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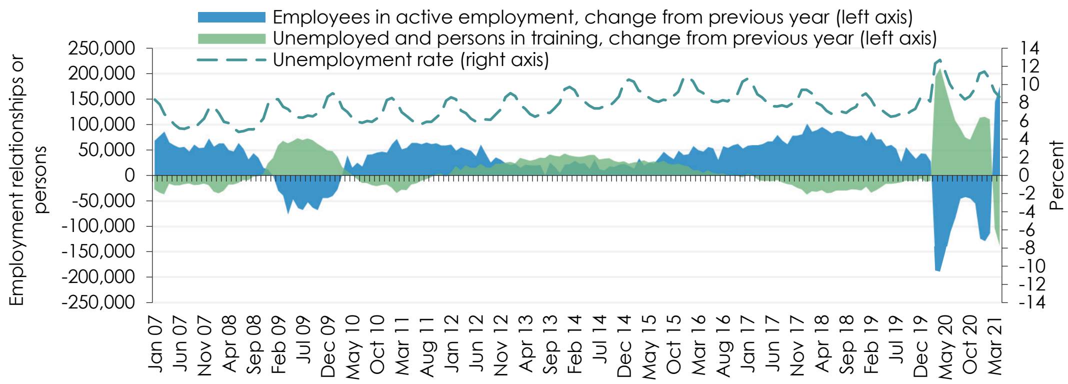
- The COVID-19 pandemic and the regulatory measures to contain it left a clear mark on the labour market in 2020. In spring 2020, employment fell as sharply as it had last in the winter of 1952-53. The decline particularly affected workers in the middle-skill segment. Unemployment rose to its highest level since 1945 within a few days in March 2020.
- On average, the number of employees in active employment fell by 2.0 percent (–76,108) in 2020 compared to 2019, extended unemployment (registered unemployed and persons in training) rose by 28.5 percent (+103,459) and the extended unemployment rate was 11.2 percent.
- The crisis on the labour market continued in spring 2021. In March, employment grew again for the first time, but especially in the crisis-ridden service sectors, the level of employment was still significantly lower than before the crisis. Unemployment was also above the pre-crisis level in almost all sectors.
- In April 2021, significantly more people were long-term unemployed than in the previous year. Employment was still noticeably lower than before the crisis, especially among younger people and workers.
- To overcome the crisis, measures to increase the demand for labour and labour market policy instruments to support the unemployed are central. This approach should be complemented by preventive measures in different policy areas to avoid unemployment in the first place.

Employees in active employment, extended unemployment and unemployment rate in Austria since 2007



"Employment plunged in March 2020 as sharply as it last did in the winter of 1952-53, with unemployment rising within few days to its highest level since 1945."

Employment was higher again for the first time at the end of March 2021 and extended unemployment was lower than in the previous year. However, this reflects the labour market shock of spring 2020. Compared to the pre-crisis level, employment was lower and unemployment significantly higher (source: Federation of Social Insurances, Public Employment Service Austria, WIFO calculations).

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The COVID-19 pandemic and the official measures taken to contain it left a clear mark on the labour market in 2020. The drastic slump in the spring was followed by a recovery phase driven by the rebound of the economy and the summer tourist season. At the end of the year, however, the situation on the labour market deteriorated again due to the renewed lockdown in November and the wide absence of the winter season. Despite an increase in employment and a decline in unemployment, the crisis on the labour market is still not over in spring 2021. Unemployment in particular is still far away from the pre-crisis levels.

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1. Introduction

In mid-March 2020, the Austrian federal government implemented drastic measures to contain the COVID-19 pandemic. With the imposed restriction of freedom of movement and employment, public and economic life was reduced to a minimum. Within a few days, the number of employees in active employment fell as sharply as it had last done almost 70 years ago (–4.9 percent or –181,775)[1], while at the same time unemployment rose to its highest level since 1945. COVID-19 short-time work prevented an even greater reduction in employment[2], and working hours decreased significantly[3].

The months since the first lockdown had been marked by a gradual easing of the measures from Easter 2020, a recovery during the summer months and two further lockdown phases (second lockdown: 3 and 17 November to 6 December 2020; third lockdown: 26 December 2020 to 7 February 2021)[4]. For the accommodation and food service activities, for sports facilities, the event sector as well as leisure and cultural facilities, the restrictions decided in November 2020 remained in place after the end of the third lockdown. In mid-March 2021, Vorarlberg enacted special regional regulations for food service activities, the event sector and for leisure and cultural facilities[5]. At the beginning of April 2021, a new lockdown was imposed in the eastern region (Vienna, Lower Austria, Burgenland)[6]. However, for

[1] See also Bock-Schappelwein et al. (2020a), Bock-Schappelwein et al. (2020).

[2] The period of validity of COVID-19 short-time work was extended several times (phase 1 from 1 March to 31 May 2020, phase 2 from 1 June to 30 September 2020, phase 3 from 1 October 2020 to 31 March 2021, phase 4 from 1 April to 30 June 2021; https://www.ams.at/companies/personalsicherung-und-fruehwarnsystem/kurzarbeit).

[3] https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/arbeitsmarkt/offene_stellen/122993.html.

[4] See also Bock-Schappelwein et al. (2021a).

[5] See § 24 4th COVID-19-SchuMaV (4th COVID-19 Protective Measures Ordinance; https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=20011470).

[6] The special regulations for Vienna, Lower Austria and Burgenland, which included restrictions in trade, personal services, gastronomy, leisure and culture, as well as sports and youth services, came into force on 1 April 2021 (https://www.sozialministerium.at/Informationen-zum-Coronavirus/Coronavirus---Aktuelle-Maßnahmen.html). The gastronomy could

administrative and support service activities (such as temporary agency work), construction and other service activities (Bock-Schappelwein et al., 2020a), which were particularly affected at the beginning of the crisis in March 2020[7], there were no longer any restrictions. In Burgenland the lockdown ended on 19 April, in Lower Austria and Vienna on 3 May.

2. Labour market upswing ends abruptly in 2020

2.1 Employment growth comes to an end in March 2020

Due to a weakening of the economy, the domestic labour market had developed less dynamically in 2019 than in the two previous years: the number of employees in active employment had still grown by 1.6 percent, extended unemployment (including persons in training) had fallen by 4.6 percent (Bock-Schappelwein et al., 2020). The growth of employment and the decline of unemployment continued until February 2020, favoured by a mild winter. In March, the labour market upswing that had lasted for three years ended abruptly[8].

The COVID-19 pandemic and the measures to contain it had a dramatic impact on the labour market. As a result of the first lockdown, the number of employees in active employment plummeted in spring 2020 (March –4.9 percent, April –5.0 percent year-on-year). As the economy rebounded and summer tourism picked up, the gap in the number of employees in active employment gradually narrowed to 1.0 percent year-on-year by September, but grew again to 3.3 percent by the end of the year due to the second lockdown in November and the loss of the winter tourism season. On average for 2020 – including the months before the first lockdown – the decline in the number of employees in active employment was 2.0 percent (–76,108 jobs). The volume of work of employed persons slumped disproportionately more, by –9.6 percent, as per capita working hours had declined noticeably due to the brisk take-up of COVID-19 short-time work. The decline in the volume of working hours was also significantly stronger than that of GDP (–6.6 percent in real terms); productivity per hour worked increased.

At the beginning of the crisis in spring 2020, men were more affected by the reduction in employment, whereas at the end of the year women were more affected (Bock-Schappelwein et al., 2020; Bock-Schappelwein and Famira-Mühlberger, 2021). On average, 2.1 percent fewer men and 2.0 percent fewer women were employed in 2020 than in the previous year (Table 1). In addition, the reduction in employment affected blue-collar workers disproportionately more than white-collar workers (including civil servants); the annual average decline in 2020 was 5.8 percent.

Employment dramatically fell in spring 2020. Workers in the middle-skill segment and blue-collar workers were particularly affected.

According to the Labour Force Survey, the employment losses particularly affected middle qualified persons, whereby workers with completed apprenticeship training and persons with Matura (A-level) were affected to a similar extent (–4.0 percent and –4.6 percent respectively). Among the low-skilled, the decline in employment was somewhat weaker (employees with at most compulsory education –2.2 percent), whereas employment of the highly qualified even increased (+3.0 percent).

Greater employment losses were prevented by the COVID-19 short-time work specifically designed to cushion the crisis. The take-up of short-time work was significantly higher than in the financial market and economic crisis of 2008-09[9] (Public Employment Service Austria, 2021). It was highest in April 2020 (1.043 million settled cases). Until October (127,423), the take-up gradually decreased, but during the renewed tightening of regulatory measures, short-time work figures rose again in autumn and winter (December 2020: 358,278)[10].

In April 2020, about 1.043 million workers, or about 3 out of 10 employees, were on short-time work – the highest level ever.

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offer pick-up services from the second lockdown onwards. In the first lockdown, pick-up of food and beverages was only permitted in April 2020.

[7] For the use of contact intensive personal services, such as hairdressing, there is a testing obligation since 8 February 2021. In addition, there is a customer limit depending on the business space.

[8] In February 2020, active employment was 0.9 percent higher year-on-year, while unemployment (including persons in training) was 2.7 percent lower. In a year-on-year comparison, active employment in Austria had been growing since March 2010, while unemployment had been declining since November 2016.

[9] During the financial market and economic crisis, the monthly peak was 37,000 settled cases (April 2009).

[10] See https://www.bma.gv.at/Services/News/Aktuelle-Arbeitsmarktzahlen.html as well as Figure 3 in this contribution.

Table 1: **The labour market at a glance**

	2017	2018	2019	2020	Change 2019-20	
					Absolutely	Percent
Total number of employees[1]	3.655,297	3.741,484	3.797,304	3,717,164	– 80,140	– 2.1
Men	1.949,703	2.000,156	2.034,007	1.990,920	– 43,087	– 2.1
Women	1.705,593	1.741,328	1.763,297	1.726,244	– 37,053	– 2.1
Persons in active dependent employment[2]	3.573,088	3.661,127	3.720,041	3.643,933	– 76,108	– 2.0
Men	1.941,930	1.992,321	2.026,432	1.983,424	– 43,008	– 2.1
Women	1.631,158	1.668,807	1.693,609	1.660,510	– 33,099	– 2.0
National employees in active employment	2.874,576	2.908,235	2.920,558	2.866,663	– 53,895	– 1.8
Men	1.526,061	1.541,235	1.546,289	1.517,486	– 28,803	– 1.9
Women	1.348,516	1.367,000	1.374,269	1.349,178	– 25,091	– 1.8
Foreign employees in active employment	698,512	752,892	799,483	777,270	– 22,213	– 2.8
Men	415,869	451,086	480,143	465,938	– 14,205	– 3.0
Women	282,642	301,807	319,340	311,332	– 8,008	– 2.5
Self-employed and unpaid family workers[3]	490,000	493,600	496,100	493,100	– 3,000	– 0.6
Men	281,000	283,700	286,100	286,200	+ 100	+ 0.0
Women	209,000	209,900	210,000	206,900	– 3,100	– 1.5
Persons in active employment, self-employed and unpaid family workers	4.063,088	4.154,727	4.216,141	4.137,033	– 79,108	– 1.9
Men	2.222,930	2.276,021	2.312,532	2.269,624	– 42,908	– 1.9
Women	1.840,158	1.878,707	1.903,609	1.867,410	– 36,199	– 1.9
Registered unemployed[4]	339,976	312,107	301,328	409,639	+ 108,311	+ 35.9
Men	192,825	174,841	166,638	223,969	+ 57,331	+ 34.4
Women	147,150	137,266	134,690	185,670	+ 50,980	+ 37.8
Persons in training[4]	72,098	68,739	61,959	57,107	– 4,852	– 7.8
Men	36,801	33,938	29,287	26,571	– 2,716	– 9.3
Women	35,297	34,800	32,673	30,536	– 2,137	– 6.5
Total labour force	4.403,064	4.466,834	4.517,469	4.546,672	+ 29,203	+ 0.6
Men	2.415,755	2.450,862	2.479,170	2.493,593	+ 14,423	+ 0.6
Women	1.987,308	2.015,973	2.038,299	2.053,080	+ 14,781	+ 0.7
Population 15 to 64 years[6]	5.891,186	5.904,434	5.915,786	5.928,500	+ 12,714	+ 0.2
Men	2.967,554	2.973,693	2.979,265	2.985,274	+ 6,009	+ 0.2
Women	2.923,632	2.930,741	2.936,521	2.943,226	+ 6,705	+ 0.2
Immediately available vacancies reported to the AMS	56,854	71,545	77,093	62,833	– 14,260	– 18.5
	Percent					Percentage points
Labour force participation rate[5]	74.7	75.7	76.4	76.7		+ 0.3
Men	81.4	82.4	83.2	83.5		+ 0.3
Women	68.0	68.8	69.4	69.8		+ 0.3
Employment rate[7]	69.0	70.4	71.3	69.8		– 1.5
Men	74.9	76.5	77.6	76.0		– 1.6
Women	62.9	64.1	64.8	63.4		– 1.4
Unemployment rate						
According to AMS and DVSV	8.5	7.7	7.4	9.9		+ 2.6
Men	9.0	8.0	7.6	10.1		+ 2.5
Women	7.9	7.3	7.1	9.7		+ 2.6
According to Eurostat	5.5	4.9	4.5	5.4		+ 0.9
Men	5.9	5.0	4.6	5.5		+ 0.9
Women	5.0	4.7	4.4	5.2		+ 0.9

Source: Federation of Social Insurances (DVSV), Public Employment Service Austria (AMS), WIFO calculations. – [1] According to Federation of Social Insurances. – [2] According to the Federation of Social Insurances, self-employed persons excluding persons in valid employment contract receiving child care benefit or being in military service. – [3] According to WIFO. 2020: estimate. – [4] According to labour market statistics. – [5] Actively employed and registered unemployed. – [6] Population at mid-year according to Statistics Austria. 2020: provisional. – [7] Employees in active employment.

Although the consequences of the COVID-19 crisis affected all age groups, they hit young workers particularly hard, especially the age group 20 to 24. They are not only relatively often employed in particularly affected sectors, but due to their short labour market integration they are also among those that lose their jobs first in the event of a crisis. By far the highest employment losses were recorded by young workers at the beginning of the crisis in March and April 2020 (around –10 percent each) and in December (–7.2 percent); on average, the number of employees in active employment in the age group 20 to 24 in 2020 was 5.7 percent below the previous year's level. In addition to young adults, young people up to the age of 19 were particularly hard hit by the crisis until the summer, as the supply of short-term summer break jobs was significantly below the previous year (July –5.9 percent; Bock-Schappelwein et al., 2020b)[11]. They also recorded high losses in December (–6.6 percent). On average, youth employment fell by 3.4 percent in 2020. The increase in the number of employees in active employment among older people (55 years and older, +2.8 percent) is on the one hand a consequence of the marked increase in labour supply in this age group (baby boom generation), on the other hand the employment share of older people in the sectors directly affected by the COVID-19 crisis is comparatively low.

Table 2: **Employees by economic sector**

According to NACE

	2019	2020	Change 2019-20	
			Absolutely	Percent
Agriculture, forestry and fisheries	25,127	24,804	– 323	– 1.3
Mining and quarrying	6,037	5,935	– 102	– 1.7
Manufacturing	628,997	619,522	– 9,475	– 1.5
Electricity, gas, steam and air conditioning supply	25,777	25,947	+ 171	+ 0.7
Water supply, sewerage, waste management	17,485	17,860	+ 376	+ 2.1
Construction	271,330	271,077	– 253	– 0.1
Wholesale and retail trade, repair of motor vehicles	553,652	548,822	– 4,830	– 0.9
Transportation and storage	202,733	194,995	– 7,738	– 3.8
Accommodation and food service activities	220,420	178,025	– 42,395	– 19.2
Information and communication	102,473	106,494	+ 4,021	+ 3.9
Financial and insurance activities	113,573	112,797	– 776	– 0.7
Real estate activities	42,820	42,866	+ 46	+ 0.1
Professional, scientific and technical activities	186,081	187,954	+ 1,874	+ 1.0
Administrative and support service activities	228,235	211,076	– 17,160	– 7.5
Public administration and defence	581,799	583,155	+ 1,356	+ 0.2
Education	110,157	110,263	+ 106	+ 0.1
Human health and social work activities	271,243	276,851	+ 5,609	+ 2.1
Arts, entertainment and recreation	39,515	36,877	– 2,639	– 6.7
Other service activities	87,884	83,910	– 3,974	– 4.5
Activities of households as employers, undifferentiated goods- and services-producing activities of private households for own use	2,778	2,746	– 33	– 1.2
Activities of extraterritorial organisations and bodies	809	808	– 2	– 0.2
Others	1,117	1,149	+ 33	+ 2.9
Employees in active employment	3.720,041	3.643,933	– 76,107	– 2.0
Military and civil servants	4,684	4,882	+ 197	+ 4.2
Persons receiving child care benefit	72,579	68,349	– 4,230	– 5.8
Employees	3.797,304	3.717,164	– 80,140	– 2.1

Source: Federation of Social Insurances.

By economic sector, employment losses at the beginning of the crisis in March 2020 were highest in accommodation and food service activities, administrative and support service activities (such as employment activities), construction and other service activities (Bock-Schappelwein et al., 2020a). From April 2020 onwards, the contact-intensive sectors of arts, entertainment and recreation also lost a lot of employees (Bock-Schappelwein et al., 2020). In the summer months, the employment gap to the previous year narrowed, and in the construction sector, the previous year's level was even exceeded

[11] The picture of their affectedness is also confirmed when looking at the development of employment rates.

Foreign workers were disproportionately affected by employment losses at the beginning of the crisis.

While almost all sectors had recorded employment losses at the beginning of the crisis, these were increasingly concentrated in the contact-intensive service sectors in the course of 2020.

from June 2020 onwards. With the renewed lockdown in November and December 2020, the employment losses in tourism, transportation and storage and contact-intensive industries increased again, because the seasonal increase in employment failed to materialise.

On average, employment was almost one-fifth lower in 2020 than in 2019 in accommodation and food service activities (–19.2 percent), 7.5 percent lower in administrative and support service activities (employment activities –13.8 percent, travel agencies –10.3 percent), 6.7 percent lower in leisure and cultural activities (sports, entertainment and recreation services –8.8 percent) and 4.5 percent lower in other service activities (hairdressing and beauty salons –8.8 percent). Higher employment than in the previous year was recorded in electricity, gas, steam and air conditioning supply and water supply, information and communication, professional, scientific and technical activities and human health and social work activities (Table 2).

Foreign workers, including seasonal workers, were hit particularly hard by the crisis from mid-March onwards, as they are relatively more likely to work in tourism, construction and employment activities, the sectors that suffered most from the COVID-19 crisis. In addition, many commuters residing abroad were unable to get to work due to mobility restrictions. From August to October, however, the employment of commuters exceeded the previous year's level again, as they benefitted from the favourable development in the construction industry, among other things.

On average, the number of foreign employees in active employment (excluding commuters) was 2.8 percent lower in 2020 than in the previous year. Among commuters[12], the decline was 2.6 percent. Within the foreign labour force, persons from the EU accession countries recorded the highest employment losses in 2004 (–5.3 percent or –11,912), especially those from Slovakia (–7.4 percent) and Hungary (–5.7 percent). The number of employees in active employment among third-country nationals also declined at an above-average rate (–3.2 percent), although it increased again among persons from Afghanistan (+6.1 percent) and Syria (+7.4 percent). The share of foreign workers in total active employment fell slightly (–0.2 percentage points to 21.3 percent; Table 3).

Table 3: **Foreign workers in Austria**

	2015	2016	2017	2018	2019	2020	Change 2019-20	
							Absolutely	Percent
Total	615,681	651,690	698,512	752,892	799,483	777,270	– 22,213	– 2.8
Men	361,777	385,119	415,869	451,086	480,143	465,938	– 14,205	– 3.0
Women	253,904	266,571	282,642	301,807	319,340	311,332	– 8,008	– 2.5
Nationality								
14 EU countries[1], EFTA countries	126,344	131,410	137,946	145,561	152,661	151,082	– 1,579	– 1.0
EU accession countries 2004	164,225	178,541	194,755	211,408	223,652	211,740	– 11,912	– 5.3
Romania, Bulgaria	46,922	52,727	60,062	68,614	76,202	75,408	– 795	– 1.0
Croatia	22,573	25,043	28,054	31,406	34,588	36,596	+ 2,008	+ 5.8
Rest of the world	255,617	263,969	277,695	295,904	312,380	302,443	– 9,937	– 3.2

Source: Federation of Social Insurances, WIFO calculations. – [1] Including the UK.

2.2 Both full-time and part-time employment declining

Most of the employment losses were in full-time positions. Moreover, reductions in working hours were more pronounced for full-time employees than for part-time employees.

Both the average actual weekly working hours and the volume of work of employed persons declined noticeably in 2020, mainly due to the high utilisation of COVID-19 short-time work and the decline in marginal employment. According to the Labour Force Survey [13], the average actual weekly working time of full-time employees decreased by 2.9 hours to 32.4 hours compared to the previous year, that of part-time employees by 1.6 hours to 17.1 hours. Compared to the crisis year 2009, when short-time work was last used to a relevant, albeit much lesser extent than in 2020, the weekly working time of full-time employees was 3.5 hours lower in 2020, that of part-time employees by 0.8 hours.

The volume of work performed by employed persons fell to 5,398.9 million hours in 2020 (2019: 5,972.0 million hours), 133.0 million hours less than in the crisis year 2009 (5,531.9 million hours).

[12] In 2020, 108,391 persons with foreign citizenship also had a foreign residency and commuted to Austria for employment purposes. This corresponded to a share of 3.0 percent of actively employed persons.

[13] The values given refer to employed persons without military and civilian service (employment according to the labour force concept).

According to the Labour Force Survey, the majority of the decrease in employment was accounted for by full-time positions (–36,900) and predominantly affected men (–30,900), while the reduction in part-time positions (–16,400) almost exclusively affected women (–16,200; Table 4). The part-time rate of employed persons remained unchanged at 28.5 percent (women –0.3 percentage points to 48.2 percent, men +0.2 percentage points to 10.0 percent).

Compared to employees, the decline in self-employment was noticeably weaker (–0.6 percent or –3,000). On balance, it exclusively affected women (–3,100 or –1.5 percent; men +100 or +0.0 percent; Table 1) and within this group almost exclusively foreign women working in self-employed personal long-term care ("24-hour care"; see also Bock-Schappelwein et al., 2021).

Self-employment declined at a much lower rate than employment. Marginal employment and the number of freelance contracts, on the other hand, declined significantly.

Table 4: **Atypical forms of employment**

	2017	2018	2019	2020
	Yearly average			
Staff leasing[1]	76,593	85,947	82,131	80,442
Men	60,005	67,376	64,893	63,494
Women	16,587	18,570	17,237	16,948
Free service contracts	14,939	14,083	13,852	13,211
Men	7,122	6,714	6,651	6,529
Women	7,817	7,370	7,201	6,682
Marginal employment	348,388	347,616	346,604	317,489
Men	131,604	131,616	132,194	124,509
Women	216,784	216,001	214,409	192,980
Part-time employment (hourly limit)[2]	926,000	946,700	966,700	974,100
Men	163,500	161,700	159,300	163,800
Women	762,500	784,900	807,400	810,200
Part-time employment (self-assignment)[3]	1.086,100	1.088,000	1.091,000	1,074,600
Men	211,700	203,400	194,400	194,200
Women	874,400	884,600	896,500	880,300

Source: Federal Ministry of Labour, Federation of Social Insurances, Statistics Austria. – [1] According to employment activities statistics. – [2] Employees (labour force concept), weekly working time 12 to 35 hours (approximate exclusion of marginally employed persons). – [3] Employees (labour force concept), part-time according to self-assignment of respondents, including marginally employed persons.

However, the employment levels alone do not adequately reflect the extent to which the self-employed are affected by the crisis. Although they face similar challenges as employees, especially in the contact-intensive service sectors, it is still unclear how much their incomes have dropped in 2020[14] (Bock-Schappelwein et al., 2021). The short- and medium-term effects of the COVID-19 crisis on the self-employed are not yet fully visible. It is conceivable that the experiences from the crisis will dampen the willingness to take risks, which is necessary for self-employment, in the long term (see for example Frondel et al., 2021).

According to the Federation of Social Insurances, marginal employment fell noticeably in 2020 (–29,115 or– 8.4 percent to 317,489; –0.3 percent in 2019), especially among younger people and women. The slump can be explained by the concentration of marginal employment in severely affected sectors (Bock-Schappelwein et al., 2020b).

The number of freelance contract workers had already declined continuously since 2007. In 2019, at –1.6 percent, it had shrunk less than in previous years, but in 2020, a significant decline was recorded again (–4.6 percent, –641; Table 4).

2.3 Unemployment rose within a few days to the highest level since the post-war period

Unemployment rose within a few days to its highest level since 1945.

As a result of the official COVID-19 measures (first lockdown), unemployment rose to its highest level since 1945 within a few days in mid-March 2020. The rise only eased somewhat with the gradual restart of the affected economic sectors and the start of the summer tourist season. Towards the end of the year, however, it increased again due to the discontinuation of the winter season. While unemployment had risen in spring primarily because many people became unemployed, it increased in winter because exits from unemployment fell drastically due to the discontinuation of the winter season. In contrast, entries into unemployment in

[14] Information on self-employment income is only available with a time lag. Access to certain support benefits (hardship fund, support fund for artists) requires a valid insurance relationship with the Social Security Service for Entrepreneurs (SVS). This could have motivated those concerned to remain self-employed and explain why the crisis did not fully affect the numbers of self-employed.

winter 2020-21 were only slightly above the previous year's level. The lockdowns in autumn 2020 and winter 2020-21 had a less dramatic impact on the labour market than the first lockdown in spring 2020. However, the increase in unemployment at the end of the year affected women to a greater extent (see also chapter 3). On average, the number of unemployed registered with the Public Employment Service (AMS) rose by 108,312 or 35.9 percent to 409,639 (men +34.4 percent, women +37.8 percent) in 2020. By contrast, in 2019, it had fallen by 3.5 percent.

Table 5: **Unemployed and persons in training**
2020

	Unemployed		Persons in training		Total	
	Change against the previous year					
	Absolutely	Percent	Absolutely	Percent	Absolutely	Percent
Total	**+ 108,312**	**+ 35.9**	**– 4,853**	**– 7.8**	**+ 103,459**	**+ 28.5**
Gender						
Men	+ 57,331	+ 34.4	– 2,716	– 9.3	+ 54,615	+ 27.9
Women	+ 50,980	+ 37.8	– 2,137	– 6.5	+ 48,844	+ 29.2
Age group						
Until 19 years	+ 1,263	+ 26.2	– 1,062	– 7.6	+ 201	+ 1.1
20 to 24 years	+ 11,920	+ 46.8	– 972	– 7.8	+ 10,947	+ 28.9
25 to 29 years	+ 14,202	+ 39.5	– 678	– 9.5	+ 13,524	+ 31.4
30 to 34 years	+ 14,682	+ 39.5	– 472	– 7.0	+ 14,210	+ 32.4
35 to 39 years	+ 14,272	+ 40.4	– 433	– 6.9	+ 13,839	+ 33.2
40 to 44 years	+ 12,641	+ 40.2	– 330	– 6.4	+ 12,311	+ 33.7
45 to 49 years	+ 11,240	+ 34.1	– 457	– 10.0	+ 10,784	+ 28.7
50 to 54 years	+ 12,202	+ 31.9	– 310	– 8.8	+ 11,891	+ 28.5
55 to 59 years	+ 12,023	+ 26.9	– 133	– 6.9	+ 11,890	+ 25.5
60 to 64 years	+ 3,729	+ 25.1	– 5	– 2.0	+ 3,723	+ 24.6
From 65 years	+ 140	+ 32.5	± 0	± 0.0	+ 139	+ 32.2
Highest level of education completed						
No completed compulsory education	+ 5,432	+ 31.0	– 540	– 8.4	+ 4,892	+ 20.5
Compulsory education	+ 41,437	+ 35.9	– 2,117	– 7.3	+ 39,320	+ 27.2
Apprenticeship	+ 33,257	+ 35.8	– 1,029	– 9.1	+ 32,229	+ 30.9
Secondary technical and vocational schools	+ 5,713	+ 35.8	– 307	– 10.5	+ 5,407	+ 28.6
Academic secondary school, colleges for higher vocational education	+ 13,257	+ 38.9	– 575	– 7.7	+ 12,683	+ 30.5
Post-secondary, non-tertiary education (Academy)	+ 287	+ 27.9	– 12	– 7.5	+ 275	+ 23.2
Tertiary education	+ 6,700	+ 28.4	– 245	– 5.7	+ 6,455	+ 23.2
Unknown	+ 2,229	+ 236.2	– 28	– 9.5	+ 2,201	+ 177.3
Nationality						
Austrian	+ 63,969	+ 31.2	– 3,212	– 9.0	+ 60,757	+ 25.2
Foreign	+ 44,343	+ 46.0	– 1,641	– 6.3	+ 42,702	+ 34.8
Persons granted asylum or subsidiary protection	+ 5,300	+ 27.9	– 1,515	– 13.0	+ 3,785	+ 12.4
Other persons without Austrian citizenship	+ 39,043	+ 50.5	– 126	– 0.9	+ 38,917	+ 42.3

Source: Public Employment Service Austria.

The increase in unemployment mainly affected the age group 20 to 44 years and people in the middle qualification segment. Unemployment also increased among people with health problems.

Due to the contact restrictions, the decline in the number of persons in training courses (Public Employment Service Austria), which had already been observable since spring 2018, accelerated noticeably from March 2020. On average, their number decreased by 4,853 or 7.8 percent to 57,107 in 2020 (2019 –9.9 percent; Table 5).

Extended unemployment, which includes not only the registered unemployed but also persons in training, rose by 103,459 or 28.5 percent to 466,746. Although the increase affected all age groups, younger people and people of prime working age (20 to 44 years) were affected more strongly, as they are disproportionately more likely than older people to be employed in sectors that were particularly affected by the crisis (Table 5). The number of older unemployed persons and unemployed persons with health problems, for whom the risk of remaining unemployed for a longer period of time is noticeably higher, also increased significantly in 2020 (health problems +13,889 or +16.2 percent to 99,669).

The increase in extended unemployment particularly affected persons in the middle qualification segment. While the highly qualified experienced an increase in unemployment by +23.2 percent between 2019 and 2020, the respective figures for the low-qualified (up to compulsory schooling) and middle-qualified are +26.3 percent and +30.6 percent. Among persons with apprenticeship and Matura (A-level), unemployment grew to a similar extent (+30.9 percent and +30.5 percent respectively). Nevertheless, low-skilled workers, who also have a high risk of remaining unemployed, continued to predominate the stock of unemployed: in 2020, almost half of all unemployed persons (including persons in training) had at most a compulsory school leaving certificate (men 46.0 percent, women 45.0 percent), 19.3 percent had at least a Matura (men 16.5 percent, women 22.5 percent).

Due to their concentration in severely affected sectors, the increase in extended unemployment was higher among individuals with a foreign nationality (+34.8 percent) than among nationals (+25.2 percent). Among recognised refugees and beneficiaries of subsidiary protection the increase was 12.4 percent, among other persons without Austrian citizenship 42.3 percent.

The decline in entrenched unemployment ended abruptly with the COVID-19 crisis.

The COVID-19 pandemic caused a renewed increase in entrenched unemployment, as the re-employment chances of the unemployed declined. During the labour market recovery, long-term unemployment had declined for several consecutive years and was still falling in 2019, although it remained noticeably higher than before the financial market and economic crisis of 2008-09. In 2020, the number of long-term unemployed[15] increased by 18,163 or 18.4 percent year-on-year to 116,727, including persons in training by 16,351 or 12.8 percent to 144,139.

Table 6: **Extended unemployment rate by personal characteristics**

	2019	2020	Change 2019-20
	Percent		Percentage points
Total	**8.7**	**11.2**	**+ 2.4**
Gender			
Men	8.8	11.2	+ 2.4
Women	8.7	11.1	+ 2.5
Age groups			
Until 19 years	12.2	12.7	+ 0.5
20 to 24 years	10.8	14.2	+ 3.4
25 to 54 years	8.0	10.5	+ 2.5
From 55 years	10.1	12.1	+ 1.9
Highest level of education completed[1]			
Compulsory education	27.0	32.3	+ 5.3
Apprenticeship	6.8	9.1	+ 2.3
Secondary technical and vocational schools	4.0	5.2	+ 1.1
Academic secondary school, colleges for higher vocational education	5.4	7.3	+ 1.9
Tertiary education	3.7	4.4	+ 0.7
Nationality			
Austrian	7.5	9.3	+ 1.9
Foreign	13.1	17.3	+ 4.2

Source: Public Employment Service Austria, Federation of Social Insurances, Statistics Austria, WIFO calculations. Extended unemployment rate . . . unemployed and persons in training as a percentage of extended labour supply. – [1] Qualification structure of employed persons according to the Labour Force Survey 2019 and 2020, based on persons with a normal working week of at least 12 hours.

[15] Long-term unemployed persons are persons registered as unemployed with the Public Employment Service Austria (AMS) on the respective reference date who have been registered with the AMS (as unemployed, seeking an apprenticeship, in training measures, with a skilled workers' grant, "training rehabilitation with retraining allowance" or "clarification of employability") for more than one year (if all registration episodes are combined, but without taking into account interruptions up to a maximum of 62 days).

The unemployment rate reached the highest level since the end of WW II.

The unemployment rate (national calculation method) increased to 9.9 percent, reaching the highest level since 1945 (+2.6 percentage points compared to 2019; women 9.7 percent, men 10.1 percent). The unemployment rate according to Eurostat (Labour Force Survey) increased by 0.9 percentage points to 5.4 percent.

The extended unemployment rate (including persons in training) increased in 2020 in all age groups and was 11.2 percent overall (women 11.1 percent, men 11.2 percent; 2019: 8.7 percent). It remained highest at the margins of the age distribution, on the one hand among adolescents and young adults (up to 19 years 12.7 percent after 12.2 percent in 2019; 20 to 24 years 14.2 percent after 10.8 percent) and on the other hand among persons aged 55 and over (55 to 59 years 11.9 percent after 10.0 percent, 60 to 64 years 13.4 percent after 11.4 percent). Among foreign nationals (17.3 percent), the extended unemployment rate was again noticeably higher than among nationals (9.3 percent); among the low-skilled (up to compulsory education), at 32.3 percent, it was still almost three times higher than the average (11.2 percent); among highly skilled, it was 4.4 percent, and among persons with intermediate education (apprenticeships, secondary technical and vocational schools, academic secondary school, colleges for higher vocational education) 7.9 percent (Table 6).

The labour supply grew as weakly in 2020 as it last did in the crisis years of 2009-10.

2.4 Restrained growth in labour supply

The number of the active labour force (employees in active employment, self-employed and unemployed) grew by +0.6 percent (men +0.6 percent, women +0.7 percent) in 2020, after it had already grown more moderately in 2019 than in the cyclically strong years 2017 and 2018 (2019 +1.1 percent, 2018 +1.4 percent). The increase in 2020 was as weak as it had last been in the crisis years 2009-2010. According to preliminary figures[16], in 2020 the labour force participation rate of the actively employed increased by +0.3 percentage points to 76.7 percent (men +0.3 percentage points to 83.5 percent, women +0.3 percentage points to 69.8 percent); as a result of the drastic employment losses, the employment rate of the actively employed probably fell by 1.5 percentage points to 69.8 percent (men −1.6 percentage points to 76.0 percent, women −1.4 percentage points to 63.4 percent; Table 1).

Due to the crisis, the number of job vacancies fell sharply; there were only increases in the system-relevant areas.

Due to the officially imposed closures, the number of job vacancies registered with the Public Employment Service Austria (AMS) dropped significantly within a few days in March 2020. After a modest recovery during the summer months of 2020, the number of job offers declined again at the end of the year due to the discontinuation of the winter season in tourism. According to Statistics Austria, 102,600 vacancies were reported in 2020, about one fifth less than in the previous year (2019: 128,200). The decline was above average in the service sector (NACE sections G to N, −21.9 percent), but below average in the manufacturing sector (−17.7 percent) and in NACE sections O to S (−16.0 percent). In addition to public services (public administration, education, human health and social work activities), these also include other service activities and arts, entertainment and recreation. A high proportion of the reported vacancies were in service occupations and for salespersons (22.1 percent). Crafts and related occupations were also in high demand (21.6 percent)[17]. On average, 62,833 vacancies were registered with the AMS in 2020, 14,260 or 18.5 percent less than in the previous year.

3. The Austrian labour market in spring 2021

Compared to April 2020 – the peak of the COVID-19 crisis in the labour market – employment in April 2021 was significantly higher. It was only 0.2 percent less than the pre-crisis level, but the gap was much larger in the contact-intensive sectors.

3.1 Significant employment gap in severely affected sectors – younger people and workers particularly affected

In March and April 2021, the number of employees in active employment was again significantly higher than in the previous year. The strongest increases in April were in accommodation and food service activities, in the administrative and support service activities – mainly in temporary agency work – and in construction. More people were also employed in information and communication, professional and public services than a year earlier.

However, the months of March and April 2020, which are relevant for the comparison with the previous year, mark the beginning of the COVID-19 crisis in Austria and were characterised by drastic employment slumps (Bock-Schappelwein et al., 2021b). A comparison with the pre-crisis level is more meaningful: compared to April 2019, total employment in April 2021 was 7,074 lower (−0.2 percent).

Notwithstanding the year-on-year increases, employment in the contact-intensive sectors was still far from pre-crisis levels. These include arts, entertainment and recreation, transport and storage other service activities and accommodation and food service

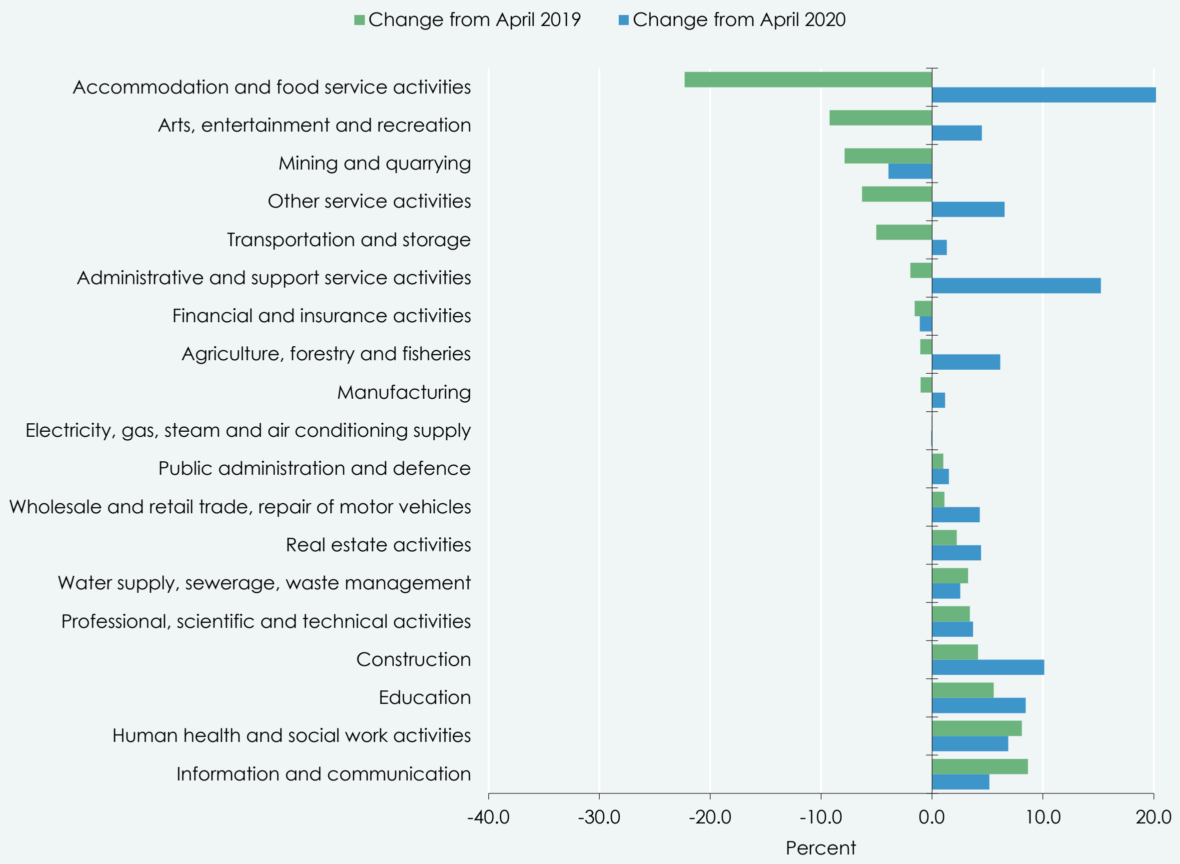
[16] The final population figures for 2020 were not yet available at the time the report was prepared; the number of self-employed persons for 2020 is also provisional.

[17] https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/arbeitsmarkt/offene_stellen/index.html.

activities. In April 2021, these industries had still significantly lower employment levels (–62,000 in comparison to April 2019 (–13.5 percent; April 2021: 459,272, April 2019: 521,500). Despite dynamic growth in April 2021 (+26.6 percent year-on-year), the employment gap was largest in accommodation and food service activities (–22.3 percent compared to April 2019)[18].

Figure 1: **Employees in active employment in April 2021 by economic sector**

Comparison to the previous year's or pre-crisis level



Source: Federation of Social Insurances, WIFO calculations. Ranking based on relative employment change compared to April 2019.

Employment remains significantly lower than before the crisis among younger people and blue-collar workers.

Young people are particularly affected by the COVID-19 crisis in the labour market. Several factors play a role, including their shorter length of service and the shortage of temporary employment opportunities ("internships") and apprenticeships (Bock-Schappelwein et al., 2020c). The reluctance of companies to hire new staff also reduces the labour market opportunities of young people and young adults. In April 2021, more young people were in paid employment than in the previous year (up to 19 years +2.2 percent, age group 20 to 24 +6.7 percent), but the pre-crisis level was not yet reached (up to 19 years –3.1 percent, age group 20 to 24 –4.2 percent).

The crisis-related reduction in employment affected blue-collar workers more than white-collar workers or civil servants. On the one hand, they are overrepresented in severely affected sectors, such as accommodation and food service activities, on the other hand, workers enjoy weaker protection against dismissal. Although they recorded employment gains in spring 2021 (April +8.4 percent), the gap to the pre-crisis level of April 2019 could not yet be closed again (–4.5 percent; white-collar workers including civil servants +2.4 percent).

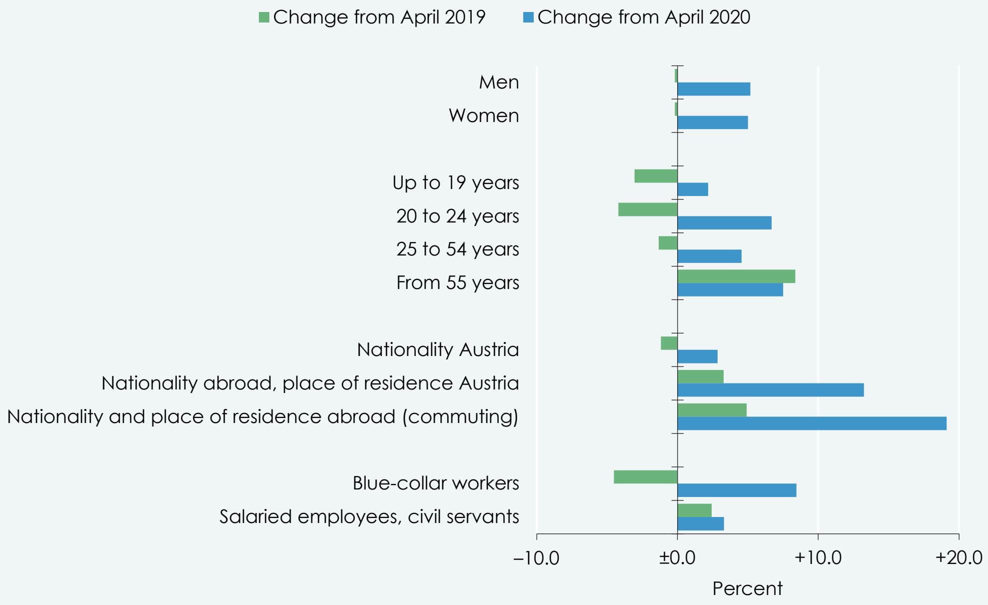
[18] In contrast to March, accommodation also recorded employment growth in April 2021 (+14.4 percent year-on-year), reflecting the foreseeable opening or restart. The high employment growth in gastronomy (April 2021 +35.6 percent) results from the fact that – unlike in spring 2020 – pick-up and delivery services could be offered throughout.

Both male and female employment almost returned to pre-crisis levels in April.

Men were affected more than average by the decline in employment in terms of the number of employees in active employment at the beginning of the crisis (March 2020), but in April both genders recorded similarly high losses. In April 2021, the employment development of women and men also converged, albeit under different signs, after male employment had grown much more dynamically than female employment in the previous month (+5.1 percent compared to +3.1 percent). Both genders had almost reached the pre-crisis level of employment again in April 2021 (–0.2 percent each compared to April 2019).

Figure 2: **Employees in active employment in April 2021 by personal characteristics and social status**

Comparison to the previous year's or pre-crisis level



Source: Federation of Social Insurances, WIFO calculations. Excluding persons in valid employment contract receiving child care benefit or being in military service.

Numerous studies and surveys are devoted to the effects of the COVID-19 crisis on women's labour market behaviour (e.g. Bock-Schappelwein and Famira-Mühlberger, 2021; Derndorfer et al., 2021; Hanzl and Rehm, 2021). As Hanzl and Rehm (2021) show on the basis of data from the Austrian Corona Panel Project (ACPP), women reduced their working hours more than men during school closures. The average weekly working hours of mothers decreased by 22 percent or about 5.8 hours during such periods. No statistically significant change was found for fathers. Derndorfer et al. (2021) also show, on the basis of survey data on the gender-specific distribution of tasks in households during the lockdown measures, that the burden of childcare and especially housework was borne disproportionately by women.

3.2 Unemployment still noticeably higher than before the crisis

Extended unemployment was also lower at the end of March 2021 than a year earlier for the first time since February 2020 (–104,705 or –18.6 percent; April –138,034 or –24.2 percent). However, it remains significantly higher than before the outbreak of the COVID-19 pandemic: compared to April 2019, 72,241 more people were in unemployment or training in April 2021 (+20.0 percent after +24.1 percent in March; April: unemployed +20.0 percent or +59,107, people in training +20.2 percent or +13,134). The unemployment rate in April 2021 was 8.6 percent (April 2020: 12.7 percent; April 2019: 7.3 percent), the highest rate since April 2017 (8.6 percent), while the extended unemployment rate was 10.3 percent (April 2020: 13.8 percent, April 2019: 8.7 percent).

In almost all sectors of the economy, unemployment in April 2021 was higher than before the outbreak of the COVID-19 pandemic. However, there were significant differences between the sectors.

While extended unemployment in April 2021 was lower than a year earlier in all sectors except for activities of extraterritorial organisations and bodies, a comparison with 2019 is disillusioning (Table 7): with the exception of education (–0.4 percent), unemployment at the end of April 2021 was noticeably higher than before the outbreak of the COVID-19 pandemic in all sectors. Despite a sharp year-on-year decline, unemployment in construction was 23.7 percent (4,541) higher than in April 2019. Other sectors lie clearly more above pre-crisis levels, notably accommodation and food service activities (+39.7 percent), transportation and storage (+32.0 percent), arts, entertainment and recreation (+36.3 percent) and other service activities (+31.6 percent).

In manufacturing, unemployment fell less than the average of all sectors in April 2021 (–19.0 percent or –7,858 compared with April 2020 to 33,495), and was still significantly higher than the pre-crisis level of April 2019 (+23.4 percent or +6,349).

Table 7: **Extended unemployment by economic sector**

April 2021

	Stock	Change from April 2020		Change from April 2019	
	People	Absolutely	Percent	Absolutely	Percent
Agriculture, forestry and fisheries	2,206	– 551	– 20.0	+ 601	+ 37.4
Mining and quarrying	294	– 157	– 34.8	+ 97	+ 49.2
Manufacturing	33,495	– 7,858	– 19.0	+ 6,349	+ 23.4
Electricity, gas, steam and air conditioning supply	419	– 41	– 8.9	+ 68	+ 19.4
Water supply, sewerage, waste management	1,184	– 284	– 19.3	+ 270	+ 29.5
Construction	23,727	– 14,236	– 37.5	+ 4,541	+ 23.7
Wholesale and retail trade, repair of motor vehicles	61,545	– 14,443	– 19.0	+ 10,580	+ 20.8
Transportation and storage	22,630	– 8,907	– 28.2	+ 5,488	+ 32.0
Accommodation and food service activities	71,986	– 46,739	– 39.4	+ 20,461	+ 39.7
Information and communication	6,727	– 951	– 12.4	+ 1,208	+ 21.9
Financial and insurance activities	4,670	– 478	– 9.3	+ 443	+ 10.5
Real estate activities	4,301	– 1,113	– 20.6	+ 960	+ 28.7
Professional, scientific and technical activities	13,064	– 3,816	– 22.6	+ 1,473	+ 12.7
Administrative and support service activities	73,342	– 18,315	– 20.0	+ 11,828	+ 19.2
Employment activities	38,185	– 13,274	– 25.8	+ 3,562	+ 10.3
Public administration and defence	12,224	– 2,633	– 17.7	+ 1,117	+ 10.1
Education	15,769	– 3,021	– 16.1	– 61	– 0.4
Human health and social work activities	32,888	– 2,594	– 7.3	+ 3,394	+ 11.5
Arts, entertainment and recreation	6,537	– 2,360	– 26.5	+ 1,741	+ 36.3
Other service activities	11,518	– 6,667	– 36.7	+ 2,767	+ 31.6
Activities of households as employers, undifferentiated goods- and services-producing activities of private households for own use	514	– 78	– 13.2	+ 93	+ 22.1
Activities of extraterritorial organisations and bodies	106	+ 24	+ 29.3	+ 26	+ 32.5
Others	34,297	– 2,816	– 7.6	– 1,203	– 3.4
Total	433,443	– 138,034	– 24.2	+ 72,241	+ 20.0

Source: Public Employment Service Austria. Extended unemployment . . . sum of unemployed and persons in training.

Women, older people and the long-term unemployed are disproportionately affected by the rise in unemployment.

Compared to the previous year, extended unemployment in April fell more strongly for men (–25.8 percent or –77,313) than for women (–22.3 percent or –60,721); the gap to the pre-crisis level was correspondingly larger for women (+21.8 percent or 37,937 compared to April 2019, men +18.3 percent or +34,304). The increase in long-term unemployment also affected women more than men: in April 2021, 49.9 percent more women and 35.7 percent more men were long-term unemployed than two years before (status unemployed or in training).

Compared to the previous year, younger people benefitted more from the decline in unemployment than older people; the gap to the pre-crisis level was also larger among older people. Unemployed persons with foreign citizenship were also less able to benefit from the decline – their unemployment increased noticeably more than that of nationals compared to the pre-crisis level (Table 8).

Unemployment also fell comparatively strongly in April among persons with completed apprenticeship training, but the gap to the pre-crisis level was larger than among the low-skilled or highly qualified.

The number of unemployed people with health restrictions decreased slightly year-on-year, but there were 11.7 percent (1,688) more people with a statutory disability status registered as unemployed or in training in April than in April 2019, and 15.9 percent (11,273) more people with another health restriction.

Table 8: **Extended unemployment according to personal characteristics**

	April 2021				
	Stock	Change from April 2020		Change from April 2019	
	People	People	Percent	People	Percent
Total	**433,443**	**– 138,034**	**– 24.2**	**+ 72,241**	**+ 20.0**
Gender					
Men	221,813	– 77,313	– 25.8	+ 34,304	+ 18.3
Women	211,630	– 60,721	– 22.3	+ 37,937	+ 21.8
Age groups					
Until 19 years	18,277	– 2,239	– 10.9	– 1,070	– 5.5
20 to 24 years	41,114	– 22,154	– 35.0	+ 2,941	+ 7.7
Young people (up to 25 years)	59,391	– 24,393	– 29.1	+ 1,871	+ 3.3
Prime working age (25 to 54 years)	295,712	– 102,936	– 25.8	+ 53,683	+ 22.2
Older (from 55 years)	78,340	– 10,705	– 12.0	+ 16,687	+ 27.1
Highest completed education					
Compulsory education	200,767	– 56,624	– 22.0	+ 31,780	+ 18.8
Apprenticeship	122,356	– 50,646	– 29.3	+ 20,728	+ 20.4
Secondary technical and vocational schools	23,149	– 6,749	– 22.6	+ 3,817	+ 19.7
Academic secondary school, colleges for higher vocational education	51,404	– 13,604	– 20.9	+ 9,636	+ 23.1
Tertiary education	33,352	– 5,353	– 13.8	+ 5,149	+ 18.3
Unknown	2,415	– 5,058	– 67.7	+ 1,131	+ 88.1
Nationality					
Austrian nationality	273,506	– 91,768	– 25.1	+ 35,779	+ 15.1
Foreign nationality	159,937	– 46,266	– 22.4	+ 36,462	+ 29.5
14 EU countries[1]	16,350	– 6,904	– 29.7	+ 4,523	+ 38.2
Accession 2004	24,313	– 12,508	– 34.0	+ 6,748	+ 38.4
Accession 2007	16,931	– 6,097	– 26.5	+ 5,917	+ 53.7
Croatia	6,497	– 2,545	– 28.1	+ 1,666	+ 34.5
Turkey	16,891	– 4,278	– 20.2	+ 3,303	+ 24.3
Former Yugoslavia (without EU)	26,980	– 7,328	– 21.4	+ 5,273	+ 24.3
Other nationality	51,975	– 6,606	– 11.3	+ 9,032	+ 21.0
Health					
Legal disability status	16,135	– 1,074	– 6.2	+ 1,688	+ 11.7
Other health-related placement restrictions (according to AMS)	82,176	– 8,673	– 9.5	+ 11,273	+ 15.9
Long-term unemployment					
Total	186,158	+ 47,237	+ 34.0	+ 55,043	+ 42.0
Men	99,385	+ 23,750	+ 31.4	+ 26,141	+ 35.7
Women	86,773	+ 23,487	+ 37.1	+ 28,902	+ 49.9
Federal state					
Vienna	168,542	– 28,825	– 14.6	+ 28,123	+ 20.0
Lower Austria	64,109	– 23,420	– 26.8	+ 7,187	+ 12.6
Burgenland	11,229	– 3,768	– 25.1	+ 1,962	+ 21.2
Styria	47,363	– 22,281	– 32.0	+ 8,043	+ 20.5
Carinthia	25,597	– 12,545	– 32.9	+ 2,487	+ 10.8
Upper Austria	46,161	– 19,669	– 29.9	+ 6,227	+ 15.6
Salzburg	21,730	– 9,771	– 31.0	+ 4,485	+ 26.0
Tyrol	33,134	– 13,817	– 29.4	+ 10,517	+ 46.5
Vorarlberg	15,578	– 3,938	– 20.2	+ 3,210	+ 26.0

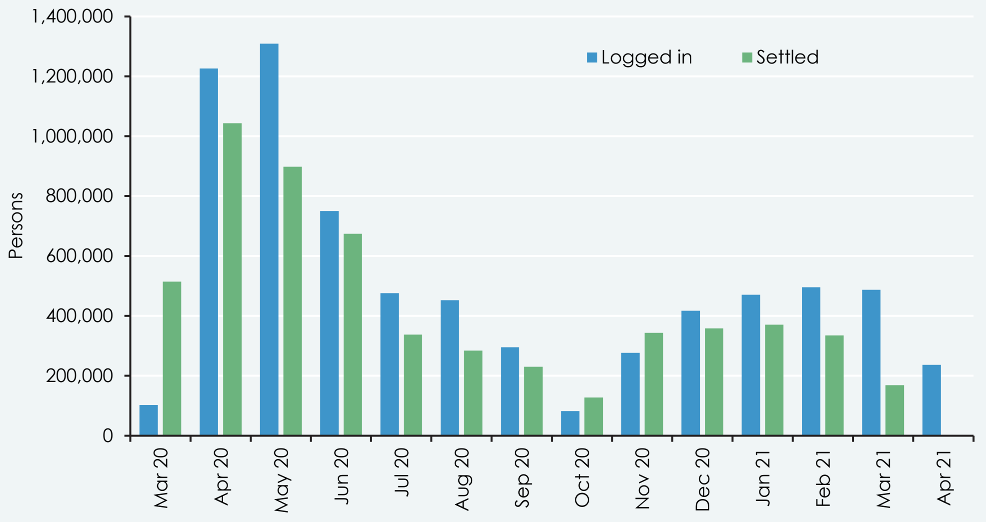
Source: Public Employment Service Austria. Extended unemployment . . . sum of unemployed and persons in training. – [1] Including the UK.

Compared to April 2020, unemployment declines were highest in Carinthia and Styria, relatively weak in Vorarlberg and Vienna. In a pre-crisis comparison, the increase was particularly strong in the western federal provinces dominated by tourism. For example, unemployment in April 2021 was +46.5 percent above the April 2019 level in Tyrol, and +26.0 percent higher in Salzburg and Vorarlberg respectively. With +10.8 percent, the increase was weakest in Carinthia.

3.3 Utilisation of short-time work high, but declining

The fact that the crisis on the labour market has not yet been overcome in the first quarter of 2021 is not only shown by the employment level and the increased unemployment, but also by the under-utilisation of part of the labour force: due to the restrictions on economic activity, which were still in place in spring, albeit differentiated regionally and sectorally, an average of 484,000 people were registered for short-time work with the Public Employment Service Austria (AMS) in the first quarter[19].

Figure 3: **Utilisation of COVID-19 short-time work**



Source: Federal Ministry of Labour (https://www.bma.gv.at/Services/News/Aktuelle-Arbeitsmarktzahlen.html). Values as of February 2021: provisional (subsequent entries). Applications for short-time work must always be submitted before the start of the short-time work period. Exceptions to this were, for example, short-time work projects that started during the lockdown period; in this case, the request could also be made subsequently.

The use of short-time work has decreased but remains high.

Although the current short-time work figures are high, they are clearly below the peak value of spring 2020 (Figure 3). This is due to the recovery in some sectors (e.g. construction), the partly less restrictive measures (e.g. pick-up service in food service activities) and also the experience in dealing with a lockdown. During the catch-up process of the economy, the use of short-time work is also expected to decrease further. The effect of spring 2020 is likely to be reversed: while at the beginning of the crisis an even stronger decline in employment could be prevented due to short-time work – i.e. by means of a reduction in working hours – the growing demand for labour will initially be covered by means of an increase in working hours (in the direction of normal working hours). Consequently, the economic catching-up process will only partly be reflected in employment growth and a reduction in unemployment.

4. Summary and conclusions

The COVID-19 pandemic and the official measures to contain it led to a crisis in the domestic labour market unprecedented in recent decades. Employment fell drastically and unemployment rose to its highest level in the post-war period. The favourable development in March and April 2021 should not hide the fact that the crisis on the labour market has not yet been overcome: particularly in the severely crisis-ridden sectors of accommodation and food service activities, arts, entertainment and recreation, transportation and other service activities, employment remains noticeably below pre-crisis levels, whereas unemployment is significantly elevated. Although the unemployment rate in April 2021 was lower than a year earlier, it was noticeably higher than in April 2019 or spring 2018. The available figures on the self-employed do not reflect their crisis impact to the same extent as it is the case for employees. The effects of the COVID-19 crisis on this group of people, such

[19] How many employees have actually reduced their working hours and to what extent can only be answered once the short-time work cases have been fully accounted for. The available figures for the first quarter of 2021 are partly provisional and are likely to increase. For April 2021, no data on settled short-time work cases are available yet.

as one-person businesses, are likely to become visible only with a delay.

In certain sectors of the economy, such as city hotels, transport and events, demand for labour likely remains weak longer.

In the coming months, an increasing vaccination coverage of the population and decreasing infection figures can be expected. Employment should continue to recover due to the associated withdrawal of restrictions. While the medium- and longer-term impact of the COVID-19 pandemic on the labour market is not yet clear, there are indications that some sectors will continue to suffer from lower demand for labour for some time, such as city hotels, transport and events. In these sectors, it is likely to take longer to reach full capacity. Behavioural changes, such as those of business travellers, could also dampen demand in the long run. In addition to the sectors directly affected, this would also have consequences for suppliers or transport companies, for travel agencies and tour operators or the event sector (see for example Autor and Reynolds, 2020). It also is unclear whether and to what extent certain forms of work (e.g. home office) or consumption patterns (e.g. online shopping), which gained strongly in importance in 2020, will become permanently established. Such changes could trigger a regional and structural need for adjustment in the economy.

For a sustainable reduction of unemployment, a reduction of long-term unemployment is pivotal. This also requires preventive measures, especially in the field of education and training.

Even before the COVID-19 crisis, unemployment in Austria was comparatively high: even during the 2019 boom phase, the number of unemployed was around 100,000 higher than before the economic crisis of 2008-09. The COVID-19 pandemic, which had already lasted for over a year, caused long-term unemployment to rise sharply again. At the same time, the re-employment chances of the unemployed declined. To be able to significantly reduce unemployment in a coming upswing, a reduction in long-term unemployment is pivotal. To achieve this, structural causes of unemployment must be taken into account, such as the demographic ageing of the labour force: the baby boomers of the 1960s are increasingly falling into the age group 55 years and older. Their labour supply is also rising due to the gradual increase in the retirement age. Since the risk of long-term unemployment in this growing age group is above average, also due to a higher prevalence of health restrictions, there is an increased need for action here. Due to the decline in demand for low-skilled jobs, the employment opportunities of poorly educated workers are decreasing. A low level of education is one of the most important risk factors for becoming unemployed, along with age and health restrictions.

A low level of education is one of the most important risk factors for long-term unemployment, along with age and health restrictions.

Austria's labour market policy already makes use of a differentiated set of instruments to improve the labour market opportunities of the unemployed. To overcome the crisis, existing instruments should be used more intensively or adapted, whereby the focus should be on longer-term professional upgrading. For example, offers that enable the catching up of educational qualifications and the acquisition of basic skills can contribute to counteracting unemployment and to maintaining and promoting the employability of the persons concerned. An expansion of the educational offer is structurally effective, as educational measures improve the qualification structure of the labour force and contribute to meeting the demand for skilled labour. Furthermore, it has also a stimulating effect on the economy, as it increases the demand for personnel-intensive educational services during the crisis. A further expansion of nationwide, high-quality and affordable childcare infrastructure has an impact on labour demand and supply and is at the same time highly relevant for the reconciliation of work and family life.

Employment measures are another essential focus of labour market policy. They can support the unemployed in returning to work.

The recovery of the labour market will largely depend on the overall economic recovery, which can be promoted by economic stimulus measures – such as investments in climate protection, in the expansion of public transport, in digitalisation, long-term care and education. Labour market policy measures should help to ensure that the resulting increase in employment can be used as much as possible to reduce unemployment. Alongside with education measures, employment measures are therefore another focus of labour market policy. Especially – but not only – in the recovery after the crisis, they can make a specific contribution to increasing the labour market opportunities of unemployed persons and making it easier for them to return to work. For this purpose, different variants of wage subsidy models are possible, which replace part of the labour costs, whereby such models must be designed in an incentive-compatible and target group-focused manner. Purely monetary incentives should be supplemented by targeted support measures and projects to increase the chances of the (long-term-)unemployed in filling positions in the private and public sectors.

In addition to instruments to reduce unemployment, preventive measures are also of high importance. To prevent the emergence of unemployment, it is necessary to keep the growing group of older workers in the labour force, for example through age-appropriate workplace design and health protection measures. Measures that improve the training structure of employees, stabilise employment and educational careers or measures that ensure the compatibility of work with care obligations also have a preventive effect.

Short-time work should be continued in a modified form.

An important cornerstone of labour market policy is also the continuation of COVID-19 short-time work in a modified form. After the withdrawal of the official measures, it will be central to adjust the short-time work regulations in a targeted manner in order to motivate the companies to quickly bring the affected parts of the workforce back to the original working hours. In the recovery phase after the crisis, it will also be increasingly important to examine the economic preconditions for claiming short-time work. This allows a differentiation in the allocation of benefits according to the extent to which the crisis has affected companies. Nevertheless, the adapted short-time work model should also allow for a quick reaction to unexpected changes in the health situation.

A particular challenge is the labour market integration of those young people who either withdrew from the education system or the labour market during the COVID-19 pandemic or who wish to enter the labour market in the near future. As research from the Netherlands and Germany suggests, skills acquisition of young people has suffered because of distance learning (Engzell et al., 2021; Wößmann et al., 2021). In order to support young people, who show deficits in their learning progress in their further integration into the school system or the labour market, specific support programmes must be developed. Companies should continue to be encouraged to offer high-quality apprenticeships. If the regional demand for apprenticeship places exceeds the supply, additional apprenticeship places should be created within the framework of inter-company apprenticeship training.

The labour market integration of young people is particularly challenging and requires specific support programmes. Missing apprenticeship places should be provided by inter-company training.

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