

HR Trends and Perspectives:
Talent Acquisition and Retention
in the Industrial Sector

REPORT

HR TRENDS AND PERSPECTIVES

Talent Acquisition and Retention in the Industrial Sector

The manufacturing industry (or industrial sector) plays a crucial role in the economy by generating jobs, stimulating economic growth, and contributing to innovation. It is often seen as a driver of economic development in many regions of the world. However, industrial companies face challenges in recruiting and retaining talent, primarily due to negative perceptions of the sector, lack of interest in pursuing a career in it, and an aging workforce nearing retirement that is difficult to replace.

Let's explore in more detail the HR challenges facing this sector and provide solutions.

I. Specific Challenges in the Manufacturing Sector

The manufacturing industry must address several challenges.

Characteristics of this sector:

- » **Complexity of the supply chain:** Effective management of the supply chain (multiple suppliers of raw materials, components, and sub-assemblies) is essential to ensure the availability of materials necessary for production.
- » **Volatility of raw material costs:** Fluctuations in raw material prices (metals, petroleum products, and agricultural products) have a significant impact on production costs.
- » **Global competitive pressure:** Puts pressure on prices, margins, and innovation.
- » **Evolution of customer expectations:** There is increasing demand for personalized, high-quality, environmentally friendly products delivered quickly.
- » **Impact of technology and automation:** Technological advancements (automation, robotics, artificial intelligence, 3D printing) are transforming manufacturing operations. McKinsey predicts they will create **\$3.7 trillion in value by 2025**. Although they improve efficiency and productivity, they require heavy investments.
- » **Challenges in talent management:** Aging workforce, skills shortages, and the negative image of the manufacturing industry are leading to challenges in recruiting, retaining, and developing qualified talent.
- » **Importance of safety and compliance standards:** Companies must ensure that their operations comply with strict safety, quality, and regulatory compliance standards to avoid legal, financial, and reputational risks.



Key HR Challenges Facing this Sector:

The manufacturing sector faces several HR challenges, including:

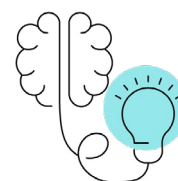
- » **Digital transformation in progress:** The manufacturing industry is rapidly becoming digital-focused. **80% of sector CEOs** plan to invest even more in technological advancements. To stay at the forefront of digital transformation, they need to recruit skilled workers and/or train existing employees in the use of new technologies.
- » **Significant talent shortage:** The manufacturing sector will experience a shortage of **two million workers** by 2030 in the United States, resulting in a cost of \$1 trillion. According to the National Association of Manufacturers (NAM), **nearly three-quarters of manufacturing executives believe** that attracting and retaining a quality workforce is their primary challenge.

II. Solutions and Best Practices

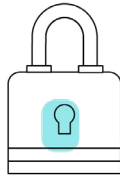
Tips for Attracting Talent in the Industrial Sector

To attract, recruit, and retain talent in the manufacturing sector, here are some possible solutions:

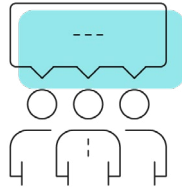
- » Offer attractive benefits packages, cited as the most effective strategy at **77% according to the 2024 analysis by Deloitte and The Manufacturing Institute Talent Study.**
- » Provide flexibility, cited at 47%: According to the National Association of Manufacturers (NAM), 46.8% of manufacturing executives already offer flexible work arrangements (flexible hours, shift swapping, split shifts).
- » Invest in training and personal development, cited at 38%. Continuous training opportunities improve employees' skills, satisfaction, and engagement at work.



» Maintain the safety and well-being of employees, cited at 30%. In the industrial sector, work can be physically demanding and dangerous, involving the handling of powerful machinery, sometimes hazardous products, and/or working at heights. In addition to the risk of accidental injuries, employees often perform repetitive movements that can eventually cause injuries. Everything must be done to ensure the safety of workers. Moreover, according to Gallup, there are **64% fewer safety incidents in companies whose employees are highly engaged**. The more engaged and enthusiastic they are to work for the company, the more likely they are to know and follow safety rules and report dangerous situations. They are also less likely to suffer from burnout. Creating a serene working environment is fundamental.



» Promote inclusion within teams for a more innovative and productive workforce.



Incorporate psychometric assessments into recruitment and talent development in the manufacturing industry

HR professionals must assess both technical and general skills when recruiting candidates or supporting the skills development of existing employees. They can use reliable psychometric tests, designed according to rigorous scientific standards.

In the manufacturing industry, **assessing mechanical understanding** is highly recommended to measure a person's ability to understand and apply basic mechanical and physical concepts, as well as the key principles underlying the operation, maintenance, and repair of machines in concrete situations.

Internationally recognized for over 60 years, the **Bennett Mechanical Comprehension Test (BMCT-II)** is used for a wide variety of professions in mechanics, production, and maintenance sectors. It allows for the analysis of a candidate's knowledge and logical abilities and identifies those with good spatial perception, good mechanical reasoning skills, and an aptitude for learning mechanical processes and tasks.

To counter the talent shortage in the manufacturing industry, industrial companies must change the perception of work in the sector, as well as broaden and expand their talent pool. Being able to assess both technical and behavioral skills (adaptability, critical thinking, social skills) expected in positions through **personality inventories** and/or **intellectual aptitude tests** allows them to address deficits in skills and personnel.



Evaluate your talent's skills with Pearson TalentLens psychometric tests!

Unleash the full human potential of your company by refining your approach to talent acquisition and retention.

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About TalentLens

TalentLens is a central component of Pearson's Workforce Skills division, a global publisher of learning solutions and an international leader in individual assessment and support.

The Workforce Skills division consists of Pearson TalentLens – a publisher of psychometric tests in the professional environment, known and recognized in the market, as well as Faethm AI – the world's first company to use data to operationally project a company's future skills, and Credly – the global leader in certifying digital badges.

Drawing on over 70 years of research, our psychometric tests, such as the WATSON-GLASER™ III test, are used by hundreds of companies worldwide for the recruitment and skills development of their employees. As experts in the professional world, our primary goal is to help you assess your practices, understand and define your needs, and support you in choosing and using our assessment solutions.