

# **Europeanization and ways of interest representation by national business associations**

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## **Abstract**

European integration has profound effects on existing systems of industrial relations in EU Member States. The role of unions and organized labour, in particular, have been subject to empirical research. The question of how such changes affect the strategic outlook and the representational activities of organized business interests, however, has largely remained unanswered. This paper concentrates its analysis on ways of interest representation by business interests associations in the Netherlands. The question of whether these organizations differentiate their representational strategies towards the national and the European level is answered on the basis of a survey among 103 Dutch trade and employers' associations. The paper argues that these organizations are in the process of adjusting their external affiliations to the demands of effective agitation in a multi-level governance system. The paper also concludes, however, that the national level remains the most important focal point in the representational strategies of business associations.

## Introduction<sup>1</sup>

Europe's political economy is undergoing fundamental changes in the process of further EU integration (cf. Crouch, 1995a). Existing welfare arrangements and established forms of collective bargaining in recent years have come under increasing pressure as political decision-making at the EU level gained in importance. The Single European Act of 1987 and the Maastricht Treaty of 1992 have greatly furthered economic integration within the EU and brought along changes in the scope and contents of Member States' social policies (Falkner, 2000). An European system of industrial relations characterized by tripartite forms of interest concertation and centralized collective wage bargaining at the European level has, however, not emerged to replace national arrangements of interest intermediation in the Member States (Goldbach and Schulten, 2000). In stead, national discretion in policy decision-making has remained (Streeck, 1998). European policies have thus supplemented, rather than replaced, domestic decision-making in the Member States and have enabled those to maintain diverse arrangements of collective bargaining and interest concertation.

The emergence of a multi-level governance system in the EU has prompted nationally based interest groups to change their political strategies and to adjust those to the requirements of effective agitation in both the national and the European political arena (see Agh, 1996). This holds for individual firms and business representatives, but also applies to organized labour. The responses of national unions to the pressures emerging from European unification and the activities of European labour associations have been the topic of extensive empirical research (e.g. Ebbinghaus and Visser, 2000; Turner, 1996). Also, the lobbying activities and political associations of larger firms have been investigated and shown to be important for the representation of business interests in Europe (e.g. Coen, 1998). The way in which trade and employers' associations adjust their representational strategies to ongoing European integration, on the other hand, has not received equal attention in the literature (cf. Kohler-Koch, 1992).

The functioning of trade and employers' organizations – Business Interest Associations (BIAs) for short – is increasingly being recognized as an interesting aspect of broader

developments in national systems of industrial relations in Europe (cf. Bennett, 1997a; Börzel, 1999; Vatta, 1999). This paper contributes to the analysis of changes in the functioning of business associations by asking how these organizations are adjusting to the requirements of effective interest representation in both the national and the European political arena. Do business associations indeed differentiate their strategies towards both political levels and does the Europeanization of political decision-making increase the importance of European institutions for the organized representation of business interests?

To answer this question, the paper first identifies two analytical dimensions in national systems of industrial relations and then uses the example of developments in the Netherlands to arrive at empirical questions about ways of interest representation by BIAs. The results of a survey among 103 business associations in the Netherlands are presented and contact patterns between these associations and national and European authorities analysed. With the help of the theoretical reflections and empirical observations of the paper, the question of how BIAs are adjusting to the requirements of interest representation at both the national and the European level is answered in the last paragraph. Finally, further questions for comparative research into the functioning of BIAs in the EU Member States are specified in the last paragraph of the paper.

## **National systems of interest intermediation**

Two ideal-typical forms of institutional order in systems of industrial relations are corporatism and pluralism, denoting two distinct ways of solving distributive conflicts in industrial societies through different ways of interest concertation between labour, capital and the state. A corporatist system is defined as an hierarchically ordered arrangement in which collective bargaining and interest concertation are facilitated by the state, yet occur largely outside its formal parliamentary structures (e.g. Visser and Hemerijck, 1997: 66). Corporatist governance thus is characterized by well-established and centrally organized forms of wage bargaining, often enabled but always sanctioned by the state. Pluralism, by contrast, is defined as non-

hierarchically ordered and is characterized by voluntary arrangements and decentralized forms of wage bargaining and interest concertation. In a pluralist system – such as at the EU level (Streeck and Schmitter, 1994: 185) – the state typically refrains from extensive labour market regulation, leaving the concertation of interests to the market and to private arrangements in stead.

Corporatism and pluralism, however, are very broad ideal-types, too broad in many respects to be useful research tools (Falkner, 1997: 10). Corporatist arrangements can for instance entail distinctly pluralist traits such as a strong dependence of the state on the market to achieve a redistribution of welfare – for instance through liberalization efforts. A pluralist system, on its turn, can include elements which in a strict definition would be dubbed corporatist. Such a system can for instance include established traditions of state legislation to induce or further forms of self-organization in wage bargaining and social security initiatives (cf. Ebbinghaus and Hassel, 1999). For that reason, an alternative analytical distinction of the organising principles of systems of industrial relations is useful, namely between the centralization of concertation efforts and, on the other hand, the inclusion of interested parties in public decision-making procedures. In terms of these two dimensions, national systems of interest intermediation can be ideal-typically classified as dominated by state policies, market relationships, corporatist arrangements or sector-specific combinations of those categories.

‘Figure 1 about here’

Collective bargaining and the political support of its outcomes can for instance include large sectors of the economy or, alternatively, cover smaller sub-sectors and specific economic settings – right down to the level of individual firms (Gill and Krieger, 2000). The organization of interest concertation can therefore vary across national systems of interest intermediation and its effectiveness is likely to be evaluated differently by the parties involved in it (De Vries, 2000: 207). The actual arrangements through which interest concertation is realized – whether centralized or decentralized – will structure the involvement of societal actors in public decision-

making processes (Visser and Hemerijck, 1997: 70). Hence, the institutional organization of concertation and bargaining procedures greatly affects the opportunities for actors to try and influence policy outcomes. Next to centralization, therefore, systems of interest intermediation can be distinguished in terms of the inclusion or integration of the organized interests of labour and capital in public decision-making procedures, the outcomes of these procedures on their turn being dependent upon the societal support mobilized by the representatives of those organized interests (see Traxler, 1995).

The extent to which interested parties are included in public decision-making not only is reflected in their chances to influence policy outcomes, but in the strategic outlooks of these parties as well. In the UK for instance, neo-liberal policies during the 1980s and early 1990s have left the settlement of interest disputes largely to private initiative. Political developments thus have resulted in social partners not necessarily looking to centralized and state-guided forms of interest concertation (Bennett, 1997b). This situation differs from Germany, to name a contrasting example, where interest concertation is not predominantly embedded in market relations but subject to well-established collective arrangements in stead (cf. Jacobi, Keller et al., 1992). Despite these differences, however, the concertation of collective interests in both countries depends on effective coalition building, either among interest groups or between them and the state (see Scharpf, 1997).

The embeddedness of interest representation in various coalitions and network relations concerns interactions between BIAs and their national and for instance European partners, as well as interactions between these associations and their members. Membership will be positively valued by individual firms as long as the association in which they are a member will be able to balance the costs of membership by demonstrating influence on political decision-making (Schmitter and Streeck, 1999). For realising such influence, there are different strategies available and various possible routes open to BIAs (see Bennett, 1997b). The effectiveness of these strategies and routes largely depends on the organization of forms of collective bargaining and interest concertation. Corresponding to the dimensions of centralization and inclusion of

national systems of interest intermediation, then, three sorts of dominant representational strategies of BIAs can be distinguished, namely direct interest representation towards social partners, lobbying towards state actors and service provision towards the members through combinations of those activities. In a system dominated by market relations collective interest representation loses much of its significance, that is, in an ideal-typical market economy BIAs are largely redundant or take on a commercial role (Fig. 2).

‘Figure 2 about here’

By representing their members’ interests and operating on behalf of these, BIAs have traditionally played an important role in mobilising societal support for collective arrangements and government policies. That role is now changing. Given the often rapid developments at the European level, BIAs are pressured to find new ways of interest representation and to adjust their external affiliations accordingly (Eising and Kohler-Koch, 1994). The discussion in this paragraph thus leads to two straightforward empirical questions. Under what conditions do BIAs supplement existing forms of interest representation with new strategies towards EU institutions? Alternatively, when do they keep orienting themselves on national institutions and established representational strategies in stead?

In the next two paragraphs, the example of developments in the Netherlands and the functioning of Dutch BIAs is used to answer these questions. After that, in the fifth paragraph, the Dutch results are placed in a broader context and the similarities between developments in the Netherlands and in other Member States are addressed.

## **Organized interest representation in the Netherlands**

The Dutch system of industrial relations has undergone a number of fundamental changes since the early 1980s. With unemployment levels approaching ten percent and economic growth rapidly declining, economic developments by 1982 had taken on dramatic proportions (e.g. De Kam,

Pommer et al., 1988). The economic situation of the times prompted a number of reorganization initiatives of the social security system and led to a more proactive labour market policy by the national government (Becker, 2000). On the side of the social partners, the turn away from traditional concepts of macro-economic policies and state responsibilities was marked by mutual agreement on the need of voluntary wage constraints and labour time reduction, finalized in the much referred-to *Wassenaar* agreement of 1982 (Visser and Hemerijck, 1997: 16). The signing of this agreement signalled the start of a major overhaul of the organization of the Dutch welfare state, which included the emergence of new forms of interest concertation that distinguish the Netherlands from other EU Member States such as Germany and France (Ebbinghaus and Hassel, 1999: 8).

Political changes in the Netherlands since 1982 have included the emergence of decentralized forms of wage bargaining at the sectoral level and have thus resulted in the „primacy of self-regulation in industrial relations“ (Hemerijck, 1995: 215). However, this development did not undermine the practical importance of organized interests and membership of interest organizations generally has remained high. Trade union membership for instance decreased during the first half of the 1980s, a period characterized by continuingly high levels of unemployment. Since 1990, however, union membership has increased again, following the steady fall of unemployment levels from 9.7% in 1983 to only 3.5% in the year 2000.

With most larger firms being associated in sectoral or national employers' and trade associations, the degree of organization of business interests in the Netherlands traditionally is high (Visser, 1992: 333). More than eighty percent of employees in the private sector for instance are subject to collective agreements – in spite of a level of union organization around only thirty percent (Visser and Hemerijck, 1997: 83) – and this is an indication of the practical significance of the representational activities of BIAs. Business associations thus have remained important actors in the Dutch system of industrial relations. Economic developments, furthermore, have reinforced the basis for BIAs to act towards unions and to represent the interest of their members

towards the policy process. The number of companies for instance – all potential members of BIAs (Traxler, 1995) – has increased slightly but steadily since 1982.

Next to demographical and technological changes, the development of the Dutch economy since the early 1980s has been marked by a stronger international competition and a changing role of economic policies by the national government. Perhaps the most remarkable feature of recent developments in the Netherlands, however, is the stability of institutional structures and bargaining procedures. Despite often fundamental changes in the policy process, developments since the early 1980s have left a corporatist system in place, one no longer characterized by traditional forms of state support, but still strongly depending upon tripartite arrangements and voluntary agreements by social partners (Hemerijck, 1995: 220). Both unions and business associations, moreover, can still exert often considerable influence on public decision-making in the Netherlands, characterized as it is by strong traditions of consensual politics and compromise seeking (Crouch, 1995b: 320).

The development of the system of industrial relations in the Netherlands towards a decentralized form of corporatist governance has in many respects been strengthened by European developments taking place at the same time. The emergence of a European polity and, above all, the creation of the European Single Market have resulted in a stronger international orientation of the Dutch economy and a greater importance of inner-EU trade. National bodies and political agencies have lost much of their formal decision-making capacities in the process and, therefore, no longer in all cases seem to be the most obvious partners for BIAs when it comes to representing their members' interests. Economic and political developments thus put national BIAs under pressure as their members become more strategic towards the costs and benefits of membership (cf. Bennett, 1997b: 70). That is, national BIAs run the risk of losing members to their European counterparts, when political decision-making is increasingly located at the EU level. Against that background, national trade and employers' associations more than before are forced to look to European partners, be they political authorities or other national and European BIAs, in order to represent their members' interests.



Arguably, these developments are reflected in changes in the representational strategies of Business Interest Associations in the Netherlands. The complexities of the EU policy process, the many different institutions involved in that process and the transference of decision-making authority away from the national level combine to force these BIAs to identify new goals and to adopt new strategies to achieve those. Recent interviews at the four largest inter-sectoral associations in the Netherlands, for instance, have confirmed that information brokering and the provision of tailored services are becoming very important for these associations as a way to bind their members. To some extent this undermines the role of these associations as the providers of collective goods: Product differentiation – in terms of individualising service and advice to the members e.g. on topics related to EU regulations – does, however, fit the system of decentralized corporatism as it has emerged in the Netherlands under the pressure of domestic and European developments.

Changes in the Dutch system of interest intermediation thus affect the strategic outlook of BIAs and pressure them to reassess the strategic importance of existing relations with national partners and to supplement those relations with new affiliations with European bodies and authorities. Moreover, changes at the EU level itself reinforce this development and provide Dutch BIAs with additional reasons and opportunities for building new coalitions and reassessing the strategic importance of existing affiliations at the national level. The discussion in this paragraph thus gives support to the hypothesis that the Europeanization of political decision-making forces national BIAs to adapt to a new policy environment by differentiating their representational strategies and, ultimately, adjusting their internal structures and decision-making procedures to the demands of effective interest representation in a multi-level governance system. Business Interest Associations in the Netherlands, that is, are expected to increasingly turn to the European level when representing their members' interests. The question is whether these developments can be observed empirically in the contacts that Dutch BIAs maintain with political agencies and authorities at the national and European level.

## **Business Interest Associations in the Netherlands**

As a first step in investigating changes in the functioning of Dutch BIAs, a survey was held among trade and employers' associations in the Netherlands. Between December 1999 and April 2000 a questionnaire was sent to 289 Dutch associations.<sup>2</sup> These organizations were questioned about the nature and frequency of their contacts with national and European authorities and political agencies and about the services they render to their members. After the second reminder, 103 organizations had sent back a completed questionnaire, representing a response rate of 36%. The survey covers all economic sectors and includes results from a large section of Dutch business associations. Among those, by expectation, the organizations with an active interest in European developments in particular. The survey therefore provides reliable insight into the way in which associations in the Netherlands operate and represent their members' interests towards both the national and the European level.

'Table 1 about here'

The survey includes responses from Business Interest Associations in a large number of sectors and sub-sectors, ranging for instance from waste management and roof topping to financial services and biotechnology. With 27 out of 103 respondents associations from the construction sector constitute the largest group in the survey (Tab. 1). Other sectors which are well represented in the survey are those of services, industry, agriculture and chemicals. In a relatively large number of cases, namely 31 out of 103 or 30%, do the respondents employ more than ten full-time staff. The average number of salaried staff of the associations in the survey lies between five and ten full time equivalents. In terms of the average number of represented companies, associations from the sectors hotel & tourism, retail and transport are the largest in the survey. On average, also, these associations represent between ten and twenty thousand employees. Grouped by sector, the distribution of organizational size – in terms of the number of members or the number of full-time staff – is relatively even.

The associations which responded to the survey have an average annual budget of well below half a million Euro. This is an important observation since Kohler-Koch and Quittkat (1999) found a positive correlation between the size of the budget of BIAs and the nature of their representational activities on the European level. Of the total number of respondents in the Dutch survey, roughly half indicated that their average annual budget since 1990 did not exceed EUR 340,000. 29 Organizations indicated that their average annual budget since 1990 had exceeded EUR 900,000 or two million Guilders, the highest category specified in the questionnaire. These organizations – following Kohler-Koch and Quittkat – can be expected to be the most active in terms of maintaining national and European partnerships. This expectation, however, is only partly confirmed by the survey results. These reveal a significant, yet very small correlation between the average annual budget of Dutch BIAs and the frequency of their contacts with national authorities and political agencies. Regarding European contacts such a correlation could not be reproduced.

The size of the annual budget of BIAs forms an indication of their capacities to engage actively in forms of interest representation and lobbying activities at the national and European level. These capacities are further strengthened when business associations become financially more independent towards their members. The survey found that respondents across all sectors finance almost the entire annual budget out of membership fees. The survey further suggests that sales, for instance the sale of specific and individualized services, do not constitute an important source of income for Business Interest Associations in the Netherlands. A greater service orientation, which would indicate relative financial independence, therefore, is not reflected in the build-up of the annual budgets of the responding associations. This is an important observation since it has been shown that the size and composition of associations' budgets greatly determine whether these organizations will concentrate their representational activities on their national government or on European institutions in stead (see Bennett, 1997b).

The respondents on average spend more than 40 percent of their annual budget on forms of direct interest representation – for instance by maintaining salaried staff at the association's

headquarters. This figure, however, varies considerably across sectors, associations in the chemicals sector spending only 21 percent of their annual budget on direct representation through to associations in the sectors fishery and commerce spending 75 percent or more. Interestingly, the respondents indicated on average not to use more than nine percent of their annual budget for payments to other organizations – such as fees for membership in European peak associations. This suggests that national associations finance the representation of their interests at the European level themselves directly, rather than indirectly such as through the membership in European peak associations.

‘Table 2 about here’

Important interaction partners of business associations traditionally are trade unions. However, less than half of the associations responding to the survey enter into direct negotiations with unions (Tab. 2). The survey data indicate that BIAs in the Netherlands more often contact government representatives and other business associations. That is, the most important interaction partners do not seem to be the organizations that represent the collective interests of workers. Rather, the data presented here indicate that Dutch BIAs are more likely to contact political authorities and government agencies. These observations are in line with the analysis by Traxler (1995), who has argued that business associations engage in a form of interest politics which is structurally different from that pursued by trade unions. The power resources of BIAs are not determined by maximum membership but by the quality of the contacts that these organizations maintain with political actors.

Interactions of Dutch BIAs with national political agencies concern direct contacts as well as contacts through the bi- and tripartite bodies that generally are considered to be typical for the system of interest intermediation in the Netherlands. The Dutch survey shows that the most frequent and, arguably, the most important contacts with the national government administration in all sectors are with top levels in the staff of the various government ministries.

Most frequent contacts with legislative actors are maintained with individual members of Parliament and with committees of the House and Senate. Contacts with national regulating agencies, however, are less frequent than could be expected – given the significance of technical standardization as a regulatory instrument in the European Single Market.

The organizations in the survey that maintain very frequent contacts with the highest national political level come from all sectors. They more often than other organizations have a large staff as well as a large annual budget. Also, these organizations tend to be larger in terms of the size of their membership. Again, this confirms the observations of Kohler-Koch and Quittkat (1999), who found that the organizational size of business associations is an important explanatory factor when analysing their strategies towards national and, in particular, European institutions. When for instance compared with organizations which do not maintain frequent contacts with the highest national political level, the organizations that do maintain such contacts tend to maintain more frequent contacts with European authorities as well.

The frequency of the contacts that the associations in the survey maintain with European institutions, however, generally is lower than that of contacts with national authorities. On average, direct contacts are most frequently maintained with the staff of the various DGs (Tab. 2). Contacts with Coreper are less frequent than could be expected, given the increasing importance of the Council's rulings. The lobbying activities of Dutch BIAs are directed towards both the administrative and legislative institutions of the European Union. The data indicate that associations also try to influence European decision-making through direct contacts with members of the European Parliament. This supports the observation by Bouwen (2000) that interest representation at the EU level to an important extent consists of lobbying activities and providing information and expertise to decision-makers in the European institutions. Not many associations in the Dutch survey, however, have a separate office in Brussels from which to lobby EU institutions, despite the importance of permanent representation in Brussels (Lewis, 1998).

The survey data indicate that Dutch BIAs still are very much nationally oriented when it comes to representing their members' interests. This means that the expectation that BIAs are

differentiating their representational strategies towards the national and European level is only partly confirmed. The survey suggests that many associations indeed are developing new alliances and extending their activities to both levels of political decision-making. However, the survey also shows that this does not hold for all BIAs since many associations remain strongly nationally oriented. The main empirical insight to be derived from the survey among Dutch trade and employers' associations thus is twofold. Firstly, Business Interest Associations in the Netherlands do indeed seem to be in the process of adjusting their external affiliations to the demands of effective interest representation at both the national and the European level. Secondly, not all organizations maintain contacts at both levels of political decision-making. Many associations keep concentrating their representational activities on authorities and government agencies in the Netherlands in stead.

## **Interest representation in a multi-level system**

The discussion in the second paragraph of this paper led to two questions about the functioning of BIAs in the Member States: Under what conditions do BIAs supplement existing forms of interest representation with new strategies towards EU institutions? Alternatively, when do they keep orienting themselves on national institutions and established representational strategies in stead? The survey data suggest an answer to these questions, namely that the way in which associations are adjusting their representational strategies to current developments in the EU is both structured by organizational and sectoral characteristics and can only materialize within the limits set by the organizational principles of national systems of interest intermediation.

The data of the Dutch survey that were presented in the previous paragraph confirmed the observation by Kohler-Koch and Quittkat (1999) that organizational characteristics such as the number of members and the size of annual budgets are important explanatory factors regarding the extent to which associations supplement national with European strategies. In addition, the data indicated that characteristics of the economic sectors in which BIAs operate, structure the extent to which these associations supplement national with European strategies.

The Dutch survey for instance revealed differences between economic sectors in terms of the frequency of contacts of BIAs with national and European institutions, partly also reflecting the nature of European politics. Sectors such as agriculture, banking and transport are sectors which are 'Europeanized' to a very high extent when compared to sectors such as construction and retail which typically are more nationally oriented and not subject to extensive EU regulation. These differences also showed through in the survey data in that it was found that associations in sectors such as agriculture, fishery, banking and transport maintain very frequent contacts with the leadership and top officials of the DGs when compared to BIAs from sectors such as industry, chemicals, construction, or hotel & tourism.

The observed variation between BIAs in terms of their national and European strategies has an important implication. It means that these organizations are confronted with different tensions in the multi-level governance system that is emerging in the European Union. The decentralized nature of collective bargaining in the example of the Netherlands and the centralized character of political decision-making at the European level for instance require different forms of interest representation. However, differently organized associations, operating in various economic sectors will not be equally suited to respond to the need to establish strategies that fit both national and European requirements.

Because of the complexities of EU decision-making and the lack of corporatist structures in the EU policy process, interest representation at the EU level especially calls for lobbying and information brokering activities (Bouwen, 2000). Not all organizations will be able to develop such strategies since for most BIAs lobbying activities and information brokering extend forms of collective interest representation which traditionally constitute their core task (Traxler, 1995). Those organizations that traditionally focus almost exclusively on national authorities thereby run the risk of excluding themselves from effective influence on European measures that, however, increasingly determine the room for effective interest representation at the national level (Streeck, 1998). This may lead to problems for these associations to balance the costs of membership by demonstrating the effectiveness of their representational strategies (Schmitter and Streeck, 1999).

When, on the other hand, organizations do turn to the European level, they may be confronted with similar problems in binding their members. In many cases, the actual results of lobbying activities and of redirecting information to and from European institutions are difficult to demonstrate. Direct forms of interest representation at the EU level such as in the context of the social dialogue committees, moreover, are no alternative because of their lack of power and the reluctance on the side of European employer federations to grant them more formal influence (Greenwood, 1997: 172).

Internal reorganizations of BIAs, enabling a greater differentiation of representational activities and an effective mutual adjustment of national and European strategies can therefore only follow within the limits of the requirements of interest representation that are set by the characteristics of national systems of industrial relations. These systems in the Member States are not likely to change uniformly under the pressure of ongoing European integration. The extent to which the balance of power in national systems of industrial relations is altered by European regulations varies with the nature of such policies (Knill and Lehmkuhl, 1999). Changes at the national level are also more likely to occur when the incompatibility between European policies and national institutions is greater (Börzel and Risse, 2000). The effects of Europeanization will therefore vary both across Member States and across sectors in their national economies (see Radaelli, 2000). For that reason, despite ongoing European unification, patterns of interest politics in the Member States will continue to differ and the divergence between their national systems of interest intermediation is likely to increase.

This expectation, then, is the basis for questions for comparative research into forms of interest intermediation in the Member States and the role of national business associations: Are national patterns in systems of interest intermediation within the European Union converging to one European model or will they indeed remain varied and diverse? Is there an European system of industrial relations emerging and, if so, how does the emergence of such a system structure changes within forms of interest intermediation in the Member States? How do business associations respond to those changes and what will happen with associations which do not find



ways to adapt to changing political circumstances? Will these associations be able to redefine themselves and take on new organizational roles, will they merge with others or simply disappear?

The analysis of this paper suggests a tentative answer to these questions, namely that national patterns in the Member States are reinforced by European developments while, at least partially, an European system of interest intermediation is emerging, adding a level of interest representation to existing arrangements at the national level. In the multi-level system that will thus emerge, associations are pressured to diversify or differentiate their representational strategies. The growing complexity of interest representation in the Member States that follows from this development should in particular be observed in the contacts that individual BIAs maintain within and across the boundaries of national systems. It is particularly in those contacts, therefore, that the effects of Europeanization on systems of interest intermediation and on the functioning of business associations can be empirically investigated and compared.

## **Conclusion**

In the introduction to this paper the question of how business interest associations are adjusting to the requirements of effective interest representation at both the national and the European level was set. It was observed that empirical studies of BIAs' responses to European integration are few and that adequate theoretical explanations of differences and similarities between changes in patterns of interest intermediation in the Member States are largely lacking. In order to contribute to the empirical investigation of changes forms of interest intermediation, national systems of interest representation were classified in terms of the centralization of forms of interest concertation and the inclusion of interested parties in public decision-making. It was subsequently argued that different representational strategies of Business Interest Associations fit the various possible forms of systems of interest intermediation.

The example of the Netherlands was used to show that only certain business associations differentiate the representation of their members' interests towards national and European

institutions. It was also found that the significance of the national level of political decision-making for the organized representation of business interests has remained. Trade and employers' organizations in the Netherlands do not under all circumstances supplement their representational activities with strategies at the European level, but often keep associating themselves with national authorities and political agencies in stead. It can then be concluded that the Europeanization of public decision-making is reflected in often very frequent contacts that national business associations maintain with EU institutions but – at the same time – does not appear to lessen the significance of their contacts with national authorities and agencies. The Europeanization of public decision-making adds a level of interest representation and makes existing bargaining and concertation arrangements more complex. Given the existing differences between systems of interest intermediation in the Member States, national patterns of interest politics in Europe will therefore become increasingly varied and diverse. Under the threat of loosing their members – and thereby their resources – business associations are faced with the challenge to adapt to that variety and to adjust their representational strategies accordingly.

## Notes

<sup>1</sup> Thanks are due to the Max Planck Institute for the Study of Societies in Cologne, Germany, for access to the European Organised Interests (EOI) Database.

<sup>2</sup> The Dutch associations that were sent a questionnaire are listed in the EOI database.

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**Fig. 1 Dimensions of national systems of interest intermediation**

		Concertation efforts	
		<i>centralized</i>	<i>decentralized</i>
Inclusion of interested parties	<i>strong</i>	(classic) corporatism	mixed system / sector-specificity
	<i>weak</i>	state	market

**Fig. 2 Ways of interest representation by BIAs**

		Concertation efforts	
		<i>centralized</i>	<i>decentralized</i>
Inclusion of interested parties	<i>strong</i>	representing collective interests	service provision / product differentiation
	<i>weak</i>	lobbying	redundant / commercial

**Table 1 Size and financial strength of respondents per sector**

	Agricult.	Banking	Chemicals	Commerce	Construction	Fishery	Hotel	Industry	Inter-sectoral	Retail	Services	Transport	Utilities	Other	Total
<b>1. Number in sample</b>	9	4	9	2	27	1	3	12	4	6	14	5	2	5	103
<b>2. Average size</b>															
Avg. staff since 1990 (fte)	5-10	10-20	5-10	0-5	5-10	0-5	10-20	5-10	0-5	5-10	10-20	10-20	0-5	5-10	5-10
Companies represented	50-99	50-99	50-99	100-199	100-199	1-49	200-499	50-99	100-199	200-499	100-199	200-499	50-99	100-199	100-199
Employees repr. (x1000)	5-10	5-10	2,5-5	1-2,5	5-10	1-2,5	10-20	2,5-5	1-2,5	10-20	10-20	10-20	10-20	5-10	5-10
<b>3. Average budget</b>															
Total (x1000 Hft)	750-1000	750-1000	500-750	250-500	500-750	125-250	750-1000	500-750	500-750	>2000	750-1000	>2000	750-1000	250-500	500-750
<b>3. Avg. sources of income</b>															
Membership fees (%)	84	100	99	100	84	20	78	84	75	75	92	84	100	90	86
Income from sales (%)	8	0	0	0	6	0	3	9	0	7	1	7	0	3	5
Other sources (%)	8	0	1	0	10	80	19	7	25	18	7	9	0	7	9
<b>4. Avg. expenditures</b>															
Direct representation (%)	48	42	21	75	45	80	35	34	35	36	53	60	58	15	43
Service provision (%)	29	33	19	20	26	0	20	25	25	43	27	28	3	48	27
Payments other org. (%)	12	12	17	5	5	20	8	13	8	13	11	5	15	6	9
Other expenditures (%)	11	13	43	0	24	0	37	28	32	8	9	7	24	31	21

**Table 2 Contact patterns of respondents across sectors**

	Agricult.	Banking	Chemicals	Commerce	Construction	Fishery	Hotel	Industry	Inter-sectoral	Retail	Services	Transport	Utilities	Other	Total
<b>1. Avg. frequency national*</b>															
Government	3.3	3.3	2.7	3.0	1.9	4.0	2.0	1.9	2.3	2.5	3.0	3.2	1.0	1.4	2.4
House	3.8	3.5	2.8	3.0	2.0	4.0	2.7	2.9	2.0	3.3	2.9	3.6	0	1.6	2.7
Bi- & tripartite bodies	2.2	2.0	2.2	2.0	1.5	4.0	2.0	1.9	0.8	3.0	2.2	2.6	2.0	1.4	2.0
Regulating agencies	1.4	2.5	2.9	1.5	2.0	0	1.3	2.4	1.0	1.2	1.6	1.4	0	2.0	1.8
<b>2. Avg. frequency EU*</b>															
DGs	3.2	2.3	2.5	4.0	1.4	4.0	2.3	3.0	2.0	2.8	2.4	3.6	0	1.8	2.3
Council / Coreper	2.0	1.8	1.5	3.0	0.6	4.0	0.7	1.2	0.3	1.3	1.5	2.4	0	0.5	1.2
EU Parliament	3.0	2.8	2.4	3.0	1.0	4.0	1.7	2.0	1.5	3.2	2.4	2.8	0	0.6	2.0
EU regulating agencies	0.8	0.5	1.6	0	1.3	3.0	0.7	1.7	0	0.3	0.8	0.5	0	1.0	1.1

\* 0 = never, 1 = seldom, 2 = once a year, 3 = twice a year, 4 = once every month