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**Upswing on the Labour Market Continued  
in 2022**

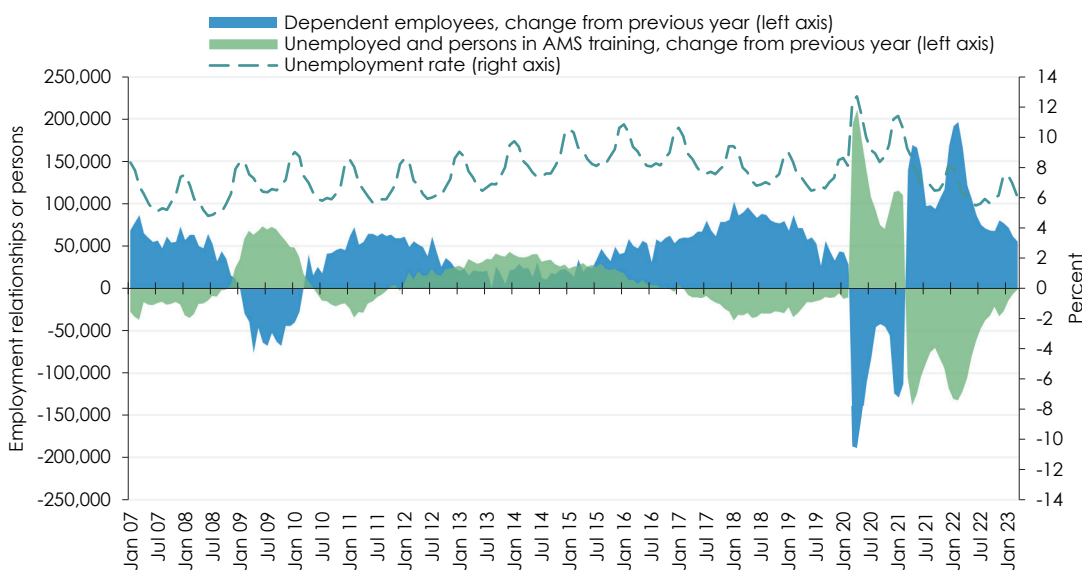
Stefan Angel, Julia Bock-Schappelwein, Rainer Eppel

# Upswing on the Labour Market Continued in 2022

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- The Austrian labour market developed very favourably in 2022 as the COVID-19 pandemic subsided, despite the war in Ukraine, the energy crisis and high inflation.
- Employment grew at its strongest rate for almost 50 years.
- The unemployment rate fell sharply to 6.3 percent, its lowest level since 2008.
- In the spring of 2023, the labour market remained robust, but the economic slowdown is starting to leave its mark. Employment growth and the decline in unemployment are increasingly slowing down and the number of job vacancies is falling again.
- The number of long-term unemployed continues to fall significantly. Nevertheless, many more people are still permanently unemployed than before the financial market and economic crisis of 2008-09.

## Development of dependent employment, extended unemployment and unemployment rate since January 2007



**"In spite of the war in Ukraine, the energy crisis and high inflation, the upturn in the domestic labour market continued in 2022."**

The total economy's upswing enabled a sustained favourable development on the labour market. Employment grew as strongly as it last did almost 50 years ago and unemployment fell to the level of 10 years ago (source: Federation of Social Insurances, Public Employment Service Austria, WIFO calculations).

# Upswing on the Labour Market Continued in 2022

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## Upswing on the Labour Market Continued in 2022

Austria's labour market defied the war in Ukraine, the energy crisis and high inflation in 2022. The upswing continued. Employment grew at its fastest pace in almost 50 years and the unemployment rate fell to its lowest level since 2008. The impact of the current slowdown on the labour market is expected to be weak in 2023. Reducing long-term unemployment, however, remains a key challenge. Despite the ongoing decline, it is still well above the level before the financial market and economic crisis of 2008-09.

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## 1. Labour market still on the upswing in 2022

### 1.1 Uninterrupted strong employment growth

Relative employment growth in 2022 was the highest for almost 50 years.

Despite the upturn in the overall economy, an average of 56,588 persons were registered for short-time work in 2022.

The labour market recovery that began in spring 2021 after a year of the COVID-19 pandemic continued throughout 2022 despite the war in Ukraine, the energy crisis and high inflation (Ederer & Glocker, 2022). The Austrian labour market benefitted from the continued upswing in the overall economy. At 2.9 percent (active employment +3.0 percent or +110,204), dependent employment grew at a rate last seen in 1973, immediately before the global recession of 1975. At that time, the highest growth rates since the 1950s were recorded, as the labour supply of foreigners and women in particular had increased significantly (Austrian Institute of Economic Research, 1974; Geldner & Schneider, 1976).

The use of COVID-19 short-time work decreased further in 2022 to 56,588 persons<sup>1</sup>,

but despite the favourable business cycle, 1.5 percent of active dependent employees were still registered for short-time work<sup>2</sup>. With the huge expansion in employment, the volume of work also continued to increase but did not yet reach the pre-crisis level (-164.2 million hours compared to 2019)<sup>3</sup>.

Employment growth was stronger for women than for men (+3.2 percent compared to +2.7 percent; Table 1). For demographic reasons, the number of older workers aged 55 and over increased more than the number of prime working age workers aged 25 and 54. Blue-collar workers recorded higher employment growth than white-collar workers, exceeding the employment level of 2019 for the first time. In terms of educational attainment, both low-skilled and high-skilled workers benefitted strongly from the employment expansion, while those with an apprenticeship or upper secondary school education hardly benefitted at all.

<sup>1</sup> <https://www.bmaw.gv.at/Presse/Aktuelles/Aktuelle-Arbeitsmarktzahlen.html#imageURL-2> (retrieved 29 March 2023).

<sup>2</sup> The advance notifications are to be distinguished from the actual use of short-time work. Often, the

registration is probably only a precautionary measure. Many companies ultimately do not claim pre-registered short-time work and are able to keep their employees in regular employment instead.

<sup>3</sup> Time series break 2020-21.



**Dependent employment was expanded in almost all sectors in 2022. The increase was particularly strong in accommodation and food service activities at 16.5 percent.**

The waning of the COVID-19 pandemic allowed almost all sectors to noticeably expand employment in 2022<sup>4</sup>. By far the largest increase in employment was in hotels and restaurants (16.5 percent), followed by information and communication (+5.7 percent), arts, entertainment and recreation (+5.5 percent), professional, scientific and technical services (+4.4 percent) and other business services (+4.6 percent), which includes labour leasing. Despite the high increases, hotels and restaurants, which were

particularly affected by the pandemic, did not yet reach the employment level of 2019 in 2022 (–1.3 percent or around –3,000 jobs). The same is true for transport and other services. Arts, entertainment and recreation, which is also contact-intensive, has returned to pre-crisis level. Information and communication, human health and social work, professional, scientific and technical and other business services, construction and electricity, gas, steam and air conditioning supply were significantly higher in 2022 (Table 2).

Table 2: **Employees by economic sector**  
According to NACE

	2021	2022	Change 2021-22	
			Absolute	Percent
Agriculture, forestry and fishing	25,749	25,981	+ 232	+ 0.9
Mining and quarrying	5,693	5,662	– 31	– 0.6
Manufacturing	623,417	636,980	+ 13,563	+ 2.2
Electricity, gas, steam and air conditioning supply	26,064	26,822	+ 758	+ 2.9
Water supply; sewerage, waste management and remediation activities	17,865	18,167	+ 303	+ 1.7
Construction	284,994	289,259	+ 4,265	+ 1.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	562,139	572,304	+ 10,165	+ 1.8
Transporting and storage	194,275	200,072	+ 5,797	+ 3.0
Accommodation and food service activities	186,717	217,472	+ 30,755	+16.5
Information and communication	110,852	117,174	+ 6,321	+ 5.7
Financial and insurance activities	111,372	111,853	+ 481	+ 0.4
Real estate activities	43,575	43,783	+ 208	+ 0.5
Professional, scientific and technical activities	194,296	202,905	+ 8,609	+ 4.4
Administrative and support service activities	228,127	238,678	+ 10,551	+ 4.6
Public administration and defence; compulsory social security	587,998	592,677	+ 4,679	+ 0.8
Education	110,111	113,063	+ 2,952	+ 2.7
Human health and social work activities	295,260	303,043	+ 7,783	+ 2.6
Arts, entertainment and recreation	37,960	40,066	+ 2,106	+ 5.5
Other services activities	83,111	83,921	+ 810	+ 1.0
Activities of households as employers; undifferentiated goods – and services – producing activities of households for own use	2,760	2,627	– 133	– 4.8
Activities of extraterritorial organisations and bodies	849	863	+ 14	+ 1.6
Unknown	1,181	1,200	+ 19	+ 1.6
<b>Persons in active dependent employment</b>	<b>3,734,366</b>	<b>3,844,570</b>	<b>+110,204</b>	<b>+ 3.0</b>
Persons doing military service	4,787	4,977	+ 191	+ 4.0
Persons receiving childcare allowance	65,788	64,086	– 1,703	– 2.6
<b>Employees</b>	<b>3,804,941</b>	<b>3,913,633</b>	<b>+108,692</b>	<b>+ 2.9</b>

Source: Federation of Social Insurances.

After 2021, the employment of foreign workers also grew particularly strongly in 2022 (+10.4 percent), especially that of commuters from abroad. By region of origin, the number of workers from the 2007 and 2013 EU accession countries (Romania, Bulgaria and Croatia) increased the most (Table 3). The share of foreign workers in total active

dependent employment increased to 24.1 percent.

Until shortly before the outbreak of war in February 2022, workers from Ukraine were only sporadically employed in Austria – in 2021 they accounted for about 0.7 percent of the foreign workforce or 0.2 percent of

<sup>4</sup> In 2022, the only sectors with declining employment due to structural change were mining and private households.

the active dependent employees. The activation of the Mass Influx Directive 2001/55/EC<sup>5</sup> facilitated the access of Ukrainians to the Austrian labour market by allowing them to obtain an employment permit through a simplified procedure. In the course of 2022, the number of Ukrainian workers in Austria doubled to 10,272 or 0.3 percent of active dependent employees. The proportion of women among Ukrainian employees, which was already comparatively high before the start of the

war (Bock-Schappelwein & Huber, 2022), increased further to 71.3 percent in 2022, as it was mainly women with children who fled to Austria (Kohlenberger et al., 2022). In 2022, the employment of Ukrainians was concentrated in hotels and restaurants, manufacturing, trade, administrative and support services and health care. Most Ukrainians in Austria work in accommodation and food services, trade, manufacturing, health care, professional services and agriculture and forestry.

Table 3: Foreign workers in Austria

	2017	2018	2019	2020	2021	2022	Change 2021-22	
							Absolute	Percent
Total	698,512	752,892	799,483	777,270	839,632	926,984	+ 87,352	+ 10.4
Men	415,869	451,086	480,143	465,938	504,831	550,531	+ 45,700	+ 9.1
Women	282,642	301,807	319,340	311,332	334,801	376,452	+ 41,651	+ 12.4
Nationality								
14 EU countries <sup>1</sup> , EFTA countries	137,946	145,561	152,661	151,082	160,332	174,359	+ 14,026	+ 8.7
EU accession countries 2004	194,755	211,408	223,652	211,740	228,942	251,396	+ 22,454	+ 9.8
Romania, Bulgaria	60,062	68,614	76,202	75,408	82,709	92,277	+ 9,568	+ 11.6
Croatia	28,054	31,406	34,588	36,596	43,301	50,457	+ 7,156	+ 16.5
Other foreign countries	277,695	295,904	312,380	302,443	324,348	358,495	+ 34,148	+ 10.5

Source: Federation of Social Insurances, WIFO calculations. – <sup>1</sup> Including the UK.

## 1.2 Noticeable increase in part-time work

According to the Labour Force Survey, part-time employment increased significantly in 2022, especially among men (+12.8 percent, women +5.8 percent). Today, every second employed woman is part-time and every eighth employed man.

In contrast, the average per capita working time per employee remained almost constant (29.1 hours after 29.2 hours in 2021). The average number of actual weekly hours of full-time employees remained unchanged at 33.8 hours (men 34.4 hours, women 32.6 hours). For part-time employees, there was an increase of 0.5 hours to 18.7 hours (men 17.7 hours, women 18.9 hours). The volume of work of employees amounted to about 5,800 million hours and was thus about 2.6 percent above the previous year's level<sup>6</sup>.

Unlike employees, self-employed employment hardly expanded in 2022 (+1.1 percent). Among women it almost stagnated, but among foreign women it was once again in decline. There were again noticeable employment losses in personal care ("24-hour care"); they affected almost exclusively foreign women.

The number of freelance contracts stagnated (+0.7 percent). On the other hand, the employment of temporary workers developed particularly dynamically (+10.6 percent). Although marginal employment, which was hit hard by the crisis, also grew strongly (+3.8 percent), it has not yet reached its pre-crisis level of 2019<sup>7</sup> (Table 4).

## 1.3 Strong business cycle reduces unemployment significantly

The overall strong business cycle in 2022 is reflected in unemployment (including participation in AMS training). The number of unemployed fell by 20.7 percent (or around 69,000 people) in 2022 compared to the previous year. The unemployment rate (according to national calculations) fell sharply to 6.3 percent (2021: 8.0 percent), a good 1 percentage point below the pre-crisis level (2019: 7.4 percent); including AMS training, it was 7.8 percent (2021: 9.6 percent). The unemployment rate according to Eurostat (Labour Force Survey) was 4.8 percent. The number of persons in AMS training was only slightly below the previous year's value (–1.2 percent; Table 5).

The trend towards part-time work continued in 2022, especially among men.

In 2022, there were significantly more temporary workers as well as marginally employed workers.

The unemployment rate fell to 6.3 percent in 2022 (8.0 percent in 2021), also below the pre-crisis level of 2019.

<sup>5</sup> <https://eur-lex.europa.eu/legal-content/DE/TXT/HTML/?uri=CELEX:32001L0055&from=EN> (retrieved 24 May 2023).

<sup>6</sup> Due to a break in time series in 2020-21, no pre-crisis comparison is made.

<sup>7</sup> Compared to the pre-crisis level, marginal employment in accommodation and food service activities was lower in 2022. In trade, on the other hand, the 2019 level was reached.

Table 4: **Atypical forms of employment**

	2019	2022	2021	2022	Change 2021-22	
	Employees (annual average)				Absolute	Percent
Staff leasing <sup>1</sup>	82,131	80,442	78,380	86,706	+ 8,326	+ 10.6
Men	64,893	63,494	62,390	69,202	+ 6,812	+ 10.9
Women	17,237	16,948	15,991	17,504	+ 1,513	+ 9.5
Free service contracts	13,852	13,211	14,698	14,798	+ 100	+ 0.7
Men	6,651	6,529	7,245	7,352	+ 107	+ 1.5
Women	7,201	6,682	7,453	7,446	- 7	- 0.1
Marginal employment	346,604	317,489	324,459	336,661	+ 12,202	+ 3.8
Men	132,194	124,509	127,853	131,178	+ 3,325	+ 2.6
Women	214,409	192,980	196,606	205,483	+ 8,877	+ 4.5
Part-time employment (hourly limit) <sup>2</sup>	966,700	974,100	1,010,100	1,070,900	+ 60,800	+ 6.0
Men	159,300	163,800	175,800	197,400	+ 21,600	+ 12.3
Women	807,400	810,200	834,300	873,500	+ 39,200	+ 4.7
Part-time employment (self-assignment) <sup>3</sup>	1,091,000	1,074,600	1,134,300	1,214,800	+ 80,500	+ 7.1
Men	194,400	194,200	212,300	239,400	+ 27,100	+ 12.8
Women	896,500	880,300	922,000	975,500	+ 53,500	+ 5.8

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

The decline in unemployment was particularly strong in the first two quarters of 2022 and slowed significantly thereafter. In June 2022, the registered unemployment rate of 5.5 percent was the lowest for the year and at the lowest for June since 2008.

The number of immediately available apprenticeship seekers, which had increased massively with the outbreak of the COVID-19 pandemic because many young people could not find an apprenticeship, declined from spring 2021, but has been increasing again since autumn 2022.

The decline in extended unemployment, which includes those in AMS training in addition to the registered unemployed, benefited women slightly more than men and older people more than younger ones (Table 5). The number of unemployed persons with health restrictions, for whom the risk of remaining in unemployment for a longer period is noticeably augmented, also decreased noticeably. The number of foreign unemployed also fell significantly despite new registrations of displaced persons from Ukraine (-12.7 percent). On average in 2022, 937 refugees from Ukraine were registered as unemployed with the AMS or in training (displaced persons according to § 62 Asylum Act)<sup>8</sup>. According to education level, the unemployment decrease was highest among persons with middle qualifications

(apprenticeship, intermediate vocational education).

The number of long-term unemployed<sup>9</sup> also fell noticeably in 2022. Compared to the 10-year peak in March 2021 (183,550 persons), one year later it was only 135,348 persons, which corresponds to a decrease of just over 26 percent.

The extended unemployment rate in 2022 was lower than in the previous year in all age and education groups. It fell most sharply among those aged 55 and over and among low qualified. The decline was slightly more pronounced for women than for men, and more pronounced for foreigners than for nationals (Table 6).

#### 1.4 Labour supply continues to grow

The stock of active labour force (active dependent employees, self-employed and unemployed) in 2022 was above the previous year's level (+1 percent). This also applies to the labour force participation rate<sup>10</sup> (+0.4 percentage points). Labour supply increased by 1 percent among both 15 to 49 year olds and 50 to 64 year olds. When broken down by citizenship, the growth was again entirely due to foreign workers (Table 7). The employment rate of persons in active employment increased by 1.6 percentage points (Table 1).

**Labour supply continued to grow in 2022.**

<sup>8</sup> A total of 5,382 displaced persons were registered with the Public Employment Service on average in 2022, the vast majority (4,442 or 82.5 percent), however, not as "unemployed" or "in training", but in the pre-record status "partially integrated foreigners (TA)".  
<sup>9</sup> AMS pre-registration status "unemployed" or "in training". Long-term jobless persons have been without a

job for more than one year, except for short interruptions.

<sup>10</sup> The final population figures for 2022 were not yet available at the time the report was prepared; likewise, the number of self-employed for 2022 is provisional.

Table 5: **Unemployed and persons in AMS training**  
2021

	Unemployed		Persons in AMS training		Total	
	Absolute	Percent	Absolute	Percent	Absolute	Percent
<b>Total</b>	<b>- 68,621</b>	<b>- 20.7</b>	<b>- 813</b>	<b>- 1.2</b>	<b>- 69,434</b>	<b>- 17.3</b>
<b>Gender</b>						
Men	- 33,841	- 18.7	+ 626	+ 1.9	- 33,215	- 15.6
Women	- 34,780	- 23.0	- 1,439	- 3.8	- 36,218	- 19.2
<b>Age group</b>						
Until 19 years	- 337	- 7.6	- 377	- 2.8	- 714	- 4.0
20 to 24 years	- 4,371	- 17.0	- 606	- 4.6	- 4,977	- 12.7
25 to 29 years	- 7,762	- 20.2	+ 324	+ 3.9	- 7,438	- 15.9
30 to 34 years	- 8,147	- 19.7	+ 228	+ 2.8	- 7,919	- 16.0
35 to 39 years	- 8,792	- 22.1	+ 6	+ 0.1	- 8,787	- 18.5
40 to 44 years	- 7,575	- 21.2	+ 29	+ 0.4	- 7,547	- 17.8
45 to 49 years	- 8,878	- 25.3	- 251	- 4.6	- 9,129	- 22.6
50 to 54 years	- 10,419	- 25.4	- 345	- 7.9	- 10,764	- 23.7
55 to 59 years	- 10,655	- 20.9	+ 60	+ 2.2	- 10,595	- 19.7
60 to 64 years	- 1,636	- 8.9	+ 112	+ 23.1	- 1,524	- 8.1
From 65 years	- 49	- 8.4	+ 8	+ 191.8	- 41	- 7.0
<b>Highest level of education completed</b>						
No completed compulsory education	- 2,942	- 15.5	+ 1,040	+ 14.4	- 1,901	- 7.3
Compulsory education	- 25,942	- 20.4	- 703	- 2.2	- 26,645	- 16.7
Apprenticeship	- 22,776	- 22.6	- 1,550	- 12.1	- 24,327	- 21.4
Secondary technical and vocational school	- 3,906	- 22.1	- 260	- 8.0	- 4,166	- 19.9
Academic secondary school, colleges for higher vocational education	- 7,625	- 19.9	+ 349	+ 3.9	- 7,276	- 15.4
Post-secondary, non-tertiary education	- 220	- 19.5	+ 15	+ 8.6	- 205	- 15.8
Tertiary education	- 4,639	- 18.1	+ 207	+ 4.1	- 4,432	- 14.4
Unknown	- 571	- 28.7	+ 89	+ 18.0	- 483	- 19.4
<b>Nationality</b>						
Austria	- 47,554	- 21.8	- 3,389	- 8.9	- 50,942	- 19.9
Foreign	- 21,067	- 18.5	+ 2,576	+ 8.0	- 18,491	- 12.7
Persons granted asylum or subsidiary protection	- 2,295	- 10.8	+ 2,888	+ 22.3	+ 593	+ 1.7
Displaced persons pursuant to § 62 Asylum Act	+ 44		+ 892		+ 937	
Other persons without Austrian nationality	- 18,816	- 20.3	- 1,204	- 6.2	- 20,021	- 17.9

Source: Public Employment Service Austria.

With the economic upturn, significantly more vacancies were reported in 2022 than in the previous year. According to Statistics Austria<sup>11</sup>, the annual mean was 206,500 vacancies (+41.4 percent compared to 2021). Similar to 2021, there was an increased demand for service and sales (21.8 percent of all vacancies) and craft and related occupations (19.5 percent). The majority of vacancies, 83.5 percent, were for full-time jobs. As the comparative value (83.8 percent) from the

pre-crisis year 2019 shows, the demand for labour has not yet shifted towards part-time work.

On average, 125,503 vacancies were registered with the Public Employment Service in 2022, the highest number since the 1960s (+32.0 percent compared to 2021). Vacancies in service occupations were particularly dynamic, especially in tourism, cleaning, trade and transport.

<sup>11</sup> [https://www.statistik.at/web\\_de/statistiken/menschen\\_und\\_gesellschaft/arbeitsmarkt/offene\\_stellen/index.html](https://www.statistik.at/web_de/statistiken/menschen_und_gesellschaft/arbeitsmarkt/offene_stellen/index.html) (retrieved on 24 May 2023).



Table 6: Extended unemployment rate by personal characteristics

	2021	2022	Change 2021-22
	Percent		Percentage points
<b>Total</b>	9.6	7.8	- 1.7
<b>Gender</b>			
Men	9.5	7.9	- 1.6
Women	9.7	7.7	- 1.9
<b>Age groups</b>			
Until 19 years	11.9	11.0	- 0.8
20 to 24 years	11.5	10.0	- 1.5
25 to 54 years	8.9	7.2	- 1.7
From 55 years	10.9	8.8	- 2.1
<b>Highest level of education completed<sup>1</sup></b>			
Compulsory education	28.7	24.7	- 3.9
Apprenticeship	7.7	6.1	- 1.6
Secondary technical and vocational school	4.4	3.5	- 0.9
Academic secondary school, colleges for higher vocational education	6.2	5.1	- 1.1
Tertiary education	3.8	3.1	- 0.7
<b>Nationality</b>			
Austria	8.0	6.4	- 1.5
Foreign	14.6	12.0	- 2.7

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. – <sup>1</sup> Qualification structure of employees according to the Labour Force Survey, related to persons with a normal working week of at least 12 hours.

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

	2020	2021	2022	Change 2021-22	
	Employment relationships or persons			Absolute	Percent
<b>Labour supply<sup>1</sup></b>					
Total					
15 to 49 years	2,857,163	2,851,039	2,878,202	+ 27,163	+ 1.0
50 to 64 years	1,181,475	1,198,961	1,211,319	+ 12,358	+ 1.0
15 to 64 years	4,038,638	4,049,999	4,089,521	+ 39,521	+ 1.0
Austrian nationality					
15 to 49 years	2,123,430	2,094,644	2,072,533	- 22,111	- 1.1
50 to 64 years	1,000,606	1,005,736	1,001,696	- 4,039	- 0.4
15 to 64 years	3,124,037	3,100,380	3,074,230	- 26,150	- 0.8
Foreign nationality					
15 to 49 years	733,732	756,394	805,668	+ 49,274	+ 6.5
50 to 64 years	180,869	193,225	209,622	+ 16,397	+ 8.5
15 to 64 years	914,601	949,619	1,015,291	+ 65,672	+ 6.9
<b>Population<sup>2</sup></b>					
Total					
15 to 49 years	3,961,853	3,944,311	3,942,484	- 1,827	- 0.0
50 to 64 years	1,962,524	1,986,578	1,999,166	+ 12,588	+ 0.6
15 to 64 years	5,924,377	5,930,889	5,941,650	+ 10,761	+ 0.2
Austrian nationality					
15 to 49 years	3,053,493	3,016,080	2,983,114	- 32,966	- 1.1
50 to 64 years	1,734,306	1,745,512	1,745,412	- 100	- 0.0
15 to 64 years	4,787,799	4,761,592	4,728,526	- 33,066	- 0.7
Foreign nationality					
15 to 49 years	908,360	928,231	959,370	+ 31,139	+ 3.4
50 to 64 years	228,218	241,066	253,754	+ 12,688	+ 5.3
15 to 64 years	1,136,578	1,169,297	1,213,124	+ 43,827	+ 3.7

Source: Public Employment Service Austria, Federation of Social Insurances, Statistics Austria, WIFO calculations. – <sup>1</sup> Sum of persons in active dependent employment and unemployed. – <sup>2</sup> At the beginning of the year.

## 2. The Austrian labour market in spring 2023

### 2.1 Signs of an end to the upswing

After strong growth in the first half of the year, the growth of real GDP in Austria stagnated in the second half of 2022. In the spring of 2023, the economy continued to grow moderately, held back mainly by weak construction activity (Scheiblecker, 2023). The Austrian labour market remains robust, but loses momentum in the face of economic weakness. Employment continues to rise, but at a slower pace: in March 2023, the number of persons in active dependent employment was 1.5 percent above the previous year's level (February +1.7 percent, January +2.0 percent).

In addition to the increase in employment, the decline in unemployment is also slowing down from month to month. In March 2023, the number of registered unemployed (including persons in AMS training) was only 1,933 persons or 0.6 percent below the previous year's level (333,954). In four out of nine federal provinces (Salzburg, Styria, Upper Austria and Vorarlberg) it was already higher again. While extended unemployment continued to decrease among women (-3.0 percent), persons aged 50 and over (-6.1 percent) and Austrian nationals (-5.1 percent), it increased among men (+1.5 percent), young people under 25 (+4.9 percent) and foreigners (+6.9 percent) over the year. This is related to the rise in unemployment in the construction industry (+6.2 percent) and the increasing

registration of displaced persons from Ukraine at the Public Employment Service<sup>12</sup>.

A third sign of weakness in the labour market is the declining number of job vacancies. In March 2023, there were already 11,213 or 9.1 percent fewer vacancies registered with the Public Employment Service than in March of the previous year.

### 2.2 Long-term joblessness still clearly declining, but still high

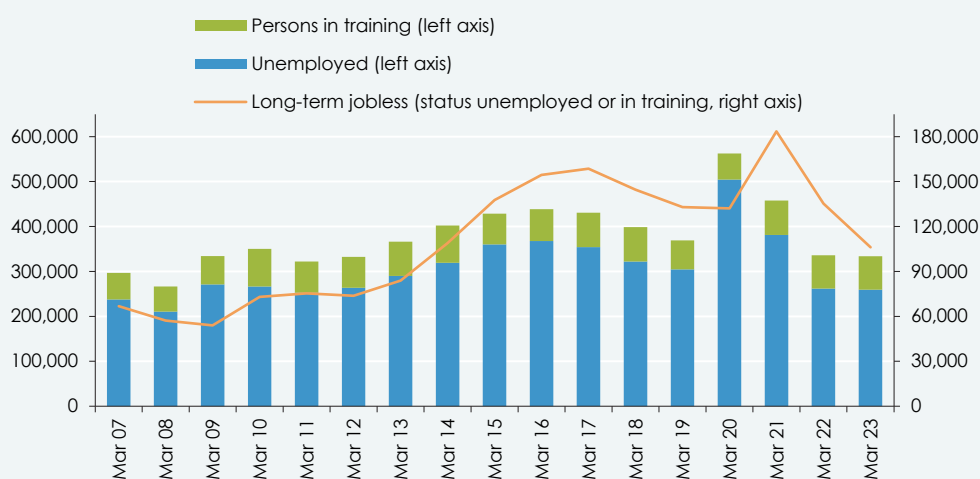
The number of the long-term jobless<sup>13</sup> continued to decrease significantly in March 2023 (-29,280 or -21.6 percent to 106,068 persons). However, the number of permanently unemployed is still much higher than before the financial market and economic crisis of 2008-09 (March 2008: 57,165; Figure 1). Long-term joblessness therefore remains a key policy challenge.

Almost one third of all persons registered as unemployed or in AMS training at the end of March 2023 were long-term jobless (31.8 percent). Three groups of persons show a particularly high risk of remaining unemployed for a long time: firstly, persons with a compulsory school leaving qualification or less – in this group 34.1 percent of the extended unemployed were considered long-term jobless in March 2023; secondly, older persons aged 50 and over (41.3 percent) and thirdly, persons with health impairments (46.7 percent).

The economic downturn is starting to leave its mark on the labour market.

Despite the significant decline, far more people are still long-term jobless than before the financial market and economic crisis of 2008-09.

Figure 1: Extended unemployment and long-term joblessness



Source: Public Employment Service Austria, WIFO calculations.

<sup>12</sup> In February 2023, 7,466 persons from Ukraine with displaced person status (pursuant to section 62 of the Asylum Act) were already registered with the Public Employment Service.

[https://www.ams.at/content/dam/download/arbeitenmarktdaten/osterreich/berichte-auswertungen/001\\_spezialthema\\_0223.pdf](https://www.ams.at/content/dam/download/arbeitenmarktdaten/osterreich/berichte-auswertungen/001_spezialthema_0223.pdf) (retrieved 21 April 2023).

<sup>13</sup> AMS pre-registration status "unemployed" or "in training".

The situation on the labour market is likely to cloud over only temporarily.

### 3. Outlook

In its latest forecast (March 2023), WIFO expects the economy to pick up from the second half of 2023. For full year, weak real GDP growth of only 0.3 percent is expected, accelerating to 1.8 percent in 2024. As a result of the prolonged economic weakness, employment is expected to lose momentum, growing by only 0.8 percent in 2023. Unemployment will rise slightly in 2023 but is expected to fall again in 2024.

The fact that the labour market has reacted only moderately to the subdued economic activity so far, and is expected to continue

to do so in the further course of 2023, is related to several developments: the strong economic recovery in 2021 and 2022 led to exceptionally high labour demand, while labour supply growth slowed due to demographic factors. In addition, a catch-up process has started after the end of the pandemic-related restrictions, with many companies looking for staff at the same time. The recruitment difficulties of that period are likely to have persisted, with many firms now acting more cautiously and making greater efforts to retain qualified staff even in times of a weak economic activity.

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