

*Anna Schneider:*

## **Handling the clash between production & consumption. A situated view on front-line service workers' competencies in interactive service**

*Empirische Personal- und Organisationsforschung*, hrsg. von  
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Schramm, Wolfgang Weber, Band 55,  
Rainer Hampp Verlag, München u. Mering 2016, 192 S.,  
ISBN 978-3-95710-064-1 (print), € 24.80, ISBN 978-3-95710-164-8 (e-book pdf), € 22.99

The majority of the workforce is currently employed in the service industry where many employees are involved in daily face-to-face service interactions with customers. At the same time, these direct customer interactions are increasingly put under pressure for example, in traditional retailing by alternative distribution channels. Nevertheless, whenever an essential part of a business-model's value-creation process builds on interactive service work, both front-line service workers and customers are forced to mutually work together in service interactions.

The present study shows the tensions front-line service workers face between demands for cost-efficiency on the one hand and customer service on the other. Although these two rationalities do not necessarily contradict each other on an organizational level, individual front-line service workers face these contradictions in the form of challenging tensions in every day interactions with customers. Building on rich and comprehensive observational and interview data from the retail sales floor, the interpretive research approach allows the analysis of the challenges of interactive service work and carves out the corresponding competencies to handle the clash between production and consumption which manifest in service interactions. Drawing on Convention Theory ("Économie des conventions"), the situation as unit of analysis becomes center stage. Convention Theory shows that not only are individual characteristics such as friendliness important for successful service interactions, but especially the competent interplay between individual resources and organizational settings within the situation of interaction is essential. The results shed new light on individuals' contributions to successful service interactions and contributes to a more fine-grained picture of the challenges and competencies in interactive service work.

**Key words:** interactive service work, retail, competencies, Convention Theory, tensions

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# Empirische Personal- und Organisationsforschung

**Band 55**

**herausgegeben von**

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A situated view on front-line service workers'  
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**Bibliographic information published by the  
Deutsche Nationalbibliothek**

Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data are available in the Internet at <http://dnb.d-nb.de>.

ISBN 978-3-95710-064-1 (print)

ISBN 978-3-95710-164-8 (e-book)

Empirische Personal- und Organisationsforschung: ISSN: 0942-8984

DOI 10.1688/9783957101648

First published in 2016

Zugl.: Univ. Innsbruck, Diss., 2016

© 2016 Rainer Hampp Verlag, München, Mering  
Marktplatz 5 D – 86415 Mering, Germany  
[www.Hampp-Verlag.de](http://www.Hampp-Verlag.de)

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## **Acknowledgements**

The author acknowledges the valuable support and guidance for this study by Univ. Prof. Dr. Julia Brandl. She substantially contributed to an enabling environment in which this study has been developed. The acknowledgement is extended to helpful guidance by Prof. Dr. Mike Geppert and Ass. Prof. Dr. Bernadette Bullinger. Thanks to the Tyrolean Research Fund (TWF) for supporting this project. Finally, the author especially thanks the company under study and the many study participants for their support during the course of the entire project.



## Preface

The development of customer markets in the service (retail) sector over the last years has encouraged the establishment of new business models and competitive strategies. A major business strategy in mass (retailing) markets today is adding value through customized services (e.g., personalizing products and services). This business strategy implies a strong, simultaneous emphasis on both cost efficiency and customer service. While cost efficiency typically leads companies from a segmentation of work processes into value-adding and non-value adding steps and a differentiated employment strategy, the customer service imperative encourages the autonomy of sales workers in dealing with customers.

The conflicts and tensions on the sales floor and the increased coordination requirements which the dual demands of this strategy imply are an important topic in management practice. While most everyone can tell a story of a bad experience with retail stores, in most cases, the sales workers manage to keep tensions latent or resolve the conflicts. Somewhat in contrast to the importance of the topic in practice, service work research has so far contributed relatively little to understanding how this coordination (handling of tensions between demands for cost efficiency and customer service) is enabled – with the exception of research that focuses on the competencies of individual sales people and micro-political behaviour.

A fundamental question that needs to be addressed is how sales workers manage to coordinate in light of considerable autonomy and interdependencies in the sales process. Related to this, what theoretical perspective can take into account the complexities of coordination under plural demands systematically? It is this context that motivated the research for this book. A study of sales worker competences and/or service interaction dyads between sales workers and customers appears to be of little help here. Instead, a perspective that enables a holistic and situational analysis is more promising. Anna Schneider chooses to introduce the *Économie des Conventions* (EC) as a research perspective for studying coordination to this end. Thereby, Anna Schneider suggests a way to systematically address how contextual factors influence the performance of sales processes.

At the center of Anna Schneider's work, which is based on an ethnographic study of a multi-national fashion retail company, is a detailed study of coordination activities and outcomes that cumulatively enable the realization of the business model. The specific coordination activities are reconstructed along four principal phases of the sales process. Building on detailed observations, conversations, and analyses of company documents, Anna Schneider identifies and depicts the rules, objects, and justifications on which the participants draw for developing mutual expectations and finding solutions to conflicts. This study shows the reader how person-based characteristics and structural features work together in concrete situations where service workers need to prioritize customer

requests, respond to customer complaints, or handle misunderstandings with other sales workers.

Anna Schneider's work is a worthwhile read for researchers interested in retail work. It not only shows the variety of conventions in business settings which emphasize both cost efficiency and (individual) customer service, but also provides compelling evidence of how the HR strategy influences work performance in practice. Moreover, the work is also interesting for students of EC who are interested in how this theoretical perspective applies to intra-organizational processes and value chains.

Innsbruck, June 2016

Julia Brandl



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## 1. Introduction

### *1.1 Problem statement*

The following paragraph draws on an auto-ethnographic observation from the author's professional experience as a manager in retail business:

At the checkout counter: A frequent customer is buying merchandise worth more than 1,000€. While proceeding the checkout service interaction, the checkout clerk is doing her job like she is used to, asking the questions she is supposed to ask; could you show me your customer loyalty card please, is there anything else you would like to pay for, etc... . For the checkout clerk, the interaction is a standard procedure, no matter who she is dealing with or how much the bought merchandise adds up to. After having proceeded with the payment transaction, she asked the customer to please step aside and wait for merchandise to be packed. The customer did so and another clerk was about to pack the merchandise. Meanwhile, the customer asked why the hangers were not added to the merchandise, as it was usually the case. The employee answered that this was cost-wise no longer possible and that hangers would only be free with very expensive suits.

Obviously, this was too much for the customer, who then started to shout at the checkout clerks; asking how much a suit had to cost in order to get a hanger for free. "Is 1,000€ not enough?" This was also the moment, when he required talking to the store manager.... In the meantime, the checkout clerk had offered several hangers for free, but the customer refused to accept them and only wanted to talk to the manager. This was the moment where I, as a manager, entered the interaction; I apologised once again for the troubles, listened to his annoyance, and once again offered him the hangers while trying to calm down the situation. After all, the customer conceded that actually the hangers did not matter that much to him, but what really mattered to him was the level of attention and, to some extent, the special treatment according to the value of the purchase.

This example apparently shows how a service interaction is more than a simple economic transaction, where a good or a service travels from the producer to the consumer in turn for monetary payment. In the service interaction both, the customer and the employee, have to work together in order to achieve a mutual understanding getting the task or the service done.

For Dunkel & Weirich (2013, p. 50), this interactive work "(...) is both highly demanding and absolutely necessary. It is demanding because cooperation has to be established and maintained under conditions that can be very tricky (...). And it is necessary because it is a central, constitutive part of the service transaction, rather than a pleasant but dispensable little extra."

However, frankly speaking, have you ever considered the work of your hairdresser, the work of the waiter in your favourite restaurant, or the work of the sales assistant in your favourite boutique in this way? Have you ever considered interactive service work as work as such? Is it not the case that we rather recognise the output or the outcome of the service interaction, like getting the right hair colour, eating a tasty dish, or finding the perfect dress for a special occasion, but never actually think about what it takes to get the output desired? What is the work in progress behind each service interaction? Is it not the case that we consider service work as low-skilled work, something that can be easily done or learned by anybody? Is it really about certain skills needed or is it rather about the physical appearance when having customer contact?

Following the critical academic debate on front-line service work over the last 15 to 20 years, one could gain the impression that this is true, as the rationalisation and organisation of service jobs could result in low-wage levels (Gautie, Schmitt 2010), could result in low-skill levels (Ritzer 2004), or vice versa. Other authors point towards emotional (Hart et al. 2007; Hochschild 1983; Nickson et al. 2012; Bolton 2005a, 2009) or physical appearance (Nickson et al. 2011; Gatta 2011) as the most essential dimension in interactive service work. According to them, employers tend to incorporate these dimensions into their job requirements where consequently the ability to display them in the ‘right and proper’ way becomes part of the employee’s performance.

However, neither one of these academic approaches towards interactive service work, nor people in daily life have yet taken into consideration that interactive service work could also be a source of pride, in the sense of being proud of having successfully “produced” service. Have we ever thought about what comprises “well done” interactive service work, what it takes, and what service interactions do look like behind the principle of the hegemonic customer as “king”? Interactive service work is inherently characterised by uncertainty concerning the outcome or result of the interaction – yet, interactive service work is about dealing with these open and uncertain situations in a professional and competent way. In doing so, front-line service workers have to have a certain level of professional knowledge and competence in order to endure and balance these uncertainties. Considering service work as interactional work as such, requires the acknowledgement of these exigencies, which have to both be met by the individual front-line service worker and also have to be taken into account by organisations taking care of respective working conditions (Dunkel, Weihrich 2012a).

### ***1.2 Research objective and structure of the study***

Against this background, this dissertation focuses on the competencies needed in order to perform a special type of service work – ‘interactive service work’ (characterising a large amount of jobs such as of sales-persons, waiters, hairdressers,

etc...) - which will be further defined as follows:

Interactive service work is not as simple as it might look at first sight. On the one hand, employees have to represent the company and generate turnover while following the professional ethos. On the other hand, customers are increasingly well informed, self-conscious, and demanding. (Dunkel, Weihrich 2012a) Additionally, while manufacturing work clearly creates a 'tangible' product, service work by contrast, contains, according to the type of work, an intangible element at least to some extent. Apart from intangibility, authors (Herzenberg et al. 1998; Thompson et al. 2001; Korczynski 2002) define unique service characteristics such as perishability (no possibility of storage; service recipient consumes while service worker produces), variability (as customers participate, difficulty to fully prescribe service interaction) and inseparability (service interaction always involves both the customer and the employee). Authors derive different types of service work along these characteristics mentioned above (for an overview see Korczynski 2002, p.8). We see that it is the customers' presence in the service interaction that characterises front-line service work, where all of these attributes are present at least to some extent.

Retail is a distinct form of service work focusing on and organised around the sale of products in stores. According to the business model of each company, service work (in the broader sense) in retail stores is comprised to varying degrees by selling the product as a tangible part and by offering service as a more intangible part. As such, this study uses the term service work concerning the more general idea of the interaction between customers and employees, while simultaneously thinking of and, when needed, explicitly referring to sales work, especially as the empirical research takes place in a retail store. Sales work in retail stores is comprised by a tangible (product) as well as an intangible (service) part and is the focal point of the producing sector. "The sector cannot exist and profit cannot be amassed without these spaces, and thus stores occupy a significant and powerful political location in the retail world." (Coulter, p. 22) In another perspective, Darr (2007; 2011b) derives sales work from his examination of the market activities in mass markets by shifting the focus from the rational firm to the embedded social actor, discovering that the sales interactions are dominated by two (potentially contradicting) co-existing paradigms: the market logic and a moral dimension.

The present study aims at deepening the understanding of what service work is like in the light of the difficulty and complexity of service interactions in an economic environment that potentially bears underlying structural tensions between for e.g. efficiency and service orientation. The goal is to describe what kind of competencies<sup>1</sup> front-line service workers need and deploy in order to handle underlying structural tensions on the sales floor and how they establish a mutual sense about the situation among customers and them. These competencies go beyond the ones that have

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<sup>1</sup> the differentiation between this studies notion of skills vs. competencies is explained in detail in chapter 2

already been described by labour studies scholars (Gatta 2011; Gatta et al. 2009; Nickson et al. 2011; Nickson et al. 2005; Hochschild 1983; Bolton 2005a; Hart et al. 2007). Leaving aside the “de-skilling” (Braverman 1974) argument were service work is considered as low-skilled work and thus low-wage work, scholars described a broad range of “soft skills” that are needed for interactive service work such as interactive and interpersonal abilities requiring social awareness, adaptability, and acuity. (Coulter 2014) Many of these skills (e.g. greeting, selling, serving, completing transactions with customers, etc...) are considered as universally required in service work generally and in sales work especially.

However, additionally to these “soft skills” and apart from technical, operational or administrative “hard skills”, which are needed according to the tasks in the workplace, interactive service work still bears invisible skills (Hampson, Junor 2005; Korczynski 2005a). In the sense of neither being captured by current approaches in the service work literature nor being formalised and/or remunerated, these invisible skills go beyond the “soft skills” in the traditional sense. The overall claim I present in this study is that interactive service work requires front-line service workers to employ certain interactive competencies in a service interaction with customers. These competencies are neither constituted by organisational structures or guidelines, nor by explicit technical expert or professional knowledge, but are product of an accumulation of know-how emerging from daily work in the service interaction accompanied by knowledge from pre- or extraprofessional areas. (Peters 2002; Pfadenhauer 2013) So far, none of the current academic contributions looks at the required competencies for handling or dealing with challenges or tensions in interactive service work from a perspective like this. The study at hand looks at these competencies, at the conditions of their presence, and how front-line service workers use them in order to handle complex interaction situations in the light of potentially contradicting interests within the service work triangle of employers, employees, and customers. (Bolton, Houlihan 2010) I examine these competencies as regards to the interaction situation’s properties – the interplay between individual abilities and the characteristics of the interaction situation complements to the current debate of skills in interactive service work.

This project contributes to academic knowledge by problematising current literature on skills in interactive service work especially with regards to the way how and whether potential tensions in service interactions are grasped and conceptualised and the corresponding ways these tensions are handled or sorted out by front-line service workers. This allows to draw a more fine-grained picture of competencies needed in interactive service work. This is achieved by challenging the previous assumptions regarding skills in interactive service work and the conceptual opening up of the analysis of service interactions by applying a theoretical framework that registers the properties of the situation of interaction. Service interactions will be analysed from an employee’s perspective by adapting a more agentic view as critical studies do, theoretically drawing on French Pragmatist Sociology which frames the empirical



analysis conducted according to Grounded Theory methodology.

As regards to the structure of this dissertation, it is comprised of seven chapters deriving and elaborating the main arguments on interactive service work. The ‘Literature Review’ in chapter two gives an overview over the past and current academic contributions and debates on skills in interactive service work. This overview considers three main research perspectives on interactive service work, carves out their basic theoretical assumptions concerning the challenges of and skills needed in interactive service work, and mirrors their chronological development within each perspective but also between the perspectives. Building on the basic conceptual and empirical questions raised in chapter two, the following chapter three ‘Conceptual Framework’ develops the theoretical perspective on the analysis of interactive service work, working out the central concepts of compromise, coordination and situations regarding service work and, building on the combined outcome of the two chapters, focuses precisely on the derivation and formulation of this study’s research interest. The study’s interest follows the assertion that a range of competencies needed in service interactions still remain “hidden” in a “black box” where current literature did not zoom into so far, especially not in the way chapter three ‘Conceptual Framework’ suggests to.

Chapter four ‘Research Setting & Methods’ argues why a fashion retail department store of a multi-national retail company is a very appropriate setting to examine competencies in interactive service work. Furthermore, this chapter introduces this study’s empirical methodology as well as its methodical approach and the main category found during Grounded Theory analysis. Chapter five ‘Findings’ illustrates through a descriptive model on the proceeding of service interactions the derived competencies needed by separately dealing with four different types of interactions occurring in a fashion department store. The model traces possible courses of action in service interactions, describes interaction situations’ properties and establishes linkages towards the degree to which tensions become manifest or remain latent. This allows elaborating on front-line service workers’ competencies, where they are needed and in which form they relate to the main empirical category found “situational equipment”<sup>2</sup>. The study closes with chapter six ‘Discussion’ by condensing the major findings, feeding them back to the literature presented, and pointing towards this study’s conceptual but also subject field contribution. In the final chapter seven ‘Conclusion & Implications’ a summary of the major findings as well as some further research and implications will be provided.

Before starting with the literature review, the next section provides an overview of the most frequently used terms to get the idea of how this study understands and uses them throughout this project.

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<sup>2</sup> the “in vivo” category of situational equipment will be introduced and explained in chapter 4

### ***1.3 Frequently used terms***

*Service work*: work that involves interactions with a service recipient or customer

- the study considers service work below the professional occupations, thus lawyers, doctors etc are excluded;
- *interactive service work*: work that involves a face-to-face interaction with a customer; in this study's sense the terms service work and interactive service work are used synonymously; the term interactive service work is mostly applied to emphasise the interactive part of work;
- *sales work*: a special form of service work, mostly appearing in retail, call-centres etc.; composed by a tangible element (the product sold) and an intangible element (the way the product is sold);
- *service interactions*: interactive service work takes place and is carried out in service interactions;

*Service workers*: employees employed in service firms

- below professional level
- *front-line service workers*: employees carrying out interactive service work with direct customer contact; the term service workers and front-line service workers are used synonymously;

*Requirements in interactive service work*: aggregate of skills and competencies

- the term requirements to carry out interactive service work summarises as a category the two sub-terms skills and competencies;
- *skills*: the study uses the term skills for abstract and descriptive sets of attributes required in interactive service work, derived by managerial and critical literature;
- *competencies*: the study uses the term competencies for attributes to accomplish work which are context-dependent and visible only during the execution of work, derived by an interpretive perspective;

*Challenges within interactive service work*: conceptualisation of the exigencies service work holds

- every concept has its own conceptualisation, some see contradictions/tensions among customers employees and employers as the main challenge for front-line service workers, others see the mere customer satisfaction as the main challenge of service work;
- according to the conceptualisation of the challenges, respective requirements (skills/competencies) to deal with these challenges are presented;

### 2. Literature Review

According to the research objective stated in the introduction, the following literature review aims at reviewing the current service work approaches' basic theoretical assumptions and empirical results as regards to two guiding questions:

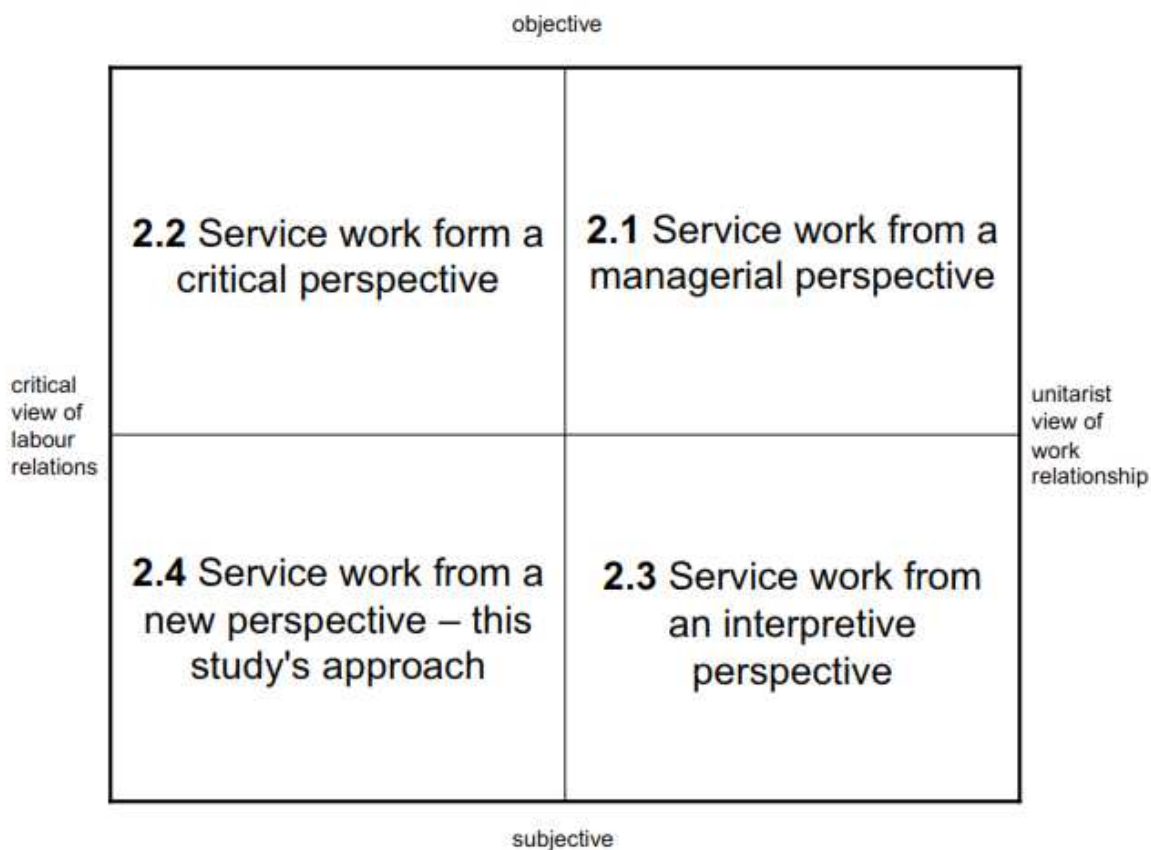
- How do these approaches see and grasp potential challenges or tensions within interactive service work? (How) do front-line service workers face contradictory or conflicting demands?
- How do these approaches vary in their understanding and conceptualisation of the corresponding skills needed to perform interactive service work?

There is a large agreement between HR and sociologists of work scholars that global tertiarisation has modified jobs and occupations around the world, having a majority of sales and service work in advanced economies. This also mirrors in the huge variety of approaches and attempts to capture the nature of service work from different angles. In order to work on the questions set above, this literature review provides a 2x2 typology that delineates various sub-areas of research within the field of HRM in service work. Using this typology allows reviewing some of the most important developments and streams in service work research, outlining their basic assumptions, their methods, and their results as regards to skills in and challenges within service work. Of course, not every contribution can be clearly classified in one of the four fields proposed, but yet this is not the main purpose of this way of reviewing the literature in particular. In contrast, this typology also allows illustrating the linkages and connections between these sub-streams of research. In the end, I will come up with a critical review of the outlined streams of research and problematize their contributions to the analysis of interactive service work leading over to the subsequent proposition of the theoretical framing of the study in chapter three.

The typology presented borrows from Burrell & Morgan's (1979) seminal work on research paradigms in organisational analysis in social science. The following typology keeps the author's idea of classifying contributions along the dimension between "the sociology of regulation" and the "sociology of radical change" on the x-axis, which I relabel as the differentiation between an unitarist concept of work relationships and a critical view on labour relations characterised by diverging interests. On the one hand, contributions researching service work either examine the field assuming that the social organisation of work is primarily characterised by the central dividing line between labour and capital resulting from the capitalist development (see critical social sciences later in this chapter). On the other hand, these contributions assume a win-win-win relation among employer, employee, and customer implying harmonious interests and thus an unitarist view of labour relations. The y-axis classifies the variety of contributions in the field on the ontological dimension between a subjectivist and an objectivist approach to social science. A rather objectivist positioning asserts that the meaning of social phenomena

has an existence independent of individual social entities whereas a subjectivist or constructionist view asserts that reality as such has no objective existence but is socially constructed by the accounts of researchers and others. According to the research's ontological positioning I will discuss the contribution's epistemological and methodological position separately within each quarter. Contrasting these two dimensions results in the typology illustrated in figure 2.1.

**Figure 2.1: Typology of HR research in service work**



(own source)

The typology provides four quadrants, which will be described in detail in the following four sub-sections. The first one, the upper-right quadrant, is labelled ‘Service work from a managerial perspective’. Here, I classify research, which is mainly driven by managerial and functional aspects focusing on the question on how these contributions conceptualise the main challenges within service work and the respective skills required. Not only research from the New Service Management School (e.g. Schlesinger, Heskett 1992, Giarini, Harker 1995, Zeithaml et al. 2008), but also contributions from ‘classical’ HR research (e.g. Huselid 1995, Batt 2000, Batt 2002) belong to this section. The next quadrant on the left-hand side assumes a rather tense labour relation concept. In the critical realism tradition, research attributes employees a very low level of agency resulting in a focus on control of the behaviour and a reinforcement of scripts on the sales floor. This research stream also