

Accommodation and food service activities: issues and challenges related to labour mobility

2024 | ELA Strategic Analysis

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Abbreviations

Country codes

AT	Austria	ES	Spain	LV	Latvia
BE	Belgium	FI	Finland	MT	Malta
BG	Bulgaria	FR	France	NL	Netherlands
CY	Cyprus	HR	Croatia	PL	Poland
CZ	Czechia	HU	Hungary	PT	Portugal
DE	Germany	IE	Ireland	RO	Romania
DK	Denmark	IT	Italy	SE	Sweden
EE	Estonia	LT	Lithuania	SI	Slovenia
EL	Greece	LU	Luxembourg	SK	Slovakia

Other abbreviations

CCOO	Trade Union Confederation of Workers' Commissions, Spain
CJI	concerted and joint inspection
CLEISS	Centre of European and International Liaisons for Social Security, France
CODAF	departmental anti-fraud operational committee
DGB	German Trade Union Confederation
DVV	German Adult Education Association
EFFAT	European Federation of Food, Agriculture and Tourism Trade Unions
EFTA	European Free Trade Association
ELA	European Labour Authority
E(O)JD	European (Online) Job Days
ESD	employers sanctions directive
ETUI	European Trade Union Institute
EU-27	the 27 Member States of the European Union
EU-LFS	EU Labour Force Survey
EURES	European employment services
Eurofound	European Foundation for the Improvement of Living and Working Conditions
Eurostat	the statistical office of the European Union
Filcams CGIL	Italian Federation of Commerce, Hotel and Service Workers
GDP	gross domestic product
HLF	Spanish anti-fraud tool
Horeca	hotels, restaurants and catering
HOTREC	European Association of Hotels, Restaurants and Cafés
ITSS	Spanish Labour and Social Security Inspectorate
LCGB	Luxembourg Confederation of Christian Trade Unions
NACE	statistical classification of economic activities in the European Community

NUTS	nomenclature of territorial units for statistics
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
SBS	structural business statistics
SIRS	French Social Research and Information Service
SPAH	Asian hospitality service point, Netherlands
SPD	single permit directive
SSC	social security coordination
SWD	seasonal workers directive
TCN	third-country national
TFEU	Treaty on the Functioning of the European Union
TWA	temporary work agency
TWAD	temporary work agencies directive
UDW	undeclared work
UGT	General Workers' Union, Spain
UITA	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
URSSAF	Union for the Collection of Contributions to Social Security and Family Allowances, France
UWV	Employee Insurance Institution, Netherlands

Glossary

accommodation and food services	See the entry for 'Horeca sector'.
bogus self-employment	'Often referred to as false self-employment or dependent self-employment, this is commonly understood as involving persons/workers registered as self-employed whose conditions of employment are de facto dependent employment. National legislation and/or court decisions determine this status. This employment status is used to circumvent tax and/or social insurance liabilities, or employers' responsibilities'. See 'Bogus self-employment' in ELA 'Glossary'.
cross-border workers	Individuals who live in one EU or European Free Trade Association (EFTA) country but work in another, either as employees or self-employed workers. Cross-border workers therefore move across borders more or less regularly. Cross-border workers may include the legally defined groups of seasonal and frontier workers and may also include some posted workers as specified in Regulation (EC) 883/2004. However, the data include all people who live in one country and work in another. Following the European Commission (2024), data presented here look only at cross-border workers of EU or EFTA nationality. They can be EU and EFTA movers – meaning they live in a different EU Member State from their country of citizenship – and cross-border workers at the same time (e.g. where a French person lives in Belgium and works in Luxembourg) (European Commission 2024, 5).
employee	A person who has a contract to carry out work for an employer and receives compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind. The EU Labour Force Survey (EU-LFS) defines an employee as an individual who works for a public or private employer and who in return receives compensation in the form of wages, salaries, fees, gratuities, payment by results or payment in kind. Professional military staff are also included. For the purpose of the structural business statistics collected by Eurostat, the statistical office of the European Union, an employee is a person who works for an employer on the basis of a contract of employment and receives compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind. Eurostat, Statistics Explained, 'Glossary: Employee'.
employed person	An employed person, defined in line with the EU-LFS. In particular, for the quantitative analytics based on EU-LFS data included in this study, an employed person is somebody aged 15 to 64 (in completed years at the end of the reference week) who, during the reference week of the EU-LFS, was in one of the following categories: (a) persons who during the reference week worked for at least 1 hour for pay or profit, including contributing family workers; (b) persons with a job or business who were temporarily not at work during the reference week but had an attachment to their job, where the following groups have a job attachment: • persons not at work due to holidays, working time arrangements, sick leave, maternity or paternity leave; • persons in job-related training; • persons on parental leave, either receiving and/or being entitled to job-related income or benefits, or whose parental leave is expected to be 3 months or less; • seasonal workers during the off-season, where they continue to regularly perform tasks and duties for the job or business, excluding fulfilment of legal or administrative obligations; • persons temporarily not at work for other reasons where the expected duration of the absence is 3 months or less; (c) persons that produce agricultural goods whose main part is intended for sale or barter. Eurostat, Statistics Explained, 'Glossary: Employed person – LFS'.
employment	The employment level is defined as the number of people engaged in productive activities in an economy. The concept includes both employees and the self-employed. The two main measures used for employment are the number of employed people and the number of employees. More complex measures of employment are sometimes produced by measuring the number of hours worked or by converting the number of hours into full-time-equivalent units. In addition, some particular categories of employment are measured, such as part-time employment, female employment, self-employment, apprenticeships, homeworkers and unpaid employment (unpaid family workers and working proprietors). Eurostat, Statistics Explained, 'Glossary: Employment'. Throughout this report, employment figures based on EU-LFS data refer to people aged 15 to 64 years if not stated otherwise.

employment rate	The percentage of employed people in relation to the comparable total population. For the overall employment rate, the comparison is made with the population of working age, but employment rates can also be calculated for a particular age group and/or gender in a specific geographical area (e.g. the number of employed males aged 15–24 versus the total number of males aged 15–24 in a particular Member State). Eurostat, Statistics Explained, 'Glossary: Employment rate'. As is the case for the 'employed person' definition, the reference age group in the current report is 15–64.
EU mobile workers	Active EU citizens who reside in a Member State or EFTA country other than their country of citizenship (European Commission 2021, 10).
EU mover	EU citizens who reside in an EU country other than their country of citizenship (European Commission 2024, 6).
Horeca sector	In this study, the Horeca sector is understood as corresponding to NACE (statistical classification of economic activities in the European Community) Rev. 2.1 divisions 55 (Accommodation) and 56 (Food and beverage service activities). ⁽¹⁾ The term 'accommodation and food services' will be used interchangeably with 'Horeca'. Note that this definition is broader than the one applied in the case of European sectoral social dialogue in the context of which contract catering (NACE 56.29) is excluded from the Horeca sector (see Eurofound 2018).
joint inspections (cross-border)	Inspections undertaken by the competent authority of one Member State in its territory, with the participation of the competent authorities of one or more other Member State(s) concerned. Concerted inspections in the cross-border context are inspections undertaken by the competent authorities of two or more Member States simultaneously and related to the same case, with authorities in Member States operating in their own territories and with their own staff. See 'Joint inspections' in ELA 'Glossary'
labour inspection	The functions of the system of labour inspection shall be: (1) to secure the enforcement of the legal provisions relating to conditions of work and the protection of workers while engaged in their work, such as provisions relating to hours, wages, safety, health and welfare, the employment of children and young people and other connected matters, insofar as such provisions are enforceable by labour inspectors; (2) to supply technical information and advice to employers and workers concerning the most effective means of complying with the legal provisions; and (3) to bring to the notice of the competent authority defects or abuses not specifically covered by existing legal provisions. See 'Labour inspection' in ELA, 'Glossary'.
micro-enterprises	Enterprises that employ fewer than 10 persons.
mobile workers	Active EU citizens or third-country nationals (TCNs) who reside and/or work in an EU/EFTA country other than their country of citizenship or residence. These include, for instance, posted workers, non-EU-country seasonal workers, students studying and working abroad, workers on a single permit and frontier workers.
mobility	EU or EFTA citizens moving their habitual residence to another Member State or EFTA country other than their country of citizenship and/or working in a different Member State or EFTA country to that where they reside (cross-border workers) are practising 'mobility'.
NACE	A four-digit statistical classification of economic activities providing the framework for collecting and presenting statistical data according to economic activity in a wide variety of European statistics in the economic, social, environmental and agricultural domains.
NUTS	NUTS (nomenclature of territorial units for statistics) is a hierarchical system divided into three levels: NUTS 1: major socioeconomic regions; NUTS 2: basic regions for the application of regional policies; NUTS 3: small regions for specific diagnoses.
posted workers	An employee sent by their employer to carry out a cross-border service in another Member State on a temporary basis under the freedom of provision of services. Posted workers are entitled by law to a set of core rights in force in the host Member State which include, for example, minimum rates of pay/remuneration, maximum work periods and minimum rest periods, minimum paid annual leave and occupational safety and health, etc. See Article 2 of the posting of workers directive. ⁽²⁾

⁽¹⁾ <https://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/ks-ra-07-015>.

⁽²⁾ Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (OJ L 18, 21.1.1997, p. 1).

seasonal worker	A worker carrying out temporary employment linked to specific periods of the year and sectors, such as work during peak seasons in the Accommodation and food service activities sector. In the context of the seasonal workers directive, a seasonal worker is a TCN who retains their principal place of residence in a non-EU country and stays legally and temporarily in the territory of a Member State to carry out an activity dependent on the passing of the seasons, under one or more fixed-term work contracts concluded directly between that TCN and the employer established in that Member State. See Article 3b of the seasonal workers directive.
self-employment	The state of working for oneself rather than an employer. A self-employed person is 'pursuing a gainful activity for their own account, under the conditions laid down by national law'.
small and medium-sized enterprises	Enterprises that employ fewer than 250 persons.
social partners	Representatives of management and labour, including trade unions and employers' organisations.
TCN workers	Workers in EU and EFTA countries who are neither EU nor EFTA citizens.
temporary work agency	Any natural or legal person who, in compliance with national law, concludes contracts of employment or employment relationships with temporary agency workers in order to assign them to user undertakings to work there temporarily under their supervision. See 'Temporary Work Agency (TWA)' in ELA, 'Glossary'.
undeclared work	Any paid activities that are lawful with regard to their nature but not declared to public authorities, taking into account differences in the regulatory systems of the Member States. See 'Undeclared work (UDW)' in ELA, 'Glossary'.
under-declared work	When formal employers pursue the illegal practice of reducing their tax and social security payments, and therefore labour costs, by under-declaring the remuneration of employees. This occurs when employers pay their formal employees two salaries: an official declared salary and an additional undeclared ('envelope') wage that is hidden from the authorities for tax and social security purposes. Alternatively, an employer can under-declare the number of hours an employee works, for example, to evade paying the minimum wage. See 'Under-declared employment' in ELA, 'Glossary'.
vulnerable workers	Workers who, due to a certain factor (e.g. country of origin, gender, age, disability, migrant status, race or ethnic origin), are more vulnerable to being discriminated against, having precarious employment, and being subject to unlawful practices, labour exploitation and poor working conditions and pay (International Labour Organisation 2022).
workers	Following the definition from EU-LFS, in Chapters 2 and 3 of this study, workers are defined as individuals who worked in the reference week at least 1 hour for pay or profit, regardless of the nature of employment or contractual relationship covering their gainful activity, as well as people temporarily not working, but still having an attachment to their job. See entry for 'employed person'.
workforce	The workforce (or labour force, or economically active population), includes both employed people (employees and self-employed workers) and unemployed people, but not the economically inactive, such as preschool children, school children, students and pensioners. See Eurostat, Statistics Explained, 'Glossary: Labour force'.
zero-hours contracts	Work contracts without a fixed number of working hours. ⁽³⁾

⁽³⁾ <https://ec.europa.eu/social/main.jsp?langId=en&catId=1313>.

Executive summary

The accommodation and food service activities sector, also referred to in this study as the Horeca sector, is an important segment of the European Union's (EU) economy, contributing significantly to employment and economic output. The sector is characterised by an above-average prevalence of mobile workers, young workers and female workforce. This report by the European Labour Authority (ELA) provides an in-depth analysis of the Horeca sector. It focuses on the sector's economic importance, labour market dynamics, recruitment practices, employment conditions, enforcement challenges and information needs. It aims to offer insights into the sector's current state and help address challenges in enforcing labour mobility rules and related regulation. The following summary discusses the key findings from Chapters 2 to 7 and subsequently summarises the operational conclusions.

Chapter 2. The Horeca sector in the economy of the EU

The Horeca sector is a significant sector of the EU economy, contributing notably to value added and job creation. It is particularly important in the economies of Mediterranean EU Member States. Being part of the broader tourism industry, the Horeca sector has strong direct and indirect linkages with other industries.

In 2023, the tourism industries, including Horeca, employed over 10.4 million workers in the EU, accounting for about 5.1% of all workers. The sector's contribution to employment and value-added creation thus extends beyond its direct impact, with significant indirect effects on other sectors due to its demand for intermediate goods and services.

Although the Horeca sector was severely impacted by the COVID-19 pandemic, leading to a sharp decline in turnover and employment, it showed resilience during the 2008–2010 global financial crisis. The financial crisis had a small adverse effect on Horeca, with some countries even experiencing growth in employment in the sector. In contrast, the COVID-19 pandemic caused an abrupt and severe contraction across the whole EU, albeit with some cross-country differences in the severity of the decline in employment in the sector. The Horeca sector's recovery from the COVID-19 crisis has also been uneven, with some countries and regions rebounding faster than others.

Out of almost 32 million enterprises across all sectors in the EU in 2022, 6.1% (1.9 million) have been active primarily in Horeca. Slightly more than 4.8% (a little over 1.5 million) of these enterprises have been classified as belonging to the food and beverage service activities subsector, while a little over 1.2% (almost 400 thousand) of them have belonged to the accommodation subsector.

The Horeca sector is predominantly made up of small and microenterprises, with a high prevalence of these smaller employers compared with the overall economy. For instance, Member States like Belgium, Czechia and the Netherlands have a notable presence of small firms. Cyprus represents an outlier, as it has a significant share of large firms among the sector's employers.

Chapter 3. The labour market in the Horeca sector

The Horeca sector employs a diverse range of workers, including young, female and mobile workers who often require more attention and support in terms of workers' rights and social security. More than 53% of all Horeca workers in the EU are female and more than 20% of all Horeca workers are 24 years old or younger. Mobile workers, particularly third-country nationals (TCNs), constitute a significant share of the Horeca workforce. EU Labour Force Survey (EU-LFS) data from 2022 show that the share of mobile workers in the Horeca sector reached 19%, while their share in the overall economy stood at 8.7%. TCNs, who make up 12.6 % of the Horeca workforce, contribute to easing labour shortages. However, the considerable prevalence of mobile workers may pose challenges in the application of labour law and social security coordination (SSC) rules.

A notable issue in the Horeca sector is the high overqualification rate, particularly among mobile workers. The sector offers relatively easy access to the labour market, attracting both high-qualified and low-qualified workers. It is an especially attractive sector for young and migrant workers. In 2023, the overqualification rate in the Horeca sector was 68 %, compared with 22 % in the overall economy. The sector also offers various flexible work arrangements, including temporary work, short-term contracts and part-time work, reflecting the fluctuating nature of consumer demand. Based on 2022 EU-LFS data, temporary agency work and own-account self-employment appear less common in the sector. The high prevalence of overqualification may indicate a potential mismatch between workers' skills and the demands of their roles.

Chapter 4. Recruitment in the Horeca sector

Labour shortages in the Horeca sector are a significant challenge. The COVID-19 pandemic caused many workers to leave the industry. While the sector experienced skills shortages already before the COVID crisis, the post-COVID period is marked also by labour shortages. Commonly cited shortage occupations include chefs, cooks and waiters.

EU mobile workers' access to the labour market is in large part regulated by EU-wide legislation. The European employment services (EURES), a cooperation network of the European Commission and the ELA, public employment services, other employment services, trade unions and employers' organisations, playing an important role in supporting job matching and integration services. The access of TCNs to the EU's labour market is facilitated by directives such as the single permit directive and the seasonal workers directive, which streamline the admission process of TCNs to the EU's labour market. Member States have implemented various measures to promote flexible hiring and the integration of TCNs and young workers into the labour market, thus helping to mitigate the sector's labour shortages. These measures include simplified access to the labour market for TCNs in the case of shortage occupations and student employment schemes. Practices such as hiring shared workers or securing workforce via temporary agencies, outsourcing and subcontracting are also used in the sector, but there is limited quantitative data on the scope of these phenomena.

Innovative recruitment strategies, such as online job fairs within the framework of the European (Online) Job Days, have also been employed to attract workers. These activities enhance the visibility of job opportunities and make the recruitment process more efficient. However, challenges remain in ensuring that recruited workers are adequately informed about their rights and supported in their integration into the workforce.

Chapter 5. Employment and working conditions

Although EU law does not include Horeca-specific legislation, EU-level policies aim to ensure fair working conditions across all sectors, including the accommodation and food services. EU regulation mandates equal treatment for EU mobile workers concerning remuneration, dismissal and trade union membership. Directives on adequate minimum wages and transparent and predictable working conditions further enhance the legal framework on working conditions.

Consumer demand is highly fluctuating in the Horeca sector, with seasonal peaks and troughs and spikes due to one-off events. Consumers also require some of the Horeca services to be offered round-the-clock. Member States offer a range of flexible work arrangements tailored to the Horeca sector's needs. These measures may include specific contract types and also special rules on working time. Moreover, collective bargaining remains crucial in setting standards for working conditions.

Economic pressures and the need for flexibility often exacerbate workers' vulnerability, highlighting the importance of robust legal frameworks and enforcement mechanisms. The sector's reliance on flexible work arrangements, such as various forms of part-time and temporary contracts, poses challenges in ensuring stable and secure employment. Workers may face unpredictable schedules and limited job security, which can impact their overall well-being and job satisfaction.

Although the platform economy is not an integral part of Horeca, it offers important services to the sector. Its rise presents both opportunities and challenges for the Horeca sector and for the economy as a whole. Challenges, such as the proliferation of bogus self-employment, in the platform economy have prompted regulatory reaction at both the Member State and EU levels.

Chapter 6. Enforcing EU labour mobility and social security coordination rules

Enforcement authorities face challenges in enforcing labour mobility and SSC rules, often related to undeclared and under-declared work. These challenges are exacerbated by the sector's need for flexibility and the substantial prevalence of mobile and vulnerable workers. Enforcement authorities face resource constraints, communication barriers and under-reporting of irregularities by workers. Increasingly complex business structures may also complicate compliance efforts.

Effective enforcement relies on interinstitutional cooperation and innovative approaches to monitoring and compliance. Examples of good practices include the use of digital tools like Belgium's certified cash registers, Spain's anti-fraud tool, Greece's Digital Work Card as well as the establishment of joint inspection teams and cross-border cooperation.

Cross-border cooperation is important for addressing the unique challenges faced by mobile workers in the Horeca sector. Joint inspections, information-sharing and peer-learning initiatives can help ensure compliance with labour and social security regulations. In addition, raising awareness among workers about their rights and available support services is crucial for fostering a culture of compliance and protecting vulnerable workers.

Chapter 7. Information needs

Access to information is critical for mobile workers in the Horeca sector, who often lack knowledge of their rights. Despite efforts by national authorities, trade unions and employers' organisations, information gaps remain, more so among workers than employers. However, employers' awareness of labour regulations also appears to vary across Member States and between large chains and small businesses.

Effective practices in information provision include awareness campaigns, comprehensive websites and practical guidelines. Enhancing workers' access to information through online information sites and targeted outreach can help mitigate information gaps. The development of multilingual resources and interactive online tools is particularly important due to the diversity of the worker population in Horeca. These are commonly developed by national authorities, but social partners also have initiatives in this regard. There is a need for continuous improvement in the dissemination of information to ensure that all workers, regardless of their employment status or nationality, have access to accurate and timely information about their rights and responsibilities.

Chapter 8. Operational conclusions

The Horeca sector's reliance on flexible employment practices and the substantial prevalence of mobile and vulnerable workers necessitate the robust enforcement of labour and social security rules. Addressing information gaps and enhancing cooperation among enforcement authorities are crucial steps in ensuring compliance and protecting workers' rights. Strengthening institutional capacities and fostering partnerships among stakeholders will further enhance the sector's regulatory environment.

As Horeca operates round the clock, inspections may need to be performed outside standard business hours as well. Therefore, the effective enforcement of labour regulation may in such cases be particularly resource intensive for authorities. Increasingly complex business models may also require that authorities invest more effort in staff training and motivate staff to undertake the inspections of such complicated cases. Finally, highly fluctuating working time in Horeca presents an additional challenge to authorities, when seeking to inspect compliance with laws regulating working time. Advanced digital tools, enhancing data collection and risk analyses, that have been implemented in some Member States can address some of these challenges.

1. Introduction

The Accommodation and food services sector, also referred to in this study as the Horeca sector or accommodation and food services, is one of the major employers as far as services in the EU are concerned.⁽⁴⁾ It plays a particularly important role in the economies of Mediterranean EU Member States. Importantly, the sector employs an above-average share of mobile workers. Moreover, young and female workers are over-represented. It is a sector that provides opportunities to workers from the more vulnerable strata of society. The sector is characterised by a high need for flexibility in employment patterns and work arrangements. This is related to fluctuating consumer demand, with peaks in specific seasons. Moreover, consumers also demand services from the Horeca industry outside standard business hours, including round-the-clock schedules in some subsectors. The need for flexibility and the marked prevalence of vulnerable socioeconomic groups among workers in the Horeca sector may also imply the presence of specific challenges in the enforcement of labour (mobility) law and social security coordination (SSC) rules.

Keeping in mind these particularities of the sector, the European Labour Authority (ELA), whose main role is to facilitate and enhance cooperation between Member States to help effectively enforce EU rules on labour mobility and SSC, has selected Horeca as one of its priority sectors for 2024.

This analytical report seeks to provide insight to the ELA and the enforcement authorities of the Member States into the current state of the Horeca sector and its labour market. More specifically, it aims to help the ELA and its partners address challenges in the enforcement of labour mobility rules, labour law and related regulation arising in the Horeca industry. The report first delves into the position of the Horeca sector as a contributor to aggregate value added and employment in the economies of the Member States (Chapter 2). It then analyses the Horeca labour market, focusing on the demographic and socioeconomic characteristics of its workers and on the specificities of employment patterns and work arrangements within the sector. Special attention is given to the types of mobility and the high prevalence of mobile workers in the sector (Chapter 3). Subsequently, Chapter 4 discusses the EU-level and national-level legal frameworks relevant to recruitment in the Horeca sector as well as the main trends in recruitment practices. Chapter 5 explores employment arrangements and working conditions in the sector. Chapter 6 presents enforcement challenges and good practices in the enforcement of labour mobility and SSC rules in the Horeca sector. This is followed by a discussion of challenges relating to and good practices for information provision (Chapter 7). The report's final chapter provides operational conclusions. Finally, the online Annex to the report presents the relevant enforcement authorities in each Member State.

Given the ELA's mandate and the nature of the study, the report highlights the difficulties and challenges associated with the enforcement of labour law, labour mobility rules and SSC rules. It is important to note, in this context, that the issues raised should under no circumstances be generalised to the entire Horeca sector and the employers and workers comprising this sector.

The report is based on several analytical activities and data collection efforts carried out between January and June 2024. These included:

- A quantitative analysis relying mostly on statistics gathered by the statistical office of the European Union (Eurostat). The data analysed include, for instance, relevant entries from the European system of national and regional accounts, structural business statistics (SBS) and EU Labour Force Survey (EU-LFS) data. The report refers to the data available as of early June 2024. In many instances, 2023 figures were already available. However, for some of the indicators, the latest available numbers came from 2022 or 2021. Moreover, as economic activity in the Horeca sector was significantly influenced by the COVID-19 crisis, in a few cases, the study also uses data from the pre-COVID-19 period.
- A literature review covering both peer-reviewed academic literature and broader grey literature. Reports by enforcement bodies and other public authorities, legislation and documents interpreting the relevant legislation (e.g. various forms of methodological guidance) have been commonly used by the authors.
- Exploratory interviews carried out with EU-level stakeholders, representing the social partners for the Horeca sector and enforcement authorities in the inception phase of the project.
- Interviews with stakeholders in each of the 27 Member States. The research team preparing this report has drafted background documentation on relevant questions and issues in each of the Member States. This documentation has relied, among other sources, on in-depth interviews with key stakeholders. These included representatives of

⁽⁴⁾ The Accommodation and food services sector is equivalent to NACE (statistical classification of economic activities in the European Community) Rev. 2.1 divisions 55 (Accommodation) and 56 (Food and beverage service activities). In this report, the terms 'Horeca sector', 'Horeca industry' and 'accommodation and food services' will be used interchangeably. Note that firms specialising in food delivery alone – for example, acting as digital platforms through which food delivery is provided – do not constitute part of the Horeca sector. Note that, in the context of European sectoral social dialogue, the Horeca sector does not comprise contract catering (NACE 56.29) (see Eurofound 2018).

the enforcement authorities as well as other state agencies (e.g. labour offices), workers' representatives, employers' representatives and academic researchers. The total number of interviews conducted reached 122. The breakdown of interviewed stakeholders per stakeholder group is as follows:

- workers' organisations and representatives: 34,
 - labour inspectorates: 26,
 - recruitment agencies and employment services: 15,
 - employers' organisations and representatives: 34,
 - other national authorities: 9,
 - other stakeholders: 10.
- Six studies on specific topics of interest relating to a diverse group of six Member States (ES, HR, IT, HU, NL and FI). They have served to inform some of the thematic boxes included in this report.

This study would not have been possible without the generous help of a broad community of stakeholders. The ELA would like to thank to those involved, directly or indirectly, in its preparation. The authors are grateful in particular to the Member States' national authorities, the European Federation of Food, Agriculture and Tourism Trade Unions (EFFAT) and the European Association of Hotels, Restaurants and Cafés (HOTREC). Finally, the authors are grateful to the European Trade Union Institute (ETUI) Research Department for sharing data on platform work and part-time and temporary work with the ELA.

2. The Horeca sector in the economy of the EU

This chapter in brief

The Accommodation and food service activities sector (**Horeca sector** or accommodation and food services) is an **important sector of the EU economy**. Similarly to the broader tourism sector, ⁽⁵⁾ Horeca has significant direct and indirect linkages with other industries in the economy and contributes importantly to gross domestic product (GDP) and job creation. The Horeca sector's labour market occupies a specific position because of its **above-average share of mobile workers**, young and female workers, and the variety of contractual relations between workers and employers.

The Horeca industry is **particularly important in the economies of the Mediterranean Member States** in terms of its contribution to gross value added (e.g. EL, ES, HR and PT) and employment (e.g. EL, ES, IT, CY and MT). In several other Member States outside the Mediterranean region (e.g. Ireland and Austria), Horeca also contributes considerably to value added and employment. Of the two subsectors comprising the Horeca industry, **food and beverage services** typically have a larger share in value added and employment.

While **the COVID-19 pandemic** had a severe adverse impact on the Horeca sector, it performed relatively well during the 2008–2010 global financial crisis. This suggests **that Horeca can contribute to the resilience of the economy and the labour market**.

As in the overall economy, most firms operating in the Horeca sector are **small companies and microenterprises**. However, the share of these companies in employment in the Horeca sector is even larger than in the overall economy. The strong position of smaller employers as opposed to larger ones in the sector is particularly visible in Belgium, Czechia and the Netherlands. By contrast, Cyprus has a sizeable share of large firms as employers in the Horeca sector. In several Member States where the Horeca sector is especially important, the share of **newly established** employers is larger in accommodation and food services than in the overall economy (e.g. EL, ES, HR and PT).

Introduction

The Horeca sector contributes importantly to value added and employment creation in the EU and its Member States. It is particularly important in the economies of Mediterranean EU Member States. This chapter covers the position of the Horeca sector within the broader economy of the EU and its Member States (Section 2.1) and discusses its link to other sectors and subsectors of the economy (Section 2.2). It then evaluates the impact of various crises on the Horeca sector (Section 2.3), focusing on employment. Finally, it provides an overview of the key characteristics of enterprises and employers within the Horeca sector (Section 2.4).

2.1 Mediterranean countries have the largest Horeca sector in the EU

The contribution of the Horeca sector to gross value-added creation varies across the Member States. ⁽⁶⁾ For some Member States (i.e. Mediterranean countries), it is more important than for others (Figure 2.1). Nonetheless, the importance of the Horeca sector for the economy of the EU goes beyond its direct contribution to gross value added and employment creation. The indirect linkages of the sector with other sectors are discussed in more detail in the following section, while this section focuses on the direct contribution of the Horeca sector to the economy.

In 2022, accommodation and food services contributed 2.5 % to the total gross value added in the EU economy, ⁽⁷⁾ with the economies of Mediterranean countries showing a higher dependence on the Horeca sector. Among these Member States, Greece showed the highest share of the Horeca sector in aggregate national gross value added in 2022 (7.1 %), followed

⁽⁵⁾ Following Eurostat (2024c), the tourism industry consist of five subsectors: food and beverages, transport, accommodation (not including real estate), travel agencies and tour operators, and car and other rentals (see Eurostat, Statistics Explained, '[Tourism industries – employment](#)').

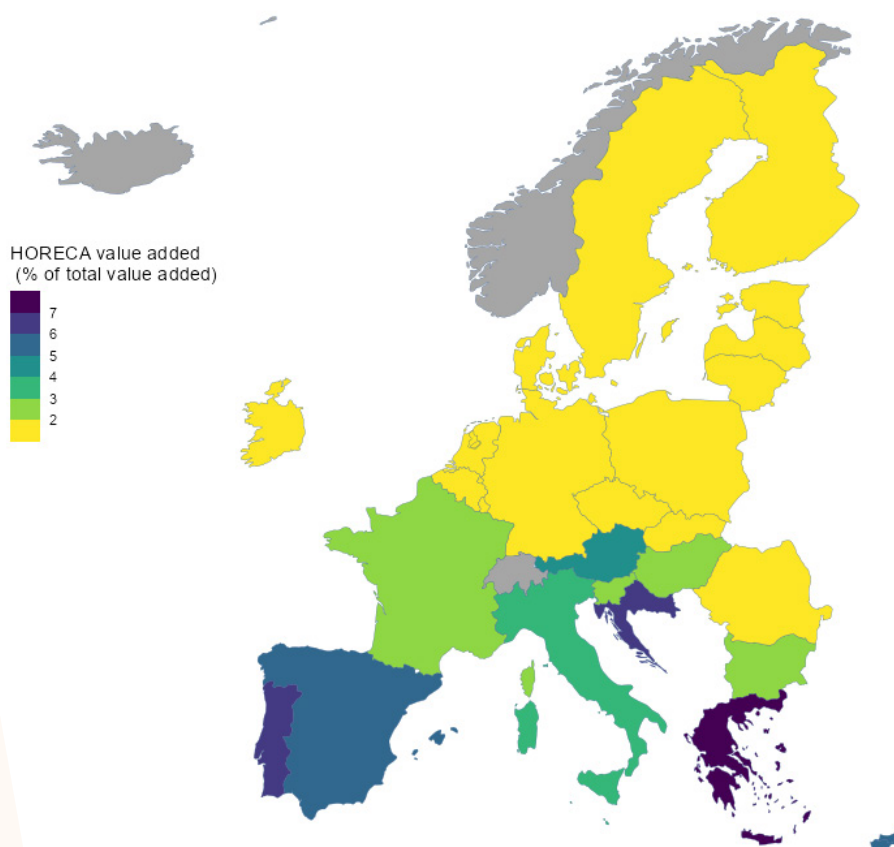
⁽⁶⁾ Gross value added is a similar concept to GDP. The latter measures the total value of all goods and services produced in a country. The difference is that the value added is calculated by subtracting intermediate consumption (i.e. the cost of inputs and raw materials) from output (the value of goods and services) (see Eurostat, Statistics Explained, '[Glossary: Gross value added](#)'). Thus, the value added avoids the double counting that could occur if the total (gross) output of each sector were summed without considering the inputs from other sectors.

⁽⁷⁾ The share of the Horeca sector's gross value added in the total gross value added of the EU economy was higher in the pre-pandemic years. In 2018–2019, it reached 2.9 % on average.

by Croatia (6.4 %), Portugal (6.1 %) and Spain (5.8 %). By contrast, the Horeca sector accounted for the smallest share in aggregate gross value added in Luxembourg and Sweden (both 1.3 %) as well as in Germany and Poland (both 1.4 %).

Figure 2.1: Mediterranean Member States have the largest Horeca sector in terms of gross value added

Gross value added generated by the Horeca sector as a percentage of total gross value added, 2022



Source: Eurostat, series nama_10_a64, data accessed on 22 September 2024.

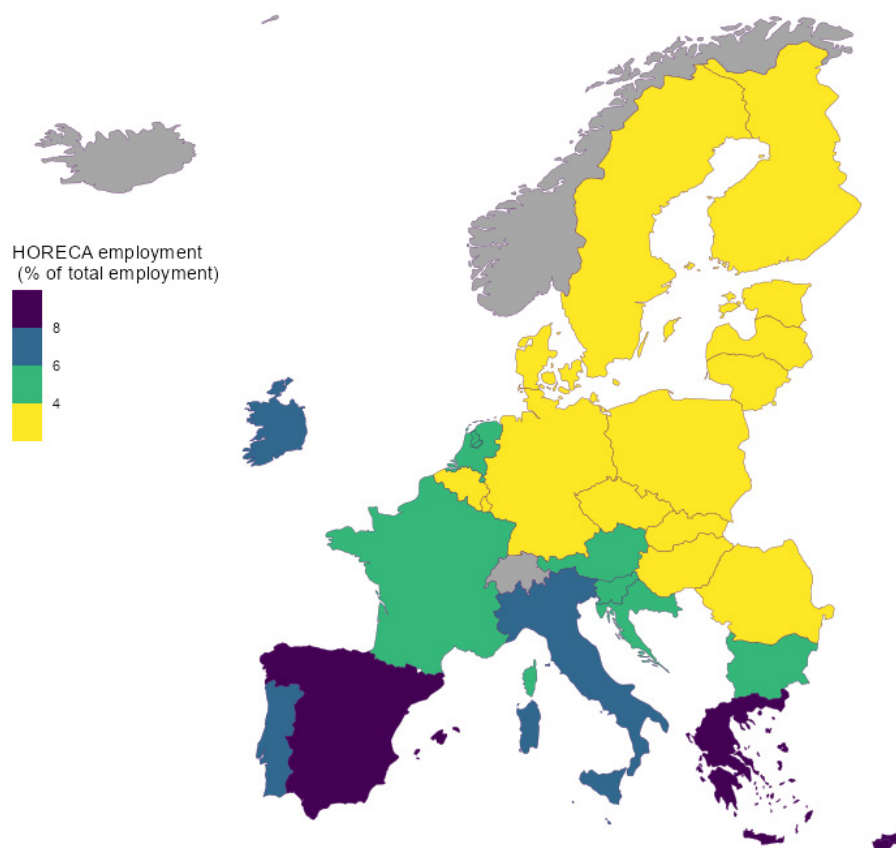
The share of the Horeca sector in total employment is larger than its share in value added. In 2023, the sector accounted for 4.7 % of the total employment in the EU-27 in the 15-64 age range (employing 9.3 million workers).⁽⁸⁾ As in the case of value added, there are considerable differences among Member States (see Figure 2.2). The size of the Horeca sector in terms of employment is bigger in Mediterranean countries than in other Member States. As much as 9.1 % of total employment in Greece is in accommodation and food services. The Horeca sector also has a significant share in total employment in Spain (8.3 % of total employment), Cyprus (8.3 %), Malta (7.8 %), Ireland (6.8 %), Portugal (6.6 %) and Italy (6.4 %). In contrast to these (mostly) Mediterranean Member States, a smaller part of the workforce is employed in Horeca in central and eastern Member States. For example, the Horeca sector in Poland accounted for 2.4 % of the country's total employment in 2023.⁽⁹⁾

⁽⁸⁾ Eurostat, series lfsa_egan2, data accessed on 6 June 2024; figure refers to workers whose main employment is in the accommodation and food services sector.

⁽⁹⁾ Eurostat, series lfsa_egan2, data accessed on 6 June 2024.

Figure 2.2: Mediterranean Member States also have the largest Horeca sector in terms of the number of workers

The number of workers in the Horeca sector as a percentage of all workers, 2023



Source: Authors' calculations based on Eurostat labour market statistics (EU-LFS), series lfsa_egan2, data accessed on 6 June 2024.

There are also cross-country differences in the significance of each of the two subsectors comprising Horeca. Most of the employment in the Horeca sector occurs in the food and beverages subsector (ca 75 %), while about 25 % of the employment is associated with the accommodation subsector. As much as 6.8 % of the total employment in Greece's economy was in the food and beverages subsector, while Poland reported the lowest share of this subsector in employment, reaching only 1.7 %. At 3.3 %, Cyprus had the highest share of the accommodation sector in employment. By contrast, some Nordic and central and eastern European countries (e.g. Lithuania and Finland) observed the lowest shares of this subsector in employment, reaching 0.5 % of total employment (see Figure 2.3 for more detail).

2.2 The relevance of the Horeca sector in the EU is closely linked to tourism activity

Because of the strong linkages the Horeca sector has with other segments of the economy, its importance in terms of value added and employment creation extends beyond the sector's direct economic impact. Notably, Horeca is a key component of the tourism industry. In 2023, the tourism industry, including the Horeca sector, directly employed over 10.4 million workers in the EU. This amounted to about 5.1 % of all workers.⁽¹⁰⁾ Employment in the Horeca sector constituted as much as 92.1 % of the total employment in the EU tourism sector in 2023. Moreover, a deeper analysis of economic flows, using national accounts data, unveils that the demand for intermediate goods generated by hotels and restaurants acts as an important driver for employment in other sectors of the economy (see Box 2.1).

⁽¹⁰⁾ Authors' calculations based on Eurostat, series tour_lfs1r2 ([employed persons by full-time/part-time activity and NACE Rev. 2 activity](#)), data accessed 7 June 2024. Note that, in the last pre-COVID-19 year of 2019, the tourism industry directly employed 12.5 million workers in the EU (6.5 % of all workers).

Box 2.1: The tourism sector created 9.1 % of EU GDP and 9.4 % of EU employment in 2023

The Horeca sector is an important part of the broader tourism sector. Although the direct contribution of tourism to GDP or value added in the European Union ⁽¹¹⁾ has been about 3 % on average over the last few years, ⁽¹²⁾ it reached approximately 10 % when also including the indirect and induced effects on other sectors of the economy (Pascariu and Ibănescu 2018). This is largely attributed to tourism being a significant ‘customer’ to other sectors, such as food production. In effect, as the study by Teigeiro, Luis and Sanjuán (2013) shows, in most of the Organisation for Economic Co-operation and Development (OECD) member countries, Horeca is an important driver sector, with strong backward linkages to other economic sectors. The World Travel and Tourism Council has found that the tourism industry generated (directly and indirectly) 9.6 % of the EU GDP in the last pre-pandemic year, 2019, and 9.1 % in 2023 (World Travel and Tourism Council 2024).

Alongside its contribution to creating value added and economic growth, the tourism industry also contributes, both directly and indirectly, to job creation within the EU at around 10 % (10 % in 2019 and 9.4 % in 2023). This exceeds the reported contribution of financial services, banking, automotive manufacturing, chemicals manufacturing and the mining sectors (World Travel and Tourism Council 2024; Pascariu and Ibănescu, 2018). Regarding the supply chain in the sector, one job in the core hospitality industry indirectly generates roughly 1.5 additional jobs in related sectors and economic activities (Baum 2012).

The tourism sector, including Horeca, is among the top job-creating sectors because of its labour-intensive nature (Baum 2012; International Labour Organisation 2023). As an industry involving multiple sectors in the economy, tourism not only creates jobs and generates income to the industry itself (Campos Soria and Robles Teigeiro 2019; Thommandru et al. 2023), but also has a strong multiplier effect in the economy, ⁽¹³⁾ both downstream and upstream along the value chain (Teigeiro, Luis, and Sanjuán 2013; Aynalem, Birhanu, and Tesefay 2016; Marques Santos et al. 2020).

Over the period 2000–2018, every additional 1 000 tourist arrivals were on average associated with 20 additional jobs in the EU regions. That is, an increase of 10 % in tourist arrivals generates, on average, an increase of 0.9 % in employment, and almost 1 billion tourist arrivals in the EU-27 in 2019 created approximately 20 million jobs (Marques Santos et al. 2020). This constitutes almost 10.4 % of the 2019 total EU-wide employment of 193.6 million, which is in line with the conclusions of other scholarly research (Pascariu and Ibănescu 2018; World Travel and Tourism Council 2023).

Figure 2.3 provides a breakdown of employment in the tourism industry, as a share of total employment, for Member States in 2023. As mentioned, accommodation and food services account for the greatest share of employment among all segments of the tourism industry. In 2023, in the EU-27, the tourism industry accounted for 4.7 % of total employment in the EU, of which only 0.4 percentage points were in sectors falling outside Horeca. However, as already mentioned, in some countries (mostly Mediterranean), the Horeca sector, and with it also the tourism industry, makes an even greater contribution to employment creation.

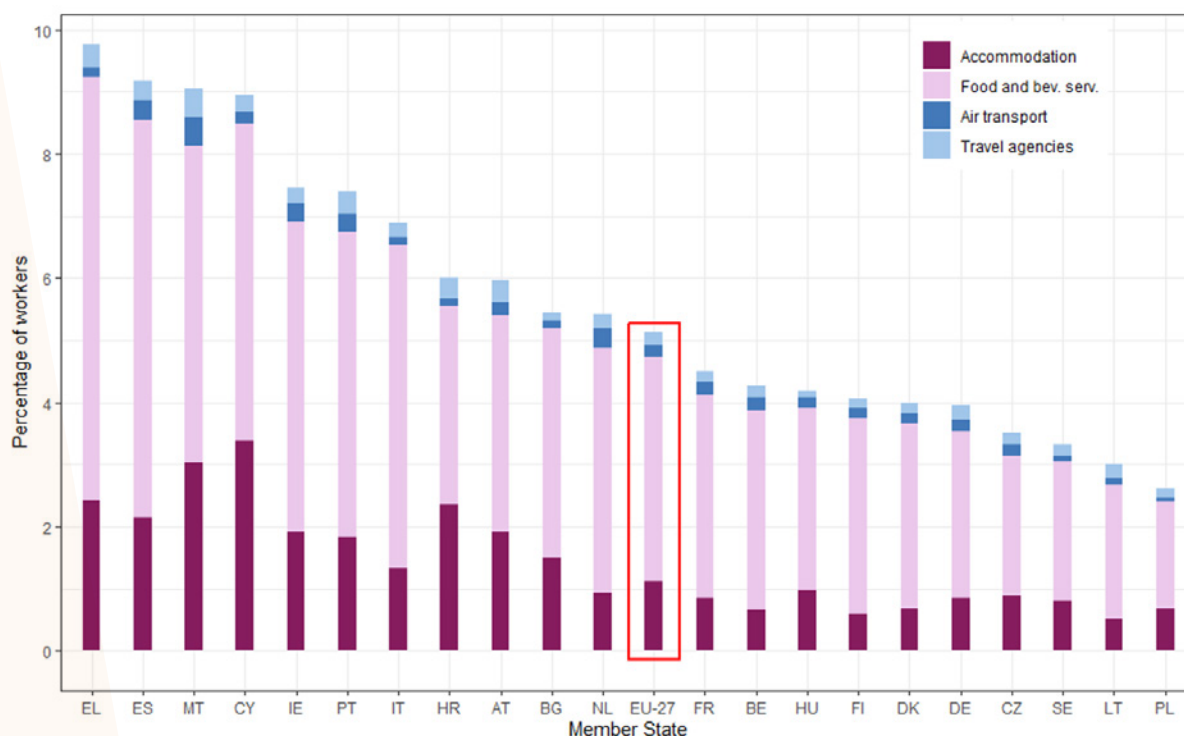
⁽¹¹⁾ The literature focuses on the contribution of the tourism sector, rather than of the Horeca sector specifically, to the creation of gross value added and employment in the EU.

⁽¹²⁾ Up to 2022.

⁽¹³⁾ In simple terms, the tourism multiplier effect refers to how many times money spent by a tourist circulates through a country's economy (Archer 1982).

Figure 2.3: Accommodation and food services have the greatest share in employment within the broader tourism industry in Member States

Shares of the sectors of the tourism industry in employment, 2023



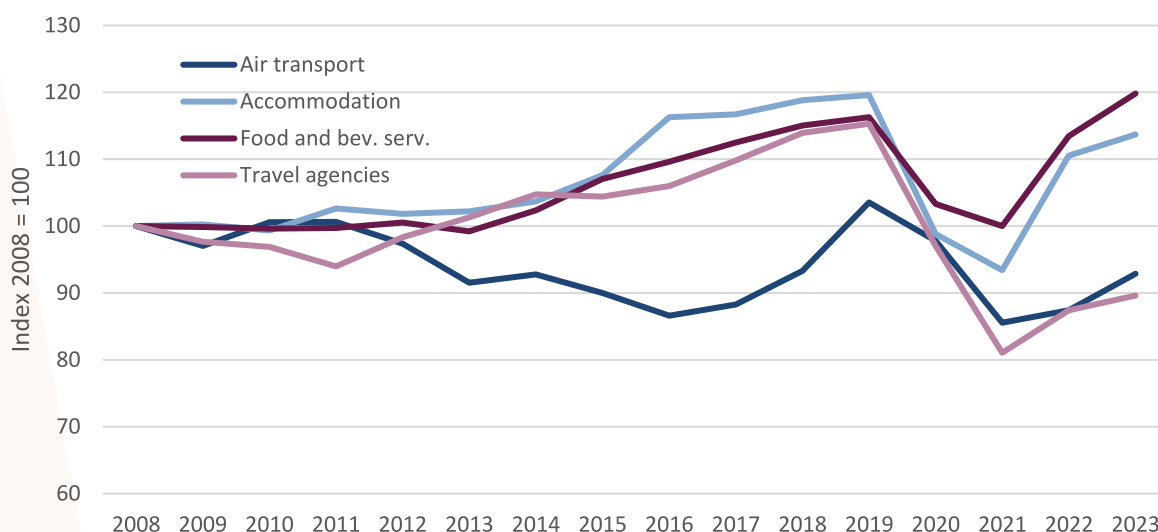
Source: Eurostat tourism statistics, series tour_lfs1r2, data accessed on 7 June 2024. Data on employment in air transport not available due to low data reliability for EE, LV, RO, SI and SK; data on employment in accommodation not available due to low data reliability for LU; data on employment in travel agencies, tour operators and other reservation services and related activities not available due to low data reliability for EE, LV, LU and SK; low data reliability for BG, IE, HR, CY, LT, LU, MT, PL, FI and SE (air transport) and for BG, IE, HR, CY, HU, LT, MT, SI and FI (travel agencies, tour operators and other reservation services and related activities).

NB: 'Food and bev. serv.' denotes 'Food and beverage service activities' (NACE I56); 'Travel agencies' denotes 'Travel agency, tour operator and other reservation service and related activities' (NACE N79); data based on workers aged 15 and above.

Employment in the sectors comprising the tourism industry is heavily influenced by trends in tourism activity. Tourism activity can be measured using a variety of standard indicators, such as the number of tourist arrivals, number of overnight stays or volume of expenditure made by tourists (Latham and Edwards 2003). Figure 2.4 presents information on the temporal development of some of these indicators in the EU during 2008–2023. The number of people employed in the tourism sector follows similar patterns to those depicted in Figure 2.5 on the trend in the turnover of tourism activities in 2008–2022.

Figure 2.4: Employment in the Horeca sector in the EU-27 had recuperated by 2023

Employment index in the Horeca subsectors compared with other tourism subsectors in 2008–2023 (index 2008 = 100)



Source: Eurostat tourism statistics, series tour_lfs1r2, data accessed on 7 June 2024.

NB: 'Food and bev. serv.' denotes 'Food and beverage service activities' (NACE I56); 'Travel agencies' denotes 'Travel agency, tour operator and other reservation service and related activities' (NACE N79).

2.3 The financial and COVID-19 crises differed in their impacts on Horeca

The specificity of the Horeca sector was also apparent in the way that the sector reacted to the financial crisis of 2008–2010 and the COVID-19 crisis of 2020–2021. Due to their different natures, the two crises had divergent impacts on individual sectors of the EU economy. Accommodation and food services were among the most severely hit by the COVID-19 crisis (Marques Santos et al., 2020; European Commission, 2021; Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting and wmp consult, 2023) and among the last to return to the turnover levels of the pre-COVID-19 period.

As shown in Figure 2.5, the turnover index in the overall services sector in the EU dropped by 33.1 percentage points⁽¹⁴⁾ in the second quarter of 2020 relative to the first quarter of 2020.⁽¹⁵⁾ However, in the Horeca sector, it fell by as much as 61.4 percentage points. Whereas in the services sector, the turnover had rebounded already by the second quarter of 2021, overshooting 2019 pre-pandemic values, in the food and accommodation sector, turnover needed 1 more year to recuperate from the COVID-19 crisis. The value of the sector's turnover index in the second quarter of 2022 (130.7) was already higher than it had been in the last quarter of 2019, when it reached 122.4.⁽¹⁶⁾

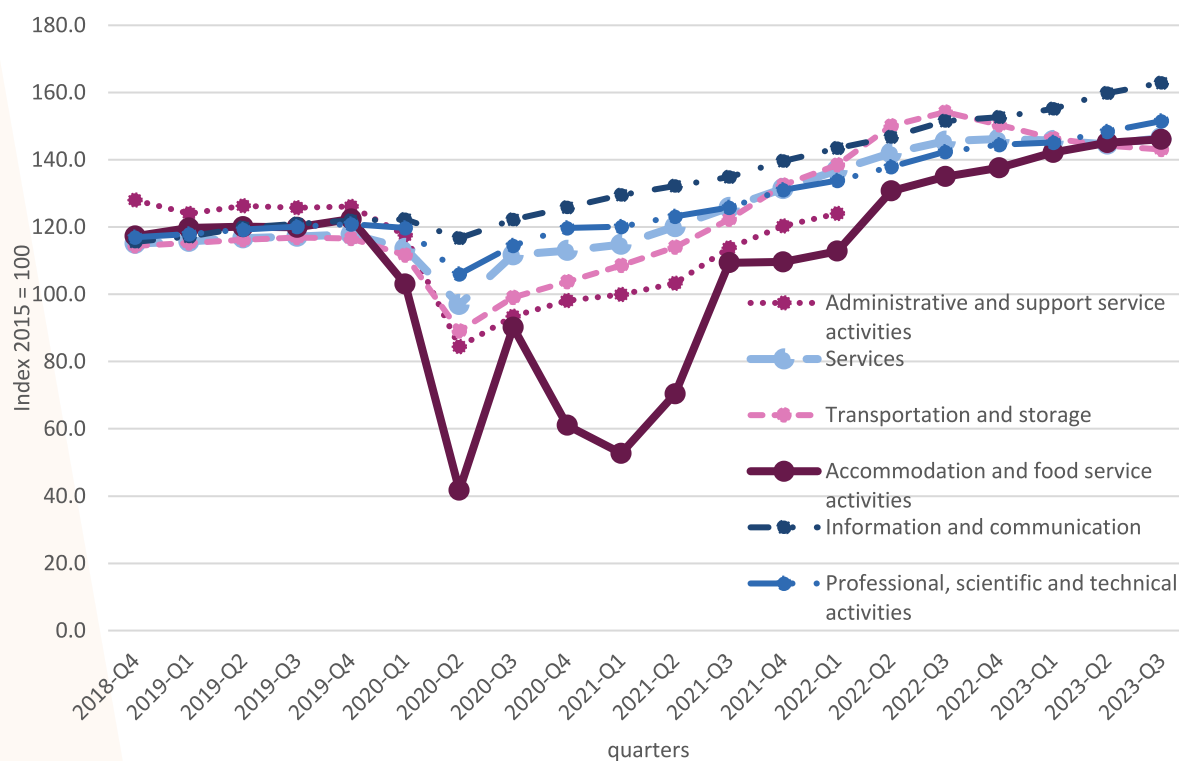
⁽¹⁴⁾ A percentage point is the unit used to measure the difference between two values expressed as percentages.

⁽¹⁵⁾ The turnover index in (other) services is a [business cycle](#) indicator that measures the development of turnover in the EU service industries, with the exception of public and financial services and services in retail and wholesale trade, for which a [separate indicator](#) exists. The data on services presented here encompass mainly – but not only – services consumed by businesses; therefore, they are often referred to as '[business services](#)' (see Eurostat, Statistics Explained, '[Services turnover index overview](#)') (Eurostat 2024b).

⁽¹⁶⁾ Eurostat, series sts_sepr_q, data accessed on 7 June 2024.

Figure 2.5: Turnover recovery in the Horeca sector within the EU-27 was slower than the broader services sector

Turnover index in the Horeca sector and other services from Q4 2018 to Q4 2023 (index 2015 = 100)



Source: Eurostat short-term business statistics, series sts_setu_q, data accessed on 7 June 2024.
NB: Q1, first quarter; Q2, second quarter; Q3, third quarter; Q4, fourth quarter.

Another good indicator of how the COVID-19 crisis affected the accommodation sector is the number of nights spent in tourist accommodation establishments in the EU (see left panel in Figure 2.6). The moderate decline of this indicator in 2009 was followed by its consistent gradual growth between 2010 and 2019, until an unprecedented shock during the global pandemic in 2020–2021. In effect, the number of total nights spent at tourist accommodation establishments in the EU increased by almost 33 % in 2019 compared with 2011, while the relevant number of nights spent by international tourists went up by approximately 44 % in the same period (see dashed line in the left panel of Figure 2.6). Following this, the year-on-year decline between 2019 and 2020 in both the number of tourist arrivals and overnight stays of tourists exceeded 50 %. Moreover, both indicators remained below their 2019 levels during 2021 (approx. 36 % and 40 % for nights spent in tourist establishments and tourist arrivals, respectively).

However, the volume of tourist activities had largely recuperated by 2022, and both tourist arrivals and nights spent at tourist accommodation establishments reached levels close to the values experienced in the pre-pandemic period. For instance, the number of nights spent by international tourists in 2022 reached 88 % of the pre-pandemic level of 2019. In 2022 compared with 2021, nights spent by international guests in EU tourist accommodation increased by 104 % on average for the Member States. The lowest increases, below 60 %, were reported for Croatia, Cyprus and Luxembourg, while in Czechia the overnight stays by international guests almost tripled (Eurostat 2023c).

Figure 2.6: The volume of tourist activities in the EU-27 had largely recovered by 2022

Index of nights at tourist accommodation establishments and tourist arrivals in 2008–2022



Source: Eurostat tourism statistics, series tour_occ_ninat (nights spent in tourist establishments) and tour_occ_arnat (arrivals), data accessed on 7 June 2024.

NB: In line with Eurostat, 'domestic' tourists are defined as tourists who are residents of the country where the tourist establishment they visit is located; 'foreign' tourists are non-residents of the country where the tourist establishment they visit is located (see Eurostat, Statistics Explained, 'Glossary: Country of residence').

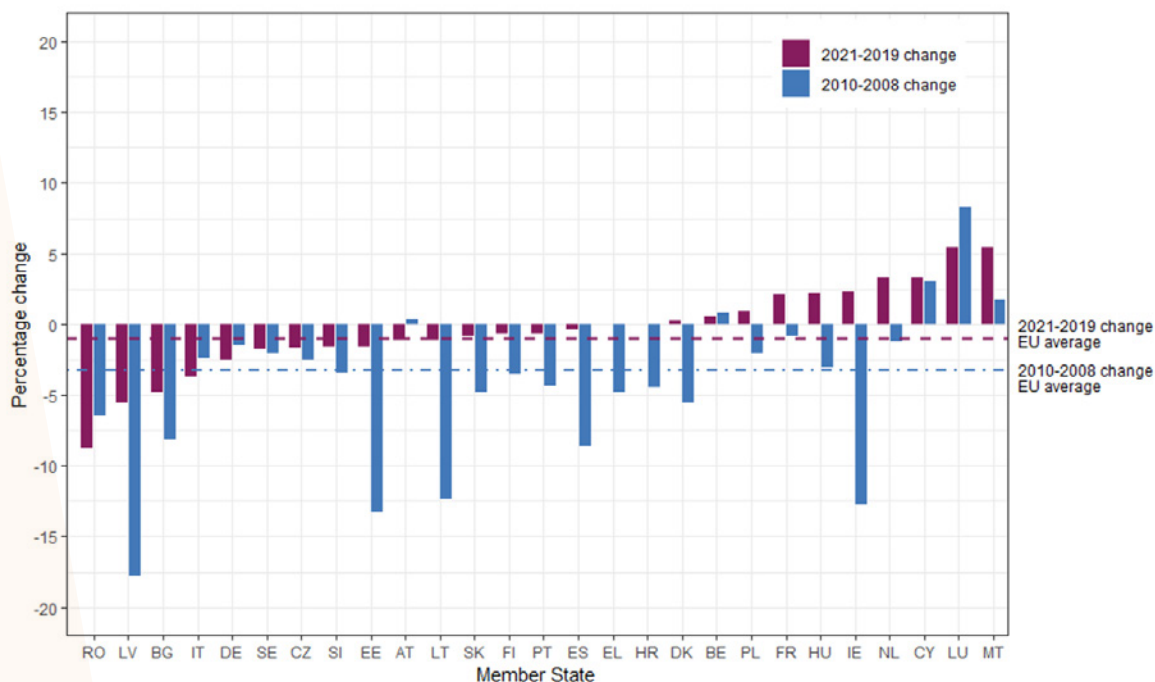
The COVID-19 crisis also heavily impacted employment in the Horeca sector. Although furlough schemes protected at least part of the employment across Europe during periods of economic lockdown, not all jobs and workers were protected equally (Eurofound/JRC 2021; European Labour Authority 2023a). Branka and Pouliakas (2020) mentioned accommodation and food services among those sectors where people were at high risk of losing their jobs as a consequence of the COVID-19 pandemic. Indeed, as shown in Figure 2.7, the COVID-19 crisis had a profound and widespread impact on employment in the Horeca sector. The drop in employment between 2019 and 2021 in the sector was more than 15 % in most Member States (averaging a 16.6 % employment drop in the EU). The contraction of employment in the Horeca sector during the health crisis was more severe than in other sectors of the economy (Eurostat 2024c).

From the perspective of the Horeca industry, the COVID-19 crisis also differed, in both its severity and geographical spread, from the economic slowdown experienced in 2008–2010. The crisis of 2008–2010 had a less profound effect on employment in accommodation and food services, with a 0.4 % drop in EU-wide sectoral employment. Moreover, only two Member States suffered a fall in employment of more than 15 %, with some countries even experiencing an increase in employment in Horeca. The historical data documenting the impact of the 2008–2010 crisis therefore indicate that the Horeca sector can contribute to the resilience of the economy as a whole.

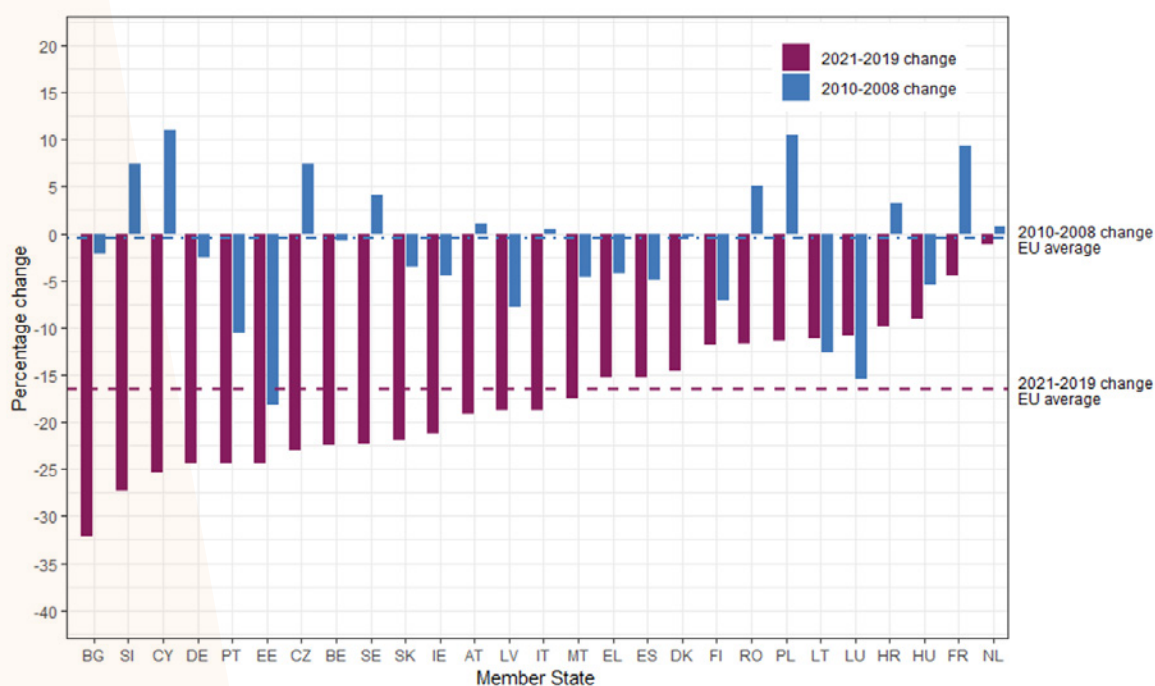
Figure 2.7: The Horeca sector was among those most severely hit by the COVID-19 crisis

Change in employment in the overall economy and the Horeca sector during the two crises

(A) All-sectors average



(B) Accommodation and food services



Source: Authors' calculations based on Eurostat labour market statistics (EU-LFS) series lfsa_egan2, data accessed on 19 October 2023.

2.4 Small enterprises and sole proprietorships are characteristic of the Horeca sector, but there are large cross-country differences

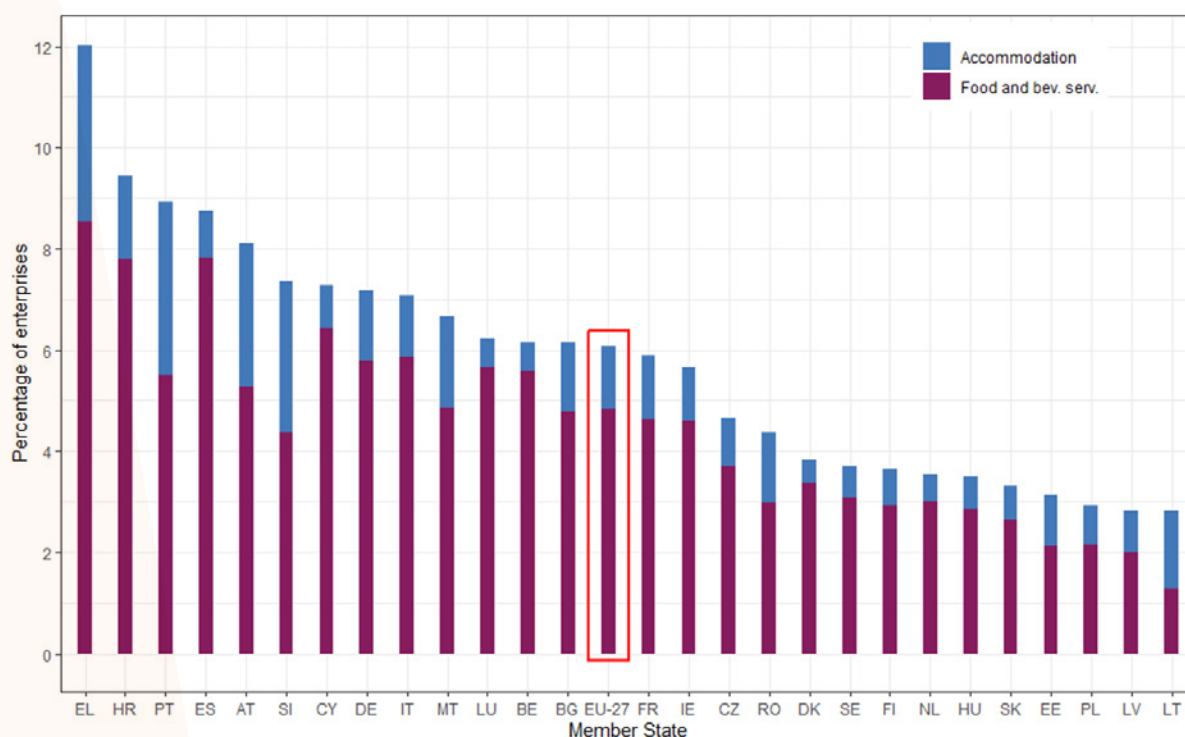
So far, this chapter has mainly focused on the economic circumstances of the recent past, such as the COVID-19 pandemic, that have had a profound influence on the Horeca sector. Such economic circumstances also influence the business demography of the sector, including company size, prevalent legal form, enterprise birth and death rates and

average enterprise age. These sectoral characteristics may in turn have an impact on the type of enforcement challenges encountered by national authorities. This subsection therefore provides an overview of the key characteristics of the business demography of the Horeca sector. It focuses on company size, legal form and business churn, including the share of newly founded enterprises in employment.

Out of a total of almost 32 million enterprises across all sectors in the EU in 2022, 6.1 % (1.9 million) were active primarily in accommodation and food services. Slightly more than 4.8 % (a little over 1.5 million) of these enterprises were classified as part of the food and beverage service activities subsector, while a little over 1.2 % (almost 400 00) of them belonged to the accommodation subsector (Figure 2.8).

Figure 2.8: Horeca businesses comprise about 6 % of all enterprises in the EU, but their share in the business population is substantially larger in Mediterranean countries

Share of Horeca businesses in the total business population in the EU, 2022



Source: Authors' calculations based on Eurostat SBS, series sbs_sc_owv, data accessed on 5 June 2024.
NB: Provisional data.

In Greece, the share of Horeca businesses in the total number of enterprises reached as much as 12 % in 2022. The same figure for Spain, Croatia, Austria and Portugal fell into the 8–10 % range. By contrast, most northern, central and eastern European Member States have a below-EU-average share of businesses active in the Horeca sector. For example, in Latvia, Lithuania and Poland, the Horeca sector's share in the total business population was below 3 %.⁽¹⁷⁾

Businesses with fewer than 10 employees (so-called microenterprises) account for 89 % of the total number of businesses in the sector. This is comparable to their share in the total EU economy, where they account for 94 %.⁽¹⁸⁾ Enterprise statistics data also show that almost 60 % of the workers employed in the EU Horeca sector work in small and microenterprises, while only 14 % work in large businesses (with 250 or more employees). In several Member States the share of people employed in microenterprises in the Horeca sector is over 50 % (i.e. BE, CZ, IT, PL, SI and SK).⁽¹⁹⁾ In the aforementioned countries, the share of smaller companies in employment in the Horeca sector is larger than in the entire economy on average (e.g. Belgium and Czechia, but also the Netherlands). Cyprus represents an outlier, with larger employers occupying a more

⁽¹⁷⁾ The business demographics data referred to in this paragraph are based on 2022 Eurostat enterprise statistics, series sbs_sc_owv, provisional at the time of writing.

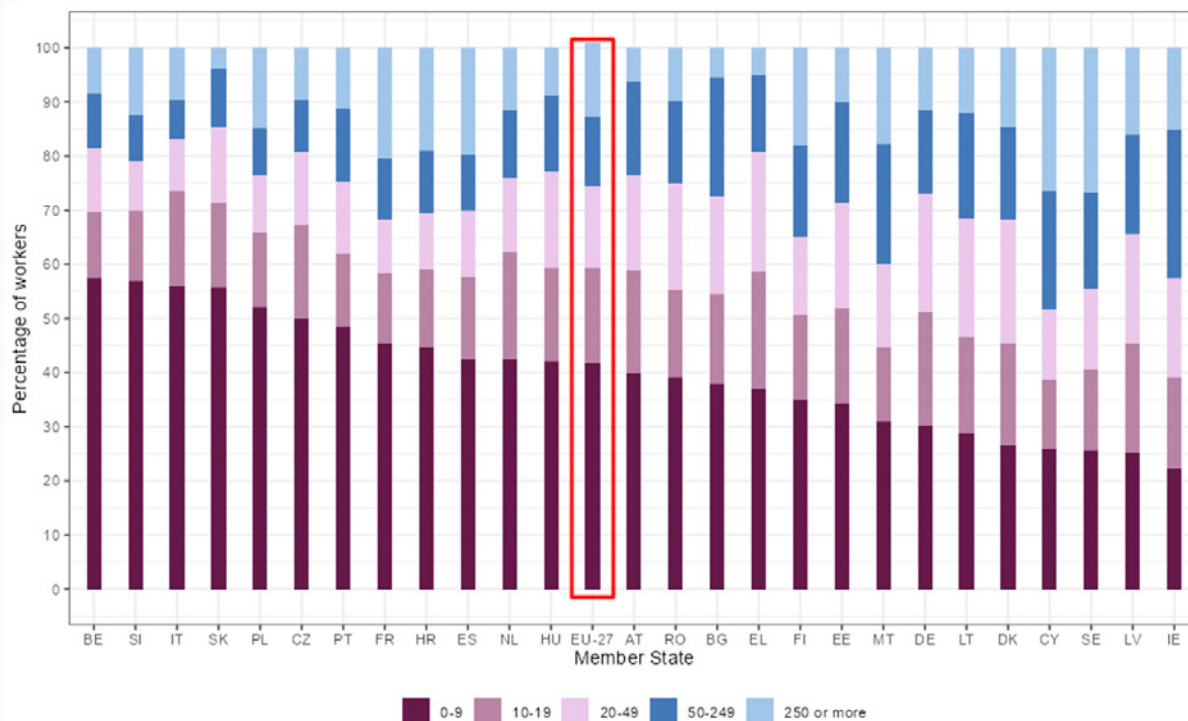
⁽¹⁸⁾ The business demographics data referred to in this paragraph are based on 2022 Eurostat enterprise statistics, series sbs_sc_owv, provisional at the time of writing.

⁽¹⁹⁾ Note that these data on workers also include individuals working as own-account self-employed workers. SBS data on the distribution of employees by company size were not available at the time of writing.

important role in the Horeca sector. Almost 27 % of workers employed in Cyprus’s Horeca sector work in large firms with at least 250 employed workers, and almost 50 % of them work in firms with 50 or more workers (Figure 2.9).⁽²⁰⁾

Figure 2.9: Smaller enterprises play an important role as employers in the Horeca sector

Share of enterprises by number of workers employed in total employment in Horeca, 2022



Source: Authors’ calculations based on Eurostat SBS, series sbs_sc_ovw, data accessed on 12 June 2024; data for LU missing due to confidentiality. NB: The numbers presented are provisional at the time of writing and include self-employed workers; data based on workers of all ages.

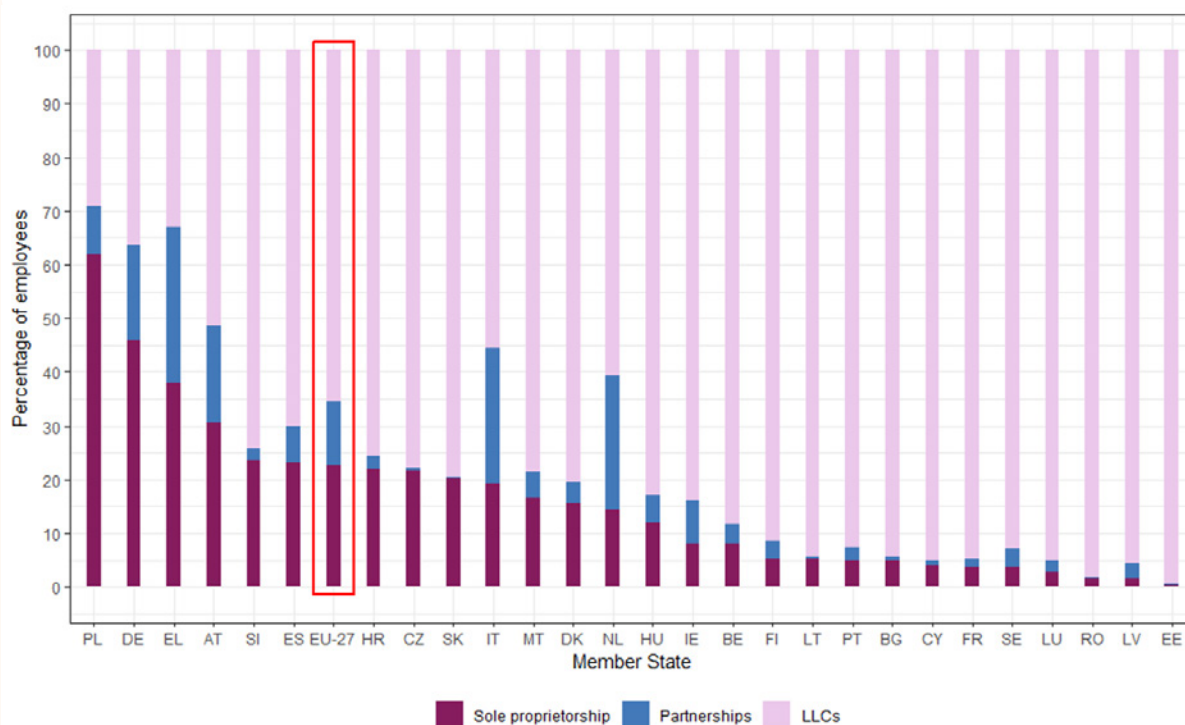
Sole proprietorships employ a larger share of employees in the Horeca sector than in the economy overall. The opposite is true for limited liability enterprises. While limited liability companies employ the majority of employees in both the total EU economy and the Horeca sector, their position in Horeca is slightly less pronounced.⁽²¹⁾ The share of partnerships, cooperatives, associations and other legal forms (referred to in Figure 2.10 as ‘partnerships’) in Horeca is typically similar to or smaller than the national averages of the Member States. Greece and Italy represent exceptions in this regard, as partnerships employ a larger share of Horeca employees than is common in their economies. Figure 2.10 provides a breakdown by legal form of employers’ share in the number of employees in the Horeca sector.

⁽²⁰⁾ Eurostat, series sbs_sc_ovw (enterprise statistics by size class and NACE Rev. 2 activity), data accessed on 12 June 2024.

⁽²¹⁾ According to 2021 Eurostat business demography data, sole proprietorships employ around 9 % of all employees in the EU, but more than 22 % of all employees in the Horeca sector. The share of employees of limited liability enterprises in the number of employees in the total economy of the EU reaches approximately 77 %, while the same figure stands at slightly above 65 % for the Horeca sector.

Figure 2.10: The share of sole proprietorships in employment in Horeca is larger than in the overall labour market

Share of employers by standardised legal form in the population of employees in the Horeca sector, 2021



Source: Authors' calculations based on Eurostat business demography data, series *bd_l_form*, data accessed on 14 June 2024.

NB: LLC, limited liability enterprise. The three types of standardised legal forms included in Eurostat data are (1) sole proprietorships, (2) limited liability enterprises and (3) partnerships, cooperatives, associations, etc. Sole proprietorships are enterprises personally owned and without limit to personal liability. Limited liability enterprises comprise private or publicly quoted joint stock companies with shareholders with a limited liability for the enterprise. Partnerships, cooperatives, associations and other legal forms include entities not falling in either of the two aforementioned categories without limitation as to the form of ownership or level of liability (Schrör 2008); data based on employees of all ages.

Another relevant enterprise indicator is business churn and its components. Business churn is the extent to which new companies are created and existing companies terminate their operations in an economy. Enterprise birth and death statistics provide valuable insight into the dynamism of the business environment. In addition, available empirical research also indicates an association between company age and the likelihood of fraud, with younger companies being more likely to be identified as fraudulent (Beneish 1997; Lee, Ingram, and Howard 1999; Toit 2008).⁽²²⁾ A broad analysis of business demography should therefore also pay attention to enterprise births and deaths and, to the extent possible, the share of workers directly influenced by these dynamics.

According to Eurostat data for 2021,⁽²³⁾ both the enterprise birth rate and the enterprise death rate in the Horeca sector were lower than the average for the total business economy. Nevertheless, pre-COVID-19 data show that, historically, the Horeca sector had above-average enterprise birth and death rates. Pre-COVID-19 data have been selected, as post-COVID-19 figures are not yet available, and 2020–2021 statistics on enterprise births and deaths may be significantly influenced by the extraordinary circumstances of the COVID-19 pandemic. During 2015–2019, the average annual Horeca enterprise birth rate was higher than that of the whole business economy in 22 of the 27 Member States. Importantly, the Horeca enterprise birth rate exceeded the national average in all major EU economies, with the exception of France. In addition, data from 2015–2019 presented in the table indicate that the share of workers employed in newly founded enterprises was larger in the Horeca sector than in the entire business economy. The difference was particularly large in Greece, Spain, Croatia, Poland and Portugal. Table 2.1 provides an overview of available data on business demographic dynamics (enterprise births rates, enterprise deaths rates and shares of newly founded enterprises in total employment) for selected Member States covering 2015–2019.

⁽²²⁾ The research in question concerns the issue of fraudulent financial reporting. While there are several studies pointing in this direction, it is also important to note that younger firms tend to be more closely scrutinised by the authorities (Beneish 1997). The effect of increased scrutiny by the authorities could in this case lead to a higher detection rate of financial fraud regardless of the actual level of fraudulent activity.

⁽²³⁾ See Table 2.1, based on Eurostat, series *bd_9ac_l_form_r2*, data accessed on 6 June 2024.

Table 2.1: Statistics on the dynamics of business demographics, averages for 2015–2019

Member State (f)	Enterprise birth rate (a)			Enterprise death rate (b,c)			Share of new enterprises in total employment		
	Horeca	Business economy (d)	Diff. (e)	Horeca	Business economy (d)	Diff. (e)	Horeca	Business economy (d)	Diff. (e)
AT	6.76 %	6.58 %	0.18	6.24 %	5.11 %	1.13	3.42 %	1.53 %	1.89
CY	9.38 %	9.26 %	0.13	5.42 %	4.25 %	1.17	2.25 %	2.18 %	0.08
DE	8.63 %	7.54 %	1.09	9.66 %	8.77 %	0.89	3.01 %	1.28 %	1.73
EL	6.42 %	4.70 %	1.72	5.66 %	—	—	5.11 %	2.85 %	2.26
ES	11.48 %	9.47 %	2.01	10.98 %	8.41 %	2.56	5.99 %	3.43 %	2.56
FR	8.53 %	10.44 %	– 1.91	5.15 %	4.86 %	0.30	3.65 %	2.88 %	0.78
HR	12.65 %	9.72 %	2.94	11.55 %	8.13 %	3.43	6.72 %	2.82 %	3.90
IT	8.01 %	7.35 %	0.66	6.70 %	6.88 %	– 0.18	3.33 %	2.30 %	1.02
MT	14.93 %	12.76 %	2.16	10.79 %	—	—	—	—	—
NL	10.05 %	9.89 %	0.16	5.98 %	5.97 %	0.01	2.18 %	1.33 %	0.85
PL	14.17 %	12.52 %	1.65	10.79 %	9.55 %	1.25	5.95 %	3.76 %	2.19
PT	17.68 %	15.81 %	1.87	12.45 %	12.84 %	– 0.39	7.70 %	5.18 %	2.52

(a) The enterprise birth rate is the ratio of the number of newly created businesses to the number of all businesses.

(b) The enterprise death rate is the ratio of the number of businesses that ceased operations to the total number of businesses.

(c) Official Eurostat statistics on the employment share of enterprise deaths were not available at the time of writing.

(d) According to Eurostat's definition, the business economy consists of industry (NACE Rev. 2 sections B to E), construction (section F) and services (sections G to N, excluding activities of holding companies – K64.2). Agriculture, forestry and fishing (section A) and public sector and non-market activities (sections O to U) are excluded from the business economy.

(e) Diff. = difference between the Horeca sector and the entire business economy.

(f) DE: data are influenced by a break in the time series in 2018, and 2015–2019 data on the employment share of new enterprises are an estimate; EL: 2015–2019 data are provisional and 2017 data on business economy enterprise death rates are unpublished due to confidentiality reasons; IT: 2019 data on enterprise death rates are provisional; MT: 2015 data on enterprise death rates in the business economy, 2015–2017 data on the employment share of new enterprises in the business economy and 2016–2017 data on the employment share of new enterprises in Horeca are unpublished due to confidentiality reasons; AT: 2019 data on enterprise death rates are provisional; PL: data are influenced by a break in the time series in 2018, and 2019 data on enterprise death rates are provisional.

Source: Authors' calculations based on data from Eurostat, series bd_9ac_l_form_r2, data accessed on 6 June 2024.

An important macro trend linked to the dynamism of the Horeca sector is the growing influence of digital platforms. Digital platforms, such as food delivery services, do not typically constitute part of the Horeca sector. However, as discussed in Box 2.2, they are important for various Horeca subsectors. In some cases, services provided via digital platforms constitute competition for the traditional Horeca sector, but they may also complement each other (for more detail, see Box 2.2).

Box 2.2: The platform economy has a divergent impact on various subsectors of the Horeca industry

Although typically not considered part of the Horeca sector, the platform economy has had a crucial impact on trends in accommodation and food services. The platform economy can be characterised as a specific economic system enabled by digital platforms that allow a decentralised exchange between providers and consumers (Acquier, Daudigeos, and Pinkse 2017; see also Kenney and Zysman 2016).⁽²⁴⁾

Digital platforms have been particularly active in such areas as short-term home rentals, hotel bookings, food delivery, various task-sharing activities and the organisation of personal travel and participation at various cultural events. It is in particular the proliferation of platform-based hotel bookings and short-term rental services, as well as food delivery platforms, that has had the most substantial impact on the sector (e.g. Ahuja et al. 2021; Adamiak 2022; Quirós, Riveros, and Erazo 2023). While many of these activities fall outside the Horeca sector (e.g. food delivery platforms), they still have a marked influence on it.

⁽²⁴⁾ In some of the literature, the term 'platform economy' is used interchangeably with terms denoting closely related concepts, such as 'gig economy', 'collaborative economy' or 'sharing economy'.

The proliferation of short-term rental platforms (Airbnb in particular) has repeatedly been found to have an adverse effect on hotels in major urban tourist centres in North America and Europe (e.g. Zervas, Proserpio, and Byers 2017; Dogru, Mody, and Suess 2019; Destefanis et al. 2022; Benítez-Aurioles 2022). However, part of the literature also highlights a differentiated effect of short-term rental platforms, with less competitive pressure on high-end hotels and those focusing on business travellers (Zervas, Proserpio and Byers, 2017; Blal, Singal and Templin, 2018; Roma, Panniello and Lo Nigro, 2019; Yang et al., 2022; González-Reverté, Gomis-López and Díaz-Luque, 2023; c.f. Dogru, Mody and Suess, 2019).

Analysing Barcelona's hospitality sector, Maté-Sánchez-Val (2021) discusses how these pressures may be linked to the incidence of hotel bankruptcy. This empirical research indicates that listings of individual rooms, especially if concentrated in the hands of owners listing multiple properties on Airbnb, may increase the risk of hotel bankruptcy. By contrast, listings of entire apartments may rather act as complements to traditional hotels (Maté-Sánchez-Val 2021). Moreover, using data from major North American urban centres, Dogru et al. (2020) show that the onset of Airbnb may in fact be linked to an increase in the overall employment in the Horeca sector, including accommodation (North American Industry Classification System category 721).⁽²⁵⁾ This may be due to spillover effects stemming from a larger number of visitors to major tourist destinations.⁽²⁶⁾

In contrast to the relationship between traditional hotels and short-term rental units, food delivery platforms do not constitute a direct competitor for restaurants. In effect, they can help restaurants expand their markets and lower the costs of reaching customers (e.g. Einav, Farronato, and Levin 2016; Feldman, Frazelle, and Swinney 2023), as well as help manage crises, such as the lockdowns during the COVID-19 pandemic. However, several studies have also suggested that more online orders do not necessarily translate to more profit for traditional brick-and-mortar restaurants. Feldman, Frazelle and Swinney (2023) highlight the lower profitability of orders if the meal is delivered by a delivery platform. This is in part due to the commission such platforms take from restaurants. Ultimately, some of the delivery platform orders might just replace potentially more profitable dine-in orders. In line with this argument, Müller and Neumann (2023) find a decline in local restaurant employment, mainly driven by lower employment in service-related positions within the restaurant sector. The empirical analysis of the authors suggests that this decrease in the number of waiters and similar workers is not compensated by the higher number of delivery workers.

In summary, the existing literature sheds light on several ways in which digital platforms pose a challenge to more traditional enterprises, such as hotels and brick-and-mortar restaurants. While these pressures are not uniform across the sector, they require many traditional Horeca businesses to adapt. Such adaptation may also entail cost cutting, including the limiting of personnel costs.

Conclusion

This chapter analysed the importance of the Horeca sector within the broader economy of the EU and its Member States. To this end, it provided an analysis of the sector's contribution to value added and employment creation. It also investigated its links with other sectors of the economy. Finally, the chapter gave an overview of the key characteristics of enterprises and employers within the Horeca sector.

The next chapter discusses the specificities of the Horeca labour market in more detail, focusing on mobile workers and workers' socioeconomic and demographic characteristics. The Horeca sector provides employment opportunities to workers with varying skills and socioeconomic backgrounds, including less advantaged workers. These groups of workers often require more attention and support regarding access to information on their rights as workers. The above-average share of mobile workers in the sector, both EU citizens and third-country nationals (TCNs), is of particular relevance to the enforcement of labour mobility and SSC rules. As the fluctuating nature of consumer demand for Horeca services influences the employment patterns and work arrangements observed in the sector, the sector needs more flexible employment practices, another issue that will be examined in the next chapter.

⁽²⁵⁾ Dogru et al. (2020) have used the North American Industry Classification System to differentiate between companies active in various sectors and subsectors. Category 721 comprises traveller accommodation businesses, such as hotels, bed-and-breakfast accommodation and campsites.

⁽²⁶⁾ In addition to the scholarly literature based mostly on data from large urban centres, the wider media also documents cases of surging short-term property rental activity in rural regions. One such case is the tourist region of Lapland in northern Finland (Ruohonen 2023; Valtavaara 2023). However, a rigorous analysis of the growing presence of short-term property rentals outside urban tourist hotspots is yet to be undertaken.

3. The labour market in the Horeca sector of the EU

This chapter in brief

The Horeca sector employs an above-average share of workers from specific **vulnerable groups**. **Young workers** (aged 15–24), constitute a larger share of Horeca workers than the EU average. Similarly, **female workers** are more prevalent in the Horeca sector relative to other sectors, in particular in the accommodation subsector. Finally, **mobile workers** – that is, workers who work outside their country of citizenship – are more common in the Horeca sector's workforce than in the overall EU economy.

The strong presence of these vulnerable groups among Horeca workers underlines the important role the sector plays as a **provider of employment opportunities** to workers with varying skills and socioeconomic backgrounds. However, these groups of workers often **require more attention and support** as far as providing information on workers' rights and enforcing those rights are concerned. The above-average share of mobile workers in the sector, including both EU citizens and TCNs, is of relevance for the enforcement of labour mobility and SSC rules.

The share of mobile workers in Horeca in the EU amounted to 19.0 % in 2022. The same figure stood at 8.7 % for the EU economy as a whole. The share of mobile workers among Horeca workers was particularly large in Luxembourg (above 75 %), Malta (above 50 %) and Austria (approx. 40 %). The high share of mobile workers in the sector's workforce is driven to a large extent by the **high share of TCNs**. TCNs comprised about 5 % of all workers in the EU in 2022, but they made up as much as 12.6 % of the Horeca workforce. The share of TCN workers in the Horeca sector was particularly large in some Member States, such as Malta (approx. 35 %), Germany (nearly 21 %) and Austria (above 19 %). Mobile workers showed **higher overqualification rates** than nationals did in 2023.

The mobile workers covered by these figures mainly comprise foreign nationals who have settled in their country of employment. However, **there are also other forms of labour mobility that involve a less permanent abode in the country of employment**. These include cross-border commuting, posting and cross-border seasonal work. There are limited data and analyses on these types of labour mobility. Nevertheless, at least in some cases, existing data again suggest that some of these specific forms of labour mobility (e.g. cross-border commuting) may play a more important role in the Horeca sector than in the EU economy overall.

The **fluctuating nature of consumer demand** for Horeca services also influences the employment patterns and work arrangements observed. **Temporary work, short-term contracts and part-time work** are relatively common. Some of these flexible work arrangements, such as part-time work, offer the possibility of joining the labour market to a broader range of workers, including those who cannot work full time. By contrast, **own-account self-employment and temporary agency work appear to be less prevalent in Horeca** than in the economy overall. As Horeca is a low-profit sector and has a higher-than-average share of young workers and workers with low levels of qualifications, the average pay in the sector is relatively low compared with other sectors.

Introduction

The below-average participation rates of individuals with low educational attainment, migrants and age cohorts at the start and end of working life are counted by the European Commission (2023b) among the enduring challenges of the EU labour market. These groups of workers are strongly represented in the Horeca sector, which provides them with employment opportunities. The sector is often the first employer of young workers (up to 24 years old). For mobile workers, both highly qualified and with a low level of qualifications, the Horeca sector provides opportunities to start working and living in another country. Mobile workers are vital to addressing labour shortages within the Horeca sector. At the same time, the substantial presence of mobile workers, especially TCNs, in the Horeca sector poses challenges in the application of labour law and SSC rules. Therefore, the focus of this chapter is to analyse in greater depth the socioeconomic and demographic characteristics of workers in the Horeca sector, especially in the context of labour mobility in the EU.

The current chapter is organised as follows. In Section 3.1 the socioeconomic and demographic characteristics of the workforce in the Horeca sector are discussed. Due to the relatively high share of migrant workers in the Horeca sector, subsection 3.1.1 is devoted to the specific situation of migrant workers in the EU labour market, especially in the context of the COVID-19 pandemic and labour shortages. Subsection 3.1.2 focuses on the characteristics of mobile workers specifically in the Horeca sector in the EU. Keeping in mind the large share of mobile workers in this economic sector, subsection 3.1.3 delves into the issue of overqualification among Horeca workers. Section 3.2 discusses employment patterns and practices in the Horeca sector in the EU. Finally, Section 3.3 focuses on the wages and salaries in the sector, both from the employees' and employers' points of view.

3.1 The Horeca sector in the EU often employs mobile workers, young workers and women

The Horeca sector often employs less advantaged socioeconomic groups. It has a particularly young labour force, as this sector offers relatively easy entry to the labour market for young employees with little or no work experience. Similarly, the tourism sector in general and the accommodation and food services in particular provide relatively easy access to the host country labour market for migrants (International Organisation for Migration 2022; Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023).⁽²⁷⁾ The sector is a major employer of women and gives more opportunities to workers with low education levels (International Labour Organisation 2015; Eurostat 2019).

The presence of young and female workers in the sector is clearly visible in the EU-LFS statistics. In Estonia, Latvia, Romania and Slovakia, more than two out of three people employed in tourism were women (Eurostat 2024c). In 2023, female workers accounted for 53 % of all workers in accommodation and food services (ca 60 % in the accommodation subsector) compared to 46.6% in all economic sectors in the EU. The tourism industry also has a high share of young workers. In 2023, 20 % of the people employed in accommodation and food services were between 15 and 24 years old, compared with 8.3 % on average for all sectors. The accommodation subsector had a lower share of young workers in 2023 on average in the Member States; however, in Denmark, the Netherlands and Sweden, more than 30 % of people employed in accommodation were aged 15 to 24.⁽²⁸⁾

The tourism industry, especially the accommodation sector, gives more job opportunities to workers with low educational attainment (i.e. those who have not finished upper secondary schooling). In 2023, in the subsector of accommodation, 25 % of people employed had a low educational level. This was 6 percentage points higher than in the overall labour market (Eurostat 2024c).⁽²⁹⁾ Moreover, tourism-related industries employ a substantial number of migrant workers. In 2023, migrants accounted for 16 % of the labour force in tourism industries (of which 7 % were workers coming from other EU countries and 9 % were TCNs) (Eurostat 2024c). In the accommodation sector, mobile workers made up as much as 18 % of the workforce. Related to the demographic composition of the labour force, the Horeca sector provides relatively many part-time job opportunities as well as temporary jobs with contracts for a limited time duration. These modes of employment will be further discussed in Section 3.2.

3.1.1 Migrants contribute to easing labour market shortages in the Horeca sector

As an important and flexible part of the workforce in the Horeca sector, migrants⁽³⁰⁾ are able to address labour shortages in the sector. At the same time, they are vulnerable workers. In addition to that, migrants and non-migrants are affected differently by economic circumstances. These social and economic issues are traceable in the employment rate gap, which constitutes one of the main sources of empirical data for this subsection.

Migrants are more likely to lose jobs in a period of crisis as it was the case during the COVID-19 pandemic across many EU countries, as compared to their native-born counterparts (see OECD 2022b; Morando 2022). Despite the adverse impact of the COVID-19 crisis on labour market outcomes for the general population⁽³¹⁾ and migrants, signs of a robust recovery were already evident by late 2021 (OECD 2022b; 2022a; 2023). The definitive lifting of the restrictions that ensued after the COVID-19 pandemic also contributed to an increase in the number of identified shortage occupations in many sectors of the EU economy (European Labour Authority 2023a; European Commission 2023b). Such shortages in labour and skills are often filled by mobile workers (Hooper 2023; Seiger et al. 2024).

The average employment rate of migrants in the EU countries increased from 61.6 % in 2021 to 64.8 % in 2023.⁽³²⁾ Consequently, in 2021–2023 the employment rate gap⁽³³⁾ between migrants and native-born individuals further narrowed to reach 6.2 percentage points in 2023. The relevant gap between migrants and native workers in 2023 narrowed in 20 Member States. In 12 Member States the relevant gap was even positive in 2023, indicating that migrants' employment

⁽²⁷⁾ The literature referenced often uses the term 'migrant' as a synonym for 'mobile worker.'

⁽²⁸⁾ Authors' calculations based on Eurostat, series *lfsa_egan22d*, data accessed on 15 June 2024; see also Eurostat (2024c).

⁽²⁹⁾ At the time of writing, there were no publicly available data on the share of workers with low education levels in the Horeca sector for 2022 or later.

⁽³⁰⁾ In this subsection, and in Box 3.1, we use the terms 'migrants' and 'migrant workers' rather than 'movers' and 'mobile workers', as the literature on the topic referenced uses the first term. Here migrants in the EU are synonymous with movers (both EU nationals and TCNs) – that is, people living outside the country of their citizenship – and migrant workers are synonymous with mobile workers; see also the Glossary.

⁽³¹⁾ Total employment across the EU was higher in 2022 (197.6 million people) than in 2019 (195.1 million people), demonstrating a swift recovery after the COVID-19 pandemic.

⁽³²⁾ Eurostat, series *lfsa_egan*, data accessed on 17 June 2024.

⁽³³⁾ The gap in employment rates between migrants and native-born individuals is calculated as the difference between the employment rate (among those aged 15–64) of migrants and the employment rate (among those aged 15–64) of native citizens of the reporting country and is expressed in percentage points. The reference Eurostat series is *lfsa_egan*.

rate was higher than that of native citizens. Nevertheless, in a few other Member States, the gap persisted. Despite improvements, the average employment rate of migrants in EU countries in 2023 (64.8 %) was still significantly lower than the employment rate of the native-born population (71.0 %).⁽³⁴⁾

In the Horeca sector, employment increased from 7.8 million people in 2021 to 9.4 million people in 2023.⁽³⁵⁾ As was mentioned in Chapter 2, the drop in employment in the Horeca sector that happened during the COVID-19 crisis was among the biggest across all sectors in the EU economy. Despite experiencing the largest employment surge from the first quarter of 2021 to the second quarter of 2022, expanding by over 40 %, the Horeca sector's workforce had not yet fully rebounded by 2022 in most Member States.⁽³⁶⁾ Although employment in the Horeca sector across the whole EU reached a similar level in 2023 to in 2019, employment fully rebounded only in 10 Member States. As the Horeca sector is characterised by a strong presence of migrant workers, especially TCNs, these trends largely impacted migrant workers.

As migrants have constituted a significant share in the total workforce of the EU over the past few decades, their role in shaping the labour markets of the host economies is also growing in importance. Box 3.1 delves into the impact of migrants on the labour market of the host country.

Box 3.1: Migrants contribute to easing labour market imbalances in the EU

Migrants account for the vast share of the increase in the workforce in Europe over the past two decades (e.g. OECD 2014).⁽³⁷⁾ The recorded increases in both new labour migration and the employment rate of resident migrants are linked to the fact that many countries in the OECD are experiencing labour shortages (OECD 2023). Migrants fill important niches in both fast-growing and declining sectors of the economy. Similar to the young native-born workforce, young migrants are also better educated than those nearing retirement. **In the EU, migrants contribute significantly to labour market flexibility and help address labour market imbalances.** Very often, their reservation wage⁽³⁸⁾ is lower than that of the natives, even if the same rules and conditions apply to both groups (OECD 2010; 2014; Bossavie et al. 2022; European Commission 2023b).

Economic theory suggests that the first-order effect of immigration is an **increased supply of labour** and an ensuing downwards pressure on average wages in the host economy.⁽³⁹⁾ This generates a welfare gain for natives as well as distributional consequences, with native workers' losses more than balanced by capital owners' income gains (see OECD 2010; Borjas and Cassidy 2020). If there are barriers to the downwards adjustment of wages, immigration may result instead in higher unemployment. Wage adjustment should eventually occur, however, except in the case where it is hampered by a legally binding minimum wage (OECD 2010).

The impact of migration on the labour market outcomes of the host country also depends on the assumption of the degree of adjustment of capital stock (OECD 2010; Bossavie et al. 2022). If capital supply is perfectly elastic and immigrants are different in their skill composition from native workers, immigration will have two opposite effects on wages. Namely, according to economic theory, it may put downwards pressure on the wages of native workers who are competing with immigrants and increase the wages of native workers who are complements to migrant workers. This process stems from the functioning of the market forces (i.e. the increased supply of certain forms of labour) and may be expected to take place even if all rules on fair wages and equal pay are respected by market actors. The overall effect on average wages will be zero or slightly positive. If capital supply is inelastic, then, again, immigration will be more detrimental to those who compete with immigrants, but the overall average effect on wages may now be negative. The reason is that in this case it is capital owners who gain most from immigration.

The empirical evidence overwhelmingly suggests that there are zero or small negative effects of immigration on wages. Some papers even find positive effects (Dustmann, Glitz, and Frattini 2008; Carrasco, Jimeno, and Ortega 2008; Docquier, Özden, and Peri 2014; Docquier et al. 2020).

According to economic theory, two factors determine the effect of immigration on native labour demand. First, for a given level of output, firms may be expected to substitute immigrant for native labour (**the substitution effect**). Second, for a given relative wage, firms may employ more native workers as the reduction in the cost of

⁽³⁴⁾ Eurostat, series lfsa_organ, data accessed on 29 May 2024.

⁽³⁵⁾ Eurostat, series lfsa_egan22d, data accessed on 6 June 2024.

⁽³⁶⁾ Notable exceptions include BE, FR, NL and FI, where Horeca employment had returned to pre-pandemic levels by 2022 - authors' calculations based on Eurostat, series lfsa_egan2, data accessed on 6 June 2024.

⁽³⁷⁾ The contribution of migrants to total employment growth in the EU-27 shows an increasing trend during 2003–2022 (excluding the crisis years when employment was decreasing; authors' calculations based on Eurostat, series lfsa_egan, data accessed on 2 May 2024).

⁽³⁸⁾ The reservation wage is defined here as the minimum wage that the worker requires in order to participate in the labour market (see, e.g. Way 2015).

⁽³⁹⁾ The decrease in real wage happens to the extent that the labour demand curve is downward sloping.

production results in an increased demand for all types of labour (**the scale effect**). The relative magnitude of these two effects determines the net effect of immigration on the demand for native labour. If the scale effect is larger than the substitution effect, low-skilled immigration increases the demand for high-skilled labour. If the substitution effect is greater than the scale effect, low-skilled immigration decreases the demand for high-skilled labour.

The literature has focused mostly on determining the substitution effect whereas it has paid much less attention to the scale effect (World Bank 2018). Glitz (2014) points out that contrary to the widely held view that immigration has a detrimental effect on the labour market outcomes of the native population, the evidence so far shows a predominantly positive effect of immigration on the native population. This is because in most destination countries, immigrants do not compete directly with natives in the labour market but rather provide skills that are overall complementary to those of natives (Dustmann, Glitz, and Frattini 2008; Kahanec 2013; Glitz 2014).

Evidence on the impact of migrant workers specifically on the labour market in the Horeca sector is quite scarce. One usually mentioned effect is that migrants are recognised to bring a skills profile into the sector that is frequently unavailable in the local labour market. Part of the scholarly literature also argues that, in some developed countries, migrant workers are sometimes found to be overqualified for the working roles that they play in the hotel industry (Baum 2012). **It is also recognised that in the hospitality sector, the migrant labour force fills gaps where the domestic labour supply cannot meet the demand.** Specifically, in the Horeca sector, migrants are seen as providing added value through their flexibility, cost and work ethic (Baum 2012; Lugosi and Ndiuni 2022). Research so far has recognised that hospitality employment provides opportunities to develop and deploy a range of transferable skills and capabilities (see Lugosi and Ndiuni, 2022 and references therein).

3.1.1.1 Third-country-national workers and shortage occupations

Several occupations closely linked to the hospitality sector are listed among shortage occupations. ⁽⁴⁰⁾ Many of the current shortages in the hospitality sector are long-standing and may be further exacerbated by the green and digital transitions. By the end of 2021, in some of the aforementioned sectors, the shortages had exceeded pre-pandemic levels (European Commission 2023b). The European Commission (2023b) counts the low labour market participation of certain population groups (e.g. migrants, young employees and employees with a low level of education) among the structural drivers of labour shortages in the EU labour market. While temporary labour shortages might be a sign of an economic upswing and give workers some bargaining power, persistent labour shortages are likely to have negative effects on the wider economy (European Commission 2023b). As discussed in the previous section, the Horeca sector employs an above-average share of each of these three vulnerable groups of workers.

Migration has the potential to offer solutions to labour market problems that will be faced by many developed countries in the future, as it is a major option for countries with both a skills and age-profile deficit to meet future employment requirements in the tourism sector (Baum 2012). The often low reservation wage of migrant workers may help accommodate labour shortages in specific occupations (OECD 2010). Indeed, the relevant data show that TCN workers in the EU contribute to easing existing labour shortages, especially resulting from the COVID-19 pandemic. TCN workers are often employed in occupations facing persistent labour shortages (European Labour Authority 2024b). Compared with native workers with the same characteristics, migrants have a higher probability (8.7 percentage points) of working in shortage occupations, especially low-skilled ones (European Commission 2023b). The data presented in the 2022 and 2023 editions of the European employment services (EURES) ⁽⁴¹⁾ report on labour shortages and surpluses indicate a substantial share of TCN migrant workers in Horeca-related shortage occupations (European Labour Authority 2023a; 2024b). Almost 75% of the foreign nationals working in 2021 as cleaners and helpers in offices, hotels and other businesses were TCNs. Based on both 2021 and 2022 data, close to 80% of the foreign nationals working as cooks were TCNs. Also, approximately two thirds of foreign nationals employed as waiters came from third countries (European Labour Authority 2023a, 56; 2024b, 48). Moreover, according to 2022 data, more than 70% of foreign nationals employed as chefs were TCNs (European Labour Authority 2024b, 48 Figure 13a).

⁽⁴⁰⁾ See, for instance, European Labour Authority (2023a; 2024b). Horeca also has a high job vacancy rate - see the job vacancy statistics for the first quarter of 2024 (see Eurostat 2024a).

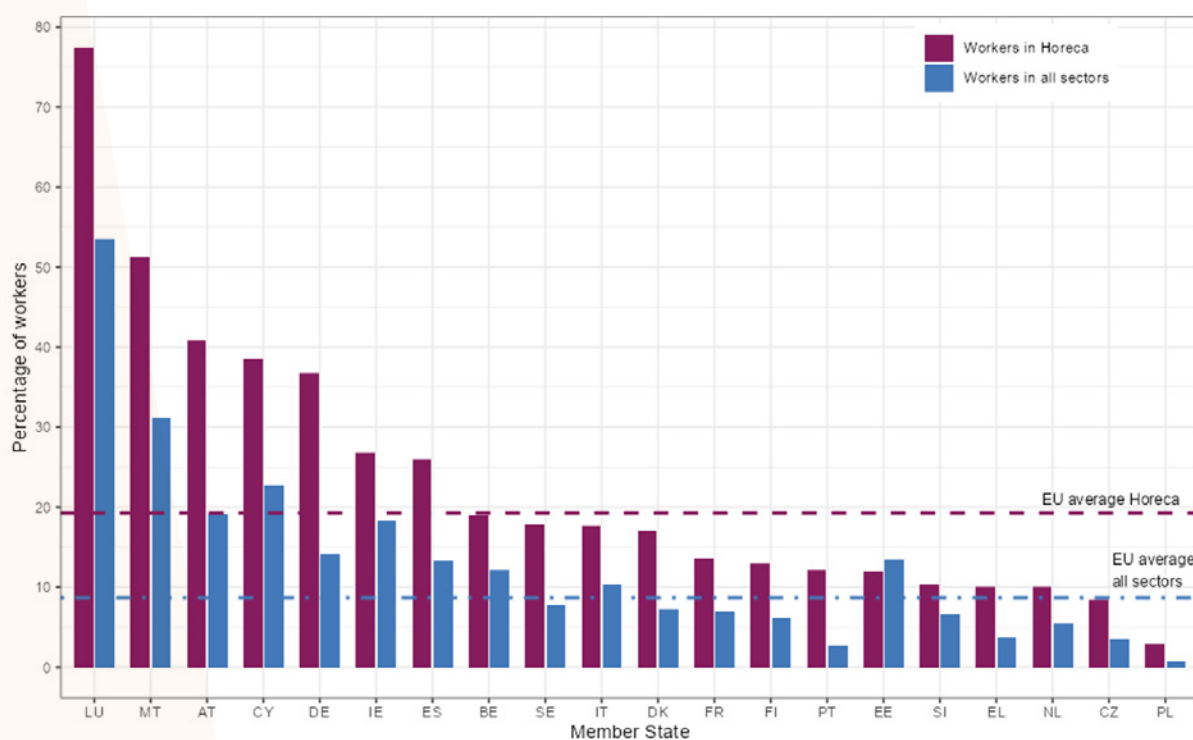
⁽⁴¹⁾ EURES is a cooperation network designed to facilitate the free movement of workers within the EU-27 plus Iceland, Liechtenstein, Norway and Switzerland. Members and partners in the network include public employment services, private employment services, trade unions, employer organisations and other relevant actors in the labour market (https://eures.europa.eu/eures-services_en).

3.1.2 Mobile workers constitute an important share of the workforce in the Horeca sector in the Member States

The Horeca sector employs an above-average share of foreign nationals, including both EU mobile workers and TCNs (European Commission 2024). The share of foreign nationals among workers in the sector reached about 19.0 % in the EU as a whole in 2022, while the same figure for the economy as a whole stood at 8.7 %.⁽⁴²⁾ The share of mobile workers in the Horeca sector was larger than in the overall economy in each of the 27 Member States (see Figure 3.1). In some countries, such as Germany, Cyprus and Austria, the share of foreign nationals in the Horeca workforce was especially high. While approximately 19 % of the overall workforce in Austria consisted of foreign nationals in 2022, the share of foreign nationals in the country's Horeca sector was more than twice as high at 40 %. Similarly, 38.5 % of workers in Cyprus's Horeca sector in 2022 were foreign nationals compared with nearly 23 % on average for all sectors. In the German Horeca sector, almost 36.7 % of workers were foreign nationals, 22.6 percentage points higher than the average across all sectors in the German economy, where it reached a little over 14 %.

Figure 3.1: The share of foreign nationals among workers in the EU Horeca sector is higher than the average for the economy as a whole

Share of foreign nationals among workers in the Horeca sector and in the overall EU economy, 2022⁽⁴³⁾



Source: Authors' calculations based on 2022 EU-LFS, series *lfsa_egan* (employment of foreign nationals in all sectors), data accessed on 2 May 2024, and 2022 EU-LFS microdata on employment of foreign nationals in the Horeca sector; data for employment of foreign nationals in the Horeca sector were not available due to low reliability for BG, HR, HU, LT, LV, RO, SK; data on the employment of foreign nationals in the HORECA sector have low reliability for PL and SI.

The higher-than-average share of migrants in the workforce in the Horeca sector arises from high shares of both TCNs and EU mobile workers. Several reports by the European Commission highlight that accommodation and food services is one of the sectors in which EU mobile workers are most overrepresented relative to national workers (European Commission 2023a; 2024).⁽⁴⁴⁾

⁽⁴²⁾ Authors' calculations based on Eurostat, series *lfsa_egan*, data accessed on 12 June 2024, and authors' calculations based on EU-LFS microdata.

⁽⁴³⁾ In the context of this chapter, 'foreign nationals' are mobile workers from EU countries other than the reporting country, as well as mobile workers from outside the EU (i.e. TCN workers).

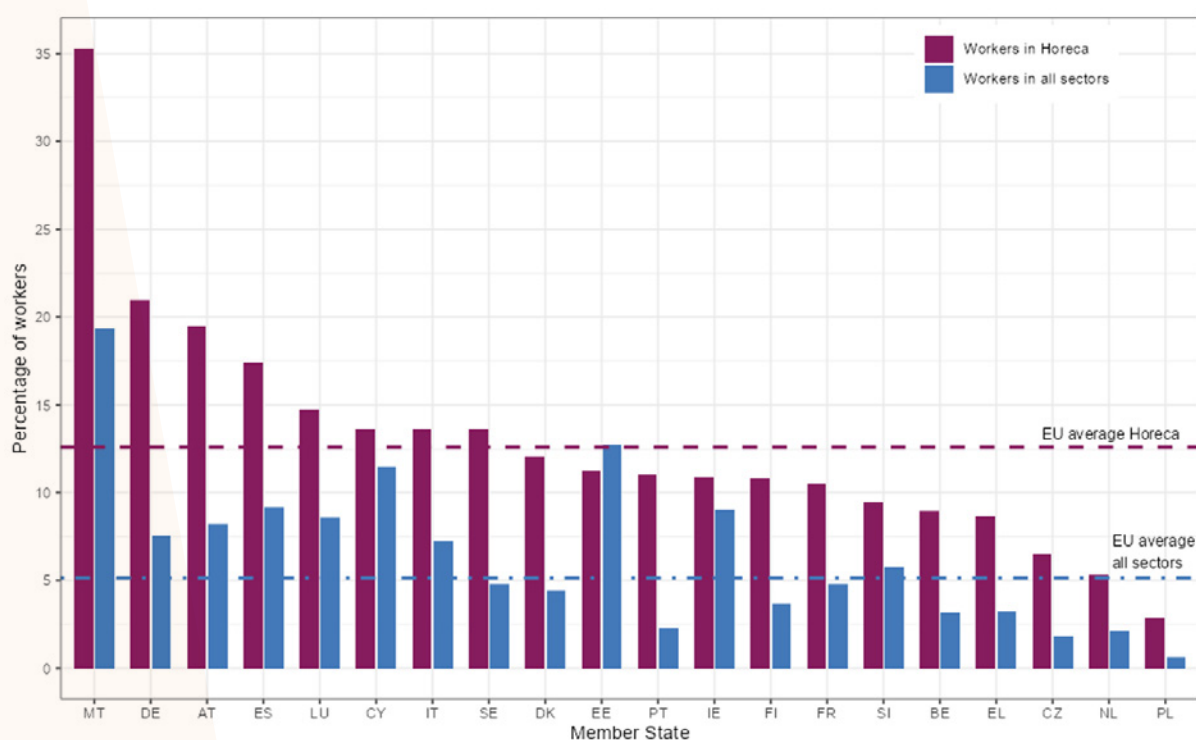
⁽⁴⁴⁾ EU mobile workers in 2017–2019 accounted for 10 % of accommodation and food services sector employment in the EU and the European Free Trade Association (EFTA). Their share decreased during the pandemic years to 9 % in 2020 and 8 % in 2021 (European Commission 2023a).

3.1.2.1 Third-country nationals among Horeca workers

The share of TCN workers in the Horeca sector varies considerably by Member State. In 2022, TCNs constituted approximately 12.6 % of the workforce in the EU Horeca sector, significantly surpassing the economy-wide average of 5.1 % (see Figure 3.2). Malta had the highest share of TCN workers in the Horeca sector in 2022 (35.2 %, compared with 19.3 % for the overall economy). Data from Germany show that nearly 21 % of the workers in its Horeca sector in 2022 were TCNs, in stark contrast to the national average across all sectors of the German economy, which stood at 7.6 %. Austria was the country with the third highest share of TCNs among Horeca sector workers (approx. 19 %) and with the largest contrast compared with the respective share for the country's overall economy in 2022. As can be seen in Figure 3.2, the labour markets in the majority of the Member States are characterised by large differences between the share of TCNs among workers in the Horeca sector and in the overall economy. Contrary to these examples, in Estonia, Ireland, Cyprus and Poland, the difference between the Horeca sector and the economy overall in terms of the share of TCN workers was much smaller (see Figure 3.2).⁽⁴⁵⁾

Figure 3.2: The high share of foreign workers among workers in the Horeca sector in the Member States is also driven by the high share of TCNs

Share of TCN workers among workers in the Horeca sector and in the overall EU economy, 2022



Source: Authors' calculations based on 2022 EU-LFS, series lfsa_egan (employment of TCNs in all sectors), data accessed on 2 May 2024, and 2022 EU-LFS microdata (employment of TCNs in the Horeca sector); data on TCN workers in the Horeca sector were not available due to low reliability for BG, HR, LV, LT, HU, RO and SK; data on TCN workers in the Horeca sector have low reliability for PL and SI.

In addition, a recent European Foundation for the Improvement of Living and Working Conditions (Eurofound) study on the integration of Ukrainian refugees in the EU found that the Horeca sector has been among the most important industries employing Ukrainian refugees across the EU (Eurofound 2024b). It ranked among the top three sectors employing Ukrainian refugees in eleven Member States. In six of these countries (IE, ES, HR, CY, LV and PT), the sector ranked number one in this regard.⁽⁴⁶⁾

⁽⁴⁵⁾ In Estonia, the share of TCN workers in the Horeca sector in 2022 was actually a bit smaller than their share in the overall economy; authors' calculations based on Eurostat, series lfsa_egan and authors' calculations based on EU-LFS microdata, data accessed on 12 June 2024.

⁽⁴⁶⁾ Eurofound (2024b) used a wide variety of sources for its analysis, ranging from in-depth interviews with national experts to surveys. For more information, see in particular Annex 1 and Annex 3 in Eurofound, (2024b).

TCNs are often self-employed. In 2022, the share of self-employed among all employed in the Horeca sector amounted to 19 %, ⁽⁴⁷⁾ which exceeds levels measured in most other economic sectors (European Commission 2024). Self-employed TCNs often face exclusions from social security coverage (see e.g. Bogoeski and Rasnača 2023) that can lead to economic insecurity. Navigating the legal and administrative requirements for social security can be complex and burdensome for self-employed TCNs due to cultural or language barriers. Consequently, this group of mobile workers is often less aware of their rights and in consequence accept more precarious working conditions (see Chapter 6).

3.1.3 The overqualification rate in the Horeca sector is well above the average for the EU economy

As Horeca is a sector that offers relatively easy access to the labour market, it attracts workers who need immediate employment or workers who value the sector for its social environment. As a result, employees in the Horeca sector are often significantly overqualified. ⁽⁴⁸⁾ The data discussed below indicate that this is particularly the case for TCN workers.

The overqualification rate of Horeca sector employees is an understudied topic. With reference to overqualification rates, the focus is mostly on migrant workers with no specific reference to the sector (European Commission 2023a; OECD 2023). Both the tourism industry in general and the accommodation and food services specifically have a significant share of migrant employees (Přivara and Kiner 2020; Eurostat 2019). As discussed in the literature, migrant applicants for jobs in the hospitality sector tend to be overqualified regardless of their sex (e.g. Zopiatis, Constanti, and Theocharus 2014; Přivara and Kiner 2020). ⁽⁴⁹⁾ Indeed, in line with the official statistics, employees in accommodation and food services, in which the share of migrant workers is particularly high, show considerably higher overqualification rates than the average for all sectors in the economy. As Eurostat data show, the overqualification rate in accommodation and food services in 2023 was 68 % on average for the EU compared with 22 % on average for all sectors (accounting for both migrant and native workers). In 2023, Spain had the highest rate of overqualification in the Horeca sector, at 83.7 %, and Croatia the lowest, at 38.8 % (see Figure 3.3). ⁽⁵⁰⁾ It is important to note that even the lowest overqualification rate in the Horeca sector is well above the EU average for all sectors.

⁽⁴⁷⁾ However, overall in the EU Horeca sector, the share of own-account self-employed workers regardless of their nationality is smaller than the average for all sectors in the EU economy – see Section 3.2.

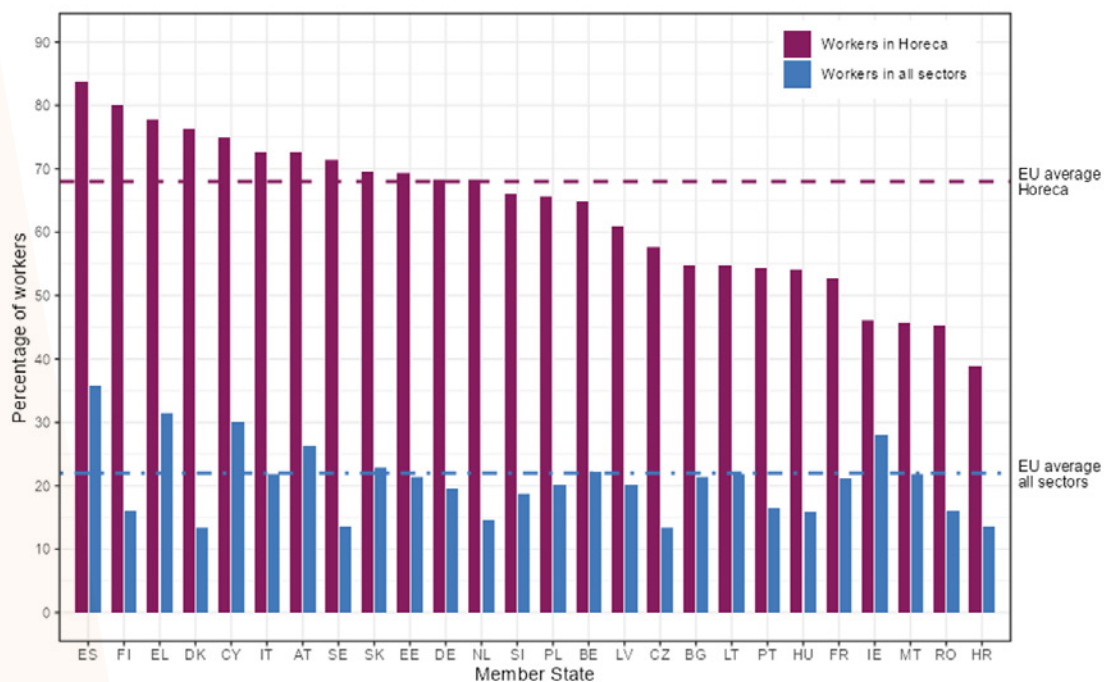
⁽⁴⁸⁾ In line with Eurostat's definition, overqualified employed people are people with a tertiary level of educational attainment working in low- or medium-skilled occupations. This empirical phenomenon is also referred to as 'vertical skills mismatch'. For more details, see the explanatory note on migrant integration and overqualification in Eurostat (2023b) explanatory note on migrant integration and overqualification.

⁽⁴⁹⁾ The authors cited here refer to the hospitality sector. The sector is broader than the tourism sector (and the Horeca sector). The hospitality sector is a large subsection of the service industry and is comprised of [four main areas](#): food and beverage, travel and tourism, lodging and recreation. As examples, the food and beverage category includes restaurants, bars and food trucks; travel and tourism covers different forms of transportation and travel agencies; lodging varies from hotel resorts to hostels; and recreation refers to leisure activities such as sports, wellness and entertainment – see HospitalityNet, ['What is the hospitality industry? All your questions answered'](#).

⁽⁵⁰⁾ Eurostat, series lfsa_eoqgan2, data accessed on 7 June 2024.

Figure 3.3: The overqualification rate in the Horeca sector is higher than the average across all the sectors

Overqualification rate in the Horeca sector and in the overall EU economy, 2023



Source: Eurostat labour market statistics (EU-LFS), series lfsa_eoqgan2, data accessed on 6 June 2024; data not available due to low reliability for LU; low data reliability for Horeca for HR, LV, MT, RO and SI.

Looking across the EU-27, both EU movers and TCNs showed higher overqualification rates than nationals did in 2023. On average in the EU in 2023, the overqualification rate for EU mobile workers was 31.4 %⁽⁵¹⁾ and for TCNs 39.5 %⁽⁵²⁾ versus 20.8 % for nationals. The rates for natives and EU movers have shown a similar pattern since at least 2013. TCNs' overqualification rate shows a notable downwards trend, dropping from 45.8 % in 2013. Heterogeneity in the level of the overqualification rate is observed among Member States. In 2023, Greece recorded the highest overqualification rate for TCNs at 69.6 %, while the Netherlands reported the lowest rate at 24.2 %. As far as EU movers are concerned, the overqualification rate in 2023 was highest in Italy at 45.1 % and lowest in Luxembourg at 5.6 %.⁽⁵³⁾

3.1.4 Cross-border intra-EU labour mobility in the Horeca sector is underexplored

There are several forms of cross-border intra-EU labour mobility. Among cross-border workers, posted workers, frontier workers and seasonal workers can be distinguished (Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023; European Commission 2024). This subsection discusses specific categories of mobile workers relevant to the Horeca sector in the EU.

3.1.4.1 Cross-border workers

Cross-border workers⁽⁵⁴⁾ made up around 5 % of accommodation and food services employment in the EU and the European Free Trade Association (EFTA) in 2016–2019 (European Commission 2023a). In 2022 there were approximately 1.8 million cross-border workers in the EU (an increase of 8 % from 2021) meaning it fully rebounded after the COVID-19 pandemic (European Commission 2024). There is limited data on temporary cross-border workers in the EU (see Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023). Nevertheless, the structure of the labour force of cross-border workers by age and educational attainment as well as their trends exhibit similar patterns. In terms

⁽⁵¹⁾ The average value should be interpreted with caution, as there are missing values for 12 Member States (Eurostat, series lfsa_eoqgan, data accessed on 7 June 2024).

⁽⁵²⁾ The average value should be interpreted with caution, as there are missing values for five Member States (Eurostat, series lfsa_eoqgan, data accessed on 7 June 2024).

⁽⁵³⁾ Eurostat, series lfsa_eoqgan, data accessed on 7 June 2024, missing values for 12 Member States.

⁽⁵⁴⁾ Cross-border workers are individuals who live in one EU or EFTA country but work in another – see European Commission (2024) and the Glossary in the current report.

of their occupations, a high share of cross-border workers are active in craft and related trade occupations compared with employed EU movers (24 % v 15 % – see European Commission, 2023a).

3.1.4.2 Posted workers

Based on available data, the posting of workers appears to be relatively infrequent in the Horeca sector. In general terms, posting constitutes the exception rather than the rule among seasonal workers (Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023; De Wispelaere, Pacolet, and De Smedt 2024). Portable Document A1 statistics show that accommodation and food services accounted for 1.1 % of Article 12 postings in 2022 (De Wispelaere, De Smedt, and Pacolet 2024, 34). Data on Article 13 postings lead to similar conclusions. Germany is a dominant receiving country of postings in the sector (ca 17 % of all postings in 2022). Furthermore, Portable Document A1 Article 12 data from the sending perspective indicate that the share of accommodation and food services in postings was 1.3 % for the Netherlands, 0.9 % for France, 0.7 % for Belgium and 0.6 % for Germany. Lithuania had the highest share of postings in the sector in 2022, amounting to 32.9 %, ⁽⁵⁵⁾ which translated to around 11 000 postings (De Wispelaere, De Smedt, and Pacolet 2024, 34).

3.1.4.3 Seasonal workers

Likewise, in the case of temporary cross-border workers employed in hotels, tourism and catering more generally, the specific group of EU citizens living in one Member State and carrying out seasonal work in another Member State ('intra-EU seasonal workers') is infrequently studied (Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023). Limited data on the number of seasonal work permits granted to TCNs exist for some Member States. Eurostat data shows that in 2022, 18.9 % of all seasonal work permits in the EU-27 were granted in the Horeca sector. Out of a total of 29 220 seasonal work permits in accommodation and food services in 2022 in the EU, 14 799 were issued in Croatia, 4 136 in Bulgaria, 3 859 in France, 3 230 in Italy and 2 358 in Austria. ⁽⁵⁶⁾

Comprehensive data are missing concerning cross-border workers and seasonal workers in the Horeca sector, and more comparable data across Member States are needed. Existing data for a limited number of Member States suggest that around one fifth of seasonal permits are granted in the Horeca sector. The marked prevalence of seasonal work and other specific work arrangements in the Horeca sector also influences the employment patterns typical for this sector. Increased emphasis on flexibility translates into an above-average share of temporary (fixed-term) and short-term employment. Section 3.2 will therefore delve into the topic of employment patterns and practices in the Horeca sector.

3.2 The need for work outside standard business hours is reflected in flexible work arrangements in terms of contracts and working time

Less stable forms of employment, such as temporary (fixed-term) contracts, temporary agency work, own-account self-employment, part-time work and short-term contracts of up to 3 months ⁽⁵⁷⁾ are more common in the Horeca sector than in the economy as a whole. The Horeca sector also has an above-average share of workers reporting at least 45 weekly working hours. By contrast, temporary agency work and own-account self-employment are less common in Horeca.

The variety of working arrangements allows the Horeca sector to respond to the specificities of consumer demand, such as seasonality and demand for round-the-clock services. It may also be useful in allowing a broad variety of workers to enter this segment of the labour market, some of whom may prefer more flexible work arrangements, such as part-time work or self-employment, to full-time dependent employment. At the same time, as will be discussed in greater detail in the following chapters, such flexible working arrangements may present particular challenges for enforcement authorities.

Eurostat data show that very short-term contracts of up to 3 months are more prevalent in selected service sectors ⁽⁵⁸⁾ than in the economy overall. In fact, while jobs under such contracts constituted in 2023 only 1.5 % of total employment in the economy of the EU as a whole, in the aforementioned selection of service sectors of the EU it stood at 1.9 % of total employment in these sectors. The 5-year average of these figures (2019–2023) indicates that this difference between the economy as a whole and selected services is consistent over time, with employment based on such short-term contracts

⁽⁵⁵⁾ Data on Portable Document A1 are issued in line with Article 12.

⁽⁵⁶⁾ Eurostat, series migr_ressw1_1, data accessed on 6 May 2024.

⁽⁵⁷⁾ The share of employees with short-term contracts of up to 3 months is used by Eurostat to measure precarious employment. For more details, see Eurostat metadata on quality-of-employment indicators (Eurostat 2019).

⁽⁵⁸⁾ Data on NACE sections G–I comprise data on wholesale and retail trade, transport, and accommodation and food services activities. Official data on precarious employment published by Eurostat (series lfsa_qoe_4ax1r2) do not provide a more detailed sectoral view that would allow us to analyse NACE sections separately.

reaching 1.86 % of total employment between 2019 and 2023 in the EU and 2.4 % in the selected service sectors. ⁽⁵⁹⁾ Based on the official Eurostat data from 2023, the share of these short-term contracts was largest in the selected service sectors of Belgium (6.5 %), France (4.6 %) and Finland (4.5 %).

Looking at the Horeca sector alone, 2022 EU-LFS data indicate that approximately 4 % of the employees had a short-term contract not extending beyond the next three months. As mentioned above, the same figure for the entire EU labour market stood at approximately 1.5 % in 2023. Among the individual Member States, Belgium's Horeca sector had the highest share of such short-term contracts in 2022 at approximately 14 %. ⁽⁶⁰⁾ A relatively high share of short-term contracts was characteristic also for the Croatian and French Horeca sectors, where these job contracts constituted more than 8 % of all employee contracts. ⁽⁶¹⁾ For comparison, the share of employees working based on short-term contracts of up to 3 months in 2022 in the economy as a whole reached 4.3 % in France, 3.9 % in Croatia and 2.7 % in Belgium. ⁽⁶²⁾ A difference between the Horeca sector and the overall economy can be observed also when looking at temporary contracts with a duration of up to 1 year. An analysis of 2022 EU-LFS data shows that temporary work based on contracts of up to 1 year affects 15.8 % of Horeca employees, while the total EU-wide average is 6.6 %. ⁽⁶³⁾

In 2023, the share of temporary employees (without any restriction on contract length) in the number of all employees in the EU in the Horeca sector was higher than the average share in the EU economy (Figure 3.4). Employees with a temporary contract represented around 11.5 % of all employees in the EU, while their share in the Horeca sector reached almost 20 %. Moreover, in the majority of the Member States, the share of temporary employees in all employees is significantly larger in the Horeca sector than in the economy overall.

In some countries, the difference between the prevalence of temporary employees in the Horeca sector and in the total economy is greater than the EU average. While the share of temporary employees in all employees was almost 23 % in the Netherlands in 2023, they constituted nearly 44 % of all employees in the Dutch Horeca sector. In Italy, the share of temporary employees in the economy as a whole reached approximately 13 % in 2023, but the same figure stood at almost 27 % in the Horeca sector. Smaller but still substantial differences have been observed in several countries with a very important tourism industry, such as Croatia (22.1 % and 9.6 % in the Horeca sector and in the economy as a whole, respectively) and Greece (21.1 % and 7.6 % in the Horeca sector and in the economy as a whole, respectively).

By contrast, the Spanish and German Horeca sectors diverged less from the overall economy. In Spain, 15.6 % of Horeca employees had a temporary contract, while the economy-wide average reached 14.8 %. In Germany, the share of temporary employees reached 11 % and nearly 12 % in the economy as a whole and in the Horeca sector alone, respectively. The difference is also moderate in France. There, approximately 18 % of Horeca employees worked based on a temporary employment contract, but the same figure for the economy as a whole reached 13.6 %.

⁽⁵⁹⁾ Eurostat, series `lfsa_qoe_4ax1r2`, data accessed on 7 June 2024; data from 2021 are influenced by a break in the time series. It is important to note that, although the differences in the prevalence of precarious employment (i.e., according to Eurostat's definition, employment based on a job contract not exceeding 3 months) may be rather small in absolute terms, the Eurostat figures cited indicate that the probability of precarious employment is still approximately 30 % higher in the Horeca sector than in the economy overall.

⁽⁶⁰⁾ While still rather high, the share of employees with a contract not exceeding 3 months declined in Belgium's Horeca sector between 2021 and 2022 by approximately 7 percentage points, from 21 % in 2021 to 14 % in 2022.

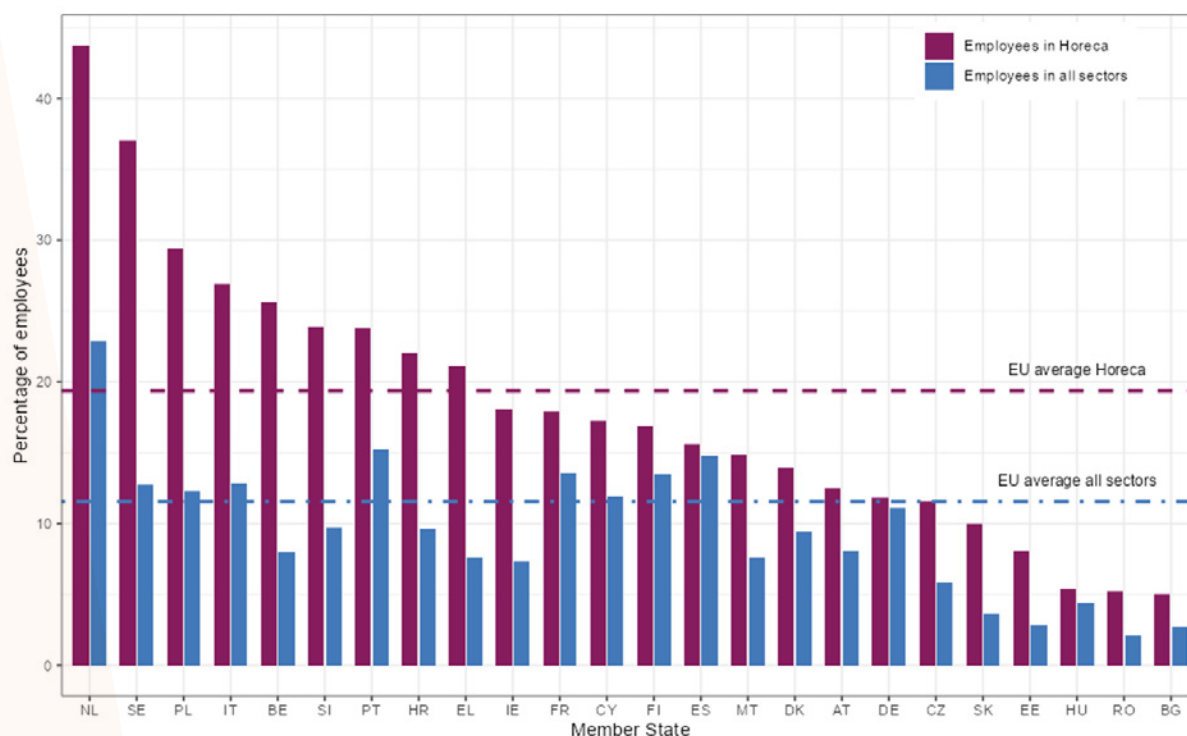
⁽⁶¹⁾ 2022 EU-LFS data on short-term contracts in the Horeca sector in Croatia are of low reliability due to sample size.

⁽⁶²⁾ Eurostat, series `lfsa_qoe_4ax1r2`, data accessed on 7 June 2024.

⁽⁶³⁾ Calculations using 2022 EU-LFS microdata carried out by ETUI.

Figure 3.4: Temporary employees are more prevalent in the Horeca sector than in the overall economy

Share of temporary employees in the Horeca sector and in the overall EU economy, 2023



Source: Authors' calculations based on 2023 EU-LFS series *lfsa_egan2* (employment by economic activity) and *lfsa_etgan2* (temporary employees by economic activity), data accessed on 07 June 2024; Horeca – *lfsa_etgan2* data not available due to low reliability for LV, LT and LU; Horeca – *lfsa_etgan2* low data reliability for EE and RO.

Besides temporary work, temporary agency work and self-employment are also valuable additional indicators of the stability and quality of industrial relations. As discussed by Rasmussen et al. (2019), such non-standard employment may be associated with an increased degree of uncertainty. This uncertainty may take the form of fluctuating income, less predictable working hours, lower social-security protection and exposure to risks that employees with regular open-ended employment contracts are shielded from (e.g. Rasmussen et al. 2019; Murgia and Pulignano 2021). This also includes potentially less comprehensive coverage by and protection under labour regulation, rules on posting and SSC.

In contrast to both temporary employees in general and temporary employees with a short-term contract, temporary agency work appears to be less prevalent in the Horeca sector than in the labour market as a whole. The share of temporary agency workers among employees in the entire economy of the EU reached 2.4 % in 2023 (2.6 % in 2022), while the same figure specifically for the Horeca sector stood at approximately 1.9 % in 2022.⁽⁶⁴⁾ In the majority of Member States, the share of temporary agency workers among employees in the Horeca sector cannot be reliably estimated using available EU-LFS data due to limitations stemming from the sample size and sample design. Among those countries where such a comparison is still possible for 2022, the Horeca sectors of Czechia, Slovenia and Finland had a larger share of temporary agency workers than the national average. By contrast, the German, Spanish, Italian and Dutch Horeca sectors had a lower prevalence of temporary agency work than the average in the national economy of these countries.⁽⁶⁵⁾

Similarly, in most Member States, self-employed persons without employees (own-account workers) comprise a smaller share of the Horeca workforce than of the total workforce in all economic sectors. As can be seen in Figure 3.5, the difference is also noteworthy on the EU-wide level. According to publicly available 2023 Eurostat data, almost 9 % of the total workforce in the EU were own-account self-workers. In the Horeca sector, only 6.2 % of the workers were own-account self-employed workers. In some countries, such as Greece or Poland, the share of own-account self-employed workers in the total workforce was between 8 and 10 percentage points larger than in the Horeca sector (for more details, see Figure 3.5). By contrast, Belgium represents a notable exception, as own-account self-employed workers comprised almost 13 % of the

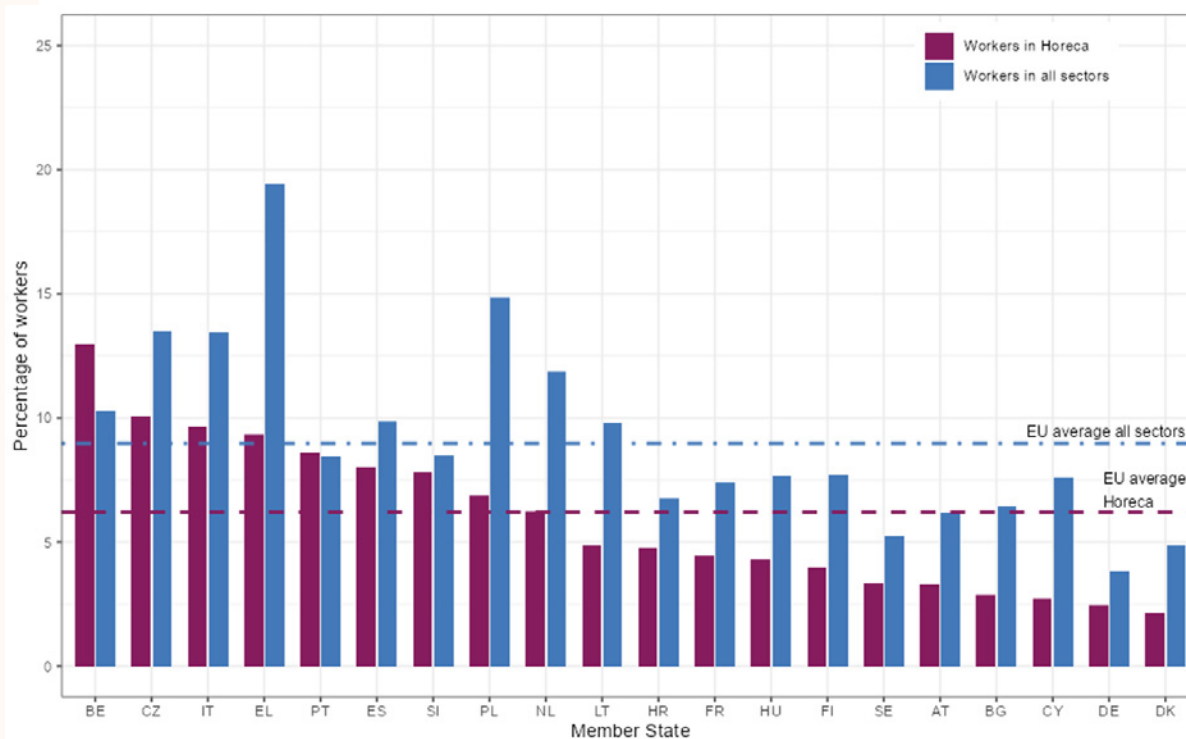
⁽⁶⁴⁾ Eurostat, series *lfsa_qoe_4a6r2*, for EU-level data on all sectors, data accessed on 24 May 2024; and authors' calculations based on 2022 EU-LFS microdata for EU-level data on the Horeca sector.

⁽⁶⁵⁾ 2022 EU-LFS data on temporary agency workers in the Horeca sector in CZ, DE, IT and SI are of low reliability due to sample size.

workforce in its Horeca sector, while their share in the total workforce constituted only around 10 %. Data from other major EU economies with a substantial Horeca sector, such as Spain, Italy and France, further confirm the general observation. In all these countries, own-account self-employed workers are less prevalent in the Horeca sector than in the total economy.

Figure 3.5: Own-account self-employment is less prevalent in Horeca than it is in the economy as a whole

Share of own-account self-employment in the Horeca sector and in the overall EU economy, 2023



Source: Authors' calculations based on 2023 EU-LFS series *lfsa_egan2* and *lfsa_egan2*, data accessed on 6 June 2024; Horeca – *lfsa_egan2* data not available due to low reliability for EE, IE, LV, LU, MT, RO and SK; Horeca – *lfsa_egan2* low data reliability for BG, DK, HR, CY, LT, SI, FI and SE.

The Horeca sector has an above-average share of workers whose main job in this sector is a part-time job.⁽⁶⁶⁾ While the share of part-time workers in the EU economy as a whole reached almost 19 % in 2023, the same figure for the EU's Horeca sector stood at 29.7 %. In some of the Member States (e.g. DK, IE, NL, FI and SE), the share of part-time work in the Horeca sector exceeds the national average by more than 20 percentage points.⁽⁶⁷⁾ For instance, in the Netherlands, part-time employment in the total economy reached more than 43 % in 2023, while it amounted to approximately 66 % in the Horeca sector (Figure 3.6). These data are in line with the specific position of the Horeca sector as an important employer of younger workers and mobile workers, including TCNs, that also experiences significant fluctuations in demand. Part-time work may facilitate the entry of these groups into the labour market, as well as that of other workers who cannot work full time. Nevertheless, workers' representatives have emphasised that, in their view, involuntary part-time work – that is, working part time despite the worker's preference for full-time employment – is a phenomenon relevant also in the Horeca sector.⁽⁶⁸⁾ From the employers' perspective, part-time contracts may contribute to managing peaks and troughs in consumer demand that are characteristic of the Horeca sector.

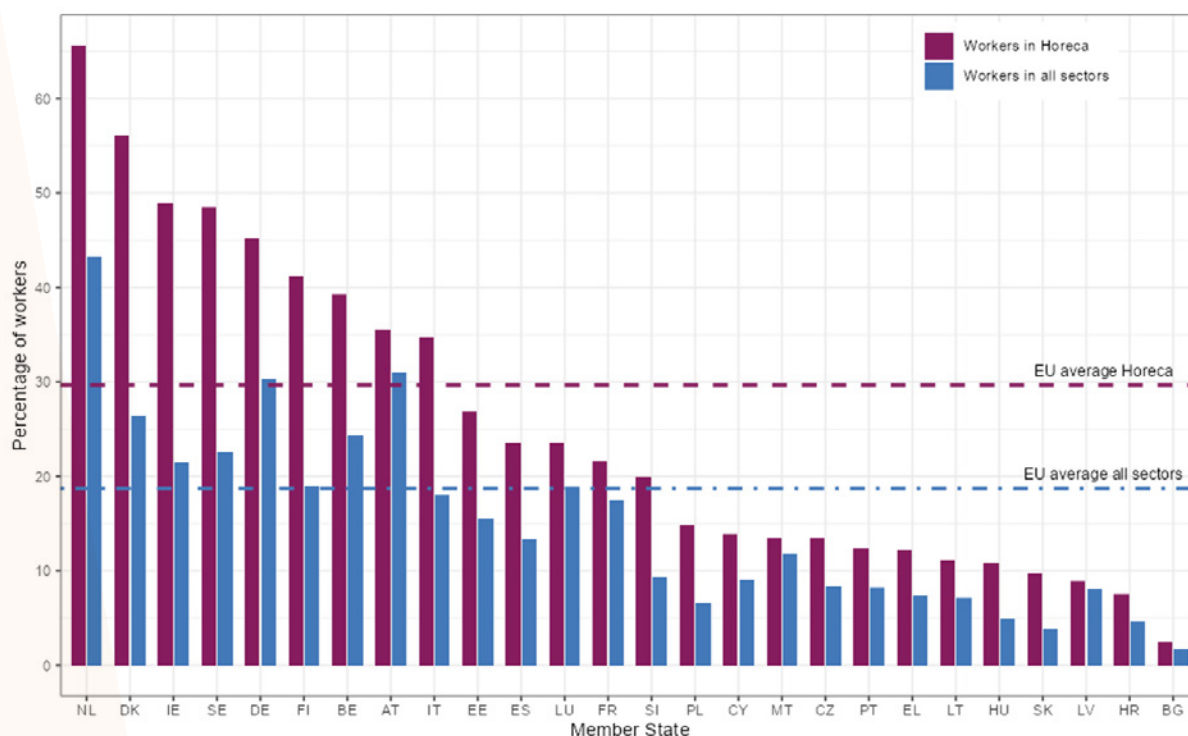
⁽⁶⁶⁾ Authors' calculations based on Eurostat, series *lfsa_egan2*, data accessed on 12 June 2024. Data include all workers aged 15 or above.

⁽⁶⁷⁾ Research based on EU-LFS data also suggests that part-time work comprising less than 20 hours per week is more common among Horeca workers than in the overall economy. Calculations using 2022 EU-LFS microdata carried out by ETUI have shown that such part-time contracts cover 20.5 % of Horeca employees, whereas the same figure for all employees in the EU economy is only 8.5 %.

⁽⁶⁸⁾ Email communication from EFFAT, 21 June 2024.

Figure 3.6: Part-time work is widespread across the Horeca sector

Share of part-time workers in the Horeca sector and in the overall EU economy, 2023



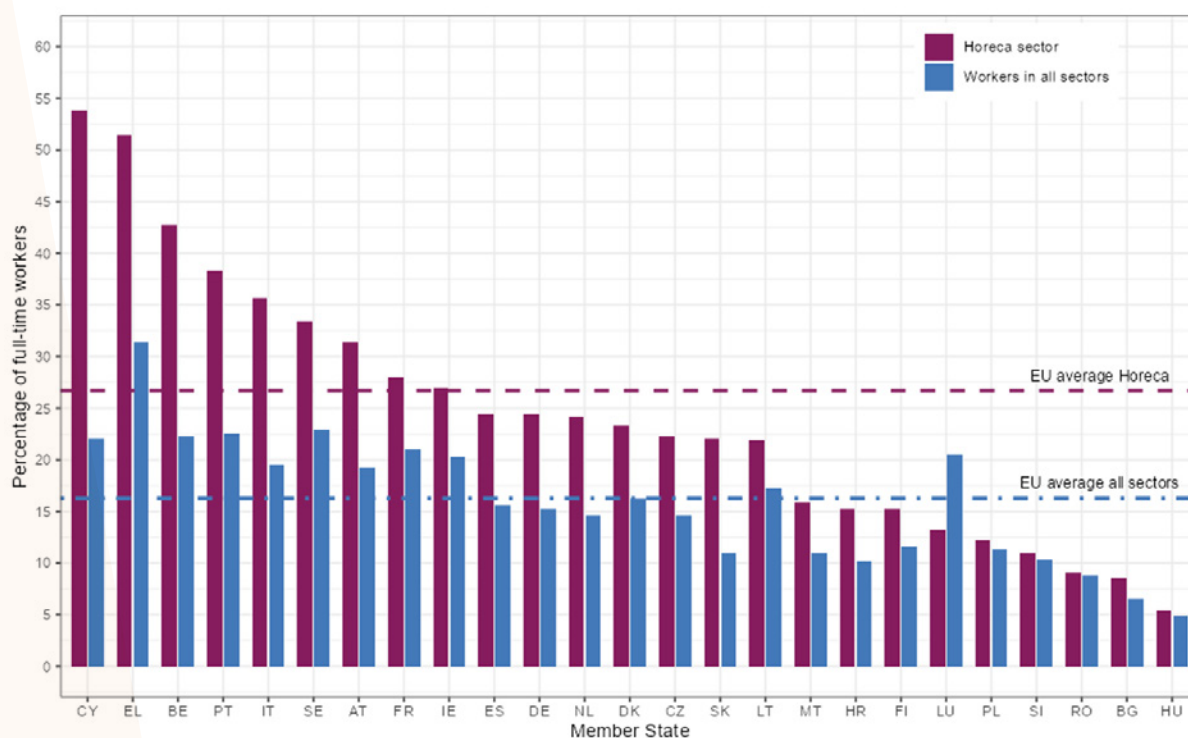
Source: Authors' calculations based on EU-LFS series lfsa_epgan2, data accessed on 12 June 2024; Horeca – lfsa_epgan2 data not available due to low reliability for RO; Horeca – lfsa_epgan2 low data reliability for BG, HR, LV and LU.
NB: Data based on all workers aged 15 or above.

Consumers often call for and value the availability of Horeca services outside standard business hours, and indeed the sector shows an above-average prevalence of people working more than 40 hours weekly. Over a limited period, such extended working time may still be in line with legal requirements, for instance, due to legislation allowing an averaging of weekly working time during seasonal peaks and troughs. In 2022, the share of full-time workers reporting usually working at least 45 hours a week was 16.3 % in the whole population of full-time workers. The same figure stood at 26.7 % for the EU Horeca sector (Figure 3.7).⁽⁶⁹⁾ The Horeca sectors of Belgium, Greece, Cyprus and Portugal appear to have a particularly important prevalence of long working hours. This phenomenon is less pronounced among central and eastern Member States. In countries such as Bulgaria, Hungary, Poland, Romania, Slovenia, the 2022 figures for the prevalence of usual weekly working hours at or above 45 hours is similar in the Horeca sector and in the economy as a whole and is considerably below the EU average. In addition, in Luxembourg, the share of workers reporting at least a 45-hour usual working week in Horeca is below the economy-wide level of the country.

⁽⁶⁹⁾ Authors' calculations based on 2022 EU-LFS microdata; usual working hours are self-reported by respondents to the EU-LFS.

Figure 3.7: Working at least 45 hours weekly is more common in the Horeca sector than it is among workers in general

Share of full-time workers working usually at least 45 hours weekly in the Horeca sector and in the overall EU economy, 2022



Sources: Authors' calculations based on 2022 EU-LFS microdata; data for EE and LV are unavailable due to low reliability; low data reliability for MT and SI (number of full-time workers in Horeca who work at least 45 hours weekly).

NB: Data reported only for workers who declared working full time in their main job.

3.3 Wages in the EU Horeca sector are below the EU average

Hourly earnings and labour costs in accommodation and food services are below the average for the economy as a whole (Eurostat 2024c; Ecorys, HIVA-KU Leuven, Spark Legal and Policy Consulting, and wmp consult 2023). In the EU economy as a whole, the average hourly wage was EUR 22.80 in 2022 and hourly labour costs were EUR 30.50 (Eurostat 2023a). In accommodation and food services in 2022, the average hourly wage was EUR 14.10, which was EUR 8.80 lower than in the economy as a whole. ⁽⁷⁰⁾ The collectively agreed pay in the hotel and restaurant sector is low compared with average wages in almost all Member States. Gross hourly wages in the Horeca sector in 2022 were highest in Luxembourg (EUR 27.10) and Denmark (EUR 24.40), but these countries were also among the top 10 countries with the highest average hourly wage in the total economy (Figure 3.8; see also Eurostat 2024c). Moreover, the 2023 average hourly labour costs, which comprise workers' remuneration plus taxes, reached EUR 19.20 in the EU's Horeca sector and EUR 31.80 in the EU economy as a whole. ⁽⁷¹⁾

Given the characteristics of the Horeca sector jobs outlined above, the lower average remuneration of workers in Horeca does not come as a surprise. Most jobs in the Horeca sector are elementary jobs that do not require high qualifications. ⁽⁷²⁾ These positions tend to be filled with a relatively young labour force with a higher proportion of temporary contracts and

⁽⁷⁰⁾ Eurostat, series *lc_ici_lev*, data accessed on 15 May 2024; the figure for the EU economy as a whole excludes the sectors public administration, defence and compulsory social insurance agencies. In 2023 in the EU economy as a whole, the average hourly wage was EUR 24 and hourly labour costs were EUR 31.80; 2023 data on gross wages in accommodation and food services were not available at the time of writing.

⁽⁷¹⁾ Eurostat, series *lc_ici_lev*, data accessed on 15 May 2024; the figure for the EU economy as a whole excludes the sectors public administration, defence and compulsory social insurance agencies. While data on gross wages and salaries in 2023 were not available at the time of writing, the 2023 figures on labour costs may already indicate that post-COVID-19 wage growth in the Horeca sector has mildly exceeded the economy-wide average. Between 2022 and 2023, hourly labour costs in the EU's Horeca industry increased by more than 7.3 % (from EUR 17.90 in 2021 to EUR 19.20 in 2023). In the same period, the economy-wide labour cost growth reached 5.3 % – see Eurostat, series *lc_ici_lev*.

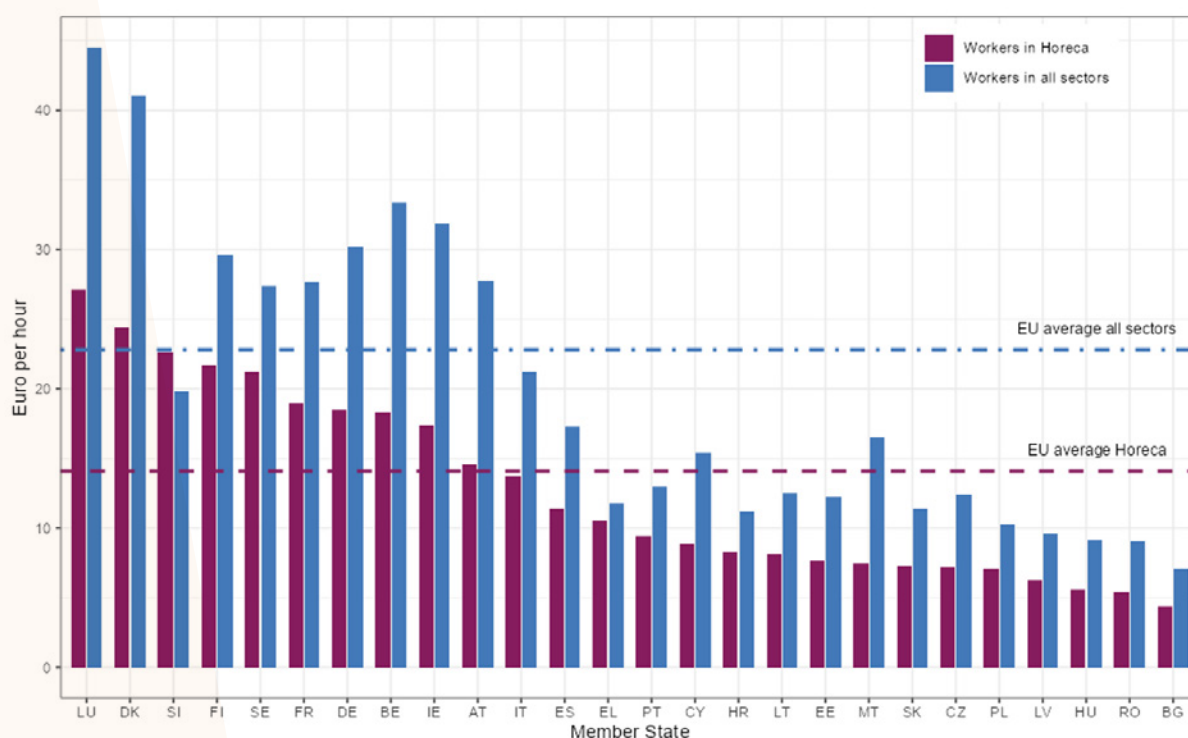
⁽⁷²⁾ In the accommodation and food services sector, the prevailing occupation is service and sales workers, which in 2023 accounted for 66.3 % of all occupations in this sector on average in the EU. Together with elementary occupations, it amounted to 83.5 % of all occupations in this sector on average in the EU (authors' calculations based on Eurostat, series *lfsa_eisn2*, data accessed on 14 June 2024).

lower job seniority. As pointed out by employers' representatives, ⁽⁷³⁾ seasonality also increases fluctuation in the workforce, ultimately leading to a smaller group of experienced workers with skills better suited for the Horeca sector. In addition to that, profit margins in the hospitality sector are low, that is why it is challenging to offer high salaries to employees of the sector (HOTREC 2022). This implies that salaries are lower in the sector than in other sectors.

Despite wages being relatively low in Horeca compared with the average in the EU economy, personnel costs are an important burden for employers in the sector. The share of personnel costs ⁽⁷⁴⁾ in the total purchases of goods and services of this sector is relatively high due to its high labour intensity. ⁽⁷⁵⁾ These expenses constitute the bulk of costs for enterprises in the Horeca sector. The share of personnel costs in total purchases of goods and services in Horeca in 2019 (i.e. last pre-pandemic year) amounted to 51.3 % on average in the EU, compared with 20.7% overall in the EU economy and exceeding the share of personnel costs in most other service sectors. It exhibited an increasing trend until the COVID-19 pandemic. In 2020, the first pandemic year, it slightly decreased to 51.2 %. ⁽⁷⁶⁾ In 2019, the maximum share of personnel costs was observed in Luxembourg at 74.4 %, and the lowest value at 29.2 % was recorded in Bulgaria (see Figure 3.8). The trend towards an increase in the share of personnel costs in the EU Horeca sector was due to an increase in these costs in food services, while they remained stable in the accommodation sector. ⁽⁷⁷⁾

Figure 3.8. Wages and salaries in the EU Horeca sector are considerably lower than the EU average

Wages and salaries in the Horeca sector and in the overall EU economy, 2022



Source: Eurostat, series lc_ici_lev, data accessed on 15 May 2024; Horeca – lc_ici_lev data not available due to confidentiality reasons for NL. NB: Provisional estimate for AT and FI.

⁽⁷³⁾ Email communication from HOTREC, 7 June 2024.

⁽⁷⁴⁾ Personnel costs comprise wages, salaries and employers' social security costs. They include taxes and employees' social security contributions retained by the employer, as well as the employer's compulsory and voluntary [social contributions](#). Average personnel costs (or unit labour costs) equal personnel costs divided by the number of employees (people who are paid and have an employment contract) – see Eurostat, Statistics Explained, '[Glossary: Personnel costs – SBS](#)'.

⁽⁷⁵⁾ The term 'labour intensive' refers to a process or [industry](#) that requires a large amount of labour to produce its goods or services. In labour-intensive industries, the costs associated with securing the necessary personnel outweigh the capital costs with regard to importance and volume – see Investopedia, '[Labor intensive: Definition and examples](#)'.

⁽⁷⁶⁾ 2020 is the latest year for which Eurostat data are available on annual enterprise statistics for special aggregates of activities; series sbs_na_sca_r2, data accessed on 16 April 2024.

⁽⁷⁷⁾ Eurostat, series sbs_na_sca_r2, data accessed on 16 April 2024. Unfortunately, no later data were available at the time of writing this study (only for 2020, which was affected by the pandemic, which is why reference to 2019 is made). For comparison, the share of personnel costs in the total purchases of goods and services in 2019 was 31.2 % in the construction sector and 21.4 % in the manufacturing sector.

Conclusion

This chapter described the labour market in the Horeca sector with a particular focus on the socio-economic and demographic characteristics of its workforce. As mobile workers constitute a large share of the workforce in the sector, the chapter discussed the role of migrant workers in the EU labour market and their contribution to addressing labour shortages. The section on employment patterns and practices in the Horeca sector in the EU provided insights into the prevalence of specific forms of contractual arrangement among workers and employers in the Horeca sector. Particular attention was drawn to less stable forms of employment, such as temporary (fixed-term) contracts or providing work via temporary agencies or own-account self-employment. Finally, wages and salaries in the sector, from both the employees' and the employers' points of view, were discussed.

As some of the important occupations in Horeca are recognised as shortage occupations, effective recruitment methods are needed especially to hire mobile workers. The next chapter discusses recruitment practices in the sector, especially in relation to promoting flexible hiring and access to the labour market for TCNs and young workers. Specific forms of contractual arrangement in Horeca mentioned in this chapter offer flexibility to employers and employees, on the one hand, and, on the other hand, can lead to non-compliance with labour law. This will be addressed in Chapter 5.

4. Recruitment in the Horeca sector

This chapter in brief

Labour shortages in the Horeca sector are a significant challenge. Since the COVID-19 pandemic, many workers left the industry, creating substantial gaps in roles such as waiter, cook and chef. There are various responses to these shortages. Some of them are part of the legal framework, while others can be characterised as operational measures or recruitment practices.

The freedom to work in another Member State, enshrined in Article 45 of the **Treaty on the Functioning of the European Union (TFEU)** and supported by the related secondary legislation, is important for addressing labour shortages. The legal framework of the EU allows cross-border recruitment within the EU, ensuring workers have the same rights as nationals in the host Member State. The **EURES** network plays a crucial role in supporting job matching and integration services for EU mobile workers through initiatives such as the **European (Online) Job Days (E(O)JD)**.

The **recruitment of TCNs** is another approach to tackling worker scarcity in the sector. The **single permit directive (SPD)** and the **seasonal workers directive (SWD)** are measures adopted to address labour shortages and provide equal rights and protection to TCNs. These legal pathways streamline the admission process, enabling TCNs to work in the EU more easily. Beyond these measures, allowing Ukrainian refugees access to the labour market has also been beneficial in addressing worker scarcity in accommodation and food services.

Specific **Member State-level measures** and recruitment practices also deserve attention. Such practices include the use of temporary agency work, outsourcing and subcontracting, and specific measures promoting **flexible hiring** and access to the labour market for TCNs and young workers. For instance, several Member States recognise some of the most important occupations in Horeca as **shortage occupations**, giving employers **easier pathways to hiring TCNs**. Some Member States also have specific legal instruments **facilitating the recruitment of students**. These national-level policies and practices emphasise flexible recruitment and seek to widen the pool of potential candidates to fill job posts in shortage occupations. In doing so, some of them can also help to address labour shortages in the Horeca sector.

Introduction

Labour shortages in the Horeca sector represent a significant challenge. As labour mobility can mitigate these shortages, the chapter discusses some of the key measures promoting labour mobility within the EU and the inflow of TCN workers into the EU.

The chapter is organised as follows: Section 4.1 discusses labour shortages in accommodation and food services. Section 4.2 examines the relevant legal framework on intra-EU labour mobility. Section 4.3 highlights operational measures facilitating intra-EU labour mobility, in particular the EURES. Section 4.4 explores the labour market access for TCNs, focusing on the SPD and SWD. Section 4.5 discusses relevant Member State-level measures and recruitment practices. Several of these measures are conducive to flexibility in hiring and foster access to the labour market for TCNs and young workers (e.g. students).

4.1 Labour shortages are an enduring challenge for the Horeca sector

Labour shortages are among some of the most commonly reported challenges in the Horeca sector. As discussed by employers' representative HOTREC (2022), employers from over half of the Member States (BE, CZ, DK, IE, ES, IT, CY, LU, HU, NL, AT, RO, SI, SK and FI) pointed out that they are suffering from **significant labour shortages in the Horeca sector**. While prior to COVID-19, the sector's employers already reported skills shortages, the post-COVID-19 period is characterised by a broader labour shortage (HOTREC 2022). As a consequence of the forced closure of restaurants, bars and cafes and low tourism activity overall, Horeca staff turned to other sectors of the economy. Many of these workers did not return to the Horeca sector after the end of the pandemic.

According to the 2023 EURES report on labour shortages and surpluses (European Labour Authority 2024b), waiters, cooks and chefs appear in the list of shortage occupations. Waiters are reported by 17 Member States (BE, BG, DK, DE, EL, FR, HR, CY, LU, MT, NL, PT, RO, SI, SK, FI and SE), cooks by 16 Member States (BE, DK, DE, EE, FR, CY, LU, NL, AT, PL, PT, RO, SI, SK, FI and SE) and chefs by 13 Member States (BE, BG, EE, IE, FR, HR, CY, MT, NL, RO, SI, FI and SE) (European Labour Authority

2024b). Ranked by the number of countries reporting a given shortage occupation, waiter is currently fifth on the list of shortage occupations, up from seventh in 2022. Cook is sixth on the list, down from fifth in 2022. Chef is a new shortage occupation added in 2023. The 2022 EURES report also identified several Horeca-related shortage occupations (European Labour Authority 2023a), indicating that worker scarcity is not just a recent transient occurrence in the sector. Moreover, jobs related to accommodation and food services commonly occur in national rosters of shortage occupations also used for evaluating TCNs' preferential access to the labour market (see Table 4.1).

In its communication on labour and skills shortages in the EU, the European Commission recognised labour and skills shortages as a long-term challenge, which has intensified over the past decade. It has proposed a broad action plan addressing policy areas, such as activation, training and the improvement of working conditions, but also fair intra-EU mobility and the attracting of talent from outside the EU. ⁽⁷⁸⁾ As discussed in Chapter 3, labour mobility can contribute to mitigating labour shortages. The next sections will analyse the legislation regulating access to the labour market and recruitment policies and practices, with an emphasis on mobile workers and Horeca.

4.2 Possibilities to engage the labour force are shaped both by EU-wide and national legislation

Enterprises can utilise various methods to engage workers, including direct employment, contracting through temporary agencies, or, in the context of cross-border mobility, using the services of posted workers. Intra-EU labour mobility in the Horeca sector is primarily regulated by the general legal framework on EU labour mobility. Therefore, the cross-border recruitment of workers in Horeca is governed by the EU labour mobility framework applicable across all economic sectors. This framework leaves some limited residual competences to the Member States, which will be discussed at the end of this section.

Direct employment by an employer established in another Member State is considered to be the most common arrangement for the employment of mobile workers in the Horeca sector. The right of free movement for the purpose of employment is enshrined in Article 45 of the TFEU, further supported by secondary legislation. Article 45 of the TFEU ensures that every citizen of the EU has the **right to work** in another Member State while enjoying the **same rights as nationals of that Member State**. ⁽⁷⁹⁾ The provisions also apply to permanent, frontier and seasonal workers, the latter of whom play a key role in Horeca. ⁽⁸⁰⁾

Beyond direct cross-border hiring, workers may also be **posted** by their employer in one Member State to work temporarily in an establishment in another Member State. However, as highlighted in Chapter 3, **posting is an uncommon phenomenon in the Horeca sector**. This observation is further supported by the qualitative research conducted for this report. Posting was noted as a relevant instrument for the Horeca sector in Denmark, Croatia, Latvia and Lithuania only.

The posting of workers entails cross-border labour mobility within the context of the freedom to provide services, with a legal basis in Articles 56 to 62 TFEU. The conditions for posting of workers are further set out in Directive 96/71/EC. ⁽⁸¹⁾ The main objective of the directive is to protect workers and provide a level playing field for service providers. Its implementation is supported by Directive 2014/67/EU. This directive specifies, for instance, factual elements to help assess whether a specific situation qualifies as a genuine posting and requires Member States to have appropriate and effective checks and monitoring mechanisms in place, including inspections based primarily on risk assessment. It also sets out provisions aiming to improve access to information by posted workers on the terms and conditions of their employment.

Another form of recruiting workforce is via **temporary work agencies (TWAs)**. In such cases, TWAs assign their employees to perform tasks at businesses in the Horeca sector. Such assignments can also take place across borders (e.g. posting by TWAs). As discussed in Chapter 3, **temporary agency work** appears to be relatively uncommon in the Horeca sector. However, the qualitative research on some of the Member States ⁽⁸²⁾ indicates that these arrangements still deserve attention, especially given enforcement authorities' focus on combating irregularities.

⁽⁷⁸⁾ European Commission, Commission communication – Labour and skills shortages in the EU: An action plan (COM(2024) 131 final) (<https://ec.europa.eu/social/BlobServlet?docId=27473&langId=en>).

⁽⁷⁹⁾ Directive 2014/54/EU of the European Parliament and of the Council of 16 April 2014 on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers (OJ L 128, 30.4.2014, p. 8).

⁽⁸⁰⁾ Directive 2014/54/EU of the European Parliament and of the Council of 16 April 2014 on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers, Recital 3 (OJ L 128, 30.4.2014, p. 8).

⁽⁸¹⁾ Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (OJ L 18, 21.1.1997, p. 1), amended in 2018 by Directive (EU) 2018/957 of the European Parliament and of the Council of 28 June 2018 amending Directive 96/71/EC concerning the posting of workers in the framework of the provision of services (OJ L 173, 9.7.2018, p. 16).

⁽⁸²⁾ For example, CZ, EE, IE, EL, ES, CY, HU, MT and PT.

Directive 2008/104/EC⁽⁸³⁾ (the temporary work agencies directive (**TWAD**)) has been adopted to provide a minimum level of protection for temporary agency workers and to prevent their discrimination compared to workers directly employed by user undertakings. The TWAD is built on the core principle that temporary agency workers should not be treated less favourably than permanent staff in terms of basic work and employment conditions. These conditions include, for instance, working time, holidays, remuneration and access to amenities and facilities. The directive also contains specific guarantees to allow for the direct employment of a worker who is currently employed through a TWA by the user undertaking. Finally, the TWAD prohibits TWAs from charging workers any fees for their recruitment by a user undertaking or for concluding an employment contract.

Several Member States have adopted legislation on the activities or functioning of **TWAs** or **recruitment agencies** beyond the requirements for TWAs set out in the TWAD. In this respect, the country research highlighted particularly relevant aspects in 11 Member States (bg, CZ, EE, IE, EL, ES, CY, HU, MT, PT and RO).⁽⁸⁴⁾ For example, in Spain, if an employer is found to have improperly used temporary agency workers (for tasks that are permanent or to cover ongoing labour needs in the user company), the affected workers have the right to become permanent employees of the user undertaking.⁽⁸⁵⁾ In Greece, private employment agencies must follow strict reporting rules. They are required to submit a report every 6 months to the labour inspection authorities, detailing the employment contracts they have arranged. Additionally, they must provide an activity report to the Ministry of Labour's Ergani information system,⁽⁸⁶⁾ which includes data on the number of job placements and the sectors these jobs belong to.

4.3 European employment services are a valuable support tool for recruiting EU mobile workers

In addition to the legal provisions on intra-EU mobility, operational measures have been developed at the EU level to support the recruitment of EU/EFTA mobile workers. Notably, the recruitment of EU mobile workers across all economic sectors is facilitated by means of the European employment services network, also referred to as EURES. While the scope of EURES is not limited to any industry, some of the activities carried out within its framework are strongly focused on Horeca.

EURES, set up through Regulation (EU) 2016/589,⁽⁸⁷⁾ provides information, guidance and other support services for jobseekers and employers. These services include job matching between prospective employers (job vacancies) and job candidates (curricula vitae). The EURES portal also presents updated information about living and working conditions in EURES countries. It offers specific support services for frontier workers and employers in cross-border regions. Moreover, the EURES portal provides support with integration in the destination country, information on and access to assistance after getting a job and other post-recruitment services.

⁽⁸³⁾ Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work (OJ L 327, 5.12.2008, p. 9).

⁽⁸⁴⁾ Bulgaria (BG): Labour Code (*State Gazette* 26/1986, last amendment *State Gazette* 106/22.12.2023) (<https://lex.bg/bg/laws/ldoc/1594373121>). Czechia (CZ): Act No 408/2023 Coll. amending Act No 435/2004 Coll., on Employment, as amended, and other related laws (<https://www.zakonyprolidi.cz/cs/2023-408>; <https://www.mpsv.cz/zmeny-v-oblasti-agenturniho-zamestnavani>). Ireland (IE): Employment Agency Act 1971 (<https://www.irishstatutebook.ie/eli/1971/act/27/enacted/en/html>); Safety, Health and Welfare at Work Act 2005 (<https://www.irishstatutebook.ie/eli/2005/act/10/enacted/en/print>). Spain (ES): Law 14/1994, of 1 June 1994, which regulates temporary work agencies, 2 June 1994, Official State Gazette, No 131 (<https://www.boe.es/buscar/act.php?id=BOE-A-1994-12554>); Law 31/1995, of 8 November 1995, on Occupational Risk Prevention, Official State Gazette, No 269 (<https://www.boe.es/buscar/act.php?id=BOE-A-1995-24292>); Royal Decree 216/1999, of 5 February, on minimum health and safety provisions for workers in the field of temporary work agencies (<https://www.boe.es/buscar/doc.php?id=BOE-A-1999-4525>); Royal Decree 417/2015, of 29 May, which approves the regulations of temporary work agencies, Official State Gazette, No 147 (<https://www.boe.es/buscar/doc.php?id=BOE-A-2015-6838>). Cyprus (CY): Private Employment Agencies Law of 2012 (126(I)/2012) (https://www.cylaw.org/cgi-bin/open.pl?file=nomoi/enop/ind/2012_1_126/preamble-pr2c462039-ec1c-03bd-d1ee-69be009451c1.html&qstring=%28126%281%29%20w%2F1%202012%29). Hungary (HU): Government Decree No 226/2022 (Vol. 28) on the registration and operation of qualified recruitment agencies (<https://njt.hu/jogszabaly/2022-226-20-22>). Malta (MT): Employment agencies regulations (Subsidiary Legislation 452.130 of the Laws of Malta) (<https://legislation.mt/eli/sl/452.130/eng>). Portugal (PT): Decree-law No 260/2009, of 25 September, which regulates the legal framework on the exercise and licensing of private placement agencies and temporary work companies, 25 September 2009, *Diário da República* No 187/2009 (<https://diariodarepublica.pt/dr/legislacao-consolidada/decreto-lei/2009-63511624>).

⁽⁸⁵⁾ Royal Decree 2/2015, of 23 October, approving the revised text of the Workers' Statute Law, Official State Gazette No 255, BOE-A-2015-11430 (<https://www.boe.es/buscar/act.php?id=BOE-A-2015-11430>).

⁽⁸⁶⁾ The Ergani information system, launched on 1 March 2013, serves as a valuable tool for collecting statistical data and plays a pivotal role in enhancing the quality of the policies of the Ministry of Labour. It was created to effectively combat undeclared and uninsured labour, significantly reduce bureaucratic and administrative burdens on businesses and ultimately contribute to the creation of new jobs. After 2022, the Ergani information system was upgraded to Ergani II, forming the foundation for the operation of the digital work card.

⁽⁸⁷⁾ Regulation (EU) 2016/589 of the European Parliament and of the Council of 13 April 2016 on a European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets, and amending Regulations (EU) No 492/2011 and (EU) No 1296/2013 (OJ L 107, 22.4.2016, p. 1).

EURES also offers a network of more than 1 000 Advisers who can provide the information required by jobseekers and employers through personal contacts. EURES Advisers are trained specialists who supply information, guidance and placement to jobseekers and employers interested in the EU job market. They have developed specialised expertise in the practical, legal and administrative matters relating to mobility at the national and transnational levels. They work within the public employment service of each member country, or within other partner organisations in the EURES network.

The E(O)JD is another EURES initiative aimed at facilitating cross-border recruitment across all industries and economic activities by means of information and recruitment fairs in EU Member States and EFTA countries. At these fairs, jobseekers can find recruitment opportunities, practical information and advice from EURES Advisers and other employment professionals. Employers enjoy free and direct access to EU jobseekers. This initiative is supported by the E(O)JD web-based platform. ⁽⁸⁸⁾

Seize the Summer with EURES is an example of such a recruitment fair. The event started as a response to the recruitment demands faced by employers in southern Member States during the summer. It is useful for both employers who promote their vacancies and applicants who search for jobs and information about living and working conditions in these countries. In 2023, the event attracted 2 600 jobseekers and resulted in 6 800 applications for 7 100 vacancies (European Labour Authority 2024b). Because of the successful results, this recruitment event is now taking place every year.

Another activity falling under the E(O)JD is the Work in Lapland initiative. It seeks to increase the supply of skilled workforce in Lapland, particularly through international recruitment. The initiative consists of one annual online event, where employers and employees have an opportunity to meet and match virtually. Work in Lapland initially focused on jobs in tourism, but its scope has been widened. However, available information indicates that there is limited awareness of the initiative among employers. Altogether 1 790 jobseekers and 32 employers participated in 2023, offering 429 vacancies (as recorded on 7 September 2023). Few of the stakeholders interviewed in the context of this study knew about the initiative. These circumstances suggest that it may be necessary to invest more effort into the marketing of the initiative and of the event itself, to reach the key players in Lapland's Horeca sector.

4.4 EU legislation on labour market access for third-country nationals includes several directives relevant to Horeca

Alongside EU mobile workers, TCNs may also play an important role in mitigating worker scarcity in the sector. Legal pathways allowing TCNs to access the EU labour market and be hired by Horeca businesses may therefore be an important part of the solution to labour shortages experienced by the sector. The directives adopted in this regard aim to ensure decent working conditions for TCNs, prevent stay and work without authorisation and contribute to easing labour shortages.

Legal migration pathways into the EU labour market are harmonised by EU-level legislation. In line with **Article 79 of the TFEU**, the EU determines harmonised entry and residence requirements under the different **legal pathways** as well as TCNs' rights to (limited) equal treatment with nationals of the host Member State. However, Member States maintain authority over several aspects of a TCN's right to work and reside in their territory, including the issuance of residence documents. Moreover, Member States retain the exclusive competence to determine the number of TCNs that can come to their country for the purpose of work (see Article 79(5) of the **TFEU**).

The specific conditions for legal migration to the EU are set out in nine legal migration directives. ⁽⁸⁹⁾ Four of these specifically facilitate the admission of TCNs for the purpose of work. ⁽⁹⁰⁾ Of these, the SPD and the SWD are particularly relevant to the Horeca sector.

⁽⁸⁸⁾ <https://europeanjobdays.eu/en>.

⁽⁸⁹⁾ Council Directive 2003/86/EC of 22 September 2003 on the right to family reunification (OJ L 251, 3.10.2003, p. 12); Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents (OJ L 16, 23.1.2004, p. 44); Council Directive 2004/114/EC of 13 December 2004 on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service (OJ L 375, 23.12.2004, p. 12); Council Directive 2005/71/EC of 12 October 2005 on a specific procedure for admitting third-country nationals for the purposes of scientific research (OJ L 289, 3.11.2005, p. 15); Council Directive 2009/50/EC of 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (OJ L 155, 18.6.2009, p. 17); Directive 2011/98/EU of the European Parliament and of the Council of 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State (OJ L 343, 23.12.2011, p. 1); Directive 2014/36/EU of the European Parliament and of the Council of 26 February 2014 on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers (OJ L 94, 28.3.2014, p. 375); Directive 2014/66/EU of the European Parliament and of the Council of 15 May 2014 on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer (OJ L 157, 27.5.2014, p. 1); Directive (EU) 2016/801 of the European Parliament and of the Council of 11 May 2016 on the conditions of entry and residence of third-country nationals for the purpose of research, studies, training, voluntary service, pupil exchange schemes or educational projects and au pairing (recast) (OJ L 132, 21.5.2016, p. 21).

⁽⁹⁰⁾ These concern more precisely seasonal workers, short-term workers, Blue Card workers and intracorporate transferees.

The SPD provides for streamlined conditions for authorisations to work in the EU. The aim of these measures is to **simplify and expedite the procedure for issuing work authorisations**, particularly in shortage occupations. Initially adopted in 2011, the **SPD** aims to facilitate the admission to work and reside in Member States through a harmonised, clear and efficient procedure. It combines the work and residence authorisation into one single procedure. The SPD underwent a significant revision in 2024, providing a shortened application procedure and increased flexibility for workers and employers. The revised SPD aims to allow TCN workers to change employers or to be temporarily unemployed during their stay. These revisions allow TCNs to progress in their career in the EU and search for new jobs.

While the SPD facilitates uninterrupted access to the EU's labour market for a longer period, the SWD facilitates a **circular migration scheme**, whereby TCNs come to the EU for work during temporary seasonal peaks and subsequently return to their countries of origin (Passalacqua 2022, 692; European Commission 2010). It was adopted in 2014 with the specific purpose of addressing seasonal labour shortages in the EU, while improving the protection of seasonal workers from non-EU countries.

In accordance with Article 2 of the SWD, Member States shall determine, in collaboration with the social partners, the **list of sectors of employment** where seasonal work may be performed. The list may be subject to modification, in line with labour market and seasonal needs. The Horeca sector is on the list of sectors for seasonal employment in Belgium, Greece, Spain, Croatia, Italy, Austria, Poland and Portugal. Eurostat data for 2022 shows that, of a total of almost 150 000 authorisations issued for the purpose of seasonal work throughout the EU, approximately 19 % covered accommodation and food services.⁽⁹¹⁾ This makes Horeca the second most important sector for the issuance of seasonal work permits to TCNs, after agriculture, forestry and fishing.

The SWD establishes a **common set of requirements for the admission of third-country seasonal workers**, and provides equal rights with national seasonal workers, with limited exceptions. The same rules thus apply across the Member States for the issuance, renewal and withdrawal of work and residence permits.⁽⁹²⁾ However, Member States decide the number of seasonal workers to be admitted to their territory annually, on the basis of Article 79(5) of the TFEU and Article 7 of the SWD. While some Member States have made use of this reservation to not admit any seasonal workers to their territory from outside the EU (e.g. the Netherlands), other Member States apply neither a labour market test nor quotas for admission of seasonal workers (e.g. Estonia). The maximum duration of stay of a seasonal worker may vary from one Member State to another. However, it may not be less than 5 months or more than 9 months within a 12-month period. These requirements seek to ensure the return of the TCNs to their country of origin at the end of the season.

In addition to a legal framework (e.g. the SPD and SWD), the recruitment of TCN workers also requires an operational pillar. This includes measures addressing, for instance, the challenge of matching international talent with employers in the EU and operational support for cross-border employment.⁽⁹³⁾ Within this context, the European Commission undertook the initiative to set up **talent partnerships** with specific key third countries and an **EU Talent Pool**.

The proposal for a regulation on an EU Talent Pool was adopted by the European Commission in November 2023.⁽⁹⁴⁾ It seeks to facilitate the matching of jobseekers from non-EU countries with employers in the EU. It also introduces support measures, among others, for application procedures for work authorisations. Moreover, the EU Talent Pool proposal also includes a list of EU-wide shortage occupations, which identifies cooks and waiters as two of the 42 EU-wide shortage occupations. Talent partnerships are cooperation structures between the EU and non-EU countries consisting of policy agreements, information exchange and financial support. They should boost labour mobility between the EU and the partner country. Pilot projects under the talent partnerships also include initiatives relevant to the Horeca sector.⁽⁹⁵⁾

Alongside directives on the migration of TCNs for work, EU law also grants access to the labour market to displaced persons, fleeing their home countries because of various humanitarian crises. Recent experience shows that many of these TCNs find job opportunities in the Horeca sector.

Council Directive 2001/55/EC (the temporary protection directive) established an exceptional procedure under which temporary protection could be provided to displaced people in the event of a mass influx of people from non-EU countries

⁽⁹¹⁾ Eurostat, series migr_ressw2. Only countries for which a sectoral breakdown is available are covered.

⁽⁹²⁾ However, it is important to emphasise that Member States remain the competent authority to issue the authorisation to reside and work in the territory of their Member State.

⁽⁹³⁾ European Commission, Commission communication – Attracting skills and talent to the EU (COM(2022) 657 final) (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0657>).

⁽⁹⁴⁾ European Commission, Commission communication – Proposal for a regulation of the European Parliament and of the Council establishing an EU talent pool (COM(2023) 716 final).

⁽⁹⁵⁾ For instance, a pilot project by Belgium, Germany and France with Egypt, Morocco and Tunisia, Towards a holistic approach to labour migration governance and labour mobility in North Africa (THAMM). The focus is likely to be on the construction and tourism/Horeca sectors.

who are temporarily unable to return to their country of origin. ⁽⁹⁶⁾ Following the military aggression by Russian forces, such temporary protection was provided to displaced citizens of **Ukraine**, through Council Decision (EU) 2022/382 adopted on 4 March 2022. ⁽⁹⁷⁾

The temporary protection directive provides Ukrainian citizens with a right to reside and work in the EU. National experts from Belgium, Estonia, Ireland, Lithuania, Poland and Slovakia have noted that the temporary protection regime provided under the temporary protection directive has been an important factor facilitating the integration of Ukrainian refugees.

The Horeca sector has become a major employer of Ukrainian displaced people (see also subsection 3.1.2). For instance, in Poland, there were 40 900 Ukrainians working in the Horeca sector in 2022, compared with 16 300 other mobile (foreign) workers (Statistics Poland 2023). Data also shows that 6 % of Ukrainian displaced people in Poland work in the country's Horeca sector (National Bank of Poland, 2023, Graph 15). This is a considerably higher share of employment in the Horeca sector than the average for all workers in Poland (2.4 % in 2023, among those aged 15–64). ⁽⁹⁸⁾

4.5 Strategies observed in Member States include measures and practices facilitating flexibility and labour market access for third-country nationals and young workers

Recruitment practices vary significantly among Member States. According to the national research conducted for this study, employers in some Member States tend to use **TWAs** rather commonly (BG, DK, ES, IT, CY, MT, RO and SI). While there is limited quantitative data available on the use of TWAs in accommodation and food services, and available EU-LFS data do not indicate TWAs to be prevalent in Horeca (see Chapter 3), part of the academic literature maintains that these agencies have become a standard tool for recruitment (Alberti 2014; Fudge and Strauss 2014; McDowell, Batnitzky, and Dyer 2008; Storrie 2002). Moreover, Iannuzzi and Sacchetto's (2016) study on the Riviera Romagnola in Italy further emphasises this trend, noting the impact of employment agencies in shaping labour markets. In their view, these agencies play a significant role in determining the composition of the local labour force, particularly for seasonal jobs, by facilitating migratory flows from Romania (Iannuzzi and Sacchetto 2016). However, available quantitative data suggest only a modest presence of TWAs in the Italian Horeca sector as a whole. For instance, in 2022, the average monthly number of temporary agency workers engaged in the Italian accommodation and food services sector reached about 17 700 (Osservatorio sul lavoro in somministrazione 2023). Moreover, employer representatives argue that temporary agency work has limited importance for the sector, also because the use of temporary agencies for securing seasonal work is not economically reasonable. ⁽⁹⁹⁾

Outsourcing and subcontracting was highlighted by the national research as a relevant recruitment channel for Horeca in 10 Member States (BE, DK, ES, HR, IT, HU, MT, PL, PT and SI). ⁽¹⁰⁰⁾ Research in several Member States (BE, DE, IE, HR, LU, NL, AT and SK) reports a more varied approach to recruitment, from word of mouth and referral to social networks, also making use of job sites and temporary agencies. Complex recruitment arrangements that may include various types of intermediaries, subcontracting and outsourcing pose challenges for labour inspectorates, which will be discussed in greater detail in Chapter 6. However, similar to TWAs, there is limited quantitative data available on the scope of these phenomena in concrete economic sectors, including accommodation and food services.

There are also other flexibility-oriented recruitment practices beyond intermediaries and outsourcing. A workers' representative from France reported cases of employment consortia (i.e. employer groups) in Horeca employing **shared workers**. In these cases, several employers hire the same workers and agree on a distribution of these workers' working time. According to the workers' representative, this practice can be observed in open-air hotels. It has been much less common in other segments of the Horeca sector, where employers are more individualistic and protective of their know-how. ⁽¹⁰¹⁾

To mitigate the shortage of staff in the Horeca sector, several Member States (BE, DK, DE, ES, FR, HR, LV, HU, PT, SI and SK) also facilitate the recruitment of **students**. Students can represent a significant pool of workers for Horeca, as they are often

⁽⁹⁶⁾ Article 2, Council Directive 2001/55/EC of 20 July 2001 on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof (OJ L 212, 7.8.2001, p. 12).

⁽⁹⁷⁾ Council Implementing Decision (EU) 2022/382 of 4 March 2022 establishing the existence of a mass influx of displaced persons from Ukraine within the meaning of Article 5 of Directive 2001/55/EC, and having the effect of introducing temporary protection (OJ L 71, 4.3.2022, p. 1).

⁽⁹⁸⁾ Authors' calculations based on Eurostat, series lfsa_egan2, data accessed on 6 June 2024.

⁽⁹⁹⁾ Email communication with Italian employer representatives for the Horeca sector (via HOTREC), 30 August 2024.

⁽¹⁰⁰⁾ For a specific case in point, see Italy's 'supply contract'. A supply contract can be fixed or permanent, with the latter known as 'staff leasing'. This contract type is regulated by Legislative Decree No 81 of 15 June 2015.

⁽¹⁰¹⁾ Interview with a representative of EFFAT-IUF.

flexible and available to work outside standard business hours. ⁽¹⁰²⁾ Table 4.1 provides examples of dedicated work contracts for students across Member States.

Table 4.1: Student work contracts in selected EU countries

Member State	Work contracts for the employment of students
BE	Student labour agreements entail reduced social security contributions when used for fewer than 600 hours per year. The maximum length of these contracts is 1 year, though a new agreement can be agreed upon for the following year.
HR	Student work occupies a specific labour market segment covered by Student Service Offices and regulated by the Act on the Performance of Student Work. ⁽¹⁰³⁾ The employment of students may be based on a contract for services (self-employed person), or since 2020, a full-time student can be employed as an employee (employment contract). Student work is incentivised by lower taxes and fewer obligations for employers.
PL	Students can be hired on civil law contracts, instead of labour code contracts, which optimises labour costs for employers as social security contributions are paid by universities.
SI	The employer pays student workers via the Student Employment Office on the basis of a referral provided by the student service office. Employers only pay VAT on these contracts, except for foreign student workers, where the Student Employment Office will also deduct 22.5 % for the payment of income tax.
SK	Student work falls under the agreements for work performed outside the employment relationship. Students cannot work more than 20 hours per week and an agreement can cover a maximum period of 1 year.

The research carried out for this study also identified several relevant national policies and practices addressing labour shortages in the Horeca sector by allowing TCNs to access the Member States' labour market.

Some Member States have **arrangements in force to facilitate the employment of TCN workers in Horeca shortage occupations**. As mentioned earlier, the inclusion of an occupation on national shortage occupation rosters may enable employers to recruit TCN workers more easily. In such cases, TCNs may enter the labour market without having to undergo a labour market test or may benefit from a streamlined and accelerated process for obtaining a work or residence permit (see also discussion on the SPD in Section 4.4). The professions for which such measures have been implemented include, for example, the occupations listed in Table 4.2.

⁽¹⁰²⁾ Employers' representatives from Slovenia highlighted recruiting pensioners for occasional part-time work as a useful strategy for businesses in the country's Horeca sector.

⁽¹⁰³⁾ Act on the Performance of Student Work, *Narodne novine*, Nos 96/2018, 16/2020.

Table 4.2: Non-exhaustive overview of shortage occupations with simplified recruitment of TCNs

Member State	Labour shortage occupations
AT	Restaurant chef and waiter (since July 2022; in 2024 waiters are only on the regional shortage occupations list)
BE (Flanders)	Since May 2024: ⁽¹⁰⁴⁾ <ul style="list-style-type: none"> • hotel sector: manager hotel/restaurant, receptionist • kitchen staff: chef, chef commercial kitchen, assistant chef, assistant chef commercial kitchen, kitchen aid • service staff: maître d'hôtel, bartender, waiter restaurant/brasserie, fast food employee, assistant waiter
DK	Chef (New to Denmark 2024).
ES	Boat cook and boat waiter (for the first and second trimester of 2024) (The State Public Employment Service of Spain 2024)
FR	Caterer (Auvergne-Rhône-Alpes, Brittany, Île-de-France, Normandy, New Aquitaine), maître d'hôtel (Auvergne-Rhône-Alpes, Burgundy-Franche-Comté, Centre-Val de Loire, Normandy) and chef (Normandy) ⁽¹⁰⁵⁾
HR	Waitress, cook, maid, baker and confectioner (for 2023) (Employment Service of Croatia 2023)
IE	Executive chef, head chef, sous-chef, chef de partie or commis chef (Department of Enterprise, Trade and Employment of Ireland 2024)
LT	Cook and laundry ironing machine operator (Ministry of Social Security and Labour of Lithuania 2022)
PL	Cook and other catering occupations (municipal level)
SK	Cook in selected NUTS (nomenclature of territorial units for statistics) 3 regions (for the second quarter of 2024)

However, the recruitment of TCNs may still be seen by some employers as a burdensome process. In Czechia, for example, employers in the Horeca sector noted the difficulties of the procedure whereby a prospective worker must apply for a work visa while still resident in their home country before moving to Czechia. A representative of an employer organisation in Germany reported that the operational capacity of German consulates and the Federal Employment Agency's offices abroad is limited and therefore considerably slows down the process of completing essential administrative work, such as securing visas and work permits. ⁽¹⁰⁶⁾

Simplified access to the national labour market for TCNs in specific occupations has sometimes required amendments, partly in reaction to risks observed by labour inspectorates in practice. A case in point is the special arrangement for specialised cooks to be employed in the Asian restaurant sector in the Netherlands, discussed in Box 4.1.

Box 4.1: Recruitment in Asian restaurants in the Netherlands

Considering the severe shortage of cooks in Asian restaurants, the Dutch government and representatives of the country's Asian restaurant industry concluded the so-called 'wok agreement'. Based on this arrangement, restaurants were allowed to recruit specialised cooks from Asia without having to previously recruit Dutch or EU nationals. ⁽¹⁰⁷⁾ The scheme allowed employers to more easily obtain a combined residence and work permit for these specialised workers. The applicable quota was extended in 2019 from 1 500 to 2 300. The duration of the allowed stay was also extended from 1 year to 2 years.

The implementation of the 'wok agreement' involved collaboration between the relevant sectoral organisation, the Immigration and Naturalisation Service, and the Employee Insurance Institution.

In response to indications that human trafficking and human smuggling were taking place, in 2021 the cabinet informed the House of Representatives of its intention to implement changes to the treatment of specialised Asian cooks. From 1 July 2024, the scheme was discontinued. Thus, TCNs seeking to come to work as specialised cooks

⁽¹⁰⁴⁾ Decree of the Flemish Government of 8 March 2024 amending the Decree of the Flemish Government of 7 December 2018 implementing the Act of 30 April 1999 on the employment of foreign workers, *State Gazette*, 28 March 2024.

⁽¹⁰⁵⁾ See Order of 1 April 2021 relating to the issue of work permits to foreign nationals who are not nationals of a Member State of the European Union, of another State party to the European Economic Area or of the Swiss Confederation, without opposition to the employment situation, consolidated version (https://www.legifrance.gouv.fr/loda/article_lc/LEGIARTI000049229160).

⁽¹⁰⁶⁾ Interview with a representative of an employer organisation.

⁽¹⁰⁷⁾ Under the Foreign Nationals (Employment) Act (<https://wetten.overheid.nl/BWBR0007149/2024-01-01>), an intra-EU recruitment requirement normally applies.

in the Asian restaurant sector in the Netherlands will no longer be able to benefit from a specific simplified process applicable only to this profession. The new regulation also reflects the government's departure from the stance that only Asians can be skilled in preparing Asian cuisine because it requires specific cultural knowledge and is too complex for others to learn (Mast 2023).

The research carried out for this report has not identified cases of bilateral agreements between Member States and non-EU countries focusing specifically on the Horeca sector. Nevertheless, because of the seasonal nature of the sector and its many young workers, **work and travel schemes** for young people from non-EU countries may be relevant to the Horeca sector in some Member States. Such agreements usually provide young people with a right to stay for a limited time in the Member State for a combination of activities, including travel, studies and work. The existence of such schemes was noted in the case of Cyprus (agreement with Australia ⁽¹⁰⁸⁾) and France (14 bilateral agreements) (Directorate-General for Foreigners in France 2020).

Conclusion

This chapter discussed rules regulating workers' access to the labour market and recruitment practices, with a focus on instruments relevant to the Horeca sector. While much of the legal framework on labour market access and recruitment is applicable to all sectors, there are also elements of particular importance to Horeca. These instruments can help the sector address the significant labour shortages it has been experiencing.

The chapter focused in particular on the EU-level legal frameworks on seasonal workers from non-EU countries and on the issuance of single permits for residence and work. At the level of individual Member States, the chapter also discussed recruitment practices emphasising flexibility and approaches to facilitating the recruitment of specific groups (e.g. TCNs and students) into Horeca. These policies and practices can play a significant role in addressing worker scarcity in the sector. However, in particular cases, the practical experiences of national authorities with measures simplifying access to the labour market have led to the repeal of these policies. Chapter 6 of this report will examine the challenges that enforcement authorities experience in relation to the recruitment practices described and good practices for tackling them.

⁽¹⁰⁸⁾ See Emilianides and Ioannou, (2024, 75).

5. Employment and working conditions

This chapter in brief

EU-level policies establish a robust framework to ensure fair working conditions across all sectors, including Horeca. **Regulation (EU) No 492/2011** ensures equal treatment for EU mobile workers concerning remuneration, dismissal and trade-union membership. **Directive (EU) 2022/2041** mandates adequate minimum wages, while **Directive (EU) 2019/1152** enhances transparency and predictability in employment. The European Commission's recent proposal also aims to improve working conditions in platform work, ensuring legal presumptions of employment and better data transparency.

Several of the **national-level policies** in Member States respond to the needs of employers and workers in seasonal sectors, such as Horeca. For instance, Spain's fixed discontinuous contracts provide greater stability for seasonal workers, ensuring off-season employment continuity and better access to social security benefits. Various member states have also introduced specific regulations on working hours, night work and overtime, catering to the unique needs of the Horeca sector while ensuring compliance with national labour standards.

Collective bargaining remains a vital mechanism for setting standards for working conditions, including remuneration. Most Member States have collective agreements covering the Horeca sector, with some countries, such as Belgium and Italy, having multiple agreements. These agreements address issues such as working time, night work and accommodation for mobile seasonal workers. However, challenges such as the **fragmentation of collective bargaining** and contractual dumping persist. In some Member States, specific measures are being established to counteract the fragmentation of the collective bargaining system.

The **platform economy**, characterised by services facilitated through online platforms, has been largely unregulated, impacting individual workers often classified as self-employed. This leads to issues such as bogus self-employment. The European Commission's proposal for a directive on platform work seeks to address these issues by ensuring correct employment status determination and better data access for national authorities and worker representatives.

Introduction

The appropriate regulation of employment and work arrangements helps address issues related to workers' job security, social security and working conditions, but it also helps industries adapt to economic changes. The need for balanced measures in both respects is particularly strong in sectors with fluctuating consumer demand.

The chapter first examines EU-level policies ensuring fair working conditions, including the *acquis* on adequate minimum wages, transparent and predictable working conditions and the protection of the rights of TCN workers. Subsequently, it discusses national-level policies in various Member States, with an emphasis on measures fostering more flexible employment. Section 5.3 delves into the role of collective bargaining. Section 5.4 discusses employment and work arrangements in a broader economic and social context. It examines issues that emanate in part from the employment and work arrangements analysed earlier, but also from the economic pressures the sector has been experiencing. Section 5.5 concludes the chapter by exploring the impact of the platform economy and recent regulatory initiatives focusing on digital work platforms.

5.1 EU law contributes to fair employment and working conditions and protects mobile workers

The EU has established a robust legal framework helping to achieve fair working conditions, adequate remuneration and the safety and health of workers **across all sectors**, including the Horeca sector. In general, EU law also requires mobile workers who have exercised their freedom of movement to be treated equally with the nationals of the host Member State. Beyond presenting the most important components of the generally applicable framework, this section will also highlight aspects relevant to accommodation and food services.

Regulation (EU) No 492/2011 on freedom of movement for workers within the EU ⁽¹⁰⁹⁾ requires equal treatment concerning working conditions between EU mobile workers and the nationals of the host Member State. This also extends

⁽¹⁰⁹⁾ Regulation (EU) No 492/2011 of the European Parliament and of the Council of 5 April 2011 on freedom of movement for workers within the Union (OJ L 141, 27.5.2011, p. 1).

to **remuneration, dismissal**, reinstatement or re-employment ⁽¹¹⁰⁾ as well as social and tax benefits. Moreover, the regulation further requires equal treatment for **membership in trade unions** and the rights associated with it. The **legal migration directives covering** TCNs require the equal treatment of working TCNs with the nationals of the Member State with regard to a number of key aspects of their employment. However, there are also some exceptions relating to access to social security benefits. These exceptions include, for instance, specific national rules on seasonal TCN workers' access to family benefits or unemployment benefits.

EU labour law and occupational safety and health (OSH) acquis effective across all sectors covers, for example, EU legislation on **working time**, protection of pregnant workers and minors, information requirements on the work floor and the requirements for protective equipment in hazardous employment positions. Several elements of the applicable EU law may be deemed highly relevant for accommodation and food services. These comprise, for instance, the *acquis* on **adequate minimum wages**, supporting **collective bargaining** and transparent and **predictable working conditions**. Moreover, the **protection of TCNs** staying and working illegally in the EU is also a relevant area of the EU legal framework.

Directive (EU) 2022/2041 requires **adequate minimum wages** in the EU to ensure a decent standard of living for workers. The directive requires Member States to establish their own mechanism for calculating minimum wages and to encourage collective bargaining on wages. It also requires a strengthening of the enforcement and monitoring mechanisms within the minimum wage protection established in each Member State. This directive is expected to fully implemented at the end of 2024.

Directive (EU) 2019/1152 on **transparent and predictable working conditions** promotes more transparent and predictable employment, while ensuring adaptability to the labour market. The directive sets out **minimum information requirements** for workers about the main aspects of their employment in written form. This covers, for instance, information about remuneration, paid leave, predictability of the work pattern and minimum notice periods.

The directive also contains **protective measures** for workers against **unpredictable work patterns**. For instance, it requires reasonable notice periods to be respected for work outside predetermined reference hours and provides for compensation where a previously agreed work assignment is cancelled by the employer. Furthermore, the directive takes important steps to prevent exploitation or abusive practices in relation to on-demand or zero-hours contracts. Member States will be required to take specific measures to prevent abusive practices in relation to such contracts, including limitations to their use and duration, a rebuttable presumption of the existence of an employment contract with a minimum number of paid hours based on the average hours worked during a given period, or any other equivalent measures that ensure effective prevention of abusive practices.

Moreover, EU-level legislation also promotes the fair use of **fixed-term work** and **part-time work** and requires Member States to implement legislation preventing the discrimination of these workers in comparison to workers with full-time permanent contracts. **Council Directive 1999/70/EC** addressing fixed-term work also states that Member State legislation shall introduce measures to prevent abuse arising from the use of successive fixed-term employment contracts or relationships. These measures should be introduced after consultation with social partners and in a manner that takes into account the needs of specific sectors and/or categories of workers. ⁽¹¹¹⁾

It is important to note, though, that the workforce engaged in non-standard forms of employment often do not have a worker status under national law. These people will not be covered by several important directives dealing with working conditions, including measures in Directive (EU) 2019/1152 (Bednarowicz 2019).

Finally, Directive 2009/52/EC (the employers sanctions directive (**ESD**)), ⁽¹¹²⁾ while aiming at fighting illegal immigration and stay, also ensures the protection of the rights of illegally staying TCNs. ⁽¹¹³⁾ The ESD prohibits the employment of illegally staying TCNs. The ESD requires Member States to establish sanctions for the employment of an illegally staying TCN, including criminal penalties for particularly exploitative working conditions. The ESD also establishes specific safeguards for employers to ensure that a TCN is a legal resident in the EU. These encompass the requirement to present a **valid residence permit** to the employer, to **keep this permit on record** for inspections and to notify the authorities of the start of employment of a TCN.

⁽¹¹⁰⁾ Reinstatement relates to the return of a worker to a position within a company, usually in the context of unlawful dismissal, while re-employment refers to the return to a different job in a same organisation.

⁽¹¹¹⁾ Annex to Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP (OJ L 175, 10.7.1999, p. 43).

⁽¹¹²⁾ Directive 2009/52/EC of the European Parliament and of the Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals (OJ L 168, 30.6.2009, p. 24).

⁽¹¹³⁾ In this regard, see European Commission, Commission communication on the application of Directive 2009/52/EC of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals (COM(2021) 592 final) (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0592>).

The directive also gives certain rights to the illegally staying TCNs who have been illegally employed. Employers who engaged in the employment of illegally staying TCNs will be held liable to **pay any outstanding remuneration**. Moreover, the directive establishes a presumed minimum salary and minimum duration of employment, for cases where the conditions of employment cannot be proven by the worker. Importantly, the directive extends the liability requirements to contractors and subcontractors.

5.2 Member States' labour laws offer a broad range of flexible work arrangements

The national labour laws of Member States offer various instruments to address the needs of sectors with fluctuating consumer demand. The ensuing pressure for more flexible work arrangements is commonly addressed using specific contracts available under the national law. Moreover, several Member States have also incorporated **exceptions** into their regulation of **working time**, in order to provide Horeca businesses more flexibility.

The qualitative research conducted for this report in individual Member States has highlighted several pertinent work arrangements relevant to the Horeca sector. These include **fixed-term contracts** (DK, DE, EE, HR, LT, PL, RO and SI), **part-time work** (BE, BG, DK, DE, IT, RO and SI), **temporary** or seasonal employment (Denmark, Germany and Spain) and also **student** labour agreements (BE, HR, SI and SK) (for student work, see Section 4.5). Table 5.1 provides a list of country-specific flexible work arrangements, employment patterns or contract types. Many of them clearly fall into some of the above categories, while others are highly specific to the national legal environment and are more difficult to categorise. Their common feature is that they can help manage employers' need for flexibility in employment in seasonal sectors. These arrangements and contracts tend to be more commonly used in accommodation and food services than in other sectors of the economy. However, available data also show they still represent a minority of the total employment in the Horeca sector of Member States.

Table 5.1: Selected flexible work arrangements, employment patterns and contract types in Member States

Member State	Work arrangements, employment patterns or contract types
AT	<p>Marginal employment ⁽¹¹⁴⁾ Employees are to be qualified as 'marginally employed' if their wage does not exceed a certain limit. This wage limit is adjusted annually and increases each year. In 2024, the marginal employment threshold is EUR 518.44 per month. In concrete terms, this means that if the employees' earnings are below this limit, they qualify as marginally employed and consequently, they are only covered by accident insurance. Neither the employer nor the employee has to pay contributions to pension and health insurance. ⁽¹¹⁵⁾ From the perspective of labour law, there are no differences between the treatment of marginal employment and that of full-time work. This principle extends also to minimum hourly remuneration. People engaged in marginal employment are commonly covered by health insurance as registered jobseekers, as students or via social assistance authorities. They may also opt for voluntary health and pension self-insurance. The cost of this is borne by the worker. ⁽¹¹⁶⁾</p>

⁽¹¹⁴⁾ Annual and monthly data on the frequency of marginal employment by sector are available at <https://www.sozialversicherung.at/cdscontent/?contentid=10007.894922&portal=svportal> and on the website of Statistics Austria (<https://www.statistik.at/en/databases/statcube-statistical-database>). Available register-based labour market statistics from Statistics Austria indicate that, in 2022, the share of marginally employed people among all employed people reached 4.4 % in the economy as a whole and 14.8 % in the country's Horeca sector.

⁽¹¹⁵⁾ General Social Insurance Act (Section 5) (<https://ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147&FassungVom=2024-09-11>).

⁽¹¹⁶⁾ General Social Insurance Act (Section 19a) (<https://ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008147&FassungVom=2024-09-11>).

Member State	Work arrangements, employment patterns or contract types
<p>BE</p>	<p>Flexi-jobs ⁽¹¹⁷⁾ A regime of flexible work contracts, originally specific to the Horeca sector, was introduced in 2015 by the legislator through the concept of 'flexi-jobs'. ⁽¹¹⁸⁾ If the worker is already employed by another employer or other employers at a rate of four fifths of a full-time job, ⁽¹¹⁹⁾ they are allowed to undertake additional work for another employer for a specific period of time. This four fifths rule does not apply when the worker has retired. To be able to exercise a flexi-job, two labour agreements have to be concluded: a framework agreement and a specific flexi-job agreement for each period of employment. The latter is a fixed-term employment contract with a clear end date (Guidea 2024a). A flexi-job contract may be concluded verbally. Moreover, exceptions are expected regarding deviations from normal work schedules and overtime work. This contract type offers tax benefits for the worker, as the salary received does not have to be disclosed in the annual tax return, and for the employer, as they do not pay social security tax on the salary paid. This status is widely used in Flanders but much less in Brussels and Wallonia. ⁽¹²⁰⁾ Stakeholders see this as a result of the approach taken by employer organisations in Flanders, where targeted communication campaigns promoting the new flexi-job employment contract were organised. ⁽¹²¹⁾</p> <p>'Extra' status Occasional employees in accommodation and food services work for up to two consecutive days under fixed-term contracts or for specific tasks, making them temporary agency workers. ⁽¹²²⁾ Temporary employment usually involves three parties: the temporary agency worker, the temporary employment agency and the user (hospitality entrepreneur). Consecutive day contracts are short term and provide flexibility for the employer, with pay equivalent to that of permanent employees (Guidea 2024b).</p>
<p>CZ</p>	<p>Agreement for work performance and agreement for work activity In Czechia, in addition to the traditional employment relationship based on an employment contract, it is possible to conclude an agreement for work performance or an agreement for work activity. In contrast to the traditional employment relationship based on an employment contract, until recently, there was no obligation to record these agreements. Prior to January 2024, no specific obligations (such as leave entitlements) arose from these agreements. However, now there are greater responsibilities for employers, and these agreements provide protection for individuals employed in this manner. ⁽¹²³⁾</p>
<p>DE</p>	<p>Mini-jobs ⁽¹²⁴⁾ In the Horeca sector in Germany, the most common highly flexible contracts include the so-called mini-jobs. These are part-time positions where employees can earn up to EUR 538 per month. They typically involve working around 10 hours per week. Mini-jobs are not covered by social insurance. ⁽¹²⁵⁾ Seasonal and/or occasional work not exceeding 3 months or 70 workdays a year can be considered a (short-term) mini-job regardless of the monthly income earned by the worker. In these cases, the short-term and occasional nature of such employment is the main basis for its treatment as a mini-job. ⁽¹²⁶⁾</p>
<p>DK</p>	<p>Zero-hours contracts and low part-time contracts In Denmark, there is a higher prevalence of flexible working arrangements, including zero-hours contracts and low part-time contracts. These contract types provide the necessary flexibility for employers to manage the fluctuating demand. In Denmark, zero-hours contracts and low part-time contracts are regulated under the Employment Contracts Act, ⁽¹²⁷⁾ which was updated to incorporate the EU directive on transparent and predictable working conditions. This act, effective from 1 July 2023, introduces several significant regulations aimed at increasing transparency and predictability in employment relationships, particularly for those on zero-hours and low part-time contracts.</p>

⁽¹¹⁷⁾ According to a survey carried out by Acerta (2023), the share of workers engaged in flexi-jobs in Horeca reached 23.5 % in 2023, while the national average for the total economy reached 7.6 %.

⁽¹¹⁸⁾ Flexi-job Act of 16 November 2016 (https://www.ejustice.just.fgov.be/cgi/article_body.pl?language=nl&caller=summary&pub_date=15-11-26&numac=2015205102).

⁽¹¹⁹⁾ The calculation is made on the basis of the employment arrangement during the third quarter preceding the flexi-job – that is, the worker is employed at a rate of minimum four fifths of a full-time job during the third quarter preceding the flexi-job.

⁽¹²⁰⁾ Interview with a representative of a trade union.

⁽¹²¹⁾ Interview with a representative of a trade union.

⁽¹²²⁾ <https://www.groups.be/nl/sociale-wetgeving/sectorale-documentatie/paritaire-comites/30200000000/4301/gelegenheidswerknemers>.

⁽¹²³⁾ Interview with a representative of the labour inspectorate; Act No 281/2023 Coll. amending Act No 262/2006 Coll., the Labour Code, as amended, and some other laws (<https://www.zakonyprolidi.cz/cs/2023-281>).

⁽¹²⁴⁾ Schmid and Stracke (2023, p. 49) report that, in 2022, 48 % of the employees within the German Horeca sector have been engaged in mini-jobs.

⁽¹²⁵⁾ Section 8 of the Social Code Book IV.

⁽¹²⁶⁾ Section 8 of the Social Code Book IV.

⁽¹²⁷⁾ Law on Employment Certificates and Certain Working Conditions (<https://www.retsinformation.dk/eli/lta/2023/501>).

Member State	Work arrangements, employment patterns or contract types
<p>ES</p>	<p>Fixed discontinuous employment contract</p> <p>This type of contract is especially relevant for mobile workers due to its focus on seasonality, which is a characteristic feature in the Horeca sector in Spain (Workers' Commissions CCOO 2022). The fixed discontinuous contract type is regulated in Article 16 of Spain's Workers' Statute and is tailored to jobs with seasonal demands or those requiring intermittent work without a fixed schedule. These contracts allow employers to hire workers for periods of activity that are known to fluctuate, thus ensuring employment flexibility in line with the company's operational needs. The employment contract also covers the off-season period. During these periods of inactivity, employees with a fixed discontinuous contract are not paid by their employer, but the employment contract remains valid. They may, however, receive unemployment benefits during the inactivity period. The contract must be formalised in writing and specify the essential aspects of the job, including periods of activity and working hours, which may initially be estimated, with more detail provided when the worker is called to work. Companies are required to provide their workers' representatives with a calendar of annual or semi-annual call forecasts and the actual hiring data on fixed discontinuous workers.. This level of planning and transparency benefits workers by giving them a clear understanding of their employment outlook for the year, enabling better planning, including financial planning, among other benefits.</p>
<p>HR</p>	<p>Permanent seasonal work and the permanent seasonal worker subsidy</p> <p>Although not common in the Croatian Horeca sector according to one employer organisation, the permanent seasonal work contract is relevant to note as a particular arrangement to address the seasonality of the sector. The employment contract for permanent seasonal work may be concluded as open-ended or fixed-term when the employer is mostly engaged in seasonal activities. If a permanent seasonal employment contract is concluded for an open-ended period, the worker and the employer may agree on mutual rights and obligations during the temporary interruption in the performance of seasonal work. If the employer concludes a fixed-term employment contract for permanent seasonal work, they shall, within the agreed deadline, offer the worker the conclusion of an employment contract for the performance of work in the following season too. The employer shall also be obliged to register for extended pension insurance, to pay contributions and to calculate and pay contributions after the termination of that contract during the temporary interruption in the performance of work. ⁽¹²⁸⁾</p> <p>The permanent seasonal worker subsidy aims to support those workers who work only during the season, and therefore do not receive a wage and have no pension insurance in the non-seasonal period. The measure can be used by employers in all sectors that, due to their seasonal nature, have a period of decreased business activity. The condition that needs to be met is a continuous 6-month employment by the same employer and the continuation of the employment for at least one season. The duration of the subsidy is 6 months. The amount of the subsidy for the employer is a 100 % payment of the so-called extended pension insurance contribution for the first 3 months, and 50 % for the next 3 months. These subsidies are linked to an obligation to maintain employment within the company. The worker receives financial aid for a maximum of 6 months. The amount of compensation is calculated based on the unemployment benefit. Workers can receive up to the 70 % of the average net salary paid per person in employment in legal entities in the Republic of Croatia in the previous year for the first 90 days, and 35 % for the rest of the period. This subsidy was criticised by one of the stakeholders for not being efficient active labour market policy. ⁽¹²⁹⁾</p>

⁽¹²⁸⁾ Exceptionally, the employer shall not be obliged to register for extended pension insurance, pay contributions or calculate and pay contributions after the termination of such contract, during the temporary interruption in the performance of work, if, at the request of the worker, the employer has concluded a written agreement with the worker regarding this (Article 16(6) of the Labour Act, OG 93/14, 127/17, 98/19, 151/22 in force from 1 January 2023 (<https://uznr.mrms.hr/wp-content/uploads/labour-act.pdf>)).

⁽¹²⁹⁾ Interview with a representative of an employment authority.

Member State	Work arrangements, employment patterns or contract types
<p>HU</p>	<p>‘Simplified employment’ scheme for seasonal work Employers in need of a temporary workforce may take advantage of a ‘simplified employment’ scheme for seasonal work. ⁽¹³⁰⁾ Simplified employment for seasonal work is available only in certain sectors, including the Horeca sector.</p> <p>The advantage of this scheme is that the employer can pay the statutory costs associated with employment in a simplified manner based on itemised tax rates (e.g. in the case of employment in Horeca, employers’ statutory costs can be fulfilled by paying a daily rate of 0.5 % of the statutory minimum wage that applies on the first day of the month of the employment). Employees under simplified employment enjoy some of the same rights as other employees. However, the minimum wage granted to those in a simplified employment scheme is 85 % of the national statutory minimum wage or 87 % of the minimum guaranteed remuneration for jobs that require a specific level of training. Moreover, the employment contract can be concluded only for a fixed period and not for an unlimited one. There is a cap on the number of workers employed under the simplified scheme, which depends on the average number of workers employed by a particular employer:</p> <ul style="list-style-type: none"> • if the employer has no full-time employees, a maximum of one worker can be employed under the scheme; • if there are between one and five full-time employees, a maximum of two workers can be employed under the scheme; • if there are between 6 and 20 full-time employees, a maximum of four workers can be employed under the scheme; • if there are more than 20 full-time employees, a maximum of 20 % of the number of full-time employees can be employed under the scheme. <p>There is a limitation on the duration of simplified employment. The worker can be employed for a maximum of 120 days in a year.</p>
<p>IT</p>	<p>‘Extra work’ contractual arrangement The ‘extra’ work arrangement is specifically designed for the tourism sector to help businesses manage fluctuations in market demand. This contractual arrangement, governed by Article 29(2) of Legislative Decree No 81 of 15 June 2015, exempts certain contracts from the regulations applicable to fixed-term contracts. Specifically, it includes ‘contracts for the execution of special services lasting no longer than three days, in the tourism and public services sectors, as specified by collective agreements’. Thus, the maximum duration is 3 consecutive days, and the material scope of application extends to events such as banquets, meetings, conferences, fairs, congresses and similar occasions, as well as to assistance and reception activities at ports, airports, stations and other similar locations.</p> <p>Intermittent work contracts As outlined in Legislative Decree No 81 of 15 June 2015, this type of contract allows employers to engage workers on a non-continuous basis. These contracts, applicable to individuals under 24 (work to be completed before the age of 25) and over 55 years of age, offer remuneration comparable to that of full-time workers. The intermittent work contract is particularly widespread in contexts in which production activity is discontinuous in nature and is characterised by periodic work peaks.</p>
<p>NL</p>	<p>Substitute zero-hours This type of employment contract is specifically regulated in the Horeca collective agreement (see Table 5.3). It is one type of the so-called ‘on-call’ contracts. Under an ‘on-call’ contract, the employee has no fixed hours per week, but is called up when work is available. A zero-hours contract has no fixed number of hours, while a ‘min-max contract’ can have a minimum and maximum number of hours per week or month.</p> <p>These contracts are used when work is of an occasional nature and has no fixed scope. The need for a worker can arise because of external circumstances beyond the employer’s control. Examples for such cases include replacement due to the illness of other employees or an unexpected influx of customers due to weather conditions.</p>
<p>RO</p>	<p>Daily workers Daily workers are a separate category of workers that do not fall under an employment contract. Law 52/2011 ⁽¹³¹⁾ on daily workers sets out the obligation for employers to keep a daily workers’ register. However, no employment contract is concluded and there is no stable employment relationship. This regime is, thus, a derogation from the Labour Code, being more flexible for employers. Day labourers are insured for pensions and pay income tax, but are not insured in the health and social security system.</p>

⁽¹³⁰⁾ Act LXXV of 2010 on simplified employment (<https://njt.hu/jogszabaly/2010-75-00-00>).

⁽¹³¹⁾ Law No 52 of 15 April 2011 (republished), 22 December 2015, *Official Gazette*, No 947 (<https://legislatie.just.ro/Public/DetaliiDocument/127831>).

Member State	Work arrangements, employment patterns or contract types
SI	<p>Fixed-term employment contract for the purpose of seasonal work In addition to seasonal work under the SWD framework, Slovenian legislation also allows for the conclusion of a fixed-term employment contract for the purpose of seasonal work, ⁽¹³²⁾ due to the temporary nature of the work arising from its dependence on the season (for more details, see Belopavlovič et al. 2019). Such a fixed-term contract must be concluded for a limited period in accordance with the provisions of Article 55 of the Employment Relationship Act. Slovenian courts have already ruled that the conclusion of a fixed-term contract due to the seasonal nature of the work is permissible in the Horeca sector. ⁽¹³³⁾</p>
SK	<p>Agreements for work performed outside the employment relationship This type of agreement is specific and commonly used by employers in the Horeca sector. It is concluded between the employer and the employee in order to ensure the performance of tasks for the employer according to its needs. There are three types of such agreements: (1) agreement on work activities; (2) agreement on student temporary work; and (3) agreement on the performance of work (in which work is defined by the result). Since 2023, a new subtype of the agreement on work activities has been introduced specifically for seasonal sectors. The agreement on work activities for the performance of seasonal work allows labourers to carry out up to 520 hours of work annually in agriculture or tourism (including Horeca). Under these contract types, the worker's working hours are strictly limited by the type of agreement, and in the case of a student employment agreement, the employee must maintain their student status. Employees performing work under agreements for work performed outside the employment relationship may not be ordered or agreed to work on call or to work overtime. While remuneration paid on the basis of these agreements was to a large degree exempt from compulsory social security contributions, these exemptions have been abolished, most of them since 2013. The status of workers hired using these agreements has become more similar to the position of regular employees.</p>

Alongside the broad range of flexible contracts discussed in Table 5.1, the qualitative research mapping work arrangements in some of the Member States (Estonia and Poland) also mentions **civil law contracts** as a way of employing workers in Horeca. In Poland, civil law employment contracts have been reported to be the norm in the Horeca sector, especially in restaurants and catering companies and when employing TCNs (Lipiec 2022). ⁽¹³⁴⁾ Although relatively uncommon according to EU-LFS data, workers' representatives and/or national authorities interviewed for this report have also highlighted the relevance of **self-employment** in some of the national Horeca sectors (DK, ES, HR, NL, PT, SI and SK).

The national laws of some Member States allow Horeca businesses to deviate from the generally applicable working time rules. Table 5.2 presents an overview of some of the specific legal provisions that address working hours, overtime and related rules on remuneration and labour conditions across Member States.

⁽¹³²⁾ Article 54(1), para. 7 of the Employment Relationship Act, *Official Gazette of the Republic of Slovenia*, No 21/13 (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO5944>).

⁽¹³³⁾ Judgment of the Supreme Court of the Republic of Slovenia from 10 January 2017, No VIII Ips 288/2016 (<https://sodnapraksa.si/?q=pogodba%20za%20dolo%C4%8Den%20%C4%8Das%20sezonsko%20delo&database%5bSOVS%5d=SOVS&database%5bIESP%5d=IESP&database%5bVDSS%5d=VDSS&database%5bUPRS%5d=UPRS&database%5bSEU%5d=SEU&database%5bNEGM%5d=NEGM&database%5bSOSC%5d=SOSC&database%5bSOPM%5d=SOPM&submit=i%C5%A1%C4%8Di&rowsPerPage=20&page=0&id=201508111417393>).

⁽¹³⁴⁾ Interview with trade union representatives; interview with a representative of the labour inspectorate; interview with a representative of an employer organisation.

Table 5.2: Several Member States have implemented specific arrangements for working time in the Horeca sector

Member State	Specific legal instrument/provision relevant for the Horeca sector
BE	In the Horeca sector, voluntary or extraordinary overtime (also known as ‘net overtime hours’) is a tax-free benefit for full-time employees. It allows for up to 360 hours of overtime annually per employee, in establishments that use the registered payment system (‘certified cash register’ also referred to as ‘white cash register’). These additional hours are worked upon agreement between the employer and the employee, typically in cases of unforeseeable necessity or extraordinary increases in workload. ⁽¹³⁵⁾ These voluntary or extraordinary overtime hours are exempt from both employers’ and workers’ social security contributions and are not subject to income tax. Consequently, the employee receives 100 % of the salary paid by the employer. Part-time employees are not eligible for tax-exempt overtime pay. ⁽¹³⁶⁾ Any additional hours beyond the 360 per year are subject to standard overtime provisions, which include the right to overtime pay and are subject to normal tax contributions. Additionally, there is a derogation for the Horeca sector from the prohibition of night work. ⁽¹³⁷⁾ Employers may initiate a procedure to introduce a schedule including night work for employees working between 00:00 and 05:00. In these cases, a night fee applies in addition to regular compensation. Similar rules are in place for weekend work.
CY	The Hotel Employees (Conditions of Service) Regulations 136/1972 ⁽¹³⁸⁾ govern the working hours of hotel employees, excluding hotel managers but including restaurant and kitchen staff serving hotel customers. The maximum daily working hours are limited to 8, with a weekly limit of 48 hours, including overtime. Continuous employment cannot exceed 13 hours per day. Overtime can be up to 9 hours per week. Employees are entitled to 2 days off per week with full pay; however, 1 day off can be suspended if compensated with monetary payment or free time within the year. If the hotel operates year-round, compensation or free time must be given by the end of March the following year. Employers violating these rules face criminal penalties, including imprisonment for up to 1 month and/or a fine of up to EUR 3 400 (Emilianides and Ioannou 2024). The Catering Employees (Conditions of Service) Regulations of 1968, attached to the Catering Employees (Conditions of Service) Law 80/1968, ⁽¹³⁹⁾ regulate working hours for employees in restaurants, coffee shops, nightclubs, taverns, music clubs, cabarets, confectioneries, places serving alcohol and other food/drink establishments. The maximum daily working hours are 8, with a weekly limit of 48 hours, including overtime. Overtime can be up to 8 hours per week, or up to 10 hours in exceptional circumstances. The working week consists of 6 days, with employees entitled to 1 day off per week with full pay. Continuous employment cannot exceed 14 hours per day. Employers violating these rules face criminal penalties, including imprisonment for up to 1 year and/or a fine of up to EUR 3 400.
IE	The Payment of Wages (Amendment) (Tips and Gratuities) Act 2022 is a new piece of law particularly relevant to the Horeca sector which, for the first time, gives workers a legal right to tips and service charges. ⁽¹⁴⁰⁾ Pursuant to this act, workers are entitled to receive electronic tips and gratuities, as well as service charges whether paid by electronic or other means. Employers are, thus, prohibited from retaining any share of these, including by deducting the corresponding value from the workers’ wage. For this effect, the employer is obliged to present a statement to the employees specifying the total amount of tips and gratuities distributed. The employer must have a policy in place for the distribution of tips and gratuities and consult employees before effecting any change to it. Moreover, the employer is bound to display a notice stating whether or not tips or gratuities and charges are distributed to and amongst employees, the manner in which they are distributed and the amounts so distributed.
LU	The Act on Working Time in the Horeca Sector from 2002 ⁽¹⁴¹⁾ introduced a specific section into the Labour Code, under Articles L 212–1 to 212–10. This act provides for various derogations on normal maximum working hours per day and per week in the Horeca industry. It also includes regulation on service cuts, night work and basic remuneration during periods of inactivity or reduced activity.

⁽¹³⁵⁾ Act of 15 January 2018 containing various provisions on employment (MB 5 February 2018) (https://www.ejustice.fgov.be/cgi/article_body.pl?language=nl&caller=summary&pub_date=18-02-05&numac=2018200516).

⁽¹³⁶⁾ <https://www.guidea.be/Werknemer/Bijverdiene-in-de-horeca/Goedkope-overuren-voltijdse-werknemer>.

⁽¹³⁷⁾ Articles 36 and 38, Labour Law of 16 March 1971 (https://www.ejustice.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=1971031602&table_name=loi).

⁽¹³⁸⁾ Enacted in accordance with the Hotels and Tourist Establishments Law 40/1969, 13 June 1969, *Official Gazette of the Republic of Cyprus*, Appendix 1, No 731 (https://www.cylaw.org/cgi-bin/open.pl?file=nomoi/arith/1969_1_040.pdf&qstring=40%20w%2F1%201969) and amended by Regulations 540/2020, which have been enacted pursuant to Law 34(I)/19. These regulations are secondary legislation with full legal force.

⁽¹³⁹⁾ As amended by Laws 58/1978, 65(I)/2002, 73(I)/2002 and 131(I)/2009.

⁽¹⁴⁰⁾ <https://www.irishstatutebook.ie/eli/2022/act/23/section/3/enacted/en/html>.

⁽¹⁴¹⁾ *Mémorial A* – No 155 of 31 December 2002 (<https://legilux.public.lu/filestore/eli/etat/leg/memorial/2002/a155/fr/pdf/eli-etat-leg-memorial-2002-a155-fr-pdf.pdf>).

Member State	Specific legal instrument/provision relevant for the Horeca sector
MT	<p>The Hotels and Clubs Wages Council Order ⁽¹⁴²⁾ (Subsidiary Legislation 452.15) and the Hotels and Clubs Wages Council Wage Regulation Order ⁽¹⁴³⁾ (Subsidiary Legislation 452.66) establish specific rules on hours of work, minimum remuneration, minimum daily and weekly rest, minimum overtime rates and minimum leave for the following categories of workers:</p> <ul style="list-style-type: none"> • employees in hotels, ⁽¹⁴⁴⁾ guest houses, holiday complexes, tourist villages and licensed holiday flats, • employees in clubs, ⁽¹⁴⁵⁾ • employees in coffee shops, bars and restaurants. ⁽¹⁴⁶⁾Applicable to all employees in hotels, clubs, guest houses, holiday complexes, tourist villages, licensed holiday flats, coffee shops, bars and restaurants.
PT	<p>Article 78 of the Labour Code ⁽¹⁴⁷⁾ on the daily rest of underage workers determines that, for the tourism and Horeca sectors, the minimum period of uninterrupted rest is 14 hours (for workers under 16 years of age) or 12 hours (for those aged 16 or older). This rest period may be limited by collective bargaining, provided it is justified by an objective reason. Such changes in rest periods must not harm the workers' safety or health, and the lost rest period must be compensated in the following three days.</p> <p>Article 207 sets out that, in the absence of specific regulation through collective agreements, the reference period of the average working time may be increased from 4 to 6 months in the case of a foreseeable increase in activity in tourism.</p> <p>Article 214 sets out that workers are entitled to a rest period of at least 11 consecutive hours between two consecutive daily working periods, except in some cases, including in the case of a foreseeable increase in activity in the tourism sector. The same is established in Article 233 in what concerns the rule that the compulsory weekly rest and a period of 11 hours corresponding to the established daily rest must be taken in continuity.</p> <p>Finally, Article 266 set out that the rule that the 25 % additional pay for night work does not apply, unless provided for in a collective agreement, in the case of activities which, by their nature or by virtue of the law, must be available to the public during the night. This also includes tourist facilities and restaurants.</p>

While most of the examples in this section focus on instruments increasing flexibility in the Horeca sector, several Member States have also implemented legislation to enhance job security and social security coverage for workers. For instance, Spain's fixed discontinuous contracts provide greater stability for seasonal workers, ensuring employment continuity off-season and access to social security benefits. An additional case in point is Ireland, where the recent amendment to the country's Payment of Wages Act brings more transparency and equity to the distribution of tips and gratuities. ⁽¹⁴⁸⁾ Alongside Member States' statute law, collective bargaining is also an important tool for finding a balance between the sector's need for flexibility and workers' need for security.

5.3 Collective bargaining is important for setting rules on working conditions, including remuneration

Most Member States have collective agreements covering the Horeca sector. In a minority of Member States, no relevant collective agreement was identified (EE, ⁽¹⁴⁹⁾ IE, LV, LT and RO). In 11 Member States (CZ, DK, DE, EL, ES, FR, IT, AT, PT, SI and SE), several collective agreements apply. In nine Member States (BE, HR, CY, LU, HU, NL, PL, SK and FI), there is only one collective agreement in total, or one main collective agreement. In some of the Member States, collective agreements have been concluded only very recently. In Luxembourg, the first collective labour agreement for the catering sector was agreed upon between the Luxembourg Confederation of Christian Trade Unions and the Independent Luxembourg Trade Union Confederation, representing employees, and the Luxembourg Business Federation, representing employers, on 11 April 2024. This has been a result of 20 years of discussions and 3 years of negotiation.

The material scope of the collective agreements varies. Some cover the whole Horeca sector, while others extend only to the accommodation or the food and beverages subsectors. Collective agreements may have a national, regional or local scope. They may be restricted only to workers or entities affiliated with the social partners negotiating the agreement or to

⁽¹⁴²⁾ Hotels and Clubs Wages Council Order, Subsidiary Legislation 452.15, 23 September 1955, Government Notice 529 of 1955, as amended by Legal Notices 28 of 1980 and 1 and 67 of 1989 (<https://legislation.mt/eli/sl/452.15/eng>).

⁽¹⁴³⁾ Hotels and Clubs Wages Council Wage Regulation Order, Subsidiary Legislation 452.66, 1 April 1990, Legal Notice 43 of 1990, as last amended by the Adaptation of Laws (Wages Council Wage Regulation Orders) Order, 2023 (Legal Notice 286 of 2023), as published in the *Government Gazette* on 7 December 2023 and which came into force on 1 January 2024 (<https://legislation.mt/eli/sl/452.66/eng>).

⁽¹⁴⁴⁾ The explanatory note annexed to Subsidiary Legislation 452.66 clarifies that 'hotels include any bar, restaurant or shop run directly by the management of a hotel as part of that hotel'.

⁽¹⁴⁵⁾ The explanatory note annexed to Subsidiary Legislation 452.66 clarifies that 'Clubs include any bar, restaurant or shop either run directly by the management of a club, or given out under contract, for the purpose of increasing the amenities of the club'.

⁽¹⁴⁶⁾ 'Restaurant' is defined by paragraph 17 of Part III of the schedule of Subsidiary Legislation 452.66 as 'an establishment where meals are prepared for consumption by customers on the premises'.

⁽¹⁴⁷⁾ Law No 7/2009, of 12 February, *Diário da República*, No 30/2009, series I, pp. 926–1029 (<https://diariodarepublica.pt/dr/detalhe/lei/7-2009-602073>).

⁽¹⁴⁸⁾ <https://www.irishstatutebook.ie/eli/2022/act/23/section/3/enacted/en/html>.

⁽¹⁴⁹⁾ According to publicly available sources.

a specific entity and its employees. In four Member States (BE, HR, HU and FI), the identified collective agreements have a universal application or have been extended. ⁽¹⁵⁰⁾

In Table 5.3 is an overview of the identified relevant collective agreements in each Member State based on the information provided by national experts. In cases where there are several significant collective agreements, the table identifies the most relevant one based on the national experts' input (notably, because of the collective agreements' coverage). ⁽¹⁵¹⁾

Table 5.3: Non-exhaustive overview of relevant collective agreements in Member States in the first semester of 2024

Member State	None	One	Several	Identification of the (most relevant) collective agreement	Coverage	Universal application
AT			x	Collective agreement for the catering and hotel industry (Austrian Economic Chamber 2024)	Catering and hotels	x ⁽¹⁵²⁾
BE		x		Collective Agreement 302 on wage and labour conditions (Federal Public Service Employment, Labour and Social Dialogue of Belgium 2024)	Hotels, restaurants and pubs	x
BG		x		Collective agreement of the Albena resort (Confederation of Independent Trade Unions of Bulgaria 2022)	One hotel	
CY		x		Collective agreement covering the hotel (i.e. accommodation) subsector	Hotel subsector	
CZ			x	Higher-level collective agreement between the trade union ČMOS PHCR and employers' representative SOCR ČR (1 January 2023 to 31 December 2024) (Czech-Moravian Trade Union of Catering, Hotels, and Tourism and Tourism and Trade Association of the Czech Republic 2023)	Employers associated with tourism organisations that are members of the Confederation of Commerce and Tourism of the Czech Republic	
DE			x	Framework collective agreement for system catering; salary collective agreement for system catering	Catering	
DK			x	The service agreement (DI (SBA) and 3F Private Service, Hotel and Catering 2023)	Horeca	
EL			x	National general collective agreement of tourist and catering establishments (2023–2025) signed by workers' representative POEET and employers' representatives POESE, OEZE and GSEVEE	Tourist and catering establishments	
ES			x ⁽¹⁵³⁾	Collective agreement of the Community of Madrid ⁽¹⁵⁴⁾	Accommodation and restaurants	

⁽¹⁵⁰⁾ In the Netherlands, a request has also been submitted to the Ministry of Social Affairs and Employment for the new collective labour agreement to be declared universally applicable. On 20 June 2024 this request was still pending.

⁽¹⁵¹⁾ Italy represents an exception as the two subsectors of the Horeca sector in this country are covered by two major collective agreements, respectively, both of which will be further referred to in the text.

⁽¹⁵²⁾ The effect of the collective agreements for all employees in the HORECA sector (concluded between the Austrian Federal Economic Chamber and the Austrian Trade Union Federation) results on the one hand (on the employer side) from the mandatory membership of the Economic Chamber and on the other hand (on the employee side) from the external effect of Section 12 of the Austrian Labour Constitution Act.

⁽¹⁵³⁾ The majority of collective agreements are at the provincial level, with a total of 43, although seven of these are in autonomous communities consisting of only one province, such as Asturias, Cantabria, Rioja, Madrid, Murcia, Navarre and the Balearic Islands.

⁽¹⁵⁴⁾ Resolution of 12 April 2023, of the Directorate-General for Labour of the Regional Ministry of Economy, Finance and Employment, on the registration, deposit and publication of the collective bargaining agreement for the hospitality sector of the Community of Madrid, signed by the business organisation Hotel Business Association of the Community of Madrid (AEHM) and by the trade union representation of the Federation of Services for Mobility and Consumer Affairs of the General Workers' Union (UGT) of Madrid and the Federation of Services of the Trade Union Confederation of Workers' Commissions (CCOO) of Madrid (code number 28009435011996) (<https://www.ccoo-servicios.es/archivos/BOCM-20230425-Hospedaje.PDF>).

Member State	None	One	Several	Identification of the (most relevant) collective agreement	Coverage	Universal application
FI		x		Collective bargaining agreement in the travel, restaurants and leisure services (Service Union United PAM 2023)	Travel, restaurants and free time services	x
FR			x	Hotels, cafés and restaurants national collective agreement of 30 April 1997 (Official Journal of the French Republic 1997)	Hotels, cafés and restaurants, bars and tobacconists ('bar-tabac'), night clubs and bowling alleys	
HR		x		Collective agreement covering the accommodation and preparation and serving of food sectors (Official Gazette 'Narodne Novine' of Croatia 2024)	Accommodation and preparation and serving of food sectors	x
HU		x		1997 collective agreement entered into by the National Alliance of Hospitality Employers and the Trade Union of Hospitality Workers (Labour Inspection and Dispute Resolution Service 1997)	Sector of tourism, hospitality, accommodation and community catering	x
IT			x	National collective labour agreement – public premises, catering, commercial and tourism, concluded between employers' representative FIPE, Legacoop Produzione E Servizi, Federlavoro E Servizi and Concoop cooperative and workers' representatives Filcams CGIL, Fisascat CISL and Uiltucs UIL	Public establishments, restaurants, bars, catering and various branches of tourism (FIPE 2018) ⁽¹⁵⁵⁾	
			x	National collective labour agreement for employees of companies in the tourism sector between employers' representatives Federalberghi and FAITA and workers' representatives Filcams CGIL, Fisascat CISL and Uiltucs UIL	Establishments for the accommodation of tourists (e.g. hotels, campsites)	
NL		x		Collective labour agreement for the hospitality industry (for 2024) entered into by employers' association KHN and the trade unions CNV Vakmensen and FNV–Horeca	Hospitality sector	Request for universal extension pending ⁽¹⁵⁶⁾
PL		x		Collective agreement of the hotel chain – Orbis SA	One hotel chain	
PT			x	Collective agreement between employers' representative AHRESP and workers' representative FESAHT (Directorate-General for Business and Labour Relations of Portugal 2024)	Horeca	
SE			x ⁽¹⁵⁷⁾	Visita-HRF Gröna national agreement 2023–2025 (Hotel and Restaurant Union of Sweden, HRF 2023)	Horeca	

⁽¹⁵⁵⁾ This collective agreement applies to companies in the following sectors. (A) Public establishments: restaurants, including traditional types, self-services, fast foods, trattorias, tavole calde, osterias with kitchens, pizzerias, rosticcerias, friggitorias and similar establishments; small guesthouses, inns, small trattorias and osterias with kitchens that have no more than nine rooms for lodging; cafés, bars, snack bars, bottle shops, breweries, wine bars, dairy shops and any other establishment where food and beverages are served and sold, etc. (B) Collective catering companies: companies involved in the preparation, packaging and distribution of meals (catering and others); companies providing collective catering under contract, intercompany structured catering and substitute canteen services; company bars and similar establishments. (C) Commercial catering companies: activities managed by multilocation companies organised in a chain: bars, restaurants, including traditional types, self-services, fast foods, trattorias, tavole calde, osterias with kitchens, pizzerias, rosticcerias, friggitorias and managed rest areas. (D) Seaside resorts: seaside, river, lake and swimming pool resorts. (5) Day hotels. (6) Mountain shelters.

⁽¹⁵⁶⁾ Latest information dating from 20 June 2024.

⁽¹⁵⁷⁾ <https://www.av.se/en/work-environment-work-and-inspections/foreign-labour-in-sweden/Posting-foreign-labour-in-sweden/swedish-labour-market-model-and-collective-agreements/>; <https://www.hrf.net/kollektivavtal/>.

Member State	None	One	Several	Identification of the (most relevant) collective agreement	Coverage	Universal application
SI			x	Collective agreement for the hospitality and tourism industries (GIT CA) (expired on 31 December 2023) (Legal Information System of Slovenia 2018) ⁽¹⁵⁸⁾		
SK		x		Collective agreement of the hotel chain – SOREA, spol. s r.o	One hotel chain	

Source: Data collected from national reports prepared by experts on the national legal frameworks of Member States. These reports have been based on experts' desk research and interviews with country-level stakeholders.

NB: AHRESP, Association of Hotels, Restaurants and Similar Businesses of Portugal; ČMOS PHCR, the Czech-Moravian Trade Union of Catering, Hotels and Tourism; CNV Vakmensen, Christian National Union Federation Professionals; Confcooperative, Confederation of Italian Cooperatives; FAITA, Federation of Italian Associations of Open-Air Tourist Accommodation Complexes; Federalberghi, Federation of Italian hotel and tourism associations; Federlavoro, (National Federation of Production, Work and Services Cooperatives; FESAHT, Federation of Unions in Food, Beverages, Hotels and Tourism of Portugal; Filcams CGIL, Italian Federation of Workers in the Trade, Tourism and Service Sectors; FIPE, Italian Federation of Public Establishments; Fisascat CISL, Italian Federation of Trade Unions of Workers in the Tourism, Trade Service and Related Sectors; FNV–Horeca, Federation of Dutch Trade Unions–Horeca; GSEVEE, The Hellenic Confederation of Professionals, Craftsmen, and Merchants; HRF, Swedish Hotel and Restaurant Workers' Union; KHN, Royal Horeca Netherlands; Legacoop, the National League of Cooperatives and Mutuals; OEZE, Federation of Professional Craftsmen Confectioners of Greece; POEET, Panhellenic Federation of Employees in Catering - Tourism; POESE, Panhellenic Federation of Restaurants and Related Businesses; SOCR ČR, Czech Confederation of Commerce and Tourism; Uiltuvs UIL, Italian Union of Workers in the Tourism, Trade and Service Sectors.

The collective agreements identified deal with **several issues**, including **remuneration, working time, night work, work during weekends and bank holidays, overtime, accommodation and transportation, training and termination** (including severance). Another important issue that is specifically dealt with in some collective agreements relates to the use of **flexible working arrangements** (e.g. in Belgium, the flexi-job contract or supplementary contract; in Spain, the fixed discontinuous contracts; in France, seasonal work and fixed-term contracts; in the Netherlands, seasonal work; and, in Sweden, the zero-hours contract).

These collective agreements apply to workers regardless of their citizenship and they rarely have provisions specifically on mobile workers. Nevertheless, in France, the main agreement provides for linguistic rules applicable to employment contracts with mobile workers. These workers have the right to obtain their contracts in their native language. The two texts are of equal legal value. However, in the case of conflict between the two versions, only the version written in the employee's language can be used in legal proceeding against them. This rule is favourable to the vulnerable party, but the translation is not provided automatically, and a worker must request it first.

Remuneration is among one of the key components of working conditions covered by collective agreements in the Horeca sector. While the majority of Member States currently have a universal minimum wage mechanism already in place, in some Member States, there are minimum wages applicable for specific sectors or occupations set out in collective agreements (Eurofound 2020a; 2020b; 2024a; Stănciulescu and Popescu 2023; Dingeldey, Grimshaw, and Schulten 2021).

Table 5.4 provides an overview of selected relevant provisions of the applicable collective agreements based on the information provided by national experts. ⁽¹⁵⁹⁾

⁽¹⁵⁸⁾ However, pursuant to the law, the provisions governing the rights and obligations of workers and employers continue to apply until the conclusion of a new agreement, but for a maximum period of 1 year – that is, until 31 December 2024.

⁽¹⁵⁹⁾ The Eurofound database on minimum wages for low-paid workers in collective agreements, although not exhaustive, maps a wide array of Horeca-sector collective agreements in BE, BG, CZ, DK, DE, EL, ES, FR, HR, IT, CY, MT, NL, AT, PT and FI (<https://apps.eurofound.europa.eu/minimumwagedatabase/index.html>).

Table 5.4: Provisions on applicable wages in the collective agreements covering the Horeca sector in selected Member States

Member State	Description of relevant provisions on remuneration in the Horeca sector
BE	<p>Collective Agreement 302 ensures that, in the hospitality sector, salary ranges are well defined, in an annually indexed wage scale, representing the minimum entitlement for employees (Horeca Forma Vlaanderen, 2024; Horeca Vlaanderen, 2024). Two key factors determine the workers' pay.</p> <ul style="list-style-type: none"> • Job category: 150 functions are grouped into nine job categories, where increased responsibilities correspond to higher categories and, consequently, higher salaries. • Years of experience: Experience is a valued aspect in the hotel and catering sector. Years of experience are therefore the second factor considered in the determination of the minimum salary of a worker. Notably, age is not a determining factor, meaning that both an inexperienced kitchen worker aged 19 and one aged 43 start at the same minimum wage (Horeca Forma Vlaanderen, 2024). <p>Minimum hourly wages in 2024 range from EUR 14.37 (function level I) to EUR 21.33 (function level IX) for starters to EUR 16.92 (function level I) to EUR 24.97 (function level IX) for a worker with 45 years of work experience. Minimum gross monthly wages in 2024 range from EUR 2 366.37 (function level I) to EUR 3 512.78 (function level IX) for starters to EUR 2 787.76 (function level I) to EUR 4 112.07 (function level IX) for a worker with 45 years of work experience.</p> <p>The salary ranges are revised annually in January based on the average inflation rate during the previous year (indexation). On 1 January 2024, minimum salary ranges in the Horeca sector increased by 1.83 % compared with 2023. In 2023, minimum salaries increased by 10.96 % compared with 2022. In 2022, the indexation percentage was 3.22 % compared with 2021.</p> <p>The collective agreement contains specific calculation requirements for determining the function level of seasonal workers, based on the number of performed working days.</p> <p>Moreover, Collective Agreement 302 contains mandatory provisions on additional compensation – for overtime, night work, work on bank holidays or Sundays, and transportation costs – for workers in the Horeca sector.</p>
EL	<p>The agreement, negotiated between workers' representative POEET and employers' representative POX covers four categories of employees, setting basic wages as follows:</p> <ul style="list-style-type: none"> • from 1 January 2023, from EUR 835.64 to EUR 911.34, • from 1 January 2024, from EUR 877.43 to EUR 956.91. <p>These basic wages may include additional allowances for seniority, marriage, tourism training, seasonal employment, uniform, unhealthy work, food and lodging (staying at the hotel).</p>
HR	<p>As of 1 May 2024, according to the new collective agreement covering the accommodation and preparation and serving of food sectors, the minimum wage increased by 17 % for primary hospitality occupations. The increase in the basic gross salaries without any benefits was agreed in four classes of workers according to the complexity of the work, from the lowest increase of 11 % to the highest of 20 %. The minimum gross salary in euros for each category is as follows:</p> <ul style="list-style-type: none"> • simple workers (e.g. cleaner, server, porter, luggage carrier and other similar jobs of the specified level of complexity): EUR 840; <ul style="list-style-type: none"> – for comparison, under the previous collective agreement: ⁽¹⁶⁰⁾ ca EUR 700; ⁽¹⁶¹⁾ • less demanding jobs (e.g. maid, assistant waiter, assistant cook, assistant receptionist, assistant pastry chef and other similar auxiliary jobs of the specified level of complexity): EUR 850; <ul style="list-style-type: none"> – for comparison, under the previous collective agreement: ca EUR 710; • more demanding jobs (e.g. waiter, cook, confectioner, receptionist and other similar jobs of the specified level of complexity): EUR 880; <ul style="list-style-type: none"> – for comparison, under the previous collective agreement: ca EUR 760; • very demanding jobs (e.g. specialist waiter, specialist chef and other similar specialist jobs of the specified level of complexity): EUR 980; <ul style="list-style-type: none"> – for comparison, under the previous collective agreement: ca EUR 900.
HU	<p>According to the 1997 collective agreement entered into by the National Alliance of Hospitality Employers and the Trade Union of Hospitality Workers:</p> <ul style="list-style-type: none"> • The minimum wage in the Horeca sector must be 10 % more than the national minimum wage: <ul style="list-style-type: none"> – 2024: HUF 293 480 (ca EUR 740.08) (gross monthly minimum wage in 2024: HUF 266 800 (ca EUR 676)), – 2023: HUF 255 200 (ca EUR 643.50) (gross monthly minimum wage in 2023: HUF 232 000 (ca EUR 585)). • Severance pay goes beyond the amounts stipulated in the Labour Code. In the Horeca sector, the worker is entitled to receive 4 months' wage as severance after 10 years of employment, 5 months' wage after 15 years of work, 7 months' wage after 20 years and 8 months' wage after 25 years.

⁽¹⁶⁰⁾ Collective agreement concluded in 2022, in force from 1 June 2022 to 31 December 2023, *Narodne novine*, No 50/2022 (https://narodne-novine.nn.hr/clanci/sluzbeni/2022_04_50_638.html), with the updates from the Annex from 2 April 2023 (*Narodne novine*, No 55/2023).

⁽¹⁶¹⁾ It should be noted that Croatia adopted the euro in 2023. The amounts shown in euros in the table are just illustrative and for comparative purposes.

Member State	Description of relevant provisions on remuneration in the Horeca sector
IT	<p>The collective agreement concluded between Federalberghi and FAITA as employers' representatives and Filcams-CGIL, Fisascat-CISL and Uiltucs-UIL workers' representatives for the tourism sector classifies personnel into 10 levels. Each of these levels has specific roles and corresponding pay scales (Level QA and QB for managerial positions and level 1 to 7 for other workers) defining minimum monthly gross pay.</p> <p>The renewal of the agreement as of 5 July 2024 has established a new pay scale for minimum remuneration, amending the previous one that was unchanged since 2016. This scale plans for a gradual increase of minimum pay for each role between July 2024 and November 2027. For instance, the monthly minimum pay of workers performing activities requiring basic practical training and elementary professional knowledge (e.g. kitchen assistants, laundry workers) is to increase by 12.9 % from EUR 1 378.55 (level as of June 2024) to EUR 1 556.35 (November 2027).⁽¹⁶²⁾</p> <p>A stepwise increase in minimum remuneration is foreseen also in the collective agreement concluded between employers' representatives FIPE, Legacoop PRODUZIONE E SERVIZI, Federlavoro E SERVIZI and Confcooperative and workers' representatives Filcams-CGIL, Fisascat-CISL and Uiltucs-UIL. (renewal signed 5 June 2024). This increase in minimum remuneration shall take place gradually between June 2024 and December 2027 and will reach EUR 200 cumulatively for the fourth grade of workers in the classification encompassed in the collective agreement.</p>
NL	<p>New rules of the collective labour agreement for the hospitality industry (for 2024) entered into by employers' representative association KHN and the trade unions CNV Vakmensen and FNV–Horeca include the following.</p> <ul style="list-style-type: none"> • Wage structure: increase in line with the new statutory minimum hourly wage of EUR 13.27 for employees aged 21 years and over. <ul style="list-style-type: none"> – For comparison, as of 1 July 2024, the minimum hourly wage for employees aged 21 years and over in the hospitality sector rose from EUR 13.27 (from 1 January 2024) to EUR 13.68 per hour. – As of 1 January 2023, the minimum hourly wage was EUR 11.75; as of 1 July 2023, it was EUR 12.12. • Mandatory internship allowance of at least EUR 350 per month. • Payment of remaining overtime must occur within a month. These are overtime hours that are not compensated in time for time within 3 months of the reference period.

Source: Data collected from national reports prepared by experts on the national legal frameworks of Member States. These reports are based on experts' desk research and interviews with country-level stakeholders.

NB: POX, Panhellenic Federation of Hoteliers; for other acronyms and abbreviations, see notes to Table 5.3.

Sources from several countries have highlighted a **limited coverage of workers**, especially of mobile workers, by collective agreements. The national research on Cyprus, Germany, Denmark, Ireland and Italy has also identified specific challenges linked to this issue. These challenges stem largely from a lack of awareness, particularly among mobile workers, the under-representation of Horeca workers in trade unions and the exclusion of non-union members from the benefits of collective bargaining. Other issues reported include low membership of employer organisations and contractual dumping practices.

In Cyprus, the sectoral collective agreement in the Horeca sector does not automatically apply to the individual employment contracts of workers **not affiliated with trade unions**. As a result, these workers often do not receive the protection and benefits secured through collective bargaining, which negatively impacts their employment conditions and access to dispute resolution mechanisms.⁽¹⁶³⁾ National research on Germany has reported that mobile workers are more likely not to be aware of the existence or applicability of collective bargaining agreements, particularly within catering chains. This **lack of awareness** prevents them from accessing benefits and protections that could be available under these agreements, potentially affecting their working conditions and rights.⁽¹⁶⁴⁾

Union membership significantly impacts the representation and collective bargaining power of workers, as well as their level of protection. In this regard, notable challenges have been observed in Bulgaria, Czechia and France. In Czechia, there is a noticeable absence of trade union organisations that provide coverage for employees in smaller establishments.⁽¹⁶⁵⁾ In France, the brief duration of many employment contracts and the high turnover within the Horeca sector can be associated with lower representation of these workers in trade unions. As a result, their collective bargaining power may be diminished. It may also lead to reduced awareness of rights and under-reported breaches of labour laws.⁽¹⁶⁶⁾

The fragmentation of collective bargaining has also been highlighted as an issue in some Member States. A case in point is Italy (see Box 5.1), where this process has been linked to the phenomenon of 'contractual dumping'.

⁽¹⁶²⁾ For more details, see Federalberghi (2024).

⁽¹⁶³⁾ Interview with representatives of trade unions, an employer organisation and the labour inspectorate.

⁽¹⁶⁴⁾ Interview with a representative of a trade union.

⁽¹⁶⁵⁾ Interview with a representative of an employer organisation; interview with a representative of a trade union.

⁽¹⁶⁶⁾ Interview with a representative of EFFAT-UITA.

Box 5.1: Overcoming challenges in collective bargaining in Italy

In the presentation of the study edited by FIPE and Adapt and published by the National Bilateral Tourism Body (*Ente Bilaterale del Turismo*), entitled *Contractual Dumping in the Public Services Sector*, the President of FIPE emphasised how the practice of contractual dumping risks undermining the level playing field between employers and fair competition (FIPE and Adapt 2022).

The phenomenon known as ‘contractual dumping’ refers to a practice when companies exploit disparities in national legislative frameworks to benefit from more favourable regulatory regimes. This enables some companies to apply regulatory regimes that may be less favourable to workers. This has the indirect effect of distorting the market (FIPE and Adapt 2022, 8–10). In Italy, contractual dumping is closely associated with the process when trade unions and employer organisations, both of limited representativeness, negotiate and sign collective agreements (FIPE and Adapt 2022; Maresca 2010). This has led to a considerable diffusion of collective agreements in different sectors in Italy, including the Horeca sector. More than 30 national collective agreements applicable to public establishments, including those in the Horeca sector, were in force in December 2021 (FIPE and Adapt 2022). However, although there is a large number of collective agreements in force, a substantial part of the Italian Horeca sector is still covered by those agreements concluded between the sector’s main employers’ representatives (FIPE and Federalberghi) and workers’ representatives (Filcams CGIL, Fisascat CISL and Uiltucs UIL). According to 2022 data from Italy’s National Council of Economy and Employment (Consiglio Nazionale dell’Economia e Lavoro – Cnel), the collective agreements concluded by Federalberghi and FIPE with the aforementioned workers’ representatives have covered approximately 470 000 and 455 000 workers, respectively (Tiraboschi 2022).

The practice of contractual dumping distorts the labour market. Compared with agreements concluded among the most established social partners, collective agreements negotiated by less representative entities can achieve a reduction in labour costs. In some cases, this reduction can reach as high as 40 % (Tiraboschi 2022). Companies implementing these collective agreements thereby gain a competitive advantage over employers who adhere to the most representative national collective agreements.

Important measures are being established to counter this practice. The National Labour Inspectorate issued Circular No 2 of 28 July 2020, addressing the application of collective labour agreements by employers. This circular allows employers to select their collective agreements, but underscores the importance of adhering to a set minimum standard to be eligible for regulatory and contributory benefits (Interregional and territorial labour inspectorates and Carabinieri Labour Protection Command 2020).⁽¹⁶⁷⁾ This minimum standard can be evaluated by comparing the chosen collective agreement with a predetermined standard collective agreement (FIPE and Adapt 2022; Interregional and territorial labour inspectorates and Carabinieri Labour Protection Command 2020). To facilitate this comparison and ensure substantial equality between the collective agreements, the National Labour Inspectorate has introduced a simplified table outlining essential retributive elements and a checklist of nine critical normative treatments.⁽¹⁶⁸⁾

The circular of by the National Labour Inspectorate further specifies that the risk of forfeiting economic and normative benefits due to non-compliance hinges on two conditions: if an employer does not fulfil at least two of the normative standards or if the wages offered are lower than those outlined by the leading collective agreement(s). Nonetheless, the National Labour Inspectorate clarifies that employers who either opt for different contracts or none are still entitled to benefits, assuming they meet a minimum of seven out of the nine specified criteria (FIPE and Adapt 2022, 18; Interregional and territorial labour inspectorates and Carabinieri Labour Protection Command 2020).

NB: For acronyms and abbreviations, see notes to Table 5.3.

A **low degree of employer organisation** within the Horeca sector may also represent a challenge in some cases. This issue has also been noted by an employers’ representative in Denmark. A low degree of employer organisation in turn limits the extent to which collective agreements can influence working conditions in the country’s Horeca sector.⁽¹⁶⁹⁾

⁽¹⁶⁷⁾ This requirement is rooted in Article 1, paragraph 1175 of Law No 296 of 27 December 2006, Provisions for the formation of the annual and multiannual budget of the state (Finance Law 2007) (<https://www.gazzettaufficiale.it/eli/id/2007/01/11/07A00183/sg>).

⁽¹⁶⁸⁾ Specifically, the circular refers to: (a) the regulations concerning supplementary work and flexibility clauses in part-time work; (b) the regulations on overtime work; (c) the compensatory discipline of abolished holidays; (d) the duration of the probation period; (e) the duration of the notice period; (f) the duration of the conduct period in the case of sickness and accident; (g) sickness and accident; (h) maternity and the possible recognition of a supplement to the indemnity for mandatory and optional leave; and (i) the total hours of paid leave.

⁽¹⁶⁹⁾ Interview with a representative of an employer organisation.

5.4 Economic pressures and flexible work arrangements may exacerbate workers' vulnerability

The Horeca sector depends to a large degree on a flexible workforce. The seasonality of the sector means there are peaks, where demand surges, necessitating a larger, yet temporary, workforce. One-off events are also a source of income for Horeca, which further increases the need for short-term labour to handle fluctuating workload. Moreover, the economic pressures of the COVID-19 pandemic caused unprecedented disruptions, leading to closures, sudden drops in demand and also a rise in various input costs. All of these factors contribute to the frequent hiring of Horeca workers on shorter contracts or part time and the requirement to work outside standard business hours.

Hungary's case, presented in Box 5.2, illustrates the pressures accommodation and food services had to confront in the recent past. This example also shows that the sector's recovery from the effects of the pandemic has been hindered by a number of difficult challenges.

Box 5.2: A turbulent recovery after the pandemic: the case of Hungary's Horeca sector

The COVID-19 pandemic had a significant impact on the Hungarian Horeca sector, which is still recovering. Employers in accommodation and food services had to face rising inflation and labour costs in 2022, when they still had not recovered from the pandemic. The sector, which started 2022 with low expectations, feared that up to 25–30 % of establishments might close due to depleted resources. Performance varied by location, with establishments near tourist attractions doing relatively well in 2021, whereas those reliant on international tourists, such as in Budapest, faced insolvency risks in early 2022. In fact, the relatively decent performance of the sector in 2021 could be attributed to the government decision to allow Hungarian employees to spend the full amount of the cafeteria money their employers provide them with in the Horeca sector. ⁽¹⁷⁰⁾ However, a significant policy change in January 2022 allowed cafeteria funds to be used in any commercial establishment, not just in the Horeca sector, threatening to divert domestic customers. By early 2022, the industry's occupancy rate hovered at around 70 % (Előd 2022). To counteract rising costs of inputs, prices in the sector were increased by over 30 % in the first half of 2023, surpassing the average inflation rate. From early 2020 to July 2023, the number of registered establishments in Hungary's hospitality industry fell by 15 %, with pastry shops and workplace canteens among the hardest hit.

To address the challenges faced, businesses in the Horeca sector implemented new operational policies during 2022–2023. These included accommodating domestic tourists, introducing delivery services, simplifying menus to use fewer ingredients and shorten cooking times, reducing opening hours, shifting from individual service to catering for large events, and implementing seasonal closures. Additionally, businesses applied special fees and add-ons for services that incur higher costs, such as extra charges for heating in hotels during shoulder seasons and fees for air conditioning use.

The turbulence that started in 2020 with COVID-19 and continued in 2022–2023 has also led to pressures on workers. In response to the pandemic, many employees left the Horeca sector in 2020, attracted by better wages and work conditions offered by other sectors, leading to significant recruitment challenges for employers by 2022. ⁽¹⁷¹⁾ This also contributed to the traditionally high percentage of undeclared work in the Horeca sector. ⁽¹⁷²⁾

As a consequence of the lack of domestic workers, Horeca sector employers also had to adapt to the novel needs of the workforce and started to offer higher wages, better work conditions and, above all, proper declaration of the employment to the authorities. ⁽¹⁷³⁾ The record inflation, the increased costs of labour, the high energy prices and the increase in food and beverage prices, however, still posed significant challenges for employers. Trends observed by some of the leading online job-search websites indicate that, by early 2023, the asymmetry between labour demand and supply became smaller, in part due to an impending wave of business closures (Molnár 2023).

The reports of the labour inspectorate indicate the most common violation in the sector in 2022–2023 was related to work hours, rest periods and their proper documentation. Undeclared and under-declared work remains an issue and the authorities detect it in stagnant numbers. Prior to 2022, undeclared work led the list of violations. ⁽¹⁷⁴⁾ However, in absolute terms, the labour inspectorate detected almost the same number of undeclared employment in 2022 as

⁽¹⁷⁰⁾ The Hungarian cafeteria system is based around a card called the 'SZÉP card'. The employer may transfer amounts to the card into three different pockets: leisure activities, accommodation and catering.

⁽¹⁷¹⁾ Interview with a representative of an employer organisation.

⁽¹⁷²⁾ Interview with a representative of an employer organisation.

⁽¹⁷³⁾ Interview with a representative of an employer organisation.

⁽¹⁷⁴⁾ Interview with a representative of the labour inspectorate.

in the previous years.⁽¹⁷⁵⁾ The authorities believe the instances of under-declared employment can be significantly more than what they can detect, as documentation may often be forged or is completely missing, which makes inspections very difficult if not impossible.⁽¹⁷⁶⁾

According to Eurofound (2015), occupations in the accommodation and food sector are characterised by demanding working conditions. Cooks, waiters and bartenders scored low in terms of pay, career prospects, intrinsic job quality and quality of working time, making these occupations with multiple disadvantages (Eurofound 2015). In fact, accommodation and food services had the highest proportion of workers in occupations with multiple disadvantages (Eurofound 2015, 12). Long working hours, particularly during peak tourist seasons and on weekends and holidays, and unpredictable work have also been reported in the country-level research undertaken for this study in Belgium, Bulgaria, Czechia, Spain, France, Croatia, Italy, Luxembourg, Hungary, the Netherlands, Romania, Slovenia, Slovakia and Finland. It is important, however, to underline that extended working hours especially during peak seasons are a response to high consumer demand and are commonly permitted under national legislation or collective agreements.

The European Agency for Safety and Health at Work notes that irregular hours and variable work patterns have been shown to affect workers' health and work-life balance (Hassard, Teoh, and Cox 2024). The literature also argues that parts of the Horeca sector have been characterised, in recent years, by an increased work intensity, which is a key component of models of work-related stress (Eurofound 2021b). Moreover, insecure employment, for instance based on short-term work contracts, might be detrimental to workers' psychological and physical wellbeing (Hassard, Teoh, and Cox 2024).

The qualitative country-level research undertaken for this report also indicates that flexible work arrangements (see, for instance, Section 5.2) may be associated with irregularities or violations of labour law. Such observations have been made mostly by national authorities or workers' representatives and concern cases of under-reported earnings or working hours as well as the misclassification of workers. According to these accounts, tax and social security exemptions for various forms of auxiliary or small-scale employment may compel market actors (employers and workers) to under-report earnings and working time. Ultimately, such practices result in limited social security coverage for workers.

Moreover, some of the remuneration models have raised concerns among trade union representatives. The use of the 'pay-per-room' model has been documented in the remuneration of room cleaning personnel (Murgese 2018; RTV San Marino 2013). This remuneration strategy is based on the calculation of the number of rooms housekeepers can clean per day. The 'per-room payment' refers to the total number of rooms divided by the hourly pay received for 8 hours of work. This model may, for instance, allow workers to leave work early once they have cleaned rooms allocated to them. However, stakeholders from among the ranks of trade unions have raised the concern that it pressures workers to expedite their tasks, as they may see their earnings reduced should they fail to meet the established quotas within the designated timeframe. According to a representative of a trade union, such a requirement not only exacerbates the likelihood of occupational hazards due to the necessity for rapid and occasionally unsafe execution of duties but also challenges the principles of labour standards.

There are also examples of social security challenges specific to (seasonal) mobile workers, particularly TCNs. In France, an interviewed trade union stakeholder identified two main issues related to the administration of social security that specifically impact TCN workers. The first is significant delays in issuing essential documentation, such as the social security card. This delay reportedly has acute consequences in the Horeca sector, where employment durations are typically short, which may impact workers' ability to gather all the necessary documentation to be entitled or able to enjoy social security benefits, including healthcare. The second issue relates to the payment of social security benefits to TCN workers residing outside France. Most bilateral agreements on SSC concluded by France provide for the direct payment of healthcare and maternity care costs to TCN workers, without delay. The universal healthcare protection also ensures that all TCNs who are nationals of countries that do not have a bilateral agreement on SSC receive a direct refund of the healthcare and maternity care costs accrued in France during their stay. Notwithstanding, in practice, this refund may be delayed and more difficult to obtain once said TCN worker has left the French territory after their employment period.⁽¹⁷⁷⁾

The country-level research pursued for this report identified low wages in Horeca as a challenge across several Member States. The quantitative figures already provided (see Chapter 3, in particular Figure 3.8) also document this phenomenon. Expanding on them, available Eurostat data show that an hourly wage level at around 60 % of the national average has

⁽¹⁷⁵⁾ Interview with a representative of the labour inspectorate.

⁽¹⁷⁶⁾ Interview with a representative of the labour inspectorate.

⁽¹⁷⁷⁾ Interview with a representative of EFFAT-UITA.

characterised accommodation and food services long term. ⁽¹⁷⁸⁾ However, outcomes of collective bargaining can help improve wage conditions in individual Member States (see Table 5.4).

In the Horeca sector across various Member States, mobile workers may sometimes face inadequate living conditions. This challenge, influenced by factors such as employer size, geographic location and sector-specific dynamics, has been particularly noted in the nine Member States of Belgium, Denmark, Germany, Spain, France, Croatia, Italy, the Netherlands and Romania.

In Spain, Italy and the Netherlands, mobile workers in the Horeca sector face significant challenges related to the **affordability and availability of housing**. These issues are particularly pronounced during peak tourist seasons. ⁽¹⁷⁹⁾ In Italy, the housing issue may be problematic for TCN workers who lack local ties and face high rental costs and limited housing availability. ⁽¹⁸⁰⁾ Similarly, in the Netherlands and Belgium, TCN workers encounter significant challenges within the housing market. In the Netherlands, despite regulatory frameworks established to ensure adequate housing for seasonal TCN workers, the enforcement of this regulation may require more effort. This deficiency in enforcement may lead to a higher frequency of violations, such as improper wage deductions for substandard housing and overcrowded living conditions. ⁽¹⁸¹⁾

In Croatia, pursuant to the Aliens Act, the employers are bound to ensure adequate accommodation for seasonal workers. ⁽¹⁸²⁾ However, stakeholders from a wide range of organisations, including trade unions, employer organisations and public services, note that there is a **disparity in the quality of accommodation** provided by employers. Smaller entrepreneurs may be more likely to offer substandard housing to minimise costs, while larger hotel companies have invested significantly in improving their employees' living standards, for example, by building special housing facilities exclusively for workers ⁽¹⁸³⁾(Dubrovnik Net 2024). ⁽¹⁸⁴⁾

In Austria, according to a representative from a law enforcement authority, employers have been making significant improvements in this regard and providing good living conditions. Otherwise, recruitment to the sector would be rendered more difficult. However, the Austrian Chamber of Labour has noted that, according to their view, the number of consultations with employees with labour law problems and the type of labour law problems in the HORECA sector have not changed.

5.5 The regulation of the platform economy is being tackled at both the EU and Member State levels

The platform economy is a business model where service provision is enabled through an open online platform, allowing private individuals to offer services either digitally or on the ground. ⁽¹⁸⁵⁾ The platform economy as such is not an integral part of the Horeca sector, but some types of platforms (e.g. food delivery or tourist accommodation platforms) are important providers of services to Horeca.

Although the importance of the platform economy has grown significantly in the past decade, it has remained largely unregulated. This has an impact especially on the individual service providers (e.g. delivery workers), who are often regarded as self-employed or have an unclear employment status. Such issues may have important consequences regarding working conditions and the workers' position in the social security system.

Bogus self-employment has emerged from the qualitative research conducted for this report as a significant concern in platform-based service industries, such as food delivery and accommodation services linked to digital platforms. This trend is particularly evident in Germany, Spain, France and Slovakia. However, both the EU and several individual Member States have initiated regulatory measures seeking to tackle this problem.

Spain is one such example. In Spain, the **digital platform sector**, especially in food delivery services, has experienced a marked increase in cases of bogus self-employment. In 2023, 90 % of all bogus self-employment cases detected across Spain were associated with digital platforms. Between 2018 and 2023, approximately 132 000 of such cases were identified, with

⁽¹⁷⁸⁾ Eurostat, series Ic_lci_lev, data accessed on 7 June 2024; data on wages in the Horeca sector and in industry, construction and services (except public administration, defence and compulsory social security).

⁽¹⁷⁹⁾ Interview with a representative of a trade union.

⁽¹⁸⁰⁾ Interview with a representative of a government department.

⁽¹⁸¹⁾ Interview with a representative of the labour inspectorate.

⁽¹⁸²⁾ It should be noted that the draft Aliens Act (now in legislative procedure) envisages the terms of accommodation for not only seasonal but all mobile workers. If adopted, adequate accommodation will become standard for all mobile workers, with the aimed consequence of improving their living conditions and significantly increasing the scope of control performed by the inspection.

⁽¹⁸³⁾ Interview with representatives of a trade union, an employer organisation, an employment service and a recruitment agency.

⁽¹⁸⁴⁾ Interview with representatives of a trade union, an employer organisation, an employment service and a recruitment agency.

⁽¹⁸⁵⁾ See 'Platform economy' in the ELA Glossary (<https://www.ela.europa.eu/en/undeclared-work/glossary#p>).

87 000 of these on platforms commonly providing services to the Horeca sector (e.g. food delivery platforms).⁽¹⁸⁶⁾ Box 5.3 presents the relevant legal framework, adopted recently, protecting workers engaged in digital platform work.

Box 5.3: The regulation of digital platforms in the Spanish economy

Digital platforms often require workers to register as self-employed, transferring the costs of necessary equipment to the workers. Despite maintaining autonomy with regard to their work schedules and tasks, these workers are paid by the platforms based on service volume, with deductions taken by the platforms.

The distinction between the self-employed and employees is primarily determined by the scope and application of labour law. The legal discussion is focused on the concept of an employee in the Workers' Statute (*Estatuto de los Trabajadores*), which provides several criteria to differentiate dependent employment from self-employment. In the case of employees, labour law provides a comprehensive framework for regulating individual and collective employment relationships, ensuring a high level of protection for these workers. In this respect, employees enjoy the right to form and join trade unions as stipulated in Article 28 of the Spanish Constitution of 1978 and are protected against discrimination on different grounds.⁽¹⁸⁷⁾ The Workers' Statute provides that works councils can be established in workplaces with more than 50 employees, and these councils have specific rights and obligations, including being informed and consulted about significant company decisions that could affect workers.⁽¹⁸⁸⁾ Conversely, relationships with self-employed workers are considered commercial relationships, governed by commercial and civil law rather than labour law. This means that self-employed workers do not benefit from the same level of protections and rights afforded to employees under labour law (Simmons & Simmons 2017).

Regarding social security, contributions for employees are largely covered by the employer. This comprehensive coverage includes healthcare, unemployment and pension contributions. Self-employed individuals, or *autónomos*, on the other hand, are subject to different rules. They are responsible for all their social security contributions, which cover healthcare and pension (PWC 2024). These differences highlight the importance of understanding workers' classification in the Spanish system, as it has a significant impact on social security obligations and benefits. Employees share responsibility for social security contributions with their employers and are automatically covered for health, unemployment and pensions. In contrast, the self-employed must navigate a system that requires them to manage all their contributions. Furthermore, when riders are not delivering, they are not paid for their services even though they are still available for work.

The misclassification of platform workers as self-employed also limits the opportunities for collective bargaining,⁽¹⁸⁹⁾ as effective access to this core labour right is conditional on the worker's classification as a dependent employee and not as a self-employed worker (International Labour Organization 2021).

The new Riders' Law introduced in 2021

On 12 May 2021, the so-called Riders' Law, Law 12/2021 of 28 September, was published in the *Official State Gazette*.⁽¹⁹⁰⁾ The law is the result of a tripartite collective bargaining agreement reached on 10 March 2021 between the representative social partners at the national level and employer organisations and the Spanish government.⁽¹⁹¹⁾

This landmark piece of legislation introduced two major innovations that are expected to affect the way delivery platforms operate in Spain:

- Law 12/2021 enacts provisions that presume the status of an employee for individuals engaged in paid services involving the delivery or distribution of consumer goods or merchandise. This presumption applies when employers exert organisational, directional and control powers, whether directly, indirectly or implicitly, through algorithmic management on a digital platform.

⁽¹⁸⁶⁾ Interview with a representative of the labour inspectorate.

⁽¹⁸⁷⁾ Spanish Constitution of 1978 (<https://www.boe.es/buscar/act.php?id=BOE-A-1978-31229>).

⁽¹⁸⁸⁾ Article 63 of the Workers' Statute (<https://www.boe.es/buscar/act.php?id=BOE-A-2015-11430>).

⁽¹⁸⁹⁾ Global Deal, 'Collective bargaining in the platform economy: The impact of Spain's "Riders' Law"' (<https://www.theglobaldeal.com/good-practices/riders-law-spain/#:~:text=The%20impact%20of%20Spain's%20%E2%80%9CRiders,social%20dialogue%20and%20collective%20bargaining>).

⁽¹⁹⁰⁾ Law 12/2021, of 28 September, which amends the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015, of 23 October, to guarantee the labour rights of people dedicated to delivery in the field of digital platforms (<https://www.boe.es/buscar/act.php?id=BOE-A-2021-15767>).

⁽¹⁹¹⁾ Agreement adopted on 10 March 2021 between the Spanish Government, worker representatives CCOO and UGT, and employer representatives the Spanish Confederation of Business Organisations (CEOE) and the Spanish Confederation of Small and Medium Enterprises (CEPYME), following the work carried out by the dialogue table set up for this purpose on 28 October 2020.

- The law establishes the right of workers to receive information from their employers regarding the parameters, rules and instructions underpinning the algorithms or artificial intelligence systems that influence decision-making processes. These processes can significantly impact working conditions. They also influence access to and continuity of employment, including the creation of worker profiles.

However, according to labour inspectorate representatives, the new law has not yielded the expected outcomes, as currently, the issue of falsely classified self-employed workers still persists in Spain.⁽¹⁹²⁾ In this respect, the Spanish Government decided to make use of criminal law to enforce compliance. In this respect, Organic Law 14/2022 of 22 December⁽¹⁹³⁾ amended Article 311 of the Spanish Criminal Code. A new labour offence aimed at safeguarding workers' rights has been introduced.

Article 311 of the Criminal Code serves to protect fundamental employment conditions that are non-negotiable, primarily rights as workers and rights acquired in collective agreements or individual contracts. The article also ensures compensation for employment relationships by penalising conduct that egregiously violates workers' rights and working conditions (Unión Sindical Obrera 2023). The new Article 311, subparagraph 2 establishes prison penalties of 6 months to 6 years and a fine for those who 'impose illegal conditions on their workers by hiring them in a form other than an employment contract or maintain them against administrative requirement or sanction'.⁽¹⁹⁴⁾ The aim of the amendment is to bolster worker protection through legal measures against companies engaging in the misclassification of employment leading to labour law violations. This initiative arises from the prevalent misuse of the false self-employment model disguised as legitimate employment contracts. This concept was already delineated in a Spanish Supreme Court decision of 25 September 2020⁽¹⁹⁵⁾ where the court held that the relationship between a rider and a delivery platform is one of employment.⁽¹⁹⁶⁾ Due to the amendment to Article 311, with the recognition of such fraudulent hiring practices as criminal offences, employers can potentially face imprisonment for up to 6 years.

From an OSH perspective, the National Institute for Safety and Health at Work (*Instituto Nacional de Seguridad y Salud en el Trabajo, INSST*) has organised a tailored awareness-raising campaign (Make Yourself Visible) to improve road safety for motor and bike food couriers in Spain, as the incidence of accidents is much higher in this group than in other sectors (Eurofound 2021a).

France encounters regulatory challenges similar to those of Spain, particularly with cleaners and service providers linked to **digital accommodation platforms**.⁽¹⁹⁷⁾ Because of their self-employed status, this category of workers eludes labour inspectors' control.⁽¹⁹⁸⁾ These workers are often compensated on a per-task basis.⁽¹⁹⁹⁾ They are commonly employed as pizza makers and workers in concierge services, offered by digital platforms in the accommodation sector.⁽²⁰⁰⁾

The recently adopted Darmanin Law⁽²⁰¹⁾ aims to limit the potential for exploitation of illegal workers.⁽²⁰²⁾ Regarding self-employment, the Darmanin Law introduced a new rule requiring TCNs to apply for a specific residence permit if they plan to work as individual entrepreneurs. Authorisation is provided only after an economic viability assessment of the TCN's project. In practice, this new requirement implies that TCNs will no longer be able to register as self-employed without a residence permit, limiting cases when undocumented self-employed workers work, for instance, as platform couriers.

The list of issues detected in the context of food delivery platforms also includes the labour exploitation of TCNs in Italy. 'Gang masters' have been found to hire migrants to deliver food for platforms. For this purpose, they use 'already existing accounts while deducting large shares of the couriers' earnings' (International Organisation for Migration 2022; Allaby

⁽¹⁹²⁾ Interview with a representative of the labour inspectorate.

⁽¹⁹³⁾ Organic Law 14/2022, of 22 December, on the transposition of European directives and other provisions for the adaptation of criminal legislation to the European Union system, and reform of crimes against moral integrity, public disorder and smuggling of dual-use weapons (<https://www.boe.es/buscar/act.php?id=BOE-A-2022-21800>).

⁽¹⁹⁴⁾ Organic Law 10/1995, of 23 November, on the Criminal Code (<https://www.boe.es/buscar/act.php?id=BOE-A-1995-25444>).

⁽¹⁹⁵⁾ STS 805/2020, 25 September 2020 (<https://www.poderjudicial.es/portal/site/cgpj/viewDocument?ECLI=ECLI:ES:TS:2020:2924>).

⁽¹⁹⁶⁾ General Council of the Judiciary, 'The Supreme Court declares the existence of an employment relationship between Glovo and a delivery driver', 2020 (<https://www.poderjudicial.es/cgpj/es/Poder-Judicial/Tribunal-Supremo/Noticias-Judiciales/El-Tribunal-Supremo-declara-la-existencia-de-la-relacion-laboral-entre-Glovo-y-un-repartidor>).

⁽¹⁹⁷⁾ Interviews with a representative of EFFAT-UITA.

⁽¹⁹⁸⁾ Interview with representatives of labour inspectorates.

⁽¹⁹⁹⁾ Interviews with a representative of EFFAT-UITA.

⁽²⁰⁰⁾ Interviews with a representative of EFFAT-UITA.

⁽²⁰¹⁾ Law No 2024-42 of 26 January 2024 to control immigration, improve integration, *Official Journal of the French Republic*, No 0022 of 27 January 2024 (<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000049040245>).

⁽²⁰²⁾ Circular of the Ministry of Home Affairs and the Ministry of Justice, Instructions relating to combatting illegal immigrants' exploitation channels, 5 February 2024, IOMV2402697J (<https://www.legifrance.gouv.fr/circulaire/id/45517?origin=list>).

2021). Similarly, in Portugal, informal intermediaries appear to be actively participating in the delivery platform sector. Stakeholders among the ranks of recruitment agencies have reported that these informal intermediaries are charging recruitment fees or are withholding workers' wages. ⁽²⁰³⁾

Regulatory efforts are also ongoing at the EU level. In December 2021, the European Commission tabled a proposal for a directive on improving the working conditions in platform work. Following interinstitutional negotiations, the European Parliament and the Council reached a provisional agreement on 8 February 2024. It is expected that the provisional agreement will be formally adopted by the Council in autumn 2024, followed by a 2-year transposition period of the directive for Member States.

The provisional agreement aims to improve working conditions and the protection of personal data in platform work, while supporting the sustainable growth of digital labour platforms in the EU. Moreover, the provisional agreement aims to create more transparency in the platform work economy by ensuring that national authorities and worker representatives have better access to information from digital labour platforms.

The provisional agreement addresses the issue of bogus self-employment on digital labour platforms by facilitating the correct determination of the employment status through a legal presumption of employment. It requires Member States to have appropriate and effective procedures in place to verify and ensure the correct determination of the employment status of a person engaged in platform work, with a view to ascertaining the existence of an employment relationship as defined by the law, collective agreements or practice in force in the Member States and considering the case law of the Court of Justice. For that purpose, Member States are to establish an effective legal presumption of an employment relationship that applies when facts indicating direction and control are found. This presumption is rebuttable, but the burden of proof for establishing that the person is not in an employment relationship (i.e. self-employed or similar status) will be on the digital labour platform.

The presumption will apply in all relevant administrative and judicial proceedings. However, social security, tax and criminal proceedings are explicitly excluded due to the legal basis of the instrument. Member States will remain free to apply the presumption also in those proceedings.

The directive addresses the direct relationship between digital labour platforms and persons performing platform work. However, Member States must ensure that these persons enjoy the same level of protection when digital labour platforms make use of intermediaries or subcontractors.

Conclusion

The analysis of employment and work arrangements in the chapter highlighted both EU-level and national policies relevant to the Horeca sector. Employment conditions in Horeca are mostly governed by the general applicable legal framework, but some measures have specific relevance for accommodation and food services. The chapter examined the role of collective bargaining, discussing both achievements and challenges. It also discussed recent regulatory initiatives focusing on the platform economy.

In conclusion, the regulatory framework on ensuring fair treatment and security for workers in the EU is a complex combination of EU-level rules, national-level statute and collective agreements. The consequences of work arrangements and economic pressures discussed in this chapter underscore the need for balanced policies that protect workers while allowing businesses the flexibility to adapt to changing economic conditions.

⁽²⁰³⁾ Interview with representatives of recruitment and placement agencies.

6. Enforcing labour law and EU labour mobility rules

This chapter in brief

The enforcement of mobile workers' labour and social security rights in the Horeca sector is hindered by a variety of challenges. These encompass **resource constraints faced by labour inspectorates**, potential **under-reporting of violations by mobile workers**, **complex business structures** and **often atypical working schedules**. The **scope of the mandate** of labour inspectorates, along with **constraints posed by privacy laws**, may limit the effectiveness of enforcement. Other factors complicating effective enforcement include the **operational schedules of the sector**, **outsourcing and subcontracting practices** and the **difficulty of enforcing reliable records of atypical working hours**. These challenges in enforcement may result in undeclared or under-declared work, underpayment and bogus self-employment.

The potential **under-reporting** of issues by mobile workers is related to **the engagement and legal awareness of the large TCN workforce in the sector**. Language and cultural barriers, fear of reprisals, fear of consequences arising from their immigration status, reliance on informal support systems, and insufficient awareness of and inadequate access to legal resources are factors that limit the willingness and ability of TCN workers to report irregularities.

Good practices in enforcement include the use of digital tools, such as the **certified cash registers** in Belgium, the **anti-fraud tool (HLF)** in Spain, and the **Digital Work Card** in Greece, **national plans and risk analyses**, such as in Italy and the Netherlands, and **specialised departments**, such as in Belgium and France. These practices aim to improve data usage, collaboration and achieve an efficient use of resources dedicated to inspections.

Cross-border cooperation in the context of the Horeca sector is less prominent than in other sectors, which are more reliant on the posting of workers. Nevertheless, Member States and ELA have organised successful cross-border activities related also to Horeca. Several of these have also focused on mutual learning and the sharing of best practices among Member States.

Social partners play a crucial role in negotiating collective agreements, which contribute to setting higher standards for workers' rights and working conditions in the sector.

Introduction

Specific work arrangements, such as flexible work contracts, and specific operational schedules may pose challenges for labour law enforcement authorities. This chapter discusses these challenges in more detail. Stakeholders consulted in the course of this study underscored a variety of best enforcement practices with differing applications across Member States. This chapter aims to provide an overview of such best-practice enforcement strategies, incorporating insights from a diverse array of institutional actors, including labour enforcement bodies and ministries, as well as the good practices implemented by social partners.

The chapter is organised as follows. Section 6.1 focuses on challenges in the enforcement of labour law in Horeca. Section 6.2 discusses specific examples of non-compliance in the EU Horeca sector. Section 6.3 then explores good practices in enforcement in the sector. Section 6.4 provides examples of good practices in domestic and cross-border cooperation of EU labour authorities. Finally, Section 6.5 discusses the role of social partners in improving standards in relation to workers' rights and working conditions in the sector.

6.1 Member States report a range of non-compliance issues in Horeca that are often related to undeclared and under-declared work

At the EU level, non-compliance with applicable rules is often discussed in the context of **undeclared and under-declared work**.⁽²⁰⁴⁾ This may take several forms; notably, employers may pay their formal employees two salaries – one official declared salary and one additional undeclared ('envelope') wage – thus avoiding the payment of tax and social security contributions, or they may under-declare the number of hours an employee works. Given the concealed nature of the phenomenon, available sector-level quantitative data on undeclared and under-declared work is limited. Based on the 2015 European Working Conditions Survey, approximately 14 % of employees within the Horeca sector are in unregistered employment, a figure substantially higher than the 5 % average observed across other sectors in the EU. Additionally, based

⁽²⁰⁴⁾ See definitions in the Glossary at the beginning of the report.

on the 2007 Special Eurobarometer 284, the sector sees 6 % of its workforce in under-declared employment, marginally higher than the 5 % average across all EU sectors (Williams and Horodnic 2020; European Labour Authority 2021).⁽²⁰⁵⁾

Looking at national statistics, in France, the Union for the Collection of Contributions to Social Security and Family Allowances (URSSAF) estimates that the representation of undeclared workers in the hotels and catering sector in 2021 was up to 6.7 % (Vie Publique 2023). In Italy in 2021, of the total number of irregular workers, the highest percentages of undeclared workers were found in the Horeca sector. Out of 10 350 workers who were inspected, 39 % were undeclared (4 000) and 61 % (6 350) instead had a regular working status (National Labour Inspectorate of Italy 2023). Of these 4 000 undeclared workers, 95 were TCN workers without residence permits (National Labour Inspectorate of Italy 2023, 23). In Poland, the prevalence of undeclared work (UDW) is also substantial, with 16.5 % of workers found to be employed irregularly in 2022. Although, according to the Polish labour inspectorate, UDW is slowly being reduced, recent data show that the number of mobile workers engaging in UDW has increased (from 160 in 2020 to 426 in 2022) (National Labour Inspectorate of Poland 2022, 291). In Hungary, 10 % of all UDW cases identified in 2023 were within the Horeca sector, making it the second most affected sector following construction (Hungarian Labour Inspectorate 2023, 6–7).

In the research carried out for this study, Member States identified several instances of non-compliance in Horeca, which are discussed in the following passages.

When interviewed, stakeholders from a variety of Member States reported **issues with both undeclared and under-declared work**. In Hungary, national enforcement authorities emphasised the potential misuse of simplified employment regulations by employers; notably, employers may declare only a portion of the days worked to remain within the time limit stipulated for simplified employment arrangements.⁽²⁰⁶⁾ Consequently, days worked beyond this threshold are typically undeclared. As also indicated by interviewees from Austria,⁽²⁰⁷⁾ there are instances where employees are officially recorded as working fewer hours than the actual hours worked, with additional hours compensated off the books to avoid taxes and social security contributions. In Germany, women are frequently employed in **'mini-jobs'**. As mentioned in Section 5.2 (see Table 5.1), mini-jobs are not covered by social insurance. Moreover, representatives from among the ranks of trade unions have reported that these workers often work more hours than those agreed.⁽²⁰⁸⁾

In Croatia, under the **'half-managerial contracts'**, the wage is stipulated as an absolute amount that comprises remuneration for the overall work performed, including work under special conditions (such as shift work, work on Sundays or holidays or redistribution of working time). As a rule, the workers undertaking half-managerial contracts are already employed under a permanent employment contract for a lower-level position. For example, a worker hired under an employment contract for the position of supervisor under the conditions stipulated in the collective agreement may undertake a fixed-term half-managerial employment contract for 1 year for the position of the main housekeeper. This may entitle the worker to a higher wage, but not to a right to bonuses, fixed working time or redistribution of working time. Under this contract, the worker must be available 24 hours per day and also on weekends, although formally the worker should only work eight hours per day and on weekdays. Such contracts are most frequent in large (and organised) companies and among lower-level managers, but they also occur among non-managerial workers (especially in administration).

Similarly to the aforementioned examples, the **practice of wage under-reporting** has been communicated during the interviews concerning Denmark.⁽²⁰⁹⁾ However, according to representatives of law enforcement authorities and employer organisations from Denmark, employees may also be drawn to such practices as it allows them to receive higher wages. Interviewees from Austria and Hungary have made a similar observation, noting the possibility of collusion between workers and employers on undeclared and under-declared work.⁽²¹⁰⁾

In some Member States, **undeclared and under-declared work** is more prevalent in specific subsectors and for certain types of employers. In Poland, UDW is to a greater extent the problem of the restaurant and catering subsectors, in particular small temporary units, such as food trucks and stands, and to a lesser extent a problem of the hotel and accommodation subsector.⁽²¹¹⁾ Similarly in Austria, undeclared or under-declared work may occur, according to some of the interviewees, more frequently in smaller companies.⁽²¹²⁾ In Belgium, according to a labour inspectorate representative, issues of UDW are particularly prevalent in sectors such as housekeeping and cleaning in hotels, as well as in specific

⁽²⁰⁵⁾ The analyses referenced define the Horeca sector as NACE categories 55, 56.1 and 56.3.

⁽²⁰⁶⁾ Interview with a representative of the labour inspectorate.

⁽²⁰⁷⁾ Interviews with stakeholders from the ranks of workers' representatives, financial police and employer organisations.

⁽²⁰⁸⁾ Interview with a representative of a trade union.

⁽²⁰⁹⁾ Interview with a representative of the labour inspectorate.

⁽²¹⁰⁾ Interview with a representative of the Austrian Financial Police and the labour inspectorate in Hungary.

⁽²¹¹⁾ Interview with trade union representatives; interview with a representative of an employer organisation.

⁽²¹²⁾ Interview with a representative of the financial police.

segments within restaurants. ⁽²¹³⁾ In the hotel sector, cleaning services often involve subcontractors who deploy workers for short-term assignments at times when inspections are less frequent. ⁽²¹⁴⁾ TCN workers are particularly at risk of being involved in UDW (as mentioned by representatives, for example, from BE, ES, FR and FI).

Mobile workers in Horeca also experience the **underpayment** and non-payment of overtime and holidays. Such instances have been reported in the national research on a variety of different Member States, namely Croatia, Lithuania, Hungary, Malta, Portugal, Romania, Slovenia, Slovakia and Finland. In Finland, underpayment may be an especially important issue in certain segments of the restaurant sector, ⁽²¹⁵⁾ where economic pressures to maintain low prices often result in wage discrepancies (Tourism and Restaurant Services MaRa 2024; Jokinen and Ollus 2014). In their study, Jokinen and Ollus (2014) pointed out that these establishments frequently adopt a 'base salary' model that excludes compensation for overtime, weekend, evening and holiday work. In severe instances, employees may work up to 12 hours daily for most of the week, receiving a fixed lump sum that does not reflect their actual working hours or conditions (International Organisation for Migration 2022; Jokinen and Ollus 2014). The same study also reported practices of falsification of work hour records by restaurant owners to appear compliant. Part of the literature also notes the issue of underpayment in hotel cleaning services in Germany, Greece, France and Italy (International Organisation for Migration 2022).

Other potential non-compliance issues in Horeca include classifying workers under the categories of employment that result in no or inadequate social security coverage.

In Slovakia, challenges arise in this regard stemming from several factors, including the **problematic formulation of the definition of dependent work** (which requires the cumulative fulfilment of all its features ⁽²¹⁶⁾, the propensity of certain employers to exploit these legislative gaps and a general lack of awareness or negotiating power among employees concerning their employment status. Employers frequently engage **sole traders** to perform work, ⁽²¹⁷⁾ offering remuneration for self-employment instead of establishing a dependent employment relationship. The approach of classifying workers as self-employed exempts employers from paying social and health insurance, shifting financial burdens onto workers who also lose essential labour protections and may face increased financial vulnerability without unemployment insurance.

According to the Danish trade union representative interviewed, the risk of issues related to social security is a more significant problem for TCN workers as they are less familiar with the legal framework in Denmark. ⁽²¹⁸⁾

In Belgium, the **marked prevalence of part-time work contracts** in the Horeca sector is associated with situations in which employers may be more likely not to comply with applicable salary and working time requirements, according to representatives of trade unions and of the labour inspectorate. ⁽²¹⁹⁾ Minimum-hour contracts (10 or 12 hours per week) are rather common in the sector, with employers and workers agreeing on a contract for less time than actually performed. This results in lower social security contributions for the employer and has led to overtime for workers. In addition, instances of finding workers under flexi-job contracts or students on the work floor outside the initially declared hours are not infrequent, revealing inaccuracies in declarations on working time. ⁽²²⁰⁾ These cases should not be seen as representative of the entire sector. However, as inspections are limited and reveal only a fraction of the potential violations, such instances of detected issues may point to the existence of a wider pattern of infringements against the legislation on remuneration, working time and overtime in the sector.

In Croatia, student work may be based on a contract for services (self-employment), although a change to the Act on the Performance of Student Work, introduced with other amendments in 2020, allows for a student working full time to be employed as an employee (with an employment contract). ⁽²²¹⁾ According to the national research, the **bogus self-employment of students** is an issue as some employers reportedly still prefer to engage students as self-employed

⁽²¹³⁾ Interview with a representative of the labour inspectorate.

⁽²¹⁴⁾ Interview with a representative of the labour inspectorate.

⁽²¹⁵⁾ These segments of restaurants include, in particular, Asian fusion restaurants and kebab/pizza fast food restaurants.

⁽²¹⁶⁾ The Labour Code, in the provisions of Article 1, paragraphs 2 and 3, defines the performance of dependent work as work performed in a relationship of the superiority of the employer and the subordination of the employee, personally by the employee for the employer, under the employer's instructions, on the employer's behalf, during working hours determined by the employer, where such dependent work may be performed exclusively in an employment relationship, in a similar employment relationship or, exceptionally, under certain conditions, also in another employment relationship. The Labour Code provides that dependent work may not be performed in a contractual civil law relationship or in a contractual commercial law relationship.

⁽²¹⁷⁾ Act No 455/1991 of 2 October 1991 on Trade Business (Trade Business Act), Federal Assembly of the Czech and Slovak Federative Republic, effective from 1 June 2024 to 31 March 2025 (<https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/1991/455/20240601>).

⁽²¹⁸⁾ Interview with a representative of a trade union.

⁽²¹⁹⁾ Interviews with representatives of a trade union and the labour inspectorate.

⁽²²⁰⁾ Interview with a representative of the labour inspectorate.

⁽²²¹⁾ See Act on the Performance of Student Work, *Narodne novine*, Nos 96/2018, 16/2020 (<https://www.zakon.hr/z/1173/Zakon-o-obavljanju-studentskih-poslova>).

workers, even where the work performed by the student has all the characteristics of work done in an employment relationship.

6.2 Enforcement challenges in Horeca test the capacities of enforcement authorities

The enforcement of labour mobility rules, labour law and social security law in the Horeca sector faces several challenges, which may be categorised under three overarching issues, namely the characteristics and limitations of labour enforcement authorities, specific challenges linked to the engagement of mobile workers in the Horeca sector, and the unique characteristics and operational schedules of the Horeca sector. Under the first category fall the scope of the mandate of labour enforcement authorities, their financial and human resource constraints and their regulatory limits. Elements related to mobile workers in the sector are the insufficient awareness of their rights (due to low union membership, a lack of support networks, language barriers and cultural barriers) and potential under-reporting of issues to labour authorities (due to financial constraints, the complexity of the legal framework, shortcomings in the protection mechanism, distrust towards state authorities, increased reliance on informal support systems and dependence on the employer). Finally, the unique characteristics of the Horeca sector also pose challenges to effective enforcement in Horeca. They include the operational schedules of the sector, outsourcing and subcontracting practices and the difficulty of enforcing reliable records of atypical working hours.

6.2.1 Enforcement challenges are related to the features and limitations of labour enforcement authorities, such as the scope of their mandate and resource constraints

The **scope of the mandate of the relevant labour inspectorate, along with constraints posed by privacy laws**, may limit the effectiveness of enforcement. Specifically, a representative of trade unions from the Netherlands mentioned that the Dutch inspectorate's mandate does not extend to supervising the implementation of collective agreements. Thus, while it has the authority to ensure compliance with statutory provisions, such as the payment of the minimum legal wage, it lacks jurisdiction over the enforcement of wage agreements specified in collective bargaining agreements. Furthermore, privacy legislation imposes restrictions on the inspectorate's ability to share information about identified irregularities with external entities. ⁽²²²⁾

Another obstacle to effective enforcement is the **compartmentalisation of the mandate of labour enforcement authorities** (reported in Greece, Slovakia and Sweden). For example, in Slovakia, the mandate of the labour inspectorate encompasses the identification and suppression of irregular employment. However, in cases of bogus self-employment, where a self-employed individual and an employer enter into a contract of service to circumvent the Labour Code, the labour inspectorate is unable to effectively intervene or impose sanctions, as such arrangements do not fall within its mandate. ⁽²²³⁾ Similarly in Greece, the mandate for the different areas of labour and social security laws is distributed among different agencies. The Ministry of Labour, Social Security and Social Solidarity handles labour law violations, the Ministry of Finance oversees tax non-compliance and social insurance institutions manage social insurance infractions (Douka, Dimarellis, and Koniaris 2022).

A notable challenge for national labour inspectorates in most of the Member States is **resource constraints**. They represent a significant hurdle for many labour enforcement authorities, which encounter difficulties related to the adequacy of both financial and human resources (Davidov 2010). The example of Germany, as illustrated by the Ministry of Labour, Health and Social Affairs in North Rhine-Westphalia, represented by the labour inspectorate, serves as a case in point. In this instance, understaffing has impeded inspection activities, with current inspection frequencies standing at once per enterprise every 36 years. There are ongoing efforts to improve this situation, aiming to achieve an annual inspection rate of 5 % of enterprises. As a result, inspections driven by individual complaints and initiatives are given priority. ⁽²²⁴⁾

6.2.2 Challenges in enforcement in Horeca are also linked to the engagement of mobile workers in the sector

The **status of TCN workers** presents distinct challenges to labour inspectorate activities. For these workers, the absence of permanent resident status represents an additional issue. It not only limits their long-term job prospects but also affects their ability to fully access their labour and social rights. TCN workers, particularly those employed under short-term contracts, often find themselves in a more vulnerable position than national workers, due to the direct link between their labour status and their immigration status (Rasnača and Bogoeski 2023).

⁽²²²⁾ Interview with a representative of a trade union.

⁽²²³⁾ Interview with a representative of the labour inspectorate.

⁽²²⁴⁾ Interview with a representative of the labour inspectorate.

Representatives of labour inspectorates and trade unions from several Member States emphasised that mobile workers often hesitate to report violations due to **fear of reprisals** (see e.g. Davidov 2010), such as being fired or suffering other negative consequences related to their employment or immigration status (DK, IE, HR, IT, CY, LT, HU, MT, NL, RO and SI). This fear is particularly pronounced among TCN seasonal workers, who may depend on their employer for visa or residency status. Complaints are often filed only after the employment relationship has ended, when the fear of immediate reprisal has lessened (Cyprus and Lithuania). Young people and students working part time in this sector may not prioritise reporting violations owing to their temporary engagement or dependence on the income for their studies (Denmark).⁽²²⁵⁾

For many TCN workers, the employer is not only the link to their employment but also crucially connected to their immigration status in the host country. This dependence may deter these workers from filing complaints due to fear of jeopardising both their employment and residency status (DK, HR, LT, HU, RO and SI). In Czechia⁽²²⁶⁾ and Finland, there is a tendency among TCNs to seek **assistance from non-profit organisations** or community networks rather than engage directly with labour authorities (Jokinen and Ollus 2014, 90–92, 101). This preference may be rooted in a **distrust towards state authorities**, which contributes to the **under-reporting** of issues to labour authorities and an increased reliance on informal support systems. This lack of trust significantly influences their readiness to utilise official complaint mechanisms and ultimately affects the efficacy of labour inspections (Czechia, Finland and Sweden). In Czechia, it is observed that labour inspectorates often receive reports anonymously, especially from individuals planning to leave the country, which underscores the concerns regarding exposure and potential retaliation.⁽²²⁷⁾ Such scepticism can originate from negative perceptions of or adverse experiences with government entities, which discourages these individuals from reporting violations or cooperating with official investigations.⁽²²⁸⁾ In addition, the mechanisms for lodging complaints may not be easily accessible or known to all workers, particularly those with low qualifications or who are not union members (Denmark).

The challenges in enforcement of TCN labour and social security rights also stem from TCNs' often **insufficient legal awareness**, reducing their likelihood of filing complaints (DK, IE, LT, NL, PL, RO and SI) (Davidov 2010), low union membership and a lack of support networks. These barriers affect TCN workers in particular, who may struggle with not only language issues but also cultural differences that can deter them from engaging with authorities or hinder their understanding of their rights (DK, IE, ES, HR, IT, LT, HU, MT, PT, RO, SI and SE). Challenges in evidence collection can also arise from difficulties in identifying TCN workers and establishing contact (Bulgaria and Denmark).

Box 6.1 presents a concrete experience of the Netherlands Labour Authority in addressing labour exploitation among TCN workers, particularly in the Asian restaurant sector, which is challenging to labour law enforcement. The Netherlands Labour Authority forwarded two cases related to human trafficking, illegal employment or other criminal offences in the Asian restaurant sector to the Public Prosecution Service for investigation.

Box 6.1: The Netherlands Labour Authority's experience combating labour law violations in a selected Horeca subsector

According to the Dutch Monitor of Labour Exploitation and Serious Harm 2020–2021 by the Netherlands Labour Authority, in 2020 and 2021, the majority of reports of both labour exploitation and serious harm in the Horeca sector⁽²²⁹⁾ involved Asian restaurants (7 out of the 11 investigations into serious harm in the hospitality sector). While reports of such irregularities detected should not be interpreted as representative of the entire Horeca sector, the severity of these cases has prompted Dutch authorities to take systematic action.

In these investigations, the victims were employed on the basis of a combined residence and work permit for qualified cooks of Asian cuisine (Netherlands Labour Authority 2022a). The investigations showed that the conditions of the permit were not met, with workers performing tasks outside their permit's scope and being subject to long working days, underpayment and improper payroll records. The two criminal investigations opened for labour exploitation in the Horeca sector relating to the same period involved Asian restaurants. In both cases, victims were

⁽²²⁵⁾ Interview with a representative of a trade union.

⁽²²⁶⁾ Interview with a representative of the labour inspectorate.

⁽²²⁷⁾ Interview with a representative of the labour inspectorate.

⁽²²⁸⁾ Interview with a trade union representative and interview with a representative of the labour inspectorate from Sweden.

⁽²²⁹⁾ According to the same source, over 20 % of reports of labour exploitation in the Netherlands were related to the Horeca sector, specifically restaurants (Netherlands Labour Authority 2022a). Furthermore, over 20 % of reports of serious harm were related to the Horeca sector, with three quarters of these concerning restaurants (Netherlands Labour Authority 2022a). It is, nevertheless, also important to note that the total number of reports of labour exploitation and serious harm in the Horeca sector for 2020–2021 amounts to 661 altogether (i.e. 2 % of all the reports received by the Dutch labour authority in this period) (Netherlands Labour Authority 2022a).

recruited from India by means of the Asian hospitality scheme and the highly skilled migrant scheme, and were then employed in roles different from those specified in their permits (Netherlands Labour Authority 2022a).

Most violations detected during the Dutch labour authority's previous multiannual plan (2019–2022), which included the Asian hospitality sector project (2020–2021) (Netherlands Labour Authority 2022b), were TCN workers performing work without meeting permit conditions or without valid permits. By the end of September 2022, two cases were forwarded to the Public Prosecution Service for investigation, related to human trafficking, illegal employment or other criminal offences. The inspectorate also found violations of working hours regulations and unauthorised activities by minors, such as serving alcohol (Netherlands Labour Authority 2022b).

The reports of the Dutch labour authority showcase specific risks in the Asian Horeca sector in the Netherlands, which pose challenges to labour law enforcement. The sector is reportedly a 'closed' sector in several respects; for example, finding and recruiting staff is arranged within the sector. ⁽²³⁰⁾ Workers' lack of Dutch language skills increases their dependence on employers. Cultural differences also add to the adverse phenomena described above (Hiah 2022; Hiah and Staring 2016) and reportedly contribute to a different outlook on the employment of minors, ⁽²³¹⁾ notably those who are relatives of the business owners. ⁽²³²⁾

Financial constraints may further restrict mobile workers' ability to access their rights, as they often arrive in host countries with limited economic resources (Heindlmaier and Kobler 2023). The difficulties faced by the most vulnerable workers in coping with legal costs should also be recognised. For example, in Belgium, access to free legal services is only available after a minimum membership period with trade unions, for example, six months. ⁽²³³⁾

The **complexity of legal frameworks and enforcement mechanisms** often presents obstacles. Box 6.2 delves into an example provided by the country research on Croatia, where the general complaint mechanism is not well suited to the needs of TCN workers, especially within seasonal sectors (see Box 6.2).

Box 6.2: Shortcomings in the protection mechanism for third-country-national seasonal workers in Croatia

In Croatia, the procedure for safeguarding the rights of workers in relation to non-financial claims, such as unlawful dismissal, is structured in two distinct phases. The initial phase is an internal process conducted by the employer, followed by a secondary phase that involves judicial protection (Article 133(4) of the Labour Act). The legislation stipulates that a worker who has not properly initiated the proceedings with the employer (first phase) is subsequently precluded from seeking judicial protection from the competent court. ⁽²³⁴⁾

This two-tier approach has raised concerns about the effectiveness of the general framework for the enforcement of workers' rights for the protection of the rights of TCN workers specifically. Given that the work and residency status of TCNs in Croatia is typically temporary, the enforcement of rights under the general provisions of labour law may prove impractical due to procedural complexity, duration and associated costs. This issue is particularly acute for TCN seasonal workers in the Horeca sector, who are frequently engaged in employment for very brief durations not exceeding 90 days within a calendar year. ⁽²³⁵⁾

⁽²³⁰⁾ Interview with representatives of a trade union, a training provider and the labour authority.

⁽²³¹⁾ In the Netherlands, children under 13 are generally prohibited from working, except for 12-year-olds, who can be assigned community service under adult supervision. Children aged 13 and 14 are allowed to work on school days and holidays, but they cannot work in factories, near machinery or in hazardous conditions, and they are not permitted to work on Sundays. Fifteen-year-olds can undertake light work without supervision but are still restricted from factory work and machinery operation. Young people aged 16 and 17 can engage in most forms of employment, provided the work is not dangerous and does not interfere with their education. In the hotel and catering sector, children under 16 are not allowed to work in areas where alcohol is served and cannot deliver meals by bicycle. For a comprehensive overview of the legal framework regulating the employment of minors and young adults in the Netherlands, see: <https://business.gov.nl/regulation/employment-young-people/>.

⁽²³²⁾ Interview with representatives of the labour inspectorate and a subsector employer organisation.

⁽²³³⁾ <https://www.hetacv.be/acv-puls/ledenvoordelen-acv-puls/juridische-bijstand>.

⁽²³⁴⁾ Regulated in Article 133 of the Labour Act (under the title 'Judicial protection of rights from employment relationship').

⁽²³⁵⁾ For the proposals *de lege ferenda* see: Kotulovski and Laleta (2021, pp. 342–45).

6.2.3 Challenges in enforcement are related to the unique characteristics and operational schedules of the Horeca sector

In the Horeca sector, labour enforcement authorities face significant challenges due to the **unique characteristics and operational schedules of the industry**, which intersect with resource constraints faced by labour inspectors. Key issues include **difficulties in scheduling inspections during likely violation periods**, such as nights and weekends, and the structural complexity ranging from small family-owned establishments to large businesses, complicating consistent monitoring and enforcement. As highlighted by a representative from the Hungarian labour inspectorate, many violations occur during night hours and weekends. However, due to staff shortages and regulatory limits on civil servant working hours, inspections are primarily conducted during weekdays. This significantly reduces the likelihood of detecting numerous violations, thereby undermining enforcement effectiveness. Further complications in evidence collection and proving violations stem from delays between the reporting and the final actions of inspection authorities (BG, FR, HR, and IE).

Another challenge in enforcement is the **difficulty of verifying the reliability of working hours records**, which are critical for building cases on underpayment or UDW. Working time records play a central role in inspection and evidence collection activities, with difficulties arising in relation to various aspects, namely data reliability and the flexibility of legal requirements on working time. For instance, in Belgium, Lithuania and Finland, concerns have been raised about the reliability of data provided to labour inspectors (Jokinen and Ollus 2014, 81). In Belgium, labour inspectors highlight that the complexity of legal requirements on working time, additional hours and overtime, including through flexible arrangements in the sector, present additional hurdles to enforcement. For example, workers may be found at the workplace after the officially declared working time. However, due to the flexibility allowed by the system (net overtime, the fact that it is permitted to change the official end of working time up until the next morning, etc.), it is often difficult to demonstrate and sanction infringements.

The varied **structure of businesses** within the sector, from small family-run restaurants to large hotels, complicates consistent monitoring and enforcement. For instance, the restaurant sector in Cyprus is largely comprised of micro- and small family businesses, thereby rendering effective monitoring more challenging. Conversely, the hotel sector is extensive and challenging to screen comprehensively. **The detection of UDW** in the Horeca sector is complicated not only by the structure of businesses in the sector but also by its seasonality, which is reflected in peaks and troughs in labour demand, and by the long-standing *modus operandi* of leveraging pay with tips while paying only the minimum wage (European Labour Authority 2021).

The increasing reliance on **outsourcing and complex subcontracting chains** complicates the tracking of employment relationships and the enforcement of labour and social security laws. While there is little data on the scope of outsourcing and subcontracting in accommodation and food services, in several countries, the national background research highlights that companies utilise outsourcing practices. This adds further layers of complexity for labour inspectorates in their oversight duties. According to a representative of the labour inspectorate in Italy, the predominantly labour law-focused background of its inspectors sometimes creates challenges when they are required to examine the intricate details of company and corporate practices, especially outsourcing and subcontracting practices. While companies may engage in outsourcing to optimise costs and focus on core business functions, this can occasionally impact labour standards if subcontracted firms do not adhere to regulatory standards with the same rigour (Davidov 2010). In addition to that, addressing the rights and working conditions of agency workers in the Horeca sector can be a challenge, as for example in Czechia and Estonia, due to workers' limited understanding of legal regulations. Box 6.3 provides an illustrative example, discussing cases of outsourcing in Venice, Italy, that involve contracting external companies for essential services, and shows how outsourcing presents additional challenges for labour inspectors. It also discusses measures encompassed in collective agreements in the Horeca sector mandating consultations between workers' representatives and the employer on matters of outsourcing and subcontracting.

Box 6.3: Cases of outsourcing practices in the Horeca sector in Venice (Italy)

Outsourcing in Venice's hotel, tourist resort and camping sectors involves contracting external companies for essential services. ⁽²³⁶⁾ This practice has been highlighted by several scholarly studies (Iannuzzi and Sacchetto, 2022, 2016), as well as by representatives of the Italian labour inspectorate consulted for this report.

Outsourcing can pose challenges, particularly to enforcement by labour authorities. Some of the outsourcing firms operate under various classifications, such as cooperatives, consortia or temporary associations, leading to different labour and social protections for workers. In such cases, different contractual conditions may apply, such as the

⁽²³⁶⁾ The source of this material is an interview with a representative of the labour inspectorate.

multiservice collective agreement adopted by cooperatives, resulting in workers at the same facility being subject to different regulatory frameworks (Iannuzzi and Sacchetto 2022).⁽²³⁷⁾

Moreover, inspectors primarily trained in labour law may find it difficult to scrutinise the finer details of corporate practices. For instance, hotel staff recognised as outsourced employees may be employed by entities unknown to hotel management, complicating enforcement. In several cases, inspectors have discovered that workers are employed by entities other than the original contractor, leading to confusion over the true nature of contractual relationships.⁽²³⁸⁾

In the Venice area, the labour inspectorate has identified instances where hotel staff, employed by third-party companies contracted by hotels, were actually working for different companies. These employers were sometimes unknown to hotel management. Such arrangements may also involve multiple suppliers or consortia and layered contracts. For example, a hotel manager might be informed about a contract with company X, assuming the staff are employees of that company. However, a more detailed investigation may find that company X is merely the leader of a consortium or has entered a series of subcontracts, resulting in staff being employed by other companies, sometimes several levels down in the subcontracting chain.⁽²³⁹⁾

The focus of social partners on subcontracting practices is also growing, as evidenced by the National Collective Agreement for the Tourism sector, signed by employer representatives Federalberghi, FAITA and the workers' unions Filcams CGIL, Fisascat CISL and Uiltucs UIL. The renewed collective agreement, signed on 5 July 2024, incorporates specific provisions aimed at enhancing protection for hotel workers, particularly those involved in room cleaning, in cases of subcontracting.

According to the revised Article 97(1) of the collective agreement, when a company in the tourism sector intends to subcontract a service previously managed directly, it is required to inform trade union representatives and their respective trade unions about the activities to be subcontracted, the workers involved and the subcontractor's obligations regarding OSH, as well as compliance with the economic conditions established in the national collective agreement. If requested by trade union representatives or trade union organisations, discussions can be initiated on various aspects of the subcontracting arrangement. These discussions may involve reaching agreements on alternative organisational arrangements for subcontracting cleaning and room maintenance services, safeguarding employment levels and determining the treatment of employees already working for the contracting company. The discussions must be concluded within 45 days of the initial notification to the trade unions.

Furthermore, Article 97(6) of the collective agreement provides that workers previously employed on permanent contracts by the contracting company, who have terminated their employment by mutual agreement with the employer, must receive economic and regulatory treatment that is at least equal to that provided by the current national collective agreement for tourism. This includes not only remuneration but also supplementary healthcare and any additional services, such as accommodation and meals, offered by the contracting company. These guarantees are also extended to subsequent changes of subcontracts, with additional procedural safeguards, including the obligation to inform trade union representatives.

NB: For acronyms and abbreviations, see notes to Table 5.3 and Abbreviations list.

Finally, the emergence of the **platform economy** has also significantly complicated the enforcement landscape, especially in the aftermath of the COVID-19 pandemic. In Cyprus, the inspecting authority faces substantial barriers as it currently lacks the capability to access the algorithms used by these online platforms, making effective oversight unfeasible at this point. Similarly, in Estonia, despite the prevalence of platform work, especially among TCN workers, the national research indicated concerns as to the sufficiency of resources available to effectively monitor this emerging sector. This raises concerns regarding the enforcement of social security entitlements and other fundamental workers' rights.

6.3 To tackle challenges in the effective enforcement of applicable rules faced by labour authorities, Member States have worked out several good practices

Despite numerous challenges in the enforcement of applicable rules faced by labour authorities, Member States have worked out several good practices to address these challenges. They are discussed below.

⁽²³⁷⁾ An interview with a representative of the labour inspectorate.

⁽²³⁸⁾ An interview with a representative of the labour inspectorate.

⁽²³⁹⁾ An interview with a representative of the labour inspectorate.

In Belgium, labour enforcement authorities have at their disposal a wide range of digital tools to simplify their daily work, including Dimona, Questor, IPV and Myidea. ⁽²⁴⁰⁾ Alongside this, an effective practice addressing the widespread issue of undeclared and under-declared work has been implemented in Belgium with the use of **certified cash registers** presented in Box 6.4.

Box 6.4: The Certified Cash Register System in Belgium

Introduced in 2015 alongside incentives such as ‘flexi-jobs’ and fiscal advantages for overtime pay, the Certified Cash Register System is compulsory for restaurant and/or catering services, excluding beverage consumption, generating an annual turnover of more than EUR 25 000 (European Labour Authority 2022b).

These registers achieve fiscal objectives, while also ensuring proper staff registration. Primarily a tool to combat fiscal fraud, the white cash register identifies potential tax evasion and encourages compliance with fiscal obligations in the Horeca sector. Additionally, it serves as a measure against UDW. Thus, the Certified Cash Register System ensures that the correct turnover is declared for tax calculations and that the VAT paid by customers is transferred to the state. Additionally, the system registers the user’s or staff member’s national insurance number in a black box. ⁽²⁴¹⁾

All businesses using white cash registers can benefit from fiscal advantages. For instance, when making use of white cash registers, the employer and worker can benefit from a tax relief scheme covering overtime pay. This scheme allows the employer and worker to agree to additional hours (up to a maximum of 360 hours per year) with tax-free remuneration. Additional hours made by personnel not registered in the certified cash registries cannot make use of this tax benefit. Finally, the employers also benefit from a reduction in social security levies (called Certified Cash Register System Premium), of which the amount depends on the number of employees and full-time equivalents. The current amount is EUR 500 per fiscal quarter (EUR 800 for employees less than 26 years old), for a maximum of six employees. ⁽²⁴²⁾

Establishments that are required to install white cash registers and fail to do so are subject to fines of EUR 1 500 to EUR 3 000. Compliance with the obligation to install white cash registers has been a priority for inspections by the tax inspectors of the Ministry of Finance since the system initially entered into force in 2016 (Bové, 2020). Inspectors also verify the correct use of the registers.

Social inspectors can access information in white cash registers to review details on workers present in the establishment, as employees must be registered to enter orders using their personal social security numbers. However, the system is not a digital time clock; it primarily records when an employee enters a transaction. Inspectors can access this information on-site using a card.

The official tools for recording a worker’s start and end times are the Dimona declaration and the quarterly social security declaration. Mandatory Dimona declarations remain the primary tool for identifying infringements of working time regulations and UDW, allowing inspectors to impose sanctions.

Despite the success of the white cash registers, challenges such as underutilisation and a narrow focus on detecting fiscal fraud remain, indicating a potential for broader application in enforcing working-time regulations. In 2024, the white cash register system will transition to a cloud-based system, enabling remote access to registry information. This updated system is not yet operational.

In Greece, one of the major innovations introduced to labour relations is the ‘**Digital Work Card**’. Established under Article 74 of Law 4808/2021 for the Protection of Labour, the Digital Work Card aims to ensure accurate recording of employees’ working hours, lawful use of overtime and the immediate real-time notification of the start and end of work for each employee to the Ergani Information System. However, there have been delays in integrating this system into the

⁽²⁴⁰⁾ Dimona is a software for reporting the immediate entry and end of service of any employee to the social security services. The software also allows labour inspectors to verify declarations of personnel. Questor is an internal database available to labour inspectors, with particularly performant search functions. The database allows inspectors to search for employers by name or address, consulting all complaints or investigations initiated, including full reports, for the past 10 years against an employer, manager, etc. IPV links the database with other social inspection departments (e.g. the Department of Social Security). Myidea is a smartphone application that allows inspectors to verify the declared/undeclared status of a worker in the workforce immediately in real time.

⁽²⁴¹⁾ The certified cash register has a black box, the inside of which can only be accessed by tax authorities and social inspection services and cannot be manipulated by the employer. The black box logs certain information, mostly the number of transactions and time of the transaction in the establishment.

⁽²⁴²⁾ See Federation Horeca Brussels, ‘Witte kassa: Duurt eerlijk het langst?’ (<https://www.horecabruxelles.be/nl/behoreca-6-be-info/>); Articles 14–16 of the Act of 26 December 2015 containing measures to strengthen job creation and purchasing power, *Belgian Official Gazette*, 30 December 2015.

industry and retail sectors, which were initially scheduled to precede the tourism sector. As this report was being finalised, a trial period for the tool in the Horeca sector was set to begin in the autumn of 2024.

National plans on enforcement strategies and risk analysis are another example of good practice. In Italy, the Italian Ministry of Labour and Social Policies has launched a **national plan to combat UDW from 2023 to 2025**, as part of the National Recovery and Resilience Plan (Ministry of Labour and Social Policy of Italy 2022). This comprehensive strategy employs a multiagency and multilevel approach, enhancing data usage from the national labour inspectorate, improving collaboration across monitoring stakeholders and upgrading the national portal for UDW. The plan emphasises a mix of direct supervision improvements, legislative reforms for regularisation, targeted incentives for employing domestic workers, and protective measures for vulnerable workers in agriculture and other sectors, including Horeca. Additionally, it promotes a culture of legality through public campaigns, supported by a governance structure to oversee these initiatives and assess their effectiveness. The plan aims to increase inspections by 20 % and reduce UDW by 2 percentage points by the end of 2024.

The initiatives undertaken based on the aforementioned national plan also include activities specifically aimed against illegal gang-master practices (see for example Section 5.5) and in support of the victims of such practices. Among other things, these comprise experimenting with active labour market policies aimed at protecting vulnerable workers from being drawn into irregular work, as outlined in the country's 3-year plan to combat labour exploitation in agriculture and gang mastering (2020–2022).

In Spain, best practices in labour enforcement have been advanced with the implementation of a **strategic plan for the years 2021 to 2023** called 'Towards a new model of labour and social security inspection'. This strategic plan includes measures for the Labour and Social Security Inspectorate (ITSS), prioritising certain actions per thematic area (labour, health and safety, social security). In addition, the strategic plan identifies the need to improve and modernise the ITSS, including by strengthening the cross-checks of data as a tool to detect fraud. **This strategic plan leverages the anti-fraud tool (HLF)**, which utilises data cross-referencing techniques from various sources to combat labour and social security fraud, such as irregular employment and abuses of temporary and part-time contracts, setting a benchmark for effective labour regulation enforcement. The aforementioned strategic plan and the HLF are further explained in Box 6.5.

Box 6.5: The Spanish anti-fraud tool

From January 2021, a new strategic plan named 'Towards a new model of labour and social security inspection' was implemented. ⁽²⁴³⁾ The strategic plan strengthens the techniques of cross-referencing data from different sources for the HLF of the ITSS. The aim of this technical process is to combat labour and social security fraud, such as irregular employment and abuses of temporary and part-time contracts.

The HLF was established as a separate unit of the ITSS in 2015. However, its scope was extended to all the inspectorate's competences around 2018. The HLF, through the use of data analysis techniques, detects cases in which there are indications of fraud and selects them for further planned actions and assessment. Probabilities are calculated based on business models and are backed by data mining (European Labour Authority 2022a).

The tool systematically cross-references data from various sources, including social security and tax databases, to identify discrepancies and signs of irregular employment practices, such as abuses in temporary and part-time contracts, UDW and gender discrimination in pay. It uses advanced technologies such as big data and artificial intelligence to identify patterns of fraud and establish models for predicting fraudulent activities.

The tool works along the following main lines (Ministry of Employment and Social Security of Spain, 2016):

- It identifies patterns indicating various types of fraud and designs models that can detect fraud in various subjects;
- It establishes mechanisms for the selection of subjects that present indications of fraud, providing suitable instruments for the planning of actions by the ITSS;
- It provides and presents the available data in an appropriate manner in order to facilitate and improve the investigation activities of the ITSS.

The tool performs a wide-ranging analysis of the data with important effects on several phases of the fight against fraud (Ministry of Employment and Social Security of Spain, 2016).

- **Detection.** The system allows the early detection of fraudulent behaviour and the identification of new fraud patterns.

⁽²⁴³⁾ Resolution of 29 November 2021, of the Secretary of State for Employment and Social Economy, publishing the Agreement of the Council of Ministers of 16 November 2021, approving the Strategic Plan for the Labour and Social Security Inspection 2021–2023.

- **Targeting.** The selection of subjects to be investigated is simplified and the efficiency of the actions increased, thus reducing inconvenience for those who comply with their obligations.
- **Investigation.** The grouping of all available data in a single system facilitates investigation and verification activities.

The accumulation and automated analysis of information makes it possible to quantitatively and qualitatively increase the number of extensive actions. Some cases of fraud detected allow very little margin for error, and the tool increases capacity to prove non-compliance. The methodology employed by this tool encompasses two primary strategies (European Labour Authority 2018).

- Implementation of models based on ‘business rules’ – developed by the team of inspectors and sub-inspectors assigned to the HLF unit – which aim to identify potential fraud cases. For instance, one rule stipulates that if an individual is receiving income (according to tax agency data) but is not registered with social security, it is likely that they are engaged in UDW.
- Data mining entails the analysis of extensive datasets from various sources, such as the social security administration, to uncover new fraud patterns. The insights gleaned from data mining not only facilitate the detection of fraud but also contribute to the development of new business rules.

The results of implementing the HLF have been significant. For example, data mining efforts have focused on detecting sham companies and fraudulent self-employment practices, leading to the initiation of numerous investigations and the identification of undeclared workers. However, despite these advances, the tool faces challenges. A significant challenge identified by the inspectors is the issue of an excessive number of inspections at the province level, which can be primarily attributed to the handling of complaints. This has led to a situation where, due to time constraints, it is difficult to adequately address the full caseload generated by the HLF. ⁽²⁴⁴⁾

The Netherlands Labour Authority has intensified its focus on mitigating the foremost risks associated with health, safety and equitable working conditions. This **strategic approach** is founded on comprehensive **risk analyses**, developed by scrutinising complaints and implementing targeted programmes. These programmes are specifically designed to address risks within certain sectors or themes. Notably, in 2021, after delays brought on by the COVID-19 pandemic and related measures, the labour authority initiated inspections to enforce compliance with Dutch labour laws within the country’s Asian Horeca sector. These inspections specifically targeted establishments operating under the ‘Asian Horeca 2019 scheme’ (for more detail, see Box 6.1).

The National Revenue Agency in Bulgaria has launched an **initiative designed to combat undeclared and under-declared work**. This initiative features a website that offers current data on undeclared and under-declared labour across various economic sectors, with a particular focus on the Horeca sector. The website includes a dashboard that allows users to calculate the impact of undeclared wage payments on a worker’s social security benefits. This tool aims to increase transparency and enhance enforcement efforts against labour violations in these sectors (Zaplata vplik 2024).

In Croatia, the enforcement of workers’ rights in the Horeca sector includes a planned **official blacklist of employers** under the Act on Combating Undeclared Work, which mandates the Ministry of Labour to publish a list of employers engaging in UDW. However, due to the absence of a required by-law, this has not been formally implemented.

Spain has launched the so-called **‘shock plan’ to combat the misuse of short-term contracts**. This initiative utilises the social security database to identify instances of fraudulent or potentially improper use of short-term contracts. Once identified, a communication is sent to the employers, informing them of their suspected infringement and warning them of the possible consequences they may face. This proactive approach has proven effective, resulting in a significant number of short-term contracts being regularised and converted into permanent contracts without the need for formal labour inspection procedures. Consequently, this method has been recognised as an efficient tool that optimises the allocation of both personnel and financial resources. ⁽²⁴⁵⁾

In Poland, the regional labour inspectorate in Katowice has adopted the practice of **filing claims against companies that utilise TWAs**, alleging violations of regulations concerning the permissible use of temporary workers. ⁽²⁴⁶⁾ In these cases, the effective beneficiary of the outsourcing scheme, rather than the outsourcing company itself, can be held accountable.

⁽²⁴⁴⁾ Interview with a representative of the labour inspectorate.

⁽²⁴⁵⁾ Interview with a representative of the labour inspectorate.

⁽²⁴⁶⁾ As outlined in Article 2 of the Act of 9 July 2003 on the Employment of Temporary Workers.

Another best practice that has been identified is the establishment of **specialised departments** within labour inspectorates (Belgium ⁽²⁴⁷⁾ and France). The French authorities have established departmental anti-fraud operational committees (CODAFs) placed under the supervision of the Interministerial Mission of Anti-Fraud Coordination, a body of the Ministry of Economy. ⁽²⁴⁸⁾ Several CODAF operations have borne results in the Horeca sector (Prefect of Haute Savoie 2024). In Belgium, the Social Research and Information Service (SIRS) also meet in **district cells** where local priorities for inspections may be determined, specific cases may be prepared and so on. These local concentration meetings are particularly beneficial for the understanding of local priorities, where problems may exist. ⁽²⁴⁹⁾

Other initiatives to enhance enforcement include measures enabling people to **submit online complaints** or **report potential violations** to labour inspectorates (European Labour Authority 2024c). In Bulgaria, the VOX KNSB mobile application provided by the Confederation of Independent Trade Unions, part of the ‘Grey Kills’ campaign, facilitates the reporting of violations concerning workers’ rights, with a focus on disclosing UDW or illegal operations, including in the Horeca sector. In Slovakia, the website of the labour inspectorate allows for the submission of complaints, simplifying the process and improving access for both natural and legal persons seeking to protect their labour rights. In Spain, the Ministry of Labour hosts an innovative digital platform, the Labour and Social Security Inspection Mailbox, which serves as an intermediary between workers and the labour inspection authority. An official channel for lodging complaints, this platform is an exemplary practice in facilitating the operational efficiency of labour inspections, empowering any individual to submit information about potential violations. These submissions, while not processed as formal complaints, aid labour inspectors in orchestrating targeted actions to ascertain and rectify irregularities. ⁽²⁵⁰⁾

Coordinated and joint inspections are both an example of best practices in cross-agency cooperation (European Labour Authority 2021). In Croatia, during the tourist season, from 1 July to 15 August 2021, 12 of 17 subinspectorates conducted 2 148 coordinated joint inspections. ⁽²⁵¹⁾ Of these, 60 % found no violations, while 40 % identified 1 057 violations in total. Labour inspectors, specifically targeting the Horeca sector, conducted 184 inspections, uncovering 57 offences. These inspections resulted in the issuance of 21 misdemeanour charges, 9 misdemeanour warrants and 18 administrative measures related to UDW and the illegal employment of TCN workers (European Labour Authority 2021). In Denmark, the Working Environment Authority, in collaboration with the Danish tax authority and police, conducts annual joint inspections. Between 2012 and 2020, these efforts encompassed 65 national actions, 268 regional actions and numerous ad hoc inspections, resulting in 4 676 workplace visits and 5 892 inspected enterprises. These inspections identified 3 297 violations of the Working Environment Act. Within the Horeca sector alone, there were 871 visits by these authorities. Joint inspections are planned and executed based on information from various sources, targeting compliance with occupational safety regulations, smoke-free environments and the registration of foreign service providers. Challenges include communication barriers with foreign workers, necessitating interpreters, and difficulties in monitoring cleaning activities (European Labour Authority 2021).

In Finland, the labour enforcement authority underlines the importance of **on-site inspection visits** as a fundamental mechanism for the enforcement of labour regulations, serving a twofold aim. These inspections not only allow for the direct verification of working conditions but also enable employees to report potential violations in real time. Simultaneously, they fulfil an educational role by informing both employers and employees about their legal responsibilities and rights. Box 6.6 provides further information on this mechanism and its importance for the effective enforcement of labour mobility law.

Box 6.6: On-site inspection in Finland

The labour inspectorates in Finland designated on-site inspection visits as the most effective method for enforcing labour regulations. These unannounced inspections allow labour inspectors to directly verify working hours records and provide a direct forum for employees to voice concerns and report potential violations. Beyond their enforcement role, these inspections also play an educational function by directly informing employers and employees about their legal rights and responsibilities, offering a more personal touch compared to the more detached method of document-based inspections. ⁽²⁵²⁾ The 2024–2027 strategic plan for labour inspections in

⁽²⁴⁷⁾ See also good practices on cooperation.

⁽²⁴⁸⁾ CODAFs are cooperative teams composed of different law enforcement services (labour inspectors, police, fiscal and customs authorities, departmental authorities) instituted with specific scopes to tackle all forms of fraud in a given sector. Several CODAFs were established across the territory to tackle fraud in the Horeca sector.

⁽²⁴⁹⁾ Interview with a representative of the labour inspectorate.

⁽²⁵⁰⁾ Interview with a representative of the labour inspectorate.

⁽²⁵¹⁾ In Croatia, since 1 April 2019, a new state inspectorate comprising 17 subinspectorates has been operational.

⁽²⁵²⁾ Interview with a representative of the labour inspectorate.

Finland underscores a transition towards knowledge-based management. Although on-site visits will remain a cornerstone, future inspections will become more focused, utilising data analysis and risk assessments to identify potential issues. Employers will be segmented into categories – pioneer, developed, developing and reluctant/evasive – to customise inspection strategies to the varying levels of compliance among different groups (Ministry of Social Affairs and Health of Finland 2023).

The primary aim of this plan is to encourage self-regulation among employers and employees, thereby reducing reliance on external oversight. The envisaged strategy promotes a proactive adherence to labour laws at workplaces. For instance, employers in the pioneer category may receive self-assessment tools and invitations to seminars on relevant topics, while those classified as reluctant or evasive might face more frequent inspections, targeted educational efforts for their employees and continued monitoring (Ministry of Social Affairs and Health of Finland 2023, pp. 17–19). This strategic approach has also garnered support from trade union representatives, who appreciate the value of on-site visits not only for upholding labour rights but also for actively engaging with employees and addressing their grievances. ⁽²⁵³⁾

6.4 Member States are enhancing the enforcement of labour law, especially through interinstitutional cooperation

Enforcement challenges could be better addressed with cooperation among Member State authorities and external entities, including social partners. This section discusses good practices related to interinstitutional and international cooperation on enforcement. Section 6.5 highlights good practices implemented by the social partners.

6.4.1 Interinstitutional cooperation in the Member States helps effectively enforce labour and social security laws

In most Member States, various authorities are involved in the enforcement of legal provisions in the Horeca sector. These include labour inspectorates, social security administrations, tax authorities, police and immigration services. Formal cooperation among these entities at the national level can be organised by agreements, as observed in Bulgaria, or directly stipulated by law, as is the case in Slovenia. They may take place in consultative bodies or meetings, established for the purpose of cooperation and exchange of information. However, it should be noted that to date, no specific cooperation frameworks have been established that target the Horeca sector specifically. Finally, cooperation may also involve external actors, such as, for example, the social partners. Different forms of cooperation at the national level are presented in Table 6.1. This table is not exhaustive; it rather presents distinctive features in internal cooperation patterns identified through the research conducted.

Table 6.1: Cooperation at the national level

Member State	Cooperation at the national level
BE	The social research and information service (SIRS) brings together the inspectorates of all the social control bodies, covering various economic sectors, to improve information, make inspections more objective (based on risk assessments) and carry out preventive risk analysis. They organise joint inspections (i.e. spot checks, raids by all bodies to check all workers and detect those who are not declared). ⁽²⁵⁴⁾ The SIRS also meet in district cells where, among other things, local priorities for inspections may be determined and specific cases may be prepared. These local consultation meetings are particularly beneficial for the understanding of local priorities, where problems may exist. ⁽²⁵⁵⁾ The SIRS is currently in the process of concluding a collaboration agreement with the social partners.
BG	On 5 October 2018, a formal cooperation agreement was established between the Confederation of Independent Trade Unions (KNSB), the Confederation of Labour Podkrepa and the Bulgarian Labour Inspectorate, replacing the previous agreement from 2009. This renewed agreement enhances collaboration in several key areas, including joint participation in labour inspections, mutual information campaigns and initiatives, and the exchange of information at both the national and local levels, all aimed at bolstering the enforcement of labour law.

⁽²⁵³⁾ Interview with a representative of a trade union.

⁽²⁵⁴⁾ Interview with a representative of an employer organisation.

⁽²⁵⁵⁾ Interview with a representative of the labour inspectorate.

Member State	Cooperation at the national level
CZ	The State Labour Inspection Office collaborates extensively with different national authorities to enforce occupational safety regulations and address UDW. This includes joint inspections with regional hygiene stations and partnerships with the Czech social security administration and the general financial directorate to ensure compliance with social security and tax regulations; and coordinated efforts with the police and the central unit for combating organised crime to tackle labour exploitation. These cooperative actions facilitate rigorous enforcement and the sharing of inspection outcomes, potentially leading to administrative actions against non-compliant employers. ⁽²⁵⁶⁾
HU	The labour inspectorate cooperates with key authorities, including police, the immigration authority and occasionally the tax authority, to enhance detection and address labour violations. The police assist by identifying and retaining workers during initial inspections, while immigration authorities verify the legality of TCNs' work permits.
LV	In the opinion of the national labour inspectorate of Latvia, cooperation between state and local authorities, including information exchange and joint inspections, was one of the best practices for combating UDW in all sectors, including Horeca. In 2022, the national labour inspectorate, in collaboration with the State Border Guard, conducted 40 inspections to identify undeclared workers (The State Labour Inspectorate of Latvia 2022).
PT	Portugal's Authority for Working Conditions participates in regular meetings with other organisations, where monthly plans are made for joint actions. In the event of suspected fraud, for example, with regard to documentation, the authority requests the presence of representatives from other organisations to carry out a joint action. The authority has information systems and data interconnection with other organisations that enable it to identify risk profiles and help make planning more assertive and intervention more effective. If appropriate, joint actions are carried out with other entities, namely the Social Security, Immigration and Tax Services, in order to assess the legality of complex employment arrangements. Moreover, whenever the need arises, either for inspection intervention or for information sessions, the authority interacts with other public organisations (e.g. the High Commission for Migration) or migrant support associations, so that, with the help of translators, it can provide intervention or information in a more complete and efficient manner. ⁽²⁵⁷⁾
SE	The Centre against Workplace Crime (AKC), a cooperation initiative among several Swedish authorities that began in 2020, represents a significant advancement in the formalisation of interagency collaboration. ⁽²⁵⁸⁾ Previously, authorities only occasionally met and worked together, but the centre has now established a dedicated physical workspace for joint efforts. This initiative is crucial not only for preventing crimes, such as drug offences and money laundering, but also for protecting workers from exploitation and ensuring safe working conditions. One notable example of the centre's impact is the Local Operational Collaboration initiative, which unites local police and other authorities for coordinated inspections. The centre's regional approach complements the local focus of the initiative, enabling quicker response times and more effective joint operations. Despite some confidentiality challenges, the initiative has significantly improved the coordination and efficiency of regulatory enforcement. Furthermore, the establishment of the centre has led to an increase in external tips, enhancing the ability of authorities to identify and target problematic businesses.
SI	Article 5 of the Labour Inspection Act ⁽²⁵⁹⁾ lays down general principles on cooperation with the public and other Slovenian competent authorities. The labour inspectorate must cooperate with governmental bodies and other public and private institutions active in the fields within the inspectorate's competence, with the social partners and with research and educational institutions and labour law experts. Examples include joint inspections with other inspectorates and the exchange of or access to databases of other public institutions necessary for the performance of the labour inspectorate's tasks. ⁽²⁶⁰⁾ The labour inspectorate pointed out this cooperation framework as a best practice .

6.4.2 More cross-border cooperation could further improve labour law enforcement

Cross-border cooperation among Member States is indispensable for the effective enforcement of labour and social security laws, particularly within sectors characterised by significant workforce mobility. However, in the context of the Horeca sector, the relevance of such cooperative mechanisms is diminished compared with other sectors that frequently employ posting schemes, which necessitate data exchanges between labour enforcement authorities, for instance through the Internal Market Information System (IMI).

Given the transient nature of employment and the relatively infrequent utilisation of posting schemes within the Horeca sector, cross-border cooperative efforts, while beneficial, do not play as central a role as they do in sectors characterised by the routine posting of workers. Nonetheless, the Horeca sector still can significantly benefit from **other forms of cross-border cooperation**.

⁽²⁵⁶⁾ Interview with a representative of the labour inspectorate.

⁽²⁵⁷⁾ Interview with a representative of the labour inspectorate.

⁽²⁵⁸⁾ Interview with a representative of the labour inspectorate.

⁽²⁵⁹⁾ Labour Inspection Act, *Official Gazette of the Republic of Slovenia*, Nos 19/14 and 55/17 (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO6711>).

⁽²⁶⁰⁾ Interview with a representative of the labour inspectorate.

Table 6.2 outlines the **key frameworks for cross-border cooperation** that are pertinent to the Horeca sector. Austria’s collaboration with Estonian authorities under an ELA project exemplifies the trend towards initiating sector-specific cross-border collaborations. This targeted approach, demonstrated by Austria cooperating with Estonia, could serve as a model for other Member States aiming to enhance cross-border enforcement in the Horeca sector. Similarly, the bilateral agreements between Bulgaria and Germany addressing temporary employment may gain relevance for the Horeca sector due to the proliferation of temporary agency work noted by some of the stakeholders interviewed for this report.

Table 6.2: Cross-border cooperation

Member State (261)	Examples of cross-border cooperation
AT	As part of an ELA project focused on inspections in the Horeca sector, the Austrian Financial Police cooperated with the Estonian authorities. On 31 January 2024, officials from the Estonian labour inspectorate participated in inspections, supported on-site by the ELA and led by the Austrian Financial Police. The inspection targeted the Horeca sector, and specifically the winter ski area in Upper Austria. During the inspection, officials assessed the employment status of 13 employees from various Member States and non-EU countries, along with one employer, and verified the authenticity of their identification cards (European Labour Authority 2024a).
BE	Belgium has set up a specific cooperation agreement with France. The primary objective of this administrative cooperation agreement is to enhance collaboration between the labour enforcement authorities of both Member States in combating illegal work in all its forms, including undeclared activities and employment, the employment of foreigners without proper documentation, and social benefit fraud, within the respective enforcement powers of the inspection bodies as outlined in the implementing circulars of each Member State. (262) The agreement regulates joint inspections as well as the exchange of information and includes regular consultations between labour inspectors active in the border region. A cross-border working group was established to monitor the implementation of this agreement. It will meet quarterly and focus on preventive actions and facilitating the detection of violations. A joint commission of Belgian and French national authorities meet annually to oversee the working group and evaluate the agreement (Federal Public Service Employment, Labour and Social Dialogue of Belgium 2003).
BG	Bulgaria is party to two international agreements that refer to mobile workers and may be highly relevant to the Horeca sector. The first is an agreement between Bulgaria and Germany on cooperation on combating the cross-border abuse of benefits and social security contributions from employment and unregistered employment, as well as illegal cross-border temporary employment (State Gazette, No 55/20.7.2010, in force from 1.7.2010). The second is an agreement on administrative cooperation between Bulgaria and France to combat undeclared employment, with a view to respecting social rights, in the case of the cross-border movement of workers and services (State Gazette, No 50/17.6.2014, in force from 1.6.2014). These agreements aim to facilitate the provision of information to Bulgarian mobile workers. Doing so, the national authorities seek to improve the protection of mobile workers’ rights and promote cooperation between authorities in cases when these rights are violated.
CY, LT and RO	Between 10 and 16 June 2024, three joint inspections were conducted in Cyprus, Lithuania and Romania by labour inspectors, social security and tax authorities, and police, with observers from Belgium, Greece, Croatia, Latvia and Lithuania. A total of 423 workers were interviewed, 50 companies were checked and 48 control officers, including ELA staff, participated. Several suspected infringements were identified, including UDW, minimum wage violations, cash salary payments and OSH breaches. Notably, in Cyprus, 45 companies were inspected, resulting in 10 notices with fines expected to exceed EUR 86 000 (European Labour Authority 2024d).
FR	Some regional labour inspectorates (DREETS) rely on bilateral administrative cooperation against illegal work, such as the France–Belgium administrative cooperation agreement, which allows joint actions to tackle UDW and abuses of the posting of workers (Hauts-de-France Regional Department for the Economy, Employment, Labour and Solidarity, 2023). When meeting foreign-language-speaking workers, the presence of the authorities of their home country, as well as the presence of native speakers, facilitates cooperation. (263)

As part of cross-border cooperation activities, France has implemented measures that are identified as best practices, including **the use of interpreters in joint cross-border inspections and Joint Action Days**, targeting the Horeca sector (Ministry of Labour, Health, and Solidarity of France 2021). These measures are further discussed in Box 6.7.

(261) The table provided is not intended to provide exhaustive information on all Member States; rather, it focuses on examples of best practices in cooperative efforts among Member States.

(262) For France, the agreement applies to the entire territory, with a particular focus on the departments of Aisne, Ardennes, Meuse, Meurthe-et-Moselle, Nord and Pas-de-Calais. For Belgium, it applies to the entire territory, with a specific emphasis on the administrative regions of Arlon, Bruges, Courtrai, La Louvière, Mons, Namur, Roulers and Tournai.

(263) Interview with representatives of the labour inspectorates.

Box 6.7: Joint cross-border inspections and Joint Action Days in France

An example of good practice established by labour inspectors is the **use of interpreters when carrying out joint cross-border inspections**. Indeed, representatives of the French labour inspectorates indicated that cross-border cooperation was always effective. In summer 2021, the French labour inspectorates participated in a broad inspection campaign in the context of the **Joint Action Days** initiated by the European Union Agency for Law Enforcement Cooperation. The Horeca and home catering sectors were specifically targeted at the national level, among other sensitive sectors (e.g. agriculture, transports, construction). A total of 607 inspections were conducted. Authorities identified 119 infractions, mostly undeclared and under-declared work, substandard accommodation and inadequate remuneration (Ministry of Labour, Health, and Solidarity of France 2021).

6.5 Social partners contribute to improving workers' rights by means of collective agreements and other initiatives

As already discussed in Section 5.3, collective agreements play a vital role, as they help to specify and enhance the rights and working conditions of Horeca sector workers. Negotiated between employers' associations and trade unions, these agreements set out more detailed and tailored conditions than are specified in the statutory requirements, covering aspects such as wages, working hours, overtime compensation, annual leave and other working conditions. However, the role of social partners extends beyond collective bargaining alone and includes a range of other activities, which vary depending on whether they are trade unions or employer organisations.

The **role of trade unions** in enforcing labour rights within the Horeca sector varies across Member States due to challenges such as high worker turnover, the high prevalence of small businesses and legislative constraints. These factors may complicate unionisation and diminish unions' capacity to effectively represent and protect workers, particularly those hesitant to voice concerns about workplace issues. Equally important is the role of employer organisations. They contribute significantly by disseminating information among their members and by assisting them in their efforts to stay compliant with labour and social regulations. By ensuring that employers are well-informed, these organisations help maintain fair practices and support fair competition within the sector (see chapter 7).

The **unionisation rate of mobile workers** in the sector is **low**. The main reason for this is the high turnover of workers and mobile workers in this sector, who frequently change companies or industries, making unionisation challenging (Austria). Establishing initial contact with mobile workers, particularly TCN workers, poses significant difficulties. They often hesitate to engage with unions due to fear and uncertainty about their allegiances, according to a trade union representative (Finland).⁽²⁶⁴⁾ Additionally, trade unions often have limited presence in small businesses (Bulgaria) and temporary agencies (Czechia). In other Member States, low unionisation rates are linked to the dominance of seasonal work, which complicates sustained union membership and activity (Bulgaria). A decline in union membership coincides with diminishing legal awareness among workers (Denmark and Ireland). Legislative frameworks can pose additional challenges to union activity. For example, the absence of a general right of action (representative actions) restricts trade unions' capacity to initiate processes on behalf of workers, particularly when workers are fearful of workplace repercussions (Finland).

Nevertheless, there are **exceptions both at subsectoral levels**, such as in Poland within the accommodation subsector, and **nationally**, as in Belgium, where unionisation among Horeca workers is higher. In Poland, the presence of large hotel chains with sizable numbers of employees makes it more feasible to meet the requirement of at least 10 members to establish a trade union within a workplace. However, this requirement restricts unionisation in smaller enterprises, where gathering a sufficient number of members remains a significant hurdle. In some Member States, such as Belgium, Croatia, Hungary, Austria and Finland, it is important to note that workers can benefit from collective agreements that have universal applicability or have been extended to the Horeca sector (see Section 5.3).

Trade unions and trade union associations have taken up **several initiatives aimed at emphasising** the importance of **Horeca workers' rights**. For instance, EFFAT and the wider International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations have launched a **website called Just Tourism**.⁽²⁶⁵⁾ This platform is designed to help consumers make informed decisions when booking accommodations by listing hotels that have been verified to respect workers' rights. These hotels are evaluated based on a comprehensive set of criteria to ensure decent working conditions for employees. Currently, the website features hotels in Denmark, Ireland, Croatia, Slovenia and Sweden,

⁽²⁶⁴⁾ Interview with a representative of a trade union.

⁽²⁶⁵⁾ <http://www.justtourism.org/>.

as well as in non-EU countries, including Canada, Norway and the United States. Each country featured on the Just Tourism website has its own dedicated web page, maintained by the respective national trade union organisations. ⁽²⁶⁶⁾

Another example is a collaboration of the CCOO and UGT with the University of Malaga's Faculty of Tourism in Spain to create the **Fair Labour Responsible Hotel Certification**. This is a key component of the international Fair Hotels project, designed to promote socially responsible and sustainable practices within the hotel industry (see Box 6.8).

Box 6.8: Fair Labour Responsible Hotel Certification in Spain

In 2019, the Spanish worker representatives CCOO and UGT along with researchers from the University of Malaga's Faculty of Tourism developed a set of indicators to establish the Fair Labour Responsible Hotel Certification scheme. This initiative, part of the international Fair Hotels project, aims to provide hotels with tools to showcase their commitment to socially responsible policies and sustainable business models. The certification focuses on six key areas, including employer–employee relations, employment practices, workplace safety and health, training and professional development, diversity and equality, and equitable pay (Noguer Juncà and Crespi Vallbona 2022). Participation in the certification scheme is voluntary, but those who participate will benefit from customer preferences for hotels that commit to fair labour practices and certify that they follow them. ⁽²⁶⁷⁾

NB: For acronyms and abbreviations, see notes to Table 5.3.

Trade unions across Member States also **offer essential support and consultation**. For instance, Slovenia emphasises union-led initiatives to encourage the reporting of workplace violations and harassment, coupled with training for vulnerable workers, such as TCN workers. As seen above, trade unions can also be engaged in information provision activities, with the aim of informing workers about their rights and assisting in disputes, thus reflecting a comprehensive approach to worker support that includes both domestic and mobile workers. The Netherlands and France have developed hotlines and help desks specifically targeting the Horeca sector (see Box 6.9).

Box 6.9: Hotlines and help desks in the Netherlands and France

In the Netherlands, the CNV Vakmensen trade union operates a dedicated hotline for the hospitality sector, allowing employees to report abuses, such as violations of minimum wage laws or working hours regulations. ⁽²⁶⁸⁾ Similarly, the FNV–Horeca trade union federation offers a contact form on their website where both members and non-members can submit enquiries or report malpractices. Additionally, to support Asian cooks as well as hospitality operators, the Employer Organisation for Chinese/Asian Hospitality Entrepreneurs (VCHO) has established a Chinese-language information and support line in partnership with other Chinese welfare organisations. This service, designed to offer guidance and aid in building trust, is accessible via email.

In France, trade unions developed tools and help desks to assist workers to monitor whether their rights are respected. For instance, the French Democratic Confederation of Labour (CFDT) developed a mobile application called Ma Saison, which provides seasonal workers with a tool to track their worked hours and help them claim the payment of their overtime. ⁽²⁶⁹⁾

NB: For acronyms and abbreviations, see notes to Table 5.3.

Trade unions are also engaged in **social dialogue**, which can manifest in various forms. This dialogue may take the form of permanent discussion platforms designed to influence legislation (Romania and Slovakia) or may involve negotiation processes with employers and government (Spain).

⁽²⁶⁶⁾ For Denmark, see <https://okforhold.dk/>; for Ireland, <https://www.fairhotels.ie/>; for Croatia, <https://www.fairhotels.com.hr/>; for Slovenia, <https://www.fairhotel.org/>; for Sweden, <https://www.schystavillkor.se/>.

⁽²⁶⁷⁾ Interview with a representative of a trade union.

⁽²⁶⁸⁾ <https://www.cnvvakmensen.nl/handel/horeca-en-catering/cao-horeca/meldpunt-misstanden-in-de-horeca/>.

⁽²⁶⁹⁾ In addition, Article 12 of the hotels, cafés and restaurants national collective agreement of 30 April 1997, in conjunction with Article L 1221-3, third subparagraph of the French Labour Code, outlines the linguistic requirements for employment contracts. The collective agreement references the previous numbering of Article L 1221-3, which consequently applies to employment contracts within the Horeca sector covered by the collective agreement. This provision stipulates that when an employee is a foreign national, they are entitled to request their written employment contract in their native language. While this rule is advantageous to the more vulnerable party, the translation is not provided automatically; workers must request it explicitly.

Another initiative on the trade union side is **cross-border cooperation between trade unions** in Croatia (see Box 6.10).

Box 6.10: Cross-border cooperation between trade unions in Croatia, North Macedonia and Montenegro

Since 2021, a cross-border cooperation between the Tourism and Services Trade Union of Croatia (STUH), the Trade Union of North Macedonia and the Union of Free Trade Unions of Montenegro (USSCG) has been activated. The cooperation is based on a memorandum of understanding signed by the three trade unions. ⁽²⁷⁰⁾

Motivated by the negative experience of some North Macedonian workers in the Horeca sector in Croatia, the cooperating partners aims to assign or recruit North Macedonian workers to the North Macedonian trade union to work with trusted Croatian employers who respect workers' rights. As a result of increased interest in such cooperation, the Croatian Ministry of Labour has expressed an interest in developing the practice through a possible/planned project. ⁽²⁷¹⁾

Regardless of their supportive role in enforcing labour rights in Horeca, the **involvement of trade unions in inspections is generally limited**. Some exceptions include Czechia and Bulgaria. In Czechia, trade unions are authorised under the Labour Code to conduct inspections to ensure compliance with OSH protections standards. ⁽²⁷²⁾ In Bulgaria, trade unions are involved as partners in joint inspections with the general labour inspectorate and police authorities.

Regarding **employer organisations**, the national research carried out for this study found examples of awareness-raising events. For instance, in Greece, the Tourism Confederation organised a digital workshop on 14 March 2024, entitled 'Inclusion in the Labour Market', focused on the significance of fostering an inclusive work environment and exploring how it could boost creativity, innovation and employee satisfaction. The session delved into the concept of labour market inclusion and discussed how an exclusion-free environment benefits both the workforce and the organisation. ⁽²⁷³⁾ In the Netherlands, a notable initiative designed to assist Chinese and other Asian cooks and hospitality operators is the establishment of a Chinese-language information and support line by the Employer Organisation for Chinese/Asian Hospitality Entrepreneurs. Developed in collaboration with other Chinese welfare organisations, this service offers accessible support and information to cooks.

Another good practice developed by an employer organisation in the Netherlands is the **Hospitality Pact** ⁽²⁷⁴⁾ (FNV–Horeca 2023) which offers stakeholders a platform to actively work on research, social policy aimed at good employment practices, strong vocational education, an infrastructure for lifelong learning, and labour market promotion, specifically targeting the hospitality sector. The Hospitality Pact was supported by employer organisations in the sector, vocational education institutes, the Federation of Dutch Trade Unions Horeca and the Ministry of Economic Affairs and Climate.

In Belgium, a **charter** was signed in 2016 by social partners, including both employers' and workers' representatives, and the authorities **to tackle social fraud** in the Horeca sector. ⁽²⁷⁵⁾ In Sweden, the employer organisation's membership services, such as the digital information service and the telephone advisory service, exemplify good practices. Additionally, the organisation has developed the 'branch code', a comprehensive guidebook on how to be a good employer. This guidebook underscores the organisation's commitment to promoting best practices and fostering a positive and compliant work environment among employers. ⁽²⁷⁶⁾

Conclusion

This chapter discussed challenges in the enforcement of labour law in the Horeca sector faced by Member States, as well as good practices in enforcement and cooperation. Member States have worked out strategies and tools to increase the effectiveness of enforcement in the sector. National plans on enforcement strategies, 'shock plans', on-site visits and digital tools have been deployed to improve the planning and targeting of inspections. Digital tools can help in mitigating the

⁽²⁷⁰⁾ <https://kss.mk/wp-content/uploads/2021/07/Memorandum-potpisan.pdf>.

⁽²⁷¹⁾ Interview with a representative of a trade union.

⁽²⁷²⁾ Article 322 of the Labour Code (https://mzv.gov.cz/file/160129/Labour_Code.pdf).

⁽²⁷³⁾ The recordings are available on the Tourism Confederation website (<https://sete.gr/event/sete-digital-workshops-ekselikseis-sto-mydata-ethnika-chrimatodotika-ergaleia/>).

⁽²⁷⁴⁾ For more information, see FNV–Horeca, *Hospitality Pact: Samenwerken aan een vitale arbeidsmarkt in de hospitalitysector*, 2023 (https://www.fnvhoreca.nl/uploads/files/public/horeca/documenten/Hospitality_pact_2023_def.pdf).

⁽²⁷⁵⁾ https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Charters/charter_horeca_01052016_nl.pdf.

⁽²⁷⁶⁾ Interview with a representative of an employer organisation.

resource shortages reported by many Member States. At the same time, other major challenges, such as the limitations of law and the scope of labour inspectorates' mandates, persist. Cross-border cooperation among Member States is indispensable for the effective enforcement of labour and social security laws, particularly in sectors characterised by significant workforce mobility. However, in the context of the Horeca sector, the relevance of such cooperative mechanisms is lower given the limited reliance on posting in the sector. At the same time, concerted and joint inspections (CJIs) could facilitate the sharing of experiences and of the solutions developed to overcome challenges in enforcement. Data exchange with neighbouring countries, especially regarding cross-border digitisation, could help to further improve enforcement.

A significant challenge in the enforcement of labour law in Horeca is mobile workers (especially TCNs) having a low degree of awareness of their rights. Social partners contribute to improving standards in relation to workers' rights and working conditions in the sector, but information needs are still not always met. Thus, information provision to the workers in the sector is key. Employers, similarly, need accurate and up-to-date information on labour rights. The following chapter discusses the information needs of different stakeholders in the sector in more detail.

7. Information needs

This chapter in brief

Access to information is crucial for mobile workers in Horeca, especially as the sector is often their **first entry point** into the labour market, and their needs differ from those of local workers. However, despite the progress achieved by national authorities, trade unions and employer organisations in providing better information to workers in recent years, there remains an **information gap**. This issue may be more pronounced in the case of **temporary agency workers**.

Employers' levels of awareness and knowledge of the applicable regulations vary significantly from one Member State to another and between large chains and small businesses. In some Member States, employers are considered generally well informed about labour law, thanks in part to their cooperation with professional accounting and human-resources services. No information needs specific to labour market intermediaries were identified.

Several good practices in the provision of information have been identified. These take the form of **awareness campaigns, comprehensive websites** and **practical guidelines** in which information on the rights of workers is published in an **accessible** format and in multiple languages.

Introduction

Addressing the distinct information requirements of workers, employers and labour intermediaries within the Horeca sector can be a useful complementary measure to prevent irregularities and labour violations. Efforts on the part of national authorities, trade unions and employer organisations have sought to address these actors' information needs. Examples of effective practices in this regard include awareness campaigns and multilingual, user-friendly websites.

The chapter begins by identifying the specific information needs of workers, employers and labour intermediaries in the Horeca sector. It then highlights effective practices for providing information, including awareness campaigns and comprehensive websites. These initiatives aim to bridge the existing information gaps and ensure that all stakeholders have access to the necessary resources to navigate their roles effectively.

7.1 A variety of measures help address workers' information needs, but some gaps remain

The Horeca sector is often the first entry point into the labour market for newly arriving immigrants, as language knowledge is not necessarily required for certain jobs (e.g. dishwashing, cleaning or food preparation jobs). This makes access to comprehensive information even more important for mobile workers.

Member States have placed an increased emphasis on providing better information to workers in recent years. As mentioned in Section 5.1, Directive 2019/1152 has strengthened the rights of workers by requiring employers to share comprehensive information on the main aspects of the workers' employment in writing at the beginning of the employment (Hassan et al. 2023). Labour inspectorates, trade unions and employer organisations have also taken steps to promote better information provision on their websites to meet the information needs of workers.

However, the research conducted for the purpose of this report suggests that there remains an **information gap for workers in general in the Horeca sector, and even more so for mobile workers**. Their needs differ from the needs of local workers, as they do not necessarily have the same language knowledge, support network, union membership, financial resources or permanent residence status. This makes them more vulnerable to exploitative conditions and therefore in need of more tailored information (Rasnača et al. 2022).

Mobile workers in the Horeca sector across the EU do not have sufficient knowledge of their rights. As highlighted by several stakeholders, they are often **unaware of the labour law of the country** they are working in and are therefore not familiar with fundamental employment rights. Examples of areas where such awareness might be lacking include statutory or collective-agreement-based rules on minimum wage (DK, DE, EE, HR, IT, CY, HU and FI), annual leave or holiday allowances (Italy), collective agreements (Greece, Slovenia and Finland), working hours (Croatia, Italy and Cyprus) or sickness and OSH (Germany, Italy and Hungary). Stakeholders have noted this is often the case for workers in the Horeca sector in general, but even more so for mobile workers. Another area where some stakeholders (DK, HR, IT and CY) noted that mobile workers

specifically need better information is on accommodation provided by the employer when this is part of the employment contract.

Interviewees from some Member States have also highlighted **particular groups of workers that are more at risk** of not receiving appropriate information. In Czechia and Estonia, it was noted that the most vulnerable workers are agency employees, who get minimal information about their employment. Stakeholders from Croatia pointed out that some recruitment agencies are established with the sole purpose of profiting from the labour shortages in the Horeca sector and do not provide the right information about work conditions and accommodation to TCN workers.

In addition to information on labour rights, several stakeholders have noted that workers need better **information on how to exercise these rights in practice**. Information on grievance or complaint mechanisms available is needed, as well as information on legal advice access through trade unions (BG, IE, FR, CY and LT). While this may also apply to all workers in the Horeca sector, mobile workers specifically are less likely to know where to turn in the case of labour issues. Another issue identified is the complex working time arrangements specific to certain work contracts, which can make it difficult for both workers and employers to understand which rules apply (Belgium and France).

The issues described can be explained by several factors. First, there is often a **language barrier**. As many jobs in the Horeca sector do not require native language skills, migrant workers do not necessarily speak the language of the country where they work. This can be an obstacle to accessing information. National authorities and trade unions in some Member States (BE, CZ, IE, ES, HR, HU, NL, AT, PT, FI and SE) have made efforts to provide information in various languages on their websites and during inspections. However, stakeholders in some of these countries have continued to report the lack of language skills as a barrier to accessing information. Even the important prevalence of **digital information** can sometimes be a barrier to accessing information. Such information may well be available on the internet, but is not necessarily user-friendly or easy to find (Belgium, Bulgaria and Slovakia).

Workers' lack of knowledge of their rights can also stem from a **lack of interest** in understanding them (Denmark, Estonia and Austria). Workers in the Horeca sector, and particularly mobile workers, are rarely unionised across the EU. This can be due to a lack of interest (for short-term, seasonal or student jobs for example), a tacit agreement between workers and employers to be partly or totally paid in cash, which allows both parties to pay less tax and fewer social contributions, or a more general lack of legal awareness. ⁽²⁷⁷⁾

In the case of TCN workers, some of the stakeholders have reported that they have a general distrust in authorities and a **fear of being removed from the country** if they are working illegally. In this sense, TCN workers are more likely to suffer from exploitative working conditions and have even more acute information needs than EU mobile workers.

7.2 Employers' and labour market intermediaries' legal awareness varies by country, with reportedly smaller information gaps compared with workers

Employers similarly need accurate and up-to-date information on the labour rights they need to ensure for their employees. The country-level qualitative research suggests a varying degree of knowledge and legal awareness among employers.

In some Member States (CY, DE, DK, HR, HU, SI and SE), the national research seems to indicate a **lack of knowledge on labour regulations in specific areas** among employers in the Horeca sector. Common areas where employers would welcome greater clarity include information on the minimum provisions to be specified in an employment contract, wages and working hours. ⁽²⁷⁸⁾ Employers also report the need for more information on social contributions, ⁽²⁷⁹⁾ legal OSH framework ⁽²⁸⁰⁾ and immigration rules. ⁽²⁸¹⁾ Additionally, the complexity of collective agreements has also been noted. ⁽²⁸²⁾

On the other hand, representatives of employer organisations in other Member States (BE, BG, CZ, EE, IE, ES, FR, LT, PL and RO) report that employers are sufficiently aware of their obligations and know where they can access more information if needed. In Belgium, for example, most employers work with a 'social secretariat', an organisation registered with the

⁽²⁷⁷⁾ Interview with representatives of the Austrian Chamber of Labour and the Austrian Financial Police. This is also supported by national research carried out on Denmark and Estonia.

⁽²⁷⁸⁾ Interview with a representative of an employer organisation in Cyprus; national research on Germany; national research on Denmark; interview with a representative of the labour inspectorate in Hungary; interview with a representative of an employer organisation in Slovenia.

⁽²⁷⁹⁾ Interview with a representative of an employer organisation in Cyprus; national research on Germany; national research on Denmark; interview with a representative of an employer organisation in Slovenia.

⁽²⁸⁰⁾ National research on Germany; national research on Denmark.

⁽²⁸¹⁾ Interview with a representative of an employer organisation in Hungary; interview with a representative of an employer organisation in Sweden.

⁽²⁸²⁾ Interview with a representative of an employer organisation in Croatia.

Federal Public Service Social Security responsible for managing administrative tasks including salary calculations and payroll documentation.

However, even if the awareness among Horeca employers is considered sufficient, Member States (Belgium, Ireland and Slovenia) agree that **company size plays a significant part** in employers' ability to remain well informed and compliant with rules. While large hotel chains may benefit from access to a professional human-resources service, small and medium-sized enterprises are less likely to have these resources or in-house knowledge needed to be aware of or keep up with labour regulations. As mentioned in Section 2.4, microenterprises (fewer than 10 employees) constitute 89 % of business entities in the Horeca sector, according to Eurostat's 2022 provisional figures. In this context, employers need more information about legal mechanisms or schemes that could help small companies alleviate their financial and administrative burden, while still abiding by labour regulations.

Little information was collected on the information needs of labour market intermediaries. In most Member States where information was found, their **needs are considered no different to the needs of employers**: information on labour law and access to information that is up to date and reliable. The national research covering Czechia reported that, in this Member State, agencies should provide information to workers; however, an interviewee from the ranks of workers' representatives questioned whether these agencies have the capacity and interest to do so. ⁽²⁸³⁾

7.3 Awareness campaigns and comprehensive websites on the rights of workers constitute important good practices

The research conducted for this report has revealed a number of good practices in the provision of information, mostly in the form of awareness campaigns or comprehensive websites where information on the rights of workers is published. These examples tend to be focused on either the Horeca sector in general, without looking at mobile workers specifically, or specifically mobile workers, regardless of the sector of activity.

The majority of information is provided by the respective labour inspectorates' websites and by trade unions, but there are also initiatives by employers' representatives. Below we present selected programmes notable for the scope of information provided or their innovativeness.

7.3.1 Provision of information in the Horeca sector

In Belgium, the Horeca Social and Guarantee Fund (a livelihood security fund for the Horeca sector, responsible for the payment of social benefits to both workers and employers in the Horeca sector) published an extensive sectoral guide on its website that covers the various types of work contracts available, rules on holidays, salaries, social-security-related documents and collective agreements, among other topics. This guide is valid for all workers and is not specifically targeted at mobile workers. Guidea (the knowledge centre for the Horeca sector in Flanders) is also a source of information for both employers and workers. The website provides a number of guides on various topics, including rights and obligations per employment contract. It also presents the various options that are available to employers during busy times, when more staff or more working hours may be required. The guide includes a section specifically on mobile workers and on the process to follow for employers to hire EU and TCN workers in the Horeca sector.

Likewise in Luxembourg, the Horesca Federation ⁽²⁸⁴⁾ and the Luxembourg Confederation of Christian Trade Unions (LCGB) ⁽²⁸⁵⁾ have both published practical guides for workers in the Horeca sector.

In Hungary, the Hungarian Hospitality Employers' Association (VIMOSZ) conducted a project to map the changing needs of workers and employers in the Horeca sector post-pandemic in 2021–2022. After conducting interviews with both workers and employers, the association developed a mobile application for Android devices that targeted employers in the tourism industry, providing them with references to guidelines and professional materials from the organisation that could help them understand the rights of workers and their own obligations towards them. This app is, however, not available anymore.

In Italy, the Italian Federation of Commerce, Hotel and Service Workers (FILCAMS CGIL) launched an information campaign entitled 'Putting Tourism Upside Down'. ⁽²⁸⁶⁾ The campaign's website offers a comprehensive overview of workers' rights in tourism, covering inter alia the specifics of seasonal work contracts in tourism and the associated rights; guidelines for the employment process and contractual obligations; information on work hours, overtime, holiday work, night work

⁽²⁸³⁾ Interview with a representative of a trade union.

⁽²⁸⁴⁾ <https://www.horesca.lu/en/node/319>.

⁽²⁸⁵⁾ <https://lcgb.lu/fr/?publication=secteur-horeca-guide-pratique>.

⁽²⁸⁶⁾ www.filcams.cgil.it.

surcharges, rest and leave periods; salary; end-of-contract compensation; and unemployment benefits. However, the campaign is only available in Italian and is not particularly targeted at mobile workers.

In the Netherlands, the Employee Insurance Institution (UWV) has an Asian hospitality service point (SPAH) aimed at providing services to entrepreneurs in the country's Asian Horeca sector. The service point informs them about conditions and obligations, applicable collective bargaining agreements, training opportunities, good employment practices and regular services to employers provided by the institution. There is no separate website page for this service point; only an email address can be found with which to ask for information.

7.3.2 Provision of information for mobile workers

Several initiatives exist that are directly related to mobile workers. For example, the Netherlands has launched a central information point, Work in NL, ⁽²⁸⁷⁾ where information is provided for mobile workers living and working in the Netherlands (with information available in Bulgarian, Chinese, Dutch, English, Polish, Romanian, Russian, Spanish and Ukrainian). While not focused only on the Horeca sector, the website provides a comprehensive set of information on workers' rights and includes a list of contacts for organisations that can support mobile workers.

Likewise, in Croatia, the ombudswoman (responsible for the promotion and protection of human rights and freedoms) has published information on her website ⁽²⁸⁸⁾ on employment rights for mobile workers in the following languages: Albanian, Bengali, Croatian, English, Filipino, French, German, Hindi, Macedonian, Nepali, Turkish and Ukrainian. ⁽²⁸⁹⁾ The website provides information for foreign workers on the most common issues they might face, as well as general legal information and contact information. The information is valid for all workers but is targeted at foreign workers and in particular at TCNs, given the increase in the number of foreign workers in Croatia and the increase in the number of complaints submitted by foreign workers. The website also indicates how to report an issue to the State Inspectorate.

The German organisation Work and Life, sponsored by the German Trade Union Confederation (DGB) and the German Adult Education Association (DfV), is providing information aimed at mobile employees working in Germany through their Good Work Advisory Network. Their advisory centre provides information on a range of work-related topics, such as employment contracts, pay, working conditions (including OSH, maternity, working hours and annual leave) and protection against dismissal. A stakeholder from the Bulgarian General Labour Inspectorate Executive Agency confirmed that the cooperation between the inspectorate and Work and Life led to joint information campaigns and brochures for Bulgarian workers.

In Finland, the Work Help Finland mobile application (administered by the Ministry of the Interior) is intended for mobile workers coming to Finland. With the Work Help Finland app, a mobile worker is able to find information about their rights and responsibilities as an employee in Finland. If the person in question suspects unfair treatment, the app gives them a list of key people and organisations they may turn to for help. The content of the application has been translated into 26 languages.

In France, the Centre of European and International Liaisons for Social Security (CLEISS) provides information to both workers and employers. The centre is a public administrative establishment facilitating international mobility and social security. It facilitates social security cooperation under the frameworks of EU regulation and bilateral agreements, publishes statistics, provides advisory and negotiation services to the French government and simplifies information for workers and employers (Centre of European and International Liaisons for Social Security 2024a). Local authorities in tourist areas also set up information desks called seasonal workers' centres: local help desks providing seasonal workers with information (social rights, housing rights, working conditions, etc.) and job offers. ⁽²⁹⁰⁾ Additionally, certain local authorities in tourist regions offer free transportation services to seasonal workers to facilitate domicile-workplace mobility and encourage seasonal workers to come to the coast where they are most needed (Colboc 2023).

For instance, a detailed web page in both French and English is dedicated to mobile workers and includes a guide on EU work mobility in France (Centre of European and International Liaisons for Social Security 2024e; 2020). Guidance and information are also provided to employers on the posting of workers, holding multiple jobs and cross-border telework (Centre of European and International Liaisons for Social Security 2024d; 2024b; 2024c).

Following the invasion of Ukraine by Russia, some Member States have put in place tailored information for Ukrainian nationals (CZ, EE, IE, ES, HR, LT, NL, AT, PL and FI). In Estonia, the Estonian Unemployment Fund organises recruitment days for employers and workers to inform them about their rights and duties and to offer job mediation in different locations in Estonia. Ukrainian nationals who came to Estonia in 2022 benefited from these recruitment days, which increased their

⁽²⁸⁷⁾ www.workinnl.nl.

⁽²⁸⁸⁾ <https://www.ombudsman.hr/en/information-for-foreign-workers-in-croatia-how-to-protect-your-employment-rights/>.

⁽²⁸⁹⁾ The translation was done with the ELA's support.

⁽²⁹⁰⁾ Interview with representatives of the labour inspectorates.

awareness of their rights. In Ireland, in response to the Ukrainian crisis and to those seeking refuge in Ireland, the Workplace Relations Commission published an information resource on employment rights for Ukrainian refugees arriving in Ireland in collaboration with the Department of Justice, which is available at various points of entry. In Poland, the information campaign 'Safe jobs in restaurants and other catering units', led by the labour inspectorate, is conducted in both Polish and Ukrainian to inform workers about health and safety regulations in the catering industry.

Finally, Belgian labour inspectors provide contact information for victim support organisations to workers identified in situations of labour exploitation or UDW during inspections on work sites. These organisations are specialised in providing support to victims of labour exploitation or serious cases of non-compliance with applicable working conditions.

Conclusion

Accurate information is essential for mobile workers in the Horeca sector, which often provides their first job opportunity in the labour market of the host country. These workers face unique challenges, such as language barriers and limited legal awareness, that can reduce their understanding of their rights.

Efforts on the part of national authorities, trade unions and employer organisations have sought to address these needs. These initiatives often take the form of dedicated websites presenting key information in an accessible language, or information fairs. In some Member States, national authorities or social partners have also launched dedicated smartphone applications helping workers and employers access information on the relevant labour market regulations. More targeted approaches to disseminating information, for instance among vulnerable workers encountered during inspections, have also been undertaken.

8. Operational conclusions

This report provides insights into the current state of the Horeca sector, emphasising the industry's features that are relevant to authorities in charge of enforcing labour law and SSC rules. It first focused on analysing the position of the Horeca sector, particularly its labour market, within the broader economic landscape of the EU. The report then presented an overview of the EU-level and national legal frameworks governing the Horeca sector, with a particular focus on recruitment and subsequent employment. This was followed by an analysis of enforcement practices and challenges, as well as potential solutions to the latter in the form of good practices. Finally, to provide a holistic picture of the sector, covering all areas relevant to the ELA and its stakeholders, the study looked at information provision on the rights and responsibilities of employers and workers in Horeca.

The following operational conclusions have been developed based on the report's main findings. These conclusions have been formulated taking into account the ELA's mandate, but they may be relevant to a broad set of actors.

A. Structural features of the Horeca sector

- 1. The Horeca sector has an above-average share of workers from vulnerable social groups.** Among others, these comprise mobile workers, including TCNs, and young workers. This structural feature of the sector may pose challenges for enforcement authorities when trying to conduct successful inspections in the sector. Due to their limited experience and language and cultural barriers, young and TCN workers are often unaware of their rights and responsibilities. Mobile workers may also be less likely to trust public authorities. For this reason, information provision and outreach initiatives, using a variety of communication channels, are even more important in the Horeca sector than in other sectors.
- 2. An above-average share of jobs in Horeca are provided by microenterprises and small enterprises. This may warrant authorities investing more effort in information provision and devising appropriate enforcement practices.** The above-average share of the Horeca workforce employed in microenterprises and small businesses is a structural characteristic seen both EU-wide and in most individual Member States. This employer composition may have substantive implications for the quality of information available to labour market actors on their rights and responsibilities. Small employers may have limited resources they can dedicate to keeping up with the relevant legislation and the administrative tasks required by law. Moreover, enforcement activities among small employers are resource-intensive for the parties involved and their final outcome is affected by increased uncertainty. Better targeting of inspections is therefore warranted.

B. Operation of enforcement authorities

- 3. International cooperation on enforcement and information provision is crucial. It allows a better addressing of challenges stemming from the high share of mobile workers in Horeca and it also facilitates mutual learning among national authorities.** Cooperation between national labour law enforcement authorities and their counterparts in other Member States is important to increase efficiency in the enforcement of labour mobility rules, in particular in sectors with a high degree of work-related migration, such as Horeca. Accordingly, the ELA has organised several CJIs in the Horeca sector. Most recently, in June 2024, Horeca-related CJIs were organised in Cyprus, Lithuania and Romania. These CJIs offer an opportunity for cooperation among Member States' authorities and, at the same time, enable observers from other Member States to familiarise themselves with new practices.
- 4. Effective inspections in Horeca are demanding in terms of resources.** As Horeca operates also outside of standard business hours (including around-the-clock), inspections may have to be performed during atypical hours as well. Such an approach is demanding in terms of human resources and planning. As has been highlighted by the national authorities of some Member States, the effects of strained resources are felt more strongly when effective enforcement also requires inspections outside regular business hours.
- 5. As business models in the Horeca sector grow in complexity, enforcement authorities may be required to invest more effort into staff training and setting up new incentive structures for their staff.** In some countries, inspection authorities report an increasing prevalence of complex supplier chains and specific legal forms, for example consortia, the analysis of which is demanding in terms of time and know-how. Nevertheless, due to resource constraints, enforcement planning may often prioritise more straightforward checks aimed at combating UDW and OSH violations, leaving less time for in-depth investigations into more complex employment arrangements. These may require additional training for the staff of enforcement authorities. Enforcement authorities might also consider the implementation of incentives to encourage the inspection of more complex cases.

6. **Planning of inspections can be aided by better targeting.** The enforcement authorities of several Member States (e.g. Denmark, Greece, Spain and the Netherlands) have implemented procedures that allow them to harness the potential of data collected by public authorities. Using these data, they can increase the efficiency of labour law enforcement. Such procedures include, for instance, cross-referencing previously isolated datasets and identifying inconsistencies in the figures submitted by the same entities to different public authorities, thus helping identify potential irregularities. Some authorities also analyse these complex datasets with the help of machine learning models that seek to detect patterns similar to those observed in entities found non-compliant during past inspections. Under its programme dedicated to the practical application of algorithms and artificial intelligence, the ELA collaborates with Member States on the proliferation and improvement of these technologies.
7. **Working time in Horeca is fluctuating. This presents an additional challenge for authorities when seeking to inspect compliance with laws regulating working time.** Consumer demand for Horeca services peaks seasonally and may also spike with special events. This fluctuation results in specific labour needs in the sector, such as short-term contracts and work outside standard business hours. The substantial fluctuations in demand for the services of the Horeca sector, and the related fluctuations in work demanded by Horeca businesses, may lead to cases where working time limitations are disregarded. However, it is very difficult to effectively (and efficiently) detect and deal with these practices. Technological innovation implemented in some of the Member States (e.g. the Digital Work Card in Greece ⁽²⁹¹⁾ and 'white cash registers' in Belgium ⁽²⁹²⁾) offer a partial solution to these challenges.

C. Information provision

8. **Despite substantive efforts by Member States, there still appears to be an information gap for workers in the Horeca sector.** With an above-average share of TCN mobile workers, access to comprehensive information is especially important in the Horeca sector. The background research for this study identified several good practices in this regard. For instance, the Work Help Finland mobile application provides information about rights and responsibilities as an employee in Finland. The application also helps employees find the key parties that can help mobile workers who have been mistreated. The content of the application has been translated into 26 languages. Authorities in the Netherlands launched a central information point, Work in NL, where information in nine languages is provided to mobile workers living and working in the Netherlands. Other examples include the Horeca Social and Guarantee Fund in Belgium, a livelihood security fund for the Horeca sector that publishes an extensive sectoral guide on its website, or the campaign by Filcams CGIL entitled 'Putting Tourism Upside Down', the website of which offers a comprehensive overview of workers' rights in tourism.

D. Recruitment practices

9. **Mobile workers help ease labour and skills shortages in Horeca.** Several Member States have included in their lists of shortage occupations jobs closely linked to the Horeca sector. Examples of such professions include chefs, cooks and waiters. Intra-EU labour mobility as well as labour mobility between the EU and non-EU countries may help ease labour and skills shortages. The ELA encouraged the EURES network to organise E(O)JDs facilitating intra-EU labour mobility in sectors/occupations characterised by shortages, including in the Horeca sector. ⁽²⁹³⁾ Such activities encompass for instance the Work in Lapland initiative, organised by EURES Finland and the Seize the Summer with EURES recruitment fair covering several Member States, including Mediterranean Member States with an extensive Horeca sector. Member States also simplify the access of TCN workers to their labour market if the profession carried out by these TCN workers is on their list of shortage occupations.

E. Data availability

10. **Data coverage of mobile workers at the sectoral level is limited.** Standard surveys, even with large sample sizes, fail to capture the details of the phenomenon of labour mobility. For instance, the legal form of employment of mobile workers (e.g. employee or temporary agency worker) remains difficult to trace in internationally harmonised surveys. There is also limited information on the details of workers' social security insurance status.

⁽²⁹¹⁾ For more detail, see the summary by the European Platform tackling undeclared work (European Labour Authority 2023b).

⁽²⁹²⁾ For more detail, see the good-practice fiche by the European Platform tackling undeclared work (European Labour Authority 2022b).

⁽²⁹³⁾ <https://europeanjobdays.eu/en>.

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