

ibw summary

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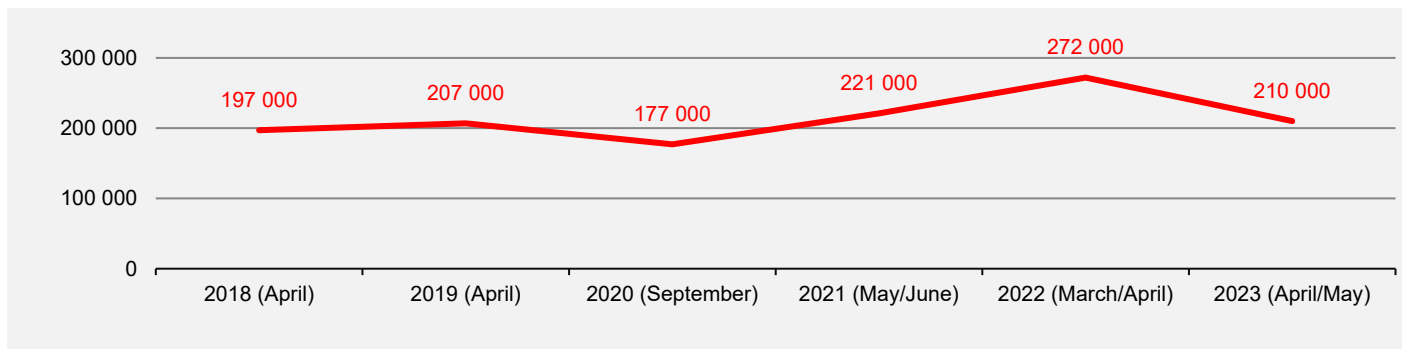
Demand for/Lack of Labour and Skilled Workers in Austria in 2023

The results of an annual Austria-wide company survey ('Labour Radar') which was commissioned by the Austrian Federal Economic Chamber WKO and conducted in April/May 2023 (full survey with a response rate of n = 5,124) reveal that, despite a slight decline since 2022, the lack of labour and skilled workers in Austria in April 2023 is on a very high level (around 210,000 vacancies for skilled labour among all WKO member companies). This is already noticeable in the majority of Austrian companies (82%). This shortage increases the workload of entrepreneurs, their family members and current employees, 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).

Despite the economic slowdown and the negative consequences of Russia's attack on Ukraine, the **shortage of labour and skilled workers in Austria** in April 2023 is at a **very high level** (also in historical terms). Extrapolated to the whole of Austria, it can be assumed that there was an estimated **demand for skilled labour (vacancies) of around 210,000 people** (among all WKO member companies) at the time of the survey in April/May 2023 - this corresponds to as many as around 62,000 (-23%) less than in March/April 2022 (the 'all-time high') but is still

more than before 2021 (cf. Diagram 1). The number of job vacancies registered with Public Employment Service Austria or AMS (analysed starting from 1950) was also at a new 'all-time high' in 2022 and has since been declining. The slight easing in the job market in 2023 compared with 2022 is due in no small part to an increase in foreign employees, parallel with new employment peaks in 2023. However, there is still an extremely high **shortage of labour and skilled workers**, which is likely to increase in the coming years due to demographic developments.

Diagram 1 Development of vacancies for skilled workers
(extrapolation* for all WKO member companies)



Sources:

ibw Company Survey on Demand for/Lack of Labour and Skilled Workers in 2023 (n = 5,124 companies; conducted in April/May 2023)

ibw Company Survey on Demand for/Lack of Skilled Labour in 2022 (n = 3,936 companies; conducted in March/April 2022)

ibw Company Survey on Demand for/Lack of Skilled Labour in 2021 (n = 4,272 companies; conducted in May/June 2021);

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

ibw Company Survey on Demand for/Lack of Skilled Labour in 2019 (n = 4,613 companies; conducted in April 2019);

ibw Company Survey on Demand for/Lack of Skilled Labour in 2018 (n = 4,462 companies; conducted in April 2018).

* N.B.: Projection using auxiliary information at the estimation stage (stratification: sector x company size category)

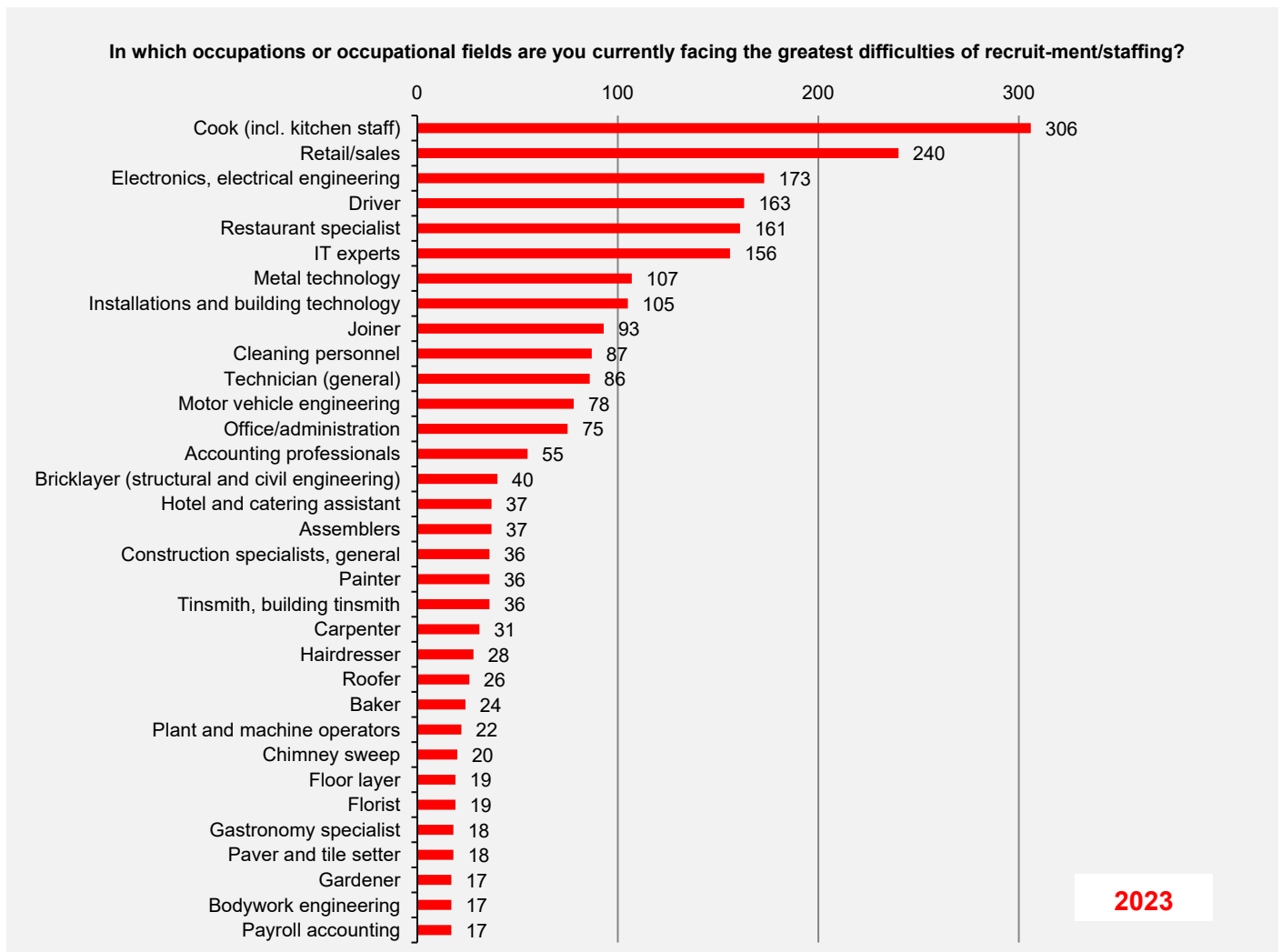
Overall **82%** of the **companies** (member companies) surveyed on behalf of the Austrian Federal Economic Chamber (WKO) stated that they are currently **affected** by the **shortage of labour and skilled workers** (at least in one form or another) (time of survey: April/May 2023). **29%** of the companies are suffering from a **very severe**, another

33% from a rather severe **shortage of labour and skilled workers**. The shortage of labour and skilled workers is experienced **particularly intensively** in **tourism** (72% very or rather strongly), in **food production** (71%) and in the **manufacture of electrical and electronic equipment** (69%), **as well as in the artisanal and technical sector**

as a whole, and in transportation and traffic. At the time of the survey in April/May 2023, 63% of the companies registered vacancies for skilled workers. Broken down by occupational groups, companies encountered particular difficulties in their search for suitable skilled labour in artisanal occupations (the crafts) (42%), followed by technicians outside the IT area (25%). The search for unskilled workers (across all occupations) is also currently particularly difficult for 23% of the companies surveyed. The occupation **cook** clearly emerges as the single occupation with the greatest recruitment difficulties among the companies surveyed (cf. Diagram 2). Among the occupations

with the greatest, most frequent and at the same time growing staffing and recruitment difficulties are also those from the field of **electronics, electrical engineering**, which is particularly relevant and dramatic in that, on the part of the companies, the competences from the field of sustainable energy production (e.g. energy production by means of photovoltaics) are attributed the greatest increase in importance among all the required 'green skills'. The shortage of labour and skilled workers is already hampering the ecological transformation and the switch to renewable energy sources in around one quarter of companies.

Diagram 2 Occupations with the greatest recruitment/staffing difficulties in 2023
(occupations first mentioned, by number of companies among those n = 4,193 (81.8%) companies which stated they were affected by a shortage of labour and skilled workers)



Source: ibw Company Survey on Demand for/Lack of Skilled Labour in 2023 (n = 5,124 companies; conducted in April/May 2023)
N.B.: The responses were in open form (i.e. without any answers specified). For their evaluation, the designations of the underlying apprenticeship occupations were used as far as possible/meaningful as a classification system.
Driver incl. truck driver, excavator operator, crane operator, bus driver, cab driver, driving school instructor, etc.
Restaurant specialist incl. waiting staff, hotel and catering assistant incl. reception

At the level of qualifications, the most frequent and **greatest recruitment difficulties relate to apprenticeship graduates**, not least because the absolute and relative number of workers with apprenticeship qualifications has been declining for years. 59% of the companies with a noticeable shortage of labour and skilled workers often have difficulties in finding employees with apprenticeship diplomas (only 14% for degrees from universities of applied sciences and 9% for university degrees). But this is not the result of a lack of willingness to provide training on the part of Austrian companies. On the contrary: more than half (52%) of the companies would train more apprentices (34% definitely and another 18% perhaps) if they found sufficiently qualified and interested young people for their vacancies. Among those companies which, in principle, already train apprentices, as many as 68% (44% definitely and 24% perhaps) wanted to train more apprentices.

However, almost one third of the companies (31%) also sees a need for vocational training qualifications below a 'full' apprenticeship (so-called *Praktikerberufe* or apprenticeships focusing on the practical part of training) - see the example of the Federal VET Certificate (EBA) in Switzerland. Such a need is particularly great in the catering sector and hotel industry (55%).

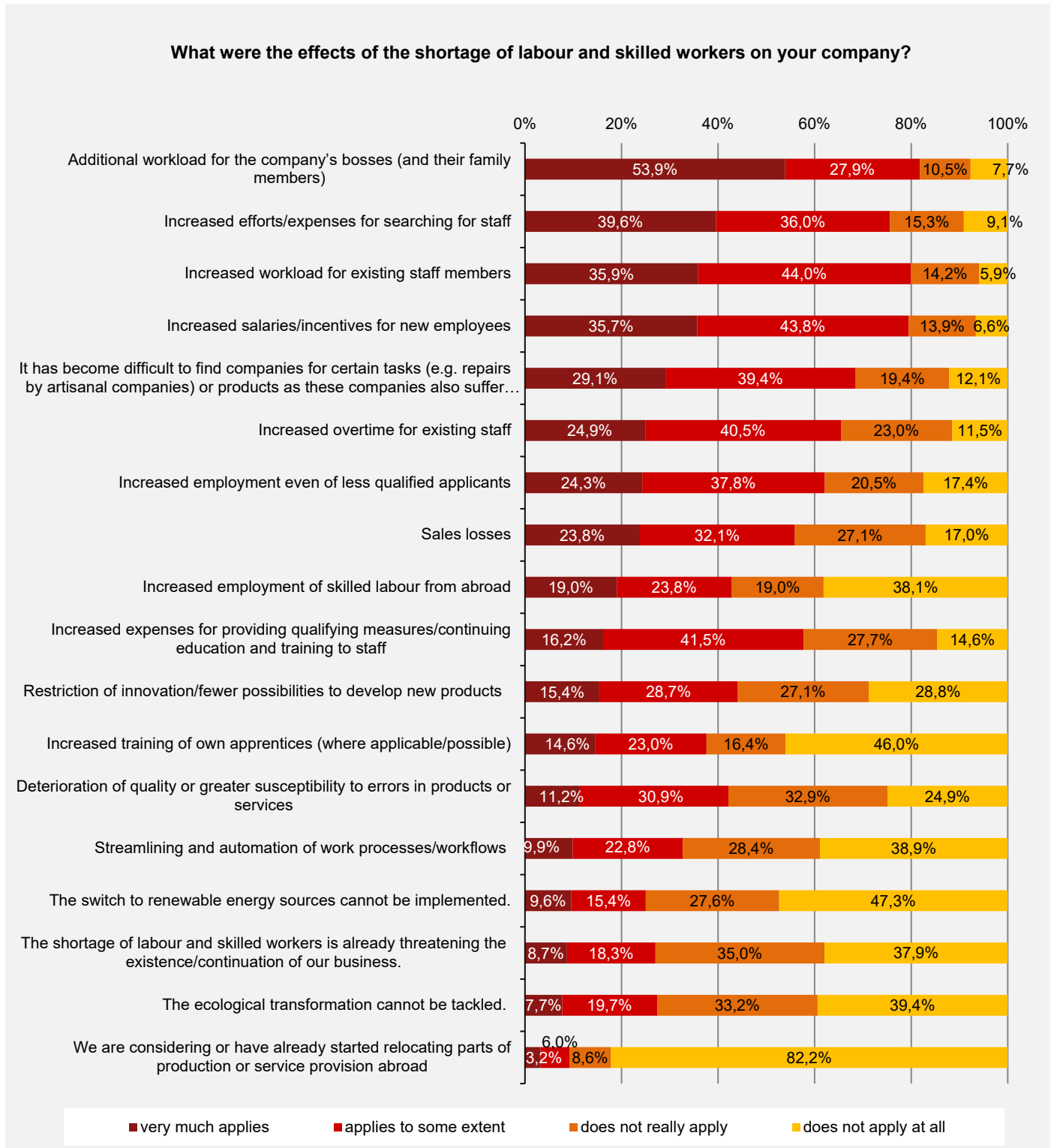
The shortage of labour and skilled workers (cf. Diagram 3) mainly has an impact on the companies' bosses and their family members in the form of an additional workload (82% stated that this very much applies or applies to some extent) as well as their current staff members, who also need to make up for insufficient staffing by taking on a greater workload (80%) and working more overtime (65%). In around 56% of the companies which felt the lack of labour and skilled workers at the time of the survey, 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, companies have increasing expenditures for salaries or incentives for new employees (80%), recruitment (76%) and qualification/training (58%). For many companies (69%), it has also become difficult to find companies themselves for certain tasks (e.g. repairs conducted by artisanal companies) or products as these companies are also suffering from a shortage of labour and skilled workers. As a result of the shortage of labour and

skilled workers, less qualified applicants also often need to be recruited (62%) and the **possibilities of innovation and the development of new products are restricted** (44%). Subsequently, the **quality of products and services may deteriorate** (42%), which in turn leads to higher costs in the medium and long term (such as for repairs/complaints). **27% of the companies** (among the 82% affected by the shortage of labour and skilled workers) also indicate that the shortage of labour and skilled workers is **already threatening the existence/continuation of their business**.

72% of the surveyed companies expect/fear a further worsening/escalation of the shortage of labour and skilled workers in their sector over the next 3 years (51% even expect a strong increase).

The surveyed companies which are experiencing a shortage of labour and skilled workers see **increasing employment incentives for the unemployed** (59% very important, 23% rather important) and **making apprenticeship training more attractive** (54% very important, 24% rather important) as the **most important measures for reducing the shortage of labour and skilled workers** (cf. Diagram 4). Furthermore, the subsidisation of apprenticeships for persons over 18 years of age (41% very important, 32% rather important) as well as enabling a flexible transition to retirement in order to keep older employees in the company for a longer time, e.g. as part-time employees (41% very important, 33% rather important) are considered to be of high importance. The majority of the companies surveyed also consider it important (32% very important, 27% rather important) to simplify the employment of workers from non-EU countries (so-called 'third countries'). 53% of the companies surveyed also see enabling apprenticeship training in Austria for persons of full age from third countries as an effective measure to reduce the shortage of labour and skilled workers. The companies surveyed see the biggest hurdles to employing skilled workers from third countries in the German language skills of the interested parties (80% very or rather big problem), in the administrative burden involved in employing non-EU citizens (65%) or in the requirement of a work permit as such (59%), as well as in the high rental/housing costs in Austria (60%) and the existence of sufficient professional qualifications among these skilled workers (also 60%).

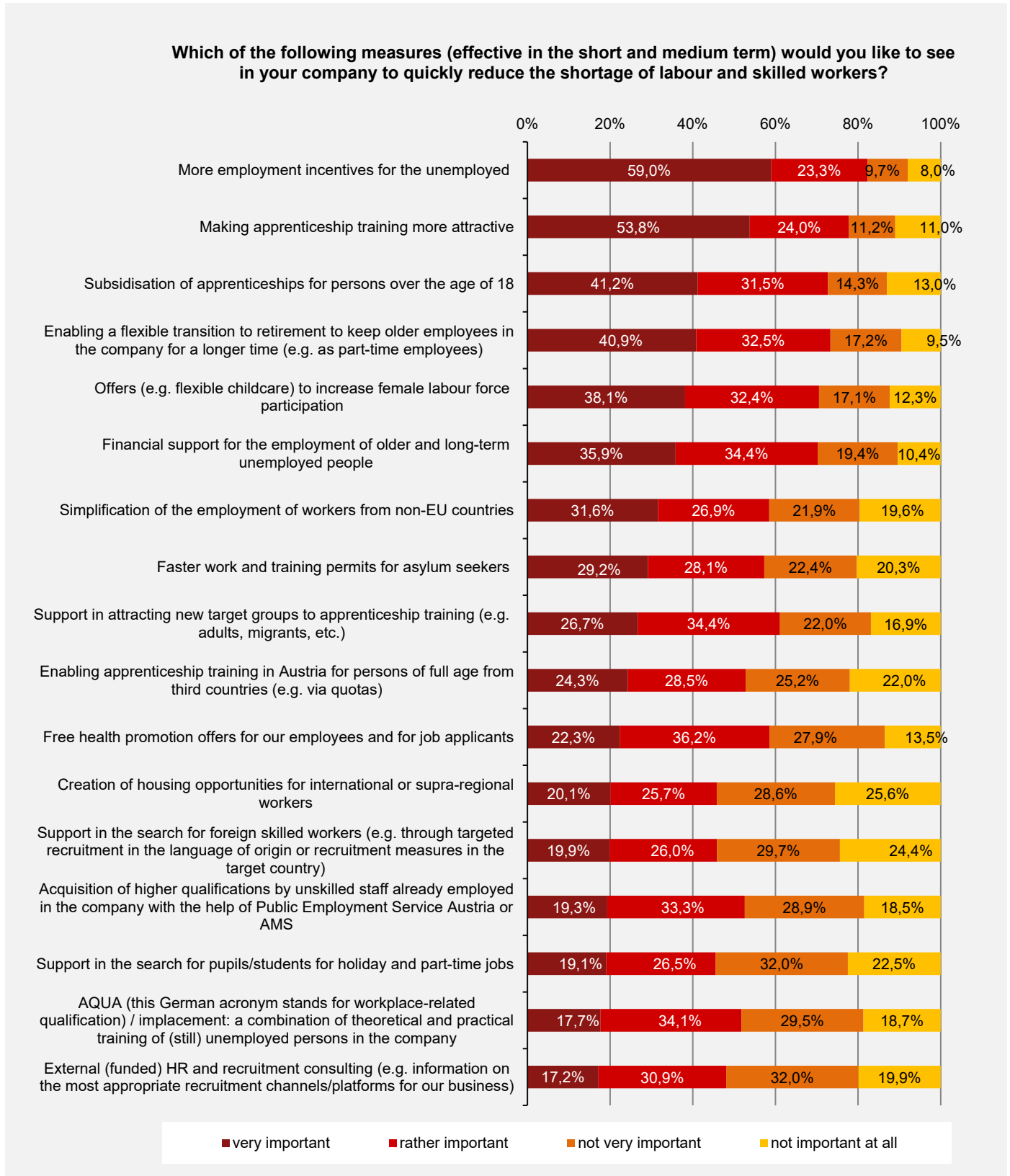
Diagram 3 Effects of the shortage of labour and skilled workers in companies (2023)
 (among those n = 4,193 (81.8%) companies which stated they were affected
 by a shortage of labour and skilled workers)



Source: ibw Company Survey on Demand for/Lack of Labour and Skilled Workers in 2023 (n = 5,124 companies; conducted in April/May 2023)

Diagram 4 Measures effective in the short and medium term to mitigate the shortage of labour and skilled workers

(among those n = 4,193 (81.8%) companies which stated they were affected by a shortage of labour and skilled workers)



Source: ibw Company Survey on Demand for/Lack of Labour and Skilled Workers in 2023 (n = 5,124 companies; conducted in April/May 2023)

Since it is to be feared that the shortage of labour and skilled workers will continue to worsen in the coming years for demographic reasons alone, there is an urgent need for action (especially with regard to promoting apprenticeship training/making it attractive and increasing the supply of apprenticeship graduates, coordinated immigration and qualification strategies, increasing the female labour force participation, enabling employment incentives for the unemployed and also pensioners, etc.).

Because 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 social systems, will depend on the extent to which an even greater shortage of labour and skilled workers in Austria can be stopped.

Source:

Dornmayr, Helmut / Riepl, Marlis (2023): Unternehmensbefragung zum Arbeits- und Fachkräftebedarf/-mangel 2023, Arbeitskräftenadar 2023 (Company Survey on Demand for/Lack of Labour and Skilled Workers in 2023, Labour Radar 2023), ibw Research Report no. 215 commissioned by WKO, Vienna.

