key trends in the automotive industry.

how should your business prepare?

human forward.
introduction.

The automotive industry is going through a period of change and disruption. There will be lots of opportunity for businesses that have their finger on the pulse of the sector and are ready to embrace this change, and significant risk for those that fail to move with the times.

To negotiate the challenging conditions defining the industry right now, you will need to leverage every asset at your disposal, and the most valuable asset of all is your workforce.

Your company’s success in the coming years will depend on keeping track of current trends, making informed predictions about future developments, and planning your HR and talent acquisition strategies accordingly.
navigating an uncertain time for the industry.

The latter years of the 2010s and the start of the 2020s was a turbulent time for the automotive industry with regards to market conditions and customer demand, as these figures from the International Energy Agency (IEA) show:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Global Car Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>92 million</td>
</tr>
<tr>
<td>2018</td>
<td>92 million</td>
</tr>
<tr>
<td>2019</td>
<td>88 million</td>
</tr>
<tr>
<td>2020</td>
<td>73 million</td>
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</tbody>
</table>

Source: IEA (2020)

The International Labour Organization also provided insights into the current state of the industry in a paper prepared in 2020, which noted that the sector is “at a turning point and faces an increasingly uncertain future”.

Both IHS Markit and S&P Global have highlighted the potential for a return to growth in sales in 2021 and beyond. However, expert forecasts have also warned of ongoing uncertainty in the coming years, partly as a result of the COVID-19 pandemic and its lasting impact on economic conditions and consumer demand.

what you can do

- offer training for your workforce to improve understanding of the latest industry trends and communicate how the business is responding to them
- look into changes in your staffing and workforce management practices that could improve results, such as recruiting contingent staff at times of high demand to drive sales
responding to growth in electric vehicles.

The way automobiles are made and used is changing. As governments, organizations and individuals all over the world place a greater focus on sustainability and the impact they are having on the environment, auto industry businesses must be ready to move with the times.

One particularly significant trend is the growth of electric vehicles. According to the IEA:

- there were ten million electric cars in use around the world in 2020, following a decade of growth
- electric car registrations increased by 41% during the year, compared with 2019
- this was despite falling demand overall as a result of the pandemic, with total sales dropping by 16%
- approximately three million electric cars were sold globally in 2020
- Europe overtook China as the world’s largest electric vehicle market for the first time

![Global Electric Car Registrations and Market Share, 2017-2020](chart)

Source: IEA (2020)
The increasing public, government and regulatory emphasis on sustainability and environmental issues - and the related growth in the electric vehicle segment - will have a range of consequences for the automotive industry. As well as rethinking and potentially reinventing production methods for their core products, businesses will need to consider how they can utilize data and new technologies to raise efficiency in their fundamental processes.

There will also be concern around the availability of talent to enable the shift towards electric vehicles. The UK’s Institute of the Motor Industry, for example, has warned the development of skills is not keeping up with the pace of change in the sector.

**what you can do**

- conduct a skills audit to evaluate your current talent availability and where there are gaps you need to fill
- examine new skills assessment methods that will help you more effectively analyze candidate capabilities during the recruitment process
managing automation and robotization.

Automated processes and robotics are having an increasingly significant impact on the development of various sectors. In the automotive industry, it has been forecast that the robotics market will reach a value close to $6 billion by 2024, up from approximately $4 billion in 2017.

This will have various repercussions for businesses. Firstly, you will need to ensure you have the right skills and knowledge in your workforce to understand these technologies and how they can be applied to achieve maximum benefit.

It will also be important to recognize what this trend means for your workforce in a more general sense. If there are concerns about jobs being lost and human workers being replaced by robots, the HR department will need to take the lead on engaging with people and answering pressing questions.

what you can do

- create reskilling and upskilling programs that will provide opportunities for employees to expand their skill sets, prepare to move into new roles and boost their long-term employability
- provide access to information and education on this subject, including insights into how the growth of AI and automation will provide new career opportunities for those willing to upskill and reskill
supporting ongoing learning and development.

Amid the various trends and changes shaping the future of the automotive sector - from growing demand for electric vehicles to the proliferation of automated processes - one of the most important measures any business can take to prepare for the future is to invest in learning and development (L&D).

The ILO’s recent analysis stressed that skills development and lifelong learning are “key to investing in people’s capabilities and advancing decent and sustainable work in the automotive industry”. The organization also referred to research showing the sector will face increasing competition from other industries to attract and retain skills in science, technology, engineering, mathematics and IT.

Providing strong L&D pathways for your employees will help you prepare for future challenges and opportunities by nurturing the vital skills you need from within. It will also boost your employer brand by supporting career progression, which is one of the top five reasons for jobseekers to choose an employer, according to our latest Employer Brand Research.

what you can do
• conduct employee surveys and hold feedback sessions to find out what people are interested in learning about and how they want to move forward in their careers
• investigate different methods of training and education to find the right approach for your people and your organization
focusing on diversity

Your company can benefit from a broadest range of talent and experience by making diversity a core principle of your recruitment and workforce management. The wider you cast your net, the higher your chances of acquiring the sort of talent that will raise your business performance to the next level.

This will prove particularly important in the automotive industry. The ILO noted there is growing recognition that women are “a source of underutilized talent” in the sector, making up only 27% of the automotive workforce in the US. In EU member states, there are three times more men employed in the industry than women.

The gender divide is even clearer at leadership level, with women filling only 8% of executive roles at the top 20 automotive companies. Deloitte research showed the most common barriers to women joining the auto industry are:

- unappealing environment (65%)
- poor work/life balance (59%)
- lack of flexibility (46%)
- lack of advancement opportunities (39%)
- perceived caliber of people (35%)

*top reasons women avoid careers in automotive industry*
Source: Deloitte and Automotive News (2018)
what you can do:

- enhance equal employment opportunities by adopting measures to improve women’s access to education, skills training and work–life balance as well as incentives such as provision of parental leave
- make practical changes to promote inclusive recruitment practices, such as rethinking your job descriptions and creating diverse hiring teams
- work with an HR partner to optimize your contingent workforce management and make your hiring more efficient
partner with randstad
For more practical advice and recommendations on how to prepare your business and your workforce for lasting success in the automotive industry, talk to Randstad.

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