

Racioethnic consistency between retail employees and customers boosts profit, national study finds

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A nationwide study of racioethnic representation between retail employees and their customers finds that mirroring a customer base improves consumer satisfaction and employee productivity – and contributes to nearly \$100,000 in annual gains or losses per store.

Analyzing data from 739 outlets of a major U.S. department store, the researchers found that representativeness improved customer satisfaction and increased annual productivity by \$625 per employee. Given the study's average sample size of 150 [employees](#) per store, such a change amounts to about \$94,000 per store, or a total of more than \$69 million company-wide.

"Our results support the commonly proposed notion that more closely mirroring the racioethnic composition of an organization's consumer market makes sound business sense," states the study, led by Derek R. Avery, an expert in workplace diversity and discrimination at Temple University's Fox School of Business. "It appears that this type of employee-customer similarity holds promise for helping companies meet the needs of their clientele, resulting in greater customer satisfaction and higher organizational productivity."

Higher racioethnic matching, the researchers argue, is both symbolic and functional. It conveys that the company does not discriminate in its hiring and provides a clue to customers that store personnel are apt to

provide equitable service. The study suggests that the tendency for racioethnic representativeness to boost the bottom line is more pronounced for stores with minority customers, who seem to be more aware of matching cues when selecting a store to patronize.

According to the study, a more representative workforce is better suited to meet customer needs for three reasons. First, by signaling that the company does not discriminate in its hiring, representativeness may lead customers to better identify with an organization. Second, the nondiscrimination signal should reduce the likelihood of store personnel mistreating customers because of enhanced employee perceptions of organizational justice. Third, high representativeness provides customers who prefer to work with similar salespeople the opportunity to do so.

The study gauged representativeness – a measure of relative composition that compares the level of diversity of store personnel to that of its customers – instead of diversity, an absolute measure unaffected by context.

While similarity may sell, the scholars caution that racioethnic matching is "profitable but potentially perilous" if companies engage in concerted employee-customer matching efforts, such as illegal hiring quotas. Instead, the authors suggest that companies should regularly assess their representativeness using several key factors – such as their customer base and applicant pool – and pay greater attention to the signals they are sending to consumers.

"There is an inherent danger of advocating matching as a human resource management strategy. I know the results say it may make you more profitable, but that's not the way to get there," said Avery, an associate professor of human resource management. "I think the way to get there is to focus on not being discriminatory and to focus on reasons why you might not be representative. And to the extent that your

[customer](#) base looks like the available pool of applicants, then you should see representativeness."

More information: The research article, "Is There Method to the Madness? Examining How Racioethnic Matching Influences Retail Store Productivity," appears in the current issue of *Personnel Psychology*.
[onlinelibrary.wiley.com/doi/10...011.01241.x/abstract](https://onlinelibrary.wiley.com/doi/10.1111.01241.x/abstract)

Provided by Temple University

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