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## Requirement for Skilled Labour and Qualification Strategies of the Lower Austrian Economy

### Findings of a company survey and vacancy analysis

In April and May 2011, companies in Lower Austria were surveyed on the topics of requirement for skilled labour and qualification strategies. Some 640 enterprises from all sectors took part in the written survey, which only covered companies which employ staff. The results were extrapolated for companies with 10 or more employees. The results for micro-enterprises (less than 10 employees) were subjected to an explorative analysis.

The key topics of the survey included the situation of companies when recruiting new staff, their requirement for skilled labour and the skilled labour shortage by formal qualification, as well as the companies' education and training work on all levels.

Due to the significance of higher education (HE) qualifications in the current educational policy discourse, special attention was paid to this topic in the survey and the analysis of results.

The survey results were put into the context of data on the workforce's qualification structure in Lower Austria as published by Statistics Austria. In addition, research work on demand for qualifications, which had been commissioned by the Public Employment Service Austria (AMS), was analysed using secondary statistical methods. Figures on apprenticeship training were taken from statistical data supplied by the Lower Austrian Economic Chamber.

#### Recruitment strategies

The by far most frequent recruitment strategies of Lower Austrian companies are on-the-job training for new staff, apprenticeship training, and recruitment of already qualified skilled labour on the labour market. 67 percent of the companies collaborate with AMS in differing frequency, 31 percent are satisfied with the suitability of the staff placed by AMS.

#### Skilled workers shortage

Nearly half of responding companies expressed the opinion that there was a lack of skilled labour for their sector on the Lower Austrian labour market.

- According to the survey results, companies most frequently encounter difficulties in recruiting holders of the apprenticeship diploma (25 percent, see Graphic 1). This applies to small, medium-sized and larger enterprises and is in line with the traditionally high percentage of apprenticeship graduates in the Lower Austrian workforce (41 percent according to the 2009 Microcensus).

- When differentiating between technical and business-oriented qualifications and analysing the middle and higher qualification levels, employers more often find it difficult to find technical staff than skilled workers with a business specialisation on the labour market.

- Similarly important is that it is by no means technicians with HE qualifications who are hard to find. Large companies, for example, encounter recruitment problems clearly more frequently when searching for workforce with qualifications from engineering college (HTL) or technical school (technische Fachschule) in 24 percent of cases each; next on the list are technical graduates from universities of applied sciences (FHs) with 18 percent and from universities with 15 percent.

- In the business-oriented (commercial) field, the situation is similar, but the shortage of skilled labour is on a lower level overall - not because there are fewer workplaces for individuals with business qualifications, but because

considerably more graduates from business than from technical programmes enter the labour market for the first time.

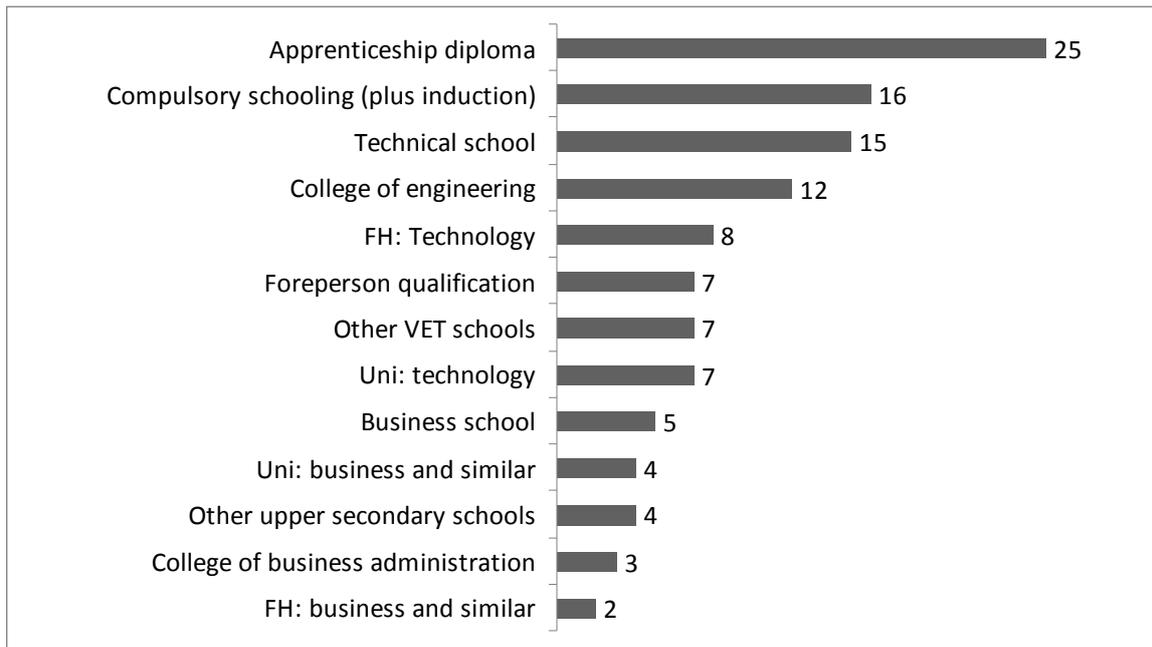
- The companies surveyed in 2011 mention the applicants' lack of German language skills (76 percent) slightly more frequently than lack of specialist knowledge (63 percent) as well as organisational effort/legal barriers,

all of which aspects represent obstacles to the employment of people with a migration background.

- 16 percent of the responding companies stated they frequently had problems in recruiting low-qualified workers (with completed compulsory schooling plus induction training).

GRAPH 1:

**Frequent difficulties in the search for suitable staff last year, broken down by qualification, in %**



Source: Company survey Lower Austria April/May 2011

### Expected development of employment

Overall, 27 percent of the companies are expecting the employment figures of apprenticeship graduates to increase. Apart from holders of the apprenticeship diploma, graduates of HTL, technical school and technical FH top the list. For “completed compulsory schooling plus induction training”, some 12 percent of interviewees are expecting employment to grow by 2013 and about 50 percent expect it to remain about constant.

### Increased requirements on the entry level

There is still considerable demand for employees with basic qualifications. Employers did not presuppose any formal qualification for about half of the total of 64,300 posts registered as vacant with AMS in Lower Austria in 2010. In 2010 there was also significant demand for compulsory school graduates in print media in Lower Austria (24 percent of vacancies) and in Austria overall (27 percent). Therefore it is not realistic to assume, as indicated everywhere, that there are no more basic jobs in the service society. These assumptions are often due

to a confusion of facts with educational policy objectives or wishful thinking. This does not mean, however, that employers do not expect candidates to have at least informally acquired competences (such as the ability to work in teams, customer orientation) or sound compulsory school knowledge (particularly German language skills). Employability requirements on the entry level in the service economy have increased for low-qualified jobs in the agricultural and manufacturing sectors.

### Apprenticeship training

57 percent of companies with 10 employees or more frequently train apprentices. When adding up replies with “frequently” and “seldom”, the percentage of apprenticeship training providers is 76 percent. As can be expected, the apprenticeship ratio is slightly higher in large enterprises (67 percent frequently and 19 percent seldom). Overall however, 90 percent of companies which train apprentices in Lower Austria are small and medium-sized (here: less than 100 employees).

The most frequent problem of apprenticeship training is related to the applicants' basic education before entry to dual training in the training company and part-time vocational school. 45 percent of companies fully or somewhat agree with the statement "It would be better if apprenticeship beginners were older and more mature". Slightly less than half of companies which frequently train apprentices are satisfied with the preparatory function of prevocational school (PTS) for dual training. 61 percent of companies which frequently provide apprenticeship training are in contact with part-time vocational school for apprentices. It would be important to increase this percentage further in order to tackle the young people's problems related to basic education.

### **Apprenticeship diploma in second-chance education**

In Lower Austria the proportion of apprenticeship diplomas in second-chance education rose from 9 percent in 2003 to almost 14 percent in 2010. This gives Lower Austria a rank slightly below the overall Austrian average. The requirement for skilled labour cannot only be met by training young people, whose number continues to remain at a relatively low level, and for this reason the demand to promote intensive training for skilled labour meets with high approval: The statement: "In Lower Austria there should be more focus on skilled workers' qualification for young adults (e.g. intensive training for skilled labour)" meets with full or partial approval in 93 percent of cases.

### **Continuing education and training activities**

In 2010/11, 64 percent of companies with 10 employees or more were very active in continuing vocational education and training (CVET), another 23 percent occasionally. As well as training at the company itself, external training at partner, supplier, manufacturing companies and adult education institutions was widespread. The CVET measures conducted in the business year before the survey and attended by far the most frequently include courses in product and technology training, followed by "safety and health protection at the workplace" and courses on the topic of quality (e.g. quality management, assurance, audits).

### **Obstacles to CVET**

For some 80 percent of companies the obstacle to in-house CVET is the lack of time due to the staff's workload. But a remarkable share of more than half of the responding companies also see an obstacle in the course costs, among small companies this is almost 60 percent, and among micro-enterprises even more. Almost 50 percent of the small companies state that they have difficulty finding a suitable course. 34 percent of the companies with 10 employees or more receive AMS

funding for CVET, 24 percent use provincial CVET funding. Two thirds of the companies consider the application process for financial CVET support as "too complicated".

### **Employment of HE graduates**

According to Statistics Austria, 9 percent of the Lower Austrian workforce hold an HE qualification. Among the companies surveyed in 2011 the share of those with academically qualified staff varies considerably by company size and sector. It ranges from eight percent of micro-enterprises to 80 percent of large companies.

Companies most frequently employ technical graduates, even more than employees with a completed business study. 40 percent of the companies which employ HE graduates also employ trainees from FHs, among large companies this is 50 percent. For planned new recruitments, companies opt for FH graduates far more frequently than for university graduates.

### **Technically highly qualified staff**

Since 2001 the share of HE graduates has risen from 6 to 9 percent in Lower Austria and the share of VET college (BHS) graduates from 9 to 11 percent. Unless the lack of technicians will impede growth in the future, there will be a further increase in employment of formally highly qualified staff.

Setting the course towards technical occupations on all levels in order to enable individuals to enter technical training programmes at all therefore remains one of the top priorities of educational policy-makers. This trend has to be strengthened as early as in the schools for 10- to 14-year-olds by providing qualified specialist instruction which promotes interest among young people.

The development of FHs in Lower Austria signifies the change of the tertiary education system towards the economy's needs. HTLs nevertheless continue to be important, as is shown by the companies' demand for skilled labour on the one hand and by flexible new ways of combining studies in the FH sector and employment on the other hand. It would be desirable if more partnerships were set up between FHs and HTLs and there were less of a "camp mentality" to be able to develop tailored offers in the regions.

### **Qualification structure and demographic aspects**

In 2009 the province of Lower Austria had a workforce of slightly less than 776,000 (in 2001 this figure was below 740,000). In a comparison with 2001 there was a clear increase of the formal qualification structure by 2009. According to microcensus data from 2009, some 58 percent had an apprenticeship diploma or a VET school qualification, about 16 percent upper secondary (but no academic) qualifications, and roughly 12 percent

qualifications from HE institutions or related establishments.

Any further growth will also depend on the jobs and skilled labour which are available for regional and supraregional recruitment. The provision of initial vocational education and training (IVET) to young people alone will not suffice to cover the growing demand for basic, middle and higher qualifications. In 2009 Lower Austria counted some 99,300 young people between 15 and 19 years; by 2020, according to projections of Statistics Austria, they will only number 84,900.

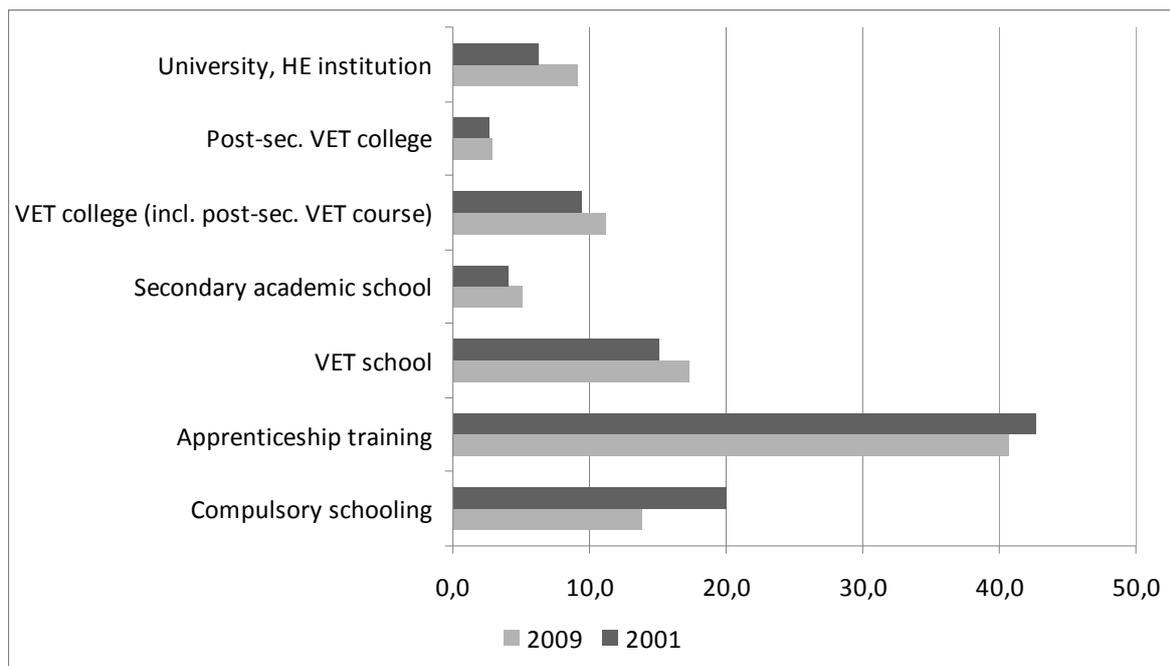
If employment in Lower Austria continues to rise and the number of young people entering the labour market for the first time stays relatively low, the efficiency of IVET and CVET, supraregional recruitment, and the promotion of the educational and labour market-related integration of the population with a migration background will become more and more important. In 2010, 12 percent of

the Lower Austrian population had a migration background, of which some three quarters were immigrants of the 1st generation. German language skills for new immigrant adults and children are the key to their participation in educational programmes and the labour market. A sound basic education for all is more important than ever!

A sound basic education for all will also continue to be the key to the acquisition of qualifications in the future. The focus on the quality of basic education represents the prerequisite for basic, middle, higher and top qualifications. Small enterprises need special CVET funding to remain in a position to master the dynamic of the knowledge-based economy.

GRAPH 2:

**Change of the formal qualification structure in Lower Austria, in %**



Source: Statistics Austria, Census (2001: Labour Force according to the Subsistence Concept), Microcensus (2009: Labour Force)

**Sources**

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The entire study is available in print (ibw research report no. 164, ISBN 978-3-902742-42-1) or [online](#).