



PERSONNEL RESTRUCTURING RADAR Q2 2026

Workforce Shifts in German Industry:

Quieter on the Surface,
More Structural Underneath

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By Jens Jahn and Son Tran

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Executive Summary

BCG's Personnel Restructuring Radar provides a quarterly, indicator-based view of workforce restructuring signals among Germany's largest listed corporates. In Q2 2026, the composite score fell to 16/40, its second one-point decline in a row and the lowest reading since the series began in early 2024. The lower score points to quieter announced activity, while the mix of measures has become more structural.

All patterns at glance

The Radar is built on four equally weighted dimensions: Personnel Cost Down Intensity, Short Time Work, Site Restructuring Activity, and Social Partner Sentiment, each scored from 1 to 10 and aggregated into a composite score with a maximum of 40. Macroeconomic indicators are tracked separately as context.

Site Restructuring Activity rose to 5/10, Personnel Cost Down Intensity fell to 4/10, Social Partner Sentiment eased to 5/10, and Short Time Work held at 2/10. The composite therefore combines opposing moves: fewer firmly announced reductions and fewer separate social-partner cases, alongside more footprint actions and continued low use of temporary working-time support.

The divergence signal

This quarter's defining feature is a more structural mix of restructuring instruments. Short Time Work remained at its floor while Site Restructuring Activity reached its highest level since Q2 2025, so the lower composite should be read as a change in instrument mix rather than a broad release of pressure.

The Radar counts only firmly announced actions, so proposals that had not been confirmed by quarter-end fall

outside the Q2 score even where they attracted substantial coverage.

The deep dive follows the part of the adjustment that announced actions reveal only partly: where AI-related workforce effects appear first, and what happens to talent when roles, hiring and industrial demand shift



JENS JAHN
Managing Director & Partner,
BCG



SON TRAN
Analyst, People & Organization
Practice,
BCG

Source: Picture generated with AI

A New Low, Unevenly Reached

Q2 2026 closes at 16/40, down one point from Q1 and the lowest reading in the series. The move remains too small to establish a turning point, but the components have separated further, which makes the mix of instruments more informative than the headline.

As in previous editions, the Q2 result is anchored in the PRR's four equally weighted indicators: **Personnel Cost Down Intensity, Short Time Work, Site Restructuring Activity, and Social Partner Sentiment**. Together, these building blocks show how companies combine permanent cost measures, temporary flexibility, footprint action and dealings with employee representatives. The composite records the number and intensity of announced actions.

Site Restructuring Activity rose while Personnel Cost Down Intensity and Social Partner Sentiment fell, and Short Time Work stayed at 2/10. The quarter therefore points away from temporary adjustment and toward decisions that are harder to reverse, even as the volume of firmly announced headcount programmes eased.

quarter, while Site Restructuring Activity rose to 5/10, its highest since Q2 2025. Q2 output grew by 0.2 percent and the ifo Business Climate Index stood at 85.6 in June, so the weak use of short-time work is more consistent with overcapacity having moved into permanent measures than with a broad recovery¹. Illustrative cases included a premium automotive manufacturer closing three non-core subsidiaries, a specialty pharmaceuticals group closing one German manufacturing site, and a brewery group consolidating production.

- **Social Partner Sentiment eased as the election-cycle surge passed, while implementation disputes became sharper.** The rating fell from 6/10 to 5/10 as the works council election peak faded. At a network airline group, overlapping pilot and cabin-crew strikes coincided with negotiations over the social plan for a regional subsidiary scheduled to close, showing how fewer cases can still carry substantial execution friction.

Some key take-aways at glance

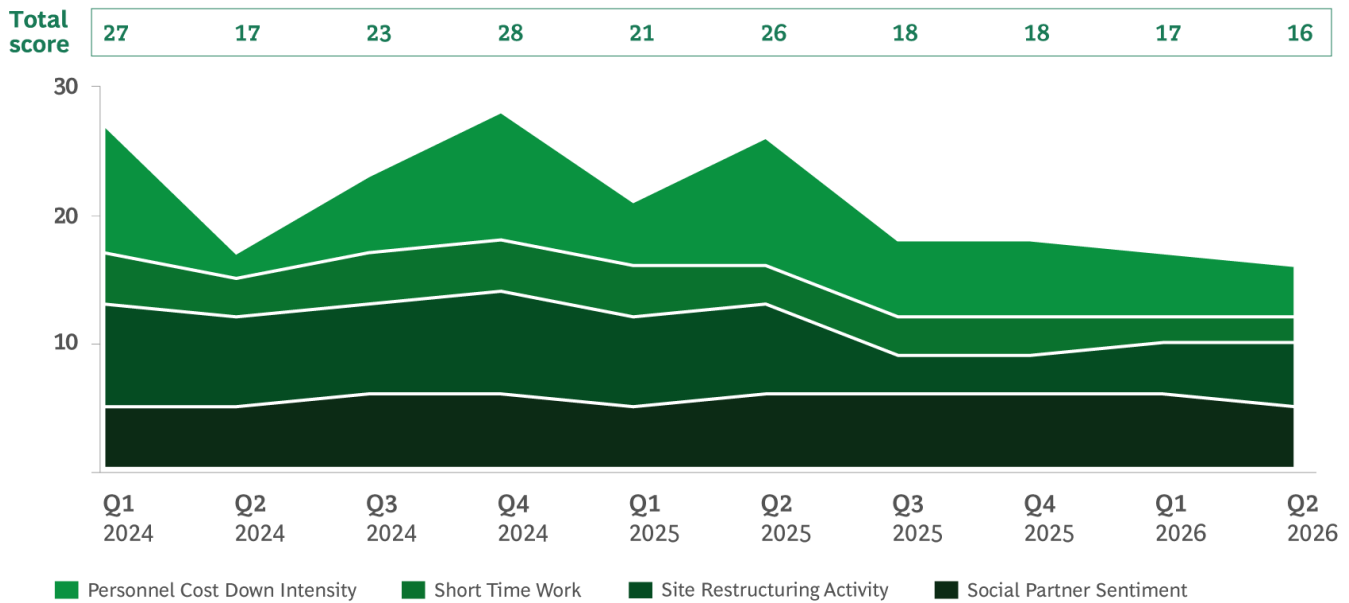
- **A series low built from opposing moves.** The composite fell from 17/40 to 16/40, after holding at 18/40 through the second half of 2025. Two building blocks declined, one increased and one held, so the score reflects a change in how companies are adjusting rather than a uniform slowdown.
- **Personnel Cost Down Intensity eased.** The rating fell to 4/10, its lowest since Q2 2024, because firmly announced reductions during the quarter were modest in scale.
- **Temporary flexibility remained low as site actions increased.** Short Time Work held at 2/10 for a second

Q2 therefore reads as quieter at the point of announcement and more structural in the measures advancing underneath.

1. Statistisches Bundesamt (Destatis), gross domestic product, first release for Q2 2026, 30 July 2026; ifo Institute, ifo Business Climate Index, June 2026.

EXHIBIT 1

Personnel Restructuring Scores Over Time



Source: BCG analysis.

Note: the PRR tracks number and intensity of publicly announced actions (e.g. layoff programs, site moves, etc.). It does not quantify total affected employees per quarter.

Media Analysis

Q2 coverage sounded more severe than the composite because a small number of high-salience stories dominated the quarter. Reporting concentrated on a large automotive group's unconfirmed programme, possible plant closures and a prolonged airline dispute, while many smaller cost programmes were described as routine execution.

Keyword frequencies.

Process terms remained common. 'Stellenabbau', the standard German term for headcount reduction, appeared alongside severance, early-retirement schemes and transformation, while mass-layoff language remained rare. Short-time-work terminology disappeared from the three searches, consistent with the 2/10 rating. Plant-closure language became more prominent as Site Restructuring Activity rose. Artificial intelligence and its German abbreviation 'KI' appeared mainly in layoff coverage, although explicit AI attribution remained uncommon in the underlying announcements.

Tonality shifts.

Tone split across three groups:

1. Some stories were framed as a possible break with Germany's established industrial model,

2. while other coverage was adversarial because strikes and social-plan negotiations overlapped;
3. and mid-sized programmes were reported in a procedural register, with targets, voluntary instruments and timelines treated as part of regular management.

Sentiment markers and notable trends.

Coverage also reflected wider strain beyond the listed-company sample. The IWH insolvency trend recorded about 4,996 corporate insolvencies in Q2, the highest quarterly level in roughly 21 years, affecting about 45,500 jobs. This context helps explain why the public mood remained weak even as the composite fell.²

Two measurement differences account for much of the gap. First of all, the Radar only includes firmly announced actions. Also, Social Partner Sentiment counts separate negotiations, so repeated coverage of one airline dispute increases salience without creating additional cases. The press therefore ran ahead of the score on severity, while the Radar remained anchored in confirmed breadth and intensity.

2. Leibniz Institute for Economic Research Halle (IWH), IWH-Insolvenztrend, June 2026 edition published 9 July 2026, including the Q2 2026 summary.

Talent in Workforce Restructuring

Where AI-Related Workforce Effects Appear First

Personnel Cost Down Intensity fell to 4/10 in Q2, while registered unemployment exceeded three million in April and corporate insolvencies reached their highest quarterly level in roughly 21 years. The gap points to adjustment channels that appear before a conventional layoff announcement: a vacancy that is never opened, a contractor assignment that is not renewed, a role that changes content, or a worker who moves directly into another job.³

Q1 examined how companies positioned AI in restructuring communication through mention, direction and linkage. Q2 extends that work from narrative to workforce location. We ask what role companies say AI plays, what form the workforce effect takes, and where it lands.

The assessment lens

The sample covers every Q2 case in the 'Handelsblatt' and 'manager magazin corpus' where a workforce decision appeared alongside an AI or automation reference. The larger group of DAX, MDAX and SDAX announcements with no AI reference is the comparison group. For talent destinations, we use a four-route framework and test it against publicly reported cases.

1. **Stated role of AI.** Is AI presented as a cause of reduction, an enabler of retraining and redeployment, or strategic context with no stated workforce link?
2. **Direction.** Does the case describe fewer existing roles, redesigned roles, or a change in hiring intentions?
3. **Where it lands.** Does the effect fall across broad headcount, within specific functions, on external and contracted capacity, or at early-career grades?

The classification is qualitative and based on press coverage and company statements as reported. It records the explanation a company gives and the observable workforce action. Case figures come from the Q2 corpus; external labour-market and sector claims are cited in footnotes.

Four observed positions

AI as a stated cause of reduction

AI is named as part of the explanation for fewer roles, and the affected activities are identified. In the Q2 sample, a large listed bank attributed a substantial part of a further reduction to AI-related productivity, describing the effect as greater than it had expected a year earlier.

The first levers were outsourced call-centre volume and external IT capacity, with compulsory dismissals excluded and demographics expected to absorb the remainder. The case places the most explicit AI-linked adjustment at the organisational boundary, where capacity can be reduced without a large internal redundancy programme.

AI as an enabler paired with retraining

AI explains why work is changing, while the company commits resources to moving employees into different roles. The threshold is practical: the retraining route has funding, a stated population and a timeline.

A large insurance group plans to reduce roughly 1,000 roles over several years while retraining around 700 employees through a dedicated academy. The reductions concentrate in telephony, incoming correspondence and claims handling; retraining moves people toward areas with lower automation potential and rising demand. The case qualifies because the commitment is funded, dated and linked to a stated pace of reduction.

AI as a structural driver without stated reduction

AI drives the reorganization, while the company states that headcount will hold. The workforce effect appears through changes in role content, reporting lines and organizational ownership rather than through a reduction announcement.

A large industrial technology group is combining automation and software units and redesigning sales and shared research around industrial AI while committing to no job cuts. Reporting indicates that at least 20,000 of roughly 87,000 German employees will change title, responsibility or organizational home. The reorganization is substantial, although the consequences for individual roles were not clear when the plan was announced.

3. Bundesagentur für Arbeit, Arbeitsmarkt im April 2026, 30 April 2026; IWH, IWH-Insolvenztrend, June 2026 edition published 9 July 2026, including the Q2 2026 summary.

Traditional framing with no stated AI link

Most cases fall in the comparison group. Chemicals, automotive supply, medical technology, industrial automation and engineering services explained reductions through weak demand, cost pressure, competitiveness or portfolio choices, even where the companies were investing visibly in AI elsewhere.

The size of this group limits the overall conclusion. AI has entered the workforce rationale in isolated cases, while traditional explanations still account for the large majority of announced actions in the Q2 corpus.

What appears before a layoff announcement

Across the cases, AI-related adjustment appears first where organizations can change capacity with the least formal disruption: external contractors, routine service work, attrition and hiring. That pattern fits the mechanics of an announcement-based index. A junior vacancy that is not opened and a contractor assignment that expires create no restructuring announcement, although both change the workforce.

External research supports a hiring-channel hypothesis more clearly than a broad layoff wave. A Stanford study using United States payroll data found a 16 percent relative decline in employment among workers aged 22 to 25 in the most AI-exposed occupations. An IAB scenario for Germany projects about 1.6 million roles either created or displaced over 15 years while total employment remains broadly stable. In a Bitkom survey, 22 percent of employed respondents said positions in their company were already left unfilled or cut because AI had taken over tasks.⁴

These studies use different methods and geographies, so they provide context rather than a causal explanation for German unemployment. Eurostat placed Germany's harmonised youth unemployment rate at 7.0 percent in May 2026, less than half the EU rate of 15.2 percent. The Federal Employment Agency reports that three quarters of registered unemployed people under 25 have no completed vocational qualification. Qualification and transition therefore remain central to the German picture, while early-career hiring deserves closer attention as a leading indicator.⁵



4. Brynjolfsson, Chandar and Chen, Canaries in the Coal Mine? Six Facts about the Recent Employment Effects of Artificial Intelligence, Stanford Digital Economy Lab, revised 2025 version; the earlier working paper reports 13 percent. Institut für Arbeitsmarkt- und Berufsforschung (IAB), AI labor-market scenario, 2025. Bitkom, representative survey of 1,003 people aged 16 and over, including 550 in work, published 11 May 2026.

5. Eurostat, youth unemployment, May 2026; Bundesagentur für Arbeit, Arbeitsmarkt kompakt: Herausforderungen für junge Menschen, 2026.

Source: Picture generated with AI

What the Radar and labor-market data each capture

The Radar records the number and intensity of announced actions among Germany's largest listed corporates. Federal labor-market statistics cover the whole economy, including hiring decisions that never become announcements and failures among companies outside the listed peer group. The two measures can therefore move in different directions during the same quarter.

The insolvency data make the distinction concrete. Germany recorded 4,996 corporate insolvencies in Q2, affecting about 45,500 jobs, with new highs across construction, real estate, trade, hospitality and services. Large listed corporates often adjust through negotiated programmes and phased footprint decisions; much of the wider economy adjusts through hiring restraint and company failure.⁶

Four destinations for released industrial talent

Released industrial talent can follow four routes:

1. redeployment within the same employer;
2. movement to another employer in the same industrial ecosystem;
3. transfer into an adjacent growth sector;
4. or a period in unemployment, training, retirement or inactivity.

Public reporting rarely follows individuals across all four, so this framework organizes the evidence without estimating destination shares.

Defence is the clearest adjacent-sector case in the wider

material reviewed for this edition because several public announcements explicitly connect automotive employees or sites with defence hiring. Other sectors appear as potential destinations, including aerospace, energy technology, medical technology and semiconductors, but the evidence is less consistently tied to workers released by a named restructuring programme.

Two cases show the transfer route. A defence electronics group and an automotive supplier established a cooperation covering southern German sites where around 600 employees were affected. A missile manufacturer plans to expand one German site from about 1,100 to 1,900 employees, with active recruitment and redeployment from automotive. These observable transfers make defence a useful case study, while the largest destination remains unresolved.⁷

Implications

For workforce leaders. Track apprenticeship and graduate intake, contractor capacity, vacancy replacement and role redesign alongside announced reductions. Several years of quiet compression at the point of entry can create a capability gap later in the mid-career pipeline.

For companies restructuring while investing in AI. A credible enabler position requires funded retraining, internal mobility routes and a pace of reduction linked to demonstrated capability. Broad commitments without numbers, dates and destinations will be tested by employees and social partners.

For industrial employers in adjusting sectors. Start with the full destination set rather than a single receiving sector. Internal redeployment, same-ecosystem moves, adjacent-sector transfers and supported exits require different skills mapping, employee-representative involvement and timing. The defence cases show what can be observed publicly; a complete destination map requires worker-flow data beyond the PRR media corpus.

6. IWH, IWH-Insolvenztrend, June 2026 edition published 9 July 2026, including the Q2 2026 summary.

7. Eurofound, European Restructuring Monitor, cases 204113, 204425, 204490 and 203226, 2025-2026.



Conclusion and Outlook

Q2 2026 gives the Radar a series low of 16/40, but the components show a change in instrument mix rather than a uniform retreat from restructuring. Temporary working-time support remained low while site actions increased, so the instruments still in use are the ones that are harder to reverse.

Key takeaways from Q2 2026:

- 1. A lower composite can carry more structural content.** Two building blocks fell, one rose and one held, so the 16/40 reading combines fewer firmly announced reductions with more footprint action.
- 2. Temporary flexibility remains exhausted.** Short Time Work stayed at 2/10 while Site Restructuring Activity rose to 5/10, which is more consistent with capacity decisions moving beyond a temporary hours buffer.
- 3. Implementation is concentrating the friction.** Social Partner Sentiment eased from its election-cycle peak, while the airline dispute showed how a smaller number of negotiations can become more difficult as programmes move into social-plan and closure implementation.
- 4. AI has entered the workforce rationale selectively.** One case linked reduction directly to AI-related productivity, another paired automation with funded retraining, and most announcements continued to use traditional cost and demand explanations.

Outlook

Q3 should test two open questions. First, will pending programmes convert into confirmed closures and additional reductions, or into negotiated capacity solutions? Second, will explicit AI attribution spread across more companies and functions? Early-career hiring, external capacity and retraining commitments will remain useful leading indicators because they can move before announced headcount programmes.

About the Authors

For Further Contact



Jens Jahn

Managing Director & Partner

Stuttgart

+49 1703347509

Jahn.Jens@bcg.com



Son Tran

Analyst – People & Organization Practice

London

+447484461201

Tran.Son@bcg.com



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