



# Talent Climate Index

Results – Second half of 2019

In the spotlight:

Purpose and meaning at the workplace



Hochschule Fresenius  
Fachbereich Wirtschaft und Medien GmbH  
Im MediaPark 4c · 50670 Köln  
[www.hs-fresenius.de](http://www.hs-fresenius.de)

Profil M Beratung für Human Resources  
Management GmbH & Co. KG  
Berliner Straße 131 · 42929 Wermelskirchen  
[www.profil-m.de](http://www.profil-m.de)



# 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 talent (leaders and specialists).
- Using few precise questions the current situation and the expected trend are ascertained ([talentklimaindex.de](https://www.talentklimaindex.de)). Biannual surveys enable a continuous, long-term evaluation.
- The results of the survey for the second half of 2019 are presented here. These are based on 69 usable data sets, consisting of HR experts, managers, and members of the top management.

This results in the following key findings:

- **Purpose is of great importance, but challenging for most:**

The topic of "Purpose and meaning at the workplace" is of great importance to most of the respondents and should be increasingly taken into account to attract/retain internal and external talent. However, this goal poses a serious challenge in day-to-day business, which companies have so far met with very heterogeneous intensity. Companies differ greatly in terms of the extent to which they have already taken action in this respect.

- **Positive talent climate trend was not sustainable:**

While the last two surveys pointed to an easing of the internal and external talent climate, this trend was interrupted in the second half of 2019. At the moment, the values are roughly at the level of 2016/17. In absolute terms, the talent climate remains negative.

- **Close correlation between talent climate and economy:**

For the first time, the TCI results were compared with the data from the ifo Business Climate Index, which was collected at the same time. As expected and statistically confirmed, this shows a mirror image relationship: If economic forecasts are positive, the talent climate is negative and the perceived availability of internal and external talent decreases. This is the first time that the clear correlation between general business development and the labor market has been proven.

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- Current talent and commitment climate

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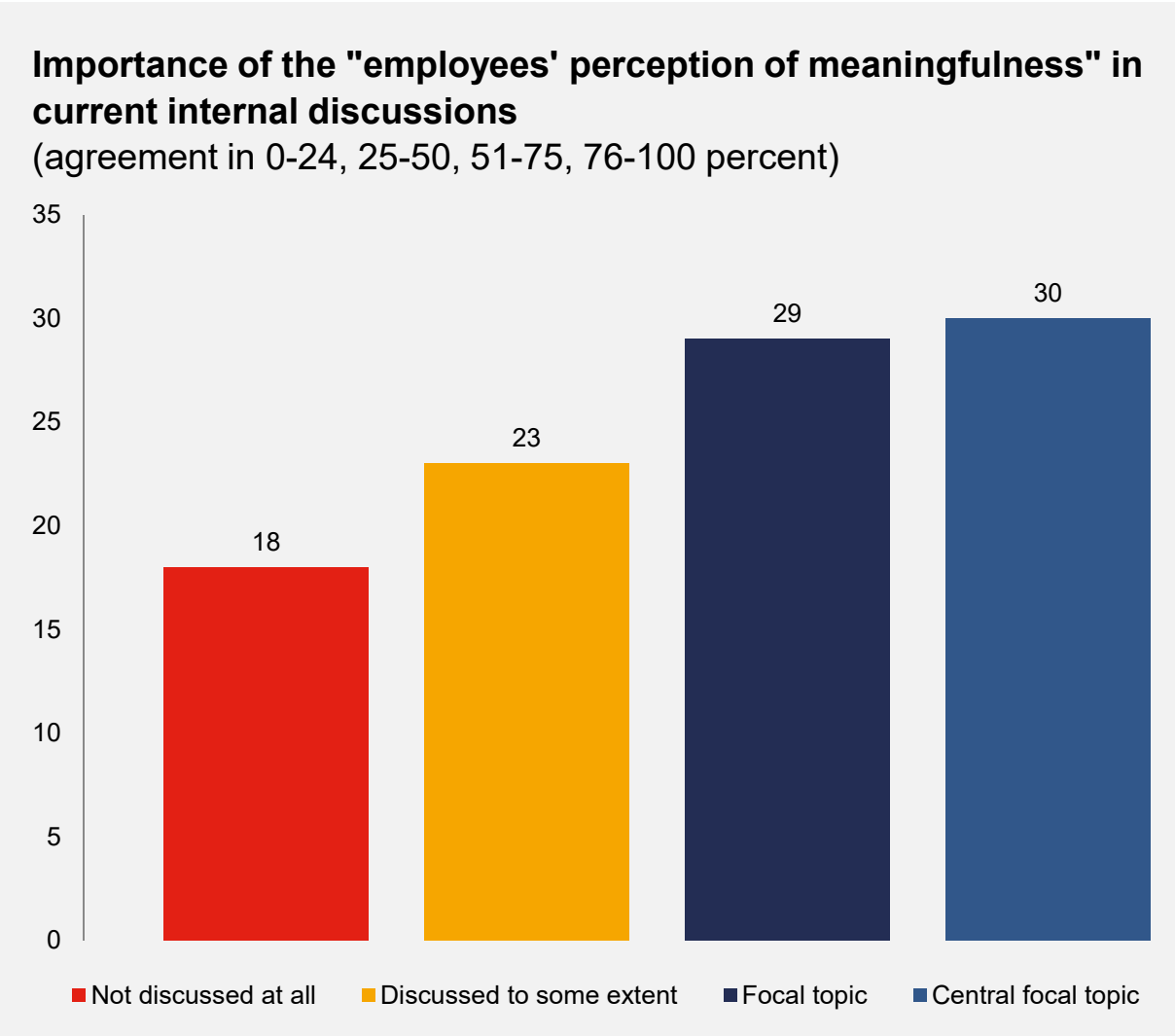
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# Main focus: Purpose and meaning

## Purpose and meaning at the workplace is currently a focal topic in companies

Approximately 60 percent of those surveyed describe the employees' perception of meaningfulness as a focal topic in their companies. In less than 20 percent of companies, however, "purpose" as a topic has not yet been addressed at all.

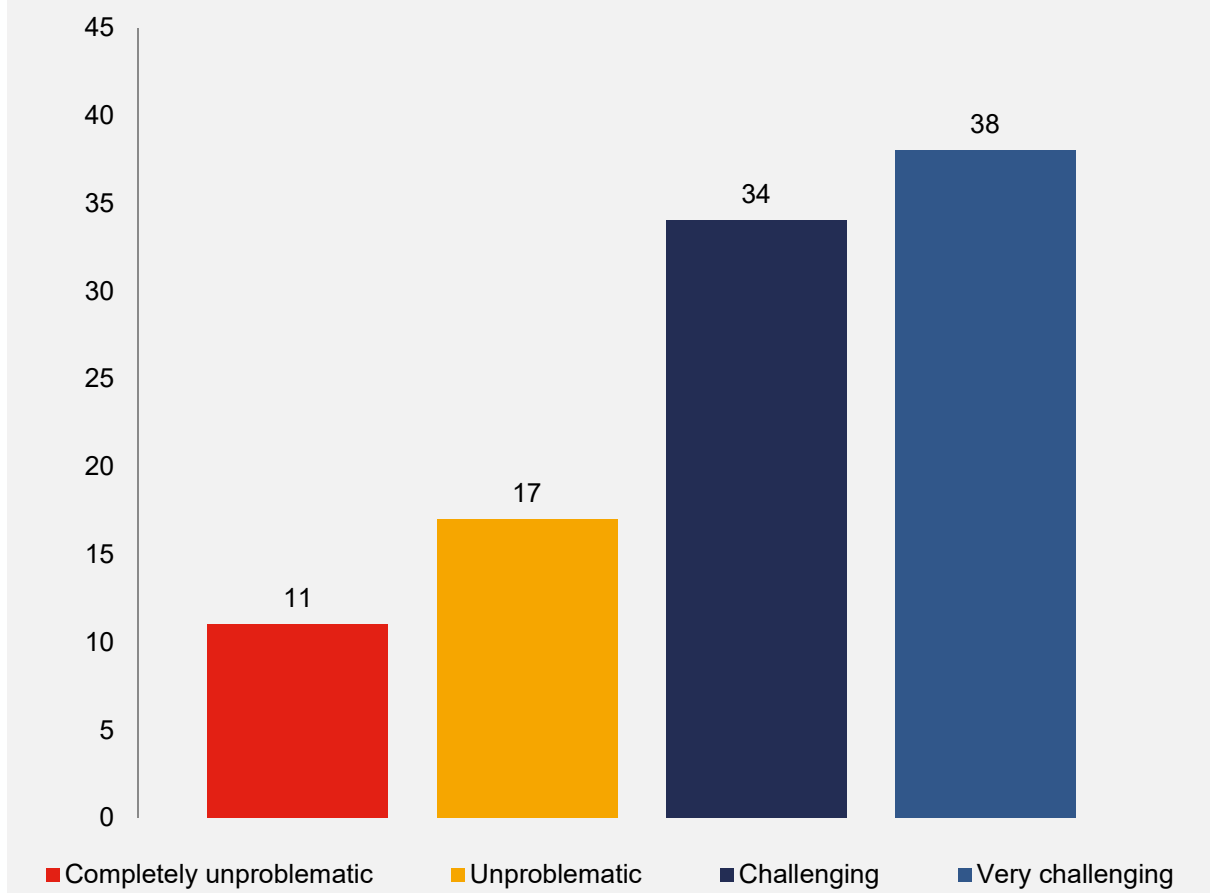


# Main focus: Purpose and meaning

## For most companies the desire for purpose and meaning is a challenge

More than two thirds experience the employees' desire for purpose and meaning as a real challenge for companies in their specific industry and situation. Only around 10 percent experience this as completely unproblematic.

### How challenging is the employees' desire for "meaningfulness"? (agreement in 0-24, 25-50, 51-75, 76-100 percent)



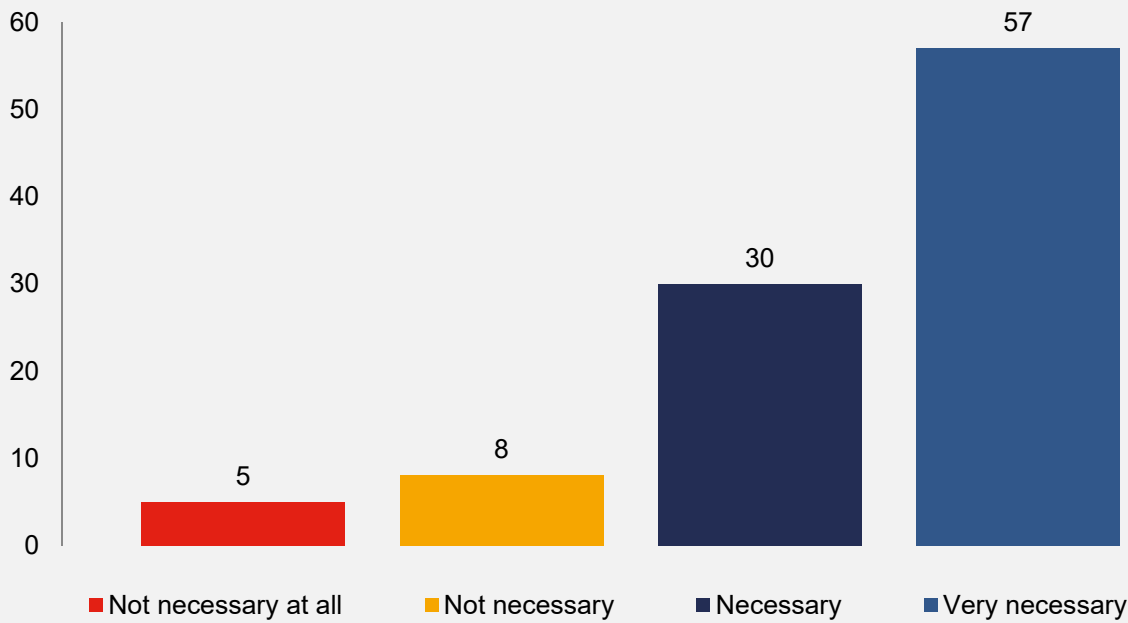
# Main focus: Purpose and meaning

Appropriate measures are urgently needed to allow a sense of purpose and meaning to be achieved

The vast majority of those surveyed believe that appropriate measures are necessary to offer current and future employees an active sense of purpose and meaning.

**To what extent do you consider it necessary to take measures to be able to offer internal and external talent an attractive perception of meaningfulness as a result of working for your company?**

(agreement in 0-24, 25-50, 51-75, 76-100 percent)



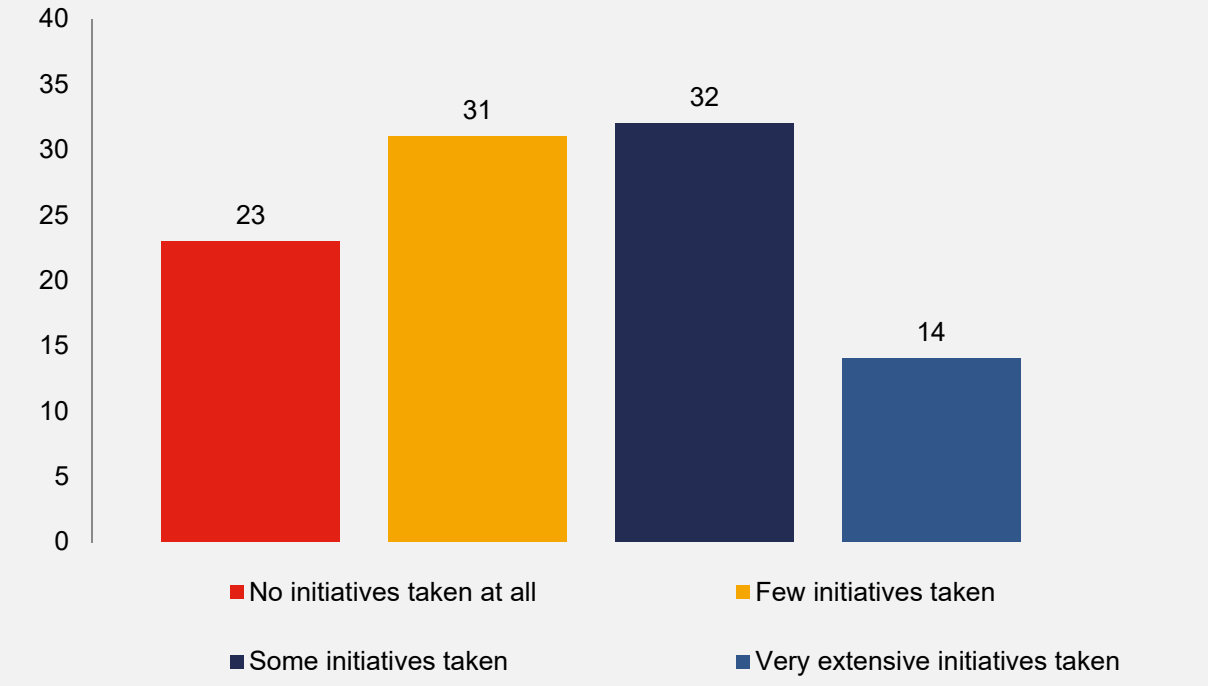
# Main focus: Purpose and meaning

## Companies differ in their initiative to promote purpose and meaning

More than half of those surveyed have so far taken no or few initiatives to convey purpose and meaning. However, about one third of those surveyed have already taken action with some – albeit not yet comprehensive – measures, whereas very few have undertaken extensive initiatives.

### Extent to which initiatives have already been taken in the company

(agreement in 0-24, 25-50, 51-75, 76-100 percent)



# Main focus: Purpose and meaning

## Various measures to promote the employees' perception of purpose and meaning

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Those surveyed named a wide range of measures and initiatives that they use to promote a sense of purpose and meaning in the company. Examples from the companies surveyed are:

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### **Formulation of purpose in the context of:**

- Strategy
- Mission statement
- Emotional company vision
- Mission, vision, and self-identity at departmental level

### **Communication/implementation measures:**

- Major events
- Workshops (e.g., with the "young generation")
- Management conferences, discussions in management committees
- Meetings with managers and key persons
- Onboarding events with new managers
- Employee opinion surveys (questions about purpose and meaning)
- (YouTube) videos
- Projects to analyze and optimize the work experience

### **Acting as a role model/practicing "purpose-oriented leadership"**



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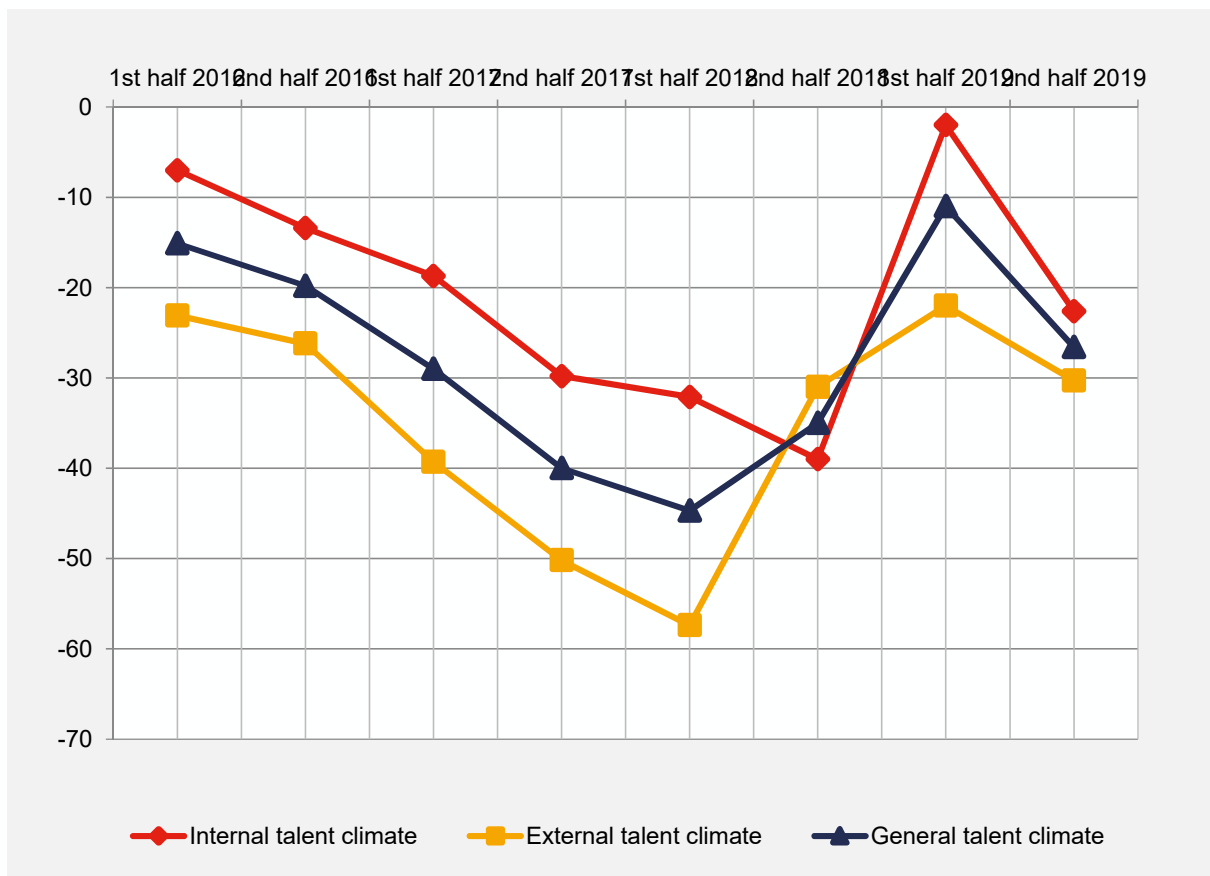
Explanations on the TCI and the data collection

# Talent climate trend

## Recovery of the talent climate was not sustainable

After the talent climate developed positively in the last two surveys (internal talent climate temporarily at an "all-time high" ), this positive trend did not continue, but reached approximately the level of the previous years.

### Talent climate\* over time



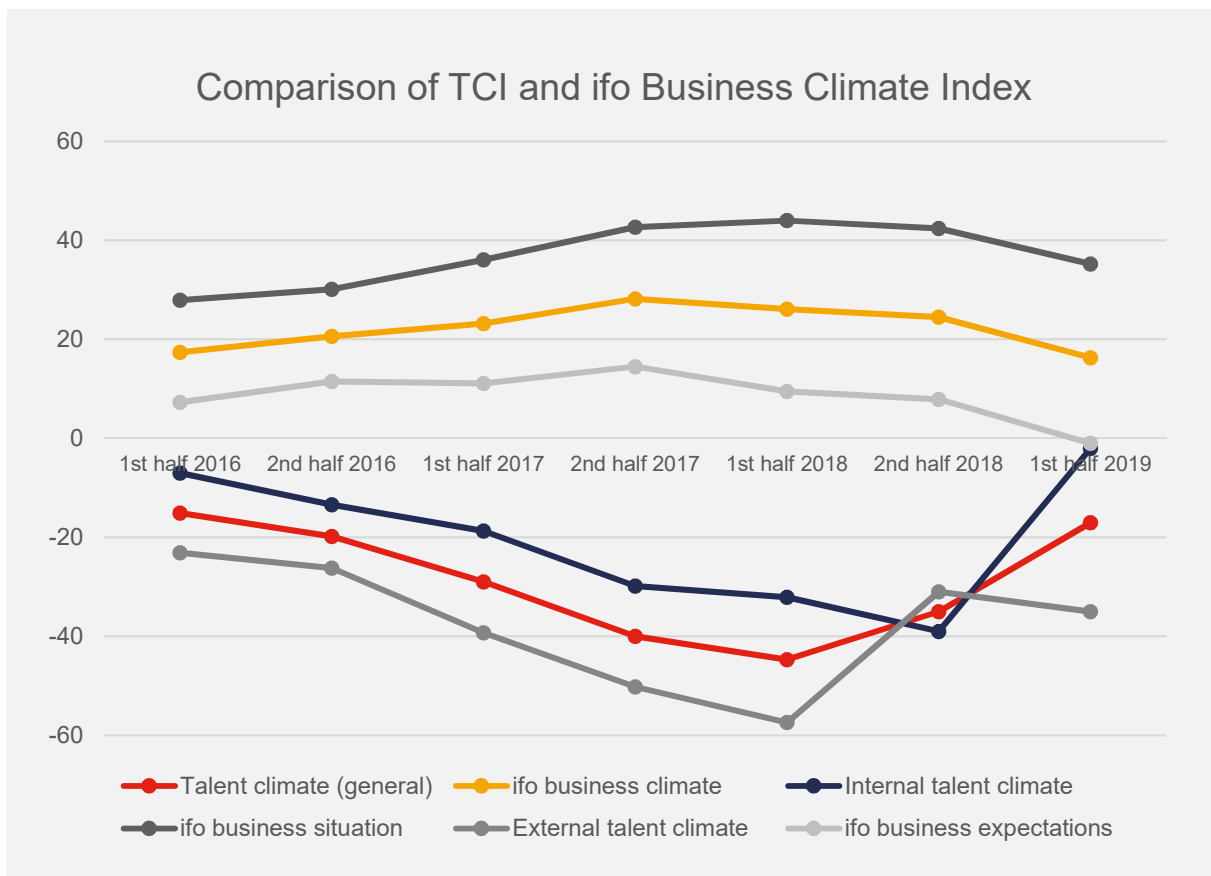
\* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

# Talent climate and ifo Business Climate Index

The expected correlation between economic development and talent climate has been confirmed.

For the first time in this data evaluation, the TCI development from 2016 to 2019 was compared to the ifo Business Climate Index. This shows a striking mirror image relationship: If the economic barometer rises, the talent climate, i.e., the availability of talent, will decline (as expected!). This overall correlation is clearly proven by statistics (correlation  $r = -.96$ ,  $p = .00^{**}$ ).

## Talent climate\* over time



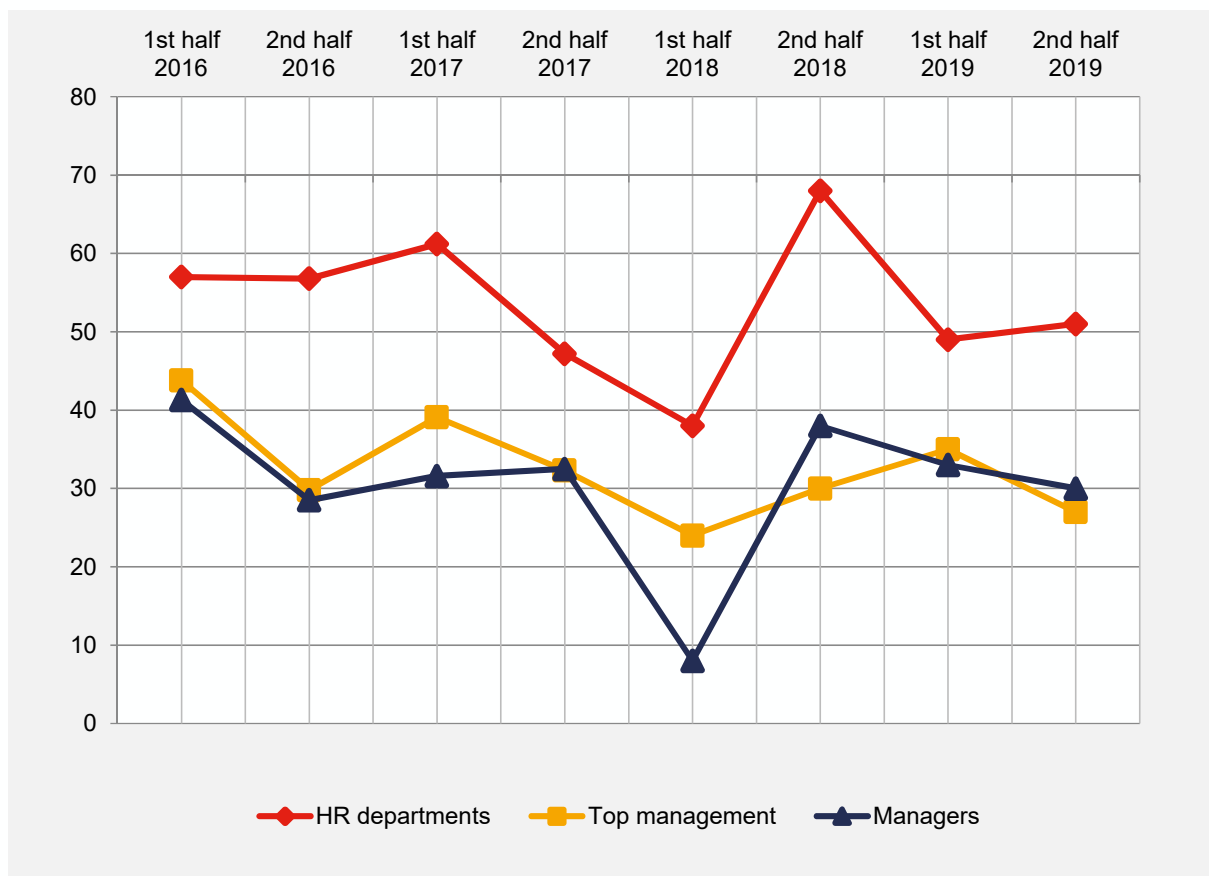
\* Values stated on a scale of -100 to +100. ifo business climate is calculated in the same way as the talent climate, using a combination of current and expected assessments (exact calculation see appendix)

# Commitment climate trend

## HR departments more active in supporting talent management than managers

Previous trends in the commitment climate also seem to be interrupted: Furthermore, the HR departments' commitment is significantly higher than that of managers or the top management.

### 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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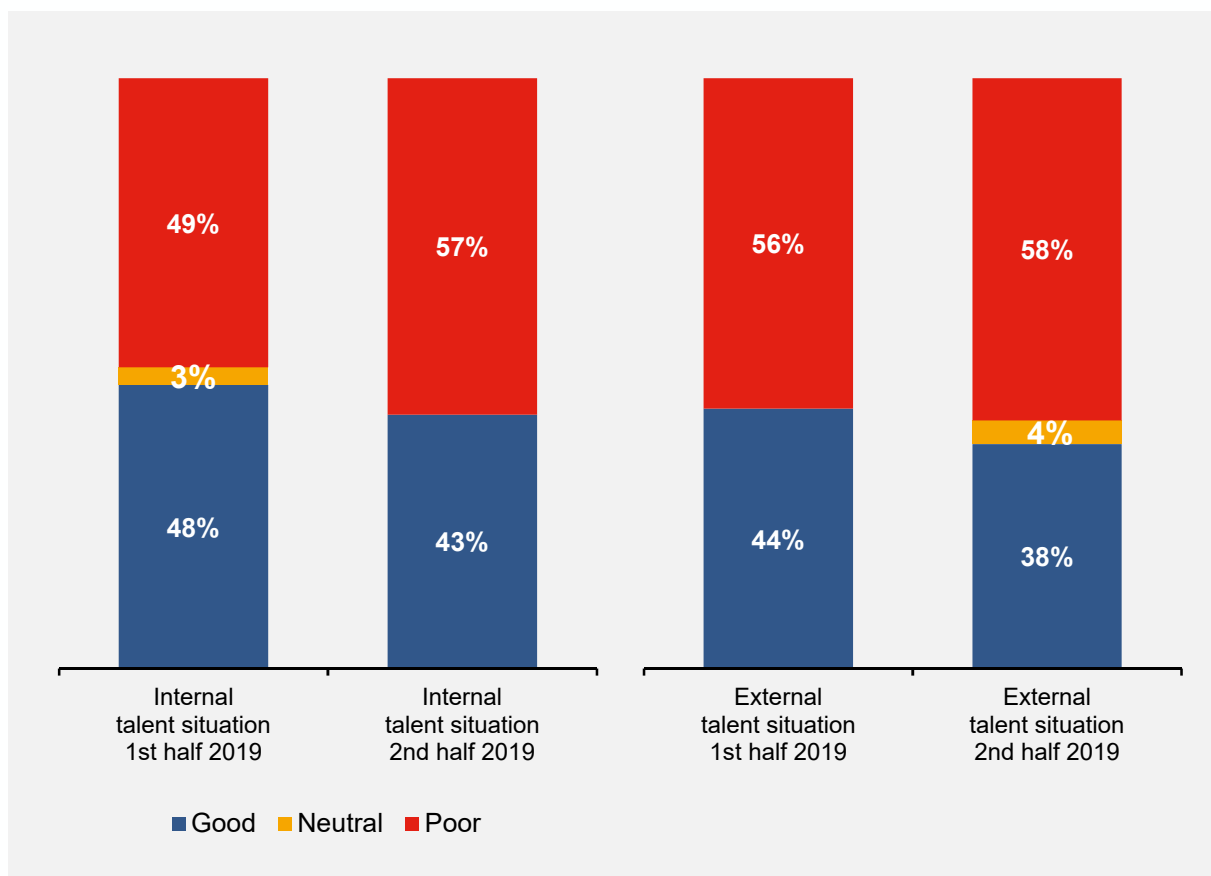
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# Talent situation

## General talent situation on internal and external labor market not improved

The availability of internal and external talent, the so-called "talent situation," did not improve in the second half of 2019. While the external talent situation has deteriorated only slightly, there are signs of a more significant deterioration for talent on the internal market.

### Talent situation: Current availability of talent

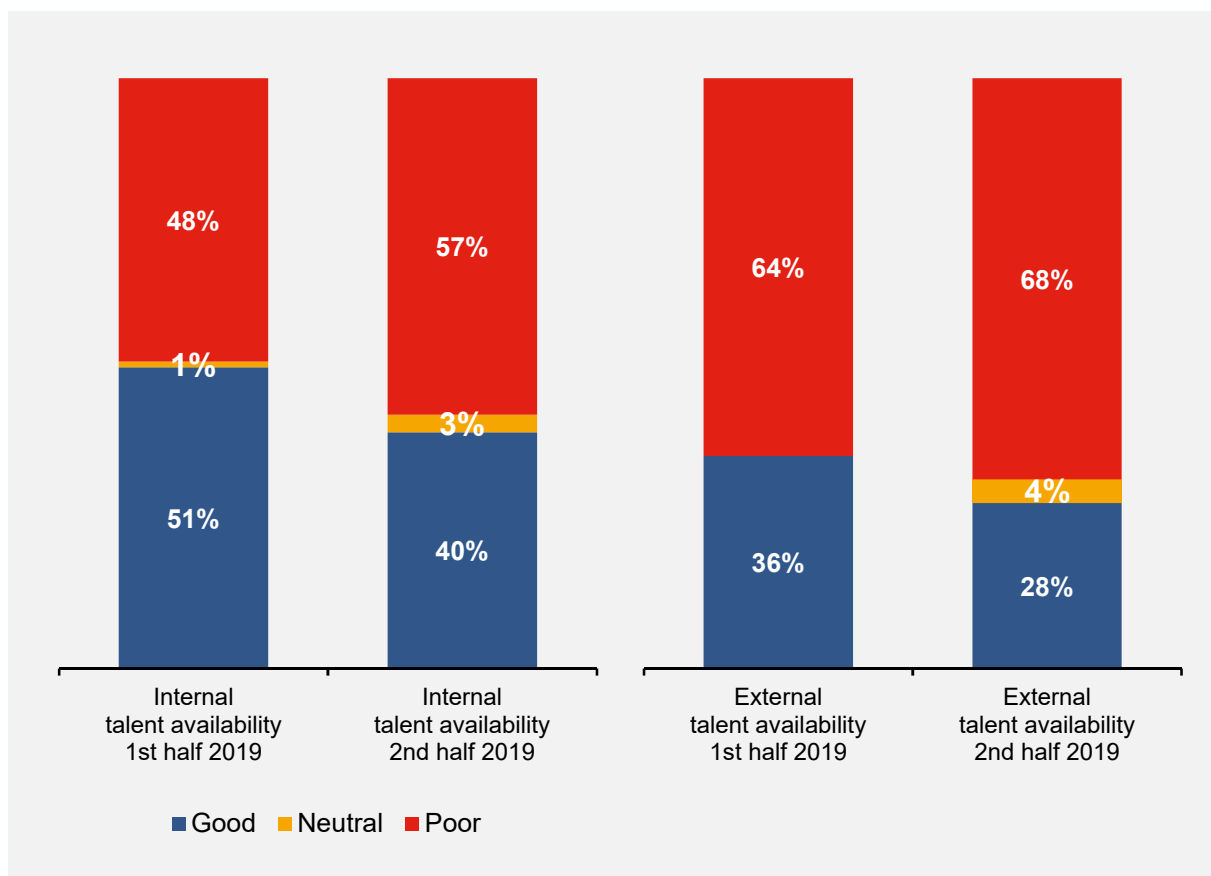


# Talent expectations

## Talent development forecasts are negative

Similar to the talent situation, those surveyed also tend to paint a more critical picture of the future of internal talent availability. The proportion of pessimistic voices regarding the internal talent situation has increased by 9 percentage points (external talent situation by 4 percentage points).

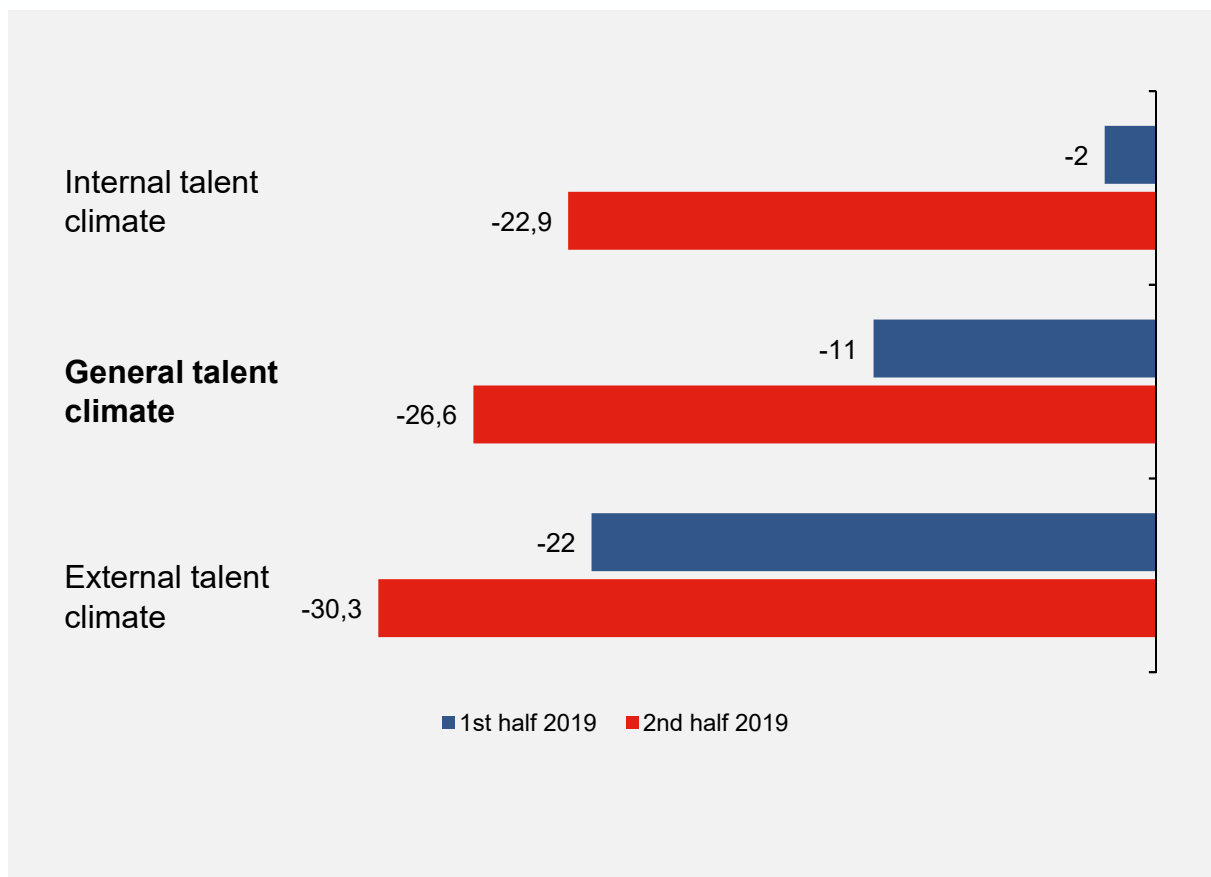
### Talent expectation: Future availability of talent



# Talent climate

## Talent climate generally gloomy

In contrast to the two previous survey periods, the talent climate is gloomy, both internally and externally. A reversal of the trend that has been forecast cannot therefore be confirmed on the basis of the current data.



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

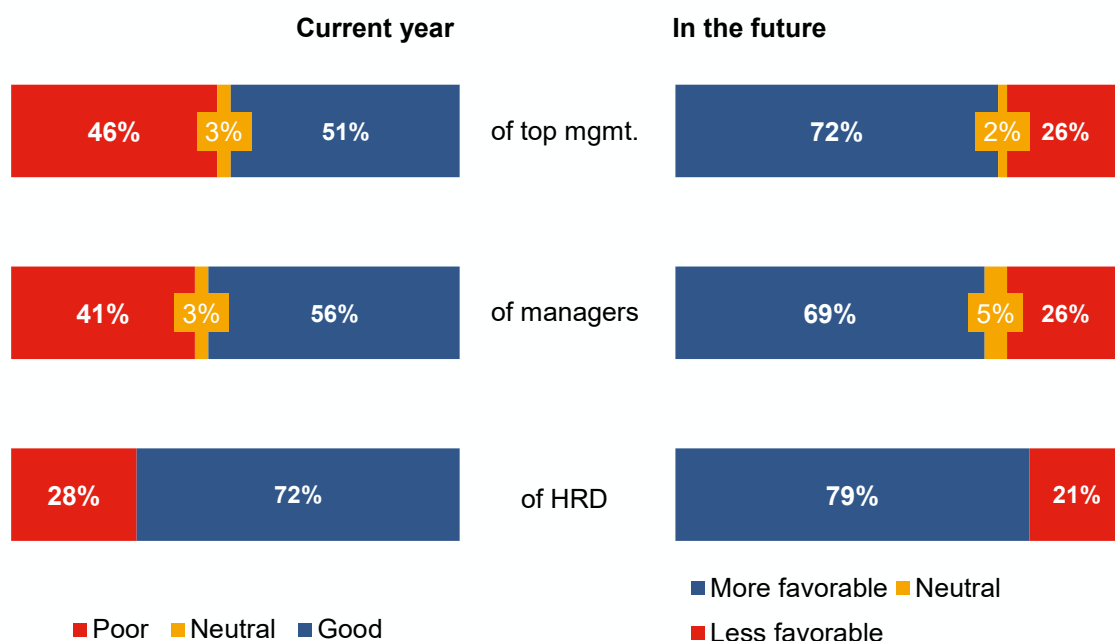


# Commitment situation and expectations

## The top management and managers are also committed to talent management

The HR departments' commitment to talent management remains the most pronounced, while managers and the top management are less willing to invest in talent management in comparison. However, it is assumed that their awareness of the topic and their commitment will increase.

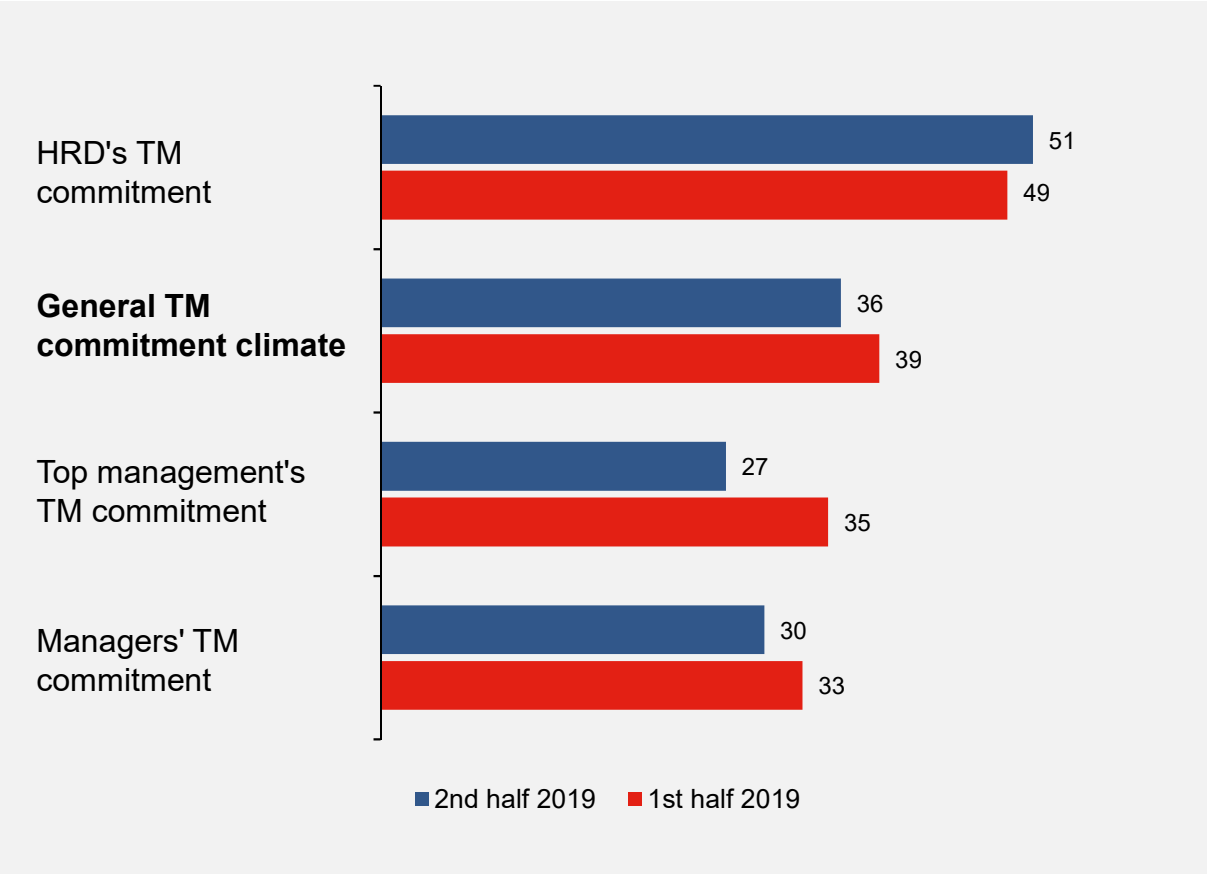
### Talent management commitment: Current and future commitment to invest resources (time and money) in talent management



# Commitment climate

## Talent management commitment among the top management is developing negatively

Compared with the first half of 2019, the general commitment climate is only slightly lower and can generally be considered stable. On the other hand, the development of the managers' commitment and especially that of the top management is perceived negatively.



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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# Talent Climate Index (TCI)



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

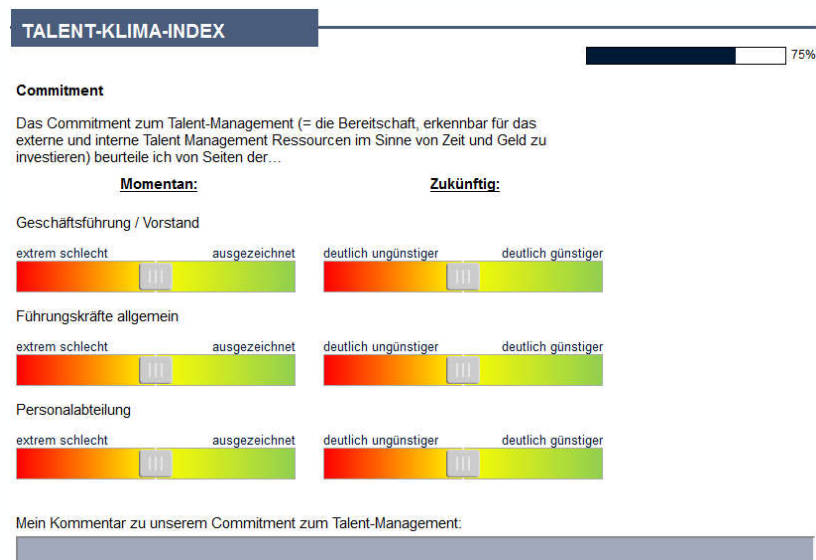
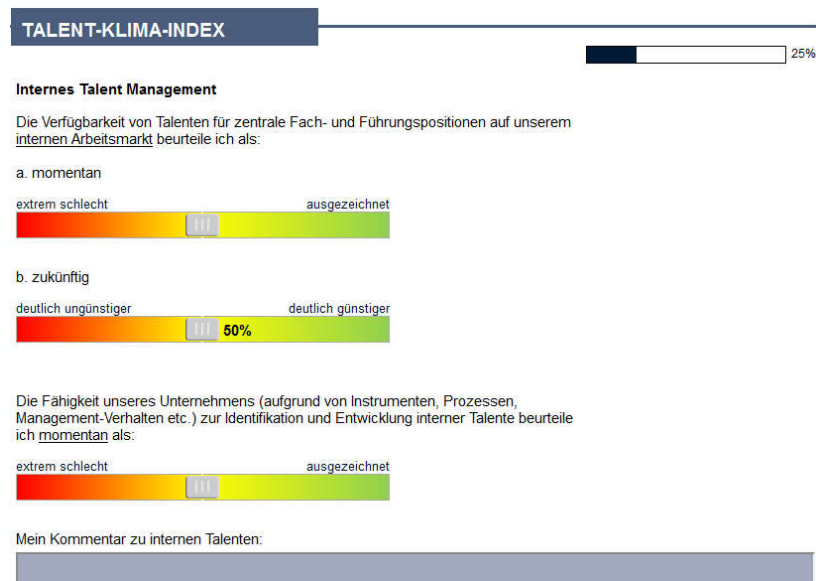
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## Subject areas of the questionnaire

- **Internal talent management:**
  - The availability of talent 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 talent
- **External talent management:**
  - The availability of talent for key specialist and leadership positions in the external labor market – currently and in the future
  - The company's ability to attract external talent
- **Talent management commitment:**
  - The commitment to invest time and money in internal and external talent management
- **Focal topic of the current survey:** Purpose and meaning at the workplace
  - The role of purpose and meaning in day-to-day business
  - Implementation and definition of purpose

# Talent Climate Index (TCI)

The questionnaire is very brief on purpose – it can be fully completed within a few minutes under: [talentklimaindex.de](http://talentklimaindex.de)



# Talent Climate Index (TCI)

## Focal topic of the current survey: Purpose and meaning at the workplace

Der „Purpose“ oder das „Why“ sind in aller Munde. Das Schaffen eines gemeinsamen Sinnverständnisses steht im Zentrum, wenn es um die Gewinnung und Motivation von Talenten geht, insbesondere der Generationen Y und Z. Bieten Sie einen eindeutigen und attraktiven Sinn an, mit dem sich Talente identifizieren können, für den es sich lohnt zu arbeiten?

Viele Unternehmen haben sich in den letzten Monaten mit dieser Frage auseinandergesetzt. Uns interessieren hierzu wiederum Ihre Erfahrungen in Ihrer Unternehmenspraxis:

Welche Rolle spielt das Thema „Sinnerleben der Mitarbeiter am Arbeitsplatz“ in Ihren aktuellen internen Diskussionen?



Wie herausfordernd sehen Sie für Unternehmen in Ihrer spezifischen Branche und Situation den Wunsch nach „Sinn“?



Inwieweit sehen Sie die Notwendigkeit in Zukunft Maßnahmen zu ergreifen, um internen und externen Talenten durch die Unternehmenszugehörigkeit ein attraktives Sinnerleben bieten zu können?



In welchem Umfang haben Sie bereits in Ihrem Unternehmen Initiativen ergriffen?



Welche waren dies?

# Talent Climate Index (TCI)

## Calculation of the talent climate on the basis of balances

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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 = 
$$\frac{\sqrt{(\textit{situation} + 200) \times (\textit{expectations} + 200)}}{200} - 200$$

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 – Second half of 2019

## Sector distribution

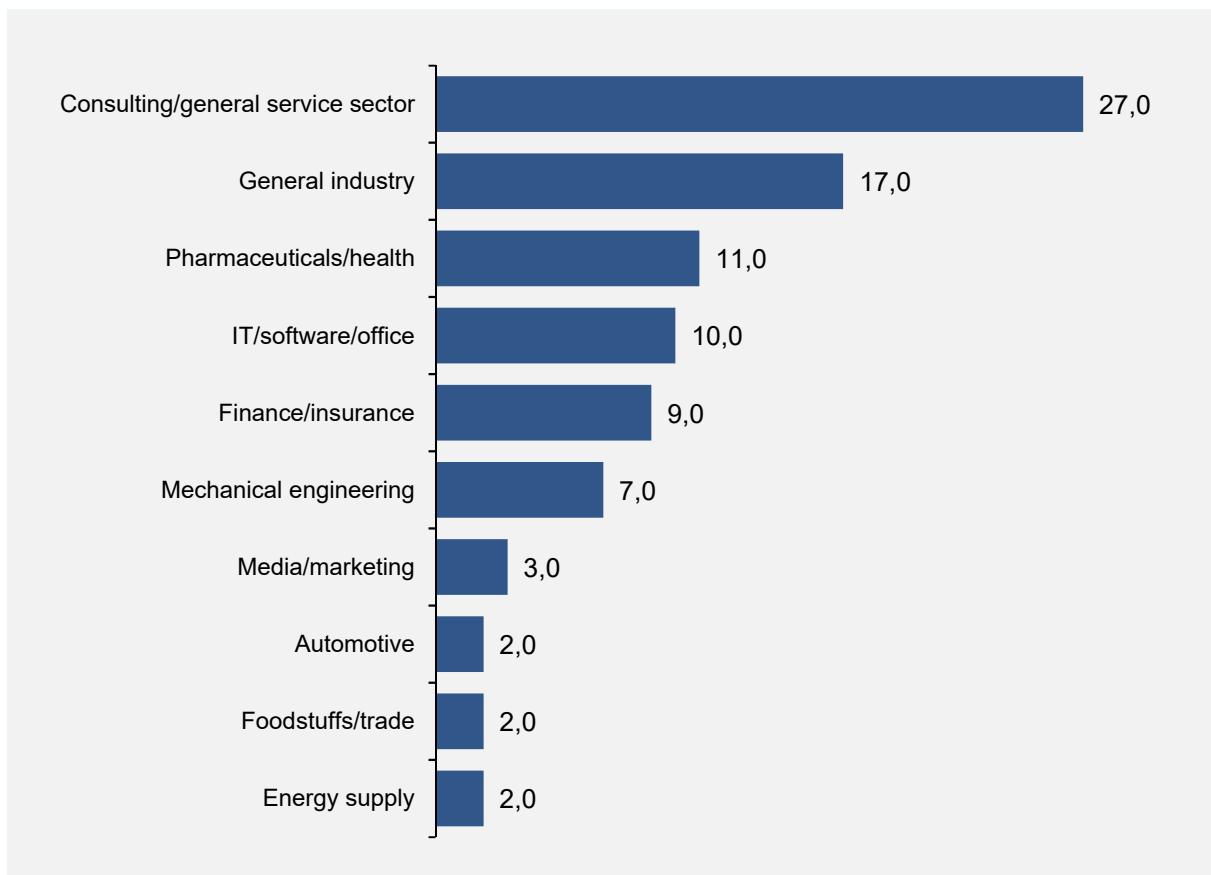
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Via the website [www.profil-m.de/publikationen/talent-klima-index](http://www.profil-m.de/publikationen/talent-klima-index), various newsletters, and the direct approach method, persons from different sectors were contacted, which resulted in 69 data sets that could be evaluated. They are distributed as follows:

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### Sector

(frequency in percent, excludes "Other," information was provided voluntarily)





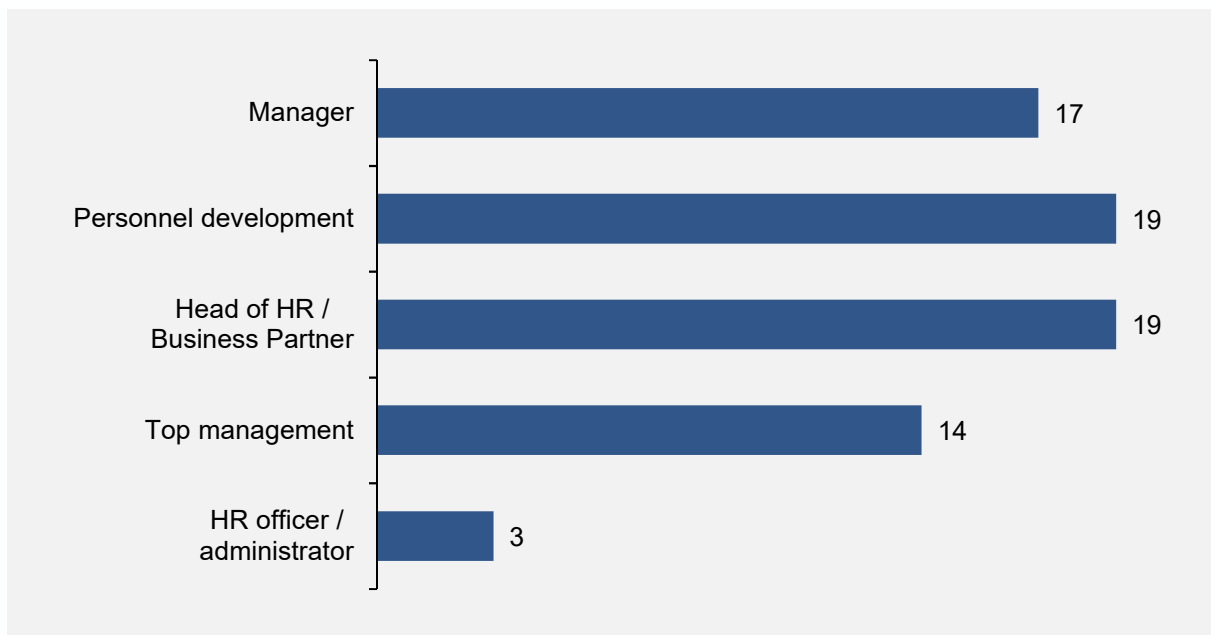
# Survey – Second half of 2019

## Participants in the survey according to function

The largest proportion of participants in this survey came from the group of the various HR roles. However, managers and the top management already account for almost a third of the respondents.

### Current position

(frequency in percent, excludes "Other," information was provided voluntarily)



# Survey – Second half of 2019

## Number of employees of companies surveyed

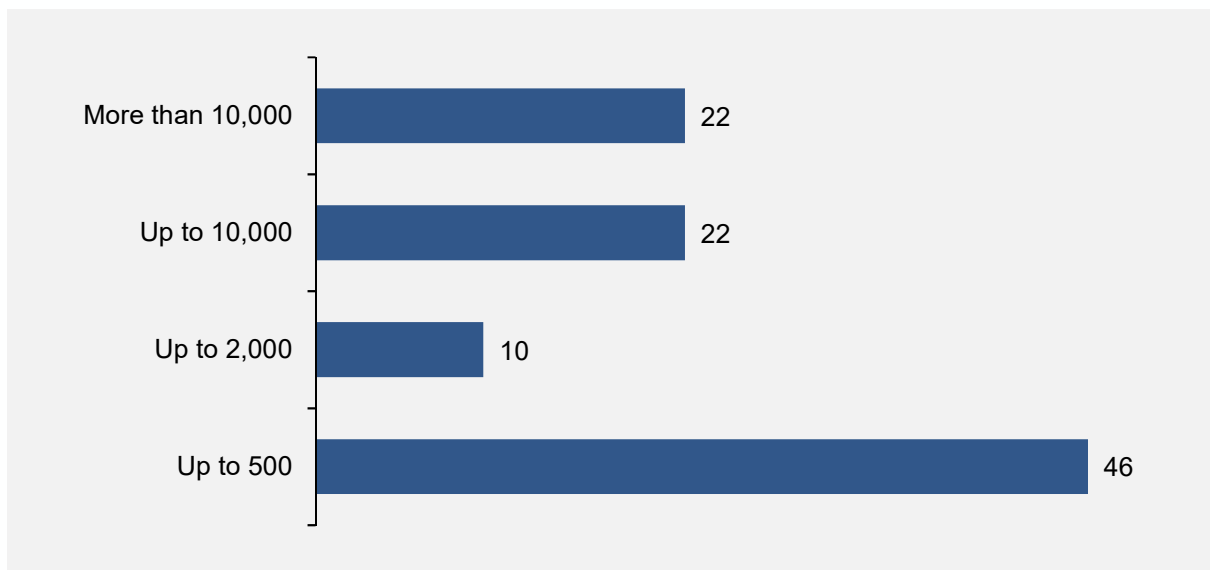
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In the current survey, participants from rather small companies and from (large) corporations are predominantly represented. Typical representatives of medium-sized companies with up to 2000 employees are somewhat rarer.

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### Number of employees

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





# Talent Climate Index

Results – Second half of 2019  
Detailed evaluation



Contact:

Hochschule Fresenius  
Fachbereich Wirtschaft und Medien GmbH  
Prof. Dr. Klaus Stulle  
Im MediaPark 4c  
50670 Köln  
T. +49 221 973 199-92  
[stulle@hs-fresenius.de](mailto:stulle@hs-fresenius.de)  
[www.hs-fresenius.de](http://www.hs-fresenius.de)

Profil M Beratung für Human Resources  
Management GmbH & Co. KG  
Anja Beenen  
Berliner Straße 131  
42929 Wermelskirchen  
T. +49 21 96 70 68-204  
[anja.beenen@profil-m.de](mailto:anja.beenen@profil-m.de)  
[www.profil-m.de](http://www.profil-m.de)