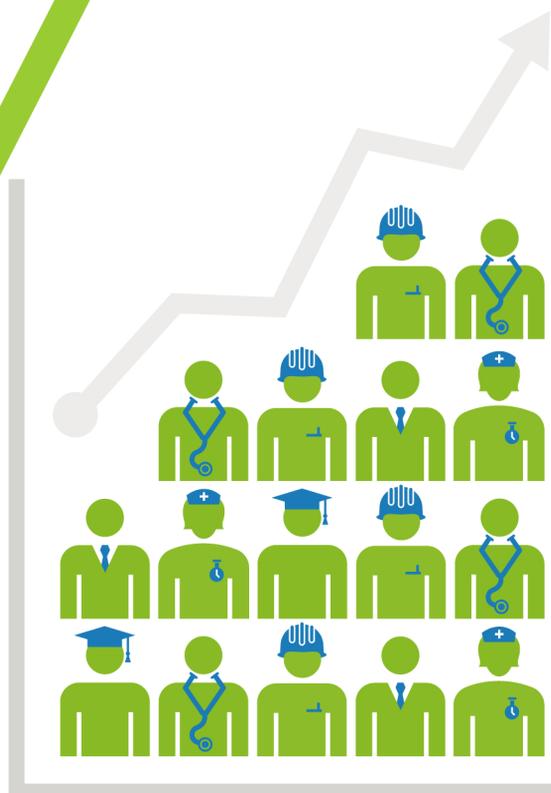


OECD Skills Strategy Diagnostic Report

Overview

Austria

2014



OECD Skills Strategy

Building the right skills can help countries improve economic prosperity and social cohesion



In what way?

By contributing to social outcomes such as health, civil and social engagement.

By supporting improvement in productivity and growth.

By supporting high levels of employment in good quality jobs.



How is this achieved?

By strengthening skills systems

Designing and implementing an evidence-based national skills strategy.

Funding skills through public and private sources and designing effective incentives for employers and individuals.

Providing good information for the public, businesses and policy makers.



Strengthening skills systems

Contributes to economic prosperity

Contributes to social cohesion



OECD SKILLS STRATEGY DIAGNOSTIC REPORT AUSTRIA 2014

OVERVIEW

Why a Skills Strategy? Better skills, better jobs, better lives

Skills have become the key driver of individual well-being and economic success in the 21st century. Without proper investment in skills, people languish on the margins of society, technological progress does not translate into growth, and countries can no longer compete in increasingly knowledge-based economies.

The OECD Skills Strategy provides countries with a framework to analyse their strengths and weaknesses as a basis for taking concrete actions according to three pillars that comprise a national skills system: 1) developing relevant skills from childhood to adulthood; 2) activating the supply of skills on the labour market, and 3) using skills effectively in the economy and society. An effective Skills Strategy ensures policy coherence across the three pillars while strengthening the enabling conditions of effective governance and financing, which underpin the skills system as a whole.



Participation of the Austrian Government and stakeholders

The OECD is working with countries to support the development of effective skills strategies at the national and local level. Putting the OECD Skills Strategy's integrated paradigm into practice requires whole-of-government collaboration across ministries and government levels, as well as co-operation with and among stakeholders, such as education institutions, social partners and civil society.

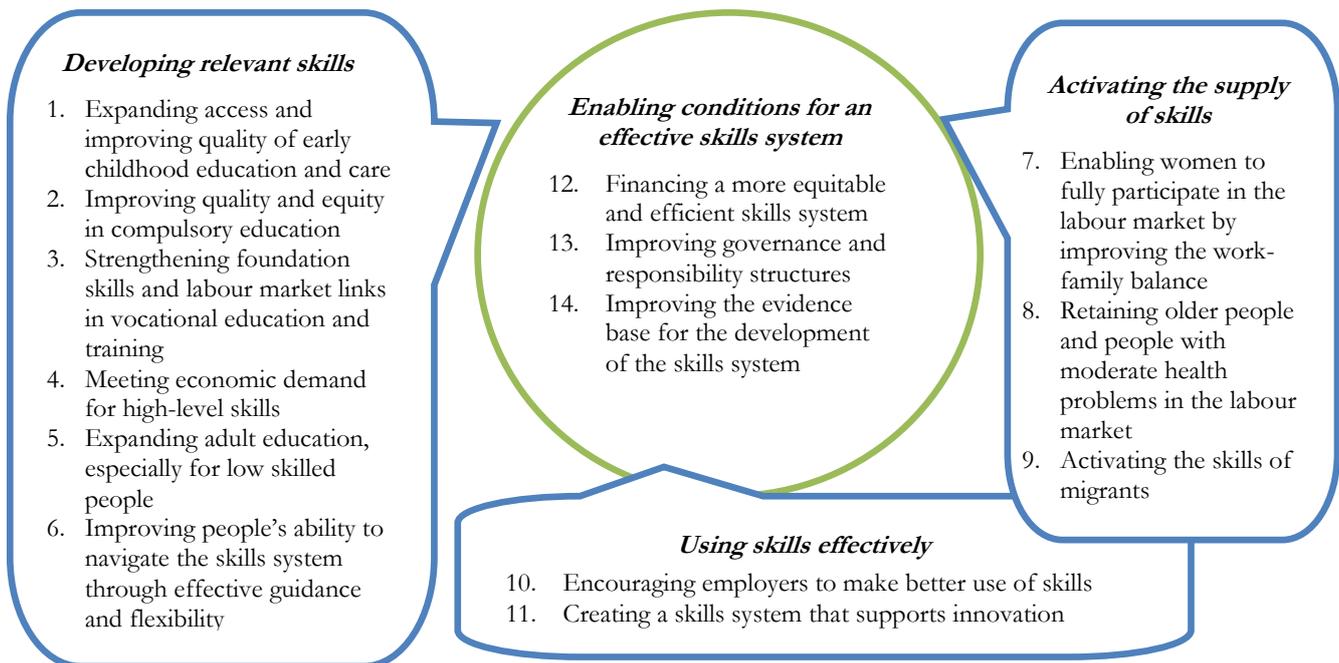
The project on "Building an effective Skills Strategy for Austria" involves an inter-ministerial project team coordinated by the Federal Chancellery (BKA) with the Ministry of Education and Women (BMBWF), the Ministry of Labour, Social Affairs and Consumer Protection (BMASS) and the Ministry of Science, Research and Economy (BWFWF). Stakeholders were involved in national diagnostic workshops held in April and June 2013 in Vienna. Participants were drawn from the Federal Chancellery, nine federal ministries (responsible for: education, labour, economy, finance, health, research and science, transport, integration and women), representatives from the *Bundesländer*, the Economic Chamber, the Chamber of Labour, firms, and researchers.

Austria's skills challenges in a comparative perspective

This diagnostic report identifies 14 skills challenges for Austria. The project and this report build on both the insights from workshops as well as latest international comparative analysis from OECD and national sources. The report provides cases illustrating how other countries have tackled similar challenges, which can be used as input to potential policy options on how to tackle these challenges. This report presents the results of the "diagnosis" phase, rather than offering concrete recommendations for Austria. Yet it represents a solid basis for a future "action" phase which would involve Austrian stakeholders. The challenges are described under each of the main pillars of the OECD Skills Strategy. The first 11 challenges refer to specific outcomes across the three pillars of developing, activating and using skills. The next three challenges refer to the "enabling" conditions which strengthen the overall skills system. Success in tackling these skills challenges will boost performance across the whole skills system.

All of these challenges are strongly interlinked. The interlinkages are identified throughout the report at the end of each challenge. Failure to look beyond policy silos will have implications especially for specific groups in Austria. For example, if young people fail to acquire strong foundation skills (Challenges 2 and 3), they run the risk of being trapped in lower educational and employment pathways (Challenge 5, 6 and 8), or facing difficult labour market transitions (Challenge 6), and difficulties in using their potential effectively in the workplace (Challenge 10). Low skills levels are not only associated with weak labour market outcomes but also with a higher likelihood of facing health problems, relying on social benefits and becoming inactive (Challenges 7-9). Overall, the more people who are trapped in this vicious cycle the greater the negative impact on both economy and society with consequences for Austria's ability to embark effectively on new areas of growth and innovation (Challenge 11).

14 skills challenges for Austria



Austria's 14 skills challenges

I. Developing relevant skills:

1. *Expanding access and improving quality of early childhood education and care*

Research shows that the availability of high quality early childhood education and care (ECEC) is vital to achieve at least two policy goals: *i*) laying a solid foundation for later skills development especially for disadvantaged children, and *ii*) reconciling care responsibilities and careers. Achieving these twin policy goals will require:

- **Improving ECEC enrolment rates** especially for under 3-year-olds: Despite the rise in participation from less than 8% in 2000 to more than 20% in 2012, when compared to an OECD average of 33% (2010) enrolment of 0-2 year-olds remains low in Austria. In contrast, Denmark, Iceland and the Netherlands have enrolment rates of 56% to 66% for this age group.
- **Increasing hours of services:** In Austria, limited hours of services are reflected in low intensity of participation. In 2008, under 3-year-olds participated in ECEC for an average of 19 hours per week. In countries with more extended ECEC services, such as Denmark and Iceland, children attend for an average of 34 and 36 hours per week respectively.
- **Ensuring good transitions of children with a migrant background into primary schooling:** According to national studies, up to 80% of immigrant children are not enrolled in ECEC. Language screening does not start before the age of 4 or 5. However, laying a solid foundation for German language skills development before the age of 5 could contribute to a good transition of these children into primary schooling.
- **Ensuring high, nationwide quality standards and improving the education and training of ECEC staff:** In Austria, quality standards for ECEC services differ by *Bundesland*. Austria has undertaken steps in the right direction with its first nationwide curriculum for 5-year-olds. However, other countries have curricula in place for children at even earlier ages. Implementation of the new quality framework will be hampered as long as education and training of ECEC staff does not provide the necessary skills, for example to effectively teach the German language to children.

2. *Improving quality and equity in compulsory education*

High-performing education systems combine equity with quality. This is not the case in Austria where - according to the Programme for International Student Assessment (PISA) - average skills levels of 15-year-old students coexist with an above-average impact of the socio-economic status of students on their performance. Improving quality and equity in compulsory education will require:

- **Improving educational quality and reducing the share of low-performing students:** 15-year-old students in Austria perform below the OECD average in reading, around average in science and above average in mathematics. The share of low performing students in reading corresponds to the average of OECD participating countries, and in mathematics it is slightly lower than average.

- **Targeting disadvantaged students, in particular students with a migrant background:** In Austria, only 6% of students are resilient compared to 13% of the student population in the best performing PISA countries. Resilience refers to students in the bottom quarter of the PISA index of economic, social and cultural status who perform in the top quarter of students from all countries and economies. A migrant background has an above average impact on performance of 15-year-olds in Austria, while only about a third of the performance gap between students with and without an immigrant background can be explained by the lower socio-economic background of students with an immigrant background.
- **Reducing the gender gap:** Between 2003 and 2012, Austria experienced the largest increase in the gender gap in mathematics skills among all countries. The gender gap is, at 22 points that boys score higher than girls, about twice as large as the OECD average of 11 points. At the same time, girls outperform boys in reading and this gap of 37 points is similar to the international average. There are also large gender gaps in the career interests of 15-year-olds. Fifteen per cent of boys (OECD average: 18%) and 3% of girls (OECD average: 7%) plan a career in engineering or computing. This divergence is also reflected in the actual career choices in vocational education and training (VET) and in higher education.
- **Improving the professional development of teachers:** The OECD's Teaching and Learning International Survey (TALIS) shows that teachers in Austria participate less in professional development and receive less support through induction and mentoring than teachers in other OECD countries. At the same time, almost half of Austria's teachers reported the need for better professional development, especially to deal with student discipline and behaviour problems and students with special learning needs.

3. Strengthening foundation skills and labour market links in vocational education and training

VET is the main upper-secondary skills development pathway in Austria, where - unlike in most other countries - VET graduates comprise the majority of the workforce. This underscores the importance for Austria to ensure that VET students acquire skills relevant for both today's and tomorrow's labour market by:

- **Improving the teaching of foundation skills, particularly in apprenticeships, and providing targeted support for low-performing students:** According to the Survey of Adult Skills, about a third of VET graduates score below average at about level 2 on the literacy scale, which is low for people having completed upper secondary education. There is a large spread of performance among graduates from different VET-tracks in Austria with particularly low mean results measured for graduates from apprenticeships. In contrast, graduates from VET colleges (BHS) have about the same mean performance as graduates from academic upper secondary schools (AHS). Graduates from intermediate VET-schools (BMS) have mediocre results. Graduates with low foundation skills levels are less prepared to acquire new skills and adapt to a changing skills demand.
- **Better linking vocational education and training to economic demand:** If Austria wants to create a skills system that better promotes innovation and to maintain its strong focus on VET, the VET system will have to provide more advanced skills and respond better to skills trends, such as ICT-skills (see Challenge 11). It is questionable to what extent the currently fragmented VET governance structure is able to steer the system strategically in a more innovation-oriented direction (see Challenge 13).

4. Meeting economic demand for high-level skills

The quality and relevance of tertiary education indicates a country's capacity to equip future workers with advanced and specialised knowledge and skills. If Austria wants to promote a more innovative economy, it needs to ensure the sufficient supply of high-skilled people who can compete with graduates from top international universities. To do so requires:

- **Ensuring the supply of enough graduates with relevant high-level skills:** Austria's graduation rate (tertiary-type A) increased from 10% to 35% between 1995 and 2011. However, the OECD average doubled during the same period from 20% to 39%, leaving Austria still below the OECD average. International students comprise 15% of all higher education enrolments in Austria. Yet only a sixth of them stay after graduation, compared to a third in countries such as Canada and France.
- **Enhancing the attractiveness of science-related subjects:** Future skills demand is projected to rise particularly steeply in the case of high skilled scientists. Supply may fall short especially for graduates in sciences, who are in high demand. Ten per cent of new entrants choose to study science in Austria, which is within the OECD average, but may be low considering the relatively low overall tertiary supply.
- **Reducing drop-outs, particularly at academic universities:** Austria's academic universities had a completion rate of 65% in 2011 (OECD-average: 70%) compared to 90% in Japan and Turkey and about 80% in Australia, Denmark and the United Kingdom. In contrast to academic universities, the drop-out rate is lower at *Fachhochschulen* (23%). High drop-out rates at academic universities can be a result of student dissatisfaction with the curriculum or with the quality of teaching, as indicated by the 2012 student survey conducted by the Austrian Institute for Social Research and Consulting.
- **Ensuring high quality learning environments:** Austria's dramatic increase in student numbers enrolled in tertiary education has not been accompanied by a proportional increase in teaching staff. Between 2007 and 2011, the number of students enrolled increased by 22% while the number of professors only increased by 4% and the number of tutors dropped by 12%. A recent survey of the Austrian SORA institute, on teaching quality in higher education, suggests substantial shortcoming in student satisfaction with the learning environment, especially at academic universities.

5. Expanding adult education, especially for low skilled people

In ageing societies individuals need to stay in employment and remain active in all areas of their lives for longer. Adult education is ever more relevant to provide everyone, especially the low skilled, with solid foundation skills, so that they are prepared for further learning. According to the Survey for Adult Skills, the foundation skills levels of adults in Austria are below the OECD average in literacy, above average in numeracy and around average in problem solving in technology-rich environments. Tackling this requires:

- **Increasing participation rates in adult education:** According to the Survey of Adult Skills, 49% of Austrian adults participated in further education or training during the last 12 months, compared to 52% for the international average and over 65% in Denmark, Finland, the Netherlands and Sweden. People with high levels of foundation skills are found to participate most in both job-related and non-job related adult education, while participation rates are lowest for people with low-level foundation skills. An international comparison shows this gap is pronounced in Austria. Adult education also differs significantly by age in Austria, with 25-34 year olds participating the most and 55-64 year-olds participating the least. This is not the case in most Nordic countries, where older people participate significantly more than younger cohorts. Low-skilled adults in Austria tend to have the following characteristics: low formal educational background, older, inactive or working in an elementary occupation. According to the Survey of Adult Skills only about 5% of those with the lowest proficiency level are unemployed, while most are in employment (62%) or inactive (33%).

- **Ensuring that adult education and training reaches those who need it the most:** In Austria, adult education does not effectively reach the low-skilled who need it most. Participation has favoured mainly two groups - high-skilled people and the unemployed, although 95% of low-skilled people are not unemployed (on the financing and the provision of adult education in Austria see Challenge 12). Most low-skilled people are in employment in Austria. But employers provide little adult education for low-skilled employees. The proficiency gap is particularly wide in Austria between people in elementary occupations and those in skilled occupations, which is due to the very low skills level of people in elementary occupations. Only one out of ten workers in an elementary occupation in Austria has solid skills in problem-solving, compared to about every third in Finland, the Netherlands and Sweden.

6. Improving people's ability to navigate the skills system through effective guidance and flexibility

Skills systems need to provide people with relevant information in decision processes and allow for mobility between different educational levels and pathways. Gaps in the provision of career guidance and low upward-mobility have a particularly negative impact on the educational and employment careers of disadvantaged people, such as people with a migrant background, low educational attainment and low socio-economic status. Addressing this challenge requires:

- **Providing lifelong educational/career guidance:** Austria has a very complex skills system with many educational pathways, which raises the importance for people to understand their options well. Yet Austria lacks a comprehensive lifelong learning guidance system. For families with young children, there is no consistent guidance with regard to early childhood education and care or primary and lower secondary education, which would be beneficial particularly for disadvantaged families. Students in either VET or tertiary education, and adults, could benefit from access to better information on the labour market outcomes and the requirements of educational programmes and occupational areas.
- **Ensuring that guidance builds on up-to-date labour market information:** Educational and career guidance services cannot be depended upon to have up-to-date information about the diversity of jobs available, realistic job profiles, requirements and labour market outcomes. Better access to such information is a key requirement for educational choices to better respond to economic demand.
- **Raising the flexibility of educational pathways:** Austria's initial education system selects students early on by performance and the system does not allow for effective upward mobility between educational tracks and programmes. Whilst the opportunity to move educational tracks or programmes is possible, it is rarely taken advantage of. For example, the percentage of apprentices continuing with higher education has decreased from 5.5% in 1994/1995 to 2.2% in 2010/2011.

7. Enabling women to fully participate in the labour market by improving the work-family balance

Should Austria decide to implement policies in order to foster convergence among male and female labour market participation, the country will significantly increase the size of its labour force, which would in turn boost GDP. Effective supply of the skills of women to the economy will be vital for Austria to cope with its rising dependency ratio. This requires timely answers to the following policy challenges:

- **Improving access to ECEC:** In Austria, motherhood results more often in inactivity or part-time work than in most other OECD countries. Prolonged durations of part-time work are associated with lower career prospects, lower earnings, and fewer opportunities to participate in training. The part-time salary rate for women is significantly lower in Austrian *Bundesländer*, which provide better ECEC access, especially for under 3-year-olds. In addition to the issue of ECEC access, the quality and financing of childcare influence employment decisions (see Challenges 1 and 12).

- **Raising the participation of men in parental leave:** Only when care responsibilities are shared between parents will there be a chance for equal employment opportunities. In Austria, the ratio of fathers to mothers taking parental leave has slightly increased in the past years, but this was driven by a decline in the total number of leave cases. Take-up for men remains on a low level. In 2011, about 136 000 women took parental leave compared to 6 000 men. At the same time, taking parental leave does not seem to harm men's careers in the same way it appears to affect women's.
- **Encouraging women to return to employment after parental leave:** Austria's average maximum parental leave duration is well below the OECD average. In Austria, the parental leave system allows leave-takers to stay out of employment beyond the employment-protected period. This can ultimately lead to women losing their jobs. Long leave periods come with a high risk of skills loss and diminishing labour market attachment.
- **Increasing financial incentives to work full-time:** Until the child's seventh birthday, parents have the right to work part-time when they are employed in a company with more than 20 employees. The Austrian tax system additionally provides strong incentives for one spouse to work part-time. Staying in part-time work for a long period likely has a negative career effect for many women.

8. Retaining older people and people with moderate health problems in the labour market

Austria still has the second lowest effective retirement age in the entire OECD, for both men (58.5 years) and women (58 years). After the introduction of reforms of the early retirement scheme, the proportion of those who retire based on this scheme declined, but at the same time the proportion of those retiring based on the invalidity pension has increased. Recent reforms of the invalidity pension may lead to rapidly rising unemployment of older people with partial work capacity. In order to better retain older workers and to stop the outflow of their skills in the future, measures will be needed in:

- **Re-integrating (older) unemployed people with partial work capacity into the labour market:** The Austrian Government has recently tightened eligibility to early retirement in the invalidity pension, in order to better integrate those with moderate health problems but partial work capacity. Implementation depends on the capacity of the public employment service (AMS) to cater for an increasing number of two difficult and overlapping groups: *a*) older workers who may be less employable because of outdated skills and low demand by employers and *b*) people with reduced work capacity due to health problems. Among both groups, low skilled people will likely be overrepresented.
- **Preventing (older) unemployed people with health problems from becoming too distant from the labour market:** Employers can help avoid, and reduce, many of the potential future barriers to employment participation. This includes the early promotion of both skills and health, to avoid premature labour market exit. Austria has started launching initiatives to improve the health-related employability of older workers, such as consulting services on health at the workplace ("*fit2work*") and better streamlined occupational medical examinations ("*Gesundheitsstraße*").

9. Activating the skills of migrants

In Austria, international migration accounts for a third of new entries into the working-age population. The growing number of native-born offspring of immigrants will be entering the labour market in the next years as the share of native-born children of immigrants, aged 15-24, will more than double by 2020. In order to activate the high potential of the large proportion of migrants who are working-age or approaching working-age, Austria will need to take steps in:

- **Better integrating migrants into the labour market:** Migrants (both first and second generation) encounter higher unemployment and inactivity than native Austrians, particularly when they are from lower-income countries. Gaps compared to native Austrians are largest for women of all ages. The

20-29 year-old children of immigrants are four times more likely to be both low-educated and neither in employment nor in education and training (NEET) than the children of native-born Austrians. While employment rates of the male native-born children of immigrants are relatively favourable by international comparison, employment rates of female native-born children are particularly unfavourable, with 14% belonging to the low-educated NEET group (OECD average: 10%). As discussed in Challenges 2 and 6, children of immigrants are overrepresented in the lower educational tracks. This partly explains differences in labour market outcomes, and highlights the importance of better integrating people with a migrant background into the system of lifelong learning, also as a means for better employment integration.

- **Improving the recognition of foreign qualifications:** At all ages, highly educated first and second generation immigrants are penalised most compared to native Austrians. Only 55% of highly-educated immigrants are employed in high-skilled jobs compared to 70% of the highly-educated native-born. To a large extent, these disparities can be explained by complex processes for the recognition of foreign qualifications.

III. Using skills effectively:

10. Encouraging employers to make better use of skills

The extent to which employers make good use of the skills of their employees determines the productivity and profitability of economies. Effective skills utilisation builds on sustainable approaches to human resource management and workforce development. This requires:

- **Improving the quality of workplaces and workplace learning:** According to the Survey of Adult Skills, workers in Austria make little use of the skills they need for work-based learning - learning at work and influencing skills (instructing, teaching or training others).
- **Improving ICT use at work:** People in Austria report a lower use of computers and ICT-skills at work than elsewhere. This raises the question if workplaces and workers in Austria are well-prepared for the digitalisation of the economy.
- **Creating a better match between people's skills and the requirements of their jobs:** According to the Survey of Adult Skills, Austria has the largest proportion of people who are over-skilled in literacy and numeracy (their proficiency score is higher than that corresponding to the 95th percentile of self-reported well-matched workers) (Austria 18%; OECD average: 10%). Eighteen percent of those who are over-skilled consider themselves to be under-qualified. At the same time, over a third of workers in Austria hold jobs in areas unrelated to their field of study (European Working Conditions Survey 2005). This challenge is particularly relevant for three target groups:
 - **Women:** Austria has a significant gender gap in the use of skills at work, with men using their skills more effectively. For example, the gender gap in the use of problem-solving skills in technology-rich environments is three times as large in Austria as in Germany. This pattern seems to be linked to career choices and occupational characteristics. For example, women are more likely to work part-time which is associated with over-qualified work.
 - **Migrants:** In Austria, foreign-born workers are far more likely to be over-qualified than their native counterparts. The odds ratio of 2.4 is the fifth highest among the 19 countries with available data.

- **Older workers:** Despite the fact that young people are more proficient in problem solving within technology-rich environments, youth report lower use of ICT than prime-aged and older workers. This finding underlines the necessity to invest more in the ICT skills of prime-aged and older workers (see Challenge 5) but it also raises the question if the strength of youth, as well as older workers, are used effectively, and if workplaces are flexible enough to adjust to the changing strengths and weaknesses of workers as they are ageing.

11. Creating a skills system that supports innovation

Countries need to develop the right skills mix to boost their capacity to innovate. Working towards a better skills match requires at least three aspects: First, adequate information and transparency in the system so that people can make informed education and career decisions (Challenges 6 and 14); second, the system needs to encourage flexibility, upward mobility and adult education (Challenges 5 and 6); and third, it requires effective cooperation between research, industry, government, education institutes and those involved in developing and updating education programmes and curricula – both formal and work-based (Challenges 2-5 and 13). If Austria wants to develop a workforce that engages more productively in innovation, occupational trend analyses suggest that Austria will need to take steps in:

- **Strengthening Austria's capacity to adapt to rapidly changing labour markets:** Today, occupations require higher levels of foundation skills, including problem-solving skills in ICT-rich environments, among others. The skills system needs to encourage people to improve and use their foundation skills throughout life as a basis for effective lifelong learning of more specialised skills.
- **Engaging more in innovation and ensuring that people have the relevant high-level skills:** Occupational demand projections draw a similar picture of Austria's medium and long-term skills demand. In the medium term, i.e. up to 2020, Austria's economic strength is projected to continue to be rooted in vocational medium-level skills. In the long term, accelerating growth rates are expected for occupations that currently require tertiary degrees. Austria's potential to increase the share of high-skilled and high valued-added jobs is expected to be linked to employment particularly in science and technology, which plays a key role in innovation. The greatest employment gains are projected to be among physical, mathematical and engineering science professionals and technicians as well as life science and health professionals.
- **Promoting innovation and high skilled employment in Austria's production sector:** The extent to which Austria will be able to maintain its competitiveness in the production sector in the long run will depend on several factors. These include achieving a higher degree of innovation in order to capitalise on specialised high quality products. Projections agree that this would result in substantial shifts towards more high-skilled employment in the production sector.
- **Embarking on new growth areas, such as ICT and green innovation:** As economies become more digital, demand increases for ICT-related skills. In Austria, both the share of ICT-related occupations and the share of ICT-specialists are much lower than in countries such as Finland, Sweden, and the United Kingdom. In Austria, there is also room to strengthen the potential of green innovation, among others. For example, the share devoted to energy and the environment in government budget appropriations for research and development is in the bottom third of OECD countries.

IV. Strengthening Austria's skills system:

12. Financing a more equitable and efficient skills system

Given that in international comparison Austria has relatively high per-student education investments, yet only average skills results (PISA and the Survey of Adult Skills), its education investments are not efficient. In Austria, the efficiency and equity of skills policies could be improved by addressing the following financing challenges:

- **Improving the transparency and efficiency of Austria's fiscal equalisation system:** Education policies from ECEC to adult education are very difficult to steer in Austria due to complex (financial) responsibility structures and financial negotiation processes between administrative levels. The lack of transparency is an additional barrier for financial efficiency.
- **Ensuring equitable access to early childhood education and care:** Promoting equity in education in Austria would be boosted with greater investments in ECEC. Austria devotes less public expenditure to ECEC than most other OECD countries. Household expenditure on ECEC is above the OECD average, while tax allowances hardly reach people with low income. The private sector and employers play almost no role in the provision and financing of ECEC services.
- **Fostering equitable outcomes in primary and secondary education:** Funding formula for education do not fully reflect the educational needs of disadvantaged students. In Austria, funding for schools takes certain student characteristics into account but these may not be sufficient. For example, the social background of students is currently not taken into account.
- **Ensuring excellence in higher education:** It is questionable to what extent the current funding for higher education in Austria is both sufficient and effective to ensure high quality. Higher education institutions receive only modest private funding compared to other countries. Austria spends a lower proportion on higher education than most other countries when considering the relative spending devoted to primary, secondary and higher education. In Austria, household funding for higher education, at 2.6%, is far below the OECD average of about 25%.
- **Reaching low skilled people effectively with adult education:** Countries with stronger and more targeted state funding of adult education tend to have higher participation rates of adults with low skills than countries such as Austria, where the state does not strategically invest in adult education for this group. In international comparison, the financing of adult education in Austria is atypical because of the important role of the Public Employment Service AMS, which reaches only the unemployed who account for only about 5% of the low-skilled target group.

13. Improving governance and responsibility structures

Policy coherence requires the coordination of programmes and projects as well as effective cooperation among actors. Austria has a highly complex skills governance system, involving various actors on different levels - national, regional and local – including strong social partner involvement. On the one hand, this has evolved into a relatively inclusive and stable policy process and a high degree of ownership especially among social partners. On the other hand, the fragmented system is relatively rigid, which hinders a strategic orientation and efficient management. Tackling this requires:

- **Streamlining non-transparent responsibility structures and ensuring effective cooperation:** Complex responsibility structures shared between various ministries and agencies on different levels is found in different areas particularly of educational policy in Austria. These complex structures hinder the overall steering capacities of Austria's skills system.
- **Improving service delivery, especially for disadvantaged groups:** In Austria, improving service coordination for various target groups, such as people with migrant background, the unemployed and people with health problems, would be necessary to tackle the interlinked challenges of these disadvantaged groups more effectively.
- **Engaging social partners more effectively:** There is room to expand social partnership initiatives on skills. Social partners could provide important contributions, for example finding strategies to link skills development better to economic demand, to provide lifelong education and career guidance, to extend adult education and to implement better workplace practices for a more effective use of skills.

14. Improving the evidence base for the development of the skills system

The availability of relevant data and rigorous evaluation systems is a prerequisite for both the effectiveness and efficiency of policy design, a requirement for financial controls and for efficient spending. However, the availability of data and evaluations can only be effective if policy processes are designed with a view to incorporating this evidence into decision-making. Compared to other countries with longer traditions of evidence-based policy making, Austria still faces important challenges in generating the relevant data and information necessary to evaluate performance in terms of both effectiveness and efficiency as well as in effectively incorporating this information into its policy processes.

- **Coordinating data collection and better integrating financial data:** Effective data collection must be strategic and maintain high standards of reliability over time across multiple data collectors and geographical regions. For example, statistical offices need to cooperate in order to link different data sources such as education data with workforce data and to enable longitudinal data collection, which can be a very powerful tool in understanding why certain target groups encounter barriers.
- **Strengthening monitoring processes and evaluations:** While most federally-funded programmes are regularly evaluated, programmes of the *Bundesländer* receive far less scrutiny. Particularly when it comes to pilot projects that are often run on regional or local levels, identifying successful examples and the potential for scaling them up depends upon effective evaluation.
- **Building a strategic approach relevant to local and institutional conditions:** The availability of data at the regional and institutional level is only one part of the equation. It is also necessary to build the capacity of all relevant authorities to make use of this information when designing policy and programmes or improving implementation.

From diagnosis to action

Tackling these skills challenges will be vital for Austria to prepare the country for a competitive and innovative future, to strengthen the link between Austria's skills mix and economic development, and to tackle longstanding bottlenecks to the successful development and deployment of the skills of disadvantaged groups, including the low-skilled, women and people with migrant backgrounds. This ambitious agenda is well reflected in the goals of Austrian stakeholders, who participated in the Skills Strategy workshops (see Box 1).

This diagnostic report will have served its purpose if it contributes to fostering a common understanding of the skills challenges ahead. It will have accomplished an even greater goal if it stimulates readers to go from diagnosis to action. The responsibility for maximising Austria's skills potential goes well beyond that of government alone – and will require the active contribution of many stakeholders including social partners, students and teachers. To be meaningful, any future skills policy process should continue to include all relevant skills actors and build on their drive for action.

Austria is well placed to invest in strengthening its skills system today, so it can deliver better skills outcomes for its people and its economy in the future. The OECD is ready to provide support and expertise in developing an appropriate course of action for Austria to achieve these ambitious goals.

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This paper is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

OECD Skills Strategy

Diagnostic Report Overview

Austria

Better skills policies help build economic resilience, boost employment and reinforce social cohesion. The OECD Skills Strategy provides countries with a framework to analyse their skills strengths and challenges. Each OECD Skills Strategy diagnostic report reflects a set of skills challenges identified by broad stakeholder engagement and OECD comparative evidence while offering concrete examples of how other countries have tackled similar skills challenges.

These reports tackle questions such as: How can countries maximise their skills potential? How can they improve their performance in developing relevant skills, activating skills supply and using skills effectively? What is the benefit of a whole-of-government approach to skills? How can governments build stronger partnerships with employers, trade unions, teachers and students to deliver better skills outcomes? OECD Skills Strategy diagnostic reports provide new insights into these questions and help identify the core components of successful skills strategies.

This report is part of the OECD's ongoing work on building effective national and local skills strategies.

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- skills.oecd.org/ for OECD work on skills.

Further reading

OECD (2012), *Better Skills, Better Jobs, Better Lives: A Strategic Approach to Skills Policies*, OECD Publishing.
OECD (2013), *OECD Skills Outlook 2013: First Results from the Survey of Adult Skills*, OECD Publishing.