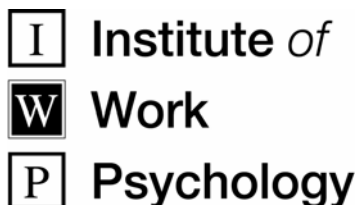


Human Resource Management in UK Call Centres

Dr. David Holman, Professor Stephen Wood,
Dr. Chris Stride
The Institute of Work Psychology
University of Sheffield

In association with

CCA Research Institute (UK)



Contents

	Page
Executive Summary	3
Introduction	7
Industry and Employee Characteristics	9
Organisational and Human Resource Policies	13
Operational Performance and Customer Service	24
Human Resource Outcomes	30
Factors Shaping the Adoption of Human Resource Practices	33
The Institutional and Wider Context	35
References	37
Appendices	38

Executive Summary

This report is about the human resource management practices used in UK call centres. It is based on a survey of 167 call centres, representing both the membership of the Call Centre Association (the association of call centre employers in the UK) and the wider industry. Senior call centre managers completed the majority of the questionnaires. The survey covered the majority of industries, including banking, financial services, utilities, the public sector and charities; and included both in-house and subcontractor call centres. The median size of participating call centres is 70 employees (mean, 153).

Operational Performance, Customer-Employee Interaction and Customer Satisfaction

Eighty-four per cent of calls are answered within the call centre's target time. Subcontractor call centres answer more calls within the set target time than in-house call centres. The median call length is 3 minutes 6 seconds, and employees answer an average of 73 calls per day. The median time a customer service representative (CSR) spends talking to customers in a working day is 3 hours 43 minutes. A CSR's interaction with a customer will generally involve problem solving and trying to build a rapport and relationship with the customer. Selling occurs less frequently. In one-third of call centres, however, CSRs rarely or never have a repeated interaction with a customer, and a repeated interaction occurs sometimes in another third.

A third of managers gauge that their customers are very satisfied, and a further 63% thought that their customers are satisfied. Eighty-two per cent of call centres have a formal mechanism for recording customer satisfaction, and 93% have a formal customer complaints system although not all CSRs are fully empowered to deal with complaints.

The main factors that have a positive association with customer satisfaction are employees' discretion over how they complete their job tasks and training in interpersonal skills.

The average level of change in sales over the last two years is 21%. CSR discretion over how they complete their job tasks and training in interpersonal skills are positively associated with sales growth.

Absence and Turnover

Seven per cent of employees are absent each day. In the bottom ten per cent, rates ranged from 13% to 25%. The average number of sick days per year is 7.7. In the bottom ten per cent, sick rates range from 14 to 25 days per year. The average quit rate is 16%. In the bottom ten per cent, quit rates range from 37-87%. Quit rates are highest in subcontractors serving mass market customers. The average extra costs related to selection and training caused by employees quitting is £126,500 per year.

Labour turnover, an important indicator of employee-well-being, is lower when agents have high-levels of discretion over how they complete their job tasks. Turnover is higher in call centres where customer-employee interaction involves selling.

Strategy

The primary strategic objective of the majority of call centres is service differentiation. The primary strategic objectives of most other call centres are fostering customer loyalty and one-stop shopping.

Pay and Benefits

The average level of basic pay for a CSR is £13,365. About 20% of call centres use individual or group-based pay incentives, and 59% provide other types of financial benefits. On average, 12% of total earnings is derived from additional incentives or benefits. The percent of pay that comes from these additional sources is highest in call centres serving business markets. The average total earnings for a CSR is £15,385. The average total earnings in subcontractor call centres serving mass markets is 20% lower than in-house call centres serving business markets.

Total earnings are higher when CSRs are more educated. The percentage of women in the work force is not related to the level of earnings, but women are more likely to work in call centres that offer less pay from additional sources. The presence of unions also has no effect on total earnings or basic pay, but is associated with less use of performance-related pay.

Selection, Training, and Performance Assessment

Seventy-five per cent of call centres in this study use systematic selection tests in the recruitment of CSRs. There is much variation among call centres in the length of training given in the first year

(from 2-99 days, median 20 days) but less variation in that given to experienced employees (from 0-42 days, median 6 days/year). The average cost of recruiting and training an employee is £3,905.

Employees are regularly appraised in 93% of call centres. The continuous electronic monitoring of employee productivity is ubiquitous. However, there is variation in how often information on individual productivity is fed back (39% of CSRs receive it daily or a few times a week), how frequently calls are listened to (26% of CSRs have their calls listened to daily or a few times a week) and how often feedback on call quality occurs (9% receive it daily or a few times a week).

Job Design and Team Work

CSRs typically have a low level of discretion over how they do their work and a moderate level of discretion in how they interact with customers. Quality improvement teams are used in about three-quarters of call centres and autonomous work groups in under half – although not all employees participate in them when present.

Employee Representation and Relations

Twenty-five per cent of call centres have no form of employee representation through a trade union, works council, staff association or joint consultative committee. Trade Unions are recognised for collective bargaining in 46% of call centres. The average level of membership is 47% in call centres with a recognised union, and 23% in all centres. Relations between staff and management - as well as between unions and management where a union exists - are perceived by managers to be good in the vast majority of call centres.

Technology

Email and fax are used in two-thirds of call centres to interact with customers. Technologies such as voice-over IP, electronic CRM and media blending are far less common. There is little evidence that call centres are changing to 'contact' centres – that is, from voice only channels of communication to multi-channel centres involving email and internet-based access.

Variation Among Call Centre Categories

subcontractors are larger, typically hire more applicants, have fewer forms of employee representation and provide less training in the first year, and it takes their CSRs less time to become competent. Call centres serving only business markets have more educated employees, offer higher

total earnings and offer less training in stress management techniques. The most notable differences relate to subcontractor call centres serving mass market customers. In these call centres, jobs have lower levels of task and interaction discretion, quality improvement teams and autonomous work groups are used least often, calls are listened to more often, less is spent on recruitment and selection, pay levels are relatively low, and customer-employee interactions are less likely to involve relationship building.

Factors Shaping the Adoption of HR Practices

The adoption of human resource practices is not shaped by call centre strategy, since we found no association between this and the use of key human resource practices. The results do, however, suggest that operational requirements (e.g., the need to meet complex customer needs through relationship building) play a role in shaping job design, i.e., that jobs are being designed to match operational requirements. Jobs are more likely to be designed with high levels of discretion where relationship and rapport building is an operational requirement in the call centre.

There is no strong pattern of associations among the human resource practices, but jobs with high discretion are more likely to be used together with appraisal, training in interpersonal skills and quality improvement teams. In addition, the greater the training given to new recruits, the more training is likely to be given to experienced CSRs.

The Institutional and Wider Context

Call centres are involved with a wide variety of external institutions. Almost three-quarters of call centres are involved in an industry trade association, and about one half are involved in a local call centre networking group. Consultants are used primarily for training and technology adoption.

Forty-two per cent of call centres use public job recruitment services, and 10% had employees on publicly funded training courses. The use of other publicly funded forms of assistance, e.g., tax abatements, grants, is very low with 82% not using them.