

# MIGRANTS ON THE AUSTRIAN LABOUR MARKET. FACTS, EXPECTATIONS, CHALLENGES.

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## **Abstract**

Austria is a successful member of the European Union, with dynamic development figures. The strength and importance of the country is proven on different fields of economy. Its population is growing year by year and due to the continuously rising number of migrants - who indeed are willing to take lower valued jobs as well for the much higher wages than they can earn in their countries of origin - coming to the country, Austria is less endangered by the lack of workforce in some specific endangered types of professions, and also by the aging itself. Based on the statistics of the Austrian Integration Fund Austria is one of the key migration-aimed target countries within the European Union. Forecasts show that due to the increasing migration – counted with an estimated yearly net increase with about 32 thousand persons – and due to the increase in life expectancy the current population of Austria is supposed to grow from 8.6 to 9.4 million people by 2050. Austria has its very special pull effect concerning work-related migration in Central- and Eastern Europe. With its low unemployment rate, financial stability and social welfare system. According to the newest Austrian official statistics 22% of all employees in Austria have migration background.

**Key words:** Austria, labour market, migrants

**JEL Code:** J61, O15, R23

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## **Introduction**

In the last few decades the narrowing of the labour markets of the developed countries - caused by the continuous technological developments and by the millions of workplaces deployed into the developing world - became a well-known phenomenon, the lost workplaces cannot be replaced everywhere and only partially by the newly established ones appearing mainly in the tertiary and quaternary sectors. (Barta, Kovacs, 2017). It is obvious that with the forging ahead of automatization, with the unstoppable development of the robot technologies and that of the digital world the need of human resources of the globally developed countries is falling back. On top of this younger people push out the date to enter the labor market and the number of people in the old age groups is also increasing heavily (Barta, Kovacs, 2017).

The labour markets of the individual nation states and globally within the European Union are very much affected by the aging of the societies, which starts to become a critical problem as well. According to Lee (1994) societies cannot escape the aging process; it is a global issue caused mainly by longer life. Key reason is indeed, that the older generation lives longer, but it is also not rare that in some countries the number of births drop. In the great majority of the European nation-states the aging of societies is typical; the ratio of elder generations within the total population is getting larger and larger (Barta, Kovacs, 2017). In the next couple of decades this trend is expected to keep on going, which challenges the nation-states. Current population forecasts for Europe count with advanced labour force and population aging and a drop in the number of those belonging to the working age population (Van der Gaag – Van der Erf 2008; EU 2012). The forecasted aging of the population has a serious affect on not only the outlook of the stability of the pension system, but also endangers the health- and social care systems on the one hand, and also influences the labor market and the living conditions of the people (Kotowska 2006; Prskawetz et al 2008).

The rapidly growing number of migrants arriving to the continent is the third – and probably most problematic – element that makes the the financial stability and the sustainability of the social security and health care systems EU-wide a serious issue. Migration has become a key impact factor of all economies by today. According to the European Commission (2014) the results of fertility, mortality and migration determine the changes in the age composition of the population in the individual European countries. In my paper I only do focus on work related migration and the role and status of migrants in the working age group of 15- 64 on the Austrian labour market, working out of the research published by OIF in 2017.

## **1 Work related migration**

International migration offers residents of different economies a potential strategy for economic advancement (Abramitzky et al, 2012). The macroeconomic indicators of one specific country are also influenced by the migration regardless of the direction of it. Migration can contribute or decrease the economical output of the country itself, labor migration in Europe has multiple social and economic affects that are both positive and negative (Roman, 2012). Reasons for work-related migration as part of international migration are nowadays restricted to the economical motivating factors. Those who for any reason decide to work abroad can be indicated as either migrants for a long time, or only for a

temporary period of their life. Those who migrate only temporary but still move abroad, will not be followed by the country of origin's national database, we can only get information about them from the statistics of the destination country – but also only in cases where the migrant gets legally part of the labor system of the destination country, that means that the person works legally abroad. We call those people, who work abroad but actually do not move there, and have habitation in the country of origin commuters. A temporary migration is also the time students spend abroad for example, or the seasonal workers (Kovács, 2014).

We have stated that the key factor for work related migration is the economic factor. The most important one of course is to earn more money, than the person can earn in his/her sending country. But besides the direct financial advantages another economic result of work related migration in respect of the migrant, the nation (country of origin) state and that of the target country at once, are those caused by brain gain and brain drain. In case of brain drain first of all we mean the fact that if clever and studied migrants go abroad to work, the country of origin might lose important employees. But it is also true in the opposite direction, as a migrant can learn innovative new things and technologies in the destination country, and upon moving home he can transfer his knowledge to his fellow citizens (Kovács, 2014). Researchers (Groizard, Lull, 2006; Stark et al., 1997; Özden, Schiff 2006) have come to many different results, proving that there are huge differences even within regions and countries. The differences can be considered as normal, as it is very hard to measure which is more significant as all employees are different and we cannot foresee their willingness of returning home or staying abroad forever, therefore we do not know where the knowledge will be used in the future.

It is very hard to analyze work related migration in respect of both the country of origin and the target country due to the fact that there is no common deployed data system which would make it possible to reveal exact figures about the number of people affected. According to Abel and Sander (2014) existing data on global bilateral migration flows are incomplete and incomparable. Still the need to solve the prior stated problems affecting the individual labour markets pushed also the EU member states towards the necessity of collecting data on the fields of work related migration and migrants in a destination country in general.

## **2 Migrants on the Austrian labour market**

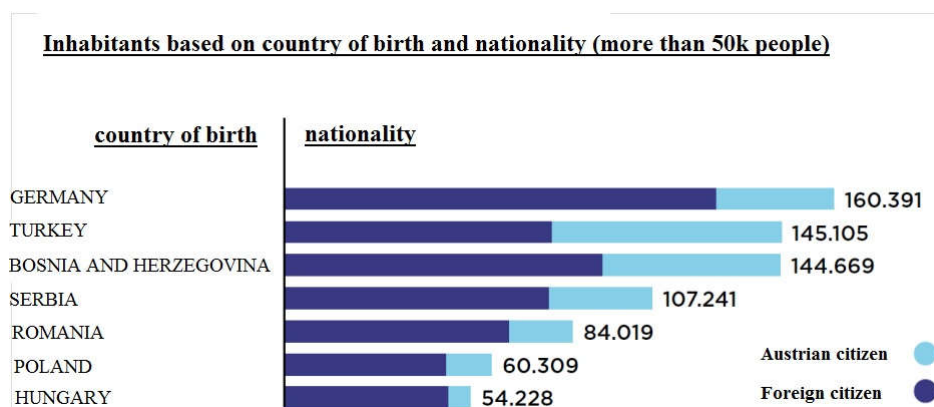
Austria is one of the key migration-aimed target countries within the European Union, there is a continuous growth in the number of the migrants choosing to migrate to Austria instead of

the persons deciding to leave it (ÖIF 2014b). Forecasts show that the due to the increasing migration – counted with an estimated yearly net increase with about 32 thousand persons – and due to the increase in life expectancy the current population of Austria is supposed to grow from 8.5 to 9.4 million people by 2050 (Bad Ischler Dialog 2011). The life expectancy of the people born after 2012 is 78 years in case of men and 83 years in case of women (Statistik Austria 2015).

## 2.1 Migrants in Austria

The research of the Austrian Integration Fond published in 2017 (ÖIF 2017) shows all kind of statistics related to migrants in Austria. In this section of my paper these will be provided. The On the 1<sup>st</sup> of January 2016, 5.848.700 people were living in Austria aged between 15- 64. Out of these 1.287.800 people were born in a different country. This is about 22% of all persons in this age group. Most of the people who were not born in Austria but did live there at the beginning of 2016 are Germans. Figure 1 shows the foreign population in the working age.

**Fig. 1: Foreign population of Austria aged 15- 64 on the 01.01.2016**



Source: ÖIF 2017

Even more interesting is the figure of the population of the capital Vienna in the working age group of 15- 64, as on the 01.01.2016 41.7% of the people were born in a different country. This means that almost 530 thousand people out of the 1.269 thousand are migrants. 35.3% of all people in Austria having migration background decided to chose Austria due to family reasons, which means that they came to Austria with or after another family member, or married there. 24.7% were motivated by economic factors, with the obvious intention to work in Austria. Out of these 24.7%, 8.7% have found a job already before they physically moved to Austria, 16% only afterwards. Every fifth migrant has already entered Austria as a child.

The biggest proportions of migrants were living in the age group between 25- 34 years with almost 29%, while among the younger- and older generations only 17%.

Between 2010- 2015 335.900 people more decided to emigrate to Austria, that those deciding to leave it (net migration result). Within the age group 15- 64 284.300 persons were affected. In the same period the net emigration result covering Austrians leaving the country was 29.200. Out of all people aged between 15- 64, 35.000 people immigrated from Germany, 34.400 from Romania and 31.100 from Hungary to Austria. Figure 2 shows the changes between 2010- 2015 and the balance of the emigrations vs. immigrations.

**Fig. 2: Foreign population of Austria aged 15- 64 on the 01.01.2016**



Source: ÖIF 2017 (based on Statistik Austria: Wanderungsstatistik 1996- 2015)

**2.2 Working statistics of the migrants**

In 2015 in Austria 4.148 thousand people were working, out of whom almost 853 thousand had migration background. Within the working age group of 15- 64, 74% of the people without migration background were working, while only 63% of those with migration background. This means that people with migration background are less capable of being employed. According to the ÖIF (2017) research this is caused mainly by the fact that women with migration background are less taking part in the earning process, only 57% of them are working compared to the 70% of those women without migration background. Concerning the

male workers, the difference is much less significant, 70% compared to 77% without migration background. Figure 3 shows the status of employment of Austria in 2015.

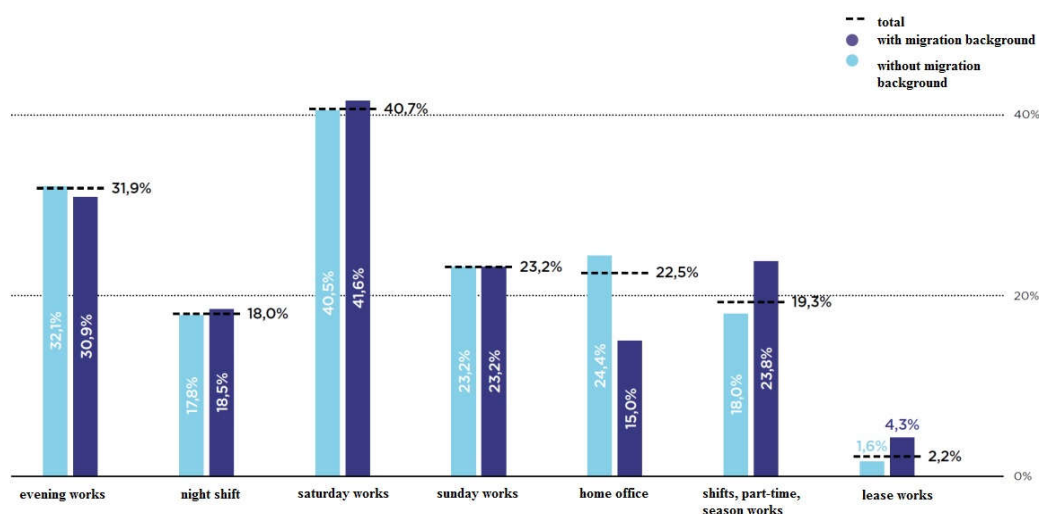
**Fig. 3: The status of employment in Austria in 2015.**

Migration background	WORKING	NOT SELF-EMPLOYED					SELF-EMPLOYED
	Total	Total	Employees	Workers	Office workers	free employees	Total
	in 1.000	in % all workers with the same migration background					
<b>Total</b>	<b>4.148,4</b>	<b>87,0</b>	<b>49,8</b>	<b>26,3</b>	<b>10,1</b>	<b>0,8</b>	<b>13,0</b>
<b>Without migration background</b>	<b>3.295,6</b>	<b>86,1</b>	<b>51,1</b>	<b>22,1</b>	<b>12,1</b>	<b>0,8</b>	<b>13,9</b>
<b>With migration background</b>	<b>852,8</b>	<b>90,4</b>	<b>44,8</b>	<b>42,3</b>	<b>2,4</b>	<b>1,0</b>	<b>9,6</b>
EU member states before 2004/EWR/SWITZERLAND	143,5	85,6	64,6	14,1	5,4	1,5	14,4
EU member states after 2004 (13 new)	220,9	89,2	45,1	40,7	(2,3)	1,1	10,8
Former Jugoslawia	252,5	94,7	33,9	59,1	(1,6)	0,1	5,3
Turkey	109,5	93,4	35,4	56,4	(1,5)	0,1	6,6
Other states	126,4	87,0	51,8	31,2	(1,3)	2,7	13,0
<b>MEN</b>	<b>2.194,2</b>	<b>84,7</b>	<b>41,1</b>	<b>33,8</b>	<b>9,1</b>	<b>0,7</b>	<b>15,3</b>
1st generation migrants	1.740,5	83,7	42,1	29,9	11,0	0,7	16,3
2nd generation migrants	453,7	88,5	37,2	48,9	1,9	(0,5)	11,5
<b>WOMEN</b>	<b>1.954,2</b>	<b>89,6</b>	<b>59,6</b>	<b>17,8</b>	<b>11,2</b>	<b>1,0</b>	<b>10,4</b>
1st generation migrants	1.555,1	88,8	61,1	13,5	13,4	0,9	11,2
2nd generation migrants	399,1	92,6	53,5	34,8	2,9	(1,5)	7,4

Source: ÖIF 2017 (based on Statistik Austria: Mikrozensus-Arbeitskräfteerhebung 2015)

Most of the people (16%) with migration background were working in 2015 in the manufacturing industry, 15% on the fields of sales, 11% in the catering industry, and 10% in building & constructions. Going deeper into the statistics we can see that almost 24% of the people working with a migration background do actually work in shifts, part-time or season jobs or as leased workforce, compared to the 18% of those without migration background. Figure 4 shows the economically active population in 2015 in Austria based on forms of employment and migration background.

**Fig. 4: The economically active population in Austria in 2015.**



Source: ÖIF 2017 (based on Statistik Austria: Mikrozensus-Arbeitskräfteerhebung 2015)

The big difference in the statistics between the workers with- or without migration background is caused by the fact that some particular jobs are less appreciated by those having no migration background, which pushes the others in the direction to accept those more likely. These kinds of jobs quite often include early morning or late evening/night activities as well, and expect working even on the weekend or national holidays.

### **2.3 Unemployment figures and qualification**

In 2015 the general nationally defined unemployment figure in Austria has grown with 0.7% from 2014 to 9.1%. In case of the people with foreign nationality we face that 13.5% were unemployed compared to the 8.1%. Taken the international unemployment figure definition (15- 74 years of age) into consideration we see that only 5.7% of all people were unemployed. The research has also revealed that there is no strong relation between education and unemployment: people with foreign nationality are much more affected with unemployment than Austrian citizens. Out of all people having absolved the obligatory school studies 35.9% having foreign citizenship were unemployed, compared to the 25.5% Austrians. ENIC NARIC Austria is the official institution for accepting and determining higher education graduations and academic titles. In 2016 they have valued 7.445 foreign diplomas, where Hungary had the most with 546 pieces.

### **Conclusion**

It is obvious, that the nation-states are forced to handle their own labour market problems with either a common solution, or an own specific one. Austria as a key target for work related migration faces a continuous growth in the number of people immigrating there in the hope for a better life. On the one hand it is very useful that migrants are willing to take jobs and tasks that Austrians are less likely to accept, but on the other hand they have to keep up the balance. In my paper I tried to summarize and describe the known facts, based on which we have to admit the employees with a migration background do play an important role also on the Austrian labour market, and due to the financial stability and social benefits provided for them we can expect further growth in the net immigration figures. The challenge is the same like in some other open minded and rich countries: assure that the original population will not be pushed out from the labour market by the foreigners.

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