



TALENT KLIMA INDEX

Talent Climate Index

Results – First half of 2019

In the spotlight: Decision-making
behavior of different generations



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PROFIL 

Executive Summary



- The Talent Climate Index (TCI) serves as an indicator for the development of the labor market in Germany from a company point of view both in terms of internal and external talents (leaders and specialists).
- Using few precise questions the current situation and the expected trend are ascertained (talentklimaindex.de). Biannual surveys enable a long-term evaluation.
- The results of the survey for the first half of 2019 are presented here. These are based on 78 usable data sets, consisting of HR experts, managers, and members of the top management.

This results in the following key findings:

- **Continued easing of the situation on the talent market:**

For the second time in a row, the talent climate has clearly set itself apart from the previous downward trend. It is thus moving back roughly to the level of the first data collection in 2016. This is not only due to more optimistic forecasts for the future, but also to an already perceived improvement in the talent situation. However, this should not hide the fact that approximately half of those surveyed still rate the talent situation to be poor.

- **The presumed priorities of the generations are confirmed in reality:**

The priorities of talents actually shown in professional decisions correspond to the wishes of the generations expressed in many studies to a large extent. These have shifted significantly across generations. When comparing the oldest generation ("Baby Boomers") with the youngest ("Generation Z"), the priorities are almost reversed. Traditional external factors, such as income, job security, and status, contrast with new priorities, such as work-life balance, learning opportunities, and meaningful work.

- **The proportion of younger generations is higher in external recruiting:**

When filling vacancies with internal staff, almost 50 percent of candidates selected are members of Generation X and the Baby Boomer generation, while talents recruited from the external labor market are younger. Generation Y and Z account for a total of 62 percent here.

Contents

1. Main focus: Decision-making behavior of different generations

2. Overall trends over time

- Talent climate trend
- Commitment climate trend

3. Current situation and expected development

- Current talent situation and expected development
- Commitment situation and expected development
- Current talent and commitment climate

4. Appendix:

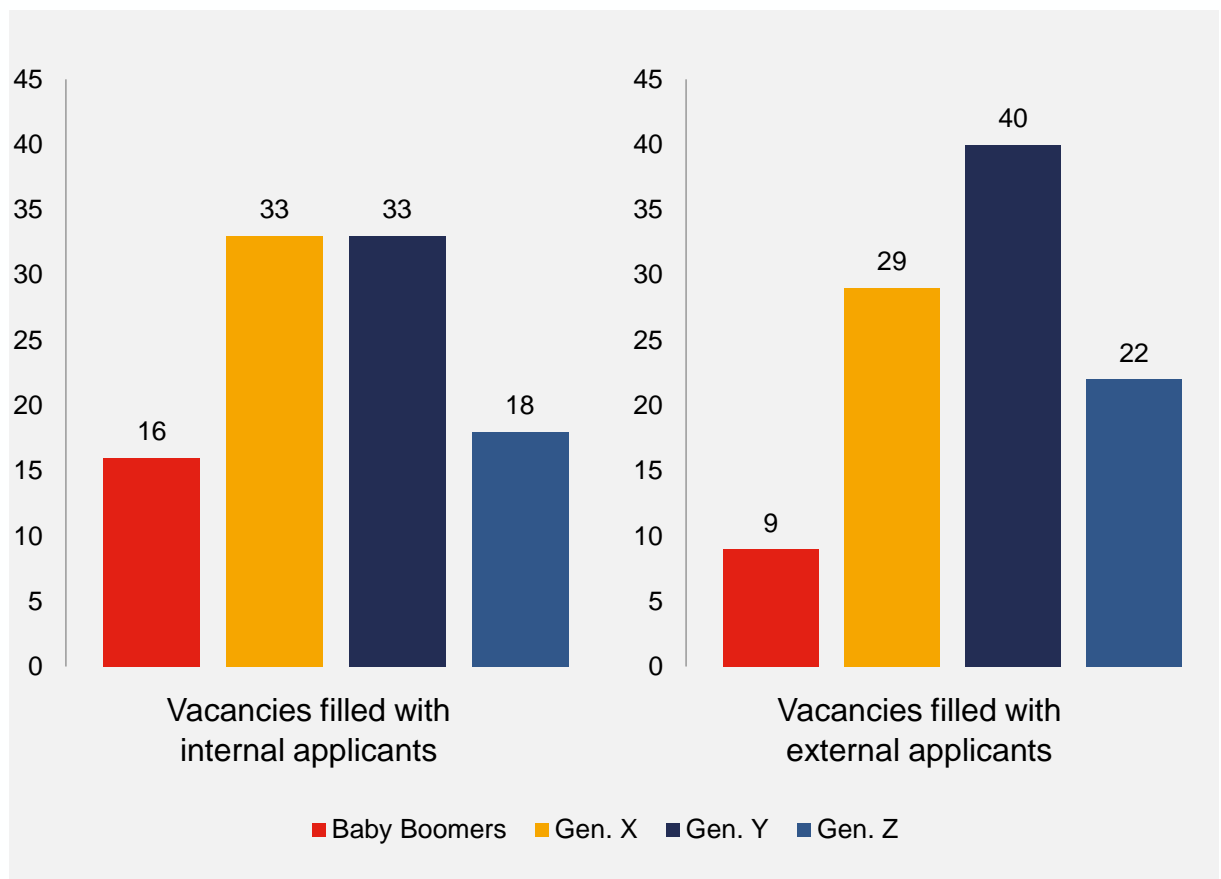
Explanations on the TCI and the data collection

Main focus: Generations

The proportion of younger generations* is higher in external recruiting

The distribution of the generations shows clear differences with regard to internal and external recruiting. Internally, almost 50 percent of positions are filled with Generation Z and Baby Boomer employees. Younger talents are recruited from the external labor market. Generation Y and Z account for a total of 62 percent here.

Comparison of internal and external recruitment (in percent)



* Baby Boomers: People born before 1965
Gen. X: People born between 1966-1980
Gen. Y: People born between 1981-1995
Gen. Z: People from 1996 onwards

Main focus: Generations

Generations do indeed differ in their professional priorities

Surveys among representatives of different generations suggest that they have different preferences in relation to their professions. But how do talents really decide when it comes down to it? In the current survey, the actual priorities of the generations were ascertained. This reveals clear differences between the generations. To a large extent, these correspond to the wishes of the generations expressed in many studies.

	Baby Boomers People born before 1965	Generation X People born between 1966-1980	Generation Y People born between 1981-1995	Generation Z People born from 1996 onwards
Prio 1	Income	Income	Creative scope/ opportunities to exert influence	Work-life balance
Prio 2	Job security	Creative scope/ opportunities to exert influence	Task contents	Individual learning and development opportunities
Prio 3	Status	Task contents	Individual learning and development opportunities	Meaningfulness or contribution to society
Prio 4	Creative scope/ opportunities to exert influence	Job security	Income	Task contents
Prio 5	Task contents	Individual learning and development opportunities	Work-life balance	Creative scope/ opportunities to exert influence
Prio 6	Individual learning and development opportunities	Work-life balance	Meaningfulness or contribution to society	Income
Prio 7	Meaningfulness or contribution to society	Status	Status	Job security
Prio 8	Work-life balance	Meaningfulness or contribution to society	Job security	Status

Priorities as prototypical = averaged sorting across all (valid) responses

Main focus: Generations

How do generations actually decide?



- **Reversal of priorities from Baby Boomers to Generation Z**

It becomes very obvious that the priorities of talents have indeed shifted significantly. When directly comparing the oldest generation (Baby Boomers) with the youngest (Generation Z), the priorities are almost reversed. It is therefore not surprising that mutual understanding of the needs of the other generation is often not very pronounced.

- **For Baby Boomers, the focus is above all on external factors**

For Baby Boomers (born before 1965), external factors such as income, job security, and status are the most important. However, they regard an appropriate work-life balance, task contents, or learning opportunities to be a lot less important.

- **For Generation X it is about both money and contents**

Generation X, born between 1966 and 1980, focuses on hard factors such as income, but also on the possibilities for creative scope, opportunities to exert influence, and the content of tasks. Compared to Baby Boomers, they consider status and job security to be much less important.

- **Generation Y wants to shape things**

For Generation Y, born between 1981 and 1995, the focus is on creative scope and opportunities to exert influence in an environment with attractive task contents. Another new aspect here, however, is the importance of individual learning and development opportunities. Job security is not a professional priority for Generation Y. To some extent this can also be explained with their professional opportunities. Members of Generation Y are the most frequently chosen talents for filling vacancies (see Comparison of internal and external recruitment).

- **Generation Z focuses on itself and the perceived meaningfulness**

Generation Z, born in 1996 or later, attaches great importance to a good work-life balance as well as learning and development opportunities. However, the focus is not only on how they feel personally, but also on whether the job is in line with their values. It should be meaningful and in the best case make a contribution to society.

Contents

1. Main focus: Decision-making behavior of different generations

2. Overall trends over time

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- **Commitment climate trend**

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- Current talent and commitment climate

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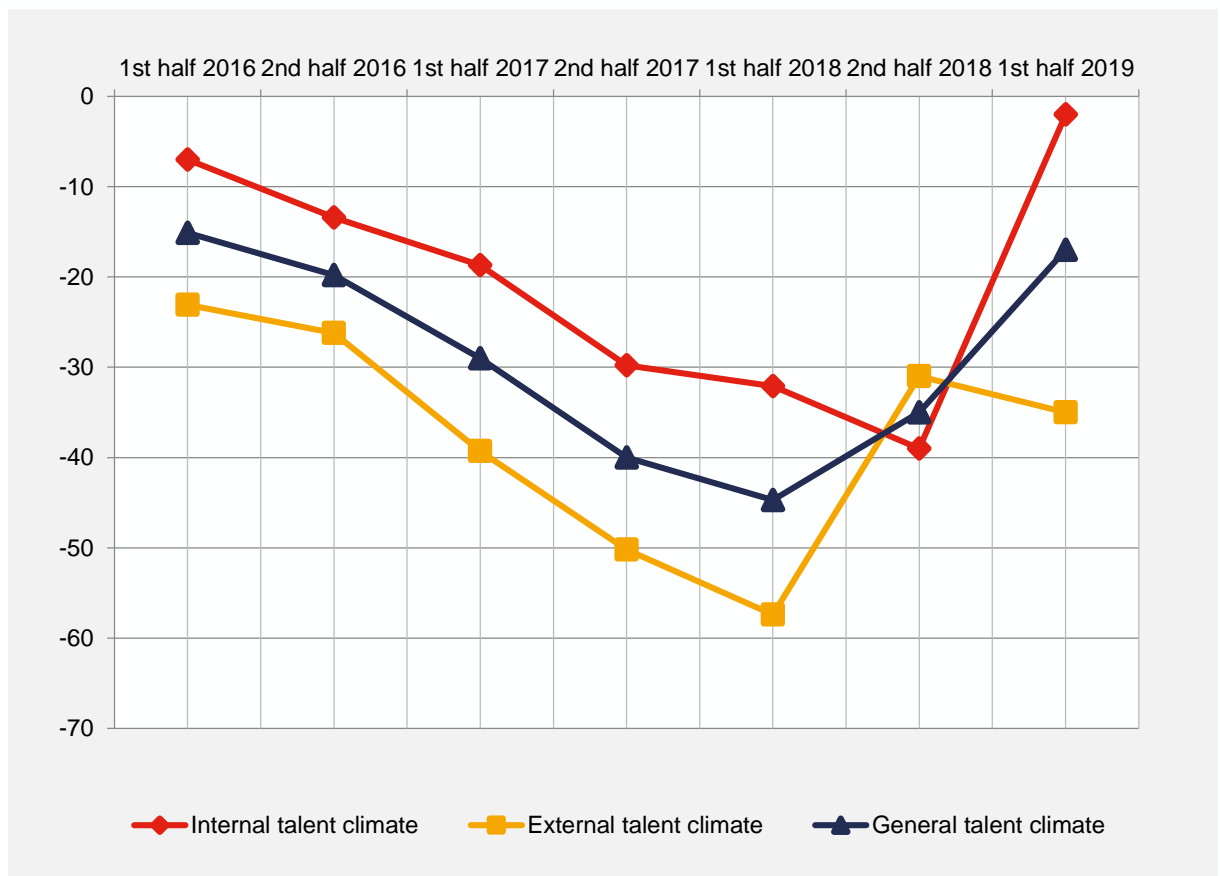
Talent climate trend

Negative talent climate trend broken for the second time

Respondents rated the talent climate to be better than in previous years. The internal talent climate is even at an "all-time high," the external and the general talent climate as an average are at about the level of 2016.

This confirms the first positive trend in the second half of 2018 and the downward trend appears to have ended for the time being.

Talent climate* over time



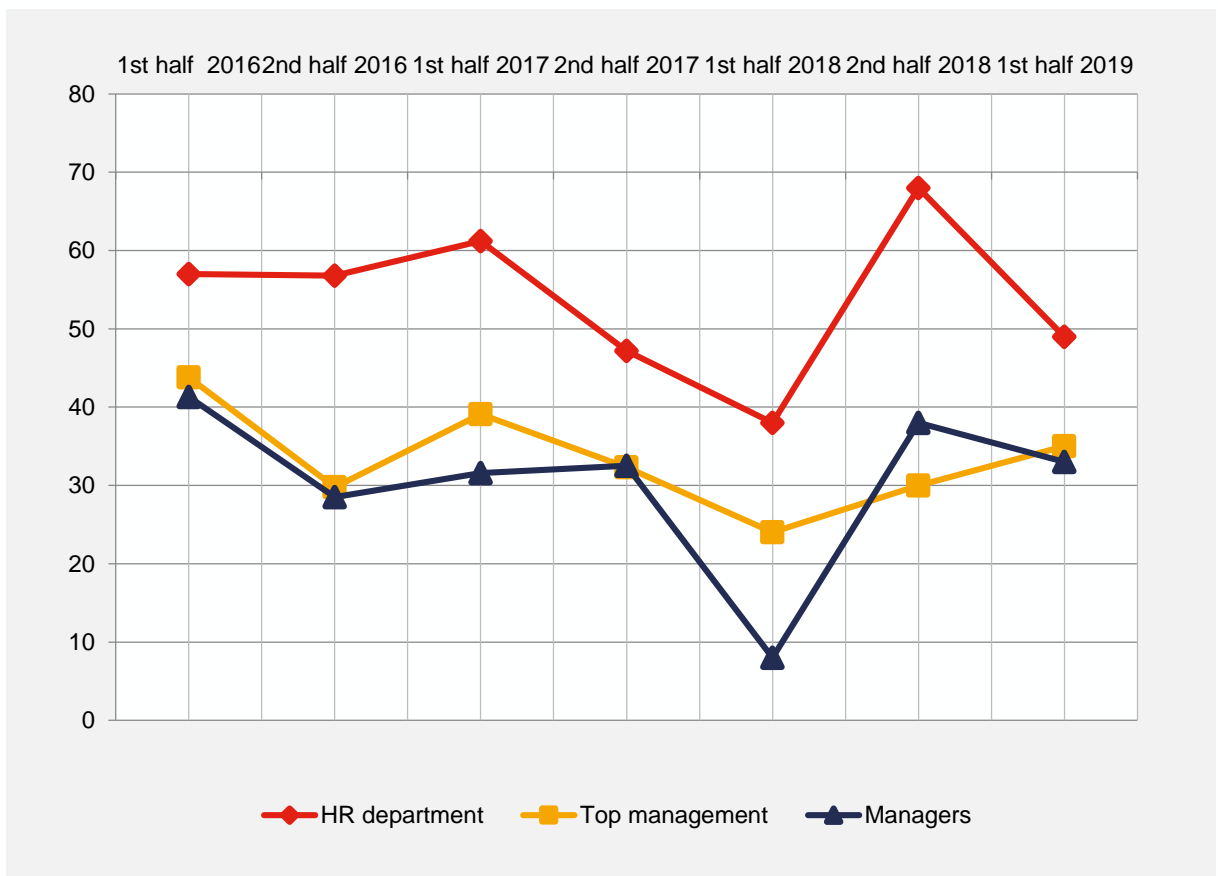
* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

Commitment climate trend

Management and HR are converging in terms of talent management support

In terms of the commitment climate, the groups of persons responsible are currently actively moving toward each other. The commitment with regard to active talent management continues to be highest in HR, though the distance to the top management and managers has decreased. This is due in particular to the fact that HR commitment declined again after a significant increase in the last survey.

Commitment climate* over time



* Values stated on a scale of -100 to +100. The commitment climate results from a combination of current and expected assessments (exact calculation see appendix)

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- **Commitment situation and expected development**
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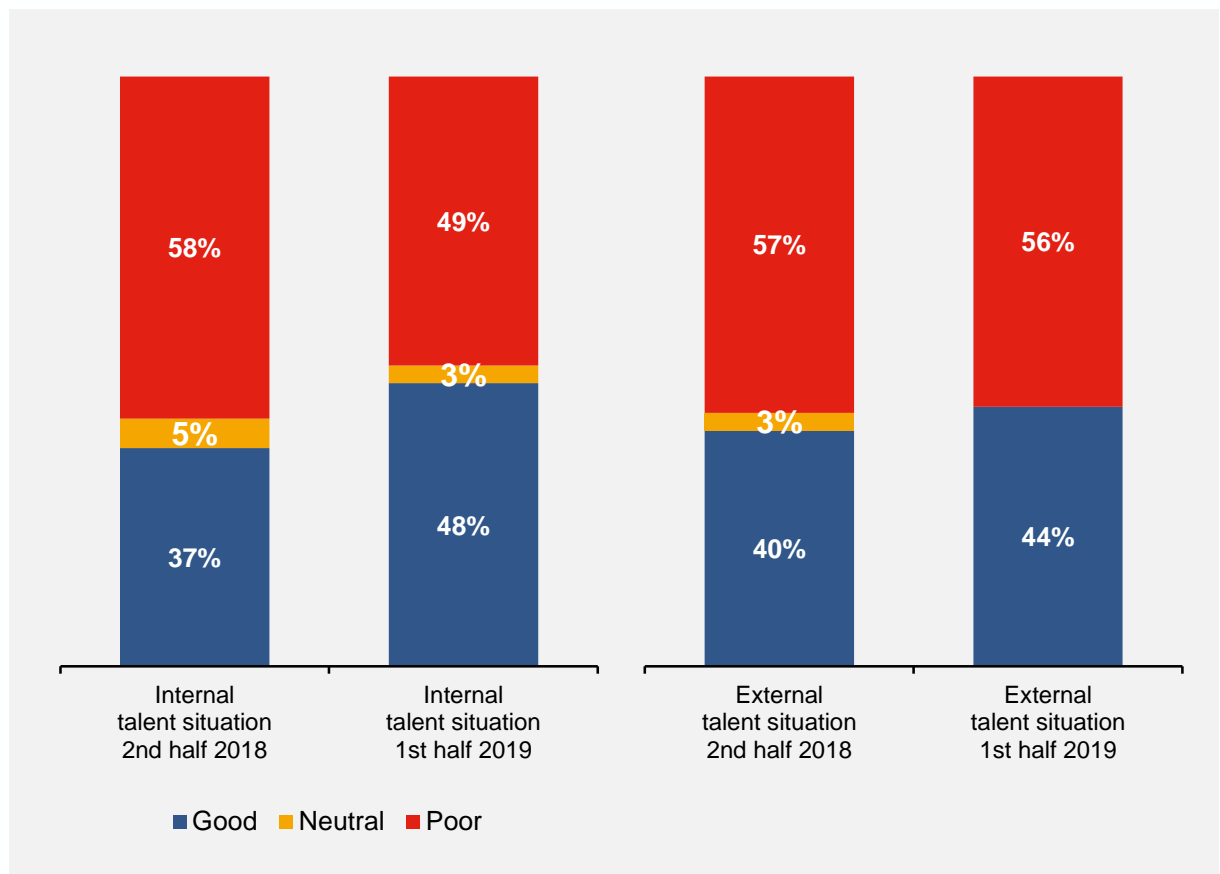
Explanations on the TCI and the data collection

Talent situation

General talent situation recovers on internal and external labor market

The availability of internal and external talents, the so-called "talent situation," continued to ease in the first half of 2019. The positive talent climate is therefore not only due to optimism, but also to an already perceived improvement. However, this should not hide the fact that approximately half of those surveyed still rate the situation to be poor.

Talent situation: Current availability of talents

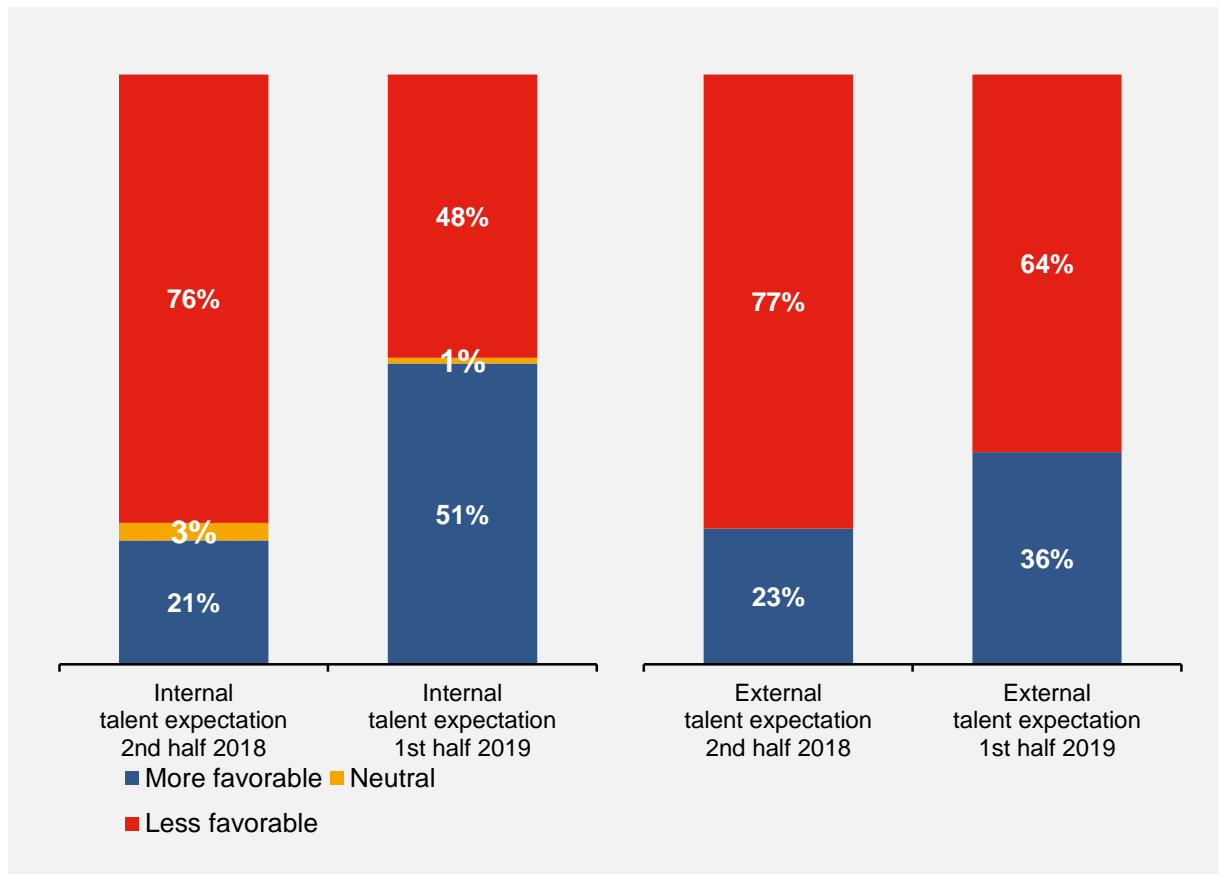


Talent expectations

Forecasts significantly less negative

The positive trend of the last data collection continues: Expectations regarding the future availability of talents are much more optimistic, especially for internal talents, but also for external talents. The climate index was thus ultimately influenced even more by the expected than by the already existing easing of the situation. Nevertheless – skeptical assessments still predominate.

Talent expectation: Future availability of talents

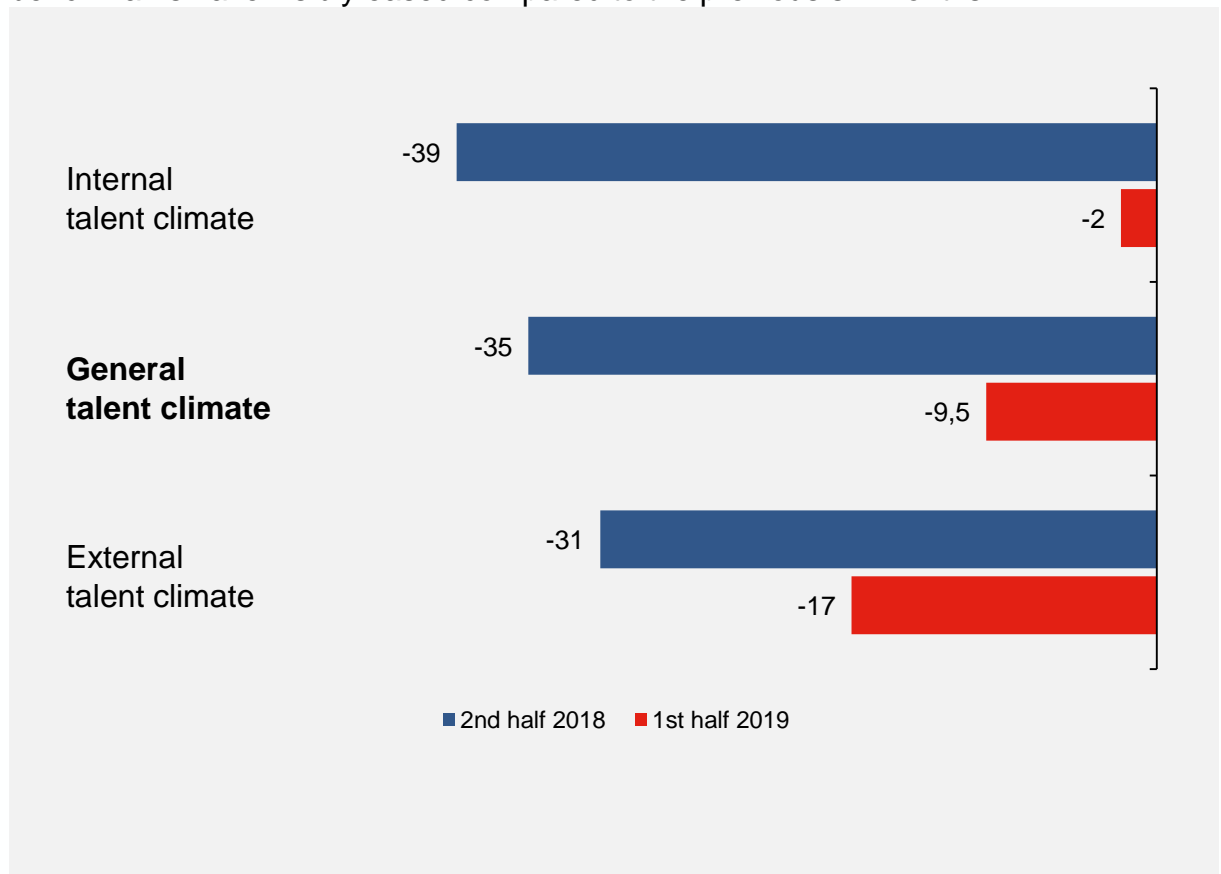


Talent climate

Internal talent climate improves particularly noticeably

As a result of both the improved talent situation and more optimistic talent expectations, the current survey shows that the talent climate is easing. This applies to the internal talent climate in particular. The more positive forecasts regarding the availability of internal talents are particularly decisive for this.

Although the general and external talent climate remain clearly negative, both benchmarks have visibly eased compared to the previous six months.



Values stated on a scale of -100 to +100*

* The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

- 100 means that all those surveyed assess the situation to be poor/expect it to get worse

+100 means that all those surveyed assess the situation to be good/expect it to get better

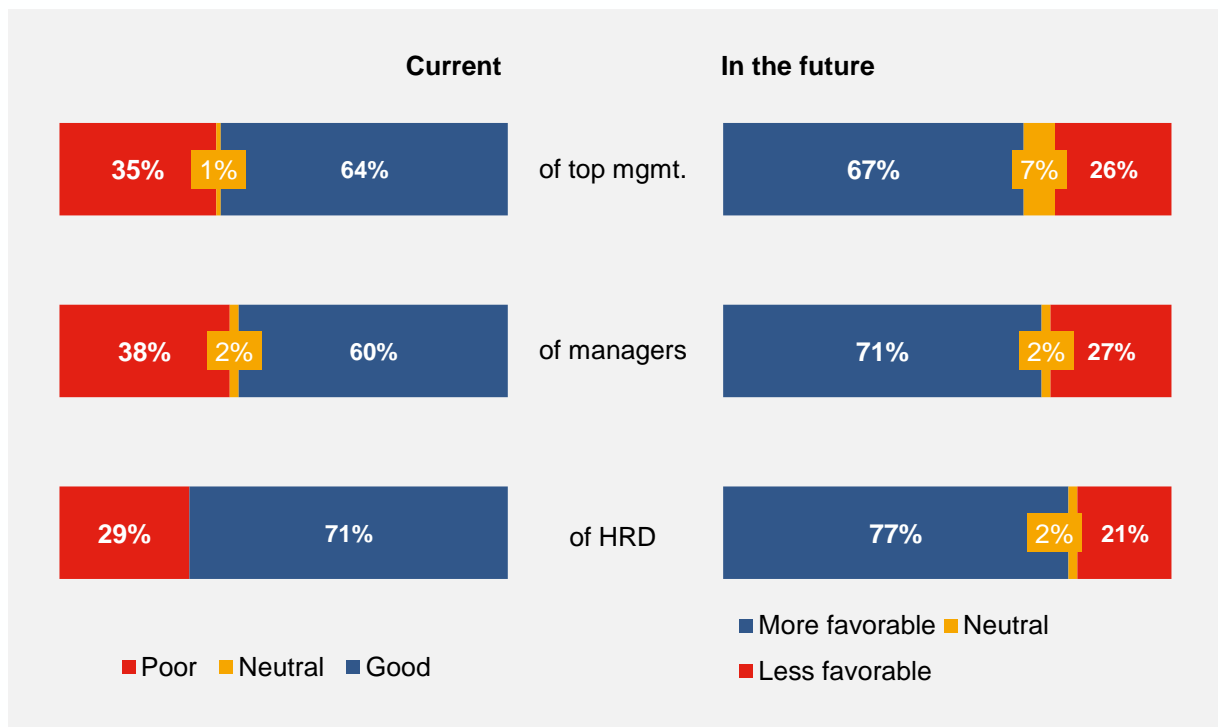
Commitment situation and expectations

The top management and managers are also committed to talent management

The HR area's commitment to talent management remains the most pronounced, but managers and the top management are not significantly less willing to invest in talent management.

Despite the perceived easing in the talent market, respondents are optimistic and expect a further increase in talent management commitment.

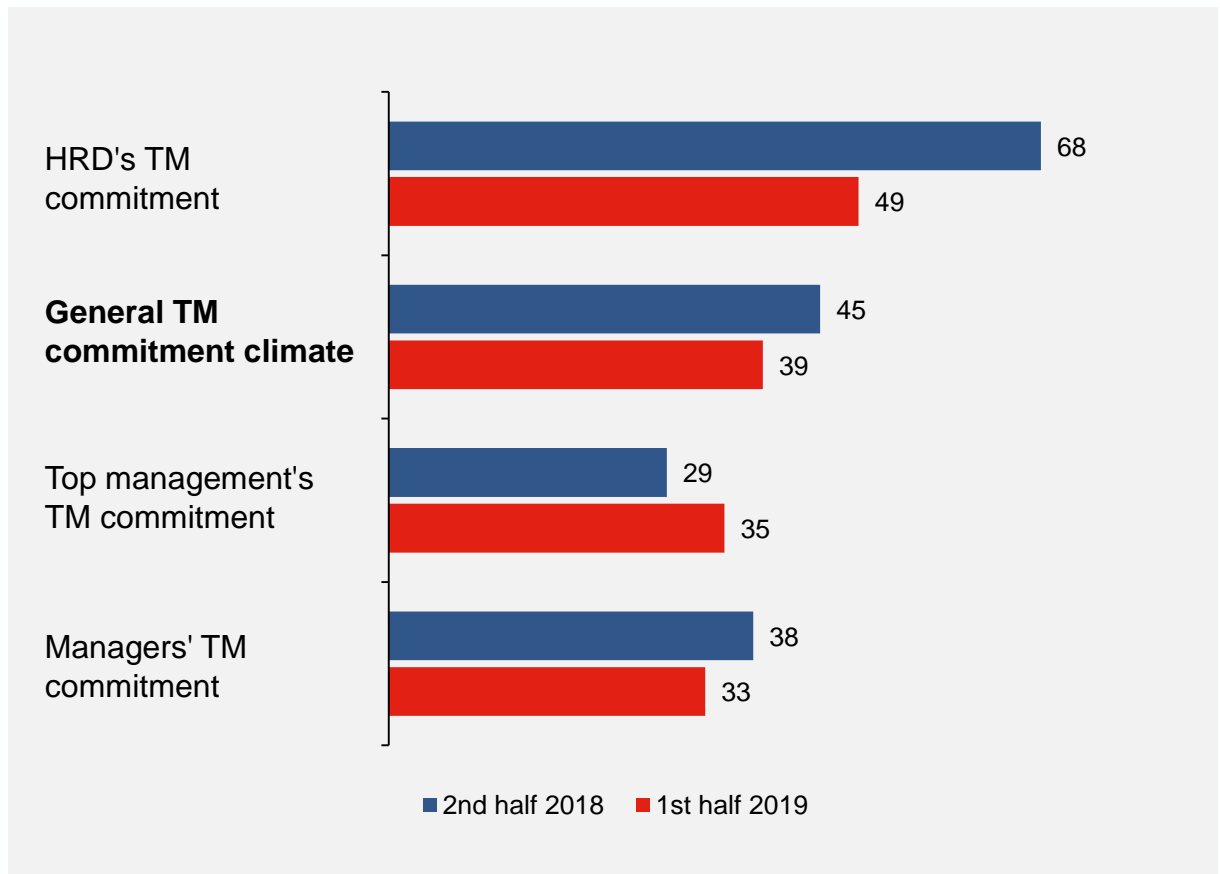
Talent management commitment: Current and future commitment to invest resources (time and money) in talent management



Commitment climate

Talent management commitment declines again among the HR departments

Compared with the second half of 2018, the general commitment climate is somewhat lower. This is due in particular to the significantly lower values within the HR departments. Since the beginning of 2017 there has been a negative trend in the HR commitment climate, which was only interrupted by a significant positive peak in the second half of 2018 (see Commitment climate over time). Accordingly, this positive development does not appear to have been sustainable.



Values stated on a scale of -100 to +100*

*The commitment climate results from a combination of current and expected assessments (exact calculation see appendix)

-100 means that all those surveyed assess the situation to be poor/expect it to get worse

+100 means that all those surveyed assess the situation to be good/expect it to get better

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Talent Climate Index (TCI)



The Talent Climate Index (TCI) serves as an indicator for the development of the labor market in Germany from a company point of view both in terms of internal and external talents.

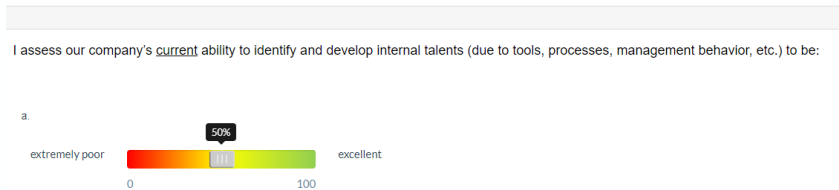
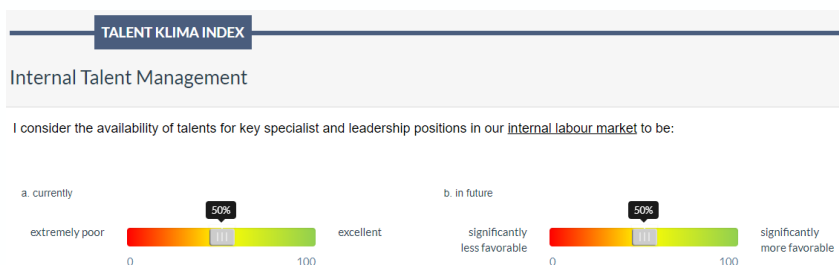
Using few precise questions the current situation and the expected trend are ascertained ([talentklimaindex.de](https://www.talentklimaindex.de)). Biannual surveys enable a long-term evaluation.

Subject areas of the questionnaire

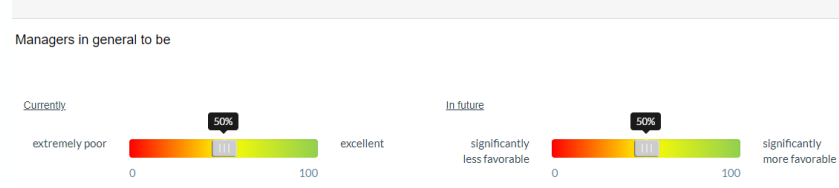
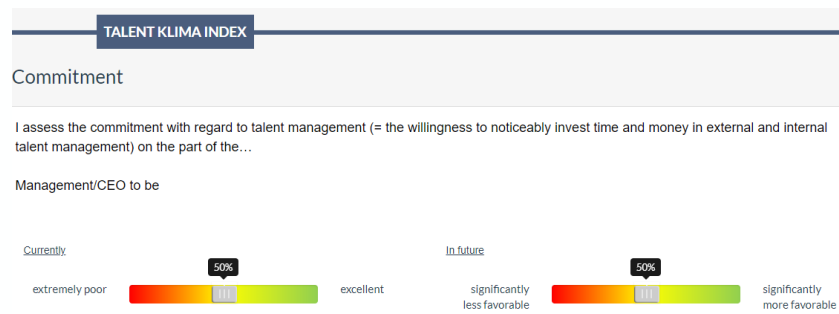
- **Internal talent management:**
 - The availability of talents for key specialist and leadership positions in the internal labor market – currently and in the future
 - The company's ability to identify and develop internal talents
- **External talent management:**
 - The availability of talents for key specialist and leadership positions in the external labor market – currently and in the future
 - The company's ability to attract external talents
- **Talent management commitment:**
 - The commitment to invest time and money in internal and external talent management
- **Focal topic of the current survey:** Generational comparison
 - Internal/external recruiting
 - Professional priorities

Talent Climate Index (TCI)

The questionnaire is very brief on purpose – it can be fully completed within a few minutes under: talentklimaindex.de



My comment regarding internal talents:



Talent Climate Index (TCI)

Focal topic of the current survey:

Professional priorities in generational comparison:

TALENT KLIMA INDEX

Current focus: Talents of different generations (1/2)

Based on your personal perception, how do you assess the share of the following age groups when vacancies are filled in your company?

Internal staffing:

Baby Boomers – people born before 1965:	<input type="text"/>	%
Generation X – people born between 1966 and 1980:	<input type="text"/>	%
Millennials/Generation Y – people born between 1981 and 1995:	<input type="text"/>	%
Generation Z – people born from 1996 onwards:	<input type="text"/>	%
Remaining: 100 %		
Total: 0 %		

TALENT KLIMA INDEX

Current focus: Talents of different generations (2/2)

We read a lot about the desires of different generations with regard to their employers. However, we are interested in your actual experience with representatives from these generations.

Please think back to specific decisions made by representatives of these generations for or against a position. **Which priorities were ultimately actually more or less the main reasons for their decisions?** You can show the priorities by ranking the items in the list below. To do this, move the decision criteria from left to right.

"Baby Boomers" – people born before 1965:

Your choices

Your ranking

Income
Status
Creative scope/opportunities to exert influence
Work-life balance
Task contents
Job security
Meaningfulness or contribution to society
Individual learning and development opportunities

Talent Climate Index (TCI)

Calculation of the talent climate on the basis of balances

The basis for the balance computation is the coding of the answers:

0–49% = poor/less favorable

50% = no consideration in the formula

51–100% = good/more favorable

Balance situation = good – poor

Balance expectations = more favorable – less favorable

Talent climate =
$$\sqrt{(situation + 200) \times (expectations + 200)} - 200$$

Value range:

Values stated on a scale of -100 to +100

Example: -100 means that all those surveyed assess the situation to be poor/expect it to get worse

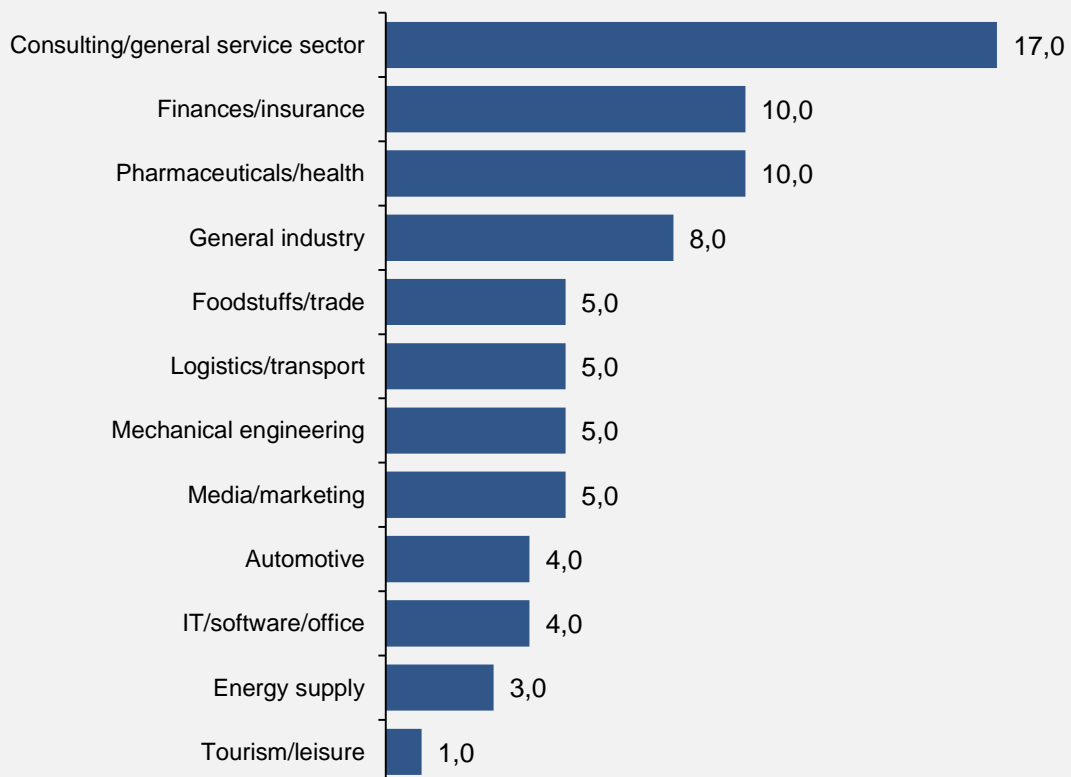
Survey – First half of 2019

Sector distribution

Via the website www.profil-m.de/publikationen/talent-klima-index, various newsletters, and the direct approach method, persons from different sectors were contacted, which resulted in 78 data sets that could be evaluated. They are distributed as follows:

Sector

(frequency in percent, excludes no replies, information was provided voluntarily)



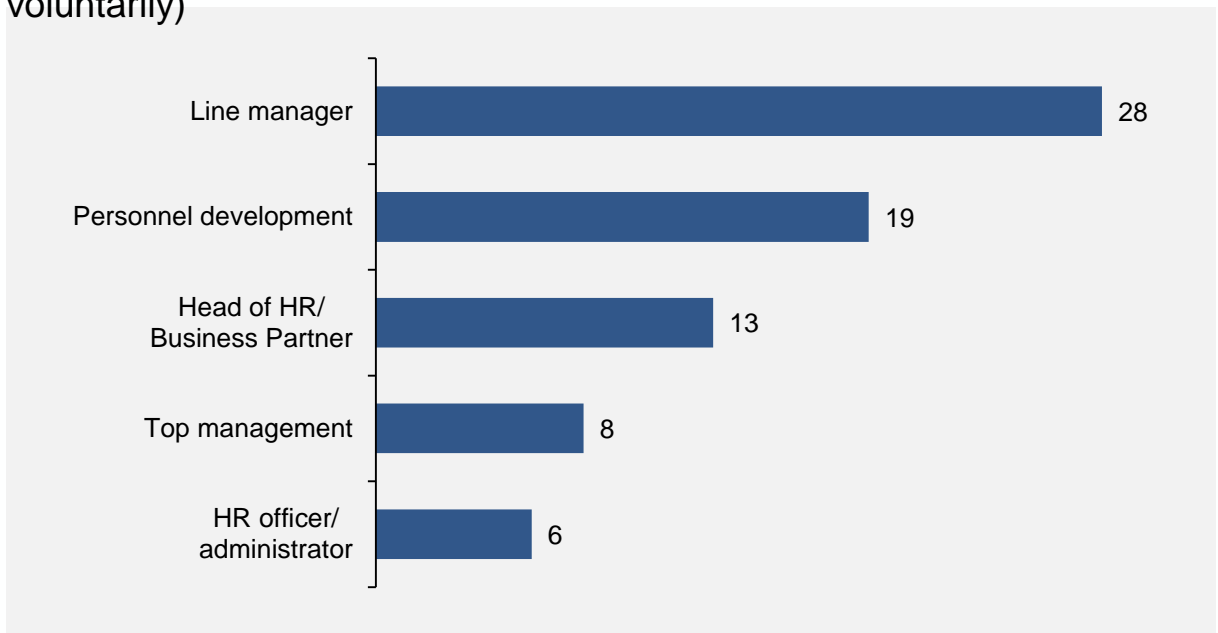
Survey – First half of 2019

Participants in the survey according to function

The majority of participants in this survey come from the group of managers. Overall, however, the various HR roles are again predominantly represented, whereas there are fewer top managers/CEOs.

Current position

(frequency in percent, excludes no replies, information was provided voluntarily)



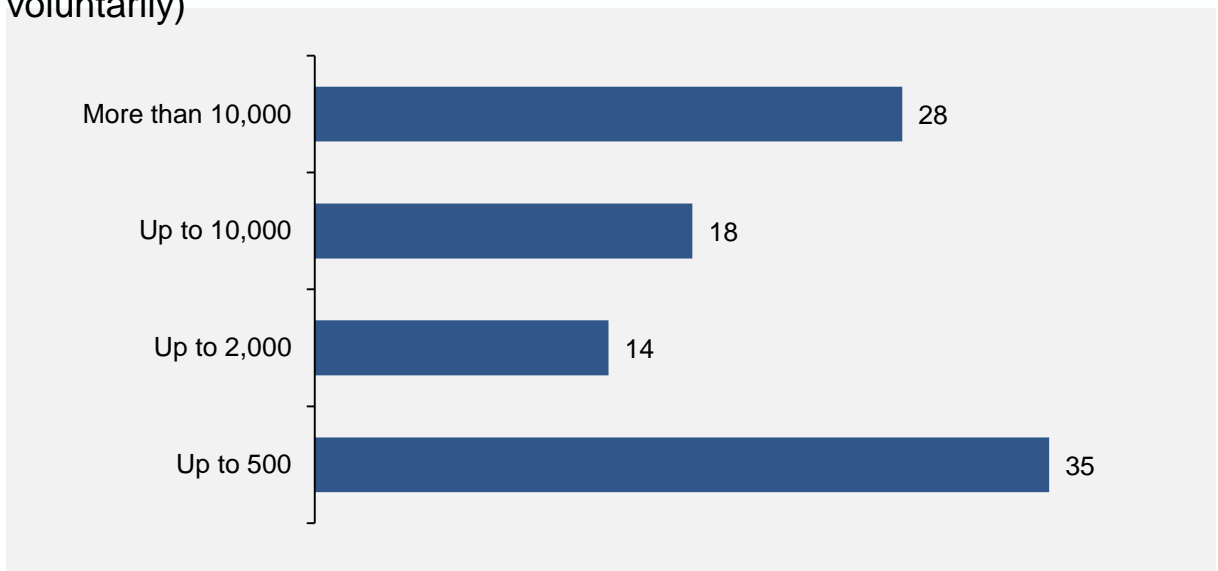
Survey – First half of 2019

Number of employees of companies surveyed

In the current survey, participants from rather small companies and from (large) corporations are predominantly represented. Typical representatives of medium-sized companies are somewhat rarer.

Number of employees

(frequency in percent, excludes no replies, information was provided voluntarily)





Talent Climate Index

Results – First half of 2019
Detailed evaluation



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