

## The economic crisis and the solar industry: assessment of the HR market in Germany

Nuremberg, October 30, 2008<sup>th</sup>. The Federal Labour Agency of Germany (*Bundesagentur für Arbeit*) announces positive results: The unemployment figure is of about 2.9 million, which means a reduction of 84,000 in comparison with September 2008 and of 437,000 by year-to-year analysis. The unemployment rate shrinks to 7.2% in Germany – the lowest level during the last 16 years.

Let us take a detailed look on some solar clusters and their figures: Eastern Germany, prime location for the solar industry leaders, still suffers from the consequences of the political and economic breakdown of the former GDR. Therefore these new federal states still build the bottom part of the table within unemployment statistics.

- 🇩🇪 The capital of Berlin, home of Solon AG and other relevant players, has an unemployment rate of 13.0%.
- 🇩🇪 The federal state of Saxony-Anhalt, with the Solar Valley in its heart (Q-Cells AG and others) still registers 12.3% of unemployed people. Next federal state to follow: Brandenburg, where - among others - First Solar is operating a huge manufacturing facility, with 11.7%. Even Saxony, where - for example – the Solarworld group has an impressive number of fabrication subsidiaries, still comes up with a two-digit unemployment rate of 11.5%.
- 🇩🇪 “Best” among them: Thuringia, housing the ersol group et al., with an unemployment rate of 9.9%.

A circumstance which is of disadvantage from job seekers’ point of view, certainly offers better chances for hiring companies. Especially the strongly growing cleantech sector, with the PV industry at its forefront, benefitted from the relative high number of available workforce in the past. But even in Eastern Germany, a dramatic manpower shortage had to be diagnosed in the last 12 to 24 months. In default of an adequate number of specialists in its core sector, the solar industry has started recruiting an increasing number of experts from other industries, like semiconductor.

### The calm before the storm?

Surely, the overall unemployment figure will rise in the near future: Germany strongly depends on its exports. That is why the country will not be able to completely undock from the worldwide economic decrease. Temporary workers will be the first to feel it; employees with limited working contracts may follow. But we are also more than sure, that in general, the financial crisis will not lead to a significantly rising unemployment rate in the fields of skilled workers. Even less engineers or executives will be impacted by the crisis.

Nevertheless, an economic downturn, or at least a longer stagnation, will come, and with it the necessity of optimising cost and personnel structures in affected companies. So, the one or other talent may be set free in the near future, like it can already be observed in the semiconductor industry and in the automotive sector.

### Sun will go on shining on PV!

“Financial crisis is not a PV crisis”, states Michael Schmela, editor-in-chief of PHOTON International, the photo-voltaic magazine, in its October 2008 edition. He points out that “demand is likely to continue exceeding supply in 2009” and that “financial lenders generally consider solar power systems a very safe haven for investment”. We fully agree, and we keep on strongly believing in a bright future for the renewable energies sector.

So, estimating a further growth of the PV industry, and in consequence, of the demand for qualified people, we see no significant changes in the overall HR market situation in Germany for the next one to two years. It will - from a company's point of view - remain tense. We point out the following micro trends:

#### Executive Search

- CTOs respectively experienced R&D Managers will remain one of the most needed “species” and the hardest to find.
- The same is for Purchasing Managers, people knowing how and where to source needed materials and components in the right time and quality. Speaking of quality: Not only the Supplier Quality Assurance, but all other topics of a TQM approach will be of more importance in the near future. Here, experts from the automotive industry could be a suitable target group to address.
- For two other groups we see a strongly growing demand: Marketing & Sales Executives, for developing new markets and managing existing customer relationships, and Financial Officers, who are able to create innovative solutions in financing future projects and investments.
- Concerning COOs, Manufacturing Managers etc., we anticipate a light easing of the candidates market because solar companies will be able to revert to a growing number of experienced people from the semiconductor industry.
- The same is for the other executive roles, like in HR, IT or HSE, where normally no special industrial background is required so that solar companies should be able to relatively easy find suitable talent.

#### Recruitment of engineers and natural scientists

Engineers, physicists and chemists are the heart of each PV company - and of Germany's industry in general. According to the job monitoring of the leading professional association for engineers in Germany, VDI, by the end of 2007 about 650,000 engineers were in a regular employment; only 25,000 were registered as unemployed. This meant an unemployment rate of 3.8%. In the meantime, Germany not only has reached factual full employment, but rather a dramatic lack of these professionals. By the end of October 2008, 96,000 vacancies in German companies could not be filled because of the lack of engineers (FOCUS Online from 2008-10-04: Ingenieursmangel – Geld spielt eine Rolle). We know from our own experience how difficult it has become to search for engineers, especially in rural regions. The present lay-offs in the semiconductor industry, possibly followed by others, may help the PV sector to satisfy its thirst for experts a little better for a short while, but in the medium to long run, recruitment issues remain the same, if not even become more crucial: Just yet the President of the VDE, the German Association for Electrical, Electronic & Information Technologies, Josef Nossek, gave warning of a rising deficit of R&D engineers (HEISE online from 2008-10-03: Elektrobranche trotz Krise vorsichtig optimistisch), and according to the projections of the Institute for the Study of Labor (*Forschungsinstitut zur Zukunft der Arbeit*), until 2017, Germany will lack of more than 200,000 engineers...

 Hiring of blue-collar workers

As mentioned above, temporary workers are the first to feel the general economic crisis, employees with limited working contracts will follow. That is why at operator level, solar companies should benefit from a noticeable relaxation of the job market during the next one to two years.

**For any further discussions please do not hesitate to contact us at any time!**

Michael Hoppenburg  
HR PERSONAL CONSULTING GmbH  
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