

# The Structure and Function of Israeli Employers' Associations

## Structure et fonctions des associations d'employeurs en Israël

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### Résumé de l'article

La première partie de cet article décrit le milieu idéologique, politique, économique et juridique dans lequel évoluent les associations d'employeurs en Israël. Au départ, même si le mouvement de retour du peuple juif en Palestine remonte à la domination ottomane, ce n'est qu'après la première guerre mondiale, alors que le territoire était sous mandat britannique, que le développement industriel a commencé. À l'époque, la Grande-Bretagne adhérait au libéralisme économique et, par conséquent, le secteur public était très peu développé. Sous mandat britannique, on ne favorisait pas l'immigration juive en Palestine et le fardeau du développement économique et l'intégration des immigrants reombaient sur la communauté juive à l'aide de fonds recueillis dans la diaspora. C'étaient les partis sionistes-socialistes qui avaient formé l'élite dirigeante de la collectivité juive en l'orientant vers une idéologie collective. Aussi, en 1920, fondèrent-ils *Histadrut*. Il s'agissait d'un mouvement de masse destiné à répondre aux besoins économiques et sociaux de ses membres, alors que les partis conservaient leurs fonctions politiques. Jusqu'à l'indépendance, *Histadrut* agissait d'une certaine façon comme précurseur de l'État. Cette organisation joue un double rôle : elle procure à ses membres différents services d'aide sociale ; elle est aussi au sens large un employeur qui est propriétaire d'entreprises dans la plupart des branches de l'économie et elle occupe ainsi une place importante dans le système des relations de travail en Israël.

La fondation des associations d'employeurs principales en Israël remonte à la décennie 1920 alors que les représentants des travailleurs pouvaient utiliser la puissance considérable des partis politiques qui constituaient *Histadrut*.

Par ailleurs, au point de vue économique, le secteur public occupe environ un tiers de la main-d'œuvre et *Histadrut*, un cinquième. Le reste des travailleurs, la moitié à peu près de l'ensemble de la main-d'œuvre, est employée par le secteur privé proprement dit. À cause de l'importance de *Histadrut* en tant qu'employeur, la part du service privé est sensiblement plus faible que dans les autres pays, sauf les pays communistes. *Histadrut* occupe une place importante dans l'agriculture, le transport et l'industrie de la construction. Le secteur public comprend les entreprises traditionnelles dont l'exploitation est confiée aux corps publics dans les sociétés occidentales.

La plupart des associations d'employeurs possèdent la personnalité juridique en vertu de la loi générale des associations datant aussi loin que 1909 et qui permet à toute association sans but lucratif de conduire librement ses affaires tant internes qu'externes. À cause de l'importance économique de plus en plus considérable de ces associations, le gouvernement a entrepris de réviser cette loi au cours des années '50, mais la nouvelle législation n'a pas encore été sanctionnée. En fait, ceci explique pourquoi les associations d'employeurs sont assez peu structurées, ce qui monte la rareté des documents écrits sur ces associations, lesquelles sont assez avares de renseignements.

Aussi, la plupart des associations d'employeurs en Israël possèdent-elles des caractéristiques qu'on ne retrouve pas chez les groupements de même nature en Europe. L'étude de la structure de ces associations constitue la deuxième partie de l'article précédent. Celles-ci sont formées sur une base industrielle qui coïncide avec la nature du produit et les marchés du travail, ce qui assure leur stabilité et leur cohésion interne. Les querelles confessionnelles et idéologiques n'ont guère d'influence sur les associations d'employeurs en Israël. La raison en est dans une bonne mesure qu'il s'agit au départ d'organisations strictement professionnelles vouées à la défense des intérêts économiques de leurs membres, organisations qui se sont graduellement transformées en associations d'employeurs.

Par définition, toutes les associations d'employeurs israéliennes négocient des conventions collectives de travail au nom de leurs membres, mais elles ne participent pas à leur administration, si ce n'est au dernier stade de la procédure des réclamations. Elles n'administrent pas non plus les mesures de sécurité sociale qui sont gérées par *Histadrut*. Les employeurs sont directement membres de l'association nationale, mais la plupart de ces associations possèdent des sections régionales. On peut donc affirmer qu'il n'existe pas en Israël de fédérations d'employeurs dans le sens véritable du terme. Elles ne font pas connaître publiquement le nombre de leurs adhérents non plus.

En pratique, on compte trois grandes associations d'employeurs en Israël : l'Association des manufacturiers d'Israël, qui recrute ses membres surtout dans le secteur secondaire, l'Association des fermiers qui représente les agriculteurs privés et l'association des artisans qui est active dans la petite industrie. Il y a aussi une association des entrepreneurs. Les autres groupements ont surtout un caractère professionnel.

L'association la plus influente et la plus puissante est l'Association des manufacturiers dont la fondation remonte à 1923. C'est elle qui représente les intérêts de l'entreprise privée. Elle a pris du poids au cours de la deuxième guerre mondiale alors que l'industrie s'est développée rapidement pour satisfaire aux besoins des forces armées des Alliés au Moyen-Orient. De type professionnel au départ, l'Association s'est transformée sous l'effet des conflits ouvriers qui ont accompagné l'expansion de l'industrie. Ses sections les plus importantes sont celles de la métallurgie, de l'électronique et du textile. C'est son service des relations du travail qui a autorité en matière de négociations collectives à l'échelle nationale. Le processus de décision est entre les mains d'un petit groupe de personnalités influentes. C'est le même homme qui en fut d'ailleurs le président de 1923 à 1959. Sa principale innovation dans le domaine des relations de travail fut l'établissement d'un régime d'assurance contre les grèves. Ce fonds couvre une bonne part des pertes attribuables aux arrêts de travail, ce qui a pour effet de renforcer la position des employeurs dans les conflits.

Il existe en Israël des associations d'agriculteurs depuis le début du siècle. Ces associations se sont regroupées en 1927 pour former l'Association des fermiers. Pendant longtemps, elle a gardé les caractéristiques d'une organisation professionnelle qui s'est occupée d'institutions subsidiaires : fondation de coopératives de mise en marché, d'une école d'agriculture. Elle s'occupait aussi de colonisation. Elle était alors assez active dans le domaine des relations du travail, parce qu'elle considérait que le caractère saisonnier et temporaire du travail agricole et la structure du milieu agricole, secteur formé surtout de petits exploitants, ne se prêtaient pas à la négociation collective. Il faut aussi ajouter que, à ce moment, les salariés du secteur de l'agriculture étaient des Arabes. C'est l'arrivée de vagues successives d'immigrants juifs à partir de la fin des années '30 qui a changé la situation. Ces immigrants devinrent des ouvriers agricoles et fondèrent des syndicats pour défendre leurs intérêts. La première convention collective, qui régissait les emballeurs et leurs aides, fut conclue dans la citriculture en 1954. Depuis, la négociation s'est étendue à l'ensemble des emplois agricoles. L'association des fermiers est depuis 1970 le représentant de tous les employeurs privés dans le secteur agricole où règne la paix industrielle.

Quant à l'association des artisans, dont l'établissement remonte à 1906, elle groupe les propriétaires de petites entreprises dans les industries du textile, du vêtement, du cuir et du bois. Elle est assez faible et a peu d'autorité sur ses sections locales.

Au-dessus de ces associations, on trouve le Bureau de coordination des associations économiques qui comprend à la fois des associations d'employeurs et des organisations professionnelles. C'est en 1970-71 que ce Bureau devint pour la première fois le représentant des intérêts des employeurs dans les négociations à l'échelle du pays. On peut considérer que l'établissement du Bureau fut une tentative en vue de contrebalancer la puissance des syndicats et d'établir une politique commune dans le domaine des relations professionnelles. On s'efforce d'y arriver par consensus en évitant de s'attaquer à des problèmes trop concrets et qui pourraient faire ressortir des divergences de vue profondes entre les différents groupes.

Enfin, les auteurs consacrent la dernière partie de leur étude au fonctionnement interne des associations qui auraient un caractère plutôt oligarchique en ce sens que les dirigeants sont presque toujours recrutés à l'intérieur du même groupe, que les penseurs des associations sont à peu près toujours les mêmes personnes et qu'il n'existe guère de mécanismes qui favoriseraient la diffusion du point de vue des membres. Comme, d'autre part, il s'agit d'organisations volontaires dépourvues de sanctions efficaces, ces associations s'efforcent de créer des services qui retiennent l'intérêt des membres. Au niveau de l'action politique, les gouvernements à tendance socialiste ont recherché d'une façon générale l'appui des associations d'employeurs dans l'établissement de leur politique économique de sorte que, à mesure que l'État agrandit son champ d'action, il s'établit une certaine interdépendance entre l'administration et les associations d'employeurs qui s'adaptent aux mesures économiques et collaborent avec les entreprises du secteur public. Par ailleurs, l'influence politique des associations d'employeurs est bien mieux comparée à celle des syndicats sous un système électoral de représentation proportionnelle. Seule l'association des artisans est affiliée à une formation politique. Toutefois, la participation active de certains membres à l'activité des associations est souvent le tremplin qui leur permet d'accéder à la politique tant au niveau national que local.

Les auteurs concluent leur article en soulignant que les associations d'employeurs, trop fragmentées, manquent d'unité et qu'elles ne font pas le poids devant les syndicats qui regroupent 80 pour cent des salariés.

# The Structure and Function of Israeli Employers' Associations

Arie Shirom  
and  
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*The first part of this article is devoted to a brief description of the ideological, political, economic and legal environment of the employers' associations in Israel. Then, the current structures of the three major associations are discussed, and their external and internal relations are analyzed. Finally, some tentative conclusions emanating from the report are presented, and several possible implications of the Israeli experience for employers' associations in other countries are suggested.*

## INTRODUCTION

Scrutiny of the labor relations literature reveals that the number of systematic investigations of the formation, structure and function of employers' associations is surprisingly small. For a number of reasons, students of labor relations characteristically focused their attention on the structure and function of trade union movements. However, there are indications that this state of affairs is gradually changing. In recent years, researchers have increasingly concerned themselves with the shifts occurring in the patterns of operation of employers' associations.

In several Western industrialized countries, employers' associations appear to face significant challenges. Members' new needs lead to the addition of novel functions and the expansion of old ones. Given the current trend toward national economic policies in those countries, the representational responsibilities of employers' associations expand. Concomitantly, pressures toward

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their structural consolidation emerge. Solutions worked out for some of these problems in Israel may well be of interest to students of labor relations in other industrialized countries and may provide a relevant reference point for comparative research in this area.

To a varying extent, employers' associations are a product of the economic and social development of the society in which they originated. Thus, the paper's first objective is to outline some of the background conditions for the growth and present position of the Israeli employers' associations. The paper's second objective is to identify the factors which explain the structural and functional changes which have occurred in the associations in recent years. Some of these factors, in turn, are responsible for their recent progression from minor participants to influential partners in the country's labor relations system. The analysis is set in a broader frame of reference which enables comparison with other industrialized societies.<sup>1</sup>

Employers' associations have been given various definitions, depending on the investigator's aim.<sup>2</sup> For the purpose of this inquiry, they are defined as voluntary associations of employers who combine for the promotion and defense of employers' interests in labor relations. Thus trade associations, entrepreneurial organizations such as chambers of commerce, and related types of associations which concern themselves predominantly with the product market of their members are excluded from this study. In Dunlop's terms, we refer to one of the actors in the industrial relations system whose interactions with the other actors determine the norms of behavior in the system.<sup>3</sup>

It should be recognized that employers' associations may also perform the functions of trade associations — such as lobbying in support of economic legislation or providing direct economic services to members. Similarly, trade associations may periodically undertake to represent their members' labor relations interests vis-a-vis labor unions or

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<sup>1</sup> Most of the documentary materials upon which this paper is based are of an ephemeral nature, and in Hebrew. Due to space limitations, only English-language references and Hebrew-language statistical material are cited. To avoid cumbersomeness, no specific references are made to interviews held with executive officers in the associations.

<sup>2</sup> See: Clarence E. BONNETT, *Employers' Association*, *Encyclopaedia of the Social Sciences*, N.Y., The Macmillan Co., 1961, pp. 509-514.

<sup>3</sup> John T. DULOP, *Industrial Relations Systems*, Ill., Southern Illinois University Press, 1958, pp. 15-16.

government. Consequently, the distinction between these two types of business associations is a matter of degree rather than of kind. In most cases, however, an association may be categorized in one of these two types on the basis of functions which are predominant.

As elsewhere, employers' associations in Israel have not been an object of extensive research. This is partly due to their reticence to publicly reveal any information about their operations. The latter characteristic probably stems from traditions of secrecy associated with the still extensively existing family-owned firms. Another possible explanation of students' reluctance to investigate employers' associations is the relatively minor role which the associations have played until very recently in the labor relations system.

## THE BACKGROUND

### **The Ideological and Political Environment**

The organized movement of the Jewish people to rebuild Palestine as a national homeland started in the 19th century, while the country was under Ottoman rule. However, the actual industrial development of the country may be traced to the years after World War I, when the country was ruled by Britain under a mandate from the League of Nations until Israel obtained its independence in 1948.

As judged by contemporary standards, the mandatory Government followed very liberal economic policies. Thus, the public sector was relatively underdeveloped, and refrained from direct involvement in the country's industrialization. As a matter of policy, the mandatory Government discouraged Jewish immigration to Palestine. The main burden of economic development and absorption of immigrants fell upon the Jewish community's representative political institutions, which were assisted in this task by funds collected in the diaspora. Zionist-Socialist parties were at the helm of these institutions during most of the period under consideration.

The Zionist-Socialist parties which have formed the ruling elite of the Jewish community's political system followed a future-oriented collectivistic ideology. Their ideology included specifically defined objectives in the spheres of immigration, external security, foreign relations, and the development of communal welfare services. While most political groupings in the Jewish community subscribe to these objectives (as

defined by this community's central political bodies), no consensus was achieved regarding the means through which these objectives are to be effectively reached. Significantly, the important components of this ideology were concerned with the envisaged national and social renaissance of the Jewish people in Israel; economic objectives, such as economic independence and growth, attained prominence only after the country's independence.

In 1920, these Zionist-Socialist parties agreed to combine several areas of activity in which they had been involved, and transferred them to a new organization which they had established: the Histadrut, Israel's multi-functional labor movement. It was set up as a mass organization for supplying most of the economic and social needs of its members, while the parties which founded it retained their representational function in the political sphere. Until Independence, the Histadrut operated in many ways as the State's harbinger. Ideologically, it was committed to the realization of a 'Jewish working society' in Palestine. In practice, it was the most important and powerful pre-State mass organization. Throughout its existence, the Histadrut followed economic policies which reflected a broad, self-avowed social responsibility.<sup>4</sup>

The Histadrut currently comprises over 80% of the country's labor force. It provides its members with a comprehensive health insurance program, pension plans and other welfare services. The latter schemes are all managed by the Histadrut alone, without the direct participation of employers. The Histadrut also acts as a large-scale employer and economic entrepreneur. It controls and operates varied enterprises in most branches of the economy. This role of the Histadrut is especially noteworthy when one considers the relative power of the participants in the Israeli labor relations system.

Most important employers' associations in Israel were established during the twenties. They faced a labor relations system in which

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<sup>4</sup> Useful references are: (1) Zweig, *The Israeli Worker*, N.Y., Herzl Press and Sharon Books, 1959; (2) Sobel, «Israel», in Walter Galenson (ed), *Labor in Developing Economies*, Berkeley, Cal., University of California Press, 1962; (3) Halevi, «The Israeli Labor Movement», *The Annals*, Vol. 310, (March 1957), pp. 172-182; (4) United States Department of Labor, Bureau of Labor Statistics, *Labor Law and Practice in Israel*: BLS Report No. 315, Washington D.C., U.S. Government Printing Office, 1967; (5) Derber, M. «Plant Labor Relations in Israel», *Industrial and Labor Relations Review*, Vol. 17 (1963), pp. 39-60; (6) Shirom, A. «Workers' Committees in the Israeli Labour Relations System: An Appraisal», *Industrial Relations Journal*, Vol. 2 (1), Spring, 1971, pp. 66-79.

workers' representatives could draw upon the considerable political power of the political parties which formed the Histadrut. Histadrut-affiliated national unions usually had direct access to the power resources of these parties. As noted, the same political parties were dominant in the regulative and allocative institutions of the Jewish community since the early thirties.

### **The Economic Environment**

While the detailed story of Israel's economic development is readily available elsewhere,<sup>5</sup> it is pertinent to this inquiry to present the sectoral structure of employed wage earners. Understandably, the way in which employees are distributed across sectors determines the boundaries of the legitimate jurisdiction of employers' associations in private employment. Table 1 represents this information with a three-sector classification. The public sector in Table 1 includes government and national institutions such as the Jewish Agency.

Overall, it appears that the public sector accounts for about one-third and the Histadrut sector for about one-fifth of total wage employment, with the private sector providing the remaining portion of about one-half. Owing to the importance of employment in the Histadrut-owned enterprises, the share of the private sector is quite low when compared with other non-Communist countries. Parenthetically, it may be noted that an examination of the sectoral composition of domestic product may lead to almost identical conclusions.<sup>6</sup> The Histadrut sector is an important employer in agriculture, transport (owing to the bus cooperatives), and construction. The public sector stands out as the most important employer in the traditional public utilities, apart from the government services.

### **The Legal Environment**

Most employers' associations, as well as most national trade unions affiliated with the Histadrut, have formed legal personalities by registering under the general Law of Associations. This law was promulgated by the Ottoman rulers of Palestine in 1909. It relates to all non-profit associations, allowing them a virtually free hand in handling their internal

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<sup>5</sup> N. HALEVI, and R. KLINOV-MALUL. *The Economic Development of Israel*, N.Y., Praeger, 1968, ch. 2.

<sup>6</sup> *Ibid.*, pp. 113-115.

TABLE 1

Employees by Economic Branch and Sector, 1969 (in percentage) <sup>a</sup>

Economic Branch	Sector			Total % (n) <sup>b</sup>
	Private	Public	Histadrut	
Total	48%	34% <sup>1</sup>	18%	100% (723.5)
Agriculture	33	32	35	100 (40)
Industry	76	10	14	100 (206)
Construction	46	21	33	100 (56)
Electricity & Water	2	94	4	100 (14)
Commerce & Banking	61	14	25	100 (74)
Transport & Communications	18	53	29	100 (53)
Public & Business Services	30	57	13	100 (250)
Personal Services	78	15	7	100 (31)

<sup>a</sup> Percentages are rounded.

<sup>b</sup> Monthly average number of employees, in thousands, rounded.

<sup>1</sup> Of this, about 6% are employed in the Private non-profit sector, mostly in the business services branch.

Source: State of Israel, Central Bureau of Statistics, *Statistical Abstract of Israel 1970, No. 21*. Jerusalem, the Bureau, 1971, p. 292-3.

and external affairs. The very few formal requirements which restrict their activities somewhat are, in practice, seldom enforced.<sup>7</sup> The very thin legal foundation of the vast economic activities of non-profit associations has not escaped public awareness. In view of the growing economic importance of these associations, the Government moved to revise the law in the early fifties when a new revision was submitted to the Israeli Parliament. To date however, the revised law has not yet been enacted.

<sup>7</sup> I. ZAMIN, «Trade Unions and Employers' Associations: The Legal Situation», in Friedman, A. (ed.) *Structural Changes in Labor Unions*, Tel Aviv, Industrial Relations Research Association of Israel, 1972, pp. 59-105 (Hebrew, with an English summary, pp. xxii-xxvii). As Zamin notes, since the Law of Associations prohibits employers' associations from engaging in profit-making activities, they have channeled these activities to affiliated organizations formed under other laws.

As a consequence, the legal environment of employers' associations is relatively unstructured. They are required neither to submit any records nor even to incorporate. In fact, several important trade unions, and some employers' associations, chose not to incorporate. This state of affairs is an additional explanation for the paucity of written material about employers' associations.

#### THE STRUCTURE OF EMPLOYERS' ASSOCIATIONS

There are several noteworthy characteristics common to most employers' associations in Israel which set them apart from their opposite numbers in other industrialized countries in Western Europe.

Israeli associations were formed on an industry-wide basis which usually coincided with product and labor markets. Studies conducted on associations in the United States found that this basis of formation provided optimal chances for their survival and internal cohesion.<sup>8</sup> Denominational or ideological differences, which caused splits and divisions in several European federations of employers, have had negligible influence on employers' associations in Israel. This is probably accounted for by the fact that the latter are, by and large, mutations of earlier trade associations which were formed to defend their members' narrowly defined economic interests in the product market. The development of the Manufacturers' Association of Israel, detailed below, is a typical example of the transformation of a trade association into an employers' association.

By definition, all Israeli associations negotiate collective agreements on behalf of their members ; they do not, however, take part in contract administration, except for their participation in the last step of the usual grievance settlement procedure. As already noted, and contrary to the prevalent practice in other industrialized countries, most associations are not involved in administering health insurance programs or pension plans for their constituency ; these, as well as several important welfare schemes, are administered by the Histadrut.

Unlike the prevailing situation in Europe, but similar to the U.S. pattern, an individual employer is usually directly affiliated to his na-

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<sup>8</sup> See references quoted in K. M. McCaffree, « A Theory of the Origins and Development of Employer Associations », in Somers, G. G. (ed.) *Proceedings of the Fifteenth Annual Meeting of the Industrial Relations Research Associations*, Wis., The Association, 1963, pp. 63, 65.



tional association. Most associations have established regional (or sub-branch) divisions, but most of these metropolitan building blocks are simply administrative units with very limited autonomy. Consequently, it may be concluded that employers' federations in the true sense of this term do not exist in Israel. Again diverging from accepted practices in most European countries,<sup>9</sup> Israeli associations do not make public any information regarding their membership.

On the basis of their prominence or special significance in the labor system, three employers' associations were selected for more detailed description. They are: (1) the Manufacturers' Association of Israel, which covers most branches of manufacturing industry; (2) the Farmers' Association, which represents private agriculture; and (3) the Artisans' Association, covering small handicraft industries. Occasionally, reference is made to the Building Contractors' Association. Other associations in existence are predominantly trade or entrepreneurial associations, and have consequently been excluded from this study's domain of inquiry. They include: The Diamond Manufacturers' Association, Cinema Owners' Association, Garage Owners' Association, Chambers of Commerce, Association of Life Insurance Companies, Association of Merchants, Hotel Owners' Association, and the Association of Banks.

#### **The Manufacturers' Association of Israel**

This Association, henceforth abbreviated as MAI, was formally established in 1920, but it started to operate only in 1923. It is the most powerful and influential employers' association; now the officially recognized representative of private industry, it is the leading member of the Coordinating Committee of Employers' Associations (discussed below).

Manufacturing activity on a significant scale began in the Jewish sector of Palestine only with the outbreak of World War II. As a result of the cessation of commercial transportation during the war, local industry was granted almost total protection from foreign competition. By virtue of contacts established by MAI with the Middle-East Supply Centre of the Allied Forces, local manufacturing industry became an increasingly important supplier of war-related materials. This resulted in a substantial expansion in most branches of industry.

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<sup>9</sup> See, as an example, J. P. WINDMULLER, «Employers and Employers' Associations in the Netherlands Industrial Relations System», *Relations Industrielles*, Vol. 22, Jan. 1967, pp. 57-59.

Until this war-related industrial growth, MAI operated primarily as a trade association. It attempted to act as an economic interest group both with respect to the central political institutions of the Jewish community and the British Mandatory Government. MAI tried to influence the Jewish national institutions which allocated the funds raised by the world-wide Zionist movement to channel the funds not only into agricultural development but also to industry. During the late thirties, MAI gradually expended its direct economic services to members, such as the financial services provided by an affiliated bank.

The period of sustained industrial expansion which began with the Second World War was accompanied by considerable pains of growth which were most pronounced in labor relations. The Mandatory Government was anxious to keep the flow of war materials and supplies uninterrupted by labor disputes. To this end, it introduced, on a country-wide basis, several emergency labor procedures. Most important among these were cost-of-living allowances, made necessary by war-time inflation, and compulsory arbitration of labor disputes. In the actual implementation of these procedures, MAI came to be recognized by both the government and the Histadrut as the representative of private employers. These developments significantly increased MAI's involvement in labor relations on an industry-wide basis. During the war years, several collective bargaining agreements were signed between MAI and Histadrut-affiliated national trade unions. By 1946, the great majority of all employees in private industry were covered by collective agreements.

From a structural viewpoint, MAI's activities are departmentalized according to two major criteria. Down at the bottom of MAI's hierarchy are the industrial branch sections. Most important among them are the Metal and Electronics Industry Section and the Textile Industry Section. These sections are semi-autonomous in economic matters, with each managed by an appointed official — who, in turn, is directed by a committee of elected members. Above this level are the centralized staff departments, under the general supervision of MAI's General Director who is an appointed officer. Noteworthy among them are the Economic Department and the Labor Department, which are responsible for the implementation of MAI's policies in these areas. Like the industrial branch sections, they are headed by appointed officials and have each a committee of elected MAI members as overseers. The Presidium and the Executive Council are the equivalent of MAI's cabinet and parliament, respectively.

The Labor Department has sole authority for negotiating industry-wide collective agreements, and must be informed on plant-level agreements. This rather centralized structure of power in MAI was achieved only after a prolonged internal debate, in which the industrial branch sections struggled to be the locus of decision-making in labor matters. Those in MAI's Presidium who argued against a decentralized structure finally won their case by pointing out the inefficiencies and disadvantages of confederating an employers' association in a tiny country such as Israel. Currently, representatives of the industrial branch sections participate in the industry-wide collective bargaining negotiations conducted by the Labor Department.

Nominally, MAI's by-laws stipulate that it organizes « . . . manufacturing firms employing at least ten employees and using mechanical equipment. »<sup>10</sup> In practice, MAI accepts as a member any privately-owned manufacturing firm having a so-called « industrial character, » regardless of size.<sup>11</sup> Each member-firm has a vote in the bi-annual elections to the executive Council and the Presidium elections which take place in the General Assembly. Membership figures (which, as noted, are not made public) appear to fluctuate — with more members joining during periods of economic depression, when MAI's direct economic services are most valuable.

MAI's policy-making processes have traditionally been informal. They take place in ad-hoc groupings of the more eminent members of the Presidium. As a consequence, the personal leadership style of MAI's past presidents has had a considerable impact on the Association's policies. Arie Shenakar, a textile manufacturer who ruled the Association from its formal establishment in 1923 to 1959, kept its staff to the bare minimum necessary. During his tenure, most executive duties, including routine contacts with government's officialdom, were handled by a small group of volunteer-industrialists. The process of building up the Association's staff was started in the early sixties. At present, MAI's staff includes a number of professionals, such as economists, engineers and lawyers. It is noteworthy that other employers' associations employ hardly any staff experts.

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<sup>10</sup> Quoted in: J. Y. TABB, Y. AMI, and G. SHAAL, *Labor Relations in Israel*, Tel Aviv, Dvir, 1961, p. 158-159 (Hebrew).

<sup>11</sup> Communication from Mr. Y. HOUSMAN, Director of MAI's Labor Department, January 1971.

The strike insurance fund established by MAI in 1965 is probably its most important innovation in labor relations in the last decade. The fund provides strike relief to member-firms who sustain losses because of a production impairment caused by a labor dispute. The financial assistance which the fund provides usually covers a substantial portion of the losses. It therefore strengthens the employers' position in labor disputes relative to that of an Histadrut-affiliated union, even though it is customary for workers involved in a Histadrut-approved strike to recoup wages lost in the strike from the employers involved as part of the settlement.

### **The Farmer's Association**

Several regional trade-organizations of farmers were formed in Palestine at the turn of the century. In 1927 these regional associations united to establish the Farmers' Association. Currently, its membership includes most private orchardists and small farmowners in the country. The Association accepts only individual farmers as members, and not settlements or corporate bodies.

During the first two decades of its existence, it functioned primarily as a trade association. It organized and developed a host of subsidiary institutions, like marketing cooperatives and an agricultural school; it was involved also in initiating new settlements.

In matters of labor relations, the Association was relatively inactive for several reasons. First, the official position it adopted was that collective labor relations involving the Association as such were incongruent with the seasonal and temporary nature of most agricultural jobs. Second, it claimed that it was impractical to attempt to introduce collective labor relations into the agricultural sector, which was characterized by diffused patterns of ownership and a wide variety of products. Third, and perhaps most important, during the twenties and most of the thirties the majority of hired workers were unorganized, low-paid Arabs. As from 1932 and onward up to 1939, waves of immigration substantially increased the supply of labor available to citricultural jobs. The Histadrut, representing these newly arrived Jewish laborers, strove to eliminate Arab work in the citrus groves — then the primary source of employment in the economy — and to replace it with Jewish work. A bitter conflict ensued between the Histadrut and the Farmers' Association. The Histadrut stood for collectivistic goals, namely, the absorption of immigrants and the normalization of the economic structure of the Jewish

population of Palestine. The Farmers' Association espoused in this struggle the economic interest of its members in keeping the competitive strength of citric fruits in the European export markets. This conflict was finally resolved when the 1936-39 riots, inspired by militant Arab nationalists, broke out. The riots intensified the political struggle between the Jewish and Arab communities in Palestine and brought about the effective segregation of the Arab labor market from the Jewish labor market.

The early fifties were marked by the Government's drive to increase the efficiency of production as part of the accentuated primacy of the goal of economic growth. Payment-by-results systems were introduced in most citriculture jobs. The National Union of Agricultural Workers followed at that time a whipsawing policy of bargaining. The Association reacted by demanding that the informal bargaining sessions that preceded each season in citriculture, which had characterized the parties' relationship till then, be replaced by a highly structured, industry-wide collective agreement. This development marked the gradual ascendancy of the Association's role in the labor relations system of the agricultural sector. The first formal collective agreement was signed in citriculture only in 1954, covering the packers, their helpers, and related trades. A few years later, the parties extended their agreements to cover most agricultural jobs. In 1970, the Association was formally recognized by the Ministry of Labor as the representative of all private employers in agriculture.

Labor relations in agriculture are often posited by practitioners in this field to be an exemplar of industrial peace. Indeed, strikes and lockouts are a rare occurrence in agriculture. Most grievances are resolved in the multi-level system of bi-partite committees which have been developed by the parties over the last two decades. In comparison with other industrialized countries, this appears to be a highly institutionalized system of labor relations. Evidently, the successful mutation which the Association underwent in the early fifties — from an economic interest group to an employers' association — was instrumental in bringing this about.

#### **The Artisans' Association**

A strict application of the earlier definition of an employers' association would probably disqualify this association from inclusion in this study. First, membership in it is open to both self-employed craftsmen

and small-scale employers in all economic branches. Second, its activities have traditionally been concerned with serving the economic interests of its membership, to the relative neglect of labor relations functions. Thus, it has been active primarily in providing its members with needed credit and reasonably-priced manufacturing premises, and ensuring that they get favorable treatment from state and municipal tax authorities. Nevertheless, it warrants inclusion here on two considerations : (1) while artisans and small craft industries in most other industrialized countries are hardly organized, this Israeli association has succeeded in organizing an estimated 40% of the potential membership ; (2) In contrast to other employers' associations which strive to retain an image of political neutrality, the Artisans' Association willingly affiliated with the dominant political party in Israel ; the Labor Party.

Established in 1906, it is the oldest employers' association. It remained a small and weak federation, with little authority over its local branches, until the mid-fifties. Then, small-scale manufacturing assumed growing importance in the Government's efforts to rapidly expand employment in labor-intensive industries such as textiles, clothing, leather goods, wood and furniture, and footwear. Consequently, the number of self-employed artisans increased. In the fiscal year 1971/72, there were 14,166 establishments employing less than 5 employees in manufacturing alone. These small workshops accounted for only 3.5% of gross output and 4.0% of net added value in this sector of the economy.<sup>12</sup>

Like any other sizable organized interest group, it soon became a target for penetration by political parties. The capture of the Association's executive bodies was achieved by the Labor Party in the late fifties. The details of this conquest are available elsewhere.<sup>13</sup> The Labor Party, which has traditionally been at the helm of the Government (though in coalition with other parties), utilized its control of the Ministry of Commerce and Industry to channel resources to the Association — thus enabling it to effectively supply its member-artisans' economic needs. During the sixties, the party-member executive officers of the Association successfully transformed it from a highly factionalized and splintered organization into the most powerful and cohesive trade association in the country.

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<sup>12</sup> State of Israel, Central Bureau of Statistics, *Monthly Bulletin of Statistics Supplement Series*, Vol. 24 (6), 1973, p. 51.

<sup>13</sup> Peter Y. MEDDING, *Mapai in Israel: Political Organization and Government in a New Society*, England, Cambridge University Press, 1972, pp. 53-59.

The Labor Party's virtual control over the Association's affairs has had far-reaching consequences for the latter's conduct in labor-management negotiations. It viewed the Histadrut not as an opponent in labor matters but as a friendly patron. In fact, on one occasion the Association's General Secretary voiced his astonishment over the Histadrut's failure to make financial contributions to his organization, the majority of whose members are also Histadrut members. He avoided mentioning the dominant position of the Labor Party in both organizations.<sup>14</sup>

The inherent weakness of the Association in labor relations stems not only from its being an appendage of the Labor Party but also from its highly heterogenous industrial composition and from the fact that its members employ but a tiny minority of the employees in most of the branches in which it has members. The Association signed industry-wide collective agreements in only three branches : shoes, printing, and building and furniture carpentry. Even in these three agreements, wages and work conditions generally follow those set in agreements signed by MAI in related branches. The Labor Relations department of the Association, staffed by two lawyers, engages primarily in counseling individual employers on matters of grievance arbitration or adjudication in the Labor Courts.

#### **The Coordinating Bureau of Economic Association (CBEA)**

The CBEA is the umbrella organization for most trade and employers' associations. It was first proposed to the other associations by the Farmers' Association in 1960. At that time, the President of the Farmers' Association thought that developments in the economy and in the labor relations system had made a formal mechanism for cooperation among employers' associations both feasible and desirable. He contended that the loose and informal coordination and exchange of information which characterized relationships among employers' associations in the past were no longer sufficient.<sup>15</sup> It took seven years of extended talks to obtain agreement of the majority of associations<sup>16</sup> to form the CBEA.

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<sup>14</sup> See the Association's newsletter *Hauman*, 59, Sept., 1969, pp. 2-3, (Hebrew).

<sup>15</sup> Communication from Mr. Ziv-Av, now chairman of CBEA's Executive Committee, January 1972.

<sup>16</sup> Among employers' associations in the private sector, the Artisans' Association is the only one which did not join the CBEA. Its avowed reason was CBEA's refusal to grant it a seat on the Presidential Council, which manages CBEA's affairs.

Even then, CBEA's by-laws had to explicitly provide for the sovereignty and independent action of each member in practically every important issue deliberated by the CBEA.

CBEA represents a heterogenous body of members. It includes both trade and employers' associations. It covers associations in most branches of the economy, of varying sizes and scopes of operations. This may become a source of strength; however, given CBEA's present constitution, it is largely a handicap.

With regard to labor relations, CBEA formerly served mainly as a coordinating board for the various employers' associations with interests in this field. This state of affairs has changed markedly since 1970. The change was effected primarily by the advent of a national price and wage policy in that year.

During discussions on wage policy for 1970-71, CBEA appeared for the first time as the representative of employers' associations in the country, and was recognized by the other two parties in the talks — the Government and the Histadrut. The signing of the so-called 'Package Deal' — the economy-wide wage agreement for the years 1970-71 — was the turning point in CBEA's labor relations activity. Since then, it has represented employers in most multi-branch collective bargaining negotiations.

From a wider perspective, CBEA's establishment may be regarded as an attempt to build a 'countervailing power' of employers in the labor relations system. Thus far, it has presented only a slight challenge to the dominance of the Histadrut in the system. Some of CBEA's founders hoped and expected it to evolve into a centralized federation of employers' associations, with formal authority to determine common labor policies binding on all members. To date, there are no indications that such a development is taking place. The labor policies that CBEA has adopted usually reflect a consensus reached among members on a certain issue; majority votes were avoided in order to keep away from internal confrontations. CBEA's resources are voluntarily contributed by its members, and it is dependent upon MAI's staff for most technical and scientific information. It should, however, not be viewed as a mere cover for MAI, although the latter is certainly its most influential member. CBEA has been conceived, and to a large extent already operates, as a separate and relatively independent umbrella organization. The CBEA



has successfully established itself as the legitimate representative of private employers in the country, and has been very active and effective in its lobbying activities involving economic matters such as tariffs, new tax legislations and related matters. However, its continued growth and accumulation of power are constricted by the aforementioned structural handicaps and constitutional constraints.

## INTERNAL RELATIONS

### Leadership : Democratic or Oligarchic ?

Like trade unions, employers' associations constitute a type of what has been categorized as mutual-benefit associations. Blau and Scott — who originally proposed this taxonomy<sup>17</sup> — contended that these associations are characterized by « . . . Mechanisms for ascertaining what their members' collective objectives are as well as mechanisms for implementing them, and the ascertaining of objectives requires democratic self-government and freedom of dissent. » In practice, however, one often finds that mutual-benefit associations deviate to a certain extent from this model of democratic government. Administrative rationality — the logic of goal implementation — tends to be incompatible with the prescribed norms of democratic goal formation. The resulting incompatibilities are often resolved by centralizing decision-making and control, with the accompanying oligarchic tendencies. There is some evidence suggesting that employers' associations are vulnerable to such tendencies.<sup>18</sup>

An attempt was made to ascertain the extent to which oligarchic tendencies did appear in the associations studied. The following criteria of oligarchic control in organizations were used : (1) recurrent recruitment of associations' presidents from the same group ; (2) low turn-

<sup>17</sup> P. M. BLAU, and W. R. SCOTT, *Formal Organizations*, Cal., Chandler Publishing Co., 1963, p 252

<sup>18</sup> EHRMANN, *Organized Business in France*, Princeton, N.J., Princeton University Press, 1957, ch. 3; WINDMULLER, « Employers and Employers Associations... » *op. cit.*, p 62; M. S. WORTMAN, « Shifts in the Philosophy, Functions and Structure of Metropolitan Employers' Associations in the United States, 1890-1964, » a paper submitted to Second World Congress of the International Industrial Relations Associations, Geneva, Switzerland, September 1970. In as much as an employers' association fulfills functions which are of peripheral importance to their members, attendant membership apathy may further reinforce these oligarchic tendencies.

over of key policy-makers in associations ; (3) absence of internal mechanisms to allow a periodical expression of members' views on policy lines adopted by associations.

It appears that the internal relations prevailing in MAI are indicative of those persisting in other employers' associations. MAI's presidents and chief policy-makers are traditionally recruited from the same small group of industry magnates. Actually, the competition among members on seats on MAI's various governmental and administrative bodies has always been slight. As noted, MAI's first president ruled the association continuously for about thirty years, and the current president entered his third term of office at the writing of the paper (1973). MAI does not have any internal mechanism for regularly consulting its members on current issues. In fact, no employers' association in Israel is known to have established an institution similar to the NAM's consultative body, an organizational entity which allows this American employers' association ample opportunities to express their diverse views on their association's affairs.

Similar oligarchic trends were identified in other employers' associations. In the Building Contractors' Association, for instance, it was found that a few active contractors on the governmental bodies of the association were holding several offices apiece. In the same vein, the Artisans' Association has been run since 1959 by practically the same 11-member executive board, with other legislative bodies dormant. Generally speaking, the more sizeable and the higher the economic importance of the enterprise represented by the office-seeker, the better his chances of getting elected to the office provided he manifests interest and involvement in the activities of the association.

#### **Maintenance of Members' Loyalty**

All voluntary associations need to maintain their members' allegiance to the organization as a prerequisite of survival. In this study, leaders of employers' associations were found to resort primarily to material inducements for the maintenance of rank-and-file loyalty. This emphasis on members' instrumental ties with the association has resulted in a policy of expending economic services offered by an association to its members. As noted by Dubin,<sup>19</sup> paternalistic-benevolent managers have

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<sup>19</sup> R. DUBIN, « Attachment to Work and Union Militancy », *Industrial Relation*, 12, 1973, p. 59.

long known that an expansion of the range of welfare services which a plant provides to its employees materially lessens the local union's militancy.

Similarly, leaders of employers' associations apparently act under the assumption that expansion of services to their members effectively increases the members' attachment to the associations.

An opinion survey of samples of two associations' members was launched in an attempt to ascertain the validity of the above assumption. Members were asked about the importance they attached to the various services which their associations provide. Although the samples were not representative, results of both surveys indicated that members' contacts with the two associations were taking place through the economic institutions affiliated with them. Thus, 80% of the respondents to the questionnaire mailed to members of the Farmers' Association ( $n = 146$ ) paid their membership fees through one of the marketing cooperatives which the Association had established. Reading through the completed questionnaires, one gains the impression that respondents viewed the Association as an aggregate of useful economic benefits. Most respondents were unaware of the existence of the Farmers' Association newsletter, designed to promote members' identification with it. Similar results were obtained from the opinion survey of members of the Artisans' Association.

### **Maintenance of Internal Discipline**

This problem, besetting most voluntary associations, appears to be relatively more serious in employers' associations. They frequently lack effective sanctions which can be applied against nonabiding members. In this regard, the existence of a panoply of economic services which may be denied to certain members as a disciplinary action is a potentially powerful tool in the hands of associations' officers. MAI's usage of its newly-established strike insurance fund is a case in point. It was reported that about half of MAI's members, employing close to 70% of all employees in MAI's member firms, were members of the fund in 1971.<sup>20</sup> The fund's by-laws stipulate that a member applying for insurance benefits must be a member « . . . in good standing »<sup>21</sup> — in prac-

<sup>20</sup> MAI, *Report for 1969-1971*, Tel Aviv, MAI, 1971, p. 13 (Hebrew).

<sup>21</sup> MAI, *Report for 1971-1973*, Tel Aviv, MAI, 1973, p. 36 (Hebrew)

tice, this has been interpreted to mean that the applicant has complied with MAI's labor relations policies.

Another facet of the same problem is revealed in the decision-making strategy generally followed by employers' associations. They avoid binding majority decisions. Preference is for consensual decision-making, which is least likely to result in internal conflict.<sup>22</sup>

## EXTERNAL RELATIONS

Following is a brief account of the process of politicization of employers' associations. Their interactions with national unions and the Histadrut are excluded ; this is a subject which is dealt with elsewhere.<sup>23</sup>

### **Relations with the Government**

Between the wars of 1967 and 1973, Israel enjoyed a period of uninterrupted economic growth coupled with inflationary pressures and labor shortages. As in several other European countries, this led to the Government's playing an increasingly dominant role in the economy. National wage and price stabilization policies have been in effect since 1970.

In democratic countries, such economic policies can hardly be effectively implemented without at least the acquiescence of the major socio-economic groups. Recognizing this, Israel's Labor-led Government actively sought the cooperation of employers' associations in carrying out national economic policies. New forms and modes of consultation ensued, including the establishment of advisory committees and planning boards. These developments increased the interdependence of the government administration and the employers' associations. In short, they became constituent elements of the political process at the national level.

Associations are gradually adjusting to these new developments. Some adjustments have already taken place. MAI and other associations have reinforced their public relations offices and increased their use of

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<sup>22</sup> Several students of employers' associations noted this feature. See : (1) EHRMANN, *op. cit.* ; (2) WINDMULLER, *op. cit.* ; (3) DE VYREN, F. T. « Employers' Organizations in the Australian Industrial Relations System, » *The Journal of Industrial Relations*, March, 1971, pp. 30-50.

<sup>23</sup> A. SHIROM, « Collective Bargaining in Israel », to be published.

the mass media to propagate the employers' viewpoint to the general public.<sup>24</sup> Their basic attitude toward government-sponsored labor legislation has become appreciably more favourable. Both the Artisans' Association and the Building Contractors' Association are currently lobbying in support of a law restricting the entrance of new entrepreneurs to these associations' respective industries. Understandably, the requested legislation calls for the licensing to be performed by the association in question.

Another interesting adjustment concerns the associations' relations with firms belonging to the non-private sections of the economy. MAI's cooperation with State- and Histadrut-owned firms is a case in point. In most European countries, such public firms are not accepted as members of employers' associations comprised of private employers.<sup>25</sup> MAI has traditionally followed a similar stand, limiting its legitimate jurisdiction to private employers. Recently, however, close coordinative ties with respect to labor relations policy have developed between MAI's executive officers and representatives of manufacturing firms in both the public and Histadrut sectors. At present these contacts are unstructured and informal, and take place intermittently. Their acknowledged existence, however, probably induced MAI's president to publicly propose to organize all employers in manufacturing industry in a « Confederation of Israeli Manufacturers. »<sup>26</sup> To cite another example : the Farmers' Association reported that communal cooperatives employing hired workers covertly sought its advice on labor matters.<sup>27</sup>

### Relations with Political Parties

In a political system based on proportional representation, the electoral power of employers' associations which consist of single firms as members tends to be insignificant relative to that of mass organizations

<sup>24</sup> Readers may recall that this is a marked departure from past traditions — which conformed to Adam Smith's observation that employers' associations were inclined to conduct their affairs with the « utmost silence and secrecy. » See A. SMITH, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Vol. 1. 6th ed., London, Methuen, 1950. First published 1904, p. 75.

<sup>25</sup> International Organization of Employers. *Structure, Scope and Activities of National Central Employer Organizations*. A report submitted to the 47 Annual Meeting, London, June, 1970, (mimeo.).

<sup>26</sup> *Ha'aretz* (daily newspaper), (15. 6. 1973), p. 5.

<sup>27</sup> Communication from Mr. Rokeach, Director of the Farmers' Association Department of Labor Relations, January, 1972.

like national unions. As noted, the Artisans' Association was, until recently, the only association openly identified with a political party. There are indications that with the progress of the politicization process described above, other associations may give overt support to a party or bloc of parties. A partial relaxation of the former inhibitions and reservations associated with direct political involvement of employers' associations is apparently taking place. Thus, MAI nominated two prominent members of the right-of-center political bloc (Gahal) to top executive positions in the association in the early 70's, and donations to the same bloc by other associations were mentioned in the daily press during the 1973 parliamentary election campaign. In addition, top level executive positions in MAI, the Farmers' Association, the Artisans' Association and the Building Contractors' Association have proved instrumental in advancing the political careers of the holders of these positions on either the national scene (e.g., membership in parliament) or on the local level (e.g., membership in the Tel-Aviv municipal council).

## CONCLUSIONS

Admittedly, this study lacks sufficient historical depth. The paucity of past studies, the meager published information, and the traditions of secrecy which characterize the associations combined to make the task of data collection more arduous than was initially conceived. Nevertheless, it does appear that the evidence presented suggests several noteworthy uniformities in the structure and behavior of employers' associations in Israel.

The most crucial failure of the Israeli employers' associations has been their excessive fragmentation and lack of unity. This, among other important factors, has led to their inherent weakness in the face of a labor movement which has organized about 80% of all wage earners in the country. This imbalance of power in the labor relations system violates a well-known theorem regarding the behavior of economic interest groups. According to this theorem, any interest group strives to become as strong and proficient as the interest group with opposing objectives. Furthermore, this theorem was shown to validly account for the findings of several studies of employers' associations.<sup>28</sup> Therefore, the persistent state of fragmentation and amorphousness of employers' associations till very recently calls for an explanation.

<sup>28</sup> D. M. SLATE, «Trade Union Behavior and the Local Employers' Association,» *Industrial and Labor Relations Review*, Vol. 11, 1957, pp. 42-55.

Several explanatory factors can be singled out. In Palestine as well as in Israel, economic policy was always subordinated to political objectives.<sup>29</sup> Consequently, in order to be influential in public policy-making, economic power has had to be translated into political power. The failure of employers' associations to make this transformation of power in the country's political system may be attributed to the deeply-rooted individualistic and competitive norms which were prevalent among employers. With the advent of a new generation of managers and the decline in the prevalence and importance of family-owned firms, the dominant value systems of employers' associations underwent marked changes. Associations appear to have adopted a more flexible position relative to both government and political parties; concomitantly, political objectives began to emerge in their policy-making processes. Still, one should bear in mind that these internal changes have primarily been associated with the continued expansion of the Government's sphere of action in recent years.

The extent to which CBEA's formation was supported by the Government in behind-the-scene maneuvers could not be ascertained. Public utterances of high-ranking officials have long emphasized the country's need for more authoritative representation of the employers in the system of labor relations. Once established, CBEA received full recognition by the Ministries with which it customarily interacts.<sup>30</sup> This probably paved the way for the Histadrut's acquiescing to recognize CBEA as the legitimate employers' representative in the 1970 economy-wide wage negotiations.

It may be argued that the recently enhanced status and power of employers' associations in Israel are a product of environmental factors to which they responded. This would be in line with McCaffree's thesis that the nature and activities of associations are shaped by environmental factors.<sup>31</sup>

The growing participation of employers' associations in the processes of public policy-making is bound to induce further internal changes

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<sup>29</sup> HALEVI and KLINOV-MALUL, *The Economic Development of Israel*. *op. cit.*, p. 30.

<sup>30</sup> This was hailed by its bi-monthly newsletter as the very first significant achievement of the CBEA. See: CBEA, *A Letter to the Employer*, April-May, 1969 and Sept.-Oct., 1969, *et passim* (Hebrew).

<sup>31</sup> McCAFFREE, « A Theory of the Origins and Development of Employers' Associations, » *op. cit.*

including the evolvement of endogenous sources of adaptation. Given the economic power already accumulated by certain associations within their networks of auxiliary organizations, and their growing ability and willingness to translate this power into politically-valued resources, one may conjecture that the past imbalance of power in the labor relations system is gradually being rectified in the employers' favor.

### Some Implications of the Israeli Experience

Notwithstanding the unique features of Israel's political and economic systems noted above, it appears that several tentative generalizations, relevant to other countries, may be made on the basis of the Israeli experience.

1. In industrializing countries, employers' associations frequently evolve from earlier trade associations. Their evolvement often necessitates difficult-to-make internal adaptations which are achieved through the instigation of external change agents.

2. In a highly politicized labor relations system in which employers' associations are either unable or unwilling to translate the economic power that they possess to political power, their inferior position in the system may persist for a prolonged period of time.

3. Long-term power imbalances in the labor relations system are bound to create problems for *all* its participants.<sup>32</sup> Under these circumstances, a government led by labor parties may actively support efforts of employers' representatives to consolidate their power as a counterforce to workers' representatives.

4. In countries where industrial-like activities of the public sector loom large, managers of public enterprises tend to coordinate their labor policies with those of associations representing private manufacturers. Both parties are inclined to hold these contracts in an informal and unstructured environ.

5. It may be claimed that an optimal level of control of an employers' association over its members is achieved when the association provides its members with a given combination of material and normative inducements.<sup>33</sup>

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<sup>32</sup> M. DERBER, « Plant Labor Relations in Israel », *Industrial and Labor Relations Review*, vol. 17, 1963, p. 59.

<sup>33</sup> A. ETZIONI, *A Comparative Analysis of Complex Organizations*, N. Y., The Free Press, 1961, pp. 3-11.



## Structure et fonctions des associations d'employeurs en Israël

La première partie de cet article décrit le milieu idéologique, politique, économique et juridique dans lequel évoluent les associations d'employeurs en Israël.

Au départ, même si le mouvement de retour du peuple juif en Palestine remonte à la domination ottomane, ce n'est qu'après la première guerre mondiale, alors que le territoire était sous mandat britannique, que le développement industriel a commencé. À l'époque, la Grande-Bretagne adhérait au libéralisme économique et, par conséquent, le secteur public était très peu développé. Sous mandat britannique, on ne favorisait pas l'immigration juive en Palestine et le fardeau du développement économique et l'intégration des immigrants retombaient sur la communauté juive à l'aide de fonds recueillis dans la diaspora. C'étaient les partis sionistes-socialistes qui avaient formé l'élite dirigeante de la collectivité juive en l'orientant vers une idéologie collective. Aussi, en 1920, fondèrent-ils l'*Histadrut*. Il s'agissait d'un mouvement de masse destiné à répondre aux besoins économiques et sociaux de ses membres, alors que les partis conservaient leurs fonctions politiques. Jusqu'à l'indépendance, l'*Histadrut* agissait d'une certaine façon comme précurseur de l'État. Cette organisation joue un double rôle : elle procure à ses membres différents services d'entraide sociale ; elle est aussi au sens large un employeur qui est propriétaire d'entreprises dans la plupart des branches de l'économie et elle occupe ainsi une place importante dans le système des relations de travail en Israël.

La fondation des associations d'employeurs principales en Israël remontent à la décennie 1920 alors que les représentants des travailleurs pouvaient utiliser la puissance considérable des partis politiques qui constituaient l'*Histadrut*.

Par ailleurs, au point de vue économique, le secteur public occupe environ un tiers de la main-d'œuvre et l'*Histadrut*, un cinquième. Le reste des travailleurs, la moitié à peu près de l'ensemble de la main-d'œuvre, est employée par le secteur privé proprement dit. À cause de l'importance de l'*Histadrut* en tant qu'employeur, la part du service privé est sensiblement plus faible que dans les autres pays, sauf les pays communistes. L'*Histadrut* occupe une place importante dans l'agriculture, le transport et l'industrie de la construction. Le secteur public comprend les entreprises traditionnelles dont l'exploitation est confiée aux corps publics dans les sociétés occidentales.

La plupart des associations d'employeurs possèdent la personnalité juridique en vertu de la loi générale des associations datant aussi loin que 1909 et qui permet à toute association sans but lucratif de conduire librement ses affaires tant internes qu'externes. À cause de l'importance économique de plus en plus considérable de ces associations, le gouvernement a entrepris de réviser cette loi au cours des années '50, mais la nouvelle législation n'a pas encore été sanctionnée. En fait, ceci explique pourquoi les associations d'employeurs sont assez peu structurées, ce qui montre la rareté des documents écrits sur ces associations, lesquelles sont assez avares de renseignements.

Aussi, la plupart des associations d'employeurs en Israël possèdent-elles des caractéristiques qu'on ne retrouve pas chez les groupements de même nature en

Europe. L'étude de la structure de ces associations constitue la deuxième partie de l'article précédent. Celles-ci sont formées sur une base industrielle qui coïncide avec la nature du produit et les marchés du travail, ce qui assure leur stabilité et leur cohésion interne. Les querelles confessionnelles et idéologiques n'ont guère d'influence sur les associations d'employeurs en Israël. La raison en est dans une bonne mesure qu'il s'agissait au départ d'organisations strictement professionnelles vouées à la défense des intérêts économiques de leurs membres, organisations qui se sont graduellement transformées en associations d'employeurs.

Par définition, toutes les associations d'employeurs israéliennes négocient des conventions collectives de travail au nom de leurs membres, mais elles ne participent pas à leur administration, si ce n'est au dernier stade de la procédure des réclamations. Elles n'administrent pas non plus les mesures de sécurité sociale qui sont gérées par l'*Histadrut*. Les employeurs sont directement membres de l'association nationale, mais la plupart de ces associations possèdent des sections régionales. On peut donc affirmer qu'il n'existe pas en Israël de fédérations d'employeurs dans le sens véritable du terme. Elles ne font pas connaître publiquement le nombre de leurs adhérents non plus.

En pratique, on compte trois grandes associations d'employeurs en Israël : l'Association des manufacturiers d'Israël, qui recrute ses membres surtout dans le secteur secondaire, l'Association des fermiers qui représente les agriculteurs privés et l'association des artisans qui est active dans la petite industrie. Il y a aussi une association des entrepreneurs. Les autres groupements ont surtout un caractère professionnel.

L'association la plus influente et la plus puissante est l'Association des manufacturiers dont la fondation remonte à 1923. C'est elle qui représente les intérêts de l'entreprise privée. Elle a pris du poids au cours de la deuxième guerre mondiale alors que l'industrie s'est développée rapidement pour satisfaire aux besoins des forces armées des Alliés au Moyen Orient. De type professionnel au départ, l'Association s'est transformée sous l'effet des conflits ouvriers qui ont accompagné l'expansion de l'industrie. Ses sections les plus importantes sont celles de la métallurgie, de l'électronique et du textile. C'est son service des relations du travail qui a autorité en matière de négociations collectives à l'échelle nationale. Le processus de décision est entre les mains d'un petit groupe de personnages influents. C'est le même homme qui en fut d'ailleurs le président de 1923 à 1959. Sa principale innovation dans le domaine des relations de travail fut l'établissement d'un régime d'assurance contre les grèves. Ce fonds couvre une bonne part des pertes attribuables aux arrêts de travail, ce qui a pour effet de renforcer la position des employeurs dans les conflits.

Il existe en Israël des associations d'agriculteurs depuis le début du siècle. Ces associations se sont regroupées en 1927 pour former l'Association des fermiers. Pendant longtemps, elle a gardé les caractéristiques d'une organisation professionnelle qui s'est occupée d'institutions subsidiaires : fondation de coopératives de mise en marché, d'une école d'agriculture. Elle s'occupait aussi de colonisation. Elle était alors assez active dans le domaine des relations du travail, parce qu'elle considérait que le caractère saisonnier et temporaire du travail agricole et la structure

du milieu agricole, secteur formé surtout de petits exploitants, ne se prêtaient pas à la négociation collective. Il faut aussi ajouter que, à ce moment, les salariés du secteur de l'agriculture étaient des Arabes. C'est l'arrivée de vagues successives d'immigrants juifs à partir de la fin des années '30 qui a changé la situation. Ces immigrants devinrent des ouvriers agricoles et fondèrent des syndicats pour défendre leurs intérêts. La première convention collective, qui régissait les emballeurs et leurs aides, fut conclue dans la citriculture en 1954. Depuis, la négociation s'est étendue à l'ensemble des emplois agricoles. L'association des fermiers est depuis 1970 le représentant de tous les employeurs privés dans le secteur agricole où règne la paix industrielle.

Quant à l'Association des artisans, dont l'établissement remonte à 1906, elle groupe les propriétaires de petites entreprises dans les industries du textile, du vêtement, du cuir et du bois. Elle est assez faible et a peu d'autorité sur ses sections locales.

Au-dessus de ces associations, on trouve le Bureau de coordination des associations économiques qui comprend à la fois des associations d'employeurs et des organisations professionnelles. C'est en 1970-71 que ce Bureau devint pour la première fois le représentant des intérêts des employeurs dans les négociations à l'échelle du pays. On peut considérer que l'établissement du Bureau fut une tentative en vue de contrebalancer la puissance des syndicats et d'établir une politique commune dans le domaine des relations professionnelles. On s'efforce d'y arriver par consensus en évitant de s'attaquer à des problèmes trop concrets et qui pourraient faire ressortir des divergences de vue profondes entre les différents groupes.

Enfin, les auteurs consacrent la dernière partie de leur étude au fonctionnement interne des associations qui auraient un caractère plutôt oligarchique en ce sens que les dirigeants sont presque toujours recrutés à l'intérieur du même groupe, que les penseurs des associations sont à peu près toujours les mêmes personnes et qu'il n'existe guère de mécanismes qui favoriseraient la diffusion du point de vue des membres. Comme, d'autre part, il s'agit d'organisations volontaires dépourvues de sanctions efficaces, les conseils d'administration s'efforcent de créer des services qui retiennent l'intérêt des membres. Au niveau de l'action politique, les gouvernements à tendance socialiste ont recherché d'une façon générale l'appui des associations d'employeurs dans l'établissement de leur politique économique de sorte que, à mesure que l'État agrandit son champ d'action, il s'établit une certaine interdépendance entre l'administration et les associations d'employeurs qui s'adaptent aux mesures économiques et collaborent avec les entreprises du secteur public. Par ailleurs, l'influence politique des associations d'employeurs est bien mince comparée à celle des syndicats sous un système électoral de représentation proportionnelle. Seule l'Association des artisans est affiliée à une formation politique. Toutefois, la participation active de certains membres à l'activité des associations est souvent le tremplin qui leur permet d'accéder à la politique tant au niveau national que local.

Les auteurs concluent leur article en soulignant que les associations d'employeurs, trop fragmentées, manquent d'unité et qu'elles ne font pas le poids devant les syndicats qui regroupent 80 pour cent des salariés.