



TALENT KLIMA INDEX

Talent Climate Index

Results – Second half of 2020
In the spotlight: The impact of the
coronavirus pandemic on the
recruitment market



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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). Biannual surveys enable a continuous long-term evaluation.
- The results of the survey for the second half of 2020 are presented here. These are based on 173 usable data sets, consisting of HR experts, managers, and members of the top management. This results in the following key findings:
 - **Further easing forecast for external labor market**
For the second time under COVID-19 conditions, and in contrast to all previous TCI surveys since 2016, the talent climate is positive. Better availability of talent is expected on the external labor market in particular.
 - **Talent management commitment of managers at its peak**
Particularly in view of the positive development of the talent climate, it should be emphasized that managers and the top management continue to prioritize talent management and that their commitment continues to increase.
 - **Job security is top issue for external applicants**
While as recently as 2018, conservative aspects such as job security scored high only among the "Baby Boomer" generation, the pandemic has now made it the top issue among external applicants. Even though "work-life balance" ranks second in terms of priorities, there is a clear shift toward more conservative, security-oriented applicant behavior.
 - **Relationship management as a trend topic in recruiting**
Not only active sourcing and social media activities are increasingly used to recruit external talent. In particular, the use of existing contacts of employees is currently considered to be particularly effective and is increasingly being exploited. Whether in person or via social media – the trend is toward relationship management.

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- Current talent and commitment climate

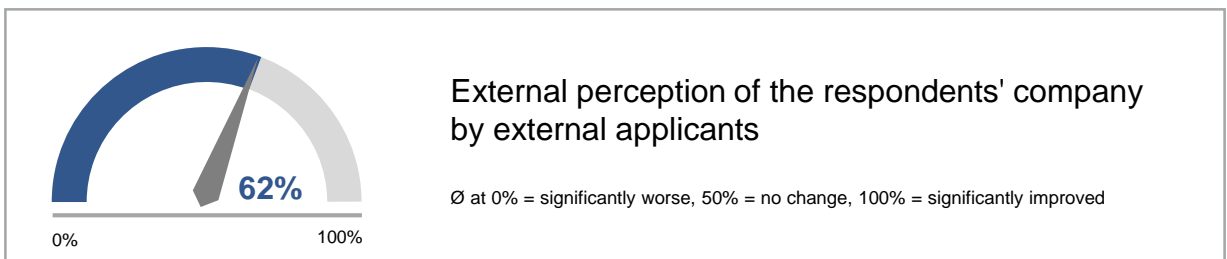
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In the spotlight: Impact of the coronavirus pandemic

Companies are perceived more positively as employers

On average, respondents feel that the external perception of their company as an employer has improved slightly. In addition to general reasons for attractiveness, respondents mention job security and successful digitization as individual advantages in the free-text fields.



Number of free-text comments	Summarized relevant factors of employer perception	Sample statements
15	General reasons for attractiveness	"Options to work from home / flexibility, salary / permanent contracts, image / purpose / transparency," etc.
13	Job security	"As a result of family-owned / long-standing company / large corporation / public service, short-time allowance, 'safety net'," etc.
8	Successful digitization	"Through digital recruiting, IT equipment, digital products," etc.
7	Economic prospects	"Stable industry, strong future viability," etc.
7	Other	"Not affected by pandemic," etc.

In the spotlight: Impact of the coronavirus pandemic

Job security is top issue for applicants

For applicants, job security is currently the key expectation of a potential employer. In the eyes of the respondents, this is actually the case in many organizations. "Soft" factors such as work-life balance are also important, as is income. Meaningfulness and status currently play a subordinate role in terms of priority.

Applicant preferences and perceptions since the start of the pandemic

(prototypical = averaged sorting across all valid responses)

	<u>Employer preferences for external applicants in general</u>	<u>My company's external perception</u>
Priority 1	Job security	Job security
Priority 2	Work-life balance	Task contents
Priority 3	Income	Individual learning and development opportunities
Priority 4	Creative scope/ opportunities to exert influence	Income
Priority 5	Task contents	Creative scope/ opportunities to exert influence
Priority 6	Individual learning and development opportunities	Work-life balance
Priority 7	Meaningfulness or contribution to society	Meaningfulness or contribution to society
Priority 8	Status	Status

In the spotlight: Impact of the coronavirus pandemic

Priorities of applicants have shifted as a result of the pandemic

A good six months before the outbreak of the pandemic, only the Baby Boomer generation showed a strong desire for job security in the TCI survey. Now millennials and Generation Z employees also seem to be reverting to conservative criteria when choosing an employer.

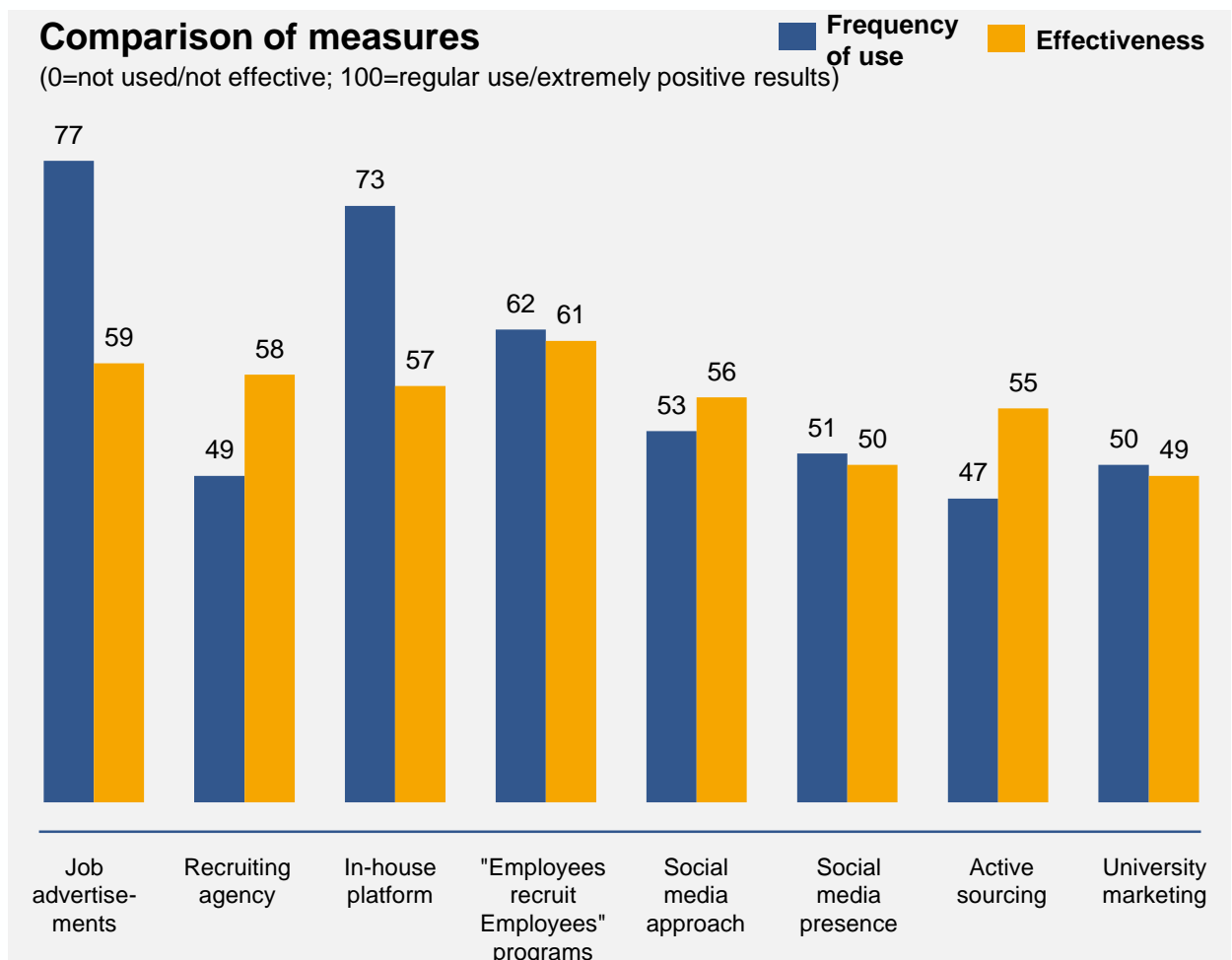
Priorities of different generations
(TCI survey, 1st half of 2019)

	Baby Boomers / people born before 1965	Gen. X / "Golf Generation"/ people born 1966 - 1980	Gen. Y / "Millennials"/ people born 1981 - 1995	Gen. Z / "YouTube/Internet Generation" / people born from 1996
Priority 1	Income	Income	Creative scope/ opportunities to exert influence	Work-life balance
Priority 2	Job security	Creative scope/ opportunities to exert influence	Task contents	Individual learning and development opportunities
Priority 3	Status	Task contents	Individual learning and development opportunities	Meaningfulness or contribution to society
Priority 4	Creative scope/ opportunities to exert influence	Job security	Income	Task contents
Priority 5	Task contents	Individual learning and development opportunities	Work-life balance	Creative scope/ opportunities to exert influence
Priority 6	Individual learning and development opportunities	Work-life balance	Meaningfulness or contribution to society	Income
Priority 7	Meaningfulness or contribution to society	Status	Status	Job security
Priority 8	Work-life balance	Meaningfulness or contribution to society	Job security	Status

In the spotlight: Impact of the coronavirus pandemic

Recruiting channels used not always effective

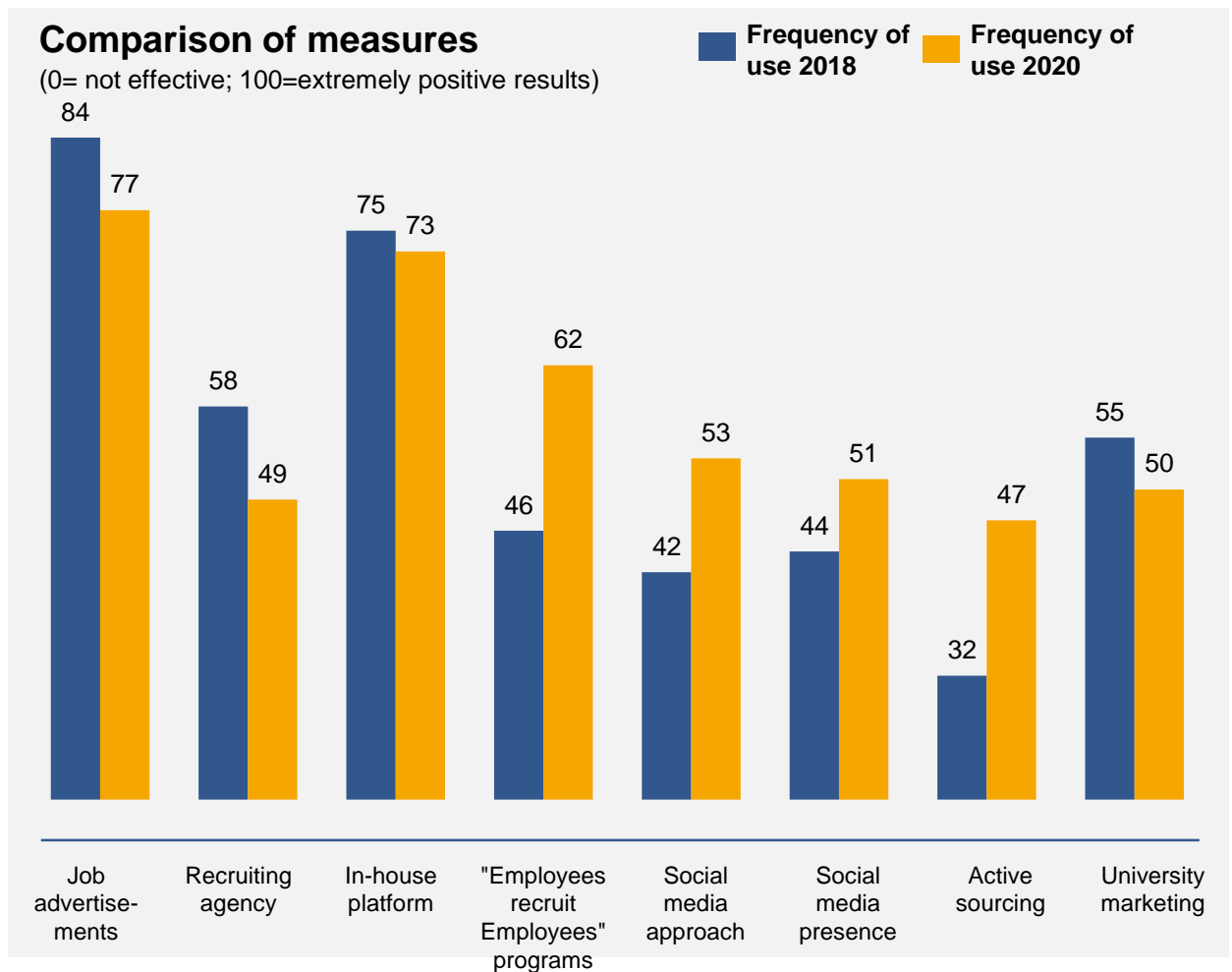
The usage intensity of recruiting channels often does not correspond to their effectiveness. Job advertisements are used most intensively, but are significantly less successful; conversely, potential remains unused in active sourcing. To some extent, discrepancies can certainly also be attributed to cost aspects, such as cost-intensive recruiting agencies or low-cost use of the company's homepage.



In the spotlight: Impact of the coronavirus pandemic

Modern recruiting channels and relationship management are gaining ground

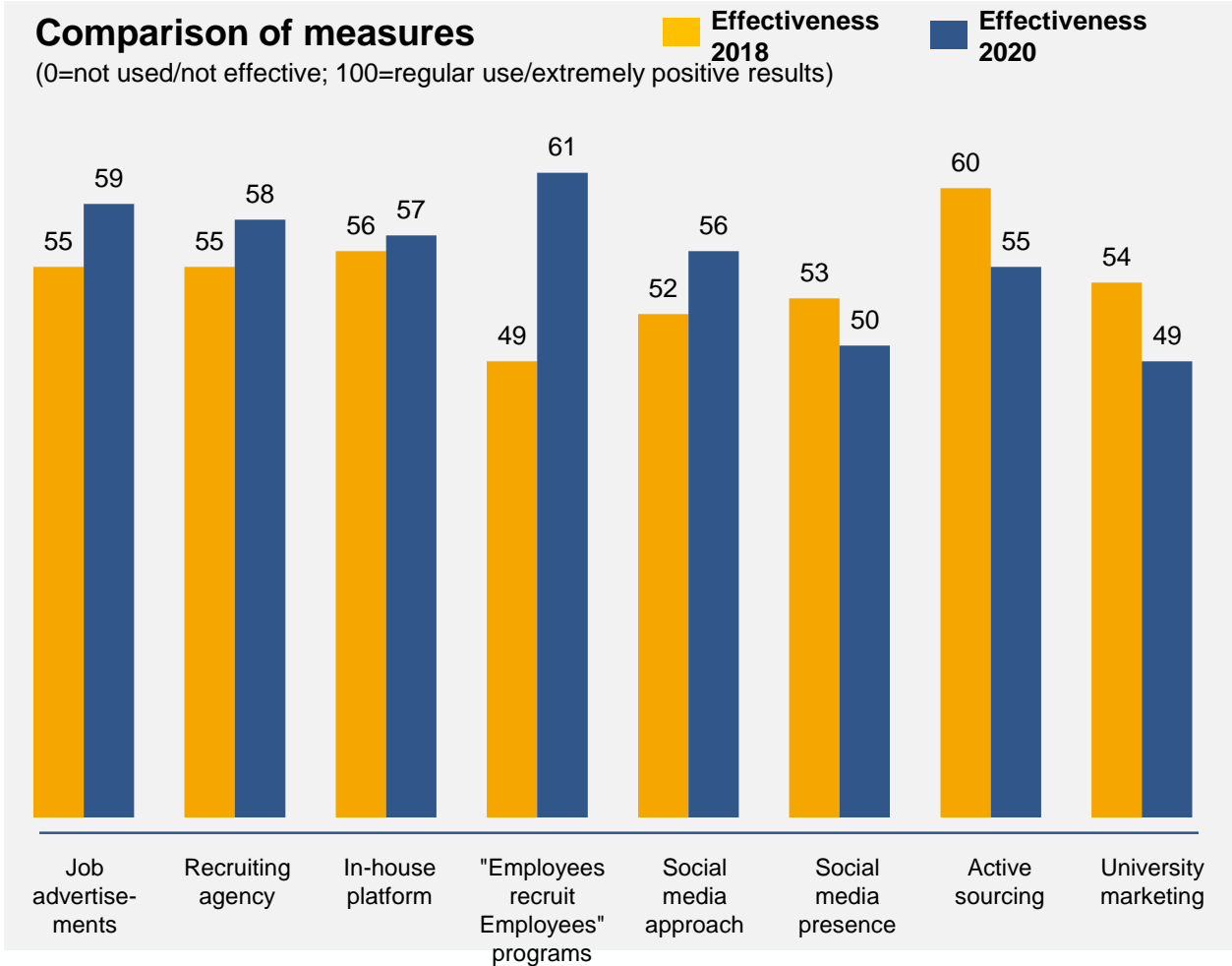
Compared to the TCI results from the first half of 2018, traditional channels for employee recruitment tended to be on the decline, while social media and especially active sourcing were used increasingly. The increased use of existing employee contacts is also striking. Whether in person or via social media – the trend seems to be toward relationship management.



In the spotlight: Impact of the coronavirus pandemic

Effectiveness of recruiting channels hardly affected

All in all, the effectiveness of various recruiting channels has not changed significantly since 2018. However, programs such as "Employees recruit Employees" stand out, as they are considered to be significantly more effective. There may be a connection here with the increased need for (job) security on the part of applicants, which is given above all in the case of personal recommendations.



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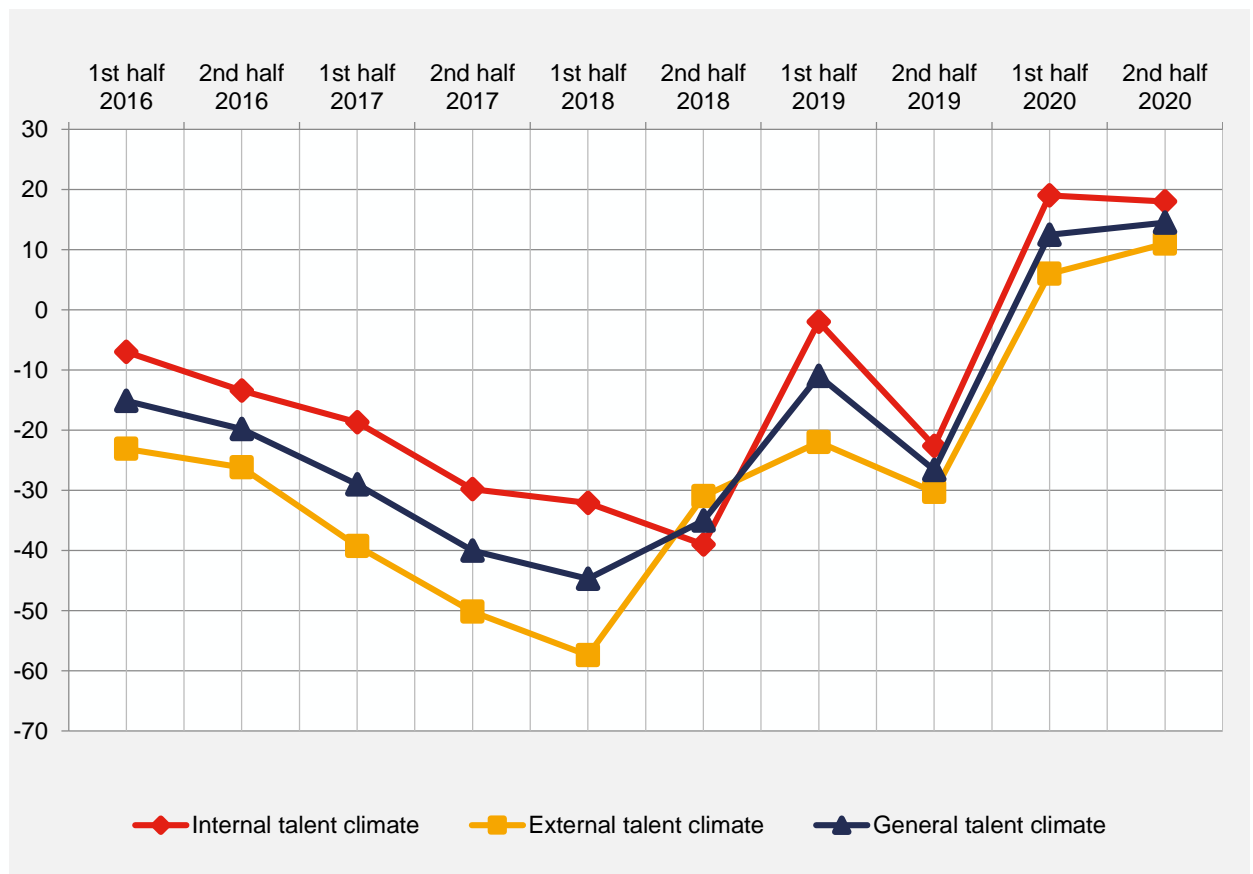
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Talent climate trend

Positive talent climate continues in second half of the "corona year"

The observation that the talent climate has turned during the COVID-19 pandemic clearly continues into the second half of the year: Internal and external talent continues to be available significantly more than before the outbreak of the pandemic and talent climate values remain in the positive range and are virtually unchanged.

Talent climate* over time



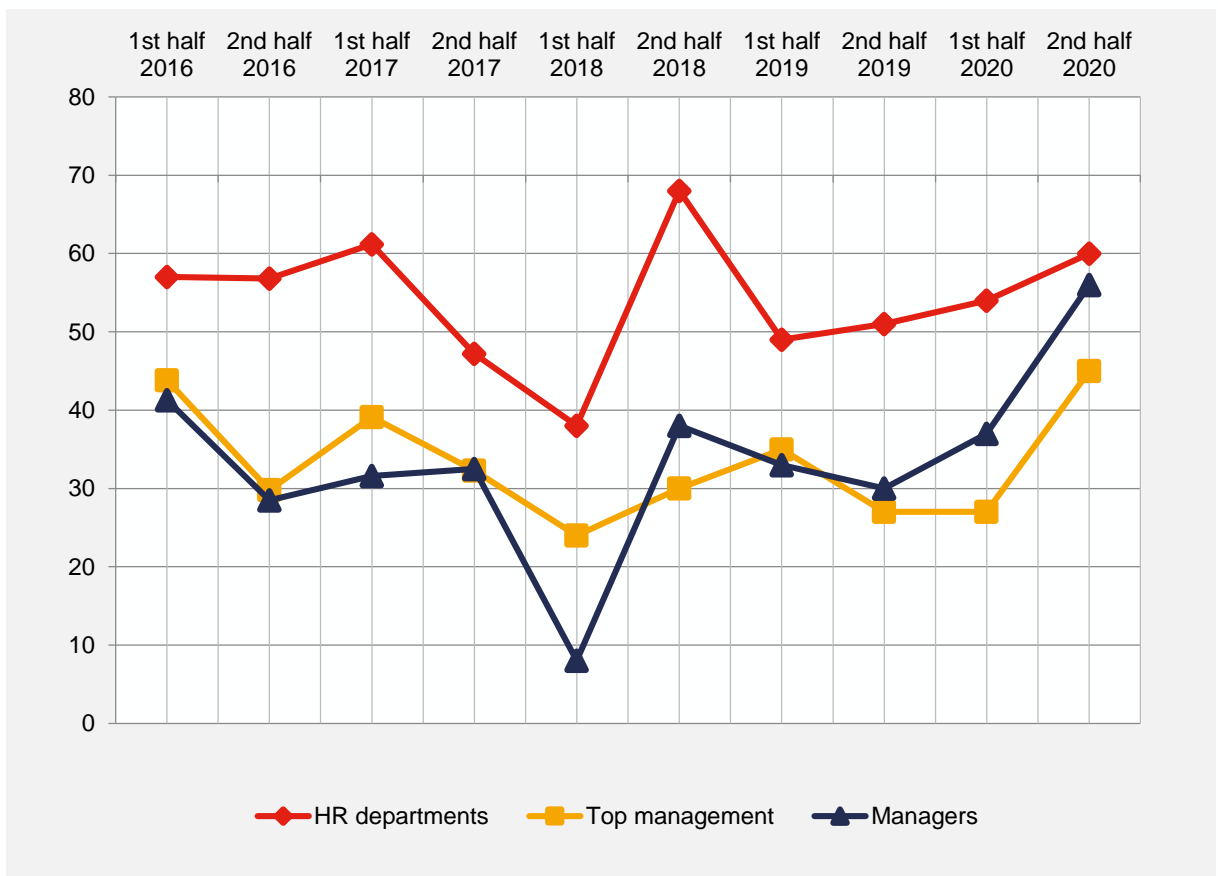
* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

Commitment climate trend

Stronger talent management commitment of managers and top management

Talent management remains a high priority despite the improved availability of talent. In this context, particular attention should be drawn to the increased commitment of managers and that of the top management. Managers are more willing than ever to invest time and resources in talent 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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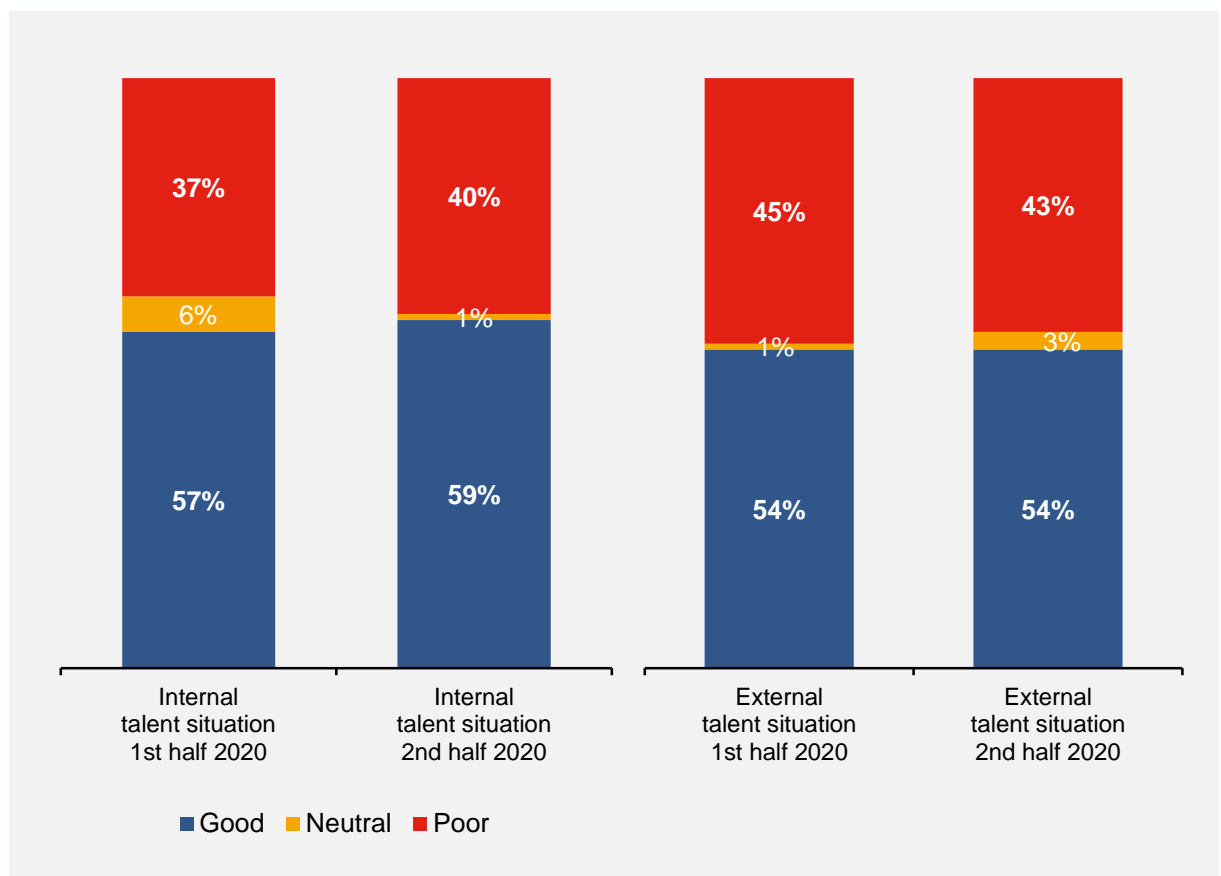
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Talent situation

General talent situation continues to ease

Similar to the previous survey, which was also already influenced by COVID-19, the talent situation, i.e., the availability of experts and managers, is rated as "rather good" by more than half of the respondents. The clear easing of the internal and external labor market therefore continues.

Talent situation: Current availability of talent

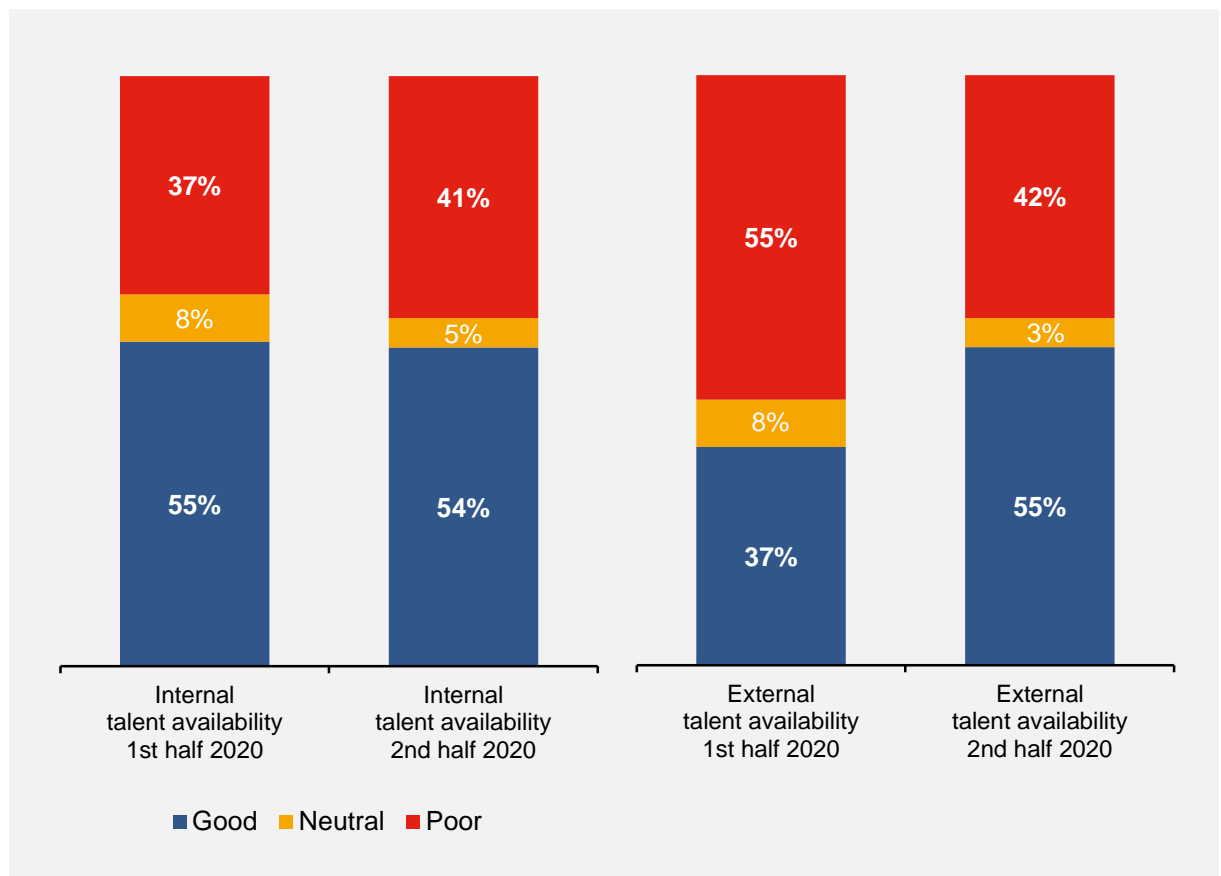


Talent expectations

Positive talent forecasts with easing on the external labor market

The second survey under pandemic conditions also reveals a relatively optimistic outlook for talent availability in the future. In particular, the respondents' prediction for the external labor market is significantly more positive than it was in the first half of 2020, with respondents expecting similarly good talent availability on the external labor market as on the internal labor market.

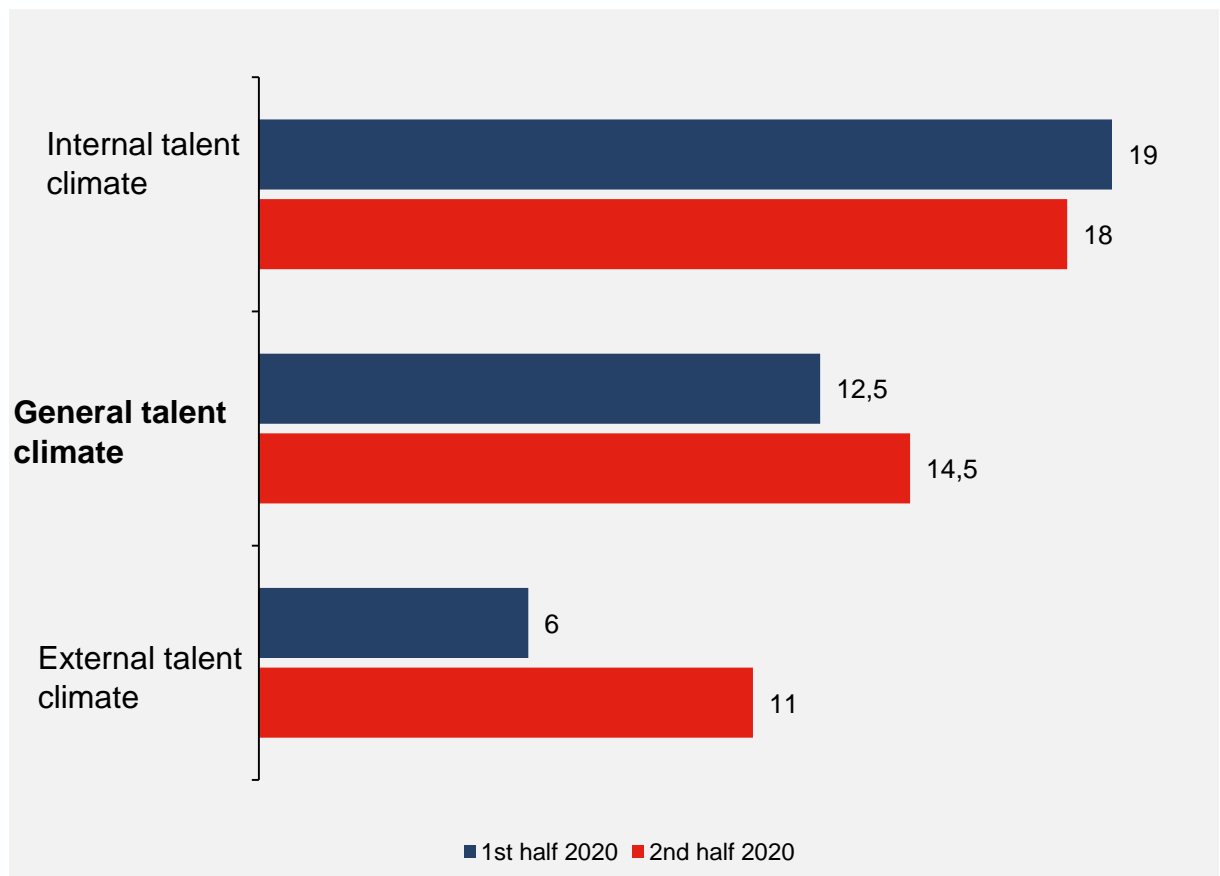
Talent expectation: Future availability of talent



Talent climate

Talent situation continues to ease

The clear change of sign compared to all survey periods prior to corona has persisted: The talent climate has continued to develop in a positive direction. The easing of the situation with regard to external talent is mainly due to the optimistic forecast of the respondents.



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

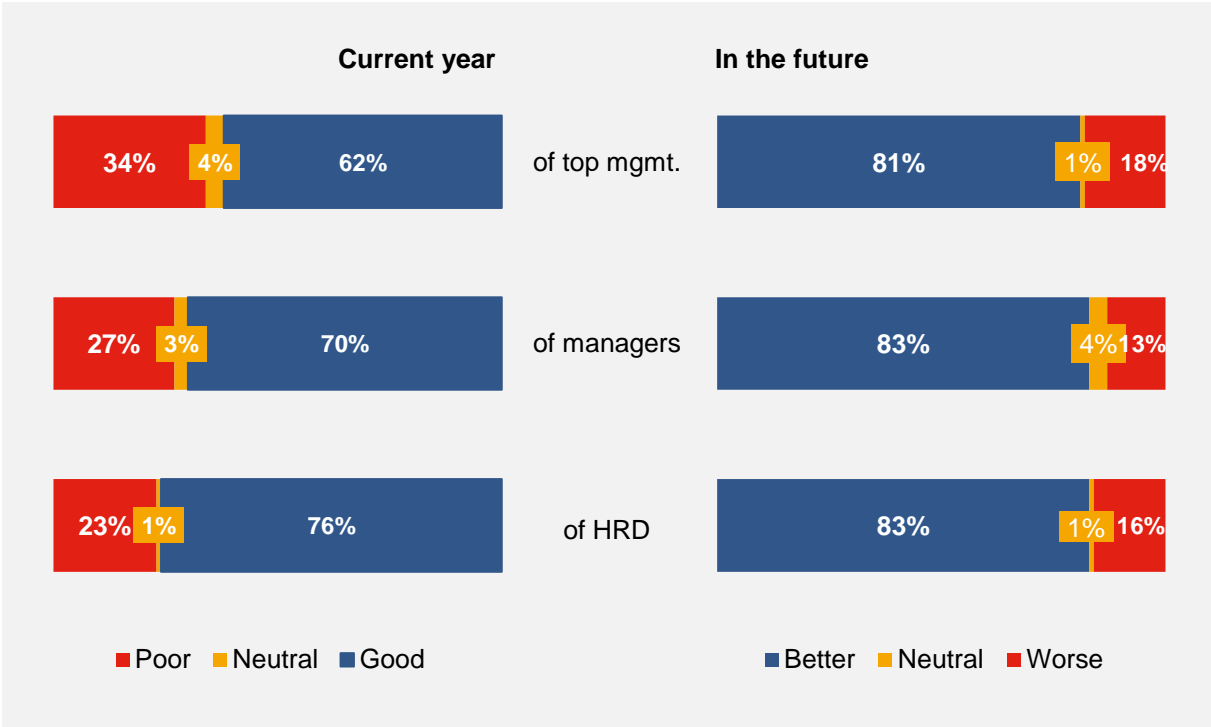
Commitment situation and expectations

Talent management commitment is increasingly improving

As in all previous surveys, the HR departments' commitment to talent management remains the most pronounced. However, for the first time, the forecast regarding the future commitment to invest in talent management is almost comparably high and very positive for all responsible groups.

Talent management commitment

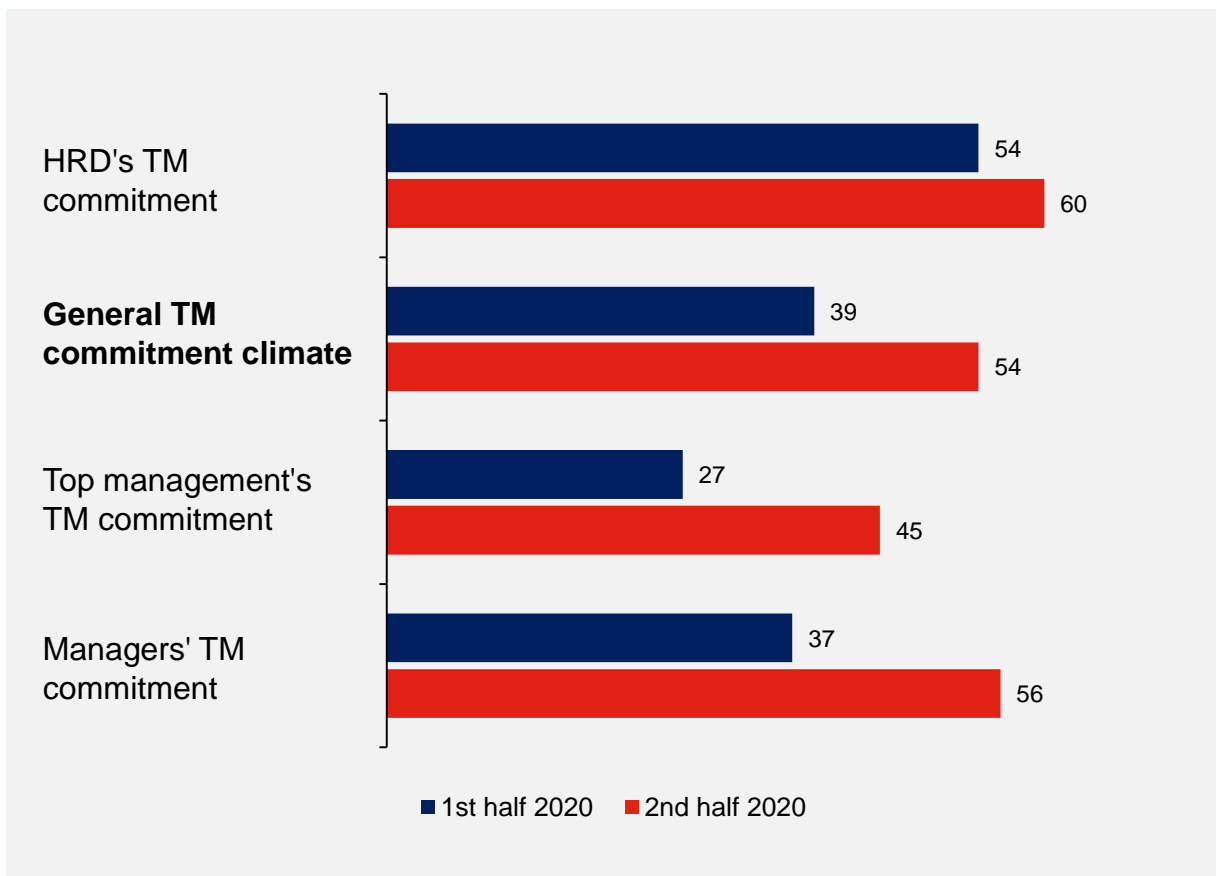
Current and future commitment to invest resources (time and money) in talent management



Commitment climate

Talent management commitment continues to increase

Commitment climate has generally been improving during the coronavirus pandemic, especially among managers and the top management. Commitment is by no means assumed to lie primarily with HR any more. The need for sustainable talent management – even in times of easing labor markets – seems to be internalized among managers and the top management.



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 talent.

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 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:**

The impact of the coronavirus pandemic on the recruitment market in terms of

 - applicant preferences
 - applicants' perception of companies
 - recruiting channels in terms of use and effectiveness

Talent Climate Index (TCI)

Focal topic of the current survey:
The impact of the coronavirus pandemic on the recruitment market

Seit dem Ausbruch der Corona-Pandemie sind meiner Meinung nach die **Arbeitgeberpräferenzen von externen Bewerberinnen und Bewerbern allgemein:**



Im Vergleich zur Zeit vor „Corona“ ist die **Außenwahrnehmung meines Unternehmens für externe Bewerberinnen und Bewerber:**



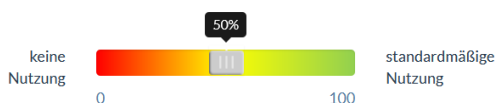
Welche **Eigenschaften eines Unternehmens** sind externen Bewerberinnen und Bewerbern bei der **Entscheidung für einen Arbeitgeber in der aktuellen Situation** besonders wichtig? Bitte priorisieren Sie über „drag&drop“:

In welchem Ausmaß sind diese **Eigenschaften in Ihrem Unternehmen** gegeben? Bitte sortieren Sie über „drag&drop“:

Ihre Auswahl	Ihre Rangfolge
Einkommen	
Status	
Gestaltungs-/Einflussmöglichkeiten	
Work-Life-Balance	
Aufgabeninhalte	
Arbeitsplatzsicherheit	
Sinnhaftigkeit oder gesellschaftlicher Beitrag	
Individuelle Lern- und Entwicklungsmöglichkeiten	

Für die **Gewinnung neuer Mitarbeitender bzw. Talente, welchen Weg** nutzen Sie aktuell und künftig (= nach „Corona“) in Ihrem **eigenen Unternehmen** und wie schätzen Sie die jeweilige **Effektivität** ein?

Stellenanzeigen (z.B. über Portale wie Stepstone oder Monster)



Additional channels:

- Recruiting agency
- In-house platform
- "Employees recruit Employees" programs
- Social media approach
- Social media presence
- Active sourcing
- University marketing
- Free-text field

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

"Situation" balance = good – poor

"Expectations" balance = more favorable – less favorable

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

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

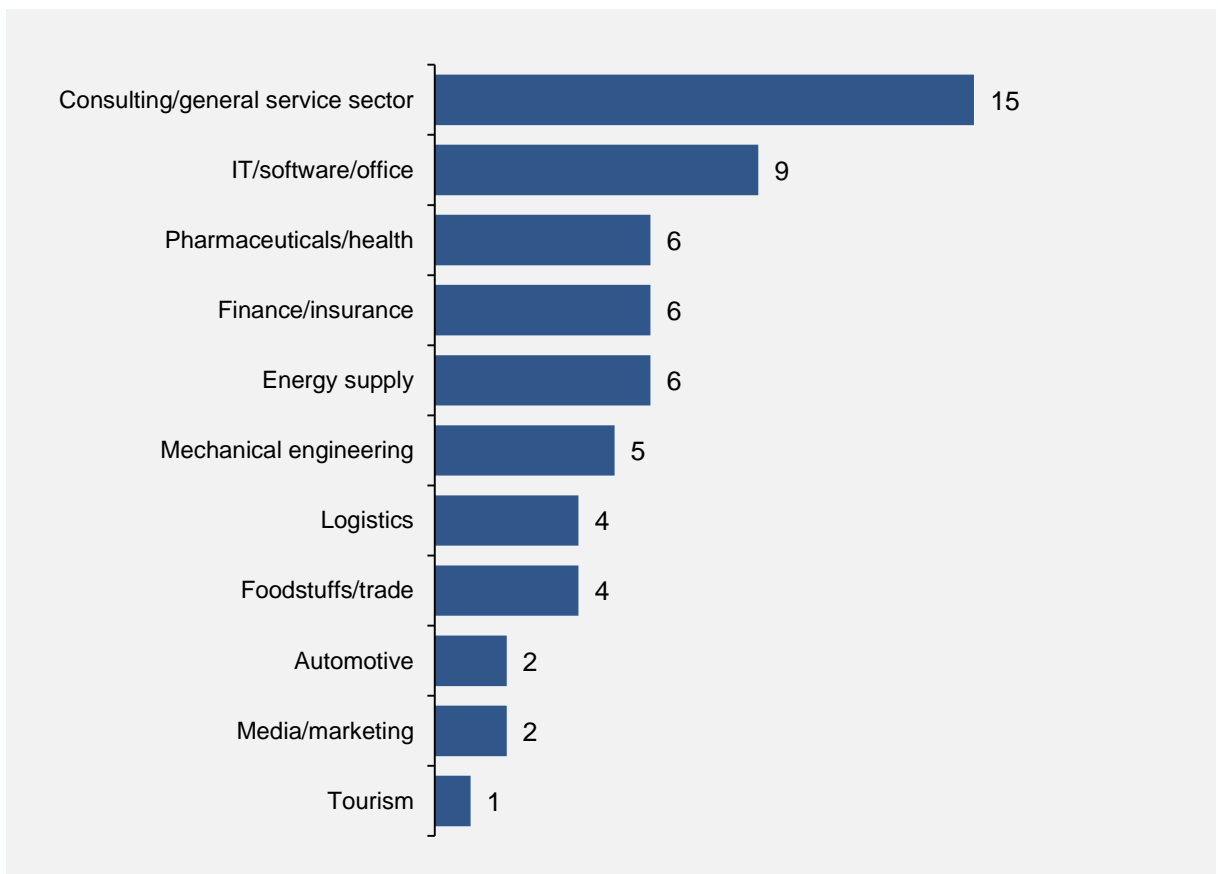
Survey – Second half of 2020

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 173 data sets that could be evaluated. They are broken down as follows:

Sector

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



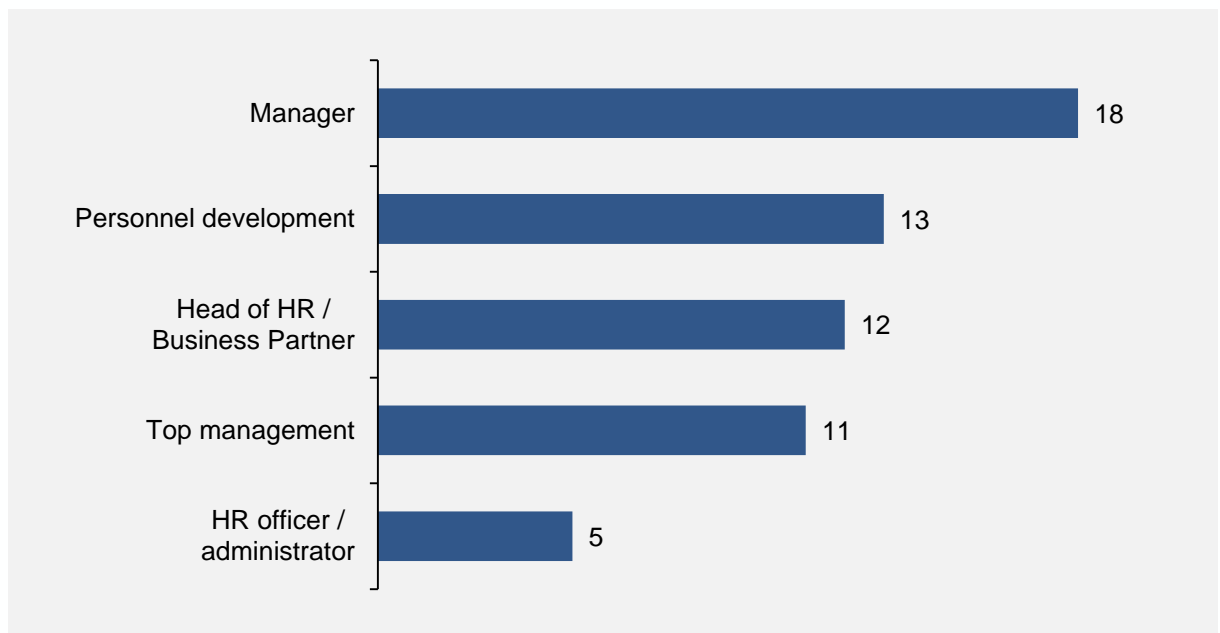
Survey – Second half of 2020

Participants in the survey according to function

In the current survey, the largest single group of participants describes themselves as managers. In summary, however, the largest share of respondents in this survey once again comes from the various HR functions.

Current position

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



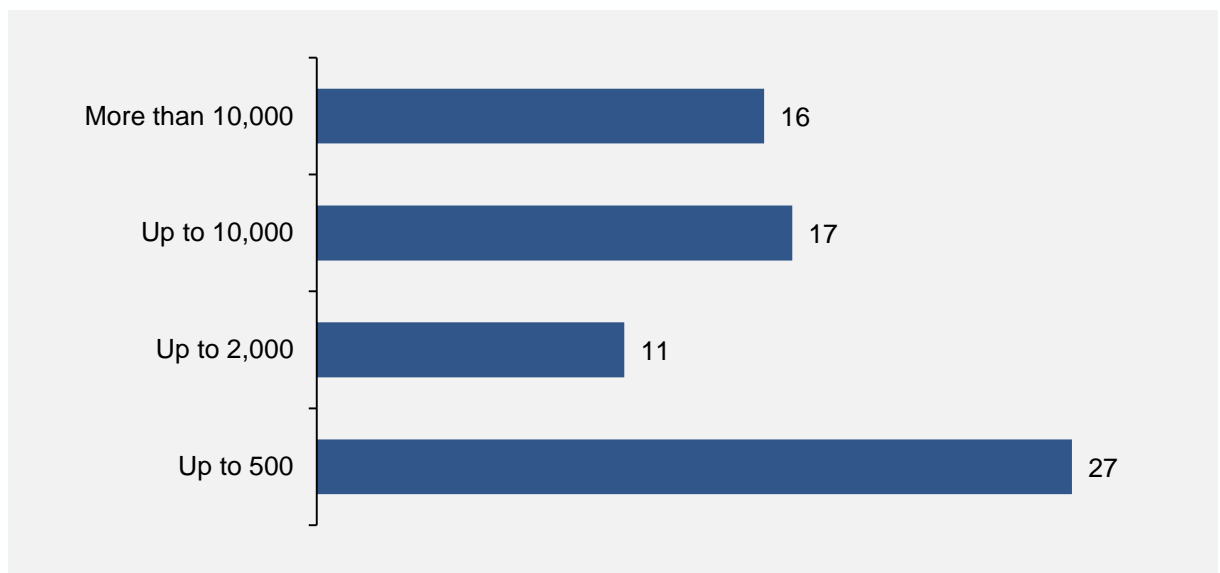
Survey – Second half of 2020

Number of employees in the companies surveyed

In this survey, too, most respondents work for relatively small companies, while SMEs and (large) corporations are more or less represented equally.

Number of employees

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





TALENT KLIMA INDEX

Talent Climate Index

Results – Second half of 2020
Detailed evaluation



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