



Results – First half of 2018

Detailed evaluation

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- 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 (<http://talentklimaindex.de/>). Biannual surveys enable a long-term evaluation.
- The results of the survey from the second quarter of 2018 are presented here, based on a sample of 40 HR experts, managers, and members of the top management:
 - **Talent climate follows a clear negative trend:** Even after five six-monthly data surveys, the progressive deterioration of the talent climate with regard to the availability of both internal and external talents continues – it is already a problem and will get even worse in the future.
 - **Talent management commitment is declining:** The commitment climate also shows a downward trend. Despite the evidently increasingly poor availability of talents, active talent management commitment is decreasing. While this alarming trend was evident for the first time in the HR departments during the TCI survey 2/2017, the commitment climate among managers has also significantly deteriorated now. There is concern that the negative development on the labor market will entail a kind of "learned helplessness."
 - **Talent management methods not focused on effectiveness:** Modern and mostly social media-based methods of active and early targeting of external applicants, such as active sourcing, are relatively underutilized, although their effectiveness is assessed to be very high. In contrast, companies continue to count on traditional methods such as job advertisements, although their effectiveness is considered to be mediocre. HR departments are faced with the challenge of having to pioneer new approaches despite their already heavy workloads.

Overall trends over time

- Talent climate trend
- Commitment climate trend

Current situation and expected development

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

Focal topic of the current survey:

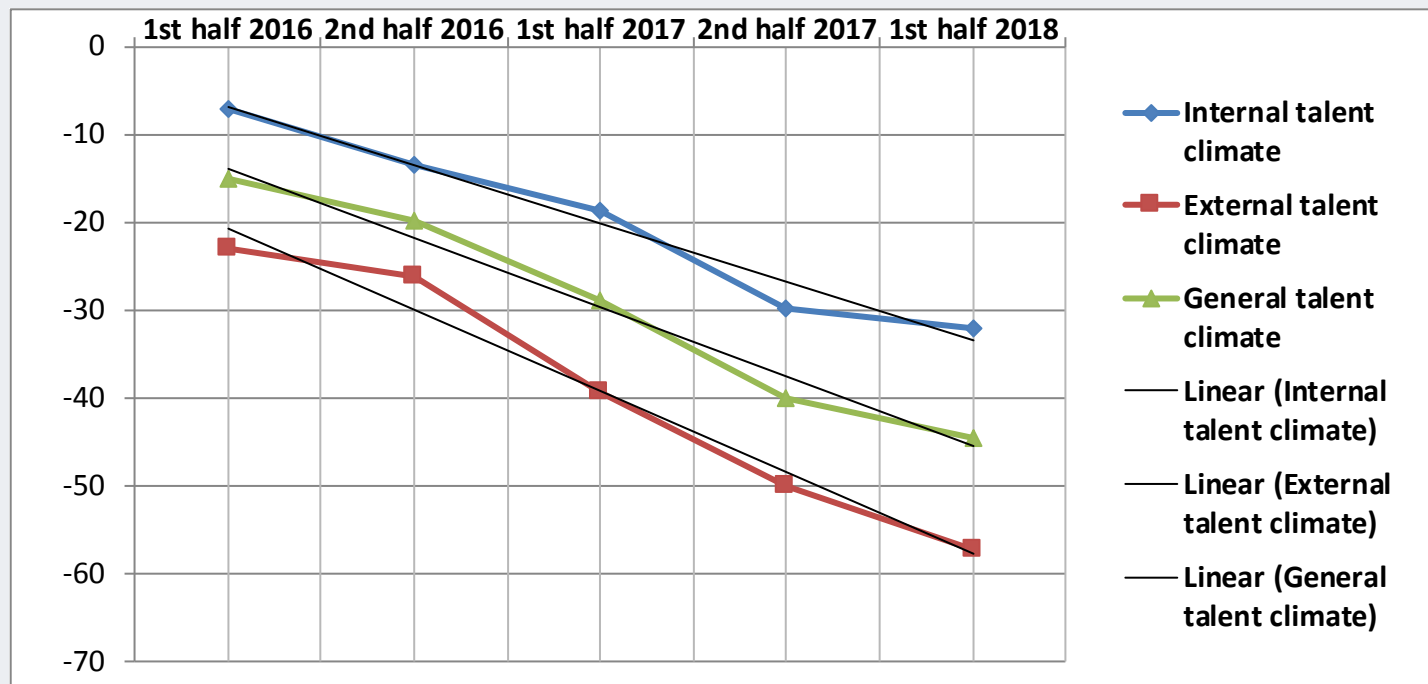
External talent management measures

Appendix: Explanations on the TCI and the data collection

Talent climate trend continues to be clearly negative

The fifth six-monthly Talent Climate Index (TCI) data collection shows an unchanged talent climate trend: it is generally becoming increasingly difficult to attract talents. This is consistently more problematic on the external labor market than in terms of internal talent recruitment.

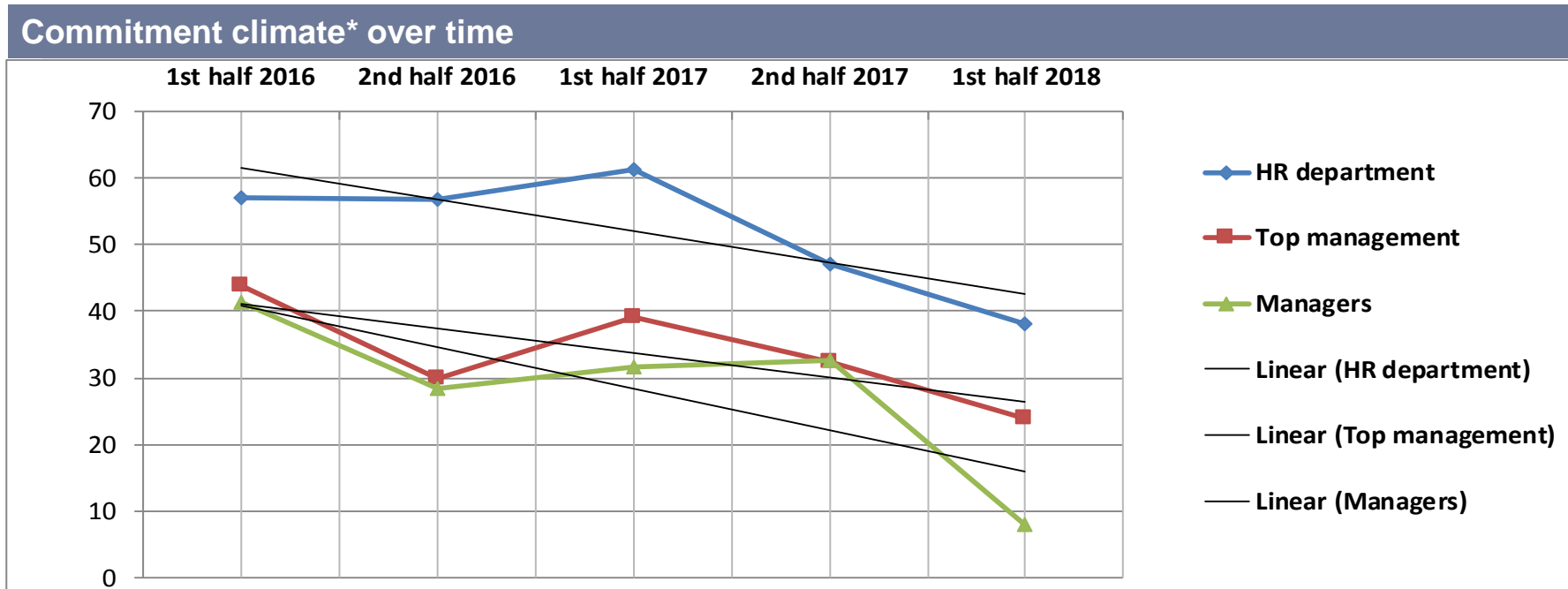
Talent climate* over time



* 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)

At the same time commitment with regard to talent management is declining

Talent management commitment continues to be strongest in the HR departments. However, the general trend over time seems even more relevant, which shows that talent management commitment is declining for all three target groups although the situation on the labor market is evidently deemed to be very critical (see previous slide).



* 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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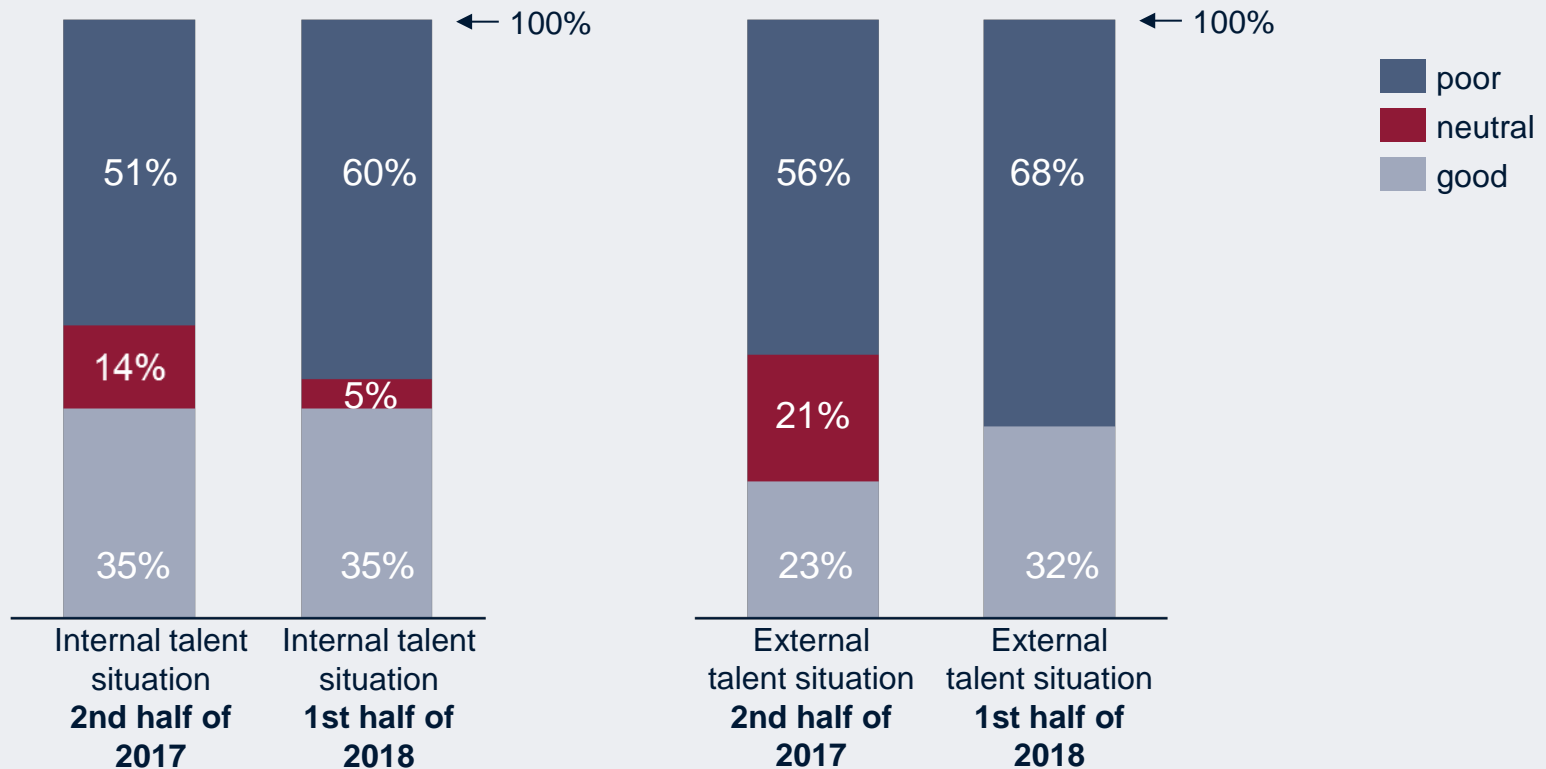
External talent management measures

Appendix: Explanations on the TCI and the data collection

Internal and external talent situation continues to be critical

The availability of internal and external talents, the so-called "talent situation," is currently considered to be critical. It is generally slightly more critical than during the last survey, in particular with regard to the internal labor market. The negative forecast of those surveyed in 2017 therefore became reality on the internal labor market above all in 2018.

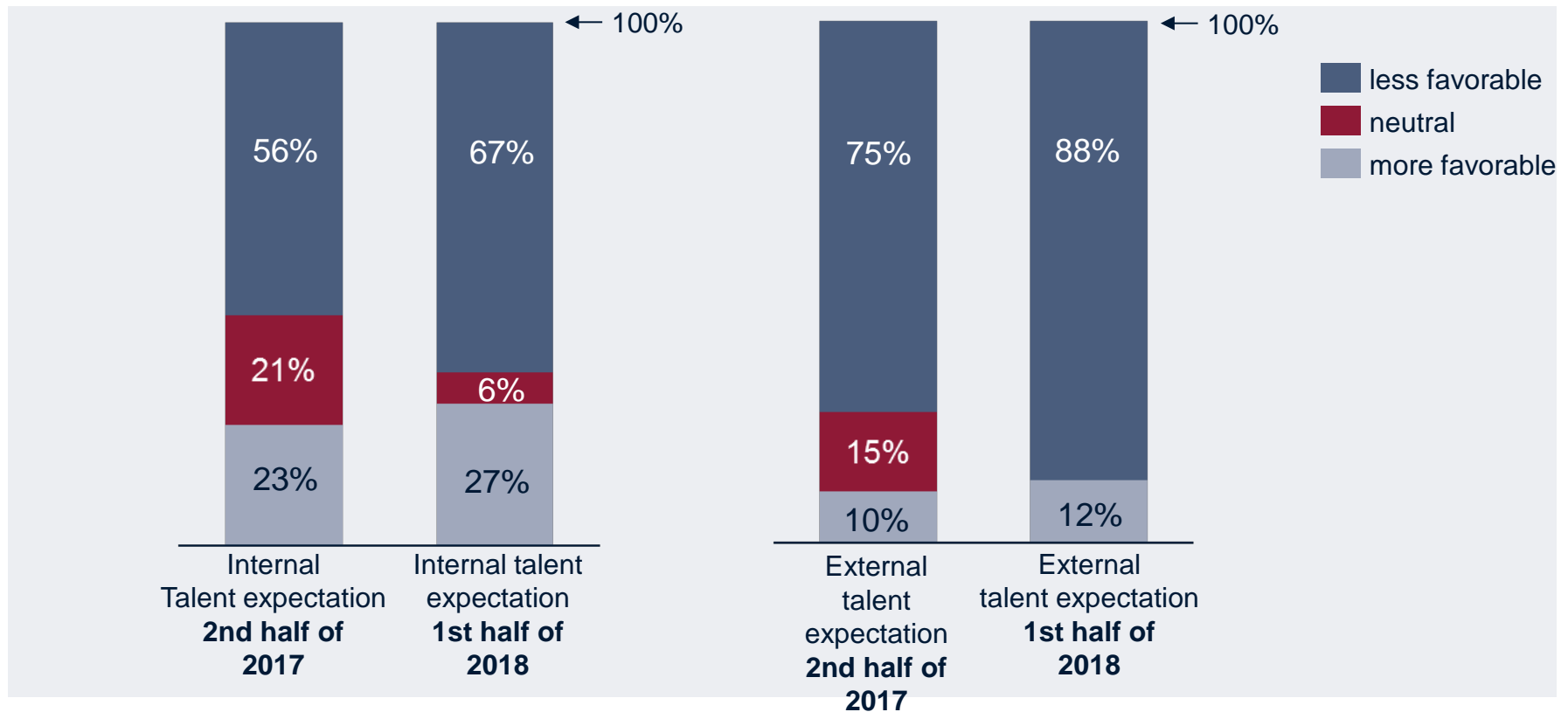
Talent situation: Current availability of talents



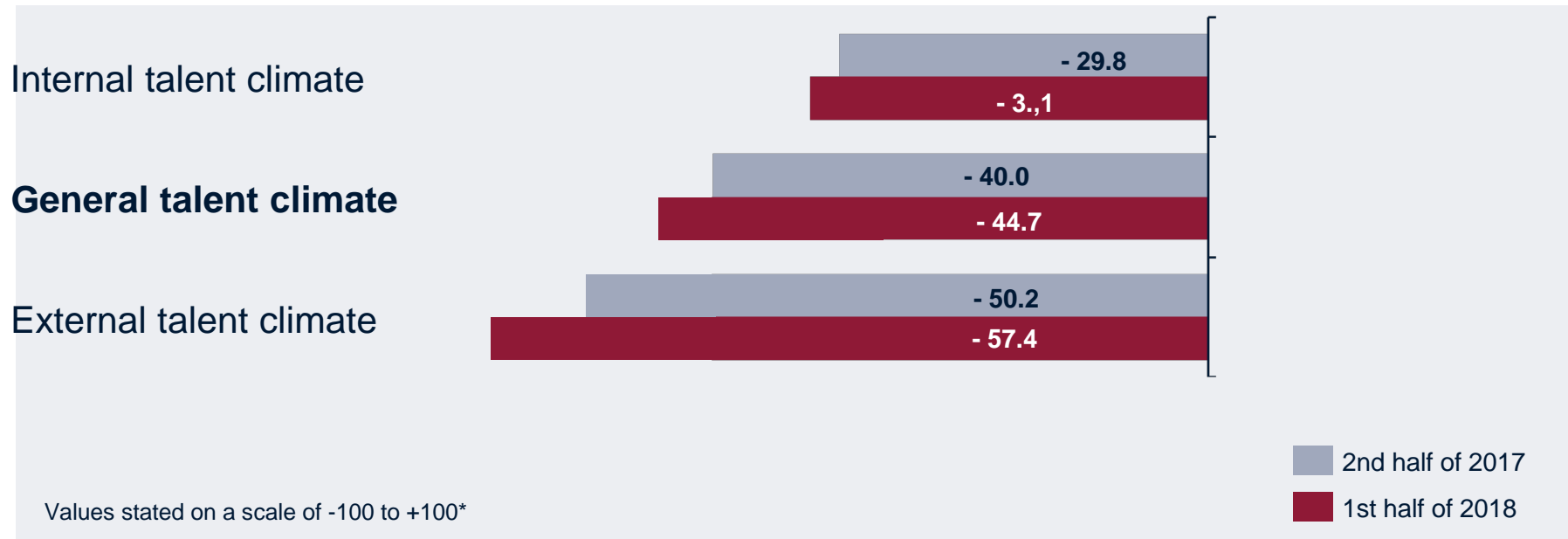
Forecasts are increasingly pessimistic

For internal talents alone the expectations of their future development are already not very optimistic. Those surveyed had a particularly pessimistic view of the external labor market, however. 88% expect the situation to deteriorate further.

Talent expectation: Future availability of talents



Talent climate deteriorated further



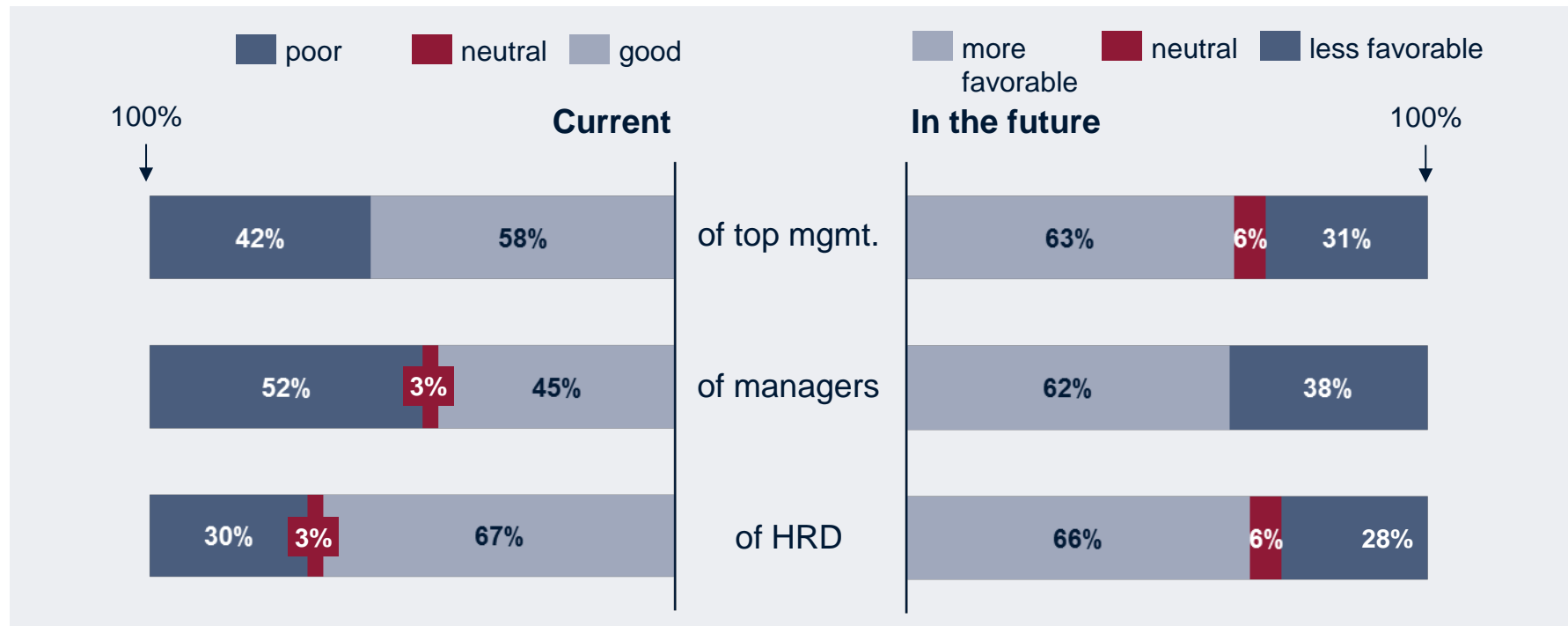
When the talent situation and talent expectations form the so-called "talent climate," a clear downturn in sentiment is evident for the external talent climate above all. The latter is above all due to the negative future outlook. As the internal talent climate is also regarded with more skepticism, the general talent climate is also once again worse than in the preliminary survey.

* 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

Talent management commitment remains

The HR department's talent management commitment is currently stronger than the top management's and the managers' commitment. However, regardless of the target group a relatively comparable forecast is made: 62-66% of those surveyed forecast stronger commitment of the HR department and also the top management and the managers.

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



Talent management commitment continues to decline



Compared to the previous survey, the commitment climate, that is, the commitment with regard to active talent management, has again worsened on average for two of the three target groups, however. While the forecasts regarding the commitment are rather positive (see previous slide), the current commitment declined so strongly that the commitment climate is experiencing a negative trend. There is a need for action in particular for the HR department and the managers with regard to the seriousness of the talent management efforts.

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

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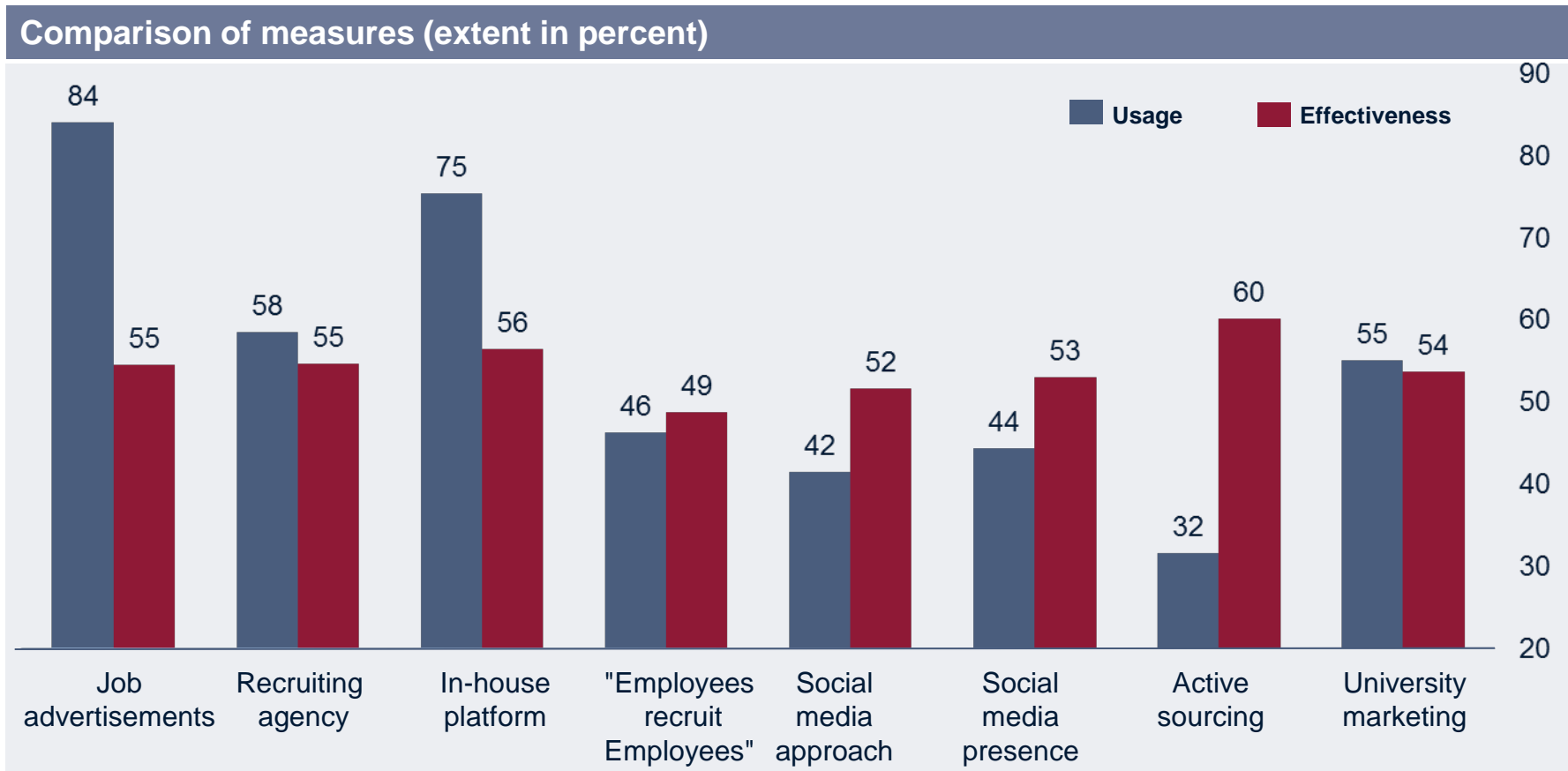
External talent management measures

Appendix: Explanations on the TCI and the data collection

External talent management measures

For this TCI survey, for the first time the focus was on comparing the usage intensity and the perceived effectiveness of external talent recruitment measures.

They are broken down as follows:



Findings: Measures are not focused on effectiveness

- The latest survey shows: External talent management measures are **not consistently focused on their effectiveness**.
- **Job advertisements** are most popular (84%), however, they are not more effective than other measures (55%).
- **Active sourcing** is used the least (32%) although it is considered to be most effective at 60%.
- **Recruiting agencies** (58%/55%), **"Employees recruit Employees" programs** (46%/49%), and **university marketing** (55%/54%) are used to a similar degree.
- Generally speaking, modern, mostly social media-based **measures for targeting potential applicants actively and early on are still used relatively rarely** and achieve the lowest values in terms of their usage intensity: active sourcing (32%), social media approach (42%), social media presence (44%), while **traditional methods** such as job advertisements (84%) and in-house recruitment platforms (75%) **continue to be used very intensively**.
- We can only speculate about the reasons. The qualitative comments show, however, that the **current high workload of those responsible for recruiting** makes the consistent development and establishment of time-intensive new methods, such as active sourcing, more difficult. One participant in the recent survey stated: *"Overwhelmed recruiting department, few modern methods."*

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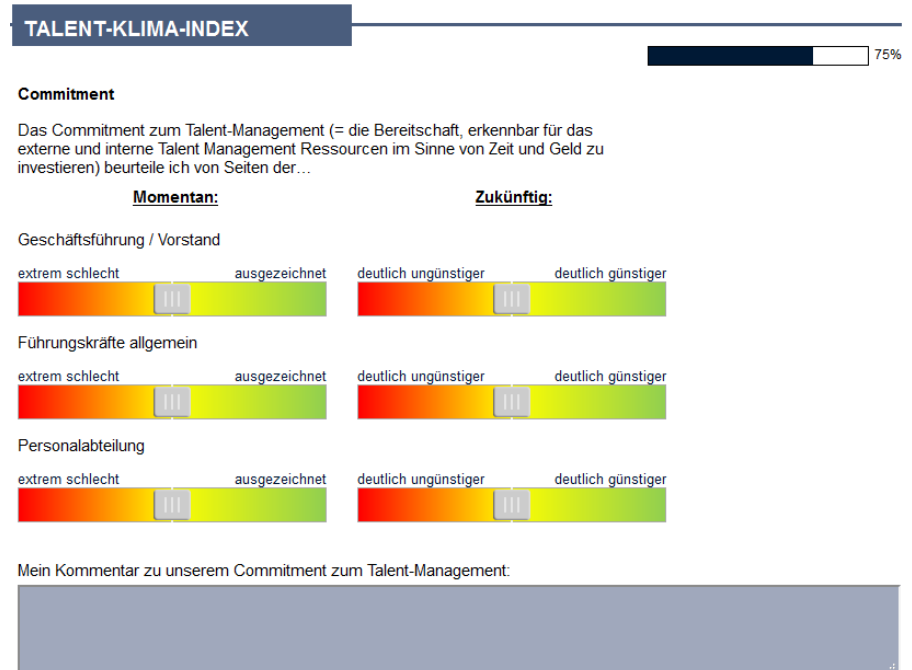
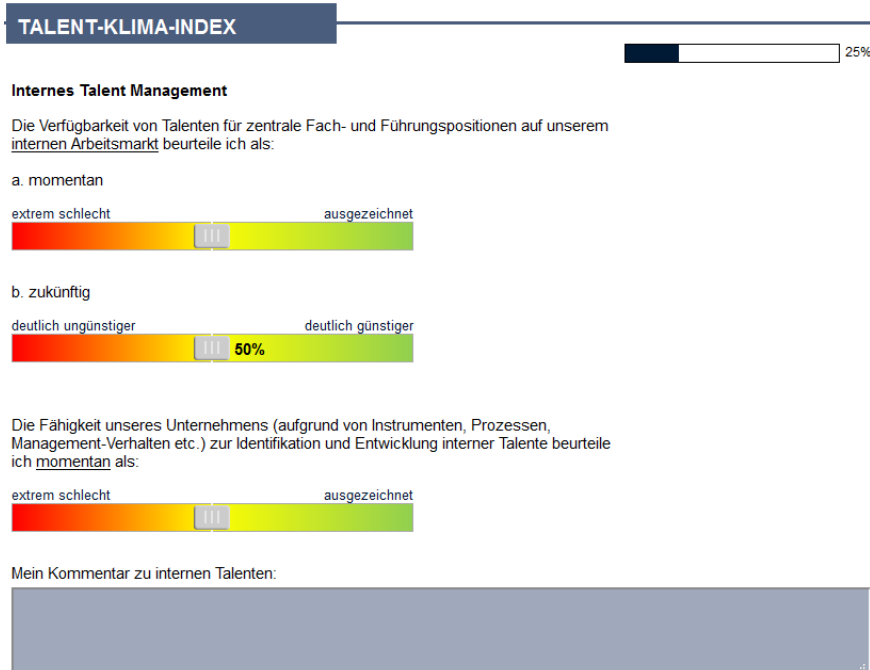
Subject areas of the questionnaire

- 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: Measures to attract external talents
 - Usage intensity
 - Effectiveness

TALENT CLIMATE INDEX (TCI)



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



Focal topic of the current survey:

External talent management measures – sample questions on their usage and effectiveness

Current focus: External talent management measures (1/2)

Which way did you use?

Job advertisements (e.g., via portals such as StepStone or Monster)



Individual search using recruiting agencies (so-called headhunting)



Current focus: External talent management measures (1/2)

Which way did you use?

Job advertisements (e.g., via portals such as StepStone or Monster)



How do you currently rate its effectiveness?



Focal topic of the current survey:

The following external talent management measures were assessed:

- Job advertisements (e.g., via portals such as StepStone or Monster)
- Individual search using recruiting agencies (so-called headhunting)
- Own recruitment platform (prominently positioned on the company's home page)
- Promotion of employee recommendations (e.g., targeted “employees recruit employees” programs)
- Direct approach via social media (e.g., actively addressing possible candidates on XING or LinkedIn)
- Presence in social media and video portals (personnel marketing activities in online channels)
- Active sourcing/relationship management (actively establishing a pool with potentially interested talents and systematically maintaining contact with them)
- University marketing (e.g., trade show presence, establishing and using university contacts)

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:

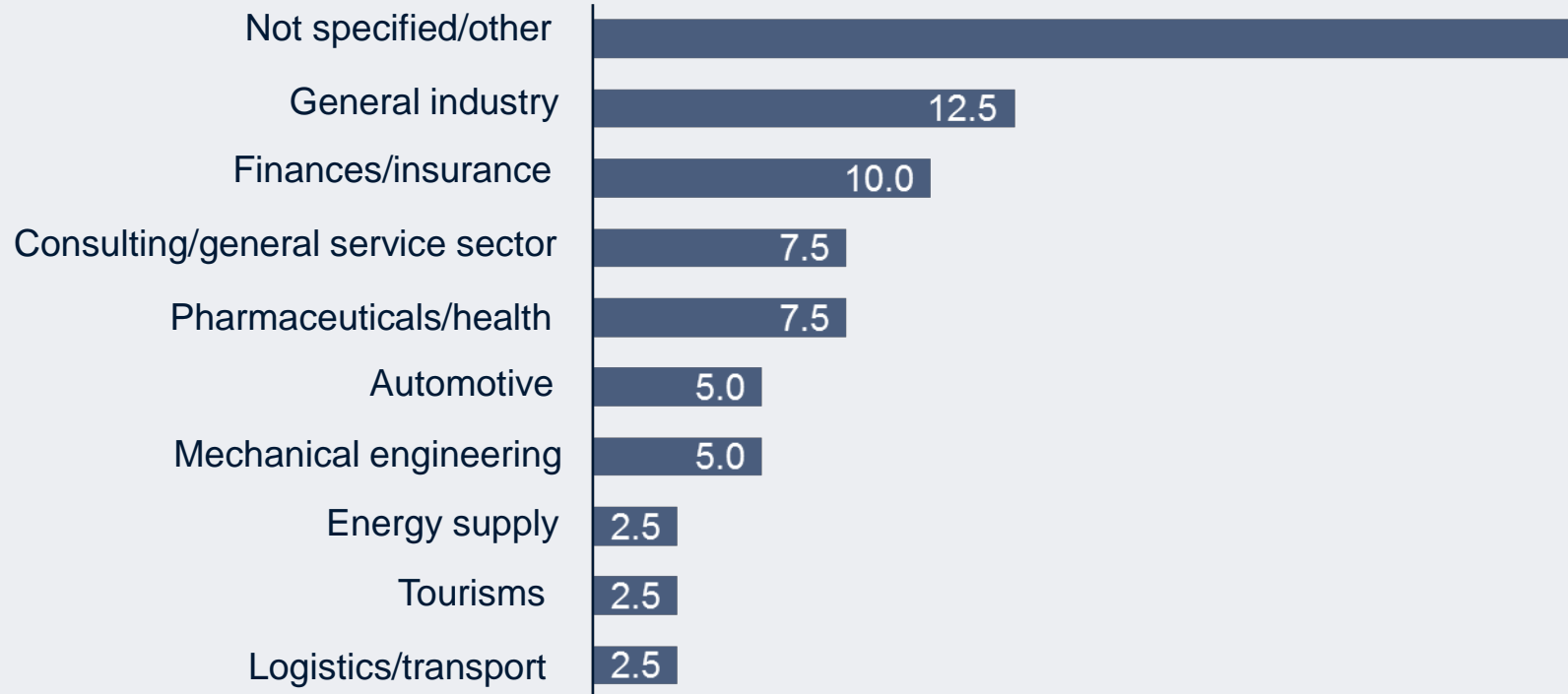
Values stated on a scale of -100 to +100

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

Sector distribution

Via the website <https://www.profil-m.de/publikationen/talent-klima-index/>, various newsletters, and the direct approach method, persons from different sectors were contacted, which resulted in 40 data sets that could be evaluated, one of which was in English. They are distributed as follows:

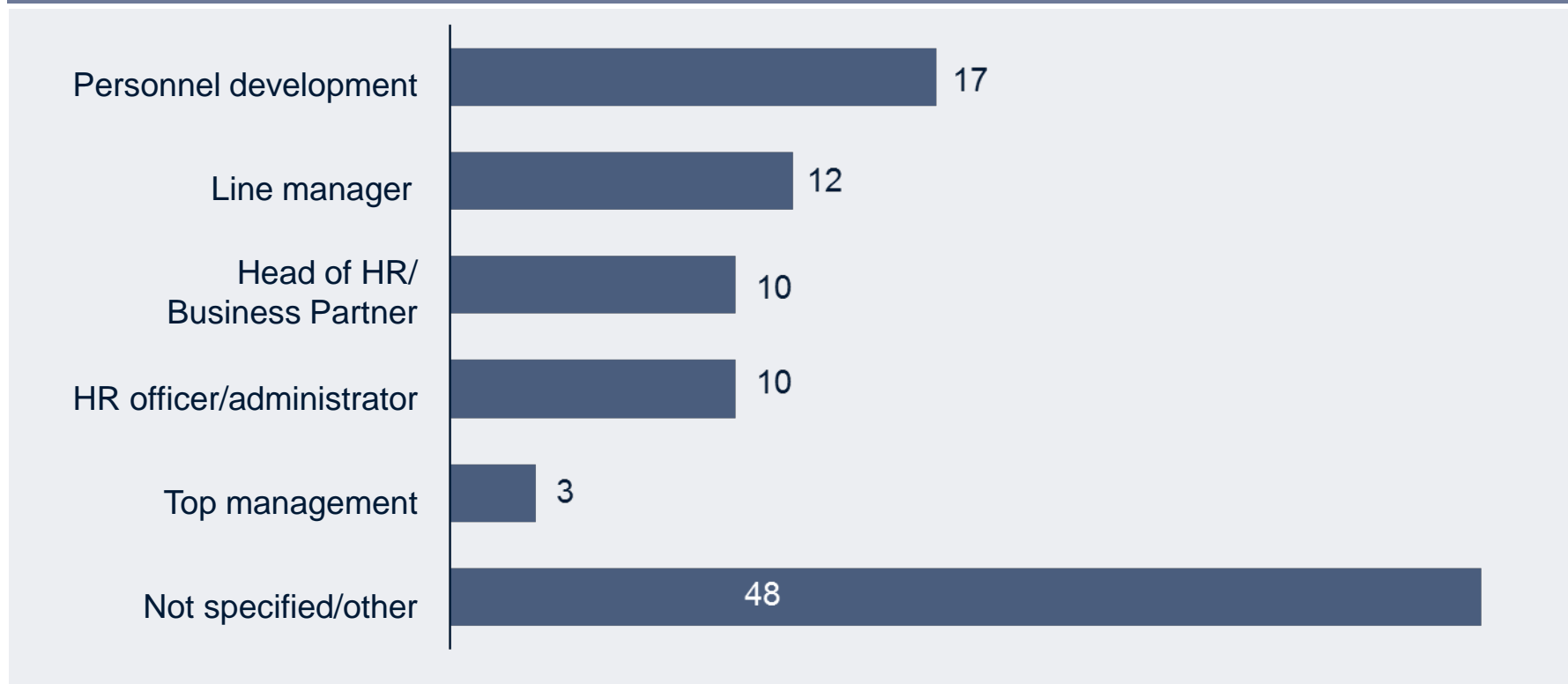
Sector (frequency in percent, information was provided voluntarily)



Participants in the survey according to function

A large number of participants hold various HR roles. A fairly large number are line managers, while there were fewer top managers/CEOs. However, almost half of those surveyed did not provide any details regarding their roles.

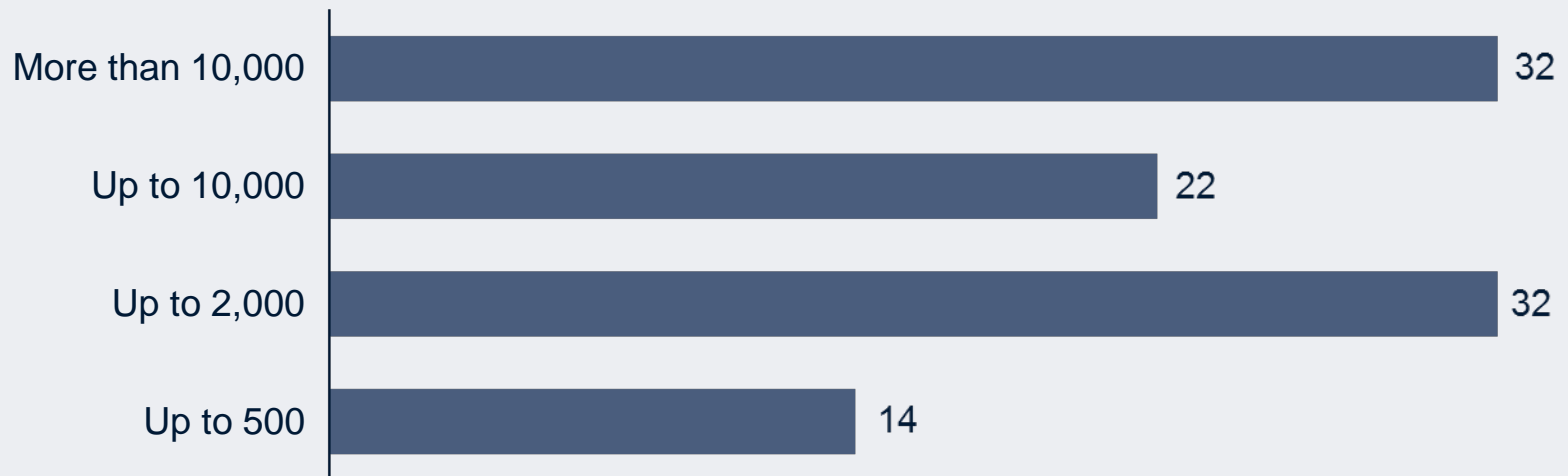
Current position (frequency in percent, information was provided voluntarily)



Number of employees of companies surveyed

As in the previous surveys, most of the participants were from (major) groups of companies, but respondents from smaller and medium-sized companies also took part to an appreciable extent.

Number of employees (frequency in percent, information was provided voluntarily)



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