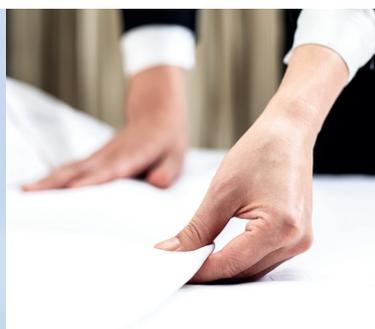




NORDIC HOSPITALITY SECTOR

TOWARDS AN ATTRACTIVE AND SUSTAINABLE FUTURE



THE HOTEL AND RESTAURANT
INDUSTRY IN THE NORDIC COUNTRIES
FROM A WORKER'S PERSPECTIVE

 **NORDIC
UNION**
HOTELS, RESTAURANTS,
CATERING AND TOURISM

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SUMMARY

Nordic hospitality is growing and becoming increasingly more important for economic growth in the region. It is seen as one of the fundamental industries for the future of the Nordic region as the region has vast potential to further develop as a tourist destination. However, the Nordic hospitality industry must put its focus on value creation and innovation, in order to defend high cost levels, at the same time as being a world leader in sustainability, quality, experience and know-how.

It is exciting to be part of the dynamic Nordic tourism industry. Most employers offer their workers decent working conditions, collective bargaining, experience and skills that can be used throughout the world. Despite this fact, there are still too many employers that give the industry a bad name because of poor working conditions, wage theft and systematic exploitation of workers.

The hospitality industry in the Nordic countries should never try to compete on precarious working conditions, low wages and a poor work environment. We believe that the Nordic hospitality industry will become a very important industry in the future. The companies that will be winners in the future are those who have understood that they must offer their employees fair working conditions and collective agreements.

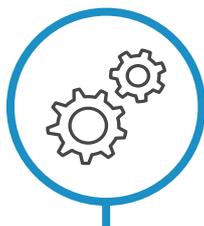
Throughout history, trade unions' most important issue has been to fight for the right to permanent employment and a salary you can live on. At the same time, the reality in our industry is completely different. **In this report** we summarize the reality of workers and a few measures to create a more attractive and socially sustainable industry.



The Nordic hotel and restaurant industry creates many new jobs ...

- In the last ten years, the hotel and restaurant industry created 87 000 new jobs in the Nordic region, of which 50 000 are part-time jobs.
- The industry has a high staff turnover, but about 57% of all employees in the HRCT sector in the Nordics have worked less than 2 years with the same employer.

... but the industry has difficulty retaining staff.



The Nordic hotel and restaurant industry claims it needs more skills ...

- The HRCT industry in the Nordic countries has a low education level compared to other industries, but about 32% of all people working in the industry have primary education or less.
- Many young people work in the HRCT industry in the Nordic region. Nearly 40% of all workers in the industry are between 15 – 24 years and 65% are under 35 years of age.

... but the industry mainly employs young and unskilled workers.

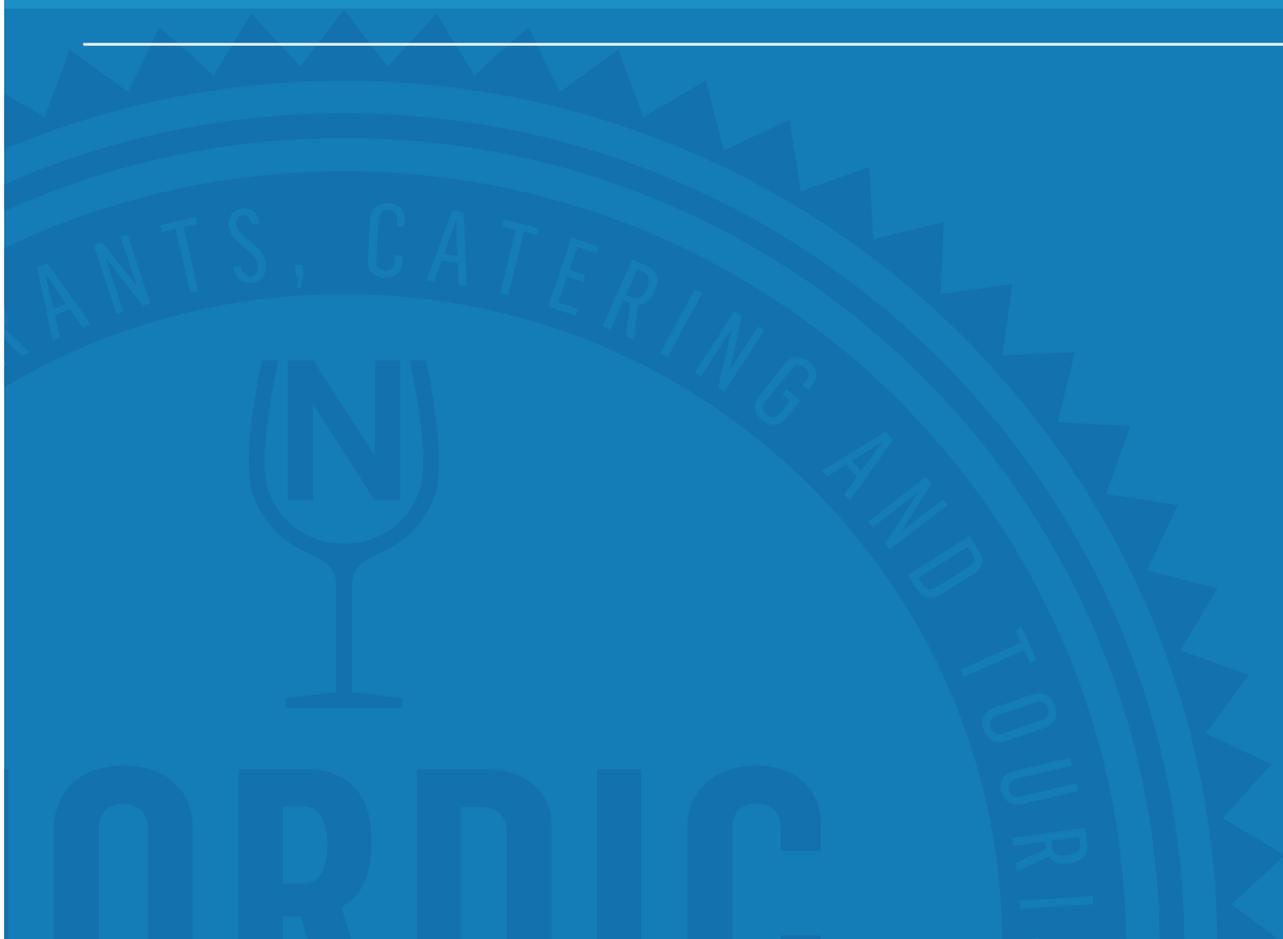


Hotel and restaurant workers have precarious forms of employment and low wages ...

- Part-time positions have increased from 43% of all employments in 2008 to 45% of all employment in the industry in 2018.
- Temporary employment contracts have increased slightly in the last 10 years, but around 24% of all positions in the Nordic HRCT sector are temporary, compared to 14% for the entire Nordic labor market.

... and need safer forms of employment in the future.

TOWARDS AN ATTRACTIVE AND SUSTAIN- ABLE FUTURE INDUSTRY

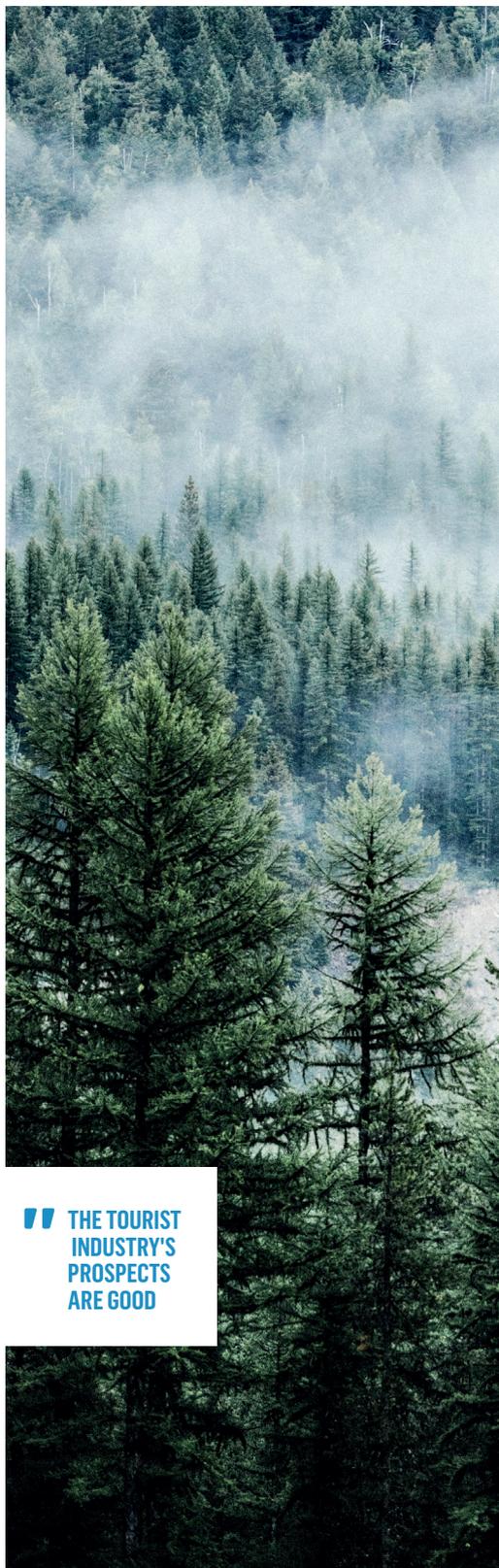


INCREASED COOPERATION IS NEEDED TO RESPOND TO INDUSTRY CHALLENGES

- **NU HRCT believes that** the social partners must agree on a common strategy on how to respond to the industry's poor reputation and create a more attractive and sustainable HRCT industry.
- **NU HRCT believes that** there is a need to develop sustainable tourism and hospitality policy in the Nordic countries that takes better account of the workers' perspective, regional development, and that counters unfair competition and over-supply.
- **NU HRCT believes that** stricter requirements should be imposed on anyone who wants to operate and perform services within the industry to increase quality, counteract economic criminality and reduce social dumping.
- **NU HRCT believes that** more career paths are needed, where experience, loyalty, education and skills are valued through better rewards that can reduce employee turnover and ensure quality.
- **NU HRCT believes that** increasing knowledge about collective agreements together with more workplace controls can lead to a more attractive industry and improved working conditions, with fewer contract breaches, less exploitation of workers and smaller shadow economy.
- **NU HRCT believes that** the social partners must discuss current education systems, the development of new training tailored to needs and demands of the industry, and how to create better conditions for lifelong learning.
- **NU HRCT believes that** it is important to develop better methods to validate competencies, as many workers lack formal certification of their knowledge.
- **NU HRCT believes that** the labor market partners must be better to respond to inequality that characterizes the HRCT industry through concrete actions for equal pay, and how to combat sexual harassment and promote secure employment.
- **NU HRCT believes that** Nordic governments should monitor the development of labor platforms and gather statistics on working and employment conditions for different types of work provided through digital platforms.
- **NU HRCT believes that** Nordic governments should develop their legislation to better regulate employment and working conditions for those working through digital platforms.

LOWER WAGES AND INCREASED FLEXIBILITY ARE NOT THE SOLUTION TO THE INDUSTRY'S CHALLENGES

- **NU HRCT believes that** the social partners should decide on labour market regulations and conclude agreements on how to apply flexibility in the HRCT industry's employment conditions.
- **NU HRCT believes that** greater emphasis should be placed on value creation and development of new technologies to increase profitability, improve work environment and thereby create conditions for higher wages.
- **NU HRCT believes that** all employees in the industry should make a living wage, something that requires decent wages, as well as enough working hours per week.
- **NU HRCT believes that** young workers fill an important function in the HRCT industry and provide the flexibility to cover variation in staffing. However, too low youth wages can lead to wage dumping, lack of quality and reduce occupational status.
- **NU HRCT believes that** the industry has an important integration's function. Many immigrants get their first job in the HRCT industry, but this should not happen through lower minimum wages but rather through governmental assistance, validation, training and traineeships.
- **NU HRCT believes that** permanent employment should be the norm in the industry. Other forms of employment should be used sporadically and be governed by collective agreements.
- **NU HRCT believes that** rules and employment protection for part-time workers must be improved by law and collective agreements, especially for those who want to work more hours.



INTRODUCTION

The hotel and restaurant industry (HRCT industry) is one of the largest segments of the tourism sector. In 2018 there were about 80 000 registered hotel and restaurant enterprises in the Nordic region. Most of them are small businesses with fewer than 10 employees.

The hotel and restaurant industry refers to all companies that our affiliates organize in the Nordic countries, such as hotels, conference centers, airports, hostels, holiday villages, campsites, restaurants, catering activities, cantinas, cafés, bars, casinos and other tourist activities. Common professions are, for example, cooks, waiters, receptionists, hotel housekeepers, baristas, fast food workers and catering workers.

The purpose of this report is to create an overview of the industry, the development and try to understand the differences between the Nordic countries. We try to examine how policies, legislation and collective agreements have contributed to the situation in our industry. First, we describe the situation in the industry and then describe the major challenges. Finally, various explanations to this development and the differences are presented.

BACKGROUND

Tourism in the world is increasing sharply. According to new statistics from the United Nations Tourism Organization (UNWTO), 1.4 billion tourists traveled the world in 2018. This is an increase of 6 percent compared to 2017. The global economic growth, urbanization, lifestyle changes, and a larger middle class has led to increased travels. We also see that people and companies in the Nordics spend a larger percentage of their income on food, drink, experiences and other activities.

The tourist industry's prospects are good. According to international estimates, global travel will increase by approximately three per cent per annum until 2030. We believe that the Nordic region has a good potential to take part in this increase. The attraction of the Nordic region lies both in the big cities, natural and cultural resources throughout the region, but also good infrastructure and facilities that meet the demands of the visitors.

However, it is not enough to attract more tourists in the Nordic region. They must also be well taken care of. This assumes a capacity to receive them, a willingness and ability to meet their expectations, and to make their experience as good as possible. Nordic hospitality industry should never try to compete on low prices and quantity. The hospitality industry must focus on value creation and social sustainability, in order to defend high price levels while being a world leader in quality, experience and know-how.

THE INDUSTRY IS A JOB ENGINE FOR THE REGION

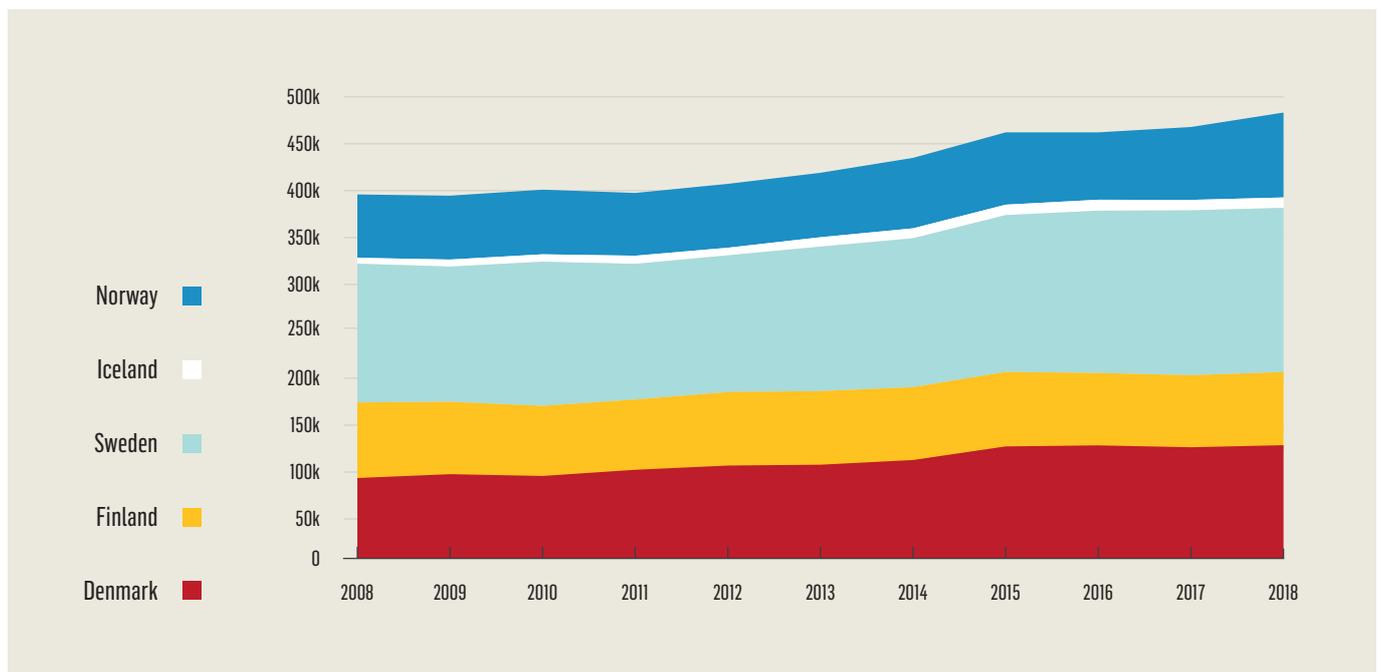
The HRCT industry creates many new jobs both directly in the sector but also in other industries. Tourism takes place in all parts of the Nordic region, which means that the hospitality industry is important for growth and employment in a regional context. The jobs are exciting for people of all ages, ethnicities and skill levels. The industry provides many good jobs, great career opportunities, useful skills and the opportunity to enter the labor market.

Tourism is a job engine for the whole region. Between 2008-2018 the hotel and restaurant industry created about 87 000 new jobs. At the beginning of 2019, 483 000 people were

employed in the Nordic industry (as measured by the average number of employees during the year), which is an increase of 22 percent compared to 2008. This compares to the increase in total employment in the Nordic region by 7 percent over the same period.

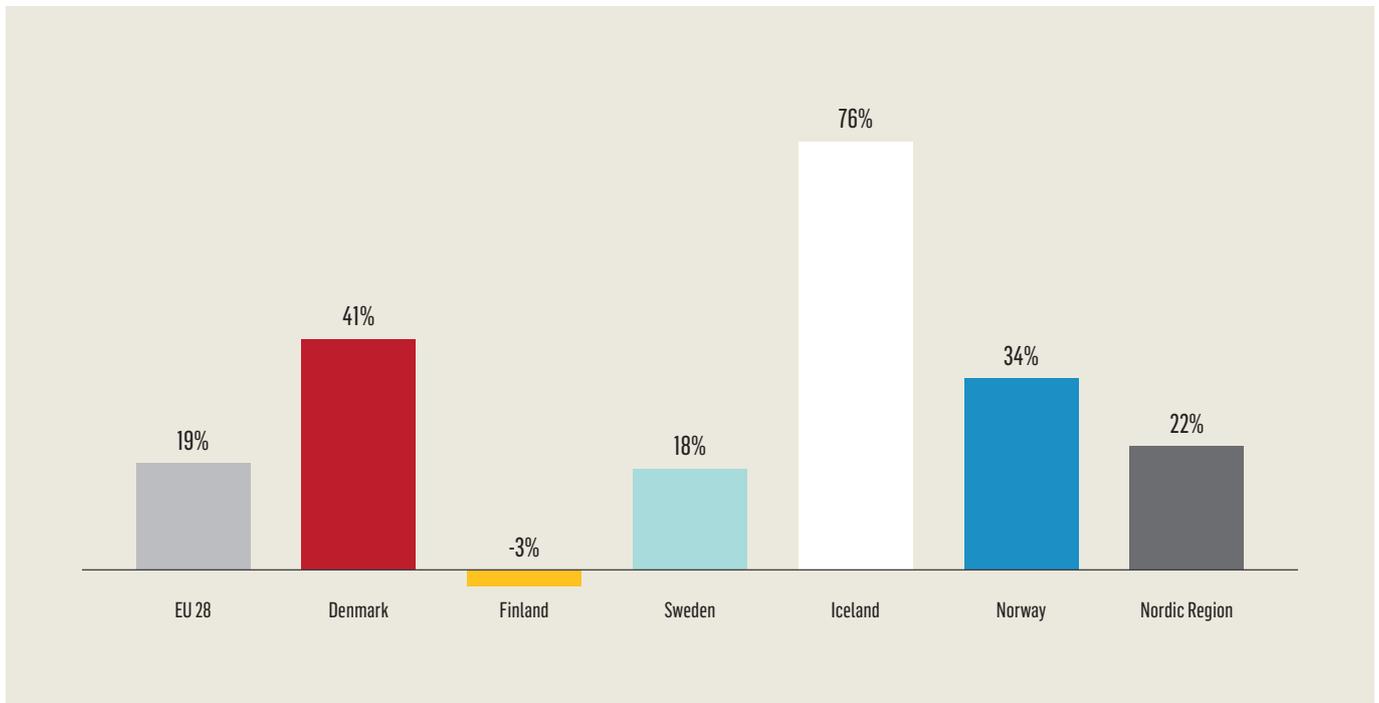
However, we should not only look at the number of jobs created but also on the quality of these jobs. Unfortunately, a large part of the jobs that have been created in recent years have been low paid with precarious employment conditions. They are mainly carried out by young unskilled workers, which are almost never unionized.

CHART 1: NUMBER OF TOTAL EMPLOYED IN THE NORDIC HOTEL AND RESTAURANT INDUSTRY (2008 – 2018)



Source: Eurostat

CHART 2: EMPLOYMENT GROWTH IN THE NORDIC HOTEL AND RESTAURANT INDUSTRY LAST 10 YEARS



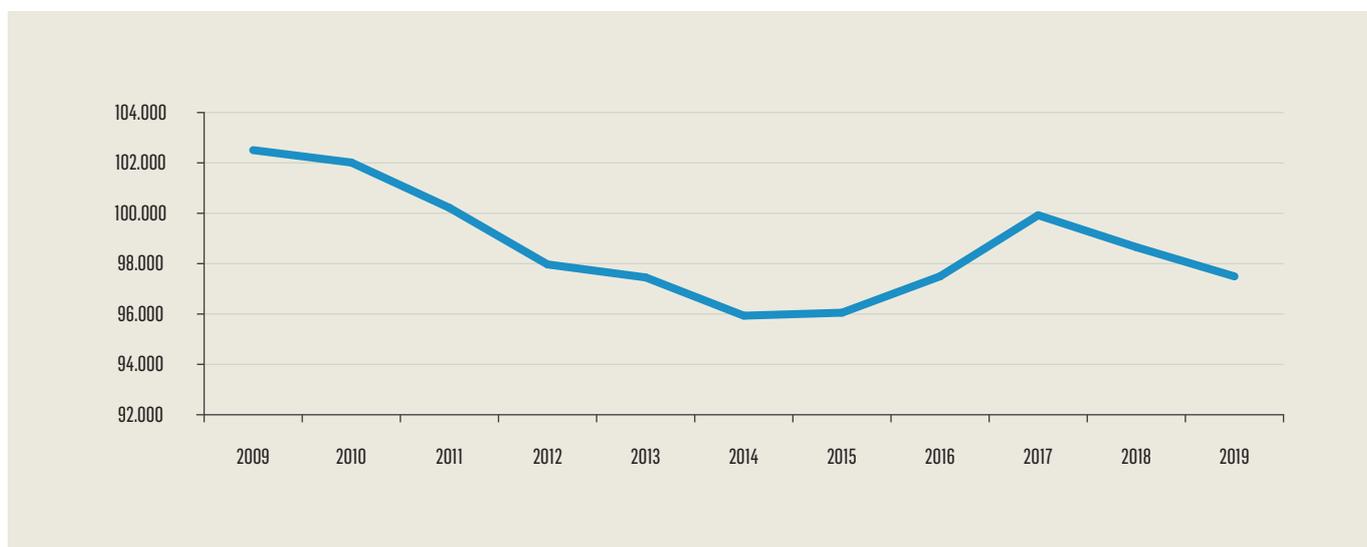
Source: Eurostat

LOW LEVEL OF UNION DENSITY BUT GOOD COLLECTIVE BARGAINING COVERAGE

The Nordic labor market model, where the social partners take main responsibility for wage determination and other labor conditions is based on strong trade unions and high rates of collective bargaining coverage. Trade Union membership within Nordic HRCT industry has been under enormous pressure for past 20 years. Our affiliates, mainly in Sweden, have lost many members despite many new jobs in the industry.

Precarious employment contracts, young people and foreign-born workers frequently employed in the HRCT industry, are less likely to organize themselves than other workers. Out of approximately 483 000 workers in the Nordic region NU HRCT organizes around 100 000 as members. It is worth noting that not all trade unions in the Nordic countries organizing in the HRCT industry are members of NU HRCT.

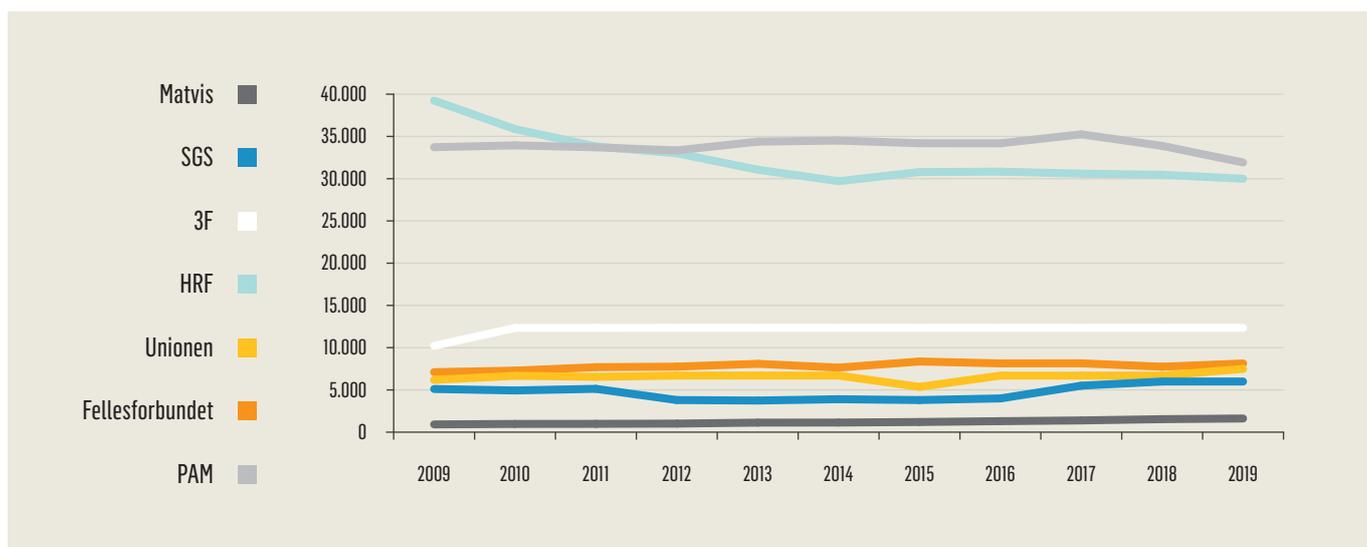
CHART 3: NU HRCT MEMBER DEVELOPMENT (2009 - 2019)



In recent years, the membership drop has slowed down, but the union density rate continues to decline as new jobs do not automatically lead to new members. The union density in Iceland, and in Finland is clearly higher than in the rest of the Nordic region.

Iceland is exceptional as everyone who works according to a valid collective agreement is obliged to pay a membership fee to the Union. Although it is not an obligation to be a member, it sure makes sense to be a member as you still must pay.

CHART 4: DEVELOPMENT MEMBERSHIP IN OUR AFFILIATES 2008 – 2019

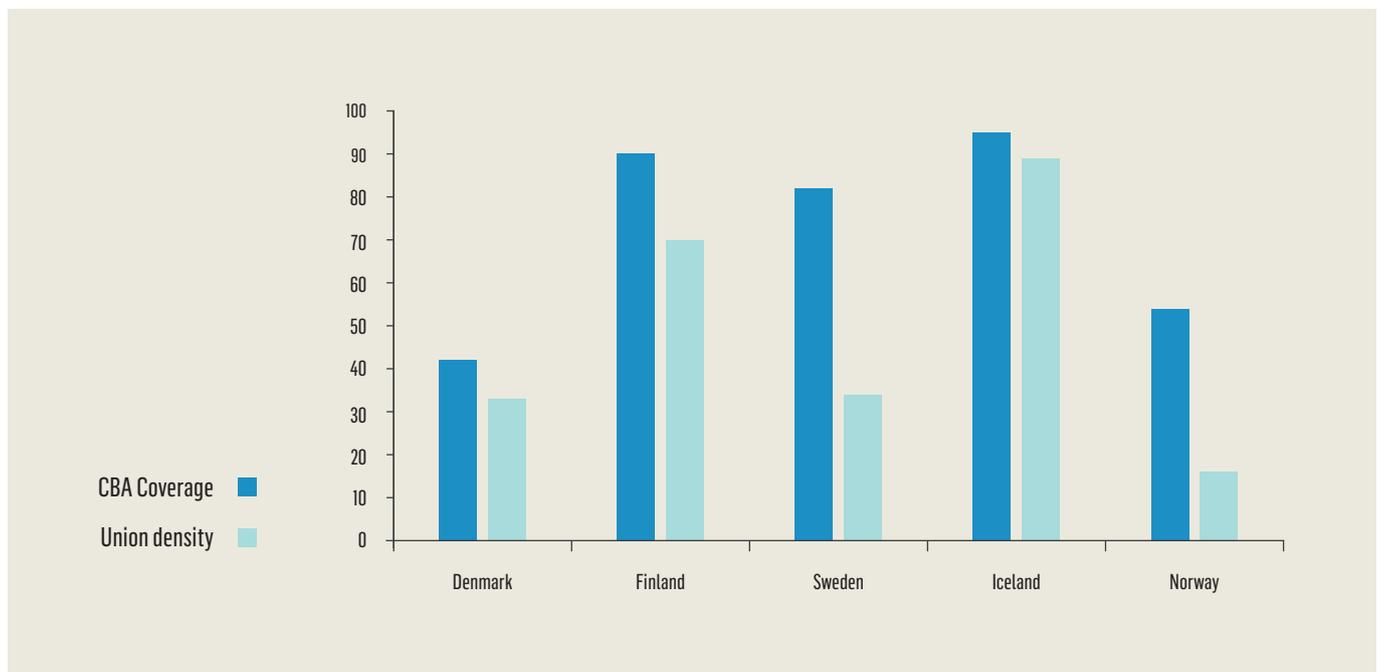


The strong link between unemployment insurances and the unions have contributed to a high degree of union density in **Finland**, **Sweden** and **Denmark**, while **Norway** and **Iceland** have a state-run unemployment fund. Various political decisions in the last 20 years have contributed to the negative development.

However, the fact that the contract coverage has remained high can be explained by well-organized employers' side and strong central employer associations that sign collective agreements for their members. In **Sweden** and **Denmark**, collective agreements

apply to all employers affiliated to the contract, either through their Employer Association membership or that employers sign the contract directly with our affiliates. In **Finland** and **Iceland** there have long been rules on ergo-omnes extensions of collective agreements. This means that the collective agreements signed by the social partners in the industry apply to all companies operating in the industry. Since the beginning of 2018, **Norway** has had a legally binding minimum wage in the HRCT industry.

CHART 5: COLLECTIVE BARGAINING COVERAGE AND UNION DENSITY IN THE HRCT INDUSTRY IN 2016



Various sources

DIVERSITY BRINGS BENEFITS BUT ALSO CHALLENGES

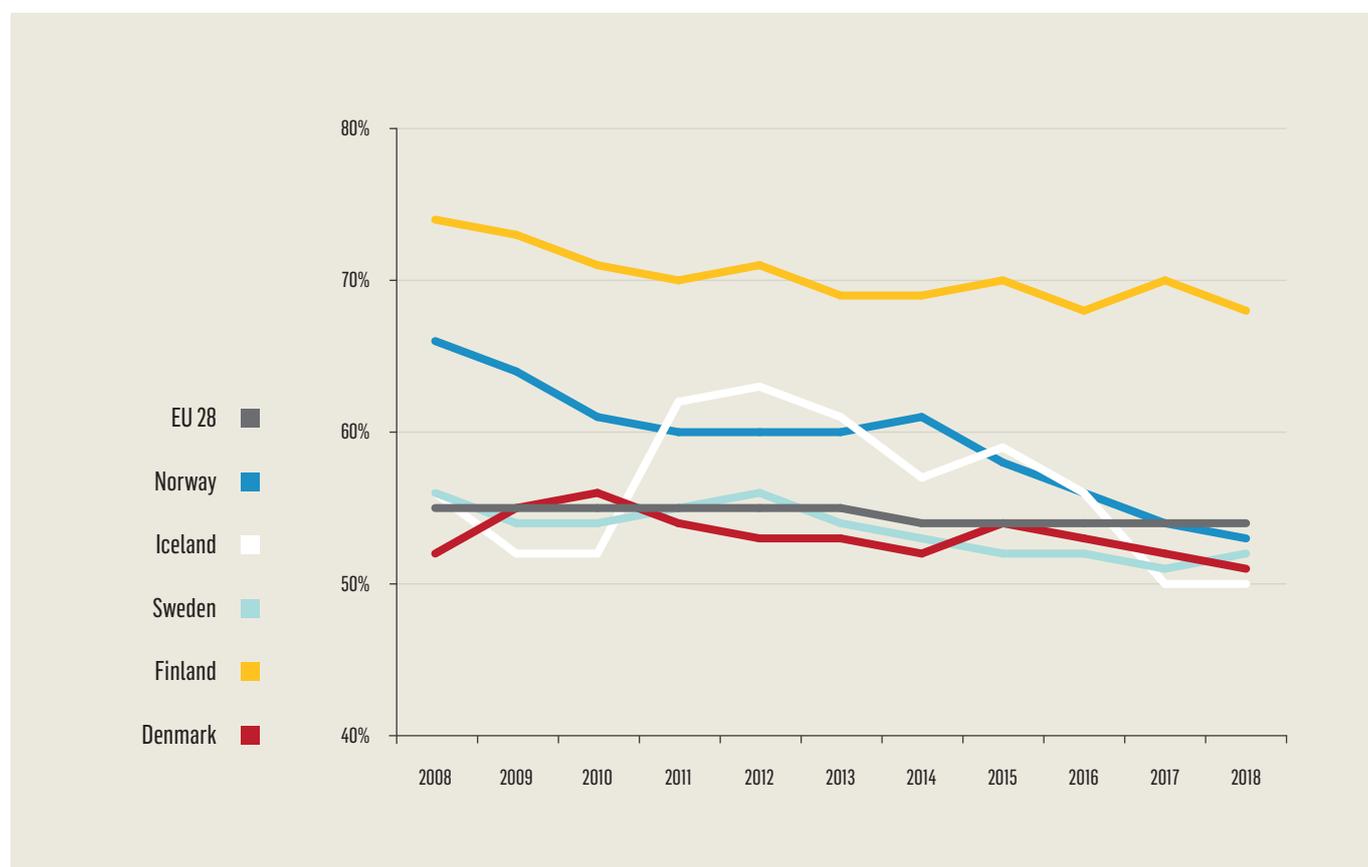
THE HOTEL AND RESTAURANT INDUSTRY WELCOMES DIVERSITY AND REPRESENTS PEOPLE WITH DIFFERENT BACKGROUND. MANY YOUNG AND FOREIGN-BORN TAKE THEIR FIRST STEP INTO THE LABOR MARKET AND IT WELCOMES. NU HRCT WELCOMES THE FACT THAT MORE AND MORE HOSPITALITY COMPANIES IN THE REGION, INCLUDING THE LARGE HOTEL CHAINS, ARE ACTIVELY WORKING ON DIVERSITY AND INTEGRATION AS A STRATEGY TO IMPROVE BUSINESS AND TO CREATE VALUE.

INEQUALITY IN WOMEN'S DOMINANT INDUSTRY

When looking at the gender balance in the industry, around 55% of all those working in the industry are women, in **Finland** the proportion of women is almost 68%. However, statistics indicate that women have lower wages, more precarious employment and frequently hold part-time positions. Typically, male dominated occupation groups (i.e. chefs) have generally higher wages than those groups with predominantly women (i.e. hotel housekeepers).

The industry is also characterized by other problems. Sexism and sexual harassment, including unwanted attention or threats of a sexual nature, are frequent phenomena in the industry. Studies conducted by NU HRCT show that sexual harassment is an every-day issue for young women with direct customer contact in the hotel and restaurant industry, i.e. waiters and receptionists.¹

CHART 6: PROPORTION OF WOMEN IN THE HOTEL AND RESTAURANT INDUSTRY (2008-2018)



Source: Eurostat

¹ NU HRCT (2016)

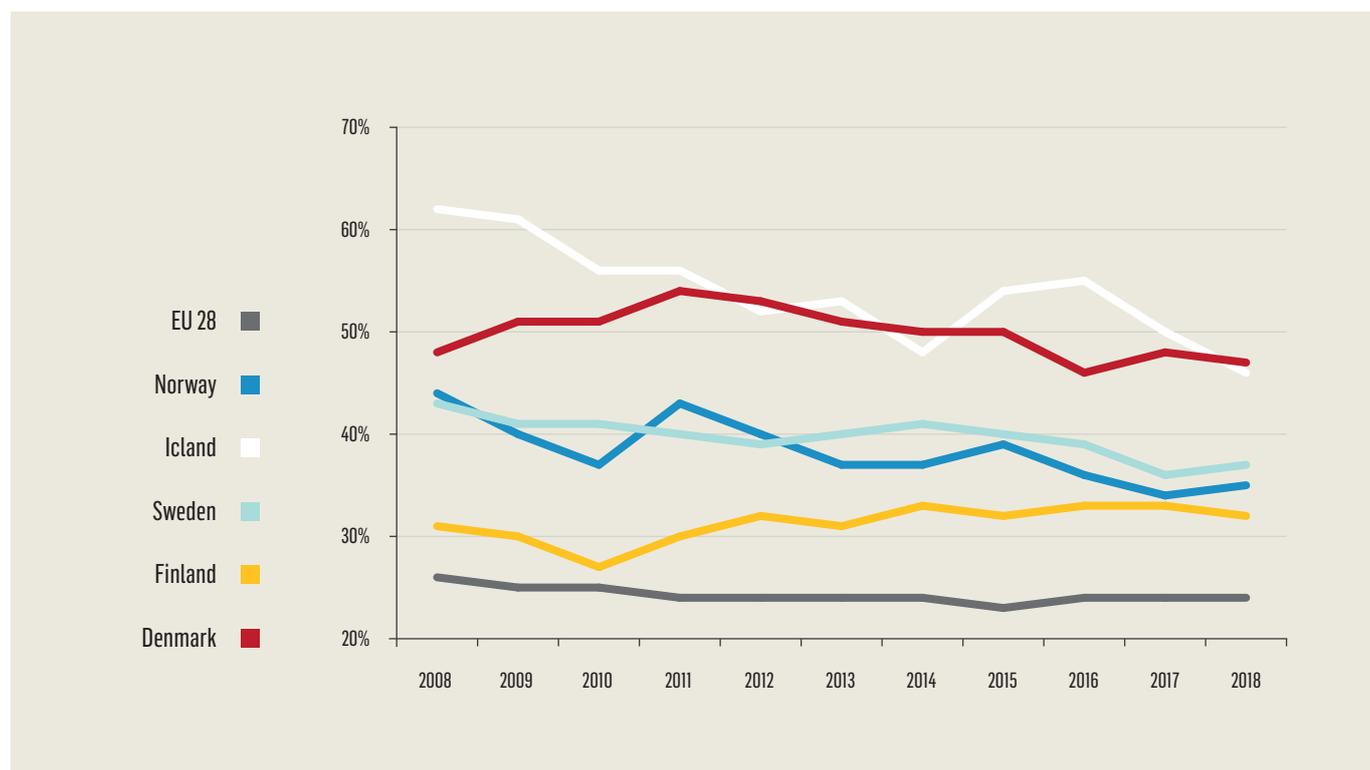
YOUNG PEOPLE FULFILL AN IMPORTANT FUNCTION, BUT ARE PRIMARILY SEEN AS FLEXIBLE AND CHEAP LABOR

Many young people work in the HRCT industry in the Nordic region. Nearly 38% of all workers in the Nordic region are between 15 – 24 years compared to 24% in the EU. **Iceland** and **Denmark** stand out compared to the rest of the Nordic countries with an even larger proportion of young employees.

There are various reasons why more young people work in the hospitality industry in the Nordic countries compared to the rest

of Europe. There are both cultural and economic explanations. In the Nordic countries, it is much more common than in the rest of Europe that students combine their studies with work. Students can easily find part-time work in the hospitality industry that does not collide with their studies. These student jobs are also desirable, as large part of the working hours are during evenings and weekends, where extra pay or overtime is common.

CHART 7: SHARE OF 15 – 24-YEAR-OLD IN THE HOTEL AND RESTAURANT INDUSTRY

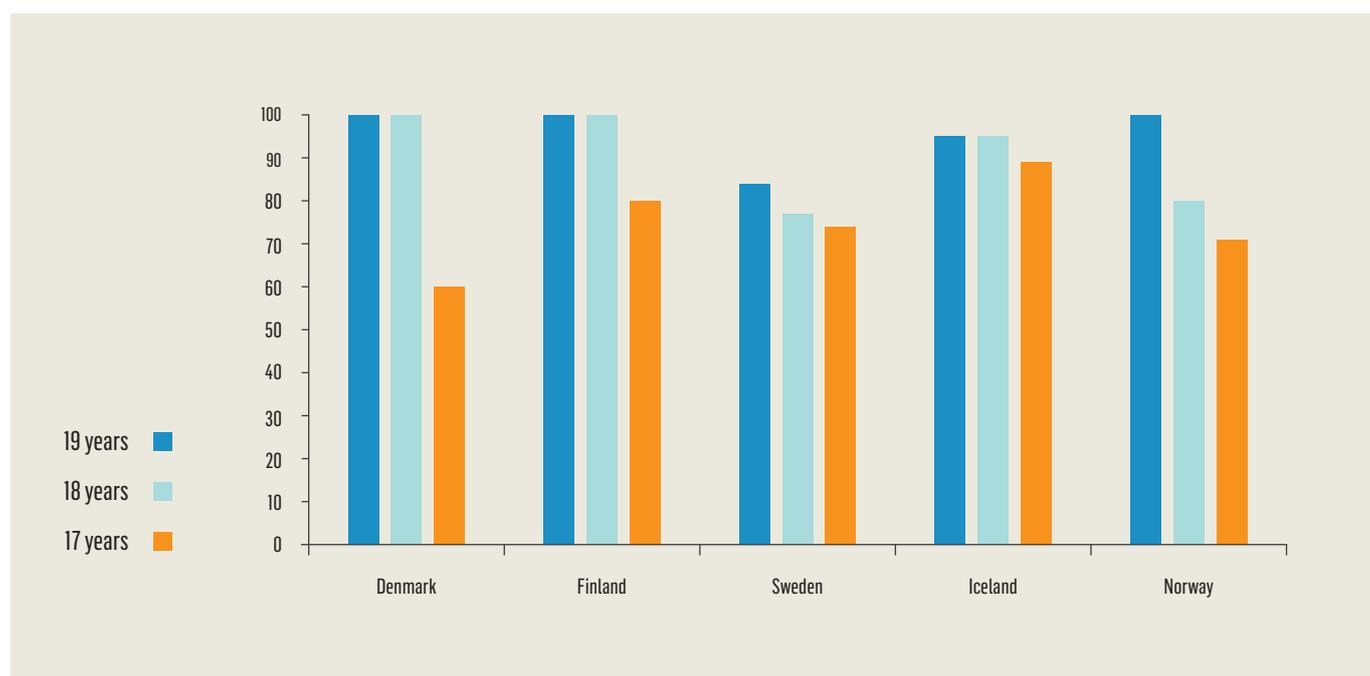


Source: Eurostat

Another explanation behind the large number of young people in the industry is employers' quest for lower wages and more flexibility. It is common for collective agreements to distinguish between youth salaries and adult wages. Youth wages tend to be

lower than the initial salary for adults. Chart 8 shows that there is a clear incentive to employ young people in certain countries, especially if the job does not require any specific skills or is regulated by health and safety law.

CHART 8: YOUTH WAGES AS A PERCENTAGE OF MINIMUM WAGES IN COLLECTIVE AGREEMENTS



Young people and students play an important role in the hospitality industry in the Nordic region, which can be a win-win situation. Young people get work experience and income, while employers have flexibility to cover variation in number of guests based on season, time of day or week. NU HRCT believes, however, that this situation can also have negative effects such as wage dumping, lack of quality, poor skills levels and low professional status.

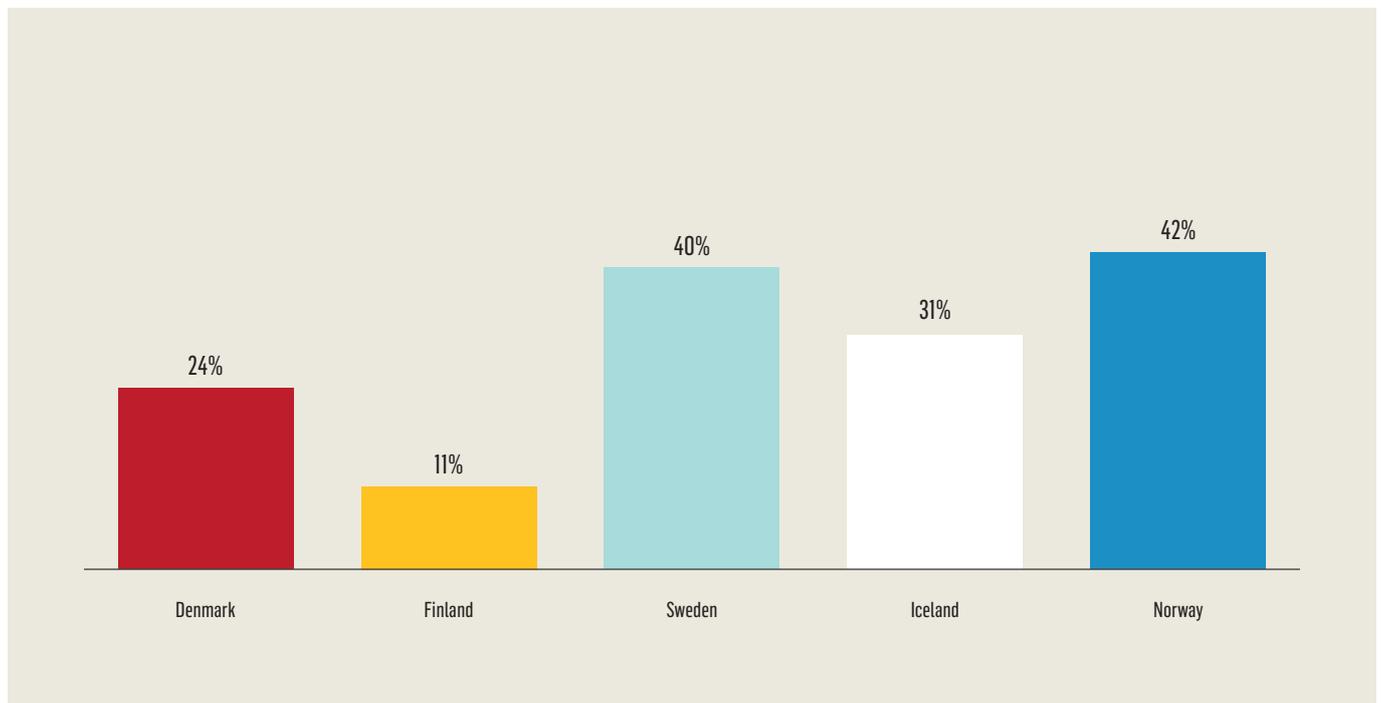
When our affiliates signed agreements on youth wages, it was not to give companies unrestricted access to cheap labor. The idea was that young people would receive important introductions and experience through lighter tasks and supervision that could give the industry the opportunity to train staff and thus get the necessary competencies for the future.

MANY FOREIGN-BORN WORKERS WORK IN THE INDUSTRY

The hospitality industry is often highlighted as an industry that is good at integration because many foreign-born people get their first job in a hotel or a restaurant. Foreign-born are well represented in the industry compared to the rest of the labor market. In **Norway** and **Sweden**, around 40% of all those working in the industry have foreign background. The proportion of foreign-born persons in **Finland** is lower.

In a European perspective **Finland** does not have many immigrants. In most European countries over 10% of the population is born abroad, in **Sweden** almost 18%, in **Denmark** 14%, in **Norway** 14% and in **Iceland** 13% but only seven percent in **Finland**.

CHART 9: PROPORTION OF FOREIGN-BORN PERSONS IN THE HOTEL AND RESTAURANT INDUSTRY (2018)



Source: National Statistics Bureau

Recently there have been some discussions in the Nordic countries on the importance of reducing thresholds to make it easier for companies to employ recently arrived migrants and long-term unemployed individuals at wages lower than the current minimum wage. NU HRCT does not believe this solution will solve any problems and Nordic governments should rather invest in education and other integration policies. Additionally, lowering the minimum wages would result in a downward spiral, putting pressure on already low wages.

There has also been a dialogue about so-called integration jobs for people that are far away from the labor market. It could be a decent option where individuals get the opportunity to strengthen their skills and experience through apprenticeship and training programs. These jobs could be subsidized through state aid to limit wage costs. It is important that these jobs are based on collective agreements and that permanent employment can be guaranteed.

HIGH STAFF-TURNOVER

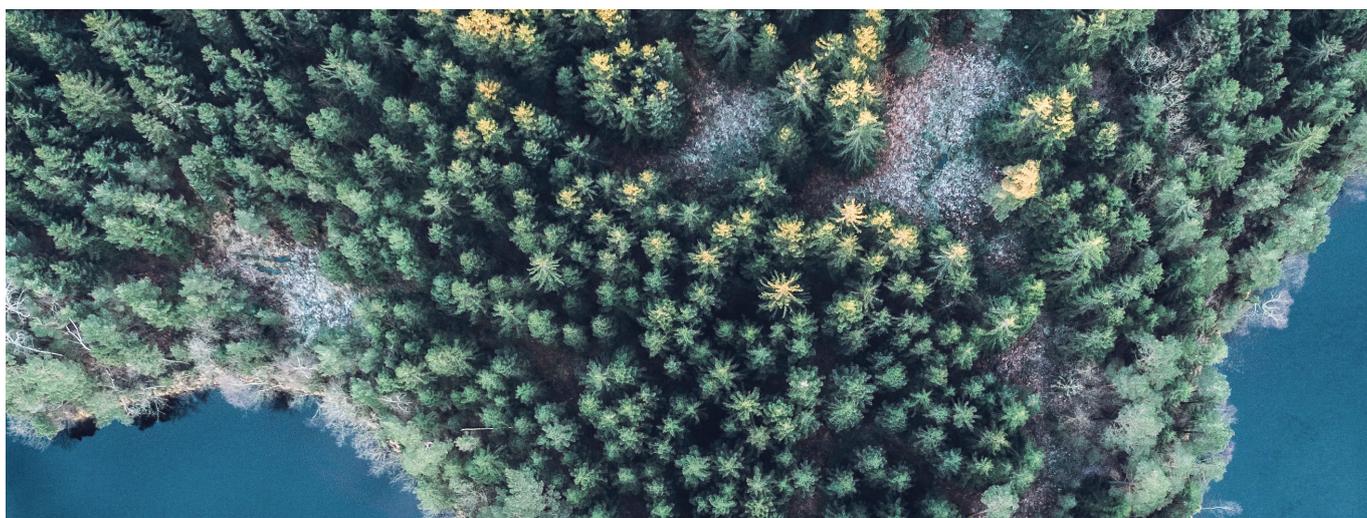
The hotel and restaurant industry has a staff turnover which is much higher than most other industries. Many people find their first job in the industry and it is natural for young people to want to change jobs. Even those who stay in the industry frequently change jobs, especially during the first years.

Research indicates that about 40 – 45 percent of employees in the hotel and restaurant industry change employers every year, and it is estimated that 25 percent of employees leave the industry every year.²

According to Eurostat, about 56% of all employees in the hospitality industry have worked for less than two years with the same employer. On average workers stay three and half years

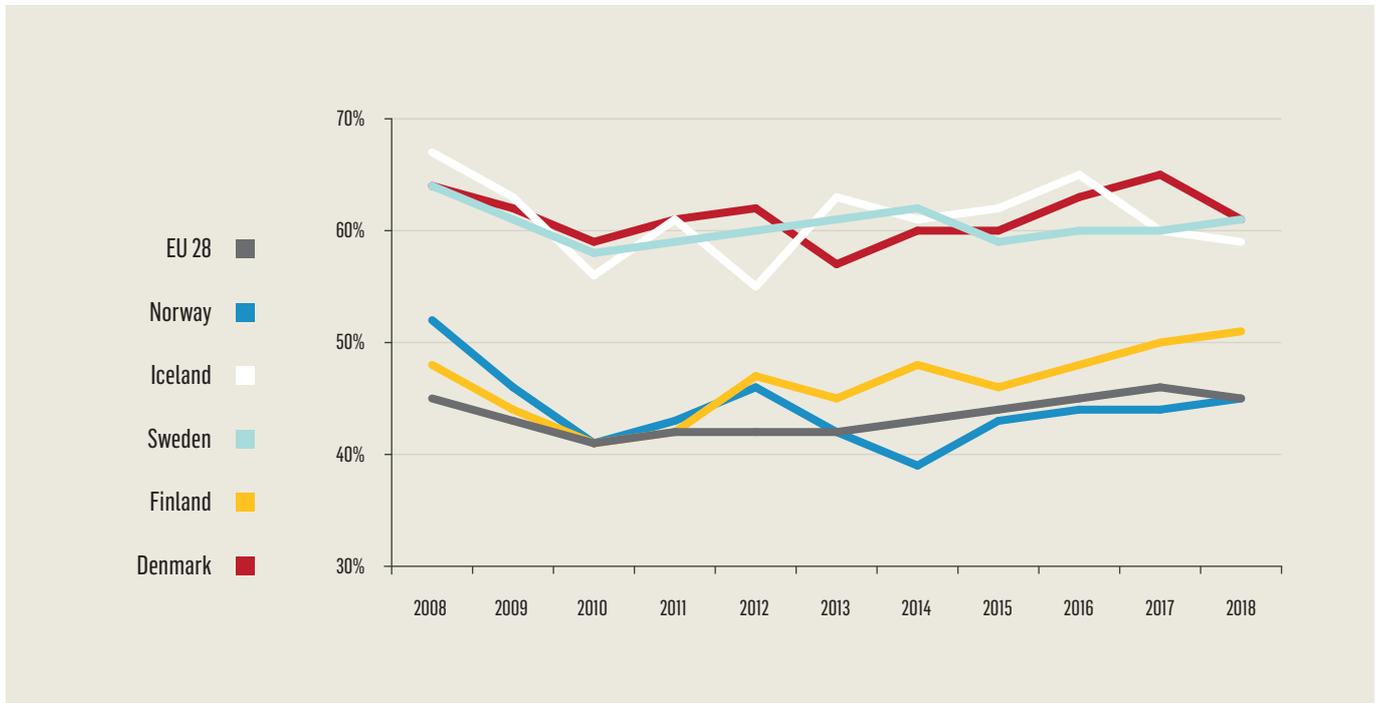
with the same employer in the Nordic hospitality industry, way below the average for the entire labor market, which is eight years. **Denmark, Iceland** and **Sweden** appear to have higher turnover than **Finland** and **Norway**. **Finland** stands out compared to the rest of the Nordic countries. There may be different explanations for this relatively low staff-turnover in **Finland**, e.g. weak economy, relatively few foreign-born workers and fewer young workers.

There are different rules in collective agreements in the Nordic region on how to reward loyalty and seniority. In addition to collective agreements, companies also use local agreements and individual wage setting to retain valuable and skilled workers.



² BFUF (2018)

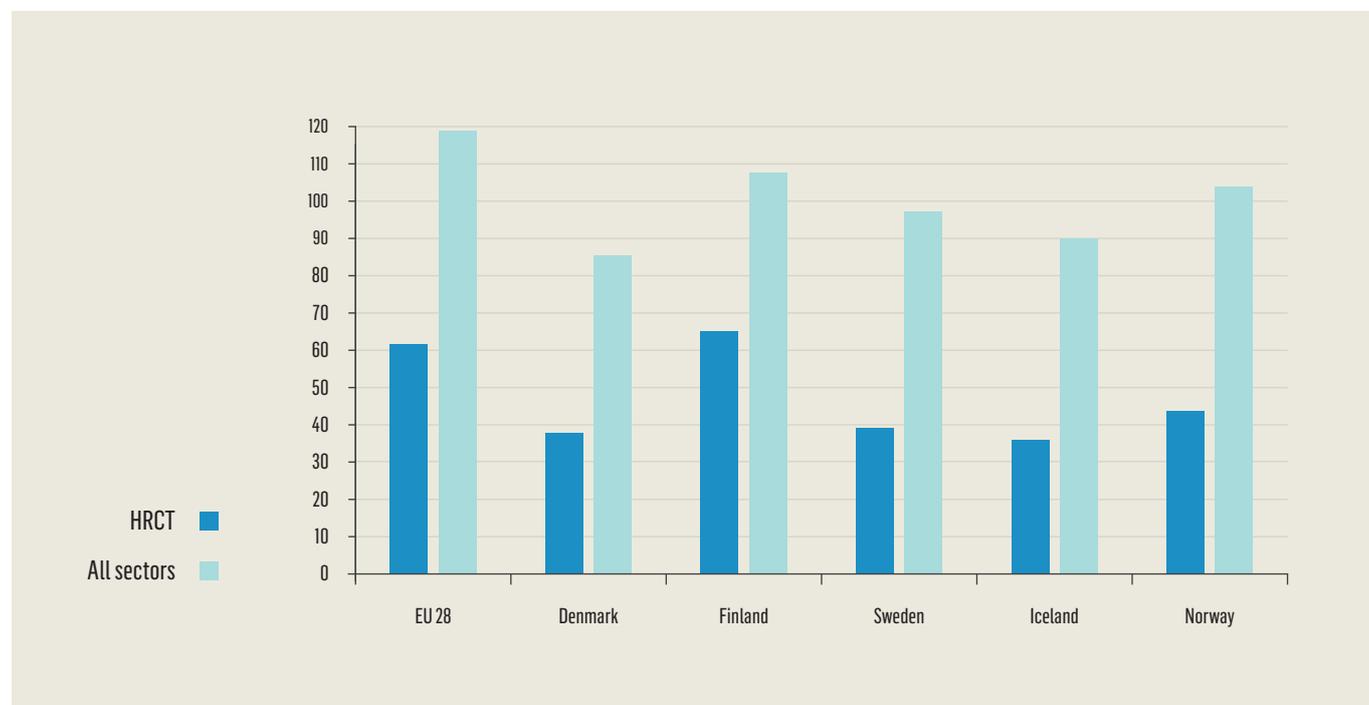
CHART 10: PERCENTAGE OF WORKERS WHO HAVE WORKED FOR LESS THAN TWO YEARS WITH THE SAME EMPLOYER



Source: Eurostat



CHART 11: AVERAGE SENIORITY AT CURRENT JOB (IN MONTHS)



Source: Eurostat

CHART 12: RULES ON SENIORITY ADDITIONS TO COLLECTIVE AGREEMENTS

SWEDEN	FINLAND	NORWAY	DENMARK*	ICELAND
6 years in industry	2 years with company	2 years in industry	3 – 4 years w/company	1 year in industry
	5 years with company	4 years in industry	5 – 6 w/company	3 years in industry
	10 years with company	6 years in industry	7 – 8 w/company	5 years in industry
		8 years in industry	9 – 10 w/company	
		10 years in industry	11 – 14 w/company	
			15 – 20 w/company	
		10/15/20 years with company	21 years plus w/company	

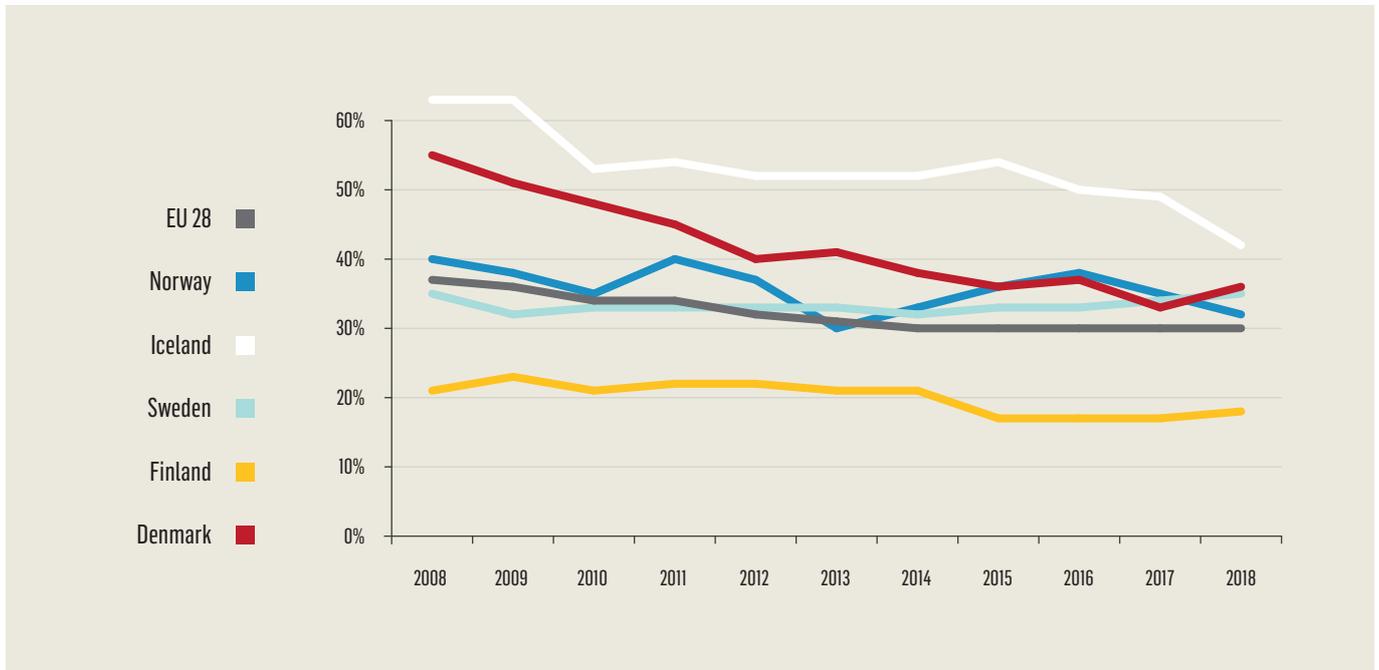
* Annuity for certain professions is based on industry experience

SKILLS SHORTAGE A MAJOR CHALLENGE

THE SHORTAGE OF SKILLED WORKERS IS ONE OF THE BIGGEST CHALLENGES FOR THE HRCT INDUSTRY IN THE NORDIC REGION TODAY. WHILE GUESTS ARE INCREASINGLY DEMANDING GOOD SERVICE, HIGH QUALITY AND EXPERIENCE, IT IS DIFFICULT TO MEET THOSE EXPECTATIONS WITHOUT QUALIFIED STAFF. THIS CAN HAVE NEGATIVE CONSEQUENCES IN THE LONG RUN AS HOTELS AND RESTAURANTS IN THE REGION COMPETE WITH OTHER DESTINATIONS FOR CUSTOMERS.

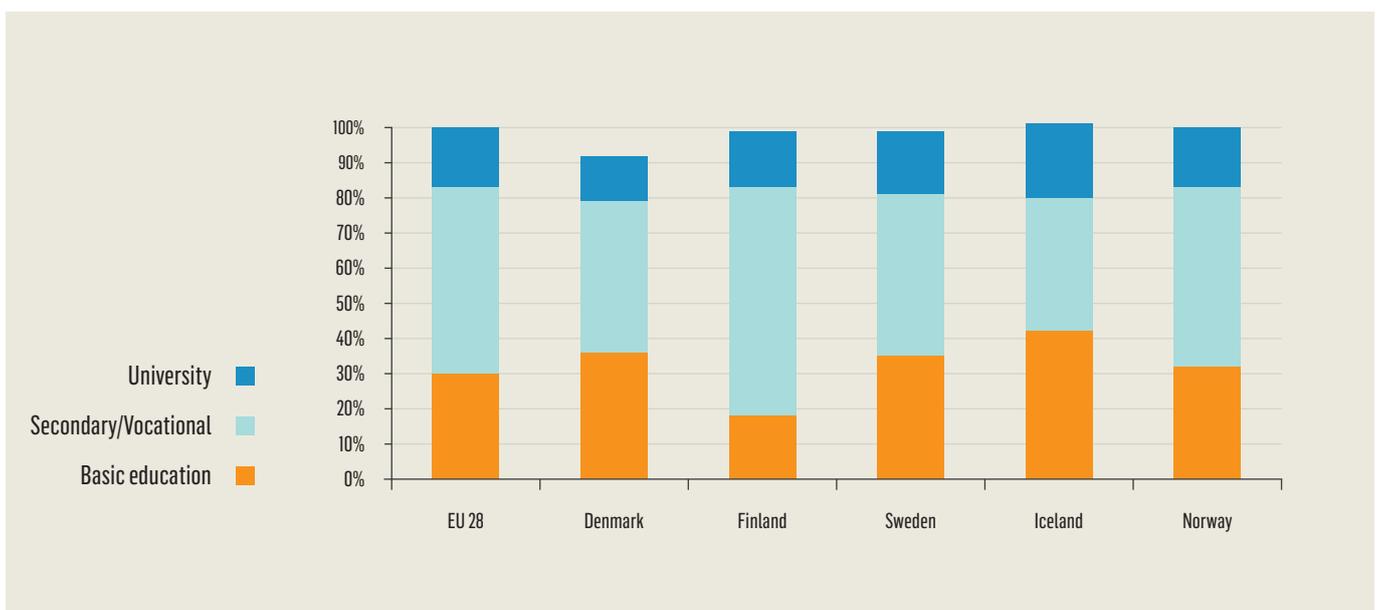
THE HRCT INDUSTRY IN THE NORDIC COUNTRIES HAS VERY LOW EDUCATION LEVEL COMPARED TO MOST OTHER INDUSTRIES. ABOUT 32% OF ALL WORKERS IN THE INDUSTRY HAVE FINISHED PRIMARY EDUCATION. HOWEVER, DEVELOPMENT IN THE LAST 10 YEARS HAS BEEN POSITIVE IN LINE WITH INCREASES IN THE GENERAL LEVEL OF EDUCATION IN THE REGION.

CHART 13: PROPORTION OF WORKERS WITH ONLY PRIMARY EDUCATION



Source: Eurostat

CHART 14: BREAKDOWN OF THE LEVEL OF EDUCATION IN THE HRCT INDUSTRY



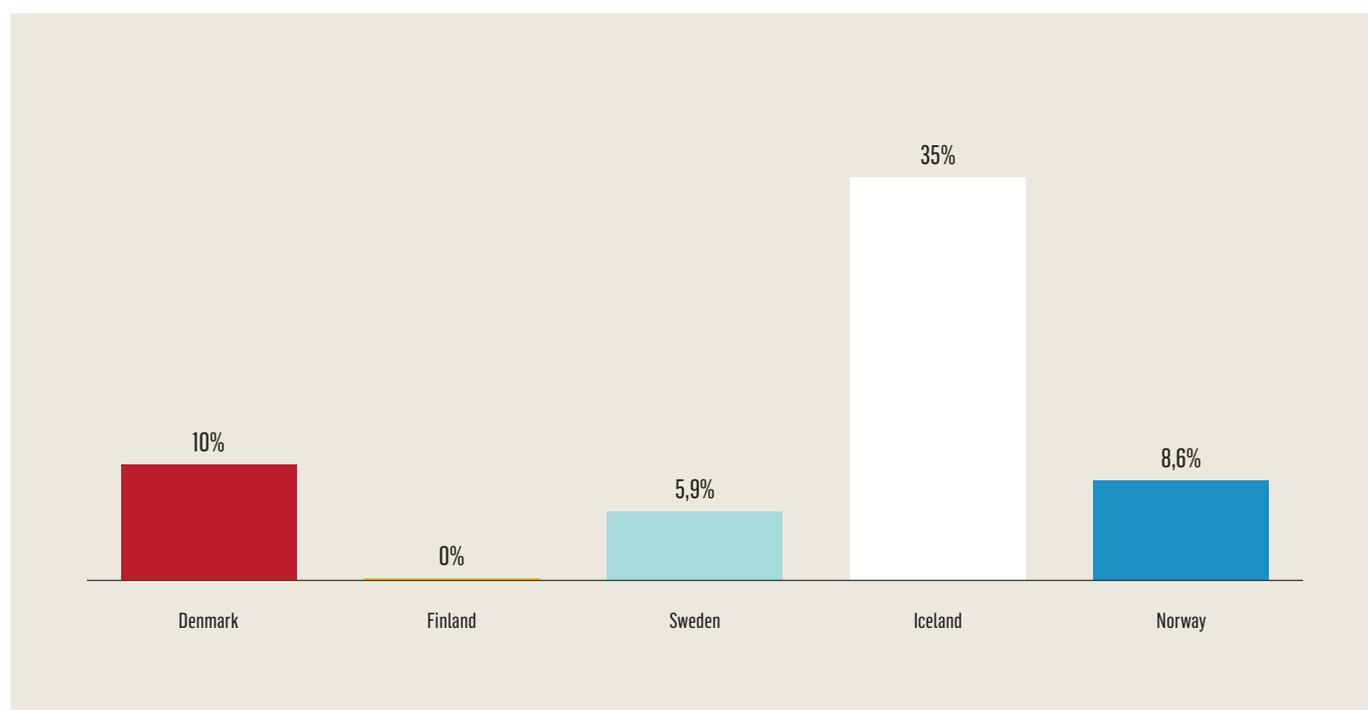
Source: Eurostat

It may not be a big surprise that the level of education in the HRCT industry is low, as many young people and immigrants are performing jobs that do not require special skills or prior experience. In pace with the growing tourism, competition for the most skilled employees is increasing, especially for those with relevant vocational education. For example, there is a big shortage of qualified chefs and waiters.

Despite the large demand for skilled workers, sector-specific education rarely seems to be something that social partners reward specifically in their collective bargaining agreements. This may be one reason for lack of incentive among employees to educate

themselves within the field, as it does not guarantee higher wages. There are different ways to compensate employees with professional skills either through education premiums, individual salaries or local agreements. **Norwegian** and **Danish** sectoral collective agreements pay a small premium to those who have completed vocational education at gymnasium level, while in **Sweden** the premium is paid to anyone who has relevant education or experience. **Iceland** has the largest education premium, which is the difference in minimum wages between two different collective agreements negotiated by two different trade unions federations, one for skilled workers and one for unskilled workers.

CHART 15: PREMIUM FOR VOCATIONAL EDUCATION AND TRAINING IN SECTORAL COLLECTIVE AGREEMENTS



THE FUTURE WILL REQUIRE NEW COMPETENCIES

Digitalization, new technologies and online platforms are already having a significant impact on tourism. Digitalization is changing the behavior of tourists and the products that companies offer. Technology has already replaced routine work through automation and by asking travelers to do the job, for examples through online booking and check-ins of travel, accommodation and activities.

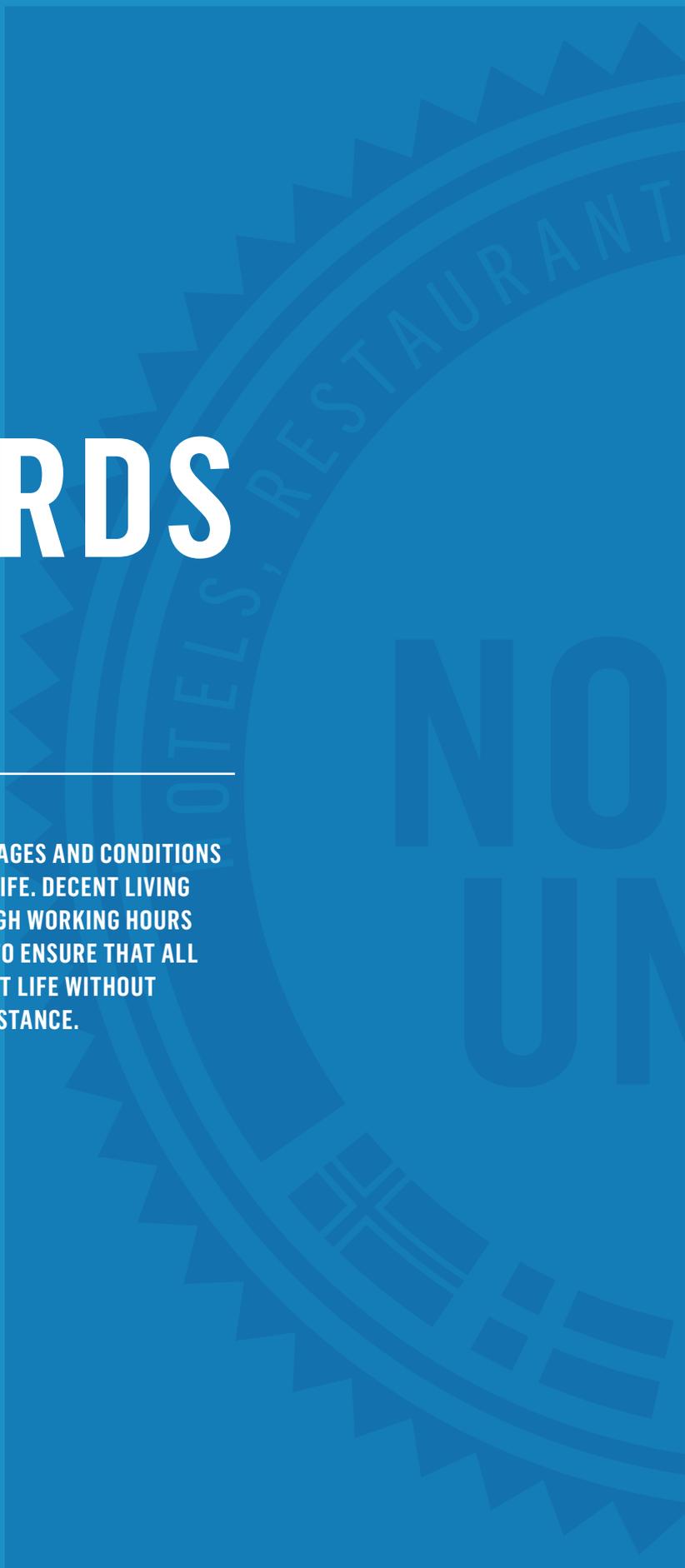
NU HRCT worries that vocational education programs in the Nordic countries do not educate enough people to meet the demands for skilled staff in the future. Today there are longer and shorter courses within service, gastronomy and reception. If hospitality-oriented education will not become more popular in the future, the skill levels will continue to be low.



**/// DIGITALIZATION IS CHANGING
TOURISTS' BEHAVIOR AND THE
PRODUCTS THAT COMPANIES OFFER.**

DECENT LIVING STANDARDS NEEDED

NU HRCT HIGHLIGHTS THE IMPORTANCE OF LIVING WAGES AND CONDITIONS IN HOSPITALITY SO WORKERS CAN MAKE A DECENT LIFE. DECENT LIVING STANDARDS REQUIRE GOOD WAGES, BUT ALSO ENOUGH WORKING HOURS PER WEEK. THESE TWO COMPONENTS ARE CRUCIAL TO ENSURE THAT ALL EMPLOYEES AND THEIR FAMILIES CAN HAVE A DECENT LIFE WITHOUT WORKING MULTIPLE JOBS OR RECEIVING STATE ASSISTANCE.

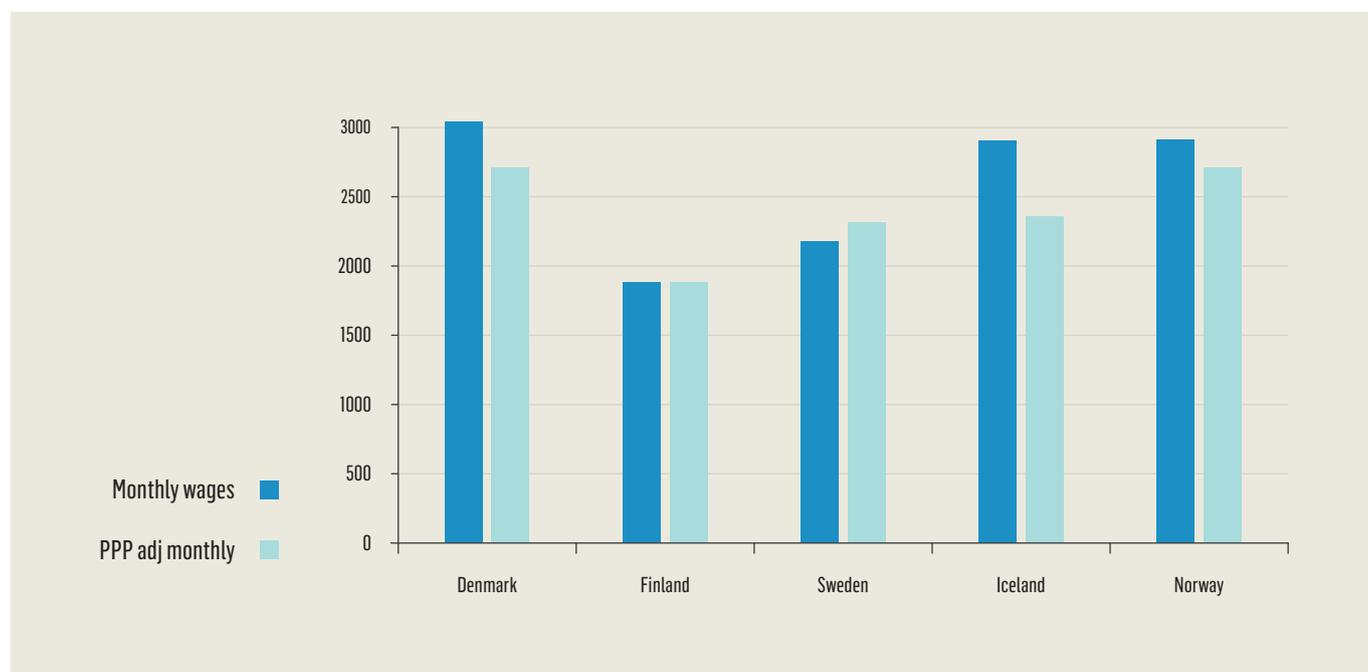


REGIONAL VARIATION IN WAGES

There is no legal statutory minimum wage in the Nordic countries. Minimum wages are exclusively determined by sectoral collective agreements and complimented through other forms of wage determination. Conditions in collective agreements create a floor for how little a job can cost, thereby discouraging wage dumping and precarious conditions.

Entry salaries in collective agreements may vary according to age, professional experience and skills. There are also significant differences in wages between the Nordic countries. These differences become less apparent when correcting for cost of living.

CHART 16: MINIMUM MONTHLY SALARIES VS. PURCHASING POWER-ADJUSTED MINIMUM MONTHLY SALARIES FOR A SKILLED CHEF (23 YEARS)³



³ Wages corrected with OECD Comparative Price Index (<https://stats.oecd.org/Index.aspx?DataSetCode=CPL>)

WAGE DEVELOPMENT IN THE HOSPITALITY INDUSTRY

Wage increases in collective agreements during the last ten years have been significantly higher in Iceland than in the rest of the region. This can partly be explained by high inflation following the financial crisis of 2008 and strong economic growth over the past five years.

While wage increase developments in **Denmark** and **Finland** are lagging the rest of the Nordic countries, **Iceland** and **Sweden** have had the greatest nominal wage increases during the period, as illustrated in chart 17.

CHART 17: WAGE INCREASES IN COLLECTIVE AGREEMENTS 2008-2019

	2018	LAST 3 YEARS	LAST 5 YEARS	LAST 10 YEARS
Denmark	1.7%	5.0%	7.9%	16
Finland	1.0%	2.0%	3.5%	13
Iceland	3.0%	14.5%	35.5%	77%
Norway	3.0%	8.8%	15.5%	33%
Sweden	2.1%	6.4%	11.5%	28



WAGES HAVE INCREASED SIGNIFICANTLY MORE IN ICELAND THAN IN THE OTHER NORDIC COUNTRIES

CHART 18: WAGES IN THE NORDIC HRCT INDUSTRY (1. JANUARY 2020)

MINIMUM WAGES	DENMARK	FINLAND	ICELAND ⁴	NORWAY	SWEDEN
17 YEARS INPUT SALARIES					
Local currency	75.3	8.2	1468	126.4	94.4
Euro	10.1	8.2	10.8	12.5	8.9
18 YEARS INPUT SALARIES					
Local currency	124.7	8.2	1649	141.5	98.5
Euro	16.7	8.2	12.1	14.0	9.3
19 YEARS INPUT SALARIES					
Local currency	124.7	10.3	1649	177.2	106.7
Eur	16.7	10.3	12.1	17.5	10.0
20 YEARS (6 MONTHS EXPERIENCE)					
Local currency	124.7	10.3	1660	177.2	126.8
Euro	16.7	10.3	12.2	17.5	11.9
TRAINED CHEF 23 YEARS (3 YEARS EXPERIENCE)					
Local currency	141.2	11.8	2283	191.8	134.1
Euro	19.0	11.8	17.8	18.9	10.0
SUPPLEMENT (LOCAL CURRENCY)					
Evening	18.4	1.1	33%	12.5	22.8
Saturdays	18.4	0	33%	23.8	22.8
Sundays	25.1	10.3	45%	23.8	22.8
Night work	25.1	2.2	45%	43.9	43.0
SUPPLEMENT (EURO)					
Evening	2.5	1.1	33%	1.2	2.1
Saturdays	2.5	0	33%	2.3	2.1
Sundays	3.5	10.3	45%	2.3	2.1
Night work	3.5	2.2	45%	4.3	4.0
OVERTIME PAY					
Overtime I	50%	50%	80%	50%	45%
Overtime II	100%	100%	-	100%	70%
Holidays	100%	100%	138%	100%	90%

⁴ Icelandic collective agreements have rules which guarantee 317 000 ISK minimum monthly salaries for anyone who is 18 years or older and has worked for six months with the same employer. It corresponds to 1829 ISK in hour. The worker's OB supplement and overtime pay depends on rate salary.

⁵ Night work supplement for chefs and waiters is 40% of minimum wages in Denmark

RULES ON WORKING TIME

There are different rules in the Nordic region about how much you can work, how to plan the working hours and how much you are paid during different hours. Working time rules are determined by EU laws, national working time legislation, collective bargaining agreements and in some cases individual employment contracts. It is important to remember that it is

complicated to compare working time between countries. For example, collective agreements in Iceland and Finland include rules on paid coffee breaks. After taking various factors regarding working time into account it seems that Swedish hotel and restaurant workers have longer working hours than their colleagues in the rest of the Nordic region.

CHART 19: WORKING HOURS IN THE HRCT INDUSTRY IN THE NORDICS

WORKING HOURS	DENMARK	FINLAND	ICELAND ⁶	NORWAY	SWEDEN
CBA DETERMINED WEEKLY WORKING HOURS (PAID)					
Daytime	37	37.5	40	37.5	40
Irregular time	37	37.5	40	35.5	40
Night work	35	30	36	35.5	38
TIME PERIODS (SUPPLEMENTS)					
Day work	06-18	06-18	08-17	06-21	06-20
Evening work	18-24	18-24	17-24	21-24	20-01
Saturday work	14-24	-	00-24	14-24	16-01
Sunday work	06-24	00-24	00-24	00-24	06-01
Night work	24-06	24-06	24-08	24-06	01-06
OVERTIME (DEFINITION)	IN ADDITION TO ORDINARY WORKING HOURS	IN EXCESS OF 120 HOURS PER 3 WEEKS	IN ADDITION TO REGULAR WORKING HOURS & DAYTIME	IN ADDITION TO ORDINARY WORKING HOURS	IN ADDITION TO ORDINARY WORKING HOURS
Overtime I	0-2t	< 18t	17-8	06-21	0-2t
Overtime II	+ 2t	+ 18t		21-06	+ 2t

There are certain limitations to how long a work period can be scheduled, how far in advance the employer must notify regarding changes in schedule, and whether an employer can split a shift within one day.

These rules are important as poor scheduling can affect employee's health and ability to combine work with private life.

CHART 20: WORKING HOURS IN THE HRCT INDUSTRY IN THE NORDIC COUNTRIES

	MINIMUM SHIFTS	MAXIMUM WORK SHIFTS	IS IT ALLOWED TO DIVIDE SHIFTS?	MINIMUM NOTICE FOR CHANGING WORK SCHEDULE
Denmark	No minimum	13 hrs.	No, but possible to contract locally	4 weeks
Finland	4 hrs.	10 hrs.	Yes, but no written rules	1 week
Iceland (SGS)	3 hrs.	12 hrs.	Yes, the later pass is paid with overtime	1 week
Iceland (MATVIS)	4 hrs.	12 hrs.	Yes, outside large towns	No
Norway	No minimum	12.5 hrs.	Possible to contract in certain enterprises.	4 weeks
Sweden	No minimum	10 hrs.	Yes, but max twice a week	2 weeks

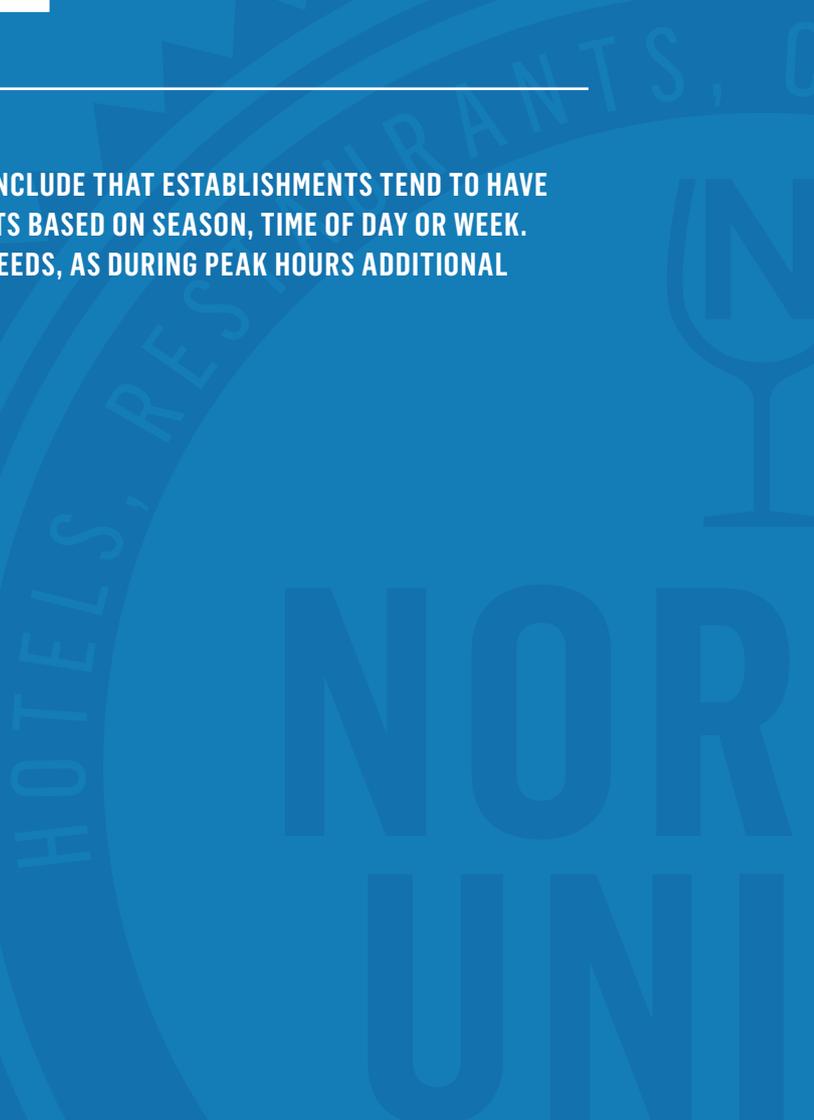
In **Finland** and **Sweden**, it is easier to split the workday into two sessions, i.e. morning sessions and evening sessions. In **Norway** it is possible to split the shifts in certain types of establishments, i.e. ski-hotels, if employee's wishes are respected. It is also possible to agree on split shifts in **Iceland** but then employers are obliged to pay extra in the form of overtime pay during the second session.



⁵ Active working hours in Iceland is closer to 37 hours per week when you have removed paid coffee breaks that are part of the agreed weekly working hours.

PRECARIOUS EMPLOYMENT FORMS ARE ON THE RISE

CHARACTERISTICS OF THE HOSPITALITY INDUSTRY INCLUDE THAT ESTABLISHMENTS TEND TO HAVE A BIG VARIATION IN TURNOVER OR NUMBER OF GUESTS BASED ON SEASON, TIME OF DAY OR WEEK. THIS TENDS TO HAVE LARGE IMPACT ON STAFFING NEEDS, AS DURING PEAK HOURS ADDITIONAL STAFF IS NEEDED AND AT OTHER TIMES LESS.



Terms of employment and employment protection are regulated in various ways in the Nordic countries. **Denmark** and **Iceland** have chosen to regulate employment through their collective agreements, while **Finland, Norway** and **Sweden** rely to a greater extent on legislation regarding employment protection. The general rule is that most workers should hold permanent contracts, which need to be terminated by either the employee or the employer.

Legislation and collective agreements include several exceptions to this rule to deal with seasonal variation. These exceptions are important for the hospitality industry and provide a necessary flexibility in staffing. At the same time, NU HRCT believes it is unacceptable if employers regularly depend on temporary and part-time employees to deal with normal activities. We believe it is possible to employ more permanent full-time employees with good planning and scheduling.

Young people, foreign-born, and low-skilled employees in jobs with low qualification requirements are overrepresented in temporary and part-time positions. These types of jobs tend to be associated with poor job security, low wages and fewer work related benefits. Therefore, it is important to start a dialogue between the social partners within the Nordic hospitality sector on how to limit the use of precarious employment forms in the future.

In 2014, the OECD made a summary of the rules of employment protection and the possibility of using temporary contracts across Europe. Overall, there are no major differences in workers' employment protection in the Nordic region. Still, it seems that it is easier to use temporary contracts in **Sweden** and **Iceland** than in the rest of the Nordic countries. Since the OECD made this summary, we have experienced further liberalization of employment protection in the Nordic region.

CHART 21: OECD EMPLOYMENT PROTECTION INDICATOR
(SCALE FROM 0 - MINIMUM RESTRICTIONS TO 6- MAXIMUM RESTRICTIONS)

	WORKERS PROTECTION AGAINST TERMINATION	REGULATION OF TEMPORARY CONTRACTS
Austria	2.12	2.17
Belgium	2.14	2.42
Denmark	2.10	1.79
Finland	2.38	1.88
France	2.60	3.75
Germany	2.53	1.75
Iceland	2.04	1.29
Italy	2.55	2.71
Norway	2.23	3.42
Spain	1.95	3.17
Sweden	2.52	1.17
UK	1.18	0.54

Source: OECD

PART-TIME IS MORE PREVALENT IN THE NORDIC REGION THAN IN THE REST OF EUROPE

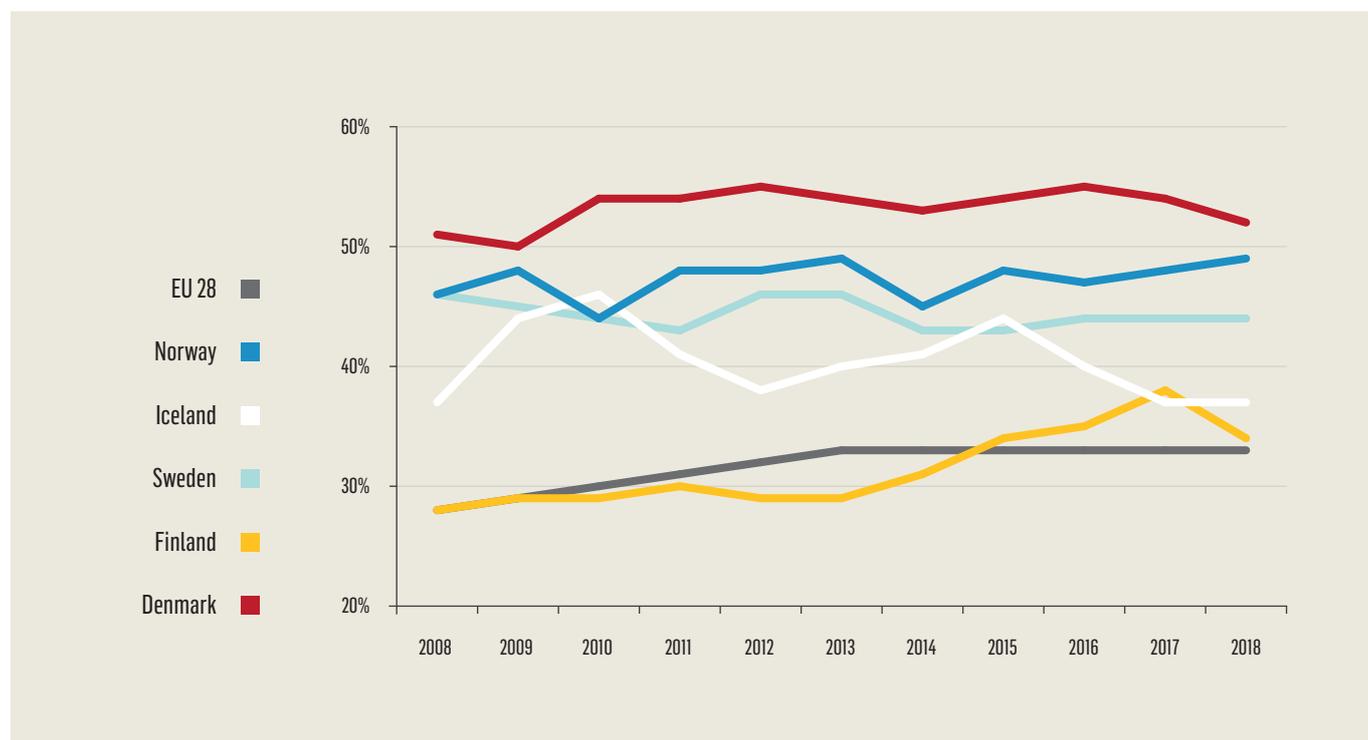
In the beginning of 2019, around 483 000 workers aged 16 – 64 were employed in the HRCT industry in the Nordic region, whereof nearly 220 000, or 45% were part-time employees.

During the last 10 years, part-time employment has increased from 42.7% to 45.2% of all workers in the industry. Part-time employment is more common in the Nordic countries than in the rest of Europe, but there are also substantial differences within the Nordic region. In **Denmark** almost 52% of the work force in the HRCT industry has a part-time job.

Part-time employment is less prevalent in **Iceland** and **Finland** and in line with the rest of Europe.

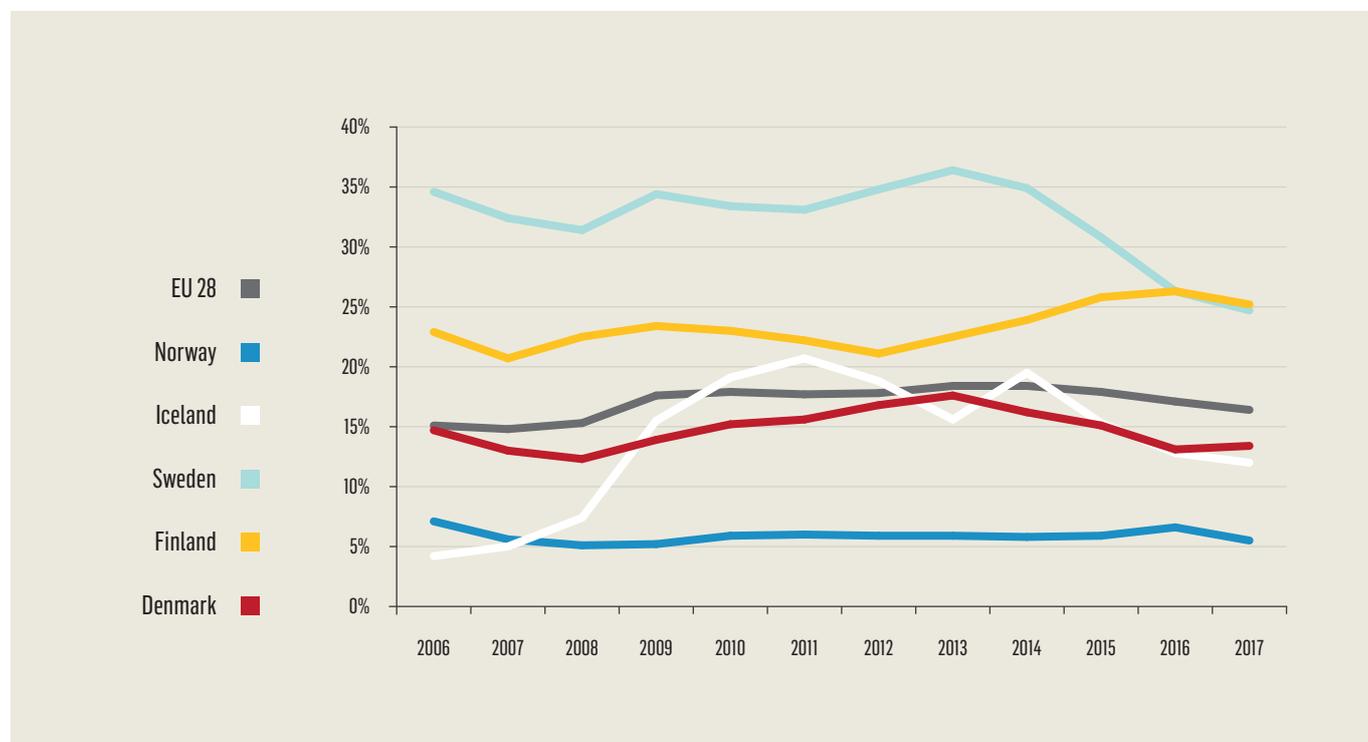
Part-time employment is common among women and young students as it frequently fits their life situation. Most people who work part-time do so at their own request. According to statistics on involuntary part-time, it seems that **Swedish** and **Finnish** workers want more hours. People who involuntarily work part-time often experience poor quality of life and general uncertainty.

CHART 22: DEVELOPMENT OF PART-TIME WORK IN THE HOTEL AND RESTAURANT INDUSTRY



Source: Eurostat

CHART 23: INVOLUNTARY PART-TIME (WHOLE LABOUR MARKET)



Source: OECD

RULES ON PART-TIME WORK

Part-time work is mainly regulated by legislation but there are also some clauses in collective agreements, which determine the use of part-time workers, certain rights and protection of part-time workers. For most part-time workers it is important to have a safe income, predictable working hours and the

same rights as full-time workers. In some countries, part-time employees are guaranteed a certain number of hours per month, they have priority to extra work and full-time positions if the opportunity arises and are guaranteed a pre-determined work schedule.

CHART 24: RULES IN COLLECTIVE AGREEMENTS AFFECTING PART-TIME WORKERS

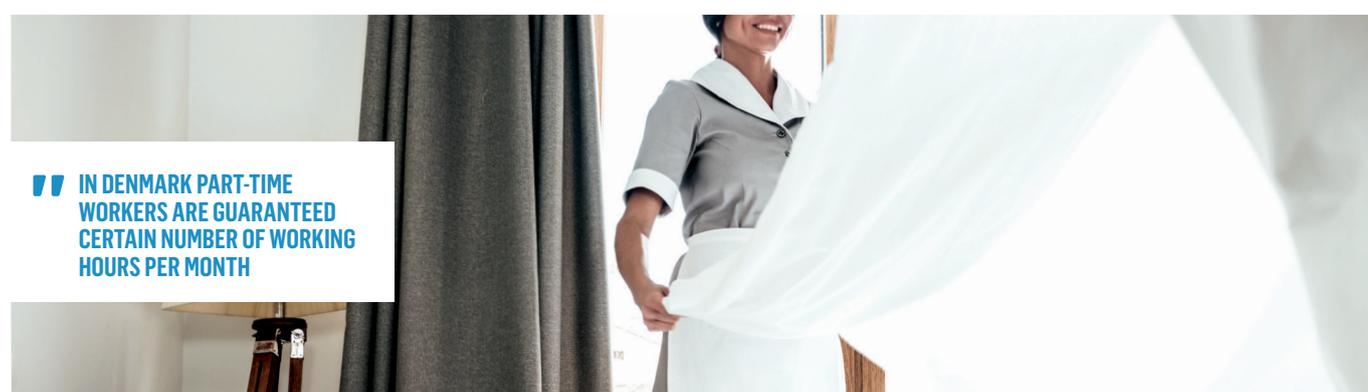
	MINIMUM NUMBER OF HOURS PER MONTH	DO PART-TIME WORKERS HAVE PRIORITY FOR MORE WORK?	PAYMENT OF VOLUNTARY EXTRA WORK	CAN EMPLOYERS CHANGE WORKING HOURS WITHOUT TERMINATION?
Denmark	60 hrs in 4 weeks	Yes	As usual	No
Finland	No	Yes	As usual	Yes
Iceland	No	No	As usual	No
Norway	No	Yes	As usual	No
Sweden	No	Yes	As usual	Yes, but the conversion time corresponding to a notice period applies

Abuse of part-time workers in the HRCT industry in the Nordic region is quite common. We see frequently that certain employers employ workers in part-time positions but systematically require the employee to work additional hours. This is done to acquire flexibility and to lower fixed costs. For example, many of the Nordic hotel chains hire most of their housekeepers in a 60 – 80% position but use the opportunity to increase working time when the turnover is high. The main reason is that there are limited opportunities to use hourly employees and during the peaks of the business, the hotel chains avoid paying overtime as voluntary extra work to fill a 100% position is only paid with regular hourly wages.

At **3F in Denmark** a minimum number of working hours for all part-time workers is guaranteed in their collective agreements. This means that a part-time worker is guaranteed a minimum of

60 hours of work over a four-week period. This provides an important job security for workers.

During the last sectoral collective bargaining session in **Sweden**, **HRF** raised the issue of "**hyvling**", which means that employers have been able to offer workers reduced working hours without a notice period. Some of this is regulated in collective agreements but has become a problem as some employers used "hyvling" frequently to circumvent the rules on dismissal and notice period. If the employee declines the employer's offer of reduced working hours, it can be used as a ground for dismissal. In **Finland**, employers also can reduce employment rates in certain economically disadvantaged situations without complying with rules on dismissal.



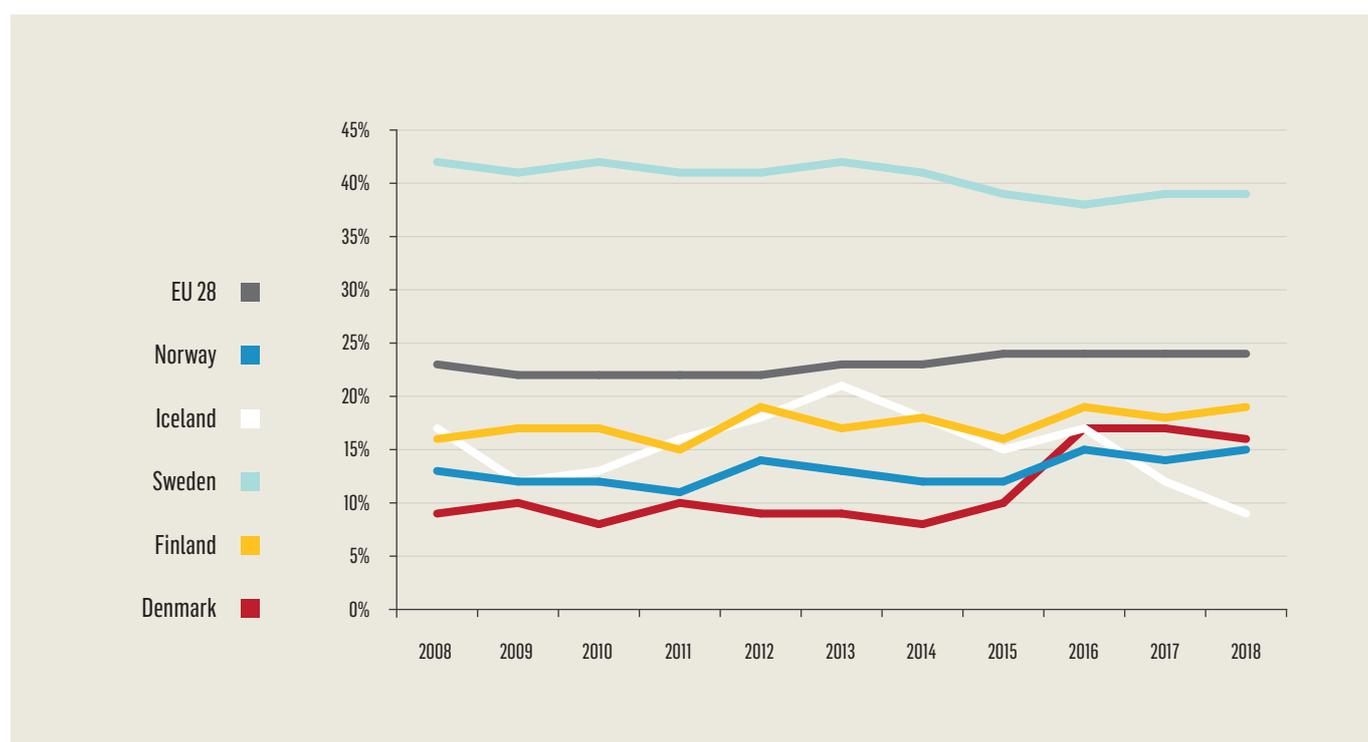
IN DENMARK PART-TIME WORKERS ARE GUARANTEED CERTAIN NUMBER OF WORKING HOURS PER MONTH

UNUSUALLY HIGH USE OF TEMPORARY CONTRACTS IN SWEDEN

Temporary employment contracts in the Nordic hotel and restaurant industry have increased slightly in the last ten years. There are many different forms of temporary contracts that are regulated by collective agreements or laws, including trial periods, general fixed-term, seasonal work, on-call contracts, reserves and extra help. Normally, temporary contracts don't have any notice period as the employment has time limitation. There is a beginning and an end to the employment.

At the end of 2018, around 24% of all positions in the Nordic HRCT sector were temporary, compared to 14% for the entire Nordic labor market. In general, temporary contracts in the Nordic countries are at a similar level as in the rest of Europe, but **Sweden** is unique. Nearly 40% of all those working in the HRCT industry in **Sweden** have a temporary contract.

CHART 25: DEVELOPMENT OF TEMPORARY EMPLOYMENT CONTRACTS IN THE HOTEL AND RESTAURANT INDUSTRY



Source: Eurostat

RULES ON TEMPORARY CONTRACTS

Temporary contracts are allowed in several different forms in the Nordic region, either through legislation or in collective agreements. The most common forms of fixed-term contracts in the HRCT industry in the Nordic countries are trial periods, hourly work and seasonal work. There are different ways to regulate and reduce the use of temporary contracts. Some countries try to ban certain forms of employment, others apply restrictions and frameworks, while some have opted to make these type of employment contracts more expensive.

There are no statistics on the use of **trial periods** in the HRCT Industry in the Nordic countries, but in recent years employers are demanding more flexible forms of employment for young and newly arrived migrants. We see a trend towards greater use of trial periods as many young and inexperienced workers are offered such employment forms, and many of our affiliates also report that it is becoming increasingly common for employers not to pay any wages during trial periods.

Collective agreements or legislation regulate the use, duration, notice period and wages during trial periods. In **Denmark** and **Iceland** there are no special rules on trial periods. This means that if someone is allowed a trial period in these countries, the same rules apply as for permanent employment. In **Finland**, **Norway** and **Sweden**, companies can offer trial periods for a limited time, where both parties can discontinue employment without special reasons. If the trial period is not terminated, the employment should turn into a permanent contract.

The purpose of these trial periods is to give the employer the ability to test the worker's skills, especially of those with little or no experience in the labor market. Unfortunately, there is some abuse of trial periods and some employers have put in systems to give trial periods to all employees, regardless of professional experience in the field and relevant education.

CHART 26: MAXIMUM LENGTH OF TEMPORARY EMPLOYMENT

Denmark	There are no rules on how long temporary employment can be.
Finland	There are no rules on how long temporary employment can be.
Iceland	No rules in collective agreements, but by law, temporary employment should not extend 2 years.
Norway	Maximum of 4 years for temporary employment, 3 years for reserves and other non-defined temporary employment.
Sweden	If you have general fixed-term or temporary positions for more than two years during the five-year period, it will lead to permanent employment.

CHART 27: MAXIMUM LENGTH OF TEMPORARY EMPLOYMENT

	WHAT RULES APPLY?	TERMINATION OF TRIAL PERIOD	ARE LOWER WAGES PAID DURING TRIAL PERIODS?
Denmark	No rules, just for students	The same rules and other	No
Finland	Max 4 months	The same day	Yes (trainee salaries)
Iceland (SGS)	Does not exist	The same rules and other	Without entitlement to guaranteed minimum monthly salaries for the first 6 months.
Iceland (MATVIS)	Does not exist	The same rules and other	No
Norway	Max 6 months	14 days	No
Sweden	Max 6 months	14 days	No

Being **an hourly paid worker** means you get paid per hour worked and can be called in if needed. There are different terminologies for this type of work, i.e. hourly paid employee, reserve, on-call, SMS job, zero hours work or extra help. Our affiliates allow in different ways the use of this type of work to meet employers' needs for flexibility. Hourly paid work cannot be planned or scheduled, and it provides limited employment protection. All our affiliates accept the use of hourly paid work, but this type of employment should always be used sparsely.

SGS in Iceland and 3F in Denmark do not attempt to prohibit the use of hourly paid employees but have agreed with employers' associations that hotels and restaurants that choose this form of employment to cover extra peaks in the business have to raise hour rates during peak seasons. Rules on reserves in the 3Fs collective agreements are quite advanced. They explain who can use reserves and under what conditions, their salary supplement, minimum working time and payment for back-up and transport.

HRF in Sweden allows in their CBAs the use of hourly paid workers for with a minimum of one day. Employers who do not have collective agreements may not use that type of employment because it is not applied under the Employment Protection Act. An employee who has this type of employment for a longer period can get more hours if possible or more secure form of employment.

In Finland, the government has implemented a new legislation which allows employers to use on-demand workers and variable working hours from one week to the other. The legislation clarifies that if there is a constant need for such work, different form of employment contracts should be used. This legislation also gives workers certain rights, for example entitlement to sick pay and salary during the dismissal periods.

CHART 28: RULES ON THE HOURLY PAID CONTRACTS

	MINIMUM WORKING HOURS FOR HOURLY WORKERS	MINIMUM WAGES FOR HOURLY WORKERS	PAYMENT OF OVERTIME AND OB ADD-ONS
Denmark	4 – 5 hrs.	10% extra (chefs and waiter get more)	After 8 hours
Finland	Different rules are available	Same as other	Same as other
Iceland (SGS)	4 hrs.	Lower hourly wages than others between 8 – 17	Overtime in the evening, night and weekends
Iceland (MATVIS)	4 hrs.	Same as other	Same as other
Norway	3 hrs.	Same as other	Same as other
Sweden	3 hrs.	Same as other	Same as other

REDUNDANCY RULES

In the Nordics there are many different rules that apply when terminating employment contracts including notice period, form of employment, seniority and age. Generally, legislation determines minimum terms of employment protection. Collective agreements and individual contracts tend to complement these minimum terms set by law.

Generally, employees usually have shorter notice periods than employers. There are exceptions, in **Iceland** and in **Norway** a mutual rule applies to both parties. When examining the notice periods, we can see that **Finnish unions** and employers have agreed on additional flexibility for employers and employees in comparison to the minimum notice period by law.

CHART 29: IF EMPLOYERS TERMINATE EMPLOYMENT, HOW LONG IS THE NOTICE PERIOD FOR THE ONE WHO HAS WORKED?

	1 YEAR WITH THE SAME EMPLOYER?	2 YEARS WITH THE SAME EMPLOYER?	5 YEARS WITH THE SAME EMPLOYER?	10 YEARS WITH THE SAME EMPLOYER?
Denmark	14 days	1 month	2 months	6 months
Finland (CBA)	1 month	1 month	2 months	3 months
Finland (Law)	1 month	2 months	2 months	4 months
Iceland (SGS)	1 month	2 months	3 months	3 months (plus)
Iceland (MATVIS)	2 months	3 months	3 months	3 months (plus)
Norway	1 month	1 month	2 months	3 months (plus)
Sweden	1 month	2 months	3 months	6 months

CHART 30: IF WORKERS TERMINATE EMPLOYMENT, HOW LONG IS THE NOTICE PERIOD FOR THOSE WHO HAVE WORKED?

	1 YEAR WITH THE SAME EMPLOYER?	2 YEARS WITH THE SAME EMPLOYER?	5 YEARS WITH THE SAME EMPLOYER?	10 YEARS WITH THE SAME EMPLOYER?
Denmark	14 days	1 month	1 month	1 month
Finland (KA)	14 days	14 days	14 days	1 month
Finland (Law)	14 days	14 days	1 month	1 month
Iceland (SGS)	1 month	2 months	3 months	3 months
Iceland (MATVIS)	2 months	3 months	3 months	3 months
Norway	1 month	1 month	2 months	3 months
Sweden	1 month	1 month	1 month	1 month

There are further interesting differences between the Nordic countries regarding rules on dismissals and employment protection. **Iceland, Finland and Denmark** do not give any increased protection to workers with long tenure. Last in, first out principle means that if employers terminate workers contract that have permanent employment, those with shortest tenure will be laid off.

However, there are exceptions to these rules, for example, small businesses in **Sweden** with up to 10 employees can exempt two of their employees from this rule for dismissal related to lack of work.

CHART 31: MORE RULES ON REDUNDANCY

	HAVE OLDER LONGER NOTICE PERIODS?	DO LAST IN, FIRST OUT RULES APPLY?	CAN YOU TERMINATE FIXED-TERM EMPLOYMENT?	ARE THERE PENALTIES FOR GROUNDLESS DISMISSAL?
Denmark	No	No	No	Yes, after 9 months of employment
Finland	No	Not in the HRCT CBA	In normal cases no, but there are exceptions	Yes
Iceland	Yes	No	The same rules and for other	No
Norway	Yes	Seniority principle should be used	Yes	No definite amount
Sweden	No	Yes, last in first out	Possible if there is a CBA, but according to the law.	Yes, you usually negotiat.

DIGITAL PLATFORMS INCREASE PRECARIOUS FORMS OF EMPLOYMENT

Work via digital platforms is a form of employment in which supply and demand for paid labor is matched via an online platform. The so-called Gig-economy enables workers to work when they want and can. In the Nordic region platforms such as Gigger, Chapper, Volta, Uber and Foodora, to name a few, connect employers and workers in the HRCT industry. Many of these digital platforms are, in our view, only a new form of on-line work agencies.

So far platform work only occurs on a limited scale in the Nordic countries, but the phenomenon is growing rapidly. As more work is mediated through platforms, the challenges of existing legislation will be more prevalent. Gig-Work is a phenomenon that

many young people appreciate but there are various challenges around working conditions, employment protection and wages. Today there is a lack of legislation and collective agreements in the Nordic countries that regulate working conditions via digital platforms. The employment status of workers is therefore determined by the conditions set out by the digital platform, and many workers are classified as freelancers or self-employed.

This significantly impacts the workers' social protection. If they were employed, the platform or the customer would account for some of their social security contributions but as self-employed they must either pay for it themselves or accept a lower level of protection.

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