

German recruitment market - down but not out

Submitted by: BlueSky Public Relations Ltd

Tuesday, 16 June 2020

As COVID-19 continues to impact how business operate, German recruitment firms have seen a further reduction in recruitment activity, although the extreme falls seen at the beginning of the crisis have flattened somewhat. That's according to new research from the Association of Professional Staffing Companies Deutschland (APSCo Deutschland).

The trade body's second Covid-19 Impact Report, which includes insight from its members in Germany and extended network of 200+ recruitment firms, identifies trends in activities and hiring amongst staffing agencies.

Dip in activity less extreme

The survey reveals that in May, the number of recruitment firms facing falls of 50-100% in NFI has nearly halved from 62% in April to 32% in May. However, just over two thirds of respondents are reporting falls in NFI of up to 50%, which is up by 30% from the previous month.

This reduction is likely to be due the fact that, in April, a small number of companies had placed all or a significant proportion of their staff on Kurzarbeit, indicating that these firms were experiencing dramatic drops in NFI. In May, companies responding to the survey are presumably those still relatively active in the market meaning that the NFI reductions are likely to be less severe. Kurzarbeit, (short-time working), which is part of the German government's comprehensive package of support for businesses is still an active option that one in four members are considering for some staff over redundancy or working full time and well over a third (37%) of firms now have over 80% of their staff on Kurzarbeit.

Contractor numbers falling – but billable holding up

Additionally, the survey reveals that over half of companies reported that between 41% and 80% of their contractors were finishing in May, a drastic increase from the 8% reported in April indicating a potential lack of confidence in the market.

On a more positive note, over half (57%) of recruitment firms reported no reduction or a limited reduction in hourly rates for contractors and almost half are seeing just a slight decrease in billable hours (up to 20%). While members are reporting downward pressure on rates, this may, to a certain extent, be being absorbed by the recruitment firm.

Redundancies likely

Tremayne Elson, MD at APSCo Germany, said:

“It is disappointing, although not unsurprising to see that hiring activity continues to drop in Germany, However, it is reassuring to see that the extreme falls in NFI seen previously have now flattened and hopefully this trend will continue in the coming months.”

“We would have liked to have seen less firms make redundancies, however many companies, particularly those that employ below 25 staff in Germany, may still be finding the process to access Kurzarbeit daunting. Additionally, they may be wary of the conditions surrounding acceptance for the scheme. As more businesses get clarity on their options, they may decide to use the government’s support systems which are available instead of making permanent cutbacks.”