INDUSTRY ASSOCIATION RESEARCH PROJECT

Report #1:
Canadian Associations as Agents of Industrial Change:
Canada in Comparative Perspective

Presented to:
Industry Canada

Prepared by:
Strategic Policy Choices, Inc. & Tom Deans Consulting, Inc.

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STRATEGIC POLICY Choices

BRINGING PUBLIC POLICY TO THE BUSINESS ENVIRONMENT

FOREWORD

This report is one of several based on research undertaken and the views of senior association and business executives received in the context of a study, commissioned by Industry Canada, of industry associations in Canada. The opinions expressed in this report do not necessarily reflect the views of Industry Canada.

The overall project, including research direction, and conduct of the interviews, mail surveys and focus groups, involved close collaboration between the consulting team and several groups in Industry Canada: Industry and Sector Policy Integration Directorates, Industry Sector Branches, and Industry Canada Regional Offices. In particular, Christopher LeClair for the consulting team and Michael Moore for Industry Canada, with the assistance of Sector Branch, Regional Office and Policy Sector personnel, arranged and conducted the interviews and focus groups.

Special thanks are extended to the association and business executives without whose cooperation and participation, the success of the project would not have been possible.

Industry Canada
March 1994

Strategic Policy Choices Inc. in association with Tom Deans Consulting Inc. is pleased to present the following reports on industry associations commissioned by Industry Canada:

Report 1: Canadian Associations as Agents of Industrial Change: Canada In Comparative Perspective

Report 2: Canadian Associations and the New Association Order: Potential Directions for Reform

Report 3: Benchmarks In Innovation: Association Best Practices in Organizational Design and Service Delivery

Report 4: Annotated Bibliography

We would like to thank Industry Canada personnel in both Ottawa and the regional offices for their active participation and logistical support throughout all phases of the project. In this regard, we extend special thanks to George Skinner, Terry Leung, Peter Chau, and, in particular, Michael Moore, for their efforts. In addition, we would like to acknowledge the advice and counsel of Dr. William Coleman and Dr. Michael Atkinson of the Department of Political Science at McMaster University along with the research efforts of Carlo Mastrangelo. Finally, we thank all association and company executives who provided their valuable input.

Strategic Policy Choices Inc., and
Tom Deans Consulting Inc.
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EXECUTIVE SUMMARY

This report was commissioned by Industry Canada as part of an ongoing effort by the Federal Government to help industry associations identify and respond to the key challenges of the 1990's and beyond. This is one in a series of reports that has examined various aspects about the structure and performance of Canadian industry associations in relation to their capacity to provide effective and timely services to member firms.

In keeping with Michael Porter's observations, industry associations are viewed as "a potentially high leverage mechanism" because of the strategically important activities they undertake for member firms in areas such as education and training, export promotion, and research and development. In Canada, there are a number of associations, especially at the sectoral level, that are involved in providing their members with innovative services in these and other areas.

At the same time, there is a strong belief that associations in Canada could be doing much more to help address the competitive challenges that confront member firms. Associations in Europe and Japan are believed to provide more comprehensive services and activities that better address the needs of member companies. As such, they are often cited as offering possible directions for the reform of associations in Canada.

A key objective of this report was to examine the activities of associations in other countries at the sectoral and intersectoral level and compare these with similar associations in Canada to determine what lessons, if any, could be learned. In undertaking the analysis of sectoral associations, major activity areas common to associations in both Canada and abroad were identified. A comparison of the activities of associations representing four sectors in Canada with sectoral associations in Japan and Europe ensued. Despite some similarities, the comparative analysis revealed that, on average, associations in Europe and Japan tend to offer services that are more comprehensive in scope than their Canadian counterparts.

In the examination of intersectoral associations, the activities of four major national associations in Canada were compared with associations in Britain, Germany, Austria, and Sweden. An analysis revealed that intersectoral associations in Canada share both differences and similarities with their counterparts in Europe. Two of the four Canadian intersectoral associations see their role as that of policy advocacy and are therefore different from associations in Europe who provide a combination of services and advocacy. The remaining two provide a range of business services to their members as well as participate in policy advocacy in a manner more characteristic of European intersectoral associations. Despite these similarities, there was a fundamental difference between national intersectoral associations in Canada and Europe. In Canada, there are no national intersectoral associations which function as "Peak Associations." Canadian associations tend to be direct membership associations.

In attempting to account for variations in the patterns of association activity, it was observed that an association's organizational characteristics are important explanatory variables. Employing a framework of association analysis used widely in international studies, it was found that an association's level of *organizational development* seems to have an impact on the scope and quality of activities it is capable of undertaking on behalf of member firms. The properties of an association which determine its level of organizational development are its scope or *domain* of representation, the *resources* it has at its disposal, and the way in which it is *structured*, both internally and its relationship with other associations. In the analysis, it was discovered that Canadian associations, when compared with their European and Japanese counterparts, displayed properties characteristic of a "lower" level of organizational development. The causal relationship that exists between these organizational properties and the comparatively less comprehensive activities that associations in Canada are capable of offering member firms is highlighted in this report.

In conclusion, it is suggested that the relationship between an association's level of organizational development and the quality of activities and services it provides points to potential areas for association reform in Canada. This relationship is important for those association executives and member firms looking for ways to improve association effectiveness. If company and association executives see a benefit in having an *associational system* characterized by a capacity to deliver the kinds of services that associations provide in Europe and Japan, then some degree of reform is a prerequisite. The comparative examination of associations in Canada and abroad offers a potential map as to how such reform could occur. However, associational reform — like any kind of organizational reform — can only be achieved if associations and their members agree on the need for change and direction that it should take.

Transforming associations is not an end in itself. Nor do we need to change our traditional ways simply because others are doing so. However, the experience of other nations suggests that small industries can be more successful in world markets if they pool their talents. The experience of countries like Germany suggests that such Canadian industries can be more successful if they have the support of both government and strong associations.

- Industry, Science and Technology Canada, *Canadian Competitiveness: The Public Sector Factor* (Ottawa: Supply and Services) June 1993. p. 12.

I. Purpose of Report: Putting Canadian Associations in International Perspective

As part of the Federal government's commitment to work more closely with industry associations, Industry Canada has commissioned this report to review and contrast industry associations in Canada to see how they compare with associations in other countries.[1] Such a comparative examination seeks to provide answers to a number of fundamental questions: What are the differences and similarities in the services and activities associations in other countries offer their member firms compared to Canada? How effective are Canadian industry associations by international standards? What are the reasons which account for any variations that may exist? Are there lessons to be learned from the way associations are organized in other countries to articulate the concerns of member firms to governments and to provide services in response to specific industry needs? Are there benefits to adopting some of these organizational features and molding them to fit associations in Canada?

By exploring these questions, this report seeks to provide an assessment of the relevance of "association models" in other countries and their applicability to Canada's association community. Such comparative insights should prove useful to those association executives and member firms currently exploring new ways to enhance the effectiveness of industry associations in Canada.

[1] See Canada, Government of Canada, *Prosperity Through Competitiveness: Consultation Paper*, (Ottawa: Supply and Services, 1992); and Government of Canada, *Canadian Competitiveness: The Public Sector Factor*, (Ottawa: Supply and Services, 1993).

II. Establishing the Basis for Comparison

An extensive review of the comparative association literature indicates that European and Japanese associations are among the most instrumental in enhancing the competitive prospects of the industries they represent.[2] In Germany, for example, associations in the chemical and plastics industries play a major role in managing industry-wide apprenticeship and vocational training programs, ensuring access to the kind of skilled workforce which has helped make member companies global leaders in these industries. In Japan, associations representing both the electronics and automotive industries have played a critical role in helping members develop export markets and undertake programs aimed at industry-wide adjustments. The unqualified success of the Japanese on both of these industrial fronts has been assisted by associations operating in close partnership with government.

Despite Canada's proximity and close ties with the U.S., comparative research suggests that there is little merit in looking to the U.S. for innovative association models. In fact, in contrasting the effectiveness of associations in different countries, the U.S. is often cited as an example of how associations ought not to operate. Separate comparative studies of industry-government relations in the *chemical, electronics, automotive, steel,* and *machine tool industries* all independently came to the conclusion that the U.S. is not particularly well served by its industry association community.[3] Fragmentation among associations, a narrow focus on lobbying, and an ideological aversion to industry-government partnerships are among the reasons why U.S. associations are considered poor models. Where associations in most countries work in partnership with their governments on matters of industrial policy and international competitiveness, U.S. associations tend to be

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[2] M.M. Atkinson, W.D. Coleman, *The State, Business and Industrial Change in Canada,* (Toronto: University of Toronto Press, 1991); Peter Katzenstein, *Corporatism and Change: Austria, Switzerland and the Politics of Industry* (Ithaca: Cornell University Press, 1984) See also, Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca: Cornell University Press, 1985) ; W.D. Coleman, *Business and Politics A Study in Collective Action,* (Kingston:McGill-Queen's University Press, 1988), p. 268. Peter Katzenstein, *Between Power and Plenty: The Foreign Economic Policies of Advanced Industrial States* (Madison: University of Wisconsin Press, 1978), pp. 311-316.

[3] For a consideration of the weaknesses of U.S.'s association system in the chemical sector see, Volker Schneider, "Corporatist and Pluralist Patterns of Policy-Making for Chemicals Control: A Comparision Between West Germany and the United States," in Alan Cawson, ed. *Organized Interests and the State: Studies in Meso-Corporatism.* (London: Sage, 1985) pp. 174-191; See also Henry Jacek, "The Function of Associations as Agents of Public Policy," in Alberto Martinelli ed. *International Markets and Global Firms: A Comparative Study of Organized Business in the Chemical Industry.* (London: Sage Publications, 1991) pp. 145-188.; For the electronics sector see, Edward Steinmeller, "Industry Structure and Government Policies in the U.S. and Japanese Integrated-Circuit Industries," in John B. Shoven ed. *Government Policy Towards Industry in the United States and Japan.* (Cambridge: Cambridge University Press, 1988) pp. 319-354; For the automotive sector see, Stephen Wilks "Institutional Insularity: Government and the British Motor Industry Since 1945," in Martin Chick, ed. *Governments, Industries and Markets: Aspects of Government-Industry Relations in the U.K., Japan, West Germany, and The USA Since 1945.* (Aldershot: Edward Elgar, 1990.); For the steel and machine tool industries see, Lynn Leonard and Timothy McKeown, *Organizing Business: Trade Associations in America and Japan.* (Washington: American Enterprise Institute, 1988).

viewed as organizations that exist solely to fight political battles to preserve markets. As such, the U.S.'s place in the world economy is not considered a result of an effective industry association community. According to one expert, "if we seek an answer to America's prosperity we are probably better off placing emphasis on its traditionally large population subject to internal free trade, rich resources capable of exploitation over the past 100 years, a temperate climate, a highly educated labour force, and possibly technological spin-offs from the state-financed defence and space programmes."[4] Based on these kinds of observations, international experts share a common belief that the U.S. associational system is not one to be emulated. It is for this reason we have chosen not to focus on U.S. associations in our comparative study.

III. Study Methodology

The approach the study will employ is a comparative one, examining and contrasting patterns of association activity in Europe, Japan, and Canada. The study will look at the activities of both sectoral and intersectoral (non-sector specific) associations. On the sectoral side, the fact that over 500 national associations dot Canada's association landscape obviously implies that specific sectors had to be chosen to provide for the basis of comparative analysis. *At the outset, it must be understood that the identification of sectors does not imply that they have been singled out for undue praise or criticism.* The selection of sectors to provide for a systematic comparison between the association activities of different countries is a balancing act of sorts. The selection must take into account a variety of different factors including: (1) *the economic salience and relevance of the sector to the Canadian economy,* (2) *the availability of comparative data,* and (3) *Industry Canada's organizational and mandate relationship with potential sectors.* Based on these criteria, the following sectors were selected for study: *chemicals, automotive, food processing, and electrical/electronics.*

With regards to intersectoral associations, the study will contrast the activities of the Business Council on National Issues (BCNI), the Canadian Manufacturers Association (CMA), the Canadian Federation of Independent Business (CFIB), and the Canadian Chamber of Commerce (CCC) with those of major intersectoral associations in Europe.

Associations and the activities they undertake for member firms will be examined primarily on the basis of extensive research drawing on the expertise of leading authorities on the role and activities of associations. However, the report will also draw on insights gained from a series of interviews and focus groups undertaken as part of the overall project on the effectiveness of industry associations in Canada.

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[4] Jacek, "Associations as Agents," in Martinelli ed, *International Markets and Global Firms*, p. 168.

IV. Organization of Report

The report will be divided into the following sections:

A Taxonomy of Industry Associations and an Inventory of Activities

This section will offer a taxonomy of the different kinds of industry associations. This will be followed by an inventory of the different activities typically undertaken by associations. In section one, a framework is developed for comparing association activities in Europe, Japan, and Canada.

Comparing the Activities of Sectoral and Intersectoral Associations in Canada and Abroad

This section will compare and contrast the activities of both sectoral and intersectoral associations in Canada with associations from Europe and Japan.

Explaining the Differences in Patterns of Association Activity in Canada and Abroad: The Organizational Factor

This section discusses the structural and organizational characteristics which account for variations in the patterns of association activities found in Europe, Japan, and Canada. Included in this section will be an elaboration of the concept of an association's level of organizational development and a tracing of its causal relationship with the level of comprehensiveness of services offered to member firms.

Summary and Conclusions

This section summarizes the reports findings and concludes by identifying the key insights that the comparative associational analysis reveals about the sources of industry association effectiveness.

V. Scope and Limitations of the Study

Any comparative examination of the activities of sectoral and intersectoral associations in Canada, Europe, and Japan must be limited in depth and detail. In the context of this report, it is not possible to offer a systematic analysis and comparison of the activities of all associations representing selected sectors in each country under study. On a more practical level, the need to generalize about association activities is required by the sheer number of associations in different sectors. For example, there are close to sixty associations which represent the food processing and chemical sectors in Canada. Rather, a summary is provided of the kinds of association activities that are characteristic of associations in Canada, Europe, and Japan in order to identify common themes. In each case, an effort is made to contrast the *pattern of activities* that Canadian associations typically undertake on behalf of member firms with that found in Japan and Europe.

UNDERSTANDING INDUSTRY ASSOCIATIONS: A FRAMEWORK FOR ANALYSIS

I. A Taxonomy of Industry Associations

Before it is possible to examine industry associations on a comparative basis, a better understanding of the different kinds of associations which exist in Canada, Europe, and Japan is required. On the most basic level, associations can be categorized on the basis of the scope of the industry segment they represent. This can be defined on both an ***economic*** and ***geographic/territorial*** basis. In terms of geographic scope, industry associations in Canada and abroad represent companies on a *local, provincial/state, regional, national, and international level.* This study will tend to focus on associations which are national in scope. Failure to limit the analysis in this fashion would require the examination of an unmanageable number of associations. In Canada, for example, it is estimated that there are over 500 national industry associations. When all local, provincial, and regional associations are included, this number would grow into the thousands.

As one moves to the differentiation of association types on the basis of the scope of economic activity they represent, the complexity of the associational system emerges. Typically, associations are one of the following types listed below:

Subsectoral Associations: represent a narrow, specific subdivision of a sector of the economy (i.e. dairy products, plastic molds).

Sectoral Associations: represent a "sector" of the economy, sometimes defined by the International Standard Industrial Classification (ISIC) code or, in the case of Canada, the Canadian Industrial Classification (SIC) code (i.e. food processing, chemicals).

Intersectoral Associations: represent a number of major sectors of the economy.

The above association types are consistent with the variations in scope of representation found in both Canada and abroad.[5] For the purpose of this report, the use of the term "sectoral" association will also encompass those at the "subsectoral" level. Comparative analysis of associations tends not to differentiate between sectoral and subsectoral associations because the lines of demarcation are not that clearly drawn.

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[5] For a good overview of these distinctions see William Coleman, "Canadian Business Interests and the State," in K. Banting ed. *The State and Economic Interests: Volume 32 of The Research Studies Prepared for The Royal Commission on Economic Union and Development Prospects for Canada.* (Toronto: University of Toronto Press, 1986) pp. 245-285.

In the case of Europe and Japan, another type of association must be included. Throughout Europe and Japan ***"Peak"*** associations exist at both the sectoral and intersectoral level. Peak associations are "associations of associations" which share a formalized, ordered, relationship with associations representing industries at a lower subsectoral, or sectoral level. As such, they are capable of maximizing industry input through vertical integration and coordinating the activities of the most specialized interests into discussions of broader industrial concerns at the sectoral and national level.

These kinds of relations between associations are based upon the existence of an explicit division of labor among associations and the activities they undertake. For example, sectoral peak associations generally accept that they are unable to effectively meet the more specialized need of subsectors, represented by subsectoral associations, and thus speak for the industry on matters of more general importance. In addition, on broader public policy matters, sectoral associations likewise defer to the intersectoral peak association of which they are a member. Intersectoral and sectoral peak associations receive much of their revenues from other associations who are its "members."

The Canadian experience differs considerably from the previous situation. In Canada, there are few national sectoral peak and no intersectoral peak associations at the national level which exhibit formalized, hierarchical relationships with smaller associations. At both the sectoral and intersectoral level, associations tend to represent individual firms directly. In contrast, at the provincial level, the Conseil du Patrontat in Quebec (CPQ) is an association which functions more as a traditional peak intersectoral association. The CPQ, for example, represents 126 associations which cover all major sectors of the Quebec economy.

II. An Inventory of Association Activities

In the examination of association activities, examination of sectoral associations will occur first, followed by intersectoral associations. In Canada and abroad, associations undertake a multiplicity of activities designed to respond to member needs. These needs are as varied as the expectations of member firms. For some members, the benefit of association membership is derived from the association's group buying power and the lower fees it charges members to exhibit their products in association-run trade shows. Others see associations as an important political lobby and as a way of staying in touch with emerging policy and regulatory developments affecting their industry. Some members look to associations as important public relations and communication vehicles for promoting their industry. An increasing number of member companies view associations as important sources of industry support in areas such as education and training, research and development, and export promotion. Others look to associations as a source of market information and industry statistics. And, of course, there are those who look to associations for the enormous networking opportunities they offer members.

For the purposes of analysis, association experts have attempted to categorize the breadth activities into manageable sub-groups.[6] For example, Coleman and Jacek identified four areas of association activity: *public policy formulation, policy implementation, commercial activity*, and *selective benefit and membership service activity*. Before that attempt, Litvak developed more specific terminology. In one of the first major studies of associations in Canada, he identified the following areas of association activity: *government relations, industry market information, public relations, inter-industry relations, industry promotion, interest group relations, education, and employment standards*. A consideration of the international literature suggest a number of similar breakdowns are used to distinguish between the activities undertaken by associations in other countries. With the notable exception of the role that many European associations play on the collective bargaining front, there are a number of activity areas common to associations in both Canada and abroad that provide the basis for comparative analysis.

In attempting to distil the different activities and services undertaken by association in various countries and identify parallel sub-groupings that would enable international comparisons to be made, six major categories were developed to encompass the kinds of activities and services undertaken by associations in Canada, Europe and Japan. These major activity areas are listed in **figure 1** and provide an overview of the kinds of specific activities/services undertaken under each heading.

(1) Export Promotion has become an increasingly significant activity area for associations trying to help member firms develop and exploit new export markets. Often, an association becomes involved in export promotion activities to assist smaller companies to leverage their efforts by joining in with other companies, thereby reducing overhead costs. Specific activities can range from the organizing of government-sponsored trade missions, to potential export markets, to the establishment of industry-funded, association-run, trade promotion offices in other countries.

(2) Research and Development has gained prominence as technological advancements in industries create demands on associations to help members identify and adopt new technology. As in the case of export promotion, association-led research and development ventures often help smaller companies gain access to new technology that they would be unable to access on an individual basis. Association activities can range from helping

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[6] One of the earlier Canadian efforts came from Al Litvak, "National Trade Associations: Business Government Intermediaries," Business Quarterly, (Autumn 1982) pp. 34-42; A later effort on the Canadian side came from William Coleman and Henry Jacek, "The Roles and Activities of Business Interest Associations in Canada." in *Canadian Journal of Political Science*. XVI:2 (June: 1983) pp. 257-280. For a consideration of the international categorization of association activities see the chapters in Wyn Grant ed. *Business Interests, Organizational Development and Private Interest Government: An International Compparative Study of the Food Processing Industry* (Berlin: de Gruter, 1987).

members attain tax credits and other forms of government support to encourage R&D, to the establishment of industry-funded R&D facilities.

(3) Education and Training has become one of the most important association activity areas in Canada over the last five years and has long been a major element of association programs in Europe. The direct link between the skill set of an industry's workforce and its competitiveness combined with the inability of individual firms to develop training on their own has placed this topic at the top of the agenda of many industry associations. Specific activities range from the offering of short-term, government funded training programs to the establishment of industry-run vocational training programs recognized by educational institutions.

(4) Industry Adjustment and Industry Bench Marking have become salient association activities as member companies strive to improve their competitive position in relation to the international competition. The "non-competitive" status of an association makes it a neutral forum to work with member companies to identify international competitiveness trends, devise strategies of adjustment, and assist members to implement required adjustments. Activities can range from informing members about various government support programs aimed at helping them improve their competitiveness to developing and implementing comprehensive industry adjustment programs.

(5) Codes, Standards, and Regulations have become an increasingly prominent activity area for associations as a result of a surge in public interest and awareness of environmental and health and safety issues. In response to this, industry associations are looked upon by members as the vehicle through which the industry can collectively work to ensure that undue economic hardship does not accompany emerging codes, standards and regulations. Activities range from the lobbying of government officials on the content of codes, standards, and regulations to actually participating in their drafting and enforcement.

(6) Public Policy Advocacy remains the principal activity area of many industry associations. In major policy areas such as trade, environment, taxation, and labor relations, individual firms look to associations as their chief means of ensuring a public policy climate amenable to doing business. Activities can range from lobbying on major policy issues at the later stages of the policy process to associations participating regularly in the earliest stages of policy development.

Figure 1: An Overview of Association Activities

Export Promotion	*Research & Development*	*Education & Training*	*Benchmarking & Industry Adjustment*	*Codes, Standards & Regulations*	*Policy Advocacy*
➢ organizing of govt. sponsored trade missions	➢ assoc. activity aimed at helping members attain tax credits	➢ offering of short-term govt. funded training activities	➢ informing members about govt. support programs	➢ lobbying of govt. officials on codes, standards & regulations	➢ associations lobby on major policy issues at late stages in the process, i.e. parliamentary committees
➢ provision of export intelligence and export marketing support	➢ technology database and benchmarking services	➢ more formalized user-pay training activities, administered by the associations	➢ undertaking assessments of key competitiveness trends affecting industry	➢ providing services and training to members on how to comply	➢ associations invited to participate in policy consultations from time to time
➢ a developed export promotion strategy	➢ coordination of strategic alliances of pre-competitive research among member companies	➢ development of multi-faceted education and training activities targeted at all aspects of the education system	➢ developing industry benchmarking services, i.e. ISO9000 and TQM	➢ associations are occasionally asked to comment on proposed codes, standards & regulations	➢ associations are members of more formalized consultative structures
➢ existence of industry-funded export promotion offices in targeted export markets	➢ establishment of industry-funded R&D facilities	➢ association runs industry-funded vocational training programs recognized by educational institutions	➢ developing and implementing comprehensive industry adjustment programs	➢ associations given authority to draft and enforce codes, standards & regulations	➢ associations regularly participate in the earliest stages of policy development

III. Comparing Association Activities in Canada, Europe and Japan: A Conceptual Framework

Comparing and contrasting the activities of sectoral and intersectoral associations in various countries requires a systematic means to evaluate variations in association activities. With regard to the analysis of **sectoral associations**, it is contended that the *level of comprehensiveness* of association activities is the most useful point of differentiation to make when comparing and evaluating associations in Canada, Europe, and Japan. To assist in making such comparisons, an Association Activity Assessment Chart has been developed which takes the six activity areas common to associations in both Canada and abroad and specifies different ***levels*** of activity. To this end, stating that associations in Canada, like those in Europe and Japan, are involved in something as broad as "export promotion," or "education and training" reveals little about the variations in services provided under this heading and the kinds of benefits that accrue to member firms. This approach aims to provide a starting point to discern the variations in the kinds of activities undertaken by associations in different countries and how these contribute to the international competitiveness needs of member firms. **Figure 2** lists association activities under each major activity area and distinguishes between these on the basis of "less comprehensive" versus "more comprehensive."

It must be understood that this method of analyzing the activities of associations offers only a general bench mark around which to make comparative observations as to the comprehensiveness of association activities. Likewise, these observations can not be taken as a definitive assessment of the performance of associations in Canada, Europe, and Japan. There are, of course, different ways to evaluate association performance in delivering services to members. Some might be inclined to argue that the best evaluation of association activities is the degree to which they correspond to the expectations of members. To this end, the observations on the "comprehensiveness" of association activities are not a comment on which associations and sectors are "better" serving their members interests. Rather, this is an attempt to put these activities in comparative perspective such that one can determine what lessons, if any, can be learned from the way associations operate in other countries.

For the analysis of the activities of **intersectoral associations**, the variations in the kinds of activities traditionally pursued will require a different framework for comparison. The more generic nature of the activities upon which these associations tend to focus limits the range of issue areas that can be used to compare association activities. To this end, an approach which has been used to compare intersectoral association activities in Canada and Europe will be borrowed. A consideration of this approach suggests that the most useful way to distinguish between the activities of intersectoral associations is to break these activities into three types of roles intersectoral associations tend to assume: ***(1) lobbying/policy advocacy, (2) policy formulation, and (3) policy implementation/program and delivery.***

Figure 2: Association Activity Assessment Chart

Less ▲ Comprehensive ▼ More

Export Promotion	*Research & Development*	*Education & Training*	*Benchmarking & Industry Adjustment*	*Codes, Standards & Regulations*	*Policy Advocacy*
➢ organizing of govt. sponsored trade missions	➢ assoc. activity aimed at helping members attain tax credits	➢ offering of short-term govt. funded training activities	➢ informing members about govt. support programs	➢ lobbying of govt. officials on codes, standards & regulations	➢ associations lobby on major policy issues at late stages in the process, i.e. parliamentary committees
➢ provision of export intelligence and export marketing support	➢ technology database and benchmarking services	➢ more formalized user-pay training activities, administered by the associations	➢ undertaking assessments of key competitiveness trends affecting industry	➢ providing services and training to members on how to comply	➢ associations invited to participate in policy consultations from time to time
➢ a developed export promotion strategy	➢ coordination of strategic alliances of pre-competitive research among member companies	➢ development of multi-faceted education and training activities targeted at all aspects of the education system	➢ developing industry benchmarking services, i.e. ISO9000 and TQM	➢ associations are occasionally asked to comment on proposed codes, standards & regulations	➢ associations are members of more formalized consultative structures
➢ existence of industry-funded export promotion offices in targeted export markets	➢ establishment of industry-funded R&D facilities	➢ association runs industry-funded vocational training programs recognized by educational institutions	➢ developing and implementing comprehensive industry adjustment programs	➢ associations given authority to draft and enforce codes, standards & regulations	➢ associations regularly participate in the earliest stages of policy development

I. A Consideration of the Activities of Sectoral Associations in Europe, Japan, and Canada

This section will examine the activities of various European and Japanese sectoral associations and contrast these activities with those of Canadian associations. At the outset, it is important to realize that the complexity and detail of the activities of specific associations in specific countries warrants much more attention than can be offered herein. However, it is contended that the explanatory power of the comparative study lies in the broad contrasts that can be made between the patterns of association activity in Canada compared with those of the other countries under study. For those interested in more detail on particular sectors, the references provide ample sources of information. Throughout this section, an overview of association activities in the four sectors will be presented. Each analysis of sectoral association activities of Japanese and European associations will be followed by a comparison with the activities of Canadian associations representing the same sector. An attempt was not made to chart all of the association activities mentioned in these two sections. Instead, readers should refer to **figure 2** on page 12 which offers a means to compare general patterns of association activities on the basis of the level of comprehensiveness.

Chemical Sector: Europe

With the exception of the industrial relations functions, chemical association activities in Canada and Europe provide the basis for a useful comparison.[7] The Swedish chemical sector, for example, has three employers' associations: *Almana Gruppen Svenska arbetsgivarefoeningen* (Ag–SAF), KFO (the Cooperative Labour Negotiation Organization) and the SFO (the Employers' Association for Companies in Joint Ownership). All of these associations have the requisite ability and influence to negotiate binding industrial relations agreements on behalf of member firms and to enforce these through fines, expulsion, and the forfeiture of claims to strike funds. Alternatively, the Chemical Industries Association (CIA) in Britain, both a trade and employer association, negotiates a 'framework' agreement for those association members that wish to take part in the collective bargaining function.[8]

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[7] Wyn P. Grant, "Associational Systems in the Chemical Industry," in Martinelli, ed., *International Markets and Global Firms* p. 49.

[8] William D. Coleman and Wyn P. Grant, "Business Associations and Public Policy: A Comparison of Organizational Development in Britain and Canada," *Journal of Public Policy* 4:2 (1984), p. 230.

In the area of ***education and training***, all three of the aforementioned Swedish employers' associations, financed by the SO (the National Board of Education), are active in offering vocational training courses. Moreover, one trade association, the KIK (the Association of Swedish Chemical Industries) receives government funding for worker education in the handling of hazardous goods and chemical substances.[9] Britain's CIA in conjunction with the Association of the British Pharmaceutical Industry (ABPI) has assumed full responsibility for the development and administration of an occupational training program for the industry. Finally, the CIA's Training Department, in conjunction with other subsector associations, helped in the establishment of the Chemical and Allied Industries Training and Review Council (CAITREC), designed to encourage and monitor training activities by other organizations.

In the area of ***export and promotion***, British chemical associations tend to be quite active on a number of issues relating to customer-supplier relations. In 1982, for example, the British Plastics Federation (BPF) created the Plastics Advisory Service which offers assistance to suppliers of materials, products, machinery, and services in areas relating to export market information and statistics on international trade.[10] In the pursuit of increasing their export markets, the CIA, with funding provided by the British Overseas Trade Board, has been involved in a number of trade missions. Similarly, the British Aerosol Manufacturers Association (BAMA), in conjunction with the Board, has sought to actively display its members' products in foreign exhibitions.

In the area of ***codes, standards and regulations***, European associations have also been active in areas ranging from the safe handling of products, labelling, product standards, and the regulation of advertising within industry. For example, the British Agrochemicals Association (BAA) provides a detailed set of standards for firms within the subsector, the purpose of which "is to prevent the subsector from falling into disrepute, a measure that is seen as necessary even though the private property rights of pesticide firms are being infringed."[11] Likewise, the Association of British Pharmaceutical Industry regulates the

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[9] Victor Pestoff, *The Organization of Business Interests in the Swedish Chemical and Drug Industry* (University of Stockholm, 1983), p. 69., cited in Henry J. Jacek, "The Function of Associations as Agents of Public Policy," in Alberto Martinelli, ed., *International Markets and Global Firms: A Comparative Study of Organized Business in the Chemical Industry* (London: Sage, 1991) p. 154.

[10] Wyn P. Grant, *The Organization of Business Interests in the UK Chemical Industry*, Discussion Paper IIM/LMP 83–3 (Berlin: Wissenschaftszentrum Berlin, 1983), pp. 50–51, 66., quoted in Henry J. Jacek, "The Function of Associations as Agents of Public Policy," in Alberto Martinelli, ed., *International Markets and Global Firms: A Comparative Study of Organized Business in the Chemical Industry* (London: Sage, 1991) pp. 156–157.

[11] Wyn P. Grant, *The Organization of Business Interests in the UK Chemical Industry*, Discussion Paper IIM/LMP 83–3 (Berlin: Wissenschaftszentrum Berlin, 1983), pp. 32–33., cited in Henry J. Jacek, "The Function of Associations as Agents of Public Policy," in Alberto Martinelli, ed., *International Markets and Global Firms: A Comparative Study of Organized Business in the Chemical Industry* (London: Sage, 1991) p. 157.

advertising of ethical drugs. In the development of standards for potentially hazardous materials within Sweden, the chairman of the KIK (the Association of Swedish Chemical Industries) sits on the *Produktkontrollnenden* (PKN– the Products Control Board of the Environment Protection Boards), the body responsible for such matters.

In the area of ***public policy advocacy*** within both Sweden and Germany, associations in the chemical sector are treated as integral parts of the policy formation process. Associations in Sweden, for example, have strong access and communication links to the ad hoc Parliamentary Royal Commissions frequently established by the government to study the creation and implementation of macroeconomic policies. In Germany, the Chemical Industry Association (VCI – *Verband der Chemischen Industrie*) plays an instrumental role in the policy process, routinely reviewing relevant drafts of bills and making its influence felt at the earliest stages of the formulation of a measure. Moreover, the VCI is frequently engaged in co-determining public policy activity with the chemical sector. The strong policy role of the VCI is highlighted by focusing on events surrounding the creation and passage of the *Chemikaliengesetz* (the Chemical Act) in 1982, legislation designed to deal with the health and environmental impact of new industrial chemicals. At the risk of oversimplification, by being able to enter into a dialogue with the government from the initial stages of the proposal's emergence from within the German Ministry of the Interior, the VCI was able to co-determine the fundamental components of the Chemical Act before the legislature became involved.[12] The final product was a much less onerous policy (pre-marketing notification) for the industry as a whole, in stark contrast to the more unpredictable and intrusive (pre-manufacturing notification) Toxic Substances Control Act (TSCA) which had emerged earlier in the United States.

Associations have also been actively involved in public policy advocacy on the environmental front. The IS (the Federation of Swedish Industry), for example, nominates one member to serve on the board of the *Statens naturordsverk* (the National Environment Board) as well as two of its advisory boards. In Britain, the British Aerosol Manufacturers Association (BAMA) in the early 1980s "assumed the charge from the government to ensure that its members reduce the amount of chlorofluorocarbons in their products by 30 percent"[13]

The European Chemical industry has also been active in the area of ***research and development.*** To this end, Germany's VCI has been firmly committed to a large scale collective research effort as a central component to maintaining and enhancing the

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[12] Volker Schneider, "Corporatist and Pluralist Patterns of Policy–Making for Chemicals Control: A Comparison Between West Germany and the United States," in Alan Cawson, ed., *Organized Interests and the State: Studies in Meso–Corporatism* (London: Sage, 1985).

[13] Coleman and Grant, "Business Associations and Public Policy," p. 220.

industry's strong economic performance domestically and internationally. Generated from a fee schedule based upon members' sales, the VCI administers a large multi-million dollar research organization, the *Fonds der Chemischen Industrie*, designated to support research in the chemical sector. [14]

Chemical Sector: Canada

The structure and activities of chemical associations in Europe differ from those of the Canadian chemical industry. Lacking a peak association which serves to unite the subsectors of the industry to collectively undertake ***public policy advocacy*** activities, Canada's twenty associations are more fragmented. This is a result of the fact that the lack of integration among, in some cases, competing associations, precludes a more formal role in the policy-making process. By contrast, it has been noted that European chemical associations are better prepared to enter into dialogue with state officials on long-term policy issues affecting the sector. The VCI in Germany regularly participates in the earliest stages of regulatory and policy development. Its ability to represent the entire chemical sector combined with its policy expertise and knowledge make it inconceivable for policy-makers to ignore its views.[15] In contrast, Canadian associations representing the chemical sector do not exercise the same kind of influence in the policy process.

While there are certainly instances where associations have played a major role, it has been noted that chemical associations in Canada "have not become institutionally involved in policy-making."[16] Participation around the Canadian Environmental Protection Act (CEPA) illustrates that while associations do exert influence on policy matters, it is not to the same degree as associations in Europe.

Likewise, in the area of ***codes, standards, and regulations***, the activities of chemical associations have generally not been as comprehensive as their counterparts in Europe. By contrast, the Pharmaceutical Manufacturers Association of Canada (PMAC) does play an active role in the development of codes, standards, and regulations and, to a degree, ensures industry compliance around issues such as the safety and efficacy of drugs and advertising.[17] However, this kind of association involvement seems to be the exception to

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[14] W. Grant, W. Paterson and C. Whitston, "Government-Industry Relations in the Chemical Industry: An Anglo-German Comparison," in S. Wilks and M. Wright, eds., *Comparative Government-Industry Relations* (Oxford: Clarendon Press, 1987), p. 45.

[15] Henry Jacek, "The Function of Associations as Agents of Public Policy," in Alberto Martinelli ed. *International Markets and Global Firms: A Comparative Study of Organized Business in the Chemical Industry.* (London: Sage Publications, 1991) pp. 145-188.

[16] Coleman, *Business and Politics*, p. 209.

[17] Ibid.

the rule. Most Canadian associations spend their efforts helping members to understand and implement emerging codes, standards, and regulations. Associations like the Society of the Plastics Industry of Canada (SPI) and the Canadian Chemical Producers Association (CCPA) run seminars and issue publications outlining emerging requirements and how members go about complying.[18] One more recent departure from this type of association activity is the CCPA's *Responsible Care* program which takes on a form of industry self-regulation around environmental protection and the manufacturing of chemicals.

On the ***education and training*** front, Canadian chemical associations have not developed systematic education and training programs. With the notable exception of the in-plant training programs and vocational training institute established by the plastics industry and a handful of others, chemical associations in Canada have not put in place the kind of comprehensive industry-driven programs which are characteristic of German, British, and Swedish associations.

Export and trade promotion is an area where Canadian chemical associations are clearly involved to the same degree as their European counterparts. Activities range from the dissemination of export market information to member firms to the organizing of export marketing missions to other countries. For some smaller-sized firms, the association becomes a central source of information and leverage for undertaking activities that they themselves are unable to.

In the area of ***research and development***, there are some chemical associations that have established R&D institutes aimed at addressing technological challenges confronting member firms. For example, the Sulphur Development Institute of Canada was established to promote R&D leading to greater applications for sulphur. The plastics industry created the Canadian Plastics Institute to help plastics processors become more internationally competitive through the diffusion and adoption of leading edge technology. While these R&D activities are important innovations among Canadian chemical associations, they are heavily financed by the federal government. The degree to which they compare with the R&D activities of the VCI in Germany, for example, will be decided by whether or not the members are willing to assume their full cost of operation once government supports runs out.

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[18] William Coleman and Henry Jacek, "The Political Organization of the Chemical Industry in Canada," A paper presented to the Annual Meeting of CPSA. Halifax, Nova Scotia 27-29 may 1981.

Food Processing Sector: Europe

Much like the chemical sector, there are numerous examples of employers' associations or combined employers'/trade associations performing ***industrial relations*** functions in the food processing sector. In Austria, the *Osterreichische Raiffeisenverband* (ORV) negotiates binding industry-wide, multi-firm agreements for all sectors of the food industry. Both the Employers' Association for Food Processors (LAF) and the Cooperative Negotiation Association (KFO) negotiate collective agreements on behalf of the food industry in Sweden, as well as participate in administering government grants for projects that further regional localization policy.[19] In Britain, the Dairy Trade Federation engages in industry-wide bargaining as well as the satellite organizations of the Food Manufacturers' Federation (FMF) and the Bacon and Meat Manufacturers' Association.

In the area of ***education and training,*** Britain's Food Manufacturers' Federation (FMF) has established the Food Manufacturers' Council for Industrial Training (FMCIT) for the industry as a whole. As well, the Dairy Trade Federation has a Training Policy Committee. Within Germany, vocational training is provided by the *Bundesinstitut fur Berufsbildung* and the *Arbeitgebervereinigung Nahrung und Genu* for the dairy industry and fruit and vegetable processing industry respectively.

With respect to the area of ***export promotion,*** the Food Manufacturers' Federation has worked closely with the British Department of Trade in the development of country-specific export strategies. Alternatively, in Germany, product specific associations, particularly in the milk and dairy products sectors, have worked with farmers' and retailers' interest associations in developing export sales promotion programs for both domestic raw materials and processed products.

In the area of ***codes, standards and regulations,*** business interest associations throughout Europe play an important role in the area of quality regulation. The level and extent of this involvement varies according to country. In Britain, associations may be involved in consultation procedures organized by the government. In the case of Austria and the Netherlands, associations are members of government bodies responsible for the formulation, enforcement and/or sanctioning of quality regulations. In the Netherlands, for example, the meat products, dairy products and fruit and vegetable processing subsectors each have a quality control board with a semi-public status, governed by

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[19] Henry J. Jacek, "Business Interest Associations as Private Interest Governments," in Wyn Grant, ed., *Business Interests, Organizational Development and Private Interest Government: An International Comparative Study of the Food Processing Industry* (Berlin: de Gruyter, 1987), p. 40.

representatives of the business interest associations in each industry. In the Switzerland, associations are given the power to enforce government regulations.[20]

Business interest associations play an important role in the area of investment focusing on ***industry adjustment.*** For example, Swedish associations representing dairy interests along the entire food chain (Farmers, processors, consumers) are members of the *Landesvereinigungen der Milchwirtschaft* at the *Lander* level, responsible for administering dairy industry restructuring programs.[21]

In terms of ***research and development***, the peak sectoral association for the food processing industry in Germany administers state research subsidies as well as coordinates and promotes collective research activities.

Business interest associations in the Swedish food processing industry, as in the chemical industry, are considered to be an integral part of the policy process through its ***public policy advocacy*** efforts, bound up closely with the role of ad hoc Royal Commissions and the latter's role in the creation and implementation of macroeconomics policies. The process is one whereby the Royal Commissions remit their reports to associations for analysis and revision, then study and analyze the revisions and briefs submitted by associations.[22]

Food Processing Sector: Canada

Canada's food processing sector is noted for having a large number of associations. The proliferation of a multiplicity of associations is driven less by the sector's size, but rather by differences in orientation between foreign and domestic firms, market structures, and distinctions between primary and secondary manufacturing.[23] For the purposes of discussion, it is possible to distinguish between those associations which represent firms operating in free markets and those that represent firms operating under the auspices of supply management systems. In Canada, associations representing firms in the dairy,

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[20] Bert de Vroom, "The Food Industry and Quality Regulation," in Wyn Grant, ed., *Business Interests, Organizational Development and Private Interest Government: An International Comparative Study of the Food Processing Industry* (Berlin: de Gruyter, 1987), p. 191.

[21] Jacek, "Business Interest Associations as Private Interest Governments," p. 43.

[22] Victor Pestoff, "The Associative Action of Swedish Business Interests: The Organization of Business Interests in the Swedish Food Processing Industry," Research Report No. 8, (Department of Political Science, University of Stockholm, 1983), pp. 57–60, 63–65., cited in Henry J. Jacek, "Business Interest Associations as Private Interest Governments," in Wyn Grant, ed., *Business Interests, Organizational Development and Private Interest Government: An International Comparative Study of the Food Processing Industry* (Berlin: de Gruyter, 1987), p. 40.

[23] Coleman, *Business and Politics*, pp. 198-204.

poultry, vegetable, and fruit sub-sectors, for example, tend to focus much of their efforts on supply management issues.

Associations representing firms operating outside of the supply-management sphere tend to undertake activities more in keeping with industry associations in Canada. Associations in the food processing sector vary according to the breadth of the industry they represent. The Grocery Products Manufacturers of Canada (GPMC) and the Food Institute of Canada (FIC) represent broad cross-sections of the food processing sector. In contrast, the GPMC provides management services to 13 small sub-sectoral, product specific associations such as tea, coffee, and industrial sweeteners to name a few. A more broadly-based association in this sector is the Canadian Meat Council (CMC) which represents the red meat processing sector.[24]

Associations representing the food processing sector are active in a number of key areas. Under the banner of ***export promotion***, the CMC has worked with the Federal government in jointly organizing trade fairs and missions to other countries to promote the sales of products abroad. CMC and its members have undertaken these and other activities with the support of the Program for Export Market Development (PEMD), Agriculture Canada's Promotional Projects Program and the Canadian Agricultural Market Development Fund.[25] The FIC has also been active in the area of export promotion and with support from the Agri-Food Industry Market Strategy of Industry Canada has recently been involved in helping member firms increase exports to the Pacific Rim.

In the area of ***codes, standards, and regulations,*** associations in the food processing sector are involved in areas such as food quality, labelling, and nutritional issues. The specific technical expertise the larger associations are able to bring to the regulatory table help to ensure that their industry's concerns are taken into account. While such involvement does not extend to the quasi-public licensing functions assumed by the food processing sector in Europe, Canadian associations have played an active role in the area of food quality and work closely with the Food Directorate of Health Protection Branch (HPB) at Health and Welfare Canada.[26] The one association that has assumed an even more pronounced role in the regulatory area has been GPMC. Its efforts to develop a national packaging waste management plan is a significant step towards industry self-regulation. As part of the plan, GPMC members have committed to finance the collection and recycling of their packaging materials.

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[24] Coleman and Jacek, "Business Associations," pp. 261-266.

[25] Atkinson and Coleman, *Business and industrial Change*, pp. 154-158.

[26] W.D. Coleman, "The Political Organization of Business Interests in the Canadian Food Processing Industry," (Berlin: Wissenschaftszen, 1984).

Associations in this sector have typically not taken on a delivery role in establishing ***educational and training*** programs and activities as associations from the same sector have throughout Europe. Again, the one exception to this seems to be the GPMC. While the association is not yet ready to offer vocational training, it is involved with labour and the Federal government in examining the human resource needs of the industry with a view to developing some kind of national training effort. In addition, the association has recently completed a bench marking study of the human resource trends in the industry.

Automotive Sector: Britain and Japan

Comparative observations of the activities of associations representing the automotive industry can be drawn from the British and Japanese experiences. At the outset, an empirical limitation of examining association activities representing the automotive industry is that no detailed comparative research exists. Associational activities of this sector have never been part of the kind international comparative study which provides for systematic cross-national comparisons.[27] Observations are therefore made by examining literature of association activities in specific countries such as Japan and Britain.

In Britain, the automotive industry is represented by a sectoral peak organization, the Society of Motor Manufacturers and Traders (SMMT) which is a large, relatively well researched and well regarded lobbying organization. Its focus seems to be exclusively that of ***public policy advocacy.*** However, its ability to articulate the interests of the British automotive industry is restricted by the fact that it represents importers as well as manufacturers. In practice, the large companies deal bilateral with government, which is to be expected considering their resources to staff an in-house government relations department but also given their ownership structure. The industry is owned by the American, Japanese, Dutch, Swedish, and French companies. Their interests are defined by an extra-national company network and there is a reduced incentive for them to organize and reflect British industrial policy practices.[28]

The association activity in the automotive sector in Japan is considerably different. In Japan, the activities of the Keidanren, the peak of all associations, also known as the

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[27] For a consideration of various national treatments of the automotive sector see Koshi Masaki, "Japanese National Policy and the Automobile Industry,"*Transport Review* (3, 1993); Stephen Wilks, *Industrial Policy and the Motor Industry* (Manchester: University of Manchester, 1984); Francois Perin-Pelletier, "Industrial Policy and the Automobile Industry," W.J. Adams and C. Stoffaes eds, *French Industrial Policy*, (Washington: The Brookings Institute, 1986); and Wolfgang Streek, "Successful Adjustment to Turbulent Markets: The Automobile Industry in Peter Katzenstein, ed. *Industry and Politics in West Germany Toward the Third Republic*, (Ithaca: Cornell University Press, 1989).

[28] Stephen Wilks, "Institutional Insularity: Government and the British Motor Industry Since 1945," in Martin Chick, ed. *Governments, Industries and Markets: Aspects of Government-Industry Relations in the U.K., Japan, West Germany, and The USA Since 1945.* (Aldershot: Edward Elgar, 1990) pp. 157-177.

Federation of Economic Organizations, is active on the ***public policy advocacy*** front by systematically seeking to persuade policy makers to create an environment conducive to economic growth in the economy, including the automotive sector. The Keidanren represents 7OO of the largest corporations, nearly 1OO of the largest financial/commercial institutions and over 1OO trade associations, including the Japanese Automobile Manufacturers Association (JAMA). Through its automotive bureaus the Keidanren attempts to influence specific public policies emerging from various Ministries, especially the Ministry of International Trade and Industry (MITI). So close is the relationship that MITI and the Keidanren even exchange junior officials for short periods to ensure that links between them during their careers will continue smoothly. Similar links also exist between key trade associations like the JAMA and the relevant sections of MITI.

Export promotion has also been a dominant activity for JAMA and the automotive sector in Japan. Through its involvement in the Keidanren, a JAMA representative with quasi-diplomatic accreditation is placed at the Japanese Embassy in London and in other major capitals around the world. During the 1970's, JAMA and MITI cooperated on an aggressive export promotion strategy that saw the directing of subsidies, low interest loans, and tax incentives to JAMA members. MITI utilized these policy and program instruments in close cooperation with JAMA to ensure industry support for the export promotion plan. [29] In the 1990's, JAMA's cooperation with MITI has turned to a plan to curb automotive export sales in the face of growing concern among Japan's trading partners over the size of its trade surplus. JAMA is also involved in a national effort to increase the imports of automotive parts as a measure to help lessen trade friction.

MITI and JAMA likewise cooperated in ***industry adjustment*** activities throughout the 1970's. Again, low interest loans, subsidies, and tax incentives (not to mention flexible competition laws) were used to encourage mergers and joint-ventures among JAMA members leading to increased economies of scale. In some cases, these programs were administered directly by JAMA.

Automotive Sector: Canada

In Canada, there are a number of associations which represent various subsectors of the automotive industry. The Motor Vehicle Manufacturers Association (MVMA) represents the OEM's and has a strong focus on policy advocacy. The Automotive Parts Manufacturers Association (APMA) serves the producers of parts, equipment, and tools

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[29] For an overview of this kind of association/government relationship see Ian Neary, "Japan," in Martin Harrop, ed. *Power and Policy in Liberal Democracies*, (Cambridge: Cambidge University Press, 1992) pp. 49-65.; G.K. Wilson, *Business and Politics*, (London: Macmillan Press, 1985) p. 92.

and shares some membership with the plastics automotive parts suppliers in the Society of the Plastics Industry of Canada (SPI). The Automotive Industries Association (AIA) represents companies manufacturing and selling into the automotive after market.

Under the rubric of ***export and trade promotion,*** associations like AIA, APMA, and SPI actively help members search out new export markets by organizing trade missions, providing market research, and exporting assistance. The majority of these activities are undertaken with financial support from federal and provincial governments. Currently, APMA is in the process of attempting to open up an export promotion office in Japan. Such a move would be more in keeping with the kind of comprehensive export promotion activities of JAMA.

In the area of ***industry adjustment,*** associations in this sector have not pursued activities as systematic as JAMA's efforts in the 1970's. Instead, activity focuses on the implementation of quality improvement programs and quality assurance accreditation. Related activities revolve around the use of government funded projects like the Automotive Components Initiative aimed at enhancing the competitiveness of domestic parts manufacturers. In addition, these associations also conduct competitive analysis studies of their respective industries and provide this information to member companies to assist them in identifying and responding to industry trends.

Associations in the automotive industry regularly make their views known to government through their ***public policy advocacy*** activities. On issues ranging from labor relations reform, employment equity to taxation policy, associations from the automotive industry join the hundreds of other sectoral associations and appear before commissions, task forces, and parliamentary committees. However, when it comes to influencing policy relating to their sector, associations in the automotive industry tend to have more success than other sectoral associations. This is no doubt helped by the existence of the Automotive Advisory Committee (AAC). Made up of the various automotive associations and federal and provincial officials, the AAC provides sectoral policy advice on a wide range of issues. In addition, it has a sub-committee structure which enable the participants to work on industry-wide responses to common issues.

Associations in this sector have also been active on the ***education and training*** front. These activities tend to revolve around the establishment of government/industry/labour councils which evaluate training needs, design training programs and, in some cases, actually administer training to the workforce.

Electrical And Electronics Sector: Japan

The success of the Japanese electrical and electronics industries highlights the benefits which can be achieved through close association/government cooperation. In particular, the joint activities undertaken on behalf of member firms in Japan is illustrative of how associations can play a critical role in the industrial development of a specific sector.[30] While the electrical and electronics sector covers a broad range of industrial activities, it will be useful to look at the activities of a major sectoral association: the Japanese Printed Circuit Board Association (JPCA). Much like the other sectoral associations we have considered, JPCA undertakes a number of specific activities aimed at responding to the competitive pressures which confront member companies. The scope of these activities is very much conditioned by the close working relationship that exists between MITI and the industry. There are many ways this relationship manifests itself in the pattern of association activity.[31]

On the ***public policy advocacy*** front, JPCA has unfettered access to the trade and industrial policy-process in a manner which has worked to the benefit of member firms. In particular, JPCA has been successful in working with MITI throughout the 1970's in promoting a policy of import restrictions and high tariffs to help encourage the development of what was then an "infant industry." It must be recognized, however, that such policies are not offered simply in response to JPCA's capacity to exert political pressure. Such policies were adopted as part of an industrial strategy that linked import restrictions and high tariffs to a policy of systematic ***industry adjustment*** based on modernization and rationalization through technology adoption and the restructuring of domestic industry.[32] At the same time, MITI worked with JPCA to encourage joint ventures and mergers among member firms so that companies could compete on the basis of an optimal scale of production. In this case, it was JPCA's administering of MITI's program on Modernization of Small and Medium Sized Enterprises that provided the basis for the association's activities in this area.

JPCA has also been active in working in the area of ***research and development.*** In the past, this occurred through MITI's granting of responsibilities to JPCA to administer the Structural Improvement Program. This program encouraged research and development

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[30] For a consideration of the literature relating to the role of associations in the Japanese electrical and electronics industry see Daniel Okimoto, *Between MITI and the Market: Japanese Industrial Policy for High Technology*, (Stanford: Stanford University Press,1989); See also, Mari Sako, "Neither Markets Nor Hierarchies: A Comparative Study of the Printed Circuit Board Industry in Britain and Japan," A paper prepared for The Second Conference of the Project, "Comparing Capitalist Economies: Variations in the Governance of Sector," Bellagio May 29-June 2, 1989.

[31] Sako, "Neither Markets Nor Hierarchies," pp. 35-38.

[32] Ibid.

efforts in areas such as process technology diffusion and improving product quality by providing financial incentives in the form of grants and low-interest loans.[33]

Electrical And Electronics Sector: Canada

In examining the activities of Canadian sectoral association in this domain, there is an analytic problem, it is not possible to compare association activities aimed exclusively at Canada's printed circuit board industry. Instead, the activities of associations which represent the broader industry will be considered. A consideration of activities of the Electrical and Electronics Manufacturers Association of Canada (EEMAC), the Canadian Advanced Technology Association (CATA), and the Information Technology Association of Canada (ITAC) are illustrative of association behaviour in this sector. While each of these association represents various subsectors of the industry, there is a fair degree of overlap in membership.[34]

Like most sectoral associations, they have been active on a number of fronts. In the area of ***research and development*** CATA, ITAC, and EEMAC have worked hard to ensure that the tax system encourages member firms to pursue innovative technologies on the basis of the deductibility of these kinds of expenditures. Likewise, these association have been vocal in lobbying for and helping members access "an elaborate system of subsidies created to promote innovation in the electronics industry."[35] While the importance of these activities are not to be underestimated, there is considerable difference between the scope and breadth of the activities undertaken by Canadian associations in this sector compared with associations in Japan where MITI has accorded program delivery responsibilities to associations in the area of research and development.

On the ***education and training*** front, EEMAC has been somewhat of a leader among Canadian associations in its development of industry-driven programs and services. In fact, EEMAC was one of the forces behind the creation of a Sectoral Skills Council for the electrical and electronics industry. This council receives funding from industry, labour, and the Federal and Ontario governments and administers the funds for training projects in the sector.

In the area of ***export promotion,*** associations in this sector have followed a path characteristic of many sectoral associations. Aided by government support programs such as PEMD, association staff arrange missions to other countries, host in-coming missions,

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[33] See Daniel Okimoto, "Regime Characteristics of Japanese Industrial Policy," in Hugh Patrick (ed.) *Japan's High technology Industries*, (Washington: University of Washington Press, 1986).

[34] Atkinson and Coleman, *Industrial Change in Canada*, pp. 97-121.

[35] Ibid.

and help members exhibit at trade fairs and exhibitions abroad. In many cases, these activities are aimed at helping the smaller members who face difficulties developing export markets on their own. Such activity, although important to members, does not resemble the kind of efforts characteristics of the role played by Japanese associations in the 1970's.

Associations have played an active role in ***policy advocacy.*** While much of their efforts resemble the kind of orthodox advocacy functions typically undertaken by associations in Canada, the federal and provincial government's strategic interest in promoting a leading electrical and electronics industry has led to a situation where associations in this sector have played a more formative policy role. At the same time, however, it has been noted of this sector that policies or programs for which the associations have successfully lobbied "have never been coordinated to the point that it is possible to discern an element of strategy in the policy response."[36] In many cases, the policy advocacy efforts are targeted more at ensuring increasingly more favorable tax treatment for the research and development activities of member firms. CATA, for example, refers to such successful ventures as examples of its "legislative wins."

Associations have also worked in the area of ***industry adjustment.*** In response to a recognition of the huge market potential that was emerging in the area of data processing, telecommunications, and office equipment; the federal government, in cooperation with associations like CATA and EEMAC, set out to develop an industrial strategy to ensure that domestic manufacturers were able to supply the market. This $12 million project was offered under the auspices the Office Communications Systems (OCS) program.[37] Following an initial set of studies into the extent of demand for such products, funds were made available to members of the associations to support five field trials of new office equipment in various government departments, including; the Department of Communication, Revenue Canada, the Department of the Environment, the Department of National Defence, and the Department of Energy, Mines and Resources.[38] Such efforts, while illustrative of an innovative use of government purchasing power to encourage expansion of domestic capability, lack the degree of depth characteristic of that which transpired in Japan in the case of the printed circuit board industry. In Japan, government procurement was just one of a series of policy instruments which were coordinated to achieve the kind of production capacity required to compete on an international basis.

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[36] Ibid., p. 115.

[37] Ibid. pp. 114-118.

[38] Ibid.

II. Assessing the Differences in Sectoral Association Activities: An Overview

From the previous comparison, it is possible to make a number of observations on the general differences in the patterns of sectoral association activity between Canada on the one hand and Europe and Japan on the other. By utilizing the "Association Activity Assessment Chart," it is evident that associations in Europe and Japan on average undertake activities in the six general areas that are more comprehensive than those offered by Canadian associations representing similar sectors. By the same token, there a number of specific examples of Canadian associations that have undertaken activities characteristics of sectoral associations in Europe. Such activities, however, tend to be the exceptions to the rule among Canadian associations. A brief overview will demonstrate the differences in patterns of association activity.

In the area of ***education and training***, sectoral association in Europe tended to run vocational training institutes, while many Canadian associations are only beginning to become active in this area. However, specific associations in the plastics and electrical and electronics sectors are leading the way in implementing comprehensive training activities more in line with the European experience.

In the area of ***export promotion***, association in both Europe and Canada tended to focus on the organizing of trade mission aided by government support. By contrast, Japanese associations in the auto industry have export promotion offices in key markets. This is a move one automotive association in Canada is attempting to undertake.

In the area of ***research and development***, associations in Japan actually administer technology diffusion programs. In Europe, a number of industry funded R&D facilities exist which firms support through part of their membership dues. In Canada, much of the activities of associations in this area focus on helping members access R&D tax credits. In a few cases, such as the chemical sector, there were a handful of industry-funded R&D institutes that resemble the trend among European associations.

In the area of ***bench marking and industry adjustment***, associations in Japan, in particular, were active in encouraging major industrial adjustments in specific sectors. Associations in some cases administered government programs of low-interest loans and subsidies to promote such adjustments. In contrast, Canadian associations tended to focus on identifying key competitive issues and sharing industry analysis with member companies. Somewhat more comprehensive activities revolved around government/association cooperation on programs to help companies address issues such as Total Quality Management (TQM) or ISO 9000.

In the area of ***policy advocacy***, there are significant differences in the activities of associations. In Canada sectoral association lobby policy-makers at late stages in the process on almost every major issue. Competition between associations precludes them from playing a more comprehensive role in the policy process. In contrast, European

associations tend to enjoy a much more prominent place in the policy process demonstrated by the opportunities they are given to comment on policy direction rather than legislation placed before a parliamentary committee. The one notable exception in Canada seems to be automotive sector. Association in this sector participate in an advisory committee to the government which plays an influential role in shaping policy affecting the automotive sector.

In the area of ***codes, standards, and regulations,*** European associations typically have considerable authority in the development, implementation, and enforcement of such requirements. Association representing the Swedish food processing industry and the German chemical industry were the most notable in this regard. With the exception of one or two associations, the Canadian chemical industry is not as involved in the drafting and enforcement of codes, standards, and regulations as its European counterparts. Activity tends to focus on helping members comply with emerging requirements.

III. A Comparative Look at the Activities of Intersectoral Associations In Canada and Europe

The associations examined in the previous section represent firms in a particular sector/sub-sector. This section will examine the activities of intersectoral associations. Typically, an intersectoral association is one which represents industry across sectoral lines. In Europe, a majority of these associations are also intersectoral peak associations. They are identified in this manner because of the way they represent a number of sectoral associations spanning major areas of the economy.

As noted earlier, in order to compare association activities, an existing research approach was used to examine the degree to which intersectoral associations in Canada and Europe undertake the following activities: (1) ***lobbying and policy advocacy*** (2) ***policy formulation,*** and (3) ***policy implementation.***[39] This approach is based on an earlier analysis of intersectoral associations that used numerical rankings to evaluate the level of associative action and accorded different associations "scores" as to how much access to the policy-makers they had, the number of policy-making forums they sat on, and the extent to which they helped deliver government program. For the sake of simplicity, the previous study's presentation of the findings was modified to assess the level of intersectoral association activity on the basis of "non-existent", "low", "medium" or "high". **Figure 3** summarizes

[39] The terms used by Coleman and Grant in their cross national study into the activities of comprehensive associations were modified. See William Coleman and Wyn Grant, "The Organizational Cohesion and Political Access of Business: A Case Study of Comprehensive Associations," *European Journal of Political Research* 16 (1988); See also Willliam Coleman and Wyn Grant, "Business Associations and Public Policy: A Comparison of Organizational Development Between Britain and Canada," *Journal of Public Policy* 4:2 (1984).

how intrersectoral associations in Canada, Germany, Austria, Sweden, and Britain compare in the extent to which they are active in the above areas.

Figure #3: A Comparative Assessment of Intersectoral Association Activities

Association	Level of Activity in Various Areas		
	Policy Advocacy	*Policy Formulation*	*Policy Implementation/ Program Delivery*
Austria			
BWK	high	high	high
Sweden			
SAF	high	high	high
IS	high	high	low
Germany			
BID	high	high	low
BAD	high	high	medium
ZDH	high	high	high
Britain			
CBI	high	low/medium	non-existent
ABCC	high	low	low
Canada			
CFIB	high	low	non-existent
BCNI	high	low	non-existent
CMA	high	low	low/medium
CCC	high	low	low/medium

Adapted with considerable modification from William Coleman and Wyn Grant, "The organizational cohesion of business: a study of comprehensive association" *European Journal of Political Research* Vol. 16:5 No. 5 (1988) p. 480.

Intersectoral Associations: Europe

In *Austria*, the Bundeskammer der gewerblichen Wirtschaft (BWK - Federal Economic Chamber) is the sole leading business association. Membership is compulsory for all business firms and banks. One of the major areas of activity of the BWK is its involvement in coordinating employers' negotiations and other activities involving trade unions.

As an association, it enjoys high access to policy-makers and therefore has the opportunity to engage in ***policy advocacy.*** This is matched with extensive involvement in ***policy formulation,*** a fact enhanced by requirement that in certain policy areas, the executive, administrative, and parliamentary bodies are legally obligated to consult the BWK. This is, of course, assisted by the fact that the BWK has "bypass power", a legal requirement that

prevents firms from speaking directly to government departments and agencies without going through their association.[40]

The BWK also plays an influential role in ***policy implementation and program delivery.*** To this end, the chamber negotiates binding agreements on minimum wages, the enforcement of health and safety contracts, and the control of members with respect to vocational training. Another area where the BWK plays a significant role is in the regulation of competition in regional markets. The BWK is involved in commercial arbitration, certification, licensing, and controlling members with respect to investment, competitive practices, and the enforcement of quality standards.

In *Sweden*, there are two national intersectoral associations: Swedish Employers' Federation (SAF) and Federation of Swedish Industries (SI). As figure 3 indicates, Swedish intersectoral associations very much resemble associations in Austria in terms of the high levels of activity. Where SAF representation tends to focus on industrial relations issues, SI is responsible for representing industries on the industrial policy front. Both associations enjoy high access to policy-makers that make affords them opportunities for ***policy advocacy.*** Indeed, as in the case of Austria, both associations have bypass power.[41]

On the ***policy formulation*** front, while the SAF and SI do not enjoy the legal right to be consulted on matters of public policy, their importance to the management of the economy gives them a *de facto* right. In the area of ***policy implementation and program delivery,*** the SAF plays a significant role in controlling members in areas such as wages, lockouts, and hiring and firing practices.

In *Germany*, there are three key comprehensive associations: Bundesverband der Deutschen Industrie (BDI - Federation of German Industry), Bundesverband der Deutschen Arbeitgeberverbande (BDA - Federation of German Employers' Associations), and Zentralverband des Deutschen Handwerks (ZDH - Central Association of German Artisans).

The associational system is characterized by a recognition of activity domains. For example, where the BDI has primary responsibility for economic/industrial policy questions, the BDA has primary responsibility in the socio-political sphere (collective bargaining, industrial relations, and related issues).

Like most intersectoral associations, those in Germany play a major role in ***policy advocacy.*** As in the case of Austria and Sweden, German associations also are granted

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[40] Ibid.

[41] Ibid.

significant involvement in ***policy formulation.*** As in the Austrian case, the role of Germany Associations in policy formulation is enhanced by the fact that executive, administrative, and parliamentary bodies in relevant policy areas are legally obligated to consult them.

According to **figure 3**, while not as prominent as in the case of Austria or Sweden, German associations such as the BDA and the ZDH do play a role in ***policy implementation and program delivery.*** In the case of the BDA, this revolves around the controlling members in industrial relations areas such as wage limits and lockout decisions. The ZDH implements measures relating to certification and licensing, vocational training, and competitive practices.[42]

In *Great Britain,* there are two intersectoral associations: Confederation of British Industry (CBI) and the Association of British Chambers of Commerce (ABCC). Unlike the other associations where there is a division of labour and clearly defined activity domains, comprehensive associations are fragmented and to a degree in competition with one another.

In keeping with European intersectoral associations the CBI and the ABCC spend a vast amount of time involved in ***policy advocacy.*** However, that is where the similarities end. As **figure 3** suggests, CBI and ABCC, on a comparative basis, play a limited role in ***public policy formulation.*** Likewise, there is nothing in the way of ***policy implementation or program delivery*** functions carried out by either of these associations.[43]

Intersectoral Associations: Canada

In Canada, there are a number of associations which seek to represent the interests of the national business community. The activities of the Business Council on National Issues (BCNI), the Canadian Federation of Independent Business (CFIB), the Canadian Manufacturers Association (CMA), and the Canadian Chamber of Commerce (CCC) will be examined.

Canada has a unique mix of national intersectoral associations in comparison with associations in Europe. Where intersectoral associations in Europe have other associations as members, Canadian intersectoral association tend to represent individual firms directly.[44] The Canadian Chamber of Commerce appears as the exception to this rule. In

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[42] Ibid.

[43] Ibid.

[44] William Coleman, "Canadian Business Interests and the State," K. Banting ed. *The State and Economic Interests,* Volume 32 of the research studies prepared for the Royal Commission on Economic Union and Development Prospects for Canada.

addition to having corporate members, it serves as a federation of community Chambers. While most of the other intersectoral associations do have some kind of links to other associations, they are much less formal than the relationships which exist between associations in European countries.

The Business Council on National Issues (BCNI):

The BCNI is one of Canada's best known business groups. Founded in the mid 1970's, BCNI was fashioned after the Business Roundtable in the United States. Today, its profile is a product of the economic weight of its blue-chip membership, and the public profile the BCNI enjoys on the national scene, for its commentary on major public policy issues. As a business group, the BCNI's membership is drawn largely from the resource, manufacturing, and finance sectors and is made up of the largest firms centred in Ontario. In fact, over half of the membership of the BCNI resides in Toronto.[45]

In terms of ***policy advocacy***, the BCNI is one of the most recognized business organizations in Canada. The quality of its policy analysis, the economic salience of its members, and its profile as a voice of the business community make it a difficult group to ignore. As **figure 3** indicates, however, in the area of ***policy formulation***, the BCNI enjoys a less privileged place in the policy process compared with its counterparts in Europe. While BCNI staff and members are invited to sit on various consultative bodies, the role they are able to play in the making of policy is constrained by the fact that the association does not speak with authority on behalf of the entire business community.

With regards to ***policy implementation/program delivery***, the BCNI does not become involved in the kinds of activities undertaken by intersectoral associations in other countries. However, it is important to note that BCNI's members would probably regard such activities with suspicion. Intersectoral associations in Canada tend to view collaboration with government on the implementation of policy and the delivery of public programs as moves which undermine their capacity to act as an effective advocate for the interests of business.

(Toronto: University of Toronto Press, 1986) pp. 245-285.; Coleman, *Business and Politics*, pp. 81-99.; William Coleman and Henry Jacek, "The Role and Activities of Business Associations in Canada," *Canadian Journal of Political Science*. 16:2 (1983); William Coleman, "State Traditions and Comprehensive Business Associations: A Comparative Structural Analysis," *Political Studies* 38 (1990).

[45] See Coleman, *Business and Politics*, pp. 83-87.

The Canadian Federation of Independent Business (CFIB):

The CFIB was founded in 1970 as a grass roots movement against a White Paper on tax reform which called for a significant increase on the taxes levied on small business in Canada. Its original organizational form was the Canadian Council for Fair Taxation which successfully lobbied against the proposed reforms. The council's architect, John Bulloch, bolstered by the 2500 small businesses that put up funds to fight the policy initiative, formed the Canadian Federation of Independent Business, an association which today counts close to 80,000 members. Much like the BCNI, the CFIB is a regular player on the national scene. CFIB's President, John Bulloch and Executive Vice-President, Catherine Swift have carved out national profiles for their organization as the voice of small business in Canada.[46]

In terms of ***policy advocacy,*** the CFIB enjoys a status similar to that of the BCNI. In fact, as a testimony to the CFIB's capacity to gain the ear of governments, the federal and most provincial governments have specific offices established to look after the concerns of small business. Part of the CFIB's ability to gain such access rests in the quality of its survey research combined with its policy analysis capability. Officials charged with addressing the concerns of small business in Canada benefit from the analysis and research of the CFIB.

However, it is important to differentiate between access to policy-makers and the occupying of a more formal place in the policy process. While the CFIB is invited to participate in numerous consultations, such invitations are clearly at the behest of governments. As figure 3 points out, when it comes to ***policy-formulation,*** the CFIB has a limited place at the policy-making table when compared with intersectoral associations throughout Europe.

In the areas of ***policy implementation/program delivery,*** the CFIB does not undertake the kinds of activities characteristic of associations representing small business in other countries. However, it does offer its members a range of informational services relating to topics ranging from how small business will be affected by the GST, to what Ontario labor legislation will mean to its members. Again, as in the case of the BCNI, the CFIB does not see program delivery in support of government policy objectives as an appropriate association activity.

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[46] Ibid. pp. 87-90

The Canadian Manufacturers Association (CMA):

The CMA is one of oldest associations in Canada, established as a result of manufacturers' demands for tariff protection in the 1870's. While some do not treat it as a comprehensive association *per se* because of its focus on manufacturing, its national presence is such that it will be treated in this fashion. The CMA is one of Canada's largest associations. As of 1986, the CMA had 33 local branches and 7 provincial offices. The focus of the CMA is two-tier: policy advocacy /lobbying and service delivery.[47]

As **figure 3** suggests, the CMA enjoys the kind of access to the policy-process as BCNI and CFIB, that likewise enables them to focus on their ***policy advocacy functions.*** However, the CMA is to a degree constrained from occupying a more formal place in the ***policy formulation*** process as a result of the fact that it does not represent significant sectors of the Canadian economy. However, it is fair to say that when public policy questions that deal with manufacturing alone are on the table, the CMA does play a more significant role.

In the area of ***policy implementation and program delivery,*** the CMA seems to depart from the trend among intersectoral associations to shy away from working with governments to achieve policy objectives. In addition to offering a comprehensive range of member services, the CMA has also collaborated with governments on projects, including; export and trade promotion, competitiveness bench marking and ISO 9000 audits. In particular, CMA has recently administered to member firms an Industry Canada program to enhance Canadian manufacturers' capacity to meet international quality standards like ISO 9000.

The Canadian Chamber of Commerce (CCC):

The Canadian Chamber of Commerce is likewise a well known figure on the association landscape. The Chamber refers to itself as a "federation" and represents more than 500 community chambers and boards of trade across Canada. The Chamber also claims as part of its membership more than 90 industry and professional organizations which in total gives the chamber more than 170,000 members. In many respects, the Chamber is like the CMA. The Chamber's activities tend to be divided between policy advocacy and service delivery.

In the area of ***policy advocacy***, the CCC is actively lobbying on a number of public policy fronts, including taxation, unemployment insurance, environment, deficit reduction, and fiscal policies among others. The sheer size of the CCC and its national presence ensure

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[47] Ibid. pp. 195-198.

that it has plenty of opportunities to make its views known to policy-makers. **Figure 3** illustrates the way in which the CCC corresponds with all other intersectoral associations in this area.

However, as in the case with other Canadian intersectoral associations, CCC does not play the kind of systematic role ***public policy formulation*** typical of intersectoral association throughout Europe. To this end, much of the role that is does play is limited to the later stages of the policy process: the CCC participates in pre-budget consultations and various other consultative exercises, and appears before parliamentary committees.

In considering the CCC's range of services provided to members, it is evident how the CCC is more in keeping with the CMA. In terms of ***policy implementation and program delivery***, the CCC's work in the area of export promotion through its support for overseas business councils and its Forum for International Trade Training (FITT) intended to encourage trade, differentiates it from both the BCNI and the CFIB.

IV. Assessing the Differences in Intersectoral Association Activities: An Overview

From the previous analysis, it is obvious that intersectoral association in both Canada and Europe enjoy the kind of access to policy-makers that enable them to carry out their policy advocacy functions. What is striking, however, is the limited role that Canadian intersectoral association play in participating in policy discussions beyond the advocacy function. Unlike their counterparts in Europe who are formal players in the policy-making process, intersectoral associations in Canada are limited to participating in policy discussions at the later stages. Given the degree of potential competition among these associations to appear as the authoritative "voice of the business community" it is understandable that the government accords them a limited role in policy-making process. Unlike the European association community in which associations have more defined areas of policy responsibilities, a government set on involving Canadian business in authoritative policy discussions faces a perplexing question: "Who do you consult with?" Who is the most representative voice of industry? Coleman has accurately summarized the problem of who speaks for the business community in Canada on board policy issues:[48]

[48] William Coleman, "Canadian Business and the State," in Keith Banting ed. *The State and Economic Interests: Studies of the Royal Commission on the Economic Union and Development Prospects for Canada* (Toronto: University of Toronto Press, 1986) Vol 32. pp. 267-268.

> In short, the policy capacity of the intersectoral component of the business associational system is weak. If government were to involve these associations in policy formulation, it would have little reason to be confident that all important sectors of the economy would be represented, that the parties would not waste time bickering with one another, and that regional considerations would be taken into account. If government were to proceed on the associations' advice, it would have little reason to expect that the policy would be welcomed by even the majority of the business community.

In the area of policy implementation and program delivery, the variations are straightforward in Canada. Both CFIB and BCNI to varying degrees do not view association/government partnerships in the delivery of services and programs as part of their mandate. CFIB, for example, views itself as a lobby group first and foremost. CMA and CCC on the other hand, view service delivery as a cornerstone of their respective programs. Like their European counterparts, they are accustomed to working with governments to achieve specific policy objectives such as increasing exports or enhancing international competitiveness.

EXPLAINING THE DIFFERENCES IN PATTERNS OF ASSOCIATIONS ACTIVITIES IN CANADA AND ABROAD

I. A Consideration of Conventional Wisdom

In the previous section, highlighted were the considerable differences in the patterns of association activity in Canada when compared with Japan, and Europe. This leads to a critical question: What are the reasons which account for variations in patterns of association activity and the level of services they provide to help enhance the international competitiveness of the firms they represent? For some, the answer is a matter of ***cultural make-up***: European and Japanese industries are more culturally accustomed to working in social partnership and are likewise more committed to association membership. Indeed, the Federal government has alluded to the activities of European and Japanese associations and cautioned that "partnerships are products of their native habitat. You can't simply transplant them from one culture to another."[49]

For others, the answer is one of ***legal requirements***: there are associations in Europe in which membership is mandatory, a fact which demonstrably enhances the resources of an association and ultimately the comprehensiveness of its services. Others look to the ***structure of the industry*** that an association represents as a key to understanding the factors which shape association effectiveness. Some Canadian association executives contend that heavy foreign ownership in their sectors is a disintegrating factor within their associations.

As important as these factors are, reliance on their explanatory power tends to divert attention away from the fact that there are some examples of Canadian associations that are providing comprehensive services to members despite facing these same perceived impediments. On a more practical level, it makes little sense to dwell upon circumstances which are not readily addressed.

A handful of Canadian and European academics have long held the view that how associations are organized, both individually and as a group or an *associational system*, has an important impact on the quality of services that are provided to member firms. This raises the question as to how associational organization impacts upon performance. What is it about the way in which associations are organized to deliver services to members that would influence the effectiveness of these services? Are there specific organizational characteristics of associations which improve the quality of services that are delivered to member firms?

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[49] Wilson, The Public Sector Factor. p.12.

II. The Organizational Factor: A Key Determinant of the Comprehensiveness of Association Services

Comparative research suggests that the organizational attributes of associations leave some better prepared than others to offer comprehensive services to member firms. According to international experts who have conducted research on associations in many different countries, the nature of activities and services an association is capable of undertaking is determined by its level of "organizational development".[50] In speaking to this point, Coleman and Grant observe that:

> Organizational structures are more "developed" the more encompassing they are in scope and purpose (the more "external effects" and interdependencies they "internalize"); the more specialized and coordinated they are internally; the more safely their supply of strategic resources is institutionalized; and the greater their autonomous capacity to act and to pursue long-term strategies regardless of short-term environmental constraints and fluctuations.

Typically, the more *developed* an association is from an organizational perspective, the more capable it is of offering comprehensive services to member firms. In their study of associations in Canada and Britain, they found that organizational development determines the "capacity of the associations to undertake public functions and to engage in long-term strategic thinking about the problems facing their industries, and the contribution that associative action can make to a solution of such problems."[51] According to Coleman and Grant, the properties which determine an association's level of development are its scope or *domain* of representation, the *resources* it has at its disposal, and the way in which it is *structured*, both internally and its relationship with other associations.[52] These three factors help define the level of organizational development of an association which in turn influences the quality and scope of activities and services an association offers to member firms. Each of these associational properties which determine its level of organizational development in an effort to show how this in turn shapes the scope of association activities will be examined. While it is not possible to explore the causal relationship between these variables in each of the sectors and countries studied in this report, it will be instructive to draw upon examples from which generalizations about Canadian, European, and Japanese associations can logically be made. A fuller description of the association properties which determine the level of organizational development will

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[50] P.C. Schmitter and W. Streeck, *The Organisation of Business Interests* (Berlin: International Institute of Management labour market policy discussion paper, 1981), p. 24. in William D. Coleman and Wyn P. Grant, "Business Associations and Public Policy: A Comparison of Organisational Development in Britain and Canada," *Journal of Public Policy* 4:2 (1984), p. 212.

[51] Coleman and Grant, "Business Associations and Public Policy," p. 209.

[52] Ibid., pp. 209-234.

be addressed. This will be followed by an analysis of these different organizational properties and how they influence the nature of association activities. It is from this kind of analysis, that potential direction for association reform in Canada will emerge.

Organizational Property #1: Domain

An association's ***domain*** refers to the scope of an industry segment from which it draws its members and the extent to which it fully represents the majority of members of an industry, otherwise known as its "density of representation." Typically, the broader the domain, the fewer associations there are representing a particular industry sector or subsector. Those associations which do exist tend to have high levels of industry support. This kind of association domain contributes towards and is characteristic of a high level of organizational development. By contrast, associations with a low level of organizational development, have more narrow domains which are characterized by competition among a number of smaller associations, all with a lower density of representation.

Organizational Property #2: Structure

The second property of organizational development is ***structure*** and can be broken down into *intra-organisational structures* and *inter-organizational structures*, or relations among associations (associational system). In the case of intra-organizational structures, associations displaying a high level of organizational development typically have numerous committees, working groups, and departments capable of addressing a wide range of problems and concerns. As a point of differentiation, European and Japanese associations place a premium on possessing an association structure which facilitates the aggregation of the often diverse interests which exist in an industry and the reconciliation of these diverse interests into a common industry position.

Canadian associations likewise have committee structures intended to appear responsive to the concerns of various industry segments. However, associations do not attempt with the same degree to reconcile the often competing interests within their membership. Instead, associations in Canada are sometimes perceived to be captive of the largest dues-paying companies. The most obvious example of this is the fact that in many cases members of the boards of Canadian associations are chosen not so much on the basis of whether they equitably represent the cross-section of industry's views but rather on the amount of dues they pay.

Turning to relations among associations, it is evident that in each country and sector studied with the exception of Canada, there exists sectoral peak and national peak associations. These associationsare capable of maximizing industry input through vertical integration and coordinating the activities of the most specialized interests into discussions of broader industrial concerns at the sectoral and national level. What is also evident is that the general interests of each sector and the more specialized interests of subsectors are marked by accommodation and cooperation, rather than conflict. Association structures

are integrated and hierarchically ordered; sectoral peak associations generally accept that they are unable to effectively meet the more specialized needs of subsectors, represented by subsectoral associations, and thus speak for the industry on matters of more general importance. Such association structures in Japan and Europe are characteristic of a high level of organizational development. By contrast, Canada's lack of such structural relations among sectoral, subsectoral, and sectoral peak associations across almost every sector is indicative of fragmentation and a lack of coordination, signposts of a low level of organizational development.

Organizational Property #3: Resources

The final organizational property used to examine the level of an association's organizational development are its ***resources.*** Resources include membership dues, fees paid for services provided to members, along with what it is able to derive from the "organizational privileges" that governments directly and indirectly extend to associations. While the first two sources of revenue are self-explanatory, the third requires some explanation.

Organizational privileges are administrative/policy/legal guidelines that governments employ in their relationships towards associations which both directly and indirectly enhance the value of membership and increases the resources an association has at its disposal. The most extreme form of organizational privilege is a requirement of *mandatory membership* for companies to belong to an association, a situation which does exist in some associations in Europe. Other such guidelines include the *rule of by-pass,* a policy some European governments have that prohibits individual companies from dealing directly with policy-makers and instead requires that they go through their associations to discuss industry matters. This policy is the case in the food processing sector in Sweden. Other less direct measures include the extension of *program delivery responsibility* to associations in areas such as export promotion and research and development, along with the opportunity to restrict access to program support to member companies. This approach occurs widely in both Japan and Europe and makes membership in industry associations that much more beneficial.

III. How an Association's Organizational Properties Influence the Scope and Quality of the Services it is Capable of Offering its Member Firms

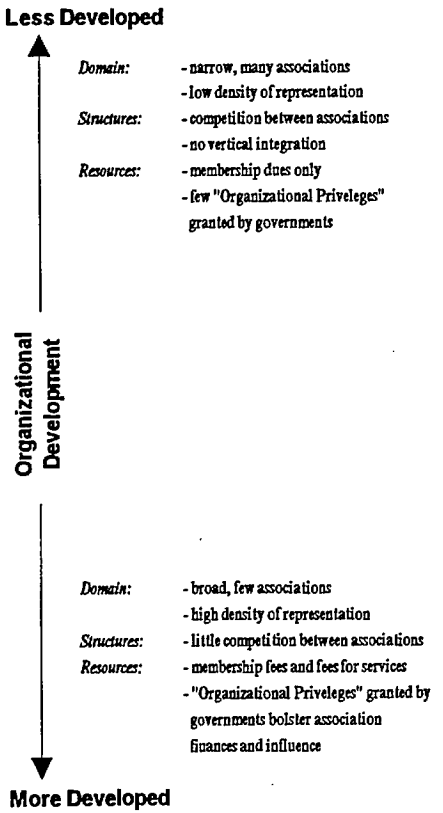
The causal relationship between the organizational properties of an association and the level of comprehensives of the services it is capable of providing can be demonstrated by tracing their impact in specific activity areas. To assist in this task, **Figure 4** incorporates the capacity to assess the level of comprehensives of specific association activities and compare this with the level of organizational development of an association differentiated on the basis of these association properties

Domain:
Low Density of Representation and Narrow Focus vs. High Density of Representation and Broad Focus

One finds for example that in the Swedish, German, and to a lesser extent the British, chemical industries that there is little competition between associations for members and little overlap in *domains*. One association most often represents one environment, rather than several competing associations representing the same environment. In each case, there is also a peak sectoral association, highly representative of its sector, and capable of effectively encompassing the subsector associations, no matter how narrow they may be. Such associational properties give their respective governments the confidence to invite these associations to become involved in activities such as the drafting of public policy, and the drafting in some cases of self-regulation of codes, standards, and regulation--activities which are described as having a high level of comprehensiveness. Governments extend to associations a more influential role in these areas because they can be assured that the positions put forward by associations have the widespread support of the industry.

In Canada, by contrast, governments have less assurances that the views of associations reflect the broader industry which may be impacted by a particular public policy, code, standard, or regulation. The less organizationally developed associations in this sector in Canada have *domains* which are more narrowly focused and a number of smaller associations which tend to compete with one another. As such, associations have not been able to assume the same kind of role in the public policy process or in the drafting of codes, standards or regulations enjoyed by associations in Europe. This limits the activities of associations in this sector to the less comprehensive lobbying services as well as providing information to members on emerging regulations, codes, and standards.

Figure 4: Relationship Between the Properties which Determine an Association's Level of Organizational Development and the Comprehensiveness of the Activities It Undertakes



Less ▲ Comprehensive ▼ More

Export Promotion	*Research & Development*	*Education & Training*	*Benchmarking & Industry Adjustment*	*Codes, Standards & Regulations*	*Policy Advocacy*
➢ organizing of govt. sponsored trade missions	➢ assoc. activity aimed at helping members attain tax credits	➢ offering of short-term govt. funded training activities	➢ informing members about govt. support programs	➢ lobbying of govt. officials on codes, standards & regulations	➢ associations lobby on major policy issues at late stages in the process, i.e. parliamentary committees
➢ provision of export intelligence and export marketing support	➢ technology database and benchmarking services	➢ more formalized user-pay training activities, administered by the associations	➢ undertaking assessments of key competitiveness trends affecting industry	➢ providing services and training to members on how to comply	➢ associations invited to participate in policy consultations from time to time
➢ a developed export promotion strategy	➢ coordination of strategic alliances of pre-competitive research among member companies	➢ development of multi-faceted education and training activities targeted at all aspects of the education system	➢ developing industry benchmarking services, i.e. ISO9000 and TQM	➢ associations are occasionally asked to comment on proposed codes, standards & regulations	➢ associations are members of more formalized consultative structures
➢ existence of industry-funded export promotion offices in targeted export markets	➢ establishment of industry-funded R&D facilities	➢ association runs industry-funded vocational training programs recognized by educational institutions	➢ developing and implementing comprehensive industry adjustment programs	➢ associations given authority to draft and enforce codes, standards & regulations	➢ associations regularly participate in the earliest stages of policy development

Structure:
Fragmented and Uncoordinated vs. Integrated and Hierarchically Ordered

Likewise, there is a very direct relationship between the level of organizational development of an association along structural lines with the comprehensiveness of the activities undertaken for member firms. In areas ranging from education and training to research and development, the underdeveloped association structures in Canada create duplication, fragmentation, and competition which works to undermine association activities. Endemic to associations in Canada is a situation in which associations representing related sectors in many cases offer the very same kinds of activities. Associations in effect compete for members to participate in their slate of activities rather than their "competitors."

The end result is that many activity areas may never receive the industry support they require, and rely instead on government funded initiatives. Put another way, association activity never seems to benefit from "economies of scale" in Canada. Every time an association undertakes an activity, it requires staff time and resources. Quite often, in Canada it is possible that a number of associations with overlapping memberships will undertake the same activity, all incurring the same overhead costs. Export promotion and education and training are two activity areas where evidence of this exists. Sometimes efforts by government to have associations at least cooperate on those activities that require association/government collaboration is met with hostility from associations who fear encroachment on their "turf."

The problem tends to be magnified by the lack of sectoral peak associations. This creates a situation in which there is no division of labor between those activity areas where a sectoral association is best suited to respond to members versus those requiring broader industry input. The end result is that no matter what the issue, every association no matter how large or how small, how broadly-based or how narrowly focused, sees it as legitimate terrain. This spreads limited resources too thinly as associations attempt to be all things to all people, a problem readily identified by association executives. However, one sector where Canadian associations have exhibited much higher levels of cooperation and coordination of activities has been in the automotive industry. While no sectoral peak association structure exists in the automotive industry, the Automotive Advisory Committee (AAC) is an innovative institutional mechanism for brining various subsectors together in an attempt to develop industry-wide policies and programs. Made up of all facets of the industry from the manufacturer to the automotive dealer, the AAC "allows the group to speak as the automotive industry, as opposed to individual associations whose credibility is diminished by a more narrow view."[53]

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[53] Industry, Science, and Technology Canada "The Automotive Industry in the 21st Century," *Briars Automotive Forum*, June 21-22, 1993.

Alternatively, associations in Europe and Japan have much more developed organizational structures which enable them to undertake more comprehensive activities. Whether it is export promotion among the electrical / electronics and automotive industry associations in Japan, education and training or R&D sponsored by chemical associations in Germany, or the public policy advocacy role played by Swedish food processing associations, the degree to which such activities are considerably more systematic than what goes on in Canada, is a product of an association structure that maximizes industry support by avoiding duplication and competition. For example, the capacity of the VCI's multi-million dollar R&D institute to serve the chemical industry's technology needs in Germany has been positively influenced by the fact the VCI's role in this area is recognized and supported by other associations. In addition, the existence of more developed organizational structures provides policy-makers with assurances as to who is the legitimate voice of industry in a given issue area. As a result, industry views are given far greater pride of place in the development of public policy and the design of program initiatives.

Resources: Dues Dependent vs. Multiple Resources

Those associations that are more organizationally developed draw upon predictable and diversified *resources*, ultimately allowing the association to insulate itself from immediate member demands and the instability associated with a reliance on membership dues during times of recession. In turn, this enables associations to develop a capacity for long-term strategic planning and service delivery. In Europe, associations rely on membership dues as only one source of income. Favorable taxation policies relating to fees spent on associations services has seen the evolution of a user-pay approach to association services. While it varies from one association to the next, some derive as little as 2-5% of income from membership dues. At the same time, the above mentioned "organizational privileges," especially those that offer associations the capacity to deliver public programs to members only, greatly enhances the value of membership and the level of industry support obtained.

Alternatively, those associations that are organizationally underdeveloped will be dependent upon membership dues as their sole source of finance, a volatile source of funding particularly during recessionary periods. This seems to be the case among Canadian associations. Research indicates that a majority of industry associations derive 70% or more of their revenues from dues. During times of economic difficulties, dues-dependent associations face revenue shortfalls because of the manner in which membership dues are calculated for most associations as a percentages of a company's sales. Jacek, in his examination of chemical associations in Canada, Europe, and the U.S. linked the existence of more comprehensive association activities in the areas of education and training and codes and standards among European associations to the sources from which an association draws it resources. In explaining the variations in association

activities, he held that the more varied the sources of an association's revenues, the more it could move "from a purely member dependent voluntary association concerned with urgent immediate problem solving to one with a diversified and dependable financial base and with an increasing attention to important long term planning."[54]

To be sure, the program delivery role that association play in the automotive and electrical and electronics industries in Japan have had a significant impact on the kinds of association activities undertaken in the areas of research and development and industry adjustments. By according Japanese associations the opportunity to administer loans and subsidies aimed at technology diffusion and industry re-structuring, MITI provided them with the resources to offer more comprehensive activities than the dues-dependent electrical and electronics and automotive associations in Canada. In this case, resources refer both to funds that the associations have at their disposal as well as the value of association membership. By extending program delivery responsibilities to Japanese associations, MITI demonstrably enhanced the importance of belonging to an association.

IV. Organizational Development and Case for the Reform of Industry Associations in Canada

For the sake of simplicity, the various organizational properties which define an associations level of organizational development and shape the comprehensiveness of the activities undertaken were presented separately. In practice, these organizational properties are not mutually exclusive; the nature of an association's *domain*, *structures*, and *resources* interact with each other which in turn determine the scope of activities an association is able to undertake on behalf of member firms. The more representative an associations is of its domain, the more willing governments will be to extend program delivery responsibilities and other organizational privileges to that association. This in turn makes membership in the association a more attractive option to the non-member who wants to secure the benefits which will be given to members, thereby raising association revenues. These factors combine to enable the association to undertake far more comprehensive activities than a smaller association who lacks the same breadth of representation, has not been given program delivery responsibilities, and who faces a constant struggle to recruit new members and operate exclusively on the basis of membership revenues.

As associations, member companies, and the government move to consider the prospect of addressing the question of how associations can become more effective vehicles in helping member companies association, they should not lose sight of the way in which these organizational properties influence an association's capacity to assume a more salient

[54] Jacek, "Associations as Agents of Public Policy," p. 176.

role in the delivery of services to member firms. To this end, the relationship between an association's level of organizational development and the quality of activities and services it provides points to obvious areas for association reform in Canada. If associations, member firms, and the Federal government seek an associational system capable of delivering the kinds of services that association provide in Europe and Japan, then association reform is inevitable. This comparative examination of associations in Canada and abroad offers an organizational map as to how such reform could occur.

SUMMARY & CONCLUSIONS

This report was commissioned by Industry Canada as part of the Federal government's commitment to forge closer links with industry associations. This report investigated a commonly held view that associations in Canada could be doing much more to help member firms. The conventional wisdom suggests that Canadian industry associations tend to be too small, under-resourced, narrowly focused, and fragmented. By contrast, it is widely believed that associations in Japan and Europe offer members a more comprehensive range of services and activities. As such, associations in these countries are often cited as providing possible direction for reform.

A key objective of this report was to examine association activities and determine what lessons, if any, could be learned from the way associations operate in other countries. The comparative analysis looked at both sectoral and intersectoral association. An examination of sectoral associations identified four sectors that would allow comparisons to be made between association activities in Canada, Europe, and Japan. Major activity areas common to associations in both Canada and abroad were identified and an Activity Assessment Chart was developed to discern the variations in association activities on the basis of their level of comprehensiveness. A comparison of the activities of associations representing four sectors in Canada and those of sectoral associations in Japan and Europe ensued. On balance, the comparative analysis revealed that associations in Europe and Japan tend to offer services that are more comprehensive in scope. However, it is worth noting that there were a few examples of Canadian sectoral associations involved in activities that would considered comprehensive by any measure.

For the analysis of intersectoral associations, the activities of four major national associations in Canada were compared with associations in Britain, Germany, Austria, and Sweden. This examination highlighted some significant variations in association activities both within Canada and between Canadian associations and their European counterparts. Two of the four Canadian intersectoral associations identified their role as exclusively that of policy advocacy. This is very different from intersectoral association in Europe who tend to have a strong tradition providing services to members based on cooperating with governments in the area of program delivery. By the same token, there are sectoral associations in Canada who provide a range of programs and services to their members as well as participate in policy advocacy, a trend more characteristic of European intersectoral associations. However, as in the case of the analysis of sectoral associations, the activities undertaken by intersectoral associations in Canada tend to lack in comprehensiveness when compared with associations in Europe. Another fundamental difference between Canadian intersectoral associations and associations in Europe was discovered. In Canada, there are no national associations which functions as "Peak Associations." Canadian associations tend to be direct membership associations in which there are few formal, vertically integrated relationships between sectoral and intersectoral associations. The only exception to this rule is the existence of a regional intersectoral association in the province of Quebec, the CPQ.

In attempting to account for variations in the patterns of association activity, it was found that an association's organizational characteristics are important explanatory variables. By building upon an analytic approach used for conducting international studies of associations, it was determined that an association's level of *organizational development* plays a salient role in determining the scope and quality of activities it is capable of undertaking on behalf of member firms. The properties of an association which determine its level of organizational development are its scope or *domain* of representation, the *resources* it has at its disposal, and the way in which it is *structured*, both internally and its relationship with other associations.

Canadian associations, when compared with their European and Japanese counterparts, displayed properties characteristic of a lower level of organizational development. Where associations in Europe and Japan tend to be well-financed with a diversified resource base, Canadian associations rely more exclusively on membership dues and, as such, face financial problems during times of economic downturn.

Where association domains in Europe and Japan tend to have fewer associations that in turn represent broader industry sectors, Canada's association community is characterized by a multiplicity of smaller association in which there is inevitable duplication and overlap. And finally, where associations in Europe and Japan have formalized relationships between subsectoral, sectoral, divisional, and intersectoral associations based on a division of labour, associations in Canada display no such ordering and, as a result, are often in competition with each other as to who is the "legitimate voice of industry".

By examining the impact that various organizational properties of association has on the activities that it is capable of undertaking, a link was discovered between the comparatively less comprehensive activities of associations in Canada to the lower level of organizational development in Canada. The organizational development of European and Japanese associations and activities and services they offer member firms provide a useful association "bench mark" against which to evaluate the Canadian experience.

Such findings have important implications for the ongoing discussions about how to improve Canadian industry associations. The relationship between an association's level of organizational development and the quality of activities and services it provides points to obvious areas for association reform in Canada. If associations, member firms, and the Federal government seek an associational system capable of delivering the kinds of services that association provide in Europe and Japan, then association reform is inevitable. However, associational reform, like any kind of organizational reform, will not come easy. It can only be achieved if associations, member companies, and the Federal government share a consensus on the need for change and the direction it should take. A comparative examination of associations in Canada and abroad offers an organizational map as to how such reform could occur.

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