



What are firms looking for from employers' associations and what do employers' associations have to offer?

Evidence from Greece*

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1 Introduction

According to the so-called Visser database, density of membership in employers' associations in Greece, measured as the percentage of private sector employees working in firms that are members of employers' associations over all employees in the private sector, stood at 33% in 2017. Compared to other EU countries this density figure is on the low side and is at a par with that in the UK.

Looking into the reasons driving firms' participation in employers' associations is the issue this paper addresses. The analysis is based on a survey conducted during 2021 in a sample of a little over 400 private sector firms from all sectors of economic activity in Greece. In addition, we have collected data from employers' associations.

The questionnaire to firms provides information on firm demographics (sector of economic activity, firm size in terms of employees, skill composition of the workforce, exporting activity); information on whether wages are being set through collective wage bargaining and what the level at which bargaining takes place is (firm, sector, occupation); views on collective bargaining

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at sectoral level and on the extension of agreements; presence of unions (or other forms of work organization); membership in an employers' association and amount of fees for those who are members; reasons for being a member and reasons for not being a member.

The questionnaire to employers' associations asks them about the services they offer to firms, principles of corporate governance and views (advantages and disadvantages) on the extensions of collective agreements. This method of looking into the matter of EA membership has the advantage that firms reveal their reasoning directly.

The paper confronts the data with hypotheses derived from the theoretical literature on the determinants of membership in employers' associations. The following gives some examples of the hypotheses being tested:

- International competition and membership in employers' associations. On the one hand, we expect firms with exporting activity to want to be more flexible thus not tied up with sectoral agreements and being members of EAs and, on the other hand, wanting to take advantage of the network advantage of being a member in an EA.
- Organized labour – theory argues that employers are more likely to be members of employers' associations the more organized labour is (e.g. Crouch, 1993). We thus expect to find that firms are more likely to be members of EAs when workers are also organized.
- Extension practices – the theoretical discussion argues that in face of extensions of sectoral collective agreements firms become more proactive and join EAs to have their voice heard when agreements are developed.

The rest of this paper is organised as follows; the next section (Section ??) presents a brief description of the survey.

2 A brief description of the survey¹

There are two main types of collective employers' organisations in Greece:

1. Chambers of Industry and Commerce and
2. Employers' Associations

¹Survey questionnaires can be found at www.emprep.eu.

Employers' Associations (EAs) are engaged in collective bargaining and can be distinguished - according to the legal status of their members (individuals, companies, federations, confederations) to peak associations, first and second-level organisations. Representatives of peak EAs, which also negotiate the conditions of employment at national level and used to negotiate the minimum wage, sit on the board of the manpower employment organization (OAED) 3 from the Hellenic Federation of Enterprises (SEV), 1 from the Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE) and 1 from the Hellenic Confederation of Commerce and Entrepreneurship (ESEE).

For the survey conducted we performed a census of all employers' associations active in Greece; a list was constructed using the publicly available information on members of employers' associations. Around 1300 organizations were contacted in total. The non-response rate was large not only because employers' associations refused to reply but because the list contained organizations which were not EAs in the proper definition of the term. In total around the replies of around 100 EAs could be used.

Regarding the firms surveyed we drew a sample of firms and ended up with a little over 400 (412 firms) in the sample. While firms of all sizes are included in the sample, there are fewer smaller (≤ 10 employees) firms than in the economy. Firms from all sectors of economic activity are included in the sample. Around 8.5% of firms in the sample report being members of an employers' association. The percentage of firms enforcing a sectoral collective agreement is higher at 24.5% as membership in an EA is not mandatory and sectoral collective agreements get extended. Around 5% of firms enforce a firm-level collective agreement. Only around 5% of firms have some form of formal employee representation (3.4% have a firm-specific trade union and 1.7% have an association of persons).

The features of firms in the sample are presented in Figure 1.

The main reasons firms put forward for joining an employers' association are business related; solving sectoral issues of a business nature and increasing bargaining power with respect to the government. Training is also important for businesses. Saving on negotiating costs with employees or increasing bargaining power with respect to employees are low in the reasons put forward by firms.

The main reasons firms put forward for not joining an employers' association are that existing EAs do not suit their business interests, firms prefer autonomy and only a very small share of firms declares the membership fee as impacting on the decision to join an EA.

Around 45% of firms consider that the interests of firms in the sector are not taken into

Figure 1: Features of firms in the sample

Variable	Mean	EA=1	EA=0	EA membership
Collective bargaining (0/1)				
Employer association	8.03	100	0.00	-
Trade union	3.63	12.90	2.82	28.57
Sectoral agreement	20.47	58.06	17.18	22.78
Firm-level agreement	1.30	0.00	1.41	0.00
Sectoral & firm-level agreement	3.11	12.90	2.25	33.33
Firm-specific attributes				
Market concentration (HHI, 0-100)	10.70	17.21	10.13	-
Exporting activity (0/1)	15.80	38.70	13.80	19.67
Sales above median (0/1)	49.75	80.64	47.04	13.02
Skill distribution; Low skilled (% of workforce)	37.46	25.03	20.61	-
Skill distribution; Medium skilled (% of workforce)	20.96	50.09	37.92	-
Skill distribution; Highly skilled (% of workforce)	38.90	24.87	41.46	-
Age more than 10 years (0/1)	62.18	83.87	60.28	10.83
Employees 1-9 (0/1)	45.34	25.81	47.04	4.57
Employees 10-49 (0/1)	41.71	51.61	40.85	9.93
Employees 50 or more (0/1)	12.95	22.58	12.11	14.00
Firm's location: Attika (0/1)	56.74	67.74	55.77	9.58
Sector of economic activity (0/1)				
Agriculture, forestry and fishing	2.85	0.00	3.10	0.00
Mining and quarrying	0.52	3.23	0.28	50.00
Manufacturing	14.25	19.35	13.80	10.90
Electricity, gas, steam and air conditioning supply	1.04	0.00	1.13	0.00
Water supply; sewerage, waste management and remediation activities	0.78	0.00	0.85	0.00
Construction	5.70	3.23	5.92	4.54
Wholesale and retail trade; repair of motor vehicles and motorcycles	14.50	12.90	14.65	7.14
Transportation and storage	3.89	6.45	3.66	13.33
Accommodation and food service activities	7.51	19.35	6.48	20.68
Information and communication	1.81	3.23	1.69	14.28
Financial and insurance activities	3.11	0.00	3.38	0.00
Real estate activities	0.78	0.00	0.85	0.00
Professional, scientific and technical activities	15.54	3.23	16.62	1.67
Administrative and support service activities	5.44	0.00	5.92	0.00
Education	1.81	3.23	1.69	14.28
Human health and social work activities	3.63	6.45	3.38	14.28
Arts, entertainment and recreation	1.55	6.45	1.13	33.33
Multi-sectoral activity	15.28	12.90	15.49	6.77

account in sectoral collective negotiations. Firms are evenly split regarding their support to the extension of collective agreements. Those that are not in favour consider that extensions lead to an increase in labour costs and bring firms before decisions that are taken elsewhere and cannot be changed. On the other hand, firms that are in favour of the extension of collective agreements consider them helpful in reducing unfair wage competition and in reducing wage inequality.

3 Regression analysis

The purpose of the analysis is to establish the determinants of membership in an EA and of the presence of a union at the level of the firm. Determinants include the type of collective agreement enforced in the firm and firm-specific attributes: market concentration (HHI), exports, sales, skill distribution of the workforce, age of the firm, firm size (number of employees), firms' location and sector of economic activity. Results are presented in Figure 2

Figure 2: Marginal effects from logit and binary logits respectively

	Binary Logit		Bivariate Probit		
	EA	TU	EA=1; TU=0	EA=0; TU=1	EA=1; TU=1
Market concentration (HHI, %)	.0013** (.0006)	-.0001 (.0008)	.0013** (.0006)	-.0005 (.0005)	-.0001 (.0002)
Exporting activity (0/1)	.0929** (.0396)	.0284 (.0361)	.0766** (.0328)	.0181 (.0243)	.0212 (.0146)
Sales above median (0/1)	.0567*** (.0211)	.0300 (.0270)	.0400* (.0232)	.0187 (.0200)	.0108* (.0064)
Highly skilled workforce >50% (0/1)	-.0487** (.0212)	-.0334** (.0159)	-.0437** (.0182)	-.0240** (.0109)	-.0121** (.0047)
Age more than 10 years (0/1)	.0599** (.0267)	.0287* (.0173)	.0450** (.0259)	.0163 (.0117)	.0104* (.0058)
Employees 10-49 (0/1)	.0072 (.0375)	-.0160 (.0179)	.0152 (.0347)	-.0140 (.0128)	-.0032 (.0056)
Employees 50 or more (0/1)	.0092 (.0421)	.0143 (.0364)	.0049 (.0398)	.0086 (.0256)	.0039 (.0097)
Attika (0/1)	.0379 (.0289)	-.0156 (.0216)	.0317 (.0246)	-.0159 (.0158)	-.0011 (.0074)
Pseudo R ²	.1545	.1254	-	-	-
Firms	386	386	386		

Source: Survey of Greek firms (2021) and ICAP.
Notes: Estimates are average marginal effects. In parenthesis robust standard errors with clustering at the industry level (1 digit).
*** 1%, ** 5%, * 10%.

The results confirm those reached in the literature: larger and older firms suggest that the higher market concentration i.e. the lower competition, the more likely membership in an EA.

Membership in the TU is not affected by market concentration. Exporting activity is associated with a higher probability of membership in an EA and appears less likely when a trade union is present. Firms with a high share of very skilled workers appear less likely to be members of EA and less likely to have a TU present.

Finally, trying to explain which type of collective agreement is signed in a firm: a sectoral agreement, a firm-level agreement

Figure 3: Average marginal effects of type of collective agreement signed

	Specification A			Specification B			Specification C		
	[1]	[2]	[3]	[1]	[2]	[3]	[1]	[2]	[3]
Employer association (0/1)	.294*** (.106)	-.015** (.006)	.172 (.110)	-	-	-	.296*** (.106)	-.016** (.006)	.142 (.099)
Trade union (0/1)	-	-	-	.169 (.125)	.200* (.111)	.233* (.126)	.133 (.141)	.251* (.132)	.187 (.124)
Pseudo R ²	.1992								
Firms	386								

Source: Survey of Greek firms (2021) and ICAP.

Notes: Estimates are average marginal effects (Multinomial Logit). In parenthesis robust standard errors with clustering at the industry level. All models includes as additional correlates the set of variables presented in Table2.

[1]: Sectoral agreement; [2]: Firm-level agreement; [3]: Sectoral & Firm-level agreements

*** 1%, ** 5%, * 10%.

The results suggest (see Figure 3) that EA membership is more important for a sectoral agreement than TU presence, that EA membership is negatively associated with a firm-level agreement but trade union presence is positively associated with a firm-level agreement.

4 Summary & conclusions

Asking firms of why they do or do not join employers' associations is one of the safest ways of finding out the decision mechanism. The results reveal that EAs are considered for companies mainly for business-related matters. Given the above, firms that are active in areas in which EAs

have not developed an interest cannot see a reason for joining. This hints to the need for EAs to become more comprehensive in terms of the business sectors they cover.