Polish workers in the capital area of Iceland

Anna Wojtyńska

Félags- og mannvísindadeild Ritstjórar
Sveinn Eggertsson og Ása G. Ásgeirsdóttir

Rannsóknir í félagsvísindum XIII. Erindi flutt á ráðstefnu í október 2012
Reykjavík: Félagsvísindastofnun Háskóla Íslands
Polish workers in the capital area of Iceland

Anna Wojtyńska

Over the last three decades, the Icelandic economy moved from highly regulated towards a more liberal one. Various reforms supporting free market economy were implemented, including the reorganization of the tax system in order to foster private investments and enterprise. Importantly, starting from fishing quotas, the Icelandic government undertook an extensive privatisation programme in the 1990s, which culminated with the privatisation of the three major national banks. This triggered a brisk economic growth in the country, even if not very stable as became evident with the latest financial crisis (Stefán Ólafsson, 2008). At the same time, Icelandic society and the structure of the Icelandic labour market has been transformed. With an ongoing rural to urban internal migration, employment in the agriculture and fishing industry continued to decline in favor of services. The period of recent economic growth in Iceland was also characterized by an increase in wage inequality and growing salary gap (Stefan Ólafsson, 2011). Along with changes in the structure of the domestic labour market, the growing demand for foreign workers was created; this initially occurred predominantly in the fish processing industry, followed by low-skilled service sector positions and finally in construction. The demand became particularly pressing during the recent economic expansion between the years 2004 and 2008, accompanied by the boom in the building sector. As a result, Icelandic employers increasingly strove to find workers abroad. Their efforts were coupled with the opening of the Icelandic labour market to citizens of the new member states of the European Union in May 2006. This initiated an unprecedented inflow of migrants to Iceland. Just within 5 years, from 2004 till 2008, 24,130 new work permits or new registers were issued for foreign workers and almost 14,000 were renewed (Directorate of Labour, 2012a). On the top of this were an unknown number of posted workers and workers working for temporary employment agencies, as until February 2006 there was no obligation to register such activity. Consequently, within only 5 years the share of immigrants as the total Iceland’s population grew from 4% in 2003 to 9% in 2008 (Statistics Iceland, 2012a). At its peak, in 2008 foreign citizens composed as much as 10% of the Icelandic workforce (Karl Sigurðsson & Valur Arnarson, 2011). The majority of migrants were from Eastern Europe, especially from Poland.

In this article, drawing on the survey data, I discuss the Polish labour migration to Iceland. First, I present the main reasons behind moving to Iceland and ways of finding employment. Then, I explore the labour market position of Polish workers, showing what kind of employment positions they held, the sectors they are concentrated with and the employment conditions they laboured under. Finally, I also examine factors that may influence the occupational attainments of Polish migrants.

1 After opening the labour market in May 2006, citizens of new member states did not have to apply for work permits, yet they had to be registered at Icelandic Directorate of Labour. From 1 of May 2009 the duty of registration was lifted.

2 From February 2006 until 2009, altogether 2.870 workers hired by Temporary Work Agencies (leigustarfsmenn) and 448 posted workers were registered at Directorate of Labour (Directorate of Labour, n.d). However, the figure may be still too low due to insufficient registration (Jón S. Karlsson, 2007). The number most likely diminished with the implementation of the new act on Temporary Work Agencies, as from then such agencies were obligated to secure working conditions and minimum wages according to Icelandic law.
Data and methodology

The analyses presented in the article are based on the survey conducted by Centre of Migration Research at the Reykjavik Academy (Ínnilfyltjendaráannsóknarmiðstöð Reykjavíkur Akademíunni, MIRRA)\(^3\), which will be referred later as the RDS Iceland. The survey was carried out between May and July 2010 in the Reykjavik metropolitan area\(^4\). The study employed Respondent-Driving Sampling (RDS), which is built on snowball sampling, whereby respondents are asked to invite future respondents. One of the important modifications of RDS is a “dual system of structured incentives”, meaning that respondents are rewarded (most commonly by financial incentives), both for their participation and for recruitment of next participants. RDS was designed specially to research hard to reach populations when random sampling methods may be impossible to apply\(^5\).

Altogether 480 Poles answered the questionnaire, which was about 10% of the total Polish population above 18 years of age, living in Reykjavik and its neighbourhoods at the time of the survey. Two third (or 65%) of respondents were working, while as high as 35% were unemployed. Importantly, information related to work and working condition was only collected from those of participants who were employed at the moment the interview was conducted. Men comprised 55% of the sample, which closely reflects the official data. Furthermore, over half of the respondents (53%) were 35 years old or younger. The vast majority (83%) of participants came to Iceland during the boom years – between 2004 and 2008 – 5% before 2004 and 12% after the financial crisis. If compared with official registers from Statistics Iceland (14% before 2004, 76% between 2004 and 2008 and 10% after 2008), this means that the survey reached to a higher degree the most recent migration of Poles than earlier waves.

Segmentation of the labour market

International flows of people are often explained as a response to labour shortages in the developed countries. Indeed, migration has been an integral part of economic development and necessary to sustain the growth (Piore, 1980; Harris, 1996; Waldinger and Lichter, 2003; Wills et al., 2010). Industrialisation and fast economic expansion absorb the native labour force, creating demand for foreign workers. Moreover, one of the characteristics of the modern capitalist economies is polarisation on the labour market. The process is commonly discussed as labour market segmentation or dual-labour market hypothesis (Piore, 1980). According to segmented labour theory, labour markets of developed countries are divided into primary capital-intensive sector and secondary labour-intensive sector. While the former offers better salaries and more prestigious jobs, the latter – on the contrary – consists of low-paid and low-status employment. These jobs are sometimes referred as “3-D-jobs” – dirty, difficult and dangerous (Harris, 1996:165). They are often less secure due to higher risk of lay-offs in economic downturns, and they offer fewer possibilities for upwards mobility. Conventionally, as native-born workers strengthen their position on the labour market and move into primary sector, migrants come to take on jobs which have been abandoned by locals.

\(^3\) The survey was part of the project “Migration and Mobility in Times of Transformation” financed from the EEA financial mechanism and coordinated by Centre of Migration Research at the Warsaw University (CMR).

\(^4\) More on the implementation of the survey see Hallfríður Dórarinsdóttir and Anna Wojtyńska, 2011.

\(^5\) More about the Respondent Driving Sampling can be found in Heckathorn, 1997.
However, the demand for foreign workers often remains, despite the available supply of local labour, even under conditions of persisting unemployment. This can be partly explained by the nature of contemporary globalised market relations. Employers – in order to keep competitiveness – rather than improving working conditions and raising wages to attract native workers into the secondary sector, rely instead on labour imported from abroad as a less costly alternative. Another reason is rooted in the social value attributed to work. Natives may hesitate to accept bottom-level jobs as those can be perceived as socially stigmatising (Waldinger and Lichter, 2003). Local workers may also prefer to claim benefits than taking any job available (Wills et al., 2010).

At the same time, migrants are ready to accept “worse” jobs, for a variety of reasons. Firstly, because of the existing salary gaps between countries, they still can earn more than in place of origin. Secondly, they may perceive this state as temporary, planning either to return or to improve their position on the host labour market (Parutis, 2011). Thirdly, migrants usually use a dual frame of reference, meaning that they evaluate working conditions in comparison with the one at home (Waldinger and Lichter, 2003). Finally, many migrants are simply poorly educated and without the language skills of the host country are not able to compete for better employment.

In Iceland, the demand for foreign labour was coupled with a large growth in GDP. In the years of economic expansion, new jobs were created and overall employment had increased by 14% between 2003 and 2008 (source: Statistics Iceland, 2012c). The highest rise was recorded in construction (as high as 62%), followed by financial intermediation (45%). As a result, the great labour shortage was formed, inducing employers to search for workers abroad, either relying on networks of already present migrants or using recruitment companies. Clearly, the vast majority of people were moving to Iceland in order to work. The labour participation rates among foreign citizens were high, slightly exceeding the participation rates of Icelanders, while unemployment was almost non-existent (Directorate of Labour, 2012b). Generally, it can be concluded that while Icelanders were improving their employment situation, foreigners were coming to do the jobs that were no longer attractive to natives, such as manual jobs in construction, manufacturing, or work in various kinds of services which do not require much qualifications. According to estimations of Karl Sigurðsson and Valur Arnason (2011), in 2008 foreign citizens made 62% of all workforce in fish-processing, 37% in construction and 28% of hospitality (hotels, restaurants).

The situation of the migrants on the Icelandic labour market has changed dramatically after the onset of financial crisis by the end of 2008 (Unnur Dís Skaptadóttir, 2010; Anna Wojtyńska & Malgorzata Zielińska, 2010; Anna Wojtyńska, 2011; Anna Wojtyńska, Helga Ólafs & Unnur Dís Skaptadóttir, forthcoming). Many foreigners were left without employment. Unemployment rates rose for the total population up to 8%, but up to 11% among foreign citizens and as high as to 20% among Poles (Directorate of Labour, 2012b). Some migrants left the country (Ólöf Garðarsdóttir & Þóroddur Bjarnasson, 2010). Yet, the number of immigrants did not decrease to the level from before the economic expansion and foreign nationals are still considerable part of Icelandic workforce, accounting for 8% of the workforce in 2011 (Directorate of Labour, 2012b).
Polish labour migration

Poles are by far the largest immigrant group in Iceland. In January 2012, they constituted 36% of all immigrants in Iceland and 3% of total Icelandic population (Statistics Iceland, 2012c). Polish citizens are a significant part of Icelandic labour force, accounting for more than 40% of overall foreign workforce in 2011 (Directorate of Labour, 2012b). While the survey was conducted in 2010, Polish migrants numbered slightly over 10,000, with more than half living in Reykjavik and the greater Reykjavik area. Men accounted for 58% of the total Polish population in the capital region and 55% of survey sample.

Reason for migration

The migration of Poles to Iceland can be clearly classified as labour migration. The most often mentioned primary reasons of leaving Poland were work related – higher salaries or receiving employment in general (61%) (see Figure 1). While higher salaries were visibly more important for men (65% versus 41%), more women than men were coming to join family or a partner staying already in Iceland (34% versus 10%)6. This indicates that the recent migration was predominantly driven by men while women were rather following them afterwards. This tendency is contradictory to the one prevailing at the beginning of development of Polish migration to Iceland, when often women were the first to come, then followed by rest of the family (Skaptadóttir and Wojtyńska, 2008; Wojtyńska, 2011).

Figure 1. The primary reasons of leaving Poland (RDS Iceland)

The choice of Iceland, over another country as a destination, was predominantly motivated by knowing somebody – friend, family or partner – already living in Iceland (see Figure 2). This proves high importance of migrant networks in developing migration flows from Poland. Even if during the years of great labour shortage job agencies became an increasingly significant, informal methods of finding employment continued to play a central role. The next mentioned reason in terms of significant was the Icelandic wage-level. For instance, in 2006 in Poland, the average hourly salary for a worker with a secondary vocational training was 13.43 PLN, which at that time equalled about 263 ISK7 (Central Statistical Office, 2007). Thus, getting even the

6 The difference was statistically significant, with χ²(5, N=480)=49.53, p<0.01
7 According to the National Bank of Poland rate from 4th of January 2006.
minimum Icelandic payment could be considerably higher than one received in Poland. Again, women more frequently than men were coming due to personal relations, while more men were attracted by Icelandic salaries.

Figure 2. The primary reasons for choosing Iceland (RDS Iceland)

Moreover, the survey data shows that also the economical situation in Poland was a vital incentive to search for employment abroad. Even if the majority (or 74% of all respondents) were working before coming to Iceland, as many as 43% (34% of men and 55% of women) admitted that they were not able to support themselves and their families from the salary they received in this job.

First job in Iceland

The importance of migrants’ networks is revealed when considering how their first employment position was attained in Iceland. Although during the years of economic expansion Icelandic employers increasingly were looking for workers using the assistance of job agencies, their role diminished after the economic collapse. For example, in 2006 almost 1200 Poles were directed to work in Iceland by job agencies compared with only 5 in 2010 (Napierała, 2012). Accordingly, only 2% of all respondents said they got their first job in Iceland through a work agency, while more than 70% received employment with help of family member, friend or acquaintance. Another 21% was hired in result of establishing contact or being contacted by Icelandic employer. Additionally, when looking for job, 72% admitted that they were asking their friends whether they heard about some job in Iceland; and 39% asked their friends to recommend them to the employer (see Figure 3).

---

8 The difference was statistically significant, with $\chi^2(3, N=420)=17.95, p<0.01$
Working conditions

When large numbers of migrant workers entered the Icelandic labour market, more and more alarmist news appeared in the media about the exploitation of foreign labour, especially in the construction industry. Conventionally, complaints have been made about poor working conditions, violations of workers’ rights, and too low salaries (Álfrún Sigurjonsdóttir & Unnur Dís Skaptadóttir, 2011; Kristín ÁsaEinarsdóttir, 2011). However, the exposure to abuse or probability of abuse seems to be very much related to the type of employment in question, with workers working for staffing agencies being the most vulnerable.

Terms of employment

Until May 2006, Polish citizens intending to work in Iceland needed to hold a working permit when entering the country. The permits had to be applied before entering a country and were issued for the employer. In May 2004, Poland joined the European Union, but Iceland took a two-year transition period before fully opening the labour market for new member states. The mobility of workers continued to be regulated by conditions on which work permits were granted. However, Polish membership in the EU yielded new possibilities for entering the Icelandic labour market. That was given on the basis of the mobility of services. Subcontracting and temporary agency work was an attractive alternative for employers trying to avoid the long process of acquiring permits for foreign workers. There are no estimates of how many Poles came to Iceland this way before 2006. Between 2006 and 2009, when this kind of employment was already on decline, 1168 Polish temporary agency workers (útilegustarfsemi) and 110 Polish posted workers were registered at Directorate of Labour (Directorate of Labour, n.d.). By 2010, when the survey was conducted, this form of employment seemed to be disappearing. Among currently working respondents, the vast majority (96%) worked for Icelandic employers, thereof 83% had a permanent and 10% temporary employment. A meagre number of participants had atypical employment, like for example working within a Polish firm or working for a temporary work agency, and only one person was self-employed. Interestingly, there were a few cases of participants who reported coming repeatedly to Iceland in search for a summer job.

Regular employment should protect Polish workers from possible illegal practices by employers. However, some of respondents experienced some sort of violation of their rights: 27% reported being paid (often, sometimes or once) less than it was agreed, 11% experienced (often, sometimes or once) not being paid for overtime and 6% experienced (often, sometimes or once) not being paid at all for their work. Importantly, after intervention – most commonly contacting directly employer (61%) or trade unions (24%) – the majority (or 67%) managed to receive missing payment.

Kinds of jobs

As was mentioned, the recent demand in Iceland was to a large extent driven by the search of low-skilled labour rather than highly educated specialists. Thus, the majority of Poles were hired for jobs that did not require much qualification, mostly in services sector positions such as cleaning (20%), hotels and restaurant work (16%), followed by manufacturing (16%) and the construction industry (16%) (see Figure 4). Importantly, the survey was conducted after the onset of the financial crisis in Iceland.
During the boom years, the majority of Poles found work in construction. In the fourth quarter of 2007, of those respondents who were then working in Iceland, 38% had their job in the building industry. Construction was one of the industries more severely touched by recession, recording a high number of lay-offs. It is also reflected also in the survey data, since almost half of the unemployed participants had their last job in construction.

Many of the companies Poles were hired by were dominated by Polish or other migrant workers (66%). Consequently, as many as 49% cited English as the most frequently used language at work and 25% mainly comunicated in Polish.

Wages
Taking a neo-liberal turn in the policy context in Iceland had important implications for the labour market. Intensified pressure on companies to be competitive provoked a search for ways to reduce labour costs. Recruiting workers from abroad could serve as one such solution. In Iceland, minimum wages are secured by agreements between trade unions and the employers’ federation. Even if not bound by law, they apply to non-union members as well. The minimum wages depend on education, kind of employment and on work experience. In 2010, the minimum wage for unskilled labourer at the moment of hiring was 910,13 kr. per hour (Launatafla Samtaka atvinnulífsins, 1. júní 2010). However, the real wages are typically higher. For example, the same year the mean hourly payment for general workers was about 1.590 kr., but the mean hourly salaries for construction workers were about 2.100 kr. (source Statistics Iceland, 2010). When looking at self-reported salaries, 60% of respondents were paid less than 1.200 kr per hour (see Figure 5). The lowest salaries were reported by participants working in cleaning – half of them were paid bellow 1.000 kr. Most of the construction workers were receiving between 1.200 kr. and 1.499 kr., but only 26% close to what was paid on average in this industry.
It can be concluded from this in general that many of the survey participants were receiving less than the national average. However, the situation may differ very much between sectors. In the study of Álfrún Sigurdardóttir with construction employers that hired migrant labourers, it was revealed that some of her interviewees had justified paying less to foreign workers since they were providing them with other benefits, like free accommodation, transport to workplace or plane tickets (Sigurgeirsdóttir, 2011).

**Occupational attainment**

There are many factors that determine the occupational attainment of immigrants (Cheswick, 1978; Friedberg, 2000). Beside the conditions and opportunities offered by the market of the receiving country, they also depend on migrant’s human capital, which are skills and acquired qualifications. When education of respondents is considered, the majority held some sort of skills (78%). Most commonly participants had finished vocational training of various kinds\(^9\) (58%) or university (20%) – either with bachelor or a masters degree. Only as few as 8% had completed primary school or gymnasium and 14% general secondary school without any applied education needed for specific occupation.

However, more than half or 65% said they were not using their qualifications in the work performed in Iceland. Importantly, there was statistically significant difference between men and women\(^10\). While deskilling concerned 54% of male participants, as many as 75% of Polish women said they did not use their education.

There can be various reasons why migrants are working below their qualifications in the receiving country, besides that of the structure of demand, which undoubtedly shapes employment patterns of migrants. Often it is the limited transferability of skills acquired in the home country, either because of a mismatch or because of the bureaucratic impediments (Cheswick, 1978; Friedberg, 2000). However, experience

---

\(^9\) In Poland, vocational training can be on different levels: either 3 years vocational schools or 5 year technical college.

\(^10\) \(\chi^2(4, N=480)=34.32, p<0.01\)
Polish workers in the capital area of Iceland

gained in construction industry seems to be relocated with less difficulty. This may explain recorded differences between male and female participants.

Since language skills play an important role in determining migrants’ statuses on the labour market, poor language proficiency may be another reason why foreign workers do not work according to their education. Looking at the survey data, it becomes apparent that Polish migrants had rather limited knowledge of Icelandic: 61% did not speak Icelandic at all or knew only a few basic words. Additionally, the skills in English, although better than in Icelandic, were not very advanced as well. Only 12% declared being fluent, while 43% spoke good or moderate English, 32% knew little or basic words and the remaining 13% did not know English at all (see Figure 6). Moreover, 16% of respondents would have difficulties in communicating both in Icelandic and English. In the years of recent economic expansion in Iceland, the demand was so extensive that employers’ requirements concerning language proficiency of the foreign workers were not very high. As result, it was possible to receive a job speaking neither Icelandic nor English.

![Figure 6. Icelandic and English skills among Polish migrants (RDS Iceland)](image)

In theory, with time spent in the host country, migrants should be able to improve their social and human capital which in turn may help them to move upwards (Chiswick, 1978). However, if being only temporary and/or focused on maximising income, migrants may not be keen or able to make long-time investments, like learning the host language or acquiring local qualifications.

In general, the majority of Poles do not plan to settle in Iceland (77%). However, only 35% had precise plans about returning to Poland, while 18% agreed they would probably or definitely never move back from Iceland. Since, as it seems, Poles consider their stay only temporary, it may not be surprising that only as few as 17% undertook some kind of education in Iceland. Although more than half (or 61%) participated in the Icelandic language courses, a large proportion of these courses was organized either by employer or Icelandic Directorate of Labour and was free of charge and often obligatory. Thus, the high participation in the Icelandic training does not necessarily go in hand with a high motivation to learn the language or significant improvement of skills. The majority, 63% of those who took the courses, still report speaking little or no Icelandic.
Conclusions

Polish migration has been predominantly driven by the labour shortage. They mostly find employment in low-skilled services, such as cleaning, restaurants or care work as well as in the construction sector and manufacturing. They often work in places dominated by migrant workers. However, even if Polish migrants perform low-skilled jobs, they are not necessarily unqualified workers. To the contrary, as the survey data showed, many hold some sort of vocational training. Still, having relatively limited proficiency in Icelandic or English, Poles have rather slender possibilities to improve their situation, especially during the times of economic recession when the requirements of the employers has tightened.

The recent economic expansion created a great demand for foreign labour and led to unprecedented immigration to the country. Notably, despite the economic recession that started at the end of 2008 and despite of relatively high unemployment, the demand for the foreign-born workforce seems not to have disappeared. This would indicate that a new division of labour has been formed in Iceland, characterised by the presence of market niches dependent to the large extent on migrant labour.
References


Directorate of Labour. (n.d.). Excel document with data on temporary agency workers and posted workers received upon request.


Anna Wojtyńska


