
RECOVER IN BRIEF

Funded by the European Commission DG Employment, Social Affairs and Inclusion and involving 5 European partners, the RECOVER project analyses whether and how the growth in outsourcing and subcontracting is triggering coverage problems for workers in these outsourced services. The project will accordingly compare cases of collective bargaining coverage gaps in outsourced services at sectoral and company level in six countries.

KEY MESSAGES

- Outsourcing of services has become widespread. Both large and small companies increasingly chose this practice.
- Above all, in high-skilled service activity, there is an increasing use of self-employed, bogus self-employed and digital platforms workers.
- Cost level reduction is still the strongest argument for outsourcing of services.
- The various forms of outsourcing have important impact on the protection of workers, including collective bargaining coverage.
- Third parties, i.e. private and public clients, have a key role in shaping collective bargaining coverage gaps, conflicts, etc.
- Existing institutions appear not sufficient to substantially reduce the negative impact of the various forms of outsourcing on collective bargaining coverage.
- About cleaning services, unions have had some success in reducing coverage gaps and conflicts by dialoguing and negotiating with clients.
- About ICT services, a key debate within social partners, involving also professional associations, is if/how to extend sector collective agreements to self-employed.

DEFINING OUTSOURCING IN THE COUNTRY

As well as in most EU countries, in Italy outsourcing of services has become widespread. Both large and small companies increasingly chose this solution/practice; and it is even more pursued by public organisations. According to data of the National Institute of Statistics (ISTAT), about 60% of the Italian companies outsource to other organisations legal, accounting and financial services (63% of manufacturing firms, 55% of services ones). More than 40% outsource ICT services (41% of manufacturing firms, 43% of services ones) and a larger percentage shift activities related to logistics, transport, security, cleaning (54% of manufacturing firms and 30% of services ones).

Together with the traditional form of outsourcing, involving the shifting of activities to providers, there is also an increasing use of self-employed without personnel, bogus self-employed, temporary agency work and new forms of employment relationships (such as crowd employment, etc.) that can be considered other manifestations of outsourcing.

Cost level reduction is still the strongest argument for outsourcing. Even if frequent reasons are also efficiency improvement, access to specific knowledge, expertise and tools, quality improvement. The spread of information and communications technologies and the progressive standardisation of processes and tasks are very important drivers of the outsourcing phenomenon.

Outsourcing practices and the resulting fragmentation of activities have relevant impact on the protection of work, including declining collective bargaining coverage and coverage gaps and conflicts. Consequently, it negatively affects working conditions. Such a trend has intensified after the economic crisis and the austerity measures. This poses several challenges for social partners and policy-makers. Moreover, it suggests specific and in-depth analysis not only on the incidence of the phenomenon, but also on the role of existing institutions in dealing with it, on their possible developments and on the most effective strategies and initiatives.

COLLECTIVE BARGAINING COVERAGE

Italian legislative framework on outsourcing to other organisation is still characterised by relevant differences between regulations for public administrations and regulations for private companies. The first provides more protections for workers in outsourced activities, about selection criteria in tendering procedures, employment stability in the case of transfer of undertaking, application of sector collective agreement by the provider. However, also for private companies, it is established that client or contractor is jointly liable for wage payment, wage tax and social security contributions of the employees of the provider

Although outsourcing is a key concern for the Italian major trade unions, it is not a widespread issue in collective bargaining at the different levels. Several sector collective agreements introduce/strengthen information and consultation rights for workers representatives. Some (for example in cleaning activities, tourism, call centres sector), in addition, strengthen regulations concerning transfer of undertaking.

Self-employed status, terms, conditions are mainly regulated by legislation. And a recent law improved also protections against possible misconduct of the clients, including the case of public services outsourcing. Collective bargaining intervenes marginally on these arguments. However, there are some interesting attempts/initiatives (for instance sector agreements for professional activities, call centres, market research). These agreements involve mainly self-employed workers with contract for continuous and coordinated collaboration (which constitute an «intermediate category») and regulate above all economic treatment and often guarantees in the case of sickness, maternity, accident at work.

FROM SECTORS TO ACTIVITIES: CHANGING FOCUS TO ANALYSE OUTSOURCING

The study focuses on two activities: cleaning and ICT services. The former is a typical outsourced-to-other-company service. A number of private and public organisations, of different sectors, have contracted it out with the aim to concentrate on core functions but above all to reduce cost level. In Italy workers performing this activity are about 475,000, more than 90% are outsourced. Moreover, cleaning is normally a labour intensive and low-skilled activity, exemplary of bottom-end service work. For these features, it is an interesting case to study, in which to examine collective bargaining gaps, conflicts, overlaps and their consequences on job quality.

ICT services involve more than 570,000 workers. Unlike the previous one, this activity is dominated by high-skilled occupations, even if in recent years there is an increase of standardised tasks and medium-low professional profiles. In addition to the traditional form of outsourcing (to another organisation, mainly driven by the necessity to access specific knowledge, expertise, tools) it emerges a growth of outsourcing to self-employed, often bogus self-employed (about 20% of total ICT services workers). Besides, an increasing number self-employed are contacted by and interact with clients through digital platforms. This form of outsourcing is mainly driven by reduction cost reasons

Activity 1: Downward pressures on collective bargaining coverage in cleaning activities

According to the preliminary findings of the study, in cleaning activities, outsourcing has a relevant impact on collective bargaining coverage, first due to the relevant incidence of cases of non-application of any agreement, in particular within small/micro providers of private organisations. Such phenomenon is driven by various factors, including the high fragmentation of providers, the growing incidence of sub-contracting, the difficulties of

unions and public institutions to control outsourcing procedures, outcomes, etc. Besides, in workplaces covered, the agreement applied is frequently less generous in particular in the case of craft companies. And it is necessary to consider also the cases of application of the so-called «pirate agreements» (signed by poorly representative employers' associations and unions), which set even lower conditions. These tendencies, having downward effect on job quality, are linked to the increasing cost pressure from «third parties», i.e. private and public clients, even more after the economic crisis and the austerity measures.

Activity 2: the challenge of self-employed and digital platforms in ICT services

About ICT services, one of the most important issue is the increasing incidence of self-employed and bogus self-employed. These workers are not covered by any collective agreements at national level, with very rare cases of company-level agreements, regulating also their conditions. Therefore, in ICT services, a number of outsourced self-employed workers undergo great differences/disadvantages in terms of pay levels, working time and time pressure, access to training, representation and voice possibilities. The widespread use of digital platforms by clients and/or sectoral companies is extending and intensifying coverage gaps and conflicts, together with disparities within the activity.

FACILITY MANAGEMENT COMPANY

The research activity includes also an in-depth study on ISS Italy, which is one of the most important facility management company in Italian economy. It offers a wide range of services, covering many operating activities of any private/public client organisation. This not-specialisation poses relevant challenges in terms of collective bargaining position in the national/sectoral bargaining framework.

RECOVER PROPOSES...

About outsourcing of cleaning services (as well as of other kinds of services) social partners, in particular, trade unions, are pressing public institutions to change the regulatory framework of outsourcing to other organisations, as to strengthen social clauses requiring the application of sector collective agreements signed by the most representative organisations. As to reduce coverage gaps and conflicts, unions are increasingly addressing private and public «third parties», i.e. clients. In successful cases, they signed agreements establishing that contracts may only be given to providers which comply with terms and conditions stated in collective agreements. With this regard forms of cooperation with union federation of other sectors (those of the clients) are developing, with the aim to negotiate outsourcing process and control its implementation.

About ICT services, a key debate across/within social partners is if/how to extend sector collective agreements to self-employed, in particular to self-employed without personnel, on issue such as economic treatment, time of payment, guarantees in the case of sickness, maternity, accident at work and union rights. This debate on minimum standards for self-employed involves and has relevant implications for policy-makers. Moreover, trade unions, sometimes together with professional associations, are developing campaigns, new unions' structures specifically dedicated to autonomous workers, and services, as to strengthen the contacts between ICT service workers, in particular between self-employed.

RESEARCH TEAM

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This policy brief is based on the final phase of the RECOVER project and is available on the RECOVER website, <http://pagines.uab.cat/recoverproject/en/content/national-policy-briefs>

PROJECT IDENTITY

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Relaunching Collective Bargaining in Outsourced Services
– RECOVER

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WEBSITE & SOCIAL NETWORKS

Webpage: <http://pagines.uab.cat/recoverproject/en>