

I quit: How poor treatment by customers leads to high turnover in the service industry

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Credit: UBC

Whether they're dealing with impatient diners at a restaurant, handling returns at a clothing store or appeasing angry consumers at a call centre, anyone working in the service industry will tell you: it's a tough gig.

In fact, studies have shown that dealing with problematic customers can lead to emotional exhaustion, negative moods, poorer physical health, reduced performance and lower job satisfaction.

But does it also lead to higher [employee](#) turnover?

According to a new study led by the UBC Sauder School of Business in collaboration with the UBC-Okanagan Faculty of Management, the University of Illinois, and the University of Queensland in Australia, [customer](#) conflict plays a big role when it comes to workers saying "I quit"—and how supervisors manage that conflict helps decide whether employees stay or go.

The study, entitled "Unpacking the Relationship Between Customer (In)Justice and Employee Turnover Outcomes: Can Fair Supervisor Treatment Reduce Employees' Emotional Turmoil?", involved 420 retail workers and 363 restaurant employees in the Philippines, as well as 940 call centre employees in Canada. The researchers measured the workers' experience of customer mistreatment and its [emotional effects](#), as well as their quit rates.

Even when controlling for other factors that would lead a worker to throw in the towel—factors including low pay, [long hours](#) and poor working conditions—the researchers found a significant link between customer mistreatment and employee quit rates.

"We were able to predict who was going to quit based on their experience of customer mistreatment and [emotional exhaustion](#). You can see it coming," says UBC Sauder School of Business professor Danielle van Jaarsveld, lead author of the study.

"It starts accumulating, and eventually you hit the wall and say, 'I've got to look for another job.' Because if you don't find a way to replenish

those emotional resources, they deplete and you've got nothing left," says study co-author and UBC Sauder School of Business professor Daniel Skarlicki.

But it turns out that how supervisors respond to front-line customer service staff can make a big difference when it comes to employee retention. When the surveyed workers felt their supervisors treated them with dignity and respect, listened to their concerns, and supported them when dealing with demanding customers, they were far more likely to stick around.

"Whether you quit isn't just about the customer; it's what's called an interaction effect—that is, the customer mistreatment is buffered when the manager treats you fairly," explains Skarlicki. "So if you get berated by a customer and your boss says 'that's disrespectful, I'm going to support you,' it reduces the effect of that customer mistreatment."

This study is one of the first to examine the effect customer injustice has on workers' decisions about whether or not to stay in the job, and adds to the extensive existing research on how employees' interactions with their coworkers and supervisors affect churn rates.

The findings are important because, especially in the age of social media, online reviews and razor-thin margins, customer service quality can make or break a business—and in the service industry, turnover rates can range from 26 to 200 percent.

They can also come with a high financial cost. According to Skarlicki, in one company, turnover attributed to bad management can cost a company more than \$300,000 in a single year—and that's not taking into account the customer dissatisfaction that invariably comes with a constantly shifting workforce, and the effect of the customer dissatisfaction on the company's reputation.

"Even though companies know these difficult encounters happen, the effect of customer mistreatment on turnover is huge—and these are really significant effects," he says. "People think employees quit primarily because of factors like salary and workload, but it's also about how they're treated by customers and supervisors."

Skarlicki says companies that rely on customer service can reduce turnover by ensuring supervisors treat the employees with dignity and respect, having regular conversations with their employees, and training employees on how to deal with abusive customers.

"We know that employees don't leave companies; they leave managers. Our findings support this mantra," emphasizes Skarlicki, who says too many customer service managers focus solely on employee productivity. "Companies should make sure managers are going from employee to employee checking in on how they are dealing with the potential stress that can come from difficult customers. Although this may seem like common sense, common sense doesn't equal common practice."

More information: Danielle D. van Jaarsveld et al, Unpacking the Relationship Between Customer (In)Justice and Employee Turnover Outcomes: Can Fair Supervisor Treatment Reduce Employees' Emotional Turmoil?, *Journal of Service Research* (2019). [DOI: 10.1177/1094670519883949](https://doi.org/10.1177/1094670519883949)

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