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Labour Market Trend Survey

Study into the impact of labour market trends on the workplace, 2011



Introduction

Since the financial-economic crisis, the labour market is as dynamic as ever. Several factors, such as the economic situation and confidence, have traditionally had major impact on supply and demand of personnel. Yet today other aspects also play a role. The aging of the population, labour market shortages, work/life balance, flexibilisation, and sustainability, have an undeniable influence on the workplace. In order to equalise supply and demand, employees, employers, and the government, must dare to take the necessary steps and, if needed, abandon familiar ways and venture down new paths.

In Belgium, Germany, Luxembourg, the Netherlands and Portugal, Tempo-Team is not only a major employment agency, but also a provider of a broad range of HR services. We use pragmatic and cutting-edge solutions to get the very best out of people and organisations. We also maintain constant contact with the world of HR in order to consistently apply new research, insights and concepts in close conjunction with you. These are the pillars of Tempo-Team's success.

In order to constantly optimise the quality of our service and to satisfy the needs of the market, insight into the motivation of employers and employees is of essential importance to us.

As an employer, these insights are undoubtedly of equal importance to you. In this publication, you can find the most important results and analysis from the first-ever international survey of labour market trends, conducted throughout all five countries in which Tempo-Team is active.

The study offers insights, reaffirmations, and eye-openers. For you and for us.

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Note

In the first half of 2011, Tempo-Team retained the independent research firm InSites Consulting to carry out a trend study among HR managers and employees. A representative group was interviewed in each of the participating countries.

Belgium: 210 HR managers and 517 permanent and temporary employees

Germany: 196 HR managers and 503 permanent and temporary employees

Luxembourg: 388 permanent and temporary employees (no HR managers were interviewed)

The Netherlands: 196 HR managers and 504 permanent and temporary employees





Portugal: 201 HR managers and 513 permanent and temporary employees

I. The rush for talent - employees at the wheel

The situation: Major gap between supply and demand

The improving labour market, combined with the unstoppable aging of the population, gives rise to a veritable rush for talent. Two thirds of the HR managers in the survey say that they have plans to recruit new talent. The proportion of employers in Belgium, Germany, and the Netherlands, that has recruitment plans actually fluctuates at around 80%. That percentage is much lower in Portugal, where only a quarter is seeking to recruit.

Graph I: Recruitment intentions*

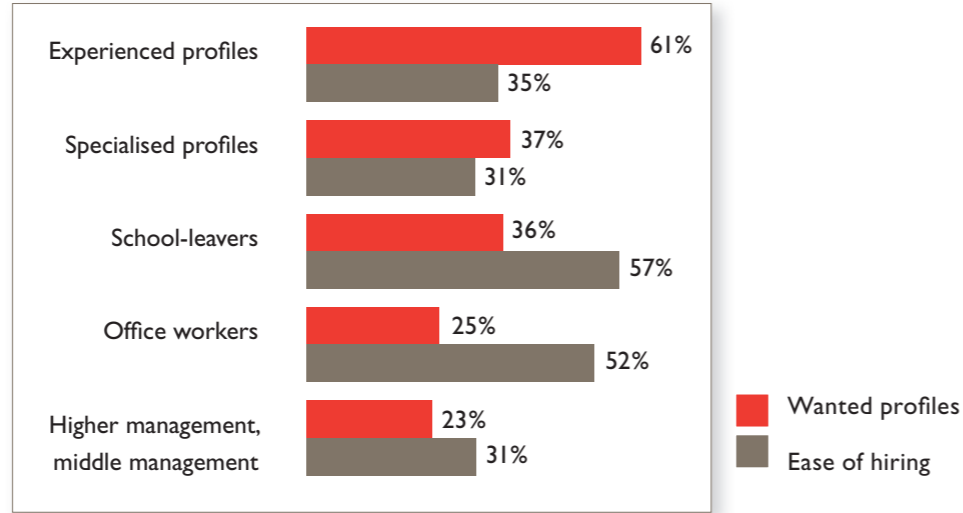
	 Belgium	 Germany	 The Netherlands	 Portugal
Recruitment plans	81%	84%	78%	26%
Plans to dismiss people	8%	7%	16%	12%

* The above question excludes Luxembourg.

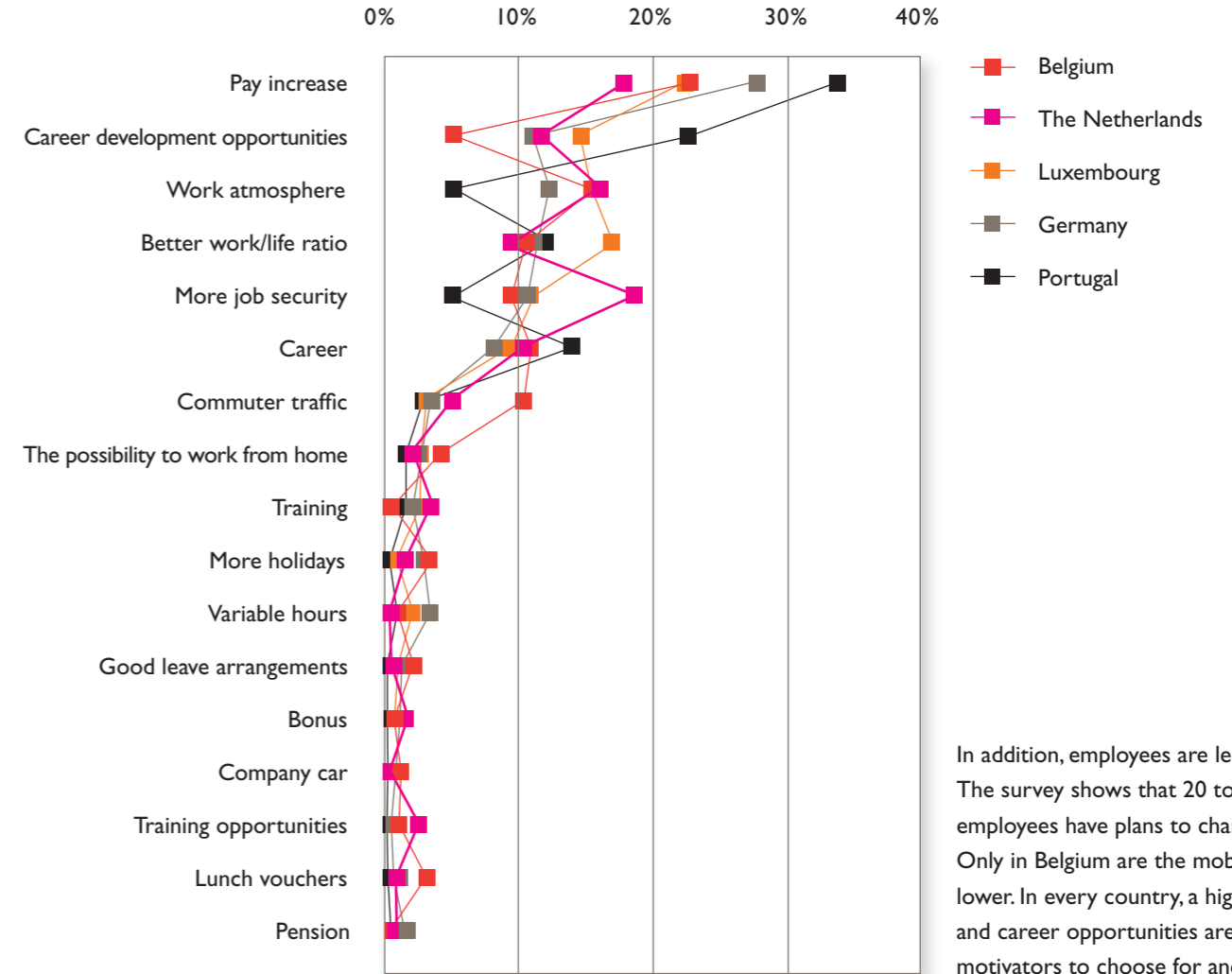
Despite the fact that most European countries are struggling with underutilisation of the workforce and high unemployment, many companies are no longer finding suitable employees. There is a huge gap between the supply that does not have the proper training or experience and the demand for qualified talent.



Graph 2: Gap between supply and demand

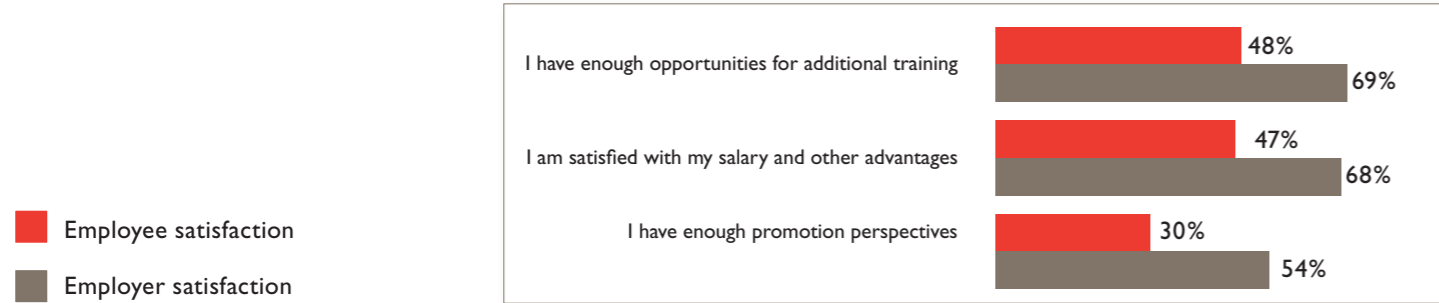


Graph 3: Motivators for external mobility



In addition, employees are less loyal. The survey shows that 20 to 30% of all employees have plans to change employer. Only in Belgium are the mobility intentions lower. In every country, a higher salary and career opportunities are the crucial motivators to choose for another job.

Graph 4: Gap between employers and employees



Employers overestimate themselves

The survey shows that employers overestimate themselves as far as fulfilling expectations is concerned. 68% of the employers are satisfied with their salary policy, while this is only the case with 47% of the employees. Just over half say that they offer sufficient opportunities for promotion, while only a third of the employees think so. 69% of the employers say they sufficiently invest in training and education for their employees, in contrast to 40% of the employees who believe so.

In order to ensure the continuity of the business, HR must seek to attract new talent as well as inspire and retain employees. It is therefore essential to properly assess the needs of current and potential employees and respond proactively. That requires a lot of extra attention and investment.

Recommendation: Project your image as an employer

Employer branding – making sure that you are seen as an attractive employer – does not have to imply high costs. Investing in regular and adequate communication to employees and the outside world is crucial for your organisation’s image and reputation. Assessing satisfaction, needs, and expectations, are an important means to do so. This information gives HR management input in order to map out an appropriate policy.






The decision to change employers is also determined by career options, the atmosphere of the workplace, work/life balance, and job security (see also graph 3), in addition to the salary package. Employers must therefore focus on the right balance between these factors when establishing their retention policy. This information gives management input in order to map out an appropriate HR policy.

2. Confidence in company and labour market, not in the government

The situation: Employees are gaining self-confidence

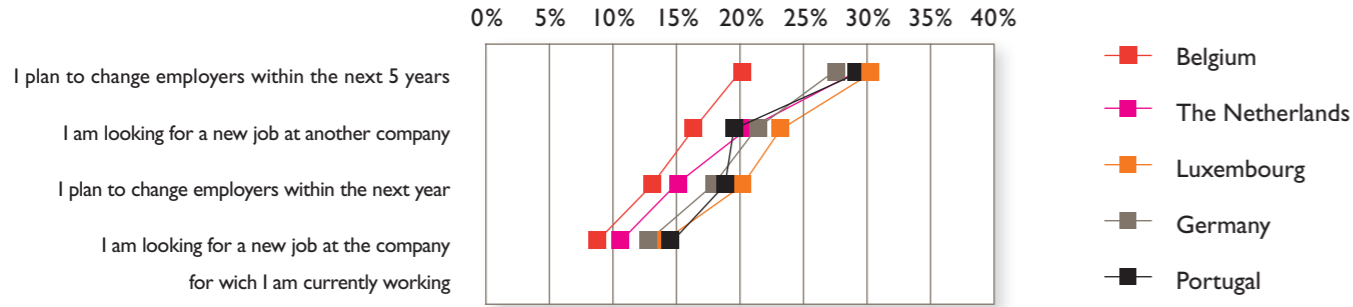
The survey shows a high level of confidence among employees about their employer and job security. This is encouraging for employers and strengthens the bond between the employee and his or her company or organisation.

Graph 5: Employee confidence

	 Belgium	 Germany	 The Netherlands	 Luxembourg	 Portugal
Trust in future of own company	7,3	7,8	7,1	7,4	6,8
Trust in future of labour market	7,1	7,3	7,0	7,0	5,5
Trust in own job security	7,4	7,5	7,3	7,1	6,5
Trust in government intervention	5,5	4,6	5,7	5,4	3,7

There is a flipside, however, to the great confidence about job security. It will motivate employees who are less satisfied about their work or company to take the step to switch to a new employer. As graph 6 shows, 20 to 30% plan to change employer in the relative short-term.

Graph 6: External and internal mobility



Employers do have great confidence in the future of their company, but are more pessimistic than employees about the labour market. In addition to the fear for a new economic crisis, the major gap between supply and demand may also be a reason for this lack of confidence.

Graph 7: Employer confidence*

	Belgium	Germany	The Netherlands	Portugal
Trust in future of own company	7,4	7,7	7,4	7,8
Trust in future of labour market	6,9	6,4	7,2	6,8
Trust in government intervention	5,5	4,9	5,9	5,0

* The above question excludes Luxembourg



Employees are more positive than employees (see graphs 5 and 7). The economic situation in Europe is instable but appears improved, except in the countries that are currently struggling with the debt crisis. In spite of this economic instability, employees are gaining self-confidence, a factor that HR departments must certainly take into account. This will, as indicated above, promote labour market mobility.

The low confidence in the government in the area of labour market policy is striking in the study. It is clear that the major government deficits and the lack of confidence of the financial markets in government policies also fuel the lack of confidence among employees and employers. The less stable political situation in many EU countries does not contribute to a positive perception of the government. This is an important indicator. After all, the government is an important party in terms of responding to major challenges, such as the aging population, education, and mobilisation of the workforce.

Recommendation: Take the employee's wishes into account

The growing optimism boosts employees' expectations and thus their mobility on the labour market. This is a significant challenge for employers that have every interest in keeping talent on board, in view of the rapidly growing shortages. An effective HR policy must therefore more than ever take into account the wishes and expectations of employees. Mapping out a clear career path within the company is important in this context. Employers must also eventually pursue the dialogue with the government in order to stimulate it to develop more proactive labour market policies.

3. Satisfaction driven by self-development

The situation: Work/ life balance highest priority

General labour market satisfaction is high. Four-fifths of employees are satisfied with their job. They have job satisfaction of 7. In addition, there is hardly a difference between permanent and temporary employees in respect of their job satisfaction. One in five employees, however, is dissatisfied. There are more dissatisfied employees in Luxembourg and Portugal than in the other countries.

Employees are seeking an optimal work/life balance, interesting and challenging work, and further self-development at their job. Qualities that are intrinsic to the company, however, are given markedly less priority. Working at a large company with a strong brand or product, for example, is less significant to the attractiveness of the job. See also graph 8.



Graph 8: What employees find important about their employer








Recommendation: Give more than a good salary

The study shows that the factors of satisfaction and dissatisfaction are the same in every country, but differ in a number of categories. This also applies to every company or every organisation. In order to boost employee commitment, it is therefore important to gain an adequate understanding, via an employee satisfaction survey, of the critical factors of success for boosting satisfaction and therefore commitment among your employees. The table below indicates in red the areas for improvement by country: in order to boost general satisfaction further, one must invest in these aspects in particular. The green aspects are important and already score high. They require constant attention, but not priority in extra investments. A good salary is definitely not the only factor that determines satisfaction. Successful HR policy therefore requires a keen balance between the various critical factors of success for satisfaction.



Graph 9: Areas for improvement and factors of success for satisfaction in the workplace

	 Belgium	 Germany	 The Netherlands	 Luxembourg	 Portugal
Important job aspects that need improvement	<ul style="list-style-type: none"> Promotion Prospects Personal development Training Good manager Proud 	<ul style="list-style-type: none"> Promotion Prospects Proud Personal development Salary 	<ul style="list-style-type: none"> Promotion Prospects Proud Personal development Good manager 	<ul style="list-style-type: none"> Promotion Prospects Proud Work schedule Personal development Good manager 	<ul style="list-style-type: none"> Personal development Promotion Prospects Salary Good manager
Important but successful job aspects	<ul style="list-style-type: none"> Job satisfaction Trust by company Varied work 	<ul style="list-style-type: none"> Job satisfaction Safe conditions Varied work 	<ul style="list-style-type: none"> Job satisfaction Trust by company Varied work Support from colleagues 	<ul style="list-style-type: none"> Job satisfaction Trust by company Varied work Knowledge of objectives 	<ul style="list-style-type: none"> Job satisfaction Trust by the company Proud Knowledge of objectives

4. Two perspectives on flexibility

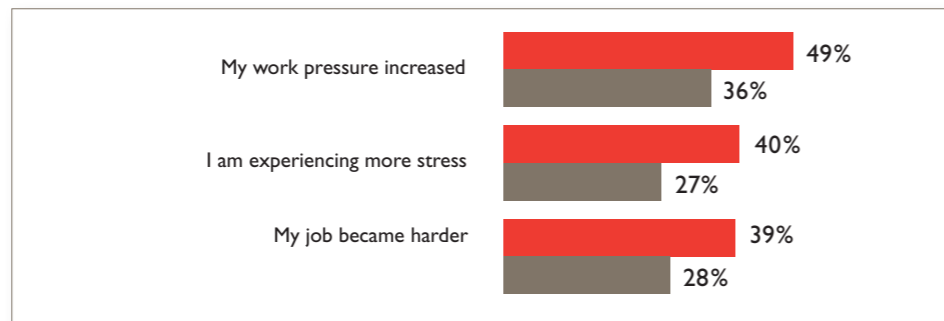
The situation: HR managers especially seek traditional flexibility

Both employers and employees find flexibilisation of the labour market more and more important. However, this is not always for the same reasons. Employers are seeking optimal deployment of employees and therefore flexibility to respond more adequately to peaks in demand for labour, demand from the market, and to be less sensitive to the economic situation. The study shows that they translate this into flexible working hours, part-time work, and temporary employees. Employees are seeking to optimise their work/life balance by more flexibility. In addition to flexible hours, working from home plays a significant role for them.

This area also challenges HR management to seek the proper balance. Staffing that breathes with the dynamic of the market enables companies to strengthen their market position and ensure continuity of production.

It is incidentally striking that temporary employees tend to feel more comfortable with the growing demand for flexibility compared to fixed employees. The study shows that they experience less stress than permanent employees. Furthermore, one in three temporary employees states that he or she does not plan to change his or her status. Flexibility and variety are decisive for these employees.

Graph 10: Permanent versus temporary employees



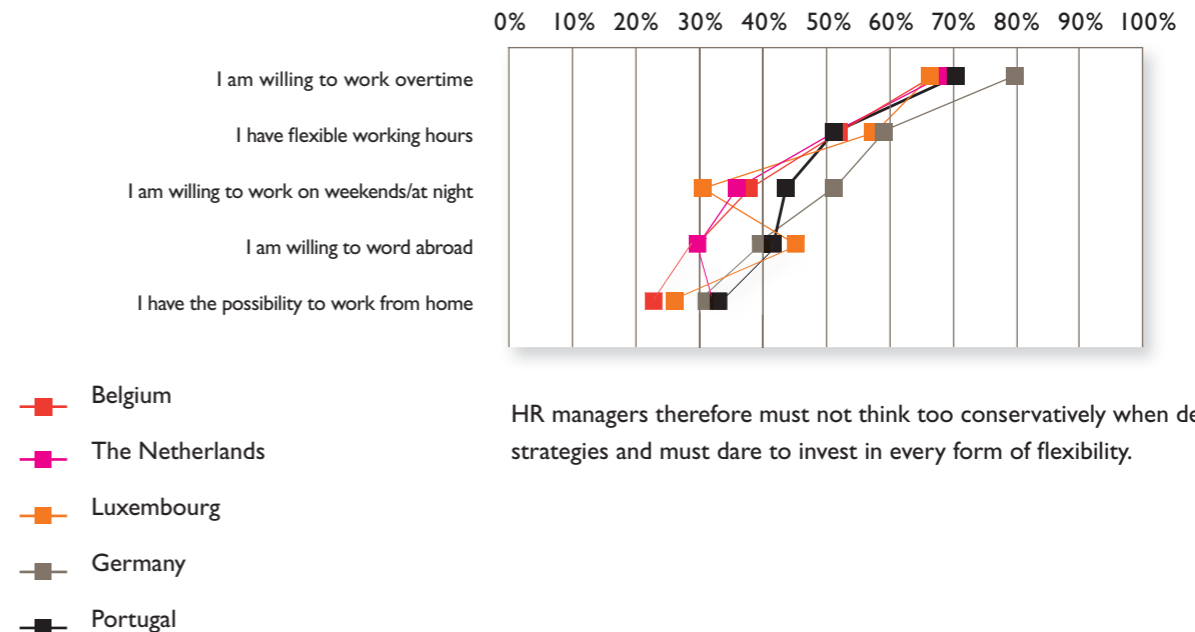
■ Permanent employees
■ Temporary employees

Recommendation: Invest in flexibilisation

The demand for flexibility will further increase due to the cyclical sensitivity of the markets. An important element in this is that work must become more independent of time and place, especially for employees. New work arrangements, such as work from home, long-distance work, and mobile work, in addition to flexible working hours, parttime work, and temporary work, dovetail much better with the dynamic of the labour market. This requires considerable innovation and thinking outside the box for the organisation of the workplace.

As the graph below shows, there is currently too much adhesion to the classic forms of flexibility. Overtime, especially in Germany, is the most accepted form of flexibility, followed by flexible working hours. Work from home scores strikingly low.

Graph 11: Employee willingness to be flexible



HR managers therefore must not think too conservatively when developing adjusted strategies and must dare to invest in every form of flexibility.

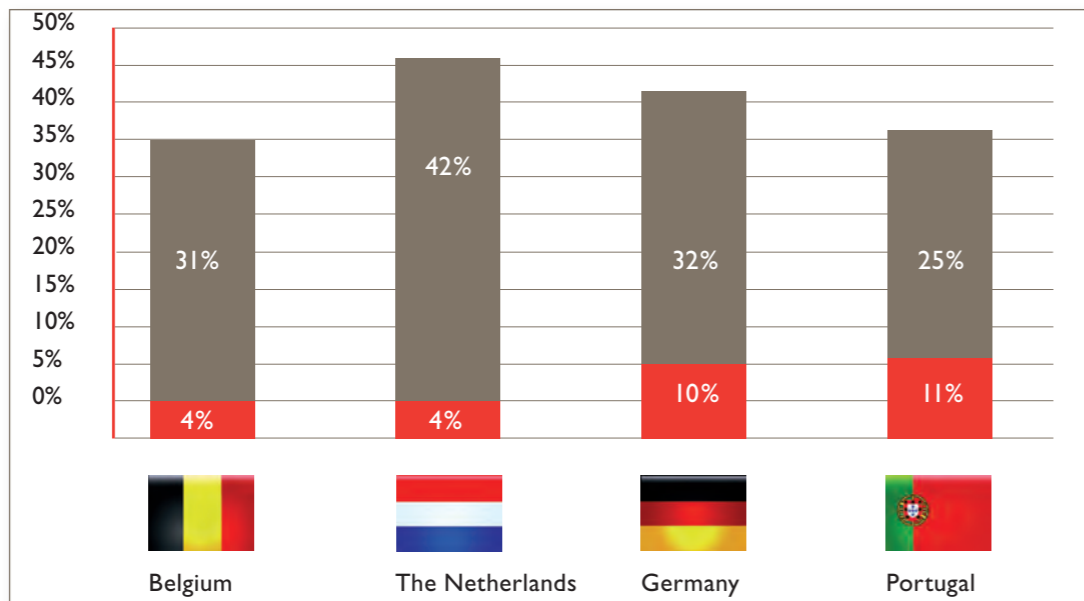
5. The aging of the population demands generation management

The situation: Fewer than one of two companies has a policy to respond to the aging of the population

'The aging of the population' is definitely no longer just a fashionable term. More people are retiring than there are young people entering the workforce. This will cause the shortages on the labour market to increase. That is the irreversible reality.

Most companies are not properly prepared for this situation. Fewer than half of the companies have a clear policy to respond to the aging of the population. It is key, on the one hand, to keep older employees on board longer and, on the other, to attract youths. This requires HR departments to practice well thought-out generation management.

Graph 12: My company is prepared for the aging of the population*



■ Completely agree
■ Agree

* The above question excludes Luxembourg



The survey shows that there are not such big differences between the generations. This refutes out of hand the prejudice that generations do not work well together. This does not detract from the fact that there are sufficient differences to justify implementing an HR approach adapted to each generation.

Satisfaction per generation

The study shows that Generation Z experiences less stress in the workplace. In addition, it is more satisfied about the prospects for promotion. Generation Y feels more strongly than the other generations about its value added for the employer and perceives sufficient opportunities for personal development more than the other generations. Generation X is generally least satisfied with its job. There are no specific areas where this generation is more satisfied. The baby-boomer generation, for its part, performs its work with pleasure and perceives confidence obtained from the employer more strongly. This generation has sufficient job security and personal development opportunities. It is largely satisfied about the contribution to the company. Baby boomers indeed prove to be the most satisfied about their job, certainly in respect of Generation X.

Baby boomers: 45-64 years of age

Generation X: 35-44 years of age

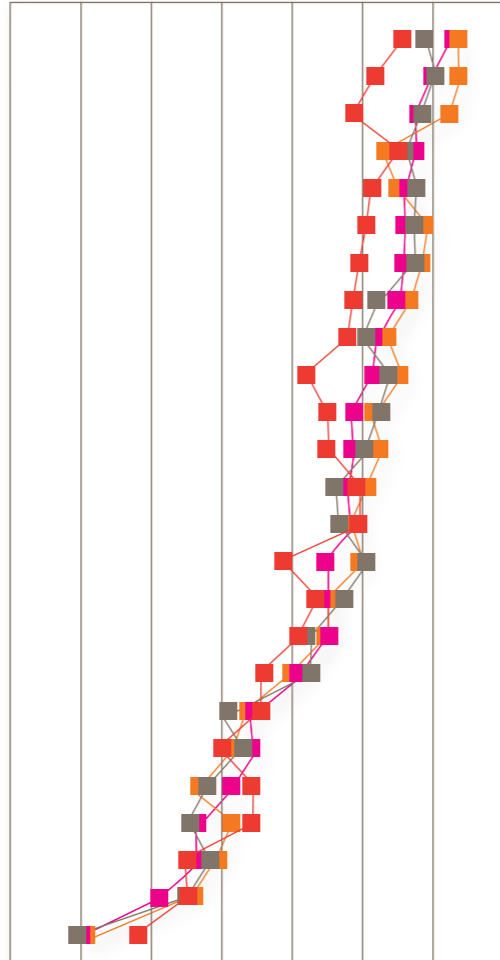
Generation Y: 25-34 years of age

Generation Z: 18-24 years of age

Graph 13: Generational differences

20% 30% 40% 50% 60% 70% 80% 90%

- I contribute to my company and its products or services
- I am trained enough for the position for which I was hired
- I enjoy my work
- I enjoy working with my colleagues
- I have good colleagues
- I work in safe conditions
- I am not harassed in the workplace
- The company for which I am working trusts me
- I have adequate knowledge of my company's objectives
- My work is varied
- I am satisfied with the commute time between home and work
- I enjoy working for my company
- I have enough job security
- I can count on enough support from my colleagues
- I have enough vacation
- I am satisfied with the working schedule
- I am proud to work for my company
- I am satisfied with my work/life ratio
- I have enough personal development opportunities
- I have a good manager
- Women have broad development opportunities
- I have enough opportunities for additional training
- I am satisfied with my salary and other advantages
- I don't experience too much stress in the workplace
- I have enough promotion prospects



- Generation Z
- Generation Y
- Generation X
- Baby boomers

Recommendation: Provide custom solutions

Despite the fact that the differences, in contrast to what is often supposed, are not major, the challenge for HR management to allow the generations to work well together is growing. The relations in the workplace between the age groups, after all, are evolving and changing in number because there will be relatively more old and fewer young employees due to the aging of the population. Every generation definitely requires a different approach. They have different wishes, different challenges, and a different work ethic. Sustainable deployability, career path, and life stage, play a major role in that search for custom solutions. A company that is prepared for the future undertakes generation management and ensures optimal work relations between young and old.

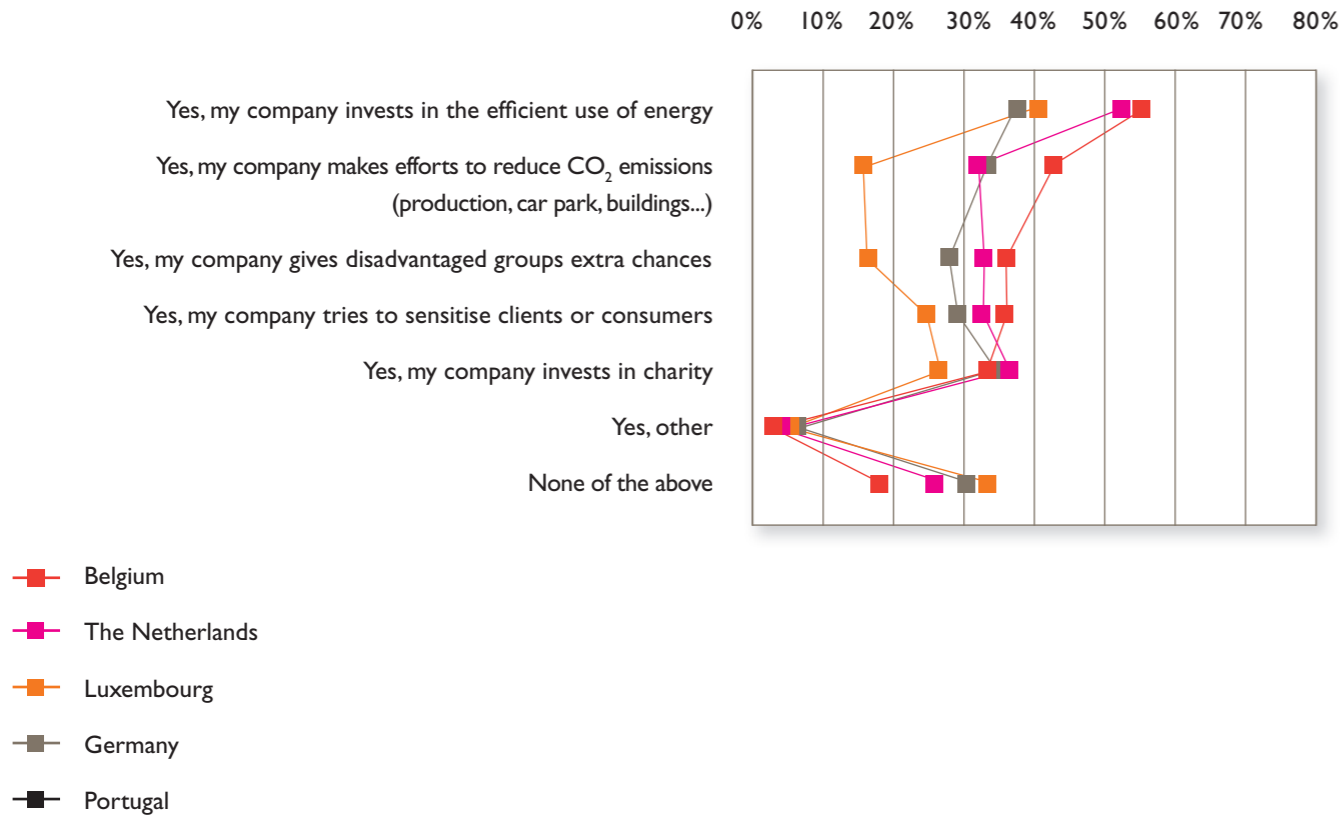


6. Sustainability means committed employees

The situation: Employees want to find that the employer shares their values

The study shows that almost every company invests in one or another form of sustainability. Energy conservation and reduction of CO₂ emissions are the most common initiatives. But three in ten companies also support disadvantaged groups. Dutch and Belgian companies most often participate in these initiatives.

Graph 14: Investment in sustainability



An articulated sustainability policy makes a company attractive to employees and makes it easier to recruit new personnel. This also increases employees' commitment to the organisation. After all, more and more employees are seeking the values and norms that they themselves espouse at their employer.

Recommendation: Communicate a clear sustainability policy

Practicing and projecting a clear sustainability policy are important components to an efficient employer branding and retention policy. After all, sustainability is a high priority these days among every layer of society. Companies that seek a sustainable relation with society cannot emphasise this enough to the labour market. Articulating values, socially responsible entrepreneurship, and sustainability policy, are of great value to positioning the organisation as an attractive employer. And that is – given the current labour market – not an unnecessary luxury.

7. In 10 points

The most significant results of the Labour Market Trends Survey break down as follows:

- 1 The rapidly emerging rush for talent and its consequences for staffing constitute a rapidly growing risk to company continuity.
- 2 Companies that want to attract and retain talent must anticipate the growing confidence of employees in the labour market by seeking responses to growing employee mobility.
- 3 Companies that insufficiently invest in their power of attraction on the labour market and in employees' commitment threaten to miss the boat in that 'rush for talent'.
- 4 Closing the perception gap between employers and employees requires more realistic HR management when responding to the wishes and needs of employees in terms of career, development opportunities, quality of management, and the salary package.
- 5 Entering into dialogue with the workplace via research and monitoring of satisfaction boosts the effectiveness of HR management and can support and justify choices better.
- 6 HR management that is open to new forms of work organisation does not only reinforce its company's position on the labour market but also boosts its competitiveness.
- 7 Communication with one's own employees and with the labour market is the key to strengthening employer branding.
- 8 The aging of the population necessitates generation management and therefore elaborating custom solutions based on the needs and lifecycles of the various age categories.
- 9 In order to convince employees of the integrity and values of the employer, 'talking the talk and walking the walk' are more important than ever.
- 10 The government must raise its game in the area of labour market policy in order to boost employer and employee confidence.



Epilogue

The labour market is in motion. Employers, employees, governments, and HR service providers face major challenges. The aging of the population, flexibilisation, new work arrangements, and resolving the shortages on the labour market, are the new key HR issues. The answer lies in finding the right balance between the attractiveness of the employer and the changing wishes of employees. This will bring supply and demand closer together. Tempo-Team identifies the most significant developments in this Labour Market Trends Survey. We hope to inspire you and we will be more than happy to enter into dialogue with you. It is precisely by different insights and opinions that we will arrive at the right solutions to contribute to your company's success.

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