Who overcomes collective bargaining?

Outsourcing practices, regulatory framework and Facility Management in Spain

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1. COLLECTIVE BARGAINING COVERAGE

Some of the major problems about outsourcing practices increase are related to collective bargaining coverage. In many cases, outsourced workers are covered by different collective agreements than internal workers or even do not have any type of coverage, as the case of the dependent self-employed persons. Relations between clients and provider companies frequently make external workers secondary, getting worse in the case outsourced workers are not involved in the main activity of the client organizations. This growing weakness may generate uncertainties concerning employment stability in cases of business transfers. In this regard, the "Transfers of Undertakings Directive" (2001) was approved by the European Commission in 2001 to guarantee not only the durability of existing contracts prior to a transfer of companies, but also the permanency of conditions of those contracts.

In the case of Spain, this directive drove the reform of Article 44 of the Workers' Statute in 2002, including new features such as requirements of the continuity of the employment relation and the contractual content; and the subrogation in the pension commitments and, in general, as many obligations in matters of complementary social protection have been acquired (Desdentado 2002). This regulatory change promoted the introduction of subrogation clauses in sectoral collective agreements, referring to the employer's obligation to maintain employees in cases of transfer of undertakings in outsourced activities.

Thus, 19.68% of collective agreements and 22.77% of workers throughout the labor market were covered by subrogation clauses in 2015 (Ministerio de Empleo y Seguridad Social 2015), confirming importance of outsourcing phenomenon in Spain. In this way, this subrogation clause (result of the social dialogue) gives on stability to workers generally with precarious trajectories through collective agreements coverage.

At local level, it is worth mentioning the case of the Barcelona City Council, which carries out a social evaluation of its suppliers to take in consideration also social
criteria beyond only economic issues (Ajuntament de Barcelona 2016). Thus, supplier companies can be excluded if the City Council detects that the price offered is unusually low (and therefore implies the payment of wages below the collective agreement). Likewise, other minimum criteria regarding the stability and wages of workers are also applied.

1.1. Main characteristics of the collective bargaining structure and predominant level

Before economic crisis, Spanish collective bargaining system was very coordinated, prioritizing sectoral level and setting determined issues at lower levels (generally regional). Thus, collective bargaining at company level was limited to activities without sectoral agreement or to develop aspects that sectoral negotiation attributed to the company’s level actors (e.g. Improving sectoral conditions) (Fundación 1º de Mayo 2017).

Once it started economic crisis, labor reforms of 2010 and, mainly, 2012 granted application priority to the collective bargaining company level instead of sectoral in the regulation of certain key issues such as wages and working time (Pastor 2014). In 2014, the number of new company agreements (most of them in SMEs and micro companies) tripled compared to previous years (Górriz 2015). Likewise, labor reform made more flexible opting out possibilities for collective agreements. All this means "an important brake on the pace of negotiation, with a loss of coverage of companies and workers (Alós, Beneyto and Jódar 2017). Therefore, "the Spanish collective bargaining system seems to represent a case of decentralized negotiation that is potentially tending to become a disorganized negotiation" (Fundación 1º de Mayo 2017).

In brief, Spain is experiencing a stage of erosion of collective bargaining processes (Molina and Miguélez 2016), impacting over the balance of power in the Industrial Relations system. Therefore, “trade unions find themselves in a delicate situation having lost significant degrees of their structural power in the deregulated labour market, and of their institutional power as a social agent in concertation arrangements” (Köhler 2018).
1.2. Collective bargaining coverage: trends, extension mechanisms and gaps

One of the key elements to improve employment quality is the participation of social actors (particularly workers’ representatives) in determining their own working conditions (Ruesga, Pérez and Viñas 2011). Thus, collective bargaining is associated with better wages, better job stability for employees and more equality (Visser 2016). Likewise, countries with greater union density and with a greater role of collective bargaining tend more to improve quality of work (Ruesga et al. 2011). Thus, collective bargaining is a key stone in shaping employment. However, this role has declined during the crisis period in Spain (Molina and Miguélez 2013) and Europe (Visser, Hayter and Gammarano 2015), being urgent to take it up again through mechanisms such as coverage to counteract growing inequalities in employment (Visser et al. 2015) such as disparity between internal and external workers.

In this way, coverage of both collective bargaining and agreements becomes fundamental mechanism for the employment configuration. We understand the coverage as the number of workers covered by a sectoral collective agreement in relation to the number of workers potentially covered in that sector (Pérez Infante 2011). In Spain, the coverage rate has remained around 80% since the beginning of 2000’s (Graph 1). During economic crisis, coverage rate slightly increased to 81.41% (2009) due to the greater proportion of "insiders" within the labor force, remaining currently stable at 77.5%.

However, there are several reliability problems regarding information provided by collective agreements commission members in Spain (Pérez Infante, 2011):

- Partial view: data collected is only related to current collective agreements, so extended agreements after their end are automatically excluded. It is also general that data provided by Collective agreements commission members informs only about agreements in their first year of implementation.
- Poor data: Data provided to Collective agreements commission members about number of companies and workers covered in their sectors is generally poor.
- Duplication problems: the numbers of workers and companies covered can be duplicated when one company is affected by agreements of different level (e.g. company agreement and regional sectoral agreement).

Even so, this graph it’s useful to compare to other European countries: from 9,89% in Lithuania to 98% in Belgium and France, Spain is above the EU average (52.85%) (ICTWSS, 2018). This is due mainly to Erga Omnes principle: the universality of the Spanish system makes that collective agreements affect to all workers even those not affiliated to any trade union either working in companies not members of an employer organization participant in the bargaining process.

This high coverage rate contrasts with a low union density: 16,88% in 2013 (Graph 1), below the European average (24%). Spanish legislation requires to workers’ organizations to be sufficiently representative to participate in collective bargaining processes. This means to have at least 10% of the total union representatives elected by the workers within the scope of the negotiation of the agreement. On the contrary, business associations must demonstrate that they represent at least 10% of the companies and that they employ at least 10% of the workers within the scope of the agreement (Martínez-Matute 2016).

Despite the high coverage rate of collective bargaining, there are situations in which it is not clear whether workers are covered by collective bargaining. This is the case of several types of temporary workers (e.g. Temporary Agency Workers), for which collective agreements that may cover them do not mention their contractual figures (Martínez-Matute 2016). Likewise, other workers are automatically excluded from collective bargaining as dependent self-employed workers. In other cases, we find situations in which workers are covered, but by a collective agreement that does not correspond to them due to the activity and/
or occupation they perform. This is one of the most common scenarios for outsourced workers working for supplier companies (e.g. Facility Management Companies).

2. THE EXTENSION, REGULATION AND FORMS OF OUTSOURCING

The outsourcing is a growing process in Spain since the 90s with the beginning of the privatization of the public sector and the decentralization of production and services in the private sector. Nowadays, the 30% of Spanish companies are involved in outsourcing processes (European Company Survey 2013). Considering their economic importance, around 90% of companies with a turnover of more than 12 million euros have already outsourced their ancillary activities, reducing to 70% for companies with revenues above 3 million euros (Gabinete Técnico de Acción Sindical UGT 2018). We understand that outsourcing has become a key mechanism to reduce costs during the period of economic crisis. In particular, Public Administration outsources the 8,66% of its labor costs, raising to the 47,72% considering potential outsourced labor costs (Godino 2017). Therefore, both for public and private organizations, outsourcing has become a key tool to reduce costs during the crisis. However, it is not only an economic issue. Outsourcing is another tool to increase flexibility and to transfer the risk of labor conflicts to external organizations. In this way, the greater adaptability, performance and lower labor cost of the employees in these supplier companies consequently improves the productivity of the client organizations, which focus on their core activities.

There are no databases differentiating internal and external workers in Spain. Nevertheless, taking into account the data of those sectors where there is a greater penetration of outsourcing in companies, we find that the main forms of outsourcing in Spain are the supplier companies (with a growing importance of facility management companies), the temporary agency workers and the dependent self-employed workers (with a significant increase in qualified professions).

2.1. The regulatory framework

One of the most common outsourcing scenarios takes place when one organization (whether public administrations or private companies) decides to
Outsource certain activities, announcing a call for tenders. Generally, economic issues offered by potential provider companies are the most valued by client organizations, with several risks for the stability and economic security of outsourced workers. European legislation regulates on the rights of employees in situations of change of employer has existed since 1977 in the so-called "Acquired Rights Directive" (Council Directive 77/187 of 14 February 1977). Since then, social dialogue mechanisms have developed more in this field, highlighting mainly the "Transfers of Undertakings Directive" (Council of the European Union 2001), subsequently articulated in the different Member States. These directives were mainly responsible for ensuring not only the continuity of existing contracts prior to a succession of companies, but also the conditions of those contracts, entrusting this to each Member State introducing it into their corresponding regulatory frameworks.

In the case of Spain, this directive was adapted in 2002 in the review of Article 44 of the Workers' Statute, with new features such as "the requirement of the validity of the relation and the content of the work contract regarding the maintenance of labor relations; the subrogation in pension commitments and, in general, as many obligations in matters of complementary social benefits and protection acquired (Desdentado 2002). In this regard, this supposed a gradual introduction of subrogation clauses in the set of sectoral collective agreements, regarding to the employer's obligation to maintain employees in cases of succession of companies in outsourced services.

Graph 2. Clauses on subrogation and on outsourcing in Spain (2012-2015).

Source: Estadística de Convenios Colectivos de Trabajo (Ministerio de Empleo y Seguridad Social, 2015).
Thus, 19.68% of collective agreements and 22.77% of workers throughout the labor market during 2015 were covered by subrogation clauses (Graph 2), indicating the relevance of outsourcing phenomenon in the Spanish labor market. In this regard, the protection that the subrogation mechanism gives to workers’ stability generates particular situations in which generally precarious jobs and workers with work insecurity trajectories have security regarding the length of their employment relation.

2.2. The extension of outsourcing

Outsourcing was already a prominent phenomenon since the early 1980s in the industry worldwide and, specifically, in Spain, especially in the manufacturing sector (Martínez, Vela, De Luís and Pérez 2010). During the 90s and, moreover, since the beginning of the 2000s, outsourcing became an incipient practice also in the service sector, both internationally and in Spain (Guerra, Macía and Delgado 2006). Thus, this phenomenon concerns not only blue collar activities, but, in this new wave of outsourcing, has an effect on occupations traditionally considered white collar.

Graph 3. Percentage of Spanish companies partly or entirely outsourcing according to economic activity.

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>34.60%</td>
</tr>
<tr>
<td>Construction</td>
<td>54.60%</td>
</tr>
<tr>
<td>Commerce and hospitality</td>
<td>26.20%</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>28.80%</td>
</tr>
<tr>
<td>Financial services and real estate</td>
<td>42.60%</td>
</tr>
<tr>
<td>Other services</td>
<td>26.90%</td>
</tr>
<tr>
<td>Total</td>
<td>31.70%</td>
</tr>
</tbody>
</table>


Focusing on the levels of outsourcing, the European Company Survey 2013 data
shows that 31.70% of the organizations surveyed in Spain have developed outsourcing processes in some part of their functions. Regarding the sectors, we find higher levels in the industry (38%, 54.60% in Construction and 34.60% in industrial sector) than in services (28%, 26.20% in Hospitality and Catering and 26.90% in other services) (Graph 3).

The sectoral characteristics explains the difference: services tend to be ancillary functions in other economic activities, which increases their possibilities to be outsourced, while in the services sector there are suppliers companies. There is an exception with the Financial Services and Real State sector (42.60% of outsourcing level), a diverse sector impacted during the crisis that implemented important restructuring changes, being outsourcing one of its strategies.

Regarding the Public sector, in the case of Spain the European Company Survey (2013) registers a 0% of outsourcing level. However, 31% of public organizations implement outsourcing practices. In that sense, we find a possible bias in the answers of Spanish public employers when categorizing outsourcing processes. In this regard, access to statistically representative data on outsourcing in Spain is limited, even more regarding public administration. However, one recent research analyses the general budgets of the public administration, measuring the proportion that is dedicated to outsourced services in relation to what is dedicated to internal labor costs (Godino 2017). It is remarkable to note that the general level of outsourcing for the Spanish Public Administration is 8.66%. A figure that increases to 47.72% if we attend to operational levels of outsourcing, that is, in relation to those activities and functions that are prone to be outsourced.

Likewise, following the analysis of Kirchner (2015), we can locate those companies in which outsourcing is carried out on-site or off-site, thus, if the outsourced activities are still carried out in the work centre of the client organization or in their supplier company facilities. This creates a typology differentiating between partial outsourcing and complete outsourcing, finding that 75% of Spanish companies that outsource, they do it partially (similar percentage to the 75% in Europe). Therefore, we detect a majority of outsourcing processes that generate scenarios in which suppliers develop their activity in the client’s space. In other words, the situation in which workers who have previously had a direct employment relationship with a company, once they have outsourced the activity they develop, is now a service relationship between clients and suppliers.
Regarding firm size, we find a positive correlation between size and outsourcing level (Graph 4). This figure can be interpreted in two ways: on one hand, those organizations that reach a certain size are more likely to face dilemmas such as focusing on core activities and to outsource ancillary activities. On the other hand, we can find an interaction effect between explanatory variables, since industrial activities tend to concentrate larger companies.

Graph 5a. Level of outsourcing in Spanish companies according to firm size.

In regard to variables referring to the characteristics of employees, there is a tendency for a higher education level of employees in those organizations that outsource (in this case, a higher proportion of workers with a university degree) (Graph 5). This can be result of a composition effect: occupations that are mostly outsourced within organizations are those that develop ancillary activities, usually occupied by employees with medium and low educational levels.

Graph 5b. Level of outsourcing in Spanish companies according to proportion of workforce with university degree.
With regard to the proportion of women, their influence on the level of outsourcing does not seem relevant (Graph 6), unless for a slight tendency to have more women in those organizations with lower levels of outsourcing. However, it is relevant to highlight that, on the other side of organizations (supplier companies), it is common to find feminized workforces (Godino 2017).

Graph 6. Level of outsourcing in Spanish companies according to proportion of women.

An increasing organizational practice diversified in many areas and sectors, as well as in the type of implementation. Circumstances that make more difficult the understanding of outsourcing practices and its impact over employment.

### 2.3. Forms of outsourcing

The main causes to explain outsourcing increasing are: the direct reduction of costs in the short term (suppliers base their business on economies of scale, reusing models already developed for different clients); the transformation of the cost structure itself in the long term (eliminating the fixed structures that would imply the internal control of those processes); flexibility (quick adaptation of the organizations to the productive needs of the market through suppliers); and the relative greater specialization of the suppliers organizations (Kotlarsky, Oshri and Willcocks, 2011). These dynamics have different implications for employment depending on the form that outsourcing takes, also entailing
different regulations for the Spanish context.

2.2.1. Supplier companies

As already highlighted (section 2.1), the model of supplier companies providing certain services, both to public and private organizations, is the most common form of outsourcing in Spain. Data collected by the European Company Survey (Graph 3) refers mostly to this outsourcing model (enhancing its impact up to 31.70% of Spanish companies). Negotiation processes between client and supplier organizations frequently give to employees a minor role. This practice is increased when outsourced services are not part of the core activity of the client company. This scenario generates important uncertainties in the field of employment stability, since, if every certain period of time the supplier company changes, workers linked to that service can do so. In that sense, subrogation clauses (described in section 2.1) is the most important protection mechanism for employees in this this form of outsourcing.

2.2.2. Temporary Agency Work

Temporary Agency Work was approved in 1994 in Spain, growing since then up to around 16.20% of the total contracts in 2016 (Graph 7), showing its importance in the Spanish economy. The relative use of TAW has increased during the crisis (10% in 2010 and 10.6 in 2013), although its total numbers decreased (as the number of contracts in the whole economy). However, it remains one of the main risks of vulnerability for temporary agency workers: the very short length of contracts (Molina, Godino and Rodriguez 2017).

Graph 7. Number of Contracts in the total economy comparing to number of Temporary Agency Workers and Self-employed.

Temporary agency work is generally occupied by young people: 58.4% of TA Workers were below 25 years old during 2017 (Ministry of Employment 2018). The Spanish employer association of TAW companies argues that this employment model represents an opportunity for training to young people to launch their professional career (ASEMPELO 2016). However, the number of TAW contracts in 2017 dedicated to apprenticeship, training and internship represents less than 0.1% of these contracts (Ministry of Employment 2018).

Regarding the economic sectors of client organizations, TAW contracts are mostly in manufacture industry (29%), agriculture (18%), transport (14%) and hotels (14%) (Graph 8). These sectors are quiet opposite to main client sectors for supplier companies (Graph 3), implying there is a sectoral trend to use one or another type of outsourcing, but also it is explained by the transfer of clients from TAW to Facility Management services (as explained in section 3).

About its regulation, TAW has been reformed several times: initially to equalize working conditions of Temporary Agency Workers and internal workers; more recently to wide the scope of economic sectors and activities where TA workers could operate (Law 35/2010) (Molina, Godino y Rodriguez, 2017). TAW in Spain has its own collective agreement. The negotiation of the VIth National Sectoral Agreement was conflict oriented, implying the intervention of public mediators (Interconfederal Service of Mediation and Arbitration - SIMA), whose presence changed the social actors interlocutors position. The negotiation was marked by the expectation of a quantitative extension of TAW as well as an increase in profitability by TAW companies thanks to the new regulation included in Law 356/2010. This has led to an increase in those working conditions contemplated in the collective agreement covering employees in the client company, which will be equalized for TA workers (Molina, Godino and Rodriguez 2017).
2.2.3. Economically dependent Self-Employees

Spain is one of the EU members with the highest percentage of self-employed in total employment: 11.3% in 2017, only exceeded by Greece (11.6%), Belgium (2.5%), United Kingdom (14.3%), Netherlands (14.6%) and Malta (20.1%) (Eurostat 2018). During the crisis, the evolution of the share of self-employed without employees changed continuously, increasing until 2012 (14.7%) and decreasing to 11.3% (2017) (Graph 9), representing anyway a substantial percentage of the Spanish labor market.
Graph 9. Employed persons being self-employed without employees as a share of all persons in employment

Source: Eurostat 2018

Within self-employment figure, we can distinguish the economically dependent autonomous workers (Trabajadores Autónomos Dependientes, TRADES), that is becoming a recurring pattern of outsourcing (more often in qualified occupations). A common trend is that many of these self-employed workers maintain in fact an employment relationship, but a business relationship ‘de facto’ (what experts call “bogus self-employment”). Today it is difficult to quantify the number and proportion within the economy of economically dependent self-employed (Zufiaur 2010, Rocha 2017).

About its regulation, the Statute for Self-employment was approved in 2007. This constitutes the first attempt at regulating the working conditions and access to social protection of self-employees. Moreover, it recognised and regulated the figure of bogus self-employment through the so-called TRADE. The Law attempted to reduce the gap between dependent and self-employment, by endorsing the later with some of the rights that characterise dependent employment. The main challenge for the regulation of self-employment is the need to put limits on abusive practices related to outsourcing and leading to an increase in bogus self-employment. There is no legal distinction across different types of self-employed, with the exception of the abovementioned TRADE. All the other self-employed fall under the same legal status.
3. FACILITY MANAGEMENT COMPANIES

Facility Management Companies offer a wide range of services that generally are not part of the core activity of client organizations. Currently, FMCs are increasingly offering comprehensive services to supply all the outsourced services of a client organization (cleaning, contract catering, security, contact centre, etc.). It is difficult to distinguish the beginning of FM phenomenon in Spain since it represents an extension of the common pattern of supplier companies. Anyway, first FM firms started being construction companies offering parallel cleaning and security services. The increasing of FMCs in Spain is linked with the decrease of other type of outsourcing: Temporary Agency Work (Gabinete Técnico de FeSMC-UGT 2016). Once TAW is gradually more regulated and temporary agency workers tend to be equally treated to internal workers, it is not profitable anymore for client organizations. Therefore, the aim of reduction of labor costs is leading to clients to turn to FM services.

3.1. Regulation, development and collective bargaining of Facility Management in Spain

A factor that has contributed to the rise of Facility Management is the lack of adequacy of regulations to this phenomenon, contributing to the proliferation of companies whose competitiveness is based on prices reduction of supplied services. In addition, 2012 labor reform deteriorated this situation, giving priority to company level agreements. Therefore, many companies started to have their own agreement in order to downgrade employment conditions settled at sectoral level.

However, the Spanish Justice system responded cancelling 47 facility management collective agreements at company level until in 2017. These cancellations are mainly based on non-compliance with the correspondence principle, requiring that workers representatives of a company that bargain an agreement must represent the entire workforce and not just one or several work centres.

Even so, last studies registers 273 company level agreements in FM firms, 55 of them at national level, covering around 60.000 workers in Spain (Gabinete Técnico de Acción Sindical UGT 2018). Regarding economic activity registered, these agreements register 15 different NACEs (e.g. 55 in Support activities to firms, 33 in
Comprehensive services to Facilities or 23 in Industrial cleaning).

Graph 10. Facility Management collective agreements at company level regarding NACEs distribution in Spain (2017)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support activities to firms</td>
<td>28.2%</td>
</tr>
<tr>
<td>Comprehensive services to facilities</td>
<td>17.6%</td>
</tr>
<tr>
<td>Cleaning services</td>
<td>6.4%</td>
</tr>
<tr>
<td>Human resources supply</td>
<td>5.9%</td>
</tr>
<tr>
<td>Personal services</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other professional, scientific and technical activities</td>
<td>3.7%</td>
</tr>
<tr>
<td>Industrial cleaning</td>
<td>3.2%</td>
</tr>
<tr>
<td>Employment agency services</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other manufacturing industries</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other information services</td>
<td>2.7%</td>
</tr>
<tr>
<td>Lease of intellectual property and similar…</td>
<td>2.7%</td>
</tr>
<tr>
<td>Combined administrative services</td>
<td>2.7%</td>
</tr>
<tr>
<td>Private security activities</td>
<td>2.1%</td>
</tr>
<tr>
<td>Other business management consulting activities</td>
<td>2.1%</td>
</tr>
<tr>
<td>Deposit and storage</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

Source: Gabinete Técnico de Acción Sindical UGT (2018)

This disparity shows the difficulty to regulate FM phenomena, and to organise workers representatives, implying high coordination between sectoral federations. Largest Spanish unions have established already internal commissions to improve knowledge, monitoring and control of every issue related to FM companies, particularly regarding collective bargaining.

Currently, the FM scenario in Spain is characterized mainly by a small number of large companies at national level, but also a large and diverse set of small businesses at regional and local level. These companies are not formally organised as social actor, although some largest companies in the FM business maintain non-formal meetings in order to launch an own employer association to, consequently, promote sectoral collective bargaining for these companies. This was a project in common with the TAW companies. During the crisis the TAW firms lowered a lot in profits and some of them established parallel companies that, together with many FM companies and allowed by the Labor law reform 2012, signed collective agreements at company level to outsource production. Not only intensive activities, but technical profiles such as IT and administrative activities.

All these company agreements that were signed had formal defects, so unions
appealed to justice courts, winning all the processes (50 agreements have been blocked). However, the companies continued to apply these cancelled agreements, so public labor inspection organisms had to intervene. At that time, companies began to step back and sought a sectoral collective bargaining with unions. To articulate this negotiation process, the companies had to organize themselves as an association. Initially, main unions supported the initiative to improve the worsening of FM employees working conditions, who usually have lower wages than those established in sectoral agreements. However, finally unions retracted, because when all is said and done company level supremacy derogation is the mechanism to reverse this scenario. Last consultations made doubt that this association is still active.

Not only unions, but paradoxically others employers as the main TAW firm in Spain (Adecco) has officially criticized FMCs practices, arguing they make the outsourced services supplying business less competitive in the sense that the difference in the provision of a service should not be in the salary, but in the added value. They maintain that FM companies should pay according to sectoral agreements, trying to avoid dumping (El País 2017).

In that way, collective bargaining system is gradually introducing clauses regulating outsourcing aimed to be adequate instruments to solve the problem of the determination of the collective agreement applicable to FM workers (Graph 3), but also to become a device that discourages outsourcing, and in particular FM use, since it can limit the possible application of company level agreements worsening sectoral employment agreements (Palomo 2018).
SECTION II. CASE STUDIES

1. CHAMBERMAIDS: THE HIDDEN FACE OF TOURISMS

1.1. Introduction

The tourism sector has always been an important engine for the Spanish economy, always behind the construction. However, once getting out of the economic crisis, the tourism has become the first sector of the Spanish economy, representing 10,2% of total GDP (CNE 2017) and 12,7% of total employment (EPA 2017), also promoting other sectors such as trade, transport and the agro-food industry. Within tourism, the hotels sector has a key role. After being one of the sectors that suffered most from the economic crisis due to the reduction of spending on leisure, the hospitality industry has begun to recover in parallel with the boom in the franchise economy in the sector (Asociación Española de Franquiciadores 2018).

Within employment in the hotel sector, the service of preparation and cleaning of rooms (composed by governesses, supervisors, valets and chambermaids) is estimated to represent between 25 and 30% of employees (Cañada 2016). These data are in line with EPA microdata, which point to 33,1% in 2016 (EPA 2018), around 69.000 in all of Spain. This data is obtained from the crossing between the economic activity "Hotels and similar accommodations" and the occupation "Personnel cleaning offices, hotels and other similar establishments". Social agents, both business and social-union, agree in considering this activity one of the pillars of the sector, being one of the services most valued by guests.

Thus, the situation of this activity is paradoxical: while the tourism business (and specifically hotels) has improved in recent years, the employment situation of chambermaids has worsened, especially generating serious occupational health problems (mainly musculoskeletal injuries, stress problems and anxiety, giving rise to high numbers of sick leave) and severe salary reductions (UITA-UTHGRA 2015, CCOO Servicios and UGT-FeSMC 2014, Cañada 2016).

For hotel companies in Spain, the main challenge of the sector is competitiveness (being profitable in relation to quality-price), in addition to customer loyalty. The business representatives of the sector point out that this profitability is achieved by efficiently managing the workers. However, the economic improvement of the
sector coincides with the effects of the labor reform of 2012, which promoted the application of company agreements with worse conditions as well as the promotion of employment outsourcing practices, especially relevant in the case of chambermaids.

1.2. Social actors

At national level, main trade union organizations in the representation of workers in hotels are:

- Federation of Services of Workers Commissions (Federación de Servicios de Comisiones Obreras - FeS-CC.OO.). Services is the main federation of CC.OO. next to Industry. Within it, hotel activity is central, having its own area.
- The Federation of Services, Mobility and Consumption of the General Union of Workers (Federación de Servicios, Movilidad y Consumo de la Unión General de Trabajadores - UGT-SMC), which has an area organized for Media and Culture (also with a group specifically for journalism).

Both federations have promoted significant mobilizations during the crisis in relation to the denunciation of collective agreements of companies, in addition to endorsing and publishing various studies in relation to the impact of outsourcing in hotels and the occupational health of chambermaids. During the years of crisis, the association "Las Kellys" (as a diminutive and pun on “las que limpian” (those who clean")) has emerged. This network of chambermaids has taken relevance progressively since 2015, with an important media exposure that has allowed them to denounce their situation and expose in public opinion the consequences of outsourcing. Currently they have a network present in the main tourist territories of Spain. Since 2016 they are constituted as an association. From disagreements with the main unions (e.g. divergences in the negotiation of collective agreements such as the one in Catalonia, negotiated by CC.OO. and UGT, but finally signed only by UGT due to their denounce), "The Kellys" decided to organize as union section of the CNT (National Confederation of Workers) union.

Although the claims of "Las Kellys" are practically identical to those of CC.OO. and UGT, the group of chambermaids argues that no agreement in the sector should be signed without an express prohibition of outsourcing practices. On the contrary, the strategy of CC.OO. and UGT has focused more on the introduction of clauses that ensure the application of the agreement of the sector, that is, the
equalization of rights of outsourced workers.

The affiliation of the chambermaids is relatively low, nevertheless, it is the occupation with greater affiliation in the sector. Likewise, since 2012 there has been an important increase in the affiliation of the chambermaids as well as the number of women in the workers committees. However, fear is the main obstacle to the affiliation of workers in the sector, especially for outsourced employees.

With regard to employers representation, CEHAT (Spanish Confederation of Hotels and Tourist Accommodation) is made up of the majority of hotel associations of local or provincial level distributed throughout the Spanish geography, as well as four sub-sectorial ones at national level (54 in total). CEHAT represents the entire Spanish accommodation sector (hotels, tourist apartments, spas and campsites). From the territorial associations are managed all those questions that are related to the corresponding geographical and administrative scope. For those issues that demand a unique representation and interlocution at national level, the Confederation exercises its representation on the sector as a whole.

The social actors that signed the last sectorial agreement at national level (CC.OO. and UGT in the workers representation side and CEHAT in the employer associations’ side) meet monthly to discuss and update aspects related to the sector, so communication is fluid. About their relationship, the business actor points out a cordial relationship despite accusations of abusive practices in relation to outsourcing. For their part, the unions believe that CEHAT does not really represent the main companies in the sector, which negotiate on their own provincial or company agreements.

1.3. Outsourcing in Hotels: the impact on chambermaids

It is complex to establish an exact percentage of the level of outsourcing in chambermaids. However, social agents consulted estimate that around 80% of this occupation is outsourced in Spain, a figure that was much lower before the crisis. The Facility Management Companies are the predominant form of outsourcing, not only with chambermaids’ services but general cleaning, catering, security and even reception desk services in Hotels, with a high percentage of temporary and part-time contracts (Graph 11 and 12).
The representatives of hotel companies argue that there are tasks that have always been outsourced in the hospitality industry (maintenance, IT services, etc.): "The outsourcing of chambermaid worries us as much as that of a IT specialist". However, from CC.OO. they consider that the comparison is not accurate due to the central and structural nature that the activity of the chambermaids has for the hotels, thus denouncing their fraudulent use.

Regarding the motivators of outsourcing, business representatives argue mainly that outsourcing allows greater flexibility, understood by the combination of an increase in profitability and adaptability. Thus, they point out that "hotels that outsource do so because each day they have a different occupancy rate, so
outsourcing is a mechanism of adjustment to demand (varying the time in advance to request external workers according to the agreement between the hotel company and the company provider).

The employers representation highlight that "the challenge with outsourcing is that the client does not know which employee is internal and which is external", that is, that the quality of services provided by both types of employees must be the same, but with diverse employment conditions. In that sense, many hotels keep the governess as an internal worker to manage the rest of (outsourced) chambermaids, so maintaining the company’s policy. Trade unions see the other side of the story as saying that companies in the sector are currently basing their business model on social dumping. That is, increasing the profit margin at the expense of a general worsening in the working conditions in the sector, with special incidence in the most numerous and weakest group: chambermaids.

To that respect, a study on the impact of outsourcing in Spanish hotels (Cañada 2016) highlights some of the main consequences for chambermaids and other occupations in hotels: 1) Arbitrariness with collective agreements and coverage for cleaning agreements at company level agreements (Facility Management Companies) rather than Hotels sectoral agreement. This usually means substantial salary and professional category reductions. 2) Less stability and insecurity about hours and days of work. 3) Workload intensification. 4) Health and safety problems. 5) Loss of quality of service and risk of de-professionalization. 6) Segmentation, division and increased competition among hotel staff. 7) Weakening of trade unions power to defend their interests. In this sense, the generalized impact of outsourcing on employment conditions and relations arises mainly as a consequence of the arbitrary application of collective agreements.

1.3.1. Collective bargaining practices in hotels

The fifth collective agreement for hotels sector (V Acuerdo Laboral de ámbito estatal para el sector de hostelería 2015, also known as ALEH) is bargained at national level, working as general framework for agreements at regional and local level. This national agreement covers aspects such as the delimitation of the sector, professional qualifications and employment contracts, while the wage-setting and aspects related to social rights and benefits are negotiated at the regional or local level.

Despite the relevance of outsourcing phenomena in the sector, the agreement does
not deal with this topic at national level. However, some regional agreements settle limits to outsourcing practices. This is the case of the Balearic Islands, Cantabria, Jaén, Las Palmas, Malaga, Seville and Tenerife agreements, which have introduced that in case of outsourcing, it is mandatory to apply the hotel contract to outsourced workers. Thus, there are success cases like Baleares, where the coverage of the Hotels Agreement is 100%. This is mainly explained by several interrelated factors: the economic relevance of the tourism sector in the region (and the negative impact of a sector strike), the prioritization of companies in having a quality tourism sector and the involvement of the regional government in achieving this goal.

However, it is common for chambermaids to be covered by the cleaning sector agreement (generally with worse conditions to the hotel agreements) or by company agreements, especially usual in the case of facility management companies. The employers representation states that workers must be ascribed to the collective agreements to which their companies belong. Thus, arguing that it is not their responsibility that the cleaning agreement is more economically restrictive because they have not negotiated it. Currently this situation is denounced and being evaluated in the courts because the law requires workers to apply the agreement of the main company, so the court must decide whether the main company is the company that employs or in which the activity is developed. However, the business representation recognizes that there are companies in the sector that have not acted correctly. That is, outsourcing makes sense because flexibility is needed and not all companies have done so with that objective, but to reduce labor costs (paying less through the arbitrary application of collective agreements): “I cannot assure that all companies are complying with the law.”

CC.OO. and UGT unions point out outsourcing strategy of many hotels with chambermaids regularly follows two steps: First, they launch collective dismissal plans of chambermaids. Second, the service is outsourced, usually to facility management companies (in some cases belonging to the same business group as the hotels), applying then a company level agreement substandard to the hotel agreements. In 2014 there was a ruling by the National Court (July 15, 2014), ruling on the case of NH Hoteles, which considered the outsourcing of productive activities as a way of reducing economic costs (thus justifying the implementation of collective dismissals). In this way, the large hotel chains began to outsource chambermaids through facility management companies. “There are already hotels where the only one that is not outsourced is the manager”, says a representative of CC.OO union.
Since the unions complain that this strategy often involves an illegal cession of workers agreed with workers committees composed and managed by the company itself. Situations that, in any case, have been annulled by justice. However, the unions claim that these facility management companies are applying in the sector company agreements that are already repealed or challenged, a difficult situation to monitor due to the lack of information of Labor Inspectors and the unions themselves on the agreements applied in each company.

Not only unions, but also business persons denounce this situation: "No one can believe that the viability of the hotel sector depends on paying more or less to chambermaids per room cleaned. It depends on the occupancy rate" (Manager of Human Resources of Facility Management Company). This interviewee points out that the outsourcing of hotel cleaning allowed hotels to go from having fixed costs to variable costs (e.g. the suppliers charge for cleaned rooms), but "hotels and companies crossed the line, constituting their own agreements to make chambermaids miserable".

1.4. Recommendations

Social actors show various initiatives and recommendations in relation to outsourcing. From the employers side, the recommendations focus mainly on outsourcing being used exclusively when the company seeks flexibility and not cheapening costs (despite the fact that justice contemplates this possibility). However, the main strategy proposed by employers is to improve the mechanisms that allow greater functional versatility: if the same person could perform any of the six tasks of a hotel (reception, cleaning, cooking, maintenance and complementary services), outsourcing would decrease. In fact, the last agreement allows this in part, as long as the workers always maintain their professional level. "The versatility is one of the solutions to outsourcing to adapt to changing demand."

For its part, the trade union CC.OO. details various initiatives to improve the working conditions of outsourced employees in hotels and, specifically, of the chambermaids:

- To establish in the Hotel Sector Agreement that those central activities cannot be outsourced: chambermaids, kitchen, reception and administration. And in the case of outsourcing, the sectorial agreement for
the hotel industry (state, regional or provincial) must be applied. This proposal is currently studied by employers associations, although various territories already implement it.

- Perhaps the most innovative proposal by CC.OO. is the Seal of Quality of Fair and Socially Responsible Hotels. This is an initiative currently designed by FeS CC.OO. next to the University of Málaga and that has various criteria: outsourcing, respect for collective agreements, harassment, etc. The union believes that customers are increasingly sensitive to this type of aspect.
2. JOURNALISM: STORMS WITHIN THE CRISIS

2.1. Introduction

The journalism faces several crisis: the digitalization is reframing the profession; the financing model has changed once the funding from advertising is decreasing and the economic crisis has affected the quantity and quality of work. Regarding the decline of incomes in newspapers and magazines in Spain, this is due to the decrease of buyers during the crisis, but most of all because advertising revenues have decreased drastically during the crisis. Advertising revenues in Spanish daily press were 1849 million euros in advertising in 2007, reducing to 523 in 2017. Total advertising revenues (considering also the growth for digital press) decreased by 59% in that period.

In this changing environment, some of the most relevant newspapers and magazines worldwide are rethinking their business model diversifying their income sources beyond advertising to counteract. However, the three crises together have accelerated the impact over journalists’ jobs, not only increasing unemployment levels but also weakening employment relations with organizational practices as outsourcing.

2.2. Outsourcing within the journalism: The self-employed

Officially, the journalism is the professional activity consisting in the collection and periodic treatment of information in many forms. Considering the wide range of profiles within the activity, for this research we are focusing mainly on press, but also digital media, TV, and radio. It is difficult to calculate today the number of journalists working in Spain. Other countries such as France require association in order to develop the activity, unlike Spain. In addition, official statistical sources do not include a fully disaggregated category for journalism. Neither official surveys provide a number of journalists to estimate the number of professionals in Spain adequately: Active Population Survey (EPA) collected 181 journalists in 2016, derived from the intersection between the occupation "Writers, journalists and linguists" and five economic activities linked to written, digital and audiovisual media.
The most accurate and reliable statistical information to which we can turn is the annual report of the journalistic profession (Informe anual de la profesión periodística) carried out by the Press Association of Madrid (Asociación de la Prensa de Madrid) for the completely Spanish territory\textsuperscript{12}. Although this report does not intend to estimate the exact number of professionals in Spain, it does offer an annual overview of their socio-demographic profile, their employment conditions and the characteristics of the organizations in which they work. In reference to the companies themselves, we observe the change produced by the digitization of the sector in the distribution of journalists according to the type of media in which they work: more than 40\% of journalists in 2016 worked in digital media (Graph 13).

_graph13_Distribution of journalist in relation to type of media (2016)\textsuperscript{3}\_

Regarding the socio-demographic profile of journalists, although before the crisis journalism was a profession with a slightly higher proportion of men (57,1\% in 2007), the proportion of women has grown during the crisis (47,1\% in 2016). Collective redundancies during the crisis may affect a larger number of older journalists (most of them men), abandoning journalism. In a certain way, it decreases the proportion of men, as well as the greater relative number of women who during the crisis have begun to work in journalism. This gradually feminization of the activity is seen by some social actors as symptomatic of the low

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\textsuperscript{1} Further information: https://www.apmadrid.es/publicaciones/informe-annual-de-la-profesion/
\textsuperscript{2} Catalan association of journalist (Col·legi de Periodistes de Catalunya) has developed similar studies at regional level with the “Llibre blanc de la professió periodística a Catalunya”.
\textsuperscript{3} This information includes journalists who can work in one or more media.
wages within the sector.

2.2.1. The influence and development of outsourcing in journalism

The first milestone of outsourcing practices in printed media in Spain consisted in the contract out of the printing houses during the 80s. The main newspapers began to detach from their printers, arguing causes of profitability and efficiency. Outsourcing in audiovisual media also dates back to that time that began to subcontract a good part of their activities with the emergence of digitalisation and the increasing of telecommunications (Palacio 2018). The economic crisis supposed a significant job destruction for Spanish media, entailing at least 12,200 jobs destroyed in the period 2008 - 2015. A relevant number considering that currently 9,200 journalists work in the main public and private communication groups (Palacio 2018). Consequences did not imply only employment destruction, but a fragmentation of employment relations through outsourcing practices. The most common pattern of outsourcing within the sector is the self-employment, called generally “collaborators”.


While in 2007, 87.8% of journalists were salaried employees, this figure decreased to 73.2% in 2016, working the remaining 26.8% as self-employed. According to the Given the sample used (mostly associated journalists) the self-employed workers are probably underrepresented, estimating that the actual ratio is 60-65% of employees compared to a 40-35% of self-employed (Palacio 2018). Likewise, 78% of these self-employed workers declare to be obligated to work as “collaborator”.

Regarding their relation with companies, the 20% of the “collaborators” work for only one company and more than 19% is integrated in their company client (thus,
bogus self-employment). Even those who “collaborate” with some companies (41,50%), the most have a main client depending financially on them (APM 2016). Therefore, generally “collaborators” generally work mainly or only for one client, thus, their employer in fact. However, in the latter there is a tendency to diversify the number of clients to increase or maintain income.

In general, these “collaborators” reproduce the same role as internal workers, following the same organizational guidelines and even in many cases attending their work place daily in client organizations. However, depending on the period, the client media are reluctant of these practices due to periodical reportings of collaborators once their services are no longer required. In these cases, these external workers usually win the trials compensating them as internal workers given the accumulation of evidence (same monthly income on a regular basis, assistance to their workplaces, accredited access to facilities, cards accreditations as a member of the media, emails that show guidelines in the organization of work by the media, etc.).

Graph 15. Distribution self-employed journalists regarding their dependency relation with clients (2016)

Source: Informe Anual de la profesión periodística (2017)

In that sense, the journalism shows scenarios of outsourcing of the core activity of the company. In the specific case of the media, it is the large print media, together with the magazines, which proportionally show a greater degree of outsourcing. The latter usually show the same model: a minimum core of internal personnel that manages the medium and an extensive network of external collaborators. Similarly, many regional and local television stations (especially public ones) also outsource core departments such as news bulletin to external producers.

According to social actors consulted, Media usually establish unilaterally conditions of “collaborators”. In many cases, these conditions do not follow a
common pattern, but varying according to one collaborator or another. In addition, one of the main problems faced by these self-employed workers is to be outside the system. Not only are they out of the workforce of the medium, but often they are even outside the self-employed regime because their monthly income is not enough to pay taxes. Therefore, the main strategy is usually to accumulate bills and register in the social security regime for just one month.

A common practice during the crisis period was that the media themselves expelled part of their staff and at the same time asking them to continue to work as self-employed. Also, less usually, urging them to create on their own initiative a limited labor society (operating in a similar way to a cooperative) to continue working for them externally. In that way, this company develops the activity as an external provider of information editing services to the client / employer organization. That is, the media is generating its own supplier, working as parallel company to contract journalists reducing costs. Usually, agreements between the client organizations (public and private media) and their "parallel companies" are annual for a certain price, to distribute it among workers/partners. Likewise, in these situations, media urge to outsourced workers not to request support to unions in the constitution of these organizations.

Regarding the remuneration of these self-employed workers, 43% earn less than 1000 euros per month, as reported in the Journalistic Profession Report (Palacio 2018). Likewise, on average, outsourced journalists earn € 7,5 to € 12 per page, depending on the media, with a delay of 45 days on average (Mèdia.cat 2017). In any case, all journalism workers’ salaries regulated in collective agreements were reduced during the crisis (17% between 2010 and 2015). Although, increasingly, the worker’s salary is something negotiated privately between journalists and companies (Palacio 2018).

2.3. Representation of workers and employers in journalism

At national level, main trade union organizations in the representation of journalism workers are:

- The Federation of Citizen Services of Workers’ Commissions (Federación de Servicios a la Ciudadanía de Comisiones de Obreras - FSC-CC.OO.), Specifically the area dedicated to Media, Arts, Culture and Sport within the federation (with a group specifically for journalism).
- The Federation of Services, Mobility and Consumption of the General Union of Workers (Federación de Servicios, Movilidad y Consumo de la Unión General de Trabajadores - UGT-SMC), which has an area organized for Media and Culture (also with a group specifically for journalism).
- The Federation of Journalists’ Unions (Federación de Sindicatos de Periodistas - FeSP), made up of various professional unions specifically of journalists from different regions of Spain.

The FeSP considers that largest unions in Spain (CC.OO. and UGT) have not historically paid attention to journalism and their professional rights. Thus, they justify the emergence of the FeSP as a willingness to represent both union and professional journalists. Nonetheless, CC.OO. highlights that not only do they represent journalism in the negotiations of the media sector, but also defend their deontological and professional rights through a group of journalists within the Federation dedicated specifically to these aspects. In any case, the affiliation among journalists is very low, barely 10%, falling to practically zero levels in terms of outsourced workers. CCOO representatives explain the low affiliation is due to journalists tend not to consider themselves workers but freethinking professionals, considering union affiliation as a contradiction with their journalistic impartiality.

There is a tendency within journalism to join professional associations without the capacity to act in collective bargaining processes, but they play an important role in the professional defence of journalism and in the provision of services. This is the case mainly of the Federation of Associations of Journalists in Spain (Federación de Asociaciones de Periodistas en España - FAPE), composed of professional associations of different regions and/or specialisations. According to the director of FAPE, the main objective of the associations that make up the FAPE is to ensure the protection of journalism as a public service, which implies, among other objectives, the protection of the rights of journalism professionals.

From CCOO point to a problem of organizational fragmentation due to the multitude of organizations representing professionals and / or union journalists. In any case, many of these organizations coordinate among themselves in the Forum of Journalist Organizations (FOP). However, from the FAPE they insist that this lack of organizational aggregation makes sense as union organizations focus on the labor rights and professionals on the deontology.

With regard to business representation, the Media Association (Asociación de Medios de Información - AMI) is the main organization that plays the role of companies interlocutor of the media both in collective bargaining as employer
association and in defending the interests of the sector. Among its partners are the main Spanish media. It has more than 80 national and regional media, general and sports media, which daily carry out in Spain the research, coverage and dissemination of national and international news events in the digital and paper format.

2.4. Collective agreement(s) and bargaining coverage in journalism

Under the economic activity of daily press edition (NACE 5813). The Register of Collective Agreements of Spain includes 95 different collective agreements published in the period 2011 - 2019, mostly company agreements. There are cases of multiple company level agreements as happens with Unidad Editorial, with four different active collective agreements (each one for a different type of information and publication within the company). This emphasises the high level of fragmentation in the negotiation processes within the sector.

However, there is a "collective agreement for the daily press sector" at national level, negotiated between the Association of Spanish Newspaper Publishers (currently the AMI), and the unions CC.OO.-FSC, UGT-FesMC and FeSP. The level of coverage of this agreement is low, since it serves as a minim standards framework for collective bargaining at company level. However, the workers' representatives point out that, since the labor reform of 2013, the company agreements worse the state sectoral agreement. There are similar dynamics in regional agreements, as is the case in Catalonia.

Concerning the outsourced workers, they are excluded from any type of coverage of collective bargaining since they mostly work as "collaborators", that is, self-employed workers. This scenario of lack of coverage generates situations of low(er) retributions, continuous availability and insecurity. No clauses in company or sectoral agreements refers to their situation. However, in the negotiating processes, it is usually a present issue. Before the crisis, there were practices of "regularization" (transfer from external to internal) of a part of collaborators in the signing of company agreements. However, these practices are nonexistent today in a scenario of continuous collective dismissals plans in the daily press sector. With regard to outsourced workers from “parallel companies” (cooperatives of external journalists that previously were working internally in client media), it is a common practice to apply them national sectoral agreement, once it is generally worse than company
To remedy this situation, the workers’ representatives consider that the agreements (of the company or even the sectoral agreement) should accept the existence of outsourcing and regulate it. Alternatively, to create a parallel agreement of collaborators to apply minimum standards. The AMI (employer association) refuses to regulate this matter, considering it irregular to establish a price for the service provided by an external supplier. In fact, the Professional Association of Journalists of Catalonia was fined € 30,000 by the judicial system for publishing guidelines for the monetary amount that a freelance journalist should request, considering that this practice contradicted respect for the free market.

As an alternative, the Forum of Organizations of Journalists (FOP), where CCOO, UGT and FeSP are integrated, is promoting the reform of the "Press Law" (1966), to regulate the rights and duties of journalists, and entrepreneurs of the media, but also to introduce the regulation of collaborators (remuneration, payment guarantees, breaks, holidays, occupational health, etc.). The current regulation of this figure in the press law comes from a context in which collaborators were media icons earning significant amounts of money. Nothing to do currently with the precarious situation of the outsourced journalists.

Beyond this strategy, the challenges to improve the situation of outsourced workers happens, on the one hand, to have a better knowledge about them, that is, how many of them are there, where they are, for whom they work and under what conditions. Moreover, on the other hand, mobilize salaried journalists for the rights of collaborators, as well as to prevent outsourcing in the media in which they work.
3. FACILITY MANAGEMENT COMPANY: MULTISERV

3.1. Introduction

Multiserv is a multinational company with more than 100 years and with presence in Europe, Asia, America and Australia. In Spain, the company covers the entire national territory and offers all necessary services in facilities (cleaning, contract catering, security, maintenance, office ancillary activities, etc.). Companies can contract one or several services supplied by Multiserv, even they can outsource their integrated management to the company.

The Spanish subsidiary of Multiserv was formed in 1999, starting with several purchase agreements, mainly with regional cleaning companies, in order to break in the national market of outsourced services (14 acquisitions in four years) to finally acquire the largest cleaning company in Spain in 2004, covering through all regions of the Spanish market. Between 2005 and 2006, Multiserv started incorporating gardening and technical maintenance companies (particularly plagues control companies), and from 2007 until today contact catering companies, integrating more than 50 companies (Graph 16), most of them at regional level (33).

Graph 16. Sectoral distribution of companies acquired by Multiserv since 1999.

<table>
<thead>
<tr>
<th>Service</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning</td>
<td>25</td>
</tr>
<tr>
<td>Technical services</td>
<td>16</td>
</tr>
<tr>
<td>Ancillary services</td>
<td>6</td>
</tr>
<tr>
<td>Catering</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Official data provided by the firm (2018)

Currently, Multiserv has around 30,000 employees in Spain, representing this workforce more than 80% of the company costs, showing the intensive nature of the activities developed by the company. In relation to its distribution, 79% of workers are women, with a drastically unequal proportion of the working day in

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Multiserv is a fictional name in order to preserve anonymity and confidentiality of key informants interviewed, also stressing the fact it is not important the company itself but its context and practices.
relation to sex (Graph 17). Union representatives explain this inequality not only because of the feminization of the company’s activities (especially industrial cleaning), but also because of the concentration of men in those more qualified categories, with greater responsibility and with greater technological management. Concerning stability, the share of temporary contracts is marginal (around 5%) to cover substitutions, explained by the effect of subrogation clauses.

Graph 17. Partial time distribution in relation to sex (2017)

![Graph 17. Partial time distribution in relation to sex (2017)](image)

Source: Data provided by workers representative’s committee members (2018)

### 3.2. Business strategy and organization

#### 3.2.1. Business strategy; focus on cost reduction strategies vs quality

*Multiserv* provides and manages all the general services that a facility or company may require. In this sense, the strategy of the company is to offer these services in a comprehensive way to their clients, not only supplying these services, but coordinating between them and the core activity of clients’ organizations. The official strategy of *Multiserv* focuses on offering comprehensive services through the implementation of standard business processes at global level that allow to client organizations to forecast provider performances. Official discourse of the company argues the knowledge of the different industries as factor to offer solutions to the diverse needs of clients, providing added value. However, it is also accurate to say the many acquisitions of the company have allowed expanding activities and areas covered, accessing new markets in Spain.

The company argues, "People are not our best asset, they are our only asset". We only have the daily work of our people in our clients' homes” (Personnel Coordinator). Therefore, the firm insists in the idea that they do not compete in
lower prices, but in added value strategies. In addition, the firm strategy aims at large clients, even specializing in global coverage: provision of all outsourced services in all geographies to the same global client, emphasizing this product as the differential element of the company. Regarding “matrioska” practices, Multiserv also outsources certain services, but in a very low percentage (mainly in activities with technical specifications such as maintenance of elevators).

3.2.2. Organizational structure

About its structure, the company is organized into several divisions (a large division, three specialized services divisions and a smaller division) taking in consideration the activity developed but also the type of client:

- Large accounts division, which handles large multi-site contracts. Due to its size, this division is divided into two: a section dedicated to business clients in IT and another section dedicated to clients in the industrial sector.
- The three divisions of specialized services:
  - Cleaning services division, which is also divided geographically into two due to business volume: South and North.
  - Maintenance services division.
  - Contract catering division.
- Multiserv Direct, a division that provides services to very small clients. Due their size, these clients are attended with a different organization suited to their needs (e.g. Although large clients such as banks are served by the division of large accounts, the network of offices is serviced by "Multiserve Direct”).

In this regard, Multiserv presents an innovative human resources management model: When it started, the company had a classic personnel management department (HR Manager, administrative staff who performed payroll, hiring, training and selection tasks, etc.). A few years ago, ISS changed the model and decided to have a manager (called labor manager) for every 200 to 300 people who would be responsible of these employees. Thus, that person performs all the personnel management tasks only for a specific amount of workers, being responsible of them, attending them personally, even establishing a personal relationship between the worker and the company (as argued by Personnel coordinator interviewed).
3.3. Characteristics of clients

As already highlighted, the main strategy of the firm is to focus on large clients and large contracts in every dimension (duration, areas and services). In that sense, the star product of the company is the IFS (integrated facility service), that means taking control of the department of general services of a client company. *Multiserv* is focused on developing this line of business, due there are not many more firms in able to provide all services throughout the Spanish territory.

Regarding the characteristics of clients, *Multiserv* provides services to very diverse organizations. “All clients are good and we can serve them all”, affirms the Personnel Coordinator interviewed. In Spain, around 30% of clients are within the public sector. In recent years, the public client usually contracts in competitive tenderings. Moreover, the “Disindexation” law of the Spanish Economy, approved in 2015, disconnects the consumer prices index to any operation in which any organism of the public sector takes part, with the consequent impact over collective bargaining and salaries of workers providing services to public clients. Therefore, once this law does not allow a revision of public contracts terms based, *Multiserv* prefers private clients, which allows transparent negotiations of contract terms, as argued by the company. Taking that in consideration, the sectors of the main private clients are:
- Health (here there are also public clients), providing cleaning and contract catering services.
- Commerce sector, working in shopping centres and large supermarket chains.
- IT sector.
- Financial sector.
- Industrial and pharmaceutical sector.

Regarding the service provided, the company insists on the idea that they supply “facility services, which also includes facility management. *Multiserv* have both, global contracts in which the totality of outsourced services from one client are developed by *Multiserv*, and also regional contracts. Some companies hire their services only for certain regions of the world. Although, there is an increasing tendency for multinationals to contract global supplier packages. These are very complex contracts that are sometimes negotiated for years, where clients seek mainly cost reductions and a single and uniform management model for their complementary services, but also an improvement in efficiency and a transference of the social risk linked to these activities (as argued by *Multiserv* firm representative).
The company assume in many cases its role as “protector” of the brand of its clients: "The quality in the facilities of a client is important for the brand of that company, but also important for the attraction and retention of human capital" (Personnel coordinator). In other cases, outsourced activities have even an important influence on the clients’ core business, such as the case of hospitals (supplying cleaning and disinfection, contract catering for patients, etc.). In this regard, the firm assume they generally maintain a classic B2B relationship with clients’ organizations, but with the special condition that they work at clients’ houses, and moreover considering they are usually one of the main suppliers. Workers representatives recognize there are cases of interference by client organizations in the management and recruitment of workers. In those cases, the company is in the dilemma of developing practices of illegal cession of workers or losing contracts with clients. Faced with these possible situations of conflict, the union tries to mediate to find agreements between the three actors.

3.4. Collective bargaining and workers’ representation

Regarding company statement, the appropriate sectoral agreement covers every activity supplied by Multiserv, an information confirmed by the president of the union council of the company at Spanish level (UFM1): “The Company is one of the good ones”, comparing to usual bad practices of other facility management firms. Therefore, this appropriate agreement application is the case of industrial cleaning with the provincial or regional sectoral agreement and contract catering, gardening or security with their corresponding national agreements. Moreover, the company plays an important role in the bargaining of these agreements through employers’ associations, but also through network interactions. Thus, the Personnel Coordinator recognizes that many sectoral negotiations are unlocked with informal calls with social actors to mediate between them: “We are active in collective bargaining processes in every way” (Multiserv Personnel Coordinator).

Regarding company level, Multiserv have two company agreements:

- The “Multiserv collective agreement on information services and access control” covers activities such as the information and control on access in private areas or in places of restricted circulation, as well as internal post services. These activities are not regulated at sectoral level, but the company affirms to encourage negotiation at that level (that only exists in the region of Navarra). Multiserv is not the only firm regulating at company level this
activity (most of them FM companies). The agreement specifically settles that any is excluded activity that may fit into another sectoral agreement. Therefore, activities such as chambermaids cannot be covered by this agreement (regulated by the hotels agreement), although FM companies do so.

- The “Collective agreement of the personnel of structure of Multiserv” (currently in process of renegotiation), aimed to regulate the administrative staff and management of the company (around 800 in Spain). There are sectoral collective agreements that regulate offices activity at regional level. However, this company agreement improves in general the sectoral one.

There have been also several work center agreements, but most of them before 2012 labor law reform, thus, before company agreements could downgrade sectoral agreements. Regarding the possibility of an own company agreement for all activities delivered, the company argues that sectoral agreements fit better for intensive activities, in which the workforce is the main cost and it also represents the essence of the service. Also due to the fact that Multiserv deny the possibility to compete with other FM firms with working conditions downgrade through company agreements. In this regard, about the possibility of launching a general collective agreement for all activities supplied by FM companies, thus implementing a “sectoral” agreement (explained in section I.3.1.), Multiserv was opposed to that process. Even, the firm has stopped using the term “facility management” because they refuse to be linked with outsourcing practices in production lines at “crushing” prices. Their opposition reach at that level that they were not invited to take part in the FM employer association articulation.

According to the works council, the main conflicts that workers representatives have faced in Multiserv during the years of crisis have not been so much due to coverage problems derived from outsourcing practices, but from “internalization”. That is, restructuring processes of client companies in which they try to internalize outsourced activities to preserve the employment of internal workers. Several cases of this type of important scope in Spain have affected workers of Multiserv, scenarios in which Multiserv has mediated between workers of the client company and its own workers.

In relation to the composition of work councils, Multiserv have several work councils in Spain (the main one in Madrid) that has representation in the European work council. The company insists in its good relationship with workers representative, having generally common interests about workers rights and respecting their role because “power tends to abuse and it is good for workers to
organize and defend themselves against abuses” (Personnel coordinator). In that way, Multiserv has an attitude fulfilling with every agreement and regulation before to be claimed by public organisms or unions: “If you have to pay it, you pay. To take profit by deceiving the weakest is to steal and abuse power. That is why the unions give us an example”. Multiserv gives as example of this good relationship the social foundation of the company, that finances labor insertion projects in those third world countries from which most of migrant workers of the company come from (e.g. Ecuador). CCOO and UGT (the main unions in the committee) are members of the board. “The unions do not donate their initials free of charge”, affirms the Personnel coordinator. This can benefit to Multiserv in the face of the client, showing social peace within the company. Likewise, unions usually call Multiserv personnel coordinator when they have conflicts with a client and transfers for undertakings are considered.

3.5. Strategies developed by social partners in order to solve / cope with coverage problems

First strategy of Multiserv in order to guarantee social protection of workers is to apply always the appropriate sectoral agreement of each activity developed. This adequate application of sectoral agreement reaches all points: the company has a division to employ people with disabilities⁵, workers covered by the adequate sectoral agreement of the activity they develop. On the contrary, most FM companies apply the Special Employment Companies Agreement, specific for this social collective of workers and with worse employment conditions.

In that sense, the firm highlights the fact that its way to compete is not decreasing salaries of their workers, but improving work organization and added value strategies. In addition, due to social responsibility issues, that are step by step more important for consumers. The consumer will base its consumption based on social criteria such as respect for people, as happens in other countries. This is already beginning to happen in the textile sector and, regarding outsourced services, it will happen with hotels and their abuses with chambermaids” (Personnel coordinator).

In addition, regarding collective bargaining itself, Multiserv does support the possibility of a large association of ancillary services that may bring together

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⁵ Spanish legislation obligates to any company or public organization bigger than 50 workers to have at least a 2% of employees with disabilities.
employers of cleaning, gardening, contract catering and others facility services, because the interests are common, the interlocutors are the same and the challenges are similar. This should be promoted first from Cleaning sector, constituting a national agreement, with territorial specifications. And then, expanding the activity scope of this agreement introducing other ancillary activities. However, there are many difficulties due to opposed interests: the regional unions want to maintain regional collective bargaining to maintain its activity, just like the lawyers and counselors of the Employers who also have their main activity with regional agreements. And also, due to employers strategies to fragment workers organization.
SECTION III. CONCLUSIONS AND RECOMMENDATIONS

Regulatory mechanisms at sectoral level such as the implementation of subrogation clauses seem good practices both to guarantee coverage and to protect employment conditions of outsourced workers. However, outsourcing forms like self-employment does not allow its application. In this sense, the study of the phenomenon of outsourcing shows that it is essential to focus its analysis and its regulation taking into account not only the sector but also the activity and main occupation of these outsourced workers. This is the case of the chambermaids, who have notable differences in terms of the degree and impact of outsourcing in their occupation. Or journalists, where there are different dynamics depending on the type of media or specific occupation, with a special impact of outsourcing on information editors (once their off-site activity development), tending to bogus self-employment practices. This is also the case of workers employed by facility management companies, whose outsourced situation is strongly related to the value that companies decide to give to the content of their work, and not so much to a truly auxiliary nature, as is the case of chambermaids, whose activity is central in hotels sector.

Taking these aspects into account, it is worth pointing out which are the strategies and recommendations that are extracted from the study in order to improve the coverage of collective bargaining in cases of outsourcing in order, ultimately, to improve the working conditions of these workers. These strategies are generally of a regulatory nature, although some point to aspects of an organizational nature, while others take a non-legal institutional path.

The subrogation of the personnel in the work centers is repeatedly mentioned as one of the main measures of social protection of the outsourced employees, not only in what refers to the important stabilization of workers in case of transfer of companies, but in the maintenance of certain social benefits acquired. Although it is a circumstance that is often quickly assumed by workers, social agents point to subrogation as an element of stability, not only labor, but also organizational. However, this type of clause usually has impediments for its application in the case of off-site activities, since it usually implies geographical mobility in the national territory for workers, and even international if they carry out offshoring practices. In addition, they are usually clauses only applicable to personnel with a certain career length.

About proposals, unions suggest the amendment of Article 41 of the Workers’ Statute so that when it is outsourced, the agreement of the main company is always
applied. This proposal was blocked at the time by the Popular Government of Rajoy and has been maintained so by the Socialist Government of Sanchez. The unions consider that their blockade is because it would affect public budgets: the Public Administration is the main customer of outsourced services. However, some public administrations do show initiatives to protect outsourced workers. This is the case of the Barcelona City Council, making a social assessment of its suppliers and giving a weighted weight of 30% to social criteria and 70% to economic criteria. Thus, if the City Council finds that the price offered is abnormally low (and therefore implies the payment of wages below the agreement conditions) said offer will be excluded.

In that sense, it would be opportune to consider this type of mechanism in all administrations. One way would be through the Administrative Contracting Board of the State. This body makes both recommendations and instructions to administrations regarding the public procurement of third parties. One of the mechanisms of this meeting is precisely the establishment of a series of requirements for companies that are hired (from a certain amount in the works and services contracts). These requirements are mainly of a financial nature, although we understand that, following the example of the Barcelona City Council, it is necessary to introduce new requirements to companies in what refers mainly to the application of the collective agreements that come, realizing that a prior social evaluation. This board has parallel bodies in the regional administrations, which would make it possible to generalize these requirements in the concession of exploitation of public services, thus facilitating a substantive improvement in the fulfilment of certain minimums in terms of the quality of outsourced employment.

We understand that this type of mechanisms are not possible once the business relation is between private entities. This is where the role of collective bargaining at the sectoral level can be reinforced, always considering the diverse impact of outsourcing in the different activities of a sector. The current regulations tend towards a decentralization of collective bargaining that puts outsourced employees in a situation of greater weakness, as they start from an organizational fragmentation that hinders collective coordination to articulate negotiation and mobilization processes (Drahokoupil 2015). The inapplicability of agreements that has become notable during the crisis comes, in part, from this type of situation.

However, phenomena such as facility management companies currently pose a challenge for this type of mechanism, as they partially apply some or other
agreements based on economic criteria. That is, we find cases in which a facility management company supplies the entire package of outsourced services of a specific work center, leaving it to its discretion whether some occupations are covered by one or other agreements based generally on the salary level of an occupation and category concrete within each agreement. In this sense, it is paradigmatic that the selected company analysed is a case of good practices, mainly because of respecting labor regulation and collective agreements. An entrepreneurial attitude that starts from the basis of professionally recognizing outsourced workers and giving the same value to the content of their work as internal employees.

In short, as stated by Grimshaw, Marchington, Rubery and Willmott (2005), a reconnection between employment and organizations is urgent, recognizing the development of work processes and, therefore, the status of worker for those organizations for which provides services. This means an equalization of the rights of outsourced and internal workers. In a more holistic way, we can consider not only employees, employers and clients, but also users, associated business groups and public administrations be taken into account regarding their potential role in the regulation of outsourcing.
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List of Interviews\textsuperscript{6,7}

NATIONAL ADVISORY BOARD

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<thead>
<tr>
<th>Name</th>
<th>Role and Organizations</th>
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<tbody>
<tr>
<td>Alberto Pastor</td>
<td>Labor law expert in UAB (Universitat Autònoma de Barcelona)</td>
</tr>
<tr>
<td>Fernando Rocha</td>
<td>Researcher of Fundación 1\textsuperscript{o} de Mayo</td>
</tr>
<tr>
<td>Jordi Garcia Viñas</td>
<td>Industrial Relations Department Manager of CEOE (Confederación Española de Organizaciones Empresariales)</td>
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HOTELS SECTOR

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<thead>
<tr>
<th>Name</th>
<th>Role and Organizations</th>
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<tbody>
<tr>
<td>Antonio Rudas</td>
<td>National Coordinator of Hotels sector in FeS CC.OO. (Federación de Servicios de Comisiones Obreras)</td>
</tr>
<tr>
<td>Gonzalo Fuentes</td>
<td>Institutional Relations responsible of FeS CC.OO. (Federación de Servicios de Comisiones Obreras)</td>
</tr>
<tr>
<td>Representative</td>
<td>CEHAT (Confederación Española de Hoteles y Alojamientos Turísticos)</td>
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<tr>
<td>Representatives</td>
<td>Las Kellys Barcelona (Professional association of Chambermaids)\textsuperscript{8}</td>
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JOURNALISM\textsuperscript{9}

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<tr>
<td>Agustín Yanel</td>
<td>General Secretary of FeSP (Federación de Sindicatos de Periodistas)</td>
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<tr>
<td>Diego Fco. Martínez Peinado</td>
<td>RTVE Works council member – CC.OO. delegate</td>
</tr>
<tr>
<td>Elsa González</td>
<td>President of FAPE (Federación de Asociaciones de Periodistas de España)</td>
</tr>
<tr>
<td>Fabián Nevado</td>
<td>Labor adviser of SPC (Sindicat de Periodistes de Catalunya)</td>
</tr>
<tr>
<td>Màxim Pujadé</td>
<td>Coordinator of Media, Leisure, Culture and Sports in CC.OO. Catalunya</td>
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\textsuperscript{6} Several interviewees in sectoral studies prefer to maintain their anonymity. For Facility Management company study, that was the initial proposal to interviewees.

\textsuperscript{7} Role and organizations are related to the time of the interviews (December 2017 – May 2018)

\textsuperscript{8} Become as Trade Union federation of CNT after the interview. Therefore, for the content of this report, considered as professional association.

\textsuperscript{9} Unsuccessful attempt to count with the participation of AMI (Asociación de Medios de Información), Spanish Employer Association of daily press. 
### FACILITY MANAGEMENT COMPANY

<table>
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<tr>
<th>Manager</th>
<th>Human Resources Area in FM company</th>
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<tr>
<td>Representative</td>
<td>CC.OO. member in Catalan works council of FM company</td>
</tr>
<tr>
<td>Representative</td>
<td>President of National works council of FM company</td>
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