

FACTSHEET

The COVID-19 jobs crisis in Austria: Short-time work and employment recovery

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Introduction

In its recent Employment Outlook dedicated to worker security and the COVID-19 crisis, the OECD reports that the COVID-19 jobs crisis has disproportionately affected vulnerable subgroups of the workforce, including women and the young, who “are paying the heaviest toll” (OECD 2020, 19). In this factsheet, we investigate, based on register data from the Labour Market Database (AMDB), if this was also the case in Austria. We look at the extent to which different groups by gender, age and their intersection have been affected by short-time work and unemployment in Austria.

The short-time work (STW) programme in Austria

To mitigate the negative impact of the pandemic on the labour markets and to prevent job losses a generous short-time work programme (STW) has been implemented by the Austrian government in co-operation with the social partners in March 2020. Aimed in particular at avoiding mass lay-offs, more than 1.24 million private sector employees were covered by this policy instrument in 2020 (Huemer, Kogler, and Mahringer 2021), which amounts to one third of all 3.72 million dependent employees in 2020 (Statistik Austria 2021).¹

The STW instrument is a subsidy to employers administered by the Public Employment Service (PES) which was already used in the wake of the financial crisis, but on a much lower scale.² In general, STW works as follows. Employers apply for a partial reduction in working hours of some or all their employees and afterwards report the actual number of hours reduced per employee. The employers pay for the hours worked, and the PES covers the rest up to a maximum of 80% or 90% of normal wages. The employees signed in for STW must accept the reduction in working time and pay. To be eligible for STW subsidies, the reduction in working time must be at least 20% up to a maximum of 70% of normal working hours. In exceptional cases, reductions of up to 90% are covered, and in industries directly affected by lockdowns, like Accommodation and Food Service Activities, working time can be temporarily reduced to zero. Depending on wage levels, ST workers receive either 80% (above a certain wage threshold) or 90% (below that threshold) of their normal wages. Apprentices in STW receive their full wages.

The Public Employment Service (PES), who administers the STW programme, regularly reports on the number of firms eligible for STW across economic sectors and the number of workers affected as well as the funds made available. According to a recent breakdown by the PES, a total of 1.28 million workers across 118 thousand firms had been in COVID-19-STW by June 2021. The financial commitment made totalled 11,904 million Euros of which 8,423 million have been settled. While STW-

¹ The STW figures are based on data provided by the Public Employment Service (PES). Numbers of all dependent employees stem from the Main Association of Austrian Social Security Institutions (*Dachverband der österreichischen Sozialversicherungsträger*) and refer to the yearly average of insurable employment, including maternal leave as well as military and community service. Deducting the 768 thousand public sector employees (Gabmayer, Ramic, and Luczensky 2020), who are not subject to STW, the share of private sector employees affected by STW in 2020 is actually 42%.

² For a brief historical overview of the development of the Austrian STW scheme and the legislative adaptations made during the Corona pandemic see Tamesberger and Theurl (2021).

projects have been rolled out in every sector, three sectors accounted for about 60% of ST-workers and funding (Wholesale and Retail Trade, Accommodation and Food Service Activities, and Manufacturing; for an overview of the number of workers in STW by industries in see Table 1 in the appendix).

Analytical approach

Using register data, we calculate volume-based indicators in terms of the cumulative days spent in STW and unemployment, among the population aged 15 to 59 on the one hand, and the labour force of this age on the other hand. In contrast to cross-sectional measures of the number of workers affected at certain points in time, volume-based measures allow for a more thorough analysis of differences in the degree to which women and men and different age groups have been affected. We also implemented a [web application](#) (Vogtenhuber and Steiber 2021)³ which displays the labour market flows of all workers who were in dependent employment right before the outbreak of the jobs crisis in February 2020. In the app, users can select social groups by gender, age, maternity, employment contract, and country of origin and the app displays their streams between different labour market states in the course of the crisis. The results can be saved to high resolution images. The web app shows, for example, that by and large the STW programme was successful in preventing unemployment. Among those employed in February 2020, about 5% were unemployed during the lockdowns in April 2020, and then again in February 2021. However, according to our own analysis, in total 471 thousand, i.e. 13%, of those employed in February 2020, had become unemployed sometime between mid-March 2020 and June 2021.

Is there a gender gap in Austria's COVID-19 jobs crisis?

According to the OECD (2020), the jobs crisis has been especially harmful for women because in contrast to the crisis a decade ago not only the male-dominated industrial sectors were affected, but the economy as a whole, and lockdowns especially hit industries with large shares of female workers, like Accommodation and Food Services as well as Wholesale and Retail Trade. Studies from the liberal countries, including the United States (Lofton, Petrosky-Nadeau, and Seitelman 2021; Landivar et al. 2020), the United Kingdom (Gore et al. 2021; Zhou and Kan 2021) and Canada (Fuller and Qian 2021) consequently observed that gender inequality has increased in the labour force, in particular with respect to mothers of young children.

In the Austrian case, gender differences have not been large, at least during the first year of the pandemic (Bock-Schappelwein, Huemer, and Hyll 2021; Steiber, Siegert, and Vogtenhuber 2021). However, the analysis by Steiber et al. (2021) suggests that there were some gender disparities over time: right in the beginning of the labour market crisis and at its peak in April 2020, as well as in June 2020, more men than women were in STW and slightly more women than men had become unemployed; in January 2021 it was the other way around: more women than men were still, or again, in STW, and more men than women were unemployed. Likewise, Bock-Schappelwein et al. (2021) find that men were affected slightly more by early job losses in construction and manufacturing whereas women were more affected later in the winter 2020/21 due to further lockdowns.

Our own analyses of the *cumulative* impact based on daily insurance spells indicate that 15- to 59-year-old **women and men were affected quite equally during the first year** of the pandemic (March

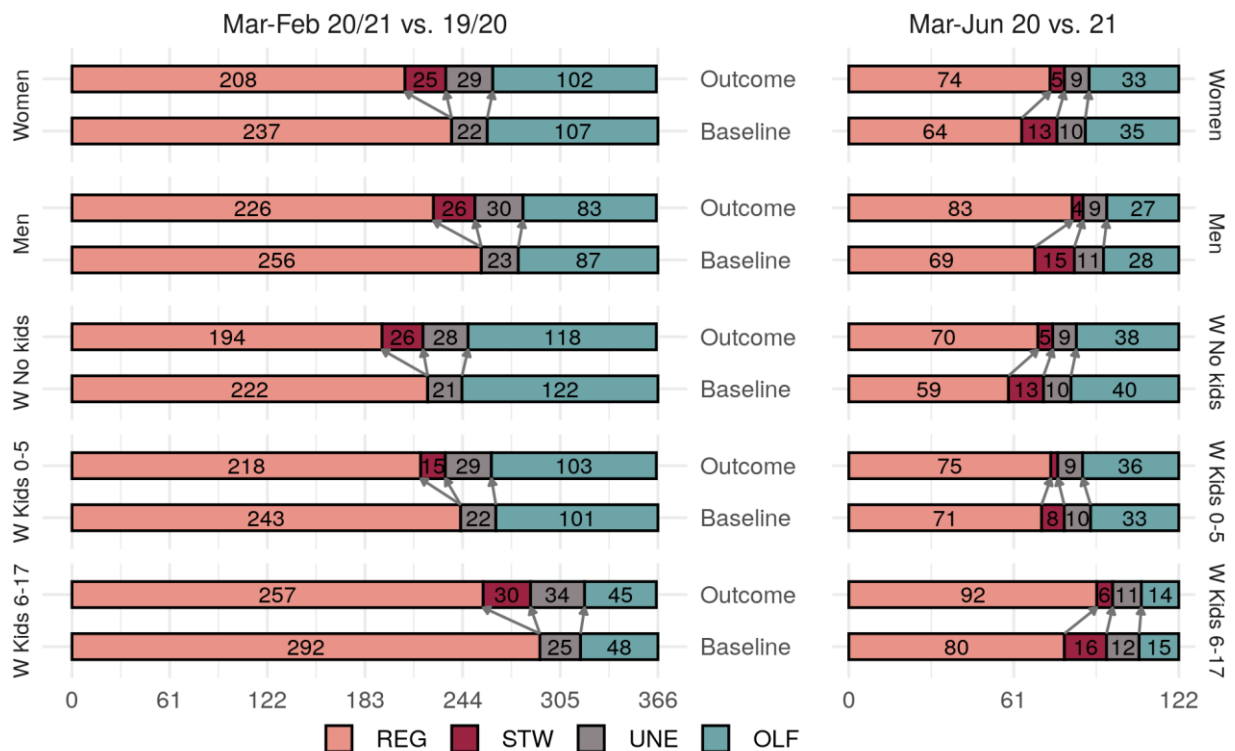
³ The web application is located at <https://go.ihs.ac.at/COV19/>.

2020 – February 2021), whereas **men experienced a somewhat faster recovery** than women in spring 2021. In the first year, women were on average 29 days less in regular employment (REG, see left panel in Figure 1) compared to the year before, and men 30 days, respectively.

The decline in regular employment among mothers of minors differed by the age of their youngest child. Mothers of children below school age, who had lower levels of employment to start with prior to the pandemic, faced a smaller reduction in regular employment (25 days less) as compared to mothers of school age children and teenagers up to 17 years (35 days less). The latter were on average 35 days in STW, the largest number across the groups analysed here. Moreover, unemployment in this group grew more than in other groups to 34 days. In the aggregate, the average length of STW (25 days among women and 26 days among men) as well as the increase and the level of unemployment (plus 7 days to 29 days among women and 30 days among men) in the first year was similar across the sexes.

The recovery observed in the beginning of the second year of the pandemic in spring 2021 (March to June 2021, for which the latest STW data is available at the time of writing) was different in its impact on the sexes. Compared to the same period one year earlier when the volume of STW peaked, **men benefitted more than women from the rebound in regular employment** (plus 14 days, compared to plus 10 days among women, see right panel in Figure 1) and the associated reduction in STW (minus 11 days among men compared to minus 8 days among women). Unemployment remained rather stable at an average of about nine days within these four months for both sexes, which is only a slight reduction compared to that period in the previous year.

Figure 1: Average days spent in different labour market states, comparing March-February 20/21 (Outcome) vs. 19/20 (Baseline) and March-June 21 (Outcome) vs. 20 (Baseline)



Source: AMDB data extraction September 2021, own calculations. W Kids 0-5: mother of at least one child aged 0 to 5 years, W Kids 6-17: mother of at least on child aged 6 to 17 years, but no younger child. REG: regular employment, STW:

short-time work, UNE: unemployment, OLF: out of labour force. March-February: 366 days (19/20) and 365 days (20/21), March-June = 122 days. For employment, STW and unemployment rates see Figure 3 in the appendix.

The **rebound also affected mothers differently**. While between March and June 2021 mothers of children aged 6 to 17 on average spent 92 days in regular employment, which is a raise of 12 days compared to that period in 2020, **mothers of small children aged 0 to 5 years made up only a small part of their losses**. But they did not disproportionately remain in STW as well. In fact, they spent less than 3 days on average in STW between March and June 2021, which is the smallest number in comparison. Also, their unemployment duration did not grow, but slightly decreased. Rather, the time spent out of the labour force increased in this group, which is exceptional because in all other groups of the working age population labour force participation increased during the pandemic and in the alleviation of the jobs crisis in spring 2021 as well.

Are there gaps across age groups?

Looking at the distributions across age groups reveals greater labour force disparities by gender. The baseline before the outbreak of the pandemic shows the well-known fact that unemployment rates are relatively high among the young and decrease by age. Another well-established fact is that the young are disproportionately hit in times of crisis. By and large, the Corona jobs crisis in Austria is in line with both facts, with some gender differences, however.

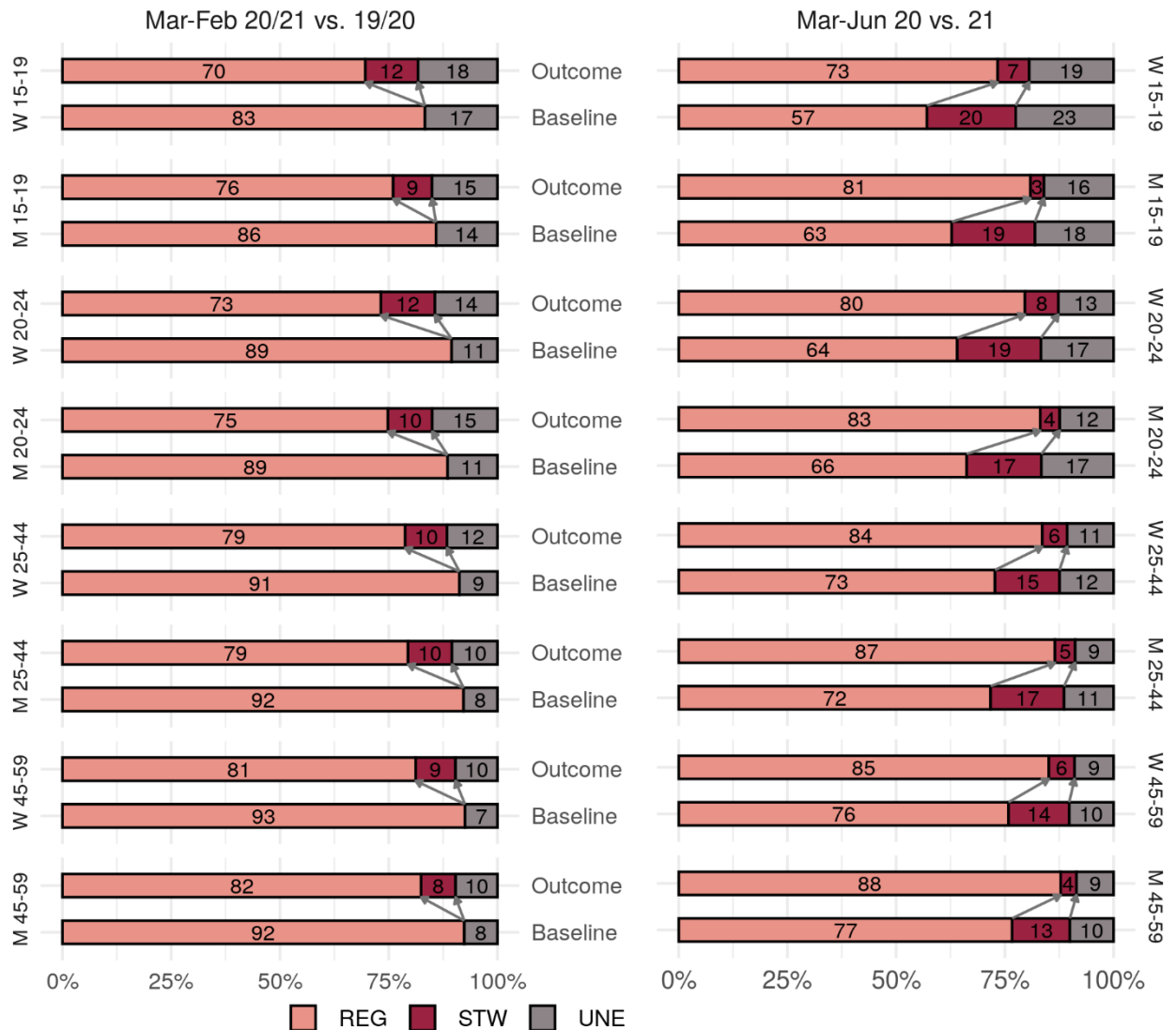
Unemployment is largest among the youngest age group of 15- to 19-year-olds. The labour force in this age group is dominated by apprentices and those who are looking for an apprenticeship contract with an employer, and here, **clearly more young women than men were unemployed both before and during the crisis**. Moreover, **the time young women spent in STW in this period was well above that of men of the same age**. Among the 20- to 24-year-olds, whose unemployment risk was among the highest in the first year of the pandemic, gender differences again are rather small, like in the groups of prime-age workers.

The recovery in spring 2021 was largest among the age groups who lost the most at crisis onset (see right panel of Figure 2). Here again we see that 15- to 19-year-old women were hit the most in the first four months of March to June 2020, when they were on average 23% of the time unemployed and 20% in STW. One year later **the return from STW into regular employment was significant across all groups**. Among the two youngest age groups, however, gender differences are large: from similarly high levels in the early months of the jobs crisis the rebound among young men was very strong and in the most recent period (March to June 2021). **Among young men, STW times fell to the lowest levels of all groups, while those among young women remained the highest of all groups**, although there was a large reduction in STW as well. Within the prime-working age groups, the recovery also tended to benefit men more than women, but differences are not large. These pertain to rather persistent female unemployment among the 25- to 44-year-olds and among the 45- to 59-year-olds more women than men have been still in STW between March and June 2021.

To summarise, we have seen that in the aggregate women and men had been quite equally affected by the jobs crisis in the first year of the COVID-19 pandemic. However, we have also seen some interesting differences between subgroups, and in particular, the recovery in spring 2021 panned out quite differently between young women and men. Mothers of 6- to 17-year-olds experienced the greatest losses in regular employment among all groups and the time they were in STW and unemployed was among the highest. Men benefitted more than women from the recovery in spring 2021. The gender gap in the recovery is mainly due to the young groups in the labour force because

the rebound among young men was very strong whereas greater shares of young women remained in STW as well as unemployed. In conclusion, we do not find that gender inequality in the labour force increased in the first year of the pandemic, but the recovery in spring 2021 did increase it, particularly among the young.

Figure 2: Employment, short-time work and unemployment rates by sex and age, comparing March-February 20/21 (Outcome) vs. 19/20 (Baseline) and March-June 21 (Outcome) vs. 20 (Baseline)



Source: AMDB data extraction September 2021, own calculations. REG: regular employment, STW: short-time work, UNE: unemployment, OLF: out of labour force. March-February: 366 days (19/20) and 365 days (20/21), March-June = 122 days. For the average days spent in different labour market states (including OLF) see Figure 4 in the appendix.

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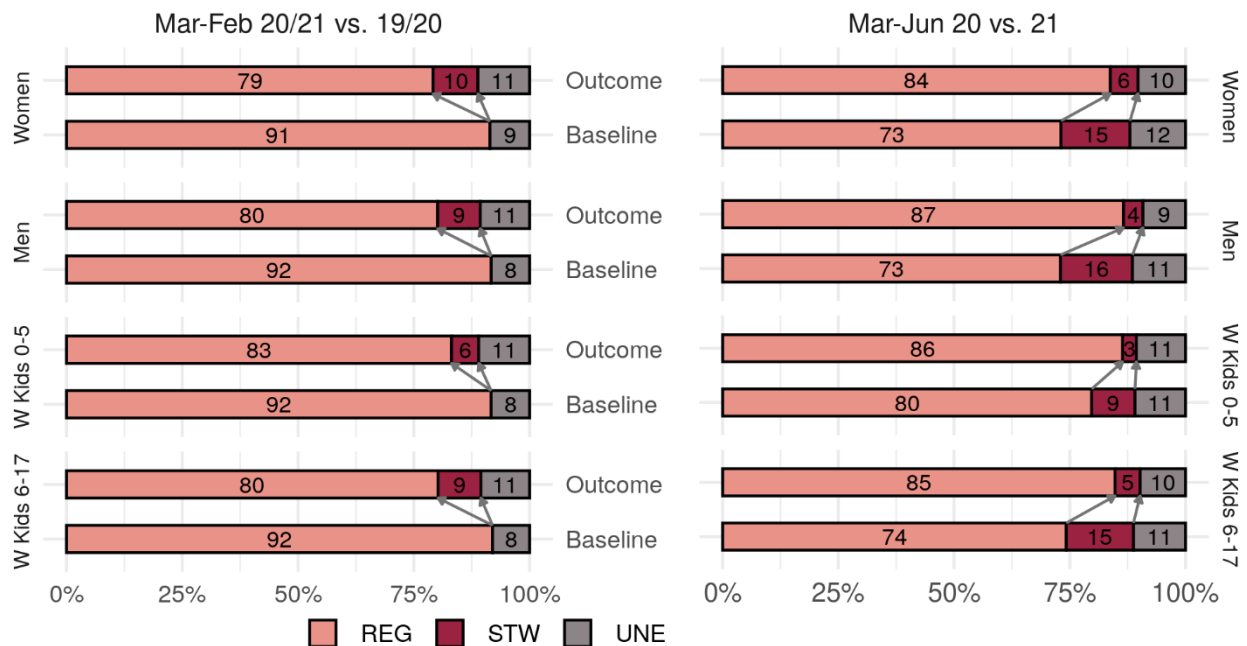
Appendix

Table 1: Top 10 industries affected by short-time work in 2020/21 in Austria

	Workers	Share (%)
C: Manufacturing	312,174	24.7
G: Wholesale, Retail; Motor V. Repair	295,861	23.4
I: Accommodation and Food Service	149,016	11.8
F: Construction	104,718	8.3
N: Administration and Support Service	73,874	5.8
H: Transportation and Storage	63,366	5.0
Q: Human Health and Social Work	62,699	5.0
M: Professional, Scientific and Technical	61,853	4.9
S: Other Service Activities	38,513	3.0
R: Arts, Entertainment and Recreation	28,047	2.2
Other industries	75,169	5.9
Total	1,265,290	100

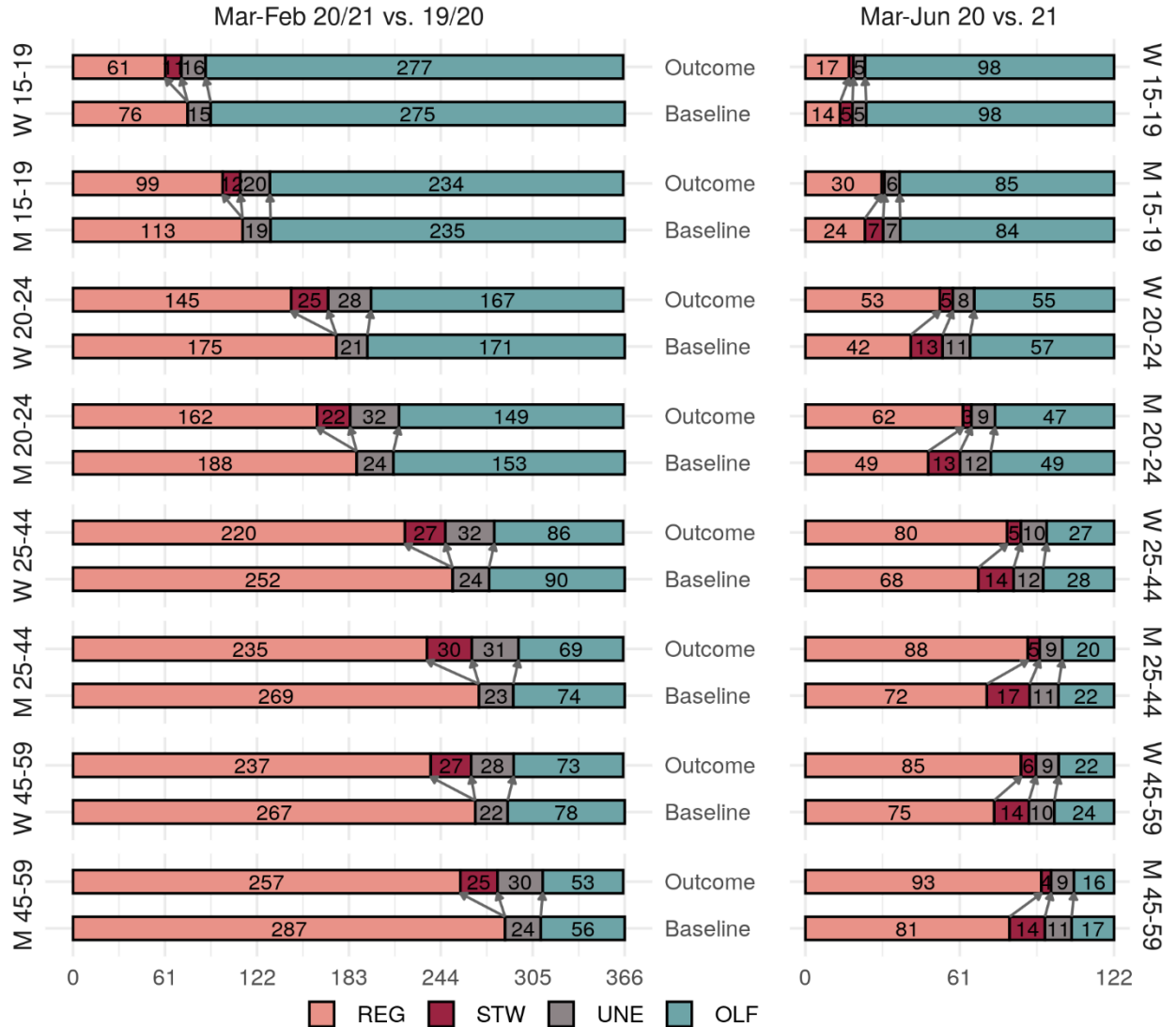
Source: AMDB. Number of individual workers in STW.

Figure 3: Employment, short-time work, and unemployment rates, comparing March-February 20/21 (Outcome) vs. 19/20 (Baseline) and March-June 21 (Outcome) vs. 20 (Baseline), in %.



Source: AMDB data extraction September 2021, own calculations. W Kids 0-5: mother of at least one child aged 0 to 5 years, W Kids 6-17: mother of at least one child aged 6 to 17 years, but no younger child. REG: regular employment, STW: short-time work, UNE: unemployment, OLF: out of labour force. March-February: 366 days (19/20) and 365 days (20/21), March-June = 122 days.

Figure 4: Average days spent in different labour market states by sex and age, comparing March-February 20/21 (Outcome) vs. 19/20 (Baseline) and March-June 21 (Outcome) vs. 20 (Baseline).



Source: AMDB data extraction September 2021, own calculations. W: Women, M: Men. REG: regular employment, STW: short-time work, UNE: unemployment, OLF: out of labour force. March-February: 366 days (19/20) and 365 days (20/21), March-June = 122 days.