

## Chapter 6

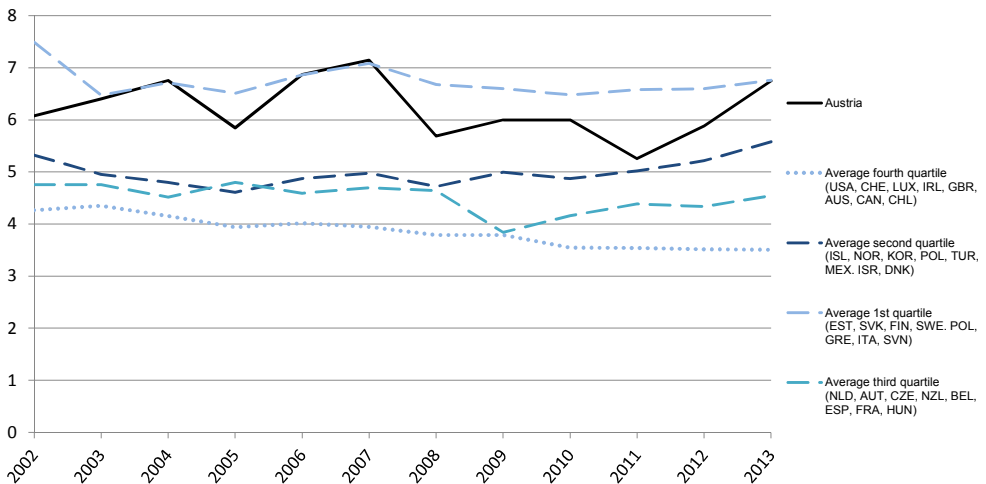
### Matching demand and supply – Austria as a destination for labour migration

*Austria is a country with favourable labour market conditions and high quality of living. However, it does not appear to be on the radar screen as a destination country among potential labour migrants abroad. Employers seem reluctant to consider recruiting from abroad. Compared with other OECD countries, there have also been relatively few, mainly small-scale and largely un-coordinated efforts to promote Austria as a destination for labour migrants, although there have been some improvements recently. To better tap into the potential of labour migration, a comprehensive approach is advisable. This should encompass the marketing of the RWR-Card into a broader branding strategy, making opportunities for labour migration to Austria better known to employers and applicants alike. Ideally, the social partners should be systematically involved in the process.*

## Austria's attractiveness

Austria is a rather attractive destination country with very favourable labour market conditions in international comparison and performs well in many measures of well-being, as shown by the fact that it ranks among the top countries in several topics in the OECD's Better Life Index. The country has the lowest unemployment rate in the European Union and offers relatively attractive wages. Looking at the average annual wages in purchasing power parities in the EU, Austria is just below the highest quartile. There are high returns to qualifications, and employees in high skilled jobs earn about 60% more than the national average – the highest figure among the European OECD countries. Austrian employers evaluate Austria as an attractive country for high-skilled foreign workers and are within the first quartile of the OECD countries (Figure 6.1).

**Figure 6.1. “High-skilled foreign workers are attracted to country’s business environment”, approval rates of employers from Austria and other OECD countries**



Note: 0 = does not apply, 10 = does apply.

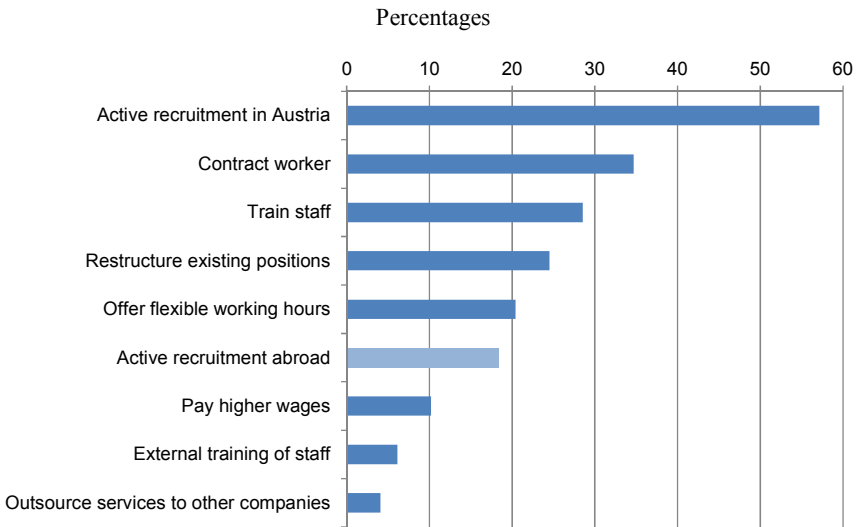
Source: OECD Secretariat calculations based on data provided by the *IMD World Competitiveness Yearbook 2013*.

Austria has also many geographical and historical ties with key origin countries, namely the EU-12 and the Balkans – the key origin countries for migration for employment to Austria. However, in no single country it is mentioned by respondents in a Gallup survey as one of the three preferred

destination countries. Even among the western Balkan countries, only 5% of those willing to leave their country reported that they would like to move to Austria.

Even though, as seen above, Austrian employers perceive their country as an attractive destination, they also need to be willing and able to fill labour shortages by foreign recruitment. This implies first of all that they have labour migration on the radar screen. Currently, even employers who report labour shortages rarely actively recruit from abroad. A survey that assessed labour mobility and labour needs in Austria after the end of the transition rules towards the new EU member states finds that active recruitment from abroad is only ranked sixth as a measure employers apply when they have problems recruiting enough workers. Other measures, such as nationwide recruitment efforts, hiring contract workers, training staff, restructuring of existing positions and offering flexible working hours are preferred (see Figure 6.2).

**Figure 6.2. Measures applied by Austrian employers who cannot recruit enough workers (multiple answers possible), 2011**



*Source:* OECD Secretariat calculations based on data provided by the AFLA employer survey.

Only one in five employers reporting shortages resorts to active recruitment abroad. Nevertheless, international recruitment seems to be preferred over paying higher wages or outsourcing. The fact that recruitment abroad is rarely considered is not unique in Austria. Indeed, a recent survey by the OECD in conjunction with the German Chamber of Commerce (DIHK) suggest that in Germany, even lower shares of employers have recruitment abroad on their radar screen (OECD, 2013).

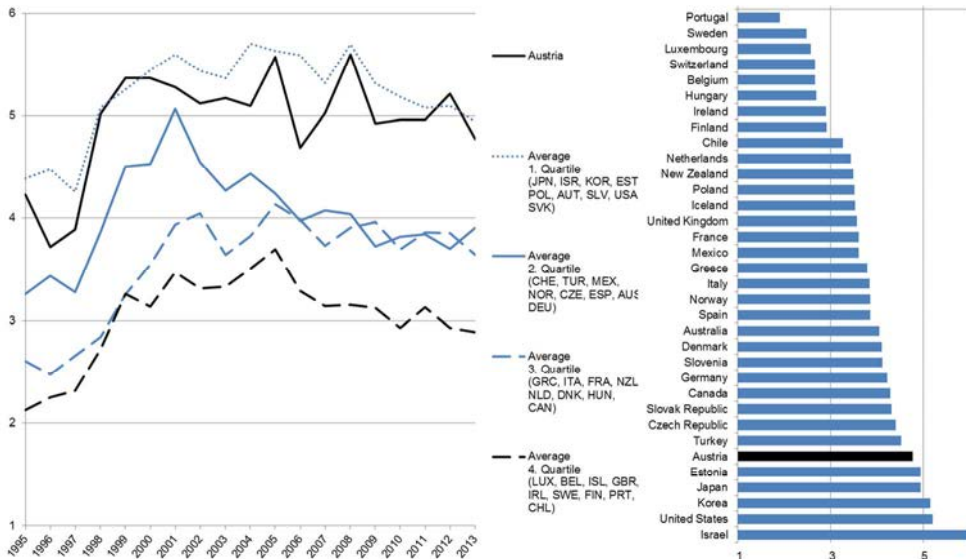
Little is known about the reasons for this. One possibility is that employers are reluctant to make the investment to go abroad if they have only very few vacancies to fill. Indeed, most companies in Austria are small and may have little experience with hiring foreign labour.<sup>1</sup>

It is also possible that they may not perceive candidates abroad as having the right skills for the Austrian labour market. This might particularly concern the medium-skilled segment of the labour market, where the dual apprenticeship system is predominant in Austria but not wide-spread in key origin countries.

A third possibility is that employers are not aware of the possibilities to recruit foreign labour or perceive the current system as complex and/or restrictive. Indeed, among the employers surveyed for the *IMD World Competitiveness Yearbook*, Austrian employers report more often than employers in other countries that immigration laws prevent them from employing foreign labour.

Interestingly, this perception has not changed with the introduction of the RWR-Card in 2011 (see Figure 6.3), although stakeholders seem to agree otherwise that the new system has enhanced transparency of the procedures. However, as seen above in Chapters 3 and 4, the system remains rather complex, which may be the reason for the apparent perception by employers that it is restrictive.

**Figure 6.3. “Immigration laws prevent your company from employing foreign labour”, approval rates of employers from Austria and other OECD countries**



*Note:* The graph shows the rating results to the question: “Immigration laws prevent your company from employing foreign labour”, 0 = does not apply, 10 = does apply (the original question and rating scale have been reversed for clarity). Country quartiles are calculated based on the average rating value between 1995 and 2012.

*Source:* OECD Secretariat calculations based on data provided by the *IMD World Competitiveness Yearbook 2013*.

## Initiatives to attract labour migrants

In recent years, a number of initiatives have been put in place to attract labour migrants to Austria. To date, most initiatives in 2010, a so-called “expat centre” was launched in Vienna by the business agency of the city of Vienna. The centre provides information services for newly arrived highly skilled migrants, organises workshops and other activities and also provides a small-scale subsidy for language courses. However, in contrast to similar centres in other countries such as Germany (see Box 6.1), the Vienna expat centre is not a foreigners’ office and cannot directly facilitate the administrative procedures for new labour migrants. Nonetheless, its website ([www.expatcenter.at/](http://www.expatcenter.at/)) received over 100 000 visitors in the first two years and the centre treats 10-20 requests a day, in twelve different languages. Most requests come from the United States, the United Kingdom and

Germany. Labour migrants in Vienna have also access to a broad range of other integration offers (see Krause and Liebig (2011) for an overview), although these are not focused on labour migrants.

### Box 6.1. The Hamburg Welcome Centre

In labour migration systems, one-stop shops facilitate the permit authorisation procedures for employers and employees, providing a single interlocutor and clear indications. One-stop shops are also a means to separate labour migration processes from other, generally more restrictive and backlogged migration services addressing family reunification or humanitarian requests. One example in Germany is Hamburg Welcome Centre, created in 2007. The centre is funded by the state and other public and private local actors, and employs 13 persons. It provides pre-arrival orientation through a website ([welcome.hamburg.de](http://welcome.hamburg.de)), initial reception, and ongoing orientation towards mainstream services located elsewhere. The Centre caters to newcomers arriving in Hamburg for employment, including graduates of German universities. Although it provides information to all foreigners, it limits its administrative services to first-permit issuances for labour migrants and their families. It handles about 5 500 cases of permit requests annually. The centre does not process applications from abroad, but acts as a foreigners' office in evaluating permit requests filed locally, including cases of visa-free entry. The Centre operates in parallel with the foreigners offices located in other districts of Hamburg; labour migrants may also choose to submit their applications to other offices. While the procedure at the centre is not necessarily quicker than at regular foreigners' offices, it provides a single and welcoming face to the labour migrant. The Hamburg Welcome Centre provides all services in English as well as German and also promotes integration and welcoming activities such as bilingual events, orientation sessions, and promotion of local cultural activities. Similar centres are gradually being set up in other German cities.

Source: Adapted from OECD (2013), *Recruiting Immigrant Workers: Germany 2013*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264189034-en>.

The city of Vienna and the Federation of Austrian Industries (*Industriellenvereinigung*) signed an agreement about intentions for preparing Vienna for future challenges in April 2013. This includes international marketing for Austria and Vienna to promote attractive labour market opportunities to potential labour migrants.

Several initiatives focus on researchers, and again particularly in Vienna. The Vienna Science and Technology Fund (WWTF) offers up to EUR 1.5 million for a limited number research projects for foreign researchers who intend to come to Vienna to establish a research group.

The Conference of Austrian Universities (*Österreichische Universitätenkonferenz*) offers career services in Vienna, Lower Austria and Upper Austria in cooperation with the WWTF. The target group for counselling are the foreign partners of senior university researchers. The service includes support and advice in finding adequate jobs and settling

into everyday life, including with respect to housing and childcare. Similarly, the Austrian Research Promotion Agency (FFG) offers career grants for foreign researchers to finance face-to-face interviews for Research, Development and Innovation jobs in Austria. They also provide financial aid for the relocation and the integration of the spouses.

Efforts have also been stepped up in recent years to provide information to potential labour migrants. Since September 2011, an official website ([www.migration.gv.at](http://www.migration.gv.at)) is in place which provides information about the Austrian immigration system as well as living and working conditions in Austria in both German and English language. The website also includes a points calculator, but potential migrants have to choose between the four RWR categories at the initial stage of the points calculator, which limits its usefulness for candidates unfamiliar with the system.

Finally, a comprehensive marketing campaign for Austria is currently underway. In August 2013 the government decided to develop a strategy for “nation branding” abroad. The plan foresees a nation brand agency located in the Federal Ministry of Science, Research and Economy, in co-operation with a broad range of other stakeholders. The agency is not expected to be operational before 2015.

In summary, most existing initiatives are small scale and mainly focused on Vienna, which is the main destination region for permanent labour migrants. However, there is some dynamics in the system and it remains to be seen how the marketing of the RWR-Card will be included in the nation branding and other initiatives.

### **Matching employer needs and migrant candidates**

The matching of vacancies and suitable candidates can already be cumbersome in the domestic labour market, where a national employment service, national advertising strategies and networks are well-known and readily available for employers and employees. On the side of employers, there is often uncertainty about the value of skills acquired abroad, particularly with respect to language. On the side of candidates abroad, little may be known about job opportunities in Austria and the functioning of the Austrian labour market. The geographic distance constitutes an additional barrier and in general, there is no labour market service which would match potential job seekers abroad with domestic vacancies. Within the European Union, however, the European Employment Services (EURES) provides a platform to match job seekers and employers who want to recruit from other countries within the free mobility zone (see Box 6.2 below). The partner of the EURES network in Austria is the AMS.

### **Box 6.2. The EURES system and its importance for migration to Austria**

The European Employment Services (EURES) is the network of public employment agencies in Europe that promotes the mobility of the EU/EFTA labour market across national borders. The network, established in 1993, is coordinated by the European Commission, in cooperation with the social partners. EURES advises and informs workers about job opportunities and working and living conditions in other EU/EFTA countries and offers placement services. The EURES webpage (<https://ec.europa.eu/eures>) provides detailed country and regional information about the labour market and the available jobs and the available workers. It assists employers in recruiting workers and provides special counselling for employers and workers in border regions. The service is provided in 25 European languages and free of charge.

Currently, EURES is undergoing a modernisation and placement will in addition to information and counselling play a bigger role in the future. The services will be extended to a more holistic approach that includes services in the country of origin, services in the recipient country as well as counselling on return migration. The EURES job portal enables jobseekers to filter vacancies by region, occupation, qualification, and years of experience.

Most of the jobs on the EURES Job Mobility Portal stem from the job vacancies databases managed by the public employment services of the participating countries. Two categories of job offers are listed on EURES. One category is displayed with a blue EU flag, for which employers have expressed interest in recruiting from another country, and the second category are those jobs advertised in the national jobs databases without a stated interest in recruiting abroad.

Austrian employers make continuously larger use of the possibility of recruiting in the European Union. The number of vacancies with an expressed interest of recruiting from EU countries almost doubled from 2007 to 2013, to reach 30 100 vacancies. The share of these job offers among all offers posted on EURES in Austria increased over the same time from 28% to 58%.

Large shares of vacancies with an expressed interest of recruiting within the European Union have traditionally been observed for jobs in the agriculture and hospitality sectors, where seasonal employment of EU citizens is common in Austria. But the number of these vacancies has remained steady and their share among all vacancies with an expressed interest of recruiting from other EU countries decreased from about 50% in 2007 to about a third in 2013. The increase in the number of vacancies with an expressed interest of recruiting within the European Union was mainly driven by vacancies in medium-skilled occupations in the manufacturing industry and technical occupations. Vacancies for engineers of mechanical engineering or electronics were the third largest occupation with an expressed interest of recruiting within the European Union among all vacancies in 2013 with 91%, just after cooks and kitchen assistants and other professions in the hospitality sector. The increased expressed interest to recruit within the European Union for skilled occupations such as engineers of mechanical engineering or electronics is a new development, since this share saw steep increases since 2007 with only 22%. Regions where tourism is a sector of main importance such as Vorarlberg, Salzburg and Tyrol were the regions with the highest number of vacancies with an expressed interest of recruiting within the European Union in 2007.



**Box 6.2. The EURES system and its importance for migration to Austria (cont.)**

This picture has changed quite a bit since then. In 2013 Upper Austria is by far the region with the largest number of vacancies with an expressed interest of recruiting within the European Union (i.e. mostly, neighbouring Germany). Over a third of all vacancies are posted for this region, which reports increased labour shortages in the last years and has the second highest concentration of jobs in engineering and technical occupations in the whole of Austria just after Vienna. Relative to the overall number of large firms in Austria firms with 250 employees or more are overrepresented amongst those that express interest in recruiting within the European Union.

Currently around 243 000 applications by candidates from other EU countries are known to the AMS. Registered employers can search for applications online in the “AMS eJob-Room”. In addition, they can create specific job offers that are posted on EURES with a mailbox specific to the offer and an automatic Email/ and or text alert when an applicant responds to the job offer. This service is free of charge.

EURES also organises job fairs and information events with the national partners. In the past, EURES Austria has participated among small-scale events in the neighbouring countries, mainly for the recruitment of seasonal labour.

However, no matching tool exists for recruitment in third countries. Some employers’ organisations have started small-scale initiatives to recruit from abroad and to inform their members about the possibilities and regulations in place. These initiatives are generally targeted at specific destination regions. The Economic Chamber, which includes all businesses and has more than 450 000 members, has organised a few recruitment fairs in Spain in recent years. In addition, a website has recently been set up through which interested candidates can apply. It attracted more than 2 100 candidates in the first four weeks. 110 applicants were invited for an interview, but only few of those were eventually hired.

Other countries directly link the matching of foreign labour and local employers in their immigration framework, and New Zealand is a good example in this respect (see Box 6.3).

Compared with other OECD countries, there are few immigration advisors or law firms specialised in supporting businesses to recruit from abroad. Assistance for employers who look to recruit in third countries is also not foreseen under the current RWR framework and no explicit service is provided. People familiar with the system report that embassies often refer interested candidates directly to the unit for foreign employment of the AMS, in the absence of an institutional contact point or service hotline. Other countries, such as Denmark or Germany have been more proactive in this respect. In Germany, for example, employers who need help in filling a vacancy with someone from abroad are supported by the

Central International Placement Service (*Zentrale Auslands- und Fachvermittlung*) of the employment agency, which provides counselling services for employers and placement services to certain incoming groups, such as managers, skilled workers and the tertiary-educated. Vacancies that are difficult to fill may be referred to the ZAV by the regional public employment services.

**Box 6.3. Involving employers in recruitment from abroad:  
The New Zealand case – Establishing a recruitment feeder from abroad**

New Zealand has developed web-based database in which persons interested in migrating to New Zealand can register their interest. More than 200 000 migrant candidates have registered for this database, which is integrated into the broader “New Zealand Now” portal ([www.newzealandnow.govt.nz/](http://www.newzealandnow.govt.nz/)) that provides a wide range of information about working, living and studying in the country. Migrant candidates who have registered in the database also receive other information about New Zealand, including on recruitment fairs which are regularly organised by Immigration New Zealand in the main origin countries. Registered employers have access to this candidate database via the “Skill Finder”. This free service allows employers to search the candidate database by occupation, level of academic qualification, residence and years of experience. They then register their vacancy and submit a request to the Immigration New Zealand marketing team who will work within the following business days with the employer to format a formal request to the candidates in the database they identified as suitable. Recipients can then apply for the position by sending their CV directly to the employer via a special web account set up for this purpose. Only occupations which are either at skill level 1-3 on the Australian and New Zealand Standard Classification of Occupations (ANZSCO), or on one of the skill shortage lists or which meet the requirements for the Accredited Employer ‘Talent’ scheme are eligible. The “Skill Finder” is integrated into the so-called “employer hub” in the Immigration New Zealand web portal which contains also a broad range of other information for employers related to both recruiting immigrants and to integrating them at the workplace.

*Source:* Adapted from OECD (2014), *Recruiting Immigrant Workers: New Zealand*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264215658-en>.

Another group which is currently often left without a place to turn to for counselling and advice are international graduates in Austria. International graduates are a potential source of foreign labour already in the country with language skills, easily recognisable degrees for employers and knowledge of the country. The AMS does not provide counselling or placement services to international students and graduates. Other OECD countries offer special programmes targeted at attracting and retaining international students in fields of shortages, such as the Netherlands with the “Brainport Development” initiative. “Brainport Development” is a regional initiative in the Dutch region of Eindhoven, where research, innovation and development in the technical sectors are important. It is a cooperative

initiative of local government, industry and universities. “Brainport Development provides scholarships to attract 100 science and technology students to the region’s universities. In addition to the scholarships, the students will be counselled during and after their studies and a contact between employers in the region and students is organised. In addition, “Brainport Development” also takes part in the Brabant Talents programme with the Brabant Chamber of Commerce in conjunction with students, educational institutions, employers and other stakeholders. The programme was set up to retain students, including international students in the regional Brabant labour market. To promote contact and relationship-building between students and employers, meetings are organised through company visits and job fairs, as well as social media.

In Germany, the ZAV also initiated a pilot project in 2012 targeted at international graduates in STEM fields. The project called “Work in Germany after graduation” (*Nach dem Studium in Deutschland arbeiten*) is a joint project between universities and regional public employment offices. The project started in four cities with 50 international graduates and was extended to eight regional public employment offices and twelve universities. The programme prepares the graduates for job interviews, with intensive trainings and provides placement services from the ZAV.

In summary, in comparison with other OECD countries, there have been few efforts to promote Austria as a destination for labour migrants, which is surprising since this was precisely one of the objectives of the new system. The existing initiatives are generally small-scale and hardly co-ordinated. In addition, the Chambers are rarely involved in the process, in spite of their key role in the labour migration framework. More generally, the limited branding and co-ordination seems to reflect the lack of an explicit strategy in tackling demographic change and the role that labour migration is expected to play in this context and indeed, more generally, in responding to skills needs.<sup>2</sup> Since – apart from the lack of a functioning permit information system and a number of mainly procedural issues – most of the core elements of an effective system are either already in place or can be relatively easily fixed, the remaining challenges involved in getting the most out of labour migration for Austria do not seem insurmountable.

## Notes

1. Sixty-eight per cent of total employment is accounted for by companies employing less than 250 employees and a quarter of total employment is accounted for by companies employing even less than ten employees.
2. Austria has been one of the first countries to undertake a collaborative project with the OECD with the aim of applying the OECD Skills Strategy in practice. The diagnostic report was completed in 2014 (OECD, forthcoming).

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