

# Finding and keeping good people: does it matter?

74% of retailers surveyed are currently working to improve their recruitment approaches

14.7% staff turnover in the retail sector reported by ABS

\$397m is the estimated cost to Australian retailers of staff turnover



64% of retailers surveyed report 'attracting quality staff' as their most critical people management issue

1.1m Number of people employed in the retail sector (ABS Cat. 6310 August 2000)

Estimated cost per lost non-managerial staff member  
 ■ \$3 800 Full-time ■ \$2 000 Part-time ■ \$1 200 Casual  
 (estimate from large Australian retailer)

"...finding and keeping good staff is a retailer's most pressing operational issue"

Phil Naylor, CEO, Australian Retailers Association

## The bottom line: an issue for you?

Is staff familiarity with your product important?	✓	"Casuals are very rare in our company. Understanding our product can take up to 3 months. As soon as our casual staff have been with us for 3 months, we put them on as permanent part-time. We don't want to lose our investment in training them up on product knowledge." Radio Rentals
Is this expertise critical to your business success?	✓	
Can you increase profits by reducing turnover?	✓	Every full-time store manager who walks out your door could cost you \$10 800 to replace (estimate from leading Australian supermarket).
Is customer satisfaction important to your business?	✓	Research shows that where customers perceive little difference in price or product, they will buy on the basis of customer service.
Do you want to maximise your available labour?	✓	With labour costs of \$21.4 billion, and profit margins at the lowest of any industry (3.4% in 1997/1998), maximising the investment in staff is critical for a retailer's business success.
Have you got the competitive edge from treating recruitment and retention as serious business issues?	76%	Of surveyed retailers report that they largely integrate 'attracting staff' into their business strategy.
	62%	Of surveyed retailers report that they largely integrate 'retaining staff' into their business strategy.

"We aim to deliver what our customers want. Our staff are key to doing this. If we look after our staff, they will look after our customers..."

McDonald's senior executive

## In the black

### The benefits of effective recruitment and retention strategies



Finding and keeping good staff can deliver a wide range of business benefits...

The costs of employee turnover are reduced. These costs relate to advertising, hiring and training. A reduction in 'opportunity costs' such as change-making errors and improper use of equipment can also be important.

Customer satisfaction can increase. A US survey found that one in three customers cite turnover as a significant factor in examining quality of service delivery.

Productivity can be enhanced. Other reported benefits include getting the best out of available staff, reduction in workers compensation and other legal costs, reduction in absenteeism, increased return rates from maternity leave and enhancement of employee, community and consumer perceptions.

"To me, keeping the people is the most important thing. It's an upfront investment which delivers benefits to the company over the long-term."

Esprit manager

## But wait, there's more...

As well as providing information about the benefits of keeping good staff, the survey indicates why staff leave. Retailers identified the following factors as having a major influence on a person's decision to leave a company.

44%	said staff leaving wanted...	More control over working hours
38%		To work 'standard' hours
37%		Better career opportunities
31%		Higher pay
23%		More supportive work/life conditions

Retailers are increasingly looking to creative and innovative solutions to these issues. While the operating environment in the retail sector is unique, there are ways to address these challenges.

Bakers Delight now have all day baking. Not only is this enabling some staff to work day shifts – but the aroma of baking attracts customers.

Lowes' casuals can work from 10am to 2pm. This provides certainty to both management and staff – and is ideal for workers with school-age children.

## The competitive edge: being a good place to work

Many employers felt they gained their leading edge by being a 'good place to work'. It sounds simple enough – but what makes a motivated, fun and rewarding workplace? Some key themes emerged.

Management and staff feel they belong to a particular corporate identity. They feel pride in their product and/or service delivery values.

### Branding

"The brand name helps to attract potential employees - they want to work for a well known long established Australian company – a company where, as customers, they have experienced good service." Radio Rentals  
 A staff survey in 2000 showed that 96% of staff were proud to work for The Body Shop.

"At The Body Shop employees commit to around 16 hours per year community work during paid-work time."  
 "Be informed. Be involved. Make a difference." – Esprit's vision statement

### Being part of the community

Successful local retail outlets reflect the values and make-up of the local community.

Aldi is reported to pay its staff \$20 an hour. Calstores pay staff in accordance with motor trades awards – a higher rate than retail awards.  
 McDonald's have a card that entitles staff to discounts at a range of retail outlets which are popular with its young customer service staff.

### Rewards

Remuneration is higher than for other companies, or attractive bonus and/or incentive schemes are offered.  
 Bonuses aren't always money-based – some retailers offer extra time off, or fun extras such as CD or movie vouchers.

Recognition is given to employees' longer term career/life needs and aspirations. Job validation is gained through formal accreditation and recognition schemes.

### Career/Personal development

At Spotlight, 80% of managers have been developed up through the business.  
 "Hot Bread – Cool Careers." Bakers Delight recruitment campaign

"The people make the workplace – everyone gets on well – you don't want to let the team down." – Lowes' employee  
 The Bakers Delight Stakeholder's Ball is fun for franchising and staff, and raises money for charity.

### Linking people

People are linked to each other, and to their customers, at work. This occurs through common areas (eg lunch rooms), social activities, community involvement, and shared product knowledge/corporate values.



# Balancing the till in 2001: Finding and keeping good people in the retail sector

First findings of a study involving a survey of 135 large retailers employing over 278,000 people; 10 intensive workplace visits; and a range of Australian and overseas research. The full report will be released in July 2001.

## Peak performance

Are your recruitment and retention strategies delivering business results?

Leading retailers develop strategies and actions tailored to their own needs. Commonly this is demonstrated through:

- |          |   |   |
|----------|---|---|
| <b>1</b> | <b>Committing</b> They have a commitment to invest in people to achieve business goals, and they hold managers accountable. | 63% of retailers largely hold store managers accountable for implementing recruitment and retention strategies.   |
| <b>2</b> | <b>Listening</b> They listen to their staff and find out what people really want.   | 56% of retailers have personal development plans in place. 32% say they conduct exit interviews as a key retention strategy. Leading retailers conduct regular staff surveys. |
| <b>3</b> | <b>Doing</b> They take actions to recruit and retain staff.   | 56% of retailers claim rosters for store staff are negotiable to manage work/life balance. 37% report they have school-term employment for store staff.                       |
| <b>4</b> | <b>Evaluating</b> They evaluate whether their actions have made a difference.   | 88% of retailers surveyed say they measure the impact of their retention initiatives.   |

"We maintain credibility by involving staff in decision making."

*Calstores manager*

"Woolworths accommodated the hours I wanted when I returned to work after having a baby. I know that I've got opportunities to progress"

*Woolworths employee*

## In the red: the key learnings

The study may also prove useful to Australian retailers in revealing some potential business challenges for the industry.

Only **1%** of retailers identified increasing staff retention as their most important people management issue – compared to **64%** who nominated 'attracting quality staff'. If good money is being spent on recruiting staff, is enough attention paid to retaining them?

**76%** of retailers listed the 'use of recruitment agencies' as one of their key initiatives to attract talented staff. Can recruitment agencies properly convey your corporate identity? Are they sufficiently briefed to make a good fit between you and your employees?

**54%** of all retail staff are women, and yet **28%** of retailers reported having no work/life initiatives. Further, **44%** of retailers report that a need for more control over working hours is a major reason why staff leave. Are retailers listening to their staff? Are they losing good staff through a lack of innovative working arrangements?

93% of retailers have part-time work for store staff, yet only **52%** offer it for store managers. Are retailers fully using the skills and knowledge learnt on the shop floor? Are they getting the best people they could for management jobs?



## End of financial year reconciliation

The final report

The final report of this study will be available in July 2001. The report will present detailed findings based on the survey, worksite visits and other international and Australian research. Further information will be provided on a range of important people management issues, including:

- critical business drivers for Australian retailers;
- cost/benefit analyses of recruitment and retention strategies;
- ways to calculate these types of costs and benefits;
- specific Australian and overseas recruitment and retention initiatives;
- details of indicators used by retailers;
- more detailed benchmarks on turnover and length of tenure;
- return from maternity leave rates; and
- more!



## Customer service

For more information or to order your advance copy of the final report contact:

The Australian Retailers Association (ARA) is the nationwide voice of the Australian retail industry and provides quality information and services to members aimed at enhancing their business success. The ARA can be contacted on (02) 9299 6245 or see the web-site [www.ara.com.au](http://www.ara.com.au)

EOWA works with employers to assist them to comply with the *Equal Opportunity for Women in the Workplace Act 1999* and to capture the business benefits from enabling women to fully contribute in Australian workplaces. For more information, see our web-site [www.eowa.gov.au](http://www.eowa.gov.au) or contact the Telephone Advisory Service 02 8255 6300

The Work and Family Unit of the federal Department of Employment, Workplace Relations and Small Business, provides information and resources to assist employers and employees achieve a better balance between work and family responsibilities. The Unit can be contacted on (02) 6121 7742 or see the web-site [www.dewrsb.gov.au/workplacerelations/workandfamily](http://www.dewrsb.gov.au/workplacerelations/workandfamily)



We would like to thank the following retailers for agreeing to participate in this study...

Bakers Delight  
Bevilles Jewellers  
Calstores (NSW)  
DFS Australia Pty Ltd  
Esprit

Eurest Australia  
Lone Star Asia Pacific  
Lowes  
McDonald's Australia Ltd  
Mistearl (Northshore) Pty Ltd

National Pharmacies  
Radio Rentals  
Safeway  
Spotlight Stores  
Suzanne Grae

The Body Shop  
Woolworths

...and all the retailers who responded to the survey.