

OECD Reviews on Local Job Creation

# Addressing Regional Labour Market Imbalances in Austria





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# Foreword

Austria faces pronounced geographic labour market imbalances, characterised by relatively high unemployment in Vienna and persistent labour shortages in other parts of the country, in particular in its western federal states. These imbalances limit individual opportunities, place pressure on public finances and weigh on economic performance. As internal mobility from the capital to federal states with strong labour demand remains limited, enabling and supporting the geographic mobility of workers and jobseekers has become a strategic priority for the Austrian government and its Public Employment Service (*Arbeitsmarktservice - AMS*).

To achieve this objective and address geographic labour market imbalances, a forward-looking vision for Austria could build on two complementary pillars: reducing labour mobility barriers faced by workers and jobseekers, and addressing institutional and structural factors that drive residential choices, including strengthening public services in high-opportunity regions to make them more attractive places to live. Together, these approaches can improve labour market matching and support broader regional development objectives.

Improving matching across federal states requires the AMS to broaden the group of jobseekers considered for cross-regional placement and to strengthen existing mobility support instruments. Providing accessible, user-friendly information on job opportunities across Austria, combined with clear guidance on relevant training pathways and available financial support, could help workers and jobseekers search more widely. Financial support for relocation could be more closely aligned with the effective wage premia required to make mobility economically viable, while targeted training measures could help jobseekers acquire the skills needed to take up opportunities in high-demand regions.

Reducing geographic labour market imbalances in the longer term will require co-ordinated action across ministries and levels of government to address underlying institutional and structural factors that shape regional attractiveness. Ultimately, it is real wages, reflecting both earnings and living costs, that determine the attractiveness of employment opportunities. Regional differences in access to affordable housing, in particular social housing, can therefore discourage mobility and contribute to lock in effects. Similarly, reducing regional disparities in access to affordable, full time compatible childcare and the design of family related benefits can support employment related mobility, while a holistic approach to integration policies targeting humanitarian migrants could improve their employment prospects across the country.

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The report and underlying project were co-ordinated by Lars Ludolph, Economist in the OECD Local Employment, Skills and Social Innovation (LESI) Division, under the supervision of Nadim Ahmad (Deputy Director (CFE/LESI)). Lukas Kleine-Rueschkamp, Head of Unit, Local Employment and Skills (CFE/LESI) provided overall guidance and comments. This report was drafted by Laurenz Baertsch (CFE/LESI) and Lars Ludolph. Karen Maguire (CFE), Thomas Liebig (ELS/EMP), Jonathan Chaloff and Anastasia Demidova (both ELS/IMD) provided valuable comments. Jack Waters (CFE) and Eloisa Cozar Navarette (CFE/LESI) prepared the report for publication.

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# Abbreviations and acronyms

<b>AMS</b>	Austrian Public Employment Services ( <i>Arbeitsmarktservice</i> )
<b>BAMF</b>	Federal Office for Migration and Refugees Germany ( <i>Bundesamt für Migration und Flüchtlinge</i> )
<b>BMASGPK</b>	Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection Austria ( <i>Bundesministerium für Arbeit, Soziales, Gesundheit, Pflege und Konsumentenschutz</i> )
<b>BMI</b>	Federal Ministry of the Interior Austria ( <i>Bundesministerium für Inneres</i> )
<b>BMWET</b>	Federal Ministry of Economy, Energy and Tourism Austria ( <i>Bundesministerium für Wirtschaft, Energie und Tourismus</i> )
<b>ECRE</b>	European Council on Refugees and Exiles
<b>EFTA</b>	European Free Trade Association
<b>ESDC</b>	Employment and Social Development Canada
<b>FGI</b>	Focus Group Interview
<b>FUA</b>	Functional Urban Area
<b>GBV</b>	Austrian Federation of Limited-Profit Housing Associations ( <i>Österreichischer Verband gemeinnütziger Bauvereinigungen</i> )
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communication Technology
<b>ILO</b>	International Labour Organization
<b>ISCED</b>	International Standard Classification of Education
<b>IT</b>	Information Technology
<b>ITF</b>	International Transport Forum
<b>LFS</b>	Labour Force Survey
<b>NAV</b>	Norwegian Labour and Welfare Administration ( <i>Nye arbeids- og velferdsetaten</i> )
<b>PES</b>	Public Employment Services
<b>TL</b>	Territorial Level
<b>NACE</b>	Statistical Classification of Economic Activities in the European Community ( <i>Nomenclature statistique des activités économiques dans la Communauté européenne</i> )
<b>OaSIS</b>	Occupational and Skills Information System
<b>ÖIF</b>	Austrian Integration Fund ( <i>Österreichischer Integrationsfonds</i> )
<b>ORF</b>	Austrian broadcasting ( <i>Österreichische Rundfunk</i> )
<b>ÖROK</b>	Austrian Conference on Spatial Planning ( <i>Österreichische Raumordnungskonferenz</i> )
<b>VIF</b>	full-time employment-compatible
<b>VÜR</b>	Centre for Cross-Regional Placement ( <i>Fachzentrum Vermittlung Überregional</i> )

# Executive Summary

**In many OECD countries, there are large regional differences in the number of jobseekers relative to available job vacancies.** Within OECD countries, the region with the tightest labour market offered on average more than five times as many vacancies per jobseeker as the region with the fewest job opportunities per jobseeker in 2022. These regional differences in the balance between jobseekers and employment opportunities can stem from factors such as the number and type of employers operating locally, how well the skills and characteristics of the local workforce match employers' needs, and the extent to which workers are willing or able to move to regions where their skills are in higher demand.

**Depending on the underlying causes of geographic labour market imbalances, governments can support workers in high-unemployment areas either by strengthening local employment opportunities or by helping workers move to regions with better job prospects.** Respecting individuals' right to stay in their communities, many OECD countries pursue place-based industrial and skills policies that create local job opportunities, help jobseekers acquire the skills needed to work locally, and support career transitions. Such policies are particularly relevant when regions face challenges such as declining industries, poor digital or transport infrastructure, or limited innovation capacity. They can also help when jobseekers' skills do not match the requirements of available local vacancies. At the same time, evidence shows that geographic mobility can expand employment opportunities and increase earnings, particularly when workers' skills are in high demand outside their region of residence. Policies that encourage mobility can be effective where clear geographic mismatches persist between high-unemployment and high-vacancy regions and where workers' skills would be better rewarded elsewhere. In such situations, supporting the geographic mobility of workers can generate benefits for both individuals and public finances.

**In Austria, unemployment is high in Vienna, while labour demand is strong in other parts of the country, particularly in the Western federal states.** In 2024, Vienna's unemployment rate among individuals aged 15-64 stood at 9.5%, 6.3 percentage points above Salzburg, the federal state with the lowest rate at 3.2%. To put this into perspective, although Vienna accounts for only 22% of Austria's population, it is home to more than 40% of all jobseekers, roughly 111 000 individuals, reflecting relatively low labour demand, with only 0.2 job vacancies per jobseeker compared with 1.3 in Salzburg.

**Many job vacancies in other parts of Austria match the skills and experience of Vienna's jobseekers but relatively few people leave the capital for work.** OECD estimates show that a large share of jobseekers from Vienna could be matched with suitable positions elsewhere in Austria based on their industry experience and education. This share ranges from 20% of Vienna's jobseekers in a conservative scenario, in which all jobseekers across Austria who are registered with the Austrian Public Employment Service (*Arbeitsmarktservice* – AMS) are first matched with suitable local positions, to 67% in an upper-bound scenario, in which jobseekers from Vienna are matched with vacancies elsewhere regardless of whether vacancies can be filled with local jobseekers. However, in 2024, only 16% of jobseekers registered with the AMS in Vienna took up employment outside Vienna's city core, which constitutes Vienna's labour market district. In other parts of Austria, by contrast, 67% of jobseekers accepted jobs outside their labour market district.

**Despite stronger employment prospects outside the capital, Vienna's population continues to grow rapidly, while real GDP per capita growth has remained modest.** Between 2004 and 2023, the city's population increased by 23%. This represents almost twice the national rate of 12%, driven mainly by international migrants, of whom 42% held a tertiary education degree in 2022, but also by continued positive net internal migration. Over the same period, Vienna's real GDP grew by only 25% compared with 28% nationwide, suggesting that in-migration has not translated into significant productivity gains.

**Promoting the geographic mobility of workers and jobseekers from Vienna into regions with high labour demand has become a priority of the Austrian government and the AMS, but efforts have so far fallen short of their objectives.** Large population pressures in Vienna, a high number of jobseekers whose skills do not match available local vacancies, and persistent labour shortages in Austria's Western federal states have led the Austrian government to introduce policies that promote geographic mobility. Initiatives to encourage mobility have focused mainly on providing information to jobseekers in Vienna about job opportunities elsewhere and on offering financial relocation incentives. The AMS targets jobseekers in Vienna with prior experience in the tourism industry and recognised refugees to fill vacancies in tourism in the Western federal states, where labour shortages are acute. The AMS focuses on the tourism industry because it can sanction the refusal of a job offer requiring relocation only if the employer provides accommodation, which is mostly the case in the tourism industry. In addition, jobseekers with health-related limitations or care responsibilities are excluded from cross-regional matching, resulting in a very narrow target group. Fewer than 10% of jobseekers in Vienna are currently identified as potential candidates identified by the AMS's Centre for Cross-Regional Placement (*Überregionales Vermittlungszentrum*). While information on interregional job opportunities exists, it is spread across multiple AMS platforms, which makes it challenging for jobseekers to access all relevant details when exploring employment in another region. Financial incentives, such as the discontinued relocation support (*Übersiedlungsbeihilfe*), which provided lump-sum payments to incentivise moving, and the current *distance allowance* (*Entfernungsbeihilfe*), which subsidises commuting or secondary housing expenses, have targeted low-wage workers and have seen very low take-up, a common challenge in comparable OECD programmes targeting low-wage workers with limited willingness to relocate.

**The availability of social housing as well as family and welfare policies are contributing to Vienna's relative attractiveness, discouraging out-migration.** Vienna's relatively extensive social housing supply accommodates 42% of its residents, at least twice the share in any other federal state, including those with other large urban centres (except for Styria with 22.3%). Evidence shows that affordable social housing can create lock-in effects, particularly for low-wage workers, as relocating may mean losing access to subsidised housing if similarly affordable options are not available outside the capital. In Vienna, families receive substantially greater public support than in other parts of Austria, regardless of parents' employment status. Vienna offers the most generous childcare provision in the country, with free full-day childcare for children under six, while most other federal states only provide free half-day childcare for specific age groups. Similarly, social welfare benefits for families with children are considerably higher in Vienna than elsewhere. For example, families with four children entitled to social benefits (*Sozialhilfe*) receive a maximum amount of 2 996 EUR per month in Vienna (disregarding housing allowances), the most generous federal state, compared to 2 297 EUR in Upper Austria as of 2025. The social benefit amounts received in practice, including partial benefit reception, reflect these differences as families with four or more children received an average of EUR 1 797 in Vienna compared with EUR 1 041 in Upper Austria in 2025.

**Strong diaspora networks lead a large share of humanitarian migrants to settle in Vienna, despite better employment prospects in other parts of Austria.** Although the initial dispersal system allocates asylum seekers to federal states according to their population share, placing only 15% in Vienna, around 78% of all humanitarian migrants ultimately settle in the capital once protection is granted. Among humanitarian migrants, defined as all migrants who have obtained refugee status or another recognised protection status, who arrived in 2015 and later moved from the Western federal states to Vienna, around

60% of working-age individuals were employed in 2023, compared with 80% of those from the same arrival cohort who moved from Vienna to another federal state.

**To address challenges related to geographic labour market disparities and encourage worker mobility to high-demand areas, the Federal Ministry for Labour, Social Affairs, Health, Care and Consumer Protection and the Austrian Public Employment Service, AMS,** could support jobseekers in moving from Vienna to regions with stronger labour demand, advance regional development objectives outside the capital and ease pressure on public finances and services by considering the following policies:

- **Expand target groups among jobseekers for cross-regional job placement:** Rather than restricting its efforts to those suitable to work in the tourism industry, the AMS's Centre for Cross-Regional Placement in Vienna could extend its activities to all jobseekers who have recently moved to the capital, excluding those with care obligations or health limitations. The requirement for employers to provide accommodation for those classified as suitable for cross-regional job placement could be lifted to broaden the range of industries eligible for placement. In the tourism industry, however, relocation would likely still need to be linked to employer-provided accommodation, as the remoteness of many employers and the high cost of housing in tourist destinations make it difficult for jobseekers to secure accommodation independently.
- **Enhance information provision and co-ordination on cross-regional job placement through an integrated one-stop platform and expanded outreach activities:** Drawing inspiration from OECD countries such as Canada, the AMS could consolidate its existing online tools into a single, user-friendly platform providing information on regional labour markets, occupations, skills needs and available financial support. Integrating services such as the job barometer (*JobBarometer*), job information system (*Berufsinformationssystem*) and career compass (*Karrierekompass*) would lower search costs. Cross-regional job fairs and company visits could be expanded beyond tourism and better co-ordinated between AMS branches to improve job matching and reduce uncertainties about distant job opportunities.
- **Re-design financial mobility support to better incentivise moving for different groups of workers and geographic distances:** Drawing on lessons from OECD countries such as Australia and Sweden, financial assistance could be structured around two components: reimbursement of actual relocation costs to improve cost efficiency and a tiered financial incentive. Reimbursing real moving costs, rather than providing fixed amounts, would increase cost efficiency and better reflect the distance moved, while payment through vouchers or direct supplier transfers could reduce liquidity constraints. A second, tiered incentive component could vary by regional labour demand and be disbursed in stages to promote long-term employment outcomes. For workers placed in low-wage jobs in other regions, the level of financial support would need to be raised substantially to increase take-up, as low-wage workers typically do not benefit from a high wage premium through a better skills match when relocating.

**To address geographic labour market disparities in the long term and incentivise worker mobility to high-demand areas, Austria could, through co-ordination across ministries and levels of government,** tackle the institutional and structural factors that contribute to persistent regional imbalances by considering the following recommendations:

- **Increase the supply of social housing in high-demand areas outside Vienna and mitigate the lock-in effect in the social housing system:** Increasing the supply of social housing in regions outside Vienna through a more widespread use of social housing provisions in new real estate development agreements could represent a cost-effective way to contribute to making housing comparably affordable. To make the social housing system more mobility-friendly, residency or queuing requirements could be waived for employment-related moves across federal states, while those who move for employment could be granted the right to return to social housing in their home region within a defined period.

- **Seek to harmonise family-related social policies across Austrian federal states to decrease the incentive to relocate to Vienna:** Expanding affordable full-time employment-compatible childcare in other federal states by extending opening hours and coverage would support working parents who reside there as well as facilitate interregional mobility. In parallel, efforts to better harmonise child-related social benefit entitlements across federal states, so that allowances for each additional child are roughly equivalent for any given family size would also help align non-employment-related relocation incentives. Adapting the child-related allowances to a regional housing cost index would account for regional differences in housing affordability.
- **Better integrate humanitarian migrants into the labour market in other regions of Austria to reduce non-employment-related secondary movements to Vienna.** Austria could draw on the Swedish model by incorporating regional labour market conditions into the quota-based dispersal of asylum seekers, while ensuring that all federal states have the administrative and housing capacity to host their allocated share. To further support the efficient labour market integration of humanitarian migrants, Austria could further draw inspiration from practices in Germany and limit the relocation of humanitarian migrants to regions with already high concentrations of this group, while still permitting relocations for employment purposes. In parallel, asylum seekers with a high probability of receiving protection could be granted access to integration courses sooner after arrival to strengthen their employability and facilitate earlier labour market entry in their first location of residence.

# 1 Introduction

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This chapter provides a scene-setting introduction to geographic labour market imbalances in OECD countries. It then discusses the role of geographic mobility in reducing these disparities and examines how mobility policies can help jobseekers and workers broaden their job search radius and connect with a wider set of employment opportunities. The chapter then applies this reasoning to the current context of regional labour market differences in Austria and presents the rationale for policy interventions that address individual, structural and institutional barriers to better connect workers and jobseekers with high-demand regions across the country.

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**In many OECD countries, there are large regional differences in the number of jobseekers relative to available job vacancies.** In 2022, the region with the tightest labour market offered on average more than five times as many vacancies per jobseeker as the region with the fewest job opportunities per jobseeker. These differences in the balance between jobseekers and employment opportunities can arise from factors such as the number and type of employers operating locally, how well the skills and characteristics of the local workforce match employers' needs, and the extent to which workers are willing or able to move to regions where their skills are in higher demand. The combination of these factors also determines the unemployment rates observed across regions within the same country. In OECD countries, the average gap between the regions with the lowest and highest unemployment rates was 4.3 percentage points in 2024.

**Geographic mismatches between labour supply and demand can have negative consequences for the economy, workers and public finances.** In regions with few jobseekers, employers often struggle to fill vacancies, resulting in labour shortages that constrain productivity and growth. Conversely, in areas with limited job opportunities, jobseekers face greater competition for jobs, resulting in longer unemployment spells, foregone earnings and increased reliance on Public Employment Services (PES). These imbalances also place pressure on public finances, as social protection systems must absorb the higher costs associated with unemployment in regions with excess labour supply.

**Depending on the underlying causes of geographic labour market imbalances, governments can support workers in high-unemployment areas either by strengthening local employment opportunities or by helping workers move to regions with better job prospects.** Respecting individuals' right to stay in their communities, many OECD countries pursue place-based industrial and skills policies that create local job opportunities, help jobseekers acquire the skills needed to work locally, and support career transitions. Place-based policies that stimulate labour demand, such as spatially targeted investment subsidies, tend to raise employment most where a high share of the population has historically been out of work (Austin, Glaeser and Summers, 2018<sup>[1]</sup>). Regional differences in unemployment within countries are often persistent over time, providing a strong rationale for place-based interventions (Manning and Petrongolo, 2017<sup>[2]</sup>). Evidence from OECD countries indeed shows that place-based policies can have positive effects on employment, though their impact on labour productivity is often limited (Criscuolo et al., 2022<sup>[3]</sup>). Place-based employment policies can be particularly useful in cushioning the effects of regional economic shocks (OECD, 2025<sup>[4]</sup>). In addition to these policies that aim to create opportunities, supply side intervention can help when jobseekers' skills do not match the requirements of available local vacancies. Finally, policies that encourage mobility can be most effective where clear geographic mismatches persist between high-unemployment and high-vacancy regions and where workers' skills would be better rewarded elsewhere. In such situations, supporting the geographic mobility of workers can generate benefits for both individuals and public finances. Mobility-promoting policies can also complement place-based efforts by encouraging workers to relocate to targeted regions, thereby strengthening the impact of local development strategies.

**A mobile workforce can bring substantial benefits to both workers and the economy, but it also carries risks of deepening regional and social inequalities when mobility flows concentrate towards economic hubs and urban centres.** Mobility enables jobseekers to search for employment where opportunities exist, improving the quality of labour market matches and mitigating both structural imbalances and temporary disruptions caused by local economic shocks. Encouraging workers to move to catching-up regions can also support national development strategies that promote more balanced economic growth. Workers themselves benefit from mobility, as expanding the job search to more distant locations increases income prospects, shortens unemployment spells and helps prevent skill depreciation. However, mobility can exacerbate regional disparities if workers predominantly relocate to booming regions or if mainly high-skilled individuals move (Cavalleri, 2021<sup>[5]</sup>; Diamond and Gaubert, 2022<sup>[6]</sup>). For receiving regions, unidirectional inflows of workers can generate congestion pressures in urban centres, straining transport, housing and public services (Buchholz, 2022<sup>[7]</sup>; ITF, 2021<sup>[8]</sup>; OECD, 2023<sup>[9]</sup>). Regions

losing skilled workers risk being left behind, with potentially adverse economic and social consequences (OECD, 2025<sup>[10]</sup>; Pike et al., 2024<sup>[11]</sup>).

**Across the OECD, the vast majority of workers search for jobs only within their local labour market, even though causal evidence shows that mobility can expand employment opportunities and raise earnings.** Studies consistently find that labour markets are highly local and that job search intensity declines sharply with distance. For example, in the United States, jobseekers are 35 percent less likely to apply to a vacancy ten miles from their home zip code (Marinescu and Rathelot, 2018<sup>[12]</sup>). In England and Wales, the probability that a random job five kilometres away is preferred to a random local job is only 19 percent (Manning and Petrongolo, 2017<sup>[2]</sup>). This pattern contrasts with causal evidence, often exploiting natural disasters as exogenous shocks to mobility, which almost uniformly shows that individuals who migrate within their country subsequently experience higher earnings and employment rates than those who remain in place (Jia et al., 2023<sup>[13]</sup>).

**Many people do not move for employment because the potential employment and wage gains from relocating often fail to outweigh financial and non-financial costs related to family ties, housing market frictions, the costs of job switching, and imperfect information about the destination.** Analyses of location choice show that in addition to the monetary costs of moving itself, strong family and social networks create additional attachment to the place of residence (Mulder and Gillespie, 2024<sup>[14]</sup>). Preferences for local cultural amenities can also influence location choices, though generally less than employment opportunities (Niedomysl and Hansen, 2010<sup>[15]</sup>). The housing market plays a further role through several channels: high housing costs in opportunity-rich regions deter in-migration, particularly among low-educated workers, who may remain in declining areas where income opportunities are weaker but housing is cheaper (Ganong and Shoag, 2017<sup>[16]</sup>). Homeownership and “mortgage lock-in” also discourage mobility, especially during housing market downturns when property values fall below mortgage debt (Ferreira, Gyourko and Tracy, 2010<sup>[17]</sup>). Labour market factors add to these barriers. Changing jobs can involve losing firm-specific skills and knowledge, and dual-income households face the additional challenge of co-ordinating two careers (Molloy, Smith and Wozniak, 2017<sup>[18]</sup>). Finally, informational frictions limit awareness of job prospects elsewhere even when regional economic disparities persist (Schmutz and Sidibé, 2019<sup>[19]</sup>).

**Policies to enable the geographic mobility of workers can be direct, through active labour market measures, or indirect, through mobility-enabling structural policies.** Active labour market policies that directly support mobility generally fall into two categories: information provision and financial incentives (Jia et al., 2023<sup>[13]</sup>). Information provision aims to reduce informational frictions by making workers aware of job opportunities beyond their local labour market. Financial incentives include relocation allowances or moving subsidies that help offset the costs of moving. Targeted training programmes that prepare jobseekers and workers for employment in other regions can further complement these tools. Mobility-enabling structural policies create the conditions for a more efficient allocation of workers across regions, even if the promotion of internal migration is not their primary goal. Such policies include housing measures that improve affordability, investments in physical and digital infrastructure that expand feasible commuting distances, nationwide provision of affordable public services such as childcare and elderly care that allow families to relocate, welfare systems whose generosity does not unduly discourage moving, and national asylum and migrant reception policies that support the integration of migrants and refugees into labour markets across the country.

## Geographic labour market disparities in Austria – a strong case for mobility-enabling policies

**In Austria, pronounced geographic labour market imbalances make a strong case for mobility-enabling policies.** Jobseekers are heavily concentrated in Vienna, where unemployment among individuals aged 15-64 reached 9.5% in 2024, 6.3 percentage points above Salzburg, the region with the lowest rate. Regional unemployment disparities are also significantly higher than the OECD average of 4.3 percentage points. Approximately 40% of all Austrian jobseekers, or around 111 000 individuals, reside in Vienna. The city also shows the lowest labour market tightness in the country, with 85% fewer vacancies per unemployed person than Salzburg, Austria's tightest region. Among capital regions in the OECD, which are typically among the tightest labour markets compared to other regions in the country, Vienna presents an outlier. At the same time, employers in western Austria face persistent labour shortages in sectors such as tourism, manufacturing and health. Supporting jobseekers to move from Vienna to regions with stronger labour demand would help fill these vacancies, advance regional development objectives outside the capital and ease pressure on public finances and services in Vienna. Importantly, potential destination regions in the West are less exposed to risks of congestion in housing, transport or public services, suggesting that well-designed mobility-promoting policies could generate clear economic and social benefits for both individuals and the Austrian government.

**Affordable housing, a family-friendly environment, a large diaspora of immigrants and diverse cultural amenities attract many people, including jobseekers, to Vienna and indirectly hinder labour flows out of the city.** Between 2004 and 2023, Vienna's population increased by 23%, far outpacing the national population growth of 12%.<sup>1</sup> Over the same period, Vienna's real GDP grew by only 25% (Austria: 28%), indicating that high in-migration did not translate into significant gains in real GDP per capita.<sup>2</sup> Relatively affordable housing, partly due to rent controls and a large social housing stock, acts as a pull factor and makes relocation to other regions less attractive (Causa and Pichelmann, 2020<sup>[20]</sup>). Compared with other Austrian federal states, Vienna offers a particularly family-friendly environment, characterised by relatively good availability of childcare services (Statistics Austria, 2025<sup>[21]</sup>). The city's large immigrant diaspora continues to draw new arrivals through established communities that provide social, cultural and practical support to newcomers (OECD, 2018<sup>[22]</sup>). Although Austria allocates asylum seekers to federal states according to population shares, refugees can freely choose their place of residence once they receive full protection status, leading many to settle in Vienna. The city's distinctive cultural amenities further strengthen its appeal (Hatz, 2008<sup>[23]</sup>).

**Austria's past efforts in cross-regional job placement have fallen short of substantially reducing the number of jobseekers in Vienna or mitigating labour shortages in the West.** The Austrian Public Employment Service (*Arbeitsmarktservice* – AMS) Vienna has largely targeted the tourism sector, where employers can provide accommodation, and recognised refugees, who often lack formal qualifications, can fill lower-skilled roles. As a result, fewer than 10% of Vienna's jobseekers are considered for cross-regional placement. Financial support to relocate, such as the distance allowance, has been too low to influence decisions effectively (Amior, 2024<sup>[24]</sup>; Caliendo, Künn and Mahlstedt, 2017<sup>[25]</sup>). Other initiatives, including cross-regional job fairs, application trips with AMS staff and training with out-of-region internships, have remained small in scale. Structural factors outside the remit of the Public Employment Service, such as regional differences in social benefits, housing conditions, childcare availability, work permits for non-EU<sup>3</sup> third-country nationals and cultural amenities continue to concentrate jobseekers in Vienna and weaken efforts to rebalance labour markets across Austria.

**The current Austrian government attaches significant importance to tackling geographic labour market disparities and aims to do so by increasing cross-regional job placements and addressing some of the underlying factors that currently lead to the geographic concentration of jobseekers in Vienna.** Large population pressures in Vienna, a high number of jobseekers whose skills do not match available local vacancies and persistent labour shortages in Austria's Western federal states have led the

Austrian government to introduce policies that support geographic mobility. The government aims to intensify the AMS's cross-regional job placement by optimising placement processes and strengthening support for jobseekers willing to move. Particular emphasis is also placed on better integrating refugees, who make up a large share of Vienna's jobseekers, through a mandatory "Integration ab Tag 1" (*Integration from day 1*) programme, faster recognition of foreign qualifications and clearer co-ordination between the AMS and the Austrian Integration Fund (*Österreichischer Integrationsfonds* - ÖIF). The government further plans to reduce structural barriers to mobility by improving the attractiveness of rural and western regions through investment in public services, including childcare, education and transport infrastructure, and by harmonising the social benefit system to remove financial incentives to remain in high-benefit regions such as Vienna. Together, these measures aim to make relocation more feasible and appealing, helping to address the concentration of jobseekers in Vienna and better match labour supply with demand across Austria. Box 1.1 provides more details on Austria's 2025-2029 government programme.

### Box 1.1. Tackling geographic labour market disparities: a priority in Austria's 2025-2029 government programme

Austria's 2025 government programme includes a number of objectives that directly and indirectly relate to the geographic mobility of Austria's workforce. Objectives include:

- **Directly promoting the mobility of jobseekers: Strengthening cross-regional job placement** by optimising Public Employment Service (*Arbeitsmarktservice* – AMS) placement processes to increase the geographic mobility of jobseekers.
- **Measures that address geographic labour market disparities:**
  - **Enhancing the labour market integration of refugees** through a mandatory integration programme "*Integration ab Tag 1*" faster and more transparent recognition of foreign credentials and a clearer distribution of responsibilities and resources between the AMS and the Austrian Integration Fund (ÖIF).
  - **Aligning integration and job placement measures**, recognising that both need to complement each other, particularly for refugees.
  - **Reforming the social benefit system** by introducing a harmonised national scheme ("*Sozialhilfe NEU*") to reduce regional disparities in benefit generosity and remove incentives to remain in high-benefit regions such as Vienna.
  - **Investing in public services and infrastructure in rural regions**, including education, childcare and public transport, to improve living standards and increase the attractiveness of these regions for workers from other parts of the country.
  - **Promoting affordable housing across Austria, for example by reintroducing the earmarking of housing subsidies (*Wohnbauförderung*).**

Source: Government of Austria (2025<sub>[26]</sub>), *Regierungsprogramm 2025-2029*.

**This report aims to support policymakers in addressing geographic labour market imbalances in Austria and in improving policies that enable labour mobility.** It analyses the extent of internal mobility and commuting from an international perspective, and examines the main barriers to labour mobility in Austria with a particular focus on the movement of jobseekers from Vienna to the Western federal states. It identifies policy solutions by comparing Austria's existing instruments with international good practices and academic evidence and by drawing on qualitative inputs gathered through focus group interviews with Vienna-based jobseekers and employers in Austria's Western federal states, Tyrol and Salzburg (see Box 1.2). The report is structured as follows. Chapter 2 analyses the labour market in Vienna in both

national and international perspectives, examines internal mobility and commuting patterns in Austria in an international context, and identifies barriers to labour mobility among jobseekers in Vienna. Chapter 3 reviews Austria's legal framework and current policies aimed at enhancing geographic mobility and provides recommendations to strengthen these policies. Chapter 4 examines structural and institutional factors, including asylum, housing and welfare policies, that contribute to geographic imbalances in Austria's regional labour markets, and outlines measures to reduce disincentives to a more efficient geographic alignment between workers and labour demand.

### Box 1.2. Focus group interviews and employer interviews inform the analysis of this report

#### **Focus Group Interviews**

To complement the quantitative analysis on labour mobility barriers faced by jobseekers in Vienna and the potential of different mobility-enhancing policies, focus group interviews (FGIs) were conducted with a total of 14 jobseekers. Participating jobseekers were recruited based on several characteristics of the jobseeker pool in Vienna to gather inputs from a diverse group:

- Education: at most mandatory schooling (50%) and post-mandatory schooling (50%) completed.
- Migration background: Austrian-born individuals (25%), immigrants from the European Union (25%), and humanitarian migrants<sup>4</sup> (50%).
- Gender: male (50%) and female (50%).

Participants further varied in socio-economic characteristics such as their age and professional experience. The interviews were held in Vienna. All participants were recruited in collaboration with the Austrian Public Employment Service (*Arbeitsmarktservice* – AMS). Participation was voluntary, and all respondents completed the interviews which lasted about two hours. The interviews were informal to encourage open conversations.

#### **Employer interviews**

Interviews with a total of ten companies based in Tyrol and Salzburg were conducted to enrich this report's analysis with the employers' perspectives on recruitment challenges and their experience with cross-regional hiring. The companies were recruited in collaboration with the AMS, which identified companies in Tyrol and Salzburg that operate in industries with strong labour shortages and that match the experience of jobseekers in Vienna. Labour shortages in Tyrol and Salzburg were identified based on the industries' regional tightness (i.e. the number of vacancies per jobseeker in federal state). Ten employers from the following industries were recruited:

- Tourism, i.e. accommodation and food services (four companies)
- Health and care services (two companies)
- Manufacturing (three companies)
- Wholesale and retail trade (one company)

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## Notes

<sup>1</sup> Population growth in Vienna calculated based on the OECD's dataset "Population by age and sex – Cities and Functional Urban Areas (FUAs)". Population growth in Austria calculated based on the OECD's dataset "Historical Population Data".

<sup>2</sup> Real GDP growth in Vienna based on the OECD's dataset "Real gross domestic product (ROPI-adjusted for inflation) – Regions". Real GDP growth in Austria based on the Eurostat dataset "Gross domestic product (GDP) and main components (output, expenditure and income)".

<sup>3</sup> Throughout the report, the term non-EU nationals refers to individuals who are nationals of countries outside both the European Union (EU) and the European Free Trade Association (EFTA). References to the EU in this report are used in an extended sense and also cover the EFTA countries, i.e. Iceland, Liechtenstein, Norway and Switzerland.

<sup>4</sup> The term "humanitarian migrants" refers to recognised refugees, beneficiaries of subsidiary protection, and sponsored or resettled refugees and is used throughout this report (OECD, 2023<sub>[27]</sub>).

# **2**

## **Regional labour market imbalances and labour mobility in Austria**

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This chapter provides an overview of geographic labour market imbalances in Austria. It first compares the labour market in Vienna with those in other Austrian federal states and capital regions across the OECD and analyses the distribution of labour demand and supply within the country. It then examines Austria's internal mobility by analysing internal migration and commuting patterns in comparison with selected OECD countries. Finally, it profiles jobseekers in Vienna, focusing on their socio-economic characteristics and their propensity to move within Vienna's commuting zone or to other parts of Austria.

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# In Brief

## Geographic labour market imbalances persist in Austria, despite strong overlap between the skills of Vienna's large number of jobseekers and labour demand in other regions of the country

- Austria experiences a strong geographic mismatch of jobseekers and vacancies between the country's Western and Eastern federal states, with particularly high unemployment in Vienna.** In 2024, the unemployment rate among individuals aged 15–64 was 9.5% in Vienna, the highest in the country, compared with 3.2% in Salzburg, the lowest, representing a difference of 6.4 percentage points. This within-country regional unemployment disparity places Austria seventh among OECD countries, where the average gap between regions is 4.3 percentage points. These regional unemployment differences reflect a pronounced imbalance between labour demand and labour supply. In 2023, Vienna offered only 0.2 vacancies per jobseeker, compared with 2.6 in Salzburg.
- Jobseekers in Vienna have lower levels of education on average and more often have a migration background compared to jobseekers outside of Vienna.** Vienna's jobseeker pool, of which almost half (46.9%) finished only mandatory schooling, has a substantially higher concentration of first-generation immigrants (65.7%) than other Austrian federal states (39.9%), mostly driven by a large share of non-EU migrants<sup>1</sup>, who account for 49.6% of jobseekers in Vienna compared to 24.3% in the rest of the country.
- Although the overall geographic mobility of Austria's workforce is similar to that of other OECD countries, internal migration is not well aligned with labour market needs.** Each year, about 2.3% of Austrians relocate across TL3 regions, a rate close to the 2.1% average observed in peer countries. However, these moves are only weakly directed towards regions with stronger job growth. Federal states with lower labour demand experience slightly higher net inflows than those with higher labour demand, amounting to around 0.2 percentage points of their population. Daily commuting patterns show a similar picture: Austrian workers commute for an average of 25.5 minutes, almost identical to the 25.3-minute average in peer countries. In Vienna's Functional Urban Area (FUA), the average commute is 26 minutes, which also closely matches the 25.9-minute average in other large FUAs in peer countries.
- Based on their skills and past industry experience, between one fifth and two thirds of jobseekers from Vienna could fill available vacancies in other parts of the country.** Profiles of jobseekers in Vienna and vacancies in other federal states align well by industry, especially professional, scientific and technical activities, wholesale and retail trade, accommodation and food services, and construction. Furthermore, OECD estimates show that a large share of jobseekers from Vienna could be matched with suitable positions elsewhere in Austria based on their industry experience and education: this share ranges from 21% in a conservative scenario, in which all jobseekers registered with the Austrian public employment service (*Arbeitsmarktservice* - AMS) are first matched with suitable local positions, to 67% in an upper-bound scenario, in which jobseekers from Vienna are matched with vacancies elsewhere regardless of whether vacancies can be filled locally.
- Few jobseekers from Vienna take up employment outside the city's commuting zone, with women showing particularly low geographic mobility.** In Vienna, 84% of jobseekers who

find employment take up jobs within the city core, 8.5% within the commuting zone, and only 7.5% in labour markets beyond it. Women, who make up 38.8% of jobseekers finding work in the city, are under-represented among those who move for employment, accounting for 20.8% of placements in the commuting zone and 18.8% in other regions. This likely reflects care responsibilities and the more limited availability of childcare outside Vienna.

**Geographic mismatches between labour supply and demand can have negative consequences for the economy, workers and public finances.** In regions with few jobseekers, employers often struggle to fill vacancies, resulting in labour shortages that constrain productivity and growth. Conversely, in areas with limited job opportunities, jobseekers face greater competition for jobs, resulting in longer unemployment spells, foregone earnings and increased reliance on Public Employment Services (PES). These imbalances also place pressure on public finances, as social protection systems must absorb the higher costs associated with unemployment in regions with excess labour supply.

**A lack of labour mobility contributes to geographic labour market mismatches.** Mobility enables jobseekers to search for employment where opportunities exist, mitigating both structural imbalances and temporary disruptions caused by local economic shocks, and improving the quality of labour market matches. Conversely, countries that are confronted with large geographic labour market imbalances often have relatively immobile workforces that do not mitigate the structural or temporary geographic mismatches in the economy.

**This chapter quantifies geographic labour market imbalances in Austria and examines the extent to which labour mobility contributes to or mitigates these imbalances.** It first compares labour market conditions in Vienna with those in other Austrian federal states and with capital regions in selected OECD comparison countries, and analyses how labour demand and supply are distributed within Austria. It then reviews Austria's internal mobility by analysing internal migration and commuting patterns in comparison with selected OECD countries. Austria's neighbouring countries, along with additional European countries, namely Sweden, Belgium, and Spain, which were selected due to their large regional labour market mismatches or strong concentration of economic activity in a single region, form the group of ten OECD comparison countries used for the in-depth analyses of labour markets and labour mobility. Finally, the chapter profiles jobseekers in Vienna, focusing on their socio-economic characteristics and their propensity to move within Vienna's commuting zone or to other parts of Austria.

## Regional labour market imbalances in Austria: an OECD perspective

***While jobseekers concentrate in Vienna, vacancies remain unfilled in the Western federal states, leading to large geographic labour market mismatches in Austria***

**Across the OECD, the extent of regional unemployment disparities varies greatly, indicating strong geographic labour market mismatches in some countries.** Large differences in regional unemployment rates among individuals aged 15-64 occur when jobseekers and vacancies are located in distinct areas of the country, and workers are not sufficiently mobile to bridge this geographic divide. On average, there was a difference of 4.3 percentage points between the region with highest and the one with the lowest unemployment rate within OECD countries in 2024 (Figure 2.1). This regional unemployment disparity is largest in Italy (13.9 percentage points), Türkiye (10.4 percentage points), and Greece (9.2 percentage points), while it is lowest in Ireland (0.2 percentage points), Slovenia, and Australia (both 0.8 percentage points). It is higher than four percentage points in eleven out of 37 countries.<sup>2</sup>

### Box 2.1. An overview of the different geographic levels used in this report

This chapter uses different geographic levels to analyse labour markets and mobility patterns in Austria and other OECD countries. The choice of geographic level in the different analyses is motivated by Institutional and economic factors, as well as data availability. Consequently, the following geographic levels are used in this chapter:

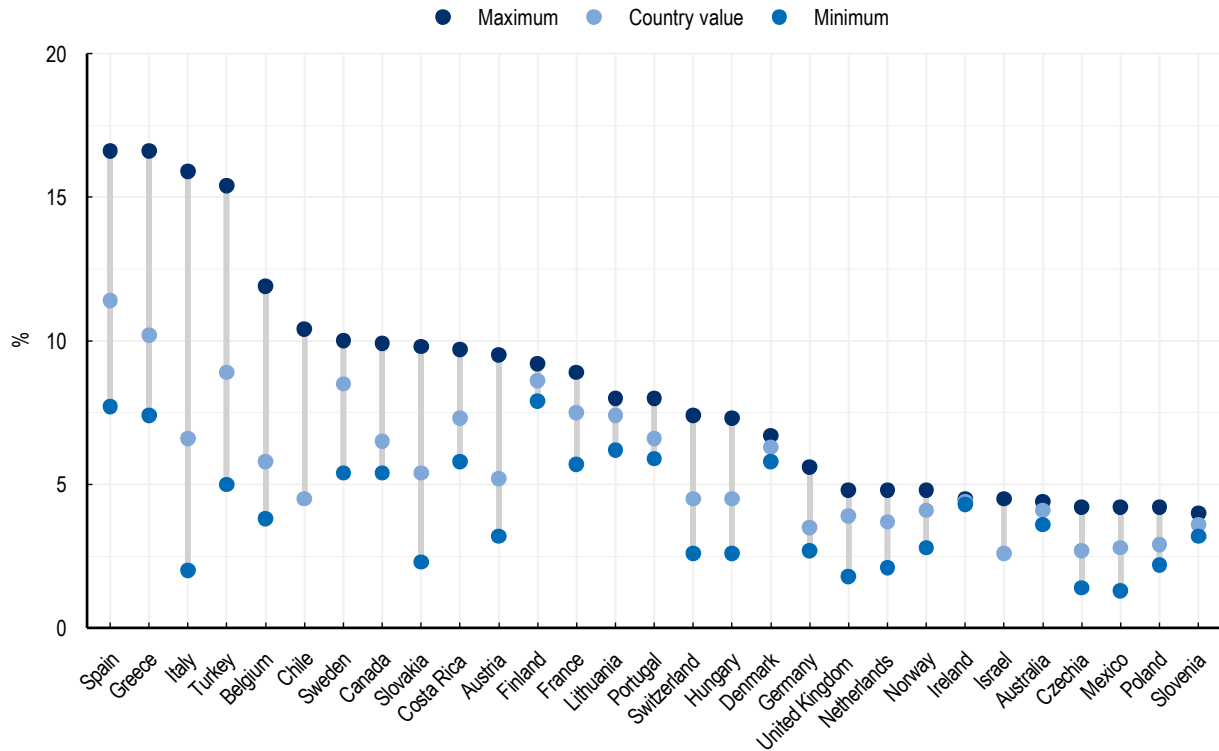
- **Austrian labour market districts (*Arbeitsmarktbezirke*):** the Austrian labour market database (*Arbeitsmarktdatenbank*) provides data according to the Austrian definition of labour markets, roughly coinciding with the OECD's TL3 definition (see below).
- **Vienna city and Vienna commuting zone:** the Austrian definition of labour market districts does not encompass municipalities that lie outside the federal state of Vienna, but within Vienna's Functional Urban Area (FUA) according to the European Commission-OECD definition (see below). To account for these municipalities, some analyses in this chapter (namely "Characteristics linked to jobseekers' geographic mobility") approximate Vienna's commuting zone by calculating the overlap between Austrian labour market districts and the municipalities contained in the FUA of Vienna. Specifically, if more than 50% of a labour market district's surface belongs to municipalities within the FUA, the labour market district is considered part of Vienna's commuting zone (Annex Figure 2.A.1). In these analyses, Vienna city refers to the city's core (coinciding with the Austrian definition of Vienna's labour market district), and Vienna commuting zone refers to all municipalities that are part of Vienna's approximated FUA but lie outside the city's core.
- **Functional Urban Areas (FUAs):** the European Commission-OECD definition of FUAs accounts for the fact that labour markets often extend beyond the administrative or political boundaries of cities in traditional geographic classifications. FUAs consist of cities (local units where at least half of the population live in clusters of densely populated grid cells with at least 50 000 inhabitants) and adjacent local units with high levels of travel-to-work flows towards the cities (i.e. at least 15% commute). Local units are then matched to municipalities.
- **Administrative regions:** the OECD's territorial grid is based on administrative regions, which are the regional boundaries within a country as organised by governments. As such, they refer to areas that are often under the responsibility of a particular subnational government or to the scale targeted by a specific policy implemented at the national or subnational level. Regions are classified into two scales, large (Territorial Level 2, TL2) and small (Territorial Level 3, TL3), which ensures comparability across countries. In the Austrian context, TL2 and TL3 correspond to federal states (*Bundesländer*) and groups of districts (*Gruppen von Politischen Bezirken*), respectively. In the case of Vienna, the TL2 and TL3 regions coincide.

Source: Dijkstra, Poelman and Veneri (2019<sup>[1]</sup>), *The EU-OECD definition of a functional urban area*; OECD (2025<sup>[2]</sup>), *OECD Territorial grids: TL2024 classification*.

**Austria shows above-average unemployment disparities between its Western and Eastern federal states.** The unemployment rate among individuals aged 15-64 in Austria stood at 5.2% in 2024, slightly below the OECD average of 5.9%. However, this average hides large regional differences. Vienna, located in the east of Austria, shows the highest unemployment rate with 9.5%, while the unemployment rate is lowest in Salzburg at 3.2%.<sup>3</sup> This amounts to a regional unemployment disparity of 6.3 percentage points, the seventh highest among OECD countries with an average gap of 4.3 percentage points. These differences in unemployment rates across Austrian federal states reflect a general pattern according to which unemployment rates decrease from the country's Eastern to Western federal states.

**Figure 2.1. Geographic disparities in unemployment are higher in Austria than in most OECD countries**

Unemployment rate among individuals aged 15-64 in the region with the highest and the lowest rate, and the country average, 2024.



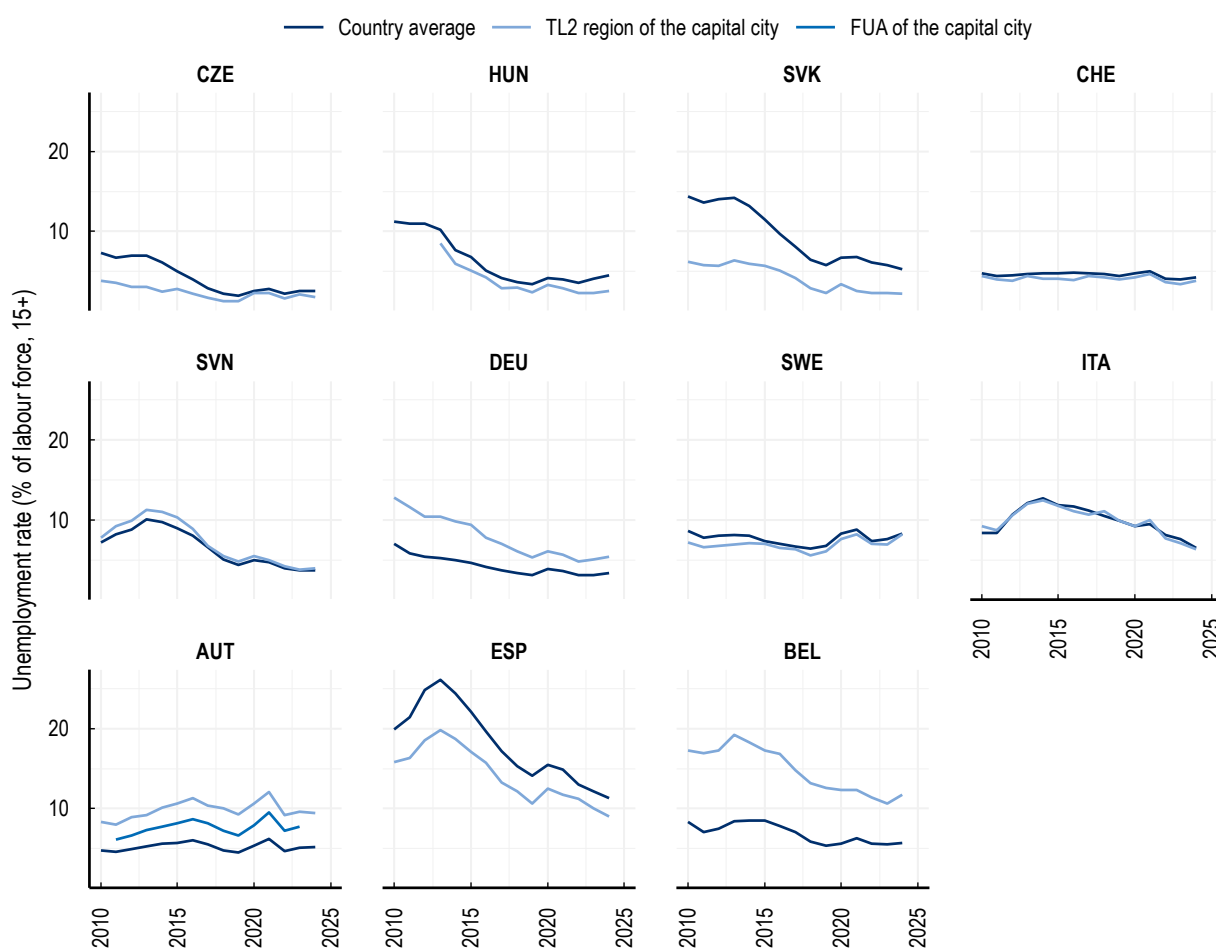
Source: OECD Regions and Cities databases <http://oe.cd/geostats>.

**Among OECD member countries, Austria stands out with persistently higher unemployment rates in its capital region than at the national level.** Between 2010 and 2023, most of Austria's neighbouring countries, as well as Sweden, Belgium and Spain, display only small gaps and broadly similar trends between unemployment rates in their capital regions and national averages (Figure 2.2). Six countries stand out with significant differences, i.e., Germany, Austria, Belgium, Spain, the Czech Republic and the Slovak Republic. For the latter two, the national average unemployment rate was considerably higher than in the TL2 region of the capital city. After 2010, the national average unemployment rate converges towards that of the capital city. In Spain, the national unemployment rate remained consistently above that of the capital, with both displaying parallel trends rather than signs of convergence. In contrast, the capital region's unemployment rate substantially exceeds the national rate in Austria, Belgium and Germany. While Vienna's unemployment gap with the national level is roughly constant at 4.6 percentage points on average between 2010 and 2024, Berlin's unemployment rate converges towards the national average since 2010 with an average gap of 3.6 percentage points to the national level. At the beginning of the observed period, Brussels recorded an unemployment rate about 9 percentage points higher than the national average (17.3% vs. 8.3%), but it gradually declined to 11.7% in 2024, while the national rate fell only to 5.7%, highlighting the slow convergence of Brussels towards the national average. The unemployment rate is 0.7 percentage points higher in the capital's TL2 region than at national level in Slovenia, while it is lower in all other countries, namely in Italy, Switzerland, and Sweden (all less than 1 percentage point lower), Hungary (1.3 percentage points lower); the Czech Republic (1.9 percentage points lower), Spain (4 percentage points lower), and the Slovak Republic (5.3 percentage points lower).

**Unemployment concentrates in Vienna's core as unemployment rates are substantially lower when considering its entire functional urban area (FUA).** Throughout the analysed period, the unemployment rate among individuals aged 15 and above in the TL2 region of Vienna (9.3% on average) is higher compared to the FUA of Vienna (7.6% on average). The TL2 region captures only the federal state of Vienna, whereas the FUA also captures municipalities around Vienna, in which 15% of the population commute to work in Vienna (Box 2.1). This difference between Vienna's TL2 region and its FUA highlights that unemployment is particularly concentrated in the city and federal state of Vienna.

**Figure 2.2. Vienna's unemployment rate persistently exceeds the Austrian average, contrasting with rates below the national average in capital regions in most other OECD countries**

Unemployment rate in TL2 regions of selected capital regions in comparison to the respective national average, 2010-2025.



Note: The figure compares the unemployment rate, based on the labour force aged 15 years and above, across selected TL2 regions that include each country's capital, and contrasts them with the respective national averages. Countries are sorted by their capital region's unemployment rate in 2023 in ascending order.

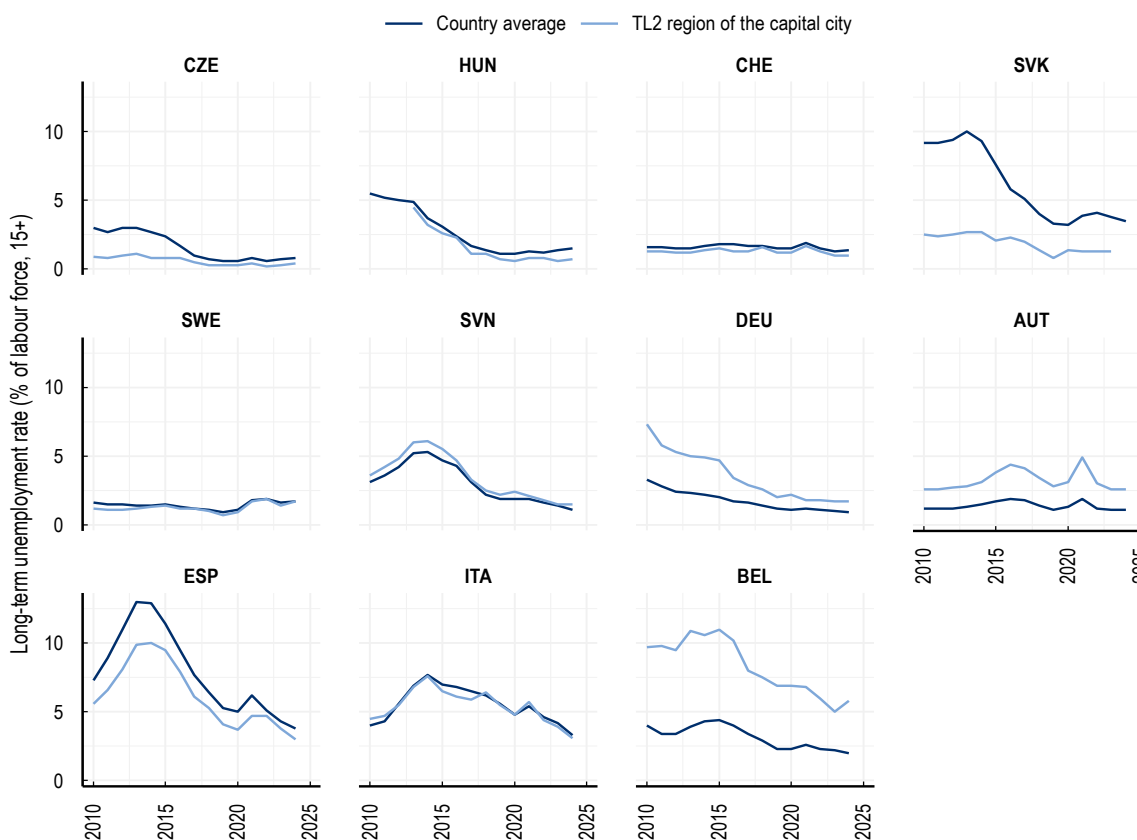
Source: OECD Regions and Cities databases <http://oe.cd/geostats>.

**Patterns for unemployment rate differences between capital regions and national averages also translate into long-term unemployment rates.** While capital regions tend to experience lower long-term unemployment rates among individuals aged 15 and above than the country as a whole, this gap is smaller

than for short-term unemployment rates in most countries (Figure 2.3). Precisely, in Italy, Sweden, Switzerland, Hungary and the Czech Republic, long-term unemployment in the capital regions is on average less than 1 percentage point lower than in the rest of the country. Spain and the Slovak Republic are notable for having significantly lower long-term unemployment in their capital region compared to their national average with an average difference of 1.7 and 4.5 percentage points, respectively. In contrast, Belgium, Germany and Austria stand out, as long-term unemployment in their capital regions is consistently higher than in the rest of the country. The latter two countries' capital regions display on average 1.8 percentage points higher long-term unemployment between 2010 and 2024. In Germany this difference declines from 4 to 0.6 percentage points over time, whereas in Austria, the difference is rather constant. Thus, while long-term unemployment in Berlin has converged towards the national average over time, Vienna experiences persistently higher long-term unemployment than the country as a whole. Brussels represents an exception, as its long-term unemployment rate is on average 5 percentage points higher than the national average. However, similar to the short-term unemployment rate, both rates slowly converge towards the end of the period.

**Figure 2.3. Long-term unemployment patterns mirror patterns of the general unemployment rate**

Long-term unemployment in TL2-regions of selected capital regions in comparison to the respective national average, 2010-2025.



Note: The figure compares the long-term unemployment rate, based on the labour force aged 15 years and above, across selected TL2 regions that include each country's capital, and contrasts them with the respective national averages. Long-term unemployment refers to people who have been unemployed for 12 months or more. Countries are sorted by their capital region's long-term unemployment rate in 2023 in ascending order.

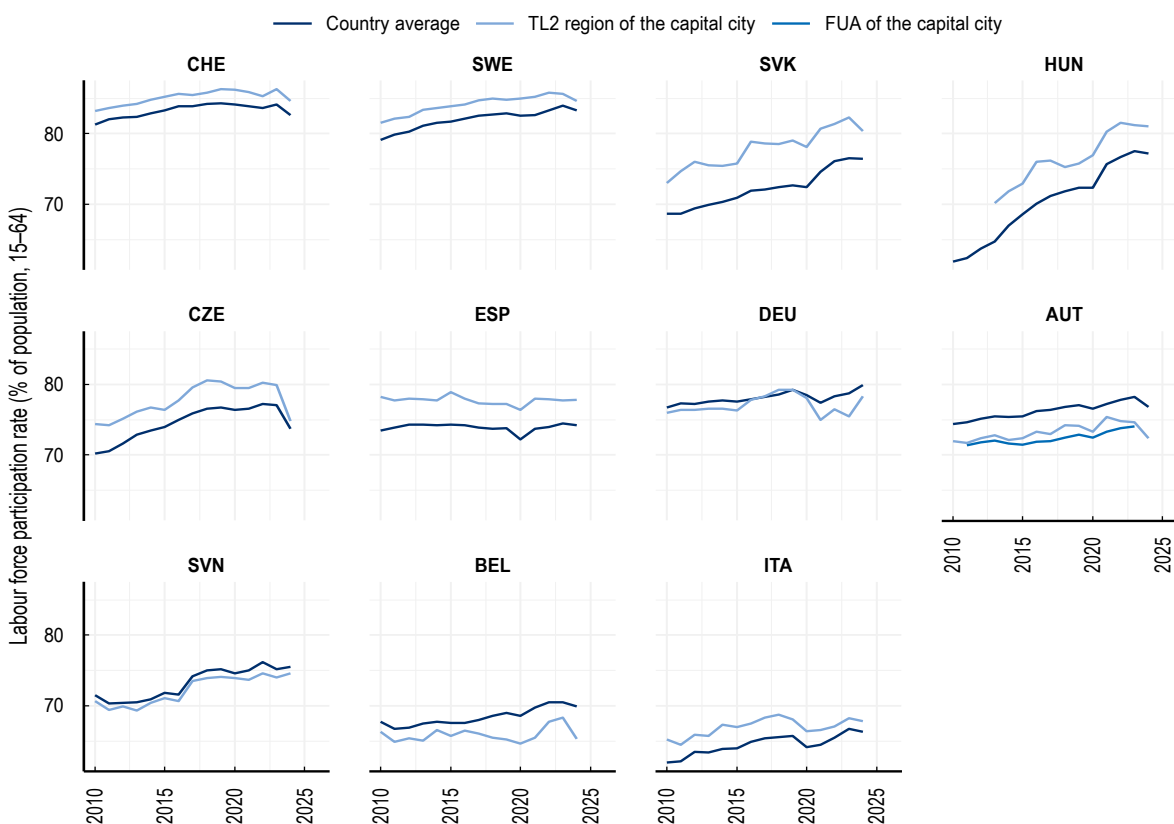
Source: OECD Regions and Cities databases <http://oe.cd/geostats>.

**Contrary to other OECD countries, labour force participation in Austria is lower in its capital region than in the country on average.** For eight out of the twelve compared countries, namely the Slovak Republic, Hungary, Czech Republic, Italy, Sweden, Spain, and Switzerland, labour force participation in the capital is consistently higher than the national average (Figure 2.4). This difference is the largest in the Slovak Republic, where it amounts to 5.7 percentage points. In contrast, labour force participation is higher at the national level than in the capital region in only four countries. In Slovenia and Germany, it is on average 0.9 and 1 percentage points higher than in the capital region respectively. Belgium and Austria represent outliers, as labour force participation in these countries as a whole is on average 2.5 and 3 percentage points higher than in the TL2 region of their capital respectively.

**While unemployment seems to concentrate in the core of Vienna's FUA, labour force participation is higher in Vienna than in its agglomeration.** Unemployment is concentrated in Vienna's core (Figure 2.2). In contrast, the labour force participation rate in the FUA of Vienna is on average 1 percentage point lower than in the city of Vienna during the analysed period, meaning that a higher share of the population is active in the labour market in the core.

**Figure 2.4. Labour force participation tends to be higher in capital cities across OECD countries, with few exceptions including Austria**

Labour force participation rate in TL2-regions of selected capital regions in comparison to the respective national average, 2010-2025.



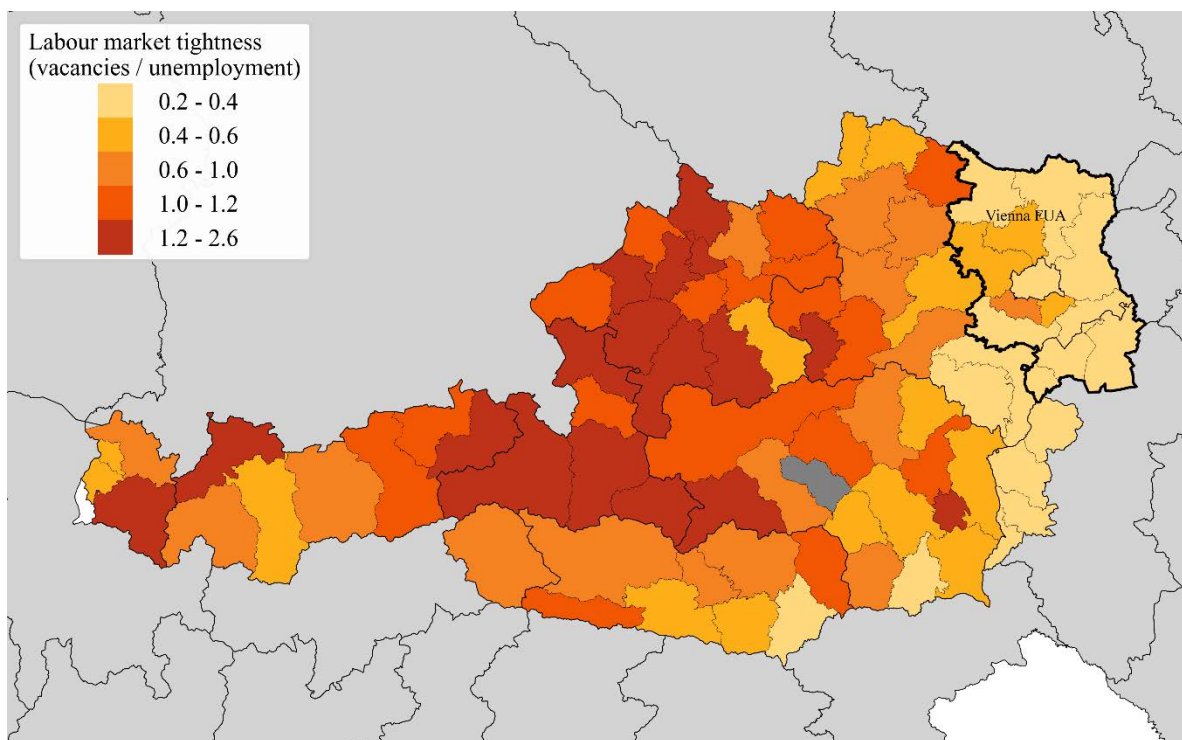
Note: The figure compares the labour force participation rate, based on the population aged 15 to 64 years, across selected TL2 regions that include each country's capital, and contrasts them with the respective national averages. Countries are sorted by their capital region's labour force participation rate in 2023 in descending order.

Source: OECD Regions and Cities databases <http://oe.cd/geostats>.

**In Austria, job vacancies concentrate in the Western federal states, while jobseekers reside in the east, leading to labour shortages in the western parts of the country.** The large regional unemployment disparities in Austria are a result of geographic mismatch of vacancies and jobseekers. Labour market tightness refers to the number of vacancies per jobseeker, with a high number indicating that vacancies are harder to fill as the pool of jobseekers for each vacancy is relatively small. Therefore, it is often taken as a proxy of labour shortages. Like the geographic pattern in unemployment rates, tightness tends to be high in Austria's central and Western federal states and low in the east (Figure 2.5). As a result, differences in tightness across Austria are large, ranging from 0.2 to 1.3 vacancies per jobseeker in Vienna and Salzburg, the states with the highest and lowest tightness level, respectively. At the level of labour market districts, tightness even reaches 2.6 vacancies per jobseeker in Tamsweg (Salzburg), highlighting localised extent of labour shortages (Figure 2.5). These statistics on tightness are based on vacancies registered with the AMS, which represent roughly 50% of all vacancies requiring less than tertiary education and 20% of those requiring tertiary education. These data correspond to the vacancies targeted by the AMS in its cross-regional placement efforts.

**Figure 2.5. The Austrian labour market is tight in most parts of the countries but less so in Vienna**

Tightness (vacancies per jobseeker) in Austrian labour market districts, 2023.



Note: Vacancies and jobseekers as registered with the Austrian public employment service.

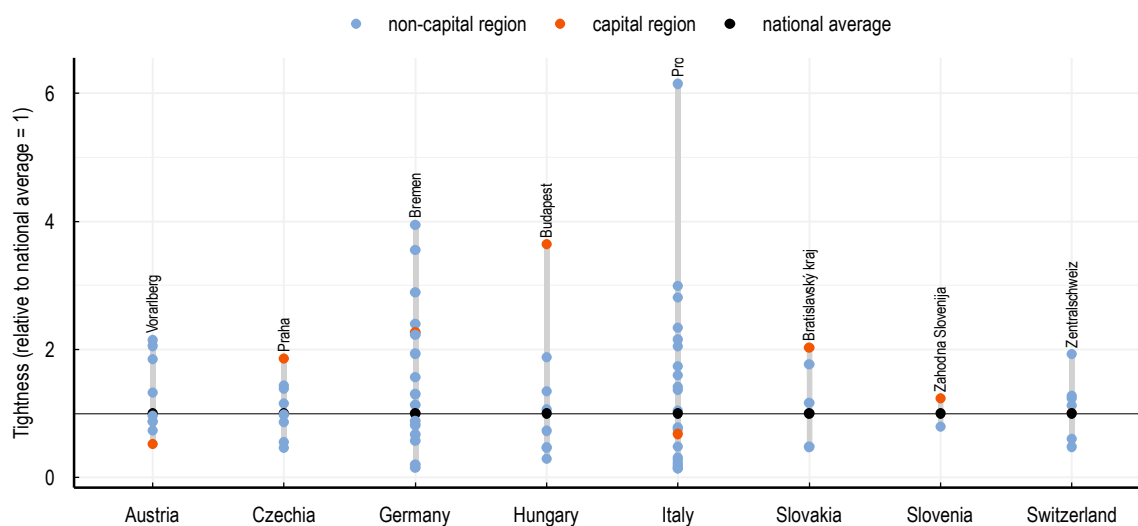
Source: Based on AMS (2025<sup>[31]</sup>), *Labour market database of the AMS*.

**Vienna stands out with particularly low labour market tightness when compared to other OECD countries, as large metropolitan and capital regions tend to experience tight labour markets.** As metropolitan and capital regions are typically among a country's most dynamic regions and concentrate a large share of a country's innovation capacity (OECD, 2024<sup>[41]</sup>), they tend to experience relatively high levels of labour shortages (OECD, 2024<sup>[51]</sup>), which are often proxied by labour market tightness. In four out of Austria's neighbouring countries, the capital region shows the highest level of labour market tightness. Among these countries, capital regions experience higher shortages than the country on average, with the

exception of Rome (Italy), offering 36% fewer vacancies per jobseeker than the country on average (Figure 2.6). In contrast, Vienna's labour market is relatively slack compared to other capital regions, offering only around half (53%) as many vacancies per jobseeker than Austria on average.

**Figure 2.6. Capital city regions in Austria's neighbouring countries often have the country's tightest labour market, however, Vienna is the Austrian region with the lowest tightness**

Labour market tightness (i.e. vacancies per unemployed) in TL2 regions in Austria and its neighbouring countries, 2023.



Notes: The regional labour market tightness estimates above are normalised to the country's average. Thus, these regional values should not be compared in absolute terms across countries. The region with the highest value in the country is labelled.

Source: Based on job vacancies from Lightcast and unemployment from Eurostat (lfst\_r\_lfe2empr).

**Labour shortages remain widespread in Austria, particularly in the accommodation and food industries, for jobs requiring vocational education, and in the country's Western federal states.**

Labour shortages remain at historically high levels in Austria in 2025 with 78% of employers responding that they face labour shortages to some degree, down from their peak in 2022, when 87% of employers stated the same (Dornmayr and Riepl, 2022<sup>[6]</sup>; Dornmayr and Riepl, 2025<sup>[7]</sup>). In line with the labour market tightness estimates, labour shortages are higher in the western than in the eastern parts of Austria. For example, a higher share of employers in Salzburg (80.1%) report labour shortages than in Vienna (73.8%). In terms of industries, labour shortages are strongest in the accommodation and food services (90.7%), including tourism, in manufacturing of food products (83.3%), trade and repair of motor vehicles (80.9%), and logistics (87.1%). Regarding the educational level, employers state they often struggle to fill vacancies requiring vocational training (60.9% of employers) and those requiring only mandatory education with on-the-job experience (41.8%). Consequently, vacancies for kitchen personnel (6.6%), salespersons (4.9%), drivers (4.2%), and electrical technicians (4.1%) are among those that are hardest to fill for employers that experience labour shortages.

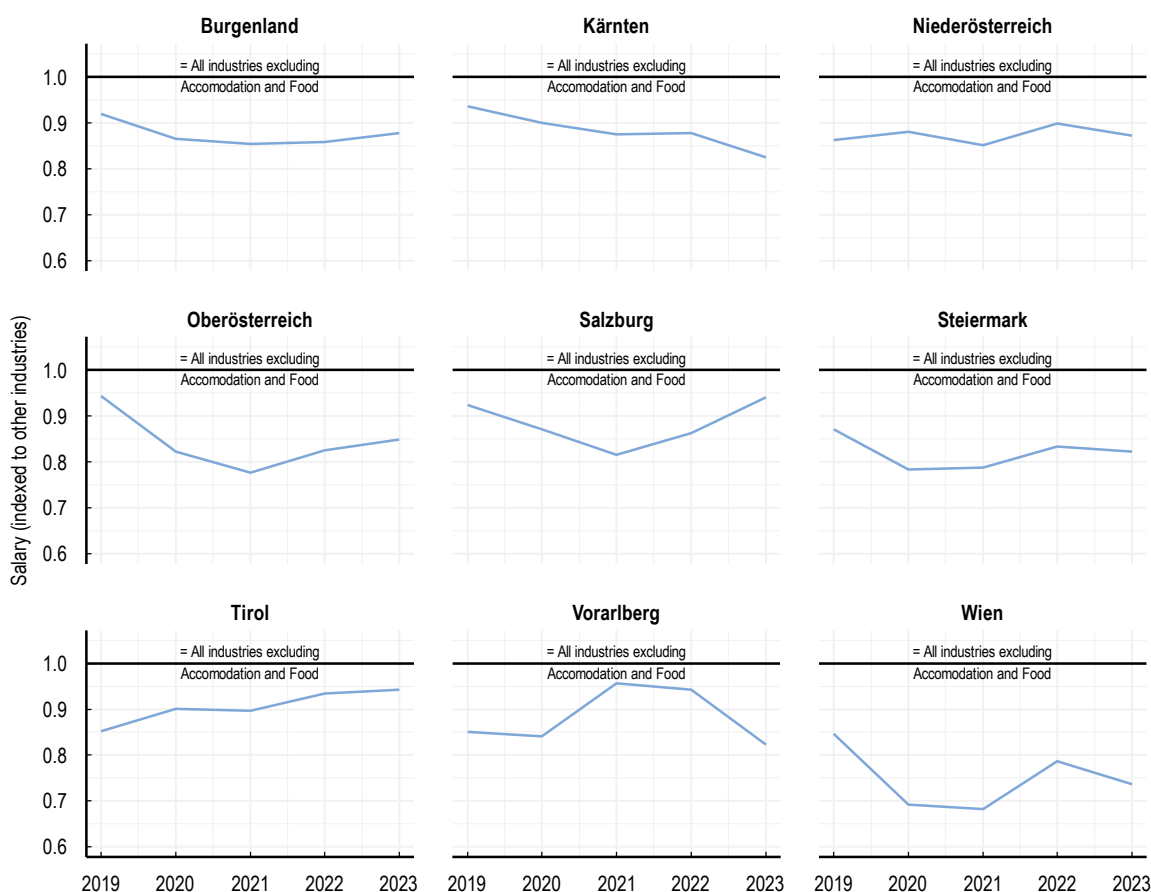
**Despite its stated labour shortages, the tourism industry has not experienced systematic wage increases between 2019 and 2023, except for Tyrol.**

In the presence of labour shortages, economic theory would predict that employers raise wages to attract workers and fill the vacancies. Although labour shortages are most severe in the accommodation and food services industry according to employers in Austria, its salaries in online job postings have at most marginally increased in Austrian states between

2019 and 2023 relative to all other industries, except for Tyrol, where wages in the tourism industry increased from 85% to 94% of wages in other industries (Figure 2.7). This aligns with Tyrol being Austria's most important tourist destination, accounting for 30% of all hotel overnight stays in Austria, and with a particularly high labour market tightness (Figure 2.5). However, wages in tourism have only marginally increased in Austria's second most important tourist destination, Salzburg, despite high labour market tightness. These statistics come with the caveat that non-office jobs are under-represented in online job postings data, potentially affecting the representativeness of the data for the accommodation and food services industry (Vermeulen and Gutierrez Amaras, 2024<sup>[8]</sup>).

**Figure 2.7. Posted salaries in accommodation and food services have not increased by more than they have in other sectors except for those in Tirol**

Salaries in accommodation and food services in online job postings relative to all other industries, TL-2 regions, 2019 – 2023.



Note: The industries public administration; education; household activities; activities of extraterritorial organizations; are excluded from the calculations above.

Source: Based on online job postings data from Lightcast.

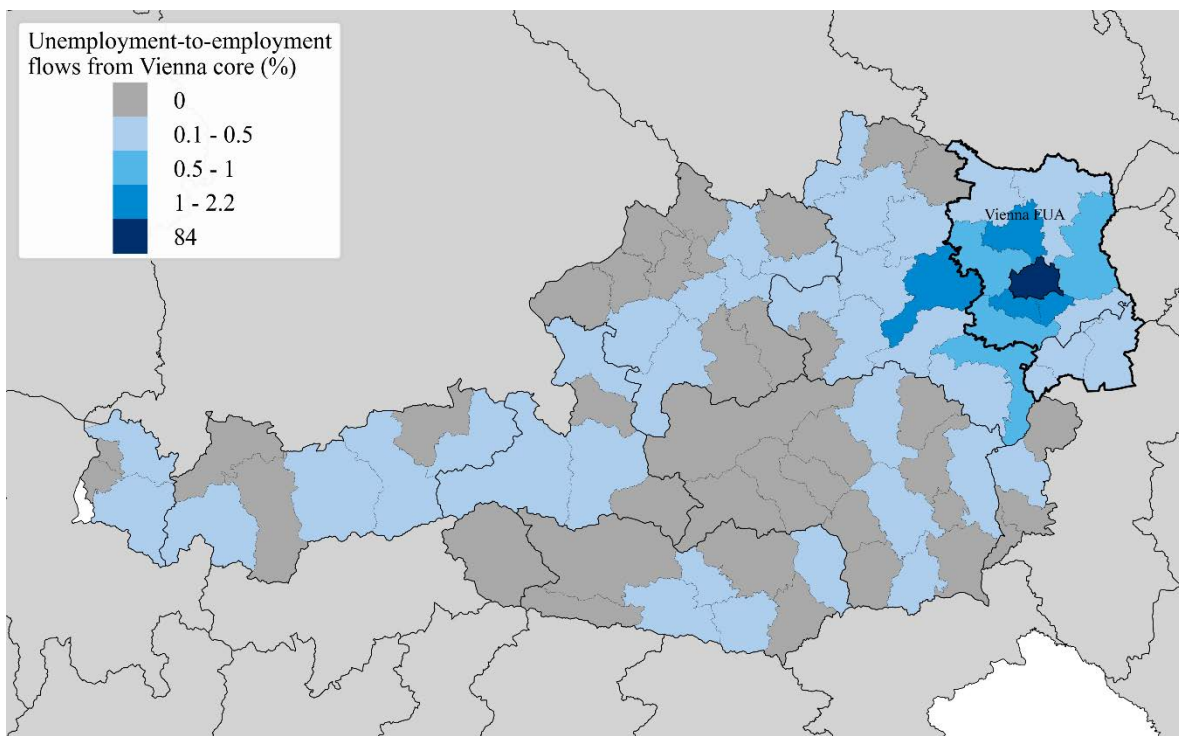
### **Low labour mobility out of Vienna reinforces Austria's labour market imbalances**

**Labour mobility from West to East would be needed to mitigate labour market imbalances, thereby reducing unemployment in Vienna city and mitigating labour shortages in the West.** This section analyses the mobility of jobseekers from Vienna city when taking up employment. To do so, it focuses on

all jobseekers that are registered in Vienna city, where unemployment is particularly high, and analyses the share of jobseekers that find a job in the city itself, those that take up employment in Vienna FUA, and those that relocate to other regions for employment.

**Figure 2.8. Cross-regional employment take-up of jobseekers from Vienna city concentrates on surrounding Lower Austria**

Labour market districts where jobseekers from Vienna took up employment in 2023 (in %).

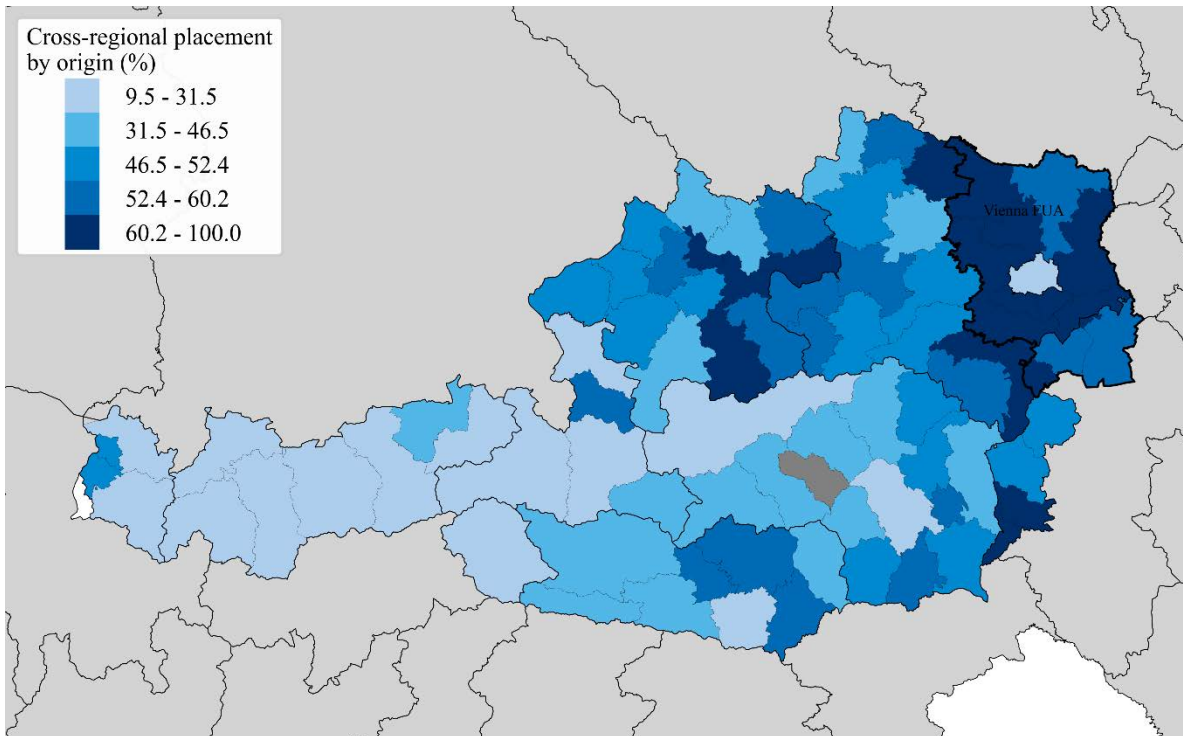


Source: Based on AMS (2025<sup>[3]</sup>), *Labour market database of the AMS*.

**Less than one in five (16%) jobseekers from Vienna city take up employment outside the city core, offering large potential for cross-regional job placement.** Reducing the geographic labour market mismatch requires connecting jobseekers from western parts of the country, especially Vienna, with vacancies in the East. However, the vast majority of jobseekers from Vienna stays within the city core (84% in 2023) or commute to the surrounding commuting zone (8.2%) when taking up employment (Figure 2.8). In contrast, only 7.8% of jobseekers from Vienna city took up employment outside the FUA of Vienna. Job take-up in Western federal states, which arguably requires (partial) relocation, is extremely rare among jobseekers from Vienna city. In 2023, only 481 (0.4% of all) jobseekers relocated to Salzburg and 934 (0.7%) relocated to Tyrol. These numbers contrast with 67% of jobseekers in other parts of Austria taking up employment outside their labour market district on average (Figure 2.9). The low mobility among jobseekers from Vienna city reflect individual barriers to mobility, structural factors (see chapter *Labour mobility-enhancing policies in Austria*), and personal preferences.

**Figure 2.9. Jobseekers from Vienna city are least likely to move to another labour market**

Share of jobseekers that take up employment in a different labour market district by origin, 2023.



Source: Based on AMS (2025<sup>[3]</sup>), *Labour market database of the AMS*.

***Vienna’s service-oriented labour market attracts high-skilled and foreign-born workers despite their relatively low employment prospects in the capital***

**As the largest metropolitan area in Austria, Vienna’s labour market differs from the rest of the country.** This section compares Vienna’s labour market to those in other Austrian federal states.

**Vienna attracts high-skilled and foreign-born individuals.** Vienna is the region with the highest share of high-skilled residents, with 46.5% of its residents aged 25-64 having at least a tertiary education degree compared to 34.4% in other states on average in 2024 (Figure 2.10).<sup>4</sup> Its industrial structure, with a high presence of the ICT and other high-skilled services industries (Figure 2.12), as well as higher education institutions make Vienna particularly attractive for high skilled workers. Additionally, Vienna also hosts the largest share of foreign-born residents among Austrian states, accounting for 43.9% of its population aged 15 and above compared to 19.1% in the remaining regions. Its international environment, large diasporas of important origin countries and amenities, such as its cultural offer, make Vienna attractive for foreigners.

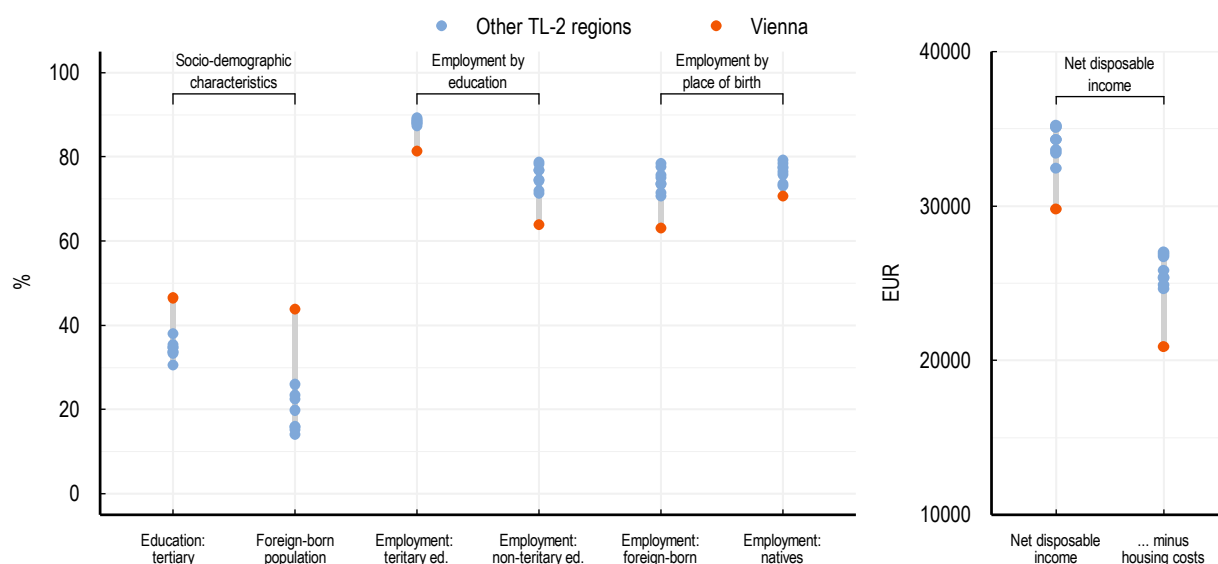
**The low employment rate in Vienna stems from both the composition of its population and lower employment prospects across population subgroups.** Employment rates in Vienna are lower than in any other state both for high- and low-educated residents, standing at 81.4% and 63.9% respectively among the population aged 25-64 in Vienna, compared to 88.3% and 75.4% on average across regions (Figure 2.10). Similarly, both native and foreign-born residents aged 15-64 experience lower employment rates in Vienna (70.7% and 63.1%, respectively) than in any other state (76.4% and 74.5% on average across regions). This points to generally lower employment prospects in Vienna’s capital, in line with a slack labour market (Figure 2.5). Additionally, the high share of immigrants among Vienna’s residents

contributes to its capital's high unemployment rate through a compositional effect as only 73.2% of all immigrants are employed compared to 75.8% of all natives in Austria on average.

**Similarly, a high share of asylum seekers and humanitarian migrants<sup>5</sup> in Vienna, who may have better employment prospects in the west of Austria, contribute to the capital's high unemployment rate.** Humanitarian migrants are generally less likely to be employed than the native population (OECD, 2024<sup>[9]</sup>). Additionally, 74.5% of all humanitarian migrants in Austria that are registered with the Austrian Public Employment Service (*Arbeitsmarktservice* – AMS) (i.e. either unemployed or in training) reside in Vienna. This geographic concentration contributes to the high unemployment rate in the capital. The compositional effect is aggravated by the fact that humanitarian migrants have worse employment prospects in Vienna than in the West of the country. Among refugees who arrived in 2015 and moved from the Western federal states to Vienna, 59-62% were employed in 2023, while 80% were employed among those that moved from Vienna to another state (ÖIF, 2025<sup>[26]</sup>).

**Figure 2.10. Vienna attracts more highly skilled and foreign-born workers, despite their lower employment relative to other regions**

Sociodemographic characteristics, employment outcomes, and disposable income in Austrian TL2 regions, latest available year.



Notes: Each dot represents an Austrian federal state. The red dot represents Vienna. Tertiary education corresponds to all ISCED categories from 5 (short-cycle tertiary education) to 8 (doctor or equivalent level). The data in the left panel correspond to the following age groups: education at achievement (25-64), foreign-born population (15 and above), employment by education (25-64), employment by county of birth (15-64). Educational achievement, employment by education, foreign-born population, and employment by country of birth correspond to data from 2024. Net disposable income is based on 2022 data.

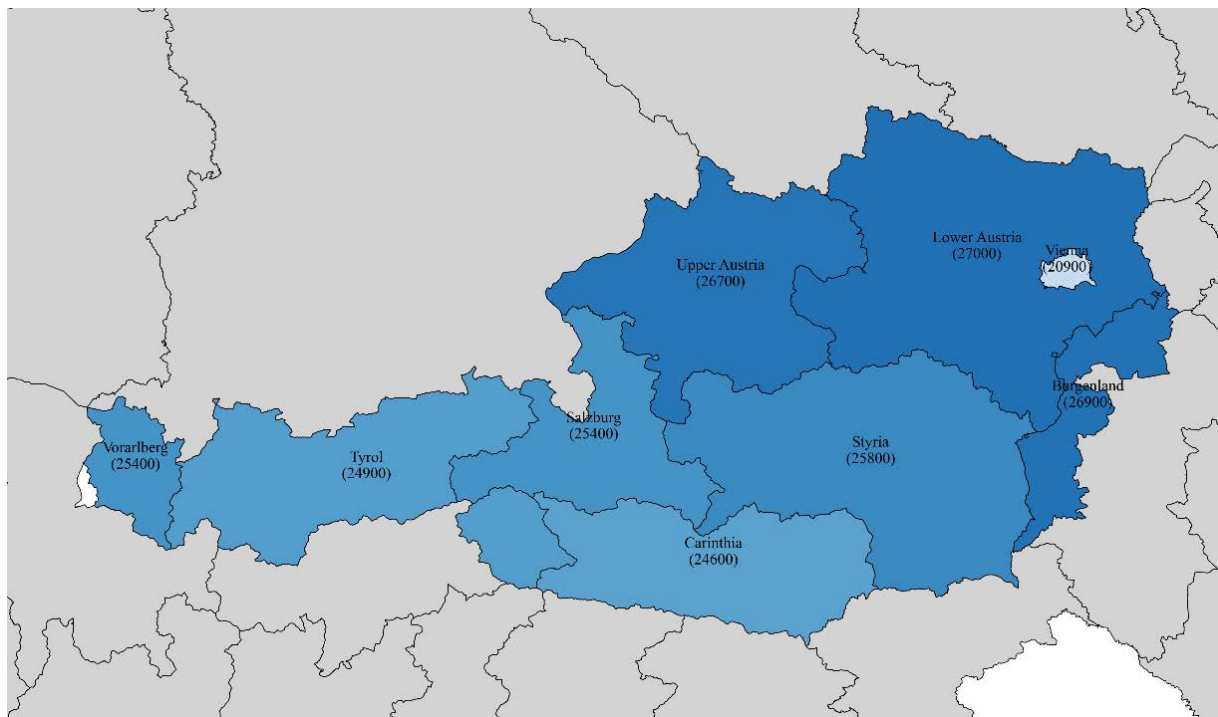
Source: OECD Regions and Cities databases <http://oe.cd/geostats>, Eurostat: employment by country of birth (lfst\_r\_lfur2gac, 2021), population by country of birth (lfst\_r\_lfsd2pwc); (OECD, 2024<sup>[4]</sup>).

**Disposable income is lower in Vienna than in any other Austrian state, making relocations away from Vienna attractive for the average household from a purely financial standpoint.** Disposable household income is relatively even across Austrian states, except for Vienna. When accounting for housing costs, disposable income ranges from roughly 24 600 EUR per year in Styria to 27 000 EUR in Lower Austria, while Vienna represents an outlier low end at about 20 900 EUR. These patterns imply that, on purely financial grounds, incentives favour moving from Vienna to other parts of the country with higher disposable income. However, these averages of regional disposable household income may vary for

different household types, as for example low-income households may not be able to access higher-paying jobs in other states. Additionally, the low average disposable income in Vienna may be partially due to the capital's comparatively high unemployment rate.

### Figure 2.11. On average, economic incentives should favour employment take-up outside of Vienna

Net disposable income per equivalised household minus housing costs by TL2 region, 2022.



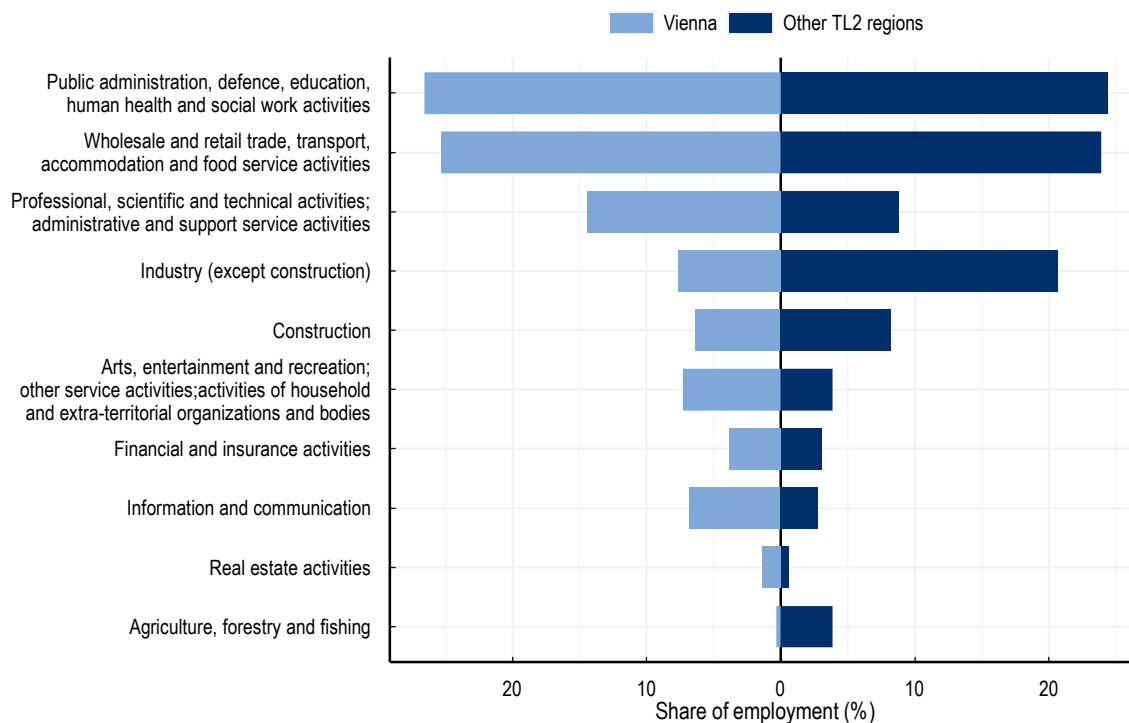
Note: Housing costs refer to the average cost for tenants (i.e. rent) and homeowners (i.e. mortgage payments) in each state.

Source: Based on OECD Regional Database and OECD Regions and Cities at a Glance 2024. OECD Regions and Cities databases <http://oe.cd/geostats>.

**Vienna's labour market is more service- and knowledge-intensive than the rest of Austria, with a much lower share of workers employed in manufacturing and agriculture.** Compared with other federal states, a higher share of workers in Vienna are employed in professional, scientific and technical services (14.4% compared to 8.8% in the rest of Austria), as well as in the information and communication industry (6.8% compared to 2.8% in the rest of Austria) (Figure 2.12). In contrast, industry (i.e. manufacturing) only accounts for 7.7% of the work force in Vienna compared to 20.7% in the rest of Austria. Employees in the accommodation and food services industry, which represent the AMS's major target group in the cross-regional placement of jobseekers, account for a similar share in Vienna (25.3%) as in the rest of the country (23.9%), although available data also include wholesale- and retail trade, and transport in the same category. These cross-regional differences in industrial structure likely also shape mobility patterns of jobseekers. For instance, focus group interview participants previously employed in IT services and scientific research stated that relatively few job offers match their profile outside of Vienna, making employment take-up in other parts of Austria less likely.

## Figure 2.12. Vienna is more specialised in services while manufacturing industries concentrate outside the capital

Share of employment by sector in Vienna and other TL2 regions, 2023.



Notes: Based on NACE rev. 2.  
Source: Eurostat (lfst\_r\_lfe2en2).

## Internal mobility and commuting patterns in international comparison

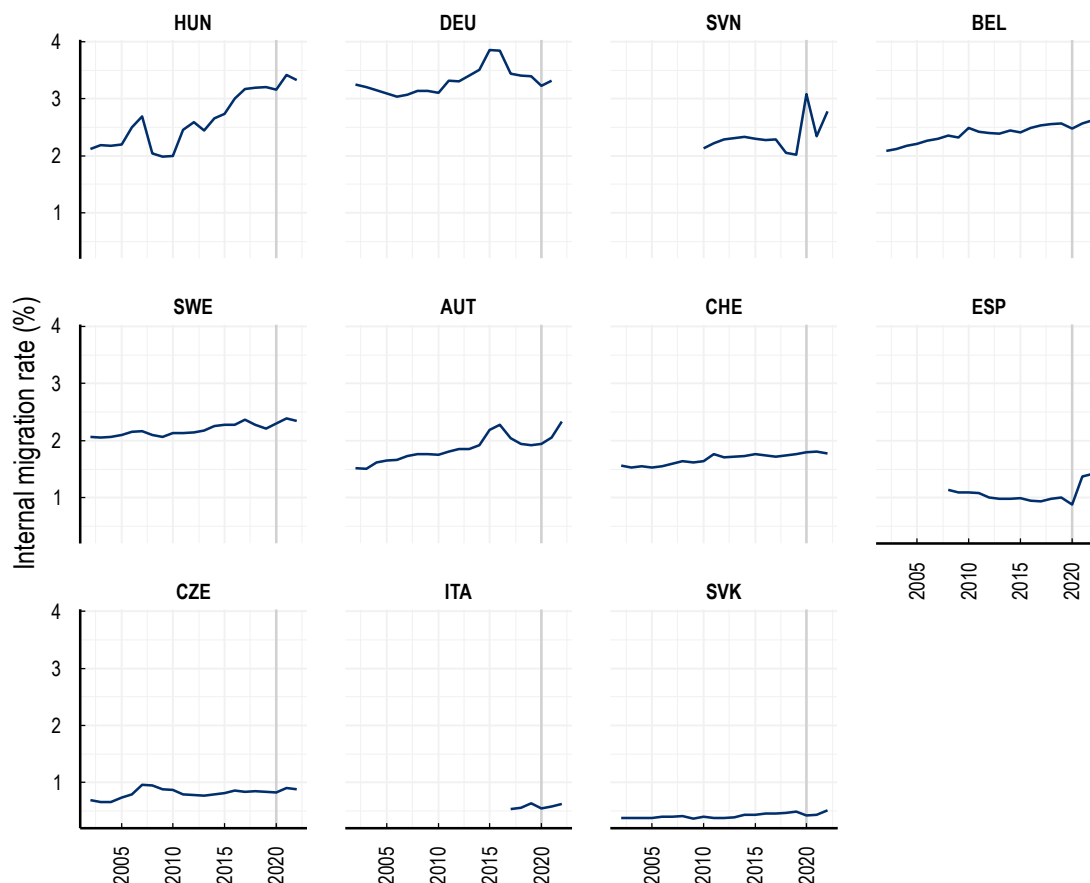
**The comparatively high labour market imbalances in Austria could in theory be explained by a generally less mobile labour force.** For this reason, this chapter analyses the extent of (labour) mobility in Austria and puts it into international perspective by comparing it to a selection of ten OECD countries, composed of Austria's neighbouring countries as well as Belgium, Spain, and Sweden, which were selected based on their large regional labour market mismatches or concentration of economic activity in a single region. To do so, this chapter considers both relocations of the general population, including but not restricted to employment-related moves, across TL-3 borders (groups of districts in the case of Austria; *Politische Bezirke*), and workers' commuting patterns at the municipal level.

### ***Internal mobility and commuting patterns in Austria are similar to those observed in comparison countries***

**When assessing whether internal mobility aligns with labour market needs, both the frequency and the direction of relocations matter.** Although a high internal migration rate (i.e. frequency) indicates that a country's population is mobile, it does not provide information on whether movers relocate to areas where job opportunities exist. Thus, it is important to also consider the direction of internal mobility, namely whether movers relocate to areas where jobs are created. This section compares internal mobility rate and the direction of relocations in Austria to those observed in other countries. Internal mobility in this section includes both employment- and non-employment-related relocations.

**Figure 2.13. Austria's internal migration rate increased over time and is close to the average of neighbouring countries**

Share of population that moved to another TL3 region, by destination region, earliest year until 2022.



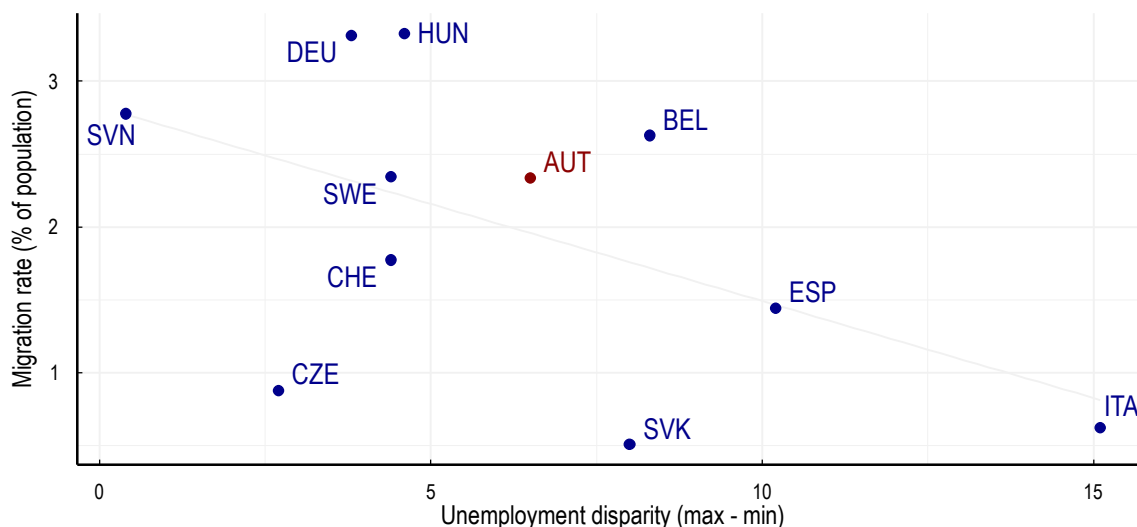
Note: Vertical line represents the start of the COVID-19 pandemic. The countries are sorted by their internal migration rate in the last available year.

Source: Based on OECD Regional Database. OECD Regions and Cities databases <http://oe.cd/geostats>.

**The rate of internal migration in Austria steadily increased over the past two decades and is similar to that observed in comparison countries as of 2022.** Internal migration is measured as the share of residents relocating across TL-3 borders, corresponding to groups of districts (*Politische Bezirke*) in the case of Austria. Internal migration increased by 0.8 percentage points in Austria between 2002 and 2022, corresponding to twice the increase in internal mobility (0.4 percentage points) in comparison countries over the same time period (Figure 2.13).<sup>6</sup> In 2022, 2.3% of Austria's residents relocated across TL-3 borders, compared to an average of 2% in comparison countries. This places Austria in the mid-range among comparison countries in terms of its current internal migration.

**Figure 2.14. However, internal migration in Austria is not sufficiently high given the large labour market imbalances**

Migration rate across TL3 regions and the difference in unemployment rates across TL2 regions, 2022 or latest year.

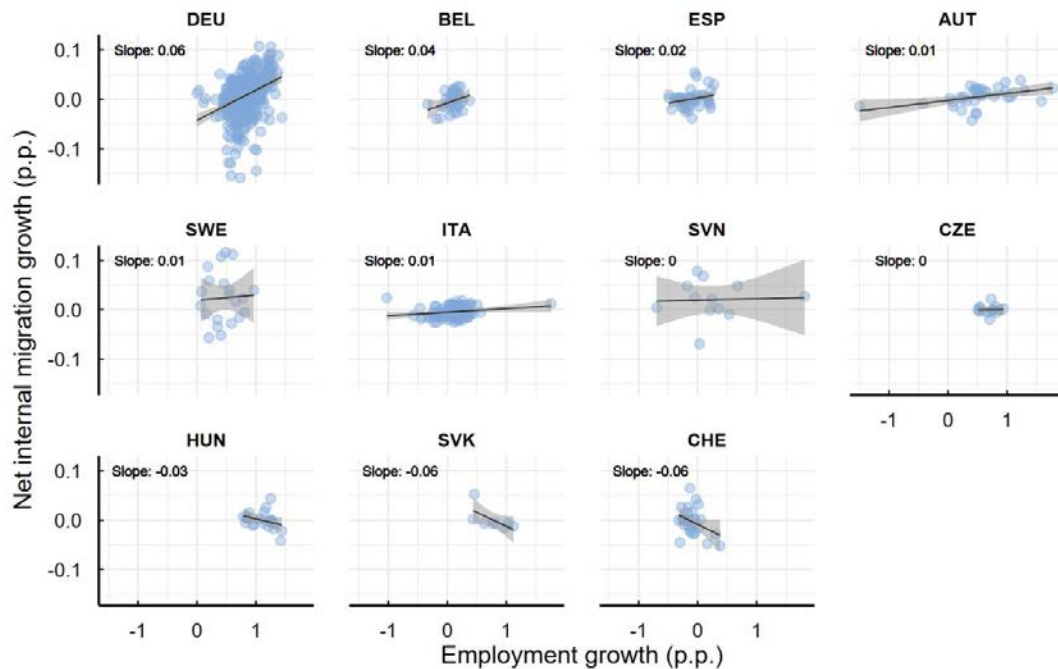


Note: Data refer to 2022, except for Germany (2019). The dashed line represents the linear trend.  
Source: OECD Regional Database and Eurostat.

**Although Austria's internal migration rate is on par with its comparison countries on average, it is insufficient to reduce the large labour market disparities in the Austrian labour market.** Countries with lower internal migration rates experience on average higher regional unemployment disparities, i.e. the difference between the region with the highest and the lowest unemployment within a country (Figure 2.14). While Austria's internal migration rate is comparable to that observed in comparison countries, its regional unemployment disparity is the fifth highest (6.5 percentage points in 2022) among the ten comparison countries. The countries with the highest regional unemployment disparity are Italy (15.1%) and Spain (10.2%), both of which show substantially lower migration rates than Austria. Countries with regional unemployment disparities below five percentage points, tend to show higher migration rates than Austria, except for Switzerland and the Czech Republic. The negative relationship between internal migration and unemployment disparities, supports the idea that Austria could increase its internal migration to reduce labour market imbalances. However, the fact that Austria's current migration rate would imply a lower level of unemployment disparities on average (i.e. it lies above the dashed trend line), highlights the importance of other factors, for example the direction of internal migration (i.e. where movers relocate to).

**Figure 2.15. In most countries, internal migration does not align with job growth**

Average annual growth rates in net migration (i.e. inflows - outflows) and in employment rates between 2005 (or earliest year) and 2022 by TL-3 regions.



Note: Growth rates are the average of annual growth rates over the entire period. Data since 2005 (Austria, Germany, Italy), 2008 (Spain, Slovenia), 2010 (Switzerland), 2013 (Sweden), and 2018 (Italy).

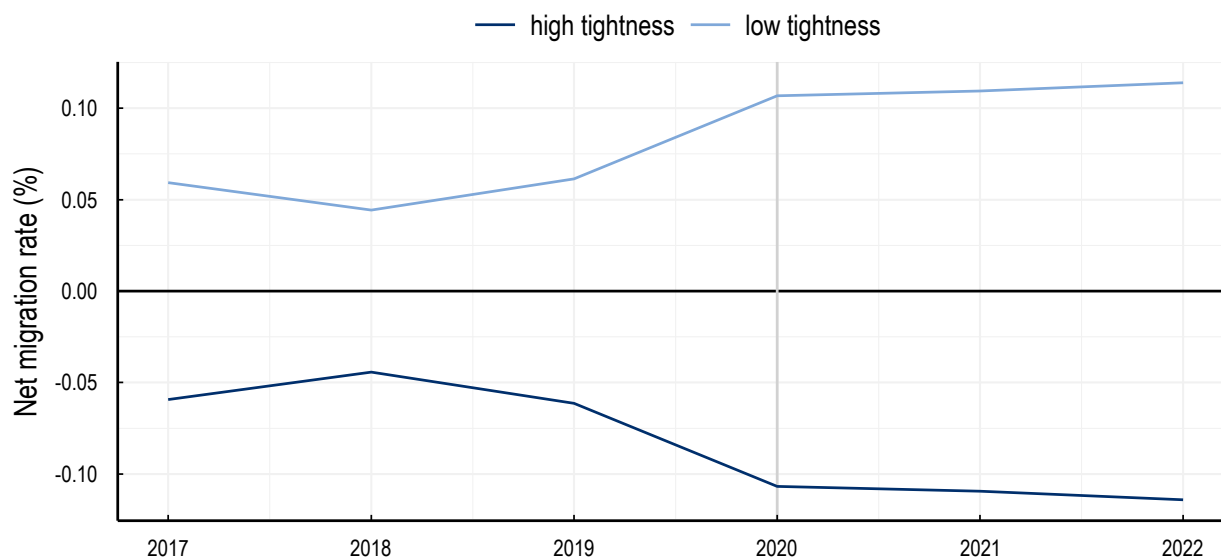
Source: OECD Regions and Cities databases <http://oe.cd/geostats>.

**In most countries, internal migration does not systematically flow towards regions where job creation takes place, except for Germany and, to a lesser degree, Austria.** To align with labour market needs, workers would need to relocate to areas where labour demand is high. However, when relating a region's average annual growth in net migration to its average annual growth in the employment rate, a flat or even negative relationship emerges across most of Austria's comparison countries (Figure 2.15). Notable exceptions are Germany and Austria, where a 1 percentage point increase in its employment rate is associated with a statistically significant increase in the net migration rate of 0.06 and 0.01 percentage points, respectively. The associations of these two variables are either not statistically significant or not positive in the remaining countries. This suggests a better alignment between internal migration and labour market needs in Germany and, to a lesser degree, in Austria than in the remaining comparison countries.

**However, the potential to improve the alignment between internal migration and labour market needs remains large in Austria.** Tight labour markets experience consistently lower population (and likely worker) inflows than regions with higher vacancy-to-unemployment ratios (Figure 2.16), contributing to labour shortages in regions with tight labour market. The gap in net migration rates between tight and slack labour markets has even increased between 2017 and 2022, although it is relatively small: while labour markets that experienced labour shortages lost 0.05% of their population to those where shortages were less acute in 2017, this share more than doubled to over 0.1% in 2022. In 2022, the states experiencing the highest net internal population inflow were Burgenland (0.6% of its population), Lower Austria (0.3%) and Vorarlberg (0.3%), while those experiencing the largest outflows were Salzburg (-0.7%), Carinthia (-0.4%), and Tyrol (-0.2%). Vienna experienced a small net inflow through internal migration of 0.2% of its population, despite its relatively scarce employment opportunities.

**Figure 2.16. Internal migration is not aligned with labour market demand in Austria**

Net migration rate (i.e. inflows minus outflows) in Austrian TL2 regions by above- and below median tightness (i.e. vacancies per unemployed), 2017-2022.



Notes: The grey vertical line highlights the beginning of the COVID-19 pandemic.

Source: Data on vacancies based on AMS (2025<sup>[3]</sup>), *Labour market database of the AMS*. Internal mobility data from OECD Regional Database.

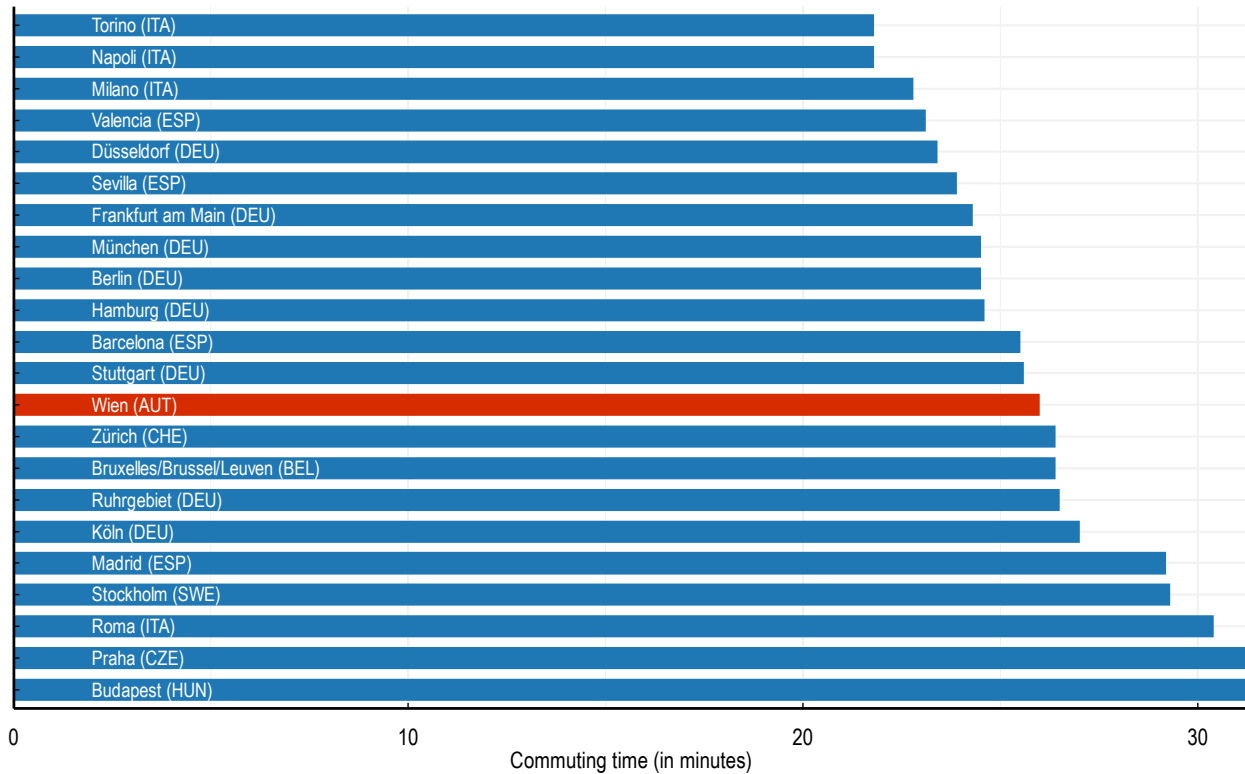
### ***Commuting patterns in an international perspective***

**Next to relocating for employment-related reasons, commuting to work is another form of labour mobility.** This section studies the extent of commuting in both Vienna and Austria as a whole, comparing these patterns to similar cities and countries. Additionally, this section analyses whether workers use commuting as a substitute to internal relocations in Austria. To answer these questions, this section draws on novel commuting time estimates based on municipal-level commuting data and information on the existing road network (Methodological details). The granularity of these estimates allows for comparisons at the level of Functional Urban Areas, which capture a labour market in its entirety.

**Commuting times of workers in Vienna FUA lie around the average of other large FUAs.** Workers commute for 26 minutes per day in Vienna, just above the average of 25.9 minutes in other large FUAs on average (i.e. FUAs with more than 1.5 million inhabitants.) (Figure 2.17). The most similar FUAs in terms of commuting time are Barcelona (25.5 minutes), Stuttgart (25.6 minutes), Zurich (26.4 minutes) and Brussels (26.4 minutes). Average daily commutes in Vienna are 4.2 minutes longer than in Turin, the FUA with the shortest commutes, and 5.3 minutes shorter than in Budapest, the FUA with the longest commutes among the comparison cities.

**Figure 2.17. The average commuting time in Vienna lies around the average of other large FUAs**

Average commuting time in minutes for large FUAs, latest available year (see notes).



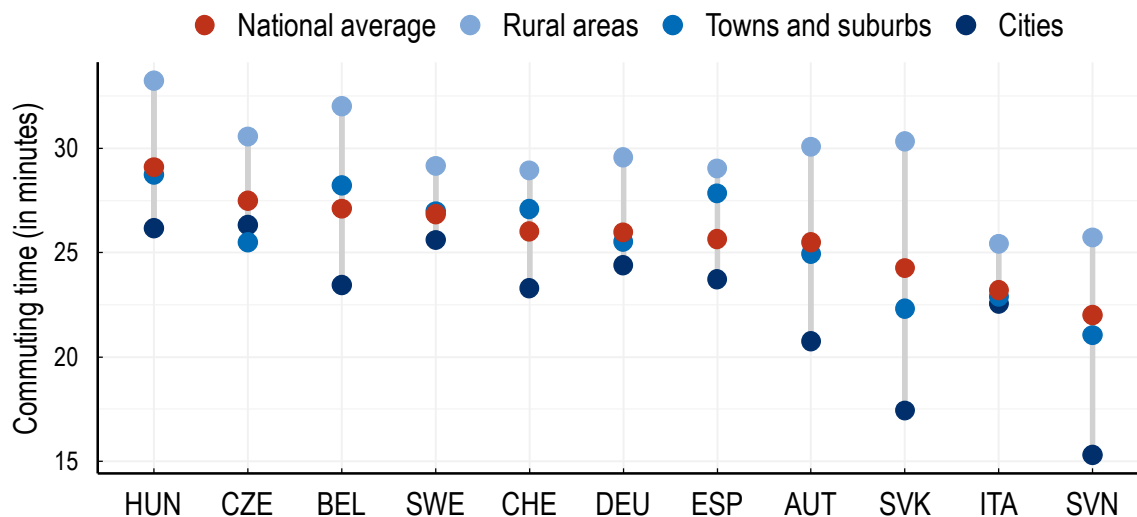
Note: FUAs are considered large if their population exceeds 1 500 000. Data refer to the following years: 2017 (ITA), 2020 (CHE), 2021 (CZE, SVK), 2022 (AUT, HUN), 2023 (DEU, SVN).

Source: Based on municipality-level census data and Open Street Maps (Methodological details).

**At the national level, commuting times in Austria are slightly lower than in comparison countries, though the gap between urban and rural areas is larger than in most other countries.** Workers in Austria commute for 25.5 minutes per day on average, placing Austria slightly below the cross-country average of 25.8 minutes across all comparison countries (Figure 2.18). However, these national averages hide substantial variation in commuting times by the locations' degree of urbanisation. The gap in commuting times between rural areas and cities is relatively large in Austria, where workers in cities commute 9.3 minutes longer per day on average. Across comparison countries, this gap stands at substantially lower 6.6 minutes. Austria experiences the third-largest gap among all countries analysed, following Slovakia (12.9 minutes) and Slovenia (10.4 minutes). Thus, while national-level commuting times range around the cross-country average, workers in Austrian cities have the third shortest commutes (20.8 minutes) and those in rural areas the seventh shortest commutes (30.1 minutes) relative to all ten comparison countries. Due to the limited availability of origin-destination commuting information, the years differ across countries, which may affect the precision of cross-country comparisons. For example, since data for Switzerland come from 2020, i.e. during the COVID-19 pandemic, the statistics may underestimate the extent of commuting in normal times.

**Figure 2.18. Austria shows average commuting times, with relatively long commutes in rural areas**

Commuting time (in minutes) by the municipal degree of urbanisation, latest year available.

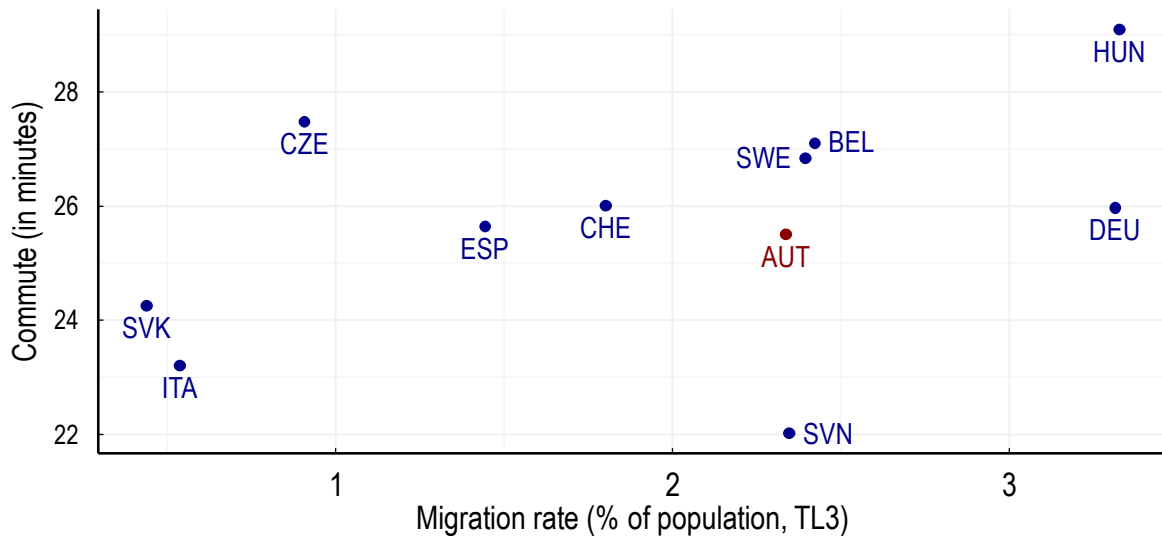


Note: data from latest available year, i.e. 2011 (BEL, ITA), 2020 (CHE), 2021 (CZE, SVK), 2022 (AUT, HUN, ESP), 2023 (DEU, SVN).  
Source: Based on census data and Open Street Maps (Methodological details).

**There is no evidence that workers substitute commuting for internal migration and vice versa.** In theory, workers might tend to commute longer but relocate less frequently (and vice versa) in some countries than in others, depending on country-specific factors such as the transport infrastructure. For example, a well-developed train infrastructure likely facilitates longer commutes, making relocations less frequent. Particularly long (short) commutes in combination with low (high) internal migration rates would be indicative of a substitution of relocation through commuting (commuting through relocation). Workers in Austria do not seem to substitute internal migration through longer commutes as its commuting times and internal migration rates are comparable to those of its neighbouring countries (Figure 2.19). Across countries, those in which commutes are longer on average also tend to have higher internal mobility, suggesting that commuting and relocation are not substitutes in general. An important caveat of this analysis is that it only considers commuting times and internal migration rates at a given point in time and does therefore not account for other country-specific factors.

**Figure 2.19. Austria's commuting times and internal migration rates are comparable to those in its neighbour countries**

Migration rate across TL-3 regions (as % of population) and average commuting times, latest available year.



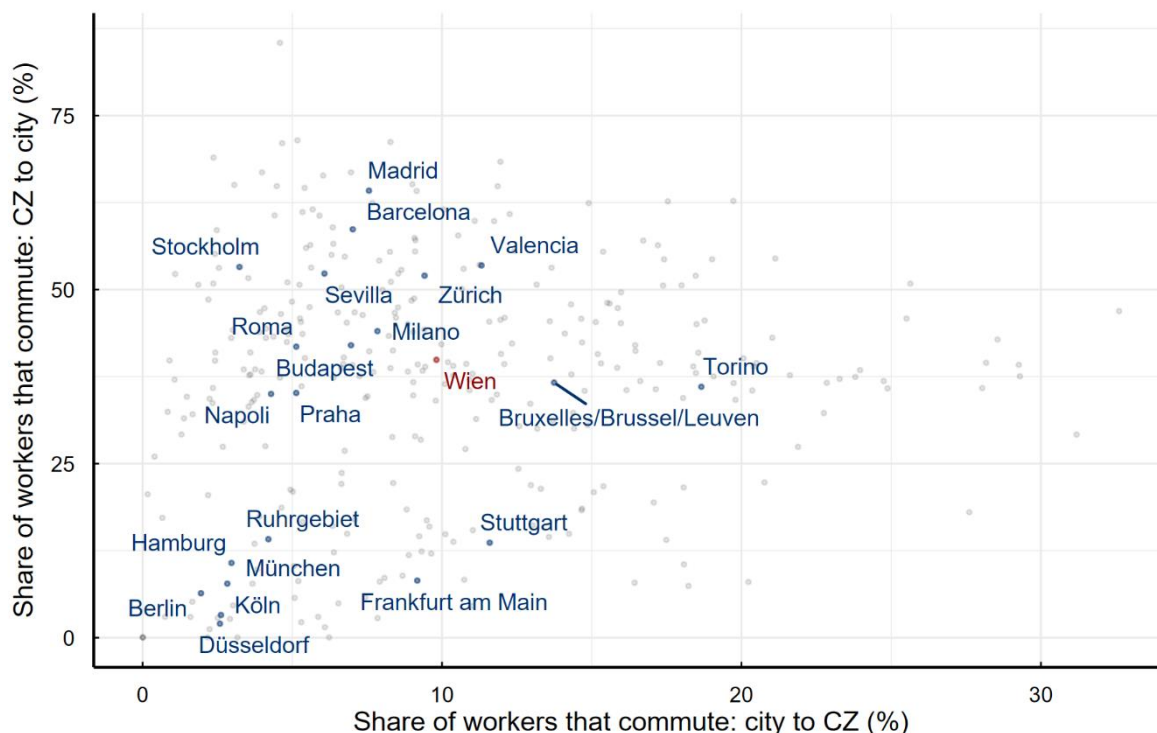
Note: Data refer to migration rates and commuting time estimates from 2020 (CHE), 2021 (CZE, SVK, SWE), and 2022 (AUT, ESP, HUN). For some countries the years of the two variables differ. In these cases, the migration rate is based on data from 2017 (ITA), 2021 (DEU, SVN), or 2022 (BEL), and commuting time estimates refer to 2011 (ITA, BEL), or 2023 (DEU, SVN).

Source: Commuting time estimated based on census data and Open Street Maps (Methodological details); Migration rates from OECD Regional Database. OECD Regions and Cities databases <http://oe.cd/geostats>.

**A higher share of workers in Vienna commute from the city core to the commuting zone compared to other large FUAs on average.** The share of workers commuting in and out of the city core varies across FUAs depending on the geographic distribution of jobs and residential areas within a labour market. In Vienna a higher fraction of workers that reside in the city core commute to the city's outskirts (9.8%) than in other large FUAs (i.e. those with a population above 1.5 million; highlighted in blue) in comparison countries (6.9%). This share is particularly high in Torino, Italy (18.6%) and low in Berlin, Germany (1.9%). Similarly, the fraction of workers in Vienna that reside in the commuting zone and commute to the city's core (39.9%) exceeds the average of all large FUAs in comparison countries (31.9%). Madrid, Spain, shows a particularly high share of workers commuting from the commuting zone to the city core (64.2%), while this fraction is lowest in Düsseldorf, Germany (2%). These results suggest that Vienna's commuting zone and its city core are more integrated in a single labour market than in other large FUAs in comparison countries on average.

**Figure 2.20. Commuting from the city core to the commuting zone is more common in Vienna than in other large FUAs on average**

Share of workers that commute from the city centre to the commuting zone (horizontal axis) and from the commuting zone to the city centre (vertical axis) in large FUAs (i.e. those with a population above 1.5 million), latest year.



Note: Large FUAs (i.e. those with a population above 1.5 million) are highlighted in blue. FUAs with a population below 1.5 million are displayed in grey. Data from latest available year, i.e. 2011 (BEL, ITA), 2020 (CHE), 2021 (CZE, SVK), 2022 (AUT, HUN, ESP), 2023 (DEU, SVN). Source: Commuting time estimated based on census data and Open Street Maps (Methodological details); Migration rates from OECD Regional Database. OECD Regions and Cities databases <http://oe.cd/geostats>.

## Characteristics linked to jobseekers' geographic mobility

**The feasibility and attractiveness of taking up employment in another, potentially distant, labour market depends on individual factors, for example whether somebody has care responsibilities, the right skills, and financial considerations.** Hence, the socio-economic composition of jobseekers impacts the potential for cross-regional job placement, as certain subgroups of the population are more likely to relocate than others.

**This chapter analyses the composition of jobseekers in Vienna city and studies which subgroups of the population show a higher propensity to commute or relocate to take up employment.** Based on individual-level labour market data on all jobseekers in Austria it compares the characteristics of jobseekers who take up employment in Vienna city, its surrounding commuting zone, or the rest of Austria. Additionally, the section studies the potential of cross-regional job placement by analysing the (mis)match between the profile of jobseekers in Vienna city and vacancies in the rest of the country.

### **While jobseekers in Vienna more often have lower levels of education and a migration background, women are particularly immobile**

**Jobseekers in Vienna show lower levels of education and a disproportionately high share are immigrants, including from non-EU countries.** Almost half (46.9%) of jobseekers in Vienna city only completed mandatory education, above the average among jobseekers in the rest of the country (42.5%) (Table 2.1). Consequently, the share of jobseekers that hold post-secondary level degrees is lower in Vienna than in the rest of Austria, yet still substantial (31.2%).<sup>7</sup> With 19.7%, the share of jobseekers with vocational training is substantially lower than in other states (34%), while the share of jobseekers with tertiary education is low (11.5%), yet almost twice as high than in the rest of the country (6.3%). Furthermore, the share of immigrants among jobseekers is substantially higher in Vienna (65.7%) than in the rest of the country (39.9%). Jobseekers from non-EU countries tend to concentrate in Vienna, as 49.6% jobseekers come from non-EU countries, compared to 24.3% in the rest of the country. Humanitarian migrants (i.e. recognised refugees including those receiving subsidiary protection) account for over a quarter (26.9%) of all persons registered with the AMS in Vienna as of 2025 (ÖIF, 2025<sup>[10]</sup>). Jobseekers from EU countries account for almost equal shares of jobseekers in Vienna (16.1%) and in the rest of the country (15.6%).

**Table 2.1. One-in-two jobseekers in Vienna only finished mandatory education and almost two-in-three have a migration background, while women are less mobile**

Characteristics	All jobseekers in		Jobseekers from Vienna finding employment in		
	Vienna city	Rest of Austria	Vienna city	Vienna commuting zone	Rest of Austria
Average age	40.2	41.7	37.2	38.0	37.0
Women	42.6	44.2	38.8	20.8	18.8
... of whom with child < 15 years	41.1	36.6	31.4	28.1	19.2
Child < 15 years	35.0	30.7	32.7	36.3	29.3
Education: mandatory	46.9	42.5	42.8	47.7	44.4
Education: secondary	21.1	16.3	23.0	19.8	21.9
Education: vocational	19.7	34.0	20.7	23.6	22.2
Education: tertiary	11.5	6.3	12.8	8.1	10.7
Immigration: foreign-born	65.7	39.9	66.5	72.2	71.4
... of which from non-EU/EFTA countries	75.5	60.9	68.2	65.0	63.0
... of which from EU/EFTA countries	24.5	39.1	31.8	35.0	37.0
..... of which from German-speaking countries	2.7	7.0	3.6	1.9	4.2
Days unemployed	203.8	169.5	104.8	93.2	79.9
Total	110,637	163,881	117,065	11,917	10,389

Note: Employment take-up beyond the boundaries of Vienna's commuting zone are assumed to represent relocations. The number of jobseekers in columns 1 and 2 correspond to the yearly average number of jobseekers at the end of each month. Unemployment-to-employment transitions include all transitions observed during a calendar year. For example, out of all jobseekers from Vienna, women accounted for 38.8% of jobseekers finding employment in the city core, 20.8% in the commuting zone and 18.8% in other parts of Austria. Source: AMS (2025<sup>[3]</sup>), *Labour market database of the AMS*.

**The overwhelming majority of jobseekers from Vienna city take up employment within the city itself, while few find jobs in the commuting zone or relocate to other parts of Austria.** Similar to other countries, most jobseekers in Vienna search for employment within close proximity resulting in 84% of jobseekers taking up employment within the core of the city. In contrast, only 8.5% take up a job within the commuting zone around Vienna, and 7.5% do so in other parts of Austria, most likely relocating for this purpose. Thus, with only 16% of jobseekers taking up mobility outside the city's core, the mobility of jobseekers in Vienna is substantially lower than in other labour market districts, where 67% take up employment in another district on average (Figure 2.8). Unemployment spells are shorter on average for jobseekers who relocate or commute when taking up employment than for those who stay in Vienna, suggesting that labour mobility can lead to more efficient matching.

**Women, who account for two in five (42.6%) jobseekers in Vienna, are substantially less likely to move, likely due to childcare obligations.** Among all jobseekers from Vienna who take-up employment in Vienna city, women represent 38.8% (Table 2.1). However, among those that take up employment in the commuting zone and in other regions of Austria, women only represent 20.8% and 18.8%, respectively. This means that women are less mobile than men as the share of women finding employment in the commuting zone or the rest of Austria would be equivalent to the ones finding employment in Vienna city (38.8%) if they were equally mobile as men. Childcare responsibilities likely explain the lower mobility among women, as the childcare responsibilities continue to fall disproportionately on women rather than men. In line with this, the availability of childcare is highest in Vienna city and particularly low in the Western federal states (see chapter *Structural and institutional factors shaping geographic differences in labour market outcomes*).

**Although highly educated individuals in Austria are more mobile than less educated ones, the out-mobility of jobseekers from Vienna does not depend on their educational level.** When considering the entire population from Vienna, residents with only mandatory education represented 27.2% among those that remained in the city (i.e. did not relocate), while they accounted for only 19.8% of those that relocated to another municipality between 2014 and 2015. In contrast, tertiary-educated individuals were overrepresented among those who left the city (26.5%) in comparison to their share among residents who stayed in Vienna (19.2%) (Statistik Austria, 2018<sup>[11]</sup>). Similarly, among young workers with a university degree in Austria (aged 15 to 34), almost one in five (18%) declared that they relocated for their current job, representing a substantially higher share than among those with mandatory education (3%) (Statistik Austria, 2017<sup>[12]</sup>). This aligns with academic evidence that (employment-related) mobility increases with the educational level, as high-skilled workers may benefit from a wage premium when relocating due to a better skills match with distant job opportunities (see chapter *Labour mobility-enhancing policies in Austria*). However, we do not observe systematically higher mobility among highly educated jobseekers in Vienna, relative to their less educated counterparts (Table 2.1).

### ***Between one in five and two thirds of jobseekers from Vienna match the demanded profiles of vacancies elsewhere in Austria***

**Matching jobseekers with vacancies requires an alignment between the profiles of jobseekers and those of available vacancies.** Cross-regional placement can only be successful if the skills and experience of jobseekers in Vienna correspond to those demanded by employers in other parts of the country. This section assesses to what degree the profiles of these jobseekers and vacancies overlap in terms of industry (experience) and educational level, providing an estimate of the number of jobseekers from Vienna that could be placed in other federal states accounting for the local supply of jobseekers. Additionally, this section analyses how German language skills, or the lack thereof, relate with employment prospects of immigrants.

**The overlap in the composition of jobseekers in Vienna and vacancies elsewhere is relatively large in terms of industry (experience).** The five most common industries in which jobseekers in Vienna have

experience are professional, scientific and technical activities (21.3%), wholesale and retail trade (14.9%), education (12%), accommodation and food service activities (11.3%), and construction (8.4%). Simultaneously, most vacancies outside of Vienna are posted in professional, scientific and technical activities (23.5%), wholesale and retail trade (18.1%), manufacturing (13.9%), accommodation and food service activities (13.6%), and construction (8%). This implies a relatively large overlap between jobseekers and vacancies when it comes to industry (experience).

**Although roughly half of jobseekers in Vienna have, and vacancies in other parts of the country require mandatory education, the educational composition of labour supply and demand is somewhat misaligned when it comes to vocational and tertiary education.** Mandatory education accounts for roughly half of all jobseekers (48.3%) and vacancies (51.2%), while secondary education is more common among jobseekers (19.8%) than among vacancies (9.9%). Importantly, there is a misalignment between the demand and supply of vocational education and tertiary training: vocational education is more common among vacancies outside of Vienna (34.8%) than among jobseekers in Vienna (19.7%). The opposite is true for tertiary education (12.3% in Vienna and 4% outside of Vienna).

**Table 2.2. The five most common profiles of jobseekers in Vienna that could fill open vacancies in other parts of the country**

Open vacancies in the rest of the country that could be filled by jobseekers from Vienna, by industry and education, net of local supply of jobseekers (lower-bound scenario), 2023.

Industry	Education	Potential
Wholesale and retail trade	mandatory	3,733
Accommodation and food service activities	mandatory	3,439
Professional, scientific and technical activities	vocational	2,819
Professional, scientific and technical activities	mandatory	2,758
Manufacturing	mandatory	1,178

Note: Potential refers to the number of jobseekers from Vienna that could be matched with vacancies in the rest of the country based on their past industry experience and educational level, after filling all vacancies in a labour market district with jobseekers from the same district. This corresponds to the lower-bound scenario, described in more detail in the main text.

Source: Based on AMS (2025<sup>[3]</sup>), *Labour market database of the AMS*.

**Between one in five and two thirds of all jobseekers in Vienna could be matched with vacancies in the rest of the country based on their past industry experience and educational level.** To gauge the potential of cross-regional placement of jobseekers from Vienna, this exercise estimates a lower- and an upper-bound for the share of jobseekers registered with the AMS in Vienna that could fill vacancies that correspond to their educational level and industry experience elsewhere in Austria. The lower-bound scenario assumes that all jobseekers in Austria are first matched with suitable positions in their local labour market district. In other words, vacancies in all labour market districts are filled with locally available jobseekers before matching jobseekers from Vienna with vacancies in other parts of the country. This corresponds to a conservative scenario, since it is unlikely that all vacancies are filled with locally available jobseekers (i.e. some would remain unfilled for reasons other than their education requirements and industry). The upper-bound scenario reflects the opposite extreme case, in which jobseekers from Vienna are matched with vacancies elsewhere regardless of whether vacancies can be filled with locally available jobseekers. The two scenarios estimate that the AMS could place between 21.1% and 66.9% of jobseekers from Vienna in other parts of the country.

**Jobseekers with experience in the wholesale and retail trade, the accommodation and food services activities, and professional, scientific and technical activities, mostly requiring mandatory education, show the largest potential for cross-regional job placement.** Table 2.2 reports the five

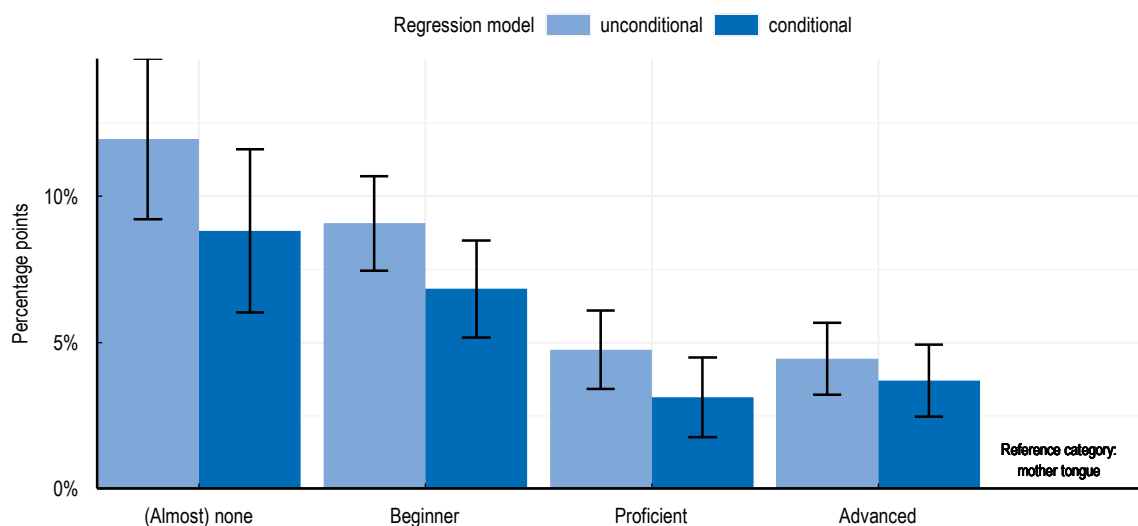
jobseeker profiles that hold the largest potential for cross-regional matching of jobseekers from Vienna under the conservative lower-bound scenario. Profiles with mandatory education and experience in the wholesale and retail trade industry (3 733 jobseekers) or accommodation and food service activities (3 439 jobseekers) hold the largest potential. In the professional, scientific and technical activities industry, 2 819 and 2 758 jobseekers from Vienna with vocational and mandatory education could be matched with vacancies in the rest of Austria, respectively. Additionally, 1 178 jobseekers from Vienna could fill manufacturing vacancies requiring mandatory education. This exercise abstracts from the fact that vacancies can be filled with jobseekers with experience in other industries and makes the simplifying assumption that all vacancies are filled locally if their education-industry profile matches the jobseekers' profile.

### **Immigrants that lack German language skills are significantly more likely to be unemployed.**

Relative to foreign-born individuals with native-level German skills, immigrants that do not speak any German are 12 percentage points more likely to be unemployed (Figure 2.21). This difference is slightly smaller (9 percentage points) when comparing individuals with differing language skills but the same sex, educational level, and age. Even among immigrants that have a proficient or advanced level of German, unemployment is approximately 3-4 percentage points higher than among native-level speakers. Indeed, focus group interview participants from non-German speaking countries state that their lack of German language skills complicates navigating administrative procedures, including interactions with the AMS and job applications. This clear link between German language skills and employment outcomes is particularly relevant in the context of Vienna's labour market where over 60% of jobseekers come from non-EU countries and many have deficiencies in their knowledge of the German language. Furthermore, the association between German skills and employment outcomes is similar in urban and rural places.

**Figure 2.21. Individuals that lack German skills are substantially more likely to be unemployed**

Probability of being unemployed for the foreign-born population by German skills, relative to the foreign-born population with native-level German, 2021.



Note: The figure above represents the coefficients of two linear regressions that regress a dummy for unemployment on a categorical variable for German language skills. Unconditional refers to a regression model without control variables. Conditional refers to a regression model with control variables for sex, age, and gender. Robust standard errors are used.

Source: EU-LFS module 2021 on "labour market situation of migrants and their immediate descendants".

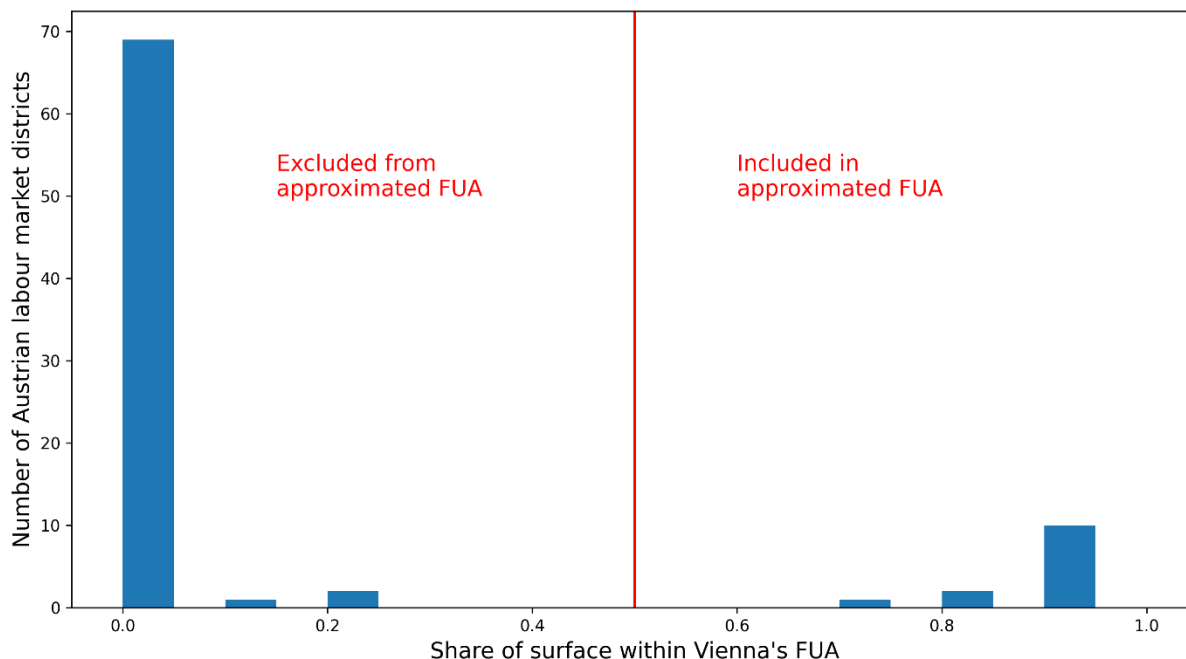
## Annex 2.A. Methodological details

### Approximating Vienna's Functional Urban Area based on Austrian labour market districts

The Austrian definition of labour market districts (*Arbeitsmarktbezirke*) does not encompass municipalities that lie outside the federal state of Vienna, but within Vienna's Functional Urban Area according to the European Commission-OECD definition (Dijkstra, Poelman and Veneri, 2019<sup>[1]</sup>). To account for these municipalities, some analyses in this chapter approximate Vienna's commuting zone by calculating the overlap between Austrian labour market districts and the municipalities contained in the FUA of Vienna. Specifically, if more than 50% of a labour market district's surface belongs to municipalities within the FUA, the labour market district is considered part of Vienna's commuting zone (Annex Figure 2.A.1). In these analyses, Vienna city refers to the city's core (coinciding with the Austrian definition of Vienna's labour market district), and Vienna commuting zone refers to all municipalities that are part of Vienna's approximated FUA but lie outside the city's core.

#### Annex Figure 2.A.1. The surface-based inclusion criterion of Austrian labour markets in the approximation of Vienna's FUA provides a clear cut-off

Share of the surface of Vienna's surrounding labour market districts that fall into the EU-OECD definition of Vienna's FUA.



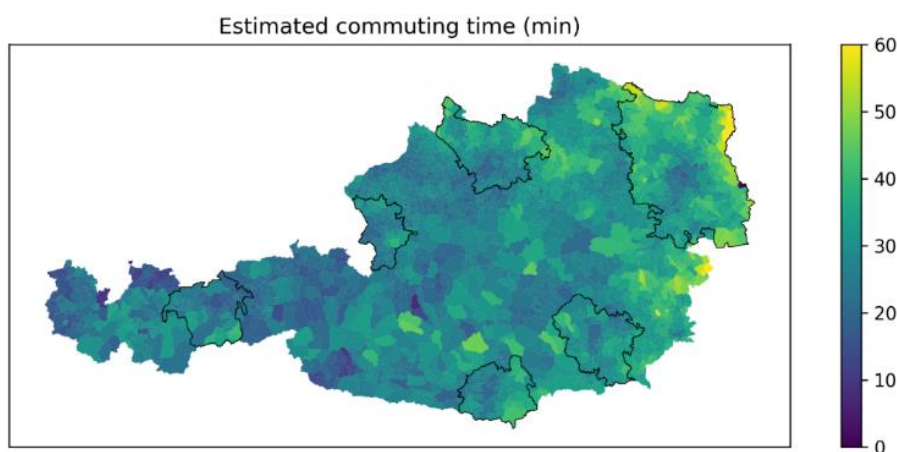
Source: Based on Dijkstra, Poelman and Veneri (2019<sup>[1]</sup>) and AMS (2025<sup>[3]</sup>).

## Estimating average commuting times at the municipal level

To estimate average commuting time at the municipal level (Annex Figure 2.A.2), this chapter combines open-source routing data with official statistics from Eurostat and National Statistical Offices (NSOs). The methodology integrates travel time estimates from OpenStreetMap (OSM) using the r5py (Fink C., et al., 2025) routing engine with NSO commuting flow matrices and Eurostat commuting time statistics at the degree of urbanisation (DEGURBA) level. The methodology follows these steps:

1. **Estimating inter-municipal driving times:** Average commuting time between the population-weighted centroid of each pair of municipalities were first computed using OSM road network and r5py travel time algorithm.
2. **Estimating intra-municipal average driving time:** At the grid level (using the Eurostat GISCO 2021 population grid), commuting times between each pair of grid cells within the same municipality were estimated. These were then aggregated to the municipal level as population-weighted averages based on grid-level population data.
3. **Estimating the theoretical average driving time by municipality:** The commuting flow matrix from NSOs was used to weight the inter- and intra-municipal commuting times, producing a theoretical average commuting time for each municipality.
4. **Recalibrating commuting time estimates using Eurostat official statistics:** Because r5py does not account for traffic congestion, commuting times in urban areas tend to be underestimated, and congestion levels vary across countries. To correct these biases, we recalibrated the r5py-derived estimates using Eurostat statistics on employed persons by commuting time, educational attainment, and degree of urbanisation (Eurostat, 2022). As Eurostat statistics show average travel time by degree of urbanisation based on place of work, we first aggregated the r5py municipal-level commuting time estimates by place of work and we then computed recalibration factors by country and by degree of urbanisation. We then applied these recalibration factors to the inter-municipal commuting time using the degree of urbanisation classification of the place of work.

### Annex Figure 2.A.2. Estimated commuting time by municipality in Austria (min)



Note: The black boundaries correspond to Functional Urban Areas (FUAs) in Austria.

Source: Eurostat (2022), *Employed persons by commuting time, educational attainment level and degree of urbanisation (2019)*, [https://ec.europa.eu/eurostat/databrowser/view/LFSO\\_19PLWK28/bookmark/table?lang=en&bookmarkId=96ad2e59-267b-404c-97e2-133b7fa05022](https://ec.europa.eu/eurostat/databrowser/view/LFSO_19PLWK28/bookmark/table?lang=en&bookmarkId=96ad2e59-267b-404c-97e2-133b7fa05022); OpenStreetMap contributors (2025), *Planet dump retrieved from* <https://planet.osm.org>, <https://www.openstreetmap.org>; Fink, C., Klumpenhouwer, W., Saraiva, M., Pereira, R., & Tenkanen, H. (2022). *r5py: Rapid Realistic Routing with R5 in Python (0.0.4)*. Zenodo. <https://doi.org/10.5281/zenodo.7060438>

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## Notes

<sup>1</sup> Throughout the report, the term non-EU nationals refers to individuals who are nationals of countries outside both the European Union (EU) and the European Free Trade Association (EFTA). References to the EU in this report are used in an extended sense and also cover the EFTA countries, i.e. Iceland, Liechtenstein, Norway and Switzerland.

<sup>2</sup> These statistics exclude Luxembourg which consists of a single territorial unit in the OECD's TL classification.

<sup>3</sup> The Austrian Federal Statistical Office reports unemployment rates for the population aged 15 and above of 9.4% and 3.4% in Vienna and Salzburg, respectively. This results in a regional unemployment disparity of 6 percentage points across Austrian federal states based on the Austrian census following the ILO definition of the employment status. In contrast, the unemployment statistics cited in this report refer to the population aged 15-64, explaining the small differences.

<sup>4</sup> The statistics on the population's educational attainment in Vienna are based on the European Labour Force survey, which differ from estimates based on the Austria census. Estimates based on the latter report a share of tertiary educated people among the population aged 25-64 of 39.4% in Vienna in 2023.

<sup>5</sup> The term "humanitarian migrants" refers to recognised refugees, beneficiaries of subsidiary protection, and sponsored or resettled refugees and is used throughout this report (OECD, 2023<sup>[13]</sup>).

<sup>6</sup> These statistics exclude Italy and Slovenia due to insufficient data availability.

<sup>7</sup> Post-secondary education refers to vocational and tertiary education, the latter consisting of universities, universities of applied sciences (*Fachhochschule*), and vocational schools with higher education entrance qualification (*Berufsbildende Höhere Schule*).

# **3**

## **Labour mobility-enhancing policies in Austria**

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This chapter examines the mobility requirements placed on jobseekers and the policies designed to enable and support geographic labour mobility in Austria. It first compares mobility requirements for jobseekers across OECD countries. The chapter then reviews Austria's current measures to support geographic mobility in three areas: information provision, financial incentives and training programmes. For each area, it discusses international good practices and empirical evidence on effectiveness. Building on these comparisons, the chapter identifies shortcomings in Austria's current policies and concludes with recommendations to improve their design and impact.

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# In Brief

**Broader eligibility for cross-regional placement, stronger financial incentives, better information and targeted training can improve geographic mobility of jobseekers and reduce labour market imbalances**

- **Jobseekers in Austria face less strict mobility requirements than in many other OECD countries, but sanctions and enforcement tend to be comparatively strict.** Austrian law requires jobseekers to accept job offers with a daily commute of up to two hours, placing Austria in the mid-range of the OECD Strictness of Activation Index on mobility requirements. Following a 2025 Austrian Administrative Court ruling, extensions of this requirement of up to three hours per day are now permissible. Sanctions for non-compliance are mild at first but become severe in repeated cases, and the Public Employment Service (*Arbeitsmarktservice* – AMS) applies them relatively consistently. Across the OECD, countries with stricter mobility requirements tend to enforce them less rigorously, and neither longer required commuting times nor mandated relocations are associated with higher geographic mobility.
- **Less than 10% of jobseekers are currently considered eligible for cross-regional placement by the AMS in Vienna, a target group that could be broadened.** The AMS focuses its cross-regional placement efforts on the tourism industry and on less-qualified jobseekers, as 80% of job vacancies in Western Austria are in tourism and 45% of less-qualified jobseekers are registered in Vienna. At present, cross-regional placement is only possible when employers in the destination region provide accommodation, and jobseekers with care responsibilities or health limitations are excluded. These narrow criteria limit the target group to under 10% of all jobseekers in Vienna, around 70% of whom are humanitarian migrants<sup>1</sup>. The current approach does not take into account labour shortages in other sectors or jobs with higher skill requirements in Austria's Western federal states, some of which match the qualifications of jobseekers from Vienna. Broadening the target group to include all jobseekers who have recently moved to the capital and lifting the requirement for employer-provided accommodation for placements outside tourism could help address geographic labour market imbalances.
- **Existing financial relocation programmes in Austria are likely too small to significantly increase geographic mobility among less educated jobseekers.** The AMS currently supports jobseekers with travel and commuting allowances (*Vorstellungs-/ Arbeits-/ Lehrantrittsbeihilfe* and *Entfernungsbeihilfe*) to encourage cross-regional employment take-up, while a previous relocation incentive was discontinued in 2016 due to low demand. Empirical evidence indicates that financial relocation incentives need to be substantially higher and provided on an ongoing basis, particularly when targeting less-qualified jobseekers who tend to have a lower propensity to move, as is currently the case in the AMS programme.
- **Information campaigns to advertise work outside Vienna are broadly comparable to practices in other OECD countries, but widening the scope of job fairs and a single integrated digital platform on cross-regional employment opportunities could reduce search costs.** Between 2018 and 2024, cross-regional job fairs in Vienna placed only 73 jobseekers in other federal states, underscoring their limited effectiveness. Other information initiatives in Austria, such as the tourism coach (*TourismusCoach*), an initiative to promote employment opportunities in Schladming-Dachstein (Styria), also focus predominantly on the

tourism sector. While the design of job fairs and company visits are in line with good practices in other OECD countries, a broader sectoral scope could widen the target group. An information platform that integrates existing tools such as the job barometer (*Jobbarometer*), the career compass (*Karrierekompass*) and the job information system (*Berufsinformationssystem*) could bring together regional labour market data, job opportunities and available financial and educational support and thereby reduce information frictions about employment opportunities in other regions.

- **Training programmes for jobseekers in Austria that aim to place candidates in jobs outside Vienna could cover a broader range of industries and be better co-ordinated.** Selected initiatives in Austria already account for geographical imbalances in the labour market but show limited success in supporting labour mobility. For example, the *New Skills Courses*, six-week training programmes in Vienna featuring a one-week internship in the target region, led to at most 56 cross-regional placements in 2019. Despite these modest results, the programmes contain important elements highlighted in academic literature. Occupation-specific training, particularly when combined with internships with employers in other regions, tends to strengthen employer engagement and increase employment take-up after programme completion. The one-week internships included in the *New Skills Courses* cover this aspect, though they could be extended in duration. Going forward, the *Centre for Cross-Regional Placement* could serve as a nationwide interface for co-ordinating interregional job placements across all federal states, facilitating information exchange and campaigns, and aligning training offers with regional labour market needs.

**This chapter presents the labour mobility-enhancing policies currently in place in Austria.** These are embedded in the larger legal framework that defines when jobseekers need to commute or relocate for a job, and what sanctions they face in the case of not complying with this legislation. The first section, thus, presents the legal (activation) requirements for the jobseekers' geographic mobility and the potential sanctions for failing to meet them.

## Relocation requirements for jobseekers in Austria in OECD comparison

**Legal commuting and relocation requirements for jobseekers can be compared across countries based on the OECD's Strictness of Activation Requirements for Benefit Recipients indicator.** Two aspects of activation requirements for benefit recipients are particularly important in the context of this study: first, the daily commuting time to and from the potential new job that each country's legislation deems acceptable. Second, the sanctions which jobseekers face in case of refusing a job offer within the acceptable commuting time. This study compares the strictness of Austria's legislation with that of other countries using the OECD's Strictness of Activation Requirements for Benefit Recipients indicator (Immervoll and Knotz, 2018<sup>[1]</sup>). Box 3.1 describes the methodology used to construct the indicator in detail. It is important to note that the indicator only considers the rules as defined by the law, not their enforcement. Differences in enforcement across countries might affect how strict their mobility requirements are in practice.

### Box 3.1. Methodology of the OECD Strictness of Activation Requirement indicator

The OECD periodically monitors the activity-related eligibility conditions for unemployment benefits and maintains a database with indices on the strictness of activation requirements for benefit recipients. The aggregated index quantifies member countries' policies and is based on three weighted sub-indicators, each composed of several items. These items codify each country's respective rules on a scale from 1 to 5, with 1 being the least strict and 5 being the strictest. Aggregating these items produces a composite index for comparing overall strictness across countries, while the sub indicators and items reveal the individual aspects where countries are more lenient or stricter.

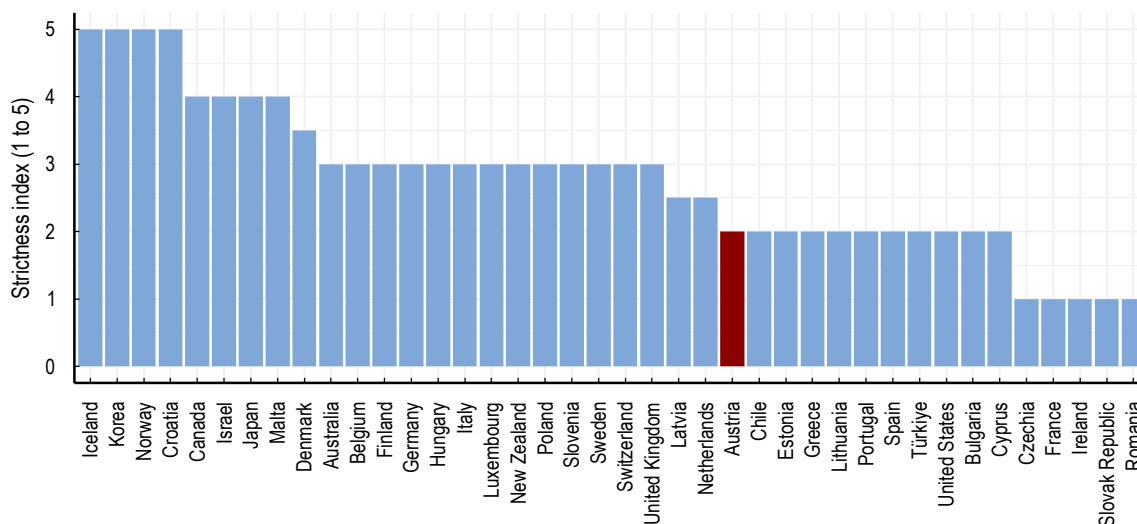
The three sub-indicators include availability requirements, job search requirements and monitoring procedures, and sanctions. Each of the three sub-indicators features several items that are weighted based on the number of items included in the sub-indicator. Each sub-indicator is equal to one third of the aggregate index. This report focuses on three specific items: Item 3 of the availability requirements sub-indicator, namely demands on geographical mobility, as well as items 8 and 9 of the sanctions sub-indicator, specifically sanctions for refusals of suitable job offers and sanctions for repeated refusal of suitable job offers, respectively. The geographical mobility item ranges from no mobility requirements to an obligation to relocate, with most countries requiring jobseekers to be willing to commute for a pre-defined duration each day. Sanctions for job refusals differ in the length of unemployment benefit suspension, with the strictest level being loss of eligibility.

Source: Immervoll and Knotz (2018<sup>[1]</sup>), *How demanding are activation requirements for jobseekers*

**Geographic mobility requirements vary substantially across OECD countries.** With few exceptions, most OECD countries require jobseekers to accept job offers within an acceptable commuting time from their place of residence (Figure 3.1). These requirements range from less than two hours in countries such as Spain, the United States or Portugal, to commutes of up to four hours per day in Canada, Israel and Japan. Iceland, Korea, Norway, and Croatia even require jobseekers to relocate for a new job. Five countries, namely Romania, the Slovak Republic, Ireland, France, and Czechia are exceptions as they do not impose mobility requirements on jobseekers.

**Figure 3.1. Geographic mobility requirements are modest in Austria in international comparison**

Requirements for geographic mobility of jobseekers (see notes for interpretation), 2024.



Note: The index values have the following interpretation: 1 = no mobility requirements; 2 = commuting up to 2 hours per day; 3 = commuting up to 4 hours per day; 4 = commuting up to 4 hours per day; 5 = obligation to relocate.

Source: OECD strictness of activation criteria database.

**Austria ranks in the middle range in terms of the strictness of its mobility requirements when compared internationally.** In Austria, the maximum acceptable commuting time is currently set at two hours per day for individuals without health issues or care responsibilities (Figure 3.1). A recent ruling by the Austrian Administrative Court clarified that extending this limit by up to 50% is permissible, meaning that the maximum acceptable commuting time for full-time employees may reach up to three hours per day in practice. Jobseekers are only required to relocate if the employer provides accommodation (Box 3.2). While five out of 40 countries analysed have no mobility requirement at all, 24 require longer commutes than Austria, in some cases exceeding four hours per day (e.g. Canada, Israel, Japan, Malta). Iceland, Korea, Norway, and Croatia require jobseekers to relocate for a new job. This places Austria in the middle range in terms of its mobility requirements.

### Box 3.2. Cross-regional labour market matching by the Austrian Public Employment Service

In Austria, jobseekers are required to accept job offers within commuting distance but are not generally obliged to relocate. Daily commutes of up to two hours for full-time positions (1.5 hours for part-time) are considered reasonable. Refusal to accept a suitable job within this commuting distance can result in sanctions by the Austrian Public Employment Service (*Arbeitsmarktservice* – AMS), including suspension of unemployment benefits for six to eight weeks. Jobs outside this commuting distance are not mandatory to accept, as they typically involve relocation, unless the employer provides temporary accommodation, which occurs mainly in the tourism sector. Exemptions from these requirements apply in cases of health limitations or care responsibilities.

#### **The Centre for Cross-Regional Placement**

The Centre for Cross-Regional Placement (*Fachzentrum Vermittlung Überregional* - VÜR) co-ordinates co-operation between regional AMS branches. It supports the AMS in Vienna in identifying suitable candidates for vacancies in the Western federal states by collecting vacancy information and jobseeker profiles from across regions. The Centre also organises initiatives to enable cross-regional mobility, including job fairs, information events, study trips with jobseekers and AMS staff to hiring firms, and job preparation courses that include internships in other states.

The Centre currently focuses on the tourism industry for three main reasons. First, 80% of tourism vacancies are located in Austria's western regions, while 45% of jobseekers with relevant experience live in Vienna, creating significant geographic imbalances. Second, tourism employers are among the few able to provide accommodation, which makes relocation obligations enforceable. Accommodation costs can be subtracted from the wage, which must comply with minimum wage legislation after deduction of accommodation costs. Third, tourism jobs typically require relatively low qualifications, aligning with the profile of many jobseekers in Vienna, who often have limited formal qualifications.

Due to its focus on the tourism industry, the Centre targets only a small share of jobseekers for cross-regional placement. Eligibility includes jobseekers with prior experience in tourism and humanitarian migrants, who are often considered suitable due to lower levels of recognised education and the relatively limited skill requirements of many tourism jobs. In May 2025, 10 800 jobseekers (9.5% of the 113 400 registered in Vienna) met these criteria. Jobseekers with health conditions or care responsibilities are exempt from mobility requirements. Humanitarian migrants represent around 70% of the eligible group.

Source: Information obtained from the Austrian Public Employment Service.

**Legal provisions on commuting requirements in Austria serve as general guidance, although in practice longer commuting times are often considered acceptable.** The Austrian Unemployment Insurance Act (*Arbeitslosenversicherungsgesetz*) specifies that job offers are acceptable if the place of employment “can be reached within a reasonable time” (Article 9). An amendment introduced in 2007 clarified that daily commutes up to two hours is considered reasonable for most workers. It further states that even longer commuting times can be acceptable if no realistic employment opportunities for the jobseeker exist within that radius. A recent directive from September 2025 (*Bundesrichtlinie zum Verfahren nach den §§ 9, 10 AIVG*), accounting for rulings by the Austrian Administrative Court, provides more guidance on acceptable commuting times. It considers commuting times exceeding the usual two-hour limit by up to 50% as acceptable in any case, effectively extending the mobility requirement for jobseekers to three hours for full-time employment. Both the legislative amendment and the directive underline that

mobility should be supported and that commuting-time regulations should not prevent jobseekers from taking up employment. The directive also allows for commuting times of up to four hours for full-time positions, subject to individual case assessment.

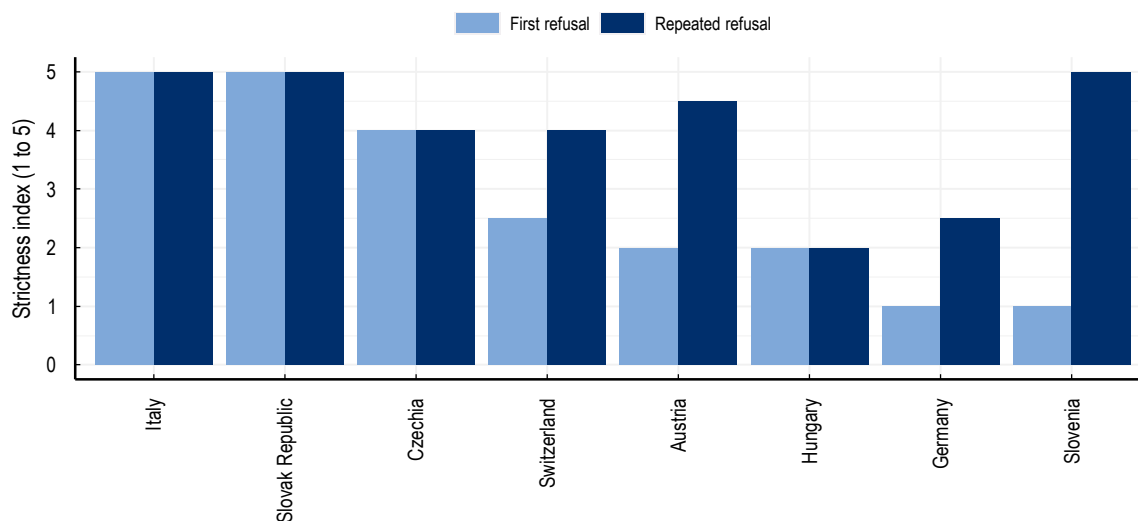
**The requirement that relocation is conditional on the employer providing accommodation effectively restricts relocations to the tourism sector, which is one of the few sectors capable of offering free housing.** The Austrian Unemployment Insurance Act also states that employment offers have to be accepted if “suitable accommodation is available at the place of work”, which constitutes a relocation obligation. However, the condition that accommodation must be provided by the employer effectively limits cross-regional placement to the tourism sector, as that sector is one of the few that can offer such cost-free accommodation. In addition, the Centre for Cross-Regional Placement (*Fachzentrum Vermittlung Überregional* – VÜR) facilitates these placements primarily in the tourism sector (Box 3.2). While the Centre is tasked with supporting interregional co-operation between regional Public Employment Service (*Arbeitsmarktservice* – AMS) branches and enabling cross-regional mobility, particularly from Vienna to the western parts of Austria, its current focus lies on the tourism sector. This is due to the fact that around 45% of jobseekers with relevant experience in that sector are registered in Vienna, while vacancies in the tourism sector account for about 80% of all open positions in the western regions of Austria.

**Countries typically sanction non-compliance with job offer refusals, including refusals related to mobility requirements, by suspending unemployment benefits for a defined period.** Most countries distinguish between a first refusal of a job offer within the acceptable commuting distance and subsequent refusals. Among the countries analysed, sanctions range from five to nine weeks of benefit suspension to the full loss of benefit entitlement (Figure 3.2). The same sanctions apply when jobseekers refuse an acceptable job offer in terms of commuting time and job type, fail to apply for a vacancy proposed by the Public Employment Service (PES), miss an application-related appointment, behave inappropriately during a job interview, or do not attend mandatory training programmes.

**Sanctions in Austria are relatively mild for first-time job refusals but become severe for repeated refusals of suitable job offers within the acceptable commuting time.** Jobseekers who refuse a suitable offer for the first time face a suspension of unemployment benefits for six to eight weeks (Figure 3.2), placing Austria among the countries with more moderate sanctions for initial refusals; Switzerland, Czechia, the Slovak Republic and Italy impose longer suspensions. For repeated refusals, however, Austria applies comparatively long suspensions of more than 14 weeks. Only Italy, the Slovak Republic and Slovenia impose more severe sanctions, which can entail a complete loss of entitlement.

**Figure 3.2. Austria's sanction system in case of job refusal is moderate for first job refusals, but rather strict for repeated refusals when compared to neighbouring countries**

Strictness of sanctions in case of job refusals by first and repeated refusal (see notes for interpretation), 2024.



Note: The index values represent for how long unemployment benefits are suspended in case of the first and repeated job refusals: 1 = 0 to 4 weeks; 2 = 5 to 9 weeks; 3 = 10 – 14 weeks; 4 = more than 14 weeks; 5 = loss of entitlement.

Source: OECD strictness of activation criteria database.

**OECD countries with stringent geographic mobility requirements tend to not enforce them, whereas the AMS, operating with milder requirements, issues sanctions more regularly.** The OECD Strictness of Activation Requirement index, described in Box 3.1, measures the strictness of legal provisions regarding mobility requirements and the severeness of sanctions in case of non-compliance. However, countries may or may not enforce these legal provisions in practice. Although systematic evidence on the enforcement of sanctions for non-compliance is limited, countries with the strictest legal mobility requirements appear to rarely apply them (Box 3.3). Although international data on sanctions are not fully comparable due to differences in legal bases and definitions, the AMS sanctions jobseekers who refuse to participate in employment-related training or to accept suitable job offers (i.e. not limited to geographic mobility) more strictly than, for instance, the German PES. While the AMS supported 426 012 jobseekers via its unemployment insurance, 162 435 sanctions were imposed for failing to comply with any of the requirements placed on jobseekers in 2024. The ratio of sanctions for refusing or impeding training or employment to the number of jobseekers, which may include multiple sanctions applied to the same individual, was 8% in Austria. In Germany, the ratio of sanctions applied for refusing a job offer, declining a training measure or abandoning a training programme to jobseekers was 3% in 2023.<sup>2</sup>

### Box 3.3. Strict geographic mobility requirements for jobseekers are often weakly enforced: Evidence from Norway and Iceland

Some countries require unemployed individuals to relocate if suitable employment is available elsewhere in the country, placing the highest demands on geographic mobility. In practice, however, these relocation requirements often function primarily as a deterrent and are not strictly enforced.

In Norway, the National Insurance Act (*Folketrygdloven*) states that benefit recipients must accept work anywhere in Norway in order to be considered a genuine jobseeker. The Norwegian Labour and Welfare Administration (NAV - *Arbeids- og velferdsetaten*) elaborates in a directive (*rundskriv R04-00*), that Norway as a whole is considered as one labour market and that benefits recipients have to be willing to move or find temporary accommodation where work is available. Within the National Insurance Act, sanctions for refusing a job offer based on location are 8 weeks of benefit suspension for first occurrences and six months for repeated refusals within 12 months. A NAV research article analysing transitions from benefits to employment shows that, in the period studied, 31% of jobseekers found work in the same municipality and in their former occupation (Kann et al., 2018<sup>[2]</sup>). Among the other jobseekers who found employment, 54% changed occupation, 33% began commuting to another municipality, and only 3% relocated, noting that these categories are not exclusive. Overall, sanctions are used as a deterrent rather than actually enforced: between 2014 and 2019, only 3% of benefit recipients were sanctioned for breaking any of the jobseeker requirements.

In Iceland, the Icelandic Unemployment Insurance Act (*Lög um atvinnuleysistryggingar No. 54/2006*) states similarly that an individual is a genuine jobseeker only if they are willing to take work anywhere in Iceland. The Act details sanctions for refusing a suitable job offer, where a first refusal leads to a loss of benefits for two months and repeated occurrences leading to a loss of benefits for three months. Welfare Appeals Committee rulings and parliamentary ombudsman opinions underscore the geographic mobility clause, but there are no public rulings where this specific legal provision was enforced.

Source: Alþingi (2006<sup>[3]</sup>), 54/2006: *Lög um atvinnuleysistryggingar*, Ekelund and Sørbø (2024<sup>[4]</sup>), *Jeg er ikke her for å stanse penger: Navveilederes bruk av sanksjonsregelverket for dagpenger*, Kann et al (2018<sup>[2]</sup>), *Geografisk og yrkesmessig mobilitet blant arbeidsledige*, Stortinget (n.d.<sup>[5]</sup>), *Lov om folketrygd (folketrygdloven) – Kapittel 4. Dagpenger under arbeidsløshet*.

## Evaluating labour mobility-enhancing policies in Austria

**This section discusses Austria's policies designed to directly support labour mobility.** These include information provision, financial incentives and training programmes that equip jobseekers with the skills needed to take up work outside their place of residence. In addition to outlining Austria's current mobility-enhancing measures, the section reviews academic evidence on the effectiveness of these policy types and draws lessons from best-practice examples in other OECD countries.

### Information provision

**Information about job opportunities in other regions can help expand the search radius of both jobseekers and employers by reducing information asymmetries.** Limited knowledge about available vacancies, job conditions, employers or local contexts may prevent jobseekers from applying, while employers benefit from learning about potential candidates early in the recruitment process. Such information asymmetries are often particularly pronounced in cross-regional jobseeker–employer

matching. OECD countries use various approaches to reduce such information frictions, including job fairs, on-site employer visits with jobseekers, and initiatives that strengthen information exchange and co-operation between regional PES branches.

**Although information on open positions is widely available nowadays, evidence from academic studies shows that information provision can lead to small positive effects on mobility in a cost-effective way.** In the presence of information asymmetries, the provision of information can lead to better matching of jobseekers and vacancies. For example, newspaper advertisement on vacancies in the US fracking industry increased out-mobility in areas where the ads appeared by 2.4% (Wilson, 2021<sup>[6]</sup>; Wilson, 2020<sup>[7]</sup>). Information provision is most effective if *i*) the information provided is sufficiently specific<sup>3</sup> (Schwartz, Mihaly and Gala, 2016<sup>[8]</sup>), *ii*) labour demand in origin regions is low (Wilson, 2021<sup>[6]</sup>), and *iii*) if it is combined with additional relocation support (Bergman et al., 2024<sup>[9]</sup>). In line with this evidence, jobseekers from Vienna participating in focus group interviews stated that they would benefit from systematic information on job vacancies in other parts of Austria, in particular Salzburg and Tyrol.

**The AMS facilitates the flow of information on cross-regional placements, in particular in the tourism industry, through job fairs, coaching of recently placed employees, and through the exchange of information between employers and employees, but the number of jobseekers placed through these efforts has been limited.** Job fairs focus on connecting jobseekers from Vienna with employers from a specific region and industry, for example, the tourism symposium (*Tourismus Symposium*) focusing on Pongau (Salzburg) and the tourism industry (Table 3.1). Other fairs are open to employers from all regions and industries. In the tourism coaches (*Tourismus Coaches*) programme, AMS staff support jobseekers interested in working in the tourism industry in Styria throughout the integration process, including the job search, training, and adaptation to the new work environment. Additionally, specifically trained AMS staff support cross-regional placement in the tourism industry in Styria by sharing relevant information between jobseekers, employers and other AMS staff as part of the tourism pioneers (*Tourismus pionierInnen*) programme. Between 2018 and 2024, 73 jobseekers from Vienna found employment elsewhere through job fairs, ranging from zero in 2020, the first year of the COVID-19 pandemic, to 31 in 2018.

**Table 3.1. Information provision initiatives in Austria**

	Description	What is being done?	Target	Target Sector
Tourism symposium	Vienna Forum on recruiting and retaining workers in the hospitality industry in Pongau	Networks between local businesses and best practice examples promote a sustainable tourism sector	Pongau (Salzburg)	Tourism and hospitality
Supraregional job exchanges	Connect jobseekers in Vienna with employers in regions with high labour demand	Direct employer contacts, regional information and clear placement promote willingness to relocate	Supraregional	All industries
Tourism coaches	Supports jobseekers in tourism and accompanies them through the settling-in process	Support with integration through job search, training and adaptation to a new environment	Schladming / Dachstein (Styria)	Tourism industry
Tourism pioneers	AMS staff offer insights into the job market through visits and discussions between employers and employees	Visits and employer contacts can promote jobseekers' interest in interregional jobs	Styria	Tourism industry

Source: Based on information provided by the AMS.

**Labour market information tools can improve transparency about distant labour markets, but available AMS tools are not yet consolidated in one place.** Table 3.2 summarises several dispersed AMS labour market information tools and highlights areas of overlap between them. Compared to information platforms in other countries, such as Job Bank in Canada, described in more detail in Box 3.4, information about occupations and distant labour markets must be gathered from different websites, leading to higher search costs. AMS platforms also lack comprehensive regional wage data, which would help individuals form realistic expectations about distant labour markets and could influence relocation decisions. Findings from focus group interviews conducted for this study indicate that jobseekers in Vienna struggle to independently locate relevant labour market information, as resources on employment opportunities and available support are dispersed across multiple websites and must be compiled individually. Participants also expressed low confidence in the AMS's ability to support distant job searches or provide targeted referrals with a good match between jobs and skills. In addition, they noted the need for better information on vacancies and living conditions in other regions before considering relocation. Overall, these information frictions and high search costs likely reduce jobseekers' ability to access the information necessary to relocate successfully for work.

**Table 3.2. Labour market information tools provided by the AMS**

Overview of the online tools offered by AMS in respect to labour market information

Function	Existing Tool
Trends in occupations and regional labour market outlooks	JobBarometer
Integrated database linking job profiles with skills, interests, and vacancies	Berufsinformationssystem
Occupation-specific wage ranges, skill requirements, and training programmes	Gehaltskompass/Karrierekompass
Job profiles with requirements, employment options, outlook, training, progression, self-employment as well as links to vacancies and wage info	Berufslexikon
Self-assessment and career exploration tool	Berufskompass
Information on financial aid	AMS-Website
AI-based information service for training and upskilling programmes, occupations and wage levels	AMS Berufsinformat
Information tool on labour market tightness by occupation and federal state	Jobchancen in Österreich

Source: Based on publicly available information from the AMS.

### Box 3.4. Reducing regional information frictions through a digital employment platform in Canada

The so-called Job Bank serves as the national entry point of the Canadian Public Employment Service (PES) and combines both information about vacancies as well as detailed labour market insights. The platform offers advanced search functions such as job matching, job transition tools, and a dedicated section for career planning advice. The latter encourages jobseekers to make use of the platform's comprehensive labour market information which includes employment outlooks and wage comparisons by region and occupation, as well as detailed job profiles. The platform uses the Occupational and Skills Information System (OaSIS) to provide an overview of the skills and competencies needed for each job profile. While the impact of this web-based solution on interregional labour mobility has not been analysed to date, evaluations by the Canadian PES indicate that the integration of these different services in one platform enables jobseekers to obtain distant labour market information and decreases information asymmetries and search costs. Since 2018, the job matching service integrated into Job Bank directly supports geographic labour mobility, as jobseekers indicate their willingness to relocate when creating their profile, facilitating interregional hiring. Other countries provide similar services with a strong emphasis on labour market information, accessible employment, wage and industry outlooks as well as job transition tools including the UK, Australia, and the US.

Source: Employment and Social Development Canada (2017<sup>[10]</sup>), *Evaluation of Learning and Labour Market Information as Disseminated by ESDC Using a Web-based Consolidated Approach*, Employment and Social Development Canada (2021<sup>[11]</sup>), *Evaluation of the Job Match service: connecting jobseekers to Canadian employers*, Employment and Social Development Canada (n.d.<sup>[12]</sup>), *Job Bank*.

## Financial incentives

**Financial incentives to support the geographic mobility of jobseekers can help overcome liquidity constraints and enable moves when real wage premia are not sufficiently large.** Reimbursing or covering moving costs upfront reduces immediate financial burdens that may otherwise deter jobseekers from considering opportunities in other regions. Such support is particularly important for low-income jobseekers, who often face tighter borrowing constraints and have limited savings. Relocation grants, often paid as lump-sum amounts or as a continuous housing allowance, can encourage jobseekers to broaden their search radius and take up employment in cases where moving does not generate a substantial wage premium. This is especially relevant for individuals whose expected earnings gains from relocating are modest and for whom the gap between unemployment benefits or other social welfare payments and potential earnings is small in absolute terms. The overall objective of these financial support programmes is to widen the set of feasible job matches and contribute to a more efficient allocation of labour across regions.

**Austria provides financial support to jobseekers when applying to and when accepting a job outside their location of residence, however, the number of beneficiaries is relatively low.** The AMS compensates jobseekers “in financial distress” for the travel- and accommodation costs resulting from job interviews in another region (*Vorstellungsbeihilfe*) (Table 3.3). On average, there were 2528 beneficiaries receiving approximately EUR 300 on average in 2024. Furthermore, the AMS supports jobseekers who take up a job outside their region of residence (*Entfernungsbeihilfe*). It does so by subsidising commuting costs by up to EUR 260 per month or rental costs resulting from a secondary home by EUR 400 per month. Jobseekers who are about to accept a job with a gross income of up to EUR 2 700 per month are eligible for this policy. There were 665 recipients receiving approximately EUR 1 500 on average in 2024. Like the

German relocation assistance, Austria used to support jobseekers who relocated for a job with a lump sum payment of up to EUR 4 632 (up to a gross income of EUR 2 300) until 2016. However, the policy was removed due to low demand from jobseekers (e.g. only 156 recipients in 2012).

**Table 3.3. Financial incentives in Austria**

	What it covers	Who can benefit	Maximum amount	Results
Interview/work/teaching start-up allowance	<b>Travel expenses</b> for attending job <b>interviews</b> outside your own residential area	Jobseekers in <i>financial distress</i> *	All proven <b>travel and accommodation costs</b> for the interview	In 2024 <b>2 528</b> recipients Average payment of ~ EUR 300 per person
Relocation support (discontinued)	<b>Relocation costs</b> if you move to another region for work or training	Jobseekers with a future gross monthly income of up to EUR 2,300	Up to EUR 4,632 for <b>relocation/rental costs</b> or deposits	<b>156</b> recipients in 2016 → Discontinued in early 2016 due to <b>low demand</b>
Distance allowance	<b>Rent and commuting costs</b> if you take up a job or training place at a distance	(Prospective) low earners up to EUR 2,700 gross per month	<b>Travel expenses</b> up to EUR 260 per month <b>Rent</b> up to EUR 400	In 2024 <b>665</b> recipients Average payment of ~ EUR 1 500 per person

Source: Based on information provided by the AMS.

**Across the OECD, many countries operate financial support programmes to facilitate relocation, comparable to the measures in place in Austria.** Most OECD countries, similar to Austria, provide or have provided lump-sum relocation grants to cover moving-related costs, although the scope of eligible costs varies across countries. These grants are typically linked to actual expenses incurred, meaning that not all recipients receive the full amount. As in Austria, most countries do not tie relocation grants to specific destinations. Australia is an exception: the relocation grant was initially structured so that the amount received depended on whether the recipient moved to a regional or a capital area. In addition to one-time relocation grants, two other countries offer more continuous forms of support in the form of housing subsidies similar to Austria's distance allowance. In Germany, jobseekers may receive a secondary accommodation subsidy of EUR 260 per month for up to six months if their daily commute exceeds 2.5 hours. In Romania, the mobility subsidy can be paid for up to 36 months. However, it targets low-income workers, with a monthly household income ceiling of RON 5 000, and is available only to jobseekers in nationally designated disadvantaged areas. Importantly, the Romanian subsidy supports full relocations rather than temporary relocations or secondary accommodation (Box 3.5).

### Box 3.5. Financial support for relocation across the OECD

Many OECD countries support the geographic mobility of jobseekers through different types of financial support programmes. Geographic mobility programmes, including financial relocation incentives, vary in their structure.

- **Germany** provides temporary accommodation subsidies (EUR 260 per month for up to six months if daily commuting exceeds 2.5 hours) as well as relocation assistance covering moving costs of up to EUR 4 500 to all jobseekers. These support instruments are discretionary and can be granted when caseworkers consider them necessary to help a jobseeker take up work in a distant region and is not tied to regions with labour shortages.
- In **Australia**, until 2022, long-term unemployed workers could receive a relocation grant of up to AUD 6 000 for moves to regional areas or AUD 3 000 for moves to capital cities (Relocation and Assistance to Take Up a Job Programme). This programme has been reformed since 2022, now covering a narrower range of moving related costs while offering upfront payments with no national financial cap to ease liquidity constraints. In addition, the grant is now available to a wider range of jobseekers and only requires a move of at least ninety minutes from the current residence, without differentiating between regional contexts. If participants left the job voluntarily within the first six months or were dismissed for misconduct, they could be sanctioned with a 12-week suspension of income support.
- **Romania** offers a relocation grant (*prima de instalare*) and a mobility subsidy (*prima de relocare*) in the form of a monthly housing allowance. The relocation grant is available to jobseekers from disadvantaged areas defined in the National Mobility Plan (*Planul Național de Mobilitate*) who take up employment more than 50 km from their current residence and move to the new locality. It amounts to RON 12 500 for individuals and RON 15 500 for families, paid in two equal instalments upon relocation and after 12 months of employment. While the relocation grant has no income ceiling, the monthly mobility subsidy targets households with net earnings of up to RON 5 000. The subsidy is supposed to be used to cover 75% of housing costs, capped at RON 900 per month, and can be paid for up to 36 months. Both programmes require jobseekers to have lived in the origin locality for at least 36 months and to remain in the destination locality for at least 12 months. In addition, jobseekers are ineligible if they have benefited from another mobility programme in the previous 36 months (including the commuting allowance (*prima de încadrare*)). In 2024, 1 117 workers benefited from the commuting allowance, 77 jobseekers received the relocation grant, and 221 workers were supported the mobility subsidy, compared to around 183 000 jobseekers who transitioned into employment in the same year through PES measures and programmes.

Source: ANOFM (2002<sub>[13]</sub>), *Lege nr. 76 din 16 ianuarie 2002 privind sistemul asigurărilor pentru șomaj și stimularea ocupării forței de muncă*, ANOFM (2025<sub>[14]</sub>), *Raport PO – Decembrie 2024*, Australian Government. Department of Jobs and Small Business (2018<sub>[15]</sub>), *Relocation Assistance to Take Up a Job Evaluation Report*, Caliendo, Künn and Mahlstedt, (2017<sub>[16]</sub>), *The Return to Labor Market Mobility: An Evaluation of Relocation Assistance for the Unemployed*, Caliendo et al (2023<sub>[17]</sub>), *The intended and unintended effects of promoting labour market mobility*.

**Evidence suggests that financial support to promote geographic mobility needs to be substantial to be effective for jobseekers with low levels of education, whereas extending such programmes to highly educated jobseekers tends to generate high take-up among individuals who would have moved even without support.** Low-educated jobseekers are less mobile than those with high levels of education (Wozniak, 2010<sub>[18]</sub>; Notowidigdo, 2020<sub>[19]</sub>). For example, in the United States, jobseekers with a university degree are 4.5 times more likely to relocate for a job than those without. Closing this mobility

gap would require a continuous support payment equivalent to 27% of the monthly wage (Amior, 2024<sup>[20]</sup>). In absolute terms, such a wage subsidy would equate to USD 10 800 annually for a hypothetical high school graduate earning USD 40 000 per year in the US. For comparison, in 2022, the average gross annual salary of a full-time employee with only compulsory education in Austria was EUR 36 638 (Statistik Austria, 2025<sup>[21]</sup>). Assuming that the subsidy to bridge the mobility gap between low and highly qualified jobseekers would need to amount to an equal share of income in Austria as in the United States, the necessary continuous subsidy would need to be more than twice the amount of the former relocation incentive (*Übersiedlungsbeihilfe*). Evidence from Germany further supports the notion that the current financial support is likely to low to incentivise less-educated jobseekers to relocate for employment. A mobility programme offering either a monthly subsidy of EUR 260 for a secondary residence or a lump-sum payment of EUR 4 500 for relocation increased the employment probability 24 months after the programme by 24 percentage points and led to 25% higher wages through relocation among programme participants (Caliendo, Künn and Mahlstedt, 2017<sup>[16]</sup>). However, the positive effects were entirely concentrated among highly educated male jobseekers.

**The payout structure of relocation incentives needs to be designed in a way that helps jobseekers overcome liquidity constraints.** A study of the Australian financial relocation incentive programme “RATTUAJ” (Relocation Assistance to Take Up a Job) from 2014 to 2016 demonstrates success in increasing employment for long-term unemployed workers (Australian Government Department of Jobs and Small Business, 2018<sup>[15]</sup>). However, findings show that limited financial support, the high administrative burden and tight deadlines to receive relocation support may have led to rushed relocations and poorer job matches.<sup>4</sup>

**One-off relocation support can help overcome the initial barriers to moving, but only continuous wage subsidies are likely to support sustainable relocations among less educated jobseekers.** Empirical evidence shows that less educated workers are less geographically mobile than highly educated workers, in part because they gain far less from long-distance moves, whereas college-educated workers often experience substantial wage increases when relocating (Amior, 2024<sup>[20]</sup>; Wozniak, 2010<sup>[18]</sup>). To foster sustainable moves among less-educated jobseekers, financial incentives would thus have to be designed to provide a continuously higher wage income. Findings from focus group interviews with Viennese jobseekers further support this conclusion. Participants stated that they would need a considerably higher salary to be incentivised to relocate, an aspect not addressed by a one-time payment. For jobseekers residing in Vienna, a lump-sum relocation incentive can thus reduce the upfront costs of moving, but it does not provide the ongoing financial support needed to offset other advantages of remaining in Vienna, discussed in detail in chapter *Structural and institutional factors shaping geographic differences in labour market outcomes*. A continuous wage subsidy also gives jobseekers an incentive to remain employed throughout the subsidy period, while one-off payments risk that recipients return to their original location once the payment is received and any contractual obligation to stay in the destination has expired.

**Country-specific evaluations of mobility programmes show that these instruments can support geographic mobility, employment and, earnings but require the support of caseworkers.** In Australia, an evaluation of the RATTUAJ-programme (Relocation Assistance to Take Up a Job) between 2014 to 2016, which only targets long-term unemployed jobseekers, found positive effects over time on employment retention and remaining off welfare support for a narrow cohort of jobseekers. In addition, 71% of programme participants moved to regional areas, underlining the programme’s success in incentivising moves to these areas. Within the evaluation, the authors concluded that relocations were the most successful, when they were well-planned and actively supported by PES caseworkers (Australian Government Department of Jobs and Small Business, 2018<sup>[15]</sup>).

## Training programmes

**Training programmes can increase both geographic and occupational labour market mobility.** Skills acquisition enlarges the jobseekers' employment opportunities to other occupations and jobs in other industries. Training programmes may also support employment take-up in other regions, due to differences in the industrial structure and in the regional availability of specific job profiles. By acquiring new skills jobseekers may also benefit from a wage premium to their new skill set, which can make relocations more attractive by (partially) compensating moving costs with higher wages. OECD countries seek to improve the jobseekers' employability through trainings that enhance both general skills (e.g. digital literacy) and job- or industry-specific skills. These programmes generally show positive effects on employment take-up.

**Austria offers programmes that combine industry-specific training with practical experience in a different region, and courses that prepare jobseekers for the application and relocation process to other regions.** New Skills courses train jobseekers for positions in a wide range of industries (e.g. IT, care, tourism, and administration) over a period ranging from several weeks to months, followed by a shorter internship in a destination region (Table 3.4). According to AMS staff, this programme is most likely to place jobseekers in another region if the training already takes place in the destination region. Other programmes enable cross-regional employment take-up through mobility-specific coaching and assistance. Specifically, b.mobile supports refugees aged 18-30 in finding an apprenticeship in target industries (e.g. tourism and health) and prepares them for the latter as well as for the relocation. Ticket2West was a pilot programme with a similar approach but focusing on specialised workers in a larger number of industries, including construction, metal works, and utilities.

**Table 3.4. Austrian training programmes designed to enhance labour mobility**

	Objectives	Target sectors	Target groups	Programme content
New skills courses	Further development of participants' industry-specific knowledge through <b>theoretical and practical courses</b> and taking up employment in regions outside Vienna	Multiple sectors (IT, care, tourism, technology, office administration, etc.)	Jobseekers and people who want to further their education	Six-week programme in Vienna and a one-week internship in the target region
B.mobile	A mobility-oriented <b>training programme</b> that prepares jobseekers for sought-after apprenticeships in regions outside Vienna and places them in suitable positions	All sectors with regional skills shortages (e.g. skilled trades, hospitality, healthcare)	Young workers aged 18-30 and asylum seekers	Preparation, support with relocation and placement in internships in other regions
Ticket2West*	Promotion of <b>interregional job matching</b> with personal support (housing search, coaching and qualification modules lasting several weeks)	Construction, installation of utilities and metalworking	Jobseekers who are qualified in the target sectors	<u>1-year pilot project</u> Comprehensive coaching, 4-6 week training courses & up to 80% of housing costs covered

Note: Ticket2West has been completed as a pilot project in April 2022.

Source: Based on information provided by the AMS.

**The strong association between the level of education and geographic mobility suggests that training programmes can increase mobility to some extent despite the lack of strong evidence on the training-mobility link.** High-skilled jobseekers are more mobile than their low-skilled counterparts (Amior, 2024<sup>[20]</sup>; Notowidigdo, 2020<sup>[19]</sup>), which is driven by the acquisition of skills (Malamud and Wozniak, 2012<sup>[22]</sup>). In theory, this opens the possibility for training programmes to increase jobseekers' geographic mobility by providing them with training opportunities, especially in the case of low-skilled jobseekers. While training programmes increase the jobseekers' chances of finding employment subsequently (Rodríguez-

Planas and Jacob, 2009<sup>[23]</sup>; Kluve, 2010<sup>[24]</sup>; Eppel et al., 2022<sup>[25]</sup>), there is no evidence on whether they impact geographic mobility.

**Job-specific training programmes, that focus on occupational and technical skills rather than broad general skills tend to have a more positive effect on labour market outcomes of jobseekers.**

In the short-term, job-specific trainings help unemployed workers find employment faster, which in turn leads to higher initial earnings (Wood, Neels and Vujić, 2024<sup>[26]</sup>; Stenberg and Westerlund, 2015<sup>[27]</sup>). These effects are particularly strong if they include workplace experience and feature direct employer engagement (Wood, Neels and Vujić, 2024<sup>[26]</sup>; Greenstone and Looney, 2011<sup>[28]</sup>). Conversely, general training, i.e. classroom-based training aimed at general education, motivation and job-search skills, tends to show limited immediate effects but rather yields a long-term positive effect through improved lifetime earnings and more adaptable skillsets (Wood, Neels and Vujić, 2024<sup>[26]</sup>; Chan and Suen, 2003<sup>[29]</sup>), in particular for less educated individuals (Stenberg and Westerlund, 2015<sup>[27]</sup>). Evidence further suggests that integrated approaches, which blend general training with workplace-based, vocational and sector-specific elements yield the best results in regard to sustaining employment and earning outcomes (Greenstone and Looney, 2011<sup>[28]</sup>; Stenberg and Westerlund, 2015<sup>[27]</sup>).

**Austrian training programmes have incentivised only a limited number of jobseekers to relocate for employment to the West of Austria.**

B.mobile resulted in 35 cross-regional placements in 2024, while 24 out of 629 persons attending the programme at least once took up employment outside of Vienna through Ticket2West.<sup>5</sup> New Skills courses led to 118 placements of jobseekers from Vienna in other regions between 2018 and 2024, ranging from no placements in some years to a maximum of 56 in 2019 (AMS, 2025<sup>[30]</sup>). Focus group participants reported poor information provision about training programmes and perceived limited efforts by the AMS to place jobseekers into suitable courses. Less-qualified jobseekers noted that available programmes often do not match their interests or career aspirations. Highly qualified jobseekers described the training they received as of limited relevance and pointed to a general lack of support measures for those with higher education. Jobseekers with a migration background reported long waiting times and limited availability of German language courses, which may further reduce their willingness to move to more rural areas where a strong command of German is often essential for employment.

## Recommendations

***Expand target groups among jobseekers for cross-regional job placement beyond tourism and refugees***

**The AMS currently classifies only a small share of jobseekers as eligible for cross-regional placement, focusing mainly on less educated jobseekers who can fill positions in the tourism sector.** Of the 113 400 jobseekers registered in Vienna in May 2025, only 10 800 were considered for cross-regional placement, 70% of whom are humanitarian migrants. This narrow focus reflects two factors. First, under current legislation, cross-regional placement is permitted only when the employer provides accommodation, effectively restricting placements to the tourism sector, one of the few industries able to meet this requirement. Second, in 2025, 80% of all vacancies in the tourism sector were posted by employers in Austria's Western federal states, while 45% of jobseekers qualified for these positions were located in Vienna.

**Austria could consider expanding its cross-regional placement programme to include registered jobseekers who have recently moved to Vienna and relaxing the requirement for employers to provide accommodation for positions outside the tourism sector.** The current focus on less educated jobseekers for tourism only partially addresses labour shortages in Austria's Western federal states. Interviews with employers in Tyrol and Salzburg indicate that shortages also exist in occupations requiring

higher education and skills. To maximise impact, interregional mobility programmes could cover all jobseekers rather than being limited to specific subgroups. In practice, the AMS could classify all jobseekers who have recently relocated to Vienna as eligible for interregional placement, thereby targeting individuals who have already demonstrated mobility and discouraging non-employment-related moves to the capital. Individuals with care obligations or health limitations could continue to be exempt. To further increase cross-regional placements, the requirement for employers to provide accommodation could be relaxed for sectors beyond tourism, where jobs are more stable and often located in areas with larger housing markets. The reform to mobility requirements for those considered eligible for interregional placement could be complemented by financial support to help cover relocation costs.

### ***Enhance information provision through an integrated AMS platform and economy-wide cross-regional job events***

**The AMS already offers several useful tools to inform jobseekers about employment opportunities in other regions, but integrating these services into a single, comprehensive platform could help reduce information barriers.** Drawing inspiration from Canada, the AMS could consolidate its existing online tools into an integrated one-stop shop that provides information on regional labour markets, industries, job profiles, career transitions, training opportunities, and available financial support. This could include tools such as the job barometer (*JobBarometer*, occupational and skills trends, regional outlooks), job information system (*Berufsinformationssystem*, job profiles and required competencies), *career compass* (*Karrierekompass*, career and wage information), *training compass* (*Ausbildungskompass*, training and education opportunities), and *job compass* (*Berufskompass*, career orientation), along with information on financial aid schemes such as the interview and commuting allowance (*Entfernungs- und Vorstellungsbeihilfe*), and any future relocation incentives. Integrating these resources into a single platform would lower search costs, improve accessibility, and reduce uncertainty about job opportunities in other regions, thereby supporting interregional mobility.

**Austria's cross-regional information initiatives currently focus mainly on the tourism sector, but the AMS could broaden their scope to cover additional industries and regions.** While tourism-focused initiatives serve an important purpose to inform Vienna-based jobseekers about opportunities in other federal states, labour shortages also affect other sectors in Western Austria, some of which require higher skills and face greater recruitment challenges. Expanding information and recruitment initiatives to these industries could help reduce uncertainty and align expectations between employers and jobseekers. Existing practices such as cross-regional job fairs and company visits already provide a strong foundation and are in line with good practices in other OECD countries. The Centre for Cross-Regional Placement could use its knowledge of local labour market needs to initiate targeted information campaigns in regions with significant numbers of suitable jobseekers. Local AMS branches, supported by the Centre, could also conduct pre-selection of jobseekers for activities such as company visits to ensure appropriate skill matching in advance.

### ***Strengthen the Centre for Cross-Regional Placement's role in co-ordinating cross-regional matching efforts and aligning regional skill shortages with targeted training***

**The AMS could strengthen the Centre for Cross-Regional Placement's role as a national co-ordination body to improve cross-regional matching and address information gaps between regional labour markets.** Comparative evidence from OECD countries shows that both jobseekers and local caseworkers often struggle to identify suitable candidates for relocation, largely due to limited knowledge of labour market conditions in other regions. Stronger co-ordination and collaboration between regional AMS branches are therefore needed. The Centre for Cross-Regional Placement could be given greater capacity and responsibility within Austria's labour mobility strategy to act as an interface between local AMS branches. As a national co-ordination body, the Centre could monitor complementarities across

regional labour markets and help balance occupational shortages and surpluses. In doing so, it would strengthen interregional collaboration, serve as a knowledge resource for local AMS staff, and facilitate more effective cross-regional referrals and recruitment.

**The AMS could expand and better target training programmes that address regional skill shortages and promote short-term internships as a way to test cross-regional placements.** The Centre for Cross-Regional Placement could work closely with regional AMS offices to identify regional skill and labour shortages and design targeted training programmes. Regional AMS branches could actively select jobseekers for cross-regional matching to ensure strong skill matches, while the Centre could oversee national strategy, co-ordination and monitoring given the limited capacity of local and regional offices. Existing programmes such as b.mobile and Ticket2West support interregional mobility through occupation-specific training, counselling and relocation assistance to regions with high labour demand, but their scope remains limited in terms of target groups and industries. The New Skills Courses programme helps address these gaps by being open to all jobseekers and covering a wider range of sectors. While it already provides targeted, occupation-specific training, the short internships within these courses could be extended. Evidence from across the OECD shows that such placements improve the quality of labour market matches, a finding echoed by employers in Austria's Western federal states, as well as jobseekers in Vienna, who both view short internships as good practice for ensuring suitable matches for both jobseekers and employers.

**Given the high share of humanitarian migrants among jobseekers in Vienna considered suitable for cross-regional placement, integration and language courses could help prepare them for the labour market and potential relocation.** Among jobseekers registered with the AMS in Vienna, around 66% have a migration background, almost all from non-German-speaking countries, and approximately one quarter (27%) are humanitarian migrants. Many job opportunities in other federal states require at least basic German language skills, which strongly influence employment prospects in Austria. To support cross-regional placement, the Austrian Integration Fund (ÖIF), in co-operation with the AMS, could consider expanding access to integration and language courses specifically for humanitarian migrants.

### ***Re-design financial relocation incentives***

**A reformed financial relocation incentive in Austria could consist of two components: reimbursement of actual relocation costs and continuous payments to encourage permanent relocation.** Comparative evidence from across the OECD suggests that financial incentives are more effective when they reimburse documented moving costs rather than providing a fixed lump-sum payment, as it ensures that funds are used for their intended purpose by recipients (Australian Government Department of Jobs and Small Business, 2018<sup>[15]</sup>; Westerlund, 1998<sup>[31]</sup>). The first component could therefore cover verified relocation costs incurred by the jobseeker and their household, offering a more cost-efficient and equitable approach than fixed lump-sum payments, as it reflects distance-related cost differences. To ease liquidity constraints for jobseekers with limited financial means, the AMS could provide this support through vouchers or direct payments to suppliers. A second component, drawing on evidence and practices from Romania and academic research, could take the form of continuous payments to incentivise lasting moves to regions or municipalities facing labour shortages (Amior, 2024<sup>[20]</sup>; Australian Government Department of Jobs and Small Business, 2018<sup>[15]</sup>; Molinder, 2022<sup>[32]</sup>). However, it has to be noted that such continuous support would need to be restricted in duration for fiscal reasons.<sup>6</sup> In Austria, this amount could be scaled according to regional labour market needs and distance, reflecting, for example, the imbalance between Vienna and the Western federal states.

**Relocation incentives for less educated jobseekers would need to be substantially increased to generate significant macroeconomic effects.** As in other OECD countries, less educated individuals in Austria are considerably less mobile than those with higher education. In 2016, a survey of workers aged 15-34 showed that 18% of university graduates in Austria had moved for their current job compared with

only 3% of individuals with compulsory education (Statistik Austria, 2017<sup>[33]</sup>). Similarly, evidence from the United States suggests that jobseekers with a university degree are 4.5 times more likely to relocate for a job across states than those without. Bridging this mobility gap in the United States would require a wage subsidy equivalent to around 27% of annual earnings. For a high-school graduate earning USD 40 000 per year, this would represent roughly USD 10 800, paid out as a monthly wage subsidy (Amior, 2024<sup>[20]</sup>). Assuming the needed wage subsidy is of equal proportion in Austria, it would need to amount to EUR 9 900 annually for a jobseeker with only compulsory education, earning roughly EUR 36 638 in 2022. While the estimate for the wage subsidy is based on the United States and may not be fully transferable to Austria, it illustrates the scale of support that would be needed to meaningfully affect relocation decisions. Against this background, Austria's discontinued relocation grant (*Übersiedlungsbeihilfe*), although comparable in size to similar current and former programmes in Australia (AUD 3 000–6 000), New Zealand (NZD 5 000), Romania (RON 12 500 – 15 000) and Germany (EUR 4 500), was likely far too low to significantly increase mobility among this group.

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[18]

## Notes

<sup>1</sup> The term “humanitarian migrants” refers to recognised refugees, beneficiaries of subsidiary protection, and sponsored or resettled refugees and is used throughout this report (OECD, 2023<sup>[36]</sup>).

<sup>2</sup> The German PES imposed roughly 749 000 sanctions (*Sperrzeiten*) in 2023. In the same year, an average of roughly 799 000 unemployed workers received benefits through the German unemployment insurance. It has to be noted, that a benefit recipient may incur multiple sanctions. The main legal grounds for imposing sanctions are delayed registration with the German PES (*verspätete Arbeitsuchendmeldung*) and voluntary unemployment (*Arbeitsaufgabe*), which together account for around 75% of all sanctions imposed. However, when it comes to sanctioning refusals related to employment or participation in training programmes, the German PES appears to sanction less frequently. In 2023, 0.8% of all jobseekers were sanctioned for refusing a job offer (*Arbeitsablehnung*), while 1.9% were sanctioned for refusing a training measure (*Ablehnung einer beruflichen Eingliederungsmaßnahme*) and 0.5% for abandoning a training programme (*Abbruch einer berufl. Eingliederungsmaßnahme*) (Bundesagentur für Arbeit, 2024<sup>[34]</sup>). Similar categories for sanctions appeared more frequently in Austria in 2024, where 8% of jobseekers were sanctioned for refusing or impeding employment or training (*Verweigerung bzw. Vereitlung Arbeit/Schulung*) while unwillingness to work (*Ablehnungen/Einstellungen mangels Arbeitswilligkeit*) accounted for another 0.35%. In addition, the AMS sanctions per diem absences from training programmes, which affected 10.4% of all jobseekers (ORF, 2025<sup>[35]</sup>).

<sup>3</sup> This study tested whether housing vouchers paired with free mobility counselling can increase relocations to “opportunity neighbourhoods” in the Chicago metropolitan area. The study finds that information provision is most effective when it is specific and immediately actionable rather than through generic, information-heavy materials. This finding is likely to be transferable to interregional labour mobility of jobseekers in the sense, where clear, easily accessible and explicit information on job opportunities and living conditions in destination regions may be the most conducive to labour mobility.

<sup>4</sup> Findings from the focus group interviews suggest that not only the costs related to moving create a barrier to labour mobility, but also finding suitable accommodation. Some participants mentioned the need for assistance in finding housing, either through the AMS or the employer. For the Australian context, caseworkers provide logistical support for relocations on a case-by-case basis (Australian Government Department of Jobs and Small Business, 2018<sup>[15]</sup>). The evaluation further recommends formalizing housing guidance, as one of its findings shows that poorly planned relocations often lead to hardship and weaker labour market outcomes.

<sup>5</sup> An additional 48 were placed in Vienna.

<sup>6</sup> A continuous but time-limited wage subsidy would mitigate the issues linked to one-off payments. If a recipient leaves the job voluntarily or is dismissed for misconduct within a defined period, the subsidy can simply stop, whereas a lump-sum payment would require repayment. This reduces the administrative burden for the AMS and likely increases its cost-efficiency. Moreover, the support could be capped to a set number of months, giving jobseekers the option to use it across several episodes of seasonal employment or to use it all at once to support a more long-term relocation

# **4**

## **Structural and institutional factors shaping geographic differences in labour market outcomes**

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This chapter analyses structural and institutional factors that influence labour mobility and contribute to geographic differences in labour market outcomes in Austria. The analysis focuses on four policy areas: i) family-related social policies, particularly childcare provision and child-related social benefit entitlements, ii) regional differences in the housing market, iii) the integration of asylum seekers and humanitarian migrants, including their initial dispersal, mobility restrictions and access to integration courses, and iv) the potential to scope the interplay between seasonal work permits and cross-regional placement efforts. For each area, the chapter reviews the current situation in Austria and draws lessons from international good practices in OECD countries.

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# In Brief

## Reducing geographic labour market imbalances in the long-term will require tackling the structural factors that limit labour mobility towards high-demand regions

- Vienna provides the most generous childcare among Austrian states, presenting a mobility barrier to families and women.** While 89.2% of three- to five-year-old children enrolled in childcare attend full-time employment-compatible childcare facilities in Vienna, only 52.8% do so in the remaining federal states. Since the lack of such facilities likely represents a mobility barrier to families and, in particular, to women, opening hours of childcare centres outside of Vienna could be extended to accommodate parental full-time work.
- Child allowances in the social benefit system (*Sozialhilfe/Mindestsicherung*) are substantially higher in Vienna than in other federal states, potentially incentivising non-employment-related relocation towards the capital and limiting out-migration.** For example, in 2025 families with four children receiving social assistance were entitled 2 996 EUR and 2 297 EUR in Vienna and Upper Austria, respectively. The benefit amounts received, including partial benefit reception, also reflect these regional differences as families with four or more children received an average of EUR 1 797 in Vienna compared with EUR 1 041 in Upper Austria in 2023. Harmonising child-related social assistance benefits across Austria's federal states would help ensure that moving between regions does not affect entitlements or influence location decisions.
- The relatively higher share of affordable social housing in Vienna likely reduces its residents' willingness to relocate to other regions.** In Vienna, more than twice as many residents live in social housing (42%) than in other federal state on average, thereby offering affordable accommodation to a large share of its population and dampening rents in the private market. To foster labour mobility, social housing could be increased outside Vienna, for example through a more widespread use of social housing provisions in development agreements. Social housing can also create lock-in effects, as tenants are less likely to move if relocation would entail significantly higher housing costs elsewhere. In the short-term, while social housing supply is increased, such lock-in effects in social housing could be reduced by waiving queuing requirements for tenants who relocate to another federal state for employment and by granting those who move for work a temporary right to return to social housing in their home region.
- Shortcomings in the labour market integration of asylum seekers and humanitarian migrants contribute to geographic labour market imbalances.** Humanitarian migrants, defined as individuals who have been granted residence on humanitarian grounds, including refugees and beneficiaries of subsidiary or temporary protection, face structural employment barriers. The initial dispersal system for asylum seekers does not take local labour market demand into account, and once protection is granted, free geographic mobility has led to a concentration of around 78% of humanitarian migrants in Vienna. Limited early access to integration courses further hampers labour market outcomes. As a result, humanitarian migrants accounted for 25% of all people registered with the Public Employment Service (*Arbeitsmarktservice* – AMS) in Vienna, and for 70% of all jobseekers considered for cross-regional placement in 2025. The labour market integration of humanitarian migrants could be

strengthened by considering local labour demand in the initial dispersal of asylum seekers, by limiting subsequent non-employment-related moves to areas with already high concentrations of humanitarian migrants, and by providing integration courses during the asylum procedure to applicants with a high probability of receiving protection.

- **Austria could assess the scope for improved co-ordination between relocation efforts from Vienna and seasonal work permit policies for non-EU nationals<sup>1</sup>.** In 2026, the national quota for seasonal work permits in tourism will rise to around 8 000, representing a sixfold increase from the 1 300 permits issued in 2020. The 8 000 permits correspond to about 57% of the monthly average number of tourism vacancies registered with the AMS in 2025 and roughly 2.2% of total employment in the sector. The large number of seasonal work permits for non-EU nationals could ease the incentive for employers to improve working conditions, potentially making jobs in tourism and agriculture unattractive for domestic jobseekers. To support the AMS's cross-regional placement of jobseekers, Austria could aim to better analyse the effect of seasonal workers on wages and working conditions in the tourism sector and, if relevant, co-ordinate between relocation efforts from Vienna and seasonal work permit policies for non-EU nationals.

**Structural factors can shape geographic differences in labour market outcomes by influencing individuals' incentives to move to certain locations over others.** Consistent with previous OECD work, this report adopts a broad definition of structural factors, referring to the structural and institutional policy framework that affects the static and dynamic allocation of resources within the economy (Tompson and Dang, 2010<sup>[1]</sup>). Policies influencing these factors typically fall outside the remit of the Austrian Public Employment Service. While labour mobility is not the primary goal of structural policies, and often not even an explicit policy objective, they can have unintended effects that indirectly influence mobility. This is particularly relevant when structural factors, such as housing or welfare policies, differ across regions and create incentives to reside in one federal state rather than another, even when economic conditions and labour market opportunities would favour relocation and contribute to a more efficient allocation of resources.

**This chapter focuses on four structural factors that, due to their regional variation, may influence the allocation of workers across Austria: housing policies, asylum and migration policies, and family-friendly social policies, such as childcare availability and welfare policies.** It examines how these factors can shape the residential choices of workers and jobseekers and, in turn, may contribute to geographic labour market disparities. The chapter then draws on academic research and good-practice examples from across the OECD to provide recommendations for reducing policy-induced incentives that could lead to an inefficient allocation of labour.

## Regional differences in family-related social policies contribute to Vienna's pull factors

**More generous social policies for families may reduce out-mobility and attract beneficiaries.** In theory, higher social benefit entitlements raise the reservation wage of jobseekers (i.e. the wage for which they accept a job offer), making employment-related relocations less likely (Schapiro et al., 2022<sup>[2]</sup>). Evidence on this link exists for certain types of social benefits: for example, in Finland, earnings-based unemployment benefits reduce the geographic mobility of laid-off workers (Maczulskij and Böckerman, 2023<sup>[3]</sup>). Additionally, tenants in social housing show lower mobility than those renting in the private market (see section below). Although there is no systematic evidence that other forms of social policies, such as the provision of childcare and basic income support for the (long-term) unemployed, attract individuals or

reduce out-mobility from regions with higher entitlements by raising their reservation wage, evidence exists for parts of the population. For example, humanitarian migrants who moved to Vienna from other federal states are almost twice as likely (52%) to mention higher social benefits as reason for their relocation, than those moving to other federal states (27%) (ICMPD, 2025<sup>[4]</sup>).<sup>2</sup> Additionally, unemployed women from Vienna are substantially less likely to relocate for work than men, partially due to childcare responsibilities (see chapter *Regional labour market imbalances and labour mobility in Austria*). Indeed, better childcare availability and quality in Vienna than elsewhere in Austria were mentioned during focus group interviews as a major factor affecting her the decision to relocate.

**More widely available free childcare in Vienna leads to higher attendance rates among children than in other Austrian states.** Austria has successfully expanded childcare over the past decade (OECD, 2024<sup>[5]</sup>). Although the national government financially supports federal states in its childcare offer, the design of the latter falls into the states' remit, leading to large geographical differences in generosity. Vienna offers Austria's most generous childcare system by providing free full-day childcare for children under six, while most other federal states only provide free half-day childcare for certain age groups. For example, half-day childcare for children aged four to six, and three to six is free in Tyrol and Salzburg, respectively (Bundeskanzleramt, 2025<sup>[6]</sup>). Consequently, while the childcare attendance among children aged three to five is relatively similar across federal states (94.3% on average), attendance among those aged zero to two is substantially higher in Vienna (46.4%) compared to the remaining federal states (33.3%), in particular Upper Austria (24.9%), Salzburg (30.6%) and Tyrol (32.8%).

**Additionally, the early childcare system in Vienna allows for a better compatibility of work and childcare than in other Austrian states.** Austria considers childcare facilities that open for at least 45 hours per week, operating for 9.5 hours on four weekdays, as full-time employment-compatible (VIF). Even larger regional differences than in the general enrolment rate emerge among children enrolled in VIF childcare across federal states, with 89.2% of three-to-five-years-olds in childcare attending VIF centres in Vienna (88.8% for ages zero to two) compared to only 52.8% across the other Austrian federal states on average (52.1 for ages zero to two). Although, more than 90% of childcare facilities operate for more than six hours per day (considered full-day) in all federal states (Statistik Austria, 2025<sup>[7]</sup>), many of them likely fall short of the VIF criterion outside of Vienna. These differences are due to differences in funding and political priorities across Austrian states.

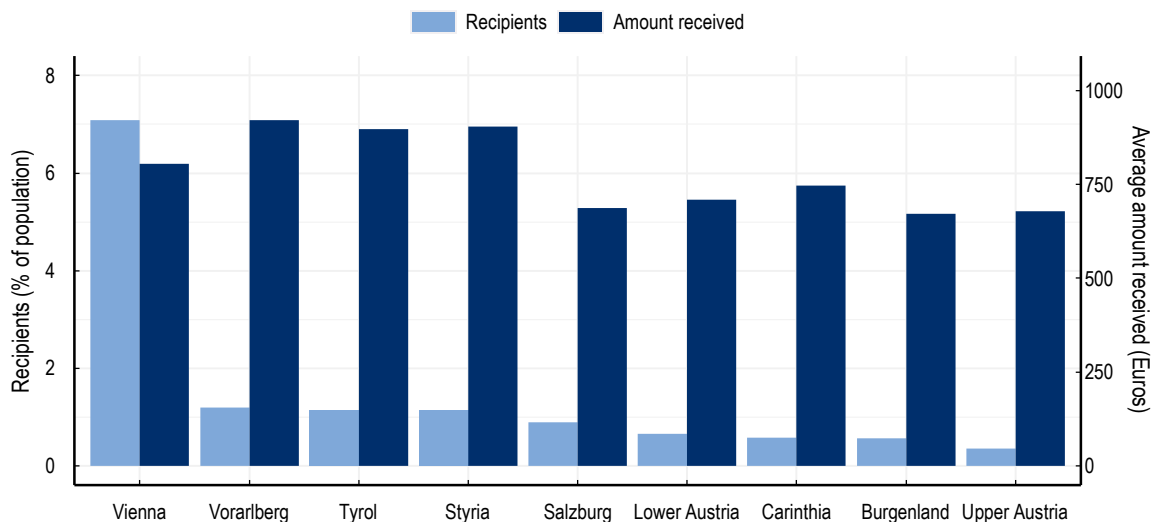
**Similarly, the Austrian social benefit system (*Sozialhilfe* or *Mindestsicherung*) lies within the states' competence, leading to large geographic differences in generosity.** Austrian states have relatively large autonomy in determining their means-tested social benefit entitlements. In 2019, the Austrian federal government switched from defining minimum benefit entitlements (under *Mindestsicherung*), which regions could increase at their discretion, to setting maximum entitlements (under *Sozialhilfe*), which cannot be surpassed by regional governments. These maximum entitlements amount to 1 209 EUR for single households and 1 693 EUR for couple households without children as of 2025. However, the new law has not yet been implemented in Tyrol, where benefit entitlements remain above the maximum amounts (1 814 EUR instead of 1 693 EUR for a couple household without children), and only partially so in Vienna (BMASGPK, 2025<sup>[8]</sup>).

**Although the basic allowances are similar across Austrian states, special allowances, for example for children and housing, lead to large regional differences in benefit entitlements.** Austrian states have full discretion in setting entitlements up to a maximum amount per under-age child in households. As a result, in some states child-related entitlements decrease in the number of children, for example from 302 EUR for a family with one child to 145 EUR per child for a family with five children in Lower Austria, while Vienna, Salzburg, Carinthia, and Burgenland pay a constant amount of for each additional child. This constant amount is highest in Vienna with 325 EUR per child. Additionally, states can increase the maximum entitlement by 30% due to high housing costs (*Wohnkostenpauschale*), which has traditionally been used in Vienna, Vorarlberg, Tyrol and Salzburg (BMASGPK, 2025<sup>[48]</sup>). This discretion in setting the

entitlement (along with cross-regional differences in the composition of recipients) leads to a 37% higher average monthly benefit amount per household in Vorarlberg (921 Euros) than in Burgenland (671 Euros) in 2023 (Figure 4.1).

### Figure 4.1. More than eight times more residents receive social benefits in Vienna than in the rest of Austria, while the average amount is comparable

Share of social benefit recipients (as % of total population) and the average amount received by households by TL2 region, 2023.



Note: The data refer to *Sozialhilfe* in all federal states except for Tyrol (*Mindestsicherung*) and Vienna (combination of *Mindestsicherung* and *Sozialhilfe*). The average amount received includes social assistance for living expenses and housing (*Lebensunterhalt und Wohnen*).  
Source: Statistik Austria (2024<sup>[9]</sup>)

### Although social benefit recipients concentrate in Vienna, the average social benefit amount received is not higher than in other federal states, partially due to the composition of recipients.

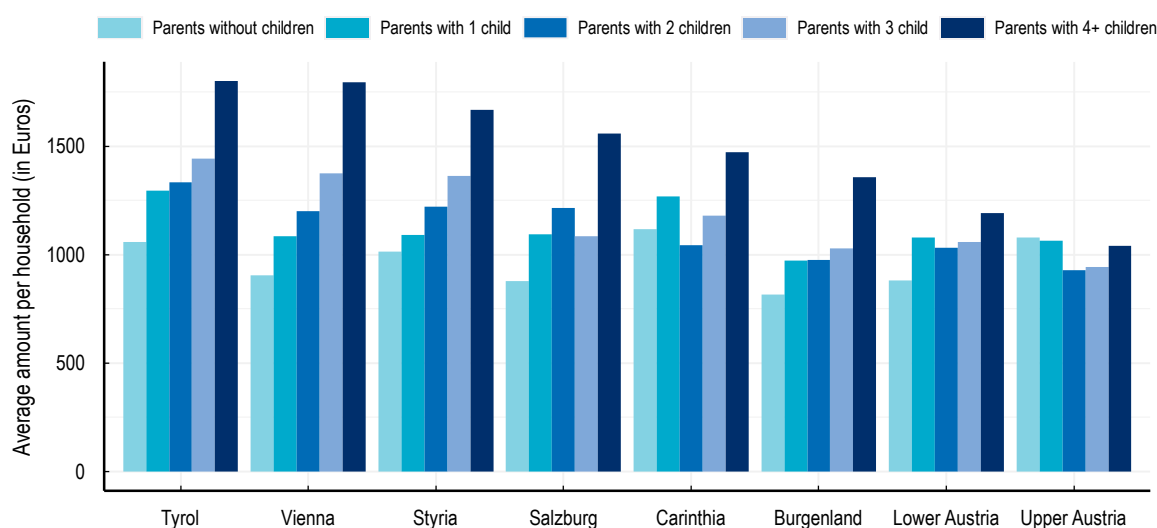
Approximately 70% of all social benefit recipients reside in Vienna, compared to around 20% of Austria's population. Yet, recipients in Vienna receive a similar monthly amount (805 EUR) on average than in other states (777 EUR) (Figure 4.1), despite significantly higher benefit entitlements for certain subgroups, for example for families with children. Two characteristics of jobseekers likely lower the average benefit amount in Vienna: first, single households, for which entitlements are relatively similar across states, account for a high share of recipients in Vienna (70%) compared to other states (63%). Second, the share of recipients who receive only partial benefit payments, due to other sources of income (e.g. labour income or unemployment benefits) is also higher in Vienna (75%) than in other states (66%) (BMASGPK, 2023<sup>[10]</sup>). However, differences in the generosity of social benefits can be particularly large for subgroups of the population, for example for families with children.

**Social benefits in Vienna are particularly generous for families with many children.** One aspect in which benefit entitlements differ across states is the child allowance, which increases by a constant amount in some states, including Vienna, while it decreases in the number of children in many other states. Federal states with constant increases in child allowances, namely Vienna (326 EUR per child), Salzburg (302 EUR), and Burgenland (278 EUR) tend to also offer the most generous social benefit entitlements overall. For example, Vienna offers the most generous social benefit entitlements for a family with four children (disregarding housing allowances), which receives a basic allowance for couples (1 692 EUR) and child-related supplements (1 304 EUR), amounting to a maximum of 2 996 EUR per month in total compared to

2 297 EUR in Upper Austria. Salzburg (2 900 EUR) and Burgenland (2 804 EUR) follow Vienna in offering the most generous social benefit entitlements for households with these characteristics. The amounts received by beneficiaries, including partial benefit reception, reflect these regional differences in entitlements, as families with four or more children received on average 1 797 EUR in Vienna but only 1 041 EUR in Upper Austria in 2023 (Figure 4.2). An exception is Tyrol, where households with four children receive the highest average amounts among all federal states, despite rather low maximum entitlements across states (2 414 EUR per month excluding housing allowances). This difference is potentially due to particularly generous housing allowances in Tyrol.

**Figure 4.2. Social assistance amounts increase particularly strongly for each additional child in Vienna**

Average amount received in social assistance per household by number of children and TL2 region, 2023.



Note: data on the average amount received by the number of children are available for Vorarlberg.

Source: Statistik Austria (2024<sup>[9]</sup>)

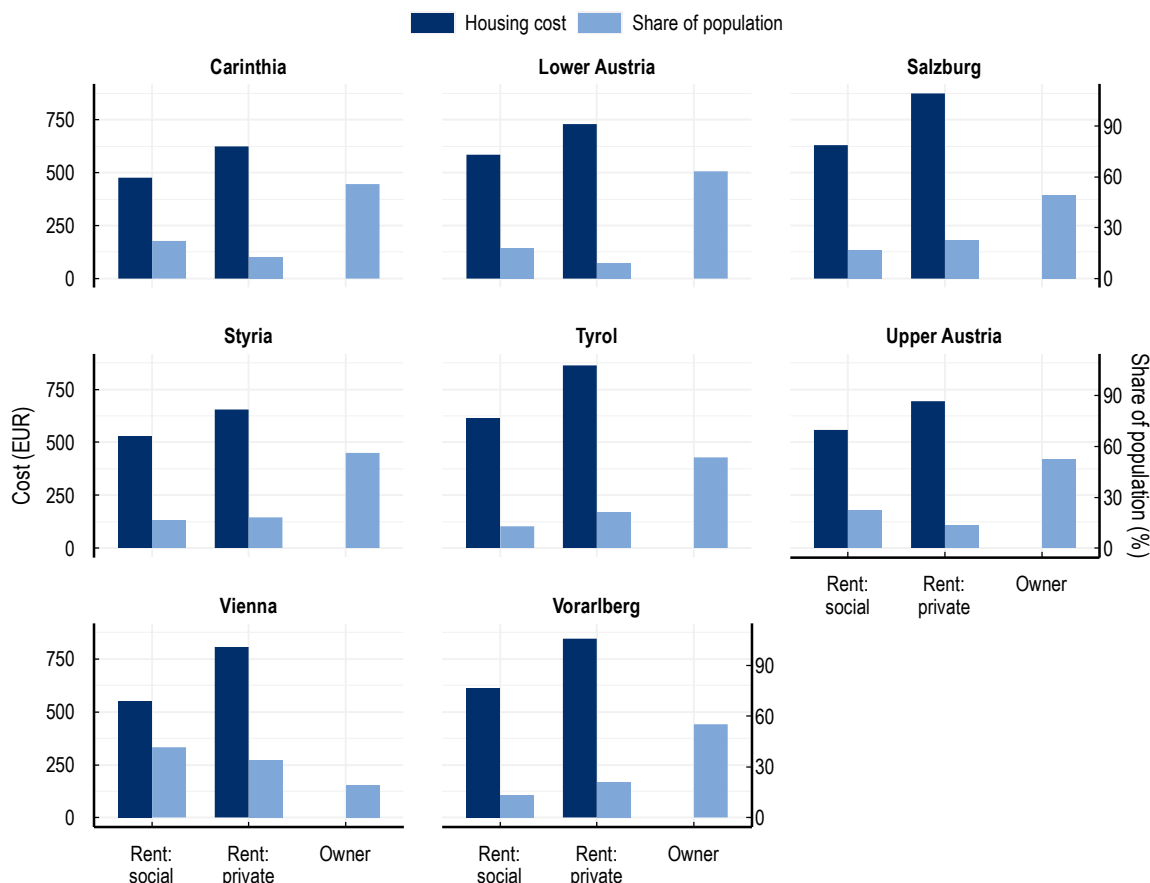
## The concentration of affordable, social housing in Vienna may reduce incentives to relocate for work

**Various features of the housing market shape internal labour mobility.** Evidence shows that home owners are less likely to relocate to another region in the country than tenants, since homeownership increases the cost of moving (Ferreira, Gyourko and Tracy, 2010<sup>[11]</sup>). Similarly, tenants in social housing are less likely to relocate to another region than tenants in the private market, likely because they would give up their cheaper rental contract when moving (Causa and Pichelmann, 2020<sup>[12]</sup>). These dynamics likely play an important role for internal mobility in Austria, as housing market conditions between Vienna and urban areas in the West of the country differ significantly.

**In most OECD countries housing is (becoming) substantially more expensive in metropolitan areas than in the rest of the country, yet Vienna remains relatively affordable.** House prices are 27% higher in large FUAs (i.e. with a population of more than 1.5 million) than in the country on average across the OECD. Since large metropolitan areas usually concentrate much of a country's economic activity, they attract workers and raise the demand for housing, and eventually prices. However, in Vienna, houses are only 9% more expensive compared to the country average (OECD, 2024<sup>[13]</sup>).

**Figure 4.3. The large majority of residents in Vienna are tenants, many of which in social housing**

Average Monthly housing costs, including running costs, and the share of the population in different housing arrangements by Austrian TL2 regions, 2024.



Note: Data on costs for homeowners not available. The dark blue bars (left axis) show the monthly average cost per apartment (i.e. rent including running costs), disregarding differences in the size of the apartment. No data are available for housing costs for homeowners (i.e. mortgages). The light blue bars (right axis) show the share of the population that rents (either social housing or in the private market) or and owns their apartment. The federal state of Burgenland is omitted due to the lack of data on one form of social housing, specifically those provided by the municipality (*Gemeindewohnungen*).

Source: Statistik Austria (2025<sub>[14]</sub>)

**Vienna's large provision of affordable social housing may reduce its residents' willingness to relocate to other regions.** The share of residents in social housing is more than twice as high in Vienna (41.7%) as in any other Austrian state, except for Styria (22.3%) (Figure 4.3). Social housing in Vienna costs on average 550 EUR per flat per month and is 32% cheaper than rent in the private market (807 EUR per month). This high share of affordable social housing dampens overall rent prices in the capital (OECD, 2024<sub>[15]</sub>). Consequently, rent in the private market in Vienna is approximately comparable to other regions with large (i.e. exceeding 100 000 inhabitants), but substantially smaller cities. Specifically, private market rent is higher in Salzburg (874 EUR), and Tyrol (864 EUR) and lower in Styria (655 EUR) and Upper Austria (694 EUR) than in Vienna (807 EUR). These regional patterns in the rental market stay qualitatively similar both for contracts signed recently and for those signed in earlier decades (Figure 4.4). As research shows that lower rent and social housing reduces internal mobility (Causa and Pichelmann, 2020<sub>[12]</sub>), the affordable housing market in Vienna may contribute to low out-mobility from Vienna. Focus group participants also highlighted the role of the housing market in relocation decisions, noting the relative

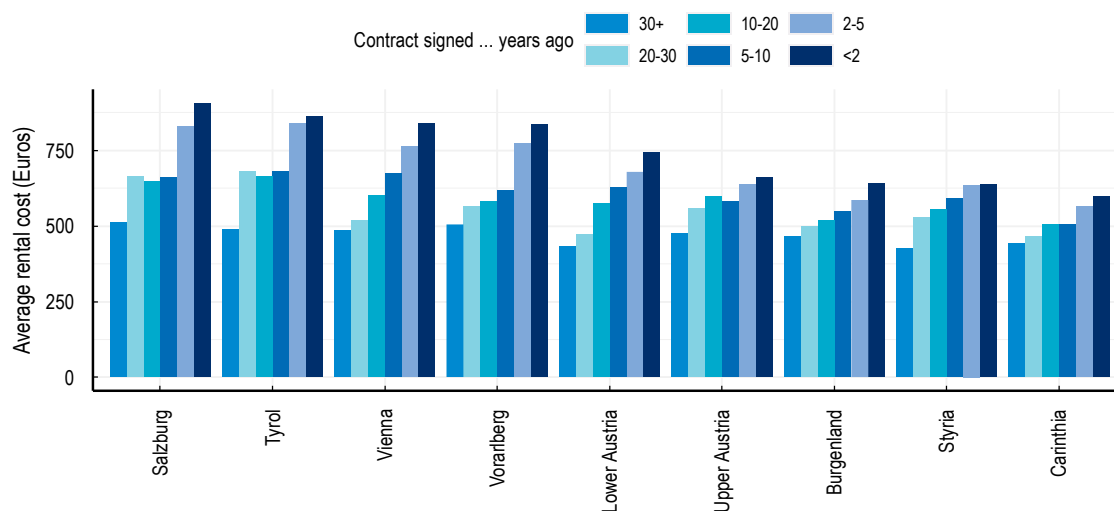
affordability of housing in Vienna and the difficulty of securing accommodation elsewhere as key factors limiting mobility. Consequently, they consider support in finding accommodation, either through the AMS or employers, helpful.

**Although public financial support for the construction of residential buildings has decreased throughout Austria, Vienna’s legislation continues to promote social housing.** Financial support for the construction of residential buildings has decreased in all Austrian federal states over the last three decades. This drop in financial support amounts to 49% in real terms between the periods 1996-1998 and 2020-2022 both at the national level and in Vienna (GBV, 2024<sup>[16]</sup>). Nevertheless, Austria’s spatial planning conference (*Raumordnungskonferenz*) renewed its commitment to providing its residents with affordable housing in 2021 (ÖROK, 2021<sup>[17]</sup>). In Vienna, the provision of social housing focuses not only on low-income and vulnerable groups, but also on middle-income households. In contrast to all other federal states, Vienna requires large, new residential real estate projects to include two-thirds of their housing units as social housing since 2019. Under this legislation Vienna approved construction projects containing 490 000 square metres of social housing, equivalent to 4 900 apartments until 2022 (Austrian Court of Audit, 2023<sup>[18]</sup>). Other OECD countries, such as Australia, Germany, Italy, the United States, also employ this practice known as “inclusionary zoning” (OECD, 2022<sup>[19]</sup>).

**Employers and the Public Employment Service (*Arbeitsmarktservice – AMS*) emphasise that high housing costs in parts of Austria’s Western federal states make relocations financially unattractive for jobseekers from Vienna.** Several employers from Tyrol and Salzburg, as well as AMS staff voiced their concern that high housing costs are an obstacle to cross-regional job take-up, especially for jobseekers from Vienna. This particularly applies to jobseekers with lower qualifications and apprenticeship seekers, as the higher housing costs are not compensated through higher wages when moving, as well as to those moving to high rent areas, such as Innsbruck and Salzburg. In contrast, high rents are less relevant for jobs in the tourism industry, as these employers provide accommodation. In response, many employers outside the tourism industry seek to assist future employees in the search for accommodation, through the provision of employment. According to AMS staff, providing accommodation for employees is becoming more common even outside the tourism industry.

**Figure 4.4. Average rent prices for new contracts are lower in Vienna than in Salzburg and Tyrol**

Average rent of main apartment including running costs by contract duration and Austrian TL2 regions, 2023.



Notes: The figure shows the average rent (including running costs) of all currently valid rental contracts by duration of the contract. For example, tenants in Vienna who signed their rental contract less than two years ago paid on average 839 EUR in rent in 2023.

Source: Statistik Austria (2025<sup>[14]</sup>)

## Shortcomings in the integration of asylum seekers and humanitarian migrants complicate their later labour market integration and contribute to geographic labour market imbalances

**Asylum seekers and humanitarian migrants are highly concentrated in Vienna, where they account for around one quarter of all jobseekers.** Approximately seven in ten humanitarian migrants registered with the Public Employment Service (i.e. they are either unemployed or in training) reside in Vienna, which hosts the country's largest diasporas from major refugee origin countries, including Syria, Afghanistan, and Turkey (Statistik Austria, 2025<sup>[20]</sup>; BMASGPK, 2023<sup>[10]</sup>). Across the OECD, humanitarian migrants are less likely to be employed than the native-born population and other migrant groups (OECD, 2024<sup>[21]</sup>). Their labour market prospects are particularly weak in Vienna, where only around 60% of refugees who arrived in 2015 and are aged over 18 were employed in 2023, compared with 80% in Western Austria (ÖIF, 2025<sup>[22]</sup>). This geographic concentration of humanitarian migrants, combined with lower employment outcomes, contributes to Vienna's comparatively high unemployment rate (see chapter *Regional labour market imbalances and labour mobility in Austria*).

**Network effects from Vienna's large diaspora communities likely attract humanitarian migrants to the capital and reduce their out-mobility.** Social ties are an important determinant of immigrants' location choices between and within countries, as they help newcomers navigate administrative procedures, access job opportunities and build a social environment (Beine, Docquier and Özden, 2011<sup>[23]</sup>; Munshi, 2003<sup>[24]</sup>; OECD, 2021<sup>[25]</sup>). Since humanitarian refugees can relocate freely regardless of their employment status, these pull factors help explain their high concentration among jobseekers in Vienna and likely reduce their willingness to take up employment in Western Austria, despite arguably weaker labour market prospects in the capital.

**Asylum seekers and humanitarian migrants therefore constitute an essential target group to reduce geographic labour market mismatch in Austria.** To connect jobseekers in Vienna with existing job opportunities in the West, jobseekers need to be prepared for the domestic labour market. In the case of asylum seekers and humanitarian migrants, this requires specific integration measures (e.g. language courses). Additionally, well-designed dispersal systems can lead to a more balanced allocation of asylum seekers across the country, thereby reducing geographic labour market imbalances and benefitting the integration of asylum seekers and humanitarian migrants.

**This section reviews academic evidence and OECD good practices on how to promote the labour market integration of asylum seekers and humanitarian migrants without exacerbating geographic labour market disparities.** It first examines the design of dispersal policies for newly arrived asylum seekers and humanitarian migrants, exploring how such systems can take labour market opportunities into account while limiting mobility unrelated to employment. It then discusses how early access to integration courses can support the labour market participation of humanitarian migrants at their initial place of residence.

### ***Designing asylum seeker dispersal systems that support balanced settlement and stronger labour market outcomes of humanitarian migrants***

**Some OECD countries consider employment opportunities when allocating asylum seekers across the country, a policy that can support labour market integration.** OECD countries have different approaches to allocating asylum seekers across the country. To spread the required resources across the country and avoid segregation, most countries, especially those with a substantial inflow of asylum seekers, employ dispersal policies. Countries differ in which regional characteristics these dispersal policies consider. Common characteristics include population size, GDP and housing availability (OECD, 2016<sup>[26]</sup>; Galera et al., 2018<sup>[27]</sup>). However, dispersal policies that assign asylum seekers irrespective of

local labour market conditions can worsen their later employment outcomes (OECD, 2021<sub>[25]</sub>). While humanitarian migrants who were dispersed show a 4.5 percentage point larger employment gap with other immigrants than non-dispersed ones in an analysis of 20 EU countries (Fasani, Frattini and Minale, 2022<sub>[28]</sub>), accounting for labour market conditions when assigning asylum seekers can substantially improve their employment, thereby allowing countries to both avoid segregation and foster the labour market integration of asylum seekers prospects (Bansak et al., 2018<sub>[29]</sub>; Ahani et al., 2021<sub>[30]</sub>). As of 2015, dispersal policies in only a handful of countries considered the asylum seekers' or humanitarian migrants' employment prospects, including Estonia, Denmark, Finland, New Zealand, Portugal and Sweden (OECD, 2016<sub>[26]</sub>). Box 4.1 discusses the Swedish example.

**Once protection is granted, allowing humanitarian migrants to relocate only for employment-related reasons can help prevent their concentration in areas with limited job opportunities.** While Austria does not currently restrict the movement of humanitarian migrants after protection is granted, a number of OECD countries have introduced policies to promote a more balanced geographic distribution. As of 2020, thirteen OECD countries apply out-migration restrictions from their initially assigned location not only to asylum seekers but also to humanitarian migrants who hold protection status (OECD, 2021<sub>[25]</sub>).<sup>3</sup> Such policies are typically enforced by linking a migrant's place of residence to their eligibility for social benefits, while explicitly allowing relocations for employment purposes, recognising that secondary migration for employment has been shown to improve labour market outcomes (OECD, 2016<sub>[26]</sub>). An example from Germany is discussed in Box 4.1. An evaluation of the German model further concluded that restricting migration only to specific urban centres experiencing high congestion pressures could reduce the administrative burden associated with the residence obligation while achieving the same policy objective.

#### Box 4.1. Dispersal systems and residence obligations in OECD countries

Some OECD countries steer settlement of asylum seekers and recognised refugees through dispersal policies. These policies include quota-based dispersal systems and residence obligations.

##### **Sweden disperses humanitarian migrants after protection is granted and considers future employment prospects**

In Sweden, the Swedish Migration Agency (*Migrationsverket*) takes future employment prospects into account when allocating recognised refugees to municipalities under the 2016 Settlement Act. Asylum seekers are initially assigned to reception facilities based on capacity, with certain exceptions, for example, individuals with disabilities whose needs can only be met in specific locations. Once protection is granted, the national government determines county-level quotas (*länstal*), based primarily on labour market indicators such as total local employment by occupation, unemployment and labour turnover (80%), and on the number of asylum seekers already in municipal reception systems (20%). The County Administrative Boards (*Länsstyrelsen*) then set municipal quotas (*kommuntal*), considering local labour market conditions, population size and the number of asylum seekers already residing in the municipality. Refugees are allocated on a case-by-case basis, also taking into account individual employment prospects and job offers. Although recognised refugees are not obliged to accept their assigned municipality, those who decline must forgo housing support and allowances.

An evaluation of the 2016 Settlement Act by the Swedish National Audit Office (*Riksrevisionen*) found that the reform led to a more even geographic distribution of recognised refugees and improved their employment outcomes. Refugees allocated to municipalities with lower unemployment rates showed stronger labour market integration after three years, reflected in higher employment and earnings.

### Germany restricts inter-state mobility to specific motives including employment take-up

Germany allocates asylum seekers to its federal states (*Bundesländer*) through a quota-based system and restricts their mobility after protection is granted to specific reasons, including employment-related relocation. Under the dispersal system (*Königsteiner Schlüssel*), asylum seekers are distributed across federal states according to a formula based on two-thirds tax revenue and one-third population size. The federal states then allocate asylum seekers to municipalities, primarily based on population and capacity. Once asylum is granted, a residence obligation (*Wohnsitzregelung*) requires humanitarian migrants to maintain their residence in the initially assigned federal state for up to three years, while also allowing states to designate or restrict residence in specific locations. Exemptions from this requirement include cases where an individual has secured employment subject to social security contributions in another federal state.

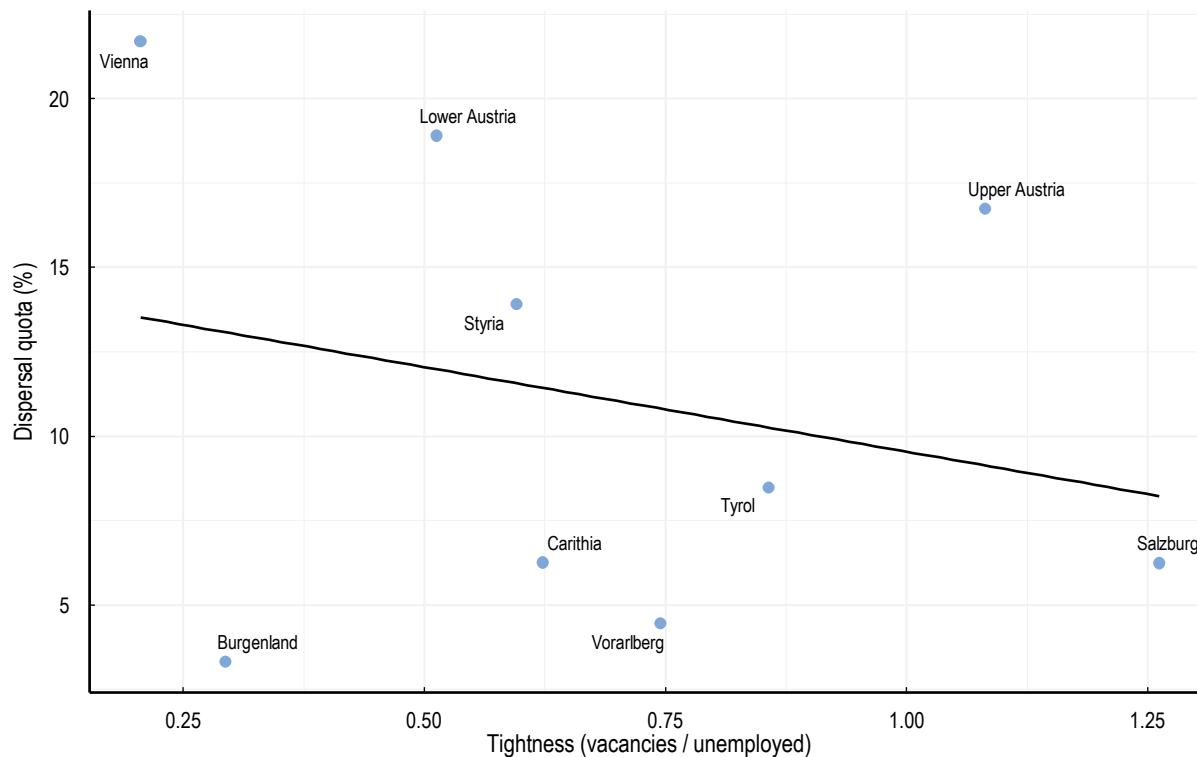
An evaluation of the residence obligations commissioned by the Federal Office for Migration and Refugees found mixed effects on employment. The residence obligation appears to foster labour market integration within the first year but may reduce employment among humanitarian migrants three years after recognition. Qualitative evidence suggests this may occur when refugees remain in areas with weaker labour market conditions or limited integration support.

Source: Baba et al. (2024<sup>[31]</sup>), *Evaluation der Wohnsitzregelung nach § 12a*, Migrationsverket (n.d.<sup>[32]</sup>), *Boende för asylsökande*, Migrationsverket (2025<sup>[33]</sup>), *Förslag på länstal 2026, Regleringsbrevsuppdrag 8, Anvisning av nyanlända till kommuner*, Riksrevisionen (2021<sup>[34]</sup>), *Act on the Reception of Certain Newly Arrived Immigrants for Settlement (Settlement Act) – has the reform met the intentions?*

**No consideration of local labour demand in Austria’s initial dispersal of asylum seekers, combined with the unrestricted mobility of humanitarian migrants after protection is granted, helps explain the high concentration among jobseekers in Vienna.** Austria allocates asylum seekers to federal states using a quota-based system determined by population size, with Vienna’s share set at roughly 20%. Although Vienna received a smaller share of around 15% (3 186 asylum seekers) in 2023 in practice (BMI, 2023<sup>[35]</sup>), the dispersal system’s quotas do not align with labour demand across federal states (Figure 4.5). Once protection is granted, humanitarian migrants are free to move anywhere in the country, and many subsequently relocate to Vienna (ECRE, 2024<sup>[36]</sup>). Among asylum seekers who arrived in 2015 and were assigned to the western or central parts of Austria, 29% relocated to Vienna and 12% to the remaining Eastern federal states, namely Lower Austria and Burgenland, by 2023 (ÖIF, 2025<sup>[22]</sup>). Consequently, the share of individuals with asylum status receiving social benefits (*Sozialhilfe* or *Mindestsicherung*) and residing in Vienna reached 73% in 2023, far exceeding the planned 20% for asylum seekers (Figure 4.6). This concentration is even higher among refugees with subsidiary protection, who do not face any mobility restriction either, and of which 81% (8 732) resided in Vienna in 2023 (BMI, 2023<sup>[35]</sup>). Humanitarian migrants who arrived in Austria between 2014 and 2018 most commonly cited employment opportunities (67%), higher social benefits (52%) and a better cultural offer (49%) as reasons for relocating to Vienna from other federal states. By contrast, humanitarian migrants who moved to other federal states (i.e. not to Vienna) were substantially less likely to cite higher social benefits as a reason for their relocation, with only 27% doing so (ICMPD, 2025<sup>[4]</sup>).

**Figure 4.5. The quotas set in the dispersal system for newly arrived asylum seekers do not align with labour demand**

The theoretical quota set in the dispersal system for asylum seekers (vertical axis) and labour market tightness (i.e. vacancies / unemployed people) across federal states, 2023.



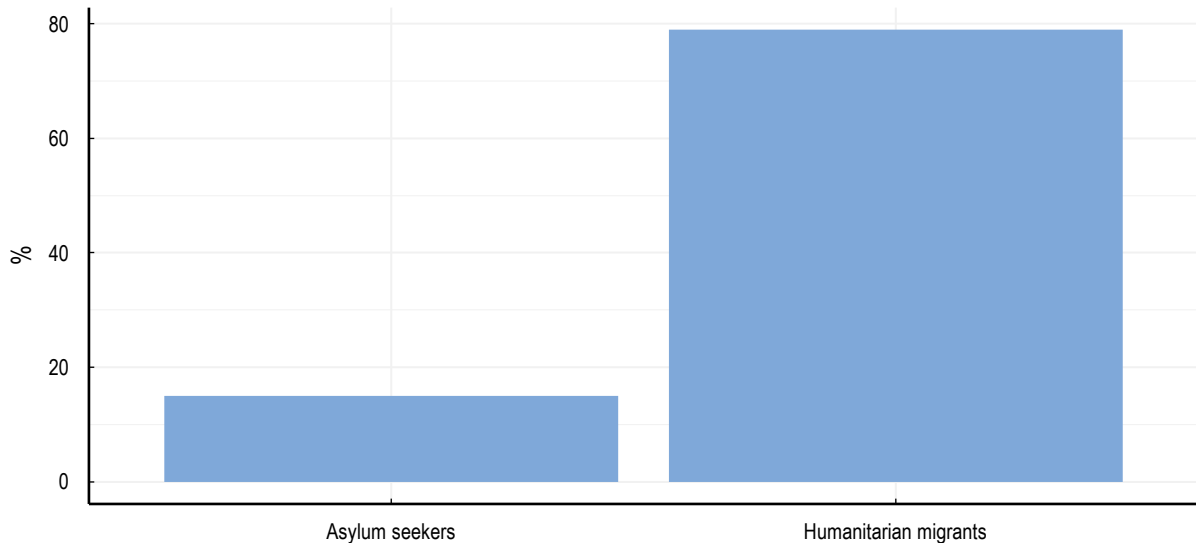
Note: The theoretical quota often differs from the share of asylum seekers each federal state receives in practice.

Source: Asylkoordination Österreich (2024<sup>[37]</sup>); AMS (2025<sup>[38]</sup>)

**Aligning the geographic distribution of humanitarian migrants with the planned dispersal quotas might reduce unemployment in Vienna by an estimated 1.2 percentage points, equivalent to around 65 times the number of cross-regional job placements achieved in recent years.** If only 20% of all unemployed humanitarian migrants resided in Vienna, corresponding to the city's share under the initial dispersal quota for asylum seekers, there would be approximately 13 500 fewer humanitarian migrants among jobseekers and Vienna's unemployment rate would accordingly fall from 12.9% to 11.7% in 2025. By comparison, AMS cross-regional placement efforts led to a peak of 198 jobseekers finding employment outside Vienna in 2024 (AMS, 2025<sup>[39]</sup>).<sup>4</sup> This suggests that achieving a geographic distribution of asylum seekers and humanitarian migrants in line with the dispersal quotas would have an effect equivalent to 65 times the current level of cross-regional placements.

**Figure 4.6. The concentration of humanitarian migrants in Vienna occurs after they receive protection as many relocate to Vienna from other parts of the country**

Share of all asylum seekers and humanitarian migrants in Austria residing in Vienna, 2023.



Note: the share of all asylum seekers residing in Vienna corresponds to the share that Vienna received in practice, rather than the higher official quota (roughly 20%) defined in the current dispersal system. Humanitarian migrants include immigrants with refugee status and those receiving subsidiary protection.

Source: BMI (2023<sup>[35]</sup>)

### ***Integration courses and labour market access***

**Although Austria grants asylum seekers relatively quick access to the labour market in principle, administrative and legal hurdles for employers, as well as insufficient language skills, continue to limit their employment opportunities.** Since 2021, employers across all sectors have been able to request a work permit (*Beschäftigungsbewilligung*) for asylum seekers three months after their initial asylum application, including for apprenticeships. The AMS reviews such applications within six weeks and grants a permit if the vacancy cannot be filled by native jobseekers or those from EU countries. In 2023, the AMS approved 3 240 permits out of 5 243 requests (61.7%). Taking this procedure into account, asylum seekers in Austria could effectively start working approximately five months after their asylum application, provided they receive a work permit (Europäisches Migrationsnetzwerk, 2023<sup>[40]</sup>). Between 2019 and 2023, around 7 300 work permits were issued compared to 239 095 asylum requests over the same period, equivalent to about 3%. Most permits in 2023 were issued in the tourism (57.8%), wholesale and retail trade (7.9%), and manufacturing (5.6%) sectors (Europäisches Migrationsnetzwerk, 2024<sup>[41]</sup>). The relatively low number of permits reflects barriers faced by employers, including legal and planning uncertainties, administrative burdens linked to the permit process, and the limited employability of asylum seekers due to language constraints and other skill gaps (Europäisches Migrationsnetzwerk, 2023<sup>[40]</sup>).

**Early access to integration courses can improve the labour market integration of asylum seekers and humanitarian migrants.** Evidence shows that asylum seekers with access to integration measures, including language courses, integrate better in the host country's society and the labour market (Foged, Hasager and Peri, 2024<sup>[42]</sup>). Additionally, in the Austrian context, language skills have a large impact on employment prospects (see chapter *Regional labour market imbalances and labour mobility in Austria*). Given that the asylum decision process can be lengthy, it is important to ensure that asylum seekers, particularly those with a high likelihood of receiving protection, can access such measures shortly after

submitting their asylum application. Longer asylum procedures are associated with worse long-term labour market outcomes, as they delay participation in language and employment programmes (Aslund, Engdahl and Rosenqvist, 2022<sup>[43]</sup>). In Austria, asylum seekers received a first-instance decision after 5.5 months on average in 2023, compared to 6.8 in Germany (Europäisches Migrationsnetzwerk, 2023<sup>[40]</sup>; BAMF, 2024<sup>[44]</sup>).

**The Austrian Integration Fund (*Österreichische Integrationsfonds* - ÖIF) and the AMS co-operate in the provision of language courses for humanitarian migrants and other immigrants, but information exchange between the two institutions could be more efficient.** Under the 2017 Integration Act (*Integrationsgesetz*) and its 2019 amendments, the ÖIF is responsible for implementing and co-ordinating mandatory integration and language courses nationwide and for certifying asylum seekers and humanitarian migrants once they complete the required courses.<sup>5</sup> These courses cover levels from A1 up to B1 as part of the legally mandated integration pathway. Additional courses up to level C1 are offered but not mandatory. Apart from language courses, the ÖIF is also responsible for courses on civic orientation, values and everyday guidance. The ÖIF is required to share information on acquired language skills and the completion of integration courses with the AMS and the federal institutions responsible for welfare benefits. However, in the past, this data exchange between the Austrian Integration Fund and the AMS has not been fully efficient. To facilitate the efficient labour market integration of all migrants, timely transmission of certified German language proficiency is essential, as it is a prerequisite for participation in AMS activation measures and for access to subsequent language courses administered by the AMS. The AMS provides more advanced, industry-specific and part-time, employment-compatible language courses for all jobseekers registered with the AMS, including humanitarian migrants. Following the 2019 amendments to the Integration Act, responsibility for integration measures was transferred fully to the Austrian Integration Fund, while the AMS remains a key partner and contributes to these efforts by supporting the labour market transition of humanitarian migrants.

**In Austria, asylum seekers with a high probability of being granted protection are in principle eligible to participate in integration courses, but current resource constraints mean that this rarely occurs in practice.** Since 2017, integration courses, focused primarily on language acquisition and originally designed for humanitarian migrants with protection status, have also been open to asylum seekers likely to receive protection, although participation is not a legal entitlement. Eligibility generally applies to asylum seekers from countries of origin with an acceptance rate above 75% and at least 200 annual cases, such as the Syrian Arab Republic between 2017 and 2021 and Iran in 2018. However, access to integration courses depends on available funding and organisational capacity. Budget cuts in 2018–19 significantly reduced the resources allocated for integration measures and the current budget no longer covers language courses for asylum seekers with a high likelihood of receiving protection (Europäisches Migrationsnetzwerk, 2023<sup>[40]</sup>).

## Seasonal work permits and the AMS's cross-regional job placement efforts pursue similar objectives

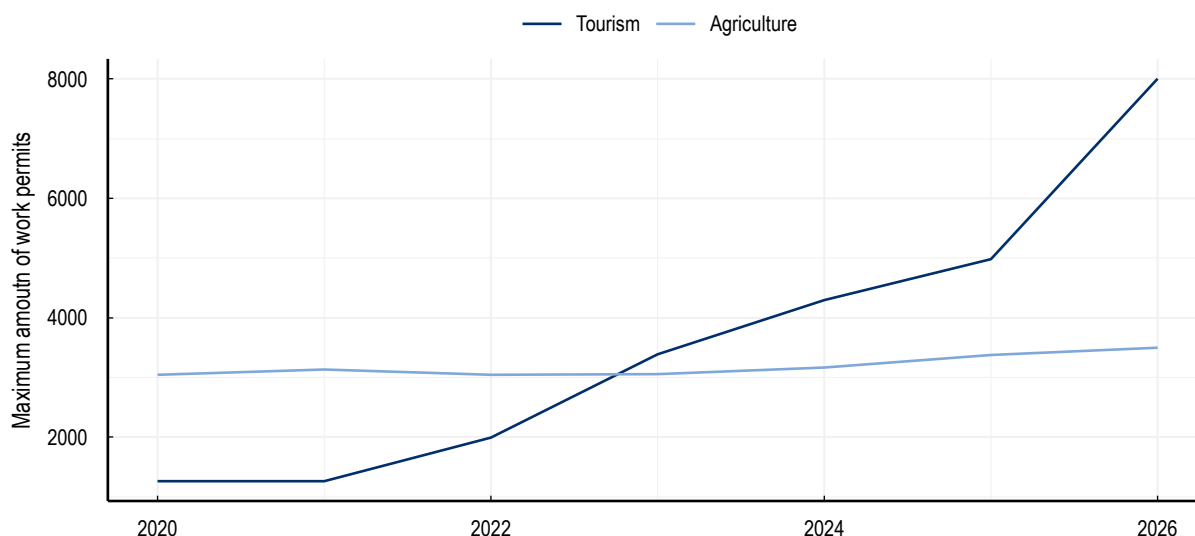
**In response to labour shortages, many OECD countries aim to attract workers from non-EU countries by granting seasonal work permits.** OECD governments grant different work permits through streamlined procedures for non-EU nationals. To mitigate shortages in different sectors and segments of the economy, separate procedures often exist for high-skilled workers, specific shortage sectors or occupations, and seasonal workers. In the context of this report, seasonal work permits, which last for a maximum duration of six months in Austria, are the most relevant type of work permit.

**Austria grants an increasing number of seasonal work permits to fill vacancies in the tourism sector.** The Austrian government increased the maximum amount of seasonal work permits in the tourism industry for 2026 to approximately 8 000, composed of 5 500 for nationals from any non-EU country and

an additional 2 500 permits for workers specifically from the Western Balkan (Figure 4.7). This represents a six-fold increase compared to the maximum amount of 1 300 permits in 2020. In addition, the national quota can be exceeded by 50% during peak season. In the tourism industry, seasonal work permits account for 57% of the monthly average of vacancies (13 902) registered with the AMS in 2025 or 2.2% of employment in 2024 (BMWET, 2024<sup>[45]</sup>).<sup>6</sup> Tirol (28%) and Salzburg (27%) account for the majority of all work permits in tourism. Employers can request a seasonal work permit at the regional AMS branch, which approves the request subject to availability and if the vacancy cannot be filled with a domestic jobseeker, the vacancy meets the legal requirements in terms of working conditions and pay, and the employer provides accommodation. Seasonal workers who already received a seasonal work permit in prior years are excluded from annual quotas and can receive subsequent work permits regardless of availability (Europäisches Migrationsnetzwerk, 2020<sup>[46]</sup>). Seasonal work permits are also granted for work in agriculture. In the agricultural sector, seasonal work permits increased marginally, from 3 000 in 2020 to 3 500 for 2026.

**Figure 4.7. Seasonal work permits have increased six-fold in tourism since 2020, while they have increased only marginally in agriculture**

The maximum number of seasonal work permits in Austria by industry and year, from 2020 to 2026.



Note: The figure above shows the maximum amount of seasonal work permits approved by Austria each year. The number for 2026 includes a quota of 2 500 workers from West Balkan countries.

Source: *Saisonkontingenteverordnungen 2020 - 2025*.

**Seasonal work permits may reduce the incentive for employers to improve working conditions, potentially making jobs in tourism and agriculture less attractive for domestic jobseekers.** Seasonal work permits are only granted if the vacancy cannot be filled with a domestic worker or jobseeker. However, whether the latter are willing to take up the job depends on the offered working conditions, such as the wage, the provided accommodation, and working hours. Since jobseekers residing in Vienna have a higher reservation wage on average due to relatively generous social benefit entitlements and affordable housing than seasonal workers from abroad, they are often not willing to accept job offers at the given conditions. Simultaneously, the availability of seasonal work permits may in theory lower the pressure for employers to improve working conditions, which may cause a reinforcing dynamic in which domestic jobseekers do not accept job offers because wages are too low, which are then filled with workers from abroad as no domestic workers can be found for the job (Europäisches Migrationsnetzwerk, 2020<sup>[46]</sup>). Evidence on these

theoretical mechanisms is limited to seasonal work permits for agricultural workers in the United States, where the exclusion of Mexican seasonal farm workers and the requirement to give hiring preference to domestic workers had little effect on domestic workers' wages and employment, potentially due to increased use of technology (Clemens, Lewis and Postel, 2018<sup>[47]</sup>; Clemens, 2022<sup>[48]</sup>). However, the effects of seasonal work permits could affect wages in the tourism industry differently, as it may be more difficult to replace service workers through technological advances. Furthermore, wage trends in Austria are broadly consistent with a dampening effect of seasonal work permits on wages: posted salaries in the tourism industry have generally not increased faster than in other sectors, with the exception of Tyrol (see chapter *Regional labour market imbalances and labour mobility in Austria*).

**Seasonal work permits and AMS cross-regional job placement pursue similar objectives but are not fully co-ordinated.** The six-fold increase in seasonal work permits in the tourism sector responds to the same underlying labour market pressures as the AMS's intensified efforts to place jobseekers from Vienna in other regions. While it remains uncertain to what extent a lower number of seasonal work permits would lead to increased cross-regional placements from Vienna to Austria's western federal states, stronger co-ordination between these policy approaches could be considered, particularly regarding their potential complementarities and their broader effects on wages and working conditions.

## Recommendations

### ***Harmonise family-related social policies across Austrian federal states to decrease the incentive to relocate to Vienna***

**Family-related social policies, namely childcare and social assistance for families with multiple children, are more generous in Vienna than in other federal states, thereby potentially attracting beneficiaries and reducing out-mobility.** Vienna is Austria's only federal state with free full-day childcare for children up to six years and childcare facilities tend to have longer opening hours than in other federal states. This makes Vienna's childcare offer substantially more attractive for working parents, while lower childcare availability outside of Vienna may hinder families to relocate to other parts of Austria. Additionally, large differences in the generosity of social benefits (*Mindestsicherung* and *Sozialhilfe*) exist across the Austrian federal states for households with multiple children. Since social benefit entitlements in Vienna increase by a constant, rather than a decreasing, amount for each additional child they are among the most generous in Austria for large families, together with Salzburg and Burgenland. For example, families with four or more children receive on average 1 797 EUR in Vienna but only 1 041 EUR in Upper Austria.

**Expanding the availability of full-time employment-compatible childcare outside Vienna could encourage families with children to relocate to other parts of Austria.** In the Western federal states of Vorarlberg, Tyrol, Salzburg, and Upper Austria, more than half of all children are enrolled in half-day childcare facilities. These could be made employment-compatible by extending opening hours to at least 45 hours per week, including 9.5 hours on four weekdays, which would be more cost-efficient than building new childcare centres. Drawing on the "social pricing" model used in Catalonia, Spain, federal states could link childcare costs to family income to maintain affordability within tight fiscal budgets, ensuring low costs for low-income households.

**Harmonising child-related social assistance benefits across Austria's federal states would help ensure that moving between regions does not affect entitlements or influence location decisions.** The 2019 social benefit reform established roughly equivalent basic entitlements for adults by setting maximum levels, below which states can determine benefits freely. However, child allowances still differ, with some states applying constant increases for each additional child and others using decreasing amounts. In line with Austria's current government programme, federal states could harmonise these allowances by introducing clearer legal parameters for how entitlements are calculated by number of

children. To avoid distorting labour mobility, child-related benefits could be designed to be broadly equal across federal states in relative terms, regardless of whether additional amounts are constant or decreasing. Adapting the social benefit entitlements to a regional housing cost index would account for regional differences in housing affordability.

***Reduce regional disparities in housing costs by increasing the supply of (social) housing in high-demand areas outside Vienna and mitigate the lock-in effect in social housing system***

**Vienna's housing market is characterised by comparatively low rents and a large share of social housing.** Pronounced differences between Vienna and western urban areas in homeownership and access to social housing are likely to reduce internal labour mobility. Unlike most large OECD metropolitan areas, where house prices are about 27% above national averages, prices in Vienna are only around 9% higher, and rents have increased at roughly the same pace as in smaller Austrian regions. Vienna's extensive social housing supply, including a two-thirds subsidised housing requirement in new developments, helps keep rents low. In total, 41.7% of Vienna's residents live in social housing, more than twice the average across other Austrian federal states, and social rents are approximately 32% below private market levels. Together, these factors reduce incentives for residents to relocate to other Austrian regions.

**Increasing the supply of social housing through provisions in development agreements in regions outside Vienna could help make housing comparably affordable.** Since 2019, Vienna has required real estate developers to reserve two-thirds of housing units for social housing in large construction projects. While other federal states often include social housing provisions in development agreements, few have binding legal requirements. Drawing on Vienna's experience and international examples such as Australia, Italy, Germany and New Zealand, other Austrian federal states could consider adopting "inclusionary zoning" legislation requiring developers to allocate a fixed share of new housing as affordable social units. Such measures would be particularly relevant in high-demand areas outside Vienna, including Tyrol, Salzburg and Vorarlberg, where housing prices are comparatively high.

**Lock-in effects in social housing could be reduced in the short term by waiving queuing requirements for tenants who relocate to another federal state for employment and granting those who move for employment the right to return to social housing in their home region.** Social housing can limit mobility because tenants often cannot find equally affordable housing in other regions. As a short-term policy measure, while social housing supply outside Vienna is increased, the Austrian government, in co-operation with federal states, could mitigate this by exempting jobseekers who leave social housing to take up work elsewhere from residency or queuing requirements in their new location. While such a measure could apply to all employment-related moves, it would particularly benefit Vienna, where a disproportionately large share of residents lives in social housing. To further reduce barriers for seasonal or temporary workers, the policy could grant those who move for employment the right to return to social housing in their home region within a defined period. This would lower the perceived risk of accepting seasonal or trial employment opportunities in other parts of Austria.

***Improve the labour market integration of humanitarian migrants by considering regional labour market conditions in the initial dispersal of asylum seekers, limiting their cross-regional mobility to employment-related moves and providing early access to integration courses***

**Local employment prospects could be incorporated into Austria's quota-based dispersal system to strengthen the later labour market integration of humanitarian migrants.** In 2020, thirteen OECD countries, including Austria, applied dispersal policies not only to asylum seekers but also to humanitarian

migrants to prevent excessive geographic concentration (OECD, 2021<sup>[25]</sup>). Austria's current dispersal system of asylum seekers does not take regional labour market conditions into account, even though evidence suggests that if asylum seekers are allocated to labour markets with stronger labour demand, this can improve their employment outcomes once they obtain protection status and full access to the labour market (Riksrevisionen, 2021<sup>[34]</sup>). Employment prospects and access to integration and social services are therefore considered essential elements of well-designed asylum seeker dispersal systems (OECD, 2019<sup>[49]</sup>; OECD, 2018<sup>[50]</sup>). In Sweden, for example, labour market indicators such as unemployment rates and projected labour force needs determine 80% of the regional allocation quota (Box 4.1). In Austria, incorporating similar labour market criteria would likely reduce allocations to Vienna, where unemployment is relatively high. To further improve the matching process of asylum seekers to locations and improve employment prospects, Austria's dispersal mechanism could account for asylum seekers' age, education, language skills, and nationality (Bansak et al., 2018<sup>[29]</sup>). Adjusting the dispersal system would require close co-ordination with local authorities regarding policy design, assignment decisions and the preparation of adequate facilities (OECD, 2018<sup>[50]</sup>).

**To ensure the effective implementation of an improved asylum seeker dispersal system, all Austrian federal states need to build the administrative and housing capacity to host their allocated share.** Currently, compliance with Austria's quota-based system varies widely across federal states, as it is based on an intergovernmental agreement (*Grundversorgungsvereinbarung*) rather than on legislation. Therefore, implementation depends on each state's willingness and capacity to co-operate. In 2023, Vorarlberg, Tyrol and Upper Austria received 70%, 35% and 26% more asylum seekers, respectively, than foreseen in the agreement, while none of the other federal states met their assigned quota. The agreement does not include sanctions for non-compliance, meaning that asylum seekers cannot be transferred from the Federal Agency for Reception and Support Services (*Bundesbetreuungseinrichtung*) to states that have not accepted their share (Asylkoordination Österreich, 2024<sup>[37]</sup>). Although the concentration of humanitarian migrants in Vienna results from post-recognition mobility rather than the initial dispersal process, reforms to the latter can only be effective if federal states adhere to their assigned quotas by building the administrative and housing capacity needed.

**Mobility restrictions on non-employment-related moves for humanitarian migrants could reduce their concentration in Vienna and support better labour market integration.** The high concentration of humanitarian migrants in Vienna emerges through relocation to the capital after asylum has been granted. Following a German policy example, mobility restrictions on non-employment-related relocations, for example across federal states, could help prevent the concentration of humanitarian migrants in areas with limited job opportunities. As concluded by an evaluation of the current German policy, limiting inflow restrictions on non-employment-related moves to areas with already high concentrations ("hotspot areas") could limit interference with free movement while directly addressing the main area of concentration, Vienna. These non-employment-related mobility restrictions could be enforced by linking eligibility for social benefits to the place of residence. In Austria, mobility restrictions of this kind could potentially not only reduce unemployment in Vienna but also improve employment outcomes among humanitarian migrants, as labour demand for their skill profiles is stronger outside the capital. Implementing mobility restrictions would require close co-ordination between national, federal and local authorities to ensure sufficient integration and housing support in the destination regions. A back-of-the-envelope calculation suggests that reducing the share of social benefit-dependent humanitarian migrants in Vienna to 20%, corresponding to its quota under the current dispersal system, could have lowered the city's unemployment rate by 1.2 percentage points in 2025, an effect equivalent to around 65 times the number of cross-regional placements achieved at their peak in 2022.

**Data exchange and co-ordination efforts between the ÖIF and the AMS could be improved. Linking integration and labour market measures could be made more efficient through a data interface that enables real-time transmission of information on the integration progress of humanitarian migrants.** The existing shared database (*Integrationsschnittstelle*) could be further developed to enable

automatic data entry and real-time data transmission between the ÖIF and the AMS. The database could further support caseworkers in assessing the profile and employment potential of jobseekers. For example, a record of the speed at which humanitarian migrants progress in learning German could provide useful information to support more efficient allocation into subsequent language courses.

**In co-ordination with the AMS, the Austrian Integration Fund (ÖIF) could provide integration courses more systematically to asylum seekers with a high probability of receiving protection to support their integration at the place of first arrival.** Facilitating early labour market integration can help asylum seekers build ties to their local community and potentially reduce secondary migration. While humanitarian migrants with protection status have access to integration courses on the same basis as other legal residents, asylum seekers can currently participate only if sufficient funding and personnel are available. To strengthen future labour market outcomes, the Austrian government could consider increasing resources for integration and language courses to ensure that asylum seekers with a high likelihood of receiving protection can access these integration measures.

### ***Assess the scope for improved co-ordination between cross-regional placement efforts of jobseekers and seasonal work permit policies for non-EU nationals***

**Austria has sharply increased the number of seasonal work permits in tourism to address reported labour shortages, a policy that could potentially affect cross-regional job placement efforts.** In 2026, the national quota will rise to around 8 000 seasonal work permits, up sixfold from 1 300 in 2020. These permits now account for about 57% of registered monthly tourism vacancies and are concentrated in Tyrol (28%) and Salzburg (27%). Although the AMS issues permits only when vacancies cannot be filled domestically and legal working conditions are met, the availability of seasonal foreign labour could potentially affect wages and working conditions in the sector. This, in turn, may affect jobseekers in other parts of Austria for whom these jobs could become less attractive.

**Austria could seek to better understand the impact of seasonal workers on wages and working conditions in the tourism sector and strengthen co-ordination of policies that address labour shortages in the sector.** To support more evidence-based decision-making, Austria could analyse in greater detail how seasonal workers influence wages and working conditions in tourism, and whether these effects reduce the sector's attractiveness for domestic jobseekers. If this is confirmed, related policy efforts could be more closely aligned. While the Federal Ministry of Labour, Social Affairs, Health, Care and Consumer Protection (BMASGPK) already consults social partners, including the Austrian Federal Economic Chamber, the Chamber of Agriculture and trade unions, when setting seasonal work permit quotas, co-ordination with the AMS could be strengthened. Quota decisions could account for the number of domestic jobseekers the AMS expects to place in the tourism sector, including through cross-regional placements. In addition to past placement figures, these assessments could consider the share of domestic jobseekers who could potentially fill these roles based on relevant skills, such as language proficiency.

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## Notes

<sup>1</sup> Throughout the report, the term non-EU nationals refers to individuals who are nationals of countries outside both the European Union (EU) and the European Free Trade Association (EFTA). References to the EU in this report are used in an extended sense and also cover the EFTA countries, i.e. Iceland, Liechtenstein, Norway and Switzerland.

<sup>2</sup> The term “humanitarian migrants” refers to recognised refugees, beneficiaries of subsidiary protection, and sponsored or resettled refugees and is used throughout this report (OECD, 2023<sup>[51]</sup>).

<sup>3</sup> These countries are Australia, Canada, Denmark, Estonia, Finland, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Sweden, and the United States as of 2020 (OECD, 2021<sup>[25]</sup>).

<sup>4</sup> These calculations are based on the number of humanitarian migrants registered with the AMS, assuming that an identical share of registered individuals is unemployed (rather than in training) across federal states (ÖIF, 2025<sup>[52]</sup>), and the total number of jobseekers and employees (AMS, 2025<sup>[38]</sup>).

<sup>5</sup> The target group for the Austrian Integration Fund since 2019 are primarily asylum seekers and humanitarian migrants. Nonetheless, the Austrian Integration Fund also provides integration and language courses for non-EU nationals, who are not humanitarian migrants, as it also responsible for implementing the integration agreement (*Integrationsvereinbarung*), which requires certain non-EU nationals to complete German language and integration courses as part of their residence procedures.

<sup>6</sup> The tourism industry corresponds to accommodation and food services (NACE code I) in these statistics.

# Addressing Regional Labour Market Imbalances in Austria

Austria faces large geographic labour market imbalances, with high unemployment in Vienna and labour shortages in other parts of the country. These imbalances negatively impact the economy, workers and public finances. Since few jobseekers leave the capital to work in other parts of the country, promoting the geographic mobility of workers and jobseekers from Vienna into regions with high labour demand has become a priority for the Austrian government and the Austrian Public Employment Service (Arbeitsmarktservice — AMS). Supporting jobseekers in moving from Vienna to regions with stronger labour demand in the short run requires the AMS and the Austrian government to expand its target group of jobseekers considered for cross-regional placement and its current set of mobility-enhancing policies, including financial incentives, information provision and training programmes. Addressing the geographic labour market imbalances in the long-term, requires co-ordination across ministries and levels of government to tackle the underlying institutional and structural factors, namely the regional differences in family-related social benefits and the housing market, as well as the integration of refugees, thereby also advancing its regional development objectives outside the capital.



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