

## Increasing demand for skilled labour through demographic development

**Germany lacks skilled workers. These days, companies from a wide range of industries in Germany are having difficulties filling vacancies adequately, or are not able to fill them at all. In the coming years, the skills deficit will increase, especially with regard to mathematicians, IT consultants, natural scientists and technicians (MINT) as well as in the health and care sector. The demand is also high in commercial and technical professions.**

There are shortages of both academics and non-academics. In particular, the demand for skilled MINT workers with vocational training is increasing significantly. Thus, the number of active skilled workers will drop by almost one million by 2025.<sup>i</sup> The health and care sector will have a shortfall of around 56,000 doctors and a further 140,000 non-academic skilled workers by 2020. By 2030, the shortage will rise to almost one million people, including around 165,000 doctors and a further 800,000 skilled workers.<sup>ii</sup>



Figure 1 An annual net migration of 200,000 immigrants cannot stop the shrinking of Germany's population.<sup>iii</sup>

## **Demographic change: Germany's population is shrinking**

The reason for the shortage of skilled workers is the demographic change: Germany's population is declining. In 2009 there were 82 million people living in Germany and, assuming net migration of 200,000 immigrants, this figure will still be at 73 million by 2060.<sup>iv</sup> At the same time, the age structure of the population is changing. The number of older people is increasing while the number of children and young people is declining. This has a particular impact on the working age population.

The skills deficit will become more and more acute by the year 2030: the German baby boom of the economic miracle years was followed by a “baby bust” in the 1970s, which continues to this day. Baby boomers born in 1964, the highest birth-rate year, will have reached retirement age in 2030, but there is a shortage of offspring. This development will continue beyond 2030. At the same time, the need for nursing staff is increasing with the growing number of elderly people. There are also sector-specific reasons for increased demand for personnel, especially in the MINT sector, where new jobs are created through innovation and expansion.

## **Measures against the skills deficit**

In order to keep the number of persons employed at the present level, Germany depends on both developing its domestic potential (e.g. an increase in the number of women in the workplace and a longer working life due to later retirement age) and on immigration. According to the Institute for Labour Market Research and Vocational Research (IAB), the labour force potential will fall from 45.8 million (2015) to 44.5 million by 2030 and to 38.9 million persons by 2060, taking into account rising domestic employment rates and an annual net migration of 200,000. Hence, an average net migration of 400,000 immigrants is necessary every year in order to keep the labour force potential constant by 2060.<sup>v</sup>

## **Refugees are not cushioning the skills deficit**

In 2015, the rate of immigration in Germany was higher than ever before at 2.1 million people (net migration: 1.1 million).<sup>vi</sup> With 890,000 asylum seekers, this is mainly due to forced migration. Economic hopes that the refugees would be able to cushion the skills deficit have not been fulfilled. Figures from the Institute for Labour Market Research and Vocational Research (IAB) show that,

among the new refugees who came to Germany, only 13 per cent have a university degree and six per cent have vocational qualifications.<sup>vii</sup> For the majority, therefore, those professions which do not require a professional or academic degree are considered first. Germany is dependent on the targeted immigration of qualified people.

### **Germany needs increased immigration from outside Europe**

Even before the high number of refugees arrived in 2015, the Federal Statistical Office reported the highest net immigration for 20 years in 2014: about 470,000 immigrants, two thirds of whom came from the EU. Migration from EU countries has risen sharply in recent years due to the free movement of workers and the economic and financial crisis. However, it is to be expected that these figures will fall in the future if the relevant labour markets recover and the demographic change takes effect in other EU countries. The Bertelsmann Foundation estimates an average EU net migration of only 42,000 to 70,000 annually by 2050. This means: Germany is increasingly dependent on immigration from third countries (non-EU countries).<sup>viii</sup>

### **Foreign workers: German companies plan to recruit from abroad**

Companies in Germany are increasingly employing migrant workers from abroad and are planning to do so in the future. At the end of 2016, there were 3.1 million foreign employees subject to social security requirements who were registered in Germany: Thus, every tenth employee subject to social security requirements in Germany is a foreigner. Conversely, it is unusual for a company to have a purely German workforce: 73 per cent of medium-sized companies employ foreign staff, while in research and development intensive businesses this figure has even reached 93 per cent. Currently, 55 per cent of medium-sized companies employ people from the EU, while 30 per cent employ people from third countries.<sup>ix</sup>

The figures show that foreign recruitment will become increasingly important in the future: Over the past five years, 38 per cent of medium-sized companies have been looking for staff abroad, while 52 per cent are planning this over the next five years. The focus now is on employees from non-EU countries. In the past five years, this was the focus of 11 per cent of medium-sized enterprises. In the next five years, this is expected to more than double to 24 per cent.<sup>x</sup>

Economists and politicians have recognised that in the coming years and decades, Germany will depend on millions of international skilled workers in order to maintain its locational advantage. Labour migration from third countries is becoming increasingly important.

**Further fact sheets:** [www.employland.de/press/facts](http://www.employland.de/press/facts)

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<sup>i</sup> *Institut der deutschen Wirtschaft Köln* 2016: MINT-Herbstreport 2016 – Bedeutung und Chancen der Zuwanderung

<http://www.iwkoeln.de/studien/gutachten/beitrag/christina-anger-oliver-koppel-axel-pluenecke-mint-herbstreport-2016-bedeutung-und-chancen-der-zuwanderung-315792>

<sup>ii</sup> *Ostwald, Dennis A., Tobias Ehrhard, Friedrich Bruntsch, Harald Schmidt und Corinna Friedl, PricewaterhouseCoopers AG* 2017: Gesundheitswesen. Fachkräftemangel. Stationärer und ambulanter Bereich bis zum Jahr 2030

<http://www.pwc.de/de/gesundheitswesen-und-pharma/assets/fachkraeftemangel.pdf>

<sup>iii</sup> *Alscher, Stefan & Hummitzsch, Thomas, Migration & Bevölkerung* 2015: Deutsche Bevölkerung schrumpft und altert trotz Zuwanderung. Mit freundlicher Genehmigung der Redaktion Migration und Bevölkerung

<http://www.migration-info.de/artikel/2015-05-07/deutsche-bevoelkerung-schrumpft-und-altert-trotz-zuwanderung>

<sup>iv</sup> *Statistisches Bundesamt* 2015 Bevölkerung Deutschlands bis 2060. Ergebnisse der 13. koordinierten Bevölkerungsvorausberechnung

[https://www.destatis.de/DE/Publikationen/Thematisch/Bevoelkerung/VorausberechnungBevoelkerung/BevoelkerungDeutschland2060Presse5124204159004.pdf?\\_\\_blob=publicationFile](https://www.destatis.de/DE/Publikationen/Thematisch/Bevoelkerung/VorausberechnungBevoelkerung/BevoelkerungDeutschland2060Presse5124204159004.pdf?__blob=publicationFile)

<sup>v</sup> *Fuchs, Johann, Doris Söhnlein und Brigitte Weber, Institut für Arbeitsmarkt- und Berufsforschung* 2017: IAB-Kurzbericht 6/2017. Projektion des

Erwerbspersonenpotenzials bis 2060. Arbeitskräfteangebot sinkt auch bei hoher Zuwanderung

<http://doku.iab.de/kurzber/2017/kb0617.pdf>

<sup>vi</sup> *Bundesinstitut für Bevölkerungsforschung* 2016: Deutschland ist ein Zuwanderungsland

[www.demografie-portal.de/SharedDocs/Informieren/DE/ZahlenFakten/Wanderung\\_Deutschland\\_Ausland.html](http://www.demografie-portal.de/SharedDocs/Informieren/DE/ZahlenFakten/Wanderung_Deutschland_Ausland.html)

<sup>vii</sup> *Gostomski, Christian Babka von u. a. Institut für Arbeitsmarkt- und Berufsforschung* 2016: IAB Forschungsbericht 14/2016. IAB-BAMF-SOEP-Befragung von

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Geflüchteten: Überblick und erste Ergebnisse

<http://doku.iab.de/forschungsbericht/2016/fb1416.pdf>

viii *Bertelsmann Stiftung* 2015: Zuwanderungsbedarf aus Drittstaaten in Deutschland bis 2050. Szenarien für ein konstantes Erwerbspersonenpotenzial – unter Berücksichtigung der zukünftigen inländischen Erwerbsbeteiligung und der EU-Binnenmobilität

<https://www.bertelsmann-stiftung.de/de/publikationen/publikation/did/zuwanderungsbedarf-aus-drittstaaten-in-deutschland-bis-2050/>

ix *Leifels, Arne und Michael Schwartz, KfW Research* 2017: Ausländische Beschäftigte im Mittelstand: ein starkes Plädoyer für freie Arbeitsmärkte

[https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/News/News-Details\\_394113.html](https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/News/News-Details_394113.html)

x *Leifels, Arne und Michael Schwartz, KfW Research* 2017: Ausländische Beschäftigte im Mittelstand: ein starkes Plädoyer für freie Arbeitsmärkte

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