Interview mit Herwarth Brune

Der englischsprachige Nachrichtendienst MNI liefert zeitnahe und relevante Einblicke in die globalen Kapital- und Devisenmärkte. Für das Format „Reality Check“ führte MNI, eine Tochtergesellschaft der Deutsche Börse Group, ein Interview mit Herwarth Brune, Vorsitzender der Geschäftsführung der ManpowerGroup Deutschland.

THURSDAY, JANUARY 30, 2014 - 01:36

REPEAT:Reality Check: Germany's Recruiters See Rebound In 2014

By Chris Cermak

Repeats Story Initially Transmitted at 19:47 GMT Jan 29/14:47 EST Jan 29

--Skilled-Labour Shortages Seen Growing Again As Year Goes On
--Push For Minimum Wages Impacts Eastern Germany In Particular

FRANKFURT (MNI) - Germany's labour market is expected to return to form this year after a topsy-turvy 2013 that saw both employment and unemployment levels climb higher, but recruiters tell MNI that talent shortages could still prove a limiting factor for job growth.

Temporary employment agencies in particular are counting on a rebound after suffering a slowdown in 2013 that could be part of the reason Germany saw a slight increase in its unemployment rate. Eastern Germany may be an exception to this positive trend.

"Some of the downtrends we've seen I think will stabilize," Herwarth Brune, head of the German division of global recruitment firm Manpower, said in an interview with MNI.

"We ourselves have seen a nice start to 2014. What we see is a nice trend [looking at January numbers]," Brune added. "If I look at the trends in the second half of [2013] and especially in the fourth quarter, I'm extremely positive going into 2014."

Last year proved something of an outlier in terms of Germany's labour market development. Employment levels have climbed by more than 350,000 year-on-year to reach a post-unification high of nearly 30 million, but the unemployment rate also climbed, adding 0.1 point to 6.9%, according to the latest figures.

The slight rise in joblessness could partly be attributable to a decline in the use of temporary labour, which along with part-time work innovations has been key to reducing the number of unemployed in Germany over the past decade.

Recruitment firms struggled last year amid uncertainties over a new collective labour agreement aimed at bringing the wages of temporary workers in line with full-time employees, as well as election-campaign fuelled pledges by political parties to curb their use. The result was a 6.4% year-on-year decline in temporary labour use to 815,000, according to figures for the first half of 2013.

Manpower's Brune said he believes many of these uncertainties have now been cleared, which should help encourage companies to once again start tapping the market.

"The collective labour agreement, combined with the government that's now in place, with the coalition agreement that has also been agreed, I think gives us some nice planability for the next 3 to 4 years. I think it's really nice for companies if they can have some kind of security around their planning when it comes to temporary labour. I think that alone will increase the demand for temporary labour again."

Stephan Giesbert, head of Fuerst Personaldienstleistungen, which primarily operates in Bavaria, also said demand has started to pick up again in mid-January, compensating for a small decline seen in the final months of 2013. He said this is a common pattern as many companies lay off temporary workers while figuring out their plans for the new year.

"It is moving ahead again now. All signs are again pointing to growth," Giesbert said. "I don't have any clients where I would say things are going downhill. They all have a lot to do."

While temporary recruitment struggled last year, overall employment was supported by a record influx of migrants into Germany in 2013, much of it from southern European nations that suffered record unemployment levels. Germany's federal employment agency estimates that about one-third of last year's increase in the number of employed came from European migrants.

Alexander Wilhelm, an expert on labour market policy at the employers' association BDA, noted there are an increasing number of employers, employers associations and business chambers experimenting with ways to attract more qualified workers from abroad - especially from Europe - in a bid to shore up Germany's long-running skilled labour shortage.

But he cautions that this can only ever make a limited contribution to easing the talent shortage rather than "plug the gap" between the high demand and lack of supply. Migration cannot replace the contribution that will have to come from domestic sources, in particular encouraging more women and elderly to work, as well as boosting education.

Both Brune and Wilhelm also warn that the influx of talent could well reverse again. Talented workers from southern European states in particular will be less likely to come to Germany as prospects in their own countries improves. That means the talent shortages - and the battle to attract foreign workers to Germany - will only grow in coming years.

While Germany has seen record migration in the last year, "we cannot under any circumstances rely on this," Wilhelm warned. Instead, it must continue working to establish a "welcoming culture" and explore options for "how we can make ourselves more attractive for talented foreign workers."

Manpower's Brune also notes that immigration may have helped ease the shortage of skilled labour somewhat over the course of last year, as employers have had some greater success in finding applicants for vacancies, especially in engineering.

"I think to some degree it's becoming more and more of a mix. The demand is still high, but it's not as dramatic as we thought," Brune said.

Still, Brune is convinced the supply-side problems will return. Manpower is also looking further afield as a result, launching a pilot project to bring Indian IT workers to Germany, a reflection of the lengths some firms are going to find new recruits.

The talent shortage "is still there. Otherwise we wouldn't be bringing over highly qualified but also accordingly expensive IT specialists all the way from India, which is quite complex, to fill IT positions here."

Fuerst's Giesbert said some of the cutbacks seen towards the end of last year may have temporarily loosened up the supply side problems, resulting in many companies able to fill vacant positions at the start of the year more easily than usual.

But with Bavaria, Germany's largest economy, facing an unemployment rate of under 4%, Giesbert has no doubt that the talent shortages will re-emerge towards the end of the first quarter.

"We were already noticing last year that transitioning long-time unemployed into work was getting ever more difficult," Giesbert said. Those still available "are simply incredibly difficult to move into employment, and therefore I have to assume that the [labour shortages] will get worse in 2014."

Eastern Germany is a different story. While minimum wage pushes have had little impact on recruitment in western states, some recruiters say eastern Germany is already feeling the brunt.

Uwe Schickor, head of Schickor Personaldienstleistung, says that while demand for highly-paid skilled labour remains solid, he has already seen a sharp drop over the last few months in demand for low-skilled workers.

"Clients are having a very, very hard time with it," said Schickor, who runs a recruitment firm based in eastern hubs including Dresden and Erfurt. "We are finding that workers are not being taken on as we have grown accustomed to."

An E8.50 national minimum wage was a key condition of the left-leaning Social Democrats joining in a governing coalition with Chancellor Angela Merkel's Christian Democrats. A study by economic institute DIW last year warned that more than 25% of workers in eastern states - where its introduction might be delayed until 2015 - are currently paid below the minimum wage.

Temp agencies already agreed a deal with unions last year that foresees temporary workers salaries being raised in Western states to E8.50 from the start of this year, while a step-by-step increase in eastern states will raise wages to E8.50 by 2016.

For now, Schickor says some customers have turned to recruiting new workers themselves rather than go through temporary agencies that are already being forced to push up wages to match the industry's collective bargaining agreement. This ploy will not work much longer, however, if the government follows through with a national minimum wage.

Further down the line, the government's plans to grant early retirement to some employees has also sparked concerns from employers and associations that fear the reforms could worsen the already-acute skills shortages.

BDA's Wilhelm says the growing employment of older workers, including those over 60, has been one of the key success stories of the last few years and has also in part helped to ease the search for qualified workers.

"We see that specifically the older generation makes up a huge and growing piece of the overall employment potential, and of the talented workers pool," Wilhelm said. "There is still potential that we can gleam out of this, but companies and employees need clear and reliable signals from policymakers that we are not rolling back the retirement at age 67 ... that is a big problem with the government's current early retirement plans."

Reforms introduced by the coalition government on Wednesday would see Germans who have paid 45 years or more into social insurance allowed to retire at age 63, without losing any state retirement benefits.

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Quelle: https://mninews.marketnews.com/content/repeatreality-check-germanys-recruiters-see-rebound-2014