



# The proactive employee on the floor of the store and the impact on customer satisfaction

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## ABSTRACT

The present study examines employee proactivity (i.e., the employee initiates face-to-face contact with the customer on the floor of the store) and its impact on customer satisfaction. Two empirical studies (one survey and one field experiment) were conducted in a grocery retailing context. Both studies showed that employee proactivity boosted customer satisfaction. Moreover, the impact of employee proactivity on satisfaction was sequentially mediated by perceived employee effort and perceived employee performance. In relation to previous studies showing that many characteristics and behaviors of the employee in the service encounter influence the customer, the present study contributes by adding that the way in which the service encounter begins is causally potent, too.

## 1. Introduction

Many studies in service and retail settings show that several characteristics and behaviors of frontline employees influence customer reactions in the service encounter (e.g., Bitner et al., 1990; Liao and Chuang, 2004; Winsted, 2000). Such studies indicate that human beings are indeed susceptible to influence stemming from other human beings and, in a setting with commercially-based interactions, that the employee is a potent source of influence. The present study is an attempt to contribute to this literature by examining one particular aspect of employee behavior that has been neglected in existing research: the extent to which the employee is proactive in initiating contact with the customer.

The core of the employee proactivity construct in the present study is the same as in existing organizational literature. It comprises a self-starting approach to doing things before one is told to do them, not waiting until one must respond to a demand, personal initiative, and taking charge of a situation (Crant, 2000; Frese and Fay, 2001; Grant and Ashford, 2008; Rank et al., 2007; Raub and Liao, 2012; Thomas et al., 2010). In the present study, however, our focus is on employee proactivity in a more narrow sense than what is included in the organizational literature's proactivity construct; here, we are interested in the employee initiating contact with the customer when both parties are in the same store or service environment. Typically, this entails the employee coming forward to the customer with conversation starters such as "Hi, are you looking for anything in particular?" and "Hi, can I help you?"

The impact of this particular aspect of employee proactivity has

hitherto received limited interest in service and retailing research. It has been shown, however, that proactive salespersons sell more and earn higher commissions than less proactive salespersons (Bateman and Crant, 1999). Moreover, in service-related research, employee proactivity has mainly been studied in terms of service failures (e.g., de Jong and de Ruyter, 2004; Miller et al., 2000; Smith et al., 1999), and some studies indicate that proactive employee behavior in failure situations enhances recovery satisfaction (de Jong and de Ruyter, 2004; Kelley et al., 1993). Most service encounters, however, do not result in failures. This calls for research on the impact of employee proactivity also in situations in which no failures occur.

An examination of employee proactivity should be seen in the light of several aspects. First, employee proactivity (in the present study) is something that occurs in the very first phase of a service encounter; it has to do with the employee initiating an encounter. Given the potential for first impressions to inform both attribute evaluations and overall evaluations (Lindgaard et al., 2006; Rabin and Schrag, 1999), employee proactivity can be seen as the platform on which the remaining parts of an encounter rest.

Second, from a practical point of view, many service and retail firms have scripts with instructions for frontline employees with respect to what to do in relation to customers (Tansik and Smith, 1991; Nickson et al., 2005). And in many cases, the scripts encourage employee proactivity in the initial phase of a service encounter. The famous Starbucks Green Apron Book, for example, requests the employees to "start a conversation", while Hilton Hotel instructions comprise a call to "show initiative". So far, however, academic research has not been able to offer much empirical support for such activities.

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Third, employees represent a significant and controllable cost for the retailer. Many retailers therefore view employees as cost drivers rather than sales drivers – particularly in low-growth situations (Ton, 2012). And in many economies growth has indeed been low during recent years. Consequently, many retailers have been reducing the number of in-store sales staff (Leibowitz, 2010). In a business environment characterized by more or less permanent low economic growth (at least in the West), sometimes referred to as “the new normal”, further staff reductions may be expected. This thus implies fewer opportunities for employees to display proactivity. To this we may add the rapid development in automation technology. Several observers have noted that many traditional activities – including those involving interaction with customers – will be replaced by machines and robots (Brynjolfsson and McAfee, 2014; Rifkin, 1995). Indeed, it is already possible to check out from a grocery store without interacting with a human cashier and to order drinks from robots in a bar. An assessment of the impact of employee proactivity at the present moment, and in terms of an analysis that allows proactivity to be absent versus present, may therefore provide clues about future consequences of customers’ retail experiences before the development towards fewer employees in retail environments escalates further.

The purpose of the present study is to examine the impact of employee proactivity – in terms of initiating a service encounter – on customer satisfaction. We view customer satisfaction as an overall post-purchase evaluation variable, and this particular dependent variable was chosen because of several reasons. First, it is used in many models and theories attempting to explain the influence of employee characteristics and behaviors (e.g., Bitner et al., 1990; Winsted, 2000). Second, it is related to several other variables with cost and revenue implications for firms, such as repurchasing and word-of-mouth (Anderson et al., 1994; Szymanski and Henard, 2001) as well as shareholder value (Anderson et al., 2004). Third, it is used frequently as a performance indicator in firms (Mintz and Currim, 2013; Morgan and Rego, 2006; Morgan et al., 2005; Szymanski and Henard, 2001). For the present examination, the specific satisfaction construct is store satisfaction. One previous study has identified a positive link between service employee proactivity and customer satisfaction at the firm level (in a hotel setting) and with respect to the general, broad notion of employee proactivity (Raub and Liao, 2012). In the present study, however, we examine this link at the customer level and with respect to employee proactivity in terms of initiating service encounters. Two empirical studies (one survey and one field experiment) were carried in the context of grocery retailing to assess the impact of employee proactivity on customer satisfaction.

## 2. Theoretical framework and hypotheses

In broad terms, proactive service employees rely on their own initiative rather than waiting to be prompted by their supervisors, their coworkers, or their customers (Raub and Liao, 2012). Our focus in the present study, however, is on the employee’s proactive behavior in terms of activities initiated by the employee to get in contact with the customer when both parties are in the same store or service environment.

The first main assumption is that employee proactivity has a positive impact on perceived employee performance, which is the customer’s evaluation of employee service behaviors along a bad-good continuum and *after* interaction has taken place (Churchill and Surprenant, 1982; Liao and Chuang, 2004). This experience-based aspect of performance is sometimes referred to as “actual” or “current” performance (Bolton and Drew, 1991) in order to distinguish it from expectations of performance that may exist *before* an interaction (Brady et al., 2002; Cronin and Taylor, 1992). Perceived employee performance is typically used as a variable in studies in which the personnel is one of several store attributes to be evaluated by customers (e.g., Gómez et al., 2004).

In general, it has been suggested that proactivity is admired in most

societies and that proactive individuals are highly regarded (Pitt et al., 2002). Moreover, in the specific case of employee proactivity vis-à-vis customers, the results in Wels-Lips et al. (1998) indicate that customers perceive initiative stemming from the employee as more positively charged compared to when the customer has to be the initiating party. Given a positive charge of the proactivity of the other party in an interaction, one would thus expect that employee proactivity could have a positive impact on perceived employee performance in the case of a service encounter.

Indeed, there are several affect-based reasons why this should be expected. First, employee proactivity can signal employee presence, something that has been shown to enhance customers’ positive affect (Söderlund, 2016). Employee proactivity can also signal that the presence of the customer has been acknowledged by the employee. Such acknowledgements of one’s existence appear to be related to the fundamental human needs of belongingness, inclusion, and intimacy (Baumeister and Leary, 1995; Peplau and Perlman, 1982). Therefore, it is expected that acknowledgement of the customer enhances his or her positive affect. Moreover, employee proactivity can signal employee availability if further service is needed, and availability is likely to contribute to positive affect, too. Availability may also reduce concerns about waiting time (which appears to be negatively charged for most customers; Taylor, 1994). Then, in the next step, we assume that positive affect stemming from the presence, acknowledgment, and availability of employees has a positive influence on perceived employee performance. This is consonant with the view that affective reactions elicited by one object is likely to inform evaluations of this object in a valence-congruent way (Forgas, 1995; Pham, 2004).

Another affective route of influence is also possible, because employee proactivity has been shown to enhance the employee’s job satisfaction (Greguras and Diefendorff, 2010; Li et al., 2010; Seibert et al., 1999; Thomas et al., 2010) and even life satisfaction (Greguras and Diefendorff, 2010). In other words, it can be satisfying to initiate activities and to take charge of a situation. Given that the employee’s feelings can be transferred to the customer when these two parties interact (Pugh, 2001), the employee’s positive feelings related to job satisfaction can be carried over to the customer so that they influence perceived employee performance in a positive way. In addition, proactive behavior from the employee can be interpreted by the customer as indicative of a proactive personality, which in turn has been shown to be positively associated with attributions of charisma (Crant and Bateman, 2000). And such attributions can have a positive impact on perceived employee performance. Given these routes of influence, then, the following is hypothesized:

**H1.** Employee proactivity is positively associated with perceived employee performance.

In the next step of the customer’s information processing activities, and to arrive at an overall evaluation in terms of store satisfaction, it is assumed that the customer evaluates the performance of individual store attributes (such as the personnel) and integrates these evaluations into an overall assessment (Anderson, 1971; Mittal et al., 1998). Moreover, in a service setting, it is expected that perceived employee performance has a particularly strong impact on overall satisfaction. The main reason is that the employee in this setting is the firm from the customer’s point of view (Bitner et al., 1990; Crosby et al., 1990; Solomon et al., 1985). In other words, given the traditional characteristic of services as inseparable from the individual who provides them, clues derived from employee behavior are likely to be particularly informative for the customer’s overall view of the firm. Similarly, given that services are intangible and therefore less easily evaluated than goods, the employee is indeed tangible and is therefore assumed to influence overall evaluations of the employee’s firm. In empirical terms, several studies have resulted in a positive association between perceived employee performance and overall customer satisfaction (e.g., Huddleston et al., 2009; Johnson et al., 2001; Liao and Chuang, 2004;

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