

How do you reshape today's workforce and attract tomorrow's talent?

2022 Aerospace and Defense Workforce Study

October 2022



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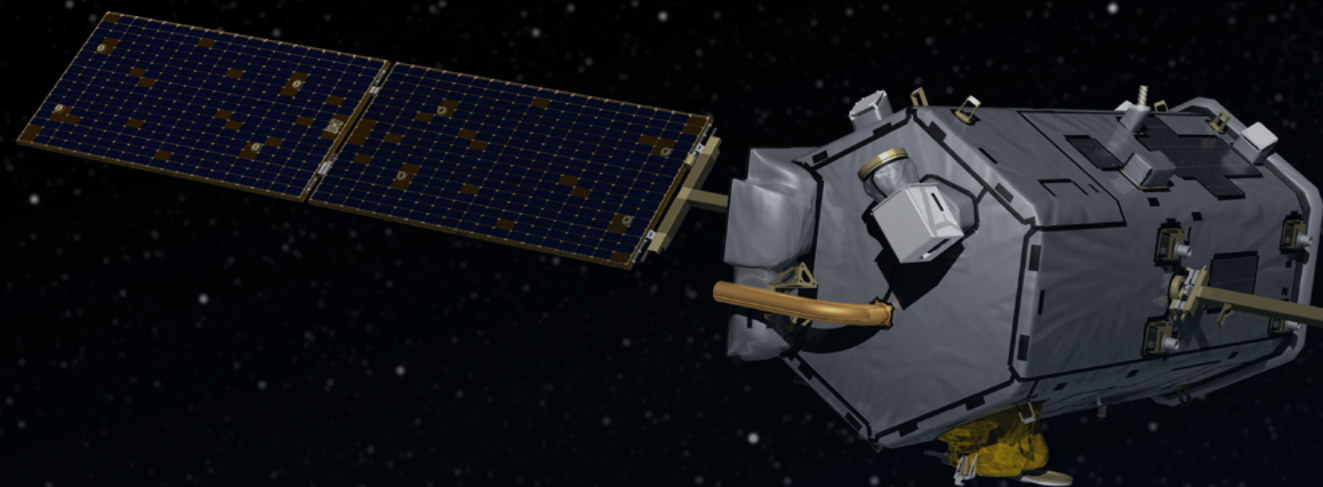


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Executive summary

Workforce and talent concerns remain top of mind for aerospace and defense (A&D) companies as they look at an increasingly competitive marketplace for highly skilled employees, both today and into the future. With rising employee turnover compounding an industry-wide shortage of talent, many companies are considering, or beginning to implement, more comprehensive talent strategies to help their workforces meet increasing demand.

This initial progress underpinned the key findings of the 2022 Aerospace and Defense Workforce Study, conducted by the Aerospace Industries Association (AIA) and the American Institute of Aeronautics and Astronautics (AIAA) in collaboration with Ernst & Young LLP (EY US). Over 30 A&D companies responded, representing nearly 850,000 global employees.

The results of this year's survey were largely tracked with the results from the 2021 survey, with many companies reporting that they mobilized new procedures and workflows to maintain operations during the COVID-19 pandemic. Within the last 12 to 18 months, many A&D companies began to introduce flexible work schedules, continued to make investments in diversity and inclusion programs, and explored opportunities to enhance their employee value propositions.

While most companies responding to the survey indicated that they have largely begun to adapt to a post-pandemic world, they also noted that the pandemic's lingering effects have continued to impact operations, from development and supply chain disruptions to delivery and quality issues as a result of ongoing challenges with hiring and retention. In addition, despite steps taken to address

workforce and employee concerns, a significant percentage of respondents (41%) said that they believed that their employee engagement worsened over the past 12 months.

In many ways, COVID-19 accelerated the talent shortage, or the Great Resignation, that is now challenging companies across a wide range of industries. The U.S. Bureau of Labor Statistics reported that some 47 million Americans either quit or changed jobs in 2021.¹ This trend continues as employees leave for a broad range of reasons, from higher pay to better opportunities for career advancement.

This exodus of talent hasn't spared A&D companies. In the 2022 survey, 69% of respondents reported that turnover increased in the last 12 months. Moreover, A&D companies are competing not only with each other, but also with multiple industries as they seek to recruit employees with strong technical skills to their workforce. This talent shortage may be coming at an inopportune time for A&D companies. Many organizations are ramping up production to meet increasing demand caused by the rebound of air travel from the pandemic, the need for advanced defense capabilities due to rising geopolitical tensions, and a renewed vision and prioritization of space travel and deep space exploration.

As they seek to address this looming talent shortage, many A&D companies are also finding that transforming their workforce for the future is becoming an imperative. This means building a more dynamic, hybrid workforce, with enhanced digital skills and deep technical knowledge that will enable their organizations to focus on automation and adapt their operating models to meet the expected surge in demand.

Strengthening the employee value proposition is a priority

A&D companies are exploring four primary areas as they position their workforces for the future. As noted last year, many companies are seeking to enhance their employee value proposition (EVP) – the unique set of characteristics, features and benefits that a company offers to its workforce. In this year's survey, many companies also said that they are attempting to develop more inclusive EVPs for their current workforces and new hires by adding programs around mental wellbeing, leadership and technical degree/apprenticeship opportunities. To further attract new talent, companies are also investigating opportunities to distinguish themselves in terms of employee recognition, career development, improved compensation and flexible work arrangements.

Flexible work models are being adapted for a multistakeholder workforce

A&D companies have continued discussions around expanding flexible work options for employees. Since most of the companies have substantial manufacturing or similar high-touch operations, remote work is not an option for many employees. At the same time, 65% of the respondents said that they believe their organization has successfully operationalized flexible work models over the past year, with many starting to offer manufacturing employees more options on when they can work – from staggering their hours to choosing a four-day workweek. Further, many are looking to expand remote access for employees who can carry out their job responsibilities working from home or another location.

Transformation demands industry-wide reskilling

To address the potential talent shortfall in the future, many A&D companies are seeking to upskill employees through development programs that help them learn new technical skills, like data analytics, artificial intelligence (AI)/machine learning (ML) and cybersecurity. They are also seeking to improve employee competencies in engineering and leadership.

To augment this effort and the needed development of A&D talent pipelines, many are partnering with universities to offer discounted-tuition courses, emphasizing programs that cover science, technology, engineering and mathematics (STEM). At the same time, organizations are also experimenting with knowledge transfer programs from the older to the newer generations of their workforces, including, but not limited to, mentorship programs, job shadowing and development planning.

Diversity, equity and inclusion continues to be a key industry issue

As in last year's survey, employers said that their companies were continuing to make diversity, equity and inclusion (DEI) a workforce and business imperative, taking strides to improve their diversity and inclusion programs. To that end, many respondents reported that they launched a detailed DEI strategy, which has included creating executive advisory boards or advocate councils to support these initiatives within business areas and key functions. A&D companies also released benchmarking reports, with a comprehensive set of quantitative metrics that look at how DEI efforts are impacting gender and supplier diversity demographics, among other measurements.

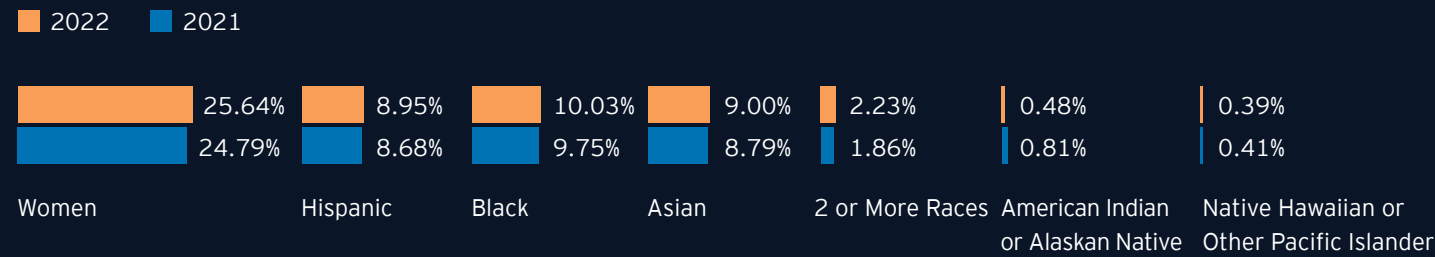
This white paper further elaborates on the survey results and discusses what A&D organizations are doing to improve their employee value propositions and address workforce challenges going forward.

¹ Liu, Jennifer, "Roughly 47 million people quit their jobs last year: 'All of this is uncharted territory,'" CNBC, February 1, 2022, <https://www.cnbc.com/2022/02/01/roughly-47-million-people-quit-their-job-last-year.html>.

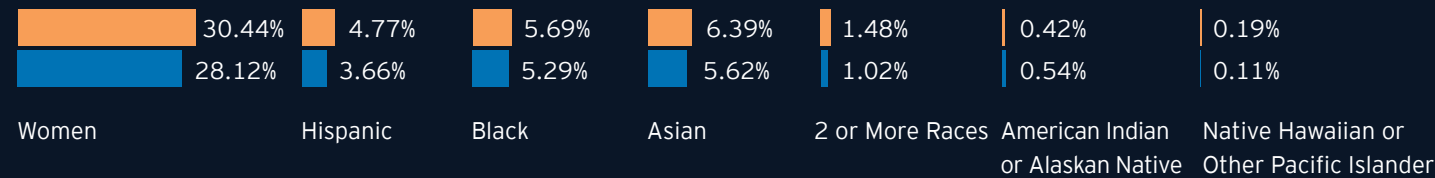
2022 Aerospace and Defense Workforce Study

The survey respondents represent a total global headcount of about 850,000 employees, with over 250,000 US employees with security clearances and about 105,000 veterans in the US across all of the organizations that participated.

Employee demographics



Executive demographics



DEI

Organizations are increasingly focused on their DEI agenda, including improving their DEI metrics, investing in different initiatives and expanding their outreach.



Future of work

A&D organizations are providing greater flexibility in where, when and how employees work.



The talent shortage

Organizations are exploring ways of providing a differentiated EVP offering in an attempt to improve talent attraction and retention amidst strong competition.



Employee and talent outlook

As the A&D industry evolves, reskilling will be central to positioning the workforce to accommodate this evolution.

The top five areas of investment that companies are currently prioritizing in reskilling are:





Survey methodology

The survey was administered to a targeted population of AIA and AIAA corporate members using a Qualtrics platform. Only fully completed responses were included in the results. The survey was initiated on June 15, 2022, and closed on July 15, 2022, covering organizations with a significant US-based workforce.

The survey received a high response rate from a diverse group of companies. Respondents represent a total global headcount of nearly 850,000 employees, including over 250,000 with security clearances and more than 100,000 veterans across all of the organizations that participated.

Survey details

The survey results highlight the importance of the talent issue within the A&D sector, and better enable business leaders and policymakers to make informed decisions about programs and policies that strengthen recruiting, retention, development and overall A&D workforce efforts. The goals of the survey included identification of:

- ▶ Corporate employee demographic data to understand the impact of DEI efforts
- ▶ Strategies that the A&D community can implement to develop a compelling EVP
- ▶ The continued investment in digital transformation and the required reskilling of the workforce to prepare employees for the future of the industry
- ▶ Engagement efforts between the A&D community and STEM education and apprenticeship programs to promote the industry's diverse career paths

In the survey, 60 questions were asked, using a variety of formats, including multiple choice, free-form response, ranking and selecting all responses that apply to a given question.

Survey participants

The Acutronic Group	Ball Aerospace & Technologies Corporation	Embraer S.A.	L3Harris Technologies, Inc.	Rolls-Royce North America, Inc.
Aerojet Rocketdyne Holdings, Inc.	Bauer, Inc.	Fastener Dimensions, Inc.	Leidos Holdings, Inc.	Science Applications International Corporation, Inc.
Aeroliant Manufacturing, Inc.	The Boeing Company	General Dynamics Corporation	Machine Specialties, Inc.	Sierra Space Corporation
The Aerospace Corporation	Booz Allen Hamilton, Inc.	Howmet Aerospace, Inc.	Mercury Systems, Inc.	Solvay Specialty Polymers USA, LLC
American Pacific Corporation	CPI Aerostructures, Inc.	Huntington Ingalls Industries, Inc.	Northrop Grumman Corporation	
Applied Composites	Eaton Aerospace LLC	Intelligent Light	Perryman Company Partnership	
BAE Systems, Inc.	Elbit Systems of America, LLC	Jet Propulsion Laboratory	Raytheon Technologies Corporation	

Demographics and DEI continue to be key issues as the industry evolves

Building on last year's survey data, the 2022 A&D Workforce Study examined demographic data and strategies across various subsectors and organizational sizes, including racial/ethnic diversity, gender diversity, LGBTQ+ representation and workforce age distribution.

While the percentage of women in the industry continues to lag other US industries, there was incremental improvement, with women now accounting for 25.6% of the A&D workforce, as compared with 24.8% last year. The survey also tracked the racial and ethnic composition of the US A&D industry. Black representation across the workforce as a whole increased slightly to 10.0% from 9.8%, while Hispanic representation also grew slightly, to 9.0% from 8.7% last year. Black and Hispanic representation in the executive workforce also improved, to 5.7% and 4.8% from 5.3% and 3.7%, respectively, in 2021. While incremental year-over-year improvements have been made, these numbers highlight the reality that the US A&D industry is less diverse than the overall US labor force.

Respondents also indicated that DEI was at the forefront of organizational and talent strategies in 2021. Many

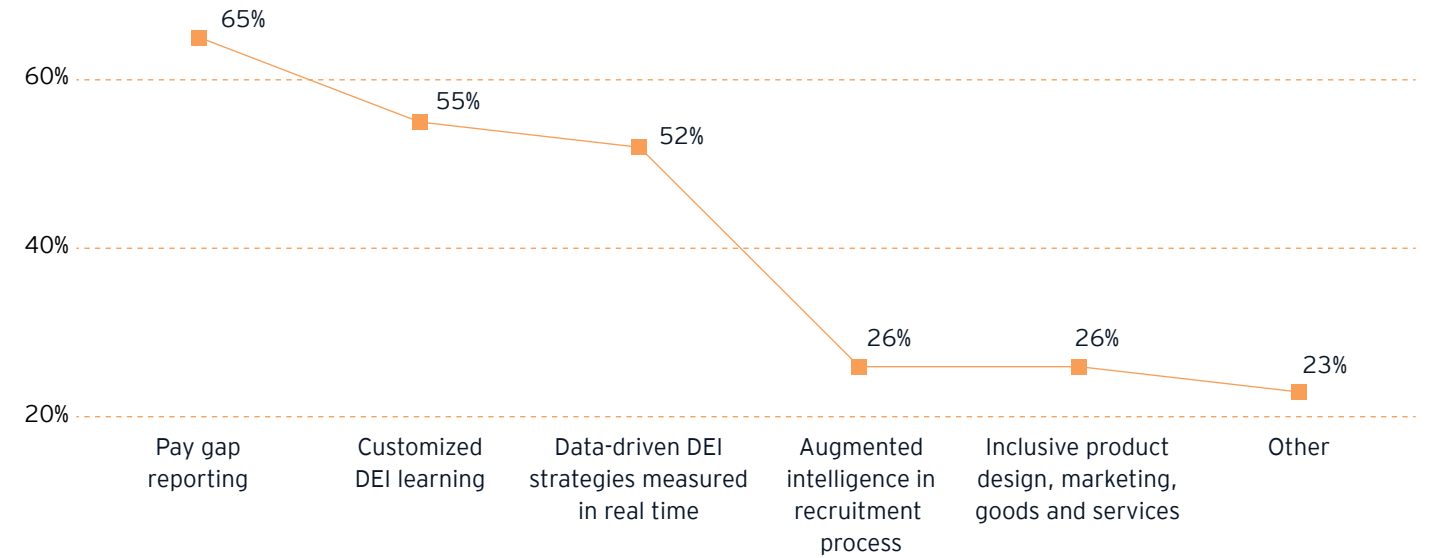
Overall demographics	2022	2021	2020	2019	2018	2017
% of workforce women	25.6%	24.8%	24.3%	23.8%	24%	24%
% of workforce Black	10.1%	9.8%	5.9%	5.8%	6.8%	5.0%
% of workforce Hispanic	9.0%	8.7%	7.6%	6.8%	7.6%	6.0%
% of workforce Asian	9.0%	8.8%	11.1%	9.0%	10%	7.6%
% of workforce on executive payroll	0.7%	1.2%	1.4%	1.7%	1.3%	1.3%
% of executive workforce Black	5.7%	5.3%	4.8%	3.3%	4.1%	3.0%
% of executive workforce Hispanic	4.8%	3.7%	3.9%	2.8%	3.3%	2.0%

Demographic data for "non-binary" and "reporting other gender identification" gender classifications were captured within the 2022 survey results; however, representation was less than 1% for each category.



companies introduced DEI initiatives and created executive advisory boards or advocate councils to support DEI efforts within their business areas and key functions. In this year's survey, 66% of companies said that they include DEI within their company's mission/vision/values statement, and 84% agreed with the statement that their company demonstrated a commitment to celebrating and embracing different backgrounds, ideas and beliefs.

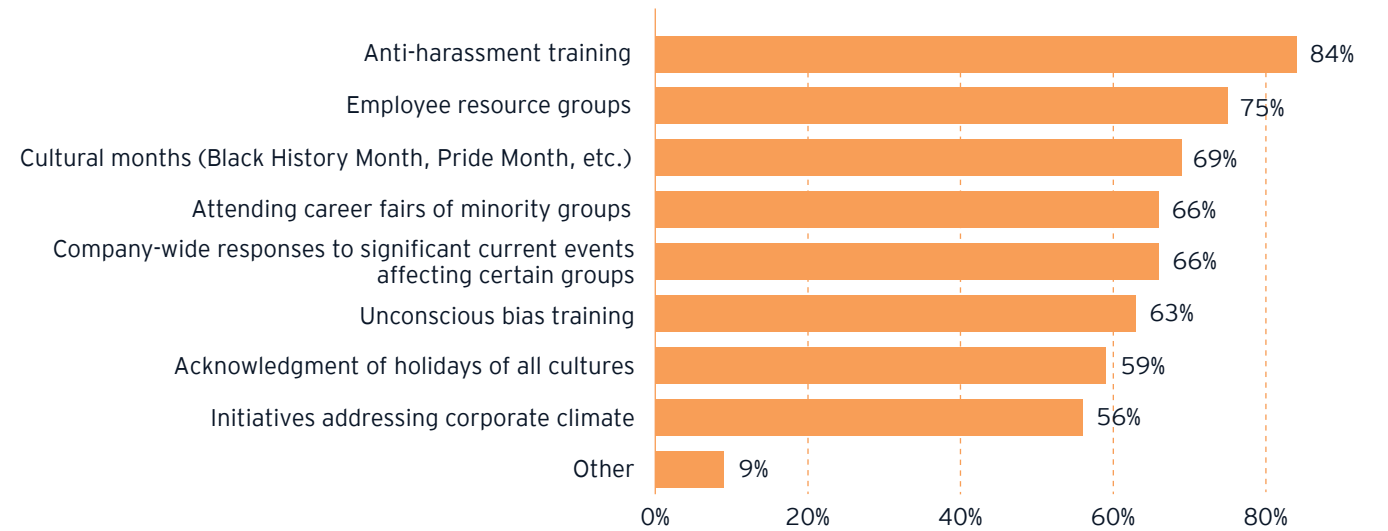
Which of the following DEI initiatives does your company currently conduct?



In addition to prioritizing DEI, organizations are starting to report a wide range of metrics regarding these issues. The 2022 survey showed that most companies (70%) are establishing employee resource groups, which are typically responsible for the oversight of DEI efforts and the review of metrics, such as gender, race/ethnicity and supply chain diversity. Overall, 63% of surveyed companies said that they reported DEI metrics quarterly, while 19% reported annually.

As respondents' organizational and talent strategies were examined, the employee experience continued to be a primary focus. For example, 65% of respondents conduct pay gap reporting, 55% have launched customized DEI learning programs, and 52% implement data-driven DEI strategies measured in real time.

In what ways does your company focus on DEI in recruitment and retainment efforts?



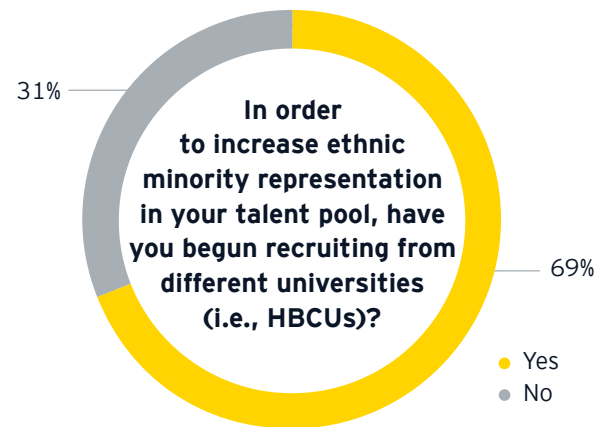
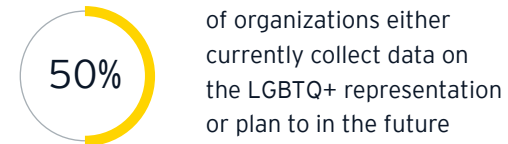
To continue efforts for attracting and retaining diverse talent, A&D companies will need to remain focused on recruiting and other efforts aimed at talent. The survey shed light on strategies that companies are leveraging to continue these efforts, including 70% of respondents that sponsored employee resource groups; 69% that celebrated cultural months, such as Black History Month and Pride Month; and 66% of respondents that attended career fairs hosted intentionally for underrepresented populations.

To compete more effectively with other sectors for diverse talent, A&D companies need to show that they prioritize inclusiveness and a healthy work environment that allows diverse talent groups to thrive. To that end, companies need to take tangible steps to show that they have a diverse, equitable and inclusive workplace. These actions can be augmented by delivering training programs that focus

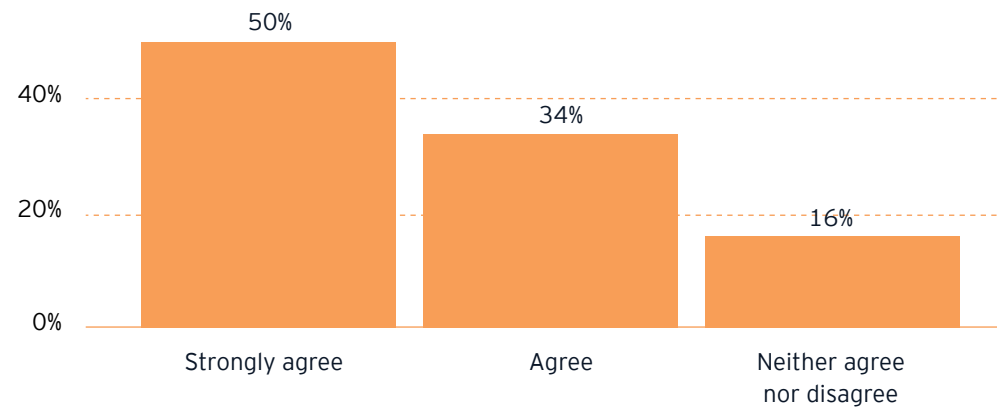
on inclusive teaming to demonstrate how leaders should support diverse talent and encourage diversity of thought.

A look at the demographic data also reveals limited movement in the distribution of employees across tenure durations, with just a slight increase of 2% in workers recording one year or less of tenure. In terms of workforce age composition, survey results showed that employees aged 55 and older represent over a quarter (28%) of the overall workforce (a 2% increase from last year). Survey results also revealed that 42% of the overall workforce has less than five years of tenure at their current company, which is also a 2% increase from last year. Coupled with the accelerated wave of retirements, this confirms the need for A&D organizations to aggressively address knowledge transfer and succession planning in order to meet demand increases.

Does your company collect data on the number of LGBTQ+ employees?



How strongly do you agree or disagree that your company demonstrates a commitment to celebrating and embracing different backgrounds, ideals and beliefs?

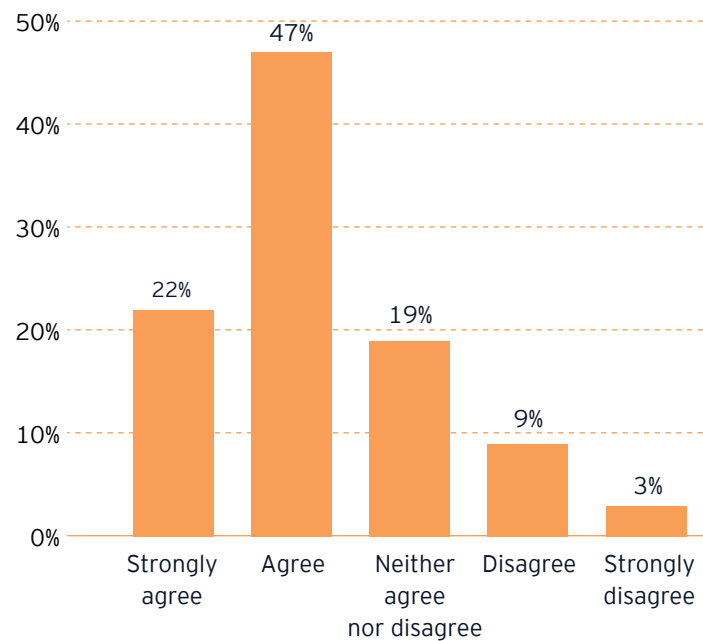


The talent shortage is real; how the industry responds will dictate its impact and duration

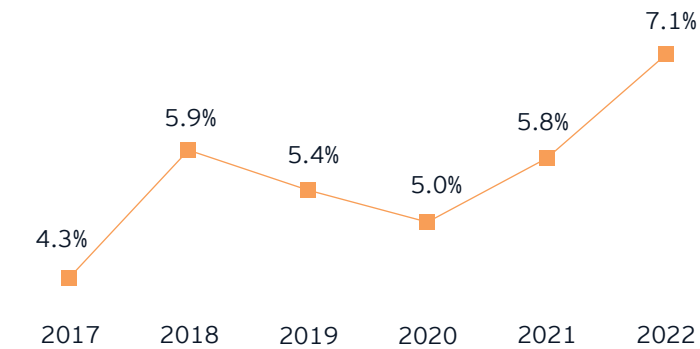
A&D companies continue to grapple with a talent shortage, especially for workers with engineering skills and those with strong digital capabilities (e.g., data, analytics, automation). After two years of travel restrictions that severely impeded the commercial aviation industry, many maintenance, repair and overhaul (MRO) suppliers and airlines are scrambling to manage their talent demands. The historic slump in air travel demand due to the COVID-19 pandemic cost more than 100,000 jobs.² The recent rebound has created a rush to hire in a tight labor market amid rising supply chain and operating costs.³

In this environment, retention continues to be a major issue. Most of the respondents (69%) in this year's survey agreed with the statement that their organization's turnover had significantly increased over the last 12 months. This happened even though many companies made a concerted effort to address the looming talent shortage over the past year, offering more differentiated benefits and additional career progression opportunities. Not only has retention been a key challenge, but inflation has also driven the desire for wage increases to maintain standards of living. Several respondents said that they are increasing short-term incentive programs as a result.

Over the last 12 months, our organization's employee turnover has significantly increased



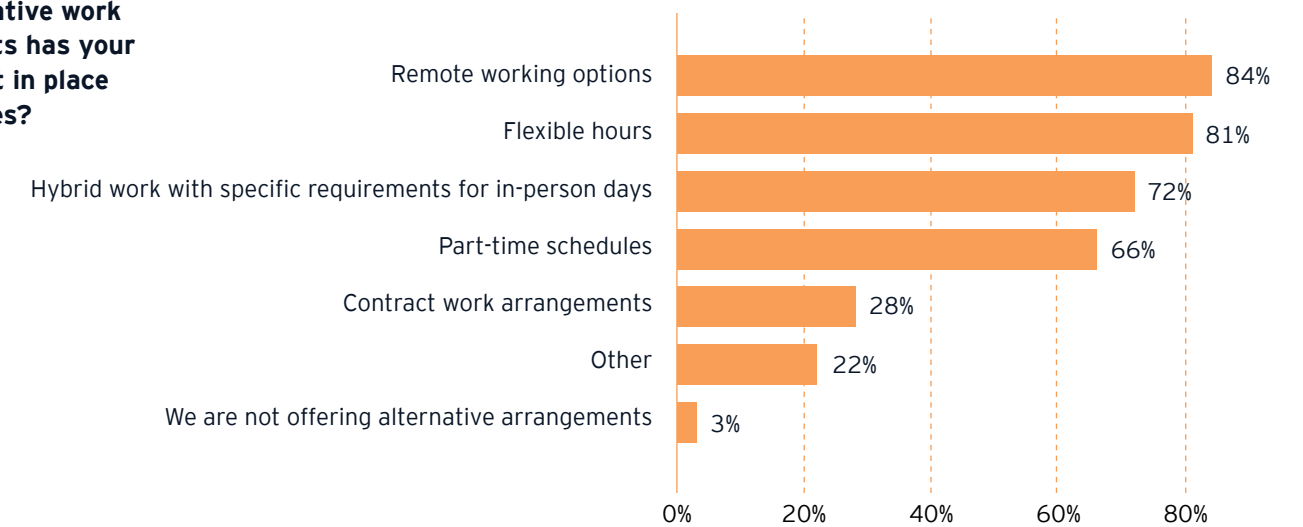
A&D attrition 2017-22



² "How Attractive Is A&D To Workers? Companies Labor After COVID-19," July 19, 2021, Aviation Week Network, <https://aviationweek.com/aerospace/manufacturing-supply-chain/how-attractive-ad-workers-companies-labor-after-covid-19>.

³ Singh, Rajesh Kumar, "From pilots to ramp agents – U.S. airlines go all out to staff up," Reuters, November 23, 2021, <https://www.reuters.com/markets/commodities/pilots-ramp-agents-us-airlines-go-all-out-staff-up-2021-11-23/>.

What alternative work arrangements has your company put in place for employees?



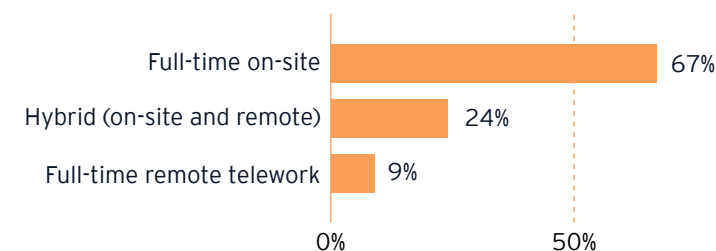
Remote/flexible work

To further address concerns that emerged during the COVID-19 pandemic, companies have begun to implement a wide range of alternative work arrangements, such as remote working options (84%) and hybrid work options with specific requirements for in-person days (72%). Knowing that much of the workforce must work on-site, organizations continued to offer flexible hours (81%), a slight drop from 85% last year. The topic of flexible work arrangements has presented, and will continue to present, a unique challenge for A&D companies because they require many of these skilled workers to work on-site. Year over year, there was a marked increase in in-person activities and a corresponding decrease in remote activities across employee engagement strategies. This is due to a combination of factors, namely better safety protocols, including vaccinations, that elevated confidence for spending more time in person, as well as a desire by both employers and employees for more personal interaction.

While 65% of respondents believe that they successfully operationalized more flexible work arrangements, many respondents acknowledged that there are still ongoing questions about these arrangements going forward.

Offering worker flexibility has further created new questions about organizations' real estate footprint and specifically how large that footprint should be going forward. To that end, some organizations are bringing together their human resources, real estate and other relevant functions to evaluate the path forward and answer foundational questions with regard to leases, geographic footprint, cost allowability/allocability and return-to-office policies. According to a recent [EY survey](#), 78% of employers are planning moderate to extensive changes to their real estate strategy.

What percentage of your total workforce is aligned to the following working modalities?

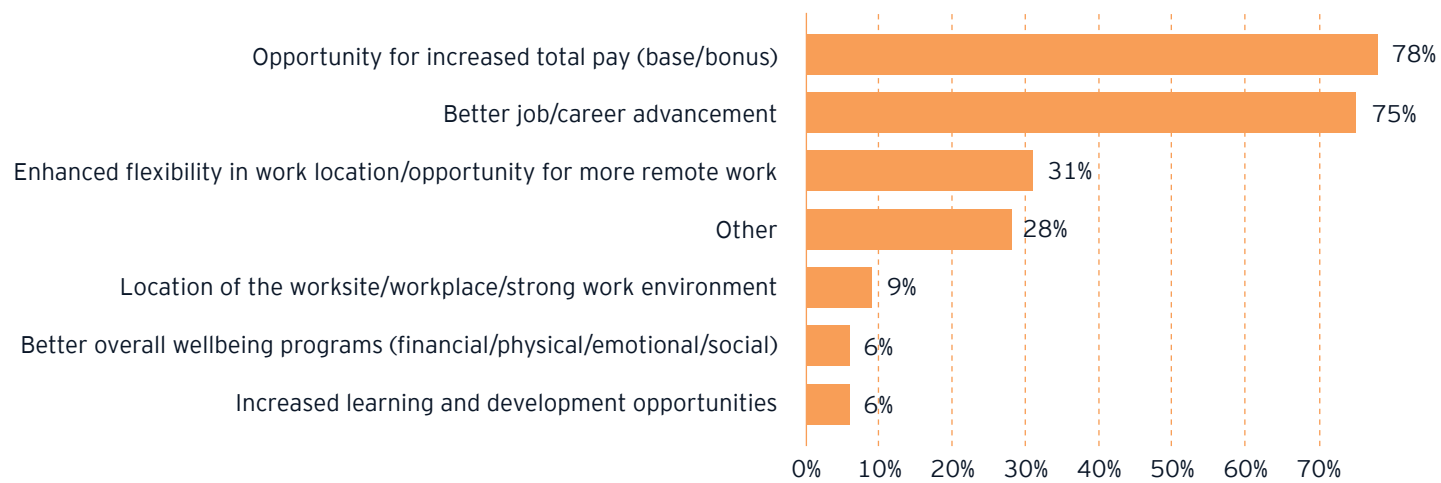


Attrition

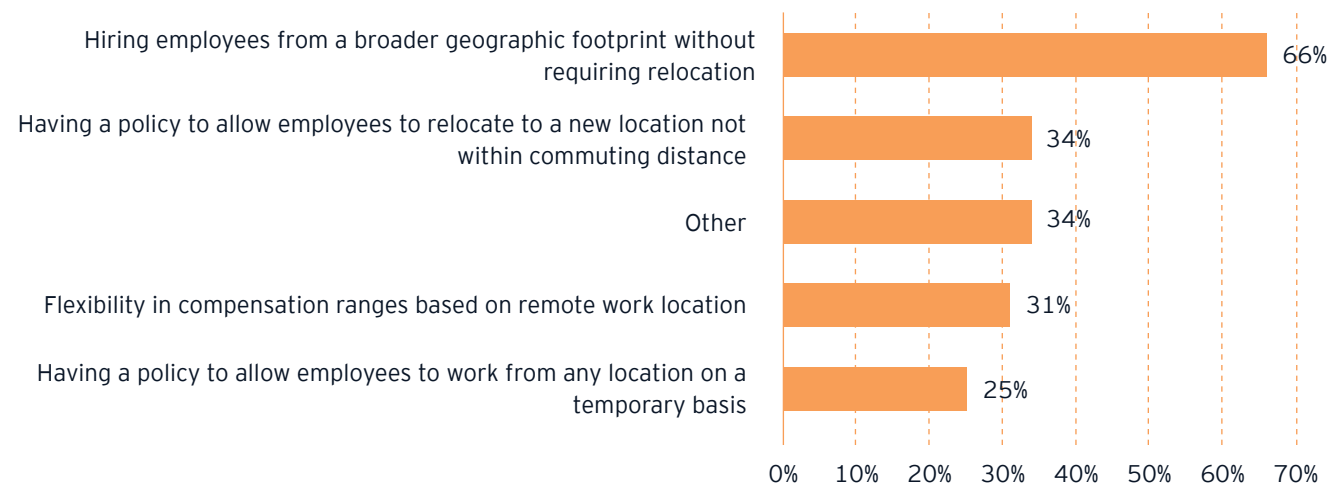
Overall turnover rose to 7.1% in 2022, up from 5.8% in 2021. Companies cited a number of reasons for higher attrition rates – chief among them employees seeking opportunity for higher pay, which 78% of employers cited as a factor, and employees seeking better job/career advancement, which 75% of employers selected. These were significantly higher than other responses, with more flexibility in choosing work locations (31%) as the third-highest factor. Employers also mentioned that employees left their jobs to pursue remote working opportunities, a better work environment and comprehensive programs that helped them address issues related to their financial, physical, emotional and social wellbeing.

Companies cited other efforts in their bids to offset attrition, including tuition reimbursement, online training/cross-training and employee retention programs, such as expanded retention/sign-on bonuses. In an attempt to recruit and retain key talent, companies are moving forward with a number of strategies, such as hiring employees from a broader geographic footprint without requiring relocation, establishing policies allowing relocation to areas outside of regular commuting distance and providing greater flexibility in compensation ranges, based on remote work location.

What are the primary drivers employees have referenced when leaving your company?



Which of the following has your organization implemented to attract and retain talent?



EVP

Understanding why employees are leaving is just the first step toward addressing attrition. Within the ongoing battle for talent, a majority of A&D companies reported the critical need to enhance their EVPs. For example, 59% of respondents said that deploying a compelling EVP to become an employer of choice represented an essential step forward in creating a sustainable future of work for their organization.

In addition, respondents provided insight into the desired retention strategies that they would like to see implemented to further their efforts to mitigate attrition. According to the survey, 91% of respondents believe that a full review of their compensation programs and then comparing them with peer companies to assess any significant gaps would be a critical step for addressing employee turnover. Furthermore, 69% of respondents believed that providing increased rotational and career development opportunities and increasing the ability of leadership to listen to and recognize employee needs would drive positive change amid the ongoing wave of attrition.

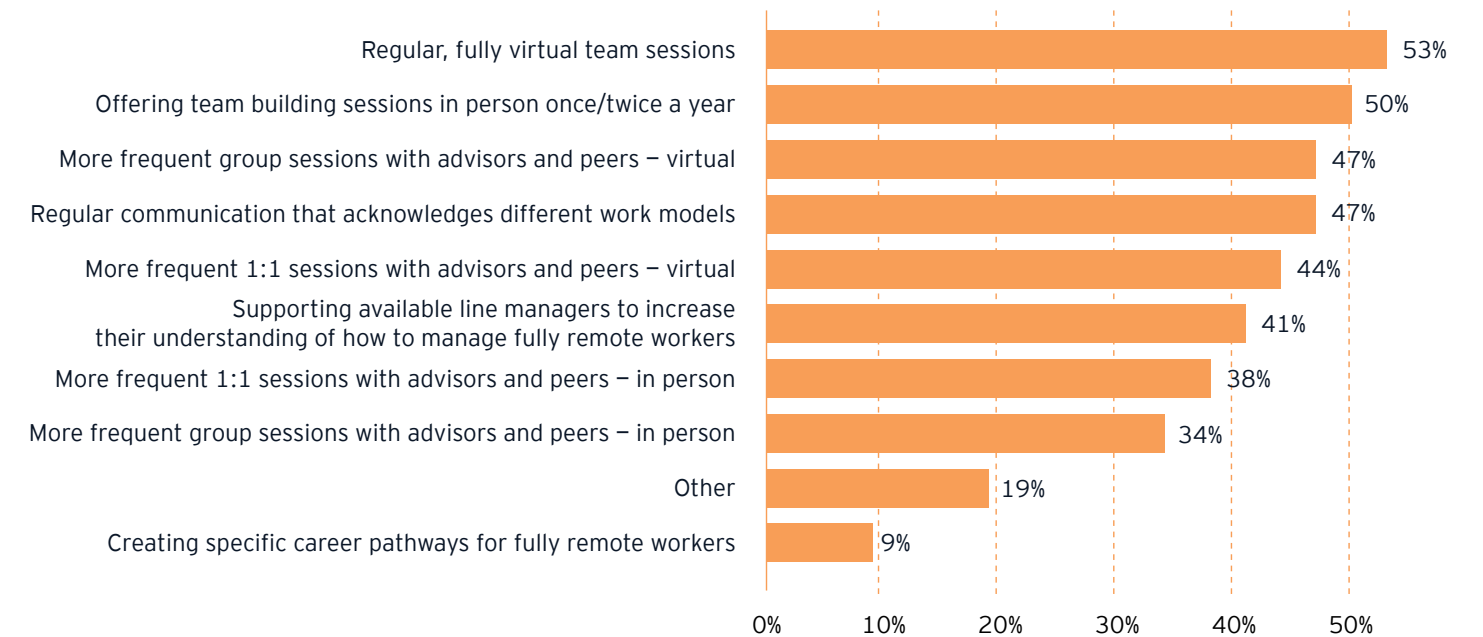


of respondents said that they believed that deploying a compelling EVP to become an employer of choice is a critical step forward in creating a sustainable future of work

While pay remains a key concern for employees, A&D companies also recognized the need to take steps to address retention by improving employee engagement efforts. To address that, many set up regular, fully virtual team sessions, especially for remote or hybrid employees. More than half (53%) of respondents indicated that this was one of the top three strategies for driving a demonstrated increase in engagement, while 50% said that offering in-person, team-building sessions once or twice per year also helped to improve engagement. Almost half of the total respondents (47%) ranked more frequent virtual group sessions with advisors/peers as one of their top three efforts to lift engagement. These percentages fell off dramatically from last year, as many organizations called employees back to the office for a full-time or hybrid schedule.

Which of the following employee engagement strategies have you seen a demonstrated impact from?

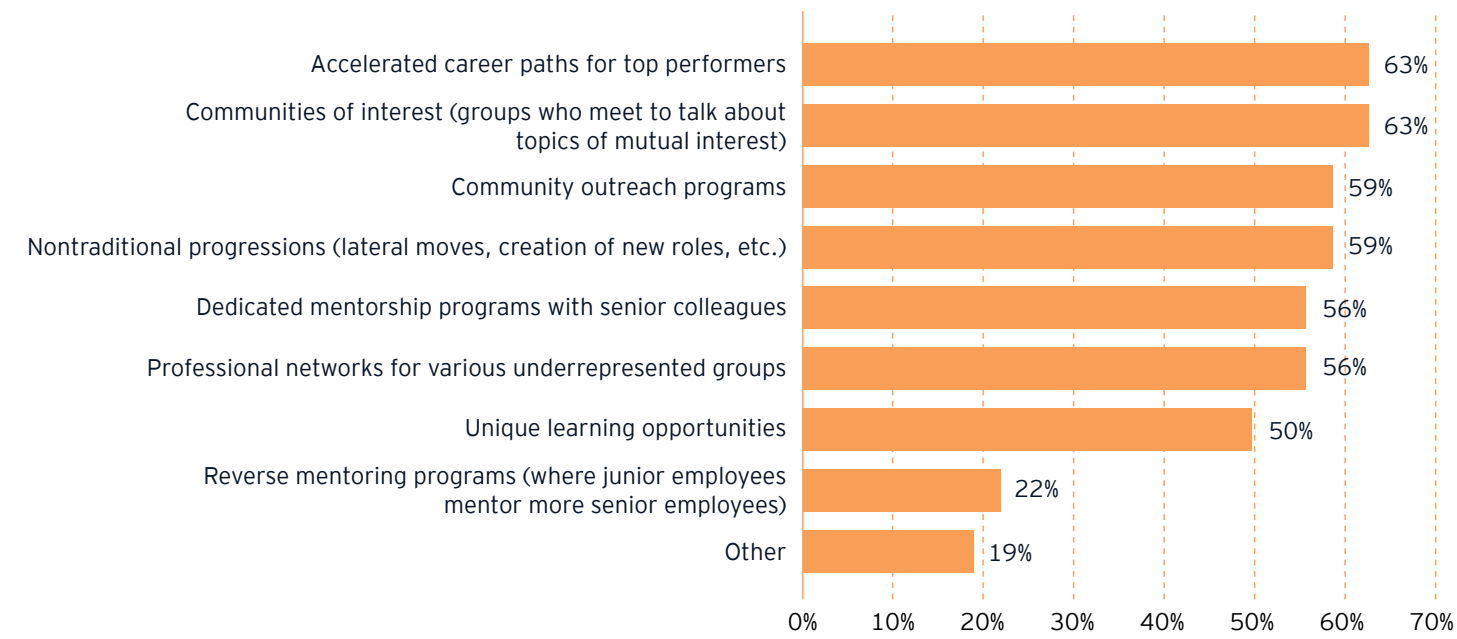
Wave 2022



The effort to enhance engagement is part of a multistakeholder approach to address the relatively broad age distribution (from 25 years old and under through 55 years and older) that many A&D organizations have within their workforce. Some organizations have begun to develop a comprehensive strategy that encompasses career progression and direct manager support for younger generations. For older members of the workforce,

A&D companies have begun to provide more robust part-time and flexible work programs. Companies also noted that they are starting to take steps to engage professionals who are starting their careers by accelerating career paths for top performers (63%), developing communities of interest (63%) and dedicating mentorship programs (56%) to help them learn from senior employees.

How is your company engaging and supporting early-career talent (<5 years of experience)?



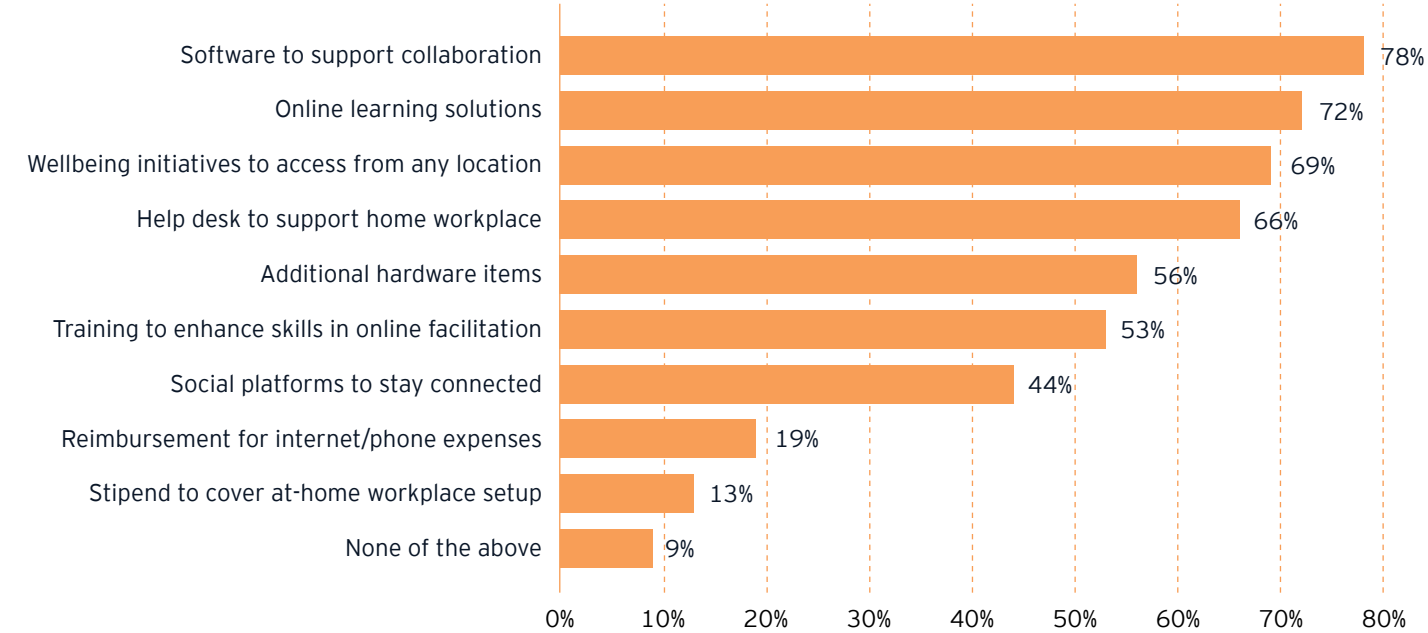
Digitalization and broader transformation efforts require reskilling across the industry

While the talent shortage generates headlines today, the skills shortage is where A&D companies most often feel the pain on the ground and in digitization efforts. To that end, A&D companies continue to invest in their digital infrastructures to better meet the product and service needs of their customers and to ensure data and information security. As referenced above, according to this year's survey, A&D companies are increasing their investment in technologies, such as cybersecurity, automation and data analytics, as they accelerate this transformation through upgraded systems and processes.

In this year's study, three of the top five areas for reskilling investment were directly related to digital needs, including cybersecurity, data science and digital skill sets. To unlock the full potential of this digital transformation, organizations are taking initial steps to help their workforce adapt to new technologies, creating individualized learning pathways (or learning experiences directly tied to the specific capability gaps of an individual employee) that will close critical skills gaps and support employees through the transformation process.

Which of the following have you offered your remote workforce to increase engagement?

Engagement strategies for remote workers:

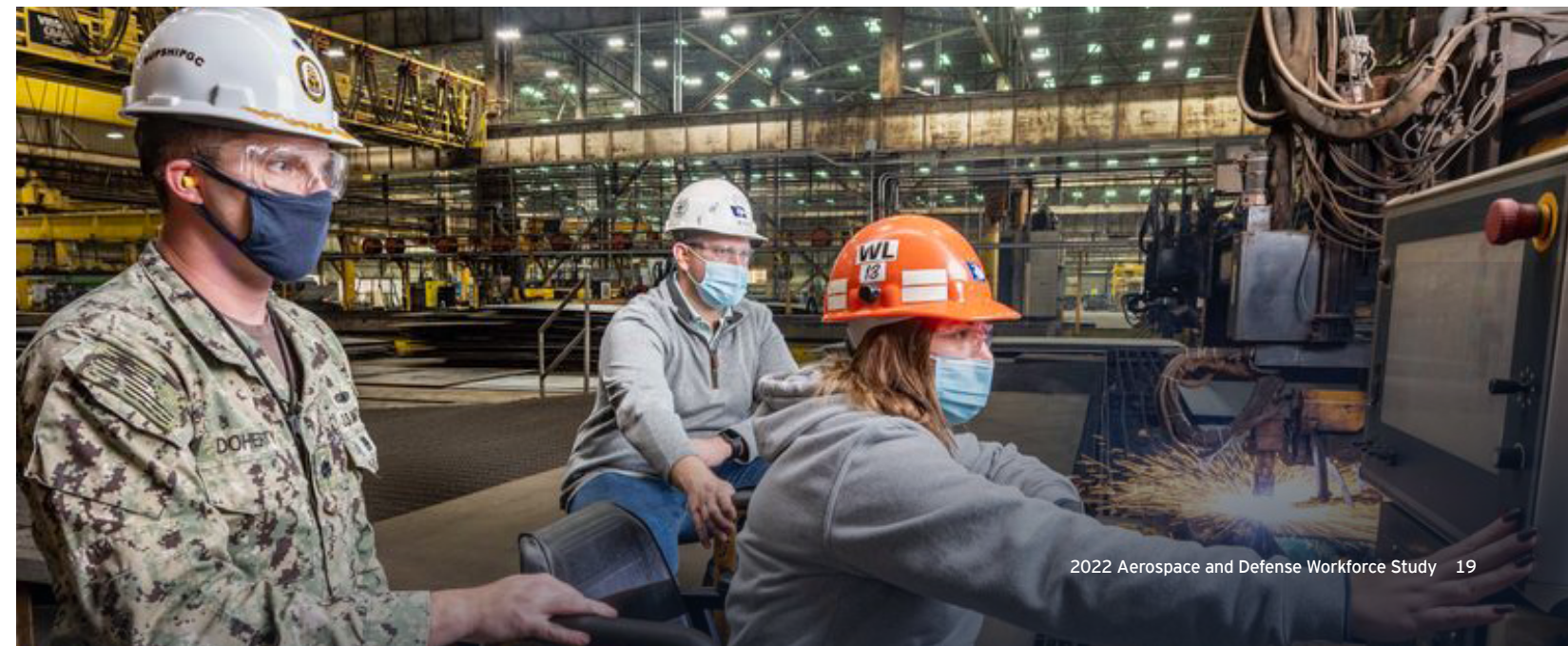
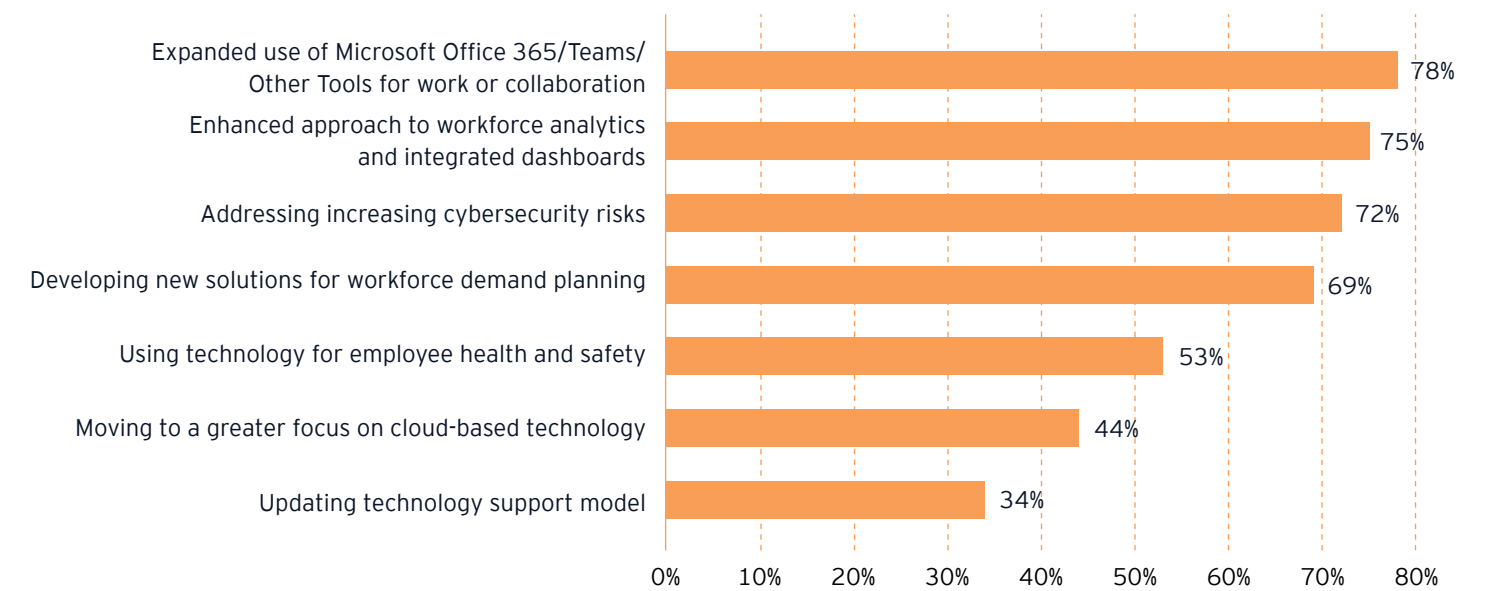


Additionally, many organizations said that they were helping workers develop leadership skills, with 66% of respondents saying that they made significant investments in this area, up 11% from 2021. This represents a major shift from the 2021 survey, when employers ranked engineering skills as their top priority; this year, engineering was ranked as a top priority by 45% of respondents. An additional 44% consider cybersecurity to be one of the top three areas for investment.

When evaluating the effect of remote working modalities on the employee experience, companies have started to devote resources to improve employee engagement for remote workers. Improving collaboration plays a critical role in the digitization effort, with 78% of companies saying that they were providing more software to support collaboration. In addition, 72% said that they were improving online learning solutions, while 69% said that they were providing wellbeing initiatives to support access from any location.

Which of the following elements of workforce technology would you like to see your organization enhance moving forward?

Desired improvements of workforce technology:

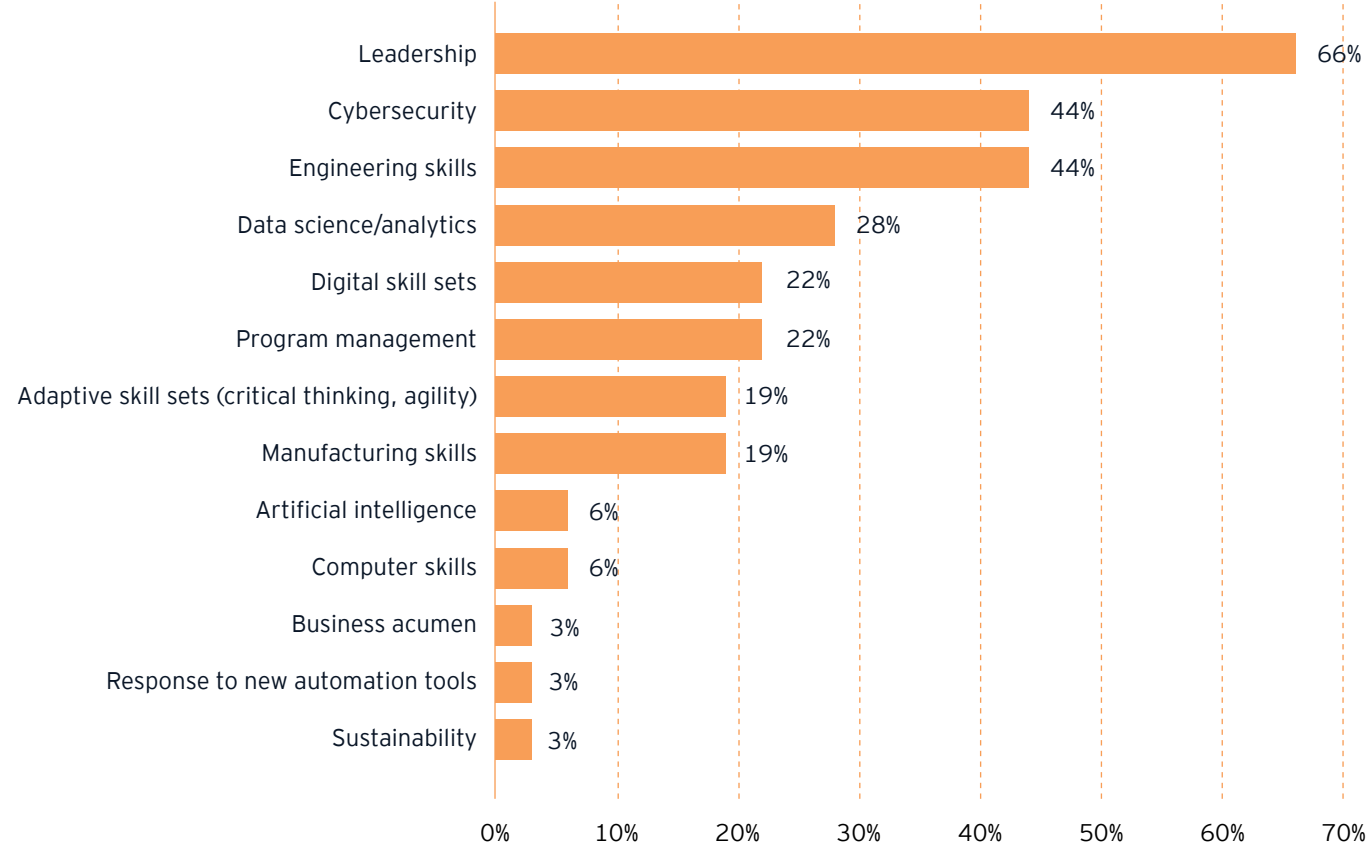


Looking ahead to additional opportunities for optimization, 78% of the companies said that they would like to see their organizations expand the use of digital collaboration tools to facilitate virtual meetings and file sharing, while 75% said that their organizations should focus on enhancing their approaches to workforce analytics and 72% said that cybersecurity was an area of opportunity. As they assessed remote learning possibilities, some companies highlighted learning gamification as a desired area of investment, along with promoting concepts such as microlearning and creating greater access to learning with mobile capabilities.

As A&D organizations reskill employees, they also need to take steps to proactively define desired skill sets by role, assess talent capabilities and align individuals to individualized learning journeys. Leading organizations are using AI to understand the skills market to quantify where they are either leading, on par with or lagging behind the competition at a skill level. There also continues to be a need for mentoring and knowledge transfer across the industry to develop key skills for future generations. By enabling managers to facilitate a culture of learning, organizations are attempting to promote knowledge transfer that is at risk of being lost when tenured employees age out.

What are your company's top three areas of investment into reskilling?

Top areas of reskilling investment:



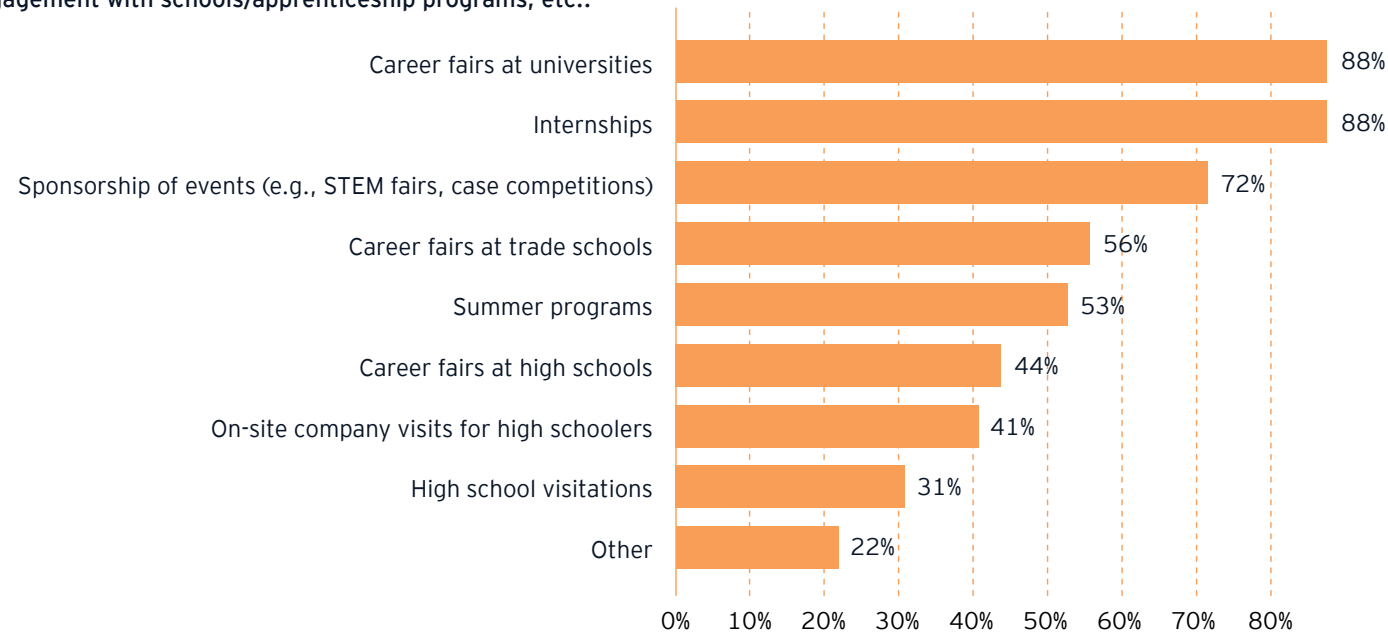
The current talent shortage and skills gaps underscore the importance of focusing on the workforce of tomorrow

To build a workforce for the future, A&D companies are also seeking to expand their collaboration with a wide range of educational institutions, from high schools to two- and four-year colleges. Many are investing in youth and next-generation education programs targeted at STEM disciplines through tuition reimbursement and scholarship programs. Other companies expressed interest in reaching out to trade schools and other secondary schools. For example, the survey found a 15% year-over-year increase in companies attending high school career fairs, as well as a 4% increase in respondents participating in university career fairs and internships. In addition, 56% of respondents said that they were involved in career fairs at trade schools.

A&D companies are also creating direct lines of communication to increase the connection between desired skill sets and curricula, with the goal of providing opportunities for students to gain experience and insights into the industry. For example, 88% said that they participated in career fairs at the college/university level, while another 88% said that they sponsored college internship programs. Additionally, 72% said that they sponsored STEM events at the high school and college levels.

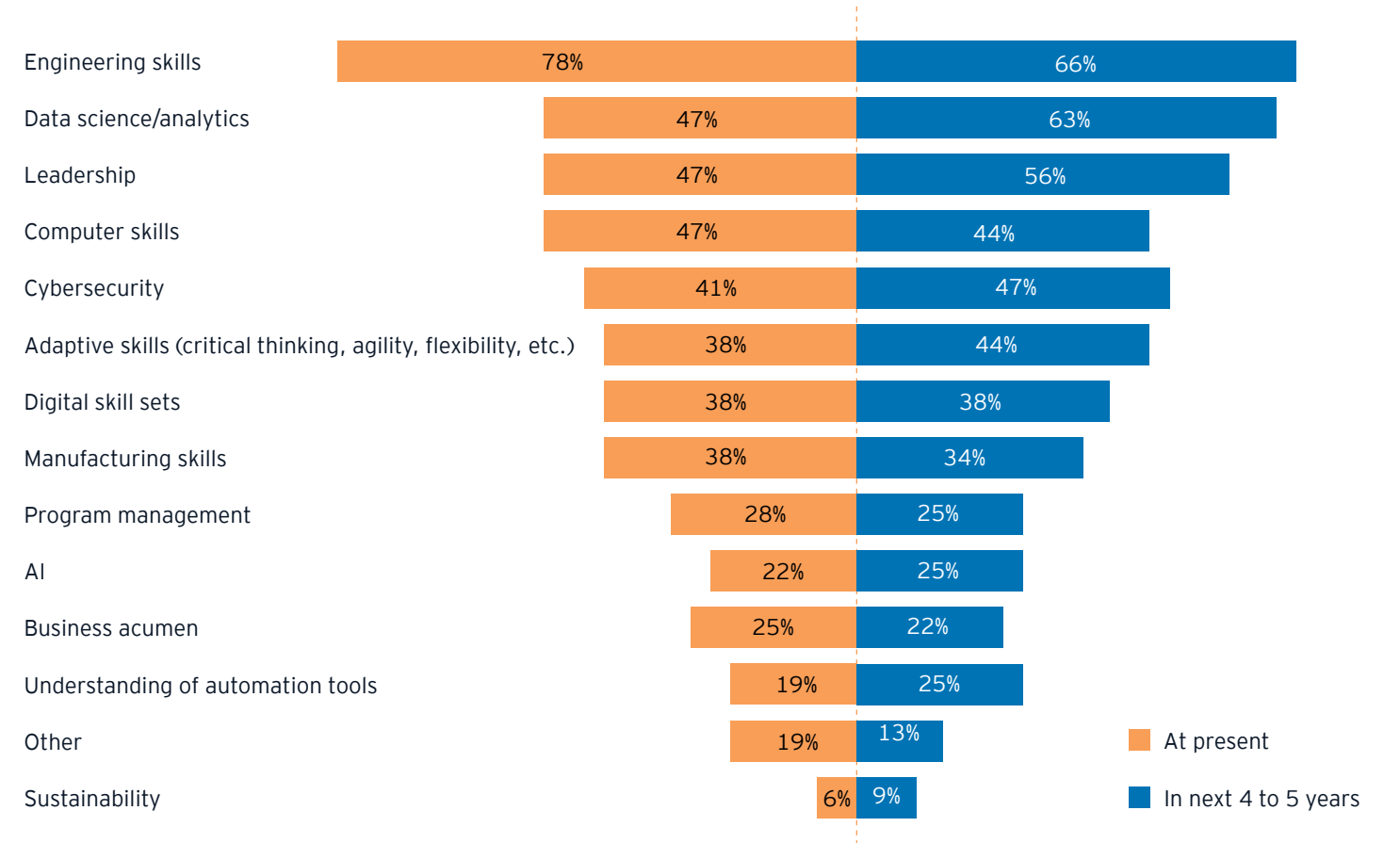
How does your company get involved with schools?

Engagement with schools/apprenticeship programs, etc.:



Which of the following competencies/certifications does your company value most from university hires?

Top competencies of university hires (current and next 4-5 years):



As they bring new employees on board, companies are also recognizing a need to pay greater attention to career development and leadership programs. As organizations look to understand tomorrow's desired competencies, they are also taking steps to determine how to better engage and prepare the next generation by trying to offer more hands-on experience. Many companies said that, while engineers learn deep technical knowledge in school, they lack sufficient knowledge in the actual workflow of a design process to fix problems.

As they strive to develop competencies, companies ranked the following three competencies as key for developing a workforce for the future: engineering skills (78%), data science and analytics (47%), and leadership (47%). This mix

may change over the next four to five years, however, with 63% of organizations expecting data science and analytics to be a key competency, up from 41% in last year's survey. In addition, 56% said that they expect leadership skills to grow in importance over the next four to five years, up from 6% last year.

Like many industries, the A&D sector is amid a generational transition. Recognizing this, many are establishing reverse mentorship programs to pair senior leaders with newer entrants into the workforce. Given that both millennials and Gen Zs grew up in the digital age, they have mature perspectives on many key areas, such as digitization, experience and technology.



Conclusion: future of work and talent shortage

In last year's survey, many A&D companies focused on developing a more compelling EVP as they sought to attract and retain talent amid the challenges of the COVID-19 pandemic. While this focus remained top of mind in 2022, this year, many recognized that they need to continue preparing employees for the future of the industry. This entails moving forward with human-focused strategies to drive sustainable success as part of a broader workforce transformation effort. Here are several high-level recommendations that companies can consider to compete for talented workers as they complete their transformations for a digital future.

The talent shortage starts at the local level

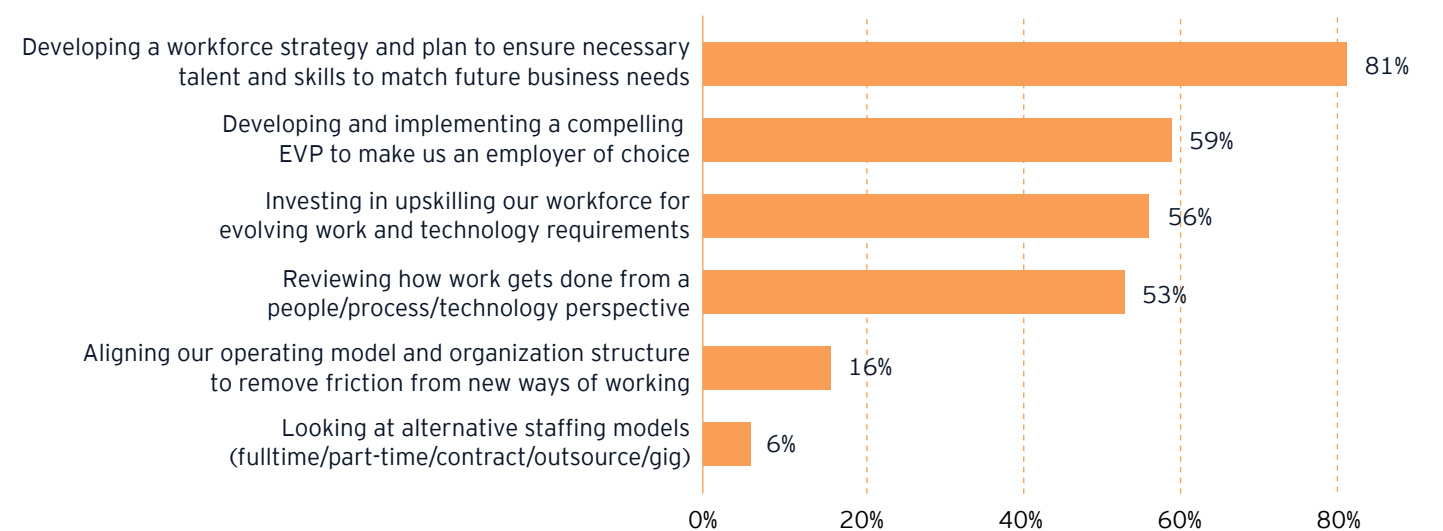
Many organizations find that competition for talent starts in local markets, rather than with competitors in other regions. In fact, several employers are seeing people leave their organizations to join nontraditional competitors. To better understand local talent, market-leading companies are using market data, data analytics and internet data scraping to answer the following questions:

- ▶ Where does my workforce come from and go to?
- ▶ What am I offering with regard to compensation, total rewards and flexibility, compared with my competitors?
- ▶ How do my local attrition and talent attraction success rates compare with my competitors?

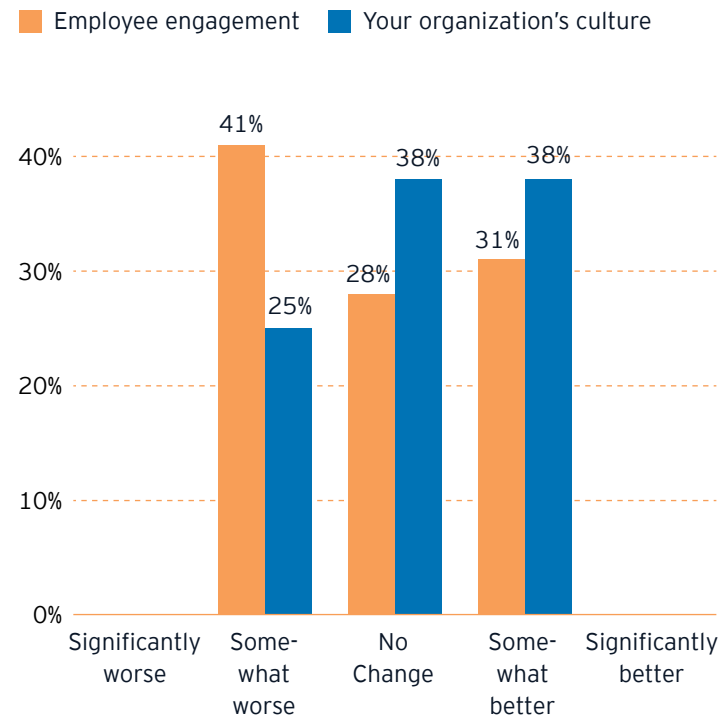
Marketing your EVP is just as important as having a compelling EVP

The *2022 A&D Workforce Study* – and this white paper – sought to uncover how organizations are improving their overall EVP. Leading entities are now focusing on how to more effectively improve their go-to-market strategy for highlighting the benefits of working at their organization and how to create an exciting, engaging candidate experience. This also applies to retention efforts where companies are articulating the benefits of working at their organization.

Which of the following are critical to a sustainable future of work for your organization?



To what extent do you believe the following have changed within your organization in the last 12 months?



With regard to marketing their EVP, leaders are taking to the web and evaluating the quality of their internal and external internet and candidate application sites. They are looking at the overall experience (candidate and worker) and how to differentiate themselves from competitors. Among the key questions they are asking is whether the candidate and intranet sites provide a differentiated experience that clearly conveys their organizational purposes and employee value propositions. By designing the user experience to focus on candidates' needs and expectations first, organizations will be taking a critical step toward improving the overall EVP.

Following that, connections with a future manager are also highly correlated with higher talent attraction success rates. Additional success factors include a differentiated candidate experience and the establishment and maintenance of strong connections with candidates. One best-in-class example: sending welcome packages to new hires.

Use analytics to maximize ROI on your workforce investments

While compensation remains a main factor driving employee attraction and retention as identified in the [EY 2022 Work Reimagined Survey](#), total rewards are a significant differentiator to attract and retain talent. The EY survey highlighted that organizations are taking targeted actions in this space, focusing on 401(k) plans, wellness programs and newer types of rewards, such as tutoring assistance, pet care and fitness. In looking across the market, many leaders are increasingly using analytics to assess employee total rewards preferences, often segmented by age demographics. Many conduct a conjoint analysis by asking respondents a series of questions to rank their preferences between options. This approach helps employers gain insights into what employees value and make comparisons against the areas receiving higher investment, which, in turn, helps expand ROI on total rewards investment.

Forecasting attrition can reduce regrettable attrition

Leading organizations have begun to build algorithms to predict turnover and, more importantly, the loss of high performers, also called "regrettable turnover." Analytics teams are maturing these algorithms across a variety of variables, such as worker tenure, location, satisfaction, compensation competitiveness and skills, to home in on more accurate insights. As these models mature, they can also deliver greater insights across key segmentation factors, such as person, job/role and location. While developing this type of capability can take a few cycles to refine, it can be a powerful, proactive tool for reducing the risk and impact of attrition.

Successful transformation requires an intentional focus on people

Transformation is a consistent theme from this year's study and is only going to remain so. To meet demand, companies have to focus on their people, as engagement plays a critical role in any transformation. Through a recent EY study, results showed that transformations are 2.5 times more likely to be successful when people are at the center of the transformation. EY analysis identified the following key people areas of focus to drive transformation:

- ▶ Adaptive skills – 137% increase in transformation success when investing in adaptive skills
- ▶ Engaging in networks – 145% increase in transformation success when collaboration across groups is established and promoted
- ▶ Focus on behaviors – 135% increase in transformation success when new ways of working are set and actively developed

For more detailed analysis on EY research, see [How transformations with humans at the center can double your success.](#)

Culture starts with leaders but is realized through influencers

Culture is increasingly a key factor in determining workforce engagement and retention. Recent research shows that companies are increasingly [focused on improving culture](#). Leading organizations look to their leaders at the top of the organization to define culture; these companies also identify influencers who can promote desired culture. Influencers are key because they not only change culture, but they also break down organizational silos through their personal networks to accelerate change across an organization.

Companies in the A&D space, like their counterparts in other industries, face the dual challenge of trying to build a workforce for the future while also addressing the day-to-day challenges of staffing to meet current demand. This is a delicate balancing act in the best of times. Those companies that successfully help employees develop their skills for the future while also elevating their engagement levels will be taking a major step forward in this era of increasing competition for talent. This will also enable these organizations to continue to attract and retain talent, build a more sustainable workforce for the future and better position themselves for success in the broader marketplace.

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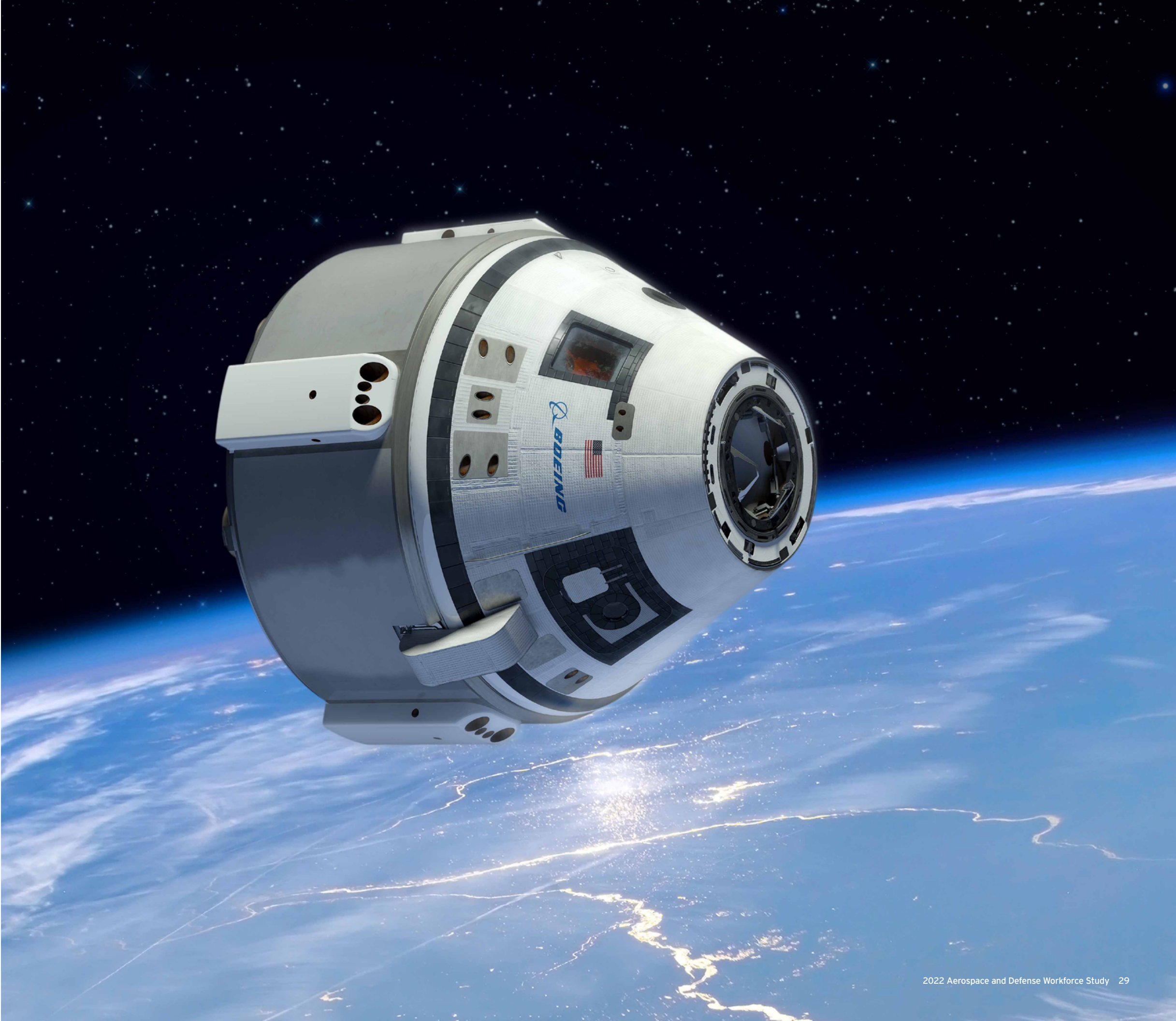
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US SCORE no. 17451-221US_2

2201-3961301
ED None

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