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Employers Organisations-Looking to the Future An Overview

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Paper by [Raphael F.Crowe](#)
[Senior Specialist on Employers Activities](#)
[ILO South Asia Multidisciplinary Advisory Team](#)

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Introduction

There is great difficulty (and danger) in trying to 'crystal-ball gaze into the next century or attempting to predict how employers organisations will operate then.

Clearly this is not the intention of this paper. However it is felt useful to try to raise some issues and options open to those organisations. Furthermore it is hoped that this piece will stimulate thinking in those organisations about what actions they could take to help their organisations survive well into the next century.

Many organisations attending this workshop have attended the previous Asia-Pacific Workshop on **Strategic Planning for Employers Organisations to the Year 2000**, held in

Turin and Dublin in October 1995. These organisations have already begun a process of strategic planning or at least strategic thinking about:

- what direction they should be heading in the future?
- what role they should play in the future?
- what is their future?

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Circles or Spirals?

Most countries in the Asia Pacific Region now have market driven economies. Most are going through difficult economic reform processes. Many are now exposed to the effects of *Globalisation*. Many are seeing the shrinking of government's role and influence in their economies. Many are seeing the rise of the private sector as the engine of economic growth.

Employers' organisations are being affected by the same forces. The market driven economy, globalisation, economic reform, shrinking government, the rise of the private sector all impact on the way they are operating and will operate in the future.

One thing is for certain, if the employers' organisations do not try to manage the future then it will be thrust upon them. That future may not have any place for organisations of employers.

Employers' Organisations and their member enterprises have worked hard over many decades to convince their governments (and their societies) that the free enterprise system really does work. They have argued that if given the chance and if the private sector is given the right climate, it can grow and make a positive contribution to society.

Now that opportunity has been given. The policies of structural adjustment and economic liberalisation have brought the private sector back into political favour. Private enterprise has been given centre stage and has to perform. Its representative organisation(s) have an important supportive role to play.

There is really no choice for the employers' organisations in this scenario. If they want the free enterprise system to thrive and continue to play a dominant role in the economy, then they have to assist their members to prosper. If they do not then their future, and that of their members is bleak.

This means that they will have to provide support services to members that are identified by those members as important to their business.

With the increasing focus on the individual enterprise as the source of innovation, productivity and employment growth, enterprise/company based services are in greater demand.

Therefore demands from members will, in the future, continue to be based on developing business. These demands will include:

- information about labour markets
- entrepreneurship and management training (HRM, Cross Cultural Training)
- sound industrial relations at the workplace (bipartite cooperation)
- enterprise negotiations
- productivity
- quality improvement and management
- best practices/benchmarking

By assisting enterprises to grow and therefore positively contribute to the community, employers' organisations relieve the pressure on governments to step back in, "in the public interest" and begin running business again. Not only do they benefit their membership in a direct way, by developing the individual business, they also perform an important task in keeping government out.

Creating a positive climate for business to operate in is also a task for the employers' organisation. If they can perform that task effectively then they will be seen by their members as having relevance in the future. This means continuing pressure on governments to reduce their interference in business ie less regulation. It means lobbying governments to reduce the cost of doing business ie less taxes, charges.

But it is not only an economic imperative that should drive employers' organisations. The social aspect must not be forgotten.

Many enterprises, especially those in developing countries, have long recognised that with power comes responsibility. With economic strength comes a social responsibility. The private sector in many countries has voluntarily assumed a responsiveness to society, a corporate social responsiveness.

Whether it be in

- housing
- schooling
- health services
- pension plans
- community development
- assisting small enterprise,

business has appreciated that a stable community means a stable environment to operate in, to invest in.

It has not been philanthropy that has driven these efforts, it has been good business acumen.

These efforts were (are) made at a time when command economies still existed, where there was no necessity for the business community to dip into their pockets, where governments considered its role to be the generator of economic growth and the provider for the needy.

Now that governments are adjusting their role to the new realities of fiscal constraint and the fact that they are not efficient, there is all the more reason for the private sector to advance this cause. There is all the more reason for the employers' organisations to assume a leadership role in this and promote the merits of sound socio-economic growth. Growth that has a "human face".

If business has a 'winner takes all' attitude and neglects society, we are in danger of completing a *circle*.

We are in danger of governments (under pressure from their communities, including the trade union movement) returning to a dominant and intrusive position in the economy. Of governments returning to protectionism, introducing Draconian labour laws and penalties, new taxes, of fanatic nationalism rising and of borders being closed not only to people but also to goods etc.

Already there are many questions being asked about the effectiveness of the market economy, about the fairness of the free market system. Some sections of societies recently 'freed' from the centrally planned economies are nostalgic for the past. It is taking strong political will and continued support from the reformers in those societies (including the employers) to stop those countries from sliding back. To ensure that the development *spiral* continues upwards.

At the World Economic Forum in January-February this year, this very issue surfaced. As one newspaper in India reported of the discussions-

" The benefits of globalisation are not always apparent to the poor, hungry and illiterate. Over 60% of the world population today subsists on US\$2 or less per day. A hundred of the world's countries are worse off today than they were 15 years ago and increasing disparities between the rich and the poor within and between countries remains a serious threat to stability and long term economic growth".

It went on to note the calls by both the Prime Minister of India and the Secretary-General of the United Nations at Davos for a new partnership between governments, the private sector and the international community to deliver the benefits of the technological revolution to developing countries.

In pro-development Malaysia, in handing down the National Budget in March 1997, the government emphasised the importance of balancing economic growth and social development. It was reported that while social development has been an integral component of all previous budgets, this budget reflected the development philosophy of the finance minister as he emphasised the need to strike a fair balance between economic progress and social development based on social justice. Over M\$17 billion was allocated to ten principal areas including; rural development, poverty reduction, housing for the lower income sector, assistance to welfare bodies etc.

Employers' organisations showing leadership to their members have a vital role to play in this equation. They must provide the props to ensure that their countries do not regress. These props can and should be in place both at the macro level (policies) and micro level (enterprise).

So promoting ethical business practices, self regulation, mature relationships with community groups (eg environmentalists, citizen and consumers), healthy relations with trade unions are needs at the macro level. At the enterprise level they may include providing the technical know how to deal with environmental issues, with retrenched workers.

At the recent ILO South Asian Employers Symposium, held from 1-2 March in Dhaka, Bangladesh (hosted by the Bangladesh Employers' Association), the employers' organisations

did not only focus on promoting productivity, easing labour laws, improving vocational training. Traditional issues that you would expect employers to concentrate on. The issues that dominated included- redundancies, retrenchment and redeployment of labour, child labour, poverty alleviation, the rural sector, the informal sector, transmigration of labour, women and gender issues.

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Social Dimension in the Economic Context

If one looks at the "[Social Dimension in the Economic Context](#)" it is somewhat clearer as to what this means.

- **Enterprise Performance** ie *productivity, profit generation* and *profit sharing* contribute to
- **Economic Growth. Economic Growth** ie *Private Consumption, Investment, and Public Spending* in turn allows for
- **Social Progress (Development)** ie *Social Security, Social Networks, and Conditions of Work* this in turn provides
- **Social Stability** which provides *Political Stability, Predictability* and *Investment* which leads to
- **Enterprise Performance** etc..

Should we neglect any aspect of this then the pattern begins to unravel. It is a fine balance to maintain and employers' organisations, as important representatives of business have to remember this. A mature attitude by business to the community they operate in ensures that they have a safe place to invest.

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Economics and Employers' Organisations

Recent studies by several institutions have said that the Asian Economic Miracle is expected to continue unabated in the future. The Pacific Rim Countries in particular are expected to outpace the world in the next few years with an average of 5% growth. The East Asian countries are expected to continue heady growth as long as they pursue policies that sustain high savings and investment and bring reform to agriculture and services. In the lower income countries, it was felt growth could be faster if the countries used available technology efficiently and took full advantage of the gains of international trade.

What is the role of employers' organisations in this environment? Their role will be to promote a balance between this growth and social development to provide the supports for the *upward spiral* of development. By doing this they have a better chance of remaining relevant. But for them to have a role to play in a business environment that is increasingly dominated by economic pressures, they have to be credible.

To be credible with the employer (read business) community, employers' organisations have to have a constituency, a membership base. In order to maintain and increase that constituency they have to provide services needed by business. These days the services demanded by business are ones that will increase the competitiveness of the enterprise. These services are being demanded at the individual enterprise level.

At the ILO Governing Body Meeting in November 1996, a report was presented from the Working Party on the Social Dimensions of the Liberalisation of International Trade. This report focused on Foreign direct investment in the global economy. It found that "Foreign direct investment has been growing rapidly in the recent past, faster, indeed, than international trade, which has long been the principal mechanism linking national economies". It also noted "...that the inflow of FDI to developing countries has consistently exceeded 15% per annum since 1988, with a peak growth rate of 45% in 1993". Recent attempts to link International Labour Standards to trade and the renewed focus by employers on assisting efforts to reduce child labour in industry.

These are but three issues that are taxing the minds of the ILO consistency. They cannot be considered matters that have a labour bias, matters that employers' organisations would traditionally deal with. Yet they are on centre stage for employers around the world.

The World of Work is no longer one that has a clear demarcation between economic and labour issues. Employers are wanting advice, representation and service from whatever source will give them a competitive edge. If it is an economic issue they will go to the economic adviser and if that adviser is located in a Chamber of Commerce then that Chamber will get their business. If they are members of an employers' organisation and they consistently cannot get advice or representation for that source than they will begin to question the wisdom of remaining a member of the organisation.

On the other hand

- with increasing moves internationally to decentralise industrial relations to the enterprise level,
- with the increasing development of agreements between workers at the plant level,
- with the focus of employee remuneration on the performance and productivity of the firm,
- with the growth of enterprise unions and decline of central trade unions,
- with increased competition for employers' organisations from other providers (consultants, academics etc),

the employers' organisations have material to reposition themselves as an essential "extension service" to employers.

Information

The United States President, Bill Clinton said in the run-up to his first term of election that the economy was the key issue. He colourfully retorted "Its the economy, stupid", in one of the many exchanges during that election campaign. Well for employers organisations now and in the future, "Its *information*".

The trouble is that information, once the life blood of the employers organisations in many countries is a freely available commodity. In the future it will become even more freely available.

The emphasis is on the word *freely*. With the dramatic expansion of **the internet** and the increasing hook up by millions of organisations and individuals, information is available at negligible cost and in real time. It was reported last month that the cheapest IDD (telephone) rate between the United Kingdom and the United States is currently 10p per minute. The new Internet Telephony could reduce this rate to 2p per minute!

There are many now who are connected to information services at home via personal satellite dishes. These are becoming smaller and more affordable. Philips Electronics in Thailand last month for example unveiled its multimedia television. The product called, MMTV is a combination of a television receiver and a PC Monitor and is the first step in merging home entertainment with computer applications. New products to be launched soon include a Web Television. The implication of this is that if the individual can afford this technology, then the business sector, the employer surely will invest in the product. And it will not be just the large employer who will switch onto the facility, increasingly it will be the medium sized and small employer who will see the importance of this to their business.

It is said that the number of Internet users will jump from the 57 million currently to an estimated 700 million by the end of the century. That is to the end of the century, three years from now!

US Telephone giant MCI's Chief Engineer noted in Time Magazine recently (3 February 1997) that: "Its taken us 100 years to get the phone network to the point its at. The Internet will get to that same level in five years". The Time article, titled "The Networked Society" went on to say ".. that the Internet as we know it today will be over 100 times more powerful an information tool by centurys end; that each newly connected PC boosts the power of the network not geometrically but exponentially; that autarchy is forever dead." It rightly asked "What will all this mean?".

Its meaning for Employers' Organisations

At the Annual World Economic Forum, the South African Deputy President Thabo Mbeki said : it's easier to govern if the population is ignorant". He was of course discussing the theme of the Forum- *Building the Network Society*, but his words should sound an ominous warning for the employers' organisations as well.

Gives one a small indication of the enormous challenge the organisations face... right now. While throwing up a depressing scenario, it also presents an opportunity for positive response. The employers' organisations have an opportunity to take advantage at the technology available at very economic prices and use them to reestablish the organisation as the centre of advice for employers.

This means that they must include in their development (strategic) plans the resources to purchase the available technology, employ and train staff who can use this equipment and have a budget to constantly upgrade the equipment.

At the South Asian Employers Symposium, it was very pleasing to see the determination by South Asian Employers' Organisations to capture the opportunities on offer in order to service members more effectively. Under the theme *'Meeting the Challenges of Globalisation, Cooperation among South Asian Employers' Organisations'*, it was agreed that the organisations network their information data bases to enable a free flow of relevant information between them.

(it must be added though that before they can do this, each must first ESTABLISH a data base that can be networked. If we do not have even the basic equipment, information base, let alone the people skilled in inputting, extracting and updating this information then one may begin to see the future through dark glasses.)

Like countries that are bypassing old technology for new and therefore leapfrogging ahead of those stuck with the old, we have the chance to establish effective data bases on industrial relations, court cases, industrial practices and make them available to members. We can, through members and our research capacities, have a collection of collective bargained agreements, company/enterprise agreements, industrial awards made by tribunals all on a computer data base, all able to be reached with a keystroke, all able to be sent downline by E-mail etc to members.

As said earlier, the challenge is to be different. With the Internet increasingly being loaded up with home pages, (including the ILO) a lot of information useful for employers is available to anyone who has a Personal Computer, the capacity for an Internet connection, a browser and a printer. These days most employers have this and certainly by the turn of the century many more will have such access. Even in countries that have been slow to move onto the information highway, moves are underway to do so.

Countries that have tried to protect their domestic industry by placing high costs on equipment (viz PC's facsimile machines, modems, software) are realising that their nation is the poorer for it and it is better to have more of the population computer aware and computer users than being without. So the access to equipment and the range of hardware available is increasing dramatically.

India for example recently (March 1997) signed the WTO sponsored agreement on information technology. It will reduce import duties on 217 computer and other associated products to zero by the year 2005, thus making them more affordable and accessible to the general population. In signing the agreement it was realised that providing easy access to information technology at the most economic prices would help India modernise and improve the competitiveness of Indian Industry across the board.

As indicated before many of these countries are adopting the latest technology, turning their disadvantage of being slow in developing into an advantage, for example- cabling up telephone systems. They are adopting digital technology and cellular phone systems to provide communication rather than trying to lay cables. In some countries in the Asia-Pacific, the remoteness of terrain, once a deterrent to governments on cost and logistics grounds has resulted in them using satellite links and mobile phones as a way of providing basic communications.

With these developments, it may seem obvious that employers may access the free to air information available. What is the requirement to pay membership fees if there is most information freely available now at minimum cost? The imagination can run wild as to what will be available in five years time!

On the contrary, this is where employers' organisations can maintain their comparative advantage, the advantage of being focused on the specific requirements of their membership. By customising their services to the individual employer, by tailor making advise and backing it up with an experienced staff member who can interpret the advise, the employers' organisation can realise a new business opportunity. Add to this the back up of an organisation with an institutional memory of countless agreements, cases and a training department that can add further value to the information service and that extension service to the individual employer becomes more attractive. There is no doubt that the computer or multimedia TV with its capacity to provide information to the employer will cause some leakage of members from the organisations of employers. But it is equally true to say that more useful to the employer is the personalised service through an advisor who intimately knows all aspects of their business.

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Trade Unions and the Future

If trade unionism is in decline then it could be argued that employers' organisations will decline with them. However, the picture painted in earlier sections should provide a different more positive scenario for employers' organisations.

While individualisation of the employment relationship and the enterprise focus has contributed to the decline in trade unions as we know them, there is a fightback occurring. It would be prudent for employers' organisations to watch developments in this fightback strategy by unions and position themselves accordingly. In some countries the fightback is in the streets, by direct industrial actions and raw union muscle. In others, unions are seeing the necessity to work with employers, on a bipartite basis at the factory level or at the national level to service their membership needs.

With the increasing need for employers to be competitive, working with unions (representatives of employees) is more attractive than against them and consequently having low productivity, industrial disruption, facing demands that are not based on the enterprises capacity to pay. So employers organisations have new relationships to form with the traditional representatives of workers.

But in the future they also need to develop strategies to deal with the new agents representing employees at the shop floor. They should develop new advisory services for members who have enterprise/company unions. While employers may be glad to see the decline of the old trade union movement, the newer unionist is much more unpredictable. As well as being better educated and trained (usually by the employer), this unionist has no loyalty to any one.

These bargaining agents acting for the worker at the enterprise level, are also less likely to be linked to a political party. This may be welcomed but it also means that there is no discipline, motivations are usually totally selfish and because of their strategic position and education, they are very powerful. In a highly competitive environment this means that the employer has to develop a close and trusting relationship with their unions. Again a business opportunity for the employers' organisation. Develop enterprise focused industrial relations services. Ideally combine those services with the economic and commercial advice required by members.

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Strategy and the Future

The important message to employers' organisations as they gaze into the future is that they are not guaranteed a place beside employers, simply because they have a relationship with those employers now.

Employers' organisations have to manage their own future and create opportunities for themselves. They cannot rely on outside organisations like the ILO to continue to support them, despite the ILO belief in the importance of tripartism and the important role the ILO sees organisations of employers playing, in the social and economic development of their countries.

The tool of strategic planning is one method suggested to employers to manage that future. An important part of that planning exercise is to critically analyse what the future may look like and try to prepare for that future. If the planning exercise is properly carried out the employers' organisation may even create a future for themselves.

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