Human Capital in the Skies
Over-Qualification, Job Satisfaction and Turnover Intentions
Amongst Icelandic Flight Attendants

June, 2016

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Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature of any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing this document I confirm and agree that I have read Reykjavik University’s ethics code of conduct and fully understand the consequences of violating these rules with regards to this project.

____________________________________
Date and place       Social security no.       Signature
Abstract

The tourism industry is responsible for creating nearly half of all new jobs in Iceland over the past six years. These jobs are in large part of service nature and do not require university education. At the same time, more individuals than ever are graduating from universities and entering the labour force. Considering these developments, it is compelling to explore who is filling these jobs and this research focuses on doing so for the flight attendant occupation in Iceland. This research aims to evaluate the level of education amongst Icelandic flight attendants and the extent of potential over-qualification within this group. A questionnaire was used in order to gather the necessary data. The results were thoroughly analysed with the intention of establishing links between levels of education and attitudes towards the job, satisfaction levels as well as turnover intentions.

The results are quite striking, revealing that nearly three in four flight attendants have attained tertiary education, which is not a requirement for the job in question. The underlying reasons for this choice of occupation are intricate and vary between which fields of study individuals come from. Wages have the highest weight in the decision for all groups but other factors such as working hours and travelling are important as well. A pronounced difference exists between individuals who report under-utilization of skills in terms of job satisfaction, attitudes and turnover intentions. If this large-scale over-qualification is truly a trend in the Icelandic labour market and not only a short term phenomenon it can have far-reaching ramifications for economic prosperity in Iceland in decades to come.
Foreword

This research is the final project for a B.Sc. degree in Business Administration at Reykjavik University. The thesis accounts for 12 ECTS and was conducted in the spring of 2017. I would like to thank my instructor, Dr. Axel Hall, for being exceptionally accommodating, helpful and encouraging during this process. I would also like to thank Dr. Þorlákur Karlsson for lending me his expertise in designing the questionnaire. Finally, I am very thankful to all the cabin crew members who took the time to complete the survey, without them it would not have been possible to complete the project.

Lastly, on a personal note, I want to thank my family for their endless support, thank you Rakel Matthea for putting up with living with me and for creating illustrations for this project on demand. Finally, thank you Geir for always listening and making me feel better when I am feeling a little hopeless.

Reykjavík, May 26th, 2016

Heiðrún Ingrid Hliðberg
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1 Introduction

Young Icelandic people are flocking into jobs as flight attendants at Iceland’s major airlines. As a result of a booming tourism industry and increasing numbers of transfer passengers travelling via Keflavik Airport, the airlines are expanding and hiring like never before. A flight attendant’s job is perceived by many as exciting, adventurous and even a glamorous one. This view seems to stick in spite of the odd working hours, time spent away from home and a difficult working environment. In Iceland, there has been great competition for these jobs for years and the hiring process long and strict. Icelandair received 1,900 applications for the summer of 2017 and WOW air received thousands of applications in 2016 ("1.900 umsóknir um sumarstörf", 2016).

More Icelanders are currently seeking higher education than ever before. An increased level of education in a society has traditionally been seen as positive development, leading to increased productivity and greater social welfare. However, there is increasing evidence pointing towards a rising incidence of over-qualification in developed economies (Brynin, 2002; Groot & Maassen van den Brink, 2000; McGuinness, 2006; Quintini, 2011). Over-qualification has been of much interest to researchers in recent years, and for good reason. Providing education is extremely costly for governments and individuals alike, and if the existence of over-qualification is due to structural reasons and not only a short-term phenomenon it should be of great concern to governments as providers of education and the nation’s largest employer as well as individuals contemplating higher education.

In light of this rapid growth in the number of Icelanders working as flight attendants it is interesting to explore what drives so many to apply for this job and in particular what incentivises individuals with university education to choose this occupation over others that utilize their education more directly. Highly educated and trained individuals from various professions appear to find the job attractive and prefer it to working in their field of expertise. This has become a prevalent problem for example in the nurse profession, where in 2014 around 20% of new nurse graduates went straight into work for airlines whilst at the same time there was, and still is, severe shortage of nurses in the Icelandic healthcare system (Arnhildur Hálfdánarsdóttir, 2016).

The aim of this research is to examine the level of education of Icelandic flight attendants and the potential degree of over-qualification amongst them. It will attempt to put the developments in the profession in context with important labour market theories. Furthermore, it will explore whether there is evidence pointing to this choice being a matter
of individual- or even generational preference. Lastly, it will inquire into differences in reasons for applying, attitudes, satisfaction and turnover intentions depending on individual’s level of education. The following research questions will be addressed:

**Research question 1:** What is the level of education amongst flight attendants at Iceland’s major airlines and does it suggest general over-qualification in the profession?

*Hypothesis 1:* The majority of flight attendants have attained a university degree, are not fully utilizing their skills at work and thus are over-qualified.

**Research question 2:** What importance do individuals assign to wages, working hours, fringe benefits and change from previous job in their choice to become flight attendants? Does this differ significantly between individuals with higher education and less education?

*Hypothesis 4:* Wages, working hours, fringe benefits and change from previous job all have high importance in the decision to become a flight attendant, regardless of educational level.

**Research question 3:** Do over-qualified flight attendants differ from matched qualification individuals in attitudes towards the job, satisfaction levels and turnover intentions?

*Hypothesis 3:* Over-qualified individuals are more likely to have lower satisfaction levels and view the job as a short term position than those with a matched qualification.

**Research question 4:** Does the evidence suggest that individual preference plays a significant role in over-qualified individuals’ decision to become flight attendants, rather than under-supply of jobs related to their qualification?

*Hypothesis 4:* A significant proportion of over-qualified participants chose the job because of its characteristics, not because they were unable to find a job that utilizes their education or due to low wages in the field of their qualification.
2  Stylised Facts on the Icelandic Labour Market and Tourism Industry

2.1 Overview of the Icelandic Labour Market

Iceland is one of the hardest-working nations in the world in terms of labour participation and hours worked (McKinsey & Company, 2012). The Icelandic labour market is characterised by its small size with a working age population of just 239,000 people (Statistics Iceland, 2017). The working age population is defined as people aged 16 to 74 and the labour participation rate is the labour force divided by the working age population. The domestic market is currently in a similar state to what it was during the upswing before the financial crisis in 2008, with an extremely high labour participation rate and low unemployment. The labour participation rate in March 2017 was 84.9% and has never been as high as far back as data from Statistics Iceland goes. Total hours worked rose by 3.5% year on year in the first quarter of 2017, caused by a 3.9% increase in number of employed persons (Íslandsbanki, 2017). Unemployment has been decreasing and is standing at 1.7% as of March 2017, which is the lowest rate since November 2007. The demand for labour has been surging and has triggered an influx of foreign workers to meet the demand.

Figure 1: Labour participation in Iceland and the OECD 2003-2016. Source: Statistics Iceland, 2017; OECD, 2016.
2.2 Educational Attainment

The Icelandic population is becoming increasingly more educated and the percentage of Icelanders who have completed tertiary education has grown steadily over recent years. The term tertiary education refers to third level education, i.e. theoretical programmes in universities as well as vocational programmes (OECD, 2017). In 2015, 38% of Icelanders between the ages of 25-64 years old had attained tertiary education, compared to just 27% percent in 2003. The percentage for 25-34 year olds is slightly higher, or 40.2% (Statistics Iceland, 2017).
Access to higher education in Iceland is a matter of course for anyone able and willing to attain it. The University of Iceland has an obligation to accept all students who have completed upper secondary education, with only a few exceptions. There are no tuition fees at government run universities and student loans are available from the government. As a result, the costs of acquiring university education are primarily in the form of opportunity cost, i.e. the wages and time sacrificed in order to stay in school. In spite of this, the education level of 25 to 34 year olds in Iceland is still lower than in both the United Kingdom and the United States (OECD, 2017), both of which have fairly high tuition fees at their higher education institutions. Although the education level in Iceland has been increasing, it still lower than in our neighbouring countries and below the OECD average (see Figure 4).

![Figure 4: Percentage of 25-34 year olds who have completed tertiary education. Source: OECD, 2016.](image-url)

Cross-economy average returns to education have declined globally from 13% in the early 1980s down to around 9% in 2013. These measures are estimated proportional increases in individual’s earnings for each additional year of education (Montenegro & Patrinos, 2014). Returns to education generally refer to private returns, which are higher than social returns as education is normally subsidised by governments (Psacharopoulos & Patrinos, 2004).

Evidence suggests that returns to higher education in Iceland have been decreasing in recent years. Although individuals who have attained university education certainly have higher incomes, the gap between them and those with lesser education is growing smaller. In 2006-2008, the university educated had 39-40% higher disposable income than those with
basic education. This difference decreased down to an astonishing 23\% in 2015. In addition to this, the proportion of unemployed with university education increased from 10\% in 2007 to over 25\% in 2015. The statistics indicate that the creation of jobs that require higher education has been slower in recent years than the increase in graduates (Axel Hall & Friðrik M. Baldursson, 2016).

![Figure 5: Difference in median disposable income of individuals with upper secondary- and basic education and university- and basic education, 2004-2015. Source: Statistics Iceland.](image)

### 2.3 A Booming Tourism- and Airline Industry

In order to gain better insight into the Icelandic labour market, attention must be brought to the fastest growing industry in the country. Tourism has replaced fisheries as the largest source of foreign exchange income for the Icelandic economy, estimated at 364 billion ISK in 2015 (Icelandic Tourist Board, 2016). The number of foreign visitors has more than doubled since 2010, just under 1.3 million foreigners visited the country in 2015 compared to half a million in 2010. 97.9\% of visitors entered the country through Keflavík Airport (Icelandic Tourist Board, 2016). Passenger traffic at Keflavík airport has been growing fast over the past decades, with a 7\% average growth rate per year between 1985-2015. In this 30-year period, only seven years had negative growth (Keflavík Airport, 2016). People travelling to and from Iceland account for a large portion in the rise in passenger numbers. In 2009, three airlines operated services from KEF year-round and four additional airlines during the summer season. Direct flights from KEF to 47 destinations were available in the high summer season that year. In comparison, 25 airlines had scheduled services to 80 destinations.
in the 2016 summer season and 11 airlines currently operate year-round services (Isavia, 2016). To place recent growth in a global context, the average growth rate in Keflavik has been 17.7% between 2010 and 2015. In comparison, the EU-28 average was 3.4% and the world average was 7.4% (Eurostat, 2016; Keflavik Airport, 2016; World Bank, 2016).

Interestingly, the growth in transfer passengers has been at an even faster rate than that of origin-destination traffic (Keflavik Airport, 2016). This is due to the expansion of both WOW Air and Icelandair, who operate a so called VIA model, which is based on transporting passengers between North America and mainland Europe via Keflavik. Icelandair has been growing fast over the past few years, with numbers of passengers carried growing by 18% between 2014 and 2015. Its fleet comprised 23 passenger aircraft at year end 2015. In addition, the company has placed an order of 16 new B737max aircraft with the first scheduled delivery in 2018 (Icelandair Group, 2016). WOW Air, which was founded in 2012, has also expanded rapidly and currently has ten aircraft registered on its aircraft operator’s licence as well as two additional aircraft currently operated by a foreign airline (Icelandic Transport Authority, 2016). In the summer of 2016, WOW Air placed an order for four brand new A321 aircraft from Airbus, further expanding its fleet (Airbus Industries, 2016).

In McKinsey & co.’s report, “Charting a growth path for Iceland” (2012), a strong emphasis is placed on the importance of movement of labour into high-productivity industries in order to propel economic growth. Due to the fact that Icelanders are already compensating for low productivity and lack of capital through a large working contribution
both in terms of hours worked and labour participation, increasing the productivity of labour is vital for economic growth. Since the report was published in 2012, developments have been in a somewhat different direction, where tourism has been the largest source of jobs created (Iceland Chamber of Commerce, 2016). The tourism industry is directly responsible for 42% of new jobs created in the years between 2010 and 2016. Tourism is by its very nature a low-productivity industry. In 2010, the cross-industry average value added per employee was 8.1 million ISK compared to 6.0 million in the tourism industry, a difference of 26% (Iceland Chamber of Commerce, 2015). Data from Statistics Iceland does, however, suggests that the marginal product of labour is increasing within the tourism industry, in 2010 there were 38 tourists per industry employee, compared to 74 in 2016.

![Figure 7: Production per employee in million ISK by industry. Source: Iceland Chamber of Commerce, 2015](image)

A large number of jobs have been created within the Icelandic airlines in the last few years, as well as with their service operators. In January 2017, there were 3200 employees in ÍSAT industry category no.511, “Passenger transport by air”, which is an 88% increase from 2010 (Statistics Iceland, 2017). Flight attendants, have been shown to have relatively high earnings, considering that it is a non-graduate service-oriented occupation (SA - Business Iceland, 2014). Many highly educated individuals have decided to become flight attendants rather than to work in their field of expertise but no research has been conducted in order to determine the magnitude of this development.

![Figure 8: Number. of employees in passenger air transport in January 2008 – January 2017. Source: Statistics Iceland](image-url)
3 Labour Market Theories and Over-Qualification in Employment

In the traditional economics literature, education increases the amount of human capital in a society and raises its productivity (Stiglitz, 2002). While this is true to some extent, modern day labour markets are complex and far from being perfectly competitive. Imperfect information, wage rigidities and limited geographical mobility of workers contribute to potential mismatching of individual’s skill levels and jobs, which may lead to workers being less productive than if their skill level matched their job (Quintini, 2014). These are examples of market failures, which can be defined as situations where the market fails to provide economically efficient outcomes. The existing literature on over-qualification and skill mismatch draws on multiple labour market theories, the most significant of which will be accounted for in this chapter.

3.1 Over-Qualification in Employment

Widespread evidence exists that a great number of workers are over-qualified for the jobs that they are hired for (Brynin, 2002; Green & McIntosh, 2007; Maynard, Brondolo, Connelly, & Sauer, 2015; Quintini, 2014). The term over-qualification is generally preferred to over-education as you can never acquire too much education for life, but an employee can certainly have qualifications beyond the requirements of his or her job. However, these terms are often treated as synonymous in the literature (Brynin, 2002; Green & Zhu, 2010). There are two distinct kinds of over-qualification, temporary- and a permanent over-qualification. Temporary over-qualification can be seen as a natural part of the life cycle, where individuals start out in entry-level jobs, where they are initially over-qualified but then progress onto higher level jobs. A permanent over-qualification is perhaps more worrisome, for example when great social demand for education leads to an over-supply of high-skilled individuals, causing employers to be willing to pay less for such skill levels. In addition to the above, a society is likely to have marginal over-qualification caused by individuals who make the choice of not fully utilizing their qualifications, for example women who choose to stay at home to raise children (Brynin, 2002). The focus here will be on the permanent or structural type of over-qualification.
As previously mentioned, over-qualification may occur due to skill mismatch, when individuals are unable to find a job that suits their skill level. A potential cause for this is an adjustment lag in the education system on the supply side and insufficient transparency of the labour market’s demand for skills (Green & McIntosh, 2007; Quintini, 2011). According to Quintini (2014), mismatch between skills proficiency and the actual use of skills on the job is prevalent in OECD countries, affecting at least one in seven workers.

Although the terms over-qualification and skill mismatch are often used interchangeably, they are not quite the same. This is because workers are heterogeneous and although individuals have the same formal qualification, their actual skill levels vary (Green & McIntosh, 2007). Green and Zhu (2010) establish a typology of qualification and skills matching where they differentiate between formal- and real over-qualification (See Table 1).

Table 1: Typology of qualification and skills matching. Source: Green & Zhu, 2010.

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<th>Skills fully utilized</th>
<th>Skills underutilized</th>
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<tr>
<td>In graduate jobs</td>
<td>Matched</td>
<td>Qualification matched and skills</td>
</tr>
<tr>
<td></td>
<td></td>
<td>underutilized</td>
</tr>
<tr>
<td>In non-graduate jobs</td>
<td>Formal over-</td>
<td>Real over-qualification</td>
</tr>
<tr>
<td></td>
<td>qualification</td>
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In previous studies, over-qualification has been measured both objectively and subjectively. Objective measurement is done by comparing the educational requirement of the job to individual’s level of education. Subjective measures are, however, more common in the literature, where the focus is on employees’ perceptions on over-qualification through self-reporting. Subjective reporting gives a richer insight into the employee’s perception of the situation (Maynard & Parfyonova, 2013).

Over-qualification has been widely associated with job dissatisfaction, job search and high turnover rates, particularly amongst individuals who value utilizing their education, skills and experience. For individuals who are over-qualified and feel that they are underutilizing their skills, factors such as low autonomy, low promotional opportunities and high routinization are likely to have a negative impact on job satisfaction and intent to stay (Maynard & Parfyonova, 2013; Price & Mueller, 1981). Green and Zhu (2010) found that job dissatisfaction was only a minor problem for individuals with a formal over-qualification but a real over-qualification had a substantial negative effect on job satisfaction. Furthermore, perceived over-qualification has been linked with job search and voluntary turnover.
Individuals with high self-evaluations, or real-over-qualification, were more likely to be actively searching for a job than those that were over-qualified but with lower self-evaluations (Maynard & Parfyonova, 2013).

### 3.2 Human Capital Theory

Human capital theory (hereafter HCT) was introduced in Gary S. Becker’s ground-breaking book ‘Human Capital’ in 1964. It has since been one of the most authoritative pieces of work explaining the distribution of earnings in developed economies (McGuinness, 2006). Human capital refers to the knowledge and skills of a worker, acquired through education and on-the-job training. Individuals will invest in education up to the point where returns in additional income are equal to the cost of attaining the education. Education will benefit the individual in the form of higher income and increase the productivity in the general society. According to HCT, wages always represent each worker’s marginal product, which depends on his stock of human capital (Becker, 1994; Quintini, 2014). The marginal product of labour ($MPL$), is defined as the change in output ($Y$) per unit change in labour ($L$).

**Equation 1: Marginal product of labour**

$$Wages = MPL = \frac{\Delta Y}{\Delta L}$$

If the assumption is to hold that workers are always paid their marginal product, which again is dependent on their human capital, firms will have to adapt their production processes in reaction to changes in the relative supply of labour (McGuinness, 2006). If the over-qualification phenomenon that appears to be present in modern labour markets is truly permanent and not only short-term, this presents a grave challenge to HCT. On the flipside, it is possible that a proportion of over-qualified individuals are earning less because informal human capital is not a part of the equation. Informal human capital is accumulated outside of formal educational institutes, for example in on-the-job training programs (Becker, 1994). Figure 9 exhibits an isoquant where various combinations of formal- and informal human capital result in the same productivity of an individual worker. $Q^*$ is the average level of qualification. The isoquant shows that without taking experience into account, some workers may seem to be overqualified and underpaid while others may appear undereducated and overpaid – but in reality these workers possess the same amount of human capital and hence the same level of productivity.
3.3 Signalling Theory

Asymmetries of information between employees and employers exist in the labour market, where employers do not know the productive capabilities of potential employees, while the employees may know their own abilities well. Stiglitz (2002) defines asymmetrical information simply as “different people know different things”. As a result, employers must find a way to observe the applicant’s intangible traits and the candidates will also need to find means by which they can convince the hiring entity that they possess the level of ability required for a certain job. Spence (1973) put forth the job market signalling theory, which focuses on how parties find solutions to reduce information asymmetry. He argued that education was the main instrument for potential employers to distinguish between high- and low ability job candidates as the low ability candidates would not have what it takes to complete higher education (Connelly, Certo, Ireland, & Reutzel, 2011). Signalling theory is in some ways an antithesis to HCT as it downplays the effect of education on productivity and merely frames it as a communication device.

Spence (1973) makes a distinction between those attributes that individuals have the power to influence and those that are fixed. Fixed attributes, such as race, sex and age are referred to as indices. Signals are, on the other hand, those characteristics that the individual can alter, such as education. A person can manipulate the signals which he sends by investing time, money and effort into education, which are referred to a signalling costs. An important assumption of the theory is that the cost of signalling must be negatively correlated with productive capability, meaning that high ability individuals have a lower cost of acquiring education than those of lower ability. Without this assumption, everyone would invest in
education in the same way and the signal would prove useless in distinguishing between applicants (Spence, 1973). If external factors reduce the cost of education, for example by lowering academic requirements for university access, individuals with lower ability are more likely to seek higher education. This may lead to a qualification inflation, where employers no longer trust that a certain level of education ensures the required ability for the job and start to demand even higher qualifications for potential employees, while job content remains the same (Quintini, 2011).

Stiglitz (1975) provides a convenient model which illustrates distinct types of equilibria that can occur in a job market depending on whether or not a distinction is made between high- and low-ability workers and how this affects the distribution of earnings. To allow the illustration to be made, it is assumed that only high-ability workers are able to attain a university degree. Low-ability workers are not able to get a degree, as the cost of education would be exorbitant for them. High-ability workers’ proportion of the population is denoted by $\theta$ and low ability workers by $1 - \theta$. The cost of education, or signalling cost, is $c$. High-ability individuals will have an income of $w_h$ over the course of their lifetime, a net income of $w_h - c$ and low-ability individuals will have an income of $w_l$. Wages are equal to the marginal product of each worker, i.e. the value of output that they create for the firm (Perloff, 2012).

In a pooling equilibrium, no screening takes place and differentiation between individuals is not possible. All individuals are paid the same wage, $\bar{w}$ (see equation 2), which is equal to the mean productivity of the population. In this equilibrium, it does not pay for anyone to be screened. If a highly able individual were to be screened, he would have a gross income of $w_h$ from which he must deduct his signalling costs, $c$. If equation 3 holds and net income with screening is lower than the average wage without screening, high-ability individuals will not want to graduate and a pooling equilibrium exists.

Equation 2: Average productivity of workers

$$\bar{w} = \theta \, w_h + (1 - \theta) \, w_l$$

Equation 3: Pooling equilibrium is possible if:

$$c > w_h - \bar{w}$$

Equation 4: High-ability individuals do not choose education if:
\[ \theta > 1 - \frac{c}{w_h - w_l} \]

A separating equilibrium, or full screening equilibrium, can occur when high-ability individuals are paid \( w_h \), the less able are paid \( w_l \) and \( w_h - c \) is larger than \( w_l \). In this case, it will pay for high-ability individuals to distinguish themselves, otherwise they would be pooled with low-ability individuals and receive a wage less than \( w_h - c \). Low-ability individuals do not pay for screening as they know that it would not pay off for them. If equation 5 holds, then no one will want to change their behaviour and a separating equilibrium is possible. 

Equation 5: Separation equilibrium is possible if:

\[ w_h - w_l > c \]

One equilibrium or multiple equilibria may exist, depending on the amount of high-ability individuals and the cost of education. If the proportion of high-ability individuals (\( \theta \)) is low, only a separating equilibrium is viable, as the average wage is low due to lower productivity, resulting in high-ability individuals wanting to send a signal. Another factor is the cost of education, if it is very high then only a pooling equilibrium is possible. Figure 10 exhibits how in between these two scenarios, either or both equilibria are possible.

![Figure 10: Pooling- and separating equilibria. Source: Perloff, 2012.](image)

Stiglitz (1975) draws four assumptions from the illustration made above. Firstly, multiple equilibria can exist. Secondly, some of the equilibria are Pareto sub-optimal, meaning that resources are not allocated in an economically efficient manner. This is apparent in a
separating equilibrium, where both high- and low-ability individuals have a lower net income than they would in a pooling equilibrium. Thirdly, the net income of high-ability individuals is lowered by the presence of low-ability individuals in both a pooling- and a separating equilibrium. The reason for this in a pooling equilibrium is that lesser able individuals will lower the productivity of the group and hence lower the average wage. In a separating equilibrium, the high-ability individuals will incur a cost in order to differentiate themselves which in turn lowers their net income. The final assumption is that if education serves as a screening device for distributional purposes, social- and private returns are not the same. In this case, the gross social return of education is zero and net return negative due to the cost of education. Private returns are however positive (Stiglitz 1975).

3.4 The Job Competition Model
Thurow’s (1976) job competition model is based on the argument that skills used on the job are obtained for the most part through on-the-job training and not formal education. It characterizes a market in which people compete for jobs based on their relative training costs, which employers seek to minimize (Barth, 1977). This stands in contrast with HCT where competition is based on the wages that individuals are willing to accept for their human capital. According to this model, individuals are ranked in a queue for jobs and once they reach the top of the queue their wages are already determined, depending on the job they were allocated (McGuinness, 2006). The ranking is based on background characteristics, namely education, and once a person has a place in the line, selection is virtually by random chance. Just as in signalling theory, education serves as a proxy for an individual’s ability where more education equals less training for the employer. Here, an individual’s primary motive for seeking education is to either preserve or advance their place in the queue. As a result, the more education individuals in a society attain, the more likely others are to seek more education in order not to fall back in the queue (Barth, 1977).

In the job competition model, much like signalling theory, the marginal product is embedded in the job itself and not the worker. Wages are only dependent on what qualification requirement the job makes and any education above that will have a return of zero (McGuinness, 2006). The model essentially boils down to the prediction that as supply of educated workers increases, they will take over the positions of the with lesser education (Barth, 1977).
4 Generations in the Labour Market

4.1 Four Generations at Work

For the first time in history, the world’s labour force consists of individuals from four generations; Traditionalists, Baby Boomers, Generation X and Generation Y. A generation is defined as “an identifiable group that shares birth years, age, location and significant life events at critical developmental stages (Kupperschmidt, 2000 as cited in Guillot-Soulez & Soulez, 2014).” Each generation has different sets of values and beliefs that are influenced by the society, economy and formative events during their lifetime and a general consensus in the literature about the key characteristics of each generation (Eisner, 2005).

Traditionalists, born between 1922 and 1946, are the oldest generation in the workplace. This generation grew up in times of economic hardship and place high value on family, loyalty and patriotism. As employees they are devoted to their organisation, work tirelessly and like hierarchy. The children of Traditionalists are the Baby Boomers, born between 1943 and 1960. They are highly competitive, which can be related to the size of the generation. They have a strong work-ethic and are willing to do whatever it takes to advance in the workplace, even if they need to be merciless. They have spent their career climbing the corporate ladder and are now challenged by the relentless changes in the corporate environment. Baby Boomers are materialistic and tend to measure their success in terms of material things. Next up after the Baby Boomers is Generation X. They are different from their predecessors in many important aspects. They lack confidence in corporations, are individualistic and entrepreneurial. They put a much larger emphasis in work-life balance than the hard-working Baby Boomers and dislike long working hours. Another distinct characteristic is that Gen X does not necessarily seek long-term employment and prefer flexibility (Eisner, 2005).

4.2 Gen Y - Are Norms Changing?

The cohort currently entering the labour market are members of Generation Y (hereafter Gen Y), also commonly referred to as ‘Millennials’. There are variations in how the literature classifies birth dates of this generation but it generally refers to people born between 1980 and 2003. A large proportion of this group has grown up in prosperous times and are accustomed to a high standard of living (Eisner, 2005). Despite being the most highly educated and technically skilled generation to have lived, Gen Y has a somewhat poor reputation. The Guardian’s (2016) account of this “Much maligned” generation states:
“Millennials are accused of being lazy, self-involved, cosseted, politically apathetic narcissists, who aren’t able to function without a smartphone and who live in a state of perpetual adolescence, incapable of commitment.” Researchers have found that Millennials want instant gratification and are not accustomed to paying dues in the same way as their parents did (Guillot-Soulez & Soulez, 2014).

Outsourcing and underemployment have been formative events of the times that Gen Y has grown up in (Eisner, 2005). Underemployment refers to when individuals are employed in jobs which do not fully utilize their field of expertise, previous education and experience. It can also refer to when an insufficient amount of work hours is provided (Feldman, 2003). Many graduates are left with no choice but to take non-graduate jobs, at least while they search for jobs that allow them to build the career they have been preparing for. These workers may perceive both the extrinsic and intrinsic rewards from their job as too low compared to their expectations. This has been related to lower levels of job satisfaction, work commitment, job involvement and motivation (Feldman & Turnley, 1995).

Gen Y differs fundamentally to previous generations in the sense that they work to live rather than live to work. They value making money as less important than living a balanced and full life. Flexible work arrangements and the opportunity to give back to society are of more importance than the amount they are paid for their work (Hewlett, Sherbin, & Sumberg, 2009). Studies have found that the primary attributes that Gen Y looks for in a job are a collective management style, a supportive culture and a positive work environment (Eisner, 2005).
5 On Being a Flight Attendant

5.1 Applicant Eligibility, Wages and Responsibilities
The number of employed flight attendants in Iceland is growing fast, as of April 2017, there are just under 1200 members in the Icelandic Cabin Crew Association and this number is expected to rise sharply during the summer of 2017 (Icelandic Cabin Crew Association, 2017). The primary requirements for applicants at Iceland’s major airlines are that they are at least 23 years old, hold an Icelandic “stúdentspróf” or comparable education and speak fluent English and Icelandic. Other requirements include excellent communicational skills, punctuality, customer service orientation as well as good physical health (Icelandair, 2017; WOW Air, 2017). University education is not a requirement. Successful applicants initially receive a conditional offer for the job and in order to secure the job, they must complete initial safety training as well as aircraft-specific training with a pass mark of 75%. They must also pass a special medical examination conducted by an aeromedical examiner (European Commission, 2011). The training and medical examination is provided by the airline prior to start of employment.

Flight attendants at both Icelandair and WOW Air are by default members of the Icelandic Cabin Crew Association, which is responsible for collective bargaining on their behalf. The collective agreements describe all the main aspects of the job in detail, such as wage schedules, rest periods, publishing of crew rosters, training and more. The pay structure for cabin crew is quite complex, due to irregular working hours, lump-sums paid in various situations, commuting expenses and allowances paid for days spent abroad (Icelandic Cabin Crew Association, 2017).

5.2 The Pros and Cons of Being a Flight Attendant
The primary role of flight attendants is to ensure the safety of passengers, along with fulfilling the duties necessary in order for passengers to have a comfortable and pleasant flight, such as serving food, drink and other products on board (Icelandic Cabin Crew Association, 2011). Although sometimes over-romanticised, the working lives of flight attendants do have many positive prospects. Having the opportunity to see the world is something that many aspire to do and flight attendants are enabled to fulfil this dream through their job. Another highly valued aspect of the job is not having to take work home with you, the shift is simply done when it is done (Keagle, 2013). The demanding aspects of the working life include being away from home for extended periods, dealing with sporadic
working hours, jet lag, emotional stress and difficulty in making personal plans ahead of
time. Flight attendants have, however, been found to be generally happy in their jobs in spite
of its many challenges (Chen, 2006; Ng, Sambasivan, & Zubaidah, 2011).

Job satisfaction and turnover rates of flight attendants are an important concern for
airlines, particularly in times of ever increasing competition. Job satisfaction refers to the
pleasure an employee gains from his job, both affectively and cognitively. From a cognitive
perspective it is the organisation-individual fit and employees’ perceptions of their job that
epitomises their satisfaction. From an affective viewpoint, it is the employees’ emotional
state and affective responses to aspects of the job that constitute job satisfaction (Kim &
Back, 2012). Empirical evidence substantiates the notion that job performance is caused by
job satisfaction rather than the other way around (Edwards, Bell, Arthur, & Decuir, 2008).
Flight attendants are the main customer facing employees of an airline and are therefore a
crucial component of customer experience. Job satisfaction is essential to performance on the
job and most airlines put great effort into ensuring job satisfaction amongst their cabin crew
(Edwards et al., 2008; Ng et al., 2011).

Flight attendants are exposed to the risk of experiencing physical- and emotional fatigue
as well as other conditions that may affect their well-being. They are required to be alert and
vigilant at all times, which can be a taxing task due to flight dysrhythmia, commonly known
as jetlag. If not properly managed, this can cause physical exhaustion. In addition to the
irregular sleep patterns and emotional stress, factors such as poor cabin air quality and
radiation can have negative long term effects on flight attendant’s health. A self-assessment
study on occupational health of Icelandic cabin crew, teachers and nurses found that cabin
crew reported high levels of stress and exhaustion. Flight attendants also scored higher on
scales assessing symptoms such as common colds, gastrointestinal symptoms and sound
perception. In addition, cabin crew experience less job security, less control of work pace and
find their job more monotonous than both nurses and teachers Herdis Sveinsdóttir,
Hólmfríður Gunnarsdóttir & Hildur Friðriksdóttir, 2007).

Emotional exhaustion in flight attendants is a widely researched phenomenon which is
associated with the emotional labour that is required of them (Bolton & Boyd, 2003; Ng et
al., 2011). Emotional exhaustion is a stress-related condition, where high emotional demands
caused by interactions with customers cause the employee mental fatigue. Emotional labour
can be defined as “The act of expressing organisationally desired emotions during service
of feeling to create a publicly observable facial and bodily display; emotional labour is sold for a wage and therefore has exchange value.” Hochschild conducted an extensive ethnographic study on Delta Airlines flight attendants’ experience where he hypothesised that the obligation to perform emotional labour can cause alienation from one’s own feelings. When flight attendants experience difficult encounters with passengers they must remain calm and solve the situation, while they may experience completely different emotions (Kim & Back, 2012). The larger the dissonance between an individual’s genuine feelings and displayed emotions, the more negative impact it can have on the psychological well-being of the employee. Ng. et al (2011) found a significant relationship between emotional exhaustion and depersonalisation and a significant negative relationship between emotional exhaustion and job satisfaction.

While being a flight attendant can be physically- and mentally taxing it can enable individuals to have a many-sided lifestyle, where they work a mix of short- and long shifts, visit various places, work with new people all the time, earn a decent living and do not have to worry about work while they are off-duty.
## 6 Research methodology

The number of individuals working as flight attendants has increased rapidly in recent years and is still growing. It seems that people of different age, education and experience are drawn to this occupation. A variety of reasons lie behind individual choice for applying for the job and different attitudes towards the job exist. This research is conducted using quantitative methodology. It is based on numerical information which enables the researcher to derive statistical information that can be used to measure and draw conclusions about a population using a sample (Þorlákur Karlsson, 2013)

### 6.1 Participants

Participants were chosen using convenience sampling, which enables the researcher to reach a large audience in a short amount of time (Þorlákur Karlsson, 2013). The total number of participants was 326. The background variables used were age and gender. 88.6% of participants were female and 1.4% male. The largest age group was 26-30 year olds, or 39.2% and the second largest group was 25 years old or younger or 33.1%.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>289</td>
<td>88.6%</td>
</tr>
<tr>
<td>Male</td>
<td>47</td>
<td>14.4%</td>
</tr>
<tr>
<td></td>
<td>326</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of participants</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 years or younger</td>
<td>108</td>
<td>33.1%</td>
</tr>
<tr>
<td>26-30 years</td>
<td>128</td>
<td>39.2%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>47</td>
<td>14.4%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>20</td>
<td>6.1%</td>
</tr>
<tr>
<td>41-45 years</td>
<td>8</td>
<td>2.5%</td>
</tr>
<tr>
<td>45 years or older</td>
<td>4</td>
<td>1.2%</td>
</tr>
<tr>
<td></td>
<td>326</td>
<td>100%</td>
</tr>
</tbody>
</table>
6.2 Instruments

The research was conducted using a questionnaire as the main instrument. The questionnaire was posted in closed Facebook groups for cabin crew members at both WOW air and Icelandair. Questionnaires are a convenient way to gather diverse information in a short amount of time. The questionnaire was designed with multiple objectives in mind. Firstly, finding out what level of education Icelandic flight attendants have and to explore what factors have the greatest impact on their choice of profession. Other objectives were to examine whether individuals who have attained university education had different motives for choosing the job and whether they see it as only a temporary post while they search for jobs that utilize their education in a more direct way.

All participants who responded positively when asked if they were currently employed as flight attendants at an Icelandic airline proceeded to take the first part of the survey which consisted of 11 multiple choice questions. Participants who had completed a university education then proceeded onto three further questions. The third and last section was made up of two background questions on age and gender. Most of the questions were on an ordinal scale form, where the order of the values is of most importance but it is difficult to quantify the difference between values. An example of options would be: strongly agree, somewhat agree, neutral, somewhat disagree, strongly disagree. A number of questions were on a nominal scale, where the options have no numerical value but merely work as labels used to put respondents in groups (Þorlákur Karlsson, 2013).

All participants were first asked about their overall level of job satisfaction. They were then asked for how long they had worked as flight attendants. Next, respondents were asked how suitable or unsuitable they felt their education was for the job, with answer options ranging from very suitable to very unsuitable. The following question addressed the importance of various factors on an individual’s decision to become a flight attendant. Respondents were asked to assign importance to four factors, ranging from very important to not important at all. The factors were: wages, working hours, fringe benefits and travel. Respondents were then asked about their overall satisfaction with their wages and how likely they thought it was that they would still work as flight attendants in two years’ time. Next, the statement “How much do you agree or disagree with the following statement: In my job as a flight attendant, I have plenty of opportunities to utilize my knowledge and skills?” was put forward, with answers ranging from strongly agree to strongly disagree. The following
question was the most complex. Six statements were given and respondents were asked to choose the statement which best described them:

- I see my job as a lifetime career
- I see my job as a fun change before I go on to further studies
- I will continue to work as a flight attendant for as long as I still enjoy it
- I see my job as experience and preparation for other roles that I want to take on in the future
- I will continue to work as a flight attendant until I find a job that pays better
- I will continue to work as a flight attendant until I find a job where I can directly utilize my education
- None of these statements describe me

Participants were then asked to say how often the following statements were true in their mind with answer options ranging from always true to never true:

- I think my job is rewarding
- I think my job is monotonous
- I think my job is fun
- I think my job is physically demanding
- I think my job is mentally demanding
- I think my job is intellectually stimulating

The last question in the general chapter was regarding the individual’s level of education. Those who answered that they had completed a bachelor’s degree or higher went on to a section for those who had completed a tertiary education, others went straight on to background questions.

Graduates were first asked about which field of study their degree was in. They were then asked the following question: “You receive a job offer today, for a job which is directly related to your degree. It pays the same salary as your cabin crew position and agreed hours are eight hours a day on weekdays. How likely or unlikely are you to take the offer?”. The last question in the section consisted of seven statements and respondents were asked to choose which one best described them. The statements were:

- I previously worked a job which was directly related to my degree but decided being a flight attendant suited me better
- I decided to become a flight attendant as there was little supply of jobs directly related to my degree
- I decided to become a flight attendant as the salary is higher than in jobs directly related to my degree
- I am actively looking for a job that is directly related to my degree whilst working as a flight attendant
- I always wanted to be a flight attendant
• I am studying further whilst working as a flight attendant and intend to search for a job that relates to my degree when I graduate
• I am studying further whilst working as a flight attendant and intend to continue to do so after I graduate
• None of these statements describe me

Finally, participants were sent to the background questions where they were asked to state their gender and age.

6.3 Execution
The questionnaire was designed with the objective of answering the researcher’s hypothesis. The questionnaire was checked for errors by Dr. Þorlákur Karlsson, associate professor at Reykjavik University. The questionnaire was set up using Google Forms and then previewed by four flight attendants who provided the researcher with their remarks. The questionnaire was then adjusted considering these remarks before being published. On April 27th a link to the survey along with an introductory letter (see Appendix A) was published in three closed Facebook groups for flight attendants at WOW air and Icelandair. Participants were informed that answers would not be traced back to individuals and full confidentiality was promised. There was great interest in the questionnaire amongst flight attendants and a sufficient amount of responses had been collected within one week and the link was removed on May 4th.

6.4 Processing Results
The gathered data was downloaded from Google Forms into Microsoft Excel, where it was cleaned up and then exported to SPSS Statistics 24 for statistical analysis. Results from SPSS were then transferred into Microsoft Excel where it was transformed into descriptive graphs and charts for final presentation.
7 Results

7.1 Education Attainment and Skill Utilization

An overwhelming majority, 73.5% of participants, had attained education beyond “studentspróf” or comparable education, i.e. upper-secondary education, which is the minimum level to be an eligible applicant for a job as a flight attendant. 68% held undergraduate and/or graduate degrees from university and 5.6% had completed “other education”, which could include vocational programmes, diplomas and other courses.

Figure 11: What is your highest completed level of education?

Degrees in social sciences were by far the largest category amongst flight attendants, or a total of 33.5%. This category includes degrees in business, law, economics, politics and more. The second largest group was health sciences, of which nursing and psychology can be assumed to have a high proportion in. These fields were followed by engineering- and natural sciences, other fields, educational sciences and humanities, respectively.

Figure 5: In what field of study is your degree?
All participants were asked to evaluate how suitable or unsuitable they thought their education was for their job. Considering the fact that 73.5% of respondents had more education than is required for the job, surprisingly only 23% reported that they thought their education was either rather- or very unsuitable.

In assessing skill utilization amongst Icelandic flight attendants, Green and Zhu’s (2010) research was used as a model, where individuals were subjectively asked to report their level of skill utilization on the job. Participants got the question: “How much do you agree or disagree with the following statement: In my job as a flight attendant, I have plenty of opportunities to utilize my knowledge and skills?” Answers were against a scale: Strongly agree/somewhat agree/neutral/somewhat disagree/strongly disagree. Respondents who answered somewhat disagree or strongly disagree were considered to be under-utilizing their skills and were put in the category over-skilled (OS) with the dummy variable as 1, others got the variable 0. A second dummy variable was created for those who are over-qualified, i.e. have attained education beyond “stúdentspróf” or comparable education. Those who had attained a university degree or other education beyond the requirements of the job were put in the category over-qualified (OQ) with the dummy variable as 1, others got the variable 0. Individuals with OQ=1, but OS=0 are considered to be only formally over-qualified. Individuals with OQ=1 and OS=1 are categorised as having real over-qualification. The Pearson’s correlation coefficient for OS and OQ is $r=0.204$ and $p=0.000 < 0.05$, which is a weak but statistically significant relationship between over-qualification and over-skilling at the 0.05 significance level. The results show that 74.6% of respondents are over-qualified in terms of education levels, of which 19.6% of respondents have a real over-qualification and 55% only a formal over-qualification. 24.9% were not over-qualified, from which 1.7%
reported under-utilization of skills. Individuals who are not over-qualified are referred to as matched qualification.

Table 2: Real over-qualification and formal over-qualification

<table>
<thead>
<tr>
<th>Category</th>
<th>Variables</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real over-qualification</td>
<td>OQ=1, OS=1</td>
<td>19.6%</td>
</tr>
<tr>
<td>Formal over-qualification</td>
<td>OQ=1, OS=0</td>
<td>55%</td>
</tr>
<tr>
<td>Matched qualification and over-skilled</td>
<td>OQ=0, OS=1</td>
<td>1.7%</td>
</tr>
<tr>
<td>Matched qualification and not over-skilled</td>
<td>OQ=0, OS=0</td>
<td>23.2%</td>
</tr>
</tbody>
</table>

7.2 Vocational Choice

All participants were asked to evaluate how important five different factors were on their choice to become flight attendants. The factors were: wages, working hours, fringe benefits, travel and change from previous job. They were presented with a five point Likert scale ranging from very important (value=1) to not important at all (value=5). All factors had a mean below 2.5 which indicates that participants on average valued all factors as somewhat-, fairly- or very important in their choice. Wages were the most important factor, which participants valued between fairly- or very important on average. The following table shows the mean and standard deviation for each factor:

Table 3: Mean importance of factors in job choice and standard deviation

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>1,801</td>
<td>1,117</td>
</tr>
<tr>
<td>Working hours</td>
<td>2,336</td>
<td>1,145</td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>2,024</td>
<td>1,098</td>
</tr>
<tr>
<td>Travel</td>
<td>2,009</td>
<td>1,158</td>
</tr>
<tr>
<td>Change from previous job</td>
<td>1,991</td>
<td>1,193</td>
</tr>
</tbody>
</table>
Participants were overall satisfied with their wages. 25.4% reported that they were very satisfied and 54.1% that they were fairly satisfied. Only 4% were either rather- or very unsatisfied. These results are unsurprising considering how much importance participants assigned wages in their choice of profession. A chi-square test revealed that there was significant difference in satisfaction between over-qualified and matched individuals ($\chi^2=10.628, p=0.031<0.05$). 28.6% of over-qualified were somewhat satisfied or below compared to 15.5% of matched qualification level. Individuals with real over-qualification were far less satisfied than formally over-qualified ($\chi^2=103.408, p=0.000<0.05$). 52.2% of those with real over-qualification were somewhat satisfied or below, compared to only 18.6% of formally over-qualified.

![Figure 13: How satisfied or unsatisfied are you with your salary?](image)

Participants with higher education were given seven statements and asked to choose the one that best described them. 27.8% of respondents chose “I decided to become a flight attendant as the salary is higher than in jobs directly related to my degree”. 14.8% said that they were studying further along with working as flight attendants and plan on searching for a job that relates to their degree when they graduate. 10.9% said they became flight attendants as there was little supply of jobs that are directly related to their degree.
Table 4: Which of the following statements best describes you?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I decided to become a flight attendant as the salary is higher than in jobs directly related to my degree</td>
<td>27.8%</td>
</tr>
<tr>
<td>None of these statements describe me</td>
<td>16.1%</td>
</tr>
<tr>
<td>I am studying whilst working as a flight attendant, intend to search for a job that relates to my degree when I graduate</td>
<td>14.8%</td>
</tr>
<tr>
<td>I decided to become a flight attendant as there was little supply of jobs directly related to my degree</td>
<td>10.9%</td>
</tr>
<tr>
<td>I always wanted to be a flight attendant</td>
<td>10.4%</td>
</tr>
<tr>
<td>I previously worked a job which was directly related to my degree but decided being a flight attendant suited me better</td>
<td>9.1%</td>
</tr>
<tr>
<td>I am actively looking for a job that is directly related to my degree whilst working as a flight attendant</td>
<td>6.1%</td>
</tr>
<tr>
<td>I am studying further whilst working as a flight attendant and intend to continue to do so after I graduate</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

53.7% of those educated in health sciences reported that they became flight attendants because the wages are higher than in their field of expertise. The proportion of those who had a degree in educational sciences and chose this statement was also very high at 44%. A lower, yet substantial, proportion of individuals in other fields of study chose this statement as the one who best described them.

Figure 14: Within group % who chose the job because wages are higher than in their field
7.3 Job Satisfaction and Turnover Intentions

All respondents were asked about their overall level of job satisfaction. The vast majority, 93.5% were either very- or fairly happy with their job. 5.2% were somewhat happy and a mere 1.5% were either rather- or very unhappy. Answers were on a scale from very happy (value=1) to very unhappy (value=5). The mean level of satisfaction amongst matched-qualification individuals was 1.49, or somewhere in between fairly- and very happy. The mean satisfaction amongst formally over-qualified was 1.49 but far lower satisfaction, 3.16 amongst the really over-qualified.

Figure 15: Overall, how happy or unhappy are you in your job as a flight attendant?

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matched qualification</td>
<td>1.494</td>
<td>0.550</td>
</tr>
<tr>
<td>Formal over-qualification</td>
<td>1.494</td>
<td>0.544</td>
</tr>
<tr>
<td>Real over-qualification</td>
<td>3.164</td>
<td>1.452</td>
</tr>
</tbody>
</table>

Figure 16: Mean level of overall job satisfaction between qualification groups

All participants were given seven statements and asked to choose which one described them best, if any. The results were interesting, just under 40% reported that they would continue to work as flight attendants as long as they still enjoyed it, potentially indicating that it was a lifestyle choice more than anything. The second largest group, 15.4% saw the job as an intermediate situation before they went on to further studies and 15.1% would continue working as flight attendants until they could find a job that better utilizes
their education. The percentage of Individuals in the real over-qualification category who said they would continue until they found a job that better utilizes their education was around 40%, yet again showing that they place high value on using their skills at work.

| I will continue to work as a flight attendant for as long as I still enjoy it | 39.3% |
| I see my job as a fun change before I go on to further studies | 15.4% |
| I will continue to work as a flight attendant until I find a job where I can directly utilize my education | 15.1% |
| I see my job as a lifetime career | 10.7% |
| I see my job as experience and preparation for other roles that I want to take on in the future | 5% |
| None of these statements describe me | 3.8% |
| I will continue to work as a flight attendant until I find a job that pays better | 3.6% |

Figure 17: Which of the following statements best describes you?

There were marked differences between qualification categories in terms of attitudes towards the job (see Figure 18). Participants were asked how often six statements were true in their minds. Responses were on a Likert scale ranging from always true (value=1) to never true (value=5). The first three statements were on how rewarding-, fun- and monotonous they found the job to be. The latter three were on how intellectually stimulating, mentally- and physically challenging they found the job. Unsurprisingly, individuals with real over-qualification found the job less rewarding, more monotonous and less intellectually stimulating than the other groups. Qualification groups were in agreement that the job was physically demanding and somewhat agreed on it being mentally challenging, although matched qualification individuals reported lower levels of this factor. Perhaps the most intriguing result was that both formally- and really over-qualified reported that they found the job to be fun but matched qualification individuals found it to be less fun.
In order to get an image of whether participants view the job as a short- or long term, they were asked how likely or unlikely they thought it was that they were still working as flight attendants in two years' time. Answers were on a scale from very likely (value=1) to very unlikely (value=5). 54.4% responded that it was either very- or fairly likely, 20.2% were undecided and 25.4% found it rather- or very unlikely.
Individuals with matched qualification and a formal qualification had a fairly similar likelihood of still working as flight attendants in two years’ time. Formally over-qualified had a mean value of 2.305 while matched qualification had 2.143. Those with real over-qualification found themselves far less likely to be still working as flight attendants in two years and had a mean of 4.209.

Over-qualified participants got the question: “You receive a job offer today, for a job which is directly related to your university degree. It pays the same salary as your cabin crew position and agreed hours are eight hours a day on weekdays. How likely or unlikely are you to take the offer?” Individuals with real over-qualification were considerably more likely to
accept the offer than formally over-qualified ($\chi^2=29.286$, $p=0.000<0.05$). 87% of individuals in the real over-qualification category said they were either very- or fairly likely to take the job offer but only 47% of those formally over-qualified. The results show that those who strongly feel that they are under-utilizing their skills at work are likely to instantly take a job where they could better utilize them if they were presented with an offer.

Figure 21: Likelihood of formally- and really over-qualified accepting a job offer for a job that directly utilizes education, pays the same wages, working 8 hours a day on weekdays
8 Discussion

This paper has covered various aspects of the Icelandic labour market, theories on over-qualification in employment and characteristics of the generation currently entering the labour force. The aim is to place the developments in the Icelandic cabin crew profession in context with the literature in order to make assumptions about the extent and nature of over-qualification in the profession, which may then give clues about the general situation of this phenomenon in the Icelandic economy. In this chapter, the main findings of the research are presented and compared with the researcher’s initial hypotheses. There are four sub-chapters, one for each corresponding research question.

8.1 Extent of Over-Qualification

The research found that almost three in four flight attendants were qualified beyond the requirements of the job. In spite of this extensive over-qualification, below 20% reported under-utilization of skills. This agrees with previous research by Green and Zhu (2010), where only a small proportion of individuals with excessive qualifications perceived themselves as being truly over-qualified. The results only partially agree with the researcher’s first hypothesis “The majority of flight attendants have attained a university degree, are not fully utilizing their skills at work and thus are truly over-qualified”. While the majority has attained university education and can be classified as having formal over-qualification, only 19.6% felt they were underutilizing their skills and therefore have a real over-qualification.

It is compelling to put these results in context with the role of a flight attendant. The foundation of the job is a set of highly standardised procedures and routines, such as conducting security checks, performing safety demonstrations and serving food and refreshments to passengers. In addition, flight attendants assist and provide support to passengers at all times during the flight. It is expected that all flight attendants perform these duties impeccably at all times. All aspects of the job are covered in detail during an intense training course prior to every flight attendant’s first operating flight. Wages of flight attendants are predetermined according to union contracts and everyone has the same starting salary, regardless of qualification level. This picture fits well in with Thurow’s (1976) job competition model, where a new cabin crew hire is essentially being allocated a training slot for a job in which the wage is fixed. All individuals will have the same marginal product regardless of education level. Presumably, individuals with more education are at the front of the queue, displacing to some extent those who possess only upper-secondary education. This
view is of course slightly simplified as other background characteristics than education will affect an individual’s place in the queue.

A staggering 74% of those who have completed tertiary education, or 55% of the total sample, felt that they were utilizing their skills and knowledge either fully- or fairly well on the job. These results are quite intriguing as they indicate that a vast proportion of individuals that have graduated from university do not perceive themselves as having specialised knowledge or skills in excess of what they use on the job. Around 80% of the over-qualified group had only completed an undergraduate degree, much fewer had graduate degrees. 15% of over-qualified stated that they were currently furthering their studies and plan to look for a job that relates to their degree once they graduate.

Spence (1973) explains how employers constantly upgrade their conditional probabilistic beliefs on signals, depending on the level of ability of their last hires. The fact that so many graduates report full utilization of skills in a non-graduate job, may indicate that they are graduating from university without sufficient skills for graduate jobs. Thus, employers’ experience of hiring undergraduates for graduate jobs may be that they are not skilled enough, hence they update their beliefs and demand more qualifications.

Based on these results, it is quite clear that an undergraduate degree has a weak signalling effect for graduate jobs in the Icelandic labour market and a master’s degree is needed in order to have a place in the queue for graduate jobs, pointing to an apparent qualification inflation in the labour market. This is in agreement with research conducted by the OECD that provides evidence for increasing levels of over-qualification across its member states, indicating that the creation of jobs demanding higher education is slower than the increase in supply of educated labour (Quintini, 2014).

8.2 Vocational Choice

There are many upsides to working as a flight attendant, although the job can be very physically- and mentally demanding. Wages, working hours, fringe benefits, travel and change from previous job were all important factors in participants’ decision to become flight attendants. The most important factor for all qualification groups, by a significant margin, was wages. Furthermore, 28% of participants with tertiary education stated that they decided to become flight attendants as the salary is higher than in jobs directly related to their education. One way to interpret these results is that because there is such ample supply of individuals with university degrees on the market that employers do not need to pay a premium for these workers’ skills. Also, as jobs in the tourism industry accounts for such a
large proportion of the number of created jobs in recent years, many of which are low wage occupations, it is likely that the most educated individuals will be attracted to the highest paid occupations within the industry which may explain the high ratio of flight attendants with university education. However, the largest groups within the 28% that chose this answer to describe them had degrees in health sciences and educational sciences. It can be assumed that these individuals are in large part nurses and teachers, which would most likely be employed by the state or municipal authorities if they chose to work in their field. The fact that these professionals are ‘fleeing’ into non-graduate jobs indicates that the wages in those field are not competitive and this is a grave concern for the government. If these individuals do not decide to return to their field, tax payer’s money is essentially being wasted, social welfare is reduced and the country must deal with a shortage of essential workers. The second hypothesis “Wages, working hours, fringe benefits, travel and change from previous job all have high importance in the decision to become a flight attendant, regardless of educational level”, was in line with the results of the research and thus is accepted.

8.3 Satisfaction, Attitudes and Turnover Intentions

The results show a positive correlation between perceived over-qualification and lower satisfaction levels, which agrees with the results of Maynard et. al (2015). There were marked differences in levels of job satisfaction between qualification groups. Matched qualification and formally over-qualified individuals had the same level of satisfaction whilst the really over-qualified were substantially less happy. Individuals with a real over-qualification clearly had intentions to leave the job within two years. This supports Maynard and Parfyonova’s (2013) findings that under-utilization of skills triggers job search behaviours.

The third hypothesis: “Individuals with higher education are more likely to have lower satisfaction levels and view the job as a short term position” is in line with results and is thus accepted. The implications of this are mainly important from an organisational perspective. Firstly, training of flight attendants is a significant cost for airlines and retaining experience within the company is valuable. Secondly, job satisfaction is essential for performance on the job and as flight attendants are the frontline staff of an airline, their performance is vital for both customer experience as well as safety. It is therefore an important consideration for airlines to seek employees with the best matching of skills possible.
8.4 A Preference or a Forced Under-Employment?

There is most probably a complex interplay of factors that make up one’s decision on what career path to take. Over 90% of participants can be classified as Millennials or a part of Gen Y. While this generation is highly underemployed, or over-qualified (Feldman & Turnley, 1995; Quintini, 2011), they also have recognisably different preferences of lifestyles compared to the generations before them, most significant of which is that they work to live and not vice versa (Eisner, 2005). The results clearly show that flight attendants value being able to travel on the job and enjoy their fringe benefits such as being able to book standby tickets at little cost. Two in five flight attendants with tertiary education stated that they would continue to work as flight attendants for as long as they still enjoyed the job.

The fourth hypothesis “A significant proportion of over-qualified participants chose the job because of its characteristics, not because they were unable to find a job that utilizes their education or due to low wages in the field of their qualification” is accepted, albeit with some reluctance. On one hand, the data shows that many over-qualified flight attendants seem to have a nonchalant approach towards their career and want to simply enjoy their job despite few opportunities for progression. This could be interpreted as a rather typical Gen Y perspective, where as long as they earn enough and are able to lead a balanced life, they are content. On the other hand, there is a sizeable group that has a different outlook. One in five strongly felt that they were not using their full potential and this strongly affected their attitudes towards the job, satisfaction levels and turnover intentions. These results point to the fact that the creation of high-skill jobs has fallen behind the number of highly skilled individuals coming out of the education system.
9 Conclusion

To the researcher’s best knowledge, few studies have been conducted exploring the extent of over-qualification in the Icelandic labour market. The researcher’s interest in the subject awakened whilst working as a flight attendant for an Icelandic airline over the course of the past year. Realising, through conversations with colleagues, that on most flights the majority of the crew had completed university education, many even had multiple degrees. This aroused the researcher’s curiosity to look into the reasons why so many graduates choose this non-graduate job.

The results of this research reflect the chronic matter of low-productivity that the Icelandic economy has been grappling with for a long time (McKinsey & Co., 2012; Iceland Chamber of Commerce, 2016). Despite the abundance of human capital within the labour force, efforts to increase the productivity of labour have so far been unsuccessful. Growth has been driven in large part by a booming tourism industry, which has served as a metaphorical plaster on the post-crisis economy where highly skilled individuals are forced to work in non-graduate, low productivity occupations. The only way to combat this issue is to drive sustainable growth through ingenuity and innovation by fostering an environment that allows for the creation of high-productivity graduate jobs, such as in the entrepreneurial international sector (Iceland Chamber of Commerce, 2016).

With regards to education, a qualification inflation appears to be present in the Icelandic labour market. If this is truly the case, perhaps the costs of education for individuals needs to be raised in order to make it so that only those individuals who are truly able and passionate about utilizing their education are able to complete higher education. This could be achieved by raising the demands made on students throughout the course of their studies and/or raising the barrier of entry into universities. If successfully done, undergraduate education could potentially regain its ability to serve as a strong signal of ability.

This research is not without limitations, the most important of which is that it does not allow for comparison of results between cabin crew members and other non-graduate and graduate jobs. Secondly, over 70% of the sample had been on the job for less than two years. As so many are still new on the job, the environment is not fully familiar and everyone is still learning, hence many may not have realised to what extent they are under-utilizing their skills and/or have not yet decided for how long they will stay on the job.
This study gives some insight into the demographic that is currently graduating from universities and the results indicate that further research on over-qualification in Iceland could prove highly useful to policy makers as well as providers of education.

References


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Appendix A: Questionnaire in Icelandic

Ágæti þátttakandi.

Könnun þessi er hluti af rannsóknarverkefni í BSc námi í viðskiptafræði við Háskólann í Reykjavík. Tilgangur þessarar spurningakönnunar er að meta menntunarstíg flugiða á Íslandi og hvaða þætti einstaklingar hafa að leiðarljósi við val á þessum starfsvetvangi. Verkefnið er unnið undir leiðsögunn Axel Hall, lektors við Háskólann í Reykjavík. Ég yrði afar þakklát ef þú sæir þér fært að svara könnuninni, en hún tekur einungis um 5-10 minútur. Þér er hvorki skylt að svara einstökum spurningum nē könnuninni í heild sinni. Mikilvægt er þó að spurningum sé svarað samviskusamlega til að niðurstöður verði sem réttastar. Skilyrði fyrir þátttöku eru að viðkomandi sé starfandi flugiði hjá íslensku flugfélagi. Rannsókn þessi er nafnlaus og svör verða ekki rakin til einstakra þátttakenda.

Ef þú hefur einhverjar athugasemdir eða ef spurningar vakna þá hvet ég þig til að hafa samband við rannsakanda á netfanginu heidrun15@ru.is

Með fyrirfram þökki,
Heiðrún Ingrid Hlíðberg

Forathugun

1. Ert þú starfandi flugiði hjá íslensku flugfélagi?
   ( ) Já
   ( ) Nei

(Ef svarið er nei við spurningu 1 er könnun lokið. Ef svarið er já fer þátttakandi sjálfkrafa í næsta hluta)

Meginkafli

2. Á heildina litið, hversu ánægð(ur) eða óánægð(ur) ertu í starf þínu sem flugiði?
   ( ) Mjög ánægð(ur)
   ( ) Fremur ánægð(ur)
   ( ) Í meðallagi
   ( ) Fremur óánægð(ur)
   ( ) Mjög óánægð(ur)
3. Hversu lengi hefur þú starfað sem flugiði?
   ( ) Minna en 1 ár
   ( ) 1-2 ár
   ( ) 3-5 ár
   ( ) 6-10 ár
   ( ) Meira en 10 ár

4. Hversu sammála eða ósammála ertu eftirfarandi fullyrðingu: Í starfí minu sem flugiði
   hef ég næg tækifæri til þess að nýta þá þekkingu og hæfileika sem ég hef?
   ( ) Mjög sammála
   ( ) Fremur sammála
   ( ) Hæfilega
   ( ) Fremur ósammála
   ( ) Mjög ósammála

5. Hversu vel eða illa telur þú menntun þína hæfa starfí þínu sem flugiði?
   ( ) Mjög vel
   ( ) Fremur vel
   ( ) Hæfilega
   ( ) Fremur illa
   ( ) Mjög illa

Hversu miklu eða litlu máli skiptu eftirfarandi þættir við ákvörðun þína að sækja um starf
   sem flugiði?

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<td>9.</td>
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<td>10.</td>
<td>Tilbreyting frá fyrra starfí</td>
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</tbody>
</table>
11. Hversu sátt(ur) eða ósátt(ur) ertu við launin þín?
   ( ) Mjög sátt(ur)
   ( ) Fremur sátt(ur)
   ( ) Í meðallagi
   ( ) Fremur ósátt(ur)
   ( ) Mjög ósátt(ur)

12. Hversu líklegt eða ólíklegt telur þú að þú starfir enn sem flugiði eftir 2 ár?
   ( ) Mjög líklegt
   ( ) Fremur líklegt
   ( ) Hlutlaus
   ( ) Fremur ólíklegt
   ( ) Mjög ólíklegt

Hversu oft eru eftirfarandi fullyrðingar sannar í þínum huga?

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<td>18.</td>
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</table>
13. Hver er hæsta prófgráða sem þú hefur lokið?
( ) Grunnskólapróf eða sambærilegt
( ) Stúdentspróf eða sambærilegt
( ) Grunnám úr háskóla (t.d. BSc-, BA- or BEd)
( ) Meistarapróf úr háskóla (t.d. MSc-, MA- or MEd)
( ) Doktorspróf (PHd)
( ) Annað nám

(Ef þátttakandi hefur lokið háskólanámi (bachelorgráðu eða hærra) eru þeir sjálfkrafa sendir í næsta hluta. Áðrir fara beint í bakgrunsspurningar)

14. Á hvaða fræðasviði er prófgráða þín?
( ) Félagsvísinðasviði
( ) Heilbrigðisvísinðasviði
( ) Hugvísinðasviði
( ) Menntavísinðasviði
( ) Verkfræði- og náttúruvísinðasviði
( ) Á öðru fræðasviði

15. Hver eftirfarandi fullyrðinga á best við um þig?
( ) Áður vann ég starf sem tengdist prófgráðu minni beint en ákvað að starf fluglíaða hentaði mér betur
( ) Ég ákvað að gerast fluglíaði þar sem lítið framboð var af störfum sem tengjast prófgráðu minni beint
( ) Ég ákvað að gerast fluglíaði þar sem það er betur borgað en störf sem tengjast prófgráðu minni beint
( ) Ég er í virkri leið að starfi sem tengist prófgráðu minni beint
( ) Ég vildi allt af verða fluglíaði
( ) Engin þessara fullyrðinga á við um mig
16. Þér býðst gott starf í dag sem tengist prófgráðu þinni á beinan hátt, borgar sambærileg laun á við núverandi starf og umsaminn vinnutími er 8 tímar á dag, hversu líklegt eða ólíklegt þykir þér að þú myndir taka því boði?  
( ) Mjög líklegt  
( ) Fremur líklegt  
( ) Í meðallagi  
( ) Fremur ólíklegt  
( ) Mjög ólíklegt

**Bakgrunnsþurningar**

17. Hvert er kyn þitt?  
( ) Kona  
( ) Karl  
( ) Vil ekki svara

18. Hve gömul/gamall ert þú?  
( ) 25 ára eða yngri  
( ) 26-30 ára  
( ) 31-35 ára  
( ) 36-40 ára  
( ) 41-45 ára  
( ) 45 ára eða eldri