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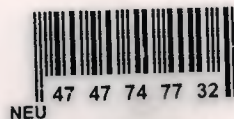


NEAR EAST UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

MAN 400 2001-2002 FALL SEMESTER GRADUATION PROJECT

SUBJECT:ERCANTAN LTD.
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Ercantan ltd

I. Introduction

Aim of the following study is to study a local company in TRNC, the Ercantan Ltd. This is one of the best known names in TRNC and it is considered as a successful organization. The study will be carried out in light of the lectures and learning in management and marketing principles. On one hand we will look into the activities and present situation of the company and at the other hand we will use certain tools to measure its position in the market and then there will be a conclusion and suggestions for improvement.

One of the main difficulties in preparing a business management report is that the companies have almost no written material about their businesses. They also refrain to give information particularly about their accounts. Ercantan was no exception. They had almost no written information about their businesses. But the general manager and the partner Kansu Ercantan was very helpful in giving information about the business. The following report is prepared in light of the information given by Kansu Ercantan as well as interviews with customers and consumers in general. Our lecture notes and study books had provided the guide for the study.

The report will begin about the background of the organization. A brief historical background will be followed by the strategic business units of the company. Since the company is dealing in many different business activities ranging from banking to textiles, we will select the Renault cars marketing department

and focus on this unit. After looking into the Renault brand we will focus on the marketing mix of the Ercantan Renault branch. There will be analysis of the car markets in TRNC which will contain the competition aspects in the market. The report will continue with a SWOT analysis. After all the evaluation the report will end with a conclusion and recommendation.

II. BACKGROUND OF THE ERCANTAN LTD.

Ercantan family was in business life even before 1960's. The father was dealing in textiles retailing. Ercantan family is five brothers. They started their business life in the Arasta street where all the textile retailers had outlets. The two twin brothers Tansu and Kansu established their first formal LTD company back in 1967. Their first activity was textile retailing. As a part of their effort they also entered into manufacturing business with many partners called the Toros knitting and textile company. After a while they withdrew from this activity and concentrated on retail marketing.

The company was a very well known company right from the beginning but the business climate in Cyprus was not very bright. The economy was under the Greek dominance and they gave almost no chance for the Turkish Cypriots to do business. 1974 was a breakthrough in the business life of the Turkish Cypriots when Turkey intervened and saved the Turkish Cypriots from the Greek dominance. The business life started to flourish and Ercantan Ltd. Was making the best of the developments.

Ercantan used a very clever strategy and worked hand in hand with one of the most successful Turkish holdings in Turkey, the Sabancı Holding. They became the Cyprus extension of Sabancı. With Sabancı's backing the Ercantan became one of the best textile retailers and wholesalers in TRNC.

When Ercantan realized that they have expanded as much as they could in the textile business they changed

tactics and started to diversify. After completing their new plaza at the junction of the Nicosia and Magusa main road just at the exit of Nicosia, they had room to diversify. They entered into car tire business electronics and household goods, air conditioning, and many other businesses. A major diversification took place when they obtained the dealership of Toyota in TRNC. Just after this they obtained the dealership of Reanault cars which will be our main focus with this study. Finally the Ercantan started banking business when they established the Erbank.

III. Strategic Business Units of Ercantan

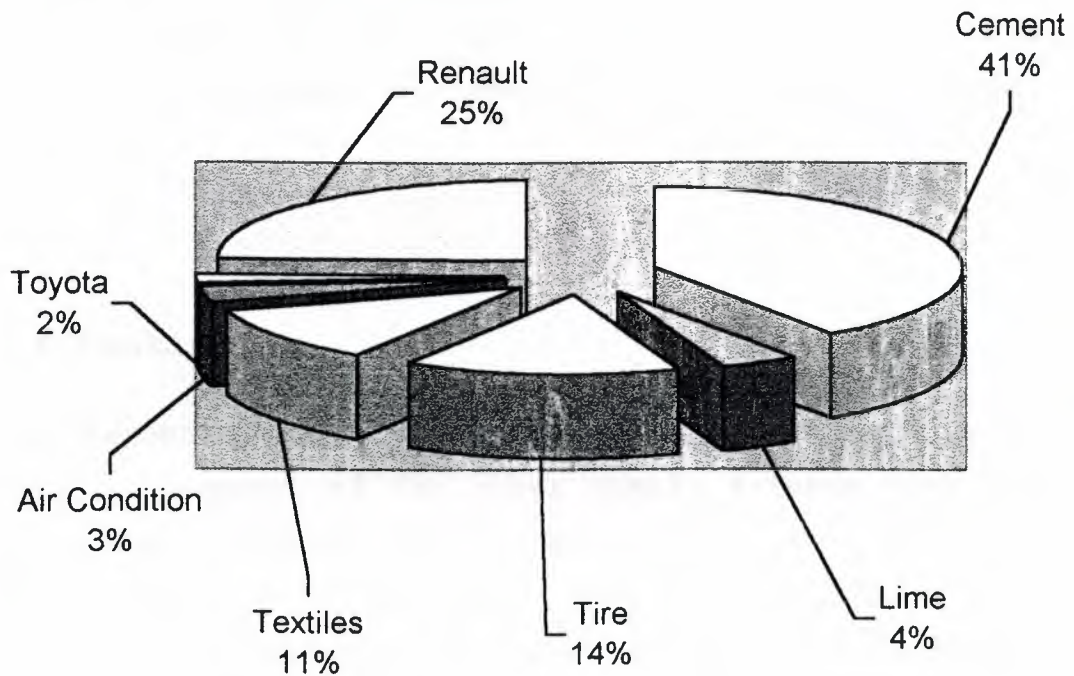
Ercantan operation strategy is to operate business as strategic business units. Following are the different business units of Ercantan;

3.1 CARS

Ercantan imports mainly Toyota and Renault types of cars. But they also deal with second hand cars since they sell new cars and take the second hand cars in part exchange. Each brand has a different manager. The managers have certain limits that they can make decisions. Each car is priced in such a way that the managers can reduce up to three percent. There is also trade ins. Ercantan usually accepts old cars of the customers as part of the payment. In this case, the managers have to decide on the price. If they pay high price for the car then at the end they lose money. Their success is measured by the lowest price for the old cars and highest price for the car that they are selling.

Service garages are also different strategic business units. There is a different garage for the Renault, and for the Toyota cars. Each one has a manager that makes day to day decisions.

Share of Renault Business in Ercantan's whole business



3.2 ELECTRONICS DEPARTMENT

This department is a totally separate strategic business unit. The main part of this business is sales of the TV sets, cookers, washing machines and related products. Floor manager is totally responsible for day to day activity and has certain limits in which he can play with the prices.

3.3 TEXTILES

This is the oldest part of the business. In this department they sell almost every item under the heading of textiles. They also sell carpets and trimmings. This business has a manager and sub

managers. Sub-managers do not have much responsibility other than keeping the stock records and cashing the money that they collect from the customers. The manager of the textiles can make decisions regarding the prices. He can make wholesale prices, and also credit terms.

3.4 Banking

Recently the Ercantan started their bank business. With the support of the other family friends they set up a small bank called Er Bank. This is one of the small family banks in TRNC. The main purpose of the Bank was to provide low cost finance to Ercantan. Instead of borrowing from the other commercial banks at expensive rate the company was to use the savings of the clients and finance their business. Like all the other banks the Er Bank is also going under difficulties in the banking business due to general recession and failure of some similar banks.

IV. Ercantan Renault Plaza

Although Ercantan also imports Toyota cars to TRNC they are highly concentrated on the Renault brand since this has become one of the most favored cars in TRNC. The agency of Renault was obtained in 1999. This means that the company is at the beginning of the business

V. RENAULT CARS

Oyak Renault is in car production business for more than thirty years. They have produced their second millionth car in 2000. They are the second biggest car manufacturers and one of the best known brands in Turkey. Thirty two percent of the cars sold every year are made at Renault factories. They are pioneers in automobile industry in Turkey. Until 1999 the car industry grew very fast. Early nineties were the golden years. The sales increased about 40 percent in 1999 compared with the year before. In parallel with the economic difficulties in general, car sales dropped by 43% in recent years at the local markets. However the company turned things around by finding their way of exporting. There is a boom in exports in the first 10 months of this year and also an increase in production.

Renault produces cars that are planned, designed in Europe and manufactured, and marketed in Turkey. The automobile industry is concerned with profits and competition; with consumer demands for styling, safety, and efficiency; and with labor relations and manufacturing efficiency.

As one of the biggest car manufacturers of the world Renault is produced with high technology. It is a French trade mark. Renault of Turkey, in the first years of cars production was manufacturing old models of Renault of France. After the liberalization of the Turkish economy, in the beginning of the eighties, the Turkish markets opened for competition. Today, latest models of Renault are manufactured and export activities are intensifying.

Car market in Turkey is large market with a locally produced and imported cars. With the Customs Union, it is likely that the foreign cars will find their ways in the Turkish markets, much easier than before. Main competitors amongst the locally produced cars are the Ford and Tofaş. Renault Cars, are the largest variety in price and models it is due to this that they are one of the best sellers in Turkey. In the past the only competition was between the local producers. But as the economy of Turkey is opening up, the automobile sector has to compete with the world. In coming years, the number of the car manufacturers is expected to increase.

Most of the designing work is carried out in France. Oyak Renault manufactured the old models of Renault In the first years of the production, and they did not need to go into designing of new models. But at more recent years they are involved in design, in the central offices of the Renault in France, since they are now intend to produce world up-to-date models. Renault of Turkey aims to be sole producers of some new models to distribute to the world. The development of a new car or truck model typically is initiated three to five years before production is to begin. Production planners establish basic design goals such as size, weight, and potential market. Early in this process, the engine and transmission are selected, and the exterior and interior dimensions defined. Stylists then design the exterior shape and interior configuration. Often numerous renderings are prepared before a final decision is made to hand build a small number of clay models of the proposed cars.

There are many factors in deciding to which car to buy. Aspects which effect the decision, are mainly to do with the needs. Cars generally similar in appearance, that is, in style or design, but varying in such elements as size, price, and quality. Cars lines must be intimately correlated with consumer needs and wants in the target markets, and close and careful attention must be paid for the competitive producers and exporters of similar models.

To achieve a line effectively, marketing research is conducted to study consumer behavior. Changing attitudes and modes of living directly affect the salability of cars. The availability or lack of disposable income, meaning income over and above that spent for basic necessities such as food, shelter, and clothing, affects the buying pattern for so-called luxury cars. Similarly, the purchase of durable or long-lived cars, may be deferred when the economy is declining and may increase rapidly in periods of prosperity. Staple cars, such as food and clothing, tend not to be seriously affected by the business cycle.

Like all the products, cars has to be distributed in the right manner to achieve a satisfactory sales. Distribution of the cars are done through a few different channels. One is the appointed agents, who represent the mother company.

It is not easy to become an agent of Renault since it is one of the most popular car producer of Turkey. Prospective agents must fulfill the following conditions and basic requirements in order to be considered eligible;

There must be no other agent in the region, and new agent will not effect the business of the other established agent.

1. Prospective agent must have the appropriate premises,
2. They must be financially sound and trustworthy.
3. They should be able to sell and service in the quality way. Once an agency is obtained then the building must be decorated as to the standards of Renault .All the Renault agents have the same standard of shop-front, fully computerized, and fully furnished.

Main agents, have group of dealers and galleries that they work with. These are smaller selling units. Dealers and galleries have an important role in car marketing. They are involved in buying and selling used cars. Consumer find it useful to buy their cars from these places, since they can trade in their used cars.

Renault has an effective distribution network throughout Turkey. The Renault car sales are done through agencies everywhere in Turkey. They are called Renault agencies.

There are two basic components which affect car pricing, which are costs of manufacture and competition in selling. It is unprofitable to sell a car below the manufacturer's production costs and unfeasible to sell it at a price higher than that at which comparable merchandise is being offered. Other variables also affect pricing. Company policy may require a minimum profit on new car lines or a specified return on investments, or discounts may be offered on purchases in quantity.

Special attention must be paid in international marketing, so as to be in line with the competitors from the other countries.

Promotion is a serious affair in car industry. In 1994 Renault promoted and sponsored many activities. We can summarize these as follows:

- * University of Boğaziçi Auto-show
- * University of Istanbul, privatization seminar
- * European basketball matches
- * Art exhibit of Abidin Dino
- * Istanbul film festival
- * Çeşme Music Festival
- * International yacht race of Bodrum
- * Effect of customs Union with EU on car industry.

The primary objective of advertising is to presale the cars, that is, to convince consumers to purchase an item before they actually see and inspect it. Most companies consider this function so important that they have allotted extensive budgets and engaged special advertising agencies to develop their program of advertising. By repeatedly exposing the consumer to a brand name or trademark, to the appearance or package of a car, and to special features of an item, advertisers hope to incline consumers toward a particular car. Advertising is most frequently done on television, radio, and billboards; in newspapers, magazines, and catalogs; and through direct mail to the consumers. In recent years, advertising agencies have been joining forces to become giant agencies, making it possible for them to offer their clients a comprehensive range of worldwide promotion services.

Salespeople are now used primarily where the cars are complex and require careful explanation or customized application. For example, in the typical automobile sale, the salesperson's activities generally center on negotiating price and arranging terms of payment.

Purpose of sales promotion is to supplement and coordinate advertising and personal selling; this has become increasingly important in marketing. Often it is necessary to work closely with the dealers who handle a manufacturer's cars if the cars are to move satisfactorily. Displays must be supplied and set up, and cooperative advertising programs may be worked out. Store clerks should be trained in a knowledge of the manufacturer's cars. Often the manufacturer must provide services such as installation and maintenance for a specified time period. On the consumer level, sales promotion may involve special inducements such as discount coupons, contests, a premium with the purchase of a car, or a lower price on the purchase of a second car.

Sales of cars are not the end of the business. One of the most important aspects directly effecting the sales of cars are the guarantees and after sales services.

Renault cars are guaranteed for certain periods of time for parts and repairs. This is to show the confidence in the products. This leads to confidence of the consumer. Cost of guaranteeing is only 0.5% of total income from sales. So, this can be considered a reasonable cost for building up the confidence in the name.

Selling the car does not finish the work of the company like most of the commodities. Consumers are very careful in selecting a brand, which has a good servicing facilities. Specially in car business, after sales services are very important part of the business. There are different policies of different brands, in after-sales services. There is a competition in this aspect as well. For example, one of the main manufacturers has designed a system where they take the service to the foot of the car users of that brand. They promise help during travel between cities.

Renault is taking the after-sales services very seriously. For that reason, they have established a totally new organization to achieve the best services possible.

Main agents of Renault also have a service garage. There might be a service garage of Renault which may not necessarily be an agent. But whichever the case, all the service garages have the similar appearance and are set with full equipment.

Availability and reasonability of the service and spare parts are very important. It is infect one of the decisive points in choosing the brand of the car that one wants to buy.

VI. CAR MARKETS IN CYPRUS

One of the most fierce competitions in these days are in the car markets. By the early 1980s there were only a handful of galleries and car importers. Today there is a gallery at every corner. The road to the Famagusta from the exit of Nicosia, the Sht. Ruso Street is full of galleries. Apart from this place there are also many galleries spreading around. As well as the Turkish cars there are many imported Japanese cars in the market. As expected, the increased number of dealers and galleries had effected the price of the cars.

The Turkish Cypriots have always been car enthusiasts. In such an extent that most of the families can sacrifice on other aspects in order to buy a car of their choice. There are incidents that some people fail to meet their obligations towards the supplier because they stretch their limits too far. The Turkish communities economic well being have started to improve only after 1974. Since then there is a steady growth in the economy and increased buying power. Although there were limited amount of cars available at the beginning there are now almost every brand available in the country. The pioneers in this sectors are Toros, Levent and ETİ. The most popular cars that are imported to Cyprus are mainly the Turkish cars. In recent years however there are many Japanese cars and the consumers are now buying big cars such as jeeps.

TRNC has a reasonably relaxed import regime. Apart from limited restrictions in respect of the age of the cars there are no limitations for import. The import

duties and expenses vary in respect to the origin of the cars. The car imports from Turkey and Europe has 25% customs tariffs. There are however other expenses and these increase the cost to around 70 percent. The tariffs for the cars from the Far East are higher at around 55 percent. With the other costs such as the port tax, pre-profit tax and Security tax increases the total cost to nearly hundred percent.

In recent years there are increasing demand to larger cars such as Jeeps, Pajeros and Mitsibushi and so on. The reasons behind this development are the increased buying ability of the consumers. Another fact is that these cars do not have any age limit and the tariffs are lower at 30 %.

Total number of cars in Cyprus in 1996 was 97713. This is the final figures available at the State Planning Organisation. At present however we can easily estimate the car number as over 100,000. Since the population of the country is about 200,000, this means that there one car for each family. If we consider that each family has an average population of 4, this means that there are at least two cars in each family. This is a high figure even with the world standards.

There are many different actors in the market. First of all there are recognised agents of main brand names. These companies Apart from Ercantan, such as Toros, Levent, Eti and the Raşit Group and the Anglomed, represent the main car manufacturers such as the Tofaş, Renault, Volvo and Hyundai. There are also many companies who act as agents and dealers in the market.

One group of businesses who deal with the car business are the importers. At the beginning the number of the importers were not many. The main ones were the Ercantan, Toros, ETİ and Levent. At the luxury side of the cars the BMW and Mercedes were also imported right from the beginning. Although these all changed hand at later stages. Today there is a great increase in the number of the importers. Many small galleries have become importers. This happened because of the increase in demand and also because of the high profit margins of the original importers. The investors who realised that the importers are making big profits, started to import their own cars. Today there are even private individuals who import their own cars. The Japanese car exporters are now marketing the second hand cars on the Internet. And anybody who want a car can buy one by placing an order over the Internet.

It is estimated that there are over 50 dealers and galleries in the market. Main agents, have group of dealers and galleries that they work with. These are smaller selling units. Dealers and galleries have an important role in car marketing. They are involved in buying and selling used cars. Consumer find it useful to buy their cars from these places, since they can trade in their used cars.

All the major brands have an effective distribution network throughout Cyprus.

Apart from Renault cars Tofaş had been one of the most popular cars in TRNC specially since 1974. It was first represented by a pioneer importing company ATAI Brothers. Atai Brothers were the one of the very first importing companies in TRNC, importing mainly from Turkey, white products, like refrigerators cookers etc.

They started importing Tofaş cars since 1974. They continued to import these cars until 1995. By then the company, due to some internal problems, became very weak and could not represent the company in the proper manner. Today the Tofaş is represented by the one of the biggest companies in TRNC Levent, which belongs to Boyacı family.

Another competitor, Toros, is one of the oldest establishments in TRNC. They were originally involved in textile and garment manufacturing and marketing. Later they have established different business units such as automobile imports and sales, repair works, electronics and food departments. In the automobile sector they are leaders. They import Japanese Isuzu and Suzuki cars. They are also the agents of Opel cars which are produced in Turkey. Each different brand is dealt with separately. Even the service garages for different brands are separate.

Toros imports many types of cars. Japanese cars are second hand and the Volvo and Opel are new cars. Each brand has a different manager. The managers have certain limits that they can make decisions. Each car is priced in such a way that the managers can reduce up to three percent. There is also trade ins. Toros usually accepts old cars of the customers as part of the payment. In this case, the managers have decide on the price. If they pay high price for the car then at the end they loose money. Their success is measured by the lowest price for the old cars and highest price for the car that they are selling.

Like most of the commodities, selling the car does not finish the work of the company. Specially in car business, after sales services are very important part

of the business. There are different policies of different brands, in after-sales services. There is a competition in this aspect as well. For example, one of the main manufacturers has designed a system where they take the service to the foot of the car users of that brand. They promise help during travel between cities. The increase and the boom in the second hand car market is due to many different reasons. First of all the income level of people are increasing. People who never had cars are now able to buy one. Those who do not have enough resources prefer to buy second hand cars. Today while the new cars start from around 10 billion TL the old cars can be bought in the region of a few billion TL. Another reason for the boom in the second-hand cars is again due to the increased wealth and need for a second car at home. The women are more active in the economy and since there is a lack of public transportation there is a need for a working women. In this days there are two cars at least in the houses that both man and wife work. This number may even become three cars per house where there are grown up children.

Another reason for the boom in the second hand car market is due to the new arrangements for the Turkey Nationalities to buy cars in Cyprus. After a new law in Turkey, Cyprus has become a market of second hand cars of the Europe and the Far East. The new law gave right to every Turkish to take a foreign car with them, into Turkey, when they return from an outside country for more than two years. This meant that, as well as all the students, the officers of the military services would also benefit from this law. Immediately after the announcement of this law, many new businessmen entered

into car sector. As a result the market has become saturated.

There are mixed arguments about the future of the car markets in Cyprus. Some argue that the Cyprus will become a scrub yard of the second hand cars. There are indeed many cars that come to Cyprus in a poor condition. For some brands it is also getting very difficult to find spare parts. The cars that are bought casually from any distributor may become a real problem. The legal system in Cyprus is not very clear about the responsibilities of the importers. Some importers do not import any spare parts.

One reality in Cyprus is that the number of second hand cars are on a continues increase. This has already effected the markets and the second hand car prices have sharply dropped. While in the past there were about 2-3 thousand pounds difference between the new cars and a 2-3 years old cars, today the difference is about the half the price. For example a new Opel is in the region of 14 thousand pounds while the second hand is only 7-8 thousand. The trend suggest that this is going to be even worse. Increase in the second hand cars will further decrease the prices. At the end people will find it very difficult to get rid of the old cars. This will be a problem and it will make it difficult to buy a new car. Cyprus is at the moment like a saving box. Everything comes in but nothing gets out. Unless we start finding markets outside Cyprus the car markets will face serious problems. My recommendation to the car importers is to start thinking about exporting the old cars to some other countries.

VII. COMPETITION AND PRICES

Car prices in TRNC is a very good example for the impact of competition on the prices. Just before the new entries into the gallery business, the car business was almost a monopoly between the state and a few big businessmen. The Isuzu troopers for example were imported by Toros and sold at little under Stg 30,000. immediately after the boom in the dealer agents the prices fell to less than 25,000. today similar cars are sold at under 20,000 stg ponds. Similar trends were taking place at all trade marks. For example the first Nissans that were imported sold over Stg 8,000. today these cars are sold between 6-7,000.

List of the cars imported and their value declared at the Customs AT YEAR 2000

Type	Amount TLx1000	\$
Buses	100.385.043	670.885
Jeep	691.748.793	4.199.245
Ambulance	21.976.600.000	123.008
Vans and Tracks	480.665.936	3.115.983
Saloon cars	2.978.388.442	12.545.863
Lorry	122.724.405	827.544

Source: Police Headquarters general Statistical Department

The imports of vehicles amounted to 7.8% of the total imports in 2000.

The prices of second hand cars are considerably low in the far east countries. Second hand cars such as Honda, Toyota, Nissan and so on are at the region of \$3-5,000 according to the condition. A practical way to explain the cost price at the source is that the Stg

price of the cars in TRNC is more less the \$ price at the source. The price level is determined by adding the transport costs and customs tariff. Customs tariff varies according to the value of the vehicles. The transport cost is in the region of \$1,200-1,500 according to the size.

The customs tariffs also vary according to the nationality of the importer as well as the origin of the vehicles. Residents of TRNC with the nationality of TC, EU and EFTA are all have the same treatment. The nationality of the TRNC are treated in a different manner.

The first aspect to know is that no cars can be imported into TRNC older than 6 years.

The customs tariff for the non residence visitors are 25%. In addition to these importer will have to pay 2.5% security tax and 2.2% port charges. For a TRNC citizen the tariff is 55% with security taxes of 2.5% and port charges of 2.2%.

Those who import for commercial purposes will have top pay a tax in advance equaling to the 6.6% of the cost of the car. If the importer is importing for their own use they do not have to pay any advanced taxes.

There is also a payment for the price stabilization fund. TRNC citizens do not pay anything to this fund as long as the car they import is younger than three years. the non-TRNC citizens have to pay an extra 15% for this fund. For the cars older than three years, the importers have to pay 10% for the 4th year, 15% for the 6th year. For a six year old car the TRNC citizens have to pay 35% for the price stabilization fund while the non-citizens have to pay 50%.

Another tax for imported vehicles is the VAT. 10% of the total CIF Value is charged as a VAT.

The Customs tariff for the Jeep are different than the saloon cars. The tariff for the TRNC citizens are 20% and for the non-citizens it is 13%

The car market was very profitable to begin with. The pioneers in these markets made more than 2-3,000 pounds on each car. As explained earlier the jeeps that are sold for 20,000 stg today used to be sold at nearly 30,000 stg. There are many other examples that there was an excess profit in this sector. As suggested in most of the marketing books the high profits at one sector tends to invite new entries. People with money to invest always search for profitable sectors. This was exactly what happened at the car sector and hence today the number of people who are in car business is as high as the grocery markets. due to the large number of dealers the car prices have come down. The importers today are happy to make around \$500 at each car. This is hardly enough for their investments. I believe that the consumers are benefiting from excessive number of car dealers in the business.

VIII. SWOT ANALYSIS OF ERCANTAN

Strengths

- Sound Financial background: The organization is considered to be one of the biggest in TRNC. They used to be partners of a bank but drew out after some problems with the other main share holders. They may start their own banking business.
- Ercantan has competitive advantage over the other organizations due to good image, that they are considered to be one of the most popular business in the island. They keep close contacts with the consumers and serve for their satisfaction. They are market oriented people and try to help in case of problems. One is almost certain to get what they want at Ercantan center.
- They also have many different products: The firm is involved in many different business. Cars and textile are not similar in any way. The nice thing about this is that, when the business is low in one sector there is always the other sector which will make it up.
- Another advantage is that they have good management skills: Sons of Ercantan along with the General Manager have very good managerial skills. They are appropriately educated and also gained good experience. Father Ercantan is also recognized for his good talents.

WEAKNESSES

- Low awareness of Human resource management: Although very good in business part Ercantan has not been able to develop a good human resource management. Too many

employees leave their work and new recruitment is made. Staff turnover is very high. This is specially true in the services departments. Technical staff are difficult to train and it is a big loss when they leave the job.

- low service quality: This is an important problem partly due to high turnover of technical staff. There are particular problems in the car services department. There are complaints amongst the customers about the quality and also the price of services.
- Lack of professionalism: Too much family involvement. They need to get professional managers to build up a good management team.

OPPORTUNITIES

The economy of TRNC is suffering from recession. Recently the TRNC and Turkish officials made an agreement for a financial support for the TRNC. Turkey will send around two hundred million dollars to boost the economy. This will mean an increase in the trade. There are also signs that the municipal organizations may get finance to buy new generation of trucks and cars.

THREATS

Ercantan, over the years have got very large and the cost of business has increased. Due to high prices of specially the spare parts, there are new people importing the similar parts. People are providing the same parts and even services at very much lower prices.

Sales of cars by Brands

1999

Make	Jan	Feb	Mrch	Apr	May	June	Jly	Aug	Sept	Oct	Nov	Dec	Tota
Renault	44	24	49	42	33	21	24	22	12	54	39	41	
Tofaş	47	27	40	41	28	35	29	44	39	99	64	63	
Opel	6	6	11	7	6	7	7	5	6	4	13	15	
Mercedes	2	4		3		3	4			1	5	6	
Hyundai	28	27	32	20	35	34	29	44	48	62	65	67	
F.Escort	2		1			3	15	5	5	5	27	22	
Honda						18	17	8	10	14	8	9	
Toyota	5	4	4			2	1	3	10	12	24	26	

2001

Make	Jan	Feb	Mrch	Apr	May	June	Jly	Aug	%	Total	2000 july
Renault	6	2	4	13	16	15	21	14	17	91	283
Tofaş	10	6	2	12	3	3	17	6	11	59	133
Opel	0	0	0	0	1	0	0	0	0	1	74
Mercedes	1	0	0	0	2	0	1	0	1	4	17
Hyundai	5	2	0	2	1	2	9	4	5	25	89
F.Escort	0	42	4	2	5	0	27	10	14	74	14
Honda	0	0	0	0	0	1	12	6	4	19	19
Toyota	3	1	1	0	1	2	3	2	2	13	42

IX. RECOMMENDATION

Ercantan is a successful company. But the management is clearly concerned about the high turnover of employees. The only outstanding problem of the company seems to be in the field of human resources. Improvements are needed in all aspects of human resource activities. The improvements should start from the recruitment. Personnel function starts with finding and hiring individuals for sales slots in the organization-persons who are both interested in sales jobs and qualified to fill them. An important point here is that no employee, whatever his or her qualifications, is universally acceptable in all situations. Thus, the manager must decide what characteristics a given position requires. Clearly, the task is to get the right person for the right job.

I would revise the recruitment policy of the firm. I would try to gather information about the educational background, intelligence, self confidence, problem solving ability, speaking ability, appearance, achievement orientation, friendliness, empathy, and involvement in social or community organizations.

Certainly no personality test or other test proves that an individual will or will not be a good salesperson.

I would also consider recruiting responsibility to continue even after employing somebody to the job. Responsibility of a manager does not finish after recruiting. They should also provide the necessary conditions that successful people would carry on working and not leave the job. To this point, I would

arrange a test and search people, who will not easily leave the work but continue to work and help management to correct things.

The reason for high turnover is only partly dependent on recruitment. As we discussed earlier, it is true that some people may tend to change jobs, or those who are not selected well and hence are not successful may find themselves searching for new positions. But there are many other reasons for leaving a job. Lack of motivation for example is a very good reason for some people to leave the company. People need to be motivated. Motivation can be done by introducing incentives, increasing the sense of belongingness, job security etc.

Fringe benefits are sometime great encouragement for the employees. Ercantan does not have a fringe benefit scheme as a formal way of compensation procedure. But the are actually practicing it.

X. CONCLUSION

Ercantan is a diversified organisation with many different business lines. It is a typical family business but a large one. The general manager is not a member of the family but he plays a very important role in the organisation. Despite their success there is always a room for improvement. To achieve a better result Ercantan needs to give more importance to the Human resource aspects. This is not a secondary responsibility that can be taken care of by a manager of another field. This is, on the contrary, one of the most important aspects in the organization. The whole business, no matter how much automated depends on the human values. Fringe benefits are an essential part of employee compensation. It is however very important the way it is designed. It has to be done in such a way so that at the end of the day both the employee and the employer are equally satisfied. I suggest that Ercantan should formalize their fringe benefit scheme. Under workers' compensation legislation, scales of compensation are established for accidental injuries arising out of and in the course of employment, without regard to the party responsible for the accident. The scope of coverage varies in the different jurisdictions with respect to benefits payable in case of death, of total disability, and of partial disability due to specific injuries or continuing during specified periods.

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