Austria’s employment rate was 75.5% in 2013 – lower than the national 2020 target of 77-78% but in line with the EU-28 2020 target of 75%.

Demand for medium and highly-skilled labour is forecast to increase; while demand for low-skilled workers is forecast to decrease. Employment is predicted to increase continuously over the coming years.

Sectors with the highest growth in total employment are: business-related services, manufacturing, health and social services, freelancing, scientific and technical services as well as sales.

**Slow recovery: growing employment rate without decreasing unemployment**

Austria’s employment rate¹ has risen from around 70% in early 2000 to around 75% in 2008, and has since remained relatively stable around this level. In 2013 the employment rate (of the population aged 20-64 years) was 75.5%, below the national target of 77-78% but in line with the EU 2020 target of 75%. Austria has one of the highest employment rates within the EU, exceeding the EU 28 average by seven percentage points. However, female employment is still substantially below male employment, with the female employment rate at 72.6% compared to 77.5% for men.²

The labour market in Austria is still recovering from the global financial and economic crisis. While employment grew by 0.5% in 2013, the number of unemployed people rose by 10.2%, especially in the sectors of ‘other business services’ (which includes labour leasing), ‘retail, maintenance and repair of vehicles’ and ‘construction’.³ The highest share of the unemployed population is made up by people who only finished compulsory education (46.7% of all unemployed in 2014), followed by graduates from vocational dual education (Lehre – 31.8%). On the other hand 4.9% of the unemployed have a higher education degree.⁴

**High unemployment rates in the Southern and Central Provinces**

Geographically, in 2013, the Western provinces tended to experience higher employment growth and lower unemployment than the Southern, Central and Eastern provinces; growth rates were higher for women than men, with the exception of Vienna.¹ It should be noted that the higher growth of female employment includes many part-time jobs.

In 2014, a slow recovery could be observed, as sectors with the highest demand for labour according to the AMS skills barometer were hospitality, trade, business related services, ‘machinery, vehicles and metal’ as well as construction.⁶

Carinthia faced a decrease in employment, especially among men, and high levels of unemployment.⁷ This was partly due to its geographical position bordering Slovenia and Italy, two countries severely hit by the economic crisis, which had effects on tourism as well as exports.⁸

Lower Austria also experienced an increase in unemployment in 2013, especially in the transportation and telecommunications sector, other
services and the construction sector, whereas Upper Austria faced an increase in overall unemployment, despite an above-average employment situation in the construction sector. This is partly due to the province’s big manufacturing sector and its reliance on exports, which is highly susceptible to economic performance in exporting countries.

Positive employment trends in the Eastern Provinces and the capital

Burgenland, the easternmost province, was not as strongly affected by the economic crisis as other provinces; it does have a positive employment trend, especially in retail occupations, and in part also due to growing exports of machinery and electronics, however without a reduction of unemployment. Styria’s unemployment rate stood at the Austrian average, the sectors of manufacturing and tourism performed especially well and were once again employing more people, after a sharp decline due to the crisis in 2009.

Vienna, the capital city, saw the highest increase in population and therefore a high unemployment rate despite an increasing employment rate, especially among men. Employment experienced the highest growth in the traditionally strong services and tourism sectors, which make up for 84% of employment in the city.

Employment growth in the Western Provinces

In 2013, Salzburg saw an increase in both the population and employment levels – with the lowest unemployment rate for women. However, major decreases in employment in the construction sector were recorded, which could not entirely be compensated by rising employment in the tourism sector, and thus explains in part the higher unemployment of men compared to women.

Of all provinces, the Tyrol – with a strong tourism sector which did not suffer from the crisis as much as Carinthia – recorded the highest increase in employment, despite small decreases in manufacturing and construction. Part of the overall employment increase is due to an increase in part-time employment of women.

Vorarlberg also experienced positive employment trends and the lowest increase of unemployment, with employment increases mainly in the sectors of manufacturing and construction, which showed dynamic economic growth.

The number of higher education graduates is rising

In general, levels of education in Austria are rising, especially the share of the population with a higher education degree. Female education levels are increasing on average; however, they remain low compared to male levels: 23.6% of women compared to 14.8% of men did not earn an educational degree apart from finishing compulsory education. Of the population with only a basic educational degree, 42% have a migration background, compared to only 5-6% of graduates from Secondary School. The percentage rises again when looking at figures for Higher Education, where 16% of graduates have a migration background.

Slow decrease of unemployment and 200,000 new jobs expected until 2018

The Austrian Public Employment Agency expects a total increase by around 200,000 (+5.6%) jobs up to 2018. However, unemployment will only slowly decline from 2016 onwards, due to a high labour supply inflow from other European countries, higher economic activity of women and the impact of gradually adjusting the average retirement age upwards.

Highest growth expected in business-related services and manufacturing

The highest employment demand up to the year 2018 is expected for the business-related services (+44,000 additional jobs, +24.2%) and manufacturing sectors (+37,000, +6.1%); employment increases are expected to come from job creation arising from increased economic activity, the numbers thus greatly rely on an economic upward trend with increased domestic demand as well as increased exports.

Steady growth sectors, independent of the overall economic situation, are: health and social services (+30,000, +13.1% additional jobs – mainly due to an ageing population and higher demand for these services), freelancing, scientific and technical services (+30,000, +18.3%) as well as sales and repair of motor vehicles (+18,000, +3.4%).

Other sectors predicted to experience growth include: hospitality (+17,000, +8.9%), education (+13,000, +13.4%), construction (+11,000, +4.4%), information and communication (+9,000, +11.8%), provision of other services (+9,000, 10.4%), arts and entertainment (+5,000, +14.4%), agriculture and forestry (+3,000, +12.9%) and energy supply (+2,000, +6.3%). Small increases are also expected in the water and waste management (+7.5%), private households (+6.5%) and extraterritorial organisations sectors (between +100 and +1,000 additional jobs).

Decreases in growth are forecast in the following sectors: traffic and storage (-2,500, -1.4%), finance and insurance services (-2,000, -1.8%), retail trade (-900, -1.0%), storage (-2,500, -1.4%), education, where 16% of graduates have a migration background.

http://bis.ams.or.at/qualibarometer/bundesland.php?id=1
http://bis.ams.or.at/qualibarometer/bundesland.php?id=9
http://bis.ams.or.at/qualibarometer/bundesland.php?id=3
http://bis.ams.or.at/qualibarometer/bundesland.php?id=5
http://bis.ams.or.at/qualibarometer/bundesland.php?id=7
http://bis.ams.or.at/qualibarometer/bundesland.php?id=8
17 Ibid.2
18 AMS (2014)
19 This projection is based on the assumption of economic recovery and stable growth. Since the financial crisis in 2009, the manufacturing sector (including water and energy production) has seen higher real output growth (+2.1% in 2013) than other sectors – see Ibid.2.
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EU SKILLS PANORAMA 2015

Shortages in skilled manual and high-skilled occupations

Skills shortages are well documented in the EU Bottleneck Vacancies Report. In 2014, the "bottleneck" or so called "shortage occupations" – which allow for legal immigration of skilled workers by means of the 'Red-white-red-card' – remained almost unchanged. There was a high demand for additional labour within skilled manual occupations and high-skilled occupations in the sector of construction and building (craft and related trade workers, physical and engineering science technicians, electrical and mechanical engineers), the IT sector (system analysts, software developers, and computer network and systems technicians) and healthcare (nursing associate professionals). For 2015 however, the list was shortened to 11 occupations and will only contain skilled manual and high-skilled occupations in the sector of construction and building.

These shortages are on the one hand due to less young people starting a dual education including an apprenticeship in the respective sectors. More students decide to continue education at a secondary school rather than choosing the path of a dual education. On the other hand, there is a lack of employers willing to train the young population within the course of a dual system of education. In 2013, there were 3,420 placements on offer, of employers willing to train the young population within the course of a dual system of education. In 2013, there were 3,420 placements on offer, 30.5% of all female students choosing the path of a dual education. On the other hand, there is a lack of employers willing to train the young population within the course of a dual system of education. To exacerbate the problem, employers’ expectations are often higher than what interested students are able to offer in terms of previous knowledge or social skills.

Furthermore, skills supply and demand might not always match geographically, and there is a lack of willingness to move or commute within Austria – this is especially true for and to be expected of very young people (apprenticeship starting from age 15).

Shortages outside of the Top 20 list exist mainly in the hospitality sector. This is due to the method of calculating shortages by comparing the number of job openings to ‘appropriately skilled’ unemployed people, overlooking the fact that many ‘appropriately skilled’ candidates very often are not apt or physically able to work in the hospitality sector.

Regarding the PIAAC results on skills supply, adults in Austria show reading competences slightly below OECD average with almost one third of the population falling into the second-lowest category. However, they show above average proficiency in numeracy, and around average proficiency in problem solving in technology-rich environments compared with adults in the other countries participating in the survey. Young adults show higher proficiency in all categories.

For the Austrian labour market, research based on PIAAC data suggests that even though competences and qualification titles correlate strongly, qualifications create better employment chances and usually lead to higher salaries and wages than an individual’s competences alone. Further analysis shows that in Austria, only 9% of the differences in employment rates between the low-competence (66%) and the medium-competence population (83%) can be explained by their differences in competences, the other 91% are explained by socio-demographic differences. Competences are thus clearly not the only input factor for success on the labour market. However, there is a significant number of jobs available for people with fewer competences. These are not equally distributed among the ISCO-08 main groups though, with low competence levels in reading and numeracy corresponding with a higher probability of employment ISCO-08 main occupational groups 6-9.

20 Public Employment Service (2014), Outlook on Employment and Unemployment in Austria until the year 2018; the report is based on a study regularly conducted by the Austrian Public Employment Service, occupations are classified according to the ÖNACE classification.
21 Cedefop (2014) and Institute of Higher Studies & Austrian Institute of Economic Research (2014), Analysis of data bases for future qualifications supply and demand in Austria
22 Statistics Austria (ed.) (2014), Key competences of Adults.
23 Cedefop (2014) and Institute of Higher Studies & Austrian Institute of Economic Research (2014), Analysis of data bases for future qualifications supply and demand in Austria
24 European Commission (2013), Bottleneck vacancies in Austria
27 http://www.arbeitsmarktprofile.at/lei_06.html
28 Public Employment Service Standing Committee on New Skills (2013), Report on the Results of follow-up workshops 2013; qualitative findings from interviews with sector experts
29 Statistics Austria (2013), Key competences of Adults. First Results of the PIAAC Survey 2011/12
30 OCED (2013), Survey of Adult Skills (PIAAC) – First Results Austria
31 Statistics Austria (ed.) (2014), Key competences of Adults.
32 Further Analysis of the PIAAC Survey 2011/12
33 Ibid.
34 Ibid.
35 Please quote this Analytical Highlight as: EU Skills Panorama (2014) Austria Analytical Highlight, prepared by ICF and Cedefop for the European Commission

Public administration (-400, -0.1%) and mining (-400, -7.1%). According to the AMS regional forecasts (Bundeslandprofile 2013), all Austrian regions will have increases in labour demand, especially Salzburg, where mostly medium- and high-skilled workers will be required.

Strong employment growth expected in high-skilled occupations and decrease in demand expected for low-skilled labour

While a decrease in the demand for low-skilled and medium-skilled labour is expected until 2020, the demand for highly-qualified labour is projected to increase by 30%. Highest decreases of unemployment will occur in industry and crafts occupations (by 9,200) as well as technical services (by 1,800). Unemployment will increase in other services occupations (by 3,300), trade and transport (1,300) as well as health occupations and vocational dual education (1,300). An increase of unemployment in the health sector goes along with increased employment, possibly to be explained by unfavourable working conditions leading to high levels of fluctuation in the sector.

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