



INTERNATIONAL LABOUR ORGANISATION

**ACT/EMP**

PUBLICATIONS



## **Financing of Employers' Organizations Modular Seminar Package**

This seminar, developed by the New Zealand Employers' Federation under an external collaboration contract with the Bureau of Employer's Activities, is intended for the governing bodies, councils and/or senior officers of employer's organisations or committees of employers contemplating the formation of an employers' organisation.

It will be of interest to employers' organisations in developing countries, in new transitional economies or countries moving from supply to demand economies; it may be of interest to employers' organisations relying solely on subscription income or organisations facing uncertain financial futures.

The seminar is structured so that all or only some parts may be used, depending on the relative development of the organisation or the principal issues facing the organisation.

It is not intended to be the last word on generating operational funding; it explores some ways that employers' organisations have been financed and, by so doing, it is hoped to stimulate seminar participants to brainstorm and explore the potential within their own operation.

The seminar starts from an historical perspective, looking at the factors that caused employers' organisations to form in regional, national and international settings.

It then examines traditional roles and traditional funding, which will still be appropriate for some organisations; the second day of this two day seminar concentrates on the need for modern organisations in free market economies to reflect the modus operandi of their members by taking a market-led user-pays approach to financing their operation.

Prior to the commencement of this seminar it may be worthwhile to conduct a survey of members. This would be useful to define members needs for information, assistance and other services, and would also allow analysis of member's attitudes to subscriptions versus user-pays arrangements.

A sample survey is included in Appendix III.

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## **1. CONTENTS OF THE SEMINAR PACKAGE**

### **1.1 Scene Setters:**

#### **Scene Setter I:**

This first 'scene setter' looks at various historical reasons for the origins of employer organisations, their specialisation and/or common activities. It discusses the influences which caused their development from trade organisations, regionally separated with limited, though diverse activities to national and international organisations with multi-functional roles.

#### **Scene Setter II:**

This scene setter illustrates how the development of labour law follows no consistent pattern from country to country. However, most formal employer groupings tended to precede the introduction of labour laws and presents the experience of four different countries. Major activities during the early stages of development mainly centered around the representation of employers in collective bargaining and influencing government policy.

#### **Scene Setter III:**

In this scene setter the historical background to the League of Nations is discussed and shows how the body spawned the I.L.O. and was subsequently adopted by the United Nations. As at its formation, the I.L.O. continues to set standards, by way of conventions, by way of improving working conditions and providing maximum protection. The tripartite basis of the I.L.O. is also discussed where government, workers and employers all have a part to play in discussion and decision making.

### **1.2 Module Summaries**

#### ***Module 1: Traditional Employers' Organisations***

This module reviews the development of employers' organisations, the traditional roles and services they have provided and the way in which they have traditionally been structured, staffed and operated. The module also introduces some issues surrounding the financing of employer organisations.

#### ***Module 2: Governance and Policy Development***

This module addresses the establishment and development of peak bodies within employers organisations with governance and policy development roles. It describes the types of employers who are attracted to membership and the reasons they choose to become involved. It refers to fledgling organisations in particular and the process by which boards and governance councils are established. Financial pressures for employers' organisations, both internal and external, are highlighted, with particular emphasis on the need for financial security. Trends in structure and funding and rationalisation options are considered, which may be necessary for future stability and development.

***Module 3: Traditional Revenue Sources***

This module explores the ways in which employer organisations in centrally planned collectivist environments traditionally planned income and expenditure and established budgets. It focuses on subscription based membership fees and the issues to be considered by employer organisations in developing formulas for subscription levels, that provide for equitable membership costs to members.

***Module 4: Modern Employers' Organisations***

This module traces changes that may occur in political, business and social environments and describes the changes that follow in employers' associations. It describes how the needs of modern business in the new de-regulated environment have changed, and how employers' associations have responded to that.

***Module 5: Financing of Modern Employers Organisations***

This module examines financing options for employers' organisations. It focuses on user-pays services, which can be introduced to minimise the impact of high subscriptions. It reviews other reasons for introducing user-pays services. The split between income derived from subscriptions and user-pays income is discussed in this module. Other forms of income generation are highlighted, including joint ventures and partnership activities for the provision of services and sharing of income. The concepts of sponsorship and endorsements fees are considered and the principle of adding value to the membership through royalties and discount arrangements is discussed.

***Module 6: Implementation***

This module discusses the process by which an employers' organisation might investigate and implement a change from a subscription based financing structure to a structure that incorporates, to varying degrees, charges to members for the provision to that member of user-pays services, as described in the previous module. The module takes a marketing perspective and outlines a systematic approach that involves analysis and planning activities.

(This Modular Seminar Package is available with the Bureau for Employers' Activities)

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*For further information, please contact Bureau for Employers' Activities (ACT/EMP)*

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