



Talent 2020: Surveying the talent paradox from the employee perspective The view from the Automotive sector

The September 2012 *Talent 2020: Surveying the talent paradox from the employee perspective* report is based on a global survey conducted by Forbes Insights of 560 employees at large companies across industries and regions. Automotive respondents made up 8% of the participants.

The Automotive sector is noteworthy for its resurgence from the brink of financial calamity to its current state as a thriving, dynamic engine of growth. After several years of shedding employees, the Automotive sector is now in major talent acquisition mode with strong momentum expected to continue in 2013 and beyond, due to a combination of pent-up demand, increased consumer enthusiasm, readily available credit, a wide range of new products, and the slow but steady recovery of the economy.

Survey responses for the Automotive sector are more or less consistent with those for all sectors in many areas, but there are a few talent issues that truly stand out. Specifically, the survey reveals that Automotive employees:

- Are less likely to leave their job in the near term
- Feel a greater sense of job security
- Give lower ratings to their HR/Talent and benefit programs

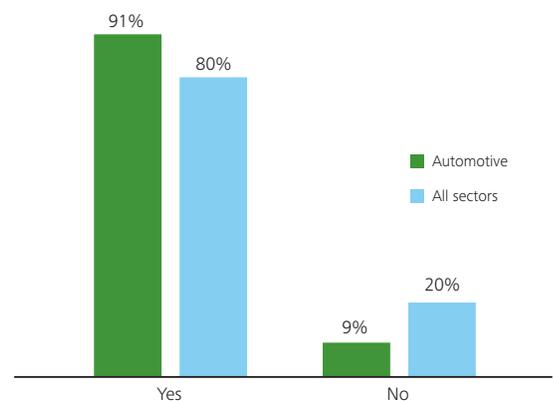
Automotive employees stand out in these areas even when compared to their counterparts in other manufacturing sectors—Aerospace & Defense, Consumer Products, and Process & Industrial Products.

This report will first look at the *Talent 2020* survey results and then provide a summary of potential action steps related to specific takeaways.

Less Likely to Leave

Compared to all sectors, surveyed Automotive employees are far more likely to stay where they are from an employment perspective, with only 9% looking to leave their jobs in the next 12 months (compared to 20% overall) (Figure 1). This may be attributable to a number of factors, including the massive downsizing these organizations experienced in the not-too-distant past. Employees who survived the downturn—as well as those who were hired more recently—appear to be buckled in for the positive trajectory that the Automotive industry is currently riding.

Figure 1. Do you expect to stay with your current employer for the next 12 months or longer?



Greater Sense of Security

Another positive factor identified is that Automotive survey respondents feel more secure in their jobs. Surveyed employees in the Automotive sector are less likely to anticipate layoffs in the next six months compared to other sectors (16% for Automotive versus 36% for all sectors) and less likely to report having experienced layoffs in the past six months (20% versus 41% overall). In addition, Automotive survey respondents are slightly more satisfied at work compared to respondents in other sectors (73% versus 70% overall).

While these trends in employment stability, security, and satisfaction are all good news, they are likely to change over time as market conditions change. This suggests that employers should capitalize on the window of opportunity reflected in these trends to retain their top talent. A key first step may be making some strategic adjustments within the HR realm.

Unhappy with HR/Talent and Benefit Programs

Respondents from the Automotive sector gave slightly lower ratings to their organizations' HR/Talent efforts overall, with 20% describing them as excellent or very good compared to 24% for all sectors. Moreover, 27% of Automotive survey respondents rated these programs as poor versus 18% for all sectors. The specific problem areas include managing a globally diverse workforce (rated very good or excellent by 20% for Automotive versus 33% overall), providing flexible work options (16% versus 34% overall), providing career mobility and international assignments (9% versus 23% overall), and developing leaders (16% versus 26% overall).

Even more significant is the poor showing on the topic of providing competitive compensation and benefit packages, which was rated fair or poor by 48% of Automotive survey respondents versus 35% overall.

Additionally, respondents in the sector are less likely than others to have received a raise in the past year (66% for Automotive versus 71% overall). Of those who did get a raise, Automotive survey respondents scored lower than the overall industry group (52% versus 57% overall) in satisfaction with the raises they received. Automotive respondents report being slightly more likely than others to receive a bonus in the past year (75% versus 71% overall) but slightly less likely to be satisfied with their own compared to other sectors (64% satisfied or very satisfied versus 67% overall).

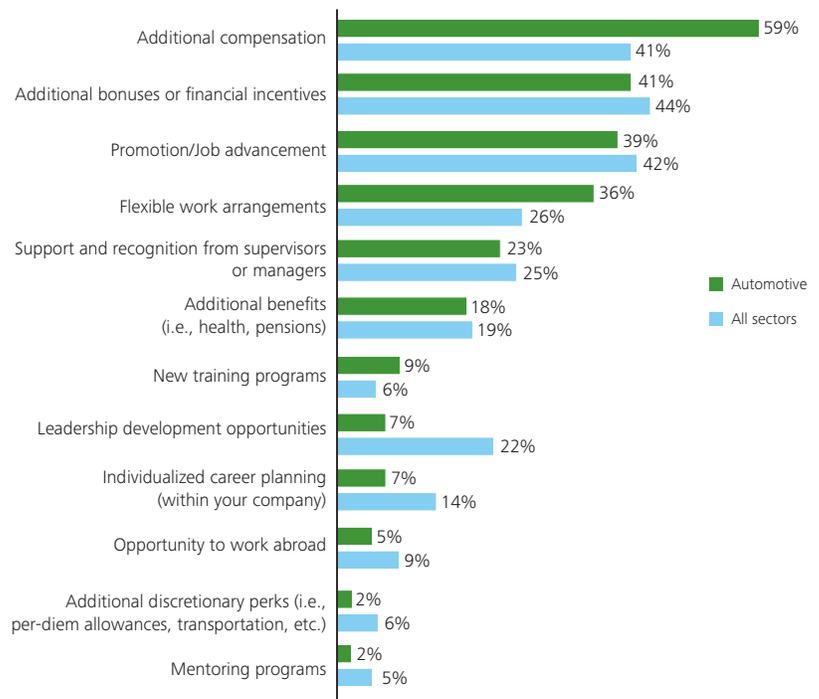
These results combined with lower marks in HR/Talent and benefit programs provide a clear outline of focus areas that Automotive employers should consider within their talent strategies for 2013 and beyond.

Keys to Retention

The *Talent 2020* survey paid particular attention to retention, seeking to identify which incentives would be most effective in keeping surveyed employees with their present companies. The top five areas cited for Automotive are:

- Additional compensation (59% for Automotive, which is higher than 41% overall)
- Additional bonuses or financial incentives (41% for Automotive)
- Promotion/Job advancement (39% for Automotive)
- Flexible work arrangements (36% for Automotive)
- Support and recognition from supervisors (23% for Automotive).

Figure 2. What incentives would be most effective in keeping you with your current employer?



Note: Survey participants were asked to pick their top three choices

Additionally, the incentive most likely to lead surveyed Automotive employees to postpone retirement is flexible work arrangements (45%) followed by additional bonuses or financial incentives (36%).

Recognizing the importance of addressing these incentives, employers should also keep in mind broad cultural components when retaining and strengthening their talent pool.

Why Employees Stay

The *Talent 2020* survey sought to dig beneath the surface and discover what truly motivates employees when they come to work each morning, knowing that satisfied employees are more likely to stay onboard.

One noteworthy finding reveals that employees truly value meaningful work. Automotive survey respondents who reported that their company uses their skills effectively are more likely to remain with their current employer (100% of this group plan to stay versus 36% of those who express that their skills are not well used). In line with this finding, surveyed Automotive employees are somewhat more likely to have taken on a new role in their company in the past year (48% for Automotive versus 37% overall) but slightly less likely to have received a promotion (18% versus 22% overall).

Other highly relevant findings from the overall survey are that employees are far more committed when they trust their leadership, receive clear communications about corporate strategy, and believe their leaders are capable of executing that strategy. This suggests that employee retention should be driven by business leaders in partnership with HR/Talent programs.

For all sectors, 62% of employees who plan to stay reported high levels of trust in their corporate leadership versus 27% of employees who plan to leave. Furthermore, only 27% of overall respondents who plan to leave in the next year feel that communication has been effective.

In addition, surveyed employees in the Automotive sector care somewhat more than others about a corporate commitment to sustainability when evaluating a potential employer (rated very important by 41% for Automotive versus 35% overall).

Knowing that meaningful work and trusted leadership are critical factors in the retention equation, what influences employees to contemplate a move out the door?



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Why Employees Might Leave

The factors most likely to trigger a job search among surveyed employees in the Automotive sector include:

- Lack of compensation increases (36% for Automotive versus 21% overall)
- Inadequate or reduced benefits (30% for Automotive versus 15% overall)
- Lack of challenge in the job (27% for Automotive versus 21% overall)

In spite of these attrition risks, surveyed Automotive employees are less likely to report an increase in voluntary attrition in the past year (34% for Automotive versus 40% for all sectors) while being fairly in line with all sectors in anticipating an increase in voluntary attrition in the next year (35% versus 37% overall).

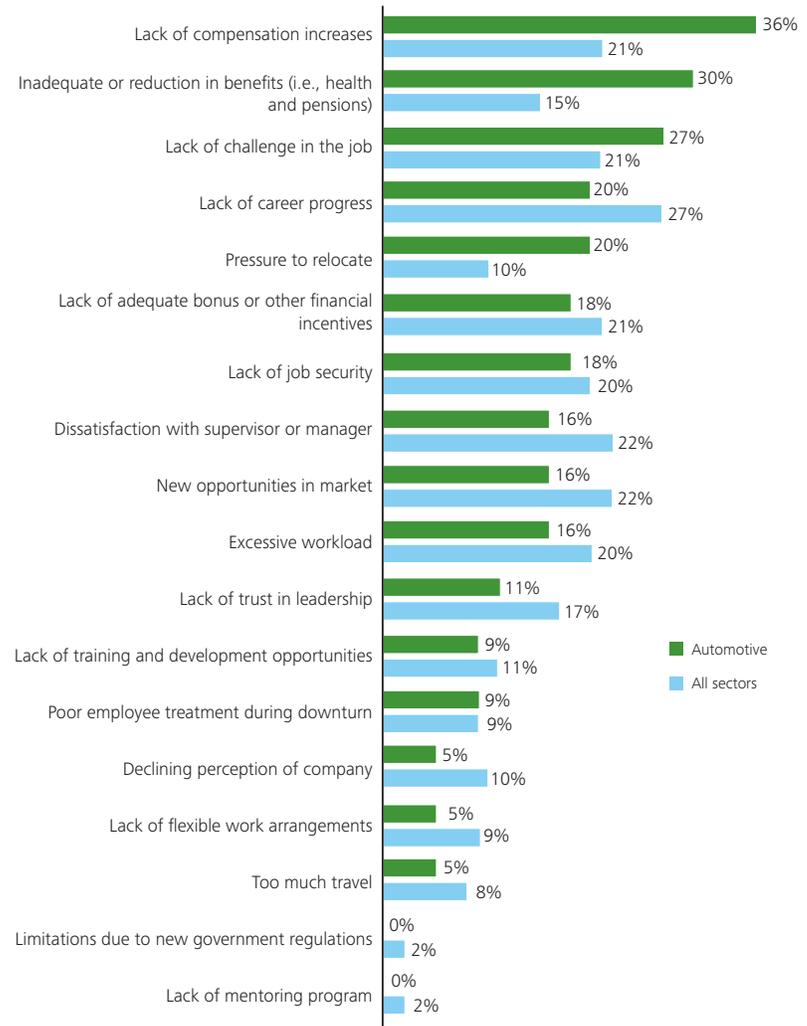
These findings suggest a need for Automotive employers to focus on retention strategies targeted at addressing the top areas of employee dissatisfaction—compensation and benefits. And, as with all sectors, employers should investigate whether specific employee segments that require special attention exist in their organizations.

Turnover Red Zones

Turnover intentions are concentrated among employees at certain points in their careers, creating employee segments at high risk of departure. Retention strategies should focus especially on critical talent that belongs to these groups. Employees with less than two years on the job are the group most likely to leave, so engaging high-performers before the two-year mark is especially important to retain them longer. For all surveyed sectors, 34% of these workers expect to leave within a year. Effective onboarding programs are critical to avoid leakage of high-potential employees in these first two years.

Millennials (age 31 and younger) are the most restless generation: 26% surveyed across all sectors reported that they plan to leave their employer in the next year.

Figure 3. What are the three most significant factors that would cause you to look for new employment over the next 12 months?



Note: Survey participants were asked to pick their top three choices

Key Takeaways

Employers are in the Driver's Seat. With the wide majority of employees in the Automotive sector feeling secure in their jobs and not planning to leave, Automotive employers are in a good position to build upon these positive workforce trends as industry momentum continues to accelerate. Knowing that trends are certain to change, and that voluntary turnover typically increases as unemployment decreases, employers should take this opportunity to leverage the positives in their employment branding while addressing the significant challenges that were revealed around compensation, benefits, and the performance of HR/Talent in general.

Compensation. The survey clearly pointed to compensation as one area that may lead to increased attrition within the Automotive sector. A skills gap remains across other manufacturing sectors that will continue to drive competition for engineers and other highly skilled workers. Automotive employers should focus on increasing employee satisfaction around compensation and bonuses/financial incentives by taking steps to ensure employee performance is measured and rewarded based on competitive market standards.

Leadership. Organizations should also recognize that employees are far more engaged and committed when leadership is trusted, communication channels are strong, and a clear strategy is articulated. In the area of leadership development, Automotive organizations can employ science to identify critical leadership attributes and the value they can provide, while investing in an integrated set of data-driven activities to establish career paths and accelerate the development of the most promising leadership talent.

Overall, the Automotive sector is experiencing a surge in HR Transformation activity, which focuses on making HR operations more globally efficient and effective through process standardization and technology. HR Transformation is tightly linked to corporate strategy and creating business value through HR services. Moving in this direction can move the needle on employee satisfaction with HR.

Time to Invest in HR/Talent Programs

Automotive employees are significantly more dissatisfied with their organizations' HR/Talent efforts than employees in other sectors. Furthermore, we see evidence that Automotive companies are struggling to make informed global decisions due to a lack of readily available labor data. With this in mind, Automotive employers should consider investing in those programs that support, engage, and help develop employees.

Since Automotive organizations are adept at reaching consumers via social media, they may want to consider employing these technologies with employees. Social and mobile technologies can reinvigorate personalized HR service, enabling HR's customers to develop real relationships with real people in a virtual community.

The Bottom Line. Automotive employers have a window of opportunity to drive change and make talent a differentiator going forward, but they should act now while the talent indicators are in their favor. Defining a clear talent strategy that reflects both the organization and the factors at play within the industry is a critical first step.



Survey Demographics

Eight percent of the overall survey respondents, 44 in total, were from the Automotive sector. The Automotive survey respondents represented all global regions, with 34% located in the Americas, 32% in Europe, the Middle East, and Africa, and 34% in Asia Pacific (Figure 4).

All of the Automotive survey respondents were employed by companies with annual revenues of more than \$500 million, and 45% work for companies with more than \$10 billion in revenue (Figure 5). Respondents included a low percentage of women (14% for Automotive versus 29% for all sectors).

Figure 4. Geographic distribution (Automotive)

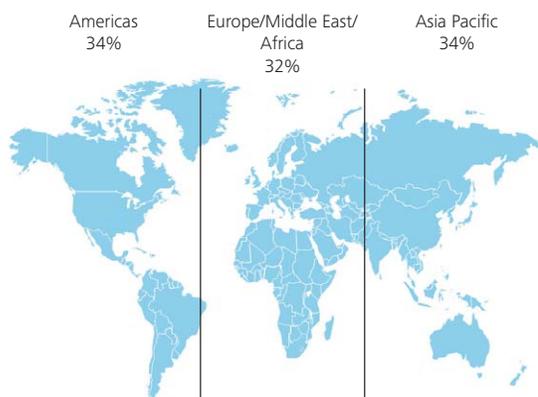
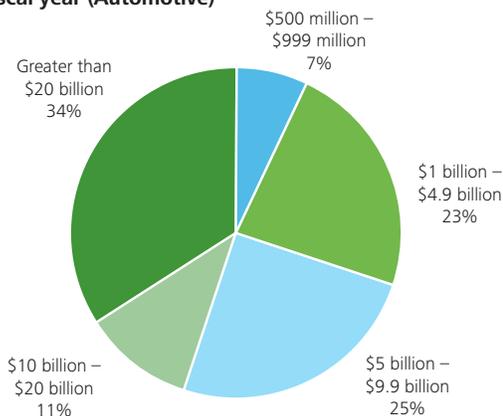


Figure 5. Company revenues during the most recent fiscal year (Automotive)



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About the survey

The *Talent 2020* longitudinal survey series follows the *Managing Talent in a Turbulent Economy* survey series launched during the recession. The report examines shifting talent strategies and priorities of global and large national companies. This report features results from a September 2012 survey that polled 560 employees at large corporations in the Americas, Asia Pacific, and Europe, the Middle East, and Africa.

For more information see www.Deloitte.com/us/talent.



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