



RECOVER Comparative report

The Impact of Outsourcing on Collective Bargaining Coverage: A Comparative Analysis in Six Countries

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Centre d'Estudis Sociològics
sobre la Vida Quotidiana
i el Treball



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I. INTRODUCTION

Collective bargaining coverage is an important element of industrial relations systems as it determines the capacity of collective agreements to protect workers. Moreover, it has also been identified as a key institution reducing earnings disparities and limiting labour market dualisation. Ensuring high coverage is accordingly key to guarantee an inclusive and socially sustainable recovery. One of the factors exerting a strongest impact on collective bargaining institutions is the growth in outsourcing and subcontracting, as they not only reshape company boundaries, but at the same time fragment the representation base of trade unions.

The aim of the RECOVER project is to analyse collective bargaining coverage in outsourced services with a view to: a) identify coverage gaps / overlaps / conflicts related to outsourcing practices; b) study the role / capacity of existing institutions in dealing with them; c) analyse the strategies deployed by social partners in order to address these problems and d) provide actors with some policy guidance in order to ensure inclusive and effective coverage

The RECOVER project has analysed whether and how the growth in outsourcing and subcontracting is triggering coverage problems for workers in these outsourced services. More specifically, the project has compared cases of collective bargaining coverage gaps and/or conflicts of workers in outsourced services at sectoral and company level across six countries (France, Italy, Netherlands, Poland, Spain and United Kingdom) relying on a mix of qualitative and quantitative methods. In that sense, we understand as coverage gaps those situations when workers in outsourced services are not covered by the collective agreement that applies to the rest of workers performing similar tasks in the client company, or are applied a different collective agreement establishing lower standards. Those situations can be referred to both outsourced services within the same activity and within different economic activities.

This comparative report summarises the main findings of the research carried out. The analysis compares cases of workers in outsourced in high-skilled and low-skilled activities. Two cases per country has been analysed. Moreover, a company case consisting in a multinational facility management company has been included.

The report is organised in four sections. Section one provides the analytical framework for the comparative analysis of the cases included in the project. Section two focuses on low skilled activities. More specifically, it contains first of a comparison of cleaning activities in Italy, France and Spain, then followed by a comparison of private security in Poland and UK. The last part of section two focuses on logistic activities in the Netherlands. Section three then moves into the comparative analysis of high-skilled outsourced activities. The section starts with a comparative analysis of IT outsourced workers in Italy and France, but also including outsourced journalists in Spain. This is followed by the analysis of outsourced workers in the care sector in Poland and UK, that also includes employment support services in the Netherlands. Finally, section four enters into the comparative analysis of Facility Management in the six countries included.

1.1. COUNTRIES, SECTORS OR ACTIVITIES? CHANGING FOCUS ON INDUSTRIAL RELATIONS RESEARCH

One of the underlying motivations of the RECOVER project has been the analysis of the impact that changes in organizations have in collective bargaining (Marchington 2005). But organizational change due to outsourcing has also implications for sectors, whose boundaries are increasingly diffuse. This development poses several questions: Is the sector losing its role as key dimension for the coordination of collective bargaining? Should the sector remain the key unit of analysis in industrial relations?

Collective bargaining in most EU countries is organized on a sectoral basis, which provides a common framework for the development of company level bargaining. Trade unions and employer organisations are also organized along sectoral logics. Moreover, research has gradually shifted from the national level as key unit of analysis in comparative industrial relations research towards the adoption of sectoral lenses (Bechter et al. 2012).

The coordinating role of sectors has nonetheless been weakened due to long-run de-centralization dynamics (Traxler 1995) and reforms introduced during the economic and financial crisis (Marginson 2015). At the same time, growing outsourcing is challenging the notion and the identification of sectors. Any sector is nowadays composed of firms where there is a growing number of employees performing so-called subsidiary activities that are outsourced. Depending on the type of provider (self-employees, other companies, facility management companies, TWAs), workers developing similar tasks for the same client or in the same sector may have very different working conditions, be covered by different

collective agreements or not be covered at all. Therefore, the sector both as a unit of analysis as well as a regulatory space in industrial relations is becoming more heterogeneous and difficult to identify in the current context of growing outsourcing. Thus existing institutions may not be adequately suited to deal with the challenges posed by outsourcing.

In response to this challenge, the RECOVER project has focused on outsourced activities rather sectors, in order to observe variance in working conditions and collective bargaining coverage depending on the sector where the activity is developed. The project has accordingly analysed collective bargaining coverage problems for workers (dependent, self-employee, TAWs, crowdworkers) that provide an outsourced service in any sector of the economy. Therefore, there are two levels in the development of the analysis: a general level, contributing a perspective on the coverage problems facing different types of workers providing the same service in any sector of the economy; and a Case study of a particular group of workers facing coverage problems.

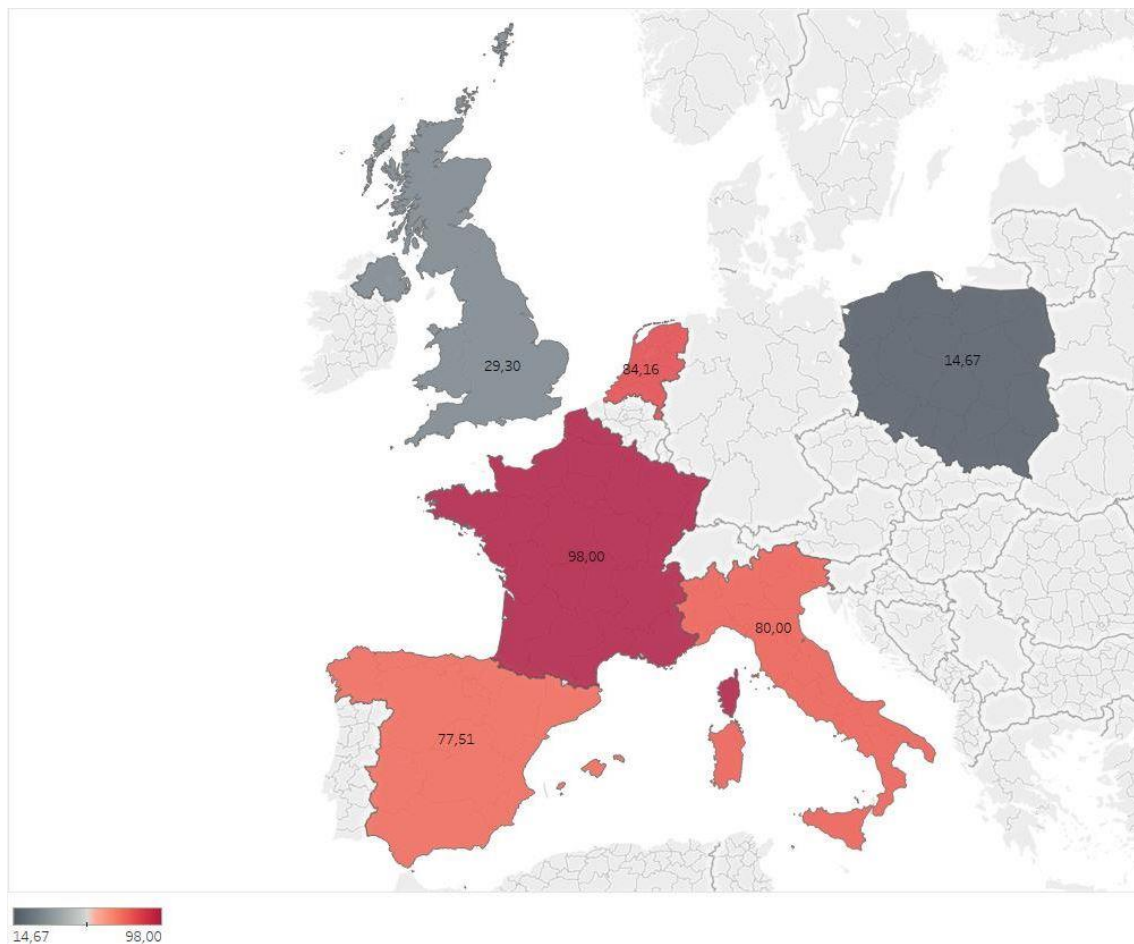
1.2. A RESEARCH MODEL FOR THE STUDY OF DIVERGENCES OF OUTSOURCING IMPACT OVER COLLECTIVE BARGAINING

The increasing erosion and fragmentation of employment relations has generated several standard employment models. The progressive process of flexibilization in the labor market drives to the fragmentation of employment regarding collective bargaining, access to employment and the employer-employee relation. Outsourcing is one of the most representative phenomena in this regard. Therefore, it is worth paying attention to the effects it may have on collective bargaining mechanisms and, specifically, on collective bargaining coverage as a tool to protect outsourced workers. Therefore, it is relevant that the countries studied in the RECOVER project show important variations in the coverage levels of collective bargaining, a consequence largely of the different industrial and employment relations models of each country (Graph 1).

In addition, it seems that the sector and the activity are main scenarios to find regulatory mechanisms both guaranteeing coverage and protecting employment conditions of outsourced workers. However, certain forms of outsourcing like self-employment scape the regulatory capacity of these instruments. 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. Taking these aspects into account, it is worth pointing out which are the strategies and

recommendations that are extracted from the different national studies 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.

Graph 1. The collective bargaining coverage level in Europe

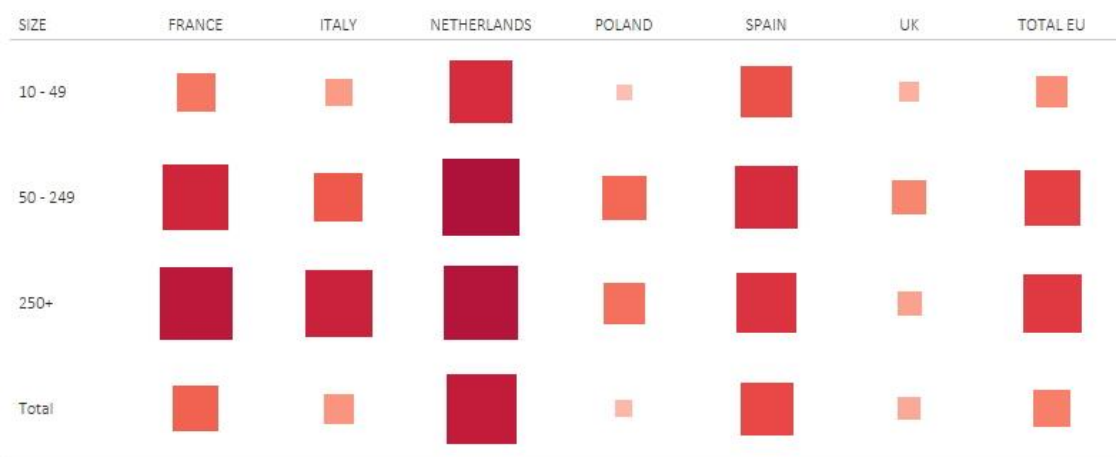


Source: ICTWSS (2012)

The existence of countries where sectoral collective bargaining is exceptional (Poland and UK) requires the adoption of a different methodological approach studying its relation with outsourcing effects. Furthermore, we find a general positive correlation between the company size and the level of outsourcing in the production of goods and services in each country studied (Graph 2). We understand that companies tend to outsource functions and processes since they reach a certain level of production. In the same way, since the workforce is big enough to be divided in different functional departments, they can easier be

organizationally decentralized. Nevertheless, those countries characterized by liberal employment policies models (UK and Poland) illustrate lower levels of outsourcing. It means, outsourcing practices do not seem necessary in those labor markets where extended flexibility measures provide a high level of adaptability and availability of workers within the organizations.

Graph 2. Share of companies involved in outsourcing processes according to company size.



Source: European Company Survey, 2013

Thereby, the study adopts a typology to select the activities to analyze according to the location where providers-outsourced workers develop the activity and the predominant skill level of the activity workforce (Table 1).

Table 1. Typology of outsourced activities.

		PREDOMINANT SKILL LEVEL OF WORKFORCE	
		High-skilled	Low-skilled
LOCATION	On-site	Activity A1	Activity A2
	Off-site	Activity B1	Activity B2

In this sense, the research develops the analysis in a diverse brunch of activities, selecting every country two activities (a high and low qualified one and an on-

site and off-site activity) and a facility management company (selecting some of the countries the same multinational company) (Table 2).

Table 2. Activities selected in the six countries analysed.

	Activity I	Activity II
FRANCE	Cleaning	IT services
ITALY	Cleaning	IT services
NETHERLANDS	Logistics	Employment services
POLAND	Healthcare	Security
SPAIN	Chambermaids	Journalism
UK	Healthcare	Security

For that purpose, the project compares cases of collective bargaining coverage gaps and/or conflicts of workers in outsourced services at sectoral and company level across six countries (France, Italy, Netherlands, Poland, Spain and United Kingdom) relying on a mix of qualitative and quantitative methods.

2. MEDIUM-LOW QUALIFIED ACTIVITIES

2.1. CLEANING ACTIVITIES (ITALY, FRANCE AND SPAIN)

The outsourcing of cleaning activity started in the 1980s with a significant increase in the 1990s and early 2000s in Italy and France. The sociodemographic profile of the activity is mainly female, migrant and unskilled. Regarding the extension of outsourcing, the share of outsourced workers performing cleaning activities is about 90% in Italy and a lower 66% in France. The most widespread form of outsourcing is the classic model of a provider company specialized in the activity, supplying cleaning services to public and private organizations. However, there is a growing but still limited incidence of self-employment and even platform work (e.g. YouGenio) in the cleaning activity (Pedaci, Braga and Guarascio 2019; Rodríguez, 2019).

In both Italy and France, the sector of cleaning companies has a growing turnover and number of enterprises. SMEs have little relevance within the activity: employees in small enterprises (≤ 19 employees) are 22.6% of the sectoral workforce in Italy, and 11% in France.

Outsourcing drivers

The main driver of client organizations to outsource their cleaning activity is cost reduction. However, there are other motivations as the focus on core functions, access to external specializations, to transfer the responsibility of the cleaning activity management. In this regard, the outsourcing of cleaning in Public administrations is related to the decreasing of financial resources and the implementation of austerity measures. In that sense, public and private client organizations press increasingly on prices to reduce costs, in particular on labour costs (this is even more intense in Italy). This process is developing an scenario of high competition, based above all on costs, to access to contracts with client organizations (Pedaci et al. 2019; Rodríguez 2019).

Collective bargaining coverage: conflicts and gaps

In both countries, there is a predominance of multi-employer bargaining within the cleaning activity, with a relevant role of collective agreements signed by the

major (most representative) sectoral workers representatives and employers' organizations (e.g. in Italy they cover about 65% of the sectoral workforce).

The employment terms and conditions set up by the cleaning sector collective agreements are often less generous than those set up (for cleaners) by collective agreements covering other sectors (e.g. public administrations, railways, banks, etc.). In addition, in Italy the so-called «pirate agreements» are affecting the activity. These are sectoral collective agreements signed by poorly representative employers and workers' organizations and characterized by worse working conditions negotiated and mainly applied by small private companies. However, the new rules on public procurement (following the EU directive on this field) discourage the application of pirate agreements, although these rules are still not implemented (Pedaci et al. 2019; Rodríguez 2019)..

Moreover, in both countries there is growing incidence of cases of non-compliance of collective agreements and non-application of any kind of collective agreements (i.e. companies and workers uncovered by collective bargaining). More specifically in Italy, there is a weaker presence of company-level collective bargaining (also in medium-large firms). The causes for this scenario include:

- High fragmentation of the sector, employers and employers' organisations;
- High dispersion and workplace isolation of cleaners;
- Low union workplace coverage;
- Lack of extension mechanisms of collective agreements;
- «Enforcement gaps» (gaps in inspections, sanctions; gaps in knowledge about rights, fear to loss the job, etc.).

Social partners' strategies

Social actors within the activity have developed a variety of strategies and initiatives regarding outsourcing within the sector, with many similarities across both countries within the sector:

- Campaigns (denouncing abuses, unfair behaviours, etc.).
- Cooperation with public institutions with labor inspection.
- Proposals of certification forms (attesting the observance of regulation, the application of "good" Collective Agreements, etc.).
- Lobbying government to complete/strengthen regulations for outsourcing to other companies.

- Addressing “third parties”, the public procurement is a key target through social clauses, abandoning cost as the major selection criterion, etc.
- Proposals for regulation of prices (France).
- Agreements with public administrations (above all with some municipalities and regions) (Italy).
- Reducing the “invisibility” of cleaners (dispersed, isolated) and the enforcement gaps, increasing their voice possibilities.
- Campaigns (organising, public assemblies, demonstrations, media campaigns, etc.)

The case of Chambermaids in Spain

Although Chambermaids develop an activity wider than cleaning itself, it is appropriate to compare the study of the outsourcing within this occupation in Spain in relation to cleaning activity in France and Italy. 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, above all due to the consequences of the increasing of outsourcing practices within hotels. Around 80% of chambermaids are outsourced in the Spanish hotels sector, a figure that was much lower before the crisis. The Facility Management Companies are the predominant form of outsourcing.

A sectoral national collective agreement covers the hotels sector and chambermaids occupation, working as general framework for agreements at regional and local level. However, it is common for chambermaids to be covered by the cleaning sectoral agreement (generally with worse conditions to the hotel agreements) or by company agreements, especially usual in the case of facility management companies. 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 (Godino and Molina 2019).

Main initiatives within social partners to deal with outsourcing impact over chambermaids are:

From employers organisations:

- To develop outsourcing practices exclusively when the company seeks flexibility and not cheapening costs.
- To improve the mechanisms that allow greater functional versatility.

From workers representatives:

- To establish in the Hotel Sector Agreement that those central activities cannot be outsourced (e.g. chambermaids).
- The development of a Seal of Quality of Fair and Socially Responsible Hotels.

Some conclusions

There are many similarities across countries within the (cleaning) activity as negative impact of outsourcing on collective bargaining coverage, and consequently on employment relations and working conditions. In many cases, outsourcing leads to a fragmentation of collective bargaining institutions. Although there are disparities within the activity; the growing situations of protection gaps and low quality jobs are predominant. The existing institutions for labour protection are improving, but their capacity to deal with collective bargaining coverage problems (and related negative consequences) appear still limited.

Social partners strategies and initiatives play an important role, but are not sufficient to solve problems caused by outsourcing practices. The analysis suggests the need of more relevant investments and more innovations with regard to strategies, approaches and practices for labour protection within cleaning activities. In that regard, it is relevant the support of institutions at national and European level able to promote, for instance, the distribution of responsibility along the value-chains and enforcement of workers' involvement in outsourcing decisions and implementation.

2.2. SECURITY ACTIVITIES IN THE UNITED KINGDOM AND POLAND

Outsourcing has become the norm in UK private sectors, increasingly (but also almost traditionally) in public sector. Approximately 1/3 of all public sector service workers work in outsourced firms, declining trade union membership and collective bargaining coverage. Recent austerity policies by the UK government have accelerated outsourcing processes in the public sector. The

transfer of collective agreements is largely regulated by the Transfer of Undertakings Protection of Employment regulations (TUPE). As collective bargaining coverage is relatively high in the public sector and low in the private sector, the increase in outsourcing of public sector activities has led to a decrease in collective bargaining coverage in the UK. Fragmenting of the workforce through outsourcing has significantly affected collective bargaining coverage. Therefore, the study of a public service within the analysis of security activities gains increased socioeconomic importance, thus Security services employees in prisons (Brandl and Kildunne 2019).

Regarding the Polish case, the rise of global security culture has put a mark on Poland's economy and society. The demand for security services has been rising, between 2015 and 2017 the value of security services market increased roughly by 25%. As the UK case, the activity is responsible for provision of public goods, yet it is under pressure of market logic, resulting in a number of tactical solutions aiming at cost reduction. Outsourcing of work appears to be the leading approach used to achieve such an objective (Czarzasty and Owczarek 2019).

The extent of outsourcing

Within the 109 public prisons in the UK, 14 are privatized. It represents a £4 billion market, with relevant multinational companies as Serco, G4S and Sodexo accessing to 15 years contracts. The dominant form of outsourcing in the activity was whole prisons but more recently around activities (e.g. maintenance of all prisons to just two firms; education; health). Outsourcing has also had a significant influence on the management of public prisons sector due to the benchmarking of public against private prisons, primarily for cost comparison, which has often negatively impacted workers terms and conditions.

The outsourcing of prisons is the result of a political consensus that private firms could improve services and save money through efficiency improvements and the use of new technology. Therefore, outsourcing combined with the effects of lower public expenditure due to austerity has led to a reduced number of workers performing this activity in the UK economy, on generally lower wages, in poorer working conditions due to increased levels of prisoner violence (Brandl and Kildunne 2019).

In regard to security activities in Poland, for many years the prices, especially for the most generic type of services (watchpersons, ushers etc.) have been low, as

the demands of those jobs are equally modest (significantly, a relatively high share of security staff are disabled people, as their wage-costs could be subject to state subsidies). This translated into general precarisation of work in the sector. The 'cheap-state' logic propelled outsourcing of those activities (Czarzasty and Owczarek 2019).

Collective bargaining coverage: conflicts and gaps

The outsourcing process had broken up the collective bargaining framework for prison workers in the UK. However, both the union and employer could see advantages in harmonizing these terms and conditions: the national recognition agreement in the private prisons has simplified the negotiation process than with public sector, arguing austerity impediments.

Yet whilst there are groups of outsourced workers not covered by a collective agreement, the workforce divide is not simply between those who have been outsourced and those not outsourced but is much more fragmented. Employees bargaining rights depend upon a number of factors: when they joined the service, the prison they work at, whether that prison is public or private, and if that prison, on an individual level, has sufficient union members to gain recognition and subsequently bargaining rights (Brandl and Kildunne 2019).

Coverage of trade unions in the security services sector is low, and collective bargaining coverage is virtually none. The majority of the companies in this sector are small, so there are legal barriers to organizing the workforce. There is also fierce price competition. Employment conditions are to a large degree precarious, with very low wages; overtime work; and civil-law contracts. There are only two single-employer collective agreements within the security activities in Poland, highlighting the low coverage and the high fragmentation and lack of coordination of the collective bargaining system in Poland (Czarzasty and Owczarek 2019).

Strategies to solve coverage problems

In the UK, many social partners understand that if coverage problems are defined as the fact that not all prison officers are employed on the same terms and conditions, this is not a significant problem. Strategies to address coverage problems varied between public and private sector trade union representatives also. Employer representatives did not appear to consider coverage problems a significant issue since contract terms and local pay and conditions were also important influences. In contrast, all employee representatives considered

important the harmonization of terms and conditions across the sector. Anyway, trade unions main challenge seems to be the mobilization of employees in outsourced services instead of to launch initiatives themselves (Brandl and Kildunne 2019). In Poland, there are not strategies directly addressing coverage problems by social partners. The issue is undertaken indirectly, through the implementation of an organizing strategy and putting pressure on employers to recognize trade unions at the enterprise level (Czarzasty and Owczarek 2019).

2.3. LOGISTICS IN THE NETHERLANDS

Logistical services are that part of the wider logistics industry apart from the transportation of goods. Thus, services such as warehousing and distribution. Recent years have seen a shift in this sector towards higher value-added services, (e.g. Packaging and more integrated 'supply chain management' services). Part of this is a consequence of the ongoing automation and digitalization taking place in the sector. For the analysis of outsourcing within the activity, it is appropriate to focus on these companies that offer both transportation and logistical services, and these specializing in logistical services. Employees of these activities are outsourced, as they carry out these activities for third parties, which have contracted these companies to handle logistics (Payton and Keune 2019).

The extent of outsourcing and collective bargaining coverage gaps

Employment in logistics comprised about 5% of employment in the Netherlands in 2014, of whom roughly 20% were outsourced and 80% performed these activities in-house. Outsourcing of these services started some thirty years ago and has steadily increased, though it is unclear whether this trend is continuing: nearly 17% of employees engaged in logistical services activities were outsourced.

Main reason for outsourcing is costs reduction: the work can be done cheaper, in no small part of the lack of a sectoral collective agreement for the logistics sector, which makes it a minimum wage activity with no contributions to pension and other social funds. Although trade unions are of the opinion that legislation covering transfers of undertaking ought to apply in cases of outsourcing, they also find that in some cases it is difficult to apply. Moreover, workers may feel more insecure about their job security after outsourcing, be confronted with

greater travel distance in case they are transferred to the new employer, and may be put into lower functions or positions.

The majority of in-house logistical workers are covered by the numerous sectoral and company collective agreements in manufacturing, wholesale and retail. On the contrary, only a small share of outsourced workers is covered by either a company-level agreement or the sectoral transport and logistics agreement, which only covers logistics workers when they are employed by a transport company which also offers logistical services. Despite attempts by social partners to organize logistical services as a new sector to negotiate, the difficulty to come up with a comprehensive definition of the sector without impinging on existing sectors has made the prospect of extension of a logistical services collective agreement too unlikely for employers to be willing to organize.

Trade unions also face several challenges. The high share of temporary and TWA workers, periodic expiration of contracts between suppliers and contractors, and fragmentation of workers along a service chain make it difficult to organize workers. Cost pressures furthermore pose the risk that if working conditions are improved in one company along the chain, these will be offset in another part of the chain or the contract will not be renewed in favor of a cheaper competitor.

Social partners Strategies

The Union strategies within the activity focus on two milestones:

- Cross-sectoral cooperation along the value-chain, promoting coalition-building with employers, prevent conditions from worsening elsewhere, targeting most powerful actor and combating Fraudulent Employment Act (chain responsibility for social costs), all with the condition of a supportive union organization.
- Targeting newly developing sectors, thus logistical services and e-commerce.

3. HIGH-QUALIFIED ACTIVITIES

3.1. IT ACTIVITIES IN FRANCE AND ITALY; JOURNALISM IN SPAIN

The development of IT activities, and specifically its employment, is immersed in several changes in France and Italy such as the digital transition, the effects of off-shoring and the emergence of the platform economy in the sector. Although, the IT business has grown during the last decade (despite the effects of the economic crisis). The IT activities are linked to a wide range of professional profiles: software publishing, computer programming and data processing, hosting and web portals, computer systems and software consultancy, maintenance of computer systems and applications and management of computer systems, varying slightly between countries (Pedaci, Braga and Guarascio 2019; Rodríguez, 2019).

Outsourcing scheme in IT activities

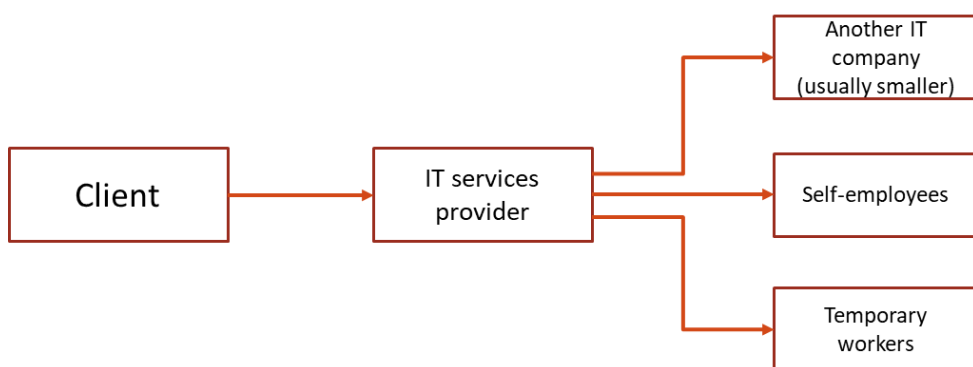
The development of outsourcing practices in the activity is based in the support of the information system of the client by IT services providers. The transfer of client resources (workers and infrastructure) to supplier companies generally depends on contractual arrangements between parties.

Therefore, we are facing two possible scenarios:

1. Off-site supply: IT services provider uses its own structures, workforce, etc. to provide the service.
2. On-site supply: IT services provider (and its employees) develops the activity in the client organization facilities, working on the client's premises. The lengths of this displacement of workers can vary depending on the arrangement.

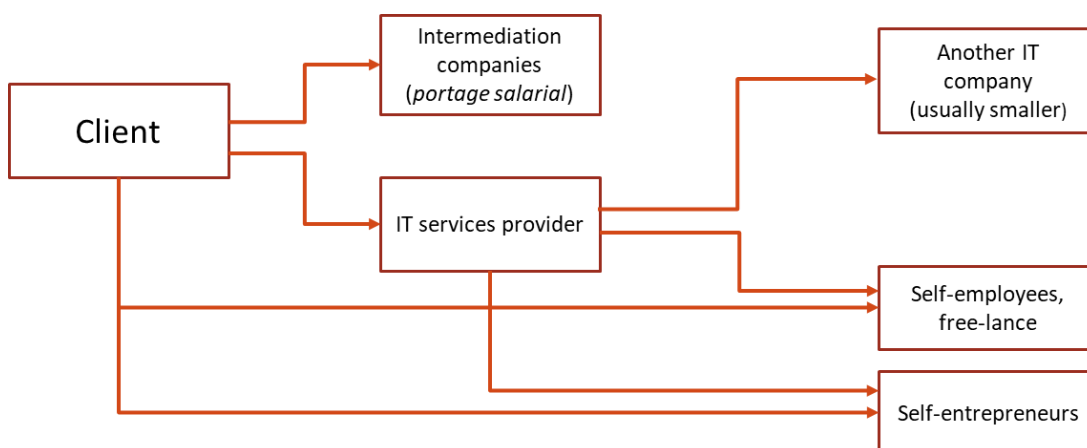
The main drivers for outsourcing practices in the activity are based on the transfer of social risks and responsibilities over the outsourced workforce, following reduction of costs and access to external specializations. Regarding its main organizational forms, the outsourced IT services in Italy and France are mainly provided by IT supplier companies and self-employees (with an increasing intermediation of digital platforms), followed also by Temporary Work Agencies (Graph 3 and 4).

Graph 3. Outsourcing scheme of outsourced IT services in Italy.



Source: RECOVER project 2018

Graph 4. Outsourcing scheme of outsourced IT services in France.



Source: RECOVER project 2018

Collective bargaining system and coverage problems

The representation of IT workers in Italy is highly fragmented: Several collective agreements cover the activity according to the economic activity trajectory of each company (engineering, telecommunications, trade and services agreements, etc.) although they may develop currently the same activity. In addition, the representation of workers shows a similar fragmentation with several federations of traditional trade unions, structures for workers with non-standard forms of employment and professional associations.

In contrast, France is characterized by a highly regulated scheme: one collective agreement covering the activity at national level including a wide range of

profiles (SYNTEC agreement: NCA for Technical Consultants, Consulting Engineering Firms and Consulting Firms). Trade unions and employers organizations are systematized around this collective agreement, including also professional associations of workers. In that regard, it is relevant to highlight a national collective agreement for intermediation companies.

One of the main common effects of outsourcing for IT workers is the workload intensification. In Italy, it lacks an adequate regulation of smart work processes, problems of working time, fair compensation, etc. In the case of France, there is a problem concerning the addition of tasks not included in the service contract, adding the negative effects of intensification consequence of deadlines.

In that sense, several health and safety problems are affecting to outsourced IT workers (e.g. technostress, burn-out and exposure to electromagnetic fields). The isolation of those workers is common, affected by high mobility among workplaces (client facilities), generating a high fragmentation of workers in the same workplace (Pedaci, Braga and Guarascio 2019; Rodríguez, 2019).

Strategies to solve coverage problems

The strategies and initiatives to deal with the effects of outsourcing over collective bargaining institutions, and particularly over coverage, varies depending on the country due to their diverse systems:

In Italy the debate is focused on the self-employment, regarding the adequacy to add those economically dependent workers in collective agreements. In other regard, Unions structures promotes the creation of spaces of experience-sharing about online platforms, social media and new media for a better regulation and the launch initiatives to “lobby” about the situation of IT services.

In France, initiatives are mostly linked to the intensification of workload and isolation of workers. The main initiatives are focused on the promotion of a new labour contract in order to define better tasks, workload and resources. Also, some strategies are related to the challenge of the work by deadlines that increases workload and generates psychosocial risks. Specifically, in relation to collective bargaining, unions highlight the need to improve the articulation of the union action for the effective application of the national collective agreement.

Outsourced journalists in Spain: a paradoxical mirror

Several issues make similar the cases of IT services in France and Italy to the journalism in Spain. Also, the journalism faces several challenges like the digitalization (that is reframing the profession) and the financing model change, together with the effects of the economic crisis, accelerating the impact over journalists jobs, not only increasing unemployment levels but also weakening employment relations with organizational practices as outsourcing.

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. 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 2017). Therefore, generally "collaborators" generally work mainly or only for one client, thus, their employer in fact.

Concerning workers representation, the profession shows an organizational division due to the multitude of unions and professional organizations representing journalists. In any case, many of these organizations coordinate among themselves in an upper professional forum. About collective bargaining, there are 95 different collective agreements published in the period 2011 – 2019 in Spain covering the economic activity of daily press (mostly company agreements), highlighting the high level of fragmentation in the negotiation processes within the sector. Although there is a "collective agreement for the daily press sector" at national level, its level of coverage is low, since it works as a minimum 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 (Godino and Molina 2019).

Concerning the outsourced workers, they are excluded from any type of coverage of collective bargaining since they mostly work as 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. Some of the initiatives proposed to solve these problems are: the addressing of outsourcing in company and even sectoral agreement to regulate it; Alternatively, to create a parallel agreement of

collaborators to apply minimum standards; And to reform the "Press Law" (1966), to introduce the regulation of collaborators (remuneration, payment guarantees, breaks, holidays, occupational health, etc.).

3.2. OUTSOURCING DYNAMICS IN PUBLIC SERVICES: HEALTH CARE IN POLAND AND UNITED KINGDOM, AND EMPLOYMENT SUPPORT IN NETHERLANDS

The rationale behind analyzing health services is to focus on an activity responsible for the provision of a public good key for the future of the population of the European member states. Particularly in Poland and United Kingdom, public health services are under pressure from market logic, resulting in a number of solutions aimed at cost reduction. As public budgets have come under pressure to cut costs due to the economic crisis, outsourcing of this public service has moved provision away from public sector to private company providers in Poland, increasing this dynamic (already extended before the crisis) also in the UK. For the particular case of UK, demographic changes (i.e. an aging population with more complex medical needs) and changes in family support mean both increased demand and costs for care of the elderly. Thus, the study focuses on employees working in adult social home care which refers to the personal and practical care provided for older (dependent) adults within their home.

Outsourcing scheme in health services

Poland's expenditure on health is well below average compared to other OECD countries, causing understaffing. Inadequate financial allocation has triggered practices aimed at reducing labour costs; such as multi-tasking and the outsourcing of activities, which are often combined (e.g., a nurse working on the basis of an employment contract, while after hours providing a service of the very same nature as a solo, self-employed, or an agency worker). Public Procurement Law plays a negative role in accelerating the process of outsourcing, as the 'lowest price' criterion become the decisive factor in awarding contracts, encouraging a race to the bottom in working conditions (Czarzasty and Owczarek 2019).

Regarding home health care in UK, local authorities organize this public service. Only around the 5% of care employees are directly employed by local authorities

and covered by some collective agreement, thus most care workers are outsourced, providing care services through private firms or working as self-employed (depending on the region). This scenario is the ultimate consequence of the implementation of austerity packages spearheaded by outsourcing practices (Brandl and Kildunne 2019).

Collective bargaining coverage: gaps and conflicts

The collective bargaining system patterns are similar in Poland and the United Kingdom once mainly they are individual and single-employer negotiation models represent them. Health services are not an exemption: currently in Poland, only company-level collective bargaining exists, with practically a non-existent coverage of outsourced workers. Industrial relations in this sector are complicated for the ambiguous position of employers (ultimately, the state) regarding employment relations; and the particular attitudes of the major occupational groups within the activity, with little attempts to exercise coordinated pressure. Considering this pluralistic nature of industrial relations, outsourced workers find it very hard to reach out to trade unions (until recently, trade union regulations excluded people without contracts of employment from union membership) (Czarzasty and Owczarek 2019).

Regarding the elderly care outsourced workers in the UK, it is very difficult for trade unions to solve coverage problems (i.e. in cases of employee transfer to other companies). In fact the sheer number of private care firms and the rapid fluctuation of staff in this sector complicates any initiative by trade unions to establish sector-wide wages and working conditions via collective bargaining. The abolition of the two-tier code had also directly affected these employees since collective agreements could not be extended from the local authority to the outsourced private firm (Brandl and Kildunne 2019).

Strategies to solve coverage problems

In contrast with other countries and sectors, UK unions argue that the best way to raise working conditions of employees in the sector and to bring them under a collective agreement is to re-insource care services back into the public sector in order to develop long-term care plans. Unions often sought to do this by exercising political influence at the local and national level, drawing out the wider implications of outsourcing in terms of removing income from the local

economy and contributions to inequality and the gender pay gap because of the high number of women working in this sector. In regards to the Polish case, no strategies that directly address coverage problems have been undertaken. The issue is addressed indirectly through the implementation of organizing strategies and putting pressure on employers to recognise trade unions at the enterprise level.

The privatization pattern of public services: activation support in Netherlands

In relation to the analysis of outsourcing effects in health services, it is worth to pay attention to other case of public service in Netherlands once sharing similar dynamics regarding privatization practices. Activation services refers to the re-integration of inactive persons (e.g. persons receiving social or unemployment benefits) into the labour market. Such services include for example job-search coaching, competence assessments, training and education, mediation between employers and prospective employees, etc. Despite its privatization, developments in the activation services market are still highly dependent on public policy decisions and public budget allocations (Payton and Keune 2019).

There is no sectoral collective agreement for employment services, mainly because it is a relatively new sector dominated by small and medium firms (including companies that provide very diverse services) and the lack of union activity. In the case of employees of large temporary agencies, they are only covered in case there is a company collective agreement. As for the rest, employees would only be covered in case of a company collective agreement, which is almost non-existent because of the small company size, or if they are part of a company covered by the sectoral care CBA or sectoral social services CBA. Therefore, in the best case coverage would be 28% (all employees of large companies covered), but it is likely it to be much lower.

Regarding strategies deployed by collective actors, unions fought for protection and continued collective agreement coverage for the employees transitioning from the public *Arbeidsvoorziening* to the private *Kliq*. But, after this private organization was disbanded, so were union efforts to continue social dialogue. So far no significant efforts at organization or representation of workers in this activity have been developed. On the employer side more efforts were found that have improved mainly working conditions and job security (though not collective bargaining coverage), as a corollary of improving the tendering

procedures and continuity of work for actors in the private sector. These efforts were largely initiated by the branch association but targeted at purchasers and public policy actors; resulting improvements can therefore be seen as the result of a collaborative effort.

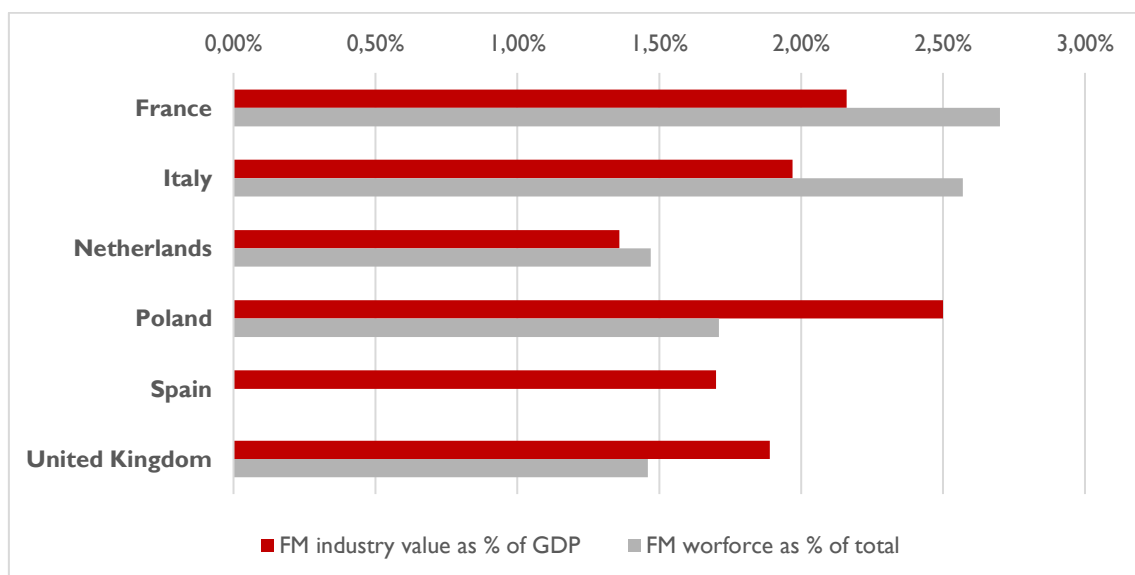
4. FACILITY MANAGEMENT

4.1. DEFINITION, CLASSIFICATION AND DEVELOPMENT OF FACILITY MANAGEMENT IN EUROPE

There are several barriers to define Facility Management since it is a separate and relatively new business activity, implying a range of interdisciplinary approaches and sectors, and without a universally agreed definition on what it comprises exactly. In any case, common definitions throughout each discipline and national context agree to refer Facility Management to the integrated management (and delivery) of non-core services and processes supporting the core business of an organization.

The facility management is an increasing outsourcing form concerning companies that offer multiple services. In terms of activities, Facility Management traditionally covered maintaining infrastructure and buildings, managing equipment and furniture, efficiently supplying resources and removing waste. However, other functions, such as supervising environmental management systems are increasingly becoming part of the role. This range of activities supply is becoming Facility Management in one the largest business services market in Europe: several studies estimates 5 - 8% of GDP depending on the country (Graph 5), although its difficulty to quantify due to the fragmented activity of FM companies.

Graph 5. Facility Management industry value and workforce.

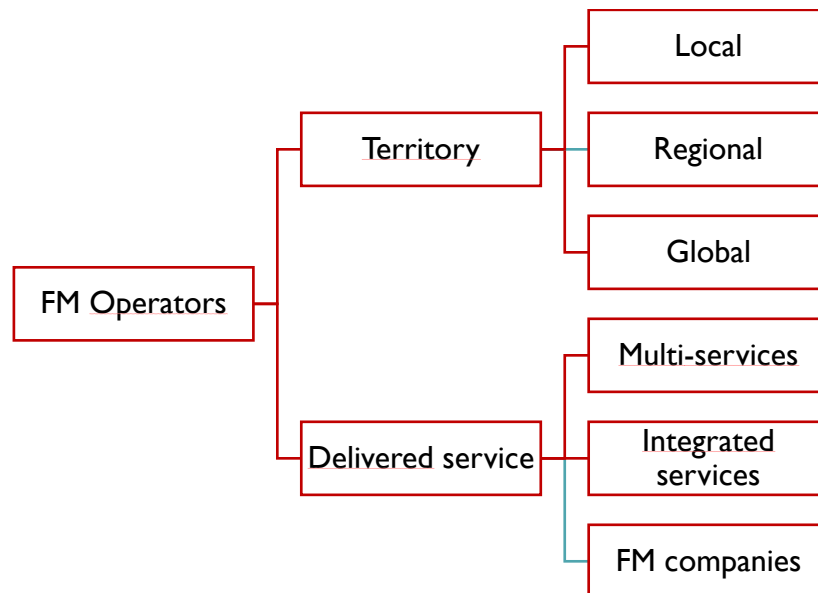


Source: Global FM 2016. No data available about % of workforce in Spain.

Those facility management companies are generally classified according to their territorial scope, distinguishing companies that supply outsourced services to client organizations at local, regional or global level. Also, in relation to the extension and complexity of their supply, distinguishing (Graph 6):

- Multi-services suppliers, offering packages of services and covering one or more areas of activity (technical, commercial or infrastructural).
- Integrated services suppliers (or Facility services), referring to all the activity areas offered (including operators that can coordinate sub-suppliers).
- FM companies specialized in the management and coordination of all outsourced services (delivering themselves or coordinating sub-suppliers)

Graph 6. Classification of FM companies.



The extent of each type of FM firm in relation to the complexity of the services is explained to a large extent to the development of the facility management market in each country. In that sense, several studies (Ferri and Pala 2009; Teichmann 2009) point out several market stages:

- Pre-emerging markets, mostly composed with single services supply firms of low level of professionalism and a client-supplier relationship based on multiple single-service and short-term contracts.
- Emerging markets, with an incipient set of multi-services supply companies and a fragmentary supply concerning activity, territory coverage and client. The FM Operators are generally a small number of

multinationals (in the framework of pan-European contracts), followed also by a high number of small and medium-sized suppliers.

- Developed markets, where single services supply co-exists beside multi-services supply. The outsourcing processes increasing and the competitive pressure generate consolidated supply operators. The professionalism (of both suppliers and clients) grows in this stage.
- Advanced markets, with a large extent of integrated services supply together with the implementation of Public Private Partnership projects. The FM market is similar to the “developed market”. Even though, merger and acquisition processes are usual, and still small and medium-sized suppliers remain in niche markets.

Taking in consideration these characteristics, the above-mentioned authors establish European countries in these stages (Graph 7), highlighting the fact that the six countries studied in the RECOVER project representing most of the market stages, showing the first steps of the FM market (Poland), its business mature (France, Italy and Spain) and its consolidation (Netherlands and United Kingdom).

Graph 7. Classification of EU28 considering the stages of the Facility Management market.



Source: Own elaboration based on Ferri and Pala 2009; Teichmann 2009.

Considering each national development of the facility management market, first there is an evident correlation to the level of the GDP and the extent of outsourcing itself. Furthermore, the general trend within developed and

advanced markets is the consolidation of integrated services delivery by the same business group (facility services) and the coexisting with its management by the same company (facility management).

4.2. INDUSTRIAL RELATIONS IN THE FACILITY MANAGEMENT BUSINESS

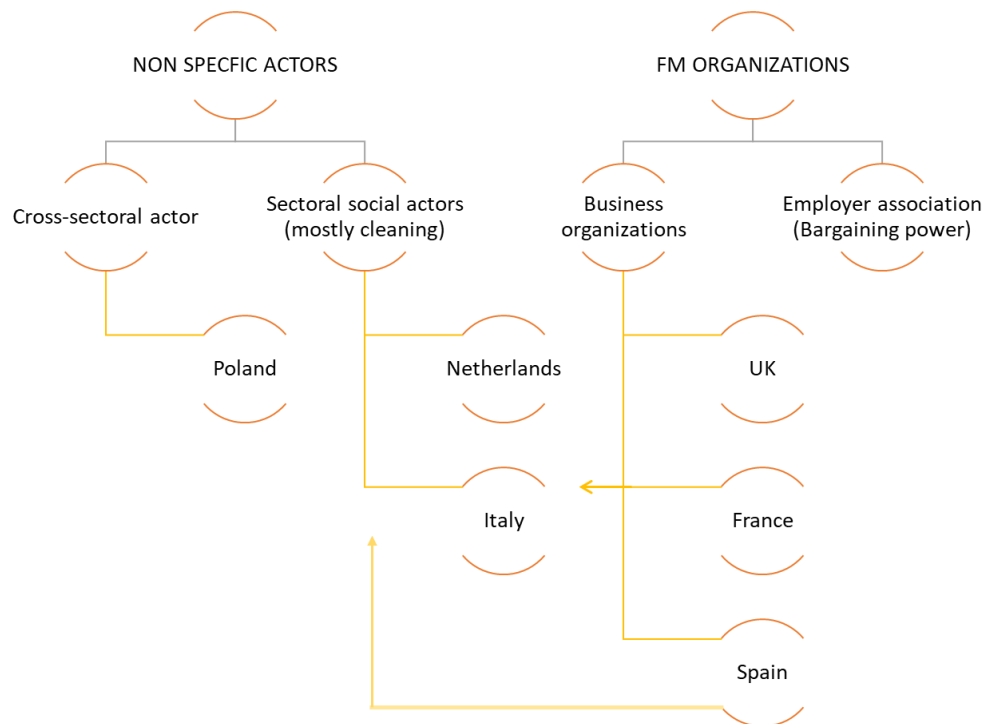
At European level, *EuroFM* (European Facility Management Network) and *IFMA Europe* (International Facility Management Association – Europe) are the largest trade associations in Europe. *EuroFM* works also as a professional association representing Facility Managers within the business. There are not employer associations at European level organized particularly to represent the activity, but at sectoral level. Regarding workers representation, employees developing facility management activities are represented in *ETUC* (European Trade Union Confederation) through its sectoral federations and through European works councils in cases of facility management multinational firms present in several EU member states.

At national level, the structure of industrial relations is more complex due mainly to the sectoral heterogeneity of the facility management business. The representation structures of workers and employers tend to be organized around sectoral logics through federations and associations linked to the development of a specific economic activity. Although, there are several variations in each country that are noteworthy (Graph 8). In one hand, it is necessary to differentiate those countries that do not have actors that specifically represent facility management companies or their workers, thus lacking social dialogue specifically for this business activity. This is the case of Poland, which in general reflects the absence of supra-entrepreneurial social actors in a large part of the country's economic activities.

On the other hand, most countries have sectoral organizations that represent the firms of the Facility Management business according to the various activities that they develop. For instance, in Netherlands the five largest facility management companies are members of one or more of the employers' organizations of cleaning, contract catering, and security sectors. Similar case to Italy, where facility management companies counts with representation through sectoral federations, affiliated to the major employers' organisations, operating in the sector of cleaning industry, that counts within a section of multi-services

industry. This organizational scheme is due to the initial trajectory of most FM companies in the cleaning activity.

Graph 8. Industrial relations actors of facility management business.



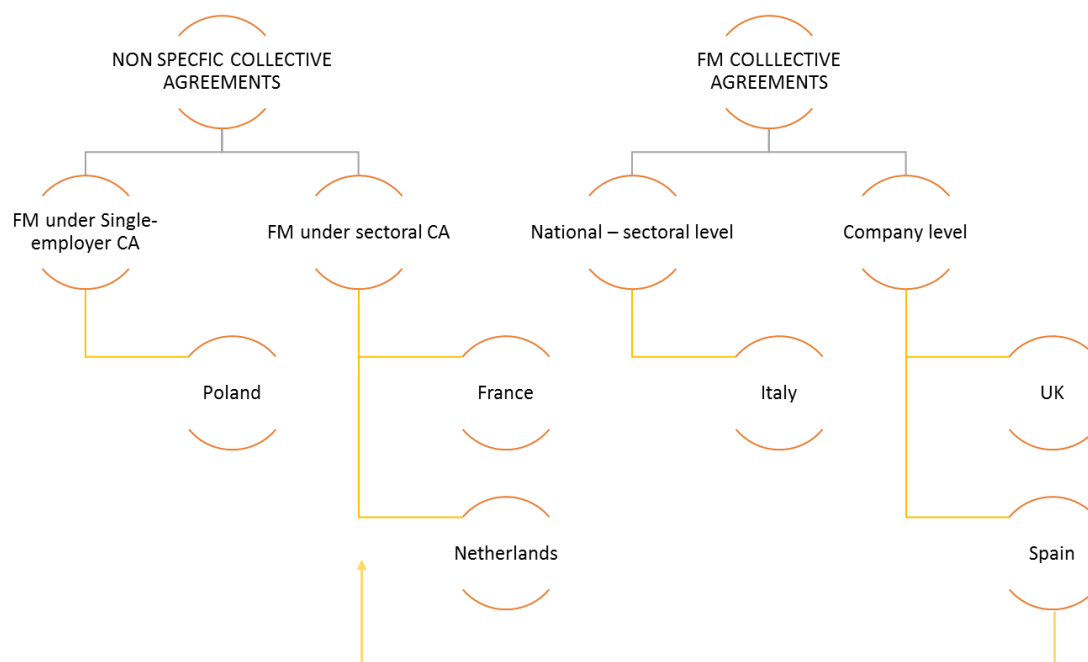
Source: Own elaboration.

There is a corresponding situation in France: facility management companies are represented by the sectoral federations linked to the activities they carry out, as well as by the main national organizations due to the beginning of most of French FM firms as a single activity model. In fact, most of them continue to develop this activity with a higher weight in comparison with other activities in the company (mainly building maintenance, cleaning, security, contract catering, and logistics services). However, the differential issue of France is based on the existence of three facility management trade associations (aka business organizations), representing most of the firms and also many managers at professional level, but without collective bargaining power. In a similar way, UK counts with trade associations for facility management companies, despite UK employers' organisations have little role to play in collective bargaining. In that sense, main FM business organization fulfil lobbying and advice activities, although it addresses a wide range of services, not only those linked with FM activity.

The Spanish scenario is probably the most difficult to categorized, closely related to current dynamics of its collective bargaining system. The lack of adequacy of regulations to facility management phenomena together with 2012 labor reform

that gives priority to company level agreements enhanced the proliferation of facility management companies with their own agreement to downgrade employment conditions settled at sectoral level. However, the Spanish Justice system cancelled most of them. Afterwards, some of the largest facility management businesses were organised as association, maintaining non-formal meetings to launch an own employer association aimed to promote sectoral collective bargaining for facility management business. Initially, largest unions supported the initiative, but finally they retracted. Therefore, this FM association is practically disappearing, returning to both sectoral representation and negotiation.

Graph 9. Collective bargaining system in facility management activity



Source: Own elaboration.

Besides the Spanish case, the mutual impact between the configuring of social actors (eminently employer organizations) in facility management business and the coverage of collective bargaining has not been so critical (Graph 9). In Poland, the lack of sectoral social actors reflects its single-employer collective bargaining system in the whole of its economy, including facility management. As do so UK collective bargaining system, where company level collective agreement for facility management companies are predominant. France and the Netherlands

also do not have specific collective agreements, where there is social dialogue in sectors linked with facility management: cleaning (most common in France), contract catering and security above all.

In the other hand, in Italy there are national collective agreements covering multi-services, global services and facility management companies. The most important one in terms of coverage is bargained together with the sector of cleaning activities, thus resulting a collective agreement at national level for the so-called sector of cleaning and multi-services. This agreement is a progression of the one concerning (and covering) cleaning companies, responding the transformations of the sector to wide and differentiate the range of services offered.

4.3. FACILITY MANAGEMENT COMPANY CASE STUDY

As mentioned above, facility management is a new phenomenon that crosses traditional boundaries in industrial relations. In the face of this new scenario, it is worth to consider a relevant issue: Is the emergence of facility management business an opportunity for improvement of position workers in the bottom of labour market or nevertheless it represents the configuration of new forms of precarious work? To tackle it, the comparative national context analysis seems key, but also the organizational study of facility management practices in each country.

In that order, the RECOVER project has developed the comparative analysis of the same facility management multinational company in each country to observe organizational practices addressing each institutional framework. *Multiserv*¹ is a multinational firm of more than 100 years and with presence in Europe, Asia, America and Australia. Traditionally it has been a cleaning company with an important international expansion during the 1990s and 2000s. Today it counts with more than 530.000 employees in 50 countries, with relevant workforces in UK, Spain and France (Table 3).

The beginning of *Multiserv* in the most of the studied countries was in a very competitive cleaning market based on cost competition in which wages were very large part of costs and short-term contracts and low wages were the

¹ *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.

employment logic of the sector. The common global strategy of *Multiserv* is the transition from cleaning activity to the offering a wide range of services: cleaning, catering, security, housekeeping, reception, handyman, post room, technical services, etc.

Table 3. Number of employees of Multiserv in each country.

France	Italy	Netherlands	Spain	Poland	UK	Global
22.000	762	6.500	30.000	2.100	43.000	530.000

Source: Official data from *Multiserv* documents and interviewees 2018.

Today *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 also coordinating between them and the core activity of clients' organizations. Therefore, 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 in each country have allowed expanding activities and areas covered, accessing new markets as happened in Spain.

In any case, the company goal is more dedicated to quality and integration of management, coordination, organization and supply of services than the cost competition characteristic of facility management business in many of the countries studied. Therefore, main drivers of *Multiserv* clients to outsource their facility services are a combination of focus on core business, efficiency and cost saving.

Workforce and employment conditions

The firm counts with a female workforce (57-80%, depending on the country), with also a high rate of migrants. The permanent contracts are predominant, partially consequence of Transfer of Undertakings regulation at national level. Nevertheless, between 60-80% of the workforce have part-time schedules, especially women, as low as 10 hours a week. Although, the company implement numerical flexibility measures through overtime. The activities implemented are low-skills required and low-pay: the minimum wage and approximately a 20%

more are the usual wages of *Multiserve* workers, although the firm assure they would like to pay better wages but the competitive market of facility management does not allow it. The rate of turnover is high, especially in the case of cleaners. In addition, the prospects of career development or training seem limited.

However, the remarkable point is that *Multiserv* appear to be a better employer than the most of facility management firms in each country studied, due to its practices respecting national labor law, collective agreements and not always paying the absolute minimum obligated by these regulatory frameworks. Therefore, low employment conditions described above seem to be inherent to the bottom of the labour market in whic activities developed in facility management are. Nevertheless, there is an scope for action that depends on each company policy to offer employees more hours, full working days, more varied jobs and more stability. Thus, to strengthen job quality and upward mobility instead of lead facility management workers towards bundles of low wage tasks.

Collective bargaining coverage

As already mentioned, facility management crosses sectoral boundaries, lacking clarity on what collective agreement, what wages and working conditions to apply. That is the case of *Multiserv*, with differences between industrial relations systems. The common challenge seems to be to escape low wage competition, while improving position workers.

Regarding those countries with a limited system of industrial relations, in UK, there are not sectoral neither company collective agreements covering the entire company. Sectoral agreements do not generally cover the activities that *Multiserv* develops. For a substantial part of employees, working conditions depends on contract with the client firm. Thus, the collective agreement of this client organization (in case any agreement covering) has effect on *Multiserv* employees. As a result, all workers do not always get same wage, even developing same position, tasks and duties once it changes regarding the client. Consequently, there is a large variety of working conditions within the company. About Poland, its weak industrial relations system leads to the non-existence of collective bargaining at all concerning the activities of the company. Individual negotiations are conventional, placing workers in weak position. The workers' bargaining position is fragile in comparison to employers' one, resulting low wages, high insecurity, and common and arbitrary inequality.

On the other hand, *Multiserv* employees in the other countries (France, Spain and Netherlands) cleaning and other sectoral agreements apply. Even with sectoral social actors being responsible of collective bargaining processes, the firm usually plays an active role. In certain cases, there are company agreements for the administrative and the management staff, or for activities not covered by any sector agreement. The consequent advantages are relative higher wages, less insecurity and generally better working conditions in comparison to the cases of Poland and UK. Also, some of these sectoral or company level agreements include mechanisms limiting few-hours contracts and work-load intensification, allowing additional initiatives. However, the main complication is the fact that *Multiserv* as such is mainly not covered. Thus, the common scenario is that the company deals with many different agreements. In addition, there are uncertainty situations once addressing these employees developing more than one activity. However, the company generally prefer this situation since brings them security regarding the agreement to apply, although it complexes the work of workers representatives.

A third coverage scenario is the application collective bargaining exclusively for facility management. In general terms, that is the case of *Multiserv* in Italy, where the sectoral agreement of Cleaning and multiservices apply for many of the activities developed by the firm. Although, some others not covered by the agreement do so with other sectoral agreements regarding the activity. However, the effects of the coverage of this agreement is similar to those others covered by sectoral agreements as Spain, Netherlands and France.

In relation to these diverse coverage situations, Dutch *Multiserv* firm position is in favor of implementing a one company agreement for all activities developed by the firm. On the contrary, the Spanish management of the company is explicitly against any company agreement (considering that in Spanish context it means working conditions worsening), but they may be interested in an agreement for ancillary services. However, it seems boundaries are not clear and moreover there are too few companies for a sectoral agreement.

4.4. CONCLUSIONS

The facility management multinational company offers an expanding set of services to allow clients to focus on their core activities. One of the common

problems of facility management (shared with outsourcing phenomena in general) is the fragmentation of employment relations: complexing workers organization and representation, crossings sectoral boundaries, creating doubts on application collective agreements and lacking an own comprehensive company or sector agreements. But, since all outsourced ancillary activities workers are concentrated in the same supplier organization (*Multiserv* in the case of the studied company), there is a potential opportunity to improve position workers to improve conditions on working time, tasks variety and security. In that regard, position workers are clearly better where sectoral collective agreements apply.

Anyway, the major challenges remain: how to improve wages and career opportunities for facility management workers? Some options may be based on reducing cost competition. Thus, implementing national and EU regulations on tendering, public procurement and codes of conduct. But also influencing public opinion, that is naming companies or clients with bad practices on the sector. Or for example raising wage floor, that may require building union strength, promoting union-employer coalitions, changing minimum wages legislation, and finding ways to upgrade productivity of the activity without basing on wages reduction.

5. MAIN FINDINGS

The research carried out in the context of the RECOVER project has delivered several important research outcomes and lessons for the relevant stakeholders:

First, the results have contributed to raise awareness among social partners and relevant stakeholder about the problem posed by outsourcing in relation to collective bargaining coverage. More specifically, even in those countries where collective bargaining coverage reaches high levels (thanks to the existence of national-sector collective bargaining), the project detected problems of coverage (either outsourced workers were not covered, or were covered by a collective agreement containing lower entitlements).

Moreover, the project shows how the institutional setting, and more specifically, the existence of strong sectoral collective bargaining constitutes an important element in order to ensure collective bargaining coverage on outsourced workers. However, the project also shows that the changes occurred in collective bargaining systems, promoting the de-centralization of collective bargaining has also contributed to open greater spaces for companies to outsource and leave some workers out of coverage, or apply collective agreements with lower entitlements.

However, growing outsourcing is challenging the notion and the identification of sectors. The sector both as a unit of analysis as well as a regulatory space in industrial relations is becoming more heterogeneous and difficult to identify in the current context of growing outsourcing. Thus existing institutions may not be adequately suited to deal with the challenges posed by outsourcing.

Another important result of the project is the need to introduce stricter regulations and / or inspection in relation to outsourcing, particularly in relation to the use of certain outsourcing mechanisms. This would be the case more specifically in relation to the use of self-employees, but also in relation to the application of different collective agreement to certain groups of workers or the transfer of undertakings.

Results also show the importance of trade unions in organising outsourced workers in order to claim their rights in relation to collective bargaining. The results show innovative strategies in order to reach, organise and defend the interests from these workers on the union side. At the same time, the project makes very clear the obstacles and difficulties they encounter in order to reach these goals.

The research also points to the organisational problems of trade unions in a context of growing outsourcing. More specifically, the fragmentation in workplaces and isolation of outsourced workers would require much more resources on the union side in order to be able to reach workers and represent them.

In relation to Facility Management, the research shows how this business is growing in all countries, but the situation varies significantly from country to country. In most countries, facility management works primarily as a service provider of basic services, mostly cleaning and security, therefore competing with existing companies on costs. In other countries, facility management is conceived as an integral service provider and the focus is more on quality of services provided and their integrated management. Even though facility management companies are trying to evolve in all countries towards the integrated model, they face some important problems. The challenge ahead is the addressing of social actors to this new phenomena that, as a paradoxical manifestation of outsourcing practices, is questioning institutionalized mechanisms within collective bargaining systems.

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