



# FOCUS ON THE EFFECTS OF DIGITALISATION ON EMPLOYMENT

An empirical study by the Institut für Beschäftigung  
und Employability IBE (institute for employment and  
employability) and Hays



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# PREFACE

Dear reader,

Digitalisation drives us all. Many companies are currently working on large-scale projects to digitalise workflows and business models. This HR-Report is our way of addressing topics that move organisations. This is how we put the agile organisation to the test last year. The new HR-Report 2019 focuses on the impact of digitalisation on the labour markets and on the question of how people can remain employable.

For some years now, we have been discussing this matter in our society: Will the digital shift lead to more jobs at the end of the day or will there be a massive loss of jobs? Opinions are so far inconsistent and document how difficult it is to derive valid forecasts in these fast-moving times.

We now want to contribute to this discussion using our current HR-Report and extend it with empirical data. Therefore, we have interviewed over 800 managers of companies regarding both the quantitative and qualitative aspects of employment. And we were surprised by the results: The majority thinks positively about it and expects that the number of jobs will increase rather than decrease. And that was the opinion in almost all business sectors, since we had asked about the impact of digitalisation in detail. So, the horror scenario that some researchers imagined in the early days of digitalisation does not seem to be coming true. This reflects the positive voices that have been growing recently.

This does not mean that we – companies as well as employees and society – must not constantly refresh our skills and abilities. On the contrary, employability today is more important than ever, since we want to actively create digitalisation together and not simply let it happen. The ideal solution is to synchronize the speed of the economy with sustainable approaches to people's professional development.

The interviewees, who paid attention to employability, highlighted two topics: On the one hand, lifelong learning is a central imperative for employees and on the other hand, teamwork in mixed teams must be expanded considerably. There is also a decreasing demand for managers of companies who act as coaches for employees to push them forward. However, the role of leadership in our surveys has been on a downward trend for several years. Personal responsibility and organization are the preferred options in more agile structures.

More detailed information can be found on the following pages. We will be delighted if our HR-Report 2019 inspires you in your own personal professional experience.

Prof Dr Jutta Rump, Klaus Breitschopf

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The HR-Report 2019 confirms the central HR-trends of the previous year: that employee retention, promotion of employability and flexibilization of work structures are still at the top of the agenda. These topics reflect both the shortage of qualified employees and the constantly growing requirements regarding the work environment.

## MANAGEMENT SUMMARY

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### To retain employees,

the interviewees primarily indicated a good working atmosphere, competitive wages and flexible working hours as crucial factors. For a good working atmosphere, an open approach to critical topics is the central point.



### In digitalisation

companies expect positive and not negative quantitative effects on employment. For the interviewees, new job profiles will emerge especially in the fields of research and development, IT and marketing. According to the interviewees, there will also be an increase in the number of employees in existing job profiles, in the fields of distribution, customer service, research and development and production.



### The qualitative effects on employment

are about acquiring new skills to be able to keep pace with digital developments. The interviewees expect effects especially in IT, in distribution and in personnel management.



### To promote employability,

the interviewees initially focus on lifelong further education and training. Maintaining a work-life balance follows immediately as an instrument. On the other hand, the role of the direct manager in the work-life balance is considered to be low.



### Selecting new professionals who are ready for the digital change

is causing some uncertainty for managers because they are unsure whether hard skills or soft skills should be the deciding factor in making their decisions. In any case, there is a demand for generalists with cross-disciplinary experience and for experienced experts rather than for graduates. Moreover, creative minds are preferred to employees oriented towards implementation.



### For recruitment

Job portals and the company's own channels are the most important instruments. Social media platforms, on the other hand, are used by only one third of the interviewees. The number of companies looking for employees across the EU has increased in comparison to last year.

# BACKGROUND AND METHODOLOGY

## 1.1

### Background and structure of the study

The HR-Report conducted by Hays in cooperation with the Institut für Beschäftigung und Employability IBE analyses the central HR-trends and the current key topics for the eighth consecutive year. This year's report focuses on the effects on employment that arise from developments in the world of work and in particular from digitalisation. These effects on employment are examined in detail from both qualitative and quantitative perspectives.

In addition to those main thematic points, the HR-Report 2019 also includes long-term observations and specific analyses regarding already established topics such as HR-trends, employee recruitment and employee retention.

The HR-Report is a series of studies which are conducted every year by Hays AG and the IBE (Institut für Beschäftigung und Employability). Previously published:

**2011:** Focus on employee recruitment

**2012/2013:** Focus on employee retention

**2013/2014:** Focus on promoting women

**2014/2015:** Focus on leadership

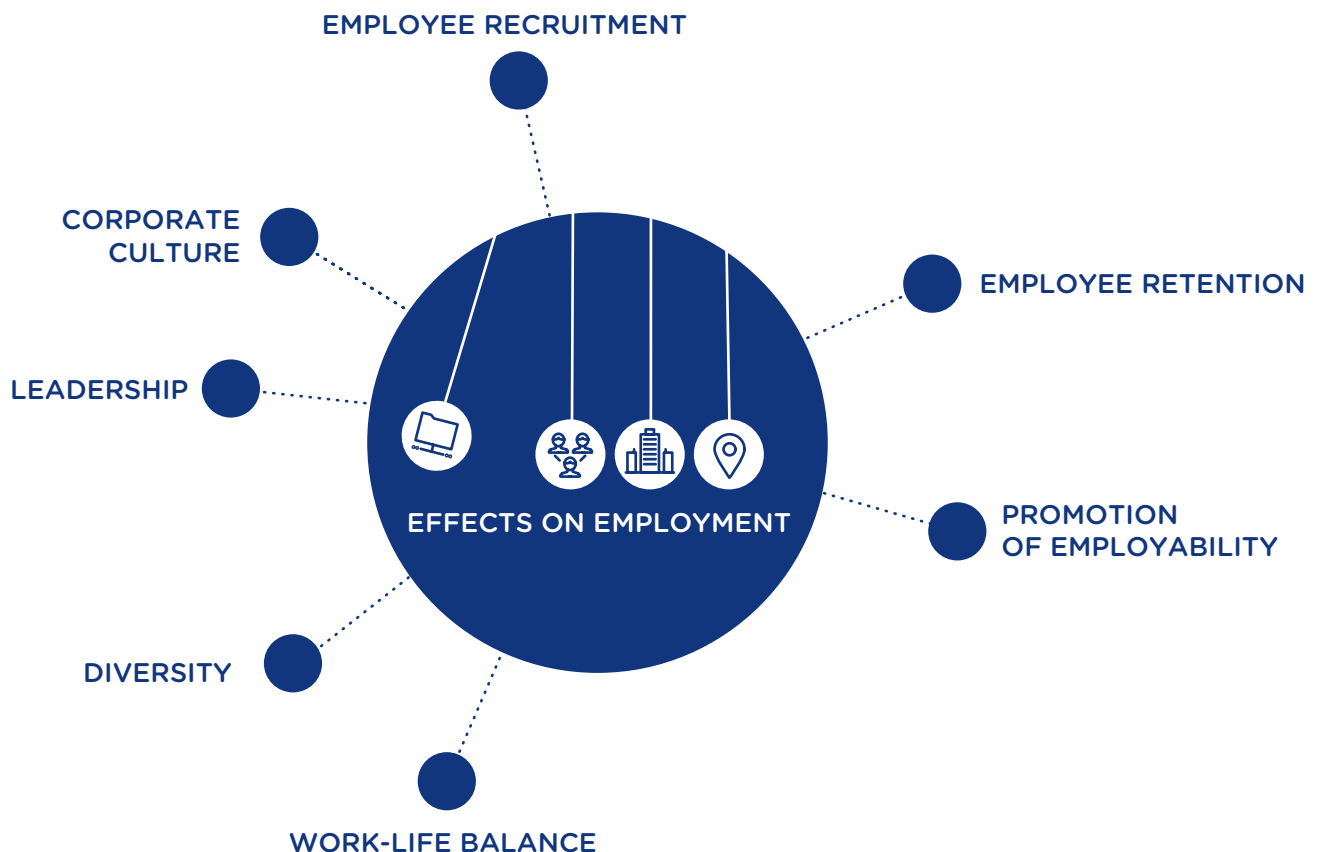
**2015/2016:** Focus on corporate culture

**2017:** Focus on skills for a digital world

**2018:** Focus on agile organisation put to the test

Publications of previous results are available at [www.hays.de/studien](http://www.hays.de/studien) and [www.ibe-ludwigshafen.de/publikationen](http://www.ibe-ludwigshafen.de/publikationen).

### Frame of reference for the long-term observation in the HR-Report



# 1.2

## Methodology and statistics

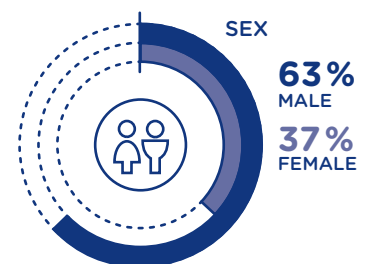
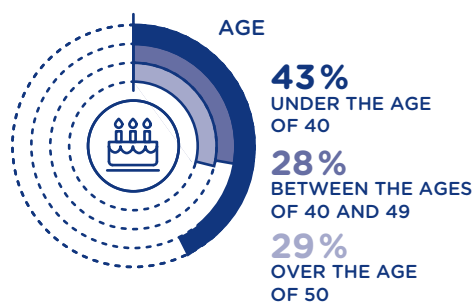
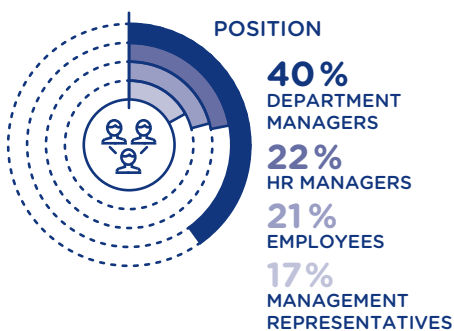
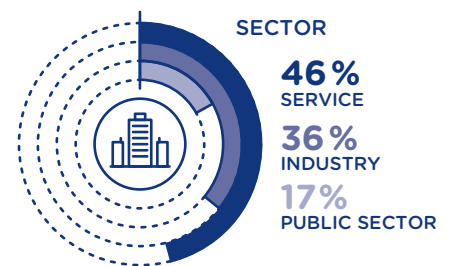
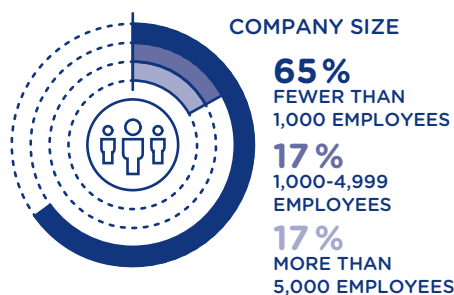
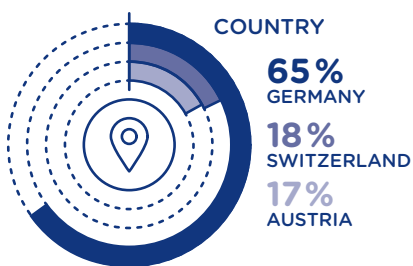
A total of 868 participants took part in an online survey on the HR-Report 2019, 65 per cent being from Germany, 18 per cent from Switzerland and 17 per cent from Austria. Regarding the company size, 65 per cent of the participants came from companies with fewer than 1,000 employees and 17 per cent respectively represented companies with 1,000 to 4,999 or with 5,000 employees or more.<sup>1</sup> 46 per cent of the respondents work in the service sector, 36 per cent in industry and 17 per cent in the public sector.

43 per cent of the participants were younger than 40 years old, 28 per cent were between 40 and 49 and 29 per cent were over 50 years old. Of those who responded, 63 per cent were male and 37 per cent female.

17 per cent were management representatives, 40 per cent were department managers and 22 per cent were executives in HR departments. 21 per cent of employees had no managerial responsibility.

These statistical data are mentioned particularly in the following explanations whenever there are marked differences in the response profile. In addition, references to the previous year's studies are made in the appropriate places.

### Composition of the respondents



Basis: n = 868 (all respondents)

<sup>1</sup> There may be deviations due to rounding differences.

# MAIN TOPIC – EFFECTS ON EMPLOYMENT

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The trends and developments in the world of work, in particular the progress of digitalisation, lead to numerous effects on employment and represent a major challenge for many. Therefore, it is necessary to differentiate between potentially positive and negative effects and to distinguish between qualitative and quantitative effects on employment:

- ▶ **The qualitative perspective** describes the need that people have to maintain their employability over their working lives. This also includes fulfilling the competency requirements which arise because of the changes in the world of work.
- ▶ **Quantitative effects on employment** emerge in a positive sense through the creation of new jobs, occupational fields and job profiles. This can also lead to an enlargement of tasks and activities in the sense of job enlargement or job enrichment. In the opposite case, negative quantitative effects on employment eliminate jobs, occupational fields and job profiles.

The HR-Report from 2017 with its key topic “Skills for a Digital World” asked decision-makers what effects digitalisation could have on employment. Chapter 2.2 is more detailed in this matter.

The HR-Report from 2019 takes up this topic again, but in a very differentiated way. It focuses on the question of which business units may be affected and how these manifest themselves. Another interesting aspect is how corporate culture and leadership should be structured in the light of effects on employment.

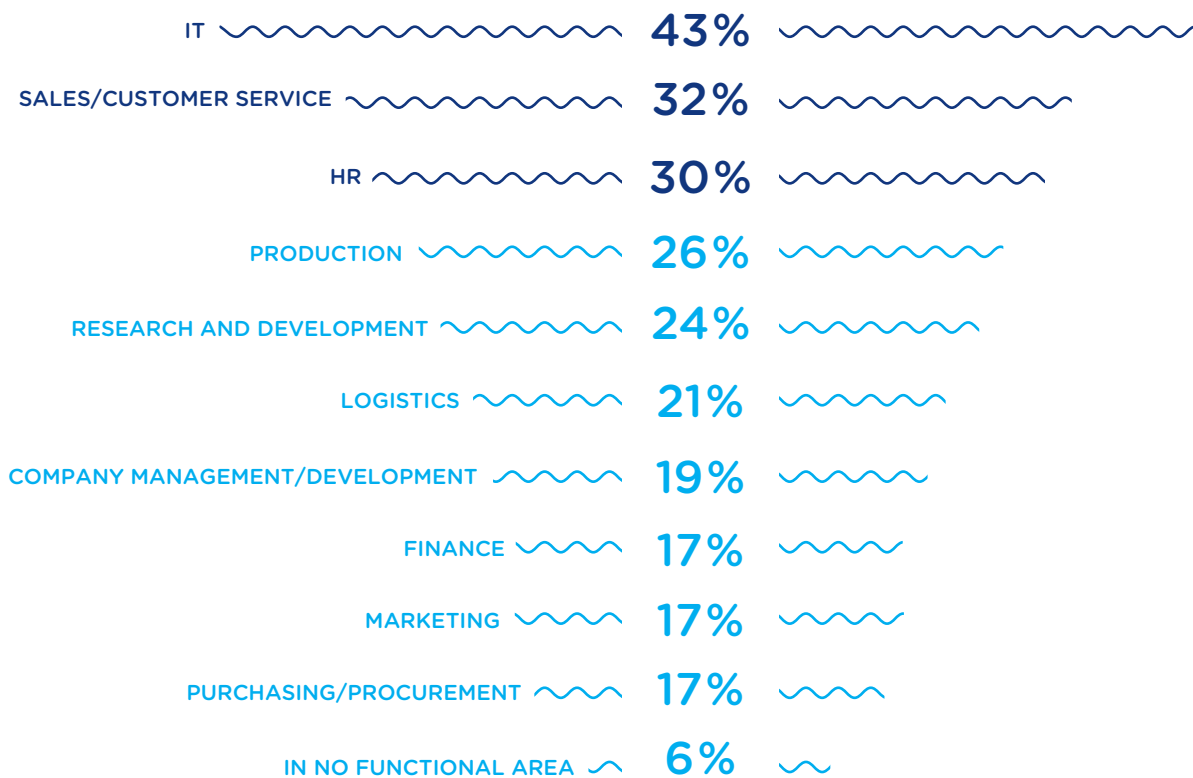
## 2.1 Qualitative effects on employment in various functional areas

The qualitative effects on employment mainly concern the question of which skills are or will be required to keep pace with the developments in the world of work and what instruments and measures will be needed to prepare employees for changes in an adequate way.

Therefore an interplay between individual responsibility and corporate responsibility must be considered: it is equally important for each employee to pay attention to his or her individual employability and for the employer, on the other hand, to create the conditions to make this possible.

The HR-Report 2019 begins with the question regarding companies’ functional areas in which qualitative effects on employment are expected over the next five years. Unsurprisingly, the IT sector leads with 43 per cent, followed by sales and customer service and human resources.

## Expected qualitative effects on employment in individual functional areas



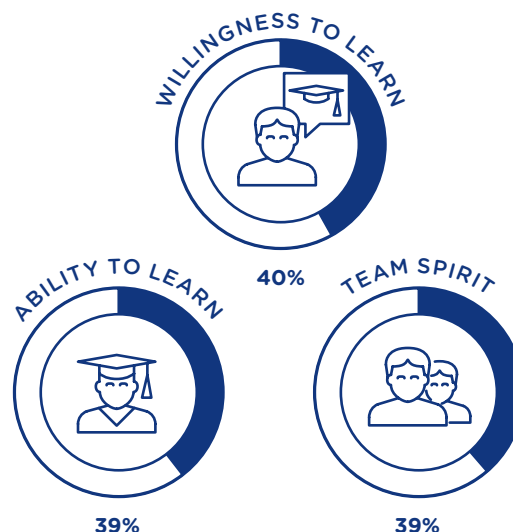
Basis: n = 868 (all respondents)

The perception of the qualitative effects on employment varies to a certain extent and depends on the interviewees' nationality. Participants from companies in Germany expect an impact particularly in the IT sector (48 %, compared with 38 % from Austria and 30 % from Switzerland). Similarly, the expected an impact in sales and customer service is significantly larger among the Germans (33 %) and Austrians (36 %) than among their colleagues in Switzerland (26 %). Representatives of companies with 1,000 to 4,999 employees expect, by far, the strongest impact in the IT sector (56 %, compared with 47 % in companies with 5,000 or more employees and 39 % in companies with fewer than 1,000 employees).

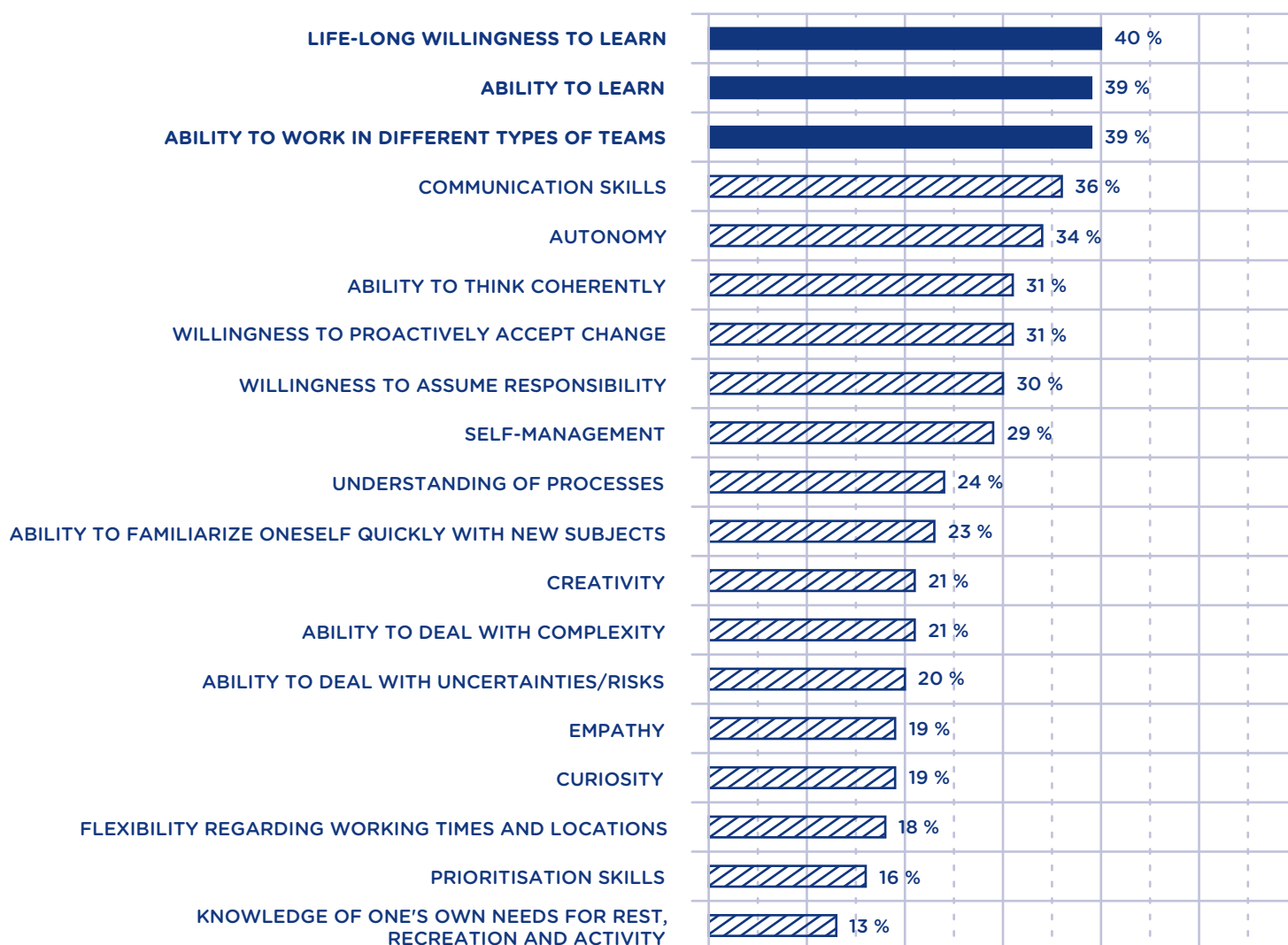
Another interesting point are the differences in responder's expectations based on their age. For example, over-50s expects the strongest qualitative effects on employment in customer service (the most mentioned in this age group with 42 %, compared to 31 % for 40 to 49-year-olds and 26 % for under-40s). This suggests the assumption that experience indicates that, despite all digitalisation, the need for high-quality personal advice still persists.

## CHAPTER 2 – Main topic – effects on employment

The skills individuals must have to maintain their employability at a qualitative level can be divided into the category hard and soft skills. Among the hard skills, specialist knowledge clearly dominates (65%), followed by basic IT skills (48%) and media skills (28%). With regard to soft skills, the interviewees primarily highlighted a willingness and ability to learn and to work in a team.



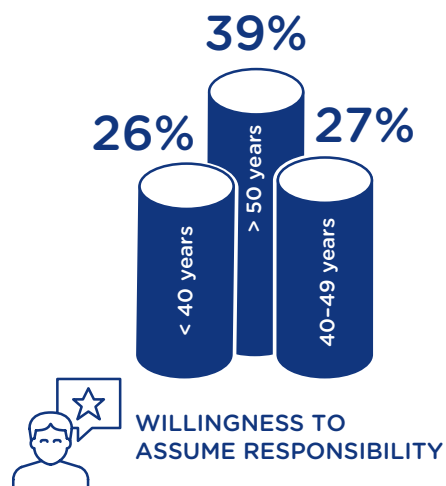
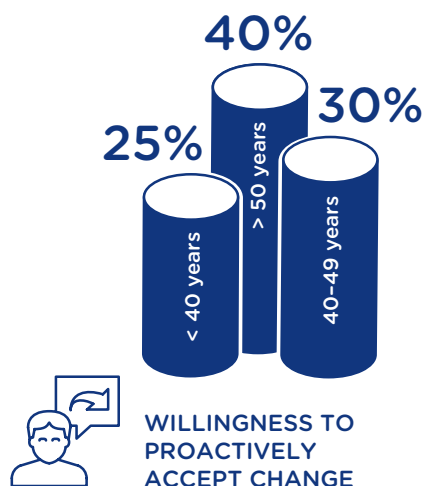
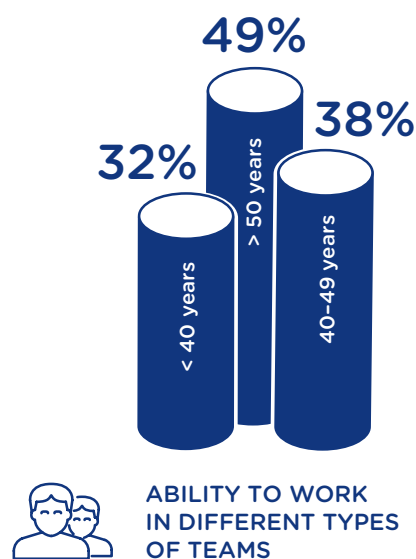
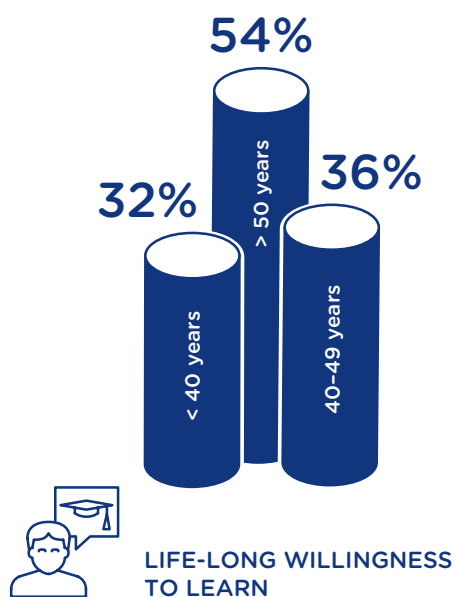
### Skills necessary for maintaining employability



Basis: n = 868 (all respondents)

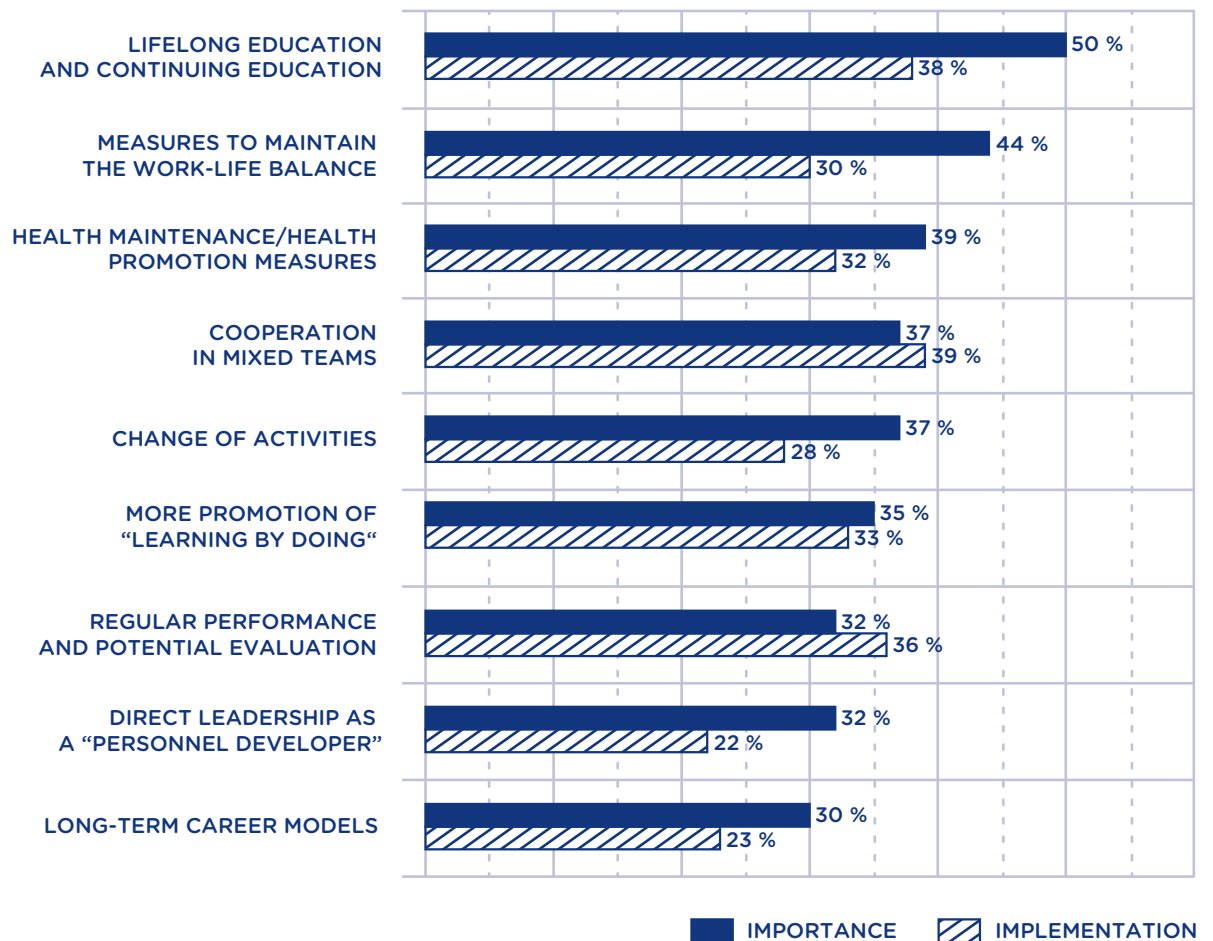


There are clear differences among the different age groups. For the over 50s, topics such as the willingness to learn, the willingness to accept changes, the ability to work in a team and the willingness to assume responsibility are more important for them due to their wider professional experience than for the younger representatives.

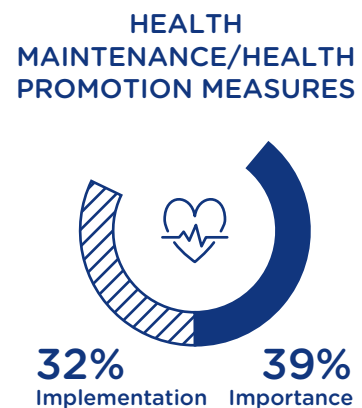
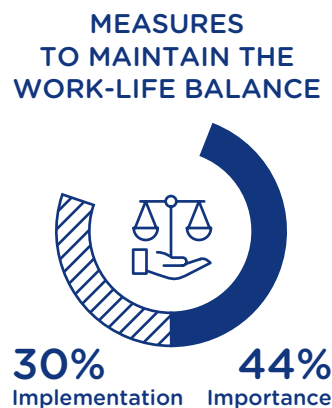
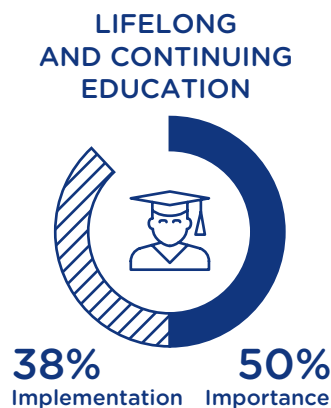


Basis: n = 868 (all respondents)

### Measures and instruments to promote employability



Basis: n = 868 (all respondents)



The measures and instruments which companies consider important for promoting employability focus not only on providing professional and sector-specific knowledge or technical skills that are required for a specific sector of activity and job. Rather, it is all about providing employees with a wide selection of soft skills. The results of the HR-Report 2019 reveal that measures for maintaining the work-life balance are of secondary importance in the ranking. If this is compared with the consideration of the central skills from the previous question, the “knowledge of one’s own needs for rest and recreation” ranked last among the soft skills. This apparent contradiction suggests that the employees do not see the responsibility for their own work-life balance as their concern, but rather they hope for appropriate measures taken by the employer to avoid work overload.

A detailed analysis of the results reveals: the importance of lifelong and continuing education is far more important for employees (62%) than for management representatives (49%), department managers (47%) and HR managers (42%).

In the public sector, healthcare and health promotion measures are in the spotlight. On the other hand, medium-sized enterprises attach particular importance to the changes in their activities (45% compared to the 35% of the small companies and 34% of the big companies) and to the cooperation in mixed teams (44% compared to the 38% of the small companies and only 26% of the big companies).

## CHAPTER 2 – Main topic – effects on employment

Those over 50 consider lifelong education to be a very important element (63% compared to 48% among 40-49 year olds and 42% among under 40 year olds).

Since the importance of employability has been repeatedly mentioned in the HR-Report over the past eight years, an analysis of the respective top 5 criteria can be made in a time line.

Apparently, the relatively high constancy is especially evident if one looks at the importance of lifelong education as well as at the measures to maintain the work-life balance and to maintain and promote health. In comparison to the HR-Report 2014/2015, the topic “Direct manager as ‘personnel developer’” suffered a real slump in the report for 2019 and fell back to the penultimate place in the evaluation.

From the HR-Report 2012/2013 onwards, it has also been asked to what extent the measures and instruments submitted for selection have already been applied in the respective company. It is also worth looking at the evolution over time of the most frequently used measures and instruments.

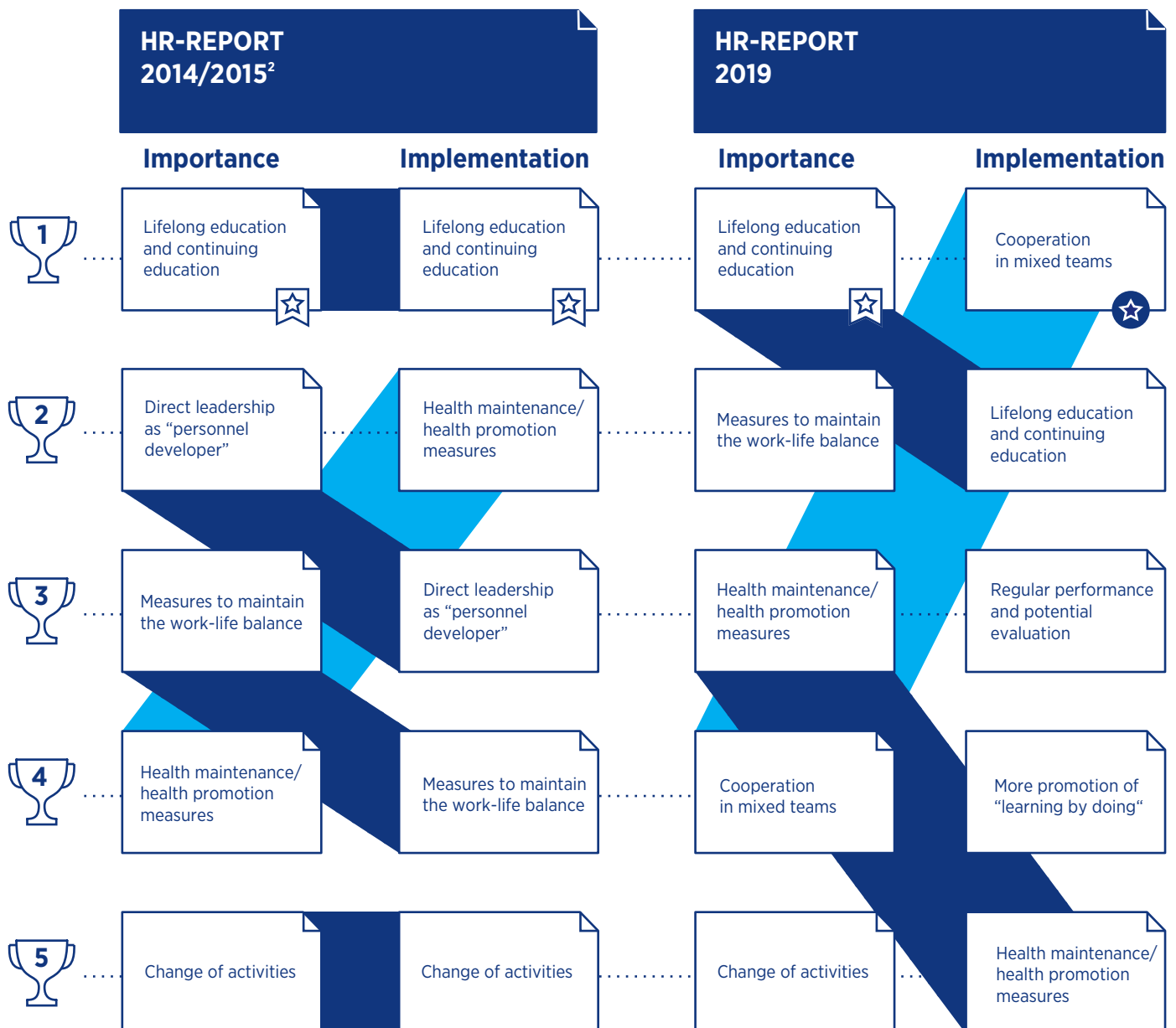
It is becoming clear that companies are currently re-orienting their employability activities. As a result, the “cooperation in mixed teams” can be found for the first time in the top 5 criteria for implementation.

A comparison by country shows that the implementation of regular performance and potential evaluations is more frequent in companies from Switzerland (39%) and Germany (37%) than in Austria (26%).

In the public sector, lifelong education is particularly promoted (48% compared to 37% in service and 33% in industry), while measures to maintain the work-life balance seem to be implemented less frequently (22% compared to 31% in the other two sectors). “Learning by doing” plays a particularly important role in service companies (38% compared to 30% in industry and 26% in the public sector).

Not surprisingly, medium and large enterprises implement more employability measures than smaller companies, particularly when it comes to promoting health. However, cooperation in mixed teams is very widespread in small (41%) and large (40%) enterprises, while it is much less widespread in medium-sized companies (27%).

## Importance and implementation of individual employability criteria (Top 5)



<sup>2</sup> From 2011 to 2015, a scale of 1 to 5 was applied from "very important" to "unimportant". The data for "very important" and "important" are taken into consideration here.

# 2.2

## Quantitative effects on employment in various functional areas

Since the study conducted by Carl Benedikt Frey and Michael A. Osborne, “The Future of Employment: How susceptible are Jobs to Computerisation”, which showed in 2013 the (predominantly negative) effects of digitalisation for 702 jobs in the USA, there have been numerous publications commenting negatively on this phenomenon. Nowadays, however, no one can sufficiently predict what impact the changing world of work will have on employment.

New business models, the increasing importance of data and the growing interaction between machines as well as between human beings and machines are creating new activities and job profiles which have positive effects on employment. In addition, young companies are creating new jobs by generating additional value via digital networks and platforms.<sup>3</sup>

On the other hand, there are also expected negative effects on employment. For example, there are currently discussions whether the chances of a permanent employment for “average” qualified workers (average qualification levels) could decrease. This would also correspond to the expectations of the decision-makers in the HR-Report 2017. Among the top 3 potential effects on employment named at the time was the increasing replacement of routine work in the middle qualification level by machines and software. It no longer seems appropriate to assume that the development of new technologies will lead to an increasing demand for qualified workers and a decreasing demand for low-skilled jobs. Current studies reveal that many jobs that have so far been performed by employees with medium qualifications will be replaced by technology. This affects not only manual but also cognitive routine tasks, which can be highly complex.<sup>4, 5, 6, 7, 8</sup>

The latest study released by the World Economic Forum also shows the possibility that digitalisation will cause a massive reduction in the number of jobs. The study states that 75 million jobs will be cut worldwide by 2022 or replaced by machines. At the same time, however,

an increase in employment equivalent to 133 million new jobs is also predicted.<sup>9</sup> The key question to be answered is to what extent people, whose activities disappear, can perform new jobs. In most of the cases, this will require extensive continuing education or retraining. The experts all agree on one thing: despite all the efforts to digitalise work, it will be difficult to replace some jobs with technology, such as

- ▶ non-routine activities
- ▶ activities which are based on contact with people
- ▶ activities that require creativity and new ideas as well as individual solutions
- ▶ activities that require experience and intuition
- ▶ activities that are highly specialized

These two poles – the positive and negative effects on employment – are picked up in this year’s HR-Report. The decision-makers were asked in which central functional areas they expect to see quantitative effects on employment in the next five years and whether these tend to be positive or negative. The results were unambiguous and surprising.

The respondents believe that there will be more positive quantitative effects on employment in all the functional areas covered by the selection. The most pronounced quantitative effects are seen in IT, sales and customer service, research and development, marketing and production. For production in particular this was an unexpected result.

3 FAZ (2017): Digitalisierung und Industrie 4.0 verändern schon jetzt den Arbeitsmarkt, Interview mit Hans-Peter Klös, IW, in: FAZ, 24.04.17, S. V4.

4 Brynjolfsson, E. / McAfee, A. (2012): Research Brief - Race against the machine. How the digital revolution is accelerating innovation, driving productivity, and irreversibly transforming employment and the economy.

5 Brynjolfsson, E. / McAfee, A. (2014): The Second Machine Age: work, progress, and prosperity in a time of brilliant technologies. New York: W. W. Norton & Company.

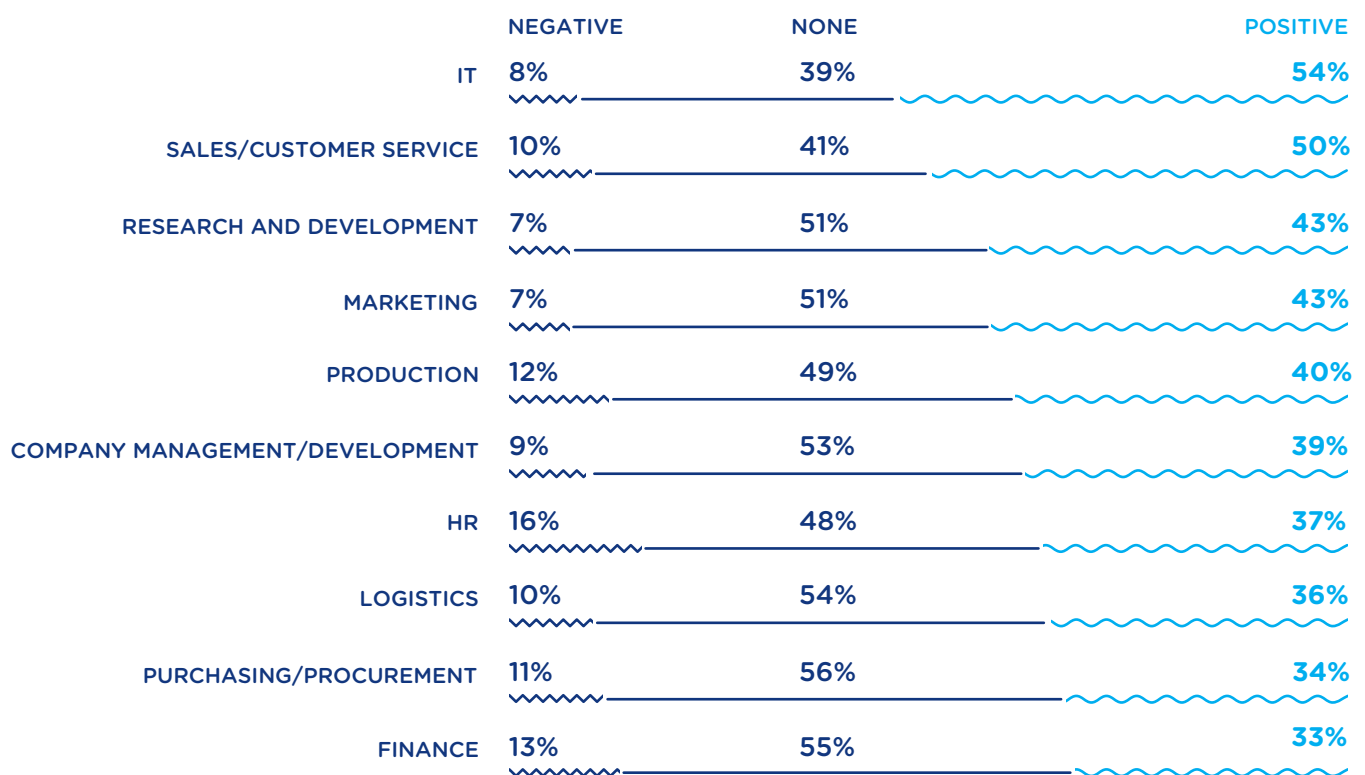
6 Autor, D. H. / Dorn, D. (2013): The Growth of Low-Skill Service Jobs and the Polarization of the US Labor Market, American Economic Review 2013, 103(5), S. 1553-1597.

7 Zuboff, S. (2014): Der menschliche Faktor, Feuilleton, 17. Juli 2014, Frankfurter Allgemeine Zeitung.

8 Bonin, H. / Gregory, T. / Zierahn, U. (2015): Forschungsbericht 455, Übertragung der Studie von Frey/Osborne (2013) auf Deutschland, Endbericht, Kurzexpertise Nr. 57.

9 Jensen, M. (2018): Maschinen verrichten bald mehr Arbeit als Menschen, in: Spiegel Online, 16.09.18.

## Expected quantitative effects on employment in individual functional areas



Basis: n = 868 (all respondents)

## CHAPTER 2 – Main topic – effects on employment

A comparison by countries shows the differences in the evaluation of the positive effects on employment in the fields of human resources, IT and sales and customer service. In Germany and Austria, these are perceived noticeably stronger than in Switzerland. In the sectors, some functional areas are naturally affected more often by changes.

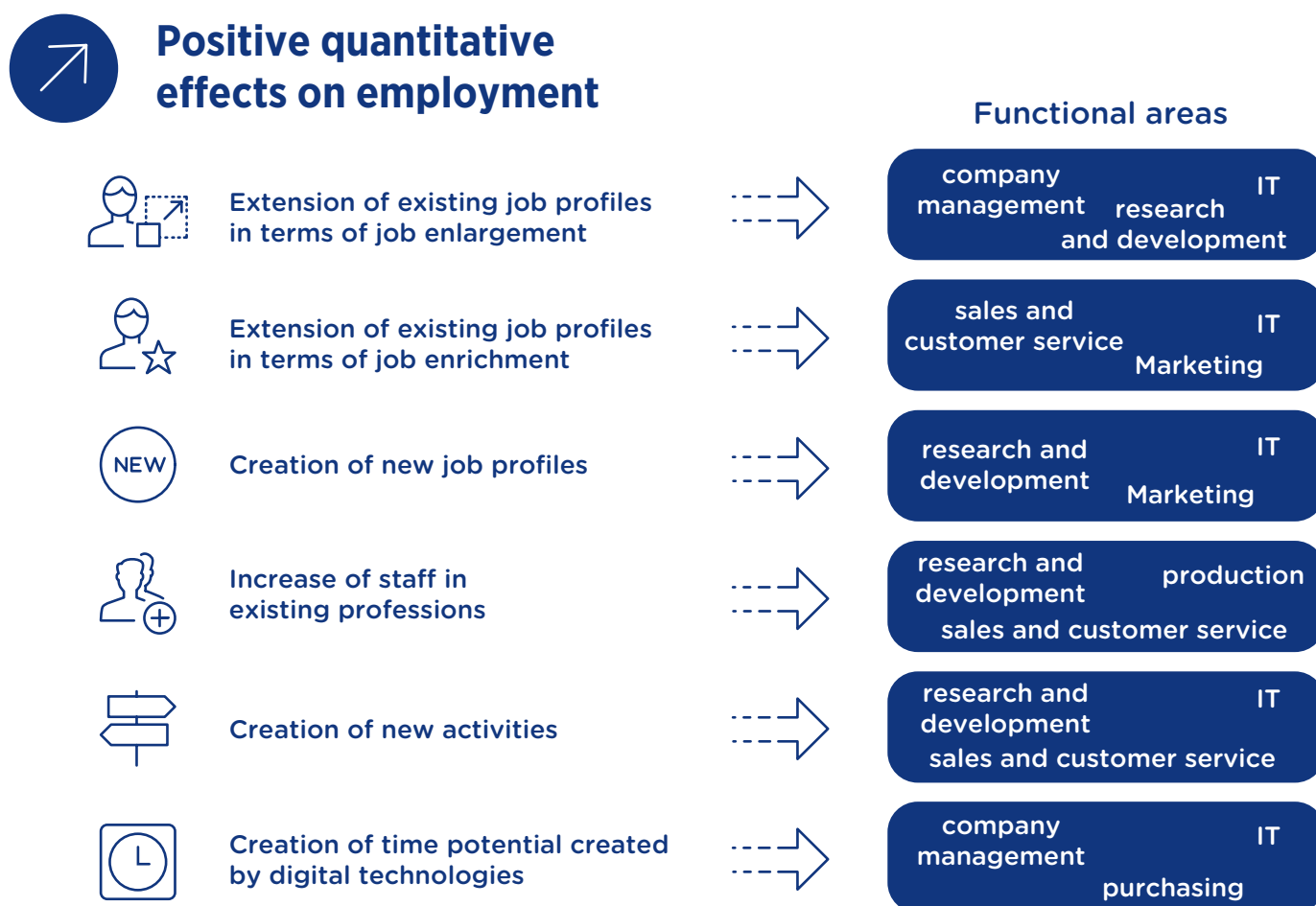
In companies with 1,000 to 4,999 employees, the positive effects on employment in the IT sector are more likely than in smaller or bigger companies, while the perception of positive effects in the marketing sector decreases with the size of the company.

Considering the complexity of these questions and the surprisingly positive assessments of the decision-makers, a more detailed analysis of the quantitative effects on employment is recommended.

Certain functional areas are mentioned very often in both the positive and negative quantitative effects on employment.<sup>10</sup> The positive effects were in the fields of IT, research and development, sales and customer service.

The results in detail: the participants expect the extension of existing job profiles in terms of job enlargement mainly in research and development, IT and in company management. Furthermore, they expect that existing job profiles in the sense of job enrichment will be supplemented especially in marketing, IT and sales and customer service. The decision-makers believe that new job profiles will be created in particular in research and development, IT and marketing. In sales and customer service, research and development and production, an increase in the number of employees in existing professions is predicted, while new activities are expected to appear particularly in IT, research and development and sales and customer service.

### Type of quantitative effects on employment



<sup>10</sup> In this analysis, the top 3 values are used in relation to the question "What do you think are the positive quantitative effects on employment in this functional area?".



The focus on the functional areas of human resources, finance and production is related to the negative effects. They are the most frequently cited fields when it comes to the reduction of the core workforces, the disappearance of existing job profiles, the substitution of existing activities by digital technologies and the disappearance of activities.

The evaluation of the participants also demonstrates if the current trends in the world of work, and in particular the digitalisation process, are more likely leading to the destruction of jobs (0 points) or to an opportunity, which creates new jobs (100 points): the general opinion is (rather) positive, the average value amounts to around 60 points in favour of the opportunity for new jobs.



### JOB ENLARGEMENT

The tasks of an employee are supplemented by additional tasks at the same qualification level.



### JOB ENRICHMENT

The tasks of an employee are supplemented by tasks that require a higher level of qualification.



## Negative quantitative effects on employment



Reduction of core workforces



Disappearance of existing job profiles



Outsourcing



Substitution of existing occupations by digital technologies



Disappearance of occupations

### Functional areas

Production

Finance

HR

# 2.3

## Recruitment criteria as regards effects on employment

Especially if one looks at the statements about promoting employability, it is interesting to see whether hard skills or soft skills are the deciding criteria when it comes to the selection of new qualified employees. The participants are undecided – 50 per cent are in favor of hard skills or soft skills. This result shows that a balance between hard skills and soft skills has not been assumed for quite some time and that a similar survey a few years ago would have pointed to a clear dominance of hard skills.

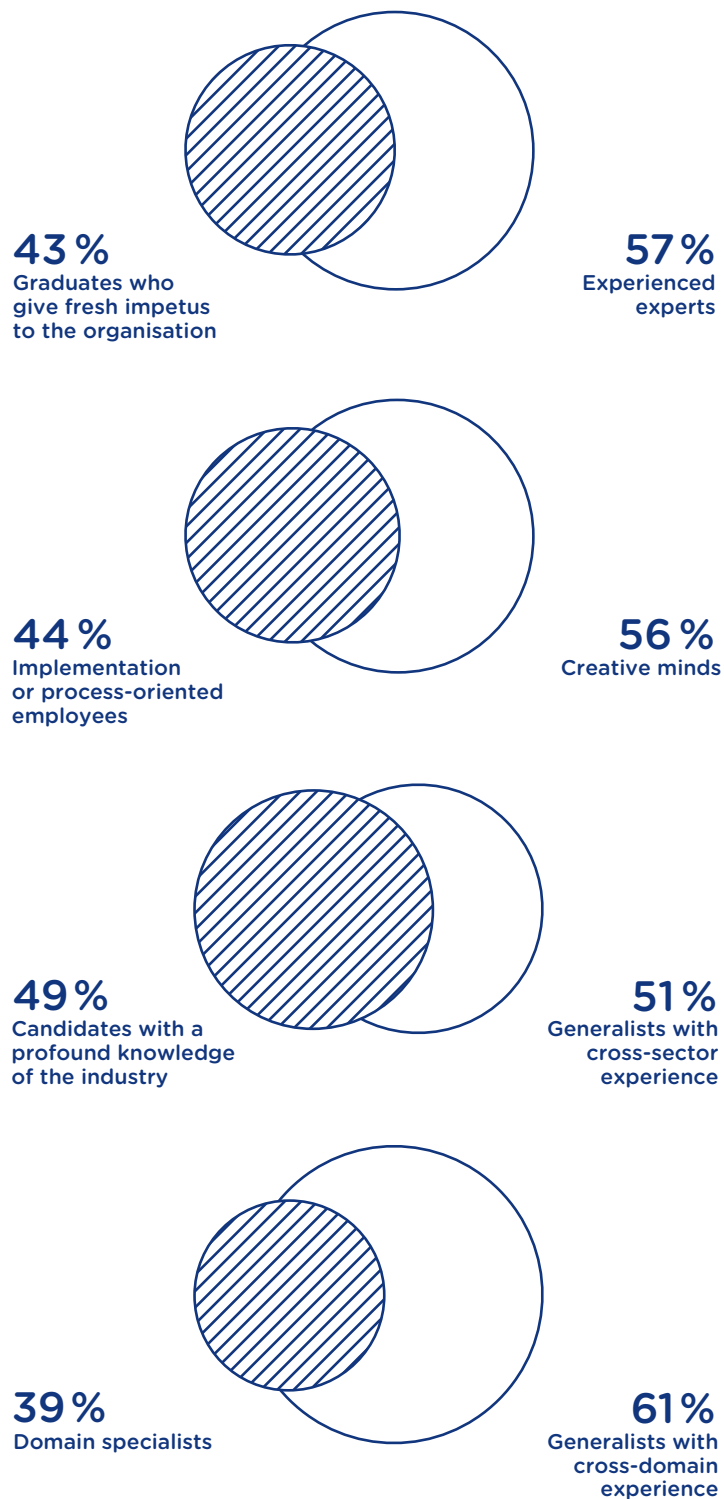
The decision-makers claim that generalists with cross-disciplinary experience and experienced experts are the preferred candidates for jobs and not graduates. Furthermore, creative minds are also preferred to employees who are “only” focused on implementation or processes.

The rejection of specialization was already evident in the three Hays studies, automotive, banks and pharmaceuticals in digital change (2016).

The detailed analysis of the data shows that industry representatives prefer experience (63 % compared to 54 % in the other two sectors). Creative minds, on the other hand, are particularly desired in the service sector (60 % compared to 54 % in industry and 51 % in the public sector). When asked about the topic of specialists or generalists, the interviewees over 50 years of age expressed a very clear preference for generalists: 70 % compared with 62 per cent in favor among 40 to 49 year-olds and 52 per cent among under 40 year-olds. In addition, HR managers have a slightly more positive attitude towards topic specialists (43 %) than management representatives (34 %).

## Employment preference with regard to qualified staff

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Basis: n = 868 (all respondents)

## 2.4

### Demands faced by managers as regards effects on employment

How are the requirements faced by managers affected by the development and the resulting effects on employment? Do they influence the formation of leadership skills? And ultimately, what is crucial in the selection of candidates for leadership positions?

The decision makers surveyed clearly see managers as coaches, personnel developers and strategic partners. This, however, shows a clear contradiction with regard to the question of promoting employability, because here the role of the manager as a personnel developer was classed as rather low.

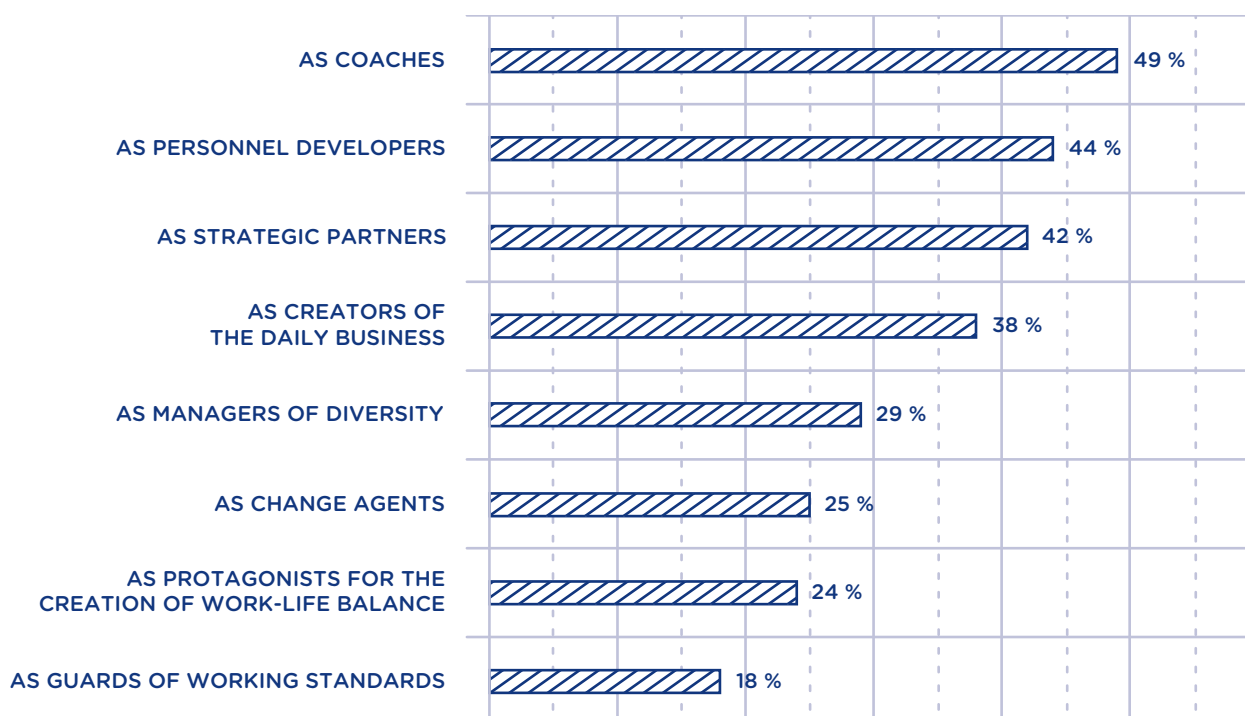
The answers to this question naturally vary and depend on the position of the respondents, as illustrated on the following page.

Managers of specialist departments see themselves primarily as coaches, strategic partners and organizers of the daily business.

The HR managers, on the other hand, emphasize more the role of managers as personnel developers, change agents and managers of diversity. This is even more visible among management representatives.

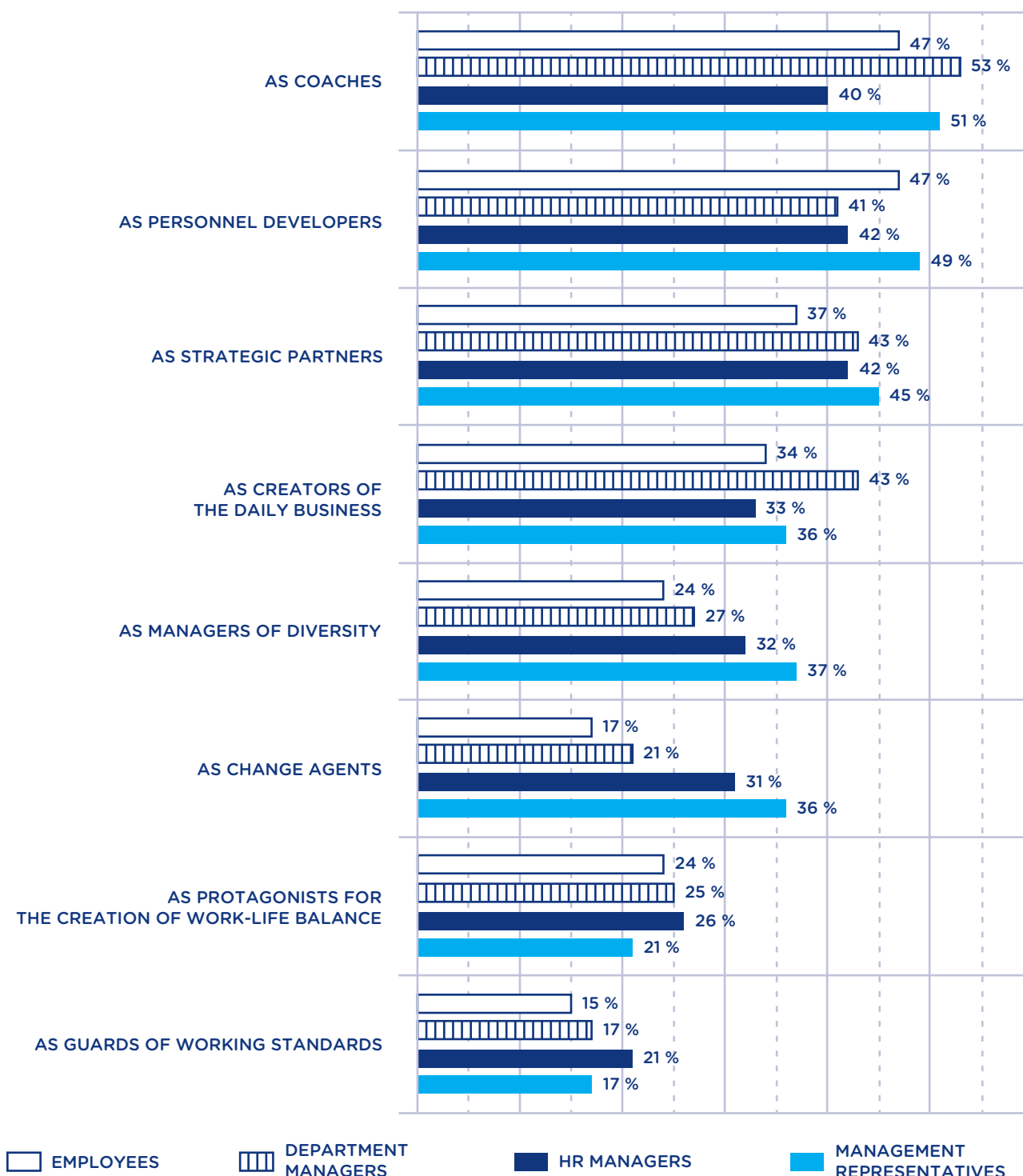
Different age groups approach the topic differently. For instance, the over-50s enlist the role of a coach as essential for a manager (64 %, as opposed to 44 % of the 40- to 49-year-olds and 41 % of the under-40-year-olds). They also deem the role of a strategic partner as being rather important (51 %, compared to 44 % of the 40- to 49-year-olds and 35 % of the under 40-year-olds).

#### Requirements for managers



Basis: n = 868 (all respondents)

## Requirements for managers based on their position



Basis: n = 868 (all respondents)

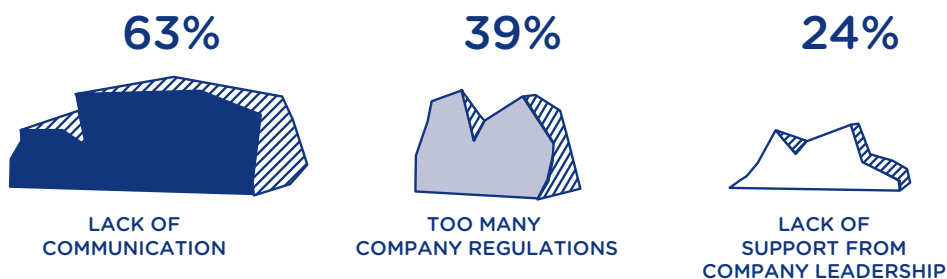
## CHAPTER 2 – Main topic – effects on employment

The question of the five biggest “stumbling blocks” for managers can be compared over time: This shows that the top 5 have remained virtually unchanged since the first survey in the HR Report 2014/2015. As in previous years, the respondents complained about the lack of communication (51%), followed by the choosing of the right management style (41%), the layoffs (38%), the lack of time for management tasks (34%) and the lack of support from the company leadership (31%).

It seems that communication is a problem in Switzerland (59%) and in Austria (58%), but not so much in Germany (46%); especially the Austrian representatives complain about insufficient management support (40% compared to 32% from Switzerland and 28% from Germany).

### Obstacles encountered by managers based on their perspective

#### EMPLOYEES



#### DEPARTMENT MANAGERS



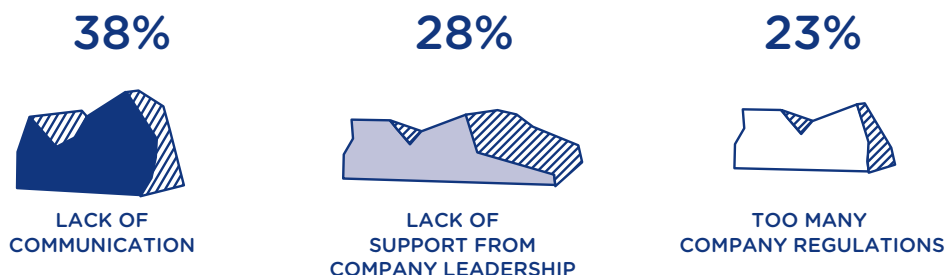
Basis: n = 868 (all respondents)

In terms of age, it is mainly the over-50s who consider communication to be the central stumbling block (63 % compared to 51 % of 40-49 year olds and 42 % of under-40 year olds). Among the youngest representatives, the lack of time for leadership tasks occupies next-to-last place in their assessment (26 %), while for the two older groups it plays a significantly greater role with 41 per cent and 40 per cent respectively.

In this respect, it is traditionally advisable to look at different points of view of employees, managers and management representatives on selected matters

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## HR MANAGERS



## MANAGEMENT REPRESENTATIVES



CHAPTER 2 – Main topic – effects on employment

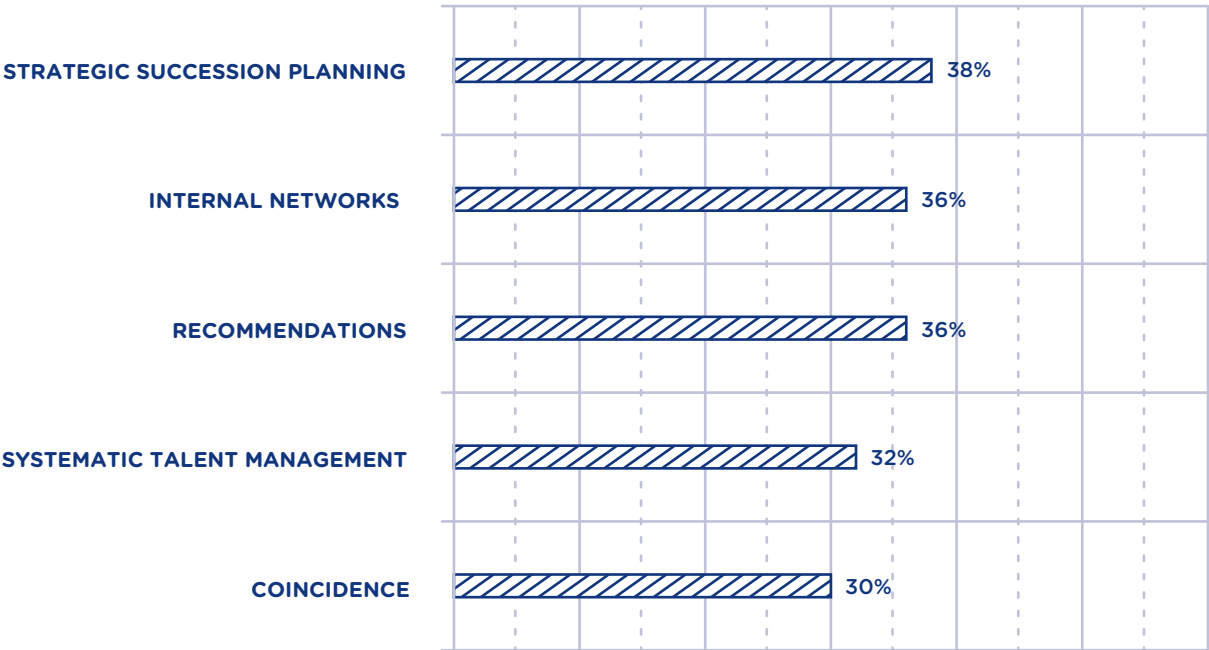
The question of how leadership careers are made also shows a great constancy in our time comparison. As in the previous year, the values for the different paths to a leadership position are very close – and there is thus only a comparatively small difference in the perception of decision-makers between strategic succession planning and pure chance as aids in advancing careers.

The age groups vary widely in their evaluation in this respect. In particular, younger people believe in internal networks (42%) and in coincidence (35%), while older people rely on strategic succession planning (43%) and systematic talent management (35%). This leaves the question of whether the path to a career in management has changed over time or whether the younger generation needs further personal experience.

As in previous years, there are also notable discrepancies if one looks at the respondents' positions. Employees think that it requires much less strategy and systematic planning than other survey groups do.

In the final question regarding the decisive aspect of a managerial career, e.g. whether one has convincing professional or social skills, 56 per cent of the participants chose professional skills. However, it should be noted at this point that almost half of the interviewees consider social skills to be particularly relevant for a leadership position, just as relevant as the decisive competencies of an applicant. Compared to the assessment that dominated until a few years ago, this represents a sort of a “quantum leap”. For the most part, industry representatives still hold fast to their professional skills: 60 per cent considered them decisive (compared to 55% in the service sector and 50% in the public sector).

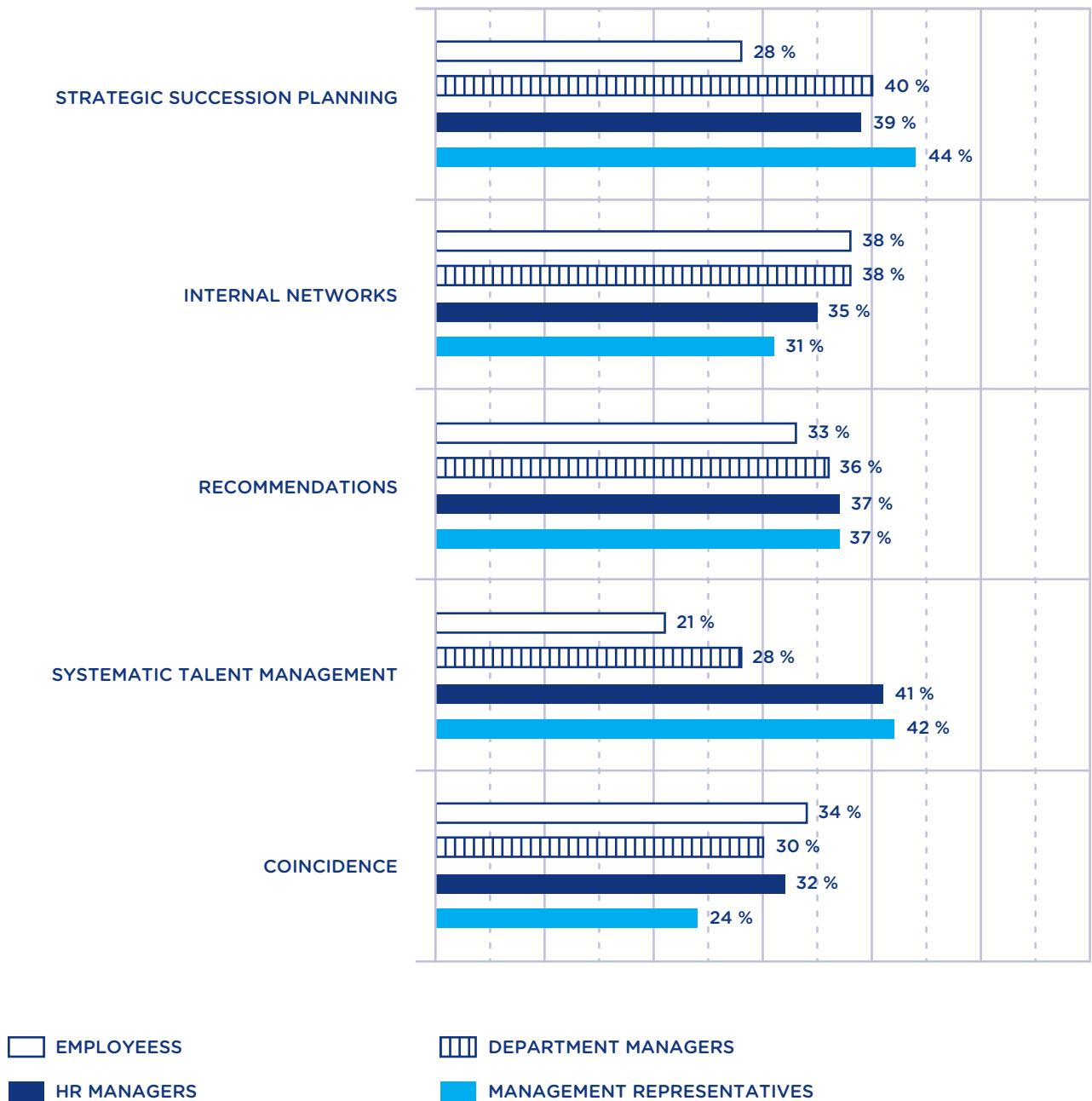
How are management careers made?



Basis: n = 868 (all respondents)



## The path to management as seen by the various positions



Basis: n = 868 (all respondents)

# 2.5

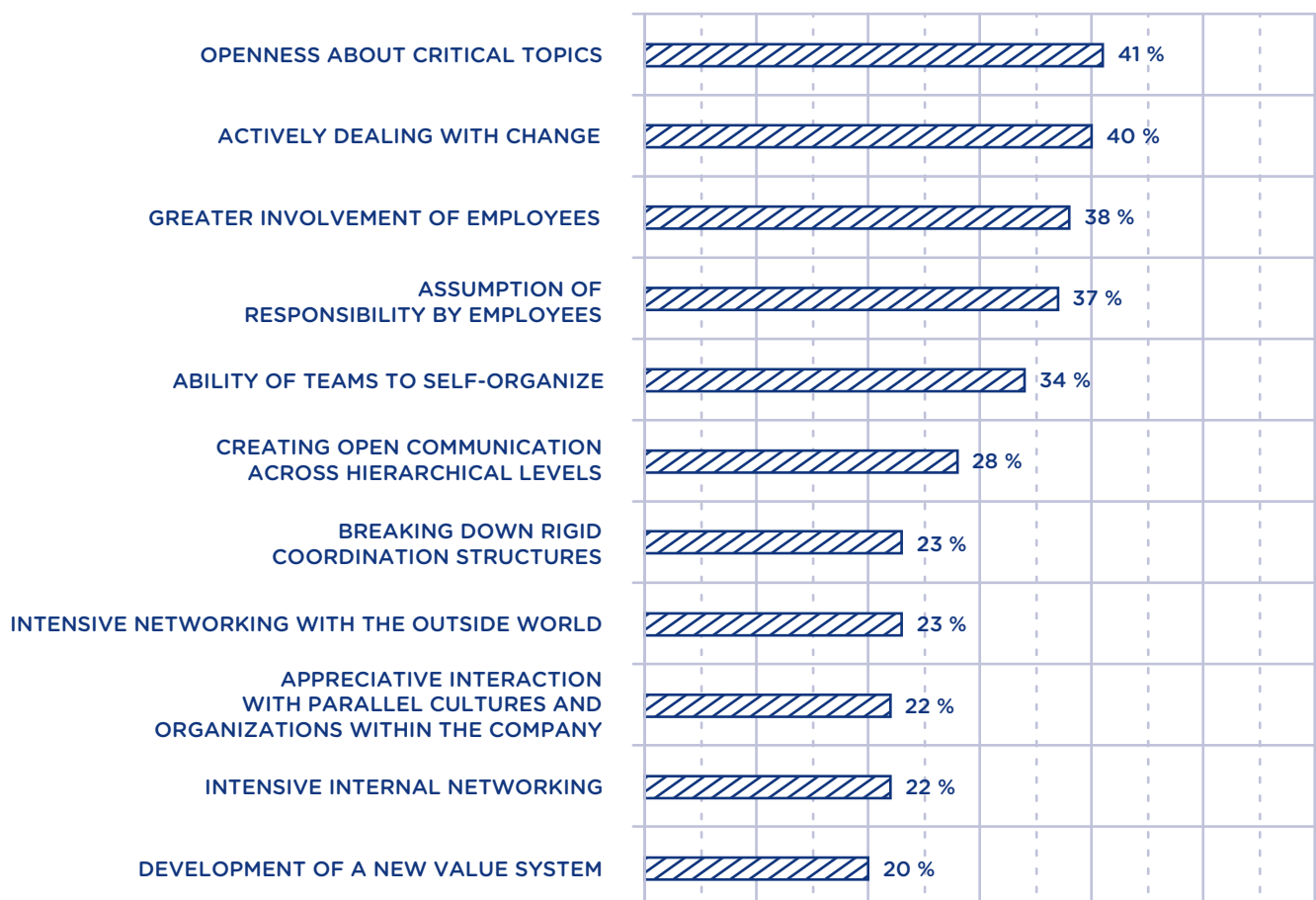
## Demands on the corporate culture as regards effects on employment

Corporate culture also cannot remain unaffected by the qualitative and quantitative effects on employment. For the interviewees, a corporate culture in this context should be characterized in particular by openness about critical topics, an active way of dealing with changes and greater involvement on the part of employees.

Swiss participants attach special importance to the assumption of responsibility by employees (47%, compared to 38% in Austria and 33% in Germany). The Austrians emphasized actively dealing with change.

In large companies, actively dealing with change and the ability of teams to organise themselves play a greater role than in small and medium-sized companies. At the same time, the latter highlight the need for a new value system much more (30%) than the other two groups (18% in both). When it comes to dealing with critical issues and changes, public sector representatives are noticing more often the need to catch up.

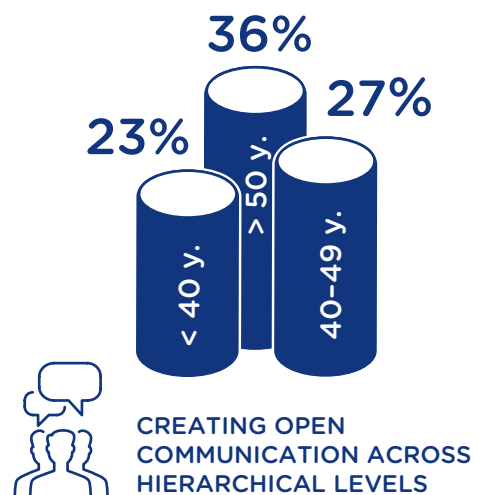
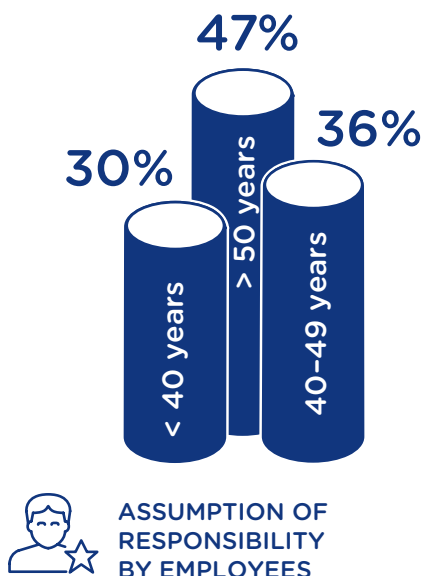
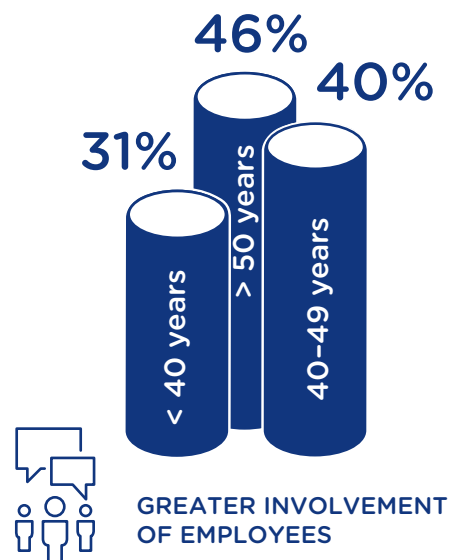
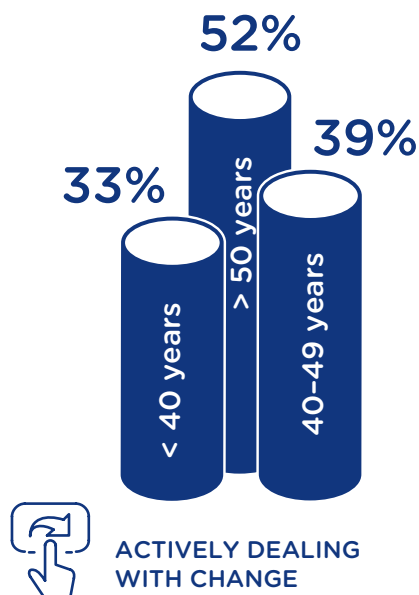
### Requirements on corporate culture



Basis: n = 868 (all respondents)

Taking into account the position of the respondents, it can be observed that the employees would like to see more involvement (47%) than the department managers (40%), management representatives (32%) and HR managers (31%). It was surprising that HR managers considered openly dealing with critical topics, the assumption of responsibility by employees and actively dealing with change to be significantly less important than the other surveyed groups did.

If we break the answers down by age, the vast experience of the over-50s becomes apparent. They attach more value to actively dealing with change, the greater involvement of employees, the assumption of responsibility by employees and hierarchy-free open communication.



Basis: n = 868 (all respondents)

# TOPICS FOR LONG-TERM CONSIDERATION

## 3.1

### Main HR-trends

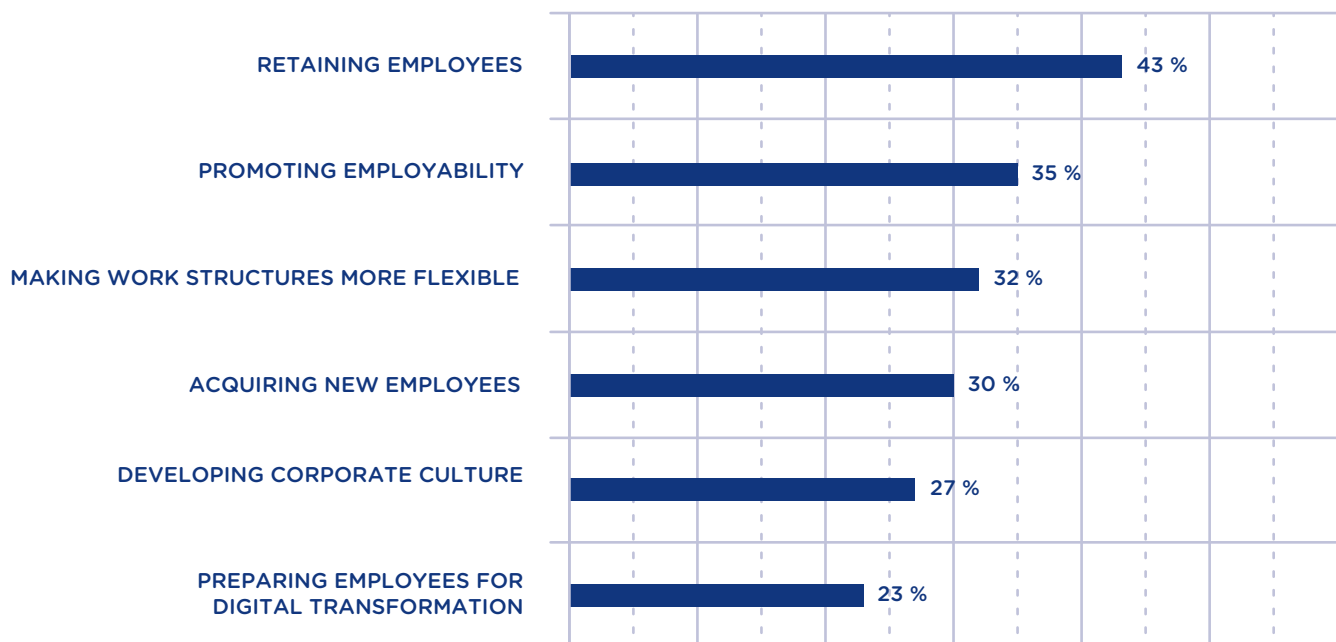
The HR-Report 2019 confirms the HR-trends of the previous year. Employee retention (43 %), the promotion of employability (35 %) and the flexibilization of work structures (32 %) are once again ranked in the top three. According to the participants, the topic of “expansion of leadership within the company” is in a continuous decline. This could be related to the fact that leadership is implicitly integrated into many other topics; and therefore, is not considered a separate field of action.

These three top topics reflect the major development issues that organisations have been dealing with for some time now: because of the demographic changes with the imminent retiring of the baby boomers, employees are becoming a very precious resource that needs to be protected. The pace of these changes, which is

accelerated by digitalisation, highlights the fact the great importance of employability. It is essential to keep employees up-to-date in order to take on new activities and roles. The flexibilization of work structures obviously helps employees to maintain a work-life balance between family and career, and this has a positive effect on employee retention. Furthermore, it is necessary to loosen up work structures so that new topics can be managed with greater agility and consequently faster.

For the interviewees from Switzerland, further development of the corporate culture is one of the three top topics (39 %) and like the respondents from Austria, they see the need for even more measures to promote employability (42 % and 44 % respectively), more often than the respondents from Germany (31 %).

### The most important HR topics for companies



Basis: n = 868 (all respondents)

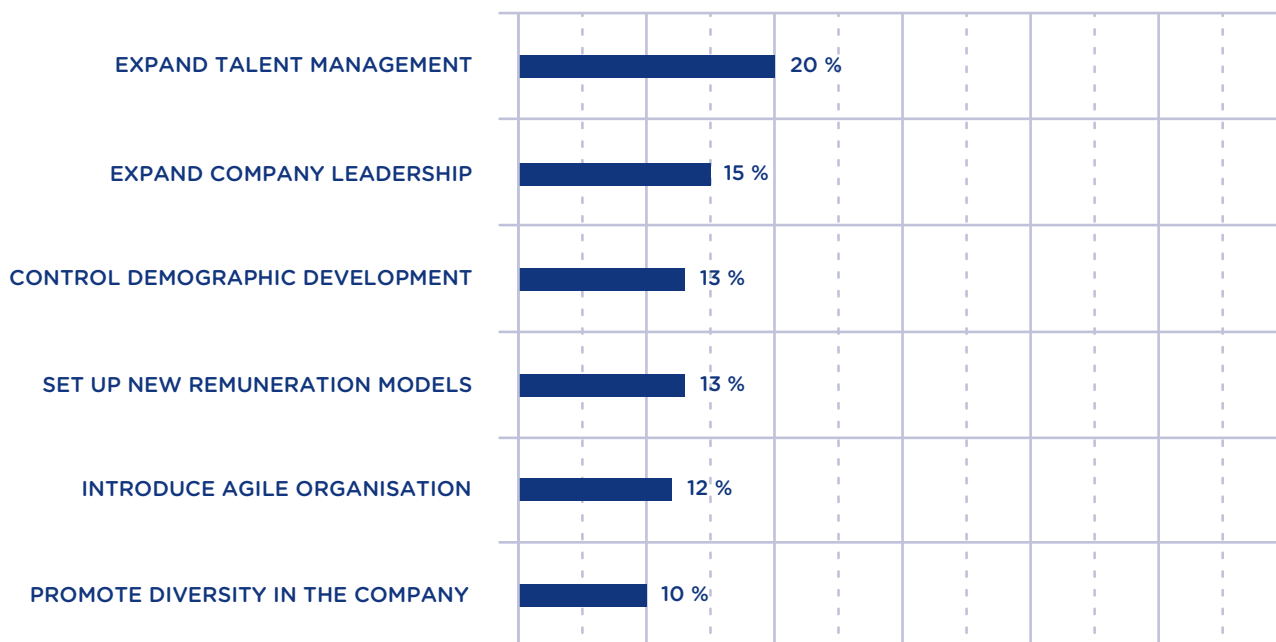
When it comes to employee retention, however, they are more cautious, with 33 per cent of respondents in favor (as a comparison: 44% agree with participants from Austria and 45% from Germany). The promotion of employability has almost become the top topic of public sector representatives (48%), while only about one third of decision-makers from industry and the service sector express their opinion accordingly on this subject.

Just as in previous years, the evaluation of HR-trends varies strongly and depends on the respondents' positions. Once again, employees vehemently want the promotion of employability with 49 per cent in favor. At the same time, 37 per cent of department managers are in favor, but only 27 per cent of management representatives and

25 per cent of HR managers. The latter group sees preparing employees for digital transformation as the third-most important HR topic after employee retention and recruitment – and this view is not really shared by the other representatives. However, for HR managers the flexibilization of work structures plays a much less important role.

Its importance in this group fell from 31 per cent to only 23 per cent over a year. This may be due to the fact that much has been done on this issue in recent years and that other issues – such as preparing for digital transformation – are now considered more urgent.

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# 3.2

## Employee recruitment

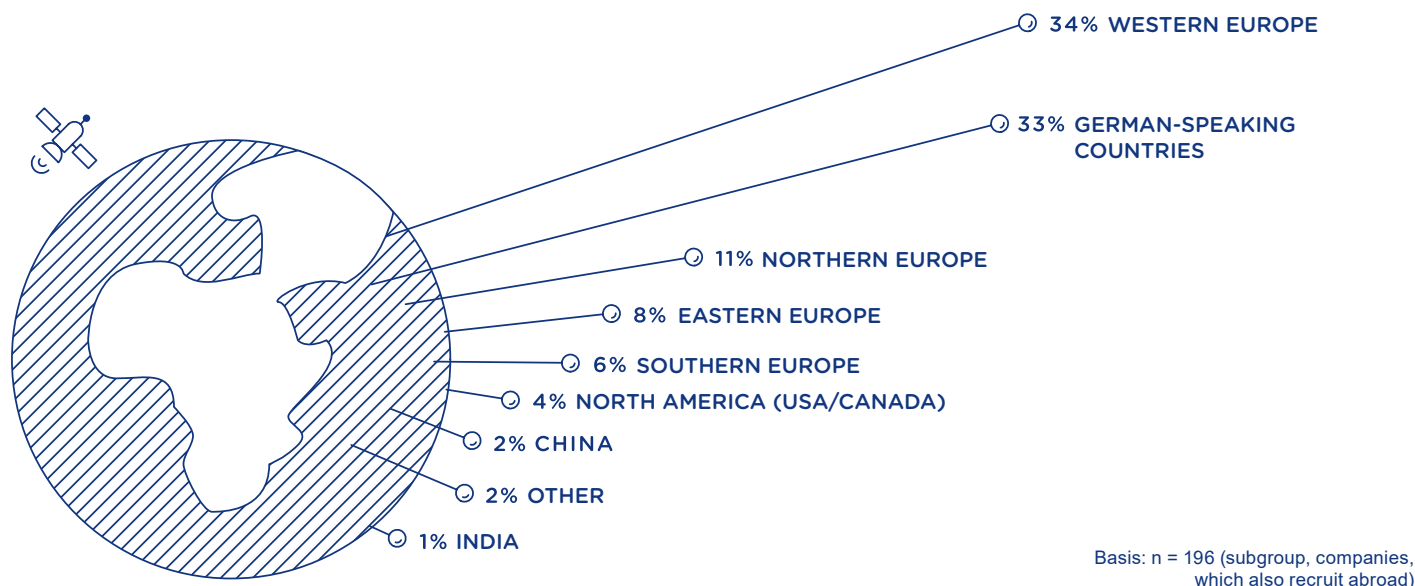
The assessments regarding employee recruitment are also highly similar to those of the previous year. For example, 49 per cent of companies are hiring new employees and 33 per cent are planning to recruit new employees. So the positive trend that began in 2018 continues. Again, companies in Germany are primarily the ones that are hiring or planning to do so. The public sector states more frequently (59%) that it recruits employees compared to the industrial sector (48%) and the service sector (47%).

In terms of the number of employees, it is the big companies with at least 5,000 employees that are hiring the most (61%) and the companies with fewer than 1,000 employees (45%) that have the lowest percentage of cases of hiring. However, the willingness to recruit in medium-sized companies has decreased – from 63 per cent last year to 53 per cent in this year according to the HR-Report 2019.

The recruitment options are extremely diverse.

Job portals on the Internet or the company's own channels are the most frequently used methods, but also advertising by the company's own employees plays a very important role. Approximately the same number of employees is recruited via external service providers, social media platforms and print media. A more detailed look reveals that external service providers are consulted particularly in Germany (35% compared to 25% in Switzerland and 21% in Austria) and that they are used much more frequently in industry (37%) than in the service sector (31%) and in the public sector (18%).

### Regions from which international employees are recruited



When it comes to recruiting, companies are looking a little further than in previous years. 51 per cent of them recruit regionally and 50 per cent on a national basis (4 percentage points more than in the previous year). The recruitment of potential new employees on an EU basis amounts to 20 per cent in this year (16% in the previous year).

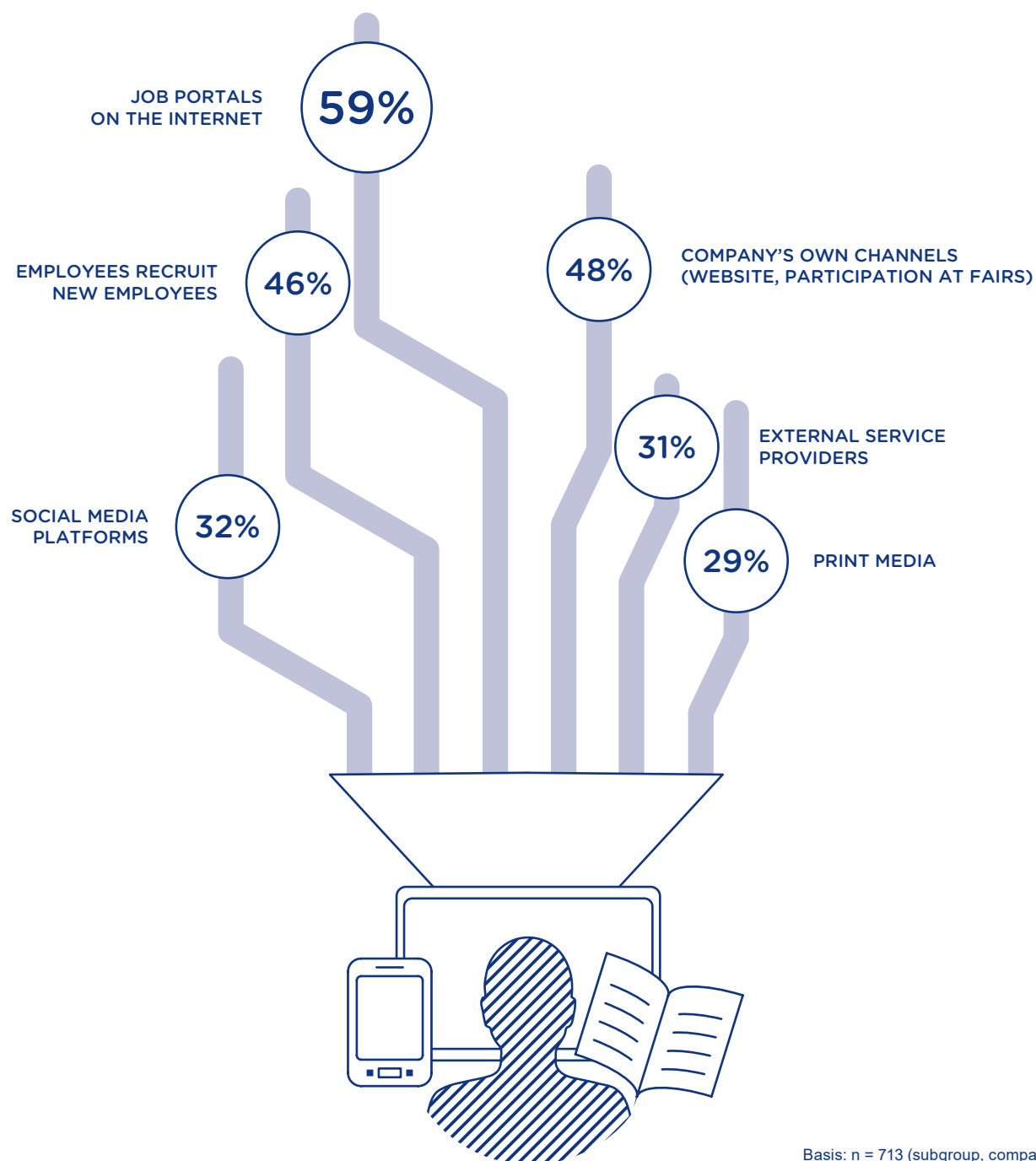
Worldwide, 11 per cent of companies are recruiting. Medium-sized and bigger companies are also increasingly recruiting across the EU and if

the number of employees exceeds 5,000, they are also recruiting globally. Small companies recruit predominantly in their local areas (60% compared to 37% for medium-sized and 36% for big companies).

HR-Report 2018 presented a time series showing where most of the internationally recruited employees came from over the past five years. The focus will continue to be on German-speaking countries outside Germany and Western this year as well.

## Use of individual recruitment methods

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Basis: n = 713 (subgroup, companies hiring or planning to hire new employees)

# 3.3

## Employee retention

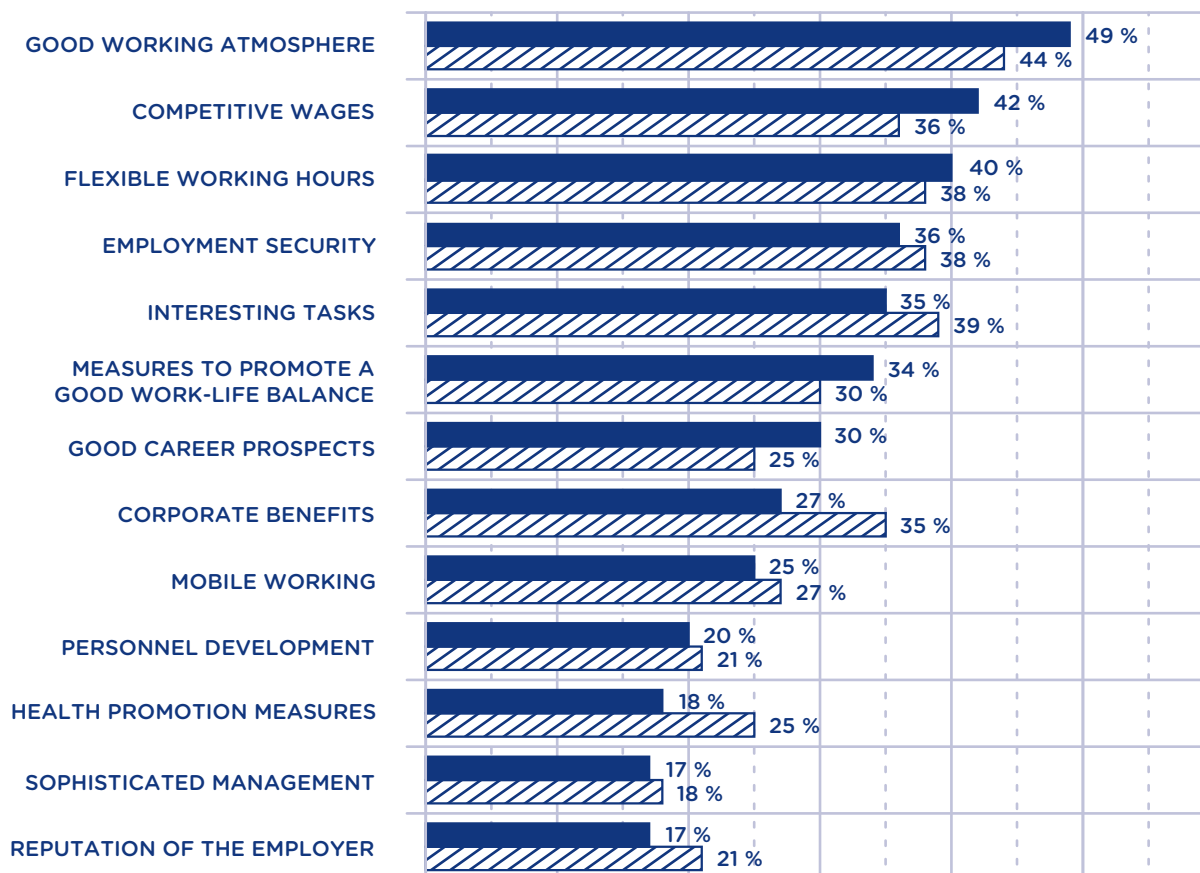
Among the five measures and instruments for employee retention that were classified as particularly important, the HR-Report 2019 reveals the same results as in the previous year: a good working atmosphere (49%), remuneration that reflects the market conditions (42%) and flexible working hours (40%) were ranked in the top 3, followed by job security (36%) and interesting tasks (35%).

On a national level, the largest difference concerns market wages, which have a stronger influence in Switzerland (50%) than in Austria (44%) and Germany (39%). As in the previous year, a positive work

climate is particularly important for small companies (53% compared to 41% in big companies and 40% in medium-sized companies). Flexible working hours are classified as less important in companies that employ 1,000 to 4,999 people (30%) than in small (38%) and big (44%) companies.

The assessments of the various age groups differ significantly in this matter. For example, a good working atmosphere becomes more important with age (for 59% of those aged 50 and over compared with 53% for those aged 40 to 49, but only 39% for those under 40).

### Measures and instruments for employee retention



Basis: n = 868 (all respondents)

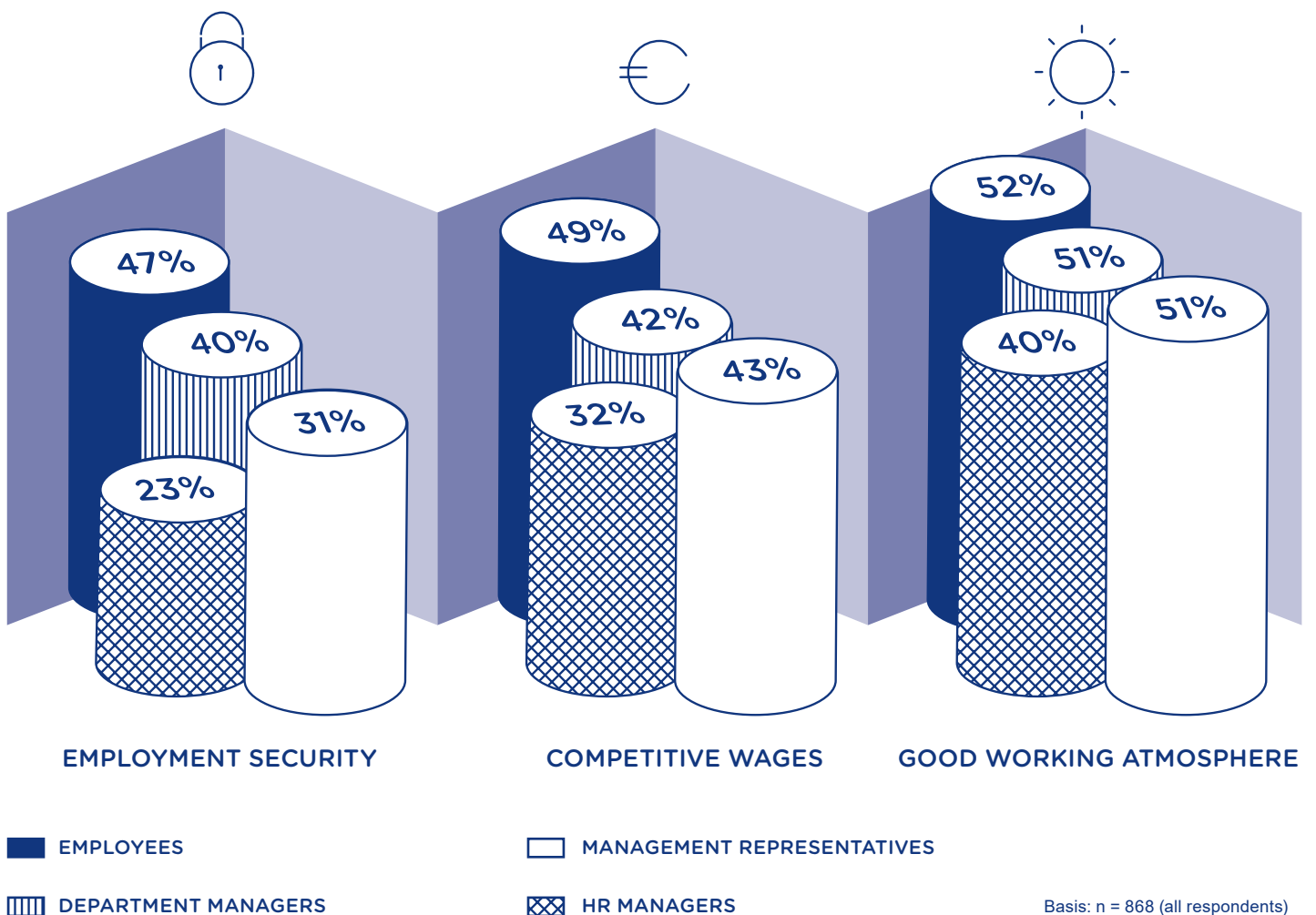
■ IMPORTANCE ▨ IMPLEMENTATION



Remuneration in line with current market rates also plays a less important role for the youngest group (36%) than for the two older cohorts (42% for those aged 40-49 and 49% for those aged 50 and over). Also, the under 40-year-olds' opinion regarding the importance of flexible working hours and interesting tasks lags behind the opinion of their older colleagues. Opinions concerning measures and instruments for employee retention vary widely among representatives of different positions in the company. It is a surprise that especially managers from the HR department evaluate employee retention instruments much more reservedly than the rest of the workforce.

If one compares the actual realization of the measures and instruments in the participating companies, it becomes clear that the trend of the past year is ongoing – the Talking Action Gap between importance and implementation is decreasing noticeably. Taking the example of a good working atmosphere, where the gap was 22 per cent in 2017 and 10 per cent in the previous year, this fell to just 5 per cent in 2019.

## Importance of individual measures based on position



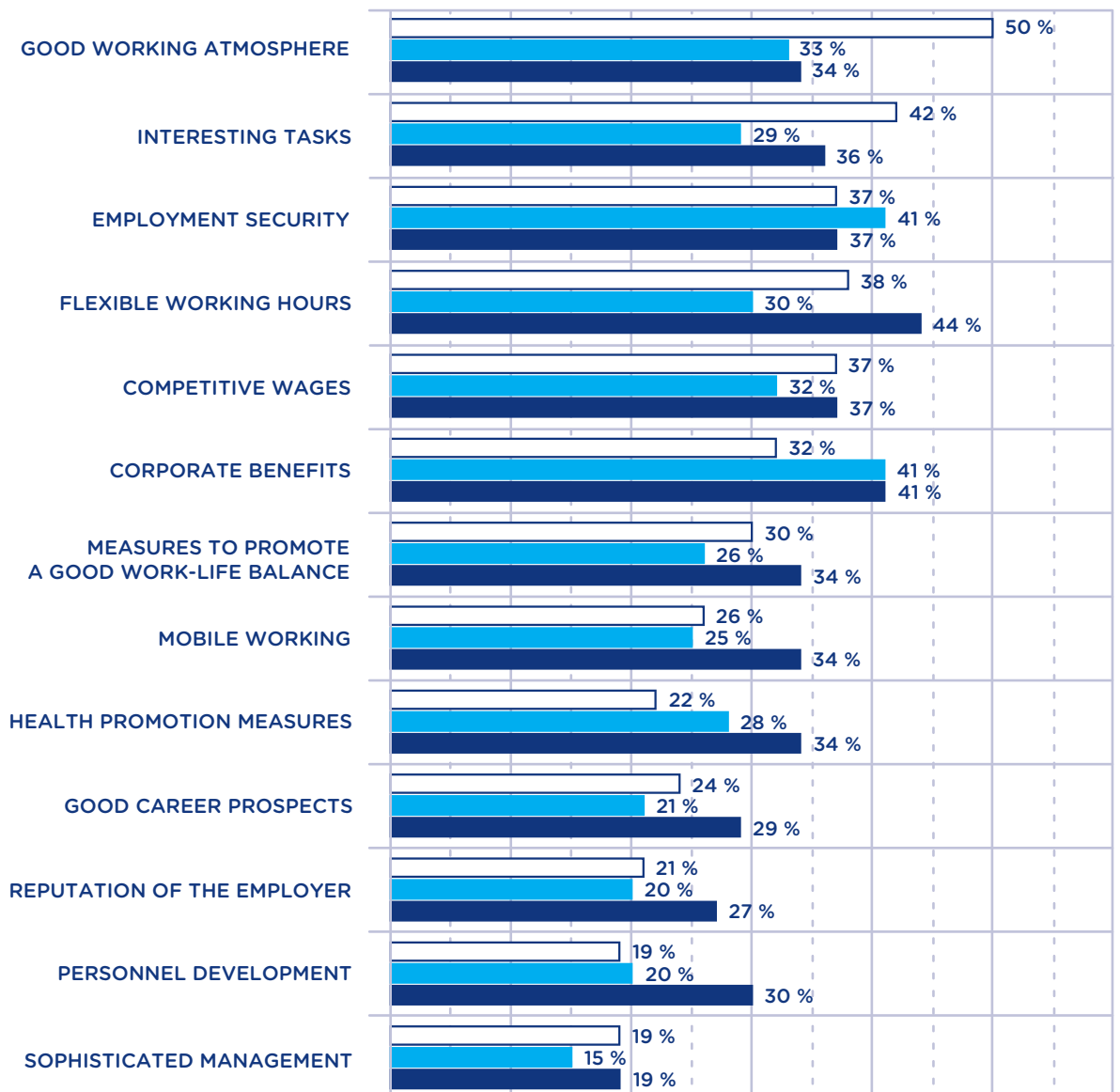
## CHAPTER 3 – Topics for long-term consideration

Additional services in companies are mainly a factor in Germany (38%) and Austria (34%) and less in Switzerland (25%), where people focus more on good career prospects and interesting tasks (30% and 46%) than, for example, in Austria (17% and 30%). As already seen in previous studies, the perceptions often vary significantly, and it depends on the position of the interviewees. For example, 52 per cent of management representatives assume that the working atmosphere in their companies is good – although only 37 per cent of employees state this. In the fields of personnel development and career prospects, HR managers see their companies in a significantly better position than the employees.

Only 13 per cent of employees say recognise a nuanced and differentiated approach to management, whereas 22 per cent of HR managers and 27 per cent of management representatives say they do.

If the instruments actually being implemented are differentiated according to company size, considerable differences are also noted at times. Smaller companies claim to have a good working atmosphere and interesting tasks. Big companies are much more involved in the realization of flexible working environments (working hours, mobile work) as well as in additional services provided by the companies.

### Measures and instruments implemented for employee retention in according to company size



□ FEWER THAN 1,000 EMPLOYEES

■ 1,000-4,999 EMPLOYEES

■ MORE THAN 5,000 EMPLOYEES

Basis: n = 868 (all respondents)

# CONCLUSION

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Our current HR-Report shows that companies in many fields have closed the Talking Action Gap – the gap between the meaning and implementation of topics – something we have repeatedly observed. The central points of the HR agenda (employee retention and employability) in particular, have developed positively

and this is reflected in the empirical results. However, we still see a need for action. We believe that companies should continue to work on the following areas, especially in view of the high pace of globalized markets:



## APPRECIATION AND TRUST

When it comes to employee retention, it is not the new work activities and architectural innovations that are crucial, but the permanent values – appreciation and trust. There is still a lot of work to do in this respect – especially in these times when digital changes have caused a lot of insecurity.



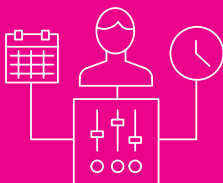
## OPEN APPROACH TO CRITICAL TOPICS

An open approach to critical topics creates trust. In this context, the top management is particularly required to set an example and to promote such a behavior on a daily basis. Otherwise, organisations miss the chance to change sustainably.



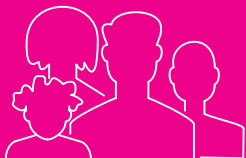
## LIFELONG LEARNING

Lifelong learning is a key concept and needs to be well defined. It will be more important than ever to integrate the process of learning into the real working day and to say goodbye to the traditional learning models – seminars, training courses, further education.



## INDIVIDUAL WORKING TIME MODELS

Aspects such as work time, work place and career paths require individual solutions for employees. They integrate the respective phases and situations of employees' life and link them to the demands imposed on their work. This means that managers and the HR department should think differently and question standardized regulations.



## DIVERSITY THANKS TO MIXED TEAMS

Diversity is an opportunity to handle the complexity of the economy. To ensure employability, it is important to work together in mixed teams. The HR-Report can confirm this. Therefore, organisations should consciously provide a high level of plurality in their projects.



## CONCLUSION OF DIGITALISATION

The digitalisation of the economy with its repercussions on the world of work affects everyone: more than ever, educational institutions, state authorities and companies must work together. Only concerted action will enable employees to keep their skills and abilities up to date at all times.

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