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Structural Change – Education – Employability

Findings and theses

Growing unemployment rates despite decades of expanding education and further training are sufficient motivation to ask fundamental questions regarding both the effects of structural change on the labour market, as well as requirements of “employability” on an empirical basis. Austria saw a relatively late shift of employment to the tertiary sector; moreover, further growth of this sector is expected to take place relatively late, too. Internationally, percentages of people employed in the tertiary sector in affluent countries with a high degree of computing (USA, the Netherlands, Canada, Sweden etc.) are roughly 75 per cent. Both Austria and Germany still have much higher percentages of people employed in the secondary sector than the countries mentioned above – thus one can expect the tertiary sector to grow further still. The present study is focussed on the changes since 1991, and it tries to identify structural trends of employment and the need for education and further training. With the aid of results gained in the last two censuses, it first shows major changes in employment according to sectors, economic fields, and formal education. Second, it highlights changes in qualification offers which are marked by increasing participation in education as well as immigration. Last, it analyses employability on the basis of core indicators employment rate, unemployment rate according to education, sex, age, and country of origin).

Of all Austrian citizens, **88 percent of the people between 25 and 29 had completed some post-compulsory schooling (upper secondary level)** in the year 2001; merely 12 percent lacked formal education. It is a fact that the Austrians have never been as educated as they are today – educational offers were best in the 1990s. Nevertheless, one cannot deny that changes in the economic structure, job structure, decreasing fertility rates of Austrians, as well as immigration have resulted in new challenges for education, further training, and educational policy.

Interface problems after compulsory schooling

The interface problem of compulsory schooling and initial vocational training and education (I-VET) remains virulent. Due to structural change in occupations, altered conditions of growing-up, and migration, a number of new challenges emerge especially in the transition zone

between compulsory schooling and work via vocational education and training¹.

The number of people in jobs that have completed an apprenticeship in goods production has fallen from 429,600 to 380,200. Even though demand has not increased in absolute figures, companies complain about a lack of applicants that appear qualified. Many apprenticeship pots in the more and more knowledge based manufacturing industries demand complex entry requirements, which parts of the 15-year-old school leavers – whose numbers have significantly dropped compared to the 1980s – fail to meet.

In addition to structural change in the economy that has changed educational demands and employment structures alike, immigration is a great challenge for education

¹ See also: Steiner, Mario and Lassnig, Lorenz: Interface problems on secondary level. In: education and teaching, Austrian Pedagogic Journal, 150. year, issue 9/10 2000, öbv & hpt publishers, Vienna, 2000, page 1066.

policy which tries to keep employability and social integration on a high level. Almost half of the 20 to 24 year-old resident immigrants had no completed post-compulsory education and training (upper secondary level) in 2001. In Vienna, more than a quarter of all 20 to 24 year-olds lack completed education. In the school year 2000/2001, 41 percent of all youths attending compulsory schooling did not have German as their first language².

What is more, 79 percent of all people in jobs work in the services sector in Vienna. Hereby, not only traditional foci of apprenticeship training in the production sector have disappeared; also, other basic qualifications are required in order to be fit to I-VET or employment. Basic education for all youths, as well as further attempts to create simple access education in the services sector, are thus gaining priority.

While successfully finishing compulsory schooling is not formally required to gain access to training, entry qualifications are becoming more and more of a filter for training in the apprenticeship framework. Therefore, we have to target two strategies in the future:

- a) **boosting basic education** (entry qualifications) of apprenticeship starters, and
- b) enlarging the range of occupations and jobs for low skilled beginners.

VET for adults, and recognition of informally acquired vocational qualifications

VET for young adults and immigrants towards the completion of an apprenticeship are gaining importance; especially with regard to informally acquired qualifications abroad or at home. "Intensive craftsmanship training" for adults has proved to be successful so far (so long as attention is paid to picking the applicants according to their interest and suitability), and many companies have developed models in cooperation with the AMS. This remains to be expanded. To date, 10 per cent of all apprenticeship exams are taken by adults in this kind continuing vocational education and Training (C-VET) (i.e.,

other than one's I-VET in the age of 15 to 18 or 19, the usual apprenticeship age).

Due to preliminary knowledge and job practice being quite common, it will be an important aspect to acknowledge these in final examinations in the form of cuts.

Wide basic qualifications and further training closely linked to the workplace for the low skilled

The ratio of people in jobs in the services sector has gone up from 60 to 68 percent (1991-2001). In the wake of this growth, not only formally high-qualified knowledge services are required, but the major demand is still focused on intermediate qualifications and low skilled jobs, such as in retailing, the cleaning business or in the hotel and restaurant industry.

Low skilled jobs do not usually require thorough, occupational specific VET; yet, they require sound compulsory schooling knowledge (reading, calculating), as well as social-communicative competence (being customer and service-oriented, as well as teamwork). There is a tendency of basic education gaining more and more importance in accessing training and employment. This is due to the fact that socially undemanding, simple, and repetitive work can hardly be found today in agriculture, industry, and trade.

People who lack completed VET (still 41 percent of all people in jobs in the year 1981) find themselves in a bad situation on the labour market (low rate of people in jobs, high unemployment rate), if they do not have solid compulsory school knowledge as well as non-formally acquired general and social competence and competence in the subject matter. Also, participation in (further) training is clearly below the level of apprenticeship completers and vocational school leavers.

All international findings show that workplace related learning is most important for the low skilled. Here, companies have to focus on resources and preparations for informal and organised in-house learning; also, special public incentives for people that only have compulsory schooling should be considered.

Especially as regards the low skilled, company-linked offers of continuing training (no matter if class-like or informal) are vital, as school learning often calls up negative associations, thus leaving barriers to overcome. Time economic problems of education and training are

² See: Arthur Schneeberger: Challenges for Educational policy through structural change, migration and internationalisation. In: *ibw-newsletter*, 1st quarter 2005. Vienna 2005, pages 1-25. Download it at : http://www.ibw.at_mitteilungen/art/schn_159_05_wp.pdf

the biggest obstacles for companies, as well for the middle-aged due to double pressure. We should not only focus on job and subject specific motivation, but also on general educational interests, which should have character building aspects as well as basic effects on peoples' qualification.

Overcoming time economical problems for companies

Whenever wishes for changes in schedules and **time-planning of adult training** were surveyed (for example in the micro census of June 2003), they focused on educational offers that are close to home, more evening and weekend classes, as well as more company leave, rather than on e-learning or a combination of classes and distance learning. Yet, e-learning, as well as its hybrid combination with face-to-face learning (blended learning) are gaining importance; one has to just take a look at internet usage according to age groups, for example.

It is apparent that work-integrated measures to develop competence such as internal seminars, on-the-job training, introduction programmes, project work or coaching are judged by staff managers as being highly effective and are thus highly regarded among the former; this is shown in a study carried out by PEF³. Internal classes are not only timesavers, but also a useful tool to reach an aim if the contents are made to measure.

However, if 44 percent of all employees work in companies that have less than 50 staff⁴, and if this accounts for merely 25 percent working in companies that have internal training facilities, and 32 percent working in companies with continuing training programmes and incentives⁵, one can easily see the limits of internal training as a qualification strategy. Demands for further institutionalisation are no remedy if one considers branch-specific company size structures; much more, the latter underlines the importance of open, external course offers of adult education and training (including information and

advice), as well as the relevance of branch-specific networking. Flexible, comprehensive training periods, if possible internal classes, support of informal learning through the resources needed such as handbooks, internet links etc., cross-regional or branch specific qualification networks especially for small and medium-sized companies: all these should allow for improvements regarding training periods.

Employability = multiple qualification and shared responsibility to attain and retain it

Employability is a qualification that is acquired on the basis of skills and personality; therefore, it is an aspect of socialisation, being determined by many factors ranging from one's family to the company one works for. Individual development and responsibility are essential, much the same as institutional possibilities and support (school, company, public sector) by means of education and further training.

Employability does not simply equal more higher education; it also stands for the right specialisation and key qualifications, and for sufficient knowledge from compulsory schooling. Moreover, it means that informally acquired skills and basic social skills are sufficiently developed. This poses problems rather to job beginners than to the middle-aged.

What is more, employability is not only being able to get started, but also the ability to remain employed, to overcome changing job profiles, and in case there is a change of employment. The age of retirement in Austria is relatively early in an international comparison; amidst other causes, it cushioned the structural change of the 1990s; yet, this will be less easily possible in the future. This in turn will require a number of altered frameworks, and most notably more flexibility of employment and income. Flexible training periods and retraining being completed in time are part of this, too. The lower one's job qualification, the more important it will be for them to be kept informed and to be advised by employers to participate in further training, both in classes and in an informal way. If information society and knowledge-based economy should be more than just rhetoric, i.e., substantial orientation to create and maintain employability, far-reaching measures will have to be taken towards a shared responsibility to maintain qualifications, as well as

³ See also: Norbert Kailer: competence management in the company: problematic areas and tendencies of development. In: Jörg Markowitsch and Peter Strobl (ed.): In-company training in Austria, Vienna, Mai 2005, p. 118.

⁴ Austrian Economic Chamber: Statistical yearbook 2005, Vienna, Mai 2005, page 37.

⁵ See also: Gerald Hammer, Cornelia Moser and Karin Klapfer: Life-long Learning. Results of the micro census of June 2003, Austria Statistics, Vienna, 2004, pages 249ff.

flexible usage of time and electronic learning technologies – both in the companies, and by the self-responsible employees themselves.

Public incentives for general and job-related adult learning

Public incentives for more participation in education and training should not merely be made for specifically job-related adult learning alone. Basic qualifications, personality forming etc. are usually equally important for a comprehensive strategy of lifelong learning. The province of Upper Austria has shown that funding individuals by vouchers can be successful: the province boasts the highest rate in continuing training as well as the highest public funding of all provinces.

Tax deductions for training for firms which carry out internal and external courses were only introduced in 2002. Sound empirical evaluations will be only possible in a few years' time. The number of institutions that offer education and training has risen, resulting in more competition. However, according to them, the introduction of the mentioned tax incentive for firms has not yet resulted in higher spending in the last few years, which can be

probably put down to the economic situation and the labour market.

In addition to the promotion of demand (financial incentives, information and advice), which should incorporate both general and job-related learning for adults, as well as structural funding for general adult learning which is important to maintain a regionally dense network of training providers and which was increased by 28 percent in 2005, thematic programme funding (mid-term, lasting 3 to 5 years) could be an advisable strategic orientation. This would strengthen basic institutions, without having to deal with petrification due to continuously expecting funding.

Target group specific information and counselling are required, especially for those having only low level education, to widen access to further training and education and to intensify it. Here, companies and training institutions play a central role. In addition, one should consider providing first information and access to further training institutions (data bases, brochures) at local municipal offices. This would promote wide regional distribution of access to information, and make it easier for people to overcome their inhibitions.

TABLE 1:

Employment rate and unemployment rate by educational attainment, 1999 – 2004

| Educational attainment | Employment rate ⁽¹⁾ in % | | | Unemployment rate ⁽²⁾ in % | | |
|--|--|------|------|--|------|------|
| | 1999 | 2003 | 2004 | 1999 | 2003 | 2004 |
| University, Postsecondary College | 88,7 | 87,8 | 83,4 | 1,8 | 2,1 | 3,0 |
| Upper secondary school or college (general or technical and vocational) | 69,2 | 69,4 | 69,9 | 2,6 | 3,4 | 4,4 |
| Intermediate technical and vocational school | 74,7 | 75,2 | 72,8 | 2,6 | 2,9 | 3,7 |
| Apprenticeship training including master craftsmanship | 77,4 | 76,7 | 75,2 | 3,7 | 3,8 | 4,2 |
| Compulsory school | 48,9 | 48,5 | 46,0 | 5,9 | 8,2 | 9,5 |
| Total | 68,4 | 68,9 | 67,8 | 3,7 | 4,3 | 4,9 |

⁽¹⁾ Percentage of people employed among the population capable of gainful employment

⁽²⁾ Percentage of unemployed among the population according to *the Labour-Force-Concept* (Eurostat definition)

Source: Austria Statistics

This research brief is a short version of the study Education & Economy No. 34 with the same title.
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