

NC11048

BELLA'S: A CASE STUDY IN ORGANIZATIONAL BEHAVIOR

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## CASE DESCRIPTION

The primary subject matter of this case involves the job satisfaction and employee engagement of a company's workforce. The case depicts a new general manager's concern that the constructs listed above have reached such low levels that critical organizational outcomes are being negatively impacted. The case also involves a career planning decision made by the principal character in the case. This case has a difficulty level of four. It is designed to be taught in one class hour and is expected to take approximately three hours of student preparation time.

## CASE SYNOPSIS

Students are provided with a management scenario describing a general manager's concern that her workers' levels of job satisfaction and employee engagement have deteriorated to dangerous levels. Students are provided with survey instruments used to measure each of the constructs plus results from the employee surveys. In addition, information regarding organizational and individual outcomes is provided. Students are asked to analyze the data, draw conclusions about the results, and offer and support recommendations to the general manager regarding ways to improve the satisfaction, commitment, and engagement of the company's workforce. Students are also provided information regarding the principal character's decision to accept the General Manager's position in the firm. Students are asked to evaluate this decision.

## THE COMPANY

Bella's is a full service day spa and hair salon featuring a wide variety of spa treatments including full body massages, body scrubs and wraps, European facials, specialty manicures and pedicures, skin treatments, waxing, and complete varieties of cuts, conditioning treatments and chemical services for the hair. Exclusive lines of hair and body products are also available. Bella's also features a retail department which specializes in unique custom jewelry. Bella's flagship store and headquarters are in a city with a population of approximately 250,000 people in the southern United States. It also has spas/salons in four other smaller cities (all with populations over 40,000) in the same state. Last year, Bella averaged approximately 45 employees per store; annual sales last year were approximately \$3,000,000, a decrease of 12% from the previous year. The company lost money last year for the first time since its initial year of operation. The management of Bella's considers the firm to be a one-of-a-kind establishment serving a wide segment of the population. The success and growth of Bella's has far exceeded all Illa Fitzgerald's (the founder and owner of the business) original expectations.

## COMPANY HISTORY

The company was founded twelve years ago by Illa Fitzgerald, a former beautician/massage therapist who had worked in the salon industry since finishing cosmetology school at age 21. She used an SBA loan, investment dollars from five family members, and her personal life savings to fulfill her dream—owning her own

spa/salon. Her vision was to create a unique company that offered a complete array of products and services aimed at creating and maintaining healthy minds, bodies, and spirits. Bella's is now more than a decade old, and Illa takes great pride in knowing that her company has come very close to completely fulfilling her vision.

Illa fully recognized from the very beginning that her business/managerial experience was very limited. She was also fully aware that managing the day to day operations of her business had very limited appeal to her anyway. Therefore, her first critical decision was made three months before the salon opened—the decision to hire Lynne Gibson as general manager of Bella's.

Lynne Gibson had served as the general manager of Bella's since its inception. Prior to taking this position, Lynne had worked at a major women's clothing retailer, initially as a management trainee and finally as a regional manager. Before Bella's, Lynne and Illa, while not close friends, were certainly acquaintances who had gotten to know each other professionally. Illa had shared her dream with Lynne and had often told her "you know when I do this thing, I want you to come run it for me." Lynne never really gave it much thought, but when Illa made a formal offer, Lynne decided it would be a good move, professionally and personally. She had been very successful in retailing--but the long hours plus the weekend demands had begun to take a toll on her personal life. A single mother of two, Lynne decided that this change would be a new challenge, and it would also enable her to be more successful in balancing family and career. From day one, Lynne basically was involved in or actually made all the managerial decisions at Bella's. Though Illa was certainly the lead player in strategic decisions, Lynne was the ultimate decision maker for anything operational. Bella's began with six employees: Illa, Lynne, three hair stylists, and one massage therapist. All were friends or acquaintances of the owner. Very little recruiting took place in the initial hires beyond Illa convincing each to come be a part of her new business. A salary was offered with a promise of "as we grow and become more and more successful, I'll make sure you're rewarded for your contribution."

A year ago, Lynn Gibson decided to leave Bella's to pursue her Master's degree in education. As one who was not only resistant to and often paralyzed by change, this greatly troubled Illa—so she managed to convince Lynn to remain as a consultant to the company while working on her degree. Lynn's new role was to offer input and advice on any and all issues of Illa's choosing. Prior to this point, the basic structure of Bella's was: Lynne was the general manager of Bella's Incorporated; she also served as the store manager of its flagship location. Within her store, a Retail Manager and a Service Manger reported directly to Lynne. Additionally, the Store Managers at each of the other four Bella locations reported directly to Lynne. Within each store, individual store managers were the only employees serving in a supervisory position with each being responsible for all daily operational issues of his/her salon. All other responsibilities/decisions for individual locations are Lynne's. This includes all purchasing, marketing, financial, and human resource decisions. Individual store managers did have the opportunity to offer informal input into hiring decisions for his/her store. The salon managers' salaries averaged approximately \$32,000 annually. Three had college degrees, and they averaged four years experience. Each began as a part-time sales clerk/receptionist either at Bella's or at another salon. Bella's offered a benefits package that was fairly standard for an organization of its size. This included health

insurance (of which the employees shared in the cost of the premiums with Illa's and Lynne's being paid totally by the firm) and retirement (in which Bella's made modest contributions).

## THE CURRENT SITUATION

Kris Jenkins started her job as the new general manager of Bella's a month ago today. Her career began as a hairdresser after finishing cosmetology school. Ten years later, Kris had completed her Business degree and was the store manager of a national hair salon that was located in a mall in a midsize southern city. Her ultimate goal was to own her own salon—but she did not feel that she was yet prepared either financially or from an experience standpoint. Though she had learned many valuable lessons—particularly in dealing with employees--while managing the firm in the mall, she recognized that her experience with executive decision making was very limited. Therefore she was hoping to make a career move that would enable her to have direct input regarding all top management decisions of a salon. That was the primary reason that she decided to take the General Manager's position at Bella's. Plus, her career goals were almost identical to those of Bella's owner 12 years ago. Illa had achieved exactly what Kris aspired to achieve. Also, her background was essentially the same as Illa's. Kris had discovered a new role model. What could be better? The opportunity looked ideal.

As Kris sat at her desk this morning, things didn't appear nearly as ideal. She kept replaying three events in her mind:

1. After the offer but before accepting the position, Kris had spent a weekend with the previous general manager of ten years, Lynne Gibson (who now served as a consultant to the organization), discussing a wide array of topics regarding the company. Bella's numbers had deteriorated dramatically in the past year. Profits were down; absenteeism was up; turnover, while not dramatic, was higher than it had been in the past five years. And while no formal performance appraisals had been done in the past year, Lynne provided her assessment of the performance of all Bella's key people. It was clear that Lynne felt each was performing significantly below their capabilities, significantly below previous levels of performance. Following these discussions, a number of things stood out to Kris. First of all, Lynne was very reluctant to criticize Bella's employees. But between promises of secrecy and reading between the lines, it became quite evident that Lynne had serious concerns—and it seemed to Kris that Lynne's biggest fear centered around Illa. As their discussions continued, it became quite clear that Lynne doubted Illa's ability to provide Kris the autonomy needed to effectively manage Bella's. This appeared to stem primarily from two things: 1. Illa's unexpected interference with only limited information about the issues or problems, and 2. Illa's tendency to regularly monopolize the manager's time on trivial or personal matters thus keeping the manager from focusing on the needs of the salon.

2. After the weekend with Lynne—but again before accepting the position, Kris spent three days at the Bella’s. She had stayed at the spa from opening to closing to visit with all the employees. While the conversations had been pleasant, it seemed pretty apparent that many, if not all, seemed reluctant to be totally honest. Though none had directly denigrated the company or the owner, body language and incomplete or evasive answers had concerned Kris at the time. She couldn’t help but worry that the majority of Bella’s employees simply did not feel good about their jobs or the company.
3. Though she had spent a great deal of time with Illa, the afternoon that she formally accepted the job was critical in Kris’s ultimate decision to accept the position. Due to numerous concerns that became evident while spending time with Lynne and the employees, Kris was leaning heavily toward declining the job offer. However, after respectfully discussing these concerns with Illa, Kris began to change her mind. Illa addressed each issue giving the impression that she recognized the problem and was willing do whatever it took to correct and improve both company and employee performance—including stepping away and giving Kris autonomy to make all operational decisions at Bella’s. Illa was very persuasive, and Kris decided to reconsider her decision to decline the position. At the end of the day, she told Illa she would take the position. Kris was excited—she knew this would be a wonderful career move—but also worried. Could she really turn Bella’s around? And would she have the freedom to do so?

“Enough reflection,” Kris said out loud. “It’s time to get busy.” She had in front of her the results of the employee survey she had conducted over the past two weeks. The survey was an attempt to measure the level of job satisfaction and employee engagement of her employees. It was similar to the survey that had been used in her previous job. Kris had been involved in implementing changes at her previous salon based on results of these surveys—changes that had been quite effective in terms of improving outcomes. She was optimistic that some insights in these two areas might lead to the same thing occurring at Bella’s. (See Appendix One, Employee Survey Instrument; See Appendix Two, Employee Survey Results). On the promise of anonymity, no names were attached to any surveys; however, the aggregate outcomes, while there were some positives, were quite troubling. What did they all mean? What messages were being sent? And, most importantly given this information, what should she do now?

#### INSTRUCTIONS TO STUDENTS

1. Given your understanding of job satisfaction and employee engagement, discuss/describe why each is important in organizational settings? (Note: in addition to your text and class discussions, additional resources that might be useful are listed following the questions.)
2. Discuss/offer insights regarding the results of the employee survey. As you study the results, what stands out? What conclusions can you draw?

3. Offer general suggestions/recommendations to Kris Jenkins regarding how to improve the job satisfaction and employee engagement of Bella's workforce. Be sure to distinguish among jobs when making these suggestions/recommendations.
4. Evaluate Kris Jenkins' decision to accept the general manager's position. Given the information available, did she make the right decision? Why or why not?

Additional resources:

Bates, S. (2004), "Getting engaged", *HR Magazine*, Vol. 49 No. 2, pp. 44-51.

Fox, A. (2010), "Raising Engagement", *HR Magazine*, Vol. 55 No. 5, pp. 34-40.

Harter, J., Schmidt, F., and Hayes, T. (2002), "Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta analysis," *Journal of Applied Psychology*, Vol. 87 No. 2, pp. 268-279.

Judge, T., Thoresen, C., Bono, J., and Patton, G. (2001), "The job-satisfaction-job performance relationship: a qualitative and quantitative review," *Psychological Bulletin*, Vol. 127 No. 3, pp. 376-407.

Locke, E.A. (1976), "The nature and causes of job dissatisfaction," in *The Handbook of Organizational Psychology*, ed. M.D. Dunnette, Rand McNally, Chicago, pp. 901-976.

Tritch, T. (2003), "Engagement drives results at new century", *Gallup Management Journal*, September 11, p. 4.







APPENDIX TWO: EMPLOYEE SURVEY RESULTS

**Salon Managers:**

**Job Satisfaction:** (1 = Strongly Disagree, 7 = Strongly Agree)

|  | Mean Score (rounded to nearest whole amount): |
|--|---|
| I am very satisfied with the work I do.                      | 5   |
| I am very satisfied concerning promotional opportunities.    | 2   |
| I am very satisfied with my relationship with my supervisor. | 2   |
| I am very satisfied with my relationship with my coworkers.  | 5   |
| I am very satisfied with the owner.                          | 1   |
| Overall, I am very satisfied with my job.                    | 3   |

**Employee Engagement:** (1 = Strongly Disagree, 7 = Strongly Agree)

|  | Mean Score (rounded to nearest whole amount): |
|--|---|
| I know what is expected of me at work.                           | 2   |
| I have the materials and equipment I need to do my work.         | 4   |
| At work, I have the opportunity every day to do what I do best.  | 4   |
| I regularly receiver recognition and praise for doing good work. | 2   |
| My supervisor cares about me as a person.                        | 4   |
| The owner cares about me as a person.                            | 2   |
| There is someone at work who encourages my development.          | 2   |
| At work, my opinions seem to count.                              | 2   |
| The mission of the firm makes me feel my job is important.       | 4   |

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|   |   |
|---|---|
| My coworkers are doing quality work.                                  | 5 |
| I have a best friend at work.   | 3 |
| Someone at work regularly talks to me about my progress.              | 1 |
| In the past year, I have had opportunities at work to learn and grow. | 2 |

**Hair Stylists:**

**Job Satisfaction:** (1 = Strongly Disagree, 7 = Strongly Agree)

|  | Mean Score (rounded to nearest whole amount): |
|--|---|
| I am very satisfied with the work I do.                      | 6   |
| I am very satisfied concerning promotional opportunities.    | 3   |
| I am very satisfied with my relationship with my supervisor. | 3   |
| I am very satisfied with my relationship with my coworkers.  | 5   |
| I am very satisfied with the owner.                          | 1   |
| Overall, I am very satisfied with my job.                    | 3   |

**Employee Engagement:** (1 = Strongly Disagree, 7 = Strongly Agree)

|  | Mean Score (rounded to nearest whole amount): |
|--|---|
| I know what is expected of me at work.                           | 6   |
| I have the materials and equipment I need to do my work.         | 6   |
| At work, I have the opportunity every day to do what I do best.  | 6   |
| I regularly receiver recognition and praise for doing good work. | 2   |
| My supervisor cares about me as a person.                        | 4   |
| The owner cares about me as a person.                            | 2   |

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|   |   |
|---|---|
| There is someone at work who encourages my development.               | 2 |
| At work, my opinions seem to count.                                   | 1 |
| The mission of the firm makes me feel my job is important.            | 4 |
| My coworkers are doing quality work.                                  | 5 |
| I have a best friend at work.   | 4 |
| Someone at work regularly talks to me about my progress.              | 2 |
| In the past year, I have had opportunities at work to learn and grow. | 4 |

**Spa Service Employees (Massage Therapists/Estheticians/Nail Technicians):**

**Job Satisfaction:** (1 = Strongly Disagree, 7 = Strongly Agree)

|  | Mean Score (rounded to nearest whole amount): |
|--|---|
| I am very satisfied with the work I do.                      | 5   |
| I am very satisfied concerning promotional opportunities.    | 2   |
| I am very satisfied with my relationship with my supervisor. | 2   |
| I am very satisfied with my relationship with my coworkers.  | 5   |
| I am very satisfied with the owner.                          | 1   |
| Overall, I am very satisfied with my job.                    | 3   |

**Employee Engagement:** (1 = Strongly Disagree, 7 = Strongly Agree)

|   | Mean Score (rounded to nearest whole amount): |
|---|---|
| I know what is expected of me at work.                          | 6   |
| I have the materials and equipment I need to do my work.        | 5   |
| At work, I have the opportunity every day to do what I do best. | 5   |

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|   |   |
|---|---|
| I regularly receive recognition and praise for doing good work.       | 2 |
| My supervisor cares about me as a person.                             | 5 |
| The owner cares about me as a person.                                 | 2 |
| There is someone at work who encourages my development.               | 2 |
| At work, my opinions seem to count.                                   | 1 |
| The mission of the firm makes me feel my job is important.            | 5 |
| My coworkers are doing quality work.                                  | 6 |
| I have a best friend at work.   | 5 |
| Someone at work regularly talks to me about my progress.              | 2 |
| In the past year, I have had opportunities at work to learn and grow. | 4 |