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**Labour Market 2023 in the Wake of
Economic Downturn**

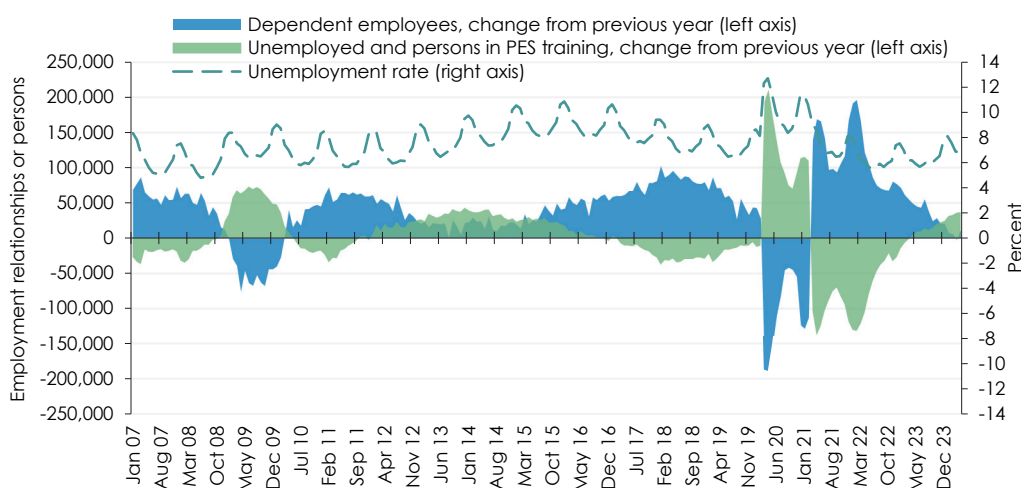
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- The economic downturn gradually impacted the Austrian labour market over the course of 2023. Employment growth was significantly weaker than in the previous year.
- The unemployment rate, which had reached its lowest level since 2008 at 6.3 percent in 2022, rose again slightly to 6.4 percent.
- In spring 2024, employment declined in construction, industry and trade, among others. Unemployment rose more sharply again, while the number of job vacancies fell from a historically high level.
- In addition to the weak business cycle, the inclusion of displaced persons from Ukraine in the unemployment statistics and the increased registration of persons entitled to asylum and subsidiary protection also contributed to the rise in unemployment in 2023.
- Compared to previous crises, the labour market reacted much more mutedly to the downturn, as companies are keen to retain qualified staff even in a weaker order situation due to past recruitment difficulties.

Dependent employment, extended unemployment and unemployment rate since 2007



"After two years of upswing, the economic slump in 2023 also affected the labour market with a time lag, dampening employment growth and causing unemployment to gradually rise again."

The economic downturn gradually impacted the Austrian labour market over the course of 2023. Employment grew much more slowly than in 2022 and unemployment rose again for the first time since the crisis year 2020 (source: Federation of Social Insurances, Public Employment Service Austria, WIFO calculations).

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June 2024

Labour Market 2023 in the Wake of Economic Downturn

In 2023, the Austrian economy suffered from the weak international economic climate and the high price level, which dampened private household consumption and – together with high interest rates – corporate investments. The economic downturn gradually impacted the labour market. Employment growth was significantly weaker than in 2022, unemployment began to rise in April 2023, and increased further in the spring of 2024. In addition to economic weakness, the inclusion of displaced persons from Ukraine in the unemployment statistics and an increased registration of refugees and persons with subsidiary protection, contributed to the rise in unemployment. The number of job vacancies decreased. An improvement in the labour market situation is not expected until 2025, once the economy has regained momentum.

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1. Labour market reacts with a delay to the economic slowdown

1.1 Employment growth slows down

Due to the economic slowdown, employment grew less strongly in 2023 than in the previous year.

In 2023, the Austrian economy suffered from the weak international business cycle, particularly in Germany, its most important trading partner, and the high price level, which dampened private household consumption and – together with high interest rates – corporate investment. Against this backdrop, it slipped into recession and has only grown very modestly so far in 2024 (Scheiblecker & Ederer, 2024). The labour market has also been affected by the economic slowdown with a time lag. After dependent employment increased more strongly in 2022 than it had in 1973 (Austrian Institute of Economic Research, 1974; Geldner & Schneider, 1976), it continued to expand in 2023 despite the recession, but at a much slower rate than in the previous year. Unemployment has risen slightly since April 2023 and more sharply since spring 2024, while the number of job

vacancies has fallen from a peak reached after the COVID-19 crisis.

Employment growth slowed noticeably over the course of 2023 as a result of the economic slowdown and ultimately amounted to +1.1 percent on average for the year (active dependent employment +1.2 percent or +44,848; Ederer & Schiman-Vukan, 2023). However, the volume of working hours remained below the pre-crisis level of 2019 (–87.8 million hours)¹.

As in 2022, the growth in employment was stronger for women than for men (+1.5 percent compared to +0.8 percent; Table 1). As a result, the proportion of women among persons in active dependent employment increased noticeably for the first time since the mid-2000s – with the exception of the crisis year 2009 – to 45.8 percent (+0.2 percentage points compared to 2022).

¹ According to microcensus labour force survey. Time series break 2020-21. In relation to employed persons and the main activity.

Table 1: The labour market at a glance

	2020	2021	2022	2023	Change 2022-23	
					Absolute	Percent
Total number of employees ¹	3,717,164	3,804,941	3,913,633	3,956,257	+ 42,624	+ 1.1
Men	1,990,920	2,042,274	2,097,630	2,115,043	+ 17,413	+ 0.8
Women	1,726,244	1,762,667	1,816,003	1,841,214	+ 25,211	+ 1.4
Active dependent employment ²	3,643,933	3,734,366	3,844,570	3,889,418	+ 44,848	+ 1.2
Men	1,983,424	2,035,065	2,090,186	2,107,886	+ 17,700	+ 0.8
Women	1,660,510	1,699,301	1,754,385	1,781,532	+ 27,147	+ 1.5
National employees in active dependent employment	2,866,663	2,894,734	2,917,586	2,908,598	- 8,988	- 0.3
Men	1,517,486	1,530,234	1,539,655	1,531,497	- 8,158	- 0.5
Women	1,349,178	1,364,500	1,377,933	1,377,101	- 832	- 0.1
Foreign employees in active dependent employment	777,270	839,632	926,984	980,820	+ 53,836	+ 5.8
Men	465,938	504,831	550,531	576,389	+ 25,858	+ 4.7
Women	311,332	334,801	376,452	404,431	+ 27,979	+ 7.4
Self-employed and unpaid family workers ³	495,600	502,100	508,100	510,400	+ 2,300	+ 0.5
Men	286,900	291,400	295,200	296,500	+ 1,300	+ 0.4
Women	208,700	210,700	212,900	213,900	+ 1,000	+ 0.5
Active employment, self-employed and unpaid family workers	4,139,533	4,236,466	4,352,670	4,399,818	+ 47,148	+ 1.1
Men	2,270,324	2,326,465	2,385,386	2,404,386	+ 19,000	+ 0.8
Women	1,869,210	1,910,001	1,967,285	1,995,432	+ 28,147	+ 1.4
Registered unemployed ⁴	409,639	331,741	263,121	270,773	+ 7,653	+ 2.9
Men	223,969	180,832	146,991	153,853	+ 6,862	+ 4.7
Women	185,670	150,909	116,130	116,919	+ 789	+ 0.7
Persons in AMS training ⁴	57,107	70,337	69,524	70,546	+ 1,022	+ 1.5
Men	26,571	32,636	33,262	33,887	+ 625	+ 1.9
Women	30,536	37,701	36,262	36,659	+ 397	+ 1.1
Total labour force ⁵	4,549,172	4,568,207	4,615,791	4,670,591	+ 54,801	+ 1.2
Men	2,494,293	2,507,297	2,532,377	2,558,239	+ 25,862	+ 1.0
Women	2,054,880	2,060,910	2,083,415	2,112,351	+ 28,936	+ 1.4
Population 15 to 64 years ⁶	5,925,641	5,931,030	5,979,620	6,012,484	+ 32,864	+ 0.5
Men	2,985,029	2,990,629	3,013,149	3,030,197	+ 17,048	+ 0.6
Women	2,940,612	2,940,401	2,966,471	2,982,287	+ 15,816	+ 0.5
Immediately available vacancies reported to the AMS	62,833	95,087	125,503	108,401	- 17,102	- 13.6
			Percent			Percentage points
Labour force participation rate ⁵	76.8	77.0	77.2	77.7		+ 0.5
Men	83.6	83.8	84.0	84.4		+ 0.4
Women	69.9	70.1	70.2	70.8		+ 0.6
Employment rate ⁷	69.9	71.4	72.8	73.2		+ 0.4
Men	76.1	77.8	79.2	79.3		+ 0.2
Women	63.6	65.0	66.3	66.9		+ 0.6
Unemployment rate						
According to AMS and DVSV	9.9	8.0	6.3	6.4		+ 0.1
Men	10.1	8.1	6.5	6.8		+ 0.2
Women	9.7	7.9	6.0	6.0		- 0.0
According to Eurostat	6.0	6.2	4.8	5.1		+ 0.3
Men	6.1	6.3	4.9	5.3		+ 0.4
Women	5.9	6.1	4.5	4.9		+ 0.4

Source: Federation of Social Insurances (DVSU), Public Employment Service Austria (AMS), WIFO calculations. – ¹ According to the Federation of Social Insurances. – ² Employees according to the Federation of Social Insurances excluding persons in valid employment contract receiving child care benefit or being in military service. – ³ According to WIFO. 2022 and 2023: provisional. – ⁴ According to labour market statistics. – ⁵ Persons in active employment and registered unemployed. – ⁶ Population at mid-year according to Statistics Austria; 2023: provisional. – ⁷ Persons in active employment.

Due to demographic ageing, growth was almost exclusively in the group of older employees aged 55 and over (+4.1 percent), while the number of employees aged

between 25 and 54 and younger employees aged between 15 and 24 almost stagnated (+0.6 and +0.8 percent respectively). Blue-collar workers already recorded a decline in

Employment declined as the temporary employment sector felt the impact of difficulties in the manufacturing sector, the retail sector felt the impact of lower consumption, and the construction sector felt the impact of weaker orders.

employment since spring 2023 (2023 –3,997), while white-collar workers and civil servants continued to grow (+48,845 in total compared to 2022). In terms of education-attainment level, the increase in employment was concentrated among persons with at least a school-leaving certificate; the number of workers with no more than a compulsory school-leaving certificate also increased, but to a much lesser extent. Employment declined among persons with a vocational education and training completed.

The deterioration in the labour market, the weak order situation, but also high prices and interest rates as well as tighter lending to private households led to a decline in construction employment since August 2023 (2023 –0.2 percent). Construction of buildings shrank by an annual average of 3.3 percent. In the cyclically sensitive temporary

employment sector (–8.7 percent; provision of other economic services –2.3 percent) and in the retail trade (–0.9 percent), employment declined throughout the year. In mining, financial and insurance services and private households (NACE 2008, section T), employment shrank due to structural change.

In contrast, employment in hotels and restaurants increased significantly (+3.3 percent). This also meant that the pre-crisis employment-level of 2019 was exceeded again for the first time. Employment growth remained strong in information and communication (+3.9 percent) and in professional, scientific and technical activities (+3.4 percent). In the manufacturing sector, the growth rate slowed noticeably over the course of the year, to an average of 1.4 percent for the year as a whole (Table 2).

Table 2: Dependent employment by economic sector
According to NACE

	2022	2023	Change 2022-23	
			Absolute	Percent
Agriculture, forestry and fishing	25,981	26,015	+ 34	+ 0.1
Mining and quarrying	5,662	5,419	– 243	– 4.3
Manufacturing	636,980	645,783	+ 8,803	+ 1.4
Electricity, gas, steam and air conditioning supply	26,822	28,166	+ 1,344	+ 5.0
Water supply; sewerage, waste management and remediation activities	18,167	18,597	+ 430	+ 2.4
Construction	289,259	288,652	– 607	– 0.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	572,304	572,328	+ 24	+ 0.0
Transportation and storage	200,072	204,188	+ 4,116	+ 2.1
Accommodation and food service activities	217,472	224,711	+ 7,239	+ 3.3
Information and communication	117,174	121,748	+ 4,574	+ 3.9
Financial and insurance activities	111,853	110,974	– 879	– 0.8
Real estate activities	43,783	44,193	+ 410	+ 0.9
Professional, scientific and technical activities	202,905	209,790	+ 6,885	+ 3.4
Administrative and support service activities	238,678	233,076	– 5,602	– 2.3
Public administration and defence; compulsory social security	592,677	599,773	+ 7,096	+ 1.2
Education	113,063	116,469	+ 3,406	+ 3.0
Human health and social work activities	303,043	308,395	+ 5,352	+ 1.8
Arts, entertainment and recreation	40,066	41,199	+ 1,133	+ 2.8
Other service activities	83,921	85,257	+ 1,336	+ 1.6
Activities of households as employers, undifferentiated goods- and services-producing activities of private households for own use	2,627	2,515	– 112	– 4.3
Activities of extraterritorial organisations and bodies	863	914	+ 51	+ 5.9
Unknown	1,200	1,257	+ 57	+ 4.8
Active dependent employment	3,844,570	3,889,418	+ 44,848	+ 1.2
Persons doing military service	4,977	4,674	– 303	– 6.1
Persons receiving childcare allowance	64,086	62,165	– 1,921	– 3.0
Employees	3,913,633	3,956,257	+ 42,624	+ 1.1

Source: Federation of Social Insurances.

In 2023, employment of foreign workers once again grew particularly dynamically (+5.8 percent), especially that of commuters from abroad (+6.8 percent) and, as 2022, that of women (+7.4 percent). By region of origin, the number of workers from Croatia and other foreign countries (third countries) increased the most (Table 3). The share of foreign workers in total active dependent employment increased to 25.2 percent.

The activation of the Mass Influx Directive 2001/55/EC² made it easier for Ukrainians to access the Austrian labour market after the outbreak of war in February 2022 by enabling the granting of an employment permit in a simplified procedure. Since 21 April 2023, Ukrainians³ have even had free access to the Austrian labour market with the entry into force of Federal Law Gazette 43/2023⁴,

i.e., companies no longer require approval from the Public Employment Service if they want to employ persons from Ukraine. Before the outbreak of the war, Ukrainians were only employed in Austria in isolated cases; the average number of Ukrainian workers in Austria in 2021 was 5,789 (0.7 percent of foreign employees, 0.2 percent of persons in active dependent employment in total), 63.7 percent of them were women. After the outbreak of the war, the number of Ukrainians working in Austria almost doubled (2022: 10,272) and rose further to 16,194 in 2023 (+5,922 or +57.7 percent compared to 2022). Most of them work in accommodation and food service activities as well as in trade. This is followed by manufacturing, healthcare, labour leasing, professional services and agriculture and forestry.

Foreign employment continued to grow strongly in 2023.

Table 3: **Foreign workers in Austria**

	2018	2019	2020	2021	2022	2023	Change 2022-23	
							Absolute	Percent
Total	752,892	799,483	777,270	839,632	926,984	980,820	+ 53,836	+ 5.8
Men	451,086	480,143	465,938	504,831	550,531	576,389	+ 25,858	+ 4.7
Women	301,807	319,340	311,332	334,801	376,452	404,431	+ 27,979	+ 7.4
Nationality								
14 EU countries ¹ , EFTA countries	145,561	152,661	151,082	160,332	174,359	183,154	+ 8,795	+ 5.0
EU accession countries 2004	211,408	223,652	211,740	228,942	251,396	265,177	+ 13,781	+ 5.5
Romania, Bulgaria	68,614	76,202	75,408	82,709	92,277	96,814	+ 4,537	+ 4.9
Croatia	31,406	34,588	36,596	43,301	50,457	54,766	+ 4,309	+ 8.5
Other foreign countries	295,904	312,380	302,443	324,348	358,495	380,909	+ 22,414	+ 6.3

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

1.2 Continuing trend towards part-time working

According to the Labour Force Survey, employment growth in 2023 continued to focus on part-time working (+2.7 percent), while full-time working almost stagnated (+0.4 percent; men –0.3 percent, women +1.6 percent). Although part-time working among men increased noticeably once again (+9.0 percent, women +1.1 percent), their part-time rate was still relatively low at 12.9 percent (women 51.6 percent).

The average per capita working time per employee remained almost constant in 2023 (29.2 hours per week after 29.1 hours in 2022)⁵. The average number of hours actually worked per week by employees in full-time jobs remained almost unchanged at

33.9 hours (men 34.3 hours, women 32.9 hours), while that of part-time employees rose by 0.2 hours to 18.9 hours (men 18.1 hours, women 19.1 hours).

The number of self-employed persons almost stagnated in 2023 (+0.5 percent; men +0.4 percent, women +0.5 percent, provisional). It has fallen again among foreign women. Employment in personal care services fell again significantly ("24-hour care"); this almost exclusively affected foreign women. The increase in employment among marginally employed persons (+0.9 percent) was similarly weak to that of the self-employed. The number of temporary workers rose by 1.8 percent, while the number of freelance service contracts fell by 1.6 percent (Table 4).

The trend towards part-time working continued in 2023, particularly among men.

The number of self-employed persons, temporary workers and marginally employed persons hardly increased at all in 2023.

² <https://eur-lex.europa.eu/legal-content/DE/TXI/HTML/?uri=CELEX:32001L0055&from=EN> (accessed 30 April 2024).

³ Provided they have a blue residence card ("Ausweis für Vertriebene"); <https://www.ams.at/arbeitsuchende/topicliste/blau-karte> (accessed on 30 April 2024).

⁴ https://www.ris.bka.gv.at/Dokumente/BgblAuth/BGBLA_2023_I_43/BGBLA_2023_I_43.pdf (accessed on 30 April 2024).

⁵ According to the ILO definition, people are considered to be gainfully employed if they have worked at least one hour in the reference week. This reduces the average weekly working time.

Table 4: **Atypical forms of employment**

	2020	2021	2022	2023	Change 2022-23	
	Annual average number of employees				Absolute	Percent
Staff leasing ¹	80,442	78,380	86,706	88,292	+ 1,586	+ 1.8
Men	63,494	62,390	69,202	69,815	+ 613	+ 0.9
Women	16,948	15,991	17,504	18,476	+ 972	+ 5.6
Freelance service contracts	13,211	14,698	14,798	14,566	- 232	- 1.6
Men	6,529	7,245	7,352	7,414	+ 62	+ 0.8
Women	6,682	7,453	7,446	7,152	- 294	- 3.9
Marginal employment	317,489	324,459	336,661	339,697	+ 3,036	+ 0.9
Men	124,509	127,853	131,178	133,098	+ 1,920	+ 1.5
Women	192,980	196,606	205,483	206,599	+ 1,116	+ 0.5
Part-time employment (hourly limit) ²	974,100	1,010,100	1,070,900	1,095,900	+ 25,000	+ 2.3
Men	163,800	175,800	197,400	214,200	+ 16,800	+ 8.5
Women	810,200	834,300	873,500	881,700	+ 8,200	+ 0.9
Part-time employment (self-assignment) ³	1,074,600	1,134,300	1,214,800	1,247,000	+ 32,200	+ 2.7
Men	194,200	212,300	239,400	260,900	+ 21,500	+ 9.0
Women	880,300	922,000	975,500	986,100	+ 10,600	+ 1.1

Source: Federal Ministry of Labour, Federation of Social Insurances, Statistics Austria. – ¹ According to employment activities statistics. – ² Dependent employees (Labour Force Concept), weekly working hours 12 to 35 hours (approximate exclusion of marginally employed persons). Time series break 2020-21. – ³ Dependent employees (Labour Force Concept), part-time according to self-assignment of respondents, including marginally employed persons. Time series break 2020-21.

1.3 Unemployment rises again for the first time since the crisis year 2020

Although the unemployment rate increased slightly to 6.4 percent in 2023 (2022: 6.3 percent), it remained below the pre-crisis level of 2019.

The economic downturn, the inclusion of displaced persons in the unemployment statistics from April 2023 (as part of the granting of free access to the labour market) and the increased registration of persons granted asylum or subsidiary protection at the Public Employment Service contributed to unemployment rising again in 2023 for the first time since the crisis year 2020 (+2.9 percent or +7,653 compared to 2022). The unemployment rate (according to national calculations) increased slightly to 6.4 percent (2022: 6.3 percent), but still remained 1 percentage point below the pre-crisis level of 2019 (7.4 percent); including persons in AMS training programmes, it was 7.9 percent (2022: 7.8 percent). According to Eurostat (Labour Force Survey), the unemployment rate was 5.1 percent (+0.3 percentage points compared to 2022). The number of persons in AMS training also increased slightly compared to the previous year (+1.5 percent, Table 5).

The rise in unemployment began in April 2023 and intensified until the end of the year. At the beginning, it was largely determined by the inclusion of displaced Ukrainians in the statistics and increased inflows of persons entitled to asylum and subsidiary protection. At the same time, however, unemployment among EU citizens and third-

country nationals without asylum and subsidiary protection status also increased, while unemployment among Austrian nationals shrank at an increasingly slower rate and started to rise again in autumn – for the first time since February 2021⁶.

The increase in extended unemployment, which includes persons in AMS training in addition to the registered unemployed, particularly affected men (+4.2 percent; women +0.8 percent) and younger persons under the age of 25 (+6.5 percent) in 2023 and, in terms of educational attainment level, both low-skilled workers with no more than a compulsory school leaving certificate and university graduates. In terms of nationality, the net increase was exclusively attributable to foreign nationals (+10.0 percent; persons with Austrian citizenship -2.0 percent), in particular persons entitled to asylum and subsidiary protection as well as displaced persons (Table 5).

The number of unemployed persons with health restrictions, for whom the risk of remaining unemployed for a longer period of time is noticeably higher, fell once again, but at a much slower rate than in 2022 (-3.5 percent after -16.9 percent; including persons in AMS training). The same applies to the long-term jobless⁷. Their number fell by only half as much in 2023 as in the previous year (-14.0 percent after -27.1 percent).

⁶ Apart from an outlier in July 2023, when unemployment among Austrian nationals rose briefly.

⁷ AMS pre-registration status "unemployed" or "in training". Long-term jobless have been without a job for more than one year, except for short interruptions.

Table 5: **Unemployed and persons in AMS training**
2023

	Unemployed		Persons in AMS training		Unemployed and persons in AMS training	
	Change compared to 2022					
	Absolute	Percent	Absolute	Percent	Absolute	Percent
Total	+ 7,652	+ 2.9	+ 1,022	+ 1.5	+ 8,674	+ 2.6
Gender						
Men	+ 6,863	+ 4.7	+ 625	+ 1.9	+ 7,488	+ 4.2
Women	+ 790	+ 0.7	+ 397	+ 1.1	+ 1,186	+ 0.8
Age group						
Up to 19 years	+ 559	+ 13.6	- 22	- 0.2	+ 537	+ 3.2
20 to 24 years	+ 2,246	+ 10.5	+ 517	+ 4.1	+ 2,762	+ 8.1
25 to 29 years	+ 1,956	+ 6.4	+ 280	+ 3.3	+ 2,237	+ 5.7
30 to 34 years	+ 1,623	+ 4.9	+ 110	+ 1.3	+ 1,733	+ 4.2
35 to 39 years	+ 1,696	+ 5.5	+ 186	+ 2.4	+ 1,882	+ 4.9
40 to 44 years	+ 1,663	+ 5.9	+ 233	+ 3.6	+ 1,896	+ 5.5
45 to 49 years	+ 661	+ 2.5	- 96	- 1.9	+ 564	+ 1.8
50 to 54 years	- 843	- 2.8	- 114	- 2.8	- 957	- 2.8
55 to 59 years	- 2,026	- 5.0	- 56	- 2.0	- 2,082	- 4.8
60 to 64 years	+ 89	+ 0.5	- 19	- 3.2	+ 70	+ 0.4
From 65 years	+ 28	+ 5.3	+ 3	+ 28.7	+ 32	+ 5.8
Highest level of education completed						
No completed compulsory education	+ 1,240	+ 7.7	+ 580	+ 7.0	+ 1,821	+ 7.5
Compulsory education	+ 2,994	+ 3.0	+ 106	+ 0.3	+ 3,100	+ 2.3
Apprenticeship	- 210	- 0.3	- 28	- 0.2	- 238	- 0.3
Secondary technical and vocational school	- 20	- 0.1	+ 146	+ 4.9	+ 126	+ 0.8
Academic secondary school, colleges for higher vocational education	+ 1,475	+ 4.8	+ 49	+ 0.5	+ 1,524	+ 3.8
Post-secondary, non-tertiary education	- 11	- 1.2	+ 2	+ 1.0	- 9	- 0.8
Tertiary education	+ 2,320	+ 11.1	+ 212	+ 4.0	+ 2,532	+ 9.6
Unknown	- 137	- 9.7	- 45	- 7.7	- 182	- 9.1
Nationality						
Austria	- 3,182	- 1.9	- 929	- 2.7	- 4,112	- 2.0
Foreign	+ 10,835	+ 11.7	+ 1,951	+ 5.6	+ 12,786	+ 10.0
Persons granted asylum or subsidiary protection	+ 3,607	+ 19.1	+ 811	+ 5.1	+ 4,418	+ 12.7
Displaced persons according to § 62 AsylG	+ 2,154		+ 759		+ 2,913	
Other persons without Austrian nationality	+ 5,074	+ 6.9	+ 381	+ 2.1	+ 5,455	+ 5.9

Source: Public Employment Service Austria.

The extended unemployment rate in 2023 was higher than in the previous year in all age and educational attainment groups with the exception of persons aged 55 and over and persons with academic secondary school and colleges for higher vocational education certificates, respectively. The increase was particularly pronounced among 20 to 24-year-olds, persons with no more than a compulsory school leaving certificate and foreign nationals. Broken down by gender, the increase was concentrated among men (Table 6).

The number of immediately available apprenticeship seekers, which had increased

drastically with the outbreak of the COVID-19 pandemic because many young persons were unable to find an apprenticeship, fell significantly from spring 2021, but increased again from autumn 2022. The increase continued in 2023 (+351 or +5.6 percent).

1.4 Labour supply continues to grow

The number of active labour force (active dependent employees, self-employed and unemployed) in 2023 was 1.2 percent above the previous year's level. The labour force participation rate also continued to rise⁸ (+0.5 percentage points to 77.7 percent). The labour supply increased in all age

The labour supply continued to grow in 2023.

⁸ The final population figures for 2023 were not yet available at the time the report was prepared; like-

wise, the number of self-employed persons for 2023 is also provisional.

Fewer vacancies were reported in 2023 than in 2022.

groups; the growth was exclusively attributable to foreign workers (Table 7). The employment rate of persons in active employment rose by 0.4 percentage points to 73.2 per cent (Table 1).

With the economic slowdown, fewer vacancies were reported in 2023 than in the previous year. According to Statistics Austria⁹, the annual average was 206,400 vacancies (–10.4 percent compared to 2022), with significantly fewer vacancies in both the manufacturing sector (–18.7 percent) and the ser-

vices sector (–10.9 percent). Demand for office workers and unskilled labour declined sharply. Jobs requiring a completed apprenticeship training were offered just as rarely as full-time positions.

The average number of vacancies registered with the Public Employment Service fell to 108,401 (–13.6 percent or –17,102) in 2023 following the highs of the two previous years. Jobs in unskilled labour, food service activities, trade and construction were advertised less frequently.

Table 6: Extended unemployment rate by personal characteristics

	2022 Percent	2023	Change 2022-23 Percentage points
Total	7.8	7.9	+ 0.1
Gender			
Men	7.9	8.2	+ 0.2
Women	7.7	7.7	– 0.0
Age groups			
Up to 19 years	11.0	11.2	+ 0.1
20 to 24 years	10.0	10.7	+ 0.7
25 to 54 years	7.2	7.4	+ 0.2
From 55 years	8.8	8.2	– 0.6
Highest level of education completed¹			
Compulsory education	24.7	25.0	+ 0.3
Apprenticeship	6.1	6.2	+ 0.1
Secondary technical and vocational school	3.5	3.7	+ 0.2
Academic secondary school, colleges for higher vocational education	5.1	5.0	– 0.1
Highest level of education completed	3.1	3.2	+ 0.1
Nationality			
Austria	6.4	6.4	– 0.1
Foreign	12.0	12.4	+ 0.4

Source: Public Employment Service Austria, Federation of Social Insurances, Statistics Austria, WIFO calculations. Extended unemployment rate . . . Unemployed and persons in AMS training as a percentage of the extended labour supply. – ¹ Qualification structure of dependent employees according to the Labour Force Survey, related to persons with a normal working week of at least 12 hours.

2. The Austrian labour market in spring 2024

2.1 Clear end to the upswing

In the first few months of 2024, the impact of the ongoing economic slowdown on the labour market was clear. Employment growth continued, but at a slower pace and in fewer sectors of the economy. In April, the total number of persons in active dependent employment was 0.4 percent above the previous year's level. In addition to the sectors affected by structural change, construction (–2.3 percent), manufacturing (–0.9 per-

cent), labour leasing (–13.8 percent) and trade (–0.4 percent) also recorded declines in the number of employees.

Unemployment rose noticeably in spring 2024. At the end of April, 367,847 persons were registered as unemployed or in AMS training, almost 37,000 or 11.1 percent more than in the previous year, slightly exceeding the level before the COVID-19 crisis (April 2019: 361,202; Figure 1).

Since spring 2024, the economic downturn has had a clear impact on the labour market.

⁹ <https://www.statistik.at/statistiken/arbeitsmarkt/labour-demand/open-jobs> (accessed on 30. 4. 2024).

Table 7: Labour supply and working-age population trends by citizenship and broad age groups

	2021	2022	2023	Change 2022-23	
	Employment relationships or persons			Absolute	Percent
Labour supply¹					
Total					
15 to 49 years	2,851,039	2,878,202	2,917,917	+ 39,715	+ 1.4
50 to 64 years	1,198,961	1,211,319	1,222,058	+ 10,739	+ 0.9
15 to 64 years	4,049,999	4,089,521	4,139,975	+ 50,454	+ 1.2
Austrian nationality					
15 to 49 years	2,094,644	2,072,533	2,064,309	- 8,224	- 0.4
50 to 64 years	1,005,736	1,001,696	996,392	- 5,305	- 0.5
15 to 64 years	3,100,380	3,074,230	3,060,701	- 13,529	- 0.4
Foreign nationality					
15 to 49 years	756,394	805,668	853,608	+ 47,940	+ 6.0
50 to 64 years	193,225	209,622	225,666	+ 16,044	+ 7.7
15 to 64 years	949,619	1,015,291	1,079,274	+ 63,983	+ 6.3
		Persons		Absolute	Percent
Population²					
Total					
15 to 49 years	3,944,311	3,942,484	3,993,342	+ 50,858	+ 1.3
50 to 64 years	1,986,578	1,999,166	2,015,683	+ 16,517	+ 0.8
15 to 64 years	5,930,889	5,941,650	6,009,025	+ 67,375	+ 1.1
Austrian nationality					
15 to 49 years	3,016,080	2,983,114	2,951,488	- 31,626	- 1.1
50 to 64 years	1,745,512	1,745,412	1,737,719	- 7,693	- 0.4
15 to 64 years	4,761,592	4,728,526	4,689,207	- 39,319	- 0.8
Foreign nationality					
15 to 49 years	928,231	959,370	1,041,854	+ 82,484	+ 8.6
50 to 64 years	241,066	253,754	277,964	+ 24,210	+ 9.5
15 to 64 years	1,169,297	1,213,124	1,319,818	+ 106,694	+ 8.8

Source: Public Employment Service Austria, Federation of Social Insurances, Statistics Austria, WIFO calculations. –

¹ Sum of persons in active dependent employment and unemployed. – ² At the beginning of the year.

Firstly, the increase can be attributed to the economic downturn. Due to past recruitment difficulties, companies are likely to continue trying to retain qualified staff even when the order situation is weaker. This labour hoarding dampens the effects of the economic downturn on the labour market but does not fully offset them. Secondly, displaced persons from Ukraine have been included in the unemployment statistics since they were granted free access to the labour market in April 2023. And thirdly, persons entitled to asylum and subsidiary protection are increasingly entering the Austrian labour market.

In April 2024, almost two thirds of the year-on-year increase in unemployment (including persons in AMS training) was accounted for by foreign workers and just under a quarter by persons with asylum, subsidiary protection or displaced person status. Across Austria, this group accounted for around a seventh of the unemployed in April (50,325 out of 367,847), including mainly Syrians (25,622), persons from Afghanistan (8,333) and Ukraine (5,144). 1.4 percent of the unemployed were displaced persons (5,157), 12.3 percent persons granted asylum or subsidiary protection (45,168), almost 30 percent other foreigners without asylum, subsidiary protection or displaced person status

(110,111, including 13,447 from the EU 14, the EEA or Switzerland, 44,298 from the EU accession countries from 2004, 13,987 from Turkey and 38,379 from other third countries) and 56.4 percent nationals (207,411).

Given the very uneven distribution of refugees across Austria, by far the most persons entitled to asylum or subsidiary protection were registered in Vienna. In April 2024, almost one in four jobseekers had asylum or subsidiary protection status (33,776 persons, 22.2 percent), including 20,555 persons from Syria. A further 1.1 percent of Vienna's unemployed (including persons in AMS training) were displaced persons (1,664), a third were other foreign nationals (50,125) and 43.7 percent were Austrian nationals (66,350).

A sharp rise in unemployment (including persons in AMS training) was recorded in April in construction (+20.1 percent) and manufacturing (+18.0 percent), which are particularly affected by the economic downturn, but unemployment also rose sharply in trade (+14.2 percent) and other service sectors.

A third sign of the deterioration on the labour market is the now significant decline in job vacancies. At 93,898, there were 21,196 or 18.4 percent fewer (immediately avail-

The number of long-term jobless is also rising again, but so far at a slower rate than total unemployment.

able) vacancies registered with the Public Employment Service in April 2024 than in April of the previous year. Compared to the pre-crisis level of April 2019 (80,288), however, the number of vacancies is still higher.

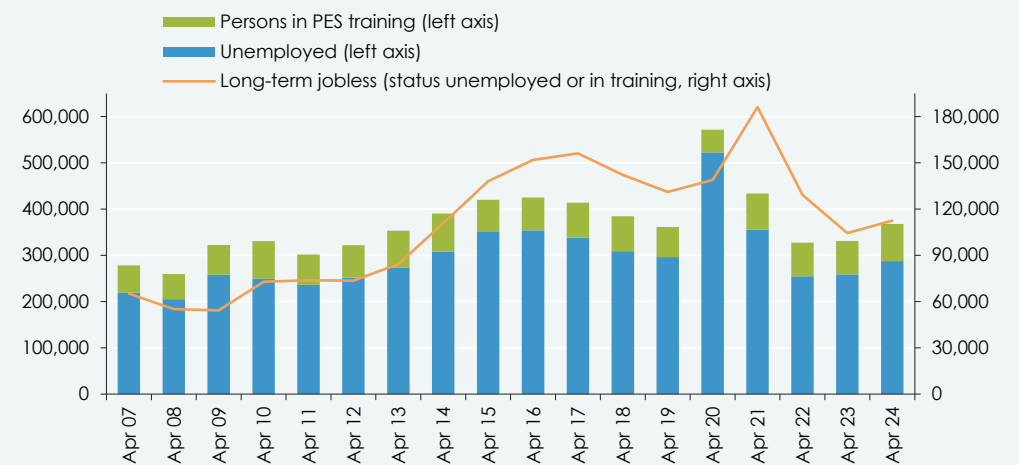
2.2 Long-term joblessness remains high

The number of long-term jobless¹⁰ has so far risen less rapidly than unemployment as a whole, as it is mainly new entrants who initially increase the number of unemployed during the downturn and the proportion of those permanently excluded from the labour market only increases as the economic downturn continues. Nevertheless, long-term joblessness is still far higher than before the 2008-09 financial market and economic

crisis (April 2008: 55,091, April 2024: 112,514; Figure 1), which means that entrenched unemployment continues to pose a major challenge for policymakers.

Just under a third of all unemployed persons (including persons in AMS training) were long-term jobless at the end of April 2024 (30.6 percent). Three groups of persons have a particularly high risk of remaining unemployed for longer: Firstly, persons with no more than a compulsory school leaving certificate – in this group, 33.1 percent of the unemployed were considered long-term jobless in April 2024; secondly, older persons aged 50 and over (39.3 percent); and thirdly, persons with health problems (46.6 percent).

Figure 1: **Extended unemployment and long-term joblessness**



Source: Public Employment Service Austria, WIFO calculations.

A trend reversal on the labour market is not likely to occur until 2025.

3. Outlook

The labour market situation is not expected to improve until the business cycle has picked up speed again and the labour market reacts to this with a time lag. WIFO is forecasting extremely weak growth of just 0.2 percent for 2024. However, the expected easing of monetary policy by the European Central Bank is likely to stimulate investment demand in the second half of 2024, which should lead to a delayed increase in employment growth and a fall in unemployment in 2025 (Scheiblecker & Ederer, 2024).

grow more slowly than in recent years and decades (see Horvath et al., 2022, 2024). This will continue to have a dampening effect on unemployment. On the other hand, factors such as the increasing proportion of older persons with health problems and migrants in the labour force, the increase in the retirement age for women and economic and technological change are making it more difficult to reduce unemployment.

As the labour supply will grow more slowly in the future, it is crucial to activate previously unused reserves.

The coexistence of high unemployment and many vacancies will continue. On the one hand, the growth in labour supply is slowing down as the baby boomer cohorts gradually retire and are followed by weaker cohorts. Although the increase in labour force participation will more than compensate for this decline, the labour supply is still likely to

Against this backdrop, it will be crucial to activate unused labour reserves. This includes, in particular, unemployed persons, part-time workers who want to increase their working hours and persons who are not actively looking for work due to discouragement or other reasons such as health impairments or experience of flight, but still want to work. In order to utilise this considerable

¹⁰ AMS provisional status "unemployed" or "in training".

potential, barriers to employment need to be reduced (Angel et al., 2023).

A labour shortage could make it easier to reduce unemployment. However, this requires effective active labour market policy measures, the willingness of workers to reorient themselves and the willingness of companies to hire previously less considered groups of persons. In particular, older persons and those with health impairments will be increasingly represented in the labour supply in the future due to demographic change and the latest pension reforms. It is

therefore crucial to organise jobs in such a way that these groups can remain productively employed into old age.

Another major challenge is the integration of refugees and displaced persons, who have increasingly entered the Austrian labour market or will do so in the future: in spring 2024, Vienna in particular recorded a high number of family reunifications, especially of children and young persons from Syria, who will initially challenge the school system and later the labour market.

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