



Relaunching Collective Bargaining Coverage in Outsourced Services

RECOVER IN BRIEF

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

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Editorial

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

One of the underlying motivations of the RECOVER project is 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, that 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.

Growing outsourcing is challenging the notion and the identification of sectors

In response to this challenge, the RECOVER project focuses 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. We accordingly want to analyse collective bargaining coverage problems for workers (dependent, self-employee, TAWs, crowdworkers) that provide an outsourced service in any sector of the economy. Therefore, there will be 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.

DEFINING KEY CONCEPTS

This section aims to establish certain concepts as tool for the development of the research:

Collective Bargaining Coverage gap: 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.

Facility Management company: supplier companies that do not specialize in any activity but offers all the services that a company may need. Facility Management companies increasingly offer a wider range of activities, covering all the operative activities of any client organization.

Outsourcing: Organizational decentralization of certain processes or functions of an organization to be assumed by external suppliers continuously in exchange for an economic retribution. These processes or functions do not normally form part of the core activity of the organization. We distinguish two types: **operative outsourcing**, concerning operative activities such as security, cleaning, building maintenance, post service, contract catering, photocopying services, etc. And **strategic outsourcing**, related to strategic activities in which the relationship with the supplier is much closer, such as logistics, marketing, design, IT services, financial functions, etc.

RESOURCES

The RECOVER project will develop a cross-data base analysis in order to study the outsourcing phenomenon and its challenges for the collective bargaining and the coverage in sectors and companies. In that way, the project will develop the **RECOVER dataset** compiling and articulating statistics from different sources as the ICTWSSM, the ECS and the OECD Indicators of Employment Protection. This dataset will be shared to facilitate the study of these issues to other researchers.



ICTWSS: Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts

The ICTWSS database is an industrial relations indicators database made available by Jelle Visser of AIAS (partner of the RECOVER project). Its database contains primarily annual statistical data on trade unions, wage setting, state intervention and social pacts from 1960 to 2014 for all 51 European and OECD countries, plus some emerging economies. Its indicators of Collective bargaining coverage and union density, among others, provide us analysis tools for our research.

Link: <http://www.uva-aias.net/en/ictwss>

ECS: European Company Survey

The European Company Survey has been carried out every four years since its inception in 2004-2005 as the European Establishment Survey on Working Time and Work-Life Balance (ESWT). The second survey (performed under the new title European Company Survey) was completed in 2009 and the third survey in 2013.

Link: <https://www.eurofound.europa.eu/surveys/european-company-surveys>

OECD Indicators of Employment Protection legislation

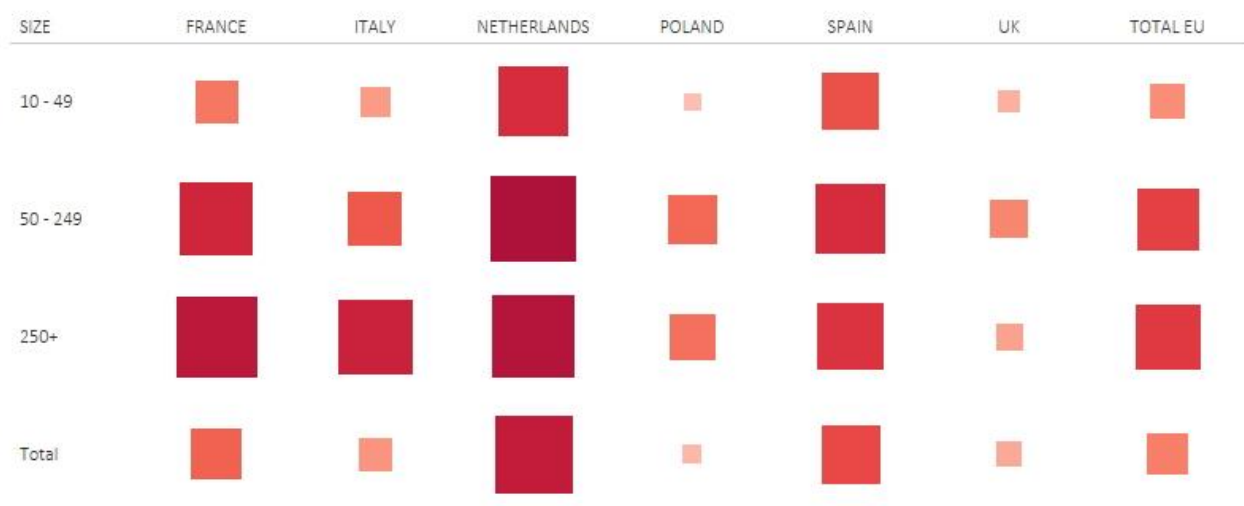
This database measures the procedures and costs involved in dismissing individuals or groups of workers and the procedures involved in hiring workers on fixed-term or temporary work agency contracts in every OECD member state. The indicators are updated annually (2013-2014, depending on each country).

Link: <http://www.oecd.org/els/emp/oecdindicatorsofemploymentprotection.htm>

RECOVER FIGURES

Share of companies involved in outsourcing processes according to company size (European Company Survey, 2013).

The graph shows a general positive correlation between the company size and the level of outsourcing in the production of goods and services in every country. We understand that companies tend to outsource functions and processes once they reach a certain level of production. In the same way, once 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.



Legend: Size and color vary from 21.8% (smallest and softest figures) to 41.1% (biggest and strongest figures).

INTERNATIONAL ADVISORY BOARD

The International Advisory Board will consist of leading academics in the research fields of industrial relations and labour market as well as representatives of EU-level social partners (business associations and trade unions).

- **Jan Drahokoupil** is senior researcher on multinational corporations at ETUI. He also coordinates research on digitalization and the future of work. His broader expertise lies in political economy and development, particularly in the context of east European countries.
- **Christian Hess** is senior adviser at International Labour Organization (ILO).
- **Valeria Pulignano** is a researcher at the Centre for Sociological Research (CESO), and lectures Labour Sociology, Current Labour Market Changes, Comparative European Industrial Relations and Sociology Seminar at the Faculty of Social Sciences.

DURHAM MEETING

The objective of the RECOVER mid-term conference (held in Durham on June 22) was to discuss the progress in selecting the activities / company case to be analyzed, as well as to present first desk-research results both at European and National level. The meeting was resolute in order to clear up problems encountered so far, and obstacles that the partners can find in implementing the project during the fieldwork development. It means, to make sure every partner is in the same 'track' for next steps. In that sense, the RECOVER mid-term conference was an opportunity to discuss how to adapt the project objectives and methods to the different national context. In relation to this, the existence of countries where sectoral collective bargaining is exceptional (Poland and UK) required the adoption of a different methodological approach.



Thereby, the partnership agreed 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.

		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 RECOVER team agreed to develop 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).

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

Newsletter

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EVENTS OF INTEREST

34th EGOS Colloquium - European Group for Organizational Studies

Surprise in and around Organizations: Journeys to the Unexpected.

Tallin (Estonia) July 5- 7, 2018

The deadline for submission of short papers for this Colloquium is January 8, 2018. More information:

https://www.egosnet.org/2018_tallinn/paper_submission_on_important_information

FEATURED PUBLICATIONS

Dekker, F. & Koster, F. (2016). Outsourcing in 18 European countries: The role of worker power. *Economic and Industrial Democracy*, 1–19.

The article takes cross-national data for 18,264 companies in 18 European economies to examine the role of worker power on outsourcing decisions.

Goldschmidt, D.& SCHMIEDER, J.F. (2017). The rise of domestic outsourcing and the evolution of the German wage structure. *The Quarterly Journal of Economics*, 1165–1217.

This article investigates the impact of the transformation on the wage structure by following jobs that are outsourced.



With the financial support of:

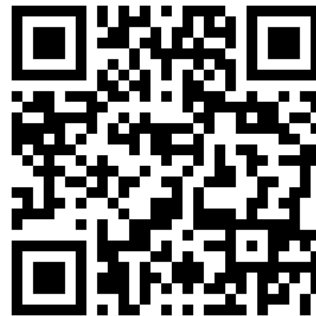
WORKPLAN

Fieldwork (October - January 2018)

Development of interviews with social actors at sectoral level and analysis of activities and organizations selected.

Public workshop - Amsterdam (February 5 - 6, 2018)

Public workshop to discussing first results of the fieldwork development, to share with stakeholders social partners.



More info in the RECOVER official web:

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

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