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RELOCATION

REPORT

Transformation in the age of uncertainty
Automotive sector insights

In this Report we explore some of the key differences between Global Mobility functions working in the automotive sector compared to global mobility functions across the wider business landscape.

Automotive companies represent the fifth largest percentage of respondents (7%) to Santa Fe's 2018 Global Mobility Survey with a total headcount of c. 465,000 employees worldwide.

The automotive industry is undergoing yet another industrial evolution; alternative fuel-sources to existing fossil-fuels become increasingly common and driverless transportation is no longer the confines of the cinematic industry. The automotive industry has certainly been made to re-think its strategy over the next five, ten, twenty years and beyond.

To read our full report on trends, challenges and opportunities for Global Mobility visit **www.santaferelo.com/en/mobility-insights/global-mobility-survey/**

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Executive summary

In parallel, the technology used in building vehicles increasingly focuses not only on the latest engineering and design innovations but also the in-vehicle infotainment systems. The first astronauts landing on the Moon in 1969 would be astounded by the technology and processing power in many of today's mass produced vehicles.

From a market perspective, the emerged and emerging markets with their burgeoning affluent middle classes, still see automotive organisations investing in both plant and commercial infrastructure to take advantage in sustaining growth and shareholder returns. It is not all one-way traffic, no pun intended, and Asian based automotive manufacturers also see outward growth, requiring their Asian headquartered employees undertake increasing and varied types of internationally mobile deployment.

From a talent perspective, the findings highlight that there is a recognition of the need to invest in the development of future leaders through international assignments – more so than other sectors in the case of developmental assignments. This correlates too with global mobility professionals' view in this sector that it is critical for their future leaders to acquire international experience.

The war for talent, a somewhat clichéd term, still rages on and organisations are managing a balancing act of retaining valuable, skilled employees and attracting new hires – not just on a national basis but from global marketplaces. Engineering and design skills are very likely to remain core competencies but as they become even more technologically focused, new talent may be increasingly sourced from alternative labour pools. Automotive organisations will therefore need to be more innovative in attracting and retaining employees from existing and alternative sectors and also look at their diversity strategy to rebalance the mix of male/female international assignment ratios to tap into the enormous potential of female leaders (across all functions) over the next ten to twenty years.

This Report highlights the challenges and opportunities facing global mobility teams in the automotive sector. In line with other sectors in the GM Survey 2018, the challenge and opportunity for global mobility teams is to find the right balance between managing all forms of risk (immigration, taxation and employment), and supporting their businesses at a strategic level – whether talent or new locations and meaningful analytics that drive competitive advantage rather than internal historical reporting.

Whilst none of these challenges are new for global mobility teams, the impact of external factors, pressures on overhead costs (including corporate resources) and the expectation of more effective working from mobility specific technology means that change will happen.

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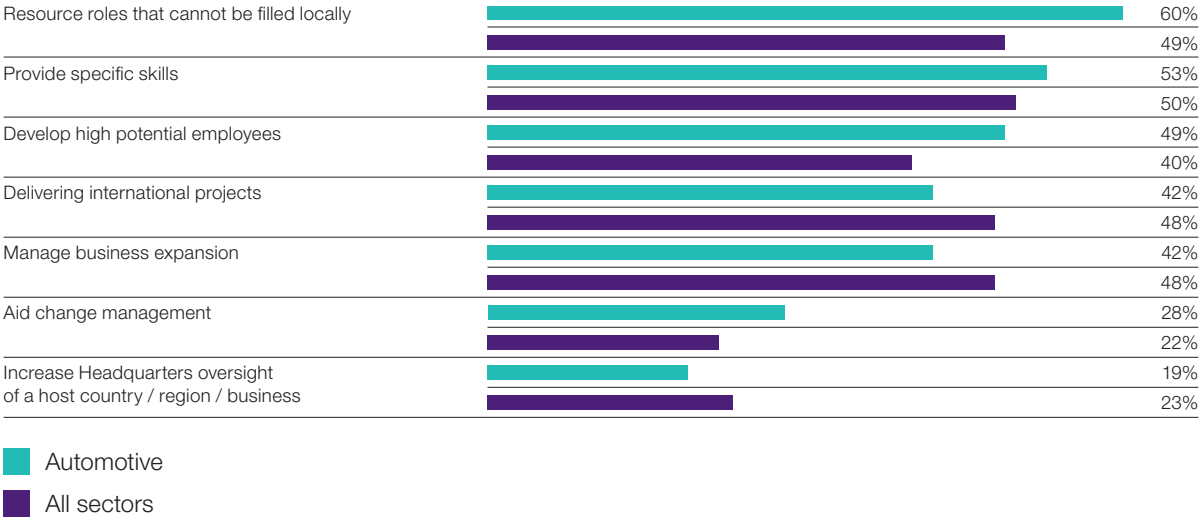
Key findings

The automotive industry is a clear leader in using international assignments as a vital component in developing high potential employees into tomorrow's business leaders. Fig. 1 shows that Global mobility professionals working in the automotive sector report that the main business drivers for utilising international assignments are all around finding and developing the right skills within their business; filling resourcing gaps, sourcing specific skills and developing high potential employees.

Noticeably, these drivers are stronger amongst the automotive industry than across wider industries, particularly on resourcing roles where they cannot otherwise source locally due to the skill set and experience required.

In-vehicle technology and life-style entertainment systems are changing the roles and emphasis on the skills required in the industry. This talent is already highly in demand from traditional technology organisations, which means that global mobility programmes need to be sufficiently attractive to entice internationals to cross sector. Furthermore, new people bring the benefits of leading industry practices and innovation and in the case of new locations there is often the need to also have leadership embedding the group organisational culture and values as part of a change management programme.

Fig. 1: Key business drivers for mobility: automotive versus all sectors

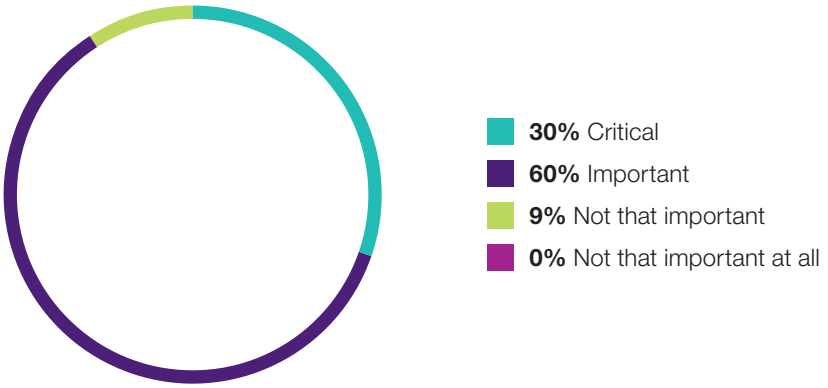


Linked to this, the automotive industry seemingly recognises the importance of international assignment experience in developing talent into successful business leaders, shown in **Fig. 2.** with almost all (91%) saying it is an important factor and a third (30%) saying it is absolutely critical.

It is interesting to see the investment being made in developing future leaders through the international assignment route and is perhaps to be expected, especially given the growth in new recently emerged markets, which continue to predict substantial growth.

As GDP increases in emerging nations/regions, often related to the growth of the new middle classes and professionals in Asia (especially India) the demand for new vehicles will continue to require global automotive organisations to deploy internationally mobile management and technical experts.

Fig. 2: Importance of undertaking international assignments



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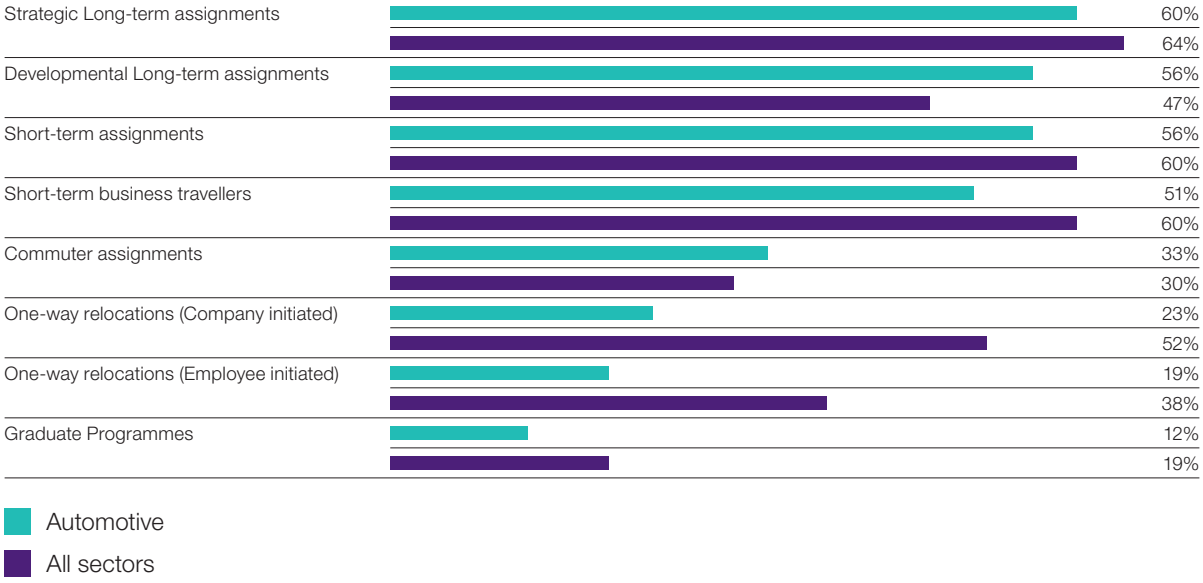
Furthermore, 76% of automotive global mobility professionals report that employees with international experience in their organisation benefit greater career progression as a result.

Aligned with the manufacturing and product life cycles of the automotive industry assignment types reflect the workflow needs i.e. use of traditional assignment types where international executives/technical professionals lead host country projects and oversee business operations. However, the recognised importance of international assignment experience in developing employees in the automotive industry seems to be leading companies to utilize long-term developmental assignments more commonly than other industries (56% of automotive companies are using long-term developmental assignments compared to 47% of companies across all industries), second only to strategic long-term assignments.

Fig. 3: Number of automotive compared with all sectors undertaking each type of assignment in the last 12 months



And whilst the trend across global mobility teams in general is that growth in long-term assignments are declining, this is not the case for the automotive industry. Over the next three years, the automotive industry report that they expect +18% net growth in developmental long-term assignments compared to only +3% net growth across all businesses. The conclusions to be drawn here could suggest that the automotive industry have longer-term planning cycles that enables them to align their talent development in a more systematic way. It could also recognise that to be an effective 'C's suite leader there is a need to have experience of operating and leading multi-cultural teams in key local markets.

Today, assignment trends in the automotive sector indicate lower use of one way permanent transfers (initiated by company or employee). This suggests a trend towards the traditional headquarters model; secondees deployed from headquarters, located in a mature market such as the US or Europe. Thus, the need for a technical expert to be deployed at any cost to a new project in Asia or Latin America may having the backing of management for an 'all systems go'. Three years later however, that same specialist may find that with organisational restructures, cost saving initiatives and technical advancements, their original home based role may no longer exist. This may require employees to reconsider their career expectations and recognise that the organisation may expect employees to move on a local to local basis, which is certainly occurring in other sectors such as FMCG. It will also be interesting to monitor how Asia-based headquartered automotive organisations will deploy international employees over the next few years; there may be shift in traditional international mobility patterns.

Additionally, many automotive businesses report they are also planning to increase their formal talent programmes (40%) over the next five years, with assignments planned for career development in leadership roles.

Yet, while international assignments are a highly valued component in talent development in the automotive industry, their global mobility teams are still not spending as much time as they should be on the more strategic elements, such as strategic workforce planning and selecting the right candidates. We see below in **Fig. 4.** that Business leaders (all sectors) expect a more strategic, talent focused approach from their global mobility teams—if that is not happening already.

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Fig. 4: Business leaders' perception of Global Mobility professionals' current role versus what they how should be spending their time

	Actually spend time on	Should spend time on
Assignment compensation and benefits	34%	12%
Recruitment	30%	22%
Immigration compliance	29%	21%
Coordinating with other departments	28%	26%
Assignment administration	28%	18%
Tax compliance	28%	11%
Preparing reports for the business	24%	8%
Assignment candidate suitability screening	24%	28%
Assignment management	24%	21%
Employment law	22%	7%
Advisory services to executive management	21%	24%
Supplier management	20%	13%
Assignment candidate selection	17%	26%
Managing department IT system	17%	4%
Relocation destination services	16%	14%
Strategic workforce planning	16%	24%
Expense management	14%	13%
Payroll	11%	4%
Non-mobility HR activities	9%	12%
Risk assessment	9%	26%
Removals and household goods	8%	8%
Other	4%	5%

Significant areas of opportunity for Global Mobility teams

Fig. 5: Automotive Global Mobility professionals' view of where they spend most time versus should be spending their time

	Actually spend time on	Should spend time on
Tax compliance	40%	16%
Assignment administration	37%	9%
Immigration compliance	35%	16%
Assignment management	33%	26%
Payroll	28%	7%
Expense management	26%	16%
Assignment compensation and benefits	23%	19%
Coordinating with other departments	21%	12%
Strategic workforce planning	19%	47%
Preparing reports for the business	19%	7%
Advisory services to executive management	14%	23%
Non-mobility HR activities	14%	5%
Supplier management	12%	16%
Employment law	12%	12%
Managing department IT System	9%	7%
Removals and household goods	9%	7%
Relocation destination services	7%	21%
Recruitment	7%	7%
Assignment candidate selection	7%	28%
Assignment candidate suitability screening	2%	19%
Risk assessment	0%	12%
Other	0%	2%

Significant areas of opportunity for Global Mobility teams

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However we see in **Fig. 5.** that in line with the global findings in the Survey, most time is still spent on operational activities; tax and immigration compliance and assignment administration, assignment management. Other activities consuming most time focus on payroll, expense management, assignment management and assignment compensation.

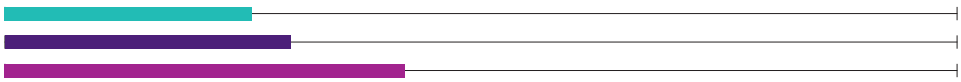
Automotive global mobility professionals recognise that they should be re-structuring their time available to focus on talent activities: strategic workforce planning, candidate assessment/screening. Unlike other sectors, they also report needing spend more time on relocation destination services and supplier management–which seems counter-intuitive to focusing more on strategic activities.

Enhanced talent management reporting is one of the key ways for global mobility teams to demonstrate their value in supporting talent development by adopting a more strategic approach. Currently, one of the key metrics being reported to the business for international assignments is talent management; however, only a quarter (26%) report this currently. While this is still higher than in other industries (15%), this suggests most global mobility teams are not demonstrating their impact on talent development.

Furthermore, while this interest in talent development is to be lauded, the industry has an opportunity to improve its diversity, both cultural and gender. Currently in the automotive industry, it is estimated about 88% of all international assignees are male and if international experience is part of a prerequisite to be a 'C' suite leader, this potentially leads to a shortage of female leaders at executive levels.

Positively, there should be some increase in this diversity over the next five years, **Fig. 6.** highlights 30% expecting greater gender diversity and 26% expecting greater cultural diversity in their domestic markets. But with such a sharp emphasis on male international assignees, this change needs to happen more quickly or the industry risks losing out on great talent.

Fig. 6: What changes are expected amongst internationally mobile workforces over the next five years?



26% more cultural diversity

30% more gender diversity

42% of companies expecting both more gender and cultural diversity

Another key factor in enabling global mobility teams to spend their time on strategic talent development is in ensuring they are managing international assignments efficiently. Global mobility in the automotive sector are more likely to outsource immigration processes (23%) than their peers, 77% having to manage this themselves internally, which is both complex and time consuming.

Internally, automotive respondents report that only 28% have invested in technology to help monitor and manage their mobility programmes over the last 18 months, meaning they are unlikely to have the best systems in place.

This is set to improve with 44% planning to invest in technology over the next 18 months, which is higher than their peers (34%). However, more needs to be done to truly enable global mobility to spend their time where it will add most value to their businesses. We can see from where global mobility teams' report how they spend their time that technology alone may not enable the desired transformation.

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Recently, there is another challenge (and opportunity) with General Data Protection Regulations (GDPR) which came into force on 25th May 2018. Only just over half (58%) of automotive global mobility professionals aware of the incoming changes, which means that many were at risk of not being compliant now these changes have come into effect. However, where they are aware, automotive global mobility teams are seemingly recognising the consequences of these regulations more clearly than their peers, particularly in relation to limiting data sharing and providing more training and education to their colleagues. Additionally, many global mobility teams have also been working closely with their external supply-chain to ensure that they too are GDPR compliant, given the nature and scope of deploying employees internationally.

A more holistic review of the desired outcomes and purpose of global mobility needs to be undertaken alongside investment decisions in technology. While automotive global mobility teams already predict the need to spend less time on compliance activities and more focus on talent, advisory and a broader risk overview—it also comes at a price.

There are capital and operational costs associated with technology and indeed the people costs associated with managing a global mobility programme. Dependent upon organisation culture and business/HR strategy, organisations are deciding what is core value and what is transactional or 'hygiene' activity that could be delivered via specialist external partners, who will most likely provide immediate access to technology that could also be licenced directly.

These are exciting times to be working in the automotive industry as it transforms to take advantage of new market opportunities, changes in energy sources and more fundamental changes such as automated (driverless vehicles) that are already in place and continue to undergo testing a range of scenarios and locations. Global mobility plays a critical role in enabling their organisations to achieve their goals and objectives and it is really their gift to partner with leadership to define their roles and value contribution.

Methodology

The Global Mobility Survey 2018 was conducted online across November and December 2017. We surveyed 654 professionals responsible for Global Mobility programmes across 50 countries and 76 business leaders from 16 countries. This report focused on the 43 Global Mobility professionals currently working in the automotive sector.

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About the author

John Rason, Group Head of Consulting, Santa Fe Relocation

Recognised as a thought leader and speaker on strategic international HR, talent management and Global Mobility, John has 15 years of global consultancy experience. Having previously held senior HR leadership roles in numerous global businesses across a range of industry sectors, John now works with global organisations to create value and improve the structure of Global Mobility programmes; focusing on aligning strategic objectives with operational delivery. John can be contacted at john.rason@santaferelo.com.

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