

HELMUT DORNMAYR, SABINE NOWAK

Apprenticeship training and the “corona crisis” Results of the ibw study “2020 Survey of Apprenticeship Training”

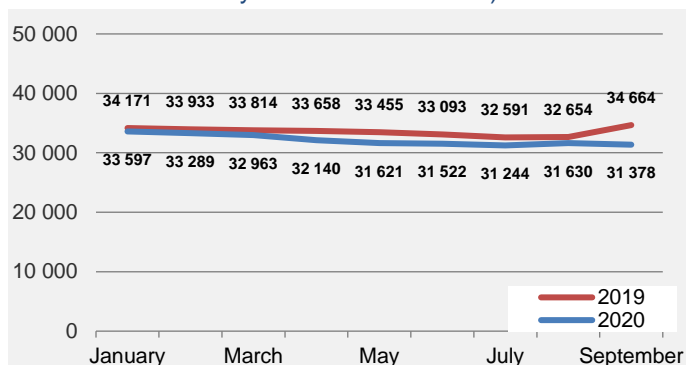
Also at the height of the “corona crisis”, Austrian apprenticeship training has proved to be an important and highly crisis-resistant instrument for qualification, labour market integration and for safeguarding a supply of skilled workers. The number of apprentices in the first year of apprenticeship remained almost stable until August, and the “gap” between apprenticeship post seekers and vacant training places on the apprenticeship market closed again by September. However, youth unemployment is still well above the “pre-corona level” and at the end of September 2020 the first signs of a negative effect on the number of apprentices in the first year of apprenticeship also became apparent. A high level of attention is still required as the future economic development is as uncertain as the further course of the pandemic.

This is one of the many findings of the current issue of the annually published ibw publication “Survey of Apprenticeship Training”, which, in around 210 pages, pursues the objective of presenting all relevant and available statistical data and indicators on apprenticeship training in Austria.

Number of apprentices in the 1st year of apprenticeship in 2020 (“corona crisis”)

As a consequence of the measures to stem the spread of COVID-19 diseases, a massive decline in the number of apprentices in the first year of apprenticeship was feared for 2020. The figures available so far show that this decline was relatively small between March and August 2020 (see DIAGRAM 1). It was not until the end of September 2020 that the number of apprentices in the first apprenticeship year was 31,378 throughout Austria, a total of around 3,300 or 9.5% less than at the end of September 2019.

DIAGRAM 1
Number of apprentices in the 1st year of apprenticeship in 2019 and 2020 (end of January - September of the years 2019 and 2020)



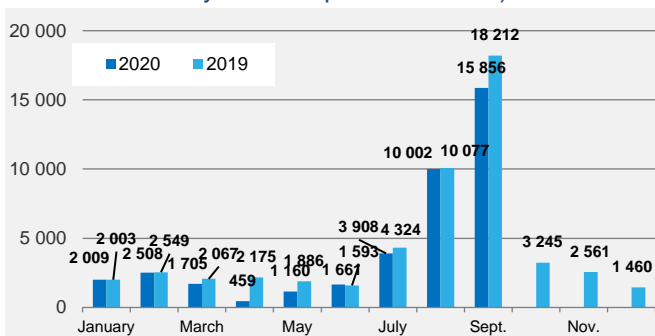
Source: Austrian Federal Economic Chamber (WKO)

If it is taken into account that the number of apprentices in the first year of apprenticeship at the end of January and the end of February 2020 (i.e. so to speak “before corona”) was already about 600 persons below the previous year’s figure and was still only about 1,000 lower in August 2020, it can be seen that the major part of the “corona-related” decline in the number of apprentices was due to fewer new recruitments in September 2020 (see also DIAGRAM 2). It is difficult to assess to what extent the newly created apprentice bonus (at least EUR 2,000 for new apprenticeship contracts concluded between 16 March 2020 and 31 Oct. 2020) was also decisive for the extraordinarily stable situation of new recruitments of apprentices over many months despite the “corona crisis”. In general, the reason for the steeper decline at the end of September cannot be clearly determined either. Some of these companies will probably have more or less lost the basis for their business, others will be companies that are taking a wait-and-see approach due to uncertain general conditions, and some may also be experiencing a drop in demand for training places on the part of young people, because it is striking that despite the declining number of apprentices, the number of vacant apprenticeship posts registered with Public Employment Service Austria (AMS) rose significantly in September while the number of apprenticeship post seekers fell sharply (cf. Diagram 5). The simultaneous decline in supra-company apprenticeship training is also remarkable. However, the extent to which

the young people’s willingness to take part in vocational training measures or their educational choice behaviour may have actually changed in these uncertain times cannot yet be clearly answered on the basis of the data currently available. Without any doubt, however, apprenticeship training is also facing specific challenges triggered by the appearance of the “corona virus”, which are not only caused by changed economic conditions and customer needs, but also by generally changed forms of contact and behaviour. One need only think of the feasibility of the days of practical work experience (“taster apprenticeship”), which are so important for career orientation/choice.

Broken down by sector, the “tourism and leisure” industry, which has been hit particularly hard by the effects of Covid-19, is particularly affected by the decline in the number of apprentices in the first year of apprenticeship. At the end of September 2020, 27% (absolute: -800) fewer apprentices were trained here in the first year of apprenticeship than at the end of September 2019. But most other sectors have also recorded declines, some of them substantial. Only in one sector (“other authorised apprenticeship trainers”, such as public administration, pharmacies, lawyers, etc.) were there slightly more apprentices in the 1st apprenticeship year at the end of September 2020 than at the end of September 2019 (+19 or 0.8%).

DIAGRAM 2
Newly started apprenticeships in the years 2019 and 2020 (based on the beginning of apprenticeships; January 2019-September 2020*)



Source: WKO (special evaluation) + ibw calculations
 * N.B.: At the time this study was written (early October 2020), only data up to the end of September 2020 were available.

A special evaluation of (only) newly concluded apprenticeship contracts in the course of 2020 after the start of apprenticeship (see DIAGRAM 2) provides interesting information: in principle, it becomes apparent that new apprenticeship contracts are being concluded and apprenticeship programmes begun on an ongoing basis throughout the year, but the month of September is the clear peak. In the wake of the lockdown from mid-March 2020, however, hardly any new apprenticeship relationships were

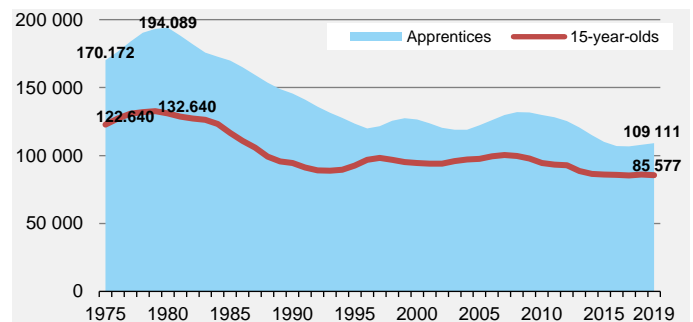
established in April 2020. It was not until June 2020 that the previous year’s level of newly started apprenticeships was reached again (and even slightly exceeded). While in August the number of newly started apprenticeships was again close to the previous year’s level, there was a significant decline in September 2020 compared to September 2019 (-2,400).

The detailed analysis shows that in September 2020 it was no longer only the “tourism & leisure” sector that was affected by the year-on-year decline in the number of new apprenticeships being started but also in particular the “crafts & trades” sector (-901) and “industry” (-489); broken down by apprenticeship occupations it was mainly the modular apprenticeship “metal technology” (-344). Only time will tell how long this decline in newly started apprenticeships in the “manufacturing” sector will last.

Factors influencing the number of apprentices in Austria

DIAGRAM 3 illustrates the close correlation between the number of apprentices and the number of 15-year-olds.

DIAGRAM 3
Number of apprentices and 15-year-olds in Austria since 1975 (apprentices: at the end of December of the respective year)



Source: Austrian Federal Economic Chamber: apprenticeship statistics (at the end of December of the respective year) and Statistics Austria: 15-year-olds on an annual average.

In principle, it can be stated that the number of apprentices in Austria is essentially controlled by demand (of young people and training companies), i.e. it is mainly influenced by the following factors:

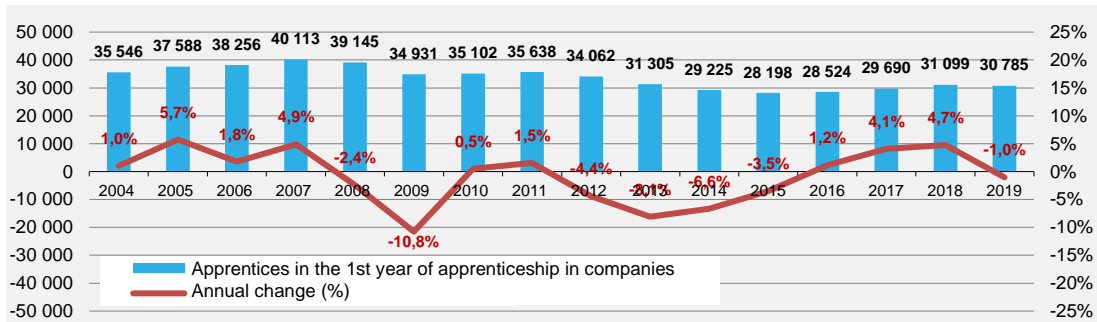
- the demographic development, illustrated by the number of 15-year-olds, for example (see DIAGRAM 3),
- the qualification requirements or the demand of the companies (influenced by the economic framework conditions) (cf. DIAGRAM 4),

- the educational choice behaviour of young people (also influenced by the availability of alternative (full-time school-based) training opportunities).

The impact of economic conditions on the number of apprentices in the first year of apprenticeship in companies can be illustrated by DIAGRAM 4. The effects of the

DIAGRAM 4

Apprentices in the 1st year of apprenticeship in companies
(absolute figures and annual change; 2004-2019)



Source: WKO + ibw calculations

Explanatory note: "Apprentices in the 1st year of apprenticeship in companies" = number of apprentices (end of December) in the 1st year of apprenticeship in companies, i.e. excluding apprentices in supra-company training facilities.

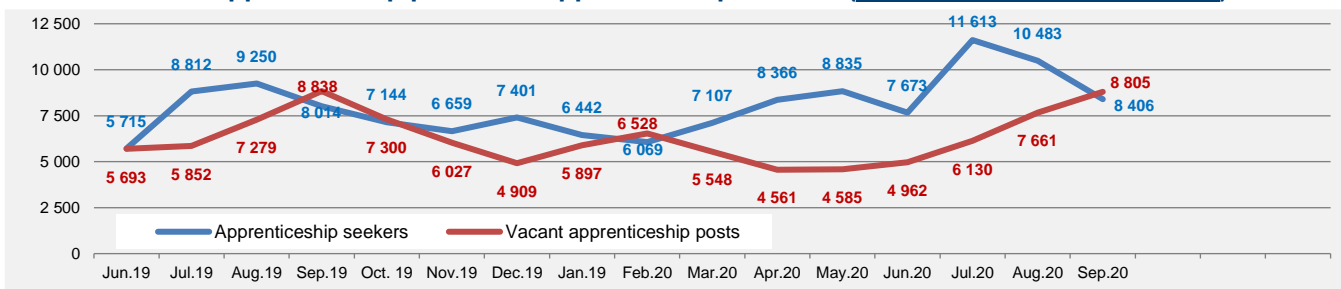
Vacant apprenticeship posts and apprenticeship seekers in 2020 ("corona crisis")

The following development can be identified on the apprenticeship market (the interplay between vacant apprenticeship posts registered with AMS and apprenticeship seekers) in the period from June 2019 to September 2020 (cf. DIAGRAM 5): from March 2020 onwards, a large divergence can be seen between (immediately available) registered apprenticeship seekers and vacant apprenticeship posts (only some of which are registered with AMS, however), probably primarily due to the "corona crisis". At the peak of the difference in July 2020, there were 11,613 apprenticeship seekers compared to only 6,130 vacant apprenticeship posts. At the end of September 2020,

international financial and economic crisis in 2008 led to a decline of almost 11% in the number of first-year apprentices in companies in the following year (2009). A similar reduction could be possible in 2020 (see DIAGRAM 1 and DIAGRAM 2).

DIAGRAM 5

Vacant apprenticeship posts and apprenticeship seekers (June 2019 – September 2020)



Source: BMASGK (Bali)

N.B.: (Only) Immediately available apprenticeship post seekers and vacant apprenticeship posts

¹ Number of apprentices in supra-company apprenticeship training (source: WKO): end of September 2020: 6,530 (end of September 2019:7,153).

Development of youth unemployment in 2020 (“corona crisis”)

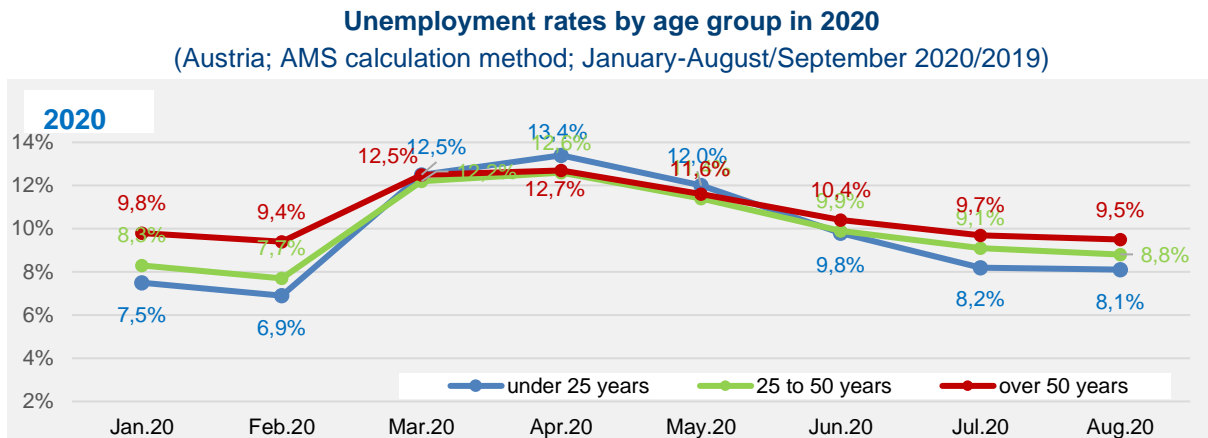
The basically positive development of youth unemployment until the beginning of 2020 came to an abrupt stop due to the effects of the “corona crisis”. It can be seen that younger people were initially particularly affected by rising unemployment. There may be several reasons for this: first and foremost, it can be assumed that companies will hire fewer new employees during a crisis (which will affect younger people entering the labour market more strongly) and will try to keep longstanding employees on the job for longer.

The number of unemployed under 25 years of age rose from 35,332 in January 2020 to 61,216 in April 2020 (an increase of +73%), but then fell back to 35,612 by September 2020. In comparison with January 2020 (base

value = 100%), the number of unemployed persons in September 2020 almost reached the initial value of January again in all age groups. The number of unemployed under 25 was only 1% above the January figure. However, in the previous year (2019), the September figure of unemployed was almost a quarter lower than in January. In the wake of the “corona crisis”, unemployment consequently rose to a clearly higher level.

Based on major occupational groups (according to the AMS classification), tourism, office and trade occupations are particularly affected by this increase in unemployment in the period February to September 2020. Here the number of unemployed persons under 25 years of age increased by about 1,300 persons in each case.

DIAGRAM 6



Source: BMASGK (Bali) (data query 6.10.2020)

N.B.: The unemployment rates of September 2020 had not yet been published at the time this publication was written (early October 2020).

The development of unemployment rates by age group (see DIAGRAM 5) also illustrates the trend described above: following a sharp rise in the unemployment rate of those under 25 to 13.4% (April 2020), it has fallen again significantly (to 8.1% in August 2020), but is still well above the August 2019 figure (5.9%). Regarding the unemployment rate, it becomes apparent that it is generally highest among the over-50-year-olds; only at the peak of the “corona crisis” (March-May 2020) was it even higher among those under 25.

Conclusion: The negative effects of the “corona crisis” on apprenticeship training, the apprenticeship market and

youth unemployment have so far been dealt with relatively well and largely balanced out again. However, increased attention is still required as the future development as well as the course of the pandemic itself cannot be foreseen at this point in time (October 2020).

The entire study, which was financed by the Federal Ministry for Digital and Economic Affairs (BMDW) and the Federal Economic Chamber (WKO), can be obtained from ibw in printed form in German (ibw Research Report No. 203, ISBN 978-3-903310-63-6) or downloaded from <https://ibw.at/bibliothek/id/521/>.