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Demand for/Lack of Skilled Labour in Austria in 2020

The results of an Austria-wide survey of more than 4,400 companies ("Skilled Labour Radar") commissioned by the Austrian Federal Economic Chamber (WKO) show that large parts of the Austrian economy continue to be severely affected by the shortage of skilled workers in September 2020 despite the "Corona crisis": 35% of companies are suffering from a very severe, another 28% from a rather severe shortage of skilled labour. Overall, 81% of the surveyed companies (WKO member companies) stated that they were currently affected by the shortage of skilled workers (at least in some form) (time of survey: September 2020). Compared with April of the previous year, this figure (with a slightly differently phrased question) has only fallen by around 7% despite the "Corona crisis". The skilled labour shortage is experienced particularly intensely in construction, manufacture of wood products, tourism, artisanal/technical fields, intermediate qualifications (apprenticeship) and medium-sized companies. If nothing else, the lack of skilled labour threatens the innovative strength of Austrian companies.

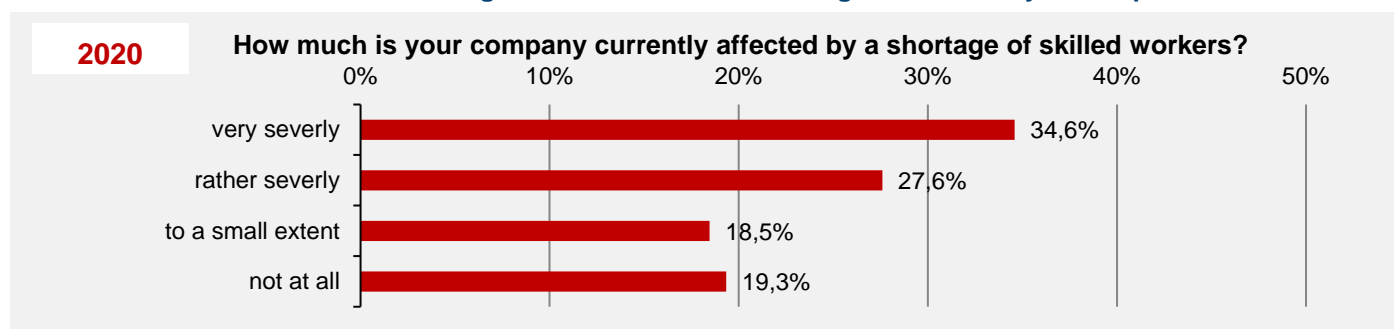
In September 2020, 62.2% of the surveyed companies stated that they had been very severely (34.6%) or rather severely (27.6%) affected by the shortage of skilled workers in their company last year, 18.5% had been rather affected to a small extent by the shortage of skilled workers in their company, and 19.3% had not been affected at all (cf. Diagram 1). According to the survey, a total of around 81% of all Austrian companies also **felt the lack of skilled workers in their company** in September 2020 despite the "Corona crisis". Compared with the similarly designed survey in April of the previous year (cf. Dornmayr/Rechberger 2019) this value has decreased by about 7% (with a slightly differently phrased question).

At the time of the survey at the end of September 2020, **59%** of the companies registered **vacancies for skilled workers**. Extrapolated to the whole of Austria, it can be assumed that there was an **estimated demand for skilled labour (vacancies) of around 177,000 people (based on all WKO member companies) at the time of the survey in September 2020** - this corresponds to a total of around 30,000 (-15%) fewer vacancies for skilled labour than in April 2019.

Companies in the sectors **construction industry and building support trades** (47.7% "very severely") and in **manufacture of wood products (including furniture)** (44.1% "very severely") were most affected by the shortage of skilled workers.

DIAGRAM 1

Assessment of the degree of skilled labour shortage in the surveyed companies



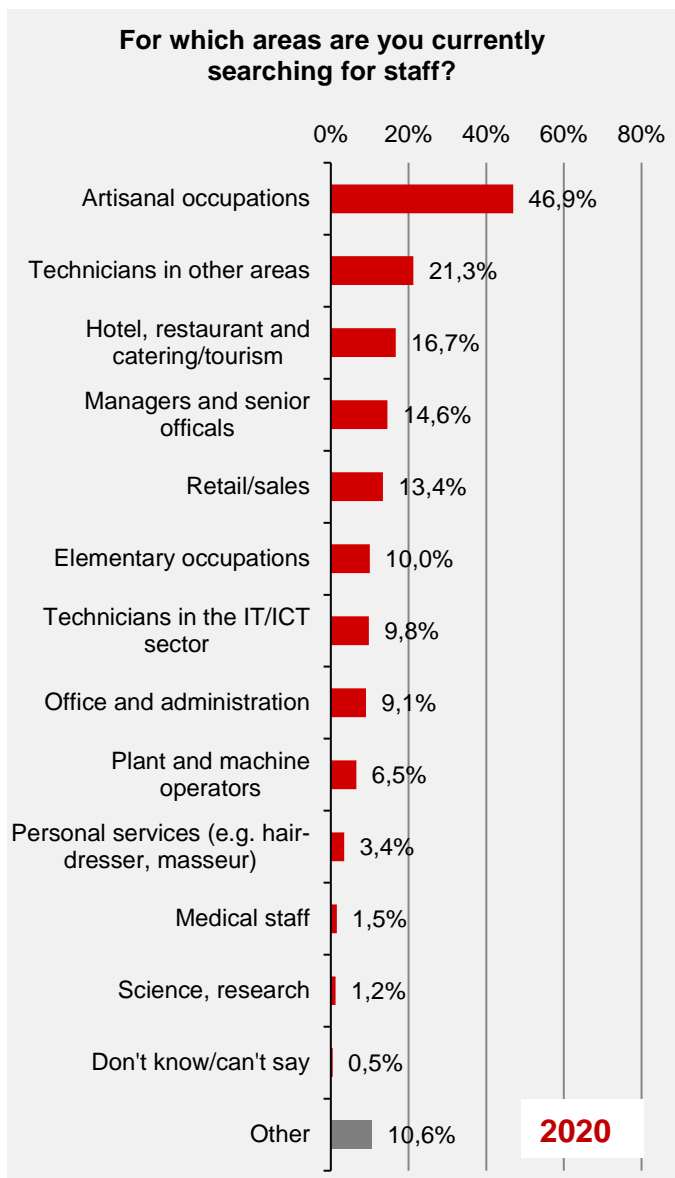
Source: ibw Company Survey on Demand for/Lack of Skilled Labour in 2020 (n = 4,431 companies; conducted: September 2020)

Broken down by **occupational groups** (cf. Diagram 2), companies are above all looking for staff in **artisanal occupations (the crafts)** (47%), followed by technicians outside the IT area (21%) and staff for the hotel, restaurant and catering sector (17%). In general, the analysis by occupational groups and occupations (cf. also Diagram 3) shows that above all occupations at the **intermediate qualification level** (especially apprenticeship graduates) are in high demand. The reason is that, while the increasing demand for higher qualifications is matched by an annually growing supply, the supply of intermediate qualifications in Austria is stagnating or even declining.

DIAGRAM 2:

Occupational groups for which employees are currently being sought

(among those 59% of enterprises that currently have vacancies for skilled workers; multiple answers possible)



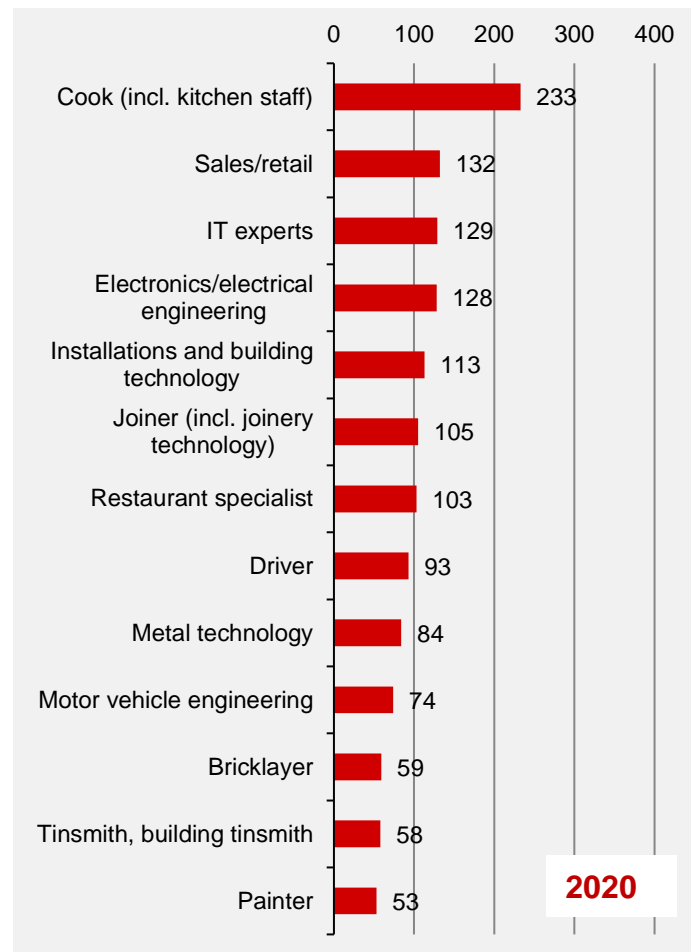
Source: ibw Company Survey on Demand for/Lack of Skilled Labour in 2020 (n = 4,431 companies; conducted: September 2020)

Among the **individual occupations/occupational fields** with the **greatest recruitment/staffing difficulties** in September 2020 (cf. Diagram 3), the occupation **cook** (including kitchen staff) continues to dominate in September 2020, with n = 233 companies/mentions. This occupation is well ahead of **sales/retail, IT specialists, electronics/electrical engineering, installations and building technology, joiners and joinery technology** and **restaurant specialists**. The occupations with the greatest staffing difficulties therefore also show that artisanal/technical occupations and occupations in the tourism sector are particularly difficult to fill (measured in terms of the number of affected companies). It should also be noted in this approach that occupations/occupational groups are defined in different ways. Occupational groups that cover a broad spectrum or a large number of individual occupations are, for example, sales/retail and IT specialists.

DIAGRAM 3

Occupations with the greatest recruitment/staffing difficulties in 2020

(occupations first mentioned, by number of companies)



Source: ibw Company Survey on Demand for/Lack of Skilled Labour in 2020 (n = 4,431 companies; conducted: September 2020)

The skilled labour shortage mainly has an impact on the **companies' bosses and their family members** (86% very much applies or applies to some extent) **as well as their current staff members**, who also need to make up for insufficient staffing by taking on a greater workload (81%) and working more overtime (63%) (see Diagram 6). In **around 61% of the companies** which felt the lack of skilled labour last year, this also led to **drops in sales** (such as due to turndown/cancellation of orders, restrictions in the service portfolio, less marketing, less effort to acquire new orders/customers, etc.).

At the same time, however, **expenses for searching for staff** (71%), **salaries** (64%) and **providing qualifying**

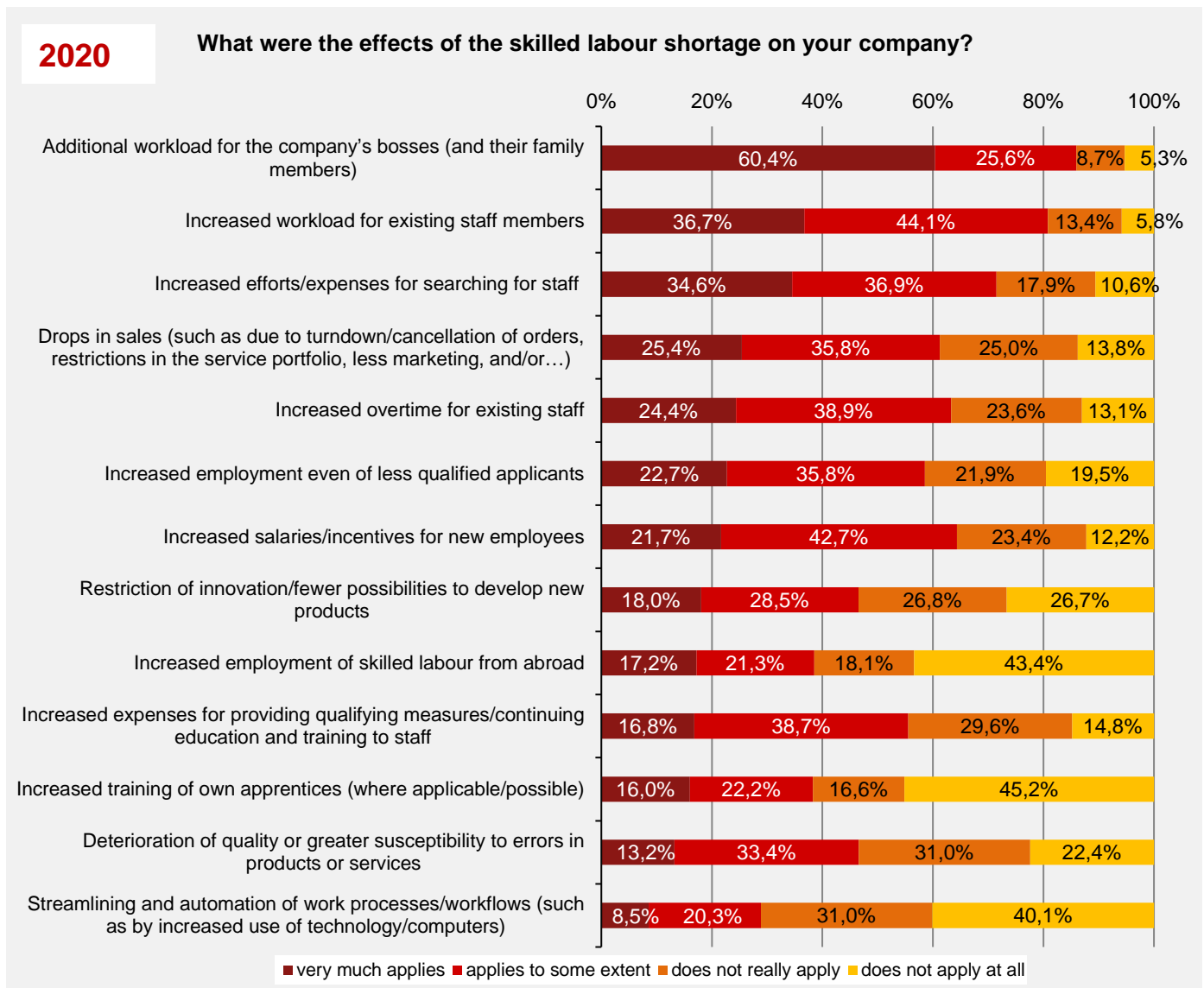
measures/continuing education and training (56%) increased. As a result of the skilled labour shortage, less qualified applicants also often need to be recruited (59%). Subsequently, the **quality** of products and services **deteriorates** considerably (47%), which in turn leads to higher costs in the medium and long term (such as for repairs/complaints).

The **possibilities for innovation or the development of new products** are also frequently **restricted** (47%) due to the lack of skilled workers, which gives rise to fears of particularly negative long-term effects for Austria as a business location.

DIAGRAM 4

Effects of the skilled labour shortage in the companies

(among those n = 3,574 (80.7%) companies which stated they were affected at least to a small extent by a shortage of skilled labour)



Source: ibw Company Survey on Demand for/Lack of Skilled Labour in 2020 (n = 4,431 companies; conducted: September 2020)
 N.B.: The order of the items in the online questionnaire was automatically rotated to prevent any bias.

73% of companies expect/fear a further worsening/escalation of the skilled labour shortage in their sector over the next 3 years (51% even expect a strong increase). The strong decline in the number of apprentices, which is visible in a long-term forecast, and the upcoming retirement of the baby boom generation (born between 1955 and 1969) probably confirm this assumption even if the economic development stagnates.

The **wishes of the companies** regarding **political measures to resolve the shortage of skilled workers** focus primarily on the topics of image improvement and upgrading (also monetarily) of apprenticeships, apprenticeship and artisanal occupations as well as manual work, reform of compulsory schooling and/or the education system as a whole, expansion and improvement of career guidance, change in social values (work ethics), enabling wage/salary increases by reducing non-wage labour costs and tax relief (based on the motto "performance/work must be worthwhile" - especially in relation to the unemployment benefit/minimum benefit), reform or reduction of the unemployment benefit, image improvement of certain sectors and activities (especially tourism), promotion and reform of apprenticeships, equal treatment of apprenticeships and apprenticeship graduates with school/higher education, opening-up of the labour market and facilitation of the employment of foreigners (including the employment and training of asylum seekers), regulation/restriction of access to higher education pathways (especially those that are "far from the labour market"), as well as reduction of bureaucracy and of legal regulations.

Overall, the results of the company survey show that also in September 2020, despite the "Corona crisis", the **shortage of skilled labour** is already noticeable in the majority of Austrian companies (81%), that it increases the workload of entrepreneurs, their family members and current employees, that it jeopardises the quality of service provision and customer satisfaction and also leads to significant losses in the economic success of Austrian companies (lower turnover and higher costs). Compared to the previous year's survey (April 2019), the shortage of skilled labour has decreased only slightly due to Corona and will probably again intensify in the coming years merely due to demographic reasons.

Not only Austria's position in international investment- and location-related decisions (establishment of companies),

but also the overall long-term and sustainable success of Austria as a business location, including the funding of public sector budgets, will therefore depend on the extent to which the imminent rise in the shortage of skilled labour in Austria can be stopped.

As part of the Skilled Labour Radar 2020, companies were also surveyed for the first time on topics that are only indirectly related to the demand for/lack of skilled workers, in particular **the demand for IT skills and for continuing education and training**. The greatest deficits, i.e. **IT skills**, which are rated as being "far too low", can be identified in the following areas: security (data security and data backup), databases, web design/screen design (graphics), web development (programming) as well as in the area of "network technology, system administration, cloud solutions, hardware".

Even if - as can be expected - traditional, above all in-house **forms of continuing education and training** are predominant, high potential for the application of new technologies in the field of continuing education and training can also be identified. As many as 55% of the respondents consider virtual learning platforms (with learning tools, training videos, etc. for flexible, time-independent learning) to be very or rather useful for their company and 53% consider online courses/webinars at fixed times with interaction possibilities to be very or rather useful. 25% of the companies surveyed in September 2020 already use virtual learning platforms, another 35% would be happy to use them if they had an interesting offer, around a third of them (13% in total) also for a fee.

The entire study (commissioned by the WKO) can be downloaded from <https://ibw.at/bibliothek/id/523/>.

Sources:

Dornmayr, Helmut/Rechberger, Marlis (2020): Unternehmensbefragung zum Fachkräftebedarf/-mangel 2020, Fachkräfteradar 2020 (Company Survey on Demand for/Lack of Skilled Labour in 2020, Skilled Labour Radar 2020), ibw Research Report no. 204 commissioned by WKO, Vienna.

Dornmayr, Helmut/Rechberger, Marlis (2019): Unternehmensbefragung zum Fachkräftebedarf/-mangel 2019, Fachkräfteradar 2019 - Teil II (Company Survey on Demand for/Lack of Skilled Labour in 2019, Skilled Labour Radar 2019 - Part II), ibw Research Report no. 198 commissioned by WKO, Vienna.