Workforce of the future
Technology is transforming the car, how it’s made and by whom

The automotive industry is a global innovation leader, leveraging huge investments in research and development to create a new generation of electric, connected and autonomous vehicles. At the same time, it’s embracing the digital transformation of plants and supply chains. Maintaining momentum on both fronts will require OEMs and suppliers to attract and retain a younger, more diverse workforce.

Once defined primarily by its huge blue-collar labor force, the auto sector now vies with technology companies to hire software developers, data scientists, engineers and other highly skilled, digitally savvy workers. To attract and retain these employees, OEMs and suppliers should think holistically. Competitive wages and benefits aren’t enough — fostering the right corporate culture, including committing to diversity and inclusion, is essential to stay competitive. Automation has certainly replaced many assembly line positions, but that’s not what is primarily driving the auto sector’s shifting talent needs. Instead, it’s the changing nature of the car itself. Consumers are demanding more from their vehicles, and while reliably and comfortably getting from point A to B is still necessary, it’s no longer sufficient. At the forefront of change is the introduction of digital products and services that power autonomous, electric and connected cars.

Indeed, cars are being reimagined as highly personalized and powerful digital devices. Digital technology is elevating the customer experience and creating a more intuitive “always-on” platform within the vehicle.

To meet the need for such vehicles, the auto industry must educate, develop and reward employees who think differently. These may be drawn from their existing workforce or recruited from outside, but as legacy auto companies increasingly face competition from nimble, highly innovative technology companies, a new way of thinking about talent is a must. Successfully making this shift will require the auto sector to develop new strategies to attract and retain digitally savvy employees. To be sure, there are many tools they should consider when developing a forward-looking talent strategy. A real investment in fostering a diverse workforce and empowering employees of all backgrounds should be foundational.

The reasons for this are simple. The workers car manufacturers will hire tomorrow are not the same as the ones they employ today. Millennials—a cohort that includes Americans born between the early 1980s and the mid-1990s—are the most diverse generation in U.S. history, with just 56% of the group identifying as white, according to the Brookings Institution. Post-millennials, or Generation Z, the group that follows them, is expected to become the first generation of Americans in which whites do not constitute a majority. People in these two groups are critical to car manufacturers (and indeed to any industry confronting the challenges and opportunities inherent in technological disruption) because they include the first “digital natives,” or those who grew up with the internet and related developments like smartphones and social media. And the auto sector may struggle to recruit them in sufficient numbers unless they’re willing to move past any preconceptions about what a successful auto sector employee “looks like.”

Fostering the right corporate culture, including committing to diversity and inclusion, is essential to stay competitive.

---

**Mobility insights**

*Analyst note: volume 2*

**December 2018**

---


The Millennial Generation: A demographic bridge to America’s future, The Brookings Institution, 2018
Companies that demonstrate to digitally savvy workers that their diverse backgrounds and experiences are a source of strength and a potential driver of innovation will be well positioned for the future. Creating a culture that embraces diversity and inclusion takes commitment, but it doesn’t have to be difficult. PwC’s research highlights five keys to success for these initiatives at manufacturing companies:

• **Diversity and inclusion initiatives should be led from the top.** When a company’s leaders, not just HR, are clear on the value of a diverse workforce and make a top imperative of supporting employees of all backgrounds, cultural change is more effective.

• **Measure diversity and set realistic, quantifiable goals.** It’s impossible for a company to know how much work it needs to do on diversity and inclusion without a clear picture of where it currently stands. Consider rewarding employees who show leadership in meeting goals with special recognition or increased compensation.

• **Organize and empower employee resource groups.** These not only give workers from underrepresented groups an opportunity to share experiences and support each other, but provide them with a platform to advocate for positive change within the company.

• **Replicate successful initiatives across the organization.** Manufacturers in the vanguard on diversity and inclusion learn from their successes and spread them across functions and geographies.

• **Partner with “workforce intermediaries.”** To ensure a strong pipeline of job candidates from backgrounds that have historically been underrepresented in tech-heavy roles, companies should consider working with professional organizations, colleges and universities and non-profits with deep ties and apprenticeships with these groups.

To be clear, these are not merely feel-good initiatives. Organizations with greater gender diversity are 1.4 times more likely to have sustained, profitable growth. And ethnic and cultural diversity boosts the likelihood of EBIT margin outperformance by 33%. Building and maintaining a diverse and inclusive culture, one that will be appealing to highly skilled and in-demand workers, takes investment and commitment. But it can pay dividends. Simply put, reimagining the automotive workforce will not only elevate and empower employees, but boost the bottom line as well.

---

**For more information, contact:**

Brandon Mason  
Director, US Mobility Leader, PwC  
brandon.w.mason@pwc.com; +1 (313) 394 6098

Ramesh Telang  
Partner, US Automotive Leader, PwC  
ramesh.d.telang@pwc.com; +1 (313) 394 6738

John Karren  
Partner, Advisory, People & Organization, PwC  
john.t.karren@pwc.com; +1 (703) 989 1488

---

© 2018 PwC. All rights reserved. Pw refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.