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Education and the Labour Market- Austrian Youth in comparison with the EU

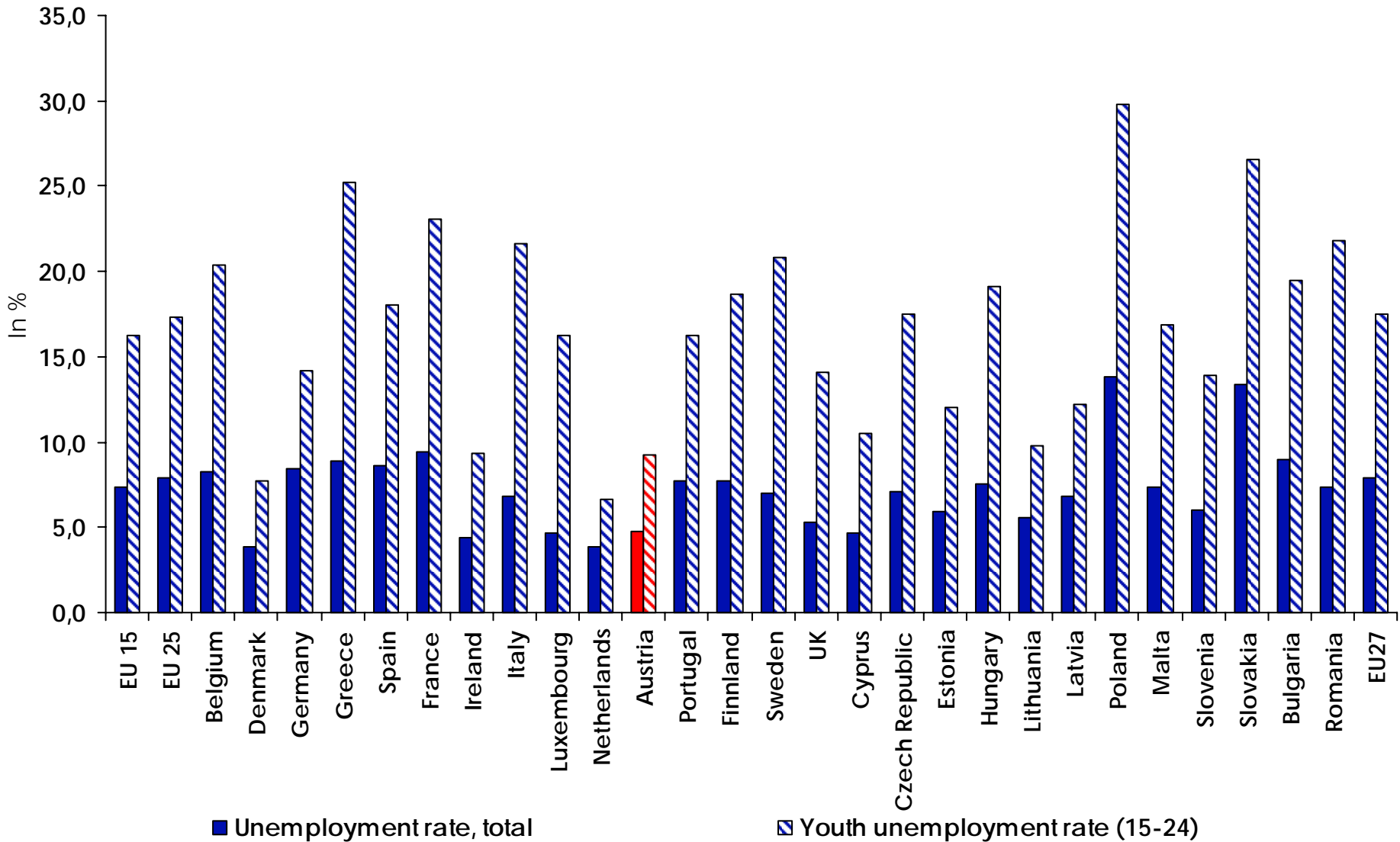
Gudrun Biffl

Keynote Speech at the International Conference on Youth Employment

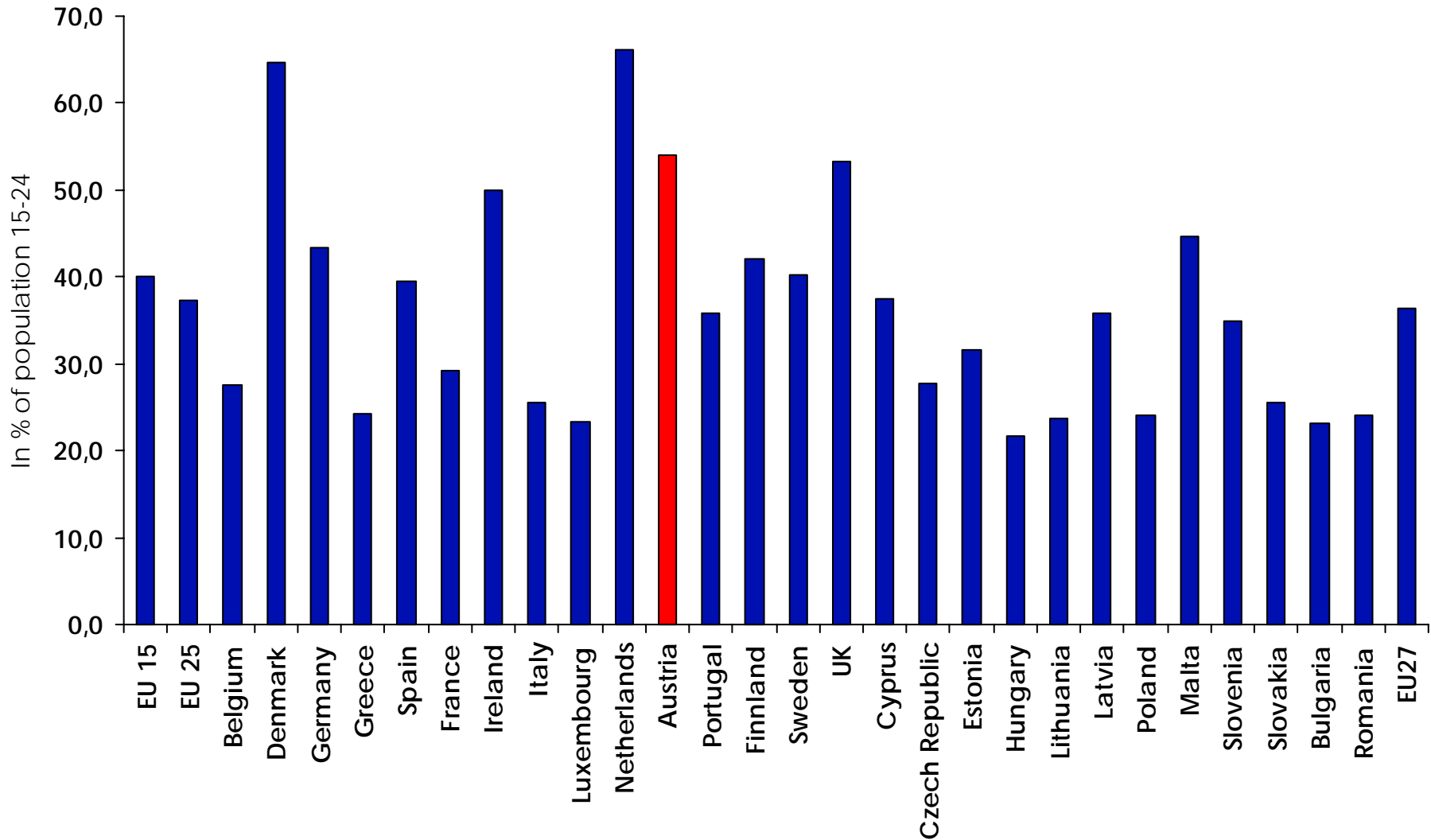
Ljubljana, 13./14. December 2007

- Austria has one of the lowest youth unemployment rates in the EU:
 - 2006: 9.2% versus 16.2% EU(15), 17.3% EU(25), 17.5% EU(27)
 - The only EU-countries with lower rates: NL (6.6%) and DK (7.7%)
- Also the employment rate of youth is amongst the highest
- However, international comparisons of youth employment and unemployment rates say relatively little about the problems youth face in a country.
- Employment and unemployment rates of youth are affected by the education system – while it is difficult to combine part-time work with full-time education in some countries (Italy, France, Hungary & Slovakia), others combine education and work in parts of the education system (German speaking countries), and others still have a part-time youth labour market, which can be combined with full time school (Nordic countries, Holland and UK).

Youth unemployment rates (15-24) and total unemployment rates: 2006

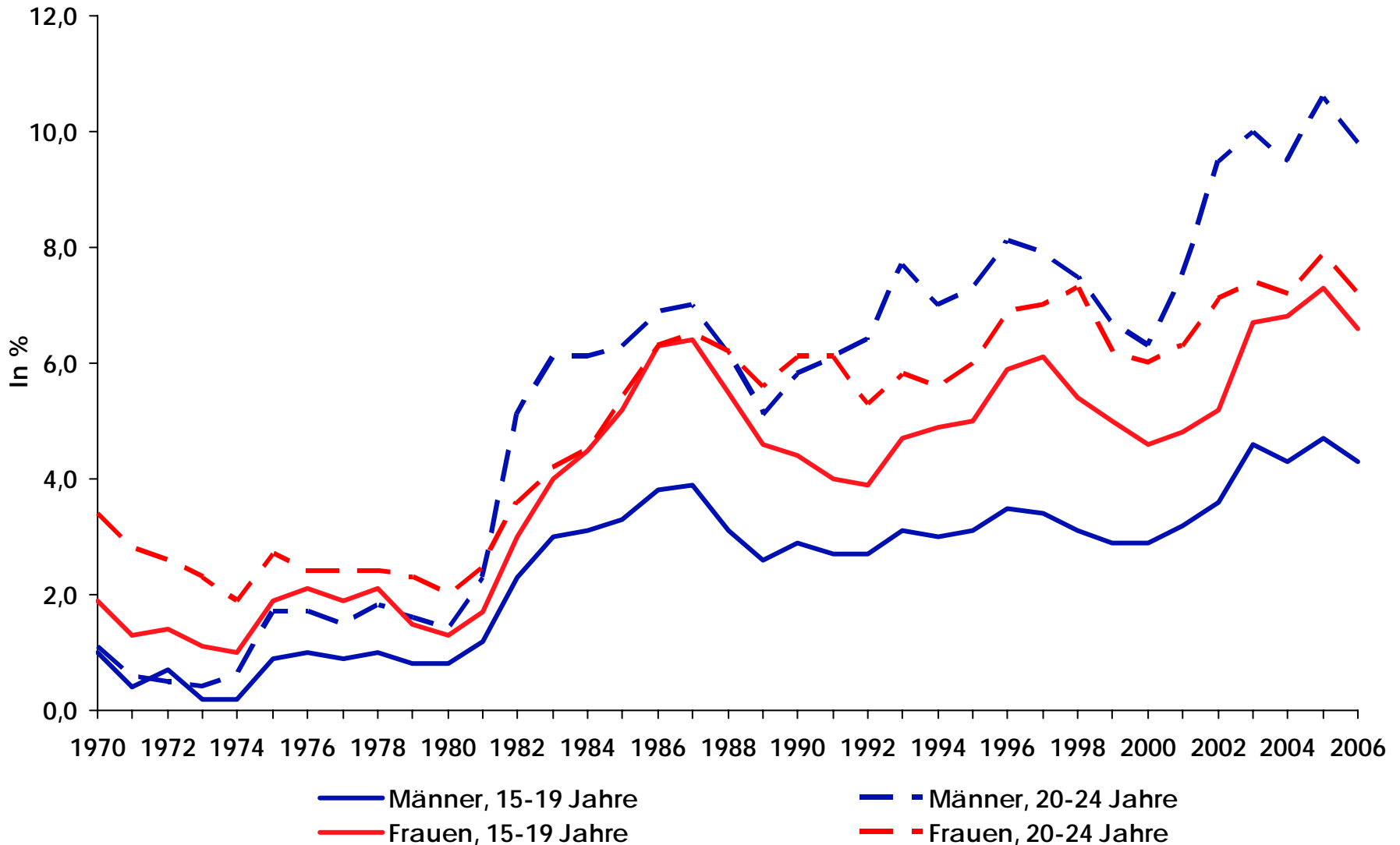


Youth employment rates in comparison (15-24): 2006

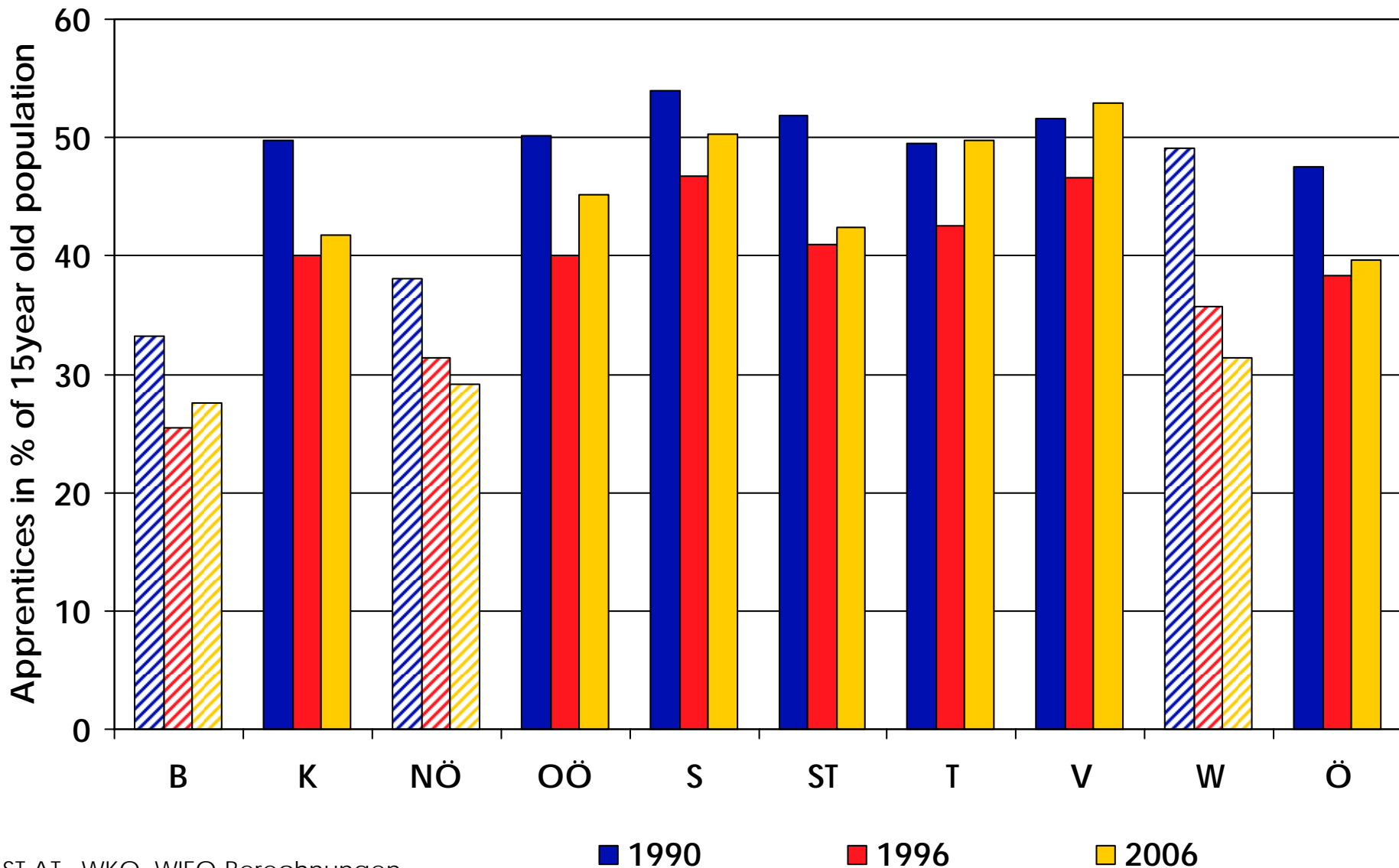


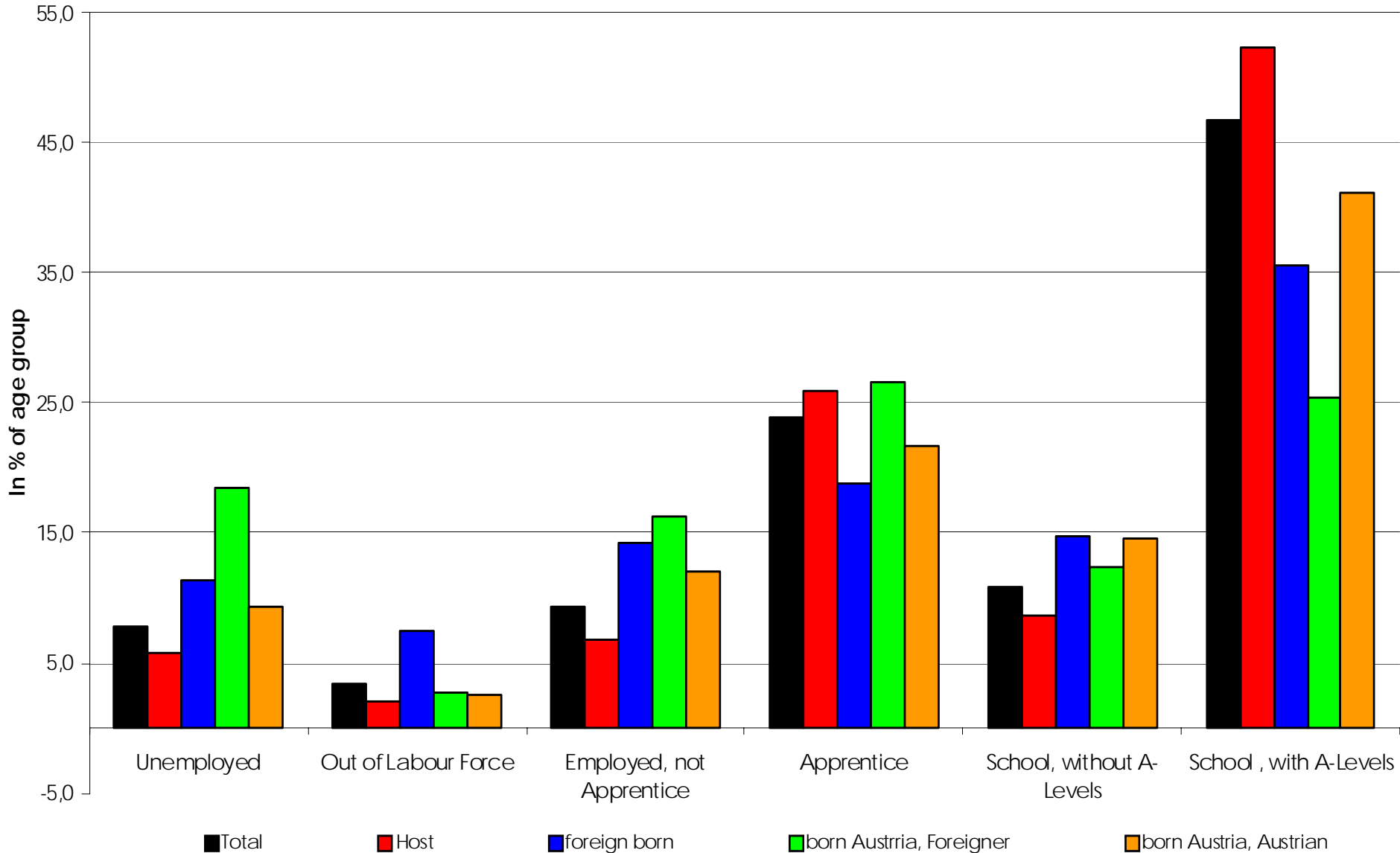
- Because the youth employment situation in Austria deteriorates relative to the EU
- Because youth employment has been deteriorating relative to total employment in Austria for some time
- Because prospects for employment and income security of an increasing number of youth deteriorate
- In Austria apprenticeship education is increasingly facing problems, particularly in the East. The dual education system is not any longer facilitating transition from school to work but further education/ specialisation is needed for employment, which is costly for the student - Berufsreifeprüfung (19-24 year olds).
- Globalisation of markets and rapid technological change jeopardise employment prospects in the absence of a publicly funded system of continued learning (LLL).
- Austria failed to develop a comprehensive system of further education along the lines of Nordic countries or the UK, thus reducing the employment opportunities of workers with low to medium skills (hollowing of the middle).

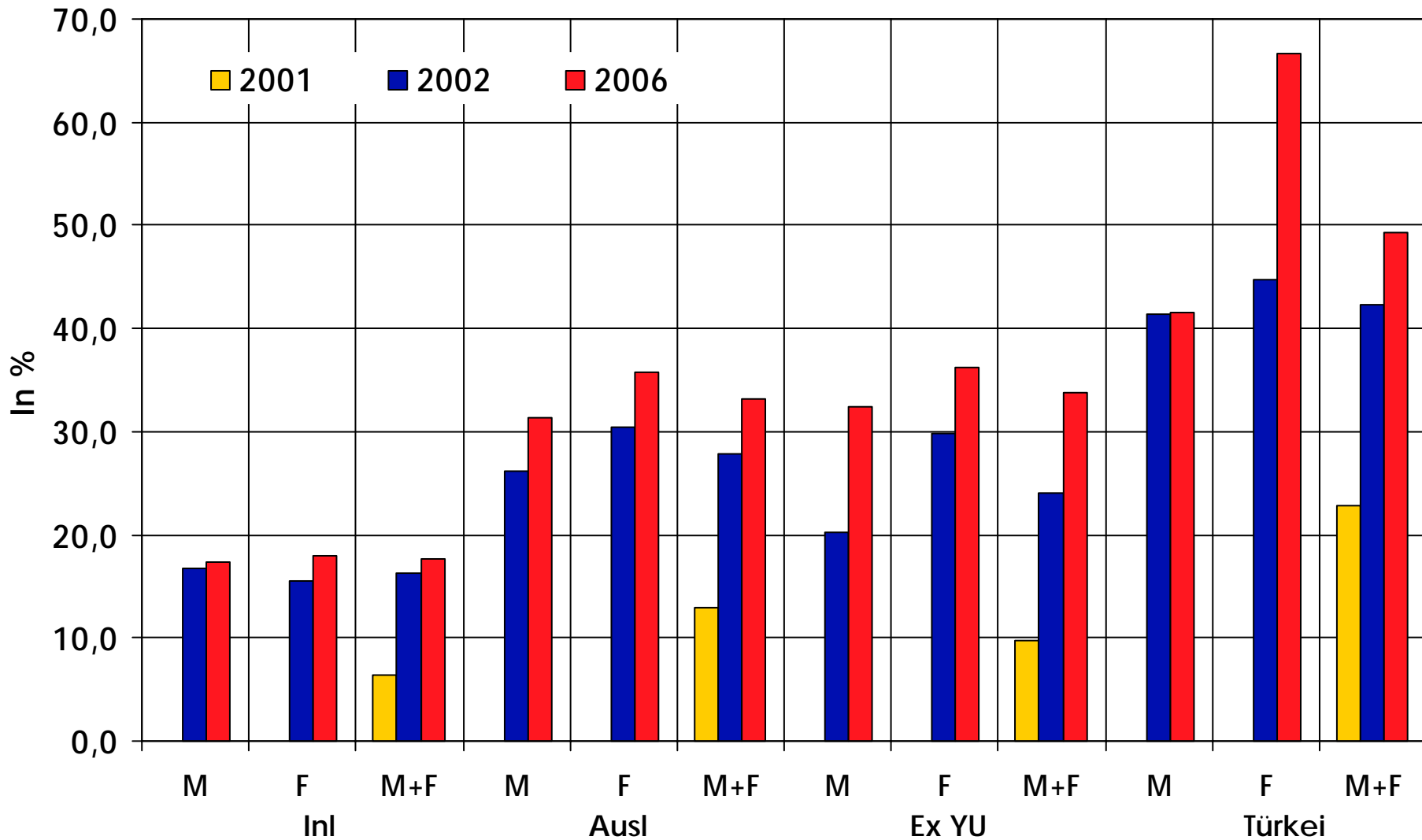
Youth unemployment rates in Austria by gender

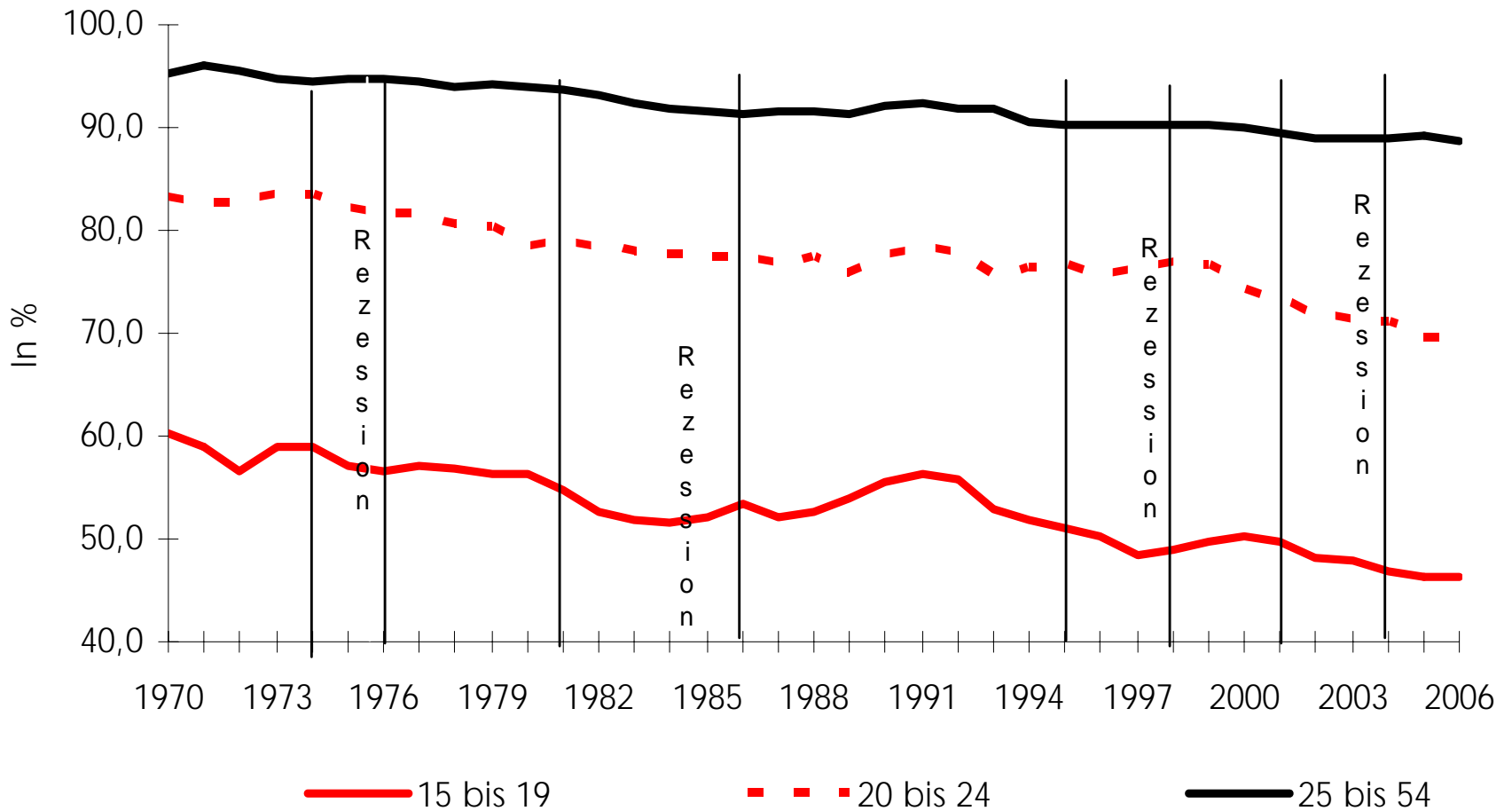


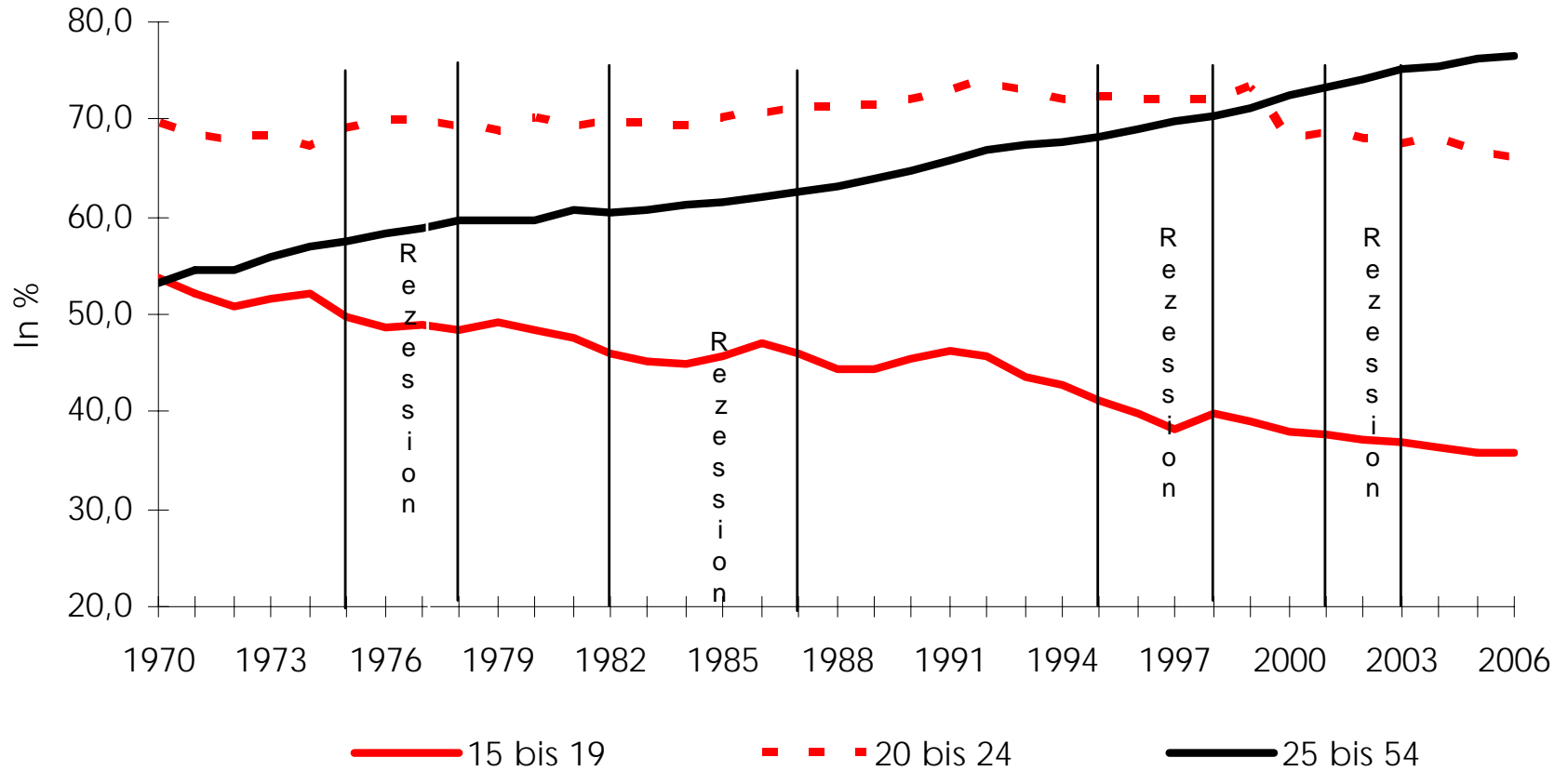
Economic restructuring impacts on apprenticeship education above all in Eastern regions of Austria











■ On the supply side:

- strong immigration (foreign born in total population increased from 10% 1999 to 14,6% 2006),
- Reform of retirement pay and Greencard (introduced 2003)
- raised the supply of unskilled and semiskilled workers as well as tradesmen and thus competition for skills at the entry port into the labour market

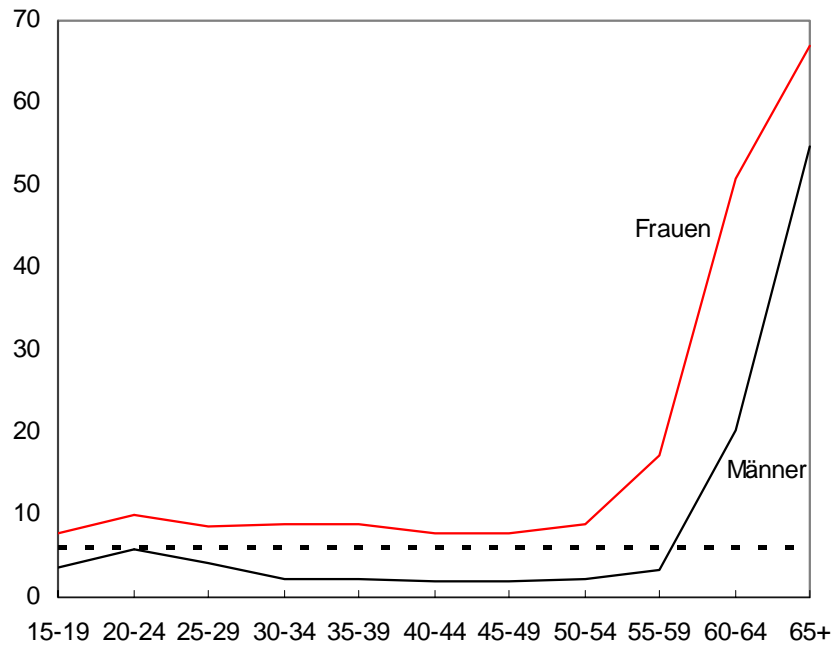
■ On the demand side:

- Increased speed of structural change due to combination of factors:
Globalisation, Fall of the Iron Curtain, EU-Integration, rapid technological change,
- Which resulted in a substantial change in skill requirements of the work force (hollowing of the middle): up-, re- and multiskilling did not take place to the extent necessary

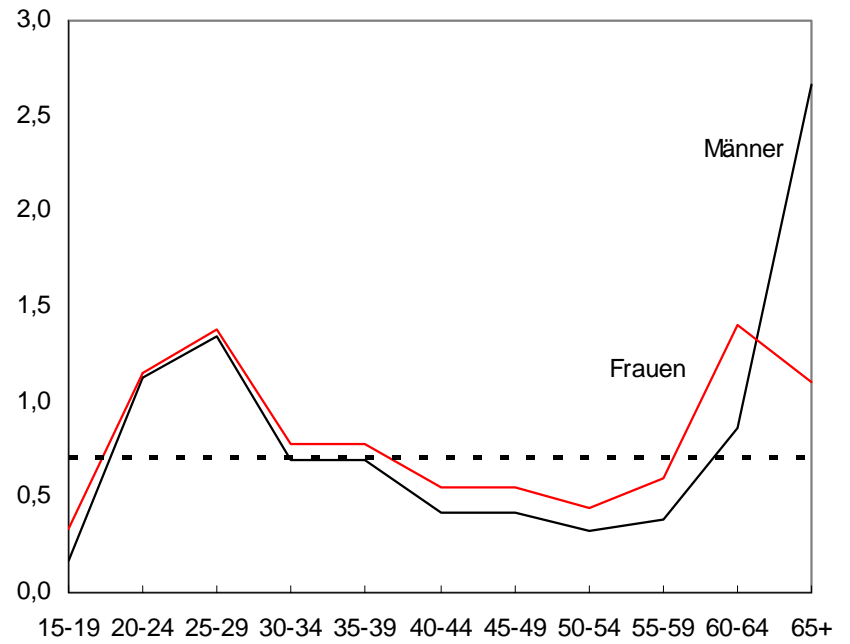
- Entry ports into the labour market of youth with low and medium skills are on the decline.
- An increasing proportion of youth loses the job due to economic problems of the employing enterprise (closing down of the firm or the production unit).
- Increasing turnover of youth employment leads to rising unemployment rates, particularly of young women.
- Increasing flexibility of the labour market (temporary work, contract work, casual work) affects those at the entry port into the labour market

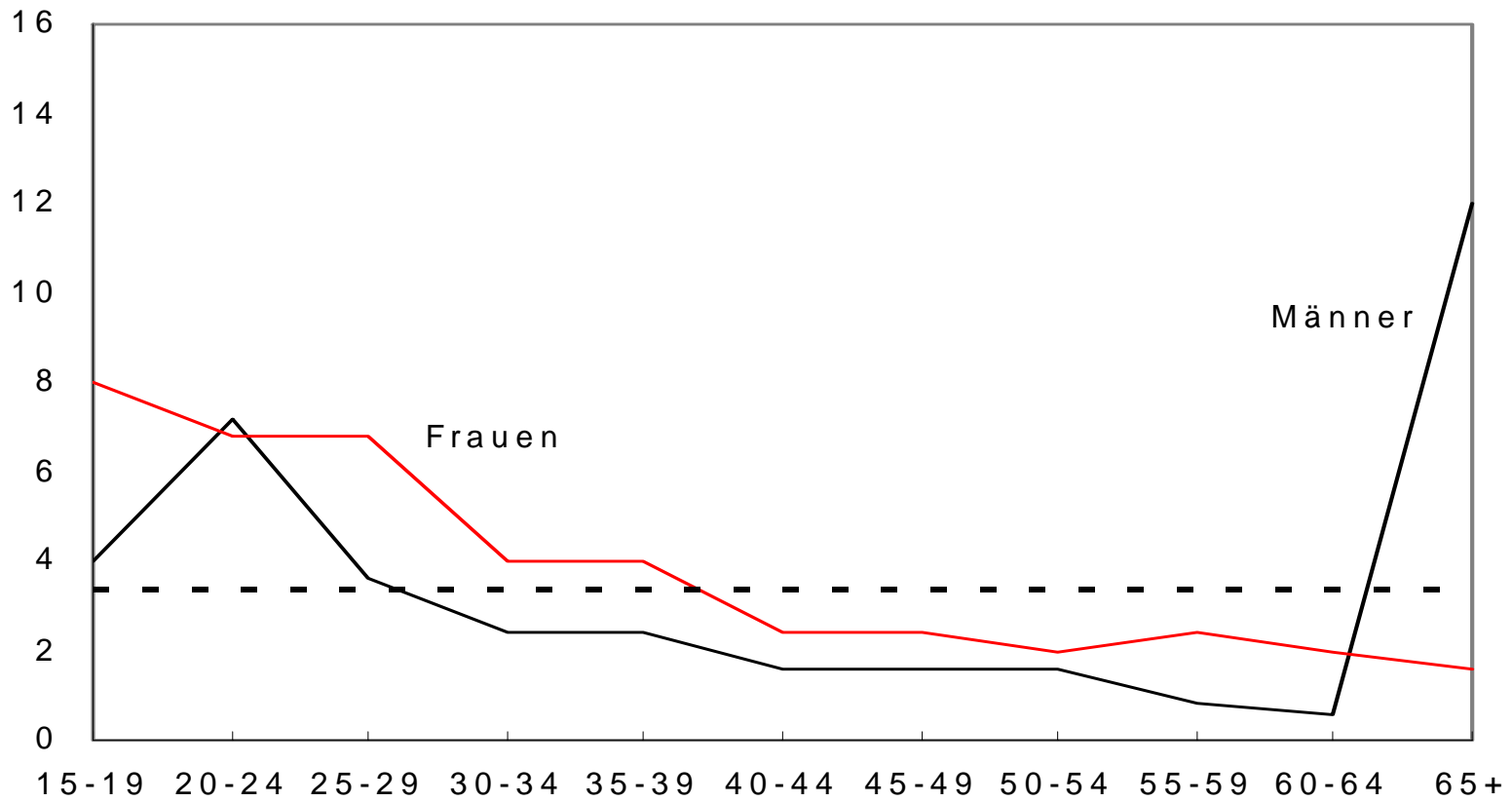
- Since the mid 1990s the trend towards more flexible employment gains momentum
- Youth are more often than the average in atypical employment relationships, particularly as freelancers and in contract employment
- This results in high degree of earnings fluctuations and insecurity of incomes
- In general educational attainment of youth rises; however, migrant youth (1st and 2nd generation) to a lesser extent than natives
- A trend towards remaining in the household after school can be discerned for some groups of migrant women, particularly of Turkish origin.
- 1995 17.2% Turkish 15-24 year old women were out of the labour force compared to 32.7% in 2002.
- In contrast, only 3.8% of all 15-24 year old women were out of the labour force in 2002, 8.2% of Yugoslav young women, 12.6% of other foreign women and 3% of young Austrian women.
- The high propensity of young Turkish women to stay in the household has implications for their employment prospects at later ages.

Casual employment



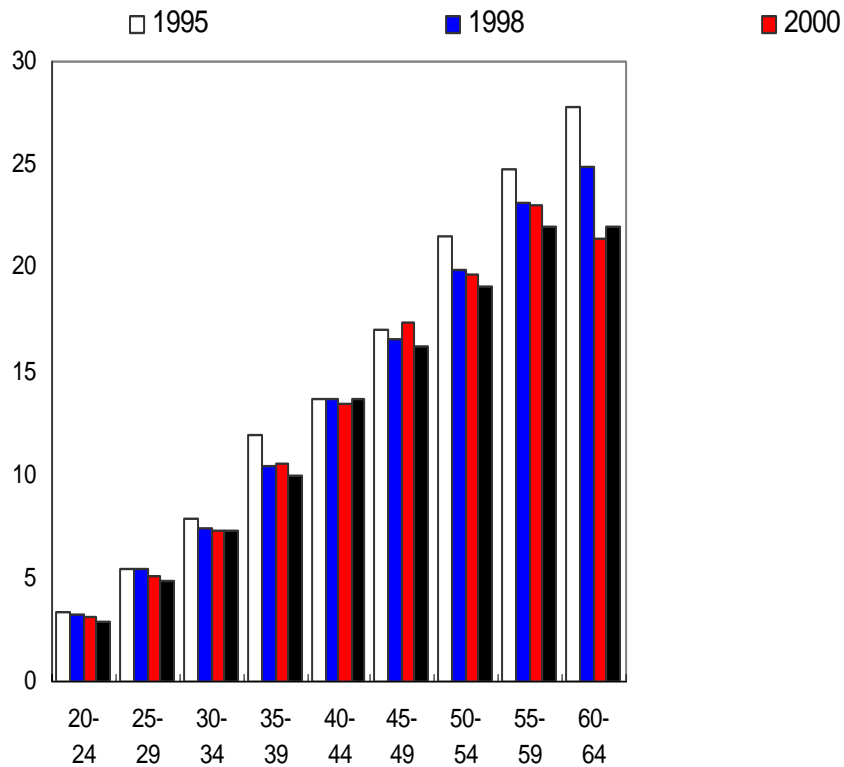
Freelance



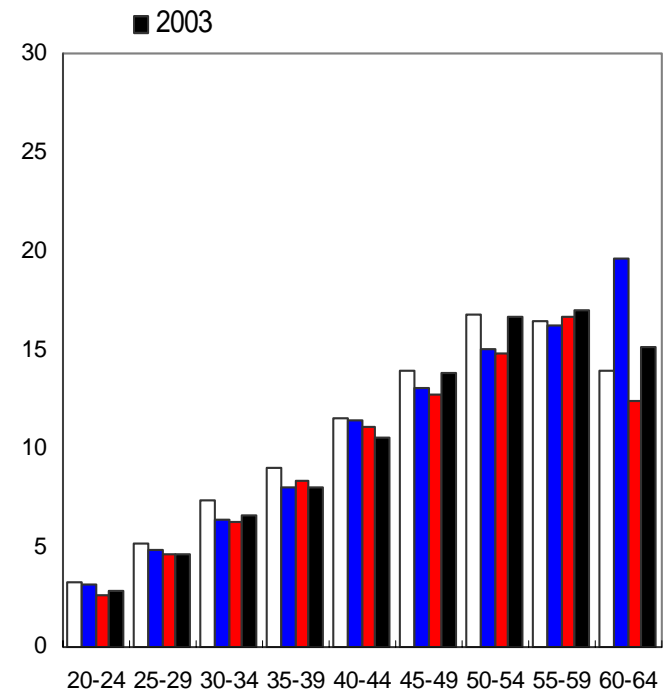


Declining trend of average duration of employment episodes by gender and age

Men

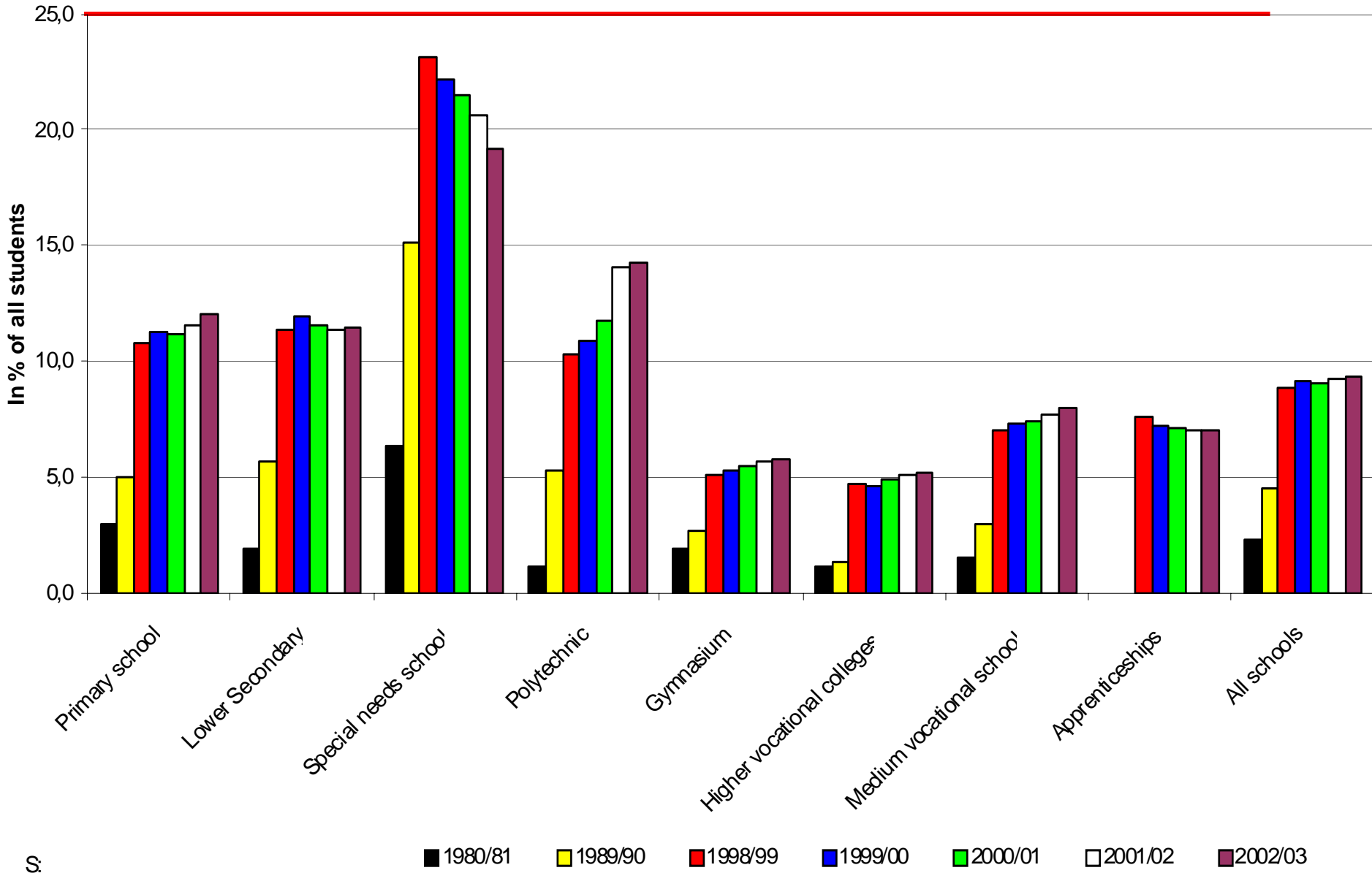


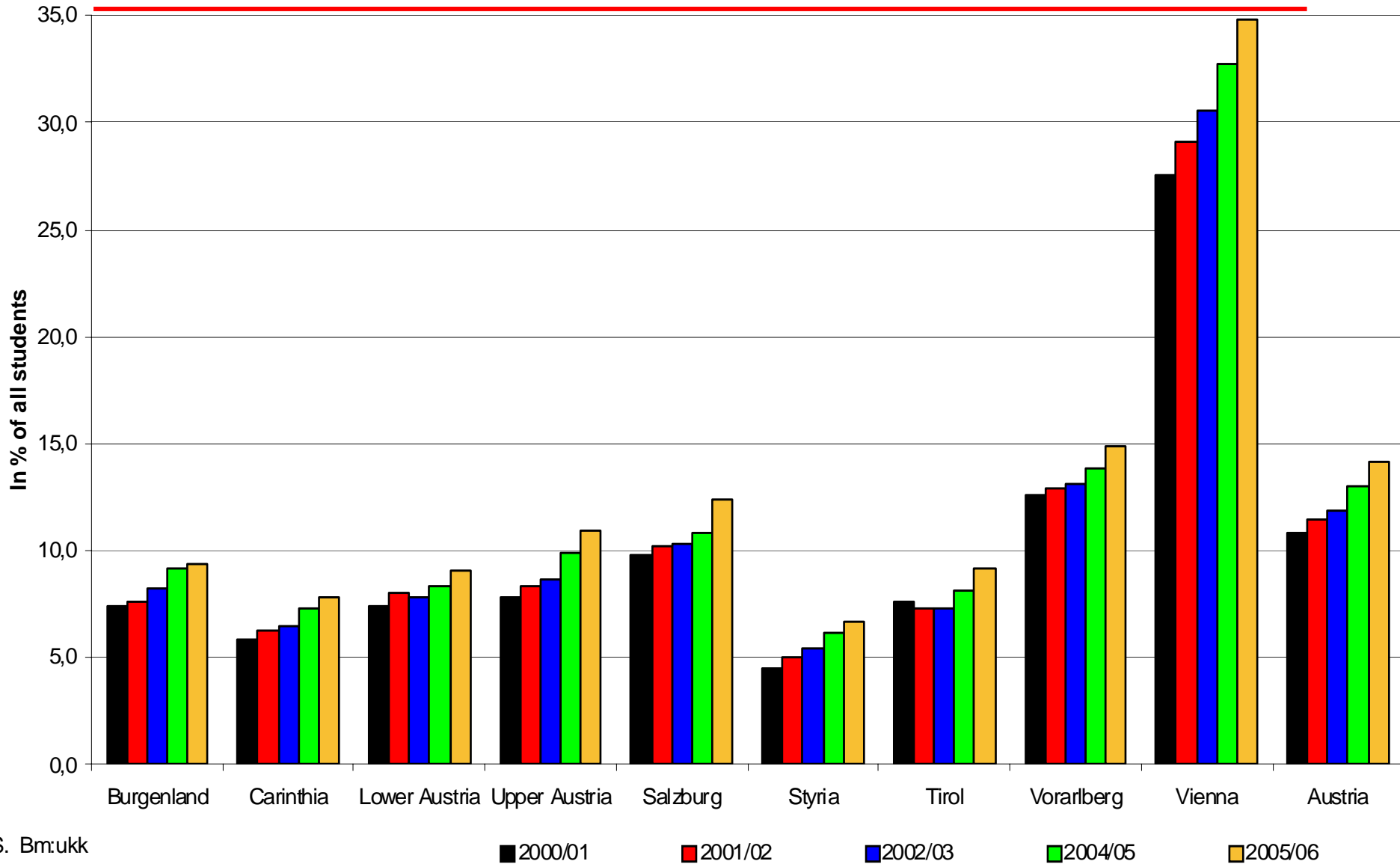
Women



- In the 1990s, the pattern of education changed: significantly fewer entered the labour market after compulsory education and more continued education, particularly to obtain A-Levels (either Gymnasium or higher level vocational schools with university entrance rights).
- Also migrant youth improved their educational attainment level versus their parents, both the traditional migrant youth (from former Yugoslavia and Turkey) as well as the new immigrants from CEECs
- Migrant youth remain on average less educated than native youth.

- Census 2001: 50.3% of 20- 24 year olds of third countries have compulsory education as their highest educational attainment level
- Compared to 13.5% of natives.
- This is partly the result of the low status/income of migrants and the limited knowledge about the role of schooling for socio-economic upward mobility of their children in our society/economy
- Partly it is the result of the abrupt increase of migrant student numbers in the early 1990s (shock to the system).
- The share of migrant children in the compulsory school system doubled within a couple of years, which was a challenge the school system could not master.
- School year 1980/81: 2.3% of school children were migrants/foreigners; 1989/90: 45%; 1992 - 8% (largely due to refugee inflow from Yugoslavia).
- Since the mid 1990s slow further rise to 9.4% in 2002/2003

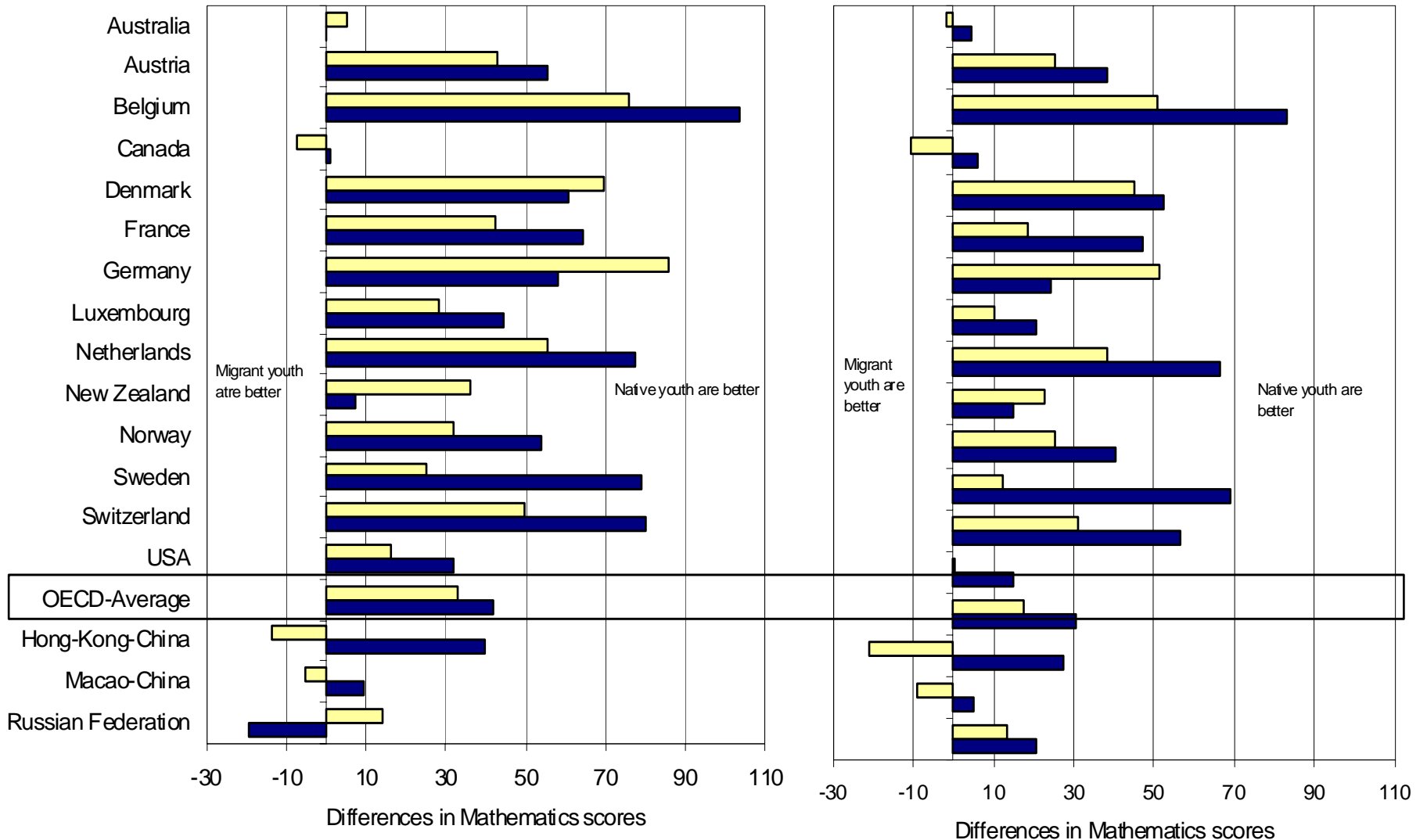




- In all countries surveyed in PISA (2003), children of higher status/income/education parents are doing better in school (higher achievement scores) than children of low status/income parents.
- The difference in school achievement by social status of the parents is lower the better and more systematic/comprehensive early childhood education and the later school selection processes set in, without compromising average educational achievement levels.
- In Austria, students with migrant background (1st and 2nd generation) do worse than native children with the same social background of parents.
- Indications are that migrants do not have the same educational opportunities as native children.

Differences in Mathematics scores between native and migrant youth

Differences in mathematics scores between native and migrant youth after correcting for social status of parents (education and occupation)



- Developments on the supply and demand side of the labour market have brought about a change in the education as well as employment opportunities of youth.
- The changes do not have to lead to a deterioration of employment opportunities of youth. But in the absence of adequate adjustments in the education system, in particular insufficient support of migrant youth and public financing of further education of youth, the employment opportunities of youth have deteriorated.
- In addition, the increasing flexibility of employment relationships affects above all those at entry ports into the labour market, and thus youth. They bear the brunt of flexibilisation of the labour market without having recourse to sufficient security and financial support to open up sustainable employment and earnings opportunities.

