Staff training and customer satisfaction

How Staff Training and Motivation Can Increase Customer Satisfaction and Business Performance in Retail Sector Contents

Abstract

The globalization of food and durable's retail industry and the emergence of large scale departmental stores/supermarket culture have created scale conomies as a barrier to entry thereby restricting industry access to few powerful players. However, in face of fierce and repetitive price wars the scale economies are difficult to sustain. Continuous exploration of innovative sources of differentiation at product and customer service level has become a critical success factor for today's global discount retailer. Differentiation through customer service activities is hard to imitate by competitors and hence provides a sustainable source of competitive advantage as it creates customer loyalty in return. (SAP White Papers).

However, while working in a global industry characterized by high employee turnover development and maintenance of a committed workforce with the good morale alongside keeping up with the tightest budgetary constraints is a challenge for global discount retailers. Empowering the emoployees is becoming increasingly important (Kahereh, Ahmadi, & Hashemi) Due to technology infusion in the modern day retail business model the task of identifying training needs of employees and effectively imparting correct training to the employees is becoming more and more challenging.

Training activities need to be up to date with recent technological trends in the retail sector. Organizations have to be increasingly innovative in their choice of and choice of training methods. As far as motivational activities are concerned it is known that there is a wide range of theories based on a diversity of underlying factors effecting motivation level. It is imperative that organization identifies what motivates its employees and then choose to modify their behavior through choice of the appropriate stimuli and devise effective strategies in the end.

TESCO is one of the biggest employers in job market, in UK TESCO running retail business about 220, 000 employee all over the world, most of them form different country and different culture. Managing a culturally diverse workforce is a challenge. Of course it is point of interest for present or future researcher that, how TESCO is developing and maintaining its culturally diverse workforce. In this regard this the paper suggests what are different alternative initiatives the company can take possible improvements and the benefits from following each available alternative. t concludes that policies focusing training and motivation of customer service deportment will help

TESCO to sustain its position as market leader through customer satisfaction. The collected data is used to ascertain the extent of effort needed to go into training and motivation initiative. This will indirectly help to create a sound justification of further investment of thought process and financial resources in training and motivational activities by retail organizations.

It goes on to choose an appropriate model for employee motivation and training and then evaluates whether this model can be implemented by TESCO and other retail organizations to improvise its value chain and create sustainable competitive edge through extending the value addition capability to the last area of value chain i. e. service activities. This research paper aims to find the impacts HR policies focused on training and motivating customer services employees can have on business performance and relative importance of these policies in retail organizations with TESCO as a subject.

With specific emphasis on five TESCO Express stores accessible by him, the researcher has collected primary data on TESCO's human Resource policy. He then combines the research findings with secondary data from available literature. This paper studies the pre-established link between employee satisfaction, customer satisfaction, and business performance and applies it to retail industry. Chapter One: Introduction 1. 1 Research Background Retail sector is currently one of the largest employers and provides excellent business scope.

Social trends towards working women, decline in home meal preparation and one stop shopping have not only modified the products offered by food

retailers they have also made the retail industry grow into a supermarket phenomenon. About 12 per cent of the approximately 750, 000 new enterprises launched between 2001 and 2002 (the latest years for which data is available) were retail operations. Having said that we need to also keep in mind that the groceries retail market sector is also subject to varied nature of political economical environmental socio cultural and technological constraints.

The sector has high employment turnover rate. Employment legislations require it to maintain a balanced workforce in terms of location, level of flexibility and level of pay. These requirements usually make retention of employees difficult. Adoption of new technologies like Wireless devices, electronic shelf labeling, self checking out machines and the adoption of Electronic Point of Sales (Epos) and Electronic Fund Transfer Protocol System (EFTPoS) systems have improved efficiency of the distribution channels of TESCO but have also made customer service more challenging task.

At present business environment, every organization is confronting with serious competition, inventing, reengineering and implementing various strategies to obtain the competitive advantage over the competitors, in this competition one of the most effective strategic tool is a strong service or product delivery system that a only a well-organized customer support team can provide. In today's highly competitive corporate world, the retail giants' fiercely compete for market share. They fight for the existing pool of customers in order to create customer equity for their business.

Customer Equity refers to the sum total of all current and anticipated purchases by current and prospective buyers. The key to creating Customer equity is to increase customer satisfaction through enhancing customer perceived value and brand loyalty. From the preceding discussion, it is obvious that retail business performance directly links to customer satisfaction. As customer satisfaction goes up customers become less price sensitive and easier to lock in, their repeat buy behavior , retention rate and referrals increase while initial processing costs, servicing costs and sales returns decline (Hughes, 2012).

Due to difficult to sustain scale economies in the long term, product differentiation and Service level differentiation is becoming critical success factor. Since eighties, a lot of seminal research is conducted to establish a link between customer employee and company profitability. Various studies have confirmed the existence of a quantifiable relation between customer satisfaction and employee satisfaction in that the satisfied enthusiastic capable and committed employees help to retain loyal customers (Recheild, 1996).

In an attempt to find drivers of an effective service environment the Development Dimensions International (DDI) found a circular reference between employee satisfaction and retention , Customer satisfaction and loyalty and increase in company profitability (Unknown, 1997) and (Corporate Leadership Council, 2003). Employees can be viewed as internal customers of organization who serve the external customers of the organization and happy internal customers (employees) tend to treat external customers well and consequently produce loyalty in them (Richard

Federico). In current corporate world TESCO is one of the largest retail business rganization, in world ranking it is the third largest retailer company, and in United Kingdome TESCO is the top one in its field. TESCO is a pioneer business with a wide range of service and products includes Banking, Insurance, entertainment, and electronic products. It has a history of global expansion and is currently operating in Asia, Europe and North American. About 280000 in UK and over 460, 000 people all over the world are working with TESCO. In UK it has more than 2, 482 stores and also continuing to expand business and product range in different part of the world. www. tescoplc. com). From an HR point of view TESCO has always been criticized in that it has caused a huge level of unemployment in countries where it operates (www. tescoply. com) The research paper will look in detail on five TESCO express store and try to find out what TESCO is doing to train and motivate it's workforce at customer service. Through analyzing the research findings the paper will evaluate the adequacy of TESCO's current; training and motivational activities in a sector with highest employee turnover and complicated technology driven customer interface.

Through careful analysis of available data the paper will focus on HR policies and strategies to establish a practically implementable business model 1. 2 Research Aims and Objective Formal definition as given in Encarta Dictionary is A methodical investigation into a subject in order to discover facts, to establish or revise a theory, or to develop a plan of action based on the facts discovered Research is classified into basic or pure and applied research on the basis of its purpose.

Basic research always has the objective of enhancing theoretical knowledge, discovers new knowledge and is extensive in nature. Applied research is more concerned with application of current knowledge through varying techniques and come up with practical solutions . Contrary to basic research it is intensive in nature in that it focuses on innovative application of existing theories. The aim of this research is twofold. First aim is to check the applicability of pre-established theories with quantitative experimental support.

Its aim is to develop a possible solution to the problems identified in the staff training and motivation area of TESCO. The aim is to conduct an exhaustive study in the fields of customer satisfaction with employee satisfaction as a variable. This research aims to explore the importance of workforce training and motivation to enhance customer satisfaction and business performance through review of existing business models applied in other organizations of same or different sectors.

The work is focused at creating awareness of the relative importance of staff training and motivation activities in retail sector and brings forth the typical challenges of training and motivating a workforce that is diversified at cultural, geographical and ethnic levels. To be precise the thesis statement of this paper is Employee training and motivation activities: Impacts on quality of customer service and customer satisfaction. Specific objectives of this research are) Research and understand the importance of staff training and motivation in engaging the customer service workforce keeping TESCO as focus. ii) Define the business problem through identification of challenges in training the highly diversified workforce in an intensely automated

business with huge diversity; iii) Identify direct and indirect impacts of motivation level of employee on their job satisfaction level and engagement level for continued service excellence. v) To recommend strategies for improving business performance through Training and motivating the customer service team In addition to the above objectives research aims to open doors for further research and through thought process for further research initiatives in the same direction . Through presenting a set of recommended strategies the researcher has tried to open new venues for future discussion. The researcher hopes that this work will provide a baseline for future research and studies on devising training and motivational techniques for employee of retail sector organisations. . 3 Research Questions Research process in any discipline can prove to be lengthy. It is multi faceted and multi staged. To keep the research process keenly focused and clearly directed towards the achievement of intended objectives it is imperative that core elements of the problem as defined in the preceding part of the paper are kept in mind throughout the various steps of this process. The research questions help to give shape to the general aims and objectives of the research.

These questions provide conceptual framework for the research work and are important starting point for both quantitative and qualitative research. They give way to the basic argument of the author that employee training and motivation is the foremost of the various drivers of customer satisfaction. Global retail industry is criticized for its treatment of its employees. It s said to have contributed to unemployment kevels as it is continuously running smaller competitors out of business.

Emergence of new technologies has made the customer interface of business more machine dependant. It is important to explore what is the role of human resource in value creation in this industry with a new face. It is also important to see how training and motivating the staff will help achieve sustainable competitive advantage. To this end the following broad category of research questions is formed; i) How role of customer service is changing. Is the role shrinking or expanding in the face of new challenges that come from issues of a.

Intensive automation and occupational health and safety at staff assistant level and; b. Issues of diversity, workplace management at team lead level? ii) Exploring nature of causal relationship between the immediate outcome, processes and long-term impacts of training to see how effective training intervention capacitates employees and helps Tesco optimize its training program investment? iii) How motivation of employees aids training process and how it adds to job satisfaction and?

The aim of the first two questions is to gather insight into the employees' awareness on importance of customer service in Tesco's business. Answers collected can be further analysed to find the current level of knowledge of the employees regarding their job descriptions, their role in organization, relative importance of their department in the organization. The next two questions then aim to find the policy of TESCO on motivating and training the staff.

The answers here will provide strategies currently in action. Under strict confidentiality, the employees were asked to not only describe but to provide

their opinion on the TESCO policies. The last question will bring out information on the level of awareness and acceptance by manager of their responsibility towards staff motivation and training. 1. 4 Research Scope and Significance After having, set well-defined research aims and objectives it is imperative to establish the limitations of research work conducted.

The researcher's aim is to establish the usefulness of hypotheses already proven in many other organisations while his focus will be on organisation specific human resource policies on motivation and training. The Literature Review section will contain a wide range of research findings on this subject from different industries but retail sector prospective will come from collection of primary data from interviews/ questioners with management, staff and employees at TESCO.

Although the limited access to company specific data possess an inherent limitation there is a strong chance that findings are practically applicable elsewhere in the retail sector as focus is on policy making and not on quantified training effort. The research is important and significant in that it will try to find out what lacks in human resource efforts holds the subject organization back from optimal performance.

Knowing that well trained staff with proper product knowledge and motivated staffs to deliver product to attain customer's satisfaction are vital, to become successful in retail business. So it is important to investigate the staff training and motivation process to get competitive advantage in retail business to increase the business performance. It is important to investigate how employee training and activities to motivate them can help to increase

business performance attaining maximum customer satisfaction in competitive business world.

Chapter Two: Literature Review This section details both quantitative and qualitative data available from secondary source. Secondary data means data available in the form of research work, thesis , trade journal and other publications etc that aids the researcher's objective either completely or partially. This is the " basic research" that provides theoretical guidelines to increase understanding of the phenomenon being studied without any apparent contribution to the specific problem under study.

To review work existing on the selected area of research is important because it helps the readers to grasp the scope and significance of current work in light of past findings. Secondary data supports the researcher to bring out conflicts or issues not yet addressed in past. It also helps to highlight any issues that may be resolved through his own research work. Moreover, through critical evaluation of inferences available from past research, the researcher is able to draw conclusion for primary results easily.

To aid the readers and create easily comprehendible paper the literature review is divided systematically to gather data on, 1- Study of retail sector critical success factors like product's value addition capacity, branding, and retail customer experience; 2- Identification of the customer satisfaction as vital to creation of a good experience during transaction and as a restricting factor to post purchase dissonance, 3- Heightened need for employee retention through employee satisfaction and loyalty, 4- The recent shift in research trends emphasizing employee engagement over employee loyalty

and; 5- Research on training effectiveness and in motivational theories to assess importance of human resource policy making. In each sub section of this part the secondary data ranges from seminal researches to recent survey reports findings. Recent studies with a critical approach on the prior period studies follow up the preliminary seminal research findings.

The idea behind chronological placement of the existing literature is to provide a baseline for the data collected through primary research and support its analysis. 2. 1 Differentiation through customer Service-Critical Success Factor for Retail Business A business organization is methodical procedure or a system that is designed to achieve a preselected goal. The business activities may be hugely diverse depending on the industry or type of merchandise. Regardless of this the basic business cycle starts from design of a market offering and ends at delivery of the same to the customer's satisfaction. This is something normally referred to as the value chain through which every business derives value for its other stakeholders through enhancing value for its customers.

At this point customer service has a great influence to achieve overall organizational goal. So efficiency of customer is one of the priorities for every organization. When trying to understand the key factor for retail business performance it is important to understand the nature of market offering by retailers. Market offering by discount retailers is not limited to the generic or branded tangible product but also includes the service features like one stop shopping convenience, availability of wide ranging options. This is why customer satisfaction is not merely a function of perceived value of

the product , it is also a function of value of the service component of retail marker offering.

When a customer comes to shop at a retail outlet, he shops for solutions to his needs and not only for products. It is the experience connected to the convenience of buying customised solutions under one roof. If this is available through a trust worthy team of professionals the customers keeps coming back for more. Now coming to classifying the consumer, we know that retail customers are end consumers. Their decision making process is at individual level and free from any internal biases that are created on organisation level buying. This is why the role of customer relationship management (CRM) initiative is very different in this sector. The retail CRM has to be customer focused on a person-to-person level and the store level both.

It should aim what the customer wants from the store and from the personnel handling the transaction. Customers buying behaviour needs to be considered in depth. It is also important to focus on reducing post purchase dissonance and lock-in the customer for future transactions. What retail customers look for is a total experience through both the product and service quality. According to a study conducted by IBM Institute for business value, retailer who performed best financially also ranked higher in customer satisfaction. The study took same store sales as a measure of business growth. It found empirical evidence that although there is not a one to one correlation between customer satisfaction and profitability in the U. S. etail industry, higher performing retailers with increasing same store sales had a higher proportion of satisfied customers when compared with the low

performing retailers with declining same store sales (Julian Chu Head of Distributions team IBM Corporation, 2002). Studies like the ripple effect have brought out the significance of customer to the business profitability. Ripple effect for service firms is anchored around three factors i. e. customer value, service loyalty and word of mouth . Value of customer comes from direct purchases and the customer life time value , the later being hard to quantify. Service loyalty refers to repeat buying by the customer, his positive attitudinal disposition towards the provider and his tendency to prefer the provider over and above the other.

Word of mouth communication is spread of information on any seller without any monetary consideration for doing the communication. (Gremler & Brown, Vol 10 No. 3 , 1999) 2. 2 Key Drivers For Customer Satisfaction In general customer satisfaction is experience of a customer after product or services consumed by customer . It is the post purchase satisfaction level that drives the customer to buy repetitively. (Johnson & Anderson 1995). It is an evaluation after consumption by customer which is depends on what quality perceived what was the expectation of customer, confirmation is or disconfirmation product value etc. satisfaction is the difference between customers' expectations and what customer gets form organization (Anderson & Fornell 1994).

According to researchers, (Oh & Parks 1997) customer satisfaction is a complex human expression that contains both cognitive and affective process, together with the different psychological impacts. It depends on fulfillment of needs of customer, liking, disliking, interaction on consumer's expectation, valuation of purchased product or service, experience of

product or service consumption and even estimation of the benefits of product or service. Consumer's value perception is a primarily a factor of clusters of two drivers i. e rational drivers like quality, service, value that create satisfaction and emotional element like trust and perception that create relationships.

In order to be successful, a retailers needs to enhance both the satisfaction and the emotional experience to give a retail consumers what he seeks -A premium experience [Top Performing retailers-what is satisfaction by IBM institute for Business management]. Researchers identify different components that that relate to the process of creating customer satisfaction like technical and functional excellence; functionality and performance of delivery components. The findings of various researchers came up with almost similar inferences. Customer satisfaction is a factor of quality of product, service quality and experience with the transaction. Post purchase dissonance should be reduced in order to create customer loyalty.

Especially in retail where the offering is the service related to provision of goods of various categories and brands under single roof it is important to make the market offering i. e. product, brand and store experience completely differentiated. Other way it can described that the technical features linked to the physical entity what is a given as service and the functional feature relates on the immaterial expressions how service was delivered. Customers perceive or achieve both technical and functional parts of the service during the delivery process (Nicholls & Gilbert 1999) Service quality is an approach or overall acceptance about the quality of a service. It

is a standard that a product is top position in its quality in compare of the similar product.

To be worldwide accepted service industries need to provide a quality service that exceeds customers' expectation. Service quality is the key factor of success or failure for an organization. Every organization or industry try to measures customer satisfaction level because, satisfied customer is very much essential for a successful business, either for growing up in competitive market or sustains in business. Here a link is clearly visualized that when the quality of product or service delivered to customer is important, it is same time how efficiently that service or product was delivered to customer it is same important as well. At this point it is very important to maintain quality of service or product delivery factors.

Considering this organizational effort takes in action to proper staff training and motivation procedure, to build up a strong motivated customer service facility to ensure customer getting satisfaction both type of satisfaction with the product or service and delivery process. 2. 3 Linking Customer Satisfaction to Employee satisfaction In the past twenty years, the seminal research conducted on finding a link between customer's satisfaction and employee satisfaction. Benjamin Schneider a pioneer in this field of research started this work as a survey on bank customers and employees. Schneider and his colleagues suggested that employee's view of customer service policies was significantlyy nd positively co related to customer satisfaction.

Heskett & Shlesinger, Spring 1991 claim that the business events are characterized by virtuous cycles; cycle of success and cycles of failure. In

these virtuous circles, various events reinforce each other through positive or negative feedback. Continual ignorance of negative feedback will result in emergence of a vicious circle. This is why in an organisation, it is important to break the cycle of failure as depicted in the figure-1. This figure shows how low profit retailers will be inclined to hire employee with low skill level and reduce expenditure on training activities due to lack of resources. Even though they try to accommodate their customer satisfaction evel with better technology, their efforts go to waste as they fail to provide adequate knowledge to customers through their customer service team. Moreover the constantly changing staff makes it impossible for the customer to develop a one to one relationship with the organisation. They contend that by linking employee satisfaction with customer satisfaction and by focusing to develop employee through training and motivation organisations can break the cycle of failure and reinforce cycle of success. These cycles present a sharp contrast to cycles of failure in that these are characterized by low employee turnover and high customer loyalty.

It is during these cycles of success that organisations tend to recruit employees with higher skil level and is willing to pay more to them in the shape of higher salary and training expenditure. Notice how the key to the puzzle is a broadened job descriptions requiring employees with multiple skills set. A cycle of success typically is as depicted in Figure-2 . Studies that are more recent present a direct and quantifiable link between customer service variables like satisfaction and employee variables like enthusiasm, loyalty, commitment, and capability. [The loyalty effect 1996-Fredreik

Reicheld]. Most companies seeking profit and growth have loyal customers with high level retention and referrals.

Retained customers are those who present higher level of satisfaction . Satisfaction being a factor of suitability of the market offering to customer's need. This is derived from organizational effort to both design and deliver the market offering with value addition. Employees are the major source of value creation and since loyal employees are more productive the organisations must devise proper strategies to engage them fully and create an internal service quality. In short there is circular reference between employee variables like satisfaction and retention and customer variables like satisfaction loyalty and company profitability [Service profit chain].

Workforce capability loyalty and satisfaction are correlated to customer value perception which will lead to customer loyalty and satisfaction; which will eventually turn into profitability: A key finding of the Service Profit Model of 1997 as referred in (Koys, 2001) In order to summaries the research work conducted till 1991 Wiley 1996 developed a seminal review in which he coined the term " Linkage research" to refer to the series of research work conducted on establishing a link and integrating and correlating the data collected from employees to data collected from elsewhere in the organizational database. The term was re engineered to High Performance Model, which linked the existence of certain leadership traits and organizational values to energetic and productive workforce and consequent greater levels of customer loyalty. A study at Sears Roebuck & Co (Harvard Business ReviewJanuary-February 1998) showed that a five-point progress in employee attitudes will confirm a 1. point improvement of customer

satisfaction which will incur 0. 5% of revenue growth. Brooks (2000) reviewed the correlation between organizational financial progress, customer and employee variables like financial turnover, customer satisfaction and employee satisfaction. He found that depending on market fragment and type of business organization, about 40 to 80 per cent customer satisfaction and loyalty was achieved for a positive relationship between employee's attitude and customer response related variables. In another similar study Vilares and Cohelo (2000) exposed employees satisfaction, loyalty and employee commitment had a great influence on product and service. (Shown in Fig. 1) Fig. 1

According to above model it is understood that employee's job satisfaction and motivation not only influences on employee loyalty and commitment, it also has an indirect control on customer satisfaction. The relationship between employee satisfaction and customer satisfaction has acknowledged another experimental confirmation from two other strong methodological studies. Specially, in analytic research conducted by (Harter, Schmidt, & Hayes, 2002). , on 7, 939 units in 36 organization, found a generally acceptable relationships, that the relationship between employee satisfaction and customer satisfaction substantially practical , Strong association found between employee satisfaction in each unite and outcomes from business-unit like customer satisfaction, unite productivity, earned profit, employee turnover, and accidents within unit.

In another research Berhardt, Donthu, and Kennett (2000), found within the business organisation employee satisfaction, customer satisfaction, and business turnover is associated, It is mentionable that, this relation may be

not visible directly at a point of time but of course it appears prominently after certain period.. A lot of empirical study shows the presence of positive relationship between employee satisfaction and customer satisfaction when product or service transaction takes in place. Scholars suggested form their research findings, positive change of employee satisfaction can influence to positive changes in customer satisfaction level. From this brief review of various scholars' thoughts, is understandable that employee job satisfaction a key component for customer satisfaction.

Therefore it is important to develop a customer service base with fully trained employees who will have a very clear knowledge about product and services, at the same time they will be full motivated and happy to give their effort to achieve maximum customer satisfaction. To establish a successful customer focused customer service team to increase business performance it is very important to get fully trained and motivated employees. 2. 4 From Employee Satisfaction to Employee Engagement The criticism to the link between employee satisfaction and customer satisfaction comes through studies that are more recent. The criticism comes from the underlying inability to establish measures of employee satisfaction because employees are bound by rules and regulations.

It is not employee behavior that defines corporate behavior in fact the situation is vice versa (Sweetman). So far, the research was aimed at only the direct link of one dependant variable of customer satisfaction with the independent variable of employee satisfaction. Studies showed that the link under scrutiny is only one of the various dimensions to a complex linkage and that there are other mediating variables that may also impact the

degree of correlation existing between employee and customer satisfaction. This resulted in further points of criticism on the link. The three basic factors of such engagement being Comittment, Organisational citizenship and motivation (Robinson & Hayday).

To provide quantitaive support to Sweetman's theory of a research was conducted by Walker Information global Network and a public policy organisation the Hudson Institute on employes of business and governamnet sectpor both in 32 counteries round the globe. This study suggested that in workplace what comes before diversity issues is a question of equity in terms of appropriate compesationa nd pay plan. The employees worldover presnt some conmmon charecteristics and can be catagorised as 34 percent as Truely Loyal who agree to their employers ethical stance, 8 percent as Accessible who have to leave job due to personal reason but are not willing to leave it byu choice, 27 percent as trapped who can not leave job but want to do so and; High Risk who stay for the fun of it at the cost of company. (J.

Sweetman, January 2001) A recent study from Gallup showed another catagorisation on the grids of * Engaged: 59% See job as creative work foster creativity and innovation, 85% feel capacitated to effet customer positively, (74%) strongly agree that they involve customer in service innovation process. * Not engaged : Put time but not effort & see job as task demanding no creativity with 17% agreeing that job inclueds creativity, critical of practices of peers and employer maybe accessibles or trapped. * Disengaged: Unhappy with their jobs like Trapped or high risk. Only 3% see creative potential in their job naad only 13% see job s a way to provide creative solutions. (Gallup Management Review, 2006)

Moreover some researchers argue that sometimes a high performing retailer will shoe employee satisfaction while the same level of satisfaction being shown bya low performer as well. This finding necessitated the search for other variables that may act as a catalyst in the process of value creation through customer service quality. [Dan Lockhard and Jeff Ellis] This led to conclusion that Employee satisfaction can not lead to organizational effectiveness solely and directly. Research on Sears Roebuck during nineties presented the next dimension to staff excellence as the employee engagement. It was found that mere employee satisfaction is not enough because productivity of employee is a factor of his physical and mental presence at the job.

It is contended now that over and above the basic threshold of employee satisfaction the employee needs to be engaged in his job through job design, proper training, reward and recognition to create motivation. The aim of the organisation should be to avoid barriers to employee engagement, drive engagement and sustain workplace Excellence. (Olivier Serrat, 2010). Biggest barriers to employee engagementare poor worklife balance, inconsistant management styles, reactive decision making, lack of fluidity , rigid cultural norm, slow percepotion of organisational advocacy (Employee Engagaemet in Context). 2. 5 Training and Motivation Theories As described in the preceding sections it is now clear that engaging mployees through training incentive motivation workplace management and management of work-life balance is the key for engaging customers investment of resources in employee training and increasing motivation level of employees will help the organization to achieve customer satisfaction. This section of the report

will go through available literature on training effectiveness and motivational theories for customer service staff. Training intervention can effectively develop skills, modify behaviors, and increase competence. Training process can be a defined as a continuum of training-learning-action. Training is the stimulus (training effort – an independent variable) while action is a response (immediate outcome or long term impact).

Learning process is effected by variables modifying trainer's and learner's ability and confounding variables that are not under learner's control. If this continuum is successful through carefully manipulating independent variable of training efforts (time, form, location), continuous re-defining of dependant variables (Impacts and outcomes) and effective neutralization and control of the modifying variables (age, sex , experience, teaching style etc) it is possible to optimize the training expenditures. (U. S. National Institution for Occupational Safety and Health, October 1999). Motivation play an indirect yet important role in that it impacts the learners ability to capture, process and apply new knowledge. It also impacts the trainers ability to get the message through.

One of the biggest criticisms on the link of employee satisfaction with customer satisfaction is that employees are usually confirming to organizational rules and policies, which is why the measured level of employee satisfaction is inclined to be biased hence producing less reliable results. However, the critics have ignored one important factor that motivation of employee is both intrinsic and extrinsic. When employees are working according to rules, they are under extrinsic motivation, which will only yield conformance and achievement of only the desired levels of output.

To go over and above the expectations of management an employee needs to be motivated internally . In this paper every reference to motivation and motivator's impact is a reference to intrinsic aspect of motivation i. e. hat factors add to the employees sense of pleasure from doing what he is doing and not the factors that compel conformance to policies. Every reference to motivation technique methodology etc should be construed as a reference to methods of creating extrinsic motivation. Critics may contend that discipline aspect being ignored in this case but it should be kept in mind that the intrinsic motivation actors are based on need theories of motivation and one of the basic needs is Need for order (Reiss, 2004). It is due to this factor that intrinsic motivational techniques will automatically equip the company to hire the right employees for the right kind of job, be creative with job design and end up with cost effective ways of hiring and maintening an effective workforce.

Maintenance of employee's engagement should follow a systematic process of identifying employees need for training organizational and supervisory support, identifying internal stimuli for motivation and then devising techniques to engage those who are not engaged and then finally reduce cost of disengaged employee. Contrary to overall employee profiling there is also a group of people who beleive that the HR management should take a diversity in perspective as diversity in externl factors is the base for diversity in needs of employees. Some of researchers have highlighted on organizational process and efforts to make a satisfactory work environment, the impact of employee satisfaction and employee highly motivated service to achieve customer satisfaction.

A proper way would be to minmise the barriers and drive through workplace improvements and work life balance. Minimum steps of the systematic process should be * Building better organization, * Taking happiness seriously, * Increasing Staff Engagement, * Business sensitive to diversity Issue and; * Using staff attitude data (Aitken, Purcell, Marks, & Women, 2006) Diversity in marketplace and workplace helps businesses create societal value . Employers seeking innovation should seek diversity in employe base and also implement diversity oriented HR practices. This will enable employees to leverage their knowledge base and also promotes a sense of group identity. Tudor) One of these models; formulated by Yoon, Hyun Seo and Seog Yoon 2000 (M (Bulgarella, 2005)tries to identify the linkage of these three components within the organization. Those relations ensure employees are satisfied, a great service delivered form employee to customer, as a result service quality improving and organization achieving maximum customer satisfaction: a)- Employees perceive organization as helpful and acknowledges the value of their contributions i. e. Perceived Organizational Support: b)-Workplace provides socio emotional support; a trustworthy, helpful and friendly work environment through supervisory staff i. e. Perceived Supervisory Support c)- Customer' is involve physically, mentally and emotionally in customer service delivery process i. e.

Customer Participation, Another model in this regard proposed by Hee Yun and Beatynarrowed 2001 contended that service quality is a variable of work effort and job satisfaction both . Work effort has a direct effect on service quality . It also has an indirect effect on employee service level as it enhances job satisfaction also. The model presents a set of two instead of

the above defined three antecedents for the employee's job satisfaction and work effort. a)-Service Climate: being a combination of perceived organizational support and customer participation effecting work effort only b)-Supportive Management: effects both work effort and job satisfaction.

From the above it is clear that in retail sector the customer relationship management requires high focus on customer need. The customer satisfaction for this sector is depending on a total experience that the customer gets from his purchase. Although there has not been established a way to measure Customer equity it is an established fact now that this element is undoubtedly enhanced if customer loyalty goes up as is also clearly evident from the loyalty ripple effect. In retail, the customer experience consists of his interaction with store (non-human side) and the staff (human side) of the business. In other words, satisfaction of customer depends on quality of product and service effort of the stores staff.

Customers also tend to be familiar with creatures of their own specie rather than machines. To enhance this person-to-person experience staff attitude need behavioural modelling through training and motivation. It is primarily through adequate training and motivational techniques that employee's level of service, their attitude towards job and their overall level of engagement in their work can be positively changed. Recent studies in this subject depict that in addition to making them capable through training this can be achieved; through focusing organisational effort to improve their environmental factors like workplace management, rewarding policies and conducive and friendly environments. Chapter Three: Research Methodology

Choice of research methodology is important in that it helps to gain quality results both directly and indirectly. Firstly, a good data collection methodology helps to collect relevant and reliable data hence the quality of underlying data improves. Secondly appropriate data tabulation and analysis techniques help refine the primary data results and render the underlying data easier to interpret. Hence the quality of overall research inferences improves on the whole. Before presenting the methodology chosen for this paper it is important to gather information on research fundamentals and alternative methodologies available so that the chosen methodology can be justified. 3. 1 What is Research?

Research is an exhaustive study into a matter of significance that may resolve problems, question the existing or invent new theories. At the bottom of every research, there is an aims to enhance knowledge beyond its boundaries. Research work has three major elements namely establishment of facts, collection of new information and its analysis; and reaching newer conclusions. There is a lot of theories on how to typify research activities . The most important is to see the Descriptive research is a kind of research that a is to analyse a specific situation for example a case study to see if a general trend is indicated through the results of the case study or to see if existing theories is born out of specific situations.

Just as any other descriptive research this research also aims to carefully collect a base of established theories and models on and then apply the findings of the data collected through primary sources while simultaneously trying to analyse company specific data in light of existing findings theories and inferences. Through a mix of qualitative and quantitative research

methodology the research tries to explore" What is" and then tries to tabulate the results to obtain a sound conclusion regarding. For this purpose both qualitative and quantitative data is collected. A mix of data techniques is used 3. 2 Research Philosophy The philosophy behind every research is that it needs to have fundamental characteristics of robustness, controllability and logical sequence of inference.

In research real life experience and observations is put to test in controlled environment through rigorous procedures following a systematic and logical sequence to produce accurate inferences based facts. Controllability becomes a difficult to tackle phenomenon because business research involves human elements and societal elements which cannot be controlled. This is why in business related research the impct of extreme factors is only quantified and not controlled. 3. 3 Research Approach Research approach is important in producing quality inferences. For the purpose of forming conclusions in any research there has to be a process linking generalised theory to the specific problem. Based on direction of work there are said to be two basic approaches to solve a problem.

Inductive approach is way of theory building and it involves a bottom up approach of going from specific (problem) to general (theory). Induction refers to identification of patterns of repetition in specific experiments and then generalise them to form a paradigm. Critics of inductive approach say that due to its exploratory nature this research approach does not guarantee accuracy of results. They contend that inference may be false even when the underlying assumption and facts are true as other variables effecting the

situation my have been ignored. Most visible example ois the failure of the lightening experiments in the Hawthorn Studies.

Deductive approach involves a top down study from theory to hypothesis, observation and confirmation. It is argued that if underlying evidence is reliable and proper reasoning is used to reach inference deductive approach is better in terms of accuracy of results. Considering the objective of this research as provided in the chapter one it is clearly evident that a deductive approach to conduct research will serve best in the given situation. 3. 4 Research Strategy The researcher is an employee at TESCO Express and his aim is to apply his knowledge on the impact of staff training and motivation on TESCO's business performance. Systematic collection of literature available importance of ustomer satisfaction in retail sector, employee satisfaction as a driver of customer satisfaction and finally on alternatives available for employee training and motivation through effective policy making is followed by collection of TESCO specific data on these policies and then interpret the applicability of these findings on TESCO as a subject. A selected sample of employees is gathered to conduct a enquiry on the current policies of TESCO on training and motivating their customer services staff because this will create customer loyalty and profitability will come as a given in turn. Another series of questions will be aimed at gaining insight on level of satisfaction from loyal customers at these stores. Collection of qualitative data through interview will follow to provide a more subjective look on the issue .

Interviews will be conducted to engage mid level employees like managers and team leaders. 3. 5 Primary Data Collection For the collection of the

primary data in for the research, the following procedure was followed. A-Questionnaire Approach The first phase of the survey was collection of data through questionnaire. A group of managers; team leads and staff assistants of customer service department were surveyed through questionnaire to identify their opinion on the current HR policies of TESCO Express store. The questionnaire included both open ended and close ended questions to get an idea what are the employee's expectations from their employer and how well TESCO identifies with it's employees.

The elements questioned included level of satisfaction of employees as that directly relates to motivation, the employee's view on current training activity and TESCO's way to enhance motivation level ; they were further sked to point out any loophole in TESCO's employee policy. A second set of subjects was loyal customers at the same selected TESCO Express store. These customers surveyed again through a questionnair to get an idea as to the level of satisfaction they have. The results of the questionnaire survey were tabulated through statistical techniques to avoid any miscalculations. The results have been presented in the data analysis section of the report. Sample selection criteria. For the questionnaire survey, the sample had the following characteristics. i) Stream A: Sample of 8-10 employees were selected both from day and night shifts at each store but all team leads were involved.

Gender age sexual orientation and educational diversity were kept in mind while selecting these staff assistants. The female staff in total amounted to 50% of the total sample and responses received from them were almost 70%. Responses from others varied in that they were as high as 100% on

one store and as low as 80% on the other. Night shift staff assistants and team leads showed 100% response. ii) Stream B: As far as the customer's part is concerned only recurrent customers were selected. Data of recurrent customers were selected through the accounting records of same credit card purchase. Holders of Tesco loyalty cards were selected without further scrutiny.

However, this sample could show false trends because not all the customers having a relation with the store for more than one year will opt for the store card and secondly store cards are sometimes even shared among different families within the same social groups sometimes as a small gesture of friendship. A single clubcard might represent more than one customer. The customer not having loyalty cards were also scrutinized to identify other loyal customers. Customers who were buying through credit card were scrutinized as this was easy to track them; and then customers chosen were selected on the basis of number of visits. Customers who made at least 50 or 12 visits each year i. e one monthly or one weekly visit were chosen. The response rate of customer's with loyalty cars clearly was higher than other employees. Questionnaire design: STREAM A: Employees Store assistance Staff Questionnaire: There were two different questionnairs.

Questionnaire A was for both shift employees while questionair B was additional for Night shift workers because their workplace factors differ from the day shift. The questions in this section included open ended question to gather information as to whether the organization and the employees were on the same footing when it comes to identification of training needs, creation of a conducive workplace environmemt. Next the questions

regarding the suitability of reward structures, incentive schemes and suggested improvements followed. Questions on Work environment, Motivation stimuli and perceived employee engagement followed this. In the end a general question regarding the employee's perception of management's openness and willingness to his suggestions was taken. Team Leads Questionnaire:

Team leads are more near the mid level and due to this a presumption was made that at this level expecting clear understanding of policies is only fair. The questions in this section were more open ended to identify areas for further discussions. The most important question was put to team lead was to ascertain results of survey of the direct subordinates in his group and give his opinion on that. It was a voluntary question, which the respondent could skip at his option without giving any reason. The responses of team leads were also corroborated with a similar type question from the employees in the staff assistant level. Other questions included were the same as store assistants questions like opinions on the staff incentives and reward scheme.

Opinion on store space improvements were gathered from team leads percpective also and ergonomic issues, frequency of meetings with staff etc were dicussed. Sample Questionnaire forms are as follows. The top-level management in the customer service at store level was selected for interviews. The interview process was pre scheduled and employees were informed of the objectives of the interview. These interviews were designed keeping in view the research questions in mind . The interviews explored the effort level to train staff on up to date knowledge in the technology driven new face of retail sector. It also aimed at finding the level of awareness of

the managers on the role of Customer service as a strategic edge. 3. Secondary Data Collection The literature review section of the research paper is a collection of data from secondary sources like journal, the internet, management website. Internet served as the basic medium for searching list of relevant material. This list was then subject to detail topic wise search for the findings, criticism, inferences etc through materials available in the college library, trade journals, and other white papers available either manually or electronically. Published results of case studies on similar problems provided an additional support for drawing conclusions from primary data collected out of selected sample of store. 3. Ethical Issues Being Taken into Consideration Ethical considerations are very important especially in case of qualitative research work. Keeping in view the sensitive nature of the area being researched it is important that organizational repute or image is not hampered. In this, a number of elements were taken into account. In social research, the ' assurance of confidentiality' is the assurance from the researchers that all those personal information of every participant either will not be mentioned in the research work or information will be replaced with pennames. First and foremost, is that the interviewees will be informed ahead of the objective of the survey.

The person subject to questionnaires survey will be asked to respond with their views and opinions on adequacy of their employer's policies. Keeping in mind that the research work might open up areas of conflict and responses from participants may include views conflicting with the management policies; the research assures anonymity to participants. According to Lofland and Lofland (1995, p. 43), Participants will be informed before if

interview need to be recorded in any form, and every information will be treated as secret information within organization or out of the organization. None of the employees was required to give any personal information. The report has kept the promise of confidentiality.

In order to avoid damaging the customer relations, similar assurance is also provided to customers who will be contacted during collection of primary data on their level of customer satisfaction. To ensure that data collected is free of biase it should be provided with free will . Data provided under any pressures by the employees is pron to be biased . To avoid this employees of TESCO stores are informed that their participation in this study is voluntary not mandatory. Any participants unwilling to answer any specific question can skip that question. Moreover employees are free to leave the interview session if they feel uncomfortable to participate in interview, any time without giving any kind of reasons.

The survey for primary data of the organization is solely for research usage and will not be publically disclosed without prior notice and permission. Next, the problem of plagiarism of information and research existed. Because the report includes an extensive review of literature, care was taken that the research may not be pinpointed for any plagiarism. Also, care was taken that credit of effort and intelligence be given to the researchers whose work has been borrowed for giving quality to the research. To avoid plagiarism then, the system of Harvard referencing for both in text and bibliographical referencing has been utilized. 3. 8 Reliability and Credibility of the Research paper

Research method adopted is aligned with the research aims and objectives established in the prior chapters of this report. The choice of Literature from web intrrenet, journals etc and conduction of survey on employees and customers as a subject leads to full implementation of the basic concept of a pragmatist approach . The questionnaire survey is allowing for a qualitative approach and the secondary data is helping the researcher to collect the secondary data. The findings from secondary data as detailed in the literature review are put to test throught the findings of the survey. The researcher took due care not to mess up the data collected and to maintain a steady flow of the research activities.

To this end the work is managed as a fully fledged scheduled project and GANTT chart was used to ensure timely start and end of the project. The research is credible because at each instance references of the sources of information have been provided. To ensure reliability of the literature review section the researcher has ensured that each work, study, theory, business model quoted is referenced appropriately to enable the readers to trace back to the original work. Seminal researches with great popularity are referred with the writer / book names while, citation collected from other research papers or case studies available from the web is referenced with citation available in the quoted transcript of the study or paper.

Chapter Four: Research Findings This section of the report is a description of the factual findings made through data collection activity conducted on sample of selected of the five Tesco Express stores. A Tesco express store on the average is around 200 square meter in area and emphasizes on food products mainly. However due to the small size of the stores other high profit

goods are also kept on floor in order top match to match the profit per square meter of the area. The large convenience store nature of Express stores makes it logical to place them near residential areas villages or small concentrated area of population in larger cities.

Although the sample selected is comparatively smaller but given the nature of organization wide standardization of policies the results can be extrapolated and checked for relevance and adequacy when applied to the rest of the organization. Tesco policy is to " Put People first be it customers or employees" shows that both Tesco management and governance see employee retention as a critical success factor. As per data from its website the employee retention as a key performance indicator of ___ for the coming year is set and being perused rigorously as an end not a means. Currently Tesco is running various programs both on training for capacity building and motivation through monetary incentive or non monetary rewards.

Its training programs support to build cross functional teams in that the higher level employees are mandatorily put through training for tasks performed by people on the store from while the people at the store front are also given the training in leadership and other disciplines of their own choice. Through carefully devising questionnaire and design of interview the report aims to collect relevant data assess it objectively and carefully analyze it for to the pint conclusion and make recommendations. 4. 1 Questionnaire and interview Findings Questionnaire findings were collected from two streams of people Customers and employees. The customer service at Tesco is divided in two cadres: staff assistants and Team leads. Staff assistants are also further divide on shift bases, a night and a day shift.

Three different sets of questionnaires were prepred to to cater the different levels of the customer service staff.

For customers a separate questionnaire was formed based . Keeping the nature of and location of stores it was not hard to find people living in the neighborhood which regularly visit the store for their everyday needs. Findings of Questionnaire Stream One (A) Total 45 staff assistants in morning and 35 in night shifts were studied. Sample size was adjusted keeping in mind the lower staff in night due to lowered workload. Question Number| Factor studied| Survey Results| 1| Job Design and use of technology, Employee awareness & empowerment through training, | 88. 5 % showed awareness out of them only 65 % felt happy with creative way doing business.

This means almost 48 percent of employees at the staff assistant level who are the main contact points consider alternative of technology as a just a support to their current job. They still believe they re the center for CRM and need to be knowledgeable to provide good customer service. Employees feel capacitated due to new technology. Job satisfaction levels through trainings are moderate can be improved. | 2| Finding motivation stimuli, Current level of Happiness to assess employee engagement, Team culture| 72% Employees felt motivated through team play, engagement and being heared, 45% of above graduate program staff development opportunities showed a greater attr