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National report.

Policies shaping employment, skills and gender equality in the Iceland labour market

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In this report¹ we will study policies, laws and regulations shaping employment, lifelong learning, gender equality and the Information Society (IS) in Iceland. The focus will be on actors included in the policy-making processes, the synergies between these different policy areas and the influences of the European Employment Strategy (EES) at the national level in Iceland. Our aim is to analyse the extent to which these policies, laws and regulations have been gender mainstreamed and address employment and gender challenges facilitated by the transition to the Knowledge Based Society (KBS). These challenges are risks of widening gender, skills and job quality gaps (see Serrano and Mósesdóttir eds. 2003). The period covered in the report extends from 1997 to April 2004 and the text is divided into five main sections.

In the first section, we will examine employment policies and then move on to lifelong learning policies (adult education and learning) in section two. So far, a comprehensive employment strategy has not been developed but job-related education and training has become an integrated part of activities to improve the position of the low skilled who are the most prone to unemployment. Gender equality policies will be the focus of our discussion in section three. In Iceland, gender mainstreaming is a public policy method driven by the equality law. The law is, however, unclear about the content of gender mainstreaming and the outcome of the method in terms of gender equality. In section four, we will study the IS strategies of the Icelandic government. According to the present IS strategy, a more extensive diffusion and utilisation of Information and Communication Technologies (ICTs) needs to be achieved before Iceland can enter the next stage in the development process, which is the KBS. The drafting of the first IS strategy was not gender mainstreamed although certain activities implemented as part of

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the strategy focused on women.

In the first four sections of the report, we will then examine processes (actors involved and evaluation studies) and contents of policies, laws and regulation. Moreover, we will base our analysis on laws, regulations, policy documents and evaluation studies as well as on information obtained by informal interviews with four experts. These experts are: a senior official (man) at the Directorate of labour (Vinnumálastofnun), a senior official (man) at the Ministry of social affairs, a senior official (man) at the Icelandic federation of labour (Alþýðusamband Íslands, ASÍ) and a senior official (woman) at the Centre for gender equality (Jafnréttisskrifstofa)². In the fifth and final section, we will study the main characteristics and developments of the Icelandic labour market since 1997. Evaluations of policies seldom include impact studies and this section serves as an assessment of how well Iceland has managed to deal with the risks of widening gender, skills and job quality gaps.

1. The employment strategy

Basic principles concerning the rights and duties of workers are laid down by law but a complete legislation or regulation covering labour and social affairs in Iceland does not exist. Regulation of the labour market beyond this minimum law is left to the social partners to negotiate in collective bargaining. In most cases Icelandic firms respect the rights and duties negotiated between the social partners. This social regulation of the labour market is, however, not always recognised by foreign-owned enterprises. These enterprises often view legal regulation as the only restriction on their activities and this

² These persons are: Gissur Pétursson, Gylfi Kristinsson, Halldór Grönvold and Margrét María Sigurðardóttir. Unfortunately, the sex distribution of the interviewees is very unequal but it mirrors the fact that relatively few women held high positions in the public sector and in the organisations of the social partners.

has led to conflicts between them on the one hand and the social partners and Icelandic authorities on the other hand (cf. foreign contractors building the hydro power plant at Kárahnjúkar). Iceland does not participate in the European Employment Strategy (EES) but adopts EU labour market directives as a part of the European Economic Agreement (1994) either as laws or in collective agreements. Iceland is therefore not obliged to take up the EES as a part of the European Economic Agreement and there has not been a political will to do so³. However, the Directorate of labour has suggested to the Ministry of social affairs that Iceland implement a national action plan in line with the Luxembourg process (Pétursson 2002).

“We who have been following the development of the EES find the methodology appealing and likely to be of use. By setting objectives and engaging all concerned parties, we could get everybody to work towards the same goal [...] The advantage of adopting the EES is that a better coordination of activities could be achieved. I see few disadvantages of implementing the EES. A greater workload is to be expected – that is what my colleagues in the member states complain about. This methodology may reduce private initiatives and the process could also lead to greater legal regulation of the labour market in Iceland” (senior official at the Directorate of labour, transl. by the author).

As unemployment in Iceland has traditionally been relatively low, the labour market policy has primarily involved inactive measures or the payment of unemployment benefits. The low rate of unemployment in Iceland can be attributed to several factors. The most important being low replacement rates of unemployment benefits, the flexible nominal pay and the Nordic labour market. Icelanders have, to date, been free to seek employment in any of the Nordic countries during recessions. Unemployment benefits

³ Whereas Icelandic authorities have stressed Iceland’s non-membership in the EU, the authorities in Norway have sought to participate on a voluntary basis in the activities of the EU as if it were a member country (information from a senior official at the Directorate of labour).

are flat rate and close to the value of the minimum wage negotiated by the trade unions. The social security system has also been actively used to stimulate active ageing, especially in the private sector. Although the official pension age is 67, retirement can be postponed until the person turns 70 with a corresponding increase in pension payments. Early retirement schemes are not available and workers are entitled to unemployment benefits until they reach the age of 70 (Mósesdóttir 2001). In 2002, the labour force activity rate of the 65-74 age-group was 36.9 per cent or 49.2 per cent for men and 25.6 per cent for women (Hagstofa Íslands 2003)⁴.

1.1 Active labour market policy

Objectives and implementation structures of the active labour market policy are set out in the *Act on labour market measures* (no.13/1997). According to the law, the aim of active labour market policy is to ensure equilibrium between supply and demand for labour in Iceland. The main means to achieve this objective is for the Directorate of labour to provide public employment services across the country. The Board of the Directorate of labour consists of eight representatives; from the Ministry of social affairs, from the social partners in the public and the private sectors as well from the Union of municipalities (presently 6 men and 2 women). Moreover, the Board's tasks are to follow closely the developments in the labour market and make recommendations to the Minister of social affairs regarding labour market measures. The Directorate of labour (1997) is responsible for the implementation of the active labour market policy, monitoring the regional employment offices, supplying the regional employment offices with professional assistance, collecting information from the regional employment offices on the employment situation, unemployment and employment trend. The tasks of the eight regional employment offices entail assisting those in search of work, registering

⁴ If we only take those aged 67-70, the employment rate in 2002 was 37.6 per cent. There appear, however, to be great variations in the employment rate of this age-group as it was around 50% in 1996 (information from Hagstofa Íslands).

those unemployed at local registration offices and administering unemployment benefits. The assistance given to those unemployed involves advice on available jobs, education and training programmes/courses. An unemployed person is only allowed to undertake education and training if he/she has received unemployment benefits for at least 6 months and has no prospects of finding a job. Job-related training at a workplace and temporary employment may also be offered to the unemployed (see Reglugerð um vinnumarkaðsaðgerðir nr. 670/1998).

The Icelandic federation of labour (ASÍ), representing the majority of the private sector employees, reviewed the labour market measures for the unemployed in 2003 and made the following suggestions. Firstly, the amount of the unemployment benefits should be raised by 20% (a rise of 18% from what they are today). According to ASÍ, unemployment benefits are too low as many of those unemployed need social assistance, as well, to cover their basic cost of living. Secondly, unemployment registration and administration of unemployment benefits should be simplified and made more effective. The regional and local offices spend too much time on these activities at the cost of assistance to those in search of work. Thirdly, greater emphasis should be put on active support (advice and counseling) and on expanding education and training opportunities for the unemployed. The young, unskilled, the long-term unemployed and those older than 55 years should be the target groups of these measures. Fourthly, the *Unemployment insurance Act* (no. 12/1997) and *Act on labour market measures* (no.13/1997) should be revised and an act on private employment offices passed to ensure the rights of those using their services. The revision of the acts should be done in partnership between the social partners and relevant authorities (Alþýðusamband Íslands 2003).

Whereas the Icelandic federation of labour (ASÍ) stresses the need to increase employment security in the Icelandic labour market, the Confederation of Icelandic employers (Samtök atvinnulífsins, SA) in the private sector, emphasises the need to

sustain the prevailing flexibility. Regulations concerning working hours, part-time work, temporary work and employment termination are as relaxed as possible within the scope of EU directives in these areas. According to the SA, the demand of ASÍ that ILO's Convention no. 158/1982 be implemented in Iceland poses a threat to flexibility in the Icelandic labour market. The convention increases restrictions on dismissals but at present Icelandic employers may fire employees without stating any valid reason. Moreover, SA recognises that employment benefits are too low to cover basic cost of living. However, according to SA, the low benefit level serves as an incentive to push people into the labour market thereby preventing long-term unemployment from becoming a persistent problem (Samtök Atvinnulífsins 2003:29-39).

1.2 Assessment

The Directorate of labour integrates the gender perspective into its activities by publishing information on unemployment and participation in different education and training schemes according to sex (see website and annual reports). Moreover, it administers special measures to enhance women's entrepreneurship and job creation. The Women's collateral fund (Lánatryggingasjóður kvenna) was established in 1997 by the Ministry of social affairs, the Ministry of commerce and the City of Reykjavík. Various women's groups within and outside the political parties had since the late 1980s lobbied actively for the establishment of such a fund. The fund offers female entrepreneurs, who can fulfil its criteria, collateral covering 50 per cent of a loan borrowed from a certain bank (Landsbanki Íslands). In 2000, an employee at the Directorate of labour evaluated the activities of the fund. The main conclusion of the evaluator was that most of the projects would not have been implemented had it not been for the collateral granted by the fund (Sigurðsson 2000). Since 1991, women have been able to apply to the Directorate of Labour for financial support to implement projects that increase women's job opportunities, especially in regions where female unemployment

has been the highest⁵. Most grants have been given to projects involving design work, product development in areas such as handwork and souvenirs production, as well as in the tourist, textile and food industries. The gender impact of the fund has, so far, not been assessed.

“My impression of the fund is that it is an old-fashioned method of giving grants to projects that reinforce gender gaps. Many grants have gone to souvenirs production which in my opinion equals creation of low paying jobs. The amount of each grant is also very low and the fund is not a part of any comprehensive strategy[...] The gender perspective is hardly ever mentioned in discussions about employment policy and measures (a senior official at the ASÍ, transl. by author).

It is difficult to identify the actual employment strategy in Iceland as policy initiatives are spread over various ministries and institutions. Moreover, private and local initiatives are encouraged by the granting of financial support to groups and independent institutions/associations to provide, for example, education and training courses/programmes for the unemployed or/and disadvantaged groups.

“The employment strategy is diffused and a holistic view is missing. There are a lot of things going on as concerns job creation, encouragement and job-related education [...] Employment activities in the public sector are not coordinated. The Directorate of labour belongs to the Ministry of social affairs and regional employment policy is a part of another ministry. There is hardly any cooperation between the Directorate of labour and the Regional institute[...] I think we need to worry more about the high drop-out rate in the comprehensive and secondary school systems, as unskilled persons are the most prone to unemployment. We are not doing a lot for those who have dropped out of the school system and the Ministry of education and the Directorate of labour need to work together to solve this problem[...] The social partners and we have been more successful

⁵ This fund has been named after the female Minster who created it in 1991 or Jóhönnusjóður.

in creating conditions for job-related education and training (senior official at the Director of labour, transl. by the author).

2. The lifelong learning strategy

The greatest co-operation between the social partners (ASÍ and SA) is in the area of vocational or job-related education and training. The social partners participate in policy-making at the state level by nominating persons to the Vocational board of the Ministry of social affairs (Starfsmenntaráð) and to the Joint Committee on Vocational education and training at the secondary school level (Samstarfsnefnd um starfsnám á framhaldsskólastigi). The Vocational board was established in 1992 when the act on job-related education was passed (Lög um starfsmenntun í atvinnulífínu no. 19/1992). The main task of the Vocational board is to implement the act by allocating annually funds to educational and training initiatives that will strengthen lifelong learning at workplaces, flexibility and quality of life for employees. The Joint Committee was established in 1996 and its main task has been to give advice to the Ministry of education on the content and organisation of vocational education and training at the secondary school level. In 1998, a joint committee (MENNT) with representatives from the social partners, secondary schools, the university level and educational centres offering lifelong learning was established. This committee gathers information about available education and training opportunities in Iceland and in the EU member countries and provides or operates educational programmes and courses. Moreover, most occupational groups/unions within ASÍ and SA have established their own Educational centres (Fræðslustofnanir atvinnulífsins) to enable their members to enhance their skills through job-related education and training. So far, most lifelong learning programmes and courses have been at the secondary school level and the social partners (ASÍ and SA) have complained about lack of cooperation in the area of tertiary education (Alþýðusamband Íslands og

Samtök atvinnulífsins 2001).

In 1997, a committee was appointed with representatives from the ministries, social partners in the public and private sectors as well as relevant educational institutions to draft a lifelong learning strategy for the next five years, covering both vocation and general education and training. Gender mainstreaming was adopted in the policy-making process as six out of thirteen members were women and the strategy was formulated on the basis of information about the different conditions, needs and interests of men and women. The government adopted the lifelong learning strategy in 1998 and appointed another committee to implement the strategy. This committee consisted of eight representatives from the Ministry of social affairs, municipalities and the social partners. Women were only three out of eight members. The overall goal of the strategy is to inform citizens about lifelong learning opportunities and to encourage more effective partnership between schools, municipalities and the social partners concerning lifelong learning. Moreover, the government will actively promote lifelong learning during the next five years by increasing supply, demand and the quality of programmes and courses. The strategy does not refer directly to the KBS but states that globalisation, technological change and changes in structural employment require more and better educated citizens (see e.g. p.29). So far, no assessment has been made of the implementation of the strategy.

The social partners have in recent years taken active steps to counteract this development. In the pay negotiation in 2000 and then again in 2004, the employers and the unions of the low skilled workers agreed to set aside funds (Starfsafl and Landsmennt) to finance job-related and regional-based education and training for the unskilled and semi-skilled. In December 2002, the central organisation of employers and employees in the private sector established with the financial support from the Ministry of education their own Educational centre (Fræðslumiðstöð atvinnulífsins) to strengthen their partnership and

co-ordination in the area of adult education and training, especially for the benefits of the low skilled workers. The Centre will also assist the government in designing a method to validate informal competences of employees or skills obtained through different work experiences and through lifelong learning outside the school system (raunhæfni). This validation can then be used to shorten the period adults need to spend completing upper secondary education.

2.1 Assessment

Relatively few students enrol in vocational education and training in the formal educational system in Iceland. During the school year 1999/2000, only 32.3 per cent of students in upper secondary education (ISCED 3) participated in vocational education while this ratio was 54.4 per cent for the EU (European Commission 2002). There are at least two explanations. Firstly, the Ministry of education has not provided secondary schools, offering vocational education and training, with sufficient funding, causing them to overstep their budget and leaving them in debt. Secondly, vocational education is valued less than general education in the Icelandic society at large (see Hagfræðistofnun 2003:32 and 34). The share of women in the labour force with university education has now exceeded that of men. In comparison with other OECD countries, the Icelandic labour market is characterised by a relatively large share of low skilled workers on the one hand and highly skilled workers on the other hand (see also discussion in section five). According to information on participation in lifelong learning, collected in 1998, lifelong learning has increased even further the division between the low skilled and the highly skilled in the Icelandic labour market as it mainly benefits the latter group (Jónasson and Arnardóttir 1999; Blöndal and Jónasson 2002; Hagfræðistofnun 2003:40).

“I have the feeling that the knowledge gap has widened as those who already had high level of education have been able to get more [...] The formal secondary school system

still emphasises general education, even to a greater degree than in the past. Those who do not want or see the purpose in attaining general education have fewer opportunities today than in the past to enter vocational education and training [...] We therefore have a lot of low skilled workers who want to improve their position through the informal school system[...]The informal school system has moved the cost of education and training from the state to the individuals and the firms. The highly educated enter lifelong learning at the university which is cheaper than educational opportunities offered by the informal system” (a senior official at the ASÍ transl. by the author)

The employment protection system in Iceland has contributed to the uneven skills formation. The employment and unemployment systems offer limited protection against labour market risks such as dismissal and income reduction. Restrictions on dismissals are relaxed and employers may fire employees without stating any valid reason. The unemployment benefits are flat rate and close to the value of the minimum wage negotiated by the trade unions. Estevez-Abe, Iversen and Soskice (2001:153) claim that the greater the uncertainty attached to employment and unemployment projection, the greater the incentive to invest in general skills which enables mobility across different jobs and even industries. In addition, those not academically inclined will be disadvantaged in a school system favouring general education and prone to drop out without completing upper secondary education. Women are also more likely to select general skills as they enjoy less labour market protection than men. Motherhood and career interruption increases the likelihood of dismissal and receiving lower wages than men. It therefore takes more institutional support to encourage women than men to make specific skill investments that in turn increases dependence on a particular employer.

3. The gender equality strategy

The *Act on equal status and equal rights of women and men* no. 96/2000 is the main driving force behind the gender mainstreaming strategy in Iceland. The aim of the gender equality law is to establish and maintain equal status and equal opportunities for women and men. This goal is to be achieved by: (1) gender mainstreaming in all spheres of the society; (2) working on equal influence of women and men in decision-making and policy-making; (3) enabling both women and men to reconcile occupational and family obligations; (4) improving the status and the opportunities of women; (5) increasing education in matters of equality; (6) analysing statistics according to sex; and (7) increasing research in gender studies. According to the equality act, the Minister of social affairs should present to the parliament within one year from parliamentary elections a *Parliamentary resolution on a four-year program on matters of equality* (equality action program), after having received proposals made by the various ministries and the Centre for gender equality. The program should include a detailed plan of actions and an estimate of the funding needed for individual projects. The Ministry of social affairs reviews the program every two years and the results presented to the parliament. Three equality programmes have been put into effect since 1986 and the present program covered the period 1998-2001 but has been extended to spring 2004 due to parliamentary elections in 2003 and delays in executing certain actions of the program. The main goal of the present program is to gender mainstream all policy-making, decision-making and action in the public sector. Moreover, emphasis is placed on enhancing the cooperation of men and women. During the winter of 2000-2001, the Centre for gender equality evaluated the equality action programmes and concluded that they have and will play a key role in ensuring gender mainstreaming of public policy-making. However, their main objectives have not always been implemented due to insufficient funding (Forsætisráðuneytið 2002a:13-14).

3.1 Evaluation of the implementation of gender mainstreaming

One of the actions listed in the current equality action program was to appoint a committee to evaluate the extent to which the gender perspective has been integrated into public policy-making. In November 2000 the Prime Minister appointed 7 persons to the committee and only one of the 7 members was a man. Another man served as a secretary to the committee. The chair is a MP for the Independent party and other members of the committee represented, respectively, the Union of municipalities, the University of Iceland, Statistics Iceland, the National Economic Institute and the Centre of gender equality (Forsætisráðuneytið 2002a:1).

The main conclusion of the committee was that the gender perspective is increasingly adopted in public policy-making processes, although examples of non-inclusion can be found. Knowledge of gender issues and gender mainstreaming is insufficient at the policy-making level and must be improved. Ministries have appointed a Gender equality coordinator as suggested by the new equality act. However, few ministries have defined the content of their work and how many hours should be spent on gender equality tasks but most coordinators have also other work obligations. According to the equality act, the role of the coordinator should be to monitor the gender equality work in every ministry's field, with special emphasis on gender mainstreaming. The evaluation criticises the low share of women (18.7%) among senior officials in the public sector. Gender ratios in public committees, boards of directors and councils vary widely across the ministries. Progress is being made at the municipality level as many municipalities have appointed Gender equality committees and some have set up ambitious gender equality programmes. Only one third of the ministries have written a gender equality program and one third were in the process of writing one. The committee criticises that gender equality programmes at the ministerial level, pointing out that they are often only a statement of good intentions and not an action plan (Forsætisráðuneytið 2002a:5-6).

The committee made suggestions about how to improve the integration of the gender perspective into public policy-making. First, greater emphasis should be put on educating public employees engaged in policy-making about gender issues and gender mainstreaming. Secondly, the statues of the Gender equality coordinators should be enhanced within each ministry and their work and hours defined. Each ministry should write a gender equality program and ensure its implementation. The committee requested the Union of municipalities to encourage local governments to fulfil their obligations in the area of gender equality. The committee suggested that ministries and institutions use a special checklist, written by the committee, for the integration of the gender perspective into policy-making. Finally, the committee recommended that an independent agency evaluated the four-year action programmes instead of the Ministry of social affairs (Forsætisráðuneytið 2002a:6-7).

3.2 Assessment

In the equality law, gender mainstreaming is described as a method to achieve the goal of equal status and equal opportunities for women and men. However, the law is unclear about the content of gender mainstreaming and the outcome of the method or what exactly equal status and equal opportunities for women and men implies. In addition, the main focus of the law is on measures public actors need to undertake to promote gender equality. These measures are: More equal representation of men and women, more education and research around gender issues and more disaggregated statistics. In addition, the equality law has been criticised for not acknowledging the need to engage gender experts in the application of the gender mainstreaming strategy (see e.g. Kristinsson 2003:26-28). Every ministry is required to appoint an equal opportunity coordinator but the law does not require that he/she has any prior knowledge of gender issues. Lastly, the law does not encourage the active engagement of the Centre for gender equality, the social partners and other women's groups in the implementation of the

gender mainstreaming strategy at the various public workplaces. The role of the Centre for gender equality is only to provide information and design guidelines about how to implement the strategy. Gender mainstreaming is in other words a public policy method driven by the equality act and carried out by public servants in Iceland.

Since their implementation in 1985, the equality action programmes have evolved from statements of good intentions (1985) to action programmes (1993), which have now been expanded to include gender mainstreaming of all public policy-making and actions (1998). In the action program implemented in 1998, Icelandic authorities adopted a two-track gender equality strategy involving on the one hand special measures to improve the position of women and on the other hand integration of the gender perspective into all public policies. According to the Centre for gender equality, the Icelandic authorities consider gender mainstreaming to be a method or a tool to achieve gender equality (Jafnréttisstofa 2004:56)⁶. The equal action programmes represent a political reaction to lack of improvement as concerns gender equality and to demands for actions made by women's groups, inside and outside of the political system. Benchmarks and time limits have seldom been included and those intentions not realised under the particular period have been integrated into the next action program (Mósesdóttir 2001). The review undertaken by the Ministry of social affairs every two years only includes a description of the implementation process and information about the progress of each action listed in the programme. There is no assessment of the impact of the different actions on the positions of men and women. This spring, a new equality action program will be presented to the parliament covering the period 2004-2007. The program will be more result-orientated and includes fewer priority actions than the earlier three programmes. The main priorities will continue to be gender mainstreaming of all public policy-making

⁶ As argued in WELLKNOW's first report (Serrano-Pascual and Mósesdóttir (eds.) 2003:90), the gender mainstreaming approach of the EU has three dimensions: context or the unequal position of men and women; method or the integration of the gender perspective into all policy process at all levels; outcome or gender equality.

and actions and the dissolution of the gender pay gap. Other priorities are: (1) gender equality education; (2) gender equality in the labour market; (3) gender equality programs at the ministerial level; (4) a definition of the role of Gender equality coordinators at the ministerial level. Two impact studies will be undertaken during the four-year period. Finally, only actions that can be completed within the present election period will be listed in the program (Jafnréttisstofa 2004:56).

When asked about the actual and the potential influence of the EES on the gender equality strategy in Iceland, a senior official at the Centre of gender equality and a senior official at the Ministry of social affairs replied:

“There has been no impact but our gender equality strategy would be more result-orientated if we adopted the EES” (a senior official at the Centre of Gender equality, transl. by the author).

“We know the content of the EES and Iceland has already achieved the objectives under the equal opportunity pillar [...] What we find interesting about the EES are the numerical targets as concerns, for example, those searching for work and the focus on certain target groups ” (senior official at the Ministry of social affairs, transl. by the author).

Kristinsson (2003:26) maintains on the other hand that the concept of gender mainstreaming was integrated into the equality law (2000) in order to fulfil Iceland’s obligation as concerns the UN action program agreed on in Beijing, the European Economic Agreement and Nordic co-operation in this field.

One of the most interesting findings of an attitude survey made in 2003 among those aged 18-74 was that 88 per cent of women said that men had higher pay and better opportunities than women in the Icelandic labour market while few of them considered their sex a hindrance as concerns pay (19%) and career progression (4%). In other words, Icelandic women see gender inequality everywhere else than at their own workplace

(Erlingsdóttir, Jónsdóttir and Hafstað 2004). This contradiction can be explained by the fact that the Icelandic labour market is gender segregated which means that women do not always have colleagues to compare their pay with and may in some instances not have information about the pay of men working in jobs of equal worth. Women may also be unwilling to be victimised by admitting that they have experienced pay discrimination at their own workplace. In addition, gender equality can be viewed in terms of what economists call public or collective good. Individuals struggling for gender equality cannot exclude other non-participants from reaping the benefits of more gender equality. Moreover, struggle for gender equality may come at a cost, especially in a small society like Iceland, as those at the forefront of the struggle run the risk of being denied jobs, pay rise and career progression by those who are afraid they will lose out as we move towards greater gender equality. Hence, many women are tempted to turn a blind eye to gender inequalities at their own workplace and wait for the struggle of “other” women to spread out. This implies that society will have too little gender equality, which justifies state actions such as the equal action program to promote it.

4. IS strategy

In its policy declaration of April 1995, the new government of the Independent party (liberal/conservative party) and the Centre party stated its political objective of utilising information technology to improve public administration and stimulate economic growth. A committee was appointed with twenty representatives from ministries, the social partners (federations of employees and employers) and relevant interest groups, to make a draft of a strategy on the Information Society (IS). Only two women representing the Ministry of social affairs and the Ministry of education were among the twenty members of the policy group. No representatives from the Centre for gender equality or other

women's groups were appointed. In October 1996, the government published its IS strategy which was based on the work of the committee (see Forsætisráðuneytið 1996). According to the strategy, the main goal of the government "*...was to ensure that Iceland stays at the forefront of the world's nations in utilising information technology to enhance quality of life and increase prosperity*". Five main objectives were set forth to support this goal:

1. Icelanders shall have convenient access to the IS.
2. Complete equality shall be ensured between the public and private sectors in the fields of information technology and the information industry.
3. Information and telecommunications technologies (ICTs) shall be mobilised to improve the competitiveness of the Icelandic economy and to increase productivity and the possibilities of exporting Icelandic know-how.
4. The educational system shall adapt to changing social dynamics, with general education and continuing education focussing on the advantages of the IS, while at the same time safeguarding Icelandic language and culture
5. Legislation, rules and procedures shall be reviewed concerning information technology in order to stimulate technological progress and protect the rights of individuals and companies.

In addition, priority should be given to projects focusing on improvements as concerns education and ICTs (speed and quality). Moreover, calls for tenders should be issued when public authorities need to invest in ICTs. In April 2000, e-commerce and e-government were added to the list of priority projects (Forsætisráðuneytið 2000).

In May 1997, the government decided to implement a development project for the IS in Iceland for the period September 1997 to September 2002. A steering group, IS taskforce, was appointed, with representatives from the Ministry of finance, the Ministry of education, the Ministry of transportation and the Ministry of industry and commerce. The

IS taskforce subsequently operated under the auspices of the Office of the Prime minister. All the six appointed members of IS taskforce were men but a woman was hired as the coordinator. The main task of the IS taskforce was to promote the implementation of the government IS strategy and to evaluate its progress. The taskforce also evaluated whether project proposals from the ministries should be funded by the government as a means to achieve the objectives of the IS strategy. Moreover, the taskforce was a forum to coordinate public policies and actions at the ministerial level in the area of ICTs. The working period of the IS taskforce was extended from September 2002 to the end of the year 2003 (Forsætisráðuneytið 1998 and 2002b).

4.1 Evaluation of the IS strategy

The five-year IS development project was evaluated in September 2002 by an external consultant⁷. The overall conclusion of the evaluator was that the project had succeeded in achieving the five objectives of the IS strategy. Moreover, the funding allocated to IT projects had been beneficial both as concerns their implementation and impact. A survey made for the EU in November 2001 about the citizens' use of the Internet at home showed that Iceland had managed to stay "at the forefront of the world's nations in utilising information technology". Around 70 per cent of the population had access to the Internet at home while the average was 38 per cent for the EU15 member states (IBM 2002:15). The external consultant suggested that the government shortened the time period of the IS strategy to 2-3 years to enable faster integration of new issues and developments into the strategy. Moreover, the scope of the objectives should be narrowed and made more result-orientated as they were very general and covered most groups and areas of the Icelandic society (IBM 2002).

According to the external consultant, the first objective of ensuring access of all

⁷ IBM Business Consulting Services

Icelanders to the IS had been achieved. This was also confirmed by a survey made in March 2001 among the population aged 16-75 years. The survey revealed that 81 per cent of those included in the survey had access to a computer and 77 per cent had access to a computer with an Internet connection and these shares did not differ for men and women (PriceWaterhouseCoopers 2001). The external consultant claimed that efforts had been made to fulfil objective two as access to public information had been made easier. Few projects had been funded within the scope of objective three, which entails improving the competitiveness of the Icelandic economy. The government had concentrated on adjusting laws and regulations to the needs of enterprises selling ICTs services. Many different projects were funded to support objective four; i.e. the promotion of IT in education and culture. Finally, the government made sufficient efforts in reviewing legislation, rules and procedures concerning information technology (see IBM 2002:3-4).

The external consultant also made the following suggestions about how to improve the IS strategy. Citizens should be encouraged to make better use of the ICTs and their access to information expanded further. Certain groups had fallen behind as concerns access to technology and information and knowledge gaps had been created which need to be bridged. The most disadvantaged group were the elderly and then there were some gaps according to gender, education and occupations. The access of people living outside of the capital area to safe and fast ICTs needs improvement. The working methods around tenders should be improved and a policy on IT production and services in the public sector is lacking. Greater efforts need to be put into making e-government better and the government should continue to support IT use in the education sector. Special courses should be offered to older citizens and other disadvantaged groups to prevent them from falling further behind in the transition to the IS. Finally, efforts should be made to promote the use of IT at the regional and municipality level as well as to engage representatives from industries in the implementation of the IS strategy (IBM 2002).

4.2 New IS strategy

In August 2003, the Prime Minister of the re-elected government of the Independent party and the Centre party appointed a committee to draft a new IS strategy. The committee consisted of five members, three of whom were women. This time, people associated with either the Independent or the Centre parties were appointed. During the drafting period, the committee co-operated with two joint committees. One joint committee had 18 representatives from ministries, the social partners and other relevant agencies and only two were women. The other joint committee included 12 representatives from the ministries of whom 5 were women. This policy making process finished early March 2004 with a new IS strategy for the period 2004-2007 (information from the website of the Office of the Prime minister). The overall goal of the new IS strategy is the same as before or “...to ensure that Iceland stays at the forefront of the world’s nations in utilising information technology to enhance the quality of life and increase prosperity” (Forsætisráðuneytið 2004a). However, the emphasis should be sharpened and be based on 4 pillars. These pillars are: (1) utilising opportunities; (2) ensuring partnership; (3) enhancing the security of the ICT and information; (4) improving quality of life (Forsætisráðuneytið 2004a).

The new IS strategy covers a longer period than proposed by the evaluator and does not include benchmarks other than time limits in some cases. Moreover, there are no plans about to implement impact studies. As was the case with the previous IS strategy, the focus of the new strategy is on the access of citizens to the ICTs (e-government and e-commerce) and the competitiveness of the economy (e-commerce and research). The KBS is seen as the next development stage, following the IS and the strategy does not mention the need to ensure more and better jobs. As concerns social cohesion, the strategy acknowledges knowledge gaps between the old and the young on the one hand and those who have skills and those who do not have skills on the other hand. The strategy encourages partnership between the government, education system, social

partners and individuals to tackle these gaps. The action proposes to reduce the knowledge gap entails increasing the number of ICTs courses for the disadvantaged and expanding distant and lifelong learning.

4.3 Assessment

So far, the Icelandic government has mainly focused on the technical aspects of the KBS or on facilitating the diffusion of ICTs by improving the infrastructure and regulatory framework for the benefits of all Icelandic citizens. Moreover, the primary target of the IS strategy has been the public sector, particular the education sector. Few measures have been undertaken to ensure that the benefits of the technology development trickle evenly down to members of society (Serrano and Mósesdóttir 2003 eds.). Hence, the IS strategy has not succeeded in preventing gaps to arise in the access and utilisation of the ICTs across different groups (age, region, education and occupation). Moreover, gender mainstreaming was not applied when the old IS strategy was written in 1996. Only 2 out of 20 members of the committee drafting the IS strategy were women and the strategy was not formulated on the basis of information about the different conditions, needs and interests of men and women. According to the Office of the Prime Minister, the aim of the IS strategy was to enhance equality in general and not gender equality in particular (see Forsætisráðuneytið 2002c:29). Hence, the evaluation of the different projects funded as a part of the IS strategy did not include assessment of the extent to which they contributed to the reduction of inequality among men and women.

During the implementation period, the IS taskforce collected information about the access to and the use of computers and the Internet according to sex. The Taskforce also organised a conference called Women and IT in May 2000 and presented extensive information about the different conditions, needs and interests of women in relation to IT. The aim of the conference was to facilitate a growth in female employment in the IT

sector on the one hand and women's participation in the IS on the other hand (see information on the IS development project website). Hence, the gender perspective was integrated into some of the activities of the IS taskforce, although women played a very limited role in the designing of the strategy. The blame for the low share of women in the committee drafting the IS strategy is not limited to the government. The social partners and the relevant interest groups were also free to appoint a woman as their representative in the working group. In 2003, the government appointed more women than men (3 out of 5) to the committee revising the IS strategy to correct for the gender imbalance. However, the share of women was very low in the group of 18 representatives from ministries, social partners and other relevant agencies. Finally, the new IS strategy does not mention women as a special target group.

5. Gender, skills and job quality gaps in Iceland

In this section, we will highlight the main characteristics of the Icelandic labour market by studying employment and gender challenges facilitated by the transition to the Knowledge Based Society (KBS). Evaluations of employment, lifelong learning, equality and IS policies seldom include impact studies and this section serves therefore as an assessment of how well Iceland has managed to deal with the growing risks of widening gender, skills and job quality gaps.

5.1 Employment

As can be seen from table 1, the employment rate of women in Iceland far exceeds the target set by the Lisbon Council (2000), stating that the female employment rate in the EU is to reach 60 per cent by the year 2010. In 1997, the female employment rate in

Iceland was 75.6 per cent and went up to 79.8 per cent in 2002⁸. Favourable economic conditions and extensive provision of public childcare has contributed to the growth in women's employment during the period. In 2002, childcare was provided for around 93 per cent of children between three years old and the mandatory school age. Childcare provision for younger age-groups are less extensive or covered only 49.2 per cent of children one year old and 83.9 per cent of those aged two years (Nordiska ministerrådet 2003:10). Accordingly, Iceland has already achieved the Barcelona target (2002) of providing child care for at least 90% of children between three years old and the mandatory school age and at least 33% of children under three years of age by 2010.

Table 1. Employment rate by sex*

	1997	1998	1999	2000	2001	2002
Iceland**						
Men	84.2	86.0	88.2	88.2	88.0	85.7
Women	75.6	78.3	80.2	81.0	81.1	79.8
EU15						
Men	70.8	71.6	72.3	73.4	73.2	72.9
Women	50.9	51.8	52.9	54.1	54.9	55.7
Gender gap***						
Iceland	8.6	7.7	8.0	7.2	6.9	5.9
EU	19.9	19.8	19.4	19.3	18.3	17.2

* Employment rate is the proportion of the population aged 15-64 years people who have jobs

** Refers to persons aged 16-64

*** Percentage difference

Source: OECD 2002 and 2003

In 2000, the Icelandic authorities changed the law on parental leave in accordance with the EU directive (96/34/EC) from 1996 on parental leave, which states that parents should be granted individual right to at least 3 months of parental leave. According to the

⁸ Everyone working one or more hours is counted as employed.

Act on maternity/paternity leave no. 95/2000), the aim of the new parental leave is to ensure children's access to both their fathers and mothers as well as to enable both women and men to reconcile family and work outside the home. The parental leave was extended stepwise or during the period 2000-2003 from 6 months to 9 months. Of these 9 months, 3 months are now reserved for the mother, 3 months for the father and the remaining 3 months can be shared between the mother and the father. Until 2000, mothers had the right to 6 months of parental leave and fathers to 2 weeks. This limited right of fathers and the traditional division of labour between mothers and fathers were believed to have deprived Icelandic fathers of opportunities to be with their children (see e.g. discussion in Eydal and Olafsson 2003:24). Since 2001, around 80% of fathers have used their independent right to paternal leave. However, in 2003, only around 67 per cent of fathers completed the full three months of paternal leave. In addition, only 14 per cent of fathers used their right to more than 3 months leave while this ratio was 95 per cent for women (Baldursdóttir 2004). Men are in other words spending less time with their children, although the new parental law ensures that fathers and mothers have an equal opportunity to do so.

Parents now receive 80% of their past earnings while on parental leave which was earlier a right granted only to employees in the public and financial sectors. In the spring of 2004, the government put a limit on the maximum amount paid to persons on parental leave as the parental leave fund was on the brink of bankruptcy⁹. The government had estimated that the fund would pay around 3 billion Icelandic Crowns (kr.) in 2003 but the actual payments amounted to 5 billion Icelandic Crowns (kr.). The number of men willing to use their right to paternal leave and wages were underestimated. This limit on the amount paid to those on parental leave, would have excluded 195 persons or 2 per cent or of those receiving payments in 2003 from receiving 80 per cent of their past earnings. Among the 195 persons, only 17 persons were women earning more than the

⁹ The maximum amount in 2004 is 480.000 Iskr.

maximum amount (see e.g. Frumvarp til laga um breytingar á lögum nr. 95/2000). The right of fathers to paternal leave is a concrete example of how the gender mainstreaming strategy has been applied in Iceland. This application simultaneously revealed a large gender pay gap in the Iceland labour market which the government has, so far, made limited efforts to tackle.

From 1997 to 2002, the gender gap in employment narrowed or went from 8.6 percentage points to 5.6 percentage points due to a much greater growth in women's employment than men's (see table 1). This positive development may be attributed to favourable economic conditions until 2002, when employment rates fell for both men and women. The high employment rate conceals the fact that women in Iceland work shorter hours than men on average. In 1997, men worked 50.1 average hours of work per week while women worked 35.2 hours. In 2002, men's hours had dropped to 48.8 hours while women's hours had increased to 36.3 hours. The rise in women's hours was due to longer hours worked by women 25 years and older, and this more than outweighed the fall in hours worked by women aged 16 to 24 years (Hagstofa Íslands 2003). Men's hours of work per week are longer than in any other EU member country, which mirrors a persistent excess demand for labour (Samtök atvinnulífsins 2003:36).

5.2 Unemployment

Compared to the EU member states, unemployment in Iceland has been at a relatively low level. In 2002, the unemployment rate in the EU15 was 7.7 per cent and only 3.3 per cent in Iceland (European Commission 2003; Hagstofa Íslands 2003). From 1997 to 2002, the gender gap in unemployment narrowed as women's unemployment fell at the same time as men's unemployment increased slightly (see table 2). In 1997, women were more likely than men to be unemployed. This situation turned around in 2002 when the male unemployment rate was higher than the female unemployment rate. Whether this

reverse gender gap has become a permanent characteristic of the Icelandic labour market is difficult to assess using only one year as an example. During the 1990s, women were more likely to be unemployed than men, except in 1995 when there was no gender gap. Those most prone to unemployment in Iceland are the young and the low skilled. The labour force participation of men aged 16-24 increased from 66.6 per cent in 1997 to 72.7 per cent in 2002 while this rate remained almost unchanged or at around 69 per cent for young women (Hagstofa Íslands 2003). The growth in the labour force participation of young men was followed by a rise in unemployment among men in this age-group at the same time as the unemployment of young women fell considerably or from 7.1 per cent to 4.4 per cent. The relative employment position of low skilled men deteriorated from 1997 to 2002 while it improved for women due to women's longer school attendance.

Table 2. Rate of unemployment* by sex, age-groups and education levels

	Men		Women	
	1997	2002	1997	2002
Average unemployment rate	3.3	3.6	4.5	2.9
Age-groups				
16-24 years	8.3	9.7	7.1	4.4
25-54 years	2.3	2.5	3.8	2.9
55-74 years	3.7	2.2	7.0	1.5
Educational levels				
Basic education (ISCED 1,2)	5.0	6.4	6.7	3.8
Secondary education (ISCED 3,5)	2.9	2.4	2.8	2.3
University education (ISCED 6,7)	0.4	1.1	1.4	1.8

* Labour force survey

Source: Hagstofa Íslands 2003

An important reason for the large gender gap in unemployment for the age-group 16-24 is that young women enter education soon after becoming unemployed while young men continue to search for a job. In addition, the employment of young men is more insecure as they are often employed in construction work, which is sensitive to business cycles and seasonal variations (see Mósesdóttir 2001:9-10). Unemployment is lowest among those with university education, although it has increased for this group since 1997. The unemployment rate for women with basic and secondary education was lower in 2002 than that of men with comparable level of education. Women with university education were on the other hand more likely to become unemployed than men with university education, although the share of employed men and women with university education was about the same in 2002 (Hagstofa Íslands 2003). The rise in unemployment among university educated may signal growing skill mismatches in the Iceland labour market.

5.3 Pay

In the private sector, women's regular pay (adjusted for different hours of work) was 76-78 per cent of the pay of men during the first quarter of 2003¹⁰. In the public sector, the daytime pay of women was 79 per cent of what men earned. These ratios have remained fairly stable since at least the first quarter of 1999 (Fjármálaráðuneytið 2003:47). A large part of the gender gap in earnings may be attributed to different situation of men and women in the labour market or by a larger share of women in low paid jobs and a lower share of women with occupational education and with fixed overtime payments (Forsætisráðuneytið 2004b:8-11). Various studies of the gender pay gap in Iceland have found that education is more profitable in terms of wage rise for men than for women such that the gender gap increases with education (see Jónsdóttir 1995; Jónasson and Arnardóttir 1998). According to an attitude survey conducted in the autumn of 2003 among those aged 18-74, men and women were equally as likely to have asked for a pay

¹⁰ Pay for part-time work is blown up to pay for full time work. Regular hours are hours of work according to collective agreements and include both day-time work and shift work.

rise and greater work responsibility during the last three years (Erlingsdóttir, Jónsdóttir and Hafstað 2004)¹¹. This was also the case in a survey carried out in 1995 (Jónsdóttir 1995). Moreover, the share of women satisfied with their pay was only 52 per cent while the corresponding ratio was 74 per cent for men (Erlingsdóttir, Jónsdóttir and Hafstað 2004).

5.4 Segregation

The Icelandic labour market is gender segregated. According to a survey conducted in autumn 2003, only 22 per cent in the age-group 18-74, were employed at a workplace where there was an equal share of men and women. Moreover, 57 per cent of women were employed in the public sector while the comparable share for men was only 22 per cent (Erlingsdóttir, Jónsdóttir and Hafstað 2004). The largest gender gap in the distribution of men and women by occupations (according to the Icelandic version of the ISCO-88 at 1. digit level) was in the male dominated occupation *Craft and related trades workers* and in the female dominated occupations *Service and shop workers* and *Clerks* (see table 3). We have calculated the Index of Dissimilarity (ID) in order to evaluate the trend in occupational segregation along gender lines during the period under consideration¹². In 1997, 36.7 per cent of men and women would have to change their occupation for the proportion of females to be identical in all occupations. The rate increased to 39.8 per cent for the year 2002, which implies that the Icelandic labour

¹¹ The survey was conducted in September and October 2003 and included 1200 persons of whom 62,9% participate.

¹² Index of Dissimilarity (ID) that is defined as:

$$D = \sum_{j=1}^J |(F_j/F) - (M_j/M)| \times 100 \times 1/2$$

In this formula developed by Duncan and Duncan (1955), J refers to total number of occupations, M_j and F_j stand for the number of men and women in the j th occupation and M and F refer to the number of employed men and employed women. The ID measures the sum of the minimum proportion of women and the minimum proportion of men who would have to change their occupation in order for the proportion of females [ATH] to be identical in all occupations (Anker 1998:75).

market has become more gender segregated. A structural change or a shift towards service sector employment contributed to this trend of greater gender segregation as the share of women in the female dominated occupation *Service and shop workers* increased more than that of men. Moreover, the Index of Dissimilarity increased as the share of men in the male dominated occupations *Craft and related trades workers* increased at the same time as the share of women fell considerably.

Table 3. Per cent distribution of employed persons by occupation

	Men		Women	
	1997	2002	1997	2002
Elementary occupations	7,1	6,8	11	9,3
Plant and machine operators	11,1	10,4	1,6	1,5
Craft and related trades workers	22,5	23,4	7,9	4,2
Agricultural and fishery workers	8,8	8,6	3,2	2,6
Service and shop workers	12,5	13,1	24,8	27,1
Clerks	2,8	1,9	15,5	14,9
Associate professionals	12,1	11,4	18,3	16,7
Professionals	12,2	13,6	13,7	18,6
Senior officials and managers	10,9	10,8	3,8	5
	100	100	100	100

*Based on ISCO-88, 1.digit

Source: Hagstofa Íslands 2003

5.5 Skills

The Icelandic labour force is characterised by a relatively large group of low skilled workers on the one hand and highly skilled workers on the other hand. The share of the Icelandic labour force with primary and lower secondary education (ISCED 1 and 2) was 35 per cent in 2001 while the average rate for the OECD countries was 29 per cent. The share of those that had completed tertiary education (ISCED 6 and 7) was 36 per cent in Iceland and 29 per cent on average in the OECD countries (OECD 2003). From 1997 to 2002, upgrading of workers' skills took place in the Icelandic labour market, especially among female workers. In 2002, the share of women in the labour force with tertiary

education (ISCED 6 and 7) was for the first time higher than the share of men with tertiary education (see Hagstofa Íslands 2003). Female students at the university level have outnumbered male students since 1985 and around 65 per cent of those completing undergraduate studies in 2001 were women and this ratio was one of the highest among the OECD countries (Arnardóttir 2001:9; OECD 2003).

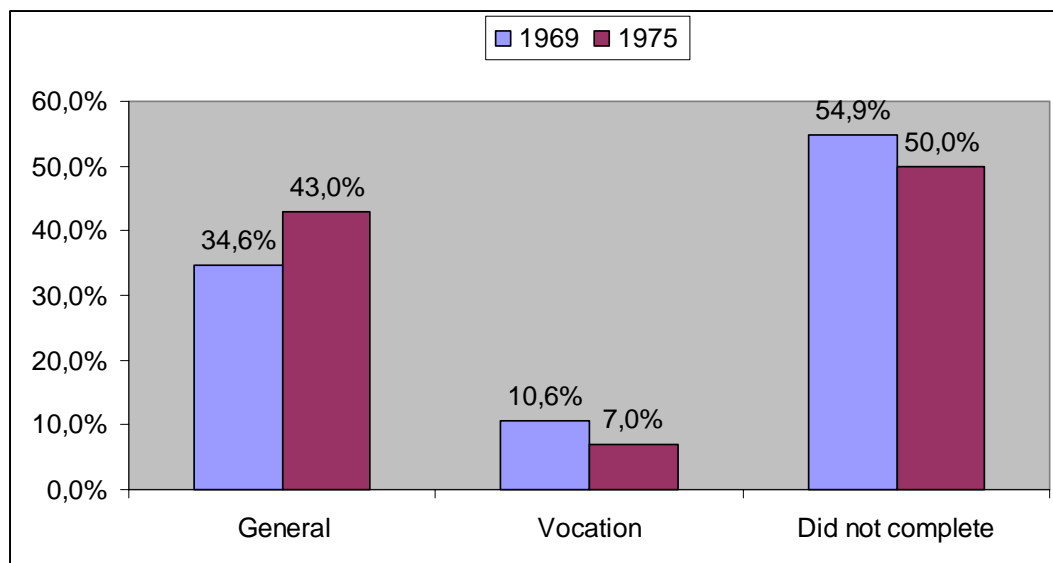
According to a survey conducted in 1999, around 50 per cent of those born in 1975 had completed at least upper secondary education at the age of 22 years (see figure 2). This ratio is much lower than the target set by the EU in its new EES that 85 per cent of 22 year old should complete upper secondary education. However, the rate of those finishing upper secondary education in Iceland rose from 45 per cent for those born in 1969 to 50 per cent for those born in 1975. If we compare men born in 1969 and in 1975, the drop out rate of men from upper secondary education has increased. The reason for this negative trend is that fewer men born in 1975 finished the vocational stream than those born in 1969 and the ratio of men completing general education remained unchanged. The ratio of women completing the vocational stream has fallen at the same time as more women completed general education at the upper secondary level (Blöndal and Jónasson 2002:3-5). In spite of this reduction, fewer students complete the vocational stream than the general education at the upper secondary level. In the EU on the other hand, more students enrol in the vocational stream than in general education at the upper secondary level (European Commission 2002:83-84). Those completing upper secondary education in Iceland are more likely to enrol in universities than on average in the OECD countries (OECD 2003).

The fall in the share of students completing vocational education¹³ and the rise in the share of students finishing general education at the upper secondary and the university level has already resulted in skill gaps and skill mismatches in the Icelandic labour

¹³ 10.6 per cent for those born in 1969 and to 7 per cent for those born in 1975 (Jónasson and Blöndal 2002)

market. Before the construction work on the largest state-owned hydro power plant (Kárahnjúkar) started in 2003, the authorities expected 80 per cent of the workers to be Icelandic citizens and 20 per cent to be foreign citizens. In January 2004, only 40 per cent of the workers were Icelanders and the rest foreign workers (Gagnasafn Morgunblaðsins 2004). The unemployment among those with university education doubled during the 1990s, although remaining at a low level (Hagstofa Íslands 2003). This indicates that the Icelandic society has not managed to match job creation to skills available in the Icelandic labour market.

Figure 2. Educational statuses at the age of 22 for those born 1969 and 1975 as concerns upper secondary education



Heimild: Jónasson and Blöndal (2002)

Icelanders make up for their low skills level by attending adult education and training offered outside the formal school system. The share of the Icelandic population 18-65 years of age engaged in lifelong learning outside the school system during the last twelve

months in 1998 was 47 per cent. In Sweden, 53 per cent of those aged 16-65 attended education and training outside the formal school system during last 12 months in 1995 while this share was 44 per cent in the UK and 37 per cent in the Netherlands. Participation in job-related education and training is also relatively high in Iceland compared with other OECD countries. The share of those 25 to 64 years of age who had participated in job-related education and training during the last 12 months in 1998 was 40 per cent in Iceland, 45 per cent in Finland 34 per cent in the US¹⁴. Education and training outside the Icelandic school system is mainly carried out by private enterprises (25.1%), at the workplace (20%) and by Education centres (16.2%).

Icelanders engage in job-related education and training to enhance their skills rather than to achieve a pay rise. Moreover, men and women are almost as likely to attend job-related training in Iceland. However, women and the low skilled are more likely to choose courses defined as general education (computer and languages) while men choose more specific courses (management and business). Participation in job-related education and training is lowest among older workers and lifelong learning outside the formal school system is least common among those who need it the most or the low skilled. One reason for the limited participation of the most disadvantaged is that the low skilled are much less likely to be encouraged by their employers to engage in lifelong learning. Employees in large firms or in the public sector are also the most likely to participate in education and training outside the school system. Finally, the cost involved in attending job-related education and training is in most cases paid by employers in Iceland (Jónasson and Arnardóttir 1999).

5.6 Job quality

Upskilling of the labour force was followed by a growth in “good” jobs or in jobs

¹⁴ The share for Finland and the US are for 1995

enabling the workers to use their skills and offering a certain degree of employment security and career development. From 1997 to 2002, employment grew fastest in the occupational group *professionals* for both men and women (see table 4). Moreover, employment in the occupational group *senior officials and managers* rose for women while it contracted for men. More men were on the other hand able to find employment as craft and related trades workers at the same time as women's employment contracted in this occupational group. In a survey conducted in 1998 among those 18 to 74 years old, around 80 per cent of men and only about 70 per cent of women agreed with the statement that they were able to use their talents in present job. In addition, more men (92%) than women (87%) stated that they were satisfied with their jobs. The survey revealed that women were also more likely than men to change workplaces. In 1998, 31.3 per cent of women had worked less than one year at the same workplace while the ratio was 20.8 per cent for men (Arnardóttir 2001).

Table 4. Percent distribution of employed according to occupations in 1997 and 2002*

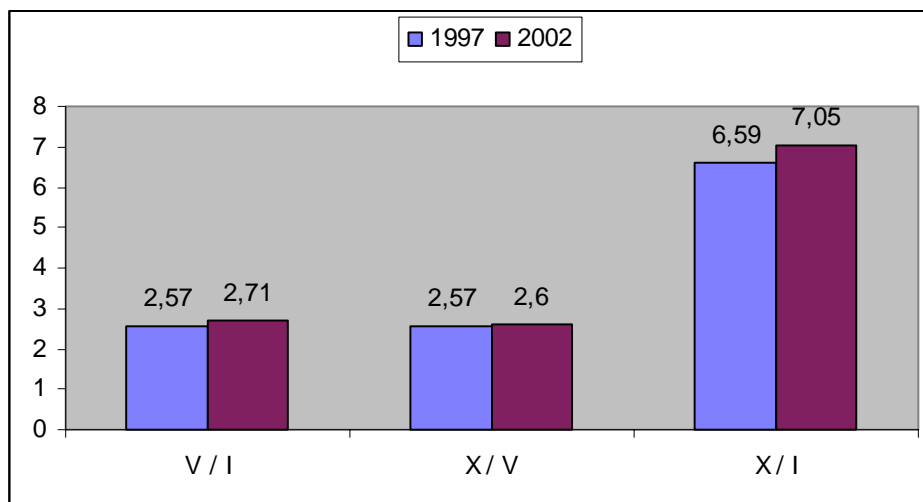
	Men			Women		
	1997	2002	Difference	1997	2002	Difference
Elementary occupations	7,1	6,8	-0,3	11	9,3	-1,7
Plant and machine operators	11,1	10,4	-0,7	1,6	1,5	-0,1
Craft and related trades workers	22,5	23,4	0,9	7,9	4,2	-3,7
Agricultural and fishery workers	8,8	8,6	-0,2	3,2	2,6	-0,6
Service and shop workers	12,5	13,1	0,6	24,8	27,1	2,3
Clerks	2,8	1,9	-0,9	15,5	14,9	-0,6
Associate professionals	12,1	11,4	-0,7	18,3	16,7	-1,6
Professionals	12,2	13,6	1,4	13,7	18,6	4,9
Senior officials and managers	10,9	10,8	-0,1	3,8	5	1,2
	100	100		100	100	

*Based on ISCO-88

Source: Hagstofa Íslands 2003

Growth in higher paying jobs such as professionals and senior officials and managers has been followed by a rise in the overall income inequality measured as the difference between the highest and the lowest income deciles. In figure 1, three indicators are used to measure inequality in order to identify where in the gross income distribution of married couples dispersion has been increasing/decreasing from 1997 to 2002¹⁵. The first indicator measures inequality in the lower part of the income distribution (V/I). The second indicator evaluates inequality in the upper part of the income distribution (V/X) and the third indicator shows overall inequality or between those in the lowest income decile (I) and in the highest income decile (X). In 1997, couples in decile V earned 2.57 times that of those in decile I and this ratio rose to 2.71 in 2002. The earnings of those in the decile X in 1997 was 2.57 higher than that of couples in decile V and the ratio remained almost unchanged in 2002. From 1997 to 2002, a rise in inequality at lower end of the income distribution was the main reason for the growing overall income dispersion.

Figure 1. Income inequality*



* Gross income distribution of married couples

Heimild: Hagstofa Íslands (2003)

¹⁵ Unfortunately, this information is not available according to sex

Conclusion

Iceland has already achieved the Lisbon target of 60 per cent female employment and the Barcelona childcare targets. However, gender gaps still remain in Iceland as concerns employment, unemployment, distribution across sectors and occupations, pay, skills and job quality. Women's employment and pay lags behind that of men while unemployment has become higher among men. Moreover, the Icelandic labour market is gender segregated with the majority of women working in the public sector whereas the majority of men are employed in the private sector. Iceland is far from reaching the EU educational target stating that 85 per cent of 22 year old should complete upper secondary. The reason for this bad performance is the high drop out rates of especially young men from the secondary school system. There are signs of growing skills gaps and skill mismatches. The labour force is characterised by a relative large group of low skilled workers on the one hand and highly skilled workers on the other hand. Those most prone to unemployment are the low skilled and unemployment among highly skilled women has increased. There has also been a growth in "good" jobs at the same time as the income distribution has become more unequal. Regarding job quality, women are less likely than men to use their skills at work, be satisfied with their job and more likely to change jobs.

Women have played a limited role in policy-making in Iceland and few policies are based on an evaluation of the position of men and women or gender mainstreaming. Policy areas are the responsibility of certain ministries and policy-making is seldom undertaken across different ministries. Hence, there are hardly any synergies between these different policy areas. Moreover, objectives of policies are often general, especially when it comes to the private sector and they seldom target specific groups. The approach of the present government is that the state should keep its hands off the private sector and allow the market forces to operate. Economic growth should be stimulated as a means to improve

the general welfare of all Icelanders. The problem with policies ensuring favourable conditions for everybody is that it is difficult to evaluate their impact. In addition, policies that do not seek to improve gender, skills and job-quality gaps may perpetuate these inequalities, especially if they are not tackled by the social partners. Finally, insufficient funding often hinders the implementation of actions stated in policy documents but the governments (from 1995) of the Independent party and the Centre party have sought to enforce a tight fiscal policy.

The Confederation of Icelandic labour (ASÍ) and the Directorate of labour have closely followed the development of the EES and they have encouraged the Ministry of affairs to adopt the methodology (OMC) to ensure greater coordination of the diffuse initiatives in the area of employment, lifelong long learning and regional policy. So far, there has not been a political will to take up the EES as it is believed to constrain the actions of the national authorities to respond to employment problems that may arise. Moreover, the general view in the public administration is that there is not much new Iceland can learn from others regarding high employment rates and gender equality. However, Iceland lacks a comprehensive employment strategy based on a systematic methodology that integrates employment and regional measures and pressures firms to recognise social responsibility, especially as concerns immigrant workers¹⁶.

Few employment measures focus on the conditions and the needs of women and they have not been able to prevent the skills and inequality gaps from growing in recent years. Moreover, the formal school system has enhanced skill divisions by emphasising general education and lifelong learning for the highly skilled at the cost of vocational training opportunities and lifelong training for the low skilled. In 1998 the Icelandic authorities adopted a two-track gender equality strategy involving on the one hand special measures to improve the position of women and on the other hand integration of the gender

¹⁶ Based on interviews with senior officials at the Director of labour and ASÍ

perspective into all public policies on the other hand. Gender mainstreaming is considered to be a method or a tool for achieving gender equality. The method has been implemented in the public sector and the private sector has been encouraged to tackle the gender pay gap. Limited efforts have been made to integrate the gender perspective into employment policies and the IS strategy. The Icelandic government has mainly focused on the technical aspects of the KBS or on facilitating the diffusion of ICTs by improving the infrastructure and regulatory framework for the benefits of all Icelandic citizens. Few measures have been undertaken to ensure that the benefits of the technology development trickle evenly down to members of society.

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