

HELMUT DORNMAYR

## Report on the situation of youth employment and apprenticeship training in Austria in 2012 and 2013

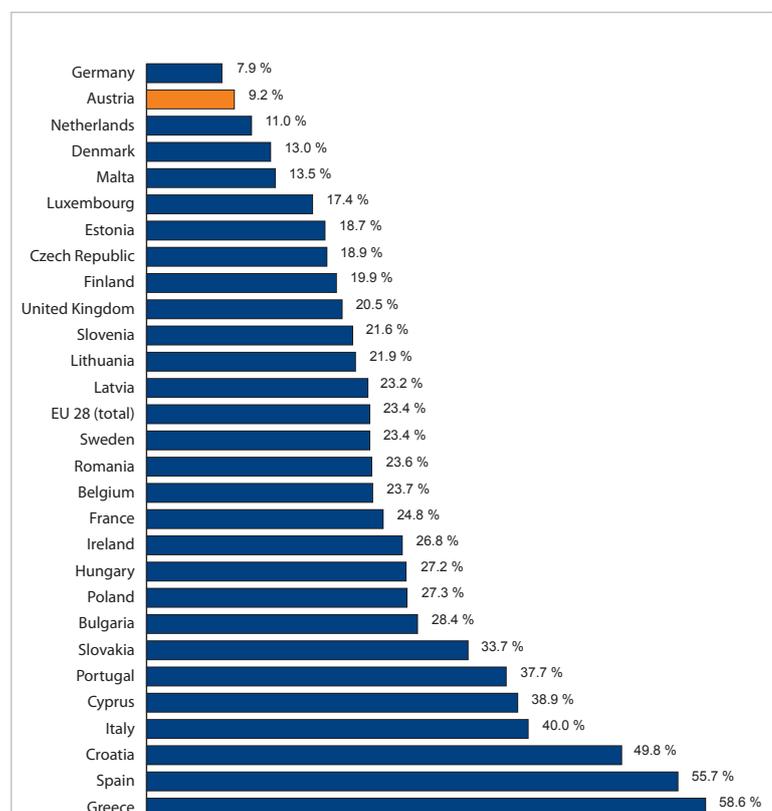
Selected results of an ibw-öibf study<sup>1</sup> commissioned by the Austrian Federal Ministry of Science, Research and Economy (BWF)

The current report on the situation of youth employment in Austria, which - according to §15b of the Vocational Training Act (BAG) - the BWF is obliged to submit to the National Council every two years, shows the following: Despite ongoing turbulence caused by the effects and after-effects of the international financial, economic and public debt crisis, Austria has been able to maintain its excellent position throughout the EU regarding youth employment. To a great extent this success must be considered the result of the dual system of apprenticeship training. As a consequence of the marked decline in the number of apprentices and training companies (which is mainly due to demographic reasons), it is being put to the test whether there will remain such a high demand for skilled workers in the future, however.

In a European comparison (EU-28 countries), Austria boasts relatively favourable results (compared with the average of the EU-28 countries) in all the indicators that were studied and are in direct connection with the situation of youth employment and concern youth unemployment as well as obtained educational qualifications in particular.

In 2013, for example, according to Eurostat the youth unemployment rate (that is: the unemployment rate of under-25-year-olds) was 9.2% in Austria, while the figure for all EU-28 countries combined was 23.4% (see Diagram 1). Consequently Austria boasted the second lowest youth unemployment rate within the EU in 2013 (behind Germany). Even though the youth unemployment rate rose again slightly in 2013, youth unemployment overall in Austria was declining in 2009-2013 – in contrast to the EU average and despite renewed turbulence in the aftermath of the international financial, economic and debt crisis. In Austria, the youth unemployment rate fell from 10.0% (in 2009) to 9.2% (in 2013), in the EU-28 countries it increased overall in the same period from 20.1% to 23.4%.

Diagram 1: Unemployment rate of under-25-year-olds (2013, EU-28 countries, Eurostat calculation method)



Source: Eurostat (last update: 07.04.2014/date of extraction: 29.04.2014)

<sup>1</sup> see Dornmayr, Helmut / Löffler, Roland (2014): Bericht zur Situation der Jugendbeschäftigung und Lehrlingsausbildung in Österreich 2012-2013 [Report on the situation of youth employment and apprenticeship training in Austria in 2012 and 2013], research report of ibw and öibf commissioned by BWF, Vienna. The entire study can be downloaded in German from <http://www.ibw.at/de/ibw-studien>.

As well as the generally relatively low unemployment rate, one major reason for this fairly good integration of young people into the employment system is seen in the highly developed system of initial vocational education and training or IVET (comprising apprenticeship training, VET schools and colleges) in Austria. In this connection, both participation in training and the proportion of VET are relatively high in Austria.

### **Youth unemployment**

It is the system of dual apprenticeship training in particular (at the company and at part-time vocational school) that creates a good position for Austria in an international comparison. Despite the relatively favourable starting position of Austria, however, it must be considered that young people in particular were affected by the impact of the international financial, economic and debt crisis which became acute both in Austria and the EU in 2008 for the first time. The youth unemployment rate rose considerably more than the unemployment rate of older workers (over-25-year-olds). It can be assumed that the main cause for this disproportionate increase of youth unemployment during the economic crisis is that also in times of insufficient capacity utilisation many companies try, if possible, to keep their current (older) staff while the number of new recruitments (of younger people) drops sharply.

### **Young people with a migration background**

A special challenge for the Austrian VET system is the integration of youths with a migration background into the training and employment system. In general, these people leave their respective VET programme more often prematurely and are (in particular) also strongly underrepresented in the apprenticeship training sector.

### **Demographically caused skilled workers' shortage**

The low share of youths with a migration background in apprenticeship training must be seen as having priority both from the viewpoint of educational and integration policies and from the angle of safeguarding the future skilled workforce. This is because it is vital to use this special potential of young skilled labour especially due to the further marked decline in the number of 15-year-olds and job entrants overall, which can be expected to last until 2016, combined with a substantial rise in people leaving the workforce (retirements) until 2025 and the shortage of skilled workers emerging as a

result. In this connection, multilingualism as a significant human resource and competitive advantage also needs to be highlighted, not only to address foreign-language customers (immigrants and tourists) in Austria in a targeted way but also because the multilingualism of many young people with a migration background constitutes a special opportunity for strengthening the Austrian business sector's degree of internationalisation and export orientation overall.

### **Number of apprentices and training companies**

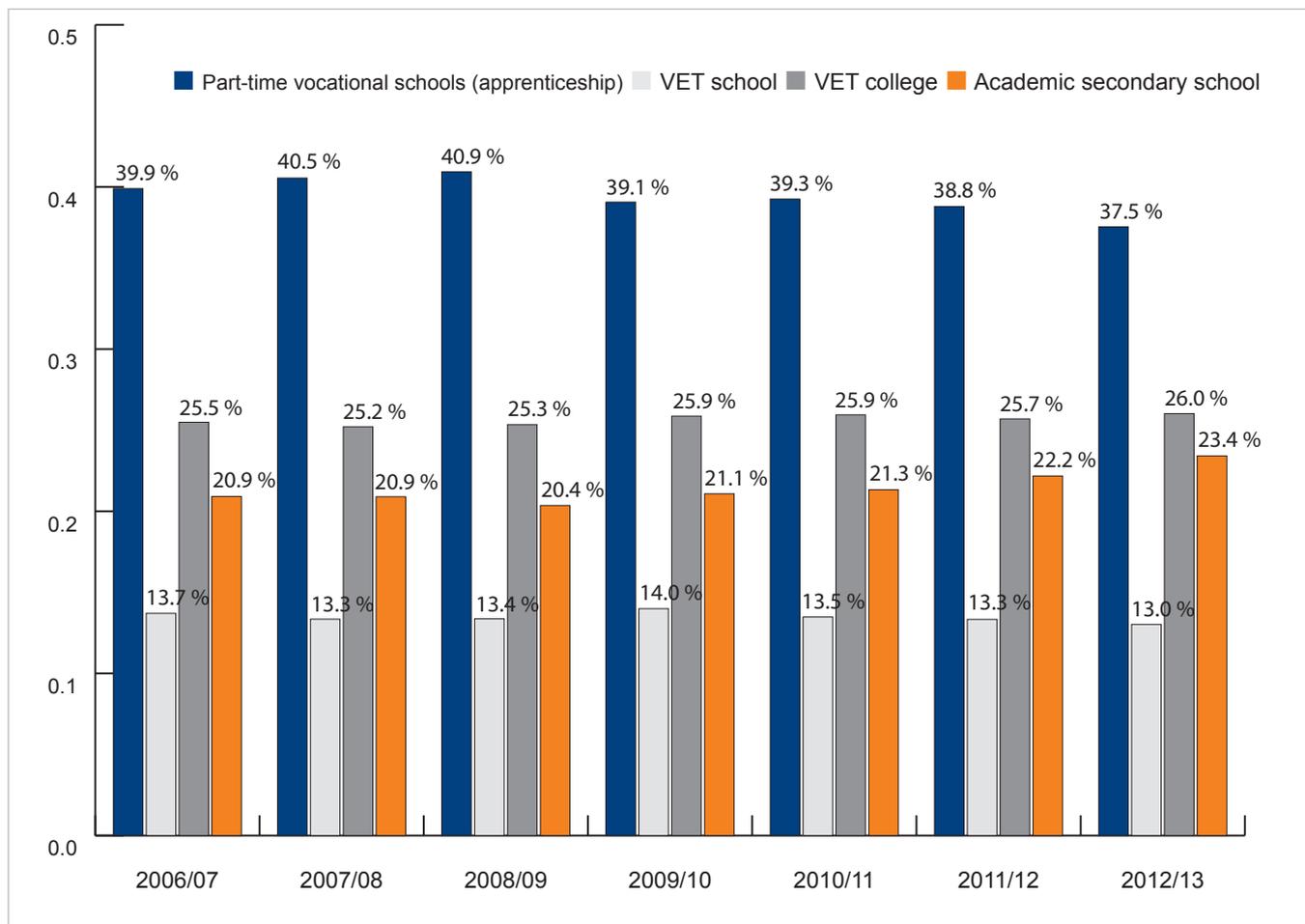
The imminent skilled workers' shortage (which is due to demographic reasons) can already be identified in part when analysing recent apprentice figures:

By the end of 2013, 120,579 apprentices were being trained in the whole of Austria, almost 5,000 fewer than in 2012 (125,228) and more than 11,000 fewer than in late 2009 (131,676). This decline in apprentice figures must mainly be seen in connection with the demographic development (decreasing number of 15-year-olds). In addition, however, the effects and after-effects of the international financial and economic crisis seem to be at the root of problems. The number of training companies in Austria has developed analogously with the declining apprentice figures. The decline in the number of training companies (calculated on the basis of chamber members) was around 1,000 companies a year from 2009 and increased even more to over 1,500 companies in 2013 (reaching a figure of 32,189 training companies in 2013).

### **Shares of pupils by school types**

The long-time observation (school year 2006/07 until school year 2012/13) of the distribution of pupils in year 10 additionally reveals the following trend (see Diagram 2): The share of students in part-time vocational schools (apprenticeship training) was, after an initial increase, declining overall in these 6 years (from 39.9% to 37.5%), whereas academic secondary schools (AHS) in particular showed increases (from 20.9% to 23.4%). Especially in the school year 2012/13 a clear decline in the number of pupils in year 10 at part-time vocational schools (-1.3%) in favour of AHS (+1.2%) can be observed. In the individual analysis, however, apprenticeship training (part-time vocational schools) is still by a wide margin the quantitatively most significant IVET pathway at the level of year 10 (37.5% of students).

Diagram 2: **Distribution of pupils in year 10 over time**  
(school years 2006/2007 - 2012/2013)



Source: Statistics Austria (school statistics) & ibw calculations

Special attention must be paid to ensure that the well-proven and successful dual system of apprenticeship training does not undergo any structural weakening – or as little as possible – also in relation to other VET pathways. After all it is important to ensure the VET integration – which is very successful compared to other countries – of (in particular) practically gifted/interested youths and also guarantee the future demand for skilled workers.

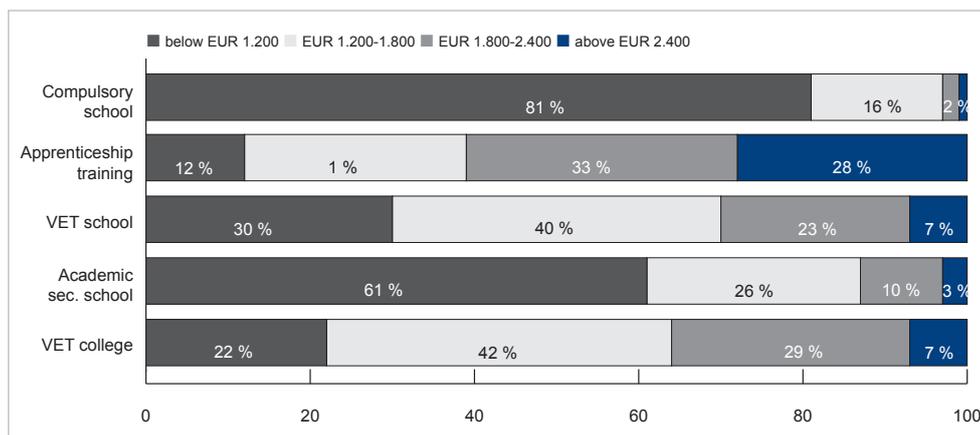
Also after completion of the VET programme, the career prospects of apprenticeship graduates turn out to be very positive in the national and international comparison, such as in terms of the unemployment rate, the duration of the search for a job, or entry-level incomes.

### Entry-level income

Compared with holders of other VET qualifications, the income in the first employment relationship (i.e. for non-self-employed people) is highest for apprenticeship graduates, for example (cf. Diagram 3): Only for 12% of them is the (inflation-adjusted) monthly gross income in the first employment less than EUR 1,200, and for as many as 28% it is over EUR 2,400 (relating to those who did not take up another education or training programme within the first 2 years after graduation). The entry-level incomes of apprenticeship graduates are therefore higher than those of graduates of a VET college (BHS) or VET school (BMS) and clearly higher than those of graduates of an academic secondary school (AHS). By far the lowest are the entry-level incomes of people who have merely completed compulsory school: 81% of these earn less than EUR 1,200 a month in their first employment.

**Diagram 3: Entry-level income: Gross monthly income in the first employment relationship (non-self-employed) after graduation (inflation-adjusted\*)**  
(qualifications obtained in the training year 2009/2010)

(restricted to those people who did not take up any other education or training programme within the first 2 years following graduation)



Source: Statistics Austria: Qualification-related professional career monitoring (commissioned by BMASK and AMS) + ibw calculations

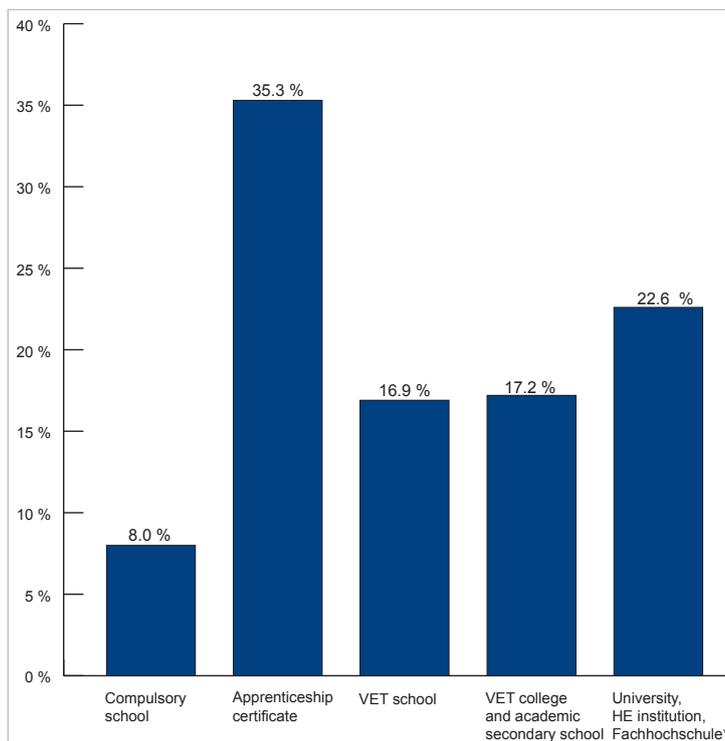
### Apprenticeship and self-employment

Apprenticeship training additionally offers good conditions for entrepreneurship: According to the 2013 Labour Force Survey (cf. Diagram 4), 35% of all self-employed in Austria have an apprenticeship certificate as their highest qualification. Therefore, apprenticeship training is by far the most important qualification of self-employed people in Austria and obviously also a good “springboard” for setting up (or taking over) one’s own company.

In its final section, the “Report on the situation of youth employment and apprenticeship training in Austria in 2012 and 2013” contains a number of measures and recommendations for how this successful and well-proven dual system of apprenticeship training can be secured and developed sustainably in the long run in Austria.

The entire study can be downloaded in German from <http://www.ibw.at/de/ibw-studien>.

**Diagram 4: Self-employed by highest educational attainment (2013)**



Source: Statistics Austria (2013 Microcensus Labour Force Survey) + ibw calculations

Notes: Self-employed not including family workers

\* including HE-related establishments