07-04-2017

Evolution in Asia-Pacific Employers' Organisations – Background Note on Membership Management, Services and Policy Influence

Foreword

As a follow-up to the CAPE General Council meeting on 2 June 2016 in Geneva, CAPE (Confederation of Asia Pacific Employers) in collaboration with the IOE (International Organisation of Employers) and ILO ACT/EMP (Bureau of Employers' Activities) conducted a survey of Asia Pacific Employers' Organisations to better understand the evolution of employers' organisations (EOs) in the region. The survey findings were presented at the CAPE/IOE/ILO meeting on 5 December 2016 prior to the 16th ILO Asia Pacific Regional Meeting in Bali, Indonesia.

The survey's main intention was to find out whether and how EOs in the region have been evolving over the past ten years in terms of membership composition, services and relationships with other business membership organisations.

The main result of the survey demonstrates that the future of EOs and business associations as a social partner, key labour market institution and governance actor will have a strong impact on the way in which industrial relations will be dealt with at various levels.

This background note which reports on the main findings of the survey serves as a good basis for further work in understanding how EOs in the Asia Pacific region have evolved in the last 10 years and how they themselves see their evolution in the years to come based on the changing world of work.

CAPE, the IOE and ILO ACTEMP wish to put on record their sincere appreciation for the contribution made by EOs and their representatives. Without the pertinent information provided by them, this short survey would not have been possible.

Thanks also goes to the coordinators of the survey and the authors of the background note, respectively: Ms Lee Yoke Wan (CAPE) and Dr Thannaletchimy Housset (IOE) and Ms Tugschimeg Sanchir (ACT/EMP).

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Acknowledgements

CAPE, the IOE and ILO ACT/EMP would like to thank their members who have contributed to the report by participating in the survey. Special thanks are given to the following employer organisations whose response to the survey and participation at the CAPE-IOE-ILO meeting in Bali have been critical in formulating this report:

- Australia Chamber of Commerce and Industry (ACCI)
- Bangladesh Employers' Federation (BEF)
- Cambodian Federation of Employers and Business Associations (CAMFEBA)
- China Enterprise Confederation (CEC)
- Fiji Commerce and Employers' Federation (FCEF)
- Council of Indian Employers (CIE)
- The Employers' Association of Indonesia (APINDO)
- Iranian Confederation of Employers' Associations (ICEA)
- Japan Business Federation (Keidanren)
- Korea Employers' Federation (KEF)
- Malaysian Employers' Federation (MEF)
- Mongolian Employers' Federation (MONEF)
- Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
- Business New Zealand (BusinessNZ)
- Employers' Federation of Pakistan (EFP)
- Employers' Federation of Papua New Guinea (EFPNG)
- Employers' Confederation of the Philippines (ECOP)
- Singapore National Employers' Federation (SNEF)
- Employers' Federation of Ceylon (EFC)
- Employers' Confederation of Thailand (ECOT)
- Vietnam Chambers of Commerce and Industry (VCCI)

Our appreciation is also extended to **Peter Anderson** for his research on the role of and innovation amongst employers' organisations in Asia Pacific.

Introduction

For decades, employers' organisations and business associations have played a significant role in representing the interests of businesses and providing direct services to members on human resources and industrial relations issues to enhance their performance and competitiveness. Today, economic, political, social and technological transformations are transforming the way markets and businesses operate, creating new opportunities and challenges. This particularly concerns employers' organisations in their role as a social partner and bargaining agent in labour matters, due to the profound changes in collective and individual employment relations, although many are altering their policy influence strategies in general, in response to changing needs and priorities in the wider context as well.

Despite their importance in policy formulation and economic development, employers' and business associations remain relatively un-researched in academic and policy fields, resulting important knowledge gaps in how they are changing in the light of the transformed context.

To help fill this gap, CAPE, in collaboration with the IOE and ILO ACT/EMP conducted a survey of Asia-Pacific Employers' Organisations, outlining the evolution of employers' organisations and business associations in terms of membership management, services and policy influence. The main results of the survey are presented in this short background note, which we hope, will form the basis of further research on this topic.

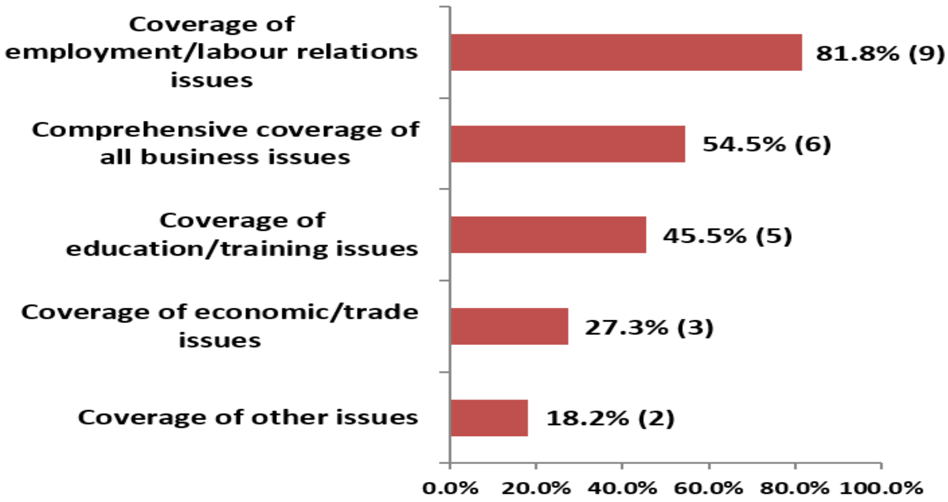
The survey was sent out to all 21 CAPE member federations in the region of Asia Pacific namely Australia, Bangladesh, Cambodia, China, Fiji, India, Indonesia, Iran, Japan, Korea, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. 11 out of the 21 members responded to the survey.

The background note follows the structure of the survey. It contains, for each question, a summary of the responses.

A. General Information

1. *Which of the following categories best describes the mandate of your Organization? Please check box (You may select more than one answer)*

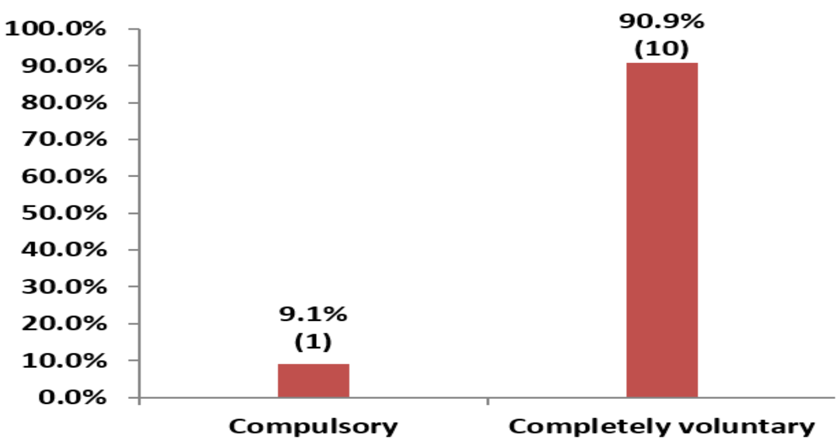
   - *Coverage of employment/labour relations issues*
   - *Comprehensive coverage of all business issues*
   - *Coverage of education/training issues*
   - *Coverage of economic/trade issues*
   - *Coverage of other issues*



All replying EOs had selected more than one answer. The most common mandate of an EO in the region is to cover employment/labour relations issues. The secondary objectives of EOs in the region include comprehensive coverage of all business issues and coverage of education/training issues. Only 3 EOs responded to covering economic/trade issues and other issues.

2. *Is membership in your Organization*

   - *Compulsory*
   - *Strongly influenced by statutory privileges enjoyed by the Organization*
   - *Completely voluntary*



The majority of memberships (10 out of 11) in national EOs are formed on a voluntary basis, whereas one is made up of compulsory membership.

3. *What percentage of employment in your country does your overall membership cover?*

4. *What percentage of GDP in your country does your overall membership represent?*

The 11 responses showed, on average, that a country's membership covers 14.1% of employment and 21.3% of GDP.

<u>Insights</u>

The focus of EOs have primarily dominated the sphere of labour and industrial relations issues in the region and the responses indicate that EOs today still have that mandate. Nevertheless, other areas are increasingly becoming important, such as business-related issues, education and training, amongst others. The compositions of most EOs in the region are based on voluntary membership. As such, EOs need to be demand-driven in providing services to members that will serve to expand their membership base.

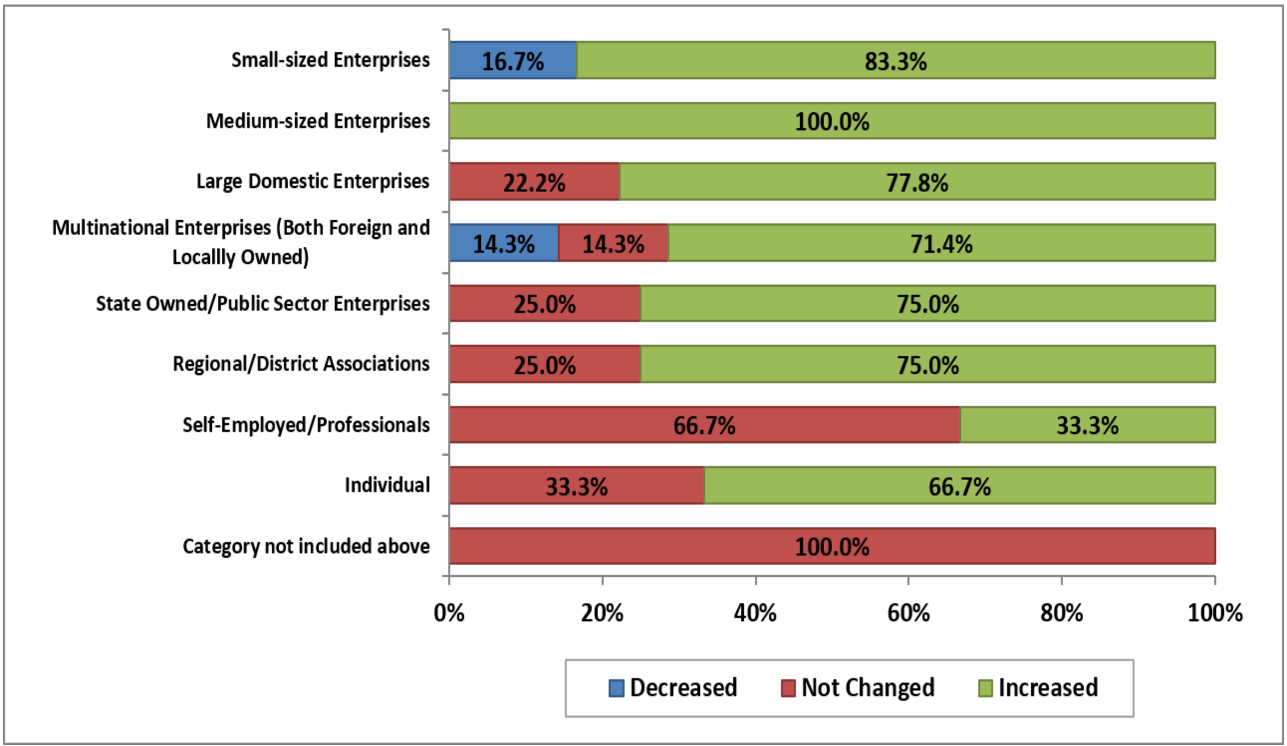
B. Membership Information

1. *How many direct enterprise members do you have in 2006 and 2016?*

	Average	Minimum	Maximum
direct enterprise members 2006	11,710	115	70,000
direct enterprise members 2016	13,971	135	106,000

The number of members from 2006 to 2016 has grown visibly from an average of 11 710 to 13 971 with the range being between 115 and 70 000 in 2006 and 135 and 106 000 a decade later.

2. *Since 2006, have the number of enterprises in the following categories decreased, not changed or increased in your membership?*



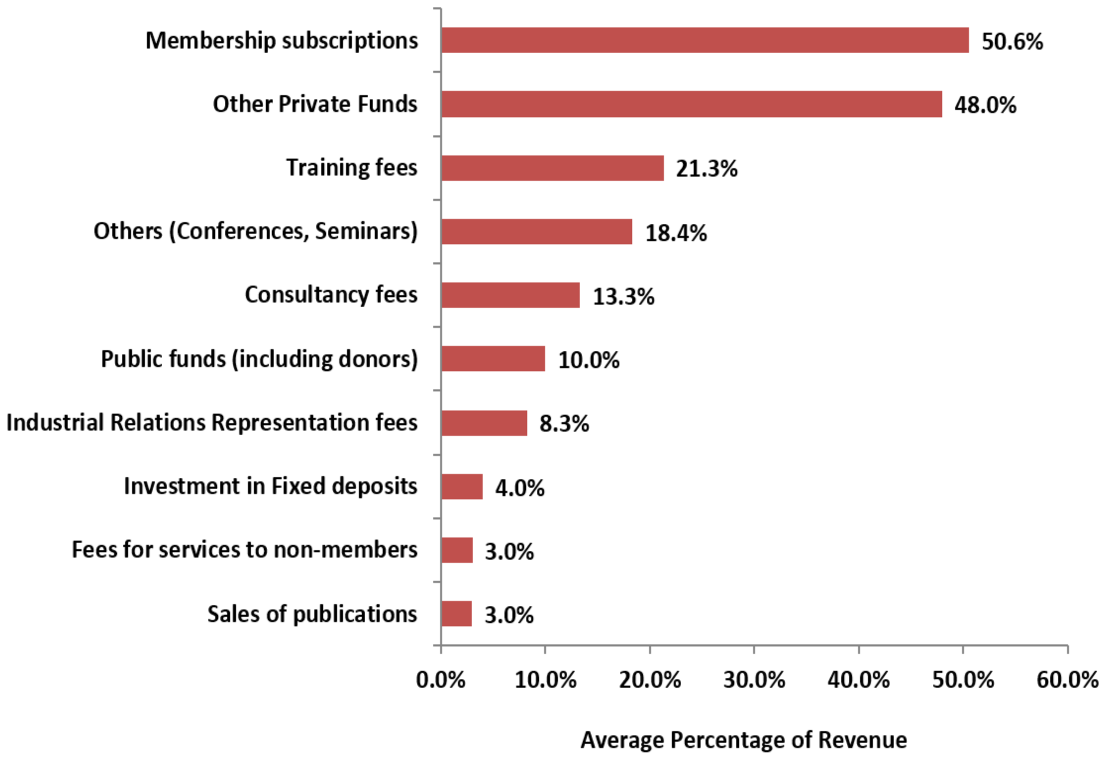
The responses noted that there has been a significant increase in the size of enterprises joining EO membership in the last decade. 83.3% of EOs noted in their responses that their membership of small-sized enterprises increased whereas 16.7% saw a decrease in small-sized enterprise membership. All 11 EOs noted an increase in membership originating from medium-sized enterprises. 77.8% of EOs saw an increase in membership from large domestic enterprises while 22.2% observed no change in membership. 71.4% of EOs saw an increase in membership from multinational enterprises, 14.3% saw no change while another 14.3% saw a decrease. 75% of EOs noted an increase in state-owned/public sector enterprises as well as regional/district associations, while the other 25% noted no change. 1/3 of EO responses indicated seeing an increase in self-employed/professionals whereas 2/3 saw no such change. 2/3 of EO responses saw an increase in individual membership while 1/3 saw no change. Finally, all EOs agreed that there was no change in membership from other forms.

Insights

In 10 years, 11 EOs in the region saw a growth in membership of, on average, 19%. While this is a modest increase, the bulk of this increase is a result of an increase in membership coming from enterprises (be it small or medium or large or domestic or multinational). However, fewer EOs report a growth in membership resulting from self-employed/professionals and individuals. A variety of reasons can explain why EOs may not appeal to these groups. Going forward, there may be a need for EOs to expand their membership base and appeal more to these groups.

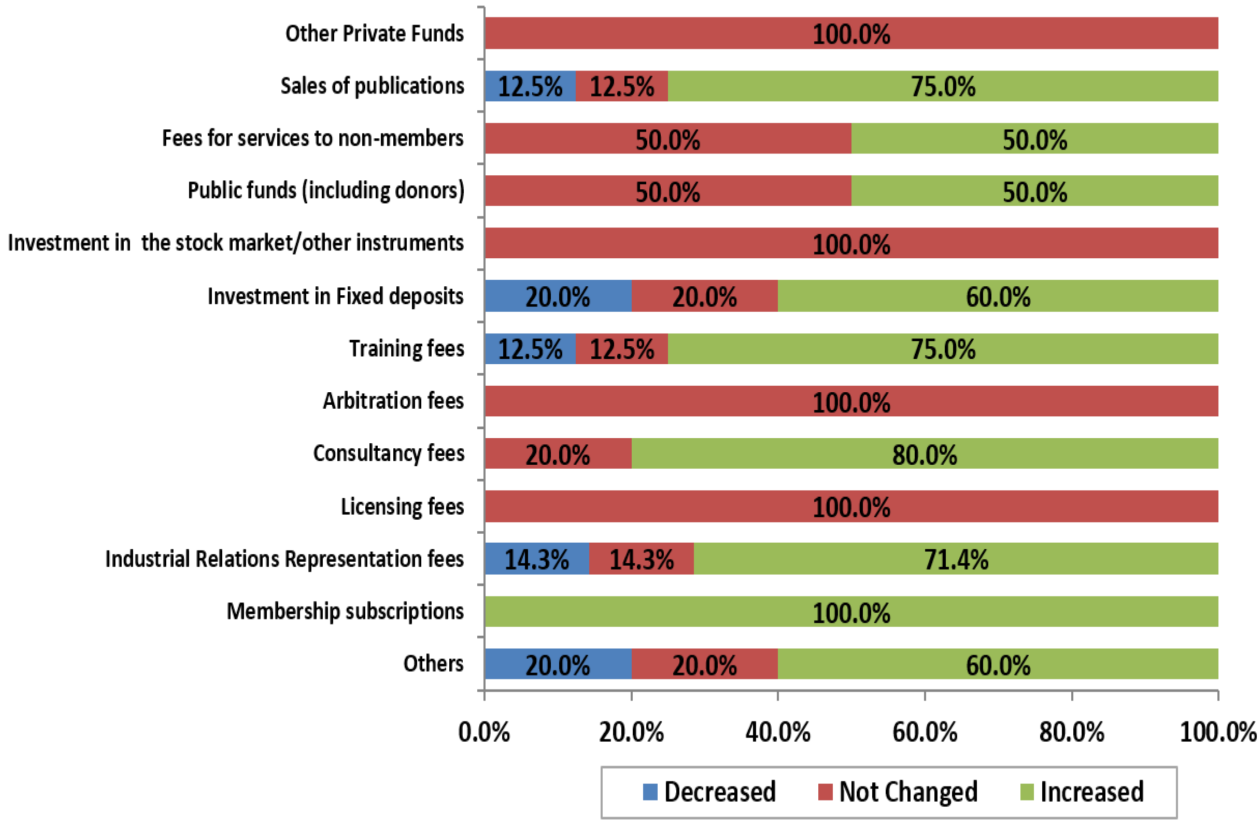
C. Income Sources

1. What percentage of revenue did you obtain from the respective sources in 2015?



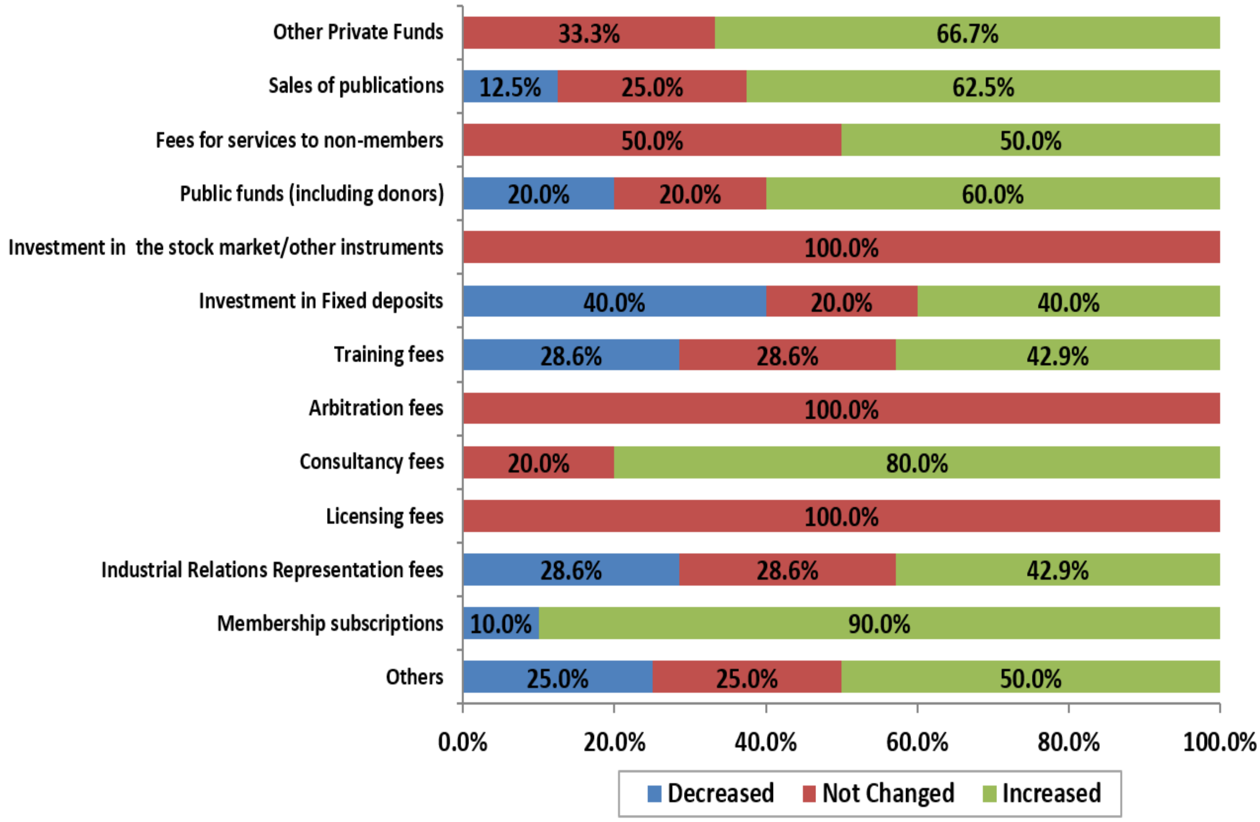
Based on the responses received, it can be seen that EOs in Asia-Pacific largely depend on membership subscriptions and other private funds for their revenue. To a smaller extent, they earn additional sources of income from training, consultancy and public funds. Few EOs depend on industrial relations representation fees, investment in fixed deposits, fees for services to non-members and sales of publications.

2. *Since 2006, has your income from the respective sources decreased, not changed or increased in **absolute terms?***



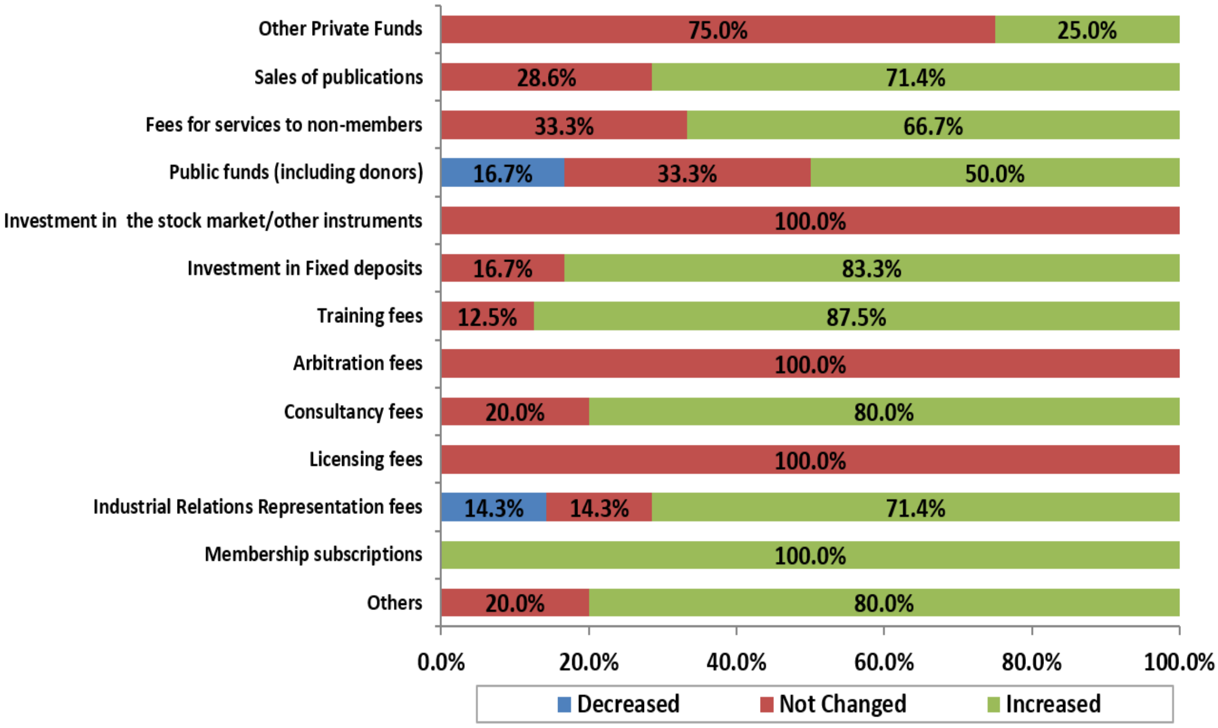
All EOs saw no change in their income originating from other private funds, from investment in the stock market and from licensing and arbitration fees. The majority of EOs (from 60% to 80%) saw an increase from various other sources, notably sales of publications, investment in fixed deposits, training fees, consultancy fees, industrial relations representation fees and others. Interestingly, a small minority of EOs (10% to 20%) noticed a drop in their revenues from the following sources: sales of publications, investment in fixed deposits, training fees, industrial relations representation fees and others.

3. *Since 2006, has your income from the respective sources decreased, not changed or increased in **relative share of total income**?*



The results are rather mixed when considering the change in revenue source in relative terms. The significant majority have seen an increase in all sources with the exception of investment in the stock market, arbitration fees and licensing fees which all agree have not changed. A sizeable proportion of EOs also mention a decrease in the relative share of total income coming from the following sources: sales of publications, public funds, investment in fixed deposits, training fees, industrial relations representation fees and others.

4. Do you expect your income from the following sources to change over the next 5 years?



Expectations regarding income from most sources are relatively positive, notably on sales of publications, fees for services to non-members, investment in fixed deposits, training fees, consultancy fees, industrial relations representation fees, membership fees and others. For other sources of income an increase is expected from workshops and seminars. All EOs expected investment in the stock market, arbitration fees and licensing fees to not change. Finally, a small but significant proportion expressed pessimism regarding revenue originating from public funds and industrial relations representation fees.

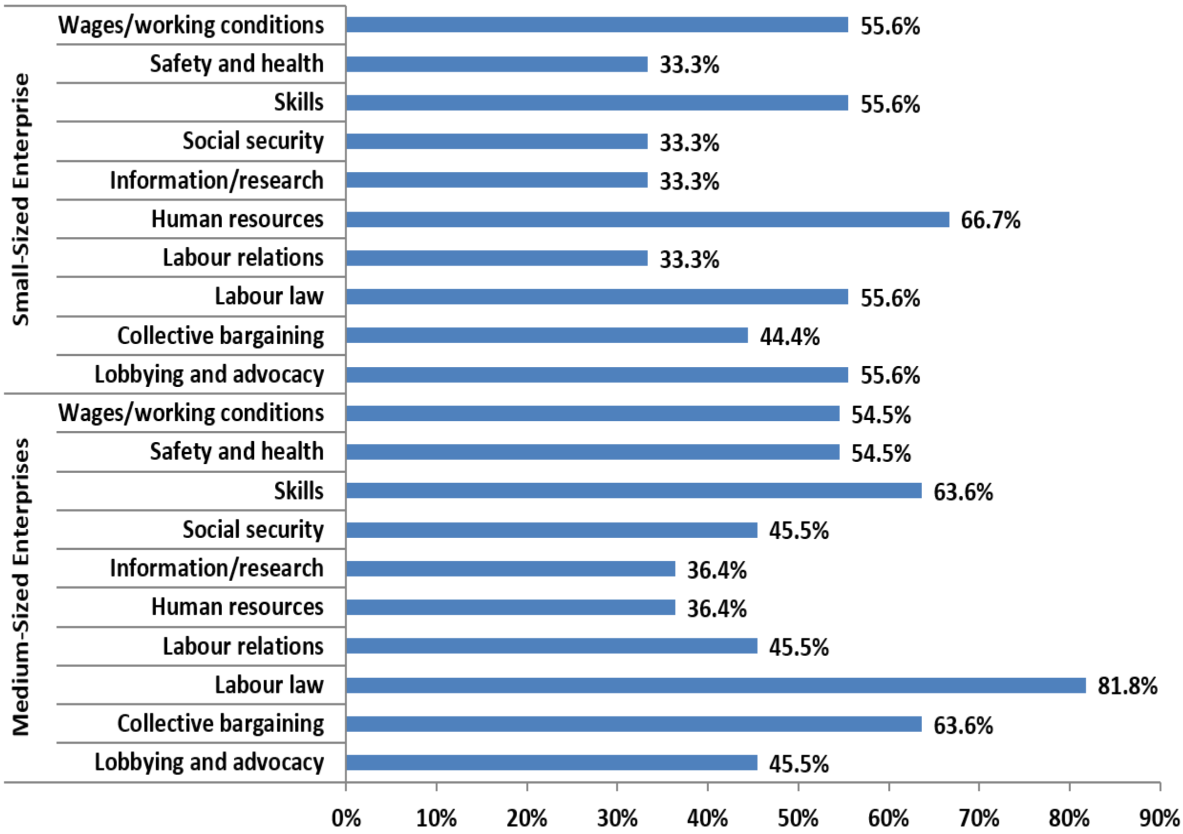
<u>Insights</u>

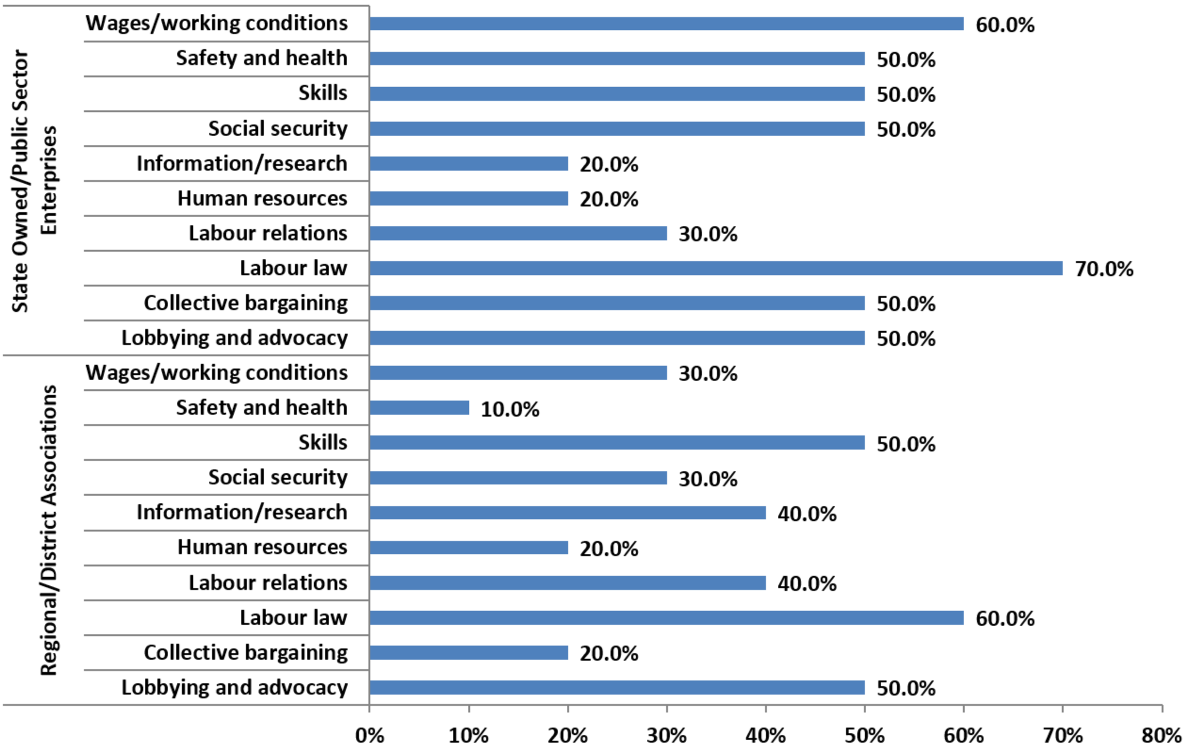
Most EOs in the region practice a good policy of resource diversification so that they are not overly reliant on one source of revenue. Despite the diversity of income sources, most EOs seem to practice similar income models, that is, they depend on the same form of sources for their revenue generation. Based on their expectations, it is clear that there are some sources that will become less important. But what is unclear is what other sources of income will serve to support EOs' revenues in the future.

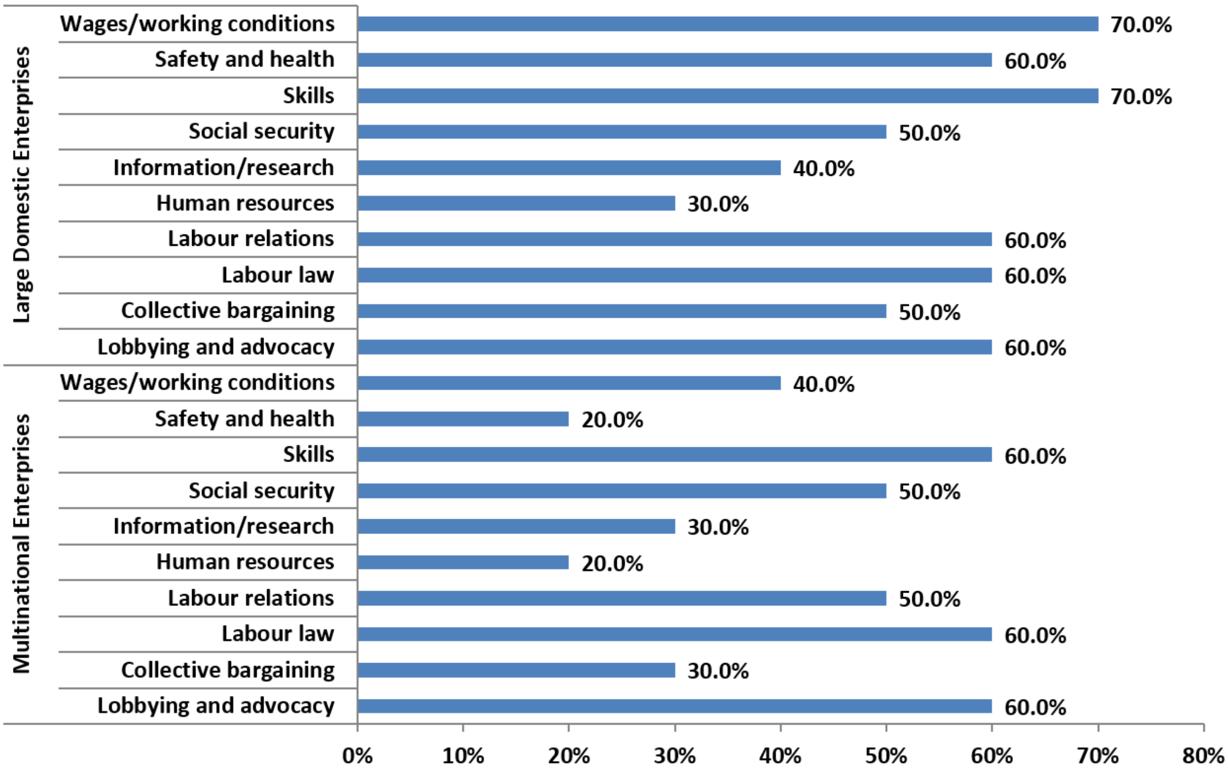
D. Labour-Related Services

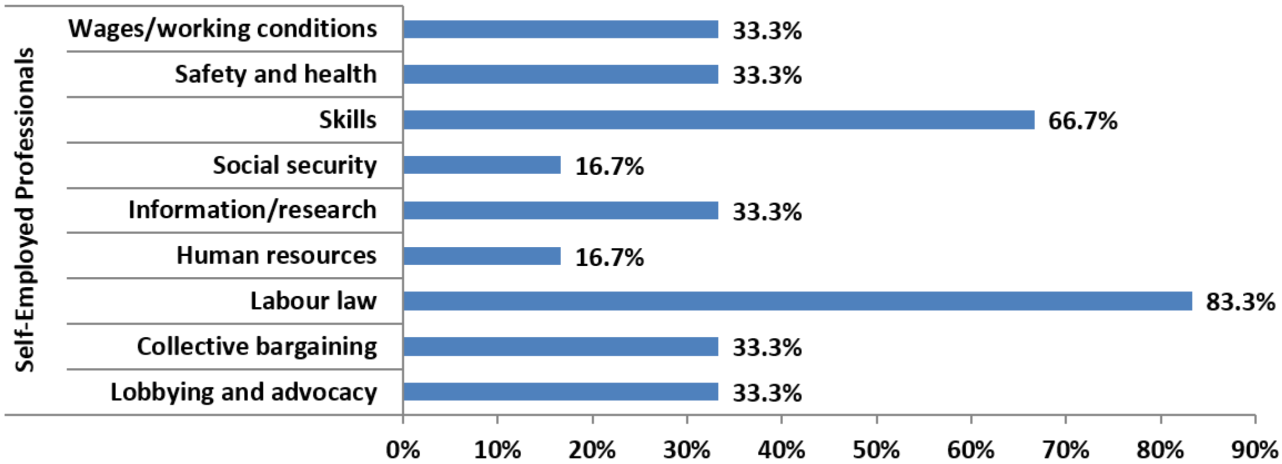
1. *In your experience, what kinds of labour-related services do different categories of your membership value the most?*

	Lobbying and advocacy	Collective bargaining	Labour law	Labour relations	Human resources	Information/ research	Social security	Skills	Safety and health	Wages/working conditions
Small-sized enterprises	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Medium-sized enterprises	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Large domestic enterprises	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Multinational enterprises	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
State Owned/Public sector enterprises	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Regional/district associations	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Self-employed/professionals	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



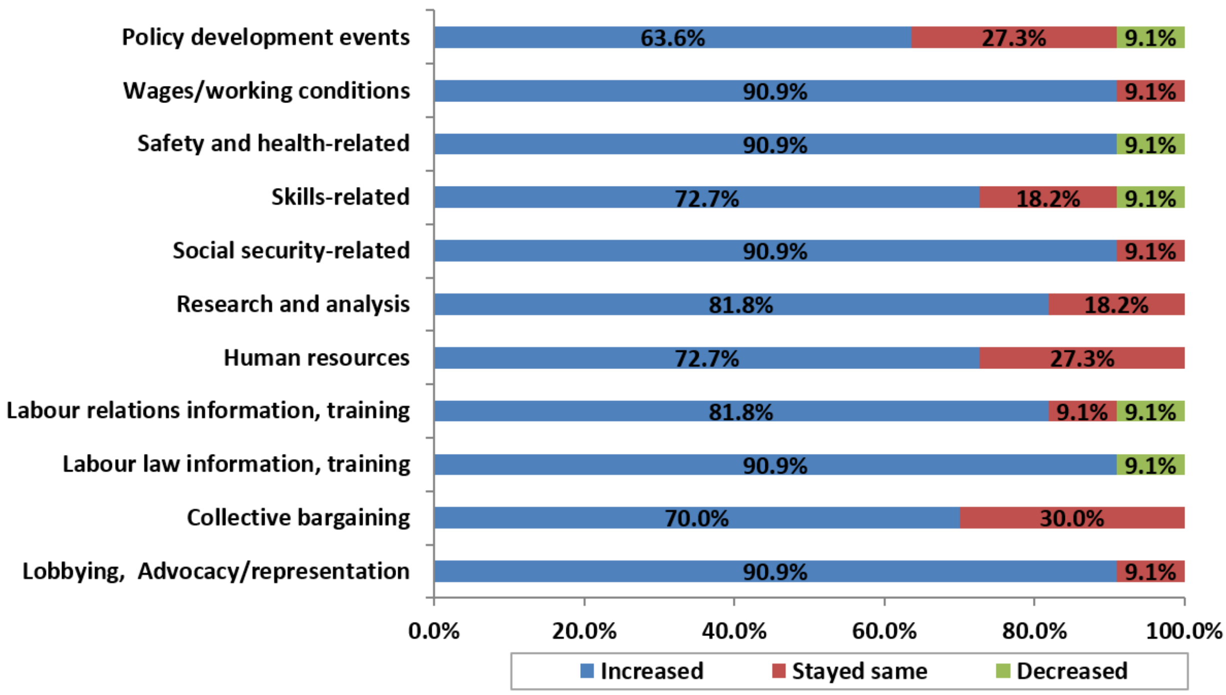

State Owned/Public Sector Enterprises
Wages/working conditions 60.0%
Safety and health 50.0%
Skills 50.0%
Social security 50.0%
Information/research 20.0%
Human resources 20.0%
Labour relations 30.0%
Labour law 70.0%
Collective bargaining 50.0%
Lobbying and advocacy 50.0%
Regional/District Associations
Wages/working conditions 30.0%
Safety and health 10.0%
Skills 50.0%
Social security 30.0%
Information/research 40.0%
Human resources 20.0%
Labour relations 40.0%
Labour law 60.0%
Collective bargaining 20.0%
Lobbying and advocacy 50.0%
0% 10% 20% 30% 40% 50% 60% 70% 80%


Large Domestic Enterprises
Wages/working conditions 70.0%
Safety and health 60.0%
Skills 70.0%
Social security 50.0%
Information/research 40.0%
Human resources 30.0%
Labour relations 60.0%
Labour law 60.0%
Collective bargaining 50.0%
Lobbying and advocacy 60.0%
Multinational Enterprises
Wages/working conditions 40.0%
Safety and health 20.0%
Skills 60.0%
Social security 50.0%
Information/research 30.0%
Human resources 20.0%
Labour relations 50.0%
Labour law 60.0%
Collective bargaining 30.0%
Lobbying and advocacy 60.0%
0% 10% 20% 30% 40% 50% 60% 70% 80%



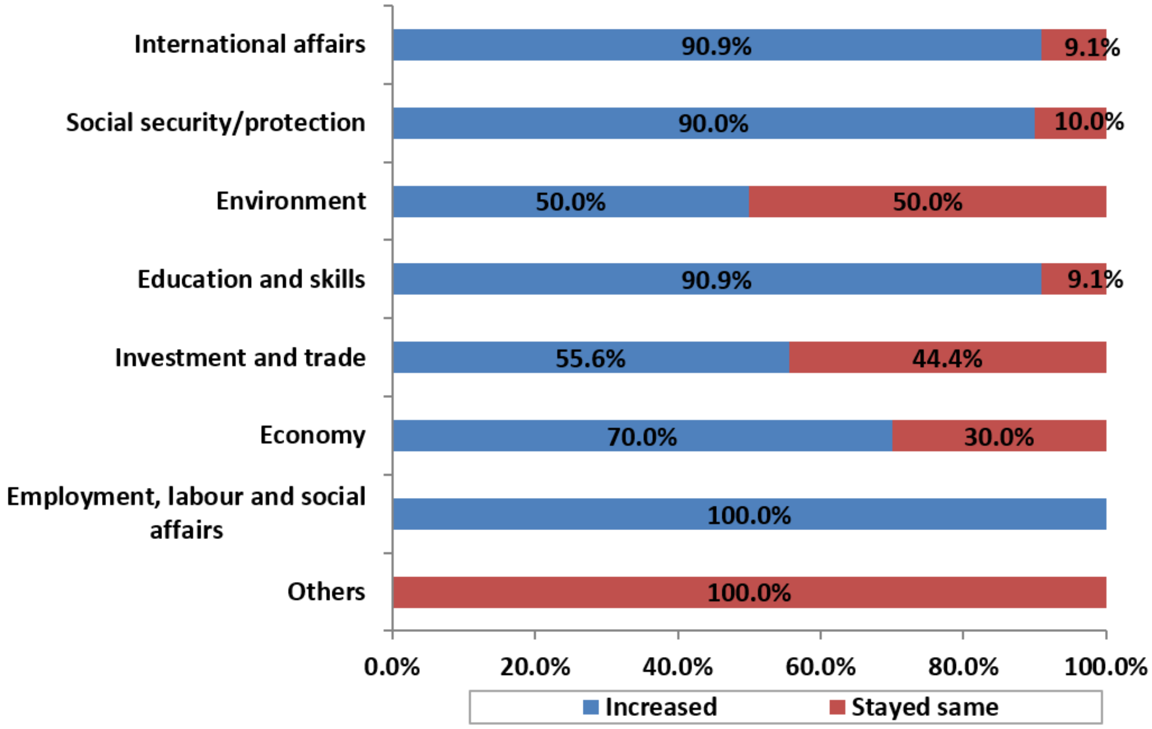
Unlike bigger enterprises, the primary services that small-sized enterprises demand from EOs are human resources, followed by labour law, wages/working conditions and skills. The top three services that medium-sized firms request are labour law, skills and collective bargaining. Large domestic enterprises look for EO support on wages/working conditions and skills, followed by safety and health, labour relations, labour law and lobbying and advocacy. Multinational firms, on the other hand, demand assistance on skills, labour law and lobbing advocacy. State-owned/public sector enterprises, regional/district associations and self-employed/professionals mostly look for services related to labour law from EOs.

2. *In your experience has the volume of services sought by your members in the following categories increased, stayed the same or decreased since 2006?*



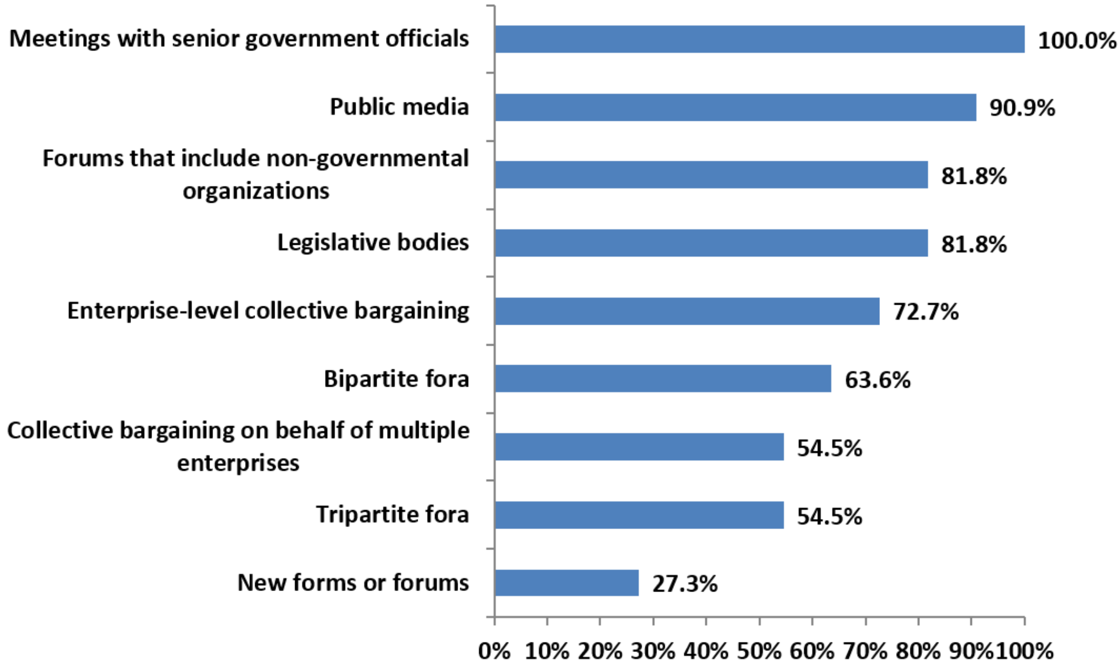
The majority of responses point to an increase in all services demanded by members whereas a small majority indicated that the demand for services such as policy development events, safety and health-related, skills-related, labour relations information, training and labour law information, has actually decreased.

3. *Have your lobbying services in the following policy areas increased, decreased or stayed the same since 2006?*



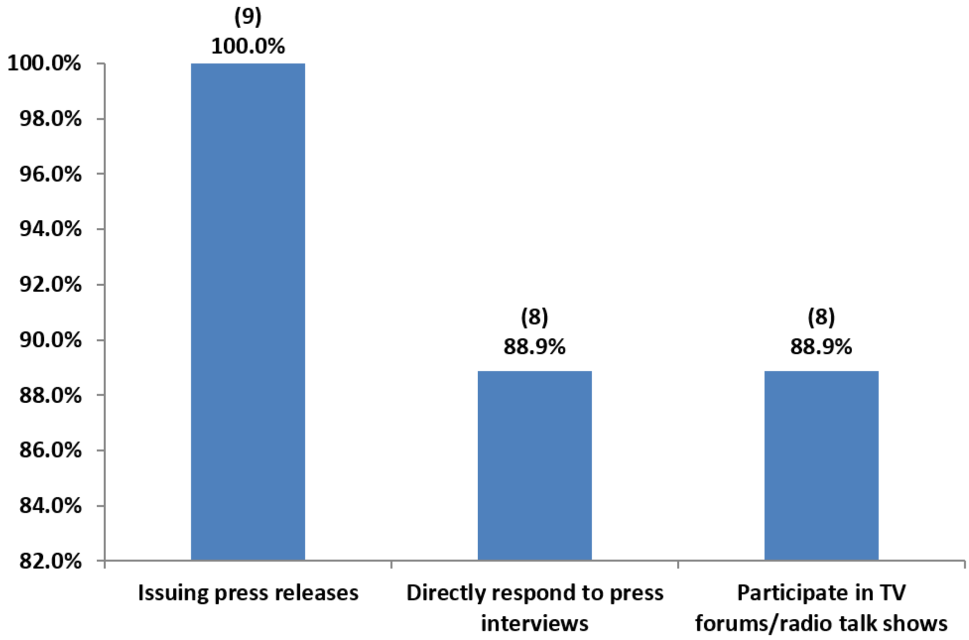
When focusing specifically on lobbying services, all EOs have seen an increase in demand for lobbying services related to employment, labour and social affairs. Almost 90% of responses pointed to an increase in lobbying services on international affairs, social security/protection and education and skills. Half of the EOs experienced no change in lobbying services linked to the environment.

4. *In how many forums/forms does your organization engage to promote/defend member interests?*



The main forums that most EOs engage in include all of the above with the exception of new forms or forums.

5. *In promoting/defending member interests, do you engage with the media?*

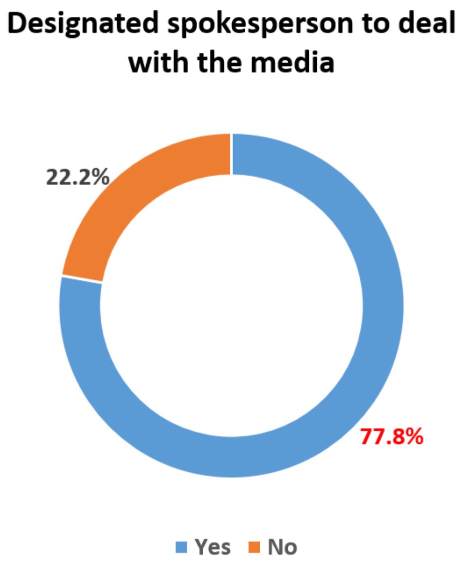


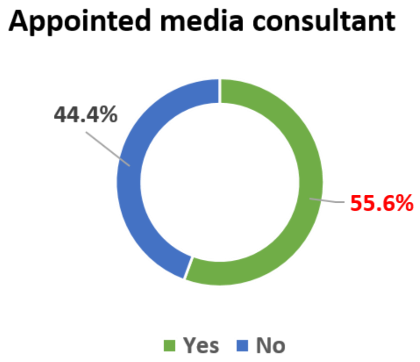
Most EOs engage with the media through issuing press releases. However, an equal number of EOs also have another active role in relation to the media: either through responding directly to press interviews or through participating in TV forums/radio talk shows.

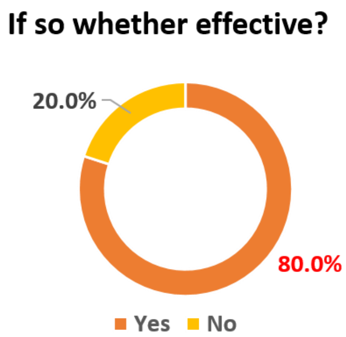
6. *Is there a designated spokesperson to deal with the media for your organisation?*

7. *Had your organisation ever appointed a media consultant?*

8. *If so was it effective?*







The majority of EOs admitted that they have a designated spokesperson to deal with the media and almost half of them admitted to appointing a media consultant. If the EO had previously appointed a consultant, the response has been predominantly positive, that is, the EO has found the work of the consultant useful and effective to its members.

9. *Has your organisation identified new membership needs over the past 6 years that it had not been addressing and needs to respond to now?*

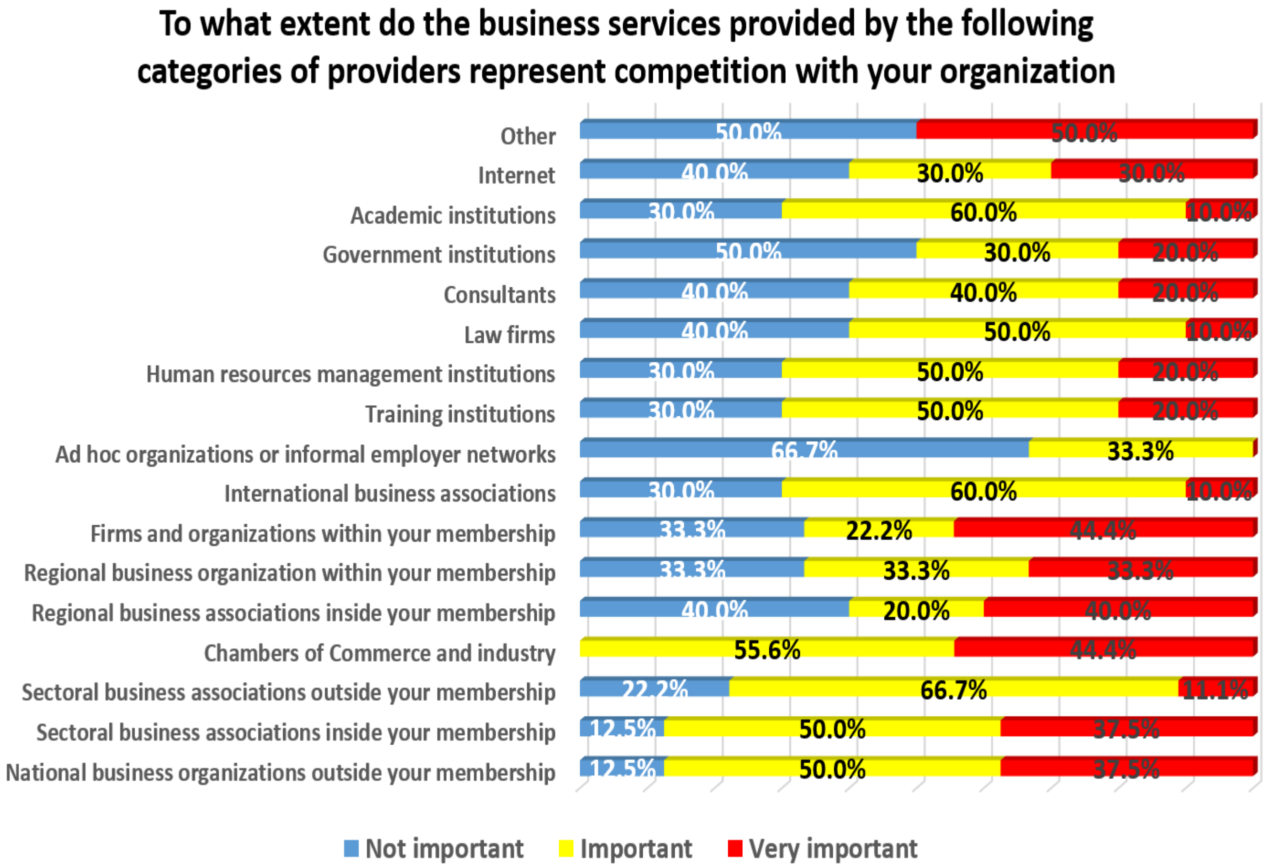
In general, most EOs identified new membership needs on training. Some common areas for training include training on a number of issues such as on labour law, on upskilling and on industrial relations. An interesting need that was proposed is enterprise innovation.

<u>Insights</u>

EOs increasingly have a broad scope of issues to look into. In addition, the fact that their members are diverse means that they demand a wide range of activities, which requires the EO to be agile and an all-rounder. Nevertheless, the role of advocacy and lobbying remains key for the EO and therefore its public presence is increasingly called for. Services increasingly need to be customised to the specific needs of the company.

E. Other Service Providers to Business

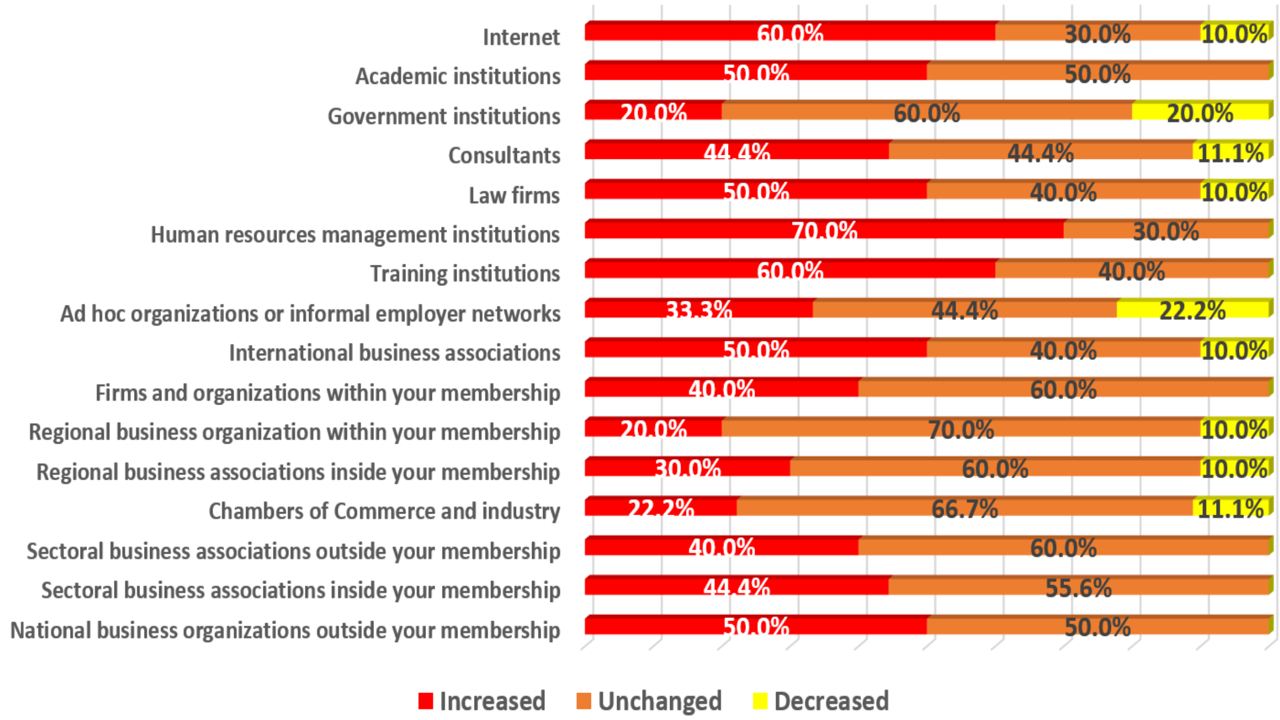
1. *Who delivers services to membership on behalf of your organization and how many of them are there each year for the following categories of services?*



The important sources of competition for EOs, according to the responses received are Chambers of Commerce and Industry, followed closely by sectoral business associations within EO membership and national business organisations outside EO membership. Strikingly, most EOs did not consider ad hoc organisations or informal business networks as competition.

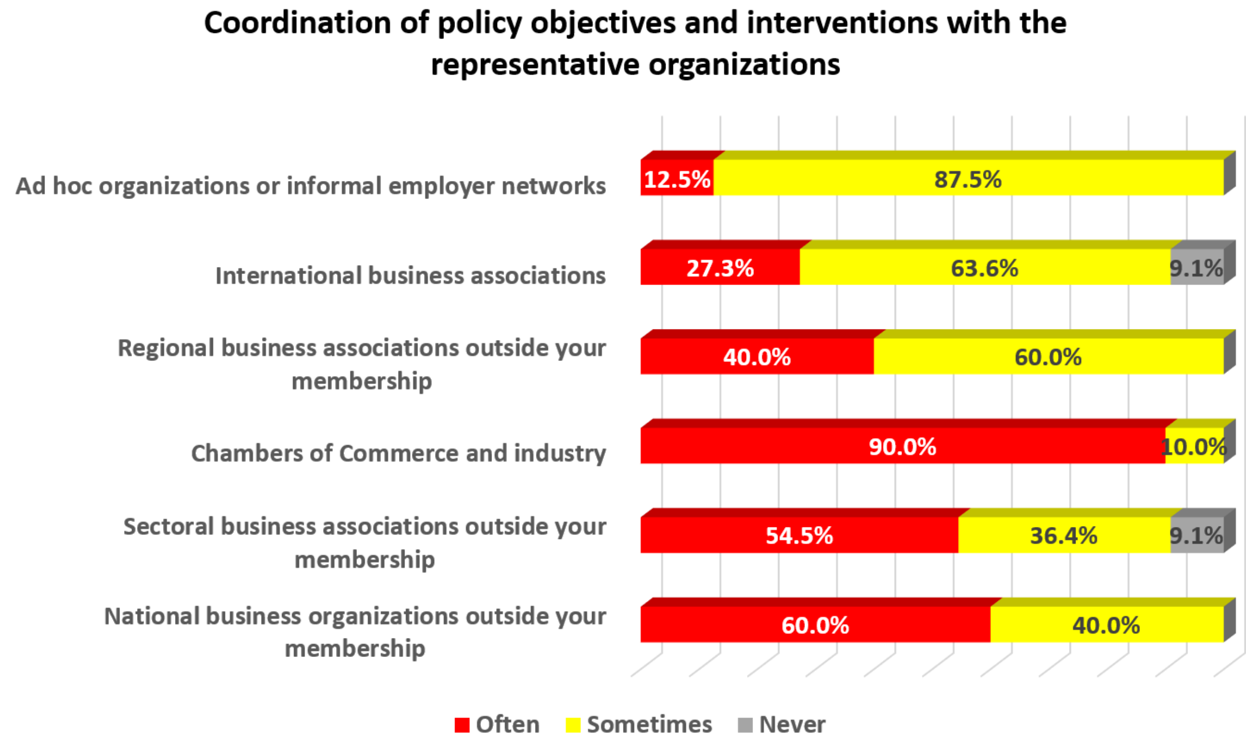
2. *Has competition from the categories of providers increased, not changed or decreased since 2006?*

Competition from the providers increased, not changed or decreased since 2006?



Most importantly, EOs saw an increase in competition coming from human resources management institutions (70%), followed by the internet (60%), training institutions (60%), academic institutions (50%), law firms (50%) and international business associations (50%). For the most part, competition from all sources remained unchanged.

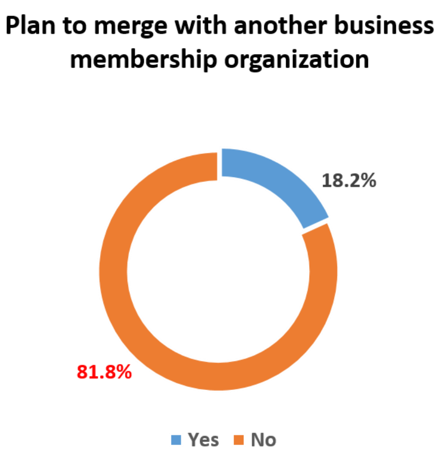
3. *How often does your organization coordinate policy objectives and interventions with the following business representative organizations?*

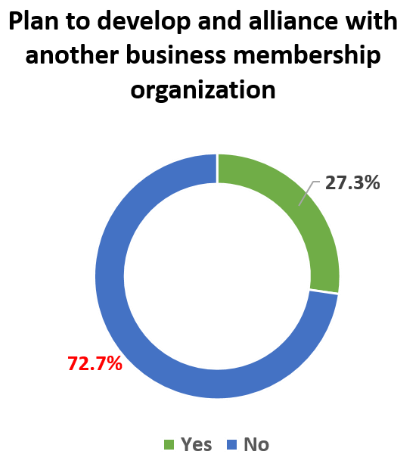


Most EOs agreed that they often coordinated policy objectives and interventions with Chambers of Commerce and Industry (90%) and to a smaller extent, with national business organisations outside their membership (60%) and with sectoral business associations outside their membership (54.5%). Interestingly, 87.5% of EOs sometimes coordinated their policy objectives with ad hoc organisations or informal employer networks. This may explain why such organisations were not considered a threat as in the earlier question.

4. *Do you currently plan to merge with another business membership organization?*

5. *Do you currently plan to develop an alliance with another business membership organization?*





The vast majority of EOs acknowledged that they had no intention to merge with another business organisation nor do they plan to develop an alliance with another business membership organisation.

<u>Insights</u>

EOs in the region face the strongest competition from Chambers of Commerce and Industry. Nevertheless, they see value in working together, at least when it comes to coordinating policy objectives and interventions. Despite the competition faced, not only from Chambers of Commerce and Industry, EOs do not have any intentions to merge or develop an alliance with other membership organisations. This may reflect the strong belief that EOs maintain a special position as one of the tripartite constituents involved in framing labour policies and legislation.

F. Innovation

1. *Has your organization adopted new technology, new organizational arrangements, operational practices and/or working methods, over the past few years in order to improve your policy influence and/or direct services to members, reach out to potential members, leverage efficiencies or generate more income?*

Description of Innovation	Reason for Adoption	Assessment/Lessons Learned
Online services	Save time and money and provide prompt service	It has benefitted the EO and is well appreciated by members
Mobile application	Provide timely response to members on any kind of business issue	It has been a challenge to get members to use this
E-newsletter	Reach out to as many readers as possible	The newsletter needs to be regularly updated

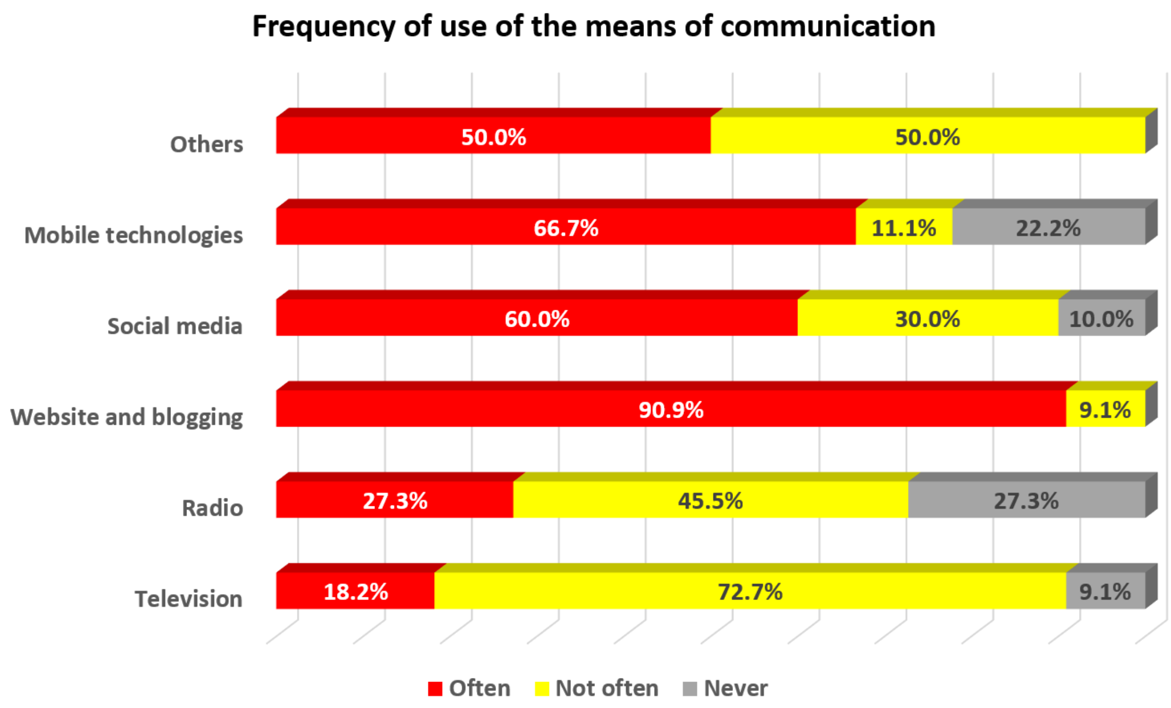
Website	Members expect EOs to adopt and cope with new technology	It has been appreciated by members
Membership WeChat	Convenient and cheap	It has been appreciated by members and facilitates an easy exchange of information between members
Capacity building	Acquisition of technical skills and respond to demand for new services	It has led to delivery of better and more direct services
Mechanism on lobbying activities	Better coordination among employer groups, proactive participation/involvement in tripartite consultations	It has broadened the consultation base and has resulted in member-driven outcomes
Tracking/monitoring	Enable EOs to be proactive rather than reactive to policy changes	It allows for better and more relevant lobbying efforts
Needs-based training services	Cope with the requirements of a more demanding market and with competition from other training providers	It helps to focus design and delivery of training services and results on EOs being recognised as the lead training provider
Helpdesk	Generate additional revenue and deliver responsive and direct services to members, notably micro, small and medium sized enterprises	The results are still to be tallied
Video conferencing	Close the communication barrier in areas outside of EO headquarters	It has been well-received and has facilitated an improved exchange with members not based in EO headquarters
Consumer Relationship Management	Keep proper records of members on service delivery and their level of service utilization	It has led to improved member relationships and has engaged even the most inactive members
Online survey platform	Improve communication with members	It has led to improved member relationships
E-book	Allow members to access policy documents	Members have been able to access a wide range of references and position papers by EOs over a substantial period of time
E-magazine	Respond to members' preference to receive soft rather than hard copies of documents	More members access the e-magazines including those not subscribed to receive them
Online lectures	Allow members to take courses online	It is an affordable option in terms of cost and travel time
Member portal	Replace hard copies with soft copies	It has reduced the cost of mailing papers to members

Insights

Many of the innovation strategies proposed by the responding EOs make use of new technology, specifically Information and Communications Technology (ICT), in order to better connect with the members, especially those who are geographically far away from the headquarters of the EOs. Responding to member needs and maintaining close relationships with their members seem to be the strongest motivators for the adoption and utilisation of new technology, on top of cost factors. EOs, thus, recognise their role of service providers and focus unilaterally on a better delivery of services. For the moment, new technology only seems to help with the connections and the networking. However, it is not yet clear if EOs use new technology to improve their advocacy/lobbying efforts to lead to better policy outcomes.

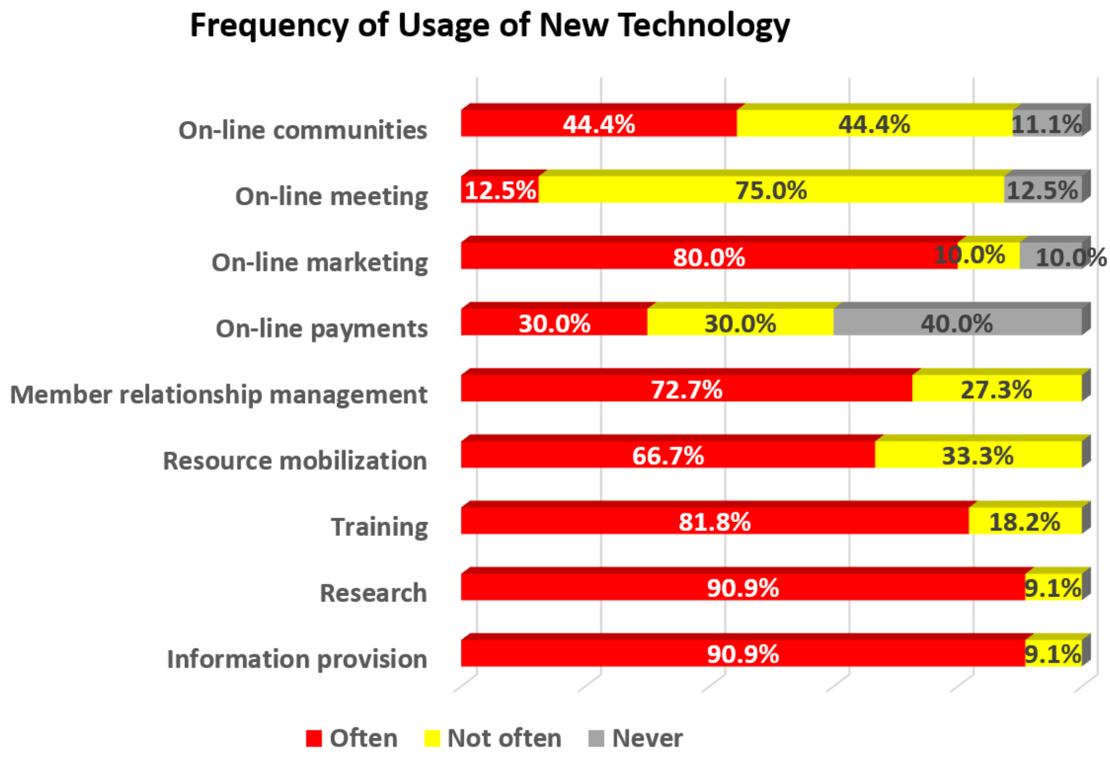
G. Communication Strategies and the Use of Technology

1. How frequently does your organisation use the respective means of communication?



Most EOs admit to using website and blogging most often (90.9%), followed by mobile technologies (66.7%) and social medial (60%). The least frequently used means of communication for most EOs seems to be television (72.7%).

2. How frequently does your organisation use new technology for the respective purposes?

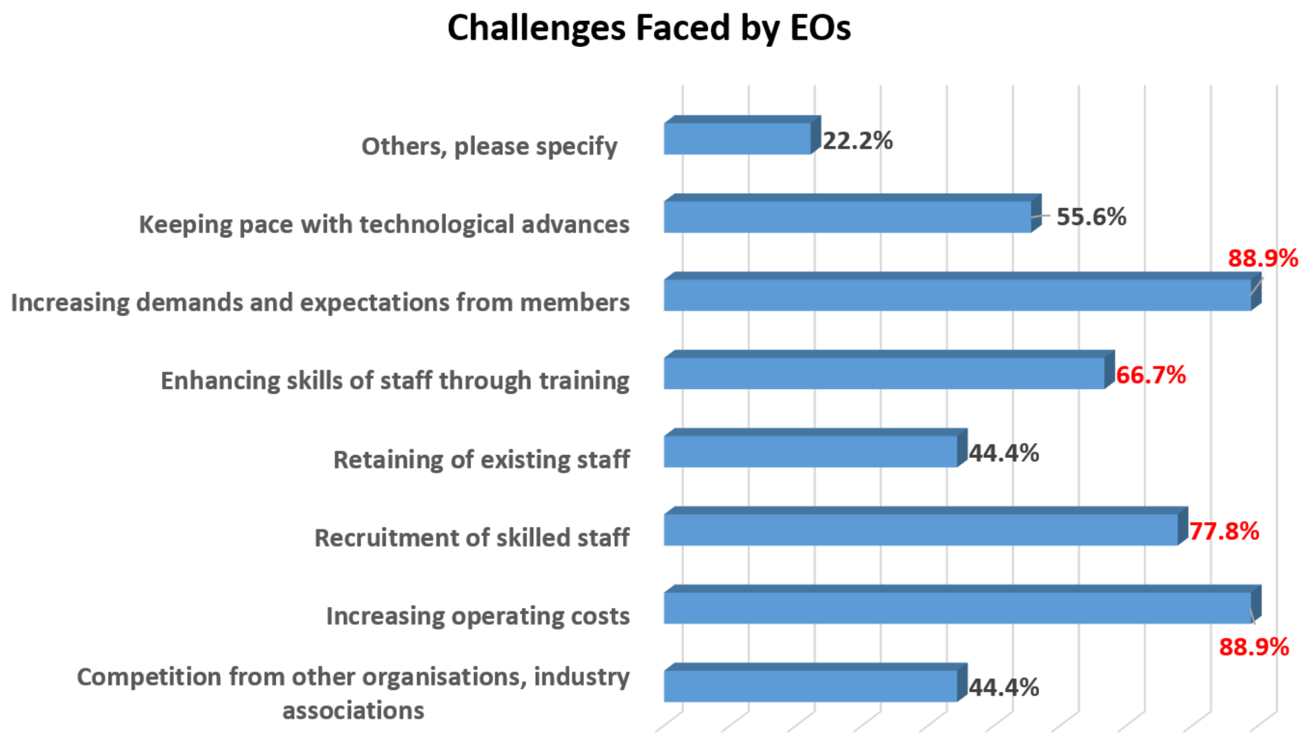


When looking at the use of new technology, the majority of EOs (90.9%) use new technology most frequently for research and information provision. In addition, 81.8% frequently use new technology for training, while another 80% have used it for on-line marketing purposes. Interestingly, 40% of EOs indicate that they never use new technology for on-line payments, preferring to obtain payments through alternative means.

<u>Insights</u>

Most EOs use mobile technologies and website/blogging. When it comes to the use of new technology, unlike previous responses, the motivation to use new technology is first and foremost for research and information provision rather than for member relationship management. It may well be that EOs have always made use of new technology to build up their advocacy/lobbying capacity. That is why, when attempting to innovate, they focus on improving member relationships, which they seem to have not invested in sufficiently through the use of new technology.

H. Challenges faced by EOs



An equal proportion of EOs (88.9%) have pointed to increasing demands and expectations from members as well as increasing operating costs to be the key challenges faced by EOs in the Asia-Pacific region. A smaller percentage (77.8%) have ranked recruitment of skilled staff as a challenge, followed by enhancing skills of staff through training (66.7%).

Insights

Globalisation, the need to address climate change, and demographics on one hand and technological drivers on the other, are penetrating all layers of the business environment, affecting the relationships, actors and institutions that shape it. Some traditional roles and functions of organisations representing business may need to be reviewed in this context. In particular, new ways of doing business and managing production, increasingly diverse membership, emerging policy concerns, new competition pressures and opportunities are compelling employers' organisations and business associations to adapt and transform their roles and organisational models to meet the new expectations of their members. New and innovative ways of delivering direct services are being devised in pursuit of greater efficiency, effectiveness and relevance.

The future of employers' organisations and business associations as a social partner, key labour market institution and governance actor will have a strong impact on the way in which industrial relations will play out at various levels.

As mentioned in the Introduction, there is still much work to be done before one can say for certain how the roles and mandate of EOs will evolve in the future. Nevertheless, the survey done by CAPE-IOE-ACTEMP is a first step in the right direction in understanding how EOs in

Asia-Pacific have evolved in the last 10 years, and how they themselves see their evolution in the years to come based on the changing world of work. There are interesting insights to be gleaned in the responses provided. Moving forward, this background note will serve as the basis for further research/analysis that will serve to provide a better understanding and analysis of business representative organisations, their role in social and economic development, and their evolving institutional roles and organisational functions. We believe that such an analysis, will also need to take into account the significant differences between countries within the region.