



Creative approaches to reward packages for frontline automotive workers

Insights from Deloitte

Frontline Automotive Worker Blog 3: Rewards

Every automotive original equipment manufacturer (OEM) that has announced an expansion is going through a workforce challenge right now, trying to retain current employees while also trying to recruit new workers. The worker of today has a different mindset than the worker that was pre-COVID, requiring US automotive manufacturers to offer better wages, better benefits, and more flexibility if they want to keep their business humming.¹

A great deal of time and effort is spent creating reward packages for salaried employees—but compensation and benefits for frontline workers rarely receive the same consideration. With the competition for frontline automotive workers heating up, creative, differentiated, and thoughtful total rewards packages are becoming increasingly important.

When structuring offerings, it's crucial that you gather real time data on what your frontline automotive workers need and value. You need to think beyond livable hourly wages and adequate medical benefits to rewards like guaranteed shifts, education credits, and off-cycle bonuses to ensure the elements of your reward package promote the stability and growth of your workers—and your business.

The best way to identify what's most important to employees' well-being and quality of life, of course, is to ask them. Businesses whose reward packages are developed in response to workers' needs, concerns, and aspirations inspire loyalty from their best employees. And they attract reliable, experienced job applicants even in the most competitive labor markets.

¹ Automotive News, [Small-town auto plants face challenge once hard to imagine: Finding workers](#), July 24, 2022.

Creative, differentiated, and thoughtful total rewards packages are becoming increasingly important

Whether you are an OEM, a captive lender, or an automotive dealership, to set your organization apart in the eyes of frontline automotive job seekers, you need to offer total reward packages that are not just financially competitive but innovative, flexible, and customizable. Some options to consider:

Multi-faceted cash compensation programs

While paying a competitive base pay rate is table stakes for attracting workers, offering a variety of opportunities for earning additional cash compensation is key to worker retention. Having a broad menu of variable pay programs can have advantages for both the workers and the organization. Depending on your employee base, consider these alternatives:

- *Sign-on bonuses tied to length of service requirement.* For example, one OEM facing challenges hiring into a rural Indiana area has increased both starting wages and hiring bonuses with the payout of the bonus tied to the workers start date, six-month milestone, and one year milestone.²
- *Employee referral awards for both the referring and the new employee.* For example, a referral award could be paid out in three 30-day installments during the first 90 days of employment.
- *Spot awards of cash or gift cards.* These can provide immediate positive reinforcement for a job well done.
- *Frequent team incentives.* Incentives can motivate workers to meet weekly or monthly targets.
- *Special occasion bonuses.* This could include cash for worker birthdays, Thanksgiving, or annual work anniversaries.
- *Free food, movie tickets, company logo items.* Anything that your employees value will help them feel recognized and appreciated.

Dynamic, personalized benefits

Dissatisfaction with compensation is still one of the [primary reasons frontline workers quit](#) their jobs, but a host of non-pay related issues, such as predictable schedules, are important, too. Hiring managers may have limited ability to differentiate based on hourly wages, for reasons ranging from management resistance, union contracts, to local minimum wage requirements. But benefits with measurable financial value can bridge some of the distance—all the more so if they can be customized to suit a workforce with diverse needs. Workers who are also parents or caregivers, for example, may prioritize flexible scheduling, additional paid time off and subsidized childcare. While workers with long commutes might opt for subsidized commuting costs or a relocation package to move closer to their manufacturing plant. Offering frontline workers such choices sends a clear message that your company is invested in their quality of life and continued success.

Support for learning and development

As the automotive industry transitions to a low-carbon economy, the automotive workforce will also need to evolve—and this is on the minds of automotive companies, employees, and the unions. As we discussed in a recent article on the competition for frontline automotive workers, it is already difficult to find and retain skilled labor for the ICE-powered vehicle, and the electronic vehicle (EV) presents a completely new set of challenges. For EVs, the development of software expertise becomes paramount. The engineers and mechanical technicians that have mastered the ICE components will find their skills less valuable as EVs will require more software engineers, chemists, and related technical experts. We all know the automotive industry is changing, and the automotive workforce will need to change as well. The co-existence of the ICE, hybrid, and electric vehicles will likely continue for some time.

Prioritizing learning, as discussed in the second article in this series, and offering to reimburse or subsidize continuing education costs—for career and skills training, GEDs, certifications, and bachelor's degrees—is more proof of your commitment to employee growth and development. It also helps both parties, expanding workers' skill sets and knowledge while making them more valuable to, and versatile within, the organization.

There's no shortage of companies using flexible learning and development allowances to support frontline employee development. Taking inspiration from companies out of the automotive sector, McDonald's [Archways to Opportunity® program](#) provides multiple pathways for employees to grow and learn—from improving English skills to earning a high school diploma to working on a college degree and career planning. Since its launch, McDonald's has awarded over US\$165 million in tuition assistance. Through its [College Achievement Plan](#), Starbucks offers all US employees the ability to earn a tuition-free bachelor's degree through Arizona State University's online program. According to a Starbucks spokesperson, "We believe that when we put [our employees] first, the result is an elevated Starbucks experience for our stores, customers, and communities." And in 2021, Amazon announced a plan to cover 100% of college costs, including books and fees, for its 750,000 hourly US employees.



² Automotive News, [Small-town auto plants face challenge once hard to imagine: Finding workers](#), July 24, 2022.

The power of recognition

Many frontline workers perform difficult jobs with limited possibilities or mechanisms for recognition. Finding opportunities to recognize employees for a job well done can go a long way toward helping them feel seen and respected while reinforcing desired behaviors and creating a positive work environment. Consider the following:

- **Frequent informal recognition.** Recognition programs that are rigid, hard to use, and require several layers of approval are the least likely to be used. In contrast, frequent, flexible recognition options are easier to implement—anything from team celebrations as thanks for meeting a difficult challenge to informal, in-the-moment shoutouts for a job well done. For example, peer-to-peer social recognition lets everyone feel seen, heard, and appreciated for who they are and the work they do.
- **Broad communication.** Publicly announcing awards and achievements to the broader organization can raise awareness, help build a positive corporate culture, and encourage celebration, all while reinforcing workers' pride in a job well done.
- **Going beyond "above and beyond."** In addition to recognizing exceptional performance, companies are finding ways to recognize consistent performance in areas including punctuality, attendance, initiative, and desire to help coworkers.
- **Team-based recognition.** More employers are recognizing both individual and team performance, acknowledging the importance of teamwork to a business's success. Team-based recognition can also inspire friendly departmental competition and allow for recognition of high-functioning teams.

Addressing the current landscape for frontline workers

It's clear that to keep today's frontline automotive workers satisfied and productive, companies must take a fresh approach to compensation, benefits, and recognition. That means striving to understand what workers want and need, offering it with an emphasis on flexibility and choice, and building a culture of respect and recognition at all levels of the organization.

Ready to reimagine your frontline rewards? Give us a call to continue the conversation.

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