

Minerva Access is the Institutional Repository of The University of Melbourne

Author/s:

Celia, H;Clegg, C;Siebers, P-O;Aickelin, U

Title:

Understanding the Impact of Management Practices and other Factors on Productivity in the UK Retail Sector

Date:

2007

Citation:

Celia, H., Clegg, C., Siebers, P. -O. & Aickelin, U. (2007). Understanding the Impact of Management Practices and other Factors on Productivity in the UK Retail Sector. Proceedings of The 13th European Congress of Work and Organizational Psychology (EAWOP 2007), European Association of Work and Organizational Psychology.

Persistent Link:

<https://hdl.handle.net/11343/241070>

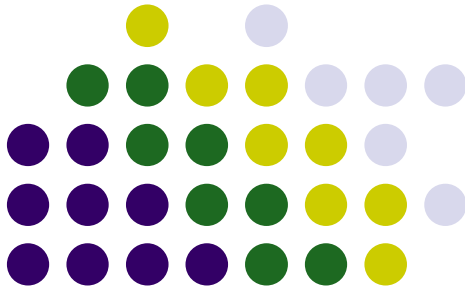
Understanding the Impact of Management Practices & other Factors on Productivity in the UK Retail Sector



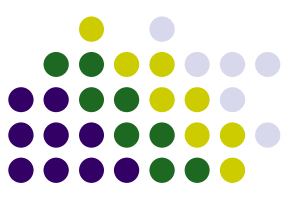
Helen Celia*, Chris Clegg*,
Peer-Olaf Siebers**, & Uwe Aickelin**

* Leeds University Business School, University of Leeds

** School of Computer Science, University of Nottingham

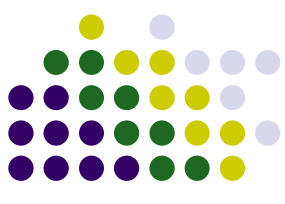


12th May 2007



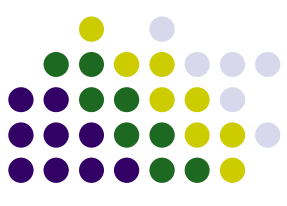
Purpose

- To provide insights into how management practices and other factors impact upon company productivity in the UK retail sector
- To create a sound base of applied knowledge and understanding to inform other components of our project (simulation model, multi-level model, survey)



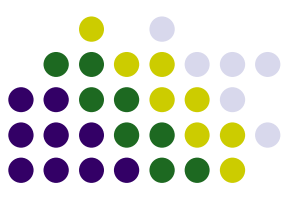
Objectives

- To present comparative findings from 4 exploratory case studies in a UK retail organisation
- Apply findings to describe and understand similarities and differences in management practices and draw links to retail performance, in particular productivity
- To draw comparisons at both the department-level and at the branch-level



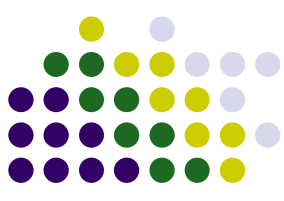
Case Study Approach

- Four case studies, varying according to two factors..
 - Location
 - City 1
 - City 2
 - Department
 - Audio & Television (A&TV)
 - Womenswear (WW)



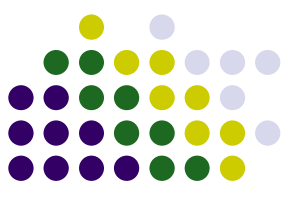
Research Methodology

- Integrated approach
- Progressively identifying, collecting & analysing available company data
- 4 weeks' informal participant observations
- 40 semi-structured interviews with 18% of employees
 - Good mix of employees by department, role, age and length of service
- Checklist questionnaire to assess organisational capabilities..



Our Checklist #1

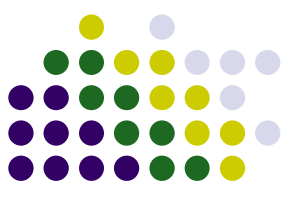
- Builds upon Bloom & Van Reenen (forthcoming)
- Tailored to retail companies
- ‘How effective is your branch at..?’ 63 organisational capabilities across 9 categories
- 5-point scale ranging from ‘not at all effective’ to ‘absolutely effective’



Our Checklist #2

- 1) Employee Selection & Retention
 - e.g. Providing job security
- 2) Training & Development
 - e.g. Promoting employees from within the company
- 3) Shop-floor Working Practices
 - e.g. Empowering employees to make decisions on the ground
- 4) Management Systems
 - e.g. Involving employees

Our Checklist #3



5) Attitudes & Culture

- e.g. Having employees with a passion for retail

6) Incentives & Rewards

- e.g. Providing a fair and equitable reward package

7) Targets

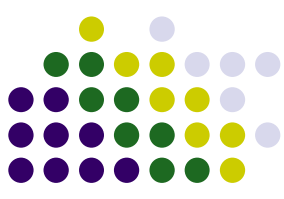
- e.g. Aligning targets with the needs of the business

8) Monitoring

- e.g. Continuously tracking department performance

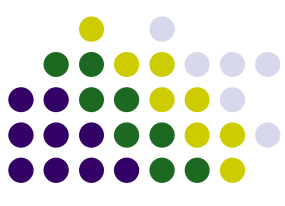
9) Company Brand (inc. Merchandising)

- e.g. Building relationships with customers



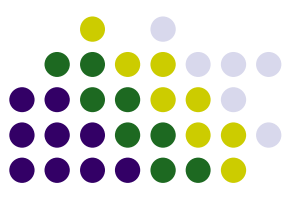
Case study findings - Caveats

- Remember we are basing our conclusions on just one retail company
 - Not representative of whole sector
 - Restricted range
- Difficult to make complete comparisons without full insights into centralised practices
- Comparisons more controlled when product selection is held constant



Quantitative Findings

- Performance data
 - Productivity indices
 - House sales positions
 - Mystery shopping
- Organisational capabilities (Checklist)
 - Top ten
 - Bottom ten

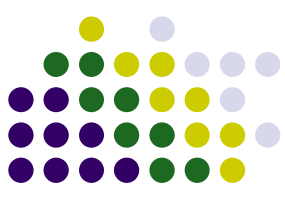


Findings - Productivity Indices

- Labour productivity (sales per FTE)
- Sales density (sales per foot²)
- City 2 is set at 100% (per row)
- Monthly average across 8 months (Feb-Sept 2006)

FTE	City 1	City 2
A&TV	147%	100%
WW	100%	100%

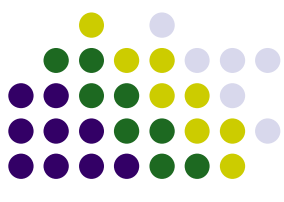
Foot ²	City 1	City 2
A&TV	121%	100%
WW	59%	100%



Qualitative Findings

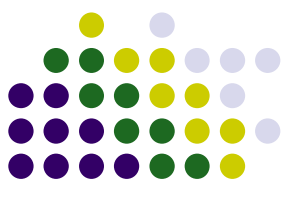
- To explore how this retail company works, and the meaning of management practices and other org. factors to employees e.g.
 - Team belonging, company-wide rewards
 - Job stability favoured over development, for the majority (promotion? rotation?)
 - Mixed patterns of empowerment (expectations?)
- Differences
 - Dept-level – e.g. inherent product characteristics require slightly different employee skills (different consumer population)
 - Branch-level – e.g. climate

Why is one dept more 'productive' than another?

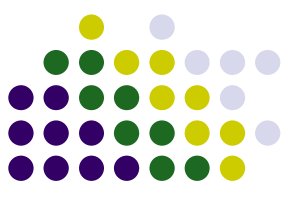


- Sales turnover - consistently & positively influenced by -
 - Footfall
 - Recency of refurbishment
 - Product synergies
- Productivity - consistent influences are less apparent
 - City 1 higher labour productivity – leaner staffing
 - Different patterns of selling densities
 - Difficulty of separating out departments from the whole retail branch?
- Impact of the branch development cycle
 - City 1, refurbishment due 2009, currently managing costs
 - City 2, recent refurbishment, massive investment

What have we learned from the case studies for the project overall?

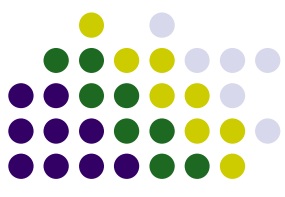


- This is a leading retailer with many strong capabilities
 - e.g. Providing excellent customer service, pricing products competitively
- But we were able to make a number of recommendations which they accepted
 - e.g. Performance indicators must be considered in conjunction to one another, empowerment guidelines
- Key issues in the academic literature are surprisingly under-managed
 - e.g. Empowerment, teamwork, training and development
 - Largely centralised practices
- Case study organisation focuses on other areas
 - e.g. Maintaining customer focus, staffing rotas, communications, leadership



Conclusions

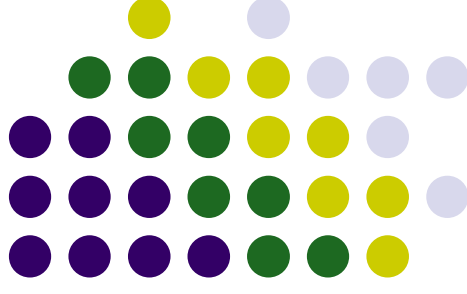
- Leaner staffing is linked to higher labour productivity
 - Generalisability? Loyal case study employees
- However, pattern of sales densities is more blurred
- What drives productivity? – complex, dynamic reality
 - Systems view of necessary but not sufficient capabilities
- What level of analysis?
 - Variability in emphasis & implementation of practices: Dept? Branch? Company?



References

- Bloom, N. & Van Reenen, J. (forthcoming).
Measuring and explaining management
practices across firms and countries,
Quarterly Journal of Economics.

Understanding the Impact of Management Practices & other Factors on Productivity in the UK Retail Sector



..any questions?

Contact:- h.celia@leeds.ac.uk