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CONTRACTOR AND WORKER ONBOARDING IN NORDIC, INTERNATIONAL CONSTRUCTION SITE

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ABSTRACT

Construction sites are widely known for their grey economy nature. Experience has shown that if contractors and construction workers contracted to international construction sites are not efficiently managed, the non-compliance cases related to local labour and contractor legislation occurs. Non-compliance cases are known to cause remarkable harm in many ways to construction site operators.

The purpose of this thesis was to increase the client's understanding about the statutory responsibilities of construction site contractors and workers when they are working in Nordic construction sites. This thesis aims to produce a proposal for the client on what type of workflow on the client's Nordic construction sites would be efficient and beneficial to ensure the client's construction sites are kept compliant.

Qualitative methods were used in this thesis to describe the state of the construction industry in relation to grey economy and authorities' and trade union representative's stance. It was also described how negative publicity about non-compliance cases can harm the construction site operators. The study of this thesis is thorough research to client's Nordic location countries legislation and trade union regulations related to contractors and workers working in these countries.

The study presented that there are many similarities in the contractor and worker related legislation and regulations in the client's Nordic location countries. The study also presented that the legislation and regulations are wide and complex to understand unless there is a clear pre-set process in place to ensure that the contractors and workers are compliant when working in the client's construction sites. Research into the published articles about non-compliance cases on site also indicated that non-compliance cases can be harmful for the construction project in its entirety and weaken the operator's social licence to operate in the country.

Keywords: contractors, workers, construction sites, compliance, responsibility

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1 INTRODUCTION

This thesis is a development work to provide information to Microsoft's Nordic construction sites about international construction chain compliant onboarding. Onboarding as a term in this thesis means contractors and workers' mobilization to Microsoft construction site and setting the contractors and workers ready to start their work on Microsoft construction site. Onboarding as a term is widely used in this context when talking about contractors and workers' importation to and settling in into Microsoft construction sites and therefore it is beneficial to use onboarding as a term in this study as the term is familiar to and widely understood by Microsoft construction personnel. Microsoft has many construction sites in Nordics. Microsoft's construction sites in Nordics locate in Finland, Sweden, Denmark, and Norway. Microsoft construction sites and contractor chains are international: contractors and workers come not only from the country where the construction site locates but often also from abroad from several different EU countries and from outside of EU. Typically, Microsoft's appointed site general contractor, who is the main employer of the construction site, comes from outside of the country where the actual construction work is done.

This thesis provides information to Microsoft on what are the statutory requirements when importing an international contractor chain into Nordic countries and what type of workflow and process would be beneficial to be implemented to efficiently manage the contractor chain and workers compliant onboarding to Microsoft's Nordic construction sites. Microsoft can use the information from this thesis already in the procurement phase when drafting the scope of work for their Nordic construction site general contractors to comprehensively address in the scope of work the Nordic construction site social compliance management.

1.1 Background information and commissioner introduction

Microsoft as a corporation has several, live international construction sites in Nordics and sites that are under design and development phase for future construction works. Microsoft sites in Nordics locate in Finland, Sweden,

Denmark, and in Norway. Contractor chains are international in Microsoft's Nordic construction sites and the general contractor typically comes from outside of the construction site location. Depending on the requirement, in Nordics, the labor and contractor-related legislation is legally a responsibility of either the developer of the site, the general contractor, direct contractor of a sub-contractor or direct employer of a worker to manage and comply with. Regardless of and in addition to the juridical responsibilities among site operators, the site developer may be seen as a party who has the overall responsibility of the site in the eyes of the general public.

The author of this thesis has almost 10 years' experience on contractor and worker social compliance management in international construction sites in Nordics. Via the gained experience and understanding on how the contractors in international construction sites operate, the author sees it is critical for Microsoft, as a developer of hyper-scale datacentre construction sites in Nordics, to increase their own Nordic construction team's leadership and management understanding on what are the legal obligations when contractors and workers are onboarding to Microsoft's site to start their works and who is legally responsible for each obligation. Understanding the statutory requirements and responsibilities Microsoft ensures contractor and worker social compliance can be comprehensively considered and followed in Microsoft's Nordic construction sites.

1.2 Development settings

International construction sites in Nordics are complex worksites where many contractor and labor related legal obligations, liabilities and regulations apply. Typically, the rule of thumb is that the legislation of the country where the work is being done, applies to all contractors, employers, and workers operating and working in Nordic construction site regardless of whether the operators are local or foreign. To understand what the local legislation, applicable liabilities and regulations are, may however be challenging, particularly for the worksite operators who come from abroad. Based on the author's experience, the best way for a successful project delivery from the compliant contractor and worker

onboarding perspective is that the developer of the site understands the regulations and legislation themselves, and the developer sets clear, general guidelines in their contractor agreements about wanted contractor and worker onboarding process. This thesis aims to increase Microsoft Nordic construction site leadership and management team's understanding of the contractor chain and worker compliant onboarding into Microsoft Nordic construction sites in perspective of local legislation and regulations.

Although juridically it is every operator's responsibility to understand the local legislation and requirements in the country where they plan to operate in, it can be stated that for a foreign contractor and employer, finding, identifying, and understanding the relevant local contractor and labor related statutory requirements is not an easy task to complete. The legislation is complex, and applicable requirements, that must be complied with, are spread on the local authority's web pages and legislative data bases and data repertories on the internet. Therefore, for a foreign contractor and employer it is challenging to efficiently identify the requirements they would need to comply with in the working country. In addition, in many cases, the local, up-to-date, and amended legislation may not be available in English language, but only in the original language of the worksite country, which makes the interpretation and understanding of the amended legislation challenging for a foreign contractor and employer.

Construction sites all over the world, including Nordics, have a reputation for being grey economy worksites. On the website of the Occupational Safety and Health Administration in Finland grey economy in construction industry is well described (Grey economy n.d.). According to the Occupational Safety and Health Administration in Finland, grey economy in the construction industry refers mainly to too low wage payments, extended working hours that violate the local labor laws and collective bargaining agreements and workers poor working and living conditions in the worksite country. Based on the author's many years of experience, in international construction sites, also other, worker-related non-compliances may occur. These other non-compliances typically relate to worker's

non-existing employment related documents, such as official certificates of the worker's social contribution payments. Furthermore, inadequacies in worker's valid working right certificates are being discovered in international construction worksites in Nordics. To operate a construction site in Nordics compliantly, all these documents and certificates should be valid and verified by the relevant parties on site / contractor chain before the working on the construction site can start.

The reasons for construction industry's grey nature are various. Based on the author's experience, typical reason for non-compliances on construction site's labor-related legislation is lack of information of the relevant legislation. Unfortunately, when discussing with the contractors more deeply and auditing their onboarding documentation and onboarding management systems and processes, ignorance of the local regulations can also regularly be identified as a reason to not comply with the local legislation. Based on author's experience, the general contractor and the entire construction site's contractor chain need clear steering and guidelines to define what are the onboarding requirements of the site and how the contractor and worker social compliance is expected to be managed.

Regardless of the reasons behind the found non-compliance, not to comply with the local labor legislation and not having the required worker-related documentation in place, exposes the entire construction site to a high risk for failed authority audits and consequently to negative relations with the local labor authority and trade unions. Found non-compliance cases impose the construction site and its operators also to possible authority penalty fines and to an increased risk for negative publicity about Microsoft's construction sites. Furthermore, being non-compliant with local labor and contractor legislation, for example having workers on site whose wages are under agreed local minimum wage levels, endangers the fair competition between local and foreign contractors and it places the local contractors and workers into unfair and underdog position.

Allowing lower wage-level workforce to work on Microsoft construction sites may lead to a situation where Microsoft can be interpreted to be an irresponsible corporate citizen which may lead to weakened social license to operate for Microsoft in their Nordic societies. Microsoft may be seen as irresponsible corporate citizen regardless of whether the too low wage payments would happen somewhere further down in the contractor chain tiers and even if Microsoft would not even have knowledge of that happening. Ensuring that Microsoft's international construction sites in Nordics are steered with documented instructions towards compliant contractor and worker management promotes not only the fair competition between local and international contractors and workers, but it in addition advances the correct juridical procedures and operation models between the contractor's domicile country and the worksite country authorities. Having a compliant work site in Nordic is not only a commercial value for Microsoft, meaning it does not only mitigate a schedule, budget, and bad publicity risk for Microsoft. Having compliant work site in Nordic has also a social value for Microsoft as it supports the image of Microsoft being a responsible corporate citizen and therefore it increases holistically general acceptance of Microsoft in their Nordic locations. It can be said that holistic social compliance management on Microsoft Nordic sites brings both commercial values to Microsoft and it increases Microsoft's social license to operate in their chosen, Nordic environment.

Due to the complexity of the legislation related to contractor and labor importation and management on construction sites in Nordics, the author's proposal for Microsoft was to create this thesis to provide information to Microsoft Nordic site leadership and management teams on what compliant contractor chain and worker management means. The research questions addressed by this thesis are as follows:

1. What are the statutory requirements in Microsoft Nordic locations in relation to compliant contractor and worker onboarding to Microsoft construction sites?
2. What type of a process and workflow model can be proposed to Microsoft to ensure compliant contractor and worker onboarding to Microsoft's Nordic construction sites?

This thesis will provide general information on contractor and worker onboarding on Microsoft Nordic construction sites. Furthermore, information of the related legislation and requirements that should be applied to any contractor or worker who will be contracted to or is working on Microsoft Nordic site will be provided. This thesis will not provide information of the statutory requirements in Nordics in relation to specialist contractors and specialist worker roles, such as electrical or mechanical contractors and/or workers. Compliance requirement information about specialist contractors and specialist workers will be scoped out from this thesis to focus on the general onboarding requirements that will apply to any contractor and worker who is being imported to Microsoft Nordic construction sites.

1.3 Research methods used in this thesis

This thesis is a development work where legislative requirements on how to compliantly onboard a contractor and worker to Microsoft Nordic construction sites is being investigated. In this thesis the data acquisition is done by deep diving into legislation related to contractors and workers statutory general requirements when starting works on Microsoft Nordic construction site locations. Investigation will be done to Microsoft's Nordic location countries' legal data bases to understand the local legislation in relation to working in the country. Investigation will also be done to Microsoft's Nordic countries' work environment authority websites to understand their expectations and requirements for construction site contractors and to understand their supervision model regarding to local construction sites. Furthermore, the exploration will be done to Microsoft Nordic countries tax authority websites to understand what the tax authorities' requirements are regarding contractors and workers registration when working in the country and to see if the tax authority would have any other additional requirements for local construction sites. Moreover, website of local immigration officers' will be studied to fully understand the work permit applicability on each Microsoft's Nordic construction site countries. Finally, also local trade unions websites will be examined to understand their role in the country as a construction site regulator and supervisory body.

This thesis will furthermore look at general level into cultural value distances in and between Microsoft Nordic locations via a country comparison. Cultural environment and understanding cultural values are an important part of a successful project delivery overall, and it also gives justification for compliance management. Understanding the local cultural value environment increases Microsoft's site management team's understanding on why it is important that the social compliance is also well managed on Microsoft's Nordic construction sites and how in the local work environment the management is expected to be done. Understanding the cultural value environment also helps in local authority liaison as the local cultural value mindset applies to local authorities and impacts directly to their expectations on worksite management.

To increase the understanding of non-compliance cases impact for a company's social reputation, some occurred, non-compliance cases that were published in public media, are presented in this thesis too. From these occurred non-compliance cases the key information will be highlighted to understand what implications the non-compliances had for these sites and to have real life examples of how non-compliance cases may be published in public media.

1.4 Framework of this study

This thesis will bring information to Microsoft's Nordic leadership and site management teams on what are the statutory requirements for compliant contractor and worker onboarding to site. With the received information Microsoft site management teams in Nordics are able to include a compliance scope into their contractor's scope of works and agreements already in the procurement phase. Having the requirement in procurement documents already enables the contractors to view the requirement and price it correctly as part of their work proposal package. Compliance scope in procurement documents will steer Microsoft Nordic construction sites to be compliant in relation to local contractor and worker -related legislation and unnecessary negative liaison with authorities and unions, also negative publicity from labor law violations, can be better avoided.

In compliance scope in the procurement documents Microsoft is able to state their expectations of the contractor and worker onboarding requirements and to give a clear model for all site contractors on how Microsoft expects the site social compliance management to be executed. Detailed clarification of what are the items to be verified to ensure contractors and workers are compliant with the local requirements when starting the works on Microsoft's construction site and detailed model on how the compliance verification should be executed on Microsoft sites are both critical aspects for successful contractor and worker compliant onboarding. When both aspects are clearly described in Microsoft contractor agreements, the agreement itself steers the site towards compliance. Being compliant with the local contractor and worker requirements reduces the risk for unnecessary work interruptions on site that would be a consequence of an authority audit where non-compliances would have been found. A clear workflow model and efficient communication throughout the contractor chain of the wanted clarifications helps all contractors on site to be successful in their compliant onboarding to Microsoft Nordic construction site.

2 STATUTORY REQUIREMENTS FOR CONTRACTOR AND WORKER ONBOARDING IN NORDIC COUNTRIES

The requirements for contractor and worker compliant importation may vary depending on the country where the construction site is located. Below, it is reviewed in detail what are the requirements on construction site contractor and worker onboarding and management in each Microsoft Nordic location countries, and from which legislation / authority requirement the demand comes from.

2.1 Finland

In Finland, the Occupational Safety and Health Administration, which is part of the Regional State Administrative Agency and under direct steering of the Ministry of Social Affairs and Health, supervises in Finland not only construction sites safety, but also contractor and worker compliant onboarding and related social responsibility management on Finnish construction sites (Organisation n.d.). Occupational Safety and Health Administration is a governmental

organization. This authority has the legal right to supervise Finnish worksites and investigate all needed features and documents, including worker's pay slips, wage payment records from employer's accounts to worker's account, working hour records and similar, to ensure that the related Finnish legislation is being adhered on construction sites in Finland (Organisation n.d.).

For contractor's requirements in construction industry and for construction site social responsibility management, the Occupational Safety and Health Administration has thorough information on their websites, in "grey economy" section (Grey economy n.d.). On the authority web page, under grey economy section the key deliverables that a construction site in Finland needs to fulfill are clearly specified and the responsible party of each item is explained.

Furthermore, on the websites, at the bottom of each section there is always link to related legislation that states the facts that are addressed in the section in question. The website of Finnish Occupational Safety and Health Administration website is a very good starting point for any, foreign or local, contractor to identify and/or reread the requirements and responsibilities that by the legislation must be followed when working and contracting on Finnish construction site. Websites are published not only in Finnish language but also in Swedish and in English to ensure that the information is available to anyone who needs it. To support the construction site contractors or the developer of the site further, the Occupational Safety and Health Administration in Finland has a telephone service where further information for specific situations on sites can be asked directly from the authority's representative. (Grey economy n.d.)

Occupational Safety and Health Administration lists on their website the key items that they supervise on Finnish worksites during and via their inspections.

The key inspected items are

- verification of working right in Finland for all site workers
- paid wage levels and payment transactions for all site workers
- working hours and overtime work for all site workers
- adherence to the Act on Contractor's Obligations and Liability When Work is Contracted Out (1233/2006)
- construction site's statutory personal ID cards
- existence of up-to-date listing of workers on site

(Grey economy and occupational safety and health n.d.).

2.1.1 Right to work in Finland

Every employer has a responsibility to verify that the workers working on Finnish construction sites have the right to work in Finland before they allow the worker to start their work (Right to work in Finland n.d.). Verification is typically done by checking the official ID of the worker to confirm nationality. Chapter 82 in the Aliens Act (301/2004) states in addition that the general contractor of a shared worksite is responsible to ensure all workers on the worksite have a right to work in Finland. Citizens of Nordic countries, EU countries, Lichtenstein or Switzerland are entitled to work in Finland based on their nationalities. Passport or other official ID will be sufficient evidence on the citizenship. Other workers, coming from outside of earlier mentioned countries, i.e. workers coming from so called “third countries”, require in Finland a residence permit addressed for working in Finland to fulfill the legislation around working right requirement. For third country citizens, the residence permit addressed for working must be valid before the working can commence. (Foreign employee n.d.)

Employer’s and/or general contractors’ negligence in verifying worker’s working right in Finland may lead to penalty sanctions. Penalty sanctions will be paid to Immigration Service of Finland and the sanction amount is EUR 1 000 – EUR 30 000 depending on the case and severity of the negligence. Furthermore, the worker without valid working right needs to be returned to worker’s domicile. Returning the worker back to their domicile can be done at the cost of the employer if the employer has impacted to the arrival of the worker to Finland without valid working right. (Right to work in Finland n.d.)

2.1.2 Wages and working hours in Finland

When the work is carried out in Finland, the employer (local or foreign) is obligated to compensate to worker a wage that follows the minimum wage requirements in Finland. The employer who has workers working in Finland, local or foreign, must also follow Finnish requirements on working hours. In Finland the

minimum requirements on wage levels are regulated in sector specific generally binding collective bargaining agreements. In Finland the requirements in relation to working hours are regulated directly in legislation but also in sector specific generally binding collective bargaining agreements. If sector specific, generally binding collective bargaining agreement is tighter on working hour requirements than the Working Hour Act in Finland is, then the sector specific collective bargaining agreement requirements must be followed. (Foreign employee n.d.)

The applicable legislation to this section is wide. On the website of Occupational Safety and Health Administration, in foreign employee section, general instructions for the employee and for the employer are provided. Moreover, in the same foreign employee section of the web site, the links to the relevant legislation are provided. Up-to-date collective bargaining agreements in Finland are published on sector-specific Union websites. Occupational Safety and Health Administration, or the sector specific union, can assist understanding what collective agreement will be applied to what specific work on construction sites. Furthermore, information on what are the generally binding collective agreements in Finland can be found in the online database of Finnish legislation, Finlex, under the section yleissitovat työehtosopimukset. In general, it can be stated that when looking at the list of the generally binding collective bargaining agreements in Finland, the works applicable to Microsoft construction sites fall widely under generally binding collective agreements in Finland. When collective bargaining agreement is generally binding, it means it binds all employers to follow the clauses in it. (Finlex n.d.)

Finlex is a public web site and an online database of Finnish up-to-date legislation and other legal information. Mainly all information on Finlex website is provided only in Finnish or in Swedish language. Any translations found from internet of the Finnish legislation are not official translations and therefore are not legally binding. Information on the generally binding collective agreements is provided on Finlex website only in Finnish language. (Finlex n.d.)

According to Employment Contracts Act 55/2001 and Working Time Act 872/2019) negligence of the compliance of the related legislation and generally binding collective agreements and not paying the minimum wage levels to worker, and/or not following the requirements on the maximum allowed working hours may lead to prosecution for the employer from discriminative reasons and case processing in the court of law.

2.1.3 Contractor registration in Finland

In Finland the Act on Contractors' Obligations and Liability when Work is Contracted Out (1233/2006) is one of the central legislations that Occupational Safety and Health Administration supervises on Finnish construction sites. The act lists, in sections 5 and 5a seven items that need to be verified from intended subcontractor contractor company before contracting any work out to them. The verification is legally a responsibility of a direct contractor of a subcontractor.

Items to be verified consist of different official subcontractor company related registration documents and certificates. Documents and certificates according to the act should be checked before entering into agreement with the intended subcontractor. The certificates must be as recent as possible to mirror accurately the current state of the intended subcontractor company, however, the certificates may not be older than three months from signature of the subcontractor agreement to comply with the legislation. The direct contractor of a subcontractor has also a liability to hold the certificates for 2 years after the work has been completed. (Contractor's obligations and liability n.d.)

The certificates that according to the Act on Contractor's Obligations and Liability when Work is Contracted Out (1233/2006) are required to be verified are:

- certificate of prepayment-, employer-, and VAT registration
- trade registration certificate
- clarification on the tax status and confirmation on tax debt
- employee pension insurance certificate and payment of the insurance payments. Also, clarification of the payment arrangements if any pending employee pension insurance payments exist.

- clarification of the followed collective agreement or of the centric employment terms and conditions
- clarification on the occupational health care arrangements in Finland
- certificate of a valid employee accident- and liability insurance

To help increase understanding of the legislation, there are useful links on the website of Occupational Safety and Health Administration, in section grey economy, contractor's obligation and liability, to videos where further clarification is given to the Act on Contractor's Obligations and Liability when Work is Contracted Out 1233/2006. For Microsoft's easy access and good summary of this legislation, a link to a video where a general clarification is provided about Act on Contractors Obligations and Liability when Work is Contracted out, is provided below in Figure 1. In a situation where this thesis is being read as a paper copy, the same video can be found from the Occupational Safety and Health Administration on Finland websites, under section grey economy and in there under section Contractor's obligations and liability. In the video it is explained why the legislation has been established in Finland, in what situations the legislation applies, some critical key points of the legislation, and from where more information can be found about this centric legislation for a contractor who has contracted the work out in Finland. The video is not full description of the legislation, but it is useful video to watch before diving into Finlex web pages to investigate the act more thoroughly. The video is spoken in Finnish language, but subtitles are provided in English. (What is the act on the contractor's obligations and liability when work is contracted out? 2021.)

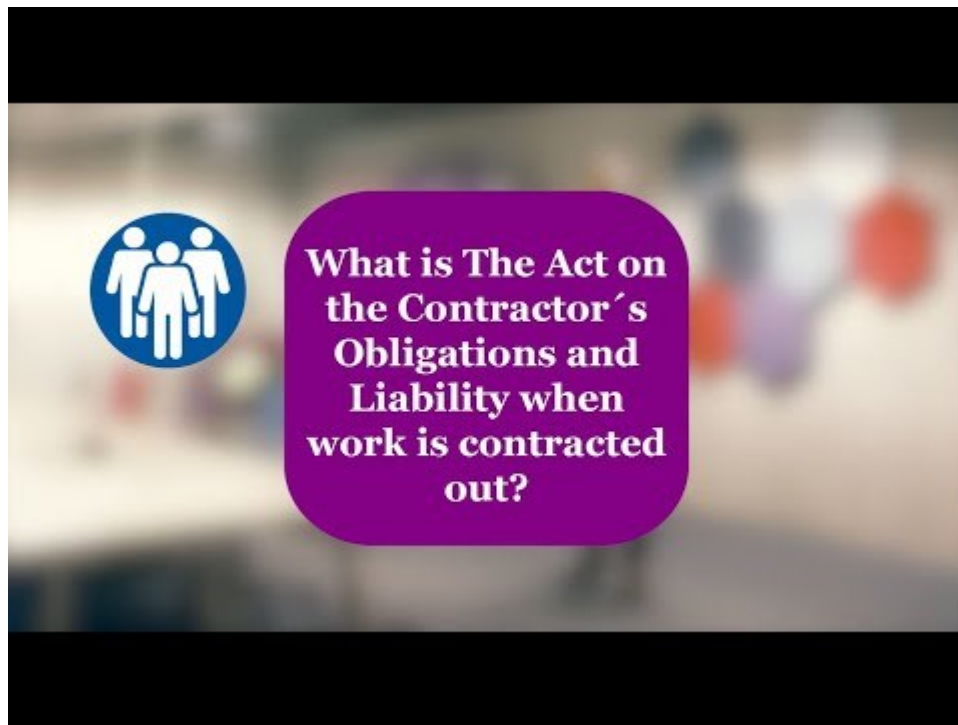


Figure 1. Video clip by Occupational Safety and Health Administration of the Act on the Contractor's Obligations and Liability when Work is Contracted Out (1233/2006).

For further information, three additional clarifying videos explaining contractor's obligation and liability more in detail can be found from the website of the Occupational Safety and Health Administration in Finland, in the same section with the above linked video.

In section 9 in Act on Contractor's Obligations and Liability when Work is Contracted Out (1233/2006) it is described what not complying with the act means. Not complying with the act enables the authority to order sanction fee for the direct contractor of a subcontractor. The minimum negligence sanction fee is EUR 2 110 – EUR 21 100 per negligence. The maximum sanction fee, that can be provided in certain, severe violations, is EUR 21 100 – EUR 68 500 per negligence, depending on the severity of the negligence. In case the direct contractor of a subcontractor has neglected their responsibility to collect the certificates according to this act, and furthermore, if the subcontractor company is found not to comply with the registration requirements set in this legislation, the officer of Occupational Safety and Health Administration will order the subcontractor to stop working in Finland as the company is not set up according to the legal requirements of Finland. (Negligence fee n.d.)

For construction site worker registration in Finland, the Finnish Tax Authorities have regulated that all workers working on Finnish construction sites must register themselves with Finnish Tax Authorities to get individual and personal Tax number. Furthermore, when working on construction site in Finland, the Tax number must be registered into Tax Authority's official tax number register that the Finnish Tax Authority runs. In Finland, registered Tax number is needed for everyone working inside of construction site boundaries / fences, this also means the office workers, cleaners, canteen workers and such need a registered Tax number if they work inside of the construction site boundaries. Tax number is needed in Finland for everyone working on construction site regardless of if a tax liability forms to Finland for the worker or not. Getting a Finnish Tax number requires a personal visit into Tax offices that give out Tax numbers for identification purposes. The registered Tax number must be received before the working on construction site in Finland can start. According to the Occupational Safety and Health Act (738/2002), the site developer has the ultimate responsibility to ensure that everyone working on their construction site in Finland has a registered Finnish Tax number. The developer of the site can forward the responsibility further to the general contractor of the site. (Vero 2022.)

Neglecting the liability to have the registered Tax number before the working starts on construction site in Finland is regulated in Finnish Occupational Safety and Health Act (738/2002) as Tax number on construction sites is also part of the legislation about Personal ID cards on Finnish construction sites. The next chapter explains in detail what is the requirement in its entirety for Personal ID cards on Finnish construction sites and what are the consequences of failing to adhere this legislation.

2.1.4 Personal ID card in Finnish construction sites

Personal ID card with photo of the worker is a statutory requirement on all Finnish construction sites. The requirement comes from the Occupational Safety and Health Act (738/2002). The section 52a in Occupational Safety and Health Act

(738/2002) lists what information needs to be presented in worker's personal ID card. The needed information in the worker's personal ID card is

- The name of the worker
- The name of the employer of the worker, or if the worker is self-employed then self-employment should be mentioned
- The worker's Finnish tax number given by the Finnish tax authority
- The photo of the worker

The responsibility to ensure that every worker has a personal ID card when working on construction site in Finland lies both with the developer of the site (on Microsoft's construction sites the developer is Microsoft) and with the general contractor of the site. In addition, the employer of each worker is responsible for ensuring that their workers have the personal ID with needed data in there before working on site starts. (Personal ID and tax number n.d.)

Neglecting the responsibility of ensuring that all workers working on construction site have their personal ID cards, with the required information in it, may lead to situation where a worker without personal ID card will be removed from site by Occupational Safety and Health Administration officer. Furthermore, as not having personal ID card when working on construction site in Finland violates the requirements under Occupational Safety and Health Act (738/2002), according to the Act, section 63, the authority may order to the developer of the site, to general contractor of the site and to direct employer of the worker negligence fines. The amount of fines are considered case by case and the severity and width of the breach of the legislation will be considered when ordering the amount of fines.

2.1.5 List of workers on Finnish construction sites

When workers are starting to work on a construction site in Finland, the general contractor of a construction site has a responsibility produce listing of construction site workers. The listing of workers must be kept up-to-date at all times for the entire duration of the construction. The requirement of the listing of construction site workers comes from Occupational Safety and Health Act

(738/2002) and the statutory content of the listing of workers is regulated in section 52b in the same act. The availability of the listing with statutory data in it is one of the key components that Occupational Safety and Health Administration audits during their site inspections (List of workers n.d.).

The list of workers, according to the Occupational Safety and Health Act (738/2002) and according to the website of Occupational Safety and Health Administration, must contain at least the following information:

- workers first and last name, their date of birth and their tax number
- start date and end date of working on site
- the direct employer's name, their Finnish business ID or equivalent foreign business ID
- in case of posted workers, also the name of posting employer's representative in Finland and their contact information

(List of workers n.d.).

As the requirement on having the list of workers in place on Finnish construction sites comes from Occupational Safety and Health Act (738/2002), negligence of having the up-to-date listing of workers in place or not having sufficient information in it may lead, according to section 63 in Occupational Safety and Health Act (738/2002), to a situation where negligence fines are ordered for the site general contractor and/or direct employer of the worker. Furthermore, according to Occupational Safety and Health Act (738/2002) section 52b, the developer of the site may get a negligence fine if there is no general contractor nominated on site.

2.1.6 Posting workers to Finland

In addition to what is explained as central responsibilities in relation to contractors and workers on construction site in Finland in chapters 2.1.1 – 2.1.5 of this thesis, also the Act on Posting Workers (447/2016) in Finland is critical legislation to understand in perspective of compliant importation of workers to Finnish construction site. Act on Posting Workers (447/2016) regulates about the minimum responsibilities of the employer in a situation where the employer posts

a worker to Finland from abroad to do work what the worker would normally do in their country of domicile.

From compliant contractor and worker onboarding perspective, the Act on Posting Workers (447/2016) regulates in sections 7, 7a and 7b about the notification of the posting and in section 8 about appointing a representative for the posting employer in Finland. The website of Occupational Safety and Health Administration also further about the qualifications that the representative of the posting employer in Finland must meet to comply with the legislation. It is the posting employer's responsibility to issue and submit the notification of the posting. In the notification the posting employer notifies about their posted workers before the posting to Finland happens. It is also the responsibility of the posting employer to appoint a representative to represent the posting employer in Finland for the entire duration of the worker's posting. (Posted worker n.d.)

When a foreign company temporarily posts workers to Finland, the worker's social security contributions usually remain to be paid to workers domicile / permanent working country. When the worker is posted from EU / EEA countries, from Switzerland or from the UK, the document that verifies the social contribution payments to worker's domicile / permanent working country is portable document A1. If A1 is not available for the worker, the employer should take pension insurance for the worker from Finland. (Accident insurance n.d.) For workers from countries outside of the EU, EEA, Switzerland and the UK, if the pension insurance is not taken from Finland the social contribution payments should be verified with posting country official certificates that are sufficient to evidence that the social security payment -related responsibilities are fulfilled by the employer in the permanent working country of the worker. (Europa 2023.) The certificates, portable A1 document or other sufficient evidence must be presented by the employer of the worker to the company who has ordered the work in Finland. Furthermore, it is a responsibility of the company who have ordered the work in Finland, to verify that the presented certificates are sufficient and adequate in Finland before the working in Finland can compliantly start. If the certificates to prove social contribution payments are not available for the worker,

the employer should take the social insurances for the worker from Finland.
(Posted worker n.d.)

2.2 Sweden

In Sweden the construction sites are managed and supervised by governmental authority Swedish Work Environment Authority. In addition, the social partners, i.e. the worker's trade unions and employer organizations, who have a key role in establishing the working terms and conditions in Swedish labor markets, supervise the construction sites in Sweden. Swedish work environment authority has a thorough website that explains the "Swedish model", i.e. how the work environment regulations are set in Sweden, also in a situation when the employer is a foreign company and/or workers are posted to Sweden from abroad. In Sweden, the social partners regulate widely about working environment, working terms and conditions through collective agreements in Sweden. Blue- and white-collar workers in Sweden are under separate collective agreements in Sweden. The applicability of a collective agreement is not dependent on the individual worker's membership to a union but in a situation where the collective agreement is binding for the employer the regulations of the agreement must be applied to all workers of the employer. In Sweden, the coverage of the collective agreements is very high with almost 90% coverage of the employees from employment market. Trade union density is approximately 70% in Sweden. Collective agreements regulate for example about wage level requirements, working hour requirements, annual holiday requirements, pension, and other work-related insurances, also gender equality. The legislation in Sweden supports Swedish model and grants social partners wide negotiation power and allows the industrial actions from the union side to ensure the employers in the employment markets in Sweden follow the Swedish model and collective agreement regulations. (Medlingsinstitutet 2023.) Swedish Work Environment Authority has from government side a supervisory role for the Swedish work environments. However, the supervisory inspections from this authority are primarily being done in relation to work safety to ensure the safety on the Swedish worksites is managed in sufficient level. Supervisory inspections can

anyhow also be done for other, specified reasons, such as to inspect working terms, if that is seen necessary. (Swedish work environment authority 2024a.)

2.2.1 Right to work in Sweden

Sweden is an EU member state. EU and European Economic Area (EEA) citizens have a right to work in Sweden based on their nationality, therefore citizens from EU or EEA countries who come to work in Sweden do not need a work permit for working in Sweden. Before the working in Sweden starts the nationality of the worker must be verified from a passport or from other official ID certificate. (Migrationsverket 2024a.)

When a worker comes from outside of EU and EEA countries to perform work in Sweden, they typically need to obtain a work permit before the working can start (Migrationsverket 2024b.) It is the responsibility of the employer who sends a worker to perform work in Sweden to ensure that the worker has a right to work in Sweden before the working starts (Swedish work environment authority 2024b).

2.2.2 Contractor's overall compliance in Sweden

In Sweden, a separate act for contractor's obligations and liability when the work is contracted out does not exist. However, as in any other country, also in Sweden all contractors, local or foreign, producing work must be officially established and registered to relevant registers to be compliant to perform work in Sweden. To operate compliantly as an employer in Sweden all companies must fulfill their employer responsibilities, including following the requirements of wage payments and working hours, having required worker-related insurances in place, paying the social contribution payments of their workers and similar. The contractor's official establishment and employer registration certificates should be verified from a contractor in Sweden before any work on construction site is started.

2.2.3 Collective agreements in Sweden

Collective bargaining agreements are in strong position in Sweden to define the terms and conditions of employment. The Swedish collective agreements cover widely the worker markets in Sweden. According to Medlingsinstitutet in Sweden, in 2021 up to 88% of the workers in the market were covered by collective agreements. Due to the wide coverage in the worker markets, the rules from collective agreements are in most of the cases binding rules to be followed when having workforce in Sweden and all employers should recognize the existence and regulations of collective agreements when having workforce in Sweden. Collective agreements can regulate various aspects, for example minimum wages, working hours, annual leave, social insurances, and more.

(Medlingsinstitutet 2023.) Swedish labor market model is demonstrated in Figure 2, the figure is taken from Medlingsinstitutet's brochure: The Swedish model and collective agreements.

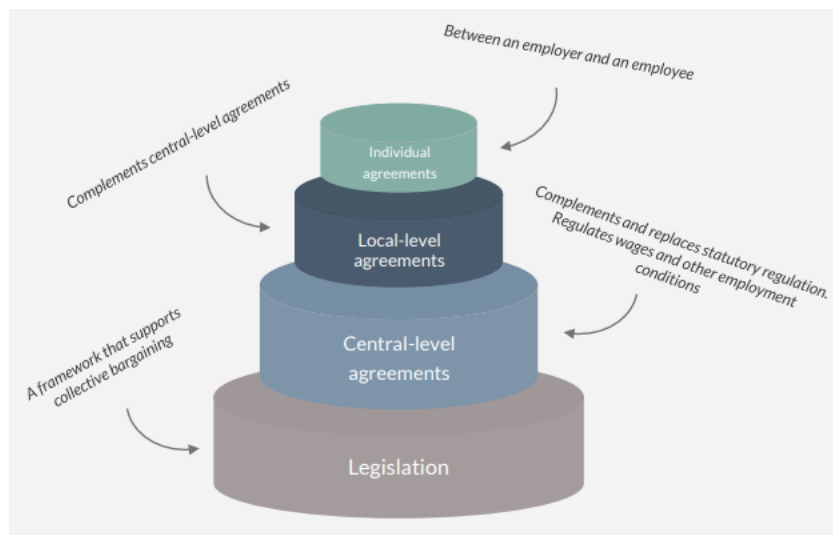


Figure 2. The Swedish labor market model (Medlingsinstitutet 2023).

Ensuring that all contractors, also foreign contractors, who have workforce on Swedish construction site have recognized the existence of collective agreements in Sweden is important. When having workforce in Sweden the employer, local or foreign, has a choice to either sign a collective agreement with a worker's trade union, or the employer can join to a Swedish employer-representative organization which makes the employer liable to follow a certain

Swedish collective agreement. The Swedish labor market model allows the worker's trade unions to take industrial actions if an employer has not committed in either one of above explained ways themselves to follow a Swedish collective agreement. (Swedish work environment authority 2024c.) The employer-representative organizations and workers trade unions are listed on Swedish work environment authority's website, under foreign labor in Sweden -section where posting and Swedish labor market model and collective agreements are addressed. Before any works on Microsoft's construction site in Sweden starts it should be ensured that all contractors have confirmed their signatory to a worker's trade union collective agreement or they confirm a membership with employer-representative organization, to avoid any industrial actions on worksites.

2.2.4 Working hours and wages in Sweden

The Swedish Working Hours Act (673/1982) and Employment Protection Act (80/1982) are centric acts in working environment management in Sweden. Working Hours Act (673/1982) regulates in Sweden the ground rules for maximum working hours that are allowed when working is done in Sweden. The Working Hours Act (673/1982) regulates working hours in its entirety, also about the daily and weekly resting periods and breaks during working day, that must be met. In addition to what the Working Hours Act (673/1982) regulates in Sweden about working hours, also collective agreements in Sweden regulates further about the working hours and therefore the applicable collective agreements should be fully understood to be compliant in relations to working hours in Sweden. In a situation where, regardless of their wide coverage, a collective agreement would not exist for the work that is being done, the Working Hours Act (673/1982) regulates about the minimum working hour related items in Sweden (Swedish work environment authority 2024d). When the collective agreement does exist, it can partly or entirely replace the working terms and conditions that are regulated via legislation in Sweden, also regarding to Working Hours Act (673/1982). The rule of thumb in both cases is that the act and/or the collective agreement applies to any work that is done in Sweden regardless of the fact if the

employer is a local or a foreign company (Swedish work environment authority 2024e).

In Sweden the minimum wage level is not regulated in legislation, yet collective agreements often regulate in addition about required wage levels in Sweden. The minimum wage level composes of different elements depending on the work that the worker is performing and therefore it is important to understand the applicable collective agreement requirements to minimum wage level in its entirety to ensure the compliance with the set regulation. (Arbetsmiljö verket n.d.)

2.2.5 List of workers in personal ID cards on Swedish construction sites

In Sweden, the Swedish tax agency has regulated from beginning of January 2016 that all construction sites in Sweden must have an electronic personal register in place to list active workers in up-to-date manner on site (Skatteverket 2015). In electronic personnel register, all workers who are active on the construction site in question, should be listed. The developer of the site is juridically responsible for ensuring there is an electronic personal register in place; however, the developer can forward the responsibility to keep the register for example to general contractor. (Byggherrens skyldigheter n.d.) On Microsoft's construction sites in Sweden the workers should be listed to an electronic listing of workers upon their arrival for work to Microsoft construction site.

The electronic worker register must always be up to date and easily accessible for Swedish tax authorities if they come to site and/or want to inspect the personnel register. The electronic worker register must list the workers who are active on site, and their working times on site. The purpose of the register is to reduce grey economy on Swedish construction sites, i.e. reduce undeclared work and promote fair competition between contractors and workers on Swedish construction sites. (Byggherrens skyldigheter n.d.)

The Swedish Construction Federation, who is construction, civil engineering and specialized company industry and employer organization in Sweden, introduced ID06 system in the Swedish construction markets already in 2006. The purpose

of the system is to establish a digital access system to Swedish construction sites that includes electronic ID cards for all site workers and a system that feeds the worker information to Swedish Tax Authorities to be able to track which workers are working on Swedish construction sites in a reliable way. ID06 system as a specific system is not the only or statutory system in Sweden for keeping electronic personal register. Other similar system can be used also that would serve the same purpose. However, in Sweden ID06 system is very widely used and some employer-representative organizations may request their members to use ID06 consequently to their membership with the organization. (Areff Systems AB 2024.)

In case the construction site in Sweden has neglected the responsibility to have available an electronic personal register, the Swedish tax authority may give fine for register keeper. The fine amount starts from SEK 12 500 and the amount adds up by each worker who is not listed into register.

(Byggherrens skyldigheter n.d.)

2.2.6 Posting workers to Sweden

In Sweden, similar to Finland, there is a legislation for posting workers to a country. The Swedish Posting of Workers Act (678/1999) is available on Swedish government website only in Swedish language. (Swedish work environment authority 2024f.) Posting of Workers Act (678/1999) regulates the minimum rules in a situation where a foreign company sends, i.e. posts a worker to Sweden to perform the same work in Sweden that the worker normally does in their home country. Swedish work environment authority has good information on their website about the regulations in Sweden for foreign workers and about posting workers to Sweden.

Posting employer has a responsibility to report Swedish work environment authority about the posting. Reporting means submitting a notification about workers that will be posted to Sweden to Swedish work environment authority. The employer must ensure that the worker who is posted to Sweden has a valid

working right in Sweden. Both notifying about the posting and ensuring the worker has a right to work in Sweden must be done before the working in Sweden starts. (Swedish work environment authority 2024b.)

The posting employer has a responsibility to provide proof of the completed posting report for the party who is the recipient of the work in Sweden. If proof of reporting the posting is not given, under a threat of a fine, the recipient of the work must notify the Swedish work environment authority about the missing posting report. (Swedish work environment authority 2024g.)

When a foreign company posts a worker to Sweden, the Swedish rules, and local collective agreements in relation to their regulations on working environment, discrimination, working hours, holidays, parental leave, salary, and taxes must be followed as a minimum requirement by the posting employer (Swedish working environment authority 2024f).

When a foreign company temporarily posts workers to Sweden, the worker's social security contributions usually remain to be paid to workers domicile / permanent working country. When the worker is posted from EU / EEA countries, from Switzerland or from UK, the document that verifies the social contribution payments to worker's domicile / permanent working country is portable document A1. From countries outside of EU the social contribution payments should be verified with official certificates that are available from the workers domicile / permanent working country and that are sufficient to evidence the fulfillment the employer responsibilities in relation to workers social contribution payments. Before the working starts in the country where the worker is posted the A1 certificate or non-EU country certificates should be presented on the worksite to ensure that the social contributions of the worker are paid to their domicile / permanent working country. If the certificates to prove social contribution payments are not available for the worker, the employer should take the social insurances for the worker from Sweden before working in Sweden starts. (Europa 2023.)

2.3 Denmark

In Denmark the labor markets are regulated at high level by the tripartite co-operation, where the parties of the co-operation are Denmark (the state), employer organization representative and the employee's trade union representative. A general agreement exists between The Confederation of Danish Employers (DA) and The Danish Confederation of Trade Unions (FH) that regulates the high-level frame for the employment terms and conditions in Denmark. (The Danish labour market n.d.)

In Danish labor markets the employers and employees are called the social partners. The social partners in Denmark are widely organized to employer and employee associations and the social partners have a wide influence on overall labor market regulation via the collective agreements that are negotiated between the social partners. The framework for collective agreements comes from the general agreement, that is the agreement between DA and FH. Danish labor market, i.e. Danish model necessitates the high level of organization for its functionality. (The Danish labour market n.d.)

In Denmark, the collective agreements set flexible limits and a framework for the working conditions. The companies (employers) and employee representatives at local level, are again allowed to agree locally, within the framework of the collective agreements, the most suitable working conditions for the workplace. With local agreement also working hours and wage levels, in the frames of collective agreement, can be agreed. (Confederation of Danish Employers, Danish Trade Union Confederation and Ministry of Employment 2021.)

The Danish labor market model, i.e. the Danish model is a flexible labor market model where both employer and employee rights are ensured via different level frame agreements, enabling also local agreements between employer and employee representatives to identify best practices, and working conditions and terms on individual worksites. Below, in Figure 3 the image from the brochure "The labour market in Denmark" by Confederation of Danish Employers, Danish

Trade Union Confederation and Danish Ministry of Employment, presents the Danish labor market parties, their different levels, and relations to each other.

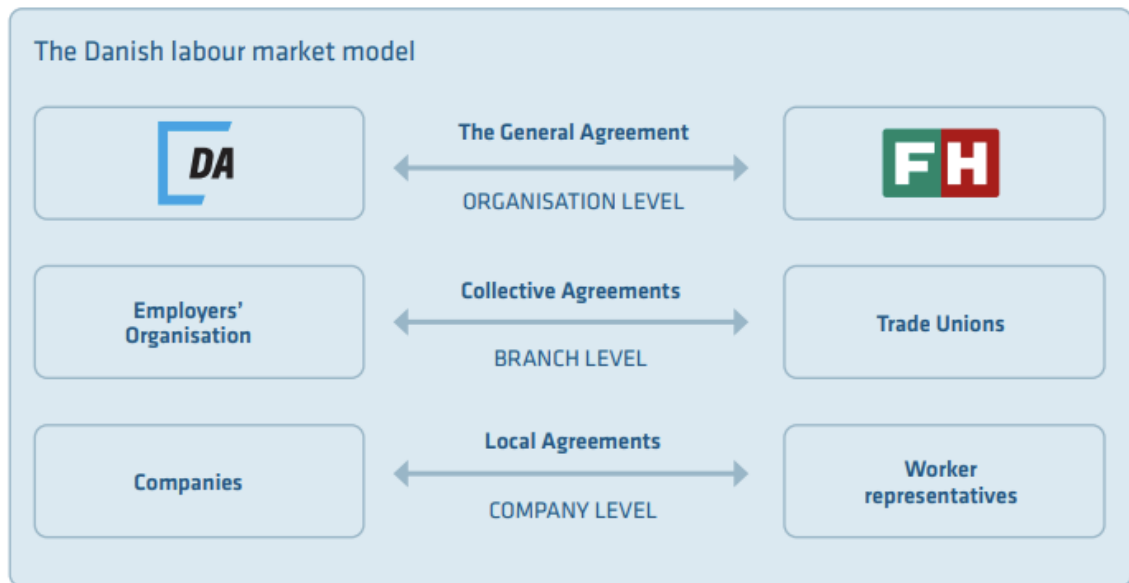


Figure 3. Danish labor market model. (Confederation of Danish Employers, Danish Trade Union Confederation, Ministry of Employment 2021).

The regulations for companies and workers operating and working in Denmark, also for foreign companies and workers, is thoroughly described on website Workplace Denmark. On Workplace Denmark website, under the safety in building and construction section there is thoroughly explained the responsibilities of building and construction sites in Denmark. The Danish Working Environment Authority (WEA) supervises and carries out inspections on worksites in Denmark. Inspections are mainly targeted to ensure worksite safety regulations are adhered to on Danish worksites but also working terms can be audited during the inspection. WEA is entitled to compose a fine to an employer or a company if negligence of the legislation and regulation is found. In 2020 the minimum amount of the penalty fine was 10 000 DKK, however the penalty fine amount is reviewed on annual basis and a subject to a change. (Working environment regulations n.d.)

2.3.1 Contractors' registration in Denmark

Legal establishment and registration to needed registers of all contractors working on Microsoft construction sites in Denmark should be verified before working starts. Company registration to trade register, tax registers and employer registers (applicable always when having workforce) should be verified before working on Microsoft construction site in Denmark starts. Furthermore, foreign contractors in Denmark, who operate as a foreign company in the country, must be all registered into the register of foreign service providers (RUT) before the working in Denmark can compliantly start. (Rules for companies operating in Denmark n.d.)

All companies selling products or providing services in Denmark must pay VAT in Denmark and therefore be registered into Danish Tax Authority VAT register. (Rules for companies operating in Denmark n.d.) Every contractor that has workforce on Microsoft Danish construction site should also have accident and worker's compensation insurance for their workers. This is a statutory requirement for a foreign employer who posts workers to Denmark. (Rules for companies operating in Denmark n.d.)

2.3.2 Right to work in Denmark

Denmark is an EU member state and a Nordic country. The citizens of Nordic countries have a right to work in Denmark without a separate working permit to Denmark. Nordic citizens do not need to register as a Nordic citizen working in Denmark either. In Denmark, the citizens who are not Nordic but citizens of other of EU and EEA countries and Switzerland are allowed to work in Denmark without a work permit. However, they need to register in Denmark as an EU / EEA citizen or as a citizen of Switzerland. (ICS: International Citizen Service n.d.)

If a worker comes from outside of Scandinavia, the EU and EEA country, or Switzerland, typically the worker needs to apply for a work permit to be able to start working in Denmark. The application of a work permit is advised to be done

in the home / departure country via Danish mission and the work permit must be valid and granted to the worker before the working in Denmark can start.

(Residence and work permit n.d.)

2.3.3 Collective agreements and employer responsibilities in Denmark

In Denmark the collective agreements are produced as a result of negotiations between a trade union or collective bargaining unit and an employer, a company or an employer organization. In Danish model the collective agreements provide a framework for wide regulations of the working terms and conditions. When a foreign company enters Denmark with their workers, the relevant trade union(s) typically contact(s) proactively the foreign employer company in a purpose of entering into agreement with them about collective agreement. Collective agreements are not a statutory requirement in Denmark for local or for foreign employer companies, however trade unions are allowed to take industrial and/or solidarity actions against companies who do not enter into agreement with a trade union to adhere a collective agreement. Industrial and solidarity actions against a company are allowed regardless of whether there are no members of the union working in the company to whom the actions are targeted to, yet industrial actions are always subject to a notice and the collective agreement that is proposed for the company must apply be applicable in whole Denmark and majority of the related social partners must adhere to it. Denmark as a state refrain themselves as far as possible from intervening to industrial and solidarity actions. The state's withdrawnness to intervene to situation means that the industrial and solidarity actions are widely allowed in Denmark assuming they are executed according to the set rules. (Collective agreements n.d.)

In a situation where a collective agreement does not exist, the Danish labor legislation covers the working terms and conditions in Denmark. However, the coverage of the collective agreements in Denmark is very high: 100% of employees in public sector, 73% employees in private sector and 87% of workers who work for the companies that are members of Confederation of Danish Employers are covered with Danish collective agreements. (Confederation of

Danish Employers, Danish Trade Union Confederation and Ministry of Employment 2021.) Due to the high coverage of collective agreements, and therefore the strong position of the collective agreements in Denmark, and due to the enabled possibility for industrial and/or solidarity actions against companies that have not entered into agreement about adherence to a collective agreement, it is critical that the contractors imported to Microsoft construction sites in Denmark are steered to understand and sign a collective agreement in Denmark before the works on site start to avoid unnecessary work interruptions or other industrial actions against contractors working on Microsoft construction sites in Denmark. The collective agreements for Danish labor markets are listed on Workplace Denmark website, under section Collective agreements for definition of the right applicable Collective agreement in Denmark (Collective agreements n.d.).

2.3.4 Working hours and wages in Denmark

In Denmark the legislation does not regulate about the working hours and minimum wages, but the regulations for compliant working hours and minimum wage levels is stated in collective bargaining agreements at branch level, and in individual employee contracts at local level. On Workplace Denmark website, it is highlighted that the minimum salary composes from the base sum of the minimum salary and in addition from several components that vary depending on the applicable collective agreement. Therefore, it is critical to understand which collective agreement applies to workers work and what are the elements that must be calculated into total sum that forms the so-called minimum wage, to be compliant with the requirement. (The Danish labour market model n.d.) Working hours and related daily and weekly resting hours and breaks during working day in Denmark are generally also regulated in collective agreements and in individual worker's employment agreement. In Denmark, typically, 37 hours per week is the standard working hours in collective agreements. (Pay and working hours for posted workers n.d.) The Government in Denmark typically does not intervene in labor market questions about the minimum salary or working hours, but Government allows the social partners to decide about the frame for minimum salary and working hours. Wide expectation in Denmark is that the partners

commit themselves to agreed conditions in collective bargaining agreements.
(The Danish labour market model n.d.)

2.3.5 Personal ID cards and listing of workers on Danish construction sites

In Denmark the Executive Order on Building and Construction regulates widely about arrangements that Building and Construction site in Denmark must have in place. There is not a particular requirement to have a listing of construction workers in place or an electronic site access system set up. There is also no regulation requiring that site workers would need to have an electronic ID and site access card when working on construction site in Denmark. However, it is a strong recommendation from the author of this thesis to have an electronic system in place on Microsoft's Danish construction sites via what all site workers and their employers would be listed, the up-to-date worker list of the site would be kept and where the contractor hierarchy set up could be viewed. This kind of contractor and worker listing system would be helpful if any emergencies would happen on site and the system helps to ensure all contractors and workers that are imported on site are verified compliant before working on site starts: only verified and compliant contractors and workers are allowed to get access to Microsoft's Danish construction sites.

2.3.6 Posting workers to Denmark

A foreign company that enters Danish work markets to perform temporarily work in Denmark as a foreign company (not as a local registered company) must submit a register notification about the company and its services to Register of Foreign Service Providers (RUT). The register notification will be done electronically to government on-line database. The workers working on construction site must be listed in the register notification. The foreign company receives a RUT number as a result of the registration. Furthermore, the foreign companies performing on temporary basis building works and operating on construction sites in Denmark must provide proof of the registration to the receiver of the works on construction site in Denmark. On Microsoft Danish construction site this means that the foreign contractor who is starting works on

Microsoft Danish construction site must provide the receipt of the RUT registration to the receiver of the work before the working in Denmark starts. If the foreign company fails to present the receipt of their registration to RUT, the Danish Working Environment Authority is entitled to order a fine for the foreign company. The amount of fine varies between 10 000 DKK and 20 000 DKK depending on the case, and finally even daily fines can be ordered until the registration is completed. (Notification to the register of foreign service providers n.d.)

In Denmark, Danish Act on Posting Workers applies if a foreign company sends their employees to Denmark on a temporary basis to perform work. The Danish Act on Posting workers states that posted workers are entitled to the same treatment regarding to working safety and health than the Danish workers. The Act also states regulations for posted workers in Denmark in relation to discrimination in the work markets, to equal rights and -pay, partly to the Danish regulation on working hours and to the rights arising from Danish Holiday Act when regulations set in Danish Act on posting workers are more favorable to the worker than their home country regulations are. (Your rights as a posted worker n.d.)

When a foreign company temporarily posts workers to Denmark, the worker's social security contributions usually remain to be paid to workers domicile / permanent working country. When the worker is posted from EU / EEA countries, from Switzerland or from the UK, the document that verifies the social contribution payments to worker's domicile / permanent working country is portable document A1. From countries outside of EU the social contribution payments should be verified with official certificates that are available from the workers domicile / permanent working country and that are sufficient to evidence the employer responsibilities are met in relation to workers social contribution payments. Before the working starts in Denmark the A1 certificate or non-EU country certificates should be presented on the worksite to ensure that the social contributions of the worker are paid to their domicile / permanent working country. If the certificates to prove social contribution payments are not available for the

worker, the employer should take the social insurances for the worker from Denmark. (Europa 2023.)

2.4 Norway

The Norwegian Labour Inspection Authority, Arbeidstilsynet, is a governmental agency that operates under the Ministry of Labour and Social Inclusion. The Norwegian Labour Inspection Authority supervises the worksites in Norway. The supervision is focused on supervision of worksite's occupational health and working safety arrangements and the adherence of employment terms and conditions regulations. The authority is authorized to give orders and notifications, penalty fines and even an order to stop the works on worksite where violation of the relevant legislation and requirement is identified. (About us n.d.) The Norwegian Labour Inspection Authority has a thorough website where the employee rights and responsibilities and employer responsibilities, also in case of a foreign employer, are discussed.

2.4.1 Contractor registration requirements in Norway

When a company provides services on Norwegian construction site, they must register to certain registers in Norway before the working can start. All companies, Norwegian and foreign companies operating in Norway must be included in the register of legal entities and in the register of business enterprises in Norway. An organization number will be received from the registration which entitles the company to perform work in Norway. Companies must also register themselves into Norwegian Tax Authority's VAT register if they sell any goods or services that are taxable in Norway. Companies who provide rental workers for other companies use, have to be registered in the Arbeidstilsynet's staffing agency register before these employer companies can apply the statutory HSE card for their construction site rental workers. (Which registers must the company and the person be registered in? n.d.) The statutory registrations should be verified from all construction site contractors before the working on Microsoft's site in Norway starts to ensure the contractors on site are compliant as meant in local legislation and to avoid unnecessary conflicts with the supervisory authority.

2.4.2 Right to work in Norway

Norway is not an EU member country. However, Norway is a member of European Economic Area, EEA. Norway is also one of the Nordic countries. All Nordic, EU and EEA member state citizens are entitled to work in Norway without a work permit, based on their citizenship. Working in Norway for EU, EEA and Nordic citizens can start immediately after arriving in Norway. However, EU and EEA citizens should register themselves with the Police within 3 months of the arrival to Norway, and Nordic citizens should register their move to Norway in National Population Register of Norway. The citizenship of EU / EEA and Nordic country should be verified from the workers official ID document (passport or EU / EEA ID card). (Employers: Employing someone who is an EU/EEA national n.d.)

General rule is that workers who come to work in Norway from outside of EU / EEA or Nordic countries need to apply for a residence permit to work in Norway. Residence permit must have been granted and should be valid before the working in Norway can start. The general rule applies to all blue-collar workers in Norway. Norway grants a 3-month exemption for technical experts, who come to install, disassemble, inspect, repair or perform maintenance work on machines or technical equipment. Technical experts without the resident permit must be employed by a foreign employer to work compliantly in Norway without a work permit and the assignment that the technical expert is brought to perform in Norway cannot be longer than three months. Technical expert working in Norway must be anyhow reported to police before the expert enters to Norway, and the expert must provide proof of the reporting to police before the working can be allowed on construction site in Norway. (Employers: Employing someone who is an EU/EEA national n.d.)

2.4.3 Collective agreements & employer responsibilities in Norway

Collective agreement's coverage in Norway is the lowest comparing to other Microsoft Nordic location countries, yet the coverage of collective agreements when comparing to rest of the world is still at high level also in Norway. One of

the reasons why the coverage of the collective agreements is lower in Norway comparing to Finland, Sweden and Denmark is that the unemployment benefits in Norway are not tied to collective agreements, but they are a state-guaranteed right for all employees. In addition, in Norway for workers to be able to demand that their employer signs a collective agreement, in minimum 10% of the workers must be members of the related trade union. (Lindahl 2022.)

According to the Act Regulations relating to posted employees (1566/2005) in Norway, the centric legislation that regulates about the employment terms and conditions and the employer responsibilities on the previous is Working Environment Act and Holiday Act. Both Working Environment Act and Holiday Act in Norway are widely applicable not only to Norwegian workers, but also to foreign workers in a situation where the working takes place in Norway.

2.4.4 Working hours and wages in Norway

In Norway there is no statutory requirement about the level of minimum wage in general. However, Norway has set regulations for minimum wage rates for some specific industries where too low wage payments have been regularly identified. Construction industry is one of the industries to where minimum wage has been regulated in Norway. The regulated minimum wage levels for Norwegian construction sites are announced in Arbeidstilsynet's website in section where pay and minimum rates of pay is addressed. The rates are regularly adjusted to meet the local cost-of-living in Norway and therefore the minimum wage rates should be verified always directly from the reliable source to have the correct information about the current requirements. (Pay and minimum rates of pay n.d.)

In Norway the Working Environment Act regulates about working hours. Furthermore, the local collective agreements may regulate about the industry specific and / or working arrangement specific maximum allowed working times. The Working Environment Act regulates also about minimum daily and weekly resting times. When working in Norway, the Working Environment regulations apply to all workers, regardless of if they are posted from abroad to work in Norway or if they are local. The Working Environment Act regulates also that the

employment contract must always state the working hours for workers in Norway. The legislation in 2024 in Norway allows maximum 9-hour workdays (within 24 hours) and 40 hours work weeks (within 7 days). However, if the work is arranged as shift work, night-time work or Sunday work, only 38 or 36 hours per week is the maximum allowed working hours per week in Norway. (Working hours n.d.)

2.4.5 List of workers and personal ID cards on Norwegian construction sites

In Norway the Ministry of Labour and Social Inclusion has set Construction Client Regulations that must be followed on all construction sites in Norway. In the regulations, in Section 4 it is defined that the client in this regulation means any natural or legal person for whom a construction project is carried out. On Microsoft's Norwegian construction sites, the client referred to in the Construction Client Regulations is the developer of the site, i.e. Microsoft.

The Construction Client Regulations describe the obligations and responsibilities on any Norwegian construction site in terms of what arrangements need to be in place and followed when establishing and running a construction site in Norway. According to the Construction Client Regulations Section 15 it is required that a listing of persons working on construction site is kept, and that the listing of persons must be always up-to-date when construction site is operational. Furthermore, the listing of workers must be available 6 months after the construction works in its entirety from the site has been completed. The listing of persons working on the construction site must be always available in case of authority inspection or if construction site employer asks to see it. (Construction Client Regulations n.d.)

The Norwegian Labour Inspection Authority states on their website that workers working in building and construction sites in Norway must be provided with a HSE card. HSE card on Norwegian construction sites must be always worn and visible when working on site. HSE card functions as ID card of the worker on Norwegian construction site, the card must identify the worker's name, the employer's details, and the card needs to also include the worker's photo. (HSE cards n.d.)

Foreign workers, who do not have the Norwegian birth number, must get a temporary ID number, d-number, from Norwegian Tax Authority. D-number is required before a HSE card can be granted to a foreign worker in Norway.

It is the employer's responsibility to apply HSE cards for their workers working on the Norwegian construction site. HSE card also confirms that the employer and the worker both working in Norway have registered to needed registers before working in Norway starts. HSE card will be granted by the Norwegian Labour Inspection Authority when the requirements that entitle for the card are met. Without completing the necessary registrations in Norway, the authority will not grant the card.

Violating the rule of having the HSE card in place for all workers on Norwegian construction site may lead to notices and / or termination of work for the company who has neglected this regulation. Furthermore, negligence fines are possible to be ordered by the authority and the authority may also report the negligence to local police for serious negligence cases. (HSE cards n.d.)

2.4.6 Posting workers to Norway

In Norway, according to the Act on Regulations relating to posted employees (1566/2005) the employment terms and conditions regulated in Norwegian Working Environment Act, Holiday Act, Labour Market Act, Gender Equality and Anti-Discrimination Act and provisions of the minimum wages and employment conditions in applicable Norwegian collective agreements applies widely also to posted workers. In addition, the requirements and regulations about the working hours that in Norway are set for construction industry workers or for any Norwegian workers, apply to posted workers in Norway (Posting employees to Norway n.d.). When posting workers to Norway, the Norwegian work authority Arbeidstilsynet expects that the employers have the employment contracts, pay slips and work schedules available in the working place. All documentation needs to be available in writing, either in paper or electronic format always throughout the working on Norwegian construction site. (Posting employees to Norway n.d.)

When a foreign company temporarily posts workers to Norway, the worker's social security contributions usually remain to be paid to workers domicile / permanent working country. When the worker is posted from EU / EEA countries, from Switzerland or from UK, the document that verifies the social contribution payments to worker's domicile / permanent working country is portable document A1. From countries outside of EU the social contribution payments should be verified with official certificates that are available from the workers domicile / permanent working country and that sufficiently evidences that the employer responsibilities related to social contribution payments are fulfilled. Before the working starts in Norway the A1 certificate or non-EU country certificates should be presented on the worksite to ensure that the social contributions of the worker are paid to their domicile / permanent working country. If the certificates to prove social contribution payments are not available for the worker, the employer should take the social insurances for the worker from Norway. (Europa 2023.)

2.5 Identified non-compliance cases on Nordic construction sites

Non-compliance cases on international construction sites related to contractors and workers documentation insufficiencies or related to situations where it has been discovered that the local working terms and conditions are not fully followed in construction contractor chain may lead to negative publicity. To understand better what is meant with negative publicity, a few examples in a form of published news articles about identified non-compliance cases on construction sites are presented below.

YLE, which is state owned (Finland state ownership 99,98%) national press limited company in Finland (YLE 2024) released in September 2019 an imposing public press release about non-compliances identified in Finland Olympic Stadium renovation construction project. The title of the press release highlights the identified too low wage payments and underpaid overtime compensations in the Olympic Stadium renovation project. According to the article, also some illegal terminations of work agreements have been executed on site. The article states that the violations of the Finnish employment terms and conditions have taken place further down in subcontractor tiers in the construction contractor

chain. The interviewed Finnish construction union's ombudsman states in the article that it is not allowed for her to reveal the name of the contractor who has violated the Finnish employment regulations. However, the press release mentions imposingly the project name as everyone in Finland easily identifies the project Olympic Stadium renovation. Furthermore, the press release mentions the general contractor's name, Skanska, even so the too low wage payment or the underpaid overtime compensations was not, according to the article, executed by Skanska. In the article the Finnish construction union's ombudsman Johanna Elonen explains why the supervision of the sites is important: "It's a big construction site. If each working hour is a few euros cheaper, the honest companies have more difficult time competing". (Yle 2019a.) Elonen's comment refers to the core reason why all the Nordic countries want the local legislation to apply to all contractors and workers on Nordic construction sites regardless of if the contractor and/or worker is local or foreign: when bringing foreign workers and contractors to Nordic construction sites to work, the employment terms and conditions must have the same requirements that the local contractors and workers must follow and are entitled for. Only applying same employment terms and conditions to all contractors and workers on site, regardless of contractors and workers origin, enables the fair competition between all contractors and workers on Nordic construction sites.

The impact of this press release is wide. The press release is harmful for the image of Finland Olympic Stadium renovation project, and for Skanska. In the article Skanska's project manager states that Skanska had verified the contractor's economic situation regarding companies' tax and pension payments, and that Skanska does not have right to monitor subcontractors wage payments (Yle 2019a). For a company, not having a right to monitor other, individual company's wage payments is true, unless there is a separate agreement in place where the monitoring possibility has been agreed in.

Another, imposing article from Yle is from year 2016, where Yle reports about construction site non-compliance case with title "Grey economy bust reveals hundreds of off-the-books construction workers". In this article it is described that

Finnish Police has discovered a large group of workers working in Helsinki region, in Espoo, Helsinki and on Eastern Uusimaa construction sites who have been paid in cash for their wages. According to the article, taxes were not withheld nor paid to Finnish tax authority from the wages. The suspected employers neglecting the legislation had not contracted directly with cities whose construction sites they worked on, but they worked as subcontractors on cities construction sites. The finding, according to the article, concerned around 700 workers on Helsinki region construction sites. The investigation has been done by National Bureau of Investigation in Finland and the case was stated to be the largest grey economy pre-trial investigation within 10 years at the moment of discovery. The crimination in this finding, according to the article is tax fraud and aggravated accounting offence, but also aggravated money laundering. (Yle 2016.)

Third, good example of bad publicity from non-compliance on construction sites in Finland can be found again from Yle's article from year 2019, article with a title "Sting uncovers underpayment of foreign workers at Helsinki construction site". The Finnish Construction Trade Union have identified three different subcontractors on Helsinki region construction site paying too low wages to their workers. The underpayment reported in this article concerns around 50 workers from Russia, Ukraine, Latvia, and Lithuania. Monthly gross salary paid for these workers varies between 1,000 eur and 1,300 eur. (Yle 2019b.) These monthly salaries, when converted into hourly rates calculating the hourly rates according to 160 working hours per month i.e. 8 working hours per day, would be 6,25 eur – 8,12 eur per hour. According to Finnish Construction Trade Union website they have eight different collective bargaining agreements for construction workers (Rakennusliitto 2024). At the time of this article in year 2019, for example the building construction collective agreement listed the base salary for a construction worker to be 10,33 eur - 16,97 eur depending on the worker's competency classification. However, the collective agreement in addition states that the base salary amount alone does not equal to what is meant in the collective bargaining agreement with the level of the minimum wage. In addition to the base salary amount given in collective bargaining agreement, several

additional salary parts, such as holiday compensation, a separate compensation to compensate worktime reduction and public holidays, compensation of the workers own tool usage (where applicable) and per diem compensation (where applicable) must be calculated and paid on top of the listed base salary amount to comply with the requirement on the minimum wage level. (Rakennusalan työehtosopimus urakkahinnoitteluineen 2018-2020.)

International example of bad publicity when non-compliance case is found from construction site is from international press, from Global Construction Review. The article is from year 2018 and the release concerns Google's data centre site in Belgium. The article is released with title "Hundreds of illegal workers banned from ISG's Google site in Belgium". (Global construction review 2018.) According to the Global Construction Review's article 227 UK and eastern European workers were stopped from working by local labor authority on Google's Belgium construction site. According to the article, one week earlier 105 workers were stopped from working by local police from the same site. The non-compliance in both incidents were due to false documentation about the worker employment status. The workers presented themselves as self-employed contractors when in reality their working terms and conditions indicate that they were employees and the employer responsibilities, and the entire employment should have been taken care of by the buyer of the work. (Global construction review 2018.) This kind of non-compliance case is very harmful for entire construction site, particularly to the site developer, as the sudden stop of works for more than 300 workers causes a major schedule delay to the entire construction program. In addition, this kind of media release is harmful for the reputation of the companies mentioned in the article and may weaken these companies social license to operate in the country.

2.6 Cultural comparison for Microsoft Nordic locations

Construction sites are big worksites, so called shared workplaces, where typically the general contractor is obligated by legislation to follow the responsibilities of the main employer. It would be beneficial for Microsoft to understand the cultural mindset of the countries where Microsoft has construction sites in Nordic

countries. Hofstede’s country comparison tool provides an easy and helpful view and comparison to chosen countries cultural values and it provides a good tool to understand the distances and similarities between compared countries in relation to evaluated cultural values (Hofstede Insights Oy 2024a).

In Hofstede’s country comparison tool, the distances between chosen countries are evaluated by using background data about power distance, individualism, motivation towards achievement and success, uncertainty avoidance, long term orientation and indulgence of the compared countries. The information from Hofstede’s country comparison should be understood as a generalization of the mindset in a country. Some individuals in the country may always have a different or even opposite opinion of a certain value than what the country comparison tool provides. However, the country comparison tool provides good general average of the general mindset in a country in relation to certain cultural values that helps the foreign operator in the country to better understand the general local mindset in relation to cultural values. (Hofstede Insights Oy 2024a).

For Microsoft’s Nordic construction site countries, the cultural value country comparison is presented in Figure 4.

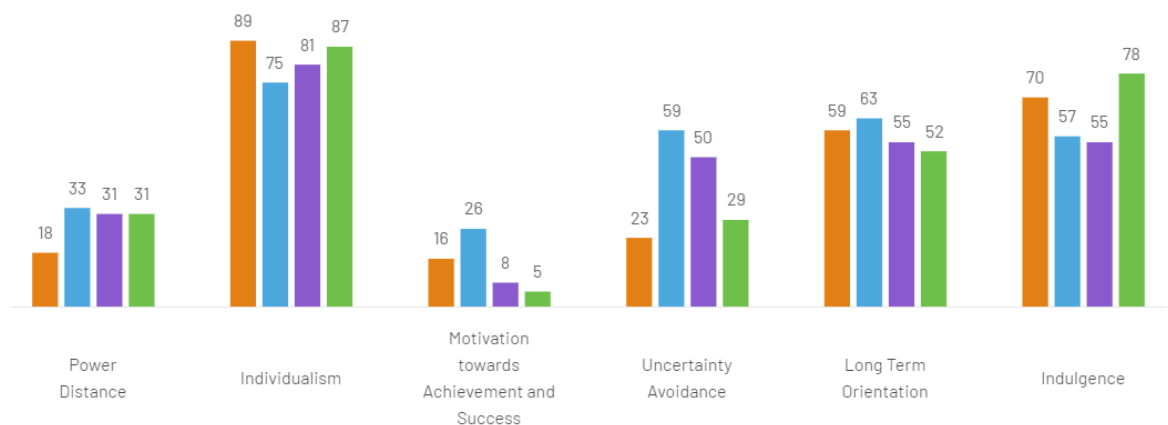


Figure 4. Country comparison of Microsoft Nordic construction site countries by Hofstede Insights country comparison tool (Hofstede Insights Oy 2024b).

Hofstede country comparison shows that the distances between Microsoft Nordic construction site countries are in general quite small, and all dimensions are

scored by Microsoft Nordic location countries quite similar way. The different dimensions are discussed in further detail in the following paragraphs.

Power distance mirrors the general mindset in a country about the equality of different operators in workplaces. The score in this dimension would be high if the general mindset in the country would be that the power distance in the workplaces between different parties working in the workplace would be high. Individualism refers in Hofstede's country comparison to general thinking in country of people's self-image, meaning do they see themselves as individuals in the society or as part of the collective society. Scoring high with this dimension means the general mindset in the country is that people feel themselves to be individuals and responsible of themselves and their immediate family members only. Motivation towards achievement and success dimension indicates the general mindset in the country about how competitive people in the society are. When country scores high with this dimension it means that the general mindset exists with people to prefer to be a winner and best in field, in other words very competitive. Uncertainty avoidance in Hofstede's Insights country comparison refers to people's mindset on how much they have a need to control the future. The score with this dimension is high if people in the country have a high need to control the future. Uncertainty avoidance was the dimension that resulted most dispersed result in this country comparison, yet any country did not score very high on uncertainty avoidance. Long term orientation refers to general mindset in the country on if the people rather lean on their traditions and see the societal change as doubtful. This dimension is scored high if the mindset in the country is to adapt and accept easily changed conditions. Scoring high with long term orientation means also that people are committed to long term achievements and thriftiness. Indulgence as a dimension in this country comparison means how important for the people it is to listen to their inner desires or on the other hand, how willing they are to restrain themselves from their inner desires. Countries that score high on Indulgence are willing to allow their inner desires influence on their behavior. (Hofstede Insights Oy 2024a.)

As earlier said, all Microsoft's Nordic location countries scored very similar way in Hofstede's country comparison. Scoring low on power distance means that people in the Microsoft Nordic countries expect very equal worksite and expect that the supervisors of the site and the site leaders would coach the contractors and operators to perform well rather than they would lead the contractors and operators from the heights just dictating the rules. In countries that score low in power distance dimension, a working model where different operators coming to and onboarding themselves on Microsoft's construction site would be coached to be successful in their onboarding process, would be well received and accepted.

Individualism, Motivation towards achievement and success, uncertainty avoidance and indulgence are more values for personal characters and personal attitudes of people also in workplace. These values are beneficial to understand the local mindset of society so that Microsoft can better function in their Nordic societies and understand what type of cultural values in relation to these dimensions Microsoft should promote on their worksites in Nordics. Mindset of high individualism can be linked to local people's mindset and will to ensure they are able to provide themselves and their immediate families and via that they may generally be very precise on ensuring that the competition stays fair on the local worksites to ensure that the local contractors win also work where possible on local construction sites. Competition towards others does not score high in Nordic countries and people are solidary towards each other. This can be seen on local worksites for example in people's willingness to participate to trade union's solidarity actions in a situation where union sees an operator does not follow the local generally recognized collective bargaining agreements but for example has "cheaper workforce" on site that endangers the fair competition. Uncertainty avoidance need is medium or low in all Microsoft Nordic location countries, which means that these societies understand the changing environment and can and are willing to adapt well and easily into new situations, Nordic societies do not want highly controlled environment just for sake of trying to avoid the uncertainties from the future. Indulgence is scored relatively high or medium between all Microsoft's Nordic countries which means the mindset of the people in the Microsoft Nordic countries is positive and relaxed, people want to

enjoy the life and listen to their inner desires, not to restrain themselves from the fun in life for example by only working very long hours. Work-life balance is regulated in legislation and in collective bargaining agreements in very similar way in all Microsoft's Nordic location countries, it is a result of the general mindset of people in these Nordic countries to ensure there is more to life than just working.

Long term orientation and scoring above average in this dimension means that Microsoft Nordic countries are willing to long term orientation and commitment and that is seen as a positive value in people and in environment. This means people are perseverant in achieving results and they are willing to long term commitments. This kind of mindset supports the long-term strategies also on construction site, the committed working towards wanted goals, for example in keeping the site compliant in relation to local contractor and worker requirements.

3 DATA COLLECTION AND ANALYSIS

This section of the thesis presents the development process, data collection and data analysis are presented.

3.1 Development process of this thesis

The purpose of this thesis is to increase Microsoft's Nordic construction site locations leadership and site management team's understanding of the statutory requirements that all contractors, employers, and workers, who are contracted to work on Microsoft's Nordic construction sites, must comply with. This thesis in addition aims to increase Microsoft's understanding of why from a social responsibility and social reputation perspective it is important to keep the Microsoft's Nordic construction sites compliant. As a developer of the site, understanding the requirements stated in this thesis for the entire contractor chain helps Microsoft to keep their Nordic sites more efficiently compliant. Keeping the Nordic construction sites compliant helps avoiding negative liaison with the local authority and unions. Furthermore, the risk for unnecessary work interruptions by the local authority or trade union representative due to identified

non-compliance cases can be mitigated. Having non-compliance related work interruptions on site creates always a schedule and budget risk to entire construction program of the site. Furthermore, bad publicity via negative press releases about having non-compliant workers on site is harmful and may have long lasting impacts to the social reputation of the site developer and its operators. By keeping the site compliant, the negative stains to Microsoft's social reputation can be more easily mitigated.

To gather reliable data into this thesis about Microsoft's Nordic construction site location countries, the development plan was to do a deep dive to Finnish, Swedish, Danish and Norwegian labor and construction site legislation and to different authority- and work environment authority websites. The deep dive to reliable sources was necessary to fully understand the contractor and worker requirements in these Nordic countries thoroughly and reliably. According to the development plan the sources of the information for this thesis were considered carefully to include only fully reliable, official authority websites and legislation sites to ensure the information presented in this thesis can be trusted. As the purpose of this thesis is to produce data about compliant contractor and worker onboarding to Microsoft Nordic sites and with that data to help Microsoft to develop compliant work-processes to keep Microsoft Nordic construction sites compliant in relation to contractor and worker onboarding requirements, the reliability of the data presented in this thesis is critical. Therefore, considering data for source of this thesis only from official Nordic legislative and authority websites and their legal websites is the right way to ensure the produced information is reliable and can be trusted by Microsoft Nordic construction leadership and site management teams.

The examples of press releases about bad publicity brought into this thesis are acquired from public, well known, reliable and neutral press releases. So called yellow journalism releases, that is typically written to shock people and that have typically no legitimate value, is not used in this thesis. The examples of negative publicity are brought into this thesis to increase Microsoft's Nordic construction site leadership team's and site management's understanding of the typical press

releases about non-compliance cases and to understand the impacts that this kind of press releases from construction site may have on the site developer.

3.2 Data collection of this thesis

The data collection for this thesis is done by searching as much as possible information about the Finnish, Swedish, Danish and Norwegian regulations and legislation about contractor and worker related statutory requirements when working on construction site in these Nordic countries. The information is collected from the countries' work environment authorities' websites to understand the work site's local requirements and responsibilities about contractor and worker onboarding. The tax authority's website is also explored to understand the registration responsibilities for contractors and workers. Immigration authorities' websites are investigated to understand the responsibilities related to foreign employers and workers as Microsoft's construction sites in Nordic are very international. The countries legislative websites were explored through different acts to identify the responsibilities that comes from the centric legislation for this thesis.

The author of this thesis has more than seven years of experience from managing large scale, international construction sites contractor chain compliant onboarding in Finland, and around two years of experience of the same in Denmark. The experience has been gained through a wide legislative information search about the contractor and worker compliant onboarding into Nordic construction site, and via co-operating with the local authorities in Finland and in Denmark to understand the local authority interpretation and preferred implementation ways fully in the specific items around contractor and worker onboarding compliance. The previous experience gives the author a sufficient understanding on what are the items that needs to be widely explored to address the topic of this thesis comprehensively for the client.

3.3 Data analysis of this thesis

The reliability of the data is an essential requirement in this kind of thesis, where the data produced will be used as source data when creating new work processes into Microsoft's Nordic construction sites. The data collected into this Thesis to increase the client's understanding of the requirements on Microsoft's Nordic construction sites about contractor and worker compliant importation is taken from official authority websites and from official legislative repertoires. The legislation and the local requirements have been thoroughly and widely explored and the findings of the requirements are comprehensively presented in section 2 of this thesis. The data in the authorities' websites in Nordic countries can be considered fully reliable. The explored authority websites often refer to local legislation and links to the related legislation web pages are provided in the authority web pages for easy access to even more detailed information where needed. Authorities in Nordics can be trusted to manage their web pages to keep the legislative and statutory requirement data updated with the latest legislative and requirement amendments. The national legislation repertoires in Nordics are governmental internet platforms for local legislation. Nordic legislation repertoires can also be trusted be up-to-date at all times and therefore the legislation repertoires can be safely used when producing this kind of data.

4 RESULT AND ANALYSIS

The data collection for this thesis showed many similarities in Microsoft's Nordic location countries' legislation and requirements for contractors and workers. Below, the legal study done for this thesis, in section 2, is explained and analyzed based on the data acquisition.

4.1 Supervisory body for Microsoft Nordic worksites

The study identified that in all Microsoft's Nordic location countries, there is a governmental authority in place that supervises the local construction sites and communicates about the statutory requirements clearly and comprehensively on their websites. Information is well and easily available on the websites for anyone who needs it and wants to find it. In Finland the Occupational Safety and Health

Administration “Työsuojelu” and in Norway the Norwegian Labour Inspection Authority “Arbeidstilsynet” are the main bodies that supervise who supervise the employment regulations adherence, such as compliant working hours adherence and wage payments. In Sweden and in Denmark, there exists a governmental body who supervises the worksites and communicates widely about employment regulations, however, in Sweden and Denmark it is more the scope of the trade unions to supervise the employment terms and ensure that the contractors and employers adhere to local, applicable collective agreements. Unions in Sweden and in Denmark are also the party who supervises that the paid wage levels, worked working hours and other work-related employment terms regulated in the collective agreements are being followed. The unions in Sweden and Denmark have a wide empowerment from the states for their supervisory role. Unions in Sweden and in Denmark have a right for industrial and solidarity actions that the states of Sweden and Denmark widely accepts and approves when the actions are done according to set requirements.

Based on the research carried out as part of this thesis it is found that all explored Nordic countries have very similar practice in place to comprehensively communicate the statutory requirements for the construction worksites in country. The work environment authority of the country has taken a role of coaching the operators rather than leaving the operators alone to find the relevant information from the legislation. This is also an indication of small power distances in explored Nordic countries. Information is placed to public work authority websites for easy access for everyone who needs and wants that information. All explored Nordic countries in addition clearly regulate that local employment terms and conditions widely apply regardless from where the contractors or workers come from originally. Based on the study it can be concluded that in Nordic countries it is considered to be very important that the local companies and workers are protected via efficient actions from the local supervisory authority or industrial relations bodies to ensure the fair competition between local and foreign workforce is maintained. Furthermore, all explored Nordic countries promote the fair competition to the extent where there is a strong supervisory body in place in all explored Nordic countries, either a government authority or an industrial trade

union, with a strong empowerment for penalty actions if non-compliances in employment terms and conditions adherence are found.

4.2 Contractor and worker registration into Nordic countries

In all Microsoft Nordic location countries, the contractors and workers need to register themselves to be compliant with the local legislation. In Finland the Act on Contractors Liability and Obligations when Work is Contracted Out (1233/2006) sets requirements for official registrations that needs to be in place any contractor and employer, local or foreign, before the contractor agreement can even be signed with the contractor. Legally, the direct contractor of the intended sub-contractor needs to ensure the certificates and documents listed in this act are in place and valid before signing the contractor agreement with them. Workers in Finland working on construction site must register themselves with tax authority to get registered tax number before they start their work on Finnish construction site.

In Sweden, Denmark and Norway there is no similar legislation with Finland that specifically obligates the direct contractor to ensure the intended sub-contractor has been registered to and established in local authority registers as required by the local legislation. However, also in Sweden, Denmark and in Norway all companies that operate in these countries must be officially registered and established in authority registers. In addition, in Denmark the foreign companies have a responsibility for registering themselves into country as a foreign service provider, into so called RUT register. In Norway all contractors providing services in Norway must register into official business registers in Norway and as evidence of completed registration the contractor will receive a registration number that they must provide to the service buyer. In Sweden, Denmark and in Norway all contractors providing services must register furthermore to local relevant tax register with the local tax authority to be a compliant service provider in the country. In Norway the worker working on construction site needs to have a HSE card. To be able to get a HSE card from Norwegian authorities, the worker must have a Norwegian birth number, or foreign workers must get a temporary ID

number, d-number, from Norwegian Tax Authority. For foreign worker D-number is required before a HSE card can be granted to a foreign worker in Norway.

4.3 Right to work in Nordics

In all explored Nordic countries in this thesis the requirements about the working right in the country are similar. All Nordic-, EU-, and EEA citizens and citizens of Switzerland can work in Finland, Sweden, Denmark and in Norway without having a work permit in place. If the stay for these nationalities in the country exceeds 90 days a registration to local population register should be done, but the working can be started immediately after arrival to country.

As a rule of thumb, the citizens who are not Nordic-, EU-, and EEA citizens or citizens of Switzerland typically need to have a work permit in place in all Microsoft Nordic locations countries before the working in the country can start. The immigration office in each Nordic country grants exceptions in some specific cases to this rule of thumb, yet the exceptions never apply to blue-collar workers but only to some specific cases and some specific criteria's must be met for exemption rule to apply. Without exemption, all blue-collar workers coming from 3rd countries must have a work permit in place before the working can start on Microsoft's Nordic sites. All exception cases to the rule of not having a work permit in place when a worker comes from 3rd country to any of Microsoft Nordic location sites should be discussed separately with the immigration authority of the country to ensure the exception rule is compliantly understood and interpreted according to immigration officer's regulations.

The 3rd country workers working in explored Nordic countries who do not have their statutory work permits in place will be stopped from working by the authority. The study indicates that in all explored Nordic countries the employer, the general contractor and the developer of the site may be ordered to a fine for neglecting their responsibility in the matter. Having workers removed from site in the middle of the workflow will create a difficult situation on site and for work continuance. If the number of workers that are required to stop working is high, the interruption may lead to construction site schedule delays. Via schedule delay there always negative impact also to construction program budget. Furthermore,

the situation may lead to bad publicity tabloids of having workforce without relevant work permits in place working on Microsoft Nordic construction sites. This kind of tabloids may cause a situation where Microsoft can be seen to be irresponsible corporate citizen for not having processes in place to ensure the workforce on Microsoft's construction sites are legally compliant regarding having work permits in place when needed. The study about right to work in Nordic countries shows it is important that that there is a process in place where the nationality of all workers is systematically checked before the working on Microsoft construction starts, and to ensure all 3rd country citizens who need a work permit have that in place before their working on construction site starts.

4.4 Minimum wage levels and working hours in Nordics

Wage levels and working hours are regulated widely in collective bargaining agreements in almost all Microsoft Nordic location countries. The level of paid wages and amount of worked working hours are among the key items that the authorities and the union representatives supervise on their audits on Nordic construction sites. In regulating the minimum wage levels Norway makes a small exception comparing to other explored countries as in Norway the minimum wage levels are not regulated in collective bargaining agreements. In Norway the Norwegian Labour Inspection Authority, Arbeidstilsynet, has regulated the minimum wage levels for construction industry. In other explored countries the minimum wages are regulated in local collective bargaining agreements.

Up-to-date information of what are the required levels for minimum wage regulations in construction industry in Norway should be checked from website of Norwegian Labour Inspection Authority and in other Microsoft Nordic location countries from effective applicable collective bargaining agreements to ensure the latest requirements are always adhered to. Regarding the minimum wage levels in all Microsoft Nordic location countries, it should be noted that the minimum wage consists of many elements, not only the base level of the salary that is given on Norwegian Labour Inspection Authority website or in local, applicable collective bargaining agreements for Finland, Sweden and Denmark. Additional parts to the base salary should be checked from the Norwegian Labour

Inspection Authority website for wages paid in Norway, and for wages paid in Finland, Sweden and in Denmark from applicable bargaining agreements.

The working hours are regulated in Finland and in Sweden in local Working Hour Acts, and in Norway in Working Environment Act. In Denmark the legislation does not regulate the working hours, but in Denmark the working hours are regulated in the collective bargaining agreements. In addition, in Finland, Sweden, and Norway the applicable collective bargaining may regulate, in addition to legislation, about working hours. In Finland, Sweden and in Norway the collective bargaining agreements may replace the legislation regulations about working hours partly or entirely and therefore both legislation and applicable collective bargaining agreements must be fully understood to ensure the requirement of working hours is adhered to on Microsoft construction sites in Nordics.

The compliant minimum wage payment and working hour regulation adherence are primarily always a responsibility of a direct employer of a worker, as the employment relationship is an agreement between a worker and an employer. However, as the construction industry is well known of its gray nature, the general contractor may have also responsibilities to cover the missing wage payments to their contractor's workers in a case where the direct employer has not paid correct wages for the worker. General contractor may furthermore have a responsibility to report to an authority about a case where the worker notifies the general contractor about the direct employer's negligence on the correct wage payment. Due to the grey nature of construction sites, the correct wage payment and adherence to regulations about working hours are key items that the authorities and unions supervise and audit during their inspections on Nordic construction sites. Found cases of negligence on salary payments and non-compliance in regulated working hours are the most typical topics in press releases that are published to the general public about identified non-compliance case on construction site. The larger the construction site is the more interesting the non-compliance news will be for the general public. Large-scale construction sites, such as Microsoft's Nordic datacenter construction sites, are widely known in their Nordic location countries and therefore any scandalous news from these

sites will be a good article for local media. Therefore, it is important to have well planned process in place on Microsoft Nordic construction sites that steers and guidelines the entire contractor chain to adhere fully to the regulations about the minimum wage levels and working hours regardless of if the contractors and workers are local or foreign origin.

4.5 Personal ID cards and listing of workers on Nordic construction sites

As explained in section 2, in Finland, Sweden and in Norway there is a statutory requirement to have a listing of all construction site workers in place and available, as well as have personal ID cards for all workers on construction sites. In Finland the requirement to have listing of workers and the personal ID card for all workers working on construction site comes from the Occupational Safety and Health Act (738/2002), also Finnish Tax Authority requirement to report all construction site workers to Finnish Tax Authority on monthly basis supports the need to have listing of workers in place on Finnish construction sites. The Occupational Safety and Health Act (738/2002) regulates in detail what information needs to be in the Personal ID card and in listing of workers to comply with the legislation. In Sweden the Tax Authority set a requirement in place in 2016 to have an electronic personal register place in every construction sit in Sweden. Swedish Tax Authority regulates in detail what information is needed in electronic personal register to adhere with the legislation. In 2016 in Sweden an electronic personal ID card was taken into use to provide up-to-date and accurate information to electronic personal register as the personal register must be up-to-date with current workers on site in real time. In Norway the requirement to have the worker listing in place on all Norwegian construction sites comes from Construction Client Regulations. Construction Client Regulations states in details what information is needed in the listing of workers and that the responsibility to have the listing of workers in place lays ultimately with the Client, which means the site developer in this regulation. (Construction Client Regulations n.d.)

The responsibility to have the personal ID cards in place on Nordic construction sites typically lays with the site developer or with the general contractor of the

site. In Finland, the responsibility to have the personal ID cards for all workers on site lays with the general contractor or other project supervisor (List of workers n.d.). In Sweden the responsibility to have listing of site workers in place lays with the site developer. The listing of workers according to Swedish Tax Authority must be up-to-date at all times, which in practice means electronic ID cards, that functions as site access cards to produce real time data for electronic personal register for the site workers, must also be arranged to be able to keep up-to-date electronic listing of workers. The developer of the site may forward the responsibility to run the listing of workers for example to general contractor, however the developer is ultimately responsible that there is an up-to-date listing of workers in place on their Swedish construction site. (Byggherrens skyldigheter n.d.)

In Norway, all construction site workers must have an HSE card when working on construction sites. HSE card has the workers ID data and employer data in it, the Norwegian Labour Inspection Authority gives and prints the HSE cards, and they regulate what data is needed to be presented in the card. The developer of the site has the responsibility to ensure that all workers working on their construction site in Norway has a HSE card. In Norway it is furthermore possible for the developer to forward the responsibility of having the listing of workers in place and ensuring all workers working on site has the HSE card for example to general contractor, however, the final responsibility stays with the site developer. (HSE cards n.d.)

In Denmark there is no legal requirement to have a listing of workers or personal ID card for workers in place on Danish construction sites. However, listing of workers and personal ID card together are a beneficial tool for health and safety management purposes to know in real time which workers are on site. Having listing of workers available it's also beneficial tool for compliance management purposes if it is ensured that that only workers who are verified to be compliant can be marked to listing of workers and only workers who are in listing of workers will get personal ID card to site. Therefore, having listing of workers and

electronic ID cards that functions also as site access cards is highly recommended to be arranged Microsoft's Danish construction sites.

4.6 Posted workers act in all Nordic countries

The local employment terms and conditions apply widely also to posted workers in all Microsoft Nordic location countries. The done study within this thesis to the authority web pages and legislation repertories indicates that in all Microsoft Nordic location countries there is legislation in place to ensure that when the work is done in these Nordic countries, the same employment terms and conditions widely applies to local and foreign contractors and workers. As explained earlier in this thesis, with this kind of legislation the Nordic countries promote the fair competition between the local and foreign workers and contractors.

The legislation for posted workers exists in almost all explored Nordic countries. The legislation and requirements for employers who post workers into Microsoft Nordic location countries should be fully understood. The posting legislation sets responsibilities for employers to notify about the posting to work site authorities before the working start is stated, and an employer's representative for the workers on the worksite country may be needed to be appointed. The legislation explains also clearly about employer responsibilities in posting country. Neglecting these responsibilities may lead to work interruptions by the authorities who identify the non-compliance and therefore it is critical to ensure the legislation around posting workers on Microsoft Nordic construction sites is well understood and adhered to.

5 CONCLUSIONS

This thesis about Microsoft's Nordic construction site country legislation and authority requirements is a comprehensive deep dive into Nordic construction site developer, contractor and worker general liabilities and obligations. The purpose of this study is to bring information to Microsoft Nordic construction sites leadership and site management teams to increase their understanding on what general liabilities and regulations apply to Microsoft itself and to their construction

site contractors and workers on Microsoft Nordic construction sites when contractors and workers are onboarded on site. The information from this thesis can be used to mitigate a risk for non-compliant contractor and worker cases on Microsoft Nordic sites. Non-compliance with the legislation related to this thesis may lead to work interruptions on construction sites, to severe penalty fines, and to bad publicity via imposing press releases. Therefore, non-compliance cases can be very harmful for Microsoft in many ways and the harmful impact may be very long lasting. This thesis can be used as a source of information when considering and creating a workflow process for a compliant contractor and worker onboarding onto Microsoft Nordic construction sites.

5.1 Key results and findings

The data acquisition in this thesis is done by using reliable sources only. The data gathering, source selection and source reliability is explained in Section 4 of this thesis in more detail. Through the done data acquisition, it has been interesting for the author to notice that the legislation and regulations set for contractors, employers and workers in Nordic countries are very similar with each other. The country specific supervision body and regulation enforcement methods may vary between the explored countries, but the regulations, legislation and mindset about contractor and employer responsibilities, compliant workers, foreign workforce in Nordics and worker's rights for certain treatment in work life seems to be very similar in all Microsoft Nordic location countries.

The research questions addressed by the thesis are

1. What are the statutory requirements in Microsoft Nordic locations in relation to compliant contractor and worker importation to Microsoft construction sites?
2. What type of a process model could be proposed to Microsoft for compliant contractor and worker importation on Microsoft Nordic construction sites?

This thesis provides a comprehensive and clear answer to first research question in section 2 of this thesis. In section 2, a detailed clarification is provided about general requirements applicable to construction site developer and all contractors

and workers who work on explored Nordic construction sites, foreign and local. In section 2 it is also explained who the supervisory body of the construction site in the specific country is, and it is presented who is the responsible party for each local requirement. Information, what the negligence from the specific requirement in the specific country means is presented in same section. The negligence of the requirements presented in this thesis may lead to work interruptions, to penalty fines for construction site developer, contractor, employer, or worker. When negligence is identified the trade unions may take industrial actions or order solidarity actions against to contractors refusing to sign collective bargaining agreement. In addition, the work environment authority may stop the works when negligence is identified. Penalty fines, that are possible to be ordered in a situation where negligence is found, start from some thousands of euros and at highest the penalty fine may exceed even 60 000 euros per case. The amount of negligence fine depends always on the severity and the extend of the breach. The industrial actions or solidarity actions are allowed to be taken in Sweden and in Denmark, and they may cause work delays on site that may become very expensive for the employer, contractor and for the site developer. The impact of the possible bad publicity is also comprehensively described in section 2. Often the bad publicity is the most harmful impact for a big, well-known developer. Badly managed construction site with identified extensive non-compliance cases will with high likelihood end up to public press tabloids. With high likelihood the tabloids will be released with information about whose and which construction site has the non-compliance cases happened. The harm and negative impact that this kind of negative tabloids cause for a company's reputation are wide and long lasting. It takes a long time for people to forget the tabloids about exploitation of workers or using cheap labor from lower social security class countries on local construction site. Tabloids about having workforce without adequate documentation working on local construction site mirror also bad administration and not responsible work processes on site. What people will remember of this kind of cases is the big, well-known developer, and maybe the general contractor's name, even in a situation where the non-compliance case has happened further down in subcontractor tiers. The wide public may also think that the developer has a moral responsibility, even where the juridical responsibility

does not exist, to ensure only responsible contractors are used on the construction site works. The best investment to protect the company's reputation from many ways harmful non-compliance cases is the proactive work that should be executed already before the construction starts and in construction contract level.

The second research question was to define what type of a process model could be proposed to Microsoft as a compliant contractor and worker onboarding process model to Microsoft Nordic construction sites. This question will be answered in Section 5.2 of this thesis. In section 2, a workflow model for contractor and worker onboarding to Microsoft Nordic construction site is proposed, with a purpose to propose a workflow with what Microsoft can ensure only companies and workers that are verified to be compliant with the local Nordic legislation, will get a site access to Microsoft's Nordic construction sites. This kind of workflow model would automatically steer the Microsoft's Nordic sites to be compliant, if the process will be followed and adhered in all situations.

5.2 Managerial implications

The thesis identifies what are the general statutory liabilities and requirements for a developer of the site, for contractors of the site and for workers of the site. As stated at the very beginning of this thesis, the legislation in relation to the statutory requirements in Nordic countries studied in this work may be complex, particularly for a foreign contractors and workers. The legislation and regulations are all over the local governmental legislation repertory web pages, authority websites and trade unions websites and in numerous collective agreements. Local contractors usually understand the requirements well as they work in the country on a permanent basis. However, for a foreign contractor, employer, and worker it may be difficult to identify the various requirements that apply to them when working and contracting on Microsoft's Nordic construction site.

5.2.1 Proposal for roles and responsibilities in compliance management

To ensure that the local legislation will be adhered to, the author of this thesis strongly recommends Microsoft to take actions on requesting a workflow on their Nordic construction site, where all contractors, employers and workers coming to work to Microsoft's Nordic construction site, are centrally, by one operator, verified compliant with the local legislation before the access to construction site is granted. Ensuring the compliance with the local legislation before granting an access to construction site will help Microsoft to automatically steer their construction sites to be compliant and non-compliant workers or contractors don't get to even start their works on Microsoft Nordic construction site. The central body who verifies the coming contractors, employer and workers compliance to the local legislation must be fully familiar with the local legislation. Microsoft should request the centralized compliance verification model as well as full understanding of the local contractor, employer, and worker statutory requirements in their contractor agreement with the nominated, centralized body to ensure that the central body who is appointed for this work understands in detail the requirement Microsoft lays on them. The most natural body to whom this responsibility to centrally verify the site contractors, employers, and workers compliance would fall, is the general contractor of the site.

General contractor on construction site is in general responsible for the construction site arrangements and coordination of the works between all contractors during the construction. General contractor is so called "main employer" of the entire construction site and therefore the role of the centralized contractor, employer and worker compliance verification body would fall naturally to the site's general contractor. General contractor on construction site is also typically the contractor who manages the site access and from whom the access to the construction site needs to be requested. General contractor of a construction site is usually the contractor who contracts most of the site construction contractors for the works on site, and therefore the general contractor is able to communicate the compliance verification requirement efficiently to their intended construction contractors already in a phase when discussing the contractor agreement with the intended subcontractors. Early

engagement with the contractors about the compliance verification is important so that compliance verification does not come as a surprise for the contractors that are about to start their works on site.

Legally the general contractor is not responsible for ensuring that all contractors who come to site are fully compliant with the local legislation. Therefore, there should be contract clauses in place in the agreement between Microsoft and the general contractor to request this additional work from the general contractor. The wording in the contract between Microsoft and the general contractor should obligate the general contractor to ensure that all contractors they are contracting to Microsoft site should agree and adhere to wanted onboarding and compliance verification model. Again, in the contract clauses between Microsoft and the general contractor it should be obligated that general contractor obligates all contractors contracted with the general contractor to add the obligation to adhere to site general contractor's compliance verification to their sub-contractor agreements. This clause should be continued in contractor agreements to further down into contractor tiers to ensure that all contractors coming to Microsoft construction site understands and are aware of this obligation.

In addition to general contractor and their contractor chain, on Microsoft's sites there are so-called side-contractors. Side contractors are directly contracted to Microsoft for various purposes. Side contractors do not have an agreement with the general contractor, but side-contractors work in addition on Microsoft's construction sites. In side-contractor agreements Microsoft must also ensure there is a wording place where the onboarding model is discussed, general contractor is empowered to conduct the onboarding compliance verification with the side-contractor, and the side-contractor is obligated to agree and adhere to the compliance verification done by the general contractor. Author's experience from the past is that if the side-contractors are not clearly notified about the construction site's compliance verification process and the general contractor's role in it, the side-contractors may easily refuse to submit any of their company's or their worker's registration documents to the general contractor. The side-contractors may plead to the fact that the general contractor has no contractual

relationship with the side-contractor and therefore the side-contractor does not have any responsibility to present their documentation to the general contractor. To avoid this kind of debate, which often leads to unnecessary delays in onboarding process, the compliance verification model should be clearly communicated by Microsoft in all their contractor agreements for the site.

It is critical that the contractor agreements between Microsoft and their contractors clearly state that Microsoft's onboarding compliance verification process does not remove, limit or by-pass any legal responsibilities that the local legislation requires from any contractor, employer and worker who works in the country. Contractors should be reminded to ensure they understand their direct legal responsibilities, obligations and liabilities when working in and bringing workforce into country and fully adhere to and follow the statutory responsibilities laid on them. It should be clearly stated in contract clauses between Microsoft and their contractors that Microsoft's compliance verification process is a process that is on top of and additional process of any legal contractor, employer, or worker responsibilities in the country. The purpose of Microsoft's compliance verification process is purely to protect Microsoft's construction site from non-compliance cases, and as such of a process Microsoft's compliance verification do not replace, remove or restrict any legal responsibilities, obligations and liabilities that the contractors, employers and workers would legally have when operated and working in the country.

As the compliance verification process is a big entirety to understand and manage, Microsoft should nominate a person for Nordic contractor compliance management role. Author's strong opinion is, based on the previous experience on compliance management on international construction sites, that the compliance management is too complex and wide matter for the site project manager to efficiently manage. Compliance management requires very detailed legal understanding and constant supervision. Site project manager is in overall responsibility of everything that is ongoing on site, also about the compliance, but the site project manager does not have time to concentrate to compliance in the needed depth that it requires to ensure the site is kept compliant. Therefore, a

separate compliance manager, whose role is to ensure there is the compliance verification process in place that Microsoft wants, and that the process is fully followed on sites, is needed.

The person nominated to compliance manager's role would be responsible producing the country specific construction site contractor onboarding compliance guideline -document in collaboration with Microsoft's legal team and their local legal advisors. Microsoft's legal team and their local advisors should be engaged to close cooperation when drafting the country specific compliance guidelines to ensure the document considers all needed local legal aspects to keep the contractors and workers working on Microsoft construction sites compliant. Legal team and their local legal advisors can help also ensuring that Microsoft's interests in the matter are being considered from all needed perspectives.

In addition to producing the compliance guidelines documents for Microsoft's Nordic construction sites, the compliance manager's role would be to co-operate with Microsoft's construction site management- and contract teams to embed the compliance verification process onto site practices. Compliance managers role would also be to discuss the compliance onboarding model with the intended Microsoft's construction site contractors (general contractors and side-contractors) in contract negotiation phase to ensure the contractors understand the requirement in the compliance guidelines.

Compliance manager's role would be also to supervise the construction sites compliance verification process set up to ensure the compliance verification process is implemented in wanted way on all Microsoft's Nordic construction sites and that the compliance verification process is followed throughout the construction project's lifecycle. The compliance manager would ideally set a process in place with all general contractors of Microsoft's Nordic construction sites where the general contractors would on monthly basis report their contractor and worker onboarding situation, successful and unsuccessful compliance verifications that are done, any union- and/or authority liaisons on site, and report if they are facing any difficulties in keeping the site compliant to ensure Microsoft

is fully aware of the compliance situation of their Nordic construction sites. As a base requirement for all Microsoft's contractors Microsoft's compliance manager should be kept involved with and aware of all authority and union liaison ongoing in relation to Microsoft's construction sites.

5.2.2 Proposal for compliance verification workflow process

The centralized role for the general contractor in contractor and worker compliance verification would be to verify that all the contractors, employers and workers are compliant with the local legislation before they are onboarded to Microsoft's Nordic construction site. First, the compliance verification should be done in company level for contractors and employers as the idea is that only the contractors and employers, that are verified to be compliant, are allowed to onboard their workers to Microsoft's construction site.

Company level contractor and employer compliance verification means verifying if the contractors and employers have completed their statutory company level registrations, if the contractors fulfil their employer responsibilities that are required in the local legislation and do they have documents in place to evidence this, have the contractors completed the needed notifications with the local authorities about posted workers, have they signed a collective agreement with local trade union or confirmed which local collective agreement they adhere to before general contractor approves the contractors to Microsoft's Nordic construction site.

When the compliance clarification with the contractors and employers has been completed, the contractors that are verified to be compliant will be marked to site contractor listing. Site contractor listing is a listing of all contractors who are coming to work on Microsoft's construction site and who are verified compliant. Compliance verification and contractor marking to site contractor listing will be done by the general contractor, who is the responsible party on site for the compliance verification. Site contractor listing should be done in correct hierarchy, meaning, in the listing it should be presented by whom and in which contractor chain the contractor or employer in question has been contracted onto

construction site. The entire contracting chain should be traceable in the contractor listing for full clarity of the contractor chain and to ensure there is visibility who is legally responsible party for each contractor on site.

After the company level compliance verification has been completed, the worker level compliance verification needs to be done. In worker level compliance verification, the contractor who is the employer of the worker, lists the workers who they intend to onboard on site. The worker level documents, and evidence of needed registrations are presented to the general contractor for their compliance verification. Documents and registrations that needs to be presented for the general contractor are the working right related documents, worker's social contribution related documents (portable A1 document where applicable, pension insurance documents from the working country, or the country specific official social contribution related insurance certificates from non-EU country) and evidence of worker's registration in the country to needed tax- and other registers to ensure the workers have the registration numbers and / or needed cards as requested in local legislation. When all statutory documents that needs to be in place for compliant working in the country are verified, the workers are marked by the general contractor to site contractor listing, under correct company. The correct company, under who the worker should be listed is the worker's direct employer, meaning the company who pays the wages for the worker. When worker is verified to be compliant with the local, and worker is marked to site contractor and worker listing, the worker can get access to Microsoft's Nordic construction site.

In the compliance verification process it is critical that the general contractor is fully aware of the local legislation and that they understand what the local authority approves as official certificates and evidence of the related requirements. To ensure the local legislation is correctly interpreted, the general contractor should arrange a pre-negotiation meeting with all local relevant authorities and union representatives when a new Microsoft construction site is about to be set up in the Nordics, before any works on site is ongoing. In the pre-negotiation meeting the general contractor should discuss with authorities and

union representatives the required actions that should be considered and completed in compliance verification process when contractors and workers are onboarded to Microsoft's Nordic construction site. Local and foreign contractor and worker compliant onboarding model should be discussed in detail in pre-negotiation meeting with the authorities and union representatives and the compliant workflow should be documented and signed by all parties in the meeting. After the pre-negotiation meetings are being held, the general contractors should continue to arrange continuous, regular meetings, for example every six monthly, with the authorities and union representatives to maintain the relationship with them and to update them about the ongoing situation on site and discuss if the authorities would have any concerns, improvement ideas or other feedback about the local construction site contractor and worker management. Microsoft compliance manager should be invited to these regular meetings to ensure also Microsoft maintains good relationship with the authorities and local trade unions and to ensure Microsoft has good visibility to Nordic construction site compliance processes and discussions. Proactive communication with the authorities and trade union representatives is highly recommended as it will improve the relationship between Microsoft and the authorities and union representatives, and it helps in maintaining the contractor and worker compliance in right level on Microsoft's Nordic sites throughout the project life cycle.

5.3 Reliability of this thesis and proposal for future development

As mentioned earlier in this thesis, the data acquisition for this thesis has been done by using reliable sources only. Governmental authorities' websites and authorities' comprehensive instructions, trade unions' websites and collective agreements and Nordic legislation websites has been used as source of data for this thesis. It should be noted that the legislation changes via amendments over time and therefore it is important that the information based on what the compliance verification on Microsoft's Nordic construction sites is done, is on regular basis reviewed from the official websites and the latest amendments on the regulations and legislation will be constantly studied and considered in Microsoft's compliance verification processes on Nordic construction sites. The new proposed role for Microsoft's compliance manager would be the ideal party

who would take the responsibility to follow in the future the local amendments in the legislation related to contractors and workers compliant working in the country to ensure Microsoft is always up-to-date with their compliance processes on their Nordic sites.

To implement the compliance verification process for all Microsoft Nordic construction sites, this thesis can be used as a base line information. As discussed in section 5.2, in addition to this thesis, a country specific construction site contractor onboarding compliance guideline -document should be produced, where the country specific requirements for all contractors and workers coming to work on Microsoft construction site are being listed and where Microsoft's country specific compliance verification process is being described in detail. Furthermore, this country specific compliance guidelines must be kept up-to-date at all times and Microsoft's compliance manager should do an annual review with the local legal team to all Microsoft Nordic sites compliance guidelines to ensure these documents are always also according to latest legislation. When any amendments to the guidelines are done the guidelines should be versioned and ensured to be re-shared with all relevant Microsoft construction site contractors, with an highlight of the changes.

In the future, when the construction sites are ongoing it is important that the supervision to the compliance verification process will be maintained by Microsoft, as the construction sites ultimately are always the investor's and site developer's responsibility. Successful contractor and worker compliance management is not a "one-time-set-up-process", but it is continuous, persistent and hard work throughout the construction project lifecycle. Microsoft Nordic construction sites need clear guidelines for their contractors on what is the compliance expectation on Microsoft sites. A clear signal needs to be sent to contractors that the compliance management is the norm on Microsoft construction sites, there is no by-pass for the process. To be successful in compliance management on Microsoft Nordic construction sites it also requires a strong commitment from Microsoft leadership. Pressure related to the project schedule or other similar reasons should not be used as a reason to allow

compliance management process to be by-passed. And most importantly, the compliance management process should be adjusted in early phase to contractor communication to ensure that the contractors have time to prepare the needed documentation before their works on site needs to start, and the compliance process will not become a “showstopper” for the works on site.

For future development, also the relationship between local authorities and trade union representatives should be maintained and kept in good level. Proactive approach towards authority and trade union representatives promotes responsibility, increases trust and sets up an image of Microsoft being a responsible corporate citizen in their local environment. Construction sites around the world have a reputation for being grey economy worksites where workers rights are downplayed and where exploitation of the workers coming from weaker socio-economical countries is unfortunately a regular matter to happen. It is the big players and giant investors who can set a start to the change in construction industry. Leading by their example to ensure the giant investor's sites promotes responsibility and fair competition with real actions on site towards responsible contractor chain management has a good possibility to set the start for a change in entire construction industry. Construction industry is an enormous industry and change from grey economy status to responsible industry status will not happen overnight, but the change will take a long time. Anyhow, every successful change needs always to start from somewhere. Nordics as an environment is a great place to start promoting fair competition and responsibility in construction contractor chain management. As discovered when viewing the Hofstede's country comparison, Nordic societies are highly individualist societies with small power distances. Nordic believe strongly into equality and fairness. The playground and mindset for responsible construction industry in Nordics is ready there. Fair play construction sites and responsible investors are very welcomed into Nordics.

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