

Thematic Panel 15b - Care work in different arenas: organization, work content and working condition

**Behind the scenes of social service provision in Italy. Workers, wages and working conditions across the public/private divide**

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**Abstract**

In Italy, austerity policies adopted after the explosion of the financial crisis have intensified the longstanding processes of externalisation and privatization in social services. This has led to an exacerbated plurality in provision, with public, private (for-profit and non-profit) and also “hybrid” (public-private) organisations. These actors follow diverse frameworks in employment regulation, adopting different collective labour agreements. The paper aims to explore the complex relationship between the nature of the service provider and the employment terms and conditions applied to the workforce. In particular, two interrelated issues are investigated: i) working conditions enjoyed by workers in different kinds of providers; ii) the role played by the existence of diverse regulations of employment conditions in explaining the choices made by local municipalities in terms of provision. Analysis is focused on the socio-educational sector in Italy. The empirical evidence is based on semi-structured interviews with key informants at both national and local level. Interviews are complemented by documentary analysis of reports and official documents and the comparison of collective labour agreements.

Preliminary results highlight not only the existence of a significant public/private divide, but also that of an increasing fragmentation of employment conditions. Working conditions are systematically more generous for workers in the public sector compared to private contractors, while hybrid organisations show a plurality of intermediate situations. Even if this might be read as an instance of growing dualisation, we argue that this trend might be a sign of a progressive hollowing out of public employment relations in the social services, which is applied to an increasingly marginal segment of the workforce. The transfer of social services and that of employment relations outside the “pure” public sector is driven by the search for cheaper labour and higher organisational flexibility. However final choices about externalisation are significantly affected also by political and social factors, often promoting hybrid solutions.

## **1. Introduction**

In Italy, austerity policies adopted after the explosion of the economic and financial crisis have intensified the longstanding processes of rationalisation in the provision of social services provided by municipalities and other local public organisations. So far this trend has not simply led to outsourcing and privatisation, but to an exacerbated plurality in the provision of social services, with public, hybrid (“quasi-public” or “quasi-private”), private (for-profit and non-profit, of various kinds) organisations, all providing and often competing within “social markets” or “quasi-markets” (Le Grand and Bartlett 1993). These actors follow diverse regulatory frameworks, mainly in employment regulation, adopting different collective labour agreements at national and local level. Through an analysis of socio-educational services in Italy, the paper aims to explore the complex relationship between the nature of the service provider (public, private, or hybrid) and the employment terms and conditions applied to the workforce. In particular, two interrelated issues are investigated: first, we examine the differences existing in working conditions enjoyed by workers in public, private and hybrid organisations with reference to wages, working hours, job stability, training; second, we explore the role played by the existence of diverse regulations of employment conditions in explaining the choices made by local municipalities in terms of provision (public, private or hybrid).

We will show that a significant fragmentation of employment conditions characterises the sector according to the nature of the employing organisation. Moreover, we will highlight that the decisions on how to provide such services is strongly connected to this fragmentation and that the possibility to access to different labour market segments is a key explanatory variable for these organisational decisions. However, socio-political factors, like citizens' opposition to outsourcing, need also to be taken into consideration and they explain to a large extent the diffusion of hybrid providers.

## **2. Literature review**

The point of departure of our exploration lies in the role, increasingly highlighted by the literature, of organisational structures for explaining the fragmentation of employment conditions and the growth of inequalities in the labour market. In particular, this connection is related to three distinct mechanisms. First, outsourcing is often driven by differentials in working conditions (wages, working hours, employment security, access to training) existing between the different industrial sectors and different companies. Drawing on theories of labour market segmentation, several scholars have shown that “the exploitation of these differentials is one driving force behind

restructuring in the first place” (Flecker 2009: 254), since employers seek to reduce costs and/or increase flexibility "by drawing on different labour markets" (Rubery 2007, see also Palier and Thelen 2010). Subcontractors generally have lower wage levels and apply lower standards than those enjoyed by workers of contracting companies (Doellgast and Greer 2007). For the study of labour inequalities, hence, it is important to analyse the strategic use employers make of organisational borders. Through outsourcing, companies build boundary lines (often, as we will see, entirely fictitious) within their production processes in order to redefine the working conditions of workers employed in such processes (Wagner 2015, Doellgast et al. 2016). Indeed, firms’ boundaries define the scope of application of certain labour standards and these vary significantly between different companies. In this sense, vertical disintegration processes constitute an exit option through which employers can circumvent the constraints existing within the borders of their organisation by recruiting labour power out of them. For this reason, such processes have been described as a form of “institutional avoidance” (Doellgast et al. 2009, Jaehrling and Méhaut 2013). The possibility of obtaining employment conditions more favorable to employers is due not only to the legal differences existing between sectors, but also to the fact that subcontractors are often characterized by systematic violations (total or partial) of laws or contractual provisions (Wagner 2015). In addition, the creation of boundaries that separate workers from the companies using their labour is a strategy to evade the responsibilities arising from their role as employers (Speziale 2010, Perraudin et al. 2013), which are passed down to suppliers. Lastly, these boundaries construct opaque spaces, in which control by inspection bodies becomes more difficult and, in some cases, ineffective (Wagner 2015).

The trend towards a deterioration of working conditions at lower levels of value chains is further strengthened by the fact that outsourcing allows lead firms to make their (actual or potential) suppliers compete among each other, forcing them to lower their prices and, as a consequence, their profit margins. This pressure is passed down onto their workers in terms of worsening working conditions. Thus, through vertical disintegration companies do not only exploit existing boundaries, but also help to strengthen them (Appay 1998; Perraudin et al. 2013).

### **3. Case selection and methods**

The contribution focuses on the socio-educational sector in Italy, i.e. on Early Education and Care (ECEC) services and services supporting young and young disabled people. As happened also with other social services administered by local governments, over the last two decades, the provision of these services has been increasingly characterised by a marked plurality. In particular, the share of services directly provided by public employees has reduced, while the incidence of services

provided by private companies has increased. In the social services sector, private providers are mostly represented by non-profit organisations, often in the form of social cooperatives or organisations connected to religious institutions. Private for-profits are mostly concentrated in residential activities, such as residential elderly care, while in non-residential ones (such the socio-educational segment we are studying) they represent a much less significant share of private employment.

This trend is reflected in the employment patterns which have characterised the sector. Table 1 presents Census data on the number of employees in the social assistance sector, broken down according to the nature of the employing organisation (i.e. public, non-profit or private). In the period 2001-2011, the share of workers performing social assistance services employed by a public organisation almost halved, moving from 37% to 20%. In the same time frame, the incidence of private employment in the sector increased from 63% to 80%. As above mentioned, most of the private organisations providing social services are non-profits, mainly social cooperatives, which account for almost 80% of private employment in the sector. This is the reason why we focused on non-profits in analysing the private segment of socio-educational services.

*Table 1. Number of employees in the social assistance sector per type of provider (2001-2011)*

Social assistance services	Number of employees		Variation (2001-2011)
	2001	2011	
Public	121888 (37%)	68070 (20%)	-44,00%
Private	209691 (63%)	278634 (80%)	33,00%
Total	331579	346704	5,00%

Source: Istat 2011 (Census of local units and human resources)

Even if the share of public employment in the sector has significantly reduced, however, the relationship between the private and the public has not broken. Indeed, the public still represents the dominant funder of this type of services. Indeed, in Italy, a privately funded market for socio-educational services is still underdeveloped. Data are lacking on this, but a significant indicator is the share of public funding of non-profit organisations active in the social assistance sector. According to Ranci, public sector funding reaches over 56 % of total income for non-profits in the sector (Ranci 2015: 2314).

Moreover, hidden by the numbers, are also new types of organisations. An increasing number of municipalities, mostly located in the Centre or North of Italy, are transferring ECEC services to entities called “institutions”, “special firms”, “foundations” or “Joint-stock companies”. These entities, which often have a distinct public or private legal status, may be considered as “hybrid” organisations between the public and the private sector, as they share some features with both public and private organisations. On one hand, they are owned or controlled by the municipalities, on the other hand, they are provided with some managerial tools which make them more similar to private firms and not-for-profit organisations. These tools partially concern human resource management and are often linked to the possibility of adopting a private sector collective agreements for the employees.

The use of hybrid organisations by the local government institutions as well as public service corporatisation is historically rooted, but it has traditionally involved very different kinds of services such as utilities or garbage collection (Citroni 2010; Citroni, Lippi, Profeti, 2016). In the social and also healthcare sector, this trend has started 15 years ago by involving Long-Term Care (LTC) services and also hospitals by using public-private partnerships.

However, hybrid organisations became more widespread in the last 5-10 years, as municipalities had to deal with constraints on hiring and personnel expenditure set for the municipalities by the Internal Stability Pact and connected legislation. Hiring constraints and cuts on staff turn-over became very tight after the sovereign debt crisis exploded in 2010-11, causing an increasing staff shortage in the municipal services (Bordogna and Neri 2014). For institutions, special firms or foundations are partly free from this regulation, transferring municipal services to these entities allowed to tackle and solve the staff shortage. This result would be possible also by outsourcing municipal services to private providers such as social cooperatives, but many municipalities had to deal with strong opposition to the initial plan to contract out nurseries and kindergarten by local communities, unions and staff. In these cases, hybrid organisations, which are controlled by municipalities proved to be a more acceptable and legitimated solution, finding weaker resistance especially within local communities.

Hence, the sector is now characterised by a high fragmentation in terms of the nature of the employing organisation. As we will see below, this situation translates into a significant fragmentation of employment conditions.

Data collection relied mainly on around 80 semi-structured interviews, which were made in three different research projects carried out by the authors of this paper in the period 2013-2016. Different actors were interviewed: managers both in the private non-profit and in the public sector, members of non-profit employer associations, trade unionists, individual workers. All interviews

were transcribed verbatim. Analysis was undertaken through identifying patterns related to research questions and themes in the literature. This information was triangulated by analysing relevant documents (such as press articles, trade union publications, social network contributions by trade unions and educational workers' self-organised groups, non-profits' social reports).

#### **4. Working conditions across the public/private divide**

In the Italian social care sector employment regulation is highly fragmented, given the (extremely) wide plurality of national collective employment agreements. For example, there are at least ten different national agreements which may be adopted by different kinds of not-profit organisations within the LTC service sector. Then there are also company level employment agreements, signed by single private employers and autonomous unions out of any national collective agreement.

In the socio-educational sector fragmentation seven-eight national collective agreements may be found in the private sector, although they are very different in terms of diffusion and in the number of covered workers. For the purpose of this paper two private sector agreements are the most relevant: first, the national collective employment agreement for the Social Cooperatives, given that, as above mentioned, social cooperatives are the most widespread not-for profit employers within the socio-educational sector; second, the Aninsei<sup>1</sup> national collective employment agreement, provided that it is the reference agreement for hybrid organisations shifting from public to private employment regulation<sup>2</sup>.

Within the public sector, the main national collective agreement within the socio-educational sector is by far the national collective employment agreement for Regions and Local Government. The kindergartens managed by central government, but also a very few municipal kindergarten, adopt the national collective agreement of the (State) School Sector.

Because of the salary freeze and the freeze of bargaining rounds introduced in 2010 and then renewed *de facto* until 2015 for the whole public sector (and bargaining for the contract renewal are current under way), employment regulation for public employees has still set by the national collective agreements for the years 2006-09. National bargaining is under way also in the case of the social cooperatives, which still adopt the collective agreement signed for the years 2010.12 for their employees. This situation was shared also by the organisations affiliated to Aninsei, but in this case the national collective agreement for the years 2016-18 was renewed in 2016.

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1 Associazione Nazionale Istituti Non Statali di Educazione e di Istruzione. Aninsei is an employer association affiliated to Confindustria, which is the main general employer association in Italy.

2 Other important national collective agreements are those signed by employer associations representing religious institutions, which provides a relevant part of nursery and (especially) kindergarten services.

Table 2 reports the basic gross monthly initial salary (that is the very basic pay) and the weekly working time for ancillary workers, nursery practitioners and kindergarten teachers, accord to the two private sectors and the two public sector collective agreements here considered.

*Table 2 – Initial gross monthly salary and weekly working time per profile and national collective agreement (at 31/12/2012)*

Agreement/ Profile	ANINSEI		Social Cooperatives		Local government		State School	
	Salary (€)	N. hours	Salary (€) at 1/03/2013	N. hours	Salary (€)	N. hours	Salary (€)	N. hour
Ancillary workers	1,122.83 (1,181.07 from 2018-19)	38	1,184.19	38	1,359.54	36	1,274.54	36
Nursery practitioner	1,205.14 (1.267,65 from 2018-19)	36	1,426.41	38	1,621.17	36	==	
Kindergarten teacher	1,266.22 (1.331,89 dal 2018/19)	34	(1,426.41)	38	1,621.17	36	1,610.27	25

Sources: Mari (2016) and Neri (2017)

In the national agreement for social cooperatives the profile of nursery practitioner is not included. Social cooperatives usually basic pay and working conditions of nursery practitioner at the same level as kindergarten teachers.

Pay and working time are worse for employees within the private sector than within the public sector. In the case of Aninsei agreement, weekly working time is shorter than in the local government agreement; however in the former the yearly working weeks are 44, while in the latter they are 40. If we take into consideration other elements of the employment relationships such as holidays, leaves or training, differences between working conditions set in the public and private sector agreements will still emerge, always in favour of public employees. The comparison between public and private does not provide different results in case other private sector agreements are included: collective agreements for religious institutions by and large set better pay and working conditions for employees than the social cooperative and Aninsei agreements, but they are still worse than pay and working conditions within the public sector.

Between the public sector agreements, the State School agreement is more favourable to the employees, especially in the working time. The initial salary is higher in the local government agreement, but after having served for eight years it becomes increasingly higher in the State school agreement, coming to a great gap in the case of teachers with 20 or more years of service.

### *The public sector*

The terms and conditions of employment for the public personnel involved in the provision of socio-educational services are defined by the collective agreement applying to the local governments. Overall this collective agreement has long ensured protected and generous working conditions. Since 2009 the economic part of the contract was collectively negotiated every second year while the regulatory part every fourth year. The negotiations gave origin to a dynamic of wage increase around 10-15 percentage points higher than in the private sector in the 2000-2007 period, as an effect of collective agreements negotiated at decentralized level in the municipalities (ARAN 2009, 2010 and 2011). The already generous and stable monthly income levels in fact were complemented by widespread negotiations at workplace level. However the freeze of the collective bargaining in the public sector in 2009 has halted the growth of the salary rates.

Beyond the economic aspect, the collective agreement of the local governments establishes advantageous working arrangements for the socio-educational personnel. In terms of working time and distribution of working hours throughout the daily shift, it sets a fixed weekly working time amounting to 36 hours for full-time employees, of which 30 to spend in front-office tasks with children while the remaining 6 are devoted to indirect support tasks such as training and planning. Moreover it establishes fixed hourly schedules during the daily shift and a daily maximum amount of working hours.

Moreover the collective agreement establishes generous holiday leave amounting to 10 weeks per year. Such time-lapse corresponds to the summer vacation, when the socio-educational activities present a slowing down and the schools are closed. Further social protections ensured by the contract include the statutory maternity leave and a fixed sickness scheme. Notably the collective agreement in the public sector attached to the status of public employee protections against dismissal, while redundancy procedures are very rare.

In addition public employees in the local governments are entitled to union rights, including a defined number hours for union assembly as well as leaves for union activity.

### *4.2. Hybrids*

There are different kinds of hybrid organisations, provided with different legal status and regulation. “Institutions” are simply internal branches of the municipality with special managerial autonomy. Staff members of an institutions are public employees: they are hired by the municipality; their employment relationship is regulated by the national collective agreement for local government with the same terms and conditions of the other municipal employees.

Instead, special firms and foundations have a distinct legal status, which is respectively public in the first case and may be public or private in the second. However, both entities are allowed (though not forced) to use private sector agreements instead of the local government agreement, although they are controlled or entirely owned by the municipality.

In our research, we analysed one special firm and one foundation which adopted the Aninsei agreement, instead of the local government one. In both cases, change in employment regulation concerned new employees, who often were previously employed by the municipalities as temporary staff: in this way service transfer to the hybrid organisations allowed to create a more stable workforce and give children more continuity in education and learning experiences. Some municipal employees continued to work within the transferred services for some years (before retiring or being re-allocated in other municipal services), although they were still employed by the municipality (in the juridical language, they are “commanded workers” by the municipality to the hybrid organisation).

Case study analysis highlighted that the shift to the private employment regulation did not result in a “simple” adoption of the terms and employment conditions defined by these agreements. In many cases company level bargaining was used in favour of new employees, in order to reduce, though not to eliminate, the worsening impact on pay and working conditions caused by the impact of the private regulation. In the special firm a company level agreement pursued a substantial homogenisation between the salary of the nursery practitioners and teachers employed by the new hybrid organisations and the salary of those employed by the municipality. In the case of the foundation the gap was significantly reduced, but it is still relevant (3.400 € in a year, considering the whole salary). In this second case, the yearly working weeks for kindergarten teachers were reduced from 44 to 40, as they were in the “old” municipal services, but weekly working time increased of two hours. In the same organisation, maternity leave regulation was assimilated to that existing in the public sector, while slight differences to the advantage of public employees exist in the sick leaves and in the paid holidays.

Surprisingly, changes in employment regulation have been also identified also in some institutions. In an important Italian town, the municipality took the opportunity of the creation of an institution providing their ECEC services, to partly change the collective employment agreement. The kindergarten teachers hired by the institution were employed at the terms and conditions set by the local government agreement, while, until that time, that municipality had always been employing their teachers using the State school agreement. The choice was harshly contested by unions and teachers, but without any result. However the municipality and the teachers’ unions started a long bargaining process, currently under way, aimed at defining a multi-step “harmonisation” process to

reduce the relevant differences between the working time of the teachers employed with the two different agreement, who often work together in the same school.

All the hybrid organisations successfully strived to preserve (or introduce) the “generous” working time, attributed by the local government agreement, to training and also to “internal management activities” (i.e. hours for meetings among staff or to perform educational activities with the families). Training activities are shared with the municipal teachers and municipal services, unlike what it frequently happens in the private sector.

As emerged by some interviews made to single workers employed by an hybrid organisation which had been created since six months, at the beginning a great part of the staff hired by the new hybrid organisation were highly satisfied of their working conditions, stress the importance of job stability

*Before being hired by the foundation, I was a temporary teacher employed by the municipality. Pay was higher and I had more holidays during the school year, but of course I would not come back to my previous status. Now I'm a permanent teacher and a stable job makes a great difference. This is not only because I can make some plans for the future, but also because I feel more sure in my work and I work better...I think that a slightly worse pay for a stable job was an acceptable deal (Kindergarten teacher, hybrid organisation)*

After three years perceptions were changed and complaints were prevailing within the same organisation

*I don't think it's fair my colleague has a better pay and work less than me because she's employed by the municipality... They've got to tell us what we are. Are we a public service like the municipality? So, we must have the same pay and working time. Are we private like a cooperative? In this case, they've to tell to families, citizens and to us that they were joking when they said they created this new organisation to save public services and not privatise them (Kindergarten teacher, hybrid organisation)*

These statements show the ambiguities of the hybrid organisations, hung in the middle between public and private regulation. The ambiguities stood even in the creation of hybrid organisations, as the service transfer from municipality was justified only with the existence of a staff shortage problem. This was, maybe, reasonable to legitimate the initial decision to abandon the internal provision, but it caused many difficulties to policies aimed at using the “new” managerial freedom and private regulation for labour cost savings and for a more flexible human resource management within the services.

*The municipality decided to set up this “public-private” organisation because they couldn't contract out the services to a social cooperative, because of all the mess that would have happened with staff, parent, unions and so on...Doing this, they feared to tell to the public that we had not only the problem of staff shortage, but*

*we needed and we still need to save money.. Now we have to save money without telling it, using the private contract but not like a cooperative, acting like a private company without really being a private company (manager, hybrid organisation)*

#### *4.3. Private providers*

Workers in the private sector enjoy much less advantageous conditions. A first difference regards wages and other collectively bargained standards, such as weekly working hours and the number of annual paid vacation days. As we reported in table 2 wages in the private sector are significantly lower than in the public one. Moreover, weekly working time is higher and the number of annual vacation days is lower. These differences in the basic terms of employment are further exacerbated by the fact that companies in the private sector are less likely to bargain additional benefits at plant level. Some of the companies we interviewed reported that they granted their workers some additional benefits (such as a maternity pay fully replacing monthly salary, while the collective agreement sets maternity pay at 80% of the monthly salary), but of rather limited entity compared to workplace agreements in local governments. According to some of our interviewees, this strongly depends from the way in which local governments set tariffs for contracted-out services. Several interviewees reported pressures for cost-reduction exerted by local governments on service providers, which reduce the capacity of the latter to improve conditions for their workers above the minimum set by the sectoral collective agreement.

*The outsourcing of services and the economic offers they require does not allow you to say “ok, I pay my workers as you, municipality, do”, because tenders are based on salary levels which surely take into account the minima set in collective agreements, but not more than that... (Manager, social cooperative).*

Some interviewees even argued that fees municipalities pay for certain services are sometimes set at such a level which barely allows service providers to pay the minimum wage levels set in collective agreements.

*Surely the example I was referring before, of the support for disabled children at school in (name of the municipality), raised again the issue of the massimo ribasso. Because that tender was already called by the municipality at such a low level that it was really difficult for social cooperatives to pay their workers according to the collective agreement's wage scales (Manager, social cooperative)*

Cost-containment pressures are exercised by municipalities through different mechanisms: increasing competition between service providers, freezing fees for services or updating them by less than inflation, requiring more services for the same amount of money. As a consequence, some service providers lamented the fact that the fees provided by local authorities for certain services

were insufficient to cover costs and they often relied on cross-subsidization between richer and poorer services.

Average monthly wages in the sector are further reduced by the fact that a significant share of socio-educational workers normally works part-time, between 20 and 30 hours per week, since many of the services they provide are highly fragmented in terms of working hours or are performed only in specific moments of the day. Furthermore, workers suffer high levels of income insecurity, since working hours are scarcely predictable and workers are only paid according to the number of hours they have actually worked. For example, working hours can be reduced if the budget for a specific service is cut and workers are not paid if users are absent or if schools are closed. As argued by a worker

*I now have a 28 hours contract (...) the proble is that when my child does not come to school, I get not paid. I got wages of even 200€ a month even with contracts of 28 hours”(Worker social cooperative).*

*You ar paid for the hours you do. I have formally 18 hours, but they might become 10 in 2 weeks or 2 in a day, it is highly variable. You are completely dependent on the economic possibilities of the services. I was performing a quite complex support activity to a disadvantaged and problematic youth. The social service office said “Guys, we do not have any remaining hours for this case, we spent too much”, and so they reduce your hours. I had 6 on this case, now I have 1, like this, overnight (Workers, social cooperative).*

Moreover, workers in the private sector, especially those working in childcare related services (both creches, support for disabled students in schools, or support for disadvantaged youth at home) are often not paid during summer months, when the facilities in which they work are closed. Private sector organisation have developed different kind of policies (such as working time accounts, often together with the reduction of official working hours) in order to smooth fluctuations. Still, the burden of uncertainty is shifted onto workers. This, again, is strongly linked to the way in which local governments pay their service providers. Indeed, this happens on the base of the actual hours of services they provide.

*They pay us only the hours we work. If workers do not work and they do not have accumulated enough hours, either they go on holiday, if they have enough days, otherwise they take unpaid permits, necessarily. It is not like teachers, which gat paid in any case, also when the school is closed (Manager, social cooperative)*

A further element of insecurity is related to the instability of contractual relations between municipalities and service providers, which are subject to renewal after a certain amount of time. For workers, this instability is partially compensated by the fact that the collective agreement of the sector states that new service providers should hire workers already employed in the service by the previous provider. However, this provision is not rigid and is subject to changed terms of service

provision. Hence, in several cases not all workers are re-hired or hired according to the same terms and conditions of employment. Moreover, the instability of contractual relations pushed service providers to keep a certain amount of workers employed through precarious employment contracts, in order to adjust for changing workforce demand. As reported by Busso and Gargiulo, in 2011 30.5% of the workers employed by non-profit organisations (which, as we have seen, constitute the dominant part of the private service sector) were employed through fixed-term contracts or as self-employed, a much higher share than the rest of the economy, in which this type of contracts represent 14% of the workforce (Busso and Gargiulo 2016: 118). The use of non-standard forms of employment for managing fluctuations was confirmed by the manager of a social cooperative.

*We always keep around 20% fixed-term, because contractual relationships are highly variable and they also foresee the 1/5 clause, so they could vary by 20% in their amount (Manager, social cooperative).*

Lastly, workers in socio-educational services also perform a significant share of unpaid work. The strict focus on contract time, with local authorities not paying (or paying only in an insufficient manner) for “unproductive time”, is translated by private service providers into a limited amount of paid time that workers can devote to “indirect” activities, such as meetings with parents, collegial activities, or reporting. According to several interviewees, workers often cope with this lack of resources by working for free.

*I had 10 direct hours and 1 hour I could use for programmazione with my colleague. That hour disappeared last year, with the new tender. Hence, if you stop talking with parents, you do it extra, at your own costs. And it happens, sure, because, being a work you do with people, you obviously talk to them, to the family, what should you do? But you still have only 10 hours paid, if you write down 11, they will not pay for the extra hour, it is your business (Worker, social cooperative).*

The lack of recognition for indirect activities also means that private service providers often dedicate low budget for those activities, such as psychological supervision, which are necessary for workers exposed to a high burnout risk.

## **5. Organisational decisions and labour market segmentation**

The outsourcing of public services in the socio-educational sector provided by local governments has increasingly spread over the last two decades. The pressure to outsource has been twofold. On the one hand, stringent constraints on personnel expenditures, through the containment of wage dynamics and rigid restrictions to staff turnover, have eroded the capability of local authorities to directly provide services in-house. On the other, the ambitious budgetary targets imposed to

municipalities by the Internal Stability Pact, increasingly difficult to meet, have further eroded the financial capacity of local authorities, already weakened by cuts in the transfers from the central government (Bordogna and Neri 2014).

*Since the 2009 freeze of the hiring in the public sector, we have not hired new public personnel. All the newly employed personnel, also replacing the retired workers, come from the private sector (Trade union officer).*

Accordingly, the procurement of socio-educational services on the market reflects a managerial strategy to circumvent both financial constraints - linked to austerity measures imposed to local authorities - as well as the legislative ones, in particular relating to possibility to recruit new personnel. To bypass the regulatory restrictions to recruitment the municipalities leverage on the largely different regulation of workforce supplied by private contractors, which offers wide room of manoeuvre in the governance of the workforce compared to the legislative framework applied to public personnel directly employed. The collective agreement of the local governments applies to public personnel in socio-educational services: overall it ensures protected and stable terms and conditions of employment. This contract differs in terms of working time and in the distribution of working hours throughout the daily shift from the collective agreements applied in the private sector. In fact the public sector collective agreement sets a fixed weekly working time amounting to 36 hours for full-time employees, instead of 38 as in the private sector, of which only 30 to spend in front-office tasks with children. Moreover it establishes fixed hourly schedules during the daily shift and a daily maximum amount of working hours. Conversely, in the private sector the monthly distribution of working time is fluctuating, while the daily shifts are flexible. A significant share of socio-educational workers normally works part-time, between 20 and 30 hours per week, since many of the services they provide are highly fragmented in terms of working hours or are performed only in specific moments of the day. This has also repercussions on the income stability of these workers since working hours are scarcely predictable and workers are only paid according to the number of hours they have actually worked.

*The director of HR department indeed did not deny how 'workers employed by private companies are more flexible, more willing to work longer hours, less unionized, less prone to make claims. So if I need to provide a service on Saturday or Sunday it is worthwhile, I mean, it is much easier by outsourcing' (public manager of HR department).*

The socio-educational services, inherently labour-intensive, are characterized by a particularly fluctuating demand, barely compatible with the rigid schedule of working times agreed upon in the

public employment collective agreement. By outsourcing, often through the subcontracting of hours of service in specific activities, local authorities can leverage the numerical and organizational flexibility that personnel management practices in the private sector allow, and accordingly calibrate the staffing level to changes in services' demand across time and according to the specific need during the day.

*These are services that I can barely organise if I rely on personnel working with fixed schedules of 36 or 18 hours. For instance it is difficult to organise the activities of support for young disabled people at school with an employee working 36 hours a week because you often need only few hours per day, only in certain days but in all the schools of your competence at the same time. That's why we normally outsource these service: we can benefit from greater working time flexibility that other collective agreements allow (Municipal manager).*

Furthermore, the transition from direct provision to outsourcing has reduced the cost of public services, taking advantage of economic benefits ensured by procurement mechanisms to external suppliers. The public personnel collective agreement, through a distinct regulation from the private sector and insulated from market pressures, guarantees generous terms and conditions of employment, ranging from a stable monthly income, a fixed and generous holiday leave corresponding to 10 weeks per year, the statutory maternity leave, a fixed sickness scheme, as well as protections against dismissal and redundancy procedures. Through outsourcing public employers may shift labour from public administrations towards private enterprises. By doing this, they trigger a competition based on labour costs, within a more flexible labour market, less protected, subject to economic fluctuations - not only domestic but also international - and where the role of the union is marginal or non-existent. In fact in the private sector, the weekly working time is higher and the number of annual vacation days is lower. These differences in the basic terms of employment are further exacerbated by the fact that companies in the private sector are less likely to bargain additional benefits at plant level. Some of the companies we interviewed reported that they granted their workers some additional benefits (such as a maternity pay fully replacing monthly salary, while the collective agreement sets maternity pay at 80% of the monthly salary), but of rather limited entity compared to workplace agreements in local governments.

*I can ensure you that there, where we had the public system complemented by the services provided by a cooperative, you noticed that employees of the cooperative all tried to enter public employment: there must be a reason! (trade union officer).*

Moreover the choice to base selection procedures on the cheapest bid system strained the competition in the suppliers' market, representing a further pressure to reduce labour costs in order to present the most economically advantageous tender. Cost-containment pressures are exercised by municipalities through different mechanisms: increasing competition between service providers, freezing fees for services or uprating them by less than inflation, requiring more services for the same amount of money. As a consequence, some service providers lamented the fact that the fees provided by local authorities for certain services were insufficient to cover costs and they often relied on cross-subsidization between richer and poorer services.

*I am aware that a child in kindergarten costs 1200 euro to the municipality, while we cost 800 euro. I can explain you why I cost 800 and the municipality 1200. The you can blame me because my employees earn 200 euro less than public employees, because my employees do not enjoy 2 months of holyday like the public employees. But in the end we explain to the parents that the fee the municipality charges amounts to 600 euro per month, while with a private cooperative it might cost 400 euro (Employer association).*

The public personnel in socio-educational services generally flanks with new workforce recruited through labour subcontracts to complement the public staffing level. Accordingly, outsourcing configures as a process of gradual replacement of public employment with the private one: when municipal employees retire, they are permanently replaced with external labour force, as reported during the interviews:

*little by little social workers were retiring and we replace them through a cooperative; we have never considered to completely outsource services starting from a given time, but we tried to integrate municipal personnel with cooperative personnel. Hence the externalization often got through "the acquisition" of labour (municipal manager).*

Compared to externalisation to private providers such as social cooperatives, hybrid organisations represent a softer way to abandon the municipal, directly run service provision. As previously mentioned, in the socio-educational sector hybrids emerged as compromise solutions, which were able both to solve the staff shortage problem within the municipal services, therefore guaranteeing continuity in service provision, and to win the strong political and social opposition raised by ECEC service privatisation in many local communities. Moreover, promoting innovative contractual arrangements and identifying pay and working conditions which are in the middle between those set by public and private sector employment agreements, hybrids not only reduce the negative impact of externalisation for the workforce, but also limit the risk of a decrease in service quality.

## **6. Conclusion**

The present contribution has highlighted how ongoing processes of reorganisation of service provision and the growing relevance of private and hybrid actors produced a significant fragmentation of employment conditions among different groups of workers employed in socio-educational services. Working conditions are systematically more generous for workers in the public sector compared to private contractors, although relevant differences exist within the private sector depending on the kind of provider. Hybrid organisations show a plurality of intermediate but also unstable situations between public and private employment regulations. The question, now, is which kind of scenario are we facing in the future. Even if this might be read as an instance of growing dualisation, we argue that this trend might be a sign of a progressive hollowing out of public employment relations in the social services sector, which is applied to an increasingly marginal and constantly reducing segment of the workforce. The transfer of social services and that of employment relations outside the “pure” public sector is driven by the search for cheaper labour and higher organisational flexibility, entailing some risks of decrease in the service quality. However, we also showed that final choices about externalization are significantly affected by political and social factors and particularly by the often strong opposition by citizens to pure market solutions in the provision of such services. These kind of pressures often promoted hybrid solutions, which seem to bring to a higher degree of fragmentation in the employment relations rather than to a “simple” dualisation. However, there are significant differences in the types of services which are more likely to raise these kinds of political oppositions and, therefore, which might be provided through these types of organisational solution. Moreover, signs of a progressive deterioration of employment conditions are visible also within the public sector: Austerity policies have, indeed, frozen the wages of public sector employees and pressures for a redefinition of some of their contractual terms and conditions are visible, like requests by local governments to reduce the number of days educational facilities are closed and, thereby, the number of vacation days ensured to public sector employees. This pressure might be reducing the distance between employment conditions across different workforce segments, the result being a comprehensive transformation in how employment conditions in the socio-educational sector are regulated.

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