

Decision Processes Colloquia

Monday, April 22, 2019

Where: 340 JMHH

When: 12:00 – 1:20 pm

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The Spillover Effects of Employee-Customer Interactions: Field Evidence from an Online Education Platform

ABSTRACT:

Maintaining productivity and service quality across employee-customer interactions has important implications for business. How does a single employee-customer interaction influence the employee's effort provision the next time she interacts with a different customer? We address this question using a large-scale dataset recording interactions between teachers and their students on an online education platform. On this platform, whether students show up for a scheduled class is exogenous from the teacher's perspective and does not affect teachers' pay, but student no-shows may signal under-appreciation of teachers' time and effort. If teachers care only about financial incentives, student no-shows should have no effects on or even increase teachers' effort provision at their next class with a different student, since teachers essentially get paid while taking a break if a student does not show up. However, we find that student no-shows harm teachers' subsequent effort provision, increasing teachers' likelihood of missing their next class with a different student. Student no-shows also decrease teachers' displays of positive affect (coded using a machine learning algorithm) at their next class, which further decreases the positive affective displays of students attending the next class. These effects are weaker as the time to the previous class increases. We provide, to our best knowledge, the first field evidence of the immediate spillover effect across employee-customer interactions and advance the understanding of drivers of work motivation in the sharing economy.

