



WHAT GREETSS FOREIGN WORKERS IN ICELAND?

Wage theft and abuse

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Contents

- CONTENTS 1**
- INTRODUCTION 2**
- METHODOLOGY 5**
- RESULTS..... 7**
 - KNOWLEDGE OF RIGHTS 7
 - TYPES OF BREACHES..... 8
 - Job contracts and payslips 8*
 - Wage-related irregularities 9*
 - Other breaches 12*
 - EMPLOYERS 14
 - Difficult communications and retaliation 14*
 - Unemployment benefits..... 16*
 - Housing 16*
 - UNIONS 17
 - How was the communication with unions? 18*
 - View on Icelandic unions - “It’s a whole different thing” 19*
 - CONSTRUCTION 20
 - UNION WORKPLACE INSPECTIONS 21
- CONCLUSION AND PROPOSALS FOR IMPROVEMENT..... 22**
 - IMPROVEMENTS..... 23

Introduction

The Icelandic labour market has changed a lot in recent years. Years of growth have led to more jobs, especially in labour-intensive sectors such as tourism and construction. The capacity of the domestic workforce to meet the increased demand for labour in growing labour-intensive sectors is limited. Without foreign labour, Icelandic business would not have been able to staff expanded operations in recent years. Foreign citizens in the Icelandic labour market have become more numerous through the recent years, and are now a fifth of all workers, doubling in number in just a decade.

These boom years have had their darker side. Cases of labour rights breaches and wage theft brought to the unions in recent years have multiplied. Breaches seem to be focused on groups who are less aware of their rights, or in a worse position to defend them, such as young people, immigrant labour, and low-income groups.

In a recent report of the confederation of labour, ASÍ, wage theft and rights breaches were surveyed.¹ The aim of the research was to shed light on the breaches these workers suffer. The report was based on three sets of data. Firstly, wage claims made by four large ASÍ member unions were broken down by category of worker and employer. Secondly, Gallup asked 18-35 year-olds whether they had suffered breaches of rights enshrined in collective agreements. Thirdly, the same questions were put to a sample of foreign members of ASÍ member unions.

The report concludes that the Icelandic labour market is firmly separated into two layers. On the one hand, there's the mainstream reality of nearly no collective agreement violations. On the other hand, there's the reality that greets foreign, young and low-wage workers, where wage theft runs into the hundreds of millions of ISK every year. More than half of all claims made by the four unions surveyed were made on behalf of foreign workers, even though they constitute only 19% of workers in Iceland, and 25% of the membership of the four unions. About half of all claims originate in the hotel- and restaurant and tourism sectors. The largest claims are made to construction companies.

The Gallup surveys give an indication of how wage theft takes place. Participants were asked whether they thought their rights had been broken, such as rights to minimum wages and conditions, shift premiums, limits to working time and so on. When responses were broken down into categories, it became evident that foreign, young and low-wage workers were at higher risk of not enjoying rights and conditions established in collective agreements. These groups are at higher risk of breaches to formal rules (e.g. not getting a payslip or job contract), are more likely to suffer substantive rights breaches (e.g. not getting sick days or holiday pay) and wage-related irregularities (e.g. not getting paid according to the collective agreement, for overtime, or major holiday pay).

¹ Cf: https://www.asi.is/media/315797/islenskur_vinnumarkadur_2019_brotastarfsemi_130819_2.pdf

The irregularities illustrated in that report are only a part of the total extent of wage theft in Iceland. Firstly, wage claims only cover those cases where employers have not responded to previous union instructions. A majority of cases doesn't get so far as the collection proceedings. Secondly, there is reason to suspect that wage theft is underestimated by the survey, since the sample only included young and foreign union members who had provided the unions with their e-mail address. Little is known about the situation of the most precarious groups, who don't make it into Gallup survey samples and don't have strong ties to their union.

In fact, the condition of foreign workers in Iceland have not been the subject of much study until recently. What studies we have show that foreign workers receive lower wages than Icelanders. The difference varies depending on country of origin and for how long the individual in question has worked here.² It has also proven hard for foreign workers to have their education and work experience assessed³ which leads to lower wages than Icelanders in a similar position.⁴ There is a link between the time spent working in Iceland and the connections formed to society, which presumably makes it easier to break the rights of newcomers to the labour market.⁵

Organized criminal activity takes place across borders. According to information from the national police commissioner, human trafficking can be found in Iceland, especially in construction and tourism. The commissioner's research and analysis department also says that lack of oversight of temp agencies leads to wage theft and social dumping.⁶ Actions to combat these activities and to safeguard workers' safety are lacking. This criminal activity affects not only those who are its direct victims.⁷ Many employers also try to maximize their profit at the cost of employees by using their lack of knowledge or their weak position.

Although foreign studies can't be directly applied to Icelandic conditions, they do indicate that the rights of foreign labour are broken more frequently than of native workers, and that its conditions are worse. They also show that wage theft varies greatly between sectors. In a US study, it was shown that the rights of workers in smaller companies were at greater risk of being broken, although breaches weren't confined to them.⁸ An Australian study found that only 11% of foreign workers who had their rights to minimum wages broken tried to claim their wages. What

² Cf <http://hagstofan.s3.amazonaws.com/media/public/2019/fec8bbe4-6295-4fd6-8fce-35ef9a95d6ea.pdf>

³ Cf "*Here to stay? The rapid evolution of the temporary staffing market in Iceland*":

<http://www.irpa.is/article/view/a.2018.14.2.7>

⁴ Cf: <http://hagstofan.s3.amazonaws.com/media/public/2019/fec8bbe4-6295-4fd6-8fce-35ef9a95d6ea.pdf>

⁵ Cf "*Sveigjanlegur vinnumarkaður og harkvinna erlends starfsfólks á Íslandi*":

<http://www.thjodfelagid.is/index.php/Th/article/view/153>

⁶ Cf "*Skipulögð brotastarfsemi á Íslandi: Áhættumatsskýrsla greiningardeildar ríkislögreglustjóra*":

<https://www.logreglan.is/wp-content/uploads/2019/05/Skip.-gl%C3%A6past.-endanleg-2019.pdf>

⁷ Cf "*Orsök, áhrif og afleiðingar brota á íslenskum vinnumarkaði. Hvað er til ráða?*":

https://skemman.is/bitstream/1946/32394/1/Ritgerd_loka_Rannveig.pdf

⁸ Cf "*Broken Laws, Unprotected Workers: Violations of employment and labor laws in America's cities*":

<https://www.nelp.org/wp-content/uploads/2015/03/BrokenLawsReport2009.pdf>

distinguished them from other workers in the same position was union membership, that they knew of someone who had gone to a union, and knowledge of the legal minimum wage.⁹

Public discourse has offered explanations for the vulnerability of foreign workers' rights. These include language difficulties, the rent-seeking of bosses, and general lack of knowledge about nominal rights in the Icelandic labour market. Some have said that foreign labourers can be seen as second class citizens, which don't require collective agreement protection and rights. The higher wages here, compared with the home country, have been used to justify the lack of respect for foreign workers' rights. All these factors should be looked at more closely, to see whether they correspond to reality, and to see to what extent they influence the experience of foreign labourers in the Icelandic labour market.

For these reasons, a deeper investigation into the condition of foreign labour in Iceland has been called for, to provide insights into what actions may be required. The conclusions of the aforementioned ASÍ report show clearly that more research is warranted. The aim of this report is to complement the labour market survey of ASÍ and expound the breaches of rights suffered by foreign labour in Iceland. Its aim is not to demonstrate that an injustice is taking place, but to shed light on the conditions under which breaches happen, and to explain the nature of breaches suffered by foreign workers in Iceland.

⁹ Cf "*Wage theft in silence: Why migrant workers do not recover their unpaid wages in Australia*": <https://static1.squarespace.com/static/593f6d9fe4fcb5c458624206/t/5bd26f620d9297e70989b27a/1540517748798/Wage+theft+in+Silence+Report.pdf>

Methodology

Conclusions are based on interviews with workers of foreign origin, on workplace inspections, and on information provided by union staff.

Participants

This report is based on interviews with 8 individuals of foreign origin.

	Home country	Gender	Age	Sector
1	Serbia	Male	34	Food production.
2	Serbia	Female	25	Food production.
3	USA&Poland	Female	29	Restaurant, reception.
4	USA	Male	41	Communications.
5	Portugal	Male	22	Guesthouse.
6	Hungary	Male	24	Restaurant, chef. Painter.
7	Greece	Female	36	Hotel and restaurant.
8	Hungary	Female	26	Hotel and restaurant.

The interviews took place on the one hand via Skype or Facebook Messenger and, on the other, in person, in the ASÍ office and in a café. In one interview there were two participants, in other cases one.

Limitations

It proved to be a significant challenge to get foreign workers to participate. Generally, workers did not want to speak at their place of work. Nobody working in construction wanted to participate. There may be various reasons for this; fear of losing their job, language difficulties, bosses being nearby, and a lack of trust towards unions, which may not have a clear role in the minds of foreign workers. It was easier to get people in frontline work, probably due to stronger English proficiency. Despite there being the possibility of getting an interpreter, all workers who came forward could speak English. It should be noted that the results of this report don't include all breaches experienced by foreign labour, and probably not the most serious cases

Execution

Participants were sought during workplace inspections with unions in the West Fjords, South Iceland and in Reykjavík, via the Facebook group “Away from home - scammed in Iceland” and by sending a request to union representatives in VR. As no participant came from the construction sector, the construction workplace inspectors of ASÍ and member unions were interviewed to get an insight into the state of affairs in the sector.

The purpose of workplace inspections was to find workers and get a feel for the conditions of work. In them, useful information was also provided by union staff.

The first inspection tour was through three construction sites in the capital area on July 8. On July 9-11 there was a tour of the West Fjords. Þingeyri, Flateyri, Suðureyri, Bolungarvík, Ísafjörður, Súðavík, Hólmavík and remote tourist destinations were visited. On July 17, Þorlákshöfn and Hveragerði were visited. The last run of inspections was on July 23-24 in the South of Iceland, as far as Vík í Mýrdal.

The interviews were conducted from July 17, 2019 to August 8, 2019 and were open discussions, based on a specific frame of questions, adapted to each participant to get as much information as possible. Participants were promised confidentiality and personally identifiable information was removed from the report.

After the interviews had been conducted, the results were collated into themes and processed.

Results

The interviews and discussions with staff on inspection duty showed that many foreign citizens come here to work over the summer, the high season of tourism. Many come back repeatedly. Others want to stay in Iceland, temporarily or for a longer time.

All interviewees except one came to Iceland for work. Interviewee #3 came first as a tourist and decided to try to live and work here. The reasons for moving were mostly the higher wages here than in the home country, and flight from corruption. Interviewee #1 saw articles at home about the experience of other of working in Iceland. Others had friends who worked here and encouraged them to come. Interviewee #7 chose Iceland because it was the only country outside the EU where it was easy to come without much paperwork. The image of Iceland people had before coming here was of a paradise of equality where the rights of labour were high and everyone enjoyed equal rights.

Interviewees who had worked in more than one place had all changed their place of work due to bad experiences and rights breaches in previous places of work.

Knowledge of rights

Most interviewees had little or no knowledge of their rights when they came to Iceland. Reasons for this included, for instance, that the workplace was secluded, interviewees were isolated, employers gave misleading information or that they didn't know where to look. It became clear in interviews and talks with workplace inspectors that foreign workers often realize only after a long time that their rights are being broken. One reason is that they compare their wages to those in the home country, which tend to be a lot worse. Bosses who keep their employees educated about their rights are a rarity and some actively keep information from their staff.

Some interviewees knew that there were good unions and worker protections here before they came, but knew little about workers' rights. Interviewees #3 and #7 had looked at information provided by unions in English before they came here and thought themselves to be well informed.

Interviewee #4 said he would have wanted to know that he was in a union before coming here, as well as knowing what it could do for him. He also said that it would even have been good to have a lawyer present when signing his job contract, since his boss repeatedly broke his workers' rights.

All interviewees agreed that their knowledge of their rights had increased after they got in touch with the union or the unions came for a workplace inspection.

Types of breaches

Interviewees had widely varying experiences of working in Iceland. Some thought the experience good, other horrible. All but one said their rights had been broken in some way. Furthermore, everyone knew at least one foreign worker whose rights had been seriously violated in the Icelandic labour market.

Interviewee #3 said her rights hadn't been broken, but that she'd been warned, by friends and colleagues, to keep her guard up when getting hired.

“They warned me against making the wrong decisions which had me be a bit more careful when looking for work.”

Interviewee #7 said that the nature of rights breaches she experienced had been of a formal nature.

“Well weirdly mostly on the details, that is what happens with most of us. Little things like for example the sick days, if we don't go, working at a guesthouse without a contract, because we have a fever, we will not get paid for that day. Another one is the contract, so the workers can't rely on 100% full time job. Very often the schedules are according to how the traffic is. So workers might be standing by, without working and work often times last minute and the schedule very often comes last minute so the workers can't have a personal life in many cases.”

She also said that many employers made workers to tasks outside their job description, and that they don't get paid for that work.

Job contracts and payslips

Some interviewees had gotten a job contract, others hadn't, but most had had to insist on it. The contracts are mostly in Icelandic and prospective employees sign them without getting a translation. Interviewee #4 said he got a job contract despite getting paid black to begin with, as he hadn't gotten a work permit. Most didn't get payslips and had difficulty getting them even after requesting them.

All but one thought themselves to be full-time workers, but couldn't be sure since they didn't have a job contract or payslips.

“When workers start asking for the contract the employers are using this two-month window, like “oh you don't need a contract”. It's not that I don't need it, it's that I can't wait. But in cases without contract, a 100% job is assumed.”

It can be hard to calculate what your wages should be without getting the information which is stated in job contracts. It is also hard to say whether the wages correspond to responsibility inherent in the job. Foreign workers are often put on the minimum wage despite taking on great responsibility. The same can be said for getting professional education and work experience assessed.

“Some things are not so clear to me, in regard of am I being paid for all the things that I am doing. I’m talking just about myself, because I’m doing a lot of things, multitasking. [...] I’m not really sure that the salary that I have covers it all. Of course, the guys in the office say that I have a good salary and that I had an increase from the beginning, from the beginners’ salary. A 42% increase in salary, it sounds like a lot. But then when you see the increase in duties it’s a lot more than 42%. It’s unclear how to rate the things I’m working and the salary I’m receiving for that work.”

Interviewee #6 resigned after having managed a restaurant for a few weeks.

“I was alone many times in the kitchen so I was responsible for the food going out and it’s a small bistro but still. I get kind of like almost minimum wage and with this even pay bullshit. [...]. We were understaffed, we don’t have enough people. I just said I don’t have to take this.”

Wage-related irregularities

Interviewee #6 had worked as a painter. His boss had hired four inexperienced individuals and the interviewee got the task of training them. A little while later the boss started complaining how slow things were going. The employee said it was only to be expected, he had to both do his job and teach four others. His wages were raised by 100kr/hr, which the interviewee didn’t think reflected his increased responsibilities. He ended up quitting.

In one workplace, interviewee #6 never got paid at the right time. He had to ask many times each month when he’d get paid. The employer put the blame on bad economic conditions. This led to employees not being able to pay rent at the right time.

Equalized pay, overtime and other premiums

Most interviewees got equalized pay (jafnaðarkaup) and/or no overtime and holiday premium. In many cases, people seem to be getting minimum rates until they’ve worked a 40-hour week, despite working evenings or weekends.

Interviewee #4 said communications with superiors were not on equal footing, since immigrants knew little of their rights.

“Mostly what they do is they try to reach an agreement with the immigrant, which is a very blackmailed agreement, saying ‘okay you want to earn more money? I let you, you can work more hours, but you will not be paid yfirvinna, so you will not be paid the extra hour.’”

Holiday pay

Interviewees were not sure whether they were getting their holiday pay. Some thought they were, others not. One said he hadn't gotten any until he went to the union. Many were told they would get it disbursed monthly, but saw no indication it was happening. Having no payslips fuels this uncertainty, but most agreed that, given the wages they were getting, they were not getting holiday pay. The same goes for the June and December bonus.

“They paid me via [the bank], but they only gave me like 3 payslips and that was an issue because we had to prove at the union that I was working full time and I didn't have that evidence because of the paychecks. So I had to submit like screenshots of my working times because I didn't have payslips. But the union looked at the two payslips I'd given and they said there was no orlof, and that's one of the things we're suing them for, because they claimed that they paid me but on my paycheck it actually says zero.”

Interviewee #6 worked for the same company for nearly a year but got neither summer vacation nor holiday pay when he quit. He also said he never got summer vacation despite working here for nearly three years.

“It was so hard also that I never had a proper holiday since I'm working here in Iceland. Like I'm so jealous people going back to Hungary [...] and being at home for a month or something.”

Black work

One reason foreign workers get paid black is that they don't have a work permit. Two interviewees had experienced that.

“As an American citizen I also have a work permit and all that. It was supposed to be submitted before I officially got the full time contract and then the day before leaving for Iceland I find out that he's not even been submitted the paperwork. We had a bit of an argument the day before I left and he said it would take a week, two at most, and then I go and I find out that it took another month to actually submit the work application. So I was basically working illegally for a few months.”

Interviewee #7 worked in Iceland for two months before she got a kennitala. The boss didn't want to pay her wages since she didn't have a bank account, but she got an advance of 100,000kr.

“They drove us to some office [...] to apply ourselves for kennitala, they did not interfere and we were waiting for our kennitalas for about four weeks. So I was already working at the place for 6 weeks unpaid with the excuse that they can not pay me cash. However, they would not help my access to the bank to open an account. I opened an account maybe after two months of work. They gave me some advance of 100.000 and I had to again insist and ask for the rest of my money.”

Interviewee #5 went to the union because of unpaid wages. When the previous employers agreed to pay him, they offered to pay them black.

“When they fired me they offered me if I wanted to be paid in black [...] and I told them I would prefer with taxes because I know with taxes they have to give me kennitala, and also to pay the working union.”

Interviewee #6 says he worked with asylum seekers.

“[My boss] also hired like black workers, at least one guy [...] he was from Somalia and he was an asylum seeker so it was like freaking illegal and I’m not even sure he paid properly to this guy so I felt sorry for him kind of because it shouldn’t be like this.”

Other breaches

Layoffs

Those interviewees who had been laid off said that they'd been told, not too long before, that they were doing a good job, they'd been offered a long-term contract, or seen other indications that everything was in order. There are reasons to suspect that bosses use layoffs as a tool to get rid of staff who know their rights are being broken.

Interviewee #8 said his colleague had been fired without notice because he asked for a job contract. The reason he'd asked for the contract was that he thought he was being made to work tasks that were outside his job description, and he wanted a confirmation of this via his job contract.

Interviewee #5 was laid off suddenly on dubious grounds.

“I was fired for ridiculous reasons, because they were saying I was too slow at the dishwasher and at the housekeeping, and I wasn't doing it with pleasure, they could see it in my face. [...] they were letting me leave two or three hours earlier both at the dishwasher and at housekeeping so it's ridiculous to say I was being too slow.”

He says he thinks the actual reason was different.

“I know why, because a friend of mine who came to visit me there, she did an interview with them and she found out they weren't paying extra hours and so she didn't accept the job offer. And when she visited I think they got conscious that if she knows then I also know that extra hours exist.”

This was at a secluded guesthouse, so he had to take a bus to Reykjavík, where he had no certain prospects.

Interviewee #8 had become ill. When she sent a doctor's certificate she was laid off. The week before, she'd been told by her superiors that she was doing a good job. She had repeatedly asked to get her overtime paid, to no avail. She thinks this is the real reason for the layoff.

“When I went in I was fired with no warning, nothing. The week before they were saying everything was going perfect, they were happy. Then suddenly - fired.”

None of these individuals got the notice period stipulated in the collective agreement. Some required the assistance of the union to get their wages paid.

Volunteers

Interviewee #8 first came to Iceland when she was offered an unpaid internship. She thought it was normal and didn't know it was illegal to use unpaid labour for profit until she talked to the union.

According to workplace inspectors, it's common for horse rental agencies and companies selling horse-riding that volunteer labour keeps the business going. The horse rentals themselves seek volunteers in advertisements and "wages" are paid in the form of food and accommodation. Owners of horse rentals say they get many requests from foreigners who want an opportunity to work with the Icelandic pony. One owner said he wasn't sure how to respond. He added that it handicapped his competitiveness to pay wages to those who are prepared to volunteer when his competitors run on volunteer labour. It should be noted that volunteer work in the production of goods and services is not legal in Iceland.

Different treatment than Icelanders

Generally, interviewees felt the difference between treatment of natives and foreigners consisted in Icelanders getting higher wages. They also felt a lack of respect and that more was expected of them.

Cultural differences clearly have an effect. The culture of work differs between countries. In one inspection tour, Icelandic employees said that their colleagues from Poland never sat down and that they had to be told that they have the right to coffee breaks.

Interviewee #6 agreed that the culture of work varied between countries and that a worker didn't undergo a transformation by moving across a border. Bosses used this by demanding more of foreigners without paying a higher wage.

“Many of us were like Eastern European and really hard workers and I just didn't feel the respect towards the kitchen workers from the management.”

He said that in his view, the general rule was that foreigners got less pay for more work, and that this wasn't confined to Iceland.

Interviewee #8 wasn't sure whether the reason she was getting less pay and respect than her colleague was because he was Icelandic or because he was male. The colleague had often asked for a raise and gotten it immediately while they laughed at her when she asked to get all her hours paid. The colleague also got a good letter of recommendation when he quit, but she didn't get one at all. She also said the Icelandic had had an easier time finding another job.

“When [he] applied for jobs, he applied to 12 jobs, he got 9 interviews, he got 8 job offers. I've been applying for over 400 jobs in 4 months and I've gotten 3 interviews, I've gotten rejected for a position because I don't speak Icelandic.”

Interviewee #5 said he got a feeling of security when he saw that there were Icelanders working with him. He said it reduced the chance he'd be mistreated.

“The good thing that I saw here is that there are two or three Icelandic workers when I came. That made me feel safe.”

Some interviewees had never worked with Icelanders. Many thought that the reason for it was that the companies only hired foreigners, since they have less knowledge of their rights and it's therefore easier to break those rights.

“There's quite a lot of foreigners there but somebody told me it's probably because foreigners don't know their rights.”

Interviewee #5 also said that breaches of the collective agreement seemed to be increasing and that employers relied on their foreign workers not complaining.

“Most of them are starting to get very loose on the labour codes, especially because the immigrants, we don't know the labour codes. We think that the money we get is a lot compared to the money we get in our own countries so we don't complain. But its a lie, my friends and I, we complain and we get fired.”

Employers

The interviews make clear that many employers see workers as an added cost item. In harder times, employees and their wages and conditions are the first thing to be trimmed.

Inspection tours and information from the unions makes it clear that employers in many cases are uninformed in matters of personnel. New companies can of course have trouble at the start, but this excuse only works for so long. For the same problems to crop up again and again at the same company, something else must be the matter. Lack of knowledge can also not be an excuse to break workers' rights. It is the responsibility of employers to keep their books in order from the beginning. This applies to both staff and other aspects of running a business.

Difficult communications and retaliation

A recurring theme in interviews was difficult communication with superiors. The mood of bosses, threats and even humiliation seem to be a big factor.

People seem not to seek union assistance, because they are afraid of the consequences, until they have quit work. This fear seems well-founded. Interviewee #6 said that after he'd gone to the union, his boss fired his friend, who worked at the same company.

“[My boss] said ‘thank your friend that I have no more job for you’. So the next day I picked up my friend and we went together to the union.”

Interviewee #8 told her boss that if conditions didn't improve, she'd quit. He promised he'd fix things, but didn't, and he continued shouting at his staff. The interviewee tried to quit several times but always extended her notice in the hope that things would change, but it didn't happen.

“I gave him warnings, I gave him time, I gave him more than two months and after that I gave my two weeks notice and he became very angry at me and he gave away all my hours because this was in May, so there were a lot of red days I was supposed to work and he gave them all away to other people.”

It turned out this was his revenge for her resignation. She talked to her boss and he said she was a bad employee. This was news to her, as he'd shortly before offered her a long-term contract to work at the company.

The same interviewee had had a similar experience at a previous workplace. She was doing the work of two people but still got paid less than an Icelandic colleague who only worked one person's work. She requested payment for her overtime, hours that exceeded the full working week, from her boss. A week later she was laid off.

“I didn't ask for more money, I just asked to be paid for overtime and when I approached my boss *he called me crazy, he laughed in my face* and he told me if I'm not happy I can go back to just being a cleaner.”

Interviewee #4 said his boss had a drinking problem and took it out on his staff. The company was in financial trouble. He said his boss started blaming him for everything that went wrong. He added that colleagues had had the same experience. Some quit but others didn't find another job and kept on working there. He said of one colleague:

“He knows what he does but the thing is the one in particular just can't find any other job and keeps working there even though he has problems getting his salary. He defends his employer, kind of Stockholm syndrome, because he can't find anything better.”

It can be psychologically taxing to be the subject of rights breaches. Some interviewees described being tired and anxious, both while they were in the situation and while the unions made claims on their behalf.

“A week went by and I didn't go to the office. I was just sick of seeing the guy. My cousins were visiting Iceland at the time and they told me to leave because I wasn't looking very healthy.”

Interviewee #1 had a feeling that employers were unhappy with the unions. He said workers were often scared to bring their cases there, fearing it would come back to haunt them.

“I have a feeling that the company and the employers are irritated by the unions, so we have a feeling that if we press some issues through the union we will have them backfire from the employer in some other things. Which can be in the boundaries of the law but it would make life a bit more difficult here. It’s really a double edged sword.”

Unemployment benefits

Two interviewees talked about how previous employers had hindered their access to unemployment benefits. They are required to provide the directorate of labour with information on employment ratio and time of departure, but in these cases they had refused to do so.

Interviewee #6 had quit after repeated wage theft. He asked his previous employer to provide the required information but was rebuffed, with the argument that the employer would not participate in interviewee #6 living off the taxpayer’s money. Later, it turned out the employer hadn’t paid taxes off wages. Eventually he did fill the form but that just led to another problem. Firstly, the interviewee couldn’t get paid immediately as he’d quit himself. Secondly, the employer had said he didn’t work a full job, so he couldn’t get full benefits. He was told to go to his union, where it turned out the employer had neither paid union dues nor pension contributions. After some work, with the union’s help, the interviewee got his application for immediate benefits accepted, since his rights had been broken.

Interviewee #8 tried to apply for unemployment benefits, but her previous employers lied and said she’d been irresponsible and hadn’t shown up for work.

“I had a problem with Vinnumálastofnun, because I wanted to go on unemployment while I find something more relaxing and they lied to the union and Vinnumálastofnun said I was irresponsible, I didn’t show up for work. But thankfully I had all the messages and they were ruled in my favour: that I gave them notice, that I told them over and over that its not appropriate so in the end I got my benefits.”

Housing

It’s common for employers in tourism, especially hotels, accommodation and restaurants, to provide accommodation to their staff. It may be a part of the wage package but is in such cases sometimes used as a tool of extortion. A coercive bond may then be formed where employees are under the heel of the employer and dependent on him for food and lodging. Often the workplace is far from other places and staff don’t have a car, so they’re stuck. If and when staff

inquire about their rights they're told by their boss that they should be grateful for having free housing.

“When the workers have some complaint, the [employers] usually go like “yeah, but you have free housing.”

“They told me, ‘you know it’s a big privilege to not pay rent here in Iceland’ - and then they fired me. So they also use it as blackmail.”

This kind of extortion can happen even when staff are paying for the house the employer provides. Employees can be deprived of housing if they quit or are fired, ending up homeless in a foreign country. Many can't afford a ticket home, let alone survive while seeking another job.

Interviewee #5 had to depend on friends who also worked in Iceland to house him after he'd been fired without notice. If they hadn't, he would have ended up on the street.

“We don't have family here, most of us don't have friends here, so it's not a choice where we live.”

Interviewee #4 said that despite paying rent on his lodgings and despite it not being the employer's property, he never knew whom he was renting from. His employer managed all communications with those outside the company. When he applied for a work permit, the employer wrote his own address, despite the employer having his own place. All communication went through the boss.

Interviewees noticeably felt they were dependent on their employer for housing. This means that employers have power over employees who have a hard time leaving harsh conditions.

It is common for those who rent a place from their employer that they're paying well over market prices. As an example, an interviewee paid 75,000kr/month for a house he shared with 14-15 others. There was one shared toilet. Another interviewee who worked in a guesthouse paid 90,000kr/month for living with 6 others in a room. He later found out he was the only one paying rent.

“The housing, which is well, from the places that I have in mind at least, and I have witnessed with my own eyes. It's minimum and the price of the accommodation is not mentioned in the contract, so when the workers have some complain, the employers usually go like ‘yeah but you have free housing’.”

Unions

It is clear from discussions with foreign workers that unions are important. It's common for staff not to get information and/or wages except through the union. Most interviewees said they pay

union dues today. Many had to demand it specifically after having gone to the union and found that their dues hadn't been paid.

Out of eight interviewees, seven had gone to the union over possible breaches of rights. For two, the reason was to check if correct wages were being paid. Others had known they were being cheated and were seeking assistance.

How was the communication with unions?

Interviewees had extremely varied experiences of their unions. Some had a good experience. One interviewee said he'd gotten good support and had been kept informed on the progress of his case there. Many spoke of immeasurable support and personal assistance.

Interviewee #8 spoke about being happy with the prominence of unions in Iceland. She hadn't known about them when she came here, but people were quick to point them out to her when she had problems. The interviewee felt it was good to know where to head and to know someone had her interests in mind. She thought foreign workers generally knew about the unions but definitely had divergent experiences there. She also said they helped and encouraged each other in getting help. She also said that Facebook groups for foreign workers in Iceland were very helpful.

“The moment I had a problem, people were telling me ‘go to the union, go to the union’.”

Interviewee #4 had sought the assistance of his union due to various problems. The union provided him with a lawyer to claim his wages. He suspected the lawyer of deliberately sabotaging the case.

“The lawyer that the trade union hired to try to get my salary purposely botched the case against him. He got my case against him dismissed because he falsely claimed that he'd asked me for my address and that I never responded to him with my address. But I went through all my emails, I got no phone calls from the guy asking me for a postal office. [...] He basically lied to the court, saying that he tried to contact me asking for my address and there was a technical issue and it was my fault so the case got dismissed. I don't think the lawyers in that small town had my interests at heart.”

Interviewee #7 had a positive experience when going to her union the first time around. She was told they'd talk to the company and fix things. Some time later, when nothing changed, she called again. They said it was strange and called the company again. Again nothing happened and she was close to giving up. She asked yet again and yet again got the same answer, that it was strange and that they'd call again.

“They gave me the impression that it was kind of my responsibility to go after them.”

She gave up and later found that other staff had had problems with the same union. Many had gone there repeatedly to get information on their rights and been told to talk about it with their boss. Later she talked to ASÍ to find out whether foreign workers could set up a network to visit workplaces and talk to employees. The idea was similar to workplace inspections, to distribute information, but it was also for foreign workers to know that they could talk to people in a similar position. He was told to talk to his union but never got any response there.

“She was very excited and brought me contact with a man here in the local union, who never ever replied back.”

Some said that even though the unions meant well, they lacked understanding of the difficult position of its members. Interviewee #5 said his experience was that the unions didn't realize the power their boss had over them. The interviewee had gone to the union to see if he was getting the right wages. The union encouraged him to tell his colleagues about his rights, and he did. One colleague snitched on him. The interviewee said he knew people in the same position had ended up being fired, and despite it being illegal, the union couldn't help them with housing or other sustenance.

“I don't think the unions are ignorant or unconscious, maybe a bit unconscious of how much power the bosses have upon us and how much it can be hard to be fired. [The union] asked me to tell all my colleagues about their rights. I was fired because a colleague snitched me to the boss because they had a special agreement with the boss. So when they tell us to tell all these colleagues, they must also realize that a lot of workers find it an obstacle to speak with the working union because they know when the working union comes they're afraid they will say 'okay a worker called', so [the bosses] find the worker that called the union and fire him. Even if that's illegal, the working union does not have houses to give in case of immigrants being fired.”

View on Icelandic unions - “It's a whole different thing”

All interviewees agreed that unions in Iceland were better than in other countries, where they had worked. Many spoke of corruption in their home countries' unions and that they didn't care about the situation of workers. They said unions here were strong and that it was important to have access to information, legal assistance, and support, e.g. for Icelandic lessons.

Interviewee #1, who had discovered Iceland in articles about his countrymen's experience, said that in the articles, the unions were well spoken of, that they cared about workers and that they had real power.

“They were praising the unions and they have some real power here. So it's like a whole different ball-game here than in other countries.”

Construction

No interviewees could be found in construction. This discussion about the sector will therefore be based on talks with workplace inspectors and inspection tours. The difficulty of reaching workers in the sector speaks volumes on its own. As noted above, the results of the previous ASÍ report show that the wage claims made in that sector are larger each than those in other sectors.

Foreign workers in construction often come to the country to work for short periods of time, do one job here and are then sent somewhere else. They tend to be isolated, with very limited linguistic knowledge and communication takes place through one supervisor who speaks English. The short period of work here makes it more likely for workers not to know their rights, which makes their situation more precarious.

Construction work does not entail communication with clients, so generally there is no requirement to know Icelandic or English. This makes it more difficult for these workers to learn of their rights. In workplace inspections, speaking English seemed to be connected to more confidence in communications with inspectors. Those who didn't speak much or any English had less understanding of the situation and seemed more scared than others.

According to workplace inspectors, workers often get equalized pay and in some cases less than the minimum rates. It seems the only ones with education relating to the job don't ever do it themselves, but get hired as managers instead.

Workplace accidents can be more dangerous in construction than in other sectors. The role of health and safety authorities and work protection legislation¹⁰ is to secure a safe working environment. Construction companies often don't follow regulations on proper facilities, which increases the risk of accidents.

In one inspection tour, note was taken of a foreign worker who had suffered a serious workplace accident. Superiors had encouraged him to go home, explaining that it would be better to have family in these circumstances. The employee thought the real reason was to evade compensation payments.

Those who don't have a work permit in Iceland (and volunteers) have no rights in cases of workplace accidents. An inspection agent told of a worker who had been injured at work and driven to hospital. There, the authorities were told he was a tourist who had fallen from a tree, so the travel insurance would suffice.

A workplace inspector said he thought the more Icelandic workers a workplace had, the less foreign workers' rights were at risk. Icelanders were more likely to know their rights and employers therefore more likely to respect everyone's collective agreement rights.

¹⁰ Law no. 46/1980.

Union workplace inspections

Foreign workers have less knowledge and connections, compared with those who grow up in Iceland. Therefore, it's important for unions to build connections with foreign workers. They have permission¹¹ to inspect workplaces and to make sure that employers and employees are working in accord with laws, regulations and collective agreements.¹²

As previously mentioned, foreign workers tend to be afraid of talking to unions and workplace inspectors. Main reasons are probably a lack of knowledge of the unions' role, since many come from countries where unions have a lower standing than here. Pressure from employers also plays a role, the fear of being fired or retaliated against.

The role of workplace inspections is therefore, to a large extent, to provide information and build trust. The workplace inspectors talked about seeing the worst breaches on inspection duty, since it was often the people who get oppressed the worst who fear seeking assistance the most.

¹¹ According to law no. 42/2010 and an agreement between ASÍ and SA.

¹² Cf: www.skirteini.is

Conclusion and proposals for improvement

The experience of interviewees is consonant with results previously seen in the labour market report of ASÍ. The most common breaches seen in both reports are similar, although a new aspect is seen here: The part of employers in the experience of foreigners in the Icelandic labour market. The experience foreign workers have of interaction with their unions is also an interesting addition.

Despite having sought interviews with workers in varying fields and positions, all interviewees spoke English, many were university-educated and most knew people outside the workplace who could inform them about their rights. The most precarious group is still out of our sight.

Breaking people's rights is easier if they don't know them, and someone always seems willing to do exploit vulnerable staff. Many employers seem to look at employees as tools, not humans. This is evident in how their leisure time is not respected,¹³ their wages kept under collective agreement floors, and how they are the first to lose their job when the business hits a rough patch. They tend to be fired without notice and the reasons are often simply that the employee tried to protect their rights.

People have a hard time understanding their rights and wages, despite having looked at information from the union. Without job contracts and payslips, it can be hard to make sure that all hours, overtime and premiums are paid, and whether wages reflect the responsibility inherent in the job.

The education of immigrants not being recognized is a well-known problem, i.e. that they don't get work related to their education.¹⁴ One interviewee said he didn't get a job doing what he studied because he didn't speak Icelandic well enough. This may not be a breach of rights, but it is an important task for the authorities to fight the tendency that immigrants are kept out of certain jobs.

Knowing Icelandic is very important to those who want to stay here for longer, both for work and in socializing, where there can be a language barrier. All interviewees were aware that the unions provide subsidies for Icelandic courses. However, many face other difficulties in getting access to them, such as working in a distant and secluded place. Two interviewees used the time they spent on unemployment benefits to study Icelandic in the hope that it would improve their job prospects.

Wage theft and rights breaches affect more people than just their direct subjects. Competition in the relevant sector is distorted, making those who follow the rules less competitive.

¹³ E.g. shift plans are published late and people called to work at short notice.

¹⁴ Cf: <http://hagstofan.s3.amazonaws.com/media/public/2019/901e98bb-a182-4dc1-9059-261b7bea719b.pdf>

Wage claims¹⁵ made by ASÍ member unions run into the hundreds of millions each year. Since most cases of wage theft never reach the unions, the real amount being stolen is presumably much larger. This also leads to tax losses for the government, affecting the entire country.

Improvements

Several improvements suggest themselves to mend the problems seen above, to strengthen the situation of foreign workers and the unions in their fight against wage theft and rights breaches in the labour market.

Firstly, sanctions must be strengthened for breaches against workers. The legal framework today incentivizes attempts to break their workers' rights. Only a fraction of those whose wages are stolen go to their unions and even fewer get full compensation. The companies collect the rest. Actions are needed to combat the tendency of employers to maximize profits by breaking workers' rights.

Secondly, employers' knowledge of employees' affairs must be improved. They should fulfil certain conditions to be able to have staff on their payroll, conditions like knowing the collective agreement and labour law.

Thirdly, the number of places where workplace inspections take place could be increased. Workplace inspections by unions, where they do happen, seem to have been a success and strengthened knowledge of rights among workers. Informing people and inspecting places increases the likelihood of staff reaching out to the union.¹⁶ Inspections need to be strengthened, along with information provision to employees and employers.

Fourthly, rules must be changed in order for job contracts to be available at the moment of hiring, with sanctions for employer noncompliance. Workers in a vulnerable position would gain a lot by implementation of the relevant EU directive.¹⁷ Today, an employer has eight weeks to make a job contract, which means a job description and conditions can be left vague for a long time.

It is not only up to the government to react. Employer federations should also join the labour movement in fighting against the exploitation of workers, wage theft and other collective agreement breaches. It is also in the interest of their members for all to sit at the same table.

¹⁵ I.e. those cases which aren't resolved outside of court.

¹⁶ Cf: <https://www.ruv.is/frett/milljonum-stolid-af-erlendu-launafolki?fbclid=IwAR2wEWhIVMXXShly6apf1LGNKhARe8wp9z3sZZsNDMR2HyD2fYPamfOUm6A>

¹⁷ Cf: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A32019L1152&qid=1565617259557&from=EN&fbclid=IwAR0y_reDRdVUXojazxroZ8NEADdrllrW9dh3PvQhynh2Xglhc7HrmS-u2aA

Further, there seems to be a lack of remedies when people are fired or quit and lose the lodgings provided by the employer. Several resources are needed for those who don't have a private social safety net and are thus at risk of ending up on the street, possibly penniless, at no notice.

It is also important for unions to harmonize their procedures and improve them as needed. Interviewees had varying experiences of their unions, apparently depending on the union. The different sizes and strengths of the unions may play a role in this, since some may be more capable of reacting to wage theft, perform inspections and process cases.

The government must work closely with the labour movement and react to rights breaches in the labour market. In late January this year a working group under the auspices of the Minister of Social Affairs and Children produced a report on social dumping and rights breaches in the labour market which was staffed by representatives of ministries, public agencies and social partners.¹⁸ Alongside the collective agreements signed on April 3, 2019, the government published a statement on actions against social dumping based on proposals in that report. ASÍ demands on financial sanctions on wage theft are also to be discussed.¹⁹ It is important for all to put their weights on the scale to bring about reform.

¹⁸ Cf: <https://www.stjornarradid.is/lisalib/getfile.aspx?itemid=c6a38acb-2567-11e9-942f-005056bc530c>

¹⁹ Cf: <https://www.stjornarradid.is/lisalib/getfile.aspx?itemid=79cd7e42-561f-11e9-9439-005056bc4d74>