain collectively) from the list of unregistered EAs, contributing to a rapid decline in the late 1970s (see Figure 1).

Figure 1: Number of EAs listed by the CO, 1976 to 2013-14 (a-b).



Notes:

- Sudden increase in unregistered EAs in 1979 due to an unspecified ‘overhaul’ of these data in that year by the CO, according to its Annual Report (1979: 4).
- In 1999, the CO switched from collating data by calendar year to financial year.

Source: CO annual reports (various editions), authors’ calculations.

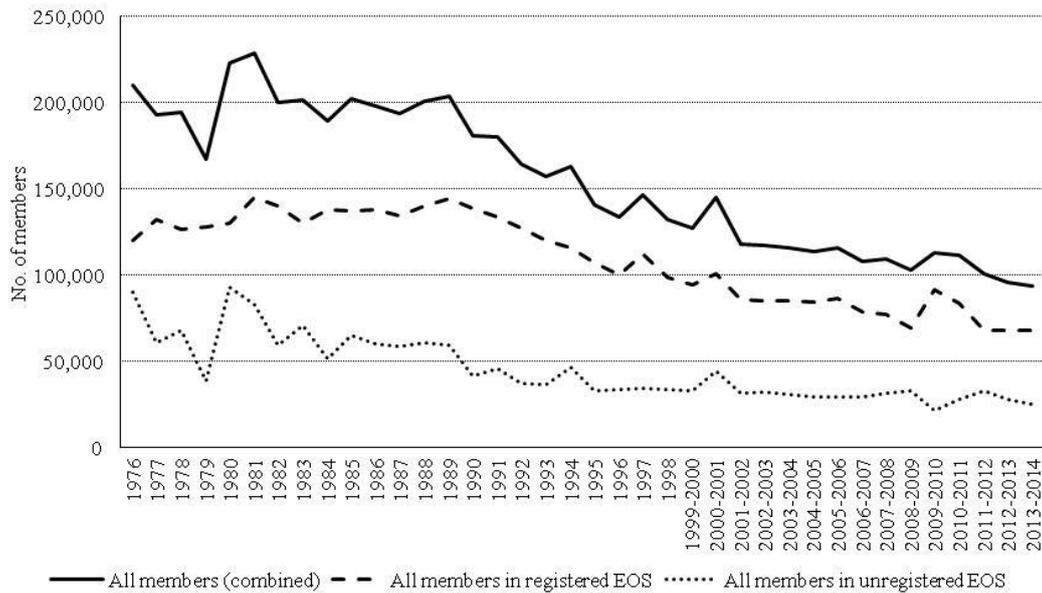
Overall, the number of registered EAs fell by an annual average of 3.4 per cent between 1976 and 2013-2014, while those of unregistered EAs fell by 5.1 per cent. By 2013-2014, the number of registered EAs had fallen from its 1976 level of 205 to 56, a decline of some 73 per cent

while unregistered EAs fell from 309 to 41, a decline of 87 per cent. The combined reduction was from 514 to 97, or 81 per cent. The decline was attributable to mergers, closures and the CO deciding that the EA no longer fitted the statutory definition, with data on these immediate causes being available for 1983 and between 1985 and 2013-2014. These show that of the 160 EAs removed from the lists, 126 (79 per cent) were either dissolved or no longer fitted the statutory definition, with 34 (21 per cent) merging. At the same time, only 44 EAs were added.

As well as data on the number of registered and unregistered EAs, data on combined membership totals also exist (see Figure 2). As is the case with data on EA numbers, the ‘pruning’ of trade associations lessened the accuracy of data for unregistered organisations in the late 1970s. However, given the steep decline in the volume of EAs, a trend of declining total membership was in place from the late 1980s. In 1979, 128,257 employers were members of registered EAs while 38,990 were members of unregistered organisations, a total of 167,247.

By 2013-14, the number of employers who were members of registered EAs had dropped to 68,196 (a decline of some 46 per cent), while 25,389 employers were members of unregistered bodies (a decline of some 35 per cent). The combined total of 93,585 employers was equivalent to a decline of some 44 per cent. This decline was less steep in percentage terms than that of EA numbers, with this difference explained by mergers which reduced the numbers of EAs but had less impact on combined membership. The average year on year percentage decline for registered and unregistered membership between 1979 and 2013-14 was some 1.8 per cent, although the 1980s saw some stability before decline accelerated from the early 1990s.

Figure 2: Combined membership totals for all EAs listed by the CO, 1976 to 2013-14 (a).



Note:

(a) NFU and Scottish NFU excluded.

Source: CO annual reports (various editions), authors' calculations.

In relation to the largest EAs, the combined membership total for such organisations almost always accounted for over half of the total for all registered and unregistered EAs (excluding the two farming unions). Table 1 provides data on membership totals for the four largest organisations in 1980, before showing data over subsequent years for these bodies. It outlines how membership totals have generally declined.

Table 1: Subsequent membership totals for the largest EAs in 1980 (a-c).

EA	Number of members				Percentage change, 1980 to date of latest data
	1980	1986	1991	2010-2011	
EEF	5,651	...	...	2,302	-59
General Council of British Shipping (b)	219	145	...	...	-34
National Federation of Building Trades Employers (c)	10,193	...	7,871	...	-23
Freight Transport Association	15,869	...	...	14,245	-10

Notes:

(a) NFU and Scottish NFU excluded.

(b) No data available for the General Council of British Shipping (or successor organisations) after 1986.

(c) No comparable data available for the National Federation of Building Trades Employers after 1991.

Source: CO annual reports (various editions).

All organisations recorded falls in their membership, with that experienced by the EEF linked to the end of collective bargaining as it was:

The driver for the regional structure and the national structure and most of the employers [...] were involved in one way or another in this process. Obviously [the end of bargaining] meant huge culture change and a shift around in strategy (Interview with EEF representative, 4.11.2014).

### *EAs by industry*

Industries in which EAs were active can be identified through allocating a Standard Industrial Classification (SIC) code to each registered EA based on its name. In 1979, the largest proportions of EAs were active in manufacturing (50 per cent) and construction (9 per cent), while both public administration and wholesale and retail trade comprised 8 per cent. The overwhelming majority of EAs represented employers within a single industry, as multi-industry organisations did not usually fit the CO's definition of an EA. However, industry

proportions were different by 2013-2014, albeit with a far smaller number of EAs. In this year, the joint largest proportion of EAs were still those within manufacturing, but its share had more than halved to some 22 per cent, the same as held by construction. The next largest industry, as in 1979, was public administration (12 per cent).

CO data on the membership of individual EAs are fragmented, but some analysis is possible based on, first; the 178 registered EAs where annual returns are available at the National Archives and, second; the 20 to 30 organisations identified as the largest EAs by the CO's annual reports. In relation to the EAs for which National Archives data are available, these generally show a rapid decline in membership levels. Table 2 provides the median percentage membership change for EAs within manufacturing, construction and public administration, calculated from the start to the end of the 1976-1980, 1981-1990 and 1991-1999/2000 periods. Limited data precludes analysis after 2000.

Table 2: Median of membership changes by selected sector, 1976-1980, 1981-1990 and 1991-2000 (a).

<i>Sector of activity</i>	<b>1976-1980</b>		<b>1981-1990</b>		<b>1991-1999/2000</b>	
	<i>No of EAs at start</i>	<i>Median of membership changes (%)</i>	<i>No of EAs at start</i>	<i>Median of membership changes (%)</i>	<i>No of EAs at start</i>	<i>Median of membership changes (%)</i>
Manufacturing	70	-2	53	-28	29	-19
Construction	8	2	11	-7	8	-8
Public administration	12	0	13	0	...	...

Note:

(a) ... Limited data availability.

Source: Annual returns, authors' calculations.

While membership of manufacturing EAs remained relatively static during the late 1970s, dropping by a median of 2 per cent between 1976 and 1980, many EAs in more traditional sectors such as textiles and shipbuilding merged or closed. Examples include the Medway Ship Repairers Association, the Mersey Ship Repairs Association, the Wire Rope Employers Association and the West Yorkshire and Lancashire Wool Textile Federation. Decline accelerated throughout much of the 1980s when median membership levels across the sector dropped by 28 per cent, with closures or mergers including the Society of British Printing Ink Manufacturers and the British Association of Lithographic Plate Manufacturers. Although median decline reduced in the 1990s, it still stood at 19 per cent over the decade. The dwindling number of manufacturing EAs generally saw further declines in their membership throughout the 1990s and beyond. Overall trends between 1976 and 2001 are clear with, for example, the membership of the British Printing Industries Federation declining from 3,522 employers in 1976 to 2,342 in 2000-2001 while that of the Welsh Engineers and Founders Association fell from 44 employers in 1976 to 8 in 2000-2001.

However, EAs within construction generally fared better than those in manufacturing. Collective bargaining through Joint Industry Boards (JIB) survives in parts of the industry while some EAs, unusually, retained a role in the large scale provision of training. For example, representatives of the Electrical Contractors Association (ECA) stated that:

We've had apprenticeships for many, many years and since the JIB was formed in 1968. We have had established JIB apprentice training schemes bringing people through to the electrical standards and then moving on to forming the JTL which is a major training provider charity (Interview with ECA representative, 2.3.2015)

Median member totals within construction EAs saw a small overall increase throughout the later 1970s. While median membership did decrease throughout the 1980s and 1990s, these were relatively small in scale at, respectively, 7 and 8 per cent. This is reflected in the fluctuating fortunes of some of the largest construction EAs. For example, membership of the British Decorators Federation grew throughout the late 1970s and early to mid-1990s, rising from 2,649 employers in 1976 to 2,993 in 1986. Despite this growth, decline set in subsequently and membership reduced to 2,175 by 1999-2000. At the same time, membership of the Federation of Master Builders grew from 19,911 employers in 1976 to 20,328 in 1979. It then stayed static through the 1980s, reaching 20,905 in 1990 before declining to 14,280 in 1999-2000. Overall, the major construction EAs generally remained in place, although some smaller organisations such as the Federation of Design and Engineering Contractors did close or merge.

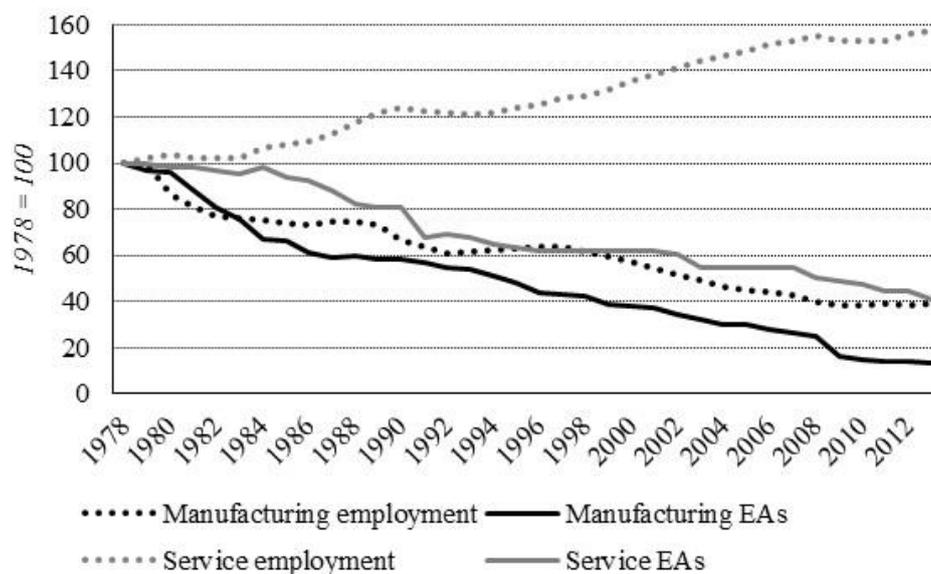
Finally, the relatively stable organisational landscape of the public sector meant that membership stayed remarkably static within the limited number of EAs for which data are available. Examples include the Mid-Southern Representative Provincial Organisation of Employers Local Authorities Services with 37 members in both 1976 and 1985 and the South Western Provincial Employers Organisation with 64 employer-members in 1978 and 65 in 1988. Commenting on the stability of membership, a representative of the body representing Scottish local authorities (COSLA) noted that even when policy factors led to individual councils withdrawing their membership, the national collective pay bargaining role played by the organisation tended subsequently to draw members back to the organisation (Interview with COSLA representative, 20.6.2017).

## Factors impacting on EAs

### *Structural economic change*

The international literature on collective employer action (e.g. Traxler, 2000) stresses how structural economic change impacted on collective employer action, although the extent to which this took place varies by country. To what extent did EAs in the UK reflect the contemporary economy or that of the past, and how did this representativeness change? Most of the period between 1976 and 2013-14 was characterised by decline in the proportion of the employed workforce working in manufacturing, offset by rises within the service sector. Figure 3 traces the indexed number of EAs within manufacturing and services to the changes to the size of the UK workforce active in these sectors between 1978 and 2012-2013.

Figure 3: EAs and employment, 1978 to 2012-2013 (a).



Note:

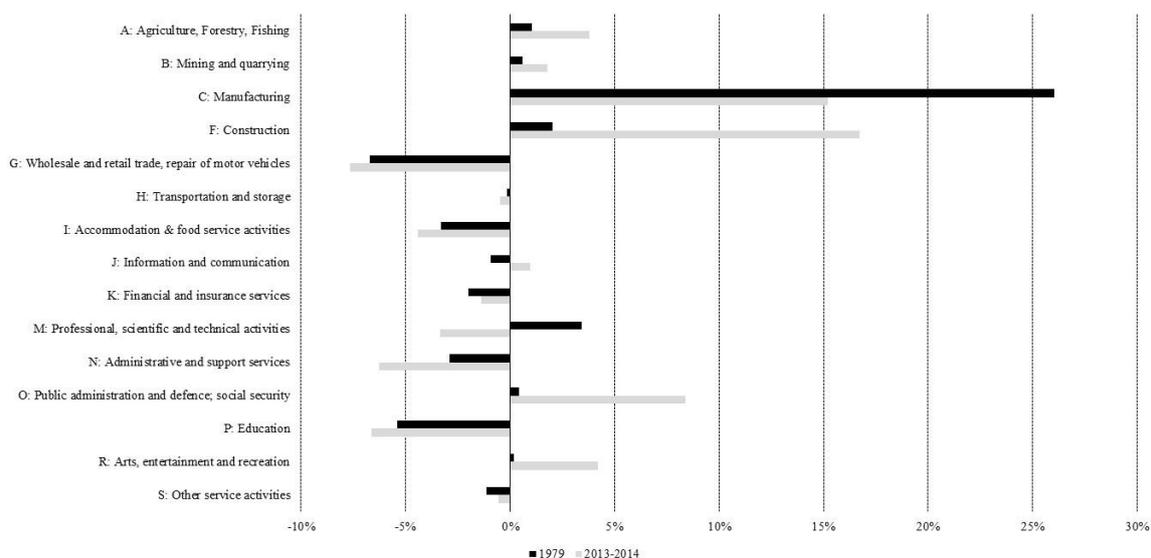
(a) Consistent Office for National Statistics (ONS) employee data not available before 1978.

Source: ONS (Series JWR7, JWT8), CO, authors' calculations.

While there is some correlation between the collapse in manufacturing employment and the declining number of manufacturing EAs, this does not explain the totality of the collapse across all EAs. While manufacturing employment was shrinking, service sector employment grew by some 60 per cent, but the number of registered service sector EAs fell from 68 in 1976 to 28 in 2013-2014, a decline of 58 per cent that was primarily caused by mortality and not by mergers.

Figure 4 analyses sectoral representativeness in more detail through comparing the proportion of workforce jobs within high level SIC codes against the proportion of EAs active in the same sectors in 1979 and 2013-2014. Positive figures show an over-representation. In 1979, over-representation was concentrated within manufacturing (26 per cent), with lesser proportions also present within professional, scientific and technical activities (3 per cent) and construction (2 per cent). By 2013-14, the most over-represented sectors were construction (17 per cent), manufacturing (15 per cent) and public administration (9 per cent).

Figure 4: Share of UK workforce jobs and EA by SIC code, 1979 and 2013-2014 (a).



Note:

(a) SICs with no EAs in both 1979 and 2014-2015 excluded.

Source: ONS (JWR series), CO, authors' calculations.

At the same time, these indicators of representativeness can be compared to employment growth. Economic sectors that experienced the lowest growth over the period were more likely to be over-represented, as was the case for extractive and primary activities (SIC codes A and B), which declined by 28 and 82 per cent, as well as manufacturing (SIC code C), which declined by 62 per cent. Sectors with strong employment growth were more likely to be under-represented. These comprised largely private sector services (SIC codes G to N, S), such as retail trade, accommodation and food as well as financial and insurance activities, with the total for these sectors increasing by some 55 per cent. The exception to this trend of over-representation in declining sectors and under-representation in growing sectors was construction, which grew by some 6 per cent and was over-represented in terms of EA numbers. The small number of public sector EAs registered at the CO makes analysis of trends within this sector difficult with, for example, no health-related EAs listed. However, the representativeness levels of EAs in SIC code O (public administration and defence, social security) were relatively high, both in 1979 and in 2012-2014. In general, EAs were more likely to be concentrated in declining sectors, a pattern that remained broadly consistent between 1979 and 2013-2014.

### ***Political agency***

The role of states as ‘midwives of institutional change’ (Baccaro and Howell, 2011) within employment relations across mature economies has long been recognised, with the post-1979 transformation in the UK being a particularly striking example. To what extent did political agency after 1979 have a corrosive influence on EAs’ ability to continue in existence? Table 3 provides data for the Prime Ministerial periods of the Callaghan (Labour), Thatcher/Major (Conservative), and Blair/Brown (Labour) governments.

Table 3: Change by period, 1976 to 2010 (a-b).

Periodization	Average annual change (a)			
	Registered		Unregistered	
	<i>Nos. of EAs</i>	<i>Membership</i>	<i>Nos. of EAs</i>	<i>Membership</i>
Callaghan (Labour, 1976-1979) (b)	-1.7%	-0.7%	...	...
Thatcher/Major (1979 to 1997)	-2.3%	-0.7%	-3.3%	-0.6%
Blair/Brown (1997 to 2010)	-2.8%	-1.7%	-3.9%	-1.3%

Notes:

(a) Calculated as difference between data at start and end dates divided by number of years.

(b) Data on unregistered EAs less reliable between 1976 and 1979.

Source: CO, authors' calculations.

By the mid-1970s, EAs were active within two sets of employment relations institutions. The first comprised collective bargaining institutions. These were largely voluntary before 1979 and were governed by procedural rules agreed by the participants (Clegg, 1979). As a result, rules were not usually imposed by the state. While collective bargaining was evolving as multi-employer bargaining was increasingly supplanted by company-level approaches, the role of EAs remained largely intact.

EAs' second role was the co-governance of state sponsored tripartite bodies that participated within aspects of economic governance (Vidal and Hauptmeier, 2014). These included the Wages Councils, responsible for setting industry-specific wages and conditions, as well as the National Economic Development Council and Industrial Training Boards. The former advised the government while the latter were neo-corporatist bodies that coordinated vocational training through imposing industry-wide levies and grant-aiding firm level training (Gospel and Edwards, 2012). The continuation of both institutional roles meant that numbers of registered EAs declined only slightly by an average of 1.7 per cent per year between 1976 and 1979 as did their combined membership, which declined by 0.7 per cent per year over the same period.

Relative institutional stability ended in 1979 as Conservative Governments pushed through a programme of change focused on strengthening private enterprise through reducing regulation, facilitating greater competition and restricting the direct economic role of the state. Wages and incomes policies were immediately abandoned as was the role of EAs in co-ordinating such policies. Once-powerful tripartite organisations were downgraded, with the wages councils losing powers in the 1980s before being abolished. The voluntary nature of collective bargaining meant that there was no need for the state to legislate in this area, but Margaret Thatcher's governments were characterised by their 'total aversion to collective bargaining and her aversion to national joint councils' (Interview with British Ceramics Council representative, 20.11.2013), while the government informally pressurised the EEF in the late 1980s to end the engineering collective agreement.

The 1980s also saw a raft of measures aimed at reducing the discretionary power of trade unions and their memberships began to reduce (Howell, 2005). The decline of collective bodies to participate within, as well as unions to countervail against, coincided with an acceleration of decline within both the membership and number of EAs. The number of registered EAs fell by an average of 2.3 percent between 1979 and 1997 while the number of unregistered EAs fell by 3.3 per cent. However, EA membership remained relatively static during the 1980s before turning downward. This delay was in part caused by the survival of many joint agreements until the end of the 1980s, with this acting to temporarily retain employers' incentive to join EAs. Finally, the Labour Government from 1997 largely accepted the evolving approach to collective employment relations (Baccaro and Howell, 2011). Indeed, the annual average rate of decline in the number of registered EAs increased, from 2.3 per cent between 1979 and 1997 to 2.8 per cent between 1997 and 2010, as did the decline of unregistered EAs from 3.3 per

cent to 3.9 per cent. Rates of membership decline also accelerated across both categories. By 2010, only 106 registered and unregistered EAs remained, a fraction of the 481 in 1979.

The other trend within employment relations was the growing salience of individual workplace rights, described by a representative of the Northern Ireland Labour Relations Agency (LRA) as:

The great trend from collective bargaining in the 1970s, strong trade unions, into more [of] this era of individual rights, explosion of individual rights, jurisdictions, the decline of the trade union movement and influence (Interview with LRA representative, 4.6.2015).

While the 1980s saw a general downgrading of provisions such as those relating to unfair dismissal, the 1990s saw a lessening of deregulatory trends often because of European Directives (Emmenegger, 2014). At the same time, individual workplace rights were strengthened, most notably through the Disability Discrimination Act 1995. After 1997, accession to the European Union's Social Chapter caused regulatory strengthening with regard to the length of the working week and annual leave (Undy, 1999), as did the creation of the National Minimum Wage and enhanced access to employment tribunals. Further workplace rights were set out by the Work and Families Act 2006 (Dickens and Neal, 2006b) while 116 pieces of legislation were merged into the Equality Act 2010, setting out an extensive series of workplace rights and duties. While such rights and duties provided new opportunities for employer collective action (Bowkett et al. 2017; Demougin et al., 2017), organisations responding solely to these opportunities instead of bargaining collectively did not meet the CO's definition of EAs and were excluded from their data.

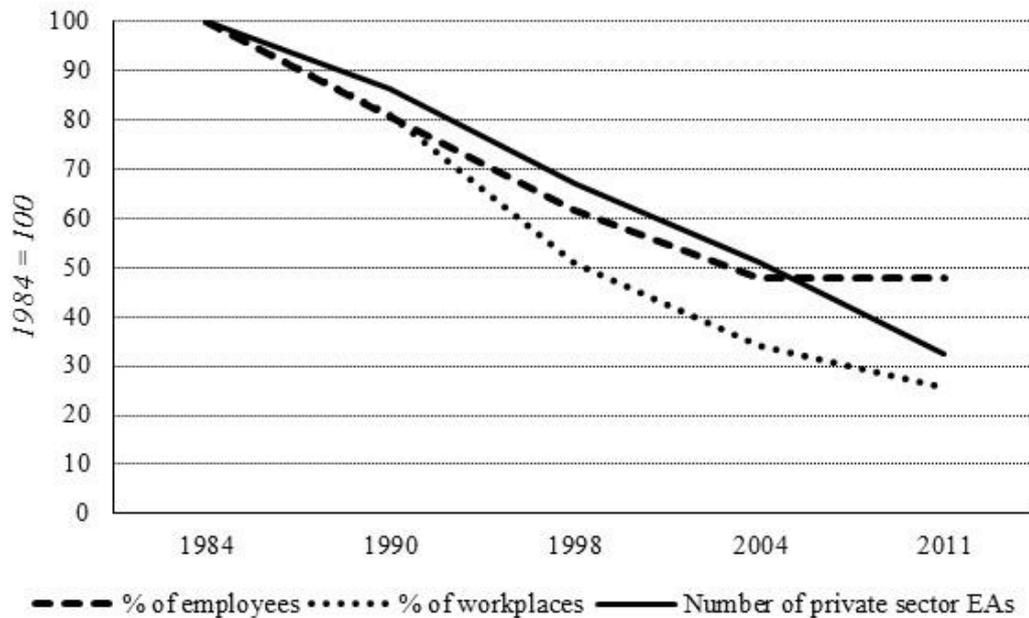
### *The decline of collective bargaining*

The decentralisation of bargaining is well established in the international literature as a key factor driving changing patterns of collective employer organisation. (e.g Traxler, 2000; Behrens and Traxler, 2004; Sheldon and Thornthwaite, 2004; Sheldon et. al. 2016), but to what extent was this the case in the UK? Although multi-employer bargaining was increasingly supplanted by company-level approaches in the mid-1970s, bargaining institutions as well as the linked role of EAs remained largely intact. For example, negotiations between unions and the British Ceramics Council (BCC) produced terms that were

Very, one might almost say intrusive in terms of the impact it had on each [member] company [...] not only wage rates but [...] more and more sophisticated holiday, sick pay, the whole range of employment rights which the union managed to secure over the years, which eventually constituted the wage structure, that was the bible (Interview with BCC representative, 20.11.2013).

However, bargaining reduced dramatically after 1979. Figure 5 outlines the indexed decline in collective bargaining within the private sector between 1984 and 2004, alongside indexed data on the number of EAs predominantly drawing their members from private sector employers. It demonstrates some similarities between the declines in the coverage of collective bargaining within the private sector and the number of EAs.

Figure 5: Private sector coverage of collective bargaining and EA numbers, 1984 to 2011 (a-b).



Notes:

- (a) Workplaces with 25 or more employees, and at least some employees' pay determined by bargaining.
- (b) Equivalent WERS data not available for earlier years.

Source: Marginson, 2015, 648; CO; authors' calculations.

The decline of bargaining was less marked within the public sector, where the percentage of workplaces with more than 25 employees with any collective bargaining fell from 99 per cent in 1984 to 82 per cent in 2004 and the percentage of employees covered by collective agreements fell from 95 per cent to 75 per cent (Brown et. al, 2009). As well as being relatively limited in volume, the reducing levels of public sector bargaining was mainly due to the replacement of bargaining with pay review bodies (White and Hatchett, 2003), another centralised collective method of pay determination in which EAs play a part.

Collective bargaining has changed in UK public services since the 1970s, with central agreements increasingly taking the form of a framework that allows considerable autonomy to

individual employers over the terms of implementation. A representative of the Association of Colleges (AoC) described the agreement covering further education colleges in England as being:

Negotiated annually with a view to making recommendations on pay. They're non-binding recommendations. So we don't have national binding collective bargaining in further education or for further education colleges. (Interview with AoC representative, 7.10.2015).

Industry-level multi-employer bargaining has been retained, therefore, albeit with a more flexible form, and with it has been retained the incentive for employers to associate within EAs. A relatively small number of public sector EAs continued to exist, and the rate at which their incidence declined was lower than was the case for private sector EAs.

### **Accounting for the decline of EAs**

The immediate cause of the decline in the number of EAs listed by the CO was the dissolution of such organisations, with this accounting for most loss. What caused this decline? We draw on the UK and international literature on employer collective action (e.g. Traxler, 2000; Behrens and Traxler 2004; Sheldon and Thornthwaite, 2004; Sheldon et. al. 2016; Howell, 2005, Baccaro and Howell 2011) to identify three potential explanatory factors: structural changes within the economy, political agency and the decline of collective bargaining.

First, to what extent does the collapse of traditional EAs simply reflect structural changes within the economy such as the decline of manufacturing? The percentage decline within manufacturing employment, caused by a combination of existing trends accentuated by government policy correlates with the declining number of manufacturing EAs. However,

rapidly rising employment in the service sectors was not reflected by an increasing volume of service sector EAs. Closer examination of SIC level trends shows little evidence of EAs becoming more divergent from the pattern of the economy as time passes, but neither is convergence taking place. Within manufacturing, the rapid decline of traditional industries such as shipbuilding and textiles meant that many EAs no longer had access to sufficient companies from which to attract membership. At the same time, structural change favouring services did not spur a growing volume of service sector EAs as the decline of collective labour market regulation meant that service sector companies did not need to associate within EAs. As a result, there is no relationship between service sector employment and EA numbers while the close relationship between manufacturing employment and EA numbers appears to be casual.

Second, how influential were governments throughout the period? Given the voluntary nature of the bargaining system that surrounded the EAs, there was little or no legislation or policy actions aimed specifically at such bodies. Brown et al. (2009) judged that public policy and legal intervention probably played a second-order role in the decline of collective bargaining. There is, however, no doubt that the policies of Conservative Governments between 1979 and 1997 played a pivotal role in terms of changing the environment in which EAs operated. Government policy throughout the 1980s and 1990s undermined the conditions and machinery that enabled collective approaches and by extension EAs, as the need of employers to associate within such organisations reduced. Crucially, the post 1997 Labour Government did not carry out a wholesale reversal of the trends within employment relations that had emerged since 1979. The overall impact of government was thus to create an institutional environment less accommodating to EAs from 1979 onwards.

Third, how significant was the decline of collective bargaining after 1979? This decline was the crucial factor as it tended to eliminate the need for employers to act collectively within EAs. The majority of EAs registered at the CO were representative of private sector employers with a close correlation existing between the declining incidence of collective bargaining and the number of such EAs. The primary purpose of EAs was to represent their members within collective bargaining structures, with this motivating members to pay annual subscription charges. Given the central importance of bargaining to EAs, it is reasonable to propose a causative link between the decline of such structures and that of EAs, with this interpretation strongly reinforced by our qualitative interview data. Data are less robust in relation to the public sector given the far smaller number of such EAs registered at the CO, but the decline in their incidence was less than was the case for their private sector counterparts. While many private sector EAs closed after their national joint agreements ended, some survived. Throughout the 1980s and beyond, the increasing tendency of company level employment relations to be characterised by internal processes offered some EAs the opportunity to reshape their service offering to members around advisory and lobbying services.

### **Recent developments in employer collective organisation**

Has collective employer organisation in the UK survived despite the collapse in EA numbers? Our interviewees suggested that employer collective action has transitioned away from collective bargaining of the type captured by CO data towards lobbying government and advising members on individual employment relationships. For example, a representative of the Building and Engineering Services Association (BESA) stated that:

If you look back to the very early days, sort of 1904, the organisation [had] a very narrow, strong focus on the rates of pay and relationships with organised labour but that has clearly evolved into something which is actually something really quite different.

No organisation stays the same over 100 years do they? (Interview with BESA representative, 13.12.2013).

However, the process of transition was not always smooth with many EAs, such as the Association of London Clearing Banks, closing after the collapse of their national joint agreement. EAs that survived were those that were able to diversify. The Engineering Employers' Federation (EEF) was forced to carry out a process of 'reinvention' after the collapse of its agreement in 1989 and reoriented activity towards lobbying government and providing advisory services to members including representation at employment tribunals (Interview with EEF representative, 4.11.2014). The Chemical Industries Association (CIA) also remained active as a lobbyist and service provider long after collective bargaining largely disappeared from the sector (Interview with CIA representative, 6.6.2015).

Opportunities for diversification were often linked to the growing volume of regulation increasing the legal risks faced by employers. Such risks enabled collective employer bodies to offer services other than bargaining to their members. These services included lobbying government to secure favourable changes in the law as well as mediating regulatory impact on member firms through advisory services. A representative of the British Ceramics Council (BCC) summarised the process of change as:

Legislation was increasing on a broader front and therefore there were other reasons why it was important for employers to join the industry sector family, other than just wage agreements [...] the raft of legislation both from the UK and mainland Europe is just huge, it covers every activity that manufacturers are engaged in whether its health and safety, environment (Interview with BCC representative, 20.11.2013).

The EEF Northern Ireland (a separate organisation to the EEF in Britain) described the shift from collective to individual regulation as a 'radical' labour market change. This shift caused

its organisational foci to change from activities linked to collective bargaining towards advising employers on legal issues linked to individual contracts of employment (Interview with EEF NI representative, 3.6.2015).

Even within the public sector where collective approaches remained common, two trends were apparent. The first was the changing nature of these approaches towards less prescriptive models, with a representative of the EA for Scottish local authorities (COSLA) stating that:

Once upon a time [collective bargaining] was comprehensive. It's less so now [...] what had been a more centralised structure where all pay, holidays, conditions, pensions, all aspects of terms and conditions of service, were organised and negotiated through COSLA were now delegated to the 32 Unitary Councils who then would have responsibility themselves for much of what we call terms and conditions of service. What was retained at the centre was national collective bargaining, the sick pay scheme and pensions (Interview with COSLA representative, 20.6.2017).

This dilution led to the second trend; a greater focus on service diversification with, for example, the Welsh Local Government Association (WLGA) offering an 'advice and guidance service around employment law and terms and conditions issues. We run practitioner networks' (Interview with WLGA representative, 14.8.2015).

As a result, the decline of collective bargaining and EAs does not equate to a similar fall in all employer collective action, although longitudinal data exposing this shift does not exist and a full assessment of this process is beyond the scope of this article. However, recent literature (Goberman et al, 2017c) has identified many employer collective bodies advising members on work and employment issues such as employment law, and lobbying governments on these issues. Examples of such organisations include; National Farmers Union Cymru, active in

setting minimum wages within the Welsh agricultural sector through the tripartite Agricultural Wages Board (Interview with NFU Cymru, 29.7.2017); the Retail Motor Industry Federation, an active lobbyist of the government on a range of issues including those linked to employment (Interview with RMIF representative, 20.6.2017), and; Scottish Engineering, active in lobbying government across issues including apprenticeships (Interview with Scottish Engineering 21.6.2017). All of these organisations found that the volume of regulation and other interventions on employment and skill issues at devolved, national UK and European levels enabled them to survive as employer collective bodies.

## **Conclusion**

This article uses data from the UK's Certification Office to illustrate, for the first time in the literature, the scale of the declining incidence of EAs in the UK between 1976 and 2013-2014. The total number of such organisations declined by 81 per cent and their combined employer membership by 56 per cent. We conclude that EAs with their focus on collective bargaining were inadvertent victims of state-driven changes to the UK's political economy. It was never the case that the state decided that EAs were over-mighty and were in need of containing, as happened with unions. Despite the declining number of EAs, the growing volume of legislation regulating individual employment relationships enabled collective employer organisation to continue, but in a different form. However, longitudinal data on this topic does not exist. While collecting data that highlights this trend across a representative sample of organisations will be very difficult, future research may address this issue.

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