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Shift in employment structure leaves the hospitality industry in a bad position

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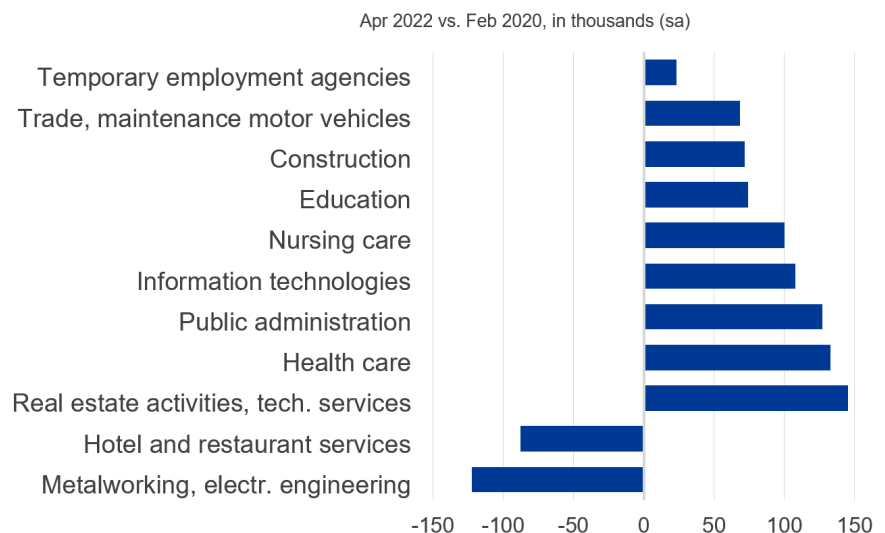
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The German labour market held up well during the pandemic and even gained momentum from 2021 onwards. In the meantime, a shift in the employment structure took place that brings the shortage of skilled labour back into focus.

Structural shift in employment s.t. security contributions during the pandemic



Source: Federal Employment Agency

Although the problem has long been an issue for many industries, it is gaining additional media attention as the holiday season approaches. Long queues at security checks or even cancelled flights, complaints about staff shortages in tourism and restaurant businesses, the list goes on. Especially in the latter mentioned sector, the number of employees subject to (s.t.) social security contributions fell noticeably during the pandemic. Since the end of the pandemic-related restrictions, there has been a desperate need for new personnel. The impressive increase in employment in most sectors of the economy during the pandemic is likely to make the search more difficult. Particularly since these are likely to be rather non-seasonal and well-paid jobs with manageable working times. Work from home may also have opened up new job prospects. However, in the hospitality sector, the recovery in the number of marginally employed could provide some relief (Apr. 2022: 896,900, +190,474 yoy).



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Our new Chart in focus shows the sector-specific development between February 2020 and April 2022. Especially in the hospitality industry (restaurants, accommodation), the pandemic-related restrictions have left their mark. Employment s.t. social security contributions fell by almost 90,000 persons during the period under observation. An indication of the current staff shortages in the sector is the number of vacancies registered with the Federal Employment Agency. In June it was almost 43,000 (s.t. social security contribution), about +52% compared to last year. While quit rates were actually not unusually high, the sector did very poorly regarding new hires. Apparently, despite the economic recovery in summer 2021, jobs were advertised only comparatively hesitantly and as a result fewer suitable workers were found and hired. A study by the IAB ([Bauer and Weber, 2021](#)) finds similar indications.

At the same time, labour was and still is in demand in most other sectors of the economy, so there was no shortage of alternatives. Thus, part of the general increase in employment (Apr 2022: +737,000 vs. Feb 2020) is also likely to have been fed by career changers. Data from the Federal Employment Agency on occupational mobility provides information on this, but is only available up to 2020. It seems plausible, however, that the basic trends have continued. In the first pandemic year, workers from the hospitality industry who left this sector of activity (216,000) mainly moved to sales occupations (16%), food manufacturing (9.5%) and cleaning occupations (7.8%). In addition, the logistics sector and accounting/tax consultancy were destinations for many switchers (12.6% each).

For the declining employment trend in the metal, electrical and steel industry, the data on occupational mobility during the pandemic provides less clear indications. However, since this sector has been undergoing structural changes for some time (electromobility, environmental policy regulations, digitalisation), this is hardly surprising. Only the transport and logistics sector stands out attracting a larger share of workers in 2020.

The bottom line is that the German labour market has been very robust so far – not least thanks to temporarily massive short-time work – and at the same time more flexible than often assumed. The shift in employment between the economic sectors is an indication of this. The shortage of skilled workers is unlikely to ease in the medium term as a result of demographic developments, creating additional wage pressure in the affected sectors.

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