



Local Partnership Strategies in Upper Austria: Supporting youth employment and apprenticeships

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OVERVIEW

In April 2012, ZSI (the Centre for Social Innovation) as part of the OECD Local Economic and Employment Development (LEED) Forum on Partnership and Local Governance held a study visit in the Austrian province of Upper Austria to learn about specific local youth integration policies and partnership strategies for youth employment, developed and delivered within the framework of provincial and local partnerships. There was a specific focus on the apprenticeship model - recognised as being highly successful in international comparisons. The group met with representatives from local employment offices, employer organisations, NGOs, schools, and guidance and training centres (see Annex I for projects visited).¹

Upper Austria is characterised by very low youth unemployment levels compared to the rest of the EU, which allow the authorities to concentrate on core target groups and develop targeted measures to keep people close to the labour market. The province has a strong industrial performance which is to large extent based on a labour force with high skill levels, mainly built upon the dual apprenticeship system – a national education and training model which facilitates local responses. The apprenticeship system is responding to the changing demands of an increasingly globalised, knowledge-based economy by providing the skills needed by employers, thereby facilitating young people to gain a foothold in working life. Apprenticeships are a skilling mechanism which can tackle skill shortages at the intermediate and high level and counter high unemployment rates. Indeed, in many countries the resurgence of interest in apprenticeship training has been motivated by the way in which it smoothes the transition for young people from education to work, and its positive impact on productivity due to better skills and work organisation. Both are appealing to government at all levels in light of rising youth worklessness and growing competitiveness between firms and regions (OECD, 2012a).

This short thematic paper² summarises the key findings of the study visit. It gives an overview of some of the latest youth-related policies and initiatives in the province to keep youth joblessness low, to better meet employers' skill demands, and to work with disadvantaged young people to make sure they do not fall through the cracks between education and work. The thematic paper is designed to be useful to local practitioners and policy makers working in the area of youth employment, education and training who can learn from the good practice initiatives outlined and perhaps adapt elements to work in their own regions.

The paper begins by outlining key learning from the Upper Austrian approach. It then provides a brief labour market and economic context on the province and the ongoing challenge of youth unemployment. It examines the regional policy context by discussing the Territorial Employment Pacts and Masterplan for Youth Qualifications as examples of effective partnership working and creating the right institutional framework. It gives an overview of the dual apprenticeship system, outlining its strengths and criticisms, before moving on to address alternative apprenticeship models and activation methods at provincial level. Here it provides a brief synopsis of the projects visited, asking why they are important, who is involved and what the outcomes are.

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1. There were five site visits split between the towns of Linz and Steyr to learn directly from the institutions and projects operating in this field. A group of regional development practitioners from 11 countries participated in the study visit from 24-26th April, 2012.
 2. This report was written by Lucy Pyne, OECD Secretariat in LEED Programme in the Centre for Entrepreneurship, SMEs and Local Development Directorate and Michael Förschner, Forum Project Leader at ZSI, Vienna. Many thanks go to study participants for their comments and suggestions on the paper and to Katia Travkina, OECD Secretariat in the LEED Programme, for overseeing the report.

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KEY LEARNING POINTS

These are the key learning points from the study visit to Upper Austria, and include practices and ways of thinking which could lend themselves to being successfully implemented in other localities.

Collaboration is a major reason why the system works. **Well functioning partnerships** operate in the province and notable was a strong belief in the value of partnerships between local stakeholders. The Territorial Employment Pact at regional level is a contributor to strong collaboration, linking national labour market policy with other policy areas at the provincial level. The Pact is seen as a crucial element in the province's relatively robust labour market and strategic goals include ensuring that youth and young adults gain the qualifications required to become skilled personnel. Measures are defined by a strategic group of all partners and delivered in collaboration, such as the Masterplan for Youth – a joint venture between a wide range of stakeholders. The Upper Austrian partnership offers successful examples of overcoming challenges regarding policy and programme design, interlinking, collaboration, and funding.

Notable throughout is **flexibility built into the system** for actors to come up with individualised solutions for young people, while still keeping within the overall education and apprenticeship structure and retaining accountability to national objectives. The system puts a strong emphasis on the individual at the centre of any actions. There is room for discussions and initiatives in Upper Austria to start from the bottom-up and local level actors have the flexibility to be pro-active, have influence over the measures implemented, and involvement in broader employment and training discussions. Flexibility within the overall apprenticeship system is also evident. Employers seeking staff view a completed apprenticeship as a base qualification level rather than just a skill set in a precise area, which allows graduate apprentices to change their professional direction. There is also increasing flexibility in recent years for graduate apprentices to transfer to other education pathways, e.g. lateral movement to university. The apprenticeship system in the region has also **responded to changing needs from specific target groups**, and there is sufficient flexibility to allow the key actors to develop more targeted, small-scale, intense approaches for young people who may, or already have, fallen through the cracks in the education and training system.

The **financial resources committed to youth employment measure are substantial** (drawing on additional funds from the EU) and create a well concerted set of measures providing opportunities for youth with different possibilities and needs. This includes shared funding by the main stakeholders employment agencies, industry, provincial government, and employers for activation and training measures.

The **dual apprenticeship system is widely credited** with helping to keep Austrian youth unemployment levels low and ensuring a relatively smooth school-to-work transition. It can also provide a second way into the labour market for those who do not stay within the education system. **Well structured collaboration** between the state, employers, social partners and vocational education institutions has contributed to the apprenticeship model working effectively and to being recognised as such throughout the country, and also highly regarded internationally. There is commitment at a local level to the model - people have signed up to the process, are adhering to its requirements and working together to deliver it, and most importantly this includes clear employer buy-in and shared funding. Indeed, collaboration between employers is strongly evident, with local firms coming together to share training facilities, trainers and apprentices.

In addition, everything is mainstreamed within the apprenticeship system - there is one main channel, one agreement and one qualification type. Creating a **unified and cohesive framework** has allowed provinces to avoid creating superfluous and fragmented structures, and non-recognised qualifications –

something which has proven a major obstacle in other countries looking to expand the apprenticeship route. The apprenticeship system provides **clear anchorage for other measures that link their activities to it**. Through this young people facing problems entering the labour market are brought back into the main system and can receive qualifications based on universal Austrian standards. The educational structure has, however, faced criticism for “channeling” disadvantaged young people into the apprenticeship route and forcing young people to select a career path at too early an age. It is also necessary to be cognisant of the fact that Austria’s industrial production model and industrial relations have had a critical role in shaping its national and regional apprenticeship system – something not easily transferable to other countries and localities.

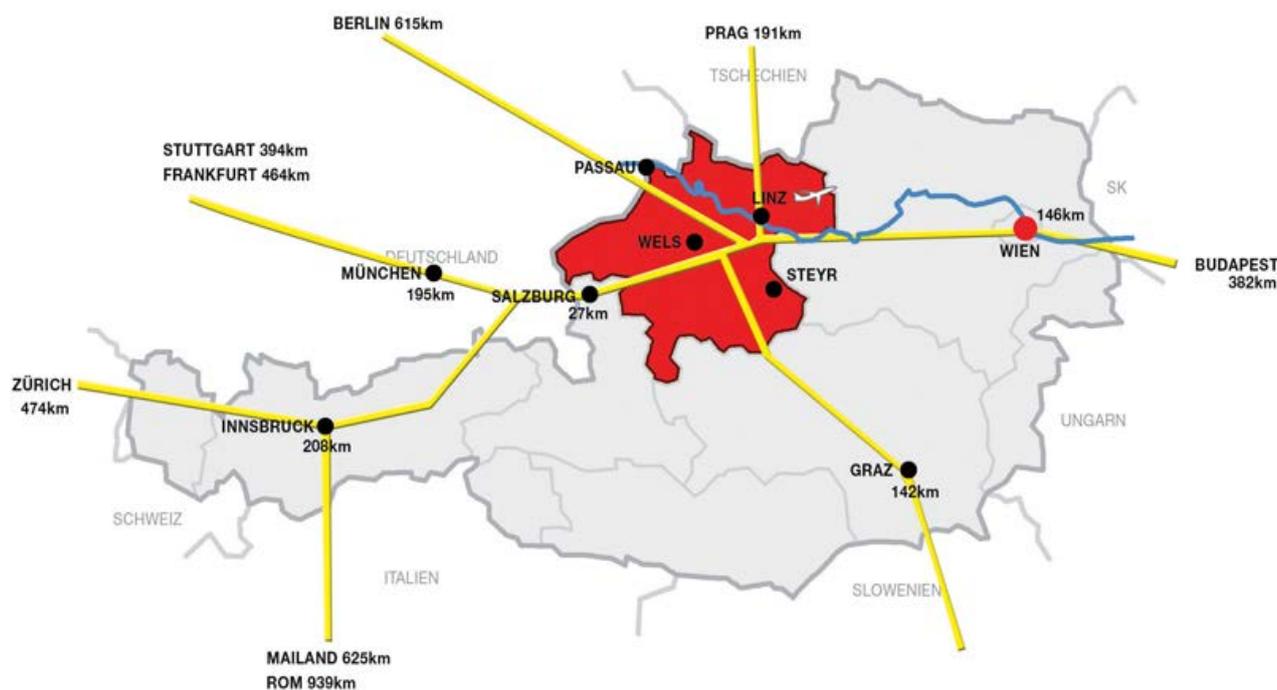
There are a number of **successful targeted apprenticeship-type initiatives** which work with **disadvantaged youth**. For example, small-scale projects which provide professional qualifications in glasswork and carpentry for young women, production schools which offer training to young people who have struggled in the traditional school system, local schools which have re-shaped their curriculum to become more vocationally orientated to meet the needs of students, and career advice centres.

LOCAL PARTNERSHIP STRATEGIES TO STRENGTHEN YOUTH EMPLOYMENT AND APPRENTICESHIPS

Upper Austria: Local economy

Upper Austria shares borders with Germany and the Czech Republic and is the third largest of the nine Austrian provinces. The population is just under 1.5 million (16% of the population) and close to 190 000 live in the capital Linz. As other Austrian regions, Upper Austria is characterised by an impressive landscape of Alpine mountain regions, lakes, the river Danube, and a rich cultural heritage, which together form the basis for widespread tourism. The province has a strong industrial sector which dates back to ironwork in medieval times and has cumulated in leading heavy industry and auto-industry supply today. Upper Austria is the most industrialised region of the country and provides 25% of total national exports (Gerstorfer, 2012).

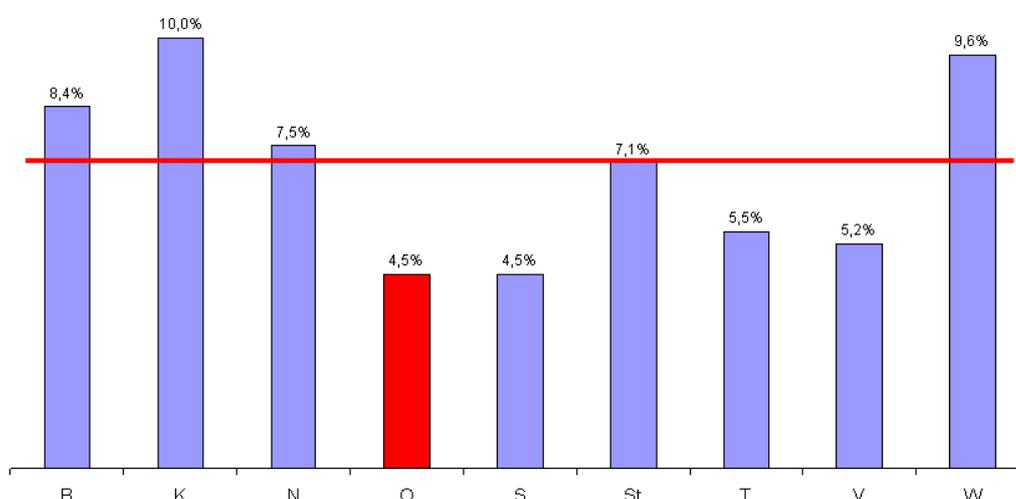
Figure 1. Upper Austria, Austria



Source: www.oberoesterreich.at

Economic performance is strong and unemployment is generally below the Austrian average (see Figure 2), which itself is usually among the lowest in Europe. The economic crisis has made itself present, however, and has provoked a downturn in industrial production, resulting in increased pressure on the labour market. As in other countries, this has had a disproportionately negative effect on young people and the disadvantaged more generally.

Figure 2. Unemployment rates in Austria by province, March 2012



Source: AMS, Upper Austria labour market presentation

Regional growth as indicated by GRP shows Upper Austria almost exactly at the national average with EUR 32 800 per capita (as compared to EUR 32 860). Growth rates are typically higher in Upper Austria than in most of the other provinces. From 1995 to pre-crisis 2007, average annual growth was at 3.7%, compared to a national average of 3.3%. In spite of its high share of industry, the province was comparatively less hit by the crisis than most other Austrian provinces with a GRP reduction of 3.4% (TMG, 2012).³ This was due to the combination of two factors: other regions suffered more severe losses in the production sector and Upper Austria was better off in some of the service branches, notably banking and insurance, and entrepreneurial services. However, the Upper Austrian region of Steyr-Kirchdorf, (visited during the study visit) was the hardest hit region in Austria with a drop of 8.5% in GRP, due to high specialisation and dependency on auto-industry supply.

Youth unemployment: the ongoing challenge

In most OECD countries, youth unemployment rates have been a source of concern for many years and the situation has worsened during the recession. In international comparisons, Austria is one of only three EU countries with a youth unemployment rate below 10% (beside Germany and the Netherlands). Upper Austria is contributing to this result, being among the best performing European regions both in adult and youth unemployment (Gerstorfer, 2012).

Box 1. Three priority youth groups for the OECD

OECD research has identified three major youth groups which have different characteristics and needs:

1. The so-called **NEET** (neither in employment, education or training) at high risk of drifting into long-term unemployment and exclusion. Early years education and support with school-to-work transition can reduce the distance from the mainstream labour market. At the same time, adopting a wider approach by tackling multi-generational poverty, improving spatial planning to reduce isolation and strengthen local social capital, and bringing economic development and entrepreneurship to deprived areas can bring significant results.
2. The **“poorly integrated new entrants”** (young people often with diplomas but with difficulties in finding

³ The Austrian reduction in 2008/2009 was 3.1%, on average slightly less than in Upper Austria. This was mainly attributable to the high contributing share of Vienna which remains a booming tourist and service centre.

stable employment). Providing clearer pathways into employment, tackling the demand side barriers but also working with employers on retention and progression schemes can help to address the specific needs of this group.

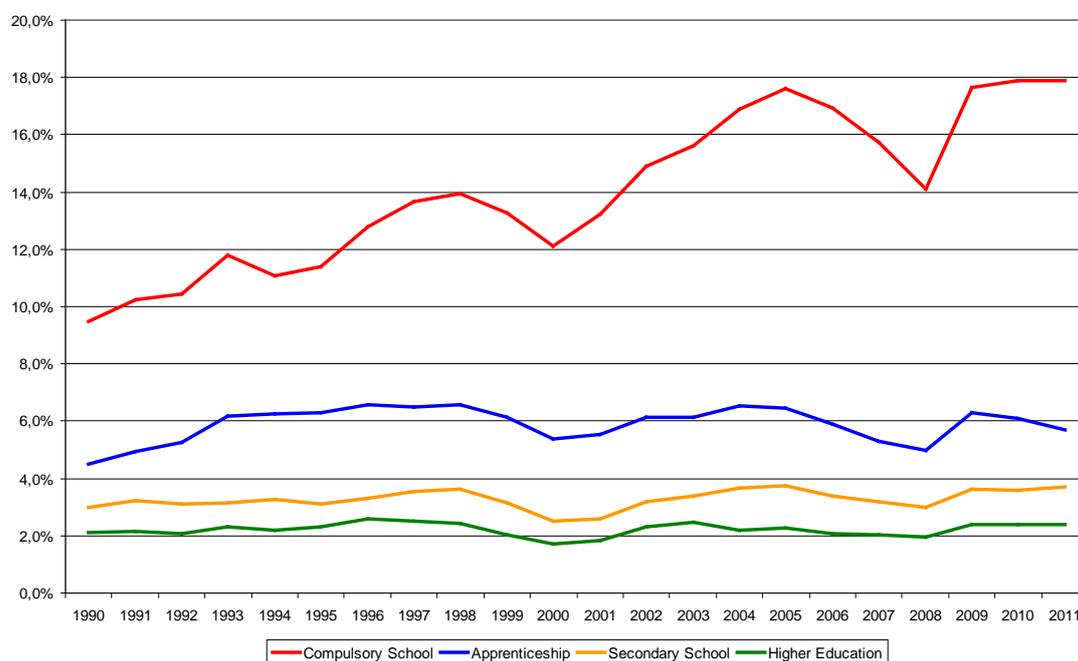
3. **Good performers** (university graduates who in normal times do not have particular difficulty in finding a job). They may now not have a job that matches their qualifications (low demand for high skills), or leave their region to look for better employment possibilities (loss of skills through talents flight). Broader skills and economic development strategies should address this demand/supply mismatch and provide opportunities for skills utilisation of graduates.

Source: OECD, 2012b

Better education levels increase job possibilities and reduce the risk of unemployment. However, the link between higher skills and lower youth unemployment is surprisingly different across countries. While in Austria poor educational attainment triples the risk of becoming unemployed, in Portugal and Turkey, for example, almost no difference can be seen. Education measures in Austria are designed to lead to young people attaining formally recognised qualifications. For those who do not complete schooling or an apprenticeship, the system seeks to re-integrate them back into the education and training system and enable them to attain a formal qualification.

Over the last 20 years, unemployment rates for youth with second and third level degrees and graduate apprentices have remained virtually immune to economic slowdown, even during the crisis. The cohort which has borne the full weight of the downturn following 2008 was young people with incomplete or only basic levels of education. The chart below shows the increased unemployment rate for those with only a compulsory school degree, approximately doubling from 1990 to 2011. The unemployment rate for apprentices is lower than those with no more than compulsory education and secondary academic schooling, but it has increased slightly in the same period from approximately 4.5% to 5.8%. Labour market prospects for apprentices vary across professions, with technical professionals being in shorter supply than those graduating in fields such as textile or nutrition (OECD, 2010a). Apprentice unemployment rates are greater than for graduates from VET colleges and higher education institutions, reflecting the structural changes in the economy and changing demand for skills.

Figure 3. Unemployment by formal educational attainment, 1990 – 2011, Austria



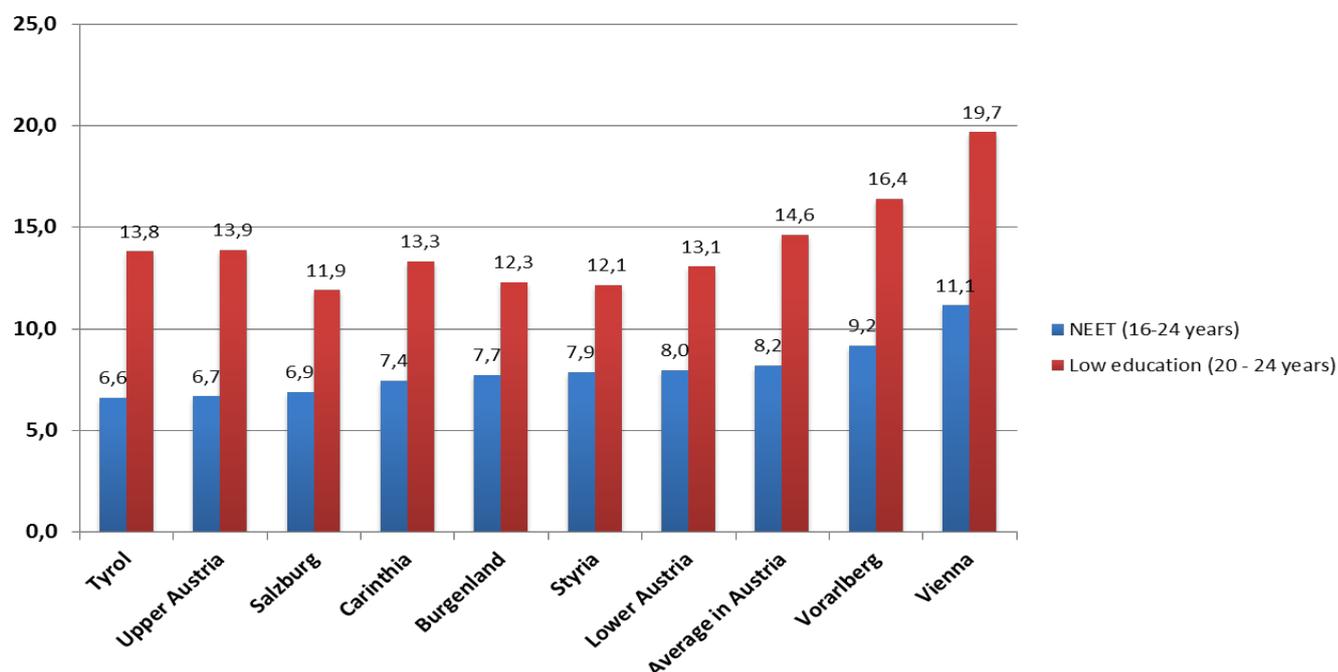
Source: AMS, Strasser, Tamesberger, 2012

As a recent OECD review on vocational education and training in Austria concluded (2010a), the biggest challenge for Austria may be whether its success in creating a smooth, immediate transition from school to working life also translates into an adequate preparation of young people for a career. The modern economy is becoming increasingly characterised by a shifting labour market and changing job profiles, technology and skill requirements. These require flexibility and higher skill levels in nearly all jobs to ensure that workers are equipped to be mobile and stay employable.

Transition results from initial education to the first job are good in Austria, like other OECD countries with strong apprenticeship systems. In Austria it takes on average 5.7 months to find a job after leaving education as compared to an average of 16.9 months in 12 other European countries (OECD, 2010a). In comparison with other Austrian provinces, Upper Austria has relatively low numbers of young people not in employment, education, or training (NEET) (average 2008-2010 data – see Figure 4).⁴ While the Austrian average is 8.2%, this drops to 6.7% in Upper Austria, indeed the second lowest rate in the country after Tyrol. This is due to a tight labour market and large supply of vocational education.

⁴ For a socio-demographic description of NEET youth in Austria, see Bacher and Tamesberger (2011).

Figure 4. NEET youth in Austria by province, 2008 - 2010



Source: Bacher and Tamesberger, 2012

However, Upper Austria has the third highest rate of 20-24 year olds with low education (defined as no further than compulsory school) at 13.9%. This is due to the fact that vocational training dominates in Upper Austria, resulting in good labour market integration until the age of 20 but also tends to lead to a generally lower level of education in society (Strasser and Tamesberger, 2012). Currently around 5% of youth drop out of school. On average, 30% of young people drop out of apprenticeships but about half of them take up another apprenticeship later. This compares to a 22% dropout rate in the academic secondary school and a very high 37% and 42% in commercial and technical schools respectively (Steiner, Wagner 2007).

Regional policy context: partnered approach and masterplan for youth

Pact for Employment and Qualification, Upper Austria

Territorial Employment Pacts (TEPs), established in the late 1990s, play an important role in coordinating labour market policies with social, educational and regional development policies in Austria (ZSI, 2012). There are several core elements of the TEP concept. Their main task is to link national labour market policy with other policy areas on a provincial level. Consequently, TEPs have been created in all nine Austrian provinces. They work on a contractual basis and the core partners (typically the AMS – the National Employment Service at provincial level - provincial government, social partners, Federal Social Office, education authorities etc.) sign a framework agreement of collaboration and specify concrete targets and budgets on an annual or multi-annual basis. Even though the funding partners keep full control over their own budgets, the financial commitments are substantial in Austrian terms, adding up to around EUR 800m annually for the whole country. The Federal Ministry of Labour initiated the creation of this governance model based on experience gathered from the EU and the OECD. It supports the TEP organisational structures and provides additional funds for the creation of local entities, and more recently for special initiatives for marginalised groups. Territorial Employment Pacts are “top-down” in the sense

that they help deliver and adapt national policies at the provincial and local level, while simultaneously “bottom-up” as there is a high degree of freedom to define priorities according to regional needs.

The specific Territorial Employment Pact for Upper Austria - the “Pact for Employment and Qualification” - is considered both the compendium of active labour market policy for Upper Austria and a concerted funding programme. It is co-ordinated by the Active Labour Market Policy Forum which allows immediate reactions to new developments in the labour market. The partnership, which perhaps of all Austrian partnerships has the closest collaboration with business, is based on strong long-term collaboration between the AMS Upper Austria, the provincial government, the social partners, the Federal Social Office (responsible for disabled affairs), the Provincial Education Authority, and the Gender Mainstreaming Commissioner. Decisions made by the Active Labour Market Policy Forum and the pact coordination body (which consists of one representative from the AMS and the provincial government) are executed by the partners and supported by two regional managers and three placement promoters, the latter specifically responsible for matching skills demand and supply.

The current strategic objectives of the Pact comprise i) ensuring that young people and young adults attain qualifications to become skilled personnel, ii) increasing female employment, iii) ensuring the employability and qualifications of adults and the older unemployed, and iv) the integration of marginalised people.

In addition, a strategic programme “Work place 2020” is being developed in collaboration with all the partners to create an overall skills development concept from school to retirement age as a means to secure skilled labour and meet employer demand.

The financial commitment of project partners in the Pact is substantial. In 2012, EUR 175m was set aside to support 67 000 people on the labour market, with more than 50% earmarked for women. Additional funds are provided by the national ESF programme for the integration of marginalised groups.

Masterplan for Youth Qualifications

The Masterplan for Youth Qualifications was set up in 2009 in Upper Austria and brought together local stakeholders. It is a joint venture between the Upper Austrian Employment Service (AMS OÖ), the Federal State of Upper Austria, social partners, the Social Welfare Department and the Schools Inspectorate of Upper Austria. The idea behind it sprang from workshops looking at how to make sure that young people have the right qualifications, and from then took on its own special dynamic.

Its core goal is to improve the situation of youth in the labour market. Currently 13.9% of young people aged between 20 and 24 in the province have no more than a compulsory education, and 5% of all young people have no school qualifications at all. The Masterplan has set the objective that by 2015 less than 10% of young people will have low educational attainment levels. To attain this all partnership members agreed to form an active network for regional employment and education policies. The traditional national safety net of guaranteeing training measures for young people who cannot find an apprenticeship or employment is sought to be transformed into a pro-active prevention approach. This means conveying the importance of professional training and actively accompanying young people at the beginning and throughout their training.

The Masterplan contains the following elements:

- **At school level:** developing and improving job orientation and guidance, including assistance for career guidance teachers; establishing an early warning system for at-risk students to prevent

them from dropping out; increasing the number of job starts; better assistance during the school-work transition;

- **For all young people:** pre-registration of all young people seeking an apprenticeship at the AMS to serve as a central platform for all employment queries; active use of information services offered by the Employment Information Centres; setting up a specific on-line platform (www.youthmap.at) in collaboration with AMS and the provincial government which spatially maps all job offers for young people; providing exhibitions and workshops. There are specific measures for young people who need assistance on an individual basis e.g. career guidance, assistance in vocational training and job coaching through social services, regional competence centres and job coaches;
- **For youth with specific needs:** concentrate social services from the eighth school grade onwards on non-privileged youths; greater assistance from social work; provide individual pathways to work for young people not in the job market. There is also a focus on those who failed to perform well in school or in an apprenticeship the first time round. There are a variety of measures for those who cannot find an apprenticeship, i.e. interplant vocational training, courses to obtain partial qualifications; production school model; inclusive apprenticeships; promotion of company workshops and vocational training courses in companies (some of these will be discussed in the paper below). Additional money is made available for working with young people with social problems and disabilities.

Approximately 9 600 young people are covered by the measures set out in the Masterplan, which are primarily funded by contributions from the AMS (EUR 26.7m) and the provincial government (EUR 14.9m). In addition, close to 1 200 people take part in education projects and more than 500 participate in the national training assistance safety net, with an annual budget of EUR 18m. The partners meet annually to set and revise strategic goals, and meet more regularly in working groups to decide on activities and projects. The activities of the Masterplan are presented annually to the public through a symposium and implementation measures are set out in the Pact for Work and Qualification (*Land Oberösterreich*, 2012).

The apprenticeship system

Overview of the dual apprenticeship system⁵

There are two main ways to enter the labour market in Austria: completing school and gaining a secondary level academic degree, and the dual apprenticeship system (see Annex II for an overview of the Austrian education system – right hand side of the diagram shows vocational routes). About 40% of 15 year olds in Upper Austria who finish compulsory education select the apprenticeship route (it is less in other regions) and around 40% of all economically active people have an apprenticeship (49% of men, 29% of women). Those who do not stay in school after 15 can enter the labour market via an apprenticeship contract - a specific form of employment contract with a company comprising work and on-the-job training (about 80% of the time) and 20% of time is spent training in vocational schools which can take the form of one or two days a week or a block of several weeks (thus the name “dual”). This provides theoretical and more general educational input. In Upper Austria there are roughly 8 000 new apprenticeship starts a year. In theory adults can also take up an apprenticeship but this remains relatively rare. However, a new initiative has been developed on this - see p.20 for fast-tracked apprenticeships for young adults.

5. See also OECD 2010a for a more detailed overview of the Austrian apprenticeship system.

Young people are generally employed under an apprenticeship contract for three to four years (depending on the profession) and receive a salary which takes account of their not so advanced knowledge, increasing over the years. The contract states the specific targets of the apprenticeship according to the profession and apprentices are generally given a six month trial period. The company providing apprenticeship qualifications has to be approved by social partners to guarantee technical and pedagogical standards and has to have specifically qualified personnel. There is also the possibility that all or parts of the apprenticeship are done in collaboration with other enterprises or in “interplant” training centres to improve quality, reduce costs and provide extra capacity to meet demand from young people. The apprenticeship is concluded with a final examination comprised of practical and theoretical parts.

See Box 2 for an overview of shared and purchased apprenticeship training between companies.

Box 2. Shared and purchased company training

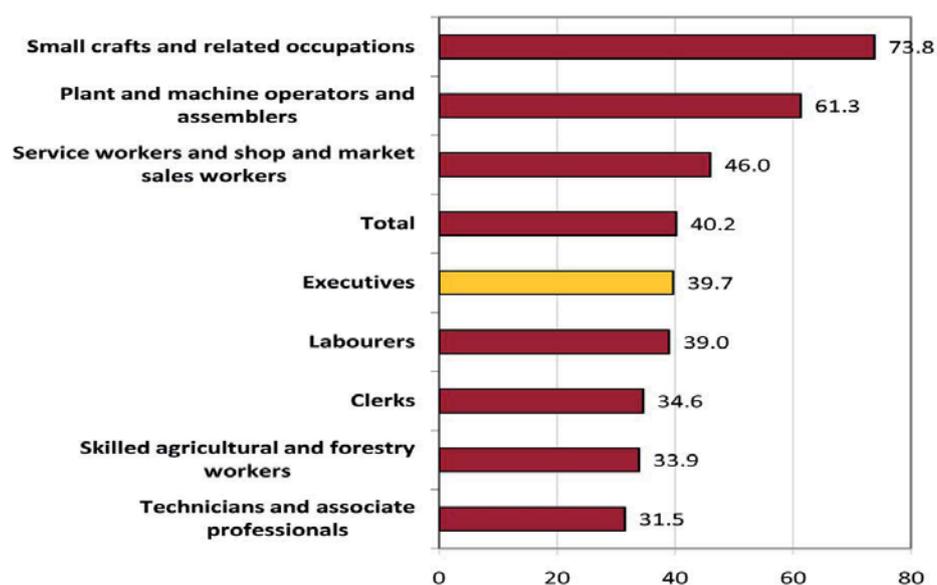
In the traditional Austrian apprenticeship system companies train large numbers of apprentices internally for their own recruitment. Many of the major industrial companies, as well as the Austrian railway company ÖBB and others, have their own company workshops which provide good training conditions to meet company needs within the overall framework of the apprenticeship system. The workshops are usually separate units within the company, with specially designed work stations where the apprentices receive practical training during their first and second year before being increasingly integrated into the main activities of the enterprise. In the wake of major industrial restructuring in the 1980s, many workshops were closed or cut in size.

To meet demand, some companies offer apprentice workshop places not only for their own trainees but also for trainees from other enterprises in the region. This allows them to make full use of the capacities they have and guarantees the same qualification level for all apprentices for the companies involved. Indeed, external companies can buy certain qualification modules which they cannot offer themselves, or even the full apprenticeship.

In the case of the MAN workshop at Steyr (visited in the course of the study visit), the car manufacturer BMW contracts out its own apprentice demand to this workshop, and takes on a fixed number of apprentices after graduation. BMW even provides some of its own motors so that the apprentices can study them during their training. Likewise, another local company, SKF, has an agreement in place with MAN that it will take on a certain percentage of their apprentices upon completion. As the quality of the workshop is well known, this arrangement provides a supply of skilled young people for all companies in the region.

The share of apprenticeship graduates differs by main occupational groups. As shown in the Figure 5 below, by far the highest number of graduates is in small crafts and related occupations (at 73.8%), followed by plant and machine operators and assemblers, with 61%.

Figure 5. Share of apprenticeship graduates by occupational groups (in %), 2009



Source: Statistics Austria, labour force survey, microcensus results (quoted from Federal Ministry of Employment, Families and Youth, 2009)

The system is strongly interlinked with employers and many enterprises see it as investment in guaranteeing the future skill sets they need. In 2009, around 38 500 enterprises in Austria took on apprentices and there were close to 132 000 apprentices in 242 professions (ibw, 2009, and Ministry of Economy, Families and Youth, 2009). The ratio of apprentices per company is quite low (4.2) which means that much of the apprenticeship system rests on small companies rather than on large employers with large training units. During the most recent economic crisis, a number of large and smaller firms in Upper Austria have reduced employee numbers and placed more workers on part-time work, and have also let apprentices go.

It is estimated that the cost of an apprenticeship over three years is EUR 50 000 per person. Funding comes from various resources. Enterprises employing apprentices have to pay the remuneration (“salary”) as fixed by collective bargaining, increasing with the years to take account of the rising contribution apprentices make to companies’ performance. In return enterprises receive financial support from the state and pay fewer social insurance contributions for apprentices. The costs of vocational schools are covered by public funds (as are other schools in Austria).

As skilled workers, those who complete an apprenticeship not only have a good start in working life, they are of vital importance to the strength of the Austrian economy, notably in industrial manufacturing, and the apprenticeship route can also be a good first step into setting up a business. As a result, the proportion of young people considered “left behind” or “poorly integrated” is much lower in Austria than for most other OECD countries (OECD, 2010).

The dual model is diverse, flexible and linked into other systems in many respects. It takes account of the specific requirements of around 260 professions⁶ which are covered by apprenticeships (some of which are more demanding than others) and of individual preferences. There are opportunities for those who want to continue further to take a vocational matriculation examination which allows university entry. People

⁶ For a full list of the professions covered under apprenticeships, see:
www.bmwfj.gv.at/berufsausbildung/lehrberufeinoesterreich/listederlehrberufe/seiten/liste.aspx

with specific needs can enter integrative vocational educational training programmes where they can obtain partial qualifications according to their individual abilities. Besides providing good qualifications based on both practical skills and theoretical background, a crucial strength of the apprenticeship system lies with the fact that it is a recognised qualification nationwide. The degree is recognised by all enterprises in Austria and this can have positive consequences beyond the qualification originally achieved, even if in a different profession, as it is often considered by companies to indicate a certain higher level of understanding.⁷

In 2006, modular apprenticeships were put in place, providing more flexibility for apprentices. Starting from a basic module teaching the fundamentals of a profession, this is followed by a main module offering more specific knowledge of the sub-topic chosen, and then concluded by one or more specific modules for a further specialisation. Thus, apprentices passing such a modular qualification have both a basic qualification and specific skills (rather in line with the T-shaped qualification model endorsed by the EC).

However, despite the clear strengths of the apprenticeship system adopted in Austria, a number of weaknesses in the model, and in the broader education system, are evident. For many taking up an apprenticeship is the result of a school selection process which starts at the age of ten, much younger than in many other OECD countries. The apprenticeship system is often presented and perceived as the destination point for struggling students while the more “gifted” are pointed towards an academic or vocational education route. The pre-vocational school year (which runs from the age of 14 to 15 – see Annex II) is a one year course which fills the time before apprentices turn 15 and are legally allowed to work and has been described as a “filler”.

Alternative apprenticeship models and activation measures for young people

A wide number of alternative apprenticeship models are available in Upper Austria, having been formed either to better suit employer needs (e.g. sharing apprentices to cut costs and save time) or targeted to specific young people’s needs (e.g. not able to access a traditional apprenticeship, need more individualised supports). A number of alternative models are explored below, as well as some broader instruments working in schools and in the area of career advice and social supports, to give young people access to more information, counselling and general social supports.

Working to reduce early school leaving: Your Chance - Deine Chance

In addition to individual and social factors such as lack of self-esteem and low motivation levels among young people, there are certain deficits within the current school system that discourage certain cohorts of young people from staying on. Seen as highly selective and mainly deficit oriented, project coordinators noted that it is easy to get lost in the Austrian education system, particularly at the age of 14 – 15. In spite of the many activities that are being set, it was noted during the study visit that there is still a lack of coordinated vocational guidance.

Deine Chance was set up to reduce early school leaving among the children of parents with low educational status and young migrants - both first and second generation. The project aims at supporting the labour market integration and career choices of young people at risk of dropping out through diverse activities. Deine Chance approached schools (in some of which 80% of pupils are from migrant

⁷ For example, in a discussion with a representative of Infineon (not carried out as part of the study trip), a micro-chip producer, they said that they have to train people to be able to work in their highly specialised company. They have set the basic pre-condition that applicants have to have an apprenticeship degree from any profession.

backgrounds) and asked them to select young people who were struggling with the transition to the next stage in education. They use workshops, excursions, tutoring and vocational counselling to work with the young people. Responses and tools differ according to school. Approximately one quarter of activities take place in school and the rest outside. The project not only targets young people with a migrant background or specific needs, but also their surroundings, including teachers and families. It works both in secondary and pre-vocational schools to develop and realise a package of professional orientation and practical support, including the qualification of teachers and company coaching.

The project is built on the collaboration of several partners from the region and educational field, including the Vocational and Adult Education Institution Upper Austria, the Adult Education Institution and the Regional School Council. It is supported by social partners and a partners' network. Specific emphasis is placed on working with migrant associations and communities to ensure the sustainability of the project. It was funded from ESF resources of the Ministry of Labour (within the 3b-priority of the ESF) and the provincial government from 2010-2011, receiving EUR 1m for two years. This is a separate budget which has been earmarked for projects supporting the labour market integration of marginalised groups, notably migrants, on the condition that the measures are exercised by the collaborative TEP partners.

Box 3. Your Chance in Tabor Schule, Steyr

In Steyr, Upper Austria, Deine Chance project activities are concentrated in a lower secondary school with a high share of students with migrant backgrounds – Tabor Schule. With the rising number of non-Austrian born students, the school decided they had to become more focused on giving students professional and vocational development if they were to have a chance of finding a job in the labour market and to reduce the number of youth dropouts. As a New Middle School, teachers used the discretion this offered to adapt the education plan in a way to support work orientation and school-to-work transitions.

The success rate in Tabor Schule in reducing the number of drop outs and those left behind has been significant. In 2011, 19% of participants entered the dual system, 29% went to vocational school and 26% to pre-vocational school, and 21% participated in an active labour market measure (e.g. school of production, interplant apprenticeships, secondary school leaving exam). A manual has been developed on the vocational counselling methods for schools and was sent out to all Upper Austrian lower secondary schools. A critical factor in the project's success seems to be the personal commitment of the school principal and teachers.

Jobs information and career guidance: Professional Information Centres - BIZ

There are 60 Professional Information Centres (BIZ - *Berufsinformationszentrum*) in Austria and 16 in Upper Austria and it was set up in 1994. Part of the national employment service, BIZ centres provide a wide range of information covering professions, job opportunities, and qualifications. Users can link directly into vacancies and apprenticeships in Austria, Europe and also within a region, enabling them to take advantage of the many regional employer contacts which centres have built up and received information about national and international trends against a strong regional focus. In many ways they are a sort of “vocational supermarket”. Some activities are contracted out e.g. young students still in compulsory education are informed about career options in fun workshops organised by the Institute for Qualification and Employment Advice (IAB),⁸ getting basic information about the labour market, using the IT programmes to create individual profiles, and discussing the result with counsellors. The service is free of charge.

⁸ The IAB is a non-profit counselling and research venture which specialises in providing comprehensive services on the regional employment market. Founded in 1988, it cooperates with the Upper Austrian and Lower Austrian AMS, the Province of Upper Austria and the BMASK through co-financing from the ESF.

BIZ is aimed at young people still in school or exploring future opportunities while in the decision-making process. This is particularly important in Austria as young people have to make decisions about which direction to travel academically and professionally from a very young age. Information can be in the form of information workshops on specific professions, trainings for applicants, individual counselling, providing information on universities, schools and apprenticeships, aptitude tests. It is also open to those interested in career changes or returning to education and training, parents and teachers. Specific sessions and workshops are also provided for young people from a migrant background and their parents, to help them better understand how the Austrian education system works and give insights into employment opportunities, and motivate young people. The trainers in these sessions themselves are generally from a migrant background. Specific information sessions are also provided for girls to help them expand their options in choosing a career and encourage them to consider professions not traditionally chosen by women.

Visitor numbers have been steadily growing since BIZ was established, and in 2011 it had over 15 000 visitors. Feedback from BIZ users has been positive. For example, after a workshop (vocational information day and job application day) young people were asked how certain they were about their professional ambitions; 77.4% said they were “rather certain or certain”, compared to 40.4% beforehand.

Production schools: labour market instruments to provide training

Production schools target young people between 15-25 who have dropped out of school or an apprenticeship, and combine professional training with practical experience in market-oriented production and services. Providing practical skills is considered essential for the young participants who have left school early and do not have qualifications. Though named “schools” they are not part of the official education system but are a labour market instrument. Each provides training in different sectors, depending to a large extent on the local economy, and are designed for specific target groups.⁹ Young people can stay for up to two years in the school, though about two-thirds leave within the first six months. Many go on to enter the apprenticeship stream, others return to the education system and other take up work or return to AMS.

Participants typically come from a migrant background and have dropped out of school or an apprenticeship. They tend to be socially disadvantaged and have experienced unemployment and social difficulties. Besides professional training, career guidance and support with job and education applications, students attend classes on traditional academic subjects to overcome school deficits. Social mentoring is also offered on strengthening self-worth and social responsibility.

More than 80% of the participants are 19 or younger, with an almost equal gender balance. There are close to 20 such schools in Austria, with seven in Upper Austria – indeed, the first four were established in the province. Altogether they offer over 200 places for young people in the province. In the ten years since its foundation almost 660 people have attended the schools. Young people are generally referred by AMS. Costs are covered by labour market and provincial funds and partly from revenues from the sales of products made in-house e.g. furniture.

Box 4. Production school, Steyr

The production school in Steyr was founded on the initiative of AMS, the provincial government and the City of Steyr in 2002, making it the first such school in Upper Austria. It is operated by BFI Steyr, has a staff of ten and

⁹ An OECD LEED study visit in 2009 as part of the Forum on Partnerships and Local Governance visited the production school in Innsbruck, which concentrates on women with migration backgrounds. See more information at www.oecd.org/cfe/leed/partnershipsforlabourmarketinclusion.htm

provides 48 places in four strands: carpentry, metal, food service and catering, and IT/office. These strands are based on local demand and there is regular contact with local employers to ensure job placements. Students are placed in one strand but can transfer to another. Youth with a migration background generally make up a high share in schools of production, though this is less explicit in Steyr where 42% of males and 35% of females are migrants (Bergmann/Schelepa, 2011).

The products they make (including skateboards, archery bows, and metal carts for industrial use) are typically contracted orders from companies and individuals, and are sold at reasonable prices to avoid competition issues. Prospective participants are referred by AMS and participants receive a stipend – from EUR 240 per month for under 18s to EUR 580 for the over 18s.

Small-scale, NGO led apprenticeships

Despite the well elaborated system there are an increasing number of young men and women who cannot find a traditional apprenticeship in a company. This might be attributable to a general decrease in the number of apprenticeships offered, but also to social and personal factors limiting chances to successfully compete for those available. Two projects were set up by VFQ (Society for Women and Qualification) in Linz to help young women (16 – 25) obtain an apprenticeship. This is a non-profit organisation founded 25 years ago by two women who felt that a small-scale, highly intense and personal programme was needed to reach out to those most in need of help.

Operating from the same premises and with the same staff, the projects offer apprenticeships as carpenters and glaziers. The carpentry section produces goods mainly for individuals who place a specific order and it is in this workshop where the young women are generally trained. The work of glaziers tends to take place on site so participants work more directly in external situations. To widen their practical experience, the young women do internships at companies and this constitutes an important factor in later securing employment. In each workshop there is a team of three to four workers, a social worker and 12 to 14 women. The apprentices serve up to three years of apprenticeship and this includes the same elements as regular apprenticeships. In addition, the projects also cover subjects like personal development and help with personal issues that might hinder successful integration (i.e. social and family problems, debts). This social part is of strong importance as a substantial number of the young women have experienced forms of violence and abuse. Indeed, for many participants the project's staff serve as the family unit and provide family support, and this is seen as a critical element of the project's success. Feedback from both schools and employers suggests that graduates from Fragile and Via Vista are well qualified and trained, and some have received the best scores in the apprenticeship final exam in the province.

Both projects are supported by AMS, the provincial government, the ESF and the projects' own revenue from sales of in-house products and services. The concept is similar to the Austrian model of socio-economic enterprises, offering support to long-term unemployment through a combination of market oriented work and social assistance.

Training institute apprenticeships: “interplant”

In an alternative apprenticeship route, young people who finish compulsory education but cannot find a regular apprenticeship can do an apprenticeship under a training institute rather than under an employer – known as an “interplant apprenticeship”. In interplant apprenticeships the apprenticeship contract is signed with a training institute, acting on behalf of AMS, and the institute takes on the role of the company in providing the practical training elements.

Young people have to take an entrance exam to be accepted (generally easier than the normal apprenticeship exam) and AMS approves the intake. The training institute has to register all apprenticeship contracts with the Chamber of Commerce the same way as companies have to. In Upper

Austria there are about 400 – 500 new starts in this model a year. Typically participants stay in this type of apprenticeship measure until they find an apprenticeship with a company – often with the company where they have their practical training in the second and third year. However, if they cannot find a regular apprenticeship they can stay within the interplant system until their final examinations. The point was made during the study visit that training institute apprenticeships are not ideal as apprentices do not have a company to guarantee them a job upon completion.

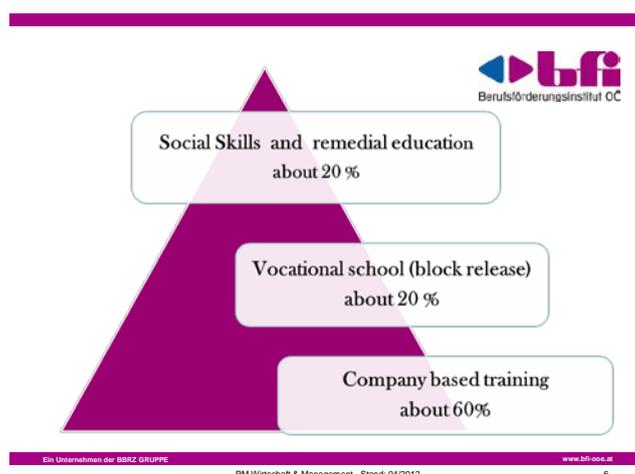
Box 5. Interplant apprenticeships, Steyr

In Steyr an interplant apprenticeship for metal professions is organised by the BFI (Education Institute) in collaboration with MAN, taking advantage of the company’s apprenticeship workshop. Two professions are offered: vehicle body manufacturing and electronic engineering in the form of a modular apprenticeship. The latter combines skills from mechatronics, metal treatment, production engineering, and tool manufacturing.

Ten participants are taken on a year in this form of apprenticeship. MAN noted that demand for qualified apprentices has not dropped in recent years and that generally it is not difficult for participants to find employer placements in this way.

As shown in Figure 7, the interplant model contains the traditional dual apprenticeship model split between company training and vocational school, but is complemented by a third element called “social skills and remedial education”, making up 20% of components. Within this block BFI supports the apprentices in the development of their social skills (e.g. coming to terms with personal difficulties, conflict management, gender specific training), as this may be a contributing factor to why they were not successful in entering a regular apprenticeship, and to fill educational gaps (improving basic skills, individual tutoring, communication training). Apprentices attend vocational school part-time in block release – attending daily for up to ten weeks – and as per the traditional model, company-based training constitutes 60% of the programme.

Figure 6. The three elements of an interplant apprenticeship



Source: BFI

The apprenticeship is designed to be very flexible - for example, an apprentice can suspend their apprenticeship and return to it two years later. Individual solutions can be created for those experiencing severe social problems. The target of the measure is for 90% of the participants to pass their apprentice

exams and for 70% to find a job within three months after their apprenticeship. MAN reported an overall dropout rate of 20%, which is seen as quite low, and 100% found employment with a local company upon completion. Interplant costs are paid by AMS and are pre-financed by the BFI, while 25% of costs are borne by the provincial government.

Fast-track tailored apprenticeships for young adults

One of the most successful labour market measures within Austrian policies for some 25 years has been the labour foundations model. The model was originally designed as a comprehensive package of measures under one common legal entity to be able to act in cases of mass redundancies, the model has been developed further over the years. Integrating specific groups into vacancies in companies (“implacement foundations”) was designed on the same legal basis and intends to match certain unemployed groups with job vacancies by providing them with the qualifications demanded by local companies. This concept is now being used to integrate young people aged 19-24 (through the JUST scheme) and 25-34 (via the JES scheme).¹⁰ The goal is to allow a slightly older cohort of job seekers to be able to complete an apprenticeship at companies and faster, passing their final examination within 1.5 years instead of three. The scheme is highly individualised depending on prior qualifications, and allows for a maximum funding period of 24 months.

The decision as to whether the apprenticeship route is the best pathway for a young unemployed person is taken between the individual, the AMS and representatives from the foundation organising the measures. The scheme itself starts with a professional diagnosis (either in groups or individually) to design a qualification plan and to identify an enterprise with a vacancy matching the individual’s needs, interests and experiences. As in an ordinary apprenticeship, training is divided into practical training in-house and lessons in vocational school. The measure finishes with the standard apprenticeship examination after which the successful participant is employed at the company on a permanent basis.

The measure is financed through a combination of public and private funds. Participants receive a minimum of EUR 18.50 per day from unemployment benefits (plus health insurance), with a monthly allowance between EUR 100 - 200 (paid by the company), depending on the duration of the training. This follows the principal model of apprenticeships whereby people receive a higher allowance during their second and third years. The fast-track apprenticeship for young people costs up to EUR 2 670 and is born by AMS. Those exceeding this threshold have to be paid by the company. In addition, the company has to pay EUR 350 per person monthly for the management and activities of the foundation. As the measure has been set up recently, no apprentices have yet completed the programme and it is difficult to speak of outcomes. Up to now some 400 people have been informed of the JUST and the JES schemes, 120 and 100 job seekers respectively received a professional diagnosis, and 35 trainees in both have started their apprenticeship.

¹⁰ These measures were not visited but the concept was described by the representatives from the AMS Upper Austria. See AMS, 2012.

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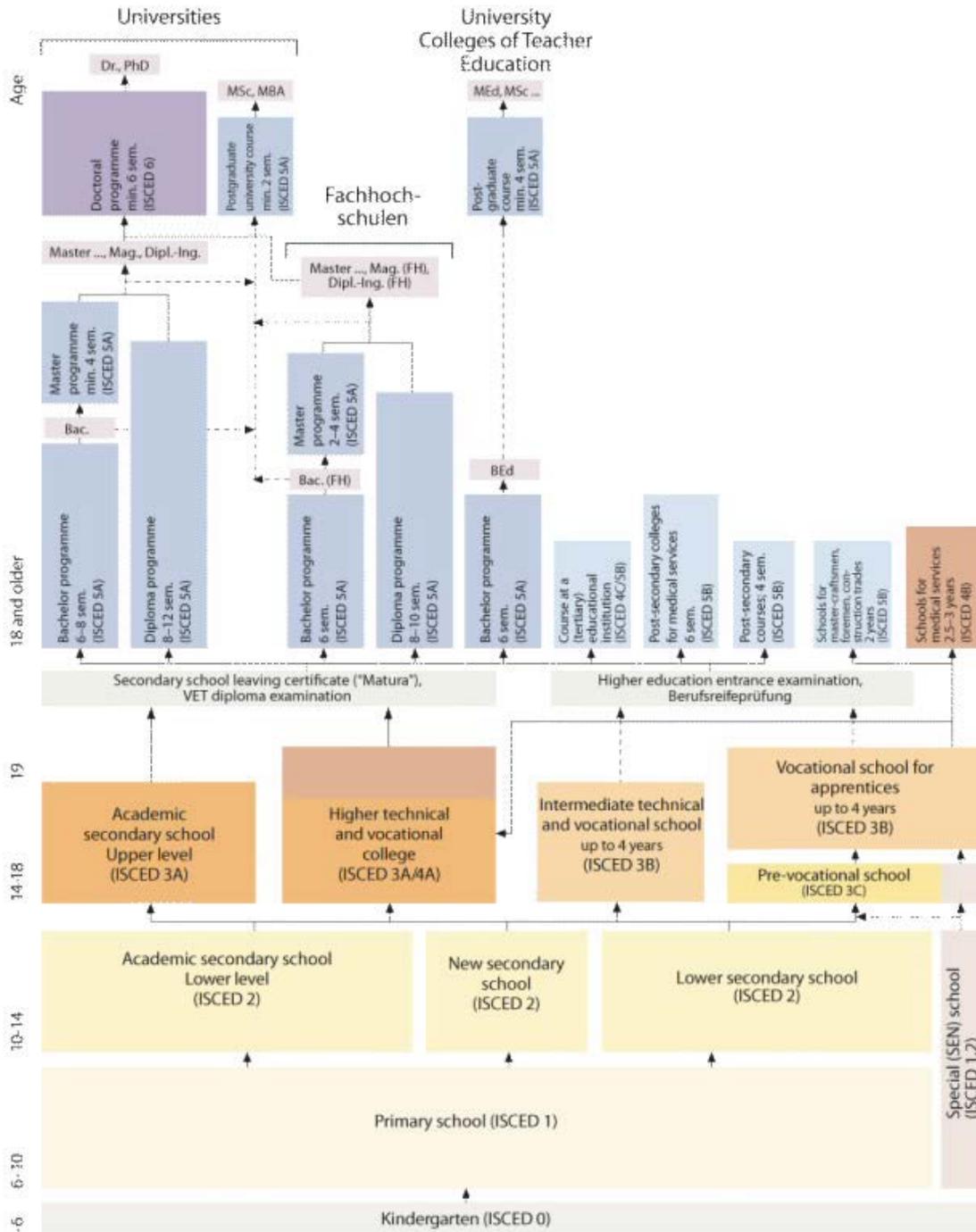
ANNEX I

List of projects visited in Upper Austria

Project	Operated by	City	Web-site
Centre for Professional Information (BIZ)	AMS Linz	Linz	www.ams.at/ooe/buw/biz_linz.html
Deine Chance (Your Chance)	BFI in co-operation with Taborschule Steyr	Steyr	www.bfi-ooe.at/schulen.eduhi.at/hs2tabor
Fragile	VFQ (Gesellschaft für Frauen und Qualifizierung)	Linz	www.vfq.at/
Interplant Qualifikation	BFI in co-operation with apprenticeship workshop of MAN Company	Steyr	www.bfi-ooe.at
Laguna Socio-economic enterprise	FAB	Linz	www.fab.at/Reno_1997.html
Masterplan for Youth Qualifications	TEP UA, AMS	Linz	www.ams.at/ooe
School of Production	BFI	Steyr	www.bfi-ooe.at/bfiweb/steyr.html
Via Vista	VFQ (Gesellschaft für Frauen und Qualifizierung)	Linz	www.vfq.at/

ANNEX II

Austrian education system, 2009-10



Source: BMUKK/BMWF

OECD LEED Forum on Partnerships and Local Development

The OECD LEED Forum on Partnerships and Local Development is a worldwide network of local development practitioners. The Forum informs its members on local development innovations, organises capacity building seminars and study visits, releases handbooks and training materials, and provides networking opportunities through international conferences and an Annual Meeting held in Vienna. Today the Forum has over 2 600 members in some 33 countries. All institutions and organisations are involved in local development may join the Forum. The activities of the Forum are supported by the European Commission, the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection and Pobal, Ireland.

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<http://oecd.org/cfe/leed/forumpartnerships.htm>

