



Talent Climate Index

Results – First half of 2020

In the spotlight: The impact of the coronavirus pandemic on HR work



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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 first half of 2020 are presented here. These are based on 118 usable data sets, consisting of HR experts, managers, and members of the top management. This results in the following key findings:
 - **The corona crisis leads to positive talent climate for the first time**
For the first time since the TCI surveys began in 2016, the talent climate is positive. Both the current talent situation and the expectations regarding the future availability of talent have been significantly eased by the pandemic. There are particularly positive expectations with regard to the development of the external labor market. Those surveyed predict that the availability of talent on the external and internal labor market will be nearly as good in the future.
 - **Commitment climate nevertheless does not decline**
In contrast to the talent climate, the commitment climate remains relatively stable and even increases slightly during the coronavirus pandemic. Despite the fact that internal and external talent is more readily available, talent management is evidently not immediately given a lower priority, but remains the focus of HR departments, managers, and the top management.
 - **Corona leads to new focal topics in HR work**
Contrary to what one might expect due to the crisis, staff cuts are not at the center of the HR focal topics compared to other staff and allocation measures. In contrast, employee and talent retention is particularly relevant in times of crises and working remotely. The topic of "remote work" will continue to dominate HR work for some time to come, both the establishment of remote work and the associated new demands on managers. Remote leadership is a relevant focal topic. Against the background of these new demands on both managers and employees, topics such as resilience and "healthy leadership" are also becoming the focus of HR work to enable healthy working under new conditions.

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

4. Appendix:

Explanations on the TCI and the data collection

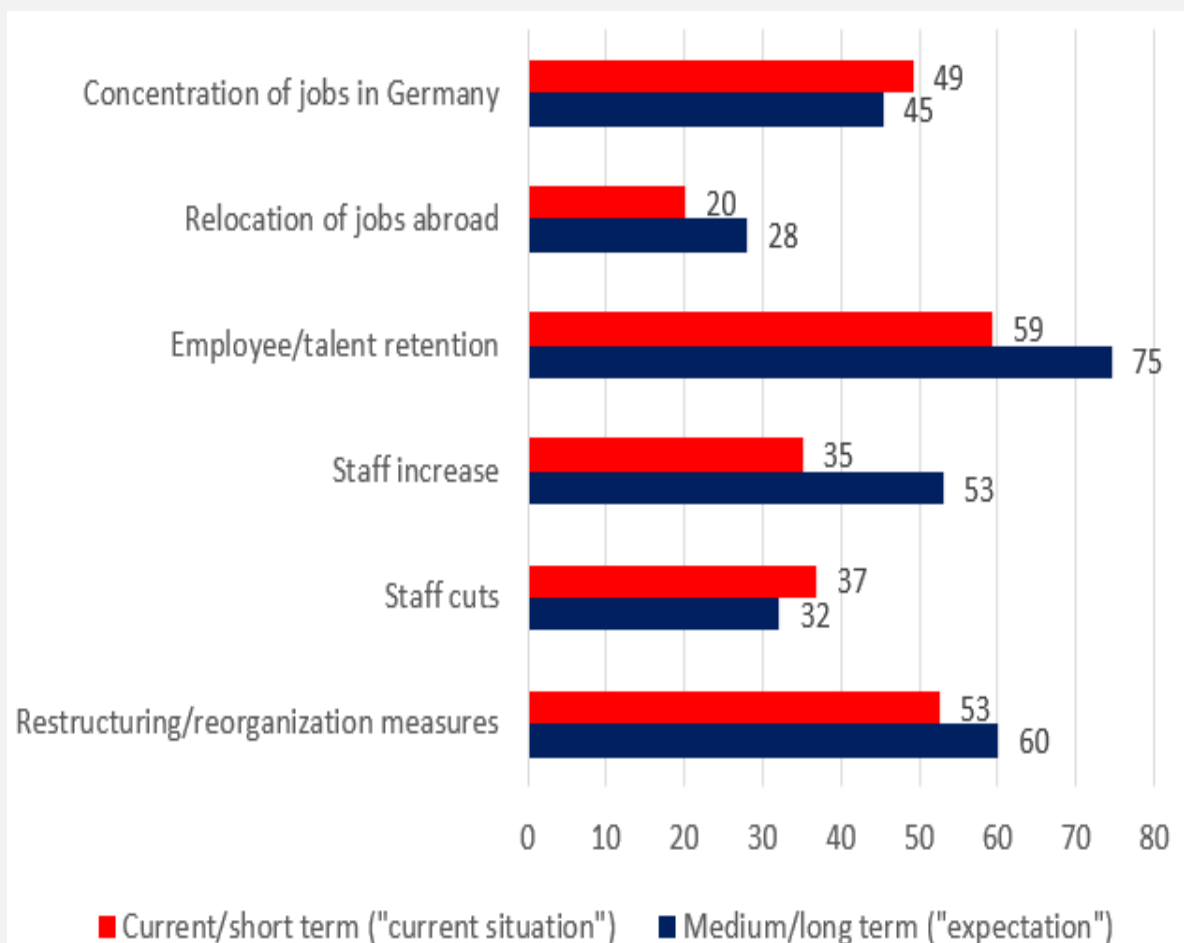
Main focus: Impact of the coronavirus pandemic

What is the short- and medium-term impact of COVID-19 for HR?

Staff cuts are not the focus of current and expected measures. However, the present and future most relevant topic of staff and allocation measures is the retention of employees and talent. The question is: How can talent be retained despite the crisis and remote work?

Relevance of staff requirement and allocation measures

(Ø on a scale of 0 = Not relevant at all to 100 = Extremely relevant)



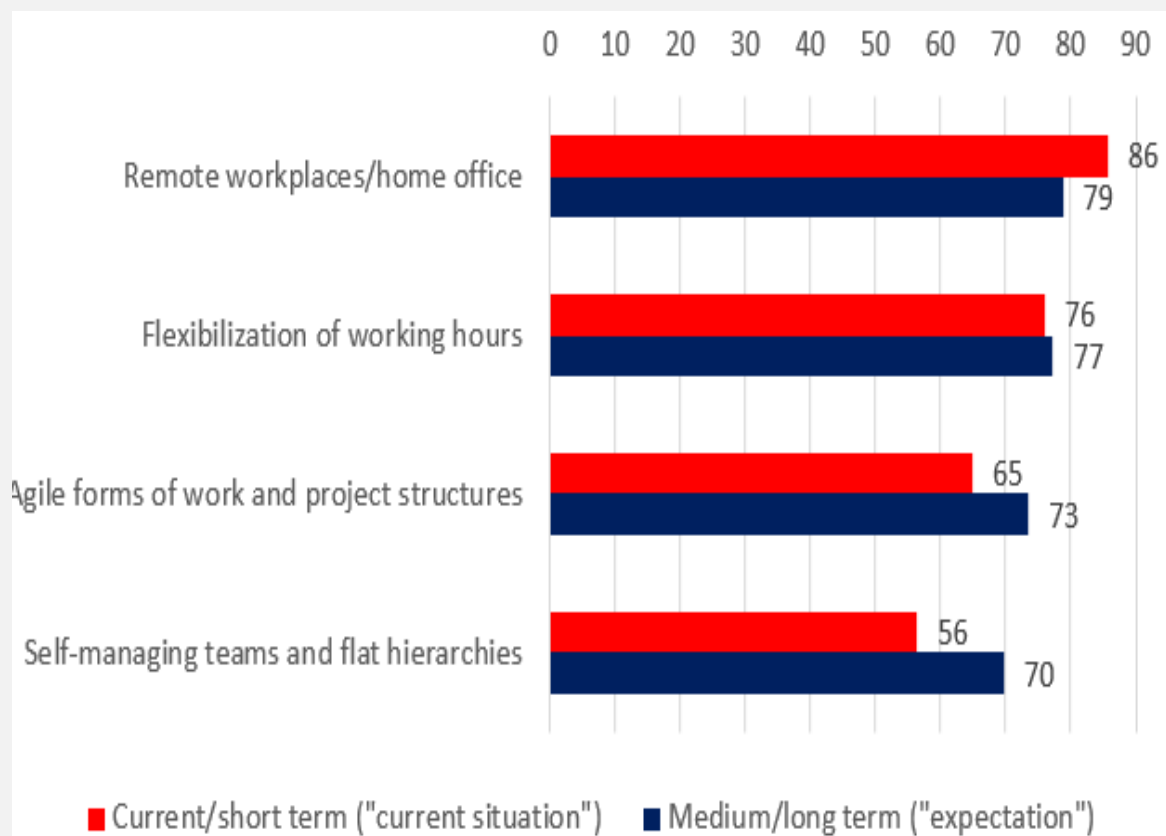
Main focus: Impact of the coronavirus pandemic

Remote workstations and home office are the current hot topics

Measures under the heading of "New Work" have already consistently gained in significance and will remain significant from the perspective of those surveyed. Even though the – unsurprising – top value in terms of relevance, "remote workstations/home office," will decrease again slightly, it will probably not be possible to turn back the clocks completely from the perspective of the respondents.

Relevance of "New Work" elements

(Ø on a scale of 0 = Not relevant at all to 100 = Extremely relevant)



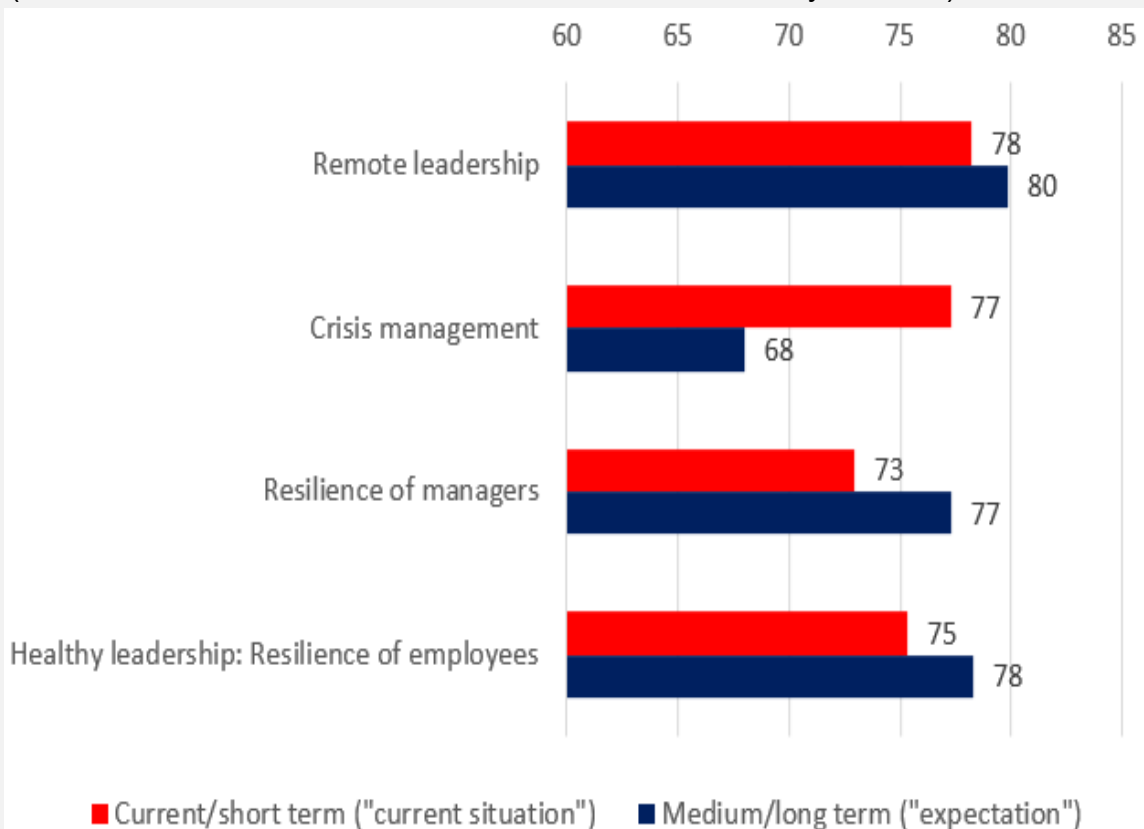
Main focus: Impact of the coronavirus pandemic

Remote leadership is and will remain a hot topic in terms of current leadership competencies

Currently, managers are still in great demand as crisis managers. Virtual leadership is seen as a leadership trend with long-term significance. Against the background of these demanding requirements for managers – and employees – topics such as "resilience" and "healthy leadership" are considered to be just as relevant for the future as remote leadership.

Relevance of focal topics for leadership competence

(Ø on a scale of 0 = Not relevant at all to 100 = Extremely relevant)



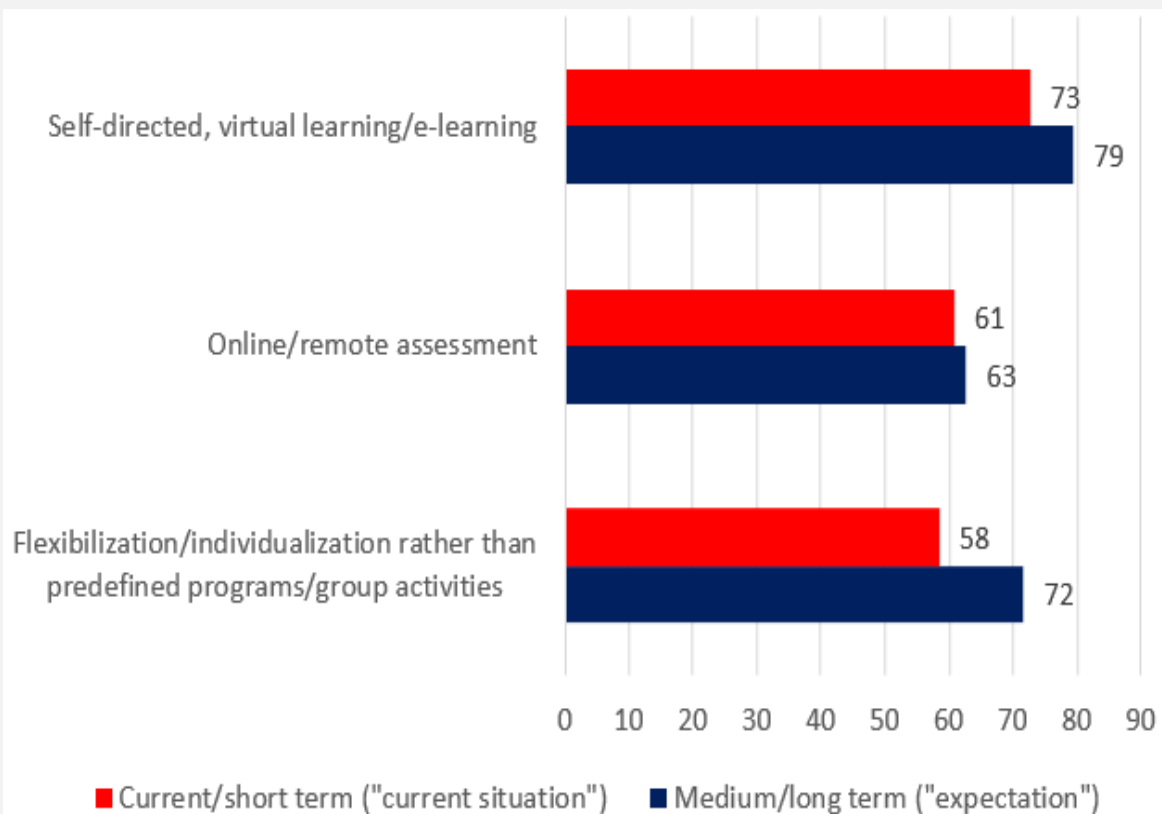
Main focus: Impact of the coronavirus pandemic

Personnel development is becoming more personalized and more digitalized

The virtualization of talent development also plays an important role in the course of the coronavirus pandemic. E-learning and self-directed learning have gained in significance and will remain important. Evidently this has also contributed to the further flexibilization and individualization of the measures. Remote assessments have also become very important for many respondents, although less so than virtual learning.

Relevance of talent identification & development measures

(Ø on a scale of 0 = Not relevant at all to 100 = Extremely relevant)



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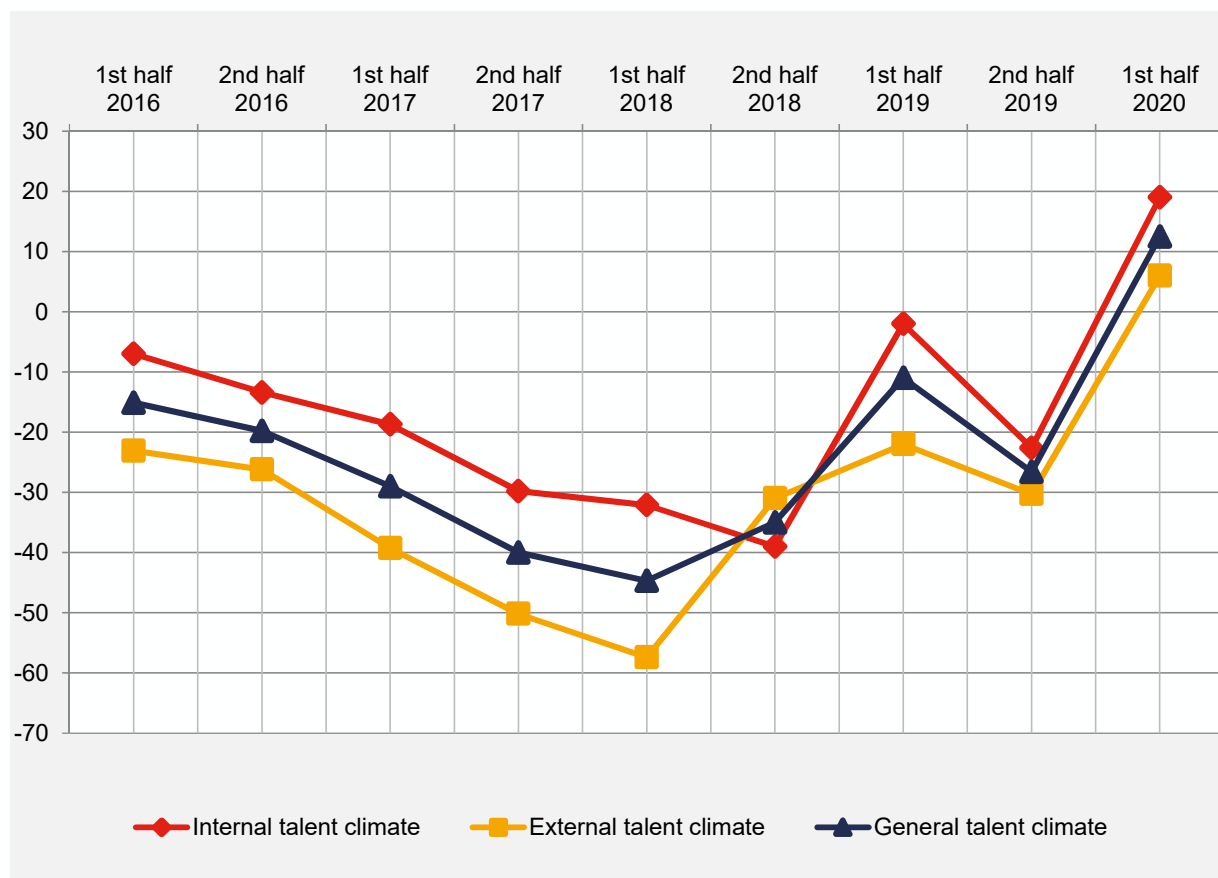
Explanations on the TCI and the data collection

Talent climate trend

The impact of the pandemic leads to positive talent climate for the first time

While the "War for Talents" has been reflected in negative talent climate values since the beginning of the TCI surveys, the labor market seems to have turned around at the moment: Internal, but increasingly also external talent is available more than ever. For the first time, the talent climate values are in the positive range.

Talent climate* over time



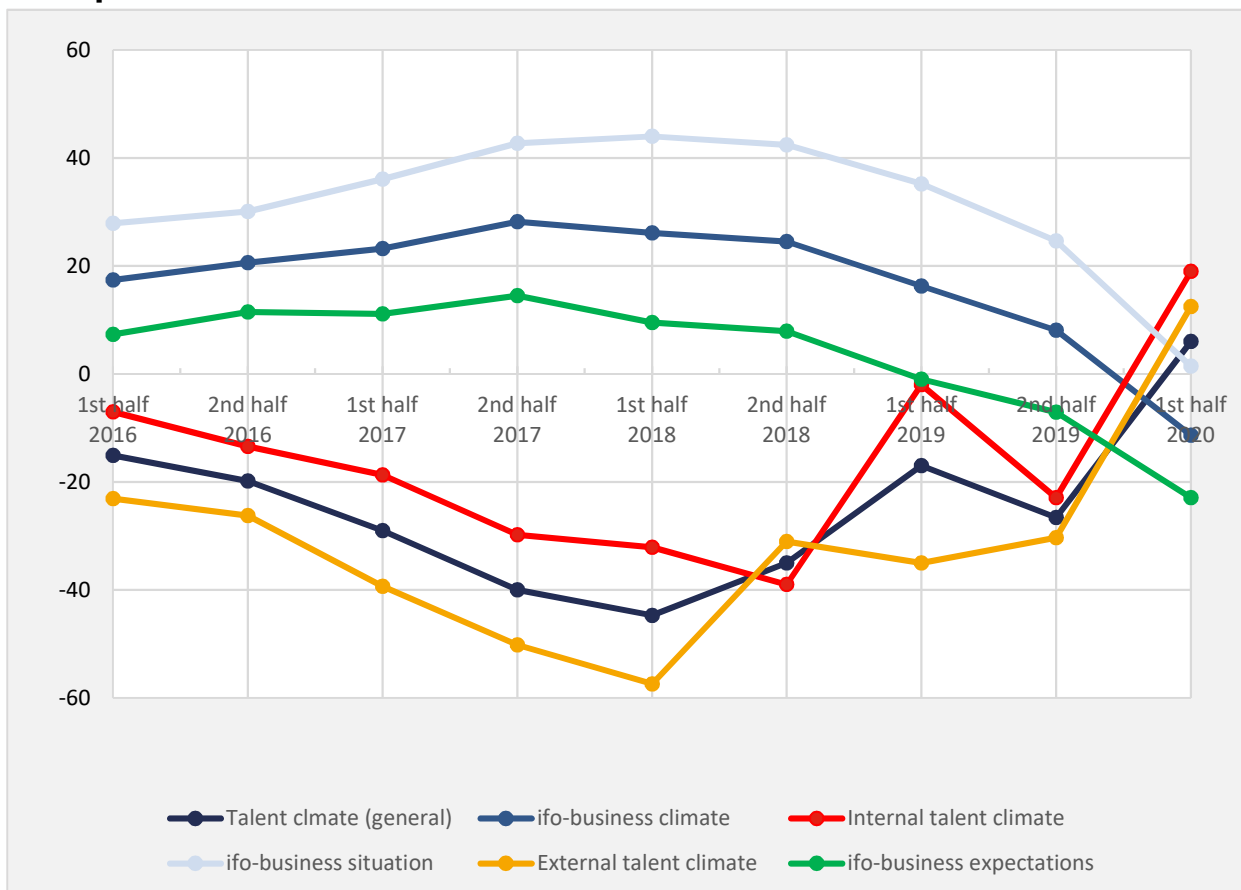
* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

Talent climate and ifo Business Climate Index

Previous correlation between economic development and talent climate has also, or especially, been confirmed during the COVID-19 pandemic

This data evaluation once again compared the TCI development from 2016 to today with the ifo Business Climate Index. Even after the start of the pandemic, this shows a striking mirror-image similarity: If the economic barometer rises, the talent climate, i.e., the availability of talent, will decline. This correlation is clearly proven by statistics (correlation $r = r = -.84, p < .005^{**}$).

Comparison of TCI and ifo Business Climate Index*



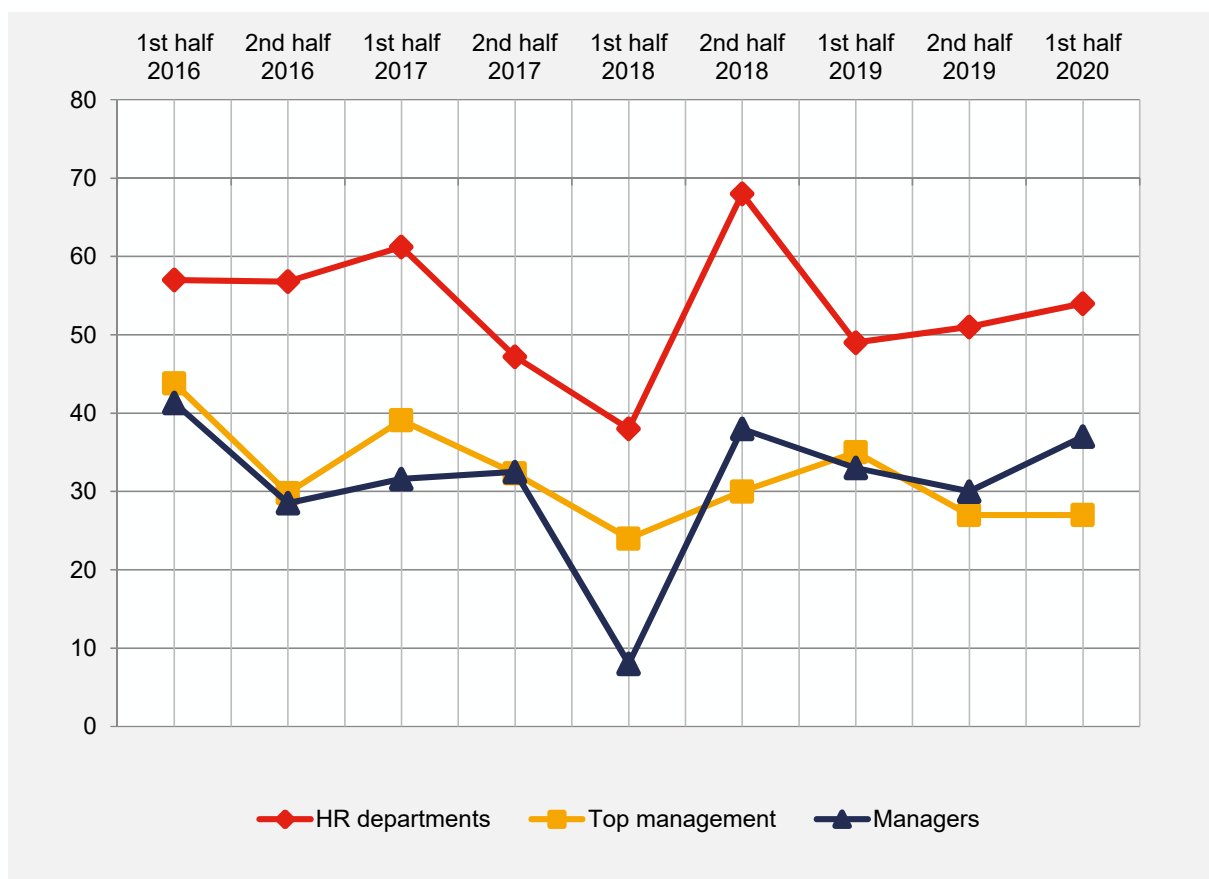
* Values stated on a scale of -100 to +100. The ifo Business Climate Index is calculated in the same way as the talent climate by combining current and expected assessments (exact calculation see appendix)

Commitment climate trend

Commitment climate stable despite pandemic

In contrast to the talent climate, the commitment climate remains comparatively unchanged or even increases slightly during the coronavirus pandemic. Despite the fact that internal and external talent is more readily available, talent management is evidently not immediately given a lower priority, but remains the focus of HR departments in particular, but also of managers, and 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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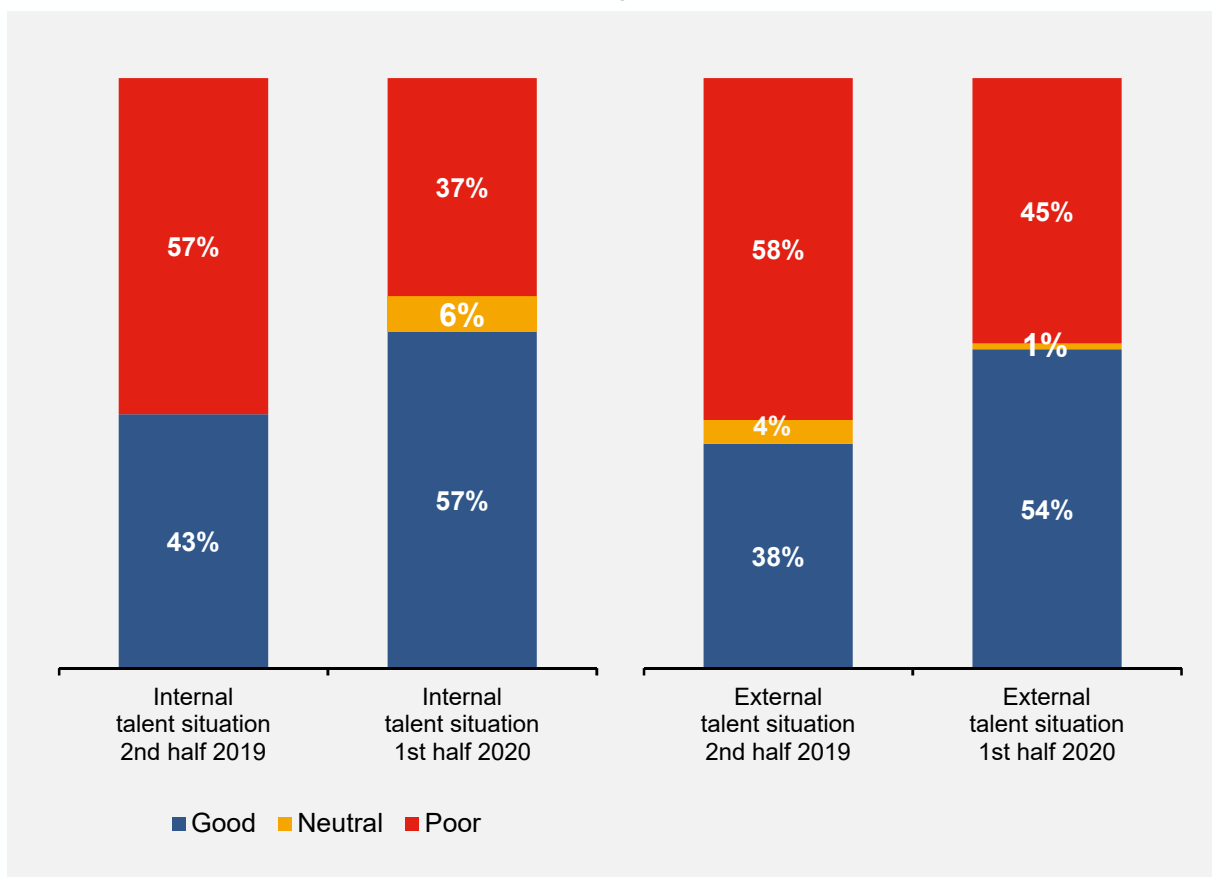
Explanations on the TCI and the data collection

Talent situation

General talent situation has eased significantly

For the first time since the launch of the TCI, the so-called "talent situation," i.e., the availability of experts and managers, is rated as "good" by more than half of those surveyed for both internal and external talent. This shows a clear easing of the labor market due to the corona crisis.

Talent situation: Current availability of talent

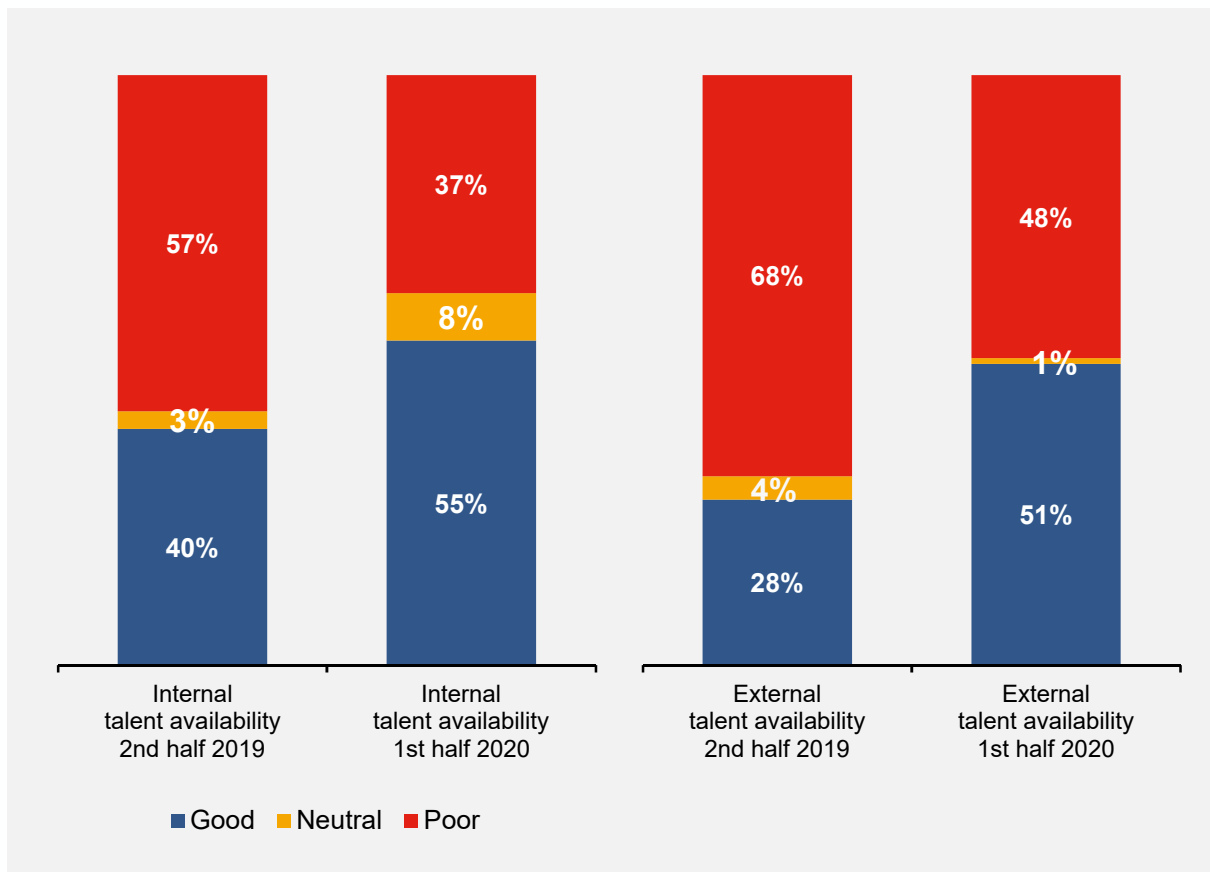


Talent expectations

More talent will be available in the future, especially on the internal labor market

Similar to the talent situation, the picture for the future of talent availability is also much more optimistic. Talent expectations for the external labor market have improved by a significant 23 percentage points compared to "only" 15 percentage points for the external labor market. Talent will continue to be easier to find on the internal labor market than on the external. However, the situation will converge from the perspective of the respondents.

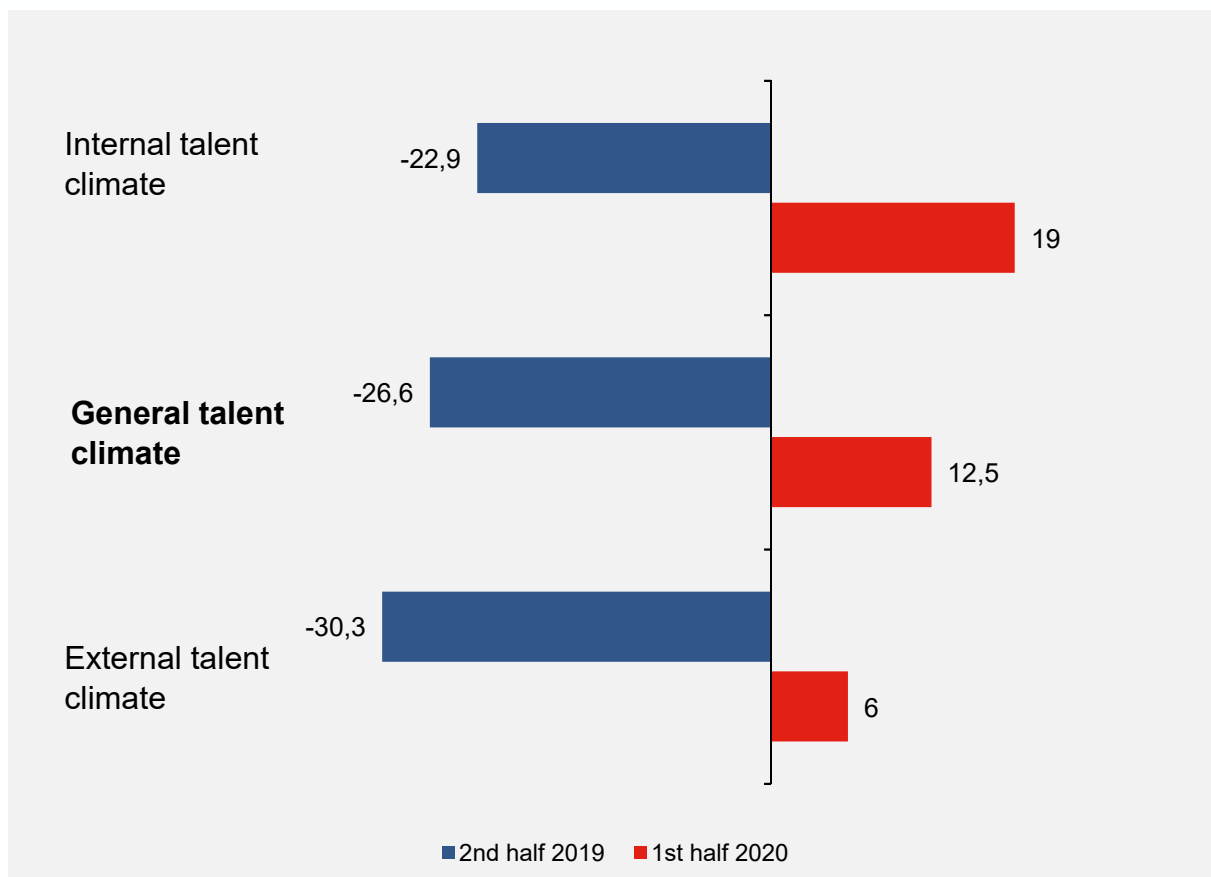
Talent expectation: Future availability of talent



Talent climate

Clear change of sign for talent climate

The change of sign already makes it (blatantly) clear: Compared to all previous survey periods, the talent climate (as a combination of situation and expectations) has eased significantly, both internally and externally – correspondingly also as a mean value. Previous downward trends appear to have been stopped.



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

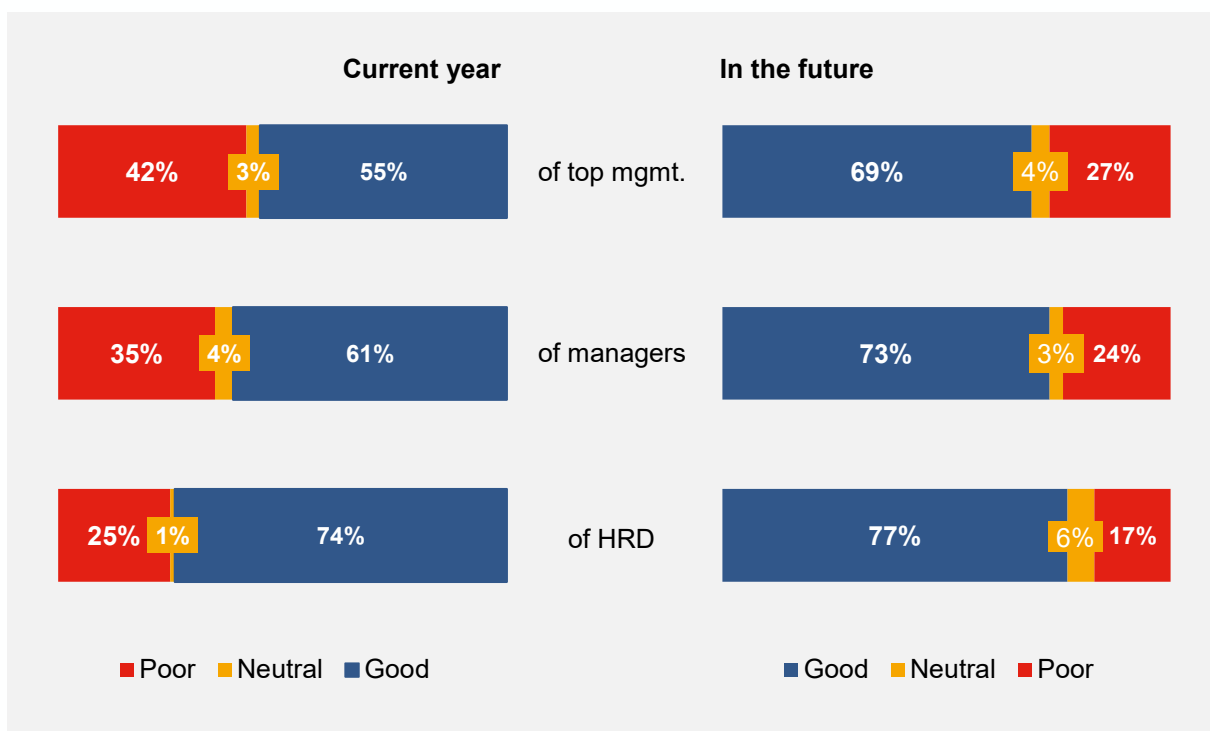
+100 means that all those surveyed assess the situation to be good/expect it to get better

Commitment situation and expectations

HR departments' commitment remains strongest

As in all previous surveys, the HR departments' commitment to talent management remains the most pronounced. In comparison, managers and the top management are less willing to invest resources in talent management.

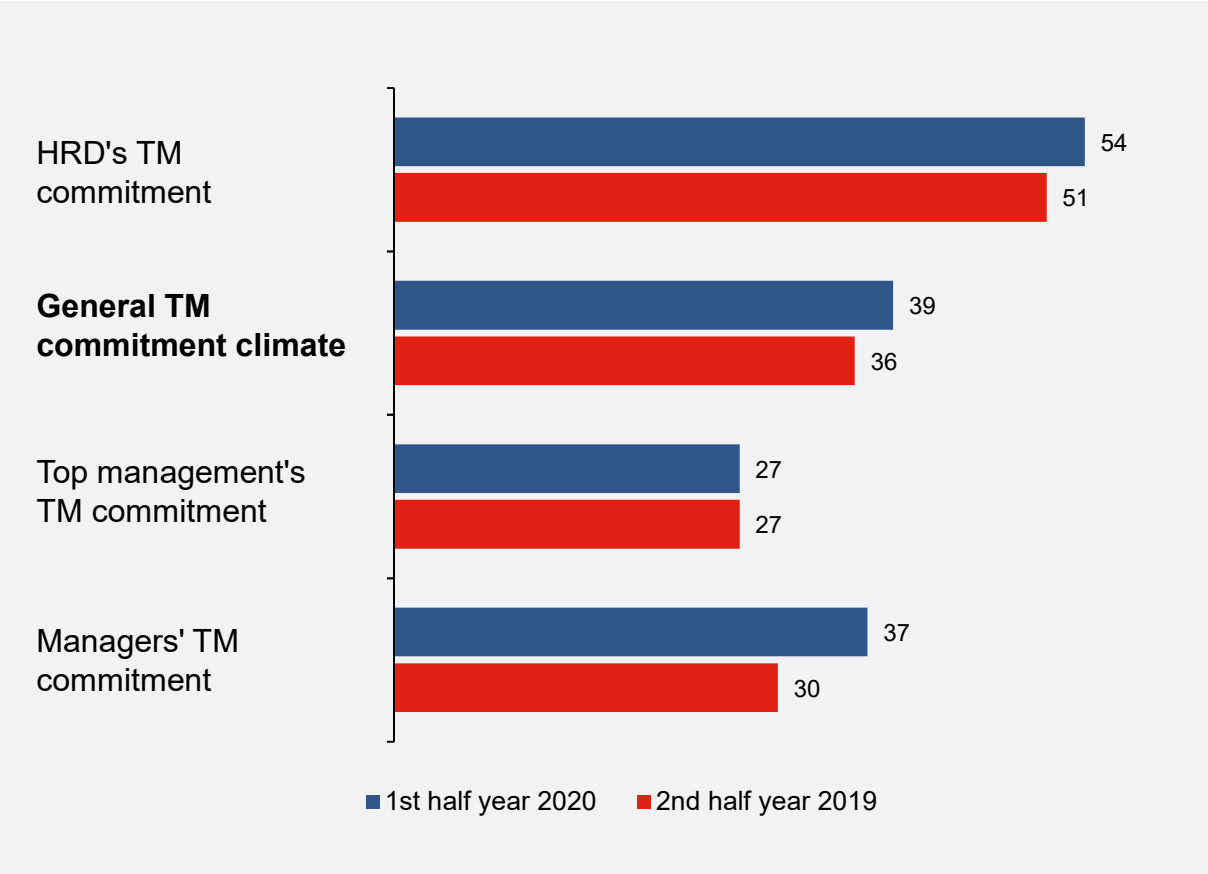
Talent management commitment: Current and future commitment to invest resources (time and money) in talent management



Commitment climate

Talent management commitment remains

The commitment climate can also be described as generally stable during the pandemic. Compared with the second half of 2019, the general commitment climate is even slightly more positive. This is mainly due to the increased commitment climate on the part of managers, but also of the HR departments.



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)



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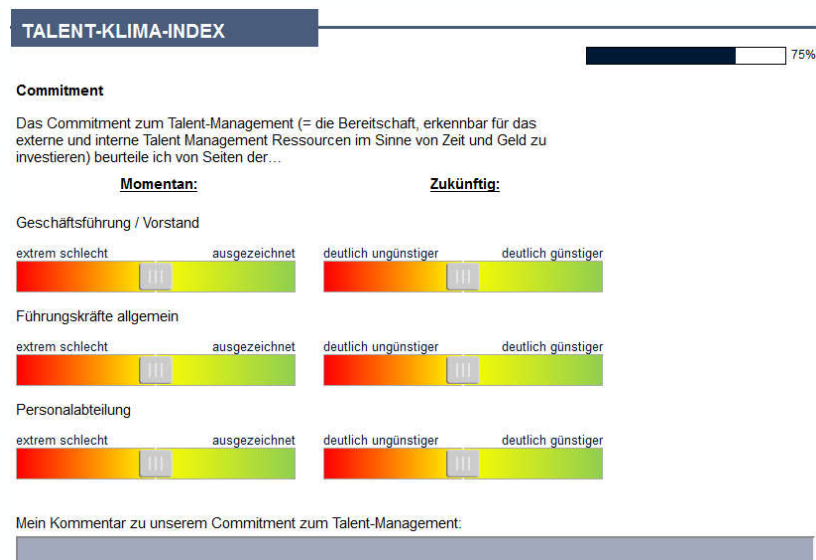
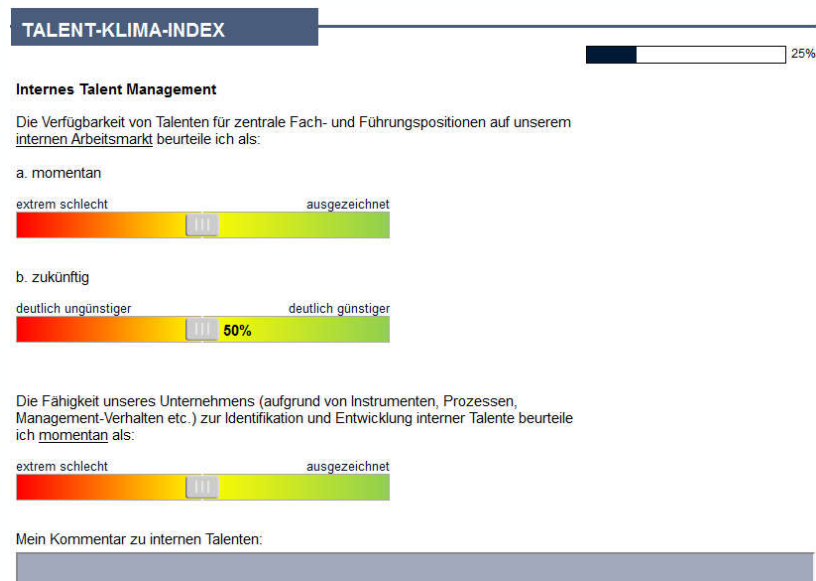
Using few precise questions the current situation and the expected trend are ascertained (talentklimaindex.de). Biannual surveys enable a long-term evaluation.

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:** Impact of the coronavirus pandemic on
 - Staff requirements and allocation
 - New Work
 - Leadership and leadership competence
 - Talent identification and development

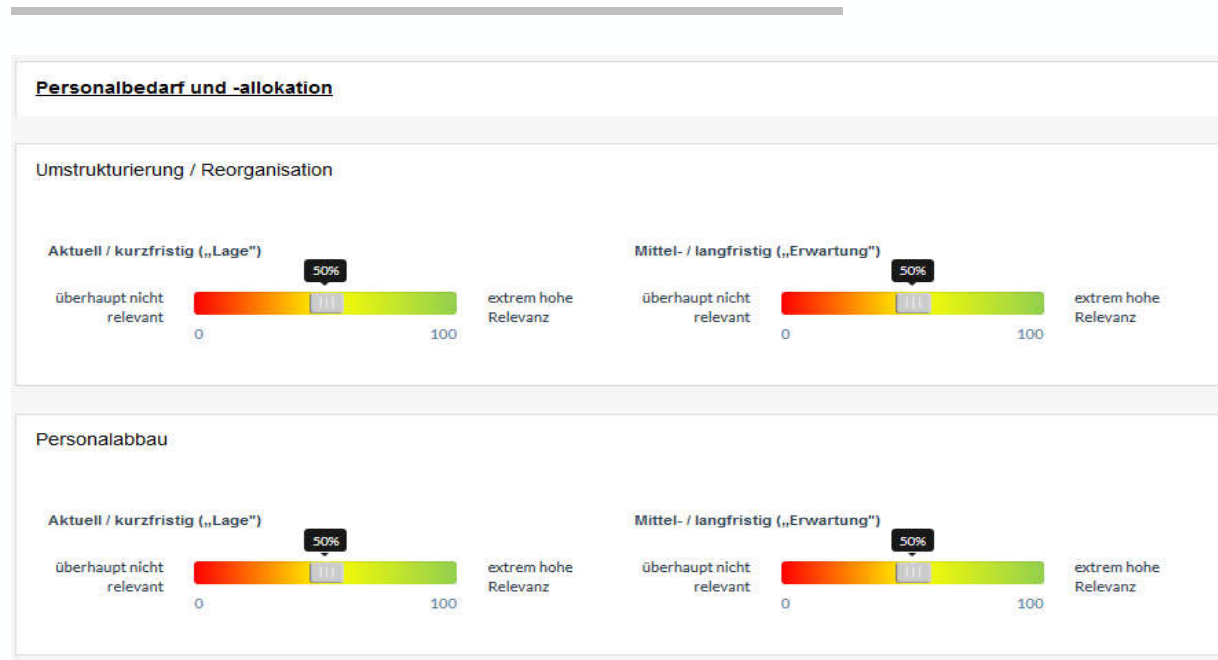
Talent Climate Index (TCI)

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



Talent Climate Index (TCI)

Focal topic of the current survey:
Impact of the coronavirus pandemic



Further categories:

Staff requirements and allocation

- Staff increase
- Employee/talent retention
- Relocation of jobs abroad
- Concentration of jobs in Germany

New Work

- Remote workplaces/home office
- Flexibilization of working hours
- Agile forms of work, e.g., through flat hierarchies and project structures
- Self-managing teams

Leadership and leadership competence

- Remote leadership
- Crisis management
- Resilience of managers
- Healthy leadership: Resilience of employees

Talent identification and development

- Flexibilization/individualization rather than predefined programs/group activities
- Online/remote assessment
- Self-directed, virtual learning/e-learning

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

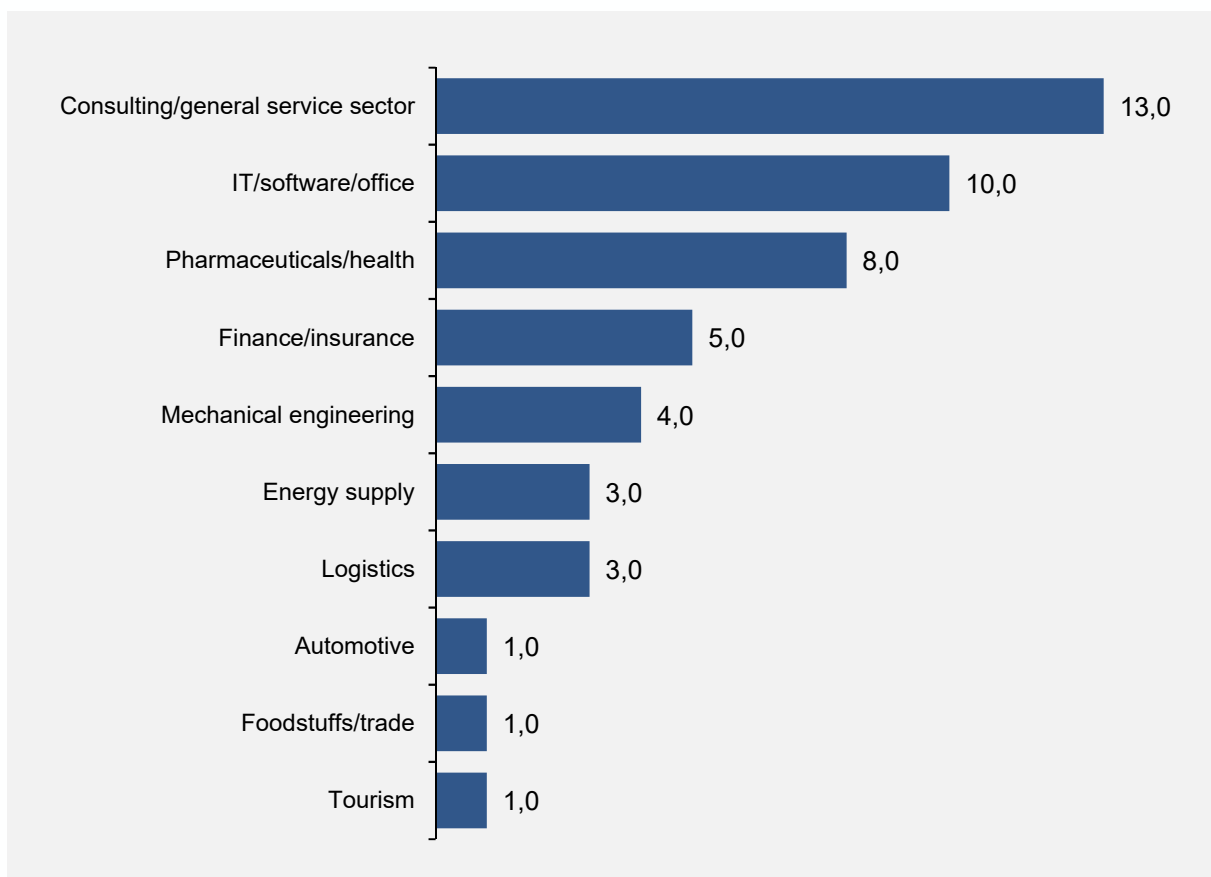
Survey – First half of 2020

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 118 data sets that could be evaluated. They are distributed as follows:

Sector

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



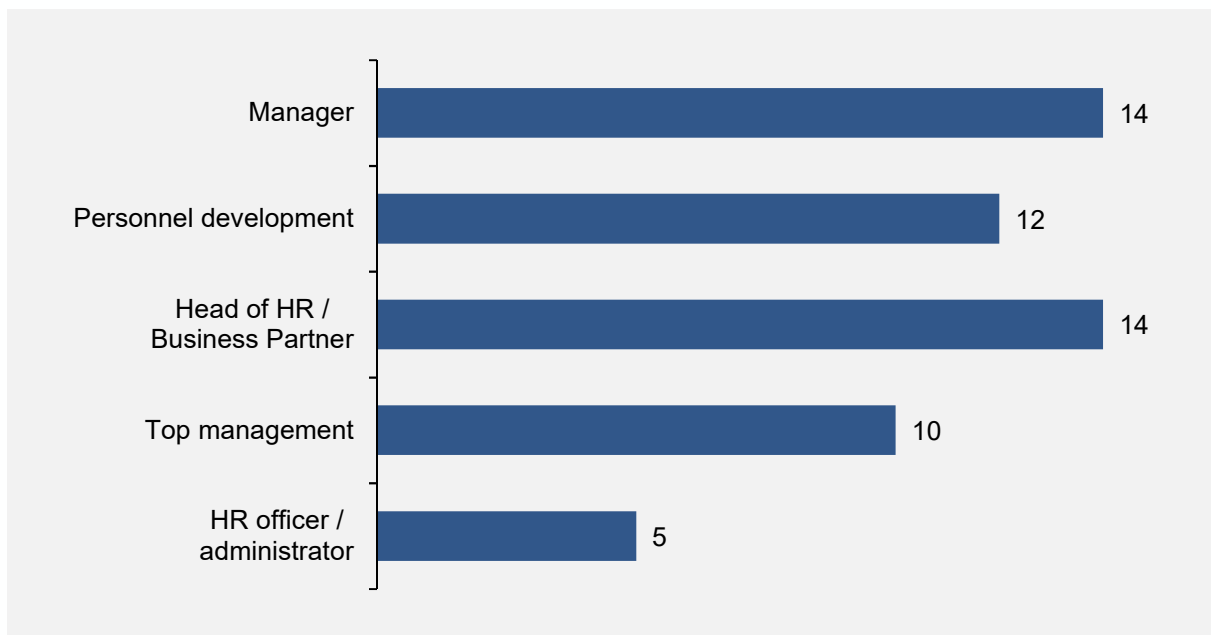
Survey – First half of 2020

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 account for about a quarter of the respondents.

Current position

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



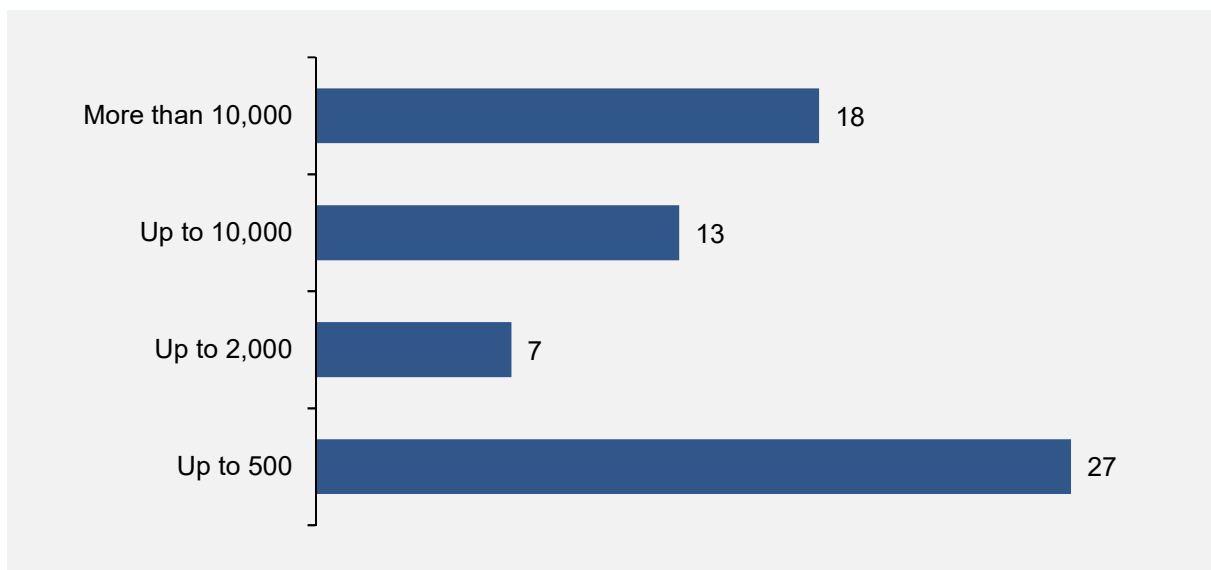
Survey – First half of 2020

Number of employees in the companies surveyed

In the current survey, too, there are still many participants from relatively small companies and (large) corporations, whereas typical representatives of medium-sized companies are comparatively rare.

Number of employees

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





Talent Climate Index

Results – First half of 2020
Detailed evaluation



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