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## No Big Quit in Germany

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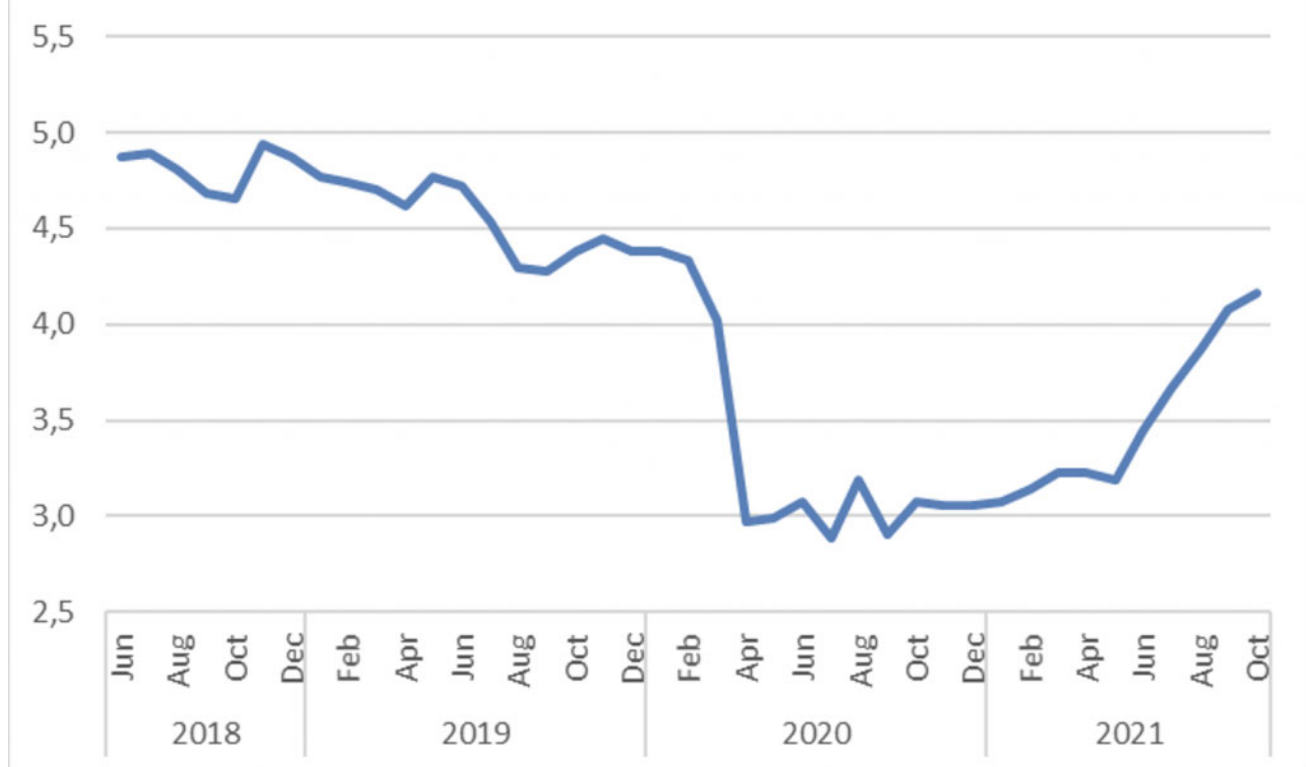


*US workers have reportedly been switching to more attractive jobs since the pandemic. But labour market churn has remained fairly low in Germany, say **Christof Röttger (IAB)** and **Enzo Weber (IAB and University of Regensburg)**.*

The COVID crisis has been an extremely fast recession. Rapid declines during lockdowns were followed by steep recoveries. Industries affected by the restrictions suddenly had to ramp up business again when lockdown was lifted. For example, hospitality shed a lot of jobs during the crisis, and many firms report difficulties in filling new positions.

In Germany, the IAB's labour shortage index shows that difficulties in filling vacancies have increased significantly recently. Hiring difficulties have almost returned to pre-crisis levels (on a scale of 0 to 10).

Figure 1: IAB Labour shortage index



Source: *IAB*

Where have workers made redundant during the crisis gone? Have they returned to the same industry? There is evidence that job applications **moved** from industries hit hard by the crisis **to other industries**. We analysed the question using data from the German Federal Employment Agency on employment and unemployment registrations. Specifically, we examined the extent to which people moved into *new* occupations after they became unemployed.

Table 1 shows the percentage change in unemployed people who were previously employed in a particular sector and who took up a job in a different one during the crisis period (Q2 2020 – Q1 2021) compared to the pre-crisis period (Q2 2019 – Q1 2020). For example, the number of people returning to jobs in the food industry, hospitality and tourism decreased by 16.5 per cent during the crisis.

Instead, these individuals increasingly moved into business-related service jobs, transport and logistics (e.g. delivery services), and health (e.g. testing centres), among others. Accordingly – and because more people were available – the number of unemployed people who had been working in the food industry, hospitality and tourism who returned to jobs at all also fell only slightly, by 2.7 per cent. The number of returnees also fell in some other sectors, such as commerce and trade, but at a comparatively moderate rate. Significantly more returnees were recorded in health jobs. In these, the number of unemployed people recruited also increased (last row in Table 1), as well as in IT and scientific and business-related service jobs.

When the unemployed got new jobs, they were slightly more likely to return to their previous occupation during the crisis period. The overall share of returnees was 55 per cent before the crisis and 56 per cent during it.

**Table 1: Outflow of unemployed people with last job in occupation of origin, by occupational segment, Q2 2020 – Q1 2021 compared with Q2 2019 – Q1 2020, in per cent**

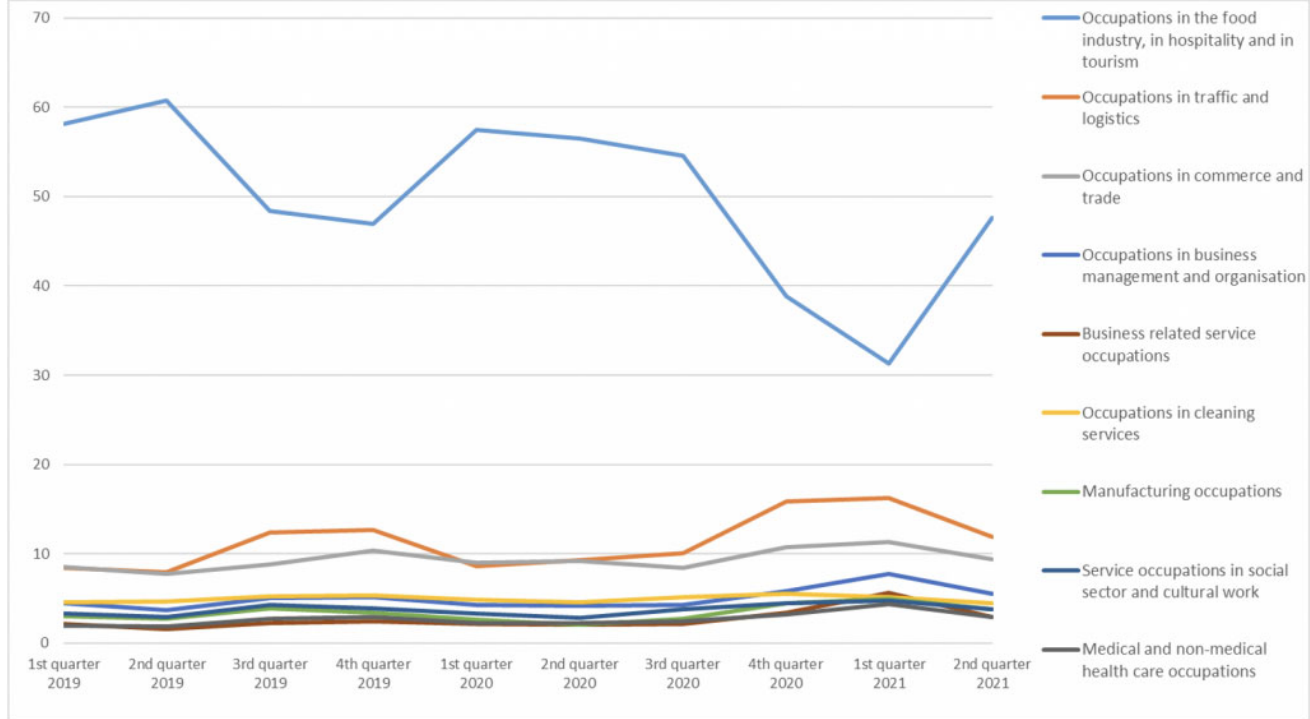
Origin occupation segment	Re-entry occupation segment														Total
	Occupations in agriculture, forestry and horticulture	Manufacturing occupations	Occupations concerned with production technology	Occupations in building and interior construction	Occupations in the food industry, in hospitality and tourism	Medical and non-medical health care occupations	Service occupations in social sector and cultural work	Occupations in commerce and trade	Occupations in business management and organisation	Business related service occupations	Service occupations in the IT-sector and the natural sciences	Safety and security occupations	Occupations in traffic and logistics	Occupations in cleaning services	
Occupations in agriculture, forestry and horticulture	-5.1	-11.9	-10.0	-4.5	-32.0	-9.3	-8.8	-11.0	-7.5	34.1	-5.1	1.0	-8.9	-27.2	-6.9
Manufacturing occupations	6.2	0.0	4.8	0.6	-34.5	-12.1	-2.5	-16.7	-0.6	11.0	7.8	7.1	3.9	-17.8	-0.7
Occupations concerned with production technology	-3.0	5.7	3.4	8.3	-23.6	8.3	1.8	-5.3	4.8	10.7	10.1	0.0	5.4	-8.3	3.5
Occupations in building and interior construction	-6.9	-6.3	-4.7	-6.6	-32.6	11.2	-12.9	-7.3	-0.2	6.9	4.0	-6.0	-4.4	-21.4	-6.7
Occupations in the food industry, in hospitality and tourism	19.4	7.1	6.4	11.4	-16.5	20.8	8.0	7.4	16.2	46.3	18.1	16.8	21.5	-0.4	-2.7
Medical and non-medical health care occupations	4.0	-3.8	5.7	24.4	-32.7	10.3	3.0	-9.8	-4.3	25.6	14.4	10.3	7.7	-5.6	7.9
Service occupations in social sector and cultural work	29.4	0.6	-3.9	3.3	-34.9	7.4	4.0	-6.4	-0.7	16.9	1.9	6.1	6.4	-1.5	2.9
Occupations in commerce and trade	5.8	7.0	3.6	4.4	-32.5	5.3	-3.8	-5.0	-5.7	16.4	3.4	1.0	6.3	-5.7	-3.6
Occupations in business management and organisation	1.7	6.6	1.4	11.6	-34.1	7.9	-0.7	-5.0	-2.8	16.2	4.1	-5.8	4.3	1.4	0.0
Business related service occupations	4.8	5.1	-1.9	4.6	-39.4	8.0	5.3	-3.8	-3.9	6.8	-0.6	-10.5	-0.5	-25.1	1.5
Service occupations in the IT-sector and the natural sciences	5.8	4.6	-0.9	-1.4	-22.3	3.9	11.4	-7.0	3.5	11.4	7.0	-12.4	9.6	-14.6	4.8
Safety and security occupations	4.0	-0.4	-0.6	-11.0	-30.8	5.8	-9.6	-12.2	-6.1	15.3	-8.0	8.2	-6.5	-7.6	0.4
Occupations in traffic and logistics	4.1	3.3	3.4	3.9	-31.0	6.0	-5.4	-7.1	1.2	22.7	2.8	5.7	8.4	-13.9	4.3
Occupations in cleaning services	2.6	-1.2	-1.2	-4.3	-35.5	-6.1	-3.3	-15.9	-15.2	-1.4	14.9	9.5	1.3	0.1	-4.8
Not specified	-12.8	-12.2	-9.1	-12.0	-39.2	-4.9	-4.6	-16.3	-9.9	2.0	-1.2	-6.8	-9.0	-28.0	-13.2
Total	-4.5	-2.2	-0.7	-5.2	-27.5	4.3	0.7	-9.1	-3.8	10.0	4.1	2.1	2.1	-14.5	-3.7

Source: Federal Agency of Employment statistics, own calculations

Figure 2 shows new hires by segment over time for unemployed people who had previously worked in the food industry, hospitality and tourism. Before COVID, about half of them returned to the same job segment after unemployment, and that did not change significantly in spring 2020. This is probably because Q2 2020 includes both the April lockdown month and a recovery of a month and a half. In the longer second lockdown, however, the share of returnees fell by more than 20 percentage points. Instead, more people moved into traffic and logistics, commerce and trade (e.g. supermarkets), jobs in business management and organisation, business-related service jobs, and health.

**Figure 2: New hires of unemployed people who were last employed in food and hospitality jobs by occupational segment, in per cent**





Source: Statistics of the Federal Agency of Employment, own calculations

In the case of jobs with few specific requirements, such as hospitality, occupational flexibility is particularly high. Bosses do not have to rely on a small pool of workers with suitable qualifications to fill vacancies, or the same people as before the crisis. Some post-COVID shortages are likely to return to normal over time. But looming labour shortages due to Germany's ageing population mean raising potentials is essential.



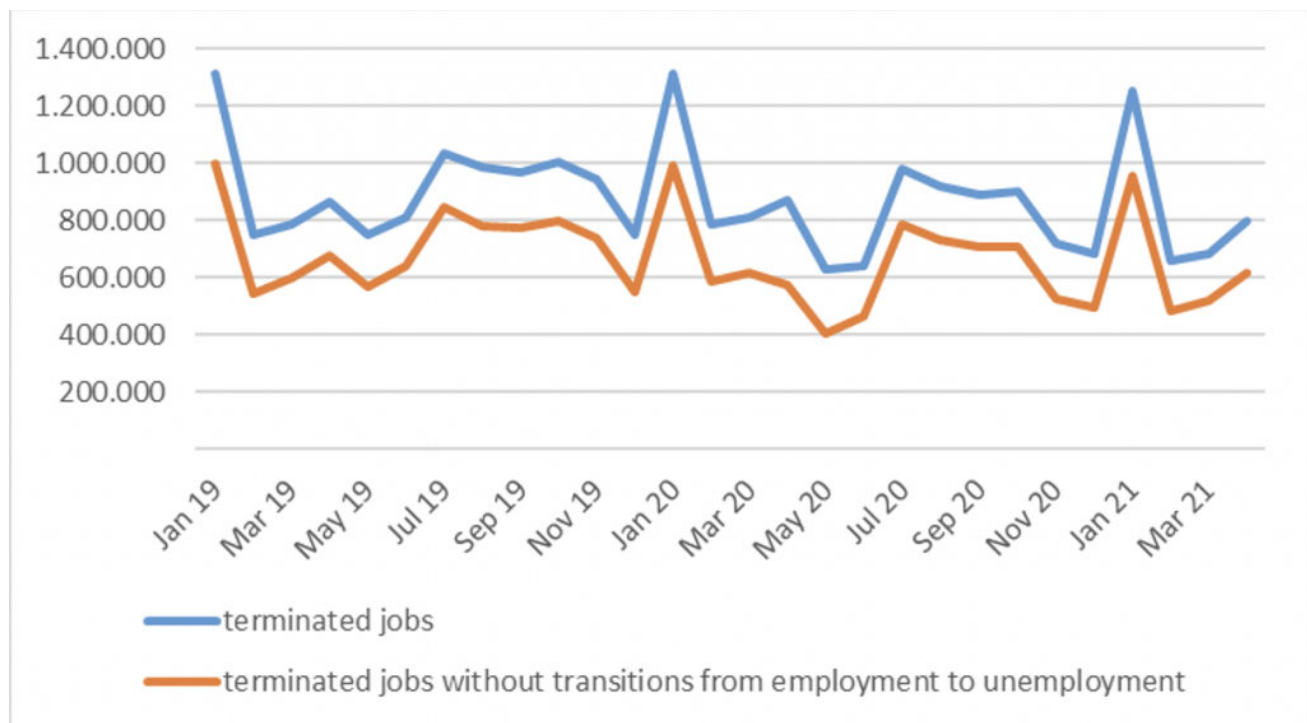
Shuttered restaurants in Frankfurt, December 2020. Photo: 7C0 via a CC BY 2.0 licence

On the one hand, long-term unemployment is still significantly higher than before the crisis – a result of the hiring weakness seen in many countries. In order to stop this persisting beyond COVID, individual **wage cost subsidies** could be **temporarily extended** in critical cases. In addition, especially in hospitality and other parts of the private sector, the number of mini-jobs

(part-time jobs earning up to 450 euros per week, which are exempt from tax and social security) has fallen significantly. Here, it would be useful to introduce a **social security bonus** that supports the creation of full-time rather than mini-jobs in order to extend working hours. This would help the hotel and restaurant industry in particular to recruit staff. These measures will be all the more important if the fourth COVID wave leads to further restrictions. However, the strongest lever is migration. An open immigration policy, as well as efforts to **limit the high level of emigration** through improved (labour market) integration, are invaluable.

In the US, there are **reports of employees leaving their jobs** since COVID in favour of more convenient jobs. But this “big quit” has yet not been observed in Germany.

Figure 3: Terminated jobs (subject to social insurance contributions)



Source: Federal Employment Agency statistics, own calculations

It is likely that employees regard changing jobs in economically uncertain times as risky or less profitable, and therefore tend to behave conservatively. **Search intensity in the labour market did not increase** during the crisis. It can also be assumed that the extensive use of part-time furlough (*Kurzarbeit*) indicated a preference for keeping jobs and thus limited movement in the labour market. In any case, a substantial part of the COVID effect on the labour market was caused by **fewer new jobs** rather than more redundancies. As Table 1 shows, the number of new hires in in the food industry, hospitality and tourism is much lower than before the crisis. For sectors affected by the crisis, this means that a focus on bringing back workers who left is definitely not enough. All in all, the German labour market has not experienced a significant reshuffle due to COVID.

*This post represents the views of the authors and not those of the COVID-19 blog, nor LSE.  
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## About the author



**Enzo Weber**

Professor Enzo Weber is department head at the Institute for Employment Research (IAB) and holds the Chair of Empirical Economics at the University of Regensburg. He acts as a high-level advisor to numerous national and international institutions and has published on the spread of COVID-19 and the effects of containment measures both on infection dynamics and the economy.

**Christof Röttger**

Christof Röttger is a researcher at the Institute for Employment Research (IAB).

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