

A review of employer membership organisations in the UK

ReWAGE information paper

Introduction

Way back in 1993 John Purcell stated that we had witnessed ‘the end of institutional industrial relations’, citing the ending of industry-level collective bargaining in much of the private sector and the winding up of employers’ associations.¹ In the period since, Purcell’s judgement has become received wisdom. The defining feature of the UK labour market is often said to be its flexibility, and enterprise-based systems of human resource management, in which jobs, payment, training, careers, and methods of employee participation are all principally determined at the level of the firm, are now regarded as the norm.^{2 3} This judgement, moreover, has been echoed within public policy, where representatives of business organisations have often been displaced by individual business people, perhaps more sympathetic to the ideological beliefs of politicians.⁴

In many respects Purcell’s judgement is incontrovertible. It remains though that 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.^{5 6} 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.⁷

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.

¹ Purcell, J. (1993). ‘The end of institutional industrial relations’, *The Political Quarterly*, 64/1: 6-23.

² Gospel, H.F. (1992). *Markets, Firms, and the Management of Labour in Modern Britain*. Cambridge: Cambridge University Press.

³ Katz, H.C. and Darbshire, O. (2000). *Converging Divergences: Worldwide Changes in Employment Systems*. Ithaca and London: ILR Press.

⁴ Shearer, E. (2021) ‘Local Enterprise Partnerships’, Institute for Government.

<https://www.instituteforgovernment.org.uk/article/explainer/local-enterprise-partnerships>.

⁵ Goberman, L., Hauptmeier, M., and Heery, E. (2018). ‘Contemporary employer interest representation in the United Kingdom’, *Work, Employment and Society*, 32/1: 114-132.

⁶ 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.

⁷ 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.

When Purcell formed his 'end of institutions thesis', his concern very much was with traditional employers' associations; that is specialist membership organisations, focused on employment matters, whose main activity was collective bargaining with trade unions to set industrywide terms and conditions of employment. In what follows, our interest is broader. We define employers' organisations as membership bodies or membership programmes for employers that seek either to influence the employment practices of member businesses or shape the legal, policy, economic, or social context in which this practice is developed. This definition encompasses the kinds of employers' associations of interest to Purcell but also includes non-specialist bodies, for whom employment is only one of a range of issues with which they deal, as well as employer membership schemes – such as Stonewall's Diversity Champions – used by civil society organisations as a means of advancing their policy agenda. What is common to all these organisations is that they seek to promote a degree of commonality of employment practice across their employer members.

The extent of employers' organisations

In the mid-1970s, when institutional industrial relations were very much still alive, the Certification Officer for Trade Unions and Employers' Associations reported that there were more than 500 certified employers' associations operating within the UK.⁸ By 2022, this number had fallen to 48. This decline is partly due to the merger or winding up of associations but is also because many have ceased to be involved in the 'regulation of relations' between employers and employees, and so no longer meet the requirement for certification. In many cases, employers' organisations that once were certified will continue to provide employment services to their members but crucially these will not encompass collective bargaining with trade unions.

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 any of these areas.

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. The survey also revealed that employers' organisations are present in all main industry divisions.⁹ Despite the decline in traditional employers' associations, therefore, there is evidence that employers' organisations retain an institutional presence in much of the economy and that employers continue to join organisations of this type in substantial numbers. If a broad

⁸ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

⁹ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

definition is adopted, then institutional industrial relations on the employers' side are alive and kicking.

An aspect of the decline of employers' associations noted by Purcell is the early withdrawal of large firms¹⁰. The prelude to the collapse of collective bargaining in many industries was the exit of leading businesses, which opted out of industry agreements and replaced them with enterprise-specific alternatives. Others have noted the emergence of the 'giant firm' as an economic and political actor in its own right, capable of shaping its environment without recourse to association with other businesses.¹¹ Given claims of this kind, it is important to establish whether large companies now remain aloof from employers' organisations or whether they do, in fact, continue to associate. The evidence provides most support for the latter position.

While large firms may have been amongst the first to abandon industry bargaining, in many cases they have retained their membership of employers' organisations. Large businesses are prominent in the membership of the Confederation of British Industry (CBI)¹² and of industry-based associations in retail, manufacturing, transport, chemicals, tech, and other sectors. They are also a particularly notable presence within more recently established issue-based employers' organisations, such as Business in the Community and the Business Disability Forum, and of the employer membership programmes run by Stonewall and other civil society organisations.

Rather than standing apart from these collective institutions, large firms often act as champions, identifying closely with the organisational mission, providing financial and other resources, and mentoring other, smaller businesses amongst the membership. Issue-based employers' organisations offer a vehicle through which large firms can provide leadership to the business community. The active presence of large businesses within employers' organisations is an indicator of the latter's continuing vitality and significance and that they have not become residual, catering only to smaller or more peripheral employing organisations.

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;
- organisations whose employer members come from a specific geographical location;
- organisations which recruit on the basis of the governance arrangements of members; and

¹⁰ Purcell, J. (1991). 'The rediscovery of the management prerogative: the management of labour relations in the 1980s', *Oxford Review of Economic Policy*, 7/1: 33-43.

¹¹ Crouch, C. (2010). 'The global firm: the problem of the giant firm in democratic capitalism', in D. Coen, W. Grant, and G. Wilson (eds), *The Oxford Handbook of Business and Government*, Oxford: Oxford University Press, 148-172.

¹² At the time of publication (May 2023), the CBI was undergoing a significant reconfiguration and several large businesses had suspended their membership.

- issue-based organisations which bring together employers, affected by or committed to a particular policy.

All these types overlap, and it is possible for employers' organisations to draw their membership from two or more of these categories. This is particularly the case with general employers' organisations, which recruit broadly from across the economy, and which are included as a fifth category below.

Industry-based organisations:

Traditional employers' associations almost exclusively are industry-based organisations, which draw their membership from employers in a particular industry or cluster of associated industries. Many organisations of this type have faded from the industrial landscape or have evolved to become general representatives of their members' interests, less focused on employment and no longer involved in collective bargaining. Nevertheless, dedicated employers' associations continue to function in parts of the economy. 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. In Wales and Scotland, there are a number of nation-specific associations which represent public service employers in the devolved nations, such as the Convention of Scottish Local Authorities and the Welsh Local Government Association.

Beyond the ranks of employers' associations there are a multitude of industry bodies and trade associations, which include employment issues within a broader remit. For example, techUK, is the trade body for digital industries and has formulated a series of proposals 'to prepare for the future of work and provide businesses and skills with the skills and conditions they need to thrive in the digital economy'. The latter include revisions to the apprenticeship and international migration systems, support for flexible working, including a right for workers to request flexibility from day one of employment, and clarification and stricter enforcement of the employment rights of gig workers. techUK also operates a 'returners' hub', offering a supported bridge back into employment for digital workers who have taken a career break.

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 with regard to 'practice management', which includes a 'diversity and inclusion framework' tailored to the needs of firms of solicitors. Both techUK and the Law Society have been active in publicising the Living Wage to member firms within their industries and indeed the latter's sister organisation, the Law Society of Scotland, requires its members to pay the Living Wage to trainee solicitors.

Location-based organisations:

The second main group of employers' organisations are those that bring together employers, in a particular region, city, or area. 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 the area of skills policy, with chambers in England developing Local Skills Improvement Plans. Chambers have also been drawn into the development and promotion of labour standards through their interaction with regional and local authorities. Chambers have worked with local councils to promote the Living Wage in Brighton and Hove and

Dundee and have contributed to the formulation of regional employment charters by metro-mayors in London, Manchester and elsewhere.^{13 14}

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, employers' organisations (including the Association of Colleges and the London Chamber of Commerce Industry), trade unions and faith bodies. The mission of the network includes promoting good work, not only for the direct employees of network members but for employees in supplier businesses and the wider community. The object is to use the economic and influencing power of large 'anchor institutions', such as local authorities, universities, and hospitals, to leverage employment standards across the capital.

The London Anchor Institutions Network was established at the instigation of the London Mayor and a notable feature of employers' organisations in recent years has been their adaptation to the changing constitutional settlement in the UK. Employers' organisations have responded to the creation of devolved governments in Scotland, Wales and Northern Ireland and English regional authorities by devolving their own structures and establishing national and regional offices. In Wales and Scotland, and some of the English regions, they have been designated social partners and become involved in government attempts to promote fair work.¹⁵

Governance-based organisations:

A third type of organisation draws membership from employing organisations with specific governance arrangements. The Forum of Private Business represents independent, private limited companies, Social Enterprise UK is the membership body for businesses with a social or environmental purpose, and Cooperatives UK is the voice of the UK's cooperative sector. In some cases, membership organisations of this type may be confined to a specific industry, such as the Building Societies Association or the Association of British Credit Unions, or a particular part of the UK, such as Social Enterprise Scotland or EVH, a specialist employers' organisation with a core membership amongst Scottish community housing associations. Part of the remit of organisations of this type often includes encouraging employment practices that are broadly congruent with the governance arrangements of their member-employers. Thus, all the organisations just listed, with the exception of the Forum of Private Business, are accredited Living Wage Employers and actively promote the standard to their members.

¹³ Dickinson, P. (2022). *Review of Employment Charters in the English Mayoral Combined Authorities*. ReWage Evidence Paper. Available at: <https://warwick.ac.uk/fac/soc/ier/rewage/publications>.

¹⁴ Johnson, M., Martinez Lucio, M., Mustchin, S., Grimshaw, D., Cartwright, J., Rodriguez, J.K., and Dundon, T. (2022). 'City regions and decent work: politics, pluralism and policy making in Greater Manchester', *Environment and Planning C: Politics and Space*. DOI: 10.1177/23996544221141844.

¹⁵ Goberman, L. and Hauptmeier, M. (2022b). 'Employers' organisations and territorial divergence of employment relations in Wales, Scotland and Northern Ireland', in L. Goberman and M. Hauptmeier (eds), *Contemporary Employers' Organisations Adaptation and Resilience*. London: Routledge, 213-228.

Issue-based organisations:

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.^{16 17} Since its foundation BitC has grown substantially, adopted a four-nation structure with separate branches in England, Scotland, Wales, and Northern Ireland, and become the recognised business-leader in the fields of sustainability and community engagement. BitC's first venture into the employment sphere involved encouraging member businesses to offer training and job opportunities to out-of-work young people. In the intervening period its employment agenda has evolved, and it currently has initiatives on sex and race equality, health and well-being, and employment opportunities for ex-offenders. A particular priority is to encourage more inclusive recruitment practices amongst member-employers through its Opening Doors Campaign. Beyond employment, BitC encourages its members to adopt a broad range of responsible business practices, including policies on environmental sustainability and partnering with community organisations. The membership of BitC is drawn broadly from across all parts of the economy, with a particularly strong representation of large corporates. Its 'founder members' include Aviva, Ford, Marks and Spencer, Barclays Bank, bp, PwC, and Unilever. There is also an 'associate member' scheme for small businesses.

The foundation of BitC has been followed by the creation of other issue-based employers' organisations.¹⁸ The latter include: the Business Disability Forum, Inclusive Employers, Employers for Carers, the Employers' Forum on Age, the Employers Initiative on Domestic Abuse, Mindful Employer, and the Employers' Network on Equality and Inclusion. Very similar initiatives include Stonewall's Diversity Champions programme, the employers' membership scheme offered by the Ethical Trading Initiative and accrediting bodies such as the Living Wage Foundation, B-Corp, the Equality Challenge Unit, and Investors in People. As this list shows, the issues around which these organisations seek to attract employers vary but there is a strong emphasis on issues related to equality and diversity and which have been the subject of employment legislation or other public policies. It should also be noted that these issue-based organisations often do not confine themselves to employment questions but may range quite broadly, seeking to advance the interests of women, carers, ethnic minorities, the disabled, lesbian and gay people, and others as consumers, students, welfare-recipients, taxpayers, and citizens.

The membership of issue-based organisations is quite broad, but as we have noted above, there is a strong bias towards large corporates and public service bureaucracies. Thus, amongst Mindful Employer's membership, with a declared commitment to promoting good mental health at work, are Asda, Fujitsu, Toyota, Reed, Dorset Council, and Exeter University; the employer membership of the Ethical Trading Initiative includes the UK's major supermarket chains and clothing and other retailers, such as Next, Primark, and Ted Baker; and the employer members of the Employers Network on Equality and Inclusion include

¹⁶ 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.

¹⁷ Marinetto, M. (1999). 'The historical development of business philanthropy: social responsibility in the new corporate economy', *Business History*, 41/4: 1-20.

¹⁸ 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.

leading arts and cultural organisations, government ministries, prominent charities, NHS Trusts, local authorities, and well-known brands, such as British Airways, BMW, Ford, Pernod, and Pizza Express. Much of corporate Britain has signed up to these issue-based initiatives, in many cases taking out multiple memberships.

General employers' organisations:

A final category of employers' organisations are those that draw their membership broadly from across the economy, which operate at UK scale, and which 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.

A recent initiative that has secured the backing of both the CBI and FSB (along with the TUC) is the Good Business Charter, an accreditation scheme that requires businesses to make employment commitments, such as paying the Living Wage, offering fair hours and contracts, promoting employee-wellbeing, monitoring workforce diversity, and providing for employee voice. Other elements of the accreditation cover fair tax, ethical sourcing, and prompt payment to suppliers. There is a scaled down version of the charter for small business. Support for the Good Business Charter on the part of general business organisations is indicative of how the newer, issue-based model has begun to influence more established business organisations.

The methods of employers' organisations

In this section we review the main methods that employers' organisations use to protect and advance the interests of their employer members. We also consider how their repertoire of collective action has shifted over time, as collective bargaining has declined in significance and the provision of HR services and attempts to influence the legal and policy environment have become more salient.¹⁹ This shift in method is not unique to the UK but is also visible in the countries of continental Europe, such as Germany, where employers' organisation and collective bargaining have typically been more central to the system of employment relations.²⁰ Developments in the UK appear to be part of a broader trend.

The three methods that we consider in turn below 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 attempts to use the political process to create, remove, or reform employment law, of both individual and collective kinds.

¹⁹ 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.

²⁰ Behrens, M. (2004). 'New forms of employers' collective interest representation', *Industrielle Beziehungen*, 11/1: 77-91.

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. Collective bargaining is no longer dominant, however, and has undergone a long-term decline that stretches back to the 1960s.

Indicators of this decline include the following:

- *The ending of industrywide collective bargaining.* A key event in this process was the termination of the agreement in engineering in 1989 but the same fate was suffered by those in many other core industries. Industrywide collective bargaining has ended in banking, supermarket retail, road freight, buses, television, docks, ceramics, and newspapers.²¹ ²² In some cases, this collapse led to the winding up of employers' associations, such as the Federation of London Clearing Banks. In others, associations transformed themselves into general trade associations, dealing with the general business interests of their members alongside the provision of non-bargaining HR services. The Engineering Employers' Federation, now rebadged as Make UK, has gone down this latter route offering HR and legal services to manufacturing businesses, alongside advice on productivity improvement, cyber security and coping with Brexit. It also acts as the voice of manufacturing industry in dealings with government.
- *The replacement of industrywide bargaining with pay review bodies.* In industries like engineering industrywide bargaining gave way to enterprise-level bargaining, which in many businesses had long supplemented the industry agreement. In parts of the public sector, however, industry bargaining was replaced by statutory pay review bodies. In response to major disputes governments replaced industry bargaining in the NHS, prison service, and schools with pay review bodies, which set rates of pay and other conditions of employment for nurses, prison officers, teachers, and some other occupational groups. A central objective of this change was to put pay determination on a less conflictual footing. Recent events indicate that the latter objective has not been achieved but the system of pay review bodies (PRBs) retains an important place for employers' organisations. NHS Employers, NHS Providers, the Prison Governors' Association, and the National Employers' Organisation for

²¹ 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.

²² Purcell, J. (1991). 'The rediscovery of the management prerogative: the management of labour relations in the 1980s', *Oxford Review of Economic Policy*, 7/1: 33-43.

School Teachers submit evidence to relevant PRBs and seek to influence the recommendations of PRBs on behalf of their members.

- *The slimming down of industry agreements.* Where industry bargaining has survived it has often resulted in more slimmed-down agreements, which afford greater autonomy to individual employers. Agreements in some industries have evolved into framework agreements, which set an annual pay spine and core terms and conditions of employment but leave considerable scope for employers to develop their own grade structures and HR practices. In further education and local government industry agreements now take this form, setting a basic framework which is fleshed out at local level. Indeed, in some cases member employers are free to disregard the agreement altogether, continuing as ‘non-conforming’ members of the association. The latter development can result in a situation of ‘double-breasting’ (employing non-union workers to supplement the work of higher-paid union workers) in which collective bargaining continues to shape employment practice for some employers, while exerting minimal or only residual influence on others.

Industry collective bargaining, conducted through employers’ associations continues in parts of the UK economy, therefore, 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.^{23 24} As we will see below, proposals to re-establish industry bargaining have attracted interest in public policy circles in recent years, not just in the UK but in other countries. The main trend in recent decades, however, has been for this function of employers’ organisations to disappear or decline, with other methods of advancing employer interests coming to the fore.²⁵

Unilateral regulation:

Much more common than involvement in collective bargaining is action to support member employers develop their own systems of HRM, independently 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.²⁶ 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 can assume several different forms and can be more, or less ambitious in scope. Its main elements include the following:

- *Support for company-level HR.* It is very common for employers’ organisations to provide information, advice, and legal representation to member companies. This

²³ 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.

²⁴ 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.

²⁵ 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.

²⁶ Gooberman, L., Hauptmeier, M., and Heery, E. (2018). ‘Contemporary employer interest representation in the United Kingdom’, *Work, Employment and Society*, 32/1: 114-132.

support work might encompass distributing information about changes in employment law, such as the new annual rates for the statutory minimum wage, advice on employment contracts and HR procedures, and representation before Employment Tribunals. In some cases, support of this kind is delivered by the organisation itself, but it is common for employers' organisations to outsource work of this kind to law firms or management consultants. While basic HR support is common, more elaborate forms of support can be seen, particularly within issue-based organisations. In these cases, support might encompass setting up networks or mentoring systems amongst members, commissioning research, providing case studies, audits, and toolkits, and employing expert staff who act as 'case workers', helping member-employers develop and review action plans to implement issue-relevant policy. The Business Disability Forum and Stonewall's Diversity Champions are examples of issue-based schemes which provide intensive support of this kind.

- *Formulation of HR standards.* As well as providing support for company-level HR, many employers' organisations develop HR standards, frameworks, and policies that they seek to have adopted by member-employers. Examples include the Living Wage, Living Hours, and Living Pension standards, promoted through the Living Wage Foundation's membership programme, and by several individual employers' organisations, the diversity and inclusion framework developed by the Law Society, and the comprehensive set of HR policies, including an industry pay structure, produced by EVH for not-for-profit enterprises in Scotland. In some cases, this body of substantive regulation can become extremely elaborate and this, once again, is a feature of issue-based employers' organisations. Several of the latter promote tiered systems of regulation to employers that become more complex and more exacting as members progress through different levels of accreditation. AdvanceHE's Athena Swan standard to promote gender equality in universities, for example, offers separate bronze, silver, and gold awards to members, depending on the levels of change they have introduced into their organisation.
- *Degree of prescription.* Another dimension on which the HR role of employers' organisations varies is its degree of prescription. Where the emphasis is on advising employers then the latter is likely to be low, with member businesses free to decide on how they respond, and advice offered on a take-it-or-leave-it basis. Even where elaborate policy frameworks are developed for members, such as the comprehensive HR service developed by EVH, compliance with different elements may remain voluntary. For issue-based organisations, however, adherence to HR standards and frameworks is typically a requirement of membership and member-employers may be obliged to report on compliance and accept whistle-blowing or other procedures that are intended to ensure that substantive regulation is being adhered to. The membership programmes offered by organisations of this type typically include accreditation and a condition of the latter is adherence to the codes, standards, and frameworks that these employers' organisations exist to promote. Whereas the trend with joint regulation has been towards greater flexibility and freedom of manoeuvre for conforming employers, the trend with unilateral regulation appears to be towards greater prescriptiveness.

- *Conception of HRM.* A final difference that can be observed is in the underlying conceptions of HRM that employers' organisations seek to promote. In many traditional employers' and trade associations, services seek to promote a rather underdeveloped conception of HRM. There is an emphasis on ensuring that the latter is cost-effective by providing standardised support, intended to minimise transaction costs; for example, by providing off-the-shelf employment contracts, terms and conditions of employment, and procedures. There is also an emphasis on reducing the risks inherent in employment by providing legal information and advice to ensure that company-level HR is compliant with prevailing law. If employers do fall foul of the latter, it is also common for employers' organisations to provide legal representation. A broad range of employers' organisations from the Forum for Private Business to Make UK offer a service of this kind. If one turns to issue-based organisations, however, a more expansive conception of HRM tends to underlie the HR service they provide. The Business Disability Forum, Ethical Trading Initiative, Stonewall, the Living Wage Foundation, and Business in the Community, all present the standards they offer as business enhancing. The business case for investment in HR is central to the membership pitch put forward by these organisations, and much of the research they commission and the information they provide is designed to substantiate a case of this kind. For these organisations – and for a proportion of other employers' bodies – HR standard-setting is not just cost-effective or an exercise in risk-management but can promote employee engagement and stimulate improvements in both HR and wider business performance. These organisations are guided by the assumptions of high performance and high commitment HRM and see their issue-based programmes as advancing HR practice with these characteristics.

Providing support to employers to develop unilateral systems of HRM is an activity in which most UK employers' organisations are engaged. They are an integral part of the system of human resource management that has developed since the 1980s. There are notable differences, however, in how employers' organisations seek to support company-level HRM. Some confine themselves to an advisory role, providing information, expertise, and off-the-peg policies, that members are free to accept as they see fit and which often are informed by a rather limited conception of HRM. This pattern is seen in traditional employers' associations, particularly those that cater to small firms, and in trade associations that offer an employment service alongside the other services they provide to member businesses.

In newer, issue-based employers' organisations, in contrast, a more ambitious pattern of support can be seen. The latter can encompass tailored consultancy, the development of support networks, detailed standards and policy frameworks, and systems of accreditation that require adherence. This more elaborate form of HR support is 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.²⁷ 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. Employers' organisations seek to influence the system of legal regulation, sometimes attempting to roll back law and limit its influence over their members and sometimes arguing for its extension or for supplementary voluntary regulation that builds upon and goes beyond statute. 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. Recent examples include: the support of the National Farmers' Union for the abolition of the Agricultural Wages Board which set pay levels, a wage structure and other terms and conditions for agricultural workers; annual submissions from organisations of small firms and employers in low-paying industries seeking to limit the annual increase in the National Minimum Wage; and the successful campaign co-ordinated by the CBI to reverse a European Court Judgement that exposed businesses to the payment of long-term holiday back pay. Wolfgang Streeck²⁸ has characterised employers as inherently 'unruly', opposed to state-led attempts to regulate their activities and anxious to maximize flexibility and autonomy. In these examples, employers' organisations can be seen acting in accordance with this characterisation. It is important to enter a qualification, however, and it is not the case that UK employers' organisations campaign single-mindedly or consistently to roll back legislation. They have also often greeted government attempts to deregulate the labour market with equivocation, that has veered in some cases into rejection. To take three more examples: the CBI has responded to the Retained EU Law (Revocation and Reform) Bill by stating that there is a case for reviewing elements of European employment law but that a wholesale, 'cliff-edge' abolition is not in the interests of business; the CBI and other employers' organisations have also called on the government to improve childcare provision to help tackle labour shortages but in no case has there been endorsement of the deregulatory solution proposed by Conservative politicians in which worker-to-child ratios would be relaxed; and when the Government first announced its intention to change collective labour law to permit employers to use agency staff to replace strikers, the Recruitment and Employment Confederation, the employers' body for agency providers, issued a joint statement with the TUC calling unsuccessfully for its withdrawal. Radical proposals for the deregulation of the UK labour market have often originated in the political sphere and these examples indicate that they have often received a lukewarm reception from employers' organisations.

²⁷ Goberman, L., Hauptmeier, M., and Heery, E. (2018). 'Contemporary employer interest representation in the United Kingdom', *Work, Employment and Society*, 32/1: 114-132.

²⁸ Streeck, W. (2009). *Re-forming Capitalism: Institutional Change in the German Political Economy*. Oxford: Oxford University Press.

- *Compliance.* A second response to legal regulation is to accept it as a *fait accompli* and help member-employers comply. As we have already seen, 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. In some cases, provision of the latter may be dependent on member-firms complying with their association's advice on management practice. Employment law is a source of risk for many companies, and employers' organisations help them manage this risk. Providing assistance of this kind is a particularly important service for organisations representing small firms, but helping members comply with employment law is also an important element of the service offered by issue-based employer bodies²⁹. The latter typically promote their HR standards and services using a business case, but many employers have undoubtedly been attracted to the Business Disability Forum or the Employers' Network for Equality and Inclusion, or to Stonewall's Diversity Champions Programme, because of the expansion of equality law to include additional characteristics and their need to ensure compliance. Across the board, managing the relationship with employment law by facilitating compliance is an important function of employers' organisations.
- *Advocacy.* A third response of employers' organisation to legal regulation has been to advocate for the strengthening of law. Childcare provides an example. As we have seen, techUK has called for the strengthening of the employee right to request flexible working, a call echoed by Employers for Carers, which has also recently backed a private members' bill to provide additional leave entitlements for working carers. The CBI has not called for the extension of labour legislation to help carers but it has called for more public investment into childcare, the extension of provision to parents of three and four-year olds, changes to universal credit to make it easier to claim allowances, and for an independent review that will look 'to reduce costs for parents, maintain high quality provision and create a sustainable funding and employment model'. Other examples of this kind of advocacy of law (and associated non-market intervention) can readily be found. One is the Disability Employment Charter, launched in 2021. The Business Disability Forum (BDF) was a founding signatory to this charter which sets out actions that the government should take to address disability employment disadvantage. Proposed legal strengthening includes requiring all employers with more than 250 employees to publish annual data on their disability pay gap and the number of disabled people they employ and requiring employers to notify employees within two weeks on decisions regarding reasonable adjustment of working condition requests made under the Equality Act 2010. Another example involves the CBI, which joined with the TUC and the Equality and Human Rights Commission in 2021, to call on the government to establish mandatory ethnicity pay gap reporting. An important consideration motivating advocacy of this kind is perhaps a wish to level the regulatory playing field for member-employers, requiring all businesses to conform to elements of good practice and not just those with a declared commitment to taking positive action.

²⁹ Craig, S. Steen, B., Belcher, K., Ruback, T., and Rahim, N. (2022). *Resolving Workplace Disputes in SMEs – Qualitative Research with Employers*. London: Advisory, Conciliation, and Arbitration Service.

- *Extension.* A fourth response to legal regulation is to propose the voluntary adoption of good practice by member-employers that goes beyond the law. A particularly graphic example of this is the Living Wage standard, which is supported by a broad range of employers' organisations, and which is marketed explicitly to employers as a response to low pay that goes beyond the minimum required by law. Many other standards, codes, charters, and norms formulated by employers' organisations also embody an extension of this kind. In these cases, legal regulation sets a platform upon which bodies of private, voluntary regulation have been erected. The latter, indeed, commonly contain a ratchet effect, as we have seen, in which employers move upwards through levels of membership that incorporate increasingly exacting employment standards.³⁰ The business case for adopting these higher, voluntary standards typically rests on the fact that they embody best practice, capable of securing the engagement and commitment of employees. Researchers have noted that joint regulation can also operate in this manner, such that collective agreements provide benefits to employees that reach beyond legally required minima.³¹ Private regulation, formulated or endorsed by employers' organisations can operate in the same way, extending the provisions of legal regulation.

The involvement of employers' organisations in the political process is often driven by a desire to shape the system of employment law. This desire can lead to attempts to block, weaken, or remove employment law, but it is important to recognise that action of this kind does not define the response of employers' organisations to legal regulation. Perhaps the most common response to the latter is to accept it as a necessary framework to ensure decent standards and advise member-employers on how they can comply with the law and minimise the risk of legal action. Other responses, that directly contradict Streeck's assertion of employer 'unruliness', include lobbying to strengthen employment law and promoting forms of private, voluntary regulation that reach beyond legal obligations. The response of employers' organisations to legal regulation is complex, not uniform.

Relevance to labour market reform

To conclude this review of the activities of employers' organisations, we want to consider their relevance to some of the main proposals for labour market reform that are currently attracting the attention of policy makers. Three such proposals are considered. First, 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. Second, the proposal on the political left to recreate elements of the system of 'institutional industrial relations', whose demise was noted by Purcell, through the recreation of industry wage-bargaining. Third, the proposal to promote 'fair work' as an integral component of 'inclusive growth', which has animated labour market policy in the

³⁰ Dickinson, P. (2022). *Review of Employment Charters in the English Mayoral Combined Authorities*. ReWage Evidence Paper. Available at: <https://warwick.ac.uk/fac/soc/ier/rewage/publications>.

³¹ Brown, W., Deakin, S., Nash, D., and Oxenbridge, S. (2000) 'The Employment Contract: From Collective Procedures to Individual Rights,' *British Journal of Industrial Relations*, 38/4: 611-29.

devolved nations and regions, and which shares an affinity with the broader policy of objective of 'levelling up'.³²

Deregulation:

A desire to deregulate the labour market, both by removing individual labour law and refashioning collective labour law to restrict trade unions, has been a defining feature of the neoliberal order. There is evidence that the latter is fracturing, but support for labour market deregulation remains strong on the right of British politics and is articulated by senior figures in the Conservative Party and free-market think-tanks³³. Two things can be noted about proposals for deregulation from the perspective of employers' organisations. The first is that, 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. This pattern is exemplified by the Beecroft Report, a proposal to weaken worker protection from unfair dismissal published in 2012, which was produced by Adrian Beecroft, a venture-capitalist with ties to the Conservative Party. The report met with guarded support from the CBI and British Chambers of Commerce but was rejected by the FSB and Make UK. Radical proposals to deregulate the labour market often display this pattern; they originate in the political sphere and are not a direct expression of employer interests articulated through employers' organisations.

The second point is that in a deregulated labour market, voluntary regulation, of the kind promoted by issue-based employers' organisations, may assume greater significance. It has been argued that organisations like BitC serve to legitimate deregulation by advancing voluntary schemes for business responsibility, which can serve as functional replacements for labour law and other bodies of hard regulation.³⁴ It is certainly the case that governments have sometimes regarded voluntary regulation in this way. The Major Government encouraged BitC to launch its membership programme for employers committed to tackling sex inequality at work, Opportunity 2000, as an alternative to strengthening the Sex Discrimination Act.³⁵ Employers' organisations themselves, however, tend not to promote voluntary standards as alternatives to the law and in a number of cases, such as the Business Disability Forum, have argued for the strengthening of the latter whilst promoting the former. As we have seen, voluntary regulation is often stimulated by and builds upon the platform of legal regulation. In a context of radical deregulation, however, there might be pressure from government on employers' organisations to launch new issue-based membership schemes to compensate for the absence of legal protection.

Multi-employer bargaining:

A very different proposal for labour market reform has emerged on the left of British politics in recent years, the central component of which is to recreate industry-level industrial

³² 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.

³³ Gerstle, G. (2022). *The Rise and Fall of the Neoliberal Order: America and the World in the Free Market Era*. Oxford: Oxford University Press.

³⁴ 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.

³⁵ Richards, W. (2001). 'Evaluating equal opportunities initiatives: the case for a 'transformative' agenda', in M. Noon and E. Ogbonna (eds), *Equality, Diversity, and Disadvantage in Employment*, Basingstoke: Palgrave, 15-31.

relations institutions. Influenced by New Zealand's Fair Pay Agreements, the Labour Party, trade unions and centre-left policy organisations have called for the restoration of industry wage bargaining, supplemented in some cases by calls to re-establish works councils.^{36 37} Perhaps the main thing to note about proposals of this kind from the perspective of employers' organisations is that they would reverse the main lines of evolution of the past few decades. Recreating industry-level wage determination may be desirable, especially in low-wage industries, such as social care, business services, and hospitality but doing so may involve creating new employers' organisations or repurposing existing ones to give them the capacity to negotiate and implement collective agreements.³⁸ The personnel, skills, and relationships that once sustained institutional industrial relations have long since atrophied and would need to be resuscitated.

Another point to note is that 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. As we have seen, several employers' organisations, including the Ethical Trading Initiative and the London Anchor Institutions Network are focused primarily on vertical relationships between client and supplier businesses. It is uncertain in what manner the revival of horizontal, industry-based regulation would intersect with the alternative mode of regulation promoted by organisations of this type.

Inclusive growth:

A third pattern of labour market reform is exemplified by the attempts of the Scottish and Welsh Governments to promote 'fair work', which have been echoed by developments in English city regions. These public authorities 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 practices. Invariably initiatives of this kind form part of a broader programme to promote 'inclusive growth' or 'community wealth building', with the promotion of better-quality employment seen as central to the revival of post-industrial cities and regions.^{39 40} As such, initiatives of this kind share an affinity with the policy agenda of 'levelling up'. What is striking and perhaps surprising about these place-based initiatives is that they have often involved employers' organisations. The latter 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

³⁶ Brown, W. and Wright, C.F. (2018). 'Policies for decent labour standards in Britain', *The Political Quarterly*, 89/3: 482-489.

³⁷ Hughes, E. and Dundon, T. (2018). 'Wage councils could address endemic pay inequality in the UK', *The Conversation*, <https://theconversation.com/wage-councils-could-address-endemic-pay-inequality-in-the-uk-economy-102682>.

³⁸ ReWage (2022). *Beyond the National Living Wage: Further Proposals for Addressing Low Pay*. ReWage Policy Brief. Available at <https://warwick.ac.uk/fac/soc/ier/rewage/publications>.

³⁹ Guinan, J. and O'Neill, M. (2020). *The Case for Community Wealth Building*. Cambridge: Polity Press.

⁴⁰ Lupton, R., Hughes, C., MacDougall, A., Goldwyn-Simpkins, H., and Hjelmkog, A. (2019). *Inclusive Growth in Greater Manchester: 2020 and Beyond*. Manchester: University of Manchester.

specific localities. A feature of the Living Wage campaign, for example, is a place-based accreditation for Living Wage towns, cities, and regions. Chambers of Commerce, Business Improvement Districts, and other employer bodies have joined the steering groups guiding these place-based projects. The Good Business Charter, promoted by the CBI and FSB, is currently following suit, with York designated the first Good Business Charter City.

Collective organisation amongst British employers first emerged in the 19th century at regional level in response to craft trade unions seeking to regulate local labour markets.⁴¹ In time, a process of federation amongst these regional bodies led to the creation of UK-wide employers' associations. In the 21st century we are seeing elements of a return to place-based organisation amongst employers, driven not by trade unions but by the attempts of national and regional political authorities to revive their economies. In a post-Brexit, partially de-globalising world there may be further developments of this kind.

In the current period, employers' organisations are not primary architects of labour market reform. None of the three proposals for reform we have considered – deregulation, reregulation at industry-level, and national and regional attempts to promote fair work – 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/>.

⁴¹ Clegg, H.A. (1972). *The System of Industrial Relations in Great Britain*. Oxford: Basil Blackwell.

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