

# How does informalisation encourage or inhibit collective action by migrant workers? A comparative analysis of logistics warehouses in Italy and hand car washes in Britain

Gabriella Cioce, ESRC Post-Doctoral Research Fellow<sup>1</sup>  |

Ian Clark, Professor of Work and Employment<sup>1,2</sup>  | James Hunter<sup>2</sup>

<sup>1</sup>Nottingham University Business School,  
University of Nottingham, Nottingham,  
UK

<sup>2</sup>Work, Informalisation and Place  
Research Centre, Nottingham Trent  
University, Nottingham, UK

## Correspondence

Ian Clark, Work, Informalisation and  
Place Research Centre, Nottingham Trent  
University, Nottingham, UK.  
Email: ian.clark@ntu.ac.uk

## Funding information

The Home Office; Arts and Humanities  
Research Council

## Abstract

Cross-national research is key to understanding the global presence of informal and non-compliant workplaces. This article comparatively examines how informalisation encourages or inhibits collective action led by migrant workers employed in Italian logistics warehouses (LWs) and the British hand car washes (HCWs). The term collective action derives from mobilisation theory and refers to joint resistance initiatives developed by workers and labour organisations to improve work conditions. The article argues that migrant labour does not necessarily lead to informal practices and claims that labour market regulatory agencies and trade unions play an important but dialectical role in responding to labour market non-compliance and informality. Finally, it notes that sector-based specificities contribute to and potentially inhibit the emergence of collective dynamics in such workplaces.

This is an open access article under the terms of the Creative Commons Attribution License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

© 2022 The Authors. *Industrial Relations Journal* published by Brian Towers (BRITOW) and John Wiley & Sons Ltd.

## 1 | INTRODUCTION

The informal economy and labour market non-compliance is a complex global phenomenon that requires comparative analysis of different national contexts and particular sectors therein (Bonner & Spooner, 2011; ILO, 2020). Comparative analysis can illuminate differences between, similarities in and specificities of the sectors under analysis as well as trade union and labour enforcement agency responses to worker coercion and exploitation. In turn, comparative assessment of these responses can draw out the institutional factors that discourage and constrain or encourage and enable collective labour to resist informalisation and labour market non-compliance. Therefore, this article makes three contributions to contemporary comparative research on the informal economy, labour market non-compliance and collective action: Firstly, the study suggests that informalisation represents a particular form of labour market deregulation, privatisation and associated flexibility. Sassen (2009, p. 66) theorises informalisation as an emergent business practice in contemporary capitalism where new forms of work and employment flow from deregulation of formal business practice that results in flexible, innovative alternative forms of employment. It is the erosion of business practice standards and labour practice standards that fund informalisation where informal labour and informalised firms underwrite consumer savings. In the contemporary period, state level austerity measures impose on the analysis of work and intermingle with economic restructuring to cut deep into the socio-economic fabric of capitalism and management practice. In combination, austerity and restructuring expel sections of the population into alternatively regulated informal economic regimes beyond formal measures and indicators (Sassen, 2014).

As a second contribution, the study illustrates the important but dialectical role of labour market regulatory agencies and trade unions in enforcing established labour rights and associated labour market compliance. In Britain, enforcement agencies exhibit contradictory strategies because of the application of different approaches to enforcement. Compliance-based approaches to enforcement centre on improving workplace practice and assume that informal practice and non-compliance follows on from a lack of knowledge where interventions seek to improve practice. These approaches are associated with the Gang Master's Labour Abuse Authority (GLAA). In contrast, deterrence-based approaches assume that non-compliant informal practice is deliberate and criminally based, and these approaches are associated with Her Majesty's Revenue and Customs (HMRC) in relation to employers who deliberately avoid payment of the appropriate national minimum wage. More controversially, intelligence-based approaches to enforcement focus on 'bigger picture' intelligence gathering that at times appear permissive in the acceptance of routine labour market non-compliance such as minimum wage violations (Davies, 2019).

Similarly, the approaches of mainstream Italian trade unions to representing workers employed in informalised businesses are contradictory. An agenda-setting approach aims to influence public and government decisions and assumes that informalisation can be addressed by specialised bodies and regulatory changes in immigration and labour market policies to tackle citizenship and unemployment (see ILO, 2015). At workplace level, mainstream unions oversee a service approach that provides administrative and bureaucratic assistance and, in a few cases, the creation of specific representative bodies (Marino et al., 2018). However, by choosing to focus beyond an organising approach (Simms et al., 2013), only sporadically do mainstream unions challenge the presence of informalisation in the workplace as a matter of action.

Thirdly, the study suggests that informal migrant workers employed within global supply chains may have more opportunities to organise and succeed than those working for stand-alone, individual isolated companies (Newsome et al., 2015). Within interlinked systems of firms (Rainnie et al., 2011), workers and labour organisations can increase visibility and the disruptive capacity of collective acts of resistance by leveraging the support of other interconnected workers indirectly or directly employed by the same multinational employer.

To make these contributions, the paper divides into three parts. Part 2 (Section 2) theorises informalisation and labour market non-compliance outlining those factors that constrain and inhibit collective action by migrant workers. Part 3 (Section 3) outlines the research design, methodology and the case studies, logistics warehouses (LWs) in Italy and hand car washes (HCWs) in Britain. Part 4 (Section 4) discusses the findings in relation to the claimed contributions outlined in Section 1, summarises the limitations of this study and is followed by a conclusion (Section 5).

## 2 | THEORISING THE LITERATURE ON INFORMALISATION

This part of the paper outlines the terrain of informality and the relationship between informality, collective action and collective representation in the workplace.

### 2.1 | Informality and labour market non-compliance

‘Informality’ indicates either the absence of codified rules in a particular business sector or the existence of normative rules and values that normalise non-compliance with business and employment practices that are codified by the state. Herein, non-compliant businesses and associated non-compliant employment practice, sometimes termed informal, refers to ‘income generation’ characterised by one central feature: It is unregulated, manipulates wages and operates beyond the institutions of society in legal and social environments where similar activities are regulated (Castells & Portes, 1989, p. 12). Specifically, non-compliant employers for example, many of those at LW and HCWs, operate beyond regulatory institutions imposed by central government. Within these businesses, coercion affects contractual issues for workers such as health and safety—insecure unsafe working environments. Coercion also affects working time—irregular working hours, and remuneration—underpayment of wages and denial of holiday pay entitlements. In some sectors, coercion and exploitation are disguised and gentrified in the form of internships and networking experiences, particularly in the fashion, entertainment and journalism sectors. It is, however, important to point out that, although many workers in non-compliant employment have migrant status, non-compliant employers do not exclusively utilise (undocumented) migrant labour (Lewis et al., 2015). In many non-compliant business sectors in both countries, whether lawful or unlawful, for example, fashion and creative industries, street food vendors, ‘county lines’ drug businesses or event stewarding, protection and security businesses, most of the labour force subject to coercion and exploitation are not undocumented migrants but British or Italian or other EU citizens resident in Britain or Italy (BlackNeonDigital, 2020; Campana & Varese, 2018, p. 1386; Harding, 2020).

In Italy, informalisation is often a survival strategy for both indigenous documented workers and undocumented migrants that results from limited opportunities and barriers to formal

work. For example, the unemployment rate for young Italian workers was 29.7% in 2020 (ISTAT, 2021). In the Southern regions, many workers have few options other than migration or to accept employment in the informal economy or gig economy (Chesta et al., 2019; la Repubblica, 2021). Therefore, the exposure of vulnerable workers to labour market non-compliance flows from characteristics that non-compliant businesses exploit. Coercive and exploitative employer control is the key issue enabling these practices not the migrant status and the empirical right to work details of employees at these workplaces.

In Britain and Italy, opportunities to secure compliant employment in models of labour relations centred on Fordism and post-Fordism exhibit dramatic contraction. In turn, this contraction witnesses the erosion of gains secured for workers on a voluntary basis via collective bargaining and more recently in the United Kingdom via an extension of individual employment rights and minimum wage legislation. Erosion expels spaces, enterprises and households from standard measures, that is, modernist formal explanations cannot fully capture the switch in the logic in the British and Italian political economy wherein informality and non-compliance appear as regular features of employment practice in some sectors (Clark & Colling, 2018; Kus, 2010).

## 2.2 | Collective actions at informal non-compliant workplaces?

In line with an emergent scholarship within mobilisation theory, collective action refers to joint resistance initiatives developed by workers and labour organisations to improve conditions at work (see Però, 2020). These joint initiatives emerge when labour organisations adopt an organising approach, and this entails support for member activism and worker involvement to address workplace and community-based grievances collectively (Simms et al., 2013). There are, however, multiple constraints to the emergence of collective action at informal, non-compliant workplaces. Employers who operate in the criminal economy, such as drug supply businesses and other organised crime businesses, are unlikely to tolerate collective organising efforts in their workforces even though these may exhibit grievances through riots or individualised acts of resistance (Corrado, 2011). Furthermore, social and family ties with employers can restrain collective action at small-to-medium-sized informalised workplaces such as small garment manufacturing units (Phizacklea, 1990). Moreover, an employer may be unknown or may be ill-defined (Britwum, 2018), and finally, some workplaces are dispersed and isolated, for example, in farming, care sectors and meat-processing. Dispersal limits the emergence of collective action by isolating workers away from those who have developed localised collective dynamics, the media and the wider public (Lever & Milbourne, 2017).

Whereas informal workers and independent rank-and-file labour organisations can play a critical role in reviving labour strategies (McAlevey, 2016; Munck, 2002; Però, 2020), trade unions have (sometimes self-imposed) limited access to informal workplaces preventing them from mounting drives to organise *hard-to-reach* workers (Leonard, 1998). Conversely, trade unions do support migrant workers through the provision of services and assistance with work permits. However, this may be superficial, for example, mainstream Italian unions such as CGIL prefer to demand broad policy changes rather than organising changes and improvements at informalised workplaces (Marino, 2015). Moreover, coercion and exploitation of workers often appear (to regulators) as complicity and consent to exploitation where workers decline enforcement agency offers to instigate enforcement proceedings against an employer.

By association, some British trade unions decline to organise workers in informal workplaces arguing that the protection of vulnerable workers is better provided for by specialist agencies such as the GLAA (see Section 3).

### 3 | CASE SELECTION AND METHODOLOGY

This article examines two case studies one in Italy and a second in Britain. The cases were chosen because of the extent of the informal economy therein, institutional contextual differences and sectoral similarities. Hall and Soskice (2001, pp. 88–91) locate Italy within the ‘third’ Mediterranean mode—a mode of capitalism that features a large agrarian sector and a recent history of widespread state intervention. These characteristics have produced both capacities for non-market coordination in corporate finance and more liberal measures in labour relations (Hall & Soskice, 2001, p. 121). By contrast, Britain represents a liberal market economy, displaying low state intervention and little business coordination (Hall & Soskice, 2001, p. 218). Light-touch, laissez-faire regulation and softer institutional forces encourage deregulation and flexibility, opening the floor to outsourcing and labour market degradation.

Despite different varieties of capitalism, estimates suggest that both Britain and Italy have a substantial portion of economic activity linked to the informal economy and cultivate informalisation through labour market deregulation and segmentation. Specifically, non-compliant business practice in Italy and the United Kingdom is not a residual presence—more than 10% of GDP flows from to the informal economy (ISTAT, 2020; The Telegraph, 2020). In Britain, these businesses and the alternative regulatory regimes they inhabit sustain two and a half million workers, a figure equal to 9% of the formal private sector working population that generates £223 billion per annum (ACCA, 2017). Similarly, the Italian informal economy produced €211 billion in 2018, providing full-time work to 3.6 million workers representing 11.9% of the gross domestic product (ISTAT, 2020) and refers to illegal and non-compliant economic activities (irregular, precarious labour arrangements and cash-in-hand payments). In 2018, the adoption of irregular labour was particularly predominant in the care, construction, agriculture and logistics sectors (ISTAT, 2020). LWs and HCWs represent critical examples of informalisation and associated labour market non-compliance in both countries where those employed in these sectors are exposed to casualised, insecure and often unlawful labour practice such as underpayment of wages, denial of holiday and sickness pay where job placement frequently occurs via paid placement intermediaries (Cioce, 2021; Clark et al., 2022).

The two cases draw on data collected from 2017 in Italy and 2016 in Britain. Fieldwork in Italy was multi-sited (Marcus, 1995), and its major cities were Bologna and Milan. This study contained 44 semi-structured 1-h interviews (26 recorded), 31 conversations and 15 group interviews. Interviewees included migrant workers, S.I. Cobas (a grassroots union), union organisers and union officials from the CGIL, CISL and UIL (mainstream unions). In addition to these interviews, 120 participant observations were held during public and private union meetings, in union negotiations, on picket lines and assemblies, during strikes at 20 large and middle-sized warehouses, on demonstrations and social gatherings led by migrant workers, union organisers and supporters. At HCWs in Britain, the research was also multi-sited and entailed a detailed ethnographic study of 45 workplaces across two cities, Nottingham and Leicester, supported by 100 interviews with workers, business owners, regulators, sector stakeholders and TUC, GMB and USDAW trade union officials.

### 3.1 | Italian LWs

In Italy, most warehouse workers are first-generation immigrants coming from South Asia, Africa, South America and Eastern Europe. These workers are not undocumented but can easily lose the right to remain if a work contract ends. This is the case because current Italian immigration law restricts residence permits to an in-place work contract where migrant workers are fingerprinted to enable verification of work status (Merrill, 2011). This means that migrants cannot enter the country to search for employment because their right to stay is limited to the duration of a work contract. Once a job and associated income is lost a migrant has 6 months to find another job, reducing the likelihood of renewing their permit and status as a migrant worker.

Italian employers have long displayed different forms of informal and non-compliant economic activity; an embedded presence of large companies reliant on subcontracting in North-west regions, the presence of small contractor networks in the centre of Italy (also termed the 'cooperative system') and informal sweatshops located in the South (Cillo & Pradella, 2018; Warren, 1994). In the last two decades, the adoption of informal labour arrangements has witnessed the expulsion of many workers from formal regulation following on from extensive labour market deregulation. Successive governments have approved labour reforms such as the Treu Law (196/1997), the Biagi Law (30/2003) and the Jobs Act (23/2015) that degrade standards and marginalise trade union involvement in the development of policies (Marino et al., 2018). Therefore, stable, unionised jobs are often replaced by atypical, voucher-based, fixed term, insecure contracts that ignore negotiated informal labour arrangements (Barbieri & Scherer, 2009; Cillo & Pradella, 2018).

Legitimate businesses must apply the CCNL (*Contratto Collettivo Nazionale del Lavoro*, the *National Collective Labour Contract*) to be regulatory compliant. This prescribes basic economic and normative employment conditions such as salary, levels of annual and sickness leave as well as those factors that affect the overall remuneration in each sector, for example, job tasks and seniority rules. That is, Italy does not have a national minimum wage, as salaries are agreed as a result of *sector-based* negotiations signed by major companies, business associations and the mainstream unions.<sup>1</sup> Moreover, labour standards in Italy are enforced by INL (Ispettorato Nazionale del Lavoro—*The National Labour Inspectorate*) that reports to the Ministry of Labour and Social Politics. Since the approval of Jobs Act (23/2015), INL coordinates the inspection of workplace pension arrangements and workplace accidents. The INL works with the INPS (Istituto Nazionale della Previdenza Sociale—*the Social Security Agency*) and INAIL (Istituto nazionale per l'assicurazione contro gli infortuni sul lavoro—*the National Work Accidents Agency*) and the Revenue Agency and military institutions (e.g., Carabinieri) all of which report to the Ministry of Economy and Finance.

Both mainstream unions and labour inspectors provide limited responses to the spread of informalised labour arrangements, although for different reasons. On the one hand, by acknowledging the need of companies to maintain competitiveness, mainstream unions, at the macro level, condone exceptions to national labour legislation that favour employer interests over those of worker workplace security (Cillo & Pradella, 2018; see also Basso, 2007 on contractors and migrant labour in shipbuilding). While publicly demanding social and immigration policy change, established trade unions are primarily motivated to provide services to workers employed in stable sectors rather than representing and organising informal, low-paid workers (Benvegnù et al., 2018; ILO, 2015), with a few notable exceptions (Marino et al., 2018).

On the other hand, recent studies emphasise the limited resources available to INL that compromise the effectiveness of these interventions (Palumbo, 2016; Peano, 2020). For example, the Sicilian government failed to pay police officer salaries to those involved in inspections, limiting, therefore, the local INL's capacity to respond to informalisation (Palumbo, 2016). Moreover, despite the INL commitment to tackle irregular, informal labour (Art. 23, INL, 2014), the inspector code of conduct reflects a compliance approach that is oriented towards collaboration, mutual respect with the employers and non-intrusiveness into employer activities (Art. 7, INL, 2014).

Italian LWs reflect the wider scenario outlined above. A 2-year inquiry conducted by the INL into workplaces that exhibit non-compliant labour and health and safety regulations reported that 30% of these cases centre on tax fraud following on from the adoption of unlawful labour arrangements (Il Fatto Quotidiano, 2019). The agricultural sector followed by logistics companies particularly stands out because of a significant reliance on gangmasters and outsourcing to local contractors: 66% of these contractors were irregular, and 6.8% did not apply the Logistics and Transport CCNL and engaged 13,960 workers on irregular contracts (INL, Rapporto Annuale, 2019, p. 19).

However, despite the multiple challenges posed by informalisation, collective measures undertaken by migrant workers have improved working conditions wherein the organising work of an independent trade union, S.I. Cobas in Bologna and Milan, began to regulate outsourcing and subcontracting. S.I. Cobas has an embedded history of rank-and-file unionism and grassroots alternative networks, adopting organising practices and collegiate horizontal mobilising strategies attitudes that encourage migrant engagement and allow the union to centre its campaigns around migrant worker grievances (Warren, 1994).

Major logistics companies such as DHL, TNT or UPS outsource transport, movement and storage services to local contractors. These services include storage, picking, packing, assembly, loading or unloading light or heavy packages and forklift truck driving. Most contractors recruit migrants with limited language skills and limited knowledge of labour regulations. However, because migrants require a work contract to secure a residence permit, they are vulnerable to coercion and exploitation. In addition, the absence of local social networks creates a willing acceptance of coercive and exploitative unlawful norms and values in labour practice. Furthermore, migrant workers appear to trust connections within ethnic networks wherein intermediaries and gangmasters from their own regional or country of origin communities exploit them to secure a share of their salary (a kickback; that is, a form of theft) in exchange for access to a permanent work contract. Therein some recalled being asked to deposit €2000 to become 'cooperative' members, and these contracting bodies were founded in the 19th century by workers who aimed to share responsibilities and profits collectively (Benvegnù & Cuppini, 2018). However, migrant workers were excluded from decision-making processes and did not equally share in the distribution of profits. Accordingly, employers adopted these contracts to minimise business risks and evade taxes (Benvegnù et al., 2018). In addition, as contractual relationships between contractors and multinational companies last for only 1 or 2 years, work contracts specifying 'associate workers' could see workers losing this deposit at the end the arrangement. These contractors—often local, small and temporary firms that provided warehouse services—played a critical role in reducing pressures on multinational companies to comply with local labour regulations.

Informalisation also occurred in other ways. Migrant workers noted they had not been hired as warehouse workers but as multiservice workers or cleaners paid at a lower rate. Payroll data were frequently falsified, and workplace injuries and annual and sick leave entitlements were

ignored. LW workers are often difficult to reach due to peripheral locations that witnessed warehouse workers left waiting to work outside the premises between shifts and paid only when on-call. Warehouse labour is frenetic and often conducted at night, in the cold, where workers are exposed to harmful gas and while wearing inappropriate clothing and protective equipment. Workplaces warehouses exhibit intensified labour and are often poorly designed without canteens and have only a few restrooms on site.

Migrant workers who complain about these conditions faced high risks. Requests for inspection visits must be signed by workers who also had to provide relevant documents and personal information to inspectors. If the INL shuts down a site, a worker would lose their job and after 6 months the right to remain in the country. Without a salary, these workers would struggle to live as many had only a few local acquaintances. After instigating an inspection or a union presence, migrant workers often faced employer retaliation that included relocation elsewhere, restricted working hours or intimidation.

Migrant workers do though reach out to both labour inspectors and mainstream unions, trusting the institutional influence and power of these organisations; however, many grievances were not addressed. For example, when migrant workers report irregular labour, non-compliant health and safety conditions at work, poor ventilation, clothing equipment and non-provision of statutory breaks, inspection visits did not occur, as Samira noted:

I did report our conditions to the Labour Inspectorate, but nothing happened. We worked at  $-5$  or  $-4$  degrees. If I froze, nobody cared. When it was hot, we could not breathe in the warehouse. Once, my colleague fainted. We wanted the ASL and the Labour Inspectorate to intervene, but they did not (Samira, Moroccan union shop steward, Milan).

Similarly, when migrant workers reported unsafe conditions such as those reported by Samira to mainstream union officers, they were overlooked. For instance, Amir (Moroccan union shop steward, Bologna) recalled that after he and his colleagues joined CGIL, the employer told them to stay home for a couple of days as a form of punishment where the CGIL union official appeared to condone the situation by suggesting they remain silent. Similarly, Sakin recalled a similar experience:

My colleagues and I went to the CGIL branch in Bologna. They sent an email to the contractor. We did not hear from them for three months. Then, we talked with UIL. They did the same, nothing happened (Sakin, Bangladeshi union shop steward, Bologna).

Irrespective of union membership, interviews with mainstream trade unionists confirmed numerous difficulties in organising these workers. These include the high turnover characteristic of the sector and the problem of bargaining with the real employer directly, an absence of affinity with the job because of its poor conditions, absence of competency in Italian and unconscious bias and xenophobia towards migrant workers. Moreover, the presence of migrant workers was a factor that increased the unregulated nature of the sector, as one UIL trade union officer suggested:

The Italian logistics sector is highly unregulated and vulnerable to mafia infiltration because it is possible to move a great amount of capital and to evade taxes. It



requires a vulnerable migrant workforce that suspicious contractors and enterprises can easily provide. We see that these workers ask for better conditions, but we do not want them to be charged by the police when organising or to disrupt the flow of these services (UIL regional secretary, Bologna).

Although this view confirmed the informalisation of labour arrangements for migrants, some of it potentially criminal, it also illustrates the limitations of organising practices as opposed to mobilising practices as theorised by McAlevy (2016). That is, mainstream unions can be a barrier to these workers willingness to mobilise. However, the migrant workforce has overcome informalisation and improved workplace conditions. Migrants did so by collectively organising with S.I. Cobas to assemble picket lines across the supply chain as well as direct action that included road blockades and demonstrations. These measures secured recognition of the standard rights outlined in the Logistics and Transport CCNL. Moreover, S.I. Cobas workers signed the FEDIT agreement in 2014—a new national contract with major logistics companies to further improve conditions at work, and these compelled multinational logistics companies to rehire workers when contractors change, enhance health and safety regulations and shorten procedures to scale up contract levels. Although S.I. Cobas did not have access to the same institutional influence held by mainstream unions, these struggles are preferred by migrant workers; they take advantage of the strategic position that these workers have within supply chains (blocking the smooth circulation of commodities see Benvegnù & Cuppini, 2018). These organising strategies also mobilise the participation and solidarity of other workers based at interlinked informalised LWs. The solidarity of Italian grassroots organising networks has played an important role in counterbalancing the weak institutional power base of legitimate unions and provides legal, tactical and social support in the process of organising.

### 3.2 | The British HCWs

A study of 45 hand car wash workplaces across two English cities used source material centred on interviews with 42 car wash workers, three entrepreneurs, trade union officials from the TUC, GMB and USDAW and telephone interviews with estates managers at branded supermarkets that had trolley washes on supermarket car parks. In addition to gather information on the 'lived experience' of workers beyond the workplace interviews with a further 25 hand car wash workers were facilitated by a community self-help group for migrant workers in the east midlands—the Romanian society for the East Midlands (<http://rosoceastmidlands.co.uk/index.html>). Interviews with stakeholders were recorded, transcribed and coded, but recording interviews with car wash workers was not possible, and to secure access beyond individual workplaces and via ROSOC, this was a condition of the interviews and in accordance with University research ethics approval. Similarly, some research findings from interviews with regulators is reported in a general manner, that is, they are not attributed to specific role holders, for example, compliance and enforcement units. This is the case because these interviews provided access to live field operations and covered live operational intelligence and policy issues.

Interviews with enforcement agencies and regulators and the Office of the Director of Labour Market Enforcement (DLME) provided a clear picture of the framework for labour market enforcement in Britain. The current institutional structure is headed by the UK's DLME.

The Director heads an arms-length public body co-sponsored by the Home Office and the Department for Business, Energy and Industrial Strategy (BEIS). The DLME provides oversight and strategic direction to the work of three labour market enforcement bodies: HMRC for National Minimum Wage compliance and enforcement, the Employment Agency Standards Inspectorate (EAS) and the GLAA. The EAS works alongside the GLAA and HMRC with employment agencies and businesses to ensure that they comply with the law and where necessary investigates complaints received from agency workers. The EAS can take enforcement action that includes prosecutions and unlimited fines, recovering unpaid wages or money owed to temporary workers and unlawful fees charged to workers. More strategically, the EAS works with other organisations to identify agency workers at risk of exploitation, for example, regional organised crime units (ROCU). The GLAA investigates reports on all aspects of labour exploitation and illegal and unlawful activity such as human trafficking, forced labour and unlicensed labour provision. In addition, the GLAA investigates other offences under the National Minimum Wage and Employment Agencies Acts often working with the police, the National Crime Agency and other government law enforcement agencies to target, dismantle and disrupt serious and organised crime across the United Kingdom.

A first finding from interviews with workers was that at British HCWs, workers are predominantly recruited from Romania and Bulgaria, then Albania and Kosovo. A second finding was the universal presence of underpayment in terms of Britain's national minimum wage. Across the 45 sites, workers reported and documented day rate wages of around £50, less if the working day was interrupted by poor weather. Most workers were on shift for between 6 and 8 h. Workers accepted underpayment and over work and demonstrated constrained agency in doing so for a variety of reasons. There were different categories of workers, those who had some labour market skills but who accepted work at a hand car wash while they updated their qualifications or language skills at a local education or training provider. Many of these more connected workers who possessed labour market skills paid their own passage to Britain and lived with friends and or family and their tenure at a hand car wash was relatively brief, up to 18 months. Other car wash workers normally those from non-European Union nations such as Albania and former Soviet republics such as Kazakhstan were less well connected, less well-versed in English and had little or no labour market human capital. These workers were often bonded to either car washes or specific car wash entrepreneurs who owned several workplaces to which workers were deployed. Less well-connected workers are likely to spend more time than others employed at car washes for several reasons; to pay off their passage—even though workers travelled to Britain by Easy Jet or Ryan Air, many were effectively bonded because they or family members in a country of origin had to repay labour market intermediaries or transnational gangmasters. In addition, less connected workers, many of whom were from rural locations, had few labour market skills and frequently overstayed their British entry documents and therefore found a transition into the more legitimate economy difficult to achieve.

Those with skills or qualifications do not stay too long they can get a job in their chosen profession in hotels or hairdressing, if they cannot get these, they can move into care sector working or work in supermarkets but to do so they need the right papers (passport status, national insurance numbers). Many of us do not have these so continue to work our way up here (interview with car wash worker number 14).

The lived experience or agency of some car wash workers was evident in attitudes towards the coercion and exploitation they endured.

It is not a great job and the conditions are poor you need to sort our own stuff out (waterproofs and equipment), but you get used to cold water and the job brings in good money for me. I could work in a bar as I am an EU citizen but prefer the flexibility here—I can work around the college course I am attending and once I get the “front of house” certificate (for work in hospitality) I can move away from here into a real job (Interview with worker number 30).

This worker knew they were being exploited, but they were not coerced as they paid their own passage and knew once they completed the college course that they could seek work in the legitimate economy. On further questioning, this worker also agreed that the chances of their workplace being inspected was low so the chances of undocumented workers being detected was marginal suggesting that agency extended to these workers too.

In terms of the workplaces, some were otherwise lawful businesses that did not employ workers in a compliant manner, other workplaces were unlawful businesses and many of these were technically classed as car parks. The latter were without mains water supplies and water was brought in daily where a business effectively squatted on an abandoned business space, for example, car parks of public houses or sites of demolished public houses. Some of these did develop into more business-like workplaces and gradually assembled signage and price lists that mimicked those found on compliant car washes either on supermarket car parks or at branded petrol stations. The most common spaces, either abandoned or occupied, that housed car wash workplaces are petrol stations, second-hand car dealerships and car parks of public houses.

Regulators do undertake enforcement operations at car wash workplaces, but these centre on the workers rather than the businesses themselves and were often conducted after agencies received ‘intelligence’ from members of the public or charities. However, closures where they took place were of limited duration due to ‘pheonixing’ where a workplace closes only to reopen under a new name relatively soon after closure.

at a particular hand car wash in XXX (name of city) The XXXXXX (name of business) we observed “illegals” (undocumented workers). We took enforcement action but let the business remain open and we made no checks on other workers who all claimed European Union status with the right to work in the UK some of whom produced national insurance cards. Instead, we arrested the two and took them into custody and held them overnight; we released them the next day and told not to work unlawfully. In theory they should have been detained at an immigration enforcement centre. We chose not to take this course of action for a mixture of resource reasons; several centres were full necessitating them remaining in detention cells in the police station or securing appropriate detention facilities elsewhere and transporting them to the facility (Redacted treatment of an interview with a former Chief Constable and an enforcement officer).

Interviews with compliance officers from HMRC revealed what they saw as a counterproductive ‘educative processes’ where attempted enforcement action ‘gifted’ HCW owners. Every time HRMC sought to enforce regulations at a HCW, these actions merely helped the entrepreneurs to find new ways to either hide funds or cheat the system, for example, via manipulation

of self-employed status for workers. Here, it became difficult, time consuming and costly to successfully challenge some of these claims. Therefore, if a car wash entrepreneur was known to be or suspected of involvement in organised crime or trade in counterfeit goods such as alcohol, cigarettes and running shoes, HRMC compliance sometimes choose to continue to monitor specific workplaces without acting. Here, it became clear that gathering and maintaining sources of intelligence is often more important than winning smaller victories over VAT payments or national insurance payments. The term 'permissive visibility' describes the situation where for instrumental reasons and others relating to resources, some regulators appear relaxed about the presence of routine labour market exploitation. This was so even though workplace conditions for workers and customers and environmental pollution from dirty water and chemicals were poor.

Recruitment was exclusively targeted on migrants, and across the 45 workplaces, there was no evidence of indigenous workers. Migrants were recruited via country-of-origin agents, labour market intermediaries or gangmasters, and on some occasions, workers without labour market skills or connections were effectively bonded to an employer. Remuneration was around £50 per day and paid cash-in-hand where deductions were made for those who lived in houses of multiple occupation owned by an employer. Lastly, in terms of a collective workplace dynamic, there was no evidence of this in large measure because the workplaces were relatively small employing fewer than 10 workers and trade unions had little interest in organising these workers, a quote from an USDAW official summed up their approach (USDAW organises workers at branded petrol stations many of which house a small supermarket and an automated car wash).

It is not sensible for us to start to organise at workplaces where workers may be undocumented or where if they are documented they accept exploitation because they prefer to work cash-in-hand; there are other specialist agencies (the GLAA) who can assist these workers. Many of our members and those of other unions such as the GMB are in affluent parts of the country and are likely to see innovations such as hand car washes as a threat to the businesses where they work (Teams interview with USDAW organiser, Spring 2021).

The union organisers declined to expand on why they thought migrant workers were more likely than indigenous workers to accept coercion, exploitation and payment in cash. However, at the time of the fieldwork, the Brexit referendum result was a controversial issue that divided opinion in the trade union movement and its leadership as it did in many other institutions.

## 4 | DISCUSSION

There are some limitations to this study: As a sectoral comparison, it overlooks intra-sectoral analysis, for example, different types of warehouses and the potential impact of different types of car wash location on worker dynamics. None the less, the study demonstrates that in Britain and Italy, informalisation represents a particular form of labour market deregulation, privatisation and associated flexibility that does expel particular sectors from formalised patterns of regulation. For example, Italian labour market deregulation provides an alternative way for multinational logistics companies to reduce pay and violate the CCNL by subcontracting responsibilities to hidden, often temporary local contractors located in peripheral areas. In

Britain, most HCWs are located on abandoned business spaces and appear as an emergent business practice in contemporary capitalism where the permissive visibility of these workplaces flows from innovative alternative coercive and exploitative employment regimes.

Secondly, labour market regulatory agencies and mainstream trade unions do exhibit a dialectical role in enforcing established labour rights and associated labour market compliance in both formal and informal economies. Labour market non-compliance is an embedded practice at Italian LWs, having been condoned for over 10 years. Here, limited INL inspections and a compliance approach by code of conduct fail to limit labour market non-compliance at LWs. Moreover, Italian mainstream unions appear unwilling to organise at LWs while publicly embracing an agenda-setting approach. In Britain, some trade unions decline to organise migrant workers in informalised workplaces altogether, leaving the floor to specialised agencies such as the GLAA. Compliance-based approaches to enforcement centre on improving workplace practice are in evidence in local licensing schemes for car washes and nails bars. However, deterrence-based approaches and, more controversially, intelligence-based approaches to enforcement predominant and focus on intelligence gathering and 'bigger pictures' that at times appear permissive in the acceptance of routine labour market non-compliance and aspects of modern slavery where worker coercion is clear.

Thirdly, the comparative element to the study demonstrates that low-paid migrant workers employed within informalised, but interconnected workplaces do have greater opportunities to organise and succeed than those working for stand-alone, local businesses. The reasons for this reflect long observed tendencies in small-to-medium-sized businesses that in Britain are incorporated into contemporary non-compliant sectors where migrant labour predominates, such as HCWs and others where they do not, for example, small unit garment manufacturing.

It is important to acknowledge Italy has joined Britain in liberalising the labour market in the last 20 years wherein both states adopt a permissive approach to regulation that consolidates the emergence of informalisation in these and other sectors. Similarities in the lived experiences of the workers employed therein show how the reproduction of capitalist production relations results in cheap services that enable non-compliant businesses to underpay workers and use paid labour intermediaries. However, most of these migrant workers are not directly coerced to accept exploitative and poor health and safety conditions but face them for different reasons that include the urgency to make ends meet, secure the right to stay and achieve more advanced qualifications with the hope to access formal work.

In respect of the emergence of collective dynamics at LWs but not at HCWs, the Italian case shows that 'hard to reach' informal workplaces can become unionised when 'indie' independent labour organisations, such as S.I. Cobas, adopt an organising approach and occupy an alternative regulatory regime left 'unattended' or unregulated by mainstream, institutionalised organisations. However, worker attitudes towards collectivism, the presence of dispersed but interlinked workplaces and isolation from worker networks in legitimate employers are other important factors for the emergence of collective actions.

The absence of a collective workplace dynamic leading towards trade union membership or the creation of an indie style union for car wash workers did not mean that the workforce felt no collective grievances. Rather, as in many small workplaces, there was acceptance of a strong managerial prerogative that spilled over into coercion and exploitation. Therein, workplace collectivism and a strong managerial or entrepreneur prerogative operated as combined form meso institutions that appeared acceptable to both parties. Socially constructed context-specific realities such as these while exploitative for workers and built on exploitation by entrepreneurs represent embedded causal drivers of labour market non-compliance at many HCWs.

## 5 | CONCLUSION

This article advances knowledge on the informalisation and collective action nexus and examines how informalisation inhibits or encourages the emergence of collective actions led by migrant workers in Italian LWs and British HCWs. It argues that alternative regulatory regimes flow from states that enable labour market deregulation and enforcement agencies that fail to ensure labour market non-compliance. Within these regimes, the intelligence and agenda-setting approaches adopted by enforcement agencies and mainstream trade unions are ineffective to end coercion and exploitation. However, independent labour organisations possess the organisational capacity to inhibit informal working by supporting collective action led by migrant workers employed therein. In contrast to this, in the United Kingdom, enforcement agencies make only a partial attempt to enforce employment rights on behalf of workers and do so on an individual case basis rather than a collective one.

### ACKNOWLEDGEMENT

We acknowledge support from the Arts and Humanities Research Council and The Home Office.

### CONFLICT OF INTEREST

There are no conflicts of interest.

### ORCID

Gabriella Cioce  <https://orcid.org/0000-0002-1964-7862>

Ian Clark  <https://orcid.org/0000-0001-7698-2715>

### ENDNOTE

<sup>1</sup> These unions are CGIL (Confederazione Generale Italiana del Lavoro—Italian General Confederation of Labour), CISL (Confederazione Italiana Sindacati dei Lavoratori—Italian Confederation of Trade Unions) and UIL (Unione Italiana del Lavoro—Italian Labour Union).

### REFERENCES

- ACCA. (2017) 'Shadow economy contributes to over 10% of UK GDP' ACCA, global press release. Retrieved 9 December 2019 <https://pr.euractiv.com/pr/shadow-economy-contributes-over-10-uk-gdp-155969>
- Barbieri, P., & Scherer, S. (2009). Labour market flexibilization and its consequences in Italy. *European Sociological Review*, 26(6), 677–692. <https://doi.org/10.1093/esr/jcp009>
- Basso, P. (2007). Trade union responses to racism in Italy's shipbuilding and metalworking industries. *Transfer: European Review of Labour and Research*, 13, 3, 431–446.
- Benvegnù, C., & Cuppini, N. (2018). Struggles and grassroots organizing in an extended European choke-point. In J. A. Wilson & I. Ness (Eds.), *Choke points: Logistics workers and solidarity movements disrupting the global supply chain*. Pluto Press.
- Benvegnù, C., Haidinger, B., & Sacchetto, D. (2018). Restructuring labour relations and employment in the European logistics sector. In V. Doellgast, N. Lillie, & V. Pulignano (Eds.), *Reconstructing solidarity: Labour unions, precarious work, and the politics of institutional change in Europe*. Oxford University Press.
- BlackNeonDigital. (2020), 'Exploitative or educational: Re-evaluating the industry's relationship with internships' editorial on sustainable fashion. Retrieved 2 December 2020 <https://www.blackneondigital.com/home/2020/9/7/exploitative-or-educational-re-evaluating-the-industrys-relationship-with-internships>
- Bonner, C., & Spooner, D. (2011). Organising in the informal economy: A challenge for trade unions. *International Politics and Society*, 2, 87–105.

- Britwum, A. O. (2018). Power resources and organising informal economy workers. *Global Labour Journal*, 9(2), 249–253. <https://doi.org/10.15173/glj.v9i2.3583>
- Campana, P., & Varese, F. (2018). Organized crime in the United Kingdom: Illegal governance of markets and communities. *British Journal of Criminology*, 58, 1381–1400. <https://doi.org/10.1093/bjc/azx078>
- Castells, M., & Portes, A. (1989). World underneath: The origins, dynamics and effects of the informal economy. In A. Portes, M. Castells, & A. Benton (Eds.), *The informal economy: Studies in advanced and less developed countries*. John Hopkins University Press.
- Chesta, R. E., Zamponi, L., & Caciagli, C. (2019). Labour activism and social movement unionism in the gig economy. Food delivery workers' struggles in Italy. *The Open Journal of Socio-Political Studies*, 12(3), 819–844.
- Cillo, R., & Pradella, L. (2018). Power of labour and logistics: Immigrant struggles in Italy's logistics industry. In A. Fishwick & H. Connolly (Eds.), *Austerity and working-class resistance*. Rowman & Littlefield.
- Cioce, G. (2021). *Resistance, solidarity and empowerment: An ethnographic study of precarious migrant workers' organising in the Italian logistics sector*. PhD Thesis. University of Nottingham (UK).
- Clark, I., & Colling, T. (2018). Work in Britain's informal economy: Learning from road-side hand car washes. *British Journal of Industrial Relations*, 56(2), 320–341.
- Clark, I., Fearnall-Williams, H., Hunter, J., & Pickford, R. (2022). How licensing regimes can displace trade unions? Evidence from informal employment in Britain. *Economic and Industrial Democracy*, 43(1), 431–449.
- Corrado, A. (2011). Clandestini in the Orange towns: Migrations and racisms in Calabria's agriculture. *Race/Ethnicity: Multidisciplinary Global Contexts*, 4(2), 191–201.
- Davies, J. (2019). From severe to routine labour exploitation: The case of migrant workers in the UK food industry. *Criminology & Criminal Justice*, 19(3), 294–310. <https://doi.org/10.1177/1748895818762264>
- Hall, P. A., & Soskice, D. (2001). *Varieties of capitalism: The institutional foundations of comparative advantage*. Oxford University Press.
- Harding, S. (2020). *County lines: Exploitation and drug dealing amongst urban street gangs*. Bristol University Press.
- Il Fatto Quotidiano. (2019). “Caporalato, boom nel terziario: tra facchini e trasportatori il 28% dei casi di sfruttamento. Superata anche l'edilizia “grazie” ai rider”, Vincenzo Bisbiglia. Retrieved 20 November 2019 <https://www.ilfattoquotidiano.it/2019/11/20/caporalato-boom-nel-terziario-tra-facchini-e-trasportatori-il-28-dei-casi-di-sfruttamento-superata-anche-ledilizia-grazie-ai-rider/5572835/>
- ILO, (2015), Migration in Italy: What are the unions' expectations? Retrieved 8 March 2021 [https://www.ilo.org/actrav/media-center/video/WCMS\\_376596/lang-en/index.htm](https://www.ilo.org/actrav/media-center/video/WCMS_376596/lang-en/index.htm)
- ILO, (2020), “COVID-19 crisis and the informal economy: Immediate responses and policy challenges.” Retrieved 8 January 2021 [https://www.ilo.org/wcmsp5/groups/public/—ed\\_protect/—protrav/—travail/documents/briefingnote/wcms\\_743623.pdf](https://www.ilo.org/wcmsp5/groups/public/—ed_protect/—protrav/—travail/documents/briefingnote/wcms_743623.pdf)
- INL, (2014), Codice di Comportamento ad Uso degli Ispettori del Lavoro. Retrieved 8 March 2021 <https://www.ispettorato.gov.it/amministrazione-trasparente/Disposizioni-Generali/Documents/DM-15012014.pdf>
- INL, (2019), Rapporto annuale dell'attività di vigilanza in materia di lavoro e legislazione sociale. Retrieved 8 March 2021 <https://www.ispettorato.gov.it/it-it/inevidenza/Documents/Rapporto-annuale-2019-attivita-di-vigilanza-INL.pdf>
- ISTAT, (2020), ‘Economia non osservata: nel 2018 si riduce dell'1,3% e diminuisce il suo peso sul Pil’. Retrieved 8 March 2021 <https://www.istat.it/it/files/2020/10/Economia-non-osservata-nei-conti-nazionali.pdf>
- ISTAT, (2021), Occupati e disoccupati (dati provvisori). Retrieved 8 March 2021 <https://www.istat.it/it/archivio/253019>
- Kus, B. (2010). Regulatory governance and the informal economy: Cross-national comparisons. *Socio-Economic Review*, 8(3), 487–510. <https://doi.org/10.1093/ser/mwq005>
- La Repubblica. (2021). ‘Noi nuovi emigranti per fuggire dal lavoro nero’, Rosario Amato R. Retrieved 24 March 2021 [https://www.repubblica.it/economia/2021/03/23/news/noi\\_nuovi\\_emigranti\\_per\\_fuggire\\_dal\\_lavoro\\_nero\\_-293534764/](https://www.repubblica.it/economia/2021/03/23/news/noi_nuovi_emigranti_per_fuggire_dal_lavoro_nero_-293534764/)
- Leonard, M. (1998). *Invisible work, invisible workers*. MacMillan Press Ltd.
- Lever, J., & Milbourne, P. (2017). The structural invisibility of outsiders: The role of migrant labour in the meat-processing industry. *Sociology*, 51(2), 306–322. <https://doi.org/10.1177/0038038515616354>

- Lewis, H., Dwyer, P., Hodkinson, S., & Waite, L. (2015). Hyper-precarious lives: Migrants, work and forced labour in the global north. *Progress in Human Geography*, 39(5), 580–600. <https://doi.org/10.1177/0309132514548303>
- Marcus, G. E. (1995). Ethnography in/of the world system: The emergence of multi-sited ethnography. *Annual Review of Anthropology*, 24, 95–117. <https://doi.org/10.1146/annurev.an.24.100195.000523>
- Marino, S. (2015). Trade union inclusion of migrant and ethnic minority workers: Comparing Italy and the Netherlands. *European Journal of Industrial Relations*, 18(1), 5–20. <https://doi.org/10.1177/0959680111429755>
- Marino, S., Bernaciak, M., Mrozowicki, A., & Pulignano, V. (2018). Unions for whom? Union democracy and precarious workers in Poland and Italy. *Economic and Industrial Democracy*, 40(1), 1–21.
- McAlevey, J. (2016). *No shortcuts: Organising for power in the new gilded age*. Oxford University Press.
- Merrill, H. (2011). Migration and surplus populations: Race and deindustrialisation in northern Italy. *Antipode*, 43(5), 1542–1572. <https://doi.org/10.1111/j.1467-8330.2011.00904.x>
- Munck, R. (2002). *Globalisation and labour: The new “great transformation”*. Zed Books. <https://doi.org/10.5040/9781350251069>
- Newsome, K., Taylor, P., Bair, J., & Rainnie, A. (2015). *Putting labour in its place*. Palgrave Macmillan.
- Palumbo, L. (2016). *Trafficking and labour exploitation in domestic work and the agricultural sector in Italy*. European University Institute.
- Peano, I. (2020). Ethno-racialisation at the intersection of food and migration regimes: Reading processes of farm-labour substitution against the grain of migration policies in Italy (1980-present). *Social Change Review*, 18, 78–104. <https://doi.org/10.2478/scr-2020-0006>
- Però, D. (2020). Indie unions, organizing and labour renewal: Learning from precarious migrant workers. *Work, Employment and Society*, 34(5), 900–918. <https://doi.org/10.1177/0950017019885075>
- Phizacklea, A. (1990). *Unpacking the fashion industry*. Routledge.
- Rainnie, A., Herod, A., & McGrath, S. (2011). Revie and positions: Global production networks and labour. *Competition and Change*, 15(2), 155–168. <https://doi.org/10.1179/102452911X13025292603714>
- Sassen, S. (2009). Cities today: A new frontier for major developments. *The Annals of the American Academy of Political and Social Science*, 626(1), 53–71. <https://doi.org/10.1177/0002716209343561>
- Sassen, S. (2014). *Expulsions: Brutality and complexity in the global economy*. Harvard. <https://doi.org/10.4159/9780674369818>
- Simms, M., Holgate, J., & Heery, E. (2013). *Union voices: Tactics and tensions in UK organizing*. Cornell University Press.
- The Telegraph. (2020). ‘The shadow economy flourishes in lockdown’, Clowes Ed. Retrieved 19 May 2020 <https://www.telegraph.co.uk/business/2020/05/19/shadow-economy-flourishes-lockdown/>
- Warren, M. R. (1994). Exploitation of cooperation? The political basis of regional variation in the Italian informal economy. *Politics and Society*, 22(1), 89–115. <https://doi.org/10.1177/0032329294022001005>

**How to cite this article:** Cioce, G., Clark, I., & Hunter, J. (2022). How does informalisation encourage or inhibit collective action by migrant workers? A comparative analysis of logistics warehouses in Italy and hand car washes in Britain. *Industrial Relations Journal*, 1–16. <https://doi.org/10.1111/irj.12359>