Labor Market Availability

Highly Skilled Workforce

Germany’s world-class education system ensures that the highest standards are always met. The German workforce comprises over 43 million people – making it the largest pool of ready labor in the EU. Additionally, companies in Germany benefit from the high levels of education in the workforce: More than 80 percent of the German workforce has received formal vocational training or is in possession of an academic degree.

Germany’s globally renowned dual system of vocational training consists of about 1.3 million apprentices and more than 8,800 vocational schools. In addition, about 2.8 million students are enrolled at one of Germany’s 428 universities. The majority are on courses with a technical focus. Germany’s share of university students in the sciences, mathematics, computer sciences, and engineering is the highest in the EU, with 31 percent of all German students. According to OECD statistics, Germany has the highest rate of graduates with a doctoral degree in sciences and engineering.

Workforce in Germany by Level of Professional Education (2015, in % of total workforce)

Source: Federal Statistical Office 2017
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Dual Education System

To secure the economy’s demand for highly-qualified personnel, Germany traditionally relies on a dual system of vocational training - combining the benefits of classroom-based and on-the-job training over a period of two to three years. Every fifth German company participates in the dual vocational training system, which turns their best apprentices into specialists that fulfil each company’s individual needs.

The apprentices also benefit from the system. Eighty percent of trainees are taken on as employees in production-based industries, underlining the importance of the training system for companies. More than 1.4 million young people are currently on a vocational training course in Germany. Germany’s dual education system enjoys an unparalleled international reputation, being responsible for the lowest youth unemployment rate in Europe.

The German government, in close cooperation with the German Chambers of Industry and Commerce (IHKs) and the German Confederation of Skilled Crafts (ZDH), ensures that exacting standards are adhered to, guaranteeing the quality of training provided across Germany.

The higher education system also applies the dual system of vocational training. There are currently around 100,739 students taking part in a dual study program. These are usually offered by universities of applied sciences. Most of the dual study programs cover engineering or business degrees because of the high level of integration within the more than 41,000 participating companies and other partners.
Vocational Training "Made in Germany"

Germany’s “dual system” of vocational training combines company apprenticeships and vocational school training. The system is a pillar of Germany’s economic competitiveness and innovative capacity. Local authorities and industry officially recognize study programs and certification in around 330 vocations.

Turning apprentices into skilled professionals

2–3 YEARS OF COMBINED TRAINING
LABOR MARKET AVAILABILITY

Motivated and Dependable Employees

German labor flexibility is reflected in higher than average employee motivation levels – exceeding those of most leading industrialized nations. In fact, according to the IMD World Competitiveness Yearbook, German employee motivation levels are greater than those of their counterparts in the US, China, Russia, Poland, France and the UK. A direct corollary of this is the fact that Germans work more than their international peers (41.2 hours per week) and lose less days per annum to strike action than other European nations (significantly below the EU-28 average according to Eurofound).
Stable Labor Costs

An excellent labor force and efficient production process standards have led to a major increase in productivity in the past decade – a marginal increase over the respective labor cost increase.

Since 2006, labor costs have risen in most European countries (EU-28). The growth rate averaged 2.5 percent between 2007 and 2016. While some countries – particularly those in eastern Europe – experienced an increase of about four percent, Germany recorded one of the lowest labor cost rises within the EU at about two percent.

This has led to falling unit labor costs, which represents a genuine competitive cost advantage – particularly in manufacturing. In marked contrast to other large industrialized countries in Europe which have experienced an overall increase in unit labor costs, after decreases in the early 2000s, unit labor costs in Germany have since been fairly stable, growing at around one percent.
Growth of Unit Labor Costs (2004-2013, in %)

<table>
<thead>
<tr>
<th>Country</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland*</td>
<td>-0.80</td>
</tr>
<tr>
<td>Spain</td>
<td>-0.63</td>
</tr>
<tr>
<td>Hungary</td>
<td>-0.56</td>
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<td>Germany</td>
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<tr>
<td>EU 28</td>
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<tr>
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<tr>
<td>UK</td>
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<tr>
<td>Netherlands</td>
<td>0.21</td>
</tr>
<tr>
<td>France</td>
<td>0.23</td>
</tr>
</tbody>
</table>

*no data for Poland for 2004 and 2013
Source: Eurostat 2016

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✉️ Submit your question

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