

Preventing and Reducing Unemployment: Insights from Dr. Johannes Kopf, Managing Director, Austrian Public Employment Service

By Michael J. Keegan




Austria has a history of one of the lowest unemployment rates in Europe. In fact, the European Union assigned an unemployment rate of 4.9 percent to Austria for 2013, giving it the lowest unemployment rate across the

European Union. Although labor market dynamics continue to shift, Austria remains vigilant in tackling this pressing social issue and the Austrian Public Employment Service (AMS) plays a major role in preventing and reducing unemployment in Austria.


What factors contribute to Austria's low rates of unemployment? How does Austria's dual educational system factor into it? What is the Austrian Public Employment Service doing to enhance the way it does business? As part of my inaugural conversations with global leaders series, Dr. Johannes Kopf, Managing Director, Austrian Public Employment Service, shares his insights on these topics and more. The following is an edited excerpt of our discussion on *The Business of Government Hour*. Dr. Kopf is the first in what I hope will be a series that introduces our readers and listeners to government executives across the world who are changing the way their governments do business.

Would you provide us with an overview of the history and mission of the Austrian Public Employment Service (AMS)? What types of services does AMS provide?

 **Dr. Johannes Kopf:** The Public Employment Service Act became law in Austria on July 1, 1994. Since its enactment, much has changed in how we tackle unemployment in Austria. In fact the AMS nowadays is the leading provider of labor market-related services for the Austrian labor market.


We manage unemployment insurance and help the unemployed find employment. We also assist companies in filling personnel vacancies. We do a lot of training and provide advice to job seekers. We also issue information and data about our labor market and its dynamics.

How is the Austrian Public Employment Service structured? What is its governance structure? How many Austrians are served annually?

 **Dr. Johannes Kopf:** My organization is divided into one federal, nine regional, and one hundred and one local organizations all over Austria. We are a state organization but we have representatives from Austrian employer and employee organizations in all levels of my organization.

We always talk about our three owners. We have government, employers, and employee representatives as owners of the organization. AMS has about 5,600 employees and we help about 850,000 to 900,000 customers a year and tens of thousands of companies to fill vacancies.


What are the top challenges that you face in your position and how have you sought to address those challenges?

 **Dr. Johannes Kopf:** First, I would say is getting the right information to the right people at the right time. Having information that can better inform our decisions and do it in a short time isn't as easy as it may seem. Second is the challenge of leading and motivating. This is not always an easy task. To be a good motivator and communicator, you have to always keep yourself motivated and that means keeping focused on what needs to be done.




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Dr. Kopf, along with those challenges you've encountered, what has surprised you most since taking your current role?

 **Dr. Johannes Kopf:** I would say—it sounds funny—but I am still surprised by the speed of change in the labor market. In 2009, we had a crisis in the labor market that we hadn't seen since World War II. Other aspects in the labor market are changing very quickly. Although I know labor markets, I'm still surprised at the dynamic pace and change within them.


Could you describe your career path for our listeners, how you began your career, and what brought you to your current leadership role?

 **Dr. Johannes Kopf:** I'm Austrian and studied law in Vienna. I also pursued studies in European law, and then started my career working for a law firm. After that, I worked for the Federation of Austrian Industry, an employer organization in the field of social policy. During those years, I worked with the Public Employment Service Supervisor Board as a representative of the employer organizations. In 2003, I started to work for the former Minister for Economic Affairs, Martin Bartenstein, focusing on labor market issues. Since July 2006, I have been one of the two members of the Board of Directors of the Austrian Public Employment Service.

What are the characteristics of an effective leader and who has shaped your management and leadership approach?

 **Dr. Johannes Kopf:** There is no right or single answer that would apply for all. Different personalities lead to different ways of leading. To be effective, I would say the leadership style has to fit to your personality. There are leaders who possess more charisma; some have more power, more intelligence, or better behavior. There are several ways of leading. I would say my own approach was shaped of course by my former bosses, both within the Federation of Austrian Industry, and by the Minister for Economic Affairs. What I recognize, not daily, but over time is of course the way you lead the companies is also influenced by your employees. It's good advice to keep your ears open.

The labor market policy your organization pursues follows a framework of laws. Would you tell us more about the labor market policy objectives AMS is focused on presently and how these goals shape the strategic vision of your organization?

 **Dr. Johannes Kopf:** We do have specific annual goals and objectives. Those working with customers often tell us


we have too many objectives but I think that tends to be an issue for many large organizations.

We receive annual labor market policy and objectives, especially from the supervisory board. These objectives could be increasing the rate of job entry for trained, unemployed persons or the number of vacancies filled. Our regional offices have certain goals associated with meeting such objectives.

We also have specific measures that we track; for instance, our effectiveness in reducing the duration of unemployment or increasing the satisfaction of job seekers. On the other side, we track the duration and quality of processing of applicants for unemployment benefits, or the duration of vacancies and so on.

We do have a number of objectives and, although it's not easy to satisfy all customers, we have an important mission and no one said it was going to be easy.

How closely do these objectives link to the guidelines for employment policy measures within the framework of Europe 2020?

 **Dr. Johannes Kopf:** We share many of the Europe 2020 objectives because we helped to develop them. For example, we are seeking to increase labor market participation and prevent social exclusion, which are highlighted in Europe 2020 document. I would say that the Europe 2020 plan highlights general objectives, whereas our objectives have more detail. For instance, we have specific objectives that focus on integrating people who are threatened with long-term unemployment into the labor market as soon as possible, on employment for persons aged forty-five and over, on reintegrating women into the workforce after parental leave, and so on.

Another Europe 2020 objective is developing a skilled workforce. Although, relative to other EU members, the Austrian unemployment rate may be low, it is still relatively high by Austrian standards. We may have a high unemployment rate right now, but we also have employers who can't find suitable workers with the right skills to fill their vacancies. We are focusing on closing this gap.


Improving education training is another Europe 2020 objective; and, although we are not really directly involved in the educational system in Austria, we are coordinating with that system in communities to ensure the most effective transition

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from school to employment. As part of that effort, we offer resources at our job market information centers and training centers. We are also working to prevent young people from leaving school early and are providing targeted support to those who may have already left school because this is a really difficult target group to integrate into the labor market. We do have a program that directly assists Austrian youth who can't find jobs within three months. Using our approach as model, the whole European Union is now trying to implement such a program.

Austria has a history of having one of the lowest unemployment rates. What factors contribute to such a low rate and how does Austria's "dual apprenticeship system" factor into it?

 **Dr. Johannes Kopf:** This question is posed to me often, given our very low youth unemployment rate. In fact, the International Herald Tribune explored this same issue. The first contributing factor I would say is that Austria benefitted more than other EU states from the expansion of the European Union to the East. Our companies did much business there, which led to higher GDP growth during that period. The second contributing factor is our well-recognized dual-apprenticeship system. This system combines apprenticeships in a company and vocational education at a vocational school. Apprentices may choose from more than 200 apprenticed trades in the crafts, industry, and services sectors. There exists a training regulation for every apprenticeship occupation, which comprises all of the competencies that must be taught in company-based training. Today, we have about 11,000 young people enrolled in what we call supra-company-based apprenticeships. We are quite happy with the results of our training measures because about 60 percent of all of these young people leave after the first year and start to work for a company beginning their career in dual apprenticeship training. It isn't cheap, but it's very successful.


We do differentiate between two age groups of young people. One group is 15 to 18 years old and the other is 19 to 24 years old. We do this for a very simple reason: We

think that everyone from 15 to 18 years old should train either within a company or in a program organized by us. At age 19, we start with job placement and only provide training if necessary.


The third factor is that Austria, unlike other EU member states, has limited dismissal protection. This is what some have called a cornerstone of Austrian-style "flexicurity." Our labor law is quite flexible. It is comparable to that in the United States rather than in many other European countries. Although flexibility may be beneficial to employers, it may be less so for employees. It is this flexibility that companies need during uncertain times. In Europe, we've been experiencing uncertain times since the end of 2008.

We combine that flexibility with security, which means a very strong active labor market policy. The Austrian government invests large sums in pursuing active labor market policies. This means that if a person loses his job, we will help him find another one as quickly as possible, providing significant subsidies to help the unemployed get back into the job market.


What more can be done to improve the accurate matching of job vacancies with customers?

 **Dr. Johannes Kopf:** We are working on a project that seeks to improve job matching. Our job platforms reference job titles. If you read the job ads, the weekend papers for instance, more companies are using more creative job titles right now. I would say that this may be because they don't really know what to call what the companies are looking for because they are not searching for an established job title, but rather for a specific set of skills. We're working on a skill-matching engine that matches skills rather than simply searches job titles. This is a very complex effort because you need to do significant research to know about all of the skills that are needed in the labor market and to cross walk those skills with current job titles. That's what we're working on now. I'd be happy to come back and update you on our results in 2016.

I understand you recently launched a mobile app. Would you tell us about this effort?

 **Dr. Johannes Kopf:** Yes, our online app is a job vacancy app. At this point, 40,000 Austrians use it; have it installed on their iPhone or Android phones. A main advantage is that you don't have to access the platform every week. The app permits you to save your searches and uses a push function that updates you about new job vacancies in your region. All in all, the app is a tool that seeks to fill job vacancies more quickly than in the past. We found that people are using the app to search in a variety of ways. For instance, some have searched the term "snowboard" because they are looking for a job that involves snowboarding or the user is a company that is looking for someone with expertise and interest in this area. Given what we have seen thus far, I would say the app has been a great success.


Would you tell us more about the international comparison work AMS is engaged in with other labor market administration services in Europe? What are the benefits associated with the EU project on Mutual Learning – Benchmarking?

 **Dr. Johannes Kopf:** We started in 2002, with the idea of making available mutual learning benchmarking between multiple European public employment services. Initially, we started with four countries. Today, 22 of 28 European countries are involved in this benchmarking project. We sought to draw up a list of selected performance indicators, build a database of them, establish a benchmarking procedure—while bearing in mind the different contexts under which we operate—and organize an exchange of good practices.

We identified performance indicators that we used, not simply to compare participants, but more importantly, to develop best practices in certain topics and fields that we can share. This not only helps others but also is a huge benefit for the Public Employment Service in Austria. We're learning from the best practices of other countries. For instance, in pursuit of developing good e-services and channel management, we traveled many times to Sweden

and Finland to understand their practices. Today, regarding the skill-matching project that I noted earlier, there is some interesting work already being done in Belgium.

What are some of the major challenges and opportunities your organization will encounter in the future?

 **Dr. Johannes Kopf:** There are a couple of challenges. The first is the increasing demand for only qualified workers. There is not much need for unqualified workers anymore. The other challenge is the dynamics of the labor market. The era of a person working for a single company for 40 years, followed by retirement is over. There appears to be more unemployment and more customers, no matter how GDP changes, just because of labor market dynamics.

Regarding the seizing of opportunities, at the beginning of 2015, we will pilot a project that will double the number of personnel in certain departments at local offices. We will then identify changes to the unemployment tenure of our customers. Given the increased number of personnel at the piloted locations, we'll have more time for our customers and will schedule appointments with them every two weeks. We can then measure whether we are more effective at placing customers in jobs, which leads to cost savings, and results in real public benefit. ■

To learn more about Public Employment Service Austria (AMS), go to www.ams.at/english



To hear *The Business of Government Hour's* interview with Dr. Kopf, go to the Center's website at www.businessofgovernment.org.



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To read the full transcript of *The Business of Government Hour's* interview with Dr. Kopf, visit the Center's website at www.businessofgovernment.org.