

TALENT KLIMA INDEX

RESULTS – SECOND HALF OF 2018
DETAILED EVALUATION

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. They are based on a sample of 71 usable data sets, consisting of HR experts, managers, and members of the top management. The key findings are the following:

- **Is the external talent market thawing?**

While the internal talent climate has deteriorated further, as was already reflected in previous surveys, the external talent climate shows a clear positive trend for the first time. The next surveys will show whether this is a sustained improvement of the situation.

- **Talent management commitment is also increasing again:**

The feared resignation, based on the last surveys, did not materialize in the second half of 2018. Talent management commitment has generally significantly increased again, not only with a view to the HR areas but in particular also with regard to the managers' talent management commitment.

- **Complementing the line manager's assessment with a self-directed talent analysis:**

The most popular internal talent management measure by far is the assessment of potential by line managers. However, this is not considered to be very effective. The self-directed talent analysis by employees, for example as part of orientation centers or online assessment procedures, has the opposite effect. The number of corresponding offers for employees is rather low in relation to the assumed effectiveness of such measures. Not least in times of New Work, a changed leadership understanding, and self-directed development, an intelligent combination of both tools promises to be most effective.

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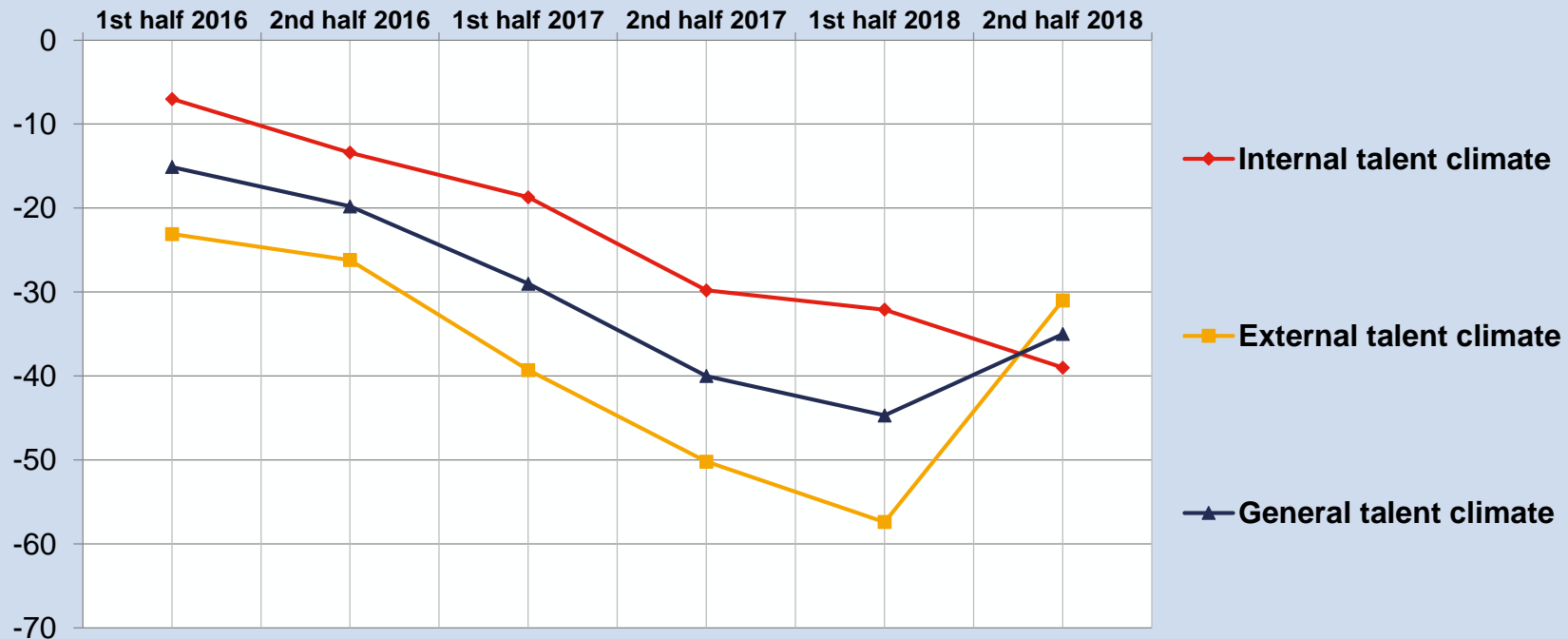
OVERALL TRENDS OVER TIME

TALENT CLIMATE TREND

NEGATIVE TALENT CLIMATE TREND INTERRUPTED FOR THE FIRST TIME

Those surveyed once again assessed the **talent climate** to be **negative** in the second half of 2018. However, in this sixth Talent Climate Index (TCI) data collection, the **prolonged downward trend was stopped for the first time**. This is mainly due to a significant **recovery of the external talent climate**.

Talent climate* over time



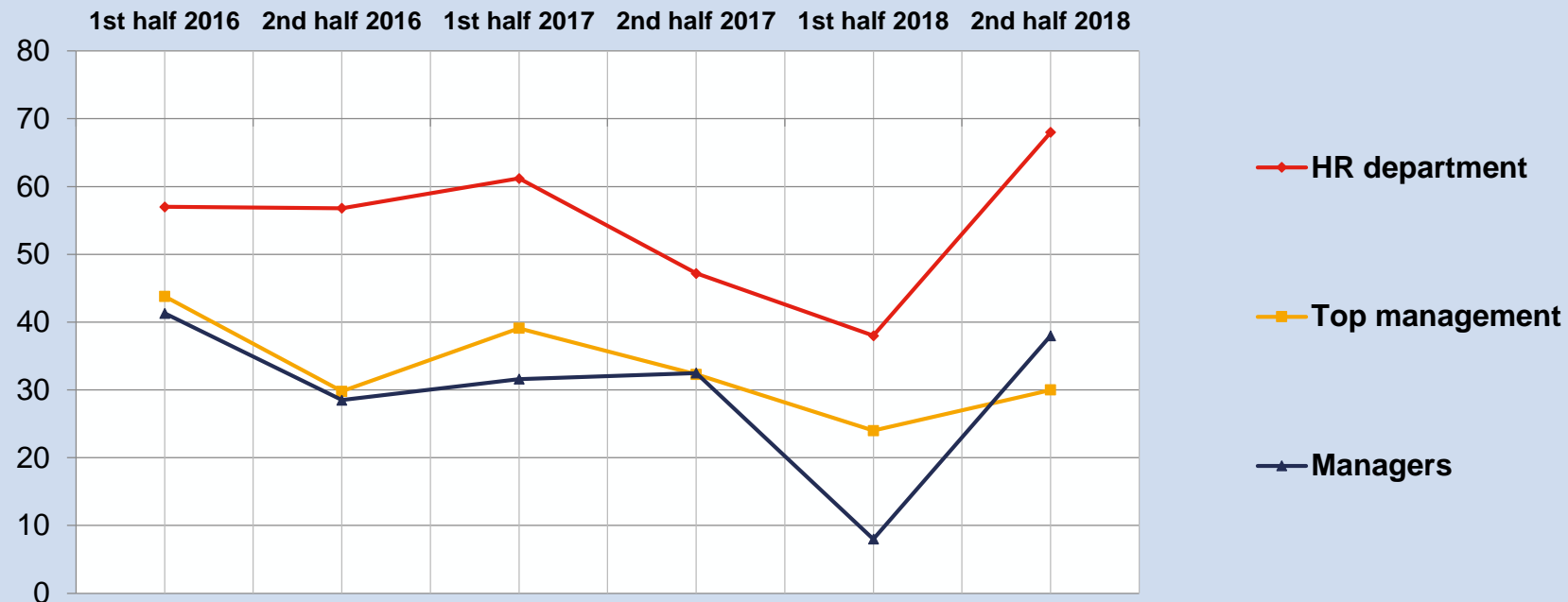
* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

COMMITMENT CLIMATE TREND

MANAGERS SHOW MORE COMMITMENT THAN THE TOP MANAGEMENT

With regard to the talent management **commitment** those surveyed are also **more positive again** compared to previous surveys. This applies to the HR department's and the managers' commitment to invest in talent management in particular. For the first time the **managers' talent management commitment** is stronger than the top management's commitment.

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)

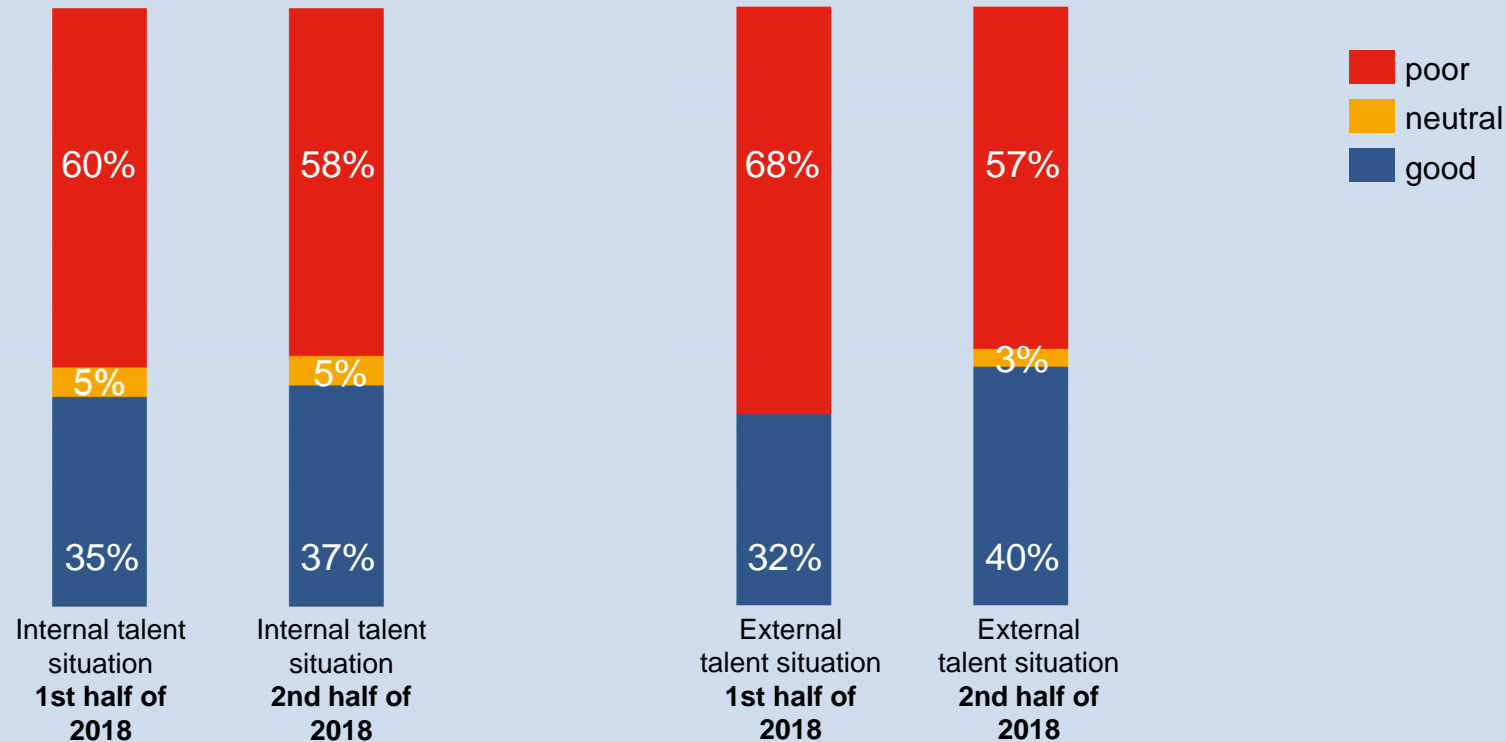
CURRENT SITUATION AND EXPECTED DEVELOPMENT

TALENT SITUATION

EXTERNAL TALENT SITUATION IS RECOVERING

The availability of internal and external talents, the so-called "talent situation," is still considered to be difficult. Only 37% (internal talent situation) and 40% (external talent situation) of those surveyed evaluate it to be good. However, the assessments for the internal and external talent situations are converging. In particular the assessment regarding the availability of external talents is visibly more positive than in the first six months of 2018.

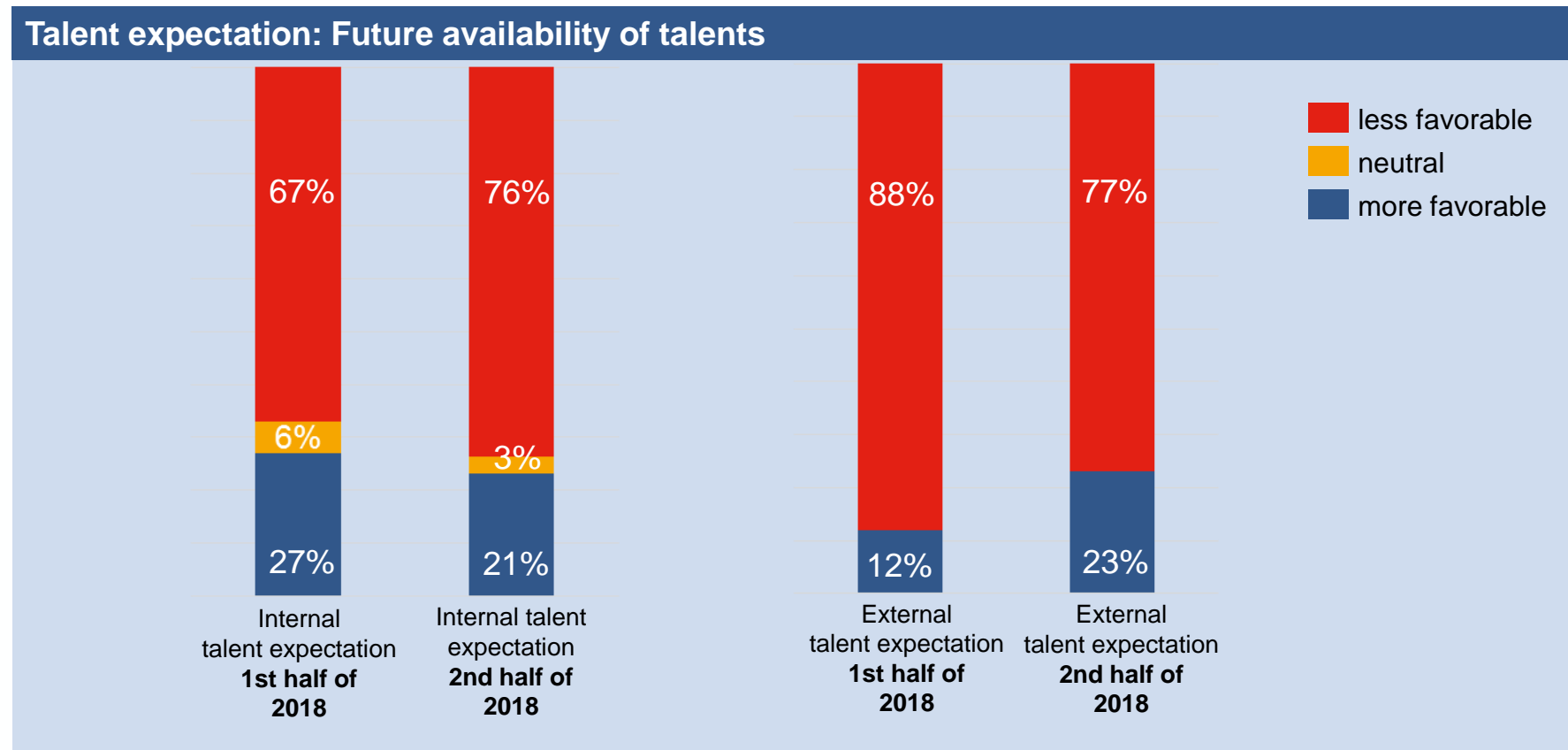
Talent situation: Current availability of talents



TALENT EXPECTATIONS

FORECASTS REMAIN PESSIMISTIC

Regarding the availability of both internal and external talents the **expectations of the future development are not very optimistic**. While the forecasts regarding the availability of internal talents are slightly more pessimistic, the expectation for external talents is somewhat more optimistic.



TALENT CLIMATE

EXTERNAL TALENT CLIMATE HAS IMPROVED CONSIDERABLY



* 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

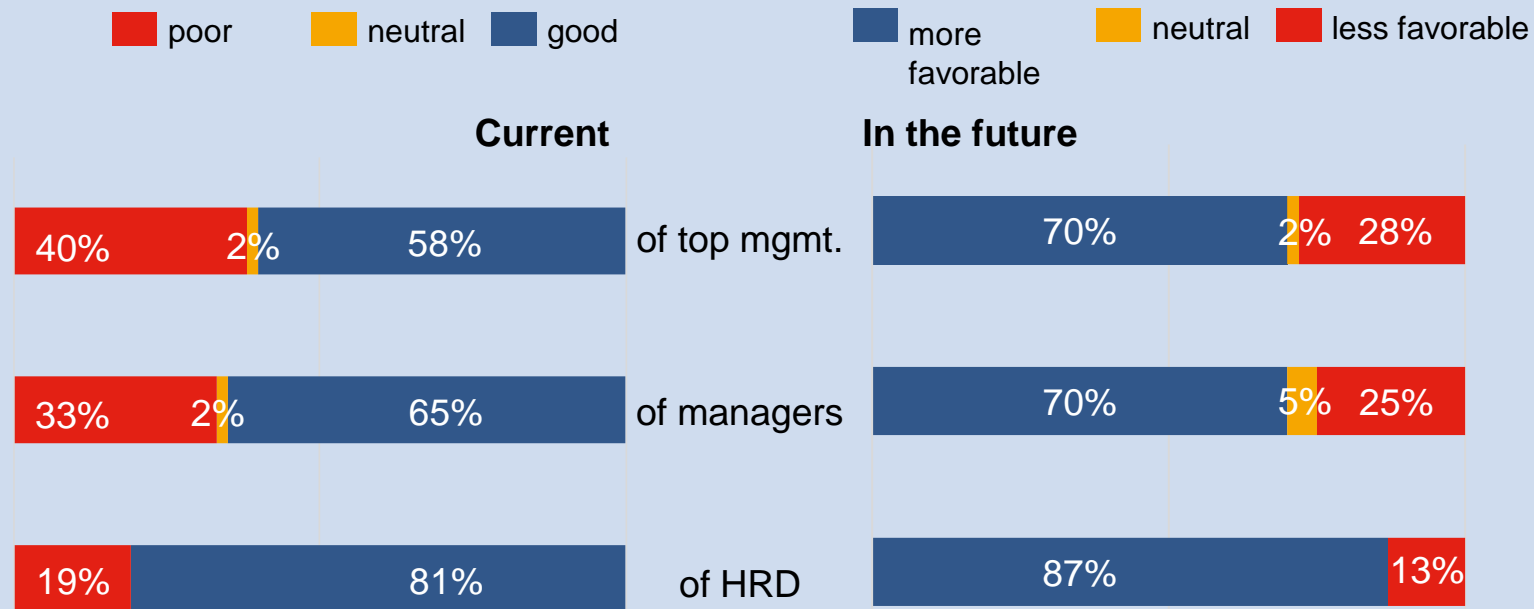
When the talent situation and talent expectations form the so-called "talent climate," the current survey results show a **downturn in sentiment for the internal talent climate**, which for the first time is **assessed to be worse than the external talent climate**. Due to the significant recovery of the external talent climate, however, on the whole the **general talent climate is more positive**. However, "more positive" can also be interpreted as "less bad" because the talent climate in general continues to be clearly negative.

COMMITMENT SITUATION AND EXPECTATIONS

STRONG AND GROWING COMMITMENT OF THE HR DEPARTMENT

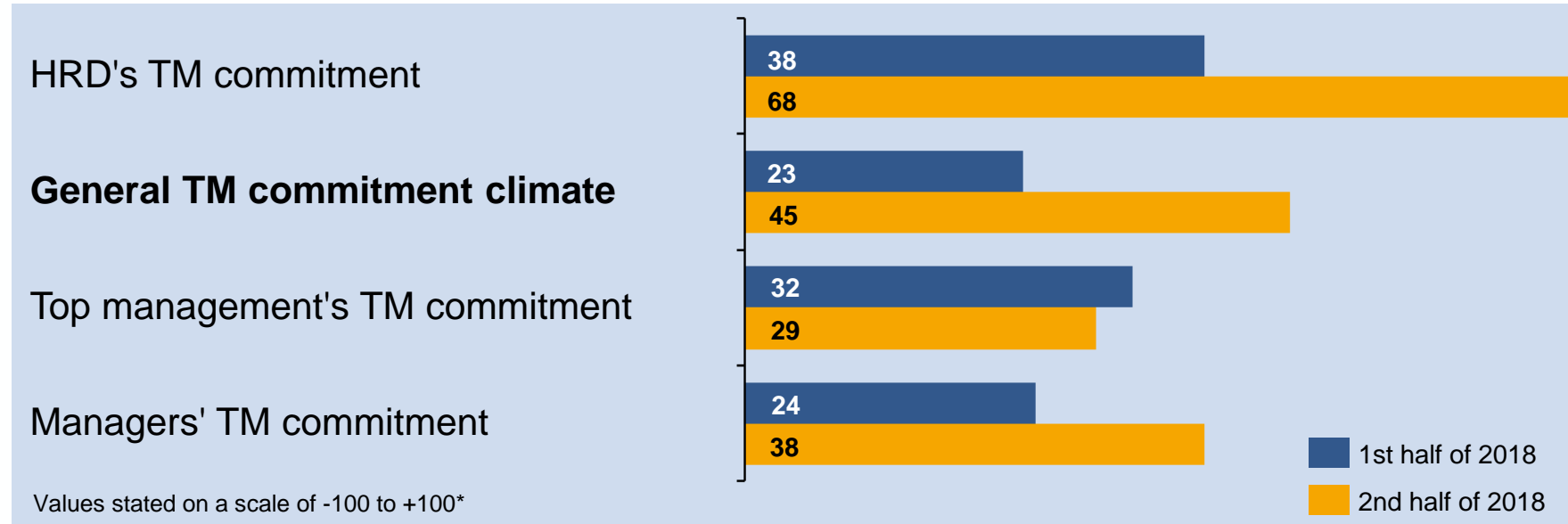
The **HR department's talent management commitment is by far the strongest** and will increase further in the future. In general, those surveyed are also **optimistic with regard to the future** and clearly expect growing commitment. The positive commitment results for managers are particularly encouraging and for the first time they are above those of the top management.

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



COMMITMENT CLIMATE

TALENT MANAGEMENT COMMITMENT IS GENERALLY INCREASING AGAIN



*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

Compared to the first half of 2018 the commitment climate, that is, the commitment with regard to active talent management, is more positive, in particular with regard to the HR department and the managers. As a result the **general commitment climate is increasing** as an average value.

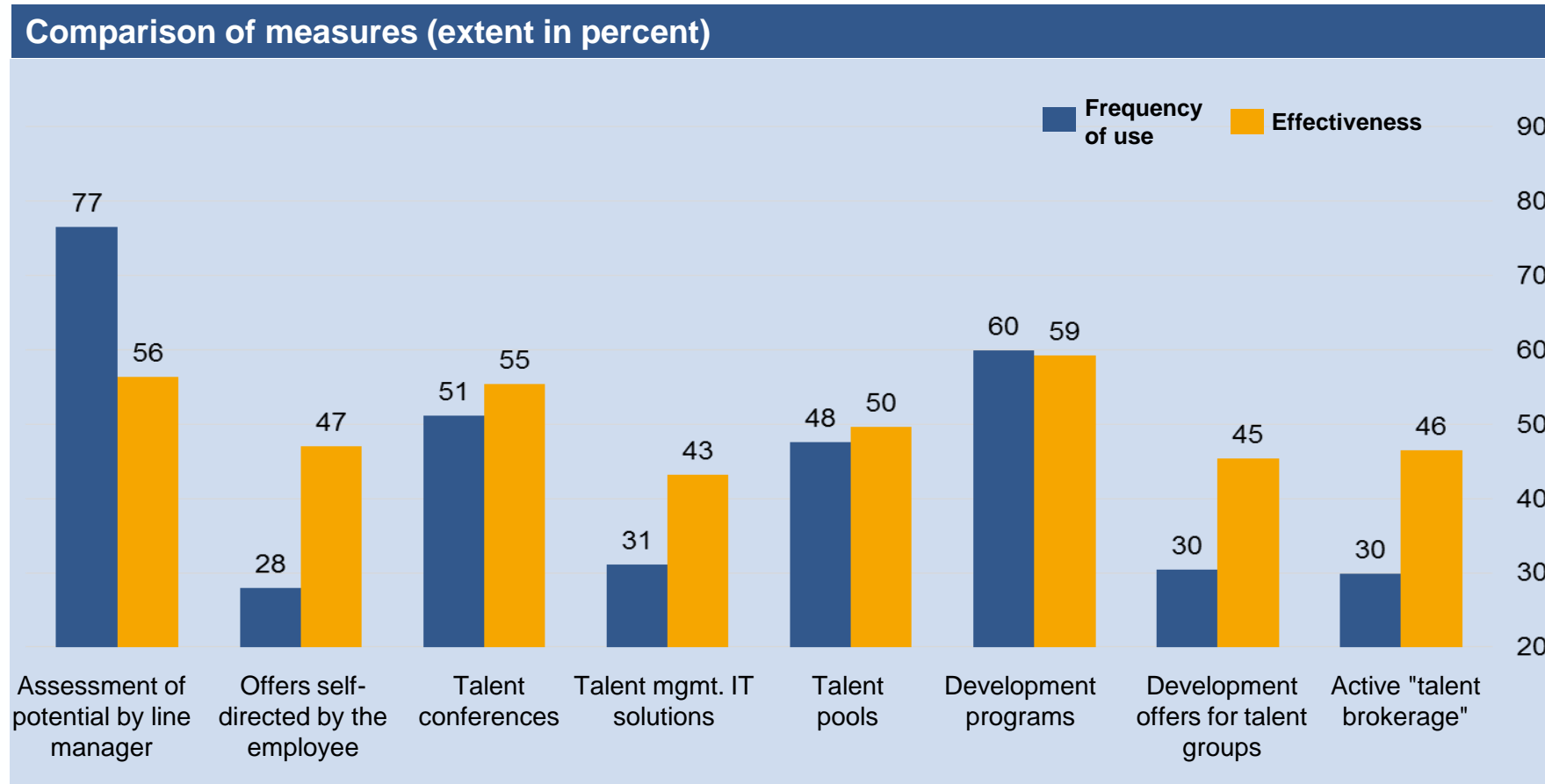
The feared resignation effect from the first half of 2018 therefore could currently not be confirmed in this recent TCI survey.

FOCAL TOPIC OF THE CURRENT SURVEY: INTERNAL TALENT MANAGEMENT MEASURES

FOCUS FOR SECOND HALF OF 2018

INTERNAL TALENT MANAGEMENT MEASURES

For this TCI survey, the focus was on the frequency of use and the effectiveness of **eight different internal talent management measures**. They are distributed as follows:



FOCUS FOR SECOND HALF OF 2018

SELECTION OF INTERNAL TALENT MANAGEMENT MEASURES IS OFTEN NOT EFFICIENT

- **Classics such as development programs, talent boards, and talent pools are used efficiently**
The frequency of use and effectiveness of development programs for certain target positions or leadership levels, talent boards, and talent pools are all roughly at the same level. They are therefore balanced and point to an efficient use.
- **The widely established assessment of potential by line managers often does not serve its purpose**
The assessment of potential by line managers is by far the most popular internal talent management measure (77%), even though its effectiveness is lower (56%) and does not exceed the effectiveness of many other measures.
- **Offers self-directed by employees are not sufficiently available**
In particular for talent analysis offers self-directed by employees, for example, as part of orientation centers or online assessment procedures, the delta between frequency of use (28%) in companies and presumed effectiveness (47%) is particularly wide. Although these offers may be suitable for offsetting the weaknesses of the assessment of potential by line managers.
- **In other areas too, effective measures are used too rarely**
With regard to active "talent brokerage" through HR for the systematic recruitment of talents (frequency of use 30% / effectiveness 46%), special talent management IT solutions (frequency of use 31% / effectiveness 43%), and development offers for certain talent groups such as women or older employees (frequency of use 30% / effectiveness 45%), the frequency of use is not only relatively low but also below that of the presumed effectiveness.

APPENDIX: EXPLANATIONS ON THE TCI AND THE DATA COLLECTION

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 (<http://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:**

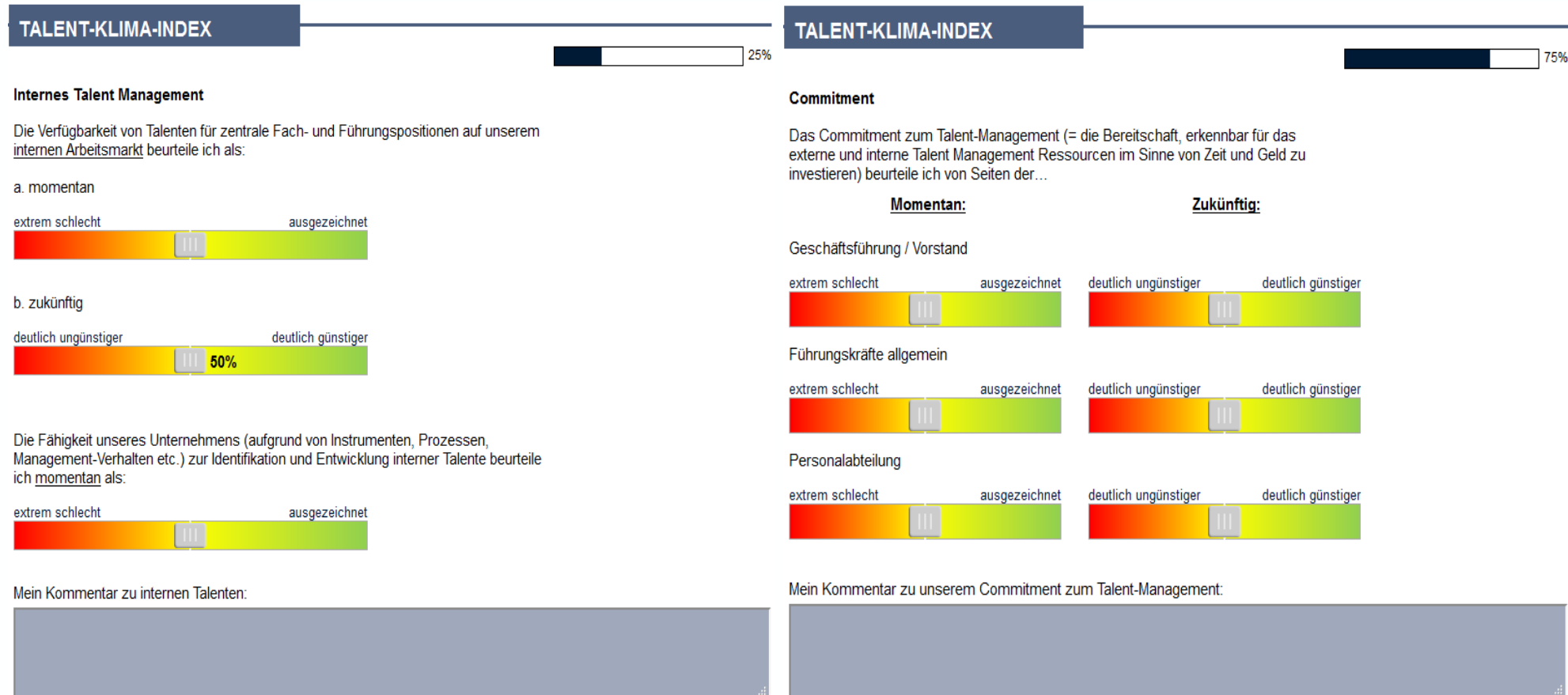
The commitment to invest time and money in internal and external talent management

- **Focal topic of the current survey: Measures to attract internal 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/>



TALENT CLIMATE INDEX (TCI)

FOCAL TOPIC OF THE CURRENT SURVEY:

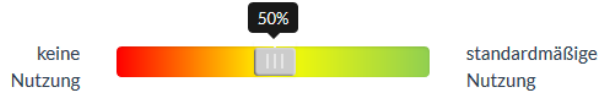
Internal talent management measures

TALENT KLIMA INDEX

Aktuell im Fokus: Maßnahmen im internen Talent Management (1/2)

Welche Maßnahme nutzen Sie?

Potenzialeinschätzung durch den Vorgesetzten



Wie schätzen Sie die Effektivität derzeit ein?

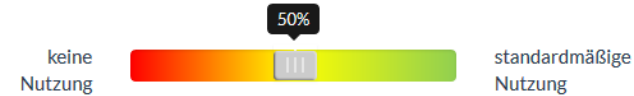


TALENT KLIMA INDEX

Aktuell im Fokus: Maßnahmen im internen Talent Management (2/2)

Welche Maßnahme nutzen Sie?

Talent Pools (für bestimmte Zielfunktionen oder Führungsebenen)



Wie schätzen Sie die Effektivität derzeit ein?



TALENT CLIMATE INDEX (TCI)

FOCAL TOPIC OF THE CURRENT SURVEY:

Overview of the assessed internal talent management measures:

1. Assessment of potential by the line manager
2. Offers for employees for self-directed talent analysis (orientation centers, online analysis procedure, etc.)
3. Talent conferences/talent boards (to identify talents and for succession planning)
4. Special talent management IT solutions
5. Talent pools (for certain target positions or leadership levels)
6. Development programs (for certain target positions or leadership levels)
7. Development offers for certain talent groups (e.g., for women, older employees)
8. Active "talent brokerage" (HR role for the systematic internal recruitment of talents)

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:

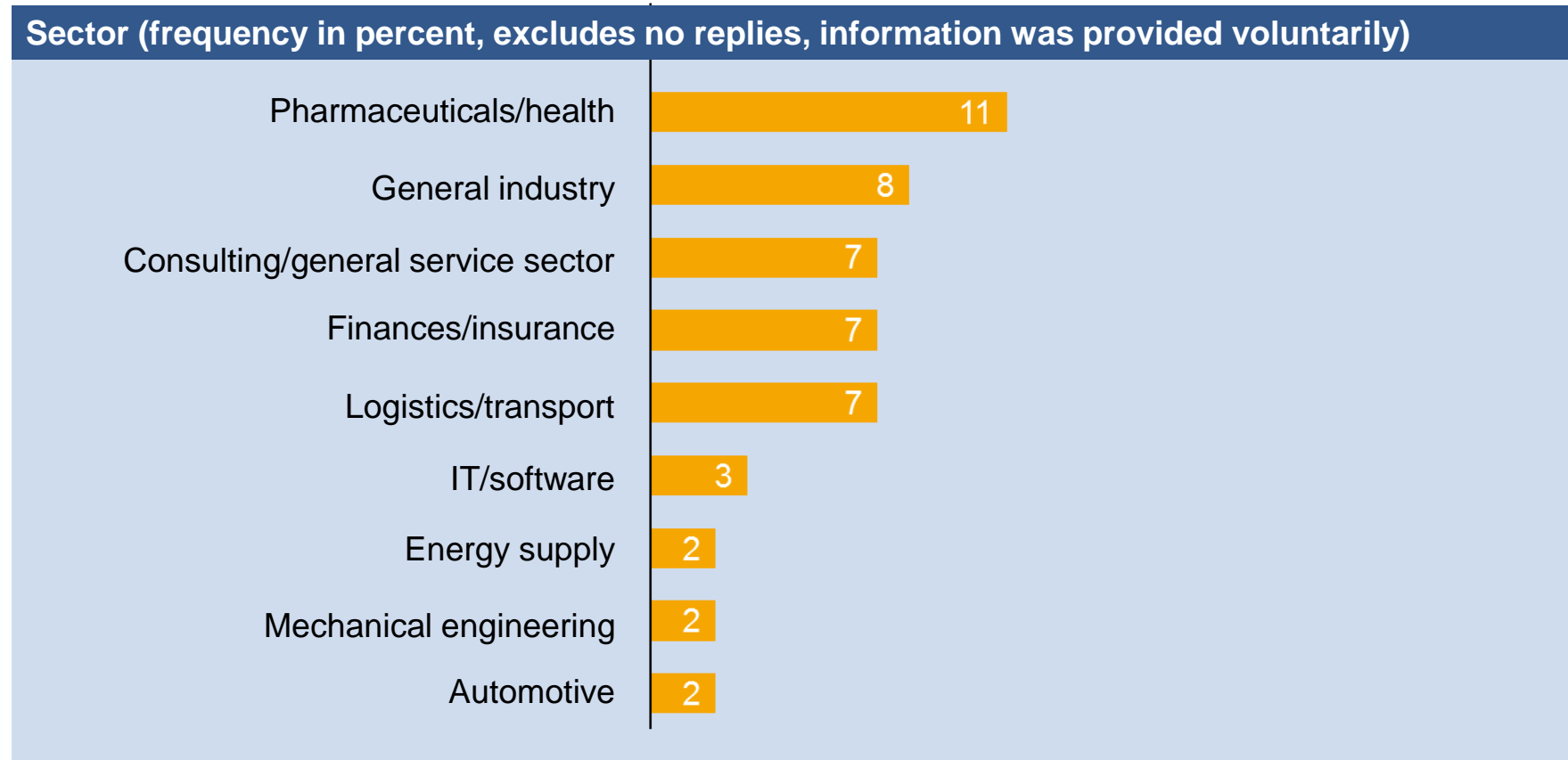
Values stated on a scale of -100 to +100

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

SURVEY – SECOND HALF OF 2018

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 71 data sets that could be evaluated, none of which was in English. They are broken down as follows:

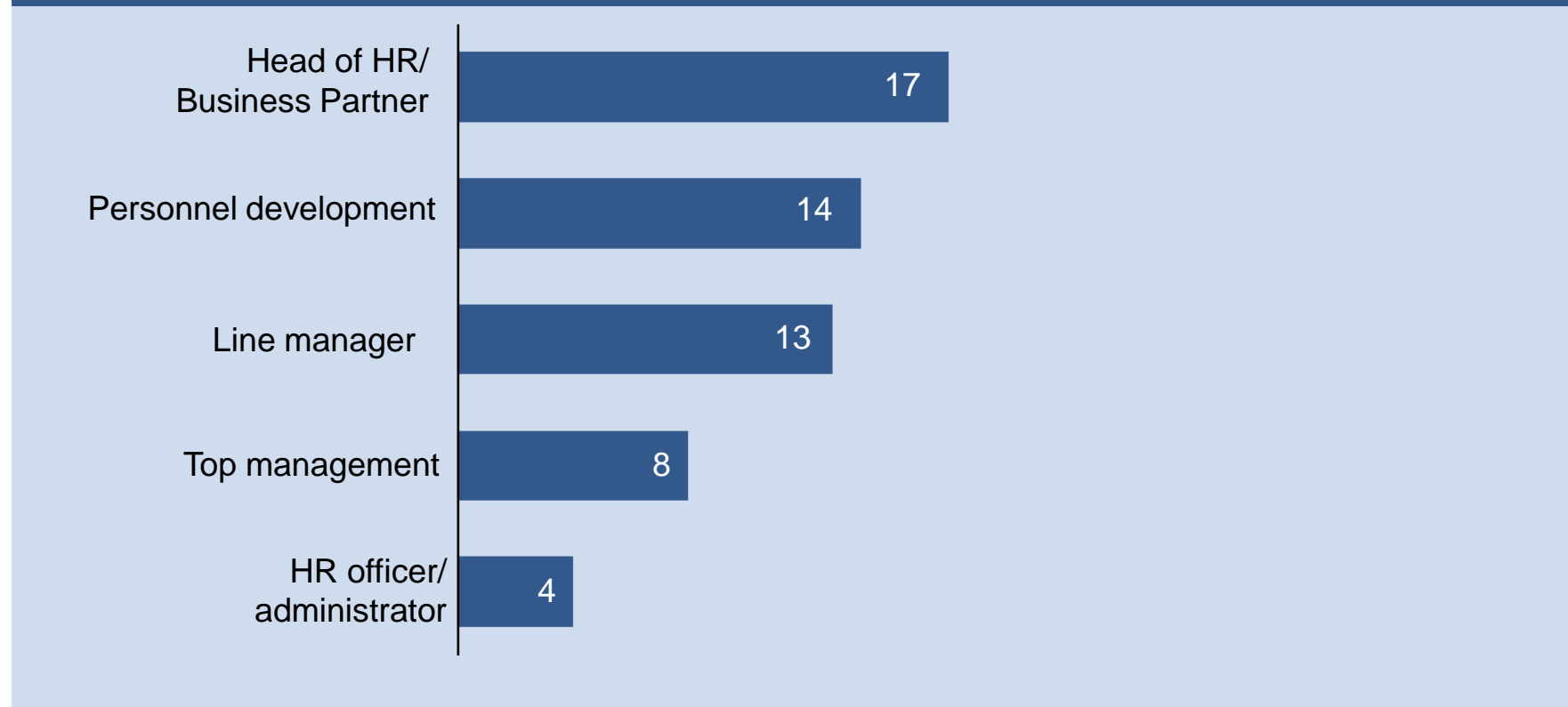


SURVEY – SECOND HALF OF 2018

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, many of those surveyed did not provide any details regarding their roles.

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

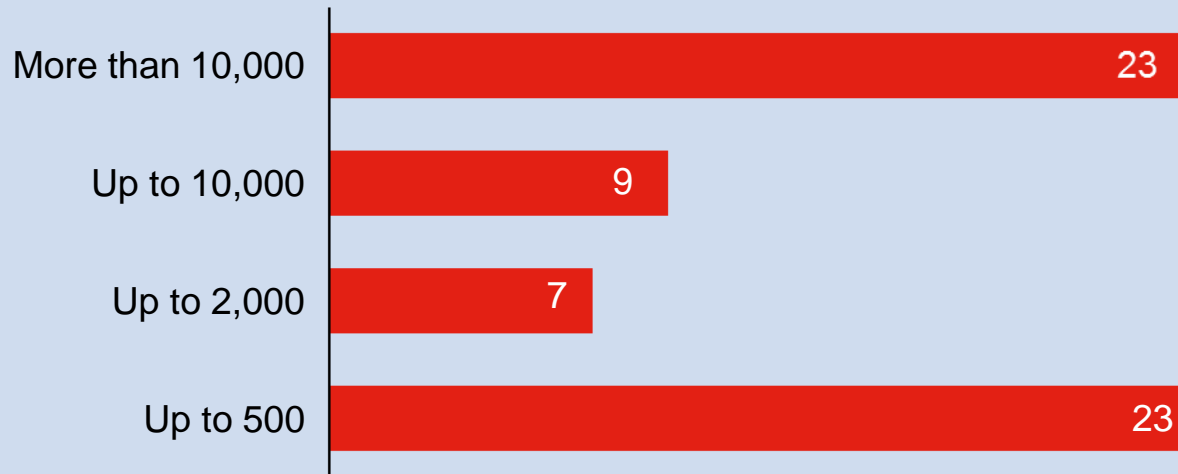


SURVEY – SECOND HALF OF 2018

PARTICIPANTS IN THE SURVEY ACCORDING TO COMPANY SIZE

In the current survey, most of the participants were from (major) groups of companies on the one hand and small companies on the other hand. Medium-sized companies with 500 to 10,000 employees participate less often.

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



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