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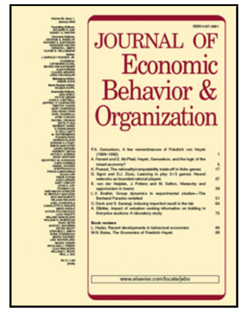

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The Effect of Less Autonomy on Performance in Retail: Evidence from a Quasi-Natural Field Experiment

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Abstract

This paper investigates a causal relationship between autonomy and performance in retail, utilizing store level weekly sales data from a large consumer electronics retail chain in Norway. In 2011 the retail chain made it a mandatory part of the job instruction to approach every customer who entered the store. To ensure compliance, the chain also adopted a system for feedback and monitoring. Critical to our empirical strategy, this change in management practice was introduced in some stores only and at different points in time. This allows us to estimate the effects of the change on performance in a quasi-natural field experiment using a triple-difference approach. We find that the change in management practice increased sales by 5.6 percent and transactions by 4.7 percent. The effect seems to be persistent, suggesting that a more detailed job instruction, combined with systematic feedback and control, may increase performnace in low-skilled narrowly defined jobs.

Keywords: autonomy, feedback, motivation, performance, management, field data

JEL: C93, L81, M12, M54

1. Introduction

An important question in personnel economics is how to efficiently delegate decision-making within a firm (Lazear and Gibbs, 2014). Should the manager make most of the decisions for consistency and control, or should the manager delegate the decisions in order to let the employees exploit the specific knowledge of time and place? Many studies suggest that decentralized decision-making is important for performance, innovation and motivation in high-skilled complex jobs (e.g. Hackman and Oldham, 1976; Milgrom and Roberts, 1995; Ichniowski and Shaw, 1999; Caroli and Van Reenen, 2001; Tambe and Hitt, 2012). Notably,

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