



bmask

FEDERAL MINISTRY OF
LABOUR, SOCIAL AFFAIRS AND
CONSUMER PROTECTION

Workshop on Youth Employment Initiative - SERBIA

Experiences from AUSTRIA

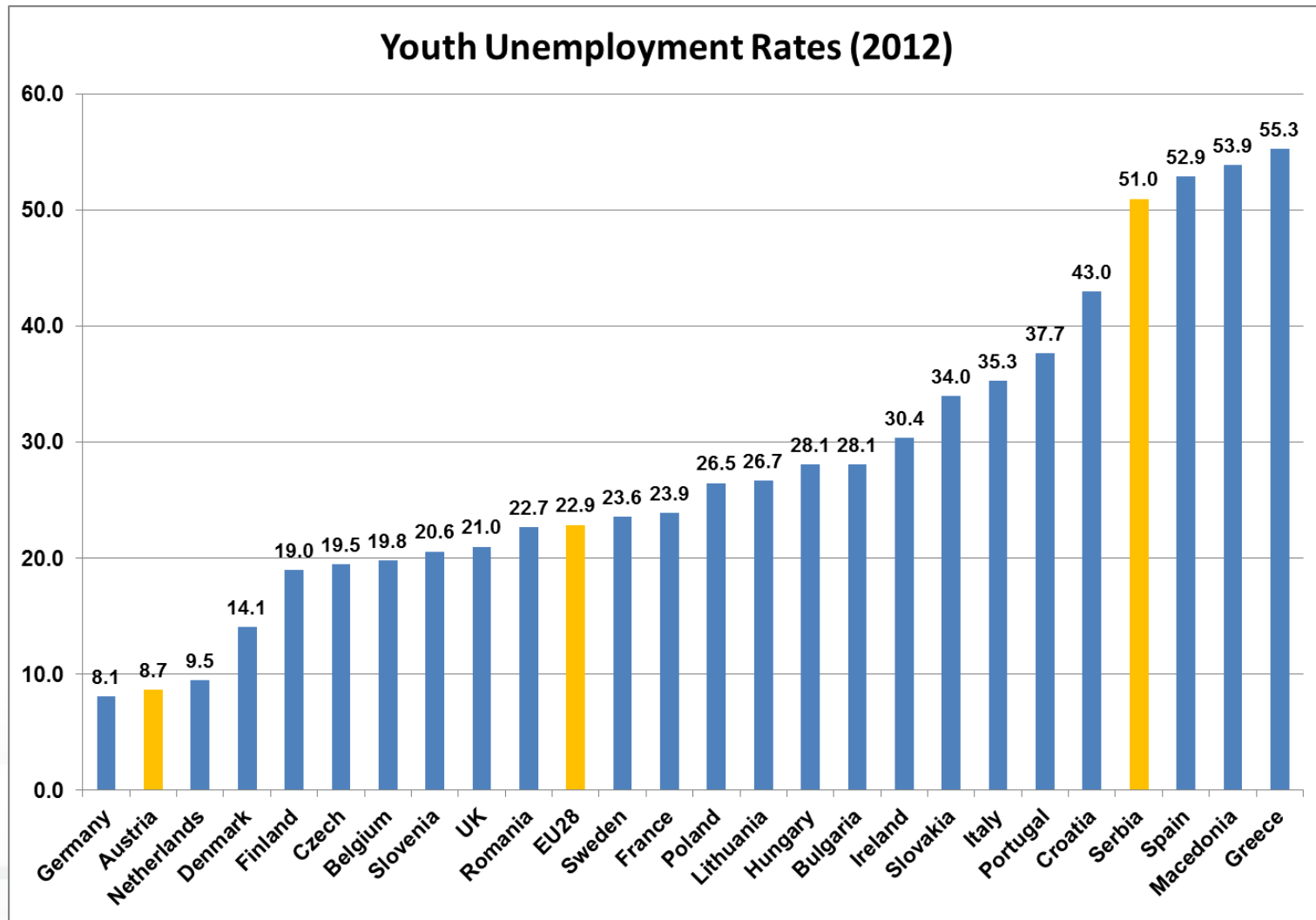
**Klub poslanika, Tolstojeva 2a, Belgrade
10 July 2014**

Johannes Schweighofer
July 2014

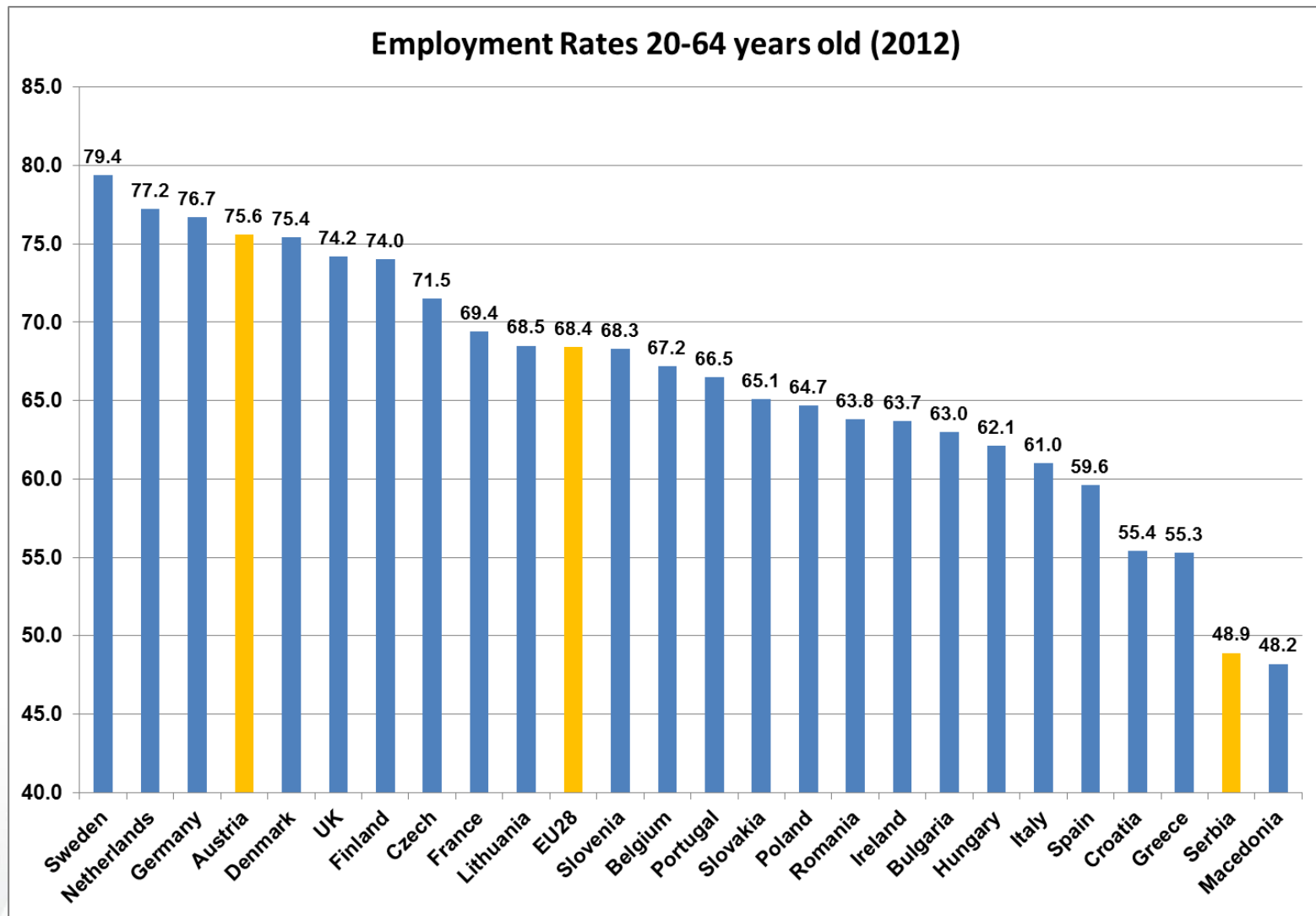
Content

- Labour Market Situation
- Why is Youth Unemployment so low in Austria?
- **Apprenticeship System**
- Active Labour Market Policies
- Conclusions

Youth Unemployment (by education?)

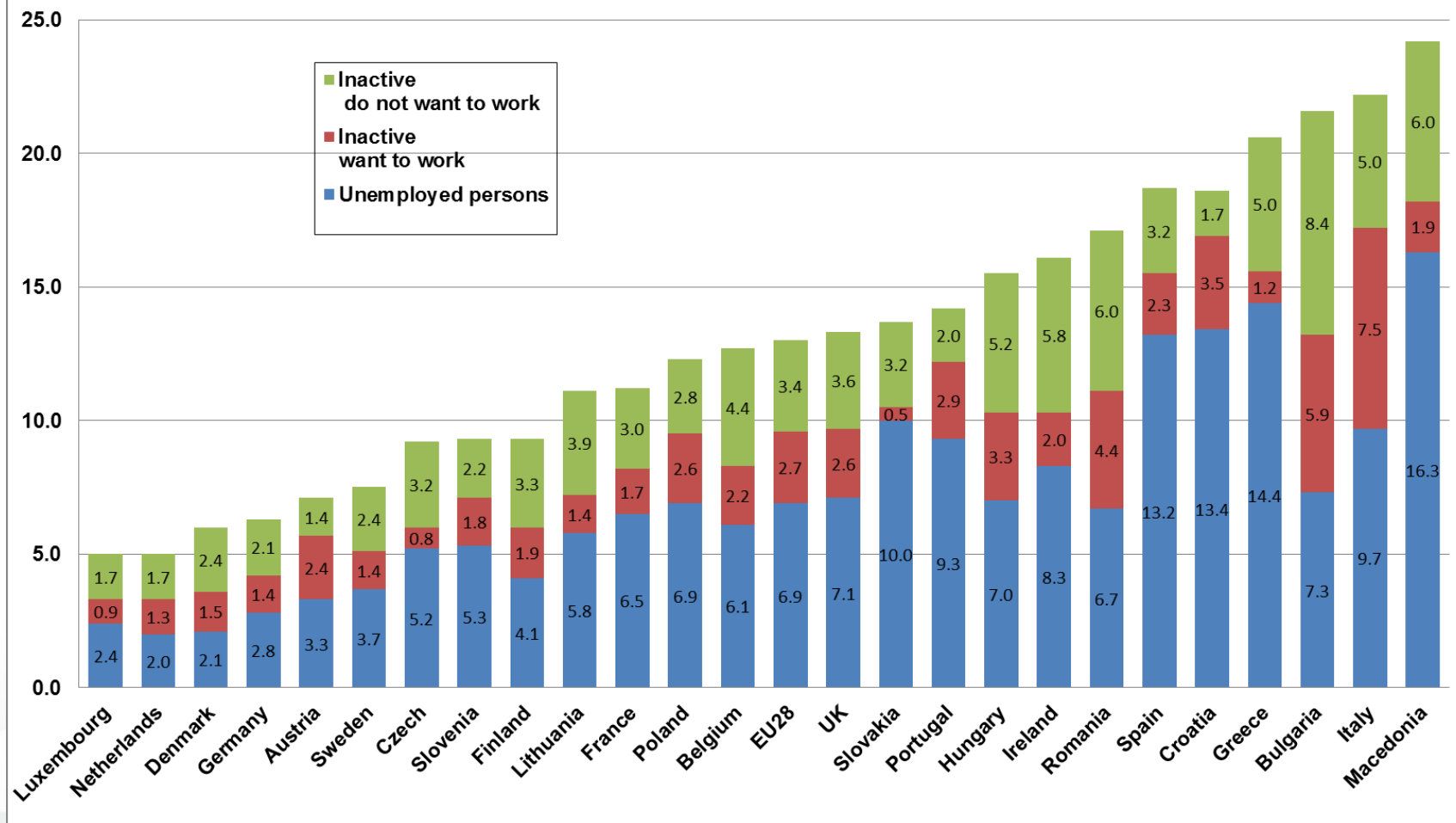


Employment Rates (informal sector?)

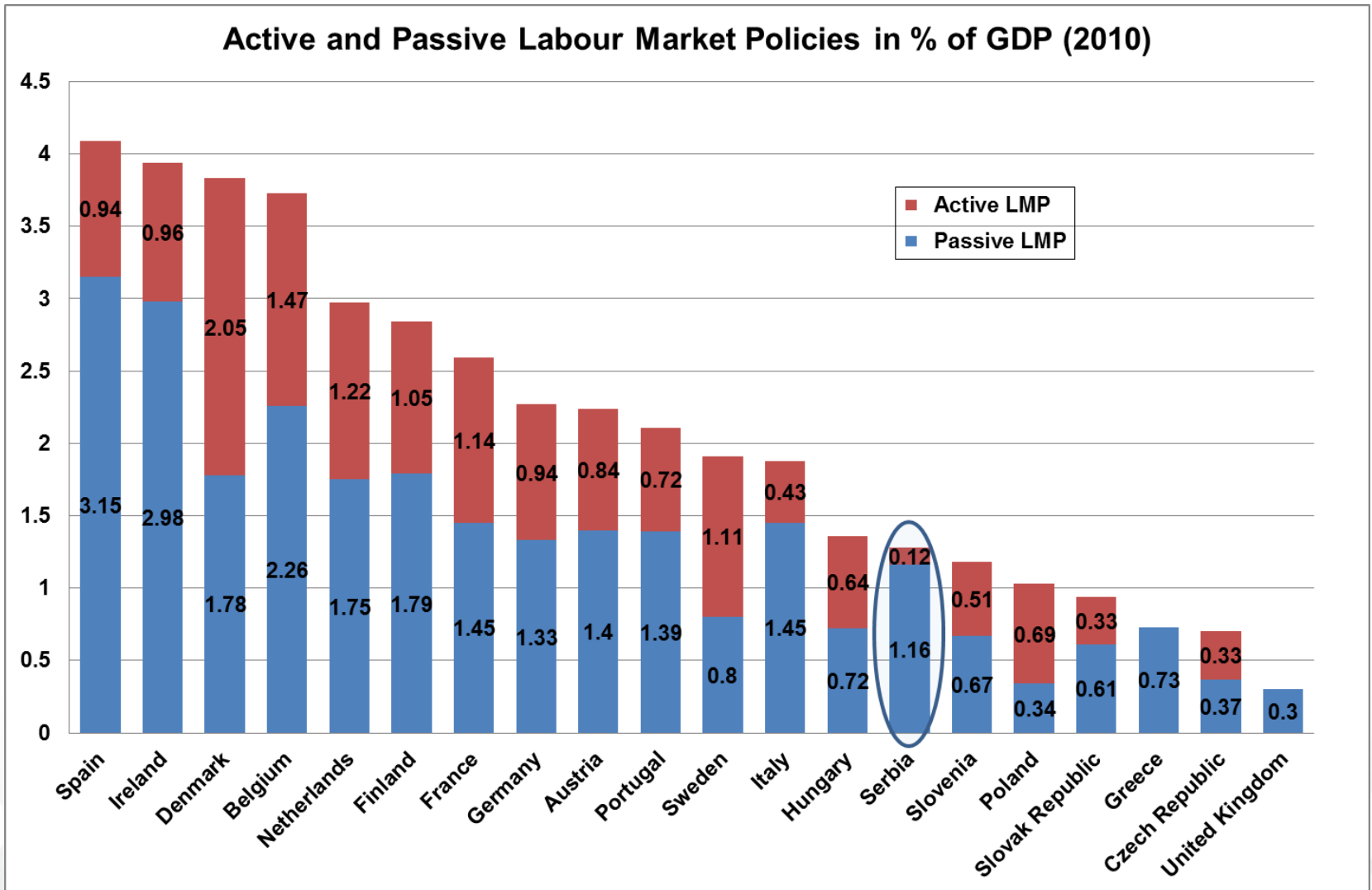


NEET 15-24

NEETs: Youth not in Employment, Education or Training, 15-24 years, 2013



Labour Market Policies



Serbia – Labour Market Situation

- **Growth rates:** relatively high from 2001-2008 (4,6%) but low afterwards (2-3%)
- **Shadow economy:** 21.0 (survey) – 30.1 (MIMIC)
- 23.9% of employment in **agriculture**
- **Low employment rates** (some 50%)
- Unemployment by **educational attainment?**
- Only 9,7% of registered unemployed receive **unemployment benefits**
- **ALMP** Serbia: 132.000 Participants (Active Job Search), 0,10% of GDP (2012), „first chance programme“?
- **Main challenges in the labour market?**

Why is Youth Unemployment so low in Austria?

Because of

- **Overall** good labour market conditions
- Broad **political consensus** to fight unemployment
- **Apprenticeship system**
- **VET** schools and **colleges**
- **Tertiary VET**
- Active Labour Market Policies for Youth

<http://www.social-europe.eu/2013/04/why-is-youth-unemployment-so-low-in-austria-a-critical-assessment/>

Apprenticeship System - Austria



Apprenticeship system (1/3)

SUCCESS FACTORS

- **Training on the job** (4 days) – theoretical courses at school (1 day)
- Duration: Mostly 3 (to 4) years
- **Low entry wages**: 12%-46% of average
 - Gross compensation € 300-800 in 1st year, €550-1600 3rd year, € 1100-1300 4th year of school (net: deduct SSC)
- **Standardized curricula** for more than 230 professions on ISCED 3B level (signalling effect) – diploma=full professional qualification
- More flexibility – modularising curricula!
- ~ 40% of cohort (15 years old) enter dual system – **careers for youngsters with weak school results or from disadvantaged backgrounds!!!**

Apprenticeship system (2/3)

CHALLENGES

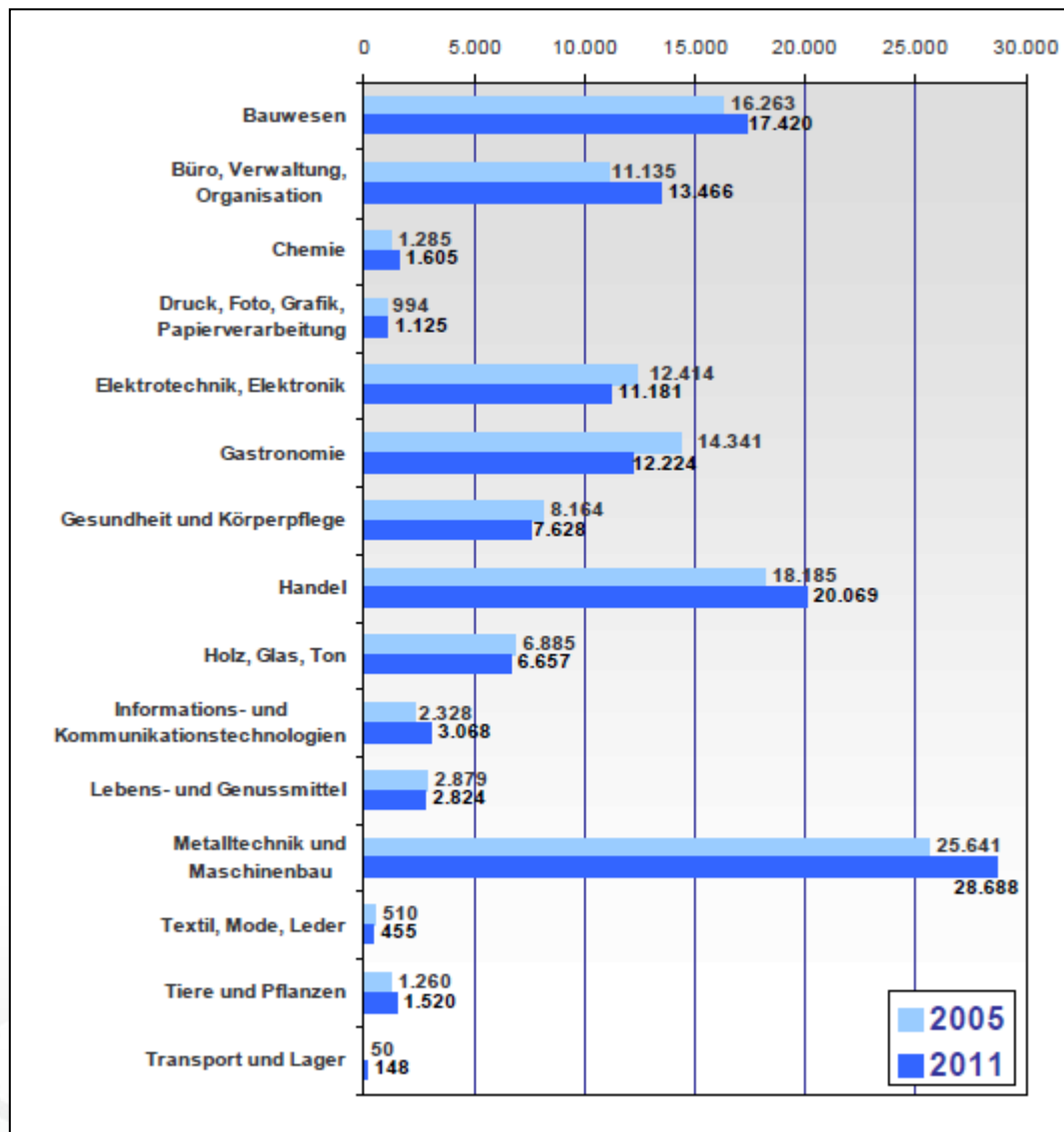
- **High spending** (costs, 2011): ~ € 350 Mio./~**0,1-0,3% of GDP** per year (incl. costs for vocational schools ~ € 930 Mio.), **€ 5.650** per apprenticeship place (€ 8.900 for BMHS/vocational schools)
 - Basic Subsidy: 3 apprentice compensations in 1st year, 2 und 2nd year and 1 in 3rd/4th year; € 250 for excellent grade;
 - Additional subsidies (via PES) for disadvantaged groups, women in male-dominated occupations
 - Reduced SSC
- **Reduced willingness of employers to provide places** (37.500 enterprises): 128.000 (56.000 in craft sector, 18.000 in trade, 16.000 industry, 11.000 tourism, 2011) – 194.00 (1980)
- **High drop-out rates**: ~17,1% (2010, „vorzeitige Auflösung“)
- 82,6% successful exams (completion rate)
- **Quality assurance** of apprenticeship training (SMEs!)

Apprenticeship system (3/3)

CHALLENGES

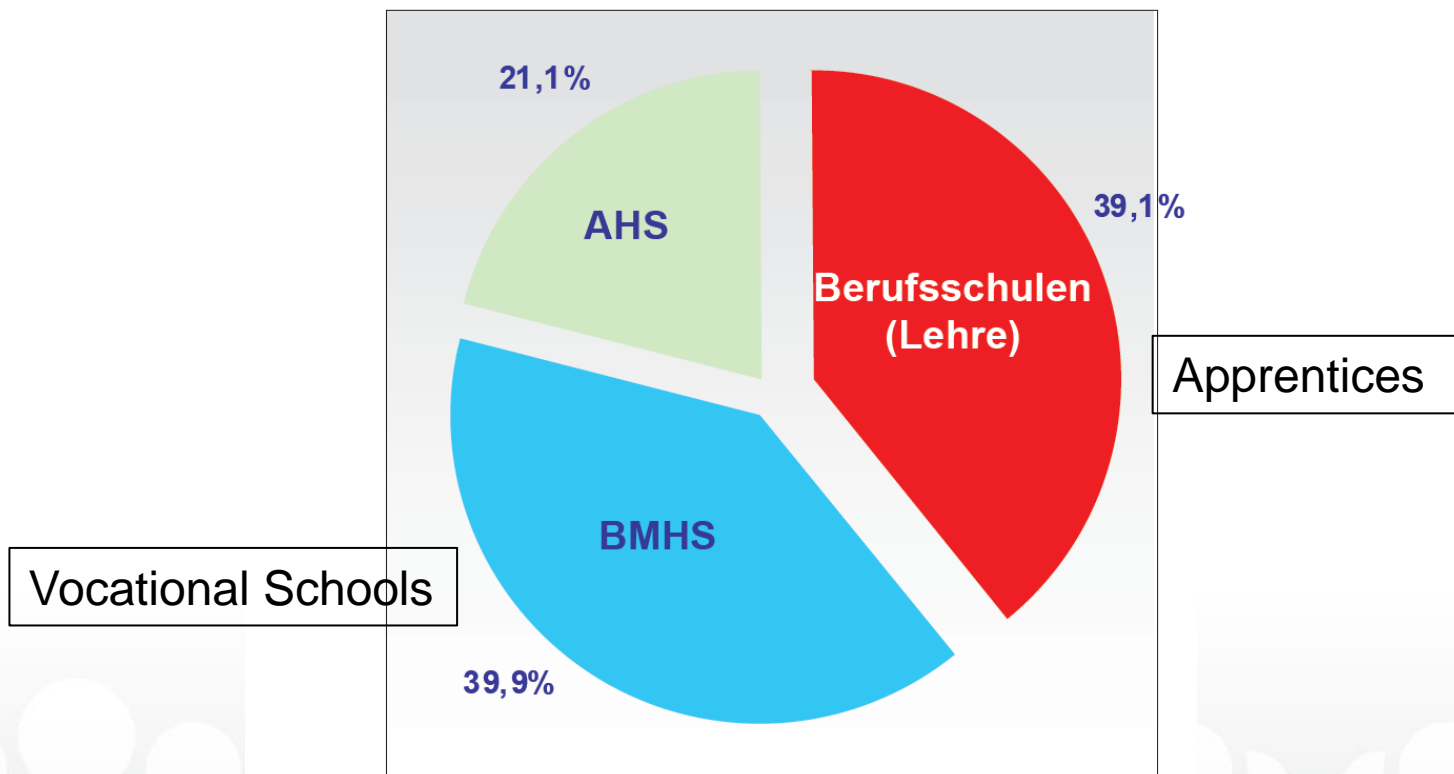
- **Limited provision** of **basic literacy** and **numeracy skills** to apprentices (OECD 2010)
- Low availability of high-quality, career guidance (OECD 2010)
- „**Supra-company-based apprenticeship**“ (ÜBA), 10.400 places, framework: training guarantee for young people – for every youngster who wants to take up apprenticeship but could not find a place in a company, financed by PES (€ 148 Mio. in 2011; € 13.900 per apprentice (+ € 4000 for vocational schools – **expensive!**), long and short versions; permanent aim – youngsters into regular apprenticeship places
- „**Integrated vocational training programmes**“ (IBA) (5.500 by end 2011); for disadvantaged groups, 1 more year or partial skills
- „**Productive Schools**“ focus on dropouts from education or apprenticeship or vulnerable youths, socio-pedagogical support

III. AUSTRIA: Dual System Apprentices by Occupations (some 30% in the Service Sector like Banks, Retail, Tourism)



III. VET in AUSTRIA

**Distribution of pupils in 10th School year (2009/2010):
80% in vocational Schools (including apprentices)
Highest Value in EU!**



Quelle: Statistik Austria, BMUKK + ibw-Berechnungen

III. Other VET schemes (mainly school based)

VET schools (BMS, ISCED 3B)

- Tuition hours include 10% working practices
- 4 years
-

VET colleges (BHS, ISCED 3A/4A)

- Tuition hours include 10% working practices
- 5 years high level technical training
-

Tertiary level VET studies (Fachhochschulen, 5B)

- Scientifically founded vocational qualification, well tailored to concrete occupational fields (incl. periods of work placement)

Active Labour Market Policies for Youth in Austria



IV. LMP for Youth in Austria (1/4)

LMP for 15-24 years old (540.000 employed, 50.000 unemployed)

- 5.400 (~1% of labour supply) **wage subsidies** in private sector
- **4.000 public employment** (non-profit sector)
- 96.900 (16% of labour supply) **training** for ~ 100 days on average (but also second-chance offers)
- 13.400 apprenticeship subsidy (individual)
- Youth and Apprenticeship Coaching (prevent drop outs)

Budget

- Active LMP for Youth € 452 Mio. (2011)
 - Of which „supra-company apprentice“ € 149 Mio.
- Apprenticeship subsidies (companies) € 160 Mio.
- For handicapped € 20 Mio.

Programme Start-up subsidy and counseling (UGB)

- Successful for job ready person (low take up of youngsters)

IV. LMP in Austria (2/4)

Budget and Participants

Expenditures for Labour Market Integration of Youth in AUSTRIA		
Financed by	2011	in € Mio
PES (AMS)	Active Programmes for Youth	382
	of which apprenticeship subsidies (individual)	22
	of which apprenticeship subsidies (supra company)	149
	Activating passive measures	70
Bankruptcy Fund (IEF)	Apprenticeship subsidies (employer)	160
Federal Social Office (Handi-capped, BSB)	Apprenticeship subsidies, vocational assistance	20
Sum		632

Active Measures for Youth (<25) in Austria	
Participants	2011
Wage subsidies (EB)	5.400 (1% of employed)
Non-profit employment (SÖB, GBP)	4.000
Labour Foundations (AST)	3.600
Qualification measures (BM)	65.000 (12% of empl.)
Cost of Training Courses (KK)	7.000
Apprentices (Lehr)	13.400
Qualification for employed (QfB)	5.600
Support for living	65.000
Sum	~ 109.000 (20% of employed)

Source: PES Austria

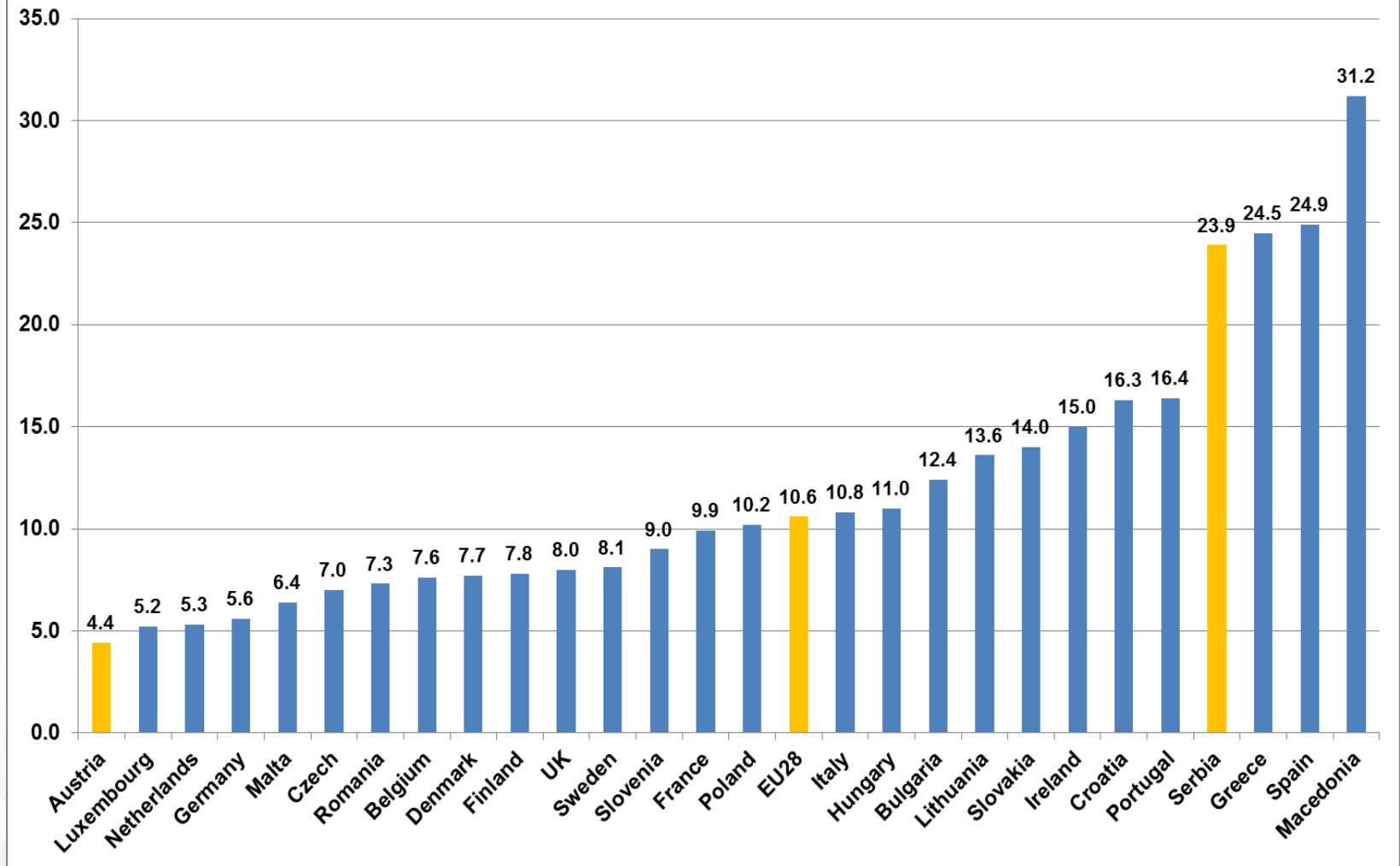
Conclusions

- **Apprenticeship system** – lessons to be learned: low entry wages, 80% training on the job, 3-4 years, full professional qualification, BUT challenges (weak performer, reluctant employers)
- **Curricula of VET institutions** are crucial!
- **ALMP – lessons**: Active search programmes and training for women work, wage subsidies do not work!
- **Drop-out prevention**: early intervention (kindergarden), individualized teaching, youth/apprentice coaching, training guarantee

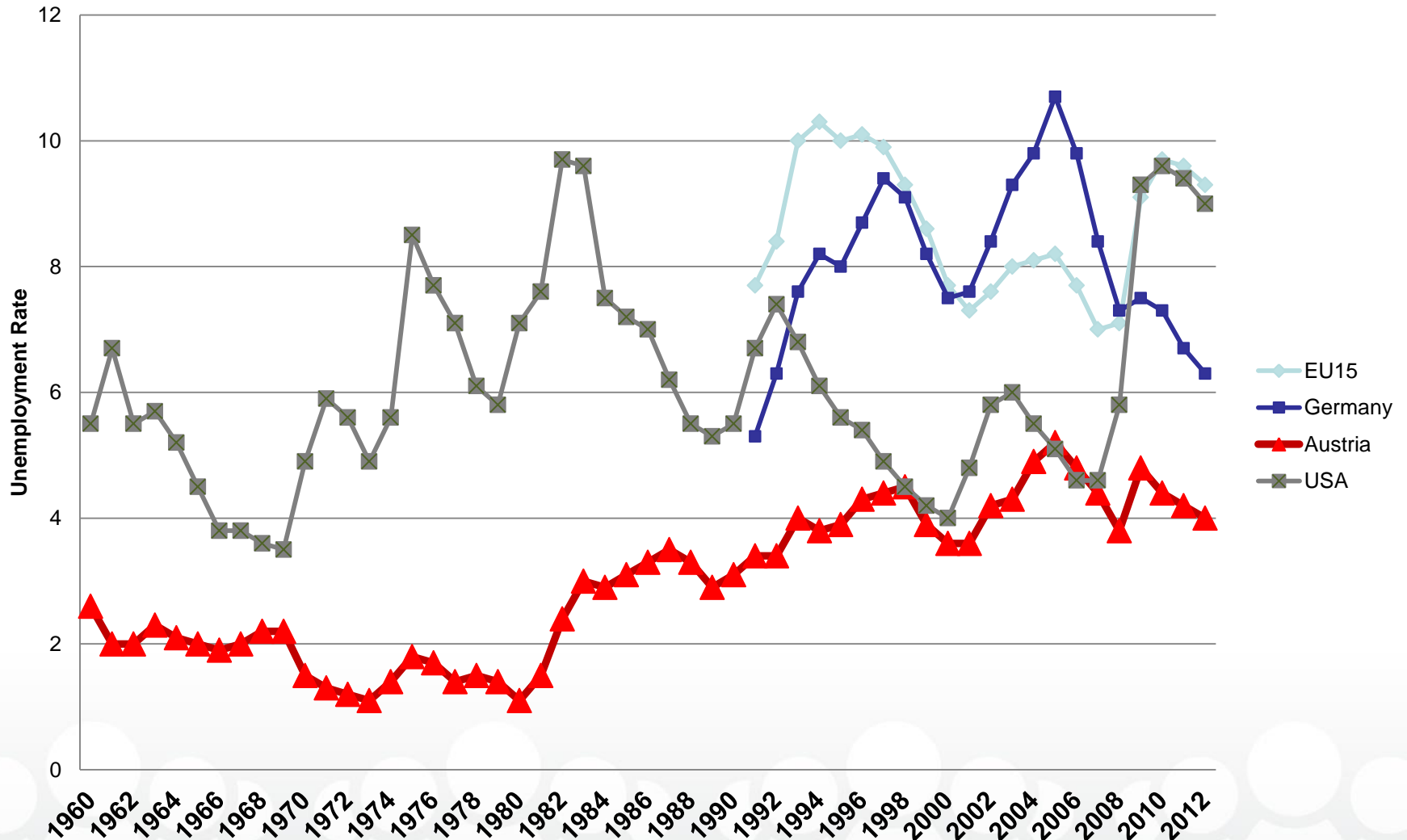
Further Material



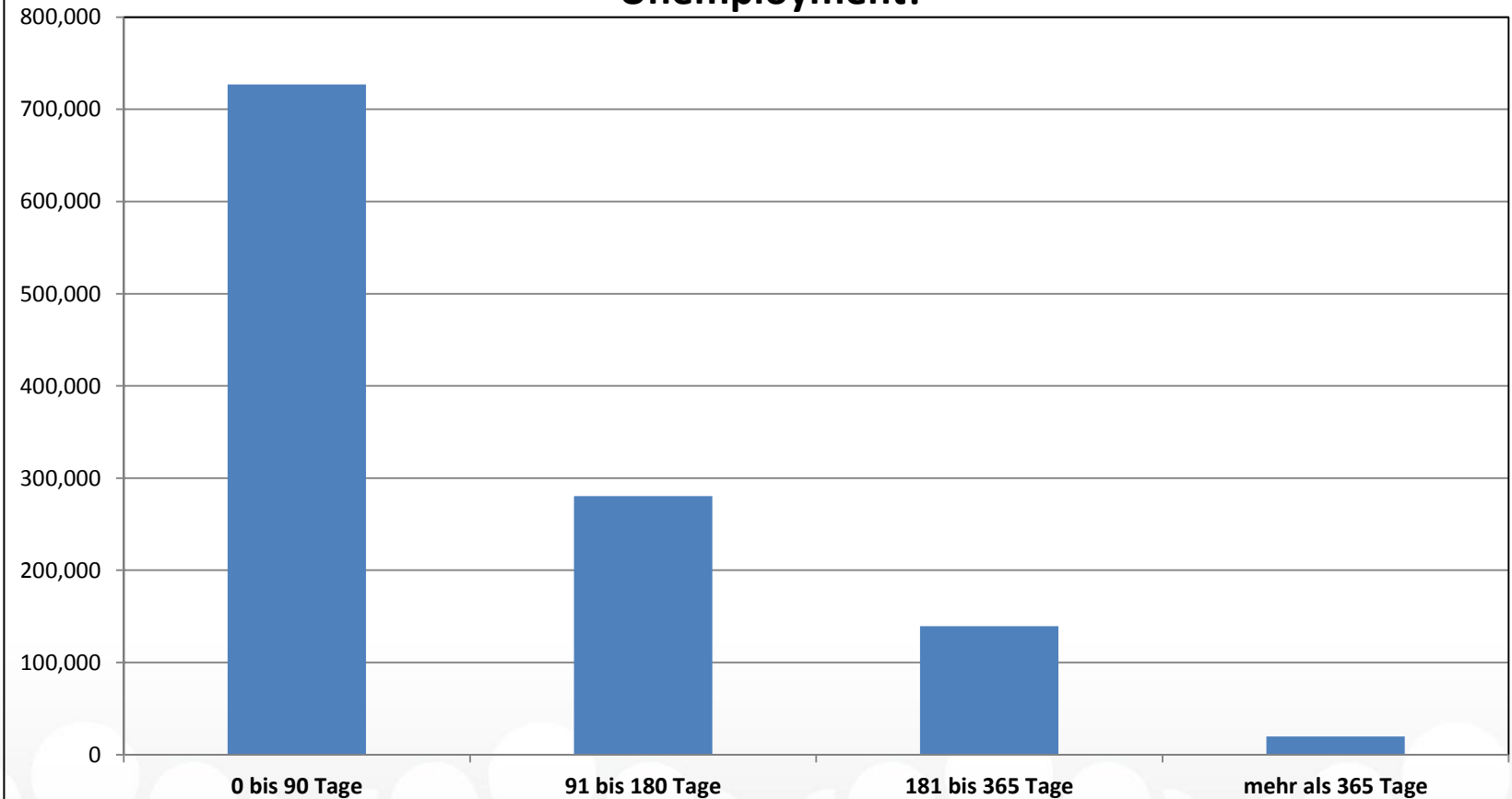
Unemployment Rats (2012)



Unemployment Rate in the long Perspective: AUT-GER-EU15-USA

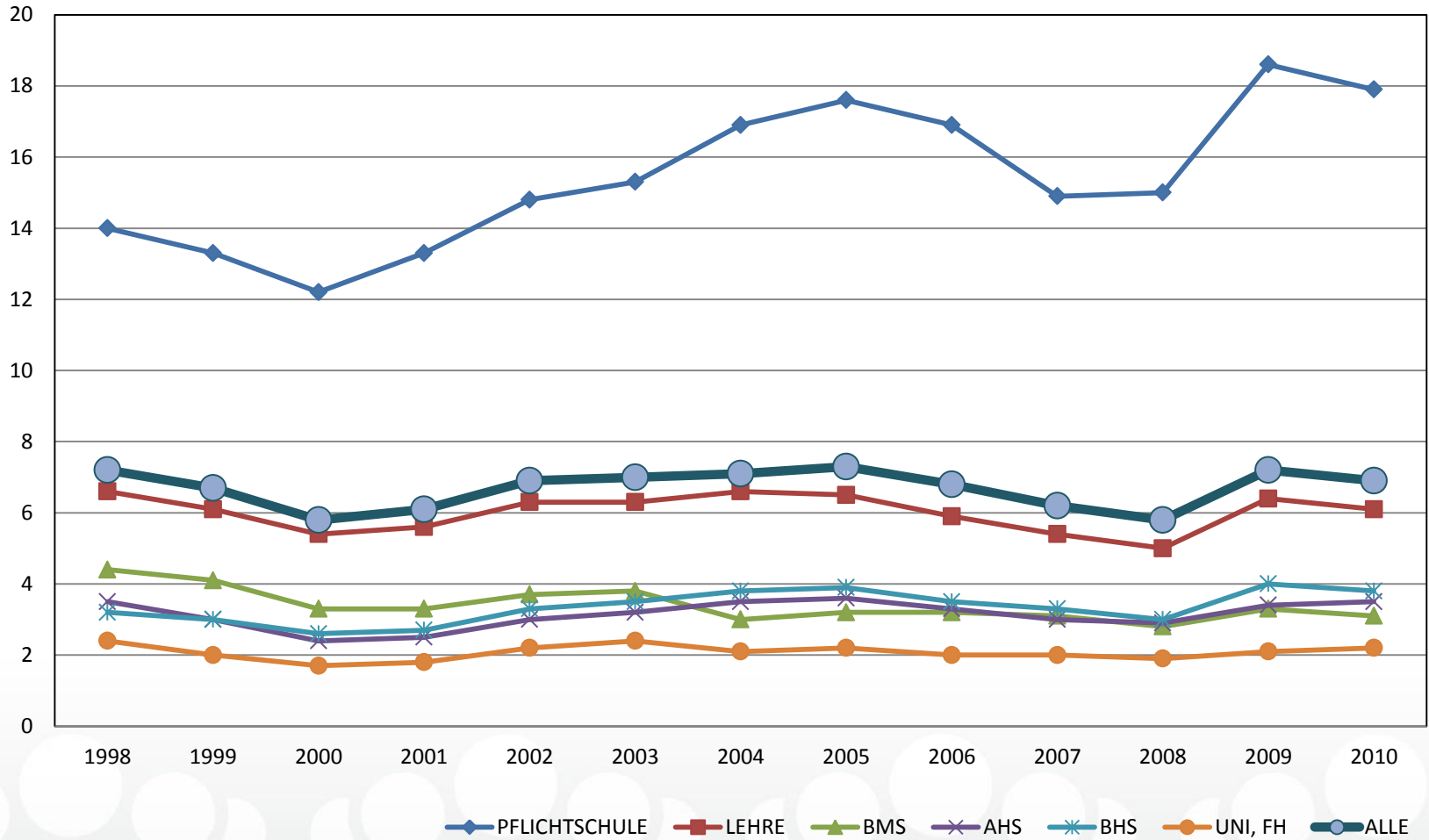


Unemployment Duration (completed spells): 62,3% leave the register within 3 Months, 86,3% within 6 Months from Unemployment!



Quelle: AMS

Unemployment by Educational Attainment



Quelle: AMS

Expenditure on active and activating labour market policy as a share of GDP, referenced to 1% unemployment rate (2010)

Sources: OECD Employment Outlook 2012; Eurostat; BMASK's own calculations
 * Greece, New Zealand and Norway: only Eurostat LMP database categories 2-7 active LMP spending + Emp 2011

