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Key Indicators of Demand for/Lack of Skilled Labour in Austria in 2019

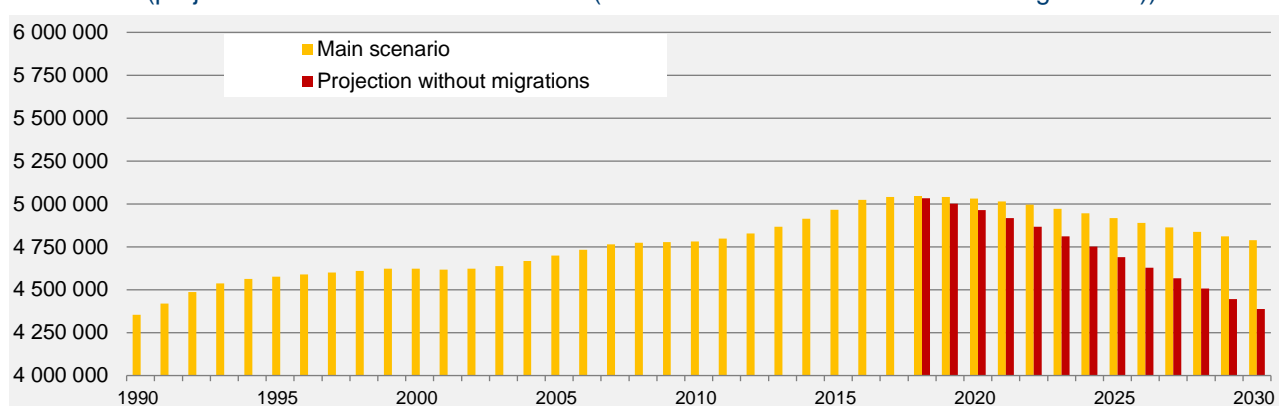
The results of comprehensive secondary statistical analyses on demand for and lack of skilled labour in Austria in 2019 (Skilled Labour Radar - Part I) commissioned by the Austrian Economic Chamber (WKO) show that the shortage of skilled labour is likely to continue to worsen in the coming years merely due to demographic developments. The specific extent of the future shortage of skilled labour will depend, not least, on the extent to which further net immigration of skilled labour will be possible and whether the number of training qualifications in Austria can still be increased.

The **demographic development** by itself (sharp increase in retirements and decrease/stagnation of the number of people at career entry age) is expected to lead to a further **worsening of the lack of skilled labour** in the next few years and, as a result, to a slowdown in employment growth and economic growth. The extent to which this increase in the shortage of skilled labour can be counteracted by making adjustments in the initial vocational education and training (IVET) system and by exploiting and mobilising a great share of the labour potential available in Austria or by (increased) immigration is not least a question of political decisions and strategies. This applies both to legal requirements and to specific funding measures and programmes.

In line with the main scenario of the population forecast of Statistics Austria, the following developments can be expected: The **number of 20- to 60-year-olds** (i.e. roughly the number of people of employable age or of typical working age) will, **from the long-term peak in 2018** (5,046,071 people), **decrease by more than 250,000 people by 2030** (4,788,470 people). The **decline expected in a radically isolationist scenario** would be **even greater** - if there were **no immigration to or emigration from Austria**: Here the number of 20- to 60-year-olds would even be lower by another 400,000 people by 2030 (see Diagram 1).

DIAGRAM 1:

Number of 20- to 60-year-olds in Austria
(projected values from 2018 onwards (main scenario + scenario "without migrations"))



Source: Statistics Austria (annual averages), (data query: 6.3.2019; last update: 22.11.2018) + ibw calculations

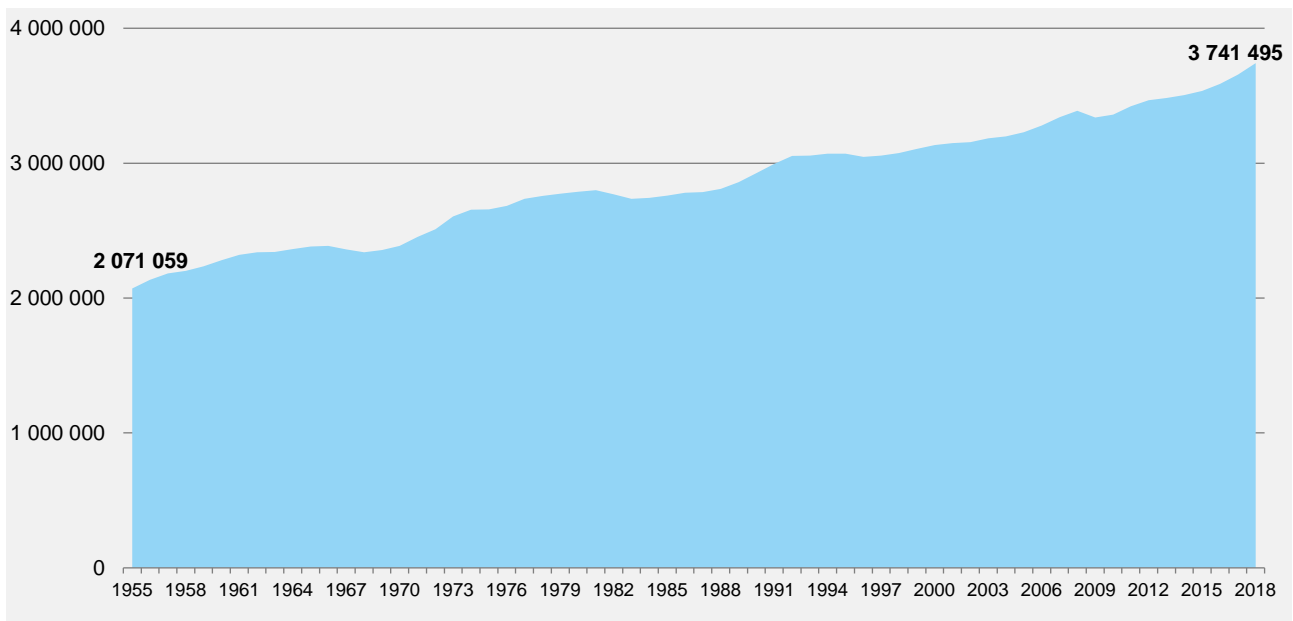
In the analysis/projection of the expected lack of skilled labour it should also be noted that Austria has seen **relatively continuous growth in employment over roughly the past 70 years**. In a long-term observation, the steady increase in this growth in employment has been influenced but hardly ever stopped by the respective economic development (cf. Diagram 2).

In addition to gradual economic growth, the basis and prerequisite for this almost uninterrupted increase in employment was a **continuous expansion of the labour**

supply, which is now threatened by the expected demographic development. Particularly in recent years, the social trend (in the sense of **work-life balance**) towards a **reduction in real working time** (increase in part-time work, decrease in overtime) has also favoured employment growth and has de facto intensified the lack of skilled labour due to the resulting higher demand for staff (cf. Diagram 3).

DIAGRAM 2:

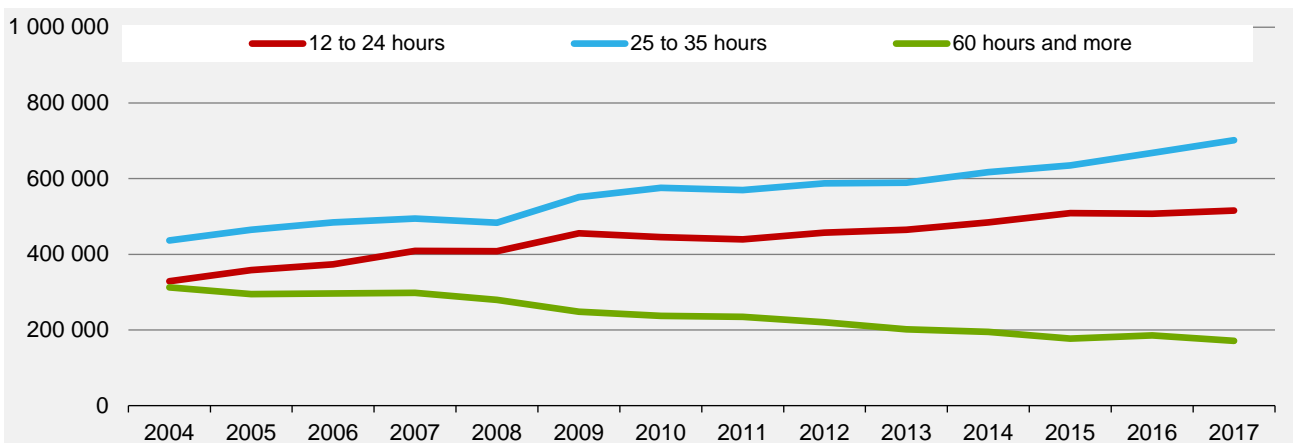
Total employment in Austria (annual average 1955-2018)



Source: Main Association of Austrian Social Security Institutions N.B.: People in dependent employment plus employees with a freelance contract pursuant to § 4 (4) of the General Social Insurance Act ASVG. People in marginal employment are not included. Incl. people completing their compulsory community service and recipients of childcare allowance or recipients of benefits for 'non-working periods'.

DIAGRAM 3:

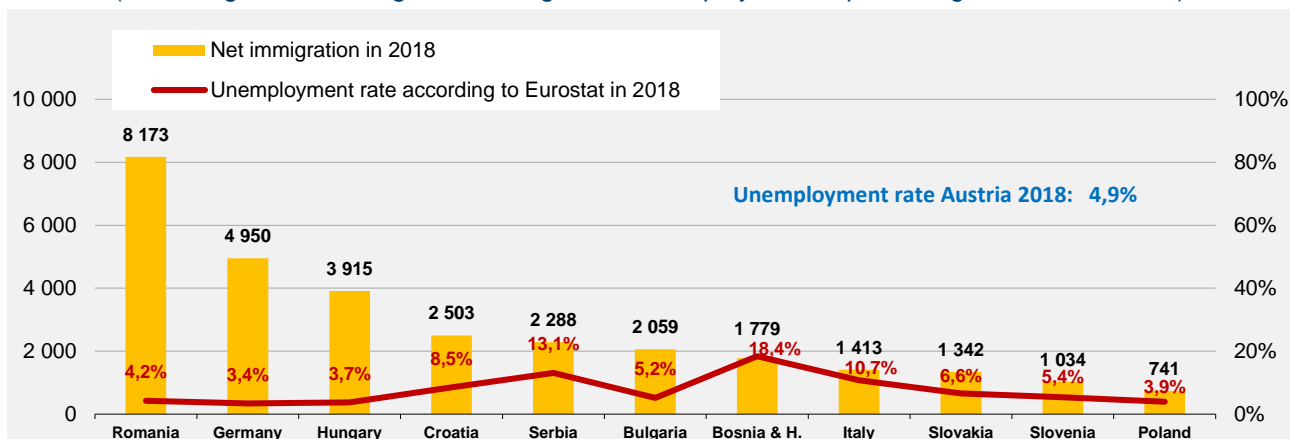
Employees by hours worked in Austria (weekly working hours; 2004-2017)



Source: Statistics Austria: Microcensus - Labour Force Survey + ibw calculations. N.B.: The number of hours worked per week is referred to as the number of hours actually worked per week in the reference week. Overtime hours and extra hours are included, missed hours are deducted.

DIAGRAM 4:

Net immigration by the most frequent* countries of origin in 2018 and Eurostat unemployment rate in 2018
(net immigration = immigration - emigration; unemployed as a percentage of the workforce)



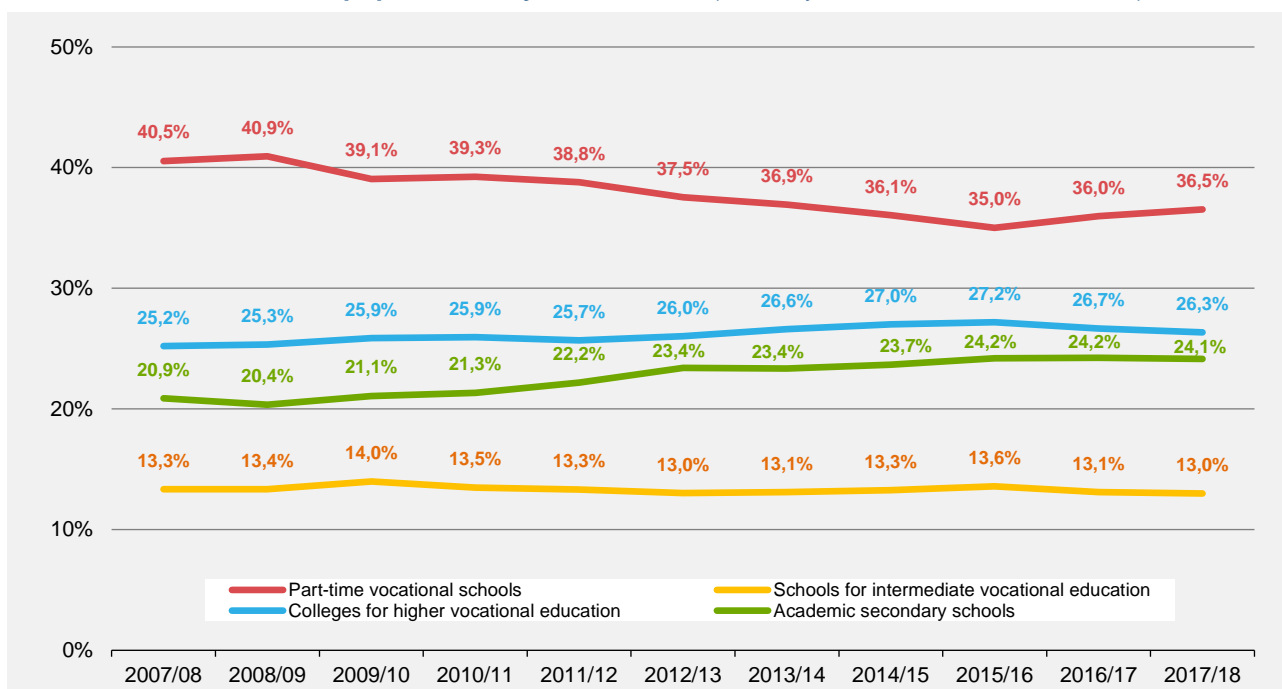
Sources: Net immigration: Statistics Austria (data query: 14.11.2019; last update: 23.5.2019). Unemployment rates: Eurostat (data query: 14.3.2019; last update: 7.3.2019); for Italy, Bosnia & Herzegovina and Serbia: EU Commission, IMF
*Without Syria (net immigration in 2018: 1,247 people) as no unemployment rate can be specified.

The analysis of **net immigration from the most important countries of origin** in 2018 also shows that in the EU countries with the highest net immigration to Austria, according to Eurostat, the unemployment rate in 2018 was already below that of Austria (Romania: 4.2%, Germany: 3.4%, Hungary: 3.7%, Austria: 4.9%). It therefore remains questionable whether the high level of immigration to Austria can be maintained in the medium term in connection with expected wage increases in these countries (cf. Diagram 4).

The educational choice behaviour of young people is also of great importance for the development of skilled labour availability. This applies both to the proportion of young people who wish to attend an advanced education or training pathway at all and to the distribution of pupils in the 10th year (cf. Diagram 5). Recently, the proportion of part-time vocational schools (apprenticeship training) has risen again. However, in a 10-year observation, part-time vocational schools in particular have lost shares and academic secondary schools (AHS) have gained shares.

DIAGRAM 5:

Distribution of pupils in 10th year over time (school years 2007/08 – 2017/2018)



Source: Statistics Austria (school statistics) + ibw calculations

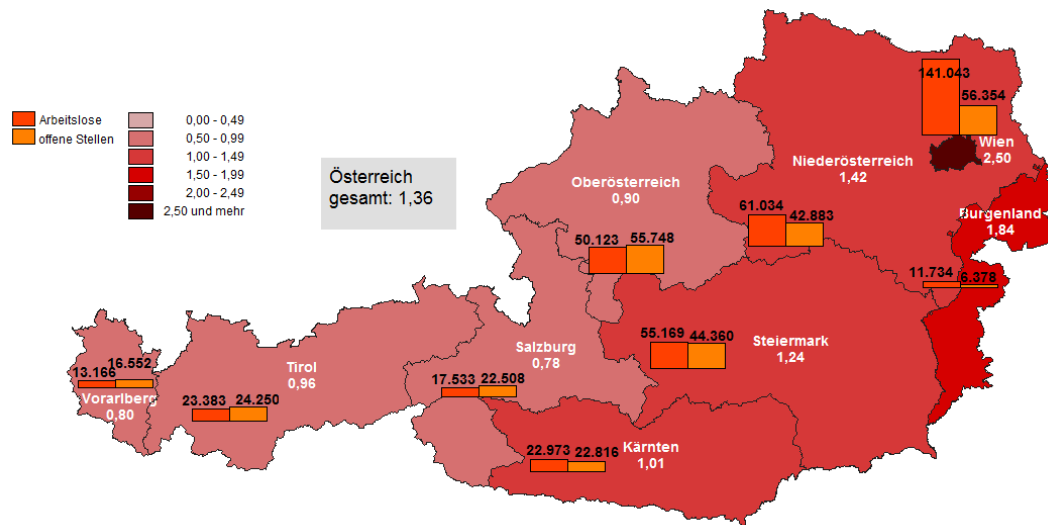
The evaluation of indicators of demand for skilled labour at the province or district level reveals that the differences between the regions are considerable. Above all, the differences between Vienna and the west of Austria (including Upper Austria) can even be described as drastic in many professions. In Vienna, the number of unemployed people per vacancy by occupation/occupational group is very often many times (often even more than ten times) the number of unemployed people per vacancy in the western provinces (including Upper Austria). It should also be noted that many vacancies are not/no longer reported to Public Employment Service Austria AMS. Whereas in the western provinces (including Upper Austria) there is already a clear shortage of skilled labour in many occupations, in Vienna there is frequently still a relevant number of unemployed people in some of these occupations (Diagram 6). However, since it has, to date, also not been

possible to resolve this mismatch and since it is unlikely to be resolved in the future by increased commuting incentives alone, it is absolutely necessary to conduct a **region-alised analysis of the skilled labour shortage**. This is because available data reveals extreme differences between the provinces (above all Vienna and the west of Austria). Then it will be possible to counteract the skilled labour shortage in the provinces concerned effectively and within a manageable time horizon.

An existing lack of skilled workers not only has negative impact on the companies, sectors and regions concerned, but also on the development of the employment situation and economic performance in Austria as a whole and of the national budget. Last but not least, the pressure of work and the workload on people who are (already) employed and their employers are also increasing as a result of a shortage of skilled labour.

DIAGRAM 6:

Number of unemployed people per vacancy (data on new registrations) by province (2018) across all occupations (at least apprenticeship diploma)



Source: Labour market database AMDB of AMS and of the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (BMASGK) (data delivery: 24.01.2019); ibw calculations. N.B.: Number of unemployed people per vacancy = registered unemployed per registered vacancy (with AMS) Calculation of the numbers of unemployed people per vacancy with data on new registrations: annual total in 2018 of new registrations of unemployed people registered at AMS without confirmed recruitment with at least an apprenticeship diploma / annual total in 2018 of new registrations of vacancies registered at AMS overall (i.e. immediately and not immediately available) for holders of at least an apprenticeship diploma.

Source: Dornmayr, Helmut / Rechberger, Marlis (2019): Schlüsselindikatoren zum Fachkräftebedarf/-mangel in Österreich, Fachkräfte radar 2019 - Teil I [Key Indicators of Demand for/Lack of Skilled Labour in Austria, Skilled Labour Radar 2019 - Part I), ibw Research Report no. 197 commissioned by WKO, Vienna.

The entire study can be downloaded from <https://ibw.at/bibliothek/id/508/> (in German)