



THE INSTITUTE OF THE MOTOR INDUSTRY

**Automotive Retail Sector – Employer Skill Need Survey 2010**

**September 2010**

Final Report

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**About CFE**

CFE are research and consultancy specialists in employment and skills.

We have been providing our expert services to public and private sector clients for over twelve years. We re-invest our profits to fund innovative research projects and our Policy Insight series.

With over 30 dedicated staff, we work on behalf of government departments and agencies, local authorities, colleges, universities and employers. Our experience and unique understanding of the local, regional and national policy landscape enables us to deliver services that are innovative, practical and responsive to the needs of our customers.

# Executive Summary

This summary outlines key findings from independent research commissioned by the Institute of the Motor Industry (IMI) and undertaken by CFE between June and August 2010. The purpose of the research was to establish from automotive retail employers: skill needs and gaps; recruitment and training practices; the implications of the recession; and awareness of IMI.

## 1.1 Background

### About IMI

IMI is the Sector Skills Council (SSC) for the automotive retail sector. SSCs are independent organisations designed to enable the skills system to be driven by employer demand and work towards: reducing skill gaps and shortages; and improving productivity, business and public service performance.

IMI's remit covers approximately 73,000 business enterprises in the automotive retail sector across the UK, which equates to all aspects of the automotive industry with the exception of manufacturing; across 12 business activities (sub-sectors).

### Skill issues of the automotive retail sector

Previous research has indicated that automotive retail employers have skill gaps with regard to: technical skills, management and leadership, job-related IT, problem solving and customer handling. The most recent investigation of skill gaps in the sector, commissioned by the IMI in 2009, identified that technical and management and leadership skills were the main skill challenges facing automotive retail employers.

### Research objectives

A total five research objectives were set to identify the current skill needs of the automotive retail sector and other areas of interest to the IMI, these were to:

- determine whether the skill priorities for the sector are still focussed on technical and management and leadership skills;
- provide insight around areas of skill need;
- update data on employer awareness of the IMI;
- explore the impact of the recession on businesses in the sector; and
- explore the size of demand for training provision in the Welsh language.

## 1.2 Methodology

The approach consisted of a combination of desk-based research accompanied by qualitative and quantitative primary research. The primary research included: a telephone survey with 1,000 employers; employer and training provider scoping interviews to inform the survey instrument; and employer telephone depth interviews after the completion of the survey to add depth to the quantitative research findings.

The research was conducted across the UK and represents the 12 business activities (sub-sectors) present within the automotive retail sector. Within the employer survey, quotas were set by nation and by 2007 Standard Industrial Classification (SIC) codes and then aligned with the IMI sector footprint in order for data to be analysed by these key groups.

## 1.3 Key Findings

Employers' responses to the survey are influenced by the extent to which internal and external factors impact on their operating practices, including: job vacancies and the wider economy. Therefore some of the findings serve to contextualise the skill needs and gaps of employers, whilst also building on the results from the 2009 Automotive Retail Employer Skill Survey. The following points summarise the key findings from the research:

- **Vacancies and staff retention:** Overall, 16% of employers reported at least one vacancy in their establishment. This was a significant increase from 2009, up 10

percentage points from 6%. A further 14% indicated that they have skill shortage vacancies whilst less than one-tenth reported any hard-to-fill vacancies. Only a very small percentage of employers reported a problem retaining staff but this did represent a one percentage point increase from 2009.

- **Impact of the recession and other business challenges:** Nearly all automotive retail employers (96%) expected to face at least one challenge to their business during the next twelve months, with 80% of employers stating 'becoming or remaining profitable', as the most significant issue. Keeping up with technology was also regarded as a challenge for nearly half of all employers. Micro businesses are particularly affected by this, commenting how quickly technology changes and how expensive this can be. Expense in this regard was attributed to not just the investment to train staff but the purchasing of equipment used for vehicle diagnostics.
- **Growth objectives:** Some 60% of all employers planned to grow their business, with 7% planned for rapid growth. By sub-sector, vehicle sales, and vehicle rental and leasing had expressed a greater desire to grow when compared to their counterparts in other sub-sectors. Employers from Scotland indicated higher ambitions for growth, predicting moderate or rapid growth, which was followed by Wales and England (8%).
- **Current training practices:** Just over three quarters of employers had provided some form of training for their staff within the last 12 months. Over half of automotive retail employers had provided 'on-site training conducted by internal staff' whilst 43% purchased external training. Some 35% had delivered 'onsite training by an external organisation' and just under a third reported that some form of Apprenticeship training was occurring within their business. The extent of training by sub-sector varied considerably. Employers from vehicle rental and roadside assistance and recovery were the most likely to have provided some kind of training to their employees. By nation, employers in England were the most likely to have done this.
- **Future training practices:** 58% of automotive retail employers planned to undertake some form of training over the next 12 months. Furthermore, only 6% of those that planned to undertake training next year were new trainers (i.e. those that did not offer training last year). All sub-sectors reported a decrease in training opportunities for next year, with the highest decreases occurring in vehicle rental and leasing, heavy vehicle maintenance and repair, and body building. The largest anticipated decrease in training is for England, followed by Northern Ireland and Scotland. A reduction in training opportunities is least likely in Wales.
- **The size and demand for training provision in the Welsh language:** Just over a quarter of employers from Wales indicated that they had access to training provision in the Welsh language. However only 2% of Welsh employers indicated that they required training provision in Welsh. The overall demand from automotive retail employers for training in the Welsh language is therefore very limited.
- **Skill shortages and employer satisfaction of employees' skill levels:** Overall, employers in the automotive retail sector were relatively satisfied with the skill levels of their employees. Analysis of overall employer satisfaction with skill levels by sub-sector indicated only small differences between the sub-sectors that fall under the IMI footprint. There was also almost no discernible difference in overall employer satisfaction levels by UK Nations.
- **Management and leadership skills:** Employer satisfaction with management and leadership skills was marginally lower than the technical skills included in the survey, with developing 'strategic business plans' and 'providing learning opportunities for employees' the lowest rated dimensions of this. This relatively low rating is of particular interest given the high proportion of businesses intending to grow. Employers in Wales were the most satisfied with the management and leadership skills of their employees, followed by Scotland, England and Northern Ireland.
- **Technical skills:** Overall employers rated their satisfaction with 'general technical skills' highly and second only to 'customer service skills'. However, employer satisfaction with 'alternative engine types' within this specific element of technical skills was the lowest of all skills surveyed. This is a particular area of concern given

current developments and planned future releases of 'alternative engine types' into the marketplace. Like management and leadership skills, employer satisfaction with 'general technical skills' was also highest amongst employers in Wales, followed by England, Scotland and Northern Ireland. In particular, employer satisfaction levels with 'vehicle control and diagnostic systems' and 'alternative and hybrid drives' were lower across all nations, with the drop in employer satisfaction levels significantly higher for the latter.

- **Customer service skills:** Employers rated their satisfaction of 'customer service skills' the highest of all skills investigated. The research also identified that 'customer service skills' were the most significant factor in determining employers' overall skill satisfaction of their employees. Exploratory research with training providers highlighted that this is still a key issue for the sector particularly the need to professionalise key customer service roles (e.g. complaint handling). 'Customer service skills' have been highlighted in previous studies as a key skill for the sector due to the highly competitive nature of the market. The high proportion of employers stating 'becoming or remaining profitable' with regard to the challenges they envisage facing makes 'customer services skills' a key priority here.
- **Generic skills:** Employer satisfaction with 'basic skills' was one of the lowest rated amongst employers. Qualitative research indicated an ongoing concern which predominately focused on new entrants to the sector. Both employers and FE providers questioned not only the effectiveness of the education system in equipping new entrants to the sector with the basic skills they require, but also on effective career guidance. New technological developments mean that the sector is evolving and requires higher calibre new entrants with the aptitude to work on new technologies.
- **Improving employer satisfaction with skill levels:** Of those employers that reported skill gaps in management and leadership, less than one-fifth expected that there would be an improvement in the short-term. Instead, 27% indicated that they expected an improvement in the medium-term and 23% in the long-term and over one-fifth of respondents anticipated that there would never be an improvement. Overall, employers were ambivalent about the extent to which offering more internal training, offering more training through external providers, and or recruiting new employees would help improve skill levels. However, there was marginally more support for internal training.
- **Awareness and engagement with IMI:** Overall awareness of IMI was high amongst employers at 72%. By nation, awareness was highest in England and Scotland, followed by Wales, and lowest in Northern Ireland. Overall awareness of IMI by sub-sector was highest amongst employers in heavy vehicle maintenance and repair and light vehicle maintenance and repair with awareness particularly low amongst vehicle rental and leasing and fast fit operation employers.
- **Understanding of IMI and awareness of IMI as an SSC:** Employers with some awareness of IMI were asked (unprompted) what their understanding of IMI's role within the automotive retail industry was. 'Professional body' received the highest response (23%), followed by 'standard setting body of training products' (20%), 'advice and guidance to the sector (10%); and 'membership organisation' (9%). Just 3% of employers stated IMI was a 'Sector Skills Council' (SSC). When asked specifically whether they knew IMI was the SSC for the automotive retail sector this figure increased to 45%. As a key performance indicator for the IMI, this represents a 7 percentage point increase from 2009 (where it stood at 38%).
- **Engagement with IMI:** Of those employers who knew that IMI was the SSC for their industry, 19% had engaged with IMI in the last two years, this remains consistent with last years' employer survey. Recent engagement with IMI was highest within the accident repair sub-sector, followed by heavy vehicle maintenance and repair and light vehicle maintenance and repair. Overall, previous experience of engagement with the IMI was highest in Scotland and Northern Ireland. Fewer employers as a proportion of the overall sample in England and Wales had engaged with the IMI.

- **Employer rating of IMI:** On a seven point scale, employers with some awareness of IMI were asked to rate IMI's role as 'a representative of the automotive retail sector'. This resulted in an average score of 4.4 out of 7. Heavy vehicle maintenance and repair, and light vehicle maintenance and repair were the sub-sectors that were most positive about IMI's role with vehicle rental and leasing, and roadside assistance the least positive. By UK nation, employers from Scotland rated the IMI the highest with employers followed by England. A lower rating was provided among employers in Northern Ireland and Wales.
- **IMI products and services:** Just over half of employers reported being aware of IMI membership, followed by the Automotive Technician Accreditation scheme, career information and advice and the Automotive Management Accreditation scheme, while just over a quarter of all employers were aware of IMI's research and labour market information. Products such as Autocity, Skillauto and Headlight were the least known.

### Types of employers in the automotive retail sector

As an extension to the core research objectives, a typology of businesses within IMI's footprint and their characteristic profiles have been identified. Three types of businesses within the automotive retail sector were identified that each followed a quite distinct and coherent pattern regarding their attitudes towards skills and training, these are:

- **The training adverse employer (Type I):** More than a quarter of businesses in the survey were categorised as Type I businesses *training averse employers* as they are predominantly characterised by a training aversion that may relate to their smaller size or their lower skill level aspirations. These types of business perceive their skill needs as being more unique and less generalised to the wider sector, despite having the most positive outlook on their immediate business. Type I employers are the least likely group to undertake training and are not planning to offer any training in the next year.
- **The evolving employer (Type II):** One third of the respondents were categorised as *evolving employers* who are moderately satisfied with their skill status and tend to have high skill level aspirations. These employers look keen to expand their market shares and to receive training; however, they anticipate facing challenges budgeting for expansion costs and they are not completely convinced about the benefits skills may bring to their organisation.
- **The strategic employer (Type III):** Two-fifths were categorised as *strategic employers* with high skill level aspirations and a solid training culture that understands and pursues the benefits of training. Older businesses that have been trading for more than 10 years are more represented in this type and the greatest challenge they face is keeping up with competition from outside the UK. These businesses appear to systematically expect the highest benefits from increasing their skill levels and the majority of businesses falling under this Type and Type II offered some kind of work related skills training in the last year. A higher proportion of Type III businesses are aware of IMI, followed by 32% of Type II and 24% of Type I businesses.

The survey data was also examined to ascertain which skills play a greater role in determining employers' skills satisfaction and which factors underlie employers' attitudes in relation to training and skills. Overall four core skills predominantly affected the skills satisfaction levels for all automotive retail employers, including: 'general technical skills', 'overall management and leadership skills', 'people management/performance evaluation skills' and customer service skills. The analysis concluded that 'customer service skills' was the most important factor in determining automotive retail employers' overall skills satisfaction. Employers reported increased turnover rates in customer service posts further emphasising the demand for high-level customer service skills. The additional skills that determine overall employer satisfaction were management and leadership skills and technical skills, confirming that these remain priorities for automotive retail employers and IMI.

## 1.4 Recommendations

From this research, five recommendations were identified for future consideration by the IMI:

**1. Ensure provision is responsive to technological changes and employers' needs**

Keeping up with technological changes was regarded as an issue for nearly half of all employers that were surveyed. It is therefore vital that IMI supports businesses in the sector to keep up to date with technological advances. The IMI's Accreditation Academy can play an important role here to align its continuing professional development offer to technological developments occurring across the sector.

It is also important that employers are aware of existing provision. For instance the development and roll out of the Automotive Technician Accreditation (ATA) scheme has been seen as exemplary by the sector and further work to ensure that it is promoted is important. This is particularly relevant as employers' overall satisfaction with skills associated with alternative engine types were very low and the ATA scheme supports employees to gain up to date knowledge of developments, especially new engine types and electronics.

By promoting the ATA scheme both within and beyond the automotive retail sector it would improve public knowledge and understanding of the Automotive Management Accreditation (AMA) scheme. This would raise its profile as a quality accreditation and act as a driver to encourage more employers and employees to achieve the AMA.

**2. Continue to support the sector to improve professionalism and customer service skills**

The analysis of the data revealed that customer service skills are the most important factor in determining automotive retail employers' overall skills satisfaction. The sector was also previously threatened with a super complaint from the National Consumer Council and IMI has a key role to play in ensuring that the sector continues to address customer service skills needs.

IMI should consider the high incidences of employers reporting 'remaining profitable' and 'competition concerns' over the next 12 months. It should respond by ensuring that customer service skills provision focuses upon the fundamentals but also anticipates how technological changes may impact on customers' future expectations.

In addition, in a similar approach undertaken with regard to management and leadership and technical skills for this survey, IMI may wish to commission research to provide more detail and the nature around the customer service skill needs across the sector.

**3. Raise awareness of IMI membership and lesser known products and services such as: Autocity, Skillauto and Headlight**

While awareness of IMI is high among employers, there is less awareness of what IMI does and offers particularly among independent small to medium sized businesses. Two recommendations are presented below for consideration as to how the IMI could improve its awareness and rating among these automotive retail employers:

- a. Improve the presence of IMI representation with employers at a more local level particularly among small to medium sized businesses. IMI also needs to improve its communications and marketing, especially with small and micro businesses.
- b. IMI representatives or information provided by the IMI should be promoted in a more concentrated way to key audiences such as schools and careers advisors, particularly IMI key products such as Headlight and Autocity that highlight new opportunities and career paths that are available within the sector.

- 4. Support the sector to continue to improve management and leadership skills**  
Automotive retail employers provided a relative low score with regard to satisfaction in developing strategic business plans. The AMA scheme includes 'adapts plans to a changing market' within the framework, however this is only an optional element of the accreditation. IMI should review whether this could have more prominence in the AMA scheme based on the findings of this research, which suggest that it could act as a solution to respond to those employers that are relatively dissatisfied with their employees' skills in this area.
- 5. Accept that not all businesses will invest in training and skills development**  
The research has identified that just over a quarter of automotive retail businesses are to a certain extent *adverse* trainers who already view the satisfaction of the skills within their business highly. Where the business case to train does not exist, it is unlikely that promoting the benefits and rewards of training will lead some employers to change their behaviour. The IMI should instead focus upon the *evolving* and *strategic* employers with high skill aspirations but who are moderately or least satisfied with their skills levels. A strong case can also be made to support those businesses planning for growth.

# 1 Introduction

## 1.1 Background

This report sets out findings from research commissioned by the Institute of the Motor Industry (IMI) and undertaken by CFE between June and August 2010. The research involved qualitative depth interviews and a representative survey of 1,000 employers in the automotive retail sector to establish: skill needs and gaps; recruitment and training practices; the implications of the recession and awareness of IMI. A further research objective was to explore the size of demand for training provision in the Welsh language.

This Employer Skill Survey follows on from the 2009 Automotive Retail Employer Skill Survey by identifying the extent to which skill needs have changed over the intervening 12 months and provides an update on the benchmark measure for employer awareness of IMI.

## 1.2 The Institute of the Motor Industry

IMI is the Sector Skills Council (SSC) for the automotive retail sector. SSCs are independent organisations designed to enable the skills system to be driven by employer demand; there are 23 government licensed and employer-led SSCs covering the UK.

SSCs work towards the achievement of the following four goals: <sup>1</sup>

- Reducing skill gaps and shortages
- Improving productivity, business and public service performance
- Increasing opportunities to boost the skills and productivity of the sector's workforce
- Improving learning supply through National Occupational Standards, Apprenticeships, and further and higher education

IMI is also responsible for providing labour market intelligence (LMI) on the automotive retail sector. This needs to adhere to the common LMI framework devised by the UK Commission for Employment and Skills (UKCES), which outlines their expectations for SSCs in regard to research and LMI. <sup>2</sup> UKCES also requires SSCs to produce an annual Strategic Skills Assessment (SSA); these provide an overview of the current and future skill demands for the sector and offer evidence as the basis for policy development. This research has adhered to the requirements set out in the UKCES guidance document and will inform IMI's 2010 SSA.

### IMI sector footprint

IMI's remit covers all businesses in the automotive retail sector, which equates to all aspects of the automotive industry with the exception of manufacturing. The IMI industry footprint covers a diverse range of 12 business activities (sub-sectors):

- |  |                                       |
|--|---------------------------------------|
| 1. light vehicle maintenance and repair    | 7. vehicle sales                      |
| 2. heavy vehicle maintenance and repair    | 8. vehicle rental and leasing         |
| 3. motorcycle sales maintenance and repair | 9. roadside assistance and recovery   |
| 4. accident repair                         | 10. fast fit operations               |
| 5. body building                           | 11. lift truck maintenance and repair |
| 6. parts distribution and supply           | 12. motorsport maintenance and repair |

Data from the Inter-Departmental Business Register indicates that as at March 2009 the IMI footprint covered 73,000 business enterprises. The majority of all business enterprises falling under the automotive retail footprint are covered by 2007 Standard Industrial Codes (SIC): 45.20 'maintenance and repair of motor vehicles'; 45.11/2 'sales of used cars and light goods motor vehicles' and 45.11/1 'sales of new cars and light goods motor vehicles', accounting for 77% of all enterprises within the sector. <sup>3</sup>

<sup>1</sup> UKCES, available online at [ukces.org.uk/sector-skills-councils/about-sscs/](http://ukces.org.uk/sector-skills-councils/about-sscs/)

<sup>2</sup> UKCES, *Information to Intelligence a Common LMI Framework for Sector Skills Councils (March 2009)*

<sup>3</sup> Inter Departmental Business Register (2009)

Many businesses within the sector will operate across a number of the sub-sectors highlighted above. For example, a vehicle dealership, will sell new vehicles whilst providing services to maintain and repair them. Businesses comprising franchises and chains are both an important and influential part of the sector in particular for vehicle dealerships, fast fit outfits and roadside assistance firms.<sup>4</sup>

The types of businesses operating in the sector are diverse too. Businesses range from sole traders with a private garage to dealership groups, to large chains. The sector as a whole is estimated to employ around 600,000 people<sup>5</sup> and is dominated by micro business units (85%<sup>6</sup>). Per annum, the sector contributes £30 billion to the UK economy.<sup>7</sup>

### **IMI's strategic focus**

Like all SSCs, IMI has undergone a process of re-licensing in 2009 to ensure consistent performance. SSCs have been required to sharpen their strategic focus and, most significantly, to increase employer engagement. As part of this process it was found that for IMI there had been: '*substantial progress achieved by the organisation since taking over the licence 18 months ago in rebuilding the credibility of the SSC with employers*'.<sup>8</sup>

IMI has also recently developed six strategic goals that underpin its mission. The goals, which relate to employers and skills, include: increasing engagement with employers, particularly within micro, small and medium enterprises; expanding and enhancing the National Occupational Standards, qualifications and training provision to meet the needs of employers and individuals; and creating increased demand for skills and professional development.<sup>9</sup>

### **1.3 Skill shortages within the automotive retail sector**

The 2009 English National Employers Skills Survey (NESS) found that 20% of employers in the IMI sector reported a skill gap within their organisation;<sup>10</sup> this is broadly similar to outcomes from the 2009 Automotive Retail Sector Employer Skill Survey, in which 18% of employers in the IMI sector across the UK reported a training need/skill gap. Analysis of equivalent employer surveys in Scotland<sup>11</sup> and Northern Ireland<sup>12</sup> indicates that the reporting of skill gaps is similar in Scotland (20%), but lower in Northern Ireland (11%).<sup>13</sup>

The findings from the surveys indicate that, across these three nations, the areas in which employers reported skill gaps centre on: technical skills, management and leadership, job-related IT, problem solving and customer handling. These skill gaps have been persistent over the past few years; however, the proportion of employers who reported them varies by nation. For example, technical skills are the highest reported skill gap in Scotland and England, whereas problem solving skills and customer handling have been more frequently cited in Northern Ireland.<sup>14</sup>

Based on the findings from the Automotive Employer Skill Survey 2009, this research has been commissioned to better understand the detail and nature of skill gaps, particularly in relation to management and leadership, and technical skills amongst automotive retail employers throughout the UK.

### **Contextualising current and future technical skills**

The identification of technical skills as the most frequently cited skill gap in both the NESS and 2009 Employer Skill Survey, makes it apparent that these skills are becoming increasingly important to employers within the automotive retail sector. Whilst findings from the NESS and other surveys confirm that automotive employers reported technical skill gaps,

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<sup>4</sup> IMI, *Skills Priorities for the Automotive Retail Sector: United Kingdom* (2009)

<sup>5</sup> National Audit Office, *Institute of the Motor Industry* (Oct 2009)

<sup>6</sup> Inter Departmental Business Register (2008)

<sup>7</sup> *Ibid.*

<sup>8</sup> IMI, available online at [www.motor.org.uk](http://www.motor.org.uk)

<sup>9</sup> National Audit Office, *Institute of the Motor Industry* (2009) p.11

<sup>10</sup> UKCES *National Employer Skills Survey for England 2009: Key findings report, Evidence Report 13* (2010) available online at <https://ness.ukces.org.uk/default.aspx>

<sup>11</sup> Scottish Government, *Skills in Scotland 2008*, (2009)

<sup>12</sup> DELNI, *The Northern Ireland Skills Monitoring Survey 2008 Main Report* (2009)

<sup>13</sup> *Ibid.*; and Scottish Government, *Skills in Scotland 2008* (2009)

<sup>14</sup> *Ibid.*

there is a limited amount of data available on the specific nature of these gaps. One area of change which could be seen is in relation to low carbon technology. For instance, recent studies, such as those carried out by DEFRA<sup>15</sup>, have indicated that there is a growing demand for new skills to support the transition to a low carbon economy.

Research conducted in this area, which includes the SSC report on Low Carbon Clusters,<sup>16</sup> offers a snapshot of workforce trends and future skills demand. It indicates that there are emerging skill gaps spanning, in some cases, different SSC footprints. For example, Government targets to reduce CO<sub>2</sub> emissions include plans to create a national recharging networking for electric cars, which would have implications for the automotive retail sector.

A green skills consultation<sup>17</sup> conducted with employers, SSCs and providers supports the view that there is a need to review and, where appropriate, revise existing National Vocational Qualifications (NVQs) and Apprenticeship frameworks in line with energy efficient practices. Other research in the automotive sector including a recent report by the Technology Strategy Board has further revealed that *'the areas of the automotive industry where the UK thrives are also areas where capability could be developed'*.<sup>18</sup>

### **Contextualising management and leadership skills**

IMI have outlined how *'having highly skilled managers and leaders is vital to the productivity and success of the sector'*.<sup>19</sup> Previous research has also made links between *'leadership and management as the factors that will have the greatest impact on skills utilisation'*.<sup>20</sup> It is recognised that good management and leadership skills increase employee skill utilisation through 'people management' by shaping workplace culture and motivation and the 'management of learning' through knowledge transfer and training. Furthermore, 'organisation management' is an effective business strategy which ensures the efficient deployment of skills available amongst employees.

In 2009 approximately 5% of employers in both the NESS and IMI survey stated that there were skill gaps in management or management and leadership. Although there were a range of other skill gaps which were reported more frequently, IMI has highlighted the importance of management and leadership skills for their sector to ensure businesses survive the recession. Many employers may not recognise their own skill needs so they are not evidenced in the employer survey, as demonstrated by IMI's findings that many managers do not have higher level qualifications, alongside a high proportion of employees with skill gaps, supports this.

To address management and leadership skill needs, IMI have developed the Automotive Management Accreditation (AMA) which is designed to improve management skills and the consistency of management within the automotive retail industry.<sup>21</sup> This support also provides clear progression pathways to within the sector. Initial results from an impact study have indicated an increase amongst some participants in sales, footfall and customer satisfaction post accreditation.<sup>22</sup> Candidates who received the AMA also reported increased teamwork and decreased sickness records. This Automotive Employer Skill Survey 2010 provides detailed intelligence to the IMI regarding the extent and nature of employers' specific management and leadership skill needs.

### **1.4 Research objectives**

This Automotive Employer Skill Survey 2010 will provide intelligence to inform IMI's 2010 SSA and meet the strategic aims of the IMI. The research has sought to:

- Determine whether the skill priorities for the sector are still focussed on technical and management and leadership skills;

<sup>15</sup> DEFRA, *The Skills for a Low Carbon and Resource Efficient Economy* (2009)

<sup>16</sup> Asset Skills, *Sector Skills Assessment Report, Low Carbon Cluster*, (December, 2009)

<sup>17</sup> CFE, *The implication of the green agenda on skills policy and delivery* (2010)

<sup>18</sup> Technology Strategy Board, *Automotive technologies: The UK's current capability* (2010) available online at [www.smmmt.co.uk/articles/article.cfm?articleid=21851](http://www.smmmt.co.uk/articles/article.cfm?articleid=21851)

<sup>19</sup> IMI, *Skill priorities for the Automotive Retail Sector* (2009)

<sup>20</sup> CFE, *Skills Utilisation Literature Review* (2008) available online at <http://www.scotland.gov.uk/Resource/Doc/254849/0075479.pdf>

<sup>21</sup> Automotive Management Accreditation, available online at [www.automotivemanagement.org.uk](http://www.automotivemanagement.org.uk)

<sup>22</sup> IMI, *Automotive Management Accreditation (AMA) Pilot Candidate Case Studies* (January 2010)

- Provide insight around areas of skill need;
- Update data on employer awareness of the IMI;
- Explore the impact of the recession on businesses in the sector; and
- Explore the size of demand for training provision in the Welsh language.

## 1.5 This report

This report draws together findings from a national survey of automotive retail employers covering the UK Nations to address the above research objectives. In addition, qualitative interviews with employers and training providers who service the sector were undertaken to shape research instruments and build upon survey findings.

After this introduction the report is structured as follows: **Section 2** gives an overview of the methodology adopted and the profile of employers who participated in the survey; **Section 3** contextualises the employer profile, presenting internal (e.g. the extent of recruitment difficulties) and external (e.g. the impact of the recession) issues for employers; **Section 4** reviews the training and development practices of employers; **Section 5** looks in detail of the skill needs of the sector; **Section 6** provides an updated benchmark measure of employer awareness and engagement with the IMI; **Section 7** draws together the research to identify clusters of IMI businesses; and **Section 8 and 9** outline the conclusions and recommendations.

## 2 Methodology

### 2.1 Research design

The research was designed to identify, and produce intelligence on, the skill priorities of employers within the automotive retail sector across the UK. The research took place between June and August 2010 and used a combination of qualitative and quantitative methods. Overall, the approach included:

- Literature review
- Employer and training provider scoping interviews
- A telephone survey of 1,000 employers
- Follow-up depth interviews with employers
- Analysis and reporting

The scope of this research extends to all sub-sectors within the IMI footprint across the UK and includes businesses of all sizes, including sole traders. The telephone survey and qualitative interviews were conducted with individuals who had responsibility for training and recruitment decisions within the organisation. All of the organisations consulted were within IMI's footprint (for full list of all sub-sectors see section 1.2).

### 2.2 Survey design

Survey content was informed by the literature review and qualitative interviews with employers and training providers,<sup>23</sup> which were undertaken to obtain insight into current and likely future skill needs in the sector. Topic guides for employers and training providers were designed to explore potential future skill needs, focusing on employers' views of specific technical and management and leadership skills. The interviews were recorded and transcribed to aid in the development of the questionnaire.

The employer survey was designed to meet five key research objectives and was limited to 10 minutes in duration to avoid respondent fatigue. The questionnaire covered the following broad areas:

- **Company and workforce profile:** the characteristics of employers including: sub-sector, business size, region, number of years they have been trading, vacancy levels and recruitment.
- **Training practices:** the organisations' past training practices and their attitudes towards training in the future.
- **Skill needs:** focusing on technical, management and leadership, basic and generic skills; further questions were asked on the solutions to these skill issues (e.g. recruitment and training) and their views on the benefits of skills to their business.
- **The recession:** the impact of the recession on automotive retail businesses as well as organisations' growth objectives for next year.
- **Engagement with the IMI:** employers' awareness of the IMI (to update the 2009 benchmark measurement) and specific products and services offered by the IMI.

Finally, questions with regard to the extent of demand for training provision in the Welsh language were included. To enable benchmarking against findings from the 2009 Automotive Retail Employer Skill Survey, several questions were included relating to: the profile of the company, its workforce and company training practices were retained from the previous survey, with some modifications where necessary. Although not a primary objective of the research, these questions allowed for an exploration of the relationship between skill gaps, business characteristics and training policy, and aided the overall analysis.

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<sup>23</sup> Providers were selected as those offering specific training provision for the automotive retail sector, employers included car manufacturers.

## 2.3 Fieldwork

### Piloting the survey

Prior to conducting the main survey, a pilot survey with 20 employers was undertaken to test the questionnaire wording, structure, routing and timing.

### Administration and sample selection

A total of 1,000 employers were interviewed using Computer Aided Telephone Interviewing (CATI) software. The full breakdown of employers by a range of variables including: region, sub-sector and business size is shown in Tables 2.1 to 2.6. The sample of employers was drawn from the Experian Business Database, a reputable source that is verified against data from Companies House. Additional data was received from IMI who hold records of automotive retail employers in Northern Ireland. Employers were selected on the basis of 2007 Standard Industrial Classification (SIC) codes and their alignment with the IMI Sector footprint.

To determine the number of businesses in each sub-sector that were to be surveyed, a data request was made to the Office of National Statistics for a breakdown of IMI businesses from the Inter-Departmental Business Register (IDBR). While the business sample was selected based on five-digit SIC codes, employers were asked during the survey to verify the sub-sector which their business 'mainly' belongs to ensuring they were in the correct sub-sector.

Quotas were set for industry and nation to ensure a minimum number of interviews were achieved within each sub-group for the purpose of analysis. Further quotas were introduced during the fieldwork period for sole traders (a limit of 25) and franchises and chains (up to five per business). To ensure that the findings are representative of the IMI sector, the data was then weighted during the analysis by SIC 2007 classification and across all four UK Nations<sup>24</sup>.

## 2.4 Analysis and reporting

### Data analysis

Once the fieldwork was completed, the primary data was cleaned to ensure base consistency across variables. Responses to open ended questions were subjected to thematic and content analysis and then coded to statistically analysable variable formats.

To ensure that the sample of the survey represents the actual population of businesses in IMI's footprint, the data was weighted at industry and national level. As data on the population distribution of the twelve IMI sub-sectors is problematic due to many business enterprises operating across a number of sub-sectors, the weighting was designed to reflect the national distribution of the IDBR 2007 SIC classification codes to which IMI's sub-sectors align.<sup>25</sup> To calculate the weighting factors, the Inverse Probability Weighting method was used. This method was based on inverting the probability of responding organisations being included into the sample. Weighting factors were adjusted with a re-basing numeric constant that was designed to ensure that the weighting did not distort the sample size.

A wide range of statistical tools were applied to the quantitative data using statistical software. Descriptive statistics including: frequencies, cross-tabulations and averages were applied to summarise surveyed organisations' responses and to examine the headline findings. When analysis was undertaken to explore any differences between various groups of respondents, inference parametric and non-parametric statistical techniques were applied. Statistical procedures were used to estimate whether differences identified between examined groups are statistically significant, these included: the t-Test, ANOVA and chi-square test methods.

When analysing data by sub-sector and business size, two sub-sectors (lift truck maintenance and repair and motorsport maintenance and repair) and one business size (businesses with 250 employees or more) were excluded from the comparative analysis. This is because of the low representation of these groups in the population which meant the sample size was not sufficient for valid statistical comparisons. However, businesses from all sub-sectors and size

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<sup>24</sup> For more detail on the weighting method, see paragraph 2.4 below.

<sup>25</sup> IMI, *The Automotive Retail Sector – SIC, SOC and Industry Defined Sub-sectors V5*

groups were included in all other analysis that was not performed at sub-sector or business size level. Furthermore, all key findings in the survey were statistically tested at sub-sector and national level to ensure findings were significant. When findings by sub-sector or nation are not presented within this report, this is because there was not a sufficient base to perform robust analysis or the findings were not statistically significant.

In addition to the analysis outlined above, methods of multivariate statistical analysis were applied including: Linear Regression Analysis, Principal Components Factor Analysis and k-Means Cluster Analysis. To help readers understand the findings from these analyses, footnotes have been included in the report, where necessary, presenting their objectives and key technical aspects.

During the data analysis employers were clustered into three groups (for information on this see Section 7); employer depth interviews were then undertaken to further explore and elicit qualitative data in relation to emerging findings amongst these employers. Interviews covered: employers' skill needs; views on workforce development; business challenges; and views of the IMI. These interviews were also used to further explore the differences between the three clusters and the emerging findings identified in the report. Employers were recruited to take part in depth interviews via the main CATI telephone survey; they were asked for permission to re-contact them after the survey had finished. A purposive sample was used to recruit employers for the telephone interviews to ensure employers were represented from all three clusters.

The interviews were recorded and transcribed to enable analysis to be undertaken. The findings (including employer quotes) were then combined with the quantitative data and presented in the report.

### **Weighting**

The number of businesses that responded to each question is presented for each chart or table in the report as the base. Bases vary throughout the report to reflect the fact that not all participants responded to the same questions due to the routing applied in the survey. All analysis is conducted on weighted data to reflect the wider population with the exception of Section 7 which, due to the technical nature of the analysis undertaken, is reported on unweighted data. Both weighted and unweighted figures are reported to describe the sample of the survey in this section.

## **2.5 Profile of respondents**

A total of 1,000 automotive retail employers participated in the survey. The profile of the employers interviewed is outlined below by: SIC code, sub-sector, region, nation, business size, age of establishment, and type of business (i.e. independent or part of a chain or franchise).

A breakdown of respondents based on their SIC 2007 classification (from which the sample quotas were established based on IDBR data) is presented in Table 2.1 below. The majority of businesses were from the maintenance and repair of motor vehicles industry with 46% of organisations surveyed reporting this as their industry.

**Table 2.1 SIC 2007 Classification codes of respondents**

| SIC 2007 Classification codes of respondents                                  | Unweighted | Weighted |
|---|------------|----------|
| Sale of new cars and light goods motor vehicles                               | 13%        | 14%      |
| Sale of used cars and light goods motor vehicles                              | 13%        | 16%      |
| Sale of other new motor vehicles  | 1%         | 1%       |
| Maintenance and repair of motor vehicles                                      | 46%        | 48%      |
| Wholesale trade of motor vehicle parts and accessories                        | 10%        | 8%       |
| Retail trade of motor vehicle parts and accessories                           | 3%         | 3%       |
| Sale, maintenance and repair of motorcycles and related parts and accessories | 3%         | 3%       |
| Service activities incidental to land transportation                          | 6%         | 2%       |
| Renting and leasing of cars and light motor vehicles                          | 4%         | 4%       |
| Renting and leasing of trucks   | 1%         | 1%       |
| Base  | 1,000      | 1,000    |

Respondents were drawn from across all of IMI's 12 industry defined activities (sub-sectors). Table 2.2 outlines the representation of industries within the achieved sample.

**Table 2.2 Main business activity of respondent**

| Main business activity of respondent   | Unweighted | Weighted |
|--|------------|----------|
| Light Vehicle Maintenance & Repair     | 38%        | 35%      |
| Heavy Vehicle Maintenance & Repair     | 4%         | 5%       |
| Motorcycle Sales, Maintenance & Repair | 3%         | 4%       |
| Accident & Repair                      | 9%         | 10%      |
| Body Building                          | 5%         | 6%       |
| Vehicle Sales (not motorcycles)        | 21%        | 23%      |
| Vehicle Rental & Leasing               | 4%         | 4%       |
| Roadside Assistance and Recovery       | 3%         | 3%       |
| Fast Fit Operations                    | 3%         | 2%       |
| Parts Distribution & Supply            | 9%         | 7%       |
| Lift Truck Maintenance & Repair        | <1%        | <1%      |
| Motorsport Maintenance & Repair        | <1%        | <1%      |
| Base                                   | 1,000      | 1,000    |

Employers were surveyed across all UK Nations and English regions. Table 2.3 outlines the geographical representation achieved within the sample.

**Table 2.3 Primary location of respondent**

| Primary location of respondent | Unweighted | Weighted   |
|--------------------------------|------------|------------|
| <b>ENGLAND</b>                 | <b>81%</b> | <b>86%</b> |
| (East Midlands)                | (9%)       | (10%)      |
| (East of England)              | (4%)       | (5%)       |
| (London)                       | (7%)       | (7%)       |
| (North East)                   | (5%)       | (6%)       |
| (North West)                   | (9%)       | (10%)      |
| (South East)                   | (19%)      | (21%)      |
| (South West)                   | (15%)      | (15%)      |
| (West Midlands)                | (8%)       | (9%)       |
| (Yorkshire and Humber)         | (4%)       | (5%)       |
| Northern Ireland               | <b>7%</b>  | <b>3%</b>  |
| Scotland                       | <b>6%</b>  | <b>6%</b>  |
| Wales                          | <b>6%</b>  | <b>5%</b>  |
| Base                           | 1,000      | 1,000      |

The overall breakdown of the sample by business size is presented in Table 2.4. This includes sole traders as a discrete group of business establishments.

The remaining businesses have been categorised into three size bands. Businesses employing 2 to 9 employees are referred to throughout this report as 'micro-sized' businesses; 10 to 49 as 'small-sized' businesses; and 50 to 249 as 'medium-sized' businesses. As indicated in 2.4, with a low base for 'large' employers (250 employees or more) these businesses have not been included in the comparative analysis of results by business size.

**Table 2.4 Size of business establishment**

| Size of business establishment | Unweighted | Weighted |
|--------------------------------|------------|----------|
| Sole trader                    | 3%         | 2%       |
| 2 to 9 employees (micro)       | 67%        | 67%      |
| 10 to 49 employees (small)     | 25%        | 26%      |
| 50 to 249 employees (medium)   | 5%         | 5%       |
| 250 employees or more (large)  | <1%        | <1%      |
| Don't know                     | <1%        | <1%      |
| Base                           | 1,000      | 1,000    |

Respondents were asked how long their business has been trading. Table 2.5 outlines the breakdown of responses by size band. The majority of businesses interviewed had been trading for over 10 years (60%).

**Table 2.5 Years business has been trading**

| Years business has been trading     | Unweighted | Weighted |
|-------------------------------------|------------|----------|
| Less than 1 year                    | 6%         | 7%       |
| More than 1 year and up to 3 years  | 13%        | 14%      |
| More than 3 year and up to 5 years  | 10%        | 11%      |
| More than 5 year and up to 7 years  | 6%         | 6%       |
| More than 7 year and up to 10 years | 6%         | 6%       |
| More than 10 years                  | 60%        | 57%      |
| Base                                | 1,000      | 1,000    |

The sector is dominated by independent businesses which is reflected by the high proportion surveyed (83%) as shown in Table 2.6. If an organisation was part of a chain or franchise data was collected from the local branch (not head office) as this approach reflects the level at which skill issues in the workforce are most immediately experienced.

**Table 2.6 Type of business**

| Type of business                             | Unweighted | Weighted |
|--|------------|----------|
| Independent business; a single place of work | 83%        | 83%      |
| Part of a chain or franchise                 | 17%        | 17%      |
| Don't know                                   | <1%        | <1%      |
| Base   | 1,000      | 1,000    |

### 3 Context

How employers responded in the survey will have been partially influenced by the extent to which internal and external factors impact on their operating practices, including: job vacancies and the wider economy. Each of these areas is taken in turn in this section to provide an overview to the challenges and growth objectives for the employers in the survey at the time the fieldwork was undertaken.

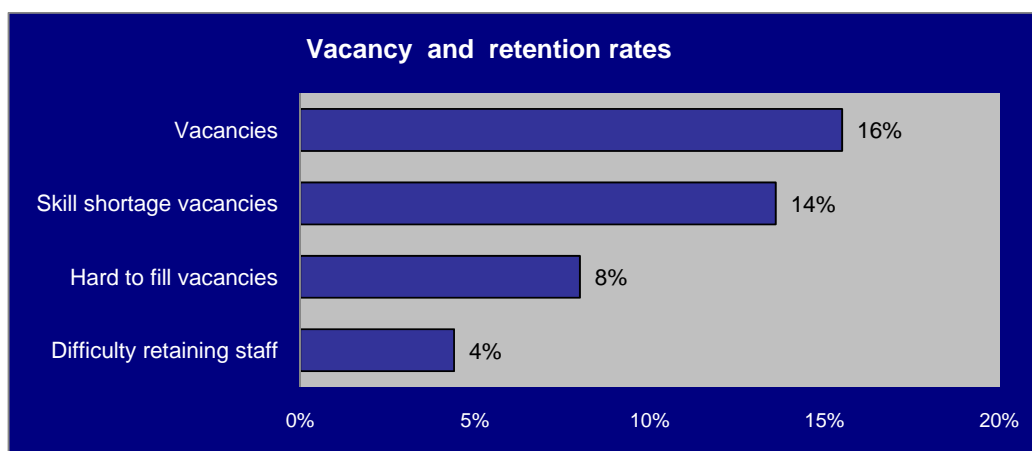
#### 3.1 Current vacancies and recruitment issues

Employers' vacancy levels were explored along with any recruitment difficulties they were currently facing. Employers were asked whether they had any:

- current vacancies
- hard-to-fill vacancies (vacancies that have been advertised on more than one occasion)
- skill shortage vacancies (difficulty in filling a position due to applicants not having the required skills, qualifications or work experience)
- difficulties in retaining staff

Figure 3.1 illustrates that 16% of employers reported currently having at least one vacancy in their establishment. This represents a significant increase from 2009, where just 6% of businesses reported a vacancy. Some 14% of businesses indicated that they had at least one skill shortage vacancy; one-tenth (8%) of businesses reported they currently had a hard-to-fill vacancy. A small percentage of employers (4%) indicated they had 'difficulties in retaining staff'; representing a one percentage point increase from 2009.

**Figure 3.1 Vacancy and retention rates**



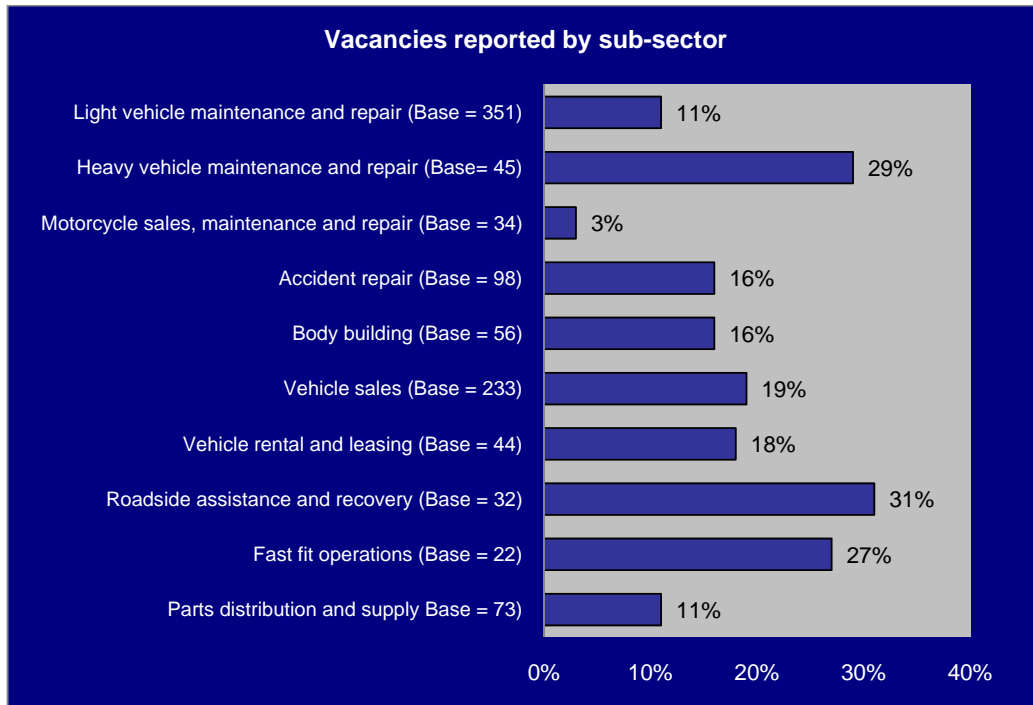
(Base = 1,000)

Interviews with employers also found that the majority of employers did not have difficulty in recruiting or retaining staff: *'it does not provide us with a major problem. I don't think we have had a vacancy which we haven't filled in the last 12-18 months'* (Vehicle sales). However, some employers did state that they had had difficulties, or thought they would have difficulties if they tried to recruit, due to individuals not having the right skills or attitude for the job: *'I gave people half day trials and they were a nightmare'* (Body building).

#### Sub-sector

The sub-sectors with the highest proportion of employers who stated they had at least one vacancy was: roadside assistance and recovery (31%) and heavy vehicle maintenance and repair (29%) as shown in Figure 3.2. Within IMI's two largest sub-sectors (light vehicle maintenance and repair and vehicle sales) reported vacancies were 11% and 19% respectively.

**Figure 3.2 Vacancies reported by sub-sector**



Heavy vehicle maintenance and repair has the highest proportion of businesses who reported at least one hard-to-fill vacancy (18%) followed by fast fit operations (14%). One-third (33%) of roadside assistance and recovery businesses and a quarter (25%) of accident repair businesses reported having at least one skill shortage vacancy. Just below one tenth (9%) of businesses in fast fit operations, roadside assistance and recovery, and heavy vehicle maintenance and repair reported difficulties retaining staff.

### **Business size**

Medium-sized businesses were more likely to have a current vacancy when compared to other businesses; nearly twice as many organisations of this size reported a vacancy (42%) when compared to small businesses (22%); and four times as many organisations reported this, when compared to micro businesses at 11%.

Medium-sized employers most frequently reported that they had difficulties in retaining staff (9%), followed by micro businesses (4%) and 3% of small businesses reported this difficulty.

### **UK Nations and English regions**

A higher proportion of employers in Scotland (22%) and Wales (19%) reported having at least one vacancy across the four UK Nations. Almost a sixth (15%) of employers in England, and less than a tenth (9%) of employers in Northern Ireland, reported having vacancies.

The data indicates that there is almost no discernible difference between the proportions of hard-to-fill vacancy levels by nation with only employers from Northern Ireland reported slightly more (9%) than the UK average (8%).

A higher proportion of employers from Scotland reported a skill shortage vacancy at 18% than other nations. 13% of Employers from England and Northern Ireland reported a skill shortage vacancy followed by 11% of Welsh employers.

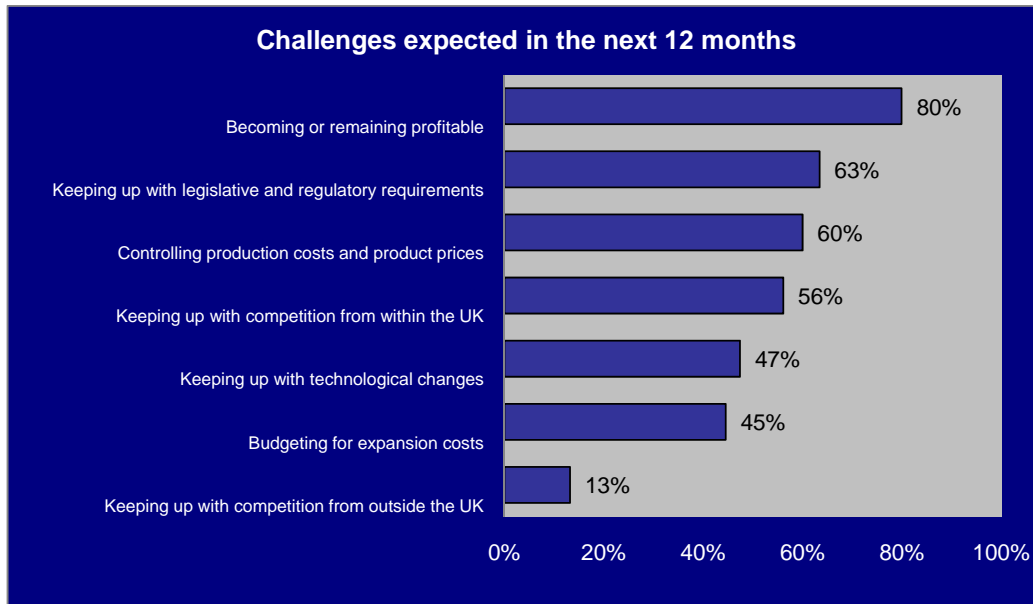
With regard to difficulties in retaining staff, a higher proportion of employers in England reported this (5%) when compared to other nations. Both Northern Ireland (3%) and Scotland (2%) reported below average levels of difficulties in retaining staff.

### 3.2 Business challenges

Within the context of the UK economy, employers were asked, from a list of prompted options, what business challenges they believed they were likely to encounter over the next 12 months. The proportion of employers citing various challenges expected in 2010/11 is presented in Figure 3.3.

Overall, 96% of employers stated at least one challenge to their business. The most common challenge reported by 80% of employers was 'becoming or remaining profitable'. This was followed by 63% stating 'keeping up with legislative and regulatory requirements' and 60% stating that 'controlling production costs and product prices' was a challenge they expected to face in the next 12 months. Organisations that had been trading for less than 10 years reported all challenges at a higher rate than those that were more than 10 years old.

**Figure 3.3 Challenges expected in the next 12 months**



(Base = 1,000)

Interviews with employers found that a number of legislative and regulatory requirements posed a challenge for them as a business. One employer stated that changes in MOT requirements meant they had to keep up to date which they saw as a challenge. Another employer stated that they were reviewed quarterly by their manufacturer to ensure they were up to regulatory standards. A final employer noted environmental legislation which was pending:

*'you've got pending legislation to do with the environment which is mostly around air conditioning at the moment, so the ability to work on the air conditioning systems is going to be problematic.'*

(Light vehicle maintenance and repair)

'Keeping up with technology' was a key issue amongst a number of employers interviewed who saw it as a challenge moving forwards. One employer stated how this could also have an impact on sales: *'there are customers whose cars I can't work on because I don't have the equipment, so I outsource it'* (Light vehicle maintenance and repair). Employers outlined how quickly technology changes were happening and that equipment to keep up with these changes was too expensive for smaller businesses:

*'technicians will come and sit on our courses but it's very expensive cost for small (sic) companies, plus it's only brand specific, so with diagnostic skills most manufacturers if not all will have their own computers to retrieve data and these pieces of kit cost thousands of pounds. Your smaller garage can't compete.'*

(Car manufacture)

The recession was been noted by some employers as contributing to the challenges outlined above. Interviews have found that the recession has had a negative impact on some businesses but not on others. For those who have noticed a negative impact this has impacted on some employers' ability to remain profitable through reduced sales, caused by a lack of consumer confidence:

*'it's been dramatic, the market has gone down 50%...the government are going to cut public service jobs and nobody knows whether they'll have a job come autumn, so they're not going to spend which is impacting badly on our business.'*

(Light vehicle maintenance and repair)

Other employers stated that the recession had not affected their business due to the sub-sector they were in (e.g. recovery or HGV inspections) as this work still needed to be carried out. One employer stated how the recession had *'done me a favour'* (Light vehicle maintenance and repair) reflected also by another employer who explained how people were less likely to change their car, therefore more repair work was required.

### **Sub-sector**

The proportion of employers who reported each specific challenge differs by sub-sector. 'Remaining profitable' was reported by a high proportion of employers in IMI's two largest sub-sectors: light vehicle maintenance and repair (81%) and vehicle sales (83%). 'Keeping up with Legislative and regulatory requirements' were reported by a high proportion of employers in the heavy vehicle maintenance and repair sub-sector (67%), whilst 'keeping up with technological change' was reported amongst fast fit operation businesses (60%).

### **UK Nations**

When comparing reported challenges by nation, employers from Northern Ireland are more likely than other nations to report the challenges of 'remaining profitable' (88%), 'controlling production costs and product prices' (81%), 'keeping up with technological changes' (56%) and with 'competition from outside the UK' (27%).

Employers from Wales are slightly more concerned than other nations about 'competition within the UK' (66%) and 'budgeting for expansion costs' (51%). Employers from Scotland were more likely to state that 'keeping up with legislative and regulatory requirements' (70%) was a challenge.

Employers from England did not stand out against any of the challenges raised when compared with the other nations. On their own, they had particular concerns with regard to 'becoming or remaining profitable' (80%), 'keeping up with legislative and regulatory requirements' (62%) and 'controlling production costs and product prices' (58%).

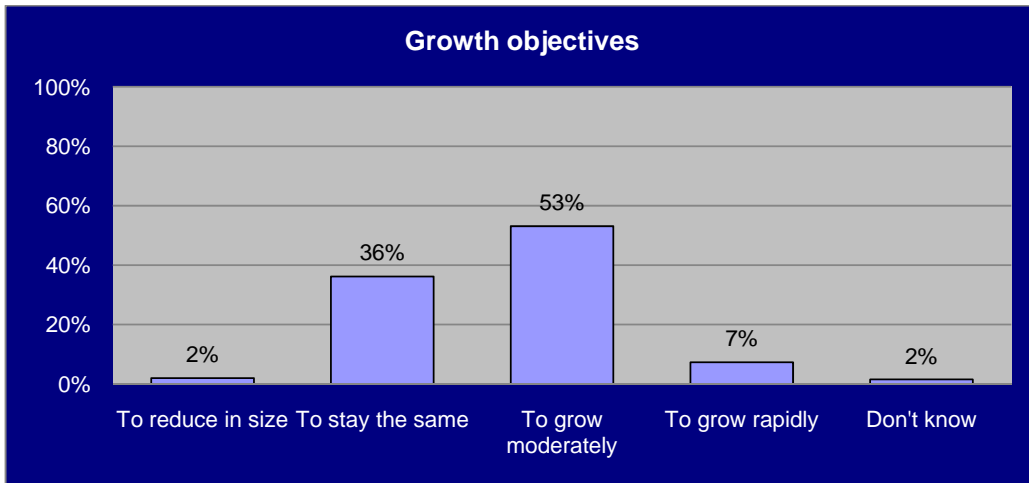
### **Business size**

A higher proportion of medium-sized employers were more likely to state 'budgeting for expansion costs' (51%) and 'keeping up with competition from outside the UK' (24%) as the most likely challenge than businesses of other sizes. The remaining challenges were reported by a higher proportion of small employers when compared to other business sizes; 55% stated 'keeping up with technological changes', 70% reported 'keeping up with legislative and regulatory requirements', and 68% stated 'controlling production costs and product prices' as challenges in the next 12 months.

## **3.3 Growth objectives**

Further to questions exploring anticipated businesses challenges, employers were asked about their current planned growth objectives. As illustrated in Figure 3.4, 60% of employers planned to grow their business with 7% planning for rapid growth. Just over one-third (36%) of employers intend to remain the same size and only 2% intend to reduce in size.

**Figure 3.4 Growth objectives**



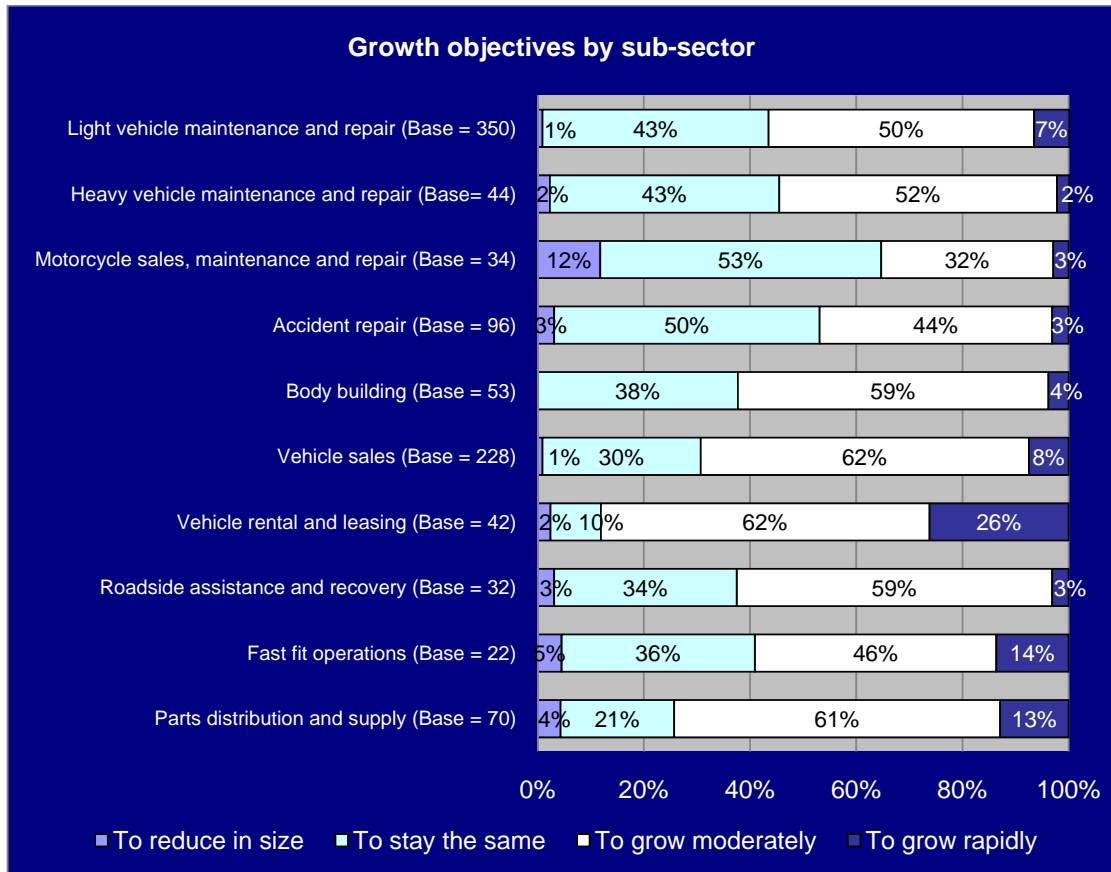
(Base = 1,000)

**Sub-sector**

As illustrated in Figure 3.5, the sub-sector breakdown of business growth objectives indicates that vehicles sales (70%), vehicle rental and leasing at (88%), and parts distribution and supply (74%) express a greater desire to grow when compared to the proportion in other sub-sectors. In particular the vehicle rental sub-sector stands out with over a quarter (26%) of businesses planning for rapid growth.

The sub-sectors which have a higher proportion of businesses that are likely to either stay the same or reduce in size are: motorcycle sales, maintenance and repair (65%), accident repair (53%) and heavy vehicle maintenance and repair (45%).

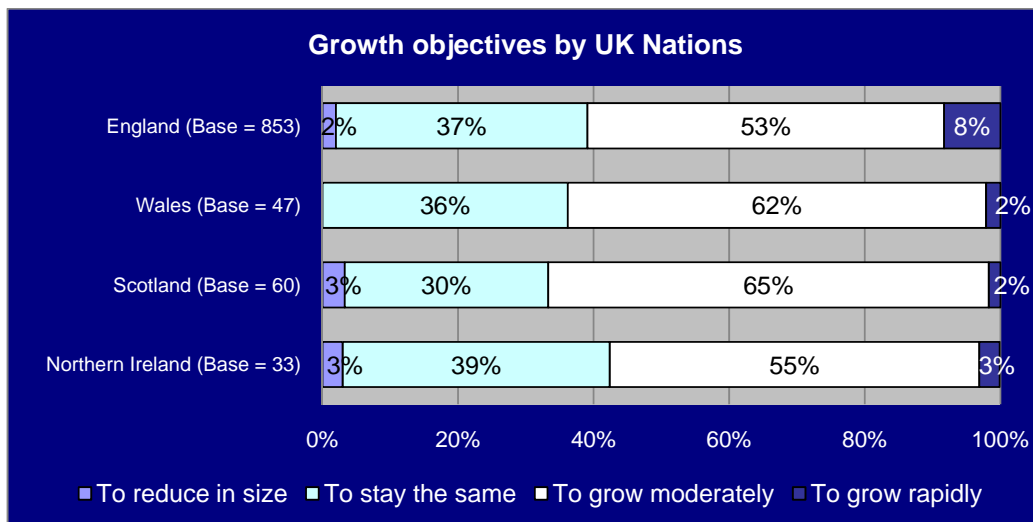
**Figure 3.5 Growth objectives by sub-sector**



**UK Nations**

A larger proportion of employers from Scotland indicate higher ambitions for growth with 67% predicting moderate or rapid growth, followed by Wales (64%) that reported the same. (Figure 3.6) Employers from England are slightly below this at 61%; however, they do have the highest concentration of employers with plans to grow rapidly (8%). Employers from Northern Ireland have the lowest proportion of employers with growth ambitions (58%).

**Figure 3.6 Growth objectives by UK Nations**



### 3.4 Chapter summary

There was a significant increase in the percentage of businesses that reported at least one vacancy in their establishment; 16% of all employers compared to just 6% in 2009. A further 14% indicated that they had skill shortage vacancies whilst less than one-tenth reported hard-to-fill vacancies. Some 4% of employers reported a problem retaining staff; representing a one percentage point increase from 2009. The highest incidences of vacancies by sector occurred in heavy vehicle maintenance and repair, roadside assistance and recovery.

Medium-sized employers from the sector experienced nearly twice as many vacancy challenges when compared to small employees and four times as many, when compared to micro businesses. Employers in Scotland and Wales reported the highest incidences of vacancies across the four nations. Almost a sixth of employers in England and less than a tenth of Northern Ireland employers reported having vacancies.

Overall 96% of employers expected to face at least one challenge to their business during the next twelve months, with 80% of employers reported 'becoming or remaining profitable' as the most significant issue. Other key challenges included 'keeping up with legislative and regulatory requirements' and 'controlling production costs and product prices'. 'Keeping up with technology' was regarded as an issue for nearly half of all employers, with micro businesses in particular commenting on how quickly technology changes and how expensive this can be.

With regard to growth in the automotive retail sector post the recession, 60% of the employers planned to grow their business, with 7% planning for rapid growth. Just over a third of employers intend to remain the same, with 2% of employers intending to reduce in size. The sales and retail orientated sub-sectors expressed a greater desire to grow when compared to their counterparts in other sub-sectors. Employers from Scotland indicated higher ambitions for growth with 67% predicting moderate or rapid growth, followed by Wales and England.

## 4 Training and Development practices

This section provides an analysis of: employers' training practices over the past 12 months, the types of training undertaken and the anticipated future training activity across the automotive retail sector. This section also provides analysis exploring the demand for provision in the Welsh language.

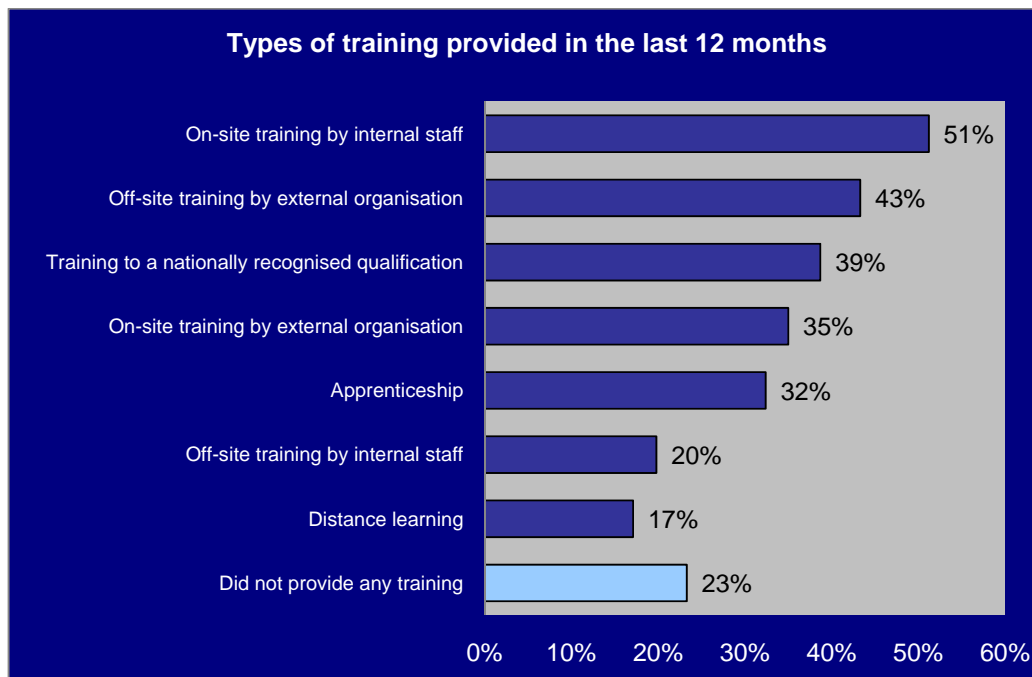
### 4.1 Training undertaken by automotive retail employers

Employers were asked a series of prompted questions to capture data on the types of training they had provided for their staff (or themselves) in the preceding 12 months. Figure 4.1 indicates that just over three quarters (77%) of employers had provided some form of training within the last year.

Over half (51%) of the employers had provided 'on-site training conducted by internal staff', 43% had purchased 'external training provided off site' and 35% had purchased 'external training delivered on site'.

Just below two-fifths (39%) of employers had provided training which 'led to a recognised qualification', and just below one-third (32%) reported that some form of 'Apprenticeship' training had been offered.

**Figure 4.1 Types of training provided in the last 12 months**



(Base = 1,000)

When interviewed some businesses that undertake training stated that this was to ensure that they, and employees, have new skills (due to the changing nature of the sector) and are up to date with new products that are coming onto the market: *'We do have manufacturers reps coming in to tell us about new lines [of paint], but that is as and when they pop in...it's nice to know what new products are coming out and what they do'* (Parts, distribution and supply). Training was not undertaken by some employers for a number of reasons including: all staff being fully trained (as in a perceived unchanging sub-sector such as body building), no spare money as a result of the recession or a bad experience of training. One employer stated that their sub-sector did not change and that he was able test out new methods without training: *'If I see something that I think could be a good idea, I'll give it a try...cars are just cars, they are like giant mechano...body work – it's just metal and paint'* (Body building).

Accredited qualifications have received mixed reviews from the employers that were

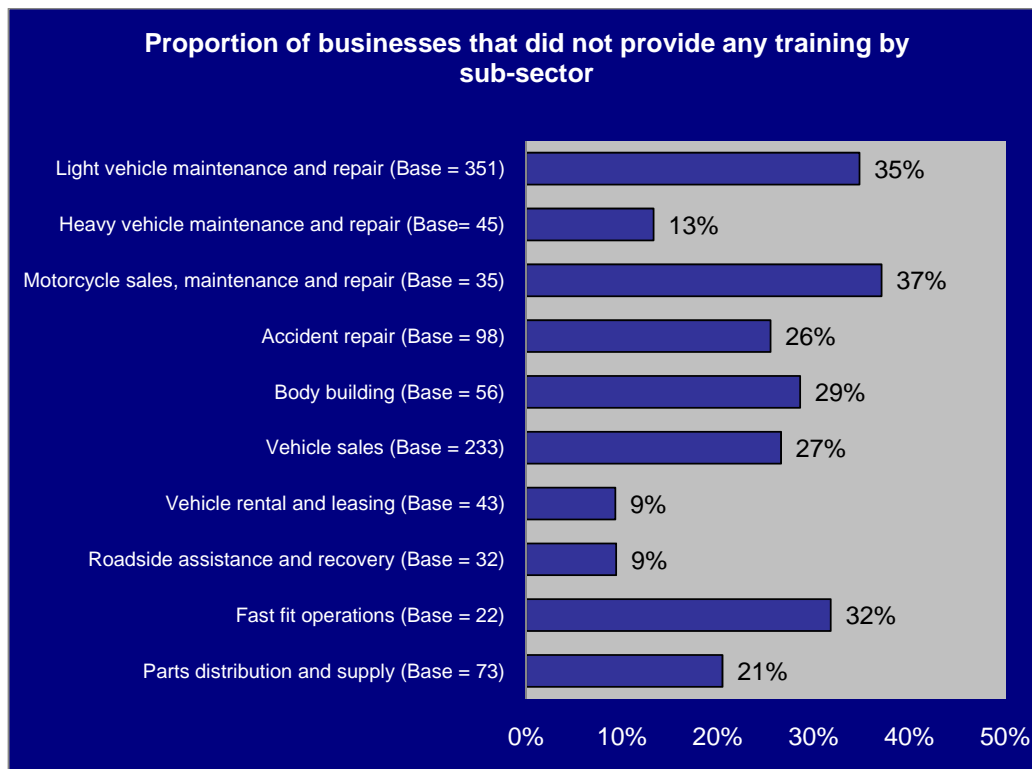
interviewed. Some employers understood the importance of having theoretical knowledge to underpin the practical experience they may have: *'I have found they are very competent to work on cars, as long as it is take oil filters off and put it back on, but as it gets more complex because they have no theoretical knowledge they are [useless]'* (Motorcycle sales, maintenance and repair). Apprenticeships were noted by some as a good way to get theoretical knowledge, alongside training individuals *'in our way of doing things'* (Body building). However, not all opinions of Apprenticeships and NVQs were positive as one employer commented on how their apprentice had learnt more on the job with them and that all the college were interested in was health and safety. Other types of external training were seen as important to ensure work was carried out to the correct standard for industries such as VOSA training.

Internal training was undertaken by a number of the employers who were interviewed as an informal way to pass on skills to other employees and to share their knowledge and experience: *'basically I pass on my training to him'* (Light vehicle maintenance and repair).

### Sub-sector

The extent of training undertaken by sub-sector varies considerably as seen in Figure 4.2. A number of sub-sectors were over-represented in the proportion of employers who had provided no training within the last 12 months, these were: motorcycle sales, maintenance and repair (37%), light vehicle maintenance and repair (35%) and fast fit operations (32%). A low proportion of employers from vehicle rental and leasing and roadside assistance and recovery (both 9%) hadn't offered training in the last 12 months.

**Figure 4.2 Proportion of businesses that did not provide any training by sub-sector**



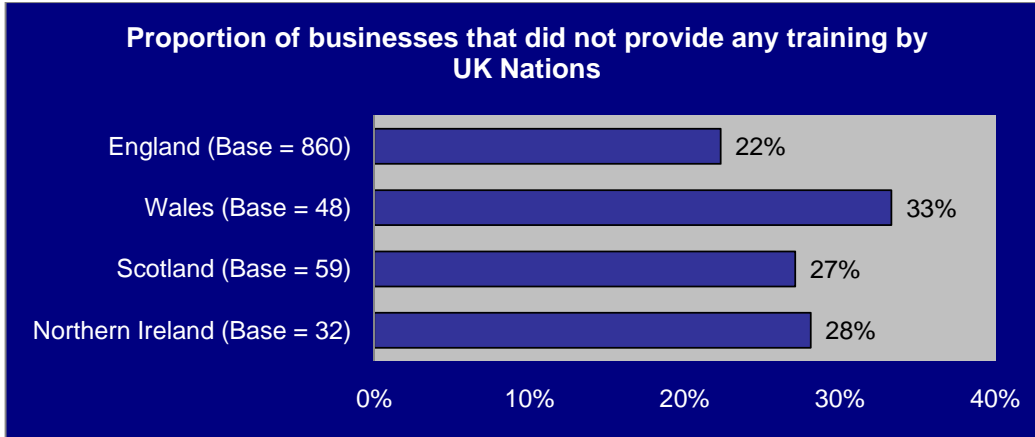
Employers from the sub-sector heavy vehicle maintenance and repair had the highest proportion of employers who had provided a 'recognised qualification' (51%) and training as part of an 'Apprenticeship' (42%). Roadside recovery had the highest proportion of employers who had provided 'onsite training internally' (77%), 'onsite training externally' (50%) and 'off site training externally' (60%).

### UK Nations

Figure 4.4 illustrates that overall, employers from England (when compared to other nations)

were most likely to offer some kind of training to their employees, with only one-fifth (22%) not providing any form of training during the last year. At 33%, employers in Wales were most likely not to offer training to their employees, followed by Northern Ireland (28%) and Scotland (27%).

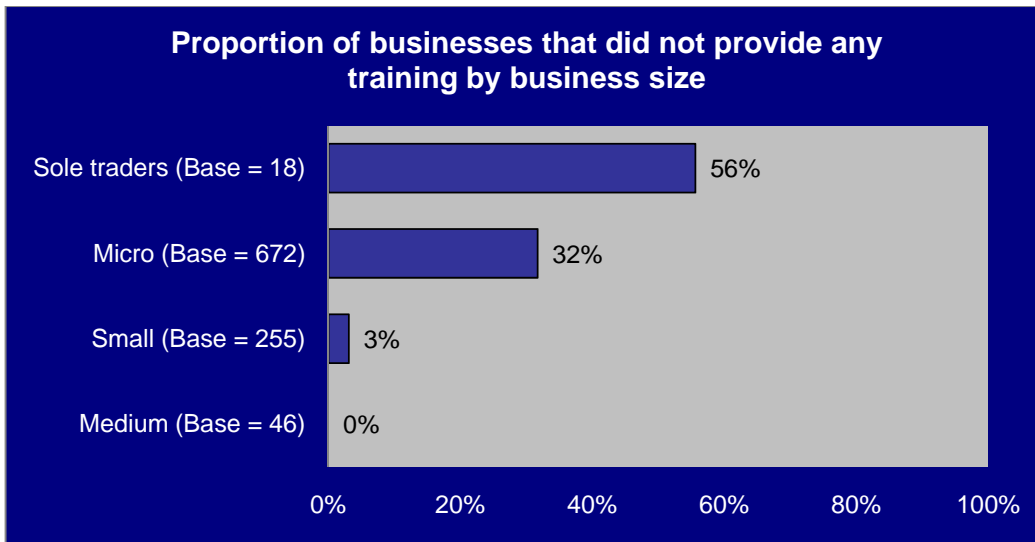
**Figure 4.3 Proportion of businesses that did not provide any training by UK Nations**



**Business size**

As Figure 4.4 illustrates, all medium-sized businesses, reported having providing some form of training in the preceding 12 months, and only 3% of small businesses reported not having provided any type of training. Just under one-third (32%) of micro businesses had not provided any training while over half (56%) of sole traders had not undertaken any training themselves.

**Figure 4.4 Proportion of businesses that did not provide any training by business size**



Analysis by business unit shows that 99% of businesses that are part of a chain or franchise provided some form of training in the last 12 months compared to three quarters (72%) of independent businesses.

Moreover, younger establishments (those under ten years old) were less likely to have provided training (74%) when compared to establishments more than 10 years old (79%).

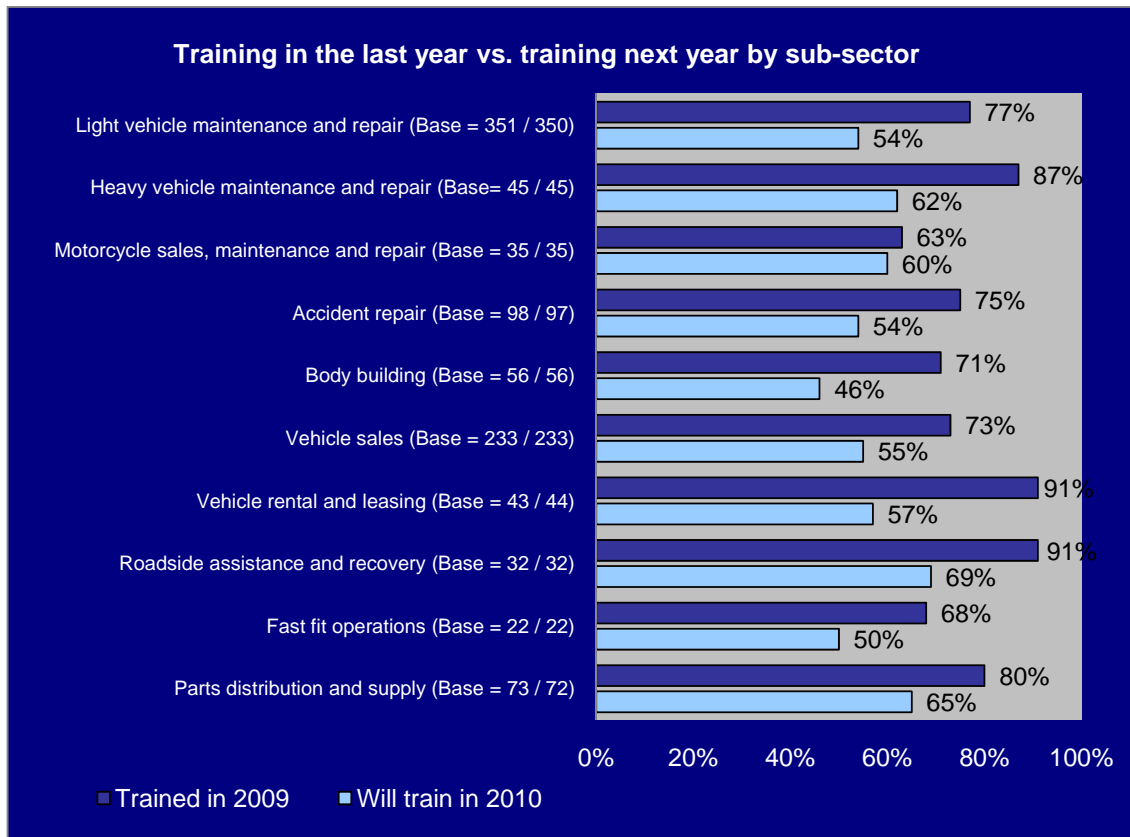
## 4.2 Future training activity

A total of 58% of employers plan to undertake some form of training over the next 12 months. This represents a decrease of 19 percentage points when compared to the 77% of employers that offered some form of training in the last 12 months. Some 5% of employers reported they are unsure as to whether they would offer training next year at the time of the survey. Furthermore, only 6% of those planning to undertake training next year are new trainers (i.e. those that did not offer training last year).

### Sub-sector

Figure 4.5 compares the proportion of employers intending to offer training in the next 12 months to the percentage that reported that they had offered some form of training in the last 12 months by sub-sector. This indicates that overall sub-sectors are reporting a decrease in training opportunities for next year. The highest decreases reported occur in: vehicle rental and leasing (34 percentage points), heavy vehicle maintenance and repair (25 percentage points), and body building (25 percentage points). Those sectors that reported the lowest decreases in training opportunities include: motorcycle sales, maintenance and repair (3 percentage points), parts distribution and supply (15 percentage points), and fast fit operations (18 percentage points).

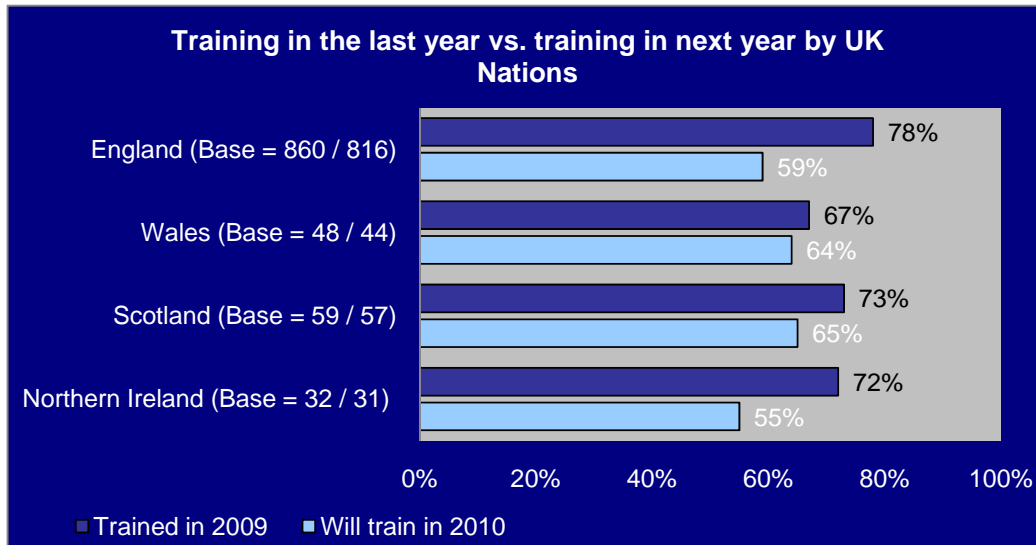
**Figure 4.5 Training in the last year vs. training next year by sub-sector**



### UK Nations

Figure 4.6 illustrates that the largest anticipated decrease is for England (19 percentage points), followed by Northern Ireland (17 percentage points) and Scotland (8 percentage points). The lowest predicted reduction in training can be seen in Wales with a difference of three percentage points.

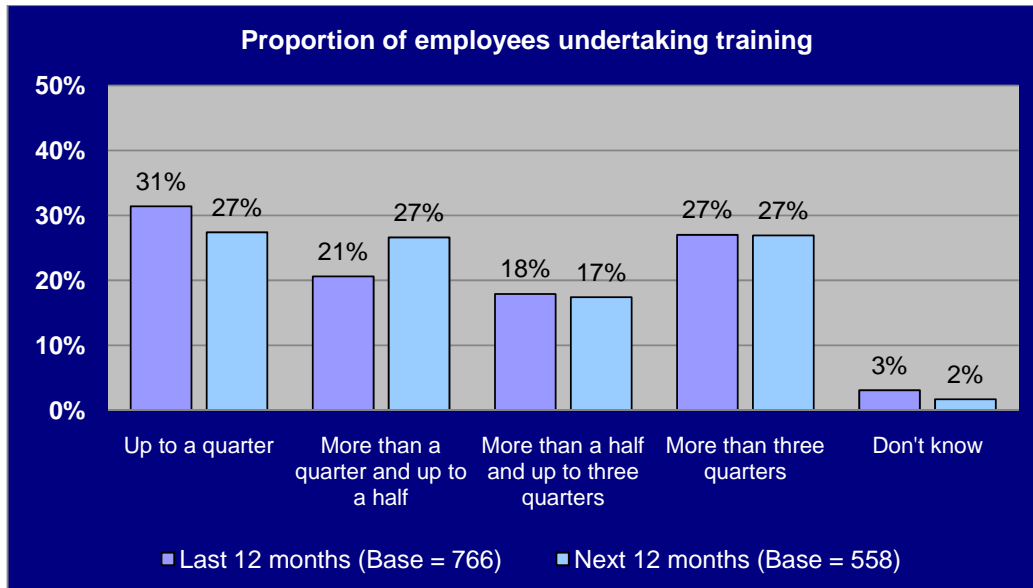
**Figure 4.6 Training in the last year vs. training next year by UK Nations**



### 4.3 Proportion of training activity undertaken

Figure 4.7 shows the proportion of employees within each business who were trained in the last 12 months and the proportion that were planned to be trained in the next year (of those businesses that had provided training/planned to provide training). The proportion of organisations that provided training to more than half of their employees in the last 12 months is almost the same as predicted for the next year, decreasing by only one percentage point (45% to 44%) as shown in Figure 4.7. The proportion of organisations in the survey that only train up to half of their employees will increase from last year to the next by two percentage points (52% to 54%).

**Figure 4.7 Proportion of employees undertaking training**



#### **4.4 Size of demand for training provision in the Welsh language**

Employers from Wales were asked around their access to, and satisfaction with, training provision in the Welsh language.

Just over a quarter (28%) of Welsh employers indicated that they had access to provision in Welsh; 59% stated they didn't and 13% were unsure. Overall, only 2% indicated that they required training provision in Welsh.

Respondents were asked to rate their satisfaction with training received in Welsh on a scale ranging from one to seven, where one is not satisfied and seven is absolutely satisfied. The mean response was 5.0 indicating a relatively positive view of the current offer.

#### **4.5 Chapter summary**

Just over three quarters of employers had provided some form of training for their staff within the last 12 months. Over half of automotive retail employers had provided 'on-site training conducted by internal staff' whilst 43% purchased external training. 35% had delivered 'onsite training by an external organisation' and just under a third reported that some form of 'Apprenticeship' training was occurring within their business.

The extent of training by subsector varies considerably, with employers from vehicle rental and roadside assistance and recovery most likely to have offered some form of training in the past 12 months. Overall, employers from England were most likely to offer some kind of training to their employees, with only about one-fifth not providing any form of training during the last year. At 33%, employers in Wales were most likely not to offer training to their employees, followed by Northern Ireland and Scotland.

Analysis by business size shows that all medium-sized businesses reported having offered some form of training in the preceding 12 months. Only 3% of small-sized businesses reported not having offered any type of training with 32% of micro businesses having not provided any training for their staff last year. Very nearly all businesses that are part of a chain undertook some form of training in the last 12 months compared to about three-quarters of independents. Moreover, younger establishments (those under ten years old) are less likely to have provided training when compared to older establishments.

In total, 58% of automotive retail employers plan to undertake some form of training over the next 12 months. This represents a decrease of 19 percentage points when compared to the 77% of employers that offered some form of training in the last 12 months. Furthermore, only 6% of those planning to undertake training next year are new trainers (i.e. those that did not offer training last year). All sub-sectors reported decreases in training opportunities for next year, with the highest decreases to occur in vehicle rental and leasing, heavy vehicle maintenance and repair, and body building. The largest decrease in training will occur in England, followed by Northern Ireland and Scotland. A reduction in training opportunities is least likely in Wales.

Just over a quarter of employers from Wales indicated that they had access to provision in Welsh; 59% said they did not. Overall, just 2% of Welsh employers indicated that they required training provision in Welsh, with 96% saying that they did not. With those who had accessed training in Welsh giving a relatively positive view of current provision.

## 5 Skill levels

This section provides a detailed analysis of the skill needs of the sector, including employer satisfaction with employees' skill levels, actions required to improve overall skill levels within organisations, and respondents' perceptions of the outcomes of increasing skill levels.

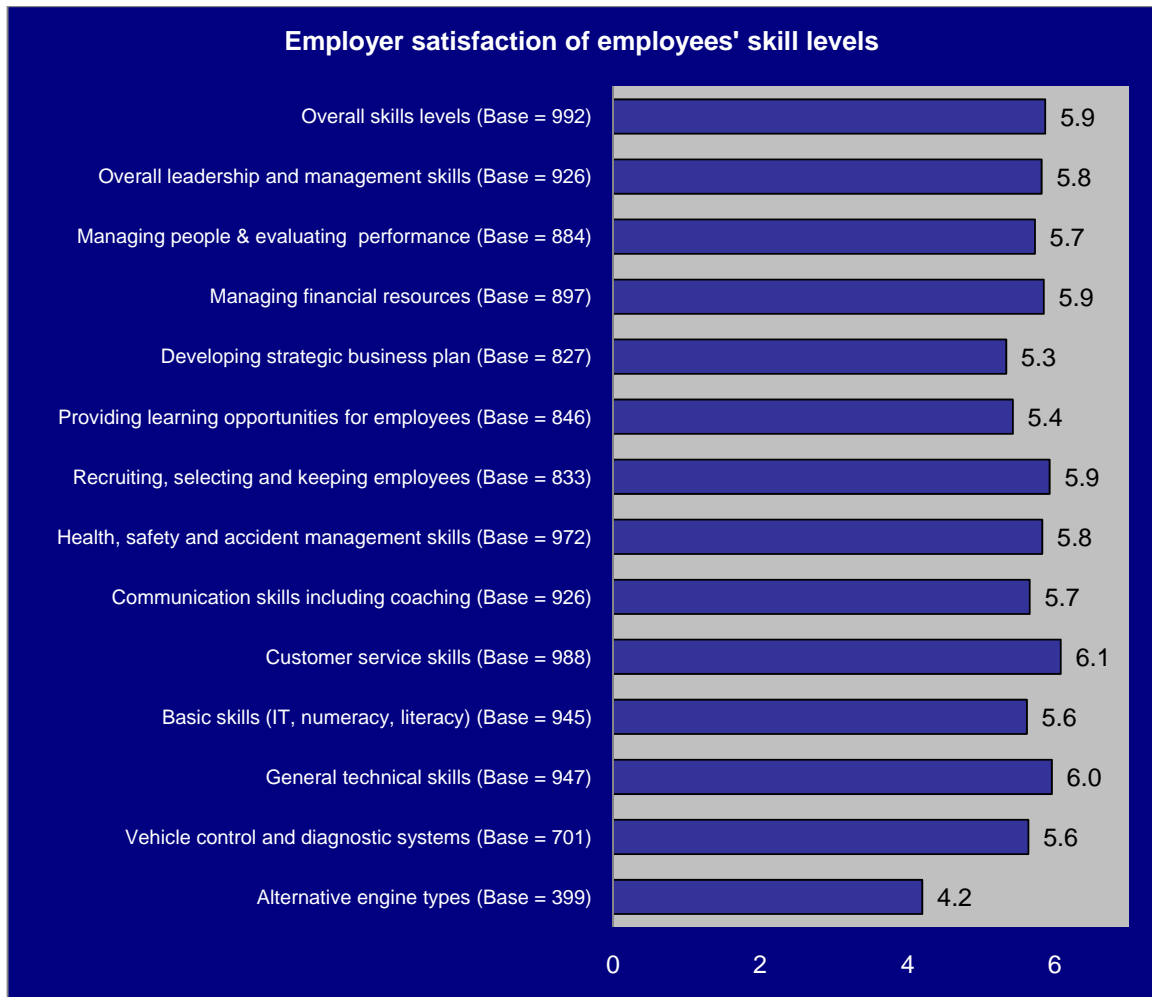
### 5.1 Employer satisfaction with employee's current skill levels

In contrast to the 2009 Automotive Retail Skill Survey, where respondents answered 'yes' or 'no' to indicate whether or not their organisation had previously identified skill needs, surveyed businesses were instead asked to rate their satisfaction with employee's skill levels.

The scale ranged from one to seven, where one is not satisfied and seven is absolutely satisfied.

Figure 5.1 indicates that, with a mean score of 5.9, employers have relatively high levels of satisfaction with the skill levels of their employees. Overall employer satisfaction with 'management and leadership' skills is marginally lower at 5.8, with 'developing strategic business plans' (5.3) and 'providing learning opportunities for employees' (5.4) the lowest rated dimensions of this, whilst 'general technical skills' (6.0) is one of the most highly rated and second only to 'customer service skills' at 6.1. However, with a mean score of 4.2 for 'alternative engine types', employer satisfaction with this specific element of technical skills is the lowest of all skills surveyed. Employer satisfaction with 'vehicle control and diagnostic systems' is high at 5.6.

Figure 5.1 Employer satisfaction of employees' skill levels



Although overall employer satisfaction with skill levels is high, a number of employers in the depth interviews stated that the skill levels of their employees could be improved. This was due to the ever changing nature of the sector as new technology is developed and new cars are manufactured: *'each car that is brought out they will change a part or put a new system in'* (Vehicle sales). Also employers stated that training never ends as you continually learn new things as stated by two employers: *'there is always a need to improve skills'* (Vehicle sales) and *'you never know it all'* (Vehicle sales).

Depth interviews found conflicting evidence around whether or not there were skill gaps in management and leadership. Whilst one interviewee stated that it wasn't a significant problem another stated that those who become managers may have worked their way up to that role from being a technician (or other role) and therefore may not have the management skills required.

Interviews with employers highlighted that technical skills were frequently stated as areas in which there were skill gaps or where employers stated there were difficulties in keeping skills up to date as stated by one employer: *'it's a nightmare, it's all computer based – even the computer is out of date as soon as you buy it'* (Light vehicle maintenance and repair). There were a range of areas that were outlined by employers as challenging including: hybrid technology, diagnostics, and electronics. It was stated by one interviewee that qualifications, such as Apprenticeships, are unable to respond to the change in technology quickly enough therefore those who have undertaken training may have some skills which are outdated.

**Sub-sector**

Analysis of overall employer satisfaction with skill levels by sub-sector indicates only small differences between the industries that fall under the IMI footprint. At 6.1, accident repair employers are the most satisfied with the skill levels of their employees whilst parts distribution and supply are the least satisfied (5.5). Other sub-sectors where employer satisfaction levels are lower than the average include fast fit operations (5.7), body building (5.7) and vehicle sales (5.8) (Figure 5.2.).

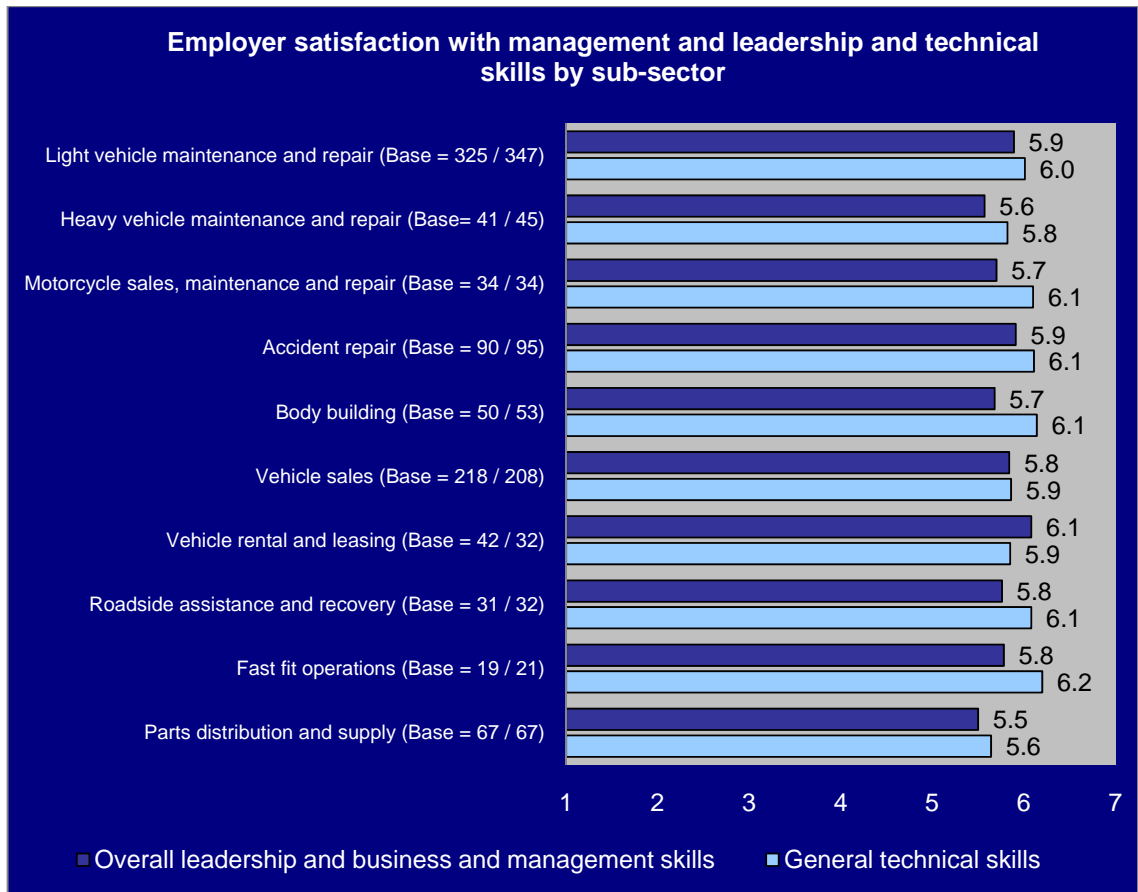
**Figure 5.2 Employer satisfaction of employees' skill levels by sub-sector**



Analysis of employer satisfaction with 'overall management and leadership skills' and 'general technical skills' by sub-sector indicated a similar finding. Accident repair are again amongst the most satisfied with a mean score of 5.9 and 6.1 respectively, whilst parts distribution and supply have the lowest score for 'management and leadership' (5.5) and for 'general technical skills' (5.6). At 6.1, vehicle rental and leasing rate their 'overall management and leadership skills' the highest. This compares to fast fit operations (6.2) and body building (6.1) who rate the 'general technical skills' of their employees highest when compared to other sub-sectors in the IMI footprint (Figure 5.3).

Employer satisfaction with skill levels focusing on 'alternative engine types' is of particular interest since the scores vary, with heavy vehicle maintenance and repair rating their satisfaction levels lowest (3.4) in this regard. Roadside assistance and recovery (3.9), parts distribution and supply (3.9) and body building (4.0) also had low mean scores when compared to the average for all respondents. By contrast, motorcycle sales, maintenance and repair (5.3) employers rated their employees' skill levels above the average for the all organisations.

**Figure 5.3 Employer satisfaction with management and leadership and technical skills by sub-sector**



**UK Nations**

Table 5.4 indicates that there is almost no discernible difference in employer satisfaction levels by nation. At 6.0, employers in Wales rate their satisfaction with the overall skill levels of employees the highest, followed by England (5.9), Scotland (5.9) and Northern Ireland (5.6).

**Figure 5.4 Overall employer satisfaction of skill levels by UK Nations**

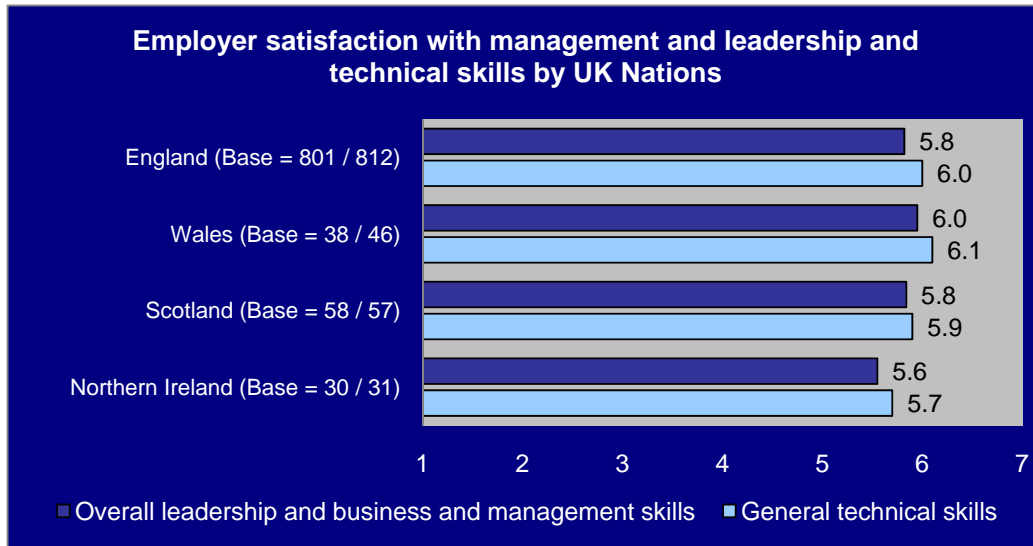


Employer satisfaction levels with ‘overall management and leadership skills’ and ‘general technical skills’ vary to a greater extent, although a similar pattern emerges to that of ‘overall skill levels’.

Employers in Wales are again most satisfied with the ‘overall management and leadership skills’ of employees (6.0), followed by Scotland (5.8), England (5.8) and Northern Ireland (5.6) (Figure 5.5). However, those dimensions of management and leadership skills which Welsh employers rated less highly when compared to the other constituent countries of the UK include ‘managing people’ and ‘evaluating their performance’ (5.6), ‘providing learning opportunities for employees’ (5.4), and ‘developing strategic business plans’ (5.3). Conversely, despite being least satisfied overall, employers in Northern Ireland rate their skills in relation to ‘managing people and evaluating their performance’ (5.8) and ‘managing financial resources’ (5.9) relatively highly when compared to England, Wales and Scotland.

Figure 5.5 indicates that employer satisfaction with ‘general technical skills’ is once again highest amongst employers in Wales at 6.1, followed by England (6.0), Scotland (5.9) and Northern Ireland (5.7). Employer satisfaction levels with skills focusing on ‘vehicle control and diagnostic systems’ and ‘alternative and hybrid drives’ are lower across all nations, with the drop in employer satisfaction levels significantly higher for the latter. Interestingly, whilst a similar pattern emerges in relation to ‘vehicle control and diagnostic systems’, rated as 5.7 in England, 5.6 in Wales, 5.5 in Scotland and 5.3 in Northern Ireland, the reverse is true in relation to skills needed for ‘alternative engine types’. At 4.7, employers in Northern Ireland rate their satisfaction with employees’ skill levels most highly, followed by England (4.3), Wales (3.8) and Scotland (3.8).

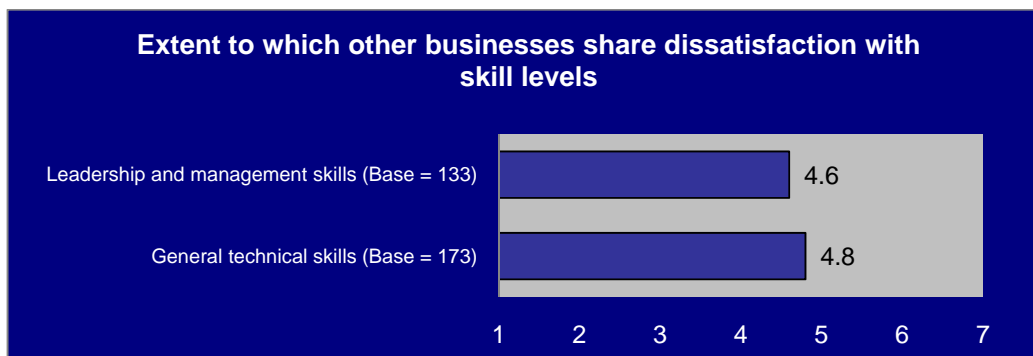
**Figure 5.5 Employer satisfaction with management and leadership and technical skills by UK Nations**



## 5.2 Extent to which other businesses share dissatisfaction with skill levels

Employers who rated any of their management and leadership skills and technical skills as one to three were asked to what extent they believe other businesses in their sector share their dissatisfaction with these skill levels on a scale of one to seven. Figure 5.6 indicates that employers are marginally more likely to believe that other employers share their dissatisfaction with technical skills (4.8) when compared to management and leadership skills (4.6). With mean scores of greater than four, it is apparent that the majority of responding organisations believe that their skill needs are more widespread.

**Figure 5.6 Extent to which other businesses share dissatisfaction with skill levels**



### Sub-sector

Analysis of the extent to which respondents' perceptions differ on the basis of sub-sector or nation, even though they should be perceived only as indicative due to low counts of responding organisations, provides some interesting insights. Fast fit operations, vehicle rental and leasing and body building are most likely to believe that their dissatisfaction with management and leadership skills is shared by other businesses in the sector. Those least likely to hold this view include motorcycle sales, maintenance and repair and accident repair.

Motorcycle sales, maintenance and repair are most likely to believe that others share their dissatisfaction with technical skills, followed by body building and heavy vehicle maintenance and repair. Those least likely to believe that dissatisfaction is more widespread include roadside assistance and recovery, fast fit operations and parts distribution and supply.

## UK Nations

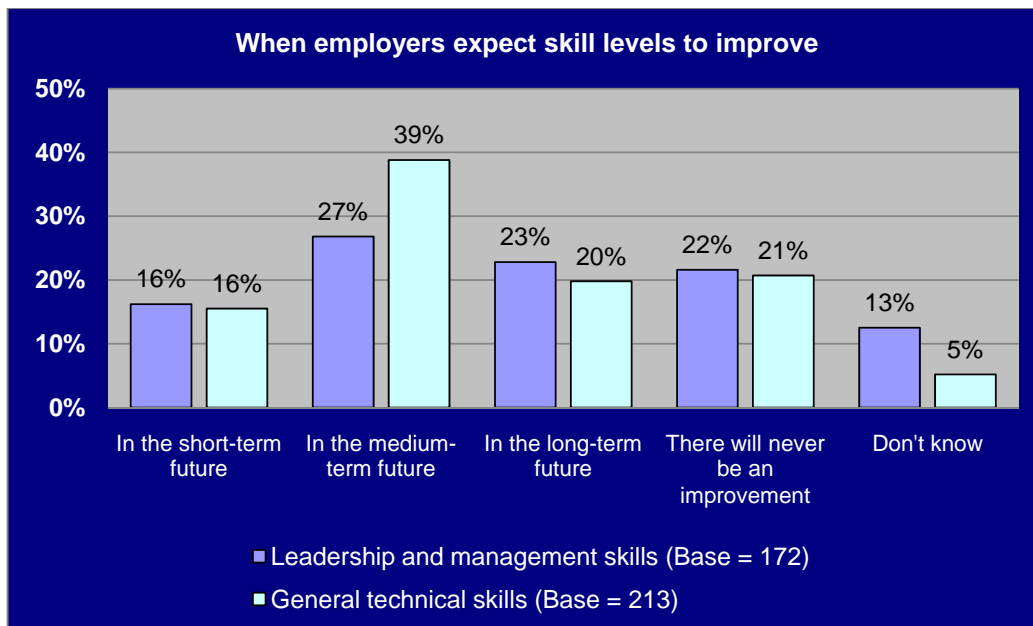
Employers in Wales are most likely to believe that their dissatisfaction with management and leadership skills (5.1) and technical skills (5.3) is shared by other employers. Employers in England, Scotland and Northern Ireland similarly believe that their dissatisfaction is widespread, although to a lesser extent. Employers in Scotland were second most likely to believe that others shared their dissatisfaction in relation to both management and leadership skills (4.9) and technical skills (4.9), followed by England (4.5 and 4.7 respectively) and Northern Ireland (4.4 and 4.7 respectively).

### 5.3 Employers' expectations about improvements to skill levels in the future

Employers who rated any of their employees' management and leadership skills and technical skills as one to three were also asked whether they expected that there will be a significant improvement in the short, medium or long-term future.

Figure 5.7 indicates that, in the case of management and leadership skills, less than one-fifth (16%) of employers expect that there will be an improvement in the short-term. Instead, 27% indicate that they expect an improvement in the medium-term and 23% in the long-term; worryingly, over one-fifth (22%) of employers anticipate that there will never be an improvement. Whilst the proportions in relation to technical skills are broadly consistent for the categories: short-term (16%), long-term (20%) and there will never be an improvement (21%), the percentage of employers indicating that there will be an improvement in the medium-term is some 12 percentage points higher at 39%.

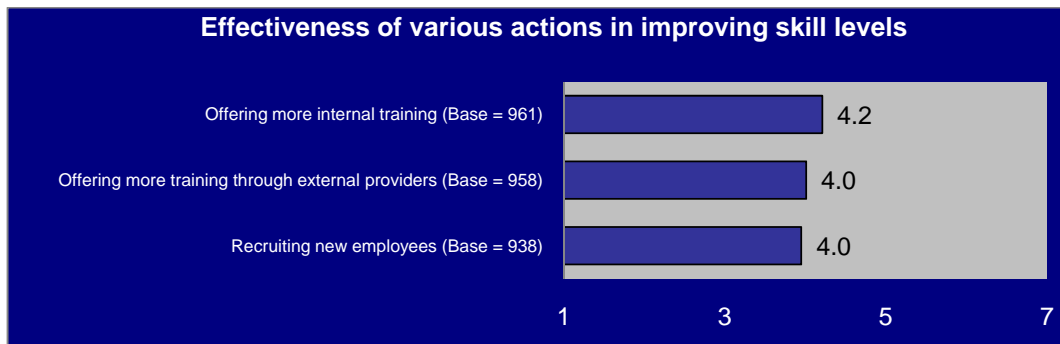
Figure 5.7 When employer expected skill levels to improve



### 5.4 Effectiveness of various actions in improving skill levels

Employers were asked to indicate on a scale of one to seven whether any of the following would improve their satisfaction with their employees' skill levels: 'recruiting new employees', 'offering more internal training', and 'delivering training through external providers'. Analysis indicates that overall respondents were ambivalent about the extent to which the three measures would improve employees' skill levels, although there was marginally more support for 'internal training' (4.2) when compared to 'recruiting new employees' (4.0) and 'external training' (4.0).

**Figure 5.8 Effectiveness of various actions in improving skill levels**



Employers interviewed felt that recruiting new staff may not improve skill gaps due to them often lacking the skills and experience that is needed, or, if they have the appropriate experience, would be too expensive to employ in their organisation: *'I would have problems with recruiting someone that is competent enough with the modern day cars at the price I could afford'* (Light vehicle maintenance and repair). Employers stated that recruiting inexperienced individuals was costly as they would need to gain a range of experience before they were able to undertake the job fully. Concerns were also raised around the lack of basic skills young people had who were moving into the industry: *'understanding the basics, Maths and English...we have to write up very detailed job cards and their English is not always up to scratch'* (Light vehicle maintenance and repair). Perceptions of the industry as being low skilled was stated as a difficulty to getting staff with basic skills as: *'They [school] palm off the not so clever, but unfortunately the way cars and computers are going you need to be quite switched on'* (Vehicle sales).

Training was seen by some employers as important to increase skill levels in their business as stated by one employer: *'the better you train your staff, the more competent they are going to be – and in the workshop, the more complex tasks you can take on'* (Motorcycle sales, maintenance and repair). However, as previously stated changes in technology mean training may quickly become outdated: *'by the time we have a training course in place, things are changing again'* (Vehicle sales).

Some employers felt that experience was important to gain skills as: *'in the automotive sector you can only learn hands-on, you can't be taught them [skills]'* (Light vehicle maintenance and repair) which often takes time and happens once someone is employed.

### Sub-sector

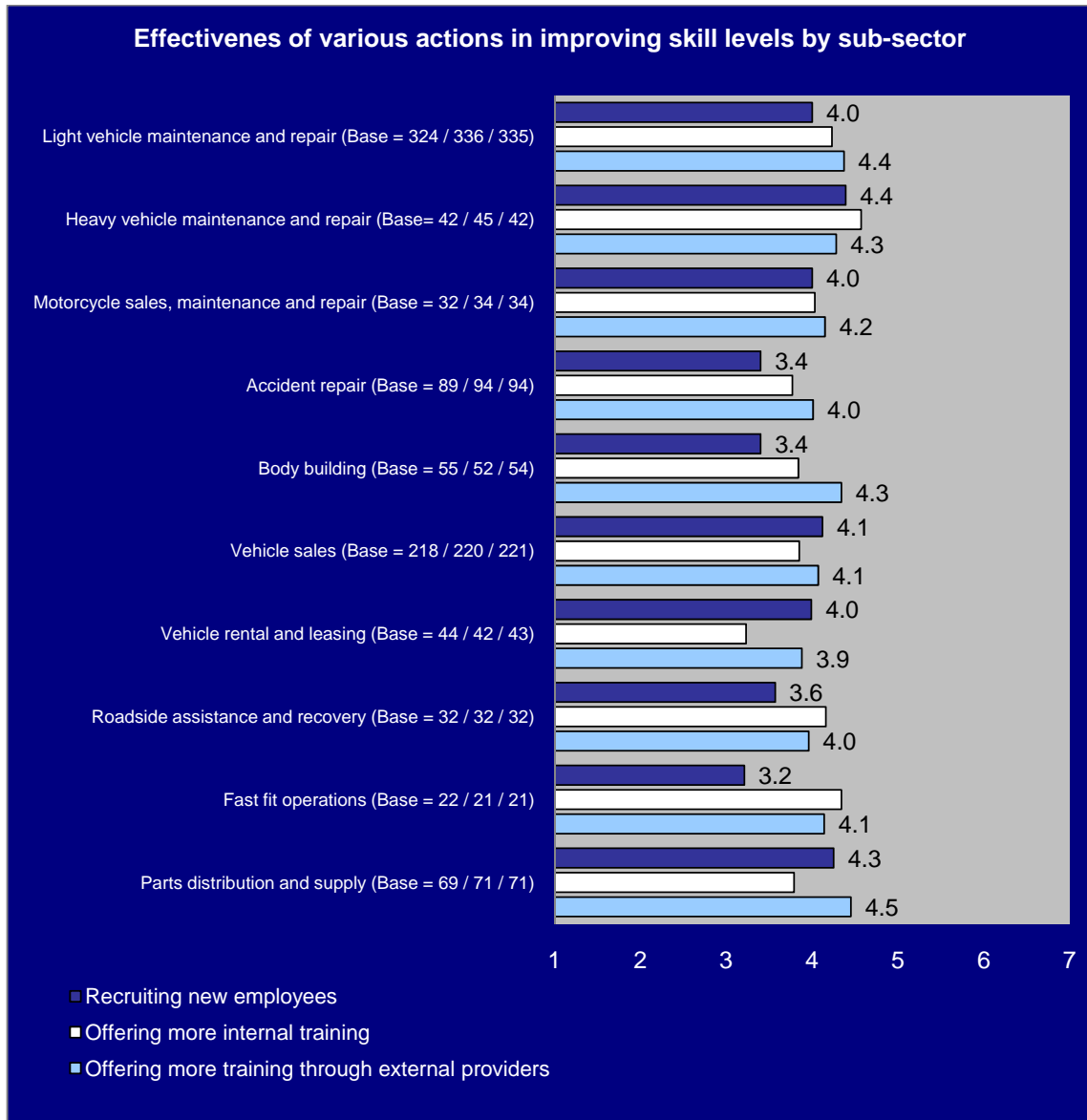
Analysis of the extent to which these measures will improve skill levels by sub-sector indicate some small but notable differences in relation to the potential impact of these actions.

Those sub-sectors which rated 'recruiting new employees' more highly than the average for all employers include heavy vehicle maintenance and repair (4.4) and parts distribution and supply (4.3). Whilst only marginal differences are observed in the scores, they nevertheless indicate that 'recruiting new employees' would have a greater impact on the skill levels of businesses in certain sectors. Those sub-sectors with the lowest score included fast fit operations (3.2), body building (3.4), accident repair (3.4) and roadside assistance and recovery (3.6).

Figure 5.9 demonstrates that several of those sub-sectors which rated 'recruiting new employees' highly also attribute an above average score to 'offering more internal training' and 'training through an external training providers'. Parts distribution and supply (4.5) and heavy vehicle maintenance and repair (4.3) also rate 'offering internal training' above the average for all employers, whilst heavy vehicle maintenance and repair (4.6) attributes a high score to 'training through external providers'. This suggests that packages of support need to be tailored to the needs of individual sub-sectors.

Those sectors that consistently provide a below average score include roadside recovery, accident repair and vehicle rental and leasing.

**Figure 5.9 Effectiveness of various actions in improving skill levels by sub-sector**

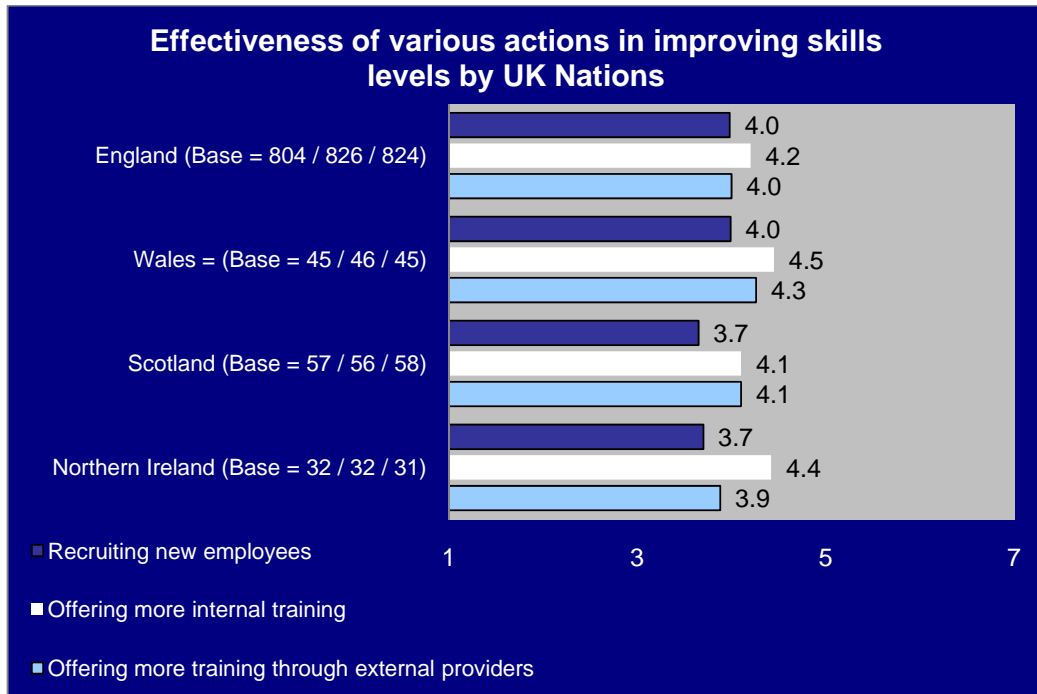


**UK Nations**

Examination of mean scores by nation similarly indicates only small differences in the extent to which the three measures will improve skill levels. Figure 5.10 indicates that businesses in England (4.0) and Wales (4.0) are ambivalent about the extent to which ‘recruiting new employees’ will improve skill levels, whilst their counterparts in Scotland (3.7) and Northern Ireland (3.7) – at just below the mid-point of the scale – believe that it will be of more limited value.

The picture in relation to ‘offering more internal training’ and ‘training through external training providers’ is more mixed, with marginal differences observed in relation to nation (Figure 5.10). However, it is apparent that all countries rate the value of ‘offering more internal training’ either in line with or above the average for the UK with the exception of Scotland (4.1); the same is true in relation to ‘offering more external training’ apart from Northern Ireland (3.9).

**Figure 5.10 Effectiveness of various actions in improving skill levels by UK Nations**

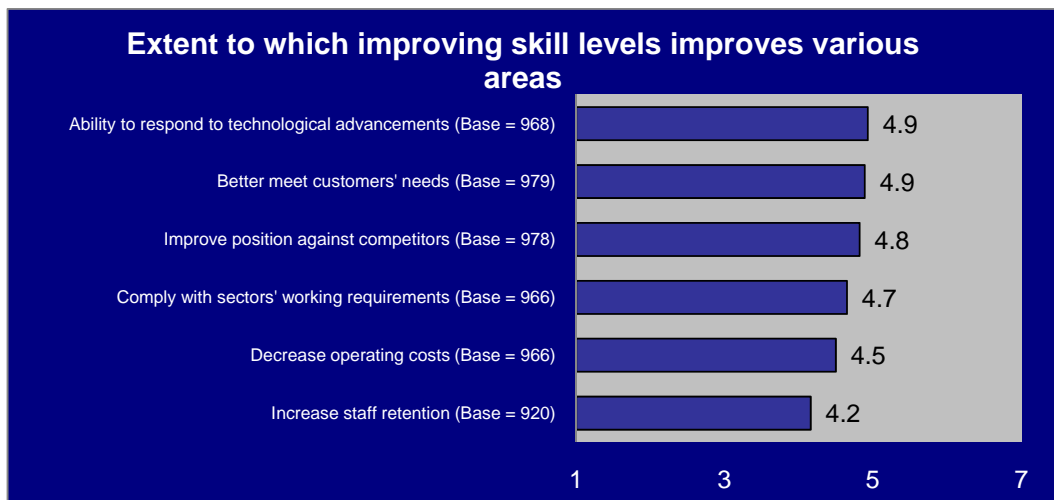


### 5.5. Anticipated effect of increasing skill levels

Respondents were asked to indicate on a scale of one to seven how strongly the following areas would be improved by increasing skill levels in their organisation: 'better meeting customers' needs, 'improving their position against competitors', 'decreasing operating costs', 'increasing staff retention', 'complying with their sectors working requirements', and 'improving their ability to respond to technological advances in the sector'.

Analysis indicates only marginal differences in the scores. At 4.2, businesses are unsure about the extent to which 'staff retention' would be increased by improving skill levels when compared to the other areas discussed. However, with scores ranging from 4.9 for 'better meeting customers' needs' and 'ability to respond to technological advances in the sector' to 4.5 for 'decreasing operating costs', respondents do not believe strongly that these areas would be improved by increasing skill levels within their organisations (Figure 5.11).

**Figure 5.11 Extent to which improving skill levels improves various areas**



## Sub-sector

Those sub-sectors which provide scores above the average in relation to 'better meeting customers' needs' include parts distribution and supply (5.4), body building (5.2), roadside assistance and recovery (5.1), and heavy vehicle maintenance and repair (5.0). However, the differences are marginal with more notable distinctions observed only in relation to parts distribution and supply.

Parts distribution and supply (5.3) and heavy vehicle maintenance and repair (5.1) similarly rated 'improve their position against competitors' above the average for all employers. At 3.7, respondents in motorcycle sales, maintenance and repair sub-sector were the least likely to agree that improving skill levels would improve their market position.

There is relatively little difference across the sectors in relation to 'decreasing operating costs' with most clustered around the mean score for all respondents. 'Increasing staff retention' is of particular interest; with the lowest mean score of all areas cited, this figures drops to as low as 3.4 for fast fit operations.

A similar finding is evident in relation to both 'complying with their sectors working requirements' and 'ability to respond to technological advances in the sector'. At 5.0 and 5.4 respectively, heavy vehicle maintenance and repair believe most strongly believe that improving skill levels would increase their ability to improve in these areas. Conversely, fast fit operations provide the lowest score in relation to these (3.8 and 4.0 respectively).

## 5.6 Chapter summary

Overall employers in the automotive retail sector have relatively high levels of satisfaction with the skill levels of their employees. Analysis of overall employer satisfaction with skill levels by sub-sector indicates only small differences between the industries that fall under the IMI footprint. There is also almost no discernible difference in overall employer satisfaction levels by nation.

Employer satisfaction levels with 'overall management and leadership skills' and 'general technical skills' vary, although a similar pattern emerges to that of 'overall satisfaction with skills' in general. Employer satisfaction with management and leadership skills is marginally lower, with 'developing strategic business plans' and 'providing learning opportunities for employees' the lowest rated dimensions of this. Employers in lift truck maintenance and repair rate their 'overall management and leadership skills' the highest, followed by vehicle rental and leasing.

Employers in Wales are also most satisfied with the management and leadership skills of their employees, followed by Scotland, England and Northern Ireland. However, despite being more satisfied overall, Welsh employers rate some dimensions of management and leadership skills less highly when compared to the other constituent countries of the UK, including 'managing people and evaluating their performance', 'providing learning opportunities for employees', and 'developing strategic business plans'. Conversely, despite being least satisfied overall, employers in Northern Ireland rate their skills in relation to 'managing people and evaluating their performance' and 'managing financial resources' relatively highly when compared to England, Wales and Scotland.

Overall employers rated their satisfaction with 'general technical skills' highly and second only to 'customer service skills'. Like 'management and leadership skills', employer satisfaction with 'general technical skills' is also highest amongst employers in Wales, followed by England, Scotland and Northern Ireland. In particular, employer satisfaction levels with 'vehicle control and diagnostic systems' and 'alternative and hybrid drives' are lower across all nations, with the drop in employer satisfaction levels significantly higher for the latter. Employer's satisfaction with skills associated with 'alternative engine types' was lowest of all skills included in the survey.

It is also apparent that the majority of businesses believe that their skill needs are more widespread. With employers marginally more likely to believe that other employers share their dissatisfaction with technical skills when compared to management and leadership skills. In addition, of those employers that reported skill gaps in management and leadership, less than

one-fifth expect that there will be an improvement in the short-term. Instead, 27% indicate that they expect an improvement in the medium-term and 23% in the long-term; of a concern, over one-fifth of respondents anticipate that 'there will never be an improvement'. Whilst the proportions in relation to technical skills are broadly consistent for the categories short-term and long-term, again approximately one-fifth anticipate that 'there will never be an improvement'; the percentage of respondents indicating that there will be an improvement in technical skills in the medium-term is considerably higher.

Employers were also asked what would improve their satisfaction with skill levels and overall they were ambivalent about the extent to which 'offering more internal training', 'offering more training through external providers' and or 'recruiting new employees' would help improve skill levels. However, there was marginally more support for 'offering more internal training'.

## 6 Awareness and engagement with IMI

The 2009 Automotive Retail Employer Skill Survey established baseline data for the IMI's Key Performance Indicators (KPIs): employer awareness, employer engagement and rating of the IMI. This section provides the 2010 data for these KPIs whilst also exploring employers' awareness of products and services that IMI offer.

### 6.1 Employer awareness of IMI

As can be seen in Figure 6.1 (below), overall awareness of IMI is high amongst employers at 72%. By nation, awareness is highest in England and Scotland (72%), followed by Wales (70%), and is lowest in Northern Ireland (63%).

Overall awareness of IMI increases by the size of the business. Micro businesses had the lowest awareness rate of IMI at 66%; this increases to 84% for small businesses. Medium-sized businesses had the highest overall awareness at 94%. Interestingly, 71% of sole traders are aware of the IMI, indicating a higher rate of awareness than micro businesses.

Overall awareness of IMI by sub-sector is highest amongst employers in:

- Heavy vehicle maintenance and repair (82%)
- Light vehicle maintenance and repair (77%)
- Accident repair (77%)
- Vehicle sales (73%)

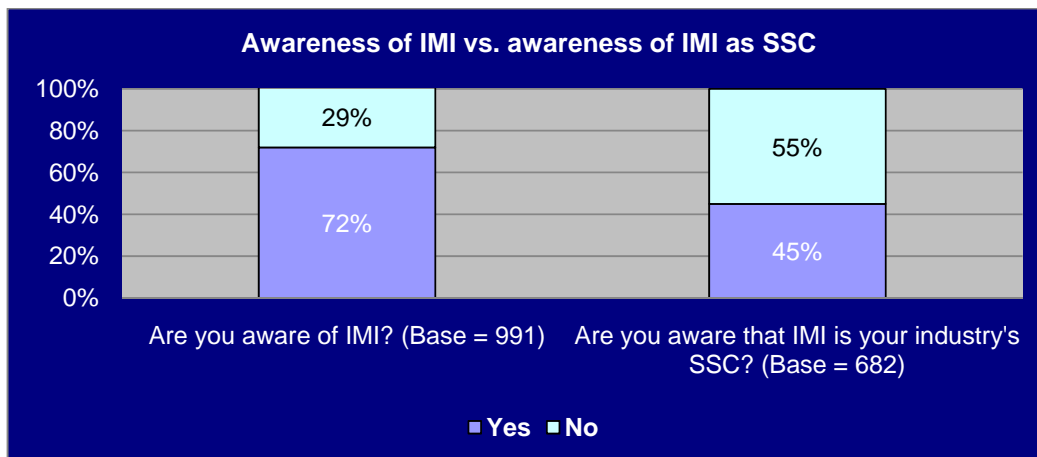
Awareness is shown to be particularly low amongst vehicle rental and leasing (42%) and fast fit operations (36%).

Employers with some awareness of IMI were asked (unprompted) what their understanding of IMI's role within the automotive retail industry was. 'Professional body' received the highest response (23%), followed by 'standard setting body of training products' (20%), 'advice and guidance to the sector' (10%); and 'membership organisation' (9%). Just 3% of employers stated IMI was a 'Sector Skills Council' (SSC) unprompted.

### 6.2 Employer awareness of IMI as a Sector Skills Council

In a similar approach to the 2009 survey, employers who were aware of the IMI were asked whether they knew that IMI was the Sector Skills Council (SSC) for their industry. As shown in Figure 6.1, only 45% of those employers who were aware of IMI, knew they were the SSC for their industry. As a KPI for the IMI, this represents a 7 percentage point increase from 2009 (where it stood at 38%).

Figure 6.1 Awareness of IMI vs. awareness of IMI as SSC

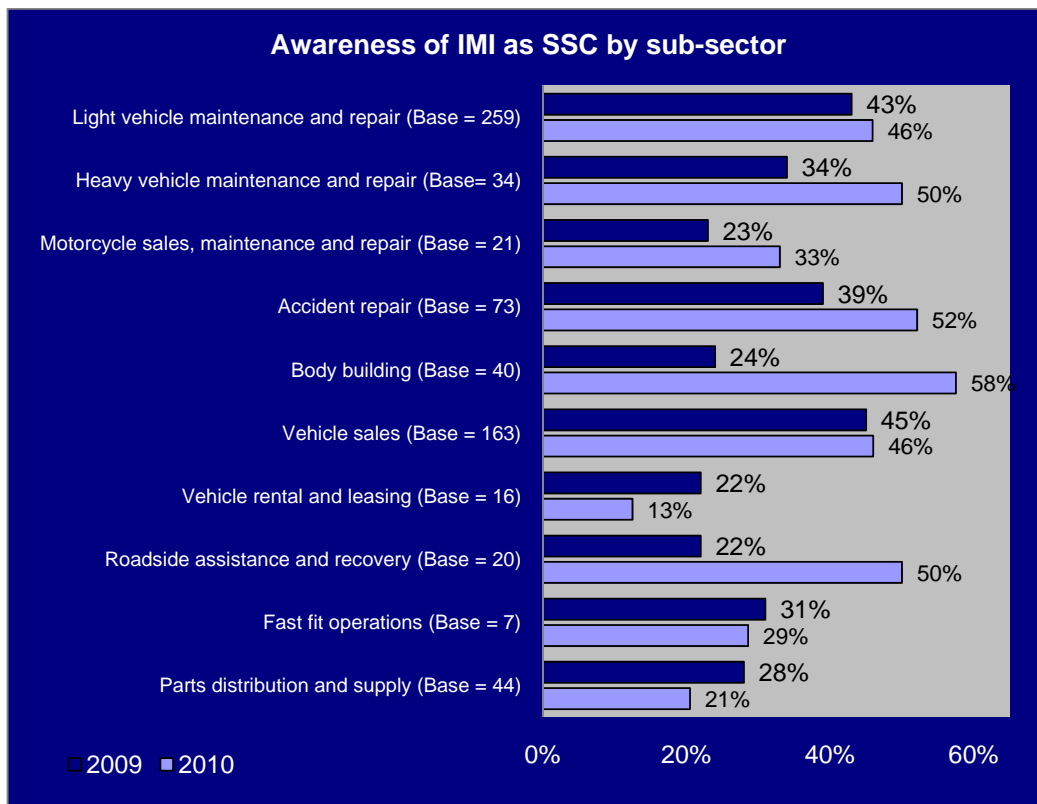


## Sub-sector

Figure 6.2 outlines the awareness of IMI as an SSC by sub-sector. Comparing results with last year's employer survey, it is apparent that the majority of IMI sub-sectors had increased awareness of the IMI as an SSC. Awareness was highest amongst employers within body building (58%) and accident and repair (52%). IMI's largest sub-sectors (vehicle sales and light vehicle maintenance and repair) both had an awareness rating of 46%; both of these sub-sectors had increased since the 2009 survey by one and three percentage points respectively.

Conversely, vehicle rental and leasing (13%) and fast fit operations (29%) had relatively low awareness of IMI as an SSC. The data indicates that there has been a decline in awareness amongst these sectors since 2009 by nine percentage points and two percentage points respectively.

**Figure 6.2 Awareness of IMI as SSC by sub-sector**



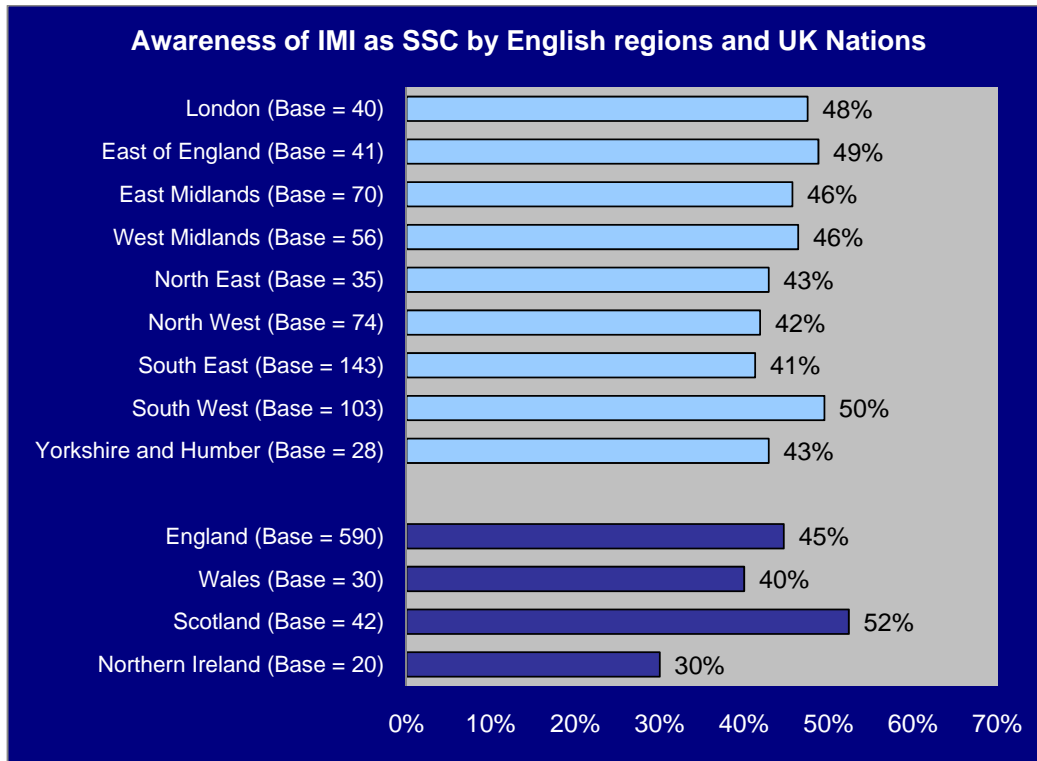
## UK Nations and English regions

Figure 6.3 shows that awareness of IMI as an SSC is highest amongst employers in Scotland (52%); this had increased substantially from the 2009 survey when it was the least aware nation with only 25% of businesses being aware.

England and Wales also show increases of five percentage points and 12 percentage points respectively when compared to 2009; however, a decrease of nine percentage points was apparent in relation to Northern Ireland, where awareness was now at only 30%.

The awareness by English region varied from 50% in the South West to 41% in the South East. All English regions showed increased levels of awareness since 2009, with the exception of the North East, where a decrease of seven percentage points was apparent, and the West Midlands, where it has remained static at 46%.

**Figure 6.3 Awareness of IMI as SSC by English regions and UK Nations**



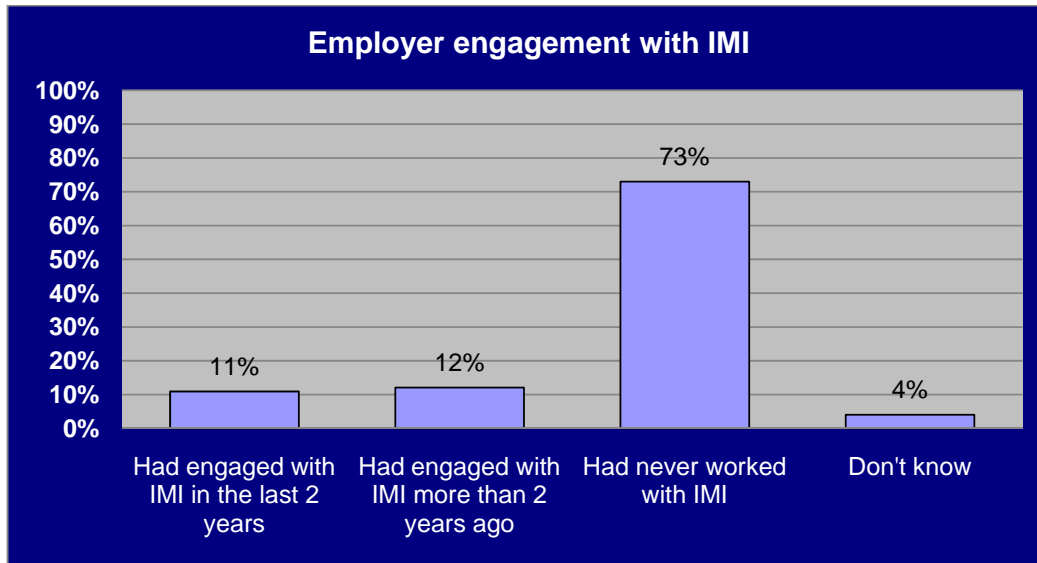
**Business size**

The pattern of awareness of IMI as a SSC is the same as that of overall awareness with larger employers being more aware than smaller ones. Micro businesses had an awareness rate of 38%, while over half of small businesses (57%) were aware that IMI was the SSC for the automotive retail sector. There was a slight increase among medium-sized businesses at 58%.

**6.3 Employer engagement with the IMI**

Employers who were aware of IMI were asked whether they had ever engaged with the IMI. As shown in Figure 6.4, 23% of employers had engaged with IMI, with 11% having engaged with them in the last two years. Of those employers who knew that IMI was the SSC for their industry, 19% had engaged with IMI in the last two years; the same percentage found in the 2009 survey last year.

**Figure 6.4 Employer engagement with IMI**



(Base = 710)

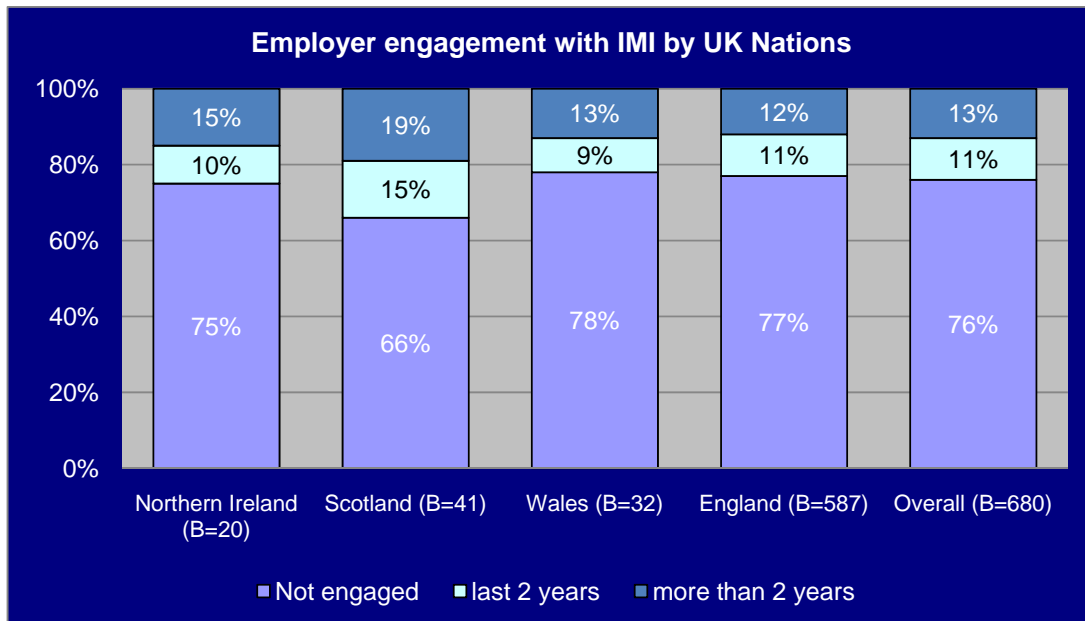
**Sub-sector**

Recent engagement with IMI (within last two years) was highest within the accident repair sub-sector (18%), followed by heavy vehicle maintenance and repair (14%) and light vehicle maintenance and repair (13%). No employers from vehicle rental and leasing and fast fit operations surveyed had some kind of engagement with the IMI within the last two years.

**UK Nations**

Figure 6.5 presents the extent to which employers from across the nations had engaged with IMI previously.<sup>26</sup> Overall, previous experience of engaging with the IMI is highest in Scotland (34%) and Northern Ireland (25%). Fewer employers as a proportion of the overall sample in England (23%) and Wales (22%) had engaged with the IMI.

**Figure 6.5 Employer engagement with IMI by UK Nations**



<sup>26</sup> The bases do not include 'Don't know' responses.

## 6.4 Employer rating of the IMI

Employers with some awareness of IMI were asked to rate IMI's role as 'a representative of the automotive retail sector' on a seven point scale, the average score was 4.4. While a direct comparison cannot be made in respect of data collected last year, the overall rating seems in line with results from the 2009 Automotive Retail Employer Skill Survey.<sup>27</sup> The 2009 survey indicated that 58% of those who had been involved with IMI recently regarded the IMI as either 'good' or 'average', therefore a score of 4.4 lends itself to fall between this bracket.

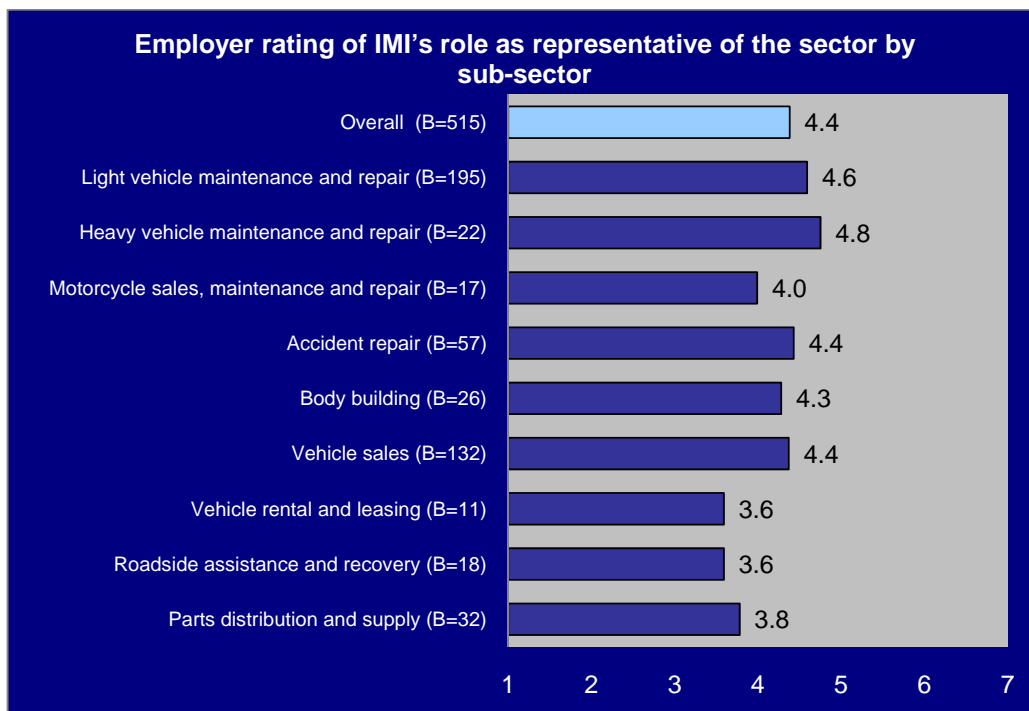
There were mixed opinions as to what interviewed employers thought of IMI. Many employers knew who IMI were but were sometimes unsure of what they did: *'We don't receive anything much in the way of information to be able to understand what they are doing'* (Light vehicle maintenance and repair). Another employer felt it was more relevant to big businesses. However, one employer outlined that they do receive a range of information from IMI which is useful and IMI's work with qualifications and standards was seen as important by other employers: *'I think they bring standards up and keep an eye on the trade'* (Vehicle sales).

When asked what IMI could change to support the sector employers noted a number of things including: more information, assistance to smaller businesses with local issues, increased engagement with businesses and increased promotion of the ATA: *'It [the ATA] should be aligned to the CORGI, with the gas – it should get to that level where every household recognises that brand'* (Vehicle sales).

### Sub-sector

Heavy vehicle maintenance and repair and light vehicle maintenance and repair are the sub-sectors most positive about IMI's representative role with an above average score of 4.8 and 4.6 (respectively). The accident repair and vehicle sales sub-sectors were comparable to the overall sector average of 4.4. The parts distribution and supply (3.8), vehicle rental and leasing (3.6) and roadside assistance (3.6) sub-sectors viewed the IMI less favourably (as shown in Figure 6.6).

**Figure 6.6 Employer rating of IMI's role as representative of the sector by sub-sector**



<sup>27</sup> This question was asked of those that had engaged with the IMI within the last two years and used a labelling scale of excellent, good, average, poor and don't know. This equated to a base of 102 in 2009.

## UK Nations

By nation, employers from Scotland rated the IMI the highest (4.6). Employers from England provided a rating of 4.4, while a lower rating was provided among employers in Northern Ireland (4.2) and Wales (4.0).

## Business size

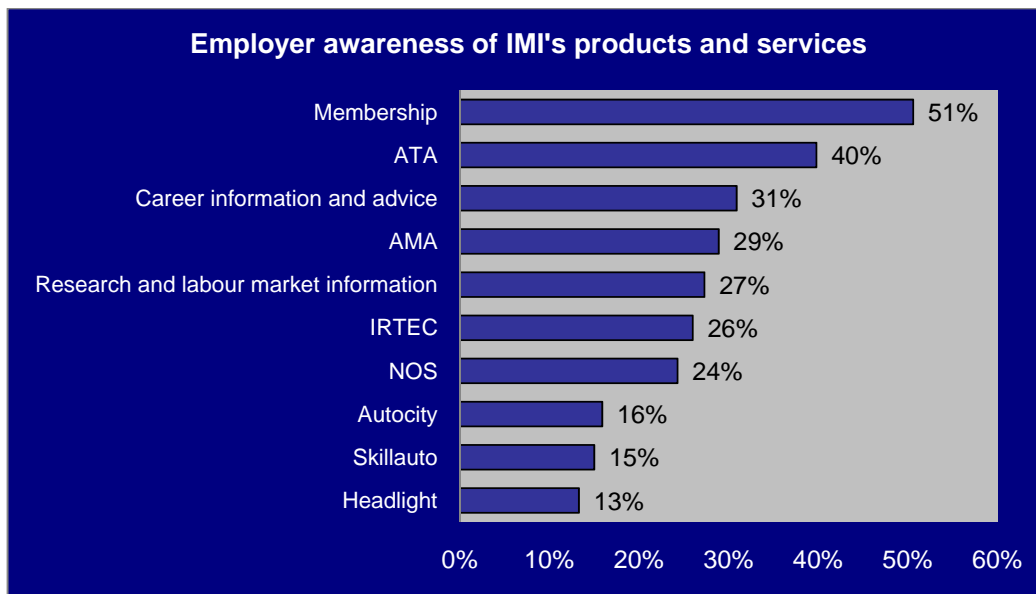
By employer size, sole traders provided the lowest average score (3.9), followed by micro businesses. Both small and medium-sized businesses rated the IMI equally at 4.5.

## 6.5 Employer awareness of IMI's products and services

All employers were asked about their awareness of a range of IMI products and services.

Just over half (52%) of employers reported being aware of 'IMI membership', followed by the 'Automotive Technician Accreditation' (ATA) (40%), career information and advice (31%) and the 'Automotive Management Accreditation' (AMA) (29%), while just over a quarter (27%) of all employers were aware of IMI's 'research and labour market information'. Products such as 'Autocity' (16%), 'Skillauto' (15%) and 'Headlight' (13%) were the least known.

**Figure 6.7 Employer awareness of IMI's products and services**



(Base = 1,000)

## IMI membership

Awareness of the IMI membership significantly increased according to business size. Medium-sized businesses had significantly more awareness of IMI membership compared with small and micro-sized businesses.

Awareness of IMI membership varied between the different nations. Over half of employers in Scotland (55%) and England (51%) were aware of IMI membership while under half of employers from Wales (47%) and Northern Ireland (44%) reported an awareness of this.

## 6.6 Chapter summary

Overall awareness of IMI is high amongst employers at 72%. By nation, awareness is highest in England and Scotland, followed by Wales, and is lowest in Northern Ireland. Overall awareness of IMI increases by the size of the business. Amongst medium-sized businesses awareness is high at 94%. Interestingly, there is a higher rate of awareness of the IMI amongst sole traders than amongst micro businesses. Overall awareness of IMI by sub-

sector is highest amongst employers in heavy vehicle maintenance and repair, and light vehicle maintenance and repair, and awareness is particularly low amongst vehicle rental and leasing, and fast fit operations.

Of those employers who were aware of IMI, 45% knew they were the SSC for their industry. As a key performance indicator for the IMI, this represents a 7 percentage point increase from 2009 (where it stood at 38%). Awareness of IMI as an SSC is highest amongst employers in Scotland; this had increased substantially from the 2009 survey when it was the least aware nation with only 25% of businesses being aware. England and Wales also show increases in awareness respectively when compared to 2009; however, a decrease in awareness was apparent in relation to Northern Ireland. The awareness by English region varied from 50% in the South West to 41% in the South East. All English regions showed increased levels of awareness since 2009, with the exception of the North East, where a decrease was apparent, and the West Midlands, where awareness has remained static.

When making a comparison to last year's employer skill survey there is an apparent increase in awareness with the majority of IMI sub-sectors reporting increased awareness of the IMI as an SSC. This is apart from the vehicle rental and leasing, and fast fit operations sub-sectors in which there was already relatively low awareness of IMI as an SSC and this survey demonstrates a decline in awareness amongst these sectors since 2009.

Of all employers who were aware of IMI, 11% reported having engaged with IMI in the last two years. Recent engagement with IMI was highest within the accident repair sub-sector followed by heavy vehicle maintenance and repair, and light vehicle maintenance and repair. Overall, previous experience of engagement with IMI is highest in Scotland and Northern Ireland. Fewer employers as a proportion of the overall sample in England and Wales had engaged with the IMI.

Heavy vehicle maintenance and repair, and light vehicle maintenance and repair are the sub-sectors that are most positive about IMI's role as 'a representative of the automotive retail sector'. By UK nation, employers from Scotland rated the IMI the highest followed by employers from England. A lower rating was provided among employers in Northern Ireland and Wales.

Just over half of employers reported being aware of 'IMI membership', followed by the 'ATA', 'career information and advice' and the 'AMA', while just over a quarter of all employers were aware of IMI's 'research and labour market information'. Products such as 'Autocity', 'Skillauto' and 'Headlight' were the least known. Awareness of the IMI membership significantly increased according to business size. Awareness of 'IMI membership also varied by nation. Over half of employers in Scotland and England were aware of IMI membership while under half of employers from Wales and Northern Ireland reported an awareness of this.

## 7 A further look into skills

To offer additional insight into skills in the Automotive Retail Sector, this section suggests a typology of the businesses in IMI's footprint and provides profiles of their characteristics. It then examines which skills play a greater role in determining employers' skill satisfaction of their employees. Finally, we investigate which factors underlie businesses' attitudes in relation to training and skills.

### 7.1 Typology of businesses in IMI's footprint

To understand the responses of businesses in IMI's footprint and gain intelligence that will identify their needs, the research explored whether the responses to the questions in the survey enabled the grouping of businesses into types that share similar attitudes.

To achieve this, the Cluster Analysis technique<sup>28</sup> was used. Based on the findings, businesses in the survey were categorised into three types which will be referred to as Types I, II, and III.

#### Summarising IMI businesses' typology

Table 7.1 (overleaf) summarises the differences across, and the similarities between, the three types of business identified by the analysis. All three types followed a quite distinct and coherent pattern regarding their attitudes towards skills and training however, not all businesses within each type necessarily exhibit all of the characteristics. The types are:

- Type I organisations are predominantly characterised by a training aversion that may relate to their smaller size or their lower skill levels aspirations.
- Type II organisations are moderately satisfied with their skill status and have high skill levels aspirations. They look keen to expand their market shares and to receive training. However, they are not completely convinced about the benefits skills may bring to their organisation.
- Type III includes businesses with high skill levels aspirations, and a solid training culture that understands and pursues the benefits of training. Interested in playing a role outside the UK they tend to be experienced businesses as they have managed to sustain their business for a significant period of time.

The following sections discuss these three types of business under five headings: profile, context, training and development practices, employer skill satisfaction and engagement with IMI.

#### Profile

More than a quarter (27%) of businesses in the survey were categorised as Type I businesses, one-third (30%) were categorised as Type II and two-fifths (43%) as Type III.

There is little difference between the three types of businesses by sub-sector and nation. There are differences between business size and what type they fall into. Sole traders make up more than one-half (55%) of Type I businesses but are significantly less represented within Type II (15%) and Type III (30%). Only a sixth (14%) of businesses falling under Types I and II were part of a chain, with just under one-quarter (23%) of Type III businesses being part of a chain. Older businesses trading for more than 10 years were more represented (45%) in Type III than in Type I (30%) or Type II (30%).

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<sup>28</sup> For the analysis we applied the k-means method of Cluster Analysis on quantitative data from the questions around the perceived value of training and recruiting as a means for improving skill levels. The used method assigns respondents to a cluster or category by looking at how similarly they tend to answer to the questions. To determine the number of clusters that best describe our respondents, diagnostic trials were conducted. Following the common practise, the analysis was conducted on unweighted data as the weighting skews the outputs of the method.

**Table 7.1 Typology of automotive retail businesses**

| Type I: The training averse employers  | Type II: The evolving employers  | Type III: The strategic employers  |
|--|--|--|
| <b>Profile</b>   |  |  |
| Sole-traders are strongly represented  | Sole-traders are weakly represented  | Sole-traders are moderately represented  |
| Businesses trading for less than 10 years are more represented   | The same proportion of “younger” and “older” businesses  | Businesses trading for more than 10 years are more represented                                   |
| <b>Context</b>   |  |  |
| Becoming or remaining profitable is a main challenge   | Budgeting for expansion costs is a main challenge  | Keeping up with competition from outside the UK is a main challenge                              |
| They don't report significant recruitment challenges   | They don't report significant recruitment challenges   | They report significant recruitment challenges   |
| <b>Training and development practices</b>  |  |  |
| Most businesses did not provide training in the last year or plan to provide training in the next year | Most businesses provided training in the last year and plan to provide training in the next year | Most businesses provided training in the last year and plan to provide training in the next year |
| <b>Skill levels</b>  |  |  |
| Highly satisfied with their skill levels   | Moderately satisfied with their skill levels   | Moderately satisfied with their skill levels   |
| They believe recruiting or training cannot improve skill levels significantly                          | They believe recruiting or training can moderately improve skill levels                          | They believe recruiting or training can significantly improve skill levels                       |
| Increasing skill levels has limited benefits   | Increasing skill levels has moderate benefits  | Increasing skill levels has significant benefits   |
| The skill areas where they need improvement do not apply to their sector overall                       | The skill areas where they need improvement apply to their sector overall                        | The skill areas where they need improvement apply to their sector overall                        |
| <b>Awareness of and engagement with IMI</b>  |  |  |
| Fewer businesses are aware of IMI  | More businesses are aware of IMI   | More businesses are aware of IMI   |
| Most businesses haven't engaged with IMI   | Most businesses have engaged with IMI  | Most businesses have engaged with IMI  |
| Relatively low awareness of IMI's products.  | Moderate awareness of IMI's products.  | Relatively strong awareness of IMI's products.   |

**Context**

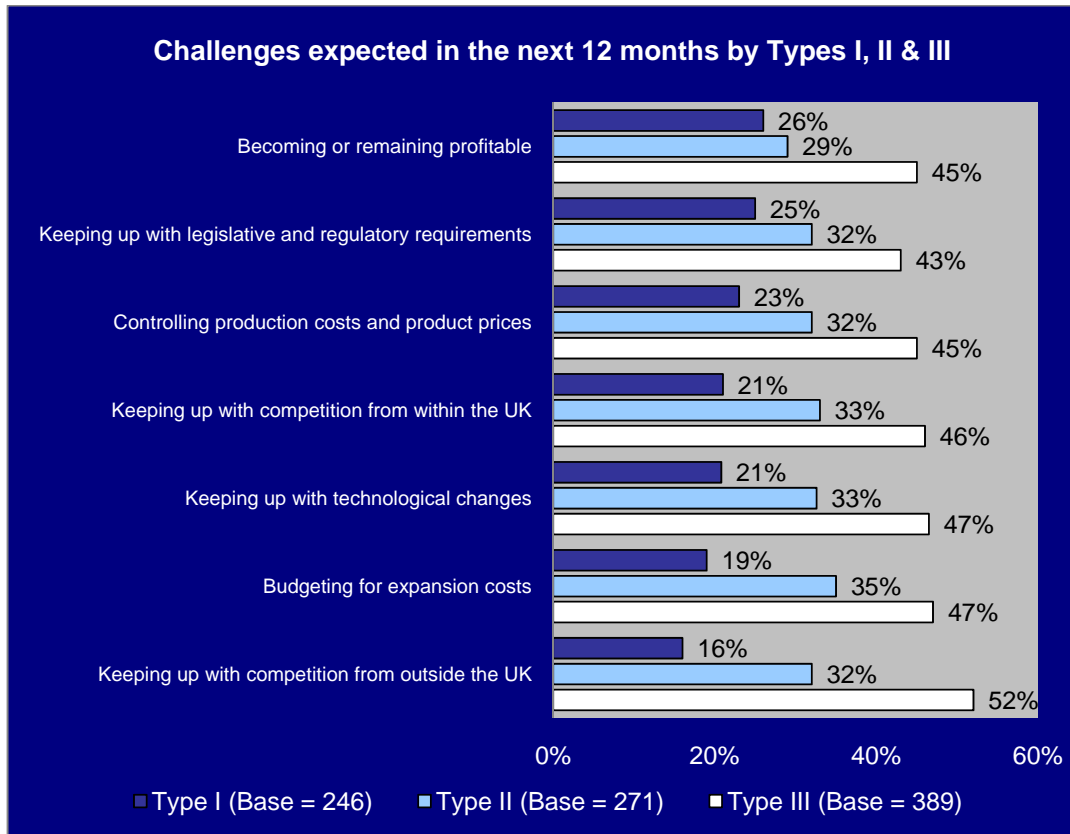
The three types of businesses in the survey seemed to have rather distinct perceptions of their external and internal organisational context.

Type III businesses reported that they will face a greater range of business challenges in the next 12 months than reported by Types I and II. Type I businesses had the most positive outlook on their immediate business future (Figure 7.1) by stating less challenges. Out of the challenges faced, Type I businesses most frequently state ‘becoming or remaining profitable’. Type II businesses state ‘budgeting for expansion costs’ and Type III stated ‘keeping up with competition from outside the UK’.

During the in-depth interviews, a respondent from a Type III business further emphasised the importance of remaining competitive in the domestic and global markets by admitting that it is the only way ‘to stand a good chance of surviving’ (Vehicle sales).

Interviews with employers found that the recession had negatively impacted businesses across the three types, however fewer business from Type I stated this impact.

Figure 7.1 Challenges expected in the next 12 months by Types I, II, & III



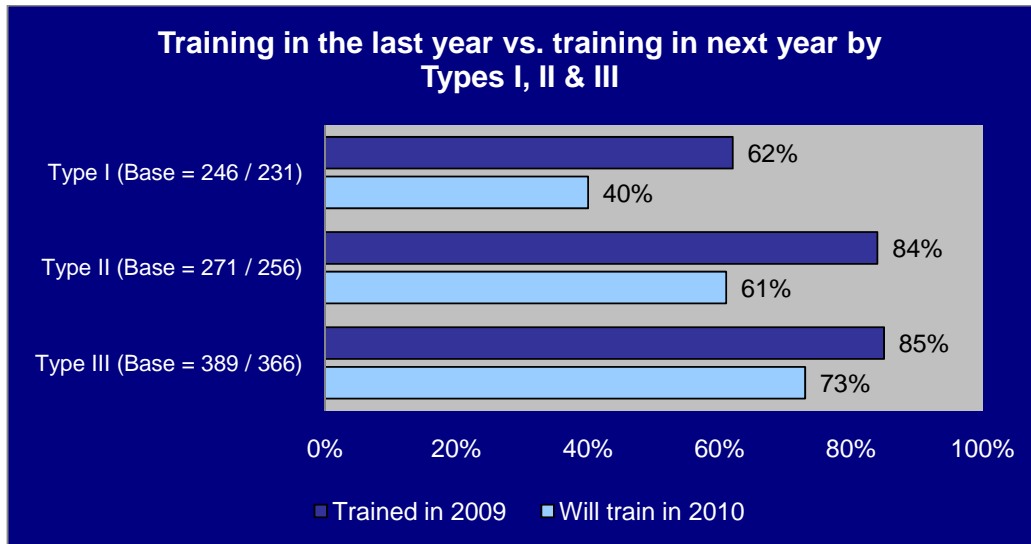
Type III businesses reported recruitment challenges more than other business types such as: vacancies, hard-to-fill vacancies skill-shortage vacancies or staff-retention difficulties. This was identified by a Type III business in the depth interviews: *‘Staff movements have slowed down a little bit, but I think that is down to the economy and availability of jobs...staff retention has been an industry problem in the past, although this place has been quite good’* (Vehicle sales).

### Training and development practices

The majority of businesses falling under Types II and III offered some kind of work related skills training in the last year (84% and 85%, respectively). However only around two-thirds (62%) of businesses falling under Type I did the same. As Figure 7.2 illustrates, Type I businesses are less likely to offer any training in the next year, with only 40% planning to do so compared to 61% and 73% for Types II and III, respectively.

Although it appears that Type I employers were less likely to undertake training, interviews with employers found that they valued training but had not needed to undertake it recently. Some employers also stated that their sub-sector did not change frequently therefore training to update skills was not needed.

**Figure 7.2 Training in the last year vs. training next year by Types I, II, & III**



**Skill levels**

Figure 7.3 indicates that Type I businesses were characterised by higher levels of satisfaction with their employees’ skills (6.3) compared to Types II and III who both reported slightly lower satisfaction (5.7). Those interviewed from Types II and III agreed that skill levels could be improved in their organisation, however, barriers of releasing staff to undertake training and issues concerning the suitability of training provision were raised. To counter this, one employer stated how they use the skills of all employees: *‘We all have different skills – we tend to work as a team and pick each other’s brains’* (Parts distribution and supply).

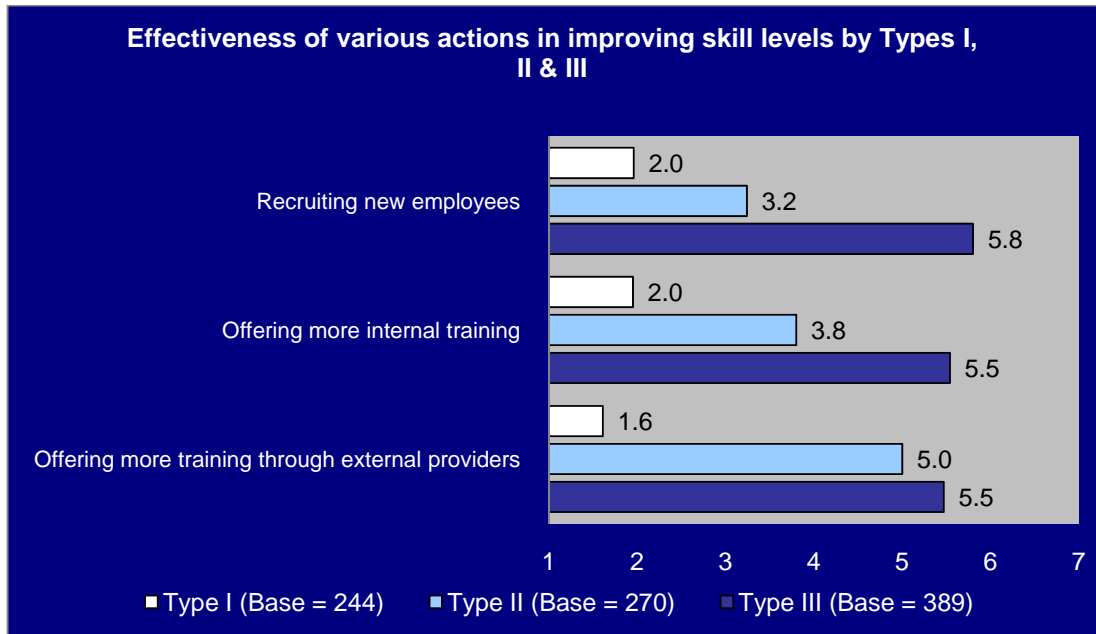
**Figure 7.3 Overall employer satisfaction of skill levels by Types I, II & III**



Mean ratings on a scale from 1 (not satisfied) to 7 (absolutely satisfied)

Type I businesses strongly undervalued how ‘recruiting new employees’ or ‘offering internal or external training’ could assist them in increasing their skill levels, however as mentioned above this could be due to them being fully trained already. As Figure 7.4 shows only Type III businesses highly valued the role of ‘offering training’ or ‘recruiting new employees’ to improve skill levels.

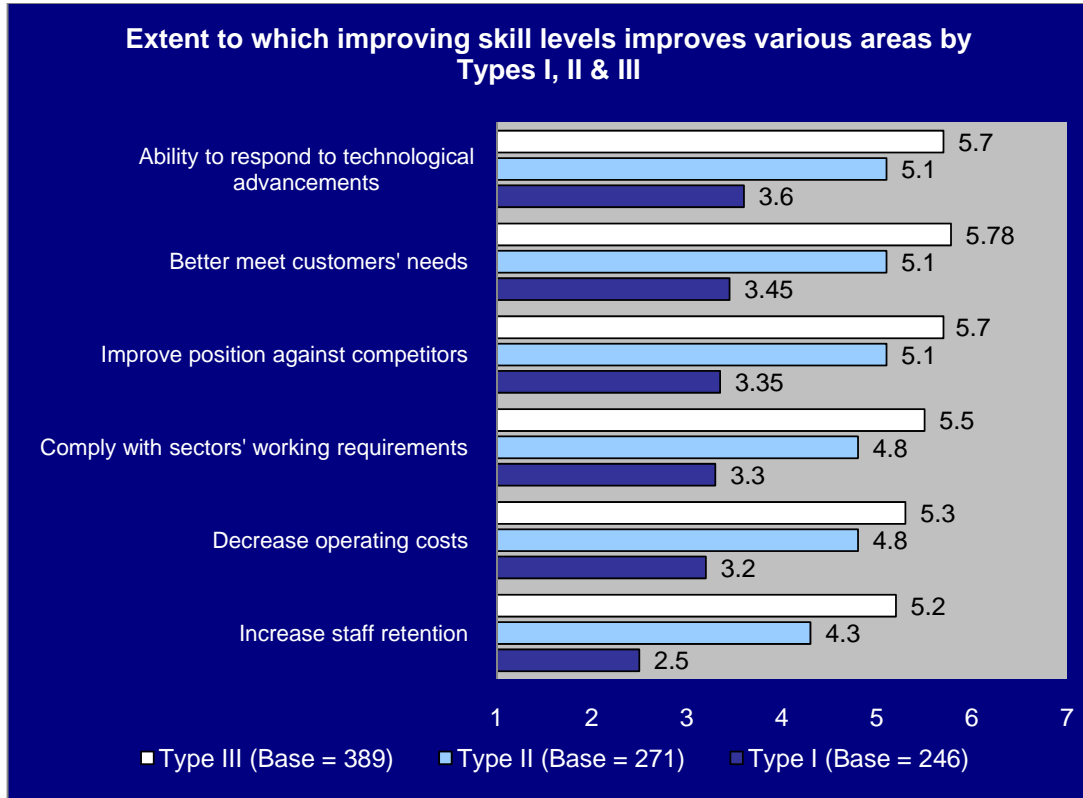
**Figure 7.4 Effectiveness of various action in improving skill levels by Types I, II & III**



Mean ratings on a scale from 1 (not at all effective) to 7 (very effective)

In addition Figure 7.5 shows that Type III businesses appear to systematically expect the highest benefits from increasing their skill levels. Type I businesses, in most cases, provided the lowest benefit ratings.

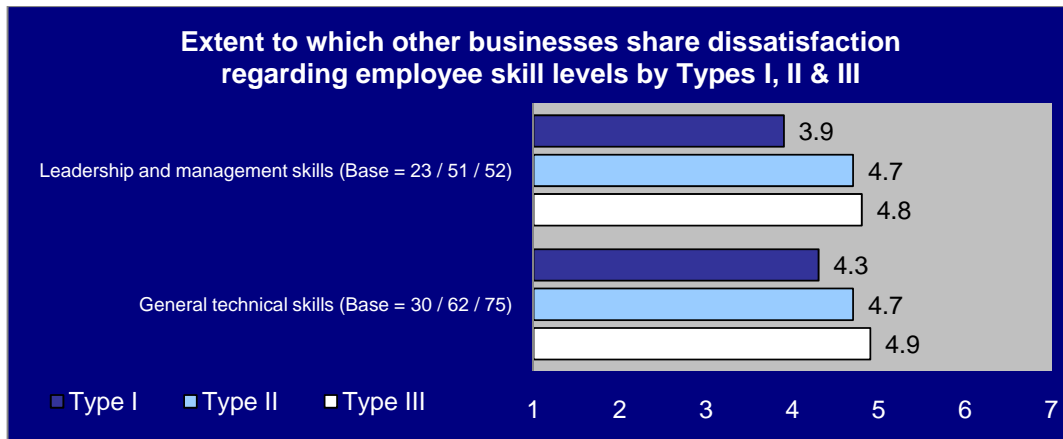
**Figure 7.5 Extent to which improving skill levels improves various areas by Types I, II & III**



Mean ratings on a scale from 1 (not improving at all) to 7 (definitely improving)

It must also be noted that Type I businesses perceived their skill needs as more unique and less generalised to the sectors they belong to, in contrast to the other two types (Figure 7.6).

**Figure 7.6 Extent to which other employers share dissatisfaction regarding employee skill levels by Types I, II and III**

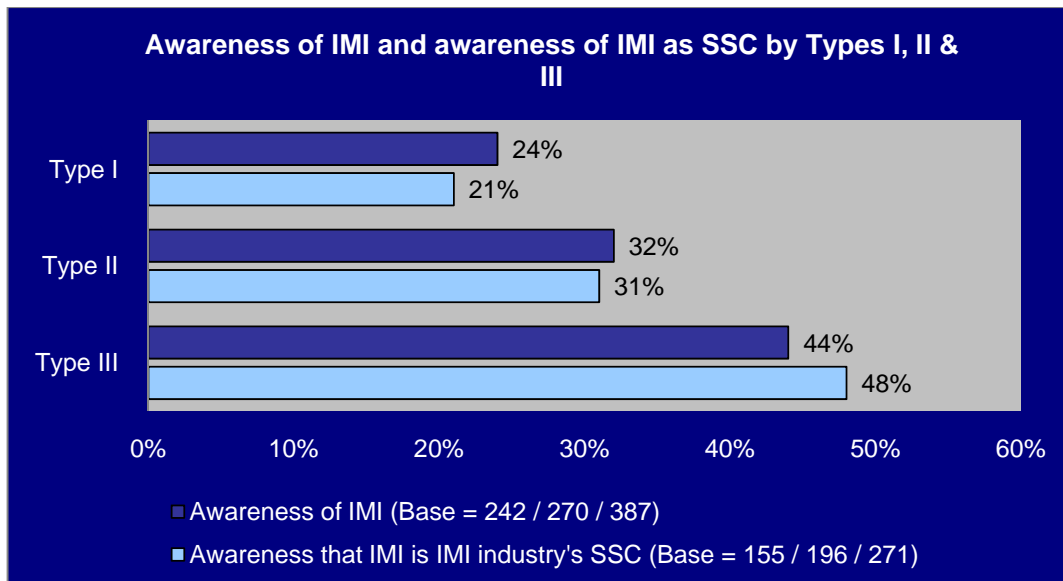


Mean ratings on a scale from 1 (not at all) to 7 (definitely)

### Awareness and engagement with IMI

A higher proportion (44%) of Type III businesses are aware of IMI followed by 32% of Type II and 24% of Type I businesses. Of those organisations that are aware of IMI, a smaller proportion of Type I businesses knew that IMI was their Sector Skills Council (21%) compared to those from Type II (31%) and Type III (48%).

**Figure 7.7 Awareness of IMI and awareness of IMI as SSC by Types I, II & III**

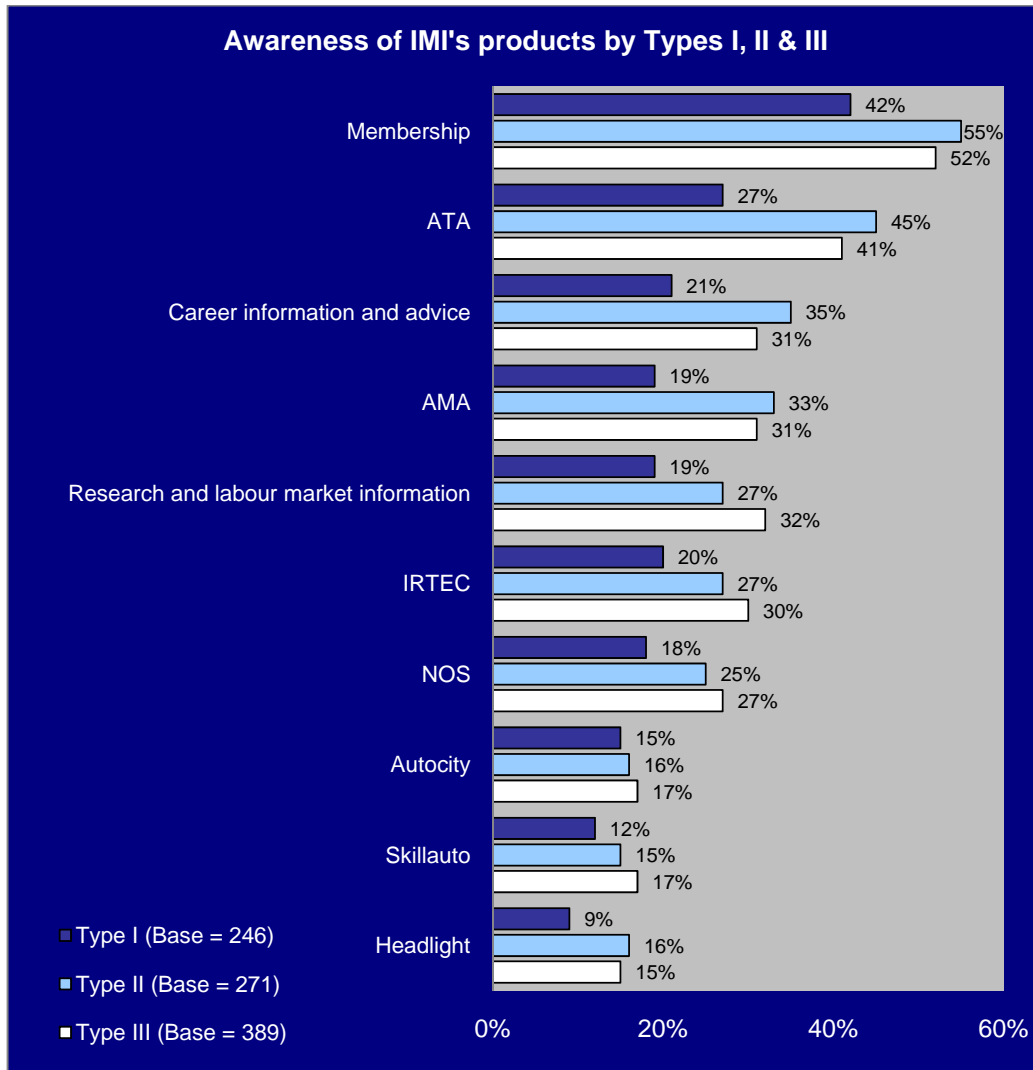


A high proportion of all businesses had not engaged with IMI; 81% of Type I, 70% of Type II and 68% of Type III organisations stated this.

Interviews with employers also found that few businesses across the types had recently engaged with IMI, however, some had engaged with IMI in the past. None of the Type I employers had engaged with IMI and businesses had little awareness of what IMI did.

Awareness of IMI's products varied across the three groups, as Figure 7.8 indicates. Those from Type I were less aware of IMI's products, whereas those from Type II and III were more aware of the products available.

Figure 7.8 Awareness of IMI's products by Types I, II & III



## 7.2 Modelling employer satisfaction with skill levels

Starting from the assumption that employers' overall skill satisfaction should depend on their satisfaction with the specific skills examined within this survey, the research explored, described and interpreted the relationship between the two using the Linear Regression Analysis technique.<sup>29</sup> This statistical technique measured the extent to which employer satisfaction with each of the specific skills individually can impact on their overall skills satisfaction.

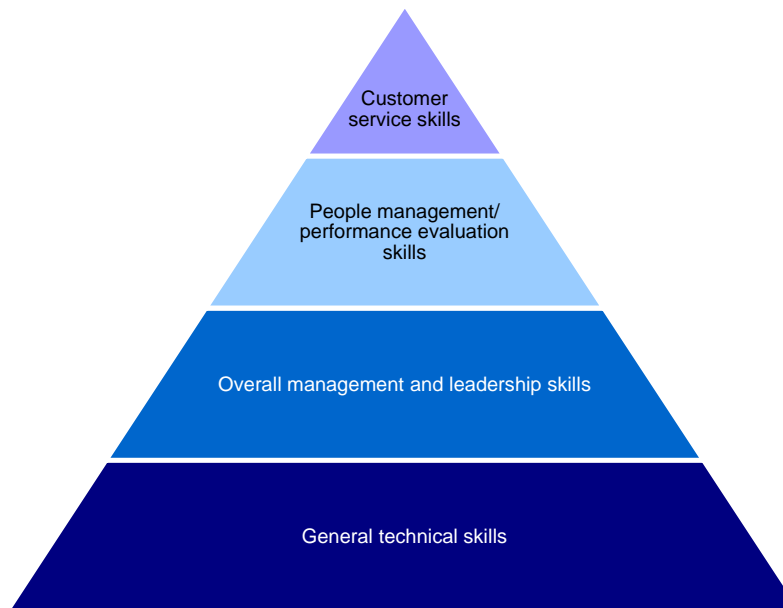
According to the statistical analysis, there were four core skills that predominantly affect the overall skills satisfaction levels for employers, these are: 'general technical skills', 'overall management and leadership skills', 'people management/performance evaluation skills' and 'customer service skills' (as represented in Figure 7.9).

'Customer service skills' are found at the top of the pyramid as the analysis shows that they were the most important factor in determining employers' overall skill satisfaction. The three remaining skill levels are focused on 'management and leadership skills' and 'technical skills'.

<sup>29</sup> The Linear Regression Analysis technique perceives ratings of their overall skills satisfaction as "quantities" that depend on respondents' ratings of their satisfaction with the specific skills. The Linear Regression Analysis, applied on unweighted data, produces a mathematical model that estimates how strongly the satisfaction with each of the various skills reflects on the overall satisfaction.

showing the importance of these for IMI employers.

**Figure 7.9 Modelling skills satisfaction of automotive retail employers**



It should be noted that the significance of 'customer service skills' for employers in IMI's footprint also emerged as a key theme from the in-depth interviews. Roles needing strong customer service skills were found to be seen as of critical value for businesses in the automotive retail sector, that need to manage daily large volumes of customer queries or complaints. The demand for high level customer service skills was further underpinned by employers that reported increased turnover rates in customer service posts.

### **7.3 Factors shaping attitudes to skills**

Questions of employer satisfaction with employees' skills, measures to improve skill satisfaction and beliefs on the business benefits of increasing skills levels were included in the survey. The issues explored by these questions are closely related. To analyse the relationship between them, the Factor Analysis<sup>30</sup> technique was applied. This statistical technique identifies groups of questions that were answered in a similar way.

The statistical analysis yielded three factors (groups of questions). Each factor consists of a set of questions, as can be seen in Table 7.2.

This table shows that all the different skill questions that were asked fall under one single factor. Therefore employers tended to have similar satisfaction levels for all their employees' skill levels (for example, it is unlikely that employers were extremely dissatisfied with their employees' 'communication skills' but were extremely satisfied with their 'general technical skills'). This grouping could indicate that automotive retail employers do not easily distinguish between the different specific skill needs within their organisation as overall they rate all skill level satisfaction at a similar rate.

The second factor identified by the analysis consists of the questions on the value of 'offering internal training' and 'offering external training' and the questions around the benefits of increasing skill levels. This finding indicates that, overall, employers who tend to highly value training also tend to recognise the benefits from increased skills.

<sup>30</sup> For this piece of analysis, the Principle Components method of Factor Analysis was used. The method was applied on quantitative data from the questions on skills satisfaction, on actions to improve skills and on benefits from skills levels. Each factor yielded is a linear combination of variables that represent questions in the survey. Following the common practise, the analysis was conducted on unweighted data so that the weighting will not skew the results.

Finally, introducing new skills in the organisation by recruiting new people solely constitutes a third factor. This implies that this method of increasing organisational skill levels tends to be seen as discrete to other ways of increasing skill levels, which, are found under the second factor.

**Table 7.2 Factors underlying attitudes towards skills and training**

| Factor Analysis: Factors underlying attitudes towards skills and training   |  |   |
|---|--|---|
| Factor 1  | Factor 2   | Factor 3  |
| <ul style="list-style-type: none"> <li>• Overall management and leadership skills</li> <li>• Managing people and evaluating their performance</li> <li>• Managing financial resources</li> <li>• Developing strategic business plan</li> <li>• Providing learning opportunities for employees</li> <li>• Recruiting, selecting and keeping employees</li> <li>• Health, safety and accident management skills</li> <li>• Communication skills including coaching</li> <li>• Customer service skills</li> <li>• Basic skills (IT, numeracy, literacy)</li> <li>• General technical skills</li> <li>• Vehicle control and diagnostic systems</li> <li>• Alternative engine types such as hybrid or electronic vehicles</li> </ul> | <ul style="list-style-type: none"> <li>• Offering more internal training would improve skill levels</li> <li>• Training through external providers would improve skill levels</li> <li>• Better meet customer's needs</li> <li>• Improve position against competitors</li> <li>• Decrease our operating costs</li> <li>• Increase staff retention</li> <li>• Comply with sectors working requirements</li> <li>• Ability to respond to technological advances in the sector</li> </ul> | <ul style="list-style-type: none"> <li>• Recruiting new employees would improve skill levels</li> </ul> |

## 7.4 Chapter summary

A typology of the businesses in IMI's footprint and their characteristic profiles was set out in this chapter. It examined which skills play a greater role in determining businesses' skill satisfaction of their employees and which factors underlie businesses' attitudes in relation to training and skills. Three types of businesses were identified that each follows a quite distinct and coherent pattern regarding their attitudes towards skills and training. There is little difference between the three types of businesses by sub-sector and nation but the three types of businesses have rather distinct perceptions of their external and internal organisational context.

More than a quarter of businesses in the survey were categorised as Type I *aversive employers* as they are predominantly characterised by a training aversion that may relate to their smaller size or their lower skill levels aspirations. This type of business perceive their skill needs as being more unique and are less generalised to the wider sector. Despite this, Type I businesses have the most positive outlook on their immediate business and the challenge they reported most was 'becoming or remaining profitable'.

One-third of the respondents were categorised as Type II *evolving employers* who are moderately satisfied with their skill status and tend to have high skill levels aspirations. These employers look keen to expand their market shares and to receive training; however, they are not completely convinced about the benefits skills may bring to their organisation. The challenge they anticipate facing will be 'budgeting for expansion costs'.

Finally, two-fifths were categorised as Type III *strategic employers* with high skill level aspirations and a solid training culture that understands and pursues the benefits of training.

Older businesses that have been trading for more than 10 years are more represented in this type. These businesses anticipated facing a greater range of challenges in the next 12 months than Types I and II. The most significant challenge they reported was 'keeping up with competition from outside the UK'. These businesses appear to systematically expect the highest benefits from increasing their skill levels and the majority of businesses falling under this Type and Type II offered some kind of work related skills training in the last year.

This is in contrast to Type I employers, as only around two-thirds of businesses falling under Type I did the same. Type I employers are less likely to undertake training and are not planning to offer any training in the next year. Some Type I employers also stated that their sub-sector did not change frequently therefore training to update skills was not needed. A higher proportion of Type III businesses are aware of IMI, followed by 32% of Type II and 24% of Type I businesses. Of those organisations that are aware of IMI, a smaller proportion of Type I businesses knew that IMI was their Sector Skills Council compared to those from Type II and Type III.

In general, employers within IMI's footprint tend to have similar satisfaction levels for all their skill levels, which could suggest that these employers do not easily distinguish between the different specific skill needs within their organisations. Overall though respondents who tend to highly value training also tend to recognise the benefits from increased skills.

It is apparent that four core skills predominantly affect the overall skill satisfaction levels for automotive retail employers, these are: 'general technical skills', 'overall management and leadership skills', 'people management/performance evaluation skills', and 'customer service skills', with 'customer service skills' the most important factor in determining automotive retail employers' overall skills satisfaction of their employees. The demand for high level customer service skills was further underpinned by employers that reported increased turnover rates in customer service posts. The three additional skills that determine overall employer satisfaction are elements of management and leadership skills and technical skills. This confirms that priorities for the IMI sector are still around 'technical' and 'management and leadership skills', as these are of great importance to automotive retail employers.

## 8 Conclusions

This section draws together conclusions from the survey, qualitative interviews with employers and training providers in the automotive retail sector, and employers from vehicle manufacturing and summarises key findings. It considers whether management and leadership skills remain priorities for the automotive retail sector then seeks to understand more detail of the nature of these skill gaps and needs. It also considers internal and external factors impacting on automotive retail employers, their awareness of the IMI and demand for training provision in the Welsh language. The conclusions form the basis of a number of recommendations that are presented in Section 9. These recommendations focus on up-skilling solutions and how the skill gaps (across the short, medium and long-term) could be addressed in the future.

### Vacancies and staff retention

Overall, 16% of employers reported at least one vacancy in their establishment. This is a significant increase from 2009, up 10 percentage points from 6%. A further 14% of employers indicated that they had a skill shortage vacancy whilst less than one-tenth reported any hard-to-fill vacancies.

The vacancy rate among automotive retail employers reflects a return to similar vacancy levels experienced across the sector prior to the recession.<sup>31</sup> The decline of overall vacancies in 2009 was in part attributed to the impact of the recession, resulting in the closure of dealerships and independents and the contraction of businesses, whilst not back-filling positions vacated by employees leaving.<sup>32</sup>

The incidence of skill shortage vacancies is particularly high when compared to the wider economy, but this needs to be placed within context of the sector being characterised by a high proportion of skilled trade positions.<sup>33</sup> In addition, recruitment into the sector tends to favour sector experience over transferable skills,<sup>34</sup> therefore employers from the sector typically recruit from a smaller pool of available talent.

The 2009 Automotive Retail Employer Skill Survey indicated that the recession had alleviated the short supply of skilled technicians due to a decline in demand, but employers (at the time) had expected the overall issue of skill shortages to return once the economy came out of the recession. The results suggest that this is now the case. Also, with some 60% of businesses having intentions to grow their business, this may account for the increases in overall vacancies levels across the sector too, with some businesses already recruiting.

Only a very small percentage of employers reported a problem retaining staff but this did represent a one percentage point increase from 2009. The highest incidence of vacancies by sub-sector occurred in roadside assistance and recovery, and heavy vehicle maintenance and repair. The least reported vacancies were among motorcycle sales, maintenance and repair; parts distribution and supply; and light vehicle maintenance and repair.

By UK Nation, employers in Scotland and Wales reported the highest incidences of vacancies (one fifth) across the four nations and almost a sixth of employers in England and less than a tenth of Northern Ireland employers reported having vacancies.

Medium-sized employers from the sector experienced nearly twice as many vacancy challenges when compared to small employers and four times as many, when compared to micro employers. The findings here mirror that of previous national skills surveys, with the incidence of vacancies, hard-to-fill vacancies and skill shortage vacancies increasing with establishment size, yet typically, the smallest businesses tend to have a disproportional degree of difficulty in this area. Micro businesses from this survey reported higher proportions

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<sup>31</sup> In comparing the most relevant data at the time, the vacancy rate of automotive retail employers in 2007 in England was 15%. Source: Learning and Skills Council, *National Employer Skills Survey for England 2007* (2008). Available at UKCES, <http://nessdata.ukces.org.uk/ness>

<sup>32</sup> UKCES, National Employer Skills Survey for England 2009: Main report, Evidence Report 13 (August 2010)

<sup>33</sup> 34% of the sector is employed in skilled positions compared to the 11% of the wider economy.

Source: Labour Force Survey annual average 2008

<sup>34</sup> IMI, *Skills Priorities for the Automotive Retail Sector: United Kingdom* (2009)

of skill shortage vacancies within overall vacancies compared with small and medium-sized businesses.

The nature of micro business operations means that employees may have to carry out a wider range of tasks, requiring different skill sets, in comparison to larger businesses that may employ people to perform specific duties. It can be seen that skill shortage vacancies are of a particular issue for micro businesses due to the difficulty of recruiting individuals that can match the wider expectations and requirements of owner/managers of micro businesses.

### **Impact of the recession and other business challenges**

Overall, a very high proportion (96%) of automotive retail employers expected to face at least one challenge to their business during the next twelve months. Employers reported that the effects of the recession will be a significant challenge to their business, with 80% of employers stating 'becoming or remaining profitable', as their most significant issue.

The high incidences of 'becoming or remaining profitable' is not surprising given the overall low profitability of the sector,<sup>35</sup> hindered further through the economic consequences to businesses post the end of the recession. By sub-sector, vehicle sales reported above average incidences of this challenge followed by light vehicle maintenance and repair. Research on car dealerships for example indicated that the sector has been particularly affected by the recession due to a "*rapid deterioration in new vehicle registrations leading to heavy discounting and consequently a decrease in used car residual values*".<sup>36</sup> For light vehicle maintenance and repair, one of the effects of the recession had been the reduction of non-essential maintenance work, for example car services, contributing to a decline in overall turnover.

With regard to the vehicle sales sub-sector, the introduction of the government's Scrappage Scheme during the recession helped to protect many franchise dealers in minimising the overall decline of new car sales. However, with the incentive now ended, coupled with scheduled increases to the value added tax rate, this sub-sector is likely to experience difficult trading conditions over the next 12 months.

From a skills perspective, research shows that profits are highest in 'aftersales' services (i.e. servicing) for franchise businesses.<sup>37</sup> It has been suggested that the best placed franchise dealerships will be those who either retain or improve their market share of 'aftersales' services.<sup>38</sup> Both technical and customer services skills will be important here, as well as management and leadership skills to devise new business models and offers in order to generate sustainable income streams.

Results also revealed other business challenges that fall outside the general consequences of the recession. For example, nearly two-thirds of all employers regarded 'keeping up with legislative and regulatory requirements' as a concern.

Further investigation with employers about legislation and regulation issues highlighted changes to MOT requirements as an influence. Other employers cited more frequent reviews by their vehicle manufacturers to ensure they were up to regulatory standards. The latter point can be in part explained as the automotive retail sector is heavily influenced by emerging products produced by vehicle manufacturers.

As indicated in previous IMI research,<sup>39</sup> vehicles released into the market have an impact on the practices of businesses, for example within the maintenance and repair sub-sectors. Here, businesses must align with vehicle manufacturers' workshop repair processes and procedures. More significantly, businesses must utilise suitable equipment to carry out such maintenance and repair.

More frequent reviews by manufacturers have a direct consequence on the operating practices of these sub-sectors and in particular, micro and small businesses. A further dimension of this is the pace and variation of new technology included within new vehicles.

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<sup>35</sup> Ibid.

<sup>36</sup> Ernst & Young, *UK car dealerships: lessons from the last recession 2009*, (2009)

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> IMI, *Skills Priorities for the Automotive Retail Sector: United Kingdom* (2009)

This results in the sector having to follow new processes in order to maintain cars in line with manufacturers' standards. This is especially an issue for those businesses that do not have direct access to manufacturers own training programmes.

Building on this, as an overarching theme of the research, 'keeping up with technological change' was regarded as an issue for nearly half of all employers. From the qualitative research some micro businesses commented on how quickly technology changes and how expensive this can be. Expense in this regard was attributed to not just the investment to train staff but the purchasing of equipment for vehicle diagnostics. The launch of new vehicles by manufacturers therefore influences what equipment and parts are required to repair and maintain vehicles. This issue is further compounded with much of the diagnostic equipment being brand specific, therefore smaller independent garages lack the finances to purchase several pieces of kit necessary for each manufacturer.

Some of the employers interviewed reported that their business model was currently focused on repairing older vehicles, citing not having the resources to purchase the necessary equipment to repair newer models. This has implications for these businesses in their ability to carry out services and general repairs in the future on more sophisticated cars.

### **Growth objectives**

As presented earlier, some 60% of all employers planned to grow their business, with 7% planned for rapid growth. The exact nature of this growth was not established but with just over a third of employers intending to remain the same, there are high proportions of automotive retail businesses potentially requiring support on how to achieve and manage their plans for growth.

Employers from Scotland indicated higher ambitions for growth, predicting moderate or rapid growth, which was followed by Wales and England. Employers from England also reported the highest levels of rapid growth at 8%.

The research indicated that by sub-sector, vehicle sales, and vehicle rental and leasing had expressed a greater desire to grow when compared to their counterparts in other sub-sectors. The necessity to improve sales post the recession coupled with the points raised earlier regarding the vehicle sales sub-sector needing to maximise profits is a strong driver for growth here.

## **8.1 Training and development practices**

### **Current training practices**

Just over three quarters of employers had provided some form of training for their staff within the last 12 months. Over half of automotive retail employers had provided 'on-site training conducted by internal staff' whilst 43% purchased 'external training'. Some 35% had delivered 'onsite training by an external organisation' and just under a third reported that some form of 'Apprenticeship' training was occurring within their business, which represented a 7 percentage point increase from 2009.

There are several factors that count towards the overall higher incidence of 'on-site training conducted by internal staff'. The cost to train externally may be a deterrent for some employers, particularly for micro businesses. Employers who were asked in more detail about this identified a preference to cascade skills down to their employees rather than sending them on a training course. In addition, the high proportions of skilled occupations across the sector means that significant on-the-job training to support and develop an individual's skills and competencies is required. The high proportion of apprentices employed in the sector further influences this, as they require more support in learning their trade.

The extent of training by sub-sector varies considerably, with employers from vehicle rental and roadside assistance and recovery most likely to have offered some form of training in the past 12 months. Overall, employers from England were most likely to offer some kind of training to their employees, with approximately one-fifth not providing any form of training during the last year. At 33%, employers in Wales were most likely not to offer training to their employees, followed by Northern Ireland and Scotland.

Analysis by business size shows that all medium-sized businesses reported offering some

form of training in the preceding 12 months, whilst only 3% of small businesses reported not having offered any type of training. Some 32% of micro businesses did not provide any training for their staff last year. The higher proportions of micro businesses not training is not necessarily surprising considering the barriers to train that micro businesses typically face (e.g. the cost to train, capacity to release staff and capacity to offer training schemes internally). Research with training providers revealed that while they do receive enquiries for training among micro businesses the numbers of employees put forward are typically too low for providers to run specific programmes. However, the lower incidences of training among some micro businesses can be explained due to their overall high satisfaction of their employees' skill levels and therefore not having a clear business case to conduct training.

Nearly all businesses that were part of a chain undertook some form of training in the last 12 months compared to about three quarters of independents. Moreover, younger establishments (those under ten years old) were less likely to have provided training when compared to older establishments.

Lower levels of formal processes and plans to undertake training may account for the disparities between independents and chain/ franchises training behaviour. Referring to the English NESS 2009 data, organisations that form part of a 'larger organisation'<sup>40</sup> reported higher incidences of training plans (67% compared with 22% of independents) and also a training budget (53% compared with 18%).

### **Future training practices**

In total, 58% of automotive retail employers planned to undertake some form of training over the next 12 months. This represents a decrease of 19 percentage points when compared to the 77% of employers that offered some form of training in the last 12 months.

Furthermore, only 6% of those that planned to undertake training next year are new trainers (i.e. those that did not offer training last year). All sub-sectors reported a decrease in training opportunities for next year, with the highest decreases planned to occur in vehicle rental and leasing, heavy vehicle maintenance and repair, and body building.

The largest anticipated decrease in training is for England, followed by Northern Ireland and Scotland. A reduction in training opportunities is least likely in Wales.

As presented in Section 5, employers reported 'providing learning opportunities for employees' relatively low in comparison to other skill levels. Contraction of the sector's intentions to train next year could be explained due to the main challenge being cited as 'becoming or remaining profitable' alongside narrow profit margins. However, with the reactive nature of the sector and higher propensity to undertake 'on-site training by internal staff', the reduction in planned training may not be as large as reported by employers during fieldwork.

## **8.2 The size and demand for training provision in the Welsh language**

Just over a quarter of employers from Wales indicated that they had access to training provision in the Welsh language. Overall, just 2% of employers indicated that they required training provision in Welsh.

Those who had accessed training in Welsh provided a relatively positive view of current provision, indicating no major concern among automotive retail employers with regards to the quality or availability of training in the Welsh language.

## **8.3 Skill shortages and employer satisfaction of skill levels**

Overall, employers in the automotive retail sector had relatively high levels of satisfaction with the skill levels of their employees. Analysis of overall employer satisfaction with skill levels by sub-sector indicated only small differences between the business activities that fall under the IMI footprint. There was also almost no discernible difference in overall employers' satisfaction levels by the four nations.

Employer satisfaction levels with 'overall management and leadership skills' and 'general technical skills' varied, although a similar pattern emerged to that of overall employer

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<sup>40</sup> English NESS 2009 survey definition of a none independent business

satisfaction with skill levels in general. Employer satisfaction with management and leadership skills was marginally lower, with developing 'strategic business plans' and 'providing learning opportunities for employees' the lowest rated dimensions of this. These skills areas are of particular interest given the overall planned decline in training over the next 12 months and the high percentages of employers who reported overall plans for growth.

### **Determining overall employer satisfaction with skills**

In general, employers within IMI's footprint tend to have similar satisfaction levels for all their employees' skill levels, which could suggest that these employers do not easily distinguish between the different specific skill needs within their organisations. Overall though, respondents who tend to highly value training also tend to recognise the benefits from increased skills.

Four core skills predominantly affected the overall skills satisfaction levels for all automotive retail employers, these are: 'general technical skills', 'overall management and leadership skills', 'people management/performance evaluation skills' and 'customer service skills'. 'Customer service skills' was the most important factor in determining automotive retail employers' overall skills satisfaction. The demand for high level 'customer service skills' was further underpinned by employers reporting increased turnover rates in customer service posts. The three additional skills that determine overall employer satisfaction were elements of 'management and leadership skills' and 'technical skills'. This confirms that priorities for the IMI sector are still around 'technical' and 'management and leadership skills', as these are of great importance to automotive retail employers.

### **Management and leadership skills**

Employers in Wales were the most satisfied with the management and leadership skills of their employees, followed by Scotland, England and Northern Ireland. However, despite being more satisfied overall, Welsh employers rated some dimensions of 'management and leadership skills' less highly when compared to other nations, including 'managing people and evaluating their performance', 'providing learning opportunities for employees', and 'developing strategic business plans'.

Conversely, despite being least satisfied overall, employers in Northern Ireland rate their skills in relation to 'managing people and evaluating their performance' and 'managing financial resources' relatively highly when compared to England, Wales and Scotland.

The relatively low ratings for some of the management and leadership dimensions highlighted above may be attributed to career pathways and the nature of recruitment across the sector. Additional employer research identified that it is common for senior roles to be held by technicians that have been promoted into managerial positions. Whilst having a strong technical background some managers may lack the managerial and leadership skills to successfully direct and support those within the business.

Research with training providers suggested promoting management and leadership skills especially to new entrants to the sector, and embedding these skills into apprenticeship frameworks. More urgently, it was suggested that the sector needs to focus on financial management post the recession, however, the survey suggests that employer satisfaction rating of 'managing financial resources' is relatively high.

### **Customer service skills**

Employers rated their satisfaction of 'customer service skills' the highest of all skills investigated. The research also identified that 'customer service skills' were the most significant factor in determining employers' overall skill satisfaction of their employees. Exploratory research with training providers highlighted that this is still a key issue for the sector particularly the need to professionalise key customer service roles (e.g. complaint handling). 'Customer service skills' have been highlighted in previous studies as a key skill for the sector due to the highly competitive nature of the market. The high proportion of employers stating 'becoming or remaining profitable' with regard to the challenges they envisage facing makes 'customer services skills' a key priority here.

### **Technical skills**

Overall, employers rated their satisfaction with 'general technical skills' highly and second

only to 'customer service skills'. However, employer satisfaction with 'alternative engine types' within this specific element of technical skills was the lowest of all skills surveyed. This is a particular area of concern given current developments and planned future releases of 'alternative engine types' into the marketplace.

Like management and leadership skills, satisfaction with 'general technical skills' was also highest among employers in Wales, followed by England, Scotland and Northern Ireland. In particular, satisfaction levels with 'vehicle control and diagnostic systems' and 'alternative and hybrid drives' were lower across all nations, with the drop in satisfaction levels significantly higher for the latter.

Focusing on 'alternative engine types', some training providers indicated that the sector was not up to speed with hybrid engines with the exception of the manufacturers who produce them, which is potentially a reflection of the low rating of employee's skill levels by employers in this area. Expanding on this, one vehicle manufacturer stated that whilst the technology was advancing the apprenticeship training was falling behind; indicating that further education provision was currently two years behind manufacturers own training.

### **Generic Skills**

Employer satisfaction with 'basic skills' was one of the lowest rated among employers. Further research indicated an ongoing concern with employers focusing in particular on new entrants to the sector lacking the necessary basic skills to be a technician. Both employers and training providers questioned not only the effectiveness of the education system in equipping new entrants to the sector with the basic skills they require, but also providing effective career guidance. New technological developments mean that the sector is evolving requiring higher calibre new entrants with the aptitude to work on new technologies.

### **Improving employer satisfaction with skill levels**

It was identified that the majority of businesses believed that the skill needs of their employees in their business were widespread throughout other businesses in the sector. Employers were marginally more likely to believe that other businesses share their dissatisfaction with 'general technical skills' when compared to 'overall management and leadership skills'. The rapid pace of emerging technology in the sector is potentially a contributor here for many businesses, not having the funds or access to the training to up-skill accordingly.

Of those employers that reported skill gaps in management and leadership, less than one-fifth expected that there will be an improvement in the short-term. Instead, 27% indicate that they expect an improvement in the medium-term and 23% in the long-term; of concern is that, over one-fifth of respondents anticipated that 'there will never be an improvement'. The proportions in relation to technical skills were broadly consistent for the categories short-term and long-term, again approximately one-fifth anticipated that 'there would never be an improvement'; the percentage of respondents indicating that there would be an improvement in technical skills in the medium-term was considerably higher.

Employers were also asked what would improve their satisfaction with skill levels. Overall, they were ambivalent about the extent to which offering more internal training, offering more training through external providers, and or recruiting new employees would help improve skill levels. However, there was marginally more support for internal training.

The marginable preference for internal training can be attributed to the overall higher composition of micro and small businesses in the sector that face issues, such as those described previously, in reference to cost and time to train. Conversely, it was suggested by training providers that there may be an overall resistance to instructor led training from those who have been in the sector for a number of years.

## **8.4 Awareness and engagement with IMI**

Overall awareness of IMI was high amongst employers at 72%. By nation, awareness was highest in England and Scotland, followed by Wales, and was lowest in Northern Ireland. Overall, awareness of IMI increased by the size of the business with medium sized businesses having the highest awareness at 94%. Interestingly, there was a higher rate of awareness of the IMI among sole traders than among micro businesses.

Overall awareness of IMI by sub-sector was highest amongst employers in heavy vehicle maintenance and repair and light vehicle maintenance and repair with awareness particularly low amongst vehicle rental and leasing and fast fit operation employers.

### **Awareness of what IMI does**

Employers with some awareness of IMI were asked (unprompted) what their understanding of IMI's role within the automotive retail industry was. 'Professional body' received the highest response (23%); followed by 'standard setting body of training products' (20%), 'advice and guidance to the sector' (10%); and 'membership organisation' (9%). Just 3% of employers stated IMI was a Sector Skills Council, unprompted.

### **Awareness of IMI as a Sector Skills Council (SSC)**

45% of employers with awareness of IMI knew they were the SSC for the automotive retail sector. As a key performance indicator for the IMI, this represents a 7 percentage point increase from 2009 (where it stood at 38%).

Awareness of IMI as an SSC was highest amongst employers in Scotland; this had increased substantially from the 2009 survey when it was the least aware nation with only 25% of businesses being aware. England and Wales also showed increases in awareness respectively when compared to 2009; however, a decrease in awareness was apparent in relation to Northern Ireland. The awareness by English region varied from 50% in the South West to 41% in the South East. All English regions showed increased levels of awareness since 2009, with the exception of the North East, where a decrease was apparent, and the West Midlands, where awareness had remained static.

When making a comparison to last year's employer skills survey there was an apparent increase in awareness with the majority of IMI sub-sectors reporting increased awareness of the IMI as an SSC. This was apart from the vehicle rental and leasing, and fast fit operations sub-sectors in which there was already relatively low awareness of IMI as an SSC and this survey demonstrates a decline in awareness amongst these sectors since 2009.

Overall, while the IMI was still more widely recognised as a professional body by employers (23%), the 2010 survey demonstrates that more automotive retail employers are becoming increasingly aware of its other function as the SSC for the automotive retail sector.

### **Engagement with IMI in the last two years**

Of those employers who knew that IMI was the SSC for their industry, 19% had engaged with IMI in the last two years, this was the same percentage found in last years' employer survey.

Recent engagement with IMI was highest within the accident repair sub-sector followed by heavy vehicle maintenance and repair, and light vehicle maintenance and repair. Overall, previous experience of engagement with the IMI was highest in Scotland and Northern Ireland. Fewer employers as a proportion of the overall sample in England and Wales had worked with the IMI.

### **Employer rating of the IMI**

On a seven point scale, employers with some awareness of IMI were asked to rate IMI's role as 'a representative of the automotive retail sector'. This resulted in a mean average score of 4.4 out of 7. Qualitative research with some employers suggested that while they were aware of the IMI they were not always aware of the specific role and services they provided. In some incidences such limited awareness may account for a proportion of employers providing a more neutral rating, contributing to the overall average score.

Heavy vehicle maintenance and repair, and light vehicle maintenance and repair were the sub-sectors that were most positive about IMI's role with vehicle rental and leasing, and roadside assistance the least positive. By UK nation, employers from Scotland rated the IMI the highest with employers from England providing a rating in line with the national average, while a lower rating was provided among employers in Northern Ireland and Wales.

### **IMI products and services**

Just over half of all employers reported being aware of 'IMI membership', followed by the 'ATA', 'career information and advice' and the 'AMA', while just over a quarter of all employers

were aware of IMI's research and labour market information'. Products such as 'Autocity', 'Skillauto' and 'Headlight' were the least well known.

Focusing on IMI membership, awareness significantly increased according to business size. Awareness of IMI membership also varied between the different nations. Over half of employers in Scotland and England were aware of IMI membership while under half of employers from Wales and Northern Ireland reported an awareness of this.

## 8.5 Types of employers in the automotive retail sector

A typology of the businesses in IMI's footprint and their characteristic profiles examined which skills play a greater role in determining businesses' skills satisfaction and which factors underlie businesses' attitudes in relation to training and skills. Three types of businesses were identified that each followed a quite distinct and coherent pattern regarding their attitudes towards skills and training. There was little difference between the three types of businesses by sub-sector and nation but the three types of businesses had rather distinct perceptions of their external and internal organisational context. The three types of employers appear to be:

### The training adverse employer (Type I)

More than a quarter of businesses in the survey were categorised as Type I businesses *training averse employers* as they are predominantly characterised by a training aversion that may relate to their smaller size or their lower skill level aspirations. Some training providers consulted indicated that the lower skill aspirations of these employers may fundamentally be due to a resistance to embrace the changes occurring to the sector.

In addition, these types of business perceive their skill needs as being more unique and are less generalised to the wider sector. Qualitative research with some employers indicated that the technical skills required for their business had not evolved, while their business was regarded as being a niche market, which may account for the unique nature of their skill needs.

While these employers have lower skill level aspirations, Type I businesses have the most positive outlook on their immediate business and the main challenge they reported most frequently was 'becoming or remaining profitable'.

### The evolving employer (Type II)

One-third of the respondents were categorised as *evolving employers* who are moderately satisfied with their skills status and tend to have high skill levels aspirations. These employers look keen to expand their market shares and to provide training opportunities for their employees; however, they are not completely convinced about the benefits skills may bring to their organisation.

Further research to explore the reasons for their lower opinion of skills revealed concerns surrounding the pace of technology, investment costs required and the ability to put training into practice.

Consultations with training providers mirrored these findings, highlighting that some businesses may be reluctant to invest in equipment that may be out of date before a return on investment could be realised. In addition, while there were examples of a preference to filter training through the organisation (e.g. 'onsite training through internal staff') it is often difficult to replicate training in the workplace owing to advances in technology and access to machinery.

### The strategic employer (Type III)

Two-fifths were categorised as *strategic employers* with high skill level aspirations and a solid training culture that understands and pursues the benefits of training. Older businesses that have been trading for more than 10 years are more represented in this type and they anticipated facing a greater range of business challenges in the next 12 months than Types I and II. The most significant challenge reported was 'keeping up with competition from outside the UK'.

Type III businesses appear to systematically expect the highest benefits from increasing their skill levels and the majority of businesses falling under this Type and Type II offered some

kind of work related skills training in the last year. This is in contrast to Type I employers, as only around two-thirds of businesses falling under Type I did the same. Type I employers are less likely to undertake training and are not planning to offer any training in the next year. Some Type I employers also stated that their sub-sector did not change frequently therefore training to update skills was not needed.

A higher proportion of Type III businesses are aware of IMI, followed by 32% of Type II and 24% of Type I businesses. Of those organisations that are aware of IMI, a smaller proportion of Type I businesses knew that IMI was their SSC compared to those from Type II and Type III.

## 9 Recommendations

The final section of this report presents the key lessons for IMI and ways in which IMI might respond to the future skills needs of the automotive retail sector. The Employer Skill Survey 2010 and associated qualitative interviews with employers and training providers have revealed priorities for skills in the automotive retail sector and show that certain skills play a more significant role in determining employers overall satisfaction with the skills of their employees than others. Types of employers have also been identified whose attitudes to training and skills development are varied. The recommendations are informed by these research findings and suggest that IMI should:

### 1. **Ensure provision is responsive to technological changes and employers' needs**

Keeping up with technological changes was regarded as an issue for nearly half of all employers that were surveyed. It is therefore vital that IMI supports businesses in the sector to keep up to date with technological advances. The IMI's Accreditation Academy can play an important role here to align its CPD offer to technological developments occurring across the sector.

It is also important that employers are aware of existing provision. For instance the development and roll out of the Automotive Technician Accreditation (ATA) scheme has been seen as exemplary by the sector and further work to ensure that it is promoted is important. This is particularly relevant as employers' overall satisfaction with skills associated with alternative engine types were very low and the ATA scheme supports employees to gain up to date knowledge of developments, especially new engine types and electronics.

By promoting the ATA scheme both within and beyond the automotive retail sector it would improve public knowledge and understanding of the Automotive Management Accreditation (AMA) scheme. This would raise its profile as a quality accreditation and act as a driver to encourage more employers and employees to achieve the AMA.

### 2. **Continue to support the sector to improve professionalism and customer service skills**

The analysis of the data revealed that customer service skills are the most important factor in determining automotive retail employers' overall skills satisfaction. The sector was also previously threatened with a super complaint from the National Consumer Council and IMI has a key role to play in ensuring that the sector continues to address customer service skills needs.

IMI should consider the high incidences of employers reporting 'remaining profitable' and 'competition concerns' over the next 12 months. It should respond by ensuring that customer service skills provision focuses upon the fundamentals but also anticipates how technological changes may impact on customers' future expectations.

In addition, in a similar approach undertaken with regard to management and leadership and technical skills for this survey, IMI may wish to commission research to provide more detail and the nature around the customer service skill needs across the sector.

### 3. **Raise awareness of IMI membership and lesser known products and services such as: Autocity, Skillauto and Headlight**

While awareness of IMI is high among employers, there is less awareness of what IMI does and offers particularly among independent small to medium sized businesses. Two recommendations are presented below for consideration as to how the IMI could improve its awareness and rating among these automotive retail employers:

- a. Improve the presence of IMI representation with employers at a more local level particularly among small to medium sized businesses. IMI also needs to improve its communications and marketing, especially with small and micro businesses.

- b. IMI representatives or information provided by the IMI should be promoted in a more concentrated way to key audiences such as schools and careers advisors, particularly IMI key products such as Headlight and Autocity that highlight new opportunities and career paths that are available within the sector.

**4. Do not expand the provision of training in the Welsh language**

Based on the findings of the survey, which identified very little demand from employers for training provision in the Welsh language, further investigation into the nature of demand for this should not be a priority for the IMI at this time.

**5. Support the sector to continue to improve management and leadership skills**

Automotive retail employers provided a relative low score with regard to satisfaction in developing strategic business plans. The AMA scheme includes 'adapts plans to a changing market' within the framework, however this is only an optional element of the accreditation. IMI should review whether this could have more prominence in the AMA scheme based on the findings of this research, which suggest that it could act as a solution to respond to those employers that are relatively dissatisfied with their employees' skills in this area.

**6. Accept that not all businesses will invest in training and skills development**

The research has identified that just over a quarter of automotive retail businesses are to a certain extent *adverse* trainers who already view the satisfaction of the skills within their business highly. Where the business case to train does not exist, it is unlikely that promoting the benefits and rewards of training will lead some employers to change their behaviour. The IMI should instead focus upon the *evolving* and *strategic* employers (as discussed in Section 7) with high skill aspirations but who are moderately or least satisfied with their skills levels. A strong case can also be made to support those businesses planning for growth.

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