

Low Life (notfeat. Future)

Mapping Sectoral Seniority-based Salary Progression Regulations in Vienna

Bachelor Thesis

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Abstract

This thesis explores the limited impact of seniority-based salary progression (SBP) in Austria's gastronomy sector. The practical component maps how SBP is regulated across major sectors using collective agreement data, focusing on the lowest wage groups. Building on this, the thesis investigates institutional and structural factors that may contribute to limited wage growth in gastronomy. The analysis draws on comparative data and expert interviews to better understand how collective bargaining structures interact with workforce characteristics and sectoral conditions. By combining regulatory mapping with qualitative insights, this work aims to clarify how wage-setting mechanisms can contribute to long-term inequality, especially in sectors marked by precarity and limited upward mobility.

Keywords: *Seniority-based wage progression, collective bargaining, gastronomy sector, Austria, labor market, wage mobility, trade unions, Vida, low-wage sectors, salary structures, sectoral agreements, wage inequality, labor turnover*

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1. Introduction

This thesis investigates the notably low and flat seniority-based salary progression (SBP) in Austria's gastronomy sector. The analysis builds on a data-driven project that visualized how SBP is regulated across collective bargaining agreements (CBAs) in different occupational sectors. The aim of the project was to highlight disparities in wage mobility and to reveal sector-specific patterns in Austria's wage-setting architecture.

The practical component focused on visualizing salary tables from the most recent (2024) CBAs in the Vienna region. By mapping SBP trajectories across sectors, the project offered a more intuitive and comparative view of how wage progression unfolds over time in various industries.

Findings from the project reveal that SBP in gastronomy is significantly flatter than in most other sectors. Wage increases based on tenure are not only smaller in absolute terms, but also occur less frequently. This pattern persists across all employment groups within gastronomy, from entry-level to management roles. While the transportation sector shows the lowest progression, gastronomy stands out for combining low baseline wages with minimal seniority-based growth, making it the most adversely affected among the sectors analyzed.

This paper takes these empirical findings as a starting point to investigate the underlying causes of low SBP in gastronomy. It asks:

What institutional and sectoral factors contribute to the limited seniority-based wage progression in Austria's gastronomy sector?

To answer this question, the thesis explores institutional, economic, and labor market characteristics specific to the gastronomy sector. Particular attention is given to the role and strategic positioning of the trade union Vida within collective bargaining processes. The analysis is guided by frameworks from industrial relations and labor economics and draws on CBA data, an expert interview, and relevant labor market statistics.

To contextualize the visualized wage-progression data, Vedran Karabasević, a policy analyst at Vida, the Austrian trade union representing the gastronomy sector, was interviewed. His expertise helped clarify the sector-specific dynamics underlying the observed SBP trends.

2. Contextual Framework: Collective Agreements, Seniority-Based Progression, and Sectoral Focus

2.1 Wage-Setting in Austria: Institutional Landscape and Sectoral Negotiation

Austria's labor market operates within a hybrid model in which wage-setting is primarily governed through collective bargaining. While the legal framework sets general labor standards, salary progression is largely determined by sectoral and firm-level agreements. Civil service pay scales are regulated by public law, whereas private-sector salary determination operates through collective agreements, company-level deals, and individual contracts. These agreements are negotiated between statutory interest groups, such as The Austrian Trade Union Federation (ÖGB) and the Chambers of Labour (AK) - representing employees, and the Austrian Economic Chamber (WKO) - representing employers (Bundesministerium für Arbeit, Soziales, Gesundheit, Pflege und Konsumentenschutz [BMAWa], n.d.).

The ÖGB reports over 800 CBAs currently in force. These include both broad sectoral agreements and narrowly tailored ones that may apply to a single firm.

As noted during the expert interview, under this system, compensation increases, including those based on seniority, are completely up to these social partners (WKO and ÖGB) to negotiate (Karabasević, 2025). The fact that CBAs cover nearly all aspects of pay, the form and scale of wage progression, including those based on years of service, are directly affected by the unique dynamics, goals, and concessions made in each sectoral negotiating process. This basic point shifts the focus of any study of wage progression away from the absence of a legislative framework or coverage and onto the specifics of negotiations in each industry.

2.2 Coverage and Limitations of Collective Agreements

Despite Austria's reputation for near-universal collective bargaining coverage, often cited as 99% by the OECD (2012), the data sources and calculation methods behind this estimate are not fully transparent. The OECD figure is based on secondary compilations such as the Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS) database, which aggregates institutional and legal information from sources like the European Commission and European Social Committee (Müllbacher et al., 2015, p. 15). As such, it likely reflects de jure coverage, that is, the formal or legally extended applicability of collective agreements, rather than de facto coverage based on individual employment situations. In contrast, empirical data from Statistik Austria's 2022 Structure of Earnings Survey (SES) indicate that 6.1% of Austria's 2.78 million private-sector employees are not covered by a collective agreement, suggesting a notable gap between formal coverage frameworks and practical implementation, see Table 1. The majority of employees (62.5%) are covered by industry-specific agreements, followed by framework agreements (22.4%) and smaller shares covered by company or regional contracts. Coverage is particularly high in sectors like construction (87.1%) and financial services (82.3%), while arts and other services show much lower coverage rates (under 50%).

Table 1: Employee Coverage by Collective Agreement Type and Gender

Type of Collective Agreement (CBA)	Women and Men	Women	Men	Coverage (%)
Total	2,780,578	1,171,321	1,609,256	100.00%
Framework CA/Rahmenkollektivvertrag	623,600	215,907	407,692	22.43%
Industry CA/Branchenkollektivvertrag	1,738,193	729,650	1,008,543	62.51%
State CA/Landeskollektivvertrag	65,269	42,178	23,091	2.35%
Company CA/Firmen Kollektivvertrag oder Betriebsvereinbarung	101,632	45,501	56,131	3.66%
Other CA	82,208	42,242	39,966	2.96%
No CA	169,676	95,844	73,832	6.10%

Source: Adapted from STATISTICS AUSTRIA. Earnings Structure Survey 2022. – Employees in companies with ten or more employees in the private sector (economic categories B–N and P–S of ÖNACE 2008). Excluding apprentices.

2.3 How Seniority-Based Progression (SBP) works in Austria

2.3.1 Historical and Social Partnership Foundations

The Austrian model of social partnership, which underlies the collective bargaining system, was created in the early 1950s. Its initial primary goal was to control post-World War II inflation (cf. Nowotny, 1991, p. 1). This system rapidly evolved into a comprehensive framework that has a significant influence over economic and social policy in Austria. It is based on the post-war consensus between previously hostile political and social groups, aimed at achieving economic and social stability and maintaining “social peace” (Austrian Embassy Washington, n.d.). A central institution within this framework is the "Parity Commission for Wages and Prices" (Paritätische Kommission) founded in 1957. This commission plays a crucial role in coordinating wage policy, ensuring a balance between autonomy in wage negotiations at the industry level and broader macroeconomic considerations (cf. Nowotny, 1991, p. 2).

From the perspective of trade unions, traditional support for seniority rules in CBAs serves several strategic purposes: to gain control over job classification and promotion, to ensure the provision of comprehensive fringe benefits, to limit potential discrimination and favoritism in pay decisions, and to provide a form of social insurance that provides protection against the contingencies of aging (cf. Eurofound, 2019, p. 2).

2.3.2 Defining Seniority in Collective Agreements

Collective agreements distinguish between two primary forms of seniority for classification purposes:

- **"Years of Service" (Berufsjahren):** This broad category covers all completed periods of service, regardless of a specific employer or role. It recognizes an individual's overall professional trajectory.
- **"Years in an Occupation or Function Group" (Verwendungsgruppenjahren):** This more specific measure only takes into account periods in which employees worked in a job that is at least equivalent to

their current job group. This distinction ensures that experience directly related to the current role is appropriately valued (cf. BMAWb, n.d.).

This dual definition allows for a nuanced recognition of the employee's general professional path and their specific experience relevant to their current role, which directly affects their position in the collective agreement's pay scale (cf. BMAWb, n.d.). In a broad sense, it is defined as an employee's continuous length of service with a particular employer or accumulated experience in a particular profession or industry (cf. Eurofound, 2019).

2.4 SBP Determinants

2.4.1 Theoretical Models of Seniority Pay

Human capital theory (cf. Becker, 1962; Mincer, 1958, 1974; Schultz, 1960, 1961) assumes that workers' productivity increases with accumulated knowledge and experience over time, leading to rising wages. However, when training is company-specific rather than general, the relationship between productivity and wage growth can flatten, as firms and workers share the investment costs and the firm retains part of the productivity gains.

In contrast, principal-agent theory highlights a different logic. Lazear (cf. 1979, 1981) argues that firms may design seniority-based wage systems to incentivize effort and reduce turnover. Under this model, workers accept lower wages early in their careers in exchange for promised future rewards, aligning long-term performance with company goals. As Lazear writes, senior employees may earn higher wages not due to current productivity, but because the wage structure reinforces motivation and loyalty throughout the workforce (cf. 1981, p. 606).

2.4.2 Economic and Behavioral Principles

For this section, insights from the expert interview helped contextualize the economic and behavioral foundations of seniority pay in Austria. The core principles include:

- **Employee Retention and Loyalty:** Seniority-based pay structures are a deliberate tool to build employee loyalty and encourage long-term employment with a company. In an era of labor shortages and demographic shifts, retaining experienced employees is increasingly important, and tenure provides workers with a clear incentive to stay with their employer (cf. Eurofound, 2019).
- **Rewarding Accumulated Experience and Implicit Knowledge:** The wage raise with seniority is economically justified by the “quality of job-worker match.” As an employee gains seniority, his or her performance in a given role becomes more precise, and he or she accumulates valuable firm- and industry-specific knowledge and skills that increase his or her overall value. Thus, seniority pay rewards this accumulating professional experience (cf. Iliev et al., 2017, p. 2).
- **Promoting Social Insurance and Reducing Internal Competition:** Seniority systems promote social welfare by providing a predictable career path and a form of “social insurance” against the uncertainties

of aging and career advancement. By establishing clear, objective criteria for wage growth, these systems also “serve to limit discrimination and favouritism, remove an element of competition among workers” (cf. Eurofound, 2019, p. 2).

- **Limiting Management Discretion and Ensuring Transparency:** Seniority is highly valued for its impartiality, transparency, and ease of application. It provides a clear, objective, and cost-effective criterion for ranking employees and determining pay increases. This objectivity is perceived as fairer than more subjective performance-based criteria, and it effectively limits management's arbitrary discretion in pay decisions (cf. Eurofound, 2019).
- **Predictability and Financial Certainty:** The structured nature of seniority-based progression, along with yearly pay increases, gives employees financial stability and helps them plan their careers more confidently (Karabasević, 2025).

To sum it up, SBP is a pragmatic instrument that simultaneously satisfies the employer's need for a stable, experienced workforce and the employees' demands for security, fairness and predictable career progression. As it was highlighted by the expert, the fairness aspect is particularly crucial in a highly unionised environment, as it minimizes disputes over subjective performance assessments and promotes collective solidarity.

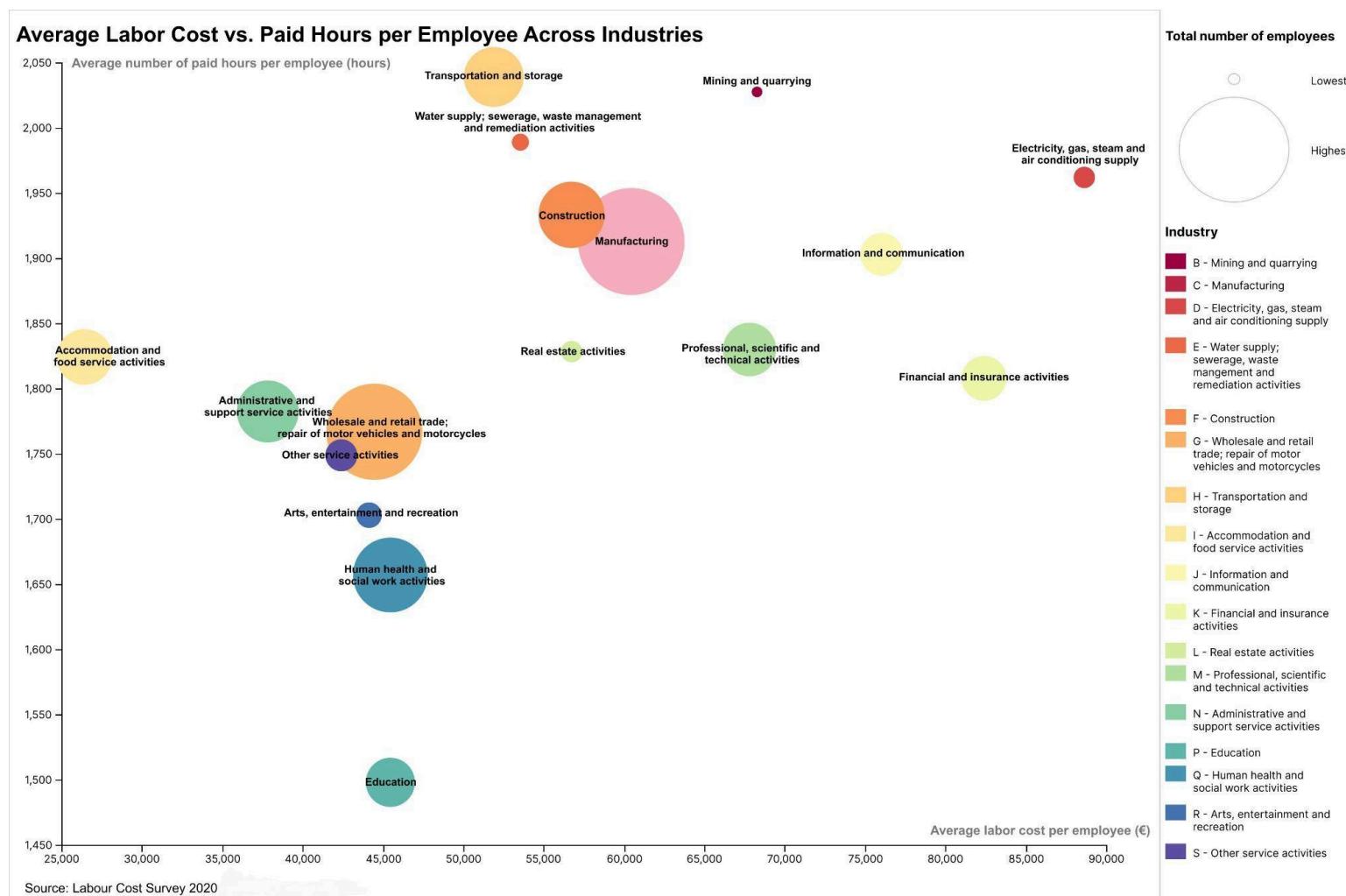
2.5 Sectoral Focus

The decision to focus on the gastronomy sector is grounded in both empirical evidence and the broader context of wage inequality in low-wage industries. My previous data visualization project (see Figure 1) concluded that gastronomy ranks lowest in overall pay among all sectors analyzed and is characterized by the longest average working hours within the low-wage category. When compared to industries requiring similar skill levels, gastronomy consistently offers both lowest compensation and longest hours, highlighting its structurally disadvantaged position.

While a similar trend is observed in the transportation sector, which also shows weak SBP and high working hours, gastronomy stands out by combining minimal SBP with the lowest baseline wages. This intersection of low wage levels, limited wage mobility, and long working hours makes gastronomy a particularly critical case for analyzing the limitations of SBP in securing financial advancement for workers. By focusing on gastronomy, this study targets a sector where SBAs appear least effective in ensuring upward mobility, thus offering insights into how institutional wage structures may reinforce economic precarity rather than mitigate it.

An expert from Vida was selected for an interview due to the project's data, which showed minimal SBP particularly in the gastronomy and transportation sectors, both represented by Vida. The interviewee, a senior policy officer with extensive experience in collective bargaining, preferred to remain anonymous. He was chosen for his practical insight into union negotiation strategies and the structural constraints within low-wage sectors. Conducted online and recorded with consent, the interview was transcribed in full and is included as Appendix A.

Figure 1: Correlation between the average working hours and labour costs per year across Austrian occupational sectors



Source: Sagymbaeva (2023), based on Labour Cost Survey 2020.

3. Practical Project Overview

3.1 How Representative Are Collective Agreements?

This section addresses the source critique component of the study with support from the expert interview. The interviewee was asked to evaluate the extent to which collective agreements realistically represent actual wages.

Austrian labor law is based on the principle of favorability (Günstigkeitsprinzip), which states that although CBAs establish mandatory minimum standards for pay and working conditions, employers always have the right to offer more favorable conditions at an individual or corporate level. Deviations from these standards are only permitted in exceptional cases and only if explicitly permitted by the agreement itself. Work contracts (Betriebsvereinbarungen) may also not undermine collective agreements, they can only improve upon them.

This design ensures that collective agreements act as a floor, creating space for “overpayments” (Überzahlung), wages above the minimum, through individual contracts or company-level agreements. In practice, as the expert noted, this is widespread (Karabasević, 2025). The concept of “IST-Gehalt” (actual wage) refers to the actual wage paid to the employee, which often exceeds the collectively agreed minimum. Collective agreements thus function reliably as a minimum guarantee, but are less accurate indicators of actual market wages (Karabasević, 2025).

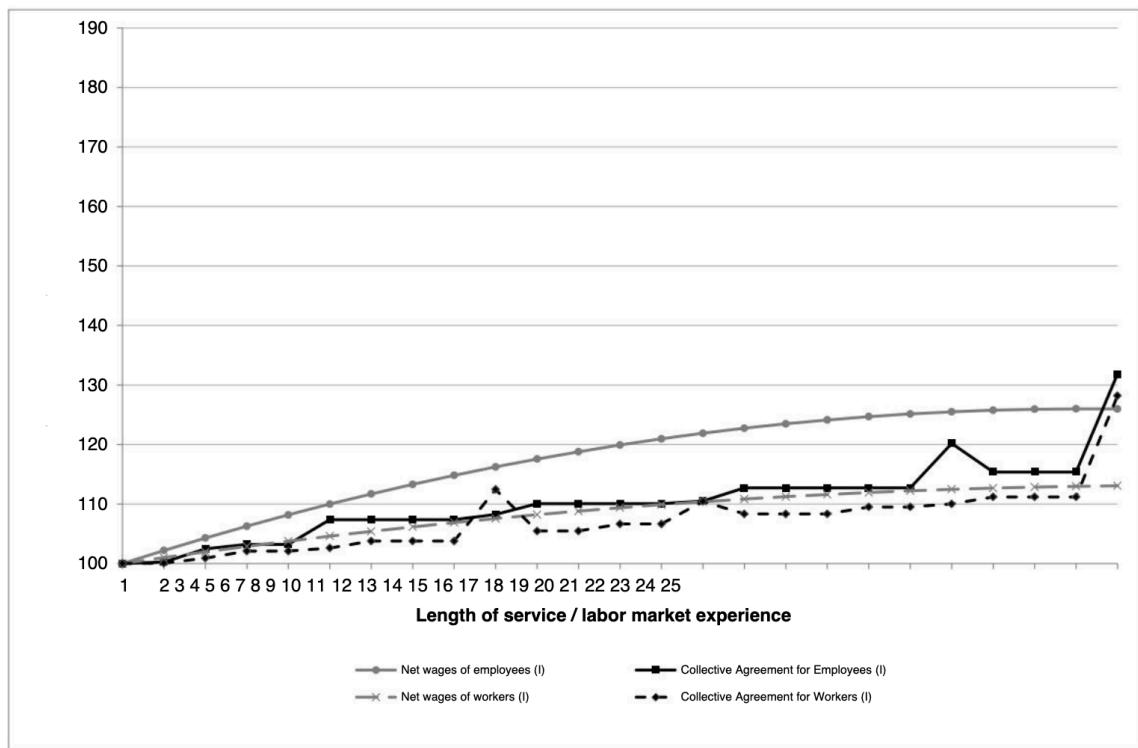
To ensure compliance, Austria has a robust enforcement system. Employers are legally obliged to comply with collective agreements, and oversight is provided by the Chamber of Labour (AK) and legal instruments such as the Act on the Prevention of Wage and Social Security Dumping (LSD-BG). These bodies enforce wage standards and penalise underpayment. However, despite this strong legal framework, violations can persist, particularly in sectors with a high degree of informality or precariousness.

Finally, wage dynamics in Austria are shaped by macroeconomic factors as well. Wage increases agreed in collective agreements usually follow past inflation trends and are guided by the Benya rule, which recommends that nominal wages should increase in line with inflation and productivity. However, this approach can lead to a lag in wage adjustment, meaning that in periods of high inflation, real wages may temporarily fall even if nominal wages rise (more about it is discussed in section 3.2.3).

3.1.1 The Case of Gastronomy

Despite Austria's strong legal framework and high level of collective bargaining, the gastronomy sector remains particularly vulnerable to underpayment and informal employment practices, including “undeclared work” (Schwarzarbeit), due to the informal or precarious nature of the sector mentioned earlier. These include cash payments, false classifications of underemployment and delayed or lack of registration with the social security system, all of which result in actual wages being below the standards set by CBAs. It was also pointed out in a study by Müllbacher et al. (2015), based on microcensus data from 2011, gastronomy's net wages are among the few cases that exceed those formally stated in the relevant CBAs (Figure 2). 58% of underemployed or marginal workers in the sector worked more hours than officially reported, indicating a widespread mismatch between formal and actual working conditions (cf. European Labour Authority, 2017).

Figure 2: Net wage development according to wage function and collective agreement Gross wage development - Accommodation and catering



Source: Müllbacher et al. (2015, p. 55), based on Mikrozensus 2011 and 2012. Screenshot, machine-translated by Google.

Despite the existence of enforcement tools like LSD-BG and the AK, it remains difficult in segments of the gastronomy sector where informal practices are often normalized or mutually accepted as a way to earn or save money.

As a result, while collective agreements provide legally binding wage floors, they do not always reflect the real earnings of workers in this sector.

Given the limitations of collective agreements in reflecting actual wage outcomes, my practical project contributes by shifting attention to the normative structure underlying wage setting. Instead of capturing how wages are paid in practice, it visualizes how wage progression is formally constructed across sectors. This approach highlights how sectoral rules embedded in collective agreements can enable or constrain wage mobility - independently of labour market behavior or informal practices. In doing so, the project offers an additional perspective that helps explain not only what wage progression looks like, but also how it is institutionally designed, especially for low-paid occupations.

3.2 Key Observations from the Visualization Project

3.2.1 The lowest SBP

Sectoral differences in SBP are substantial, as visualized in Figure 3. The selection of sectors, along with justification and technical details, is provided in the project methodology.

The gastronomy sector exhibits one of the flattest progressions. Here, salaries start around €1,900 gross per month and reach only €2,100 after 21 years, reflecting an increase of just €200 for the difference between an experienced employee of two decades and a newcomer. Railway companies show the lowest increase, with overall progression between €40 and €100 for the same period. The data also shows that sectors with similar entry-level wages display big differences in SBP. For example, the Trade, Crafts, and Services sector offers the same starting salary gastronomy but shows noticeably steeper wage growth. Advertising begins at the same wage level as gastronomy, yet shows the highest overall SBP after 21 years - a 56.4% increase, compared to just 10% in gastronomy. Banks and chemical industry start the same as the railway companies, but differ widely in how much wages increase over time.

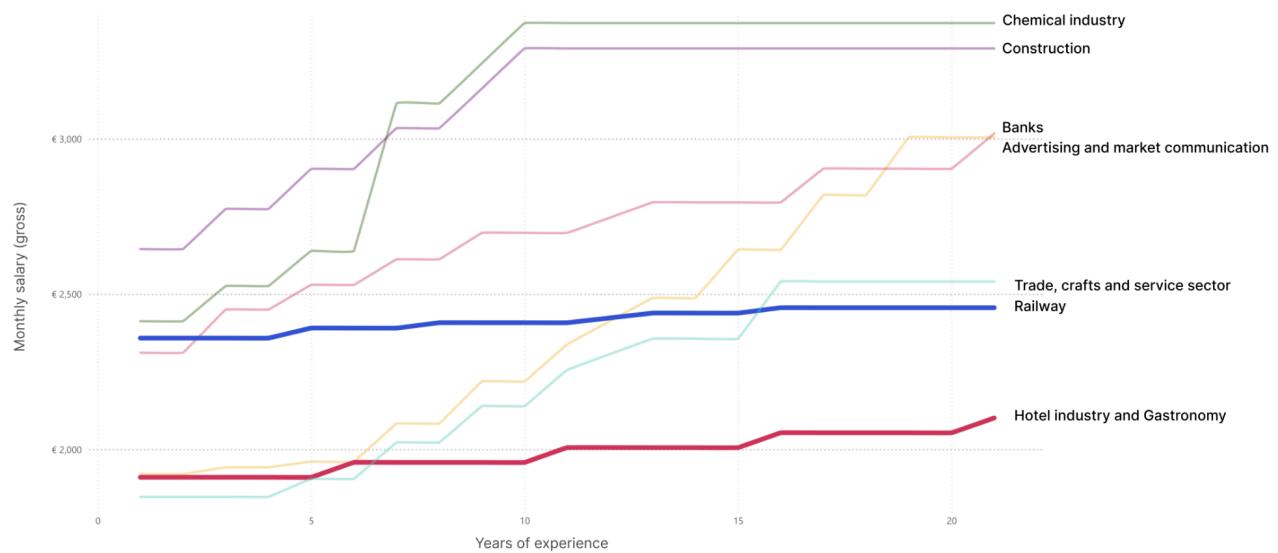
The fact that these sectors start with similar entry wages is likely due to low formal skill requirements for entry-level roles, which is typical for the lowest wage groups. These jobs¹ are mechanical or auxiliary tasks and generally require only minimal formal education or specialized skills, so uniform starting pay is understandable. However, the observed differences in wage progression across sectors suggest that factors such as sector-specific bargaining outcomes and institutional structures may play an important role, alongside job complexity.

¹ A description of the lowest wage group characteristics for each sector can be found in the Appendix F.

Figure 3: Seniority-Based Wage Progression in Selected Sectors

Seniority-based Salary Progression under Collective Agreements

Monthly gross salaries defined by collective agreements, showing how pay increases with years of experience across selected industries. Data covers a 21-year seniority range.



Source: Own visualization based on 2024 sectoral CBAs (see Appendix E for full list of agreements and URLs).

Interestingly, both the hospitality and transportation sectors- which exhibit the lowest levels of SBP - are represented by the same trade union, Vida. This correlation raises questions about the relative bargaining power and strategic priorities of Vida in comparison to unions representing sectors with steeper wage progression, such as GPA, (trade and services) , PRO-GE (chemical industry), or GBH (construction).

3.2.2 Mid-Career Milestone Rewarding

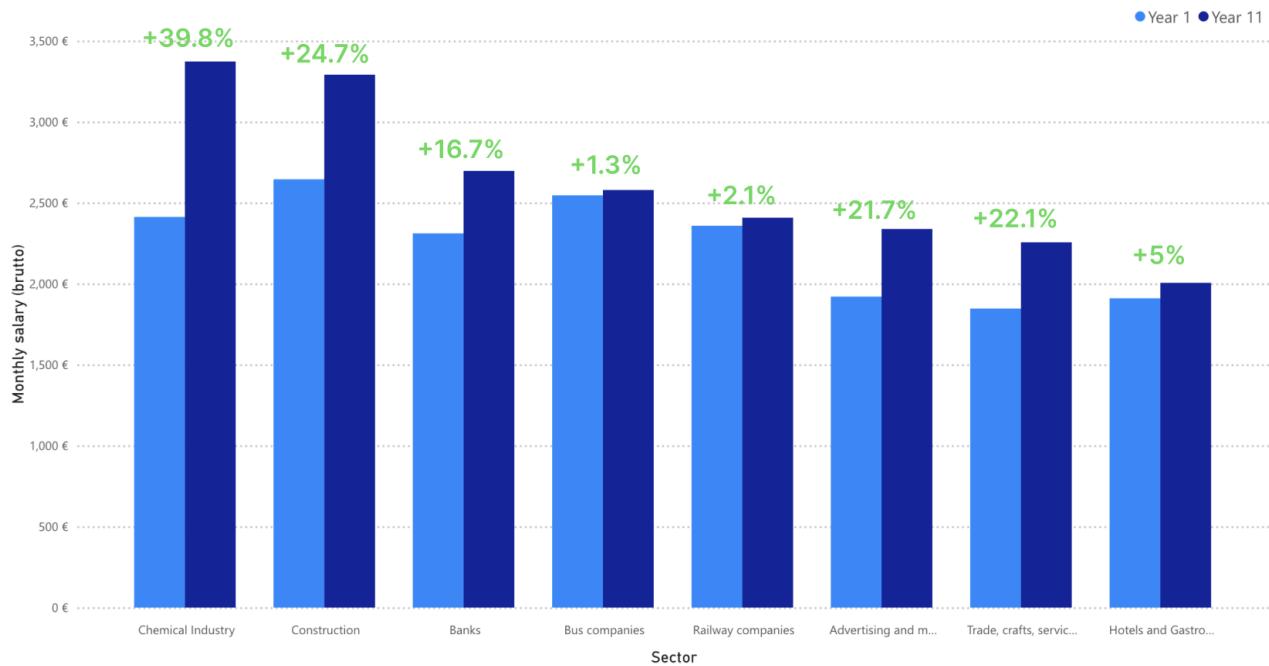
Figure 4 was deliberately designed to visualize mid-career salary progression, focusing on how monthly wages change between Year 1 and Year 11. Unlike Figure 3, which shows long-term trends over 21 years, this chart isolates the first decade of tenure, making the initial phase of wage progression directly comparable across sectors with the addition of the percentage values to show the relative gains over this period and making sectoral differences immediately visible and quantifiable.

The underlying data reveal substantial contrasts: for example, while the chemical industry offers nearly 40% growth by Year 11, hotels and gastronomy provide only a 5% increase, or about €95 in total. Figure 4 illustrates these documented differences, contributing to a clearer understanding of wage progression patterns across sectors.

Figure 4: Mid-Career Salary Progression in the Lowest Wage Group (Year 1 vs. Year 11)

Early-Career vs. Mid-Career Salaries under Austrian Collective Agreements

Monthly gross pay in Year 1 and Year 11 for the lowest wage group, selected sectors (data for 2024)



Source: Own visualization based on 2024 sectoral CBAs (see Appendix E for full list of agreements and URLs).

3.2.3 Wage Trends in Real Terms

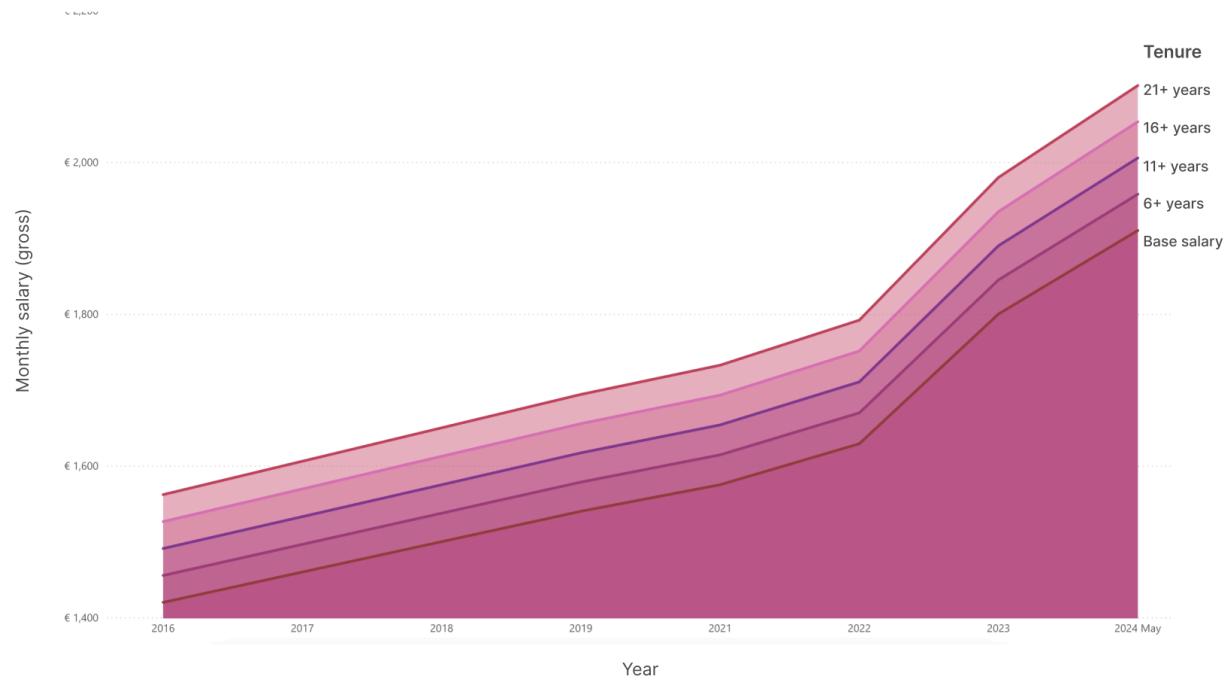
An important point to consider are macroeconomic factors, particularly the primary driver of wage growth which is inflation. Figures 5 and 6 do not visualize seniority-based salary progression directly but rather show historical wage development in the gastronomy sector over the past eight years. Figure 5 displays the nominal wage trajectory as outlined in collective agreements, while Figure 6 presents the inflation-adjusted (real) wages over the same period. Although nominal wages have increased steadily on paper, real wages have declined since 2019, largely due to macroeconomic shocks—such as the COVID-19 pandemic in 2020 and the inflation spike in 2022. As of the most recent data, real wages still have not returned to their 2019 levels.

These trends highlight a crucial point: macroeconomic factors like inflation play a central role in shaping actual wage outcomes, and formal salary increases in collective agreements are often insufficient to preserve purchasing power in volatile conditions. This adds further urgency to the need for a well-structured and more generous SBP in sectors like gastronomy, where wages are already low and workers are particularly exposed to inflation-related losses. If real wages stagnate or decline despite regular nominal increases, seniority-based wage growth becomes even more important as a mechanism for long-term financial security and retention.

Figure 5: Nominal Wage Growth in Gastronomy CBA (2016-2024)

Nominal Wage Growth in Gastronomy Collective Agreements (2016–2024)

Monthly gross salaries for each seniority tier, without inflation adjustment - collective-agreement scale in original nominal euros

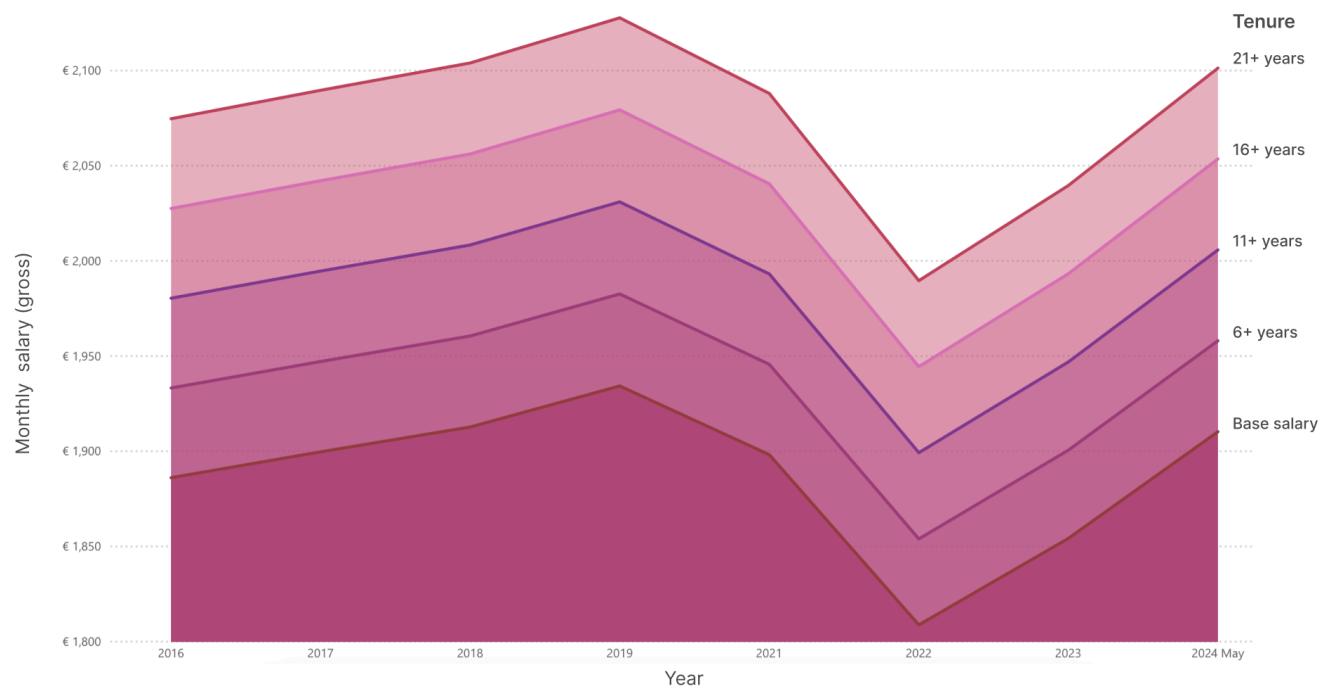


Source: Own visualization based on 2024 sectoral CBAs (see Appendix E for full list of agreements and URLs).

Figure 6: Inflation adjusted wage Growth in Gastronomy CBA (2016-2024)

Evolution of Monthly Salaries for the lowest wage group in Gastronomy Collective Agreements

Monthly gross salaries for each seniority tier, collective-agreement scale adjusted to 2024 euros



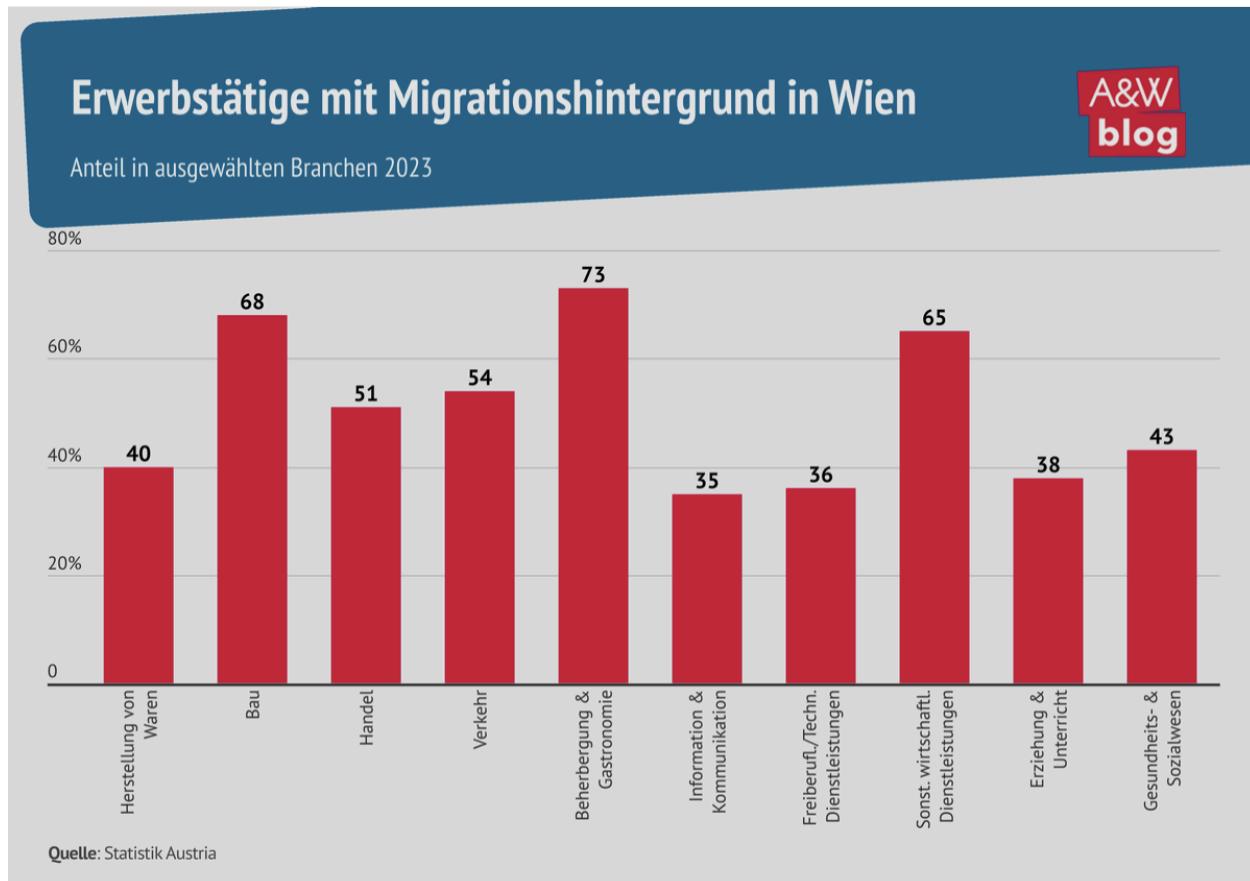
Source: Own visualization based on 2024 sectoral CBAs (see Appendix E for full list of agreements and URLs).

4. What Limits Progression?

4.1 Workforce Composition

It is important to look at the workforce composition within the sectors, particularly the migration background of the employees, as this dimension offers crucial context for understanding wage dynamics, especially in low-paying sectors. According to Statistik Austria (2023), an overwhelming majority of employees in Vienna's accommodation and gastronomy sector (73%), as well as in other economic services (Sonst. Wirtschaftl. Dienstleistungen) (65%), and the construction industry (68%), have a foreign background, defined as having both parents born abroad (see Figure 7). The transport sector also reports a significant share, with more than half of its workforce falling into this category.

Figure 7: Migration background of employed people in Vienna



Source: A&W Blog screenshot; data from Statistik Austria (2023)

Existing research indicates that migrant workers are disproportionately represented in precarious forms of employment - jobs often marked by insecurity, low wages, and limited access to social protections (Ebner, 2023). As the expert interviewee noted, workers with insecure legal status, limited language proficiency, or a lack of awareness about their rights are often less able to advocate for themselves. This, in turn, may weaken collective bargaining power in sectors with high migrant representation.

However, the findings of this study complicate this narrative. The construction sector, which also employs a large share of migrant workers, shows significantly steeper SBP curves and higher compensation levels compared to other migrant-heavy sectors such as gastronomy (see Figures 1 and 3). This suggests that migrant background alone may not account for low wage progression. Rather than being a determining factor, the migrant composition of the workforce may interact with other sector-specific institutional dynamics. Nonetheless, given its prominence in the sector, it remains a relevant aspect to consider.

4.2 Economic and Labour Market Drivers

Gastronomy in Austria operates within an environment characterized by relatively thin profit margins. For small and medium-sized enterprises (KMU) in this sector, the average "Umsatzrentabilität" (profit margin after financial result) was reported at 4.7% in 2022/23. This figure is notably lower than the overall average for KMUs across all sectors (5.7%) and significantly lower than more profitable sectors such as Information and Communication (9.2%) or Professional/Technical Services (13.0%) (KMU Forschung, n.d.).

The quantitative data of low profit margins in the gastronomy is a critical factor in explaining the limited wage flexibility (Karabasević, 2025). When businesses operate on such thin margins, any significant, cumulative increase in fixed costs, such as those that would result from a robust SBP, poses an immediate and significant threat to their financial viability. This economic reality severely limits the ability or willingness of employers to concede to demands for sharp increases in seniority in collective bargaining. Consequently, unions, understanding these constraints, may face strong resistance and be compelled to temper their demands or prioritize other forms of compensation that are less burdensome on long-term costs, thus directly contributing to the observed low progression.

Another key point identified by the interviewee is the extremely high turnover in the gastronomy sector. According to the Arbeitsmarktservice (AMS), In total, across all sectors, turnover was 45% to 50% between 2017 and 2021. In gastronomy, the corresponding rate was between 113% and 138% (2022). This indicates that the workforce is largely replaced every year, indicating a very unstable talent pool. This high turnover means that a significant proportion of the workforce does not stay with one employer or even in the sector long enough to benefit significantly from comprehensive salary increases based on seniority. From an employer's perspective, the significant investment in such a system could be perceived as an inefficient allocation of resources if most employees leave before these long-term benefits have fully materialized. This dynamic shifts employer priorities toward attracting new talent or retaining staff through other, more immediate means, rather than through reliable long-term seniority rewards.

4.3 Union Strategy and Bargaining Constraints (Vida)

4.3.1 Strategic Priorities

Given the severe economic constraints (low profit margins) and difficult labour market dynamics (exceptionally high turnover) prevalent in gastronomy, Vida makes strategic trade-offs during collective bargaining (Karabasević, 2025). In such a context, Vida prioritizes securing immediate, across-the-board minimum wage increases or specific benefits that provide tangible benefits to a broader, potentially more temporary, section of their membership. These benefits are often more immediate and relevant to a workforce that may not stay long enough to benefit from deep, complex seniority bonuses. This pragmatic approach, focusing on broad, immediate benefits, may result in a de-emphasis on steep seniority progression, thereby contributing to the low progress observed.

High labour turnover in sectors such as gastronomy directly impacts union bargaining strategy. If a significant portion of members are seasonal, temporary, or likely to change jobs frequently, union efforts to secure

long-term, seniority-based benefits become less effective for most members. Instead, focusing on raising the minimum payment levels, improving general working conditions, or providing specific benefits provides more immediate and widespread benefits to a larger segment of the workforce, including those who may not have accumulated significant seniority. This strategic adaptation to labor market realities in these sectors helps explain the low SBP observed.

4.3.2 The "free-rider" problem

The following insight from the expert interviewee explains the limitations of Vida's bargaining power. The institutional strength of the Austrian system ensures that CBAs cover virtually all workers in a given industry, regardless of whether they are union members. This universal coverage derives from employers' mandatory membership in the WKO, which negotiates these agreements. Workers therefore automatically benefit from the terms guaranteed by union bargaining, such as higher wages, improved benefits, and better working conditions, without having to pay union dues or actively join a union. This institutional strength, while highly beneficial for protecting workers overall, paradoxically undermines the incentive for individual workers to become union members. As a result, unions like Vida find it increasingly difficult to demonstrate direct numerical strength or to mobilize a large proportion of their potential members to participate in strikes. This structural characteristic of the Austrian system means that even when Vida is highly effective in securing benefits through collective bargaining, its numbers may not fully reflect this success.

It is also worth mentioning expert's take on Vida's political influence as well. It is increasingly challenged by shifts in the broader political landscape, particularly the rise of governments perceived as "labour-hostile." Since the 1990s, the Austrian labor movement, including Vida, has faced increasing difficulties due to a shift towards neoliberal economic policies and the emergence of conservative-right wing coalition governments (ÖVP and FPÖ) that actively challenged the established industrial relations system. These governments, particularly from 2000-2006, pursued measures aimed at weakening workers' interest groups. This included proposals to abolish compulsory membership of the Chambers, a foundational element that underpins the high collective bargaining coverage in Austria (cf. Astleithner & Flecker, 2017, p. 191).

4.3.3 Flat Progression for All

A distinctive feature of the SBP in the gastronomy sector is its distinct homogeneity across the different pay groups. As confirmed by the CBA data, the percentage seniority bonuses are applied consistently, regardless of whether the employee holds a low-paid entry-level position or a high-paid managerial role. For example, a restaurant manager, a high-paid position, and an employee in the general gastronomy system, a low-paid position, both receive the same 5% bonus after more than 10 years of service (see Table 2). While the absolute monetary increase for the manager will naturally be higher due to his higher base salary, the proportional increase relative to their entry-level salary is identical to that for the low-paid employee.

Table 2: Salary table for Gastronomy in Vienna, effective for 2024

Kaffeehäuser und Gastronomie in Wien, gültig ab 1.5.2024

Beschäftigungsgruppe	100 % 0-5 Jahre	102,50 % 6-10 Jahre	105 % 11-15 Jahre	107,50 % 16-20 Jahre	110 % über 20 Jahre
BG 0	2.678,00	2.745,00	2.811,90	2.878,90	2.945,80
BG 1	2.547,00	2.610,70	2.674,40	2.738,00	2.801,70
BG 2	2.131,00	2.184,30	2.237,60	2.290,80	2.344,10
BG 3	2.041,00	2.092,00	2.143,10	2.194,10	2.245,10
BG 4	1.970,00				
BG 5	1.910,00	1.957,80	2.005,50	2.053,30	2.101,00

Source: WKO, 2024.

The expert explained that the homogeneity or rather the uniformity is intentional and built into the structure of the CA. While the absolute amount differs, the proportional raise remains the same. One main reason for this is that cost predictability is very important for employers, especially in a sector like gastronomy where profit margins are tight. A uniform system keeps wage developments simple and helps avoid large increases for higher-paid, long-term staff that could strain budgets. It was also pointed out that this structure reflects a bargaining compromise. Instead of focusing on steep wage increases for a few long-serving workers, the system gives everyone some recognition for experience. It's a way to maintain fairness and unity within the workforce (Karabasević, 2025).

Another reason mentioned was that in gastronomy, experience doesn't always lead to significantly higher productivity, especially in many lower-level roles. Some tasks don't change much over time, and employers may not see a strong case for large wage increases based on tenure alone. However, as discussed earlier, the study deliberately selected only the lowest wage groups where tasks stay largely the same over time; it can be argued that the large differences in SBP across sectors are likely not due to job complexity, education level, or skill development.

Finally, Karabasević noted that since gastronomy has traditionally focused on raising minimum wages, the main goal in bargaining is often to improve base pay for everyone rather than to build complex seniority systems. The flat progression structure, then, is a result of balancing fairness, cost control, and how the value of experience is seen in the sector (2025).

4.4 Amendments in the 2024-2025 Agreement

Some promising news during the interview: the new collective agreement (WKO, 2024), effective from November 2024 and May 2025, introduces significant changes that directly impact SBP:

Mandatory wage and salary increases: The agreement stipulates that "wage and salary increases must now be implemented every 5 years throughout Austria." While wages in gastronomy currently already increase at five-year intervals, these increments have been symbolic, as previously discussed, and insufficient to significantly enhance employee financial stability. This formalization of seniority steps ensures more regular, but still relatively infrequent increases compared to some other sectors. It represents a proactive, but modest, step toward ensuring more predictable long-term financial growth for employees. However, meaningful improvement will require these increases to be substantial enough to genuinely reflect the value of accumulated seniority.

Crediting of prior experience: An important change is the provision that "previous periods of service and sectoral experience will be credited for up to 3 years."(WKO, 2024). This is a significant improvement, as it allows experienced workers joining a new employer in the sector to benefit from their past seniority rather than starting at the base salary level. This change should help attract and retain skilled labor, addressing the "self-inflicted" labor shortage mentioned earlier.

4.5 Discussion: Rethinking Union Priorities

This amendment to the gastronomy CBA is an important development. They demonstrate that social partners, including employers' associations and Vida, may have recognized the shortcomings of the previous promotion model and its negative impact on the sector's ability to attract and retain talent. The critical factor will be ensuring that these wage increments surpass symbolic gestures and genuinely contribute to meaningful career and financial advancement. This evolution signals a gradual shift in negotiation priorities aimed at making the sector more competitive in the broader labor market.

Apart from that, while the expert provided a clear and pragmatic explanation for the flat structure of SBP in gastronomy, highlighting cost predictability for employers and the union's focus on raising minimum wages, this reasoning reveals a deeper structural compromise (Karabasević, 2025). From Vida's perspective, prioritizing baseline wage increases is understandable. The sector is defined by low wages, high staff turnover, and a vulnerable workforce, making across-the-board improvements more politically achievable and easier to defend than more selective progression models that benefit only long-tenured employees.

However, this majority-oriented strategy may come at the cost of long-term wage mobility and professionalization. By focusing primarily on minimum standards, and assuming that productivity gains in gastronomy are too limited to justify meaningful wage differentiation, CBAs risk reinforcing the sector's low-status identity. In contrast to manufacturing or chemical industries, where formal seniority ladders help recognize experience and retain skilled labor, gastronomy remains stuck in a model that normalizes stagnation and short-term thinking.

This raises critical questions about the union's long-term vision. If unions in low-wage sectors concentrate solely on immediate redistribution, without advocating for career structures or wage development over time,

they may unintentionally reproduce the precarity they aim to reduce. The absence of meaningful wage progression sends a message: tenure and experience are not valued. This not only discourages long-term retention but could also weaken the credibility of CBAs as mechanisms of upward mobility and social recognition.

While economic constraints and employer concerns must be acknowledged, some form of internal wage progression should not be treated as optional, it should be considered a basic standard of decent work. The striking differences in SBP between gastronomy and more industrialized sectors reflect not just divergent economic conditions but a deeper political divide over how wage justice is defined and negotiated. If sectors like gastronomy continue to be structurally excluded from more ambitious wage design, the idea of universal labor standards risks becoming symbolic rather than real. For Austria's collective bargaining system to remain credible and inclusive, it must offer more than just a floor, it must offer a path forward.

5. Conclusion

This thesis set out to investigate what institutional and sectoral factors contribute to the limited seniority-based wage progression (SBP) in Austria's gastronomy sector. Drawing on a mixed-methods approach that combined data visualization, policy analysis, and expert insight, the study reveals that the flat and minimal SBP observed in gastronomy is not an accidental outcome but a structurally embedded feature of the sector's collective bargaining model.

The practical component of this research mapped SBP trajectories across several Austrian sectors based on current collective bargaining agreements (CBAs). It found that gastronomy stands out as one of the lowest-performing sectors in terms of wage mobility, offering very limited salary growth over time despite long tenure. Compared to sectors with similar entry-level pay, gastronomy provides significantly lower long-term rewards, suggesting that wage progression is shaped less by skill requirements or job complexity and more by institutional and strategic choices made during sectoral negotiations.

The analysis identified several key factors behind this phenomenon:

- **Economic constraints:** The sector's chronically low profit margins make employers resistant to committing to robust seniority systems.
- **Labour market dynamics:** Exceptionally high employee turnover reduces the perceived utility of seniority-based incentives and weakens workers' long-term bargaining leverage.
- **Union strategy:** The trade union Vida, which represents the sector, often prioritizes minimum wage increases and immediate benefits over long-term progression, in response to the unstable and highly mobile workforce it serves.
- **Institutional design:** The universal application of proportional increases across all wage groups and the uniformity of SBP reflects a cost-containment strategy and a negotiated compromise that favors fairness in principle but limits upward mobility in practice.

- **Structural union constraints:** The “free-rider” problem, alongside declining political support for organized labor, further restricts Vida’s ability to push for more ambitious wage progression models.

The research also highlighted that migrant workforce composition, although frequently cited in literature as a driver of precariousness, does not fully explain the low SBP in gastronomy. Other sectors with high migrant representation, such as construction, offer steeper wage progression, suggesting that institutional and sectoral dynamics play a more decisive role than workforce demographics alone.

While recent amendments to the gastronomy collective agreement, such as the introduction of mandatory five-year increases and the recognition of previous experience, signal progress, they remain modest in scope. Unless these reforms are coupled with substantial monetary increments and more ambitious progression models, they risk remaining largely symbolic.

In answering the central research question, this thesis argues that the limited SBP in gastronomy is the result of a complex interplay between economic fragility, high workforce volatility, cautious union strategy, and a collective bargaining model that prioritizes immediate wage floors over long-term career development. While these choices may be rational given the constraints, they ultimately reinforce the sector’s low-wage, high-turnover identity and offer little incentive for long-term retention or professionalization.

For Austria’s collective bargaining system to uphold its role as a pillar of social partnership and wage justice, it must go beyond securing minimum standards. Particularly in vulnerable sectors like gastronomy, seniority-based progression should be treated not as a luxury, but as a core component of decent work. Only by embedding pathways for financial mobility into sectoral agreements can the system ensure that experience, stability, and loyalty are fairly rewarded, thereby restoring the promise of upward mobility that collective bargaining was designed to protect.

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Appendix A: Expert Interview Full Transcript

Interviewee: Vedran Karabasevic

Position: Policy analyst, Vida

Date: 30.05.2025

Location: online (Zoom)

Speaker 1 [00:00:02] Hello hi can you hear me?

Speaker 2 [00:00:04] Hello yes I can hear you

Speaker 1 [00:00:06] Okay so thank you so much again for making time for me today I know it was last minute and I really appreciate your help

Speaker 2 [00:00:17] Yeah of course no problem I was also once a student and I totally understand your situation yeah and I hope I can help as much as I can today.

Speaker 1 [00:00:30] Thank you thank you really I'm sure you will, so before we start I'd like to confirm that I'm recording this conversation for transcription purposes and I would like to ask if it's also okay if I use your name in my thesis

Speaker 2 [00:00:45] I think I would prefer to stay anonymous here if it's okay

Speaker 1 [00:00:49] Okay sure no problem. Okay so could you please state your job title then for the record?

Speaker 2 [00:00:56] Yes so I'm a policy analyst in Vida I've been doing this for about four years now before that I was at the Gewerkschaft der Privatangestellten for six years so I've been in union work for about ten years yeah.

Speaker 1 [00:01:21] Okay thank you yes so now I will shortly talk about what I'm doing. So I'm looking into collective agreements, specifically to so-called seniority based salary progression in different industries. I'm trying to map how salary progresses over time with the growing experience of a worker. Now I will show you what I came up with for you to better understand. One second. Here, can you see it?

Speaker 2 [00:01:49] Yes I can see.

Speaker 1 [00:01:53] Here for example these lines each line represents a sector and here we can see how wage grows over time with more experience and here we clearly see that these industries gastronomy, railway and bus companies are bolder lines, because they're showing the flattest progression.

Speaker 2 [00:02:14] Aha okay

Speaker 1 [00:02:16] Yes and here, for example, the chemical industry shows the highest progression, here there's a stark increase but this is because they have an automatic promotion to the next wage level after this many years, yeah. This visualization is actually for the lowest wage group

Speaker 2 [00:02:36] Aha okay

Speaker 1 [00:02:37] Yeah I only picked the lowest wage group because of the scope of my project, we were only given two months and yeah I just decided I work with the lowest groups because it's also easier to compare since the skill requirements are similar.

Speaker 2 [00:03:16] Hmm I see

Speaker 1 [00:03:17] So what do you think about it? Is it understandable for you to read?

Speaker 2 [00:03:22] And this is all based on bargaining agreements, right? From which source is it?

Speaker 1 [00:03:28] Yeah so this is why I need you today, I mainly worked with WKO, that's why I needed you to address the source critiques part of my thesis, yeah. And also because of the sectors I chose to focus on, since exactly the gastronomy and transportation are showing very low progression and there's a very big difference between these sectors and others, and both of them are under Vida so I wanted to investigate in my thesis why is it the case. For example, I've made other charts as well, let me show you. So... here, for example, do you see it?

Speaker 2 [00:04:17] Hmm

Speaker 1 [00:04:19] Yeah and here is the barchart, the bigger the bar the bigger the salary, and these bars with different color represent salary after eleven years. Why eleven because in some of the collective agreements they make the anniversary increase in pay after the eleventh year, in gastronomy, for example, here, I also indicated the increase percentage, here it is five percent. And here it is twenty four and thirty nine, and here bus companies have bigger salaries in general but very little increase for only one point three percent, same with hotels and gastronomy but they have even lower starting salaries. So yeah. And this is my last chart, here can

see how nominal salaries grew over time, this is for two thousand sixteen to two thousand twenty four, and here on the left sight I just depicted how it was stated in collective agreement and on the right side if we would adjust it to inflation, and in the end we have two totally different charts showing different progression. But this is more about the fact that real purchasing power didn't really grow, not really about the wage progression.

Speaker 2 [00:05:54] Hmm I see now, aha I have to say this is a very specific topic that you have, not many people pay attention to the progression as you said, usually they look into more how much salaries increased this year or generally people are more interested about the working conditions like overpayment, Urlaub I mean vacations and so on. And yes, your observation is correct, wages in our sectors don't really grow over time because the nature of jobs, these are usually jobs with no skill advancement, a worker always does the same repetitive routine works and over years it doesn't really change, at least in gastronomy. But for transportation, we actively try to change that, so far of course we haven't managed, but many people usually try to advance to higher, as you said, wage groups to increase their income. We have achieved very well-paid base salaries for them and there are a lot of extra payments such as these anniversary bonuses and Überstunde extra hour payments and so on. But because it is a bargaining process where we have to come into consensus with the other side, with the employers, negotiation process here becomes more challenging.

Speaker 1 [00:07:42] Okay yes we will dive into that a bit later for sure and I forgot to mention I will focus mostly on gastronomy sector so let's keep it within the gastronomy.

Speaker 2 [00:07:53] Okay sure

Speaker 1 [00:07:54] Okay let me get my questions, let's first start with the source critique part, as you have seen these charts are all based of collective agreements which are official standards for payment. I've only taken base salaries with no extra payments, anniversary bonuses as you have just mentioned, thirteen fourteen salaries no nothing, and my first question is based on your experience, do wages in gastronomy and transportation actually develop as described in the collective agreements? Would you say employers generally pay more, less, or exactly what is agreed upon?

Speaker 2 [00:08:32] I would say, okay so formally they should, collective agreements are legally binding so wages should follow the negotiated tables in each period. Employers association signs the agreement meaning that every employer in the association must follow the rules and pay accordingly. So paying less than it is stated in the bargaining agreement is very much punishable by law. Yeah and in my experience employers in gastronomy and hotellerie mostly do pay exactly how it is prescribed in the agreement because more or less everybody knows what the minimal payments are. It is usually a little less than ten euros per hour and because everybody is more or less aware of the what minimum standards are, people usually tend to not accept anything less yeah. For example with McDonalds which has a separate agreement than gastronomy, they pay a little less than nine euros per hour and from this month on we agreed to increase it by eight percent. So this is basic psychology, when you see that you're getting paid less than even in McDonalds you would probably think I would rather work in McDonalds than in this shitty place ha ha ha.

Speaker 1 [00:10:08] Ha ha yeah right it makes sense.

Speaker 2 [00:10:11] Exactly, so yeah usually the minimum wage, sorry, let's say the minimum payments because we don't have minimum wages in Austria

Speaker 1 [00:10:20] Yeah

Speaker 2 [00:10:22] The minimum payments in gastronomy is a very common knowledge and gastronomy is known for the lowest wages among other sectors, so people usually don't get paid less than that. But that is only regarding the Grundehalt the base salary, we often deal with underpayments for the holiday shifts and overtime payments. People don't usually know their rights, especially in this sector and get underpaid for the things that are outside their normal salaries. We actively try to combat these cases that is why we urge more people to join our union so that they can confidently claim their rights. But unfortunately for us, people are joining less and less ever after the rise of the labour hostile government in the nineties, and we are shrinking over time but ever since the pandemic we are observing more members so let's see how it goes.

Speaker 1 [00:11:28] Is Schwarzarbeit also a case here?

Speaker 2 [00:11:33] Schwarzarbeit is usually a case for catering mostly, and because the payments go unrecorded it is difficult to keep track of those yeah, but same works for Schwarzarbeit usually they pay more in cash than the employers who officially pay salaries, that is why it might seem more attractive to work there, but as a union representative I must say that it is not safe. If you don't have a contract there's no guarantee that you will get paid yeah, there are a lot of cases of, to say it simply, ditching people. That is why we always try to encourage people to get employed officially and, of course, it is also a law, it is illegal to work in Schwarzarbeit.

Speaker 1 [00:12:23] Okay I see. The next question is do you observe significant deviations from the wage tables in practice? You said that there's this standard that everybody follows, but if there are deviations how is it usually dealt with?

Speaker 2 [00:12:41] There's often Überzahlung, as I said before, people in gastronomy and delivery work more than it is stated in their contracts, especially when they're short staffed. In small and medium sized businesses they draw up documents to classify workers as freie dienstnehmer to avoid fines from inspections. Of course we have a law ha ha every country has to have a law regarding labour rights. In Austria it is Lohn und Sozialdumping-Bekämpfungsgesetz, which basically prevents underpayment and exploitation yeah. And it is of course dealt through Arbeiterkammer, the partner advocating mostly for labour rights. By the way, I have a question about these graphs, these are for which year, is it I think for two thousand twenty four?

Speaker 1 [00:13:49] Yes exactly, I only looked into twenty twenty four since we already have them fully for all the sectors, I mean the collective agreements. I wanted to look at twenty twenty five as well but those were not full yet

Speaker 2 [00:14:06] Yes

Speaker 1 [00:14:09] And the data is also only for Vienna, so for twenty twenty four Vienna and lowest pay groups

Speaker 2 [00:14:17] Hmm and you... didn't add any real data from Statistik Austria for example?

Speaker 1 [00:14:25] No I wanted to keep it only to the official regulations, I mean my point was to show that even with official regulations we can see big differences in wage progression, that was my aim.

Speaker 2 [00:14:39] Hmm okay I understand now. And you want to know the mechanisms behind the regulations here I understand now.

Speaker 1 [00:14:48] Yes exactly and that is exactly my next question actually so why do you think this is the case?

Speaker 2 [00:14:55] Okay, I would say there are many reasons actually, and it's mostly because of the sector itself. Gastronomy as a sector is very unstable itself, I mean it is known for having a very high turnover rates which means a lot of workers just come and go and in a year the staff might change fully once or even twice, that is regarding the workers for example in restaurants, of course not the management yeah, and because there's no stable staff mostly employers don't really think about the... long-term employment situations yeah where they should be rewarding the loyalty of an employee. The second reason is like... also rather pragmatic, since the gastronomy, or tourism sector in general, has not very big profits like, for example, in the information and technology sector or the construction which is a big industry in Austria, it is mostly small or medium size businesses. I think in English it's called profit margins which was four point seven percent this year I think for gastronomy which would be lower than in other sectors. So we as a union can't really much argue against the numbers, the statistics. I mean of course employers want to maximize their profits and we want fair labour compensation and in the industry with such low indicators, employers resistance is stronger, so we as a union try to work with what we have and it's usually negotiation of month-to-month salaries yeah. For us the main priority is to fight for basic wages which is already hard to negotiate and even thinking about the long-term seniority payments would be a luxury I would say. We do acknowledge that there are many employees working longer terms within the sector, but as I mentioned people themselves tend to progress the career ladder and increase their income or they just don't stay long enough in the same place if the working conditions don't satisfy them, which is usually the case. We actively try to push other agendas like these but employers always require predictability for their expenses yeah, for example it is usually third of their profits go for labour costs and they always try to keep it within that limit. Same mostly goes for transportation as well.

Speaker 1 [00:17:51] Okay thank you ,so my next question is... I've noticed when I was working with salary tables that like in gastronomy both lowest and highest wage groups get the same percentage increase, for example I'm gonna share it one second. Do you see it?

Speaker 2 [00:18:12] Yes

Speaker 1 [00:18:15] Yeah so here I just screenshot the salary tables for the lowest group. This is the lowest wage group BG five and here... is the highest group for managers and professional cooks BG one. And here and here it's five percent and here it is also five and after twenty years we see here it's like ten percent and here it's also ten. So my question is why ha ha ha is it deliberate or?

Speaker 2 [00:18:48] Yes that's right it is deliberate, so in a negotiation cycle any percentage increase applies across all groups from apprentice level to head chef, that way employers can forecast payroll as I have mentioned before it is about predictability for the employers. If for instance, total labour costs are one million euros, let's say, a two percent increase across the board means budgeting twenty thousand euros, and employers often resist higher than the set standards for seniority pay because they see minimal return on

investment and this is how it has been for ages. So this is rather I would say solidarity from the union standpoint. Bargaining is about partnership and achieving the consensus from both sides yeah, otherwise we would not achieve anything. As we say in Serbian it's like dancing between two flames ha ha ha yeah. And also the same increase percentage is about equality as well among all types of jobs in gastronomy... that means no matter what job you do the increase will be the same as for your boss.

Speaker 1 [00:20:14] Okay thank you I see now I have a bigger picture now in my mind, so to sum it up it is mostly justified as cost predictability, right?

Speaker 2 [00:20:25] Yes exactly, for the employers I would say it is cost predictability and for the union it's about fairness yeah, our main goal. Employers argue that this is a sector where productivity doesn't really increase significantly over time, they say a dishwasher today is the same in five years, no skill gain so why pay more. Obviously this is not what the union thinks as well, we try to advocate for fair labour compensation, it's always been about fairness yeah.

Speaker 1 [00:21:04] So you're saying employers resist more progressive structures because the productivity doesn't really increase over time for workers doing the same thing over and over again?

Speaker 2 [00:21:18] Here it depends on how you would define productivity, of course as a union worker I disagree, but for them yeah, there's not much of skill progression over time.

Speaker 1 [00:21:31] But I think it's not the case for other sectors, for example in the chart here are only depicted the lowest wage groups and for each lowest group in these sectors the lowest groups is described as jobs that don't require any prior education and these are mostly mechanical works where they do the same things over and over again, and since we can see very big differences in pay here I would intuitively guess like the skills argument is not really a case no?

Speaker 2 [00:22:09] I mean here in these industries, I wouldn't say lowest wage groups are similar jobs. They might require similar skills in the beginning of their career but it changes when you gain experience, but for example I see here chemical industry yeah which is manufacturing... I'm guessing, and there people probably work with different machines or?

Speaker 1 [00:22:42] I mean here as far as I know these might be even cleaning personnel in each sector, so like, from this I would say if you're a cleaner it depends on which industry you're a cleaner.

Speaker 2 [00:22:59] Okay I understand now, yeah I cannot speak for all these sectors but the main thing here is every sector defines their own rules. It depends on many factors, like how is the employers association in this sector, or how powerful is the union, meaning that how many people are the members of the union. For example here, I see trade and crafts are I think represented by GPA which is a powerful union plus this sector shows good indicators of profit margins because it's trade. So overall it depends on many things.

Speaker 1 [00:23:37] Okay thank you, and so how would you describe Vida's bargaining position among other unions?

Speaker 2 [00:23:46] Hmm good question, I would say obviously Vida has less power than other unions mainly I would say, because we manage a lot of sectors like transportation, healthcare, aviation, social services and of course tourism. So it is a very heterogeneous environment, which is very hard to manage, because every sector has different needs so to say. For example, here again chemical industry is managed by the Produktionsgewerkschaft, a union mainly responsible for production sector, nothing else. To negotiate wages only for more or less similar sectors is way easier of course, and as I said earlier it's also about union membership, stronger unions are the ones having more members, more sponsorship which is pretty much lacking in Vida.

Speaker 1 [00:24:57] Okay I see, thank you. Next question is about the workforce composition in gastronomy, as you might know a big portion of workers there are migrants

Speaker 2 [00:25:12] Yes

Speaker 1 [00:25:14] Does the fact the workers are of foreign background affect wage negotiation outcomes and consequently the wage progression?

Speaker 2 [00:25:23] Yeah for sure the foreigner composition can be a case, mostly because of language barriers or... for example their education obtained in their own countries are not effective here in Austria, also many of them are not willing to speak up because of their residency status. All of that can contribute to the fact that we have a lower percentage of union membership. I mean in my practice complaints are less frequent here in Vida than in GPA for example. Many cases remain unreported and it is a big issue for the union of course. But for example, construction is also known for having a lot of migrants and nevertheless they have very decent agreements. Here again we can see the correlation between the success in profits and wages yeah.

Speaker 1 [00:26:22] Okay thank you, this is an extra question about the tips, not really related to the wage progression, I'm just very curious. So this sector is known for its tips but still the gastronomy shows net wages, I

mean like the wages they get in hands is still lower than in other sectors, why is it, do tips not count as a net wage?

Speaker 2 [00:26:50] No, tips don't count because this is extra money that goes unrecorded and it doesn't really amount to sustainable income. The net wages that you are talking about are the wages that are after taxes, social insurance and plus additional bonuses like overtime pay.

Speaker 1 [00:27:13] Okay I see thank you and, moving onto the last part of the interview the reflections and possibilities for change, do you think the current seniority-based system needs reform here, if so how?

Speaker 2 [00:27:31] Actually recently, starting from this month we introduced a new wage group four where we are recognizing workers with incomplete education but with work experience over ten years, they used to be considered as a fifth group, now they're higher meaning better pay and we also achieved standardization of salary jumps to five years, that is a good progress in this regard yeah.

Speaker 1 [00:28:00] Okay, that's actually a good transition to the next question, if you could implement one realistic change now in wage progression what would it be?

Speaker 2 [00:28:13] Well obviously we need to push for fairer progression, it has been on our agenda for a long time and only now we are achieving some changes. As I said we always had different priorities yeah. But for sure we need a better system that recognizes prior experience, everybody's time is valuable. We need more frequent increase steps with a more substantial increase percentage, of course. That should be a standard and we will fight for it ha ha.

Speaker 1 [00:28:52] Yeah I strongly agree, I actually started this project because of my coworker, she's a cook and has been working there for more than twenty years and her salary is basically the same as mine.

Speaker 2 [00:29:05] Hmm I see now, yeah that is definitely very very shameful to hear, and this is not the first time I'm hearing such a story. People with such experience shouldn't earn low at all. If you give your whole life to your job and it doesn't reward you that is very very shameful, I am very sorry to hear that. But that is how it is in gastronomy unfortunately and we need to do better. Yeah, we have to advocate for better conditions. Yeah that is something that is rarely discussed

Speaker 1 [00:29:45] Thank you and any last thoughts you'd like to share or anything you would like to add?

Speaker 2 [00:29:53] One second, let me have some water. So, I only want to say that Vida often works under difficult structural conditions that are not always visible to the public. It might seem that we are not doing enough but it's important to understand the context before comparing us to other unions with more favorable conditions yeah, I hope I could clarify some moments today.

Speaker 1 [00:30:38] Yeah definitely, thank you so much for your time and these insights it's been extremely helpful.

Speaker 2 [00:30:47] Of course and also great research topic, I think we should hire you actually ha ha ha you would make a big contribution to our team ha ha.

Speaker 1 [00:31:01] Thank you, thank you, I will consider it actually now that I have connections there.

Speaker 2 [00:31:07] Ha ha.

Speaker 1 [00:31:12] Okay anyway thank you again, I will send you a copy of relevant sections when the thesis is done if you'd like.

Speaker 2 [00:31:24] Yeah that would be great.

Speaker 1 [00:31:27] Thanks again and have a nice evening bye.

Speaker 2 [00:31:30] You too bye.

Speaker 1 [00:31:32] (recording stopped)

Appendix B: Project Report

Mapping Sectoral Seniority-Based Salary Progression Regulations in Austria

Aizat Sagymbaeva (12139543)

CDC Bachelor Final Lab SS25

Introduction

The structure and enforcement of SBP play a crucial role in determining long-term income mobility for low-wage workers. In Austria, CBAs codify how salaries increase with years of service; however, not all sectors structure SBP equally. Anecdotal evidence and prior research hint at low wage mobility in hospitality and similar industries, but a clear, comparative, data-driven visualization has been lacking (more on that in the next section).

This project sets out to:

- To compile and structure SBP data from collective agreements across selected sectors, using clear selection criteria outlined in the methodology.
- To analyze and compare salary growth patterns over time and across sectors.
- To visualize the data in a comprehensible format.

The research questions of the project are:

How can seniority-based salary progression regulations in the lowest wage groups across major Austrian occupational sectors be mapped based on collective bargaining agreements?

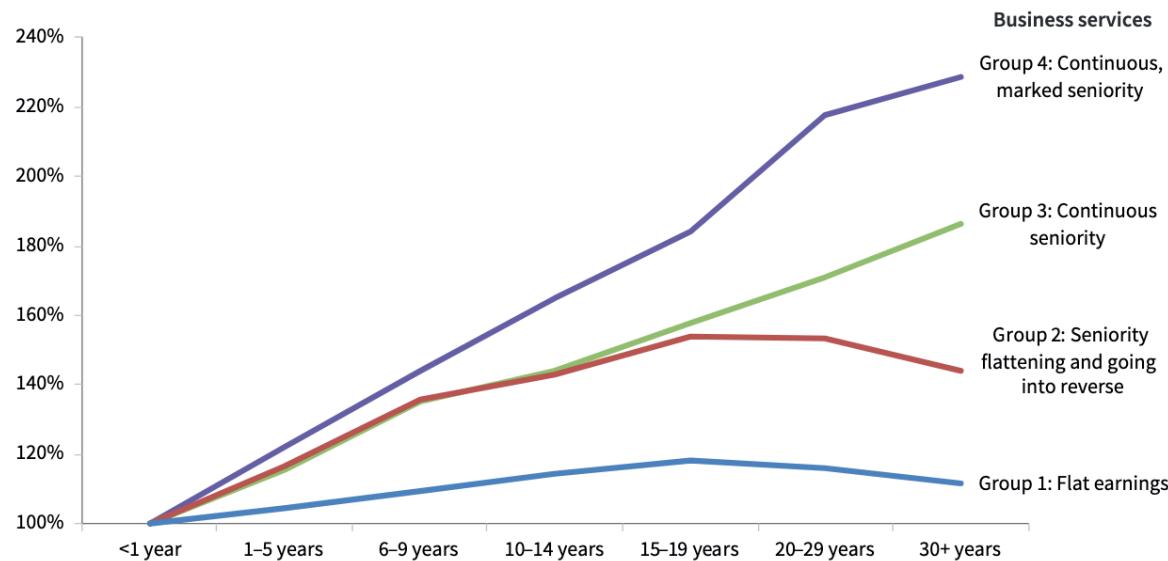
How do these regulations differ, and what does this reveal about long-term wage mobility in the sectors with the lowest SBP?

Previous Visual and Data-Driven Approaches to SBP Mapping

Example 1 - Visualizing SBP through Cross-National Earnings Data

An important precedent for visually representing SBP and seniority patterns is provided by Eurofound's (2019) analysis of aggregate seniority-earnings profiles in the EU, based on SES 2014 microdata. It presents two comparative visualizations of wage development over tenure in the private and public sectors, respectively, by clustering countries into distinct groups based on the shape and steepness of their earnings-tenure curves, see Figure 1 and Table 1 for private sector, and Figure 2 and Table 2 for public. These graphs offer a comparative snapshot of how seniority translates into pay progression across different institutional and sectoral contexts in Europe. The study draws from observed microdata, my work examines the regulatory structure behind wage setting. This shift allows for a clearer link between institutional design and wage progression, especially for low-wage occupations. In doing so, my visualizations provide a complementary perspective: one that highlights how sectoral wage rules themselves create or constrain wage mobility, independent of real-life labor market dynamics. This contribution helps map not just what wage progression looks like, but how it is constructed and regulated, offering a new tool for identifying sources of wage compression within Austria's sectoral wage-setting architecture.

Figure 1: Aggregate seniority-earnings profiles in the private sector, EU, 2014



Notes: Y-axis: percentage of average earnings of workers by tenure in relation to workers with less than one year of tenure. Countries were clustered in four groups; the graphs refer to the group median. Country group membership is noted in [brackets]. No data or comparable data for Ireland for business services.

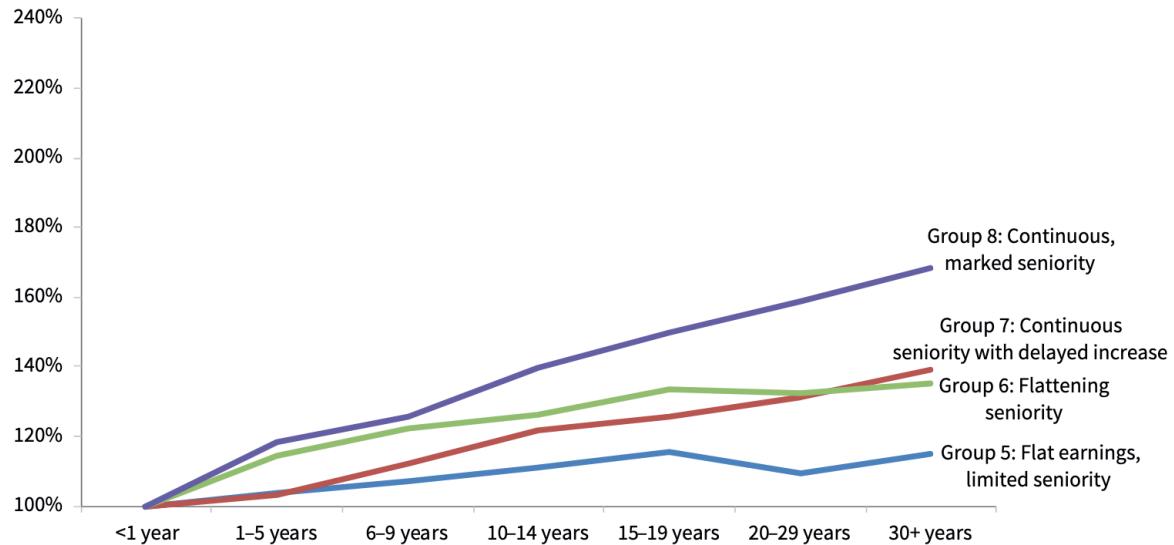
Source: Eurofound (2019, p. 12), based on SES 2014 microdata, screenshot from original report.

Table 1: Grouping of countries according to the shape and steepness of their aggregate seniority-earnings curves in the private sector

Profile number	Characteristics	Countries
Group 1	Flat earnings	Finland and Sweden
Group 2	Seniority flattening and going into reverse – Continuous seniority up to a certain number of years, but subsequently seniority is associated with stabilising or lower average earnings among longer-serving employees	Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Hungary, Latvia, Lithuania, Norway, Poland, Slovakia, Slovenia
Group 3	Continuous seniority – ongoing increase of pay with increasing length of service	Austria, EU28 average, France, Germany, Italy, Luxembourg, Malta, the Netherlands, Romania, UK
Group 4	Continuous, marked seniority	Cyprus, Greece, Portugal, Spain

Source: Eurofound (2019, p. 12), based on SES 2014 microdata, screenshot from original report.

Figure 2: Aggregate seniority-earnings profiles in the public sector, EU, 2014



Notes: Y-axis: percentage of average earnings of workers by tenure in relation to workers with less than one year of tenure. Countries were clustered in four groups; the graphs refer to the group median. Country group membership is noted in [brackets]. No data for Ireland for business services. No data for Austria, Belgium, Greece, Ireland, Luxembourg, Norway and Portugal for public services.

Source: Authors' classification, based on SES 2014

Source: Eurofound (2019, p. 13), based on SES 2014 microdata, screenshot from original report.

Table 2: Grouping of seniority practices in the public sector

Profile number	Characteristics	Countries
Group 5	Flat earnings with limited seniority	Estonia, Finland, Italy, Lithuania, Malta and Sweden
Group 6	Flattening seniority	Bulgaria, Croatia, Denmark, Poland, Slovakia and Slovenia
Group 7	Continuous seniority with delayed increase	EU28 average, Germany, Latvia, the Netherlands, Romania and the UK
Group 8	Continuous, marked seniority	Cyprus, the Czech Republic, France, Hungary and Spain

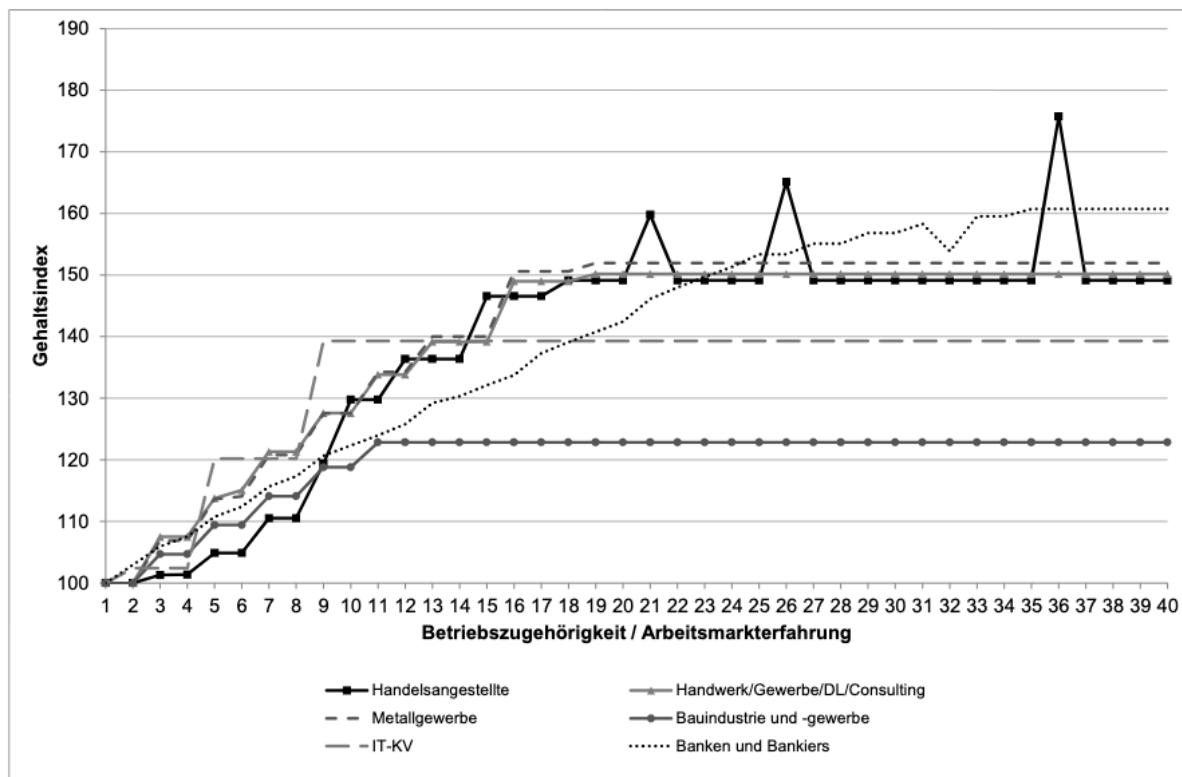
Source: Eurofound (2019, p. 13), based on SES 2014 microdata, screenshot from original report.

Example 2 - Index-Based Seniority Curves from CA

A second example for visually analyzing seniority-based wage progression is found in the index-based wage and salary curves presented by Müllbacher et al. (2015), which map the trajectory of collectively agreed earnings for both white-collar (Figure 3) and blue-collar (Figure 4) workers across a range of Austrian sectors. These charts use a salary (Gehaltsindex) or wage (Lohnindex) index set to 100 at entry to illustrate how wages evolve over time within each sector's collective agreement, including the effects of anniversary bonuses.

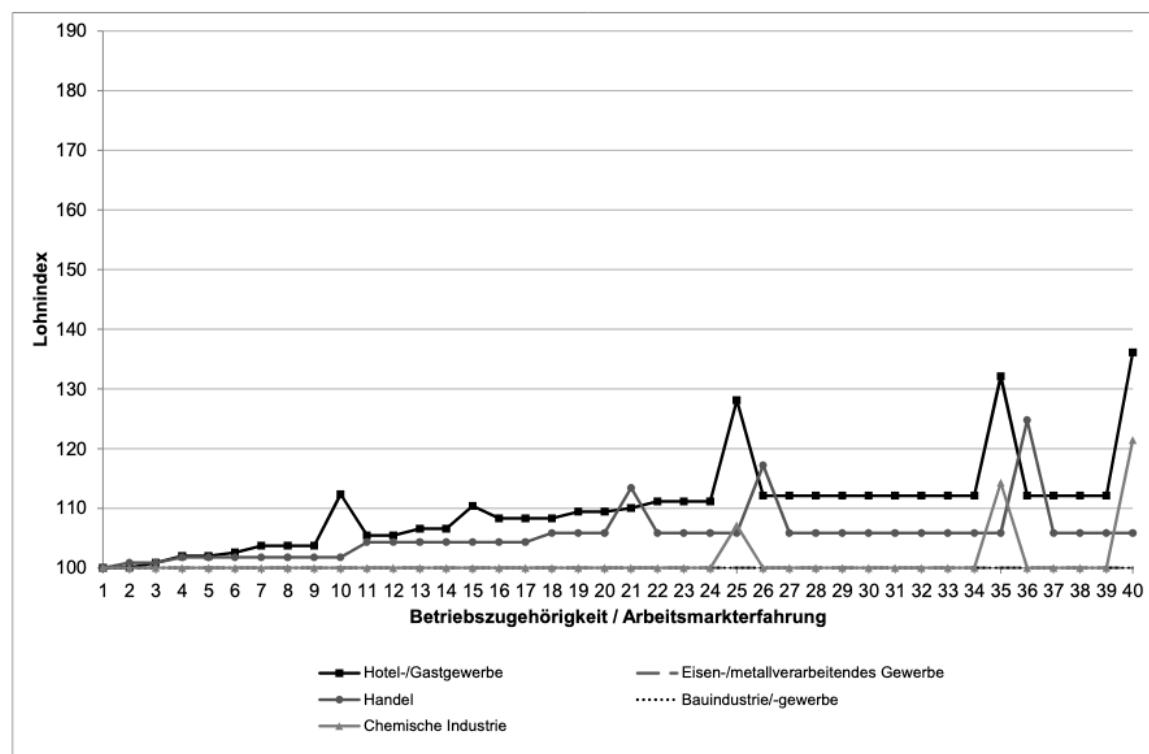
While these visuals show clear differences between occupational groups and sectors, most notably the almost complete stagnation of blue-collar wage progression, they rely on indexed data rather than real salary figures. This approach offers a comparative frame but can obscure the actual magnitude of wage increases. The sharp but short increases in graphs reflect one-time anniversary bonuses, which temporarily raise wages at specific milestones (e.g. 20 years of service). In contrast, my project maps the permanent increases in base salary that apply from such milestones onward, offering a timeline of lasting SBP rather than index-based snapshots. Furthermore, indexing compresses the visual distance between low- and high-wage sectors, potentially downplaying pay inequality. My project aims to differ by providing unindexed salary figures derived directly from CA salary tables, offering a more intuitive portrayal of wage development over tenure. This can allow readers to grasp not just the percentage increases but also the actual monetary stakes involved.

Figure 3: Gehaltsindex Kollektivverträge für Angestellte (1) (Salary Index of Collective Agreements for Employees)



Source: Screenshot from Müllbacher et al. (2015, p. 25).

Figure 4: Lohnindex Kollektivverträge für Arbeiter/innen (Wage Index of Collective Agreements for Workers)



Source: Screenshot from Müllbacher et al. (2015, p. 27).

Data Sources & Selection Criteria

Primary Data:

- 2024 collective agreement salary tables sourced from:
 - Austrian Economic Chamber (Wirtschaftskammer Österreich, WKO) official website
 - Austrian Trade Union Federation's portal (kollektivvertrag.at)

Selection Criteria:

1. Sectoral Coverage & Relevance: Only agreements covering a significant share of employees in Vienna were chosen to ensure that the visualization reflects widespread wage-setting practices.
2. Standardized SBP Format: Agreements must present salary steps on a year-by-year basis. This ensures comparability across industries.
3. Temporal & Regional Focus: All agreements are those in force in 2024 and apply to the Vienna region. Choosing a single year avoids temporal distortions and captures the most recent regulatory snapshot.
4. Lowest Pay Groups Only: The analysis focuses exclusively on the bottom SBP bracket (e.g., "Lohnstufe 1" in many CBAs), representing workers typically in auxiliary or entry-level roles. This provides a uniform basis to compare across structurally diverse sectors.
5. Private Sector Only: Due to data availability and the project's relevance to low-wage private-sector employment, public-sector agreements were excluded.

Agreements Analyzed (Appendix E):

- Chemical Industry (Chemische Industrie)
- Construction (Bau)
- Hospitality/Gastronomy (Beherbergung & Gastronomie)
- Railway (Eisenbahn)
- Advertising, Market Communication (Werbung, Marktkommunikation)
- Banks (Banken, Bankiers)
- Trade, Crafts and Services (Handel, Handwerk und Dienstleistungen)

Each agreement's salary table's numeric values (year 1 salary, year 2 salary, ... year N salary) were transcribed into a spreadsheet for further processing.

Methodology & Visualization Workflow

1. Data Extraction & Cleaning

- Salary tables were converted from PDF to CSV via manual transcription.
- Normalization: "All figures are monthly gross salaries (brutto) for full-time positions."
- Seniority brackets: "Years of experience were grouped as defined in the agreements (e.g., 1st year, 6+ years, etc.)."

2. Computing Inflation-Adjusted (Real) Wages

- CPI data for inflation adjustment for 2016–2024 was obtained from Statistik Austria to compute real wage values (index base 2015 = 100).
- The following formula was implemented to calculate adjustment (Mankiw, 2015):

$$\text{Salary}_{2024} = \text{Old Salary} \times \frac{\text{CPI}_{2024}}{\text{CPI}_{\text{original year}}}$$

- This adjustment highlights whether SBP outpaces, matches, or lags behind general price growth and purchasing power.

3. Visualization Rationale for each chart

Full charts are presented in appendix D.

“Seniority-based Salary Progression” Multi-Line Chart

Below is an explanation of why this particular chart uses multiple colored lines, how it was configured, and what design choices were made to maximize clarity and comparability:

- Each industry's SBP data is a time series of monthly gross salaries (nominal values) for years of experience from 0 to 21.

- Immediate Comparison: The reader can see all seven sectors' wage trajectories in one glance - revealing patterns like "Chemical and Construction stay plateaued high after year 7," while "Hospitality never climbs above € 2 100 even at year 21."
- Contextualizing Hospitality: By placing Hospitality's flat red curve at the bottom of the same axes, the chart underscores how far beneath the "major players" (green and purple lines) it remains throughout a 21-year career.
- Spotting Divergences & Convergences: When Railway (deep blue) barely budges until year 15, the viewer sees it converges with Trade/Crafts (teal) only in mid-career, hinting at underlying structural similarities. A separate chart per sector would obscure that relationship.

Magnitude of Mid-Career Increase Barchart:

- The percentage label above each pair of bars (e.g., "+39.8 %" for Chemical Industry) immediately directs the reader's attention to which sectors offer the steepest salary growth over ten years and which hardly change at all (e.g., Hotels & Gastronomy at + 5 %).
- Seeing the two bars stacked next to each other lets viewers intuitively judge not only the percent increase but also the absolute euro amounts, so you understand both the relative jump and the starting vs. ending salary in euros.

Cross-Sector Comparison at Fixed Milestones:

- By fixing the comparison to Year 1 and Year 11, the chart answers the question: "If you stay in the same entry-level role for a decade, how much more will you earn today, and how does that vary by industry?"
- For example, the Chemical and Construction sectors leap far above (€2 400 → €3 350 and €2 600 → €3 250, respectively), while Hospitality remains almost flat (€1 900 → €2 000). This instantly conveys which industries reward tenure most robustly.

Area chart - Nominal Wage Growth, 2016–2024

This stacked-area chart illustrates how each seniority tier's raw monthly salary in gastronomy evolved under successive hospitality collective agreements from 2016 through May 2024. By filling in the area between tenure lines (base, 6 years, 11 years, 16 years, and 21+ years), the chart makes it immediately clear that all experience levels enjoyed steady nominal increases up to 2019, plateaued in 2021, and then experienced a pronounced jump in 2023 and 2024. Because each colored layer represents a distinct tenure bracket without inflation adjustment, viewers can see both the absolute separation between tiers (e.g., 21+ years always outpacing base salary) and the sharp nominal boost that occurred after 2022. The gap between areas also underscores how

collective agreements kept senior employees ahead of newcomers, yet, until 2023, those raises remained modest. In one glance, the chart tells the story of gradual wage growth giving way to a late-period spike, highlighting how negotiated increases lagged behind industry needs until very recently.

Area chart Inflation-Adjusted Wage Evolution, 2016–2024

This inflation-adjusted area chart shows the real purchasing-power of gastronomy salaries over the same period, with all figures converted into 2024 euros. By shading under each tenure curve, the visualization emphasizes how, despite nominal raises, real salaries actually dipped sharply in 2022 for every experience level, revealing that those earlier increases were largely eroded by inflation. Viewers will immediately notice that the “real” salary envelope for all tiers peaks in 2019, falls below 2020 levels in 2022, and only begins to climb back toward 2024 values afterward. Because the chart layers the inflation-adjusted tiers one on top of another, it’s easy to see that even senior workers suffered a significant purchasing-power loss in 2022, and only by 2024 did 21+ year employees reclaim pre-pandemic real wages. In one view, this graphic tells a clear story: nominal collective-agreement increases were insufficient to protect gastronomy workers from inflation until the most recent contracts.

Discussion & Interpretation

In this section, we examine what each chart reveals about wage progression, both across sectors and over time, and unpack the broader implications for low-wage workers in Austria’s hospitality industry.

Cross-Sector Wage Trajectories (Multi-Line Chart)

The multi-line visualization of “Seniority-Based Salary Progression under Collective Agreements” lays bare a stark divergence between industries:

- Top-Tier Sectors (Chemical & Construction):
 - Both lines surge sharply around years 5-6 and then plateau near €3 200–€3 300 by year 21. This plateau implies that after a mid-career bump, later tenure raises are minimal, yet those workers have already locked in a high base well above €3 000.
 - The steep early-career slope reflects strong collective-bargaining leverage. Because chemical and construction unions negotiate contracts that front-load SBP increases, employees see substantive gains before mid-career. Once that high wage is reached, inflation becomes the main concern rather than further percentage raises.
- Mid-Tier Sectors (Banks, Trade/Crafts/Service, Advertising):

- These lines sit in the €2 300–€2 800 range. They steadily climb, but less steeply, before flattening around years 10-12.
- Banks start near €2 300 at year 1 and reach roughly €2 700 by year 11, then inch toward €3 000 by year 21. Trade and Advertising follow a similar form but at slightly lower levels.
- These mid-tier trajectories suggest moderate union strength: consistent SBP increases, but with smaller step sizes than the chemical or construction sectors.
- Bottom-Tier Sectors (Railway, Hospitality/Gastronomy):
 - The Railway line barely rises, only edging from €2 350 at year 1 to €2 450 by year 21. This near flatness signals that railway CBAs provide only token SBP for lower tiers; wage increases are either scheduled infrequently or are bundled into minor lump-sum adjustments rather than year-to-year steps.
 - Hospitality remains consistently below €2 100, even after 20 years. Its line's gentle slope indicates an average annual SBP of less than €10. In practical terms, a kitchen helper or dishwasher can work two decades without approaching €2 200 monthly gross.
 - The wide gap between Hospitality and all other lines, visible even at year 1, underscores how entry-level wages in gastronomy start lower and climb far more slowly. That gap never closes, meaning long-term employees in hospitality can never “catch up” to workers in nearly any other industry.

Taken together, the multi-line chart tells us that institutional factors (union density, sector profitability, bargaining leverage) directly translate into observable wage trajectories. Chemical and construction sectors wield the strongest SBP clauses, mid-tier finance and service sectors achieve moderate gains, and hospitality struggles to secure meaningful raises.

Ten-Year Snapshot of Progression (Early- vs. Mid-Career Bar Chart)

The “Early-Career vs. Mid-Career Salaries” bar chart reinforces and quantifies the patterns from the line chart:

- Percentage Increases Vary Widely:
 - Chemical (+39.8 %) and Construction (+24.7 %) show the largest ten-year gains, reflecting their steep SBP curves.
 - Trade/Crafts/Service (+22.1 %) and Advertising (+21.7 %) also provide respectable mid-career raises, though not to the same absolute levels.

- The Railway (+2.1 %) and Bus Companies (+1.3 %) sectors essentially stagnate over a decade, a near vertical line on the line chart becomes a trivial height difference in the bars.
- Hospitality (+5 %) reveals that a ten-year stay in gastronomy adds only €100–€150 to monthly pay, scarcely enough to keep pace with inflation.
- Absolute Salary Gaps:
 - A mid-career chemical worker earns about €3 350, while a hospitality worker is at roughly €2 000. That €1 350 difference (over 60 % gap) is immediately obvious when comparing bar heights on the uniform €0–€3 500 axis.
 - Even mid-tier sectors like Advertising (approx. €2 350 at year 1 → €2 850 at year 11) never approach the chemical industry's baseline. This visualization drives home that not only do hospitality employees start at lower wages, they also miss out on the dramatic SBP jumps that propel other sectors well beyond inflationary pressures.
- Implication for Financial Mobility:
 - If someone begins as an entry-level gastronomy worker in 2024, by 2034 their monthly wage will be effectively negligible in real terms compared to peers in chemical or construction. In other words, ten years of loyalty in hospitality buys almost no upward mobility, reinforcing why turnover remains chronically high and why workers often leave for marginally better-paying roles in other sectors.

In sum, this bar chart crystallizes the multi-line narrative into a single moment: a decade of service in different industries yields drastically different outcomes for wages and purchasing power.

Nominal Increases by Collective Agreement (2016–2024 Area Chart)

The “Nominal Wage Growth in Gastronomy Collective Agreements (2016–2024)” chart shows raw (unadjusted) salaries for each seniority tier under successive CBAs:

- Steady Growth Pre-2020:
 - From 2016 to 2019, all tenure tiers climbed consistently, base salary from about €1 550 to €1 650, with the 21+ years tier moving from roughly €1 650 to €1 750. This modest, linear uptick indicates regularly negotiated raises, but step sizes remain small (around €25–€50 per year per tier).

- No data appears for 2020 (likely due to a gap or delayed CBA rollout), but the trend resumed in 2021 with similar incremental increases.
- Flattening in 2021–2022:
 - The gap between tiers (e.g., 6+ vs. 11+ years) persists, but the vertical separation narrows slightly. This suggests that while base rates increased, CBAs did not proportionally boost higher seniority tiers.
 - In real-terms (addressed below), those nominal rises were already insufficient to offset inflation. But in purely nominal terms, the plateau around 2021–2022 signals stagnant bargaining outcomes, collective agreements offered minimal raises at a time when cost of living was already rising.
- Sharp Jump in 2023–2024:
 - The area under each tenure curve balloons between 2022 and 2023. For example, base salary jumps from roughly €1 650 to €1 800, and 21+ years jumps from about €1 750 to €1 950. This reflects a new CBA that negotiated larger percentage increases after prolonged stagnation.
 - By May 2024, the highest tenure tier reaches ~€2 100. These late-period increases suggest that unions and employers responded, though belatedly, to mounting inflation pressures, but the bulk of that response only arrives after a year of real-term losses.
- Tier Separation and Inequality:
 - Throughout, the vertical space between tiers remains roughly constant (e.g., a €50–€75 gap from base to +6 years, +6 to +11 years, etc.). This maintained hierarchy confirms that even as nominal wages rise, senior workers continue to earn significantly more than newcomers, preserving existing inequalities within the sector.

Overall, the nominal area chart tells the story of gradual raises that failed to keep pace with the cost of living until a large CBA boost in 2023–2024, and it highlights how seniority remains rewarded—even if vacuous in real terms until recently.

Real Purchasing Power Over Time (Inflation-Adjusted Area Chart)

The “Evolution of Monthly Salaries (2024 €) in Gastronomy” chart adjusts every CBA step to 2024 euros, revealing true purchasing-power trends:

- Pre-Pandemic Peak (2019):

- Real salaries for all tiers peak around 2019: base salary hits roughly €1 900 in 2024-adjusted terms, and 21+ years tiers near €2 050. This suggests that the nominal CBAs up to 2019 marginally outpaced inflation, giving workers a slight net gain in purchasing power.
 - The relative layering shows that each successive tier still commands a higher real wage, preserving within-sector seniority benefits.
- 2020–2022 Downturn:
 - After 2019, real wages begin to shrink. By 2022, base salary falls below €1 800 (in 2024 terms), and even the 21+ years tier dips to about €1 950. In other words, for two full years, gastronomy workers lost ground despite any “nominal” raises in CBAs.
 - The depth of the dip is steepest for all tiers, indicating that even senior employees saw substantial purchasing-power erosion. This likely correlates with high inflation spikes in 2021–2022, while CBAs remained modest.
- Partial Recovery Post-2022:
 - Real wages begin to rebound in 2023 and 2024 but still lag behind the 2019 peak. For example, by May 2024, the 21+ tier returns to around €2 050, just touching the 2019 high, while the base tier recovers to about €1 900.
 - However, the rebound is uneven: senior tiers recover faster (2024 value for 21+ years is slightly above the previous high), while the base tier is only just reclaiming its pre-2020 purchasing power. This indicates that newer CBAs prioritized senior employees, slowly restoring the real-wage hierarchy rather than uniformly boosting all living standards.
- Implications for Wage Security:
 - The real-terms dip followed by a staggered recovery suggests that gastronomy CBAs are reactive rather than proactive: unions negotiated larger raises only after inflation had already eroded workers’ earnings.
 - Because this chart layers all tenure tiers, it’s also clear that a new hire in 2024 still faces purchasing-power levels barely above where they were five years earlier, while a 21+ year employee has regained most, but not all, of their pre-pandemic advantage.

In summary, the inflation-adjusted area chart lays bare the gap between nominal contract language and actual living standards. Although CBAs promised nominal increases each year, real wages plunged during 2020–2022 and only partially recovered by 2024, underscoring how collective agreements failed to shield low-wage gastronomy workers from inflation until very recently.

Synthesis & Key Takeaways

Institutional Power Determines Outcomes:

- Sectors with strong, well-organized unions (Chemical, Construction) secure steeper SBP curves that often outpace inflation. This translates into consistent purchasing-power gains for their lowest pay tiers.
- Hospitality's comparatively weak bargaining position yields minimal nominal raises that collapse in real terms under inflationary pressure.

Stagnation vs. Sudden Spikes:

- Nominal CBAs prior to 2020 delivered slow but steady increases, insufficient to maintain real wages. Only by 2023-2024 did gastronomy CBAs deliver meaningful nominal boosts, but by then workers had endured two years of purchasing-power losses.
- This lag demonstrates that “slow and safe” bargaining outcomes expose workers to macroeconomic shocks, whereas proactive inflation-indexed SBP clauses (found in stronger sectors) can prevent losses.

Widening Wage Gaps Over Time:

- Tenure continues to matter: every chart shows that even small early-career raises grow into substantial mid-career gaps. Whether in chemical or gastronomy, a 21+ year employee always earns more than a newcomer, but only Chemical/Construction employees accumulate enough to outdistance inflation.
- The bar chart's percent increases (e.g., +39.8 % vs. +5 %) quantify how vastly different “ten years of loyalty” can look, depending on sectoral power.

Real-World Implications for Worker Mobility:

- Hospitality workers, facing slim SBP and deep inflationary dips, have little incentive to stay long term. High turnover thus becomes both a cause and effect of weak bargaining power, perpetuating the cycle of low wages.
- Conversely, mid-career employees in Chemical and Construction enjoy a comfortable wage plateau that may encourage retention, though it also raises questions about later career mobility, since those

partnerships offer fewer incentives beyond year 7.

By interpreting these charts together, we see a clear narrative: the design of collective agreements, not just the nominal figures, drives whether low-wage workers advance financially or fall behind. Gastronomy's latest contractual improvements, while a step forward, only partially repair the purchasing-power damage inflicted by earlier stagnation. Any long-term strategy for wage equality must therefore focus not only on SBP steps themselves, but on how those steps are indexed to inflation and negotiated in real time.

Worker Implications:

- Erosion of Purchasing Power: Hospitality workers face a double burden: inflationary shocks coinciding with near-flat SBP leads to net real income losses by year 3 of service.
- Limited Financial Mobility: Without steep SBP, low-wage workers cannot accumulate savings or qualify for more stable housing, perpetuating precarity.
- Career Incentives & Retention: Minimal SBP discourages long-term retention, fueling high turnover—a vicious cycle that further weakens collective bargaining.

Answer to the Research Questions

How can SBP regulations in the lowest wage groups be mapped from collective agreements?

The project compiled and standardized year-by-year salary tables from seven relevant 2024 CBAs in Vienna, extracted nominal salary values for “Lohnstufe 1” (or equivalent entry-level bracket), and adjusted them for inflation using CPI data. This approach generates a clear, one-to-one correspondence between each tenure year (0–21) and the legal salary step, enabling direct charting of raw and real wages.

How do these regulations differ, and what does that reveal about long-term wage mobility?

- Chemical & Construction: Steep SBP curves front-load raises in early to mid-career, then plateau; real wages remain positive.
- Mid-Tier Sectors: Moderate year-to-year increases yield decent long-term progression, though still below top sectors.
- Hospitality & Transport (Railway/Bus): Nearly flat SBP with minimal nominal increases; real wages dipped during inflation spikes, leaving employees effectively stagnant for much of a 20-year career.

These differences reveal that long-term wage mobility is highly sector-specific. Strong unions and profitable industries secure real-wage gains, while weaker sectors allow wage stagnation that undermines purchasing power and perpetuates inequality.

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<https://www.statistik.at/en/statistics/national-economy-and-public-finance/prices-and-price-indices/consumer-price-index-cpi/-hicp>.

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Appendix C: Tables used in the project

Table 3: Salary table of the lowest wage groups for the selected sectors with seniority-based progression, each column represents a year of professional tenure

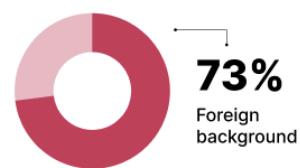
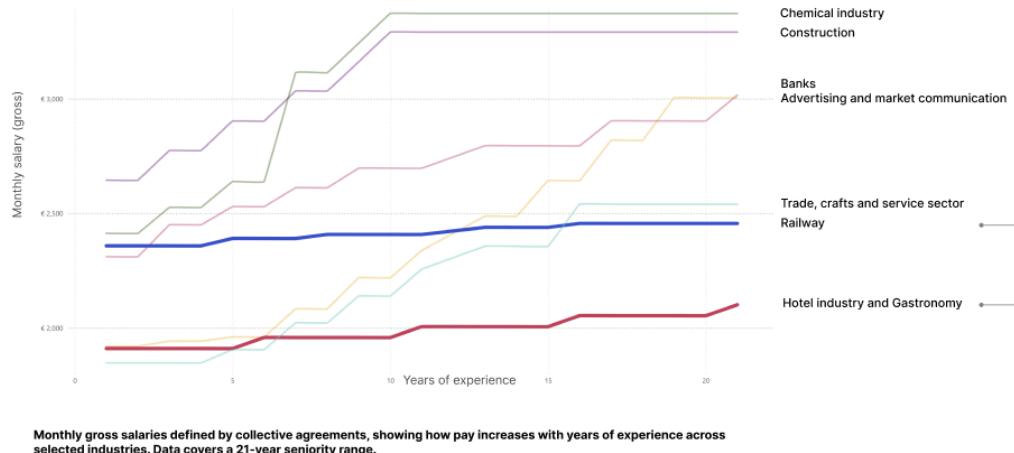
Sector	1	2	3	4	5	6	7	8	9	10	11	13	14	15	16	17	18	19	20	21
Railway		2,358.24	2,358.24	2,358.24	2,358.24	2,390.43	2,390.43	2,407.78	2,407.78	2,407.78	2,407.78	2,438.74	2,438.74	2,438.74	2,456.08	2,456.08	2,456.08	2,456.08	2,456.08	
Banks		2,311.15	2,311.15	2,449.95	2,449.95	2,529.49	2,529.49	2,611.78	2,611.78	2,697.09	2,697.09	2,795.32	2,795.32	2,795.32	2,795.32	2,903.78	2,903.78	2,903.78	2,903.78	3,016.92
Hotel and gastronomy industry		1,910.00	1,910.00	1,910.00	1,910.00	1,910.00	1,957.80	1,957.80	1,957.80	1,957.80	2,005.50	2,005.50	2,005.50	2,005.50	2,053.30	2,053.30	2,053.30	2,053.30	2,101.00	
Advertising and market communication		1,920.50	1,920.50	1,942.10	1,942.10	1,960.50	1,960.50	2,083.00	2,083.00	2,218.80	2,218.80	2,338.10	2,487.30	2,487.30	2,643.00	2,643.00	2,818.90	2,818.90	3,004.50	3,004.50
Trade, crafts, service sector		1,846.93	1,846.93	1,846.93	1,846.93	1,905.06	1,905.06	2,022.07	2,022.07	2,139.02	2,139.02	2,256.02	2,356.27	2,356.27	2,356.27	2,540.10	2,540.10	2,540.10	2,540.10	2,540.10
Construction		2,645.00	2,645.00	2,774.00	2,774.00	2,903.00	2,903.00	3,034.00	3,034.00	3,162.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00	3,291.00
Chemical Industry		2,412.71	2,412.71	2,525.89	2,525.89	2,639.07	2,639.07	3,113.87	3,113.87	3,243.25	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63	3,372.63

Table 4: Nominal and inflation adjusted salary growth set in Gastronomy CBA over the years 2016-2024

Year	Grunge halt	6+ years	11+ years	16+ years	21+ years	Year	Grunnde halt adjusted	6+ years adjusted	11+ years adjusted	16+ years adjusted	21+ years adjusted
2016	1,420.00	1,455.50	1,491.00	1,526.50	1,562.00	2016	1885.83	1932.97	1980.12	2027.26	2074.41
2017	1,460.00	1,496.50	1,533.00	1,569.50	1,606.00	2017	1899.42	1946.90	1994.39	2041.87	2089.36
2018	1,500.00	1,537.50	1,575.00	1,612.50	1,650.00	2018	1912.46	1960.28	2008.09	2055.90	2103.71
2019	1,540.00	1,578.50	1,617.00	1,655.50	1,694.00	2019	1934.02	1982.37	2030.72	2079.07	2127.42
2020						2020					
2021	1,575.00	1,614.40	1,653.80	1,693.10	1,732.50	2021	1897.93	1945.41	1992.89	2040.25	2087.72
2022	1,629.00	1,669.70	1,710.50	1,751.20	1,791.90	2022	1808.50	1853.69	1898.98	1944.17	1989.35
2023	1,800.00	1,845.00	1,890.00	1,935.00	1,980.00	2023	1853.96	1900.31	1946.66	1993.01	2039.35
2024 May	1,910.00	1,957.80	2,005.50	2,053.30	2,101.00	2024 May	1910.00	1957.80	2005.50	2053.30	2101.00

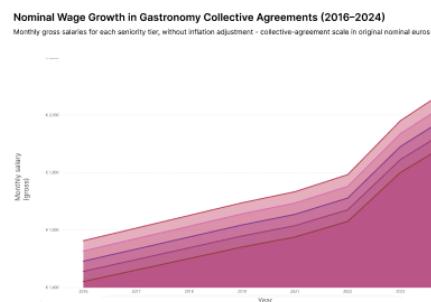
Appendix D: Project Visuals

Seniority-based Salary Progression under Collective Agreements



Gastronomy

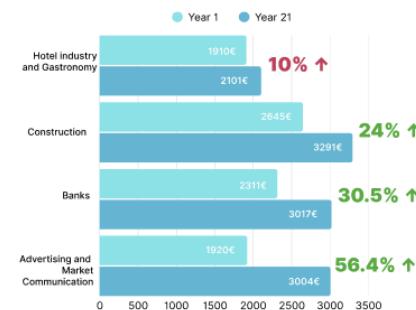
Gastronomy's weak wage progression is closely linked to workforce precarity and the union's strategic focus on short-term gains over long-term seniority rewards.



138%
Turnover rate
Average turnover rate is 50%
4.7%
Profit margin
Average profit margin is 6.5%

Project Summary

This project visualized seniority-based salary progression (SBP) across multiple sectors in Austria using collective agreement data. It focused on the lowest wage groups to enable direct cross-sector comparison. The project revealed stark disparities in wage progression trajectories, with railway and gastronomy sectors standing out for its particularly flat structure and the latter being the focus of the study. Despite formal SBP provisions, wage increases in gastronomy are modest and infrequent, offering limited financial mobility over time. The project explores how sector-specific rules shape long-term earning potential, especially in low-wage industries.



Same Skills - Different Outcomes

This study focuses exclusively on the lowest wage groups in each sector, jobs that typically require no formal education or prior training, such as auxiliary or mechanical support roles. Despite the similar skill level across these occupations, the data reveals striking differences in wage progression depending on the sector. This suggests that structural factors, not job complexity, drive these disparities.

Nominal salary increase after 21 years

+€1080	Advertising and market communication
+€960	Chemical industry
+€690	Trade, crafts and services
+€190	Hotel industry and Gastronomy
+€100	Railway industry



Focus on immediate gains

Prioritising raising minimum wages and improving general work conditions

Less emphasis on seniority-based progression

Long-term wage growth becomes a lower priority in negotiations

Union membership

↓ 11,670 members less

Since 2012

26% net union density*

99% collective bargaining coverage

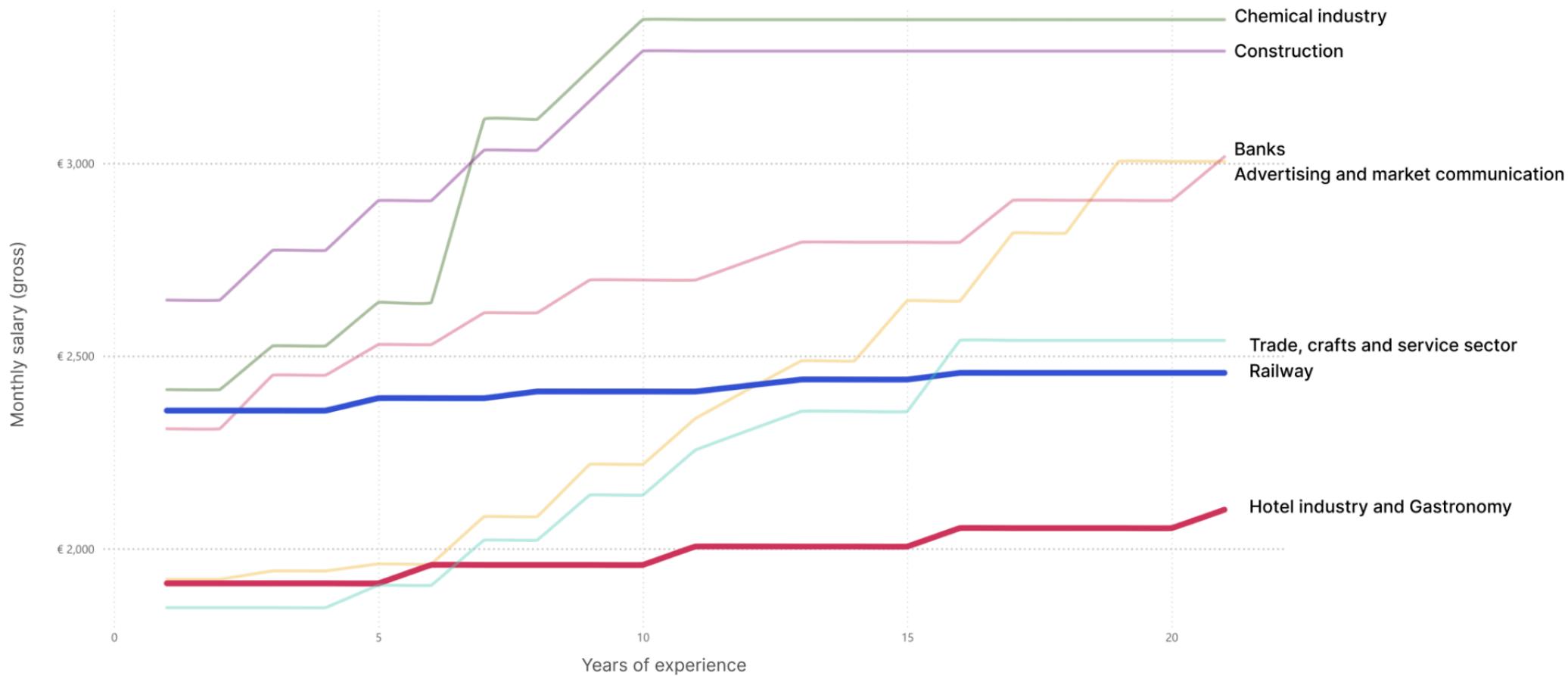
*2019

Limitations
This project reflects formal wage structures set by collective agreements, which define minimum standards. Actual earnings may differ due to overpayments, bonuses, or informal work practices.

Sources
Austrian Collective Agreements (2024)
Statistik Austria SES (2022, 2023)
ÖGB (2019)
VIDA Expert Interview (2025)
KMU Forschung (2023)
Own calculations & visualizations
(All wage values converted to 2024 euros)

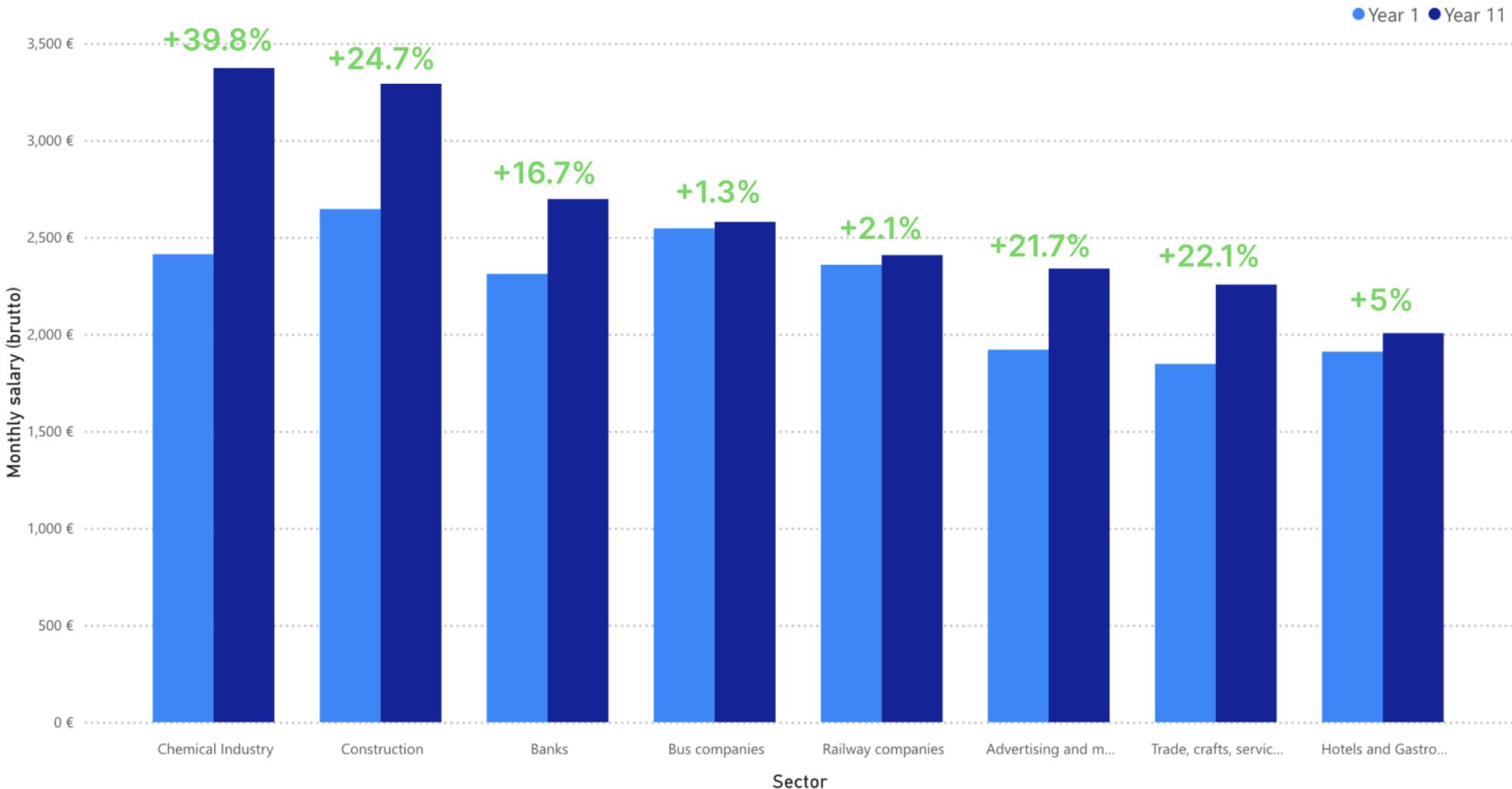
Seniority-based Salary Progression under Collective Agreements

Monthly gross salaries defined by collective agreements, showing how pay increases with years of experience across selected industries. Data covers a 21-year seniority range.



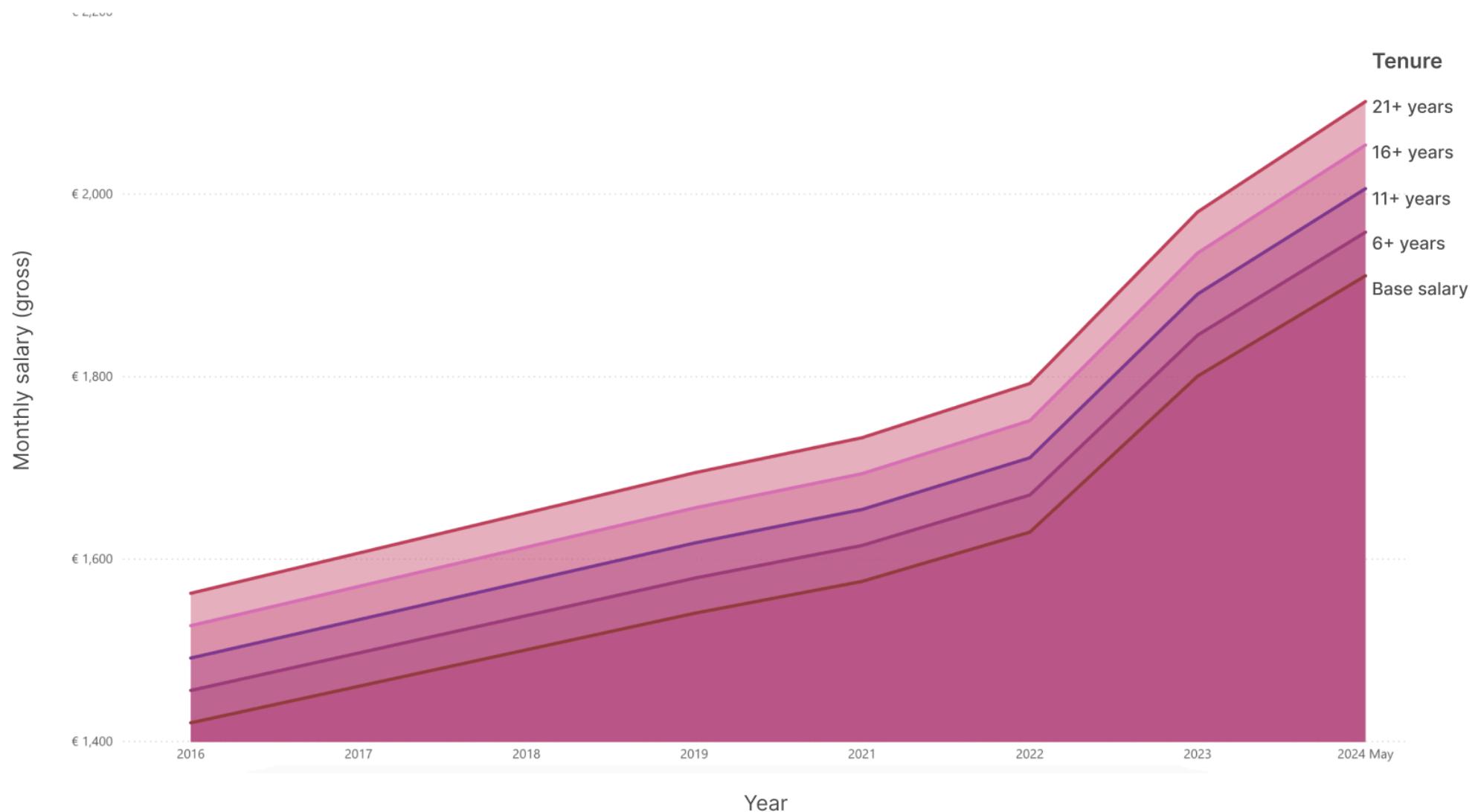
Early-Career vs. Mid-Career Salaries under Austrian Collective Agreements

Monthly gross pay in Year 1 and Year 11 for the lowest wage group, selected sectors (data for 2024)



Nominal Wage Growth in Gastronomy Collective Agreements (2016–2024)

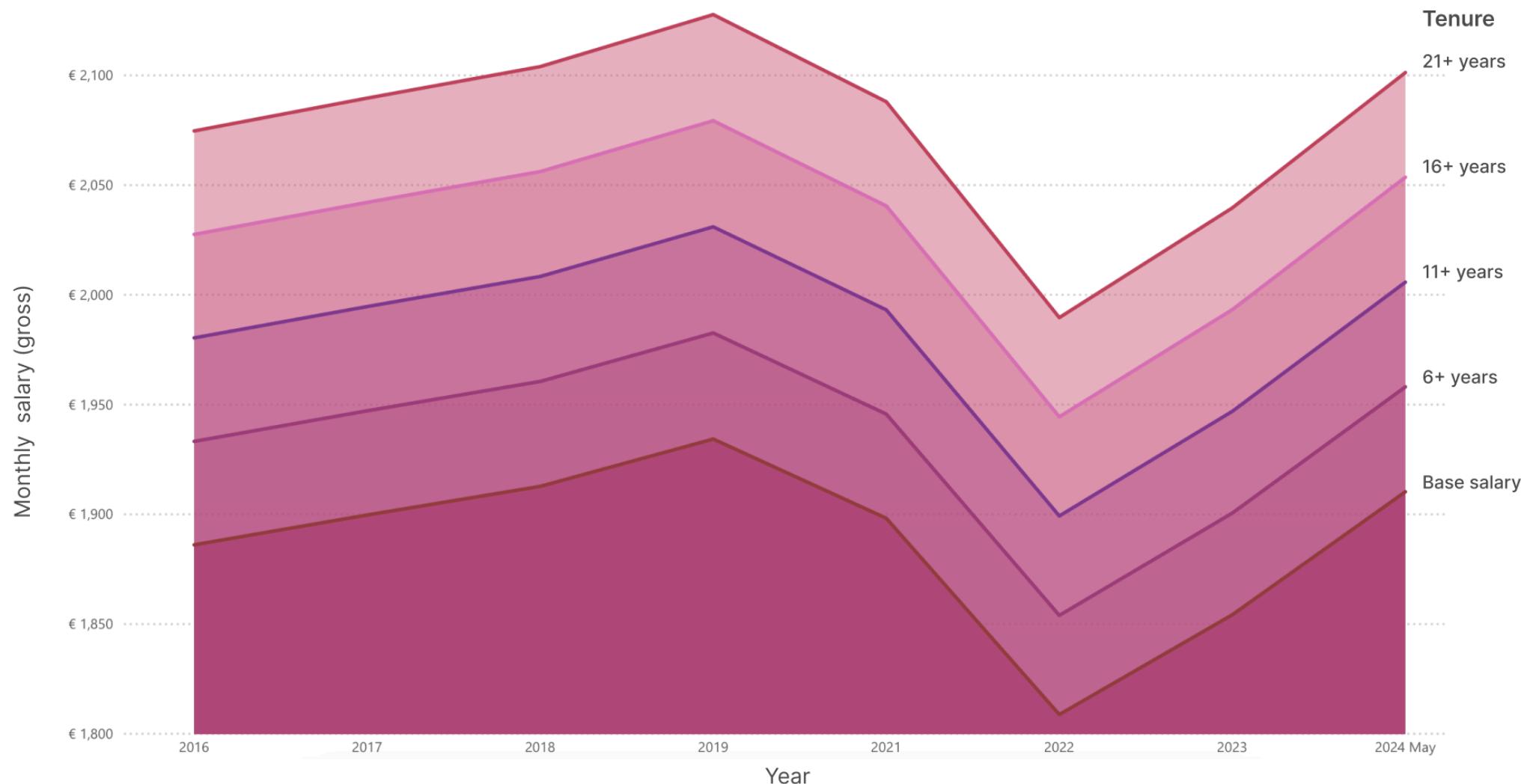
Monthly gross salaries for each seniority tier, without inflation adjustment - collective-agreement scale in original nominal euros



*No data for the year 2020

Evolution of Monthly Salaries for the lowest wage group in Gastronomy Collective Agreements

Monthly gross salaries for each seniority tier, collective-agreement scale adjusted to 2024 euros



Appendix E: List of collective agreements analyzed (with CBA titles, effective dates, and URLs).

CBA Title	Effective Date	URL
Collective Agreement for the Chemical Industry (Chemische Industrie)	1.5.2024 - 30.4.2025	https://www.wko.at/kollektivvertrag/kollektivvertrag-chemische-industrie-arbeiter-2024
Collective Agreement for the Construction Industry (Baugewerbe und Bauindustrie)	1.5.2024 - 30.4.2025	https://www.wko.at/kollektivvertrag/kollektivvertrag-baugewerbe-bauindustrie-angestellte-2024
Collective Agreement for the Hospitality & Gastronomy Sector (Hotel- und Gastgewerbe)	1.11.2024 - 30.04.2025	https://www.wko.at/kollektivvertrag/kollektivvertrag-hotel-und-gastgewerbe-2024
Collective Agreement for Banks (Banken, Bankiers)	1.4.2024	https://www.wko.at/kollektivvertrag/kollektivvertrag-banken-und-bankiers-2024
Collective Agreement for Railway Companies (Eisenbahnunternehmen)	1.12.2023 - 1.12.2024	https://www.wko.at/kollektivvertrag/kollektivvertrag-eisenbahnunternehmen-2023
Collective Agreement for Trade, Crafts & Service Sector (Gewerbe, Handwerk und Dienstleistung)	1.1.2024 - 1.1.2025	https://www.wko.at/kollektivvertrag/kollektivvertrag-gewerbe-handwerk-und-dienstleistung-2024
Collective Agreement for Advertising & Market Communication (Werbung und Marktkommunikation)	1.1.2024 - 1.1.2025	https://www.wko.at/kollektivvertrag/mitarbeiterpraemie-werbung-marktkommunikation-2024

Appendix F: Lowest wage group descriptions

Taken from the official CBAs, machine translated by Google

Sector	Lowest wage group description
Chemical Industry	Work that can be carried out following brief instructions next level Work with higher complexity in the sense of higher requirements that can be carried out according to short instructions
Construction Industry	A construction laborer, Bauhilfsarbeiter assists skilled workers on construction sites with a variety of tasks, both in civil and structural engineering. These support tasks include mixing concrete, transporting construction materials, preparing the site, cleaning, and much more. Construction laborers are often responsible for supporting the team and performing general support duties.
Hospitality & Gastronomy	Employees without completed relevant vocational training and employed assistants in all areas. Examples: Occupations as in employment group 3, but without completed relevant vocational training, as well as assistant accountants, telephone operators, DJs in salaried employment, office assistants, and other assistants in salaried employment. Service assistant, assistant cook, dishwasher, domestic worker, housekeeping worker, other kitchen or service or accommodation assistant
Banks	Workers who perform manipulative, technical, or administrative tasks. The required knowledge and skills are acquired through a short training period. Examples: auxiliary services, courier services (Hilfsdienste, Kurierdienste)
Railway Companies	Workers who perform very simple, schematic or mechanical tasks with a predetermined sequence of work steps (very simple unskilled work). No specific training is required. e.g.: Cleaner; Porter; ...
Trade, Crafts & Service Sector	Employees who perform simple, non-schematic, or mechanical work according to given guidelines and precise work instructions, which generally require a short training period. Classification into the above group must also be carried out during the training period.
Advertising & Market Communication	Employees who perform schematic or mechanical work that is considered simple unskilled labor. Commercial, administrative, and technical assistants: e.g.: Assistants in filing or shipping; basic computer-based entry and storage of data and texts (e.g., mailing clerks).

Author's Declaration:

I hereby declare that I am the sole author and composer of my thesis and that no other sources or learning aids, other than those listed, have been used. Furthermore, I declare that I have acknowledged the work of others by providing detailed references of said work. I also hereby declare that my thesis has not been prepared for another examination or assignment, either in its entirety or excerpts thereof.

Aizat Sagymbaeva

09.06.2025

A handwritten signature in black ink, appearing to read "Aizat Sagymbaeva".