



# Psychological Distress is increasing among customer-facing retail employees: Evidence from 1997 to 2015

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## ABSTRACT

Do customer-facing retail employees in the US have a higher prevalence of psychological distress? We examine psychological distress in a sample that includes 19,832 customer-facing retail employees from a sample of 1,115,280 employees of a cross-sectional National Health Interview Survey (NHIS) from 1997 through 2015. Our results show that customer-facing retail employees report significantly higher psychological distress than do employees in other industries and that its prevalence is increasing. These findings are consistent with mild and high levels of psychological distress. LASSO regression shows that, after self-reported health and poverty level, being a customer-facing retail employee is the third most important predictor of psychological distress.

## 1. Introduction

The retail service industry is frequently identified by researchers as among the most stressful in which to work (Broadbridge, 1999; Lusch & Jaworski, 1991; Wetzels, De Ruyter, & Bloemer, 2000). Retail workers face myriad, competing on-the-job stressors including a broadening set of work-role requirements as the customer-facing retail role becomes more complex. Limited opportunities for advancement, low pay, and job insecurity stress many customer-facing retail workers (Broadbridge, 2002; Esbjerg, Buck, & Grunert Klaus, 2010).

Building from the implications of the job demands-resources (JD-R) theory (Bakker & Demerouti, 2007), we examine a baseline research question based on previous research – whether psychological distress is more prevalent among customer-facing retail employees (CFREs) than other occupational categories. Our primary focus is whether levels of stress have been increasing in recent decades in light of increasingly complex, multi-functional role demands. Addressing this two-pronged research question is important for three reasons. First, in recent years competition from online providers in the retail sector has greatly increased (Kumar, Anand, & Song, 2017). With the closure of retail stores, increased customer service demands and job insecurity CFREs' psychological distress also is likely to have increased. Second, when CFREs experience sustained psychological distress, a non-specific mental health problem, this can increase healthcare premiums, number of doctor visits, workers compensation contributions, short-term disability payments and medication costs for retailers. Third, the direct costs associated with psychological distress also can be substantive, affecting

day-to-day functioning and contributing to poor customer service, lost productivity, and absenteeism due to diminished physical and emotional health. Below, we review the literature on psychological distress and its relevance to CFREs, discuss our sample and results and conclude with limitations and implications of our research.

## 2. Theoretical development and hypotheses

Given the wide-ranging and variable nature of their work, CFREs often experience multi-task overload (Moncrief, Marshall, & Lassk, 2006). As a direct consequence of this, CFREs confront pressure to determine which tasks that should be allocated scarce resources. These resources include time, attention, emotional effort, cognitive effort, and social capital. The CFRE role is therefore both operationally and emotionally demanding (Homburg, Müller, & Klarmann, 2011), and can lead to psychological distress (Franke & Park, 2006).

The preponderance of evidence on the changes in retailing confirms that rapidly increasing competition exists between brick-and-mortar and digital businesses with the basis of competition often being lowest price to the consumer (Bachrach, Ogilvie, Rapp, & Calamusa, 2016; Colwell & Ramsland, 2003). One result is narrowing profit margins that force many traditional retailers to vacate mall locations (Assaf, Barros, & Sellers-Rubio, 2011; Wakefield & Baker, 1998), open value-priced outlet stores, reduce store square footage, and decrease staffing levels (D'Innocenzio, 2017). Consequently, a wide range of sources and perspectives provides that CFREs are required to accept broader responsibilities because of decreased numbers of coworkers and the changing

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demands of the dynamic business environment. Simultaneously, the resources available to meet these demands has declined in the face of stiffening competition to lower prices and offer higher levels of services (Homburg et al., 2011; Jasmund, Blazevic, & de Ruyter, 2012).

The central thesis of JD-R theory is that employees are likely to experience work-related stress when the demands of the job are high and the resources available to meet the demands are insufficient to achieve performance goals at desired levels (Bakker & Demerouti, 2014; Crawford, LePine, & Rich, 2010). Stress in the work environment accentuates “dysfunctional intermediate psychological and physiological processes that have adverse health effects on employees” (Nielsen, Hetland, Matthiesen, & Einarsen, 2012, p. 39). Consequently, repeated exposure to stress prolongs psychological activation that increases worrying, sulking, and rumination that subsequently leads to distress (Horwitz, 2007). In the CFRE role, employees can experience distress as they seek to address broadening workplace demands by reallocating strained resources toward these additional demand vectors (Bakker & Demerouti, 2007). From a JD-R theory lens, resources are needed as a safeguard against performance declines when roles broaden and job demands increase. Although higher resource reserves can decrease the negative impact of a broadened role set on psychological distress, the addition of competing demands necessarily imply the emergence of resource deficits (Schmidt & Dolis, 2009). Building from the literature on stress among CFREs and viewed through the lens of JD-R theory, we expect that CFREs are likely to have higher levels of psychological distress than workers in other industries, leading to the following baseline hypothesis:

**Hypothesis 1.** CFREs experience higher psychological distress than other workers.

### 2.1. Increasing prevalence of psychological distress

Continuing from arguments developed above, we posit that psychological distress has increased in recent decades for CFREs. These time-trend effects are an important consideration given significant increases in retail competition in the recent decades.

In reviewing the service theory literature since the 2000s, employees are recognized as increasingly filling roles that require a broader range of competencies, such as being more innovative and collaborative (Bowen, 2016 p. 4). CFREs are increasingly expected to adopt a multi-faceted role focus – to be customer-oriented (Homburg et al., 2011), to build customer loyalty (De Wulf & Odekerken-Schröder, 2003), and to display a high level of functional and emotional intelligence (Verbeke, Belschak, Bakker, & Dietz, 2008). Expanded role-sets and heightened levels of role-related complexity, including intense customer-centric emphasis, are reflective of the kinds of environmental stressors that over time have increased substantively to deplete these job resources (Hobfoll, 2002). Increasing breadth of roles, thereby requiring a greater span of job control, is evident in the expanding role of CFREs in service innovation (Ordanini & Parasuraman, 2011), service differentiation (Löhdorf & Diamantopoulos, 2014), enablement of technology in customer service and service activity coordination (Bowen, 2016).

With increasing store closings and consolidations, pressures to perform under greater job demands (maintaining knowledge of wide ranging mechanization) with dwindling resources (with decreasing margins, the scope of available resources has declined). The advent of social media also has introduced additional stress for retail employees beyond the store floor. Customers can use social media to publicize service failures, to complain to retailers directly, and to reach out to third-party complaint intercessors (Grégoire, Salle, & Tripp, 2015). In some cases complaints are associated with major public crises (Grégoire et al., 2015; Laufer & Coombs, 2006), and can be used by competitors to convert customers (Tripp & Grégoire, 2011).

With increasing competitiveness in the retail sector that results in

lower levels of aggregate resources, greater customer demands, and generally high job insecurity among CFREs, we propose that, compared to other occupational groups, the incidence of psychological distress has increased over time, leading to the following:

**Hypothesis 2.** The prevalence of psychological distress among CFREs increases in both absolute terms and in comparison to other workers.

## 3. Data

We draw on cross-sections of the Sample Adult Data Files from the National Health Interview Survey (NHIS) from 1997 to 2015 (both years inclusive). Starting 1997 until 2015, the latest available year, NHIS measured psychological distress in each of these cross-sectional surveys. NHIS is a national probability sample of the non-institutionalized civilian population in the United States. All participants are 18 years or older. For additional details on sampling and other details, we refer interested readers to Center for Disease Control's (CDC's) NHIS website: <https://www.cdc.gov/nchs/nhis/>. NHIS cross-sectional surveys from 1997 to 2015 were extracted from <https://ihis.ipums.org/ihis/>. We did not use any filters and based on case-wise deletion of all the variables included in the study our final sample included 1,115,280 individuals. Among these individuals, 19,832 were CFREs in the retail sector.

## 4. Measures

For each survey of NHIS, between 1997 and 2015, psychological distress was measured using a 6-item psychological distress (K6) scale developed by Kessler and Mroczek (1994). The K6 scale is a summary score of 6 items measuring nonspecific psychological distress over the past 30 days (0 = none to 4 = all the time), with the score ranging from zero to 24 ( $\alpha = 0.862$ ).

A variety of studies has shown acceptable psychometric properties for K6 and support for its nomological net (Prochaska, Sung, Max, Shi, & Ong, 2012).

### 4.1. Variables

We use a combination of occupational classification (occ1995) and industry classification (ind1995) to identify CFREs in the retail industry. Related to occupation from the variable occ1995, we used ‘Sales representatives, commodities’ (code 403) and ‘Other sales’ (code 404). Related to industry, we used ‘wholesale trade, eating and drinking places,’ ‘general merchandise stores, food, bakery, and dairy stores,’ ‘automotive dealers’ and ‘gasoline station,’ and ‘other unspecified retail trade.’ Individuals in either of the two occupational codes who were employed in one of the industry sectors were classified as customer-facing retail employees (=1) all others were coded as zero.

To assess the change in prevalence of psychological distress over time among CFREs we use the year variable from 1997 to 2015.

We control for age, sex (1 = male; 2 = female), and marital status (Married; Married - Spouse present; Married - Spouse not in the household; Married - Spouse in household unknown; Widowed; Divorced; Separated; and Never married). Next, we control for education (Never attended/ kindergarten only; Grade 1, 2, 3, or 4; Grade 5, 6, or 7; Grade 8; Grade 9, 10, or 11; Grade 12; 1 to 3 years of college; 4 years college/Bachelor's degree; and 5+ years of college), race, self-reported health (1-Excellent to 5-Poor) and whether the individual was above or below the poverty level (1- At or above poverty threshold; 2-Below poverty threshold). Table 1 presents the sample descriptives.

### 4.2. Preliminary analysis

Table SM1 and Fig. SM1 (Supplementary material) show that CFREs have higher levels of psychological distress than all other employees,

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