Danube University Krems
Department for Migration and Globalization

2010-2011
Annual Monitoring Review on Migration, Employment and Labour Market Integration of Migrants and Research Question on Access to Labour Market Information
Austria

Gudrun Biffl

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Report of the National Expert in Austria to the IOM Independent Network of Labour Migration & Integration Experts (LINET)

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2010-2011 Annual Monitoring Review on Migration, Employment and Labour Market Integration of Migrants and Research Question on Access to Labour Market Information Austria

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Foreword

The Austrian IOM LINET report focuses on the economic recovery after the economic crisis of 2009, and the impact on migration and the labour market. An introductory section provides an overview of the objectives of the report. In the following section of the report data on migration and the labour market are analysed. Thereafter the role of institutional factors, in particular the Austria-specific social partnership model, for the labour market outcome of migrants and natives is pointed out.

The definitions used are in line with the methodology of the EC Employment in Europe reports. Migrants are defined as persons residing in Austria who have non-Austrian citizenship. The study differentiates between EU-citizens and citizens of third-countries[1], in addition also country of birth, where available.

The report draws on research results of different disciplines in Austria and on EU level, documenting the role of migration in the socio-economic development model of Austria and the impact on labour market outcomes.

Abstract

Analysis of Data on Migration and the Labour Markets

Austria has a population size of 8.4 million and is set for continued growth as a result of immigration. Natural population growth has come to a standstill as fertility rates are amongst the lowest in Europe. In January 2012, the share of migrants (foreign born) in the total population amounted to 16.0% (1.35 million). The share of foreign citizens is lower with 11.5% due to the at times long duration of stay and settlement of many migrants, particularly of third country origin.

1. *Migration Trends*

The demographic balance is characterised by a net-outflow of Austrians and a net-inflow of foreigners. The economic crisis of 2009 slowed mobility down temporarily; the upswing of 2010 and 2011 raised international mobility to unprecedented levels. The population inflow in the course of 2011 amounted to 130,200 compared to an outflow of 94,600 persons. Thus net-immigration in 2011 rose to 35,600 – after 20,600 in 2009, raising total population levels by 0.4%.

In 2011 69% of net immigration of foreigners originated from the EEA compared to 64% in 2009. The largest single nationality is German, with an annual net inflow of some 6,500 persons in 2011. The inflow rate of EU citizens is on the rise, while it was declining for third country immigrants until 2010; in 2011 the inflow rate of third country citizens picked up again, partly due to the introduction of the red-white-red card, a point based immigration model. Accordingly, in 2011 31% of the annual inflow of foreign migrants was from a third country, after 30% in 2010.

2. *Labour Market Impact*

Employment growth is back to a long-term rising trend path; the employment decline of 2009 has been more than compensated in 2010 and 2011 has seen a very dynamic employment

[1] The category ‘third country nationals’ also includes persons originating from Switzerland and non-EU EEA countries.

growth rate of 1.4%; unemployment is amongst the lowest in the EU with 4.2% in 2011. Accordingly, the number of vacancies per unemployed declined to 2.4 in 2011, after 2.7 in 2010 and 3.9 in 2009.

An Austrian specificity is a pronounced lagged cyclical reaction of the activity rate, thereby reducing the cyclical fluctuations of the unemployment rate. Accordingly, the activity rate had declined somewhat in 2010 but was back to the level of 2009 with 75.3% in 2011.

Migrants are more than proportionately profiting from employment growth in 2010 and 2011.

Austria is among the EU-MS with particularly pronounced gender segregation by industry and occupation. In 2010, about one third of all employees would have had to change the industry in order to obtain an equal distribution of men and women across the 27 industries (NACE 2008). The gender segregation of foreign workers is even more pronounced than that of natives.

The pronounced gender segmentation is one reason among many for a high and slightly rising gender pay gap (25.5% in 2010, after 25.4 in 2009); another major factor is the slow adaptation of the male bread winner model to a dual earner model.

Labour Market Integration Policies:

The Austrian labour market is densely regulated by labour law and the regulations are enforced by close monitoring on the part of social partners, works councils, labour inspectorates and labour courts. The regulations flow from a corporatist welfare model, which has its roots in the male breadwinner model and an industrial relations model which is based on an almost universal coverage of jobs by collective bargaining agreements.

The latter ensure equal treatment in employment by industry and skills, linking wages with skills acquired in the education system and further education and training on the job, which is the basis for seniority wage rules. As a result of the regulative density, wages in the formal sector do not differ much in the various occupations and educational groups by nationality, as there is little room for different treatment of immigrants. However, groups of workers who have interruptions in their careers and/ or high seasonal or cyclical employment fluctuations find it hard to follow a career path with seniority pay. This affects women and blue collar workers, many of them migrants, to a larger extent than the ‘typical’ native male worker.

A special feature of the Austrian labour market is compulsory membership of all employees in the chamber of labour. The chamber of labour is a powerful promoter of labour rights via information campaigns as well as individual counselling in case of grievances. Migrants are seeking the advice of the chamber to a large extent thereby getting expert advice on options to access employment and institutional support to ensure equal treatment in the labour market.

1. Institutional and Legal Framework for Admission and Employment

Migration policy has little room to manoeuvre as the single market and free mobility of labour allow unfettered access to the labour market to citizens of the EEA, except for transition periods for citizens of Romania and Bulgaria (EU2). Transition regulations for citizens from the EU-10 have been abandoned in spring 2011.

Employment data indicate that labour market testing was no major deterrent for skilled citizens of the new EU-MS to access work in Austria. After one year of employment in Austria the person is granted free access to the Austrian labour market with a so-called “confirmation of free mobility”, including family members. With the introduction of free mobility of labour for all citizens from the EU10 in May 2011, the inflow of migrant workers

from these regions increased, largely unskilled labourers who had faced barriers to entry until then.
Until mid 2011 third country citizens could enter Austria either on the basis of key skills, as family members, asylum seekers or for purposes of education. Family members can access the labour market if their skills are in demand (work permit on the basis of labour market testing); if they do not pass labour market testing, largely unskilled labourers, they have a waiting period of 5 years of legal residence before they have free access to the labour market.
Asylum seekers may access work after half a year of residence, basically seasonal work in agriculture and forestry or in tourism industries.
Students have the right to work during term on a part-time basis, during holidays on a full-time basis.
In 2011 a point system of immigration has been introduced, referred to as “Rot-Weiss-Rot-Karte” (red-white-red card)[2], which replaced the key-skills quota and widened the scope for third country workers to access the Austrian labour market. The system differentiates between 4 groups/pillars of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and university graduates. In the short period of time the ‘r-w-r card’ has been around it has proven a successful tool to raise inflows of skilled migrants into the labour market.

2. Institutional and Policy Framework for Integration

The institutional setting for integration is rapidly changing. By 2010 almost all federal states had developed ‘Integration guidelines’ (Integrationsleitbild) and were implementing integration measures in the various fields. In addition, on federal level a regulatory mechanism has been put in place which coordinates integration policy on a macro-level. The first steps were taken with the development of a National Action Plan on Integration in 2009, followed by the establishment of an expert council, advising the Ministry of the Interior on matters of integration (Expertenrat) and an integration council (Integrationsbeirat) in 2010. In addition, an ‘integration section’ has been set up in the Ministry of the Interior, administering and guiding integration policy in addition to providing funds for specific integration measures.

The latest element in a change of the institutional ramifications has been the implementation of a Secretary of State for Integration in the Ministry of the Interior early 2011. He receives administrative support by the integration section of the Ministry of the Interior and scientific guidance by the expert council. In the short period of time since the implementation of the Secretary of State migrants are receiving increasing positive public voice via various policy actions, e.g. by raising the visibility of successful migrants, by reaching out to migrants’ associations, schools and migrant communities. The most recent action has been the cooperation of the Ministry of Labour and Social Affairs with the Secretary of State for Integration to provide information and guidance to migrants in their quest to get credentials, which have been obtained abroad, accredited and validated. A website has been implemented early 2012 (www.berufsanerkennung.at) and intense cooperation with all relevant institutions involved has been achieved. Access to work in regulated professions, i.e. those which have a particular responsibility towards human beings and their safety, remains difficult for migrants as special regulations apply which go beyond obtaining the necessary educational skills or getting them accredited.

[2] For more on R-W-R card http://www.bmask.gv.at/cms/site/attachments/5/0/4/CH0020/CMS1306164706818/2011-07-22_de_info_-_rwr-karte.pdf

3. Active Labour Market Programmes

Active labour market policy in Austria is coordinated by the Labour Market Service (LMS). There are various specific support measures for migrants. Since 2008, the LMS invests increasingly in raising the skills of migrants; one major instrument is the funding of German language courses to raise the German language skills first to A2 level, and further up to B2 level of the EU-Reference framework (Integrationsoffensive). These courses are certified. This is not only important for access to work but also for the ‘integration contract’, a prerequisite for the settlement right, as well as for the acquisition of the Austrian citizenship. Apart from general German language courses special courses with occupation-specific vocabulary to access work in specific occupations are offered, e.g. in health and social services, in child care, in accounting, in metal and chemical industries, in tourist services, in logistics etc. The amount of money spent was raised from 23.4 million euro in 2008 to more than double the amount in 2011. The number of migrants receiving language support amounted to some 25,000 in 2011.

Apart from language training migrants received special support on the basis of the ESF 3b focus on distant learners, in particular migrants. Some projects focus on youth, particularly on the transition from school to work or from compulsory education to further education. Others focus on Mentoring and various employment projects, beginning with the establishment of competences and skills, validating them and adding on further education and training programmes to raise the employability.

4. Discrimination in Employment

A survey of migrants (GfK 2011) and natives in spring 2011 indicated that 37 % of migrants feel that they are discriminated against because of being immigrants, while only 27.3 % of natives believe that migrants are disadvantaged and discriminated.

Conclusions and Recommendations:

The opinion polls (GfK 2011) indicate that Austrians have finally accepted that immigrants have arrived to stay. Thus there is increasing support for the establishment of comprehensive measures of integration in the various fields. Migrants may thus become the drivers for reforms which are long needed, e.g. in the education system.

But also migrants have come to realise that combined efforts are needed for a feeling of belonging to materialise and for social cohesion to be ensured.

The corporatist model of industrial cooperation is a good institutional vehicle to promote equal treatment and opportunities in the labour market. Therefore it is important that the social partners together with other political actors give priority to the integration of migrants. While the employers will need to promote diversity management to a larger extent, the unions will need to open up to migration and to give voice to migrants. Signs are that this is slowly happening, but more will be needed if one wants to make sure that migrants are not instrumentalised to undercut wages and working conditions. On the other hand access to the labour market is still a challenge for some migrants, particularly if they are of Turkish origin and of Muslim creed.

1. Introduction

This report focuses on labour migration management and integration of third country nationals in the labour market in 2010-2011. The study analyzes recent trends in labour migration and the labour market position of migrants, reflects on the possible impact of these trends on employment and the national labour market, and attempts to relate these findings to the relevant legislative, institutional and policy developments that took place in 2010-2011. The report places migration and integration within a wider context of national economic and labour market developments.

The report focuses on the skill composition of migrants from EU-MS where free mobility prevails versus migrants from other regions of Europe where transition regulations apply. It informs also about the skill composition of migrants of third countries, who enter Austria either as labour migrants, who fulfil the requirements of the highly skilled immigration programme (Schlüsselkraftverfahren[3]), or as family members, whose immigration is regulated by the family reunion immigration programme. A third group of migrants enters as refugees according to the Geneva Convention, or as asylum seekers; the latter may join the labour force as temporary workers. The report focuses also on the impact of the fall of transition regulations for the EU-8 (the Baltic States, Poland, Slovakia, Czech Republic, Hungary and Slovenia) in May 2011 (Biffl et al 2010 and 2011) and the introduction of the Red-White-Red Card in July 2011.

An in depth understanding of the skill composition of migrant labour is a precondition for the design of immigration and integration policy. International comparisons and analyses drew attention to an increasing skill mismatch of labour demand and supply in Austria (OECD 2005). These results together with indications of a rising scarcity of certain skills (Fachkräftemangel[4]) triggered off a change in immigration policy, which came into effect in July 2011. Austria introduced a three tier system of immigration, regulating inflows via criteria along the lines of the UK (OECD 2008:286, Home Office 2006), thus abandoning the quota regulation for highly skilled third country nationals and their dependents and replacing it by skills based criteria as well as age, work experience and language skills. In so doing Austria aims at obtaining better control over the skill composition of inflows, thereby hoping to promote integration and at the same time postponing population ageing. In addition it hopes to thereby mitigate the problem of qualitative aging, i.e. the depreciation of skills of an older work force.

This paper is intended for policy makers at national and European level, particularly in the labour market sphere, as well as interest groups, research institutions in the field of migration and civic society at large.

1.1 Methodology

This report is produced by the author. Data from various sources are combined to obtain a comprehensive picture of the Austrian employment situation and the role of migration and integration policies. Apart from data for 2010-2011, data for 2005 and 2008 are included for reference[5]. As the Labour Force Survey (LFS) is the only data source which allows the differentiation by educational attainment levels, anonymised data files of the labour force

[3] Key workers are more narrowly defined by the Austrian laws than highly qualified workers in Article 2(b) of Council Directive 2009/50/EC on the conditions of entry and residence of third country nationals for the purpose of highly qualified employment.

[4] The scarcity led to the drawing up of the skilled worker act of 2008 (Fachkräfteüberziehungsverordnung 2008).

[5] Data taken from the LFS begin with 2004 as a statistical break does not allow comparisons with earlier periods.

surveys of 2005 to 2011 of Statistics Austria have been analysed; in addition, social security data (which only differentiate data by citizenship and industry), data from the central population register of Statistics Austria, and inflow data of third country citizens of the Ministry of the Interior have been taken into account. Anna Faustmann processed and analysed the LFS data, Isabella Skrivanek did the data mining for and the editing of the statistical tables at the end of the report.

1.2 Definitions

In order to provide a common framework for comparison with other EU-MS, the report follows the guidelines for the drafting of the national reports. Accordingly:

- Austrians or natives are defined as residents who hold the Austrian nationality;
- Foreigners are nationals of other EU countries or of third-countries.

The focus is on the population of working age, i.e. adults aged 15-64, and employees aged 15-64. For the analysis of the composition of immigration by educational attainment level, the following definitions, which are used by CEDEFOP, are adopted:

- low-skilled ISCED 0-2 (pre-primary and lower secondary education),
- medium-skilled ISCED 3-4 (upper and post-secondary education),
- highly-skilled ISCED 5-6 (tertiary education).

2. Analysis of Data on Migration and the Labour Markets [•] (5277 words)

Population growth in Austria is driven by immigration. In 2011 8.4 million inhabitants lived in Austria, 57,900 or 0.7% more than in 2009. The rise is almost completely the result of immigration, given a balance of births over deaths of 3,200 persons between 2009 and 2011. In January 2012, the share of migrants (foreign born) in the total population amounted to 16.0% (1.35 million), two third from third countries. As many migrants, particularly of third country origin, adopt the Austrian citizenship, the share of foreign citizens is lower with 11.5%.

2.1 Migration Trends

The population inflow in the course of 2011 amounted to 130,200 compared to an outflow of 94,600 persons. Thus net-immigration in 2011 rose to 35,600 – after 20,600 in 2009 and 27,700 in 2010, raising total population levels by 0.4%. Demographic flows are characterised by a net outflow of Austrians and a net-inflow of foreigners. As Figure 1 indicates, there is no major change in the net outmigration of Austrians in 2010 and 2011 while net immigration of foreigners has gained momentum in 2010 and even more so in 2011.

The majority of the immigrants of 2010 and 2011 were from another EU-MS; accordingly, in 2011 69% of net immigration of foreigners originated from the EEA compared to 64% in 2009. The largest single nationality is German, with an annual net inflow of some 6,500 persons in 2011.

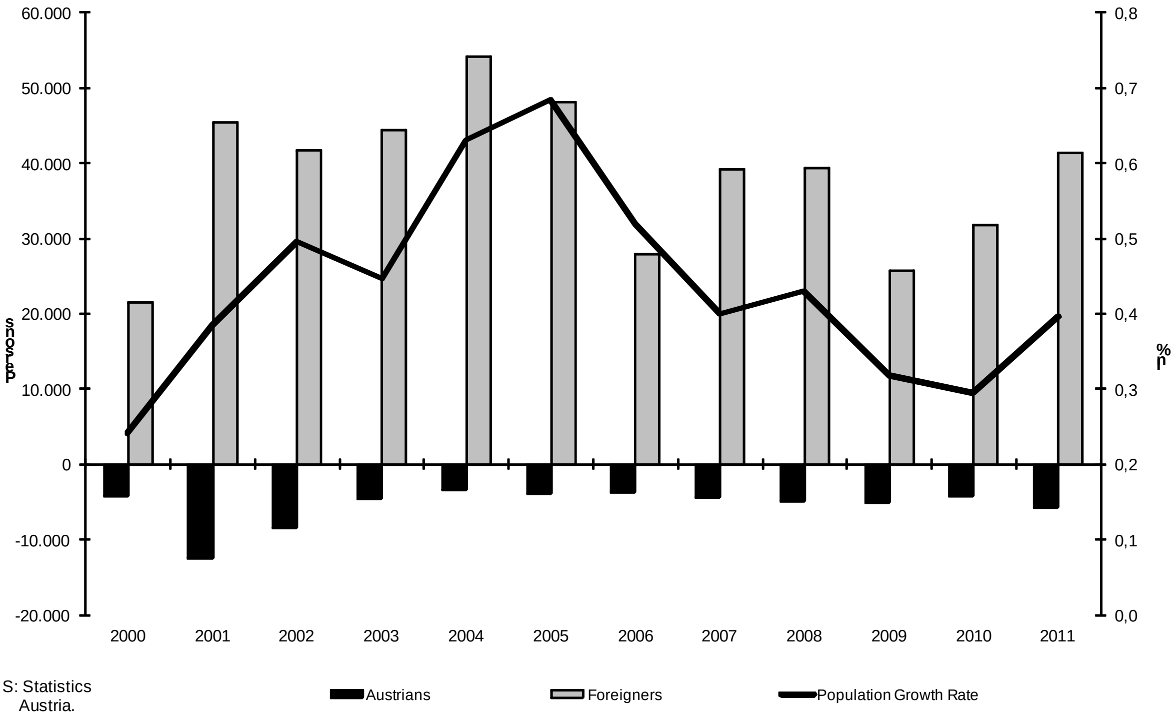
The inflow of persons from the new EU-MS (EU-10) is rising: in 2011 the net inflow amounted to 11,400, after 5,100 in 2010 and 3,600 in 2009. The doubling of the net inflow in 2011 versus 2010 is a direct consequence of the lifting of transition regulations in May 2011;

[•] I gratefully acknowledge data and research assistance of Anna Faustmann and Isabella Skrivanek.

the latter had barred unskilled labourers from accessing work in Austria while skilled labour had been able to access work in Austria on the basis of labour market testing. The share of citizens of EU-10 in the total net inflows to Austria increased therefore from 16% in 2010 to 28% in 2011. In contrast, citizens from the EU-2 are not flowing into Austria in larger numbers, a consequence of the continued application of transition regulations. Accordingly, in 2011 the net inflow of citizens of the EU-2 amounted to 7,600 compared to 6,500 in 2010.

It can be taken from the inflow data that the application of labour market testing to citizens from the new EU-MS[6] during the transition period reduces inflows but does not stop access to the Austrian labour market. According to the principle of community preference when issuing work permits, preference is given to nationals of the new EU MS over third-country nationals. After one year of employment in Austria the person is granted free access to the Austrian labour market with a so-called “confirmation of free mobility” (Art. 32a Aliens’ Employment Act).

Figure 1: Net Migration (persons) and Population Growth (in %): 2000-2011



As a result of increased screening and the community preference scheme, the inflow rate of third country immigrants slowed down between 2008 and 2010, reinforced by the recession in 2009. It was not until 2011 that the net inflow of third country citizens reached a level fairly similar to the pre-crisis year of 2008, namely 12,700. This increase in the dynamics may at least partly be due to the introduction of the red-white-red card, a point based immigration model, in July 2011. Accordingly, in 2011 31% of the annual inflow of foreign migrants was from a third country, after 30% in 2010. The composition of third country migrants by citizenship has changed in 2011; while the region of former Yugoslavia is still a major source country a switch in numbers from Serbia/Kosovo/Montenegro to Bosnia-Herzegowina has

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6 Of the 10 new EU- member states of 2004 free labour mobility was accorded to citizens from Cyprus and Malta, while citizens of the other 8 new MS had to wait until the lifting of the transition regulations in May 2011. Citizens of the next wave of enlargement of the EU of 2007, namely Bulgaria and Romania, have to wait until 31 December 2013 for the lifting of the transition regulations.

taken place. In 2011 some 1,400 citizens of Bosnia – Herzegowina entered Austria, after 700 in 2010. In contrast, the net inflow of citizens from Serbia/Kosovo/Montenegro declined from 2,200 in 2010 to 600 in 2011. Also the net inflow of Turkish citizens is declining, from 2,600 in 2008 to 600 in 2011. The declining trend is the combined effect of decreasing numbers of inflows and increasing ouflows. In contrast, net inflows from Russia and from Afghanistan are increasing, reaching 1,100 and 2,700 respectively in 2011, largely as a result of asylum applications.

Composition of migrants by source region, age, gender and timing of immigration:

According to the LFS of 2011, of the 8.3 million inhabitants in private households, 1.6 million had a migrant background, i.e.18.9% of the total population. The majority were foreign born, i.e. first generation migrants, namely 1.2 million (13.9% of the total population in private households), and 415,400 were second generation migrants, i.e. they were born in Austria to parents who had migrated to Austria (5% of the total population in private households).

Of all the foreign born migrants about one third is from another EU-MS and two thirds are from third countries, quite the opposite of the flow data. This is the consequence of a long history of migration from third countries. It is going to take some time until the composition of stocks will tip in favour of EU-citizens, who are dominating the more recent inflows.

The single largest third country group is born in former Yugoslavia, namely 354,600, followed by Turkey (167,000). As Table 1 indicates, only a fairly small proportion of the foreign born has come to Austria before 1980 – mainly as guest workers, namely 189,500 or 12.5%. Thus the majority of the foreign born have come after 1989, either as refugees (largely from former Yugoslavia), as family members in the wake of family reunification and formation or as economic migrants, largely from the EU. The development indicates that the rise of immigrant flows from EU-MS is a relatively recent phenomenon, linked to free mobility of labour which acts as a facilitator of mobility.

As Figure 2 indicates, migrants are on average younger than natives. The share of youth of less than 15 years is larger among the immigrants than among natives, just as the share of 15-44 year olds. In contrast, natives are to a much larger extent than migrants 60 years or older.

The gender distribution is not quite balanced. In 2011 752,500 male migrants (first and second generation) were registered, 18.5% of the total male population, compared to 816,100 female migrants, 19.2% of the total female population in Austria. The number of migrant women surpasses the number of male migrants in all age groups except the under15 year olds, where the boys make up 52% of all migrants.

The Alien register of the Ministry of the Interior corroborates the above data of the population register, but provides additional information, namely on the legal entry categories[7]. (Table 2) Accordingly, some 41,000 EU/EEA citizens entered Austria in the course of the year 2011 and registered as ‘settlers’ (2010: 36,000), accompanied by some 4,800 third country family members. About 51% entered for work. If one takes free movement within the EU/EEA into account, the annual inflow of persons with settlement rights amounted to some 65,000 in 2011. Thus, only one third of the annual inflows of settlers are third country citizens and two thirds are of another EU/EEA country. This is a major difference to traditional immigration countries, which tend not to have substantial inflows through free movement between countries. The only exception is Australia relative to New Zealand; in Australia some 15% of all inflows are due to free movement.

[7] For a detailed analysis of the database see Biffl et al 2011.

In addition to settlers, another 17,500 persons entered Austria on a temporary basis in 2011. Almost two thirds of the inflows were seasonal workers; some 26% were third country international students (4,600). According to registry data the division between third country and EU-citizens amongst the international student inflow is fairly even. (Table 2)

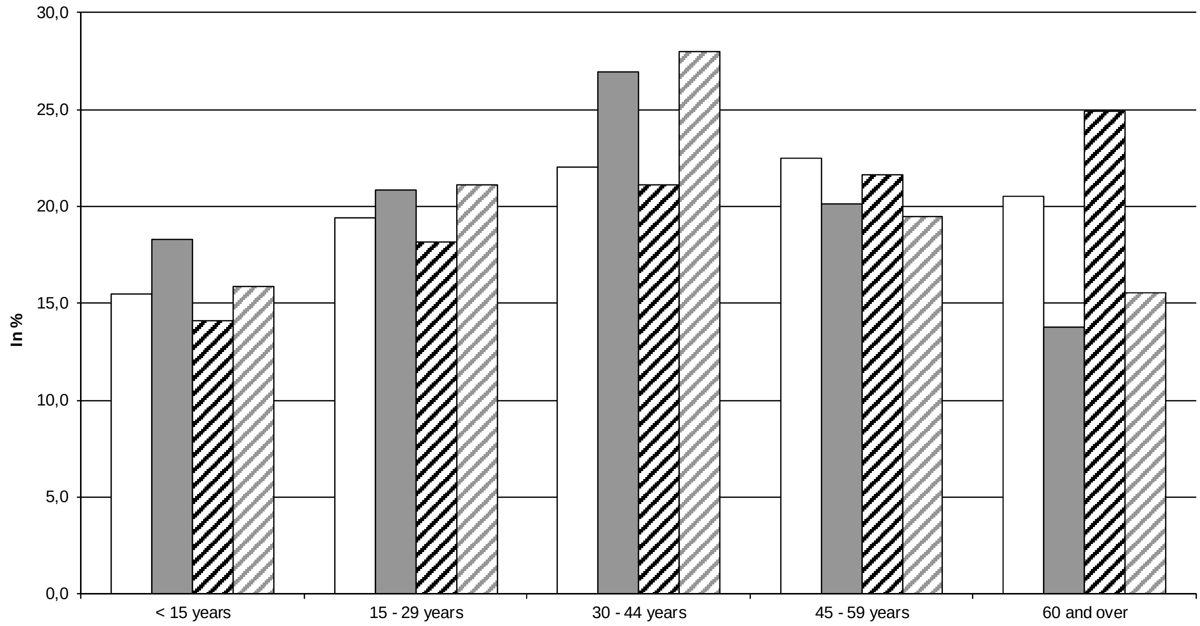
Table 1: Migrant Population in Austria: 2011

Characteristics	Population in private households	Migrants		
		Total	1 Generation	2. Generation
	in 1000			
Total	**8.315,9**	**1.568,6**	**1.153,3**	**415,4**
		Country of birth of parents [1]		
Austria	6.747,2	.	.	.
EU-Member State (excluding Austria)	522,8	522,8	425,2	97,5
Non EU-Member State	1045,8	1045,8	728,0	317,8
of wich: Ex-Yugoslavia	513,0	513,0	360,5	152,5
Turkey	280,4	280,4	168,0	112,4
		Citizenship		
Austria	7.399,7	700,8	410,2	290,6
EU-Member State (excluding Austria)	364,1	339,8	310,1	29,7
Non EU-Member State	552,1	528,0	432,9	95,0
of wich: Ex-Yugoslavia	291,7	280,3	223,1	57,3
Turkey	113,2	110,8	87,9	22,9
		Country of birth		
Austria	7.064,0	415,4	.	415,4
EU-Member State (excluding Austria)	501,3	432,4	432,4	.
Non EU-Member State	750,6	720,9	720,9	.
of wich: Ex-Yugoslavia	359,5	354,6	354,6	.
Turkey	168,1	167,0	167,0	.
		Year of immigration		
Born in Austria	7.064,0	415,4	.	415,4
before 1980	238,5	189,5	189,5	.
1980 - 1989	167,3	158,7	158,7	.
1990 - 1999	356,7	345,1	345,1	.
after 1999	489,4	459,9	459,9	.
after 2002	384,6	361,0	361,0	.
		Age, Gender		
Men	**4.066,8**	**752,5**	**538,4**	**214,1**
< 15 years	629,3	137,6	26,7	110,9
15 - 29 years	790,8	156,9	105,0	51,9
30 - 44 years	896,3	202,7	177,0	25,7
45 - 59 years	914,2	151,5	141,1	10,4
60 years and over	836,2	103,9	88,6	15,2
Frauen	**4.249,1**	**816,1**	**614,9**	**201,3**
< 15 years	598,9	129,7	25,2	104,5
15 - 29 years	772,5	172,2	125,2	47,0
30 - 44 years	897,3	228,7	203,4	25,3
45 - 59 years	920,6	158,8	149,3	9,5
60 years and over	1059,7	126,7	111,7	15,0

S: STATISTICS AUSTRIA, Microcensus-Labour Force Survey 2011.

Definition of migration background according to "Recommendations for the 2010 censuses of population and housing", p. 90, United Nations Economic Commission for Europe (UNECE; see www.unece.org/stats/documents/2010.00.census.htm). - Persons of migrant background are those where both parents are foreign born; first generation migrants are foreign born, second generation migrants are born in Austria to first generation migrants. - 1) "Austria" means that at least one parent is born in Austria; if both parents are born abroad but in different coumntries, the country of birth of the mother is taken.

Figure 2: Migrants and total population by age and gender: 2011



S.Statistics Austria, LFS.

Men Total   Men Migrants   Women Total   Women Migrants

Table 2: Annual inflow of settlers and temporary migrants (permit and registry data)

Annual inflow of settlers (permit data)							
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Work	1.500	548	718	832	545	610	900
Family	29.400	15.628	11.750	14.384	13.569	15.322	19.259
Humanitarian	5.900	4.234	5.440	3.649	3.247	2.990	3.572
Free Movement	19.400	13.993	30.732	35.289	36.438	35.825	40.973
Others	700	6	3	8	233	218	307
Total	**56.900**	**34.409**	**48.643**	**54.162**	**54.032**	**54.965**	**65.011**
Annual inflow of temporary migrants	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
international students	3.200	4.448	5.344	8.471	2.931	3.466	4.617
Seasonal workers	11.356	10.894	11.536	12.135	11.714	10.459	10.000
Intra-company transfers	200	186	147	150	191	261	278
Others	6.300	3831	3360	3409	2.410	2.511	2.622
Total	**21.056**	**19.359**	**20.387**	**24.165**	**17.246**	**16.697**	**17.517**

S. Ministry of the Interior. Free Movement data refer to EU/EEA citizens, all other data to third country citizens.
Seasonal workers may also be from countries for which transition regilulations apply.

Irregular migrants in Austria

The discussion about irregular migrants cannot be disengaged from the wider theme of migration and access rights to the labour market. One has to focus on the lure of employment opportunities while at the same time acknowledge that Austria as many other EU-MS is trying to control and regulate inflows. In the labour market context one has to take into consideration that formal and informal sector employment are interwoven which in turn includes regular and irregular migration. Accordingly, the numbers of irregular migrants are in a constant state of flux, depending on push factors emanating from where the migrants come from and pull factors flowing from labour demand in the formal and informal sectors of the economy and from legislative changes and regularisation programmes (Biffl 2012).

In Austria the share of irregular migrants in the total population ranges from 18,000 to 54,000 (0.2 % to 0.6 % of the population) in 2008 (Database on Irregular Migration, HWWI -

Hamburg Institute of International Economics[8]). This means that some 2 % to 6 % of the migrant population may be estimated to reside in Austria on an irregular basis. The countries of origin of irregular migrants tend to be the same as those of regular migrants; they also tend to follow the same routes, using transnational community networks. In addition, geographic vicinity tends to favour cross-border movement of irregular migrants in response to economic opportunities. In Austria a large number of irregular workers come from accession countries. Their residence status has been regularized through the enlargement of the EU, but access to the formal labour market may still be inhibited by transition regulations. Citizens from the New EU-MS, mostly from Romania, tend to fill the ranks of irregular migrant workers in Austria.

Table 3: Estimates of irregular migration in the EU-MS (2008)

Estimates of Irregular Foreign Migrants in Europe in 2008

Country/Region	Irregular foreign migrants		In % of population		In% of foreign populat		Total	Foreign
	minimum	maximum	minimum	maximum	minimum	maximum	Population	Population
EU 27	1.900.000	3.800.000	0,4	0,8	6,6	13,9	497.686.132	28.931.683
EU15	1.800.000	3.300.000	0,5	0,8	6,6	12,0	394.160.807	21.109.000
Sweden	8.000	12.000	0,1	0,1	1,4	2,2	9.182.927	555.400
Norway	10.500	32.000	0,2	0,7	3,5	10,6	4.737.171	303.000
Denmark	1.000	5.000	0,0	0,1	0,3	1,6	5.475.791	320.200
Finland	8.000	12.000	0,2	0,2	5,6	8,4	5.300.484	143.300
Austria	**18.000**	**54.000**	**0,2**	**0,6**	**2,1**	**6,2**	**8.318.592**	**867.800**
Germany	196.000	457.000	0,2	0,6	2,9	6,8	82.217.837	6.727.600
Switzerland(2005)	80.000	100.000	1,1	1,3	5,3	6,6	7.415.102	1.511.900
France	178.000	354.000	0,3	0,6	4,8	9,6	64.007.193	3.696.900
Ireland	30.000	62.000	0,7	1,4	7,3	15,0	4.401.335	413.200
United Kingdom	417.000	863.000	0,7	1,4	10,0	20,6	61.191.951	4.186.000
Netherlands	62.000	131.000	0,4	0,8	8,6	18,2	16.405.399	719.500
Belgium	88.000	132.000	0,8	1,2	8,7	13,0	10.666.866	1.013.300
Luxembourg	2.000	4.000	0,4	0,8	0,9	1,9	483.799	215.500
Portugal	80.000	100.000	0,8	0,9	18,1	22,6	10.617.575	443.100
Spain	280.000	354.000	0,6	0,8	5,0	6,3	45.283.259	5.648.700
Italy	279.000	461.000	0,5	0,8	7,2	11,8	59.619.290	3.891.300
Greece	172.000	209.000	1,5	1,9	23,4	28,5	11.213.785	733.600
Czech Republic	17.000	100.000	0,2	1,0	3,9	22,9	10.381.130	437.600
Slovak Republic	15.000	20.000	0,3	0,4	28,6	38,1	5.400.998	52.500
Hungary	10.000	50.000	0,1	0,5	5,4	27,1	10.045.401	184.400
Poland	50.000	300.000	0,1	0,8	82,8	496,7	38.115.641	60.400
Estonia	5.000	10.000	0,4	0,7	2,2	4,5	1.340.935	223.600
Latvia	2.000	11.000	0,1	0,5	0,5	2,8	2.270.894	392.150
Lithuania	3.000	17.000	0,1	0,5	8,1	45,9	3.366.357	37.001
Slovenia	2.000	10.000	0,1	0,5	2,4	12,2	2.010.269	82.176
Romania	7.000	11.000	0,0	0,1	22,3	35,1	21.528.627	31.354
Bulgaria	3.000	4.000	0,0	0,1	12,6	16,8	7.640.238	23.838

S: EUROSTAT, OECD, HWWI, Statistics Norway, Bilger—Hollomey (2011).
Foreign population: France 2007, Ireland 2006, Bulgaria 2009, Latvia, Lithuania & Slovenia 2010, Romania 2009.
Table taken from Biffl 2012: p59.

Further, the changing origins of asylum seekers add to the pattern of irregular migrants. The latter may discontinue registering while remaining in the country as 'absconded asylum seekers', or they may stay on, in breach of the conditions of temporary humanitarian stay, following the rejection of their application for asylum. Consequently, the ethnic and cultural mix of irregular migrants tends to conform to that of the migrant population in Austria.

The majority of irregular migrants enters legally and subsequently moves into an irregular

[8] http://irregular-migration.net/

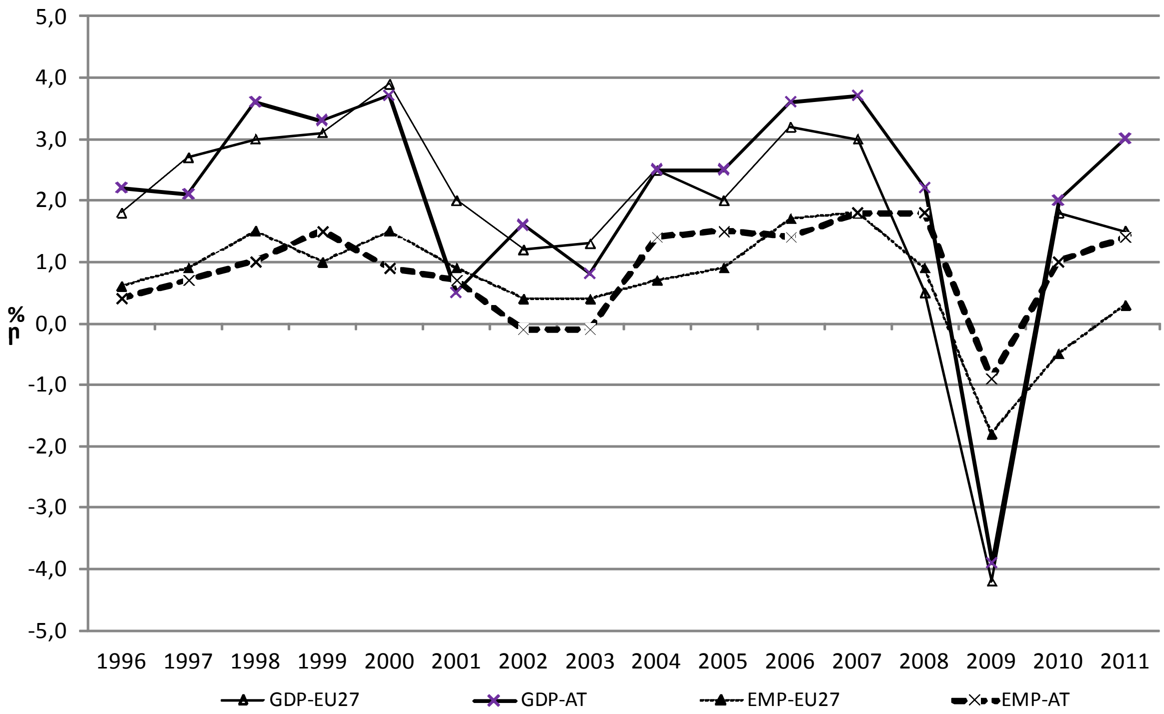
status by overstaying and ignoring conditions of work restrictions. The driving forces of irregular migration are the same as those for migration generally, namely to improve one's quality of life via decent jobs, adequate health provisions and education, in addition to the desire for family re-unification.

2.2 Labour Market Impact of Migration: Economic and labour market development in 2010-2011

In Austria, the economic upswing in 2010 and 2011 after the severe recession of 2008/2009 was very dynamic in international comparison. Economic growth amounted to 2% in 2010 and peaked at 3% in 2011. This is more than double the economic growth rate of the EU15 in 2011 (EU15: 1.4%, EU27: 1.5%). Austria just as Germany could escape the negative effect of the EURO-crisis for longer than other EU15 countries. Prospects for economic growth in 2012 are, however, not so good; economic growth is expected to slow down to 0.8% in 2012. In view of expected virtual economic stagnation in the EU-27 on average and a slight decline in the EU15, the Austrian growth performance of 2012 looks quite favourable though.

Labour productivity (GDP per employee) picked up again in 2010 and 2011, reaching a plus of 1.5% and 1.2% respectively, after a decline by 2.9% in 2009. GDP per capita increased again in 2010 and 2011, reaching a level of 35,700 Euros compared to 25,100 in the EU27 in 2011. In PPS GDP per capita in Austria surpasses the EU27 level by 29% and the EU15 level by 19% in 2011.

Figure 3: Economic and Employment Growth (change in real GDP and employment versus a year ago in %)



S: EUROSTAT.

Employment has recovered quickly after a decline by 0.9% in 2009: in 2010 and 2011 employment rose by 1% and 1.4% respectively. This was a considerably better labour market performance than in the EU on average, where employment continued to decline in 2010 (-0.5%) and where it recovered only slowly in 2011 (+0.3%). The main reason for the positive labour market performance of Austria was the massive promotion of active labour market policy, in particular reduced working hours (Kurzarbeit) during the recession, thereby reducing search costs in the following upswing. (Figure 3) Another reason for the impressive employment growth performance in 2011, which showed no signs of slowing down in the second half of 2011 when economic growth started to slow down, may have been the abandonment of the transition regulations for the EU8 countries in May 2011 and the introduction of the red-white-red card for third country skilled migrants in July 2011, leading to a substantial increase in labour supply. It may, therefore, not come as a surprise that unemployment levels did not fall back to the pre-crisis year of 2008 (212,300) but were with 246,700 registered unemployed 34,400 or 16% higher in 2011. Also the unemployment rate remained above the level of 2008 of 3.8%. It had risen in the recession of 2009 by 1 percentage point to 4.8%, declined thereafter to 4.4% in 2010 and 4.2% in 2011. This continues to be one of the lowest rates in the EU. Only the Netherlands and Luxembourg have similarly low levels.

In the face of better employment opportunities both self-employment as well as dependent employment growth picked up in 2010 and 2011. In 2011, the number of self-employed reached 433,600, a plus versus 2008 of 17,500 or 4.2%. The numbers of wage and salary earners increased over the same time by 40,300 or 1.2% to 3,323,300 (excluding persons on paternal leave and in active labour market policy measures). It is above all female employment which is expanding, particularly in health and care services as well as social services.

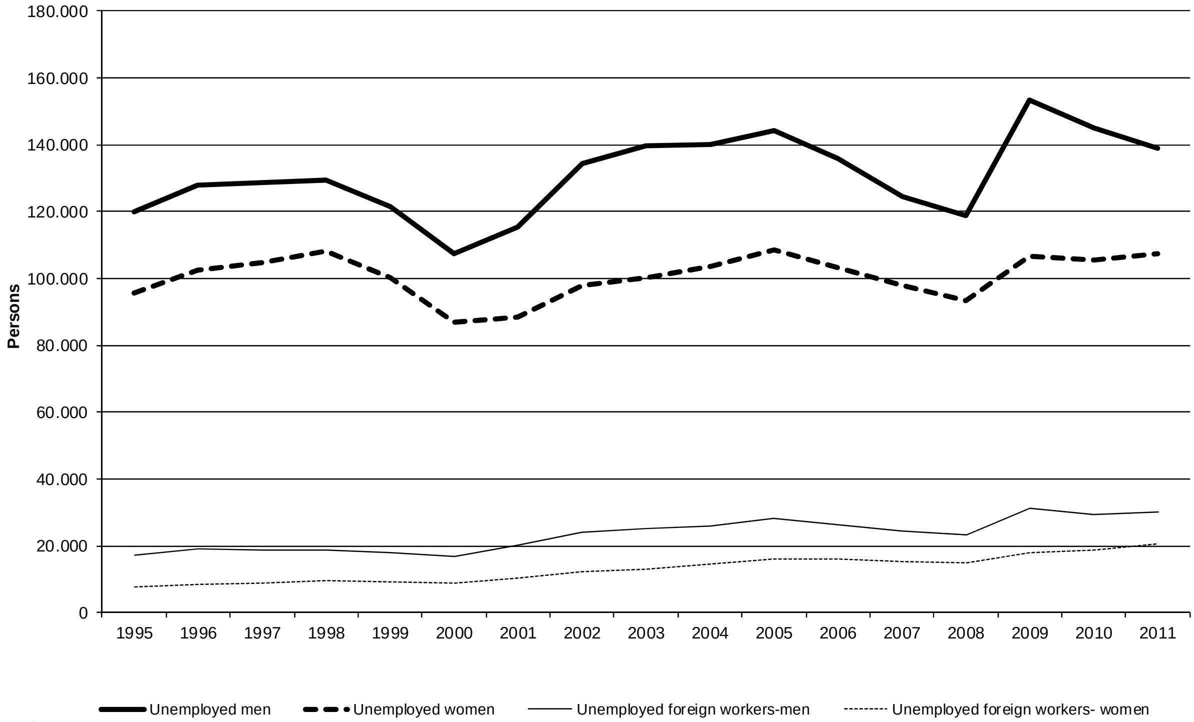
While the share of flexible work arrangements had increased in the year of the economic crisis of 2009 (Geisberger—Knittler 2010), normal full-time work became more prominent in 2010 and particularly in 2011. A major employment growth motor was work in temporary work agencies and leasing firms, the most flexible work arrangements. All types of employment are covered by the whole gamut of social security from the first day of employment, namely access to health services, to unemployment insurance, to retirement and severance pay, except casual work which does not carry unemployment insurance and retirement provisions. The latter can be accessed at a preferential rate, however.

Foreign workers were less than proportionately affected by the employment decline in 2009, namely by -1.3% (or -5,600). The employment upswing was in turn more pronounced for foreign workers than for natives (2010: +19,700 or 4.6%, 2011: +37,700 or 8.3%). Thus, the number of foreign workers has increased between 2008 and 2011 by 51,900 or 11.9% while the number of Austrian wage and salary earners has declined over that period by 11,600 or 0.4%. Accordingly, the share of foreign workers in total dependent employment continued to rise throughout the recession and in the following upswing, reaching an annual average of 14.7% in 2011. The share of foreigners among the self-employed is clearly below that with 11.3% in 2011 but also increasing, particularly as a consequence of rising self-employment among women from the EU-12, who are increasingly working on their own account in social services as well as in health and care services.

Also job vacancy statistics indicate the strength of the economic upswing in 2010 and 2011 with a rise in the number of job openings versus 2009 of 31% and 6.8% respectively. Thus the ratio between the stock of unemployed and vacancies declined from 3.9 to 2.7 in 2010 and further to 2.4 in 2011.

While the relative employment development was better for foreign workers than natives, the above average increase in the labour supply of foreigners as a result of the fall of transition regulations for the EU8 and the introduction of the point system of migration for third country citizens (r-w-r-card) raised competition for jobs. As a result unemployment numbers of foreigners (registered unemployed) increased in 2011 by 2,400 or 5% to 50,600, while total unemployment declined by 4,100 or 1.6% versus 2010 to 246,700.

Figure 4: Unemployment development by gender (registered unemployed and foreign workers)



S:LMS.

Due to the pronounced gender segmentation of employment male unemployment rates declined swiftly with the economic upswing to 7.1% in 2011, after 8% in 2009 (registered unemployed in % of total dependent labour supply), while female unemployment rates remained fairly stable at 6.3% in 2011, after 6.4% in 2009. The situation is somewhat different for foreign workers: while the male unemployment rate declined from 10.9% in 2009 to 9.4% in 2011, it increased for foreign women from 9.1% to 9.4. (Figure 4)

The recent unemployment development of foreign workers may be taken as a first sign of substitution of 'long-term' foreign workers, i.e. of migrants who have been residing in Austria for some time, allowing them to access unemployment benefits, by new immigrant workers. This development may be seen in the context of an increasing skills mismatch of foreign worker supply and demand due to different growth rates by skills.

Activity rates and unemployment rate

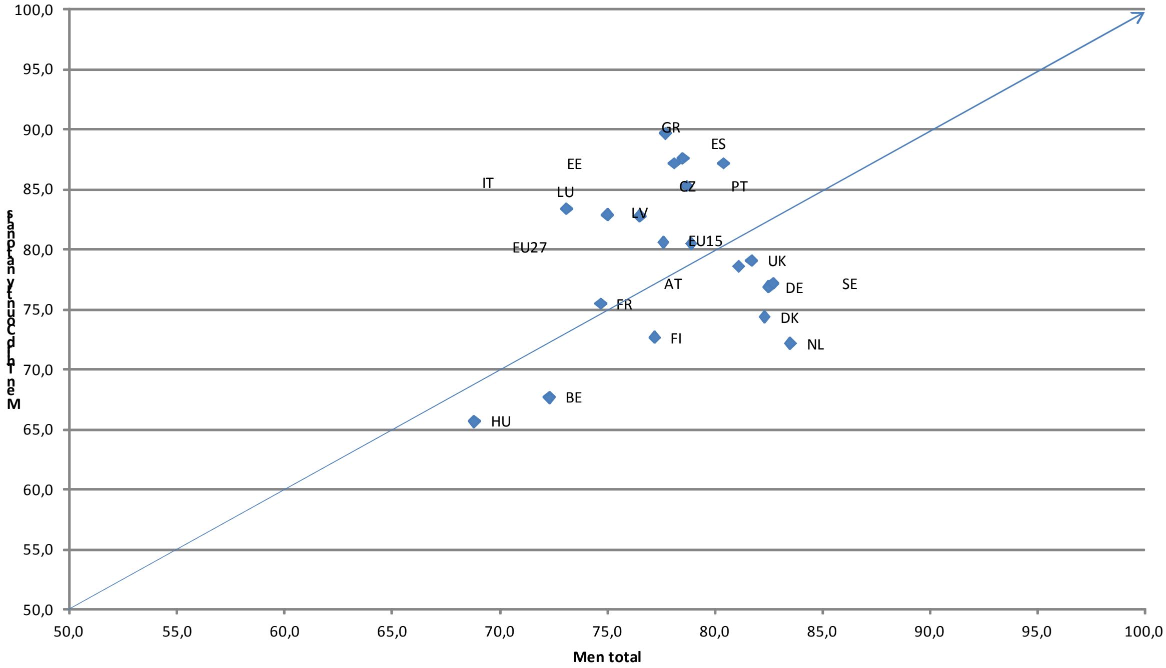
An Austrian specificity is a pronounced lagged cyclical reaction of the activity rate, thereby reducing the cyclical fluctuations of the unemployment rate. Accordingly, the activity rate had declined somewhat in 2010 but was back to the level of 2009 with 75.3% in 2011 (Labour Force Survey).

EU27 citizens have about the same level of activity rates as Austrians (75.4% in 2011), in contrast to third country citizens, who tend to have lower rates. This is largely due to the low activity rates of Turkish women who bring down the average rate of Turkish citizens to 61.7%. Persons of former Yugoslavia (excluding Slovenia) have on average an in-between rate of 69.7%.

This comparison of activity rates by citizenship shows that differences may arise from differences in labour market integration of women and men. As can be taken from Figure 5 the activity rate of 15-64 year old men is fairly high in Austria in EU-comparison with 81.1%

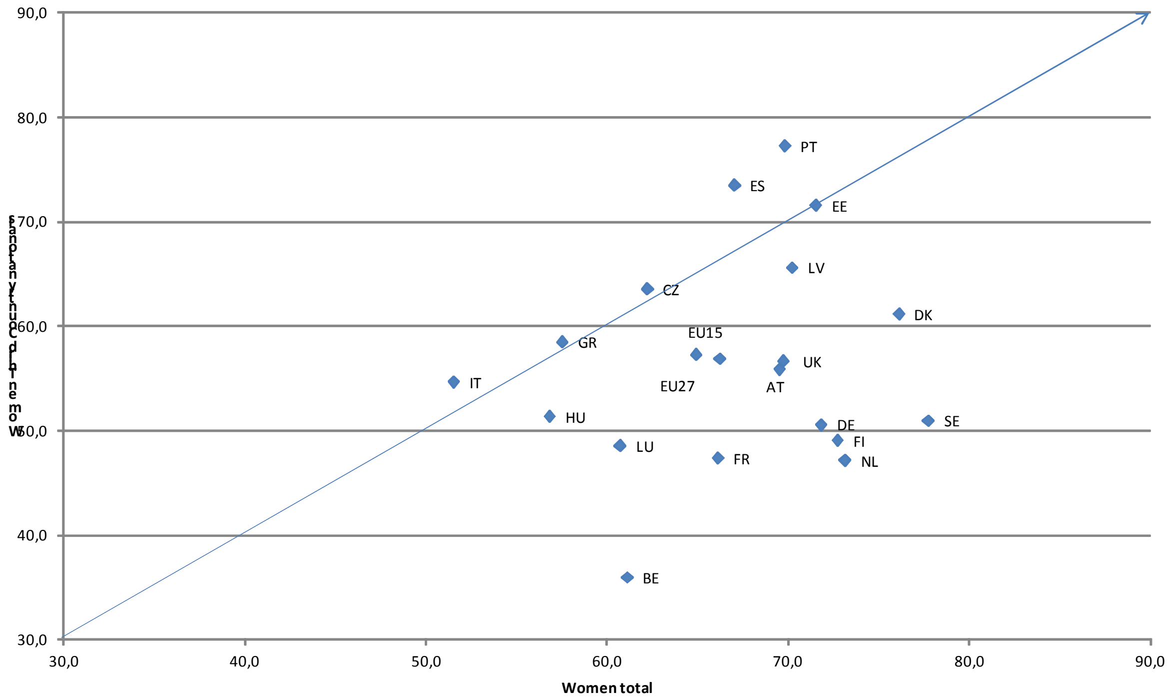
in 2011 (EU27 77.6%, EU15 78.9%). While EU27 citizens have somewhat higher rates, indicating that their reason to be in Austria is largely for employment purposes, this is not the case for third country citizens. Their activity rates amounted to 78.6% in 2011 and were thus lower than in the EU27 on average (80.6%).

Figure 5: Male activity rates in Austria and the EU compared to third country migrants 2011



S: EUROSTAT.

Figure 6: Female activity rates in Austria and the EU compared to third country migrants 2011



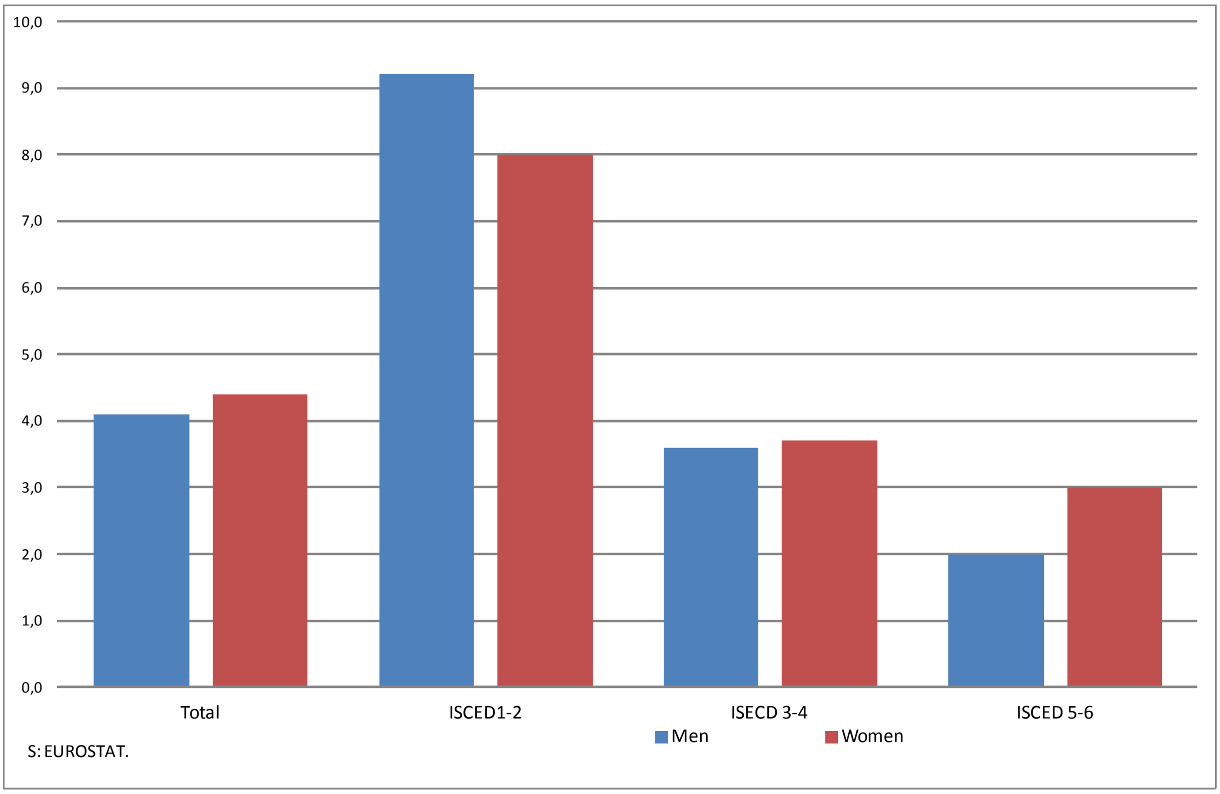
S: EUROSTAT.

Similarly, female activity rates were somewhat higher in Austria compared to the EU27, with 69.5% versus 64.9%, while activity rates of women from the EU27 were about as high as those of native women in Austria. In contrast, activity rates of third country migrant women were lower than the Austrian female average. With 55.9% they were also lower than the rates of third country women in the EU27 (57.3%). As can be taken from Figure 6 third country women have considerably lower degrees of labour market integration relative to natives in Austria.

According to the LFS, the unemployment rates of migrants tend to be higher than those of natives. In Austria in 2011 the unemployment rate of natives was 3.6% compared to 6.6% of EU citizens and 9.7% of third country citizens. The span in unemployment rates is higher for women than men. While native women have an unemployment rate of 3.8%, women from the EU face rates of 7.6% and women of third countries 10.1% (span of 6.3 percentage points). In contrast, the unemployment rates of men span from 3.6% for native men to 5.7% for EU-men and 9.4% for third country men - a difference of 5.8 percentage points. This implies that the gender gap in unemployment is highest for EU citizens and lowest for natives in Austria, but in all cases female unemployment rates surpassed those of men in 2011.

The unemployment rates are highest among unskilled workers (ISCED 0-2), i.e. double the national average (2011: 8.6% versus 4.2%), and lowest for University graduates (ISCED 5-6), with somewhat less than half the national average. (Figure 7) While the unemployment rate exhibits a clear cyclical pattern in the case of unskilled workers and persons with medium skills, this is not the case with university graduates. Their unemployment rate has been rising from 1.8% in 2008 to 2.3% in 2009 and 2.4% in 2010 and 2011. (See statistical annex)

Figure 7: Unemployment rates by educational attainment level and sex (2011)



The unemployment rate of wage and salary earners (calculated on the basis of social security employment data and registered unemployment) amounted to 6.7% in 2011 in Austria. The rate was lower for Austrian and EU27 citizens than for third country citizens. It amounted to 6.5% for Austria and 6.3% for EU27 citizens compared to 11.6% of third country citizens. The highest unemployment rates are found amongst citizens from Serbia, Montenegro and

Kosovo with more than 20%. Citizens of Turkey have lower unemployment rates with less than 13% (2011).
While citizens from the old EU-MS and from the EU10 have similar levels of unemployment as Austrians, persons from the new member states of Bulgaria and Romania have an average rate of some 10%.

Gender segregation and gender pay gap

Gendered statistics are a precondition for monitoring the development of the situation of men and women in the various policy fields. A major indicator in that respect is the activity rate, i.e. the gap between male and female labour force participation. Increasing the activity rate of women does not only promote economic growth but also combat poverty and socio-economic exclusion, in particular in old age. In addition, promoting women's labour market participation can help ensure the sustainability of the social protection system, in short the European Social Model. In Austria, the gender gap in labour force participation amounts to 11.5 percentage points and is thus lower than in the EU27 on average (13.7 percentage points).
A second indicator is the gender gap of the unemployment rate, suggesting that it does not suffice to raise labour force participation but that initiatives have to be taken to promote the employability, e.g. by education and training measures, thereby raising the probability of getting a job. In Austria, the gender gap in unemployment is not very high, men having an unemployment rate of 4.1% in 2011 and women of 4.4%. The pattern by educational attainment is similar for women and men. It is youth that has the greatest difficulties to find and keep a job. Their unemployment rates (15-24 year olds) amounted to 8.3% in 2011, women having slightly higher unemployment rates than men. It may be surprising that next in line are men and women in their prime working age (25-49 year olds), while mature workers (50-64) are faced with a fairly favourable situation (men 3.1%, women 2.6%). The early retirement appears to be an important instrument to exit from an unfavourable working environment which has high demands on skills as well as physical and mental health.
A third indicator is the gender pay gap[9]. Even though equal pay for work of equal value has been a longstanding principle of Austria, women continue to earn significantly less than men, in 2010 on average 25.5% less. Gender pay inequalities are smaller in the public sector than in the private sector, partly due to the comprehensive implementation of affirmative action programmes in the public sector.
Gender pay gaps are typically wider at the top of the wage distribution; this situation is referred to as the 'glass ceiling', pointing at an invisible barrier to further advancement of women once they have attained a certain level in the workplace. In contrast, the 'sticky floor' is the opposite scenario. It refers to the situation that men tend to move up the career ladder faster than equally skilled women, often because women tend to be tied up with family and care work.
The earnings disparity has various underlying causes, some of the most important being career interruptions due to childcare, gender segregation by occupation and industry, differences in education and training, part-time work as well as traditions and social norms. Austria is among the EU-MS with particularly pronounced gender segregation by industry and occupation. In 2010, about one third of all employees would have had to change the industry in order to obtain an equal distribution of men and women across the 27 industries (NACE 2008). While women tend to cluster into health and social services, education, clerical work and retailing, men are concentrated upon engineering and other technical professions, in financial services

[9] It is measured by the difference between the gross hourly earnings of men and women as a percentage of men's average gross hourly earnings.

and management. The gender segregation of foreign workers is even more pronounced than that of natives.
There is a dearth of women in high decision making positions, partly due to gender stereotypes and discrimination, partly due to gender segregation in education and on the labour market, and partly due to the unequal distribution of household work by gender.

Employees in non-standard employment

In 2011, in the EU27 18.8% of all employees were working part-time, 8.1% of all men and 31.6% of all women. In Austria part-time work is very frequent in the case of women and a rare event in the case of men. In 2011, 24.3% of all employees were working on a part-time basis, 43.4% of all women and 7.8% of all men. Normal working hours for female part-timers tended to be 27 hours a week, while men tended to reduce their normal working hours to a lesser extent, namely to 35 hours per week. In certain industries, e.g. retail trade, part-time work is the norm for female workers rather than being non-standard employment.
Migrants from another EU27 country (foreign born) have an even higher share of part-time work in Austria, namely 25.9% in 2011, while third country citizens are as often part-timers as Austrian citizens.
In contrast to part-time work, fixed term employment is comparatively rare in Austria, affecting only 11.4% of all employees in 2011, compared to 18% in the EU27 on average.

It may not come as a surprise, given the high proportion of female part-time work and the higher share of women in fixed term employment that the gender gap in the annual net wage and salary income is fairly high, women earning on average only 66% of men in 2010. On a household income basis, however, Austria has one of the most equal income distributions in the EU, as women, also highly skilled ones with good earning potential, tend to fill in household income rather than opting for their personal careers. (Biffl 2008)

Employment by educational attainment level of nationals and foreigners

In what follows we focus on the development of employment by educational attainment level and citizenship. The data base of the analysis is the Labour Force Survey (fourth quarter) from 2004-2011[10], namely employed persons 15-64 years of age.

In 2011, of the 3.5 million employees 430,000 or 12.2% were foreign citizens. Of this number 158,600 or 37% were EU-27 citizens and 63% of third countries. Between 2004 and 2011 the number of employees increased by 9.7% (+313.200); the bulk of the employment increase accrued to Austrian citizens (+221,600 or 71%), followed by EU citizens (+50,300 or 16%, while the number of third country citizens hardly rose at all until 2010 (+4,600 or 2%) but increased by 15.6% from 2010 to 2011 (+36,600). This recent increased inflow derives from the introduction of the r-w-r card and thus a reduction of barriers to access of employment of third country citizens, amongst them young university graduates who formerly found it hard to obtain the required wages which tended to be set for higher managerial positions and not for entry level wages of university graduates.

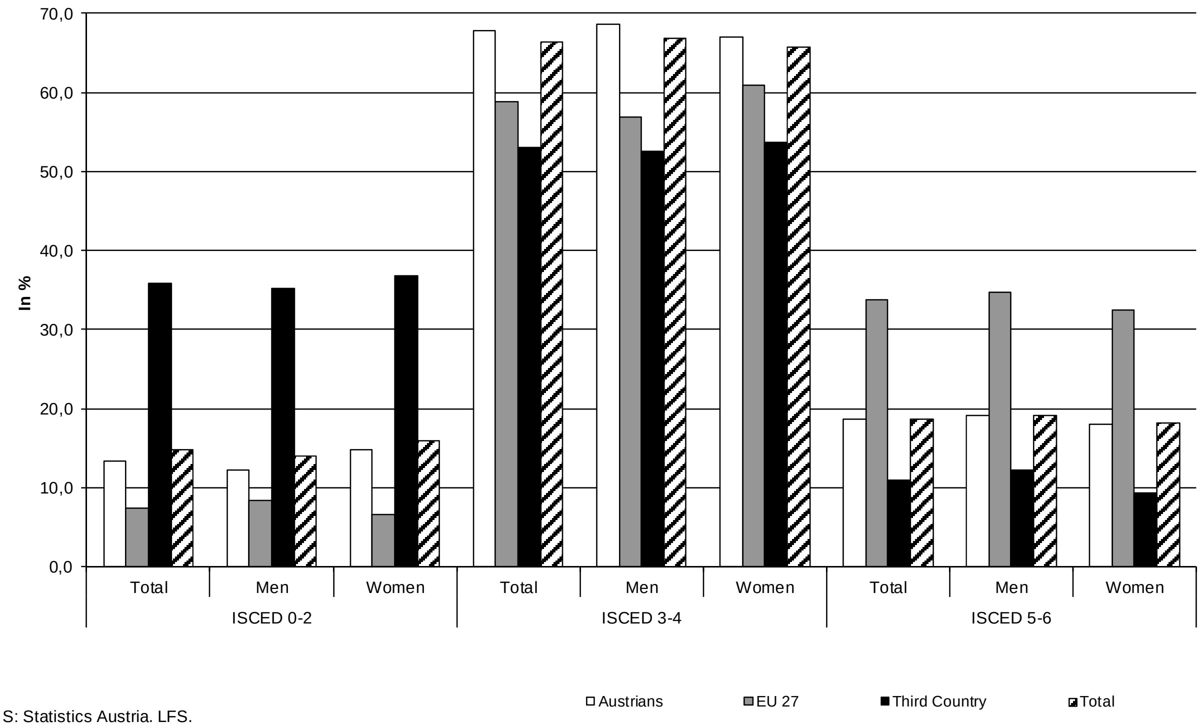
The skill composition of migrants and Austrians differs, indicating a certain extent of complementarity in employment. Migrants tend to add in above all at the low and high end of the skill spectrum. While their share in total employment amounts to 12.2% on average, it reaches 20.8% among unskilled labourers (ISCED 0-2) and 12.7% among university graduates

[10] Data taken from the LFS begin with 2004 as a statistical break does not allow comparisons with earlier periods.

(ISCED 5-6). The polarisation of skills of migrants relative to Austrians holds for both men and women. On average 12.7% of male employees are foreigners (11.6% of female employment), but 13.2 of all male university graduates are foreigners (11.9% of all female graduates) and 23.8% of all unskilled men (17.8% of unskilled women). EU27 citizens tend to fill in the lack of university graduates while citizens of third countries tend to fill in at the lower end of the skills' spectrum.

Citizens from another EU country represented 4.5% of all employees in 2011. They constituted, however, 8.1% of all employed university graduates (men: 7.6%, women: 8.4%) and only 2.3% of all unskilled labourers. In contrast, citizens from a third country represented 7.7% of all employees but 18.5% of all unskilled labourers (men 21.2%, women 15.9%).

Figure 8: Composition of employment by educational attainment level and citizenship: 2011



S: Statistics Austria. LFS.

It can be taken from Table 4 that the skill composition of third country migrants has been improving since 2004. Then the share of unskilled labourers amongst all third country citizens amounted to 42% compared to 35.9% in 2011, while the share of university graduates hardly rose from 10.7% to 11.0%. The development of the skill composition of EU citizens is somewhat different. Their share among the highly skilled has been fairly stable between 2004 and 2010 (31.7% in 2004 to 31.3% in 2010), just as in the case of the unskilled workers (9.6% in 2004 to 9.8% in 2010). Between 2010 and 2011 the skill structure of EU citizens improved significantly, however: Their share among the low skilled declined from 9.8% to 7.5%, while the share among the highly skilled increased markedly from 31.3% to 33.7%.

Table 4: Development of the composition of employment by educational attainment level and nationality in % (15-64 years old)

Nationality	Educational attainment level	2004	2005	2006	2007	2008	2009	2010	2011
	ISCED 0-2	15,5	14,9	15,5	15,2	14,3	13,5	13,8	13,4
	ISCED 3-4	67,7	67,8	68,6	68,7	69,2	68,8	68,8	67,9
	ISCED 5-6	16,9	17,2	15,9	16,1	16,5	17,6	17,4	18,6
Nationals	**Total in %**	**89,5**	**89,9**	**89,6**	**89,1**	**89,3**	**89,5**	**88,5**	**87,8**
	Total Persons	**2.876.648**	**2.932.825**	**2.999.709**	**3.010.876**	**3.089.915**	**3.089.372**	**3.070.735**	**3.098.292**
	ISCED 0-2	9,6	7,9	8,5	9,4	8,1	9,2	9,8	7,5
	ISCED 3-4	58,8	56,4	59,7	58,4	62,2	58,0	58,9	58,8
	ISCED 5-6	31,7	35,7	31,8	32,2	29,7	32,7	31,3	33,7
EU	**Total in %**	**3,4**	**3,1**	**3,5**	**3,9**	**4,3**	**4,2**	**4,7**	**4,5**
	Total Persons	**108.326**	**99.790**	**116.419**	**132.364**	**147.242**	**145.137**	**162.711**	**158.604**
	ISCED 0-2	42,0	41,7	41,3	41,0	37,5	37,6	39,6	35,9
	ISCED 3-4	47,3	49,2	47,2	48,0	54,9	50,7	48,6	53,1
	ISCED 5-6	10,7	9,1	11,5	11,0	7,6	11,7	11,9	11,0
Third Country	**Total in %**	**7,2**	**7,0**	**7,0**	**7,0**	**6,4**	**6,3**	**6,8**	**7,7**
	Total Persons	**230.245**	**229.964**	**233.336**	**236.945**	**221.964**	**216.111**	**234.894**	**271.541**
	ISCED 0-2	17,2	16,6	17,0	16,7	15,5	14,8	15,4	14,9
	ISCED 3-4	65,9	66,2	66,8	66,9	68,0	67,2	67,0	66,4
	ISCED 5-6	16,9	17,2	16,2	16,4	16,5	17,9	17,6	18,7
Total	**Total in %**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**
	Total Persons	**3.215.219**	**3.262.579**	**3.349.464**	**3.380.185**	**3.459.121**	**3.450.620**	**3.468.340**	**3.528.437**

S: Statistics Austria. LFS. Own calculations.

Research into overqualification (Biffl et al 2008, Bock-Schappelwein et al 2009) indicates that education and training obtained in Austria is key to employment which is commensurate with the educational attainment level acquired. The duration of stay and employment is another important factor ensuring adequate employment. In the medium skill segment overqualification is fairly rare, particularly in the case of apprenticeship education. Only some 9% of Austrian employees with apprenticeship education are overqualified for their job. In the case of foreigners who have not received their training in Austria the share of overqualification is higher, amounting to some 21%; persons from Romania and former Yugoslavia are more often than others overqualified for their jobs (some 28%).
University graduates are more prone to work below their skill levels, in the main if they have not graduated from an Austrian university. This is above all the case for persons who migrate to Austria at a mature age (over 40). It appears to be particularly difficult for university graduates from Asia, Turkey and former Yugoslavia to transfer their knowledge and skills to the Austrian labour market. In these cases about two thirds tend to be overqualified for their jobs. The introduction of coordinated action by the various institutions involved in accrediting and validating skills and competencies acquired abroad in spring 2012 should contribute to a reduction in the mismatch of skills and jobs amongst migrants. Research by Biffl – Pfeffer – Skrivanek (2012) provided the basis for a road-map towards accreditation of formal education acquired abroad. Further steps are taken towards validating competencies which have been acquired informally through concerted action based on a LifeLongLearning-Strategy of the government.

3. Analysis of Labour Market Integration Policies (4153 words)

3.1 The role of institutions for labour market outcomes

The Austrian labour market is densely regulated by labour law and the regulations are enforced by close monitoring on the part of social partners, works councils, labour inspectorates and labour courts. The regulations flow from a corporatist welfare model, which has its roots in the male breadwinner model, i.e. a family (wage) policy model which is only slowly evolving into a dual earner model. This family oriented model is complemented by an industrial policy strategy based on compulsory membership of enterprises in the chamber of commerce and of employees in the chamber of labour, the respective institutionalised voice of the two sides of the labour market, labour demand and labour supply (Katzenstein 1984/1985, Nowotny 1993, Biffl—Isaac 2005).

The Austrian model of social and economic organisation has historically grown and constitutes an "incorporation regime" (Soysal 1994) which has an impact on employment and earnings opportunities of natives and migrants alike. Austria, just as any other country in Europe, has developed a complex set of institutions over time, which organises and structures socio-economic behaviour of the population.

The basic European models of social organisation differ by country/region (Esping-Andersen et al. 2001), resulting in different labour market behaviour and outcomes by gender, age and educational background. The differences in outcome tend to be large, particularly as far as labour force participation of women is concerned (Biffl 2004). In 2011, female activity rates stretch from a low of 51.5% in Italy (Malta is even lower at 44.1%) to a high of 77.7% in Sweden, compared to the EU27 average of 64.9%. Over time convergence of labour force participation of women across the EU is taking place. At the same time the difference in labour force participation between women and men is declining (for the EU15 from 45 percentage points in the mid 1960s to 12.7 percentage points in 2011). The welfare model is, however, not the only factor which affects labour market outcomes. Another important feature is the migration regime, the behaviour pattern of migrants themselves as well as the composition of migrants by educational attainment level and occupational skills.

Accordingly, labour force participation of migrants from the EU is similar to that of Austrians, while it is lower in the case of third country citizens, particularly in the case of women (2011: -13.6 percentage points, -7.6 percentage points for EU-27). This raises the question as to the role of the composition effect, mainly the skill structure, the migration policy effect and behavioural factors.

A closer look shows that the lower labour force participation of third country women in Austria is mainly the result of lower rates of Turkish women. Research indicates that this is the combined effect of a low average educational attainment level, of a more traditional gender division of labour between market and household work, a behaviour pattern which is promoted by the Austrian tax and cash transfer system[11], and to a certain extent of foreign worker policy. (BKA2010) The latter aspect flows from granting free access to the labour market, i.e. without labour market testing, only after 4 years of legal residence in Austria. This feature of the law barred entry to the labour market of third country low skilled migrants who tended to immigrate on the basis of the family reunification programme.

With the introduction of the red-white red card for highly skilled migrants in July 2011 the restrictions to labour market entry of their partners and their dependent children has been

[11] Single earner tax breaks as well as cash benefits for child-care and domestic care for the sick and elderly contribute to the limited outsourcing of care work from households to the market. (BKA 2010)

lifted. Family members of third country r-w-r card holders may apply for a partner card (Rot-Weiß-Rot-Karte plus) and thereby not only obtain settlement rights but also access to the labour market. A website has been installed by the ministries involved (www.migration.gv.at), namely the Ministry for the Interior (bmi), the Ministry for Labour and Social Affairs (bmask) and the Ministry for Foreign Affairs (bmeia), symbolising the new, one-stop-shop-character of this migration and integration policy stance. All interested potential third country migrants may access this website and find out for themselves if they have the required minimum points for settlement and work in Austria, similar to the immigration countries Australia and Canada.

This fact together with the fall of transition regulations for EU-8 member states has raised labour supply of various skill levels, thereby increasing competition for jobs, particularly for the unskilled. This has contributed to a rise in unemployment, particularly of women, and may exercise a certain downward pressure on wages for immobile workers as documented by Brücker et al (2009).

Centralised collective bargaining agreements (Kollektivverträge) ensure equal treatment in employment by industry and skills, thereby linking wages with skills acquired in the various elements of postsecondary and tertiary education. Almost every job is regulated by collective bargaining agreements (98% bargaining coverage rate[12]), encompassing regulations as diverse as wages, working hours and general working conditions. The bargaining system ensures that wages are in line with productivity developments, thereby stabilising inflation and ensuring economic stability (Fuess—Millea 2001, Aidt—Tzannatos 2001).

As a result of the regulative density, wages in the formal sector do not differ much by nationality, as there is little room for different treatment of immigrants. Accordingly, differences in wages between natives and foreigners are amongst the lowest in Europe, together with Germany (Adsera — Chiswick 2004). However, the seniority wage system which applies for white collar workers and civil servants tends to raise the wage gap between natives and migrants as migrants are to a much larger extent labourers. In addition, migrants are only recently finding their way into public sector jobs, in particular as policemen.

As the gender pay-gap in Austria is amongst the highest in the EU, a feature of the male breadwinner model and pronounced occupational segmentation by gender which extends to migrants as well, it makes sense to compare wages of men and women separately. A special income survey analysis for the Women's Report 2010 (BKA 2010: p 345) shows that the median annual income of women in full-time employment amounted to 28,676 Euros (-22.2% versus men) in 2008. The annual income of foreign women was 23% lower than that of native women, not much different to the pay-gap for migrant versus native men (23.8%). Women from the old EU-MS including Switzerland had higher wages than native women (+26%), women from the new EU-MS (EU-12) were 21% below the median and Turkish women were at the bottom end of the wage scale (-33%). The income differentials of men do not follow exactly that pattern; the median income of male EU/EEA citizens is on average 5% lower than that of native men and Turkish men are 30% below the median of natives.

The income gaps between natives and migrants are largely the result of different skill levels, resulting in a higher share of migrants in blue collar jobs, where seniority pay scales hardly exist.

[12] The bargaining coverage is lower in most other EU-MS, ranging from 47% in the UK, 50% in Switzerland, 69% in Denmark to 89% in Sweden. (Aidt—Tzannatos 2001)

Social and domestic services are at the interface of formal and informal work, indicating weak bargaining power and institutional representation of this workforce. Outsourcing of services, above all care work, from the household sector to NGOs, non-profit institutions and to self-employed, is a relatively recent phenomenon. It is in this area where legislative changes have been implemented in 2008, reducing informal and clandestine work significantly.

The promotion of self-employment has moved centre stage in this context, not only as provider of health care services. The chamber of Commerce as well as various Federal States, e.g. Vienna[13], are increasingly aware of the economic growth potential emanating from ethnic entrepreneurs. As a result they have increased their efforts in the last couple of years, to provide special advice and guidance, increasingly also financial support, to business start-ups of migrants.

The role of citizenship for labour market integration

Austria is among the countries with high barriers to the acquisition of citizenship (Bauböck et al 2006), at least since the reforms of the citizenship laws in 2005-2008. This does not necessarily hamper labour market integration. It does, however, reduce the potential for political and social participation of the migrants. Brubaker (1992) argues that citizenship may promote a feeling of belonging, but it is the industrial relations regime as well as the welfare model which have the greatest impact on labour market integration and outcomes.

Changing union policy

There are increasing signs of a changing union policy towards immigrants. In the year 2006 foreigners have been given the right to join unions and to become members of employer councils. It has to be mentioned, however, that the latter right was not granted freely by the Trade Union Congress but only after the intervention by the European Court of Justice. The latter acted upon the appeal of the Austrian union of white collar workers (GPA) together with a migrant association (migrare). This incidence shows that there is increasing debate on the role of migrants in the trade union movement and the implications of free mobility within the EU for trade union policy. Groups within the trade unions are increasingly giving voice to migrants (e.g. work@migration in the GPA), standing up for rights as diverse as citizenship to children born in Austria to foreign citizens and the right to access work for all migrants, independent of their legal status. (Biffl 2010, Biffl-Rennert-Aigner 2011)

3.2 Institutional and Legal Framework for Admission and Employment

In July 2011, the quota system of immigration of third country citizens has come to an end and has been replaced by **a point system, modelled after the Canadian and Australian immigration system.** The system differentiates between 4 types of skills, namely highly skilled persons, persons with scarce occupational skills, persons with other (medium to higher) skills and university graduates. Points are given in four domains: for educational qualifications and honorary recognition of competences, for occupational experience, for language skills and age. An additional advantage in terms of points is the graduation from an Austrian university. The immigration card is called **'Rot-Weiss-Rot-Karte'**. The implementation required

[13] Vienna has set up Mingo Migrant Enterprise in 2008 to provide targeted Services for ethnic entrepreneurs. https://www.mingo.at/

amendments to the **Foreign Worker Law** (AuslBG) and the **Settlement and Residence Law** (NAG2005).

Two types of cards may be issued, the R-W-R Card and the R-W-R Card plus. The former grants settlement and work with a specific employer (employer nomination) or free access to work anywhere in Austria. The latter is given to family members of R-W-R Card holders, allowing them to work in Austria. Third country citizens who do not yet have an employer who nominates them may turn to the Austrian embassy/Consulate for a job search visa. The Austrian embassy issues the visa if the required points are achieved. The Labour Market Service (LMS) informs the Embassy and is the gatekeeper for immigration of potential third country workers. The required forms can be downloaded from the website of the Ministry of the Interior[14] and the Ministry of European and Foreign Affairs[15] as well as the website www.migration.gv.at and the website of the chamber of commerce (portal.wko.at)

In addition to the R-W-R Card a Blue card can be obtained, requesting university education and income surpassing 1.5 times the Austrian average gross annual wages of full-time employees.

Apart from the re-regulation of settlement and worker inflows from abroad, third country graduates from Austrian universities are granted job search visa to look for a job in Austria. If they find adequate employment, obtaining at least 45% of the social security contributions ceiling, which amounts to monthly gross earnings of EUR 1,900€ in 2011, they get the R-W-R card.

Employment can be taken up in all jobs; only for work in ‘regulated occupations’[16] (Reglementierte Berufe) specific regulations apply in order to get a licence (e.g. Law of Medical Doctors- Ärztegesetz),[17] apart from educational qualifications. These regulations tend to protect the general public or individuals from health and other risks. It is the Austrian way to control access to these jobs rather than the more common procedure in Nordic and Anglo-Saxon countries which tend to require casualty, errors and omissions liability insurance.

In the context of labour migration, the following settlement and temporary residence permits are most relevant:

- “settlement permit: worker- R-W-R card from 2011 onwards”
- “temporary residence permit – intercompany transfers (Rotationskraft)”
- “temporary residence permit – persons on business assignments of third country firms without a registered office in Austria (Betriebsentsandter - GATS)”
- “temporary residence permit – special cases of paid employment” specified in the Foreign Employment Act, the most prominent being for researchers.

For the above permits, access to the labour market is issued together with the residence permit in a so called “one stop shop procedure”, which means that the settlement and the work permit are issued in a single procedure. In addition, third country nationals who have a residence permit without the explicit right to enter the labour market may obtain a work permit on the basis of an employer nomination scheme, i.e. after labour market testing.[18] This

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[14] http://www.bmi.gv.at/cms/BMI_Niederlassung/formulare/Antragsformulare.aspx

[15] http://www.bmeia.gv.at/aussenministerium/buergerservice/pass-und-visum.html

[16] According to trade law (GewO 2002, §16) no specific professional skills have to be given to take up self-employment, while specific criteria and professional skills have to be proven in regulated occupations.

[17] For more see Biffl-Pfeffer-Skrivanek 2012.

[18] Art. 4b Aliens’ Employment Act

means that it is the employer who has to address the Labour Market Service and prove that he can not find a suitable person amongst the registered unemployed and that the third country migrant is suitable for the job. As a result the large majority of third country family members is actually working, even without carrying an R-W-R card plus.

3.3 Institutional and Policy Framework for Integration

The institutional setting for integration is rapidly changing. Not only have almost all federal states developed 'Integration guidelines' (Integrationsleitbild) by 2010 but they are also well on their way in implementing integration measures in the various fields, be they relative to the preschool and school environment, the labour market and coordination of institutions and associations which promote employment and further education (Biffl et al 2010), as well as housing and regional integration (Regionalmanagement).

A major driving force in the years 2009 till today has been the Federal policy on integration, featuring in the NAP.I, the establishment of an expert council, advising the Ministry of the Interior on matters of integration (Expertenrat), and the establishment of an integration council (Integrationsbeirat); all these institutional changes have led to the development of a road map towards mainstreaming integration. The latest element in a change of the institutional ramifications has been the implementation of a Secretary of State for Integration in the Ministry of the Interior early 2011; it is the hub for the coordination of integration policies in the various ministries.

The most recent action has been the cooperation of the Ministry of Labour and Social Affairs with the Secretary of State of Integration to provide information and guidance to migrants in their quest to get credentials, which have been obtained abroad, accredited and validated. A website has been implemented early 2012 (www.berufsanerkennung.at). It was the outcome of a policy debate in 2010 and 2011 which focused on ways and means to reduce the degree of overqualification of migrant employment or inadequate matching of migrant skills and jobs. This debate fuelled cooperation between the social partners, various ministries, the Labour Market Service, regional governments and education institutions, largely institutions of further education of adults with the aim to implement a lifelong learning strategy. The website is the beginning of a road map towards the accreditation and validation of skills and competences acquired formally and informally in Austria as well as abroad.

Access to work in regulated professions, i.e. those which have a particular responsibility towards human beings and their safety, remains difficult for migrants as special regulations apply which go beyond obtaining the necessary educational skills or getting them accredited.

Another policy issue was the objective to raise the skill level of early school leavers as part of the government programme of 2010. One outcome has been the implementation of a system of co-funding by the regions and the federal government (§15a agreement) to fund education of early school leavers, natives as well as migrants such that they obtain school leaving certificates at no cost to them, and may access further education (Initiative Erwachsenenbildung: Pflichtschulabschluss und Basisbildung). The funding model follows the ESF scheme of co-funding. It came into effect January 2012 (bmukk.gv.at/basisbildung). This initiative is expected to raise the educational attainment level of distant learners, in particular also migrants, which will allow them to enter a lifelong learning path and raise their employability. An evaluation of this scheme is part and parcel of the whole complex institutional setting and the planning of the database flowing from the education activities.

In 2009 a mandatory kindergarten attendance for five year olds at no cost to the parents was established on the basis of the intervention of the Secretary of State for Integration, Sebastian Kurz, in order to tackle German language problems of migrant children when entering compulsory education. Increasing involvement of migrant parents, particularly mothers, in early language learning has also been a focus in 2010 and 2011, promoting HIPPY (Home instruction for parents of pre-school youngsters), often in combination with civic education. The aim was to raise awareness of the role of education for integration and to promote the employment of migrant women.

The increasing focus on implementing structured integration measures is complemented by the reform of migration policy towards a point based system of immigration. All these reforms are geared towards coordination of migration and integration management. Also information and media policy is slowly changing, moving away from a focus on problems and turning towards opportunities emanating from a greater diversity of people.

All these initiatives are geared towards raising the labour force participation of migrants in the short and long run and thereby to boost economic growth and wellbeing.

3.4 Active Labour Market Programmes

Active labour market policy in Austria is coordinated by the Labour Market Service (LMS). There are various specific support measures for migrants. Since 2008, the LMS invests increasingly in raising the skills of migrants; one major instrument is the funding of German language courses to raise the German language skills first to A2 level, and further up to B2 level of the EU-Reference framework (Integrationsoffensive). These courses are certified which is not only important for access to work but also for the ‘integration contract’, a prerequisite for the settlement right, as well as for the acquisition of the Austrian citizenship. Apart from general German language courses special courses with occupation-specific vocabulary to access work in specific occupations are offered, e.g. in health and social services, in child care, in accounting, in metal and chemical industries, in tourist services, in logistics etc. The amount of money spent was raised from 23.4 million euro in 2008 to more than double the amount in 2011. The number of migrants receiving language support amounted to some 25,000 in 2011.

Apart from language training migrants received special support on the basis of the ESF 3b focus on distant learners. Some projects focus on youth, particularly on the transition from school to work or from compulsory education to further education. Others focus on Mentoring and various employment projects, beginning with the establishment of competences and skills, validating them and adding on further education and training programmes to raise the employability. Evaluations of these schemes are currently underway.

In order to be able to specifically focus on migrants, the LMS introduced a differentiation of their job seekers by migration status in 2011. Thus preferential treatment will be possible which goes beyond the usual target groups of early school leavers, distant learners, older workers and the like and takes migration as a potential source of discrimination and disadvantage into account.

In the case of youth unemployment, subsidised apprenticeship education is promoted, thereby supporting above all the learning opportunities of migrants, who tend to be early school leavers to a much greater extent than natives.

Continued use of early exit routes

Austria has difficulties in closing early retirement routes and continues to grant disability pensions at a much higher rate than in other EU countries. This is a feature of the Austrian social protection system which results in a low labour force participation rate of persons in the mature age groups (see statistical appendix). Thus the low unemployment rate somehow conceals the extent of inactivity of the potential workforce in Austria. The high disability rate of older workers in Austria may be attributed to the comparatively easy access to disability pensions, i.e., occupation-based assessment (*Berufsschutz*) rather than a general incapacity to work. As migrants are ageing they also take advantage of the early retirement and disability schemes.

The *OECD* (2003 and 2010) has argued that the term "disabled" should not be equated to "unable to work", and that the medical condition and resulting work capacity of claimants should be re-assessed periodically. Further, a "culture of mutual obligations" should be introduced, requiring claimants to participate in rehabilitation and training programmes, search activity and some form of employment – regular, part-time, subsidised or sheltered. The high proportion of workers who are not in the labour force because of disability suggests that employment opportunities for disabled persons are few in Austria, that the work-tests may not be sufficiently stringent and that subsidised/sheltered work for the disabled is scarce.

There is ample evidence of stressful working conditions arising from work intensification, including job enlargement accompanied by understaffing, speeding up of work, reduction of idle time, increased use of results-based payment systems and extension of the working day (*Biffl—Leoni—Mayrhuber 2009, Biffl-Faustmann-Gabriel-Leoni-Mayrhuber-Rückert 2011*). While the data are not classified in age terms it may be assumed that older workers are involved in such working arrangements and this may partly explain their high dropout rate from the workforce.

Accordingly, Austria faces a problem in relation to disability pension schemes, which tend to encourage a movement from unemployment to disability benefits. In contrast, other EU countries, e.g. Germany, give preference to the unemployment system rather than the early retirement and disability system to provide assistance to vulnerable groups of workers (Huemer et al. 2010).

3.5 Public opinion and discrimination

In order to provide a factual background for integration measures Austria has developed integration indicators and published them since 2009, the year of the drafting of the NAP.I, the National Action Plan for Integration. (Statistics Austria 2011) The set of indicators includes also an ‘integration barometer’, i.e. subjective feelings about the integration process on the basis of a sample survey of natives and migrants. The results of the opinion polls are sobering and disillusioning. In 2011 13.1% of the natives meant that integration was not working at all, compared to 17.9% in 2010, while 32.1% felt that it was working more or less ok (compared to 27.2% 2010). The pessimistic views on the integration process were not spread evenly across socio-economic groups and regions. Older persons and un- and semi-skilled workers are more pessimistic as well as Vienna and Upper Austria. The views are independent of the extent of contact with migrants, contrary to an often held hypothesis. The survey did not ask for the reasons for the views given, be it the political discourse, which is often anti-immigrant, or because of actual experiences and conflicts.

The opinions voiced by migrants are in stark contrast to that of natives: the overwhelming majority of migrants say that they feel at home and welcome in Austria, namely 86.5%. Only

6.5% of migrants do not feel at home at all in Austria. The optimism of migrants relative to integration has even increased somewhat versus 2010. Women tend to have a feeling of belonging more often than men and youth more often than adults. The feeling of belonging correlates with the duration of stay in Austria and the socio-economic status. Migrants with higher educational attainment level and a high degree of integration into the labour market feel more at home in Austria than unskilled persons and migrants who are at the margin of the labour market. Also the country of origin counts: 91% of persons from former Yugoslavia feel at home in Austria but only 77% of Turkish migrants.

The optimistic view of migrants relative to integration is highly correlated with their improvement of their personal living conditions in Austria. The proportion of migrants who state that their living conditions have improved increased versus 2010 (from 29.5% to 32.3%), and the proportion of those who experienced a deterioration declined (from 30.5% to 22.2%).

The proportion of natives who think that migrants are disadvantaged or discriminated is lower than the proportion of migrants who believe that they are disadvantaged (27.3% versus 37%). There is a tendency to a diminution of discrimination. The proportion of migrants who feel that they are discriminated against is highest for unskilled and poor persons and above all of Turkish migrants. 54% of Turkish migrants say that they feel disadvantaged versus 29% of migrants from former Yugoslavia.

Finally, questions relative to xenophobia indicate that there is increasing recognition that immigration is meant to stay and that integration is a process everybody has to participate in. Accordingly, racist items and statements are only supported by 2.5% of the natives, while the proportion of persons totally in favour of migration has declined as well to 17%.

4. Ad-hoc Research Questions on Access to Labour Market Information by Employers and Migrants (1707 words)

1. *Is there any evidence that unemployment and under-employment of migrants persists? To what extent is this due to network-based recruitment and information deficiencies for a) migrants and b) employers?*

There is no evidence of significant unemployment and under-employment of migrants in Austria. While the unemployment rate of migrants is higher than of natives the differences can be largely attributed to on average lower skills and thus crowding, to a concentration of employment on seasonal jobs, on declining industries and on tasks with a high job turnover. Network-based recruitment is only partly responsible for unemployment as higher turnover unemployment appears to be the major culprit. Migrants tend to have to take jobs which natives try to avoid, if at all possible. Information deficiency on the part of migrants about job openings may contribute to higher search unemployment, discrimination at the entry port into employment another. At least this is suggested by literature on Austria (Biffl et al 2010, Krause-Liebig 2011). Thus, discrimination on the part of employers appears to be a stronger argument against access to work, in particular of visible migrants (scarf) than insufficient information about job openings. The latter may also partly explain the low labour force participation of Muslim women, particularly from Turkey, even though supply side factors like a low educational attainment level and a higher fertility rate may be important contributory factors as well.

2. *Do particular initiatives or measures exist to explain legislation to employers and to migrants and to prevent information deficiencies, eg by employers organisations, chambers of commerce, migrant organisations/civil society in general?*

   There is a close and increasing cooperation between the social partners, both the chamber of commerce and the chamber of labour, with migrant organizations and civil society to promote employment of migrants. Increasingly networks are established like the one in Upper Austria under the title "Vielfalt schätzen. Vielfalt nutzen" which link up firms/employers with the LMS, the social partners, migrant associations, education and training institutions as well as housing support services and regional government.

   The chamber of labour is the most important institution for migrants in search of information and advice on labour rights, the LMS provides funding of language courses and further education and training. In addition, the Austrian Integration Fund (ÖIF) provides focused support, advice and information on job openings (the special matching service in Vienna is called habibi). It advises also potential employers and provides counseling in case of misunderstandings and grievances.

Supply side:

How do migrants find jobs? Which are the key channels used in your country?

- *How important is the use of professional and private networks to migrants in making employment decisions, and in entering the labour market? This could include, for example, friends and family, role of chambers of commerce, migrant associations. Specify the nature of these networks in detail.*

For migrants as well as for natives some 50% of job openings are filled via private networks (family, friends). The LMS has a market share of some 20% in job matching and the rest are filled via websites, social media, job search in the various print media and professional agencies. In Austria, temporary work agencies and leasing firms are increasingly becoming the entry point into employment, for migrants as well as natives, particularly in manufacturing industries.

- *Is there any evidence of ethnic segmentation? In addition, given that the same networks are used to obtain information also for second-generation migrants – is segmentation reproduced?*

There is a certain amount of ethnic segmentation, not least as a legacy of foreign worker recruitment for certain types of jobs and ensuing chain migration. The second generation is slowly moving out of the jobs and industries of their parents, partly because of better education, partly because the jobs of their parents are in declining industries and a reorientation towards services rather than manufacturing jobs is taking place.

- *To what extent do migrants access and use the information they are provided by public employment services. Note any difficulties which have been evidenced, eg lack of impartiality or the fact that those migrants who access the Public Employment Services are a 'self-selected minority' in the first place.*

The LMS is the most important access point for job search and apprenticeships for natives and migrants, particularly if the educational attainment level and learning results have not been good. In this case the LMS provides additional education and training and the subsidization of apprenticeships. In the case of women wanting to re-enter work the LMS is also an important hub for job search, subsidized entry jobs, further education and training and subsidization of business start-ups. The information is easily accessible and the LMS acts as a bridge to other institutions, counseling and income support. The LMS is no longer seen as a place where losers turn to but rather as a professional service provider at the interface of work and support institutions.

- *To what extent do migrants access and use the information they are provided by private employment agencies?*

Migrants hardly use private employment agencies, unless the migrant is in the top professional arena. Migrants are informed from the minute they settle in Austria about the important role of the public employment service in providing benefits and advice, which they may combine to minimize costs for obtaining the language skills required in the integration contract and for further education and training at no cost to raise the employability.

- *Please specify any specific patterns for students, circular migrants, high, medium and low-skilled migrants (for the purpose of this distinction, the following definitions will be adopted used by CEDEFOP: low-skilled ISCED 0-2 (pre-primary and lower secondary education), medium-skilled ISCED 3-4 (upper and post-secondary education), highly skilled ISCED 5-6 (tertiary education).*

Students of third countries tend to turn to the LMS for job search as they are allowed to work on a casual and part-time basis but will have to register with the LMS for a work permit. Low skilled migrants will always turn to the LMS as the latter has a high market share in job matching of lower skills; the same holds for medium skills, not least because of the close link with the apprenticeship system. Migrants at the high end of the skill spectrum will rarely use the services of the LMS. They tend to find jobs through personal and firm networks, through head hunters and professional private sector personnel counseling.

- *Are there any measures in place which aim at preventing information deficiencies among migrants?*

Yes, the initiatives of the Secretary of State of Integration to provide proper information on job openings through the embassies/consulates as well as the website of the red-white-red card (www.migration.gv.at) in the year 2012 are important steps in that direction. In addition, the website of the Integration Fund (ÖIF) provides information about the nearest institution to learn the German language, offers e-learning courses and provides information about Austria, the chances and barriers to entry.

- *Are there any measures in place which aim at facilitating foreign recruitment/labour matching for migrants in their countries of origin, as pre-departure measures?*

This is the aim of the initiatives of the Secretary of State of Integration, which has been worked out in its basic rationale by the independent expert council of the Ministry of the Interior.

Demand side:

Which are, according to the evidence, barriers for employers to hire migrants in your country?

- *Which legal channels for sourcing third-country nationals across borders are available, and do employers experience difficulties in using these? Which employers find it difficult, and why?*

The r-w-r card offers new ways of recruiting third country nationals from abroad. This will facilitate recruitment immensely. Individual employers have found it difficult to employ

TC migrants, as a result the majority of the skilled migrant intake until 2011 has been recruitment within large internal labour markets of multinational companies.

- *Which legal channels and practices for recruiting and managing a diverse workforce are typically followed by employers? Which challenges arise and which measures are in place to promote the process?*

Employers tend to use all channels of recruitment, depending on the skills and competencies in question. Challenges in employment arise from the diversity of the work force by ethnic/cultural/religious background if diversity management is not in place. It is a slow process to put diversity management in action, and SMEs are slow to realize that labour scarcities will also force them to take these steps.

- *Please comment also on patterns of irregular recruitment.*

Irregular recruitment is surely rather limited in Austria and can be found mostly in small scale industries, e.g. tourism, agriculture/farming as well as in households. The recruitment takes place via private networks as well as social media.

- *How do Small and Medium-Sized Enterprises (SMEs) access information on recruiting and retaining migrants and on the legal framework in place? Which challenges arise and which measures are in place to promote the process?*

The chamber of commerce has a strong focus on supporting SMEs in their quest to recruit migrants and to implement diversity measures needed to maximize the utility of a diverse workforce. But also internships are important ways of recruiting migrants, particularly through education and training institutions with which one has a longstanding tradition of cooperation.

- *To what extent are SMEs recruiting a diverse workforce from other countries, and from third-country nationals residing in the same country? Which challenges arise and which measures are in place to promote diversity management?*

SMEs have a tradition of recruiting via their third country employees, who tend to bring in their friends and neighbours, thereby contributing to concentrations of migrants from the same village or region. It is a challenge for employers to get a mix of migrants from various countries and cultures as diversity may also mean potential conflicts, if not properly addressed.

- *To what extent do employers use public employment services to employ migrants?*

Employers tend to use the LMS for the recruitment of migrants if they look for persons with trade skills and lower skills. They tend to forget that in the case of migrants also higher skills tend to be brokered through public employment agencies.

- *To what extent do employers use private employment agencies to employ migrants?*

For higher skills and specific professions

3. Conclusions and Recommendations

The above analyses indicate that different models of socio-economic organisation, in particular, different industrial relations and welfare systems, result in different priorities as countries strive to preserve the internal consistency of their national socio-economic institutional framework. Austria continues to have strong corporatist institutions, which are trusted to serve the best interests of society.

The welfare model is linked to employment by providing the funding for major elements of the social protection system, be it health services, unemployment benefits, retirement and disability pay and even family policy. The system of social and industrial organisation has evolved over time and ensures employment and earnings stability on the one hand and macro-economic flexibility on the other. It is one of the reasons for the economic success story of Austria.

Migration policy was meant to promote economic growth, at least in the very beginnings of the ‘guest worker’ model. With the settlement of migrants and family formation targeted migration diminished, however, and endogenous forces started to drive immigration. Accordingly, integration costs moved into the forefront thereby somehow obscuring the view of the net economic contribution of migration.

In more recent years migration policy is aiming at striking a balance between serving the needs of the labour market, thereby promoting economic growth, and promoting integration, thereby ensuring social cohesion. Both are important elements and pillars of economic growth and wellbeing. The test is whether the corporatist model with its concern for social cohesion and a tight social safety net will be able to deal effectively with increased migration and integration, or whether something like the Anglo-Saxon market-driven model which combines unfettered promotion of economic growth and integration into the labour market with a rudimentary social safety net will prove to be a more appropriate approach to the economic and social challenges of a migration society.

The opinion polls indicate that Austrians have finally accepted that immigrants have arrived to stay. This means that they are increasingly aware of actions needed to structure, systematise and promote integration. Also migrants have come to realise that efforts are being made to promote and support integration, and that success can only be attained with combined efforts on both sides. The corporatist model of industrial cooperation is a good institutional vehicle to promote equal treatment and opportunities. Therefore it is important that the social partners together with other political actors give priority to the integration of migrants. While the employers will need to promote diversity management to a larger extent, the unions will need to open up to migration and to give voice to migrants. Signs are that this is slowly happening, but more will be needed if one wants to make sure that migrants are not instrumentalised to undercut wages and working conditions.

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Acronyms:

GDP (Gross Domestic Product) = the value of all final goods and services produced within a nation in a given year

GDP per capita = GDP divided by the average (or mid-year) population for the same year.

GDP (PPP) = PPP takes into account the relative cost of living and the inflation rates of the countries

HVS (Hauptverband der österreichischen Sozialversicherungsträger) = Federation of Austrian Social Security Institutions

LFS = Labour Force Survey

LMS = Labour Market Service

BMI = Federal Ministry of the Interior

5. Statistical Annex

			UNIT	2000	2005	2008	2010	2011	2012	Source
Real GDP growth rate										
Growth rate of GDP total volume			%	3,7	2,4	1,4	2,3	3,0		St.At.
Growth rate of GDP per capita			%	3,4	1,7	1,0	2,0	2,6		St.At., (revised according to NACE-Revision 2011) own calc.
Employment growth										
total: annual percentage change in employed population			%	1,3	1,2	2,0	0,9	1,4		Eurostat
Activity rate										
age group	15-64		%	71,3	72,4 (b)	75,0	75,1	75,3		Eurostat
Employment rate										
by education level (age 15-64)	total		%	67,9	68,6 (b)	72,1	71,7	72,1		Eurostat
	ISCED 0-2		%	47,8	47,2 (b)	51,0	49,3	50,0		Eurostat
	ISCED 3-4		%	73,7	73,4 (b)	77,1	76,7	76,8		Eurostat
	ISCED 5-6		%	85,8	84,2 (b)	86,1	85,1	85,9		Eurostat
Unemployment rate										
by education level (age 15-64)	total		%	4,7	5,2 (b)	3,9	4,5	4,2		Eurostat
	ISCED 0-2		%	8,2	10,4 (b)	8,1	8,7	8,6		Eurostat
	ISCED 3-4		%	4,2	4,5 (b)	3,3	4,0	3,6		Eurostat
	ISCED 5-6		%	2,3	2,7 (b)	1,8	2,4	2,4		Eurostat
Labour market gaps for disadvantaged groups (age grc										
difference in activity rates by sex and nationality (EU-citizens/third-country citizens - nationals)	total	EU-citizens	%points	n.a.	2,9	0,7	-0,1	-0,6		Eurostat, own calc.
		third-country citizens	%points	n.a.	-5,5	-9,9	-9,1	-8,7		Eurostat, own calc.
	males	EU-citizens	%points	n.a.	5,3	4,6	0,4	1,3		Eurostat, own calc.
		third-country citizens	%points	n.a.	0,4	-2,4	-4,1	-2,6		Eurostat, own calc.
	females	EU-citizens	%points	n.a.	2,1	-1,0	0,2	-1,1		Eurostat, own calc.
		third-country citizens	%points	n.a.	-11,7	-17,9	-14,2	-14,8		Eurostat, own calc.
difference in employment rates by sex and nationality (EU-citizens/third-country citizens - nationals)	total	EU-citizens	%points	n.a.	-0,4	-1,2	-1,8	-2,9		Eurostat, own calc.
		third-country citizens	%points	n.a.	-11,2	-13,5	-13,1	-12,4		Eurostat, own calc.
	males	EU-citizens	%points	n.a.	1,2	2,9	-0,2	-0,5		Eurostat, own calc.
		third-country citizens	%points	n.a.	-7,1	-7,2	-9,2	-7,1		Eurostat, own calc.
	females	EU-citizens	%points	n.a.	-0,6	-3,0	-2,4	-3,7		Eurostat, own calc.
		third-country citizens	%points	n.a.	-15,6	-20,1	-17,0	-17,9		Eurostat, own calc.
difference in unemployment rates by sex and nationality (EU-citizens/third-country citizens - nationals)	total	EU-citizens	%points	n.a.	4,3	2,3	2,3	3,0		Eurostat, own calc.
		third-country citizens	%points	n.a.	8,9	5,8	6,5	6,1		Eurostat, own calc.
	males	EU-citizens	%points	n.a.	4,6	1,7	0,9	2,1		Eurostat, own calc.
		third-country citizens	%points	n.a.	9,4	6,1	6,9	5,8		Eurostat, own calc.
	females	EU-citizens	%points	n.a.	3,8	2,9	3,7	3,8		Eurostat, own calc.
		third-country citizens	%points	n.a.	8,2	5,5	5,9	6,3		Eurostat, own calc.
Employment gender gap										
by age and education	15-64	total	%points	16,5	13,4 (b)	12,7	10,7	11,3		Eurostat, own calc.
	15-64	ISCED 0-2	%points	14,0	13,9 (b)	10,8	10,4	11,8		Eurostat, own calc.
	15-64	ISCED 3-4	%points	14,4	11,7 (b)	10,6	7,9	8,4		Eurostat, own calc.
	15-64	ISCED 5-6	%points	6,5	4,7 (b)	7,5	8,4	7,8		Eurostat, own calc.
	15-24	total	%points	7,9	7,4 (b)	7,2	8,5	9,7		Eurostat, own calc.
	15-24	ISCED 0-2	%points	12,0	16,0 (b)	10,4	14,4	14,7		Eurostat, own calc.
	15-24	ISCED 3-4	%points	6,6	4,3 (b)	6,9	5,3	7,8		Eurostat, own calc.
	15-24	ISCED 5-6	%points	-19,4	-2,4 (b)	1,1 (u)	9,7 (u)	-0,5		Eurostat, own calc.
	25-54	total	%points	16,2	13,1 (b)	11,6	9,0	9,4		Eurostat, own calc.
	25-54	ISCED 0-2	%points	17,6	17,5 (b)	13,2	9,9	12,0		Eurostat, own calc.
	25-54	ISCED 3-4	%points	14,7	11,3 (b)	9,7	6,7	7,2		Eurostat, own calc.
	25-54	ISCED 5-6	%points	9,2	7,3 (b)	7,7	8,9	8,2		Eurostat, own calc.
	55-64	total	%points	23,6	18,4 (b)	21,0	17,9	17,7		Eurostat, own calc.
	55-64	ISCED 0-2	%points	16,9	13,4 (b)	19,0	13,8	14,0		Eurostat, own calc.
	55-64	ISCED 3-4	%points	21,4	16,2 (b)	17,9	15,8	15,2		Eurostat, own calc.
	55-64	ISCED 5-6	%points	16,2	13,7 (b)	17,3	11,5	12,5		Eurostat, own calc.

			UNIT	2000	2005	2008	2010	2011	2012	Source
Unemployment gender gap										
by age and education	15-64	total	%points	0,2	-0,6 (b)	-0,6	0,3	-0,3		Eurostat, own calc.
	15-64	ISCED 0-2	%points	1,9	0,9 (b)	0,1	2,6	1,2		Eurostat, own calc.
	15-64	ISCED 3-4	%points	0,3	-0,6 (b)	-0,4	0,4	-0,1		Eurostat, own calc.
	15-64	ISCED 5-6	%points	-0,4	-0,5 (b)	-0,4	-0,5	-1,0		Eurostat, own calc.
	15-24	total	%points	1,3	0,8 (b)	-0,4	0,1	-0,9		Eurostat, own calc.
	15-24	ISCED 0-2	%points	-1,3	-3,4 (b)	-2,0	-3,0	-3,4		Eurostat, own calc.
	15-24	ISCED 3-4	%points	2,3	1,5 (b)	-0,2	1,3	0,0		Eurostat, own calc.
	15-24	ISCED 5-6	%points	4,2	0,3 (b)	-1,4 (u)	n.a.	n.a.		Eurostat, own calc.
	25-54	total	%points	-0,2	-0,9 (b)	-0,5	0,4	-0,4		Eurostat, own calc.
	25-54	ISCED 0-2	%points	2,9	0,5 (b)	0,1	4,4	1,6		Eurostat, own calc.
	25-54	ISCED 3-4	%points	-0,2	-0,9 (b)	-0,2	0,4	-0,3		Eurostat, own calc.
	25-54	ISCED 5-6	%points	-0,6	-0,3 (b)	-0,3	-0,4	-0,7		Eurostat, own calc.
	55-64	total	%points	1,4	1,3 (b)	-0,8	n.a.	n.a.		Eurostat, own calc.
	55-64	ISCED 0-2	%points	2,6	5,6 (b)	-0,5	n.a.	n.a.		Eurostat, own calc.
	55-64	ISCED 3-4	%points	1,8	0,8 (b)	-0,6	n.a.	n.a.		Eurostat, own calc.
	55-64	ISCED 5-6	%points	1,2	0,1 (b)	-0,6	n.a.	n.a.		Eurostat, own calc.
Gender pay gap										
total			%	20,0	18,0	25,5 (b)	25,5 (p)	n.a.		2008, 2010:
Unemployed per vacant position										
total				5,5	9,6	5,7	2,7	n.a.		2000-2008 LMS; 2010 Eurostat, own calc.
Diversity and reasons for contractual and working arrangements										
employment (age 15-64)			%	16,7	20,8 (b)	22,6	24,3	24,3		Eurostat
Total employees in fixed-term contracts as share of persons in employment (age 15-64)			%	6,9	7,9 (b)	7,8	8,2	8,4		Eurostat, own calc.
Employees in non-standard employment as share of total employees): part-time (age 15-64)			%	19,2	23,8 (b)	25,8	27,8	27,8		Eurostat, own calc.
Employees in non-standard employment as share of total employees): fixed-term (age 15-64)			%	8,0	9,1 (b)	9,0	9,3	9,6		Eurostat
Wages										
net annual income by sex	male	1. quartile	€	12.510	12.387	13.629	13.269			St.At.
	male	median	€	18.067	19.598	21.066	21.786			St.At.
	male	3. quartile	€	24.502	26.694	28.926	30.010			St.At.
	male	mean	€	20.281	21.374	23.337	23.946			St.At.
	female	1. quartile	€	5.606	5.989	6.491	6.731			St.At.
	female	median	€	11.803	13.073	14.009	14.768			St.At.
	female	3. quartile	€	17.360	19.147	20.541	21.728			St.At.
	female	mean	€	12.636	13.839	14.979	15.797			St.At.
					2006					
gross hourly earnings by economic sector and sex	mining and quarrying	male	€		12,6					St.At. (Verdienststruktur erhebung 2006)
		female	€		11,3					
	manufacturing	male	€		13,4					
		female	€		10,0					
	electricity, gas and water supply	male	€		18,5					
		female	€		14,8					
	construction	male	€		11,9					
		female	€		10,6					
	wholesale and retail trade;	male	€		11,6					
		female	€		8,9					
	hotels and restaurants	male	€		8,0					
		female	€		7,2					
	transport, storage and communication	male	€		11,8					
		female	€		10,2					
	financial intermediation	male	€		19,5					
		female	€		14,4					
	real estate, renting and business activities	male	€		12,0					
		female	€		9,0					
	education	male	€		16,2					
		female	€		11,8					
	health and social work	male	€		13,4					
		female	€		11,3					
	other community, social, personal service	male	€		12,4					
		female	€		9,5					

	UNIT	2000	2005	2008	2010	2011	2012	Source
Self-employment rate (Employers and self-employed relative to total emplo		**2000**	**2005**	**2008**	**2010**	**2011**		
age 15-64		10,5	11,6	11,1	11,3	11,3		Eurostat, own calc.
Structure of the economy:								
Gross value added: shares of various sectors (NACE 2008) in the economy (HCPI 2005=100)								
Agriculture, forestry and fishing	%	1,9	1,5	1,6	1,5	1,6		
Mining and quarrying; manufacturing	%	20,4	19,7	19,6	18,0	19,3		
Electricity; water supply; sewerage and waste management	%	3,3	3,3	3,2	3,4	3,7		
Construction	%	7,7	7,2	7,1	6,8	6,9		
Wholesale and retail trade	%	13,2	12,9	12,9	13,6	13,3		
Transportation	%	5,6	4,8	4,8	4,7	4,5		
Accommodation and food service activities	%	4,2	4,6	4,7	4,9	4,8		St.At., own calc.
Information and communi-cation	%	3,3	3,6	3,3	3,1	2,9		
Financial and insurance activities	%	5,6	5,3	5,4	4,9	4,8		
Real estate activities	%	8,3	9,5	9,0	9,5	9,3		
Other administrative and support service activities	%	6,8	8,0	8,9	9,0	8,9		
Public administration	%	6,2	5,8	5,6	5,9	5,7		
Education; human health and social work activities	%	10,8	11,2	11,2	11,8	11,5		
Other service activities	%	2,7	2,8	2,7	2,9	2,8		
Shares of foreign workers								
agriculture, forestry and fishing	%			42,6	43,1	45,8		
mining and quarrying	%			8,3	8,3	8,2		
manufacturing	%			13,3	13,3	14,0		
electricity, gas and water supply	%			5,6	5,9	6,4		
construction	%			19,6	19,8	21,1		
wholesale and retail trade; repair	%			11,6	12,3	13,1		Fed. of Austr. Soc. Security Inst. (bali); own calc.
hotels and restaurants	%			34,3	36,0	37,9		
transport, storage and communication	%			12,6	13,1	14,0		
financial intermediation	%			4,9	5,4	5,7		
real estate, renting and business activities	%			20,5	21,1	22,3		
public administration and defense; social security	%			3,2	3,3	3,5		
other community, social, personal service activities	%			11,6	12,8	13,5		
Long-term unemployment rate								
total	%	1,3	1,3 (b, u)	0,9 (u)	1,1	1,1		Eurostat, own calc.
Labour supply growth								
Annual change in labour supply (including employed and unemployed in working age 15-64)	%	0,3	2,1 (b)	0,8	0,1	0,9		Eurostat

(b) = break in time series (2004)
(u) = unreliable date
(p) = provisional
n.a. = not available