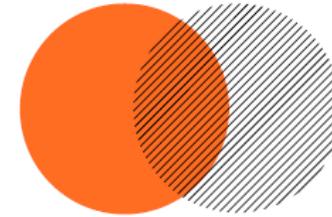


# INDUSTRIAL RELATIONS RECKONING WITH OUTSOURCING

Regulation, practices and challenges in Europe



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# The Facility Management Challenge

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# Defining Facility Management

Barriers to define FM:

- FM, as a separate and relatively new business activity
- Interdisciplinary approaches and cross-sectoral activity
- No universally agreed definition on what it comprises exactly

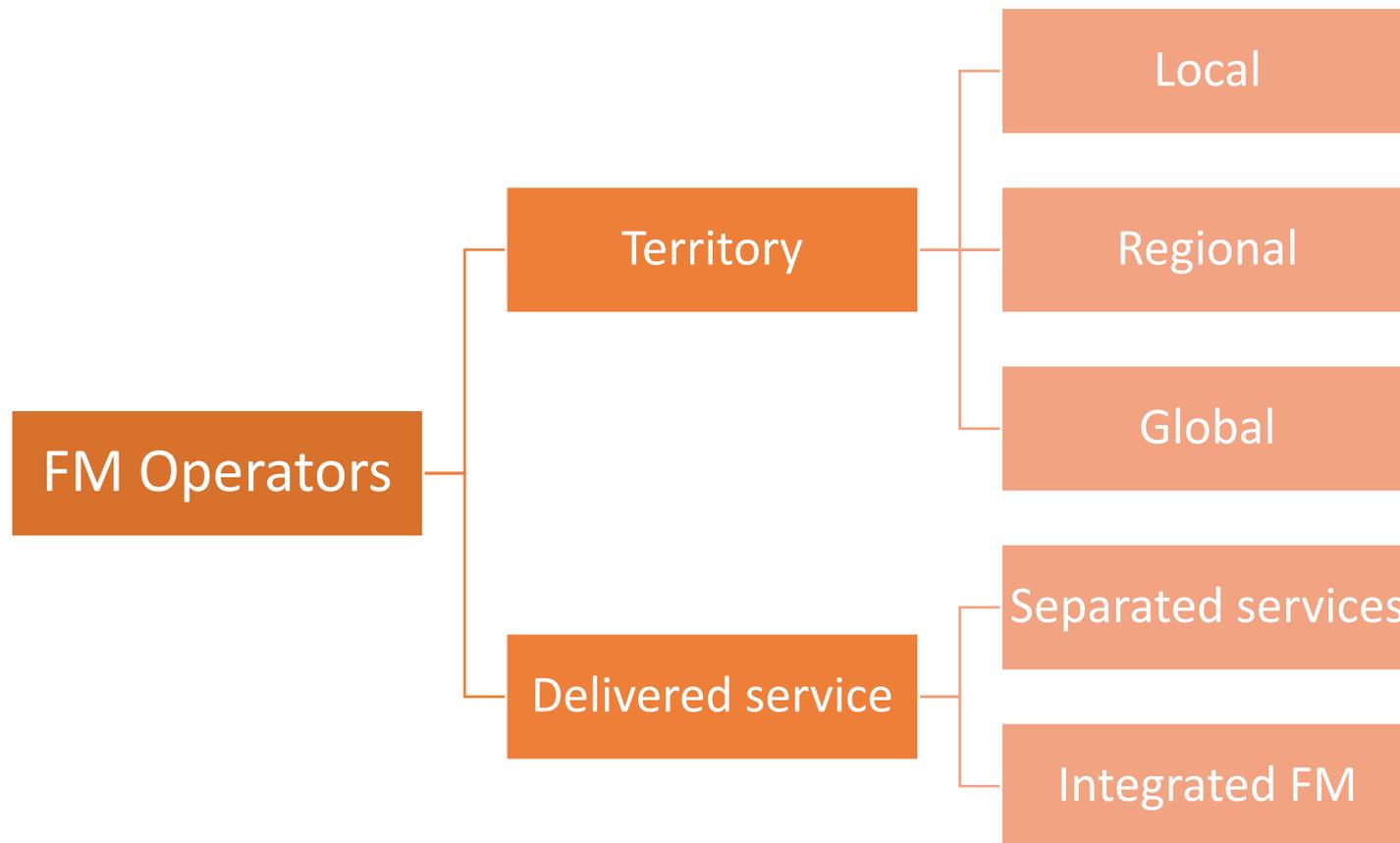
Most common definition:

Facility management means the integrated management (and delivery) of non-core services and processes supporting the core business of an organization.

# Classification of FM operators

Several classifications.

→ According to the territory and integration of their supply:



# Classification of FM operators

Several classifications.

→ According to the territory and integration of their supply:



FM Spanish Market  
Source: Johnson Controls 2009

# Development stages of the FM market



Pre-emerging  
markets

Greece  
Slovakia  
Romania  
Estonia  
Latvia  
Lithuania  
Cyprus  
Malta



Emerging  
markets

Portugal  
**Poland**  
Hungary  
Czech  
Republic  
Slovenia  
Sweden  
Finland  
Bulgaria



Developed  
markets

Austria  
Belgium  
Luxemburg  
**France**  
Germany  
Ireland  
**Italy**  
**Spain**



Advanced  
markets

Denmark  
**Netherlands**  
**United  
Kingdom**

# Development stages of the FM market



Pre-emerging  
markets



Emerging  
markets



Developed  
markets



Advanced  
markets

Correlation to:

- GDP
- Level of outsourcing

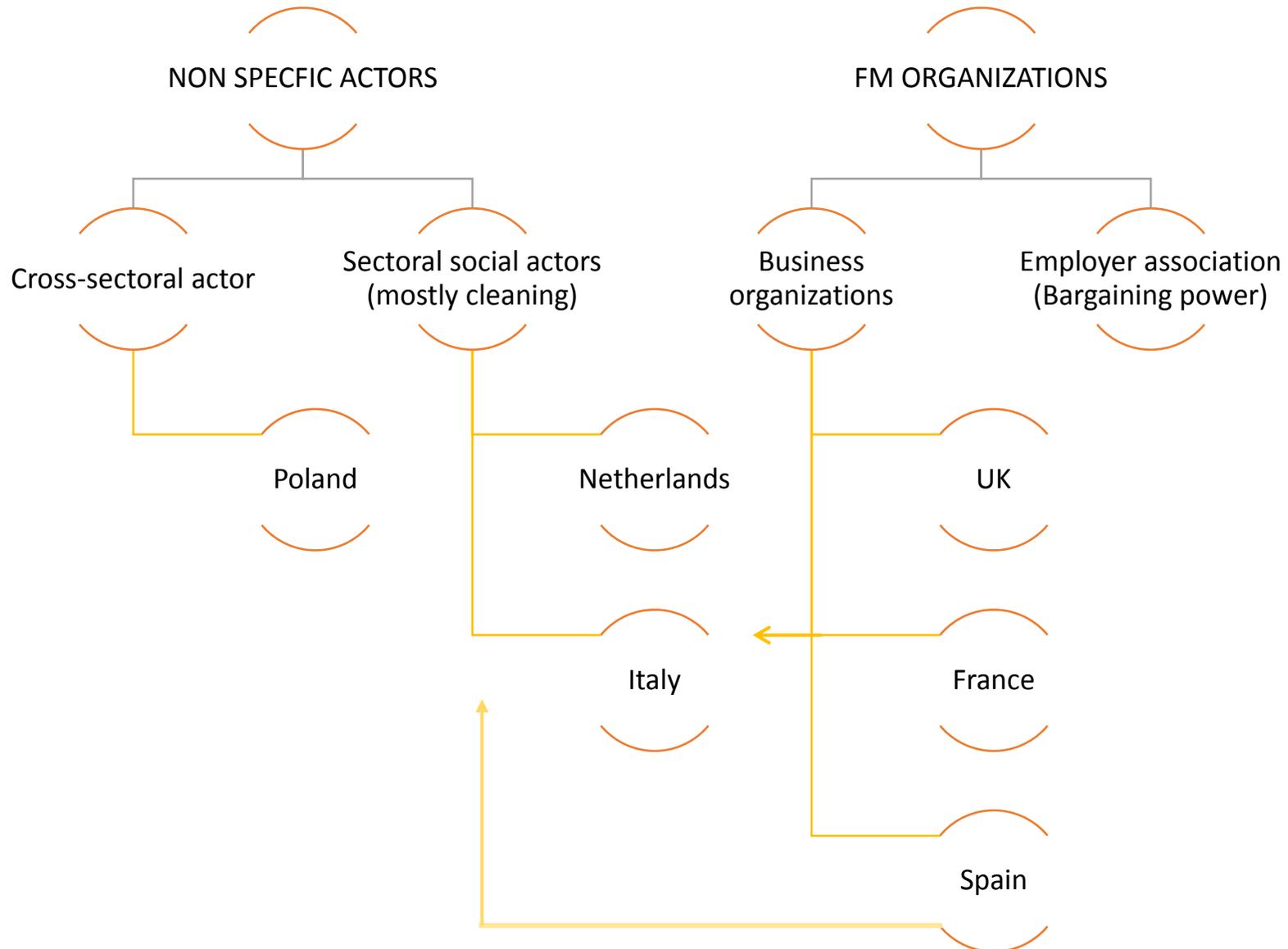
Consolidation of:

- Integrated services delivery by the same business group (facility services),
- coexisting with its management by the same company (facility management)

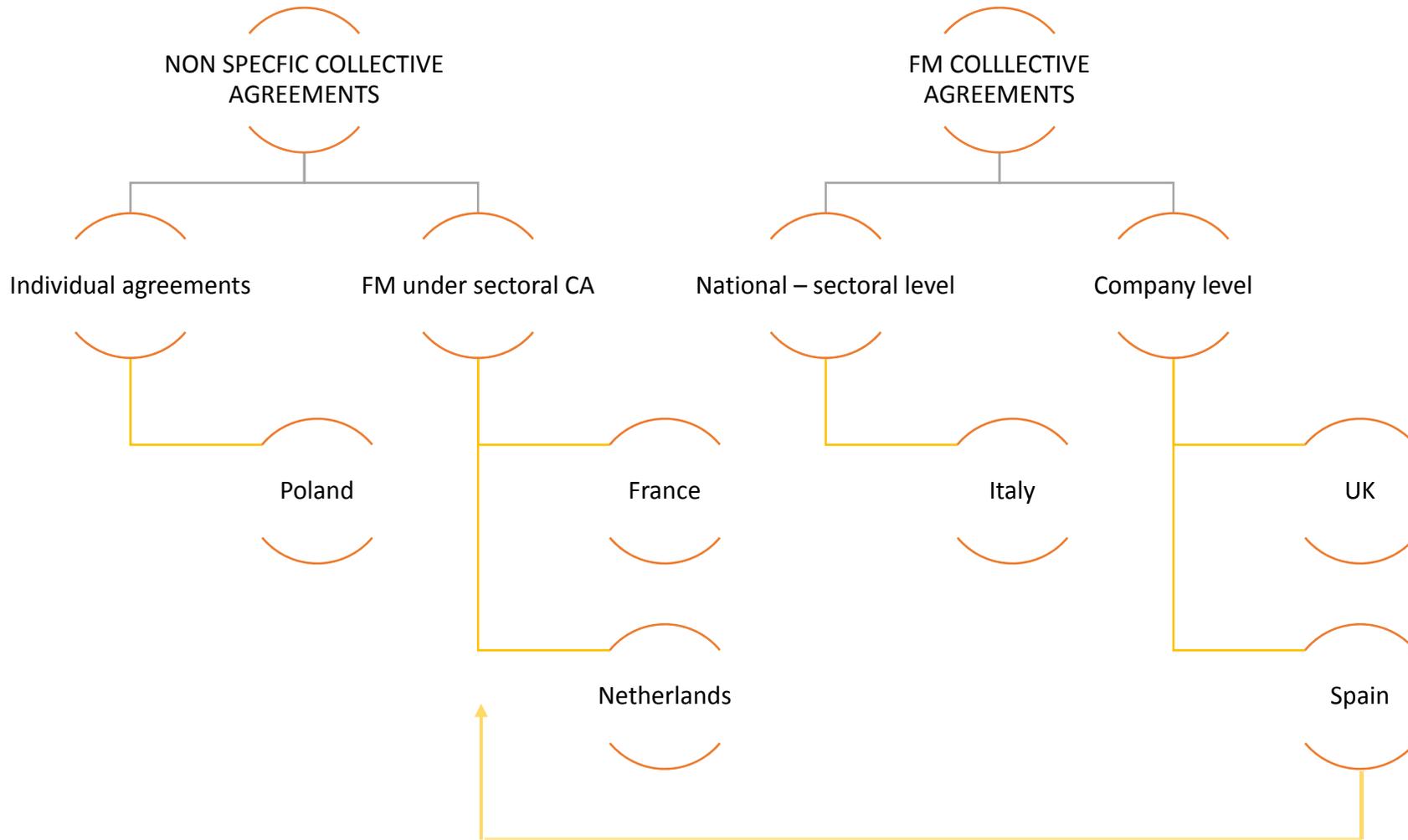
FM is the largest business services market in Europe

- Several studies estimates 5 - 8% of GDP (depending on the country)
- Difficulties to quantify (fragmented activity of FM companies)

# Industrial Relations FM Actors



# Collective bargaining in FM industry



# Company case Facility Management FMC

- New phenomenon; crossing traditional boundaries; option for improvement of position workers in bottom of labour market or new forms of precarious work?
- FMC established over 100 years ago, traditionally cleaning company
- In 1990s-2000s expansion abroad, today 530,000 employees in 50 countries
- IT 762 employees      PL 2100 employees      NL 6500 employees
- FR 22,000 employees      ES 30,000 employees      UK 43,000 employees

# Towards multi-services facility management

- Origin FMC in very competitive cleaning market. Cost competition. Wages very large part of costs. Short contracts. Low wages, respect, hours, opportunities
- Common global strategy FMC: cleaning → offering range of services: cleaning, catering, security, housekeeping, reception, handyman, post room, technical services, etc.
- Goal FMC: from cost competition to quality and integration of management, coordination, organization, supply services.
- Clients focus on core business; venture capital buying real estate.
- Efficiency and cost saving.
- Outsource activities they cannot do themselves.
- Cleaning still main activity, others growing, multiservice still small.

# Work and job quality in FMC

- 57-80% female workforce, many migrants
- Mainly permanent contracts. 60-80% part-time, especially women. As low as 10 hrs a week. Numerical flex through overtime
- Mainly low-skilled, low-pay activities: 100-120% of minimum wage. Firm would like to do better but competition. UK 37% LW
- High turnover, esp cleaners (low hours, low pay)
- Limited career or learning options where only cleaner, catering employee
- Better employer than sector average, respecting the law, rules and not always absolute minimum. But part of bottom labour market.

# Effects FM on work

- Allows for offering employees more hours, full working days, more varied jobs, more stability.
- Crossing sectoral boundaries. Lack of clarity on what collective agreement, what wages and working conditions apply. Major differences between employees same company.
- Differences between industrial relations systems.
- Challenge: Escape low wage competition, improve position workers. Towards bundles of low wage tasks or options to strengthen job quality and upward mobility?

# Limited collective bargaining

- UK: No sectoral or company collective agreements covering entire company. Activities not covered by sector agreements. For substantial part employees conditions depends on contract with client firm. There the CA of this firm, if there is one, can have effect. Do not always get same pay as workers employed by client. Large variety of working conditions within company.
- Poland: weak industrial relations. No collective bargaining at all concerning the activities of the company. Individual negotiations, workers in weak position.

Weak bargaining position workers, low wages, high insecurity, high and arbitrary inequality.

# Collective bargaining at sector level

- Sector agreements cleaning and other activities apply in FR, ES, IT, NL. FMC active player.
- Sometimes, FMC company agreements for admin-management staff, or for activities not covered by any sector agreement.
- Advantages: more even wages and working conditions; can include mechanisms for job security and investment security; more attention for low hours, work pressure; allows for additional initiatives.
- Complications: FMC as such not covered; what to do with employees that do more than one activity?; one company dealing with many different agreements.
- Less insecurity and inequality, better working conditions for workers FMC. Also more security for company. But unions often weak and little effect on wages.

# Collective bargaining for FM?

- Company agreements instead of sector agreements? Or a sectoral FM agreement?
- No: agreements on taking over workers reduces risk for both sides and guarantees standards. And reduces competition on costs.
- Yes: follows development of activities, mixing of jobs, allows for higher mobility, careers.
- In NL FMC wants one company agreement for all activities. In ES explicitly against company agreement. But interested in agreement for auxiliary services sector. But many interests against.
- No clear boundaries. Too few companies for sector agreement?

# Conclusions

- FMC offers expanding set of services to allow clients to focus on core activities. Potential to improve position workers (hours, variety and security).
- Crosses sectoral boundaries, creating doubts on application collective agreements, no own comprehensive company or sector agreements.
- Position workers better where sector collective agreements.
- Major challenges remain: how to improve wages and career opportunities?
- Options: reduce cost competition (state and EU regulations on tendering; public procurement; codes of conduct). Public opinion, naming and shaming companies or clients. Raise wage floor (build union strength; union-employer coalition, MW legislation); upgrade productivity; ...?