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## **CAPITALIST PERIPHERIES: PERSPECTIVES ON PRECARISATION FROM THE GLOBAL SOUTH AND NORTH**

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## **Informality in German Parcel Delivery**

INGO SINGE

Just ten years ago, Germany was frequently considered the sick man of Europe, suffering from sluggish growth, labour market rigidities and chronic high unemployment (Dustmann et al. 2014). The days of doom, however, are gone: while much of Europe continues to be in state of economic and social crisis, Germany is Europe's economic superstar (ibid.). Enthusiastic references to the German model frequently point to successful labour market reforms and predict 'fat years' ahead (Rürup/Heilmann 2012). Much less attention is given to the dark underbelly of Germany's success: more than 20% (1991: 12,8%) are now in atypical employment and Germany boasts one of the largest low wage sectors in Europe, with nearly 25% having hourly wages below the low wage threshold of 9.14€/h (IAQ 2013). Wage disparities have grown strongly (Giesecke/Verwiebe 2009; Dustmann et al. 2014), and the institutions of worker representation have lost much of their former regulatory impact. At present, they only cover minorities of workers in the private sector (Ellguth/Kohaut 2013). While the erosion (Hassel 1999; Dörre 2010) of the traditional regulatory framework has been well documented, much less is known about work and employment regulation in those areas – including segments of the expanding German parcel industry, the subject of this contribution – that are no longer covered by these mechanisms.

As the world of work in the Global North has increasingly fragmented, concepts of informality have met with growing interest among scholars concerned with analysing change in work and employment as well as the intersections of paid employment, non-paid work and social arrangements beyond the workplace (Glucksmann 2005; Marcelli et al. 2010; Mayer-Ahuja 2012). For our purposes, i.e. the analysis of informality and its reproduction by social agents in German parcel delivery services (i.e. paid employment

in an industry that produces perfectly legal services and cannot be defined as being part of a separate, informal economic sector), two interconnected arguments within the increasingly broad informality literature hold special relevance. Firstly, influential contributions have defined informal employment as the “[...] paid production and sale of goods and services that are unregistered by, or hidden from, the state for tax, social security and/or labour law purposes, but which are legal in all other respects” (Williams/Windebank 1998: 4). While conventionally, informal employment has been seen as separate from formal employment, as its other, recent discussion has problematised clear-cut demarcations (Williams 2014) and has conceived of “[...] formality and informality as evolving moments along a fluid continuum of work relations, [and] conditions of employment [...]” (Olmedo/Murray 2002: 422). Terms like ‘quasi-formal employment’ and ‘under-declared work’ (Woolfson 2007; Williams/Nadin 2012) try to capture hybrid forms of employment and are relevant when it comes to understanding informality in presumably highly regulated economies, such as Germany’s (Mayer-Ahuja 2012). Secondly, controversies about defining informal labour as unregulated are of interest. Castells and Portes’ (1989: 12) widely cited definition sees the informal economy as “[...] a process of income generation characterised by one central feature: *it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated*”. Critical comment (Williams/Windebank 1998) has called notions of unregulated employment a ‘myth’ and pointed out that institutional regulation of formal employment, as well as the state’s social policies generated (unintended) effects on the scope and nature of informality. In our research, the direct regulatory impact of the traditional German industrial relations institutions and the law is small indeed, however this does not mean that production and employment are unregulated. Rather informality in parcel delivery refers to a changed *mode of regulation*, a specific re-combination of formal and informal regulation. This is characterised by interpersonal/individual regulation rather than collective and institutionalised forms (Standing 1997). The personal aspects of regulation gain increasing weight at the expense of the law. Regulation becomes rather ad hoc and unstable. In fact, in our case the formal and the informal are mutually dependent: informal arrangements do not replace registered employment and the employment contract but rather supplement it.

Our main interest in this contribution lies with the question of how actors reproduce informality in German parcel delivery. For this purpose, we will present results from an empirical study in the sector<sup>1</sup> and will proceed as follows: the sector of parcel delivery in Germany and its fragmented employment landscape will be introduced (1). We will then describe the forms of informality in parcel delivery (2) before the main body of the text offers sociological explanations of how informality works in the German context (3). In line with other work (Ram et al. 2001; Ram et al. 2007), we will thus offer explanations that go beyond economic explanations and are sensitive to the interplay of coercion and consent in the reproduction of informality. We will conclude by offering some possible areas for future research (4).

## **1. Parcel delivery in Germany**

Parcel delivery services are part of the courier, express and parcel sector (Kurier, Express, Paket; KEP). Parcel delivery can be differentiated from courier and express services by high levels of standardisation: there are limits to the size and weight of goods suitable for parcel delivery (up to 70 kg), and providers do not guarantee specified delivery times. Parcel services are a volume business characterised by high levels of automation and clearly defined processes. The KEP sector has experienced rapid growth in recent years: between 2000 and 2012, the number of shipments increased by 51% (KE-CONSULT Kurte & Esser GbR 2013: 12). The most dynamic area of growth has been in parcel delivery and especially in services that provide private consumers with goods bought over the internet. In 2012 alone, this B2C (business-to-consumer) segment grew by 9.2% (ibid.). Future growth is expected primarily in standardised parcel delivery to private consumers. As a result, all providers, including those who in the past specialised in B2B (business-to-business) services, are aggressively trying to establish or defend positions in this line of business. The German market for parcel delivery is highly centralised and dominated by a few oligopolists (Kille/Nehm 2011: 3p) In contrast to other areas of former public service provision, the German state agency Deutsche Bundespost never held a formal monopoly in parcel distribution, although major competitors such as

UPS (United Parcel Service) or DPD (Deutscher Paketdienst, renamed Dynamic Parcel Distribution) only entered the market in the mid-1970s and clearly focused on the business-to-business (B2B) side of the market. Competitors are currently locked in a 'price war', competition does not allow for increasing revenue through price increases and revenues per shipment have stagnated for a period of roughly ten years. Cost minimisation is thus a major concern for all service providers in parcel delivery. The cost minimisation imperative drives providers' organisational strategies. Albeit to different extents, all providers today rely on complex subcontracting relationships; organisational fragmentation has become a core feature of service provision. Some of the main providers, i.e. Hermes, DPD, and GLS, have fully transferred the operational side of parcel collection and delivery to subcontractors and do not employ any drivers themselves. It is not uncommon for subcontractors themselves to outsource some of the work – in this way, multi-tiered layers of 'sub-subcontracting' have come into existence. Others, such as DHL and UPS, have also partly externalised delivery, albeit to a lesser extent. While sorting and loading functions have largely remained in-house, formally independent, small and micro-sized haulage entrepreneurs are contracted to serve a given regional entity. Service contracts between the focal enterprises and subcontractors commonly specify quality standards of service, codes of conduct and rates per parcel delivered. These contracts can be terminated at very short notice. The big providers all aim to devolve risk, costs, flexibility and control of driver's labour process downwards along the value chain.

Small subcontractors are formally independent actors, but in fact they remain heavily dependent on the original service provider and rarely enter negotiations on an equal footing with 'big capital' (for a more detailed analysis of 'the small entrepreneur' in parcel delivery and relations with focal service providers, see Holst/Singe 2011, 2013). Focal service providers do intervene actively in the field in order to uphold a competitive order among subcontractors. They do so, for example, by 'recruiting' new subcontractors in order to keep the field competitive and by creating a dynamic hierarchy among subcontractors. These hierarchies are created by offering or retracting favourable conditions; subcontractors have to qualify and continuously re-qualify for ongoing contractual relationships by providing high quality, reliable services at a discount price.

### **1.1 Fragmented employment in parcel delivery: three segments of drivers**

The organisational fragmentation described above leads to increasingly heterogeneous employment conditions for drivers. Using the contractual status of workers as a criterion for differentiation, one can define three segments of drivers (Holst/Singe 2011, 2013). In the *first segment* we find drivers who are still directly employed by the original service provider. The overwhelming majority of DHL's drivers and a majority (roughly 60%) of drivers for UPS fall into this category. In this segment, conditions and norms of employment continue to be defined by the traditional German industrial relations actors. DHL's drivers in parcel delivery remain covered by collective agreements and have access to well-developed structures of workplace representation. UPS has much weaker workplace structures and some of its work councils seem to function as a means of managerial control rather than as authentic organs of interest representation. UPS displays a rather 'flexible' approach to collective bargaining but generally pays in excess of rates defined by regional agreements for the haulage industry. The provisions of German labour law (employment protection law, working time legislation, dismissal legislation) continue to influence working conditions in this segment.

Our main interest in this paper lies with the *second segment* of drivers. These workers hold a formal employment contract, but are not directly employed by the original service provider but instead by a subcontractor. As subcontractors are, with some very rare exceptions, not bound by collective agreements, conditions of work and employment are not subject to collective regulation. As a rule, workplace co-determination does not exist in small haulage enterprises. Labour law does formally apply, but as we will show in the next section, its impact is *de facto* greatly reduced in informal settings. Reliable socioeconomic data on workers in this segment is unavailable and official documents issued by the Federal Office for Goods Transport contain little information on these workers (Bundesamt für Güterverkehr 2013). As in the other segments, it is exceptional to come across female drivers. According to trade union information, this segment is dominated by young men in the 20-35 age bracket, there is a high turnover of personnel and in the metropolitan regions of the former Federal Republic and Berlin there are regional depots with a predomi-

nantly migrant workforce. Many of the workers are early school-leavers, however in line with other sectors of low-pay service work there are also qualified migrants, whose skills are not acknowledged by German authorities (Artus 2008).

The third segment is made up of self-employed couriers. As solo entrepreneurs, they do not hold an employment contract but rather hold service contracts with subcontractors. Official figures on the distribution of drivers across these segments are missing, but our own research indicates that the majority of drivers (around 60%) can now be found in segment two, while the self-employed in segment three constitute a minority of around ten per cent. This fragmentation of employment stands in stark contrast to the jointly regulated employment conditions that used to characterise postal services in the past.

## **2. Informality in parcel services**

Informality constitutes a core feature of employment in the segment of drivers employed by subcontractors, i.e. in the majority of employment situations in the industry. From a superficial, formal point of view, it seems highly questionable to speak of informality in this segment as employment contracts specifying working hours, remuneration, holidays and other elements of the wage-effort bargain are in place. Upon closer inspection, however, these contracts are little more than a formal 'shell', leaving considerable space for interpretation, adjustment and informal regulation in asymmetric power relations between smaller sized employing organisations and workers. One respondent, a works councillor representing workers (but not those drivers employed by subcontractors) in a sizeable depot in a western metropolitan region, described the situation as follows: "Oh well, it is not quite compatible with German law, including employment contracts. Our norms do not apply there, it is a little different. Labour courts do not exist in this milieu, there is nothing there, nothing really takes effect. It is just the daily grind, somehow you have got to manage. And you don't hear much about this. You'd have to really make an effort to find out or you need to be lucky and find someone out of that scene who dishes the dirt. Doesn't happen very often" (Works Council Chair, DPD, May 2011).

According to this representative, the world of subcontracted parcel delivery contrasts with the orderly, institutionally regulated (but also low-paid) world of work in the depot. Smaller sized haulage firms appear less as formal organisations than as a hidden 'scene' or a 'milieu', with distinct normative orders. We had access to a fixed term, two-year employment contract between a subcontractor and a driver. It illustrates the representative's reference to the daily struggle for survival. The contract set basic pay at 550€/month before tax, for a six day working week with extra shifts to be worked on Sundays or holidays where required. The working day was to start at 5:00 am and to end at 7:00pm at the latest (closure of depot). Total monthly/weekly working time is not specified in the contract, however it states that the legal driving limit must not be exceeded. According to the contract, the driver takes responsibility for observing working time legislation. The meagre basic pay can be propped up the different additional payments and bonuses: up to 200€/month for travel costs to/from work, a 300€ safety award, bonuses for punctuality and cleanliness, allowances (up to 102€), and a bonus for high delivery rates (above 98%). If a driver manages to secure all extra payments, he will thus end up with a monthly pay of 1,302€ before tax, which can rise to around 1,500€ after six months of service. At the same time, however, drivers can also be penalised for a variety of reasons, e.g. for not paying sufficient attention to cleanliness or the technical condition of the delivery vehicle. Drivers can also be held liable for damages resulting from misconduct.

While one cannot say that these contractual arrangements represent the norm in the segment of subcontracted parcel delivery, recent media reports indicate that they are not exceptional either. Our interview data certainly hint at a broad range of informal and even unlawful practices, including:

- topping up documented / regular income with unregistered payments ('pushing the envelope', Woolfson 2007), in order to avoid tax and social security contributions,
- re-declaration of income by using allowances and bonus systems,
- violation of working time legislation, avoidance or manipulation of working time documentation, underdeclaring the number of hours worked,
- refusal of overtime payment,

- pressurising couriers to overload delivery vehicles,
- urging couriers to pay fines in case goods get damaged or in case of delayed delivery.

The most widespread concern among drivers is the long hours. In this segment of employment, daily working times are frequently well beyond ten hours. Where working days of 12 to 14 hours constitute the norm, hourly wages are effectively as low as 5,50€ . Even according to IsSiT e.V. (Interessenverband selbständiger Subunternehmer im Transportgewerbe e.V.), an association of subcontractors, more than 90% of small and medium sized employers in parcel distribution are not capable of adhering to working time legislation (IsSiT e.V. 2010a). In another publication, a letter to original service providers, IsSiT e.V. states: “Sadly it is not possible for system partners to limit a courier’s working time to the confinements defined by law. The financial situation of system partners is such that additional staff for work in depots cannot be hired in order to disburden couriers. Due to the fact that couriers have to load in the mornings and unload in the evening, working times are sometimes up to 13 hours” (IsSiT e.V. 2010b).

For the segment of drivers discussed here, the traditional institutions of employment regulation in Germany do not directly determine the conditions of work and employment. Rather, conditions are defined largely through informal processes of asymmetric power interaction. Whether or not drivers are being compensated for overtime, whether they are being granted additional, frequently unrecorded payment, whether they can secure bonuses or are discarded at short notice is determined in interpersonal exchange between subcontractor and employee. *De jure*, drivers are of course not exempt from the safeguarding provisions of the (labour) law, *de facto* however they lack the capacity to make the law work for them. They have been stripped of many rights that underpinned workers’ status as citizens in the post-war welfare regimes of continental Europe (Castel 2011; Standing 2011). Standing’s compelling description of the *denizen*, “[...] denied certain rights or prevented from obtaining or retaining them” (Standing 2014: 8), is a fitting description of these workers.

### **3. The reproduction of informality: the whip of the market and beyond...**

The next section considers why there is so little resistance among workers to precarious conditions and discusses how workplace actors reproduce informality. Working in parcel delivery is precarious to an overwhelming extent in two dimensions: drivers find themselves in conditions of *precarious employment*, as the regulatory effect of protective institutions (collective bargaining, workplace representation and largely even the labour law) is either weak or absent and their employment status is fundamentally insecure. The second dimension concerns the fact that the work of parcel delivery drivers is *precarious work*: the physical strain is enormous; working very long hours under great time pressure, sometimes moving five tons of cargo a day, and sometimes working in conditions of extreme heat (many vans are not air-conditioned), makes parcel delivery a hazardous task. Additionally, drivers describe working conditions as mentally stressful and thus contradict widely held assumptions about parcel delivery being a rather simple and routine kind of work. Time pressure, unforeseeable traffic conditions, difficulties in customer interaction, as well as police controls demand that drivers react flexibly to changing circumstances. Quite often, they have to take risks (speeding, parking, overloading) and disregard service standards in order to get the job done.

Thus far, the driver's job seems to be entirely a 'bad job' (Warhurst et al. 2012)<sup>2</sup>. Nevertheless, the system does work and incidents of collective action are rare, as workers just seem to put up with conditions as they are. We will now discuss how informality is reproduced in parcel delivery and will argue that employer-employee interactions need to be taken account of in order to explain the phenomenon. Informality is thus conceptualised sociologically, which we consider to be an important addition to economic explanations.

The 'whip of the market' (Burawoy 1985) is certainly a major explanatory factor for the reproduction of informality. Workers employed by subcontractors are overwhelmingly in weak labour market positions. While many core workers employed directly by DHL or UPS have had some kind of vocational training, workers in segment 2 are mainly recruited from the bottom end of the labour market hierarchy. In the midst

of Germany's labour market miracle, these groups do not feel their situation has improved: "[...] for people who are new in Germany, who have been here for two or three years ... without an education, without papers that prove you have already worked, you don't get a full-time job. You just get jobs with temp agencies that blossom like the flowers outside" (German driver, employed by a subcontractor, State of Hesse, May 2011).

When it comes to organisational power and structural marketplace bargaining power (Silver 2005; Brinkmann et al. 2008; Schmalz/Dörre 2013), the workers under discussion are weakly resourced. Their capacity to pressurise subcontractors to formalise work and employment, to adhere to labour law, or even to honour individual contracts is quite limited. Informality is thus based on coercion and asymmetries of power. However, there is a "web of consent, and not just the brute fact of economic marginality, that explains how informality is reproduced" (Ram et al. 2007: 324). There is a "contradictory relationship of exploitation and consent" (ibid.: 319). We will now explore how (consent to) informality is reproduced, with special attention to worker interests and agency, and will argue that informality is not just imposed from above by powerful economic agents but is supplemented by informalisation from below. We will touch upon three factors that explain the reproduction of informality: (short-term) material interests of workers, fraternalism in smaller sized businesses and the disciplinary effect of competitive workplace orders.

### **3.1 Workers' immediate material interest in informality: taking out a loan on the future**

Informal arrangements allow drivers employed by subcontractors to generate a typical monthly pre-taxation income of 1,400 to 1,600€. This is well below the low-wage threshold and considerably less than core workers employed by DHL can expect (around 2,000€ per month for 40 hours of work per week). As has been shown above, this income can only be generated by extending working hours well beyond legal limits, by re-declaring wages, having a widespread reliance on bonus systems, by obtaining unregistered 'under the table' payments, and by evading contributions to social security systems. While hourly wages are abysmally low, informal arrangements at least allow workers to earn a living. Their approach to employment and its regulation is a pragmatic one; work must generate the means

to survive. One interviewee described his voluntary move from handling parcels in a depot, working on a standard contract with the original service provider DPD, to working as a driver for a subcontractor thus: “I worked 7:36 hours per day for DPD, in line with the collective agreement. Now, I might work 12 to 13 hours per day, but I earn more money. In the end, it all boils down to the issue of money, sadly. The problem is, and I tell it like it is, you cannot feed a family on a single wage packet anymore. We married and had kids and that is why it did not work out anymore. And that’s why I changed jobs” (German driver, employed by a subcontractor, State of Hesse, May 2011).

Workers thus display a strong outcome orientation, and these considerations override more abstract and formal criteria, such as whether employment is regulated by collective agreement and the law. Drivers are well aware that the formal regulation does not say much about the substance of regulation. To them, collective agreements, workplace representation and labour law protection mean little as long as these institutions do not provide the required outcomes. Or, to put it more bluntly, eight hours of daily work for low wages simply do not provide for a decent life – and it does not matter whether these wages are set by collective agreements or not. Unsurprisingly, from a worker’s perspective, informal arrangements have immediate, tangible, cash-in-hand advantages when compared to formally regulated but low-paid work. Generating ‘high income’ through informal labour in the here and now is like taking out a loan on the future: the capacity to labour deteriorates quickly under hazardous working conditions, and maintaining social bonds outside work becomes difficult due to the long hours worked. Hidden payments and very low taxable income means drivers will have to rely on welfare in the case of unemployment and will only have minimal pensions. Whilst workers know that the immediate advantages of informality come at a long-term price, interviewees seemed to suppress thoughts about the future. When asked about how long they would last in the job and about future plans, they frequently responded with a shrug of the shoulders. Many were so consumed by dealing with insecurity in everyday life that they had hardly any resources to adopt a strategic approach to their own life, a finding that echoes much of the research on precarity (Bourdieu 2000; Vester 2007; Castel/Dörre 2009).

### **3.2 Fraternalism, social proximity and attribution**

Informal arrangements offer some material benefit to drivers when compared to non-informal work in the low pay sector of the German economy. However, these benefits are relative and cannot obscure the fact that drivers have many grievances, including low income, hazardous conditions and highly insecure employment. In part, asymmetrical power relations explain why grievances mostly remain 'hidden' and workers seem incapable of developing mechanisms ensuring they have a (collective) voice (Hirschman 1970). When it comes to the effort bargain under conditions of informality, the subcontracting employer is certainly the stronger actor. Acts of blackmailing, pressurising workers, withholding pay and breaches of contract were not only reported to us by interviewees but are also well documented in various internet fora. Our argument here is that coercion is embedded in specific social relations in small subcontracting firms and that these need to be taken into account when it comes to explaining the workings of informality.

It has long been argued that employment relationships in small and medium sized firms are different from those in larger enterprises (Scase 1995; Atkinson 2008). Claims that employment relations in small firms were mainly harmonious (Ingham 1970) were contradicted by observations of dictatorial management (Rannie 1989) in 'bleak houses'. Whilst small enterprises engaged in parcel delivery are indeed quite often 'sweatshops' or 'bleak houses', very often workers are selectively integrated into forms of fraternalism (Goffee/Scase 1982; Scase 1995). In parcel delivery, fraternalism can flourish on the basis that employers are very often owner-drivers, i.e. although they manage a small business, they also frequently do the same work as drivers. Frequently, such people work alongside their employees and are seen to contribute to the business' survival. The hard work employers themselves put in serves as an example to waged drivers and supports the idea that 'we are all in it together'. In these settings, exploitative relations are therefore obscured and less tangible to drivers. Fraternalism is supported by close social proximity and a common habitus, as many subcontractors were once employed drivers themselves. Even their advancement to the status of entrepreneur is in many cases not reflected in material advancement, as competitive pressure and pricing policies of

the original service providers often mean that the economic situation of subcontractors themselves is highly precarious.

Fraternalism however needs to be actively reproduced by subcontractors, who need to be able to achieve discursive hegemony. As Scase (1995: 589) has argued, small employers “[...] legitimate their actions by reference to the competitive forces of the market economy. [...] they will openly acknowledge to their staff that the wages which they can offer are unacceptably low but claim that these reflect circumstances beyond their own personal control.” In parcel delivery, subcontractors can legitimise ‘bad conditions’ by pointing to the cost saving exercises of the big focal firms, i.e. the large service providers, and to greedy members of the public being unwilling to pay adequately for parcel services. Diverting responsibility for abysmal conditions can also include blaming other subcontractors. In a highly competitive field, subcontractors are continuously fighting to secure contracts from the original service providers. Unable to challenge the policies of focal firms collectively, subcontractors frequently undercut each other in order to secure business. Holding each other responsible for distorting prices quite often has racist undertones, with migrant subcontractors depicted as ‘price breakers’. In this way, internal cohesion and ‘them vs. us’ attitudes can be fostered; ‘them’ being the original service providers, as well as other subcontracting firms. Attribution processes, which are essential to any transformation of grievances into (collective) action (Kelly 1998), are frequently shaped by a small employer discourse, which successfully redirects blame to others. Organisational fragmentation in the form of multi-layered subcontracting thus leads to situations in which workers attribute blame for their situation to powerful actors far beyond their reach. In this scenario, accommodation often seems to be the only mechanism likely to improve one’s situation.

This last aspect is of crucial importance, as informality allows small employers to construct competitive hierarchies amongst drivers and these hierarchies in turn are a barrier to drivers developing the collective capacities required to challenge informality from below. Informal relations allow subcontractors to privilege some workers over others and to selectively grant better conditions to some than to others. Those who perform well and display high levels of loyalty and flexibility can hope for an employer’s benevolence when it comes to bonuses or unregistered payments. Subcon-

tractors might reward them by extending contracts, by preferring ‘good drivers’ when it comes to holiday planning or by assigning them delivery districts that are a little less demanding than others. In informal conditions, preferential treatment can, however, be revoked at any time. Drivers thus have to continuously qualify and re-qualify for slightly improved conditions and security by means of their excellent performance and reliability. The mechanisms of selective preferential treatment can be defined as tests situations and constitute an effective mechanism of control (Boltanski 2010; Dörre 2011; Dörre et al. 2013a). It has disciplining effects on those who are slightly better off but also on those who try to make it to the ranks of ‘privileged drivers’ and slightly improved conditions. In our research, we came across racialised hierarchies, with migrants at the bottom of the pile. Respondents described them as being unable to understand the economics of the business (i.e. the systemic limits to wages), or as being unreliable, untrustworthy and unsteady. However, some also ascribed certain survival competencies to migrants. With recourse to strong social and family ties beyond the workplace, migrants had solidarity networks that helped them move across regional labour markets and to thus grasp any opportunity on offer.

Intense competition between workers and workforce fragmentation, sometimes framed by racist discourse, work to the detriment of any collective challenge to widespread grievances. A lack of power resources, in conjunction with employer ‘strategies’ of (selected) fraternalism and attribution processes, encourage workers to reach accommodation with informal arrangements. Short-term material gains foster workers’ interests in informality from below. Informal orders in parcel delivery are thus upheld and reproduced by a combination of coercion and consent.

#### **4. Conclusion and scope for further research**

The main purpose of this paper has been to offer a sociological explanation for the spread of informality in a rapidly expanding sector of the German economy. In the case described, informal and formal elements of employment intersect and hybrid forms manifest themselves. Informality spreads as service provision fragments, due to focal companies’ interest

in outsourcing much of the operational side of the business. While focal employers mostly adhere to the established forms of employment regulation when it comes to 'their' core workforce, externalisation is a way of shifting work to small firm contexts of low wages, intense exploitation and rather informal regulation of work and employment. Whilst employer interest might be easy to define, we have argued that informality in this setting is not exclusively upheld and reproduced by the whip of the market and coercion. Rather, there is also consent from workers, and workers actively take part in the reproduction of informality in the small firm ('informality from below'). Further research should shed some more light on worker subjectivities and agency. This leads to another consideration: While we have tried to be sensitive to workers' perspectives, interests and processes of interaction with employers, the theme of worker resistance has been underrepresented in this paper. There are strong indicators in our empirical material that point to worker resistance. Theft of goods, 'pulling a sickie', using company cars for private purposes, forging signatures and other ways of violating service standards have been mentioned. It is of course rather difficult to gauge the extent of these practices; however, they do exist and represent ways of 'having a go at the boss'. Fraternalism clearly has its limits and future research should be sensitive to these forms of 'resistance', traditionally ignored by the German sociology of work with its strong focus on forms of institutionalised conflict but theorised elsewhere (for example Edwards et al. 1995; Thompson/Ackroyd 1995; Ackroyd/Thompson 1999; Hodson 1999). Further inspiration should be drawn from research in the Global South, which has seen the development of collective organisation in informal settings (Lambert/Webster 2001; Agarwala 2007; Lindell 2010; McNally 2013).

While the micro-processes of informality certainly deserve more attention, they need to be integrated within broader structural change in the regulation of work, employment and social policy. The impact of (re-)regulation of formal work and employment, of labour market reforms (the Hartz legislation) and of social policy on the dynamics of informality need to be taken into account. These policies have nurtured the low wage sector and the spread of insecurity (Dörre et al. 2013b; Bosch 2014) and have laid the structural foundation for conditions in which 'disciplined' workers see some benefit in informality. While recent minimum wage legislation

has been welcomed by trade unions, its effects cannot be evaluated yet. There is some reason for skepticism: in quasi-informal settings, enforcement problems are to be expected (Ram et al. 2001), as workers, especially recently migrated workers, are often so weakly resourced that they do not know how to make the law work for them. Also, the current rate of 8.50€/hr. is far too low to make formally regulated employment attractive for many workers. Furthermore, some respondents in our study predicted that minimum wage legislation would result in further fragmentation, as employers would replace employees by self-employed drivers.

Further research should move on beyond the workplace and adopt a household perspective. We know too little about those social and gender arrangements beyond work that support or inhibit informal employment as described above (Aulenbacher/Riegraf 2011) and how workers and households reproduce (Jürgens 2012). What exactly are the ‘background conditions’ (Fraser 2014) that enable the forms of informal exploitation we have just described? Almost certainly, the long working hours and overwork that come with employment in parcel delivery are only feasible under the condition that others (i.e. partners and/or the wider family) shoulder most of the reproductive tasks. In this case, male workers’ long hours strictly confine female labour market participation and thus contribute to the persistence of gender inequality. As the quote in section 3 has shown, informality also feeds on workers’ aspirations to uphold family structures and thus to ensure a little bit of normality under fundamentally insecure conditions.

Informal labour comes at a huge long-term cost – both to individual workers and to society. The low cost business models now favoured by large focal companies are based on short-term considerations and a reckless exploitation of labour. At the end of the parcel service chain, we find workers who are half-citizens, or *denizens* (Standing 2011). The marginalisation of these groups might incur great costs to democracy and thus add to the short-term damage to workers mentioned above.

- 1 This contribution is based on results from the 2010/11 SODIPER research project (Social Dialogue and Participation Strategies in the Global Delivery Industry: Challenging Precarious Employment Relations). The project was funded by the European Commission and led by the Austrian FORBA institute. It included case studies from Austria, Hungary and the Czech Republic. The empirical basis of the German case consisted of 27 interviews with management representatives, drivers employed directly by focal service providers as well as those employed by subcontractors and experts in the field (i.e. union officers and a representative of a small federation of subcontractors). Additional data was generated by focus groups with drivers and subcontractors and from document and media research. On the German side the project was coordinated by Hajo Holst, related publications include Holst/Singe (2011, 2013).
- 2 When it comes to work itself, drivers do mention some positive aspects: getting a job done under adverse conditions can foster sentiments of pride and worth, especially when performance is recognised by others, including the employer. Some refer to customer interaction as making the job worthwhile and prefer the relative freedom on the road to close supervision they regard to be typical of work on the factory floor. Ever greater time pressure and the introduction of electronic devices that allow for tight control of the work process are further undermining these positive sides to working as a parcel delivery driver.

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## **Abstracts**

This empirically based contribution analyses informal work and employment in German parcel services. In expanding segments of the industry, the formal regulation of work is supplemented by informal practice. While processes of informalisation are driven by the interests and strategies of capital, informal arrangements do find some resonance amongst workers. In asymmetrical power relations with capital, workers as actors are actively involved in the reproduction of informality. Social hierarchies amongst the fragmented group of workers are also marked by patterns of racialised classification.

Dieser empirisch basierte Beitrag analysiert informelle Arbeit und Beschäftigung von ZustellerInnen in der deutschen Paketbranche. In weiten Segmenten dieses Feldes wird die formelle Regulierung von Arbeit durch informelle Praktiken ergänzt. Informalisierungsprozesse resultieren einerseits aus Kapitalstrategien und -interessen, aber gleichzeitig können informelle Arrangements auf Resonanz bei den Arbeitenden treffen. Als Akteure sind diese in machtasymmetrischen Konstellationen an der Reproduktion von Informalität beteiligt. Soziale Hierarchien in der fragmentierten ArbeiterInnenschaft werden nicht zuletzt durch rassistische Klassifikationsmuster geprägt.

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