

Working Paper

CUPESSE WORKING PAPER N° 04

First Findings from Employer Interviews

Country report: Austria

Work Package 4, Task 4.1: In-depth studies of employers' recruitment strategies and decisions

Nadia Steiber (University of Vienna)

June 2016

This Working Paper is published in the Working Paper Series of the international research project “Cultural Pathways to Economic Self-Sufficiency and Entrepreneurship: Family Values and Youth Unemployment in Europe” (acronym CUPESSE) to reflect state of the art results of the research still in progress.

The project involves researchers from eight EU Member States and two Associated Countries: Austria, Czech Republic, Denmark, Germany, Hungary, Italy, Spain, Switzerland, Turkey and the United Kingdom.

Further information on the project is available online <http://cupesse.eu/>

Contact details

Prof. Dr. Jale Tosun
Professor of International Comparative Political Economy
Institute of Political Science, University of Heidelberg
Bergheimer Strasse 58, 69115 Heidelberg, Germany
jale.tosun@ipw.uni-heidelberg.de

Managing Editor

Dr. Felix Hörisch
felix.hoerisch@ipw.uni-heidelberg.de

© Authors
© CUPESSE Project Consortium



CUPESSE has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no. 613257.

Table of Contents

1	ABSTRACT.....	1
2	STATE OF KNOWLEDGE AND AIMS OF EMPLOYER INTERVIEWS	1
3	THE AUSTRIAN CONTEXT	4
4	OVERVIEW OF INTERVIEWS CARRIED OUT IN AUSTRIA.....	6
5	FIRST RESULTS	10
5.1	Selection criteria.....	10
5.1.1	Untrained (apprentice recruitment)	10
5.1.2	Trained.....	12
5.1.3	Highly qualified.....	12
5.2	Skills mismatch	13
5.3	Recruitment procedures / channels.....	15
5.4	Relevance of age	17
6	SUMMARY OF FINDINGS AND CONCLUSIONS.....	18
7	INTERVIEW GUIDELINES	21
8	LITERATURE	23
	EXECUTIVE SUMMARY OF THE CUPESSE PROJECT	24

Figures

Figure 1: Percentage of young Austrians registered unemployed in 2015, by sex and age	4
---	---

Tables

Table 1: Overview of number of Austrians aged 18-35 registered unemployed in 2015, by education	5
Table 2: Overview of the 22 interviews carried out in Austria	6
Table 3: Description of interviewees.....	7

1 Abstract

Task 4.1 of the CUPESSE project is about understanding the importance of *hard skills* and *soft skills* for employers' recruitment decisions – especially when hiring young employees and apprentices aged 18-35. In this aim, qualitative interviews (i.e., expert interviews with those responsible for hiring new personnel in small, medium-sized and large firms and enterprises) have been carried out to better understand which and to what extent hard and soft skills matter for employers' recruitment strategies and decisions. The lead partner of this task – the University of Heidelberg (UHEI) – has developed the *interview guidelines* and carried out eleven interviews in Germany. In Austria, 22 interviews have been carried out in the time between December 2015 and April 2016 – using a slightly adapted version of the interview guidelines prepared by UHEI (see section 7 for interview guidelines). The interviews have been carried out by master students¹ at the University of Vienna, taking a course in 'Employment Relations and Human Resources Management' given by Nadia Steiber. The interviews were carried out in the Eastern part of Austria, in Vienna and Lower Austria.

2 State of knowledge and aims of employer interviews

Recruitment decisions take place in a context of *asymmetric information*. Job applicants have more knowledge about their capabilities, their hard and soft skills, and their career plans and attitudes to work than their prospective employers. Employers will therefore try to reduce the risk of recruiting a person that does not have the skills required by the job in question by relying on different *signals* about potential productivity such as applicants' educational and professional qualifications and job experience. Moreover, they may consider indices of expected productive capacity such as applicants' age and family background (Akerlof 1970; Spence 1974). One of the aims of the employer interviews is to investigate which signals employers use for what purpose (e.g., grades, certificates, etc.).

The core components of employability

The 'core components' of employability are hard skills, soft skills, and prior work experience (Andrews und Higson 2008). **Hard skills** pertain to those competencies that are required to do the job, such as basic skills and occupation-specific professional or technical skills. Employers may directly assess if job applicants have these skills by using some test procedure or they may trust in educational *credentials* (e.g., certificates/degrees), and use them as signals for certain skills. **Soft skills** are less tangible characteristics of job applicants such as their communication skills, their motivation and personality (Bowles und Gintis 2002). Further aspects of soft skills concern personal or social skills such as being able to work in teams, being ready to learn new things, being sociable and dependable. Finally, employers tend to value prior **work experience**, either work experience per se (i.e., in any kind of profession or capacity) or in case of higher job requirements they may prefer applicants with job-specific experience. Evidently, a greater importance attached to work experience on the part of employers will lower very young applicants' chances of obtaining a job. The younger the applicants, the more likely they are to lack relevant prior work experience.

Prior research tends to suggest that hard skills (e.g. certain educational credentials) – and often but not always work experience – are the central criteria for employers' decision to call an applicant to a job interview (Behrenz 2001). These components of employability appear to be of prime importance in the 1st stage of selection (pre-selecting those who get invited to interviews), whereas soft skills may play a more important role in the 2nd stage, when employers select among those with similar skill profiles in terms of formal qualifications and relevant work experience.

¹ The contribution of the students to the success of Task 4.1 is greatly appreciated (Ming Gao, Jennifer Gasser, Tamara Gold, Mirjam Lea Gschaidler, Veronika Keuschnigg, Nina Kohlmayer, Elisabeth Malicki, Nikoleta Mrvová, Kinga Oravec, Miriam Ji Hyun Kim Park, Thomas Resch, Katharina Schnell, Tanja Schwarz, Katharina-Elisabeth Weinhandl, Michaela Zolnianska).

Since employers in larger firms have been found to consider educational credentials and prior work experience more important than smaller firms (van Ours und Ridder 1991), employer interviews are carried out with firms of varying sizes. A central aim is to investigate the relative importance Austrian employers attach to the three components of employability – hard skills, soft skills, and prior work experience. The relative importance of these components is likely to vary not only with the size of the enterprise but also with the level and type of skills required in the vacant job. The hypothesis is that the association of the importance attached to soft skills and the skill level of the job is U-shaped. On the one hand, among the low educated, hard skills are often lacking or not required by the job with the result that the decision among a set of equally low qualified applicants is likely to be down soft skills. On the other hand, it has been found that in graduate recruitment employers attach declining importance to academic credentials (hard skills), while hiring decisions are increasingly made on the basis of soft skills (Brown, Hesketh, und Williams 2004). However, the importance given to hard and soft skills is likely to depend on the supply of relevant hard skills. In fields with many graduates and thus fierce competition for jobs, hard skills and some work experience are likely to be no more than necessary *preconditions*, jobs being allocated depending on social networks and soft skills (Tomlinson 2008). When the skills are high in demand and there is limited supply (as in some technical fields such as IT/software development), by contrast, hard skills and work experience are likely to play a major role with soft skills taking a back seat as selection criteria.

The guiding hypotheses can be summarised as follows:

1. Soft skills are important selection criteria for the *skill-poor* who lack basic skills, hard skills, or relevant work experience.
2. Soft skills are important selection criteria in the 2nd stage of the selection process when they help to select among equally qualified applicants.
3. Soft skills more are more important selection criteria in smaller firms.
4. Soft skills can also be important selection criteria in the highly qualified job market, especially when required skills are abundant and competition for jobs is strong.

The aim of the employer interviews is to test these hypotheses in the Austrian context. To this end, interviews are carried out in different sectors of the economy, with private and public employers, and with employers recruiting employees at varying levels of skill. Moreover, the interviews shall give some insight into how employers try to find out if applicants have the required hard and soft skills, i.e., which signals and/or assessment techniques they use. The aim is to ascertain whether or not employers test for the presence of required hard skills (e.g., assessment using tests or evaluation during probationary periods) or if they trust in formal credentials such as diplomas, school-leaving certificates, vocational certificates, grades, etc. Likewise, the aim is to investigate how employers screen for soft skills including social and communication skills and personality traits such as reliability or conscientiousness (e.g., based on application material such as CVs and motivation letters or using probationary periods to test applicants' ability to work as part of the team in question).

Matching Model: Crowding out of the low skilled

An explanation for the comparatively difficult labour market situation of the low skilled is provided by the matching model, which describes the *crowding out* of the low skilled by the growing number of highly skilled competitors. *Structural* crowding out occurs when the supply of highly skilled job applicants is higher than the need for highly qualified personnel; whereas *cyclical* crowding out is a problem in recessionary periods, only. In times of slack demand the low qualified are the ones who are fired first and but they may be re-hired once economic conditions improve (Klein 2015). The ones most affected by cyclical crowding out are those who lack *occupation or job-specific* skills, especially the low educated (but in part also those at higher levels of *general* education that is not job-specific). In line with this model, we generally find the highest unemployment rates among the low educated

without vocational training — especially in difficult macro-economic conditions. For West Germany, cyclical rather than structural crowding out appears to explain the widening gap between the unemployment rates of the lower and higher qualified (Klein 2015).

Skills mismatch I: the over-qualification of the higher educated

Due to changes in the occupational structure and crowding out effects to the disadvantage of the low skilled, higher educated young Europeans – especially those with tertiary degrees – are increasingly found in jobs for which they are overqualified (Battu, Belfield, und Sloane 2000; Brynin 2002). According to *job competition theory*, job applicants with tertiary degrees are increasingly hired for jobs that do not require such high academic skills, because employers prefer more highly educated applicants (McGuinness 2006; Tomlinson 2008). From applicants' perspective, *career mobility theory* holds that tertiary educated young Europeans are willing to accept job offers and take on jobs for which they are formally overqualified, because they see such jobs as stepping stones in a career path that takes them to higher qualified jobs (firm-internal upward career mobility). The aim of the employer interviews is to investigate if the assumption underlying *job competition theory*, i.e. that employers prefer overqualified to adequately qualified applicants (Verhaest u. a. 2016) holds true in the Austrian context and if such employer preferences depend on the demand and supply context. Whereas in some fields of study, we find a lack of graduates and thus skill shortages and a 'war for talent' among employers (Winterhager und Krücken 2015), in other fields we find an ample supply of graduates with the results that employers may try to hire qualified workers for lower paid jobs.

Skills mismatch II: the lack of hard and soft skills among the low educated

Whereas job competition theory suggests that the poor employment chances on the low skilled are the result of a displacement of the lower by the higher skilled even when job requirements are relatively low, Solga suggests that an alternative explanation may also play a role, i.e. that the low skilled are increasingly negatively selected and stigmatized (Solga 2002). The selection arguments is that the very low skilled segment of the labour market is shrinking and the average degree to which the very low skilled are employable is declining. In this context, it has been found that substantial shares of low educated young Europeans lack *basic competencies* in reading and writing (e.g., based on results from the PISA study, see Allmendinger und Dietrich 2003). Such skill deficits are a driver of the heightened risk of unemployment among formally low qualified young Europeans (Steiner 2011). The aim of the employer interviews is to investigate Austrian employers' attitudes toward low skilled young applicants with compulsory schooling only, in terms of such applicants' basic skills but also their other characteristics such as their work-readiness and trainability, their attitudes, motivation, their personality traits, and their interpersonal and social skills.

Other aspects investigated

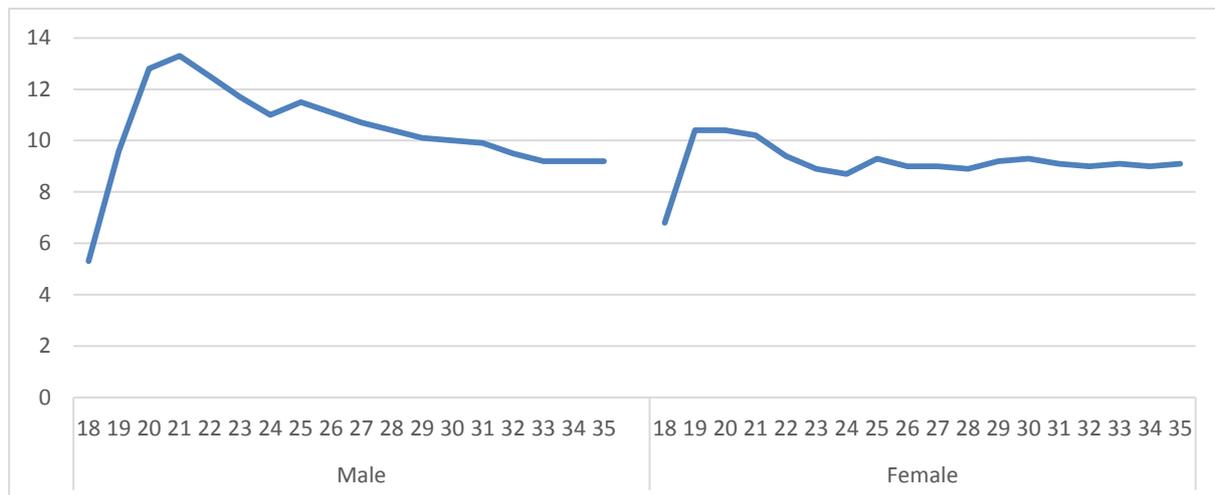
At the start of the employer interviews, employers are asked about the usual **recruitment process**, e.g., how and where vacancies are advertised, the use of different recruitment channels and media such as the public employment service, internet platforms, social media, or network recruiting (e.g. based on recommendations by colleagues and employees). The hypothesis would be that channels vary across sectors and skill levels, and that different and potentially more channels are used when recruiting for jobs with higher skill requirements. Moreover, employers are asked about the **selection procedure**, e.g., how they pre-select applicants for interviewing and how final decisions are taken. A hypothesis would be that the selection procedure involves more steps and takes longer on average when employers recruit for jobs with higher skill requirements and wages (to minimise the costly risk of hiring someone who is not adequately qualified for the job, does not fit into the team, or is likely to be job-hopping). Finally, employers are asked if and for what reasons they may prefer younger or older applicants. The hypothesis would be that in the recruitment for jobs with high or specific skill

requirements, employers may prefer more experienced applicants. The aim is to find out more about Austrian employers' attitudes toward the skills and characteristics of younger and older applicants, about their experiences with employees or apprentices of different ages.

3 The Austrian context

Figure 1 shows the age-profile of *registered unemployment* in Austria, focusing on the age group 18-35. The unemployment rate starts very low at age 18 (5% for males and 7% for females), when many young persons are still in the education and training system (ETS). In the early 20s, young men (left graph) are more affected by unemployment than young women (right graph). Among young men, the peak in the age-profile is at ages 20-22 when the unemployment rate is about 13%. From age 30 onwards the male unemployment rate declines to just below 10%. Among young women, the peak in the age-profile is about one year earlier (ages 19-21) with an unemployment rate of about 10%. After age 21 the female unemployment rate declines to about 9% and remains around this level until age 35. These patterns would suggest that it is particularly difficult to find jobs for very young men.

Figure 1: Percentage of young Austrians registered unemployed in 2015, by sex and age



Source: BaliWeb, based on data from the Austrian Public Employment Service (Arbeitsmarktservice Österreich (AMS)) and the Main Association of Austrian Social Security Institutions (Hauptverband der Sozialversicherungsträger Österreich (HVS)).

When we look at the *number of registered unemployed individuals²* aged 18-35 in the year 2015 – and thus at the number of potential job applicants in this age group, we find that this group involves about 144,000 individuals (Table 1). About 44% of them are low educated (i.e., compulsory schooling at most), about a third has completed a vocational training degree (32.3%), whereas only 6.7% of them have tertiary degrees. Hence, we see that those who we define as ‘untrained’ in this study form the core of those aged 18-35 and searching for jobs (in registered unemployment) in 2015 – more than 60,000 persons on average at the end of each month in 2015. The second most important group are the ‘trained’ – and it is important to note that those with vocational degrees (about 46,000 individuals) form the core of the young job searchers at this skill level (those with purley school-based training are fewer in numbers, i.e. about 24,000). Less than 10,000 young Austrians searching for jobs as registered unemployed are tertiary educated (see Table 1).

² This indicator pertains to the average number of persons registered unemployed at the end of each month in the year 2015. It excludes those participating in activation measures such as training programmes for the unemployed.

Table 1: Overview of number of Austrians aged 18-35 registered unemployed in 2015, by education

Level used for categorisation of skill level in the interviews	Level of Education	Citizenship	Average number	%
Untrained	<i>Compulsory Schooling at most</i>	Austrian	35,900	24.9
		Non-Austrian	27,516	19.1
Trained	<i>Vocational Training (apprenticeship)</i>	Austrian	40,297	28.0
		Non-Austrian	6,165	4.3
	<i>School-based medium education</i>	Austrian	6,749	4.7
		Non-Austrian	1,189	0.8
	<i>Higher education (2nd stage tertiary)</i>	Austrian	12,137	8.4
		Non-Austrian	3,651	2.5
Highly qualified	<i>Tertiary degree</i>	Austrian	7,164	5.0
		Non-Austrian	2,520	1.7
	<i>Unknown / unclear educational status</i>	Austrian	85	0.1
		Non-Austrian	722	0.5
	ALL		144,095	100.0

Source: BaliWeb, based on data from the Austrian Public Employment Service (Arbeitsmarktservice Österreich (AMS)) and the Main Association of Austrian Social Security Institutions (Hauptverband der Sozialversicherungsträger Österreich (HVS)).

Early school leavers (ESL) are defined as those with an attainment below secondary school. In the Austrian context, this applies to those with at most compulsory schooling and thus our group labelled as ‘untrained’. The aim is to reduce the ESL rate in the European Union to 10% of those aged 18-24 by 2020. The Austrian rate is low compared to other countries (about 7% in 2015 compared to 11% in the EU-28, 10% in Germany, 15% in Italy, 20% in Spain, and 36% in Turkey, Source: Eurostat³). The in international comparison relatively small group of ESL in Austria is however negatively selected in terms of basic skills (e.g., language skills, reading, writing, basic mathematics) and labour market risks. In other words, this group is strongly overrepresented among job seekers (Steiner 2011).

³ The indicator is defined as the percentage of the population aged 18-24 with at most lower secondary education who were not in further education or training during the last four weeks preceding the survey. Lower secondary education refers to ISCED (International Standard Classification of Education) 2011 level 0-2. The indicator is based on the EU Labour Force Survey.

4 Overview of interviews carried out in Austria

The interviews were carried by employers of different sizes (see Table 2). Small firms, companies, or organisations were defined as those with up to 10 employees (6 interviews); medium-sized ones as those with more than 10 and up to 200 employees (6 interviews); large ones as those with more than 200 employees (10 interviews). A further distinction was made between the private and the public sector (4 out of 22 interviews carried out with public sector employers) as well as between different industry sectors (see Tables and 3 for overview). Finally, we stratified interviews depending on the skill-level of jobs and hires, distinguishing between ‘untrained’ applicants with compulsory schooling at most (8 interviews), ‘trained’ applicants with school-based and/or vocational qualifications (7 interviews), and ‘highly qualified’ applicants with tertiary degrees (7 interviews).

Interviews with a thematic focus on the recruitment of ‘untrained’ applicants were focused on the recruitment of apprentices – interviewed employers operated in the following industries: services (hairdresser, hotel), the food industry (food retailing and butcher/catering), construction, and two public libraries (see Interviews 1-8 in Table 3). Interviews with focus on the recruitment of ‘trained’ applicants were carried out with employers in the IT sector, banking, construction, electrical engineering, social work, hairdressing, and a department of the Vienna city administration (see Interviews 9-15 in Table 3). And interviews with focus on the recruitment of ‘highly qualified’ applicants were carried out with a real estate agency, a large construction company, an employer in the IT sector, a large employer in the energy/environment sector, a large company operating in the oil/gas industry, and a scientific research institute (in the latter case, the interview focused on the recruitment of administrative personnel, see Interviews 16-22 in Table 3).

The interviews were conducted face-to-face and lasted between 20 minutes and one hour. The interviews were recorded and subsequently transcribed based on the audio files. The transcripts of all interviews were anonymised and are available upon request from the author.

Table 2: Overview of the 22 interviews carried out in Austria

SIZE OF FIRM/COMPANY	SKILL LEVEL OF JOBS		
	Untrained (compulsory schooling only)	Trained (vocational degree / Matura)	Highly qualified (tertiary degree)
Small (<=10 employees)	2 Interviews (0)*	2 Interviews (0)*	2 Interviews (0)*
Medium (11-200 employees)	2 Interviews (1)*	2 Interviews (0)*	2 Interviews (0)*
Large (>200 employees)	4 Interviews (1)*	3 Interviews (1)*	3 Interviews (1)*

*Number in parentheses pertains to number of these interviews carried out with public employers.

Table 3: Description of interviewees

<i>No. of Interview which corresponds to no of transcript in the appendix</i>	SIZE	SKILL LEVEL (focus on interview)	SECTOR	BRANCH	HIRES PER YEAR
Interview 1	Small (10 employees)	Untrained (recruitment of apprentices)	Private	Hairdresser	About 1-2 apprentices
Interview 2	Small (10 employees)	Untrained (recruitment of apprentices)	Private	Butcher / Catering	About 1-2
Interview 3	Medium (about 60 employees)	Untrained (recruitment of apprentices)	Public	Library	About 1 apprentice per year
Interview 4	Medium (about 100 employees)	Untrained (recruitment of apprentices)	Private	Hotel	About 9-10 apprentices
Interview 5	Large (about 210 employees)	Untrained (recruitment of apprentices)	Private	Construction	About 15, of which 5 in age group 18-35
Interview 6	Large (about 300 employees)	Untrained (recruitment of apprentices)	Public	Library	About 1-2 apprentices per year
Interview 7	Large (about 13,000 employees)	Untrained (recruitment of apprentices)	Private	Construction	About 500 of which about 60 apprentices
Interview 8	Large (about 18,000 employees)	Untrained (recruitment of apprentices)	Private	Food retailing	About 1,000 of which about 400 apprentices

Interview 9	Small (7employees)	Medium education (secondary education, general or vocational degree)	Private	IT	About 1-2
Interview 10	Small (8 employees)	Medium education (secondary education, general or vocational degree)	Private	Hairdresser	About 2-3, mostly aged 16-35
Interview 11	Medium (about 20 employees)	Medium education (secondary education, general or vocational degree)	Private	Social work / education	About 1
Interview 12	Medium (about 80 employees)	Medium education (secondary education, general or vocational degree)	Private	Electrical engineering	About 8-10, of which about 5 apprentices and 4 technicians per year
Interview 13	Large (about 4,000 employees)	Medium education (Matura)	Private	Bank	About 170
Interview 14	Large (about 2,000 employees in Austria, 6,000 internationally)	Medium education (secondary education, general or vocational degree)	Private	Construction, formwork company	About 70
Interview 15	Large (about 65,000 employees)	Medium education (secondary education, general or vocational degree)	Public	HRM, City of Vienna	About 3,600, of which about 2,500 in age group 18-35

Interview 16	Small (6 employees)	Highly qualified (tertiary education)	Private	Real Estate	About 2, of which last year both aged 18-35
Interview 17	Small (6 employees)	Highly qualified (tertiary education)	Private	Law firm	About 2, of which last year both aged 18-35
Interview 18	Medium (12 employees)	Highly qualified (tertiary education)	Private	Construction, engineering office	About 2, of which last year both aged 18-35
Interview 19	Medium (about 20 employees)	Highly qualified (tertiary education)	Private	IT/software	
Interview 20	Large (about 500 employees, of which about 200 administrative personnel)	Highly qualified (tertiary education)	Public	Scientific Research	About 40, of which about 20 in age group 18-35
Interview 21	Large (about 7,000 employees)	Highly qualified (tertiary education)	Private	Energy / Environment	About 200, of which about 15 with tertiary education aged 18-35
Interview 22	Large (about 25,000 employees)	Highly qualified (tertiary education)	Private	Oil/gas industry	

5 First results

5.1 Selection criteria

5.1.1 Untrained (apprentice recruitment)

The general picture drawn by the interviewees suggests that neither hard skills nor work experience are among the criteria for apprentice selection. In many cases, not even basic skills such as writing and basic math are preconditions for recruitment, especially in fields where employers face a severe lack of suitable applicants. The only exception are sufficient **German language** skills that allows employees to communicate within the team and to interact with clients in the service, sales and hospitality industry⁴. In the food retailing industry, being able to communicate in German was even mentioned as the first and foremost selection criterion. Whereas German language skills are largely considered a necessary pre-condition, foreign language skills are sometimes considered an asset, such as in the hospitality industry, yet they do not tend to be used as selection criteria. In most cases, employers have stopped considering school grades as pre-selection criteria, arguing that academic skills cannot easily be taken as valid signals for job-relevant skills⁵.

“Nur weil man kein guter Schüler ist, muss das nicht heißen, dass man kein guter Arbeiter ist” (Interview 4, hotel)

*“Also wenn’s jetzt um eine **Lernschwäche** geht, kann die überall vorliegen, also es kann jetzt sein, dass der Schwierigkeit hat mit sinnhaften Lesen, kann Schwierigkeit haben, kann Legasthenie sein, kann Schwierigkeit haben beim Rechnen, aber wie schon eben gesagt, ist das **überhaupt kein Thema**, wenn dann integrativ eine Lehre begonnen wird, dann soll’s so sein” (Interview 8, food retailing)*

This renders **soft skills** and in particular the expression of a genuine **interest in the specific job** the core criterion. Other soft skills that were mentioned by all employers as being of central relevance are **effort motivation** (e.g., being pro-active and taking initiative, being willing to develop new skills), **communicative competence, punctuality and reliability** as well as the **ability to work in a team** or in fact to fit in into the specific team the applicant would work with. In the construction industry, similar soft skills such as punctuality and reliability are required and employers screen for knowledge about and interest in the specific job. Moreover, a specific asset in this industry is physical strength, the ability and willingness to work hard and under pressure, and (inborn) manual skills. In terms of personality traits, **extraversion** is mentioned as being important in the service, sales and hospitality industry as well as in the recruitment of apprentices for public libraries. Especially in jobs that involve contact with clients, a **neat physical appearance** is also a relevant factor (e.g., in the beauty industry, sales occupations, and the hospitality sector). In the service and sales industry, employers also mentioned a friendly demeanour (hairstylist, butcher/catering) as an important trait.

⁴ German language skills were mentioned as a necessary asset by all interviewees including one of the large construction companies (the latter argued that German skills were necessary on the construction site in order to be able to work in the team). The other large construction company suggested that a lack of German skills can be made up by soft skills such as a genuine job interest, motivation and punctuality. For this reason, the company has a strong interest in hiring young refugees and has already done so in the past with good experiences. Another exception was the hotel that screens application materials (CVs and motivation letters) for acceptable writing skills when recruiting an apprentice for the reception.

⁵ This is suggested by 5 of the 8 interviewees including the service, sales, and hospitality industry. The exceptions are one of the large construction companies that suggests that they do consider grades to some degree, and in particular in math that is important for understanding statics as well as the two public libraries that do look at the grades, while also mentioning that while grades may be used to some degree for pre-selection, what counts most are soft skills, however.

Some of the larger employers use a standardized test to pre-select applicants (e.g., the two large construction companies, the large food retailing company, and the two public libraries) in which they test general knowledge as well as some basic and interpersonal skills. Yet, at the end of the day, most of them say that a bad test result is not necessarily a knock-out criterion⁶. Job interest and a good fit with the team are generally deemed more important than test results. In fact, the interviewee in the food retailing industry even suggests that those with good test results may be overqualified for the job with potentially negative effects on their motivation and longer-term job interest.

In sum, due to the fact that no specific skills are required to start an apprenticeship but also due to a lack of applicants with good grades and basic skills, recruiters tend to focus on soft skills – and in particular on job interest and motivation – when selecting their new apprentices:

*“Bei den Lehrlingen, die frisch beginnen, die müssen gar nichts können, weil ja, deswegen sind sie ja da, weil sonst wär’s kein Lehrling. Die müssen nur sich selbst mitbringen und **Motivation**, und genau, ja **ein Wollen**.” (Interview 1, hairdresser).*

*“Also ich glaube schon, dass diese jungen Leute mit 15 oder 16 vielleicht noch nicht so reif sind, um zu erkennen, was ist im Arbeitsleben wirklich wichtig. Weil, wir erwarten uns von denen ja nicht irgendwelche tollen Fähigkeiten, sondern wir erwarten uns eigentlich **nur Leistungsbereitschaft und pünktlich zu sein** – mehr ist es ja nicht” (Interview 5, construction).*

Interestingly, half of the interviewees explicitly emphasised the importance of the applicants’ family background as an important indicator for the presence of certain characteristics. One of the large construction companies even includes personal interviews with the parents or legal guardians of the applicants as a step in the standardized recruitment procedure:

*“und anschließend mit einem **persönlichen Gespräch mit den Eltern Erziehungsberechtigten** (...) uns ist immer das soziale Umfeld eigentlich a sehr wichtig vor allem, dass die Erziehungsberechtigten a wirklich dahinter stehen, weil das kann eigentlich nur gut funktionieren wenn da alle dahinter stehen” (Interview 7, construction)*

*“aber es gibt auch den Fall, dass die **Erziehungsberechtigten** dabei sind. Ähm, was wir an und für sich ganz gut finden, weil wir dann auch einmal die Eltern kennenlernen und schon einmal ein bissl herausfinden kann in welchem Umfeld derjenige aufwächst, wie so das Verhältnis ist. Man merkt relativ schnell wie die Erziehungsmethoden sind. Und das sind also Dinge, die wir an und für sich bevorzugen, wenn die Eltern mitkommen” (Interview 5, construction)*

*“Weil ich denk mir, die Fachbegriffe und alles, das kann man alles lernen. Aber die Einstellung muss passen, und die, ähm, das Haus, also nicht das Haus, aber von wo sie kommen, haben sie eine gewisse **Grunderziehung** genossen...” (Interview 4, hotel)*

“Eh bei den Lehrlingen mach ich schon so, dass ich sie mit den Eltern kommen lass. Da geht’s ma jetzt gar nicht darum, ob die Eltern super sind oder nicht super. Manchmal tu ma eh die Kinder leid, wenn ich mir die Eltern anschau. Fakt ist, dort wo’s kein Zuhause gibt, dort funktioniert gar nichts. (...) Bei den Lehrlingen sag ich dann auch den Eltern: „Hörn’s, Sie müssen mir helfen, Sie unterschreiben den Lehrvertrag mit.“ (Interview 12, electrical engineering, part of interview focused on apprenticeship recruitment)

⁶ Unless of course the number of applicants is overwhelming, in which case, the test helps to single out less suitable applicants, who are then not invited to the second stage of the process, i.e. the personal interviews.

5.1.2 Trained

In contrast to what we have seen in the context of apprentice recruitment, where neither hard skills nor work experience are among the core selection criteria in the recruitment of trained personnel: **the right qualifications and work experience** are the primary selection criteria. Many interviewees emphasise that the right qualifications for the job in question (mostly formal credentials) are a pre-condition for being considered for the job. **Relevant work experience** and some knowledge of the industry/sector was mentioned as the second core criterion by all interviewees. Language skills were mentioned as an asset by two of the interviewees in international banking and electrical engineering. Moreover, most of the interviewees suggest that grades are not overly important in the selection process. The relevant factor is whether or not the formal qualification in question has been obtained.

In a second step, **soft skills** also play an important role. An aspect mentioned very frequently is the question of how well applicants fit into the team. Other soft skills that were mentioned include being orderly and punctual, being socially competent, outgoing and communicative, a good work ethic and loyalty to the firm, having self-confidence and expressing interest in the specific job.

*“Ich würd jetzt mal sagen, 70% der Entscheider sagen, Noten sind nicht wichtig. Es kommt auf die **Berufserfahrung** drauf an und in Wahrheit kommts drauf an, wie man sich in einem Gespräch verkauft. Also wie verkauft man seine eignen Stärken. Wie verkauft man seine eigene **Motivation**, sein...sein **Wollen für diesen Job**. Das sind für mich wichtige Kriterien“
(Interview 13, banking)*

None of the interviewees provided any indication that employers would try to hire overqualified employees for jobs requiring a medium level of qualification such as a vocational training degree. One of the interviewees (interview 12) mentioned that while in electrical engineering unqualified staff used to be hired for support in the past, this is not the case anymore, because all jobs in this area now require some basic understanding of how to handle machines (i.e., some qualification).

5.1.3 Highly qualified

Similar to the recruitment of trained staff, also in graduate recruitment (recruitment for job requiring tertiary education) the right **qualifications** and in some but not all jobs **prior work experience** are the core criteria used to pre-select candidates invited for interview. Some of the interviewees stressed that they appreciate prior experience of *any kind* including project experience obtained as students before entering the labour market as well as work experience in an entirely different field including unqualified part-time work during studies.

*“Und sonst, ähm, ja, es ist wichtig, dass jemand während seiner Ausbildung, ähm, versucht schon Praxiserfahrung zu sammeln. Da ist es mir eigentlich **nicht wichtig**, dass diese **Praxiserfahrungen** unbedingt genau **fachlich** in die Richtung gehen, wo der Studienschwerpunkt sich befindet. Also wenn jemand, äh, in der Studienzeit irgendwo gekellnert hat oder was weiß ich macht, äh, das, äh, gehört auch dazu. Ich hab auch Fließbandarbeit gemacht, ja. Aber einfach das Kennenlernen von Arbeit, der Arbeitswelt “
(Interview 18, engineering office)*

Relevant work experience for the job increases in importance as a selection criterion for more senior job applicants and when jobs have very specific skill requirements. The two interviewees from the IT sector both reported that for some jobs prior work experience is considered more important than the formal qualification for the job. This owes to the fact that in this sector employers face a severe shortage of skilled applicants - so that they need to lower their pre-selection thresholds (see section 5.2 on the issue of skills mismatch).

“Hmmm nicht zwingend. Da muss man schon sagen, also ich schau mir schon den Lebenslauf an und wenn jetzt jemand in seinem Lebenslauf hat „Ich habe jetzt fünf Jahre lang im Projektmanagement gearbeitet, habe aber keine akademische Ausbildung“, dann schau ich ihn mir schon an“ (Interview 19, medium IT/software company)

In graduate recruitment, the 1-month probationary period, during which new hires can be dismissed without giving a reason and with immediate effect (Laimer 2016), tends to be used by employers as a period during which the productivity of the new hire can be assessed. In many cases, this trial period is extended to three or even six months by introducing a fixed-term element into the employment contract, which foresees a termination of the employment relationship after the fixed-term period in the event of a negative evaluation. This supports the hypothesis that for jobs with higher or more specific skill requirements, it takes longer for employers to assess employee performance.

“...und die fachlichen Fähigkeiten, die kann ich in einem Bewerbungsschreiben nie wirklich erkennen, die kann ich erst erkennen, wenn die Mitarbeiterinnen oder Mitarbeiter drei Monate mal hier waren, ja, oder länger“ (Interview 18, engineering office)

Whether or not recruiters consider *grades* as selection criteria varied a lot between interviews, and there was no obvious pattern distinguishing employers of different sizes or operating in different sectors (e.g., whereas some suggested that grades from tertiary education institutions are not a good indicator of the skills obtained, others assumed those with better grades to be more motivated).

Whereas hard skills are core for pre-selection, the final recruitment decision among a pre-select set of applicants with similar qualification profiles are the **soft skills**. A genuine **interest in the job** is again considered highly relevant. Other important characteristics include pro-activity, the ability to work independently, and the motivation for further learning and self-development. Moreover, it is highly important for recruiters to assess applicants' personality, in particular their **social skills** and the degree to which they are likely to **fit into the team**.

*“Schon sehr, also wie gesagt, **das Fachliche ist die Grundvoraussetzung**, aber wenn, ahm, diese ...fachunabhängigen Kompetenzen nicht passen, hat das durchaus ein Veto, Ja. Also das ist, **es muss jemand ins Team passen**, wir müssen so das Gefühl haben, dass das auch, dass die Person auf diese Art und Weise dann den Job gut machen, ahm, können muss, ja, wenn wir so das Gefühl haben, ok, ahm die Person würde das zwar fachlich mitbringen, aber wir glauben nicht dran, dass sie persönlich zu uns passt, dann tun wir uns schwer. Ja, also des, da schauen wir und dann eher anders um“ (Interview 20, research institute)*

5.2 Skills mismatch

Most employers trying to **recruit new apprentices** ('untrained') tend report some mismatch between what they are looking for and the characteristics of applicants. Common problems pertain to a lack of German language skills, job interest and motivation. Smaller employers tend to additionally have low applicant numbers, which renders finding suitable new apprentices difficult, and sometimes vacant positions cannot be filled. Larger employers tend to have many – even if often unsuitable – applicants and can generally fill their vacancies. One of the large construction companies has stopped using standardized test procedures due to very poor test results that have shrunk the applicant pool too much when used for sorting and pre-selection. Moreover, the company estimates that 98% of their applicants have very poor German language skills (those with German as a mother tongue do not tend to apply due to the nature of construction jobs, e.g. masonry).

“...früher haben wir so einen, einen Test mit einigen ausgewählten Lehrlingen gemacht. Äh, sind aber mittlerweile davon abgekommen, weil...äh...die Ergebnisse von diesem Test niederschmetternd waren. Und äh...die einfachsten Rechenaufgaben in diesem Test nicht gelöst werden konnten“ (Interview 5, construction)

Also the other large construction company, which still uses a skills test, has observed a deterioration of average test result over time (e.g., in basic math and German skills). However, the large companies can draw on very large applicant pools⁷ and for this reason they do not tend to face difficulties filling their vacant apprenticeship positions⁸. Common problems with apprentices that were mentioned include a lack of punctuality and reliability, which may lead to a termination of the apprenticeship contract within the legally foreseen 3-months probationary period.

The smaller firms reported dissatisfaction with applicants who are sent by or on recommendation of the public employment services (AMS), because these applicants tend to lack motivation and often only appear to get the necessary proof for the AMS that they were actually at the firm to apply.

The larger firms tended to report dissatisfaction with the many applicants who are ill-informed about their company and about the specific jobs they are applying for. The young applicants allegedly do not yet know what they are looking for, especially those at very young ages (minors).

To recapitulate, results differ by the size of the employer and the industry sector: whereas larger employers – especially in construction – are typically flooded with high numbers of applicants for apprenticeships, smaller employers – especially in the service and sales industries – tend to attract fewer applicants and sometimes vacancies cannot be filled due to the lack of suitable applicants. On top of the lack of basic skills and a scarcity of applicants with sufficient German language skills, a *lack of interest in the job* is mentioned as a common problem as is the lack of basic social skills such as punctuality.

Given the large skills mismatch in these regards, it could be concluded better skill-profiles of young applicants would lead to higher numbers of filled apprenticeship positions, or in other words that on top of demand problems (i.e. lack of jobs), the limited supply of suitable job candidates contributes to the poor labour market chances of the untrained youth in Austria. Policy-makers have reacted to this problem by introducing a specific type of apprenticeship for young persons with learning-difficulties – so-called ‘integrative apprenticeships’. And at least one of the interviewees – at the large food retailing company – has mentioned the use of such apprenticeships. This employer thus retains applicants with poor basic skills due to learning-difficulties in the pool of potential applicants who are invited for personal interviews and who are also commonly hired.

Employers who were interviewed about their experiences with the recruitment of **trained** employees frequently report having difficulties finding good candidates, especially the employers operating in the IT sector and those operating in other sectors but hiring IT personnel. Other qualified personnel that is hard to find are mathematicians and statisticians, technicians and engineers. Smaller firms describe a “war for talent” to the disadvantage of smaller firms who are not able to pay competitive wages for the best qualified. Especially for jobs that require not only specific qualifications but also job-specific work experience, it can be difficult to find suitable candidates and sometimes vacancies take time to be filled. Interviewees suggested that investment in employer branding, active sourcing using social media, and international recruitment are important strategies in such labour markets.

⁷ One of the large construction company tends to have 400 applicants for 15 apprenticeship positions every year. The large retailing company tends to take about a third of about 1200 applicants on board.

⁸ The exception was the large food retailing company which reported some difficulty with recruiting new apprentices for more remote branches that are difficult to get to for minors who are dependent on public transportation.

*“Wir befinden uns in einem ganz klaren **Arbeitnehmermarkt**, das heißt es gibt wenig gute Mitarbeiter, **wenig gute Talente** muss man auch sagen, aber, äh, doch **recht viele Jobs, die wir, wo wir uns schwer tun, diese zu füllen**. Das kann man zwar, glaubt man nicht, wenn man auf die Arbeitslosenzahlen hindeutet, jedoch wenn man die Arbeitslosenzahlen deutlich interpretiert, sieht man, viele Leute mit einem Pflichtschulabschluss, mit wenig Erfahrung, ähm, und die die richtigen oder passenden Bewerber zu finden heutzutage ist sehr sehr schwierig“ (Interview 14, construction, globally operating formwork company)*

Similar to what has been concluded for apprentice recruitment, not only a lack of hard skills but in some cases also a lack of job interest and social skills may lead to a mismatch and complaints about a lack of good applicants. An example is the hairdressing salon, where the employer suggested that ‘good hairdressers always get a job’ with smaller or less known salons falling short of good applicants with the necessary general skills, communication skills and personality.

A similar picture emerges in **graduate recruitment**: employers tend to face severe difficulties finding candidates with the right qualifications, especially when trying to recruit IT personnel, programmers, engineers, and technicians. Graduates from commercial fields such as controllers by contrast are much more easily found, given the much higher numbers of graduates in these fields.

“Mhh ja, also Entwickler finden ist nicht einfach, also ich weiß nicht, ob ihr schon mal einen Programmierer gesucht habt, die haben das, die leben in einem Schlaraffenland, die können sich aussuchen, wo wie hingehen“ (Interview 16, small IT company)

“Wir haben keinerlei Probleme wenn es um wirtschaftliche Absolventen geht, ja. Wenn es um Techniker geht, die in unserem Branchenumfeld eine gewisse Erfahrung haben müssen und eventuell schon drei, vier, fünf, sieben...was auch immer Jahre an Berufserfahrung im internationalen Umfeld – die sind schwierig dann zu finden...“ (Interview 22, oil/gas company)

5.3 Recruitment procedures / channels

Employers advertise vacancies using a set of different channels. The most common ones for smaller companies are the firm’s **homepage** where the job announcement is posted (and from where the public employment service (AMS) takes the information) and the posting of the job announcement on some **occupation-specific online job portal**. Some smaller firms also post the vacancy note in their shop window and ask their employees to recommend candidates. Large companies also use these channels and sometimes also recruit at **job fairs**. In some fields, the AMS is not actively used (e.g. when companies can expect a flow of applications already when posting vacancies only on their homepages). Network recruiting plays some role. The large construction companies, for instance, try to recruit children from current employees as new apprentices to make sure the parent is interested in a good performance of their offspring, and they recruit apprentices based on recommendations of former apprentices. Public sector employers tend to rely on their homepages and job fairs.

Selection procedures tend to follow a pre-defined sequence of steps. The 1st step typically involves the screening of **application materials** (CVs and motivation letters) to pre-select applicants who fulfil defined pre-conditions⁹ and who are then, in a 2nd step, invited for **personal interviews**. When applicant pools are large, some employers use **standardized tests** for pre-selection purposes (mostly in apprenticeship recruitment and here mostly to test for general knowledge, logical thinking, social skills and very basic reading/math skills, used by larger companies and by public sector employers).

⁹ In apprenticeship recruitment mostly screening for expression of genuine job interest; in recruitment of more qualified employees also screening for necessary formal qualifications and work experience.

In apprentice recruitment, large companies often cooperate with schools and invite interested pupils to visit them to get an impression of the firm and the nature of jobs available ('open days', in German 'Schnuppertag'). This opportunity may be taken as a very first step, i.e. before applications are sent. When new apprentices have been selected, employers tend to use the legally foreseen probationary period of three months, during which those that do not fit the job can be laid off at short notice and in the absence of strict employment protection laws that only come into force after this period.

Overall it appears that larger employers and public sector employers implement more formalised recruitment procedures, using for example open days and formal tests/assessment procedures to pre-select a set of applicants for personal interviews. Smaller employers tend to use more informal and sometimes ad hoc strategies for recruitment (e.g. learning about a potential candidate by word-of-mouth or inviting all candidates for personal interviews when the flow of applications is modest).

Large employers tend to advertise positions for trained or highly qualified employees internally first to allow for possibilities of firm-internal upward mobility (high relevance of internal job markets). Only if positions cannot be filled with internal candidates, it is advertised externally (e.g., mentioned by large international bank, the large oil/gas company, the large energy/environment company, and the large formwork company).

"...dann ist es so, dass wir jede Position ähm selbstverständlich auf unserer äh Homepage schalten, ähm die im Vorfeld auch intern ausschreiben, das heißt ähm, wir wollen auch unseren internen Mitarbeitern und Mitarbeiterinnen die Möglichkeit geben, äh, sich weiterzuentwickeln " (Interview 21, large energy/enviroment company)

The public employment service (AMS) is rarely mentioned as a recruitment channel. This owes to the fact that the AMS automatically takes information about job vacancies from employers' homepages and also due to negative experiences with applicants send by the AMS, who are often perceived as lacking job interest and motivation (see section 5.2). Publishing job vacancies in print media was mentioned as an increasingly less interesting search channel due to the high costs involved and the fact that job search is an activity that is increasingly done online only.

*Active sourcing*¹⁰ using social media such as LinkedIn or Xing are seen as important search channels mainly by the larger employers and especially in the case of jobs that require very specific skills (e.g., mentioned by large international bank, the large oil/gas company, and the large formwork company, and the medium sizes engineering office). *Network recruiting*, i.e. taking recommendations from the current employees for potential new hires (employee referral), is a strategy employed by some of the employers, and there was no obvious association with the size of the employer or the industry. Personnel consultants or head hunters are more likely to be used by larger employers when they are in search of candidates for jobs with very high and specific job requirements.

Finally, an increasingly important strategy in **graduate recruitment** mentioned by the majority of interviewees is to hire students for part-time jobs as a tool to attract young talent before graduation and later on hire those assessed favourably for higher level positions. To this end employers establish co-operations with universities and advertise open positions on job portals for university students. Hiring promising students for part-time jobs allows employers to assess potential future hires on-the-job. Moreover, in this way the new recruits already possess firm-specific skills acquired during their studies. Especially in fields where demand for certain skills is higher than its supply (e.g. IT/software engineers) this is an important tool in the "war for talent".

¹⁰ This covers all the *proactive techniques* a company can employ to identify promising candidates for the jobs and to contact them directly. The term 'active sourcing' is wide-spread in the German-speaking HR community.

5.4 Relevance of age

Whereas most of the applicants for **apprenticeship positions** are 15-16 year old school leavers, most interviewees suggested that they tend to prefer somewhat older youth who are held to be more mature and settled, more dependable, punctual and motivated, and to have a more stable life style and work ethic. Moreover, those above age 18 are allowed to work longer and more flexible hours according to the law, which is considered a relevant advantage in the hospitality and construction sector. Mobility can also be an issue in the recruitment of youth, who are dependent on public transportation until they obtain a driving license. This makes apprenticeship positions in more remote areas, especially in jobs that require very early starting times in the morning, less attractive.

Most employers report to not discriminate against older applicants who have dropped out of earlier apprenticeships, given that plausible reasons can be given such as allergies that prevented continued work in certain work environments. Some but not all employers accept applicants who dropped out of an earlier apprenticeship upon discovery that they trained for the wrong occupation.¹¹ Employers in construction and food retailing report that the average age of applicants for apprenticeships has increased, with rising numbers of applicants having dropped out from higher education institutions or apprenticeships. In the public libraries only fresh school leavers (aged 15-16) are recruited.

Also some employers hiring **trained staff** appear to have certain reservations toward the very young, mentioning a lack of maturity, hedonism, and a lack of employment commitment as characteristics. Moreover, it was frequently mentioned that many applicants are simply too shy and insecure for some professions that involve contact with clients and that this was more likely to be the case with younger applicants who lack self-confidence and experience. In addition, employers suggested that the young do often not yet know what they want, that they allegedly expect work to be fun all the time, and eventually that they lack genuine and sustained job interest.

In **graduate recruitment**, employers suggested that it is not about age but about experience, with some reluctance of hiring fresh graduates due to concerns that they do not yet know what they want and are thus likely to be job-hopping. Whereas some of the smaller employers reported some preference for young graduates without much job experience, arguing that these are more malleable and open to acquire firm-specific modes of work, for many highly qualified jobs, some years of relevant prior work experience are necessary, thus reducing recruitment chances of fresh graduates.

In sum, many of the interviewees pointed out both advantages and disadvantages of young and older employees, suggesting that while younger employees tend to have better IT and English language skills and to be more mobile, flexible and malleable, older employees tend to be more experienced, mature and self-confident. Some employers also mentioned that work teams should have a good mix in terms of older and younger workers. The expectation that a greater importance attached to job experience results in lower chances of getting a job for the young and thus potentially unexperienced has been confirmed by the employer interviews.

„Genau, also ich würd sagen quer übers Unternehmen gesehen, die Mischung macht's aus. Wir suchen sowohl...junge Absolventen und Absolventinnen ahm als auch ältere Mitarbeiter mit Berufserfahrung, das hängt dann auch von dem jeweiligen Job ab klarerweise. Ähm, wir legen in vielen Aktivitäten...aber den Fokus auf ähm gut qualifizierte Bewerberinnen, die bereits einige Jahre Berufserfahrung mitbringen“ (Interview 21, large energy company)

¹¹ The hairdressing salon, hotel, and food retailing company reported to not discriminate against such applicants, whereas in the public libraries drop-outs from an earlier apprenticeship or some higher education institutions are evaluated in negative terms.

6 Summary of Findings and Conclusions

The results from the employer interviews suggest that the three core components of employability defined above – hard skills, work experience, and soft skills – are of different importance as selection criteria in the recruitment process depending on the skill level of vacant jobs. In the case of those who look for an apprenticeship position and who typically lack hard skills beyond basic skills from compulsory schooling, the skill requirements of jobs do not extend beyond such basic skills and do also not involve prior work experience. Therefore, the primary criterion for applicant selection and job offers are German language skills (i.e. basic communication skills) and soft skills (especially job interest and punctuality and in some sectors not being too shy to interact with clients). At higher levels of skill, i.e. for the “trained” and the “highly qualified”, hard skills such as formal qualifications (e.g., vocational training certificates, tertiary degrees) are typically used as sorting criteria in the pre-selection process. Moreover, depending on the requirements of the job, also relevant prior work experience may be among the core criteria in the pre-selection process. This will only be the case when employers recruit for jobs that require specific knowledge and skills that can only be obtained on-the-job.¹² The degree to which soft skills matter in a 2nd selection phase depends on the nature of the labour market. Results from the employer interviews suggest that in fields with many graduates and thus a high level of competition for jobs, hard skills and some work experience are *necessary preconditions*, yet, job offers depend on soft skills. When there is a limited supply of the specific skills required for a job (as in some technical fields such as IT/software development), by contrast, hard skills and work experience are more likely to be *sufficient conditions* for job offers.

Our results confirm the hypotheses spelled out above: 1) Soft skills are important selection criteria for the skill-poor. 2) Soft skills are also important selection criteria in labour markets for the more highly skilled, i.e., in the 2nd stage of the selection process when they help to select among equally qualified applicants – and 3) this holds especially in labour markets that feature an ample supply of adequately qualified applicants (e.g., among fresh university graduates from disciplines that produce large number of applicants). 4) Smaller firms tend to follow less formal ways of recruitment and they are less likely to test/assess the hard skills of applicants using standardised procedures. They tend to put an even greater weight on a soft-skills-based selection criterion: the feeling of whether or not the applicant would fit into the existing work team. Larger employers and those operating in the public sector are more likely to follow more formal, standardized recruitment procedures with much larger applicant pools and therefore the necessity for a more stringent pre-selection of applicants based on formal qualifications (i.e. information taken from application materials such as CVs).

Since it is difficult for employers to assess the hard and soft skills of applicants at pre-selection or during job interviews, many employers suggested that it is important to eventually assess those skills and the real level of productive capacity of new hires *on-the-job*. Whereas at lower levels of skill (e.g. in apprenticeship training), one-day trials suffice for most recruiters (for an assessment of the fit into the team and the social and communication skills), at higher levels of skill it takes longer to assess the goodness of fit of the new hire with the requirements of the job and with the team. In this context, employers frequently reported to use the legally foreseen 1-month probationary period during which the employment contract with a new hire can be terminated without giving a reason. Especially when hiring highly specialised employees earning high wages, some employers extend this period during which employment contracts can be easily terminated by adding a fixed-term component to the initial contract. The ongoing assessment of employee productivity on-the-job can be seen as the third step in the selection of highly skilled permanent employees (the first two steps being (1) the

¹² Although general work experience in any kind of job is considered an asset by most employers and taken as a signal for work-readiness and employment commitment.

pre-selection based on application materials and required qualifications and (2) the final selection among applicants based on less tangible soft skills).

A central aim of the study was to investigate if a mismatch between the skills of young job seekers with the skills demanded by employers may shed some light on why there are both many vacant jobs as well as young people not succeeding in finding an apprenticeship position or job. In the context of apprentice recruitment the results confirmed the presence of a substantial skills mismatch, with many employers complaining about a lack of basic as well as soft skills among young applicants (e.g. lack of basic communication skills in German, lack of interest in occupation and job, lack of motivation, and lack of basic social/personal skills such as punctuality). Moreover, the interviewed recruiters suggested that the average skill level of applicants for apprenticeship positions has declined over time (both in terms of basic hard and soft skills), supporting the claim by Heike Solga (2002) that today such applicants tend to be more negatively selected. According to the employers, the young, low-skilled often do not yet know what they want and they are in many cases not work-ready. Although this was not part of the interview guideline, many employers mentioned the high relevance of the family background for providing young persons with the necessary soft skills.

In the context of complaints about a lack of motivated applicants for apprenticeship positions, some of the employers reported an interest in hiring young refugees. This was mentioned, for example, by the large food retailing company and a large construction company that (in sum) recruit about 500 apprentices each year. The companies have an interest in hiring young refugees and they reported to have already done so in the past with good experiences.

The future of the Austrian apprenticeship market looks rather bleak. A recent study suggests that the number of apprenticeship positions may decline in the foreseeable future because fewer and fewer employers are willing and able to train apprentices. According to recent data, between 2005 and 2015 the number of firms who train apprentices has fallen by 21%, with has reduced the number of apprenticeship positions by 4.4%. The reasons for such developments is that the requirements for apprenticeship training have increased, and smaller employers simply lack the know-how and the equipment (e.g., certain machines) to be able to fulfil legal training standards. The prognosis is thus that the apprenticeship gap (“Lehrstellenlücke”) will grow wider (i.e. there are increasing numbers of applicants for declining numbers of positions¹³). A second problem for the apprenticeship market confirmed in this study is that vacant apprenticeship positions are often not filled or take a long time to be filled because of a lack of suitable applicants. It can thus be concluded that an improvement of the skill-profiles of young applicants can be an important labour market strategy. The finding that basic soft skills matter for the selection of apprentices suggests that policies should not only focus on qualifications, but also support the development of soft skills. While this is already among the goals of active labour market policy in Austria (that offers some training in these regards to unemployed youth), it is acknowledged that relevant values and behaviours are developed in early childhood and are difficult to remedy later. This calls for policies in support of early childhood education.

While the unemployment problem is rather acute at lower ages and skill levels, the problem is much less pronounced at higher skill levels (among those trained for specific occupations or with tertiary degrees). Yet, the study suggests that also in the more highly qualified labour market, skills mismatch plays a role, with employers facing some difficulty with filling vacancies for jobs that require technical skills (especially in the IT sector) or jobs that require high and very specific skills more generally.

No evidence was found in this study in support of *job competition theory* that would predict that (as a result of job competition among skilled workers) skilled labour is bumped down into unskilled jobs, whereas unskilled workers are crowded out into unemployment. First, job competition theory does

¹³ <http://derstandard.at/2000037624157/Immer-weniger-Betriebe-bilden-Lehrlinge-aus>

not appear to apply in apprenticeship recruitment – Austrian employers do not necessarily prefer overqualified youth with prior work experience or good test results over young unexperienced youth or those with lower levels of hard skills. The fear is that overqualified youth may not be able to maintain job interest and loose motivation when job requirements are modest. Also in the ‘trained’ segment of the labour market, no evidence was found that employers try to recruit workers with tertiary degrees for jobs that do not require such high levels of education. There was also no evidence that employers try to recruit overqualified employees for entry-level positions with the promise of internal upward career mobility upon positive evaluation. Instead, employers report to be increasingly interested in hiring university students for part-time jobs in order to recruit the best of these students directly after graduation for jobs that match their skills.¹⁴

¹⁴ This would be in line with recent estimations by the International Labour Organisation (ILO): In international comparison Austria features low shares of overqualified youth. Much higher shares are found in Southern Europe, the UK and Ireland (see ILO 2014: Skill Mismatch in Europe. Statistics Brief. Geneva: International Labour Organization 2014).

7 Interview Guidelines

„Bevor wir mit dem Interview starten würde ich Ihnen gerne kurz erzählen, warum wir Sie um dieses Interview gebeten haben. Wir arbeiten derzeit an einer von der EU geförderten wissenschaftlichen Studie, welche sich mit Arbeitslosigkeit in der Jugend und im jungen Erwachsenenalter beschäftigt. Ein Teil der Studie dreht sich dabei um die Frage anhand welcher Kriterien Arbeitgeber junge Erwachsene als neue Mitarbeiter/innen auswählen. Mit diesem Interview möchten wir erste Antworten auf diese Frage erzielen. Vielen Dank, dass Sie uns die Möglichkeit dazu geben!“

	Erzählaufforderung	Erkenntnisinteresse	Ggf. unterstützende Fragen
1. Abschnitt	<p>a) Können Sie uns etwas darüber erzählen, auf welchem Weg Sie neue Mitarbeiter oder Mitarbeiterinnen rekrutieren? Also wie das von der Feststellung des Bedarfs über die Ausschreibung der Stelle bis hin zur Besetzung der Stelle abläuft?</p> <p>b) Gibt es in Ihrem Unternehmen spezifische (professionelle) Strategien der Personalgewinnung? Also wie findet die technische Auswahl der Bewerber statt?</p>	<p>Allgemeiner Ablauf (wie: Ausschreibung, Interview etc.)</p>	<p>Personalsuche Schreiben Sie Stellen meist öffentlich (z.B. beim AMS) aus? Nutzen Sie informelle Rekrutierungswege über bestehende Kontakte?</p> <p>Personalauswahlprozess Wie findet der Auswahlprozess statt? Wird eine Vorauswahl anhand der Bewerbungsunterlagen getroffen? Anhand welcher Kriterien wird hier entschieden? Finden Bewerbungsgespräche statt? Gibt es Tests? Wer trifft die letztendliche Entscheidung?</p>
2. Abschnitt	<p>Als Sie das letzte Mal einen</p> <p>A) Lehrling, B) eine/n Mitarbeiter/in mit einem Lehrabschluss oder einem Abschluss einer berufsbildenden Schule, C) eine/n hoch qualifizierte/n Mitarbeiter/in mit Universitätsabschluss* gesucht haben, wie viele Bewerber/innen gab es und anhand welcher Kriterien haben Sie sich für eine/n Bewerber/in entschieden?</p> <p><i>*Je nach Thema anpassen:</i></p> <p>A) jemand der/die bis jetzt nur die Pflichtschule abgeschlossen hat</p> <p>B) jemand, der/die ausgelernt ist oder jemand der eine BMS oder eine BHS gemacht hat (zum Beispiel HAK oder HTL oder HAS).</p> <p>c) jemand der/die einen Abschluss an einer Universität oder einer Fachhochschule gemacht hat.</p>	<p>Feststellung der Auswahlkriterien.</p> <p>In welchem Verhältnis stehen diese Auswahlkriterien zueinander?</p>	<p>Welche Fertigkeiten und Kenntnisse sind wichtig?</p> <p>Sind das eher allgemeine Fähigkeiten und Kenntnisse oder eher berufsspezifische?</p> <p>Sind Grundkenntnisse wichtig, wie beispielsweise Lesen und Rechnen?</p> <p>Welche sozialen & persönlichen Fähigkeiten sind wichtig?</p> <p>Wie wichtig ist die Persönlichkeit des/der Bewerbers/in?</p> <p>In welchem Verhältnis stehen diese Aspekte?</p> <p>Gibt es für Sie notwendige und hinreichende Fähigkeiten, die ein/e Bewerber/in mitbringen sollte?</p> <p>Wie wichtig sind Ihnen die Aspekte Arbeitsmoral und Motivation?</p> <p>Wie finden Sie heraus, welche Arbeitsmoral oder Motivation der/die Bewerber/in mitbringt?</p>

<p>3. Abschnitt</p>	<p>Hatten Sie schon einmal Probleme für eine offene Stelle einen passenden Mitarbeiter bzw. eine passende Mitarbeiterin zu finden? (Wenn ja, woran liegt das Ihrer Meinung nach hauptsächlich und wie häufig tritt dieses Problem auf?)</p>	<p>Besteht ein Ungleichgewicht zwischen Arbeitsangebot und Arbeitsnachfrage?</p>	<p>Woran liegt es, dass Sie Bewerber/innen als nicht geeignet einschätzen?</p> <p>Welche Qualifikationen/Fähigkeiten/Eigenschaften fehlen?</p> <p>Bringen die Bewerber/innen im Gegenzug Qualifikationen/Fähigkeiten/Eigenschaften mit, die nicht nachgefragt werden?</p>
<p>4. Abschnitt</p>	<p>Präferieren Sie eher ältere Personen oder jüngere Personen als Mitarbeiter/innen?</p>	<p>Möglichkeit des Unterschieds zwischen Bewerbergruppen.</p> <p>Deutlicher machen, was jungen Bewerber/innen gegebenenfalls fehlt.</p>	<p>Welche Vorteile/Nachteile sehen Sie in jüngeren Bewerber/innen?</p> <p>Welche Vorteile/Nachteile sehen Sie in älteren Bewerber/innen?</p> <p>Spielt die Berufserfahrung eine Rolle?</p>
<p>5. Abschnitt</p>	<p>Gibt es für Sie noch etwas Relevantes, dass ich Sie noch nicht gefragt habe?</p>	<p>Abschluss des Interviews</p>	

8 Literature

- Akerlof, George A. 1970. „The Market for ‚Lemons‘: Quality Uncertainty and the Market Mechanism“. *The Quarterly Journal of Economics* 84 (3): 488–500. doi:10.2307/1879431.
- Allmendinger, Jutta, und Hans Dietrich. 2003. „Vernachlässigte Potenziale? Zur Situation von Jugendlichen ohne Bildungs- und Ausbildungsabschluss“. *Berliner Journal für Soziologie* 13 (4): 465–76. doi:10.1007/BF03204686.
- Andrews, Jane, und Helen Higson. 2008. „Graduate Employability, ‘Soft Skills’ Versus ‘Hard’ Business Knowledge: A European Study“. *Higher Education in Europe* 33 (4): 411–22. doi:10.1080/03797720802522627.
- Battu, H., C. R. Belfield, und P. J. Sloane. 2000. „How Well Can We Measure Graduate Over-Education and Its Effects?“ *National Institute Economic Review* 171 (1): 82–93. doi:10.1177/002795010017100107.
- Behrenz, Lars. 2001. „Who Gets the Job and Why? An Explorative Study of Employers’ Recruitment Behavior“. *Journal of Applied Economics* IV: 255–78.
- Bowles, Samuel, und Herbert Gintis. 2002. „Schooling in Capitalist America Revisited“. *Sociology of Education* 75 (1): 1–18. doi:10.2307/3090251.
- Brown, Phillip, Anthony Hesketh, und Sarah Williams. 2004. *The Mismanagement of Talent*. Oxford University Press. <http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199269532.001.0001/acprof-9780199269532>.
- Brynin, Malcolm. 2002. „Overqualification in Employment“. *Work, Employment & Society* 16 (4): 637–54. doi:10.1177/095001702321587406.
- Klein, Markus. 2015. „The increasing unemployment gap between the low and high educated in West Germany. Structural or cyclical crowding-out?“ *Social Science Research* 50 (März): 110–25. doi:10.1016/j.ssresearch.2014.11.010.
- Laimer, Hans Georg. 2016. *Basic Primer Employment Law*. 3.Aufl. Vienna: NWV.
- McGuinness, Séamus. 2006. „Overeducation in the Labour Market“. *Journal of Economic Surveys* 20 (3): 387–418. doi:10.1111/j.0950-0804.2006.00284.x.
- Solga, H. 2002. „‘Stigmatization by Negative Selection’: Explaining Less-Educated People’s Decreasing Employment Opportunities“. *European Sociological Review* 18 (2): 159–78. doi:10.1093/esr/18.2.159.
- Spence, A M. 1974. *Market Signaling: Informational Transfer in Hiring and Related Screening Processes*. Cambridge, MA: Harvard University Press.
- Steiner, M. 2011. „Zusammenhänge zwischen Bildungsarmut und Beschäftigungschancen. Eine empirische Analyse“. *WISO* 34 (2): 66–76.
- Tomlinson, Michael. 2008. „‘The degree is not enough’: students’ perceptions of the role of higher education credentials for graduate work and employability“. *British Journal of Sociology of Education* 29 (1): 49–61. doi:10.1080/01425690701737457.
- van Ours, Jan, und Geert Ridder. 1991. „Job requirements and the recruitment of new employees“. *Economics Letters* 36 (2): 213–18. doi:10.1016/0165-1765(91)90192-N.
- Verhaest, Dieter, Elene Bogaert, Jeroen Dereymaeker, Laura Mestdagh, und Stijn Baert. 2016. „Crowding Out in the Labour Market: Do Employers Lend a Hand?“ IZA Discussion Paper 9654. Institute for the Study of Labor (IZA). <https://ideas.repec.org/p/iza/izadps/dp9654.html>.
- Winterhager, Nicolas, und Georg Krücken. 2015. „The local ‘war for talent’ – recruitment of recent tertiary education graduates from a regional perspective: some evidence from the German case“. *European Journal of Higher Education* 5 (2): 127–40. doi:10.1080/21568235.2014.987303.

Executive Summary of the CUPESSE Project

The CUPESSE project is dedicated to the comparative analysis of youth unemployment in Europe. By taking issues related both to the demand and supply sides into consideration, the project aims to obtain a comprehensive picture of the causes and consequences of unemployment among young people as well as formulate strategies and recommendations for addressing this ever-growing issue. Eight EU Member States and two Associated Countries (Austria, Czech Republic, Denmark, Germany, Hungary, Italy, Spain, Switzerland, Turkey and the United Kingdom) represent the primary empirical focus of the project; however, attempts will be made to include all European states whenever possible. Kicking off in early 2014, the project brings together a broad network of researchers and practitioners from the fields of economics, political science, psychology, and sociology.

In examining young adults' pathways to economic self-sufficiency and entrepreneurship, CUPESSE pursues the following main objectives:

- Obtaining a comprehensive understanding of the supply side of youth unemployment by focussing on the intergenerational transmission of social capital and its influences on economic self-sufficiency and entrepreneurial behaviour
- Investigating how both supply and demand side factors affect unemployment among young adults and the extent to which young people's attitudes and skills align with employer demands
- Analysing the long-term consequences of youth unemployment, both with regard to the unemployed as well as for society as a whole
- Studying the effects of labour market policies (such as flexicurity, measures to promote business start-ups and entrepreneurship) and how they have been embraced by European states to combat youth unemployment
- Formulating policy ideas and strategies for addressing unemployment among young people in Europe

Relevance and background information

Scholars and the media alike have noted an increase in the amount of time today's young people need to successfully transition to adulthood; in other words, to become economically self-sufficient. More specifically, unemployment, especially among young adults (persons age 18 to 35), is a particularly vexing and persistent problem within Europe, despite the numerous efforts that have been made by national governments and the EU to encourage young people's labour market participation. At the same time, we are confronted by the reality that youth unemployment is by no means equally severe across Europe. In some countries young people encounter higher barriers to entering the labour market or may face different hurdles despite having attained a university degree. Entrepreneurship, moreover, is an equally important yet oft-overlooked component of youth employment and aids job creation and the overall economic climate. And although the European Commission has highlighted entrepreneurship as an indispensable tool for economic growth, we know very little about what drives or impedes entrepreneurship, particularly among young people

In analysing the complex and interrelated socio-economic challenges associated with youth unemployment, five complementary research objectives are pursued within the CUPESSE project. These objectives can be assigned to two dimensions: First, the causes and effects of youth unemployment are investigated. The second research dimension seeks to employ these insights to assess the effects and effectiveness of existing policy measures; that is, to sort out the factors and measures that make the greatest difference in order to improve existing programmes and to propose more effective policy responses to help overcoming youth unemployment in Europe.

The first dimension encompasses three objectives. First, the supply-side of youth unemployment, with an eye to the ways in which the values and norms that shape young people's economic self-sufficiency and entrepreneurship are handed down through the generations. Comprehensive surveys, completed by in-depth interviews of families will probe the question of intergenerational transmission, thereby examining the ways in which attitudes towards economic self-sufficiency and entrepreneurship are formed and transmitted as well as their overall impact on employability. The second objective brings together the supply and demand side of unemployment among young adults. More specifically, this objective examines the interaction between what employers are looking for when hiring young people and young people's awareness of employer expectations. Taking a broader view, the third objective seeks to uncover the consequences of youth unemployment over the long-term, looking both to the implications for individuals and for society as a whole.

Zooming out from more individual-centred perspectives, the fourth objective aims to assess the impact of labour market policies on young people's employment situation as well as the extent to which EU member states have embraced such measures. Flexicurity policies, policies supporting business starts-ups and self-employment as well as policies promoting education and training platforms are examined with regard to their effects as well as effectiveness in achieving economic self-sufficiency and entrepreneurship among young people. Closely related is the fifth and final objective, which will draw on the insights from the other objectives to propose recommendations for new policy measures and strategies to encourage the labour market integration of young people in Europe.

CUPESSE, as an innovative project connecting a diverse group of actors and institutions from all over the globe, will make a substantive contribution to understanding the complex processes regarding the employment situation of youth in Europe. With its multi-method, multidisciplinary and encompassing perspective, CUPESSE stands to make a significant impact not only in terms of the ways in which we comprehend the multifaceted concepts of economic self-sufficiency and entrepreneurship, but the project will also be able to draw on these findings to draft policy recommendations which will be relevant for meeting the goals of the Europe 2020 strategy.

CUPESSE Beneficiaries and Team Leaders

- UNIVERSITY OF HEIDELBERG – Professor Dr. Jale Tosun (coordinator), Germany
- UNIVERSITY OF VIENNA – Professor Dr. Bernhard Kittel, Austria
- UNIVERSITY OF ECONOMICS, Prague - VSE – Dr. Barbora Rydlova, Czech Republic
- AARHUS UNIVERSITY – Professor Dr. Carsten Jensen, Denmark
- CENTRAL EUROPEAN UNIVERSITY – Dr. Levente Littvay, Hungary
- UNIVERSITY OF CATANIA – Professor Dr. Maurizio Caserta, Italy
- UNIVERSITY OF GRANADA – Professor Dr. José L. Arco, Spain
- POMPEU FABRA UNIVERSITY OF BARCELONA - Dr. Mihaela Vancea, Spain
- UNIVERSITY OF BERN – Professor Dr. Markus Freitag, Switzerland
- KOÇ UNIVERSITY OF ISTANBUL – Dr. Zeynep Cemalcılar, Turkey
- UNIVERSITY OF NEWCASTLE UPON TYNE – Professor William Maloney, United Kingdom
- EUROPEAN RESEARCH AND PROJECT OFFICE GMBH, Germany
- UNIVERISTY OF MANNHEIM – Mannheim Centre for European Social Research – Professor Dr. Jan van Deth, Germany