The labour market situation in Austria

According to Eurostat, the employment rate for Austria in 2005 was 68.6% (EU-25: 63.8%). At the end of July 2006, 3,380,193 people were in waged employment. This was an increase of 55,086 or 17.7% compared to the previous year. Although relatively strong employment growth was already being registered in 2005, the increase has again accelerated, principally due to employment expansion in the tertiary sector. At the same time, unemployment trends have swung from an annual average increase of 8,800 in 2005 to a decrease of 14,196 (compared to the previous year) up to July 2006. The annual average for 2006 will, for the first time since 2000, show a drop in the number of registered unemployed. At 4.9%, Austria's unemployment rate in July 2006 was, according to Eurostat, among the lowest in the EU, after the Netherlands (3.8%), Denmark (3.9%), Ireland (4.4%) and Luxembourg (4.7%).

Sectorally, the fall in unemployment in July 2006 was mainly in goods (-11.9%), commerce (-6.9%), construction (-11.0%) and tourism (-3.5%).

About 77% of all the unemployed are people without school-leaving certificates, or who have a minimal school qualification or an apprenticeship certificate.

Labour foundations (Arbeitstitungen)

Labour foundations are a successful model for the solution of regional structural and labour market problems. They are used when there is a threat of redundancies (outplacement foundations) or when particular staffing bottlenecks occur (implacement foundations). The aim is the careful development and implementation of individualised (re-)integration processes by offering a broad package of supportive measures. The possibility of a longer-term entitlement to such measures, ranging up to three years (or four years for those aged 50 or over) also means that training programmes lasting several years can be completed while benefiting from this support. In 2005, 1,800 people were supported by outplacement foundations, while 4,900 were approved for participation in an implacement foundation. The clear increase in this field (2,100 people more than in the previous year) is in particular attributable to training in the health and care sectors.

A labour foundation contains a whole range of instruments whose concentrated use can produce synergies in the promotion of employment. Central elements within the labour foundations are career guidance, various training measures (qualification), active job searches, work experience programmes and (in the case of outplacement foundations) assistance with business start-ups. This

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4 According to forecasts from WIFO, the Austrian Economic Research Institute.
A comprehensive approach by the labour foundations, through the use of combined packages of measures, has proved particularly effective. Setting up a labour foundation entails cooperation and financing by a very diverse group of actors at different levels.

Development of the foundations in Austria

In Austria, this instrument was first used in the framework of the VOEST-Alpine Steel Foundation (1987). Positive experiences with this scheme led to its spread throughout Austria, and it also served as a model in other countries. It proved to be an extraordinary instrument, serving equally the interests of companies, employees and the regions.

Austria’s accession to the EU in 1995 brought with it a need for adjustments in economic structures, and this was accompanied by workforce reductions within larger enterprises. To cushion the effects of EU entry, and of structural change in the food and haulage sectors, the social partners took initiatives leading to the creation in 1995, after a brief preparatory period, of the two sectoral foundations AUFLEB\(^5\) and AUSPED\(^6\). These were active right across Austria, and up to October 1996, 2,600 people took part in them.

The nature of the foundations has evolved further over the years. The circumstances in which outsourcing takes place mean that four types of foundation can be distinguished: enterprise foundations, insolvency foundations, sectoral foundations and regional foundations. But procedurally, as far as the implementation of the measures for the participants is concerned, there are no differences between them. Alongside these foundation types, there are what are known as *foundation-style measures*. Again, these are procedurally identical to the labour foundations, the difference is, that they are implemented by the Austrian Employment Service.

Implacement foundations

In 1998, the Social Affairs Ministry issued a new interpretation of the legal basis of the Law on Foundations\(^7\). This made it possible, in contrast to the customary labour foundations, for foundation measures also to be made available to firms that were increasing their staffing levels. The Austrian Employment Service’s foundation guidelines set the following aims for such implacement foundations:

- Involving labour-seeking firms in needs-oriented qualification measures for unemployed people
- Bridging the gap between the qualifications demanded by hiring firms and the non-utilisable qualifications held by unemployed people
- Supporting structural change
- Improving women’s employment prospects.

Implacement foundations should be seen as service providers for enterprises. In growth sectors, they offer firms a chance to have the skilled labour that they are seeking, specifically trained for their

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\(^{5}\) AUFLEB = Training and Support Association for Unemployed People from the Food Sector.  
\(^{6}\) AUSPED = Haulage Training and Support Association.  
\(^{7}\) Section 18, paras 5 and 6 of the Unemployment Insurance Law (ALVG = Arbeitslosenversicherungsgesetz).
needs. At the same time, they give job-seekers the opportunity to gain qualifications that hold out the (relatively) sure promise of employment at the end of the training process. Foundations can be used when recruitment is planned by one or more enterprises. In this way, they can help to reorientate unemployed people and provide them with better qualifications.

Among the measures are vocational guidance and staff selection procedures, active job searches, basic and further training, and work experience programmes. There are currently 45 implacement foundations in Austria.

An example of an implacement foundation in Vienna: the Implacement Cluster Programme (CSP).

This scheme aims, on the one hand, to support the recruitment efforts of firms in growth sectors, if they cannot find any suitably qualified staff on the labour market. At the same time, it seeks to help the registered unemployed to integrate into the labour market. During their time with the foundation, participants are trained for their future occupations. The sessions are usually held on the future employer’s premises, by an external trainer. The training measures are financed by contributions from the enterprise and from the WAFF. Foundation participants receive training unemployment benefit from the Austrian Employment Service and also a grant from the firm.

Flexicurity

Labour foundations are therefore an instrument (used successfully in Austria for almost 20 years now) for deploying “surplus” labour potential in a flexible and meaningful way, thus supporting structural change. Unemployed people get the chance of a job, while receiving social security coverage (training-linked, foundation-based unemployment benefit) and on-the-job training or retraining. The special feature of the foundations is their long-term orientation and their consequently sustained employment effects.

A critical observer might argue that employment reduction is facilitated by the existence of the labour foundations, but they do promote greater occupational, remunerative and regional mobility. So their personal usefulness for the participants, as demonstrated particularly by the studies, is undisputed.

The Austrian model of labour foundations is therefore a measure that strikes a balance between flexibility (for the enterprises) and social security combined with good further prospects (for the workers).

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8 Examples of implacement foundations: the Forum Personal (for the IT and electromechanical sectors) and the Qualifizierungsverbund (health professions); both are in the province of Oberösterreich.

9 As of August 2006 (DWH)

10 Since 2000 – originally gave ICT training, now training in the health and care sectors.

11 WAFF = Viennese Workers’ Promotional Fund (Wiener ArbeitnehmerInnen Förderungsfonds).
Bibliography

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