



INTEGRATED PROGRAMME OF THE EU SOCIAL DIALOGUE 2009-2011

**JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS
“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE
SOCIAL PARTNERS”**

NATIONAL FICHE:

AUSTRIA

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Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:¹

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.²
- Based on the two sources above and a review of available written materials and information, the expert team prepared 29 national “*fiches*” on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31st January-1st February 2011) and The Hague (8th February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “Social Partners and Flexicurity in Contemporary Labour Markets” that was presented and discussed at a *EU-level synthesis seminar* on 31st March and 1st April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 31st January and 1st February 2011 in Paris. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards.

However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

¹ Expert team: Eckhard Voss (co-ordinator), Alan Wild, Anna Kwiatkiewicz and Antonio Dornelas.

² The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

1 The economic and social context

Economic crisis and recovery

During the last years, growth and foreign trade with new the EU member states in in Central and Eastern Europe positively affected the economic development in Austria. The number of persons employed in Austria increased by more than 260,000 between 1995 and 2007. Below the surface of this global change, several differing sector specific and other structural changes took place: between 1995 and 2006 around 65,700 jobs in manufacturing disappeared, many of them in high profile companies and the manufacturing labour force shrunk by some 9.7%. Employment in agriculture and forestry declined as has the workforce in construction during the last decade. However, the shrinking employment base in the primary and secondary sectors have been compensated by a boost of employment in services. Between 1995 and 2006 the Austrian service sector created around 280,000 additional jobs and the total workforce in services increased by some 14%. The Austrian economy is characterised by a strong position of small and mediums sized enterprises. A trend of long-term structural change is the growing share of small and medium sized companies in total employment. In the aftermath of the global financial and economic crisis the Austrian economy entered recession at the end of 2008 and in 2009, the GDP declined by 3.6% (see table below).

The Austrian government implemented two economic recovery programmes in reaction to the crisis, which included income tax cuts and two labour-market support packages. These programs focused on supporting income, reducing lay-offs and improving access to training, sustaining investment and facilitating access by the private sector to finance. Austria was also one of the European countries that reformed its labour market in order to cope with the economic crisis. The new rules enable wider use of short-time work, as both employers and trade unions agree that flexible short-time working arrangements are the most efficient way to keep workers in employment. The new rules are based on a joint amendment drafted by the social partners and were subsequently, in February 2009, endorsed by the parliament. Further measures of the labour market package 2009 were improved active labour market policy instruments, combined wage schemes, advanced training opportunities. By introducing these instruments Austria was comparatively successful in avoiding a sharp rise in unemployment.

AUSTRIA - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
GDP – annual percentage change	3.7	2.2	-3.9	2.0	1.7
Employment – annual percentage change	1.5	1.6	-1.6	0.7	0.7
Unemployment rate (Eurostat definition)	4.4	3.8	4.8	4.4	4.2
General government balance (as percentage of GDP)	-0.4	-0.5	-3.5	-4.3	-3.6
General government gross debt (as percentage of GDP)	59.3	62.5	67.5	70.4	72.0

Source: European Commission: Autumn 2010 Economic Forecast.

Labour market indicators and trends

Traditionally, the Austrian labour market is characterised by a high level of employment and one of the lowest unemployment figures in Europe. Long term unemployment is low. In 2008, Austria, with an employment rate of 71.61%, ranked fourth among the EU27 countries behind Denmark, the Netherlands and Sweden. This was above the EU 27 average of 64.9%, and above the Lisbon target of 70%. The female employment rate of 65.8% was also considerably higher than the Lisbon target of 60%. While the overall employment rate of older people aged 55 to 64 had increased by more than 10% in the years 1998 to 2008, youth unemployment rates, particularly for young men, increased as well in that same period (the figure for 15 to 24 year olds is almost twice the overall average) - although faring better than the EU-27 average. In the 55 to 64 years age group, only about 41.1 % is employed and many persons of this age are already retired. The employment rate of persons aged 50 to 64 years old declines more sharply for women than for men. This is due to the lower retirement age for women and the fact that fewer of them were employed in the past.

In the light of the economic and financial crisis, unemployment has risen from a low 3.8% in 2008 to around 4.9% in 2009.

With around 72% of all employees working in the tertiary services sector, 23% being employed in the industry and 5% in agriculture, the labour market division is consistent with the EU average. Economic structure dominated by services. Tourism and public service are important. Around 14% of the total population are self-employed.

Austria is characterised by a comparatively high gender pay gap.

AUSTRIA - MAIN LABOUR MARKET INDICATORS 2008 IN COMPARISON TO EU27

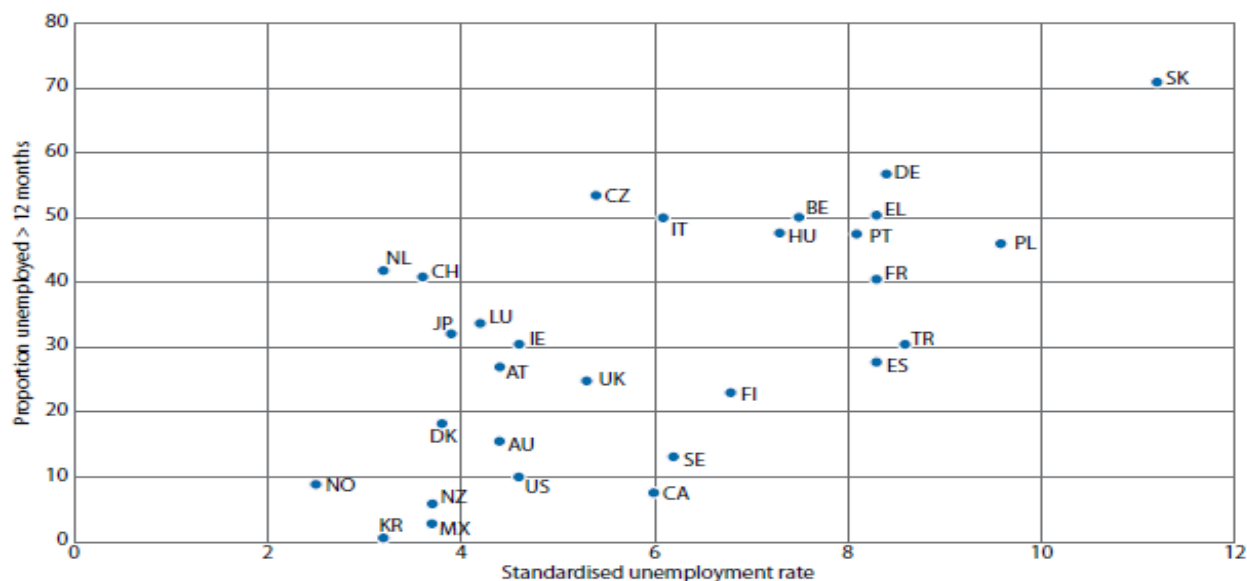
	Austria	EU27
Employment rate – % population aged 15 - 64	71.6	64.6
Employment rate older people – % population aged 55-64	41.1	46.0
Self employed - % total population	14.2	15.5
Employment in services - % total employment	71.6	70.4
Employment in industry - % total employment	23.2	24.1
Employment in agriculture - % total employment	5.2	5.6
Unemployment rate - % labour force 15+	4.8	8.9
Youth unemployment rate - % labour force 15-24	10.0	19.6
Long term unemployment rate - % labour force	1.0	3.0
Inequalities of income distribution (2008)	3.7	5.0

Source: Eurostat, *Employment in Europe Report 2010*.

The impact of the financial and economic crisis on the development of the labour market became visible in Austria as from November 2008. Currently the labour market is recovering. The increase as compared with the previous year was approximately 30% in the last months. The rise in male unemployment is significantly higher (+36.1%) than that of female (+19.2%). Those affected most by unemployment were young people up to 24 years (+24.4%) and foreigners. The unemployment rates are, moreover, comparatively high in the metal sector and with employment resources leasing agencies.

The following chart is illustrating the relatively good position of Austria both with regard to the standardised unemployment rate as well as a low proportion of the population being unemployed by more than 12 months.

INCIDENCE OF LONG-TERM UNEMPLOYMENT AND THE UNEMPLOYMENT RATE 2007



Source: *Employment in Europe Report*, p. 73, based on OECD figures.

Flexicurity in the labour market and labour market policy

With regard to major flexicurity indicators the table below illustrates certain strengths but also a number of challenges for the Austrian labour market and the social security system. Clearly as strengths Austria is characterised by an above the average educational attainment standard and comparatively high shares of lifelong learning participation. At the same time, the country is displaying rather average figures in regard to access to flexitime, CVT participation or public expenditure on active labour market policy.

Regarding indicators of the strictness of employment protection, Austria has stricter rules in the field of regular employment and less strict rules than the EU average with regard to temporary employment.

As comparative reports on flexibility and security in the Austrian labour market have stated, the Austrian approach is characterised by a comparatively high flexibility (including a smooth hire-and-fire practice, based on the severance payment regulation and a “flexicurity tax” paid by the employer) and an average level of social security (e.g. Eurofound 2009)

Finally, Austria is characterised by a particular high collective bargaining coverage (arising from the 100% organisation rate of enterprises in Austria due to the chamber system).

Challenges in the field of flexibility and security in the Austrian labour market as stressed by the Austrian Government are in particular:

- A high rate of youth unemployment
- Segregation and equal pay gaps in the labour market (regarding both female workers and migrant workers)
- Participation in continuous vocational training and activities of companies in the field of ongoing and further training

AUSTRIA - FLEXICURITY INDICATORS IN COMPARISON

	Austria	EU27
Total population having completed at least upper secondary education (population aged 25-64, %), 2009	81.9	72.0
Part-time employment - % total employment, 2009	24.6	18.8
Fixed-term contracts - % total employees, 2009	9.1	13.5
Access to flexitime, % total employees aged 15-64, 2004	37.0	31.3
Percentage of employees (all enterprises) participating in CVT courses , 2005	33	33
Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009	13.8	9.3
Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)	90.8	84.3
Strictness of employment protection – regular employment, 2008	2.37	2.11*
Strictness of employment protection – temporary employment, 2008	2.29	2.08*
Strictness of employment protection – collective dismissals, 2008	3.25	2.96*
Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008	1.16	0.96
Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008	0.52	0.46
Persons at-risk-of-poverty after social transfers - % of total population, %, 2009	12.0	16.3

Source: Eurostat; Employment in Europe Report 2010; Eurofound (European Working Conditions Survey 2010); OECD. *OECD average

2 Flexibility and security in recent labour market and social policy reforms

Introduction and overview

The following information is based mainly on the replies of Austrian social partners to the questionnaire survey on the role of social partners in the development and implementation of flexibility and security in contemporary labour markets. Additional information were provided by the social partners in the context of telephone interviews and the report use further material, particular reports of the Austrian government in the context of the implementation of the Lisbon National Reform Programme. It should be noted that the information presented here is not intended to provide a comprehensive overview of all policy measures and reform initiatives but concentrates on major aspects and trends as identified by and in the above mentioned sources.

The concept of flexicurity was a strong guiding principle in labour market and social policy reforms by the Austrian government in recent years. According to a analysis carried out by the European Foundation for the Improvement of Living and Working Conditions on national frameworks of flexicurity and industrial relations, Austria is characterised by an “extensive” flexicurity approach (Eurofound 2009). This is also illustrated by the Austrian Reform Programmes in the context of the Lisbon Strategy. As it is stated in the outline of the 2008-2013 National Reform Programme for Growth and Jobs:

“Austria sets an example in its approach to “flexicurity” and was basing its employment and social policy around the principle of “flexibility through security” long before the European flexicurity approach was taken further. An essential tool in this focus on the principle of flexicurity was the involvement of the social partners in economic policy as a whole. “(Austrian Government, p. 38)

Priorities in labour market and social policy reform measures of the Austrian government were lifelong learning and improving the labour market participation. In order to respond to the financial and economic crisis and structural weaknesses in the Austrian labour market, the government has also implemented a number of activities, e.g. strengthening the short time working schemes, job search assistance and matching, training, fiscal measures for low earners, improved apprenticeship schemes etc.

In addition to a number of reform measures that were aiming at increasing both the flexibility as well as the security aspect within the Austrian labour market, the government in 2007 adopted a so-called “Flexicurity package” which included a number of measures in fields such as social security of the self-employed, improvements in training leave regulations and access to work of the unemployed.

In direct response to the economic and financial crisis, the government introduced two labour market reform packages. The second one, introduced in 2009, extended the short time working arrangements from 18 to 24 months, providing for more flexibility. Furthermore, it reformed the part-time scheme for older workers and further training allowance.

Already here, it has to be stressed that for labour market and social policy reforms the involvement of social partners in Austria is playing a crucial role.

Lifelong learning and the mobility of workers

A better system of lifelong learning and other measures and initiatives in the field of education, training and skills development have been a major object addressed by both the Austrian government and the social partners in Austria in recent years. In 2006 for example, the Austrian government initiated a broad consultation project on a coherent lifelong-learning strategy and in 2008 the LLL Strategy “*Knowledge – Chances – Competences*” was implemented.

This comprehensive initiative includes a number of different measures in order to address existing problems and improve programmes and systems in the field of education, training and qualification practice in the Austrian labour market.

The Austrian social partners have been actively involved in these initiatives which are composed of two major packages of reforms:

- “*Chance Bildung*” – aiming at a comprehensive strategy of lifelong learning
- “*Arbeitsmarkt – Zukunft 2010*”, which includes a reform of the Austrian apprenticeship training system and a training guarantee for young people until the age of 18

In order to improve the practice of continuous vocational qualification the system of further vocational training (“*Bildungskarenz*”) was also reformed. According to the “*BildungskarenzPlus*” initiative which was concluded in 2008 a worker after one year of work within a company (previously three years) is entitled to apply for educational leave.

A further measure was the introduction of unpaid leave for further training or “Education New”, which can already be applied for after a period of uninterrupted employment of at least six months. For a period of two months up to one year, the employees are receiving an allowance equalling their unemployment benefit. The companies keep their experienced employees and save part of the training costs. Up to 50% of the training costs are borne by the federal states, the rest is paid for by the employers (Austrian Government 2009, p. 19).

Other measures to support continuous vocational training were for example:

- Making training/educational leave more attractive by modifying the funding of training leave training costs are now co-financed (50%) by the provincial government in most Austrian provinces
- Combination of short time working and qualification/training measures
- Temporary expansion in regional training programmes for unemployed and temporary additional training places for unemployed to train as skilled metalworkers or for women in technical occupations.

A further measure which has been reported in the context of our survey has been the establishment of a standing committee on new skills in the national employment service AMS.

The Chamber of the Austrian Economy WKÖ comments on a positive reform in the apprenticeship system. This includes the introduction of the modular system which now allows for the development of a more flexible and transparent training at the workplace.

External/internal flexicurity and contractual arrangements

A major measure to increase internal flexibility is included in the Austrian Working Time Act (*Arbeitszeitgesetz*, AZG) which provides for greater flexibility in working time regulations at company level, in particular by equipping the parties to collective and company agreements with the right to further derogate from the relatively rigid statutory restrictions. This relaxation of working time legislation was combined with the introduction of a legal claim of part-time workers to premium rates of pay for overtime work. It has to be stressed that the reform of the working time legislation was based on suggestions and agreements between the Austrian social partners.

Also the access to part-time work for older workers has been reformed and made easier. Until 1.9.2009 enterprises, who wanted to conclude part-time agreements with older workers were obliged to employ an additional worker. This requirement has been dropped and enterprises now receive reimbursement of 90% of the additional costs, given that the agreement provides for continuous part-time work.

Regarding external flexicurity a major landmark of reform was the modification in the severance pay legislation in 2003. This change is illustrating the flexicurity principle quite well: Severance pay entitlements previously were based on the length of the employment relationship between one worker and one firm. The payment started with one month's wage per year of tenure exceeding three years, and reached a maximum of one year of pay after 25 years. The severance pay reform was characterised by active involvement and concrete suggestions made by the Austrian social partner.

Since dismissals were relatively easy in Austria, severance pay was the major constraint. After the reform, dismissals became a more formal and smooth procedure with positive effects both for employers and employees (see textbox). The new system eliminates the discouraging effects to mobility and prevents workers from losing their claims in cases of self-termination of the working relationship.

Reform of the severance pay system (“Mitarbeiterversorgungskassen”)

With the new regulations on severance pay, in principle every employee (with an employment contract extending to over one month) is entitled to severance pay upon termination of an employment relationship. Commencing with the start of the employment relationship, the employer is obliged to pay a contribution amounting to 1.53% of monthly pay (“flexibilisation tax”), such that the claim increases progressively. Severance pay claims are shifted to and enforceable vis-à-vis so-called employee provision funds (“Mitarbeiterversorgungskassen”). Employees may draw severance pay only under the same entitlement conditions as under the previous scheme, and provided money has been paid into the fund for three years. The contribution periods of different employers will be aggregated. Upon becoming eligible for payment, the employee shall be free to choose between cash, further investment at the same employee provision fund or at the fund of the new employer, or transference of the respective amount as a one-time payment to a pension insurance fund. With the new severance pay

system, remittances become more transparent and predictable for employers. Furthermore, the new system eliminates the potential mobility-discouraging effect of severance pay and therefore is supposed to increase mobility of employees. Instead of losing claim to severance payment in the case of self-termination, employees now can carry over the balance to the new employment relationship.

A measure reported by WKÖ which is situated in the field of greater external flexicurity has been the abolishment of the so-called “bonus/malus” system: Until August 31st 2009 the employer had to pay a certain amount to the PES if he terminated an employment relationship with an older worker (Malus) . If an older worker was employed the employer did not have to pay the unemployment contributions (Bonus). In order to increase external flexicurity Bonus and Malus have been abolished.

Also welcomed by the employers’ organisation are measures taken by the Austrian government in order to promote the employment of the first employee in very small companies: In order to motivate self-employed to employ their first employee an exemption from paying non-wage labour costs is provided by the labour market service at a maximum of 25% of the gross wage. This subsidy is limited to one year. From the point of view of the WKÖ this is an incentive for new employers and new jobs, especially for the labour market integration of young people.

As reported by the WKÖ, a measure that is illustrating a concrete case of flexicurity was the reform and easing of the “special protection against dismissal” that disabled persons in Austria have: In the context of a new law decreed in December 2010 that was agreed between the Austrian social partners, organisations of disabled persons as well as the Ministry of Social Affairs, the protection against dismissals that is rather rigid has been lifted. On the other hand, the so-called “compensation charge” (“*Ausgleichstaxe*”) that has to be paid by those employers employing at least 25 workers but not employing a disabled person was increased. According to WKÖ this reform combines both flexibility and security in a productive way that is build on a common understanding of key actors involved because the special protection against dismissals was regarded as an important barrier of many employers to hire disabled workers.

Active labour market policy

During the recent years, the Austrian governments have repeatedly launched special employment programmes for the most vulnerable employee groups, such as young and unskilled people, women and older employees. In autumn 2007, the social partners presented a joint programme aimed at improving employment opportunities for unskilled, unemployed and young people.

A recent ALMP measure for companies in the context of restructuring situations is the offer of advice and counseling. Companies and their employees can be supported when companies are restructured or capacities fluctuate, flexibility counselling free of charge is available. This measure is designed to safeguard jobs as employees undergo qualification or work within new working time models.

As a measure adopted in the context of the current economic recession and aiming at avoiding large numbers of workers made redundant, the regulation regarding short-time work was reformed: As from March 2009, the duration of short-time work was increased from a maximum of 12 to a maximum of 18 months, and, since 1 July 2009, to 24 months. At the same time, incentives were given to increase the qualification of the staff working short-time, with the AMS bearing a large part of the qualification costs. In addition, funds of the European Social Fund have been made available for qualification measures. Furthermore, the periods of minimum employment and inactive times were made flexible within a range of between 10% and 90% of the standard working hours. As from July 2009, a limited increase of the allowance by the increased expenditure on behalf of the employers for the contributions to the social security as from the seventh month of short-time work was agreed on.

Also agency workers are now entitled for short-time work allowance.

In order to improve the access to work, two concrete measures have been introduced recently in the context of the anti-crisis labour market package after consultation with the Austrian social partners:

Further development of the „integration subsidy“ (Eingliederungsbeihilfe): The integration subsidy is a wage subsidy for enterprises, who are offer jobs to unemployed with specific disadvantages. In 2010 this subsidy focuses on poorly qualified young people and young people who have just finished their training having no practical experience and who search for work for more than 3 months. In the future another target group will be unemployed women and men older than 45 years.

Combined wage (Kombilohn Neu): Since 1.6. 2009 a new combined wage model was introduced. This model increases the incentives to take up a job. It is an example for the principle: Promote work, not unemployment. The model has been prolonged until 31.12.2011.

Measures to improve the access to work in particular for young people have been developed in the context of the „Youth employment package“ which is also based on a social partners’ agreement that includes the following elements:

- Support for enterprises who train apprentices,
- Apprenticeship contracts may now be terminated before the end of the training,
- Guarantee that the apprenticeship may be continued with another enterprise (especially in case of previous termination by another enterprise).

Supportive social security systems

Austria has a comparatively low at-risk of poverty rate which is only around 12%. In this context, a very important innovation took place in 2003, when the new system of severance pay came into force (see above).

Recent reforms have tried to improve the social security of self-employed and for “economically dependent workers” (*freie Dienstnehmer*). Both groups have been integrated into the system of unemployment insurance and the new severance pay system. Also the social security situation for the self-employed have been improved. Since 2009 self-employed who have not been workers before may opt for a voluntary unemployment insurance.

In July 2007, the national-level social partner organisations agreed on the introduction of a monthly minimum pay rate of €1,000 across all sectors, to be implemented by the sectoral bargaining parties by 1 January 2009 at the latest. If the latter fail to establish these minimum wage standards, the national social partners intend to enforce the new pay provision through a national cross-sectoral agreement (“*Generalkollektivvertrag*”).

A further major reform project in Austria addresses social security in general: From September 2010 an improved social assistance scheme (“*Bedarfsorientierte Grundsicherung*”) will replace the existing regional social assistance schemes. Basically it guarantees a basic income of 744 Euros to everyone who is unable to bear his living costs.

High quality and productive workplaces

No comments of the Austrian social partners on this element were made in the replies.

Gender equality

Against significant pay gaps and structural disadvantages of women in the Austrian labour market the Austrian government in cooperation with the social partners has developed a number of initiatives and

activities in the field of gender equality under the umbrella of the “Action Plan for Gender Equality” in 2009 (Austrian Government 2009, p. 22). For example, the childcare benefit schemes was reformed, the government has increased the supply of childcare facilities or established incentives for women to return to work earlier. In order to reduce gender-specific wage differences, stronger transparency rules for pay schemes have been introduced.

Further to this, initiatives have been developed to increase female participation and access to certain occupations and economic sectors such as the “Women in trade and technology” (FIT) or the “Give it a go!” – Girls and Technology (called “mut!”) scheme.

Financial sustainability

No comments were made by the Austrian social partners on this issue.

Conclusion: Strengths, weaknesses and challenges

In their reply to our survey, the Austrian social partners agree that some significant progress has been made by the Austrian government with regard to implement major components of flexicurity in the Austrian labour market. In particular lifelong learning is mentioned both by employers and trade unions as a positive example and strength of the flexicurity reform approach.

However, in particular the trade unions stress that flexibility and security in the labour market still is not balanced sufficiently – weak income security of the unemployed, lack of public support in adult training and education, insufficient childcare facilities and care arrangements are mentioned as major problems and challenges.

Also the EU Commission has commented on the progress made so far with regard to the implementation of the Austrian National Reform Programme. Apart from quite positive results, there are still significant challenges to be addressed. In particular the EU Commission recommends that Austria strengthens its activities to support increase the labour market position of older workers and improve the skills and employability of disadvantaged young people. Therefore it is recommended by the European Commission and the Council that Austria

“further improves incentives for older workers to continue working by implementing a comprehensive strategy including enhanced job-related training, adaptation of working conditions, and tightening the conditions for early retirement; and improves education outcomes for disadvantaged youth.” (EU Commission 2009, p. 42)

Further challenges mentioned by the EU Commission are the supply of skilled workers at all levels and the female labour market participation.

3 The role of the social partners

General remarks on the role of social partners

It is a well known fact that the social dialogue is highly developed in Austria in particular at national and sectoral level and that Austria is characterised by a strong institutional as well as informal practice of policy concertation and cooperation. Correspondingly, social partner involvement with regard to flexicurity policies mentioned in terms of both drafting and implementation is extraordinarily high.

The social partners are consulted concerning the design of policy reforms.

Institutionalised cooperation between labour, business, and government covers all important aspects of economic and social policy and social partners normally are asked to present joint positions, action plans and concepts before a major policy reform is carried out.

The Austrian government strongly refers to the social partner suggestions for legal and political actions in the field of employment and social policy in its working programmes.

AUSTRIA - MAIN SOCIAL DIALOGUE INDICATORS

	Austria	EU27
Collective bargaining coverage, 2006	99%	63%
Trade union density, 2005	33%	25%
Employer organization density, 2006	100%	n.a.

Sources: Eurofound EIRO Country profiles, EU Industrial Relations Report 2008.

Collective bargaining and bipartite agreements of the Austrian social partners are playing an important role in labour market policy (reform) projects as well as implementing flexicurity policy. As an example the 2007 joint social partner reform programme “*Labour market – Future 2010*” can be mentioned here: The comprehensive reform programme was based on negotiations between the Austrian Trade Union Federation (*Österreichischer Gewerkschaftsbund, ÖGB*) and the Chamber of Labour (*Arbeiterkammer, AK*) on the employees’ side and the Austrian Federal Economic Chamber (*Wirtschaftskammer Österreich, WKÖ*) and the Standing Committee of the Presidents of the Chambers of Agriculture (*Präsidentenkonferenz der Landwirtschaftskammern, PKLWK*) on the employers’ side. The programmes aimed at improving *employment opportunities for unskilled, unemployed and young people*. The proposals aimed to replace the current, generalised system of apprenticeships with individualised qualification programmes for young and unemployed people, and to introduce a special programme for unemployed older workers. Further reform proposals addressed the scheme on wage subsidies (“*Kombilohn*”), the introduction of a minimum wage and measures to improve the labour market access for older workers.

As described before in more detail, most of the reform proposals of the “Future 2010” programme have been implemented in the meantime by the Austrian government.

Main instruments and levels of influence

It should be mentioned here, that in contrast to the Nordic Countries the influence of social partners on policy implementation is quite different: Reform measures are introduced by national legislation rather than by collective agreements. This is because collective agreements in Austria primarily deal with ‘quantitative’ issues, such as remuneration and working time. Accordingly, the social partners’ influence in regard of flexicurity policies is mainly manifested in their strong involvement in both the drafting and implementation of pertinent legislation.

The social partners’ participation in government employment policies is most strongly institutionalised in the AMS, which is the core instrument for realising labour market goals at national and regional level.

Against this the Austrian social partners mention a number of instruments and levels of importance in gaining influence on policy design and implementation. These include in particular consultation by the government, social dialogue and policy concertation as well as collective bargaining.

Recent changes and challenges

With regard to the effects of the global financial and economic crisis and the recession of the Austrian economy, there is quite a common view of the Austrian social partners that most flexicurity principles have become more important during the crisis. This in particular relates to the aspects of financial sustainability, active labour market policy, high quality and productive workplaces and active labour market policy as well as better access to work opportunities and improved management of job transitions. According to the social partners, there is no flexicurity policy field which has become less important in the aftermath of the economic crisis.

Quite remarkable, most Austrian social partners comment that the role of social partners and tripartite dialogue has increased in the aftermath of the global financial and economic crisis (there is only one exception, i.e. on the employers’ organizations side reporting a “decrease”).

Accordingly, all social partners assess the potential of social dialogue and social partners to influence policy and practice with regard to main flexicurity principles as “increased” or “neither increased nor decreased”.

Cases of good practice in the field of labour market flexibility and security

The Austria Social Partners have suggested a number of good practice cases in their replies to the questionnaire survey as the overview in the table below illustrates. Most of the cases also have been described in chapters 2 and 3 of this report.

CASES OF GOOD PRACTICE IN THE FIELD OF “FLEXICURITY” AS SUGGESTED BY THE AUSTRIAN SOCIAL PARTNERS

Good Practice	Social Partner	Flexicurity principle addressed
Flexicurity solutions initiated and negotiated by the social partners: Youth employment package 2008 / Working time act 2007	WK / UEAPME	Internal flexicurity Social security Job transition
Unemployment insurance for self-employed and economically self-employed		Social security
Standing committee on new skills (national employment agency) – lifelong learning in general	IV / BE	Lifelong learning
Short time working combined with training arrangements	IV / BE	Internal flexicurity
Vienna Employment Promotion Fund	VOEWG / CEEP	Job transition

Sources: Questionnaire replies

Furthermore, though not mentioned explicitly as a case of good practice also the reform of the severance payment legislation in 2003 has been mentioned as an example illustrating the implementation of both more flexibility and security in the Austrian labour market.

4 Key points arising

From the point of view of the author of this report the following key points are arising in regard to flexicurity in Austria:

- *The concept of flexicurity seems to describe quite well the guiding principle of labour market and social policy reform in Austria. Here, the question arises why Austria is suited well by the flexicurity concept and what are the specific underlying factors.*
- *In contrast to other countries with strong social dialogue structures and social partners' involvement the Austrian case also illustrates a well functioning social dialogue in times of severe financial, economic and social crisis – it may be interesting to study in more depth the underlying factors of this constellation*

Sources and references

Replies to the questionnaire survey, interviews and other contributions

Questionnaire replies were received from all social partners both at the trade union as well as the private and public employers' side: The Trade Union Confederation ÖGB as well as the Employers Confederation IV, the Chamber of the Economy WKÖ as well as the public employer federation VOEWG replied to the survey. VOEWG stressed that the questionnaire reply was made jointly with the trade unions in the public sector.

Representatives of the Austria social partners took part in the 3rd Cluster Seminar of the study in Paris on 31st January and 1st February 2011.

Further resources

1. Austrian Government 2008: Second Austrian Reform Programme for Growth and Jobs 2008 – 2010, Vienna, October 2008
2. Austrian Government 2009: Austrian Reform Programme for Growth and Jobs, Implementation Report
3. Eurofound 2009: Flexicurity and Industrial Relations. Country Report Austria.
4. EU Commission: Annual Progress Report / Annual Country Assessment, Brussels, December 2008.
5. EU Commission 2009: Implementation of the Lisbon Strategy Structural Reforms in the context of the European Economic Recovery Plan - Annual country assessments: Recommendation for a Council Recommendation on the on the 2009 up-date of the broad guidelines for the economic policies of the Member States and the Community and on the implementation of Member States' employment policies, Brussels, January.
6. EU Commission: “A year of delivery” - The Commission's Assessments of National Reform Programmes for Growth and Jobs, Brussels, December 2006.
7. EU Commission: “Time to Move Up A Gear” - The Commission's Assessments of National Reform Programmes for Growth and Jobs, Brussels, January 2006.