

Making managers matter

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Can managers be persuaded to work harder without additional explicit incentives to do so? To answer this question, we conduct a large-scale field experiment in a retail chain of 238 stores that was struggling with high store employee turnover. Our treatments were 1) to ask store managers on behalf of the CEO to do what they can to reduce turnover; 2) to raise employee awareness of career and development opportunities; and the two combined. The first treatment and the combination of the two reduce turnover by a third - an effect stable for at least eight months after the treatments began. The second treatment produces a smaller and borderline-significant effect. From a subsequent telephone survey of randomly selected stores, we find that managers in the treated stores increased their efforts to tackle turnover over the treatment period; in particular, they communicated more with their employees. The survey findings suggest that communication with employees might be a channel through which our treatment effects occur. It is noteworthy that making managers matter does not require additional incentives or any other organizational change.