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Call centres: where to next?

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CALL CENTRES: WHERE TO NEXT?

ABSTRACT

Call centres, as a rapidly growing industry, have attracted research attention due to associated development, organisation and work practices. However, there is still much to be investigated, particularly given rapid developments in the industry which can already be seen through the evolution of call centres into contact centres providing both telephony and internet services to customers. As call centres continue to evolve there are various alternatives available to them in regards to strategy and structure. This paper considers the emergence of teleworking as an attractive option for specialist call centre staff, and briefly examines the implications for HRM, unions and employees.

Keywords: call centres, teleworking, HRM, unions.

INTRODUCTION

Call centers have attracted research interest due to the exponential growth of the industry over recent years, and the controversies surrounding work practices and outsourcing decisions. A decade ago, call centres were identified as the fastest growing workplaces in North America, Europe and Australia (Richardson et al, 2000; URCOT, 2000; Paul and Huws, 2002). In Australia, expansion of the call centre industry has been significant, estimated at 20-25% annually (Hallis in URCOT, 2000: 4) surpassing growth levels in every other industry. Findings from an ACA Research Study (2004) suggest that the call centre industry currently comprises approximately 4,635 call centre facilities, and 141,000 call centre seats; almost a quarter of these being new entrants – emerging over the past four years. The industry as a whole is worth around AUS$10 billion a year (Wallace, 2003), and further growth is expected with around 62% of Australian call centres forecasting growth over the next 12 months (ACA Research, 2004).

This rapid growth has been attributed to globalization, and the need for increased competitiveness. In the quest for efficiency organisations are increasingly capitalising on the cost advantages and conveniences associated with replacing face-to-face customer and client relationships with remote call centre operations (Paul and Huws, 2002; ACA Research, 2003). Developments in technology and telephony have allowed organisations to combine computer and telephony equipment to develop systems that control work flow and monitor performance. Technologies such as PABX and Automatic Call Distribution (ACD) have given businesses the ability to manipulate and customise service-delivery at a lower cost per transaction than alternative methods (Prabhakar, Sheehan, and Coppett, 1997).
Advances in telecommunications and computer technology have also expanded the geographic mobility of operations, allowing organisations to extend service delivery to clients and customers beyond national boundaries (Richardson and Marshall, 1999). So widespread has been the growth of the industry that almost 70 percent of all customer contacts are now being dealt with through the call centre channel (ACA Research, 2004).

To date the majority of call centre research has focused on work organisation and labour processes (Taylor and Bain, 1999; Bain et al, 2000; Gilmore and Moreland, 2000; Richardson et al, 2000; Batt and Moynihan, 2002; Deery and Kinnie, 2002); managerial strategies (URCOT, 2000; Wallace, Eagleson and Waldersee, 2000); call centre location (Richardson, 1998; Saber, Holland and Teicher, 2004; Taylor and Bain, 2004); gendered work and emotional labour (Buchanan, Koche-Schulte, 2000; Belt, 2002; Hunt, 2004); and employee resistance and coping mechanisms (Barnes, 2004; Townsend, 2004). The future of the call centre industry has been overlooked as many researchers struggle to cope with the implications these organisational forms represent for HR, regional development and work organisation in the present.

Recent advances in technology have allowed call centres to evolve; surpassing their traditional roles as efficient and effective marketing and transactional response mediums, to profit-centres, representing the first line of consumer contact for a multitude of business types (Prabhakar et al, 1997). These demands have resulted in a shift from call centres into contact centres that provide both telephony and internet based services. The implications of this shift will necessarily be wide and varied. This paper will outline some of the major trends occurring in the call centre industry; particularly the growing use of teleworking, and the implications and challenges these changes may present for current and future call centre employees; Human Resource Managers, and Trade Unions.

THE EVOLUTION OF CALL CENTRES
The first call centres emerged as a combination of telemarketing (c1970s) and ‘help desks’ providing customer assistance. For efficiency and increased productivity personnel providing this service were
grouped together in a central location, making use of telephone and computer technology to increase their level of service (both quantity and quality). The financial services sector was the first to make significant use of call centers; providing transactional services for customer accounts. With the success of this move, various industries such as travel, telecommunications, and government, were keen to capitalize on the cost savings gained. Today call centres can be seen in nearly every industry.

Since their introduction, call centres have evolved from people intensive to machine intensive organisations. Using people responding to phone enquiries and email has been slowly replaced by using automated responses. This has resulted in many variations in the nature of call centres with many evolving into contact centres. Today, a typical call centre in the financial sector will have operators answering calls, IVR (integrated voice response) answering calls, and operators answering emails and automated email answering systems.

While customers are seeking more flexible contact and enquiry options, companies are still seeking an efficient and effective means of providing for customers' needs whilst meeting shareholder expectations. With the average call centre 'seat' in Australia costing a company approximately $144,714 per annum in 2004 (ACA 2004) it is little wonder that companies are looking to technological developments for cost effective solutions. The three most influential technological developments for the future of call/contact centres are IVR, Speech Recognition software and automated email systems. IVR systems answer an incoming call and provide automated instructions to customers about various customer service options. This type of operation allows the development of specialist teams of Customer Service Representatives (CSR) to deal with particular issues, and allows the company to track the nature of incoming calls, thereby facilitating planning for increased efficiency and cost savings. Speech recognition (SR) is an upgraded form of IVR software that recognizes spoken language. The customer is prompted to say what services they require and if the system can recognize specific terms it will provide an automated (pre recorded) answer to the enquiry. Only if the answer does not satisfy the customer or if the enquiry is a complex one, will the call be moved on to a human CSR.
Finally, the third advance in call centre technology is the use of automated email systems. While online transactions have been used in some call centres for a few years, with the evolution of technology, emails can now be answered automatically by a system preprogrammed to identify specific terms and respond to them. This is similar to the speech recognition software developed for telephony. If the same enquiry is made by return email it is automatically forwarded to a staff member to resolve.

With the average human CSR processed transaction costing about $4 and the automated CSR transaction costing about 40 cents there are massive cost savings to be gained from these advanced technologies; and this technology is becoming more pervasive. “Three years ago, 80 per cent of call-centre transactions were handled by people. Now it’s less than 50 per cent” (Connors and Jones 2005: 47).

The above discussion on the evolution of the call centre industry has identified the technological advances that have contributed to the current state of the industry. Where will these technological advances lead the industry? It is the contention of the authors that the next major development in the call centre industry will be ‘virtual’ contact centres utilizing a smaller amount of staff who will telecommute/telework using Voice Over Internet Protocol (VoIP) via the computer (Ghio 1999, Kistner 2002, Beasty 2005).

Companies still employing large numbers of human CSRs often have or plan to have operations running off-shore. There is speculation that even with the downsizing of human CSR labour, those human CSRs still required will be off-shore in places such as India. As fewer human CSRs are needed for traditional call centre work, those that are left will be specialists providing high-level service and resolution unavailable via computer and automated means. A few human CSRs can be trained to provide this service via telecommuting, also called telework.

“Telework is remote work that involves the use of information and communication technologies (ICTs)” (Sullivan 2003: 159). This general definition of telework involves two key issues. One is the remote
aspect, where work that can be carried out from a decentralized location; and two, the use of ICTs. For the purposes of this paper telework is used in terms of a human CSR working from home.

In the scenarios outlined above the call centre has evolved to a combination of IVR, SR, and automated email technologies and a few highly skilled human CSRs. Through the use of the advanced technological systems these CSRs will have the opportunity of working from home, in a home office environment. Working from home remotely has been advocated as the way of work for the future (Nilles 1998; Sullivan 2003), however there are many implications for stakeholders in the context of the call centre industry. According to ACA (2004: 33) research 4% of call centres allow their agents to attend to calls by teleworking – an increase from 1% in 2003. They state that “…any increase in teleworking, if managed well, can increase the flexibility of workforce and reduce costs”. This move has many implications for HRM, OHS and the role of trade unions in relation to teleworking in the call centre industry.

FROM CALL CENTRE EMPLOYEES TO TELEWORKERS - IMPLICATIONS

The pattern of employee dissatisfaction that has emerged alongside the growth of call centres is testimony to the challenges faced by managers and human resource professionals involved in this industry. Issues such as monitoring and surveillance, unstimulating work, stress, and burnout have been linked with high industry turnover rates, ranging from 17% (ACA, 2004) to 30-40% annually (URCOT, 2000; ACTU, 2002). The move to increased automation and teleworking for these organisations will increase the challenges and problems faced in the management of personnel. On a positive note, teleworking may allow CSR’s to overcome some of the negative aspects of call centre work, including the pressures associated with stringent shift systems, and invasive monitoring and surveillance methods. However, new challenges unique to the teleworking environment will emerge.

Already, there is strong evidence to indicate that organisations worldwide are offering employees the telework option. In Australia, 3.5 % (312,000 people) of the workforce were recognized as being

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1 The discrepancy in these figures could be attributed to changes in work practices and policies in call centres in the intervening period
engaged in some form of teleworking in 1999 (Lafferty and Whitehouse, 2000:237); and within New South Wales alone it was estimated by the Australian Bureau of Statistics (2005) that 244,700 people, or 8% of employed persons were teleworkers. Similarly, recent figures from the US indicate that there are now 28 million teleworkers in that country (Byars and Rue, 2006:75). Specifically in the call centre industry, early adopters of teleworking were telephone sex workers and telemarketers. More recently the health industry is using teleworking call centre staff (Kirstner 2002) and in Australia companies such as GIO have also employed home based call centre staff (Merakovsky 1999).

The growth of teleworking can be largely attributed to the perceived benefits associated with this alternative work option including increases in productivity, cost savings, reduced absenteeism, the ability to hire from a broader range of applicants, retention of skilled workers and improvements to quality of life (Mello, 2006; Byars and Rue, 2006; Anonymous, 2003; Whitehouse, Diamond and Lafferty, 2002). However, like any other work practice there are a variety of potential problems such as health, safety and insurance concerns, the tendency for workers to work longer hours, ‘over-availability syndrome’ (Harpaz, 2002), the issues of measuring and monitoring performance, loss of social interaction and team cohesiveness, less effective distribution of knowledge and information, reduced sense of commitment to the organisation and colleagues, and being over looked for career development opportunities (Mello, 2006; Byars and Rue, 2006; Anonymous, 2003; McCloskey and Igbaria, 2003; Whitehouse, Diamond and Lafferty, 2002).

One perceived benefit associated with teleworking is that it allows employees to better balance their work and home lives (Lafferty and Whitehouse, 2000; Felstead, Jewson and Walters, 2003; Mann and Holdsworth, 2003). Call centres have traditionally been female dominated workplaces, and are a convenient way for many women re-entering the labour market (URCOT, 2000; Deery and Kinnie; 2002; Hannif and Lamm, 2005). For these workers in particular, teleworking will present a unique opportunity to participate in the workforce whilst having the flexibility to manage home responsibilities – a common complaint in the call centre industry where stringent shift-systems and unsocial working hours often limit the amount and quality of interaction employees can have with their families (URCOT,
Teleworking also gives employees greater independence and personal autonomy over how they conduct their work (Huutanen, 2000), which is often absent in call centres where CSR’s experience minimal discretion and are subject to tight scripting and supervision (Paul and Huws, 2000; Holman, 2002; Houlihan, 2002). By having more control over their work environment and work schedules, researchers (e.g. Huutanen, 2000; Mann and Holdsworth, 2003) suggest teleworkers may be more productive and experience decreased stress levels. This may translate to higher levels of job satisfaction, and the ability to provide better quality services.

However, working away from the office can have negative impacts on work load. Employees are more likely to work excessive hours when “the administrative boundaries of the workday are removed” (Dimitrova, 2003: 191), and can start to exhibit ‘workaholic’ behaviour (Dimitrova, 2003; Felstead, Jewson and Walters, 2003; Mann and Holdsworth, 2003). Long working hours have already been associated with a variety of adverse health consequences in the call centre sector particularly where the place of work is badly-designed, and/ or tasks are highly repetitive (see Hannif and Lamm, 2005a). Health and safety issues such as fatigue and repetitive strain injury may increase in a call centre-teleworking situation, with poorly-designed work environments more likely in the homes of teleworkers than in typical office environments (Huutanen, 2000; Hannif and Lamm, 2005a). Call centre teleworkers may also feel socially isolated, and miss the emotional support of their supervisors and peers when dealing with difficult calls, creating further stress and frustration (Mann and Holdsworth, 2003; Hannif and Lamm, 2005a).

Furthermore, the blurring of the work and home spheres can create work-home role conflict (Mann and Holdsworth, 2003). This can create increased stress for workers, more so when they are female and have caring responsibilities (Huutanen, 2000; Hardill and Green, 2003). There is also a higher likelihood of negative emotions associated with the work spilling over into the home sphere, and vice versa, which can impinge on family relationships and the quality of work produced (Mann and Holdsworth, 2003). In a teleworking situation, these health and safety risks are exceedingly difficult to
manage, and will clearly represent a number of challenges for CSR's and call centre managers alike (Dimitrova, 2003).

Another critical human resource issue that needs to be addressed where call centre teleworking is concerned, is employing the right employees, with the right skills. If call centres continue to move towards increased automation and the use of automated responses for routine enquiries, the teleworkers employed by call centre organisations will be handling calls that involve 'non-programmed' responses. To ensure that they are able to answer customer enquiries they will need to be more knowledgeable about products and services. To work in isolation, but still have a feeling of belonging to the organisation, teleworkers will also need to have the right individual characteristics, strong organisational and time management skills, initiative, self-motivation, good problem solving skills, and strong links with the organisational culture (Mello, 2006; Felstead, Jewson, and Walters, 2003). The heavy reliance on technology for teleworking also makes it important that teleworkers possess some 'trouble-shooting' ability to deal with minor problems immediately.

To provide quality customer service and achieve the desired increase in efficiency, teleworkers will need to be well trained in a wide range of activities, including product knowledge, goal setting, time management, project reporting, telephone techniques, computer maintenance, and team communication (Mello, 2006; Felstead et al, 2003). However, other members of the organisation also need to be familiar with teleworking. Special information and training sessions should be provided for teleworkers, supervisors and non-teleworkers, to assist all employees to understand the nature of the work arrangement and avoid the view that teleworking is 'shirking' or 'having a day off' (Felstead et al, 2003). Closely associated with this is the issue of on-going training and development and the need to ensure that teleworkers do not miss out on development and career opportunities (McCloskey and Igbaria, 2003).

Monitoring and maintaining the performance of teleworkers is also a contentious issue. Clearly there must be some way to determine whether employees are working the required hours and achieving
results. Various different methods of measuring performance or monitoring teleworkers have been used with differing degrees of success and acceptance (Felstead, et al, 2003). The use of existing computer systems and utilisation of such facilities as INTRANET, MSN instant chat, and ICQ could provide a simple, cost effective, and less intrusive means of monitoring than some approaches suggested (ie. physical surveillance, in-house spot checks). In organisations where members work in teams, being able to maintain links with team members and contribute effectively to the teams goals are also key issues of performance. Felstead et al (2003) argued that the lack of visibility and presence can give the impression of non-involvement, and this must be avoided to maintain team cohesion. In short, although one of the key reasons for the introduction of teleworking is the potential for cost savings and productivity increases (Lafferty and Whitehouse, 2000), this will not be realised if insufficient consideration is given to critical human resource issues such as those outlined above.

Another important group of stakeholders who will be affected by the shift to telework are trade unions. Australian trade unions have been trying to address their declining membership numbers through the recruitment of call centres employees; a strategy that has only been moderately successful (ACTU 2003). Unions have faced problems gaining access to worksites because of management resistance, as well as perceptions held by some call centre employees that the benefits of union membership are outweighed by the financial costs, costs to job security, and career progression (Cantrick-Brooks 2005). This lack of involvement is problematic as trade unions in Australia have been concerned about many issues relating to employment practices in call centres, such as work conditions and practices, gender issues, OHS and work life balance (ACTU 2002), but have been unable to take action. Should the teleworking scenario outlined above become reality it has several implications for trade unions.

First, the call centre industry may cease to be as attractive for the recruitment of union members due to the reduced number of employees and difficulties accessing those remaining. Traditionally, unions have preferred word of mouth, direct approach by organisers and workplace delegates, and closed shop arrangements. One of the ways trade unions have sought to overcome the issue of access is by offering an online presence and their own call centre providing assistance (ACTU 2003). Online access is also
available to teleworkers. However, unless workers actively seek unions out, the isolated nature of teleworking may provide a problem for unions in terms of reach. Trade unions will therefore need to be more proactive in marketing via media such as newspapers, radio and TV. Whether or not these strategies are appropriate to reach potential members in new, more flexible working arrangements provides an opportunity for further research. Trade unions will need to consider how best to prepare for this prospective future and develop strategies that will ensure that teleworking CSRs are well informed about unions and the services they can offer.

The benefits of telework for all parties are significant, as are the challenges. What is clear is that any organisation wanting to move from the traditional call centre option to teleworking needs to begin with adequate planning and preparation, invest in technology, set up suitable facilities, and give consideration to the suitability of particular jobs and staff for telework (Whitehouse, Diamond and Lafferty, 2002).

CONCLUSION

The call centre industry is dynamic and continually seeking flexible cost efficient means of operation; quickly embracing technological developments and their benefits. The use of teleworking is yet another way in which technology can aid cost savings. This increasing trend could signal the severe downsizing of the call centre industry and it’s workforce in the next few years. This paper has raised a number of issues, and implications that this move may have for employees, HRM and trade unions. Further research into the use and extent of technology in this industry, the future of the workforce and the long term implications of teleworking for call centre staff is required before any conclusive comments can be made about the value of teleworking for individuals, organisations and society. The issues presented here have only touched the surface and require a much more in depth examination. However, they have served to highlight the complex nature of the shift towards increased teleworking.
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