

The so-called “War for Talent” has been talked about since the mid-1990s (Michaels, Handfield-Jones, & Axelrod, 2001). In the meantime, the world has seen several economic crises, namely the collapse of the New Economy in the early 2000s, and the worldwide bank crisis a few years later. As I write these very lines, Europe and the world are still battling the effects of the European debt crisis. Each of these crises curbed the previously immense demand for specialists, but were followed by an all-clear. The upswing occurring after these crises also sees an increase in demand for talented, motivated staff. Apart from these rather short-term, cyclical fluctuations, however, there is the question of long-term development on the labour market. What must a country like Germany be prepared for over the next few decades? Short and mid-term developments play less of a role when answering this question, with the focus shifting to more general trends at a macro level.

One macro trend which everyone now appears to have heard of is *demographic development*. Much has already been written and presented on this topic, and we can clearly see the changing population pyramids. The problem with these age pyramids is that they hardly reflect actual demographic development. Figure 2.1 shows an alternative illustration of ageing in Germany.¹ 2010 was set as the starting point. All future values show the relative change in various age groups compared to 2010. This is where the drama becomes apparent, not only in relation to the labour market, but also in terms of society and social policy. The forecasts are quite accurate. We can get a good estimate of how many people in Germany will reach the age of 25 in 2035, because we already know how many people were born in 2010.

The age group of 25 to 34-year olds is particularly relevant. There are a number of reasons why it will be difficult to secure price leadership in Germany in terms of producing goods or providing services, not least because of the high wage costs and social security taxes. In future, Germany, or German industry, will instead have to be able to differentiate itself through product and process innovations. Innovation is

¹ Source: U.S. Census Bureau, International Data Base. <http://www.census.gov/ipc/www/idb>

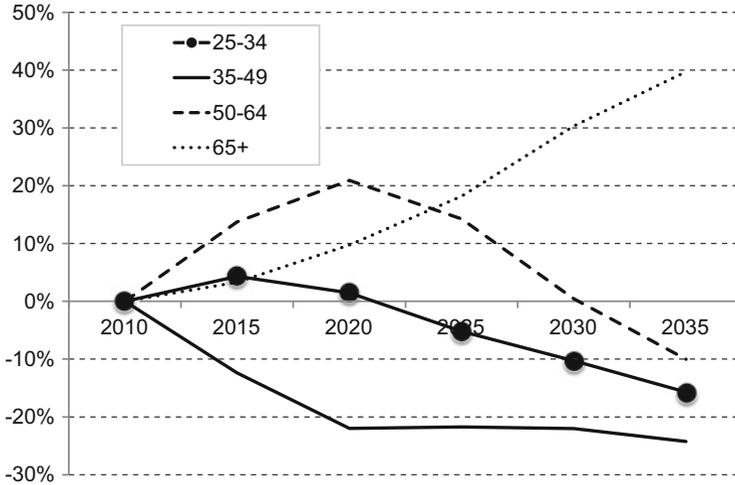


Fig. 2.1 The relative changes in age groups in 2010 in Germany

critical to this country, and this age group therefore plays a major role here, because it is assumed that people will reach the peak of their creative and scientific ability at this age. This age group of 25 to 34-year-olds remains constant until 2020, after which it decreases in size by around 1 % a year. This is extremely dramatic.

Equally dramatic is the ageing of the German population. In 2035, we will have 40 % more people over 65 than we do today. The simple, accurate “2020/5050” rule of thumb states that 50 % of people will be over 50 in 2020. This degree of ageing means a significant number of staff at many companies will retire over the next few years, which in turn results in a greater need for personnel. Even today, more and more businesses are conducting age structure analyses and developing scenarios to see how many staff will need to be replaced in the years to come. Some of the figures are alarmingly ominous.

Another relevant megatrend is the increasing *transparency* of global labour markets. Previously, people would particularly look for work on Saturdays. They would buy newspapers, arm themselves with a highlighter, and pore over every page of the job market. One advertisement would be competing against the others appearing in the same issue on the respective days. Today, a job advertisement on the Internet competes against thousands of others. Finding advertised jobs has never been easier. Within just a few seconds, you can have access to all advertisements relating to a specific keyword, worldwide. One of the most advanced sites is SimplyHired.² Broadly speaking, it is a platform which looks and works similarly to Google, but only advertises jobs. Its job database is probably the largest in the world. Figure 2.2 shows a screenshot of this site.

² <http://www.simplyhired.com>

The screenshot shows the SimplyHired website interface. At the top, there is a search bar with the text 'hr generalist' and a location field with the placeholder 'city, state or zip'. Below the search bar, there is a checkbox for 'Email jobs like this to me' and a notification '1 - 10 of 120,708 hr generalist jobs'. On the left side, there are filters for 'Sort by' (Relevance selected, Date unselected), 'Date Posted' (Since last visit, Last 24 hours, Last 7 days, Last 14 days, Last 30 days, Anytime), and 'More Filters' (Title, Company, Job Type). The main content area displays several job listings:

- Human Resources Coordinator** at PSC Industrial Services - Houston, TX. AND RESPONSIBILITIES: •Ensures appropriate HR operational processes are supported and ... HR departments to ensure accurate and timely processing. • Assists Human Resources... 7 days ago from PSC Industrial Services
- COBRA Coordinator, Human Resources Representative** at Cobrahelp - Denver, CO. COBRA Coordinator serves as the outsourced HR expert for 300-400 of our clients (employers) and works as the client's dedicated Account Manager. This person maintains a select... 7 days ago from CobraHelp Inc
- Director of Human Resources** at Lincoln Child Center - Oakland, CA. LINCOLN CHILD CENTER Lincoln Child Center enables vulnerable and emotionally troubled children and their families to lead independent and fulfilling lives. JOB DESCRIPTION:... 8 days ago from Lincoln Child Center
- Minneapolis Market HR Leader** at PwC - Minneapolis, MN. relations issues * Leading the Market HR generalist and sourcing professionals * ... & Technical Orientation: * Provides deep HR technical expertise in all HR... 5 days ago from PwC

Fig. 2.2 Screenshot of SimplyHired

The social relationships amongst talent, and between employers and talent, are also becoming more transparent as a result of the developments in social media. Apart from the search results, SimplyHired additionally enables integration with Facebook,³ meaning seekers can find jobs all over the world through their own social network. This is just one example of how jobs and social networks are becoming increasingly entwined on the Internet.

But the rise in global transparency not only applies to jobs and prospective workers; it also applies to employers. Rarely has it ever been so easy for employees, job seekers and applicants to gain insights into how various employers operate. People who barely know each other exchange information on employers via Facebook, or submit ratings on employer review platforms. Jobvoting⁴ is probably the most important platform for employer reviews. What Tripadvisor is for hotels, Jobvoting is for employers. But wherever there is transparency, there is also competition, which means both threats and opportunities for every employer. The possibilities will be addressed in more detail later on in this book.

Since industrialisation in the mid to late nineteenth century, the working world has been undergoing a continuous *shift from manual labour to mental work*. This development is slow but constant, and is rarely discussed. Yet it is probably the greatest influencer over the way in which HR management has been, and must be,

³ <http://www.facebook.com>

⁴ <http://www.jobvoting.com>

understood. Henry Ford is once said to have complained that, whenever he employed two hands, he would get “a brain attached”. Most employees occupied themselves with performing stupid, mostly manual tasks. Nowadays, there are still many fields in which stupid tasks are performed. The last few years have even seen new fields created, such as supermarket cashiers and call-centre workers. We now live in a knowledge society. Most employees generate added value by creatively using their own or external knowledge to address increasingly complex problems. Conservative occupational virtues like diligence and obedience are losing their importance to the ability and willingness to generate ideas and successfully implement them with others.

This is why many countries are complaining about a talent shortage, despite continuously high unemployment. For example, engineer unemployment in Germany has dropped to just a few thousand over the last few years. Well trained people who are constantly prepared to pursue new developments are being sought. On the other hand, people with little or no education will have very few job prospects in future. By all accounts, this development is set to continue, and the demand for qualified staff (compared to underqualified workers) will steadily rise. It is thus a case of ‘increasing need for specialists’ meets ‘decreasing availability of qualified professionals’.

Over the last few decades, we have been seeing a more *global labour market*, partly as a result of the aforementioned global transparency provided by the Internet, but also due to the fact that more and more talented people are moving between different countries; a phenomenon also known as “Brain Drain”.

The aforementioned macro trends responsible for a future skills shortage or heightened competition for talent include the drop in university graduates in the subjects of Mathematics, Information Technology, Science and Engineering, which has been observed in many countries. A study by the OECD (2008) shows that, for every one engineer aged over 55 in Germany, there are 0.9 aged under 35. Germany thus has one of the lowest rankings compared to other countries in Europe and around the world, e.g. Sweden with a factor of 4.7, Spain with a factor of 3.5, France at 2.4 and Great Britain at 1.9.

The *changing communication patterns* of future generations is another megatrend. I receive daily emails from students, most of which are succinct requests for literature tips or expert interviews. I would never have dared to approach university lecturers so directly as a student in the early 1990s. This is a typical symptom of new communicative behaviour. One of the reasons for this is the fact that the Internet gives its users a world free of hierarchy. Those who are part of it can be addressed directly. It’s what social media lives off. This issue is discussed in academic circles using generation differences. The focus here is on the so-called Generation Y, i.e. all those born between 1980 and 2000, for whom the aforementioned behaviour is a typical attribute (cf. Tapscott, 2009). On the labour market, people will have to get used to future employees approaching companies with this same directness: “Hi, my name is John, and I just wanted to see whether it was worth my while to submit a job application to you.” Employers must particularly recognise that communication will increasingly take place via social media

platforms, and not only between employees and employers, but between all parties (see also Box 2.1).

Box 2.1: A Week of No Internet or Mobile Phone

During the 2010 summer semester, eight students at my faculty at Furtwangen University signed a declaration, stating they would refrain from using the Internet and their mobile phone for 1 week. They were asked to write down their experiences in a small diary. The aim was to use a self-experiment to determine the importance of modern means of communication in everyday student life.

The results were astonishing—some would say appalling. Modern life is virtually impossible without the Internet and mobile phones. It is extremely difficult to study without the Internet, because you don't have access to relevant literature, you don't get notified about timetable changes, and you lack an important platform for technical exchange amongst students. It is very hard to organise your private life, because people nowadays make plans in real time, rather than after lectures, as was done in the past. You have no access to information on cultural events (cinema, concerts), you miss out on last-minute parties, and if you want to travel to city nearby, you'll find yourself missing more than just the online timetable. If you're together as a group in a city and don't have a mobile phone, you have to get used to holding hands. If you lose the others, you have to make your own way home. The lack of contact with others triggers emotional reactions reminiscent of withdrawal symptoms. Students feel isolated without Facebook and SMS, indicating that psychological security aspects are at play. If you don't check back into Facebook after a party, you won't know whether the others have reached home safely. Parents also worry about their children's lack of contactability. Those who use the tried-and-tested "snail mail" must expect slow communication. Birthday cards must be sent 2 days in advance, if you even remember people's birthdays in the first place. Because these are usually saved on your mobile or notified to you via Facebook.

In sum, it can be said that the skills shortage in many countries will drastically increase as a result of the following macro trends:

- Demographic developments mean the number of retiring employees will rise drastically over the next few years, while the number of younger people is dropping.
- The Internet is making labour markets increasingly transparent, which further intensifies the competition for talent. Jobs, employees, candidates, employers, and the social relationships between these people are now visible to everyone, due to special platforms and social media.

- The shift from manual labour to mental work, which has been going on for decades in the context of a growing knowledge economy, stimulates the ever increasing demand for highly qualified staff.
- The competition for talent is becoming increasingly global. There are complaints of a rising “brain drain” of highly qualified workers.
- There are not enough graduates in technical and scientific fields. The long-term demand for specialists will not be permanently met through public education.
- Future generations will communicate with and about employers in a more open, direct fashion, or will at least expect to do so. The employers who can reach out to their younger target groups more directly will be the ultimate winners.

In light of this, employers, as well as entire nations, will be grappling to find solutions. Companies will increasingly have to face up to the challenge of providing answers to these long-term, reliably foreseeable developments. So it is no wonder that, in recent years, more and more businesses have been thinking about creating an employer brand, which makes a lot of sense in most cases. However, the most effective answer to filling key functions is TR—a new, trend-setting approach to gaining highly qualified workers, particularly for critical, hard-to-fill roles.

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