Mercer | mettl

welcome to brighter

driving talent trends

Navigating skills and roles in the automotive industry

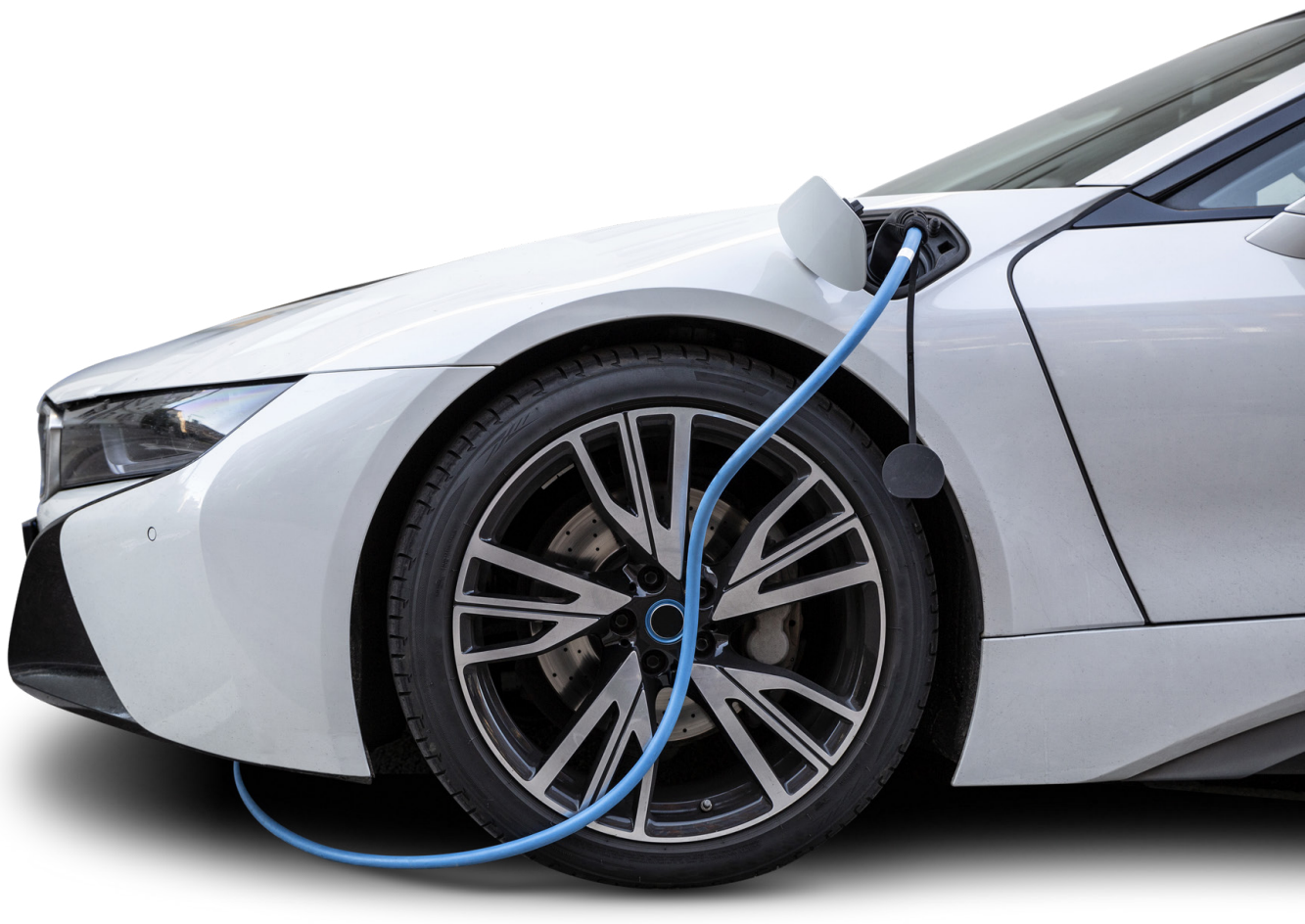


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1. Macro trends driving the automotive industry

The Indian automobile industry serves as a key indicator of the country's economic health, playing a crucial role in its macroeconomic growth and technological advancement.



Top trends in the automotive industry:

E — **Electrified**

The cars of the future will cause less pollution and will emit less noise, benefiting the environment.

A — **Autonomous**

There will be a progression from today's partially automated to fully automatic vehicles eventually.

S — **Shared**

The young, urban audiences can primarily use car-sharing options. Public transport is preferred in big cities. India can be a leader in shared mobility by 2030, providing autonomous and electric vehicles.

C — **Connected vehicles**

Additional safety can be ensured, and (services) revenue can be generated through increasing connectedness.

Y — **Yearly updated**

Increasing demand for automobiles over the years could shorten the upgrade and innovation cycles from 5-8 years to 1 year.

2. Understanding the workforce requirements of the automotive industry

- The industry already provides employment to 37 million individuals.
- India is aiming to double its auto industry size to 15 lakh crores INR in 2024.
- Spurred by the Indian government's initiatives, electric vehicles are predicted to make up 30% of sales by 2030.
- **Technical hiring, specifically in the auto industry, has seen a 33.33 % growth this year.**
- **There are expected to be five crore jobs (direct and indirect) in the e-vehicle industry by 2030.**

2.1 Importance of workforce adaptability and skill-based development

The automotive industry is at the forefront of innovation, with advancements in electric vehicles, autonomous driving, and connectivity shaping its future. In this dynamic landscape, the need for skill development is paramount. Skilled professionals are essential to drive technological progress, ensure safety and regulatory compliance, adapt to market trends, and meet the evolving expectations of consumers. Skill development not only keeps the industry competitive but also provides a strong foundation for sustainable growth and innovation in the automotive sector.



According to the Mercer Global Talent Trends 2022-2023 report, there is a need to build employability to meet future work needs with a skills-based organization.

The significant supply and demand gap in both skills and workers has highlighted the role that organizations play in ensuring their own sustainability and in safeguarding the future employability of their people. The pandemic underscored the importance of a skills-based talent model and agile work design in building the workforce of the future. More than ever, organizations are instilling a mindset of lifelong learning, democratizing work opportunities, and helping workers of all backgrounds and generations pave a pathway to prosperity.

In the ever-evolving automotive industry landscape, the importance of workforce adaptability and skill-based development strategies cannot be overstated. Rapid technological advancements and shifting market demands necessitate a workforce that can quickly adapt to new technologies and changing circumstances.



Technological advancements

The automotive industry is witnessing a wave of technological innovations, from electric vehicles to self-driving cars. Employees need to continuously upgrade their skills to work with and develop these cutting-edge technologies.



Market dynamics

Changing consumer preferences, environmental concerns, and global market shifts require employees to be adaptable. They must be capable of responding to market demands for cleaner and more sustainable automotive solutions.



Digitalization and connectivity

The integration of digital systems and connectivity features in vehicles demands skills in software development, cybersecurity, and data analytics. Workers who can grasp these concepts quickly are invaluable in this era of smart and connected vehicles.



Customization and personalization

Consumers now expect more personalized and customized vehicles. Skill-based development strategies are essential to meet these demands and offer tailored solutions.



Safety and compliance

Stringent safety and regulatory standards are a fundamental aspect of the automotive industry. Skilled employees are necessary to ensure that vehicles meet these requirements and develop safety features that protect consumers.

Supply chain and globalization

The complex global supply chain and market dynamics require employees who can adapt to changes in international trade, supply chain management, and market trends, ensuring that automotive companies remain competitive.

Talent retention and attraction

Companies that invest in skill development and adaptability strategies are better positioned to attract and retain top talent. Skilled workers drive innovation and are an essential asset in this competitive industry.

The automotive industry is constantly evolving. The industry must focus on workforce adaptability and skill-based development strategies to thrive in this environment. Companies that prioritize the rapid acquisition of new skills and the ability to adapt to emerging technologies and market shifts will remain competitive and resilient in the face of industry transformations.

3. Key business functions in an automotive company: Competencies and roles in demand

In an automotive company, various key job functions seamlessly collaborate to drive the industry forward. Supply chain management orchestrates the seamless inflow of material and outflow of finished goods. Design and engineering teams innovate and conceptualize vehicles, while manufacturing ensures their efficient production. Sales and marketing professionals engage with customers, facilitating the dissemination of cutting-edge automotive solutions. Customer service teams enhance the overall experience, creating a holistic approach to automotive excellence. Together, these functions form the backbone of an automotive company, collectively working towards delivering exceptional vehicles to the market.

Four business functions - supply chain, manufacturing, sales and marketing, and after-sales services – stand as pillars of any automotive enterprise. In an era dominated by automation and technological advancements, the key operations in these units are marked by strategic elements:

Supply chain

- Demand forecasting
- Inventory optimization
- RFID and barcode technologies

Sales and marketing

- **Data analysis:** Customer segmentation and personalized marketing

Manufacturing

- Robotics and automation
- Industrial internet of things (IIoT)
- **Data analytics:** Product quality and defect detection

After-sales service

- **Vehicle diagnostic systems:** Remote monitoring and maintenance
- Self-service portals and mobile apps
- Predictive maintenance and analytics

The pervasive influence of technology across the strategic elements of automotive business functions underscores the imperative for technical competencies throughout the workforce in this industry.



In supply chain management, a tech-savvy approach utilizing RFID and barcode systems is vital for seamless inventory tracking and demand forecasting. The manufacturing landscape, driven by robotics, automation, and IIoT, requires a technically adept workforce. Data analytics, integral to sales and marketing, demands interpretation and effective data leveraging.



Simultaneously, amid AI disruptions in the automotive sector, the need for cognitive and behavioral competencies has become paramount within the workforce. As artificial intelligence continues to reshape the automotive industry, employees must possess not only technical proficiency but also the ability to navigate complex cognitive challenges specific to this dynamic field. Adaptability, critical thinking, and problem-solving skills are essential to interpret and act upon the insights provided by advanced technologies, especially in areas such as autonomous driving and smart vehicle systems.

This demand for cognitive and technical skills is not confined to specific roles; it has become a necessity across all levels within an organization, from entry-level positions to C-level executives.

4. A closer look at emerging trends in automotive industry

4.1 Technical and cognitive: Core skills fueling excellence across automotive functions

Mercer | Mettl analyzed the top three skills and competencies that organizations look for while hiring candidates across the four key business functions of the automotive industry. We also analyzed the top roles currently in demand in each of these four functions. Based on the data from more than 1.2 million Mercer | Mettl assessments, we can safely conclude that there has been a growing demand for technical skills across every level and every department of the automotive industry.

Business function	Top job roles in demand	Key skills and competencies needed
Supply chain	Supply chain manager Logistics manager Procurement manager	• Supply chain management (SCM) knowledge • Data analytics and technology proficiency • Stakeholder management
Manufacturing	Manufacturing engineer Production manager Quality assurance engineer	• Lean manufacturing and Six Sigma • Technical expertise • People development and team management
Sales and marketing	B2C sales representative B2C showroom manager B2C digital sales manager B2B sales associate B2B zonal or area manager	• Product knowledge and technical acumen • Customer service orientation • Business acumen and data interpretation
After-sales	Service manager Inventory manager Technical support specialist	• Technical knowledge and troubleshooting skills • Customer service orientation • Analytical ability, problem-solving and learning orientation

Horizontal demand for technical acumen and expertise across business functions

Figure 4.1.1

Change in demand for skills in entry level hiring

The graph shows that there has been a consistent increase in demand for cognitive and technical skills in entry-level hiring across functions in the last four years.

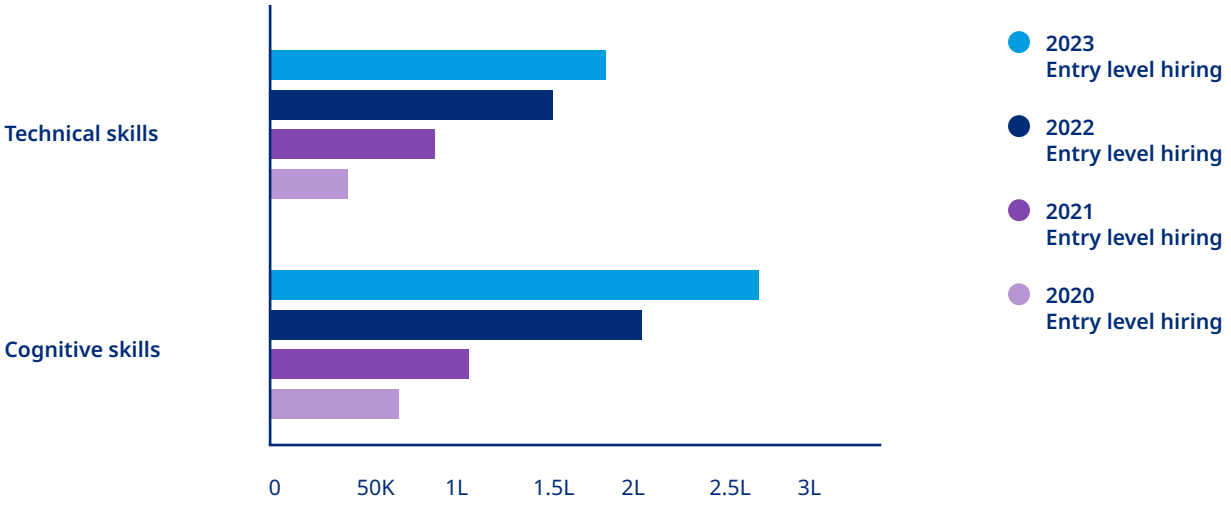


Figure 4.1.2

Change in demand for functional skills in entry level hiring

Figure 4.1.2 The demand for domain-specific or functional skills has experienced a significant upswing in entry-level hiring. However, this surge appears to be relatively subdued in the context of lateral hiring.

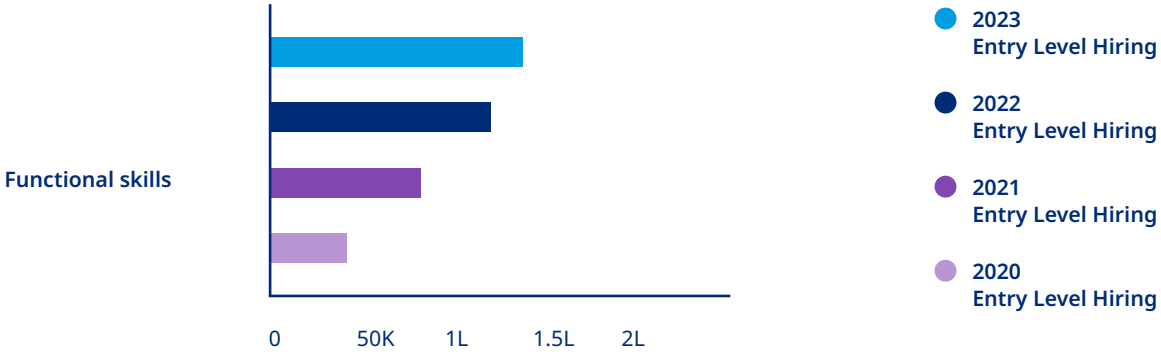
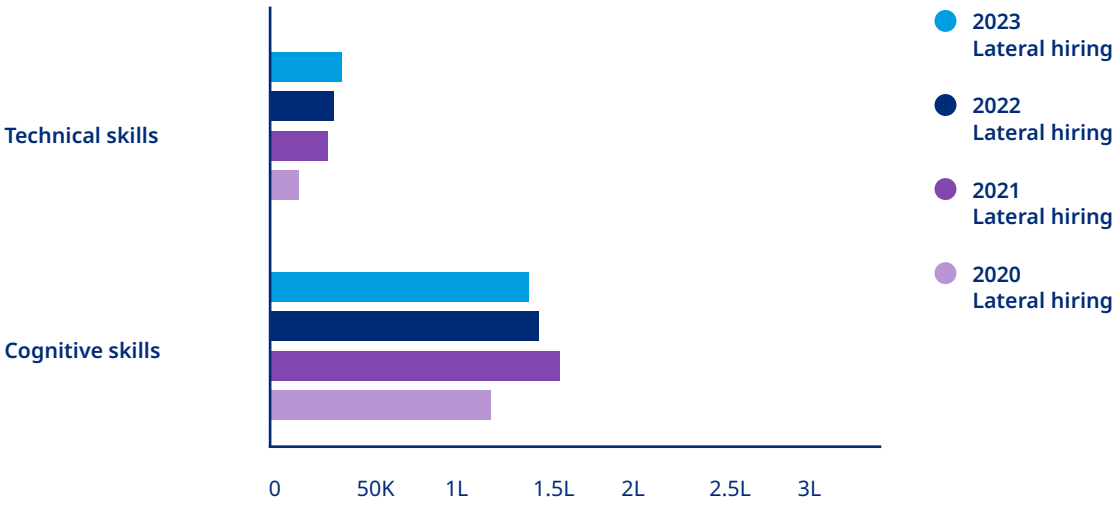


Figure 4.1.3

Change in demand for skills in lateral hiring

Figure 4.1.3 shows that overall demand for cognitive skills has also increased in the lateral hiring space in the last four years, followed by a consistent increase in demand for technical skills.



4.2 Strategic soft skills dominating the demand chart across organizational tiers

Cognitive skills take center stage in the skill spectrum across organizational hierarchies. Strategic abilities such as creativity and innovation, adaptability, analytical prowess, problem-solving, customer focus, and result orientation have consistently proven to be in high demand.

Top soft skills demanded by the automotive industry:

- Creativity
- Adaptability
- Innovation
- Problem-solving

Mercer | Mettl analyzed top competencies needed in the workforce across experience levels. This delineation of competencies reflects the evolving landscape of professional skills, emphasizing the enduring importance of soft skills at all organizational echelons.

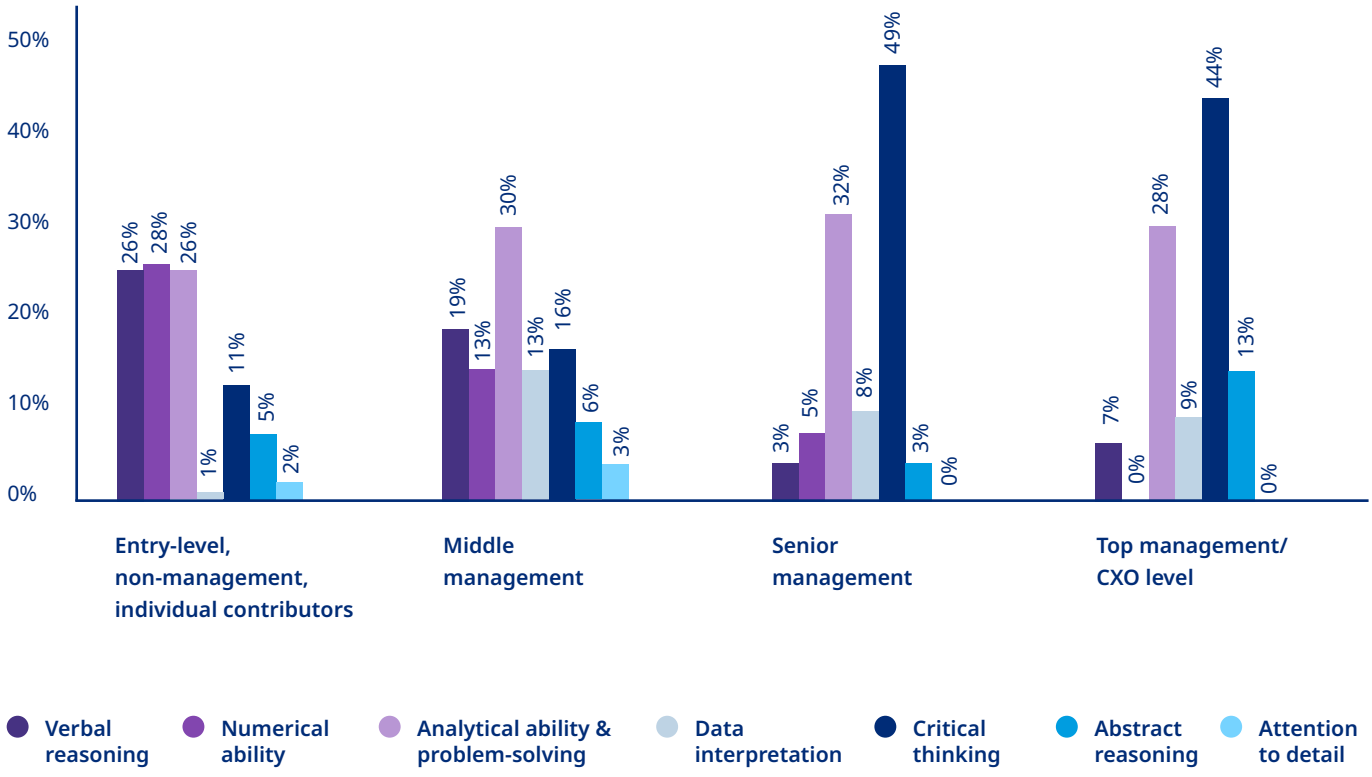


Teamwork, stakeholder management, and analytical ability emerge as universal competencies demanded across all organizational tiers.



Figure 4.2

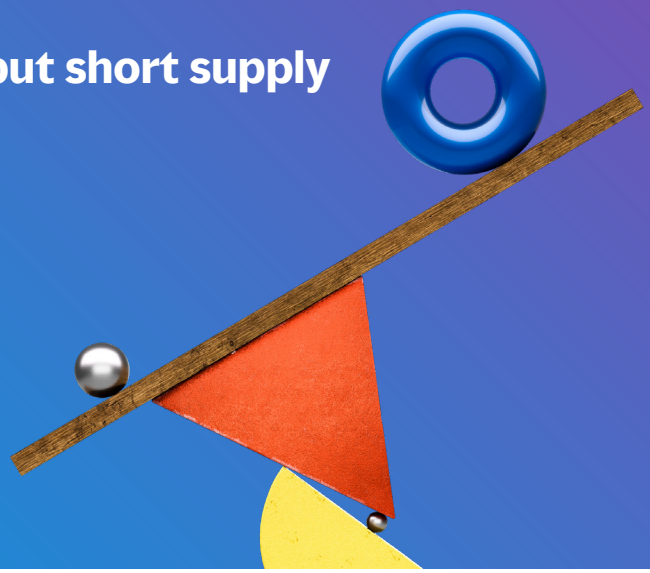
Demand for cognitive skills across organizational levels



- Numerical ability is a key skill required for anyone applying for an entry-level or individual contributor position in any automotive organization.
- Analytical ability and problem-solving emerge as top niche skills that organizations look for in anyone applying for a middle management position.
- Critical thinking stands out as the most sought-after skill for anyone in top management or applying for any of the CXO/CEO positions.

4.3 Technical skills in high demand but short supply

There is a visible gap between the top in-demand technical skills and the availability of talent with the said skills, throwing further impetus on auto companies to build these skills from within.



Here are the top technical skills that organizations look for while hiring entry-level talent:

Rarely excelled skills | Skills in demand

1. Power BI
2. Codelysis
3. Structured query language (SQL)
4. Python
5. SQL
6. OOPS concepts
7. Data structures
8. Cloud computing services
9. Core Java

Top technical skills that organizations look for while hiring experienced talent:

Rarely excelled skills | Skills in demand

1. Machine learning
2. DevOps
3. Big data - Kafka
4. C programming
5. Structured query language (SQL)
6. Microsoft Azure
7. Data science
8. NoSQL
9. iOS Swift

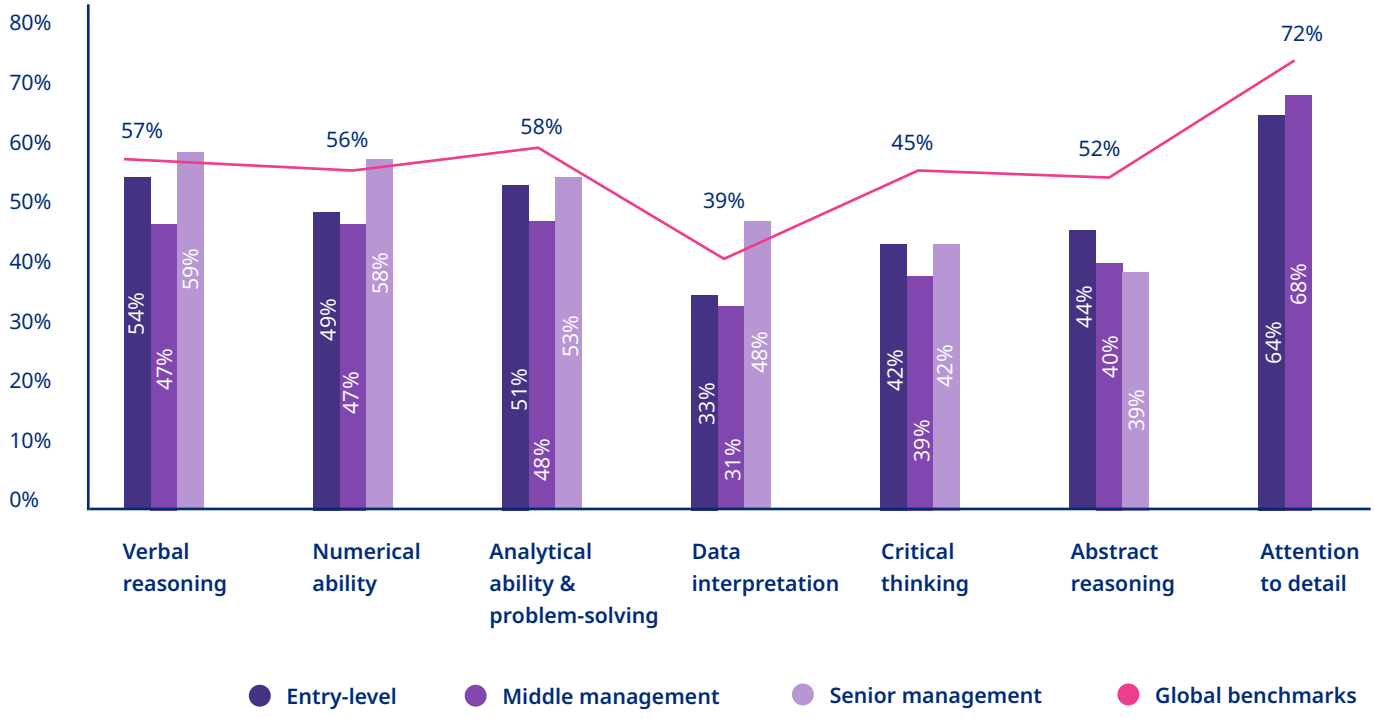
4.4 Cognitive skill development: Suggested focal point in talent management functions

A comparison of the key cognitive skills across various levels in the organization against the global benchmarks of proficiency for these skills led to the following observations:

Cognitive skill gap:
Middle management's potential development needs

Figure 4.1

Assessment of proficiency of cognitive skills against the global benchmarks across organizational levels



- A progression in the experience levels drives performance improvements in data interpretation, numerical ability, and verbal reasoning.
- Analytical ability and critical thinking remain consistent across experience levels.
- Entry-level positions excel in abstract reasoning.
- Middle management faces a significant skill gap due to the balance between strategy and execution, limiting time for data analysis. Limited exposure to diverse viewpoints and senior-level decisions impacts critical thinking.
- Senior-level management excels in verbal ability, numerical ability, and data interpretation.

5. Mercer | Mettl 4B Talent Plan

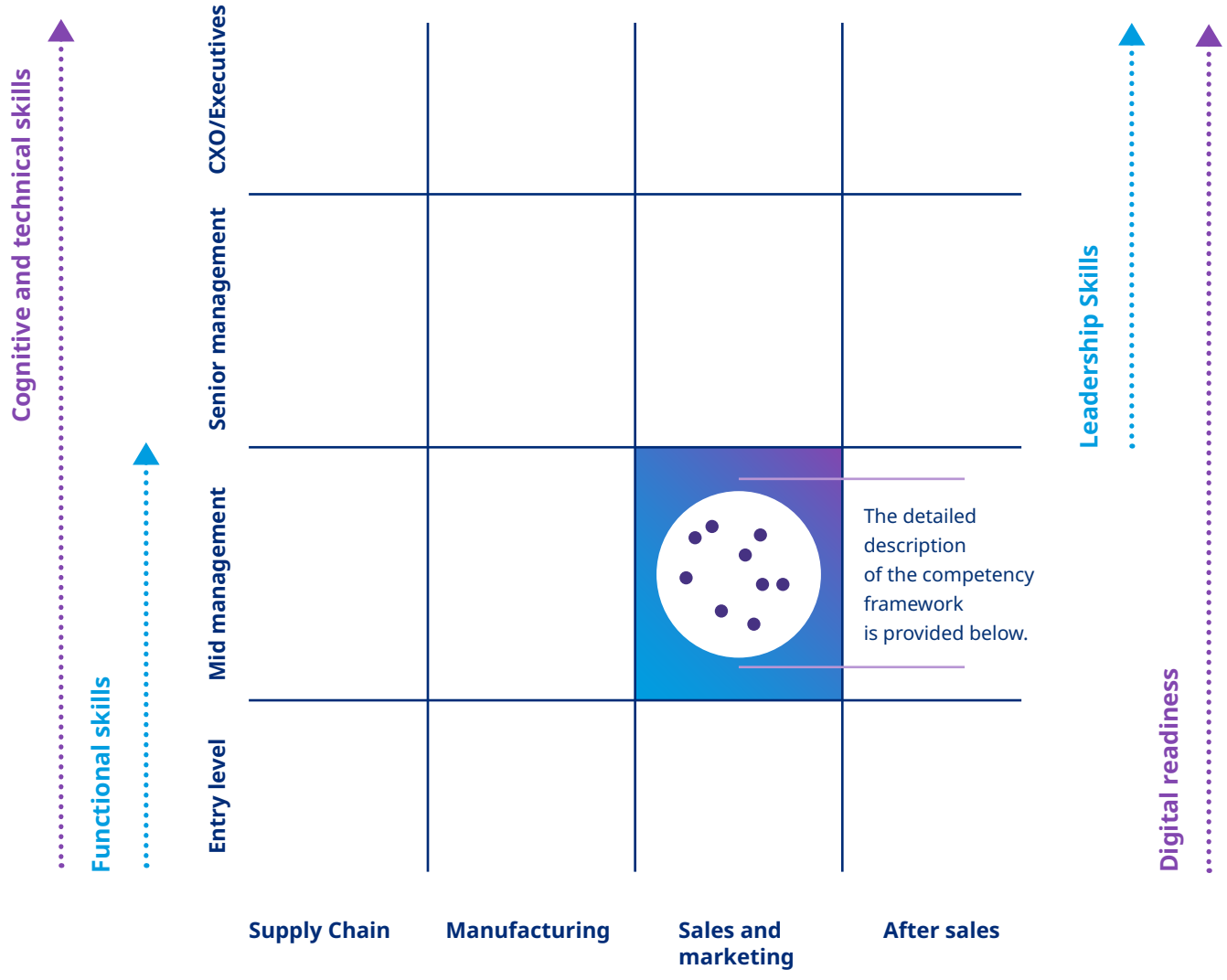
The Mercer | Mettl 4B Talent Plan is designed to enable automotive companies to navigate the complexities of modern talent management. This strategic framework, encapsulating the pillars of build, buy, borrow, and bot, provides a blueprint for organizations to fortify their workforce strategies.

The 4Bs – build, buy, borrow, and bot, act as the guiding principles for shaping a resilient talent strategy.

Whether at the entry-level, mid-management, or CXO echelons, this framework offers adaptable solutions that cater to diverse organizational tiers.

Adopting the Mercer | Mettl 4B Talent Plan can bolster the talent development roadmap across organizational tiers for any business function within an automotive organization.

- Competencies

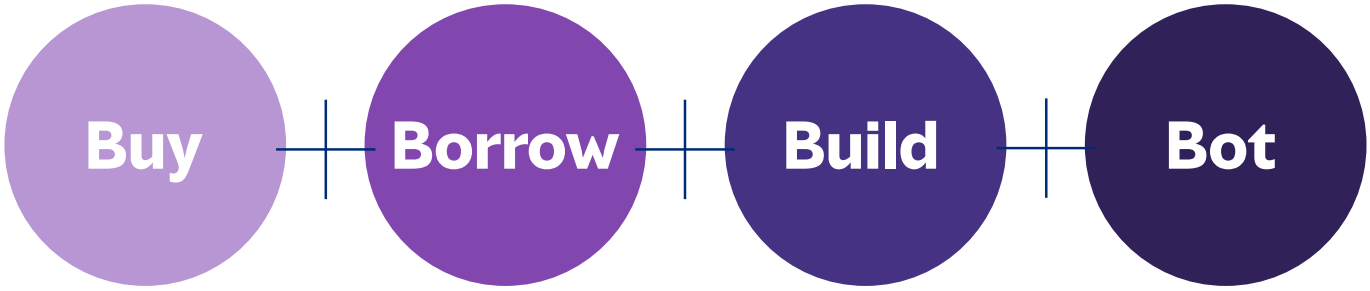


Adopting the Mercer | Mettl 4B Talent Plan can bolster the talent development roadmap across organizational tiers for any business function within an automotive organization. Presented below is a sample competency framework designed to assess and gauge essential traits in talent, facilitating the application of the appropriate 4B strategy.

Competency	Definition	Tools
Business acumen	The ability to understand the workings and structure of the organization and the marketplace to make vital business decisions and advance the organization's goals.	• Personality tool • Behavioral tools • Functional knowledge test • Assessor led tools
Learning agility	Demonstrating a commitment to learning by proactively seeking out new information and opportunities to develop one's skills and knowledge.	• Personality tool • Cognitive ability test • Behavioral tools
Taking initiatives	Displaying a willingness to do more than is required or expected in the job without being requested. Demonstrating an eagerness to work on tasks without being told.	• Personality tool • Behavioral tools
Numerical reasoning	The ability to work with information in a number-based format to make essential business decisions and analyze its impact on how good a decision is commercially.	• Cognitive ability test
Adaptability	Being open to change and being able to adjust and adapt one's behavior or approach to the evolving circumstances and situations.	• Personality tool • Behavioral tools • Assessor led tools
Creativity and innovation	Identifying innovative solutions and trying new approaches to deal with challenges to ensure the organization stays relevant with changing times.	• Personality tool • Cognitive ability • Assessor led tools
Strategic thinking	Understanding and driving the organization's vision and strategy while taking a long-term view of organizational priorities and assessing potential risks.	• Personality tool • Behavioral tools • Cognitive ability test
Customer focus	Being able to meet customer expectations and requirements in a manner that provides customer satisfaction and leads to further opportunities to grow and develop relationships.	• Personality tool • Behavioral tools • Assessor led tools
Stakeholder management	Building and maintaining strong working relationships both within and outside the organization to further the organization's goals.	• Personality tool • Behavioral tools • Assessor led tools

The dynamics of the 4Bs vary according to organizational nuances. While some organizations may find value in buying external talent, others may benefit from borrowing talent as a cost-effective measure. However, it is imperative to place a heightened focus on building talent from within.

Mercer | Mettl 4B Talent Plan



Buy

Talent acquisition

What

Acquire new talent across entry-level and experienced roles

Why

- Massive demand for hiring.
- Tap into external expertise, gain fresh perspectives, and infuse new ideas

How

Mercer | Mettl's suite of 1 lakh+ customizable assessments to assess technical and cognitive skills necessary in automotive functions.

Borrow

Talent acquisition and talent management

What

Utilize resources to fulfill urgent demand

Why

- Leverage the gig economy to bring cost-effectiveness in projects and processes.
- Overlap competencies across key automotive business functions.

How

Mercer | Mettl's customizable competency framework to assess specific competencies and devise effective talent-borrowing strategies.

Build

Talent management

What

Build from within the organization to support:

- High-potential identification
- Succession planning
- Training needs identification
- Leadership development

Why

- Skill development and building a skills-based organization
- Develop a culture of continuous learning
- Enhance employee motivation and retention.

How

Mercer | Mettl's customizable competency framework assesses the best in-house talent and future leaders

Bot

Talent acquisition and talent management

What

- Implement AI-driven hiring
- Enhance operational efficiencies
- Use predictive analytics for workforce planning

Why

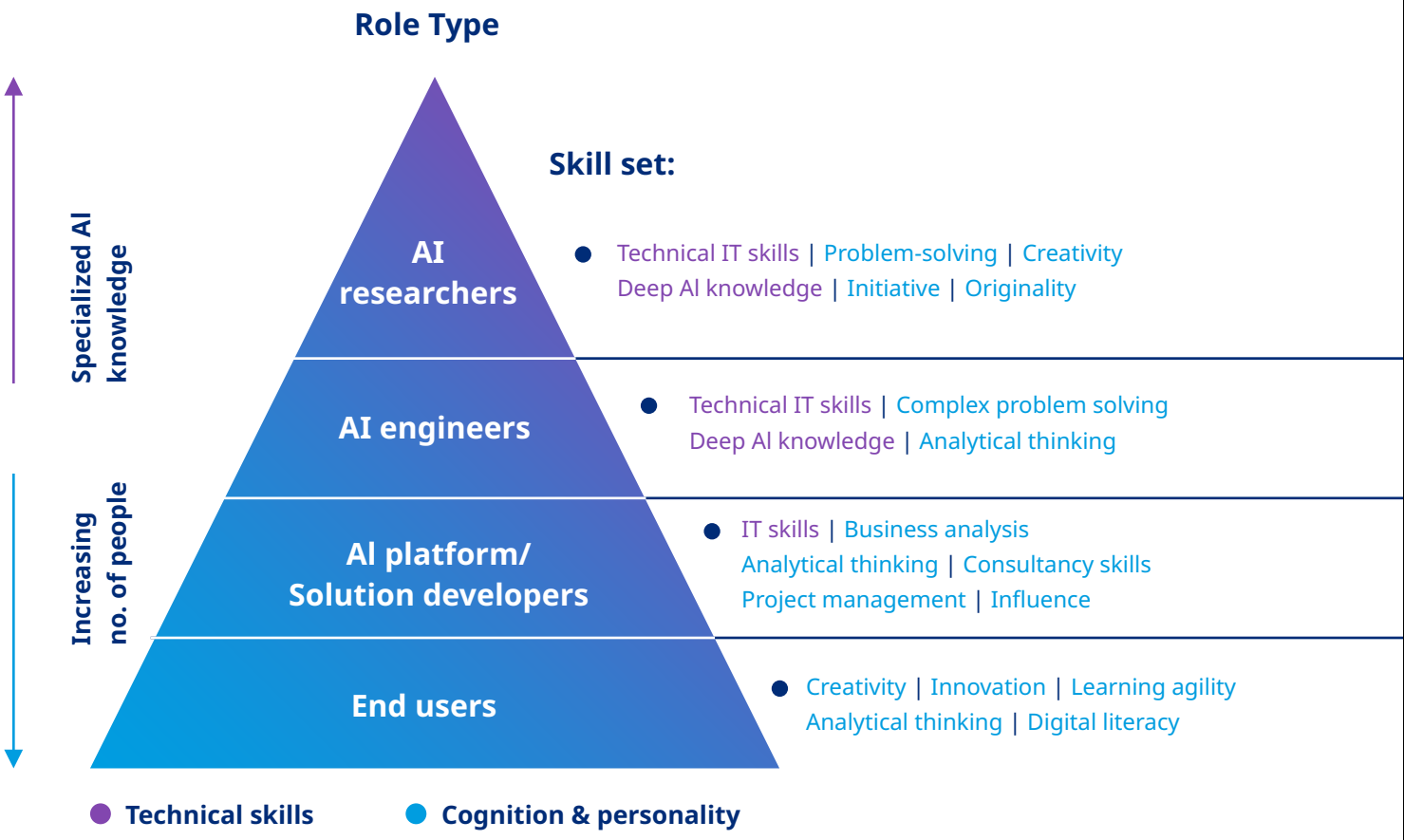
- Equip the workforce of tomorrow with Generative AI skills

How

Mercer | Mettl AI adoption framework serves as a guide for organizations to understand the varied levels of expertise and skills that would be needed to thrive and co-exist with AI.

5.2 Our AI Adoption framework for any organization

Descending the pyramid, the no. of people increases, and the AI knowledge becomes more general



E.g. IT Industries

- PhDs & engineers working on LLM models to analyze & evolve LLM models
- Developers building the core product based on above R&D
- Team working on internal adoption, external partnerships, Integrations & go to market for the product
- Marketing, sales, finance, HR and other functions who will use AI solutions



In conclusion, our recommendation is to leverage the Mercer | Mettl 4B Talent Plan as a strategic compass for steering talent excellence in the automotive industry.

By prioritizing cognitive and technical skills, tailoring strategies to organizational nuances, embracing internal talent building, and unlocking the potential of AI adoption, organizations can cultivatea workforce ready to face the challenges of an industry in constant evolution. This holistic approach not only ensures competitiveness but also paves the way for sustainable growth and innovation in the dynamic realm of automotive excellence.

About us

At Mercer | Mettl, our mission is to enable organizations to make better people decisions across two key areas: acquisition and development. Since our inception in 2010, we have partnered with more than 4,000 corporates, 31 sector skills councils/government departments and 500+ educational institutions across more than 90 countries.

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