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## Report on the situation of youth employment and apprenticeship training in Austria in 2008-2009

Selected results of an ibw-öibf study<sup>1</sup> commissioned by the Austrian Federal Ministry of Economy, Family and Youth (BMWFJ)

**T**he report on the situation of youth employment in Austria, which - according to §15b of the Vocational Training Act (BAG) - the BMWFJ is obliged to submit to the National Council every two years, shows the following: Austria has been able to retain its excellent position EU-wide in terms of youth employment despite the international financial and economic crisis. Nevertheless, it is clear that the economic crisis has also left its mark on youth employment in Austria and that the Austrian education, labour market and economic policy-makers face special challenges.

In a European comparison (EU 27 countries), Austria boasts relatively favourable results in all the indicators that were studied within the framework of the report and are in direct connection with the situation of youth employment and in particular youth unemployment as well as obtained educational qualifications.

In 2009, for example, the youth unemployment rate (according to EUROSTAT) was 10.0% in Austria; while the figure for all EU 27 countries combined was 19.6% (see Graph 1). This means that within the EU Austria ranks in second best position in terms of youth unemployment in 2009 (behind the Netherlands).

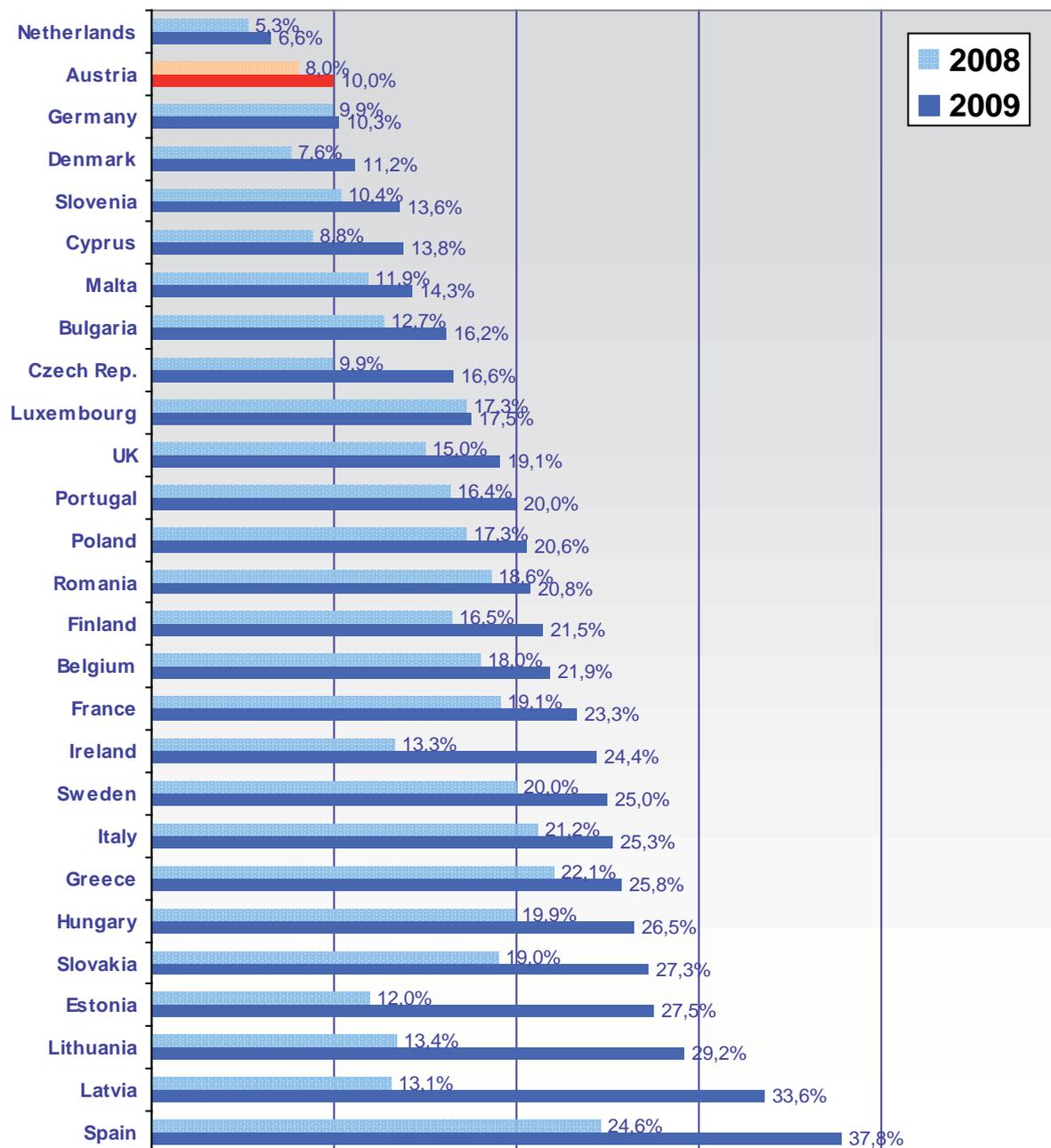
Also the increase in youth unemployment in 2009 (in the wake of the international financial and economic crisis) was lower in Austria than in the EU overall. In this country, the youth unemployment rate climbed from 8.0% to 10.0% (+2.0%), in the EU 27 countries overall (on the basis of preliminary data for 2009) from 15.4% to 19.6% (+4.2%).

As well as the generally relatively low unemployment rate, one major reason for this fairly good integration of young people into the employment system is seen in the highly developed system of initial vocational education and training or IVET (apprenticeship training, VET schools and colleges) in Austria<sup>2</sup>. In this connection, both participation in training and the proportion of VET is relatively high in Austria. It is the system of dual apprenticeship training in particular (at the company and part-time vocational school) that creates the very good position for Austria in an international comparison.

The connection between low youth unemployment and a high share of young people in apprenticeship training can also be proven empirically for the Austrian provinces (see Graph 2). Thus, youth unemployment rates by province reveal a very strong negative correlation (15-19 years:  $r = -0.72$  / 20-24 years:  $r = -0.60$ ) with the number of apprentices in the 1st apprenticeship year in relation to 15-year-olds (here termed in a simplified form as "apprenticeship beginners' rate"). One possible interpretation is that the youth unemployment rate tends to be lower the more young people of an age group complete an apprenticeship. As this also applies to the unemployment rate of 20- to 24-year-olds, who as a rule have already completed an apprenticeship pathway; this illustrates the positive effect of dual vocational training on the sustainable labour market integration of young people.

Last but not least, company-based apprenticeship training (due to the companies participation in training) is also the training pathway at upper secondary level which requires by far the lowest public funds. Whereas public expenditure per student or apprentice in 2008/2009 for supra-company apprenticeship training on behalf of the Public Employment Service Austria (AMS) was some € 15,000 and for VET schools and colleges around € 10,000, public expenses for company-based apprenticeship training (part-time vocational school plus the new subsidisation scheme of apprenticeship posts) can be estimated - even if an (unrealistic) maximum scenario for the new subsidisation scheme is added - at a maximum of slightly over € 6,000 per apprentice and training year<sup>3</sup>.

Graph 1: **Unemployment rate of 15- to 24-year-olds**  
(2008 and 2009, EU 27 countries, EUROSTAT method of calculation)

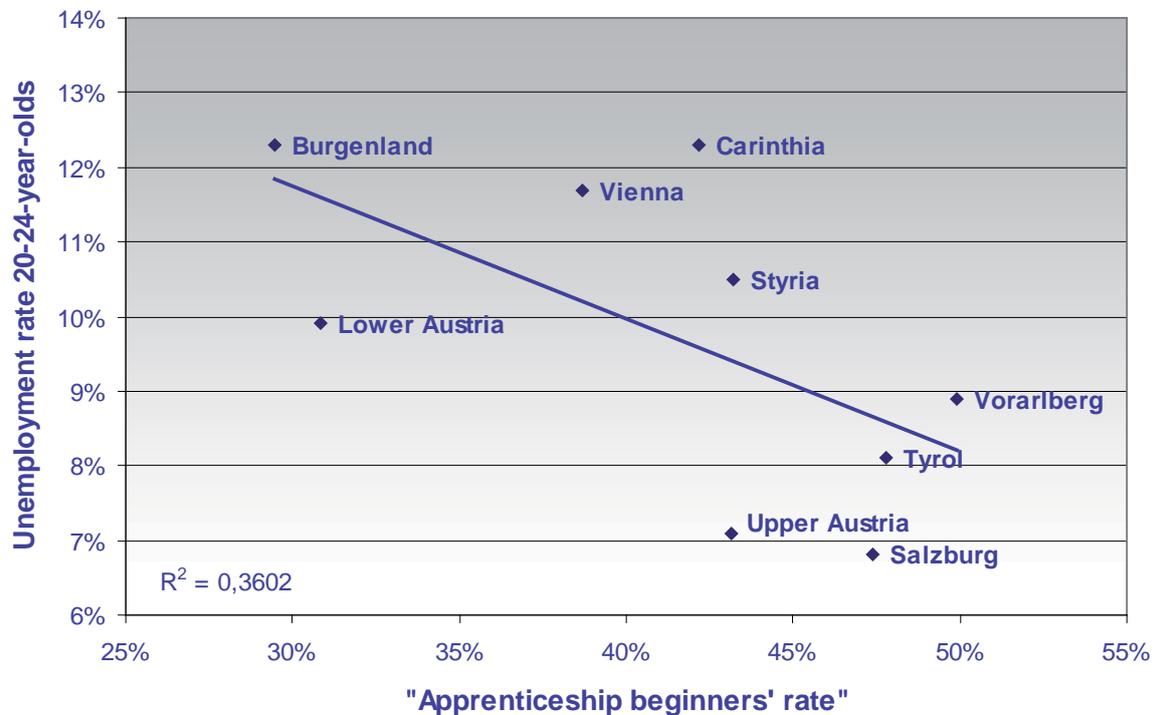


Source: EUROSTAT (last update: 31.3.2010/date of extraction: 1.4.2010)

Despite the relatively favourable starting position of Austria in terms of youth unemployment, however, it must be considered that young people in particular were affected by the impact of the international financial and economic crisis which became acute both in Austria and the EU in 2008. The youth unemployment rate rose considerably more than the unemployment rate of older workers (see Graph 3). According to Eurostat, the unemployment rate of 15- to 24-year-olds increased in the EU-27 in 2009 by +4.2% (from 15.4% to 19.6%), in Austria by +2.0%

(from 8.0% to 10.0%). The unemployment rate of 25- to 74-year-olds, however, increased in the EU 27 in 2009 “only” by +1.7% (from 5.9% to 7.6%), in Austria by +0.8% (from 3.1% to 3.9%). It can be assumed that the main cause for this disproportionate increase of youth unemployment during the economic crisis is that also in times of insufficient capacity utilisation many companies try, if possible, to keep their current (older) staff while the number of new recruitments (of younger people) drops sharply.

Graph 2: Connection between youth unemployment rate and “apprenticeship beginners’ rate” by province (2009)



Source: BMASK (BALLweb): Youth unemployment rate (annual averages 2009)

Statistics Austria: Number of 15-year-olds (projected value for 2009 according to main scenario (annual average))

WKÖ: Number of apprentices in the 1<sup>st</sup> apprenticeship year (31.12.2009) + ibw calculations

Notes: “Apprenticeship beginners’ rate” = apprentices in the 1<sup>st</sup> apprenticeship year / number of 15-year-olds (of the respective province)

The special - probably even major - challenge for the system of Austrian VET can be seen in the integration of youth with a migration background into the training and employment system. It can be assumed that between one third to half of young people with a migration background leave the education system without completing any qualification after compulsory schooling. Meanwhile, the proportion of young people without a migration background is significantly below 10%. Particularly low is the proportion of young people with a migration background in the apprenticeship training system. In the 2008/2009 academic year only some 6% of students at part-time vocational school did not have an Austrian citizenship and approx. just 8% spoke a vernacular other than German.

Precisely due to the clear decline in the number of 15-year-olds expected by 2016 and consequently of apprenticeship beginners it is important to make use of this exceptional potential of future skilled workers. In this connection, also multilingualism as a significant human resource and competitive advantage needs to

be highlighted, not only to address foreign-language customers (immigrants and tourists) in Austria in a targeted way but also because the multilingualism of many young people with a migration background constitutes a special opportunity for strengthening the Austrian business sector’s degree of internationalisation and export-orientation overall.

On the basis of the central empirical findings of the report on the situation of youth employment and apprenticeship training in Austria, on which this study builds, a series of recommendations are presented at the end of this study to optimise the situation of youth employment in Austria, such as upgrading and increasingly integrating the school-based provision of career guidance and orientation with the aim of introducing a subject called “career guidance” (replacing the most frequently practised integrated form of teaching) in the 7th and 8th year of schooling.

The entire study can be downloaded at <http://www.ibw.at/media/jugendbeschäftigung.pdf>

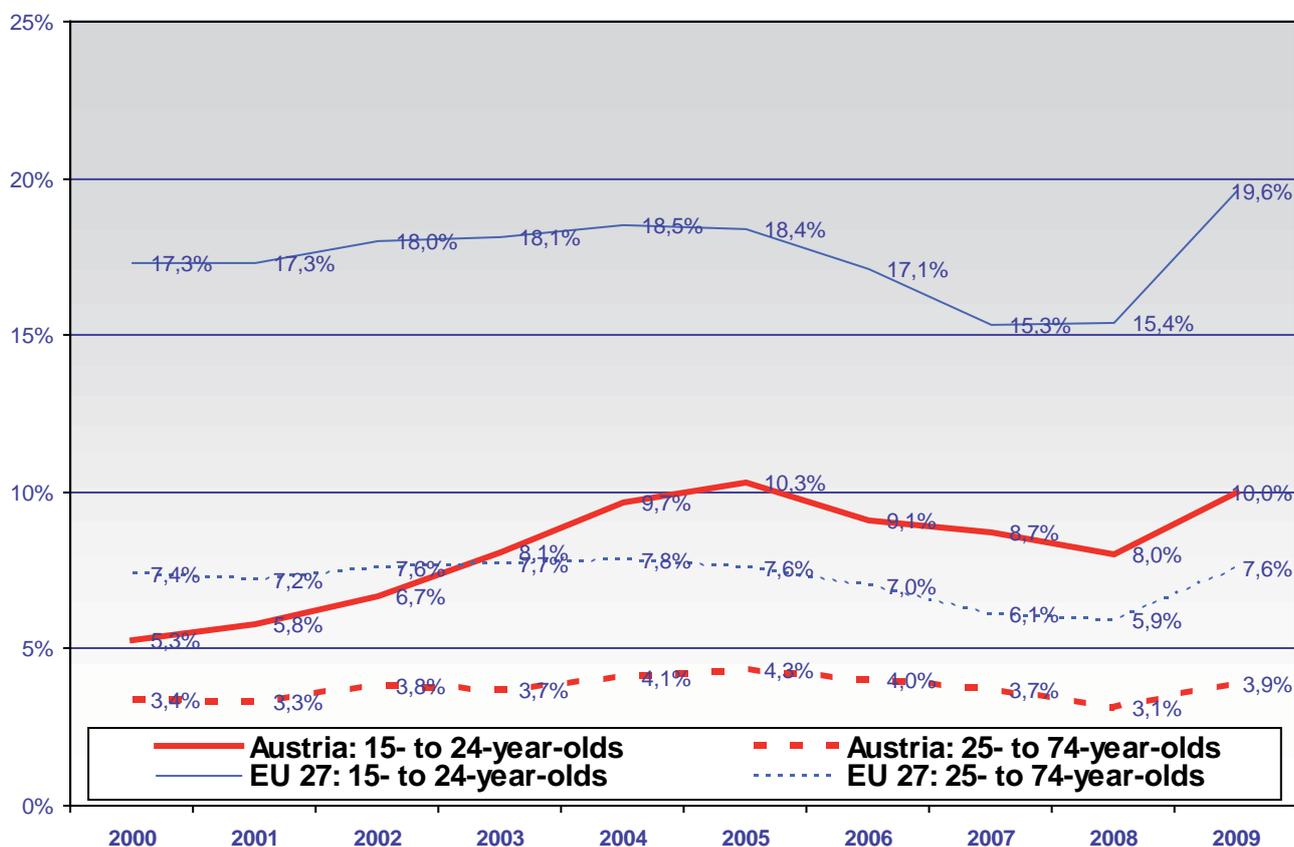
<sup>1</sup> see Dornmayr, Helmut / Wieser, Regine (2010): Bericht zur Situation der Jugendbeschäftigung und Lehrlingsausbildung in Österreich 2008-2009 [Report on the situation of youth employment and apprenticeship training], research report of ibw and öibf commissioned by BMWFJ, Vienna. This study can be downloaded at <http://www.ibw.at/media/jugendbeschäftigung.pdf>

<sup>2</sup> see e.g. Schneeberger, Arthur (2009): Bildungsgarantie bis zum 18./19. Lebensjahr - Entwicklungen und Perspektiven in der Berufs-

bildung [Guaranteeing education until the 18th/19th birthday - Developments and prospects in vocational education and training]. Specht, Werner W. (ed.): Nationaler Bildungsbericht Österreich 2009, Band 2 [Austrian National Report on Education 2009, Volume 2], Graz

<sup>3</sup> For details see: Dornmayr, Helmut / Wieser, Regine (2010): Bericht zur Situation der Jugendbeschäftigung und Lehrlingsausbildung in Österreich 2008-2009 [Report on the situation of youth employment and apprenticeship training], research report of ibw and öibf commissioned by BMWFJ, Vienna. This study can be downloaded at <http://www.ibw.at/media/jugendbeschäftigung.pdf>

Graph 3: **Unemployment rate of 15- to 24-year-olds and 25- to 74-year-olds (2000-2009)**  
(Austria + EU-27 countries, EUROSTAT method of calculation)



Source: EUROSTAT (last update: 31.3.2010/date of extraction: 31.3.2010)