

# **Youth Labour Market Policy in Austria 1980-1997**

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This paper was commissioned by the OECD Secretariat to provide background for the Transition Thematic Review.

April 1998

## **Abstract**

The report offers an outline of the development on the youth labour market in Austria between 1980 and 1997 and of the most important political interventions in this field. Against this background, the training initiative of 1997 for solving the apprenticeship crisis is being analysed more closely. It is shown that a broad political and institutional scope for action is existing in Austria, which allows for searching solutions of the problems on the youth labour market from different perspectives. Considering the high political priority of the subject, the partly missing co-ordination of these initiatives proves to be advantageous rather than disadvantageous, the different parties and persons involved developing political initiatives which diversify in manner and mode. The approaches towards reforming the apprenticeship system are regarded as scarcely innovative and many questions concerning the actual situation and the development in this field are still left unanswered.

## Content

Introduction.....	4
Some aspects of the youth labour market in Austria.....	4
Population and labour force of young people (Chart 1) .....	4
Labour force participation (Chart 2).....	4
Unemployment rates (Charts 3—6).....	4
Education of unemployed persons (Charts 7—9).....	5
The apprenticeship market (Charts 10—12) .....	6
Drop-outs from education and training .....	6
Labour market policy for the young in Austria.....	7
General framework.....	7
The Austrian experience in youth labour market policies .....	8
Vocational information, orientation and counselling .....	14
Reform strategies concerning the apprenticeship system .....	15
The main actors in the system and their policy options .....	16
The policy initiative from 1997.....	18
Recent proposals.....	21
Conclusions.....	23
ANNEX I (Box 1 from the Austrian Background report): The Elements of the 1997 Federal Government's Initiative for Training and Education .....	25
ANNEX II (Box 2 from the Austrian Background report): Active Labour Market Policy for Youth – Overview 1996/97*.....	27

## **Introduction**

The paper presents a short outline of the main developments on the youth labour market in Austria, an analysis of Austrian labour market programmes affecting youth during the last decades, and a discussion of the current proposals in the policy debate about the reform of apprenticeship training. The Austrian background report “Transition from initial education to working life” was chosen as a point of departure, the additional work provides an assessment of developments during the last decades and more details concerning labour market policy and the apprenticeship system.<sup>1</sup> It should be mentioned, that the measures of the 1997 Federal Government’s Initiative for Training and Education can hardly be documented, and the policy debate is currently ongoing, so that it is not easy to survey where the flow of events will end. So it seems difficult to assess the practical outcomes of the debate.

## **Some aspects of the youth labour market in Austria**

To understand the policy strategies of the last decades concerning transition of young people into employment, a short outline of the main developments on the youth labour market seems to be useful. Such an outline can add some of the longer—term developments to the analysis of the situation in the nineties, which is the main focus of the country background report about *Transition from initial education to working life*.

### ***Population and labour force of young people (Chart 1)***

The *population* that is 15—24—years old had its peak of baby-boomers in the early eighties at about 1.3 million and decreased between 1986 and 1997 to a level of 1 million. The younger age—group of the 15—19—year—old people is affecting the apprenticeship market. This group had its peak in 1981 and decreased for the whole period until 1995, whereas the magnitude of the older 20—24 age—group increased until 1986 and started to decrease at the beginning of the nineties. Young people of that age—group have completed education and start their employment career, unless they apply to higher education. The labour force of young people developed in a similar course like the population.

### ***Labour force participation (Chart 2)***

*Labour force participation* of the 15—25 age—group as a whole went down from 64% in 1991 to 59% in 1997. The decline has occurred mainly in the younger age—group (15—19). The development of labour force participation differs by gender, too. In the younger age—group labour force participation mainly means participation in apprenticeship training. In that group we observe a decrease since the beginning of the nineties that affects men and women. In the older age—group labour force participation is higher, it rose among women until the beginning of the nineties and decreased among men almost during the whole period from 1981 to 1997.

### ***Unemployment rates (Charts 3—6)***

*Unemployment of young people* may be measured according to various concepts. In Austria the conventional unemployment rate has been the [registered unemployed/(labour force — the self-employed)]. As far as young people are concerned, we have to take into account that beneath the normal

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<sup>1</sup> Lassnigg, L. & A. Schneeberger (1997), Transition from initial education to Working life. Country Background Report: Austria. Research report to the OECD commissioned by the Federal Ministry of Education and Cultural Affairs.

labour market the additional apprenticeship market exists, which is not included in the normal labour market figures. During the overall period from 1981 to 1997 youth unemployment increased from a level of about 2% in 1981 to a first peak at about 6% in 1987 then decreased slightly at the end of the eighties and then rose again (except in 1992 and 1994) until 1997. This development is to be observed whatever definition we use. The unemployment rate for apprentices shows more marked shifts as fewer numbers are involved. The increase was faster in the eighties, improvement lasted from 1984 to 1989, and the second increase went up above 12%. The comparison to the adult unemployment rate depends on the concept we use. The conventional AMS rate for adults has been higher than that for 15—25—year—old people except during the period 1984—1988. However, including the unemployed apprentices, the youth unemployment rate has been higher than the adult rate for longer periods. The unemployment rate calculated on the base of the labour force (including the self-employed in the basis) is very similar to the AMS rate. The youth unemployment relative to the population shows a lower increase in 1997 relative to the first peak in 1987:

Unemployment rate ...	15—25 y. relative to labour force (apprentices included)	15—25 y. relative to population (apprentices included)
1987	6,4%	4,0%
1996	7,4%	4,4%
1997	7,3%	4,3%
Difference 1987-97	+ 0.9%	+ 0,3%

Youth unemployment by gender can be divided into different periods: At the beginning of the eighties male unemployment was higher, the increase in the late eighties hit young women more than men so that between 1986 and 1991 the unemployment rate of young women was higher – since 1992 male unemployment is higher. A closer look at the development during the early nineties shows us different gender relations among different sub—populations: the overall unemployment rate of women is slightly higher than that of men; among the 15—25 age—group the relation is reversed. However, the gender differences increase substantially when we look at the age—groups among youth. In the older age—group (20—24 years) male unemployment is higher whereas among the younger age—group and clearly on the apprenticeship market the female rate is substantially higher. The apprenticeship unemployment rate of young women rose from 7% in 1991 to 20% in 1996.

### ***Education of unemployed persons (Charts 7—9)***

For the period from 1987 to 1996 deeper information about the *stock of unemployed* is available. We have to bear in mind that in relative terms the year 1987 was the first peak in the development of youth unemployment in Austria. The total number of unemployed men increased by about 30% and the total number of unemployed women by about 50%. The absolute number of young unemployed persons remained below the 1987 figures for the whole period until 1996. In 1996, which was the second peak of relative youth unemployment, the number of 15—18 year—old unemployed persons was about 30% lower than in 1987, the number of 20—24 year—old unemployed persons was about 15% below the 1987 figure. Accordingly, the proportion of the age—group from 15—25 went down from about 26% to 16% among the male unemployed, from 32% to 18% among the female unemployed respectively. As far as education is concerned, most unemployed people have been educated in compulsory school and apprenticeship training. Male young unemployed, have most frequently acquired an apprenticeship qualification (9.000 to 13.000 persons per year), followed by compulsory school only (6.500 to 9.500 persons per year); among young women the highest absolute numbers are from compulsory school (7.000 to 10.500 persons per year), followed by apprenticeship (5.500 to 7.000) and medium—level vocational schools BMS (2.000 to 3.000). The unemployment figures of graduates from the upper—level secondary schools are lower than

2.000, lower than 500 from higher education, respectively. In relative terms we largely observe a parallel development of unemployment of the various educational categories. Upper secondary schools are above average and higher education is below the average.

The *comparison of the unemployment figures of young people to the number of graduates from upper secondary education and training* gives some rough indications about the relationships between education and the labour market. Firstly, the proportion of the number of graduates to the unemployment figures differs markedly for the different tracks of education and training: it is highest for apprentices (30-40%), lower for medium—level schools (BMS: 15—20%), and lowest for upper—level schools (BHS and AHS: 5—10%). These different relations reflect the different positions of the different tracks opposite the labour market. The young people who have finished their apprenticeship training have acquired entitlements for unemployment compensation, and therefore have a clear incentive to register at the employment exchange, and they are inclined to use the services of the AMS for finding a new employment more often than other educational categories; graduates from the upper—level secondary schools have acquired the option to continue their studies in higher education as an alternative to immediate transition to employment; graduates from the BMS have not any of those assets. The comparison of the graduate numbers and the unemployment figures shows that apart from the technical upper—secondary colleges the graduate numbers have declined and will probably continue to decline in future. The unemployment figures are rising in relation to the number of people who have attended apprenticeship rather than in relation to other categories of graduates.

### ***The apprenticeship market (Charts 10—12)***

At the apprenticeship market we can distinguish major changes in the longer term. During the seventies the demand for apprentices was noticeably higher than the supply. As the size of the birth cohorts grew – due to the baby—boom generation – until the end of the seventies, the supply nearly covered the demand. However, at the beginning of the eighties the demand started to decrease. At the beginning of the eighties (1982—1985) the supply was higher than the demand. In 1986 the relation reversed, the demand temporarily increased markedly and subsequently was higher than the supply for a period of eight years. In 1995 the relation reversed again. We observed that the change was due to a temporary increase on the supply side. The demand had shrunk markedly since its peak in 1990, and during the years of the crisis that started in 1995 the decrease of demand tended to diminish. In comparison to demography the development of the beginners shows that at the demographic peak the proportion of beginners of an apprenticeship training decreased, followed by a relative increase parallel to the demographic downturn at the beginning of the nineties. At that time the number of vacancies went up markedly. The figures indicate that during the nineties substantial changes may have occurred in the apprenticeship market. After the “squeeze” produced by the demographic downturn in 1990—92 the vacancies went down, and as the demography improved, the number of apprenticeships continued to decrease. We see that during the seventies the demographic upturn was paralleled by an upturn of apprenticeships. In addition, we can observe an almost linear upward trend since 1970 concerning the number of unemployed apprentices.

### ***Drop-outs from education and training***

Although the Austrian education and training system does provide various alternatives for progression, the problem of drop-outs has not been solved sufficiently. We can distinguish two different categories of drop-outs: The first is the group of young people who terminate their education and training pathways immediately after compulsory school. That group has been neglected during the last decades, as the conventional statistics have shown a consistent decline of that group during the last two decades to about 2% of an age—group. More recent evidence from the population surveys, however, indicates that the

conventional statistics are in fact hiding the real magnitude of the category of drop-outs. During the last decade that group has to be estimated at a level of 10% of an age—group.<sup>2</sup>

The second category of drop-outs are young people who continued their education or started training after compulsory school and terminated their career before acquiring a formal qualification. Because of complex flows of changes between pathways and difficulties concerning the statistics, information about drop-outs is not sufficient. The following aspects are to be mentioned: Firstly, a rather high proportion of youth does not complete compulsory school during the nine years. That group has substantially fewer options to continue their education and training than the people who finish their compulsory schooling. Some apprenticeship trades, which are normally judged as the less qualified, have taken over substantial proportions of that group. If they drop out from apprenticeship, there are no more options left for them in the “normal” system. Secondly, the apprenticeship system has been an important base for taking up drop-outs from—full time schools. However, there is insufficient and contradicting information about drop-outs from apprenticeship who do not have a comparable option. The conventional statistics show substantially lower drop-out rates from apprenticeship than from school, other estimations based on the social security data show a drop—out rate from apprenticeship which may be about 20%.

## **Labour market policy for the young in Austria**

### ***General framework***

This chapter provides an overview of the evolution of labour market policy concerning young people in Austria since the seventies and early eighties. As the integration of young people into the employment system has always been a highly valued issue on the political agenda, a broad range of measures has been developed since the first signs of rising youth unemployment in the early eighties. The country background report about *Transition from initial education to working life* has provided an overview of the delivered labour market policy measures in 1996/97 (see Box 2). In addition, the more concrete strategies and their evolution are described here.

Active labour market policies are being developed since the late sixties in Austria, based on the *Arbeitsmarktförderungsgesetz*, which regulated labour market policy in combination with the regulations concerning the unemployment insurance system. The overall responsibility was with the Public Employment Service, which was then part of the labour market administration headed by the Ministry for Social Affairs, later called Ministry of Labour and Social Affairs. In the beginning during the period of economic prosperity in the early and mid seventies it was designed to provide a sufficient supply of labour for the high demand. There was hardly any unemployment, and employees were qualified according to the economic demand. During the late seventies, and especially in the early eighties, the first signs of tightening of the labour market arose and labour market policy changed its main objective towards combating unemployment. However, the main focus of Austrian policies furthering full employment had rather been on general economic policy than on active labour market policies. We have to keep in mind that a broad range of strategies and measures of active labour market policy has been delivered during the last decades, nevertheless, the scale of the measures remained relatively low.

The strategy has been based on the concept of programme budgeting since the beginning, which distinguished the well-known categories of labour market policy measures, as training, job creation, youth measures, furthering mobility, etc. In the beginning of the eighties the first evaluation exercises were also started in the field of labour market policies. As unemployment started to rise, the delivery of passive measures, especially unemployment compensation, put increasing pressure on the labour market

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2 Cf. Bundesministerium für Wirtschaftliche Angelegenheiten (1997), *Berufsbildungsbericht 1997*. Vienna, p. 9.

administration, consuming a high share of the financial and personal resources. During the nineties the organisation of the Public Employment Service has been reformed, based on the new *Arbeitsmarktservice-gesetz*. It is no longer part of the public administration, but an own body guided by the Social Partners, under the supervision of the Ministry for Labour, Health and Social Affairs. The new Arbeitsmarktservice has taken steps towards the strengthening of a *management by objectives* strategy since the beginning. An important issue of the reform has been a shift of the decisions concerning policy design to the regional units of the AMS. This means that on the federal level a general strategic orientation for the organisation on the whole is designed, then the regional bodies have to design its concrete shape. The implementation for the reform of the AMS coincided partly with the beginning of the Austrian membership in the European Union, which has influenced labour market policy by the interventions of the European Structural Funds. Starting in 1995, the programme planning document for the ESF objective 3 has given an additional strategic orientation for the Austrian labour market policy for the period from 1995 to 1999. The ESF interventions also include the set up of an evaluation process and the development of mechanisms for technical advice, including various activities concerning consultation, research and development, etc.

### *The Austrian experience in youth labour market policies*

The Austrian experience in youth labour market policies since the seventies may be described in three stages: A first rise in youth unemployment in the early eighties was answered by a broad mix of measures in the Public Employment Service, which were subsequently condensed to a more systematic policy initiative “Arbeitsmarktpolitisches Jugendprogramm” first delivered in 1983/84 and expanded in the following years. In 1985 the Austrian government emphasised the priority of combating youth unemployment, too. In part this was due to the personal involvement of the former Austrian chancellor Bruno Kreisky, who expressed his deep concern with the negative consequences of youth unemployment for the broader society several times. In the second period until 1995 youth unemployment fell below the overall unemployment rate, and the priority given to youth measures was reduced in the strategic orientation of labour market policy. Nevertheless the programmes aiming at the integration of disadvantaged youth have been carried on during that period. In the third period, especially since 1995, as the situation on the apprenticeship market started to worsen markedly, the priority given to youth labour market policy rose again on the political agenda. The resources of labour market policy were shifted quickly to the assistance of young people and in 1997 the government launched a broad initiative to provide sufficient training opportunities for all young people. A description of main issues during the three stages is given in the following. Unfortunately, the data collecting and reporting systems have been in flux during those time periods so that continuous time series are not available for most of the indicators.

#### *The youth programme in the early eighties*

In Austria youth unemployment started to rise later than in several other countries. In the second half of the seventies employment growth was sufficient to absorb rising numbers of young people. As unemployment of young people started to rise above the average unemployment rate in the early eighties, a first programme for labour market measures to combat youth unemployment was developed by the Ministry for Social Affairs. In 1983/84 a programme was developed which was refined during the subsequent years and expanded especially in 1985/86. Those programmes provided a broad range of measures which remained to be the principal portfolio of labour market policy for young people until today.

The main categories of those programmes in the early eighties were:

## I. Training measures

(a) *Subsidies for apprenticeship*: Four distinct categories of measures have been provided under this heading: (a1) subsidies for additional apprenticeships in enterprises; (a2) subsidies for the apprenticeships of young female persons in predominantly male occupations; (a3) subsidies for apprenticeships for disadvantaged young people; (a4) financing apprenticeships in training institutions. A fixed amount of subsidies for apprentices in enterprises were given, mostly during the first year, the amount of money being higher for gender-specific subsidies and for disadvantaged young people.

(b) *Provision of specific skills in labour market training*: Under this heading two categories of measures have to be distinguished: (b1) special offers for new graduates with various levels of education, to give them more specific and more practical qualifications (mainly the provision of administrative and EDP skills for the predominantly female graduates from the mid—level vocational schools BMS, and business skills for graduates from the academic upper—level schools AHS); (b2) there were several opportunities for young people to participate in measures of the broader supply of labour market training which were not especially provided for young people (many graduates from apprenticeship participated in this category).

(c) *Training for the improvement of employability/trainability of disadvantaged youth (Berufsvorbereitung)*: For young people who could not find training places because of unsuccessful school achievement or serious social or personal problems two categories of measures were provided: (c1) general employability training, often aiming at the provision of the necessary preconditions for finding an apprenticeship (typical courses last for at least 6 months, providing a mixture of vocational orientation with short—term practical experience in enterprises, aiming also at the building up of principal work orientation and employment skills, as well as finding individual preferences and abilities); (c2) special employability training for young women without vocational education was provided in some regions to convey them principal skills for catering or for social or health services.

## II. Private sector wage incentives

(a) *Wage incentives for additional employment of young people or for the compensation of productivity losses during informal enterprise (on-the-job) training of young people*: Those kinds of programmes provided enterprises the refund of a certain amount of their wage costs at certain conditions. There were various practices in those measures which had in common that the subsidised jobs had to be proved, the normal wage rate had to be paid, and the employees must not be dismissed for a certain time after the end of the subsidy; the subsidy covered up to 70% of labour costs for up to six months, in the more common kind of that measure a training plan had to be approved, in the cases without training plans, especially the advanced replacement of (future) job openings caused by the retirement of old employees, they could be subsidised. That kind of measure was further on provided as a part of a special programme carried on in the second half of the eighties, which aimed at the reduction of long-term unemployment (that programme was named *Aktion 8.000* because that was the number of long-term unemployed in the starting year of the programme). A certain duration of previous unemployment of the applicants for the subsidised jobs was a precondition for those subsidies, they lasted three months for young people up to 25 years of age and six months for older people. The relatively wide definition of long-term unemployment for young people gave them a privileged access to those subsidies.

(b) *Subsidies for young people with completed education during periods of practical experience in enterprises*: That programme should provide initial practical experience in enterprises or institutions for new graduates from education who could not find paid employment.

### III. Public and non-profit sector job creation

(a) *Wage incentives in public and non-profit institutions for additional employment for the provision of additional services*: That programme was similar to the private sector wage incentives, apart from the opportunity of higher subsidies (up to 100%) and longer duration (up to one year) under certain conditions.

(b) *Unconventional employment or training initiatives (Experimentelle Arbeitsmarkt-politik)*: This programme was designed to develop opportunities for unconventional initiatives based on ideas of unemployed persons or of persons engaged in work with disadvantaged people. Various initiatives could be subsidized, e. g. enterprises run by unemployed people in certain niches or after economic failure, employment projects providing services otherwise not delivered, or employing the hard—to—place unemployed, in addition counselling and supervising services for that kind of initiatives could be subsidised in that programme, too.

The reporting system about labour market policy does not provide sufficient information about the participation figures at a differentiated level. However, we have a kind of snapshot of the participation structure in 1983/84, as an overview of the experience was prepared for the assistance of the development of the youth labour market policy programme for 1985/86.<sup>3</sup> Overall participation of young people in the above—mentioned measures may be estimated at a level of about 30.000 participants a year. Compared to the figure of about 135.000 cases of unemployed 15—25—year—old persons in 1983, one out of five was included in some kind of measure. The main categories of youth labour market policy measures were the subsidies for apprenticeships (about 40—50% of participants, up to 20% of those in additional enterprise measures, and another 20% in the institutional provision of apprenticeship, thus only a small proportion of participation being left for gender specific measures, and for measures for disadvantaged young people) and the training of specific skills (about one out of three participants, half of them in the measures specifically provided for young people and the other half in general labour market training measures), the job creation measures covered the remaining 20% of participants (the majority in wage incentive measures, 5—10% in the provision of practical experience, only a very small proportion of about 1% in the unconventional initiatives).

The report does not include hard evidence of the impact of the measures. Some indications are given about possible dead weight effects concerning the subsidies to enterprises for additional apprenticeships (BMSV 1984, 77—78). On average, it was estimated that 10% of all new apprenticeships had been subsidised, in some regions up to 20—25% of new apprenticeships. A refinement of the subsidies for the future was proposed: the representation of female apprentices should be better and the participation should be shifted more to the specific measures for disadvantaged young people.

#### Targeting on disadvantaged young people

The labour market situation for young people improved during the relative economic prosperity in the second half of the eighties. After a peak of the unemployment rate in 1987, a decline followed until 1989. Subsequently, in the period until 1995 youth unemployment increased but at a lower level than overall unemployment. The unemployment of apprentices developed differently as the decline started earlier (in 1984), and it increased more markedly during the nineties. However, on the apprenticeship market the demand was higher than the supply between 1986 and 1995, so that the unemployment rate and the vacancy rate increased parallel for some years. Here we can see demographic effects, too. From 1986 onward the magnitude of the cohort of 15—25—year—old people has been declining and the magnitude of the labour force, too (the younger age—group has been declining since the beginning of the eighties, the older group started to decline at the beginning of the nineties). Labour force participation of young people

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<sup>3</sup> Cf. BMSV, Ed. (1984): Jugendliche auf dem österreichischen Arbeitsmarkt – Zunehmende Probleme der Integration. Forschungsberichte aus Sozial- und Arbeitsmarktpolitik, Nr.12. Vienna.

largely stayed at the same level until the beginning of the nineties and has subsequently been declining, especially in the younger age—group.

In this period the main priorities of labour market policy emphasized less on young people. The strategies and priorities of the Austrian labour market policy are reflected by the programme planning documents for the European Social Fund. The overall labour market conditions for young people were estimated relatively favourable, however, some specific problems were emphasized:

- A certain amount of mismatch concerning the occupational choice, especially of young women, which may lead to difficulties finding appropriate employment later during the career;
- difficulties to find an apprenticeship training and high unemployment rates of young people in certain regions;
- severe difficulties concerning the integration of disadvantaged young people into employment.

Accordingly, the following main categories of labour market policies for young people were mentioned:

I. Vocational orientation and guidance for all young people to assist proper occupational and training choices

II. Specific training measures for disadvantaged young people, especially those who had dropped out from compulsory school;

III. Improvement of employability and integration of socially disadvantaged young people;

IV. Subsidies for female apprentices in predominantly male occupations

For the planning period 1995—2000 a relatively small proportion of the interventions were allocated to labour market policy measures targeted at young people: about 1.400 participants plus a not specified number of participants in the programme for female apprentices were projected on average per year for the specific measures (II—IV) mentioned above. Less than 10% of the participants and less than 10% of the financial resources were projected for the specified youth measures. Compared to the participation figures in similar measures in the mid—eighties, the projected figures for the mid—nineties represent a level of about one quarter of the previous figures.

However, the planning document does not include explicit information about the participation in the policy category of *vocational guidance and information for young people*. Furthermore, the programme of *subsidies for female apprentices* which is not specified as a youth policy programme but as a programme for furthering equal opportunities for men and women, provides some additional participation for young people. In addition, we have to expect, that a high number of young people also may participate in other policy categories for adults. Thus, the participation figures and the necessary resources for young people are underestimated by the explicitly targeted youth measures.

In 1992 about 3.5 billion ATS were spent on measures of active labour market policy, the main category being labour market training (only about 3% were spent on job creation in the private sector). Specified youth measures (apprenticeship and employability training) were financed at a level of less than 200 million ATS in 1992 and less in 1993. Other youth measures were not specified explicitly.

Participation of 15—24—year—old people in labour market training, which is the main category of Austrian labour market policy, does indeed indicate that almost 40% of participants in 1993 were young people (a little more than 10% belonged to the younger age—group, more than 25% to the older age—group), in some regions that proportion was above 45%. So we can conclude that during that period young people were in fact an important priority of Austrian labour market policy also in a period as labour market indicators showed an improved situation and policy statements emphasized other priorities more strongly.

#### *A new priority for youth in the mid nineties*

The country background report about *Transition from initial education to working life* has pointed to the government's initiative for young people in July 1997 (see box 1), which involved to a high degree activities of labour market policy. The Ministry for Labour, Health and Social Affairs had set up a task force for a youth initiative in 1994/95, which analyzed the youth labour market and policy options in an international context and developed a policy strategy for the following years. Accordingly, the Public Employment Service (AMS) declared prevention of youth unemployment as a main policy priority during the year 1997 (*Jahres-schwerpunkt*). That shift in priorities reflected the fact that youth unemployment was starting to rise again in the mid—nineties and, consequently, the AMS was well prepared to provide its contribution to the 1997 government's initiative.

The priority concerning labour market policy for young people was specified by the following objectives:

- preventing long-term unemployment of young people;
- providing apprenticeship training for all applicants;
- supporting equal opportunity for women concerning occupational choice;
- supporting integration of disabled young people.

The figures of the evaluation of the ESF interventions show clearly that Austrian labour market policy had in fact already devoted a high priority to the support of young people already in 1995 and 1996. Compared to the average number of planned participants in specified youth programmes during the period from 1995 to 1999 the real number of participants was three times as high (4.300 versus 1.400). In addition, we can observe that there was a clear shift towards the priority of youth as other categories remained at the planned level or had a lower number of participants than projected. Participants of the under—25—years age—group in other programmes doubled the number of young people in specified youth programmes so that about 8.600 participants per year were supported in 1995 and 1996. The main categories of policy measures for young people were qualification programmes (90% of financial resources for specified youth measures were spent on qualification; 80% of the participants from the 15—25 age—group participated in qualification programmes). The policy for equal opportunities for young women appears to be a less successful programme as the proportion of young women is clearly below the average in that programme (19% as compared to an overall proportion of one third). A look at the statistics of labour market training from 1993 to 1997 shows a shift from the 19—25 age—group (from below 30% to below 20%) to the younger (15—18) age—group (from 10% to 20%) during this period. The absolute number of 15—18—year—old participants started to rise in 1995 and more than doubled until 1997, the proportion of participation in training to the unemployment figure rose from one third in 1993 to 55% in 1997.

The main categories of labour market policy for young people in the mid—nineties resemble the mix of measures which have been developed and implemented during the previous decades (see Box 2 from the country background report for a broader description):

1. *Specialized programmes for vocational information and motivation and organized job finding activities;*
2. *provision of basic skills and qualifications, work place training, and qualification of the poorly skilled ;*
3. *acquisition of a vocational certificate or specialised further education:*
  - various forms of promotion of an apprenticeship qualification (e.g., subsidies for apprentices or enterprises, external short-form apprenticeship programmes),
  - acquisition of qualifications above that level (e.g. specialized qualifications for clerical occupations, application of information technologies);
4. *remedial work place training, socio-economic enterprises;*
5. *special measures for female youth to broaden the vocational opportunities of young women, especially in apprenticeship.*

As part of the 1997 government initiative the AMS shifted substantial means towards the promotion of youth. In 1997, 1.4 thousand million ATS, about 20 per cent of the budget of active labour market policy, was projected for youth measures. Besides, the continuation of the ongoing programmes for transition, qualification, and employment measures for youth the package included a concentration on the following measures :

- Massive attempts of acquisition of training opportunities for apprentices and the promotion of apprenticeships in the private and the public sector.
- Provision of a special programme for the promotion of additional apprenticeship opportunities in training workshops.
- Widening of the activities for vocational orientation and for the furthering of employability/trainability (“*Berufsorientierungskurse*”).

About one—third of the resources was designed for the promotion of apprenticeship, and the remaining two—thirds for counselling, vocational orientation, transition measures, including employment promotion measures, and qualification. Each of the regional divisions of the employment service at the *Länder* level has developed a programme of youth measures based on an assessment of the situation of the market for apprenticeships.

Concerning the promotion of apprenticeships, the same measures were taken as during the eighties, namely the provision of subsidies to enterprises for new apprenticeships, and the provision of training places in training workshops. The amounts of subsidisation for enterprises range from ATS 4.000.--/month to ATS 10.000.--/month in special cases.

The promotion of apprenticeships in training workshops has been a contested issue. The number of training places in institutions has to be approved by the Minister for Economic Affairs, and some institutions worried about substantial delays concerning the approval. In sum, several hundreds of training places were affected by those problems. Some criticism arose about those programmes because the costs for training places in institutions are very high.

### ***Vocational information, orientation and counselling***

As pointed out in the Austrian country background report, the Ministry for Labour, Health and Social Affairs and the AMS take responsibility for vocational information, orientation and counselling in co-operation with the Ministry for Education and Cultural Affairs. Traditionally, there has been a division of labour in the area of guidance and counselling: the education institutions took responsibility for information and orientation in education and training (*Bildungsinformation*), and the labour market institutions took responsibility for the area of work and occupations.

The main target groups for information and counselling traditionally have been (1) the pupils from the secondary general schools at grade 8, before completion of compulsory school, (2) the young people planning to start an apprenticeship training or planning to change the training enterprise, (3) drop-outs from upper secondary schools or from apprenticeship seeking alternative routes of training or employment, (4) especially in the urban regions the pupils and graduates from the academic upper secondary school and graduates from higher education levels. Main activities in this policy area include:

- information services;
- guidance and counselling services.

#### ***Information services***

The following kinds of information services delivered by the AMS for young people are to be mentioned: vocational information and orientation in co-operation with schools, the provision of various kinds of information material and the development of a network of Centres of Vocational Information (*BIZ - Berufsinformationszentren*), and the organisation of various broad—scale events in co-operation with other institutions.

Traditionally, *co-operation with schools* meant visits of counselling officers from the Public Employment Service to school classes at grade 8 to inform the pupils about their future opportunities. In most cases a lesson was given to the pupils, providing an overview about occupations and training pathways accessible for them and giving information about the regional office of the employment service, frequently followed by individual consultations. For some time, that practice was carried on for all 8th graders at the secondary general school, and for the 11th graders at the academic secondary school. During the eighties, when the unemployment figures went up, that practice was given up gradually in several regions. As the BIZ infrastructure was being built up since 1988, and various actions were taken to strengthen vocational orientation at school, the co-operation took on new forms: the schools are invited to visit the BIZ and to inform themselves there; in addition the AMS is providing further education and training for teachers and to some extent is giving support to intermediate projects and services which have developed special activities in the area of vocational orientation. Direct activities of the AMS at schools may be reduced further in the future as the schools should take over more responsibilities concerning orientation.

Since 1988 a *network of BIZs* has been built up covering several regions. Actually 50 centres are working, and some more will be set up in the future. The BIZs have been specialising on the provision of information about the world of work and occupations. A broad variety of material, brochures, videos, and electronic sources can be used and studied at the BIZ individually, and many groups of pupils, school classes, or interested adults (teachers, parents, etc.) are informed collectively. A recent evaluation has shown that about 300,000 persons visit the Austrian BIZs during a year, 200,000 of them are young people. The *production and updating of the information sources* of occupational issues is another important activity of the AMS. Most of the Austrian research concerning these issues has been commissioned by the AMS and the Ministry for Labour. Various sources of information are available: written descriptions of the various occupational sectors, of the individual occupations, and of the practices of how to make the right choice, etc.; EDP-based sources available to the public, like programmes for evaluating one's interests and

abilities, information about occupations and vacancies, and a new multimedia programme concerning occupational choice is just being implemented; various video material of occupations are available for individual or collective information. A recent evaluation of the BIZ has shown that a high proportion of young people, approximately one—third of the visitors, have been confronted with vocational information for the first time. However, a direct impact on occupational choice is reported by a small proportion of visitors (about 5%).<sup>4</sup> For the future, the services for adults will probably be extended, and especially the development and implementation of an information system for the training market is projected. Concerning the production of material, the electronic and self-service sources will be extended.

In co-operation with various other institutions, the education authorities, the social partners, economic organisations, etc. some *large—scale events* are organised in the Austrian regions concerning educational and occupational opportunities. Especially the Vocational Information Fairs (*Berufsinformationsmessen*) have turned out to be successful means for information of young people.

### Guidance and Counselling

The main activity of guidance and counselling for young people concerns the labour exchange on the apprenticeship market. It is estimated that in 1995 the registered vacancies covered about 60% of all vacancies for apprenticeships and that the registered applicants covered even 68% of new apprenticeships.

In addition, guidance and counselling is provided for young people who are confronted with problems in finding employment or an appropriate training course. Many regional offices are employing special officers or special units for the individual counselling of young people.

### **Reform strategies concerning the apprenticeship system**

In Austria, there are indications for structural changes in the education and training system since at least the beginning of the nineties, comprising first a long—term shift of participation from apprenticeship to full-time schools, and second – more recently – signs of an erosion of the traditional apprenticeship system indicated especially by a decline of the enterprises' demand for apprentices. The overall situation can be characterised as follows: Within relatively favourable overall conditions on the youth labour market a shortage of training places for apprentices was noticeable in 1996, and the situation sharpened in 1997. That shift occurred, as an ongoing decline of training places coincided with the beginning of a mid-term demographic upturn of applicants for apprenticeship. The wider framework of that shift are more general, uncertainties about the structural changes pointed to above, especially the labour market consequences of the rising participation in the full-time schooling and the university sector are not clear, and frequently under dispute among the principal actors. An oversupply of graduates from schools and universities is feared, especially by representatives from the small and middle enterprise sector, and there are some signs of rising unemployment in that group. However, the age composition of the unemployed points to a declining share of younger people and largely to a stagnation of numbers of the younger unemployed within an overall rise of unemployment figures. It should be mentioned, too, that the long term demographic projections show a stagnation or decline of the young age—groups in absolute and relative terms.

With this background in mind, the political scene has been highly alarmed by the problems on the apprenticeship market, and a broad government initiative for a programme to overcome these problems was launched in summer 1997. That programme has been described in more detail in the background report (see ANNEX 1) and will serve as a starting point for our analysis of the current policy. The analysis will concentrate on the policies concerning the apprenticeship system because the existence of that system

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4 Nowak, G. (1997), BerufsInfoZentren (BIZ) in Österreich. In: BMAGS (ed.) Jugend – Bildung – Beschäftigung. Vienna.

must be seen as one of the most important vehicles of the rather smooth transition process from education to employment.

### *The main actors in the system and their policy options*

Conflicting views and positions among the principal actors in the policy system are forming a framework which produces constraints for policy development. Concerning the principal actors in the apprenticeship system, we first have to consider the *organisations of the social partners* as representatives of employers on the one hand, and of employees on the other hand (chambers, trade unions, etc., which are forming a centralised, but nevertheless also strongly differentiated and complex system of representation of interests); that organisations have a consultative position concerning the regulation of the system which is functioning on an informal, as well as on a formalised basis; in addition, the employers' organisations are involved in the administration of the system, too (that means that there is some imbalance concerning the influence of the social partners in the system, giving the employers' side more say than the employees' – this is to be mentioned because it has frequently been a source of political conflict and dispute and may be judged as an important factor which undermines trust among those parties). It should be mentioned that some important aspects concerning the apprenticeship system, especially the financial compensation for the apprentices (their “wage”), and some aspects concerning the employment conditions, are under the responsibility of the social partners, due to the collective bargaining process.

Another principal part in the system is the *Ministry for Economic Affairs*, which is mainly responsible for the regulation of the enterprise part of the system, containing also the classification of the principal occupational units (*Lehrberufe*). In several aspects the proposals of the social partners have to be adopted by the Minister for Economic Affairs, who may adopt, change, or reject them.

A third principal actor is the *Ministry for Education*, which is – partly in combination with the *Länder*-Authorities – responsible for the part—time compulsory schools for apprentices (*Berufsschule*).

The main regulations of the system are based on law, so that *the political parties* have to take the decisions via the legislative process. Some of the crucial decisions, especially concerning the schooling issues, have to be taken by a qualified majority so that a broad consensus is necessary for taking the decisions.

As a fourth active part we have to mention *the institutions responsible for the labour market (AMS and the Ministry for Labour)*, those organisations have to manage the transition process, including the services of vocational orientation and counselling, and labour market policies. However, those institutions which are to some extent directly confronted with outcomes of the system do not have much say in the decision—making process concerning the shaping of its structural traits.

For decades there have been political links constituting two chains of active parts in the system, which have combined the mentioned institutional parts with the political parties, as the *Österreichische Volkspartei* (ÖVP) had connected the employers' organisations and the Ministry for Economic Affairs on the one hand, and the *Sozialdemokratische Partei* (SPÖ) had connected the employees' organisations, the Ministry for Education, and the Ministry for Labour. That clear cut system does not exist any longer as there has been a change in political parties leading the Ministry for Education.

Concerning the strategic orientations for political choices the mentioned *chains of active parts* linked to the social partners, have certain preferences for solutions. That means that each of the social partners, and their attached chains of active members, are systematically tied to one of the sides of the dual system: the employers' side is opting for solutions in the *enterprise part* of the system, including deregulation, and especially lowering costs for firms – the employees' side is opting for solutions in the *public and institutional part* of the system, including regulation and control over enterprises' activities. Thus, each of

the two sides has developed its own programme for reform. Those programmes, however, have pointed in opposite directions. A stylized and somewhat “overstated” picture may be given as follows:

*Employers’ positions and options*

Apprenticeship training as a **service** for economy and society  
 pointing to **costs and investments** of training  
 judging apprenticeship as **career opportunity**  
 policy should be built on **trust** in enterprises  
 additional funds to be raised by **cost cutting** or from the **public**  
**flexibility and deregulation** of training provision and of work regulation  
 extending **enterprises’ authority** in training  
 judging enterprises’ practices as **adaptive/innovative**  
**maintaining** the occupational structure  
 extending time in enterprise  
 lowering apprentices’ compensation to **loosen the burden** for enterprises

*Employees’ positions and options*

Apprenticeship training as a **duty**  
 pointing to **returns** from apprentices’ work  
 judging apprenticeship as **dead-end street**  
 policy should be built on **accountability, control and evaluation**  
 additional funds from the **enterprise sector**, especially from non-training enterprises  
**regulation** of provision, **legal entitlements** for apprentices  
 extending **public authority** in training  
 judging enterprises practices as **traditionalistic**  
**changing** the occupational structure  
 extending time at school or in intermediate training institutions  
 rising compensation to make apprenticeship **more attractive**

The underlying strategic patterns have produced a policy process of destructive opposition rather than productive compromise among the principal parts for decades. To understand those mechanisms we must take into account the complexity of the system, both in terms of the regulations and of the regulators which are interacting with a high degree of diversity in terms of training enterprises. Special features to be mentioned are differences between the sector of crafts and small trades on the one hand and manufacturing industries on the other hand, the latter have taken a more compromising position towards the employees’ positions; furthermore, the part—time compulsory schools for apprentices do have a special position within the education system, being separated in administrative terms from the full—time vocational schools and colleges, including the provinces in the financing and controlling system, employing a separate category of teachers, etc.

The following important issues have certainly placed the climate in the policy process considerably under stress:

- negotiations among the social partners during several years about reform of the occupational profiles have not been adopted to law although they have brought about consensual results;
- the time for compulsory school has been extended one-sidedly without giving a financial compensation to the enterprises ;
- a radically deregulated draft for a reform of the Vocational Education Law has been brought into the process recently;
- negotiations among social partners about the set up of training funds have not been successful.

In sum, there has been a situation with the employers' side opting for a strategy which may reduce costs and increase discretion and control for the enterprises, including deregulation and reducing "bureaucracy" – whereas the employees' side has been opting for reforms which may require additional funds to be raised by the non-training enterprises. The respective strategies also include opposite positions concerning the location of apprenticeship in the overall education and training system: on the employers' side the overall incentive structure for educational choices is judged as being distorted towards full-time school and university, thus seeing a systemic solution in an increase of the incentives to choose an apprenticeship programme by putting higher prices on the alternative programmes – on the employees' side the apprenticeship system should be made more attractive by an overall qualitative improvement raising its status in the system, including broader profiles, mechanisms of quality control for enterprise training, increasing the non-enterprise components of training, etc.

### *The policy initiative from 1997*

Considering that background, the government's initiative formulated a broad and potentially compromising programme for reform which took up most of the contested issues. Some measures have been implemented rather quickly, and the situation on the apprenticeship market could be improved for 1997. However, a rather high input of money, especially from labour market policy,<sup>5</sup> for the provision of alternative training opportunities was necessary for rather short-time effects. Thus, a more long-term systemic and sustainable perspective concerning reform came to the foreground more recently. In the course of that discussion the opposite orientations revived markedly. The policy debate about the reform of apprenticeship has been carried further into the framework of the development of the National Plan for Employment, which should be delivered to the European institutions in April 1998.

### *Short-time measures for the improvement of the situation in 1997*

Short-time measures have included two programme chapters: a package of labour market policy measures and a special programme (*Sonderprogramm*) which should have induced public authorities to provide opportunities for those young people who remained unemployed or without training because the apprenticeship package did not work in favour of them. The Public Employment Service (AMS) changed its objectives for 1997, and shifted about 20% of the budget for active labour market policy to youth measures (about one-third were projected for the promotion of apprenticeship, and the remaining two-thirds for counselling, vocational orientation, transition measures, including employment promotion measures, and qualification).

The labour market policy package included the following measures:

- Massive attempts of acquisition of training opportunities for apprentices in the private sector as well as in the public sector (promotion, information, public relations);
- promotion of additional apprenticeship opportunities in training workshops, and individual subsidies ("Beihilfen") for the promotion of apprenticeship training;
- widening of the activities for vocational orientation ("Berufsorientierungskurse");
- continuation of the ongoing programmes for transition, qualification, and employment measures for youth.

The following measures were projected in the special programme:

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<sup>5</sup> Some estimates show that about 20% of the means of active labour market policy have been spent on measures to improve the situation on the apprenticeship market.

- Additional training places in the full-time TVE-sector;
- provision of additional apprenticeships by public authorities and by institutions in the non-profit sector;
- special task forces for the acquisition of apprenticeship training places;
- development of strategies to spread apprenticeship to the new employment sectors of the future (e.g., Information-Services, Counselling);
- development of “positive discrimination”-strategies for enterprises which are investing in training;
- development of Training Foundations (“Lehrlingsstiftung”) and of “Training on the Job” models to promote transition for unemployed graduates from full-time schooling;
- establishment of a project management by the involved institutions (the public employment service, the education authorities, and the social partners) at the regional level responsible for the implementation of the special programme.

In sum, opportunities for about 20.000 young people were projected to be provided through those kinds of measures (10.000 through labour market policy measures, 10.000 through the special programme). Very incomplete information is available about the delivered measures and the resources used. The difficulties of an assessment are partly a result of the decentralised delivery and regulation of the measures (e.g. the *Länder* have decided about the specification of target groups and the amount of support under special conditions).

Nevertheless, we can get some rough impressions of the possible impacts of the measures. The following table gives some indications of the possible effects of the programme. The development on the apprenticeship market changed from a downturn to an upturn. The maximum estimation, which takes the projected figure for 1997 as a baseline, has 4.000 additional apprenticeships as a result. About 1.300 additional young persons were in labour market training in December 1997. The youth unemployment figure was reduced by 1.000 compared to the year before.

## Changes on the Youth Labour Market 1994—1997

	Unemployed apprentices	Beginners of apprenticeship
1994—95	+600	-2400
1995—96	+1500	-200
1996—97	-1100	+3100
<i>1996—97* projected</i>	<i>+600</i>	<i>-900</i>
<i>1997* projected - 97</i>	<i>-1700</i>	<i>+4000</i>

	Participation in Labour Market Training		
	15—18 years	19—24 years	15—25 years
1993—94	-32	-448	-480
1994—95	+335	-310	+25
1995—96	+761	+434	+1195
1996—97	+1458	-146	+1312

	15—25 Unemployed
1994—95	-700
1995—96	+2600
1996—97	-1000

However, the Austrian public criticised low results in relation to invested means. It seems that the AMS has spent all of the projected money, which was meant to provide 10.000 additional training places. The average sum of about 1.4 billion ATS for about 10.000 places is on average ATS 140.000 per place; that amount is two to four times higher than the estimated net costs of the enterprises for an apprentice per year and it is about twice of average costs of a pupil in compulsory school. In relation to the costs of an apprenticeship to the enterprises, the support is roughly one quarter of gross costs and near the estimations of net costs. So it is frequently criticised that dead weight may be rather high. One factor may be that apprentices might otherwise have been taken up without support. An indicator for that may be a delay of registering vacancies at the AMS, so that the applicants would fulfil the condition of certain spells of registering. Indeed, we can observe a shift of the number of vacancies from summer to autumn, a similar shift has been observed in 1983/84 (see chart 13).

Recently, the shift of the priorities in labour market policies that had led to problems for other target groups has been criticised. In addition, it remains an open question, how far next years' budget of the AMS will be affected by the policy in 1997, e.g. by programmes which last longer than one year, or by a shift of parts of the expenditure to the next year. Especially the support for apprenticeships in workshops is a very expensive measure, and it takes three years to complete the course. For the "trial" models average costs of about 200.000 ATS per year have been estimated. As we will see, those institutions are also seen as possible roots for a new alternative sector of apprenticeship.

The short—time measures in 1997 probably have had an impact in improving the situation during that year. However, the representative body of the employers (Wirtschaftskammer) has stated recently that the massive support may have been induced by exaggerated fears of a crisis on the apprenticeship market. The increase of the number of apprentices in 1997 would indicate that the enterprises would have taken on a sufficient number of apprentices in any case.

### *Proposals for reforming apprenticeship*

The government's programme has proposed a set of reforms of the apprenticeship system that affected various laws and regulations (e.g., the Vocational Training Act and its regulations, the Social Security Laws, the Youth Protection Laws, the Labour Legislation, and the regulations of the education system). Several measures to adapt the conditions have been taken during 1997. Some more substantial issues have been discussed in the process of the development of the National Plan for Employment in 1998, which is to be adopted by the Federal Government at the end of April 1998. A draft from the end of February 1998 gives an overview of the main points of discussion.

The following issues have been reformed in 1997:

- ◆ loosening of employment protection of certain kinds of apprentices, easier access to apprenticeship-leave examinations and more flexible accreditation of training credentials from outside the realm of the Vocational Training Act;
- ◆ change of requirements for trainers' qualifications;
- ◆ development of *new* apprenticeship trades and some *broader profiles* of apprenticeship training;
- ◆ loosening of restrictions for youth in employment protection laws and regulations;
- ◆ reducing non-wage labour costs for apprentices by redistribution of social security payments of the employers from apprentices' remuneration to salaried employees' wages.

As a long-term project, a proposal for an assessment of the institutional structure of the administration of the apprenticeship system (e.g. the development of councils for the implementation of quality management in apprenticeship training nominated by the social partners) and an analysis of the now fragmented structure of responsibilities among the various institutions to find a convenient co-ordination mechanism, has also been included in the governments' programme. However, that proposal has seemingly been postponed to the future. Several discussions are going on, and the demand for more substantial reforms seems to rise on the political agenda. The development of the coming years, especially whether the decrease of the apprenticeship system will go on, or whether it will be stopped, may be crucial for the path the apprenticeship system will take.

### ***Recent proposals***

The employers' organisations (*Wirtschaftskammer Österreich*) put their emphasis especially on the issue of the abilities of the applicants for apprenticeship. The crisis is not seen as one that is caused by the enterprises' low demand. Rather, the applicants who remained unemployed would lack the necessary abilities for an apprenticeship. That problem would be reinforced by the high level of employment protection and the rising costs of apprenticeship.

Consequently, the following proposals are central for the employers' side:

- measures to increase the abilities of the applicants by preparatory courses, and the development of new apprenticeships for the remaining "low-ability" group;
- loosening of the employment protection of apprentices so that the contract could be dropped after half of the time, possibly to be assessed by some kind of achievement tests;

- cutting the enterprises' costs by shifting the financial compensation (wage) for the time at the compulsory school to the public budget (in fact about 20% of the wage costs would be affected by that proposal).

The employees' organisations put their emphasis on the provision of alternatives to apprenticeship if the enterprise sector is not able to provide a sufficient number of training places at a certain level of quality. One aspect of quality is the extent of overall conditions of apprenticeship which provide an attractive alternative to full-time schooling. About half of the apprentices are estimated to have a low-income social background so that wages are an important incentive for that group – that means that the other half could potentially apply to full-time schooling if the conditions worsened. Another aspect is the quality of training, which is meant to be controlled by the system of regulations. Deregulation at cost of quality is rejected as a strategy to provide more training places.

The employee's organisations have delivered a proposal to build up a kind of vocational school providing an alternative to enterprise training. The resources of the part-time vocational school for apprentices should be used for that school. This new kind of school should ideally provide the qualification of an apprenticeship, so that a 1:1 transition would be possible if one can find a training place – if not, in last resort schooling should carry on until a full apprenticeship qualification is acquired. Several pilot programmes using a new setting for apprenticeship, which is not linked to a certain enterprise but uses mixed settings, e.g. short-time training spells in various enterprises, intermediate training workshops, schools or institutions for adult education, have been set up parallel in the area of labour market policy (see above: support of apprenticeship in workshops).

The underlying strategy of those programmes may be called a change from the *dual* system to a *trial* system, which is built on the three learning and training environments: enterprise, school, and intermediate institutions. The strategy to build an alternative source for training is to some extent based on the expectation that structural forces on the demand side may lead to a further decline of apprenticeships to about 30% of an age-group. The employers' organisations have heavily opposed the proposals to build up an alternative path to apprenticeship credentials. Their strategy follows the purpose to reduce costs and regulations and give more room to the selection among apprentices, e.g. to develop credentials which cover only parts of an apprenticeship occupation (*Anlehre*, *Stufenlehre*, etc.).

Concerning the aspect of costs the employees' organisations have been proposing some mechanisms for several years which would redistribute financial means from the non-training enterprises to the training enterprises. It is pointed out that the main financial factor is the apprentices' compensation, which is under the responsibility of the social partners by the collective bargaining mechanisms. In addition, for structural and quality reasons a fixed level of financial compensations for all enterprises is seen as the second best alternative.

At the end of February the draft of the National Employment Plan had included the conflicting positions taken by the Ministry for Economic Affairs on the one hand and the Ministry for Labour on the other hand. In the meantime, the establishment of a "Berufsfachschule" at the Berufsschule as an intermediate instrument for young people who cannot find an apprenticeship has been agreed upon by the social partners. However, there are still objections of the Ministry for Education for financial and legal reasons. Some forms of lower-level apprenticeships (*Vorlehre*) as an intermediate alternative for applicants with low achievement levels also have been agreed on. The aspect of financing has not been solved so far. A new development has arisen concerning that issue as some provincial governments will be willing to take over at least temporarily the costs of the apprenticeship compensation during time of school.

## Conclusions

Compared to other countries the problems of the Austrian youth labour market are few. The background report has given some explanations for that phenomenon, especially pointing out the existence of the apprenticeship system and a high political priority of combating youth unemployment at a time when problems are increasing.

An in—depth analysis of the issues of youth labour market policy, including the reform of apprenticeship, can add to the understanding of why youth unemployment in Austria has remained comparatively low so far. The main conclusion seems to be that it has been *a combination of factors* rather than one specific asset of the Austrian system alone which has caused that successful performance. The following four factors are mainly contributing to the low youth unemployment in Austria:

- The existence of an apprenticeship system which builds a direct bridge between training and employment and opens up a training option for young people who failed at school.
- The parallel existence and broadening of a system of upper secondary schools which provide a diverse supply of vocational education and training.
- The inclusion of the apprenticeship system in the system of labour exchange is a basis for a quick signalling of changes and which serves as an alarm; it also induced the development of a broad supply of labour market policy measures for young people.
- A very strong priority for combating youth unemployment among the political actors and the social partners who have been determined to prevent its rising as first signs are observable.

The analysis shows that the existing institutional framework is providing various options for young people which are activated very quickly at the first signs of arising problems. It seems that the combination of *varied opportunities* to take up young people on the one hand, with the sensible *warning and the willingness to take action* on the other hand, is crucial for the functioning of the system. No active part has to bear the burden alone and some lack of co-ordination may be an asset of the system because each of the system's elements cannot rely on the other parts.

Concerning *labour market policy* the issue of their impact must remain open. Evaluation practice has developed to some extent during the last decades, however, the activities are concentrated on special aspects far too much to bring about a clear picture of the impact of youth labour market policy.<sup>6</sup> The reform of the AMS has led to steps towards a *management-by-objectives* strategy, however, the recent policy may be taken rather as an example for the lack of a clear and consistent policy than for the high level of flexibility. If there are clear objectives to be reached, it seems difficult to shift 20% of means to unprecedented objectives within such a short time period.

An assessment of the recent policy strategies and the kinds of reforms and measures that may lead to sustainable development of the *apprenticeship system* should take into account the issues of implementation within the current policy framework into account, such as trust, consensus, acceptance, and the like. The main questions remain open for further investigations:

- First, the causes for the decline of apprenticeship should be clearer than they are now. Especially possible systemic effects that make the traditional setting of Austrian apprenticeship less economically functional should be taken into account. Three aspects seem to be most important in this respect: the range of occupations which are strongly tied to the traditional manufacturing sector, the qualification

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6 Cf. Lassnigg, L. (1997): Evaluation of Labour Market Policy – Methodological Issues. IHS-Reihe Soziologie, Nr.16, Vienna.

level and profile of apprenticeship as compared to the respective profiles of schools, and the factors which are guiding the competition between apprenticeship and full-time schools (e.g. the young peoples' educational choices and the enterprises' selection choices).

- Second, the configuration of contributions by the various active members of the system, and the respective returns, should be made clearer than they are now. Up to some extent this is a matter of fact (who pays for what, and who gets what?), however, it is a normative matter, too (who should pay how much?). It seems to be clear that each reform of the financing system can only be effective if a consensus about those aspects can be achieved. Currently, one-sided views of those aspects seem to predominate at both sides of the political framework.
- Third, the relationship between apprenticeship training on the one hand and human resource development and life-long learning on the other hand should be taken into account more explicitly. The development of strategies to strengthen that relationship may be potentially one of the most important points of departure for the future development of apprenticeship as well as the overall development of the *learning economy*.
- Fourth, a broader view, including international experience, should be taken to break up the somewhat narrow and also persistent options which are predominating the policy discourse. So, the evaluation criteria of policy options may be changed, e.g. bringing the new pressures for innovation and competitiveness into the training discourse.

## **ANNEX I (Box 1 from the Austrian Background report): The Elements of the 1997 Federal Government's Initiative for Training and Education**

### *(1) Reforms of the apprenticeship system*

The reforms of the apprenticeship system are concerning various laws and regulations (e.g., the Vocational Training Act and its regulations, the Social Security Laws, the Youth Protection Laws, the Labour Legislation, and the regulations of the education system). The implementation of the programme is planned to be started in July 1997 or in autumn 1997. The following issues are included:

- ◆ Loosening of employment protection of certain kinds of apprentices, easier access to apprenticeship-leave examinations and shorter periods of training in certain cases – e.g. for young people holding a “*Reifeprüfung*” from Academic Secondary School (ASS) –, more flexible accreditation of training credentials from outside the realm of the Vocational Training Act
- ◆ Reform of the structure of the part-time Vocational School for Apprentices (VSA) towards a block-release system, or other flexible forms of time allocation for compulsory part time schooling, instead of a day-release system
- ◆ Change of requirements for trainers' qualifications to open up certain professional services for apprenticeships, more flexible practices for the registration of training enterprises and for specialized training establishments
- ◆ Development of *new* apprenticeship trades for the future trades and occupations, and of *broader profiles* of apprenticeship training either as a merger or as a combination of existing profiles (“*Gruppenlehrberufe*”), regular implementation of the pilot initiatives for “High tech occupations”, updating the apprenticeship trades according to the new legal regulation of trades (“*Gewerbeordnung*”)
- ◆ New solutions for the regulation of the number of apprentices in relation to the number of employees
- ◆ A task force for the development of strategies for the acquisition of additional training slots and for the improvement of the promotion strategies, including mechanisms for reallocation of funds for training
- ◆ Promotion of training equipment and establishments as well as of further education and training of apprentices
- ◆ Changes of outdated restrictions for youth in employment protection laws and regulations (especially concerning working time restrictions, and security regulations in case of work making use of dangerous equipment)
- ◆ Redistribution of social security payments of the employers from apprentices' remuneration to employees' wages, thus reducing non-wage labour costs for apprentices
- ◆ Implementation of compulsory educational and vocational information in the lower secondary school, and improvement of co-operation between schools and enterprises
- ◆ Reform of the Pre-Vocational Year in the 9<sup>th</sup> grade of compulsory school
- ◆ Implementation of a “*Berufsreifeprüfung*” to improve access to higher education for leavers from apprenticeship training and 3 or 4-year courses at TVE-schools, and development of additional preparatory courses in the TVE sector
- ◆ An assessment of the institutional structure of the administration of the apprenticeship system (e.g. the development of councils for the implementation of quality management in apprenticeship training nominated by the social partners), and an analysis of the now fragmented structure of responsibilities among the various institutions to find a convenient co-ordination mechanism, has also been negotiated and will be further developed in the political decision-making process.

## (2) *The package of labour market policy measures*

According to the lack of apprenticeship places the Public Employment Service (“*Arbeitsmarktservice*”-AMS-Österreich) has changed its objectives and has shifted substantial means towards the promotion of youth. In 1997 about 20% of the budget for active labour market policy are projected for youth measures, about one third of this amount for the promotion of apprenticeship and the remaining two thirds for counselling, vocational orientation, transition-measures, including employment promotion measures, and qualification.

The package includes the following measures:

- ◆ Massive attempts to acquire training opportunities for apprentices in the private sector as well as in the public sector, the setting up co-operative initiatives of various institutions (the local and regional authorities, the social partners, etc.) for the promotion of apprenticeships, widespread information and public relations initiatives in favour of a broadening of work and training opportunities for young people
- ◆ Provision of a special programme for the promotion of additional apprenticeship opportunities in training workshops, and individual subsidies (“*Beihilfen*”) for the promotion of apprenticeship training
- ◆ Widening of the activities for vocational orientation (“*Berufsorientierungskurse*”), which include practical work experience in enterprises in order to promote transition into apprenticeships in the respective enterprises
- ◆ Continuation of the ongoing programmes for transition, qualification, and employment measures for youth.

Each of the regional divisions of the employment service at the *Länder*-level has developed a programme of youth measures based on an assessment of the situation on the market for apprenticeships. The programmes are included in the Government’s Initiative Document. Opportunities for more than 10,000 young people are provided in the package for labour market measures, about 5,000 of these opportunities have been realized already.

## (3) *The special programme (“Sonderprogramm”)*

The special programme is projected to provide additional opportunities for young people who remain unemployed or without training, because the apprenticeship package does not work in favour of them for some reason or another. The following measures are included:

- ◆ Additional training places in the full-time TVE-sector
- ◆ Provision of additional apprenticeships by public authorities and by institutions in the non-profit sector
- ◆ Special task forces for the acquisition of apprenticeship training places (e.g. trying to motivate training enterprises who had dropped training, or finding new training enterprises through information activities)
- ◆ Development of strategies to spread apprenticeship to the new employment sectors of the future (e.g. Information-Services, Counselling)
- ◆ Development of “positive discrimination”-strategies for enterprises which are investing in training
- ◆ Development of Training Foundations (“*Lehrlingsstiftung*”) and of “Training on the Job”-models to promote transition for unemployed graduates from full-time schooling
- ◆ Establishment of a project management by the involved institutions (the public employment service, the education authorities, and the social partners) at the regional level responsible for the implementation of the special programme.

In sum new opportunities for about 10.000 young people are projected to be provided by the measures in the special programme.

## **ANNEX II (Box 2 from the Austrian Background report): Active Labour Market Policy for Youth – Overview 1996/97\***

### **Permanent Services**

#### *(1) Information and Counselling*

In addition to the regular services of individually provided information and career counselling by the units of the employment service a framework of special Centres for Vocational Information (“*Berufsinformationszentren*” - *BIZ*) have been set up during the last decade which are important elements of the employment service activities. Several units that provide information may also be promoted.

### **Labour Market Programmes**

#### *(2) Specialised programmes for vocational information and motivation, and organised job finding activities*

These programmes promote the individual development of a personal orientation towards working life and the finding of appropriate occupational choices and they improve the practices and skills for seeking a job.

#### *(3) Provision of basic skills and qualifications, work place training, and qualification of the low skilled*

These programmes provide the basic skills required for access to further qualification processes, e.g. the completion of compulsory schooling, basic language skills, entry qualifications for low or semiskilled occupations.

#### *(4) Acquisition of a vocational certificate or specialised further education*

These programmes include the various forms of promotion of an apprenticeship qualification (e.g. subsidies to apprentices or enterprises, external short-term apprenticeship programmes), and the acquisition of qualifications above that level (e.g. specialised qualifications for clerical occupations, application of information technologies). The measures for the promotion of apprenticeship had been reduced during the 1980's, and were started again in 1996, according to the switch of the supply-demand relationship. The criteria for subsidies include the following characteristics: disadvantaged youth (disabled, social disorder, lack of educational credentials, dismissed apprentices, unemployment duration of 4 months or more), drop-outs from education at the age of 20, provision of additional training (e.g. training modules in another enterprise, more than one apprenticeship trade, training in broad profiles).

#### *(5) Remedial work place training, socio-economic enterprises*

These programmes provide training of basic work-related habits for more severely disadvantaged young people

#### *(6) Special measures for female youth*

These programmes are projected to broaden the vocational opportunities of young women, especially in apprenticeship (e.g. subsidies for female apprentices in occupations in which the share of women is less than average, which recently has been 40%).

## Some information about participation and expenditure

Comprehensive information about the distribution of participation and expenditure in the categories mentioned above is not available. Nevertheless, we can give some structural information for the period 1996/97:

- ◆ In 1996 the participation in measures for the promotion of apprenticeship, including apprenticeships in training workshops, amounted to 4.500 cases, in 1997 the figure probably will be substantially higher (during the first quarter of 1997 about 700 cases were subsidised, the figure has more than doubled compared to the first quarter of 1996). The amount of subsidisation ranges from ATS 4.000.--/month to ATS 10.000.--/month in special cases.
- ◆ In April 1997 participation in training measures amounted to about 3.500 cases, half of them in the category (2) *specialised programmes for vocational information and motivation, and organised job finding activities*.
- ◆ About one third of the training measures are targeted at disadvantaged participants, promotion of apprenticeship is a little bit more targeted at the disadvantaged. About half of the overall expenditure for training measures is targeted to disadvantaged young people, the most important category in financial terms is the category (5) *remedial work place training, socio-economic enterprises*, which consumes half of the targeted expenditure.
- ◆ The proportion of young females is higher in promotion of apprenticeship (27%) than in training measures where it is only 10%, in four provinces (“Länder”) no targeted training measures for young females have been observed.
- ◆ Most of the proposed labour market measures in the 1997 government’s programme are from the categories (2) and (3), in particular measures for vocational orientation and motivation (“*Berufsorientierung*”) and preparation for working life (“*Berufsvorbereitung*”), frequently of 3-6 months duration. Among about 260 individual measures listed in the package less than 15 were targeted at female youth.

\* Source: Mayer, K (1997), Maßnahmen zur Arbeitsmarktintegration von jugendlichen Risikogruppen. Sokrates Projekt “Schulversagen”. *Research report*. Vienna: IHS (mimeo.).

### *ANNEX III — Charts*

#### **List of Charts**

- 1 Labour Force and population of 15—25—year—old persons 1981—1997
- 2 Labour force participation of young persons 1981—1997
- 3 Unemployment of young persons 1981—1997
- 4 Unemployment of 15—25—year—old persons by gender 1983—1996
- 5 Unemployment by age and gender 1991—1996
- 6 Unemployed persons by gender and age 1987—1996
- 7 15—25—year—old unemployed persons by gender and education 1987—1996
- 8 15—25—year—old unemployed persons by gender and education 1987—1996
- 9 Proportion of 15—24—year—old unemployed to graduates by type of education 1996/97—1995/96
- 10 Supply and Demand for Apprentices (Lehrlingsmarkt) 1/1993—3/1999
- 11 Market for apprentices 1970—98
- 12 Market for apprenticeship training
- 13 Vacancies on the apprenticeship market

Labour force and population of 15-25 year old persons 1981-97 (N x 1.000, Source: AMS-  
Arbeitsmarktlage)

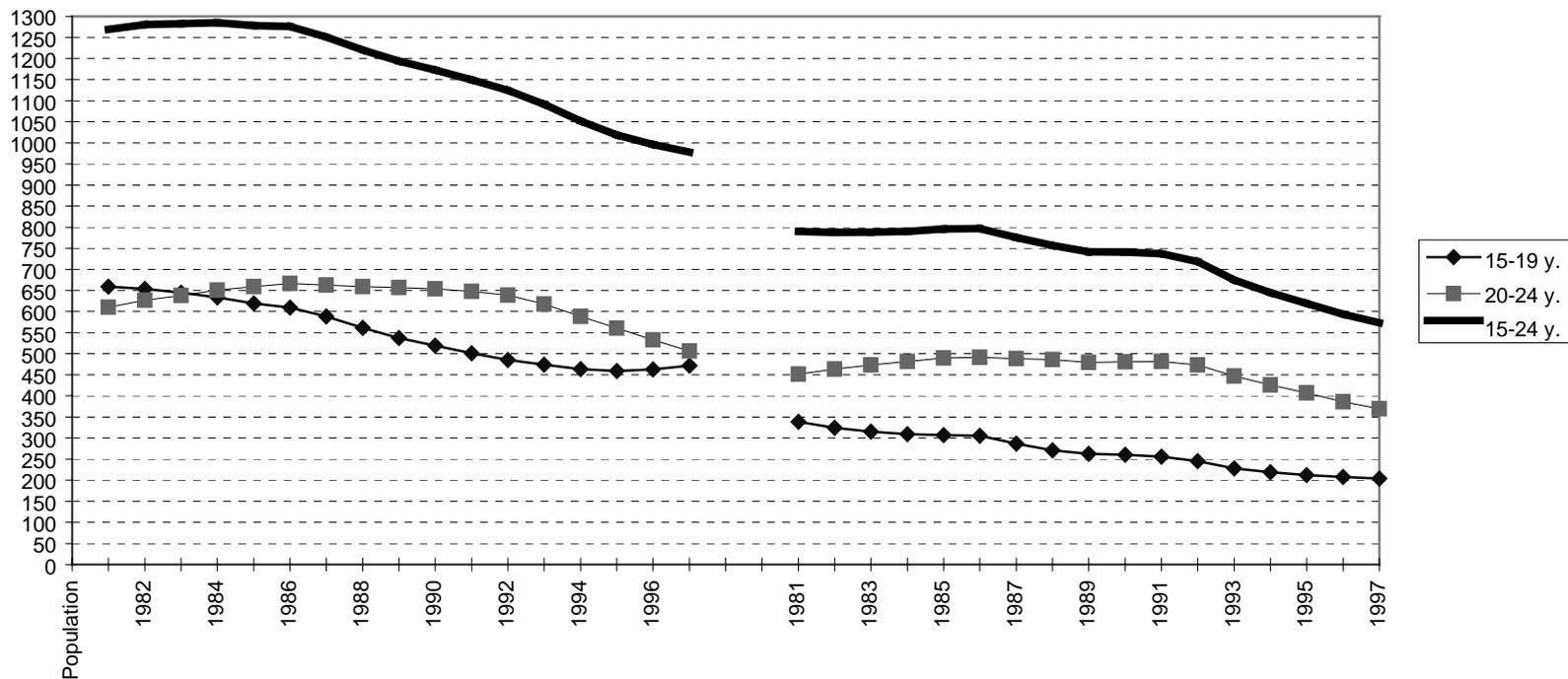


Chart 1

Labour force participation of young persons 1981-97

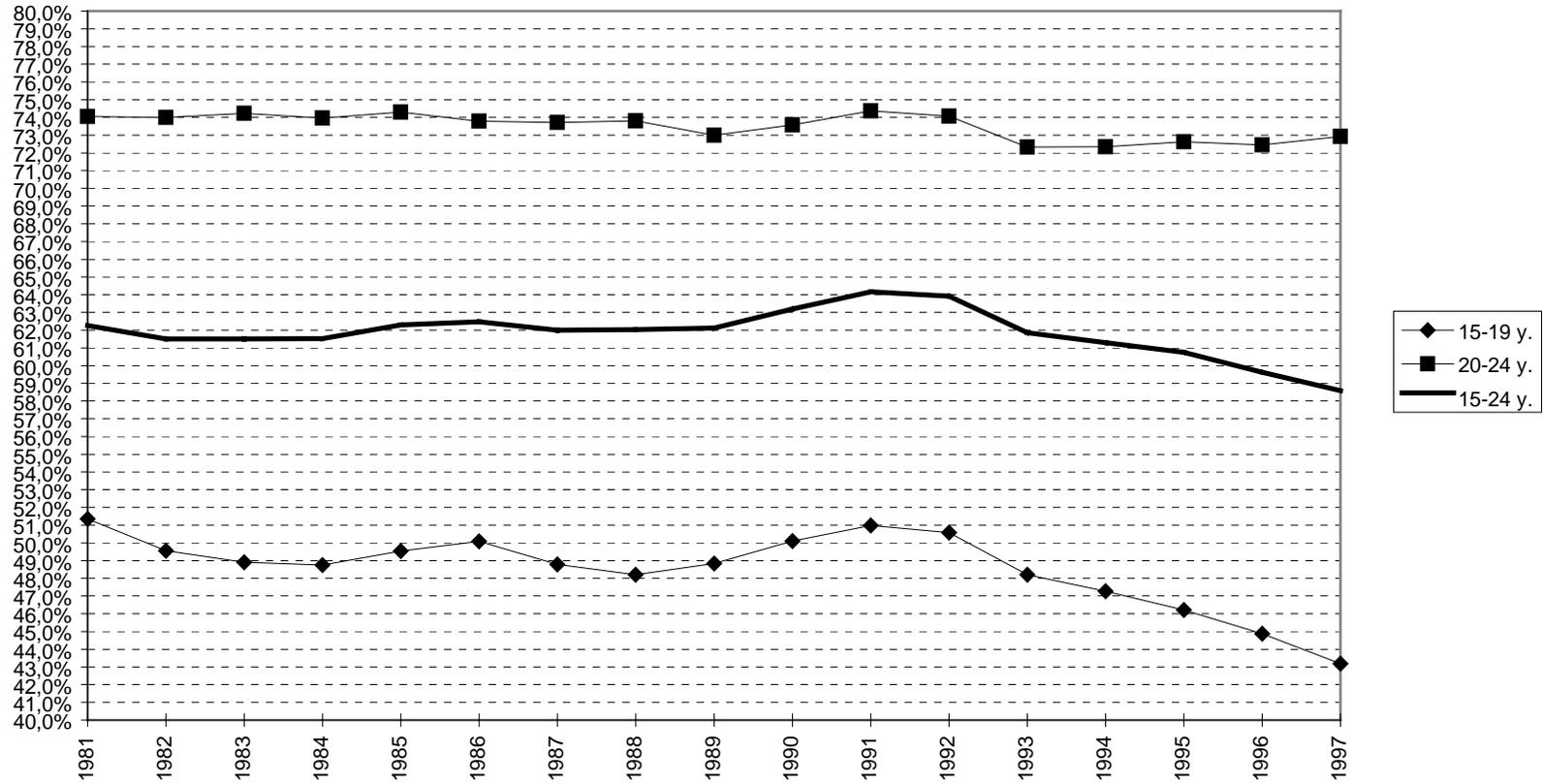


Chart 2

Unemployment of young persons 1981-1997 (AMS-definition)

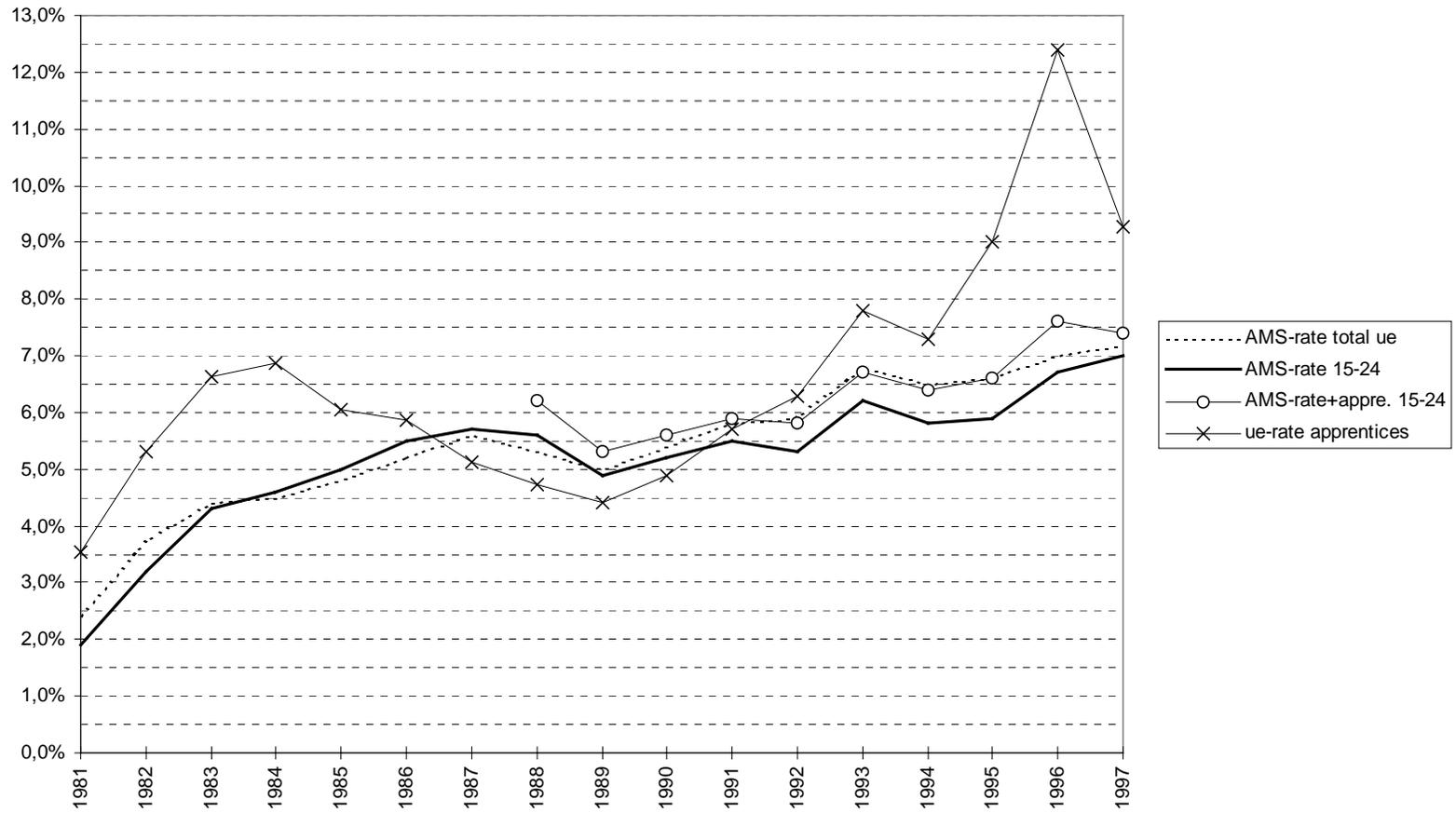


Chart 3



Chart 4

Unemployment by age and gender 1991-96 (AMS unemployment rate)

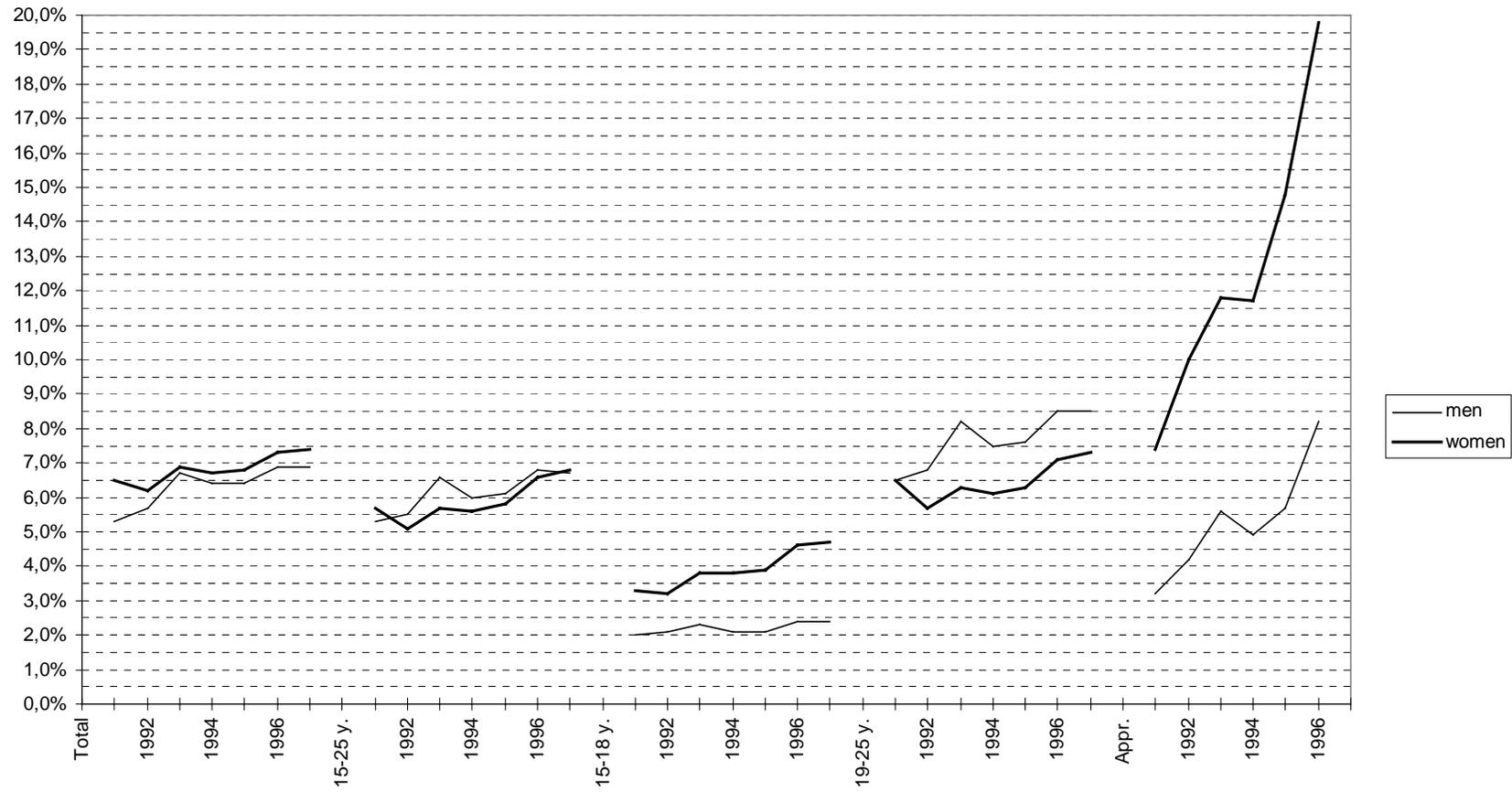


Chart 5

Unemployed persons by gender and age 1987-96 (in %)

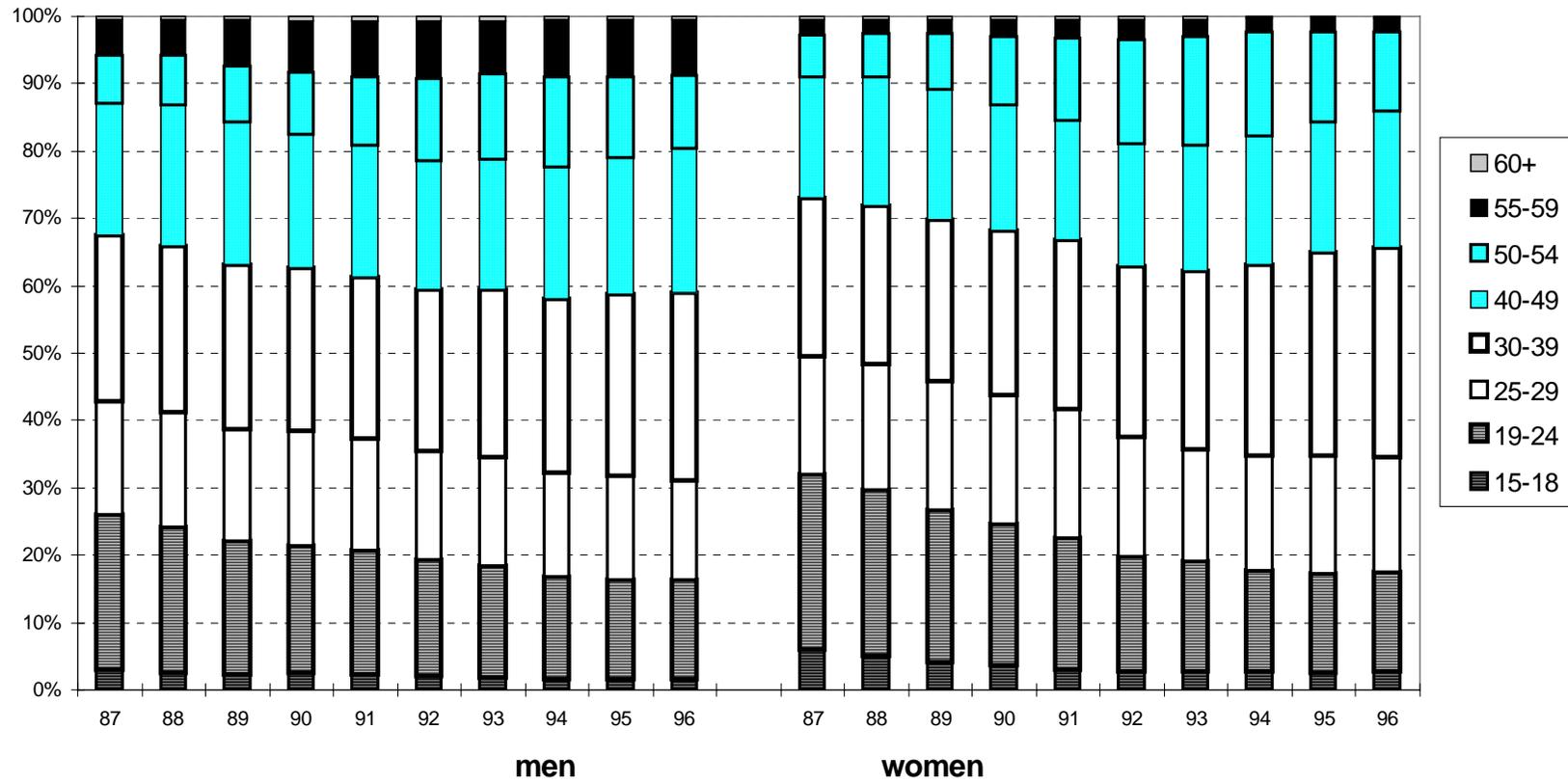


Chart 6

15-25-year old unemployed persons by gender and education 1987-96 (absolute)

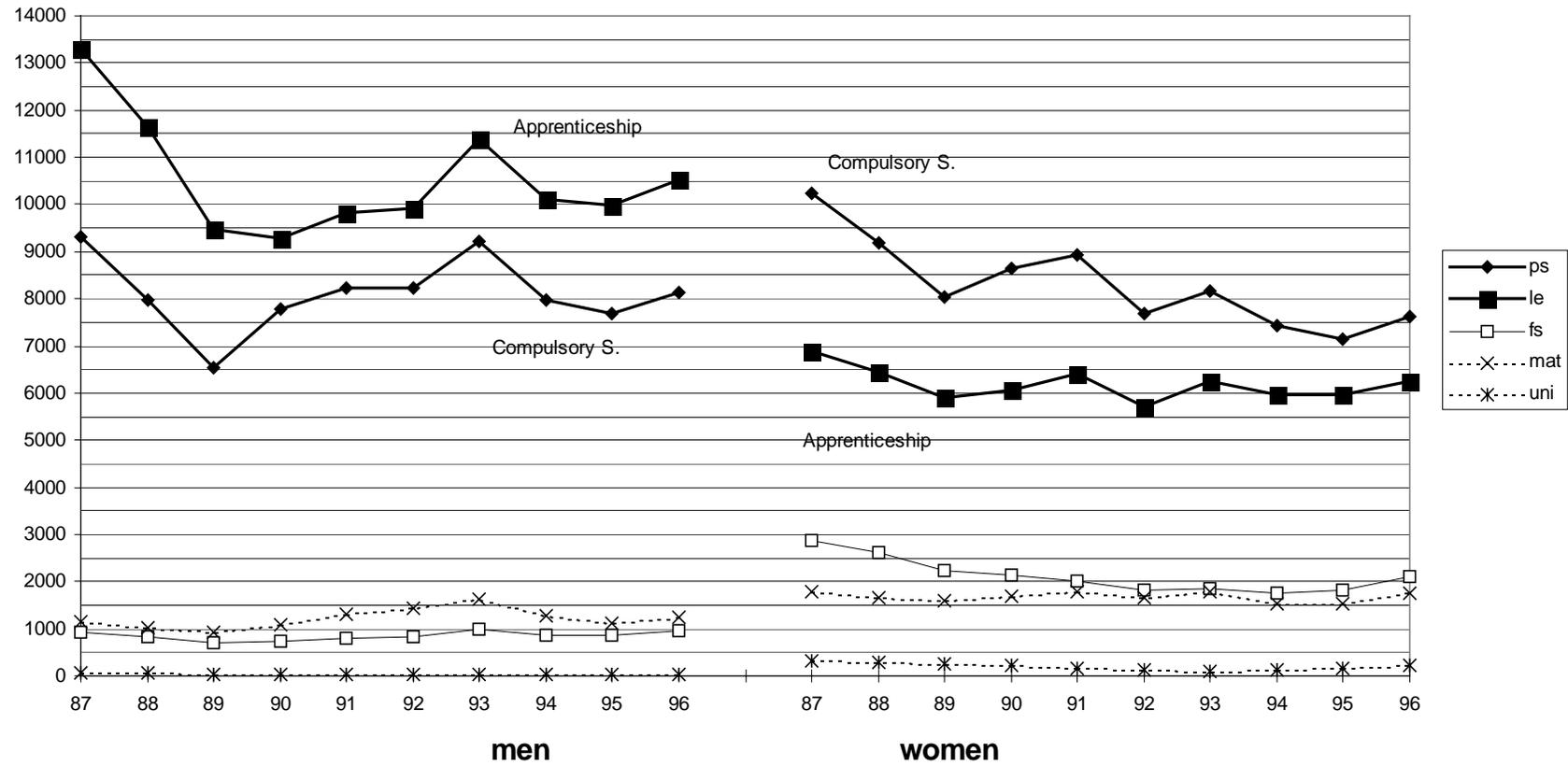


Chart 7

15-25-year old unemployed persons by gender and education 1987-96 (Index, 1987=100)

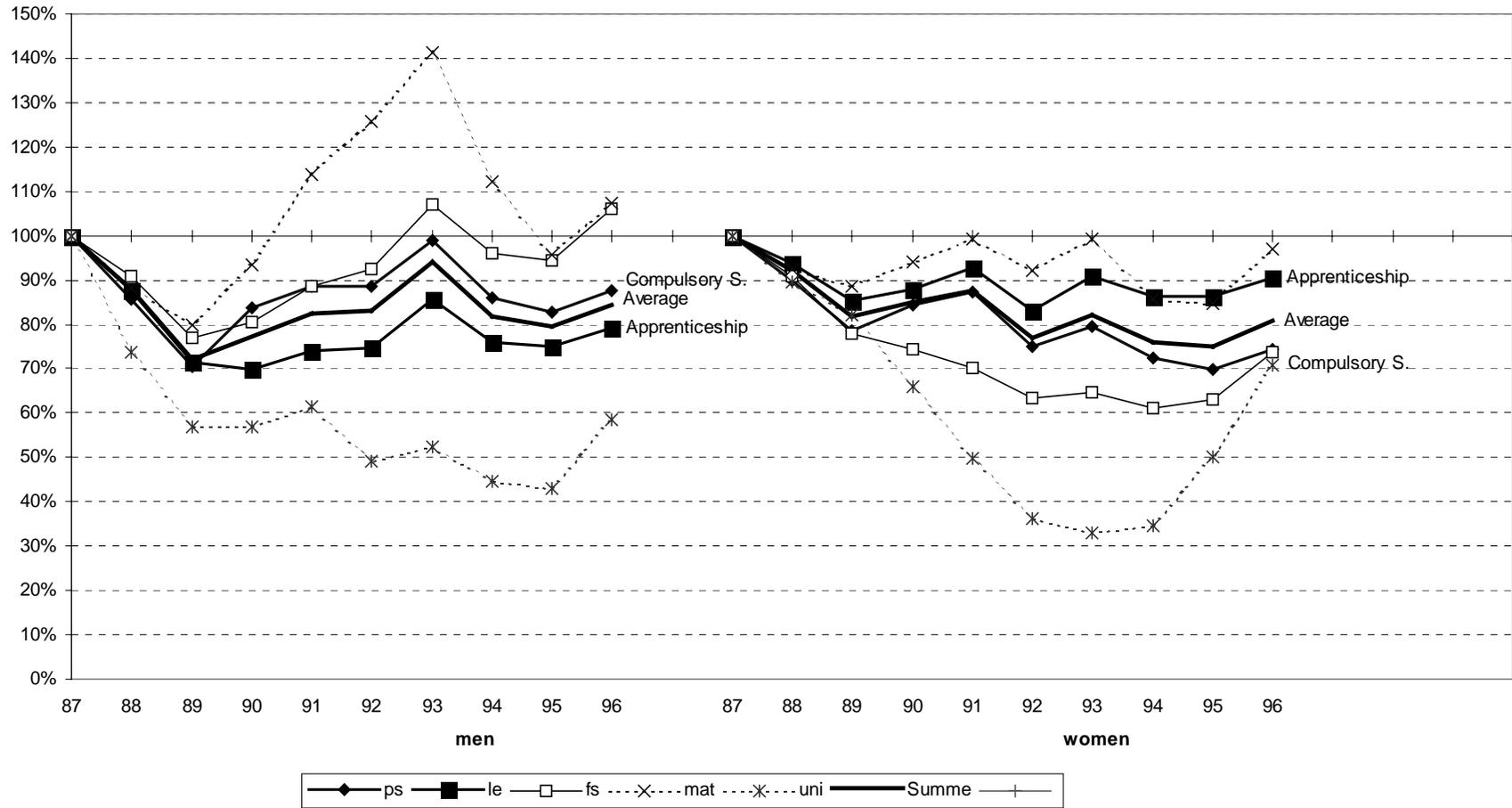


Chart 8

Proportion of 15-24-years old unemployed to graduates by type of education 1996/97-1995/96

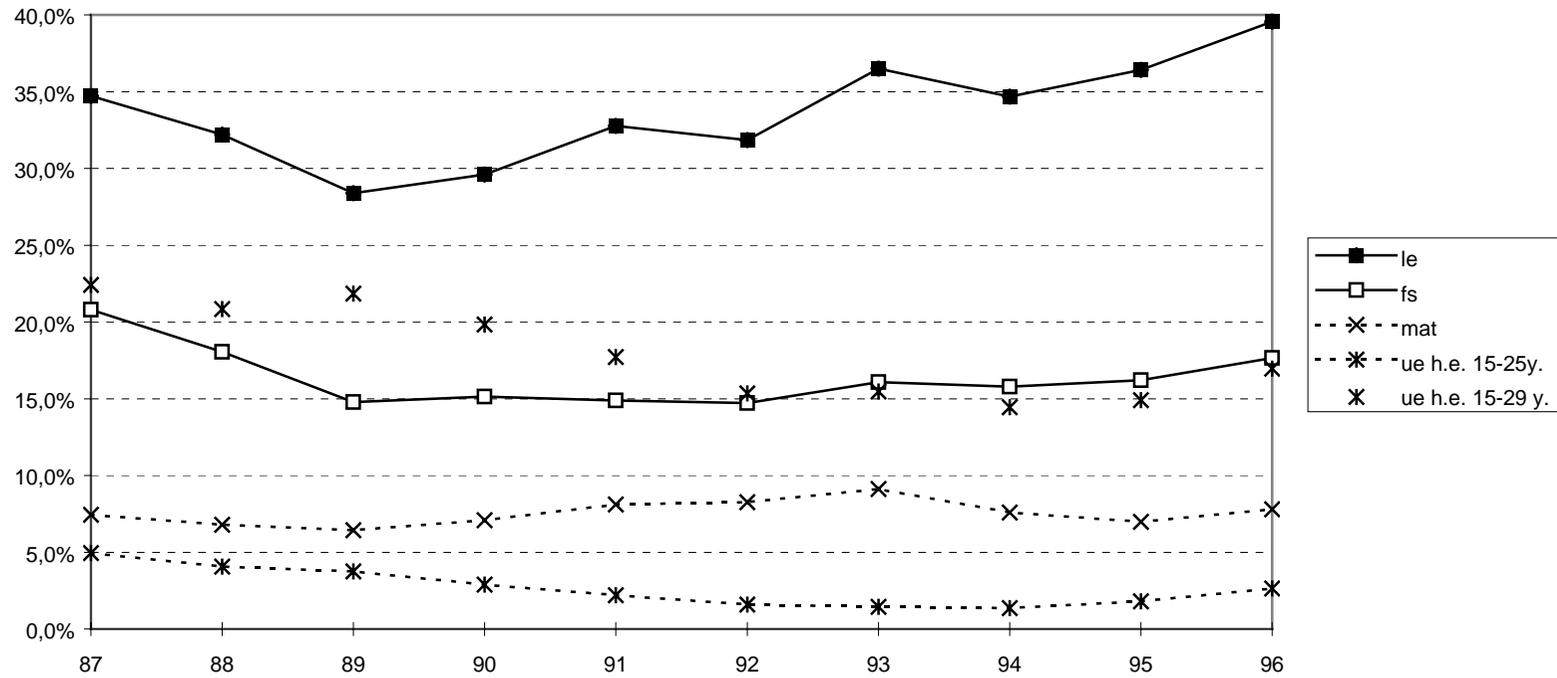


Chart 9

Supply and Demand for Apprentices (Lehrlingsmarkt) 1/1993-3/1999

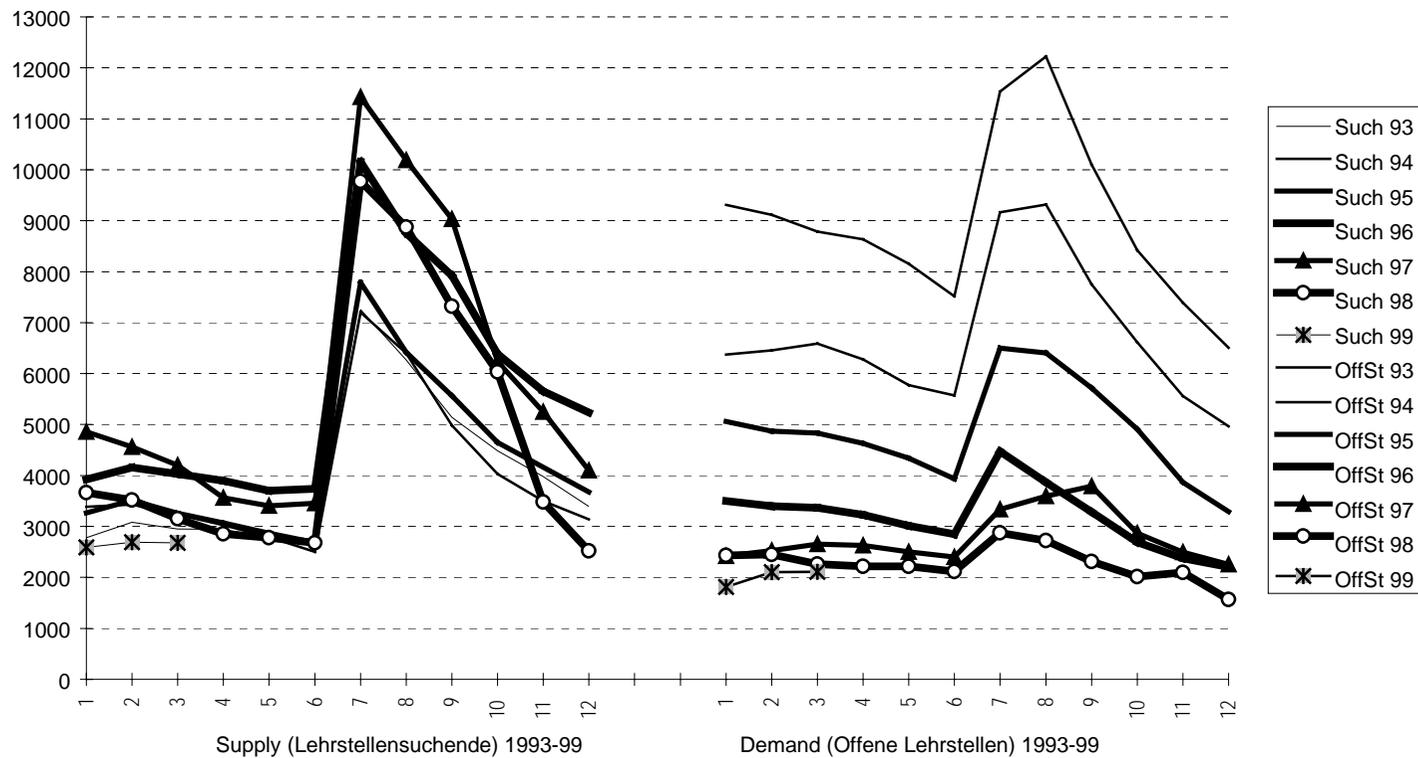


Chart 10

Market for apprentices 1970-98 (N x 100)



Chart 11

Market for apprenticeship training (absolute figures, Nx100, 16-year old population, beginners, unemployed, vacancies)

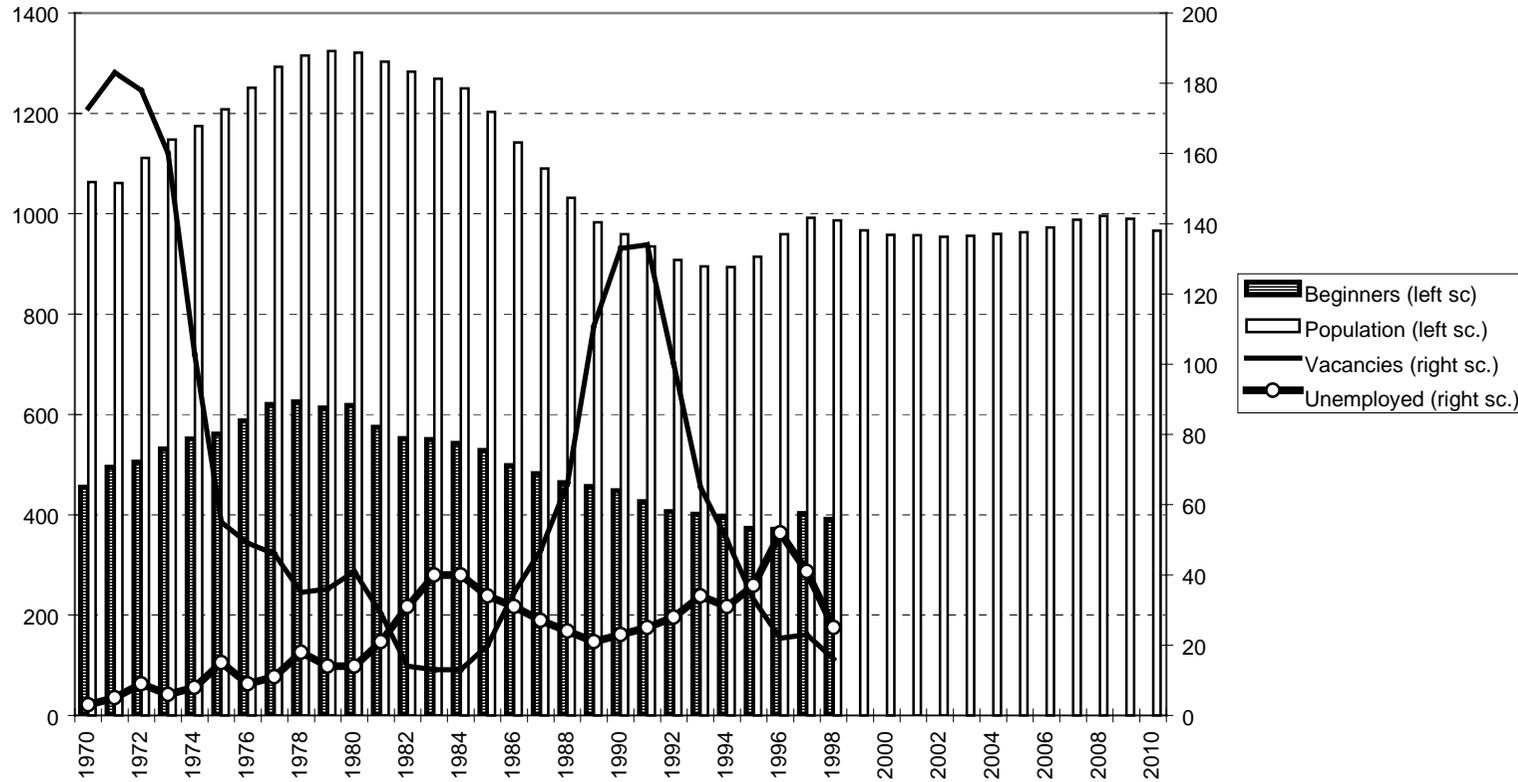


Chart 12

Vacancies on the apprenticeship market (absolute figures per month ; impact of subsidies 1984 compared to 1997)

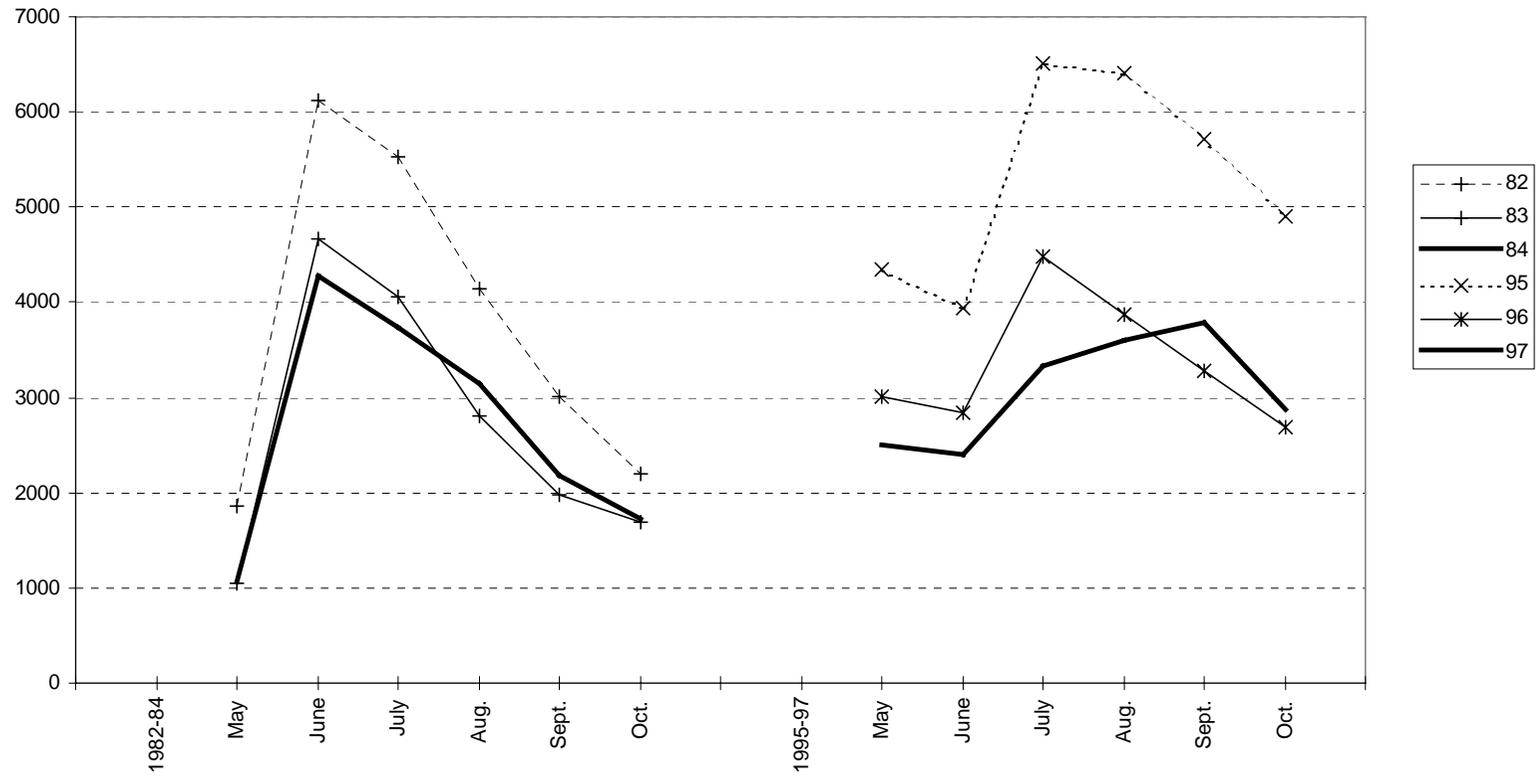


Chart 13