

# IMMIGRANTS ON THE LABOR MARKET OF ICELAND DURING THE YEAR OF THE COVID-CRISIS 2020

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

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## 2 RESULTS

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### 2.1 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 8.2):

- Immigrants were not significantly more dissatisfied with their pay than locals.
  - Specialists and managers of foreign origin were generally more satisfied with their pay than other immigrants (Model 2, p. 51). Also, immigrants in Akureyri were generally more satisfied with their pay than those who lived elsewhere. Using a simple analysis, immigrants in the capital area seemed to be more satisfied with their pay than those who lived in the countryside (Figure 8.15), but this was subsequently traced to factors such as the number of professionals, who were more numerous 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 wages, while many more factors affected natives' satisfaction with them.
  - Immigrants living alone with their children were generally more dissatisfied with their wages than other immigrants and returned the poorest outcome when all other labor market factors considered, in this research, were considered (Model 2, p. 51). Also, immigrants with a short apprenticeship were somewhat more dissatisfied with their wages 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 with a degree in a trade and those who had completed a bachelor's degree were somewhat more dissatisfied with their job security.
  - Immigrants who stayed longer in their jobs were more satisfied with their job security than other immigrants (Model 4, p. 51). The same applied to those who worked in agriculture. Also, experts and those who worked in services, lived in Akureyri or lived alone.
- Immigrants considered job opportunities fewer than locals did (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 they had more job opportunities than other immigrants. Also, those who lived alone or in the capital area.
- Immigrants' opportunities to start their own business were fewer than those of natives (Model 7, p. 52).
  - Immigrants who had long working hours (Model 8, p. 52) generally seemed to have fewer opportunities to start their own business than other immigrants. The same applied to

- single parents, immigrants as 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.
- The income of immigrants was measured as lower than that of locals (Model 9, p. 54).
  - Foreign-born women had lower incomes than foreign men (Model 10). However, it is interesting to see that the gender income gap was smaller among immigrants than among natives (Models 9 and 10, p. 54). 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. 54). However, craftsmen among immigrants or those working in services had significantly lower incomes than other immigrants. The same applied to those who worked in the fishing industry, whereas locals in the fishing industry had higher incomes than other locals (Model 9, p. 54). Furthermore, immigrants who lived alone, lived in Akureyri or the capital region, had a significantly lower income.
- Immigrants were generally not as happy as natives (Fig. 8.19 and Table 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 men, or had worked for a long time with the same employer seemed 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. Also, if they lived in Akureyri.

Results from various analyses of the report:

- The research suggests that the situation of immigrants between the years 2016/2017 and 2020 became generally worse on the labor market, mostly in terms of job security (Fig. 8.5). Various other living conditions had also worsened, mainly as regards subsistence and various services. According to the immigrants, some things had improved, especially regarding 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 outlying districts 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 the employment variety was greater in the capital area (Chapter 8.4.3). When looking at 40 different living conditions, there were fewer people better off in outlying districts than in the capital area (Fig. 8.3). The main concerns related to subsistence, traffic and the housing market. In the capital area, it was the elements relating to entertainment and services that came out on top.
- The difference between the general living conditions of immigrants in the Westland and the capital area was rather similar to results from the comparison between outlying districts 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 result should be interpreted with caution due to insufficient evidence.

## 2.2 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. There are probably structural problems involved, as people, for example, in the tourism industry do not automatically join the professions of tradesmen or nursing staff.
- The number of unemployed immigrants decreased significantly in 2021 following a vast increase in 2020 with a further decrease 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%) (Fig. 4.5).
- Manufacturing, tourism and construction employed relatively more immigrants than locals in 2020 (Fig. 4.4).
- Immigrant unemployment decreased rapidly in 2021, faster than among locals, but previously it was also relatively higher as regards immigrants than locals (Fig. 4.2).

From the descriptive analysis (Chapter 8.1):

- Labor market factors (satisfaction with pay, potential for establishing own business, job variety and job security) were not the most important factors for residence stability of immigrants in 2020, out of the 40 factors investigated, but out of the four factors mentioned above, job security and satisfaction with pay were the most important (Fig. 8.1). More important aspects were general safety, tranquility, air quality, good community, nature, internet connections and road safety.
- The factors relating to the labor market, however, featured some of the worst residential circumstances in 2020. Aspects associated with the housing market and cost of living performed the worst (Fig. 8.1).
- Cost of living yielded the poorest results for immigrants in 2020 out of the 40 residential circumstances evaluated in the population survey (Fig. 8.1). The cost-of-living factor returned the second worst development between surveys (Fig. 8.5) and revealed the largest difference between immigrants and locals (Fig. 8.2).
- Immigrants were in a worse situation on the labor market than locals 2020 (Fig. 8.2), especially regarding job security. No factor deteriorated as much between surveys as job security (Fig. 8.5).
- Immigrants were also in a significantly worse position in the school system compared to locals, apart from the universities (Fig. 8.2).
- Immigrants had less seniority and work experience than locals in 2020 ( Fig. 8.11 and Fig. 8.12).
- Immigrants' level of education was generally higher than that of locals in 2020 (Fig. 8.13). However, they were less likely to enrol in learning programs of continuing education 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 large immigrant industries (Table 8.5). A closer look

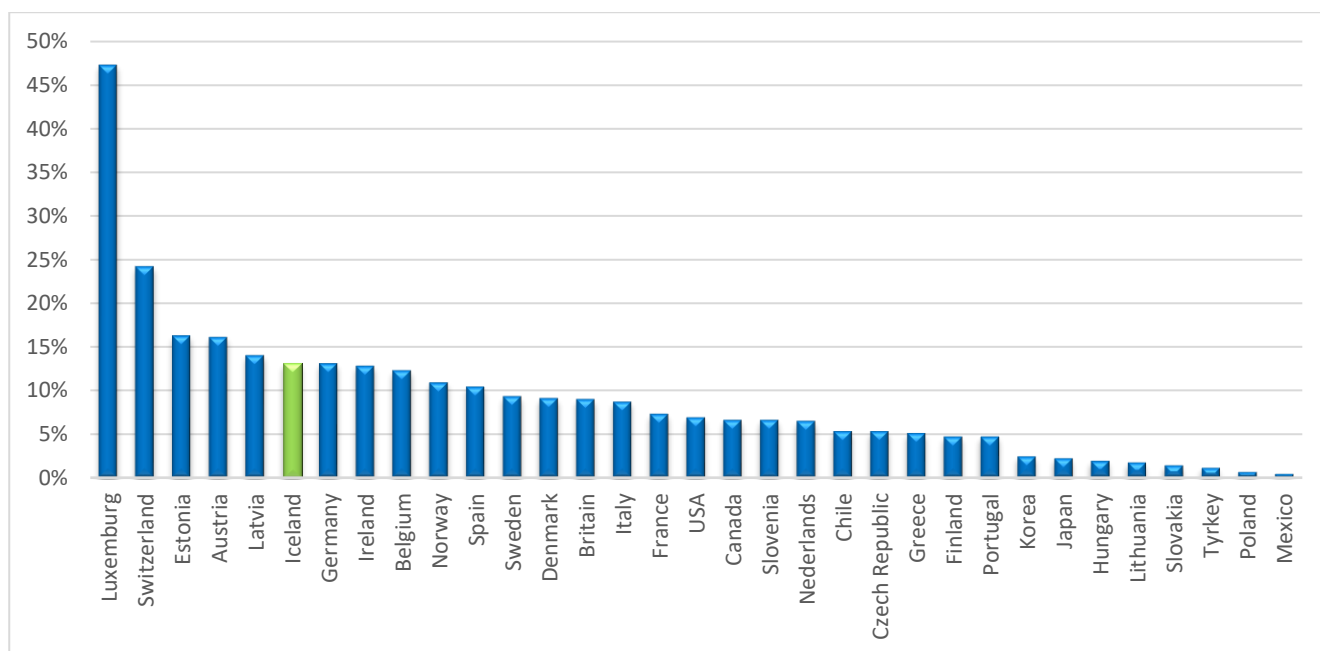
and comparison with locals indicated that immigrants in construction industries were also in a precarious position.

- 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 related to the labor market except for pay (Table 8.7).
- There is evidence that working conditions of immigrants (i.e. job security, job variety, self-employment opportunities, and satisfaction with pay) have deteriorated during the Covid crisis (Fig. 8.5).

### 3 INTRODUCTION

Immigrants in Iceland numbered 5,148 in 1996 (Fig. 4.1) or 1.9% of the total population, according to Statistics Iceland. But since then the world has changed significantly, for immigrants were approximately 15% of the population in 2021, or more than 57,000 (over a tenfold increase).

On January 13, 1993, Alþingi approved Act no. 2/1993 on the European Economic Area which was enacted on January 1, 1994. Then Iceland became part of the European Economic Area and thus part of the labor market of the European Union and EFTA, together with various other stipulations of this Act. Icelanders, therefore, became free to work in other member countries on an equal basis as their nationals, and residents of the member states gained the same right as Icelandic citizens to work in Iceland. Until then, there had been relatively few immigrants in Iceland. However, their number did not increase rapidly from the beginning of the 10th decade. The employment situation in Iceland was not good at that time due to a recession and relatively few domestic companies were hiring people. It was, therefore, not until the periods of economic growth prior to the banking collapse in 2008 and the Covid crisis that there was a great excess demand for labor in Iceland and personnel were recruited from abroad. During the spell of economic growth preceding the banking crisis, it was mainly companies in the construction industry that led this development, but prior to the Covid-crisis this was more likely to apply to companies in the tourism industry. The fishing industry has also long been in need of labor from abroad, but after the adoption of the quota system, the fluctuations have been milder than in the other two industries. In addition, the demand for labor in the fishing industry has slowly and gradually decreased due to rationalization in the sector; consolidation and technological development are among the reasons for this. However, growth in tourism has been almost beyond belief since the turn of the millennium and this has done much to improve the resilience of the national economy after the banking collapse. Accordingly, tourism's recruitment needs have grown rapidly, and access to the European Economic Area has supported the industry, simultaneously contributing to a large increase in the number of immigrants in this country.



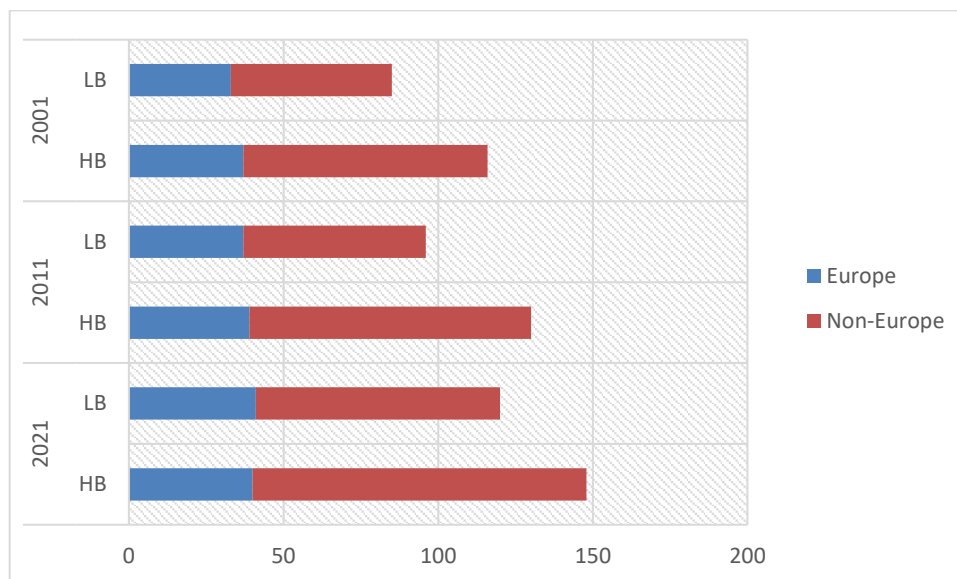
**Fig. 3.1: Immigrants in Iceland as a share of the total population compared to other OECD countries.**

Source OECD. Numbers from the year 2019 or the newest available. Exceptions were 2016 in Canada, 2017 in Greece, Chile and USA, and 2018 in Britain, Poland and Turkey.



In 2019, Iceland was in 7th place out of 32 OECD countries regarding the number of immigrants as a percentage of the total population, then at 13.1% (Fig. 3.1). In 2020, this percentage had risen to 15.2%, which shifted Iceland to the 5th place. The development in Iceland has been faster than in most other countries. When the change from 2000-2019<sup>1</sup> is examined, it turns out that then the number of immigrants increased the most in Luxembourg, or by 11.3 percentage points. The second largest increase was in Ireland, by 9.7 percentage points, followed by Iceland with 9.6 percentage points. Austria ranked fourth by 7.4 percentage points. This significant increase in Iceland is, to some extent, noteworthy considering the size of the tourism industry in Iceland and its recession during the Covid-19 crisis.

As indicated above, Iceland has moved fast from being a rather homogeneous to a heterogeneous community with a sizable share of immigrants in a relatively short period of time. Thus, there is a reason to investigate whether the community has managed provide immigrants with adequate information and training, for example concerning language and education, to promote general social skills. This can be challenging as the number of languages spoken by immigrants is constantly increasing if nationalities are used as indicators (Fig. 3.2).



**Fig. 3.2: Number of nationalities in the capital area (HB) and outlying districts (LB) in years 2001, 2011 and 2021.**  
Source: Statistics Iceland.

The Icelandic media have detected examples of violation against employees of foreign origin in Iceland, which makes information for the benefit of immigrants even more significant regarding pay and legal aspects of the labor market. This may be even more urgent in times of crisis when the general household economy moves to the outer limits as research indicates that immigrants are particularly vulnerable in such circumstances, as described later in this report (Chapter 5).

The aim of the project is to analyze the situation of immigrants on the labor market in the year of Covid 2020. It will be done in several steps. Firstly, the situation of immigrants will be compared with the situation of Icelanders on the labor market in 2020. Secondly, an attempt will be made to compare the situation of immigrants on the labor market in 2020, on the one hand, and in the years 2016-2017, on the other. Finally, the situation will be addressed geographically in two ways: 1) The situation of immigrants

<sup>1</sup> Not all countries had values for the year 2000. Instead, values for 2001, 2002, and 2003 were used in several cases.

on the labor market in the capital area will be compared with their situation in the rest of the country. 2) The situation of immigrants on the labor market in the West Iceland will be compared with their situation in the rest of the country. The second comparison has been specially made for guidance in West Iceland which is the author's work district.

The project consists of six key aspects. Those are: the immigrants' satisfaction with their pay, job security, job opportunities and the potential for starting their own business, together with their actual income, and finally, their assessment of their own happiness. The report differentiates between pay and income in a slightly unusual way. When talking about pay, this focuses on how satisfied the participants are with their earnings. As regards income, this it refers to the income that the participants stated they had in Icelandic krónur (real income), regardless of whether they were satisfied with it or not. There is another difference between those terms. Pay refers to earnings for labor; that is, it only relates to income people receive from paid employment. Income as a whole, however, covers employment income, pensions, student loans and unemployment benefits, and thus refers to all earnings other than capital income or benefits.

The project is highly valuable for regional organizations and others involved in economic development or general regional development. The intention is to get some idea of the situation of immigrants on the labor market in Iceland and whether it varies with respect to gender, age, place of residence and family structure.

The study is based on the Residence Survey, conducted in all Icelandic regions in 2020, where almost 11,000 people participated and about 900 immigrants. Several questions related to the labor market, for example, the participants were asked what they thought about job security, pay, the possibility of owning their own business and the variety of employment opportunities. A corresponding survey was conducted in 2016 and 2017 in five main regions of the country (out of eight), where over 6,000 responded, including 225 immigrants. This opens the door to a valuable comparison, but regrettably of limited use due to the low number of immigrant respondents.

## 4 ON IMMIGRANTS IN ICELAND

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Statistics Iceland is in possession of a variety of data on immigrants in Iceland. The initial idea was looking at the five-year period 2016-2020. The figures showed an increase of immigrants by 7,700 on the labor market, which was considered doubtful since, according to the media, the number of unemployed immigrants was growing fast, and the number of employed Icelanders had decreased by over 4,500. Unemployment figures for immigrants were then retrieved, showing an increase of almost 5,800 immigrants during the period in question. This sounded like a paradox, so the numbers of immigrants in Iceland were examined during this period, resulting in an increase of 23,500 in these 5 years. This interesting observation led to the decision of seeking data for as long period as available.

First, a discussion of the difference between immigrants, foreigners and people with foreign citizenship will be helpful at this stage. According to the Dictionary of the Cultural Fund (1983, p. 1103), a foreigner is "a person in or from another country". A foreigner can be an immigrant, as an immigrant is defined in the aforementioned dictionary as "a person who is moving (has just moved) to a country" (1983, p. 457). According to this, an immigrant can be both a foreigner and an Icelander. In this study, the term immigrant is never used for an Icelander (native resident). If a foreigner comes here as a tourist or to work without settling in Iceland, he is not an immigrant. But when has someone settled down? That is a significant question because everyone has to sleep or live somewhere while they travel around the country or work here for any length of time. Note that residents can be foreigners and have Icelandic or foreign citizenship or both. According to this, all immigrants are foreigners, but not all foreigners in Iceland are immigrants.

According to a telephone conversation with an employee of Statistics Iceland, the office does not use the term foreigner. In the Statistics review of immigrants, you can find the following definition as to who should be called an immigrant: "An immigrant is a person who was born abroad and has parents who were also born abroad, as well as both grandparents. Second-generation immigrants are individuals born in Iceland and whose parents are both immigrants. People are considered to have a foreign background if one parent is foreign. An individual who was born abroad but whose parents were both born in Iceland is also considered to have a foreign background." (Hagstofa Íslands, 2020, p. 1) In the above, an immigrant is defined as a foreigner rather than an immigrant. It is useful here to have a discussion of immigrants by generation as well as one extreme sample where a person with Icelandic parents could be classified as an immigrant if born abroad. In the above-mentioned phone conversation, it was stated, however, that Icelandic citizens who move home after studying or working (perhaps for years) are never considered immigrants.

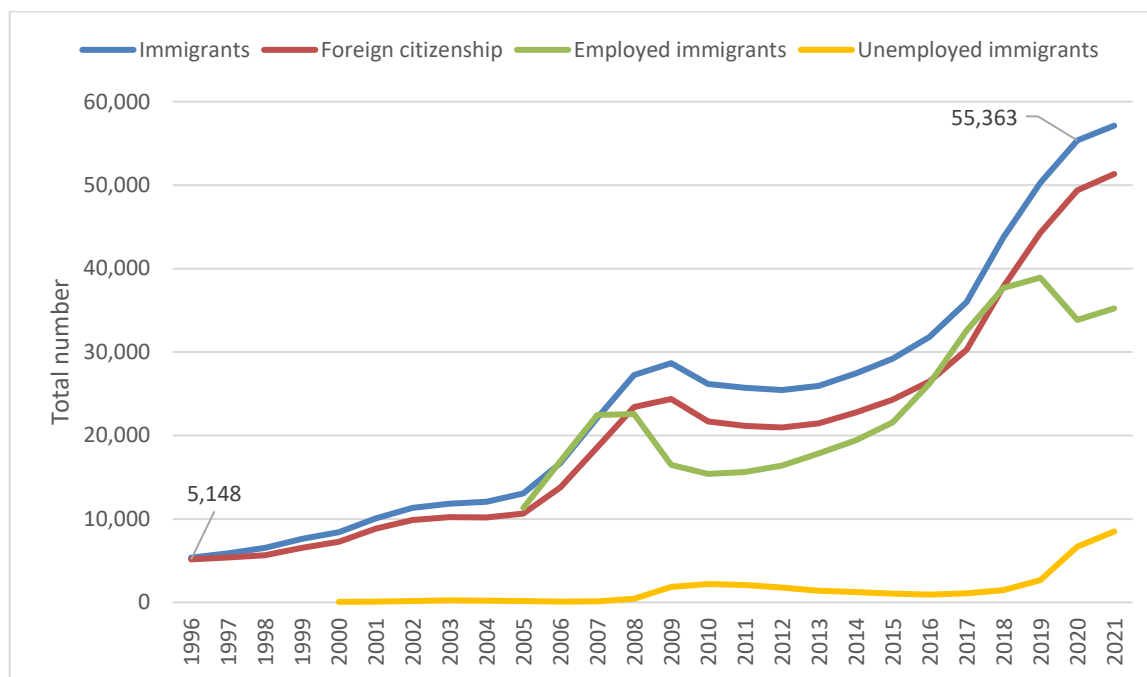
Moreover, "Individuals who have dual citizenship are considered as individuals with Icelandic citizenship in this country. A person with dual citizenship can be an immigrant under the following circumstances: 1) born abroad, 2) both parents were born abroad. Citizenship is not a relevant term when immigrants are considered in this context" (Email from Statistics Iceland; Guðjón Hauksson, March 31, 2022).

In this report, the focus will be on immigrants, but sometimes people with foreign citizenship or with a foreign background will be discussed if the context requires or sufficient data is lacking. The definition from Statistics Iceland of immigrants and people with foreign nationality or background will be used here. The term foreigners will not be used, even though it may be preferable in certain contexts. This is not done, however, as the discussion here is based on data from the Statistics Iceland and the Directorate of Labor, and their data always uses the term immigrants. The data from the Residence Survey used in the analyses

of the study does not include immigrants as defined by Statistics Iceland. This, however, will be further outlined in the relevant chapter.

## 4.1 THE LABOR MARKET

Numbers of employed immigrants were available from 2007. Employment among immigrants decreased from 2007 until 2010, when the trend was reversed. The increase was largest in the years 2015-2019, or around 18,420 in total, which was almost a doubling (Figure 4.1). Immigrant employment decreased only in 2020, by 5,795, during the period 2010-2020, which is almost a third of the increase of 2015-2019.



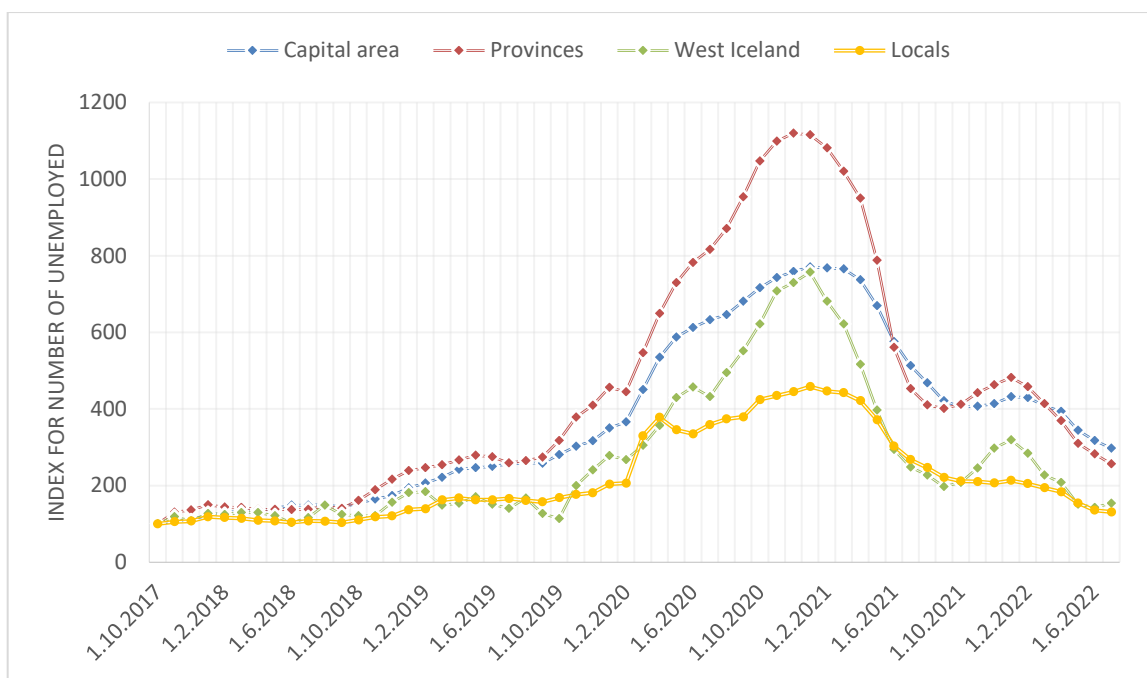
**Fig. 4.1: Number of immigrants, employed and unemployed 1996-2021.**

Figures from Statistics Iceland and the Directorate of Labour.

This development is interesting when compared to the number of foreign tourists to Iceland, which can be found on the website of the Icelandic Tourist Board. 2018 was a record year in visits by foreign tourists when they reached 2,343,800. The numbers increased between 15-40% annually, from year to year, from 2010, slowing down to 5.4% in 2018 and decreasing by 14.1% in 2019 and then by 75.8% in 2020. The decrease will probably be traced to the strengthening of the Icelandic króna, then to the collapse of Wow-air on March 28, 2019 and finally to Covid-19, which has shaken the rest of the world since the beginning of 2020. A possible negative impact of the króna's (Icelandic legal currency, ISK) appreciation on tourism can at least be traced back to the year 2017 and then initially in relation to tourism luxury services (Magnús Heimir Jónasson, 2017). Subsequently, the króna kept on appreciating strongly (Seðlabanki Íslands, 2021, p. 5).

Unemployment among people with foreign citizenship increased as early as 2016 despite the increase in the number of employed immigrants right up until 2019 (Figure 4.1). The reason for this, *inter alia*, is a significant increase in the number of immigrants throughout the period, although this slowed down to some extent in 2020, due to systemic factors. Even though jobs are vacant in construction or health care, these are not necessarily suitable for workers from tourism. The expansion in those sectors may have increased the number of immigrants, while layoffs in tourism led to more unemployment. There were

almost 3,900 unemployed on the average of the first six months of 2022. Unemployment among people with foreign citizenship was about 16% in 2020 if calculated as a percentage of the total number of immigrants aged 20-69 (Figure 4.3). The share of foreign citizenship in total unemployment in Iceland was around 40% that year. That number rose slightly on average during the first six months of 2022.

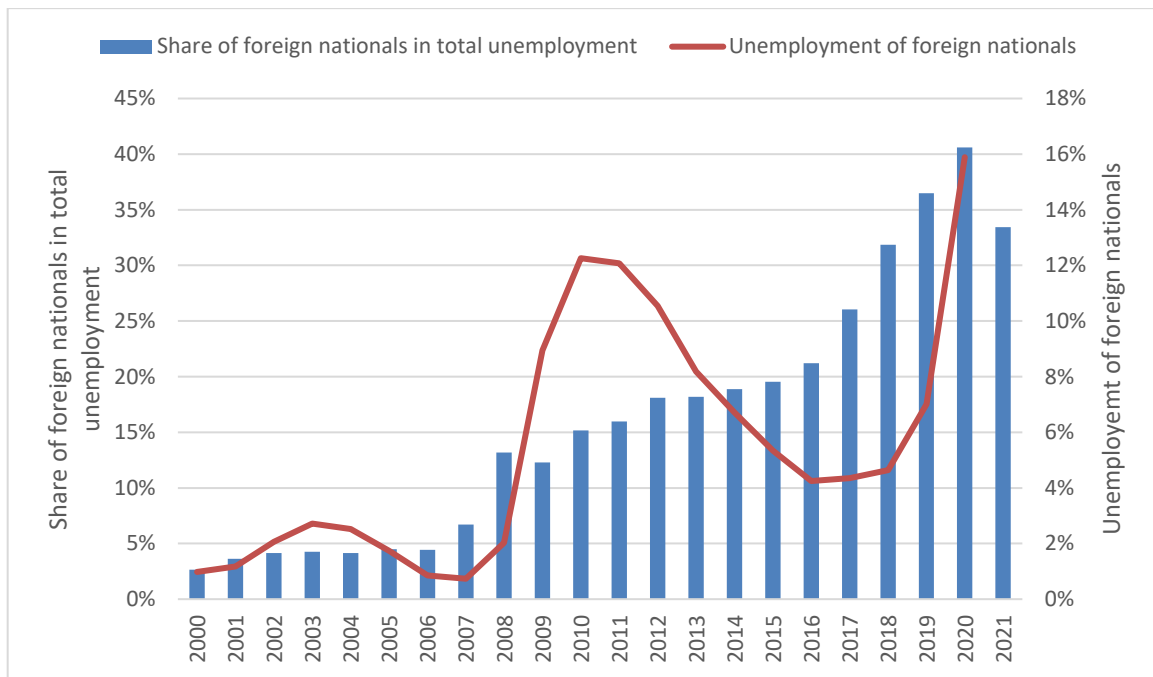


**Fig. 4.2: Unemployment of foreign nationals in the capital area, rural Iceland, and West Iceland 2017-2022.**

Source Directorate of Labour. Index base October 1, 2017. Only foreign nationals are included in the capital area, rural and West Iceland.

When the monthly numbers of unemployed were examined as an index from October 1, 2017 to the same month in 2021, it was found that unemployment among foreign nationals has decreased significantly (Fig. 4.2). The number of unemployed immigrants increased proportionately the most in outlying districts from 1 October 2017. In the West, the increase was as great as in the capital area for a few months during the period, but otherwise it always remained lower. At the end of the period, the development had been the most favorable in the West, when compared to the capital area and the country as a whole. Note, that seasonal fluctuation in unemployment among immigrants was significantly higher in winter 2021, than among locals. This probably relates to tourism and its importance as an employer among immigrants.

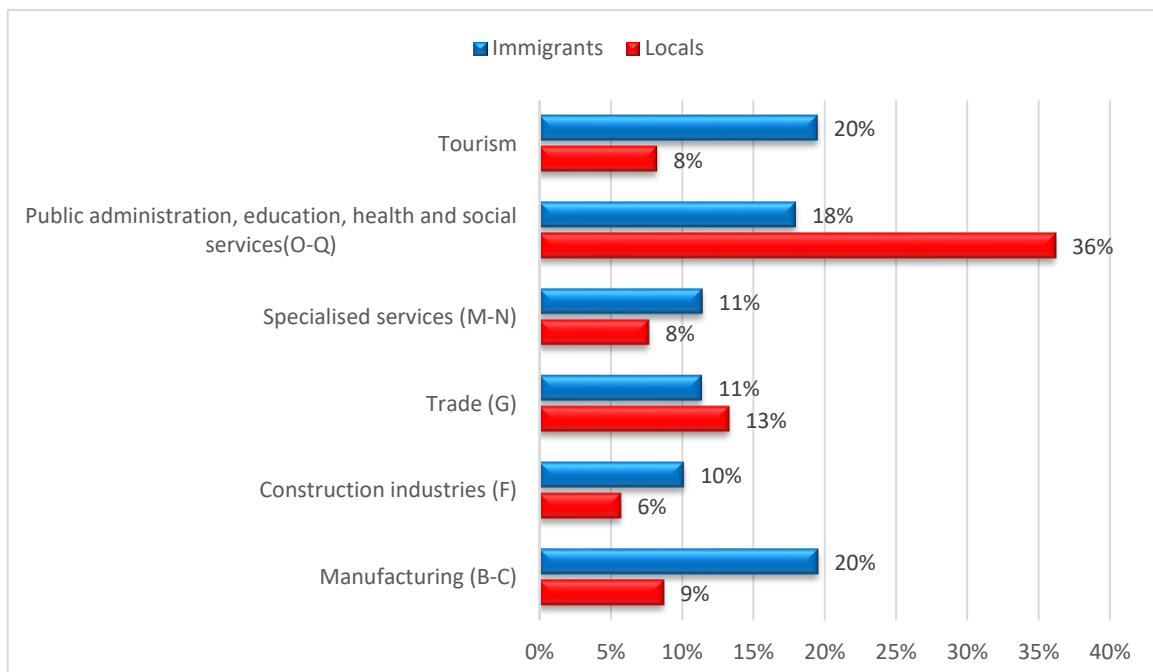
For further comparison, we have the development for Icelanders in the whole country (Fig. 4.2). It shows that the unemployment rate of Icelanders increases less than that of foreign nationals and has also decreased in 2021.



**Fig. 4.3: Unemployment of foreign nationals and their share in total unemployment 2000-2021.**

Source Directorate of Labour. The figure for the year 2021 is a rough estimate.

It is noteworthy that the share of foreign nationals in the country's total unemployment was low in 2010-2011 (15%) despite their high unemployment (12%) compared to 2020 (Figure 4.3). The explanation here is the increased number of immigrants in Iceland during these years, from 25,692 in 2011 to 55,354 in 2020 (Figure 4.1).



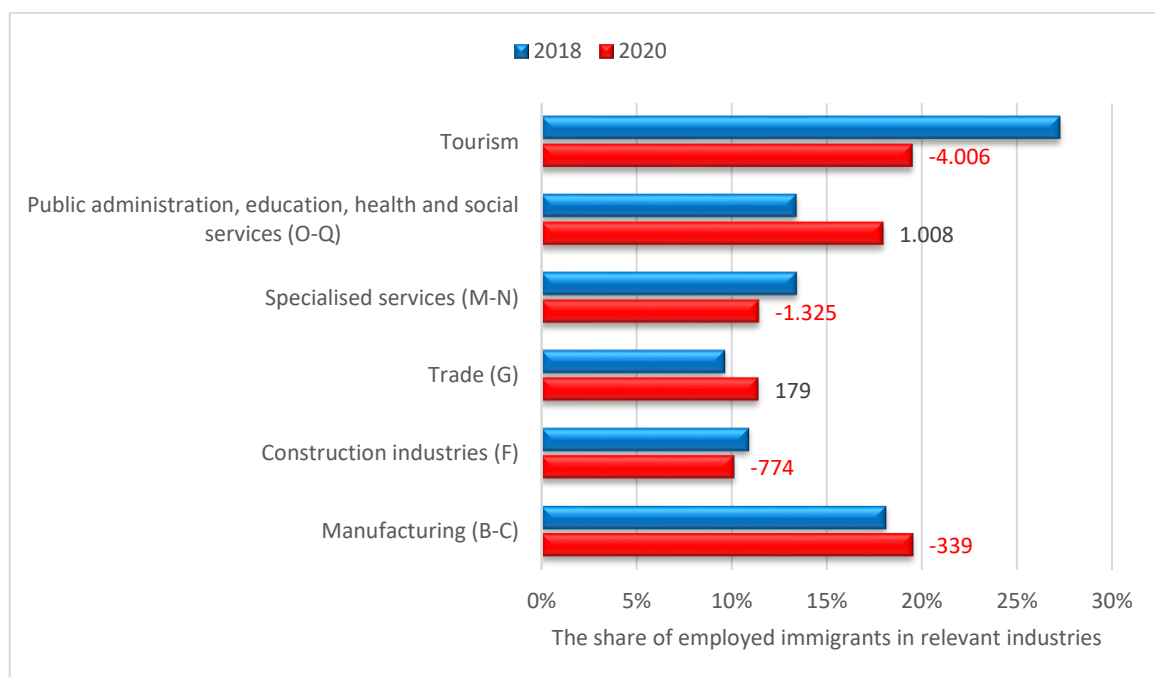
**Fig. 4.4: Employment structure among immigrants and natives in 2020.**

Source: Statistics Iceland. Six largest industries that provided jobs for 90% of working immigrants and 80% of the working Icelanders.

According to Statistics Iceland, the relatively largest number of immigrants worked in manufacturing (C) in 2020 (20%) and in tourist-related employment (20%) (Fig. 4.4). Public services came in the second

largest (O-Q) (18%), followed by 11% in specialized services (M-N), 11% in trade (G), and 10% in construction industries (F). The fishing industry is included in manufacturing, but it is not the most intensive industry in foreign labor requirements. Various other branches among manufacturing employ more immigrant labor, since the fishing industry only employed close to 39% of immigrants within manufacturing. This is not a complete list of industries. Only those that provided jobs to the relatively largest number of the immigrants were included, providing employment to 90% of working immigrants. It is worth noting that 35,612 immigrants were employed in 2020, representing an increase of 7,701 from 2016, as previously mentioned, and at the same time, the number of working Icelanders had decreased by 4,727.

A comparison shows that tourism provided relatively fewer jobs to locals than to immigrants in 2020 (Fig. 4.4). This also applied to specialized services, construction and manufacturing (including the fishing industry). On the other hand, public administration, education, health, social services and trade provided proportionally more jobs to locals than to immigrants.



**Fig. 4.5: Employment structure among immigrants 2018 and 2020.**

Source Statistics Iceland: The six largest industries that provided jobs for 90% of working immigrants. The column is shared while the labelled number represents the change between 2018 and 2020 in absolute terms.

A comparison with 2018 indicates that the share of working immigrants within tourism decreased as expected (Fig. 4.5). The same applied to specialized services and construction industries, albeit to a lesser extent. However, the share of the public sector increased the most. Trade and production increased as well. Shares are figures based on weight or relative distribution, but if the comparison is done in absolute numbers, the number of working immigrants decreased in most of these sectors – by far the most in tourism 4,006 out of 4,518 overall. However, there was an increase in a few branches; by far the most in the public sector (O-Q), about 1,008, and about 179 in commerce (G).

## 4.2 SUMMING UP

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The number of immigrants has increased in Iceland despite growing unemployment among foreign nationals after the downturn in tourism which was first felt after the appreciation of the Icelandic króna began to place a strain on the industry, then the collapse of Wow-air at the end of March 2019, and finally Covid in 2020. During the year 2020, tourism provided employment to 20% of immigrants, compared to 27% in 2018. Tourism was the largest employer of immigrants in 2018 but in 2020 it was similar to the manufacturing sector (20%) and the public sector (18%). Manufacturing, tourism, and construction provided relatively more jobs to immigrants than to locals in 2020. Unemployment among foreign nationals fell sharply in 2021 and into the summer of 2022.



## 5 EARLIER STUDIES

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A large study was conducted on the situation of immigrants from South America and Spain in USA and their wellbeing after the banking crisis hit in 2008. This study has been published in a book (Cachon & Aysa-Lastra, 2015). It states that at the beginning of the crisis there were around 214 million immigrants worldwide (Cachon & Aysa-Lastra, 2015, p. 1), referring to a report from the United Nations (UN, 2009) to the effect that 38 million of them lived in the USA and 6 in Spain. Latin Americans were 38% of immigrants in Spain, compared to 53% in the United States. The book also states that among the OECD members, Spain and the United States were the two countries where the number of immigrants increased the most in the years 2004-2008. The abstract of the book, points out that immigrants are particularly vulnerable during crises or recessions because they are relatively numerous in the secondary labor market. The authors say that jobs are often unstable in that market, poorly paid and with meagre benefits. Thus, immigrants are more prone to losing their jobs and ending up in poverty in economic depressions or periods of austerity.

It was a noteworthy statement in the book that the insecurity of locals seemed to increase during recessions even if they were better off than immigrants, and that local resentment could be directed against immigrants, as in the case of immigrants of South American origin. According to the book, they faced more discrimination and social isolation in the US and Spain after the banking crisis hit. It also states that discrimination against immigrants has been less pronounced in Spain than in the United States, and this is attributed to the fact that there are relatively more illegal immigrants of South American origin in the United States than in Spain, which can be reflected in lower wages among other things. This is in line with the conclusions of Lessem and Nakjima(2019) who also found evidence that illegal immigrants experienced a greater decline in wages than legal immigrants. They also said that the increased frequency of wage negotiations (such as illegal ones) leads to more wage flexibility and that migration (between countries) is sensitive to wage changes. Information on changes in consumption can be used as an indicator of worsening household finances. Such a study was conducted in Spain, where the consumption of immigrants decreased more than that of locals during the same crisis (Ballester, Velazco, & Rigall-I-Torrent, 2015).

When immigrant unemployment was classified by gender, it was found that unemployment was higher among men than among women in both countries (Cachon & Aysa-Lastra, 2015, p. 82). According to the authors of the book, this also applied to the local population, and this difference was attributed to an uneven gender dispersion within occupations or even industries, as exemplified by the male-dominated construction industry.

The unemployment rate of skilled immigrants of South American origin was higher than that of skilled locals in both the United States and Spain, but the difference was greater in the latter country (Cachon & Aysa-Lastra, 2015, pp. 101-102). However, in this respect, unskilled immigrants are hit harder in crises and recessions than skilled immigrants. This trend is consistent with the results of another study (Orrenius & Madeline, 2009).

The experience of immigrants of South American origin as regards how well they are accepted by the local people is that they are more satisfied in Spain than in the United States; this mainly relates to a common language, religion and historical and cultural origin (Cachon & Aysa-Lastra, 2015, pp. 142-143). However, it was noted that there was a difference: those classified as Native Americans or those with lower incomes did not feel as welcome. It was also stated that this did not change during a crisis in particular and that immigrants are generally more accepted the longer they stay in the country.

During the banking crisis, immigration from Latin America to the United States declined, and it appeared that migration from cities to less populated communities reduced immigrants' chances of returning to work (Calnan & Painter, 2017). The residence of immigrants in the vicinity of people of the same or similar origin seems to improve employment probability in times of crisis, but it could increase driving distance in relation to commuting (Zhu, Liu, & Painter, 2014).

Immigrants seem to be more entrepreneurial than locals, but their companies are the first to close during recessions (Irastorza & Peña-Legazkue, 2018). In a study by Petrelli et al. (2017), carried out on Italian data, it was found that the austerity after the banking collapse may have had a negative effect on the socio-economic status of the population, which, in turn, negatively affected their mental health. This particularly applied to immigrants according to the authors who cited Barbaglia et al. (2015) in this respect. However, Petrelli et al. found that there was no difference in the development of women's mental health by origin, contrary to what a Spanish study revealed (Gotsens et al., 2015). In Italy, however, immigrants seem to have generally enjoyed better health than in many other places, when they compared themselves with three other studies (Nielsen & Krasnik, 2010; Spallek, Zeeb, & Razum, 2011; Subedi & Rosenberg, 2014).

In Spain, women of foreign origin had suffered increased violence in the wake of the banking collapse crisis and been offered less support from public authorities or any third party (Briones-Vozmediano, Agudelo-Suarez, Goicolea, & Vives-Cases, 2014). When it came to the services of the health care system, these worsened following the crisis, especially in the case of immigrants (Porthé et al., 2017).

Immigrants in the Czech Republic chose not to move home after the 2008 banking crisis hit, despite a sharp deterioration in living standards (Marketa, 2012).

Recent research (Fromentin, Damette, & Zou, 2017) indicated that the growing number of foreign employees did not negatively affect the employment status of the local population. It did not appear to matter at which stage in the economic cycle they were employed. The conclusions suggested that the impact of the growing number of foreign employees on the employment status of locals was mild and positive at all stages of the economic cycle.

In Japan it appeared to help immigrants to survive the local period of unemployment if they had attended certain supportive courses (Takenoshita, 2017). The subject population in the research were immigrants from Brazil, Peru, China, South-Korea, the Philippines and Vietnam. It was noted, furthermore, that immigrants' connections with relatives or friends of a similar origin did not appear to reduce the likelihood of unemployment. On the other hand, unemployment became less likely if an immigrant man was married to a Japanese woman, but this was not the case if the immigrant was a woman married to a Japanese. The research revealed that organisational support would have helped unemployed immigrants.

There were signs of increased hostility towards immigrants during the banking crisis in countries where all the inhabitants experienced increased economic insecurity, but not elsewhere (Kuntz, Davidov, & Semyonov, 2017).

A new report was published by Nordregio on the position of immigrants on the Nordic employment market during the Covid 19 pandemic (Gassen & Penje, 2021). The report included familiar topics such as increased social and economic divergence based on origin, among populations during the crisis. Furthermore, that people of foreign origin (that is, born abroad) had lost their jobs to a greater extent than locals of the same class and station in life. This particularly applied to those born outside an EU country and with less education. The report also indicated that some industries had flourished during the crisis and employed immigrants in larger numbers. The report also pointed out that Denmark, Finland, Norway

and Sweden had been wrestling with challenges relating to immigrants on the labor market, stating that those problems were magnified after Covid-19 and that it was considered urgent to respond swiftly in order to prevent long-term unemployment among those involved.

There are also indications that immigrants have a higher risk of Covid-19 infection than native populations (Hjördís Rut Sigurjónsdóttir, Sigvardsson, & Oliveira e Costa, 2021).

A final dissertation, completed at Bifröst University immediately after the Icelandic banking collapse, dealt with the status of Philippine immigrants in these circumstances (Violeta Tolo, 2013). It was found that their economic situation worsened significantly due to unemployment and conditions on the property market. In addition, the weakening of the Icelandic króna was a considerable financial blow to them as this made it much harder to provide financial support to their families in the home country as they had been doing for some time.

Otherwise, there has been but little research into the situation of immigrants in Iceland in relation to crises or economic fluctuations in general.

## 5.1 SUMMARY

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From the above, it may be concluded that immigrants are a socially and financially exposed group in many parts of the world, especially in times of recession. Their financial performance deteriorates during periods of depression or austerity; they are more prone to lose their jobs than locals and it is harder for them to find new jobs. Thus, they are more likely to be left behind with regard to the acquisition of property. The situation of male immigrants appears to be worse than that of females and illegal immigrants face specific problems. Unskilled immigrants are also in a worse position than those who have learnt a trade. The possibility of getting a new job after having become unemployed can vary among immigrants; this may depend upon residence and social circumstances, as for example, whether they lived in cities or in outlying provinces and whether they have a local spouse. Official support such as special courses for the unemployed help them to find work again. The Covid pandemic has demonstrated that some forms of employment are flourishing and have been hiring people of foreign origin. Indications of this in Iceland can be found in statistics outlined above (Fig. 4.1 and Fig. 4.5). It was of special interest to note that deteriorating finances of immigrants in times of austerity have a negative effect on their relatives in the home country who depend on financial support from those who move between countries in search of employment.

The social situation of immigrants deteriorates during a recession, but internally to a varying extent. The social class and origin of immigrants may affect whether they experience themselves as welcome or not. Racial prejudice increases during times of austerity and recession if a general sense of insecurity becomes widespread in the community in question. It has been demonstrated, nevertheless, that a growing number of foreigners on the labor market does not reduce local employment opportunities, but to the contrary. Violence against women of foreign origin increased during the banking crisis; nevertheless, research from the Czech Republic demonstrated that, despite such developments, immigrants are reluctant to move back home during periods of hardship. This gives an indication as to how immigrants assess their potential and position in their original country, compared to future prospects in the country where they live. Furthermore, laws and regulations regarding entitlement to unemployment benefits where they live may have some influence in this regard, although this is by no means certain.

The following information was obtained from Jóngeir Hjörvar Hlinason in a telephone conversation on 3 February (2022): Generally, immigrants can transfer their right to unemployment benefits between countries when they lose their jobs, in which case, they receive benefits in the country they move to, in accordance with the law of that country. They also must have earned the right to unemployment benefits, which in Iceland takes less than a month. Then immigrants, or foreigners, who have received unemployment benefits for one month in Iceland can move to another country and take with them three months of Icelandic unemployment benefits. Sometimes a three-month extension can be applied for.

Those regulations may, in some cases, discourage foreigners to move away from Iceland if they become unemployed. This is by no means certain, however, and probably depends on how they estimate their chances of getting a job in the country concerned. In some countries (for example, Eastern Europe) it can be advantageous to receive unemployment benefits from Iceland for 3-6 months.

## 6 METHODS

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When analysing the status of immigrants on the labor market, six items were considered and classified as the key factors of the research:

1. Immigrants' satisfaction with their earned income or pay
2. Immigrants' satisfaction with their job security
3. Immigrants' satisfaction with their job opportunities
4. Immigrants' satisfaction with their potential to establish own business
5. Immigrants' income
6. Immigrants' happiness

In the analysis, two methods were used; that is, descriptive analysis and regression analysis. The descriptive analysis focuses on a graphic analysis of changes, deviations and divergences, sometimes supported by means of a simple statistical test, of the phenomenon under investigation on each occasion. This statistical test comprises a simple regression analysis for assessing whether there is a significant difference between the answers of immigrants and locals ( Fig. 8.11 – Fig. 8.20). Furthermore, (L.1) was used and the variable “immigrants” was the only explanatory variable.

Some models are explained in terms of regression analysis. Technical coverage of these can be found in my earlier research (Vifill Karlsson, 2020, p. 25) and will not be repeated here. Generally, however, the foundation of all the models can be set up in the following manner:

$$y_i^* = X_i' \beta + \varepsilon_i \quad (M.1)$$

By means of a certain adaptation process (Vifill Karlsson, 2020, p. 25), the model can be used to analyse ordinal numbers from the opinion survey data and is then referred to as an ordered response model. In one instance, a normal regression analysis is used. This is when income is analysed for, in this case, the number sequence does not consist of integers but of continuous variables.

The list above (1-6) determines the dependent variables of the models  $y_i^*$ . Those models were first run including all participants in 2020 where immigrants were specially identified by means of dummy variables. This yielded information as to whether there was a difference between immigrants and locals with regard to the item under inspection on each occasion (in the dependent variable). Then, those six items were analysed solely with respect to immigrants' data in order to reveal the nuances of the conclusions. Thus, we have here approximately twelve different models, comprising six dependent variables and consequently two models per each dependent variable.

The independent variables of the models can be divided into four categories:

1. *Background variables.* Those are intended to reveal individual differences which might affect the composition of pay, either on the basis of pure skills, or known factors which have led to pay differences such as for example gender.
2. *Types of employment.* Those variables are supposed to analyse different correlations which might exist based on type of employment, for example as regards pay. It is known, for example, that in Iceland the fishery brings in better pay than tourism. The reason might relate to the divergent performance of those industries or to different collective agreements. This, however, presents a challenge to the author because types of employment were differently categorised in the two surveys. Next, a decision was made to attempt to identify lines of work with a high percentage of

immigrants. This worked out rather well, although least successful in tourism, since in the earlier survey tourism was exclusively identified in terms of the operation of hotels and restaurants. This is not a serious problem as the number of immigrants in this survey was unusually small and it is reasonable to assume that most immigrants employed in tourism work in hotels and restaurants.

3. *Occupation* is the third group which, as do individual occupations, tends to draw lines of separation regarding pay-related developments and various other aspects of the labor market. As an example, a worker and a manager could be receiving very different amounts of pay within the same line of work. Thus, occupation was entered into all the models as a dependent variable.
4. *Locale*. Those variables are intended to cover impacts traced to local elements. According to theories of urban convenience, companies operating in urban environments can perform better than those in sparsely populated areas. The larger the population of the urban centre, the better the company will perform. The same theories indicate that this can also take the form of higher pay. Consequently locale-related variables are included.
5. *Education*. Earnings can, and usually do, differ in accordance with the employees' level of education. The data offered five separate education variables; a brief vocational course, a tradesman's certificate, matriculation examination, a BS university degree and an MS university degree or above.

A more detailed analysis of those categories is to be found in the chapter on data.

## 7 DATA

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The data originates from resident surveys from different regions of the country for the years 2016<sup>2</sup> and 2020. Three regions were missing from the 2016 survey: North-East Iceland, East Iceland and the area of the capital. Regional associations are active in every region. All regional associations were invited to take part, but only five out of eight accepted.

In 2020, all regions participated, even though the Association of Municipalities in the Capital Area did not accept the invitation to participate. In the capital area, a so-called snowball sampling was used when conducting the survey because of high cost, whereas surveys in all other regions are based on participation by random sampling. In 2016 and 2017, 225 immigrants participated, whereas in 2020 the number was just below 1300. Further information on data collection and several other aspects of the survey statistics may be accessed in reports compiled in relation to the surveys (Vifill Karlsson, 2018, 2021).

Participants in the survey who either responded that they did not have an Icelandic citizenship or chose to respond in English or Polish rather than Icelandic were classified as immigrants. Thus, 1,261 immigrants participated in the survey in 2020 and 1,486 in both surveys as 225 took part in the survey conducted in 2016 and 2017. Participation could be somewhat reduced, however, depending on how many questions each participant responded to, since the participants were free to omit questions, apart from the first one where they were asked to accept or reject participation. One could say that about 900 most often gave active responses in 2020.

In the research data immigrants are defined more narrowly than is commonly done in other surveys where you can, for example, find immigrants of first and second generation who are both Icelandic and foreign citizens or who chose to respond to the survey in Icelandic because it was only on offer in three languages. This may be gleaned, for instance, in the definition by Iceland Statistics, referred to above in the report. Here, the definition lies somewhere between being regarded as foreign citizens or immigrants.

In part of the analysis, immigrants' responses and perceptions are compared to those of Icelanders regarding the same issues. The total number of responses of both Icelanders and immigrants was 5,949 in 2016 and 10,253 in 2020.

### 7.1.1 GENERAL COMMENTS ON THE DATA

There was a total of six dependent variables; that is, income, happiness, variety of employment, job security, own business and pay. The "income" is based on the following question from the residents' survey: *What is your total income before tax per month? This applies to all earned income, pensions, study loans and unemployment benefits, but not to financial income, rental income or child benefit or other benefits.* In the former survey, this was an open question and participants could answer in detail if they so wished. In the latter survey, participants were invited to select income from a range of ISK 100,000, beginning with less than ISK 300,000 and ending with more than ISK 2,000,000. There were two reasons for using a range of ISK 100,000; that is, to simplify processing and improve the response rate to the question. It was thought that inviting participants to place their income within a range would enable them to answer more readily and they would be less sensitive when providing information in that particular form. The latter aim was not achieved since even fewer answered this question in the latter survey. A natural logarithm ( $Ln$ ) was

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<sup>2</sup> The survey of 2016 took two years to complete, 2016 and 2017.

calculated from the values of the variable in order to correct a bias which may appear in measurements of this kind.

**Table 7.1: Descriptive statistics of dependent variables in 2020.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Income, Ln	5,461	14.01	0.47	499	13.75	0.42
Happiness, Ln	6,952	2.04	0.27	554	1.86	0.41
Job variety	8,009	3.10	1.08	608	3.02	1.07
Job security	7,887	3.43	0.97	601	3.16	1.00
Own business	7,496	3.28	0.95	504	3.04	1.01
Pay	7,755	3.06	0.94	499	13.75	0.42

The variable “happiness” is based on answers to the question: *How happy are you today on the scale of 1 to 10 when considering all aspects of your life (completely unhappy is 1 and could not be happier is 10)?* Here the values of the variable were recalculated using a natural logarithm for the same reason as above.

The variables “job variety, job security, own business and pay” were based on the question: What is your opinion of the status of the following categories/issues in your municipality? Please check as appropriate. This was accompanied by a list of 40 categories, generally known as residential circumstances or quality of life and participants were able to grade them as “very good”, “neither nor”, “rather bad” and “very bad”. For processing purposes, the answer “very bad” was allocated the number 1, “rather bad” corresponded to 2 and so on, with “very good” receiving the numerical value of 5. Job variety, job security, own business and pay were among those 40 categories. We could say that here we discover how pleased participants were with job variety, job security, own business and pay. The variables “income” and “pay”, however, although related, differ in the sense that the former indicates real income, whereas the latter measures how pleased people are with their remuneration for paid employment. The variable “income” is also more comprehensive since it includes pensions, student loans and unemployment benefits in addition to take-home pay.

**Table 7.2: Descriptive statistics of dependent variables in 2020.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Age	9,123	49.52	15.12	945	39.26	10.92
Lives alone	9,594	0.12	0.33	960	0.18	0.38
Lives alone/children	9,594	0.05	0.21	960	0.04	0.21
Gender	9,536	0.46	0.50	951	0.37	0.48
Job experience	6,554	12.42	11.83	559	5.42	5.80
Job percentage	6,482	0.95	0.24	546	0.95	0.21
Income	6,439	587,304	314,696	538	460,037	219,894
Loyalty	6,253	1.37	2.56	547	1.10	1.65
Immigrants	9,524	0.11	0.31	1,046	1.00	0.00

Next, the background variables are processed on the basis of questions regarding age, gender and other items which characterise people on the labor market (Table 7.2). These are explained and defined below to help readers gain a better understanding of the conclusions.

- Age was counted in years and thus an integer variable. The question was „Which year were you born?“. The participants were aged 18 or above.



- Unemployed was a dummy variable which had the value one if checked by a respondent, but otherwise nil. The question was *“What is your status on the employment market? Please choose the answer which best describes your circumstances.”* Here participants could choose between: employee, employer, pensioner, student, unemployed, disabled, and contractor. This variable could not be used in the model since a job percentage was needed and this was generally 0 in the case of those groups. Thus, they were omitted in the analysis, since the research focuses on persons on the employment market.
- Live alone was a dummy variable which assumed the value “one” if a respondent checked “live alone”, but otherwise “nil”.
- Live alone with children was a dummy variable which assumed the value “one” if a respondent checked “live alone with a child/children, but otherwise “nil”.
- Gender was a dummy variable which assumed the value “one” if the response was “male”, “nil” if the response was “female”, otherwise nothing.
- Job percentage was an integer variable which could assume the values 1% to 200% (the final value was actually phrased “more than 200%”). The question was: *“What is your job percentage? Those who are not in a full position are asked to estimate their job percentage (can be a rough estimate). For example, a respondent in half a position chooses 50% and those who have a position and a half indicate 150%; that is, one and a half full time position.”*
- Job experience was a integer variable which could have the values of 0.5 to 75 at intervals of half an integer. The question was: *“How long have you been in your current job (years)? Choose the nearest approximation in number of years. An estimate is permitted.”*
- Income was defined as a dependent variable. In some models, income was an independent variable and therefore included here.
- Loyalty was to reflect the length of time people remained in the same job and was a calculated dimension determined by dividing job experience by length of employment. Length of employment was a species of integer variable which could assume the values 0.5 to 75 at intervals of half an integer. The question was: *“How long have you worked for your current employer (years)? Choose the nearest approximation in years. An estimate is permitted.”*
- The variable “immigrants” assumed the value 1 if the respondent was an immigrant and 0 in case of an Icelander. It has already been explained how immigrants were defined in further detail in the data (cf., paragraph 2, Chapter 7).
- Disabled was a dummy variable which assumed the value “one” if a respondent checked “disabled”, otherwise “nil”. The Question was: *“What is your position on the labor market? Please describe your circumstances as clearly as you can.”* It was not possible to use this variable in the model, since a job percentage must be indicated and this was generally 0 in case of those groups. Consequently, they were left out of the analysis since the research focuses on persons on the labor market.

**Table 7.3: Descriptive statistics of variables relating to types of employment with respect to industries in 2020.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Construction	6,622	0.05	0.21	561	0.09	0.28
Tourism	6,622	0.09	0.28	561	0.20	0.40
Agriculture	6,622	0.06	0.23	561	0.03	0.18
Specialisation	6,622	0.06	0.24	561	0.08	0.27
Fishery	6,622	0.08	0.27	561	0.09	0.29
IT	6,622	0.02	0.12	561	0.02	0.15

The variables for types of employment (Table 7.3) are all based on respondents' answers to the following question: *"In what kind of employment is your main job? Please give the answer which best describes your situation."* Here, participants could choose between several industries. Unfortunately, the categorisation of types of employment differed between surveys, but in the latter survey it was as follows:

- Agriculture and forestry
- Aquaculture
- Fishing industry, fishing and fish processing
- Industry
- Tourism, accommodation, restaurants, tourist offices, tourism transport, guiding, tourism rentals, airports and tourist information centres
- Culture, art, creativity and innovation
- Water and energy utilities, sewage etc.
- Public service, official administration, health service and education under the auspices of the state and municipalities
- Construction, infrastructure and mines
- Information and telecommunications
- Asset management, finance and insurance, real estate and rentals
- Specialized, scientific and technical professions

A number of occupations which could be regarded as most common among immigrants were singled out as dummy variables in this research. It was helpful that they were easily identified in both surveys, despite divergent classification between them. Those dummy variables received the value of 1 if a respondent checked a specific occupation, otherwise it was given the value 0. Shortened names of employment types should be easily understood, apart from specialization which refers to specific work of a scientific and technical character.

**Table 7.4: Descriptive statistics relating to occupation variables in 2020.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Tradesmen	6,534	0.10	0.30	555	0.05	0.22
Specialists	6,534	0.26	0.44	555	0.21	0.41
Clerical staff	6,534	0.08	0.27	555	0.06	0.24
Managers	6,534	0.20	0.40	555	0.06	0.23
Technicians	6,534	0.02	0.14	555	0.05	0.23
Laborers	6,534	0.10	0.30	555	0.26	0.44
Service staff	6,534	0.12	0.33	555	0.22	0.41

Variables relating to types of occupation (Table 7.4) were based on participants' answers to the following question: *"which profession or occupation does your main job belong to? Please give the answer which best describes your situation."* Participants had the following choices:

- Managers
- Specialists (usually university educated specialists in a variety of fields or areas of expertise)
- Technicians (usually involved in specialized work relating to technical and research activities)
- Clerical staff
- Service and sales staff, shop attendants

- Tradesmen
- Laborers
- Other, what?

Those were all dummy variables which were allocated the value 1 if a respondent checked the type of employment in question, otherwise 0. All abridged occupation terms should be easily understood.

**Table 7.5: Descriptive statistics relating to time and space variables in 2020.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Akureyri	9,334	0.07	0.26	866	0.03	0.16
Rural districts	9,592	0.16	0.37	963	0.14	0.35
The capital area	9,334	0.12	0.33	866	0.52	0.50
Ár1617	10,033	0.00	0.00	1,046	0.00	0.00

Variables were created indicating a certain location, residential circumstances or time connections (Table 7.5). The variable “Ár1617” is a dummy variable and assumes the value 1 if the data is from the earlier survey, otherwise 0. This variable is supposed to take note of changes between surveys, for example with regard to pay. Then there are dummy variables covering those who live in Akureyri or in the capital area, assuming the value 1 if the person in question lives in either of those two areas, otherwise 0. A rural dummy variable covers those who either live in urban or rural districts with the value 1 for those who live in rural districts.

**Table 7.6: Descriptive statistics relating to education variables.**

Variables	All participants			Immigrants		
	Number	Average	Standard deviation	Number	Average	Standard deviation
Short practical course	10,033	0.15	0.36	1,046	0.08	0.28
Tradesman’s licence	10,033	0.16	0.36	1,046	0.06	0.23
Matriculation exam	10,033	0.09	0.29	1,046	0.17	0.38
BS	10,033	0.19	0.39	1,046	0.13	0.33
MS or over	10,033	0.13	0.34	1,046	0.14	0.34

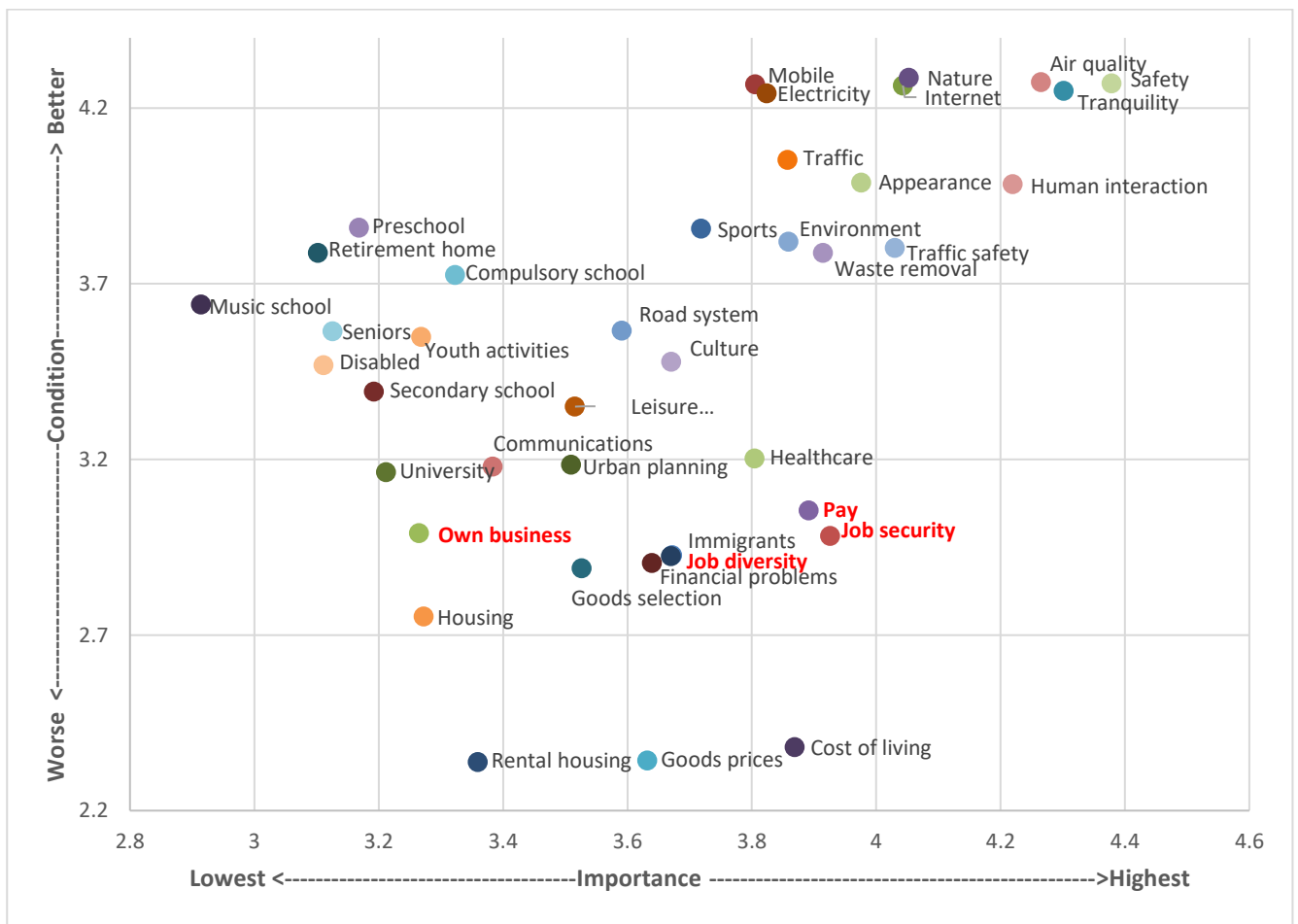
Finally, variables were created with regard to participants’ education, based on the question: “*What is your education? Check all examinations you have completed.*” Participants were invited to check: 1) compulsory school or general education examination, 2) examination from short paths of study in secondary school and shorter vocational courses, 3) a tradesman’s certificate, 4) matriculation examination, 5) university education (first degree), 6) further university education (master’s degree, doctorate or comparable). Dummy variables were prepared for the education of each participant and the educational level concerned received the value 1 if it was the participant’s longest study period (in years), otherwise 0.

# 8 CONCLUSIONS

## 8.1 DESCRIPTIVE ANALYSIS

### 8.1.1 LABOR MARKET AND OTHER RESIDENTIAL CIRCUMSTANCES

In the survey on which this research is based, the participants were asked to assess 40 categories which have been referred to as residential circumstances or quality of life factors (QoL-factors). This was done in two ways. On the one hand, participants were asked to assess the status or the condition of their QoL-factors and, on the other, the level of importance as has been outlined in the chapter on methods. The chapter contains four categories in direct connection with the labor market: Pay, potential for own business (abridged to own business), job security and job diversity. In the survey, respondents were also asked to assess the importance they attached to the same 40 categories by answering the following question: “Which of the following categories/issues do you find of high or low importance regarding your continued residence in the municipality?” Respondents then had the choices of very important, rather important, neither/nor, of rather low importance, of very low importance or decline to answer. Immigrants’ responses to both questions were then summed up in graphic format (Fig. 8.1)



**Fig. 8.1: Status and importance of residential circumstances as assessed by immigrants in 2020.**

Figures from the Regional Residential Survey in 2020.

The chart shows that the four categories relating to the employment market (**Text in red**) are not among the most important issues regarding continued residence in the municipality where they were located when responding to the survey. Of greater value were the categories general safety, tranquility, air quality, good community, nature, internet connections and secure traffic conditions. This might indicate that immigrants' basic living standard is fairly secure in Iceland even though they are unemployed. Judging from the chart, pay and job security appear to be more important than job diversity, especially the potential for establishing own business. When focusing on how immigrants assess the status of categories relating to the labor market, it becomes clear that job diversity obtained the lowest grade, although the other three issues were very similarly graded (Fig. 8.1). Only prices of goods, living expenses, rental accommodation and accommodation for sale were graded below other status categories. Improvements in those areas would, therefore, be welcomed by immigrants. Living expenses are of course both linked to income and the situation on the labor market, but here it is also relevant to consider the immigrants' comparison with their home country when they move abroad. In this regard, prices are high in Iceland, *inter alia*, because remuneration is high. In this regard, as in general, it is important to ensure fair and equal pay for immigrants on the labor market. There is also the possibility of living expenses and even the pricing of goods being linked to their family responsibilities in the homeland, commitments which are harder to fulfil when the Icelandic króna is devalued as brought out in a study of immigrants' circumstances during the period of austerity after the banking collapse (Violeta Tolo, 2013). From 2017 until 2020 the Icelandic króna had weakened by 25-30% according to figures from the Icelandic Central Bank, using a narrow trading range<sup>3</sup>. This is comparable to the changed value of the Icelandic króna weighed against the Polish zloty at the same time. Poles are the most numerous immigrants in Iceland. Their earnings and purchasing power have not weakened in Iceland, but improved and increased as indicated by the latest collective agreements, but it becomes harder for immigrants than for locals (Fig. 8.2) to make ends meet if they are sending money to their families in the homeland after the króna has fallen in value by 25-30%

The property market was difficult, according to immigrant respondents, especially the rental market (Fig. 8.1). The rental market is most likely to be of greater importance to first generation immigrants as people usually begin by renting when they try their luck in a new location and they need time to find their bearings in the community,

The categories relating to the labor market are close to the lower right corner of the graph where one finds issues which are both in the worst condition and also of greatest importance the participants' continued residence (Fig. 8.1). This is the worst location of any category as regards the participants in this analysis chart. The categories of living expenses, commodity prices, job security and remuneration are closest to this particular corner.

#### **8.1.1.1 Immigrants and locals**

A comparison between immigrants and Icelanders revealed some noteworthy aspects (Fig. 8.2), two of which are of particular interest.

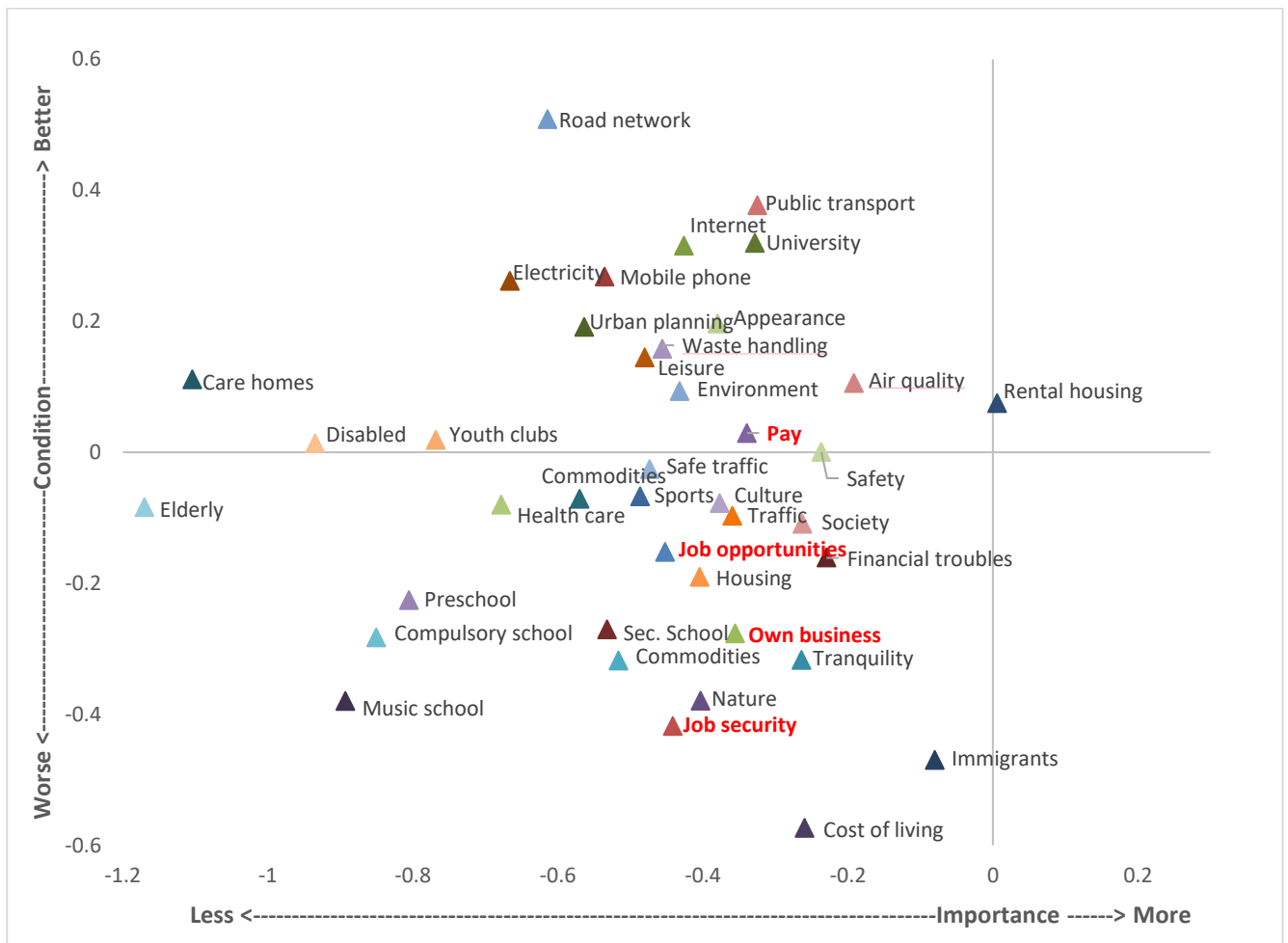
Firstly, the status of the four labor market categories was worse according to immigrants than to Icelanders, with the exception of remuneration. This particularly applied to job security which is close to having the worst status according to the immigrants. The difference between locals and immigrants

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<sup>3</sup> A trade-weighted currency basket is a mixture of various foreign currencies. The average value (weighted average) of those currencies in relation to the Icelandic króna (for further information cf. the homepage of the Icelandic Central Bank).

regarding the potential for own business was the second most negative aspect from the immigrants' point of view. The second smallest difference between the two groups concerned job diversity.

Secondly, the same applied to the status of all study levels in the education system, with the exception of universities. The questions related to preschool, compulsory school, music school and university. Possibly the language barrier is part of the explanation. Limited knowledge of Icelandic is likely to place immigrants at a disadvantage on the labor market as well as their children in school. Even though the children have a reasonable command of Icelandic they enjoy less support at home if their parents do not know the language. This, however, needs to be looked at in more detail as the statement above is more of an attempted explanation or hypothesis.



**Fig. 8.2: Comparison of immigrants and locals in 2020.**  
 Figures from the Regional Residential Survey in 2020.

Immigrants are considerably happier with aspects which could be classified as fundamental infrastructure such as (Internet and mobile phones), electrical distribution system and roadworks. Although those aspects are closely associated with their homes, they also have an important function in industry and the labor market. Nevertheless, the conclusions regarding communications systems were contradictory since immigrants were less happy with the traffic (that is, unhindered private car traffic) than Icelanders. This is not because there is generally a greater distance between immigrants' homes and workplaces compared to locals (Fig. 8.10) as one might guess since those with lower incomes tend to buy cheaper accommodation, and in urban centres, often in outlying areas. This divergence, therefore, is not easily explained. It is possible, however, that immigrants are more used to public transport than locals are, and this form of

transport is significantly inferior in Iceland, for example with regard to frequency of travel, than in large cities abroad.

Please note that immigrants regard almost all aspects less important with regard to their residence than Icelanders do. The reason for this may be that some of the immigrants come to test Iceland as a place of residence, or any other country they visit in search of employment. To some this is a temporary adventure which particularly applies to those who come to work in tourism which has provided employment to the largest numbers of immigrants. Often, these are young people who have taken time off from their studies to see the world.

When respondents were asked whether they thought it likely that they would move away during the next two years, immigrants were found to be much more inclined to respond positively to this than locals. Immigrants were also found to be generally younger than local participants and it is well-known in theories of changed residence that younger people are more moveable than those who are older.

### 8.1.1.2 Immigrants in outlying districts and in the area of the capital

A comparison, similar to that in Chapter 8.1.1.1, was conducted regarding immigrants in outlying districts and in the area of the capital. Each group numbered about 400-500 individuals, but this varied to some extent, depending on which aspect was under investigation on each occasion, since people were neither obliged to respond to the survey as a whole nor individual questions thereof.

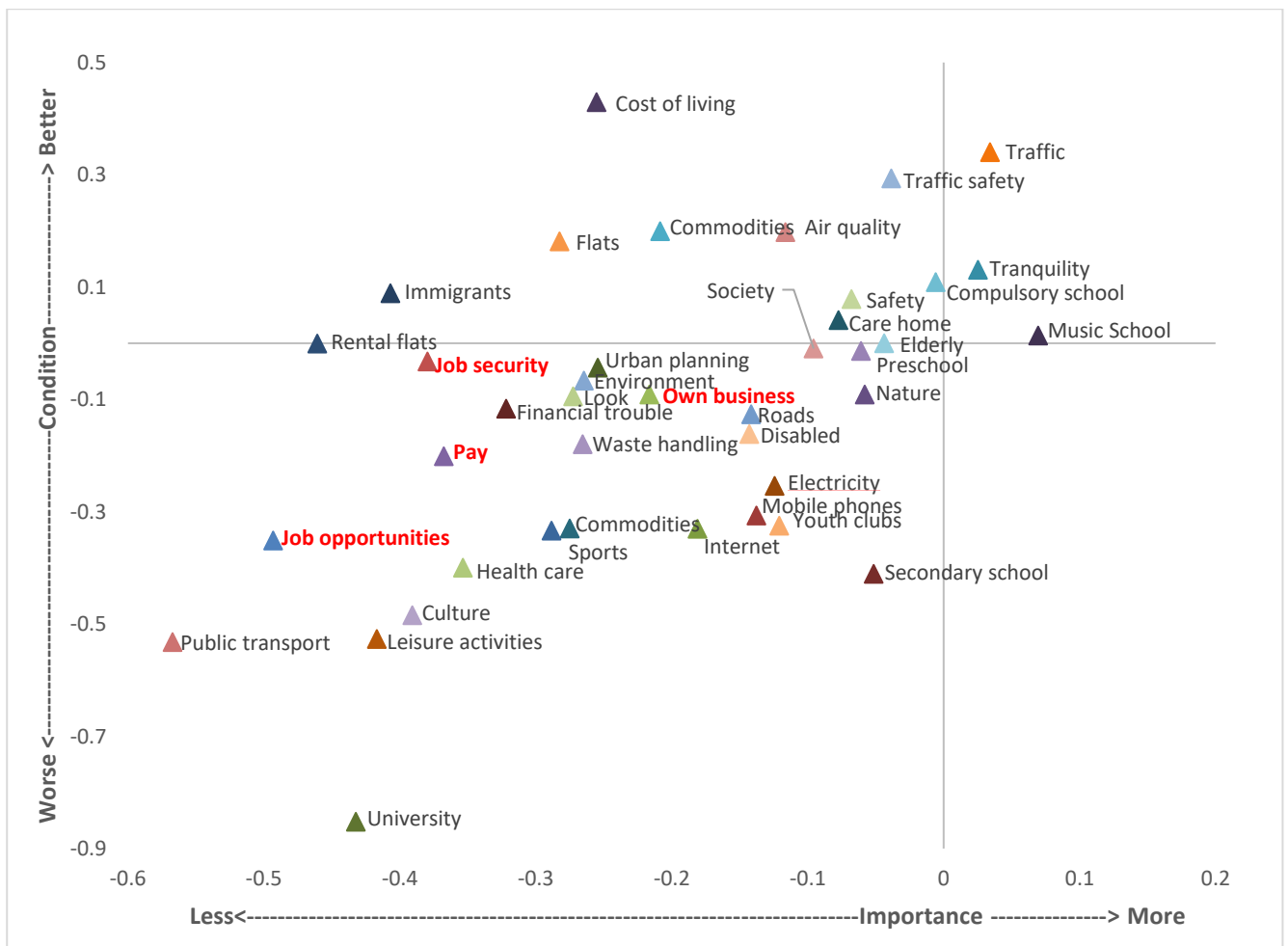


Fig. 8.3: Comparing immigrants in outlying districts and the area of the capital 2020.

Figures from the Regional Residential Survey in 2020.

If we first look at the vertical axis which relates to the condition of residential circumstances, we find that there were more negative categories in the outlying districts than in the capital area, as assessed by immigrants who regarded 24 residential circumstances better in the area of the capital than in outlying districts, four were considered as equal and 12 as inferior. The categories immigrants considered better in the provinces than in the capital area were, for example, those relating to cost of living, traffic and the property market (especially apartments for sale). The aspects deemed inferior mostly related to university study, leisure activities and various services such as, for example, public transport, health service and the general diversity of services (for example choice of commodities).

When focusing on categories directly related to the labor market, job opportunities in the provinces were considered significantly inferior to those of the area of the capital, as one might expect. Satisfaction with pay is also rather less than in the capital area, but since remuneration is generally higher in cities than in smaller communities, those conclusions are only to be expected. When we come to the potential for establishing own business and for job security there is only a small difference between outlying districts and the capital area. It is worth noting that immigrants in outlying districts thought all categories relating to the labor market less important with a view to continued residence than did immigrants in the capital area. This may be linked to tourism which carries comparatively more weight in the provinces than in the capital area. It may also be argued that a comparatively larger number of immigrants working in tourism are individuals who have not been interested in long-term residence in Iceland, as mentioned before.

### 8.1.1.3 Immigrants in West Iceland and in the capital area

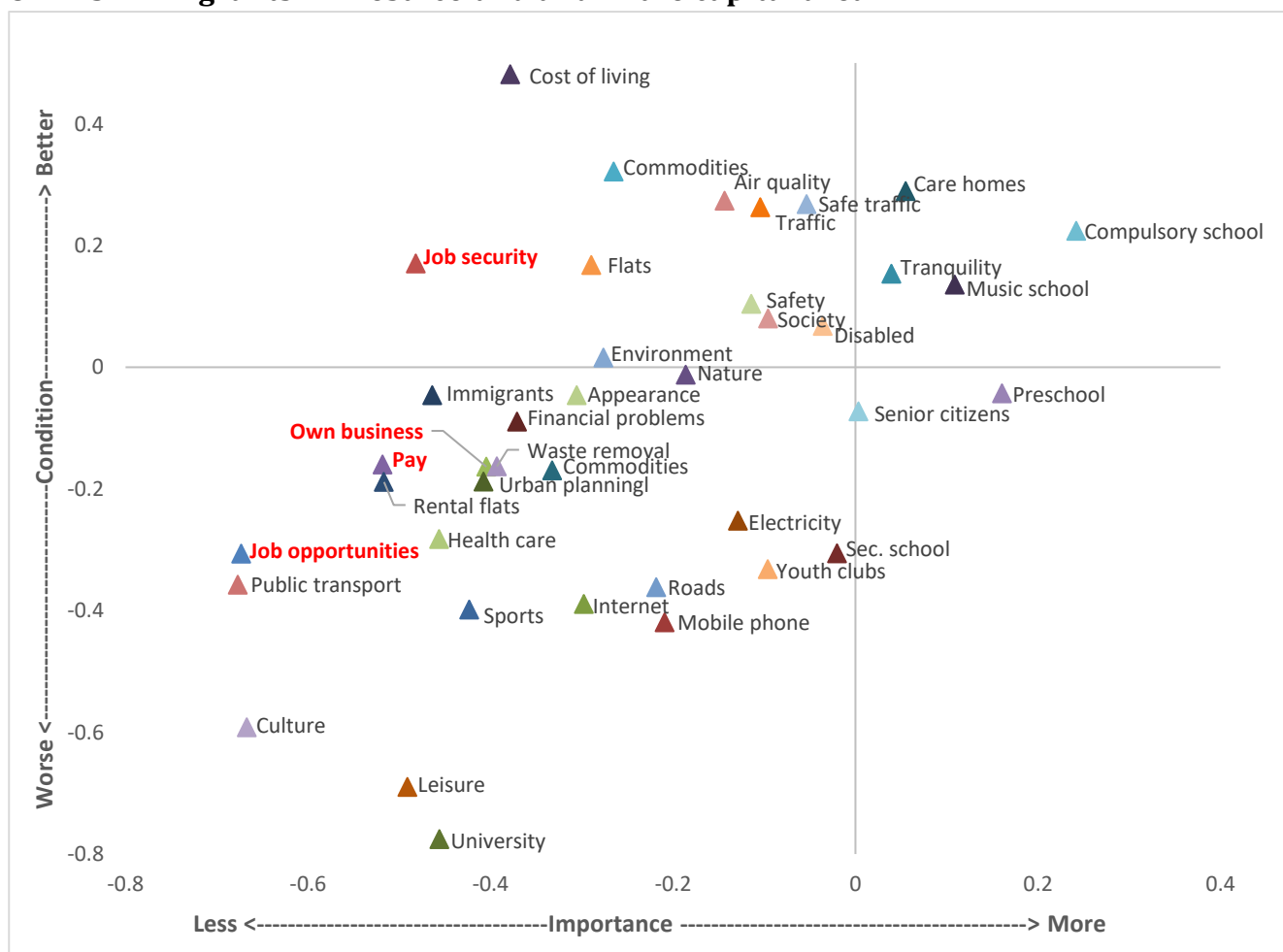


Fig. 8.4: Comparing immigrants in West Iceland and in the area of the capital in 2020. Figures from the Regional Residential Survey in 2020.



A similar analysis chart was drawn up between West Iceland and the area of the capital (Fig. 8.4) as in the case of outlying districts and the capital area (Fig. 8.3). The result was similar, although West Iceland came out slightly better than the provinces as a whole in this comparison. Respondents considered 16 categories better in West Iceland than in the capital area. Furthermore, five categories were felt to be more important to immigrants in West Iceland, and in this comparison the compulsory school carried the greatest weight. Thus, the circumstances of immigrants in West Iceland appear better than in the outlying districts in general.

It was noteworthy that immigrants' job security was considered better in West Iceland than in the capital area, whereas the other categories relating to the labor market (establishing own business, pay and job opportunities) were thought to be of lower value, with job opportunities at the bottom. Nevertheless, job opportunities fared better in this comparison of outlying districts and the capital area, but came off worse with regard to establishing own company.

It should be pointed out that only about 100 immigrants in West Iceland participated in the survey, so this comparison should not be regarded as particularly reliable and its conclusions should be interpreted with caution.

#### **8.1.1.4 Immigrants 2016/2017 and 2020**

Immigrants' responses were compared to those they gave in the earlier survey (Fig. 8.5). The comparison indicates that job security, potential for establishing own business and job opportunities have declined between surveys. The same applies to compulsory school and music school as well as services to immigrants, commodity prices and cost of living, highlighting the most significant items. Many of those changes might be associated with unusual circumstances due to the Covid-crisis, such as commodity prices and cost of living, since those items become more of a burden during periods of unemployment, while other categories depend on the nature of participants' localities such as tranquility. In the 2020 survey, the majority of immigrants who participated resided in the capital area which was not included in the earlier survey. Those who lived in the area of the capital were significantly less happy with their degree of tranquility than participants in outlying districts. Available services to immigrants and people in financial difficulties could also relate to increased unemployment in the same way as commodity prices and cost of living.

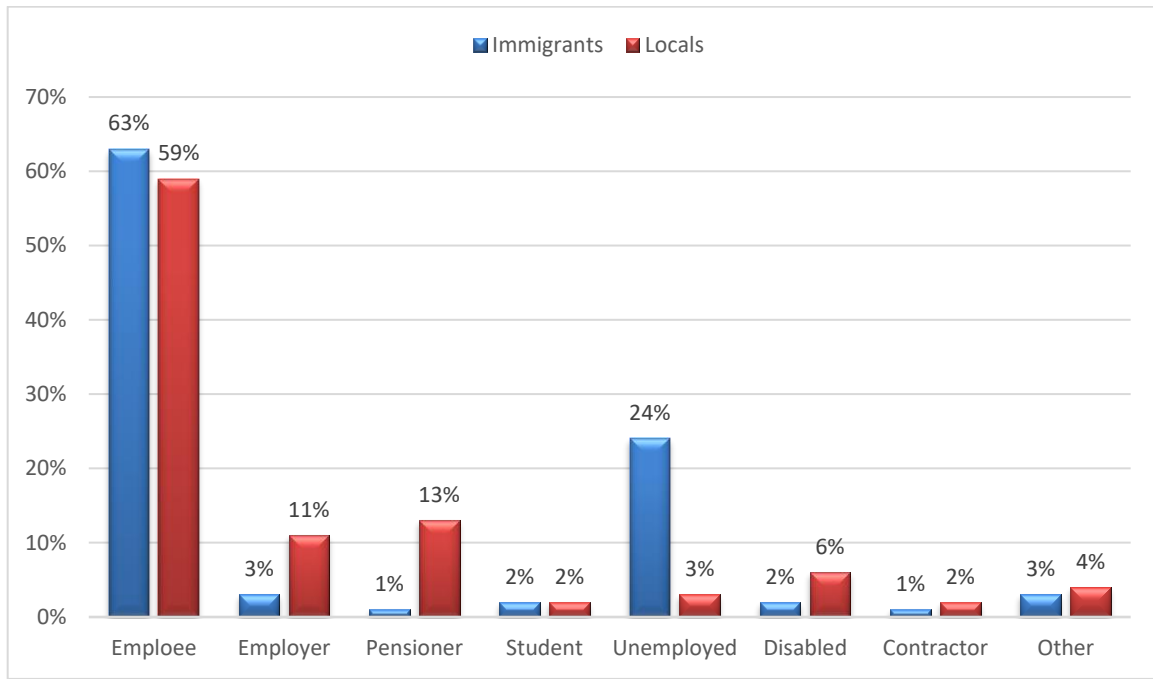
It is clear, nevertheless, that job security has dropped most on the condition scale although its significance has changed but little between surveys. Potential for establishing own business landed in third place, behind cost of living on the status scale. Job opportunities occupied fifth place, just behind services to immigrants. It will be noted that those five categories are, directly or indirectly, connected with immigrants' circumstances on the labor market. It is, however, up to a point, positive to note that satisfaction with remuneration does not change between surveys, although pay is known to have risen significantly (as well as its purchasing power) between surveys, and that there is at least no difference between locals and immigrants in this regard (Fig. 8.2).

Nevertheless, it is worth noting that all the following categories: job security, potential for establishing own business, and job opportunities lost some of their significance between surveys. This could relate to those parts of the country which participated in the latter survey, but not in the former, or the fact that the methodology of the latter survey made it easier to reach participants who had recently moved to Iceland, rather than those who have become established here. Thus, participants in the latter survey are likely to be younger and belong to a highly mobile section of the labor force. Therefore, most of the circumstances

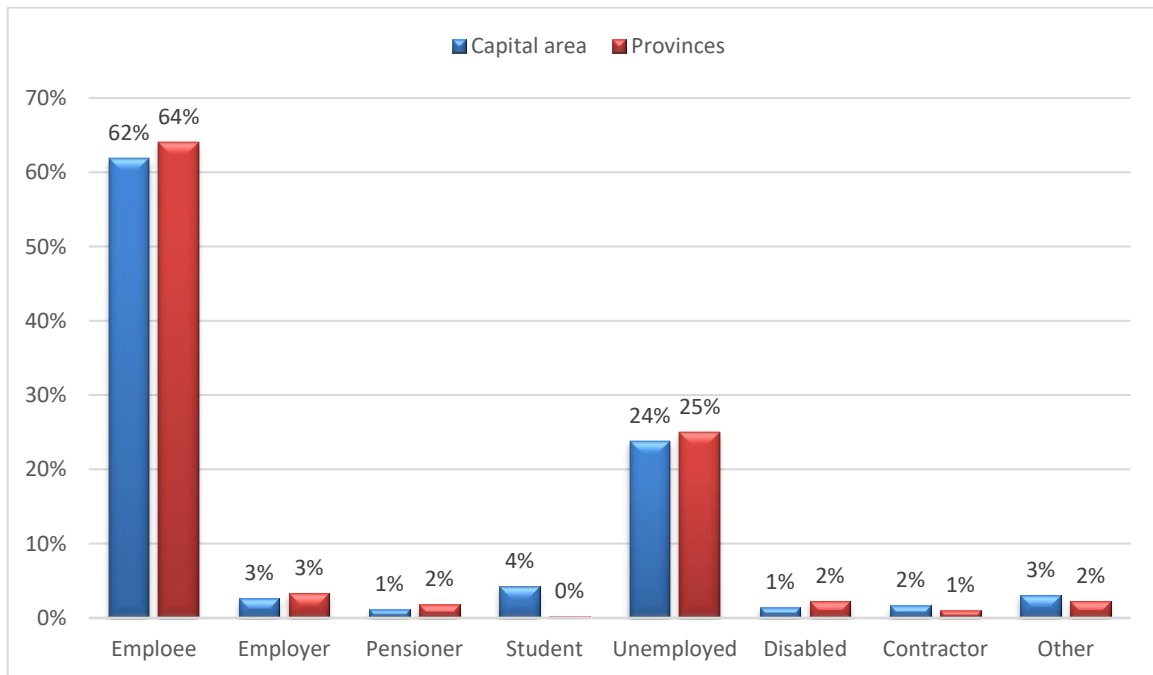


### 8.1.2 SITUATION ON THE LABOR MARKET

According to figures from the Regional Residential Survey in 2020, 72% of the local population and 67% of immigrants were active on the labor market; that is, either employees, employers or contractors (Fig. 8.6), while 24% of immigrants were unemployed.



**Fig. 8.6: The situation of all participants in the labor market in 2020 according to origin.**  
Figures from the Regional Residential Survey in 2020.

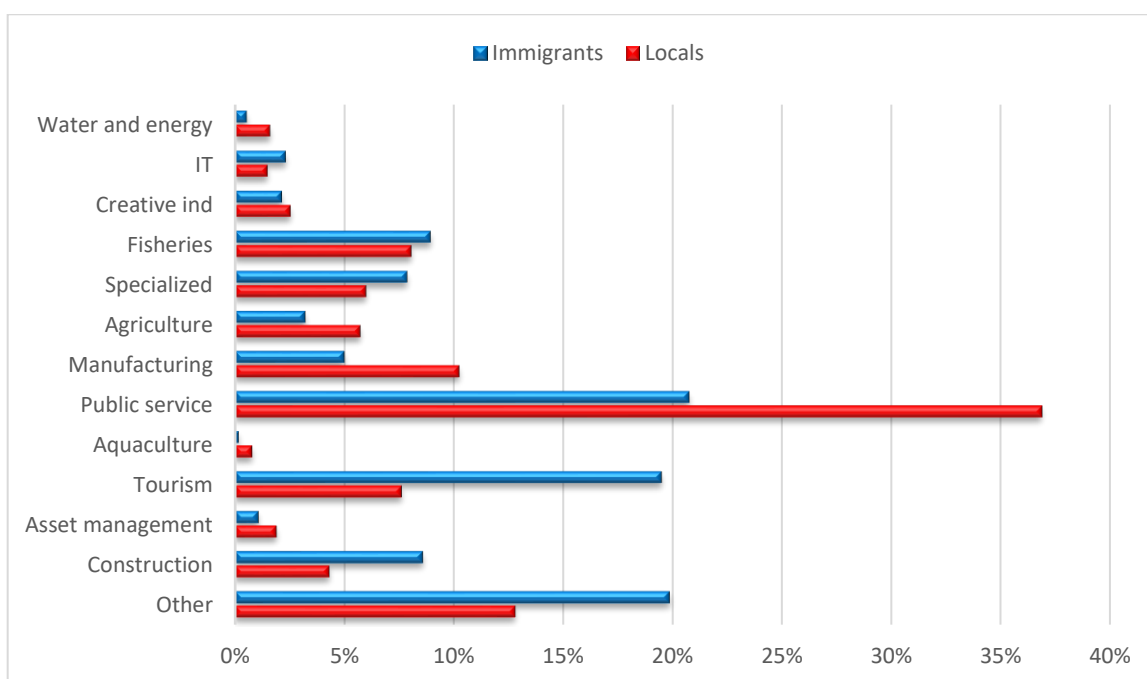


**Fig. 8.7: The situation of immigrants on the labor market in 2020 according to residence.**  
Figures from the Regional Residential Survey in 2020.

The difference between immigrants, based on residence, was merely trivial (Fig. 8.7). The proportion of immigrants on the labor market was 69%, in outlying areas, and 68% in the area of the capital. The greatest difference according to residence applied to those who were engaged in study; 0.25% of immigrants in outlying areas were studying, whereas the corresponding proportion in the capital area was 4.29%.

### 8.1.3 INDUSTRIES

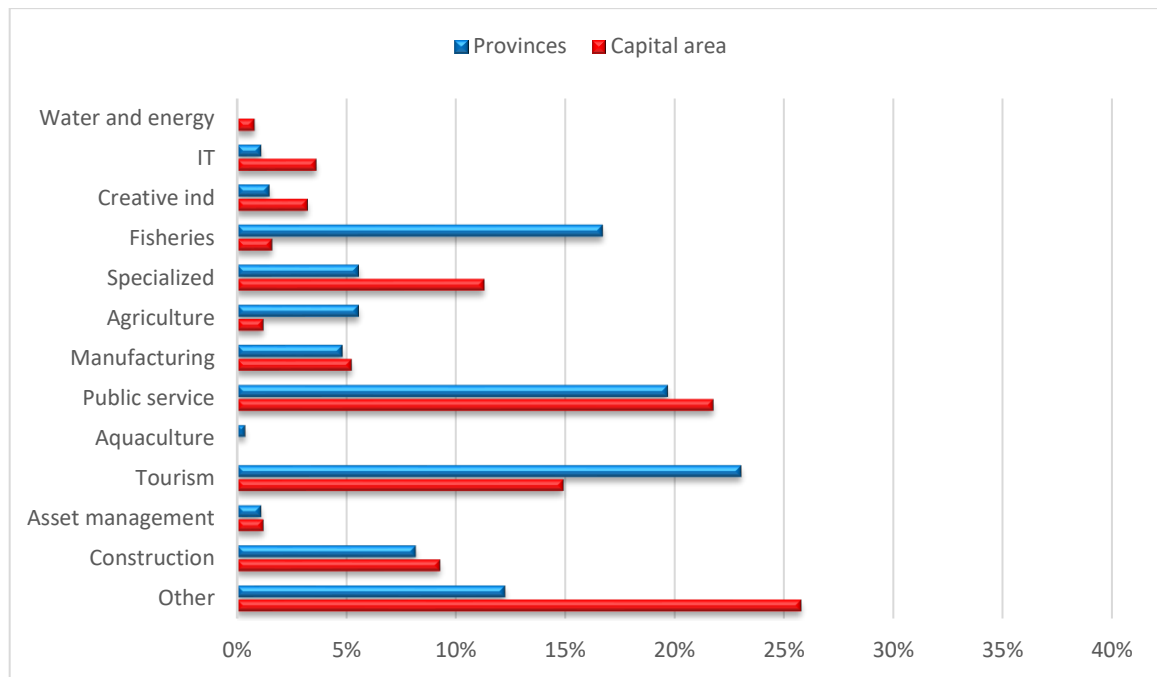
The division of employment into different types of industries among participants in the residential survey was investigated separately (as defined in Paragraph 2, Chapter 7). It was found that a large majority were engaged in areas of work which figures from Iceland Statistics indicated as immigrants' main types of employment classified by industries (Fig. 4.4); the public sector, tourism and manufacture (since fisheries and construction are also here partly manufacturing as well), including various different lines of work such as, for example, fisheries, and construction.



**Fig. 8.8: Participants' employment by industries in 2020 according to origin.**

Figures from the Regional Residential Survey in 2020.

When those figures are broken down, they reveal that a comparatively higher number of immigrants in the outlying districts work in the fishing industry and tourism than immigrants in the capital area, as was to be expected. Then, proportionally more immigrants in the area of the capital are working in the public sector, in construction and in creative industries, information and telecommunications (IT) as well as in specialized, scientific and technical subjects (abridged expertise). This was also to be expected. It could be said, therefore, that immigrants' division of work is in accordance with the local information obtained and the insight people have into the Icelandic labor market.



**Fig 8.9: Participants' employment by industries in 2020 according to residence.**  
 Figures from the Regional Residential Survey in 2020.

#### 8.1.4 MOBILITY OF LABOR

Indications of mobility of labor are to be found in the distance between home and workplace. A question on this topic was included in the Regional Residential Survey in 2020 which revealed that immigrants are less mobile than Icelanders<sup>4</sup> (Fig 8.10 all lines of work). Here the fishing industry presents the largest divergence, probably because Icelanders in the fisheries dominate in the fisheries (at sea) whereas immigrants are most abundant in the fishing industry (onshore processing). It is a well-known phenomenon in the fishing industry that seamen live far away from their workplace, even at a great distance from a vessel's home port. But among those who work in the fish processing industry the situation is very different. The public sector is the only exception from this rule among immigrants' most important types of employment, since in this capacity Icelanders are less mobile than immigrants. The value applicable to the fishing industry in the capital area was cancelled because it had such a small representation.

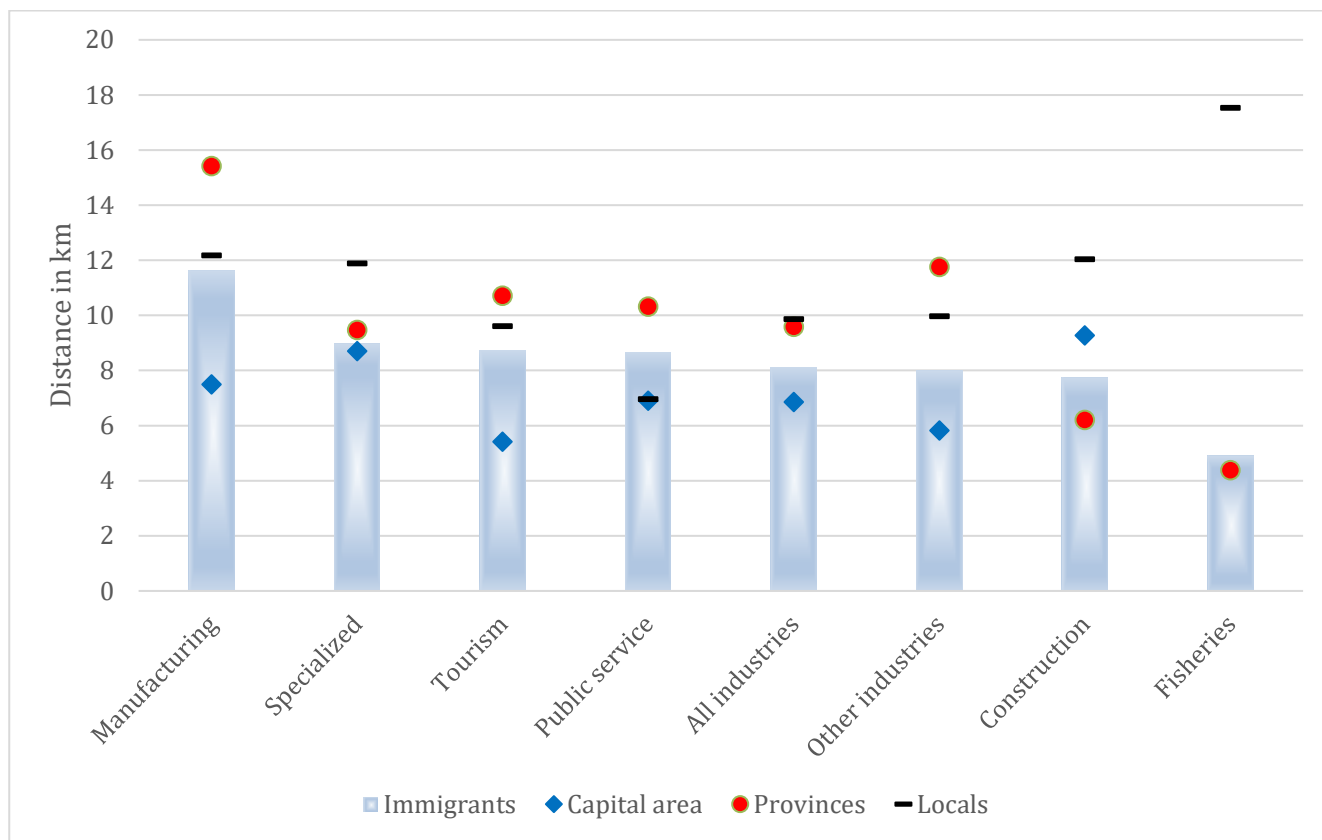
All analysis of conclusions based on lines of work in this chapter is based on only few observations and the reader is warned against generalisations on this basis. Nevertheless, it was thought right and proper to include this information to give readers an idea of fluctuations from one line of work to another and perhaps to establish whether this conforms to the perspective of, for example, researchers who are engaged in labor market development in various parts of the country as well as of others who have focused on the Icelandic labor market.

The figures also suggest that immigrants in the provinces are generally more mobile than those in the capital area<sup>5</sup>. This has its natural explanations since the provincial labor market is shallower than in the

<sup>4</sup> This satisfied a 10% significance requirement (t-value 1,81) using a simple regression model.

<sup>5</sup> The capital area and outlying districts only indicate averages of immigrants in residence. As mentioned before, „locals“ refers to all participants of Icelandic origin.

capital area and probably the same also applies to Icelanders. In a situation where the labor market is shallow, finding a suitable job can often involve moving a long distance. An effort in this direction is strengthened by education and immigrants are generally better educated than locals (Fig. 8.13).



**Fig 8.10: Distance between home and workplace 2020.**

Figures from the Regional Residential Survey in 2020. A simple regression analysis model. Test between immigrants and locals; t-value -1.81 and 6,491 observations, thereof 564 immigrants. Between immigrants in outlying districts and the capital area; t-value -2.02 and 522 observations, thereof 247 from the capital area.

The difference between immigrants in outlying districts and the area of the capital is particularly conspicuous in trade industries, tourism and other lines of work. This is understandable, up to a point, since workstations may differ both among tradesmen and people employed in tourism and this difference tends to increase as the communities become more sparsely populated.

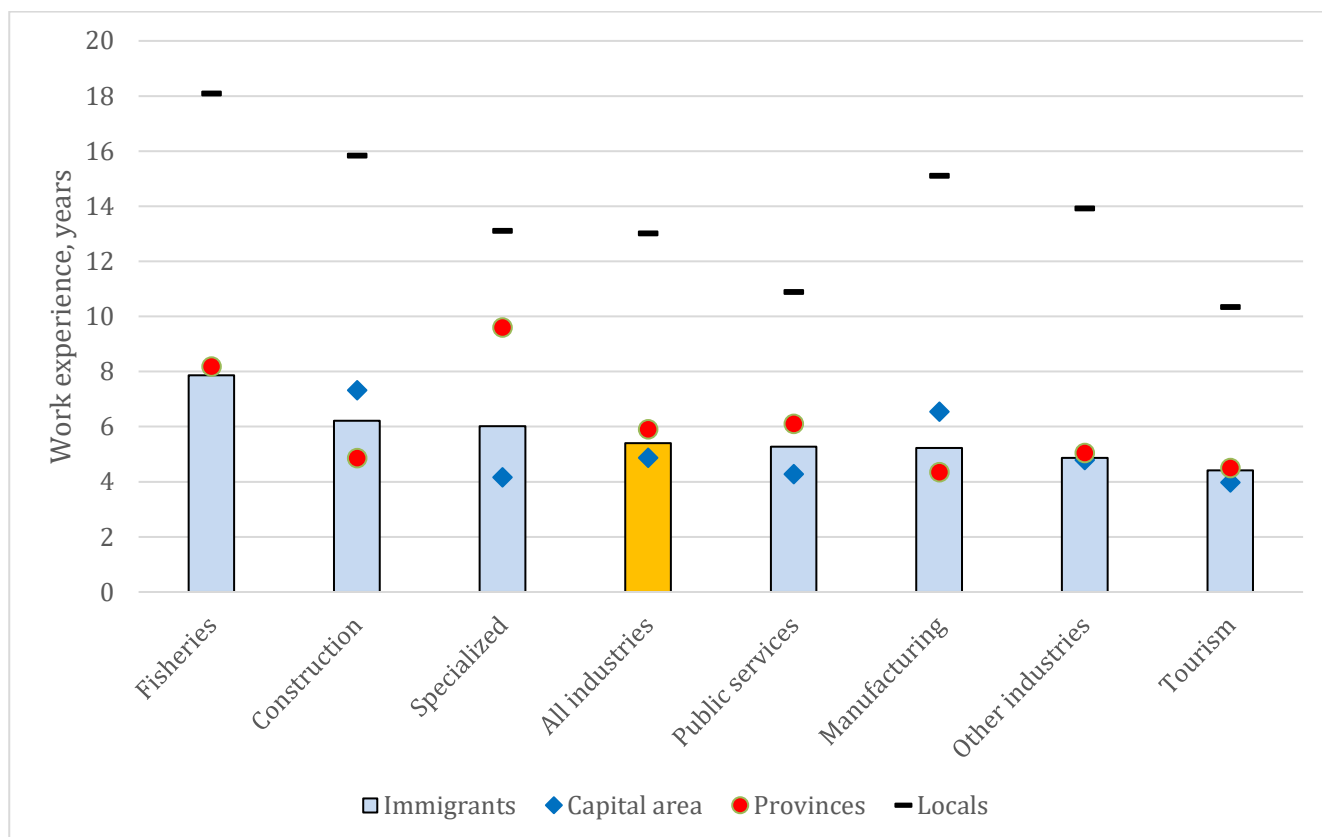
### 8.1.5 SKILLS OF LABOR FORCE

Labor force skills are assessed by focusing on work experience, seniority, education and whether people have made an effort to seek continuing education. All those aspects were included in the Regional Residential Survey. The work experience of immigrants was generally lower than that of locals ( Fig. 8.11). The information is based on responses to the question: "How long have you been doing your current job (years)?" This difference was comparatively smallest between immigrants and locals in the public sector and tourism, but largest in manufacturing. This was tested by means of a simple statistical model<sup>6</sup> and turned out to be significant.

<sup>6</sup> An ordered response model was used here as recommended when working with ordinal numbers from survey data. In a few instances a simple regression analysis model was used.

Immigrants' work experience was highest in the fishing industry which may perhaps be traced to the fact that this line of employment was among the first to seek foreign labor when the Icelanders increasingly turned away from onshore processing. The second highest level of experience was in construction, but lowest in tourism.

As regards work experience, the difference between immigrants in outlying districts and the area of the capital was not high, but yet significant as measured with a simple statistical model (t-value 3.26). The main types of employment with a higher level of work experience in outlying districts were specialised, scientific and technical professions. A significantly smaller difference was detected in construction and manufacturing where work experience was higher in the capital area.

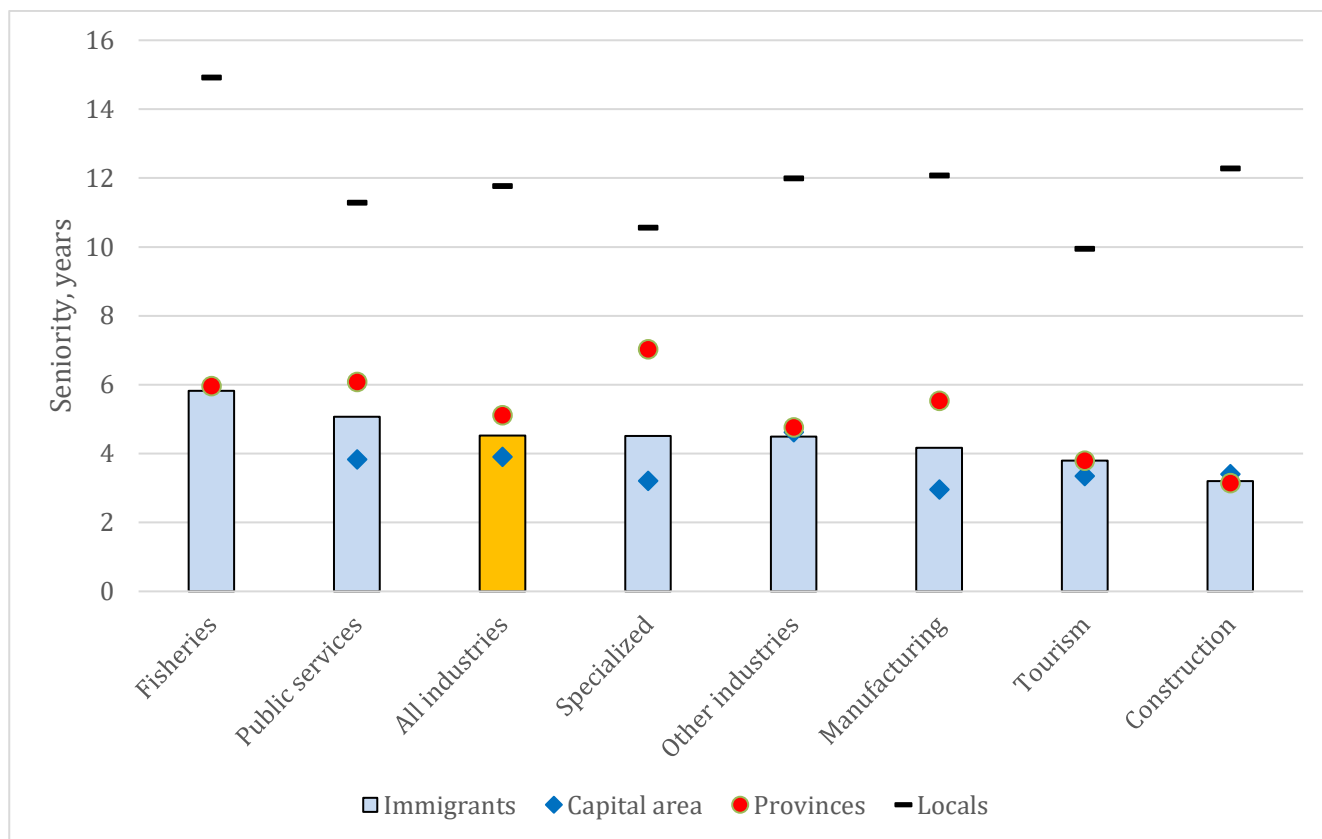


**Fig. 8.11: Work experience of those in employment 2020.**

Figures from the Regional Residential Survey in 2020. A simple regression analysis model. Test between immigrants and locals; t-value -19.88. A simple regression analysis model. Test between immigrants and locals; t-value -15.69 and 6,242 observations, thereof 548 immigrants. Between immigrants in outlying regions and the the capital area; t-value -3.26 and 507 observations, thereof 241 from the capital area.

Statistics on seniority were based on the question: “How long have you worked for your current employer (years)?” Immigrants had a significantly lower seniority than locals (Fig. 8.12). Their seniority was highest in the fishing industry and in the public sector. Thus, they tend to remain longest with employers in those industries. Immigrants’ low seniority in construction was of special interest – in fact, nowhere lower – because work experience was second highest in this form of employment ( Fig. 8.11). This statistic seems to indicate that immigrants tend to be on the move between employers in the construction industry, but this is not the case with Icelanders because their seniority was among the highest in that particular industry. Consequently, the difference in seniority between immigrants and Icelanders is highest in construction. The Icelanders’ seniority was, on the other hand, lowest in tourism, and second lowest among immigrants. This is understandable since tourism is rather a young line of employment in Iceland

compared to other activities – it is young in the sense that it has grown rapidly in the past few years and the average age of companies is low, therefore, compared to other types of businesses.



**Fig. 8.12: Seniority of those at work in 2020.**

Figures from the Regional Residential Survey in 2020. Significant difference according to Mann-Whitney test (z-value 2.95). Simple regression analysis model. Test between immigrants and locals; t-value -14.82 and 6,507 observations, thereof 559 immigrants. Between immigrants in outlying regions and the capital area; t-value -2.15 and 518 observations, thereof 246 from the capital area.

There was not much geographical difference in immigrants’ seniority when the country was divided between outlying districts and the area of the capital (Fig. 8.12). The difference was mainly noted in specialist, scientific and technical work where it was considerably higher in provincial areas. This difference was also visible, albeit less, in the public sector and in manufacturing where working age was also higher in outlying districts than in the area of the capital. This is of particular interest, since immigrants’ working experience in manufacturing is higher in the capital area ( Fig. 8.11), although they tend to spend more time with the same employer than in the capital area (Fig. 8.12). Generally speaking, immigrants’ seniority is higher in the outlying districts than in the area of the capital when considering all types of employment which may be traced to the fact that there are so much fewer employers in each provincial location than in the capital area.

The relative weight of work experience and seniority<sup>7</sup> was calculated to gain an indication as to how frequently employees move between employers (Table 8.1). This weight was highest in construction, or 1.94 (Table 8.1) during a period of approximately 6 years ( Fig. 8.11). There was a highly significant difference between immigrants in the capital area and outlying districts in this line of work, or 2.15 compared to 1.55. Thus, it may be said with regard to construction that immigrants are more likely to

<sup>7</sup> The relative weight of work experience and seniority is work experience divided by seniority – called the work experience and seniority ratio.



remain with the same employer in outlying districts than in the capital area, or the case may be that companies in this industry are much fewer in provincial districts than in the area of the capital.

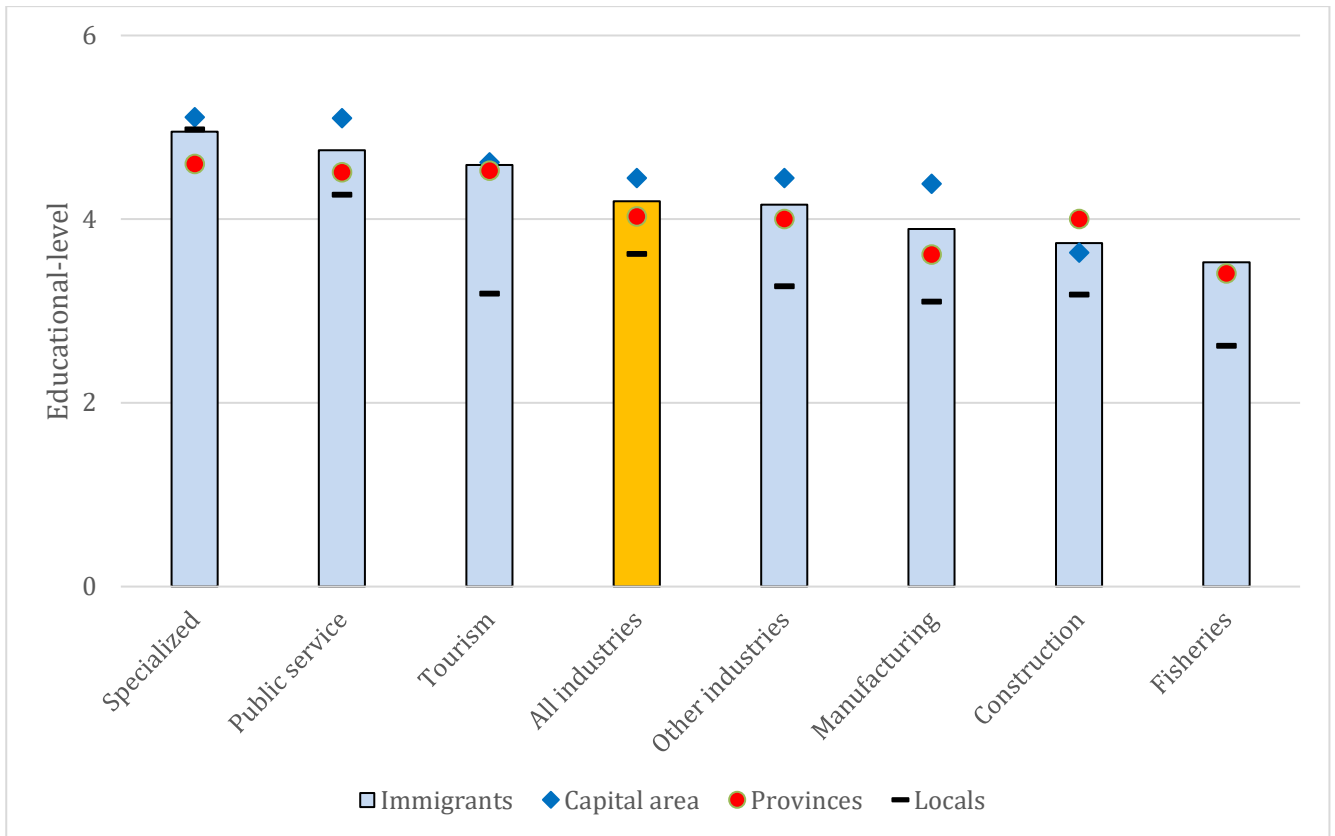
The average working life is around 45 years, a reasonable estimate in the case of tradesmen, and 40 years for those who have completed a period of academic study. It is not quite clear, however, whether several employers constitute a benefit or a problem for the employee. Employees may move frequently between employers, either because the employer is dissatisfied with the worker or because the workers are dissatisfied with the employer, or pay and other circumstances. Such situations can be unfortunate for employees or employers in the short term, although in the long run it is an advantage for people to leave employment where there is dissatisfaction with either employer or employee. This also increases the likelihood of those who cannot pay reasonable wages or salaries reconsidering their position and terminating the business operation. This situation also encourages a worker to find employment where her/his abilities are fully realized. Furthermore, a high staff turnover may be the result of rapid expansion on the labor market, leading to increased competition for labor which would be revealed in higher pay. This results in benefits and opportunities for employees. Since labor can be found all over the European Economic Area, the last-mentioned reason seems incredible. Employees can also have many employers during their working lives because they prefer a changeable labor market which provides them with new opportunities. A small staff turnover can be both an advantage and a disadvantage. Such a situation may reflect limited opportunities on the labor market, but can also be a sign of employees' satisfaction. When labor is highly mobile the latter explanation seems more plausible. In some respects, immigrants may be regarded as a mobile workforce but in some instances this is not the case. Their average age, family composition with regard to children and their residence plans indicate their inclination towards mobility, but the language situation reduces their mobility.

**Table 8.1: The work experience and seniority ratio 2020.**

Based on figures from the Regional Residential Survey. The value is work experience divided by seniority

Geographical area	Immigrants	The capital area	Outlying districts	Locals
Fishing industry	1.35		1.37	1.21
Construction	1.94	2.15	1.55	1.29
Specialization	1.33	1.29	1.36	1.24
All types of work	1.19	1.24	1.15	1.11
The public sector	1.04	1.12	1.00	0.96
Industry	1.26	2.21	0.78	1.25
Other occupations	1.08	1.04	1.06	1.16
Tourism	1.16		1.18	1.04

Average work experience and seniority indicates that that immigrants change their jobs more frequently than Icelanders. As mentioned before, the reasons for this are unknown. The difference, however, was most marked in construction (50%), tourism (12%) and fisheries (11%). In the public sector, in specialized, scientific and technical professions, the divergence was about 7-8%. No difference was found in manufacturing in this regard and in other industries the trend was in the opposite direction.



**Fig. 8.13: Education of workforce in 2020.**

Figures from the Regional Residential Survey in 2020. Model for regular responses. Test between immigrants and locals; t-value 2.61 and 10,245 observations, thereof 1,151 immigrants. Between immigrants in outlying regions and the capital area; t-value 2.85 and 1,070 observations, thereof 543 from the capital area.

The level of education<sup>8</sup> of immigrants on the labor market was generally significantly higher than that of Icelanders (Fig. 8.13), although there was some occupational variation. The difference was most pronounced in tourism where the education level of Icelanders was approximately 30% lower. Next in line were fisheries (26%) and manufacturing (20%). In specialized, scientific and technical professions, however, there was no difference in education level between immigrants and Icelanders.

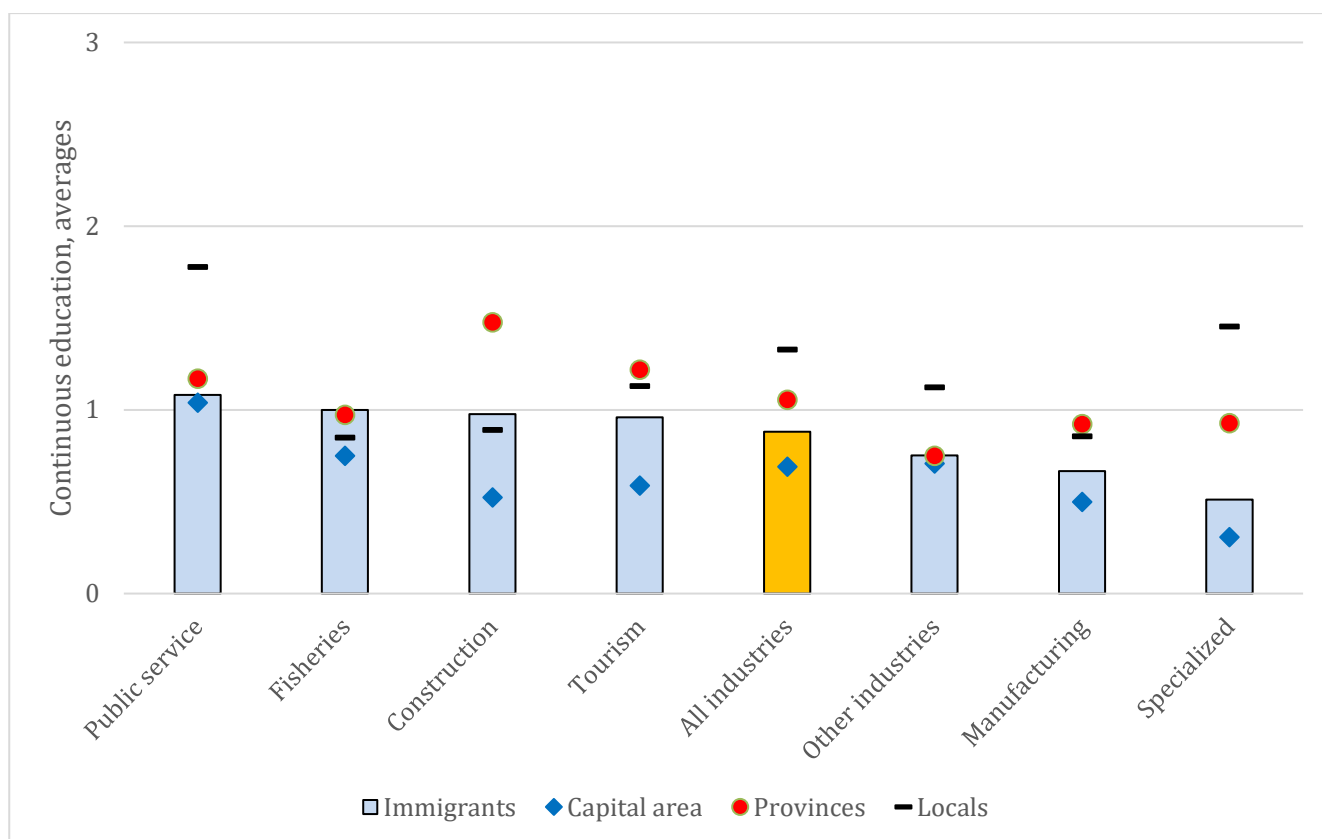
The education level of immigrants was generally slightly higher in the capital area than in outlying districts, with the exception of construction. This difference between the area of the capital and the provincial districts was found to be significant, based on a simple comparison.

On the other hand, immigrants were less interested than locals in seeking continuous education (Fig. 8.14). Perhaps this is because of their high existing level of education or because education is not rewarded by higher pay as indicated in one analysis where education appears to increase the earnings of locals (Table 8.4, model 9 and 10), but not those of immigrants (model 22). Perhaps this is because courses are not offered in their language or in a language they understand and/or speak. Statistics regarding continuous education are based on the following question: *“Have you attended or spent time on continuous education*

<sup>8</sup> Level of education was based on their schooling; it was 1 if a participant had only completed compulsory education, 2 if the longest study period in years was a shorter form of secondary education, 3 in case of a tradesman’s certificate, 4 in case of a matriculation examination, 5 for a BS degree and 6 for an MS degree or higher. Thus, 6 was the highest level of education a participant could obtain.

and retraining, for example in the form of courses, lectures, formal study etc., during the past two years?" Respondents were then invited to check: "1) No; 2) Yes, 1-3 days; 3) Yes, 4-7 days; 4) Yes, more than 7 days."

In this category, the difference between locals and immigrants was most pronounced in specialized, scientific and technical professions (184%), but at no point do immigrants show a higher level of education than in this industry. The second largest difference is in the public sector (64%). In the fishing industry and construction, there was but little difference, generally in immigrants' favor. Immigrants in outlying districts were more likely to seek continuous education than those in the capital area. The greatest difference in this regard was in construction, specialized, scientific and technical professions as well as in tourism. There was virtually no difference in the public sector, the fishing industry and in other lines of work.



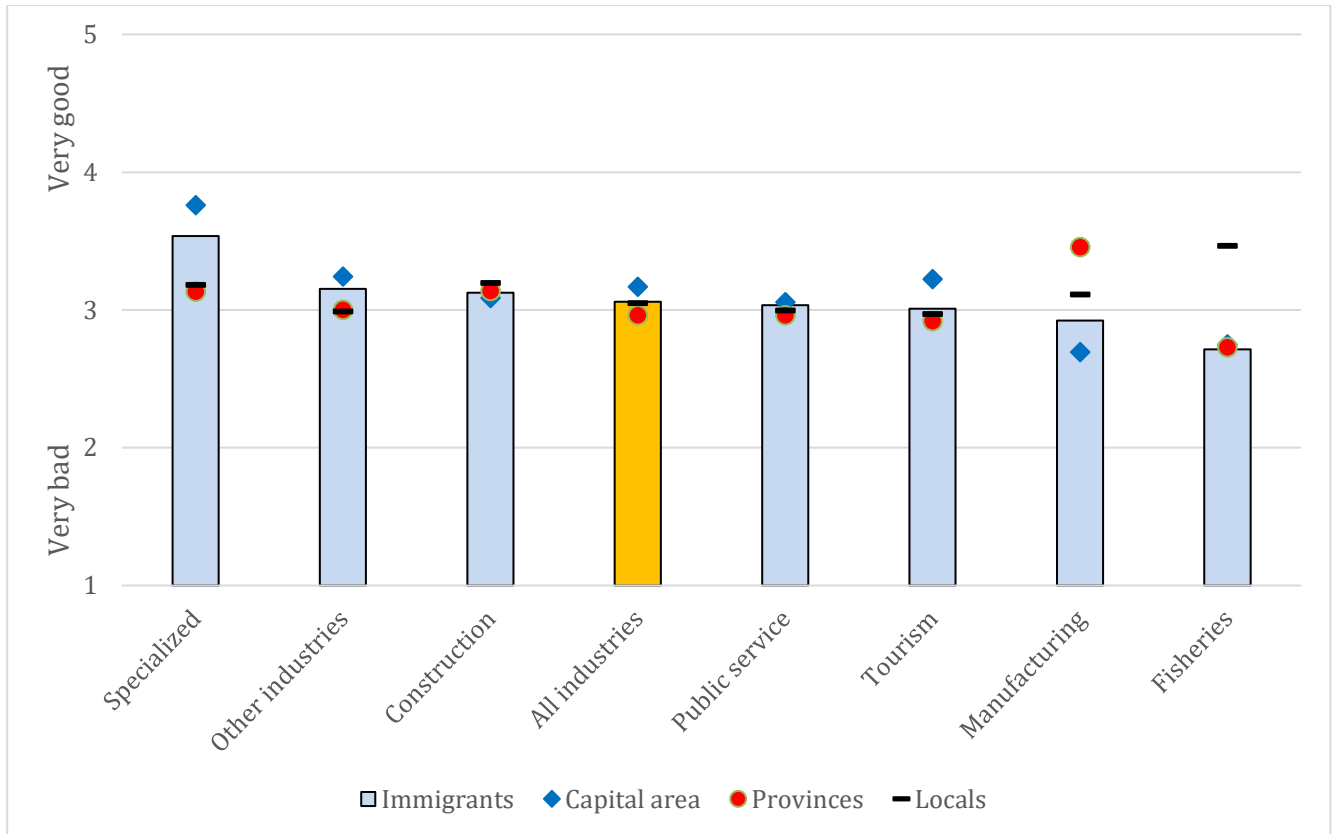
**Fig. 8.14: The continuing education and re-education of those at work in 2020.**

Figures from the Regional Residential Survey in 2020. Model for regular responses. Test between immigrants and locals; t-value -2.56 and 8,517 observations, thereof 774 immigrants. Between immigrants in outlying regions and the capital area; t-value -3.03 and 728 observations, thereof 353 from the capital area.

Research into this issue indicates that immigrants on the labor market are generally better educated than Icelanders, but with less work experience and seniority and less interested or with fewer opportunities for seeking further education.

### 8.1.6 SATISFACTION WITH CONDITIONS ON THE LABOR MARKET, INCOME AND HAPPINESS

The Regional Residential Survey falls into two main sections; that is, a residential survey and a labor market survey. Assessment of the situation of 40 different categories which have been termed “residential circumstances” or QoL-factors constitutes the mainstay of the residential section. On the other hand, the assessment also includes coverage of four categories directly related to the labor market as already outlined, since the labor market is an aspect of residential circumstances. Those categories are pay, job security, job opportunities and potential for establishing own business.



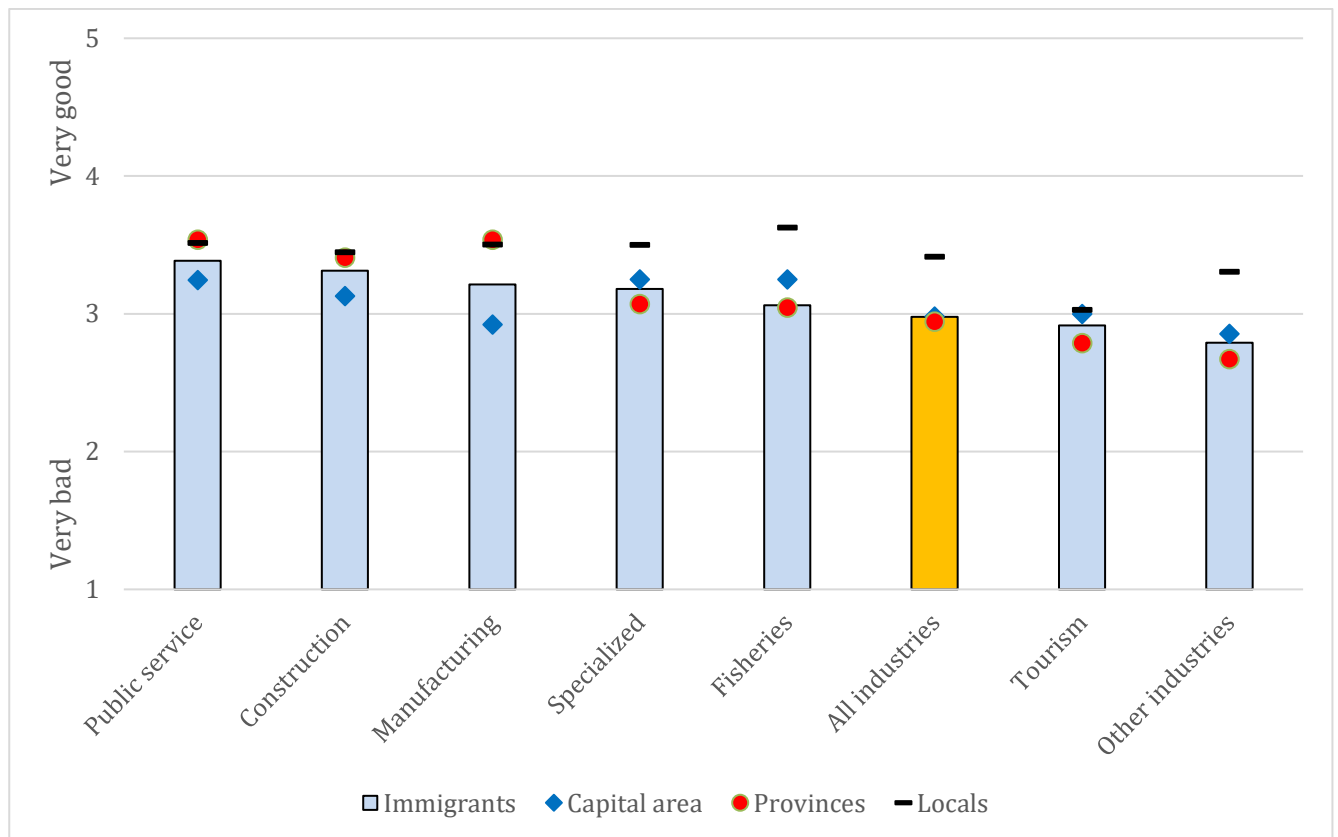
**Fig. 8.15: Pay 2020.**

Figures from the Regional Residential Survey in 2020. All except pensioners and people with disabilities. Model for regular responses. Test between immigrants and locals; t-value 0.70 and 8,483 observations, thereof 806 immigrants. Between immigrants in outlying regions and the capital area; t-value 3.38 and 754 observations, thereof 369 from the capital area.

Immigrants’ satisfaction with pay did not significantly differ from that of locals (Fig. 8.15). On the other hand, immigrants in the capital area were significantly happier with their pay than those in outlying districts.

Immigrants’ satisfaction with pay reached its highest point within specialized, scientific and technical professions, but was lowest in the fishing industry. There was no difference between immigrants and locals as regards satisfaction with pay (Fig. 8.15). When the information was classified according to line of work, it was found that immigrants were less satisfied with their pay than locals in the fishery and in manufacturing, but more satisfied in specialized, scientific and technical professions. In those lines of work immigrants in the area of the capital were more satisfied than in outlying districts, whereas the opposite applied in manufacturing. A higher level of satisfaction among locals in the fishing industry probably relates to the fact that more locals work on board the fishing fleet whereas immigrants are more engaged in onshore processing and a fisherman’s pay is considerably higher. Furthermore, specialists are probably higher paid in general in the capital area than in outlying districts and this is likely to explain the difference

in the satisfaction of immigrants engaged in professional work of a specialized, scientific and technical nature.



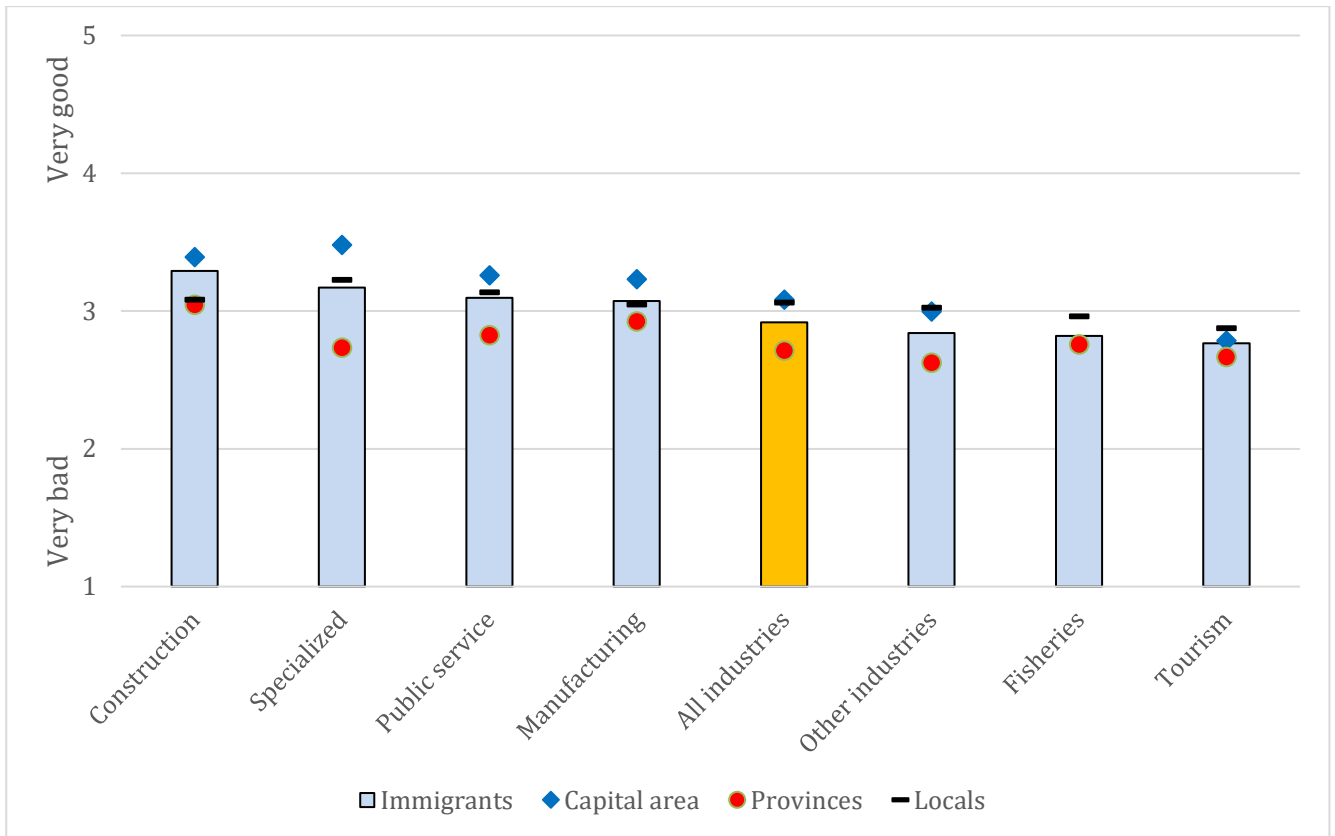
**Fig. 8.16: Job security 2020.**

Figures from the Regional Residential Survey in 2020. All except pensioners and people with disabilities. Model for regular responses. Test between immigrants and locals; t-value -6.30 and 8,628 observations, thereof 803 immigrants. Between immigrants in outlying regions and the capital area; t-value 0.11 and 750 observations, thereof 365 from the capital area.

Immigrants working in the public sector were most satisfied with job security in Iceland; least satisfied, however, were those working in tourism and various other forms of employment (Fig. 8.16). Generally speaking, immigrants experienced less security on the labor market than locals and this difference is clearly significant. The greatest difference between immigrants and locals with regard to job security was among those employed in fishing and fish processing, industry, specialized, scientific and technical professions and various other lines of work. The smallest difference was identified among those who worked in the public sector, construction and tourism. This shows that the high level of insecurity experienced by employees in tourism in 2020 is very similar as regards workers' origin (locals vs. immigrants).

Job security among immigrants in outlying districts did not significantly differ from that of immigrants in the capital area, based on a simple statistical comparison (Fig. 8.16).

There was only a small difference between the opinions of locals and immigrants regarding job opportunities. The variance was nevertheless significant as locals were found to be more satisfied than immigrants as regards this choice. Such a conclusion was to be expected since language difficulties can exclude people from certain types of work or significantly reduce their opportunities. It was not obvious which lines of work showed the greatest variation in this respect since locals seemed more satisfied in the section "other occupations" and slightly more so in the fishing industry and tourism. Immigrants in construction felt they had more job opportunities than locals did.

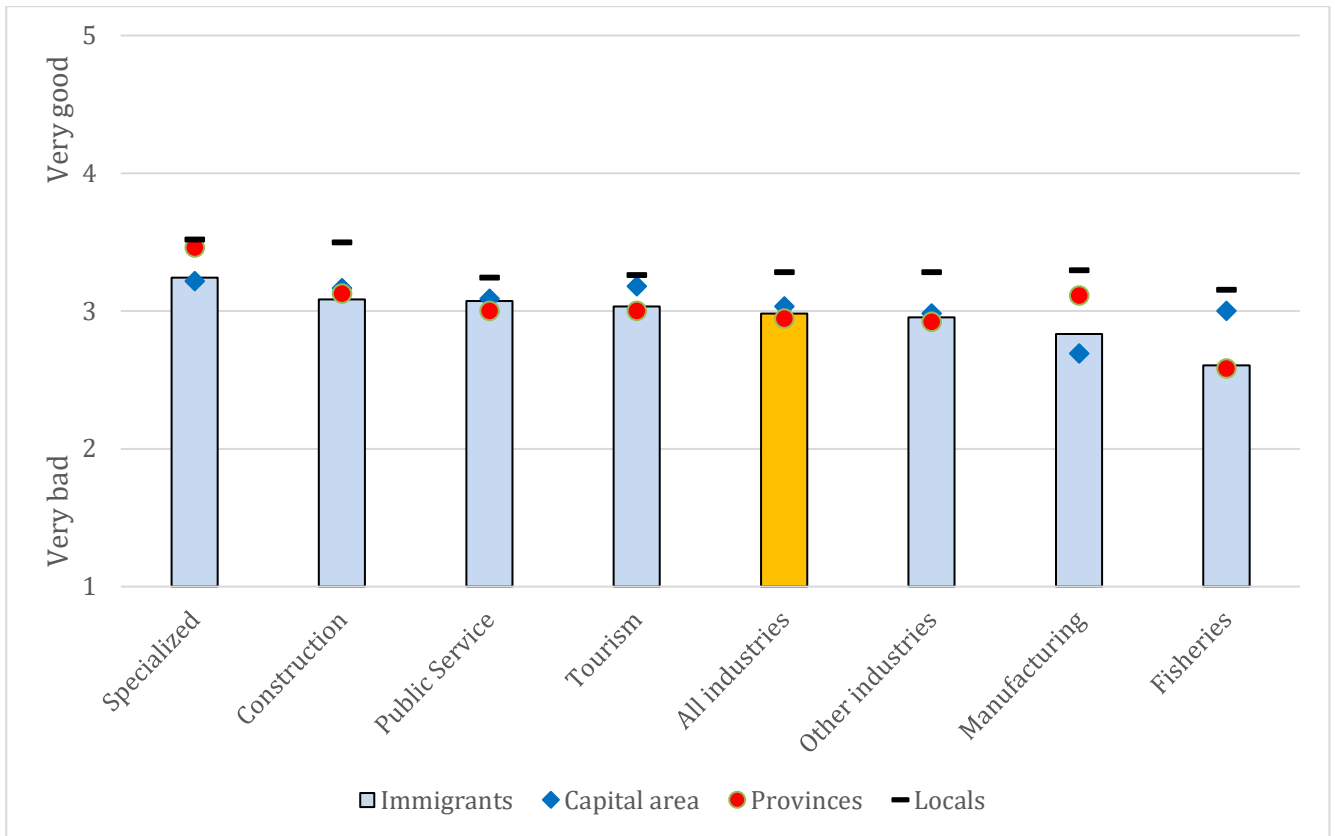


**Fig. 8.17: Job opportunities 2020.**

Figures from the Regional Residential Survey in 2020. All except pensioners and people with disabilities. Model for regular responses. Test between immigrants and locals; t-value -1.86 (p-value 0.075) and 8,762 observations, thereof 816 immigrants. Between immigrants in outlying regions and the capital area; t-value 3.81 and 763 observations, thereof 371 from the capital area.

Immigrants working in construction were most satisfied with job opportunities, whereas those employed in tourism were the least satisfied (Fig. 8.17).

Immigrants in the area of the capital were significantly more satisfied with job opportunities than those in outlying districts as was to be expected (Fig. 8.17). Immigrants in specialized, scientific and technical professions were more satisfied with job opportunities than those in outlying districts and the same applied to those in the public sector. As a matter of fact, this was true of all modes of employment, apart from the fishing industry and tourism where there was no or minimal difference in satisfaction depending on whether the individuals in question lived in the capital area or in outlying districts,

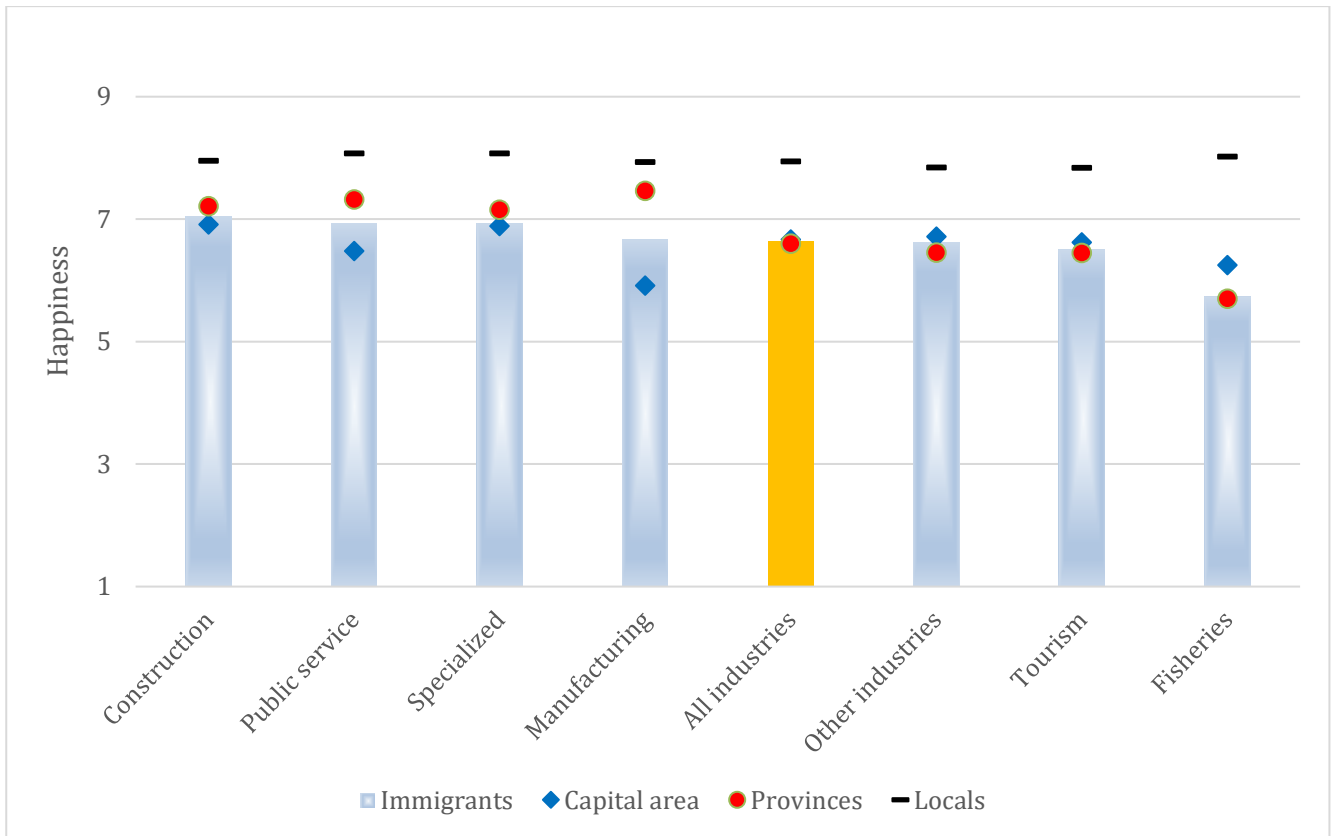


**Fig. 8.18: Own business operation 2020.**

Figures from the Regional Residential Survey in 2020. All except pensioners and people with disabilities. Model for regular responses. Test between immigrants and locals; t-value -8.47 and 8,175 observations, thereof 670 immigrants. Between immigrants in outlying regions and the capital area; t-value 1.82 and 634 observations, thereof 309 from the capital area.

In general, immigrants felt there was less potential for establishing own business than was the case with locals; this difference was clearly significant (Fig. 8.18). There was but little divergence between the capital area and outlying districts in this regard, although the variance tended to favor the capital area when the responses were not classified according to lines of work, but when this was done the main difference was among those in manufacturing, and specialized, scientific and technical work where opportunities in outlying districts were felt to outnumber those in the area of the capital. This came as somewhat of a surprise.

Potential for establishing own business appeared to be strongest among those in specialized, scientific and technical professions (Fig. 8.18). This was also the opinion of immigrants in this type of work, although locals felt they had more opportunities. The next best opportunities of immigrants were among those employed in construction, and the fewest opportunities appeared to be among immigrants employed in the fishing industry.

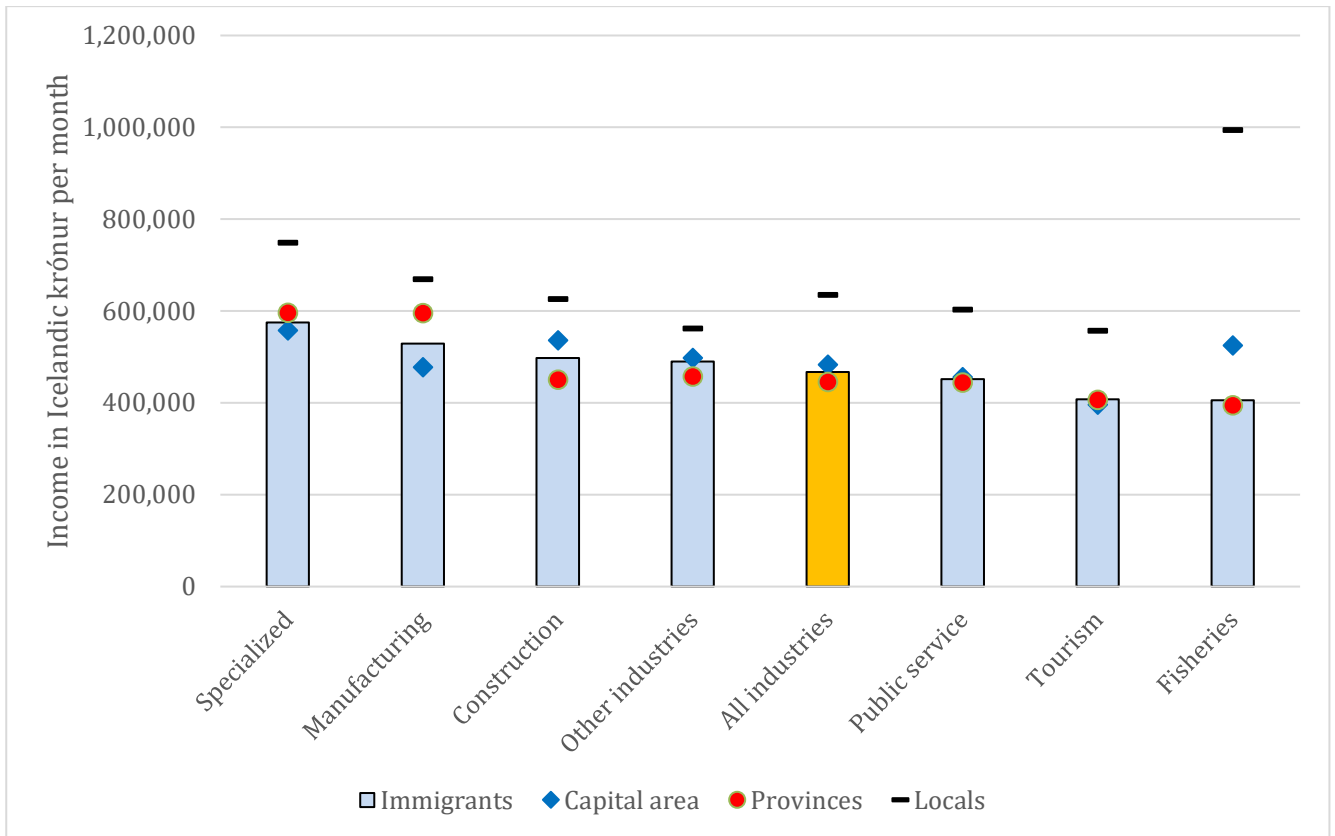


**Fig. 8.19: Happiness 2020.**

Figures from the Regional Residential Survey in 2020. Model for regular responses. Test between immigrants and locals; t-value -15.55 and 7661 observations, thereof 754 immigrants. Between immigrants in outlying regions and the capital area; t-value 0.21 and 709 observations, thereof 346 from the capital area

According to this simple average, locals are happier than immigrants in Iceland (Fig. 8.19). The happiness of immigrants varied from one line of work to another when examining a simple average. The level of happiness was lowest among immigrants working in the fishing industry and in tourism, but highest among those in construction and in the public sector. It is not known whether there is an interrelationship between groups here, but this categorization is of special interest since the position of immigrants in times of crisis is the focus of this research. There is but little difference in level of happiness among immigrants in construction and in the public sector, but the happiness between immigrants in tourism and the fishing industry. The divergence in happiness among immigrants is barely visible depending on their line of work is significantly different. There was no variation in happiness between immigrants living in the capital area, on the one hand, and in outlying districts, on the other.





**Fig. 8.20: Income in 2020.**

Figures from the Regional Residential Survey in 2020. All except disabled and pensioners. Model for regular responses. Test between immigrants and locals; t-value -10.20 and 7124 observations, thereof 734 immigrants. Between immigrants in outlying regions and the capital area; t-value 1.18 and 689 observations, thereof 334 from the capital area.

A simple test revealed that immigrants had a significantly lower income than locals (Fig. 8.20). No significant difference was found, however, between the income of immigrants in outlying districts and those in the area of the capital.

Immigrants' income varied on the basis of type of employment as shown by simple average testing (Fig. 8.20). Specialized professions and manufacturing yielded the highest income whereas the lowest earnings were produced by tourism and the fishing industry. In all cases, locals had higher incomes, especially in the fishing industry, the reasons for which may be linked to the uneven distribution of immigrants and locals between fishing and onshore fish processing, as referred to above. In this regard, there was only a barely detectable geographical variation in immigrants' income, except perhaps in manufacturing where income tends to be higher in outlying districts and construction where the area of the capital has the upper hand.

## 8.2 REGRESSION ANALYSIS

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This chapter contains an investigation into the results of 12 regression analysis models, all of which are based on L.1, except models 9 and 10. The results are to a considerable extent based on an interpretation of coefficients, their signs and significance. The coefficients measure the correlation of the explanatory variable concerned and the dependent variable, which can be positive or negative and with varying degrees of significance. In models 1-8 and 11 and 12 there is a negative correlation between the explanatory variable in question and the dependent variable if the coefficient has a value of less than 1, otherwise the correlation is positive. A coefficient of 1.02 indicates that the dependent variable increases by 2% when the independent variable increases by one unit. On the other hand, a coefficient of 0.98 indicates that the dependent variable decreases by 2% when the independent variable increases by one unit. In this case, the variable "fishing industry" is a dummy variable (1 if the person concerned is employed in the fishing industry, otherwise 0). It is significant to the value of 1.68 with respect to pay in model 1. This means that an employee in the fishing industry is 68% more likely to be more satisfied with his pay than those in other lines of work.

Models 9 and 10 are conventional regression analyses, and their interpretation similar what has been described above, based on coefficients, signs and significance.

The analysis begins by a description and interpretation with regard to satisfaction with pay, followed by job security, job opportunities and own business. Finally, conclusions regarding income and happiness are outlined. Let us recall that the difference between pay and income lies in the fact that pay (earning potential) describes participants' satisfaction with their pay, whereas regarding income they were asked to indicate amounts in Icelandic krónur (ISK) without expressing their level of satisfaction.

As outlined in the chapter on methodology, the categories satisfaction with pay, job security, job opportunities, own business, income and happiness are examined twice. Firstly, with regard to all participants in the survey where immigrants are identified by means of a dummy variable (cf., models 1,3 ..., 11). This is done to bring out the difference between immigrants and locals with regard to the category in question. Next, the categories are analysed solely on the basis of immigrants' responses. This is done to investigate whether immigrants' circumstances differ depending on where they work, reside, what their social status is as well as other factors by which they may be internally differentiated ( cf., models 2,4, ..., 12).

Immigrants were not less satisfied with their pay than locals were as may be gleaned from model 1, although their variable was not tagged as is required in a significance test. Their income, however, is significantly lower than that of locals (Model 9). This is particularly noteworthy and will be further dealt with in the discussion chapter. Immigrants were notably more satisfied with their pay than other immigrants in cases where they were specialists, managers or living in Akureyri, but less satisfied if they lived alone with children or had completed a short vocational course (Model 2). No other factors influenced immigrants' satisfaction with their pay. Many more factors affected the happiness of locals than in the case of immigrants. This was confirmed when the entire database was run as a whole and immigrants' data were separated by means of a dummy variable (cf. immigrants, Model 1). It was found, furthermore, that immigrants' dissatisfaction with pay grew with increasing age, if they lived alone with their children, if their work percentage increased, if they had completed a tradesman's qualification or a BS degree from a university. Conversely, local people's satisfaction with pay increased if they had more work experience and a higher income, worked in the fishing industry or in construction, were in managerial positions and lived in the area of the capital.

**Table 8.2: The results of a regression analysis of job security and satisfaction with pay 2020.**

Explanatory variables etc.	Pay		Job security	
	All Model 1	Immigrants Model 2	All Model 3	Immigrants Model 4
-Age				
-Lives alone	<b>0.99 (-3.18)**</b>	1.01 (0.97)	<b>0.99 (-4.83)***</b>	1.00 (0.06)
-Lives alone with children	0.95 (-0.54)	1.13 (0.70)	0.93 (-0.71)	<b>1.59 (2.28)**</b>
-Gender	<b>0.72 (-3.87)***</b>	<b>0.36 (-2.72)**</b>	<b>0.82 (-1.72)*</b>	0.93 (-0.23)
-Job proportion	1.07 (1.04)	0.83 (-0.96)	1.00 (0.03)	1.09 (0.35)
-Job experience	<b>0.79 (-1.94)*</b>	0.97 (-0.14)	0.98 (-0.12)	1.18 (0.35)
-Income	<b>1.01 (2.83)**</b>	1.00 (0.35)	<b>1.01 (3.77)***</b>	1.02 (1.12)
-Loyal	<b>1.001 (9.25)***</b>	1.00 (1.67)	<b>1.001 (2.52)**</b>	1.00 (1.32)
-Immigrants	1.00 (-0.01)	1.00 (0.17)	1.01 (0.98)	<b>1.08 (4.27)***</b>
<b>Industry</b>	0.73 (-0.85)		<b>0.46 (-2.73)**</b>	
-Construction				
-Tourism	<b>1.28 (1.98)*</b>	1.03 (0.09)	1.10 (0.58)	1.19 (0.67)
-Agriculture	1.00 (0.02)	0.90 (-0.37)	<b>0.42 (-4.92)***</b>	<b>0.45 (-2.15)**</b>
-Specialisation	0.87 (-0.71)	1.36 (0.74)	1.15 (0.82)	<b>2.85 (2.03)*</b>
-Fishing industry	1.24 (1.05)	1.60 (1.22)	0.97 (-0.18)	0.60 (-1.45)
-IT	<b>1.68 (3.51)**</b>	0.81 (-0.62)	1.32 (1.61)	0.85 (-0.38)
<b>Type of job</b>	1.01 (0.04)	1.45 (0.65)	0.76 (-1.26)	0.47 (-1.57)
-Tradesmen				
-Specialists	1.21 (1.36)	0.95 (-0.10)	<b>1.49 (2.72)**</b>	1.24 (0.40)
-Clerical work	1.05 (0.46)	<b>2.64 (3.33)**</b>	<b>1.21 (2.05)*</b>	<b>2.63 (2.34)**</b>
-Administrators	0.90 (-0.89)	1.05 (0.14)	1.24 (1.18)	0.84 (-0.46)
-Technicians	<b>1.33 (1.88)*</b>	<b>3.43 (2.22)**</b>	<b>1.43 (3.14)**</b>	2.00 (1.46)
-Laborers	1.03 (0.13)	2.17 (1.41)	0.98 (-0.07)	0.62 (-0.91)
-Services	0.84 (-1.30)	1.33 (0.63)	1.10 (0.71)	1.05 (0.12)
<b>Location</b>	1.07 (0.61)	1.80 (1.19)	<b>1.37 (2.37)**</b>	<b>1.91 (1.94)*</b>
-Akureyri				
-The capital area	0.86 (-1.14)	<b>1.95 (4.99)***</b>	<b>1.42 (2.04)*</b>	<b>1.72 (2.39)**</b>
- Outlying regions	0.84 (-1.60)	1.09 (0.28)	1.00 (-0.02)	1.35 (0.91)
-Age	<b>3.69 (8.99)***</b>	1.15 (0.74)	<b>1.94 (3.55)**</b>	0.86 (-0.66)
<b>Education</b>				
-Vocational	0.91 (-1.32)	<b>0.63 (-2.28)**</b>	0.91 (-1.25)	0.92 (-0.50)
-Tradesman's cert.	<b>0.77 (-3.28)**</b>	0.89 (-0.41)	0.87 (-1.60)	<b>0.64 (-1.85)*</b>
-Matriculation exam	0.99 (-0.12)	1.65 (1.19)	1.16 (1.32)	1.05 (0.26)
BS degree	<b>0.76 (-2.95)**</b>	0.90 (-0.23)	0.93 (-0.81)	<b>0.67 (-1.92)*</b>
MS degree or more	0.84 (-1.22)	1.50 (0.79)	0.92 (-0.80)	0.67 (-1.38)
Number of observations	4713	436	4735	433
Chi-square test	1.63	-0.52	1.66	-0.89
The coefficients are odds ratio and in brackets t-value. * satisfies a 10% significance requirement, ** satisfies a 5% significance requirement, *** satisfies a 1% significance requirement. The dummy variable for immigrants is a constant in models relating to immigrants (2 and 4) and was therefore deleted from those runs.				

**Table 8.3: The results of a regression analysis for own business and job opportunities in 2020.**

Explanatory variables etc.	Job opportunities		Own business	
	All Model 5	Immigrants Model 6	All Model 7	Immigrants Model 8
<b>Background variables</b>				
-Age	1.00 (-1.20)	1.01 (1.10)	1.00 (0.04)	1.02 (1.60)
-Lives alone	1.13 (0.84)	<b>1.57 (2.10)**</b>	0.94 (-0.67)	0.82 (-0.72)
-Lives alone with children	0.96 (-0.30)	0.45 (-1.17)	<b>0.65 (-3.43)**</b>	<b>0.34 (-2.27)**</b>
-Gender	<b>0.78 (-3.59)**</b>	1.07 (0.41)	0.97 (-0.45)	1.09 (0.33)
-Job proportion	1.05 (0.31)	1.49 (1.26)	0.90 (-0.88)	<b>0.45 (-1.99)*</b>
-Job experience	<b>1.01 (2.33)**</b>	1.00 (0.07)	<b>1.01 (2.73)**</b>	<b>1.03 (2.27)**</b>
-Income	<b>1.001 (1.92)*</b>	1.00 (-0.81)	<b>1.001 (3.52)**</b>	<b>1.001 (2.15)**</b>
-Loyal	0.99 (-0.58)	0.98 (-0.93)	0.99 (-0.33)	<b>1.08 (1.89)*</b>
-Immigrants	<b>0.35 (-1.86)*</b>		<b>0.40 (-2.56)**</b>	
<b>Industry</b>				
-Construction	1.24 (1.48)	<b>1.53 (1.87)*</b>	<b>1.52 (3.17)**</b>	1.19 (0.68)
-Tourism	<b>0.68 (-3.36)**</b>	<b>0.52 (-4.02)***</b>	1.02 (0.17)	0.88 (-0.46)
-Agriculture	1.24 (1.50)	1.58 (1.19)	<b>1.74 (3.67)***</b>	2.03 (1.53)
-Specialisation	1.06 (0.35)	0.88 (-0.42)	<b>1.38 (1.74)*</b>	1.33 (0.84)
-Fishing industry	1.00 (0.02)	1.14 (0.48)	0.86 (-1.27)	0.71 (-1.12)
-IT	<b>0.65 (-2.54)**</b>	<b>0.47 (-1.74)*</b>	1.07 (0.41)	1.21 (0.56)
<b>Type of job</b>				
-Tradesmen	<b>1.26 (1.72)*</b>	<b>2.11 (1.75)*</b>	<b>1.41 (3.03)**</b>	1.08 (0.15)
-Specialists	<b>1.27 (2.16)**</b>	<b>3.31 (3.36)**</b>	<b>1.30 (2.60)**</b>	1.51 (0.86)
-Clerical work	1.18 (1.14)	0.98 (-0.07)	<b>1.35 (3.11)**</b>	1.58 (1.05)
-Administrators	<b>1.38 (2.95)**</b>	<b>2.77 (2.33)**</b>	<b>1.57 (4.42)***</b>	1.76 (1.06)
-Technicians	1.12 (0.56)	1.30 (0.35)	1.06 (0.24)	0.99 (-0.02)
-Laborers	1.14 (1.22)	1.12 (0.30)	0.82 (-1.58)	1.04 (0.08)
-Services	<b>1.32 (2.54)**</b>	<b>2.60 (2.12)**</b>	1.17 (1.16)	2.18 (1.49)
<b>Location</b>				
-Akureyri	<b>3.40 (10.17)***</b>	1.13 (0.48)	<b>1.36 (3.57)**</b>	<b>2.89 (6.76)***</b>
-The capital area	1.06 (0.47)	0.98 (-0.10)	<b>1.59 (4.06)***</b>	0.82 (-0.56)
- Outlying regions	<b>11.80 (17.15)***</b>	<b>1.93 (3.94)***</b>	<b>3.88 (12.94)***</b>	1.37 (1.70)
<b>Education</b>				
-Vocational	0.95 (-0.64)	0.77 (-1.27)	0.93 (-0.92)	0.77 (-1.31)
-Tradesman's cert.	0.98 (-0.20)	0.68 (-1.25)	1.16 (1.43)	<b>1.79 (2.22)**</b>
-Matriculation exam	1.18 (1.47)	1.03 (0.12)	1.15 (1.55)	<b>2.33 (3.32)**</b>
BS degree	<b>0.83 (-2.07)**</b>	0.59 (-1.68)	1.07 (0.92)	1.48 (1.07)
MS degree or more	<b>0.80 (-1.73)*</b>	0.66 (-1.09)	1.21 (1.53)	1.71 (1.47)
Number of observations	4767	436	4544	366
Chi-square test	5.72	0.39	2.47	0.18

The coefficients are odds ratio and in brackets t-value. \* satisfies a 10% significance requirement, \*\* satisfies a 5% significance requirement, \*\*\* satisfies a 1% significance requirement. The dummy variable for immigrants is a constant in models relating to immigrants (6 and 8) and was therefore deleted from those runs.

Immigrants were significantly less satisfied with their job security than locals (Model 3). Furthermore, immigrants' job security appeared to be reduced by education, especially among those who had a tradesman's certificate or a BS degree. The job security of immigrants in tourism seemed far less than in other types of employment (Model 4) which was to be expected in the current circumstances. Immigrants who lived alone enjoyed more job security than other immigrants; the same applied to those who had worked with the same employer for a considerable period, specialists and those residing in Akureyri and working in service industries.

It was noteworthy that, unlike the situation with locals, immigrants in the capital area did not enjoy significantly more job security; it is possible, however, that a larger and deeper labor market brings job security over and above the less dependable conditions of sparsely populated regions. But this difference bypasses immigrants in Iceland.

Focusing on locals, it would appear that a higher age reduces their job security (Model 3). Furthermore, those who live alone with children and work in tourism experienced less job security. There was a positive correlation between the job security of the local population and work experience, income, industry, specialist profession, managerial position or being employed in services and the same applied if a participant lived in Akureyri or the area of the capital.

Immigrants believed there were fewer job opportunities in Iceland than suggested by local opinion (Model 5). This might relate to a comparison with their situation prior to moving to Iceland and/or limits imposed on them by lack of skills in Icelandic. Immigrants working in tourism and IT had fewer job opportunities than other immigrants (Model 6). Immigrants living alone, however, felt they had more job opportunities than other immigrants. The same applied to immigrants who were tradesmen, specialists, managers, worked in services and lived in the capital.

There was a more significant correlation between local people's job opportunities and other categories than in the case of immigrants (Model 5). The categories showing negative correlation among locals were gender, tourism, IT and whether they had a university degree. This could be seen as an indication that those who work in tourism and IT have fewer employment choices. Men saw themselves as having fewer employment choices than women. University people appeared to have fewer choices than those with another type of education. Sometimes it is maintained that with increased education people are adding to their specialization and reducing their choice of employment.

The categories showing a positive correlation regarding local people's job opportunities were work experience, income, working as tradesmen, specialists or managers, being employed in services, residing in Akureyri and the capital area. This is open to the interpretation that work experience appears to open up more opportunities on the labor market and that those who live in larger municipalities have better chances than those in smaller communities. It is of particular interest to note that specialists and managers have a positive outcome here, after learning that people with a university education experienced reduced opportunities. Thus, university educated specialists and managers at least have a positive outcome as regards choice of employment, whereas others experience a reduced choice.

**Table 8.4: The results of a regression analysis with regard to satisfaction and income in 2020.**

Explanatory variables etc.	Income		Happiness	
	All model 9	Immigrants Model 10	All Model 11	Immigrants model 12
<b>Background variables</b>				
-Age	<b>0.00 (7.04)***</b>	0.00 (-0.70)	<b>1.02 (6.19)***</b>	1.01 (1.25)
-Lives alone	<b>-0.08 (-4.18)***</b>	<b>-0.15 (-2.73)**</b>	<b>0.37 (-8.91)***</b>	<b>0.73 (-1.90)*</b>
-Lives alone with children	0.00 (-0.09)	0.11 (1.23)	<b>0.44 (-6.00)***</b>	0.66 (-0.48)
-Gender	<b>0.18 (13.29)***</b>	<b>0.15 (3.55)***</b>	<b>0.76 (-4.39)***</b>	<b>0.73 (-2.32)**</b>
-Job proportion			0.98 (-0.15)	0.55 (-1.42)
-Job experience	<b>0.00 (2.53)**</b>	<b>0.01 (2.13)**</b>	1.00 (0.99)	1.01 (0.72)
-Income			<b>1.00 (7.33)***</b>	<b>1.00 (5.81)***</b>
-Loyal	<b>0.00 (1.89)*</b>	0.00 (0.11)	0.99 (-0.49)	<b>0.94 (-5.12)***</b>
-Immigrants	<b>-0.22 (-9.44)***</b>		<b>0.48 (-5.80)***</b>	
<b>Industry</b>				
-Construction	<b>-0.07 (-2.36)**</b>	-0.10 (-1.28)	1.03 (0.17)	1.26 (0.87)
-Tourism	0.01 (0.39)	-0.08 (-1.48)	<b>0.78 (-2.10)**</b>	0.62 (-1.17)
-Agriculture	<b>-0.33 (-10.12)***</b>	-0.15 (-1.23)	1.00 (-0.02)	1.17 (0.31)
-Specialisation	0.04 (1.49)	0.00 (0.02)	0.87 (-1.27)	<b>0.68 (-1.94)*</b>
-Fishing industry	<b>0.28 (12.04)***</b>	<b>-0.24 (-3.17)**</b>	<b>0.71 (-3.81)***</b>	<b>0.44 (-2.48)**</b>
-IT	<b>0.09 (2.10)**</b>	0.12 (0.99)	0.88 (-0.72)	0.79 (-0.79)
<b>Type of job</b>				
-Tradesmen	<b>-0.07 (-2.45)**</b>	<b>-0.22 (-2.07)**</b>	1.06 (0.57)	1.63 (1.01)
-Specialists	<b>0.07 (3.02)**</b>	<b>0.14 (1.80)*</b>	1.18 (1.30)	<b>2.40 (3.27)**</b>
-Clerical work	0.01 (0.21)	0.11 (1.09)	1.13 (1.42)	1.21 (0.40)
-Administrators	<b>0.14 (6.14)***</b>	0.14 (1.34)	<b>1.34 (2.19)**</b>	2.67 (1.32)
-Technicians	<b>0.11 (2.42)**</b>	<b>0.25 (2.34)**</b>	0.74 (-1.23)	1.10 (0.15)
-Laborers	<b>-0.14 (-5.64)***</b>	-0.12 (-1.62)	<b>0.80 (-1.73)*</b>	1.04 (0.10)
-Services	<b>-0.11 (-4.35)***</b>	<b>-0.14 (-1.84)*</b>	1.09 (0.85)	<b>2.14 (1.87)*</b>
<b>Location</b>				
-Akureyri	0.01 (0.28)	<b>-0.0 (-1.70)*</b>	<b>0.93 (-1.73)*</b>	<b>2.08 (3.17)**</b>
-The capital area	<b>-0.08 (-4.35)***</b>	-0.08 (-1.33)	0.98 (-0.20)	1.21 (0.60)
- Outlying regions	0.03 (1.24)	<b>-0.09 (-1.99)**</b>	<b>0.84 (-2.32)**</b>	0.83 (-1.15)
<b>Education</b>				
-Vocational	0.02 (0.97)	-0.05 (-0.91)	<b>0.84 (-2.04)*</b>	0.76 (-0.92)
-Tradesman's cert.	<b>0.05 (2.77)**</b>	-0.05 (-0.81)	1.00 (0.01)	1.32 (0.73)
-Matriculation exam	<b>0.06 (3.10)**</b>	-0.08 (-1.39)	0.87 (-1.60)	1.03 (0.14)
BS degree	<b>0.13 (7.28)***</b>	-0.07 (-1.10)	<b>0.81 (-2.53)**</b>	<b>0.58 (-2.47)**</b>
MS degree or more	<b>0.25 (11.76)***</b>	-0.01 (-0.08)	<b>0.82 (-1.98)*</b>	1.10 (0.31)
-Constant	<b>13.62 (408.99)***</b>	<b>13.90 (110.90)***</b>		
Number of observations	4813	444	4482	432
Breuch-Pagan/Linktest	0.20	16.39	-0.90	1.12

The coefficients are odds ratio t-values in the brackets. \* satisfies a 10% significance requirement, \*\* satisfies a 5% significance requirement, \*\*\* satisfies a 1% significance requirement. The dummy variable for immigrants is a constant in models relating to immigrants (10 and 12) was therefore deleted from those runs.

Immigrants' potential for embarking on their own business operation was more limited than that of locals (Model 7). Immigrants who have worked in the fishing industry (Model 8) generally have fewer opportunities than other immigrants for setting up their own business. This may not need to come as a surprise, considering the dialogue on recruitment in the fishery, and as far as locals are concerned there are signs of a comparable tendency, even though both surveys are included<sup>9</sup>. Being a single parent or in more than a full-time job also appears to hamper immigrants' potential for establishing their own business. Conversely, work experience improves opportunities for setting up a business, also having a good income, being loyal, living in Akureyri, having completed a tradesman's qualification or a matriculation examination. On the other hand, an effort to improve network connections in rural districts has placed those localities in a more advantageous position than the smallest urban centres, at least in this regard.

Immigrants' income was lower than that of locals (Model 9) and women of foreign origin were shown to have a lower income than men (Model 10). It is worth noting, however, that gender-related income difference is found to be lower among immigrants than locals (Models 9 and 10). Besides, work experience had a significant positive impact on immigrants' income. Additionally, immigrants working as specialists or technicians had a higher income than other immigrants (Model 10).

Immigrants employed in the fishing industry, on the other hand, generally had a lower income than other immigrants. The opposite pattern applies in the case of locals (Model 9). The reason may be that a proportionally larger number of locals work on board fishing vessels than in the case of immigrants and working at sea earns higher pay than onshore employment, as referred to earlier. Furthermore, immigrants living alone generally had a lower income as well as those who were tradesmen, worked in services, lived in Akureyri and in the area of the capital.

Immigrants in Iceland were less satisfied than locals (Model 11). This is in line with results obtained by other methods in this report, as for example pure averages. Immigrants working in specialized occupations and the fishing industry were less satisfied than other immigrants (Model 12). Consequently, immigrants working in the fishing industry were much less satisfied than locals (Models 11 and 12). There was a positive correlation between immigrants' satisfaction and working as specialists or in services (Model 12). The same applied if they lived in Akureyri. A negative correlation between immigrants' satisfaction and their loyalty to employer came as a surprise. This is hard to explain, unless they feel somehow more constrained by their loyalty. But this is an unlikely explanation because there are indications that immigrants are readily mobile as outlined above. Immigrants living alone are generally less satisfied than other immigrants. Male immigrants are less satisfied than female immigrants and the same applies to those with a BS university degree.

The best assessment of those models (Models 1 to 12) is based on solid premises since no multicollinearity was detected. Furthermore, the likelihood ratio (LR) implemented by a chi-square test<sup>10</sup> indicates that the model as a whole significant impact on the dependent variables and the same applies to a adjusted R<sup>2</sup>. There was no heteroscedasticity in the linear regression analysis models according to the coefficients Breusch-Pagan test which were lower than the critical value of the test (Models 9 and 11). On the other hand, a larger number of observations (participants) would have been helpful. This survey was based on just over 900

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<sup>9</sup> Such statistical tests were conducted but are not included in the report.

<sup>10</sup> This is an instance of a p-value ( $\text{Prob} > \chi^2$ ) which has to be lower than 0.05 to demonstrate that the model as a whole is significant (or more precisely: reject the hypothesis that the model as a whole has no effect on the variability of the model's dependent variable).

<sup>11</sup> The critical value for model 10 was 14.1 at a 5% significance requirement (or 12 at 10%) and 26 (or 28.9) in model 9.

active responses from immigrants, but only roughly 400 responses could be used in the regression analyses. This is because too many participants leave out various questions in the survey, but only those who respond to every question relating to all the explanatory variables can form the basis of the regression analyses.

### 8.3 FURTHER COMPARISON, ANALYSIS AND CONSIDERATIONS

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The key effects (such as signs) of the significant coefficient analysis results relating to immigrants were summarized in one table (Table 8.5). Negative effects were shaded in red, and positive ones in blue. It was discovered that immigrant lone parents have a difficult position in two out of six models. Immigrants in tourism and the fishing industry appear to be somewhat less satisfied than those in other industries. It is somewhat surprising that immigrants in construction are not included, considering media coverage, nor was the outcome of the fishing industry anticipated. The result for tourism was to be expected with reference to the Covid crisis situation.

Immigrants in specialist and even managerial positions showed a particularly positive outcome in this analysis, since they are generally more satisfied with most measured categories than is mainly the case among immigrants in Iceland (Table 8.5). The same applies to those who work in various services other than tourism. Furthermore, immigrants in Akureyri are in general better placed than elsewhere.

It is of special interest that locals in tourism show poorer results than immigrants in this simple comparison (Table 8.5 and Table 8.7). The numerical values show that this opinion holds true as regards job security, but immigrants in tourism are at a disadvantage regarding job opportunities (Table 8.2 to Table 8.4). Locals in the fishing industry, however, are better placed than immigrants which may relate to the earlier stated difference as to whether they work at sea or on shore. Both groups, however, are significantly less satisfied working in the fishing industry, although immigrants are considerably less satisfied in this occupation than locals (Table 8.4).

It is of particular interest that immigrants with a higher education (vocational training) experience more job insecurity than those with less education (without vocational training). But this applies only to those with a tradesman's certificate and a BS degree. (Table 8.5). This should, however, be read in combination with other results, as, for example, that specialists experience higher job security. Thus, it may be expected that those with a higher education but do not work in a specific field (specialists) and enjoy higher pay experience a higher degree of job insecurity than those with a lower level of education. This would explain why it is only those with a BS degree, but have not completed an MS experience job insecurity. The lack of job security among those with a tradesman's certificate is harder to explain, however, and a source of concern.

Immigrants were less satisfied than locals with all aspects relating to the labor market except pay (Table 8.7). Here, the largest difference related to job opportunities (Table 8.3, Model 5) although those three categories show but little difference. In all cases, however, significance was high.



Table 8.5: Table 8.6: Results of regression analyses in 2020 with regard to immigrants. .

Explanatory variables etc.	Pay	Job security	Job opportunities	Own business	Income	Happiness
<b>Background variables</b>						
-Age						
-Lives alone						
-Lives alone with children						
-Gender						
-Job proportion						
-Job experience						
-Income						
-Loyal						
-Immigrants						
<b>Industry</b>						
-Construction						
-Tourism						
-Agriculture						
-Specialisation						
-Fishing industry						
-IT						
<b>Type of job</b>						
-Tradesmen						
-Specialists						
-Clerical work						
-Administrators						
-Technicians						
-Laborers						
-Services						
<b>Location</b>						
-Akureyri						
-The capital area						
- Outlying regions						
<b>Education</b>						
-Vocational						
-Tradesman's cert.						
-Matriculation exam						
BS degree						
MS degree						

Table 8.7: Results of regression analyses in 2020 with regard to locals.

Explanatory variables etc.	Pay	Job security	Job opportunities	Own business	Income	Happiness
<b>Background variables</b>						
-Age						
-Lives alone						
-Lives alone with children						
-Gender						
-Job proportion						
-Job experience						
-Income						
-Loyal						
-Immigrants						
<b>Industry</b>						
-Construction						
-Tourism						
-Agriculture						
-Specialisation						
-Fishing industry						
-IT						
<b>Type of job</b>						
-Tradesmen						
-Specialists						
-Clerical work						
-Administrators						
-Technicians						
-Laborers						
-Services						
<b>Location</b>						
-Akureyri						
-The capital area						
- Outlying regions						
<b>Education</b>						
-Vocational						
-Tradesman's cert.						
-Matriculation exam						
-BS degree						
-MS degree						

As indicated above, immigrants were no less satisfied with their pay than locals, even though an unexplained difference in incomes worked in their disfavor when they were asked to indicate their income. The divergence here might result from the fact that immigrants were comparing their income or real return

in Iceland with their situation abroad, since pay in Iceland is high in an international comparison. Pay secrecy in Iceland, and perhaps the language, may also have prevented them from comparison with their Icelandic colleagues. The fact that immigrants are as satisfied with their pay as locals are, when it measures lower, is unfortunate and could be an indication of a long-term pay discrimination between immigrants and locals because those who fail to exert pressure to protect their pay are likely to be left behind. There exist some long-standing theories to support this notion (A. Smith, 1776, p. 80) as well as more recent research (Block, Millán, Román, & Zhou, 2014; Duncan & Holmlund, 1983; R. S. Smith, 1979) to the effect that an employee who is generally satisfied in his job is likely to receive lower pay than the one who remains dissatisfied in the long term. Thus, if two individuals are equally satisfied with divergent pay the difference is likely to persist.

Immigrants engaged in specialist and scientific work as well as those in the fishing industry turned out to be significantly less happy than those in other lines of work. They were not dissatisfied with their pay, however, although immigrants in the fishing industry turned out to have a significantly lower income (Table 8.4) even though they were not unhappy with their pay there (Table 8.2). It is of particular interest that immigrants' level of education was lowest in the fishing industry (Fig. 8.13) whereas work experience (Fig. 8.11) and seniority (Fig. 8.12) was nowhere higher. Nevertheless, workers in the fishing industry were among those who most frequently attended continuing education (Fig. 8.14). They were also least satisfied with their pay (Fig. 8.15), although the difference was not significant<sup>12</sup>. Job security in the fishing industry was about average (Fig. 8.16) and job opportunities near minimum level (Fig. 8.17) as well as opportunities to establish own business (Fig. 8.18). Thus, dissatisfaction among immigrants in the fishing industry appears not to spring from pay, but it may be relevant to other aspects of the job, for they felt they could not easily find other jobs as reflected by their responses regarding job opportunities. This may explain the high levels of experience and seniority in the comparison above. Other estimations and tests, not outlined here, carried out specifically for further clarification, indicate that immigrants working in the fishing industry were significantly less satisfied with their residence than those in other fields of work. They were also found to be more likely to move than other groups. They have, however, stayed longer in their municipalities than most other categories which might suggest that they are tied to circumstances they would like to escape from, but something appears to hinder them.

In tourism, immigrants carved out their own niche, characterized by unusually pronounced worries regarding job security and insufficient job opportunities (Table 8.5). This is to some extent understandable when looking at the Covid situation which has had a strongly adverse effect on this industry, judging by data from 2020. The effect of Covid on the fishing industry, on the other hand, is only negligible. Covid positively affects the fishing industry through the exchange value of the Icelandic króna, but negatively as a result of the poorer performance of hotels and restaurants in many parts of the world. In a normal season, the situation of immigrants in tourism should be highly positive. The main problems of tourism appear to be limited experience and low seniority (Fig. 8.11 & Fig. 8.12). These are not necessarily problems from the employees' point of view, but certainly negative as far as the industry is concerned. Tourism provides opportunities for employees with limited experience, but they do not seem to stay in the long term. This might indicate that people are not comfortable in this kind of work, or that they use tourism by way of entry to other industries. It is also well-known that young people in search of adventures take a break from their

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<sup>12</sup> The reason for this is probably that the dissatisfaction reflected in the averages (Fig. 8.15) is to be explained in terms of other factors than the type of job, as for example education, and relates more to job types than industries (Model 2, Table 8.2).

studies and find work abroad in search of diversity and to see the world. In such cases, tourism often becomes their employment of choice.

Other forms of employment do not diverge to any significant extent. We see, however, that in the construction and fishing industries locals are significantly more satisfied with their pay than people in other lines of work (Table 8.2, model 1). But this difference is not reflected as regards immigrants. This might indicate different terms of employment between locals and immigrants – as indeed one analysis suggests (Table 8.4, model 9). A possible explanation has been presented as regards the fishing industry, but there is no plausible interpretation as regards the construction industry. An interesting difference was noted relating to experience and seniority among immigrants in construction. They appear to have a great deal of experience (Fig. 8.11) but low seniority (Fig. 8.12) suggesting that they frequently move between employers. This is significantly more noticeable in the capital area than in outlying regions (Table 8.1). The explanation here may be the significantly greater volume of construction activity in the capital than in provincial areas. There is also a large divergence in this respect between immigrants and locals. This may to some extent explain different levels of income, although those variables were adjusted in such a way that seniority, as expressed in the variable “loyal”, affected the incomes of locals but not those of immigrants (Table 8.4, model 9 and 10). The explanation may be that immigrants’ pay is not increased on the basis of seniority or that their seniority is insufficient compared with the situation among locals and that if immigrants have insufficient seniority the data did not absorb that particular element. It is worth paying attention to this, as well as various other factors where immigrants are not rewarded as locals (or to the same extent as locals). Among those factors we could name biological age, education and shares in the success of various occupations and industries (Table 8.4, model 9 and 10).

This also applies to satisfaction with pay although in this category the difference between locals and immigrants turned out to be insignificant (Table 8.2, model 1 and 2). Closer inspection reveals that immigrants’ dissatisfaction with pay does not increase with full time job proportion as is the case among locals. This might indicate that immigrants are tougher or more resilient than locals or that the purpose of their stay here is to maximise their total earnings. Immigrants are more satisfied with their pay than locals are if they are in management or specialist positions. This difference in level of satisfaction might be linked to a comparison with terms of employment in their home country as referred to above. On the other hand, immigrants do not appear to enjoy systematic success to a similar degree as locals in industries such as fishing and construction. Nor do they appear to reap the benefits of work experience or of being located in the capital area, Iceland’s most highly developed labor market, although their situation is better in Akureyri, the second largest source of job opportunities, although locals do not appear to be particularly favored there. Immigrants living alone with children are significantly less satisfied with their pay than locals in the same situation. Thus, there are, in some respects, unfortunate differences between immigrants and locals with respect to satisfaction with pay, although those divergences are not measured as significant viewing the groups as a whole.

In 2020 immigrants’ job security fell below that of locals (Table 8.2, model 3) having deteriorated from 2016/2017<sup>13</sup>. In general immigrants’ circumstances and living standards (job opportunities, possibility of starting own business and income) worsen in comparison to locals when the results for 2020 are compared to the entire compilation (2020 and 2016/2017). This is confirmed by various studies (cf. Chapter 5) although it is hard to state with certainty whether this is a real trend, or whether two different groups are being measured, although attempts were made to correct such a flaw by means of certain variables, as has been pointed out. In 2020 work experience was likely to improve the job security of locals but not that of

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<sup>13</sup> Such statistical tests were carried out, but are not included in the report.

immigrants (Table 8.2, models 3 and 4). Similarly, there was more job security (almost significant) among locals in the fishing industry, but not among immigrants. The same applied to locals if they were tradesmen and if they lived in the capital area, had more work experience and a higher income; this, however, did not improve job security among immigrants. Furthermore, level of education appeared to reduce job security among immigrants, but not among locals. Immigrants employed in agriculture experienced more job security than in other forms of employment. No such correlation was detected among locals. In addition, immigrants in service industries experienced a higher level of job security than in most other occupations, if they were specialists and if they lived in Akureyri. The same applied to locals, but there the trend was considerably weaker. The correlation, which was measured as significant regarding those who live alone, or alone with children, shows in a way two sides of the same coin. Immigrants who lived alone without children experienced more job security than those with children, whereas locals living alone with children experienced less job security than locals with children (Table 8.2, model 3 and 4). It might be said, therefore, that people's job security is adversely affected by living alone with their children, regardless of whether they are locals or immigrants. It is a sad outcome, of course, that people in this situation are having this kind of experience, because they may have less support from their employer if something goes wrong with their children, illness for example. But this experience may well be subjective; that is, people with children are more concerned with their job security than those who are childless because of the financial and social welfare of their children and family. Nobody wants to have to deny their children such things as for example constructive leisure activities and for that reason those responsible for a family find their job security more essential than those who have no children. This is also regrettable. To some extent, this depends on the financial situation in 2020 in such a way that increased likelihood of unemployment adds weight to the worries of those who have children and this is supported by evidence as revealed by a statistical comparison with an earlier survey.

Unlike locals, immigrants do not report experiencing more job security in the capital area than in outlying districts, although they do in Akureyri. We see, however that the signs of the coefficients for outlying districts and the area of the capital are reversed in a comparison with locals, although they are not significant; positive in outlying districts and negative in the capital area. This reveals a certain trend. It could be said, therefore, that indications of immigrants' job security are stronger in outlying districts when Akureyri's impact on their job security is taken into account.

When we come to a comparison of job opportunities (i.e., choice of employment) between immigrants and locals, locals appeared to enjoy the benefit of greater work experience or of living in Akureyri (Table 8.3, model 5). Those factors, however, did not help immigrants, judging by the correlation (Table 8.3, model 6). It helped immigrants, however, if they lived in the area of the capital, although this helped locals a great deal more (Table 8.3, model 5 and 6). It is of special interest to note, however, that this factor was more beneficial to immigrants if they were tradesmen, specialists, managers or worked in the service sector. To be sure, there was less certainty as to this comparison between immigrants than locals in cases of managers and those employed in services, but in the other two instances there was a clear superiority. But it reduced the possibilities of immigrants, compared to locals, if they worked in tourism or IT.

It also appeared to reduce locals' job opportunities if they were male, but this did not apply to immigrants. This point is hard to explain.

A few categories (out of those investigated) appeared to support immigrants in relation to potential for establishing own business (Table 8.3, model 8). Work experience, loyalty a tradesman's qualification or matriculation examination were beneficial to immigrants in this respect. In addition, immigrants in Akureyri and those with a higher income had more opportunities than those who lived elsewhere. In

general, immigrants had fewer opportunities to establish their own business than locals had ( Table 8.3, model 7). Locals in employment requiring education such as specialists, clerical staff, tradesmen and managers had a greater potential for establishing own business, but this did not help immigrants in the same situation. It was of great help to locals if they lived in the capital area, but this did not benefit immigrants, and the same applied to those who lived in the countryside. Similarly, if they worked in agriculture, construction or specialist and scientific occupations. Locals with a higher income were more likely to find it easier to establish own business than immigrants. Generally speaking, one might say that those with a higher income are more likely to be able to finance projects through banks or other avenues. Is it possible that immigrants are at a disadvantage regarding access to the banking system or other financing opportunities? Living alone with your children was more of a handicap as far immigrants were concerned and, furthermore, a high percentage of full employment was a hindrance to immigrants in this regard but did not cause problems to locals.

This coverage indicates that immigrants are less likely to enjoy the abilities or characteristics for which locals are remunerated, although there are exceptions in this regard. It should be noted, furthermore, that immigrants in the fishing industry appear to be at a disadvantage in this comparison. The same applies to immigrants in tourism, but there the causes are fairly well known and better understood.

## 8.4 SUMMARY OF CONCLUSIONS

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In the introduction to this report its aims were outlined as follows:

The aim of the project is to analyze the situation of immigrants on the labor market during the Covid year 2020. This will be done in several stages. Firstly, the circumstances of immigrants will be compared to those of locals during the labor market of 2020. Secondly, an attempt will be made to compare immigrants' situation on the working market in 2020 to that of 2016-2017. Finally, an attempt will be made to investigate the situation from a geographical point of view, from two different perspectives: 1) The circumstances of immigrants on the labor market in the capital area will be compared to their situation in the remainder of the country. 2) The circumstances of immigrants on the labor market in West Iceland will be compared to their situation in the remainder of the country.

The data did not allow a clear fulfilment of all those aims, since participation was insufficient; nevertheless, the comparison between immigrants and locals was reliable as was the comparison between immigrants in outlying districts and in the area of the capital.

### 8.4.1 IMMIGRANTS AND ICELANDERS 2020

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The main conclusions are as follows: The circumstances of immigrants were worse than those of locals in 2020. Out of the six categories specifically investigated, directly or indirectly connected to the labor market, immigrants felt they were at a disadvantage compared to locals with regard to job security, job opportunities and potential for establishing own business. They were also measured with significantly lower incomes and not as happy. On the other hand, they were not significantly less satisfied with their pay. Less satisfaction among immigrants than locals was for the most part explained in terms of labor market factors.

#### *8.4.2 SITUATION OF IMMIGRANTS IN 2016/2017 AND IN 2020*

A descriptive analysis revealed that immigrants' situation on the labor market deteriorated in 2020 compared to 2016/2017 (Fig. 8.5). The same applied to immigrants' circumstances in compulsory schools and music schools. General services had declined as well as their living standard. A number of other factors had improved as reckoned by immigrants. Among those we could list network connections, the road system and rental accommodation. This probably relates to the fact that network connections in sparsely populated areas were significantly improved during the interval between surveys. Besides, there is a lighter load on the road network and the rental market during a decline in tourist arrivals.

The conclusions of this chapter should be regarded with caution. However, the chapter only contains the results considered most reliable by the author in comparison with other research. There is less certainty with regard to those results for various reasons outlined above.

#### *8.4.3 THE SITUATION OF IMMIGRANTS IN OUTLYING REGIONS AND IN THE CAPITAL AREA 2020*

The main conclusions are as follows: Out of the six categories specifically investigated, directly or indirectly connected to the labor market, immigrants in the area of the capital felt they were better placed as regards job opportunities (Table 8.3, model 6) and satisfaction with pay than immigrants in outlying regions, using a simple method of analysis (Fig. 8.15). On the other hand, immigrants turned out to have a significantly lower income in the capital area than in other parts of the country when adjusted for a large number of other important contributory factors (Table 8.4, model 10). A closer investigation revealed that divergent levels of satisfaction with pay between the capital area and outlying regions could be traced to the fact that a proportionally larger number of immigrants lived alone with their children in outlying districts than in the capital; besides, there was a relatively higher number of specialists among immigrants in the capital area than in outlying regions<sup>14</sup>. Finally, there was no significant difference between those groups with regard to the other four categories; satisfaction with pay, job security, potential for establishing own business and happiness (Table 8.2, Table 8.3 and Table 8.4).

When considering all the 40 residential circumstances included in the population survey in 2020, considerably fewer individuals came off better in outlying regions than in the capital area (Fig. 8.3). The categories which were more favourable in outlying regions are, for example, those connected with cost of living, traffic and property prices. Unfavourable aspects are mainly those relating to university studies, leisure activities and various services.

#### *8.4.4 THE SITUATION OF IMMIGRANTS IN WEST ICELAND AND THE CAPITAL AREA IN 2020*

The circumstances of immigrants in West Iceland were generally better than in other outlying regions. They were most satisfied with factors relating to cost of living, schools and traffic, but least satisfied with aspects of culture and university. It is worth noting how well job security fared in this comparison. The reason for this is not clear. The comparison should be interpreted with caution since only 100 responses from West Iceland were available.

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<sup>14</sup> Thus, this geographical difference in satisfaction with pay is mostly traced to the geographical difference between those two job categories.

## 9 FINAL REMARKS

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The objective of this research was to examine the situation of immigrants on the labor market during the year of Covid crisis in 2020. There were weighty reasons for initiating the project because immigrants constitute a significant group in Icelandic society and foreign research suggests that immigrants are generally at a disadvantage, compared to locals, during periods of crisis and recession. Besides, tourism is the industry most severely damaged by the crisis after having been the largest employer of immigrants for several years.

Statistical analysis revealed that the number of immigrants in Iceland kept growing after the Covid crisis struck, in contrast to the wake of the banking collapse in 2008 when immigration was reduced to a small extent. This is despite increased unemployment among immigrants which has grown considerably since 2018. The only decline in the number of working immigrants was in 2020 when examining the overall development from 2012 (Fig. 4.1).

An analysis of survey data from 2020 with just below 11,000 respondents, thereof almost 1,000 immigrants, revealed that immigrants were disadvantaged in the labor market in 2020, compared to locals, in five out of the six categories focused on in this research: those were, job security, job opportunities, potential for starting own business, real income divergence and happiness. The difference in happiness between immigrants and locals was overwhelmingly explained in terms of their circumstances on the labor market. However, immigrants were not less satisfied with their pay than locals were.

There are some indications that immigrants are not remunerated to the same degree as locals on the labor market for various factors such as for example seniority and education.

The conclusions are to some extent in line with the foreign research studied for the purpose of comparison, but some worrying aspects exist where there is every reason to consider action for improvement. Two obvious improvements would be increased language education and more information in this context. Courses in Icelandic for immigrants could be less expensive for them. Improved education in other respects appears unlikely to succeed since immigrants are often better educated than locals in the same industries. Information about the status of immigrants in Iceland could be made more accessible (data market) and presented in Icelandic, English, Polish and perhaps other languages. Immigrants should also be well informed as to their rights and obligations. Further actions could or should be mentioned, but this will have to suffice here.

Immigrants in outlying regions appear to receive higher pay than those in the capital area, but fewer job opportunities. Immigrants in the capital area were also more satisfied with pay than those living in outlying regions. When all residential circumstances are examined, regardless of whether linked to the labor market or not, the circumstances of immigrants were better in the area of the capital.

As already indicated, these conclusions are based on a large collection of survey data from 2020. Comparable data were also used from 2016/2017 but those were more cautiously interpreted since immigrant participation was unsatisfactory. Generally approved statistical analyses for data collection of this kind were used.



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