

Precarious Associational Power. Reflections on the Power Resources of Employers' Associations Illustrated by the Example of the German Metal and Electrical Industry

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ABSTRACT

This article examines the transformation of employers' associations in the German metal and electrical industry from the perspective of the power resources approach. It argues that, as a result of changing economic conditions and the decline of trade union countervailing power, the institutional power resources of employers' associations have been relativised, which in turn has led to a reassessment of employers' associations by capital. Employers' associations have responded by extending exclusive services to their members. Using the power resources approach, the article makes a concrete determination of the relationship between companies and employers' associations. In doing so, the article contributes to a better understanding of the function, role and development of employers' associations. At the same time, it contributes to the debate on the further development of the power resources approach and its extension to the analysis of employers' power.

KEYWORDS

Power resources, employers' associations, capital and labour, metal and electrical industry, power resources approach

Introduction

The German economist Victor Agartz (2008 [1954]: 223) referred in the 1950s to the relentless drive of companies to join together in associations: "no class is more collectivist than the capital". Indeed, associationism is an essential element of modern bourgeois society, and it is precisely on the business side that it attracts keen interest. What Mancur Olson (1982) described as "special interest associations" enable companies and individual capitalists to relate to each other as political class actors. Accordingly, in modern democracies there are a large number of organisations that represent the interests of companies (Schmitter and Streeck, 1999 [1981]).

In addition to business and lobby associations, companies are mainly organised in employers' associations (EA). EA primarily represent the labour market interests of companies vis-à-vis the state and trade unions, and are often institutionally deeply embedded in a country's political system. Especially in coordinated market economies with a macroeconomic or sectoral coordination logic in the labour market, strong and powerful EA can be identified (Martin and Swank, 2012; Thelen and van Wijnbergen, 2003). Unlike in liberal market economies with a pluralistic landscape of associations, EA in countries such as Denmark or Germany not only have a strong political influence through their institutional integration, but also take on important functions in wage negotiations (Gooberman, Hauptmeier and Heery, 2019; Traxler, 2000). Thus, EA are an important

source of associational power for capital, as they play a prominent role in formalised and institutionalised class conflict. In most countries, therefore, EA are also a precondition for the exercise of institutional and societal power resources.

However, EA are less prominent in the academic debate, especially in comparison to trade unions (Barry and Wilkinson, 2011). They are usually understood as intermediary organisations that contribute to system integration through “interest articulation, interest aggregation and interest mobilisation” (Schroeder, 2017), while at the same time intervening in the tensions among companies, trade unions and state institutions. In the past, the focus was particularly on the relationship among concrete member interests, association interests and the addressees of association policy. Inspired by the corporatism debate of the 1980s and 1990s, various studies have therefore focused on the inner conflict of EA between the logic of membership and the logic of influence, or on the contradictory unity of member solidarity with association effectiveness in the institutional context (Lehmbruch and Schmitter, 1982; Streeck, 1991). As a result, changes in the organisational and functional logic of EA were identified at an early stage. While Schmitter and Streeck (1999 [1981]) assumed, in the 1980s, a necessary devaluation of the member logic in favour of a stronger influence logic, empirical work from the 1990s onwards observed an increased orientation towards member interests as a result of greater instability of the associations in the context of an eroding collective bargaining system (CBS) (Demougin et al., 2019; Thelen, 2000). Given the socio-economic transformations since the 1970s, recent literature has focused on the adaptability and resilience of EA in a changing institutional environment (Behrens, 2022; Demougin et al., 2019; Bryson and Willman, 2022). The focus is mainly on organisational change, which is described as “re-programming employers’ associations” (Behrens, 2011).

However, the analysis of the concrete power resources of EA and their development remained in the dark. Walter Korpi (1983) had indeed elaborated theoretical approaches for an analysis of employer power in the 1970s and 1980s, but his reflections remained largely fragmentary and strongly focused on the (welfare) state (see Morgan, 2022). The further development of this approach by the Jena sociology also failed to determine the power resources of EA (Schmalz and Dörre, 2014; for the English debate, see Schmalz et al., 2018). In a special issue of the *Global Labour Journal*, Marissa Brookes (2018: 255) described the theoretical elaboration of employers’ power resources as a central task for the further development of the approach. However, this step has not yet been taken. This is surprising, as an analytical focus on employers’ power resources can not only expand the “theory of worker’s power” (Brookes, 2018: 255), but also contribute to a better understanding of the function, role and development of EA.

Against this background, the paper aims to outline initial theoretical considerations on the relationship between capital and EA. It follows the theoretical consideration that the EA represents an associational power resource of capital, through which it can activate further (institutional and societal) power resources. However, the link between capital and the EA is not organic, but depends on external variables, particularly the strength of trade unions. Therefore, social change also leads to change in EA. This is illustrated below by the example of the change in EA in the German metal and electrical industry (M&E). This means that the article focuses theoretically on EA and empirically on the development of German M&E employers. Thus, the article does not claim to write a theory of capitalist class power. Rather, it focuses on the analysis of EA as a specific source of capital’s associational power in coordinated market economies.

The *overarching thesis* is that changes in the economic framework and the countervailing power of the unions have led to a relativisation of institutional power resources, and thus to a reassessment of the EA by the business side. The importance of the EA of capital as an associational power resource is declining, partly because their function as a collective bargaining association is being

challenged by various societal changes. The EA has responded to this reassessment by shifting its focus to the provision of services in order to stabilise and increase its own associational power. Ultimately, this change represents a fundamental transformation of EA from collective bargaining organisations to service organisations.

The article is divided into two parts: While the first part presents the theoretical considerations on the relationship between capital and EA according to the Jena power resource approach, the second part serves as the empirical illustration of the theoretical considerations, using the example of the transformation processes of EA in the M&E industry.

The Power Resources of Employers' Associations

In order to make the power resource approach fruitful for an analysis of EA, some fundamental questions must first be clarified. Firstly, the power resource approach borrows from Max Weber's (1980: 28) concept of power, in which power is defined as "the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance". Accordingly, power is understood as relational: that is, power can only be thought of in relation to a counterpart. Employer power will therefore be understood in relation to workers' power – the will to "correct the asymmetries in the exchange relations of capital and labour through collective mobilisations of power resources" (Schmalz and Dörre, 2014: 221). Employer power is therefore primarily defensive, as it attempts to preserve the basic rules of bourgeois society and to enforce the asymmetrical relationship on the labour market as a private-law contractual relationship between free and equal parties (Offe and Wiesenthal, 1980: 78). In this sense, all state regulations of labour relations are to be understood as the condensate of worker struggles to correct the asymmetries on the labour market and to partially withdraw the commodity labour power from market forces (Marshall, 1950). Employer power, on the other hand, aims primarily to assert complete power of disposal over property, without any restriction by a third party – and thus to defend against or abolish forms of regulation that go beyond the foundations of bourgeois law.

The urge to organise, therefore, does not arise from the logic of solidarity, but paradoxically from that of competition (Schmitter and Streeck, 1999 [1981]: 15). By joining together in associations, the individual companies, which are in permanent competition with each other, try to mitigate disadvantages or even gain advantages over their competitors. On the one hand, this means that membership in an association must be linked to an advantage in market competition, for example through the possibility of political articulation and influence, exclusive services or the guarantee of operational stability. Joining an EA is therefore linked to strategic considerations regarding the labour market and industrial relations. On the other hand, the permanent competition means that the concrete association policy is also contested and characterised by attempts to assert particular interests (Van Waarde, 1991). However, as an organisational structure, the EA has a relative autonomy vis-à-vis its members because of the struggles between individual companies – even if this autonomy is always precarious and contested. This autonomy enables the EA to function as a place of compromise and strategic planning. At the same time, it constitutes the EA as an independent actor with an organisational-political self-interest, in particular in maintaining and extending its competences.

This already shows that capital and its EA are in a contradictory relationship to each other and cannot simply be understood as one. Rather, an EA is a source of associational power that enables access to other resources of power. Accordingly, membership of an EA is the result of strategic considerations on the part of capital, and its weakness is not necessarily an expression of weak enterprises.

The structural power of capital

The structural power of capital derives fundamentally from the ownership of the means of production and its safeguarding by bourgeois law, for ownership of the means of production gives capital *power of production* – that is, the power to dispose of and decide what, where and how to produce. On the one hand, capital's power of production shows itself vis-à-vis the state, which, as a modern, capitalist tax state, is fundamentally dependent on the successful accumulation of capital for its material existence and, at the same time, is in foreign direct investment competition with other states in the liberalised world market (Hirsch, 2005: 49; Offe and Wiesenthal, 1980: 85). The power to make decisions over investments and relocations enables capital to exert a structural influence on political decisions and thus also a structurally anchored political power. On the other hand, production power also has an effect on workers, for example in the form of relocations, spin-offs or the introduction of new forms and processes of production or even the complete conversion of the business model.

On the other hand, bourgeois law enables the entrepreneur to buy labour on the market like any other commodity and to use it for the labour process in the sense of free disposal. Thus one of the founders of the German collective agreement system, Hugo Sinzheimer (1927: 67), wrote: "The ground of dependent labour, is property. Ownership of the means of production produces dependence and is the power of disposal which determines dependence." This results in a *structural market power* vis-à-vis workers, who are structurally dependent on their labour income due to their own need for reproduction. Particularly in times of high unemployment, this leads to workers expanding their supply of labour power (*competition paradox*) and not reducing it as actors on goods markets do (Stützel, 1981). The structural dependence of wage earners creates an asymmetrical relationship that workers can only compensate through collective organisation.

Employers' organisations as a source of associational power

Capital responded to the collective organisation of workers by establishing EA (Windmuller and Gladstone, 1984; Martin and Swank, 2012). At their core, EA are economic and political defences against the working class, providing a space for communication, strategy and coordination. The association in EA made it possible to relate to each other not only as economic competitors or legal contractors, but also as class members. While their economic function is to defend against strikes, coordinate industrial action and negotiate with the unions, their political function is to constitute capital as a political actor, to coordinate with other social actors, and to formulate labour policy strategy. EA also have an ideological function, which lies primarily in the production of class consciousness internally and representation externally. EA also have an infrastructural function, which, in addition to the provision of services (such as legal advice, research and training), takes the form of a store of knowledge. Thus EA are a place where labour policy knowledge and experience can be processed, preserved and collectively passed on. However, the functional relation of capital to EA means that their livelihoods always remain precarious.

Due to the permanent competition, EA only have a *weakly developed internal cohesion*, which mostly remains dependent on trade union strength and the social balance of power (Van Waarde, 1991: 59f.). Other factors are the interest homogeneity of the members in relation to the subject matter, their intra-association capital linkages and their specific integration into the international division of labour. In addition, EA often have *little relative autonomy* vis-à-vis the particular interests of large and resource-rich companies. EA are usually made up of companies of different sizes and with different economic resources, which results in an asymmetrical influence on strategic

orientation and decision-making (Van Waarde, 1991: 61). On the one hand, this is due to the structural dependence of employers' organisations on the contributions paid by these enterprises, which is also reflected in some EA formal voting modes (Behrens, 2011: 99). On the other hand, these enterprises also have a central position within regional and sectoral supply chains, so that there are mostly economic dependencies among the EA members.

Institutional power of employers' organisations

Institutional power is mostly the coagulated result of struggles and disputes (Schmalz and Dörre, 2014: 227). Institutional power resources therefore mostly arise as a result of class compromises between capital and labour and are usually legally secured as "standstill agreements". By codifying claims and interests and enabling a specific political, economic or even ideological influence, specific routines of action emerge for collective actors and thus also for EA. In his study of class compromise, Wright (2000: 963) distinguishes three levels at which the outcomes of class disputes are institutionalised: (1) the company level, (2) the sectoral level, and (3) the level of the political system. EA operate mainly at the second and third levels, so that the institutional resources of power that can be exercised through EA are located at these two levels. Due to the national or sectoral specificity of historical struggles, the institutional involvement of EA varies considerably from country to country (Gooberman and Hauptmeier, 2022).

The differences are particularly evident in institutionalised wage bargaining. In Europe alone, there is a wide range of historically institutionalised systems, each of which creates a (relatively) autonomous space for negotiating working conditions and assigns a specific role to EA (see Müller et al., 2019). For example, in voluntarist systems such as the UK, EA generally have no institutionalised role, whereas in Germany, for example, they play a central role in sectoral bargaining. On the other hand, in statist systems such as France, institutional power resources are mainly located at the level of the political system, as the state plays an important role in collective bargaining through the regular exercise of the instrument of general application. Here it is mainly the national confederations that have a say in the Commission Nationale de la Négociation Collective on whether collective agreements are generally binding.

In the literature, such institutional arrangements are understood primarily as institutional power resources of the trade unions, because they are the result of the historical struggles of the working class against exploitation and for co-determination. However, institutional arrangements are precisely a form of class compromise that does not only involve concessions to one side. Rather, the institutional arrangements also represent the institutionalised power resources of capital, which it exercises through the EA. In particular, institutional power resources such as the CBS made it possible to formalise, institutionalise and legally encode the antagonistic class conflict so that it was channelled and made workable. The legally anchored obligation to keep the peace during the term of a collective agreement allowed for calm and stability and the fixed wage costs allowed for a certain degree of planning security. By outsourcing wage policy to the EA, day-to-day operations could be relieved of administrative tasks. At the same time, one had a contact with the trade unions and thus also the possibility of integrating labour into sectoral accumulation strategies through corporatist alliances. In this sense, institutional power resources often also serve to limit the scope of workers' action and restrict them to a certain set of instruments.

Moreover, the establishment of sectoral agreements or their generalisation by the state led to the regulation of (local) competition, which prevented dirty competition via wage costs. The elimination of (local) price competition forced a stronger focus on innovation and non-price components of competitiveness. By enshrining CBS in law, EA also gained legitimacy in the

political system and, as the voice of employers, became officially involved in the political process and the government's preferred partner on all labour and social policy issues.

Societal power of employers' organisations

Through the EA, the business side also generates societal power, which results on the one hand from cooperation with civil society, political and media actors (*coalitional power*), and on the other hand from successful interventions in the social discourse (*discursive power*). In industrial disputes in particular, the ability to use societal power resources is an important advantage in discrediting strikes or trade union demands.

In this sense, EA function as an important site for the discursive articulation of interests and the exercise of discursive power. Their institutional integration gives them a privileged position in social and media discourse. In this context, the EA are an important organ of discursive intervention for capital to initiate social debates, to hegemonically enforce problem definitions and the specific chains of equivalence associated with them, and to discursively frame strikes or social conflicts in their interests. To this end, EA often has their own research, knowledge generation, public relations and campaigning departments.

In addition, the EA represent a central coordination and cooperation body for capital that, on the one hand, seeks cooperation with social actors as an organisation and, on the other hand, brings entrepreneurs together with the media, politicians, lawyers and civil society. Thus most EA have local and supra-regional networks with political and civil society actors. Through the close involvement of political functionaries, through generous donations and sponsoring, there is a close network with various party affiliates, political fringe organisations, media houses and civil society associations. This results in a certain coalitional power, which is necessary to form coalitions and articulate one's own political projects. Coalitional power makes it possible to influence political decisions in one's own interest or to weaken legal decisions afterwards in order to improve one's own conditions in collective disputes. Thus, EA often not only have their own legal departments, but in most cases can also draw on an extensive network of legal scholars and lawyers.

Methodological Approach

In the next section, the strategies and developments of German EA in the M&E sector are used to illustrate the theoretical considerations. In order to operationalise these, the research heuristic of a qualitative policy analysis was used (Brand et al., 2022; Hacker and Pierson, 2014). This comprises both an actor and a process analysis, whereby the analytical focus is on the actions of the political actors, their motives for action and the results of their actions. This includes both actor and process analysis, with the analytical focus on the actions of political actors, their motives for action and the results of their actions (Jepsen and Eskerod, 2009: 339). This makes it possible to identify the strategic actions of the EA over a period of more than thirty years and to relate them to the development of their power resources. Strategies and processes of associational change are highlighted and analyzed within a changing social context. This means that the EA is not considered in isolation, but in relation to political, economic and cultural processes of change. Against this background, the German case study was deliberately chosen because the German model is a coordinated model of capitalism with a long tradition of corporatism. Moreover, the M&E industry is a core sector of the German growth model, and industrial relations there have long been regarded in the literature on comparative capitalism research as extremely stable and crisis-proof.

In concrete terms, this means that the analysis of German EA in the M&E industry follows a three-stage approach:

As a *first step*, a context analysis was conducted to identify the significance and structural changes in the policy field that affect the power resources of EA. The context analysis focused on analysing the historical development and identifying concrete structural features of the social field in which EA operate as political actors. On this basis, the development of structural and institutional power resources could be determined. The empirical data were collected and evaluated with the help of a secondary literature analysis and a media analysis (Altheide and Schneider, 2013). A corpus of 189 articles from the Frankfurter Allgemeine Zeitung (FAZ) and the Handelsblatt was analysed.

In a *second step*, an actor analysis of EA in the German M&E industry was carried out in order to identify power-mediated structures and processes of strategy formation as well as lines of conflict and organisational fragmentation and to describe their development (Brand et al., 2022: 289ff.). The actor analysis served to determine the organisational and societal power resources of the EA. Specifically, a rough actor analysis of Gesamtmetall with its twelve member associations (with binding collective agreements) was carried out. In order to be able to analyse the internal structures and processes more precisely, the three associations with the largest number of members (VBM, SüdwestMetall, Metall.NRW) of Gesamtmetall were examined more closely in a fine actor analysis. For this purpose, empirical data were collected by means of a qualitative document analysis of twenty-nine position papers and annual reports of EA in the M&E sector, as well as fifteen semi-structured expert interviews (Table 1) with representatives of EA and trade unions (Trinczek, 2009). The experts interviewed were selected and contacted by email based on the information found in the documents and based on their professional position. The request for experts and the conducting and transcription of the interviews were carried out in accordance with the Code of Ethics of the German Political Science Association. In order to protect personal rights and the principle of no harm, all interviewees were completely anonymised during transcription. The interviews and documents were systematised, coded and correlated using MaxQDA software. The coding was based on the theoretical considerations outlined above and was checked and verified through sub-codes in the research process. In order to validate the results, a methodological triangulation of the empirical data was carried out (Flick, 2010). The author has translated all quotes from interviewees in the text.

In a *third step*, a strategy analysis was carried out, essentially based on the empirical data of the actor and context analysis. The findings of the context analysis on changes in the policy field were linked to the structural developments and power resources of the EA in order to identify processes of change in the strategic action of the actors. The strategy analysis focuses on the question of how the EA, as collective actors, reacted to the contextual changes and the changes in their power resources that were partly mediated by these changes.

Table 1: Interviews

No	Date	Organisation	Location	Duration
1	27.10.2021	Deutscher Gewerkschaftsbund (I/DGB_1)	Berlin	01:27:03
2	26.11.2021	Gesamtmittel (I/GM)	Online	01:06:42
3	02.12.2021	Deutscher Gewerkschaftsbund (I/DGB_2)	Online	00:52:01
4	06.12.2021	Vereinigte Dienstleistungsgewerkschaft (I/verdi)	Online	02:17:51
5	15.12.2021	IG Metall (I/IGM_1)	Online	01:10:49
6	14.01.2022	Südwestmetall (I/SWM)	Online	01:11:01
7	14.02.2022	Bundesvereinigung der Deutschen Arbeitgeberverbände (I/BDA)	Online	01:03:04
8	15.02.2022	Metall.NRW (I/MNRW)	Online	01:05:01
9	16.02.2022	IG Metall (I/IGM_2)	Online	00:49:38
10	12.04.2022	Bayme VBM (I/vbm_1)	Interview declined/Official written statement to my questions	
11	14.04.2022	Nordmetall (I/NM)	Online	01:13:14
12	20.04.2022	Niedersachsenmetall (I/NSM)	Online	01:11:04
13	13.05.2022	Bayme VBM (I/vbm_2)	Online but without record. Only written record possible during the interview	
14	01.07.2022	Gesamtmittel (I/GM_2)	Online	01:57:38
15	07.02.2023	Sachsenmetall (I/SM)	Online	00:57:21

The Transformation of German EA in the M&E Industry

In comparative politics, the German economy has been regarded as a model example of coordinated capitalism, characterised by a particularly effective and stable system of industrial relations (Hall and Soskice, 2001: 21ff.). Due to the dominance of production sectors with a concentration on “quality-high-end products” (Soskice, 1999: 102), the German growth model is dependent on a highly skilled workforce on the one hand and on a smooth production process on the other. To ensure both, an institutional configuration has emerged that guarantees a high degree of coordination and cooperation between trade unions and EA (Culpepper, 2001). The involvement of trade unions is mentioned in the literature as a central component of the German mode of regulation in explaining the country’s economic strength (Hall, 2018; Thelen, 2000).

The term “German model” is therefore used to describe a dual system of interest representation in industrial relations, consisting of the institutionalised interaction of collective bargaining and co-determination in companies, which enjoyed a high degree of institutional stability until the 1990s (Boyer, 1988). Sectoral bargaining between trade unions and EA was an important guarantee of the stability of this system. These negotiated a sectoral agreement that was widely binding on a clear majority of employees in a sector and, through its strong binding effect, provided guidance to those companies that were not members of an EA and therefore not bound by the collective agreement. In this way, the sectoral agreement had a macroeconomic steering effect on working conditions and wage levels, while at the same time enabling the social partners to influence political decisions. The German CBS provided the institutional basis for the power of EA. Through the EA as an associational power resource, German capital was therefore able to exercise both institutional and societal power.

The special role of the CBS in the German capitalist model is also reflected in its enshrinement in the constitutional law. Article 9(3) GG entrusts the social partners with the task of shaping working and economic conditions. Like the trade unions, the EA are constitutionally anchored in the German democratic system and have sovereign powers to set standards within the framework of collective bargaining autonomy. EA thus occupy a special institutional position in the German system, since, together with the trade unions, they can formulate legally binding norms in collective agreements that have the same effect as law. This distinguishes the German system significantly from voluntarist systems such as the UK’s, where collective agreements are not legally binding and are generally negotiated at company level. Whereas the constant threat of industrial action in these systems gives collective bargaining norms a relatively binding force, in the German system it is collective labour law, and ultimately the state, that guarantees the content of collective agreements, while at the same time enforcing the unions’ obligation to keep the peace. This makes the state-guaranteed peace obligation the central element of the German CBS and the central institutional power resource that capital in Germany can exercise through the EA. On the one hand, the legally binding peace obligation provides companies with peace and predictability; on the other hand, it allows labour to be integrated into sectoral accumulation strategies.

However, this system began to erode in the early 1990s (Baccaro and Howell, 2017; Streeck, 2009). Partly as a result of European integration and the internationalisation of production and competition, more and more companies withdrew from the German CBS. Added to this was a change in the welfare state, which reduced the advantages of sectoral agreements for companies by increasing the discipline of wage earners. All in all, there was a massive weakening of trade union power and a steady decline in sectoral bargaining: While 73 per cent of workers were covered by a collective agreement in 1998, only 51 per cent were covered by 2022 (Ellguth and Kohaut, 2022). The erosion of the system and the weakening of the unions also had a significant impact on the EA, as illustrated below by the example of the German M&E industry.

The German M&E industry as a lead sector in transition

With mechanical engineering and the automotive industry, the M&E industry comprises two key sectors of the German growth model which, together with the chemical industry, are the supporting pillars for Germany’s central position in the international division of labour. Due to its high export ratio, the M&E industry contributes 15.3 per cent to the GDP and accounts for a total of 66.1 per cent of the total industrial value added in Germany. Due to the strong competition on the world market, the industry is just as dependent on trouble-free production and highly qualified employees as it is on a moderated and thus predictable development of wage costs. Accordingly, the literature

points out that, especially in the core sectors of the German capitalism model, there is a structural interest of employers in the CBS and a liberalisation of industrial relations in Germany is limited to the service sector (Hassel, 2014: 62; Thelen and van Wijnbergen, 2003). However, Schmalz and Dörre (2014: 229f.) indicate that the formally intact structures of dual interest representation are being undermined by the dwindling associational and structural power of workers. They point to the changing economic conditions since the 1970s and the resulting attitudes of employers. The change in economic conditions and the decline in trade union countervailing power are closely linked. Both processes led to a strategic re-orientation of capital, including a reassessment of EA.

On the one hand, free trade and regional integration projects such as the European Single Market led to a dissolution of old capital linkages and greater integration into world trade (Höpner and Krempel, 2004). The dissolution of the so-called “Deutschland AG” was accompanied by a fundamental restructuring of the companies and the introduction of new competition-oriented management strategies and production concepts (Streeck, 2009). Today, German M&E companies are highly internationalised and integrated into global supply and production networks through their export orientation, and organise their refinancing via the capital markets (Silvia and Schroeder, 2007). This was associated with a spatio-temporal compression of capital reproduction, which not only internationalised the competitive relationship more strongly, but also intensified it overall. This intensified the efforts of capital to use wage costs as a competitive factor (Boyer, 1996). Whereas the sectoral agreement was an essential instrument for regulating local competition in less internationalised markets, and thus an advantage for the companies, internationalisation led to local regulation by collective agreement being perceived as a competitive disadvantage (I/BDA; I/GM).

On the other hand, the past thirty years have seen a fundamental shift in the regulation of the wage relationship and a resulting change in the commodification of labour (Dörre, 2009). The market-centred transformation of the organisation of work has inscribed competition-based mechanisms and individualistic and flexible labour principles deeply in the production process. In addition, there has been a competitive restructuring of the welfare state and its benefits, which has significantly increased the degree of insecurity for workers, as well as the propagation of individualistic lifestyles and consumption norms, which have become deeply inscribed in the reproduction process of labour power (Dörre, 2003). The pacification of class conflict therefore takes place less through compromise than through socio-political disciplining, ideological invocation and the intensification of competition. This has been accompanied by an unprecedented decline in trade union countervailing power (Dörre, 2016). The DGB unions lost slightly more than four million members between 1994 and 2021, although IG Metall, the largest DGB union, suffered a relatively moderate decline of just over 800 000 members in comparison, and still has 2.1 million members today. This decline led to a shift in the balance of power between capital and labour that should not be underestimated, which considerably relativised the advantages of the sectoral agreement for companies. With a lack of countervailing power and an increasingly weakened ability of the trade unions to mobilise and strike, the advantage of the peace obligation is forfeited: under these circumstances, agreement on working and pay conditions is often easier, quicker and cheaper for many companies to achieve at a firm or even individual level than via sectoral agreements (I/GM; I/vbm_2).

As a consequence, both processes – the decline of trade union power and the internationalisation and intensification of competition – have led to a relativisation of the *sectoral agreement as an institutional power resource*, and thus to a reassessment of EA. In particular, those companies that have little or no trade union countervailing power to fear see no need for membership in an EA. In the M&E industry, these are mainly SME and newer companies, often from the technology and internet sectors. But larger and older companies are also increasingly

withdrawing from the CBS and are increasingly regulating their working and pay conditions at the firm level.

This reassessment by individual capitals, which has also occurred in other sectors, fundamentally challenged the very existence of the EA. Until the 1990s, they saw themselves primarily as collective bargaining organisations (I/Niedersachsenmetall). The decline in the importance of the sectoral agreement as an institutional source of power led to a huge loss of membership in the EA in all sectors in the 1990s and 2000s (Haipeter and Schilling, 2006). In the M&E sector, Gesamtmetall (2021: 9) lost almost half of their members between 1990 and 2004. Whereas 46 per cent of all M&E companies were organised in 1990, the figure in 2004 was only 22.5 per cent. The escape from the CBS was thus closely linked to a weakening of the EA as a form of associational power.

The M&E EA tried to stop the weakening of their associational power out of their own organisational policy interests. To this end, they have, first, broken the previously close link with the sectoral agreement as an institutional power resource by introducing OT (non-tariff) membership, and second, shifted their organisational policy focus to the provision of infrastructure. For some time now, they have, third, increasingly articulated political reform proposals aimed at making the sectoral agreement more attractive again as an institutional power resource for companies. In the following sections, the reassessment of EA and the three measures are empirically examined in more detail and discussed against the background of the power resource approach.

Revaluation by capital

In the German M&E industry, the reassessment of EA manifests itself in two organisational moments: a “cultural change” in the form of changed interest preferences of its own members, and a decreasing ability to commit due to an increasingly precarious internal cohesion. Both indicators are the result of the internationalisation and intensification of competition and the declining countervailing power of trade unions.

The “cultural change” manifests itself above all in a new type of manager and a changed corporate culture (Streeck, 2009: 241ff.). The internal restructuring of companies and their efficiency and cost optimisation as an adaptation to changed competitive conditions have also changed the view of EA in many places. They are increasingly seen by companies as a cost factor, the benefits of which are diminishing due to the declining power of trade unions. Employees in EA describe this permanent cost-benefit weighing of their own membership as a general and functional conflict between a socio-politically committed entrepreneur and a salaried, cost-maximising manager:

I believe that this is indeed a new managerial culture. There is still the classic medium-sized company, but overall and above all, as soon as there are professional corporate structures, they say: Make your own tariff! If we call you, please answer my questions, but that's all we want here. [...] We are no longer perceived as an association, but as an external service provider, as a necessary evil. We have to be in the federation because IG Metall wants it that way. (I/Niedersachsenmetall)

While the EA used to be a place of exchange and strategy formation for companies, it is increasingly losing this function. Other, often more homogeneous, political forums and organisations are becoming more important for companies, reflecting the overall loss of importance of the sectoral agreement as an institutional power resource. There has been a significant decline in the standing and importance of EA in the eyes of companies, and hence in their importance as a source of organisational power. This is also reflected in the level of voluntary commitment: membership meetings are increasingly poorly attended, while it is becoming more difficult to fill honorary

positions (I/NM; I/Niedersachsenmetall). As a result, some individuals in EA hold several positions – both in their regional associations, in Gesamtmetall and, in some cases, in the umbrella organisation Bundesvereinigung der Deutschen Arbeitgeberverbände.

But this crisis of commitment conceals an even bigger problem. The internationalisation and intensification of competition have differentiated workers' interests to such an extent that it is almost impossible to organise a common strategy for industrial action. This divergence of interests is not only caused by the classic conflict lines between small and large companies, but is also fed by the different integration into the international division of labour and the highly differentiated sectors of the M&E industry (I/vbm_2). Due to international competitive pressure, it is hardly possible to organise a common "defence front" against trade union demands; instead, each company tries to remain unaffected by industrial disputes as far as possible. This is reflected not least in the number of lockouts over the past three decades. Since the 1990s, the use of this instrument has tended de facto to zero across all sectors (Schroeder, 2017: 42). The consequences for the production processes of individual companies and the associated losses in global competition were too devastating.

There is no way we are capable of industrial action. In the globalised world, lock-outs are no longer appropriate, let alone possible. Just imagine, you have inherited grandfather's company and it is now your turn to conquer the South American market. Then all of a sudden we say, in response to a strike at a company, we react with a lockout. You immediately come to me and ask me if I still become crazy. The last time we called for a lockout was in 1995 and it was a complete failure, the companies simply undermined the decision. (I/vbm_2)

Both organisational problems are the result of a reassessment of the EA and a direct or indirect withdrawal of individual capital, which has significantly reduced the associative power represented by the EA. This has also been recognised by the EA in the M&E sector, which since the mid-1990s have been developing strategies to counteract their own loss of importance by offering more services and decoupling membership from the bargaining function.

Expansion of OT membership and service areas

Since the 1990s there has been a restructuring of the M&E EA, affecting both its own structures and its strategic direction. Since the mid-1980s, there have been repeated attempts and discussions documenting the dissatisfaction of individual employers with the autonomy of collective bargaining and the work of the EA (Walter-Raymond-Stiftung, 1986). In the M&E industry, the discontent culminated in the 1995 sectoral agreement, which was accompanied by massive conflict on the part of the EA, the undermining of lock-out resolutions and the resignation of unions: "You must think that 1995 was really a trauma for us, which still has an effect today" (I/vbm_2).

The trauma was followed by a fundamental break with existing structures. In response to the lost strike, the M&E EA began, in the mid-1990s, to introduce a second form of membership that was no longer linked to collective agreements. The introduction of so-called non-tariff (OT) membership broke the link between EA membership and collective agreements and attempted to provide an exit option within the association for companies wishing to leave. The aim was to separate the development of one's own associational power from the exercise of the collective bargaining function as an institutional power resource. This separation made it possible to access the range of services without having to take over the sectoral agreement in force and led – not only legally but also politically – to a split within the EA into a collective and a service community. While OT membership was relatively infrequent at the beginning of the 2000s, it became more dynamic following the rulings of the Federal Labour Court in 2006 and the Federal Constitutional Court in 2010, which made OT membership legally secure (Behrens and Helfen, 2019). Since then, OT

membership has become a central element in the organisational strategy and is increasingly used in membership recruitment and public communication.

Our answer to become fit for labour struggle again was the OT membership. It is our strategic outlet in case of strike ... We are not the ones who are there to bring the companies into the collective agreement. That is not our job. Our job is to help companies do business – with or without a collective agreement ... In the end, we don't care where the companies are – the main thing is that they are in the federation. (I/vbm_2)

Dwindling trade union power in the companies led to greater room for manoeuvre for the companies, which meant that the EA had to find a way to remain interesting even for companies with a low trade union density. Therefore, in addition to the introduction of OT membership, they began to develop the provision of services, especially legal advice, public relations and support, as a central pillar.

The companies that leave the bargaining community remain loyal to the association in the vast majority of cases. This is because they have become accustomed to the services of the association and want to continue to use them. The main service of the association is that you are looked after and advised by our association lawyers in legal matters. And to say that just because I no longer want to be bound by collective agreements I should turn my back on the association completely is, of course, nonsense. That may happen from time to time. But that is certainly not the standard case. (I/MNRW)

The expansion of service functions was reflected in personnel policy and the development of internal structures. A comparative analysis of the organisational charts in the annual reports of the three biggest regional M&E EA in Bavaria (vbm), Baden-Württemberg (Südwestmetall) and North Rhine-Westphalia (Metall.NRW) over the past thirty years showed that overall staff resources were significantly increased. However, this increase only affected the bargaining policy departments in the least cases, or was significantly less pronounced compared to other departments. In contrast, those areas that can be identified as classic advisory and service areas grew, in some cases significantly. At Südwestmetall, for example, the Labour Law and Social Security department, which is responsible in particular for advising affiliates on labour law, was considerably expanded in terms of staff and subdivided into three different advisory departments (labour law, social security, company benefits). At the same time, more attention was paid to the local support of the companies by further fine-tuning the district structure and stronger anchoring and support within Südwestmetall with the labour policy department (I/SWM). Similar shifts were also observed in the other EA.

Public relations have also become professionalised and are aimed at strengthening their own societal power. With the aim of building up their own resources of discourse power and gaining the power to interpret collective disputes in the media, and public relations departments have been considerably expanded. For example, the M&E peak association, Gesamtmetall, tripled its public relations department personnel between 1993 and 2023.

At the same time, public relations tasks were outsourced to think tanks. The best-known employers' think tank is the Initiative Neue Soziale Marktwirtschaft (INSM), which was founded in 2000 and is financed by Gesamtmetall. INSM has gained a certain notoriety through its campaigns in recent years, as it has not shied away from using questionable methods to covertly place its PR campaigns on television programmes (Kinderman, 2017). Moreover, INSM represents an important cooperative power resource, as it creates a space in which the various political interests of German EA can be integrated across sectors, thus ensuring the joint production of ideology and strategy. Less well known, but no less influential, are the Institute der Deutschen Wirtschaft and the Walter Raymond Foundation. Through their recognised academic work and their close links with universities, they are able to introduce employer-oriented issues and problem

definitions into the academic, political and media discourse with a scientific basis in order to support the positions of companies.

However, the expansion of the service function is accompanied by the problem that, unlike collective bargaining policy, it is not a “unique value proposition of the EA” (I/NM). The provision of services is not a monopoly of the EA, which means that they are entering a market in which a variety of players are active – from sectoral trade associations (such as VDMA) to independent business law firms. In this sense, the EA is faced with the challenge of “having to assert its place in the concert of interest representatives on a daily basis” (Fickinger, 2021; I/BDA; I/SWM).

Collective bargaining strategy

Accordingly, efforts have recently been made to strengthen the CBS as an institutional resource of employers’ power and to use it to expand their own associational power. In a strategy paper, Gesamtmetall (2023) outlines a concept for making the CBS attractive to employers again. In these concepts, the sectoral agreement is primarily a guideline for the organisation of industrial relations. Similar to the Irish social partner agreements between 1989 and 2009, the aim is to reach agreements at the sectoral level which need to be adapted at the company level - in the sense of concession bargaining between works councils and employers (Maccarrone and Erne, 2023). The proposals vary between clearly defined modules and minimum conditions to be agreed in sectoral agreements. As a result, the law-like effect of the sectoral agreement would be abolished and regulatory powers would be shifted more to the company level, while the obligation to maintain peace would remain.

The initiatives and concepts become more understandable when placed in the context of increasing state regulatory pressure. For some time now, the decline in collective bargaining coverage has been identified as a problem in national discourse, with politicians in particular announcing their intention to stabilise the CBS. The Gesamtmetall proposals for the CBS must therefore be seen as an attempt, on the one hand, to counter state regulatory pressure and, on the other, to make the sectoral agreement attractive again as an institutional power resource for capital – despite the declining power of the trade unions. They form the basis of a political project that seeks to stabilise the CBS by fundamentally weakening it, by depriving it of its legal force and by expanding its formal sphere of influence. According to the concept of a “modular CBS”, companies would only have to implement a certain number of pre-defined modules of a sectoral agreement in order to be considered officially bound by the agreement. Similarly, the sectoral agreement would only define general minimum conditions and leave the concrete implementation to the company parties. Both approaches would significantly increase collective bargaining coverage, especially in the M&E sector, where many OT members already adhere to the sectoral agreement (I/vbm, I/SWM, I/MNRW, I/NM).

Conclusion

While comparative capitalism research still assumed that German industrial relations were largely stable and able to cope with future processes of change, given German industrial capital’s strong interest in consensus-oriented negotiations, this article argues that the CBS has lost its attractiveness as an institutional power resource for German industrial capital. As the article shows, using the M&E industry as an example, this was accompanied by a fundamental revaluation of EA by capital.

While the erosion of trade union countervailing power in the German M&E industry was slower than in other sectors, the EA reacted early to the loss of their institutional power resource.

On the one hand, the introduction of OT membership broke the formal link between their own associational power and the institutional power resource. On the other hand, the EA gradually expanded their range of services in order to create new advantages through the increased provision of infrastructure resources. At the same time, they sought to strengthen the power resources they wielded. On the one hand by increasing their public relations and lobbying work to strengthen the societal power resources, and on the other hand, they put forward a proposal to reform the CBS in order to make the sectoral agreement more attractive as an institutional power resource for the companies. Overall, the EA has initiated an organisational process in the German M&E industry that amounts to a fundamental transformation from a collective bargaining association to a service association.

This organisational change has halted the decline in membership and Gesamtmetall's membership figures have even been rising again since 2005 (Gesamtmetall, 2021: 9). However, it has become apparent that the focus on membership figures obscures the fact that the EA have nevertheless continued to lose associational power and can only be described as "strategically capable collective actors" (Silver, 2003: 30) to a limited extent. This is because the process of transformation into a service association has led to the fact that the "willingness to act collectively" (Schmalz and Dörre, 2014: 224) is hardly present in the membership, and thus the ability to form a common strategy has been significantly reduced.

The theoretical aim of this article was to make the Jena power resources approach fruitful for the analysis of EA. For the empirical analysis presented here, the power resource approach was informative in that it opened up the possibility of determining the relationship between capital and its organisations more precisely. It became clear that the relationship between individual capitals and EA is primarily functional and depends on the respective union strength. Membership of an EA makes the most sense when the sectoral agreement, as an institutional resource of power, brings benefits through a strong union presence in the workplace. However, the more the countervailing power of the unions declined, the less important the sectoral agreement became as an institutional resource of power, and the less attractive EA became for individual employers.

The power resource approach thus makes an important contribution to the debate on the role and future of EA by distinguishing between capital and EA as a specific and often institutionalised associational power resource, thereby contributing to an understanding of their functional relationship to each other. Contrary to what is often assumed in the literature, it is not solidarity that brings companies into EA, but competition between them. The main reason for joining an EA is to gain competitive advantages, or at least to compensate for competitive disadvantages, by creating industrial peace and planning security through the conclusion of a collective agreement with the trade unions and by preventing dirty competition. However, if the structural power shifts in favour of capital and the institutional power resources associated with the EA lose their effectiveness, the relationship between capital and the EA also changes and there is a reassessment by capital.

The theoretical considerations outlined here on the functional relationship between the EA and capital do not claim to be complete, nor do they postulate a conclusive totality. Rather, a more in-depth examination of the power resources of capital is necessary in order to be able to make reliable and generalisable statements, while the article aims to provide an impetus to develop the approach beyond trade union analysis. The approach offers enormous potential for analysing capital's strategies more precisely against the background of their material and organisational foundations and, at the same time, for taking a better look at processes of change.

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