

CHAPTER 2

LITERATURE REVIEW

Introduction

The purpose of this chapter is to review the literature relating to employers' associations and draw insights that may be helpful in understanding the history of the Master Builders Association of New South Wales (MBA/NSW). The chapter will initially highlight the limitations of the literature in dealing with a state based employers association such as the MBA/NSW. It will then examine the general literature on employers associations particularly in regard to issues such as the formation of employers associations, the ideology of employers associations, membership and structure, internal government and functions.

The Limitations of the Literature

Many researchers ignore the diverse and complex role played by employer associations. For example, David Plowman limited the definition of 'employer associations' to those that have some involvement in industrial relations.¹ Plowman's research focused on the effect of Australia's compulsory conciliation and arbitration system,² and on the activities of state-based federations of employer associations and peak employer organisations within the federal sphere.³ On the other hand, Dufty analysed the occasional difficulties for federal bodies in achieving a united front among their state-based branches, by considering the establishment of the National Industrial Executive (NIE) by the federation of state MBAs (the Master Builders Federation of Australia – MBFA).⁴

Plowman concluded that employers' attempts to co-ordinate prior to the advent of compulsory arbitration were transitory. This thesis will also challenge Plowman's claim of a

¹ David Plowman, 'Employer Associations in New South Wales', *Journal of Industrial Relations*, vol. 24, no. 3, 1982, p. 383.

² For example: David Plowman, 'Employer Associations and Industrial Reactivity', *Labour & Industry*, vol. 1, no. 2, June 1988, pp. 287-305.

³ David Plowman, *Holding the Line: Compulsory Arbitration and National Employer co-ordination in Australia*, Cambridge University Press, Melbourne, 1989, pp. 17, 29.

relationship between compulsory arbitration and permanent employer associations as the MBA/NSW was formed prior to the introduction of compulsory arbitration and continued as a permanent organisation into the new millennium. Plowman also claimed that once formed employer associations behaved reactively within the compulsory arbitration systems. One reactive approach suggested by Plowman was that the policies of employer associations were *ad hoc* due to policing difficulties,⁵ - Windmuller, in supporting that view, suggested that it went as far as to a 'no policies' approach.⁶ Such a conclusion is not appropriate to the MBA/NSW who actively promoted and policed its policies during its first 100 years. Barry, however, argued that 'associations adopting only general or even no-policy policies should not be considered to be reactive, but rather simply accommodating to organizational constraints'.

In fact, Barry claims Plowman's reactivity theory to be 'inadequate to a general understanding of employer combination and behaviour',⁷ criticising Plowman's conclusion of reactivity due to the employer association's opposition to the arbitration system in lieu of any attempt to make the system work to their advantage. Barry also found deficiency in Plowman's comparison of Australian employer reactivity with the initiative of European employers who reached a compromise with unions in which employer managerial rights were recognised. Barry concluded:

*Indeed, all that the distinction really illustrates is the exceptionalism of compulsory arbitration. When pursued to its logical conclusion, Plowman's argument in fact becomes circular. Thus, Australian employers should be considered reactive because they did not initiate the state intervention that brought them into existence.*⁸

Despite a focus on industrial relations, employer associations also have other functions such as lobbying governments to introduce, amend or repeal legislation to cover aspects of members' commercial operations. Windmuller observed that in their formative years some

⁴ Norman F. Dufty, 'Employers associations in Australia' in John Windmuller and Alan Gladstone (eds.), *Employers Associations and Industrial Relations: A Comparative Study*, Clarendon Press, Oxford, 1984, pp.132-136

⁵ David Plowman (1988), *Op Cit*, pp. 288 and 305

⁶ John Windmuller, 'Employer Associations in comparative perspective: organization, structure, administration', in John Windmuller and Alan Gladstone (eds.), *Op Cit*, p.20.

⁷ Michael Barry, 'Employer Associations: Assessing Plowman's Reactivity Thesis', *Journal of Industrial Relations*, vol. 37, no. 4, 1995, p. 557

associations pursued both trade and labour objectives and that increased government intervention increased demand for services from member companies. Windmuller also identified the fact that both the product market and the labour market were significant factors in the emergence of permanent employer associations.⁹

Little research has been conducted into single industry associations and most research of employer associations in Australia has ignored the historic relevance of state employer associations,¹⁰ which were established in the colonial era and have a continuing strong influence. These associations have also had to come to terms with the demands of Australia's dual system of federal and state industrial relations jurisdictions. The literature has tended to focus on employers at the federal level due to the enormous role played by the federal compulsory conciliation and arbitration/awards system. However, this focus ignores that both federal *and state* compulsory arbitration systems have influenced the shape and the character of employer associations in Australia. Frank De Vyver, for example, attempted to identify neither the various industrial systems within Australia nor the difference between national and state-based employer associations, and merely commented on the effect on employer associations generally of its compulsory arbitration systems.¹¹

While the literature has ignored the state-based employers associations, it does provide insights into a number of issues relating to employers associations. These issues include the formation, development, ideology, membership, structure, internal government and functions of employer associations. However, current models for analysing employer associations tell us nothing about the dynamics behind the fact that some associations thrive or survive whilst others wither or expire.

⁸ Ibid, p.548

⁹ John Windmuller, 'Employer Associations in comparative perspective: organization, structure, administration', in John Windmuller and Alan Gladstone (eds.), *Op Cit*, pp.2-5.

¹⁰ Peter Sheldon and Louise Thornthwaite, 'Introduction', in Peter Sheldon and Louise Thornthwaite (eds), *Employer Associations and Industrial Relations Change: Catalyst or Captives?* Allen & Unwin, St Leonards, 1999, p.1.

¹¹ Frank T. De Vyver, "Employers' Organizations in the Australian Industrial Relations System", *Journal of Industrial Relations*, vol.13, no.1, 1971, pp. 30-51 at pp.30-1.

The Formation and Development of Employer Associations

There are a variety of different approaches to explaining the formation of employer associations. These include: the product market, parallelism, defensive, countervailing power and procedural models of the formation of employer associations. The *product market* approach was based on the relationship identified between the various phases of market development in the American footwear industry and the formation and development of employee and employer combinations to protect their relative interests.¹² To a certain degree, this model seems to merely reflect the fractures in employment and social relationships created by the industrial revolution, by technological change, as well as the extension and the competitive character of markets. It is also reasonable to argue that the creation of unions along craft lines reflected the technology of the time - the introduction of new technology, such as electricity and improved methods of lifting and the movement of materials by cranes continued that process. The formation of the Electrical Trades Union of NSW now part of the Communications, Electrical and Plumbing Union (CEPU) and the formation of the Federated Engine Drivers & Firemen's Association of Australia (FEDFA) now part of the Construction, Forestry, Mining and Energy Unions (CFMEU) provide examples.

The Webbs also considered the fractures in employment and social relationships in their description of how changes in industry ended the former relationships within the guilds (guilds) between journeymen and their craft masters:

Once the capitalist builder or contractor began to supersede the master mason, master plasterer and this class of small entrepreneurs had to give place to a hierarchy of hired workers, trade unions in the modern sense began to arise.¹³

It is necessary for any examination into the history of the MBA/NSW to be preceded by a consideration of the emergence of the master builder and a description of the economic and contractual problems they encountered.

The various building industry sub-contracting groups that emerged after general contracting was adopted formed employer associations in NSW in parallel to the trade

¹² John Commons, 'American Shoemakers, 1648-1895', *Quarterly Journal of Economics*, vol. 24, no. 1, November 1909, pp. 39-84.

¹³ Sidney and Beatrice Webb, *The History of Trade Unionism*, Longmans, Green & Co.Ltd, London, 1926 p.6

unions formed by their employees. That phenomenon - the *parallelism* model - was observed by Hoxie who used that model to describe and explain the structure and functions of trade unions in the USA.¹⁴ Examples of the *parallelism* model are provided in Chapter 3 where the formation of organizations in NSW for such employers as Master Painters and Master Plumbers is discussed.

The *defensive* model sees the combining of employers as a hostile reaction to the presence and strength of unions.¹⁵ As Eric Wigham suggested 'Employer organisations [in Great Britain] grew up as defensive alliances. They were not uncommon in the early part of the last century [the 1800s] - but they were usually local and temporary.'¹⁶ Some proponents of the *defensive* model, however, appear to ignore the fact that the catalyst for such defensive strategy may be unrelated to unions *per se*. Whilst unions are probably the prime necessary condition for the *continuing* existence of employers' associations in any significant form in Great Britain, government initiatives in the economic and industrial relations processes of a country have also played a critical part in shaping the role associations perform.¹⁷ As Kenneth McCaffree points out, in addition to *union power*, government regulations and government agencies also provide the external stimuli necessary catalyst to the forming of an association.¹⁸ For example, in 1899 the Association of Dutch Employers was formed with its primary focus being to influence government policy in the areas of social security legislation and the *Industrial Accidents Act*, which it saw as a threat.¹⁹ Similar to, or an extension of, the *defensive* model is the *countervailing power* model. Employers combine so as to provide a united front to the power exercised by the

¹⁴ R. F. Hoxie, *Trade Unionism in the United States*, Appleton, New York, 1924. p. 80.

¹⁵ P. Jackson and K. Sisson, 'Management and Collective Bargaining - A Framework for an International Comparison of Employer Organisation', *Working Paper*, Industrial Relations Research Unit, University of Warwick, 1975.- Cited in E. G. A. Armstrong, 'Employer Associations in Great Britain', in Windmuller and Gladstone (eds.), *Employers Associations and Industrial Relations: A Comparative Study*, p. 45.

¹⁶ Eric Wigham, *The Power to Manage: A History of the Engineering Employers' Federation*, Macmillan, London, 1973, pp.1-2.

¹⁷ Armstrong, 'Employer Associations in Great Britain', in Windmuller and Gladstone (eds.), p. 47.

¹⁸ Kenneth McCaffree, 'A Theory of the Origin and Development of Employer Associations', in Industrial Relations Research Association, *Proceedings of 15th Annual Meeting*, Pittsburgh, December 27-28 1962, Cited in Milton Derber, 'Employer Associations in the United States', in Windmuller and Gladstone (eds.), *Employers Associations and Industrial Relations: A Comparative Study*, p. 91.

¹⁹ William van Voorden, 'Employer Associations in the Netherlands', in Windmuller and Gladstone (eds.), *Employers Associations and Industrial Relations*, p. 204.

trade union movement.²⁰ An important contribution to theoretical discussion of both models was the identification of the fact that employer associations are *responsive* in their origins and *responsive and adaptive* in their development.²¹

The *procedural-political* model, on the other hand, describes a pragmatic response by employers to union power as it sees employers combining to provide a means by which they and the unions can recognise each other's rights and institutionalise the bargaining process.²² That model, however, fails to provide the necessary framework through which to study the informal bargaining structures that develop within industry and the manner in which employer associations respond to them.

There have been a variety of reasons suggested for the establishment of employers' associations in Australia. They include trade and tariff protection²³ and the need to meet the challenge of trade unions, by either forming new associations or by diversifying the functions of existing trade associations and dispersing once the challenge had been confronted. Any subsequent wave of union militancy would see the process repeated.²⁴ Plowman, arguably the most prolific writer on Australian employer associations, maintained that employers' associations were transient and impermanent in character prior to the enactment of Australia's conciliation and arbitration system,²⁵ and that permanent associations resulted from *industrial reactivity* due to the dominant effect of that industrial system on the role and purpose of employer associations as well as on trade unions.²⁶

The *defensive* model is of limited value in understanding an employer association such as the MBA/NSW as its relevance is restricted to the *formation* of employer associations as a defence against unions, and provides no avenue through which to understand the internal dynamics of employer associations or the relationship between employer associations and unaffiliated employers. As Christopher Wright points out, some employer associations

²⁰ David Plowman, 'Countervailing Power, Organisational Parallelism and Australian Employer Associations', *Journal of Industrial Relations*, vol. 14, no. 1, 1989, p. 98.

²¹ Derber, 'Employer Associations in the United States' p. 91.

²² Armstrong, 'Employer Associations in Great Britain' in Windmuller and Gladstone (eds.), p. 45.

²³ Norman F. Dufty, 'Employer Associations in Australia', in Windmuller and Gladstone (eds.), *Employers Associations and Collective Bargaining*, p. 117; Ian Spicer, 'Employer Associations', in Jennifer Aldred (ed.), *Industrial Confrontation*, George Allen and Unwin, Sydney, 1984, p. 49.

²⁴ Ford, G. D., Plowman D. & Lansbury, R. 'Employer Associations: An Introduction', in G. W. Ford, J. M. Hearn & R. D. Lansbury, (eds.) *Australian Labour Relations: Readings*, Macmillan, Melbourne, 1987, pp. 222-5.

²⁵ Plowman, *Holding The Line*, p. 17.

²⁶ Plowman, 'Employer Associations and Industrial Reactivity', p. 288.

formed in Australia were often undermined by disunity. Some larger firms preferred to remain independent and granted wage rises which threatened the viability of smaller employers.²⁷ Whilst the *procedural-political* model focuses on institutionalized bargaining, it could also find some application in this thesis which will consider how the MBA/NSW sought to regulate the relationship between master builders and the architects who exercised control over them. The *product market* approach considers the formation and development of employee and employer combinations to protect their relative interests, and the *market (or economic)* model addresses situations where the catalyst for employers combining is identified as the need to prevent the pirating of labour or the bidding up or undercutting of the price of labour.²⁸ Both of these models are useful for understanding some of the dynamics in the history of the MBA/NSW. In particular, the reason for its formation and its rules and policies banning private agreements with trade unions and policies specific to contracting, many of which were to later contravene the 1974 *Trade Practices Act*.

Once established employer associations undergo further changes due to external factors. Further, a change in one external factor may also have ramifications for other external factors. Emery and Trist, for example, identified the fact that a change in any one of the social, technical or economic forces that act upon a system may trigger a change in the other two.²⁹ These phenomena, as well as the dynamic complexity of employer associations, can best be analysed and explained through a systems framework. Kast and Rosenzweig defined a *system* as:

An organised, unitary whole comprised of two or more interdependent parts, components, or subsystems and delineated by identifiable boundaries from its external suprasystem.³⁰

Organizations such as employer associations comprise people and this contributes to the fact that they are *open* systems which affect, and affected by, their external suprasystem

²⁷ Christopher Wright, *The Management of Labour: A History of Australian Employers*, Oxford University Press, Melbourne, 1995, p. 29.

²⁸ Armstrong, 'Employer Associations in Great Britain', p. 45.

²⁹ F. E. Emery and E. L. Trist, 'Socio-technical Systems', in C. West Churchman and M. Verhulst (eds.) *Management Sciences: Models and Techniques*, vol. 2, Pergamon Press, London, 1960, p. 87.

³⁰ Fremont E. Kast and James E. Rosenzweig, *Organization and Management: A Systems and Contingency approach*, McGraw-Hill, Kogakusha Ltd Tokyo 1979, p.18

(the environment), and to adequately analyse these circumstances it is helpful to adopt a *contingency* approach to the systems framework.

The contingency view seeks to understand the interrelationship within and among subsystems as well as between the organization and its environment ----³¹

Two factors having great significance for an employer association are: first, the source from which its membership is drawn; and second, changes in technology. Any change to the structure of the population from which its membership is drawn can have enormous implications for an employer association. For example, the influx into Australia of large multi-national corporations in the 1960s and 1970s had a major impact on the MBA/NSW. Some of those corporations did not join employers' associations or, where they did join, did not feel bound by their association's policies.³² Plowman argued that this development suggested that the monopolistic nature of much of the economy reduces the reliance of employers upon employer associations.³³ The relationship between many corporations and their employer association became a commercial relationship similar to any other consultancy arrangement. Some employer associations viewed that development as somewhat infectious for, as Plowman points out, many employers shop around for the best deal from an employer association with little sentiment in a fee-for-service arrangement.³⁴

The introduction of new technology is another external factor that can impact greatly on an employer association. An example is the introduction of engineering construction in the United Kingdom during the Great War which created a new sector within the building and construction industry.³⁵ That new sector soon appeared in Australia and impacted on the building industry throughout Australia by the intrusion of demarcation disputes between the Building Workers' Industrial Union (BWIU) and the Amalgamated Metals, Foundry and Shipwrights' Union (AFMSU) over such work as the installation of steel shelving in shops and warehouses.

³¹ Ibid, pp.125-127 and at p.20.

³² Ford, Plowman and Lansbury, 'Employer Associations', p. 227.

³³ Plowman, 'Countervailing Power', p. 110.

³⁴ David Plowman, 'Employer Associations: Challenges and Responses', *Journal of Industrial Relations*, vol. 20, no. 1, 1978, p. 249.

³⁵ T. Garfit, 'The making of the UK Engineering Construction Industry: A Case Study of Multi-Employer and Multi-Union Bargaining', *Warwick Papers in Industrial Relations*, no. 26, 1989, p.1.

It also created demarcation disputes between the Australian Building Construction Employees and Builders Labourers' Federation (ABLF) and the Federated Ironworkers' Association (FIA) over such works as the construction of the huge Omega radio mast in Victoria in the mid-1970s. The emergence of engineering construction in the construction of power stations caused demarcation disputes between employer associations such as the MBA/NSW and the Metal Trades Industry Association of Australia (MTIA). Another technological change that impacted on the building industry has been the enormous growth in off-site pre-fabrication of steel and concrete modules in building and bridge construction. Those involved in such off-site construction could be regarded as having ceased to be builders and to have become manufacturers, thereby possibly changing their representative needs away from the services provided by the MBA/NSW.

Ideology

Ideology can be defined as:

... the aggregate of the ideas, beliefs and modes of thinking characteristic of a group, such as a nation, class, caste, profession or occupation, religious sect, political party, etc. These ideologies are conditioned and determined by the geographical and climatic situation, habitual activities, and cultural environment of their respective groups. These are not necessarily mutually exclusive and may overlap.³⁶

Windmuller argued that, when compared with the views held by some unions of 'an integrated explanation of history and society or a vision of an ideal future society', the views held by employer associations generally could not be regarded as ideology in the true sense. Despite his reservations, he identified four 'domains' of ideology evident among employer associations: *political*; *economic*; *social*; and *industrial relations*. In considering those four domains, Windmuller regarded the political ideology of employer associations generally as a fundamental commitment to democratic government. The dominant economic ideology is classic liberalism, with its emphasis on free enterprise, private ownership, competitive markets and individual initiative. While social policy is generally conservative, employer associations oppose an overly protective society that inhibits progress. Finally, industrial relations ideology based on the protection of management rights and a role for the state limited to the provision of procedural rules and the establishment of minimum conditions of

employment.³⁷ That description of employer ideology fails to consider the fact that ideology is not static and can develop or change over time in response to internal and external factors. This is another issue that will be considered by this thesis.

Membership and Structure

Generally the information on the membership of employer associations is limited as no official data is kept. An important consideration for employers in joining an association is the membership fee. There seems to be little cost for employers joining an association in terms of opposition from unions or the government.³⁸ Windmuller regarded association recruitment as generally ‘discreet solicitation’ and saw the virtual absence of coercion as distinguishing employer associations from trade unions.³⁹

Windmuller identified five main organizing principles used by employer associations to attract membership: *function; industry or economic activity; territory; ownership; and size*. Employers may emphasise a function that focuses on trade issues and those that focus on industrial relations issues, Windmuller also acknowledged the existence of employer associations that perform both of those functions. Employers can also recruit within a particularly industry or economic activity such as building, banking or retailing. They may also focus on a particular geographic area or territory, public or private ownership, and small business or 100 largest corporations.⁴⁰ The MBA/NSW is a multi-functional employer association organized on the basis of *industry*. Its early organizing operations were confined exclusively to the private sector within the building industry in the Sydney metropolitan area, and the size of the builders was not an organising principle.

Plowman identifies many different types of employer associations structures describing them as including craft or occupational, industry or umbrella employer associations.⁴¹ Craft associations cover specific trades such as the Master Plumbers or Master Butchers. Industry associations are the most common in many countries and cover

³⁶ Fremont E. Kast and James E. Rosenzweig, *Op Cit*, p. 26.

³⁷ Windmuller, ‘Employer associations in comparative perspective’, pp. 5-7.

³⁸ M. Gardner and G. Palmer, *Employment Relations. Industrial Relations and Human Resource Management in Australia*, 2nd ed., Macmillan, South Melbourne, 1997, p. 137.

³⁹ Windmuller, ‘Employer associations in comparative perspective’, pp. 20-1.

⁴⁰ *Ibid*, p.7.

⁴¹ David Plowman, ‘The Role of Employers’ Associations’ in Ford, Hearn and Lansbury, *Op Cit*, pp. 236-8.

specific industries such as the metal trades or building industry. Industry associations can be quite complex and include individual firms and trade associations. Umbrella associations recruit generally and include chambers of manufactures and employers' associations.⁴² This thesis will show that the MBA/NSW highlights the complexity of employer associations and the limitation of Plowman's typology as it contains both the elements of a craft and industry association.

Internal Government

Parsons regards the presentation and promotion of a united front to labour is a major objective and role of an employer association, and the lack of unity within and between associations provides an important clue as to their complex nature and character. Whilst much of the literature available considers the competition between employer associations, particularly within the framework of federations and confederations, employer associations are not homogeneous in character as they comprise individuals and individual corporations, each with differing needs and expectations. Parsons noted that conflict and distrust between employers prevented organisation in many industries.⁴³

Organisations to survive have to achieve 'internal equilibrium'. While this idea was developed by Bradon Ellem and John Shields in relation to a peak union organization, it equally can be applied to employer associations. Internal equilibrium relates to a situation where no member, or group of members, believes it can subordinate the others. Internal equilibrium is crucial for the establishment of an employer association, and it is a state that requires monitoring as it 'may be disrupted at any time by a change either internal or external to the group'.⁴⁴ Internal conflict and distrust are also major impediments to the achievement of policy decisions within an employer association, and to its ability to pursue concerted action.

Ford *et al*, in discussing the bureaucratic structure of employer associations, stated that the general apathy displayed among business executives to association elections enabled the

⁴² Gardner and Palmer, *Employment Relations*, pp. 138-9.

⁴³ T. G. Parsons, 'An Outline of Employer Organization in the Victorian Manufacturing Industries 1879-1890', *Journal of Industrial Relations*, vol. 14, no. 1, March 1972, p. 23.

⁴⁴ Bradon Ellem and John Shields, 'Why do Unions form Peak Bodies? The case of the Barrier Industrial Council', *Journal of Industrial Relations*, vol. 38, no. 3, 1997, p. 389.

more interested members to rise quickly to top honorary positions. Further, they believed that

such apathy allowed the more interested to dominate policy-making.⁴⁵

Similarly Gladstone suggested that opportunities for members of employer associations to exchange views are limited to general meetings and other meetings - and only during the time available at such meetings.⁴⁶ These views ignored the existence and great value of informal contacts between members and the dynamics of such sub-groups within organizations generally. As Plowman correctly observed:

“[The] capacity of employer associations to respond to different situations can only be properly understood in terms of the attitudes and policies of the managements in the individual firms”.⁴⁷

The full-time chief executive officer (or executive director) of an employer association has under certain circumstances become very influential in formulating and implementing policy. It is usually dependent on the charismatic qualities of the chief executive officer and the character of the incumbent association leadership - an example being the dominant role of the executive director of the Metal Manufacturers Association of Philadelphia in the USA during the early decades of the last century.⁴⁸ Plowman identified various individuals who played significant roles in the 1977 formation of the Confederation of Australian Industry (CAI) from the merging of the Australian Council of Employers' Federations (ACEF) and the Associated Chambers of Manufactures of Australia (ACMA). For example, George Polites played a dominant and unifying role as ACEF Executive Director from 1960 until the creation of CAI of which he became the Chief Executive Officer in 1977. Whilst acknowledging the role played by Polites and others in the creation of CAI, Plowman resumed his focus on structure by interpreting their contribution as the result of the ability of national organisations to act with some degree of autonomy.⁴⁹

⁴⁵ Ford, Plowman and Lansbury, 'Employer Associations: An Introduction', p. 228.

⁴⁶ Alan Gladstone, 'Employer Associations in Comparative Perspective: Functions and Activities', in Windmuller and Gladstone (eds.), *Employers Associations and Collective Bargaining*, p. 24.

⁴⁷ Plowman, 'Employer Associations and Industrial Reactivity', p. 298.

⁴⁸ Howell John Harris, 'Getting it Together: The Metal Manufacturers' Association of Philadelphia, 1900-1930', in Sanford M. Jacoby (ed), *Masters to Manager - Historical and Comparative Perspectives on American Employers*, Columbia University Press, New York, 1991, pp. 122-128.

⁴⁹ Plowman, *Holding the Line*, p. 21.

In constructing a model through which to analyse the creation and development of the MBA/NSW the role of its leaders is crucial. As Robbins and others point out: the ability for *managers* to influence is based on the formal authority inherent in that position whilst *leaders*, whether appointed or emerged, can influence others to perform beyond the actions dictated by formal authority. The general theory of leadership evolved from a focus on *trait theories* – the leader possessing such qualities as intelligence, charisma, decisiveness, enthusiasm and integrity, but those theories ignored the effect of interaction and situational factors. The *attribution* theory is based on the fact that people tend to characterize leaders as having certain traits, and it explains why those within an organization are prone to attribute its performance – whether negative or positive – to its leadership. Charismatic leaders are those attributed with heroic or extraordinary leadership qualities which are important to an organization at the time of its establishment and in times of stress and crisis. The issue of leadership is crucial to any analysis of an employer association as it provides a context in which to understand its responses to external factors and inputs. A charismatic leader is of benefit in nascent times and times of drama or crisis, however, the crushing self-confidence, and inability to listen or compromise, of a charismatic leader may become a liability during periods of consolidation and lead to membership disenchantment. This phenomenon is able to be explained through the framework of *situational leadership* theory which focuses on the followers' acceptance or rejection of a leader and their ability and willingness to accomplish specific tasks.⁵⁰ Situational Leadership is a contingency theory that acknowledges the importance of followers. It enables an analysis of a situation and the selection of the most appropriate leadership style. The model is based on two fundamental concepts: *leadership style* and *maturity level of those to be led*. Leadership styles are reduced to four: Directing; Coaching; Supporting; and, Delegating and those styles matched to the maturity (competence and commitment) level of the follower – factors they describe as *Readiness to accept or reject the leader*.⁵¹

Windmuller identifies some divergence between formal decision-making structures and actual practice with 'power centers (*sic*)' and pressure groups existing informally and

⁵⁰ Stephen P. Robbins, Rolf Bergman, Ian Stagg and Mary Coulter, *Management*, 3rd ed., Prentice Hall, Sydney, 2002, pp. 482-483, 489-491, and 498-499.

⁵¹ Paul Hersey and Kenneth H. Blanchard, *Management of Organizational Behaviour: Utilizing Human Resources*, Prentice Hall, Englewood Cliffs, New Jersey, 1982 pp.150-161

operating through informal channels to supplement and sometimes to bypass the formal structure. He believed that the formal structures of employer associations had much in common with those of unions - a supreme governing body and an executive committee to which responsibility for day-to-day management is delegated. He also believed that employer associations lacked both the authority and the will to discipline their members.⁵² Fox *et al* agree with the views expressed by Windmuller over the lack of authority and discipline within employer associations. They conclude that 'employer associations in Australia do not discipline or expel members who choose to act alone or to defy association policies' – policies such as those related to labour markets during periods of excessive demand (labour poaching). They also note that association specialist staff may be drawn from outside the industry represented by the association.⁵³

Functions

Gladstone observed that the functions of an employer association may be found in its constitution or by-laws either specifically prescribed or suggested by more general provisions or may result from custom and practice. Gladstone focuses on collective bargaining and significantly draws attention to the difficulty of employer associations in maintaining internal discipline in negotiating with unions. More relevant to Australian employer associations, given the significance of compulsory arbitration during the twentieth century, Gladstone also argued that a major function of an employers' association is the protection of its membership against legislative bodies and judicial and administrative agencies.⁵⁴ Since the beginning of the twentieth century, the functions of Australian employer associations generally included representation of members in the making of industrial awards (*interest* disputes) and in disputes over *rights*. Further, as Gladstone observed, employer associations provide specialized services in the areas of information research and advice, education and training and general information related to legislative

⁵² Windmuller, 'Employer associations in comparative perspective', p. 14.

⁵³ Carol B. Fox, William A. Howard and Marilyn J. Pittard, *Industrial Relations in Australia: Development, Law and Operation*, Longman, Melbourne 1995, pp. 351, 353-4 and 356.

⁵⁴ Gladstone, 'Employer associations in comparative perspective', pp. 24-43.

changes and case law about employment issues. These services were identified by Fox *et al* as being evident among employer associations in Australia.⁵⁵

Gladstone, whilst acknowledging an affinity for parties with similar ideology, identified no formal affiliation or public support for political parties by employer associations in Australia, Britain and Sweden. He describes the ‘united front’ character of political lobbying conducted by employer associations, but argues that they also recognise the value of fostering public opinion in support of their causes.⁵⁶

Conclusion

This thesis seeks to explain why the MBA/NSW was successfully established in 1873 after two previous attempts; and, what accounts for its subsequent survival and growth. The literature reviewed provides a number of useful insights for understanding the history of the MBA/NSW. The *product market; defensive; countervailing power;* and *market-economic* models provide insight into the reasons behind the formation of employer associations and are useful in analysing the foundation of the MBA/NSW, but there is no single theory that can provide explanation into its development and operations.

Once established employer associations undergo further changes due to both internal and external factors. Further, a change in one external factor may also have ramifications for other external factors. As noted earlier in this chapter, Emery and Trist identified the fact that a change in any one of the social, technical or economic forces that act upon a system may trigger a change in the other two. These include changes in the character of membership and technology. Within the organisation there are a number of factors that can affect the survival of the organisation once established. The ideology of the employers organisation binds its members together, while leadership, internal government and structure has to be sensitive to members needs and recognise different interest groups in the organisation. If the organisation fails to reflect member needs, then internal equilibrium breaks down and the organisation could collapse. These external and internal pressures will be considered in examining the survival and growth of the MBA.

⁵⁵ Fox, Howard and Pittard, *Industrial Relations in Australia*, pp.335-7.

⁵⁶ Gladstone, ‘Employer associations in comparative perspective’, p. 27.