SMALL-SCALE STUDY III

CONDITIONS OF ENTRY AND RESIDENCE OF THIRD COUNTRY HIGHLY-SKILLED WORKERS IN AUSTRIA

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EXECUTIVE SUMMARY

Austria has a long history of immigration. In its early days, i.e. the 1960s, Austria implemented a foreign worker model, a carbon copy of the Swiss and German model. The system was selective: guest workers were targeted to fill jobs which employers could not fill with native workers. Over time guest workers settled, and became the nucleus of chain migration. The skills of the migrants then as well as today were not so much cognitive and academic but rather physical and motivational — they were young and healthy and willing to do jobs not many native workers were willing to take up. The main source countries then and today are Non-EU member states, in the main from the region of former Yugoslavia and from Turkey. Increasingly, however, persons from the old and new EU-Member states enter Austria for purposes of work and study.

In the 1990s, family reunification and immigration on humanitarian grounds has taken precedence over labour migration. Today only some 10% of the third country migrant inflows are labour migrants, who may settle on the basis of their high skills ("Schlüsselkräfte" meaning key skills). Thus, immigrants are to a large extent un- and semiskilled and the educational behaviour patterns of the new immigrants are not much different from those of the first generation migrants, particularly if they come from the traditional source countries. Labour market behaviour and skill patterns of persons from the EU correspond more closely to the Austrian pattern.

While population ageing is a strong argument for a larger migrant intake, the skill mix represents a challenge for integration policy, above all education and labour market policy. While immigration may postpone the slowdown of labour supply growth, it does not resolve the problem of qualitative aging, i.e. the skills implications of an older work force. Therefore, a rethinking of immigration policy towards a larger high-skill intake has set in towards the end of the 1990s. At the same time, however, Austria is starting to raise the question why it is losing so many highly skilled nationals to other countries such that the net result of highly skilled migration (immigration and emigration) is slightly negative whereas other European countries are net winners of highly skilled, in particular France, Germany, Sweden, the UK and Switzerland. (OECD 2004) It may be that the reasons for the strong exodus and limited circular migration of highly skilled nationals are related to the limited capacity to attract highly skilled foreigners.

In view of globalisation and technological change, Austria will have to invest heavily in the adaptation of the skills of its population and workforce in order to remain competitive in a world which is rapidly moving towards a knowledge society. Given the strictures of European Monetary Union and the limited initiatives afforded to Member States on macro-economic policy, the burden of flexibility will largely fall on wages to meet competitive pressures if a rise in unemployment is to be prevented. One way to reduce the costs of structural change to individuals, is the development of a system of continued learning and re/multi-skilling of the work force as an element of employment and education/training policy; it may speed up the adjustment of skills to the changing needs, and in so doing, reduce some of the pressures on wage and labour market policy and contain unemployment. A successful system of continued learning and up-skilling puts a break on the widening of wage scales and reduces unemployment, thus promoting social cohesion, while at the same time contributing to the sustainability of economic growth.

While the development of a system of lifelong learning will be an important instrument to continually adapt the skills of the workforce, the implementation of a system of promotion of career and employment opportunities of the highly skilled together with the implementation of procedures to encourage immigration and circular migration of the highly skilled will be crucial elements of an innovative sustainable economic growth strategy.

1. INTRODUCTION

This study is to provide an overview of the conditions of entry and residence of third country highly skilled workers in Austria. The current procedures are placed in an historical perspective. This approach is chosen in light of the path dependence of migration policy; neither policy nor patterns of migration can be turned around easily but evolve slowly over time along chosen paths which may be extended as a result of changing needs. The report is written in the context of efforts to harmonise migration policy (EC 2005) in line with the Lisbon objectives "to strengthen the EU's research capacity, promote entrepreneurship and facilitate take-up of information society technologies". (Lisbon Agenda 2004-2009, EC 2000). In this context, the question of brain-drain is also addressed. Austria has been a country of emigration as well as immigration in the 1960s until the late 1970s and again since the 1990s. The outcome then and today is a net loss of highly skilled.

This paper is intended for policy makers at national and European level, particularly in the labour market sphere, as well as interest groups, research institutions in the field of migration and civic society at large. It aims to contribute to the development of a proposed directive on the entry of third-country highly skilled workers to the EU.

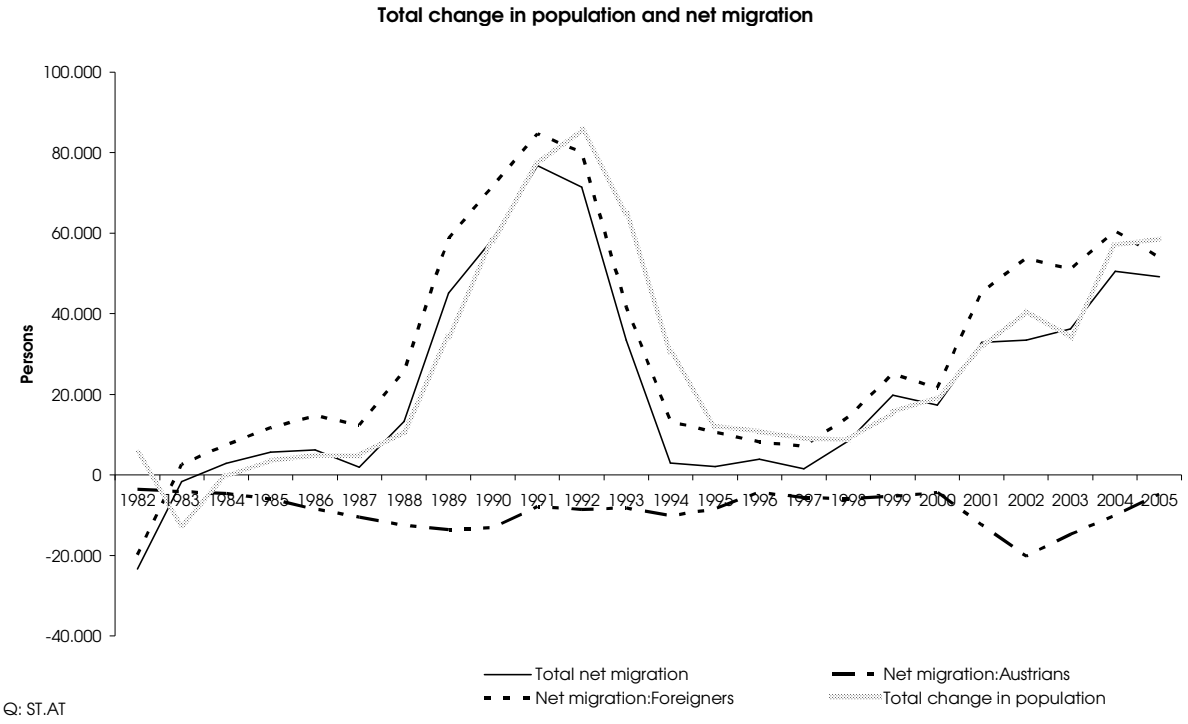
When guestworkers become immigrants

The Austrian migration system differs from traditional immigration countries like Canada, USA and Australia in many respects. It has its origins in the guest worker model, going back to the early 1960s. The objective was not population growth but rather the satisfaction of perceived temporary labour needs. As Austria was the poor-house of Europe after WWII, it could not attract highly skilled workers, as the wages were too low compared to other host countries. As a matter of fact, Austria lost some of the best native skilled workers to neighbouring Germany and Switzerland as well as immigration countries like Canada, USA, Australia. In the course of the 1990s the pattern of the 1960s re-emerged in that immigration as well as emigration of nationals gained momentum. (Graph 1) Again, Austria appears not be a net importer of the highly skilled, rather it experiences brain-drain if highly skilled are narrowly defined as university graduates.

The legacy of the foreign worker model and the concomitant industrial and education policy is a fairly high proportion of un- and semiskilled workers in all age-groups. Only a small proportion of the Austrian work force has tertiary education; the majority of the workers are in the medium

vocational skill segment. (Table 1) This situation will not change for some time to come. Even though younger generations will have better qualifications and training than the previous cohorts, the proportion of unskilled labourers will remain high in international comparison. This has to be seen in the context of a constant inflow of unskilled immigrants, basically as a result of family reunification and refugee intake, and an underinvestment in higher education on the part of second and third generation migrants. (Biffl 2002/2004B)

Graph 1:



Q: ST.AT

Supply and demand developments are intertwined, meaning that the strong vocational orientation of the work force is also a reflection of the comparatively great weight of manufacturing industries in the Austrian economy. In these industries, apprenticeship education and training is the dominant form of upper secondary education, particularly of men, but also un- and semiskilled labour plays an important role.

Thus, Austria has tended not to pick the brains of the world in its migration policy, giving priority to education and training of its own population and supplementing its work force at the lower end of the skill spectrum. The Lisbon agenda, however, introduces a new feature to migration policy, i.e., a strategy to raise the inflow of highly skilled migrants from **outside** the EU. In the global market of the highly skilled, Austria will have to compete with other developed countries, in particular Canada, Australia and USA, for highly skilled immigrants. It will have to bear in

mind that it loses some of its own highly skilled to the rest of the world in the course of globalisation while hoping to attract highly skilled persons from other parts of the world. In 2001, the difference between the number of highly skilled emigrants and highly skilled immigrants has been positive for a number of EU-MS, France and Germany taking the lead, followed by Spain, Sweden, the UK and Belgium. However, the major winners in the high skilled market are the overseas countries USA, Canada and Australia. The proportion of highly skilled immigrants (university graduates) in the highly skilled work force of the recipient country is highest in Australia, Luxembourg, Switzerland, Canada, USA and New Zealand with more than 20 percent (*OECD,* 2004). In contrast, Austria is net loser of highly skilled people through migration. In view of the path dependence of migration, it seems highly improbable that Austria will be able to turn the tide and become a net importer of highly skilled people in the short to medium term. (Table 2)

Table 1: Educational attainment level of the population by age and gender in selected OECD countries: 2002

		Men		Women		Total	
		25-49	50-64	25-49	50-64	25-49	50-64
Australia	L	29,5	39,8	38,8	61,0	34,2	50,4
	M	39,7	33,9	25,5	15,3	32,6	24,6
	H	30,8	26,3	35,6	23,7	33,2	25,0
Austria	L	13,4	23,1	22,4	39,4	17,8	31,4
	M	69,6	60,2	63,4	53,1	66,6	56,6
	H	17,0	16,6	14,2	7,5	15,6	12,0
Canada	L	15,0	25,3	12,2	27,3	13,6	26,3
	M	43,1	39,4	38,3	36,9	40,7	38,1
	H	41,9	35,4	49,5	35,8	45,7	35,6
Germany	L	12,4	13,9	17,0	28,9	14,7	21,4
	M	60,1	56,7	61,9	56,9	61,0	56,8
	H	27,5	29,3	21,0	14,1	24,3	21,7
Denmark	L	17,9	19,9	17,6	28,9	17,8	24,2
	M	57,3	54,7	49,3	47,2	53,3	51,1
	H	24,8	25,3	33,0	23,9	28,9	24,7
France	L	27,9	43,1	29,7	53,2	28,9	48,2
	M	46,4	39,0	40,9	31,0	43,7	35,0
	H	25,6	17,9	29,3	15,8	27,5	16,8
Great Britain	L	10,9	22,0	14,3	30,4	12,6	25,6
	M	59,8	55,1	57,0	49,6	58,4	52,8
	H	29,3	22,8	28,7	20,1	29,0	21,7
Netherlands	L	27,7	35,3	29,1	53,5	28,4	44,3
	M	44,8	39,4	45,9	30,7	45,3	35,1
	H	27,5	25,3	25,0	15,8	26,3	20,6
Sweden	L	14,0	31,2	10,6	26,9	12,3	29,1
	M	53,0	43,2	50,8	44,6	51,9	43,9
	H	33,1	25,5	38,5	28,5	35,7	27,0
USA	L	13,2	14,1	10,8	14,3	12,0	14,2
	M	49,5	46,3	48,7	52,4	49,1	49,5
	H	37,3	39,6	40,5	33,3	38,9	36,4

S:OECD

The numbers of highly skilled migrants remain small in spite of the implementation of a quasi open ceiling in the quota of highly skilled workers in the amended immigration law of 1997 (Alien Law). Also the facilitation of employment of foreign graduates from Austrian universities, a common practice in traditional immigration countries — and introduced in Austria in 2003 —, could not yet promote settlement of skilled migrants in Austria. This may still need some time to eventuate, but it is seen as one option for increasing skilled human resources as Austria is among the OECD countries with a net-inflow of students from abroad. In 1998, Australia had the largest net-inflow (12 percent), followed by Switzerland (11.4 percent) and Austria (7.1 percent). (*Biffl 2004A*)

Table 2: Skill composition of foreign-born in 2001 (census)

	Foreign born OECD In %			Foreign born non-OECD In %		
	High skilled	Medium skilled	Low skilled	High skilled	Medium skilled	Low skilled
Austria	11,3	39,3	49,4	8,3	36,3	55,4
Belgium	21,6	24,2	54,2	26,3	27,1	46,6
Czech Republi	12,8	48,7	38,6	20,6	49,5	29,9
Denmark	19,5	31,9	48,6	16,3	31,5	52,2
Finland	18,9	28,4	52,7	18,7	24,1	57,2
France	18,1	27,2	54,8	19,8	28,7	51,6
Germany	15,7	41	43,4	16,2	38,8	45
Greece	15,3	39,9	44,8	12,9	37,9	49,2
Hungary	19,8	39,1	41,1	19,8	40,8	39,4
Ireland	41	29,3	29,6	49,8	30,6	19,7
Italy	12,2	33,5	54,3	11	30,3	58,7
Luxembourg	21,7	41,5	36,7	19,3	47,8	32,9
Netherlands	17,6	29,5	53	15,2	30	54,8
Poland	11,9	40,3	47,9	12,8	39,4	47,8
Portugal	19,3	25,9	54,8	19	24,6	56,4
Slovakia	14,6	56,1	29,3	20,3	54,2	25,5
Spain	21,8	22,8	55,4	18,8	22	59,3
Sweden	24,2	46,2	29,6	24,2	45,9	29,9
UK	34,8	24,5	40,6	32,9	23,7	43,4
Australia	42,9	18,8	38,3	42,5	22,7	34,8
Canada	38	31,9	30,1	41	31,2	27,8
USA	25,9	34,3	39,8	32,2	35,8	32

S: OECD

To summarize, it is safe to say that Austria has not yet been able to attract highly skilled workers in large numbers either because of limited demand for these skills or because of perceived or real bureaucratic hurdles, difficulties in getting foreign credentials accredited and possibly difficulties in entering internal labour markets and career paths, as there are only few entry ports into these career paths. The latter two factors would also help explain why there is little circular migration of highly skilled nationals.

The migration system does not appear to encourage the recruitment of highly skilled people from third countries. In addition, their career opportunities in Austria appear to be limited, as social networking is an important element of career paths. But this is only one element of the low intake of highly skilled; the other and more important one in terms of numbers of immigrants is linked to the characteristics of chain migration. As Austria has tended to recruit workers with trade skills or less; family reunion with these core migrants tends to promote the inflow of the same skills. Apart from that, the major players of migration policy have tended not to mind increased competition at the lower and medium skill levels, as it reduced wage pressures, but have not given support to increased competition at the university graduate

levels. This has to be seen in the context of the strong occupational orientation of education in Austria which results in fairly small proportions of a birth cohort obtaining university degrees. The latter are to a large extent running the Austrian public administration and public infrastructure, and the so called free professions tend to be organised through associations, which tend to give preference to credentials obtained in Austria.

2. METHODOLOGY

Crucial for the question of promotion of mobility of highly skilled in the EU is the definition of high skills. In Austria, the entry and residence of third country citizens with key skills (Schlüsselkraft) is very narrow. It is not entirely based on educational attainment level but encompasses also persons with specific skills which my have been acquired over time through experience and which are scarce in Austria. Accordingly, they are able to obtain a wage which is equal to or above 60% of the upper limit for progression of social security contributions. Currently social security contributions are progressive up until a wage/salary of € 3.630. Thus, a skilled third country citizen has to earn at least €2.200 per month if he/she wants to settle and work in Austria as a migrant on the basis of key skills (Schlüsselkraft).

In addition to key skill migrants other third country citizens with high skills in a more generic sense may enter the labour market temporarily and receive a residence permit for the duration of the work permit. Temporary residence and work permits are granted on the basis of various regulations, e.g. seasonal work in agriculture (harvesting) and tourism, or as artists, entertainers, researcher, inter-company transferees, volunteer workers, trainees etc. In certain cases quotas apply, as in the case of seasonal workers. The other groups may enter on a temporary resident visa for purposes of work and are in principle uncapped.

Of course, third country migrants may settle on the basis of family reunification and for humanitarian reasons. The legal requirements for settlement and entry into the labour market for these groups are specified in section 3. This group of people is endowed with skills of the various kinds. The majority of them are working.

For the analysis of skilled migration of third countries the practice of EUROSTAT is adhered to in this study, wherever possible. Accordingly, the International Labour Organisation occupational classifications (ISCO-88) are the staring point of analysis. The occupational titles of ISCO-88 encompass not only the occupation but also the degree of specialisation of an occupation and thus the educational attainment level needed to carry out that job. Accordingly, 8 major groups (2-10) have an occupational and educational context while two additional major groups follow different criteria: major group 0 refers to the military and major group 1 to legislators, senior officials and managers.

In this study, highly skilled workers are taken to be:

- Major groups 1: Legislators, Senior officials and Managers
- Major Group 2: Professionals
- Major Group 3: Technicians and Associate Professionals
- Major Group 6: Skilled agricultural and fisheries workers
- Major Group 7: Craft and related trades workers
- Major Group 8: Plant and Machine Operators and Assemblers

Thus, major groups 4 (clerks), 5 (service workers, shop and market sales workers) and 9 (elementary occupations) are not considered to be highly skilled. The occupational group 0, i.e. army/military service, is for obvious reasons not taken into account in this analysis of the entry and residence of highly skilled third country citizens.

Accordingly, various data sources had to be consulted. As the Austrian Institute of Economic Research has a long tradition of analysing migration in Austria (annual SOPEMI-Report for the OECD since 1978, annual report on the inflow and residence of third country migrants since 1993, various special reports and analyses for the Ministry of Economic Affairs and Labour), a rich data base and good contacts to the various institutions could be tapped in order to undertake this study of the highly skilled migrants.

As social security employment data does not differentiate by occupations and skills, and as the data of residence titles granted by the Ministry of Domestic Affairs does not provide any information on the actual skills of third country migrants, recourse had to be taken to Census data of 2001 in order to identify the skills and occupations of migrants. Consequently, a data file has been bought from Statistics Austria, which differentiates employment by occupation (ISCO-88) and which allows to distinguish between nationals, foreign born or native, and foreigners by citizenship.

In order to identify labour scarcities in the various occupations, a pilot employer survey of job openings undertaken by Statistics Austria in June and September 2004 has been consulted. (Hammer 2005) At that time, unemployment rates of wage and salary earners were around 7% on average compared to a job vacancy rate of 1.6%. Both the level and occupational structure of vacancies in the lower and medium skill segment were comparable with the job openings registered on a monthly basis at the public employment service (Labour Market Service —

LMS). However, in the higher skill segment (postsecondary education) employers tend not to inform the Labour Market Service about their job openings. Thus, job openings registered with the LMS are not a good indicator of labour scarcities in the higher skill segment.

It may be surprising that both unemployment and vacancy rates are below average for the highly skilled and about double the average rate for unskilled workers and trade skills. This has to be seen in the context of significant differences in employment turnover by skill level. Unskilled workers but also persons with apprenticeship education are generally in abundant supply and can therefore be traded on the external labour market. In contrast, highly skilled personnel tend to have either firm specific skills or are integrated in an internal labour market with hardly any entry/exit ports apart from the lower and upper end of the career path (Insider-outsider problem see Biffl 2003, Biffl & Bock-Schappelwein 2003).

Accordingly, it is not surprising that job openings are in the main reported by small and medium sized private enterprises (SME), which are close to the external labour market (limited career opportunities) and hardly at all in large enterprises and public administration.

3. NATIONAL LEGISLATION FOR MIGRATION OF THIRD COUNTRY HIGHLY SKILLED WORKERS TO AUSTRIA

Administrative procedures in the migration field are guided by two regulatory institutions – the Federal Ministry of the Interior and the Federal Ministry of Economic Affairs and Labour. While the former regulates the inflow and resident status of immigrants and short-term movers, the latter regulates access to the labour market albeit of an increasingly smaller and very specific group of workers. The interaction and co-ordination of policy concerning immigration is laid down in Federal Laws. The Chancellery has the position of a mediator in certain situations. In contrast, integration of migrants is regulated and organised on state level.

The inflow of workers of third country origin is regulated by quotas, except for certain specific groups of persons, who may come outside a quota regulation, i.e.

1. persons working for foreign media with sufficient income,
2. artists with sufficient income,
3. researchers
4. highly skilled managers, renowned persons and their third country partners and dependents as well as their domestic helpers if the latter can prove that they have been working legally for the highly skilled person for a minimum of one year. The renowned person has to have a monthly gross income of 120% or more of the wage level at which no further rise in social security contributions has to be paid (in 2006 this meant an income of at least €4.400 per month)
5. wage and salary earners who may access the labour market without a labour market test (specific groups of persons defined in the foreign worker law),
6. partners and dependants of Austrians and citizens of the EEA, who are third country citizens
7. diplomats
8. representatives of religious groups.

In 2005, the legislation regarding foreigners has been revised fundamentally, affecting asylum law, the regulation of residence and settlement of foreigners and Alien Police Law (Asylgesetz

2005, Niederlassungs- und Aufenthaltsgesetz 2005 – NAG, Fremdenpolizeigesetz 2005). The regulation pertaining to the residence status and access to work has been overhauled, whereby the two legislative bodies have cooperated to systematise the law in accordance with EU guidelines. The redrawing of legislation is thus to a large extent due to the efforts on the part of the EU to coordinate migration policy and to harmonise legislation, at least as far as EU citizens and their third country family members are concerned.

Thus, family reunion is essentially unregulated and uncapped for third country origin citizens who are partners of or are dependent children of an Austrian or EU citizen[1]. In addition, third country citizens who have the right to settlement in another EU country (after 5 years of legal residence), have the right to settle also in Austria. Only the inflow for settlement of third country citizens and of their family members is regulated by quotas. Access to the labour market is granted to settlers – regulated by the Settlement and Temporary Residence Law (NAG 2005), i.e., by the Federal Ministry of the Interior, and to temporary residents according to the rules of the Foreign Worker Law (Federal Ministry of Economic Affairs and Labour). Temporary residents of third country origin who enter Austria for the purpose of work of less than 6 months receive a work visa (C+D).

Thus, an annual quota is fixed for third country citizens who want to work and settle in Austria (only skilled migrants) and for family reunion of third country citizens with third country citizens. Family reunion quotas only apply to citizens of third countries, who are residing in Austria on the basis of a quota. One may distinguish 5 types of family reunion quotas (NAG 2005):

1. Highly skilled workers (§§2/5 and 12/8 AuslBG and § 41 NAG), their partners and dependent children (§46/3 NAG); for 2006 the inflow quota was reduced to1,265 — after 1,600 in 2005. While the quota has never been filled in the past, the current year seems to have been too restrictive. Several provinces had more applications than could fit into the quota. It can be expected that the quota for highly skilled workers will be raised as a consequence.

2. Third country citizens who are permanent residents in another EU country and who want to come to Austria for the purpose of work (§8/1/3 NAG) or who want to settle in Austria

[1] After 4 years of residence the permanent residence permit (which was issued on the basis of family reunion) may be transferred into a permanent settlement permit in its own right. For a detailed account of legislation, quotas, and actual inflows see *Biffl* (2005), Zur Niederlassung von Ausländern und Ausländerinnen in Österreich http://www.bmi.gv.at/downloadarea/asyl_fremdenwesen/NLV_2006endg_0509.pdf.

without accessing the labour market (§49/1 NAG). This is a new quota in the new residence law of 2005 and has been applied for the first time in 2006. Hardly any have come on that basis by mid 2006.

3. Family members of third country citizens (§46/4 NAG); the inflow quota for 2006 was 4,480, which was somewhat less than a year ago.

4. Third country citizens, who have a permanent residence permit on the basis of family reunion without access to work and who want to have this title transferred to access the labour market (§§47/4 and 56/3 NAG). This is a new quota, speeding up labour market integration of family members of settlers.

5. Third country citizens and their family members who settle in Austria without wanting to enter the labour market (§§ 42 and 46 NAG); the regulations were amended in the new law requiring the proof of regular monthly income (double the minimum of unemployment benefits as regulated in § 293 ASVG). The ceiling in 2005 was raised to 440 (after 360 in 2004).

Thus, an annual quota is only fixed for highly skilled migrants of third countries, whose access to the labour marker is not explicitly free (according to the foreign worker law), and for family members of third country citizens. The former may enter on the basis of an employer nomination scheme, if scarcity of their skills can be documented (indicators of occupational labour market scarcities). Not only is scarcity a requirement, but in addition a minimum earnings requirement which is to ensure that wage dumping does not occur; in actual fact the ceiling is set fairly high, above the average entry wages of young university graduates. The person's monthly gross earnings have to be 60 percent or more of the social security contribution ceiling.

Thus, according to immigration policy, highly skilled workers are more narrowly defined than is the EUROSTAT practice. Accordingly, the numbers of third country citizens with those narrowly defined skills are fairly stable over time at some 6000 persons. A rather small proportion are highly skilled settlers, namely around 1000 persons on an annual average. The average age of skilled third country migrants ranges between 33 and 41. The oldest ones tend to be self-employed highly skilled workers, the youngest ones are researchers or inter-company transferees, somewhat older tend to be artists.

4. PROGRAMMES FOR ATTRACTING THIRD COUNTRY HIGHLY SKILLED WORKERS

There are no special programmes to attract third country highly skilled workers

5. RIGHTS AND OBLIGATIONS OF THIRD COUNTRY HIGHLY SKILLED WORKERS

The highly skilled person is supposed to fulfil at least one of the following requirements:

1. the person is not only an asset to the enterprise (employer nomination) but also for the labour market of the region,
2. the person contributes to job creation and/or preservation of existing jobs,
3. the person invests capital in Austria,
4. the person is a university graduate or has other comparable, reputable skills.

Third country nationals have to be treated equally on the labour market. Antidiscrimination legislation put in place in 2003 provides the legal instrument to bring an employer in front of the courts in cases of discrimination. It remains to be seen if this is an effective legislation.

6. EXPERIENCE WITH THIRD COUNTRY HIGHLY SKILLED WORKERS

In 2001, 3,690.600 persons were employed in Austria, of which 2,254.000 or 61% highly skilled workers, according to the judgement by EUROSTAT. The 39% of total employment not considered amongst the highly skilled are divided up into

- Major group 9: workers with elementary skills, i.e. of persons with less than compulsory education or persons who carry out jobs that do not have more than elementary skill requirements; in total they represent 12% of all employees; the proportion is lower for men(9.9%) than women (14.6% of all employed women) and differs significantly by country of origin. Turks and persons from former Yugoslavia (mainly Serbs) are to a large extent unskilled labourers — 45% of all employed Turks (55% of women and 41% of men) and 40% of former Yugoslavs (54% of women and 31% of men). In contrast, only 8.6% of persons from the EU-14 and EFTA are unskilled labourers.

- Major group 4: Clerks, i.e. office workers, cashiers, customer services and the like; they represent 13.5% of all employees; the proportion is significantly higher for women (20.6%) than men (7.7% of male employment). Migrants from other EU and from EFTA countries as well as from America and Oceania are almost to the same extent as Austrians employed as clerks, namely 10% to 12% of the employment of nationals of these countries, other nationals far less often.

- Major group 5: Service workers and sales personnel, including personal care and tourist services; they represent about the same proportion of employment as clerks. Again more often women than men are in these medium skilled occupations, namely 20.9% of all female employment and 7.3% of all male employment. Migrants from third countries are more often than Austrians working in this field. An above average proportion of Asians is working here (27% of their employment), followed by persons from the Near East (19% of their employment), and persons from the new EU-MS (17.6%). The high concentration of migrant workers in these types of jobs and a large proportion of clandestine third country migrant workers are an indicator that there may not be sufficient supply of Austrian labour with these skills. Particularly care services for the elderly are identified as scarce in Austria. The current debate

will most probably lead to a premature lifting of transition arrangements for care workers from the new EU-MS.

Table 3: Composition of employment by major occupational groups and citizenship: 2001

	ISCO-88 Major Group								
	1	2	3	4	5	6	7	8	9
Citizenship	In% of total employment								
Austria	8,9	8,7	20,2	14,3	13,4	4,1	13,9	6,8	9,9
Other EU-15	13,5	17,0	22,2	10,5	14,7	1,0	8,0	4,4	8,6
New EU-10	5,1	5,4	13,4	6,5	17,6	1,0	24,1	7,8	19,2
EFTA	13,1	13,0	21,8	12,0	13,8	2,5	10,4	4,7	8,6
Former Yugoslavia (except Slovenia)	2,7	1,0	5,9	4,6	11,9	0,5	19,9	13,1	40,3
Turkey	2,9	0,8	4,8	4,6	9,0	0,4	15,4	17,3	44,9
Other Europe	5,5	6,5	11,3	7,3	14,3	0,8	16,3	11,3	26,7
Near East	9,1	6,5	13,2	9,1	18,8	0,3	12,0	7,1	23,8
Asia	7,1	5,4	11,7	7,7	27,1	0,3	6,7	6,4	27,6
America/Oceania	9,4	21,3	18,2	10,1	15,2	0,6	5,1	4,2	15,8
Africa	5,6	4,6	10,4	7,7	16,8	0,4	9,5	9,2	35,8
others	4,8	3,2	8,9	7,8	15,9	0,3	15,6	12,2	31,2

S:St.at, WIFO-calculations
1:Senior officials and top managers; 2:Professionals; 3: Technicians/assoc.professionals; 4:Clerks;5:Service workers/sales; 6:Skilled agricultural/fisheries workers; 7:Craft/trdaes skills; 8: plant/machine operators and assemblers

Among the occupations which are considered to require high skills, the proportion of third country migrants differs widely. As has been mentioned in the introductory note, the largest numbers of workers of third countries tend to be in the medium to lower skill segment of the ISCO-88 groups. Accordingly, the proportion of migrant workers, which was on average 10% in 2001, had a wide spread.

- Major group 1 of ISCO-88: legislators and top officials in public administration and law making bodies as well as top managers in private enterprises. The proportion of foreign employees is somewhat below average with 6.1%, as legislators tend to be natives — only 1.3% were non-Austrians in those occupations. However, in top management positions in large enterprises, the share of EU-citizens (EU-14: 2.7; EU-10: 0.6) is only slightly higher than that of third country citizens (2.9%) such that in toto, 6.1% are non-Austrians. In contrast, heads of small private enterprises or their top managers are more often of third country origin (3.2%) than from the EU (EU-14: 2.3; EU-10: 0.6%).

- Major group 2: Professionals, the share of foreign employees is 5.8% (EU-14: 3.2%; EU-10: 0.6%; third country: 2%); the share of foreigners is particularly high in the engineering sciences/mathematics/natural sciences with 9%, the majority from the EU. Also in the life sciences the share of foreign citizens is comparatively high (4.1%), and it is lowest in teaching professions with 3.2%. In other professions

(university graduates) the share is also fairly high with 8.4%. The majority tends to be from the EU, however, persons of third countries do also represent significant numbers.

- Major group 3: Technicians and associate professionals have a slightly lower share of migrant workers than professionals, namely 5%. The few there are, are either from the EU (1.8%) or from former Yugoslavia (1.4%) and the new member states (0.7%).

- Major group 6: skilled agricultural and fisheries workers are almost exclusively Austrians (98.3% of all workers).

- Major Group 7: Also in crafts and trades skills foreigners represent an important share of workers, namely 11.5%; the majority is from third countries — 9% of all workers in this subgroup. The proportions are particularly high in construction and stone/earth processing (15% of all workers are foreigners, mainly of third countries), as metal workers and mechanics (8.8%) and in other crafts and trades (10.1%).

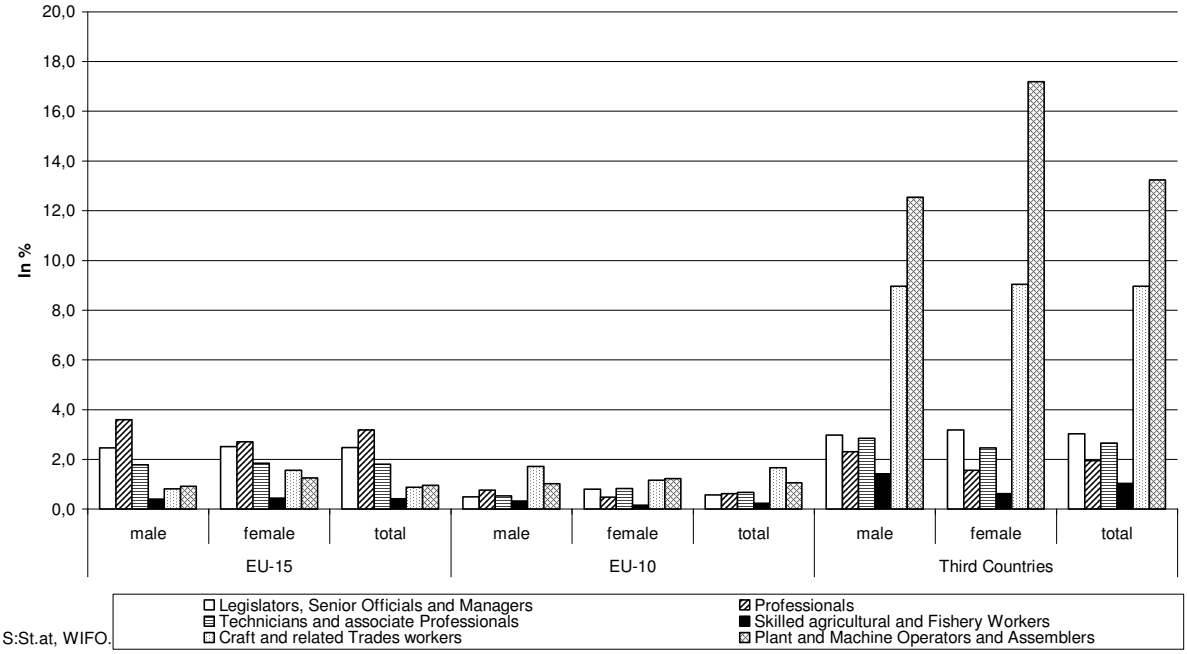
- Major Group 8: The largest numbers of migrant workers are assembly workers, machine operators and the like. In these professions the share of foreign citizens is 15.2%, the majority being from third countries (13.2% of ISCO-88 subgroup 8 employees). The largest proportion is found among machine operators where 22.2% are foreign employees, whereby 87% are from third countries (20% of all employees in that occupational group).

Thus, the dependence upon migrant workers is somewhat bipolar; it is fairly high at the top end of the spectrum of occupations, i.e. amongst top managers and professionals, and particularly pronounced at the craft and trades level as well as the machine operator level.

Austria appears to be successful in attracting migrants; the structure of the highly skilled migrants by citizenship suggests that it is fairly easy to come to Austria as a highly skilled worker in the context of inter-company transfers, particularly top management of large multinational enterprises. The majority of migrant workers is, however, in traditional trade and craft skills or as machine operators where there are limited career opportunities. In consequence labour turnover is high and migrants may access easily at the required skill and wage level. Only were vertical hierarchies are important and linked to further education and training as well as promotion ladders, highly skilled migrants face difficulties in entering at higher wage and skill levels.

Graph 2:

Proportion of highly skilled foreign employees by occupational major group and citizenship: 2001



S:St.at, WIFO.

Another reason may be that it is not an easy matter to get the skills acquired on the job or abroad accredited. Often educational attainment levels are a prerequisite for gaining access to specific jobs or professions in Austria; also further education may require the documentation of a certain skill level. In the case of the recognition of a school/higher education certificate of another country, invariably the question has to be resolved, what education and training measure of today could be comparable (curriculum comparison, test of competences). As education and training systems and the contents of learning are very diverse across countries, no simple procedure of accreditation exists, which can accommodate all skills. But even in the case of a formal recognition of skills, it may not suffice to actually get a job. A major reason may be that the labour market does not call for these skills or that there is an oversupply of these skills; in addition, the communication skills needed to exercise the task may not be sufficient, and last but not least, discrimination may be a factor. In order to really promote the employment opportunities of migrants, a holistic approach to skills recognition, further education and training and eventual employment is more promising. This was the outcome/understanding of 3 years work of an Equal development partnership with migrants (Equal–Project: www.wequam.at)

In Austria today, various education and training institutions as well as the Labour Market Service have taken recourse to the expertise of NGOs to promote skills recognition of migrants and to develop bridges into employment. A major platform around which a variety of activities are being coordinated is the InterCulturExpress (www.interculturexpress.at). This is a network of specialised NGOs, who contribute their diverse know-how to combat migrants' skills shortages which go beyond recognition of formal skills. In so doing they do not only open up employment opportunities for migrants but actively promote mutual understanding.

7. STATISTICAL DATA

In order to establish the number of highly skilled according to ISCO-88 Major groups and subgroups, one has to turn to the census 2001, which identifies employees by their occupational titles as well as country of origin. For data see the tables in the appendix.

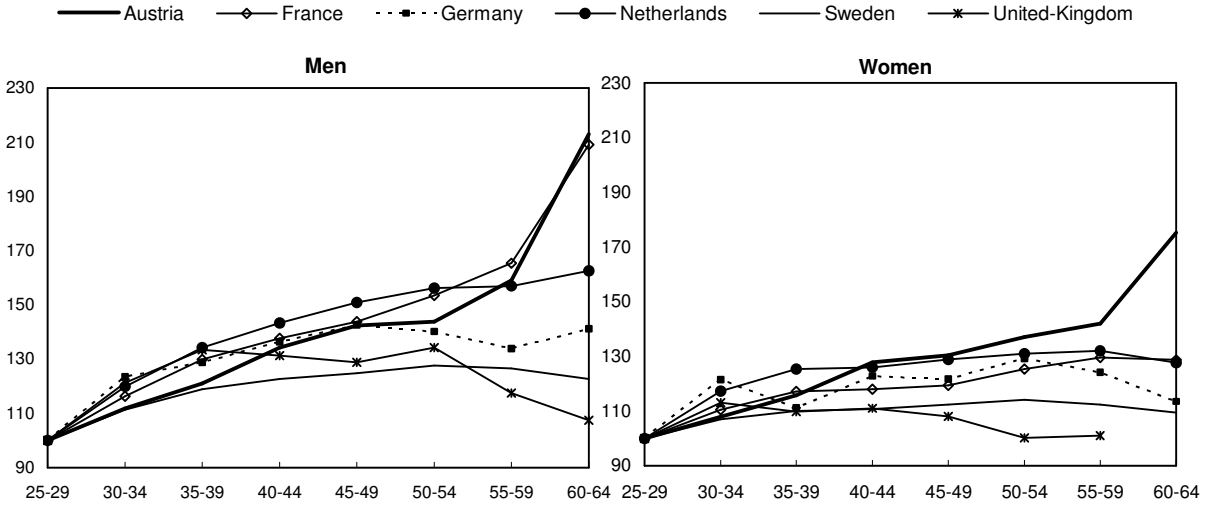
8. ANY OTHER RELEVANT ASPECTS

It may well be that it is not legal barriers to entry and residence of highly skilled that hamper immigration and circular migration of the highly skilled into Austria. Indications are that the importance of seniority rules and thus functional mechanisms of the Austrian labour market are important explanatory factors for limited intake of the highly skilled outside normal inter-company skill transfers.

The important role of internal labour markets, i.e. internal career ladders underpinned by seniority wages, in large enterprises and the public sector may be one of the major reasons for the limited access of highly skilled migrants to these sorts of jobs. The same may hold for natives, who would like to return from abroad and take up adequate employment in Austria (circular migration) but who are not willing to start at the very beginning of a career path. A characteristic of Austrian career developments are low entry wages in an international comparison and slow wage increases as turnover is still high close to the entry port. Thus, entry wages tend to be below productivity but continued employment bears the prospect of recuperating foregone earnings from the age of the mid 30s onwards.

Graph 3:

Age-earnings profiles in Austria and selected OECD countries, 2000[a]



a) 2001 for Austria
Source: Austria: Microcensus and "Wage Tax Statistics" (MZ Lst Data); France DADS; Germany: German socio-economic panel; Netherlands: Statistics Netherlands; Sweden:Statistics Sweden; United Kingdom: Labour Force Survey.

One way of breaking into internal labour markets is through temporary work agencies and personnel leasing companies. Austria does not take recourse to these agencies to the same

extent as the UK, Ireland, Holland or the Nordic countries. But then, these countries do not have as pronounced wage (and work) hierarchies as Austria as exemplified by age-earnings curves and therefore not the same extent of an insider-outsider problem. (Graph x) Only France, and possibly Belgium and Italy, appear to have a similar insider-outsider problem as Austria as exemplified by the pervasive character of seniority wage rules. Pronounced internal labour markets with seniority wage scales do not only have an impact on cross-border labour mobility within the EU which is apart from inter-company labour transfers, but also on employment opportunities of mature workers in ageing societies. (OECD 2006)

9. CONCLUSIONS

The planning and control of migration flows is becoming increasingly difficult, given the rights to family reunification, to refuge and to settlement after a certain period of legal residence. Thus it will be difficult to adapt the migration system towards a larger inflow of highly skilled migrants. If immigration to Austria continues to take place along traditional un- and semiskilled lines, it will not fit into the emerging specialisation processes of industrial production and economic integration and will most likely result in increased unemployment of the less skilled. These circumstances will not only limit potential economic growth but will contribute to rising income inequality and endanger social cohesion. The need for adjustment assistance is evident, one element being a coherent approach by the government and other relevant parties in the development of a system of lifelong learning.

The development of a system of lifelong learning is a major tool to raise and adapt the skill base of the work force and thus productivity. It is an integral part of the Lisbon Agenda towards a productive knowledge society. It may not suffice, however, to reduce the productivity gap between Europe and North America. The latter, together with Australia, are more successful than Europe in attracting the highly skilled, who almost by definition contribute more than proportionately to economic and productivity growth. In that light, Europe may have to rethink its migration policies and develop better tools to attract and retain the highly skilled.

This can only be achieved by implementing a system of controlled migration. It is a prerequisite for maximising the economic advantage associated with migration. However, integration measures have to complement immigration if social cohesion is not to be jeopardised. Even in cases of temporary worker migration, integration measures should be accessible, in particular housing and language courses, in order to promote social cohesion, one of the main pillars of the Lisbon Agenda.

While migrants will have a role to play in alleviating the problems linked with population ageing, the eventual ageing of the migrants themselves will add yet another dimension to the already daunting task of providing adequate care for an ageing population. The comparatively weak health of older migrants relative to natives implies that health care institutions will be faced with caring for people with special needs due to often chronic and multimorbid health problems as well as different language and cultural background. This may imply institutional adjustments, e.g., intercultural training, for care-personnel, medication and equipment.

As migratory processes do not only have an economic dimension but also political, cultural, social, humanitarian and even strategic ones, it is important to inform the native population about the contributions of immigrants to the wellbeing of society. In this respect Austria will have to learn from the traditional immigration countries overseas, where the media play an important role in informing the general public about the economic benefits accruing from immigration. However, this may partly be the result of a better informed media, as research into the role of immigration in socio-economic development is abundant and outcomes are readily available — a result of a long tradition of generous funding of migration research and a policy of transparency.

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APPENDIX

Table 4: Highly-skilled Employees by nationality and ISCO-88 occupations (S: Statistics Austria, WIFO)

Nationality:	Austria			EU-15			EU-10			Third countries			Total		
ISCO-88 (Sub-)Major Group:	male	female	total	male	female	total	male	female	total	male	female	total	male	female	total
Legislators, Senior Officials and Managers	**217.960**	**76.568**	**294.528**	**5.720**	**2.058**	**7.778**	**1.167**	**659**	**1.826**	**6.898**	**2.601**	**9.499**	**231.745**	**81.886**	**313.631**
Legislators and senior officials	3.262	750	4.012	9	9	18	5	2	7	20	6	26	3.296	767	4.063
Corporate managers	136.213	35.509	171.722	3.769	1.140	4.909	709	304	1.013	3.968	1.399	5.367	144.659	38.352	183.011
general managers	78.485	40.309	118.794	1.942	909	2.851	453	353	806	2.910	1.196	4.106	83.790	42.767	126.557
Professionals	**151.338**	**138.029**	**289.367**	**5.841**	**3.929**	**9.770**	**1.239**	**688**	**1.927**	**3.732**	**2.261**	**5.993**	**162.150**	**144.907**	**307.057**
Physical,mathematical and engineering professionals	39.924	6.680	46.604	1.883	454	2.337	583	128	711	1.183	360	1.543	43.573	7.622	51.195
Life science professionals	23.417	17.690	41.107	697	468	1.165	102	98	200	230	155	385	24.446	18.411	42.857
teaching professionals	41.998	80.672	122.670	1.125	1.301	2.426	114	177	291	668	706	1.374	43.905	82.856	126.761
other professionals	45.999	32.987	78.986	2.136	1.706	3.842	440	285	725	1.651	1.040	2.691	50.226	36.018	86.244
Technicians and associate Professionals	**342.710**	**328.562**	**671.272**	**6.428**	**6.352**	**12.780**	**1.927**	**2.860**	**4.787**	**10.263**	**8.547**	**18.810**	**361.328**	**346.321**	**707.649**
Physical and engineering science associate professionals	141.367	25.153	166.520	1.947	628	2.575	755	286	1.041	3.678	1.222	4.900	147.747	27.289	175.036
Life science and health associate professionals	14.978	71.079	86.057	400	1.475	1.875	168	1.303	1.471	648	1.597	2.245	16.194	75.454	91.648
teaching associate professionals	10.303	29.696	39.999	296	480	776	53	100	153	417	376	793	11.069	30.652	41.721
other associate professionals	176.062	202.634	378.696	3.785	3.769	7.554	951	1.171	2.122	5.520	5.352	10.872	186.318	212.926	399.244
Skilled agricultural and Fishery Workers	**71.359**	**65.187**	**136.546**	**287**	**301**	**588**	**235**	**107**	**342**	**1.036**	**416**	**1.452**	**72.917**	**66.011**	**138.928**
market oriented skilled agricultural and fishery workers	71.359	65.187	136.546	287	301	588	235	107	342	1.036	416	1.452	72.917	66.011	138.928
Craft and related Trades workers	**420.529**	**40.500**	**461.029**	**3.860**	**718**	**4.578**	**8.096**	**534**	**8.630**	**42.543**	**4.147**	**46.690**	**475.028**	**45.899**	**520.927**
Exztraction and building trade workers	158.627	5.807	164.434	1.529	183	1.712	4.307	90	4.397	23.539	744	24.283	188.002	6.824	194.826
metal, machinery and related trades workers	185.080	5.846	190.926	1.503	142	1.645	2.599	86	2.685	13.350	718	14.068	202.532	6.792	209.324
precision, handicraft, printing and related trades workers	15.653	7.169	22.822	247	155	402	161	78	239	803	394	1.197	16.864	7.796	24.660
other craft and related trades workers	61.169	21.678	82.847	581	238	819	1.029	280	1.309	4.851	2.291	7.142	67.630	24.487	92.117
Plant and Machine Operators and Assemblers	**193.522**	**31.824**	**225.346**	**2.052**	**492**	**2.544**	**2.313**	**489**	**2.802**	**28.366**	**6.808**	**35.174**	**226.253**	**39.613**	**265.866**
stationary plant and related operators	34.575	2.923	37.498	284	54	338	259	50	309	3.529	451	3.980	38.647	3.478	42.125
machine operators and assemblers	34.560	22.048	56.608	537	242	779	481	340	821	8.932	5.583	14.515	44.510	28.213	72.723
drivers and mobile plant operators	124.387	6.853	131.240	1.231	196	1.427	1.573	99	1.672	15.905	774	16.679	143.096	7.922	151.018
Total	**1.397.418**	**680.670**	**2.078.088**	**24.188**	**13.850**	**38.038**	**14.977**	**5.337**	**20.314**	**92.838**	**24.780**	**117.618**	**1.529.421**	**724.637**	**2.254.058**

Table 5: Third country highly-skilled workers employed by ISCO-88 Major Group by country of origin and gender, 2001 (S: Statistics Austria, WIFO)

Third country higly-skilled workers employed by ISCO-88 Major Group 2001 by country of origion and by Gender															
	ISCO-88 Major Group														
	Legislators, Senior Officials and Managers		Professionals		Technicians and associate Professionals		Skilled agricultural and Fishery Workers		Craft and related Trades workers		Plant and Machine Operators and Assemblers		Total		
Country of origin	male	female	male	female	male	female	male	female	male	female	male	female	male	female	Total
Bosnia and Herzegowina	1.423	712	548	333	2.269	2.781	306	131	17.334	1.552	8.627	2.486	30.507	7.995	38.502
Serbia and Montenegro	1.754	805	621	374	2.506	2.276	269	105	10.012	1.130	8.379	2.112	23.541	6.802	30.343
Turkey	1.888	499	658	272	2.225	1.305	205	49	9.091	881	9.741	2.057	23.808	5.063	28.871
Croatia	693	339	507	380	993	1.134	58	43	3.539	417	1.821	608	7.611	2.921	10.532
Romania	570	298	639	493	1.085	1.239	50	49	3.131	446	1.673	507	7.148	3.032	10.180
Rest of Asia (East-, South-East Asia)	291	188	310	322	594	1.659	11	31	505	168	362	279	2.073	2.647	4.720
Central Asia	652	156	858	386	748	464	14	10	483	89	514	58	3.269	1.163	4.432
North Africa	728	59	442	116	684	170	19	5	561	36	707	33	3.141	419	3.560
Macedonia	197	52	57	28	290	202	111	10	1.623	81	725	119	3.003	492	3.495
North America	376	181	693	660	500	438	15	18	179	46	102	44	1.865	1.387	3.252
Other European States	391	201	370	430	414	521	19	21	339	94	211	68	1.744	1.335	3.079
South Asia	483	77	231	78	553	591	12	8	402	39	518	55	2.199	848	3.047
Other Africa	274	93	379	149	547	353	17	8	497	65	433	77	2.147	745	2.892
Other America	219	129	376	353	429	542	14	12	239	82	162	94	1.439	1.212	2.651
Bulgaria	193	135	300	293	264	352	18	7	253	33	248	43	1.276	863	2.139
Other Near East	324	46	496	95	379	146	5	2	286	25	199	50	1.689	364	2.053
China, Taiwan	465	326	190	164	177	346	0	8	97	45	44	26	973	915	1.888
Oceania	67	39	93	96	145	151	4	5	111	20	49	8	469	319	788
Israel	72	25	75	36	98	71	1	0	86	9	28	4	360	145	505
unknown	33	9	15	12	28	35	2	2	29	4	28	3	135	65	200
Total	**11.093**	**4.369**	**7.858**	**5.070**	**14.928**	**14.776**	**1.150**	**524**	**48.797**	**5.262**	**34.571**	**8.731**	**118.397**	**38.732**	**157.129**

Graph 4: Structure of Employment by occupational group, 2001 (S: Statistics Austria, WIFO)