

A review of employer membership organisations in the UK

Executive summary

Introduction

Collective membership organisations of employers continue to thrive in much of the UK economy, many British employers still display a willingness to associate and new types of issue-based employers' organisations have emerged in recent years.^{1 2} In public services, multi-employer industrial relations, conducted either through collective bargaining or Pay Review bodies, remains the norm. There has even been a revival of academic research interest in employers' organisations.³

In this paper we draw upon this research to examine four issues:

- The extent of collective employers' organisation in the UK economy.
- The main types of employers' organisations.
- The primary methods that employers' organisations use to represent their members.
- The relevance of employers' organisation to policy debate about labour market reform.

The extent of employers' organisations

Traditional employers' associations, involved in the joint regulation of the labour market with trade unions, have declined substantially in number in recent decades. In the mid-1970s the Certification Officer for Trade Unions and Employers' Associations reported that there were more than 500 certified employers' associations operating within the UK.⁴ By 2022, this number had fallen to 48. Beyond the shrinking ranks of traditional employers' associations, however, there is a substantial number of industry and other bodies which provide employment services to member companies without becoming involved in collective bargaining. Indeed, many one-time employers' associations have evolved into organisations of this type.

To capture information on the full range of both bargaining and non-bargaining employers' organisations, we conducted a web and archive-based mapping exercise in 2016. This exercise sought to identify all organisations operating in the UK which satisfied four criteria: 1) a membership comprised solely or primarily of employers; 2) payment of subscriptions by employers to fund the organisation; 3) a website containing information on the organisation's current activities; and 4) evidence of being active in the field of work, employment relations and Human Resources Management – including collective bargaining, employment law, dispute resolution, health and safety, training and development, recruitment and retention, and employee involvement – as well as political representation relating to these areas.

¹ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

² Goberman, L., Hauptmeier, M., and Heery, E. (2019). 'The evolution of employers' organisations in the United Kingdom: extending countervailing power', *Human Resource Management Journal*, 29/1: 82-96.

³ Goberman, L. and Hauptmeier, M. (2022a). 'The adaptation and resilience of employers' organisations', in L. Goberman and M. Hauptmeier (eds), *Contemporary Employers' Organisations Adaptation and Resilience*. London: Routledge, 1-20.

⁴ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

Using these criteria, we were able to identify 447 functioning employers' organisations. For 357 of these organisations (80 per cent), data were available on levels of membership. The latter ranged from six to 195,000 employers, with a median membership of 170. These 357 employers' organisations had a combined membership of over 750,000.

Types of employers' organisations

As has already been indicated there are a variety of types of employers' organisation, which assume a broad range of forms. One way of mapping this variety is to focus on the membership of employers' organisations, differentiating the latter in terms of their membership composition. Using this procedure, it is possible to identify the following main types of employers' organisation:

- **organisations that draw their membership from a particular industry** - traditional employers' associations are almost exclusively industry-based organisations, which draw their membership from employers in a particular industry or cluster of associated industries. Their stronghold is public services where they include the Association of Colleges, the Local Government Association, NHS Employers, and the University and Colleges Employers' Association. Another type of industry-based organisation is professional associations, several of which cater to member-employers. The Law Society, for instance, provides advice and support regarding 'practice management'.
- **organisations whose employer members come from a specific geographical location** - the best-known organisations of this type are the 53 chambers of commerce, spread across the country and headed by an accrediting body, British Chambers of Commerce. The most notable employment dimension to their work lies in skills policy, with chambers in England developing Local Skills Improvement Plans. Other location-based employers' organisations are unique to a particular area or represent specific types of employers. A recently created London-specific body is the London Anchor Institutions Network, which brings together large public service organisations to promote the upgrading of employment standards within supply chains.
- **organisations which recruit on the basis of the governance arrangements of members** – examples include the Forum of Private Business which represents independent, private limited companies, Social Enterprise UK which is the membership body for businesses with a social or environmental purpose, and Cooperatives UK which is the voice of the UK's cooperative sector.
- **issue-based organisations which bring together employers, affected by or committed to a particular policy** - perhaps the best-known example of an issue-based employers' organisation is Business in the Community (BitC), founded at government prompting in the early 1980s with the object of promoting responsible business.^{5 6} This was followed by the creation of other issue-based employers' organisations,⁷ including: the Business Disability Forum, Inclusive Employers, Employers for Carers, the Employers' Forum on Age, the Employers Initiative on Domestic Abuse and the

⁵ Kinderman, D. (2012). 'Free us up so we can be responsible! The co-evolution of neo-liberalism and corporate social responsibility in the United Kingdom, 1977-2010', *Socio-Economic Review*, 10: 29-57.

⁶ Marinetto, M. (1999). 'The historical development of business philanthropy: social responsibility in the new corporate economy', *Business History*, 41/4: 1-20.

⁷ Gooberman, L., Hauptmeier, M., and Heery, E. (2019). 'The evolution of employers' organisations in the United Kingdom: extending countervailing power', *Human Resource Management Journal*, 29/1: 82-96.

Employers' Network on Equality and Inclusion. The employer membership programmes established by campaigning NGOs, such as Stonewall and the Living Wage Foundation also fall into this category.

- **general employers' organisations** – these organisations draw their membership broadly from across the economy, operate at UK scale, and are not confined to a specific set of issues. The CBI is the clearest example of this type, with a membership comprised of 1,500 individual businesses and 140 trade associations. Another example is the Federation of Small Businesses (FSB), which has a membership of 150,000 small and medium-sized enterprises, organised in 33 regional branches and drawn from multiple industries. Both these organisations seek to act as a general voice of business, developing policy and lobbying government on a broad range of topics, including employment law, skills policy, migration, and issues such as childcare, flexible working, and equality and inclusion.

The methods of employers' organisations

The main methods that employers' organisations use to protect and advance the interests of their employer members are:

- Joint regulation of employment through collective bargaining with trade unions.
- Unilateral regulation of employment through the provision of HR support services and the formulation of standards to be implemented by member-employers.
- Legal regulation through use of the political process to create, remove, or reform employment law, of both individual and collective kinds.

Joint regulation:

The primary function of traditional employers' associations was to negotiate industrywide collective agreements with trade unions that set pay levels and pay structures and regulated other elements of the employment relationship, such as hours of work, holidays, employee benefits, and redundancy. Complementing bargaining of this kind were industry disputes procedures that permitted association representatives to intervene in and resolve disputes within member firms. Arrangements of this type continue to operate in parts of the economy, such as local government, further and higher education, and parts of the private sector, such as the engineering construction industry. Our 2016 population survey of employers' organisations found that 43 (13 per cent) were signatories to collective agreements with trade unions.

Industry collective bargaining, conducted through employers' associations therefore continues in parts of the UK economy and there have been occasional attempts to launch new multi-employer agreements. Examples of the latter include sub-contracting in the offshore oil industry, private security, and Welsh language television.^{8 9} Collective bargaining is no longer dominant, however, and has undergone a long-term decline that stretches back to the 1960s.

Unilateral regulation:

Much more common than involvement in collective bargaining is action to support member employers develop their own systems of human resource management (HRM), independently

⁸ Brown, W. and Walsh, J. (1991). 'Pay determination in Britain in the 1980s: the anatomy of decentralisation', *Oxford Review of Economic Policy*, 7/1: 44-59.

⁹ Heery, E., Conley, H., Delbridge, R., and Stewart, P. (2004). 'Beyond the enterprise: trade union representation of freelancers in the UK', *Human Resource Management Journal*, 14/2: 36-53.

of trade unions. Our population survey of employers' organisations found that 69 per cent provided training to members, 49 per cent provided advice on employment law, and 33 per cent offered recruitment and retention services, often by advertising vacancies on their website.¹⁰ Through these and other measures, employers' organisations facilitate the unilateral regulation of the employment relationship by their employer members.

The HR support work of employers' organisations assumes two main forms and can be more, or less ambitious in scope. The first method is to provide support for company-level HR, through information, advice, provision of model policies and employment contracts, and legal representation to member firms. Employers' organisations representing small businesses often provide this kind of service. Typically, a service of this kind is not highly prescriptive – member companies are free to act in accordance with support offered as they see fit. It also may be restricted to a rather basic set of HR policies and practices, helping member businesses operate as employers in cost-effective, legally compliant way but not advocating high performance or high involvement forms of HRM.

The second method is seen at its most developed in issue-based employers' organisations. At its heart is the development of employment standards, codes, and norms of good practice that the employers' organisation seeks to have adopted by its member-employers. To support adoption, issue-based employers' organisations may provide tailored consultancy, develop support networks and identify employer champions amongst member-firms, and operate accreditation, benchmarking and award schemes to reinforce the adoption of best practice. This more elaborate form of HR support tends to be prescriptive – member-employers are required to adopt good employment standards as a condition of membership. It is also invariably backed by a business case and shares an elective affinity with high performance and high commitment variants of HRM.

Legal regulation:

The most frequent activity reported across our survey population of employers' organisations was political lobbying. Just under three-quarters (73 per cent) were involved in representing their members within the political process, which could include appearing before Parliamentary Select Committees, engaging with All-Party Parliamentary Groups, responding to formal government consultation, and maintaining informal links with individual politicians and relevant ministries and government agencies.¹¹ A primary purpose of involvement in the political process is to shape the legislative context in which member-employers operate, including shaping the system of employment law. The main ways in which employers' organisations respond to legal regulation are as follows:

- *Opposition* - it is common for employers' organisations to express opposition to elements of employment law, seeking to block new laws and reform, weaken, or remove existing laws. For example, the National Farmers' Union backed the abolition of the Agricultural Wages Board which set pay levels, a wage structure and other terms and conditions for agricultural workers in England and Wales,
- *Compliance* - it is common for employers' organisations to offer advice on employment law, to recommend codes of practice or company procedures that conform to legal requirements, and to provide representation in the event of a legal challenge.

¹⁰ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

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- *Advocacy* – a third response of employers’ organisation to legal regulation has been to advocate for the strengthening of law, for example, to make the case for stronger employee entitlements for flexible working and childcare.
- *Extension* - a fourth response to legal regulation is to propose the voluntary adoption of good practice by member-employers that goes beyond the law, such as the Living Wage standard.

Relevance to labour market reform

We now consider the relevance of employers’ organisations to three areas of labour market reform:

- **Deregulation** - the proposal to further deregulate the UK labour market, emanating from the free market right of British politics and which views Brexit as presenting an opportunity to roll back European employment legislation. Two things can be noted about proposals for deregulation from the perspective of employers’ organisations:
 - While individual business leaders may be enthusiasts for policy of this kind, it has not originated from and is often regarded equivocally by employers’ organisations.
 - In a deregulated labour market, voluntary regulation, of the kind promoted by issue-based employers’ organisations, may assume greater significance. The voluntary schemes for business responsibility advocated by BitC and other issue-based employer bodies, may come to serve as functional replacements for labour law and other bodies of hard regulation in a context of radical deregulation.¹²
- **Multi-employer bargaining** – the proposal on the political left to recreate elements of the system of ‘institutional industrial relations’ through the recreation of industry wage-bargaining. Two points to note:
 - proposals of this kind from the perspective of employers’ organisations would reverse the main lines of evolution of the past few decades.
 - when employers’ organisations have promoted new forms of regulation in recent years this often has not assumed the ‘horizontal’ form of generating common standards across businesses in the same industry. On the contrary it has been concerned with the ‘vertical’ regulation of supply chains, with standards being introduced that govern the relationship between client-businesses and their suppliers. The Living Wage standard is a case in point, which requires employers not only to ensure the rate is paid to direct employees but also to employees of contract firms, such as cleaners and security guards.
- **Inclusive growth** – the proposal to promote ‘fair work’ as an integral component of ‘inclusive growth’, which has animated labour market policy in the devolved nations and regions, and which shares an affinity with the broader policy of objective of ‘levelling up’.¹³ Public authorities such as the English city regions do not have the power to legislate on employment, but they have used procurement, funding, voluntary charters, and other measures to encourage employers in their areas of jurisdiction to adopt fair work

¹² Kinderman, D. (2012). ‘Free us up so we can be responsible! The co-evolution of neo-liberalism and corporate social responsibility in the United Kingdom, 1977-2010’, *Socio-Economic Review*, 10: 29-57.

¹³ Heery, E., Hann, D., and Nash, D. (2020). ‘Political devolution and employment relations in Great Britain: the case of the Living Wage’, *Industrial Relations Journal*, 51/5: 391-409.

practices. They have often involved employers' organisations who have been invited to contribute to the development of fair work programmes and have been active participants in attempts to spread fair work practices in specific localities.

In the current period, employers' organisations are not primary architects of labour market reform. None of the three proposals for reform we have considered have originated with employers. All three proposals, however, have implications for the role of employers' organisations. A radical programme of labour market deregulation might provide further stimulus to issue-based employer bodies, as governments encourage greater reliance on private regulation as a functional replacement for law. The recreation of industry-based forms of pay determination in contrast, is likely to revive traditional employers' associations and reverse the drift away from joint regulation as a method that employers' organisations use to advance their members' interests.

Finally, the agenda of levelling up by promoting fair work, could provide a boost to geographic forms of employers' organisation, providing a new focus for regional employer bodies and encouraging issue-based and industry-based organisations to restructure and participate in place-based initiatives. Employers' organisations are often neglected institutional actors that rarely take centre-stage, but they have an important part to play in the continuing reform of the UK labour market, whichever path is followed.

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This paper represents the views of the authors based on the available research. It is not intended to represent the views of all ReWAGE members.

About ReWAGE

ReWAGE is an independent expert advisory group modelled on SAGE that is co-chaired by the Universities of Warwick and Leeds. It analyses the latest work and employment research to advise the government on addressing the challenges facing the UK's productivity and prosperity, such as Covid-19, the cost-of-living crisis and labour shortages. For more information visit: <https://warwick.ac.uk/fac/soc/ier/rewage/>.

ReWAGE is primarily funded by the Economic and Social Research Council.