

# IMMIGRANTS IN THE LABOUR MARKET OF ICELAND DURING THE YEAR OF THE COVID-CRISIS 2020

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**How well were the immigrants in Iceland doing in economic crisis and was there any spatial disparity detectable?**

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# 1 RESULTS

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## 1.1 MAIN RESULTS

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The main results of the regression analysis for the year 2020 on the key aspects of the study (Chapter 8):

- Immigrants were not significantly more dissatisfied with their earned income than natives.
  - Specialists and managers of foreign origin were generally more satisfied with their earnings than other immigrants (Model 2, p. 51). Also, immigrants in Akureyri were generally more satisfied with their earned income than those who lived elsewhere. A simple analysis indicated that immigrants in the capital area were more satisfied with their earnings than those in the countryside (Figure 8.15). This, however, was traced to factors such as the number of professionals, more of whom resided in the capital area, and how many of them lived alone with their children, who were more numerous in the countryside (Model 2, p. 51). No other factors affected immigrants' satisfaction with their earnings, while many more factors affected the locals' satisfaction in that respect.
  - Immigrants living alone with their children were generally more dissatisfied with their earnings than other immigrants and they showed the poorest outcomes when all other labor market factors relevant to this research, were considered (Model 2, p. 51). Also, immigrants with a short apprenticeship were somewhat more dissatisfied with their earnings than unskilled workers.
- Immigrants were generally more dissatisfied with their job security than natives (Model 3, p. 51).
  - Immigrants' job security was lower for those with more education (Model 4, p. 51). Job security was also generally lower for immigrants who worked in tourism and those who lived in the capital area, compared to the rural areas. Immigrants qualified in a trade and those who had completed a bachelor's degree were somewhat more dissatisfied with their job security.
  - Immigrants who remained longer in employment were more satisfied with their job security than other immigrants (Model 4, p. 51). The same applied to those who worked in agriculture and also to experts and those employed in services, living in Akureyri or living alone.
- Immigrants felt there were fewer job opportunities than locals considered them to be (Model 5, p. 52).
  - Immigrants who worked in tourism and IT believed they had fewer job opportunities in the labor market than other immigrants (Model 6, p. 52). Immigrants who worked as experts, craftsmen, managers and in services or construction activities, on the other hand, said that they had a greater choice of employment than other immigrants. The same applied to those who lived alone or in the capital area.
- Immigrants had fewer opportunities to start their own business than locals (Model 7, p. 52).
  - The immigrants who had long working hours (Model 8, p. 52) seemed to have generally fewer opportunities to start their own business than other immigrants. The

same applied to immigrants who were single parents. However, work experience increased the possibilities of starting one's own business, as well as loyalty to employers, income, residence in Akureyri or matriculation or a vocational qualification.

- Immigrants had lower incomes than locals (Model 9, p. 53).
  - Foreign-born women had lower incomes than foreign-born men (Model 10). However, it is interesting to see that the gender income gap was smaller among immigrants than among locals (Models 9 and 10, p. 53). Also, work experience had a significant positive effect on immigrants' income. In addition, immigrants who worked as specialists or technicians had higher incomes than other immigrants (Model 10, p. 53). However, craftsmen among immigrants or those working in services had significantly lower incomes than other immigrants as well as those who worked in the fishing industry, while locals in the fishing industry had higher incomes than other locals (Model 9, p. 53). Furthermore, immigrants who lived alone, lived in Akureyri or the capital region, had significantly lower incomes.
- Immigrants were generally not as happy as locals (Fig. 8.19 and Fig. 8.4, Model 11).
  - Immigrants who worked in the fishing industry and in specialised and scientific activities were not as happy as other immigrants (Model 12). Immigrants who worked in the fishing industry were not as happy as locals. Also, immigrants who lived alone, were male, or had worked for a long time with the same employer seemed to be less happy than other immigrants. The same applied to those who had a bachelor's degree from a university. There was also a positive correlation between immigrants' happiness and whether they worked as professionals or in services. The same applied, if they lived in Akureyri.

#### Results from various analyses of the report:

- The research suggests that the situation of immigrants on the labor market between the years 2016/2017 and 2020 became generally worse, mostly in terms of job security (Fig. 8.5). Various other living conditions had also worsened, mainly regarding subsistence/expenses and various services. According to the immigrants, some things had improved, especially as regards rental apartments, the road network, and internet connections.
- There was not much difference in the immigrants' situation on the labor market depending on whether they lived in the countryside or the capital area, when looking at the six key factors. The difference mainly consisted in the fact that their income was higher in the countryside, while variety of employment was greater in the capital area (Chapter 8.4.3). When looking at 40 different living conditions, there were fewer people better off in the rural areas than in the capital area (Fig. 8.3). Factors relating to subsistence/expenses, traffic and the housing market were the main ones. In the capital area, aspects associated with entertainment and services came out on top.
- The difference between the general living conditions of immigrants in the Westland and the capital area was rather similar to what came out in the comparison between the rural areas and the capital area, although there were indications that immigrants in the Westland were better off than elsewhere outside the capital area (Chapter 8.4.4). This conclusion should be regarded with caution due to lack of data.

## 1.2 OTHER INTERESTING FINDINGS

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From the public statistics (Chapter 4):

- The number of immigrants in Iceland has increased tenfold since 1996 (Fig. 4.1).
- In the years 2016-2020, the number of employed immigrants increased by 7,700, while the number of employed locals decreased by over 4,500 (Fig. 4.1). At the same time, the number of unemployed immigrants increased by 5,800. Most likely, structural problems are involved, as people working in tourism, for example, do not automatically join the professions of tradesmen or nursing staff.
- The number of unemployed immigrants decreased significantly in 2021 following a vast increase 2020. This figure decreased further in 2022 (Fig. 4.2).
- In 2020, most immigrants worked in manufacturing (20%), tourism (20%) and public services (18%) (Fig. 4.4).
- In 2018, most immigrants worked in tourism (27%), manufacturing (18%) and in the public sector (13%) (**Error! Reference source not found.**Fig 4.5).
- Manufacturing, tourism and construction employed relatively more immigrants than locals in 2020 (Fig. 4.4).
- Immigrant unemployment decreased rapidly in 2021 and faster than in the case of locals, but previously this was also relatively higher as regards immigrants than local people (Fig 4.2).

From the descriptive analysis (Chapter 8.1):

- Labor market factors (satisfaction with earnings, potential for starting own business, job variety and job security) were not the most important considerations out of the 40 items included regarding the residence stability of immigrants in 2020, but out of the four factors mentioned above, job security and satisfaction with earned income came out on top (Fig. 8.1). General safety, tranquillity, air quality, good community, nature, internet connections and road safety were regarded as more important.
- Factors relating to the labor market were, however, considered among the worst living conditions in 2020. Aspects of the housing market and household expenses performed the worst (Fig 8.1).
- Household expenses represented the poorest aspect of living conditions for immigrants in 2020 out of the 40 living conditions assessed in the population survey (Fig 8.1). Household expenses fell into the second worst category between the surveys (Fig 8.5) and demonstrated the largest difference between immigrants and locals (Fig. 8.2).
- Immigrants were in a worse situation in the labor market than locals in 2020 (Fig 8.2), especially regarding job security. No factor deteriorated as steeply between surveys as job security ().
- Immigrants were also in a worse position in the school system compared to locals, with the exception of universities (Fig. 8.2).
- Immigrants had less working experience were less than locals in 2020 (Fig. 8.11**Error! Reference source not found.** and Fig 8.12).
- The education level of immigrants was generally higher than that of locals in 2020 (Fig 8.13). However, immigrants were less likely to seek lifelong learning programs than locals (Fig 8.14).

Other results of the regression analyses (Chapter 7.3):

- Single parents of foreign origin seemed to be in a particularly vulnerable position on the labor market in 2020 (Table 8.5).
- Immigrants in tourism and the fishing industry seemed to be in a generally worse position on the labor market in 2020 than immigrants in other industries involving a large number of immigrants (Table 8.5). A closer look and comparison with locals revealed a similarly worrying situation regarding immigrants in construction industries.
- Immigrants who worked as managers, experts or in services (other than tourism) were better off than other immigrants on the labor market in 2020 (Table 7.5).
- Immigrants living in more populous communities were better off on the labor market in 2020 than immigrants in less populated communities (Table 8.5).
- It is worth noting that immigrants were significantly more dissatisfied than locals in 2020 with all factors relating to the labor market except earned income (Table 8.6).
- There was evidence that working conditions of immigrants (i.e., job security, job variety, self-employment opportunities, and satisfaction with earnings) worsened during the Covid crisis (Fig. 8.5).

