

Bottleneck Vacancies in Iceland

Health care, construction, ICT and tourism affected

There are bottlenecks in a number of sectors, with health care, construction, ICT and tourism being the most prominent ones. Bottlenecks have been identified over a range of occupations, ranging from medical practitioners and IT specialists to skilled manual workers to food service counter attendants.

Iceland is distinctive due to its high rates of employment for both men and women, coupled with low levels of unemployment. The years leading up to the economic crisis were characterised by a tight labour market and mass importation of labour. Following the collapse of the Icelandic banks in autumn 2008 unemployment rates rose steeply, the annual rate peaking at 7.6% in 2010. The effect of the recession on bottlenecks has been mixed: some bottlenecks have appeared, others have vanished (e.g. evidence suggests that recruitment difficulties have lessened for qualified primary school teachers). The most of the bottlenecks identified are now to be considered persistent.

Skill shortages, work conditions and location

Lack of people with necessary skills is the most frequently cited reason for recruitment difficulties to these occupations. The range of skills required is considerable and varies between sectors and occupations, as do the reasons for skill shortages. In some instances there is an abundance of labour with general skills but lacking skills specific to a sector (such as managers and marketing professionals in ICT), in other cases outmigration has depleted the pool of workers (e.g. skilled manual workers and health care). There are also examples of recruitment difficulties that are evident already in people's educational choices (skilled manual workers, preschool teachers).

Lack of concerted response

There was a broad consensus among interviewees that there was very little in the way of concerted response to bottlenecks, neither by national or municipal governments nor at the sectoral/occupational level. Many interviewees expressed concern that there was too much emphasis on academic education and too little on vocational training. This was corroborated by the Confederation of Icelandic Employers' Education Survey, which indicated that the demand for the latter will be considerably greater in the foreseeable future than for the latter.



TOP 20 Bottleneck Vacancies in Iceland 2013

Occupation (ISCO-08)**	Development since 2008
Advertising and marketing professionals	N/A
Aquaculture [...] production managers	N/A
Bus and tram drivers	N/A
Chefs	N/A
Concrete placers, finishers [...]	N/A
Electrical equipment installers [...]	N/A
Food service counter attendants	N/A
General medical practitioners	N/A
House builders	N/A
Plumbers and pipe fitters	N/A
Policy and planning managers	N/A
Primary school teachers	N/A
Sheet and structural metal workers	N/A
Ship's engineers	N/A
Software developers	N/A
Specialist medical practitioners	N/A
Systems administrators	N/A
Systems analysts	N/A
Travel guides	N/A
Waiters	N/A

*Note: a ranking of the occupations was not possible (see page 5)

**Where an occupation has been identified on a more specific level than ISCO 4 digit, this is used.



Top 20 Bottleneck Vacancies

It should be stressed that there exists no adequate quantitative data on bottleneck vacancies in Iceland, meaning the bottlenecks have primarily been identified using qualitative data such as interviews and on the basis of available information. Thus there is a considerable scope for uncertainty.

Evidence suggests that there is now a growing shortage of specialist medical practitioners coupled with long-term shortage of general medical practitioners.

Skilled manual workers were in short supply prior to the crisis and remain so in its wake. However, the underlying reason has changed. Prior to the crisis the economic boom, coupled with labour intensive construction projects in eastern Iceland, lead to excess demand for this kind of labour. The construction industry was hit hard by the crisis, both by falling demand and by the devaluation of the Icelandic currency. Many skilled manual workers responded to this new circumstance by moving to neighbouring countries, especially prime age workers. There are further difficulties in recruiting young workers in the more sparsely populated areas on account of limited ac-

cess to the relevant education.

The devaluation of the Icelandic currency has, however, contributed to the growth of the tourist industry with demand for chefs, waiters, bus drivers and travel guides growing faster than its supply. These bottlenecks mainly occur outside the capital city region.

The ICT sector is another growth-sector. It is faced with shortages of both ICT skills (e.g. systems analysts and administrators) and marketing professionals and managers with sector specific know-how.

According to information from Reykjavik municipality's Department of Education and Youth, municipalities had experienced difficulties in recruiting credentialed primary school teachers in the years leading to the crisis, although this bottleneck now seems to have disappeared.

It was not possible to rank the bottleneck occupations on the basis of the data. Furthermore, Statistics Iceland has not adapted ISCO-08, thus there is no accurate information on the numbers employed in a given occupation (see p. 5).

Rank	Bottleneck Vacancies ISCO-08	Skills level (ISCO-08)	Geographical aspects
-	Advertising and marketing professionals	HS	Capital city region
-	Aquaculture and fisheries production managers	HS	Rural areas
-	Bus and tram drivers	SM	Capital city region
-	Chefs	HS	Rural areas
-	Concrete placers, finishers and related workers	SM	
-	Electrical equipment installers and repairers	SM	Rural areas
-	Food service counter attendants	SNM	
-	General medical practitioners	HS	
-	House builders	SM	
-	Plumbers and pipe fitters	SM	
-	Policy and planning managers	HS	Capital city region
-	Primary school teachers	HS	
-	Sheet and structural metal workers	SM	Rural areas
-	Ship's engineers	HS	
-	Software developers	HS	Capital city region
-	Specialist medical practitioners	HS	Capital city region
-	Systems administrators	HS	Capital city region
-	Systems analysts	HS	Capital city region
-	Travel guides	SNM	Rural areas
-	Waiters	SNM	Rural areas

Main sectors with Bottleneck Vacancies

Sectors	Bottleneck vacancies
Health care	General and specialist medical practitioners
Construction	Concrete placers, electrical equipment installers, plumbers and pipe fitters, sheet and structural metal workers.
Tourism	Bus drivers, chefs, travel guides and waiters
ICT	Marketing professionals, software developers, systems analysts

Recruitment difficulties are found in a number of sectors. There is a shortage of both general and specialist medical professionals in health care. There is also a shortage of skilled manual workers of various kinds. In tourism there is a range of jobs that have proven difficult to fill, such as bus drivers and travel guides. The ICT sector lacks both people with relevant ICT skills, such as system administrators and analysts, and managers and marketing professionals with sector specific skills.

Bottleneck problems in health care

The health care sector has faced considerable cuts after the onset of the economic crisis. This has led to increased workloads and may affect professional development in the long run as a higher proportion of the working hours of medical professionals is spent on basic and administrative activities. As health care professionals are a fairly mobile workforce, low salaries, coupled with a fall in purchasing power, have undermined the competitiveness of the Icelandic health care sector relative to those in some neighbouring countries. A recent survey of students at the University of Iceland School of Health Sciences revealed that medical students are unenthusiastic about taking up employment in Landspítali University Hospital, the single largest employer in the health care sector. Instead they are looking to develop their careers abroad. This suggests that bottlenecks may be a growing and a long-term problem for the health care sector.

Main reasons for Bottleneck Vacancies

Lack of technical competencies

Insufficient supply of workers with the requisite skills is the most widespread reason for recruitment difficulties. In some cases the reason is the emigration during the economic crisis (e.g. in health care and construction), in other cases bottlenecks arise because growth in sectors gives rise to unanticipated skill needs (marketing professionals and managers in the IT sector). In some cases Icelandic companies are unable to compete with Western European and North American companies in terms of salaries and intrinsic qualities of jobs (IT, health care, construction).

Low status of occupations

While skilled manual workers often enjoy relatively high material living standards, such jobs are widely seen as having low status. This has led to recruitment problems already at the level of vocational training.

Unsocial hours/work intensity

Unsocial work hours are a problem in tourist related activities and in health care. In the latter this is coupled with work intensification in the wake of the financial crisis.

Seasonal demand

This is primarily a problem in the expanding tourist sector. Seasonality and the location of many of these jobs outside the capital city region combine to make such jobs unfeasible from an employee point of view, especially in the absence of suitable "off season" employment.

Initiatives to cope with Bottleneck Vacancies

Initiatives to cope with bottlenecks seem to be implemented in a piecemeal fashion, most often by specific employers rather than at a more aggregate level. Thus, some employers try to attract people with higher wages or by improving rewards extrinsic to the jobs in question. Some have established links with educational institutions to try and address specific shortages.

On the whole, however, there seems to be a broad consensus that concerted and coordinated efforts are needed to address bottlenecks resulting from skill shortages and that neither government nor industry level actors are doing enough to address the issue.

Skills Strategies

There is one instance of a company in the ICT sector working directly with a University to provide courses for students to endow them with management and marketing skills specific to the ICT sector. This is a three year initiative that started in spring 2013. Among other things the employees of the company in question participate in teaching, sharing their experience and expertise.

Satisficing

In some of the interviews it emerged that some employers resort to lowering their skill requirements when they could attract employees with the right skill-set or sufficient skill-levels. Interviewees talked of "making do".

Recruitment from abroad

Companies in both construction and ICT recruit skilled workers from other countries, specifically poorer EU Member States and from outside the EU.

Early childhood education institutions

Kindergartens are constraint in the wages they can offer. Instead they emphasise intrinsic rewards and skill development. Examples of skill development include allowing employees to attend relevant courses during work-hours, encouraging unskilled workers to pursue kindergarten teacher qualifications, and travel abroad to visit kindergartens deemed to be particularly innovative.

Main sources used to identify Bottleneck Vacancies in Iceland

Bottleneck occupations were identified on the basis of qualitative data collected from various sources, including:

- The Directorate of Labour, The Directorate of Health, Reykjavik Municipality Office of Human Resources, as well as department specific HR offices, The Confederation of Icelandic Employers, The Icelandic Tourist Industry Association, the Federation of Icelandic Fish Processing Plants and the Federation of Icelandic Industries.

This information was cross-checked against survey data that gives a very broad view of the demands for education in the Icelandic labour market:

- Capacent Annual Employer's Survey 2013;
- The Confederation of Icelandic Employer's Education Survey 2013.

In addition a survey of students from the University of Iceland School of Health Sciences was used.

Data from the above surveys is very limited and does not allow bottlenecks to be ranked, nor is it possible to determine changes over time with any accuracy. However, identification of the bottleneck was possible because of a general consistency among the sources.

As the scope for uncertainty is considerable, the selection should be seen as preliminary and indicative, pending further research and the collection of adequate data on skill shortages and bottlenecks.

The availability of quality data on bottlenecks and related issues is scarce.

There are two surveys that are relevant:

1) An education Survey commissioned by the Confederation of Icelandic Employers that asks about the education profile of firms and prospective needs for given types of education. However, education categories are very broad and only give a broad sense of the types of skill required.

2) The annual Employer's Survey conducted by Capacent (the Icelandic Gallup subsidiary) that covers a wide range of issues, sacrificing depth for breadth of coverage.

Neither of these surveys have resulted in reports that are available in the public domain, though results can be gleaned in a piecemeal fashion from various publications.

The Directorate of Labour is one potential source of information as it collects information on vacancies and how long it takes to fill them. Unfortunately the Directorate does not yet have the capacity to process and publish this information.

However information provided by the Directorate did offer a general picture that is at least consistent with the qualitative data collected elsewhere.

Sources

Capacent, *Annual Employers' Survey 2013 (Fyrirtækjakönnun Capacent 2013)*, 2013. (Not publicly available)

The Confederation of Icelandic Employers, *Education Survey 2013 (SAMTÖK ATVINNULÍFSINS, Samtök verzlunar og þjónustu, Menntakönnun, Febrúar 2013)*, 2013. (Not publicly available — For some figures: http://www.svth.is/images/stories/sv_heild_2013.pdf)

University of Iceland School of Health Science, *Survey of students*, 2013. (Not publicly available)

Qualitative data from interviews and inquiries with the Directorates of Labour, employer's associations, and key public sectors agencies at both the national and the municipal level.

Fourteen interview conducted with key stakeholders and experts.