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*AMS Austria*

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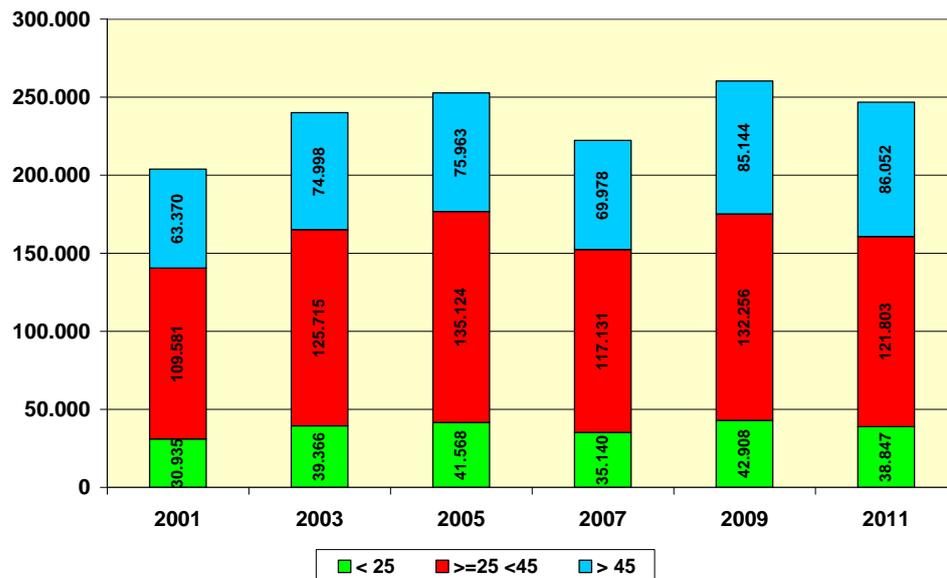
In collaboration with GHK Limited and the Budapest Institute.

# 1. MAIN CHALLENGES IN RELATION TO THE LABOUR MARKET

## 1.1. What is the labour market situation of older workers?

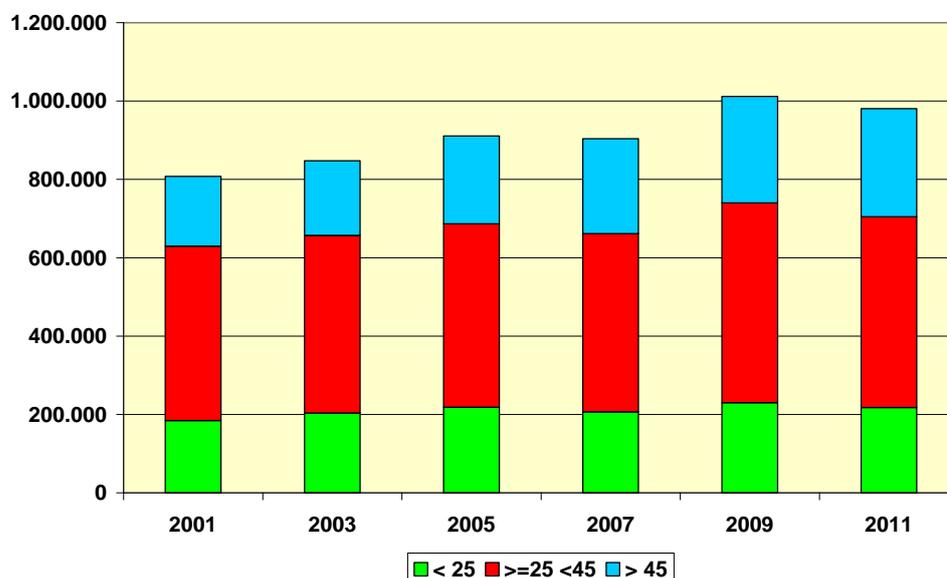
Austria is not achieving the EU target employment rate for older workers of 50 %, at the moment the percentage is 42.4 %.

**Graph 1: Average number of unemployed people according to age groups**



The graph shows a slight rise of the number of older people from approximately 31 % per annum in 2001 to 35 % in 2011.

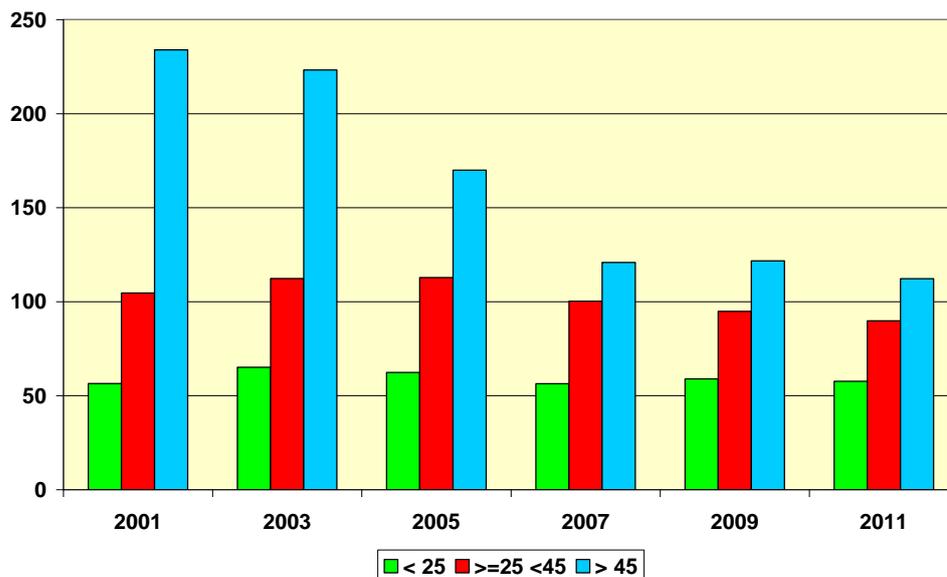
**Graph 2: Entry into unemployment according to age groups**



Graph 2 shows the development of unemployment in Austria in the past 10 years.

The rise in unemployment is due in particular to an increase in the percentage of older unemployed workers from approximately 22 % in 2001 to 28 % in 2011. The decrease in 2011 in the group of the older employed was less than in the other groups, and this means that the challenge for the AMS in their activity with this group of persons has become more significant.

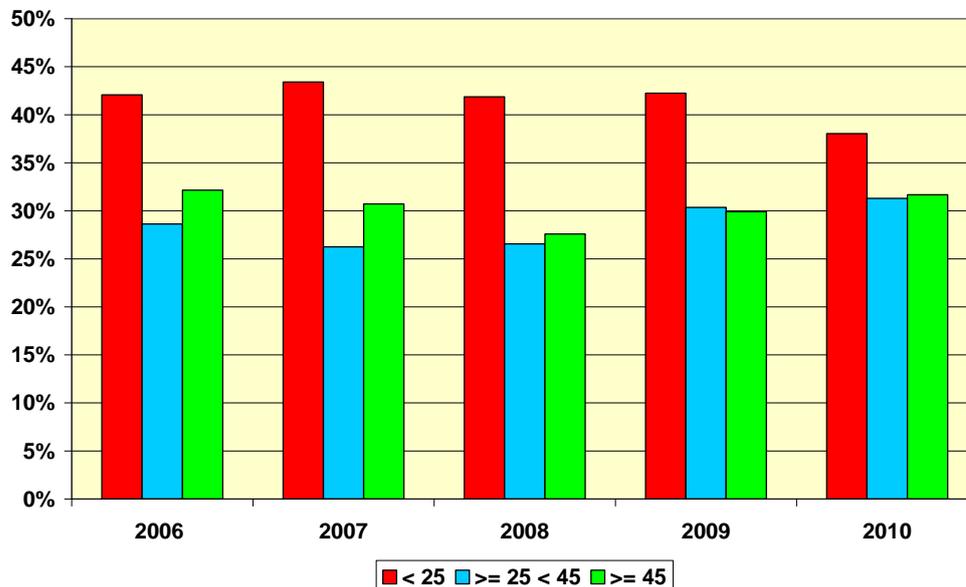
**Graph 3: Duration of unemployment in days**



The main aim of the AMS is to keep the duration of unemployment as short as possible. Through targeted interventions by the means of the 'Early Intervention Strategy' it was possible to ensure that the time during which workers were unemployed in the main occupational categories was shortened considerably, in particular in the case of older workers.

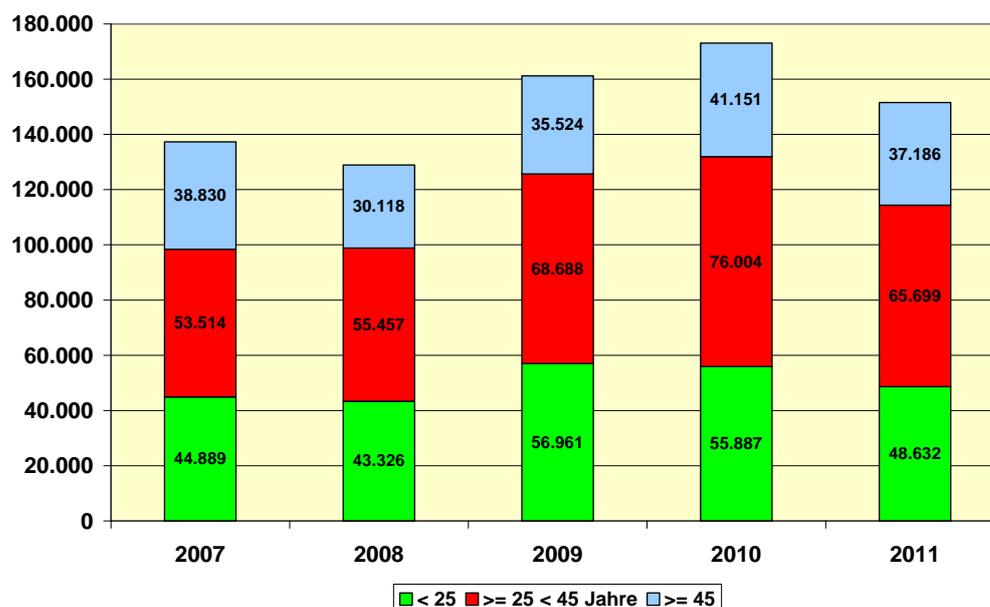
## Graph 4: Participation of people in training and education measures

### Supported persons according to age groups



Graph 4 shows the percentage of people in active labour market policy measures against the number of people in the age group concerned. It shows that in the sphere of support, the setting of priorities is concentrated mainly on the younger unemployed, followed by older unemployed persons. These groups of people are more involved in sponsored activities than in their share among the unemployed would have led us to expect.

### Graph 5: Supported persons in training measures according to age



With the exception of 2007, the graph shows that the distribution of support over the individual age groups remains constant. It also shows that the AMS regards the support of the younger unemployed as a priority.

## **1.2. What are the main challenges facing PES in working with older workers and which groups among older workers are the most difficult to support?**

- **Political system:** Decades of regulation which set the retirement age at 55 (women) and 60 (men) and the practice of (semi) public service providers solving the efficiency of the organisation by using early retirement from the age of 50 for some employees created an attitude in the population to expect retirement at an early age.
- **AMS employees:** The scepticism or the experience of slight chances of success regarding professional reintegration for older unemployed persons leads to reduced activities of the employees.
- **Employers:** There are multi-faceted, negative basic attitudes with regard to engaging older unemployed persons (more expensive as a result of the wage system, suspected lack of qualifications or lack of adaptability, health problems).
- **Unemployed persons:** Many older unemployed persons' motivations to search for a job are limited for a number of reasons.
  - They regard retirement as a solution to unemployment (e.g. the expectation to retire at the age of 60 – see political system)
  - They are doubtful of their qualifications
  - They avoid actively looking for work because of negative experiences or lack of confidence in their own competences.

A group of persons within the older unemployed persons, whose reintegration into the employment system is particularly difficult, cannot be identified, because the integration opportunities depend on many multi-layered factors.

## **2. SERVICES FOR OLDER WORKERS: OVERALL STRATEGY AND APPROACH**

### **2.1. What is the main strategic approach of the PES in dealing with the issue of demographic change and unemployment among older workers?**

The AMS follows both the system of target groups (steering the results by means of targets and benchmarking the results by means of a Balance Score Card) and the individualised approach to shorten the duration of unemployment by means of the 'Early Intervention Strategy' (see Graph 3).

The integration of older unemployed persons into the employment system is not a generalised problem, but it depends to a large extent on a great number of factors (training, domicile, attitude, etc.) By means of defined quantitative targets and intensive benchmarking, a pro-active attitude of the employees and management is called for and checked. To support the re-entry of older unemployed persons into employment, a reduction of the wage costs for employers is used by means of a time-limited wage subsidy.

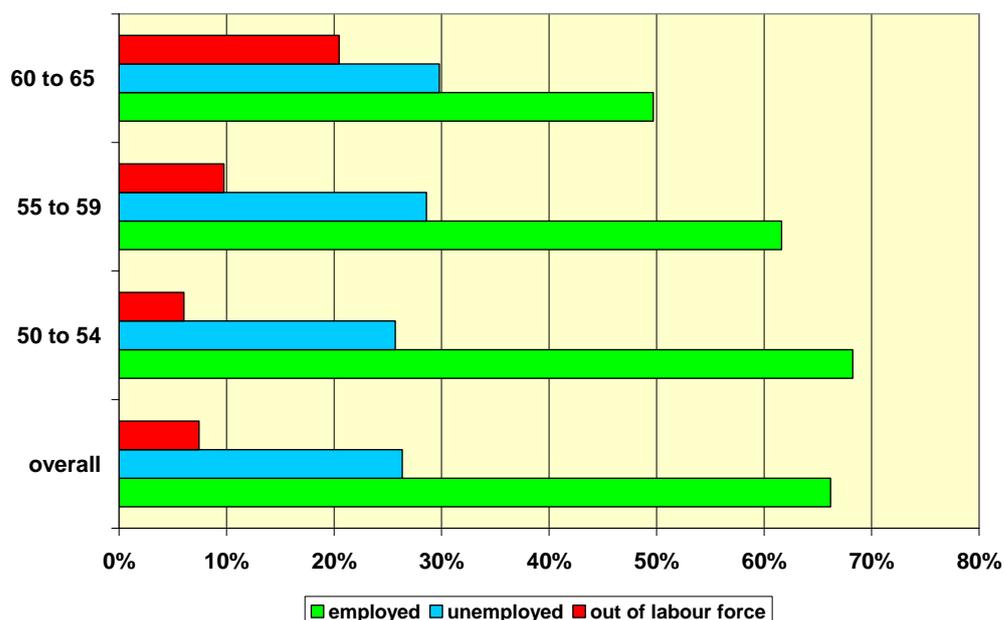
The 'Early Intervention Strategy' in the job centres consists in particular of:

- The unemployed are obliged to actively look for work as from the first day of unemployment and prove this.
- Their search is actively supported by the job centre employees through job proposals.
- The jobseekers must make regular contact with the job centre employees.

Training and financial support of the employment rate are important tools:

- Training or integration measures are offered if it is not possible to offer a reasonable job within 3 months (for young people, mothers who want to return to work after looking after children and older unemployed persons over the age of 50).
- Settling-in allowances for employers are offered for unemployed persons who cannot be reintegrated into the labour market easily (see Graph 6).

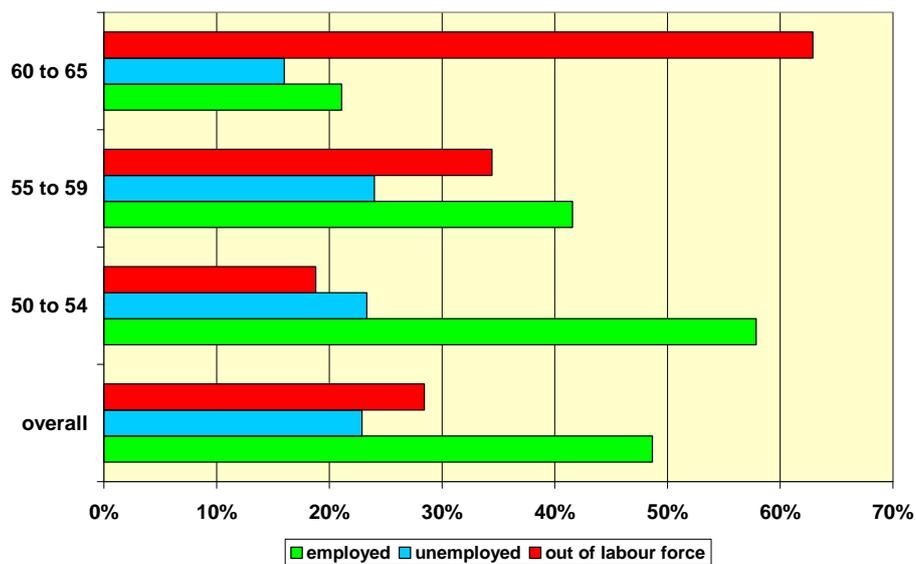
**Graph 6: Re-employment rate after the end of the financial assistance**



This graph shows the ratio of the employment of persons in days during the year following the end of the financial support of the employer differentiated according to age groups. It shows that even in the age group of unemployed persons over 60, a 50 % re-employment rate was achieved (100 %: all persons are in work without interruption for the whole year).

The group 'overall' contains all people, regardless of age, who have received financial support to achieve integration.

**Graph 7: Status after one year after the end of unemployment**



Graph 7 shows the status after one year after the end of the unemployment for the group of people who did not receive any financial support for reintegration into the labour market. Here it is obvious that the employment rate is lower. The high proportion of 'the out of labour force' can be explained mainly because of retirement.

**2.2. Are there specific counsellors for older workers and/or specific employer counsellors to deal with the challenge of demographic change, and if so, what training do they receive?**

No, the organisational separation consists of:

- 'Service clients' for 'job ready persons' who have been unemployed for less than three months.
- 'Assistance clients' for clients after three months of unemployment or for all clients from the start of the unemployment if they are thought to have an integration problem.

### 2.3. What types of special measures does the PES offer to (unemployed and employed) older workers and how effective are they?

| Type of measure  | Offered? (yes/ no) | Brief operational description of measure  | Year introduced                                  | Year abolished | Effectiveness of measure (scale: 1 = not very effective, 5 = very effective) | Reasons for effectiveness or ineffectiveness   |
|--|--------------------|---|--|----------------|--|--|
| Legal regulations e.g. exemption from activation   | yes                | <ul style="list-style-type: none"> <li>Part time allowance for elderly workers</li> <li>Bonus-Malus System</li> <li>Temporary allowance</li> <li>Extension of the early warning system</li> <li>Ban on age discrimination</li> </ul>  | 2000<br>1996/2004<br>2004<br>1994<br>2004        | 2009           | 1  | Contentious and ineffective  |
| Benefits e.g. longer duration  | yes                | <ul style="list-style-type: none"> <li>Securing the assessment basis in the unemployment insurance</li> <li>Longer payment of the unemployment benefit</li> </ul>   | 1990/2000  |                | 5  | Taking a job with a lower wage than the previous one does not affect the unemployment benefit receipt if it fails as the unemployment benefit is calculated based on the previous job. This means the unemployed person is not disadvantaged by having taken a lower paid job. |
| Subsidies e.g. wage subsidies, social contribution subsidies   | yes                | <ul style="list-style-type: none"> <li>Lowering the ancillary employment expenses for older workers</li> <li>Higher training grants for older workers</li> <li>Settling-in grant for older workers – Action Come back</li> <li>Combination wage assistance for older workers</li> </ul>   | 2004<br>2004<br>2004<br>2009                     |                | 4  | It is easier to get older persons to study for qualifications. It is easier for them to be without work for longer in order to participate in training.  |
| Other activities or measures e.g. training or coaching of placed older unemployed, upskilling of older employees, other preventative actions | yes                | <ul style="list-style-type: none"> <li>More intense consultation and assistance or early intervention</li> <li>Public relations – Raising public awareness (ongoing)</li> <li>Inclusion in the target system of the labour market service</li> <li>Longer stay of pension transit workers in socio-economic enterprises</li> <li>Health promoting measures</li> <li>Fit2Work</li> <li>Productive Aging Strategy in the ESF (Qualification of employed persons)</li> </ul> | 2004<br><br>2002<br><br>2008<br><br>2005<br>2010 |                | 5<br><br>5   | Also changes the attitude of the employees<br><br>More careful observation of the development with the possibility to exercise active control  |

### **3. PREVENTATIVE PES SERVICES AND MEASURES FOR OLDER WORKERS**

**3.1. Based on your experience (ideally backed up by performance measurement), what works best in relation to preventative measures?**

**3.1.1. *What is the PES' role and which measures have been taken to raise awareness of the importance of recruiting/retaining older workers? What has been the impact of such measures?***

- Carrying out a 'compilation of arguments' for the AMS employees for discussion with older unemployed persons and with businesses to promote the reintegration of older persons.
- Central publicity campaigns about the subject (television, newspapers, bills, events, etc.) and measuring the effect (whether the campaign was noticed by the public).

**3.1.2. *Does the PES provide HR counselling to employers in relation to the demographic challenges facing them? If so, what is the nature of this service; is this provided in-house or externally; if in-house, is it provided by specialist counsellors? Which types of employers have been the target of such services and what has been the result?***

- Flexibility advice in businesses (in particular with regard to the dismissal of employees – not much demand in businesses), is carried out by external partners for the order of the AMS.
- Promotion of the qualification of people in work (external implementation). These are the qualification measures that are co-financed by ESF for people in work (people over the age of 45, women with lower qualifications, those who return to work, in particular professional women who return to work after an interruption due to having acted as carers). The consultation is carried out by the AMS consultants and the training is carried out by external institutions. In this respect, Qualification Networks have proved to be of particular value; these are coalitions of a number of comparable companies who carry out the qualifications jointly.

**3.1.3. *What specific measures are available to help retain older workers and enhance their HR potential (e.g. in work training)? What has been the take-up of such measures and their results on the long-term sustainability of older workers' employment?***

- Promotion of the qualification of people in work

- Qualification offers in the framework of the promotions of the AMS.

**3.1.4. Are there specific measures to support the retention of older workers in restructuring situations? What types of services are offered and how successful have these been?**

- Flexibility advice in businesses (see 3.1.2)

**3.1.5. Which partnerships with external organisations are in place and have proved to be effective and why?**

- A large number of partnerships in particular at the level of federal states and of the regional offices. The central office of the AMS provides the central regulation for the cooperation.

**3.2. What do you see as the main challenges in relation to delivering preventative services for older workers, including the specific PES services offered, as well as aspects of the broader policy framework?**

- See 1.2.
- Planned savings by the Government and also measures to extend the time people stay in work by making it more difficult to retire.
- In the future AMS will have the responsibility for getting people on invalidity benefit under the age of 50 back to work.

## **4. PES SERVICES AND MEASURES FOR UNEMPLOYED OLDER WORKERS**

**4.1. Based on your experience (ideally backed up by performance measurement), what works best in relation to measures and services for unemployed older workers?**

**4.1.1. In the context of the overall approach of PES services for unemployed older workers (individualised or targeted), what specific supports are available to this target group that have proved successful regarding outcomes?**

- There is only a very limited scope with regard to special offers for older unemployed persons (access to training courses) as in the service process there is no target group concept but a problem area concept.

- Customer segmentation: this is not specifically for unemployed older workers but very useful. When registering people who have lost their job, the people who are expected to have problems in finding their way back into employment are included immediately in the consultation zone with extra intensive contact (without waiting until they have been unemployed for three months, see 'early intervention concept').

**4.1.2. Are any Active Labour Market Policies (ALMP) measures specifically targeted at unemployed older workers and which ALMPs have proved most effective for older workers and why (key factors affecting their success/failure)?**

- Settling-in grant (this is not aimed specifically at older employees, however), but it is very effective (see Graph 6). The obvious reduction in wages for a limited time is interesting enough for employers to take people on. The precondition for this is of course a service for enterprises that functions well; many of these engagements take place after an intensive cooperation between the enterprise and the AMS or else they are based on a good positive contact between the AMS consultant and the enterprise).
- In all guidelines (which define the conditions for financial support or guidelines for the AMS employees to carry out their activities) older unemployed persons (also young people and professional women returning to work) belong to the group of people with special support needs.

**4.1.3. What are the best ways of encouraging employers to offer employment opportunities to older workers? And what is the relation of services to financial incentives/subsidies?**

- Training/testing 'on the job' in conjunction with a reduction of the wage costs for the employers as a result of the subsidy for the labour costs or the payment of part of the wages by the AMS for a particular period.
- Reduction of the labour costs by the 'Settling-in grant' to the employer.
- Consultation of entrepreneurs in the framework of the promotion of 'productive ageing', in this case the AMS pays the costs for the external consultation of enterprises (flexibility, health promotion, age appropriate jobs, further training, etc.).
- Enterprise foundation programmes – the AMS pays the costs of an external audit of the enterprise concept as well as the consultation and monitoring during the foundation of the enterprise.

**4.1.4. Which partnerships are in place and have proved to be effective with external organisations and why?**

- Personnel leasing: as a result of the close cooperation of the AMS and the large personnel leasing companies in Austria, there is a cooperative relationship, which makes it easier to remove prejudices against the employment of older unemployed people.

**4.2. What do you see as the main challenges in relation to delivering services and measures for unemployed older workers, including the specific PES services offered, as well as aspects of the broader policy framework?**

- See Point 1.2.

## **5. MONITORING AND EVALUATION**

**5.1. What systems are in place for performance measurement and evaluation for older workers / unemployed?**

- AMS Data Ware House, this system is connected to the data of social security and makes it possible to obtain exact data about the professional career before and after the time of unemployment (evaluation according to age, sex, training, qualification, domicile).
- Operative process data from the AMS EDP.
- AMS Balance Score Card (comparison of the process quality and central results at the level of the regions and local offices).
- Targets in terms of labour market policy.
- Extensive external evaluations and studies regarding the individual promotion tools.

**5.2. What are the main indicators used in evaluating the effectiveness and efficiency of services and measures for older workers?**

- The employment of older people (Prevention of long term unemployment)
- Duration of the unemployment period
- Customer satisfaction (with the individual process steps during the AMS service provision).

**5.3. What have been the main evaluation results in recent years?**

- Evidence of the effectiveness of the Settling-in grant, slight undesirable bandwagon effects of this support.

**5.4. Have these results led to any changes or are changes being considered in the organisation and delivery of services to improve the labour market situation of older workers?**

- In general: In the future the AMS will have to do more about the subject of 'older employees' and target its service provision scale more with this group of persons in mind (in particular against the background of the demographic development and the fact that people will retire at a later age).

## **6 CONCLUSIONS**

**6.1. What do you see as the main challenges in relation to delivering effective services to (unemployed) older workers?**

- See 1.2.: Discrimination is not the result of a lack of tools, but mainly of the attitude and prejudices of all parties concerned
- Demotivation of older unemployed persons as a result of many unsuccessful mediation attempts
- See 5.4: Stronger targeting of this group of persons.

**6.2. What are your conclusions on what works best in relation to the delivery of effective services for (unemployed) older workers?**

- Good cooperation with enterprises (good personal contacts between AMS consultants and enterprises).
- Financial assistance for the reduction of wage costs for a particular period.

**6.3. In the Peer Review discussions, on which of the following topics would you most like to focus and what would you most like to learn from others?**

| Topics  | Importance of the topic (scale: 1 very unimportant, 5 = very important) | What would you most like to learn from others in the topic(s) you are most interested in? (maximum three bullet points) |
|---|---|---|
| PES services for older workers: overall strategy and approach | 3   |   |
| Preventative PES services and measures for older workers      | 2   |   |
| PES services and measures for unemployed older workers        | 5   | <i>Content and form of specific services, defined standards and processes</i>   |
| Monitoring and evaluation                                     | 1   |   |

## ANNEX

### Description of effective/proven practice

|  |
|--|
| <b>Title: Settling-in grant</b> – Responsibility for part of the labour costs by the AMS   |
| <b>Introduction:</b> People who are difficult to place will be made more 'attractive' for the employer; the employer's costs for these people are reduced for a limited time.<br><br>An 'old' promotion which was modified in 2004 for older unemployed persons  |
| <b>Main description:</b> The AMS consultant offers the entrepreneur an unemployed person connected with a financial promotion. The rate at which the promotion is offered is negotiated individually according to the situation (e.g. 1 month, 6 months, 12 months or maybe 30 % or 50 % of the labour costs). |
| <b>Main results and success factors:</b> High rate of continued employment after the end of the promotion (see graph 6)  |

|   |
|---|
| <b>Title: Early Intervention Strategy</b> – Strategy and work practice of the AMS-consultant  |
| <b>Introduction:</b> Keep the period of unemployment as brief as possible as a result of the high level of activity both on the part of the unemployed persons and the AMS consultant right from the start of the unemployment<br><br>This working method was introduced at AMS at the end of the 90s.  |
| <b>Main description:</b> The obligation to actively search for work from the first day of unemployment which is supported by the AMS employees.<br><br>Active support in the search for work by the AMS employees (job suggestions). AMS employees and jobseekers look for suitable vacancies - jointly and in the periods between personal contacts independently as well (active matching) - and then they send the unemployed people suggestions for possible jobs; the jobseekers are obliged to follow up these job suggestions and to discuss the result of the evaluation with the AMS consultant at the next personal contact.<br><br>Job seekers must prove that they themselves are proactively involved in getting back to work. There are brief intervals between the personal contacts of the jobseekers with the AMS employees. |
| <b>Main results and success factors:</b> Obvious shortening of the period of unemployment (see graph 3)   |