

New Configurations of Work Relations and Their Impacts on Work, Employment, and Collective Action

Research note: The subcontracting of software and computer services and its effect on the working and employment conditions of computer technicians

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Overview of the project and our research strategy

It is increasingly noticeable that contemporary work is no longer taking part inside the traditional employment relationship between an employer and employees, but within new organizational configurations like subcontracting, interim appointments (obtained through an employment agency) and self-employment. These organizational configurations place workers (employees or self-employed) in contact with various entities that influence their working and employment conditions without necessarily endorsing the legal status of an employer, and effectively upsets the employment relationship by making it more complex to control workers.

To understand contemporary work and employment relations, it seems necessary to shift the analysis from the firm level to that of the value chain, conceived as a “social system”, in order to take into account the nature of relationships between firms, and also between the firms and the different types of workforce they put into contact. The general objective of this research project is to understand, from a historical and comparative perspective, how these new configurations operate, and their impacts on work, employment and the capacity of the various actors to take collective action.

The research strategy that was chosen is that of the multiple-case study (Yin, 1989; Eisenhardt, 1989). Four sectors distinguished by the nature and strategy of the pivot firm and by the degree of qualification of the workers concerned, are targeted for analysis, namely: ICT business services, childcare services, transportation and food processing.

For each of these sectors, a synchronic (current configurations) and diachronic (their development over the last ten years) case study of a pivotal company, its subcontractors, agency workers and independent workers was carried out. Due to the current context of globalization, subcontracting chains are spreading to multiple countries; the case studies on transportation equipment and food processing will thus focus on a multinational firm simultaneously present in Canada, France and Mexico (comparative case-study on these 3 countries).

Unlike other documents produced as part of this research, this document is not a case study. Rather, it presents a “dialogue” between a computer and software services provider and a client firm that has chosen to resort to subcontracting for these services.

With more than 62% (\$ 10.6 million in 2012) of the income from the Information and Communication Technologies Industry (ITC) and the vast majority of very large firms (CGI, ACCEO, Cofomo, Fujitsu, IBM and Alythia) the software and computer services sector is the driving force of the ITC industry in Quebec. In 2015, it included 78% of companies in the industry, and 94,500 workers, including 73,100 professionals (TECHNOCompétences, 2015).

Although the most common employment figure in this sector is that of the tenured employee, the workers who hold these positions in the sector’s firms are not safe from subcontracting, however, since they are precisely the ones who are “deployed” on IT service projects in subcontracting organizations.

Introduction

This research note is based on two semi-directed interviews aimed at understanding the relationship between a Provider (“Provider”) of IT services to businesses, and a client (“Client”). This note particularly aims to explore and explain the effects of this relationship on working and employment conditions of IT technicians in the employment of the Provider.

The note presents a summary of the raw data collected. It was submitted to the participants to validate the content.

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1. Configurations of inter-organizational relations

Presentation of the two organizations in relation

Client is a subsidiary of a group of private firms specializing in the management and construction of commercial and institutional projects. Client employs a few dozen employees (administration, engineering, trades) and deals with subcontractors from the construction sector for the execution of various projects as well as for various services (installation and maintenance of computer equipment and softwares, backup and storage of digital data, management of corporate pages on the Internet and social networks)

Provider is a private firm that offers IT, telephone and cable services. The IT department's mission is to provide "business solutions" for small and medium-sized businesses. From Provider's perspective, firm size is based on the "number of work positions." Provider thus counts among its clients firms that have as few as two or three workstations, as well as others numbering over 150. Provider's IT department employs just over 20 people, including 16 computer technicians.

IT services for Client: from two to "n" externalizations

The business relationship between Provider and Client is the result of two externalizations. First, the one created by Client by choosing to entrust the management of IT requirements to Provider:

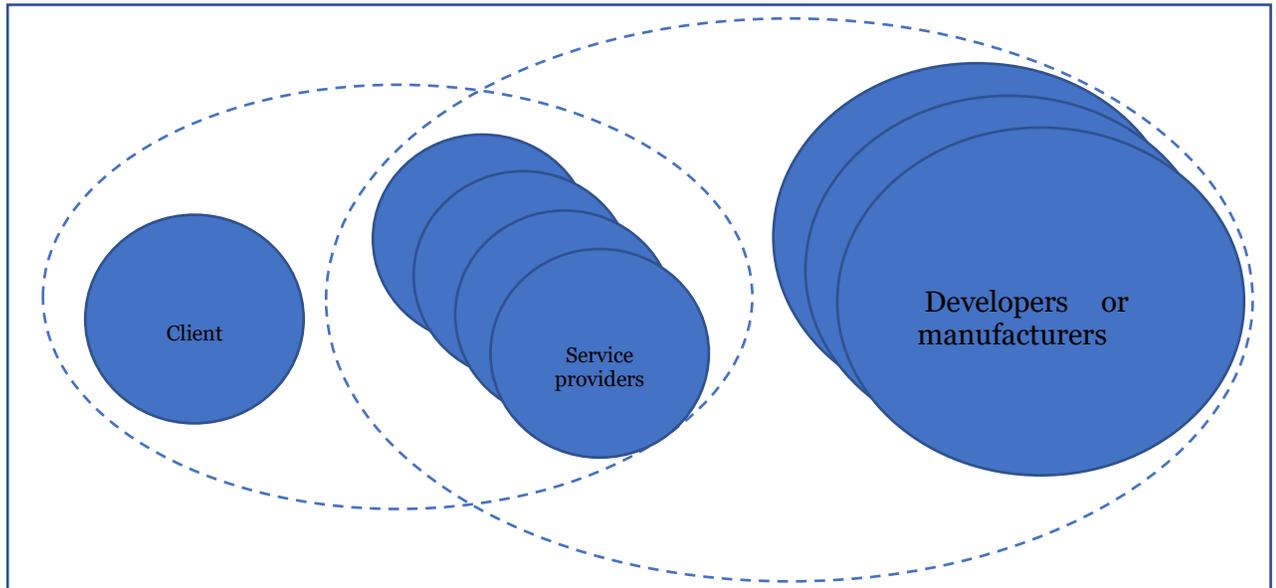
"We outsource everything. Including the hosting of our website. Provider takes care of the physical installations. Then, in the New Year they will also take care of . . . we are moving to what is called the cloud. [...] Provider manages our servers; Provider manages all the situations that can come up. Front line troubleshooting and all that."

Client selects the best-suited subcontractor for each of the services. It is therefore appropriate to suggest that the proliferation of subcontracting is limitless and is reliant on technological advances and the diversification of business solutions available to companies.

A second externalization is the one that links Provider to the manufacturers of computer equipment and specialized software developers (insurance, dental services, etc.) in the context of certification agreements.

The diagram below shows the organizations – conceived here as legal entities – as part of the Client environment

Diagram 1. One client, “n” externalizations



The goals, challenges and risks of partners in the subcontracting relationship

1) Client

For Client, the decision to subcontract the various technological services, and the management of its IT requirements to Provider in particular, is based first of all on a proven need for expertise in IT and on the relevance of developing it internally:

“We wouldn’t have... Maybe we could have someone full time, but I am not sure it would be a work task requiring 40h/week. (...) It would depend on the need week by week. When we make equipment changes, it’s obviously heavier. (...) But we really rely on Provider to do all that. Even our accounting software, used by both firms [of the groupe], is a fairly complex software and since they [Provider] have several clients in the construction sector, they have taken the time to understand how it works. We have solutions to find. They provide solutions.”

Subcontracting also meets an efficiency objective, a quest for expertise and consistency, with the goal of ensuring continuity of service:

- On efficiency: Client indicates that even major changes can happen quickly because Provider can deploy an entire team:

“We are moving to the cloud during the holidays. There is a full team coming in for a full day. They are well equipped, and it just isn’t our area of expertise.”

- On expertise and consistency: Client points out the importance of referring to Provider for all software acquisitions so that they integrate well with what is already in place and that it is possible for Provider to provide support:

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"Then we also like the fact that they are always aware of what is going on. We rely on them and we always ask them, even if it's a software we buy ourselves. We will ask them what they think beforehand because they are the ones who will have to manage this information once [the software is] installed."

- **On the insurance of service continuity:** Client recognizes that its size would not justify having more than one IT resource and that this places the firm in a situation of vulnerability when this resource must be absent:

"We have an accountant who retired, but it was just him who could take care of this software. When we found ourselves in need, then there was nobody to take care of it. With Provider, if our representative is not here, there is someone else. Right now, our representative [technician] is on vacation, but now someone came this week, it wasn't him, but there was someone."

Because the Client-Provider relationship is asymmetrical in terms of expertise, Client expresses the need to establish a trusting relationship with Provider. In this regard, Client points out that the establishment of this type of relationship requires verifying references with other companies in the same sector, to stay informed of changes by comparing solutions offered by competing Providers and to remain sceptical when a product is offered. On this last aspect, Client states that they ask for explanations "when a product is pushed harder." He adds that Provider shows exemplary practices that reinforce their trust:

"They are really honest in this. An easy example: Dell computers. At Provider, the way they work, they prefer that people buy directly from the manufacturer's website. Provider's prices are always higher. That's what they're going to say to us: 'Look, buy it yourself and we'll come and do the installation because you'll get a better price'. They are distributors. Of course, they'll push it [the product], but at the same time they're telling us this may not be the best price and they give us the option."

Therefore, the market relation must be doubled by trust because of the investment represented by the acquisition of equipment and computer software. The trusting relationship also helps make Client feel confident about the protection of sensitive data (eg. social insurance numbers) that are processed by different softwares and accessible to Provider's technicians.

Finally, Client notes stability within Provider's team of technicians. A stability that is reassuring, as evidenced by the following statements:

"It would be a rare sight to see an employee that I don't know. [Provider] They are special. They've had the same employees for years. And we see them. They have all moved up, they have all gotten promotions. I've been here almost twelve years, and we work with the same people."

Despite the stability of Provider's team of technicians, Client reports that they are not always able to obtain the services from their "favorite" technician:

"We prefer one person, we always ask for him first. But it is certain that if we are in a crisis, we will take anyone in the office who is acquainted with our firm. But we have one person we will

go to for an opinion. Since he knew how we were set up we began to involve him more in our decisions and all that. Now he knows us so well, he knows how homeowners react to all kinds of situations. It's easier to live with him. The others are very nice when they come, but it's just that with him . . . we trust him."

This excerpt shows that the "business to business" relationship is also established at the level of people who must interact with each other. We will see later that Provider is careful with the assignment of tasks to ensure a "good fit" between their staff and clients.

Finally, preferring a technician to others also means that the technician is not necessarily available at the right time or even accessible because his work schedule is shared between several clients:

"Then when we call the service, they are reluctant to let us speak directly to the technician because they have other working hours for such and such a firm and all that."

Whatever the risks and drawbacks, it seems the use of subcontracting is essential for Client because "IT is not our specialty." Subcontracting frees up Client's staff and encourages focusing on the job: "Because we do not have to deal with these things, we are more productive in what we are good at."

2) Provider

As a for-profit firm, Provider's goal is to make profit. An objective that presents challenges for any commercial business and that, in the case of Provider, requires sustained attention because of the risks associated with the nature of its operations. We now examine the various challenges and risks that Provider faces.

Staying informed of developments in order to maintain a trusting relationship

Providing IT services to small and medium-sized businesses typically means that clients rely on their Providers to stay focused on developing business solutions that can improve their operations. The relationship between Client and Provider does not escape this rule:

"It used to take ten years before we needed to change anything. Now there's a new product coming in every year. Sometimes there are three in the same year . . . That's where people decide to sub-contract instead of having an employee 100% in computer science because it is a lot of training investments, in follow-up, monitoring technological developments. All of that is our main duty with the technicians here."

Because Provider recognizes the importance of monitoring developments closely, it assigns two full-time technicians to it:

"We follow the development of Windows, so Microsoft and firms that have been added to our portfolio. Big names, big players, so that we can become the expert . . ." While it may seem excessive to assign two of the sixteen technicians to monitor the market, Provider says that it is

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essential to maintain the relationship with clients: "The last thing we want is for the client to inform us of a novelty."

Controlling the misconceptions of clients and the "F13 key"

Provider points out that its market - that of SMEs - is fraught with significant challenges, including correcting the perception of clients whose expertise is limited:

"we deal with situations where the client has a perception, more often than not out of date for the situation because his expertise is inadequate. They don't really understand what happened [when problems occur] and they get angry with us."

Also, the clients do not know the processes that the technicians have to implement, and they have the impression of paying people for nothing:

"I put myself in a client's shoes now who says my tech is going around in circles. Because he thinks that's what he's doing. But he [the technician] has to make a download and it takes seven, eight, ten, twelve minutes. Of course, he could tap, tap the keyboard, then clean the screen, then pretend to work. But there is a lot of misperception of the work that is done."

To this is the added challenge of the "F13 key." This refers to the idea that the problems encountered by clients find their source thirteen inches behind the keyboard: "We know it was the client [who was responsible for solving the problem] . . . the question is how do we manage that? "

Provider's management begins with education and communication with the client. Ultimately and depending on the quality of the relationship with the client, it may be possible to meet the client to discuss the employees who are causing the problems.

Building clients' loyalty and never taking them for granted

Provider, whom has been in business for 20 years, is seeing changes in the loyalty of its clients:

"Because the business world changes, the trend is no longer the same, the volume of business. You have to go get them [the clients] one after the other. Loyalty is no longer the same. So, we can lose a client we've been working with . . . we were talking about a client yesterday, 16 years with us. Then overnight, they went elsewhere. And not for the better. Because we know the other [Provider]."

In the case above, the client firm chose another provider to benefit from better rates but also because changes in management positions come to redefine the affinities between a Provider and a client:

"It's just a question of affinity and personality. In this case, it's a generation change. They [the other provider] knew the youngster [shareholder]. In addition, they have a business connection in other areas. What do you want to do, you can't fight against that, impossible."

Provider therefore considers that they must perfect their strategy and rely on their technicians more than ever: "Knowing that we have to be even better in everything we do. I think we have never questioned our human resources so much . . ."

Fixings rates, explaining the bill and do more/bill less

A major annoyance for clients is not knowing in advance how much the work will cost. Firstly, because the clients do not understand the technician's job:

"The nightmare is time, because people [clients] do not understand it, they don't have the notion of the time it takes to do such an intervention."

Also, because a lot of the work is invisible to the client. It is not uncommon for Provider to explain an invoice:

"[The client calls] 'it doesn't make sense; it took fourteen hours. I only saw him for eight hours and that's it.' Because the client can't see everything we do in-house, we document everything [they do]. We will say as our technicians do: we even know when they go to the bathroom. Because it's "time accounting," we have to know every minute what they put in. We must adapt to a clientele that is increasingly demanding. They [the clients] want to have more, then pay less. We must offer more with fewer resources."

This requires Provider to innovate in their billing model (a flat rate billing project was being developed at the time of this interview) and to train their technicians to communicate with clients continuously even when the work is done remotely:

"For the technician, it is done at a distance, it happens in his head. We put hard work into keeping the client informed: 'I'm on your server, there is progress.' (...) Sometimes when it lasts two, three hours we expect the technician to pick up the phone and do a little follow-up: 'I'm still on your server, here's what I have done so far.' So we really try to make it a reflex for the technician to stay in touch with the client: 'I'm here, I'm here. Uh, how's it going, how much longer will it take?' Because sometimes it is necessary to stop as well, and the client will say: 'well look, we're going to think about whether we choose to continue'."

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2. Employment conditions of Provider's technicians

Employment conditions

The technicians in employment at Provider are paid on an hourly basis for a 40-hour workweek. It is conceivable for a technician not to be able to fill the 40 hours provided in his work schedule, and his salary will be adjusted accordingly. But according to Provider, demand is high, and the schedule of the IT department tends to be full. It is therefore very rare for a technician to be unable to complete the 40 hours of work, or be asked not to come in.

Provider also offers benefits (insurance, etc.) comparable to those offered by larger firms in the IT industry. Finally, the technical training is provided by Provider, allowing the technicians and the Provider to be on the lookout for new products.

Provider consider themselves to be a good employer. They offer their technicians flexibility for taking holidays and an entertaining work environment (couch, TV, and social events) to weld the team together:

"The last thing we want to have is rivalry between our own techs when we encounter challenges with our clients."

Also, Provider's technicians enjoy a rich and varied workload:

"When they start here, they are always surprised to see that their workload touches on everything. Often when you work for the government, you are assigned to one function. Here you will work with the server, the workstation, the entire IT infrastructure." This is an important attribute since Provider operates in the National Capital Region and faces stiff competition for recruitment from the federal public service where wages are significantly higher.

Finally, Provider encourages leave for family responsibilities, without pay however, to relieve the technicians of the stress of having to work whilst their child is sick:

"I don't want you to stress and feel pressured because your child is sick or you are going to be late [...]. So, yes it means that you will be taking from your accumulated hours, or your vacation time or something similar. But don't worry if you can't come in this morning because of the children. This is a standard that we have put in place . . . Which means that when our techs get to the client's workplace, they will smile, because we want them to come in with a smile. We want them to leave their personal problems in their cars, in the glove box."

In short, if Provider is unable to offer salaries comparable to those of the public service, they try to stand out on the human level. A strategy that seems to work, considering the low rate of turnover observed among their technicians.

But taking nothing for granted and concerned about the profitability of operations, Provider has recently commissioned an expert in human resources management to revise the work contracts, the remuneration method and the employees' manual:

"They [consultants] are presently doing that. We should have this by January. Ultimately, the goal is to make our operations as profitable as possible, because there are too many grey areas."

Working conditions

The trust-based relationship that Provider wants to develop with their clients significantly determines the conditions of practice of the technician and requires them to develop skills other than technical ones.

Interpersonal skills

Since technicians meet with clients, they are asked to “behave” accordingly, i.e. to manage perceptions – even erroneous ones – the clients may have, to explain what they are doing and express themselves properly.

According to Provider themselves, interactions with clients are not always pleasant and they are often stressful:

"If we ask the technicians: 'do you prefer to work from the office or with the client?' [They prefer working in the office] because often the client is over their shoulder: 'Don't forget this! What are you doing? Ah did it not work? Where are you going? 'It's very stressful'."

Thus, from the first interview, it is the "social side" that is examined above all:

"We spend the first third of the interview on the person. Really about interactivity, exchange. We ask questions, traps sometimes or questions that show us who they really are. Is he a team worker? Is it me, myself and I? Then often, just the way they express themselves, how they verbalize . . . If there is a fit with us, we bring a technician into the interview. One of our technicians who would be a future co-worker. He asks questions of a more technical nature, and at the same time, he can tell us: 'I would never work with him. He knows everything, and in the end, he knows nothing,' because he asked him trick questions."

Once hired and deployed to the client's, the technician also benefits from the support of the office in delicate situations:

"Example, they are often uncomfortable in a situation where the client criticizes the work or billing. They are told to stop the client immediately [from criticizing] and to ask him to call the office."

Agree to being monitored

The issue of billing, which is central to both clients who want to reduce their bill and to Provider who aims to maximize his profitability, comes with a rigorous way of monitoring technicians' hours that is similar to Big Brother management:

"We have an even sharper tool, with better results. Similar to the principle of time accounting. We told them [the technicians]: 'Every time you make an intervention, complete your timesheet so that XXX can prepare the payroll, and then complete your timesheet for the work you have done. People called us Big Brother. After that, we got told: 'They want to know where we are going when we go to the bathroom. They even want to know if I stop for a coffee along the way, it doesn't make sense.' (...) All these innovations that we bring in to make ourselves more profitable, we don't do it to annoy people."

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Provider, however, is careful not to ask their clients to evaluate their technicians, except for long-term clients:

"There are clients that we know a lot better than others, so when we know that we have a new [technician] we often try to send them there because we are able to call the client and get real feedback."

But even if the feedback proves inconclusive or when complaints are communicated by clients, it's not clear that the technician is a problem. The problem is the fact that:

"Sometimes it's just not a good fit. We recently had a request [to no longer deploy a technician to a particular client]. The tech doesn't know it yet. I'll have to put on white gloves: 'Listen, don't take it personally, it's not your expertise that is in doubt, it's the interaction. It's the fit that isn't good'."

Demonstrating technical skill and initiative... but not too much!

Finally, due again to billing issues, technicians are asked to demonstrate technical skills, but without being relentless:

"He [a technician] was looking for a problem on a workstation that costs \$ 800 brand new. He was at \$ 600 of labour. It's illogical. But they [technicians] are in production. They want to be productive [and say to themselves]: 'I'll find it, I'll find it!' This is not a competition, at some point the client will not pay. You need to stop."

In the same way and to protect Provider, technicians must be taught to avoid being proactive:

"If we decide for ourselves . . . an example of XXX. The client renews its security router, every year, year after year. Then one year, the client doesn't respond, the client didn't respond quickly, so they were exposed to security fails and not receiving emails. That makes us take the initiative to renew [the router], then the client tells us: 'I won't pay. I didn't authorize the renewal. Nowadays, we must protect ourselves from everything'."

Conclusion

This case study presents a project where work is done in complex organizational configurations involving subcontracting.

The case shows that conditions of employment continue to depend on the legal employer. On the other hand, it also reveals that working conditions of workers are influenced by an organization that is not the legal employer.

The working conditions of computer technicians can be considered as part of a complex system composed of organizations, sub-systems of such organizations and regulatory mechanisms. A complex system that both structures and feeds into the overall project process. As a result, we suggest that understanding social labour relations requires transcending the legal boundaries of firms, in order to understand the relationships between entities, the social labour relations and their mutual influences.