

## Employee Retention in the Retail Motor Industry 2008

Research conducted by *rts* Consultants (UK) Ltd in  
association with the IMI and AM



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## FOREWORD BY RICHARD WELLS, MANAGING DIRECTOR, RTS

This research follows our “Employee Retention in The Retail Motor Industry” research project in 2005. The aim of both pieces of research is to identify the key retention motivators of employees in the Retail Motor industry, and therefore provide employers with strong evidence to inform their employee recruitment, development and retention strategies.



*rts* currently works with 16 UK automotive manufacturers and it is not unusual for us to hear examples of employee turnover rates as high as 50%, and even higher in extreme cases. Certainly turnover rates in the range of 20% - 35% are commonly cited.

The hidden, financial impact of high staff turnover on franchised automotive retailers, where net profit margins traditionally hover in the 1% - 3% range, should be a cause for serious concern. However, my own view is that its financial impact often gets buried or ignored under the daily operational necessities and demands of selling and servicing vehicles. Our own estimates suggest that high staff turnover directly costs the franchised sector £350m. If other factors such as impact on customer loyalty, employee motivation/productivity are factored in, the cost is significantly higher.

In comparing to the findings of our 2005 research, pay and benefits remains a key retention motivator and in the current environment presents a major challenge for employers. However, what clearly emerges from our latest research are low cost motivators that enable employers to retain their best people and give their businesses the competitive edge. It is also clear that motivators vary according to gender, age and roles and organisations should be prepared to offer flexible packages to reflect this. During our research we identified some excellent examples of best practice in recruitment and retention. I will mention one of these here.

Sytner Group (in the top 10 of the AM 100) recently achieved 4th position in the 2008 Sunday Times ‘Best Big Companies to Work For’ survey, an annual assessment of employee engagement. They are achieving excellent employee retention through the adoption of various strategies such as encouraging staff to work from home, supported by technology such as BlackBerrys, and other flexible options such as term time contracts for parents, compressed hours and job sharing. Staff say that managers regularly express appreciation for a job well done – this costs nothing.

As a company, *rts* is dedicated to helping automotive employers recruit and develop the best people. I hope this research will encourage and assist manufacturers and dealers in their quest for highly profitable businesses driven by motivated and committed teams.

Finally, I would like to acknowledge the help and support we have received from Sarah Sillars, Chief Executive of the IMI and Stephen Briers, Editor of AM magazine who kindly promoted our on-line research tool to a wide automotive audience via their magazines and membership. I would also like to thank the *rts* team, particularly our researcher Lesley Jefferson supported by Gemma Pritchard and Rob Wavre, for producing an excellent report.

Richard Wells, FIMI  
Managing Director, *rts*



## SECTION 1: BACKGROUND & METHODOLOGY

### 1. BACKGROUND

There continues to be widespread concern, supported by anecdotal evidence, about employee retention in the retail motor industry. When **rts** last reported on retention in July 2005, rates of turnover were found to be 23% in comparison to the Sewells' Pay Guide figure of 18% and the CIPD\* national average of 16%. Turnover in sales was higher than average, whereas in parts the rate was lower than average – each presenting their own problems.

Whilst not all staff turnover is negative, it becomes a problem for organisations if employees with key skills or potential are leaving. CIPD believes this to be a UK wide problem, with the current national average turnover rate now at 18%.

Lowering turnover can reduce unnecessary recruitment costs and improve the morale, motivation and performance of existing employees. The average cost to replace an employee is £7750 - £11000.

The last **rts** retention report in 2005 was in some ways contentious – for example, motivational theory suggests that pay is not by any means the prime motivational factor at work, and yet we had a clear message to the contrary. This time we decided to come at the retention question from different angles, to get a richer and more complex view of what it takes to retain staff, and to see if there were any differences between recruitment motivators and retention motivators.

*\*CIPD: Chartered Institute of Personnel and Development. Turnover figures from Recruitment Retention and Turnover Reports 2004/2007*

### 2. METHODOLOGY

The confidential on-line survey 'Rate Your Job' was constructed to provide a tool with the potential to be used again and again at low cost.

Between November 2007 and January 2008 there were 1177 responses to the survey which **rts** carried out in association with the IMI and AM, who invited members and contacts to participate via their membership and readership databases. The responses were representative of 26 franchises and all retail job roles. Most responses were from franchised operations, with 10% from independent dealer/repairers, and 1% Fast Fit operations.

The questionnaire was designed to find out:

#### **Expectation gaps** (Para 3.1)

Participants were first asked to rate the IMPORTANCE of aspects of their job e.g. the resources provided to do their job. They were then asked to rate how SATISFIED they were with that aspect of their job. A comparison between importance and satisfied enabled us to identify significant 'expectation gaps'.

#### **Retention motivators** (Para 3.2)

Here, participants were asked to consider what would most motivate them to stay in their current job and to rank their top 3 motivators from a given list. This was the key focus of the 2005 survey and allowed us to make comparisons.



**Manager perceptions** (Para 3.3)

Managers were treated as a separate group and asked additional questions to determine the extent to which retention issues are being tackled by the industry. The differences between male and female managers was also explored.

**Additional insights** (Para 3.4)

A number of open-ended questions were asked, e.g. What attracted you to your current job? Why did you leave your last job? This was to allow us to capture additional insights into the differences between recruitment and retention issues.

**3. FUTURE SURVEYS**

*rts* intends to analyse trends over time by repeating the same survey at least every 2 years, and to offer the tool to manufacturers and groups who wish to benchmark against the norm.

Future surveys will offer the following enhancements:

- Large survey numbers will enhance statistical validity, enabling more detailed reporting on sub-groups
- Manufacturers and groups will be able to add their own questions without compromising the main report
- A database will be built to allow for limitless filtering and querying.



## SECTION 2: SUMMARY & RECOMMENDATIONS

1. Retention motivators rank differently to recruitment motivators, and this needs to be reflected in organisational strategies.

For example, 'pay', while not a primary recruitment motivator is an important retention consideration, so it is worthwhile to benchmark pay against local competition and similar job roles, and to reward good performance.

Retention priorities tend to be more prosaic, focussed on what is happening today rather than tomorrow, and less influenced by external brand messages.

2. All motivators are significantly influenced by job role, age and gender. For instance, young managers are much more motivated by pay, holiday and promotion prospects. Find out what motivates each individual, and respond flexibly. Managers certainly cannot assume that what motivates them is what motivates their team members, and must also appreciate that team members are much more likely to be disappointed by their jobs.
3. Improving pay and benefits is a critical retention motivator, but in the current environment remains a major challenge for employers. So employers must focus on the other, lower cost, motivators that will retain their best people and give their businesses the competitive edge. Motivators with lower resource implications include 'recognition' and 'relationship with manager' (team members), 'job fit' and 'autonomy' (managers). 'Promotion' is not in itself a critical retention motivator, other than being linked to improved pay and benefits.
4. Improve consultation and communication strategies, e.g.
  - Conduct employee surveys at least once, if not twice, annually.
  - Make this easy by using online surveys
  - Act quickly on the feedback, and monitor outcomes.
  - Take every opportunity to let people know what is going on in the business and why. Consider 'right message, right person, right time'
  - Create a culture of openness and honesty.
5. Reassure about job security whenever possible, since it ranks highly as a retention motivator (although not as a recruitment motivator).
6. Maximise branding opportunities, which are increasingly cited as a critical factor in the war for talent, since brand communication messages buy commitment. However, brand messages should be targeted carefully. Product related brand messages are especially important at recruitment, but have less impact on retention. To be effective as a retention motivator, brand messages should be expanded to include culture and values as well as product. Expanded brand messages can influence not only recruitment, but also the design of induction and the promotion of career and development opportunities.
7. Regularly review the autonomy/responsibility given to managers. Give them as much as their skills and experience suggest they can cope with.



8. Develop sophisticated recruitment strategies, including psychometric profiling, to create a more diverse talent pool containing more:
  - Extroverts with the empathy and friendliness to deliver great customer service
  - Creative leaders, who can think strategy and 'big picture'
  - Females – a more satisfied group that remains a missed opportunity.
9. Allocate more time and resource to employee training and development. Although not ranked highly as a motivator, it is a significant expectation gap for team members (34%).
10. Be tough and insist on developing the skills of managers, since statistically they cannot all be as 'above average' as they believe themselves to be. Confidence in the skills and in the commitment of managers is essential for employee 'engagement'; yet poor management style was given as the main reason for having left a job.
11. Market training & development more effectively to overcome manager 'blindness' to team member training needs and wants. It is unlikely that managers are making a connection between training and the bottom line.
12. Do not just collect data on leavers – analyze it to understand trends and patterns, and use this understanding to inform retention strategies. Consider collecting anonymous exit data.
13. Be proactive in maximizing well being and minimizing stress. Be conscious of legislative imperatives and business benefits. Stamp out bullying and harassment.
14. Find ways to build team spirit at work.
15. Benchmark and learn from best practice nationally. The CIPD advise that the most common actions taken to address retention are:
  - Increasing learning and development opportunities 38%
  - Improving the induction process 36%
  - Improve selection techniques 35%

*(CIPD Annual Survey Report, Recruitment, Retention and Turnover 2007)*

**References:**

CIPD Annual survey report 2007: Recruitment, Retention and Turnover

CIPD Working Life: Employee Attitudes and Engagement, 2007

Sunday Times '20 Best Big Companies to Work For' [www.timesonline.co.uk](http://www.timesonline.co.uk)





## SECTION 3: FINDINGS

### 3.1 EXPECTATION GAPS

#### 1. A comparison of IMPORTANCE and SATISFACTION

Here, *rts* wanted to know more about what was important to retail employees at work, and the extent to which their expectations were being met. The significance of this part of the survey is that it rates what matters 'right now'.

22 questions were grouped into 5 clusters:

- The nature of your work
- The way you are managed
- Pay and benefits
- Your working environment
- Your career prospects

For each question, respondees were asked:

1. First, how important is this aspect of your job to you?
2. Second, how satisfied are you with this aspect of your job?

Manager and Team Member results were analysed separately. The full set of questions can be found in Appendix 1.



## 2. IMPORTANCE

The charts below show what each of the groups consider to be the top ten most IMPORTANT aspects of their job, i.e. they scored them as either 'very important' or 'essential'.

IMPORTANT 'Top Ten' (Managers)		%
1.	Team spirit	95
2.	The amount of autonomy/responsibility you have	93
3.	The resources you are provided with to do your job	93
4.	The 'fit' between you and your job	92
5.	The products and services your company sells	91
6.	Your relationship with your manager	90
7.	Company culture and/or values	89
8.	The brand image of your company	89
9.	The way the company communicates with you	88
10.	Job security	86

 Items which don't appear in the Team Members 'Top Ten'

IMPORTANT 'Top Ten' (Team Members)		%
1.	The resources you are provided with to do you job	91
2.	Your relationship with your manager	88
3.	The way the company communicates with you	88
4.	Team spirit	87
5.	Your pay package	87
6.	Recognition of your achievements	86
7.	Job security	86
8.	The 'fit' between you and your job	84
9.	Training and development opportunities	82
10.	Company culture and values	81

 Items which don't appear in the Managers 'Top Ten'

### OBSERVATIONS

The charts show considerable overlap in what the 2 groups rate as most IMPORTANT, but the highlighted differences are interesting, since these differences show up again in other parts of the survey.

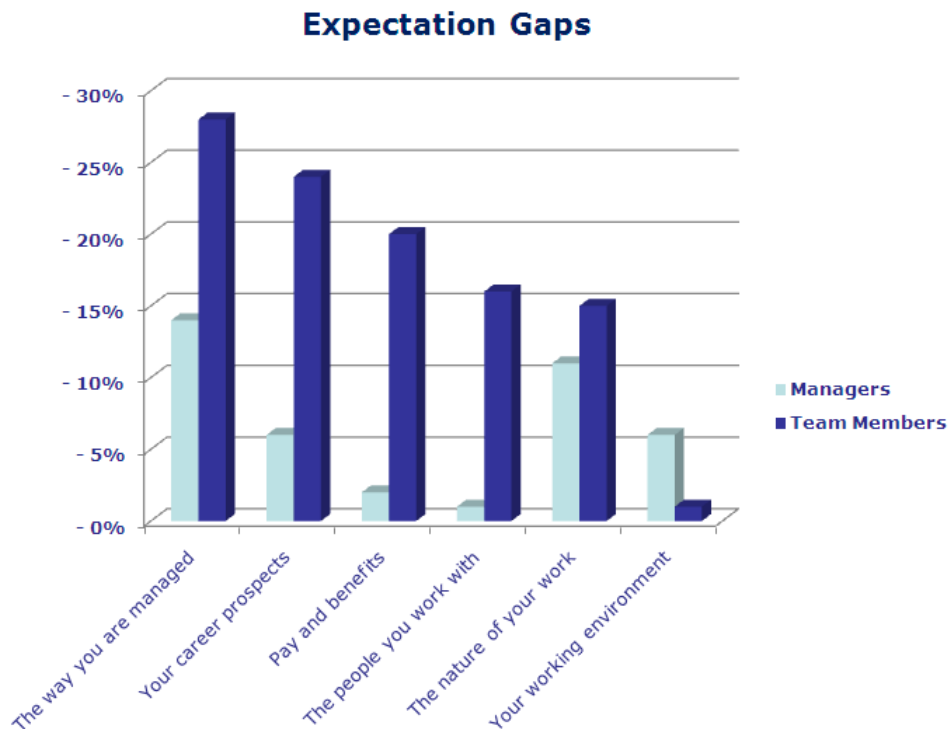
### 3. EXPECTATION GAPS

#### 3.1 Definition

The difference between IMPORTANCE AND SATISFACTION gives the 'Expectation Gap'.

The Gap was calculated by comparing the % who said it was 'Very important' or 'Essential' to the % who were 'Mostly' or 'Completely Satisfied'

#### 3.2 Comparison of manager and team member expectation gaps



#### OBSERVATIONS

Human nature being what it is, people often state that their expectations at work are not met, so although at first quite shocking, perhaps it is not so surprising that for all 5 clusters, the Expectation Gap was negative, i.e. SATISFIED levels were lower than IMPORTANCE levels, for both groups.

However, managers' expectations of the job are being met to a much greater extent than team members'. The average expectation gap for managers is 7.1%; for team members the figure is 17.2%.



The biggest disappointment for both groups is in the way they are managed. Otherwise the chart shows a considerable divergence in the results for the 2 groups, with 'Pay' and 'Career Prospects' causing bigger disappointments to team members.

Further detailed analysis of individual questions within the clusters showed that, for both groups:

- 'Pay and Benefits' would be the biggest gap were it not for the subset 'Holidays', which don't appear to be a big issue (although holidays will later be seen to be more important for women managers).
- 'The Way the Company Communicates' is a significant gap (25% for managers, 31% for team members).
- 'Recognition of Achievement' is a significant gap (24% for managers, 36% for team members).

### 3.3 Age Group Comparison

The Manager group was large enough for us to apply filters such as age groups. The youngest age groups (18 – 30) show the largest deviations from the norm, as follows:

More IMPORTANT than other managers <ul style="list-style-type: none"><li>• Your pay package</li><li>• Your holiday entitlement</li><li>• Promotion prospects</li></ul>	Less IMPORTANT than other managers <ul style="list-style-type: none"><li>• Brand image of the company</li><li>• Brand image of the franchise</li></ul>
More SATISFIED than other managers <ul style="list-style-type: none"><li>• Promotion prospects</li></ul>	Less SATISFIED than other managers <ul style="list-style-type: none"><li>• Physical working environment</li><li>• Flexible working conditions</li><li>• Your pay package</li></ul>

### OBSERVATIONS

It is becoming clear that not only are there differences between managers and team members, but also significant differences within groups. Younger managers appear to be much more interested in practical realities than brand image.



### 3.2 RETENTION MOTIVATORS

Here we wanted to know what would persuade an employee to remain in their current position. We asked them to select their top 3 from a forced choice list of 11 motivators. This is an important question because it requires respondees to personalise and prioritise what really matters to them.

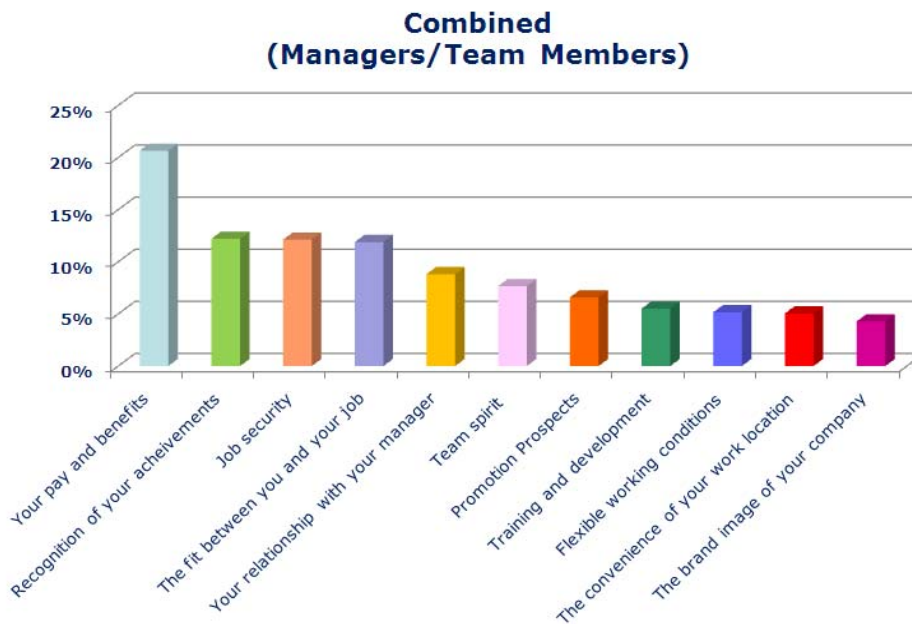
The question asked was:

What would motivate you most to stay in your current job?

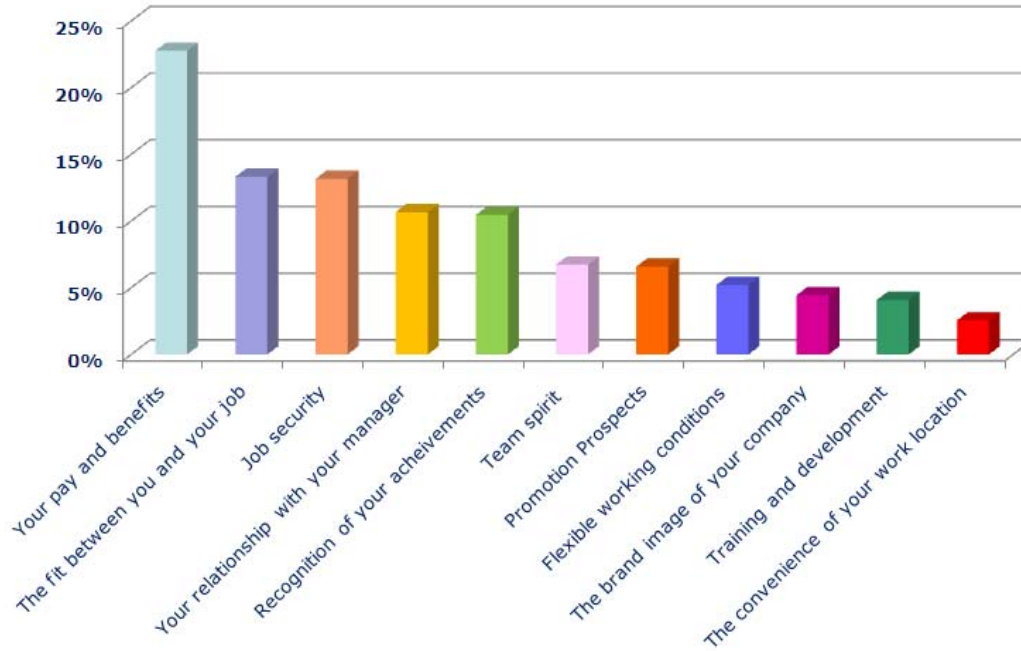
Please select your first, second and third choices from the list below.

- The 'fit' between you and the reality of your job
- Your relationship with your manager
- Flexible working conditions
- Recognition of your achievements
- Your pay and benefits
- The brand image of your company
- The convenience of your work location
- Job security
- Promotion prospects
- Training and development opportunities
- Team spirit

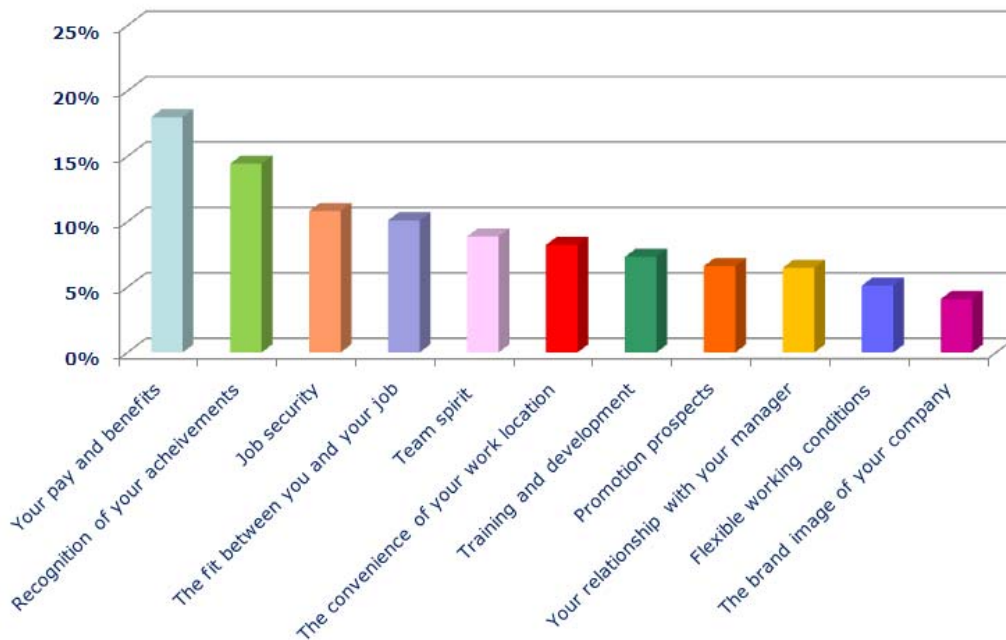
The list of motivators was mapped back to the *rts* 2005 survey to allow comparisons to be made.



### Managers



### Team Members



## OBSERVATIONS

### 1. 'Pay and Benefits'

When *rts* undertook a similar survey in 2005, the results showed 'Pay and Benefits' as the primary motivator. In analysing the reasons for selecting primary motivators, 'Survival' and 'Purchasing power' were given as the main reasons for selecting pay.

This was challenged at the time, since motivational theory suggests that pay is not by any means the prime factor at work. However, once again we see 'Pay and Benefits' at the top of the retention rankings for both managers and team members. This aligns with Expectation Gaps (para 3.1) where 'Pay and Benefits' would easily have been the biggest expectation gap for both groups were it not for the subset 'Holidays'.

Even when only the top motivator (rather than top 3) was considered, 'Pay and Benefits' dropped in to second place just below 'Job Fit' for managers, but remained as top rank for team members.

If we accept that improving pay and benefits in the current environment remains a major challenge for employers, then employers must focus on the other, often low cost, motivators that will retain their best people and give their businesses the competitive edge.

### 2. 'Recognition of achievements'

This is a more important motivator than 'Promotion prospects' for the team member group, ranking second (first for technicians). This is significant, since recognition often has no resource implications. The importance of recognition is corroborated by responses to the open questions. For example:

- 'A lack of respect for my capabilities and abilities'
- 'Didn't appreciate the staff'
- 'Lack of recognition for what I did, management only speaking to you when there was a problem'

### 3. 'Job security'

This came second in the ranking in 2005, remaining high this time at third position for both groups. Anxiety is likely to remain high in the current climate of mergers and acquisitions. Companies should do all they can to reassure employees whenever possible. The current recession will make this even more important.

### 4. 'Training and Development'

This is not given a high priority, especially among the manager group, where it is ranked 10. Managers may not realise that training and development features higher in the rankings for team members than it does for themselves. This aligns with earlier findings in Expectation Gaps (para 3.1), where training and development made the team members (but not the managers) 'Top Ten' IMPORTANT aspects of their job and also showed a high 34% expectation gap.

Manufacturers and group boards may therefore need to consider how to market training more effectively, and to encourage managers to make the connection between skills development and business improvement.



### **5. Recruitment v Retention factors**

The factors attracting individuals to a job are not the same when it comes to retention. For example, we see here that 'the brand image of your company' is not important as a retention motivator, but in para, 3.4 we will see that it is critical in the decision to apply for a job. And while job security hardly features in attracting individuals to a job, it comes up here as rank 3 retention consideration.

### **6. Conclusion**

Taken overall, the results suggest that when it comes to retention, employees appear to be thinking short term, more interested in pay and recognition than promotion opportunities, which appears further down the rankings. This confirms the recent findings of Watson Wyatt, whose large scale Strategic Rewards survey across all sectors found that companies appear to be putting far more emphasis on long-term career planning than do employees. It seems that the priorities of many employees are quite prosaic and focussed on what is happening today rather than tomorrow.



### 3.3 MANAGER PERCEPTIONS

#### 1. Retention Data Analysis.

There is clear progress to report since we last reported in 2005 as best practice retention strategies are now more common.

Managers were asked additional questions to determine the extent to which retention issues were being tackled by the sector. 2005 findings suggested that hardly any organisation was formally gathering retention data. In most cases, we were only able to identify turnover figures by interviewing managers face to face and asking them to review the past 12 months and count leavers.

It was encouraging therefore to see that more than 50% of companies are:

- Analysing staff turnover – 60%
- Carrying out exit interviews – 64%
- Carrying out employee satisfaction surveys – 50%

This is encouraging but we cannot be complacent. Current research quoted by the CIPD\* reports that while two thirds of organisations said they wanted to reduce their employee turnover, and were recording relevant data, three out of four had no explicit strategies or budget in place to act on their findings.

CIPD also stated that although 57% of respondents use traditional face-to-face exit interviews as their main source of data to find out why people leave, only half of them aggregate the data to reveal exit patterns, and only 4% collect anonymous exit data. This suggests the exit interview is treated as more of a check-box process than a strategic opportunity. It is questionable whether traditional exit interviews provide honest information, as a leaver may choose to avoid confrontation to maintain a good reference.

*\* Chartered Institute of Personnel and Development, People Management, January 2008*

#### 2. Management Skills

It was a worrying contradiction, that while 49% of managers thought their people management skills were above average, team members ranked the way they were managed as their top expectation gap (see Expectation Gap Chart para 3.1). This is a clear disconnect, unlikely to be rectified, considering that managers rate training and development as low priority.

#### 3. Women Managers

39 females responded to the survey – 3% of the total. If this much smaller number is representative of the whole retail management population, then clearly the sector has a long way to go in maximising the potential of this group.

It's interesting that Sytner Group, placed 4<sup>th</sup> in the 2008 Sunday Times '20 Best Big Companies to Work For' survey, employs close to 30% females. In addition, recent research by Experian found that those businesses that have female directors are more likely to be classed as low risk to trade with, as well as more likely to be profitable.



Because the group size of 39 respondees is small, we are not suggesting any guaranteed significance to the results, but with that caveat, we believe they are of sufficient interest to report on.

Women managers had much shorter lengths of service in the sector, with their current employer and in current role, so we would expect numbers to increase incrementally over the next 10 years. Women also showed up as less likely to leave their current job or the sector.

In considering Expectation Gaps (the difference between IMPORTANCE and SATISFIED ratings), the IMPORTANT patterns for women were very similar to men across the range of questions. However, the following 5 areas showed up as being more IMPORTANT to women (defined as at least 10% more female respondees marking it as Essential in comparison to male respondees):

- Fit of job
- Your relationship with your manager
- Holiday entitlement
- Brand image of the company, (Note: not the franchise)
- Job security

We had expected that 'Flexible working conditions' and 'Convenience of your work' location might figure more highly for this group, but this was not the case.

It was also very noticeable that although patterns of satisfaction levels were similar to male managers, women reported higher SATISFIED ratings to all questions except 'Training and Development Opportunities'.

The women did not report being more stressed, but they were much less confident in their management skills

#### **4. Stress**

54% of managers say that their working environment is often or always stressed. Given the current focus on stress by the Health and Safety Executive and the likelihood of fines for non-compliance, companies who wish to guarantee their statutory and legal compliance might like to take advice at <http://www.hse.gov.uk/stress>





### 3.4 ADDITIONAL INSIGHTS

A number of additional questions were asked in order to give further insight into both recruitment and retention issues. Some of these questions were open ended, allowing free text responses. In analysing the open responses, every comment was read by the *rts* researcher and clustered into key areas.

It soon became apparent that the critical retention motivators (see para 3.2) are not the same as recruitment motivators.

The questions were as follows:

#### **Your Past:**

#### **1. What attracted you to work in the automotive sector?** (open response question)

There was only one response here that signified - the pull of motor cars was an overwhelming attraction. Responses were often emotional, with both groups using the words 'passion' and 'love'. Typical comments included 'mechanically minded', 'love seeing how things work' 'like fixing things' 'interested in motorsport' 'love everything about engines' 'an engineering interest and mechanically minded' 'I'm just a petrol head'.

Other, much less significant answers were around variety, security, prospects, training, and location. Many youngsters had come in to the industry following in father's footsteps, or had good work experiences while still at school. Others had drifted in.

Whilst not denying that a technical leaning and a passion for cars may be a good reason to apply for an apprenticeship, it is unlikely that the sector is attracting a sufficiently broad and diverse workforce from which to create a progression talent pool into management and customer facing roles.

Virtually no-one talked about wanting to sell, or to be in a customer facing role, or business management. HR recruitment practices might therefore benefit from more precise definitions of person specifications, and consider using psychometric analysis for both recruitment and development purposes.

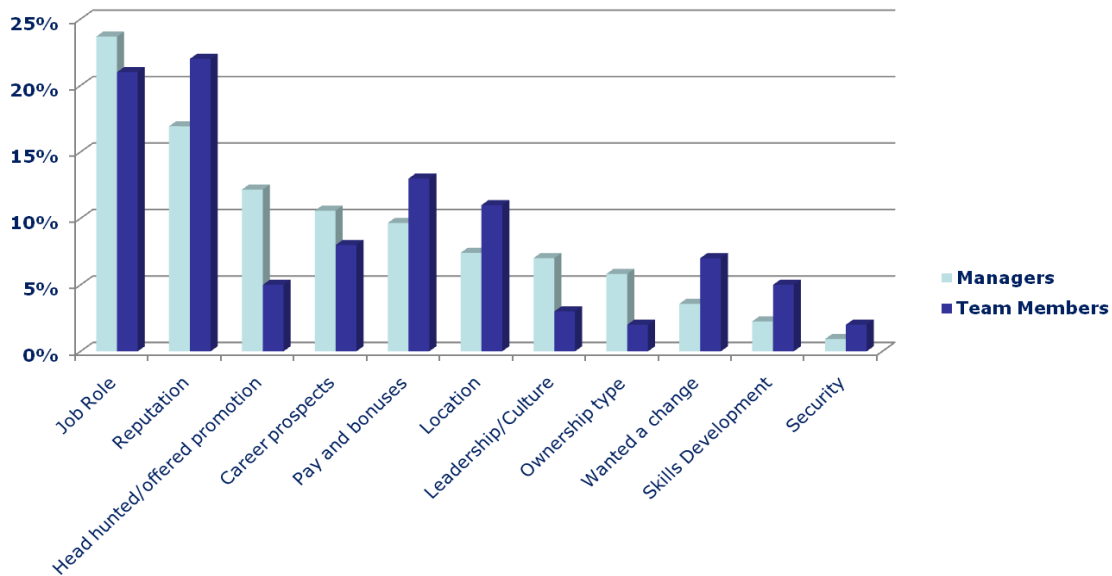
An example of psychometric profiling is Myers Briggs, a longstanding and widely accepted test, with 16 profiles. Those with excellent skills at mechanical things might be expected to exhibit ISTP preferences, while a typical sales executive might have an ESTP profile. However, these are not so likely to be the profiles of leaders and strategic thinkers.

In conclusion, if the talent pool is narrow, the requirement for recruitment processes to be systematic and rigorous is so much the greater.



## 2. What attracted you to your current job? (open response question)

The key areas, which emerged from reviewing the open comments, are ranked on the chart below.



Although this research has demonstrated that pay is a highly significant retention motivator (para 3.2), when it comes to the practicalities of first applying for a job, the 'job role' and the 'reputation' of the company/franchise are ranked above all else by both managers and team members. In other words, 'Do I like the job?' and 'Do I like the company?'

'Reputation' covers the franchise, the products and the business reputation of the retail operation (the nature of the open responses made it impossible to break this category up any further).

The message here for recruiters is the need to position and promote their brand to potential employees as strongly as they do to potential customers. The combination of both is more likely to deliver business success.

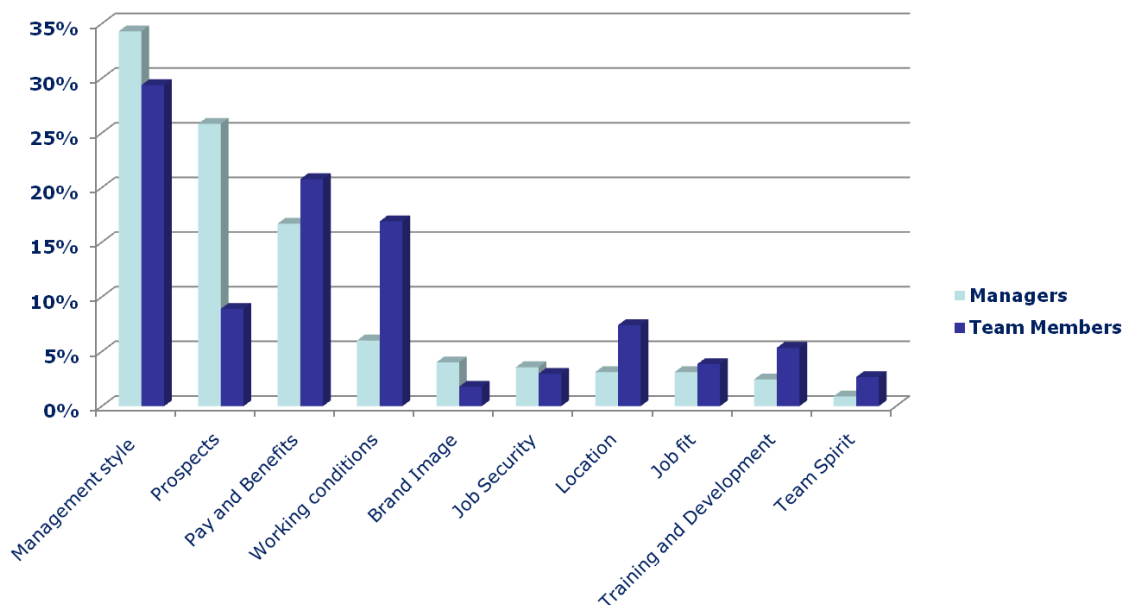


### 3. If you have previously left a job/s in the automotive sector, describe what prompted you to leave the job/s. (open response question)

When it came to reasons for leaving a job, again the critical factors were different.

Poor management style of superiors was easily the top rank, as shown below. This corresponds with many research studies that suggest employees leave their managers rather than their jobs. The supporting comments suggest that it is as much to do with the top level of management, whose decisions do not seem to make sense, as with the immediate line manager.

The *rts* view is that this may be as much about communication within the business as about senior management competence. 'The Way the Company Communicates' shows up as high expectation gap for both groups (a subset of The Way You are Managed').



Extensive comments about management style often included references to culture and values, e.g.:

- 'Lack of trust',
- 'not being upfront about what was expected',
- 'unachievable targets',
- 'this industry seems to perpetuate bad management'',
- 'no feedback from management',
- 'company culture was interpreted by senior management',
- 'lack of clear direction',
- 'people who lie and make false promises',
- 'no professionalism,' 'low calibre managers',
- 'the ethics of the DP and the company ethos',
- 'poor leadership/vision'.



## Your Future:

### 1. How likely is it that you will be working for your current employer this time next year?

	<b>Unlikely %</b>	<b>Possible %</b>	<b>Probable %</b>	<b>Definitely %</b>	<b>Don't know %</b>
<b>Managers</b>	12	11	37	40	2
<b>Team Members</b>	18	18	32	30	2

These figures are bleak. Even if all the 'probables' could be retained, turnover in the sector would still be higher than the national average of 18%.

And if only 30% of team members can say they will definitely be working for the same employer next year, it begs the obvious question as to how much time and money will have to be invested in recruiting, inducting and training new staff.

### 2. How likely is it that you will continue to work in the automotive sector?

	<b>Unlikely %</b>	<b>Possible %</b>	<b>Probable %</b>	<b>Definitely %</b>	<b>Don't know %</b>
<b>Managers</b>	3	6	29	62	2
<b>Team Members</b>	8	13	29	46	4

It is encouraging that higher numbers see themselves remaining in the automotive sector - and anyone who has worked in the industry knows that employees often leave only to turn up next week at the dealership down the road. However, those who are complacent about this 'merry-go-round' approach are again forgetting the long-term costs of recruitment and induction, as well as the impact on team dynamics when key people leave.





## SECTION 4: CASE STUDIES

Kia Motors, Perrys Motor Sales, and Sytner's Group, are tackling retention with a strong lead from HR.

### **Perrys Motor Sales**

Julia Oram, Group HR Manager at Perrys Motor Sales, emphasises the importance of measuring turnover trends for each of the retail job functions, and carrying out thorough exit interviews to gain insight into why individuals leave. Perrys work closely with Sales Managers on this, who have just gone through an intensive development programme which is expected to impact significantly on retention levels in 2008.

### **Kia Motors**

Gary Tomlinson, General Manager Human Resources at Kia Motors believes there are three things that really matter in retention: Leadership, Communication and Training & Development. Kia has proved the logic by applying it at Kia HQ

Between 2006 – 2007, turnover costs were reduced by 16% - dropping from 31% in 2006 to 15% in 2007. Total annual recruitment costs (from hiring to firing) dropped by two thirds, from £600k in 2006 to £200k in 2007. The saving of £400k was despite the cost of recruiting a new MD and 2 other senior roles.

The retail network is benefiting now from the same investment in leadership, communication and training & development. For example, a 3-tier training & development framework, created in 2007 for retail roles, is now being rolled out.

Kia Motors measure themselves against Gallop Q12\* and across the 12 indicators, there was an average of a 13% increase in 2006/7 including:

- Internal communications – increase of 20%
- Awareness of strategic directions – increase of 36%.

\*Gallop Q12 is a feedback system created by the Gallup Organisation. It measures the aspects of worker engagement most tied to the bottom line, specifically sales growth, productivity and customer loyalty.

### **Sytner Group**

Sytner Group employees have taken the company into 4<sup>th</sup> position in the 2008 Sunday Times '20 Best Big Companies to Work For' survey\*, an annual assessment of employee engagement\*\*.

Sytner Group Head of Human Resources Melvin Rogers said, "Sytner Group has tripled in size in the last five years. We have invested in a strong divisional HR structure, which enables HR specialists to work closely with line managers to achieve results at the grass roots of the business. Our HR and Training Team have successfully developed practices and processes that can be easily understood and recognised as adding value.





Our company aim is to be The Best Company to Work For and the Best Company to do Business With. An incredibly strong message to live up to, but one that is key to attracting and retaining the best talent in the industry. We actively nurture an open and honest culture, within which our employees are encouraged to develop and achieve their career aspirations."

Sytner encourage working from home, supported by technology such as BlackBerrys, and other flexible options such as term time contracts, compressed hours and job sharing. Staff say that managers regularly express appreciation for a job well done (76%) and that they are confident in the leadership skills of the senior management team (76%).

\*The Times Survey was created 4 years ago in recognition of the challenges faced by large organisations striving to maintain motivated employees.

\*\* For more on employee engagement refer to Appendix 2



## APPENDIX 1

### EXPECTATION GAPS: COMPARISON OF IMPORTANCE AND SATISFACTION

#### 1. The nature of your work

Responsees were asked about:

- The fit between them and their job
- The pace of the work
- The amount of autonomy / responsibility they have
- The resources they are provided to do their job



#### 2. The way you are managed

Responsees were asked about:

- The relationship with their manager
- Recognition of their achievements
- Flexible working conditions
- The way the company communicates with them
- Company culture and/or values



#### 3. Pay and Benefits

Responsees were asked about:

- Their pay package (including bonus e
- Their holiday entitlement
- Benefits such as pension/healthcare/car



#### 4. Your working environment

Respondees were asked about:

- The products and services their company sells
- Their physical working environment

The brand image of their franchise (if applicable)

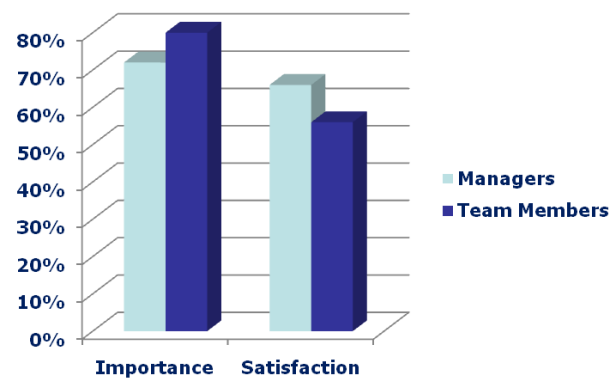
- The convenience of their work location



#### 5. Your career prospects

Respondees were asked about:

- Job security
- Promotion prospects
- Training and development opportunities



#### 6. The people you work with

Respondees were asked about:

- Team spirit
- Social activities
- Support for them if they needed it



## APPENDIX 2

### \*CIPD EMPLOYEE ATTITUDES AND ENGAGEMENT SURVEY: Summary

#### What is it?

Employee engagement has become the new management mantra – everyone wants it. Simply put, engaged employees feel positive about their job.

There are three components:

- Emotional i.e. involved with one's work
- Cognitive i.e. focussing very hard while at work
- Physical i.e. being willing to go the extra mile

#### Important because?

- Engagement correlates to individual performance, low absenteeism and high retention.
- Engaged employees act as organisational advocates – they promote the organisation as an 'employer of choice'

#### Who is the most engaged?

- Women, older people and managers
- Workers on flexible contracts (critical influence on work/life balance)
- Private sector

However – different groups of employees are influenced by different combinations of factors, so managers need to consider carefully what is most important to their own staff.

#### How to lever engagement?

1. The main driver is **extent to which management is perceived to be listening and responding to employees**, especially
  - Having opportunities to feed views upwards
  - Feeling well informed about what's happening in the organisation
  - Thinking that your manager is committed to the organisation.
2. Good **sound management practice**, especially feedback on performance, attention to training and development needs, and fairness in resolving problems. Almost half of employees are dissatisfied with the way the organisation is managed.
3. **Fair pay** is important. Organisations need a sound pay policy, including benchmarking surveys.
4. **Meaningful work** – managers should consider how jobs are structured, job content and the working environment. Also to ensure person/job fit on recruitment.
5. Foster a climate where **bullying and harassment are unacceptable** -19% of employees report that they have been bullied/harassed at work in past 2 years.



6. **Reduce stress levels** – 25% say their job is very stressful, and half say they feel under excessive pressure on a regular basis. 43% of employees work 40+ hours a week. The longer hours they work, the more stress they report. Managerial responsibilities also increase level of stress reported.

*\*Chartered Institute of Personnel and Development Published 2007*



# Survey shows pay is still top staff motivator

Bosses need to realise value of praise in workplace

By Stephen Erlers

Motivational experts claim that pay is not a leading factor when it comes to a happy and loyal work force.

However, two years ago, learning and development specialist RTS found evidence to the contrary when it surveyed the industry: pay was a crucial part of the mix.

RTS also found that staff turnover was around 23%, compared to a national average of 16%. It estimated the cost to the industry to be more than £150m per year.

Has much changed in the two years? RTS, in association with AM and the Institute of the Motor Industry, has just released the findings of its latest job survey.

More wide ranging than before, the research reveals crucial differences between managers' perception of their people skills and the views of their staff.

It also reveals that pay and benefits remains a primary factor in motivating staff to remain in their current role. The response was the same from employees and managers.

In a competitive environment it isn't always possible to pay more. Nor is it always possible to offer job security, which came third in the ranking for both groups.

So it's worth noting that for team members, recognition of achievement ranks second.

Praise and acknowledgement, which have little or no resource or cost implications, are powerful motivators.

Training and development is not a high priority, especially among managers, where it is ranked 10 out of 11.

The risk here is that many managers will not realise that training and development features higher in the rankings for team members (seventh out of 11) than it does for themselves.

Manufacturers and group boards may therefore need to consider how to market training and development more effectively if they want managers to make the connection between skills development and business improvement.

### Recruitment v retention

It's no surprise that cars are the main pull in attracting people to the automotive industry.

Responses were often emotional, with both groups using the words "passion" and "love". Typical comments included "mechanically minded", "love seeing how things work", "like fixing things", "passionate about motorsport", "I'm just a petrol head".

When it came to the practicalities of applying for a job, the role and, particularly, the reputation of the company/franchise were ranked above

all else, including career prospects and pay.

"The big message here is the need to position and promote your brand to potential employees as strongly as you do to potential customers," says RTS managing director Richard Wells. "The combination of both delivers business success."

However, when it came to reasons for leaving a job, the critical factors were not the same. Poor management style of superiors was easily the top rank.

This corresponds with many research studies which suggest employees leave their managers rather than their jobs. The supporting comments suggest that it is less of a problem with the immediate line manager, than the top level of management, whose decisions don't seem to make sense.

Wells says: "This may be as much about communication within the business as about senior management competence."

### Expectation gaps

RTS asked two questions in 45 areas: What are the important aspects of your job for you? How satisfied are you with these aspects?

In a shocking 43 out of 45 topics, satisfaction levels were lower than importance levels. It's a clear wake up call to managers that they must try harder to under-



stand what motivates their people and then work to satisfy those needs. Failure to achieve reasonable employee satisfaction levels will see them lose their best people.

The largest expectation gaps for both managers and team members relate to the nature of their work and the way they are managed.

Wells said: "So does that mean pay isn't important? Well not exactly - because for both groups, if holidays are taken out of the picture, pay ranks first as an expectation gap. Perhaps we love the industry so much that we don't mind about holidays?"

### Perceptions

Managers were asked additional questions to determine the extent to which retention issues were being tackled by the sector.

It was encouraging to see that despite turnover being a problem for more than 50% of companies, an increasing number are analysing staff turnover, carrying out exit interviews and employee satisfaction surveys. This is an encouraging improvement over the 2005 survey.

It was a worrying contradiction however, that while 49% of managers thought their people management skills were above average, team members ranked the way they were managed as their top expectation gap - a clear disconnect.

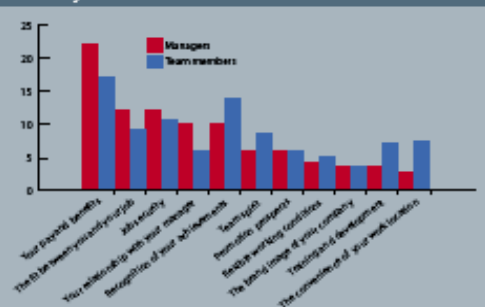
The differences between male and female managers were also explored. Holiday entitlement was more important to females. But interestingly, women generally reported much higher satisfaction levels.

And although they did not report being more stressed, they were less confident in their management skills and less satisfied with training and development opportunities.

Given the low number of female managers in the retail sector, this looks like a missed opportunity.

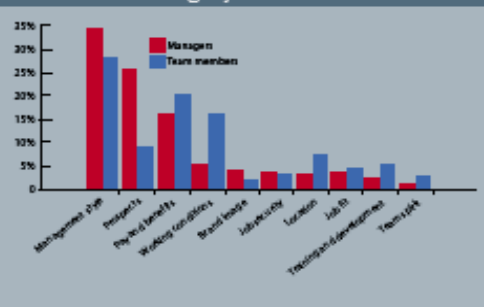
RTS received responses from 1,177 employees representing 26 franchised dealers and all retail job roles. If you would like to receive a soft copy of the full report, please visit the RTS website at [www.rts-uk.co.uk](http://www.rts-uk.co.uk), click on Contact Us and ask for "RYJ Report".

Primary motivational factors



Despite claims by experts to the contrary, pay and benefits is the top motivational factor for managers and employees

Reasons for leaving a job



Management style and pay/benefits are ranked highly for managers and employees. Managers also look at prospects

Employee survey

# It's the money,

Motivational experts who argue that a job is more than about money were confounded by a study carried out in the motor retail sector three years ago. The latest survey – involving more people and more probing questions – shows that attitudes haven't changed.

**P**ay is more important than job satisfaction in the retail motor industry – and top management tends to get the blame for people who decide to quit their jobs.

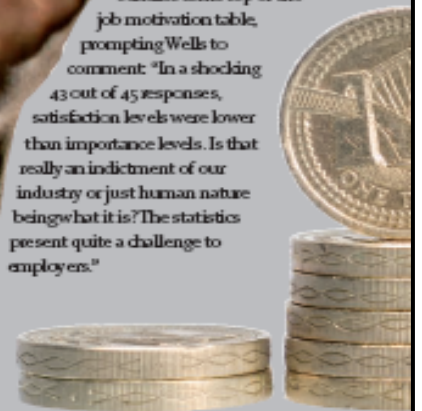
These are the key findings from a 'Rate Your Job' survey carried out by industry consultants Rts, with the pay issue reinforcing results from a smaller survey carried out in 2005.

Rts decided to canvass the views of a wider selection of retail motor industry employees and ask more searching questions in this latest study because the company was surprised by the 2005 findings.

As managing director Richard Wells explained: "The 2005 report raised eyebrows. Motivational theory suggests that pay is not by any means the prime factor at work, and yet there was a clear message to the contrary – pay, i.e. 'survival' and 'purchasing power' being given as the main reasons."

The latest survey, carried out in association with the IMI and AM magazine, prompted responses from 1,177 employees representing 26 franchise dealers and all retail job roles.

Again, pay and benefits came top of the job motivation table, prompting Wells to comment: "In a shocking 43 out of 45 responses, satisfaction levels were lower than importance levels. Is that really an indictment of our industry or just human nature being what it is? The statistics present quite a challenge to employers."



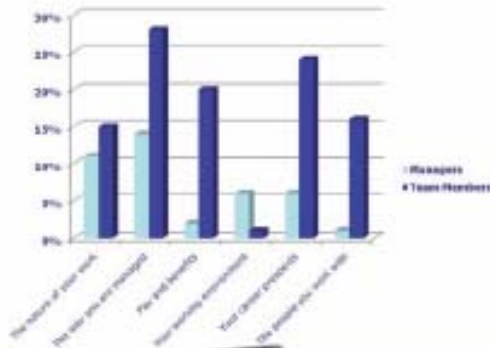
# stupid!

## 1 Expectation gaps

In this part of the 2007 survey, its asked two questions: What are the important aspects of your job? How satisfied are you with these aspects?

The chart shows that the largest gaps for both managers and team members relate to the nature of their work and the way they are managed.

### Expectation Gaps



### WELLS COMMENTS:

"If holidays are taken out of the picture, pay ranks first as an expectation gap."

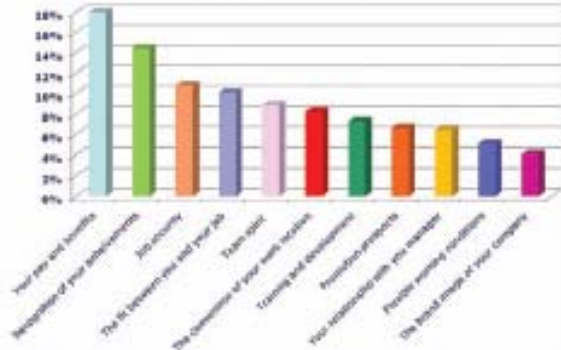


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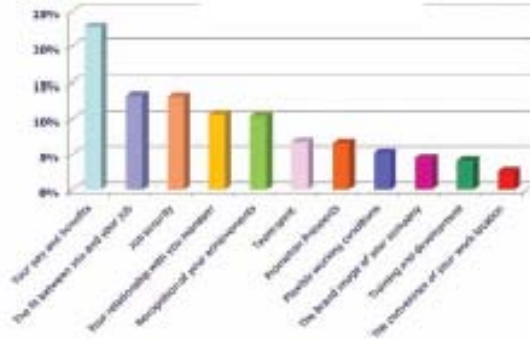
## 2 Primary motivators

Here, participants were asked to consider what would most motivate them to stay in their current job. The graphs make it clear – once again – that pay was the primary motivator for both groups.

### Team Members



### Managers



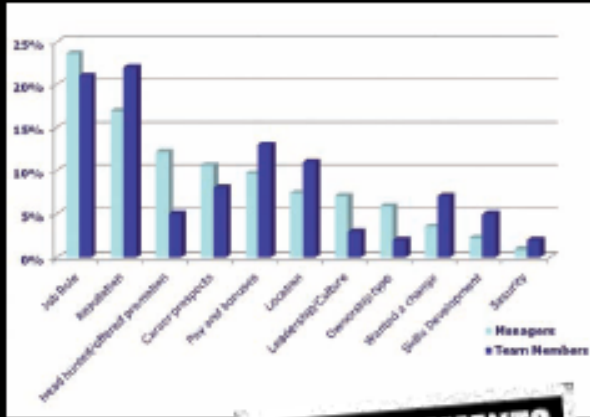
### WELLS COMMENTS:

"It isn't always possible to pay more. Nor is it always possible to offer job security, which came third in the ranking for both groups. So it's worth noticing that for team members, recognition of achievement ranks second – which means that praise and acknowledgement, which have little or no resource or cost implications, are powerful motivators.

"Employers and manufacturers will no doubt note that training and development is not a high priority, especially among the manager group, where it is ranked 10 out of 11. The risk here is that many managers will not realise that training and development features higher in the rankings for team members (7th out of 10) than it does for themselves. Manufacturers and group boards may therefore need to consider how to market training and development more effectively if they want managers to make the connection between skills development and business improvement." ▶

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**3 What attracted you to your current job?**

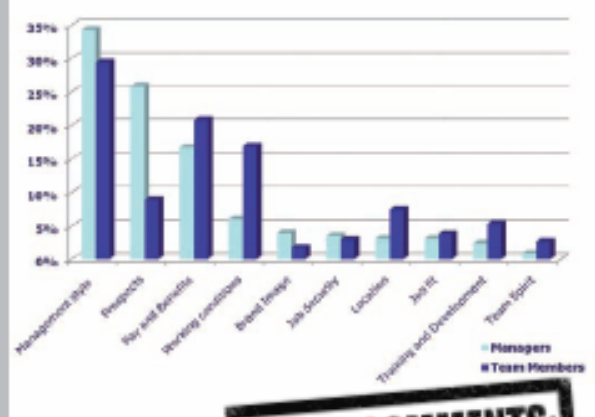


**WELLS COMMENTS:**

"The results here were fascinating. In an industry still dominated by males, when it came to the initial attraction to join the automotive sector, there was one strong response - the pull of motor cars."

"When it came to the practicalities of applying for a job, the job role and particularly the reputation of the company/franchise were ranked above all else, including career prospects and pay. The big message here is the need to position and promote your brand to potential employees as strongly as you do to potential customers."

**4 If you have previously left a job/s in the automotive sector, describe what prompted you to quit**



**WELLS COMMENTS:**

"Poor management style corresponds with many research studies that suggest employees leave their managers rather than their jobs. The supporting comments suggest that it is less of a problem with the immediate line manager than the top level of management whose decisions don't seem to make sense."

**Manager perceptions**

The survey noted an increase in management efforts to improve staff retention by analysing staff turnover, carrying out exit interviews and employee satisfaction surveys.

"This is an encouraging improvement over the 2005 survey," said Wells. "There's a worrying contradiction, however, in that 49% of managers thought their people management skills were above average while team members ranked they way they were managed as their top expectation gap - a clear disconnect."

For further information, log onto [www.rts-uk.co.uk](http://www.rts-uk.co.uk), click on 'Contact Us' and 'RYJ Report'.

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