



Personnel Trend Letter

Management of Talents

All companies live from the ideas and experiences of their staff. Their employees' social competence and expertise are the crucial factor for any economic success. This is all the more true at times where manpower in general starts getting short: but qualified personnel even more. It gets around much too slowly that we are facing an unprecedented competition for the best. It won't be easy to find talents quickly, but to keep them will be a very special challenge for all executives: and in particular in those numerous companies where the required personnel culture is inexistant. It is not for nothing that Management Boards give the management of talents top priority. Flexible small and medium sized companies should be careful not to miss the train. Before they miss the best.

Yours sincerely, Barbara Hunz

Germany in 2050

At the turn of the Millenium, the number of German people amounted to 82.2 million, in 2008 it had decreased by 100.000. In 2050, it will be not more than 36.9 million.

In 1998, the average living space of an adult amounted to 38.4 m², in 2003 it was 40.5 m². Given this growth rate, it will be at 57.1 square metres in 2050.

24.1 % of all marriages end in divorce. Increasingly fewer people get married. In 2000, 17.7 million people were singles, in 2008 20.1 million. This number is expected to be at 28.1 million in 2030 and at 35.2 million in 2050.

In 2000, every second person owned a mobile phone. Today, every person has statistically more than one. And the forecast for 2030 is three, for 2050 almost five per head.

Today, the average time on the internet per person amounts to 77 minutes – per day. The forecast for 2030 is 135 minutes, for 2050 187 minutes.

Accoriding to statistics, every household will have 2.4 television sets in 2050. In 2006, it were 1.6, in 2030 it is supposed to be two.

In 2050, the average distance covered by train will be at 1,712 km per person and year, as opposed to 962 km today.

The average fuel consumption per car is supposed to be at 3.7 l per 100 kilometres in 2050. In 2000, it was as much as 8.3 and in 2007 7.6 liter.

A VW Golf was sold for 13,802 euros in 2000 and in 2009 for a price of approx. 16,500 euros. The price is expected to rise to 23,160 euros by 2030 and to 29,346 euros by 2050.

Currently, Germany has 1.24 million solar heating facilities. Experts expect an additional 2 million by 2030 and nearly four times more by 2050: 5.43 million. This means that the solar cell production will increase by 57 times. And these numbers were calculated before the German consensus on a faster exit from nuclear power was found.

Statistically, every German will eat 227.2 grammes of meat in 2050, as compared to 238 grammes today.

In 1998, German fishers were still yielding 11,215 tons of codfish, in 2008 only 7,292. By 2030, the German codfish will be extinct.

In 2004, Germany had 106,448 square kilometres of forest. It will be nearly 121,000 square metres by 2030 and 142,406 by 2050. There will be no more glaciers in 2050.



More and more customers have a better knowledge as the service personnel vis-à-vis. The number of people who do some internet research on products and services before they go shopping is continuously rising. Call center agents cannot keep up with the knowledge of the people who call. Employees of credit institutions and insurance companies experience the same: Thanks to online communities, their customers are better informed than they are themselves. The service landscape is rearranging itself. People with similar lifestyles and same interests exchange information and experiences. Such communities accumulate much more expertise than offices and call centers, where knowledge refreshment is impossible due to time pressure.

Service Revolution

Another point is that the members of online communities trust each other while the former belief in honest consulting has dramatically suffered, even with regard to credit institutions. The staff of do-it-yourself stores are equally affected: Their knowledge needed for consulting cannot keep up with the knowledge of well informed customers. The economy will have to adapt to this trend and change its service culture completely. Whereas the job of an account manager or customer consultant will become even more demanding and better paid in the luxury sector, mass market consultancy will soon be restricted to the internet. However, on the internet new customer portal jobs will be more demanding as well. Future office and shop encounters are likely to be restricted to high-end meetings: between customers and consultants who meet each other, upgraded with a lot of knowledge. A whole sector needs a radical change: Where customers have such an extensive knowledge, it is advisable to directly ask these customers instead of continuing to pay for expensive market research. Smart managers will combine this with customer retention.

Smaller number of degree holders, bad educational level, and more trainees needed

It is very likely that in the years to come, skill shortages and a lack of candidates will become a permanent problem for companies. The number of school leavers is decreasing. The number of good candidates is much too small. Due to a generation change, many businesses face a clearly increased need of junior staff. Too many candidates are bad at school, particularly in German and Mathematics, their educational level is extremely poor, and most of them do not bring along any knowledge of foreign languages. Those young people have never heard of the global competition where foreign languages are a must. More and more companies draw the consequences: Their focus is less on grades, but they try to find those candidates who may be subject to further qualification and can be made fit for apprenticeship by their company trainings: Those candidates who have practical skills that are not mentioned in their certificates but often much more important for the trade in question. It is a continuing trend that the economy has to fix the problems caused by shortages at school.

Employers Assessment by Employees

Everyone talks about skill shortages. In Germany, the average duration of an employment is three years. And employees have increasing expectations towards their employers. In 2006, a German opinion portal for job ratings was launched with [JOBvoting \(www.jobvoting.de\)](http://www.jobvoting.de). Others such as www.kununu.com followed. These portals allow job seekers to get a first impression of their potential new job based on the judgement of those people who are already working for the potential employer. Today, the rating of employers by their own staff is still at the beginning. But it is likely that this will soon lead to a more conscious and smart behaviour of companies towards their current and former staff as well as towards any candidates. When competition for the most qualified and best workers is determining the agenda of the human resources market, when demand is much higher than supply, personnel related topics should be given top priority.



Bangalore

Often, innovation is still considered through the glasses of basic assumptions: Innovation is happening in the West. New ideas are put into practice in the Western world and then exported to the developing countries.

Innovations are technological breakthroughs that bring along revolutionary new products. The global picture is changing: Innovation is happening everywhere. This can be witnessed in Electronic City, the third largest Indian city Bangalore. In emerging economies, hundreds of such places and thousands and thousands of scientists can be found who work on future innovations that will change our reality. The United Nations Conference on Trade and Development's World Investment Report mentions a number of 14.000 multinationals located in developing countries. Many of them, such as Infosys and Embraer in Brazil, blossom into global giants and buy Western companies: Tata Motors has bought Jaguar Land Rover from Ford, Hindalco Industries has bought Canada's Aluminium business Novelis – the list is long.

In Asia, Western multinationals no longer search for call center locations, but open up more sophisticated departments in places where it is more easy to find good junior staff. It gets around among young people in Germany that job opportunities are better in the emerging markets of Asia and South America than in Europe. The German lack of good junior staff is getting worse because motivated people whose qualifications are above the average have the possibility to combine their professional careers with their interest in foreign cultures, countries and people.

The companies of the Fortune Global 500 have established 98 Research and Development Facilities in China and 63 in India. Microsoft's R & D Center in Beijing is the second-largest one next to their headquarters in Redmond. IBM has more employees in India than in the United States. And Cisco Systems is opening its second global headquarters in Bangalore.

Everyone talks about skills shortages. But not the German Institute for Economic Research (Deutsches Institut der Wirtschaft, DIW). Due to a greater number of students, the DIW anticipates skills shortages not before the year 2015 – at that time particularly in the medical sector. And with regard to the care of older, sick, and handicapped people, it is not expected that the eased access for qualified people from the Eastern countries will lead to a gradual improvement unless these people get their professional qualifications recognized more quickly.

The German average worker has a monthly net income of 1,572 euros. For one fourth of the labour force, this is sufficient. Three fourths would be happy with a monthly net income of 5,000 € euros. This would mean a monthly gross income of 9,000 euros. Only highly qualified workers will be able to achieve this. The demand for such workers is much higher than supply.

Highly qualified IT experts can count on an increasing demand. More and more companies consider replacing their own IT departments by external cloud computing. On the other hand, IT outsourcing means that simple, administrative jobs are no longer needed.

The number of working people should decrease from 44.7 million today to 41 million in 2025. As a consequence, 5.2 million skilled workers will be lacking by 2030 (Prognos Institut).

Teachers, physicians and engineers are on top of tomorrow's list of the most wanted jobs. Similar is true for IT experts, lawyers, physicists, tax consultants and chartered accountants. The 10 most wanted professions: physician, civil engineer, electrochemist, electro engineer, photovoltaicion, mechanotrician, IT security expert, social media manager, mechanical engineer, sales engineer.

Peter B. Záboji, ITK expert and Chairman Bitronic: *... processes, optimization, collaboration, efficiency and effectiveness ... there is no money in that. As a matter of fact, it is always a charismatic and somehow crazy entrepreneur who achieves innovation and .. makes a difference to routine. People who simply apply what they have learned and are geared to the established principles of their organisations are passive time-servers and no creative destructors as described by Joseph Schumpeter.*



Getting old is generally considered to be negative: You start losing your looks, cannot do this and that as good, as quick, and as persistently as before. This in mind, people forget that by getting older, their skills and competencies are growing: They improve on their social competence. The more experience they have, the easier it is for them to focus on the essentials. After many years of practice, they know how to deal with failure and success. Serenity and acumen, sympathy and patience are learned by long experience and not at University or during any other education.

Young Olds

Older people's attitude towards life, their ability to experience things at an emotional and intellectual level are different from those of young people, because older people have more sensibility and identity – they are much more at ease with themselves. Most of the younger people do not get this straight. In many companies, the Human Resources staff itself is rather young. Therefore, the selection process is limited; older people do not often get the chance of an interview. Thus, companies miss good candidates. There is a lot of knowledge and competence that is not used, younger people quickly replace other younger people. It is time to change views.

According to the Federal Office for Statistics (Bundesamt für Statistik), some 30% of all employees will be older than 65 years by 2050: in 1950, this was true for 10%, today for some 20%. At the same time, the number of people at working age is decreasing. Given that development, employers try to mobilise reserves: qualified women at home; immigrants whose professional qualifications have not yet been recognized; unqualified young people, and older qualified unemployed.

Managing the Demographic Change

According to experts, personnel decisions and personnel development should be part of the responsibilities of an executive and may no longer be considered to be just administrative jobs. In combination with modern instruments such as e-CM, i.e. a fully integrated technical content management, Knowledge Based Engineering (KBE), team and community solutions as well as knowledge portals, they recommend to permanently implement lifelong learning: for a continuous qualification process in the interest of employers as well as employees: next to new solutions of part-time work and subsidies for the care of children and older people.

Young **women** are still a minority in the „**dual system**“ (that combines learning at the workplace with that in public vocational schools): With 42%, their share has nearly not changed since 1992.

As from May this year, people from Estonia, Lithuania, Latvia, Poland, Slovakia, Slovenia, Czech Republic, and Hungary are allowed to take on a job in Germany. According to the „Institut der deutschen Wirtschaft“ (Cologne Institute for Economic Research), we have to expect 1.2 million of them by 2020.

Extract from Günter Ederer's book „Träum weiter Deutschland“ (Keep on dreaming, Germany): Subsidies for florists, hoteliers, dairy farmers and others amount to 165 billion per year. 40.000 skilled Turkish people left Germany in 2009 because of bad job perspectives – the same is true for 150.000 highly qualified German people.

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