



citisaless Jobs That Work study

What is the Impact of Job Quality on Store-Level Employee Engagement and Customer Satisfaction?

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INTRODUCTION

Investment in quality jobs for workers in lower-wage, hourly jobs makes good business sense. Findings presented in Issue Brief #6, *What Workplace Factors Drive Employee Engagement in an Hourly Retail Workforce?*, demonstrate that employee engagement is enhanced when employees have:

- opportunities to learn and grow on the job
- the training and resources to do their jobs well
- effective supervisors
- well-functioning teams
- input into the hours they work
- schedule flexibility

Although some national retailers have adopted such workplace practices, turnover in the retail sector continues to be high. Recent trends in the retail industry indicate turnover rates as high as 60% according to Department of Labor reports.¹ Some of the reasons hourly workers leave

retail positions may include: ineffective supervisors, inconsistent work hours, or schedule incompatibility. To better understand the connections between engaged hourly workers and improved business success, this issue brief examines whether dimensions of job quality affect store performance, specifically, store-level employee engagement and customer satisfaction.

As such, this issue brief is different than the others in the following respects. First, our sample for these analyses includes all hourly employees who are 18 or older, both full and part-time workers (previous briefs were based upon full-time workers ages 25 and older). Second, employee engagement in this brief refers to store-level engagement. Employee-level data are aggregated at the store level, i.e. aggregated store-level scores for key variables are used in the analyses as opposed to the individual employee scores used in the previous issue briefs. Thus, we present store-level outcomes for employee engagement. Third, as the reader

About this Issue Brief

This brief examines the effects of job quality on store-level employee engagement and customer satisfaction among hourly workers in a large U.S. retail company, referred to as CitiSales.

Two primary research questions are examined:

- What is the effect of job quality on store-level employee engagement?
- What is the effect of job quality on customer satisfaction?

will see, our expanded sample broadened our definition of job quality to include an additional dimension—job autonomy and resources. Finally, we introduce customer satisfaction as a store performance outcome. It is measured with data provided to us by CitiSales. Shoppers at CitiSales are routinely surveyed to assess their satisfaction of services provided from different sections of the store. The *CitiSales Study* used customer satisfaction scores from the last two quarters of the year and from all the stores included in the study.

WHAT DIMENSIONS OF JOB QUALITY DRIVE STORE-LEVEL EMPLOYEE ENGAGEMENT?

Six dimensions of job quality predict store-level employee engagement.²

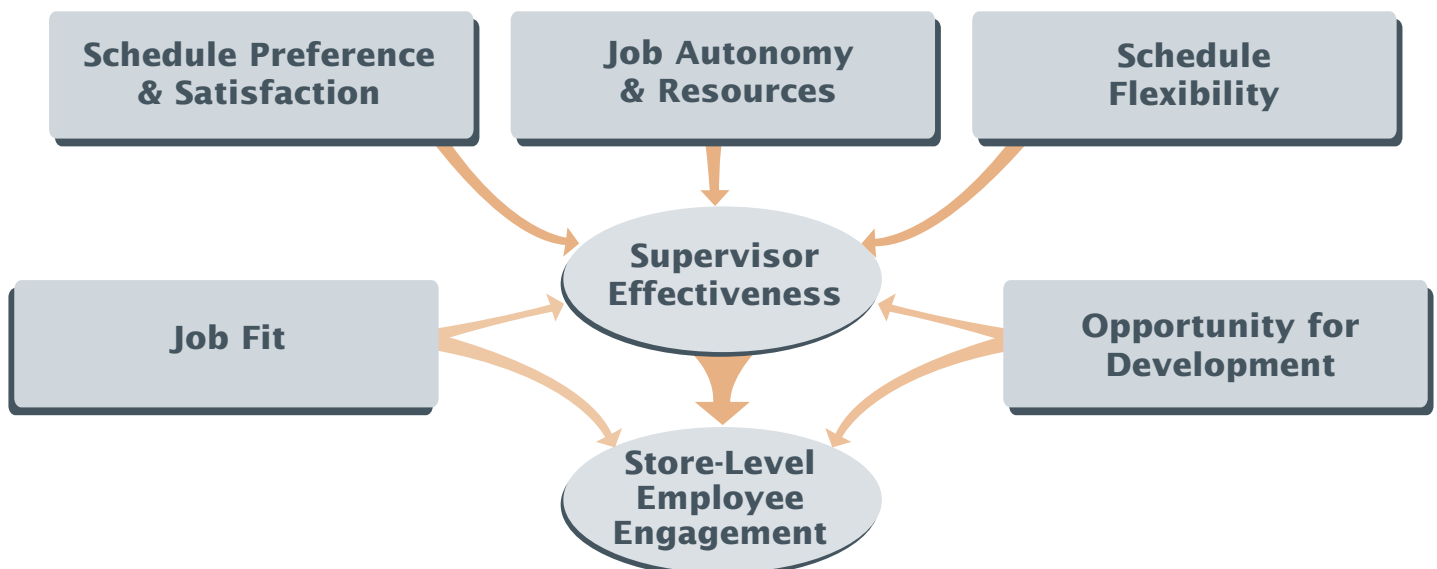
- job fit
- supervisor effectiveness
- opportunity for development
- job autonomy & resources
- schedule satisfaction
- schedule flexibility

Stores likely to produce high levels of employee engagement are stores where employees perceive that their jobs are interesting and challenging, use their skills and abilities, and are a good fit. Stores with high employee engagement are also stores with effective supervisors who create career and promotional opportunities, give employees job autonomy, provide them with the resources that enable employees to the job well, consider employee schedule preferences, and are flexible when last minute work-family matters arise. See Figure 1 for the complex set of relationships among these six factors that drive store-level employee engagement.

Convincing senior leadership or middle management to make changes in day-to-day work practices frequently means convincing them of the business case for adopting new or improved workplace practices. The results presented here from the *CitiSales Study* indicate that six dimensions of the work environment significantly predict store-level employee engagement. Though compelling, some business leaders want to know how quality jobs affect other aspects of the business such as customer satisfaction. The following section provides evidence that quality jobs promote customer satisfaction.

Figure 1

Dimensions of Job Quality that Drive Store-Level Employee Engagement



* The model used in this diagram has been simplified to illustrate the effects of job quality on store-level employee engagement and does not include the interrelationships among the predictor variables.

WHAT DIMENSIONS OF JOB QUALITY PREDICT STORE-LEVEL CUSTOMER SATISFACTION?

Retailers structure store operations to ensure high customer satisfaction, with the assumption that a satisfied customer is likely to return and to tell others about the store. Usually, we assume that how employees treat customers is paramount to the development of customer satisfaction and loyalty. Seldom, however, do we examine the extent to which employees' job quality affects customer satisfaction. Therefore, we use CitiSales data to test these relationships. Admittedly, this is a complex matter. Nonetheless, our research team pursued this question with the working hypothesis that dimensions of the work environment that predict engagement are likely to also have an effect on customer satisfaction. As mentioned, the store-level data used for these analyses combines ratings of customer satisfaction in all the stores where employees were surveyed and from all sections of those stores' operations.

As illustrated in Figure 2, all six dimensions of the work environment and the relationships between factors predict supervisor effectiveness.³ Supervisor effectiveness, in turn, is strongly associated with customer satisfaction, illustrating that the organizational culture that supervisors create within stores can have a considerable effect on this important business outcome. Thus, a supervisor will only be evaluated as effective if he or she devotes time and energy to opportunities for development, allows employees some as-needed flexibility for unexpected events, works with employees to make sure that their job suits their skills, gives them autonomy in their jobs, and is sensitive to employees' schedule preferences.

Figure 2

Dimensions of Job Quality that Drive Store-Level Customer Satisfaction



ACTION STEPS



Invest in your supervisors.

The organizational culture that supervisors create within stores can have a considerable effect on employee engagement and customer satisfaction. Provide supervisors with the skills, tools and resources necessary to create a work environment that encourages employees to learn and strive for new experiences, is responsive to employees' schedule preferences, promotes independent decision making on the job, and allows some schedule flexibility.



Develop operational strategies that provide employees some input into their schedule.

Employees want some say as to when and for how many hours they are scheduled to work each week. Findings from the *CitiSales Study* indicate that these schedule issues have an indirect effect on customer satisfaction. Devise an operational strategy for providing employees some say into when they work and a strategy that allows employees, especially part-time workers, some range of guaranteed work hours. This strategy may be a company-wide set of solutions or store-specific strategies to fit the operational and workforce needs of the individual store.



Establish clear advancement paths.

The opportunity to advance on the job matters to employees. Employee opportunity for growth and development can have an effect on customer satisfaction. Establish clear, attainable advancement paths for employees in hourly jobs. Make employees aware of these opportunities and the steps necessary to advance. Create a variety of employee development options. For instance, allow part-time workers to advance, yet keep part-time hours. Provide opportunities for employees to explore different vocational options as a way to determine the position that best fits their skills and interests.

¹ **U.S. Department of Labor, Bureau of Labor Statistics. (2008).** *Job Openings and Labor Turnover Survey (JOLTS)*. Retrieved from www.bls.gov

² Statistical model controls for regional variation.

³ Statistical model controls for regional variation.

About the CitiSales Study

The data presented in this brief are part of a larger, multi-method study which examines the individual and organizational effects of quality workplace practices for employees in hourly, front-line retail jobs and for older workers in professional and hourly jobs in the same organization. The study was conducted in collaboration with a *Fortune 100* retail firm referred to as “CitiSales.” The company operates over 6,000 stores throughout the United States. Survey data were collected in 2006 from 6,085 employees within 388 stores in three geographical regions of the U.S.; 72% of employees surveyed responded. The hourly worker sample is 3,903. See Issue Brief #1: *Introduction to the CitiSales Study* for a detailed description of the hourly worker sample. Qualitative data were collected from 38 district managers and three regional vice presidents overseeing the operations in these stores.

Sample and Methods: Analyses presented in this brief uses the total hourly worker sample (n=3,903) which includes adult workers employed in full and part-time positions. Factor analyses were used to determine the elements that comprise job quality. To answer the research questions employee responses were aggregated at the store level (n=351) and two separate path analyses were conducted using AMOS. For further details about the research methods, please contact Dr. Jennifer Swanberg (jswanberg@uky.edu) or Dr. Jacquelyn James (jamesjc@bc.edu)

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About the Research Team



Jennifer E. Swanberg, Ph.D., is co-principal investigator of the CitiSales Study and is the executive director and founder of the Institute for Workplace Innovation (iWin) at the University of Kentucky, and an associate professor in the UK College of Social Work with joint appointments in the Colleges of Medicine and Public Health. Her research has focused on quality

workplaces as a business and work-life effectiveness strategy, access to workplace flexibility among under-represented working populations, and the use of human capital and quality employment as a form of economic development. Dr. Swanberg’s research has been published in top-tier research journals, and she has appeared as a national and international work-family expert on television and radio including MSNBC, CNN, CBS, NPR, and BBC. She has been recognized by Alliance of Work-Life Progress as one of the profession’s Rising Stars, and her research has been recognized as among the top research articles by the Rosabeth Moss Kanter Award for Excellence in Work-Family Research.



Jacquelyn B. James, Ph.D. is co-principal investigator of the CitiSales Study and is the director of research at Boston College’s Center for Work & Family. She received her Ph.D. in personality and developmental psychology at Boston University. Prior to coming to Boston College she was associate director of the Murray Research Center: A Center for the Study

of Lives at Harvard University. Her research has focused on the meaning and experience of work in women’s lives, gender roles, and adult development. She and her colleagues have published numerous articles, opinion pieces, and four edited books. The most recent volume (with co-author Dr. Paul Wink, professor of psychology at Wellesley College), *The Crown of Life: Dynamics of the Early Postretirement Period*, is about the opportunities and challenges inherent in the early retirement years for new generations of retirees. Dr. James is past-president of the Society for the Study of Human Development and serves on the editorial board of the society’s flagship journal, *Research in Human Development*.

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