



Demographic Fitness Survey 2007

Management Report: France

March 2008

Demographic Fitness Survey 2007: France

Management Summary: Preliminary Note

- As was the case in the first survey carried out in 2006, the second survey series at the end of 2007 was based on a sample of at least 500 interviews per country and a total of 2,506 interviews across Europe's 5 large economies.
- As the second survey used the same methodological and sample structure as the first survey, the results are comparable at both a European and individual country level. Significant variations in results therefore demonstrate corresponding changes in companies between the two measurement series.
- Overall, the results of the second survey for France show interesting trends: Although in principle almost no significant variations across the areas of the DFX were expected, initial, important changes and positive trends are shown, from which it could be inferred that companies are attempting to make arrangements for demographic change – starting with an analysis of employee and age structures.
- Thus the DFX is fulfilling its function as an early warning system and benchmark for the French companies by way of comparison with other major European economies.

Demographic Fitness Survey 2007: France

Design (Fieldwork)

■ Sample

- 500 interviews in France

Sizes: medium-sized companies (annual sales of Euro 10 to 50 million): 240 interviews
large-sized companies (more than Euro 50 million annual sales): 260 interviews

Sectors: Trade: 160 interviews/ Industry: 170 interviews/ Services: 170 interviews

■ Target group

- Persons responsible for HR decisions in the companies

■ Methodology

- Computer aided telephone interviewing (CATI)

■ Fieldwork

- October/ November 2007

Demographic Fitness Survey 2007: France

Management Summary: Survey Results

- Along with globalisation and technological progress, **demographic change** continues to be one of the biggest challenges for the French businesses.

Compared to 2006, the proportion of **large companies** that regard demographic change as a challenge for the future has continued to increase significantly.

Ergo: Demographic change has been taken on board by businesses, and it is particularly large companies that are increasingly realising the risks to be expected.

- 1. The **age structures** within companies – both currently and with regard to individual departments and future trends – are much better analysed by French companies than was the case in 2006. And this positive development is seen all over the country at in companies of all sizes and industries.
 - Here, medium size enterprises have done their homework best and carried out analyses of age structure at all levels (overall and at an individual level) significantly more often than was the case in 2006.
 - And the service companies in France have reached a considerably more detailed analysis status compared to the previous year.
 - This means that the foundations for long-term changes have been laid, *but do these first efforts result in “real” measures that counter the risks of demographic change?*

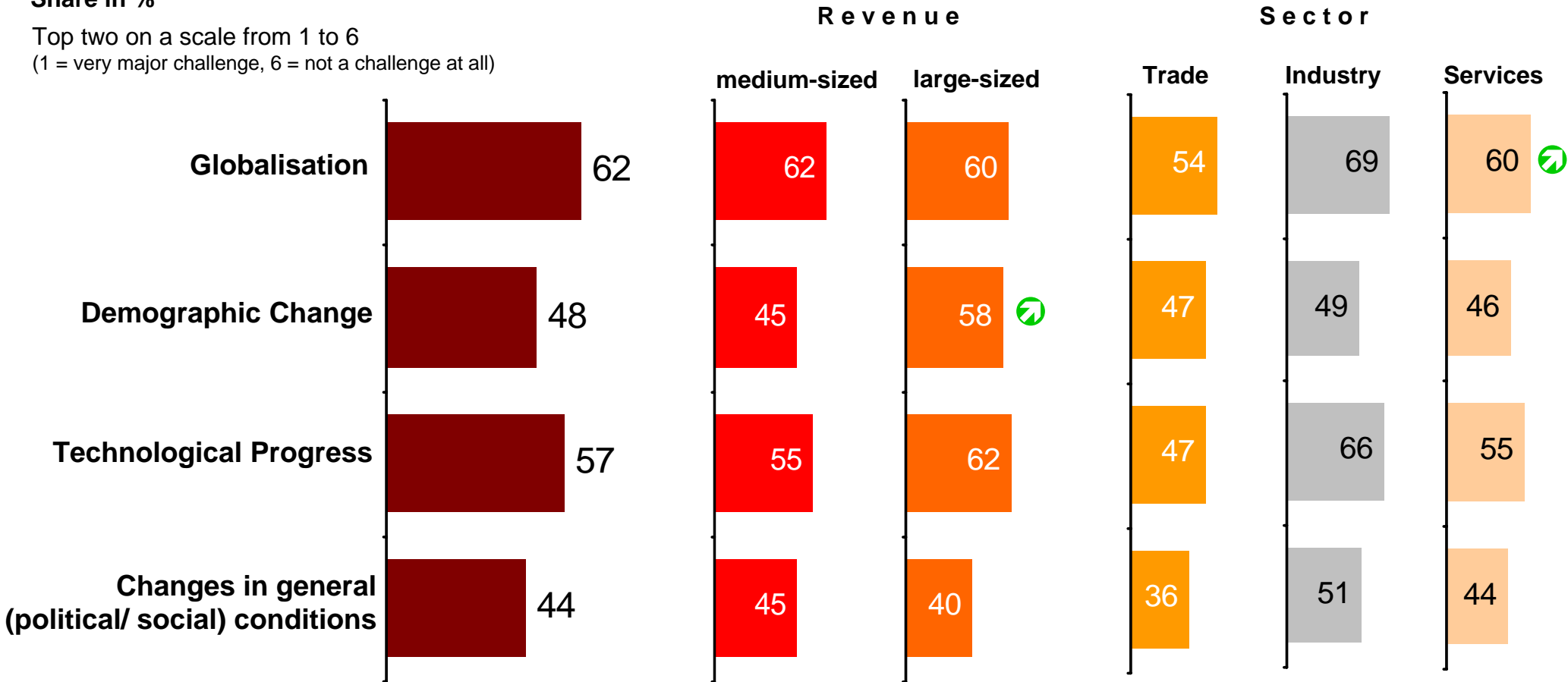
Demographic Fitness Survey 2007: France

Evaluation by companies in France: Future issues & challenges

Share in %

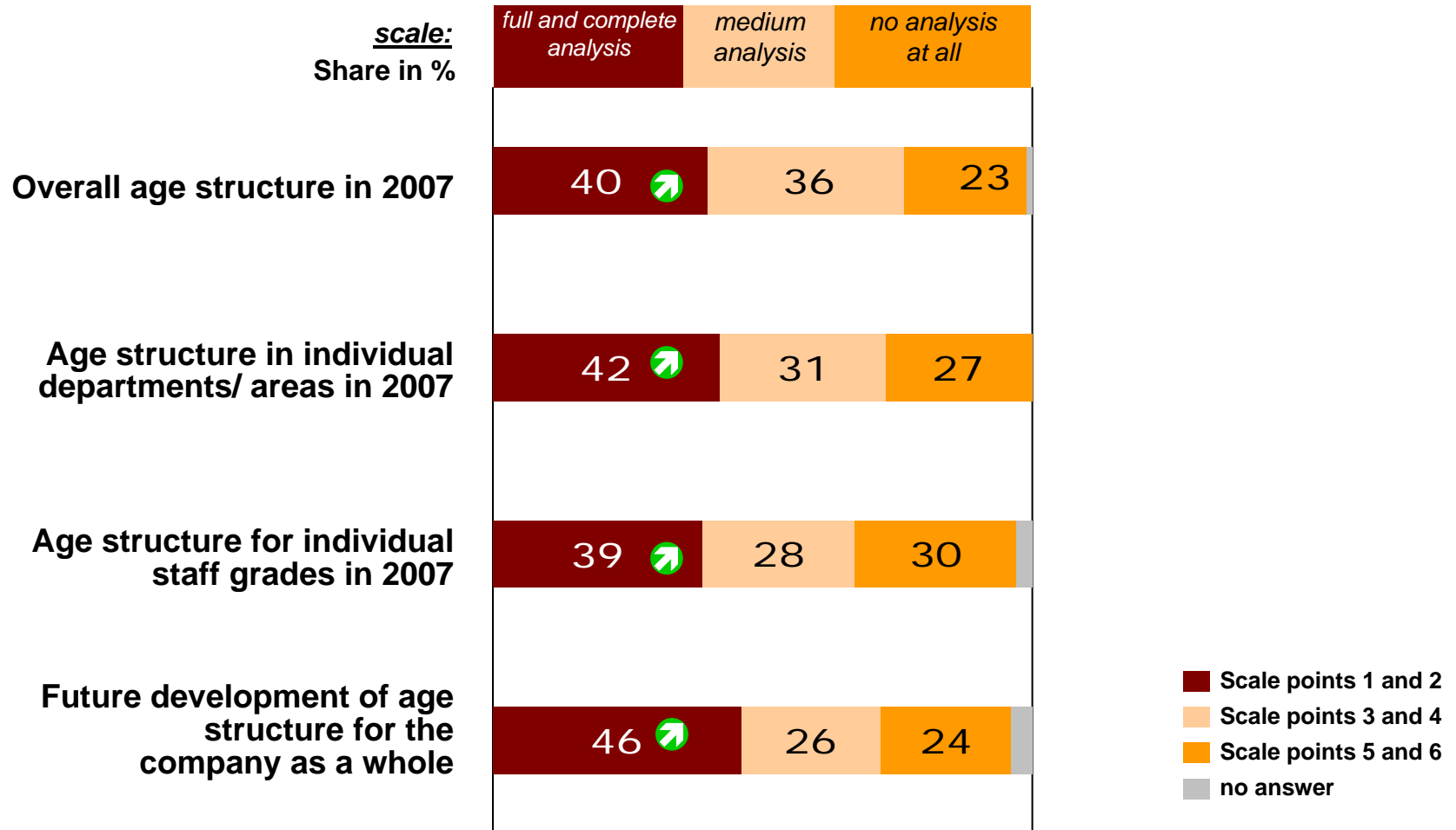
Top two on a scale from 1 to 6

(1 = very major challenge, 6 = not a challenge at all)



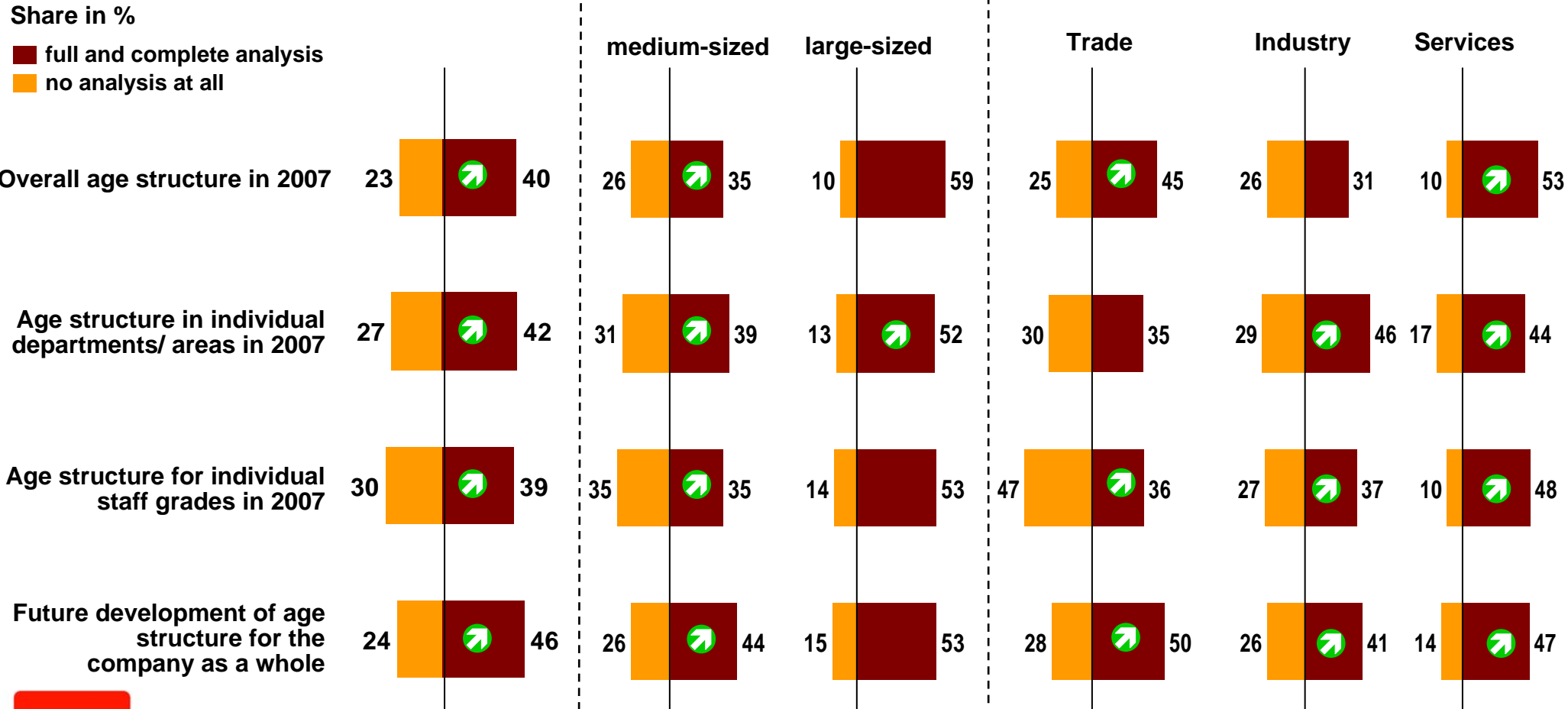
Demographic Fitness Survey 2007: France

Companies in France: Depth of analysis of age structure



Demographic Fitness Survey 2007: France

Companies in France: Depth of analysis of age structure



Demographic Fitness Survey 2007: France

Management Summary: Survey Results

- With 17 months of advance planning on average, **staff planning horizons** have become considerably longer compared to the previous year (with 14 months in 2006).

The comparison of companies and industries revealed the following observations:

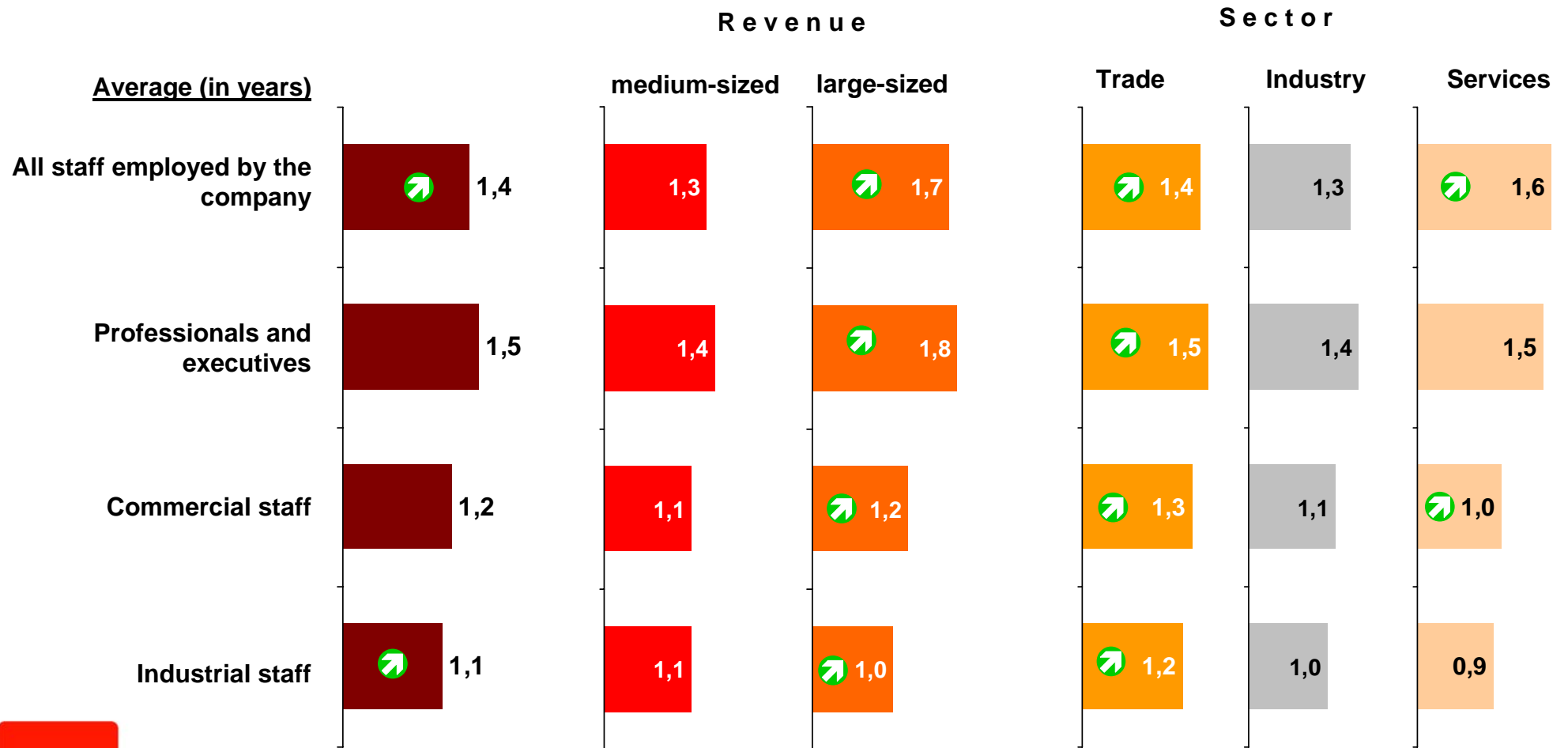
- Large companies have broadened their planning horizons as a whole, and at all requirement levels – a first **structural** reaction to the increased “fear” of demographic change.
- The trade sector has clearly improved the implementation of strategic staff planning in (nearly) all corporate sectors.

Service companies have managed to broaden their planning horizons, especially in the commercial sector.

- In view of the increasing importance of **long-term** staff planning, which must take into account future age trends, companies have started to deal with exactly the right issues.
- However, up to 20% of the required demands are unable to be staffed with appropriate candidates. A better and, most of all, long-term/strategic planning is required to secure actual staff with regard to time and tailored to suit market needs.
- Ergo: The next step has been taken – French companies not only recognise that they increasingly have to face up to the challenges of demographic change, but have also started to do their homework – at least in terms of a more comprehensive (age) structure analysis.

Demographic Fitness Survey 2007: France

Staffing requirements: Planning horizons (in total/ by company size)



Demographic Fitness Survey 2007: France

Staffing requirements: Appointment of vacancies vs. requirements



Question: In what percentage of the positions scheduled to be filled in 2007 did the appointment made actually satisfy requirements? And how will the appointments made in your company to fill vacant positions change by 2012?

Demographic Fitness Survey 2007: France

Management Summary: Survey Results – DFX Analysis

- On average, French firms achieve a **Demographic Fitness Index (DFX)** of 174 points and thus were able to improve slightly upon the previous year (172 points in 2006).

An analysis by industry sector and company category reveals that

- both medium-size and large companies have made slight gains in the DFX; but with an average DFX of 195 points, large companies are (still) clearly better positioned than medium-sized enterprises with an average DFX of 168 points.
- commercial enterprises took the largest development step with +11 DFX points, and managed to further close ranks with the industrial companies that made slight losses in the DFX (commerce: 168, industry: 174).
- Ergo: The public and political debate – not least due a simultaneous shortage of specialist staff - has obviously reached companies in France and is also much more widespread, particularly in medium-sized and large enterprises, and mainly in the trade sector.

Demographic Fitness Survey 2007: France

Demographic Fitness Index (DFX): „State of Fitness“ in France

Index	Total	medium-sized	large-sized	Trade	Industry	Services
Average score 2007	174	168	195	168	174	185
Average score 2006	172	166	194	157	179	184
Trend	+ 2	+ 2	+ 1	+ 11	- 5	+ 1

Demographic Fitness Survey 2007: France

Management Summary: Survey Results – DFX Analysis

- Looking at the situation overall, the distribution of index points (such as the percentage of those who do not undertake any activities in the direction of “demographic fitness”) has hardly changed significantly at all, a detailed examination reveals the following trends:

- With **large companies**, the percentage of enterprises with very good 251-300 index points was further expanded (16% as compared to 12% in 2006). However, there are still 7% of all companies that have a DFX of 100, which means they do not undertake any activities towards “demographic fitness”.

Ergo: The already positioned (large) companies have consistently continued to work on a promising implementation of measures. But the “tailenders” have not yet managed to catch up.

- In the **trade sector**, the percentage of companies that reach an index of less than 150 DFX (28%) has significantly declined (40% in 2006!) in favour of the midfield (150-200 points).
- A **positive** shift also took place in the **service companies** sector (from an average to an above-average DFX), while the percentage of **industrial companies** with a **below average** index (101 -150) increased from 15% in 2006 to 25% of the overall index.

Ergo: The trade sector currently aims to make up for the shortcomings “at double speed”- and has had some initial success! The industrial companies, however, have made no progress, and have obviously shifted priorities. It remains to be seen here what this means for the future development in this sector.

Demographic Fitness Survey 2007: France

Management Summary: Survey Results – DFX Analysis

- Despite the overall positive trends, one third of all companies are still achieving fewer than 150 points. Given that the maximum possible number of points is 400, there is still much room for improvement throughout.

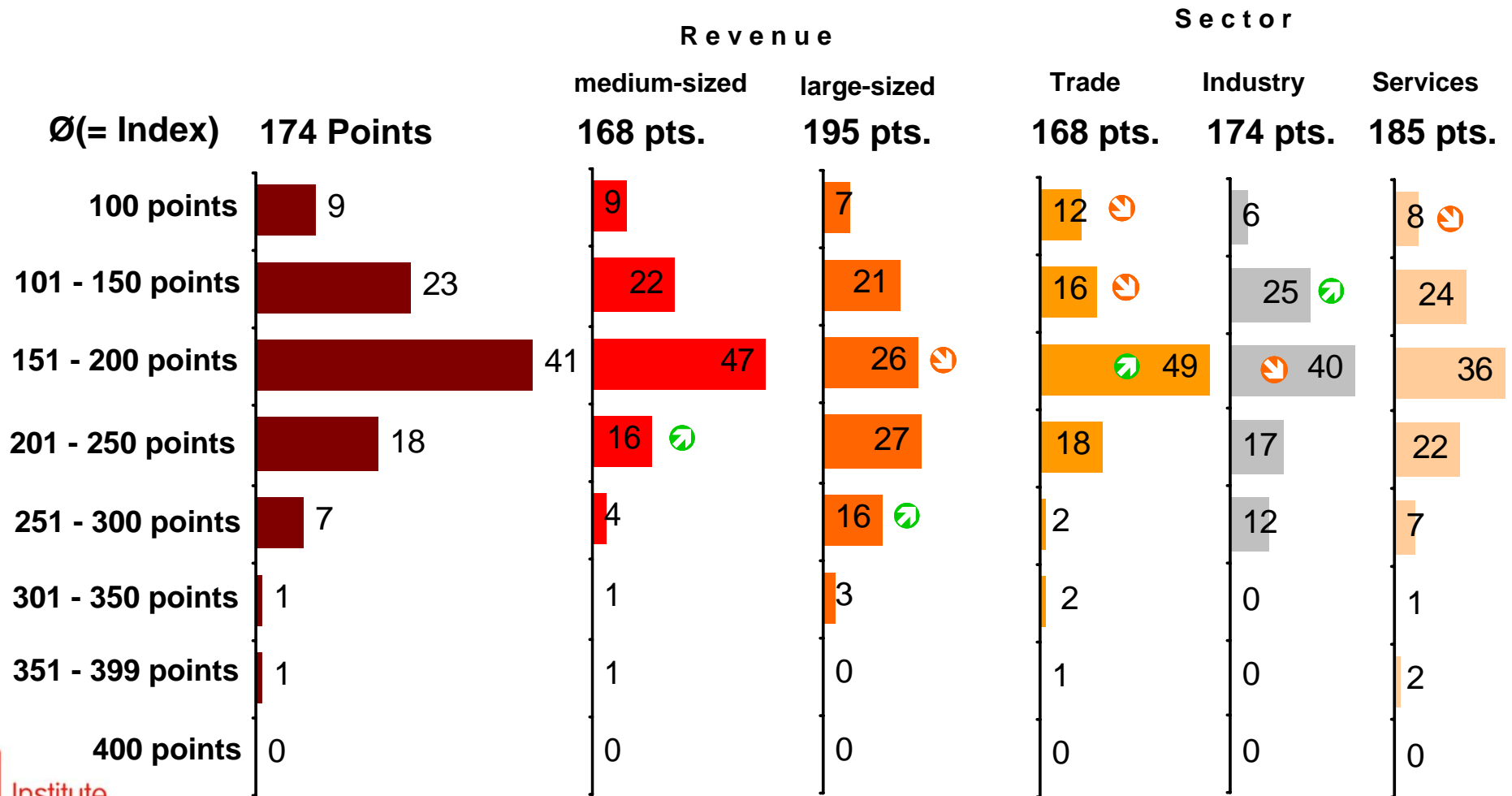
The result in the industrial area (-5 index points) shows, however, that it is not just a matter of introducing or offering one or two measures from the 5 key areas.

Companies must make the schemes on offer to employees much more attractive so that they are (able to be) taken up and made use of.

Consequently the measures and their specific potential must be analysed individually at company level.

Demographic Fitness Survey 2007: France

Demographic Fitness Index (DFX): „State of Fitness“ in France



Demographic Fitness Survey 2007: France

Management Summary: Survey Results – The 5 Key Areas

- Across the five **key areas** of lifelong learning, career management, health, knowledge management and age diversity, French companies were able to demonstrate the following successes or inadequacies:
 - The majority of companies have an insufficient range of tools needed for employees' **career management** (on average less than four of the nine specified tools were introduced), and only a few employees actually make use of these. A comparison with the previous year reveals that
 - companies are, in principle, prepared to offer more schemes to their employees (on average: 4 out of 9), but only companies from the trade sector focused significantly more clearly on according schemes this year.
 - companies particularly focus on **individual planning tools** (especially work-life plans, change of career path, individual career management), while special schemes for higher qualified staff (external career consulting, high potential programmes) are widely neglected.
 - employees, however, are not willing to take up these schemes.

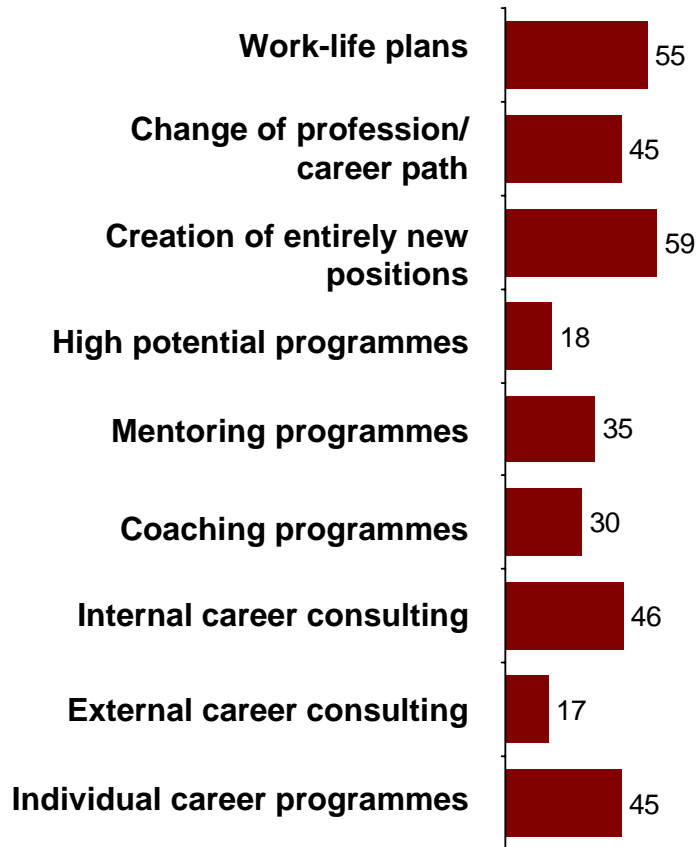
Ergo: Companies have not (yet) managed to outline a portfolio of measures that is tailored to employees' needs. The outcome does, however, reflect the continuing low levels of willingness among employees to adjust to changed conditions. What must therefore follow is rethinking both on the part of the companies and at a wider level (i.e. by the employees themselves).

Demographic Fitness Survey 2007: France

Career Management



Career Management tools:

Share in %

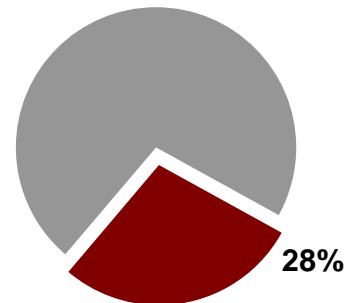



Average number of tools
offered
3.6 (of 9)

Medium: 3.3
Large: 4.6

Trade: 3.7 
Industry: 3.4 
Services: 3.9

 Degree of utilisation of
offered tools



Medium: 28%
Large: 26% 

Trade: 29%
Industry: 23%
Services: 34%

Demographic Fitness Survey 2007: France

Management Summary: Survey Results – The 5 Key Areas

- Overall, measures that are implemented best are those for further training as a part of **lifelong learning**.

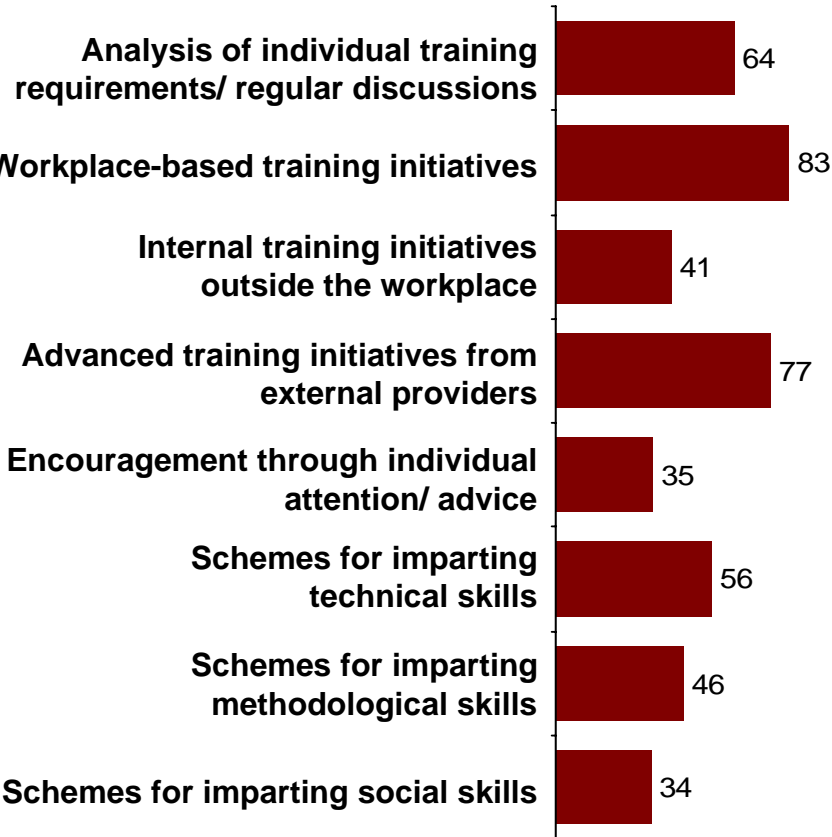
1/3 of the French companies admit to having started respective new initiatives/programmes in this area in the past year. Service companies are the leaders here - half of them have established new focal points.
- **Individual training requirements** and **further training measures** (also including consultation of third-party providers) were increasingly applied.
- On average, companies dedicated 5.4 workdays to further training. The details:
 - Medium-sized businesses were able to raise the number of further training days significantly (from 5.3 to 5.7 days on average)
 - Companies in the **trade sector** expanded their further training schemes most significantly with currently 5.2 days as compared to only 3.9 days in 2006. The objective also shifted in the direction of further qualification here.
 - And yet: Across all industry sectors and company sizes there is, however, very little promotion of the personal/social skills of employees. As was previously the case, the focus is on workplace and job-related training in the immediate relevant field of application – a failure that will particularly cause large companies long-term problems in developing and retaining high-potential staff.

Demographic Fitness Survey 2007: France

Life Long Learning

Human resource development tools:

Share in %

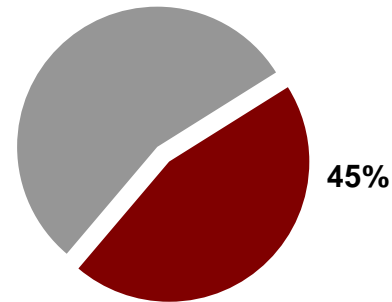


Average number of tools offered
4.5 (of 8)

Medium: 4.2
Large: 5.3

Trade: 3.7
Industry: 4.6
Services: 5.4

■ Degree of utilisation of offered tools

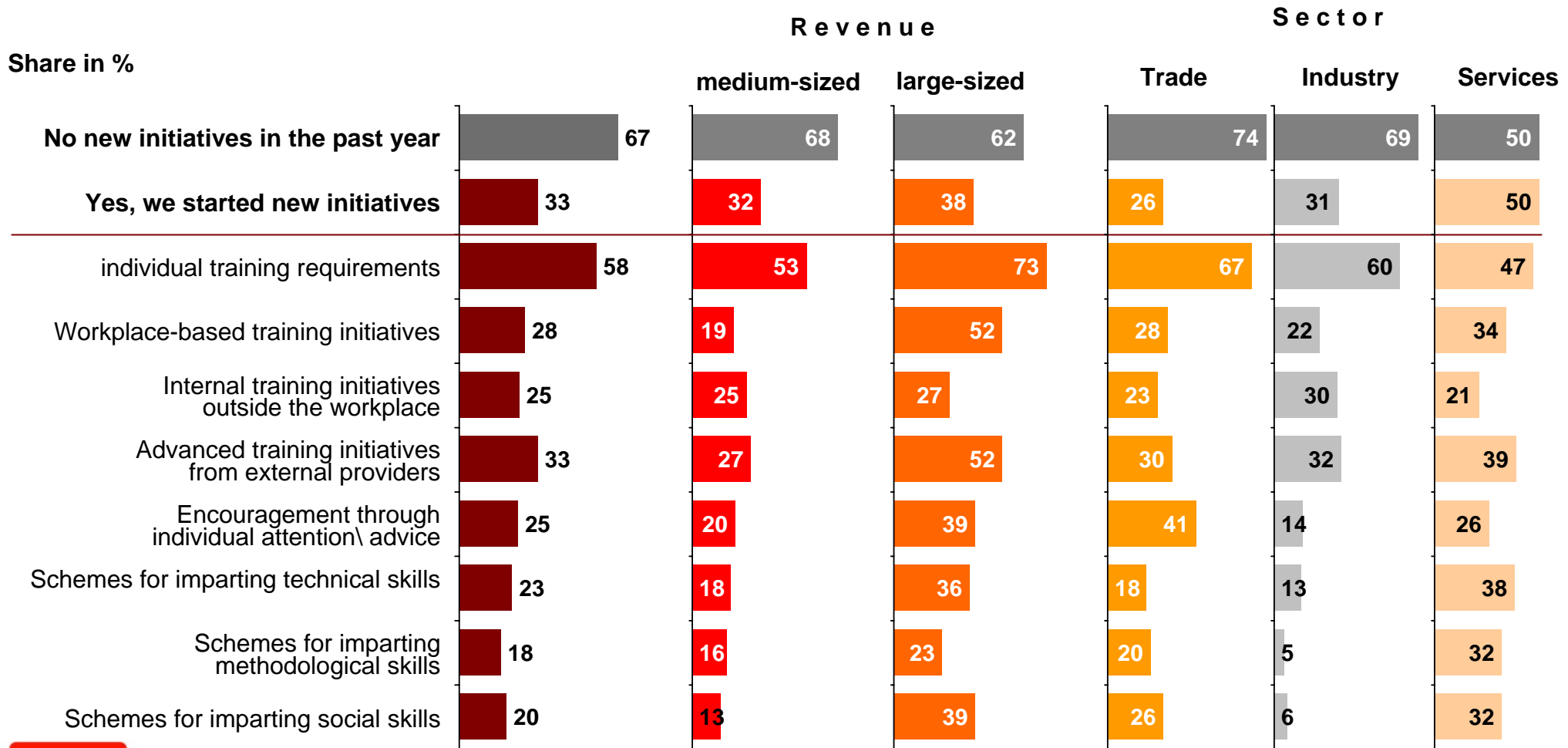


Medium: 45%
Large: 40%

Trade: 41%
Industry: 49%
Services: 41%

Demographic Fitness Survey 2007: France

Life Long Learning: New initiatives 2007





Demographic Fitness Survey 2007: France

Companies in France: Advanced training schemes

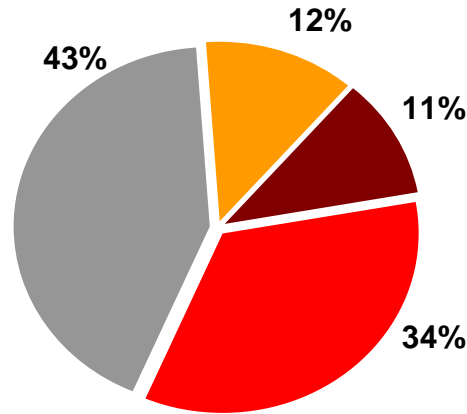
Total number of days per employee spent on advanced training in 2007 :

5.4 days

Medium: 5.7 
Large: 4.5

Trade: 5.2 
Industry: 5.7
Services: 4.9

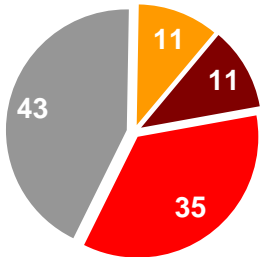
Objectives of the advanced training:



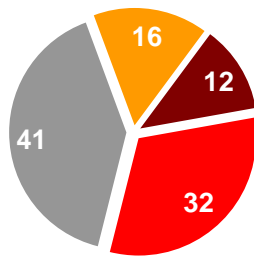
- Obtaining a qualification
- Further qualification/ qualification for promotion
- Social objective (e.g. team building)
- Personal objective (e.g. coaching, management seminars)

Share in %

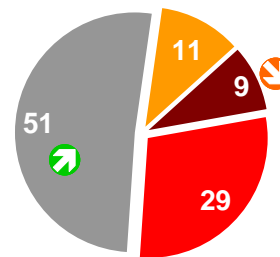
medium-sized



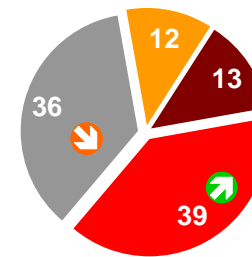
Large-sized



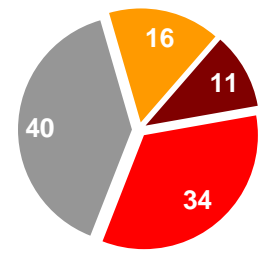
Trade



Industry



Services



Demographic Fitness Survey 2007: France

Management Summary: Survey Results – The 5 Key Areas

- Only about five of the 12 key tools of **knowledge management** are utilised by companies in France.

Management information systems and CRM systems are increasingly utilised, while companies hardly ever use external resources (such as think tanks or consultants).

- And just as there have been improvements in age structure analysis, positive trends were also revealed with regard to the analysis of the knowledge level in French companies.

Across all industries and company sizes, the carriers of business-critical knowledge and the risk of knowledge loss (through the loss of these experts) were much better identified than in the previous year.

The details:

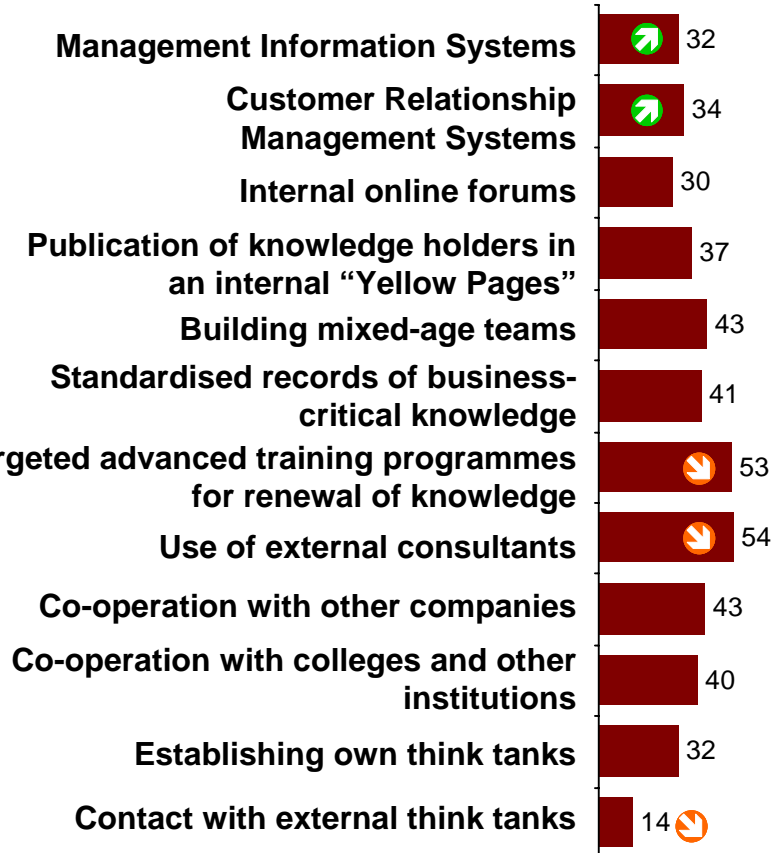
- In **large companies**, the relevance of business-critical knowledge and the risk of knowledge loss is recognised by almost 50% of all companies. And almost 60% of all companies fully analyse workplace-specific expert knowledge.
- **Commercial enterprises** still undertake the fewest analyses of the knowledge level in the direct comparison of industries, but managed to improve significantly in all areas in comparison to the previous year. Here, the relevance of knowledge management within the company has been a) realised and b) implemented in the form of concrete measures.

Demographic Fitness Survey 2007: France

Knowledge Management

Knowledge Management Tools:

Share in %

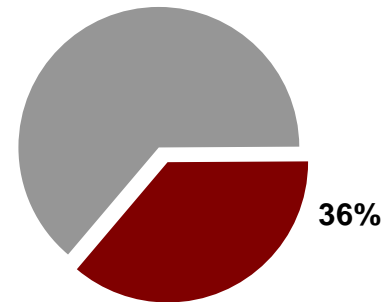


Average number of tools offered
4.6 (of 12)

Medium: 4.3
Large: 5.9

Trade: 4.1
Industry: 4.8
Services: 5.3

■ Degree of utilisation of offered tools

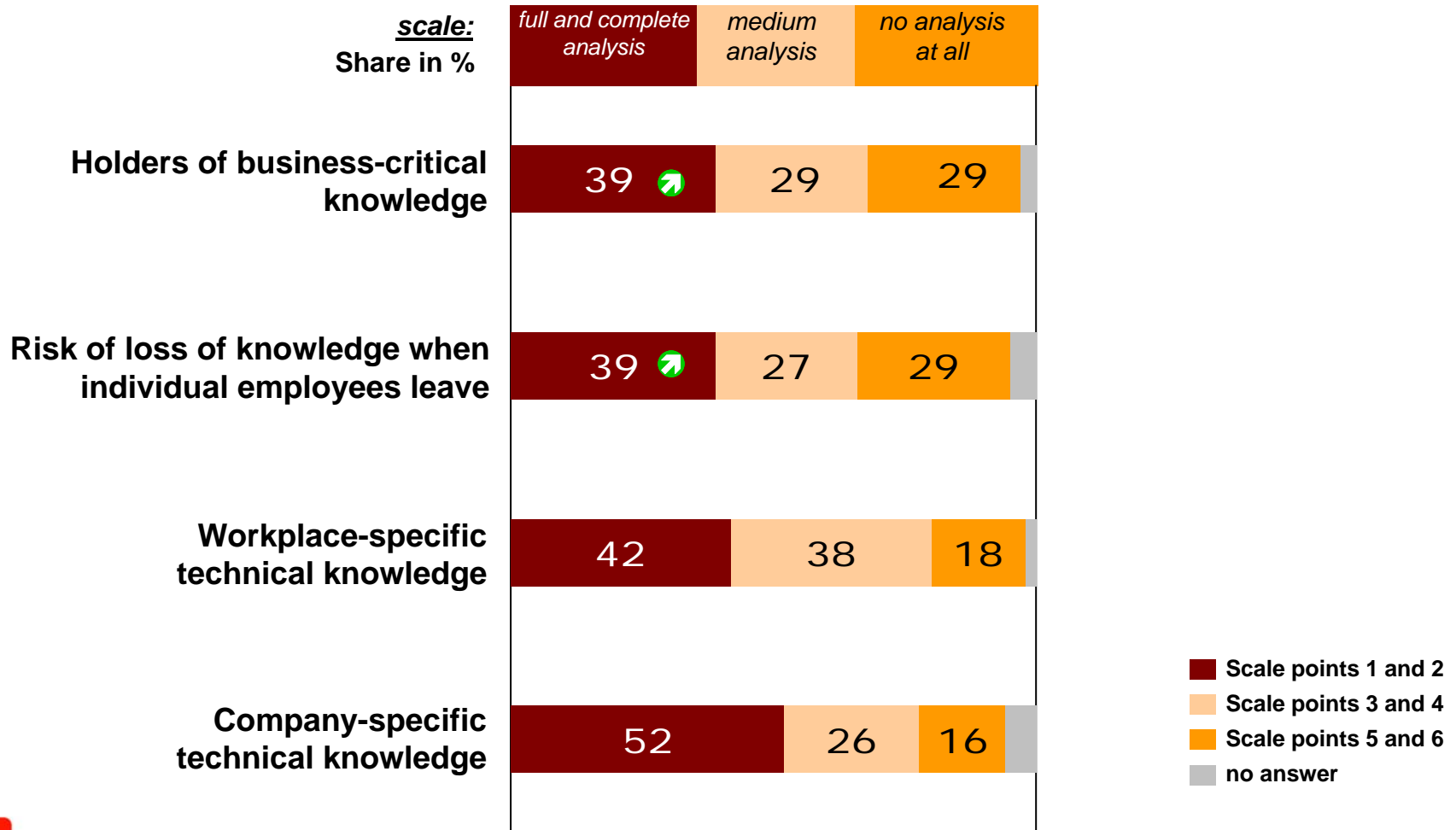


Medium: 38%
Large: 31%

Trade: 39%
Industry: 33%
Services: 38%

Demographic Fitness Survey 2007: France

Companies in France: Analysis of structure and level of knowledge



Question: If you now think about the knowledge assets that your company has, to what extent have you carried out an analysis of business-critical knowledge assets in your company?

Demographic Fitness Survey 2007: France

Companies in France: Analysis of structure and level of knowledge

Share in %

■ full and complete analysis

■ no analysis at all

Revenue

medium-sized

large-sized

Sector

Trade

Industry

Services

Holders of business-critical knowledge

29 39

33 35

16 53

33 38

33 39

16 40

Risk of loss of knowledge when individual employees leave

29 39

33 37

17 47

41 33

29 41

10 47

Workplace-specific technical knowledge

18 42

21 37

7 59

20 43

22 39

9 46

Company-specific technical knowledge

16 52

18 49

8 61

15 46

20 49

12 67

Demographic Fitness Survey 2007: France

Management Summary: Survey Results – The 5 Key Areas

- In most companies there is still a serious need for improvement as concerns **health management** – apart from compulsory schemes (health checks, occupational health services etc.), almost no long-term programmes for active health promotion are on offer. The only thing companies focused more strongly on in 2007 is “healthy food”. The details:
 - It is primarily the large companies that, compared to 2006, offer their employees more services.
 - Companies in the service sector face less acceptance of the offers, while the awareness of (compulsory) programmes in the trade sector has increased.
- Formally, almost all companies treat employees of all age groups equally (**age diversity**).
 - Here, too, large companies manage to react more quickly to changes in the composition of different age groups.
- And yet, long-term programmes to promote a culture of mutual esteem and value creation, such as team building seminars, round tables and awareness workshops for managers, are not (yet) offered to a satisfactory degree.

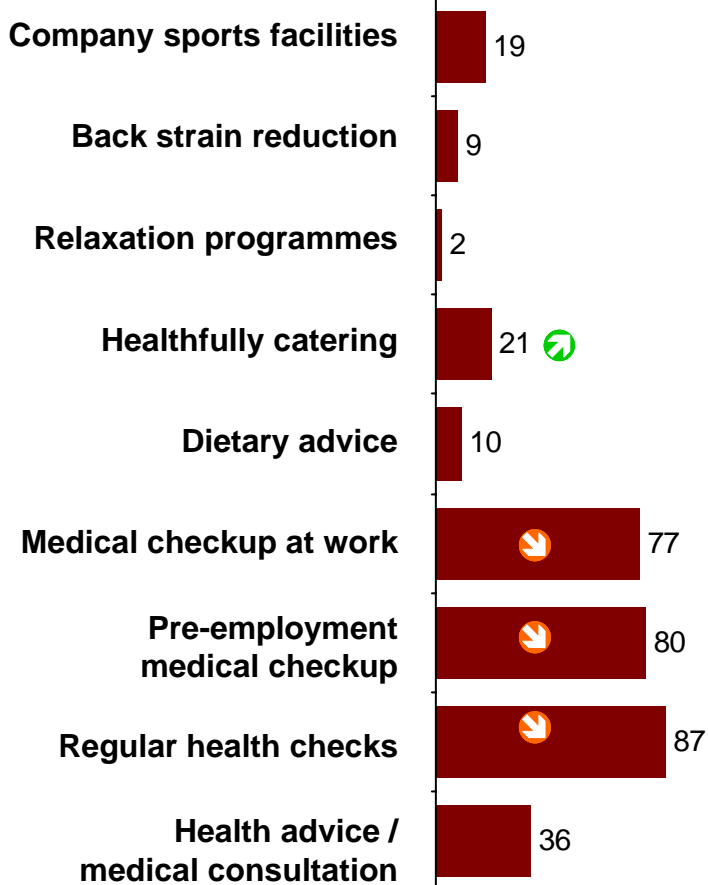
This is exactly where companies must strive to bring home the issue.

Demographic Fitness Survey 2007: France

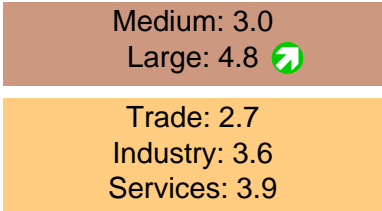
Health Management

Health Managements Tools:

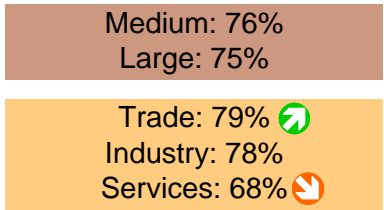
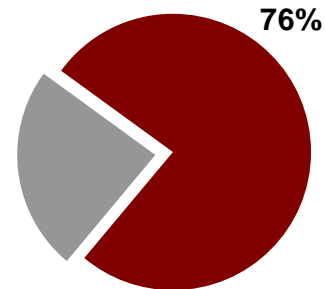
Share in %



Average number of tools offered
3.4 (of 9)



Degree of utilisation of offered tools

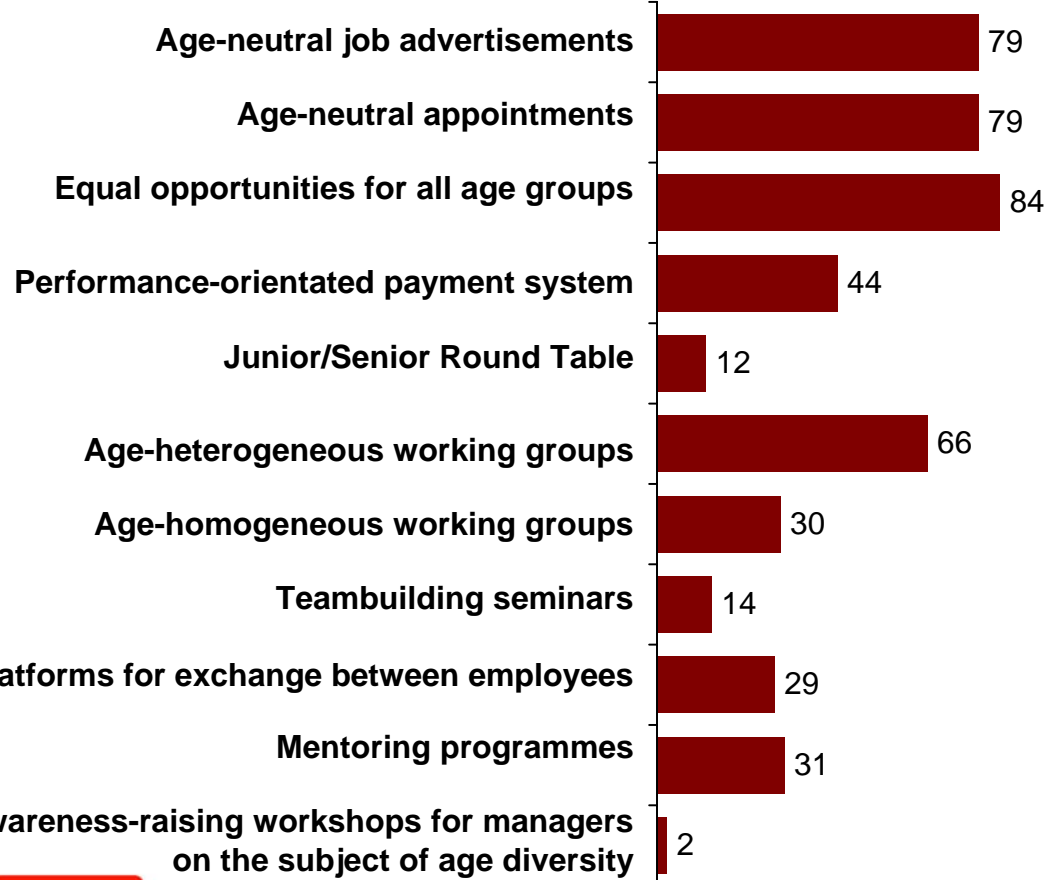


Demographic Fitness Survey 2007: France

Age Diversity Management

Tools of Age Diversity Management:

Share in %



Average number of tools offered
4.7 (of 11)

Medium: 4.6
Large: 5.7

Trade: 5.0
Industry: 4.5
Services: 5.3

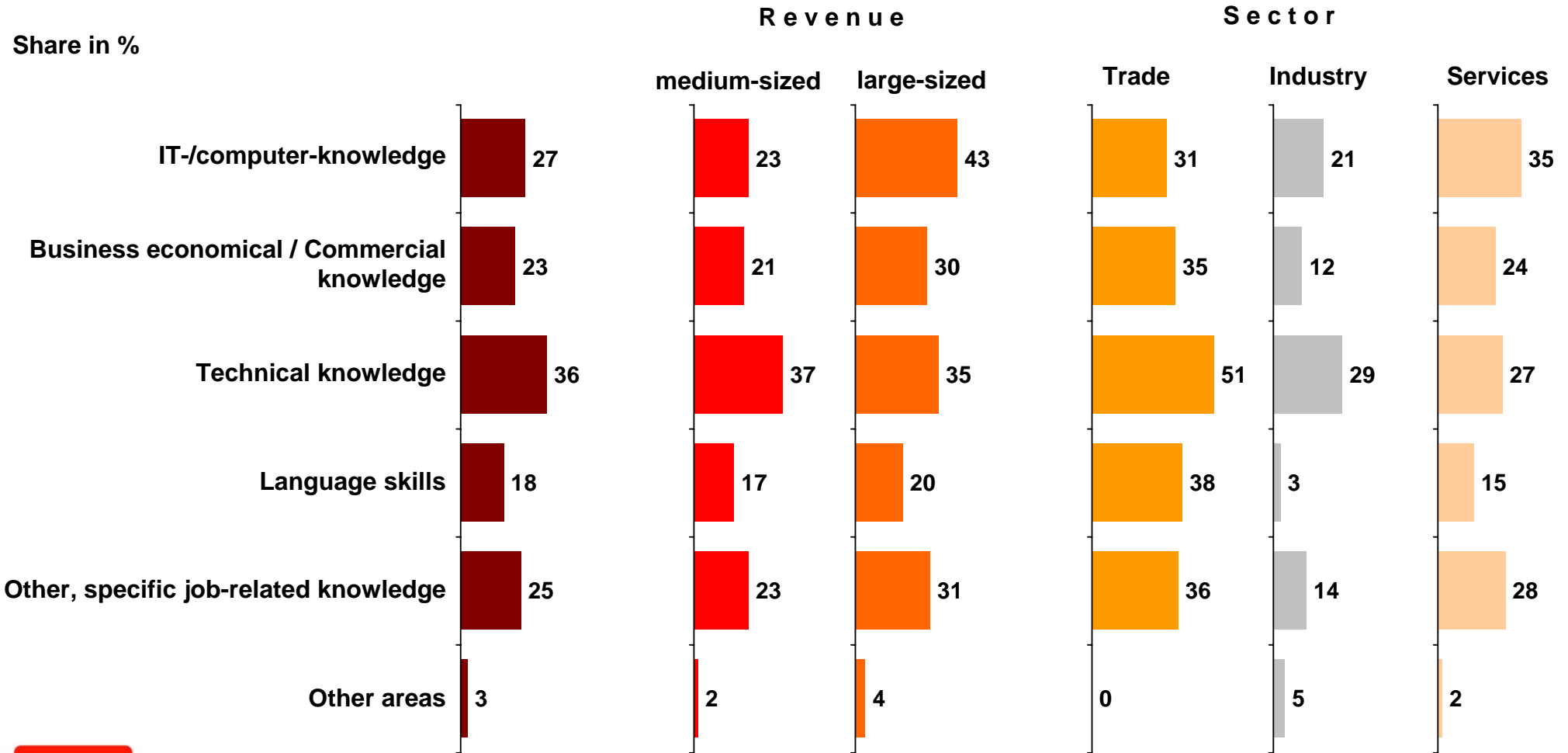
Demographic Fitness Survey 2007: France

Management Summary: Skill Shortage in France

- 36 percent of the participating companies in France complain about a shortage of technological knowledge – followed by IT/computer expertise and workplace-related skills.
- It is particularly commercial enterprises that struggle with the shortage of technological knowledge – here, half of all companies admit lacking the relevant experts. More than 1/3 of all commercial enterprises also complain about a shortage of adequately skilled staff in other areas (such as IT, commercial skills, language skills).
- And yet almost half of all companies confirm that more must be done to encourage and challenge people's skills, not only in schools, but also in the companies, and during the transition from school to work life.
 - Large companies and commercial enterprises also see great potential in the increasing education of women for technical careers – almost 60% of these companies consider this to be a particularly effective measure.
 - The majority of companies in the service company sector agree that, in order to counteract the shortage of skilled staff, companies must strive to retain experienced staff on a more long-term basis through intensive human resource development.
 - Commercial companies, however, tend to rely more on cultivating future employees (better school education, transition to work life).
 - Approx. 1/3 of all companies consider the use of private employment agencies to be a valuable support.

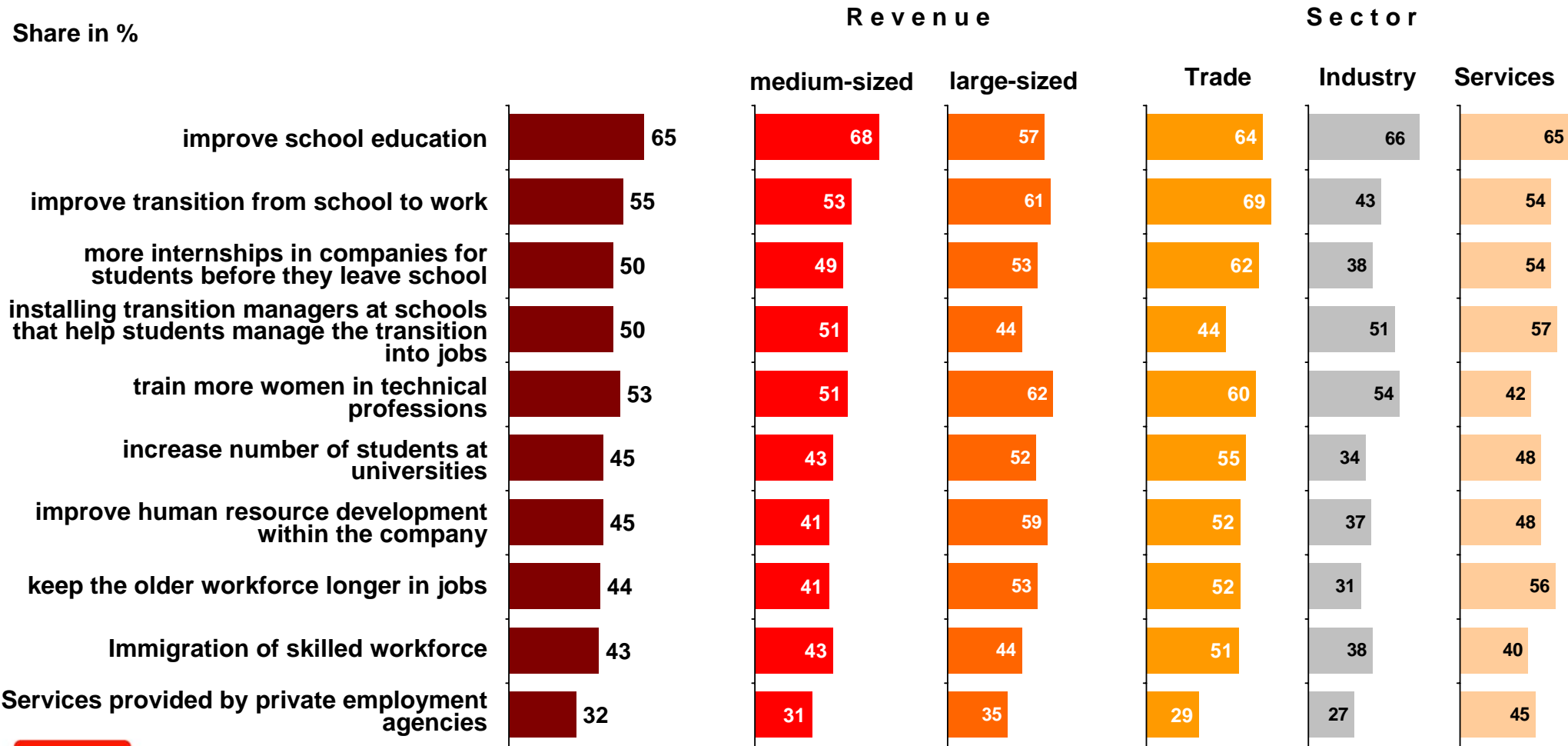
Demographic Fitness Survey 2007: France

Skill shortage: Areas with most severe shortage



Demographic Fitness Survey 2007: France

Strategies to counter skill shortages



Demographic Fitness Survey 2007: France

Management Summary: Employment of Older Staff (50+)

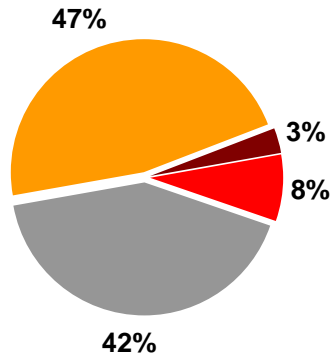
- The readiness to employ older staff (50+) has grown in all French companies:
 - 14 percent intend to employ more older staff in 2008 than in 2007 (compared to 8% in 2006).
 - 37 percent intend to (newly) employ the same number of older staff (50+) as in the previous year (compared to 47% in 2006)
 - Large companies and commercial enterprises are most ready to employ older staff (50+) – here, 15% and 18% of all companies forecast increased employment of older staff.
- As far as the performance level of older staff is concerned, the majority of all companies advocates equally good skills in comparison with younger staff.
 - Large companies in particular refuse to state clear preferences in this context and believe in an equally good performance of all age groups.
 - But only a few companies consider the qualities of older staff to be actually better than those of younger staff.
 - In the industrial sector, 20% of all companies even believe that motivation and commitment is poorer with older staff.

Ergo: When compared to the other European markets, France still requires a lot of awareness training in order to widely regard and understand the issue of age diversity as a sustainable staff planning strategy, and not a necessary evil.

Demographic Fitness Survey 2007: France

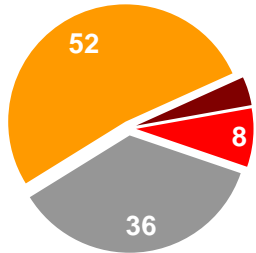
Hired persons 50+ (Status Quo and perspective 2008)

Hired last year (2007)

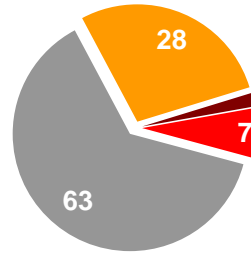


Revenue

medium-sized

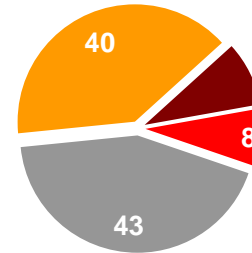


large-sized

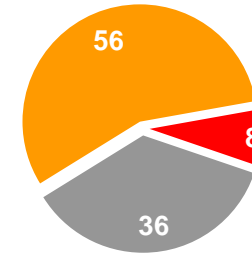


Sector

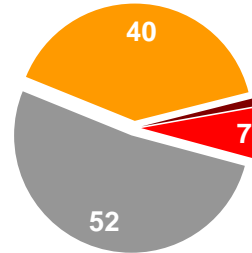
Trade



Industry



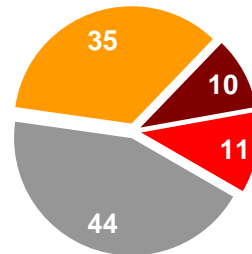
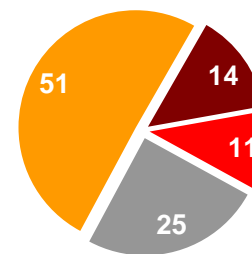
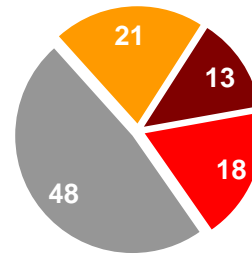
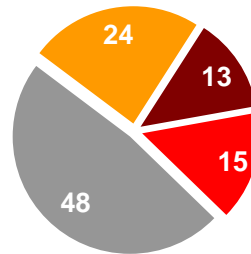
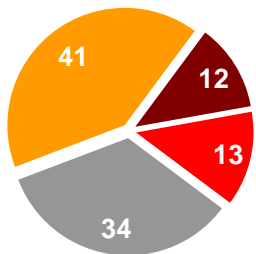
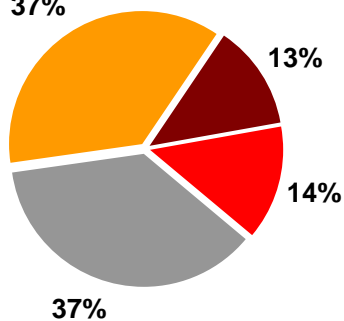
Services



■ More persons older than 50
■ Just as many persons older than 50

■ Less persons older than 50
■ No answer\ don't know

Expectation for 2008

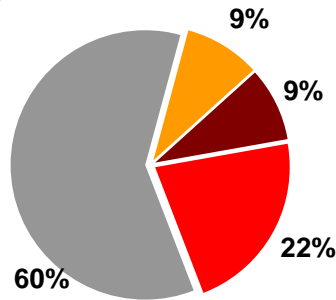


Question: 1: When you think of last year, have you hired more persons, less persons or just as many persons older than 50 as before?
 2: And how do you expect these characteristics to develop in your company next year?

Demographic Fitness Survey 2007: France

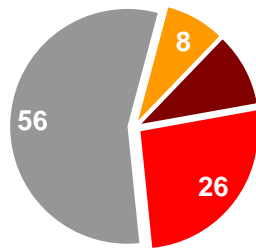
Experiences with older staff

Efficiency and productivity

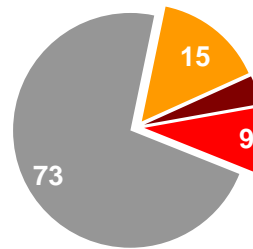


Revenue

medium-sized

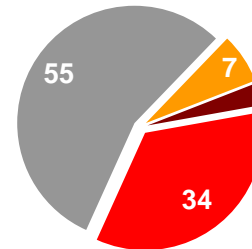


large-sized

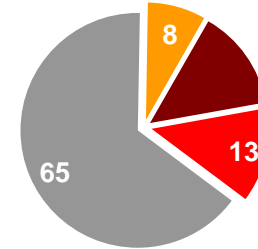


Sector

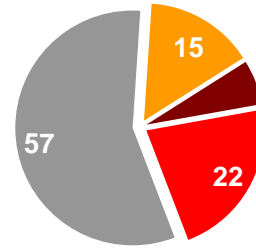
Trade



Industry



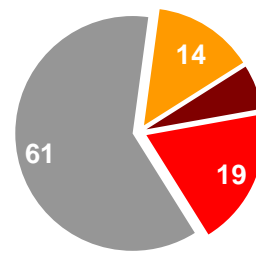
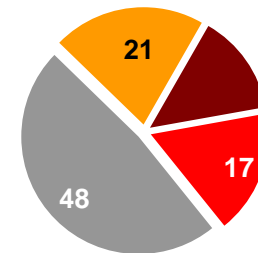
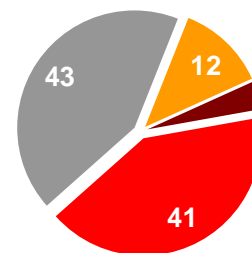
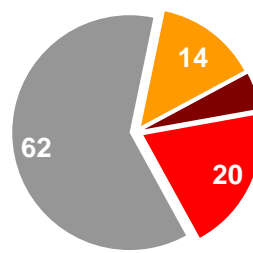
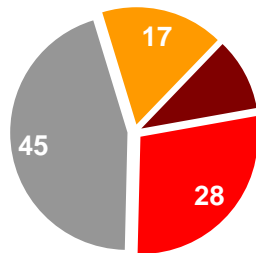
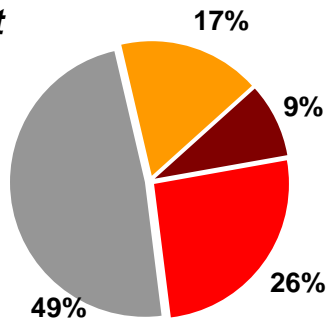
Services



■ Better than younger staff
■ Just as good as younger staff

■ Worse than younger staff
■ No answer\ don't know

Motivation and commitment



Demographic Fitness Survey 2007: France

Management Summary: Conclusions/Prospects

- Top 1: Companies in France are on the right track: positive examples (companies) with an above-average, high DFX, continue to increase. At the same time, the “tailenders” in the commercial sector managed to achieve a first reversal of the trend – the proportion of companies with an index of fewer than 150 points has significantly lowered.

However, even though the overall DFX indicated an increase on the previous year, there is still no cause for celebration.

- Top 2: Companies have taken the issue of "Demographic Change" on board, even if not 100%. The issue has also been "acknowledged" in France.

Demographic Change and therefore also the consequences for innovativeness, competitiveness and productivity now appear on the agenda of most businesses...

... resulting in initial positive outcomes:

- The proportion of companies that have begun to analyse the age structure of their company has risen significantly compared to 2006. Today, this has already resulted in more long-term oriented staff planning.

Companies have thus laid the foundations for a thorough rethink whereby staff cannot be viewed as an unlimited and interchangeable resource of production.

Demographic Fitness Survey 2007: France

Management Summary: Conclusions/Prospects

- Top 3: In the future, companies in France must manage to consistently stay on the chosen path to make further headway with regard to:
 - the (individualised corporate) analysis according to the 5 DFX key areas.
 - the derivation of appropriate measures.
 - and, ultimately, with the aim of attaining a higher DFX index and thereby raising the current level of innovativeness, competitiveness and productivity.

- Top 4: The shortage of skilled staff is omnipresent in most European enterprises.

Companies (especially in the commercial sector) have already used these deficiencies as a trigger/reason to plan for more strategic and, most of all, long-term staffing – an initial step in the right direction.

- Top 5: Even though companies may not yet be fully confident about the qualities of older staff, there is a growing readiness to pin more hopes on older staff in the future.