

Membership, Identity and Internal Organization in an Employers' Association

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Abstract

In this paper we investigate the development over time of employers' associations as a peculiar form of meta-organization. In particular, we try to understand how in the last decades the progressive decentralization of the collective bargaining and the reshaping of the economic landscape impacted on employers' associations by increasing their members' heterogeneity, and how this has affected their trajectories of evolution, internal functioning and identity.

We qualitatively study the case of the largest territorial employers' organization in Italy (Assolombarda): in the last decades new members were recruited almost exclusively among small size firms and in the tertiary sector; this resulted in an increased heterogeneity of the members' composition which has led to different expectations and a new definition of the association mission. The provision of 'elective' services has become a major source of financial resources, and a growing number of members now evaluate the overall offer of inducements (either as elective or as selective services) as a key factor in their decision to join and remain. The organizational identity is a key element of many 'partial organizations' and it is protected by deciding who is allowed to join: by weakening this element, Assolombarda is losing its capability to organize the collective action of the members and it is in fact evolving – even if key actors do not appear fully conscious of that consciously – by increasingly reassembling to a form of business network.

Keywords: Employers' associations, membership, multiple identities

Employers' associations historically formed by grouping firms who were interested in confronting the challenges in the regulation of the labor market coming from the rise of organized trade unions and state interventions that could be inimical to their interests. As a consequence, they received attention mostly as industrial relations actors, and research has focused on their externally-oriented policies (i.e. the interactions with unions and governments), while much less commonly investigated their internal processes of policy generation (see e.g. Tolliday and Zeitlin 1991; Traxler 1993; Traxler and Huemer 2007). Unfortunately, none of these studies, in our knowledge, have considered how these processes are affected by the fact that employers' associations are in fact organization whose members are other organizations instead of individuals persons. An aspect that clearly differentiate such meta-organizations is the need to focus on members rather than on environments: they are necessary for their existence and action, and they determine what the organization can do (Ahrne and Brunsson, 2008).

In this paper we study how changes in membership composition are affecting contemporary employers associations. First we describe their historical formation and evolution; in section two we analyze their nature of "meta" organizations suggesting that their current evolution is enhancing the hybrid nature of "partial" organizations (Ahrne and Brunsson, 2011); then we report the findings of an in deep qualitative study on the largest territorial employers association in Italy and finally we discuss the prospective weakening of such organizations and their progressive evolution towards a network form.

1. Employers' associations: formation, development and contemporary trends

The formation of an employers' association come through firms who, lacking the necessary resources to confront alone some communal challenges, take the decision to group together to access resource-sharing, solidarity and a more substantial political profile.

Historically the first challenges firms decided to face collectively were determined by the rise of organized trade unions. This was an important catalyst to move employers to coordinate their behaviours in the attempt to combat union 'whipsawing': the strategy of striking only at one factory until better wages and working conditions were conceded while allowing the members in other sites to continue working to collect strike funds to finally make the same request and move the strike elsewhere (Plowman, 1989: 100; Sisson and Marginson, 2002).

Thus employers associations developed originally a labor market vocation dealing primarily with collective bargaining. However, when governments began to comprehensively regulate employment by establishing minimum wages and working hours, the beginnings of health and safety regulations and trade union recognition rights a new purpose of employer coordination was added to defend managerial prerogatives and lobby governments on work related matters (Howell, 2005). Thus these activities become the principal sources of organizational purpose (Windmuller and Gladstone 1984), generated the employers association core competencies and contributed to developing their organizational identities (Schmitter and Streeck 1999).

To this end, such associations basically provide “collective goods”, non-exclusive, non-market solutions to employers’ “class” needs (Olson, 1971; Knoke, 1990). Indeed, as Olson (1971:16) says,

“Collective goods are the characteristic organizational goods, for ordinary noncollective goods can always be provided by individual action, and only where common purposes or collective goods are concerned is organization or group action ever indispensable”.

However, the reliance on collective goods leaves associations vulnerable to free-riding. This phenomenon might be even more relevant in countries such as Italy where by law collective bargaining agreements signed between nationally acknowledged trade unions and employers’ associations cover also non member firms. As the associations’ revenues depend heavily on membership subscriptions, widespread free-riding challenges both their financial resources and their representativeness. Many employers associations therefore organized to provide also “selective goods” (Olson 1971): free and mostly standardised services directly to and solely for members. Selective goods are an inducement to and reward for membership. Examples include: collection and dissemination of survey information on industry trends; advice and seminars on regulatory compliance and guidelines for applying collective bargaining; call centre advice facilities; support and assistance in bargaining at site/firm level and settling up labor related disputes.

The provision of these services it is just a way to provide some direct payback for the membership, to provide motivation to the members to keep loyal to the association over time and doesn’t change the purpose and identity of the organization which remains strongly related to its original mission.

In the last decades however in many countries institutional actors and centralized bargaining structures were seen as antithetical to the emerging agenda for enterprise flexibility and de-

regulation. In many cases the employers' associations themselves lobbied the governments to change the regulations allowing employers and employees to directly set arrangements fitting their particular workplace interest. The strong members' consensus on the need for such reforms made the employers' associations to advocate for changes that would finally harm the reasons why they were formed – i.e. the organization of a collective action on labor related matters – thus undermining their own institutional security (Barry and Wilkinson, 2011). For example, some Australian studies suggest that bargaining decentralization reduces the attractiveness of an association's collective and selective goods for larger member firms (Mortimer *et al.* 2004; Spooner 2002),

This determines serious consequence since typically membership subscriptions have each firm paying a fixed sum plus a variable amount related to workforce size. Just as members pay the collective goods bill for free-riders, an associational focus means that larger firms cross-subsidise smaller ones on selective goods. It also means that defections of larger firms drastically reduces association revenues. Attempts to offset this by recruiting more small companies increases total – but not average – revenues and raises total and average recruitment costs. As well, smaller employers demand more numerous and customised selective goods to deal with the fragmentation of collectivist institutions and proliferation of individual rights. This fragments association activities, raising their costs (Sheldon and Thorntwaite, 1999).

How then the employers' associations might respond to generate organizational survival? According to Sheldon and Thornthwaite (2004), the more enduring Australian associations have chosen three main responses. Some remained as a largely representative association focused on providing collective and selective goods valued by their members. Others adopted a business services model, increasingly providing “elective goods”: customised, commercial fee-based services to members and non-members alike. This choice sacrifices the associational for the commercial, and profoundly changes the organizational identity since in time members are progressively seen more as clients. A third option is to experiment between this two extreme strategies looking for a way to maintain a common identity while adapting to offer some customization to more differentiated members needs. Sheldon and Thornthwaite (2004) suggest that five intersecting variables generate particular strategic choices. An association with abundant, discretionary financial resources is more likely to experiment with providing more elective goods, as will one with a territorially homogeneous membership. On the other hand, three factors encourage prioritising an associational focus. The most important are labor market threats that reinforce the relevance

of an association's traditional purpose, roles and identity. Second, associations more dependent on smaller members face greater pressures to provide a wide array of selective rather than elective goods. This limits their capacity to choose a business services model and risk further membership and financial losses for uncertain commercial gain. Finally, internal labor market recruitment of an association's professional leadership encourages maintenance of associational purpose, strategy and identity. Then a comparative study of Italian and Australian employers associations confirmed that they responses actually vary depending on contextual factors such as the perceived strength of the trade unions (Sheldon and al. 2009).

2. Employers' associations as meta-organizations

In the first section we have argued that employer associations are engaging in a process of reinvention due to an important environmental trend (the decentralization of collective bargaining). However, to better understand how their responses might affect the internal functioning and identity we must consider that employers associations, as a growing number of contemporary institutions, are indeed "meta-organizations" whose members are other organizations instead of individual persons. Then the focus of this analysis must be on members, not on environments (Ahrne and Brunsson, 2008).

On one hand, members are necessary for the employers' association to exist because they provide financial resources and the base for their legitimacy; on the other, members finally determine to some extent what the organization actually does. Members have expectations and might impose on the meta-organization constraints arising from their characteristics that are different from and stronger than those imposed by members of individual based organizations: for example, we have seen that the decentralization of collective bargaining was originated by the pressures that the leading members – namely large conglomerated and international companies – exerted on the employers' associations to advocate for such changes, even though it was clear that these changes would have finally harmed the associations *raison d'être*.

Another often neglected issue is that members organizations are potentially differing more from one another than individuals do (Ahrne and Brunsson, 2008). As a consequence, meta-organizations are usually intended to exist for the organizations in a narrow category, such as a specific industry or a single territory. Attracting members that share some commonalities is essential to define the organizational identity and for this to happen it is

essential to establish clear categories boundaries. New meta-organizations are usually set up as new relevant categories arise, and oftentimes they finally get organized by creating an higher level “meta-meta organization” .

How employers’ associations have changed their fundamental approach to representing their members in the last decades in response to the decentralization of collective bargaining?

On one hand they have tried to recruit new members among smaller firms that do not have their own ‘in house’ human resource (HR) function, and struggle with the increasingly legal complexity of employment relations by fashioning themselves into the role of private providers of employment advice and services (Traxler, 2008: 230). The balance between this inducements and the membership cost is a key factor in their decision to participate, consequently associations are lead to see them somewhat more as clients rather than as members and are forced to broad the scope of the selected services they provide included in the cost for the membership and to set up the offer of a growing number of elective customized services paid on a fee bases.

On the other hand, larger firms, who have in house HR departments, are less likely to be interested to such services and are now more frequently considering to leave the associations they used to belong because they do not longer share their purpose and interest (i.e. the collective good) . For example, in 2011 the giant Italian car manufacturer Fiat has signed with the trade unions its own labor contract and then has announced the intention to quit then national employers’ association Federmeccanica to be more free in bargaining with trade unions by its own. It has to be noticed that Fiat after acquiring the majority of the Chrysler shares increased its bargaining power by enhancing its possibilities to move the productions around the world while Federmeccanica has to keep good trade unions relations representing also the many smaller and medium size local mechanical companies which operates in Italy.

The paradox here is that continued decentralisation of bargaining provides fewer incentives for these larger firms to associate, and therefore increases incentives for associations to provide more private services to attract new members who are more likely to be smaller firms (Sheldon and Thornthwaite, 2004: 132). This however increases the intrinsic heterogeneity of employers interest across space and time and undermines their solidarity and sense for collective action (Silvia and Schroeder, 2007: 1439).

This dynamic of the membership will finally generate profound effects on another central aspect of a meta-organization: its organization identity. Within Employers Associations the

coexistence of different groups of members (e.g. firms of different industries and size) is frequent, and it is usually managed as in other meta-organizations by establishing relevant organizational categories to define which organizations are intended and would finally be accepted as members. If these categories are broadened one possible consequence is that different expectations competing with each other will emerge and a to identify a common pattern of coordinated action might become too difficult (Ahrne and Brunsson, 2005). This would eventually give rise to a multi-organizational identity which can be defined following Albert and Whetten (1985) as “an organization whose identity is composed of two or more type that would not normally be expected to go together”. This state of affairs on the one hand brings forth the emergence of conflicts among the different identities aimed to underline different strategic visions and cognitive models. Indeed the emergence of different identity claims may give rise not only to a range of different answers to the question: "Who are we?" but also highlights different practical needs of different groups of members by the Employers Association. Therefore the degree of heterogeneity of the identity of members of Employer Association and the way in which the multiple identity of the meta - organization is managed has a significant influence on its path of evolution

3. Our study: the methodology

The employers' association system in Italy is quite articulated. Traditionally manufacturing firms belong to Confindustria, a peak organization (actually a federation of territorial and sectorial employers association) which deals directly with the national government and the national trade unions representing the collective interest of the employers on nation wide labor related and political economy matters.

Confindustria actually acts as a “meta-meta organization” composed by a network of local and sectorial associations which actually manage the relationship with the firms and provide the support they need within their domain of interests. Sectorial associations affiliate business members by industrial sector (e.g. Federchimica, the chemical companies; Federmeccanica, the mechanical and metallurgical companies; and so forth) and usually are directly engaged in the bargaining of the collective labor contracts for their industry, while territorial associations affiliate firms by location and provide support on site/firm level bargaining and labor disputes. It has to be noticed that most companies choose to affiliate to both a territorial and sectorial association to obtain a complete assistance benefiting to an internal rule that acknowledges a major discount on the second affiliation.

We had an in deep knowledge of many employers association in Italy since two of us began to study them in the mid 1990s. As we wanted to understand how changes in members' composition might affect an employers' association internal functioning, identity and trajectories of we finally decided to focus on Assolombarda, Confindustria's most important territorial association, which operates in the Province of Milan. This appeared to us as a more extreme case of challenges an employers' organization has to face in Italy due to changes in its members' composition because Milan, long a centre of manufacturing, has undergone substantial de-industrialisation over recent decades and services now dominate employment and economic development.

Because we intended to examine responses that appear as discontinuous, qualitative changes, our design seeks to develop knowledge through "pattern-based" rather than "variable-based approaches" (Abbott 1997: 86-87). This approach develops types, to allow for theoretical development, rather than generalizing from variables. Use of qualitative methods is appropriate for such case-based research which focuses on "establishing local patterns ... [that are] complex particulars: clusters of cases that have roughly the same values on many variables" (Abbott 1997: 87).

Our work has involved formalised planning, design, data collection and analysis in tandem with engagement with relevant literature. This pattern of scholarly inquiry is well-understood in case-study approaches to processual research. As Hinings (1997:495) puts it, for projects like ours, "improvisation has to take place as the story of the process emerges in the theory/data interaction", but, "increasing scale means increasing formalization" (p. 496). Such formalisation is also important for longitudinal studies like ours. However In our case, improvisation does not reflect unfamiliarity with context or research subjects. Indeed our advantage, as processual researchers, of substantial tacit knowledge has aided research design (Dawson 1997). Given the scarcity of work on our topic, we decided to conduct a qualitative case study with inductive and deductive elements.

We started our collection of data at Assolombarda in 2004, covering the changes which were occurring in the previous years. As our project intensified, between 2006 and 2011 we ran periodical conversations with senior officials: every time we found evidence of some further change we requested one or more in depth interviews on the subject. We completed 12 interviews which took between 70 and 90 minutes for most respondents. A couple of senior officials, the managing director of Industrial Relations Department and the managing director of the Service Department (the two most important units) were interviewed three times between 2006 and 2011.

Every interview was made by two researchers. Immediately after, they crosschecked facts and impressions. We followed Eisenhardt's (1989) rules to: develop detailed interview notes within 24 hours; include all data from the interview; and conclude each set of interview notes

with the researchers' overall impressions. We have also used other primary sources such as association websites, presentation brochures; magazines, other internal and public documents and, wherever possible, relevant secondary sources. Financial data comes from published balance sheets; those for 2009 are the most recent publically available. Overall though we have longitudinal evidence covering more than a decade.

4. The Assolombarda Case

The origin of Assolombarda is similar to that of any other employers' associations around the world and can be traced back to 1898 when 21 manufacturing firms employing 5.840 workers joined to create the "Consorzio fra industriali meccanici e metallurgici di Milano", an organization aimed to dealing with trade unions and coordinating their actions to avoid competition on labor related matters. Nowadays, about 5.800 firms located in the Province of Milan are associated to Assolombarda, which is the largest territorial association of the entire entrepreneurial system in the country. These firms employ more than 311.000 of the 5.439.000 workers employed by member companies in the whole Confindustria system, a little less than the 6%. In the next pages we are first reporting more detailed data on the evolution of the membership composition in the last decade; secondly, we analyze how this has affected its main activities, i.e. the evolution towards a more service oriented model; then we consider how this has impacted on the internal functioning and generated issues on the organization identity.

4.1 The evolution of the membership composition of Assolombarda

As we anticipated, over the last 15 years, Milan's dramatic deindustrialization has heavily reduced the number of the manufacturing firms, the category where Assolombarda used to recruit its members. The number of manufacturing employees covered has dipped even more as surviving firms restructure and downsize. Since membership subscriptions reflect workforce size, the revenues from the manufacturing has been falling even more rapidly than the number of manufacturing member companies.

In response to this trend, Assolombarda has sought to recruit new members among smaller companies (which weren't explicitly targeted until 2001) and in the emerging tertiary sector. This strategy has allowed to counterbalance the decline of the manufacturing and even to increase quite constantly the affiliations until 2008, while in the last two years, due to the economic crisis and the consequent restructuring of firms in every sector, the memberships declined significantly (figure 1).

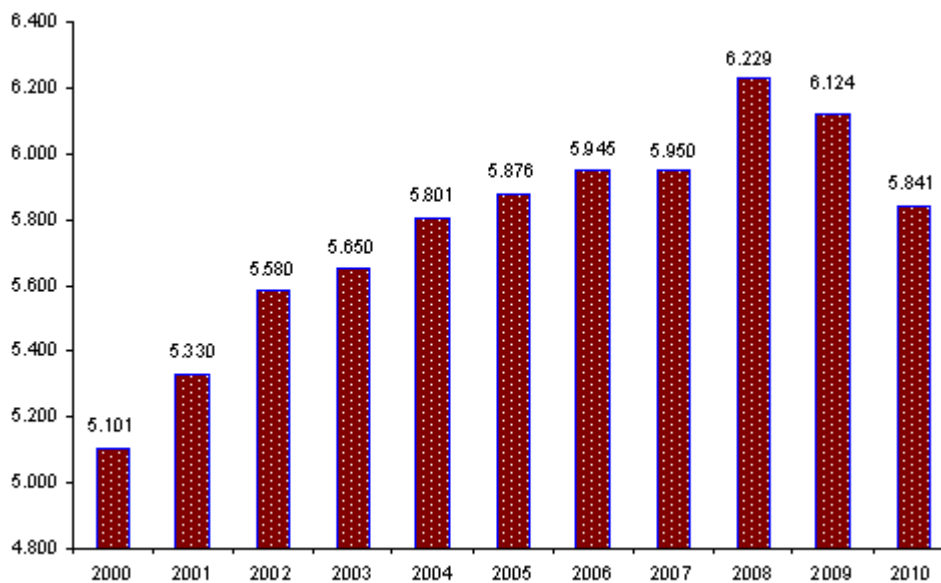


Figure 1 – The membership trend

Overall, the total revenues from membership dues in 2009 (just over 32 million Euros) roughly equal the average over the previous four years, while in 2010 they reduced a little.

This shift in the recruitment focus initiated in 2001 and is not without its own challenges because after a decade result in a significant increase in the heterogeneity of the members which somewhat harm the organizational identity.

Italy is one of the strictest countries all over the world in terms of employment protection legislation but this do not apply to smaller companies (employing less than 15 workers).

While all firms with more than 15 employees have to hire back workers and pay their foregone wages in case of unfair dismissals, smaller companies are exempted and are free to terminate an employee with no justification. This duality of the labor market makes disputes between employers and workers pretty rare for smaller companies, which are nevertheless required to apply all other regulations and to conform to collective bargaining agreements. As a consequence, these firms (which now account for more than half of Assolombarda members and no more than 10% of the total workforce) do not require assistance in labor-related issues and are essentially interested in customized services, while each contributing little in dues.

The same apply also to tertiary sector firms which, at the end of 2009, accounted for more than 41% of total membership, and 30% of the total workforce of Assolombarda member companies. About 72% of those sector members – about 1,800 firms overall – are classified

as “innovative tertiary”: as non-union, individualised industrial relations mark this more advanced sector, they display quite different expectations to those in highly-unionized manufacturing strongholds.

4.2 The growing importance of the service component

In the previous paragraph we showed a first effect of a more heterogeneous members’ composition of Assolombarda: most of the current members do not value this much the organization’s main purpose and activities of representing their interest dealing with the political world, social institutions and local authorities as well as with trade unions. They are not indifferent or negative to this mission, but do not acknowledge it as a sufficient reason to motivates their decision to participate. This is possibly a consequence of the fact they perceive less commonalities among their class needs.

Inevitably, they provide more consideration for services that originally were offered as “side payments” to reduce the risk of free-riding, and now are seen as a real inducement to the affiliation. This has shifted furthest Assolombarda towards seeking members as well as clients and developing a wide range of selective services.

According to the Assolombarda director in charge of recruiting and retaining the members:

“Our members increasingly evaluate how much membership costs them and what services they might receive in exchange. Until a few years ago, we needed to provide essential assistance on labor matters to which we added some basic services Now it is the opposite: we are constantly requested to offer new services and/or to broaden the scope of existing services”.

Another senior official, who manages the service department, explains:

“Our labor market services are also less important for smaller firms ‘cause they usually get the advice they need from the labor consultants which manage their payrolls. We need to provide more diversified and qualitative services to motivate their affiliation” .

It has to be considered that Assolombarda also faces an intense competition to attract and retain new members from the tertiary sector and smaller companies. For example, one strong competitor in the tertiary is *Unione del Commercio*, a large employer association affiliated to the national confederation of commerce. Founded to represent merchants and shopkeepers, it too has shifted focus towards more advanced service industries. For smaller companies, a serious competitor is a Catholic movement called *Compagnia delle Opere* which offers support services and intensified forms of business networking among its members.

Thus, to win this competition Assolombarda has to provide a rich portfolio of selective goods, and oftentimes this is not enough. A second consequence of membership heterogeneity is that they might need more specialized and customized services. This lead the association in delivering also more marketable elective goods. These goods can have a strong trade focus, like assistance in company start-ups and in their internationalization, support in dealing with financial institutions, and applications for European Community grants to education and training projects which requires the development of skilled professional competencies and becomes an expensive exercise given the customization needs. On the other hand, since these valuable services are paid on a fee bases they can become an important source of additional revenues.

4.3 The changes in the internal functioning of Assolombarda

The organizational structure of Assolombarda wasn’t touched by any major changes during the last years. The structure has an hybrid form (figure 2), where four functional departments develop the core competencies required for the provision of the services while three large “macro-sectorial groups” coordinate the activities aimed at maintaining and developing the relationship with the members belonging to the eighteen sectorial groups Assolombarda is spread in.

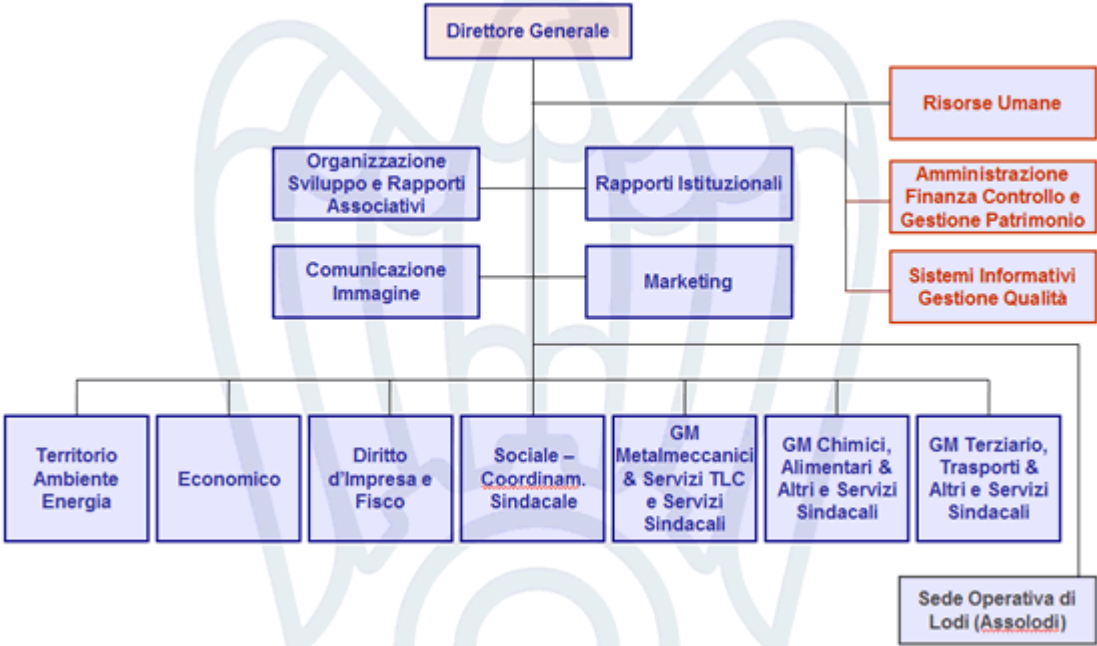


Figure 2 – The organizational structure

However, this doesn't mean that changes did not occurred in the functioning of this structure. As one official explained:

“Changing our formal organization isn't very easy. The President has the power to make such changes, but since s/he is elected every four years and it takes a bit of time to get understanding how actually we work, no one would finally engage in a big change s/he hasn't the time to complete. Thus the real changes in our structure occur more at a process level”.

An example of this transformations in Assolombarda is called micro-targeting. In the past the relationship with the members used to be mediated through the periodical meetings of the HR Directors inside their sectorial groups. This approach was perfectly coherent with the main purpose of the association, i.e. coordinating the members and representing their interests in labor related matters.

This periodical meetings are still organized, but they are not considered anymore sufficient to manage an effective relationship with members who are more interested in the provision of qualified services. Assolombarda then has developed a database of over 12.000 contacts inside the member firms including the financial directors, the marketing directors, the managers who are in charge of developing new international markets and so forth, and every one is usually periodically contacted by the functional departments to communicate information on the services provided and to analyze what needs are satisfied and what might require the development of new services. Then, every year the contact person who take the decision to renew the memberships receives a detailed report on the services that were used by his firm, even if required by others. This processes, as well as regular customer surveys testimony the fact that the association has tried to add a market oriented sensibility to its more institutional mentality. It is noteworthy that these processes (micro-targeting, customer surveys and customer relationship management) confirm that Assolombarda officials see the membership is not anymore sufficient to ensure strong the ties with the affiliated firms.

As for the elective goods, they are provided through an array of organisational structures within which Assolombarda has more opportunities to experiment in form and content. Some of these elective goods come from commercial entities that Assolombarda has developed as specialist providers, others from joint ventures, and still others through networks that function like loyalty programs. The most advanced elective goods however are offered through a network of specialized companies which are either fully-owned or constituted as consortia in partnership with other local institutions.

An example provided by the official who is in charge of the financial sector (under the economic department) might clarify how this works.

“Suppose that a company has a financial problem. The CFO will require an appointment with one of our specialists, who will perform a preliminary analysis and provide some suggestions. Eventually the specialist will also meet other relevant actors, e.g. a bank director, and provide assistance in negotiations by spending the name of our association. This service is covered by the membership cost. However, if the problem is more complex and requires some direct financial intervention the specialist will finally transfer the issue to our Confidi¹, while if the solution might require some corporate finance action s/he will come to our ACF². In this cases the services will be paid on a contractual fee bases”

The entire Assolombarda system employs about 140 people, almost as many as the 167 full time employees within Assolombarda itself. The most important example of a specialized wholly-owned company in this network is *Assoservizi* which offers HR and accounting outsourcing, digital documentation, training and education, conferences and editorial services. With an annual revenue of more than 11 million Euros – having experienced cumulative growth of about 60% over the last four years – Assoservizi provides about one-quarter of Assolombarda’s consolidated revenues, and generates an EBITDA of 1.7million Euros.

4.4 The evolution of the organizational identity

The changes we have described in the previous paragraphs bring important consequences on the Assolombarda organizational identity, generating effects on the relationship with the external members as well as on the internal coordination between diverse organizational subunits.

As we have seen the move towards a service model is the consequence of a growing heterogeneity among the members, but this has also affected the way they perceive the association identity. It has been said that the inducement-contribution model is not always

¹ Confidi is a consortium promoted by Assolombarda and founded with other institutions, such as the Milano Chamber of Commerce, with the purpose of providing mutuality financial warranties for the members to favour their access to banking loans. Assolombarda has a leading role in this consortium, whose traditionally nominates the Managing Director. In 2009 Confidi has allowed loans for more than € 500 millions

² ACF is a financial consulting company targeted on providing support to small companies in planning corporate finance operations (e.g mergers and acquisitions; corporate evaluation; leverage buy out; loans restructuring...) owned by Assolombarda, The Chamber of Commerce of Milan and Confidi.

sufficient to explain membership in meta-organizations where the decision to participate should be “connected more closely with identity and a logic of appropriateness than with any calculation of consequences” (Ahrne and Brunsson, 2006: 435). The decision to consider eligible to become members firms of every size and belonging to every industrial sector, producing services, goods or both allowed Assolombarda to keep almost constant the membership revenues but finally harmed the idea of common identity. The organization is avoiding any role of coordination between the actors and it is evolving into a network which provide them access to services according to their needs. It is then confirmed that meta-organizations have to carefully think about the differences and similarities between their members and decide which category of organization can join since ultimately their identity is dependent on the identity of its members.

Assolombarda officers were clearly aware of this risk. An intense internal debate accompanied the decision to recruit new members among small size firms. In 2001 a new President was elected and for the first time he was the owner of a small company: while the senior association officers were proposing that a minimum size (in terms of number of employees) should be maintained as a membership requirement, he pushed strongly for the decision to remove it and let anyone who might be interested to join. As a consequence, in the following years new members were recruited mainly among micro-firms employing less than 5 workers, and sometimes even one (the owner).

The same debate accompanied the decision to recruit member in the tertiary sector by opening new sectorial groups. In the words of a senior officer:

“We were discussing whether actively seeking new members and in tertiary sector. At the beginning the ones we had were coming to us by themselves since they were mostly outsourced IT departments of large corporations which became independent companies and quite naturally thought to maintain their affiliation. We had only a few members from the tertiary, and we were not actively seeking them because we thought this would have ‘bastardize’ our identity. Then we changed our mind and we even decided to modify our Charter for that reason”.

Indeed the Assolombarda original Charter was clearly stating that the association was enrolling industrial and manufacturing firms and was aimed to “favour the development of the *local industry* by promoting solidarity and cooperation among its member firms and by fostering and protecting their interests when they have to face problems related to industrial, social, economic or cultural matters”. In the current statement the mission is expressed as to “protect and represent the *enterprises’ interests* in dealing with the political world, social and

political organizations and local authorities as well as with trade unions”. And it is clearly stated that “Firms of *every size and belonging to every industrial sector*, producing *services, goods or both* are eligible to become members of Assolombarda”. After that change, new sectorial groups such as innovative tertiary, health care, tourism, corporate communication and so forth were set up and a strategy of actively seeking members in these sectors was launched.

5. Discussion and Conclusions

Collective bargaining decentralization encourages associations to shift towards commercial provision of business services. This has been evident in the Assolombarda case where the new priority is to develop a business services strategy experiment with a combination of variable membership fee levels, differential entitlement to selective goods and an expanded array of elective goods at price discount for members and, potentially, at full commercial rates to non-members. Higher membership levels are important for base revenues and continuing concerns with associational purpose and identity but also as a marketing tool for elective goods to non-members in crowded and competitive product markets. The general shift itself meets two purposes. It diversifies the association revenues beyond membership fees and it provides organizational roles – for organizational leaders and professionals – to replace multi-employer bargaining. On the other hand it also challenges traditional employer association purpose, undermining their representative roles and identities. These elements – externally-oriented to find a more favourable product market and internal adjustment to ensure capacity to meet the new strategic direction – generate larger conundrums for the association regarding its purpose – beyond mere competitive survival. At stake are profound questions of organizational identity. This becomes particularly obvious from outside when: associations publicly seek or accept business from non-member clients; involve themselves more in alliances with unrelated, profit-seeking firms; and commit to competition in boundary-less domains away from their traditional vocations. The most obvious signs are fundamental changes in self-description.

From the point of view of members and association practitioners, symptoms of gathering tensions in organizational identity may start – innocuously – with greater customisation of dues structures and related levels of selective goods. From many members’ perspective, a more worrisome sign is the shifting of long-valued selective goods into the realm of elective goods. This progressively undermines organizational identity, making it more similar to for-

profit competitors. Decisions to implement this type of strategy vary according to an association's resources – understood within a resource dependence perspective – and its capacity to identify and adapt to product market trends in this way. It generates – and is aided by – the capacity of an association's decision-makers to redefine its organizational identity and develop new systems of organizational competence.

If a meta-organization loses a common purpose and identity, one of the consequences is a weakening in a key element of its nature of 'partial organization' (Ahrne and Brunsson, 2011): in the Assolombarda case we have observed that: decisions are more rare and of less importance as a consequence of the decentralization of collective bargaining which reduced the importance of members' coordinated actions; the membership is not anymore clearly defined since in fact every firm who wants it is allowed to get affiliated; a formal hierarchy over the members, the right to monitor their compliance to rules and standards and to decide about sanctions are rare in this kind of organizations.

We then suspect that Assolombarda is an example of a meta-organization which is evolving towards a kind of network form. We know several cases of networks which evolved over time into more integrated forms of partial organizations; we have seen in this case that also the opposite trend might materialize if the issue of identity is not considered as a key strategic decision.

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