



TALENT KLIMA INDEX

Talent Climate Index

Results – First half of 2021

In the spotlight: Talent in times of crisis



Hochschule Fresenius
Fachbereich Wirtschaft und Medien GmbH
Im MediaPark 4c · 50670 Köln
www.hs-fresenius.de

Profil M Beratung für Human Resources
Management GmbH & Co. KG
Berliner Straße 131 · 42929 Wermelskirchen
www.profil-m.de

 HOCHSCHULE
FRESENIUS
UNIVERSITY OF APPLIED SCIENCES

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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 ([Talent Klimaindex.de](https://www.talent-klimaindex.de)). Biannual surveys enable a continuous long-term evaluation.
- The results of the survey for the first half of 2021 are presented here. They are based on a sample of 114 usable data sets, consisting of HR experts, managers, and members of the top management. This results in the following key findings:
 - **Talent climate returns to negative area even under continued pandemic conditions**

In the third survey under COVID-19 conditions, the talent climate has returned to the negative area: The temporary easing of the labor market seen in the last two surveys is therefore not continuing at present and even less so in the future. The cautiously positive forecasts of the respondents from the second half of 2020 have not materialized.
 - **The demands to commit talent to companies are increasing**

The changed "corona" working conditions bring with them additional burdens, which are borne in particular by the high-potential employees. They are increasingly exceeding themselves, but are also reaching their limits and consequently there is a risk of them changing employers.

The respondents see two parallel challenges: on the one hand, a negative talent situation on the external labor market comparable to the situation before the pandemic and, on the other hand, the risk of losing internal talent and high-potential employees.
 - **Talent management activities are being continued, but there is still room for improvement in view of the challenges**

All in all, the established talent management processes appear to be continuing even under "corona" conditions. The commitment of the acting managers plays a particularly positive and important role here. All in all, however, the maturity of talent management is often viewed critically in light of current and future challenges.

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Explanations on the TCI and the data collection

In the spotlight: Talent in times of crisis

How is the corona crisis affecting talents in the organization?

With approval ratings of around 65 percent, the respondents perceive on average that the "corona" crisis is having a particularly noticeable impact on the company's talents. They are called upon to perform particularly well, but they also excel and thus show their potential even more clearly than usual during the crisis. On the other hand, however, this also means that there is a clear risk of losing these talents in the current situation.

The impact of "corona" on talent

(Ø on a scale of 0% = do not agree at to 100% = fully agree)



In the spotlight: Talent in times of crisis

Free-text comments on talent management during the corona crisis

On the one hand, the free-text comments refer to the considerable increase in work-related stress for talents, which leads to an increased risk of them leaving the company and should result in increased activities to retain talents. However, the practice of in-house talent management is viewed rather skeptically in many places.

Number of free-text comments	Summarized relevant factors of the "corona" impact	Sample statements
6	Level of stress/pressure increases – in general, but often especially for talents	"There is a danger that talents will be burnt out/sent to the slaughter," etc.
5	Talents must be committed to the company so that they do not leave	"Willingness to change employer increases," etc.
3	Increasing isolation and, in part, lack of willingness to perform among individuals	"Those who are not willing to perform disappear and have not been seen for weeks," etc.
Number of free-text comments	Summarized assessment of current talent management in own organization	Sample statements
6	[Cross-company] TM does not work	"Everyone only focuses on their area and has no interest in developing their employees and therefore possibly losing them," etc.
2	Simplifications and process improvements were achieved	"Processes were improved in the short term," etc.

In the spotlight: Talent in times of crisis

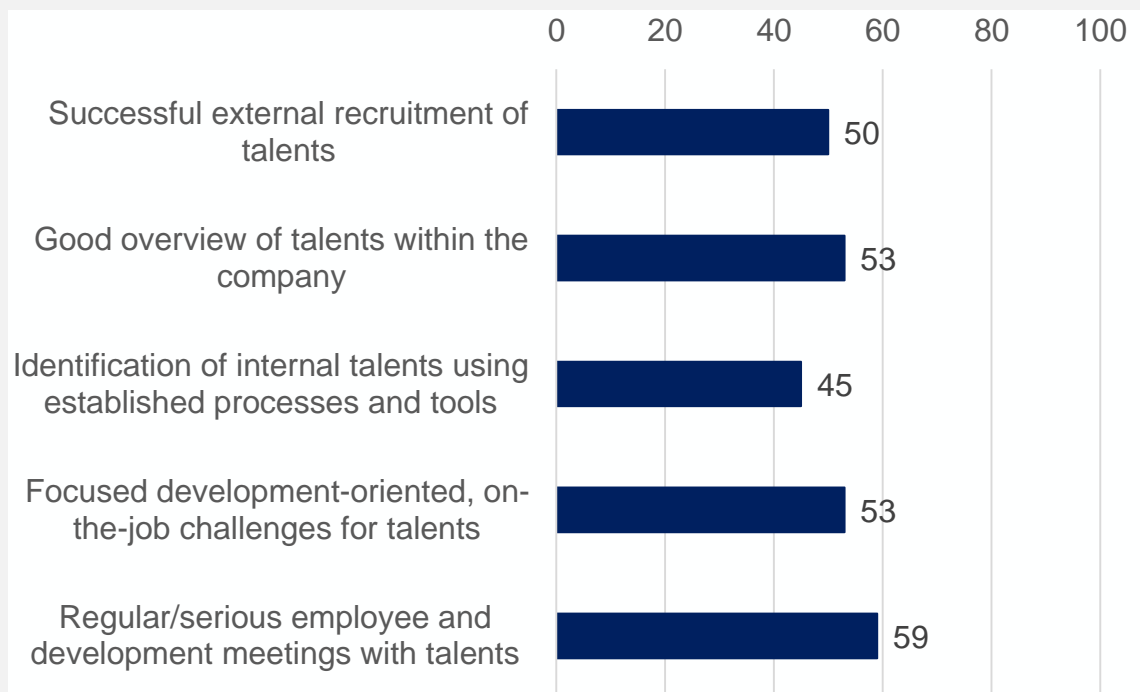
How does talent management work in a crisis?

While HR (routine) processes are predominantly continued in the pandemic, the identification of internal talent tends to take a back seat. This may also be due to face-to-face events such as Development Centers, which have not yet been transferred to remote formats across the board.

The assessment that employee and development meetings with talents in particular have taken place regularly and seriously is encouraging – and this despite the challenging situation for HR and managers.

The impact of "corona" on talent management

(Ø on a scale of 0% = worse than usual to 100% = better than usual)



In the spotlight: Talent in times of crisis

How does talent management work in a crisis?

Typical offers for talents, such as special development programs, are also continued during the crisis. In turn, managers retaining talents plays a special role. The importance of the managers' commitment to talent management during the crisis is once again underlined.

The impact of "corona" on talent management

(Ø on a scale of 0% = worse than usual to 100% = better than usual)



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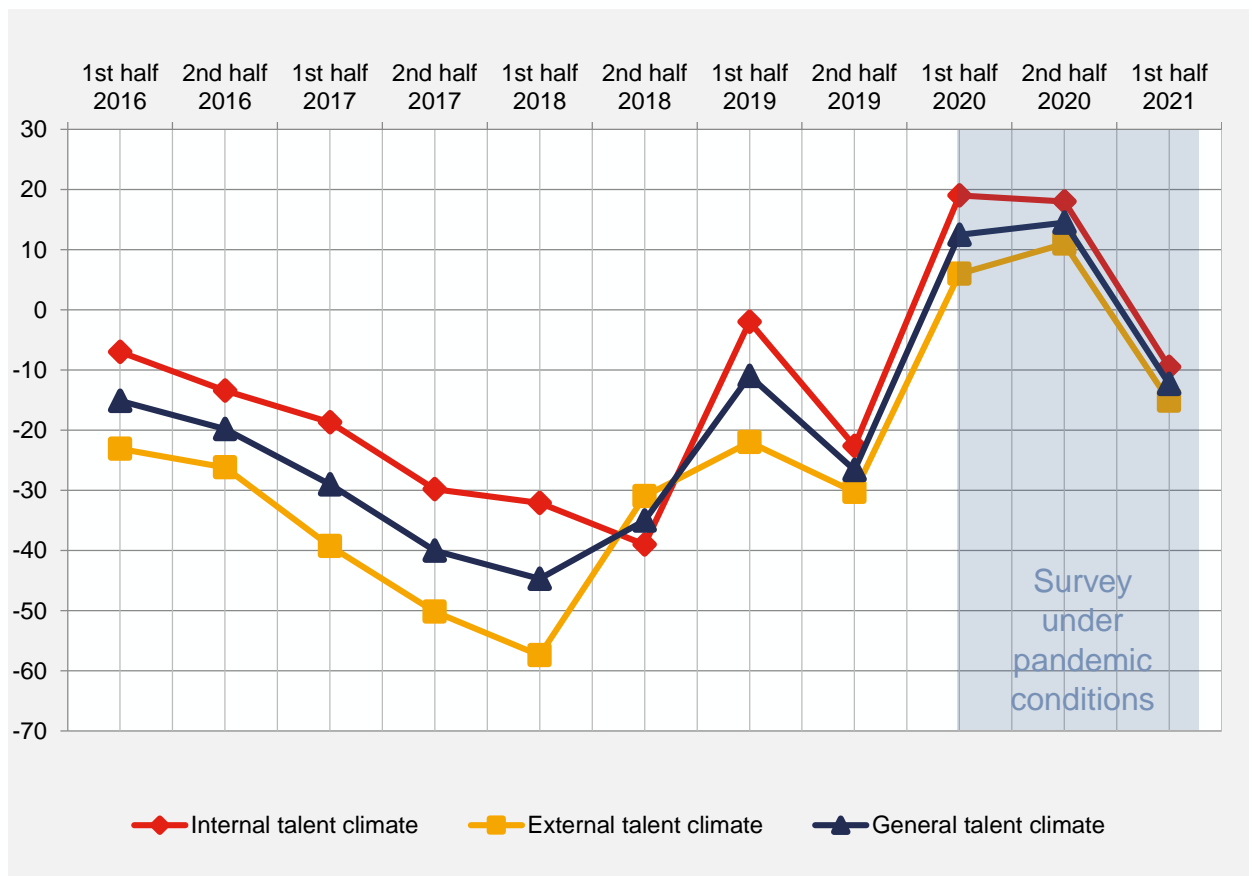
Explanations on the TCI and the data collection

Talent climate trend

Talent climate back in negative area despite continued pandemic

Even though the COVID-19 pandemic remains virulent from a medical and social perspective, the talent climate trend has already reversed for HR management: Internal and external talents are significantly less available than in the last two surveys and the talent climate is moving back into the negative area – at a comparable level to 2019.

Talent climate* over time



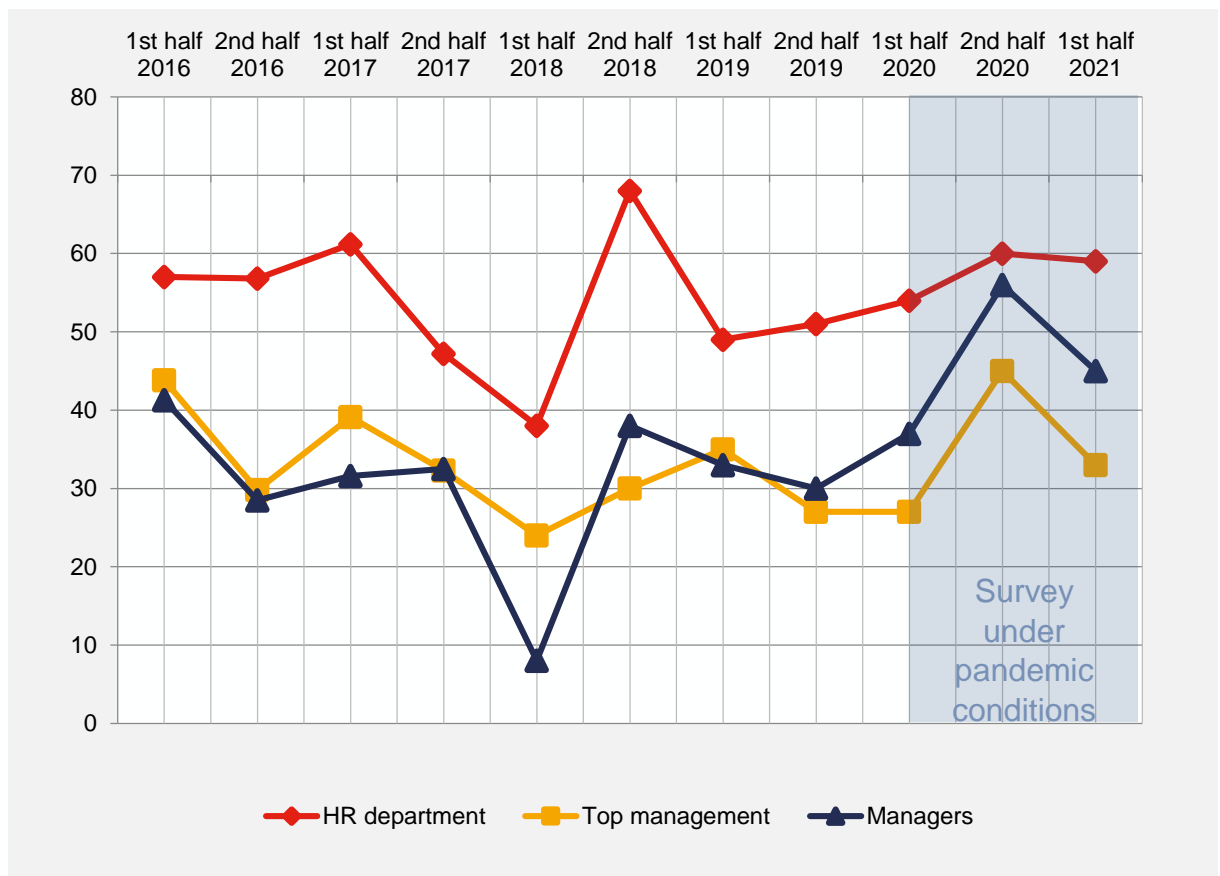
* Values stated on a scale of -100 to +100. The talent climate results from a combination of current and expected assessments (exact calculation see appendix)

Commitment climate trend

Talent management commitment declines again among managers

At the beginning of the surveys under pandemic conditions, a generally positive trend was documented with regard to talent management commitment. However, although this readiness appears to remain high within HR, it is in danger of waning again, particularly among the top management, but also among managers in general.

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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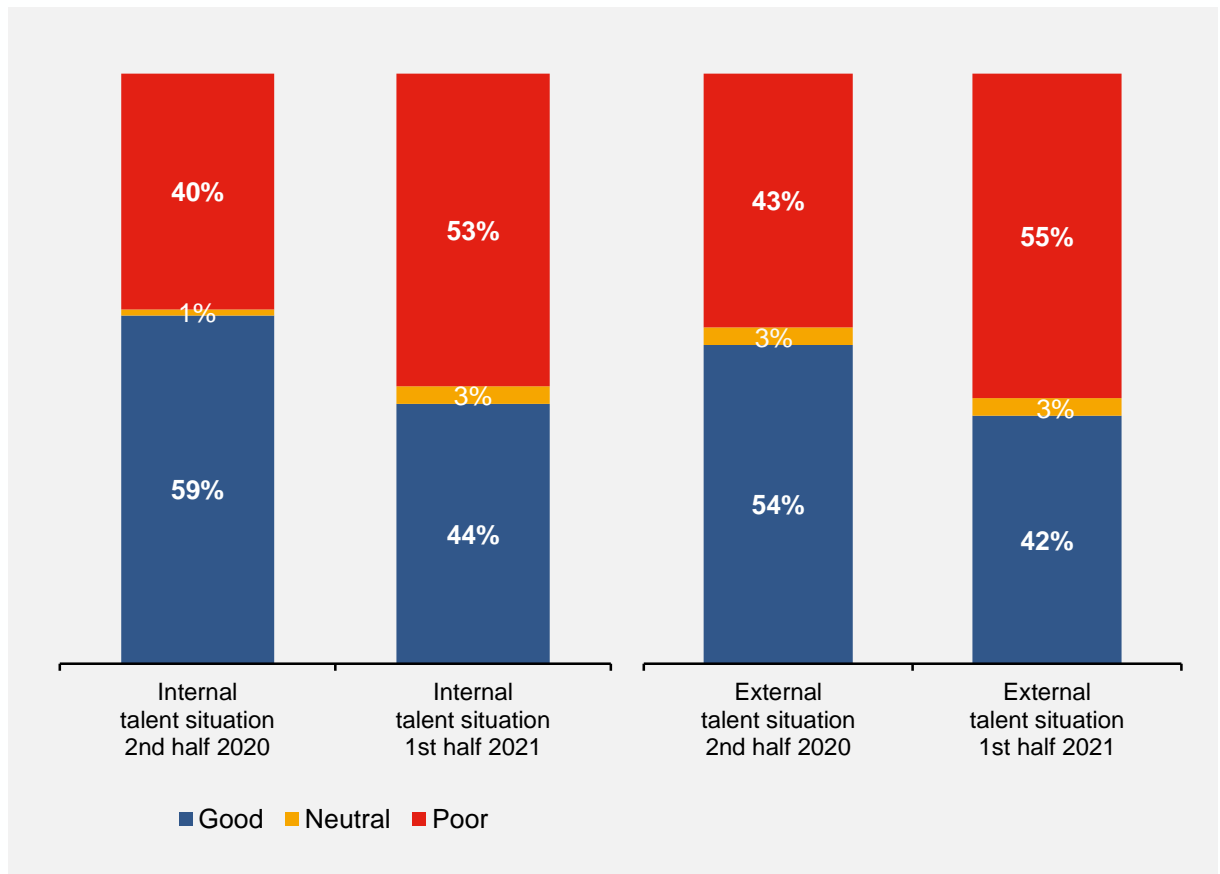
Explanations on the TCI and the data collection

Talent situation

Internal and external talent situation deteriorates significantly

In contrast to the two previous surveys, which were also influenced by COVID-19, the talent situation, i.e., the availability of experts and managers, is rated as "rather poor" by more than half of the respondents. The situation on both the internal and external labor markets has deteriorated noticeably. Accordingly, the cautiously positive forecasts from the last survey in 2020 have not materialized.

Talent situation: Current availability of talent

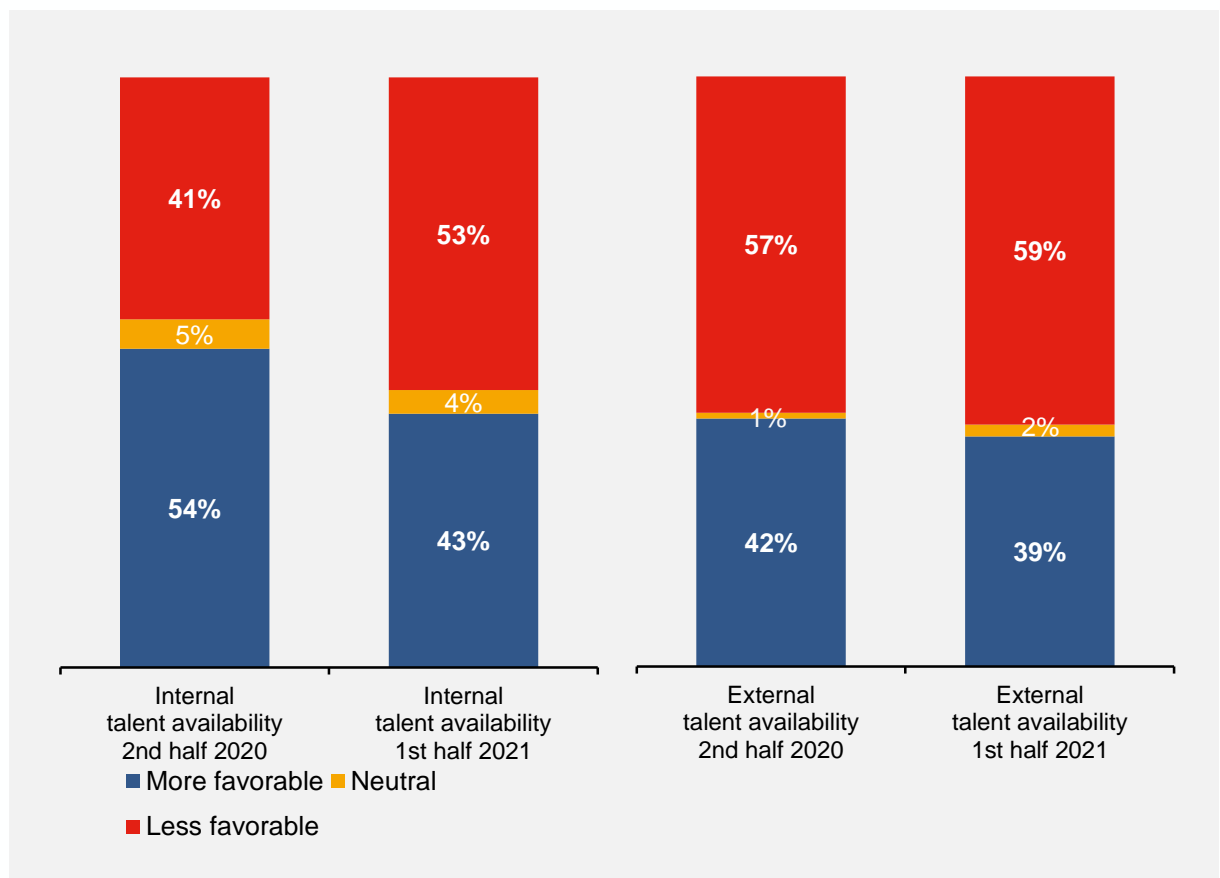


Talent expectations

Gloomy forecast regarding future talent availability

In line with the deterioration of the talent situation, the future development is also viewed pessimistically: In the forecast, the future availability of internal talent in particular is viewed more critically than was previously predicted under "corona conditions." While over 50% of respondents were still hoping for an easing on the internal labor market at the end of 2020, this optimism has obviously faded. The forecast for the availability of external talent is almost unchanged – but consistently pessimistic.

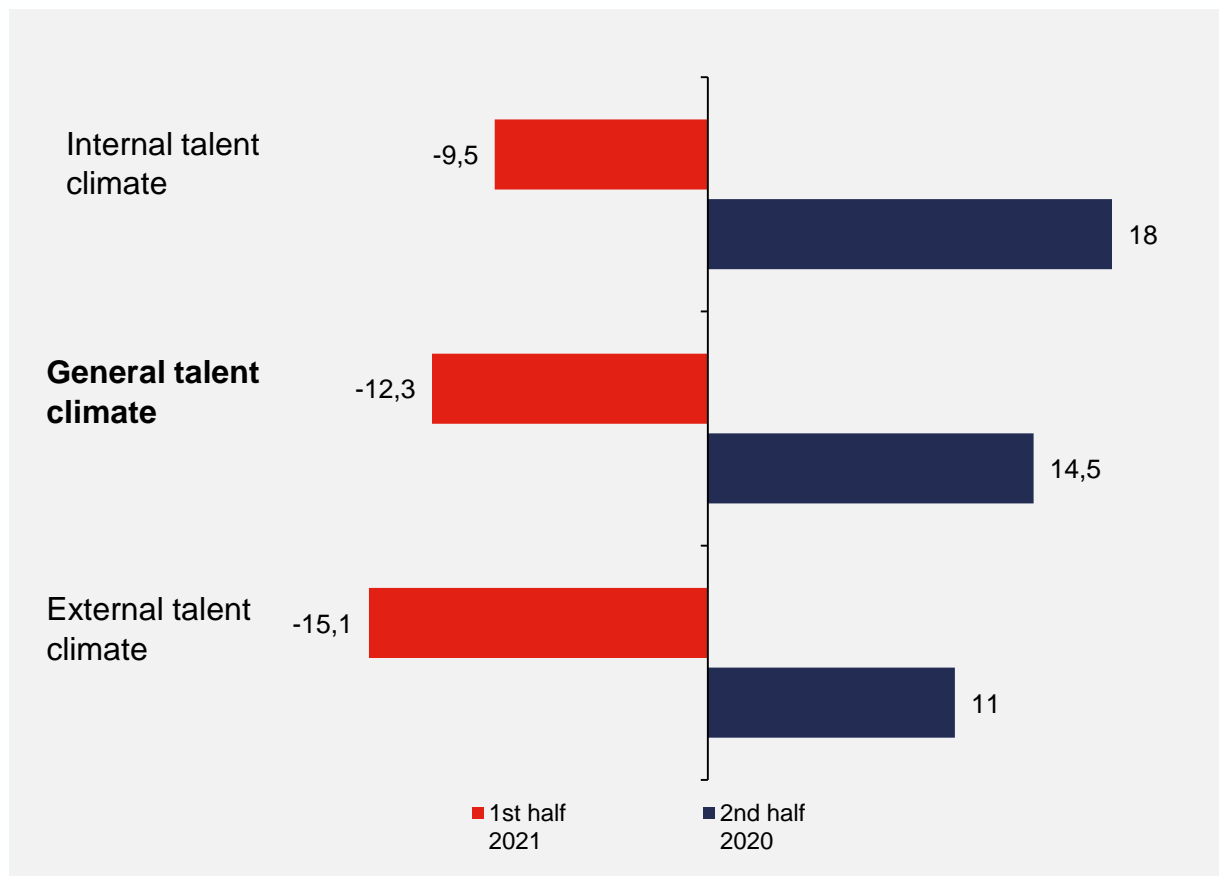
Talent expectation: Future availability of talent



Talent climate

Talent situation clearly aggravated, external talent climate particularly negative

The current survey shows the second clear change of sign since the launch of the TCI in 2016: This means that the talent climate, which had turned positive for a while, is now clearly moving in a negative direction again, both as a mean value and in the "internal vs. external" analysis. The easing recorded earlier is therefore not continuing.



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

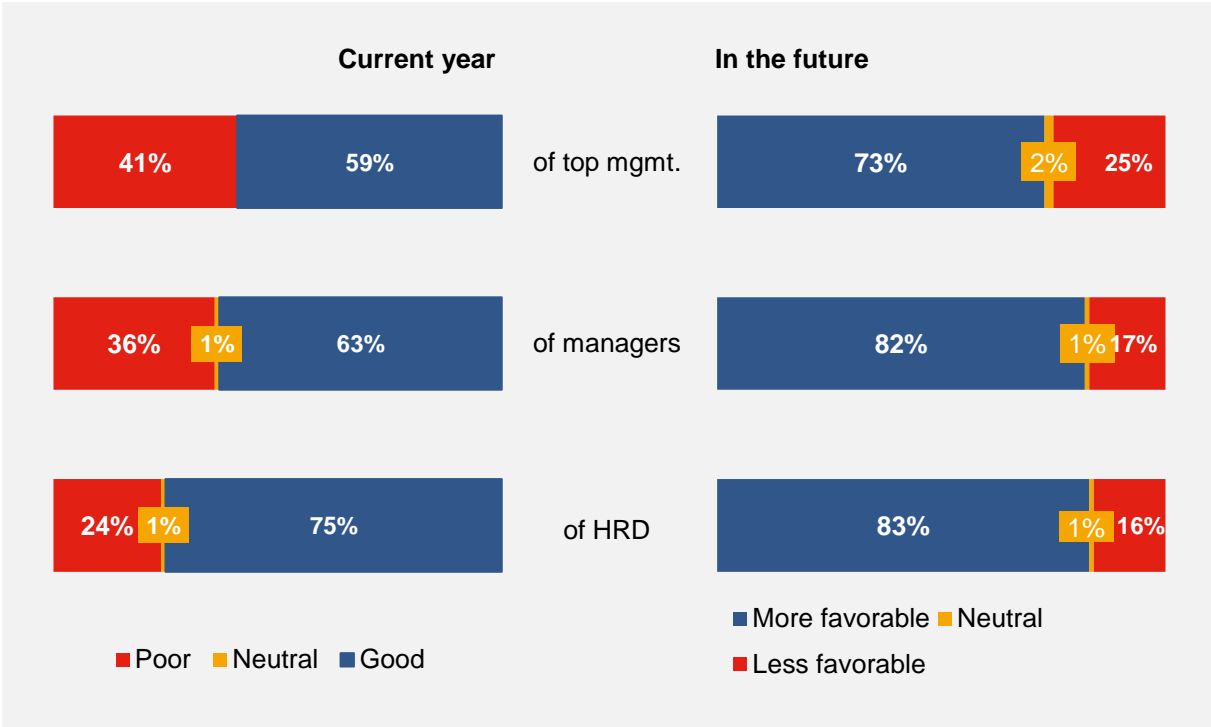
Commitment situation and expectations

Generally strong talent management commitment

As in all previous surveys, the HR departments' commitment to talent management is the most pronounced. At the same time, the forecast regarding the future commitment to invest in talent management is again very positive for all responsible groups.

Talent management commitment

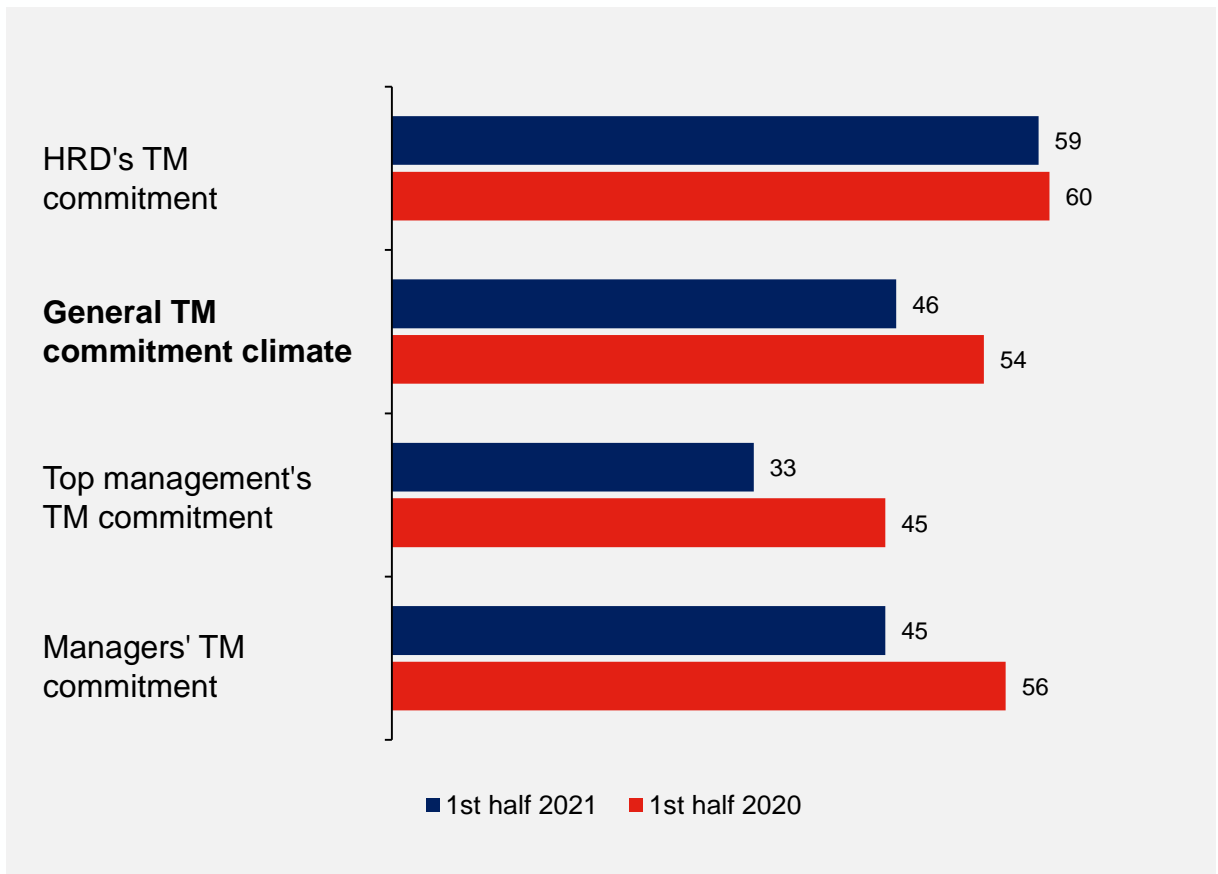
Current and future commitment to invest resources (time and money) in talent management



Commitment climate

Talent management commitment down among managers and top management

While the commitment climate at the time of the "corona" pandemic continues to rank at a high level within HR, it appears to be less of a focus for managers and especially for top management under the given circumstances. As a result, the averaged total value for the commitment climate is also declining.



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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.

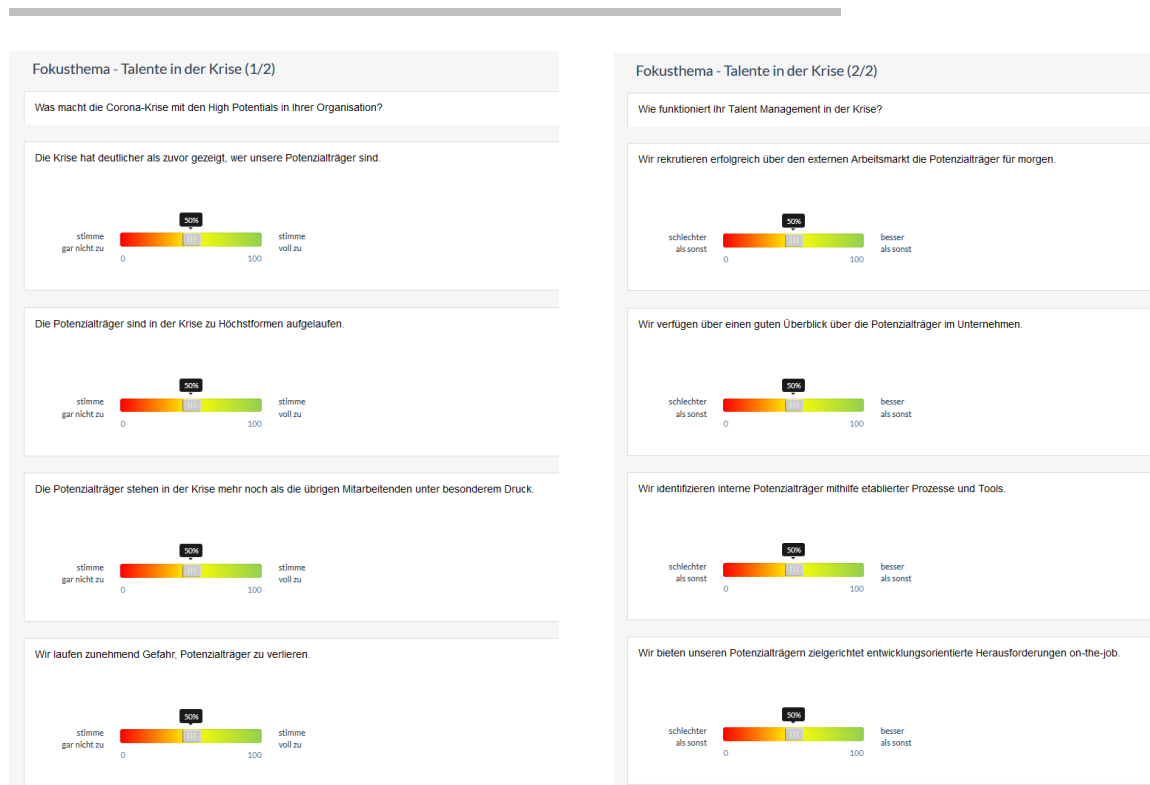
Using few precise questions the current situation and the expected trend are ascertained ([Talent Klimaindex.de](https://www.talent-klimaindex.de)). Biannual surveys enable a long-term evaluation.

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 talent
- **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 talent
- **Talent management commitment:**
 - The commitment to invest time and money in internal and external talent management
- **Focal topic of the current survey:**
Talent in times of crisis
 - The impact of "corona" on talents
 - The impact of "corona" on talent management

Talent Climate Index (TCI)

Focal topic of the current survey: Talent in times of crisis



Additional questions about talent management during the crisis:

- Employee and development meetings with talents are taken seriously and are conducted on a regular basis.
- We offer special development opportunities to our talents, such as development programs.
- We offer our talents attractive development prospects.
- Our managers effectively retain talents through their personal commitment.
- We ensure that our talents are able to maintain their resilience and performance levels in the medium term.

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

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

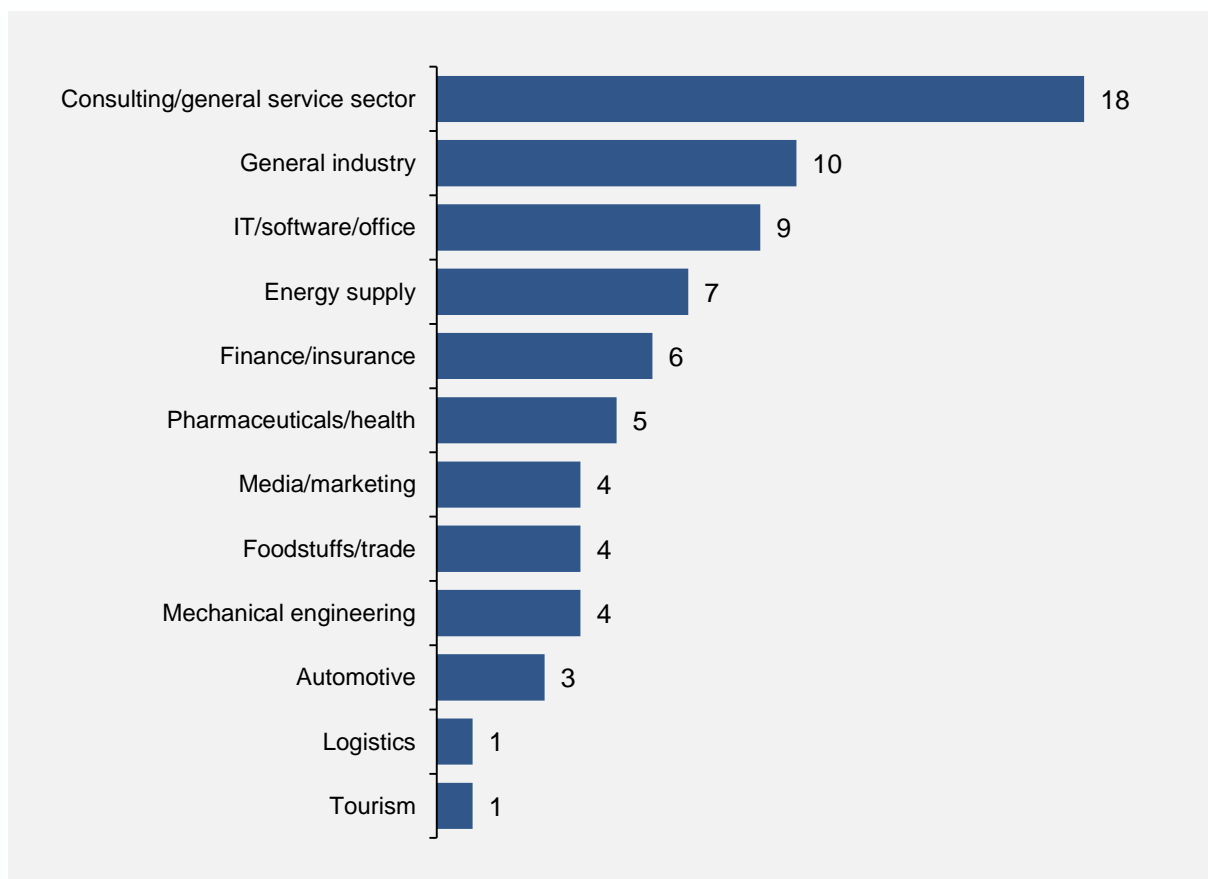
Survey – First half of 2021

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

Sector

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



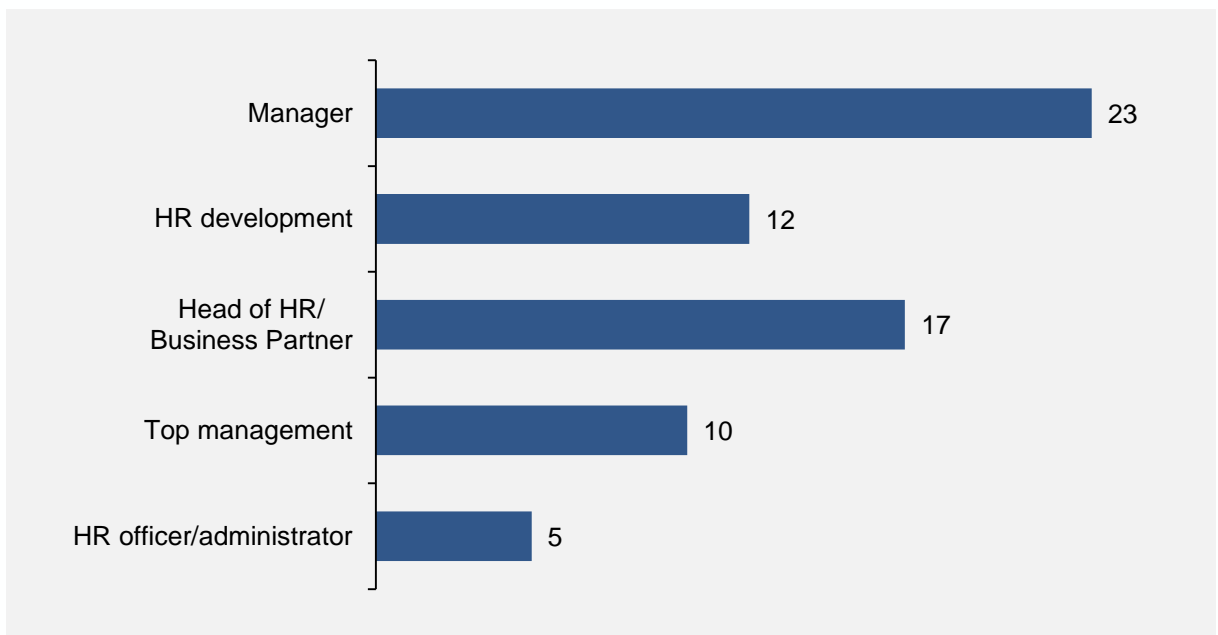
Survey – First half of 2021

Participants in the survey according to function

Again, the largest single group of participants in this six-month period are managers. However, in summary, most respondents in this data set again come from the various HR functions. 10 percent of respondents are members of the top management.

Current position

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



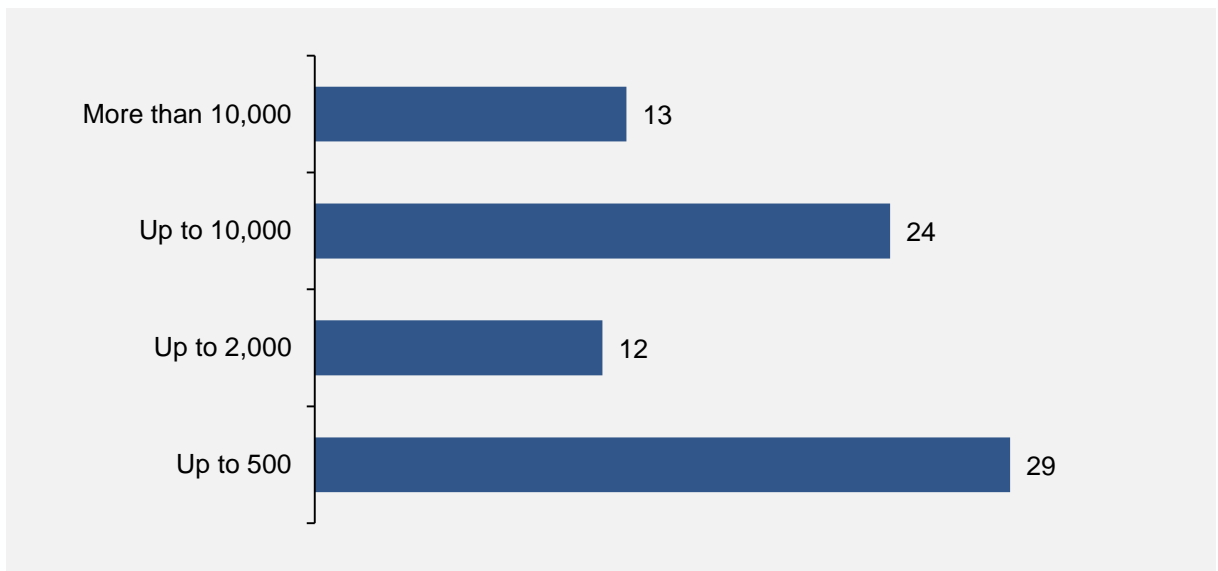
Survey – First half of 2021

Number of employees in the companies surveyed

Similar to previous surveys, most respondents were from smaller companies and companies with between 2,000 and 10,000 employees.

Number of employees

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





Talent Climate Index

Results – First half of 2021
Detailed evaluation



Contact:

**Hochschule Fresenius
Fachbereich Wirtschaft und Medien GmbH**

Prof. Dr. Klaus P. Stulle
Im MediaPark 4c
50670 Köln

T. +49 221 973 199-92

stulle@hs-fresenius.de
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
www.profil-m.de