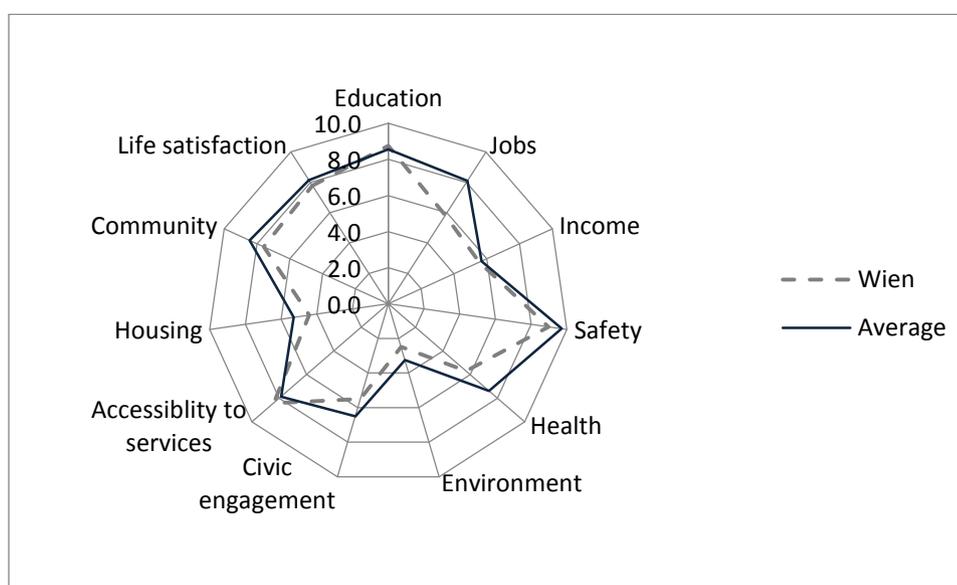


Chapter 2. Vienna's well-being and inclusion¹

Well-being in Austria is close to the OECD average in many dimensions. However, the average Austrian household has higher adjusted disposal income and face lower labour market insecurity. Compared to the national average, Vienna performs slightly worse in all dimensions of well-being indicators, except for education and accessibility to services (OECD, 2016).

Figure 2.1. Vienna's performance on well-being indicators



Source: OECD (2016a), Well-being dataset.

Vienna has a high level of economic development and high labour productivity of its working population. In 2014, Vienna's gross regional product amounted to about EUR 84 billion, which is about a quarter of Austria's value added. With 1.84 million inhabitants (2016), about one-fifth of the Austrian population lives in Vienna (20.8%). They generate about a quarter of Austria's gross domestic product (25.6% in 2014). According to AMS (Arbeitsmarktservice Österreich, Public Employment Service) data, foreign nationals represented 24% of the working population in Vienna in 2015. This doesn't include naturalised migrants and native-born children of migrants.

Like many other larger cities, Vienna has evolved into a modern service and knowledge society within the last decades. With a share of 85.3% in gross value added (2014), the services sector is the most important business sector. Nearly one in every five persons in Vienna is active in this sector. However, with 14.7% in gross value added (2014), industry and commerce also account for a significant share, while the primary sector plays a negligible role (0.05%) (MA 23, 2016). The areas of strength of Vienna

businesses lie in the fields of life sciences, urban technologies, creative industries and information and communication technology (ICT). In 2015, the location set a record for international settlements with 175 new businesses. Vienna also offers dynamic conditions for start-ups — more than 8 000 companies are founded each year. Yet, typical for a capital region, it also experiences a lot of business deaths and survival is more difficult in the capital than in other regions of the country (OECD, 2017c).

In terms of mobile people, Vienna does not only attract migrants, but also tourists. According to accommodation statistics (MA 23, 2016), the number of overnight stays of tourists (including e. g. congress participants and persons coming for leisure activities) grew by 64.4% from 8.7 million in 2005 to 14.3 million in 2015. More than 40% of the guests came from Germany, the United States, Italy and the United Kingdom. Tourism is thus an important factor in terms of the labour market and productivity.

Vienna is a metropolis of science and research with a long tradition in this respect. The University of Vienna is one of Europe's oldest (founded in 1365) and the largest in the German-speaking countries. As Austria's centre of knowledge, Vienna currently has 195 300 university students (winter semester 2015/16), who make up for more than 10% of the population. In addition, Vienna is also the location of choice for international organisations such as one of the four headquarters of the United Nations, the Organization of the Petroleum Exporting Countries, the International Atomic Energy Agency and the Organization for Security and Co-operation.

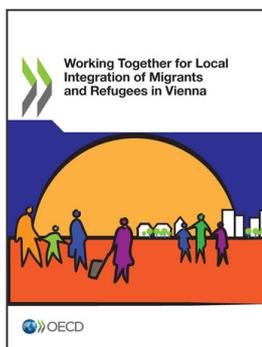
Previous OECD research on Austria's migrant population in the education system points to a weaker average educational performance of immigrant students, when compared to native peers (OECD, 2009). This performance gap is largely due to the fact that immigrant students are continuously over-represented in socio-economic less advantaged groups. These findings are in line with findings in Austria when looking at the group of migrants born abroad but who immigrated before they turned 15 years old. For instance while 52% of natives obtained a higher educational degree, only 38% of the group of foreign-born individuals obtained such a degree (Stadt Wien, 2014).

Some 19% of the Viennese population (339 000 persons) were considered as being “at risk of poverty”² in 2015 (Europa 2020 indicator). However, the trend over the last years shows a downward tendency; in the year 2008, the rate was 23% (378 000).³ As it is common for urban centres, the rate is higher than the national average (14% in 2015; 12% in 2008 (City of Vienna, 2012) and clearly under the EU average (25%). Those considered at the highest risk of poverty live in areas with buildings from the 19th century “Gründerzeit”, with basic quality housing, and in newer building areas from the building period up to 1960. The lowest at-risk-of-poverty rate can be found in the city centre, in areas with buildings of the 19th century “Gründerzeit” with high-quality housing and in areas with single-family houses and allotments. Migrants belonging to the first generation are at a much higher risk of being poor than non-migrants: their risk-of-poverty rate is more than twice as high. The reasons lie in low incomes due to a lower socio-economic status linked to de-qualification and non-recognition of qualifications. The issue of low socio-economic status can also be observed in children of migrants. According to the outcomes of the Vienna Integration Monitor 2013, migrants from EU new accession countries receive the same low household incomes as third-country-national migrants.

According to the information in the OECD questionnaire provided by MA 18 (Municipal Department 18), the migrant population is distributed unevenly across the city, yet a general dispersion with different concentrations persists (see Figure 2.2). Contrary to many Western European cities, migrants in Vienna are not concentrated along the urban

Notes

1. If not indicated otherwise, this chapter is based on information provided by the representatives of the city of Vienna in their responses to the OECD questionnaire.
2. This level indicates the level below which an individual doesn't earn enough to ensure subsistence (City of Vienna, 2012).
3. OECD questionnaire, 2017.



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