‘Phantom employment’: Managing the double indeterminacy of labour in times of capital and labour mobility Link
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‘Phantom employment’ and ‘phantom market’ practices:
A dialectic mechanism of power and control in a subcontractor relation involving migrant labour

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In capital’s search for ways to accumulate its wealth and to expand its control over labour, it uses outsourcing constructions and migrant workers as tools to achieve these goals (f.e. Drahokoupil, 2015; Hopkins, 2017; Kalleberg, 2009; MacKenzie and Forde, 2009). As a consequence of this evolution of capitalism, labour process authors have increasingly addressed capital mobility and labour mobility as two key aspects of the struggle between capital and labour (Alberti, 2014; Andrijasevic and Sachetto, 2016; Flecker, Haidinger and Schönauer, 2013; Mezihorak, 2018). In analysing this struggle, the indeterminacy of labour power (Braverman, 1974) takes a central position, both in terms of effort indeterminacy, referring to uncertainties about the amount of effort workers put into the execution of their tasks (Thompson and Smith, 2009: 924), and mobility indeterminacy, referring to uncertainties related to workers’ decisions about where and to whom they sell their labour power (Ibid.).

Labour process authors have provided insight into the way in which the mobility of labour affects the ability of capital to extract labour power (Alberti, 2014; Altreiter, Fibich and Flecker, 2015; Andrijasevic and Sachetto, 2016; Baxter-Reid, 2016; Choi, 2014). They
demonstrate that, on the one hand, the use of migrant workers increases capital’s power to extract labour effort, by providing organizations possibilities to deploy forms of labour with fewer resistance options. Typically, migrant workers are not covered by national labour protection mechanisms, are unfamiliar with the local context, and might be confronted with the extension of organisational control mechanisms into their private sphere due to their dependency on their employer for accommodation (Altreiter, Fibich and Flecker, 2015; Choi, 2014; Ngai and Smith, 2007). On the other hand, as migrant workers constitute a highly mobile form of labour, the use of migrant workers might confront organisations with worker resistance in the shape of workers’ mobility power. Labour process authors have examined how migrant workers use the increased mobility options of the European labour market to support their exit strategies in attempts to resist capital’s maximum labour power extraction (Alberti, 2014; Andrijasevic and Sachetto, 2016; Baxter-Reid, 2016).

With respect to the mobility of capital, which has led to the outsourcing of parts of the production process to other (foreign) organisations, labour process authors have focussed on the struggle between labour and different forms of capital. Attention has been paid to how outsourcing undermines the ability of managers to optimally extract labour power from their workforce, for example by creating a multi-employer context in which contradicting interests of various organisational actors stands in the way of optimal labour power extraction, or by stimulating the mobility power of workers due to low levels of loyalty and lack of identification with the client organisation (Bain and Taylor, 2000; Davidson, 1994; Gottfried, 1992). On the other hand, labour process authors show that the outsourcing process can magnify capital’s control over labour, for example through the fragmentation of the production process over multiple organisations, installing several layers of managerial control to which workers are submitted (Flecker et al., 2013; Mezihorak, 2018).
Nevertheless, while these works provide valuable insights into the way in which capital and labour mobility affect the struggle between capital and labour around the indeterminacy of labour power, few authors (Altreiter, Fibich and Flecker, 2015) have investigated the two phenomena of capital mobility and labour mobility simultaneously. However, in order to fully capture the implications of these recent developments for the power relation between capital and labour, further research is required. Building on the work of Altreiter, Fibich and Flecker (2015), we will accurately examine the struggle between capital and labour by focussing on the meat industry. In this highly competitive sector, the use of outsourcing constructions involving migrant workers forms a popular tool to survive in the international market (Lillie and Wagner, 2015; Wagner and Hassel, 2016; Wagner and Refslund, 2016). The long absence of minimum wages in Germany, in combination with the widespread use of posted- and agency workers from EU accession countries (Berntsen, 2015; Wagner, 2015) puts pressure on all actors in the European meat industry to produce at ever lower costs. This context fuels capital’s search for ways to expand its power and control over labour and other forms of capital.

In this paper the following research questions will be addressed: 1) How does the use of migrant labour in a context of in-house outsourcing in the meat industry affect a client organisations’ ability to limit the indeterminacy of labour power? 2) How does the client organisation attempt to expand its power and control over its subcontractors? 3) How does the client organisation counter acts of resistance by the various actors involved in the employment relation? We answer these research questions through an in-depth case study of a Belgian company in the meat industry, which outsources its core meat processing tasks in-house to (at the time of the data collection) three foreign subcontractors employing workers from Romania, Poland and (until December 2018) Latvia.

Our findings indicate that the struggle around the indeterminacy of migrant labour in a context of in-house outsourcing in the meat industry involves a Marxist dialectic (Knafo, 2002),
in which the client organisation strengthens its power position by transitioning to a system with subcontractors employing migrant workers, is confronted with acts of resistance of the subcontractors and their employees, and attempts to resolve these contradicting dynamics by suppressing resistance through ‘phantom employer’ and ‘phantom market’ practices.

**The struggle between capital and labour in outsourcing constructions**

Labour process authors have investigated the implications of the use of outsourcing constructions for the power struggle between capital and labour. On the one hand, labour process authors have provided insight into the way in which outsourcing enhances capital’s abilities to extract maximum labour power. Some of them stress that outsourcing makes the creation of easily controllable jobs which require ever fewer skills possible through the fragmentation of the production process (Adler 2007; Russell and Thite, 2008). This puts downward pressure on the salaries and working conditions of employees, and undermines union resistance strategies by geographically spreading workers beyond national borders (Wills, 2008). Opting for outsourcing constructions also allows capital to selectively target the most favourable types of labour and to get rid of less flexible groups of workers (Zanoni, 2011), as well as to transfer entrepreneurial risks to workers and other forms of capital (Moore and Newsome, 2018). Authors also show how the involvement of several capital actors in the employment relation intensifies the labour process by installing multi-layered levels of control and by putting extreme pressure on workers to extract maximum effort power (Flecker et al., 2013; Mezihorak, 2018).

On the other hand, labour process authors point at the managerial risks and challenges connected to the fragmentation of the production process over several forms of capital, in which the resistance strategies of workers and other forms of capital play a central role (Bain and Taylor, 2000; Davidson, 1994; Gottfried, 1992; Taylor and Bain, 2005). The presence of
multiple employers in one organizational context might confront client organisations with the conflicting goals and diverging agendas of actors with whom it has a (mutually) dependent relationship. Subcontractors can resist certain types of labour power extraction that go against their interests (Davidson, 1994), and workers might undermine employers’ attempts to maximally extract their labour power by displaying decreased levels of loyalty, low commitment and a lack of identification of their client organisation, ultimately facilitating their exit strategies (Taylor and Bain, 2005). Furthermore, the organisational context of an outsourcing construction can challenge control mechanisms that aim at guaranteeing workers’ effort maximisation and quality provision (Gottfried, 1992).

These contributions fit in the broader extant outsourcing literature, in which its authors have traditionally pointed at the decreased abilities of client organizations to exert control over the behaviour of actors through market relations in comparison to standard hierarchical employer-employee relations, affecting their power to correct misbehaviour and to direct the exact way in which tasks are conducted (Coase, 1937; Klein, Crawford and Armen, 1978; Williamson, 1981). More recently, authors have mapped both the power-enhancing abilities of client organisation who use outsourcing constructions, such as the possibility to lower wages, to circumvent labour protection mechanisms, and to make other forms of capital responsible for burdensome employer responsibilities, as well as the ways in which workers and subcontractors resist capital’s power, by pursuing their own interest instead of those of the client organisation, by showing a lack of motivation and dedication to their jobs, and by easily moving to other organisations, leading to high levels of turnover (Baraldi, Proença, Proença and Mota de Castro, 2014; Giustiniano, Marchegiani, Peruffo and Pirolo; 2015; Muehlberger, 2007; Ramíoul and Van Hootegem, 2015; Rubery, Earnshaw, Marchington, Cooke, and Vincent, 2002). They indicate that, whereas client organisations might enhance their power position by transferring certain burdensome employer responsibilities to other organisational actors, such
as the payment of workers’ social benefits and the hiring and firing of employees, the implementation of the outsourcing construction simultaneously implies that they lose control over aspects in which they still maintain an interest, such as promotion decisions or the ability to correct the behaviour of underperforming workers (Legge, 2007; Rubery, Cooke, Earnshaw, and Marchington, 2003).

However, while these works provide nuanced insights into the struggle between labour and multiple forms of capital in the light of capital mobility, labour process authors have to date not sufficiently examined the implications of this development in combination with the phenomenon of labour mobility.

**The struggle between capital and migrant labour**

Labour process authors have investigated how the employment of migrant workers affects an organisation’s ability to close down the indeterminacy of labour, both with respect to effort indeterminacy and mobility indeterminacy (Smith, 2006). They indicate that certain groups of migrant workers, mainly those with non-EU origins, tend to end up accepting the unfavourable positions at the bottom of the labour market that local workers can afford to reject, thereby providing organizations enhanced possibilities for labour effort extraction (Altreiter, Fibich and Flecker, 2015; Choi, 2014; Ngai and Smith, 2007). Besides the weak labour market position of migrant workers, also other characteristics of migrant workers, such as not having a residence permit, their lack of knowledge of the content of their contracts and of the local context, and their dependency on their employer for accommodation hamper potential resistance strategies (Altreiter, Fibich and Flecker, 2015; Ngai and Smith, 2007). Employers might extent control measures to the private sphere migrant workers’ to whom they provide a living space, in order to maximally extract their effort power (Choi, 2014, Ngai and Smith, 2007). Similar findings have been outlined in the literature on migrant workers, which predominantly focuses on the
ways in which the weak power position of this social identity group on the international labour market favours capitals’ attempts to expand its control and power over labour (Anderson, 2010; Berntsen, 2015; Engbergesen, Leerkes, Scholten and Snel, 2017; Lever and Milbourne, 2017; Lillie and Wagner, 2015; McCabe and Hamilton, 2015; Tannock, 2015). Authors reveal how employers deliberately target this precarious form of labour, whom they praise for their superior work ethic and compliance in comparison to local workers (MacKenzie and Forde, 2009; Wagner and Refslund, 2016). This body of literature describes how vulnerable types of migrant workers exhibit a great willingness to fulfil the wishes of their boss out of fear to lose their job, and thereby increase employers’ possibilities to maximally exploit them (Shutes, 2012).

With respect to forms of resistance in the struggle between capital and labour, labour process authors have demonstrated how specific groups of migrant workers successfully resist maximum labour power extraction by deploying mobility power strategies (Alberti, 2014; Andrijasevic and Sachetto, 2016; Baxter-Reid, 2016). Whereas they acknowledge the difficulties that certain migrants face on the labour market in resisting capital’s power, they counter the perspective that all migrant workers are an easy prey in capital’s ruthless search for ever weaker forms of labour. These authors pay attention to the strategic manoeuvres of hypermobile groups of migrant workers, who opt for the employment opportunities which are most favourable to them. While these workers might be willing to temporarily accept jobs that tend to be perceived as unfavourable (by local workers), this might enable them to improve their language skills, gain relevant working experience and establish a network that allows them to move on to more desirable jobs (Alberti, 2014). Furthermore, they reveal that bad working conditions and discriminatory treatment on the labour market in combination with the enhanced mobility options that the European labour market offers boost migrants’ exit preferences (Andrijasevic and Sachetto, 2016). Also migrant worker authors have paid attention to the strategies that migrant workers develop to resist capital’s power, which mainly focus on their
labour market mobility as a form of resistance (Hagan, Lowe and Quingla, 2011; Hopkins, 2017; Iskander, Riordan and Lowe, 2013; Villares-Varela, Ram and Jones, 2018). These authors emphasize that certain groups of migrant workers avoid exploitation by increasing their labour market power through their network, gaining specific skills and experiences, and using their job mobility as a leverage tool.

Nevertheless, whereas these works illuminate the struggle between labour and capital with respect to capital mobility, only few labour process authors (Altreiter, Fibich and Flecker, 2015) have examined the two phenomena of capital and labour mobility simultaneously. Altreiter, Fibich and Flecker (2015) highlight the ‘asymmetry of power between capital and labour’ (Ibid.: 76), in which they stress how the latest developments of capitalism have given rise to disembodied employment relations that mainly favour capitalist goals and weak labour’s resistance options. We aim to build on their work by examining how the struggle between different forms of capital and migrant labour takes shape in the highly competitive context of the meat industry.

**Method**

*Data collection*

Taking a case study approach, data was collected at a meat processing plant, which we will call with the pseudonym EatMeat. A pilot study was conducted at this organisation in 2010, during which various managerial and blue collar workers of different nationalities and backgrounds were interviewed. While this study based on 13 interviews provided insights into the challenges related to working with employees of different ethnic origins, and the way in which the organisation attempted to address these challenges, the implications of the multi-employer context created by the use of outsourcing constructions remained underexposed. At the end of 2017 the organisation was approached again for another round of data collection. In the period
of December 2017 until April 2018 new data were gathered by conducting 19 interviews, lasting between 19 and 158 minutes, as well as by making observations and analysing organisational documents. Access to respondents who were employed by *EatMeat* was facilitated by the CEO and the HR officer, and were conducted in an office at the plant’s premises. These interviewees were mainly selected on basis of the frequency of their interaction with the subcontractors and their migrant workers, including the CEO, production supervisors, the team manager of the production supervisors, the supervisor quality control, and the operator of the stock room, but also actors who had a more distant relation to subcontractor actors were approached, including cleaners, the HR officer, and the production engineer, in order to get an overall impression of the dynamics between various groups of workers in the organisation. Furthermore, migrant workers in various positions were approached informally via one of the team leaders of the subcontractors, who was approached in the canteen of *EatMeat* in the presence of his team, and who functioned as an interpreter between the researchers and his team members in a first attempt to build a relationship of trust before conducting the actual interviews. Interviewees included this team manager, production operators, a packaging operator, and a packaging coordinator.

The interviews focused on the personal and professional background of the interviewees, their relation with their colleagues and managers, interactions between different types of workers, practices related to planning, coordination, and control, dividing tasks and responsibilities, issues of miscommunication and diverging interests, and conflict resolution. While *EatMeat*’s employees would be asked questions such as *How is the production process organised?* and *How do you assess the quality of the work provided by the subcontractors?* and *How do you solve conflicts among your own workers and the workers of the subcontractors?*, the migrant workers would be asked questions such as *How would you describe your relation with EatMeat’s workers?* and *What are you future career plans?*. All interviews except one
were recorded with the consent of the respondents and then transcribed, and the interviews with the migrant workers were conducted with the help of an interpreter. Additional information was retrieved from observations during two tours through the plant, guided by the CEO and the production engineer, as well as from documents on health and safety rules, tests, company procedures, and general terms and conditions that were provided by EatMeat. These sources of information enabled us to triangulate the information retrieved from the interviews. While it must be recognized that the generalisability of a single case study is limited, it might nevertheless be subjected to similar capitalist dynamics as those present in other organisational contexts in which migrant workers are employed via outsourcing constructions.

Data analysis
In the first phase of our analysis we conducted an initial reading of our interview transcript, distilling recurrent themes and topics that were frequently discussed by interviewees to get a general overview of the most prevailing issues in the organisation. These included among others the search for and advantages of low-cost and flexible personnel, diverging interests between the different companies involved, challenges such as the need for continuous monitoring and control of subcontracted workers, and dealing with high levels of turnover. In the second phase of the analysis, the transcripts were read in more detail, selecting excerpts that reflected control strategies and power struggles between labour and different forms of capital. In a process of open coding, yet having the themes of the first part of the analysis in mind, first order themes were derived from these segments, followed by a process of axial coding in which the first order themes were compared and connected to each other, leading to half a dozen second order themes. Finally, these second order themes were classified into the scheme below in which the struggle between different forms of capital and migrant labour taking place at EatMeat is outlined.
As outlined in this scheme, the struggle between labour and different forms of capital involves the following Marxist dialectic (Knafo, 2002):

- **EatMeat** undermines the power position of labour and its subcontractors by transitioning to a subcontractor construction with migrant workers.

- **EatMeat** faces resistance by both workers and subcontractors.

- **EatMeat** uses both ‘phantom market’ relations and ‘phantom employment’ practices to counter resistance strategies.

This dialectic will be outlined in more detail in the findings section.

**EatMeat**

The meat processing plant under study supplies its products to several major supermarket chains at a highly competitive price. The organisation was founded in 1999 on basis of a family business and underwent a major transition in 2007 when it grew substantially. As the pilot study conducted in 2010 indicated, the organisation has a history of working with ethnic minorities,
as its low-cost strategy in a sector which is subjected to international competition in a liberalised European market requires workers who are willing to perform low-paid low-status jobs. International low-cost competition, facilitated by the until recently absent minimum wages in Germany, pushes meat processing plants in all neighbouring countries to produce at ever lower costs (Berntsen, 2015; Wagner, 2015). However, in Belgium the meat sector is limited by contextual factors of strong worker protection mechanisms, relatively high labour costs and strong union powers, which makes it difficult for employers to acquire a labour force which is flexible, compliant and cheap enough to compete internationally. Therefore, the use of subcontracted migrant workers provides a way out of the contextual restrictions of the Belgian labour market.

Before working together with subcontractors, *EatMeat* employed local interim workers with a Turkish and Moroccan background to perform core meat processing tasks. While making an interim agency responsible for hiring workers to perform the least attractive jobs in the plant solved *EatMeat*’s problem of its own inability to find personnel for these positions, high levels of absence and turnover undermined the effectiveness of this measure. In this situation in which *EatMeat* struggled to find workers who lived up to their flexibility and cost requirements, it decided to outsource its core business to subcontractors working with East-European workers and to let go of its interim workers. This provided the company several advantages, such as making its subcontractors responsible for arranging workers’ hiring, firing and (sickness) replacements. This is especially convenient for *EatMeat*, considering its yearly high and low season, which involves major changes in the number of workers required to perform meat processing tasks. Furthermore, the use of subcontractors also implied that the number *EatMeat*’s employees would drop below the amount of 50 people, which no longer obliged the company to have a committee for the prevention and protection at work (*CPBW*) with employee and employer representatives, thereby reducing employees’ influence and power.
At the time of the data collection, EatMeat attempted to optimally deploy the possibilities to increase the productivity of labour through the use of three in-house subcontractors employing migrant workers from Romania, Poland and (until December 2018) Latvia. The organisation outsourced the deboning, cutting off fat, marinating, weighing, and packaging of the meat to a Dutch-Belgian subcontractor employing workers from Latvia, a Romanian subcontractor employing workers from Romania, and a Polish subcontractor employing workers from Poland with the assistance of a Dutch company for accommodation, administration and transport arrangements. With each of the subcontractors it had had contracts for the past 10, 8 and 4 years, respectively. Depending on the season, the Dutch-Belgian subcontractor provided between 10-50 workers, remunerating them as Belgian employees under the Dimona system\(^1\). The Romanian subcontractor provided up to 50 posted workers, paying them a Belgian wage while strategically making use of the possibility to apply Romanian social security rules to them under the Limosa system\(^2\). The Dutch-Polish subcontractor employed between 20 and 50 posted workers, and also optimally targeted the financially beneficial constructions that the European market offers under Limosa. It needs to be stressed that the CEO of EatMeat insists on the legality of the employment of each of the migrant workers who are working for the subcontractors, since he experienced problems with a subcontractor in the past who did not fully comply with the regulation. In order to prevent similar issues to reoccur, he keeps close contact with the social inspection to check his subcontractors. While all subcontractors employed both men and women of different ages, men were concentrated in packaging and deboning tasks, whereas women tended to perform

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\(^1\) Dimona (Déclaration IMMédiate/ONmiddellijke Aangifte) is the system that employers use to register their employees electronically with the Belgian National Office for Social Security (Rijksdienst voor Sociale Zekerheid, RSZ). [https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/dimona-belgium](https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/dimona-belgium)

\(^2\) Limosa (Landenoverschrijdend Informatiesysteem ten behoeve van MigratieOnderzoek bij de Sociale Administratie) is the system that requires employers who are sending an employee to work in Belgium and self-employed persons travelling to Belgium for work in Belgium to fill in the Limosa declaration that states that they are not subject to Belgian social security. [https://www.international.socialsecurity.be/working_in_belgium/en/limosa.html](https://www.international.socialsecurity.be/working_in_belgium/en/limosa.html)
activities such as making brochettes. A considerable number of these workers was in their early twenties, mainly motivated by the salary that enables them to finance their studies or to buy a house in their home-country to start a family there. However, there were also some older workers who had received limited education.

Each subcontracting company was responsible for specific tasks, leading to a highly segregated workforce consisting of ethnically homogeneous teams based on employer and nationality. Production tasks were organised in such a way that the subcontractors’ workers hardly needed to interact with EatMeat’s employees and employees of the other subcontractors, enabling them to perform their activities without any knowledge of the local language. Out of the 24 direct employees of EatMeat, only the three production supervisors had close contact with the subcontractors’ workers. They were tasked with the monitoring and control of core production tasks, and mainly interacted with the team manager of each team, who spoke English or Dutch on an advanced level, and who functioned as an interpreter to facilitate communication between EatMeat’s workers and his own team. In the case of the Polish subcontractor, its workers were not only supervised on the shop floor by EatMeat’s production supervisor and their team leader, but also by employees of the Dutch assistance company. Tasks that were performed by other employees of EatMeat included taking care of incoming and outgoing products and administrative tasks. They are mostly of Belgian origin, but there are also workers with an Italian, Dutch, Turkish and Kosovar background. When I went back to the organisation a few months after I conducted the interviews that are used as a basis for this article, the CEO informed me that he was no longer working together with the subcontractor providing Latvian workers, and that the Romanian workers had taken over their tasks.

Findings
*EatMeat undermines the power position of its subcontractors and workers by transitioning to a subcontractor construction with migrant workers.*

In the struggle between different forms of capital and migrant labour at *EatMeat*, the process in which the organisation transitioned from a system with interim workers to an employment relation involving several foreign in-house subcontractors employing migrant workers from Romania, Latvia and Poland signalled the weakening of the power position of labour. *EatMeat* strategically replaced workers who had enhanced possibilities to resist labour power extraction with workers who were perceived as compliant ‘good workers’ (MacKenzie & Forde, 2009) with a superior work ethic. The quote below demonstrates that the citizenship status of the workers plays a crucial role in their ability to resist labour power extraction, and that the worker mobility facilitated by the European labour market provides employers enhanced possibilities for labour power extraction of more vulnerable workers who have less resistance options.

‘A very big problem here is, uh, the “allochthones” in the region, they…let’s say they prefer to do interim jobs, or to use unemployment benefits, because they are entitled to social benefits. And uh, they leave at the end of June, to go on holiday to their family in Morocco or Turkey, and they stay there for two or three months, while they are using their benefits. […] And we don’t have any influence on them. […] So that is the reason why we decided to […] work with subcontractors, and […] they recruit in Poland, Romania, Estonia and Lithuania. These people they come here with a certain attitude, they come here to work, so these people are motivated’ (CEO, Belgian, interview 2).

The way in which the CEO refers to local and migrant workers echoes the perception that East European workers are employees who are willing to work hard, to be sharply contrasted by the unwillingness and lack of motivation of local workers with a migration background. The CEO
portrays his decision to transition to a system with subcontractors as a solution to the problems he experienced with interim workers, and as a way in which he strengthens the position of the organisation towards the workers performing meat processing tasks.

Another way in which EatMeat undermined the power position of labour is through the process of deskilling, which played a central role in lowering labour costs. While in the period during which EatMeat employed interim workers some of EatMeat’s employees would also perform core meat processing tasks, in the new employment construction they mainly execute higher skilled tasks, allowing EatMeat to (indirectly) pay workers executing its core meat processing jobs a very low salary irrespective of their actual skill-level and qualifications. By implementing this change in the division of labour, the organisation released itself of the need to pay workers who performed a variety of tasks a relatively high salary that matched their most difficult activities, and allowed itself to only pay for the exact amount of skill required to execute each job. Furthermore, this deskilling process made it easier for EatMeat to control the performance of workers executing simple and clearly defined tasks.

‘For our own people […], the amount of manual workers has decreased, […] the only manual workers who are our own employees are performing logistic tasks’ (CEO EatMeat, Belgian, interview 1).

‘We ask the subcontractors who wants to do what. Well, we have divided it [the production process] in such a way that each of them has its own department, because that is easier to manage and control’ (CEO EatMeat, Belgian, interview 2).

Moreover, with respect to the struggle between different forms of capital and migrant labour, the transition to an employment construction involving subcontractors strengthened EatMeat’s
power by transferring entrepreneurial risk to other actors. During the period in which *EatMeat* employed local interim workers, the organisation had limited possibilities to maximally extract their labour power, since they received an hourly wage irrespective of their output. The outsourcing construction, on the contrary, transferred the risk of unproductive workers to *EatMeat*’s subcontractors by paying them a fixed amount per kilo of processed meat. Now it was in their interest to put pressure on their workers to optimize their performance. In this way, *EatMeat* undermined the power position of the subcontractors as well as their workers. It transferred entrepreneurial risks down the value chain to weaker forms of capital, and installed a double layer of control in which migrant workers are submitted to the labour power extraction efforts of two employers. This further restricted workers’ space of manoeuvre to resist capital’s pressure in their daily activities.

‘A major advantage for us is that we can add the prices per kilo, so we have a stable cost for our product. And if we would do this with our own people, they would produce 20 kilo today and 15 kilo tomorrow. That difference […] that costs a lot of money to monitor, so that would not be profitable’ (CEO EatMeat, Belgian, interview 1).

‘The interim workers worked per hour, so we had limited control over them, whereas the subcontractor, he could be more strict with his people’ (CEO EatMeat, Belgian, interview 1).

‘They want to work hard, and the subcontractor and the team leader themselves also watch them closely. […] They look at who functions well, and they make a selection. So they need to be able to keep up, they need to reach certain targets, uh, and if they
don’t reach them, then they need to say goodbye’ (Production supervisor 2 EatMeat, Dutch).

Another way in which EatMeat empowered itself in the struggle between different forms of capital and labour, is by making other actors responsible for the hiring, firing and arrangement of absent workers performing meat processing tasks. The company used to struggle with high levels of absence and major fluctuations in personnel performing meat processing tasks during the transitional period between its high and low season. This implied that it could not offer all of its workers a permanent job. Outsourcing these activities to other organisation released it from this burden, and turned the provision of the right amount of workers during every period of the year into a problem of other companies. Dealing with the consequences of possible acts of resistance by workers who are dissatisfied, unwilling or unable to work now have to be (primarily) addressed by the subcontractors.

‘When we were working with our own people, they did not appreciate the enormous peaks in economic unemployment. […] And then you see that they, either the good ones quit, or the bad ones start to take up sick leave […] and now with the subcontractors, it’s much more flexible’ (CEO EatMeat, Belgian, interview 2).

*EatMeat faces resistance by workers and subcontractors.*

While the transition to an employment relation involving subcontractors enabled EatMeat to arm itself in the battle with its subcontractors and their workers, it was also confronted with resistance. Whereas the CEO referred to the good work ethnic and high motivation of the Polish, Romanian and Latvian employees who are active in his meat processing plant, other interview excerpts point at the limits of their dedication to their job. *EatMeat’s* workers who interacted
with them on the shop floor reported on occurrences that reflected their lack of commitment and identification with their client organisation, hampering *EatMeat*’s abilities to maximally extract their labour power.

‘The [employees of the] subcontractors, these people, yes, they don’t feel at home here. They make a mess of the dressing rooms, and in the canteen they forget to clean up’ (Cleaner 2, outsourced to EatMeat, Belgian).

‘If you look at uh, [esubcontractor employing Latvian workers], these people, they work 7.6 hours, and then they say, well, that was enough for today, we go home’ (Production Engineer *EatMeat*, Belgian).

Other ways in which migrant workers showed a lack of concern with the overall organisation of *EatMeat* was by repeatedly making the same mistakes, and by not reporting errors in the production process. Some interviewees suspect that they purposefully adopted this neglectful and sloppy attitude, which severely hampers the efficiency of the production process and the productivity of the workers involved in it.

‘You have to constantly manage that, and that is very tiring for us. It’s also exhausting to have to explain that to [CEO *EatMeat*], that this is happening on a continuous basis. Because he does not understand that, how is that possible? To give you an example, if I don’t tell them every day, put that phone there, and if I forget to tell them one day, well, than it won’t happen’ (Production Supervisor 3 *EatMeat*, Belgian).
‘I think it was two weeks ago, the brochettes had a very light colour, so they didn’t have enough marinade on them, and uh…you should realise that [...] eight people had had them in their hands, who hadn’t reported this. Eventually, it got flagged by our production supervisor’ (Supervisor Quality Control EatMeat, Belgian).

‘There are some things that are unacceptable, like people who make mistakes on purpose’ (Production Supervisor 2 EatMeat, Dutch).

Furthermore, the migrant workers also resisted maximum labour power extraction by deploying mobility power strategies. Whereas EatMeat released itself from the burden of having to deal with turnover problems of meat processors by transitioning to a system with subcontractors, this strategic initiative rather seemed to aggravate the issue by relying on highly mobile workers with short-term contracts who do not aim to develop an extensive career path abroad.

‘They come here, to Belgium or the United Kingdom, or whichever country, uh, and they come to make money, and their attitude is different than that of a direct employee. They come to make money, and if their boss decides tomorrow, […] we no longer want to work for that client company, […] they go and work somewhere else’ (Team Manager Production EatMeat, Belgian).

‘I would like to stay until I’m 24 or 25. […] The advantage [of working in Belgium] is that I can earn a bit more than in Romania. My intention is to just make some money, save a bit, and to build something in Romania. The disadvantage is that I’m far away from my country, from my house, my family and friends’ (Operator Packaging, subcontractor, Romanian).
Moreover, also the subcontractors resisted the power strategies deployed by EatMeat. Even though it is in the interest of both organisations to extract labour power from the migrant workers, the fact that EatMeat pays its subcontractors based on the amount of meat their workers produce implies that their organisational interests are not fully aligned. This discrepancy provides the subcontractors room for manoeuvre to undermine the ability of EatMeat to fully extract the right type of labour power of their workers.

‘We have different goals. […] My goal is to get everything as safe and clean out of the door. Their goal is to produce as many kilos as possible. So if I say, for example, if you weigh something, there is allergen in there, so clean your scale first with water, then with disinfectant, and then again with water, that’s something with which you lose 30 seconds, which is not a lot of time, but it is if you repeat that times 30. It takes a lot of time, and they, they don’t always do that.’ (Supervisor Quality Control, EatMeat, Belgian).

‘He could tell me, yes yes, that girl has to pay attention to the quality of the brochettes. But I don’t speak Romanian, and maybe he tells the girl that she has to produce the brochettes faster, not better! So he could tell them something else, while we want the quality of the brochettes to go up, but he knows very well that if the quality goes up, he will produce 2 kilos per hour less’ (CEO EatMeat, Belgian, interview 1).

EatMeat uses ‘phantom employment’ practices and ‘phantom market relations’ to counter resistance strategies.
In an attempt to resolve the contradictions between EatMeat’s exploitation of migrant labour and weaker forms of capital and the resistance strategies of these actors, the organisation deploys ‘phantom employment’ practices and ‘phantom market relations’ to influence the struggle to its own advantage. EatMeat reacts to the resistance strategies of the migrant workers by attempting to limit their mobility power. It intends to increase their loyalty and commitment by acting as a ‘good employer’, referring to employer characteristics that migrant workers might value. This notion turns the lens of MacKenzie and Forde’s (2009) concept of the good worker, that refers to the perceived superior work ethic of new migrant workers as a characteristic that is highly valued by employers, in the other direction. While on paper EatMeat is not in a position to behave as the employer of these workers, its good employer practices signal ‘phantom’ employer behaviour in which the organisation installs a ‘phantom’ hierarchical structure on top of the existing structure within the subcontractor organisations.

One way in which the organisation attempts to do this, is by negotiating higher salaries with subcontractors to prevent talented dissatisfied workers from leaving, especially if they take up more responsibilities than other workers. While EatMeat cannot take decisions on the salaries of subcontracted workers, it is willing to pay the subcontracting company a bit more if this implies that this extra money will end up with the worker who might consider to quit, providing incentives to stay longer. Retaining talented workers is in the interest of EatMeat, since this would prevent it from efficiency losses related to time required for a new worker to produce at the same speed as the person whom he or she is replacing. This ‘good employer’ practice demonstrates how EatMeat ignores formal structures of responsibility and involvement, and installs a ‘phantom’ hierarchical structure in an attempt to limit migrant workers’ mobility power strategies.
‘Good guys who say, we are going to look for something else, […] then you know that something is wrong. […] Yes and then I take the initiative and say, look, we will sit together, that guy delivers good work and uh, and he wants to find something else, but I want to keep him here, yes than usually I make some agreement that those team leaders get paid a bit more’ (CEO EatMeat, Belgian, 2nd interview).

Another example of a ‘phantom good employer’ practice includes EatMeat’s involvement in negotiating better housing conditions with subcontractors on behalf of dissatisfied workers. Whereas it is the responsibility of subcontractors to provide their workers accommodation, EatMeat has an interest in the quality of their housing arrangements when it might be a ground for workers to quit their job. Decreasing worker dissatisfaction might provide the right conditions for workers to reconsider their exit strategies and reduce their mobility on the international labour market.

‘Well, that [arranging accommodation] is of course a task of the subcontractor (…), but well, if we hear people complain or something, if something is wrong, well, then we talk to the subcontractor to see if everything is ok. (…) They [the Romanian workers] were with too many, and then we said, (…), please find additional accommodation (…), because these people told us that they did not have enough privacy’ (CEO EatMeat, Belgian, 2nd interview).

Besides developing ‘phantom good employer’ practices, EatMeat also attempts to counter resistance of its subcontractors’ migrant workers by implementing quality control practices. The organisation strategically uses its physical proximity to the migrant workers to maximally extract their effort power. One way in which it attempts to do this is through the close
supervision of the production process. EatMeat’s production supervisors stand next to the migrant workers on the shop floor to permanently check their activities, and intervene in the production process if necessary.

‘I cannot understand it, if he is talking Polish or Romanian or Latvian, I have to trust him [to translate correctly]. So then I find out anyway when they start [working], because, then you really have to stand next to them, when they start, and then you have to tell them again: ‘No’. You really have to be there, when they start, because if you come later it already went wrong’ (Production Supervisor 1, EatMeat, Dutch).

Another way in which EatMeat attempts to extract maximum effort power is through the implementation of quality trainings in which workers are pushed to align their working behaviour with the interests of their client organisation, enabling to extract the right type of effort power. If one of the teams of the subcontractors is not performing according to EatMeat’s standards, and it receives complaints from its customers, the company organises a meeting in which the migrant workers receive detailed feedback on their performance as well as instructions on how they are expected to execute their tasks. The symptoms of workers’ lack of commitment and identification with EatMeat are addressed by installing this ‘phantom’ hierarchical structure, in which the behaviour of workers who don’t fulfil their client organisation’s requirements is corrected.

‘We ask the help of an interpreter, and we sit together to show good and bad examples of plastic containers with meat, or pictures of them, and then they receive explanations, explaining that, for example, the people who buy our product in the shop cannot taste it. (…) So if they don’t understand [that it is important to pay attention to quality] or if
they don’t see the use of it, yes, we ask the help of an interpreter, who needs to explain
to them that people buy products in the shop with their eyes. They have to make sure that
it looks good. (…) If there is marinade on the outside of the plastic container (…), people
won’t buy my product’ (CEO EatMeat, Belgian, 2nd interview).

Furthermore, besides influencing the indeterminacy of labour through phantom employer
practices that affect the mobility and effort power of migrant workers, EatMeat also develops
‘phantom market’ practices in the face of acts of resistance of its subcontractors. One way in
which it attempts to control them, is by holding them accountable for bad results. To confront
the subcontractors, EatMeat records their performances and organises production meetings
during which the results are discussed.

‘The percentage of the thigh-cutting is fixed at a certain, let’s say, I don’t know the number
by heart, 15%. […] But if they are above the target of 15%, then they have to provide a
plausible explanation for why they did not reach the target. […] Are there new employees
who don’t have the skills yet to cut correctly, uh…or is it related to the raw material? […]
They cannot provide the same explanation three weeks in a row’ (Team Manager
Production, EatMeat, Belgian)

Moreover, EatMeat tries to influence the struggle between different forms of capital to its own
advantage by strategically playing its subcontractors out against each other. While at the
moment that the interviews of which excerpts are quoted below took place the organisation was
still working with three subcontractors, a few months later it had terminated the contract with
the subcontractor providing Latvian workers. Even though it had the longest relation with this
subcontractor, their relation was not of a friendly nature, since this actor had the strongest power
position of all subcontractors. The CEO mentioned during the interviews that the periodic contract negotiations with this specific subcontractor were highly challenging. Therefore, giving tasks to subcontractors with less resistance options provides *EatMeat* tools to strengthen its power position.

‘Yes and now there are also [subcontractor employing Polish workers] and [subcontractor Romanian workers] who take care of the brochettes. And the plan was actually to…we were thinking about not giving [subcontractor employing Latvian workers] the most tasks, but more to [subcontractor employing Polish workers] and [subcontractor Romanian workers]’ (Production engineer, *EatMeat*, Belgian).

‘They don’t know how much each of them gets paid per kilo. We negotiate that with each of them. They get paid per kilo, so if they have more work, they have more money, and uh, they sometimes try to take tasks from each other’ (Supervisor Quality Control, *EatMeat*, Belgian).

Furthermore, the ultimate way in which *EatMeat* tries to resolve the struggle between different forms of capital and migrant labour in its organisational context, is by replacing subcontractors’ workers by machines. In the period during which the interviews were executed, the organisation was experimenting with introducing a two new machines in the production process which could make brochettes with the assistance of a few workers.

‘If we can produce brochettes with a robot, then we only need 6 people. If we need to do it manually we need 18 people. Well, in that situation the profit of the robot doesn’t need to be very big. And for those 12 people who will be replaced by the robot we don’t
need to provide clothing, no locker, we don’t need to wash their clothes, they don’t need
gloves…” (CEO EatMeat, Belgian, interview 1).

Discussion

Based on a case study at a meat processing factory, this article has examined the struggle
between different forms of capital and labour at work in an outsourcing construction involving
migrant workers. We have revealed that the struggle around the indeterminacy of migrant
labour in a context of in-house outsourcing in the meat industry involves a Marxist dialectic
(Knafo, 2002), in which the client organisation strengthens its power position by transitioning
to a system with subcontractors employing migrant workers, faces acts of resistance of the
subcontractors and their employees, and attempts to resolve these contradictive dynamics by
suppressing acts of resistance through ‘phantom employer’ and ‘phantom market’ practices.

Based on these findings, our contributions to the extant literature are twofold. First, we
demonstrate that, while the first part of our findings section confirms the struggle between
capital and labour as outlined in the extant literature (Alberti, 2014; Andrijasevic and Sachetto,
2016; Flecker, Haidinger and Schönauber, 2013; Mezihorak, 2018), the final part of the findings
section builds on this knowledge by revealing how EatMeat is able to develop strategic and
informal practices to influence the effort and mobility power of migrant labour, despite its
limited controlling abilities on paper. These practices support capital’s goal to accumulate its
wealth and to expand its control over labour. Therefore, the informal ways in which client
organisations attempt to counter resistance and to influence the indeterminacy of labour power
need to be taken into account when analysing capital-labour struggles. Second, we have shown
that with respect to capital-capital relations, the multi-employer context created by the use of
outsourcing constructions undermines the client organisation’s power position and controlling
abilities, while at the same time it relies on its subcontractors as a tool to expand its power and
control over labour. This implies that both capital-capital relations and capital-labour relations need to be analysed in order to fully grasp the complexity of power struggles in the contemporary world of capital.

The implications of the informal nature of ‘Phantom employer’ practices in capital-labour struggles

The first part of the dialectic presented in our findings are in line with the extant literature, which indicates that the use of migrant labour in the context of outsourcing can strengthen a client organisations’ power position through, among others, using less resistant forms of labour, while simultaneously creating a context in which potential forms of worker resistance in the form of decreased commitment and high levels of turnover may occur (Alberti, 2014; Andrijasevic and Sachetto, 2016; Flecker, Haidinger and Schönauer, 2013; Mezihorak, 2018).

Our empirical data build on these insights by elaborating on the ‘phantom employer’ practices that are developed to counter worker resistance. Whereas EatMeat is on paper not in a position to provide direct instructions to the migrant workers who are employed by the subcontractors, it acts as a ‘phantom employer’ by, for example, implementing quality trainings and by installing a complementary hierarchical structure on top of the already existing hierarchical relations within the subcontractor organisations to exert control over their behaviour on the shop floor. Also its ‘good employer’ practices, in which it attempts to address worker commitment and loyalty, aim at closing down the indeterminacy of labour power by limiting worker mobility. These practices enable EatMeat to extract the right type of effort power of the migrant workers and to tackle their lack of commitment and loyalty, and support capitalist’s overall aim to accumulate wealth and control over labour even in the face of worker resistance. These results indicate that the power relations between client organisations and (outsourced) migrant labour involves a Marxist dialectic in which forms of resistance that client
organisations face can be strategically countered through informal practices that undermine the official positions of several actors in the employment relation. This implies that theorists who aim to examine the struggles between labour and capital need to take informal practices into account that the organisation develops to influence the indeterminacy of labour power.

The implications of capital-capital relations in capital-labour struggles

Our second contribution to the extant literature consists of the insight that, with respect to capital-capital relations, the multi-employer context created by the use of outsourcing constructions undermines the client organisation’s power position and controlling abilities, while at the same time enabling it to expand its power and control over labour. On the one hand, as our empirical data and the literature indicate, the presence of several forms of capital in the employment relation challenge a client organisation’s ability to close down the indeterminacy of labour, among others by creating a context in which subcontractors pursue their own interests instead of those of the client organisation, and stand in the way of optimal labour power extraction (Davidson, 1994; Gottfried, 1992; Taylor and Bain, 2005). Therefore, EatMeat not only develops ‘phantom market’ practices in which it reduces its dependency on its subcontractors and challenges their power position, but also bypasses these actors by developing a ‘phantom hierarchy’ (consisting of quality trainings and the controlling activities of the production supervisors) that allows it to influence the effort power of their migrant workers despite of the already present hierarchy within the subcontractor organisations. At the same time, EatMeat relies on its subcontractors by using them as a tool through which it develops ‘phantom good employer’ practices, such as negotiating a higher salary on behalf of dissatisfied workers, or asking subcontractors to improve the quality of the accommodation it provides. Therefore, circumventing its subcontractors is just as crucial for EatMeat in its attempts to influence the indeterminacy of labour power as the way in which it relies on them.
to limit workers’ exit strategies. These insights demonstrate that capital-capital relations are complex and highly relevant to the analysis of the struggle between capital and labour, and in capital’s attempts to close down the indeterminacy of labour.

**Conclusion**

In this article we have examined the struggle between capital and labour at work in an employment relation involving subcontractors and migrant workers in the meat industry from a labour process theory perspective. We found that these power mechanisms involve a Marxist dialectic, in which the client organisation strengthens its power position by transitioning to a system with subcontractors employing migrant workers, is confronted with acts of resistance of the subcontractors and their employees, and attempts to resolve these contradicting dynamics by suppressing resistance through ‘phantom employer’ and ‘phantom market’ practices. We have mainly based our findings on interviews with the client organisation’s management and workers, while allowing external workers’ and subcontractor experiences to be less prominently reflected in this article. Future research could put their views at the centre of analysis. We suggest that labour process authors further investigate the potential ways in which client organisations counter resistance strategies of migrant workers and subcontractors from the perspectives of all actors involved in that specific employment relation.
Bibliography


