International Journal of Business Strategy and Automation
Volume 2 • Issue 1 • January-March 2021

Deploying a "Good Jobs" Strategy in Service Sectors for Enhancing Competitive Advantage

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ABSTRACT

Many service companies believe that there is a trade-off between investing in employees and offering the lowest prices. They offer few benefits, no career paths, and, hence, are considered as bad jobs. Conventional wisdom holds that bad jobs are the unavoidable price of low-cost service. However, this research emphasizes that investing in people and processes actually can boost customer experience and decrease costs. The good jobs strategy is a model for investing and empowering front-line employees in service industries and revamping operations to support those employees. The good jobs strategy is an approach to improving productivity and customer satisfaction in service industries. This research works in this direction and develops various frameworks for smooth deployment of the good jobs strategy. The research also formulates financial measurement and evaluation models for calculating benefits of the good jobs strategy and provides diverse illustrations of its successful deployment.

KEYWORDS

Bad Jobs, Cross-Training, Employee Turnover, Good Jobs, Human Resources, Operations, Retail, Service Industry, Simplification, Slack, Standardization

1. INTRODUCTION

There has been a lot of discussion over the last few years about the growth of the services sector - in terms of nations' GDP and people's occupations - compared to the manufacturing sector, which had dominated the business scenario earlier. Service-related jobs and activities have grown to encompass a much larger share of the global economy and job market. The service sector grew significantly in the late twentieth century, to the extent that 80 percent of jobs in the USA were offered by service companies (Heineke and Davis, 2007). More than 80 percent of all jobs in the USA are in the service sector (Bureau of Labor Statistics, 2015) which is 11 percent higher than service-related employment in 1990. Similarly, significant proportions of the gross domestic product generated in emerging economies can be attributed to services (Loungani and Mishra, 2014). As of June 2020, 117.36 million people in USA (85% of all nonfarm payroll employees) worked in private service-providing industries. Among the major service-industry sectors, the biggest was trade, transportation and utilities (Bureau of Labor Statistics, 2020).

Service jobs are also undergoing significant changes as a result of technological innovations; check-in kiosks; robo-advisors, and self-checkouts - all of which suggesta trend toward the automation of many standard customer-facing tasks (e.g. retail, banking, insurance and financial services) (Singh *et al.,* 2017). These trends suggest a need to essentially redesign frontline employee roles to integrate

DOI: 10.4018/IJBSA.20210101.oa3

technology with employee behaviours (Rafaeli *et al.,* 2017); select, reward, train, and retain employees to build long-term relationships with customers (Zablah *et al.,* 2017); and utilize employees as agents of innovation as opposed to simply implementing standardize service scripts (Bowen, 2016).

Human resources (HR) and how they are managed, are vital sources of competitive advantage because of diminishing contributions derived from other resources. Earlier resources like product technologies, protected markets and access to financial resources were traditionally considered as sources of competitive advantage (Pfeffer, 1995). Hence, a growing number of service companies that have long offered frontline workers low pay, few benefits, unpredictable schedules, and dead-end careers are abandoning or at least questioning their model. High performing companies in service industry are able to create a culture that emphasizes the value of people, flexibility in scheduling, innovative staffing practices, training and development, and performance management (Hinkin and Tracey, 2010).

Frontline service employees have been described as "typically underpaid, undertrained, overworked and highly stressed" (Hartline and Ferrell, 1996). According to the job demands -resources model (Demerouti *et al.,* 2001) characteristics of a job can be classified as either job demands or job resources. Job demands are aspects of the job that require sustained effort, whereas job resources are job characteristics that support the employee in coping successfully with job demands, attaining work goals, and achieving personal growth (Schaufeli and Bakker, 2004). For service employees, excess job demands and a lack of job resources exert an energy-draining effect on employees through a stress process. As in-service role demands often exceed resources, service employees are highly vulnerable to burnout, a syndrome consisting of emotional exhaustion, depersonalization, and a reduction of one's sense of personal accomplishment (Maslach and Leiter, 2008).

Many employees in service industry, experience long operating hours, relatively high turnover, and relatively low pay as many managers believe that there is a trade-off between investing in employees and offering the lowest prices. That, too, is false as investing in people and processes actually can boost customer experience and decrease costs. Companies can compete successfully on the basis of low prices and simultaneously keep their customers and employees happy. This approach known as Good Jobs strategy is a model for investing in frontline employees in service industries and revamping operations to support those employees. Good Jobs strategy can be not only profitable but even profit maximizing in mass market services (Ton and Harrow, 2010; Ager and Roberto, 2013; Ton, 2014).

The major objectives of this paper are firstly, to introduce concept of the Good Jobs strategy as a value creation strategy which combines the strengths of both human resource management (HRM) and operations and emphasize their complementary relationship; secondly, to demonstrate how Good Jobs strategy meets the challenges of employees, customers and companies in today's fast changing and highly competitive services marketplace; and thirdly, to suggest various research frameworks for successful deployment of Good Jobs strategy by analyzing matching organizational resources in terms of people (HRM practices) and processes (operational excellence). Finally, this study focuses on the how to measure and quantify enhanced business performance on deployment of Good Jobs strategy. Accordingly, research develops various models: Financial Measurement Model (FMM) to identify and segregate various performance drivers of Good Jobs strategy and Financial Evaluation Model (FEM) to evaluate impact of these performance drivers on top-line and bottom-line of a company.

This paper is organised in different sections. In addition to this introductory section, the paper contains the following sections. Section 2 explains the research methodology and develops various models to identify, segregate and evaluate various benefits of Good Jobs strategy. Section 3 outlines literature review and Section 4 compares Good Jobs and Bad Jobs. Section 5 provides details of Good Jobs strategy in terms of synergy of HR and operations and Section 6 presents major building blocks of Good Jobs strategy. Section 7 describes various illustrations of successful deployment of Good Jobs strategy in service companies. Section 8 presents the managerial implications, limitations and scope for future work. Finally, section 9 concludes with the major research findings.

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