

Interview with Svafa Grönfeldt

Talent and survival. The Iceland case

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Iceland is a country located on the North-western edge of Europe in the North Atlantic Ocean, between Greenland and mainland Europe. Its territory comprises the main island and several smaller ones, with 103,000 km² (three times the area of Catalonia) but only 301,500 inhabitants. Apart from its extreme climate and high volcanic activity, Iceland is famous for having led world living standard statistics, with a spectacular evolution of its economy as to opening and globalisation as well as its capacity to innovate, especially in new energies, biotechnology, etc. However, it went almost overnight from enjoying the advantages of a small, very advanced country to suffering unprecedented disruption by which this very globalisation and financial turmoil almost led it to bankruptcy. As Svafa Grönfeldt tells in the interview, now is the time to see if investment in training and talent Iceland has given priority to are really the key to surmount the worst crisis. Without any doubt, it is a fascinating country and an evolution worth to be followed from close.

Long-term planning and talent are intimately related. In this respect, what has been the option of the Icelandic educational system, especially in higher education?

Svafa Grönfeldt (SG): In this small country we have seven universities and one of the highest levels of university enrolment in the world. So there is a lot of emphasis on education and higher education, and we have a beautiful system in that we have one major university, the University of Iceland, that covers more or less all the necessary subjects ranging from medicine to philosophy. Then we have technical schools like the school I head, which focuses on business and technology, and then we have art institutes and different types of universities. So we have a beautiful collection of different universities that people can choose from.

There are two things that make it a very successful system. One is that we have a student loan fund. Every Icelander who wants to go to university, either in our country or anywhere abroad, has access to the student loan fund granting loans for tuition and board, which makes it possible for us to really go to study anywhere we want. So Icelandic universities compete amongst ourselves for students and at the same time we are both working and competing with universities around the world to offer something that our students like. This has been possible thanks to a close international collaboration between universities. At the Reykjavik University, our strategy is that we team up with the best technical universities, with the best business universities. In my school, our teachers come from 23 different countries. So we are trying to use Iceland's location between the US and Europe to attract different talent, to attract different points of view. We have teachers from the US, teachers from Europe, teachers from Asia. So if you come to Iceland and you attend university education in Iceland you really get the entire picture.

On the other hand, the Icelandic system is open. Anyone can come to a university in Iceland; tuition fees are very, very low compared to the rest of the world. Many of our state-run universities have no tuition fees. The private universities that I head are owned by Icelandic industries, the employers



Svafa Grönfeldt

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association and the industry association, and we have very modest tuition fees. The emphasis is to make sure that we combine the best of academia with the best from the business world, from industry. So the system is simple, open and funded to some extent by the government to make it accessible to everyone. That is why the tuition is so low, to make sure that anyone coming from any kind of background can attend higher education if they meet the quality requirements.

What have been the changes to the Icelandic economy in recent years?

SG: In the 1970s, Iceland was one of the poorest countries in Europe. We had a closed system, with very high governmental involvement, a lot of regulations and our economy was very monotonous in the sense that we had very few industries. We

relied on fishing to a large extent and the level of education was relatively low compared to what it is today.

We need to make sure that anyone coming from any kind of background can attend higher education if they meet the quality requirements.

Then there was the opening up of our system, the government began to decentralise; the regulations were changed to enhance innovation and the growth of new industries. When the banks were privatized, a lot of energy was released in the sense that a different approach to funding was born and we became globalised very quickly. We had all different kinds of industry coming into Iceland because we are a very small market and so if we want to grow, we need to grow out. So very quickly Icelandic companies began to outgrow their own home market and began to develop sister companies and companies all over the world. So in a relatively short period of time, the Icelandic economy changed from being a very closed, local economy to being a wide-open global economy, and Icelanders have operated and, in spite of recent events, we have operations in different parts of the world. If I try to make it a little bit simple, that is really the biggest change. A combination of changes in the government, in terms of rules and regulations and decentralisation. Changes in the way business and the economy was funded and changes in the level of education and the globalisation. That is really the three or four major factors that have changed Iceland. The standard of living is now one of the highest in the world and it will remain very high, in spite of recent events, because we are survivors. And like someone said, this island has been trying to kill us for eleven hundred years and we are still here.

Perhaps you became too globalised. Did you trust the rest of the world too much?

SG: This is a very interesting subject. There was a very interesting article in the US press a few days ago saying that someone in America had this idea

to develop these bad loans, someone in California bought a house that was too expensive, that led somehow to the fact that Icelandic banks defaulted and then someone in Europe is now not getting their money back. A few years back, countries were independent in the sense that if there was a recession it could be limited to within their own boundaries, but today, with globalisation, something that happened in California is now really devastating Iceland, and then it also impacts Europe and so we are all really in it together. So I hope that our government will make sure that we remain a full force partner in the rest of the world economy, and there is no way to close our boundaries because of this financial crisis and we will be back.

I wanted to talk also about mobility of students and entrepreneurship. Can you say something about those two topics?

SG: I would say one of the key success factors in Iceland in the past few decades is education and the level of education. We have a very good school system. You can go to school in Iceland and it's free. And then when you reach university level you have the freedom to choose any school you like within this country or outside the country so now, for some reason, over 90% of those who go abroad to study will come back.

That's amazing.

SG: And this is quite unique because for many countries like Iceland who are at the edge of the world, the experience is the opposite. For instance, many of the African countries, many of the Asian countries, many of the Eastern European countries have 10% coming back, but 80-90% don't come back and never bring their knowledge back to drive their economy. But Iceland has managed to lure students back, and although we keep saying it's because of the bad weather, that is not the case; it is of course because we have a quality of life here that money can't buy. For instance, our kids can go out and play and we don't have to worry about them. We have neighbours who take care of each other; we have this sense of community that we like to come back to. And then, of course, we have had a great economy and great

businesses being born in Iceland, and I think that is why the young generation keeps coming back: because they get the best of both worlds. We get to work to a globalised economy, but at the same time we live in a small village where we have this community. So I think that one of the key areas in trying to retain your talent is that it's not enough to educate and create the talent; you have to be able to maintain it and keep it. And you can only do that by creating a community and the quality of life they seek. So that's one of the key elements we're now facing.

Iceland came from being one of the poorest countries in Europe to having one of highest standards of living in the world. This has been possible thanks to a combination of changes in the government.

Will we suffer what is known as the brain drain? Will the talent leave the country? My guess is no, it will not leave, because we need it. That's one thing about survival. I know in Spain you have the same; you have the fishermen and you have the people who have survived everything, so you know that when the sea gets rough, every hand is on deck really to try to help. We feel now that people want to stay in Iceland, they want to create more businesses, more jobs and make sure that we are back on our feet.

But you don't achieve this by chance, I mean there has definitely been some kind of strategy on your part to foster those values.

SG: Yes, the Ministry of Education has had a very clear strategy for the last sixteen years, of spending money on the educational system and on the student loan fund to create the kind of environment that fosters the kind of talent that we are seeking. So the strategy has been that instead of trying to regulate, the system is open. People or the government have created the environment for different universities to grow. One of the key elements behind their strategy is that they create the platform, but they don't try to over-manage it. So you have

the best people creating their own opportunities. There has been investment in education, innovation and new job opportunities in Iceland in the last decade, so there is a lot of flexibility here to create companies and innovate. And when you mix together well-educated people with this survival spirit or this adaptive spirit that people like us have, you are bound to come out with an economy that is very vibrant and very adaptable. So clearly this strategy was to spend on education and see what develops.

One thing that often happens in over-developed societies, even with very good education systems, is that young people tend to go towards social sciences instead of studying more economic, science and technology subjects. Has this happened in Iceland?

SG: No, not yet. What is happening is that there is a lot of emphasis on business-related topics. The topic with the biggest growth over the last few years has been business schools and engineering. Besides these two elements, the government has also been trying to emphasise the need for technical innovations. They have been supportive both in terms of where they allocate money, but also in the way they talk. Their strategy is that we need to build our technical capabilities and so new engineering programmes are being developed every year and we see a lot of growth in computer sciences, engineering and related topics. At our school for instance, we focus only on business, law and technology and also on public health, because that is a fundamental issue; you have to have quality of life.

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What will happen now is a big question because people will say that now more than ever we need

educated business people, and we need engineers to come up with new innovations, new jobs and new opportunities. I certainly hope that this will remain the case. Of course, we have social scientists, but the biggest growth has not been in that field.

When I asked you this question, your initial answer was that it has not happened yet. You used this word, and afterwards you explained that possibly because of this crisis we are going through this won't happen in the near future. But let's imagine we have not had this crisis. Then, would you be afraid that this would happen? Could something be done about it?

SG: I'm not afraid of the social sciences per se. Of course they enrich our lives and they have a place in our lives. But we need to have balance. We need to have social sciences, we need to have technology and we need to have business know-how. So one school of thought on this is that what we are going through now actually needs people to go into more humanistic subjects like anthropology, sociology, psychology, because we have, temporarily, fallen flat on our faces when it comes to business. There are some people who say that what we are going through now will actually lead to more people going into social sciences, art or more human topics. But what society needs now is more business and technology. I think when countries become rich and people don't have to survive every single day they perhaps have more opportunity to explore the finer things of life like the arts and human sciences.

Do you think that small states have advantages or disadvantages in fostering talent and do they have specific strategies for that?

SG: Iceland is like a laboratory because both private companies and the government can implement strategies, and we see instantly whether it's working or not. We will see, day by day, if this investment in talent will pay off, because when the government set the strategy of investing in talent and they wanted to base this country on a pool of talented individuals, they were saying that if we do that, then we will have a better quality of life. That certainly has turned out to be the case. This country has developed greatly under this philosophy. However, now, when the going is tough, will this talent have the brains and the ability to use all this knowledge to turn a very bad situation into an even better one? I think that the true test of our talent is exactly now. As a small state, it is so obvious if we succeed or fail. I think these will be very interesting times, although we would love to have some of this money we lost back! But the key element now in our dialogue in this country is that, OK, we lost some of our money, but we will make it back and then we will make even more money and we will make it in a better way than before; we will learn from our mistakes.

But the key priority, as I said, is to maintain our top talent in the country and also to attract talent from the rest of the world to create an even better society. And although no one would have wished for this to happen, the true test of our talent now is to see how quickly we recover from all of this.

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