



Personnel Trend Letter

Paris – Cologne - Berlin

The euro as the common currency will only be able to function indefinitely with one policy – economically and socially: Only then a free job market will unfold European-wide. For the first time since the currency union came into being, signs from Paris and Berlin indicate a real chance for a political union as well. To use it during the huge global crisis is in the hands of key countries like France and Germany. National solutions will just leave it a patch-up job. Besides unemployment the lack of skilled workers and worrying trends become obvious: The level of general education is decreasing along with the motivation to work. Getting done with the job as a necessary evil and off to partying reflects the attitude of bosses who neglect their employees – professionally as well as socially. There is need for a turnaround in the economy as well as in politics.

Cordially yours, Barbara Hunz

A shrinking population and poorly educated people contribute to the decreasing number of working-age people. With a population of 82 million today, Germany is the most populous in the EU, followed by France with 62 million and Great Britain with 61. This order will be reversed by 2060 when there will be 77 million British, 72 million French, and 70 million Germans.

Closing the personnel gap

At the same time, the German population will be older: In 2060 we expect a relation of one retiree per two employees instead of 1:4 as it is today. Among our neighbors across the Rhine 83 percent of the women are working versus 60 percent here. At the same time, France has more children; i.e., it is a younger nation. With Asia, Latin America and Africa closing up economically, the chances that immigration will compensate for the sinking population are limited even today. Better education, more working women and a longer professional life are the reserves that need to be activated now. A decreasing number of unemployed in the official statistics for the

first half of 2010 must not cover up structural problems. The gap of skilled workers is factor one of tomorrow's job markets. It is no longer restricted to qualified, knowledge-intensive and well paid jobs. There is a shortage of skilled workers in health and geriatric care, retail, and other personal services. *Prognos-Institut* is of the opinion that, if the trend continues, there will be a shortage of 5.2 million skilled workers in 2020. Every fifth apprenticeship left unfinished; every second school leaver first needs to be given a course in basic education. It is important to intelligently invest in the children of immigrants. After women, they are the second large personnel reserve. And the education process needs to start a lot earlier. Within a period of three years, the percentage of under 3-year-olds increased from 8 to 15% in the west and from 39 to 45% in the east. If the number of skilled workers is not to decrease by 2020, speed is important. Every third school offers all-day education, but only a quarter utilizes it. It will require great efforts – an intelligent plan – to make a lot of changes.



“About 15 percent of the young adults between 20 and 29 years in Germany do not have a vocational qualification”, the report on vocational education 2010 says. This part of the young generation will mostly fail to join the job market and burden the social system. The report regards 47.3 % of the youngster leaving school as “lacking the maturity for education”. Whereas the German trade union confederation searches for the problem in the companies and their restructuring strategies, the chamber of commerce in the decreased attractiveness of apprenticeships, experts like Isabel Thielen and Michael Winterhoff, refer to major mental deficiencies of a whole generation.

Personalities instead of tyrants

Whereas kindergardens and schools ignore the problem by lowering their standards, the decreasing productivity in the professional life is obvious – and the impact on the social coexistence in society is extremely grave. These are not the neglected children of permanently unemployed alcoholics who are very disconcerting with their excessive violence and killing sprees but mostly the offspring of the middle class. Winterhoff diagnoses full-scale mental maturity deficiencies: 30 % of the primary school children display disciplinary problems; their learning achievements and social behavior are unsatisfactory. Unmotivated teachers and parents as well as computer games are inadequate attempts to explain the problem. Winterhoff: “The entry into mental maturity deficiencies happens in a lovingly and committed way, to the best of knowledge and judgment.” And the president of the German trade association recently commented: “Some have calculating and writing problems.” For others it is already difficult get to work on time. And others obviously do not want to get trained. They are lacking the motivation.” A cosseted generation? Parents, teachers, personnel managers are challenged to face the subject.

Le décrochage démographique is the title of the IFRI-study: It reflects how differently the neighboring countries Germany and France will develop from a demographic point of view. The diagnosis is that France is getting older, but Germany is aging. France ages less because 50 % more children are born there. That is so because France provides day-care centers which accept very young children, from toddler onwards, which allows mothers to join the professional life and to benefit from all offers for education. Germany is now also moving in this direction – but late and slowly. In the meantime, Paris continues to increase its lead: Longer parental leave together with flexible job models and a society which appreciates children build a framework and, over the years, France will pass Germany economically, too. Therefore, France has also a better social and cultural foundation for common welfare.

How France appreciates its children

The study corrects the common opinion that the French population growth is based on immigration. It shows that, even after the baby boom is over, our neighbour has continued its steady natural rise. Germany, however, experienced an excess of deaths over births every year since 1972. In France, four fifths of the growth is owed to the rising birth rate. Without immigration the population of Germany would be aging and decreasing even faster. At our neighbors, the social acceptance of children, in particular in public, has not suffered as their birth rate has never slumped. In Germany the study regards the lack of confidence in their country’s future as a deeper reason for the missing desire to have children: and this, in particular, applies to people with a higher education. In such setting, quite some time will pass before a generation’s attitude changes – it will probably only happen in the next one. Whereas in France many women postpone their motherhood, too, they do catch up at a later age.



TOP JOB: The 100 best companies

How good is the management? What is the state of the companies' culture of communication, the opportunities for their employees to develop, their work-life balance? Which visions do their leaders have? Taking stock, Heike Bruch, head of the St. Gallen *Institut für Führung und Personalmanagement* states: "Good employers are economically more successful". In association with the agency *compamedia* mid-sized companies are scrutinized every year to find the best: by employee surveys and interviewing the HR-managers. For TOP JOB bosses acquiring suitable employees is even more important than acquiring new market share and product development. In the end, the two latter tasks will be the result of the priority of the first. The institute surveyed 30,000 employees in 650 companies. If you are interested in your company's score, take a look at such an overview. A benchmarking report lists the employer's qualities, the team's morale, and what reaches the workforce in terms of personnel work. The report compares every company with the 99 others and clearly shows who can do better where. There are six areas: *Leadership & Vision*: How clearly are managers visualizing their employees' future? *Motivation & Dynamics*: How good a job are they doing to motivate their employees to pursue the common goals? *Culture & Communication*: Is there a climate of trust, and how well is internal communication working? *Employee Prospects*: Do they want to stay or leave? *Family Orientation*: Is it possible to appropriately combine work life with family and private life? *Internal Entrepreneurship*: Are employees entrepreneurs within the company and how much leeway do they have for their own ideas?

61 percent of the companies associated with the chamber of commerce complain about a lack of practical experience in their university graduates. It is about time to integrate practice periods as a regular part of the course of studies.

34,000 jobs for engineers are vacant in Germany, VDI says. From 2018 onwards 44,000 engineers will be retiring every year and it will only be possible to replace a fraction of them.

In Finland, being a grammar school teacher is a profession that is in great demand because it is highly regarded. Although the wages are a third lower than in Germany, the number of applicants is particularly high. But only 10% of them are accepted after they have passed a strict recruitment examination. No private tuition exists. Any teacher would consider it a disgrace if he or she would not personally support their pupils as required.

Over the past ten years, the German domestic demand decreased by 15 % compared to France's. Most economists are opposed to high wage increases in Germany because the wage level is still higher than in most other EU-countries.

Young males today are the losers of the educational system. They leave school without any qualifications, perform just on a mediocre level, and have not freed themselves from the old male/female role model. Experts are calling for measures to assist young males.

By offering individual outpatient treatment for the deaf, hearing-impaired, post-lingually deaf and people with hearing aids or with auditive processing or perceptual disorders, the only private supplier of professional rehabilitation and subsidized on-the-job occupation (SALO) places emphasis on integration instead of separation.



Why do you think you should make 5,000 € although you don't have anything to show but your formal education? "This will make my job so difficult that I deserve a higher salary", is the punch-line of a personnel joke of a few years ago. Today the story reflects the attitude of an increasing number of people entering the professional life: the higher their formal education, the more frequently.

Personnel Alarm

At the same time, the number of people content to just follow orders is increasing. Not in the least is he or she willing to voluntarily assume responsibility; in particular make an effort to exceed the inevitable duties. Experienced HR-professionals estimate that 80 percent belong to that group. On the other side the remaining 20 percent are slaving away to balance the deficiencies of the egotists who are only working by rule.

Any expert knows that this development has almost reached its tipping point. If massive job reductions plus professional quality loss and lack of motivation culminate in a negative spin, whole industries will collapse.

Basic Subsistence

Where one new job is created, three jobs are cut. On a mid-term basis, this picture reflects the chances on the job market. The group of non-qualified or low-skilled people who have come to terms with the benefits of the social system is not the key problem of this trend; but the growing group of those is who do not find a job although they are skilled or highly qualified. This is not only hard on the affected people but it puts the whole system to the test. Even today tax money is used to balance the social budget because fewer permanent jobs generate fewer social security contributions. Some people demand a tax-funded basic subsistence for all. Others, like the *Kronberger Kreis* of clearly market-oriented experts, propose a different approach: Like in the rest of the world, companies should also be allowed to compete for the skilled workers in demand by hiring at rock-bottom wages. To maintain our standard of living, their low wages should be subsidized by tax-money. Anyway – it's goodbye to the old social system. Maybe it will be possible to find simpler solutions within the EU-framework.

The personal profile on the internet replaces the classic form of application. Those who want, on a mid-term basis, to be part of the successful workforce create their online profiles now and routinely maintain them. Convincing references instead of credentials with increasingly empty set phrases, a personal distinctive presence are the trump cards on the global job market. For the employer it is important what the individuals contribute in terms of education and experience and how they advanced their training. Companies should treat their employees so they want to stay. It is only a question of time when employees will use the WorldWideWeb to assess the companies they are or had been working for.

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