



# Human Resource Management in Call Centres

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**I** Institute of  
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## Executive Summary

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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 (CCA) and the wider industry. Senior call centre managers completed the questionnaires in the majority of cases. It 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, employees answer an average of 73 calls per day, and 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 normally involve problem solving and trying to build a rapport and relationship with the customer. Selling occurs less frequently. In one-third of call centres, 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 per cent thought that their customers are satisfied. Eighty-two per cent of call centres have a formal mechanism for recording customer satisfaction, and 93 per cent 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 the levels of discretion CSRs have over how they complete their job tasks and their training in interpersonal skills.

The average level of change in sales over the last two years is 21 per cent. 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 10 per cent, rates ranged from 13 per cent to 25 per cent. The average number of sick days per year is 7.7. In the bottom 10 per cent, sick rates range from 14 to 25 days per year. The average quit rate is 16 per cent. In the bottom 10 per cent, quit rates range from 37 to 87 per cent. Quit rates are highest among 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 per cent of call centres use individual- or group-based pay incentives, and 59 per cent provide other types of pay benefit. On average, 12 per cent of total earnings are derived from these additional sources. The percentage of pay that CSRs can gain 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 per cent 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 to 99 days, median 20 days) but less variation in that given to experienced employees (from 0 to 42 days, median 6 days/year). The average cost of recruiting and training an employee is £3,905.

Employees are regularly appraised in 93 per cent 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 per cent of CSRs receive it daily or a few times a week), how frequently calls are listened to (26 per cent of CSRs have their calls listened to daily or a few times a week) and how often feedback on call quality occurs (9 per cent 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 they are 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 purposes in 46 per cent of call centres. The average level of membership is 47 per cent in call centres with a recognised union, and 23 per cent 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***

E-mail 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 from call to contact centres, i.e. from using predominantly voice-only methods to multi-channel methods.

### ***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 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 least 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 though 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 per cent have 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 per cent not using them.

## 1. Introduction

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Call centres are an established and important part of the UK economy. They employ 790,000 persons, which represents 2.8 per cent of the UK working population, and it is expected to rise to 1 million by 2007.<sup>1</sup> The number employed in call centres has grown by 250 per cent since 1995.

Allied to this expansion, the UK call centre industry is faced with a number of challenges. These include customer demand for more personal and integrated services, the increasing treatment of call centres as profit rather than cost centres (with a subsequent greater emphasis on revenue generation through selling), attempts to make the call centre more central to an organisation's relationship with its customers, and potentially high levels of employee turnover. In addition, there is the increasing outsourcing of jobs overseas and the use of technology to deal with routine customer interactions. This has led some to argue that there will be a reduction in low skilled call centre work, and that in order to survive, UK call centres will need to focus on more skilled, complex high-added value work. Key to meeting these challenges is the ability of call centres to recruit, develop and retain skilled customer service representatives; hence human resource management will be especially crucial in the foreseeable future.

This report, produced by the Institute of Work Psychology at the University of Sheffield, in conjunction with the Call Centre Association (CCA) Research Institute, examines the extent and effectiveness of human resource management practices in call centres. The research on which this report is based is also part of the Global Call Centre Project that is examining human resource management in call centres in nineteen countries, and which is co-ordinated by Industrial and Labor Relations School, Cornell University, USA, and the Institute of Work Psychology.

The Institute of Work Psychology ([www.shef.ac.uk/~iwp](http://www.shef.ac.uk/~iwp)) is dedicated to conducting applied research in work settings, in both the public and private sectors. Its aims are to advance knowledge about the causes of individual, team and organizational effectiveness at work, and to increase understanding of the well-being of people at work. It is host to the ESRC Centre for Organisation and Innovation ([www.shef.ac.uk/esrcco](http://www.shef.ac.uk/esrcco)).

The CCA Research Institute is part of CCA, which is the professional body for customer contact. As an independent, non-profit organisation it has over 600 members from both private and public sectors. CCA provides valued services, at both the individual and organisational level, encouraging the promotion of best practice and professional standards.

A sample of 700 call centres was randomly selected from the CCA's database, representing both the CCA membership and the wider industry. Contact was made with a representative of 554 call centres via telephone or e-mail between February and May 2004. They were given a choice of completing the survey by telephone interview or self-completion questionnaire. 167 questionnaires were completed. At the time of the closure of the survey, 225 call centres had confirmed that they did not wish to complete the survey, while 162 call centres had not confirmed, most of whom requested to see the questionnaire in order to make a decision about participating in the survey. The number of responses as a percentage of those who participated in or formally declined to complete the survey is thus 42.6. The majority of respondents were senior managers (91 per cent). On average they had worked in the call centre industry for nine years (median, 8 years). There were an almost equal number of male and female respondents (53 per cent being female).

We would like to acknowledge Louise Reilly and Colin MacKay from CCA for their help in conducting the survey and compiling this report and Professor Rosemary Batt, Cornell University, for her support throughout the research. The financial support of the University of Sheffield, Russell Sage Foundation, and Economic and Social Research Council is also gratefully acknowledged.

## 2. Industry and Employee Characteristics

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### *Industry characteristics*

Table 2.1 shows that the call centres in the survey cover a wide range of industries including the financial sector, other service sectors and public services (e.g. health care, central and local government).

**Table 2.1 Main sector of call centre and average size**

<b>Sector</b>	<b>Percentage of sample</b>	<b>Number of employees: median</b>	<b>Number of employees: mean</b>
Banking and financial services	14	119	227
Other services (e.g. transport, media, travel, leisure)	13	84	127
Other	13	88	117
Local government	10	22	57
Public sector	10	67	117
Central government	8	36	58
Insurance	8	208	280
Utilities	7	116	349
Telecommunication	6	106	194
Retail	4	38	85
Health care	4	63	120
Manufacturing	2	40	32
Charities	2	145	152

Other significant statistics about the sample (and which are similar to other recent findings<sup>2</sup>) include:

- Eighty-nine per cent of the centres primarily deal with inbound calls, while 11 per cent deal primarily with outbound calls.
- In 63 per cent of call centres the customer interaction primarily involves customer service, and in 37 per cent it primarily involves customer service and sales.
- Almost three-quarters of centres (72 per cent) are in-house call centres, and the remainder are subcontractors working for other organisations.

Call centres can also be classified according to the type of customers they serve. Some call centres concentrate only on mass-market customers, others on business customers, while others focus on all types of customer, i.e. they serve a mixed customer base. Table 2.2 shows that the call centres covered by this survey serve a range of customer segments, and that although one half of the sample serves a mass market customer segment, no one segment is particularly over- or under-represented.

**Table 2.2 Type of customer segment served**

<b>Customer segment</b>	<b>Percentage of total sample</b>
Large and small businesses	21
Mixed (mass-market and businesses)	29
Mass market	50

We might expect differences between subcontractor and in-house call centres and also among call centres that serve different customer segments. This report therefore concentrates on investigating any differences that exist between the following six categories:

- **In-house call centres**
  1. **In-house business market** – serves only large businesses and/or small business customers.

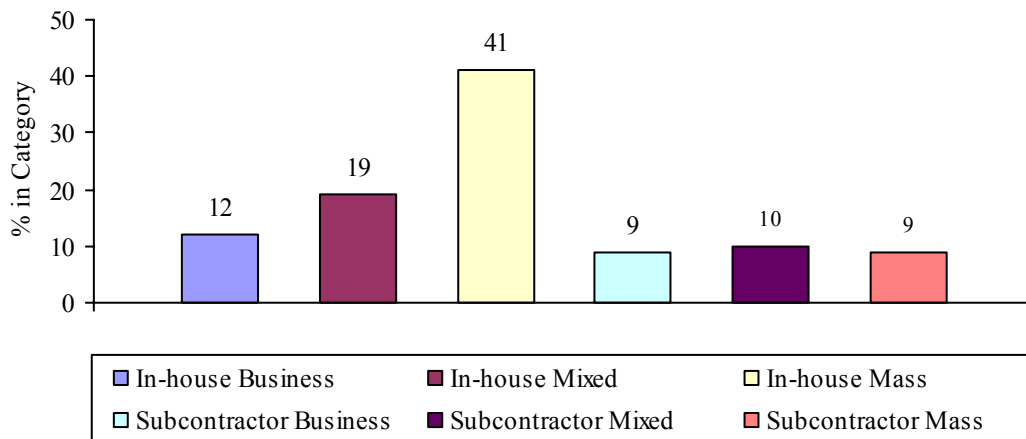
2. **In-house mixed market** – serves all types of customers including mass market and large and small businesses.
3. **In-house mass market** – only serves mass-market customers.

- **Subcontractor call centres**

4. **Subcontractor business market** – only serves large businesses and/or small business customers.
5. **Subcontractor mixed market** – serves all types of customers including mass market and large and small businesses.
6. **Subcontractor mass market** – only serves mass-market customers.

Figure 2.1 shows that the majority of call centres are in-house centres that serve a mass market customer segment.

**Figure 2.1 Call centre categories used in this report**



***Employee characteristics***

The number of employees (full-time equivalents) ranged from 7 to 1,953. One-third of call centres have between 7 and 33 employees, another third have between 34 and 117 employees, and the final third have between 118 and 1,953 employees. The median size is 70 (mean, 153). The total number of employees covered is approximately 25,000, which is about 3 per cent of all UK call centre employees.

**Figure 2.2 Call centre size**

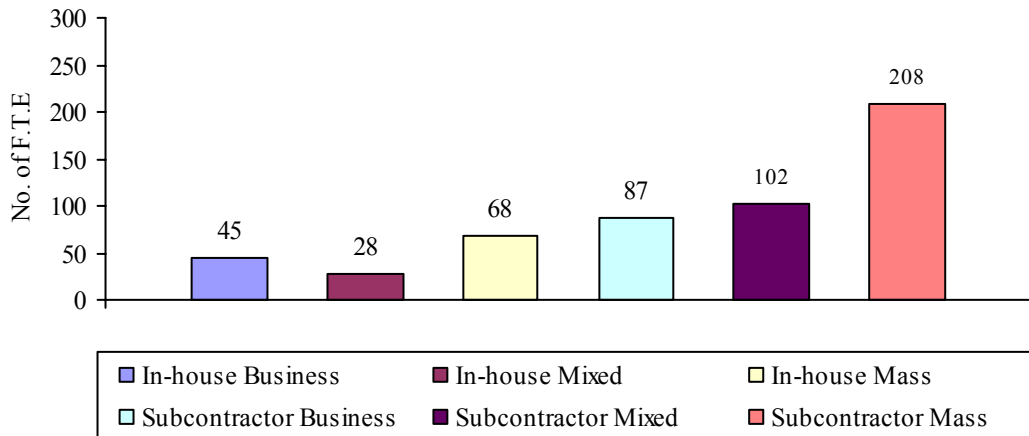


Table 2.2 illustrates the percentage of full-time, part-time (full-time equivalent) and temporary employees at different levels in the organisation. Examining differences between call centre types shows that subcontractors generally employ a larger proportion of part-time staff (18 per cent) than in-house call centres (10 per cent). The average ratio of team leaders to CSRs is 1:11 and the average ratio of managers to team leaders is 1:3.

**Table 2.2 Percentage of type of employee at different organisational levels**

Type of employee	Full-time	Part-time (FTE)	Temporary
Customer contact representative	62	15	9
Team leader/supervisor	10	0.6	-
Managers	6	0.2	-

The median tenure of a customer service representative (CSR) is 3 years (mean, 3 years and 10 months). For a manager it is 5 years (mean, 6 years and 4 months). The average proportion of women employed is 68 per cent. In general, in-house mixed market (72 per cent) and in-house mass market call centres (73 per cent) employ a significantly larger proportion of women than other types of call centre.

The typical education level of CSRs and managers in each category of call centre is displayed in Table 2.3. It can be noted that one-half of managers and over one-third of CSRs in in-house business market and subcontractor business market call centres are qualified to the level of diploma or above. Indeed, business market call centres typically have managers who are significantly more qualified than managers in mass market call centres. Business market call centres also have CSRs who are significantly more qualified than CSRs in mass market or mixed market call centres.

**Table 2.3 Highest level of qualification by per cent of staff in each call centre category**

	In-house						Subcontractor					
	Business		Mixed		Mass		Business		Mixed		Mass	
	<i>Mgr</i>	<i>CSR</i>	<i>Mgr</i>	<i>CSR</i>	<i>Mgr</i>	<i>CSR</i>	<i>Mgr</i>	<i>CSR</i>	<i>Mgr</i>	<i>CSR</i>	<i>Mgr</i>	<i>CSR</i>
GSCE 'O' level or equivalent	6	21	25	48	45	51	39	33	36	57	33	64
'A' level or equivalent	44	26	50	23	23	20	23	8	36	29	27	14
Diploma /HNC or undergraduate degree	50	37	25	27	25	28	56	35	27	26	22	30

Note: Percentages for those with no qualifications or with post-graduate qualifications are not included..

### 3. Organisational and Human Resource Policies

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This section reports on the key findings of the survey. Specifically, it focuses on call centre strategy and the extent and organisation of human resource management (HRM) practices.

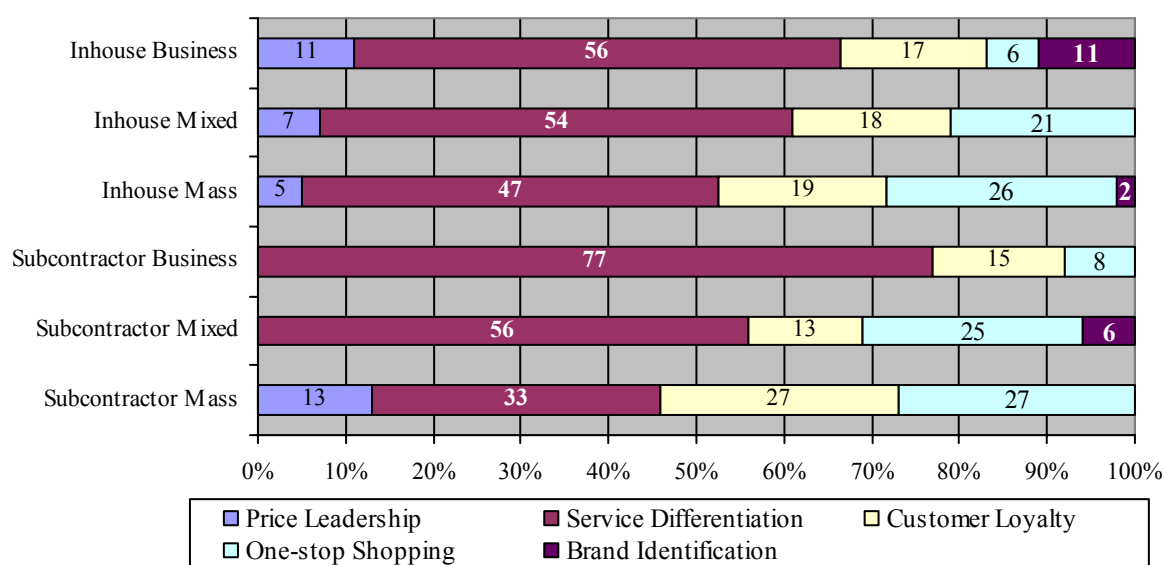
Overall, the results of the study show the widespread use of regular performance appraisals and the ubiquitous use of electronic monitoring of employee performance, but there is some variation in the extent to which individual productivity and call quality data is fed back to CSRs, and how often supervisors listen to calls. Most call centres also use systematic selection tests and training for new and experienced employees. However, the level of training that employees receive in their first year varies substantially. Moderate levels of training are typically provided in product knowledge, customer interaction and interpersonal skills, but there is little training in stress management techniques. Jobs are typically designed such that CSRs have low levels of discretion over the methods and procedures they can use and moderate levels of discretion over how they interact with customers. Quality improvement teams are used in three-quarters of call centres but employee participation in them is not extensive. Similarly, autonomous work groups are used in half of all call centres, but again employee participation in them is not extensive. With regard to reward practices, call centres do not normally use individual or group performance-related pay.

Differences also exist across call centre types. For example, compared with in-house centres, subcontractors are less selective when hiring, provide less training in the first year, have fewer forms of employee representation, and provide less training in the first year. It does however take CSRs working for subcontractors less time on average to become competent. In-house call centres serving business markets have more educated employees, pay more and offer less training in stress management techniques. The most notable differences relate to subcontractor mass-market call centres. In these call centres, jobs have lower levels of task and interaction discretion, quality improvement teams and autonomous work groups are used less often, calls are listened to more often, less is spent on recruitment and selection, and they offer relatively low levels of pay. There are few consistent differences among the in-house call centres.

### 3.1. Call Centre Strategy

Call centre managers were asked to indicate the most important element in the strategy for their call centre. For all call centres except subcontractor mass-market call centres, the most frequently cited primary element of their strategy is service differentiation, with either one-stop shopping or customer loyalty being other quite popular choices. Price leadership and brand identification are the least favoured primary strategies. Only about 18 per cent of centres indicated that customer loyalty is the most important strategic element, although it is interesting to note that the figures are 25 per cent for the private and 4 per cent for the public sector. However, we cannot conclude from this that customer loyalty is not unimportant, simply that it was not the primary focus of strategy.

**Figure 3.1 Strategy by call centre category**



### 3.2. Pay and Benefits

To measure pay levels, we asked managers to report the annual pay of the typical or median employee in the call centre – meaning that about half were paid more and about half were paid less. The median level of annual pay for a customer service representative is £15,385. This includes, on average, £2,007 that comes from additional sources such as individual and group performance-related pay, overtime pay, and other benefits such as employer’s contribution to health insurance. Twenty-one per cent of call centres use

individual performance-related pay, 18 per cent use group-based pay, and 59 per cent provide other benefits such as employer’s contribution to health insurance and pensions. CSRs in 26 per cent of call centres also receive overtime payments. The median level of basic pay is £13,365.

**Table 3.1 CSR pay and additional benefits by call centre category**

	Total pay £	Percentage of pay derived from additional sources					Pay from additional sources £	Basic pay £
		Individual commission	Group commission	Over-time	Other benefits	Total average %		
In-house business	16,973	5	2	3	13	21	4,320	12,653
In-house mixed	15,606	2	1	2	5	9	1,306	14,300
In-house mass	15,134	2	1	3	6	12	1,897	13,208
Subcontractor business	15,425	6	11	3	8	15	2,298	13,126
Subcontractor mixed	15,568	2	1	5	5	11	1,732	13,835
Subcontractor mass	13,536	2	0	2	5	8	1,149	12,386
Average	15,385	3	2	3	7	12	2,007	13,365

Note: The sum of basic pay and additional pay may not equal total pay due to missing cases.

The basic pay of CSRs amongst the call centre categories is not significantly different, as shown in Table 3.1. Variations in total pay are therefore due to the money received from performance-based pay, overtime and other benefits. Pay derived from such additional sources is significantly higher in business-market call centres. Overall, CSRs in in-house business-market call centres are significantly better paid than those in in-house mass-market, subcontractor mass-market and subcontractor mixed-market call centres. On average, CSRs in subcontractor mass-market call centres receive 20 per cent less pay than those in in-house business-market call centres and 15 per cent less than those in in-house mixed-market call centres.

Basic pay is higher when CSRs are more educated, when they engage in relationship building with the customer, and when they do less selling. The percentage of women in the work force is not related to the level of basic pay, but women are more likely to work

in call centres that offer less pay from additional sources. Total levels of pay are also higher when CSRs are more educated.

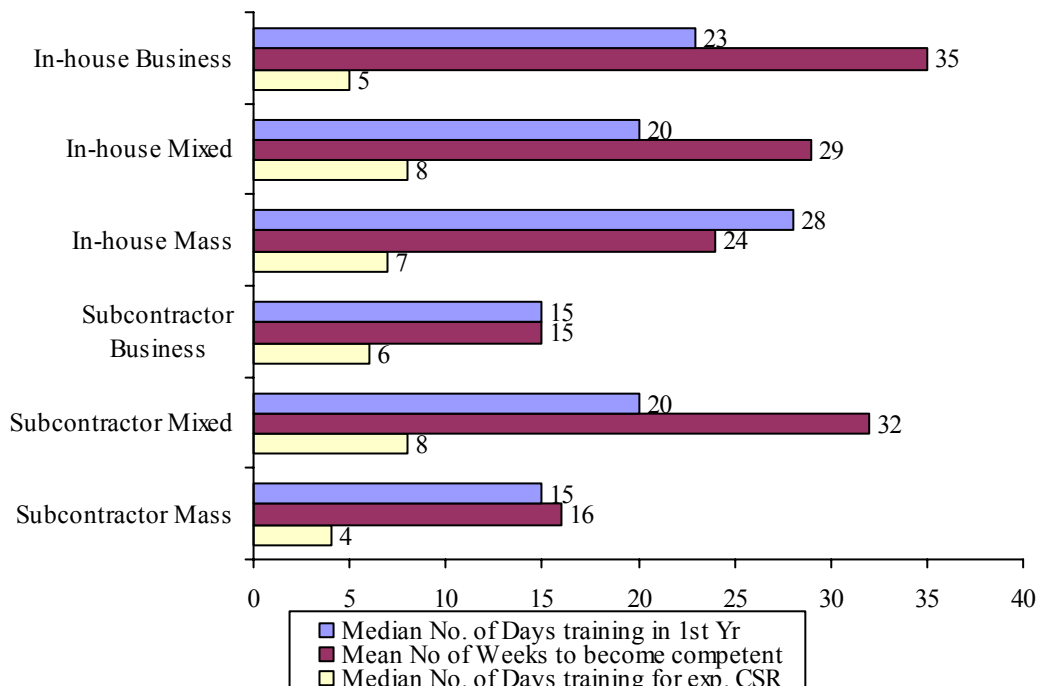
The average level of pay for a manager is £27,295, and there are no significant differences in managers' pay between different call centre types.

### 3.2. Selection, Training and Performance Assessment

Three-quarters of the sample use systematic selection tests (e.g. psychometric tests, aptitude tests) to some extent in the recruitment of CSRs, and, on average, 62 per cent of CSRs are selected using such tests. Of those who apply, an average of one in every three job applicants (31 per cent) is hired. Subcontractors hire a significantly greater percentage of applicants (42 per cent) than do in-house call centres (28 per cent).

The median number of training days (including induction) that a CSR receives in the first year is 20 (mean, 25 days), although the number of days varies from 2 to 99. Almost one-fifth of call centres provide 10 days or less training in the first year for new employees. It takes a CSR an average of 26 weeks to become fully competent. In addition, the median number of days of training that an experienced CSR receives per year is 6 (mean, 8.2 days) and the number of days provided ranges from 0 to 42.

**Figure 3.2 Training by call centre category**



Analysis revealed that CSRs in subcontractor call centres receive significantly less training in their first year than those in in-house call centres. This may partly reflect the complexity of the job, since CSRs in subcontractor call centres take, on average, significantly less time to become competent than CSRs in in-house call centres (subcontractor mixed-market call centres being an exception here).

The average overall cost of recruiting and training a new employee is £3,905. The average costs for each type of call centre are:

- In-house business market                      £5,155
- In-house mixed market                         £2,657
- In-house mass market                         £5,162
- Subcontractor business market               £2,680
- Subcontractor mixed market                 £3,119
- Subcontractor mass market                 £1,596

From the above it is evident that in-house business market and in-house mass-market call centres spend 225 per cent more than subcontractor mass-market call centres on recruiting and training a new employee.

Sixty-nine per cent of call centres reported that agents received a lot or a great deal of product training (mean 3.8, scale 1–5), while 37 per cent and 16 per cent reported that agents received a lot or a great deal of training on, respectively, customer interaction skills (mean, 3.2) and interpersonal or team building skills (mean, 2.6). Only 4 per cent provided a lot or a great deal of training on stress management and 75 per cent provided none or a little (mean, 1.9). Mass-market call centres provide significantly more training on customer interaction skills than business-market call centres.

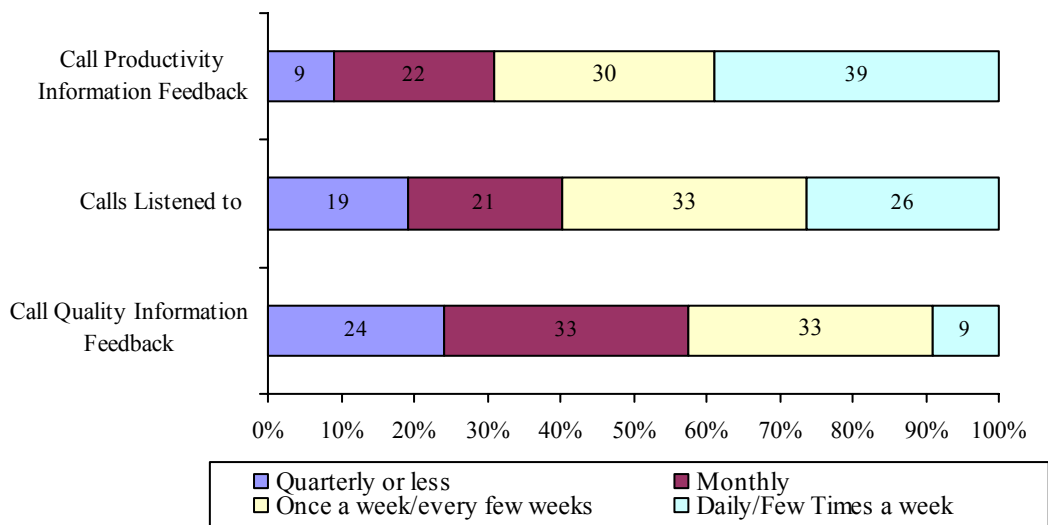
Employee performance in call centres is normally assessed using three methods:

- performance appraisal;
- electronic performance monitoring (i.e. the computerised collection of performance data);
- the monitoring of call quality.

These three practices are used in almost all call centres. CSRs have a regular appraisal (usually quarterly or monthly) in 93 per cent of call centres. Electronic monitoring occurs in 99 per cent of call centres, and the productivity information gained is fed back to employees either daily or a few times a week in 39 per cent of call centres, and at least once a week or every few weeks in another 30 per cent of call centres (see Figure 3.3).

The monitoring of call quality occurs in 93 per cent of call centres. Calls are listened to at least twice a week, if not daily, in 26 per cent of call centres, and once a week or a few times a month in 33 per cent of call centres. The information gained is not fed back as frequently as it is obtained. In 9 per cent of call centres, CSRs receive feedback on call quality either daily or a few times a week, and 33 per cent feed back this information once a week or a few times a month. Another 33 per cent feed it back once a month. There are no significant differences between different types of call centres.

**Figure 3.3 Extent of performance monitoring**

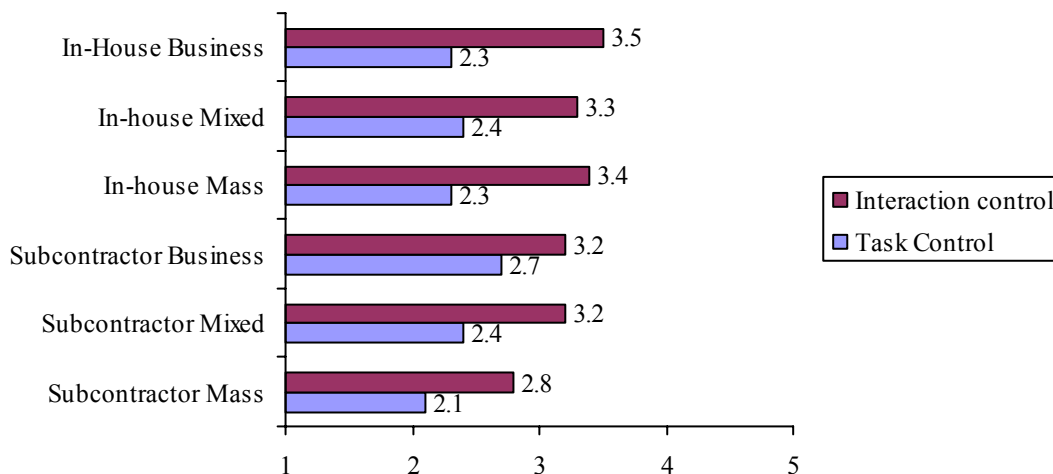


### 3.3. Job Design and Teamwork

The characteristics of CSR jobs are important as they have been shown to have a significant effect on employee well-being and performance. In particular, previous research in call centres has consistently demonstrated that levels of job discretion are relatively low and that these low levels are associated with less job satisfaction and higher anxiety, depression and emotional exhaustion.<sup>3</sup> In this report we focus on:

- task discretion: the level of discretion that employees have over the methods they use to do their work and the pace of their work; and
- interaction discretion: the extent to which employees have discretion over what they say to customers.

**Figure 3.4 Job design within call centres**



Only 2 per cent of managers stated that CSRs in their call centre had a lot or a great deal of task discretion. Only 21 per cent stated that CSRs had a moderate level of task discretion. The average level of task discretion is 2.3 (Scale: 1 'not at all' to 5 'a great deal'). This means that, on average, CSRs have little choice over the methods and procedures that they use, or over the pace of their work. For interaction discretion, 25 per cent of managers stated that CSRs in their call centre had a lot or a great deal of interaction discretion. Forty-eight per cent stated that CSRs had a moderate level of interaction discretion. The average level of interaction discretion is 3.3. This indicates

that, on average, CSRs have a moderate level of discretion over what they say to customers and how they respond to their requests.

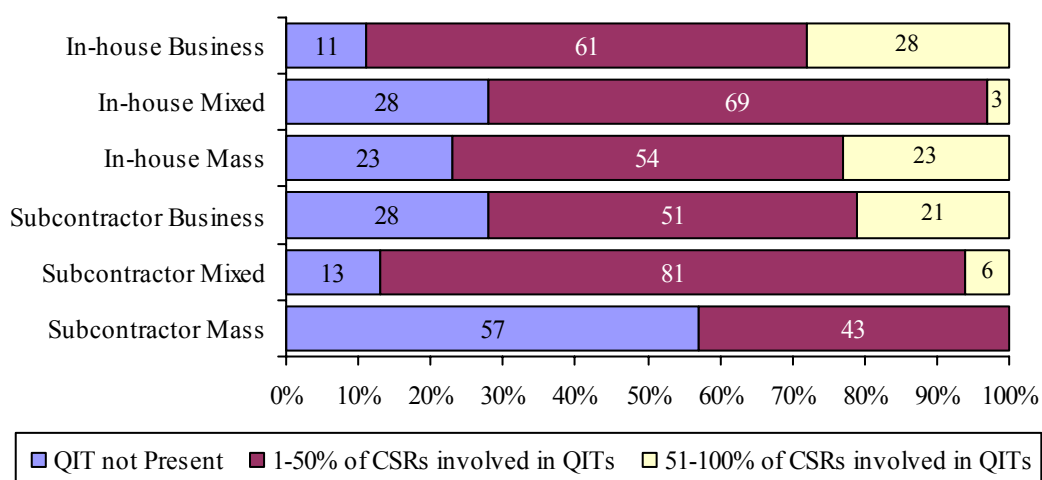
More detailed analysis showed that task discretion is significantly lower in subcontractor mass-market call centres than in subcontractor business-market call centres. Interaction discretion is also significantly lower in subcontractor mass-market call centres than in both in-house business-market and in-house mass-market call centres.

In this study we focused on two different types of teams:

- quality improvement teams: off-line teams focused on improving product and process improvements; and
- autonomous work groups: teams in which CSRs make their own decisions about task assignments and work methods.

Quality improvement teams can be an essential component in encouraging employee participation, improving organisational performance, and generating and implementing innovations. In this sample, quality improvement teams are used to some extent in about three-quarters of call centres, apart from subcontractor mass-market call centres in which they are used to some extent in just under half. Where they exist, the average number of CSRs involved in them is 27 per cent.

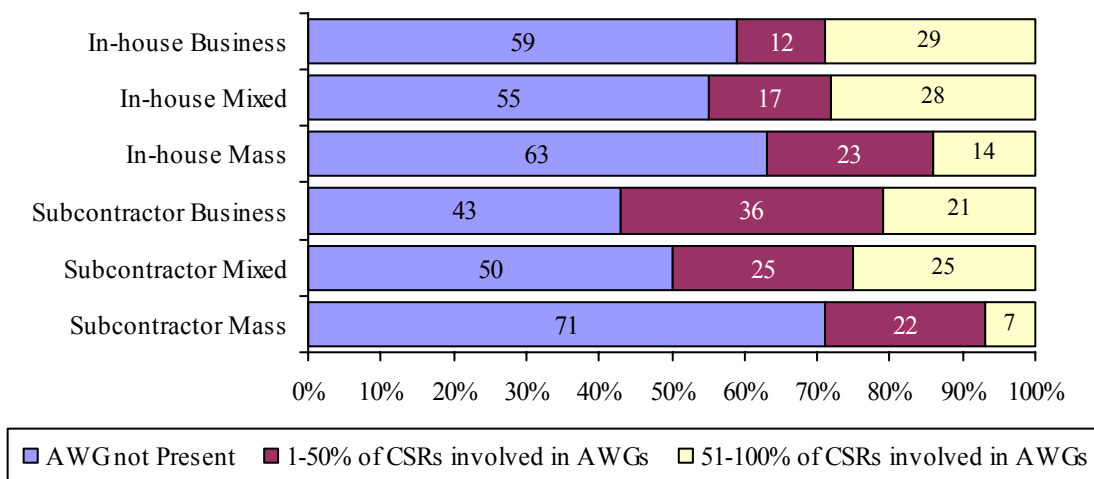
**Figure 3.5 Percentage of CSRs in quality improvement teams**



Autonomous work groups allow employees to share knowledge, learn from one another, and achieve higher levels of performance. A study of self-directed and traditionally supervised groups of workers in call centres found that the self-directed groups had 9 per cent higher monthly sales than did the traditionally supervised groups. The self-directed teams also learned how to use new technology faster, resulting in an additional 17 per cent more sales.<sup>4</sup>

Autonomous work groups are used less extensively than quality improvement teams. They are used in one half of all call centres, with the highest rates of use in business- and mixed-market call centres and the lowest rates of use in mass-market call centres. On average, 50 per cent of employees are involved in autonomous work groups when used.

**Figure 3.6 Percentage of CSRs in autonomous work groups**



### ***3.4. Employee Representation and Relations***

Employees can be represented in a number of ways. The following forms of employee representation (see glossary of terms, page 42, for definitions) are present in call centres:

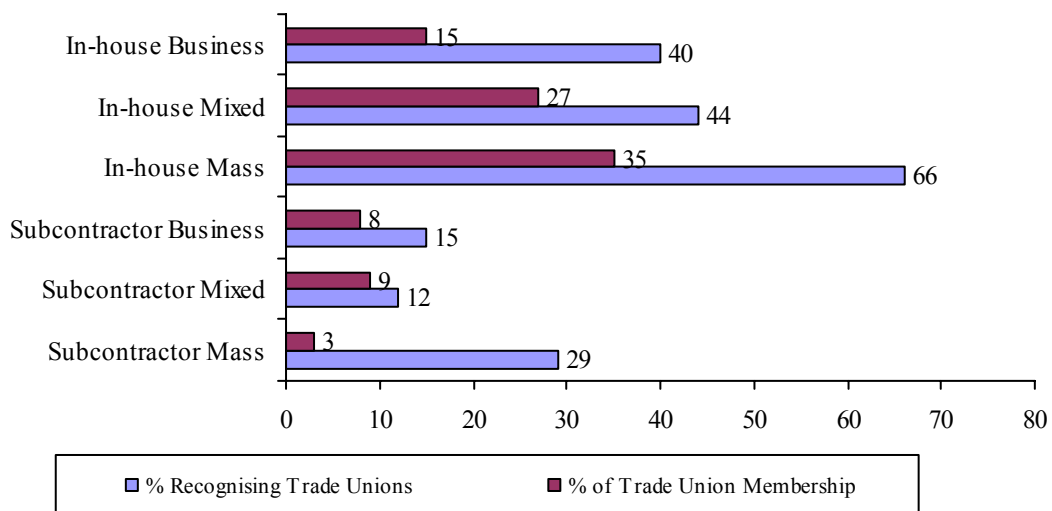
- Trade unions recognised for collective bargaining 46%
- Works Council 38%
- Staff association 36%
- Joint consultative committee 51%

Twenty-five per cent of call centres have none of these forms of employee representation. A further 20 per cent have only one of the above forms of employee representation, the most common being trade union recognition (10 per cent of sample) and a joint consultative committee (6 per cent of sample). Twenty-five per cent have two forms of recognition, the most common combination being trade union recognition and a joint consultative committee (16 per cent). Seven per cent have all forms of representation except for trade union recognition, and 13 per cent have all forms of representation.

Forty-two per cent of subcontractor call centres have no form of employee representation, and this figure is 20 per cent for in-house call centres. Call centres with all four forms of recognition are most frequent in the in-house call centres.

Just under half of call centres have union members, but only 20 per cent have membership levels of more than 50 per cent. The average level of trade union membership in firms that recognise trade unions is 47 per cent, and it is 23 per cent in all call centres. Amongst those that do not recognise trade unions, only 14 per cent have any union members, and the average membership rate in these call centres is 15 per cent, this ranging from 2 per cent to 40 per cent. Across all call centres, in-house mass-market and in-house mixed-market call centres have significantly higher levels of union membership than other types of call centre.

**Figure 3.7 Trade union recognition and membership**



With regard to employee relations, 89 per cent of managers described relations between management and staff as 'good' or 'very good' (mean, 4.2). There is no difference in management–staff relations between those call centres that recognise trade unions and those that do not. In call centres where unions are recognised, 79 per cent of managers gauged that relations between management and unions were 'good' or 'very good' (mean, 3.9) and in call centres with staff associations, 88 per cent stated that relations between management and the staff association were 'good' or 'very good' (mean, 4.2).

There were also no differences between union and non-union firms in CSR basic pay, pay from additional sources (e.g. performance-related pay) or total pay. But unionised call centres are more likely to train experienced CSRs – the link between unionism and training being typical for the UK economy in general. Unions also appear able to resist individualised pay systems, as commission based on individual performance is less likely in unionised call centres.

More generally, call centre managers perceive very little pressure from trade unions to implement jobs with high discretion and low monitoring, to bargain collectively with trade unions, or to use sophisticated HRM practices. Call centre managers also perceive very little pressure from government or industry bodies to engage in collective bargaining with trade unions, or to design jobs with high levels of autonomy.

## 4. Operational Performance and Customer Service

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Poor customer service, it is claimed, leads customers to change provider, and there is also evidence that loyal customers buy more.<sup>5</sup> Managing the quantity and quality of customer service is thus crucial to guarantee customer satisfaction. To reflect the quantitative and qualitative aspects of customer service we collected information on operational performance (e.g. call times, sales) and the nature of the customer–employee interaction itself (e.g. the level of selling or relationship building that occurs in the customer–employee interaction). We also enquired about the technology used to support service delivery, customer satisfaction and how customer complaints are dealt with.

Interestingly, among the different call centre categories there are no significant differences in average length of calls. But due to differences in the number of calls handled per day, CSRs in subcontractor business- and mixed-market call centres spend a larger proportion of their day talking to customers than those in other call centres. CSRs in subcontractors answer a greater proportion of calls within the target time. Selling occurs more frequently as part of customer–employee interactions in subcontractor business-market call centres, while building a relationship with a customer occurs less frequently in subcontractor mass-market call centres.

### 4.1. *Operational Performance*

A range of information on operational performance was collected. Table 4.1 shows the percentage of calls answered within the target time, mean and median call times, number of calls taken per day, and the mean and median of the total time that CSRs spend on the phone with customers. We also gathered information on sales performance where applicable.

Most call centres had target times for answering a call ranging from 15 to 30 seconds, and the vast majority of these expected between 80 and 100 per cent of calls to be answered in this time. The most frequent ‘percentage of calls answered in target time’ – just over 25 per cent of call centres – is 80 per cent of calls to be answered within 20 seconds. The average percentage of calls answered in the set target time is 84 per cent.

The median length of a call is 3 minutes, 6 seconds, and the mean number of calls handled by employees per day is 73. The median amount of time that a CSR spends on the phone in a working day is 3 hours, 43 minutes. However, from the data it cannot be estimated what activities CSRs do in the remaining part of their working day, e.g. waiting for calls, participating in meetings, or doing administration.

**Table 4.1 Operational Statistics**

	<b>Percentage of calls answered within target time</b>	<b>Median call time seconds</b>	<b>Mean call time seconds</b>	<b>Mean number of calls per day</b>	<b>Median total call time hrs/mins</b>	<b>Mean total call time hrs/mins</b>
In-house business	76	180	226	63	2hrs 47 mins	3hrs 27mins
In-house mixed	82	180	204	68	3hrs 8mins	3hrs 31mins
In-house mass	82	210	247	71	3hrs 47mins	4hrs 00mins
Subcontractor business	96	180	215	97	5hs 0mins	6hrs 20mins
Subcontractor mixed	91	193	273	87	4hrs 48mins	6hrs 45mins
Subcontractor mass	88	150	192	66	2hrs 55mins	3hrs 30mins
Total	84	186	231	73	3hrs 43mins	4hrs 14mins

Analysis revealed that subcontractor business-market call centres answer significantly more calls within the set target time than in-house call centres. CSRs in subcontractor Mixed Market call centres handle more calls per day than CSRs in all types of in-house call centre, while CSRs in in-house mixed-market call centres deal with significantly less calls than CSRs in all other types of call centre (except for subcontractor business-market call centres). While there are no significant differences in average call time between the different types of call centre, there are significant differences with regard to total time spent talking to customers per day (call time multiplied by number of calls per day). CSRs in subcontractor business-market and subcontractor mixed-market spend, on average, significantly longer on the phone to customers than CSRs in all other types of call centre.

To examine sales performance we asked about the extent to which the value of sales had changed in the last two years. Of the 79 call centres who provided data, the average level in change of sales is 21 per cent. In 75 per cent of call centres sales revenue had grown,

and in 19 per cent it had remained the same. There are no significant differences among the categories of call centre. Task discretion and training in interpersonal skills have a positive association with sales growth.

#### **4.2. *Customer–Employee Interaction, Technology, Customer Satisfaction and Sales***

The survey asked about the nature of customer–employee interaction, how technology is used in service delivery, and the measures taken to gauge customer satisfaction and deal with customer complaints.

**Table 4.2 Customer–employee interaction**

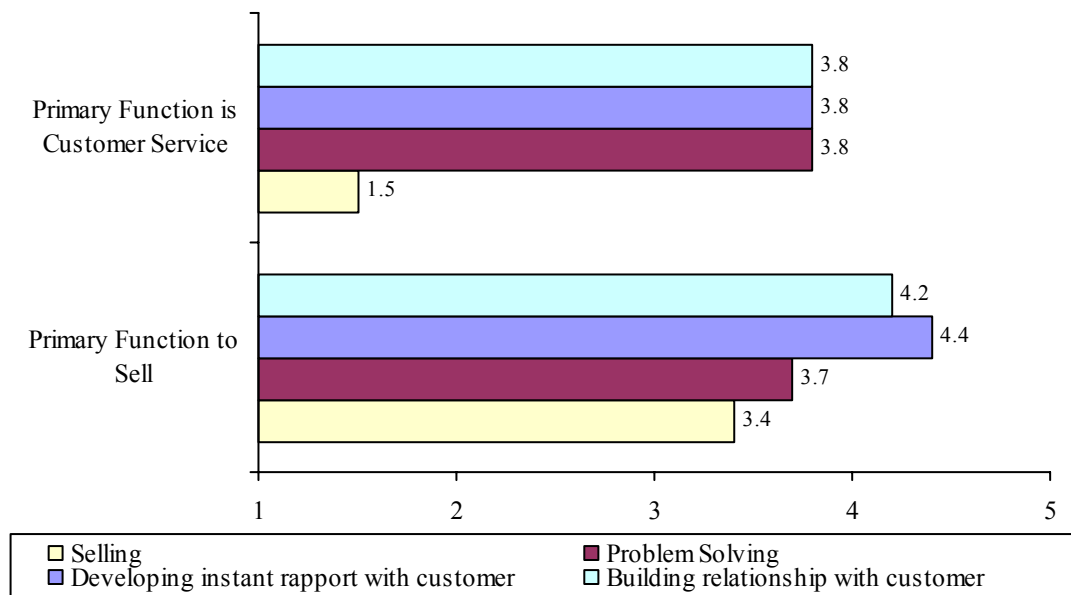
<b>Aspect of interaction</b>	<b>Occurs in ‘a lot’ or ‘all’ interactions</b>
1. Selling	25%
2. Problem solving	65%
3. Developing rapport with customer	77%
4. Building relationship with customer	73%

Table 4.2 illustrates that customer–employee interactions typically involve the employee trying to build a rapport and a relationship with the customer and expending effort to solve the customer’s problem. Selling is less frequent in a typical customer–employee interaction.

Customer–employee interaction does vary amongst call centre categories. For example, selling is significantly less likely to occur in in-house mass-market call centres (mean, 2.1) than in subcontractor business-market call centres (mean, 2.8). Also, interactions that involve developing a relationship with a customer are less likely to occur in subcontractor mass-market call centres than in all types of in-house call centre. Differences also emerge when comparing call centres whose primary function is selling, with those whose primary function is customer service. Figure 4.1 shows the differences. Call centres whose

primary function is selling report that customer–employee interaction involves significantly greater effort in developing a rapport with a customer.

**Figure 4.1 Customer–employee interaction by call centre category**



Repeated interactions between CSRs and customers occur often or very often in 28 per cent of call centres, they occur sometimes in 36 per cent of call centres and occur rarely or never in another 36 per cent. A repeated interaction with the same customer is significantly more likely to occur in in-house business-market call centres (3.6, scale 1-5) than in in-house mass-market call centres (2.8).

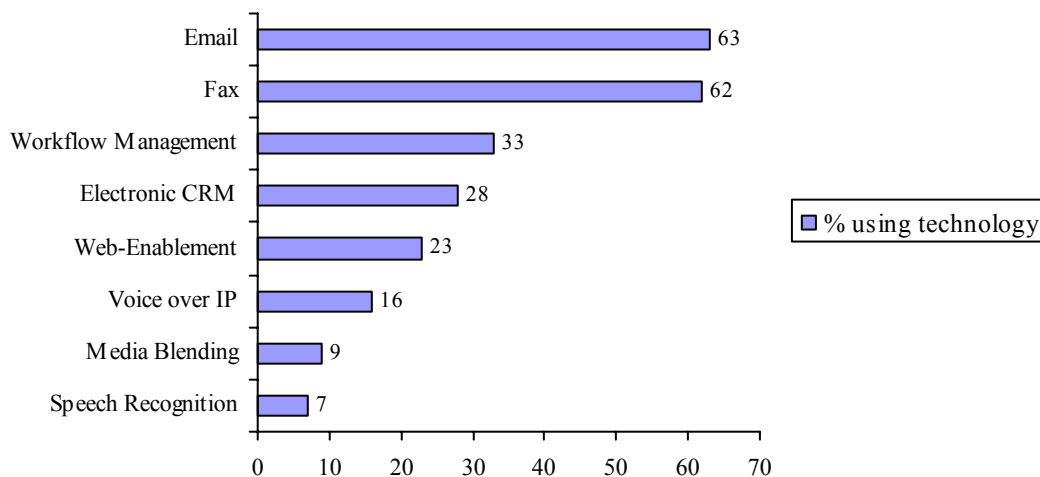
We asked managers to indicate whether a variety of technologies are used to aid interaction with customers (see glossary, page 42). We focused on those technologies, over and above the basic computer and telephone technologies of any call centre, that assist in managing the relationship with the customer, and those that offer an alternative means of interacting with the customer. Such technologies are seen to be crucial to the evolution of the call centre into a customer contact centre (i.e. ones that involve more than telephone-based interactions) and as a means of improving customer service. The results in Figure 4.2 demonstrate that basic technologies such as e-mail and fax are used fairly extensively. Technologies aimed at improving the relationship with the customer (e.g. workflow management, electronic CRM) are used much less frequently, while the use of technologies that might indicate the extent to which call centres are developing

into contact centres (e.g. web-enablement, voice over IP, media blending) are relatively rare.

Further analysis revealed that:

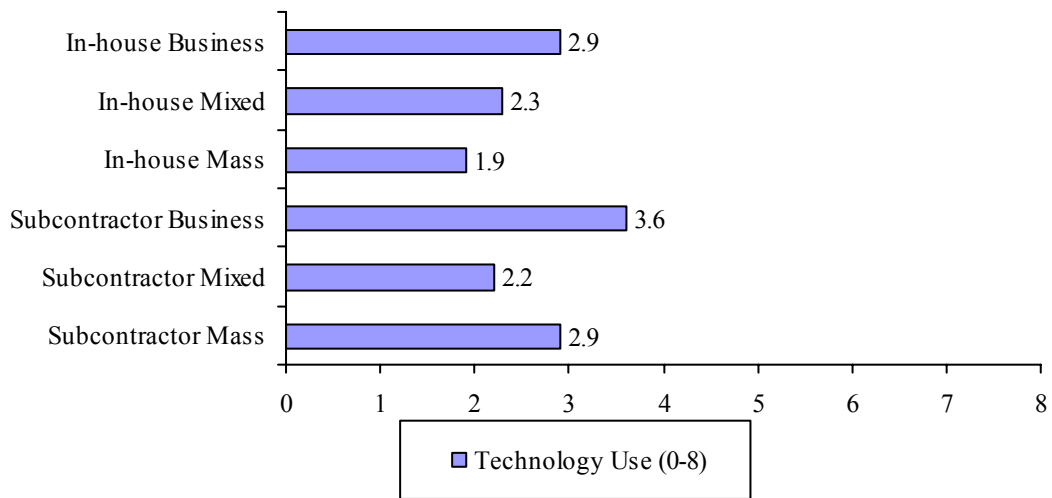
- 10 per cent did not use any technologies beyond basic computer and telephone technologies;
- 13 per cent used only one technology, and this tended to be either fax or e-mail;
- 32 per cent used two technologies, the most popular combinations being fax and e-mail, followed by fax and CRM;
- 20 per cent used three technologies, the most popular combination being fax, e-mail and CRM.

**Figure 4.2 Technology use**



We created a technology score in order to compare the use of technology between call centres. Figure 4.3 shows the uptake of technology in subcontractor business-market call centres was significantly higher than in in-house mixed-market and mass-market call centres, as well as subcontractor mixed-market call centres. In-house business-market call centres also show a significantly higher use of technology than in-house mass-market call centres.

**Figure 4.3 Mean technology use by call centre type**



Gathering customer feedback and dealing with customer complaints are essential practices if the quality of customer service is to be improved. Eighty-two per cent of call centres have a formal mechanism for gathering customer feedback, and 28 per cent stated that they fed back customer satisfaction data to CSRs at least once a month. In addition, formal customer complaints systems appear to be common throughout call centres, since 93 per cent had such a system in place. In a large percentage of call centres (58 per cent), CSRs are fully empowered to deal with customer complaints, although in a significant minority (28 per cent) there is no CSR involvement in handling complaints. There are no differences among call centre categories with regard to gathering customer feedback or complaints systems.

When asked to assess the level of customer satisfaction in their call centre, 30 per cent of respondents estimated that their customers were very satisfied and a further 63 per cent thought that their customers were satisfied. There are no differences among call centre categories with regard to customer satisfaction. These scores are similar to reports that customer satisfaction with CSRs stands at 78 per cent. However, another recent survey indicated that less than 40 per cent of customers are satisfied with the service they receive from call centres.

The main factors showing a positive association with customer satisfaction are task discretion and training in interpersonal skills.

## 5. Human Resource Outcomes

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Much attention has been given to the rates of absence and turnover in call centres. They provide an indication as to the well-being of employees. Absence and turnover also have cost implications for the organisation, including costs associated with recruitment and training, and the lower performance of less experienced employees. This section also addresses the impact of HRM practices on these important outcomes.

The average percentage of CSRs absent on any one day (but not absent for vacations or training) is 7.2, the median being 5.0. Rates ranged from 1 per cent or less for the 10 per cent of call centres with the lowest absence rates, and from between 13 per cent and 25 per cent for the 10 per cent of call centres with the highest rates. The average number of sick days taken by a CSR each year is 7.6, with a median of 6.0. Rates ranged from 2 or less days for the 10 per cent of call centres with the lowest sickness levels, and from between 14 and 25 days for the 10 per cent of call centres with the highest rates.

The level of absence is associated with the size of the call centre: the smaller the centre the lower the absence. Absence is also lower in centres that use quality improvement teams, implying that involving CSRs does have positive effects. Group pay schemes are also associated with lower absence, which may reflect a belief that people feel that they are letting their co-workers down and affecting their pay if they are absent.

The average and median percentages of employees who left their jobs in the previous year are shown in Table 5.1. The principal reason that CSRs leave their job is to quit the organisation. The average quit rate is 16 per cent (the median being 11 per cent). For the top third, rates are 6 per cent or below. In the bottom 10 per cent, rates range from 37 per cent to 87 per cent. The second main reason CSRs leave their job is promotion either inside or outside of the call centre. This accounts for an average of 11 per cent of all job mobility.

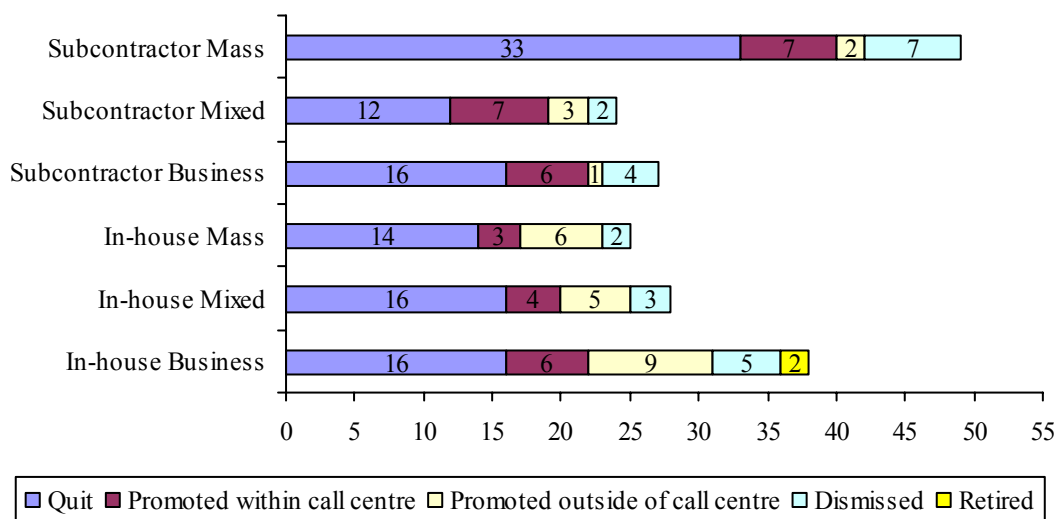
If the cost of selecting and training a new employee is considered, then the average annual cost of employees quitting for a call centre is £126,500 – and this does not include an allowance for any lower performance from new employees.

**Table 5.1 Turnover**

<b>Reason for leaving</b>	<b>Median percentage</b>	<b>Mean percentage</b>
Quit organisation	11	16
Promoted within call centre	3	5
Promoted or transferred outside of centre	2	6
Dismissed	1	3
Retired	0	1

Figure 5.1 shows the differences in turnover among categories of call centre. One noticeable aspect is that the quit rate in subcontractor mass-market call centres is significantly higher than in the others. In addition, the level of promotion or transfer to other parts of the organisation is higher in in-house call centres. The only human resource practice associated with labour turnover is work design as quit rates are lower in centres where jobs have a high degree of task discretion.

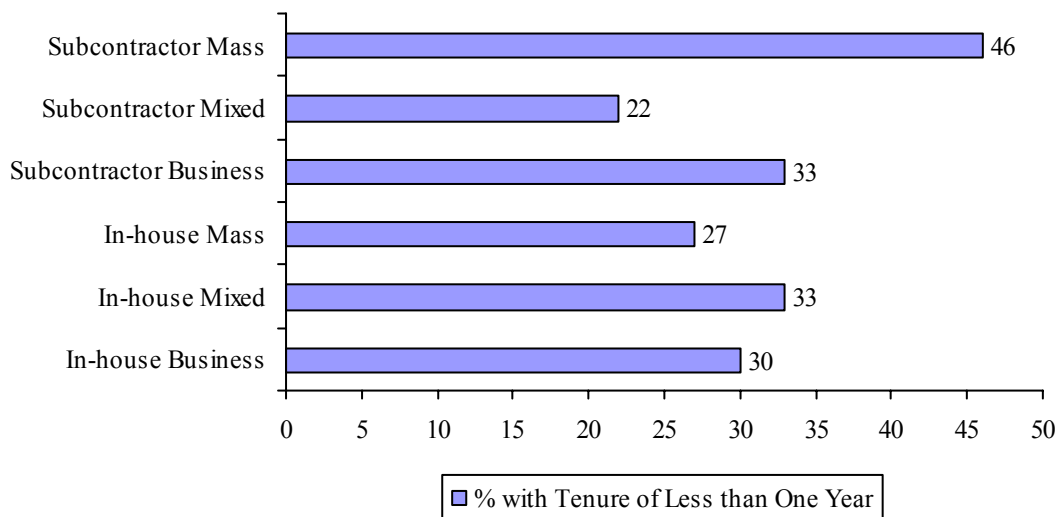
**Figure 5.1 Turnover: mean differences among call centre categories**



The larger the call centre the higher the quit rates, which may reflect a number of factors; for example that large call centres are more impersonal or have to recruit more workers and therefore are less selective, or that employees of large organisations with good reputations are more attractive to other employers. It is also interesting to note that 53 per cent of respondents thought that the presence of other call centres in the surrounding area had no effect on recruitment or retention, while 26 per cent thought that it did. For subcontractors, 33 per cent thought that the presence of other call centres had an effect.

An indicator of employee stability is the percentage of CSRs who have tenure of less than one year. On average, 30 per cent of CSRs have tenure of less than one year. Subcontractor mass-market call centres have a significantly higher proportion of CSRs with tenure of less than one year than in-house mass-market call centres.

**Figure 5.2 Proportion of CSRs with tenure of less than one year: differences among call centre categories**



## 6. Factors Shaping the Adoption of Human Resource Practices

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Modern human resource management theory identifies two models of human resource management: a high-involvement approach and a low-involvement approach. The high-involvement approach is often viewed as particularly appropriate to call centres serving high-value customers or customers with complex needs in which the operational requirements are to build a relationship with a customer in order to provide a customised and skilled level of service. The human resource practices employed to achieve this include, for example, sophisticated recruitment and training practices to build a skilled workforce, job security and good terms and conditions to cultivate employee commitment to the organisation, and empowerment to give the employee the opportunity to provide a customised service, display discretionary behaviour and build a relationship with customers.

In contrast, the low-involvement approach is seen to be better suited to the provision of service to mass-market customers in which an important operational requirement is to deliver standardised services through short, standardised interactions. Organising service delivery in this way means that cheaper, unskilled labour and low-discretion job design can be used, which in turn permits low-cost HRM practices to be used to recruit, train and retain the workforce, for example, low rates of pay, minimal training and unsophisticated recruitment practices. Monitoring may need to be high, however, to ensure adherence to the standardised job requirements.

If a desire to adopt one of these models is driving the use of human resource practices in call centres, we would expect to find a strong association between (a) human resource practices and market context (e.g. strategy, customer segment), (b) human resource practices and operational requirements (i.e. the customer–employee interaction), and (c) human resource practices. Our analysis did not, however, reveal all of these anticipated strong associations.

First, we found that the choice of human resource practices was not strongly, if at all, associated with the type of market context or strategy. In other words, we did not find strong evidence that call centre managers are matching human resource practice to strategic aims or a particular customer segment. Second, there is some match between

operational requirements and human resource practice. Jobs are more likely to be designed with high levels of both (a) task discretion and (b) interaction discretion when relationship building is an operational requirement in the call centre. CSRs are also more likely to have a high level of interaction discretion when developing a rapport with customers is an operational requirement. Having an element of selling in a job is not associated with how the job is designed, or the performance monitoring or other human resource practices of a call centre. Both appraisal and training in interpersonal skills are more likely if developing a rapport with customers is an operational requirement. These results suggest the operational requirements of the call centre play a role in shaping job design, i.e. that jobs are being designed to match operational requirements.

Third, there was no strong pattern of associations among the human resource practices that we investigated. For example, it is not the case that those call centres that use sophisticated selection tests also tend to train more. However, job design is associated with some human resource practices. Jobs in which CSRs have a degree of discretion over how they interact with the customer are more likely to be associated with both appraisal and training in interpersonal skills. Interestingly, training in stress management is less likely where CSRs are given high levels of job discretion; we can surmise that this is because such jobs are less stressful. Also, where CSRs are given high levels of task discretion, quality improvement teams are more likely to be used. Strong associations are also found within the domain of training where:

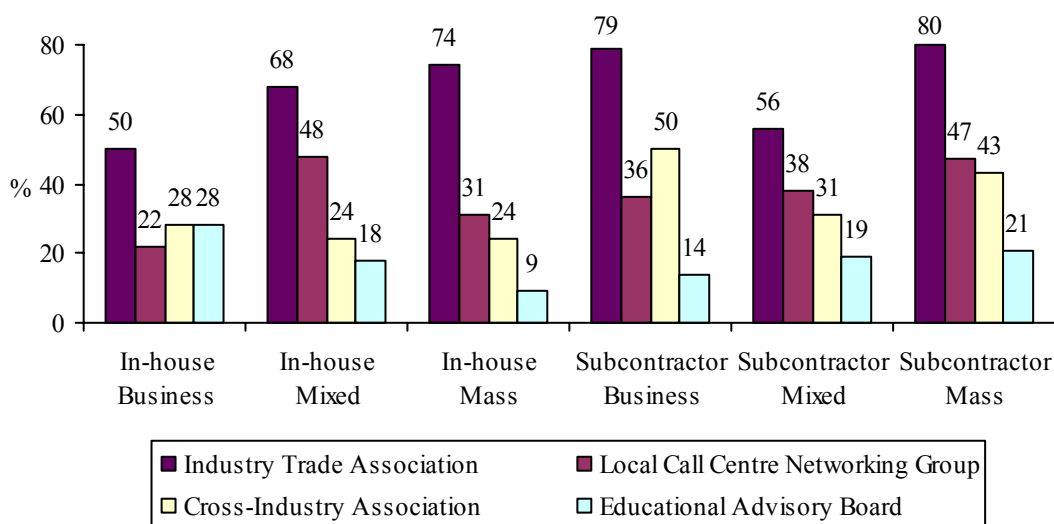
- The greater the training given to new recruits, the more training is likely to be given to experienced CSRs.
- If training is given in customer interaction skills, it is also more likely to be given in both interpersonal or teambuilding skills and stress management.
- Training in such interpersonal skills is more likely to be given to experienced CSRs than as part of the initial training of new recruits.

The results indicate that while some human resource practices are likely to be used together, there is no strong evidence of the co-existence of particular human resource practices that we included in our study. Amongst the possible determinants we studied, the main factor that shapes the use of human resource practices is the operational requirements of the call centre.

## 7. The Institutional and Wider Context

Call centres can be related to a range of external institutions and may draw on public resources, such as public recruitments services or loans and grants. Involvement in external bodies provides an important means through which innovation and best practice can be learnt and disseminated. Figure 7.1 shows that almost three-quarters of call centres are involved in industry trade associations, a figure that may reflect the fact that the sample is mainly comprised of CCA members. There is considerably less involvement in local networking groups or cross-industry associations, and the least involvement occurs with regard to Educational Advisory Boards.

**Figure. 7.1 Participation in External Institutions**

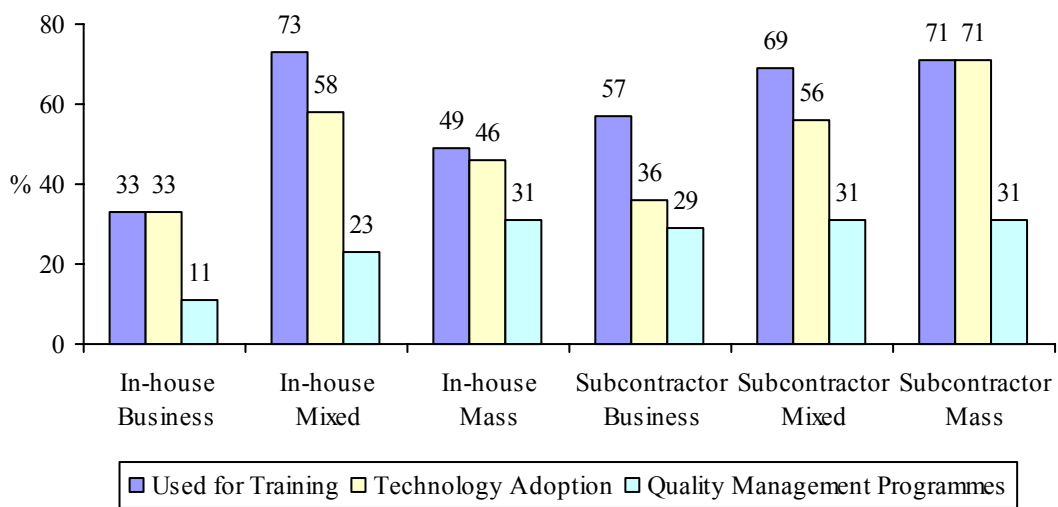


Consultants are most often used to run training programmes and to help with technology adoption (Figure 7.2). In-house business-market call centres are the least likely to employ consultants.

We asked respondents to indicate the extent to which they used various forms of public assistance. Public job recruitment and placing services are used to varying degrees, with 42 per cent of centres using them a lot or a great deal, and 16 per cent not at all, and in about 10 per cent of centres employees were participating in a publicly funded training programme.

Publicly funded sources of help are also available in the form of site location assistance, incentives for locating in targeted zones, tax abatements, and other special loans and/or grants. In general the uptake of these sources of assistance was low, with 82 per cent not using any of them. However, subcontractor business-market call centres are significantly more likely than in-house call centres to have used location assistance grants, tax abatements and other special grants or loans.

**Figure. 7.2 Use of consultants**



## 8. Conclusions

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This study points, on the one hand, to a great deal of commonality between call centres with regard to job design and performance management. Call centres in the UK typically have low levels of task discretion and moderate levels of interaction task, and few call centres use quality improvement teams and autonomous work groups extensively. This is the case regardless of the education level of the employees. Moreover, performance appraisal and performance monitoring are used extensively.

Yet, on the other hand, there is a much greater variability between call centres in the extent to which they use other human resource practices, such as sophisticated selection, extensive training and performance-related pay. There is also a difference in the frequency with which the results of performance monitoring are fed back to employees, which implies that, while monitoring is used extensively, there is variation in its intensity. Furthermore, the use of these other human resource practices is not strongly associated with the way jobs are designed. Nor are HR practices associated with differing call centre strategies, market context, and operational requirements, although the one exception to this is the link between operational requirements and job design.

Much public discussion of call centres in the UK has been framed in terms of the need to move from a mass-production, low-involvement model to a high-skill high-involvement model. In these terms, the design of jobs in the bulk of call centres could be labelled as following a mass-production style. However, it should be stressed that such job designs exist regardless of a call centre's strategy or the market it serves, and that low discretion jobs are not necessarily associated with low-involvement, low-cost human resource practices. As such, it is too glib to subsume all UK call centres under a mass-production, low-involvement label when setting the benchmark for future policy.

Nonetheless, our research suggests that focusing on the job design of the average call centre may be a realistic place to begin a discussion. Not only is the average level of task discretion low in UK call centres, but this low task discretion is associated with lower levels of reported customer satisfaction and higher quit rates. These associations hold regardless of the strategic context, operational requirements or human resource policy being adopted. It is not the case for example that only call centres with high levels of job

discretion that serve specialist business customers benefit from that discretion. Call centre performance does not necessarily depend on getting the right fit between job design and market or operational requirements.

Rather the implication is that the enhancement of job discretion should improve customer satisfaction and lower quit rates across all call centres. Furthermore, as low levels of both task and interaction discretion do not reduce operational performance – measured for example by response time – it would appear to be the quality of the interaction that is most affected when task discretion is low.

The study thus offers support for human resource policies that centre on job design and employee participation whatever the market context. Public initiatives could usefully help by disseminating practical guidance on the steps managers might take towards improving employee empowerment and involvement in call centres.

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## Glossary of Terms

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### Forms of Employee Representation

***Trade union recognition for collective bargaining*** Trade unions involved in negotiations concerning pay and other terms and conditions of employment.

***Works council*** Local or firm-level committees of workers and management involved with issues ranging from the basic rights of employees, to plans relevant to employee welfare, to full co-determination in areas such as personnel management.

***Staff association*** Non-union based form of employee representation often specific to a particular organisation.

***Joint consultative committee*** A forum for information sharing and consultation between management, and employee representatives, which may include union representatives, and cover a range of issues, both business and welfare.

### Technology

***Web-enablement*** Technology that assists employee and customer interaction over the internet. It includes joint browsing, chat, and instant messaging.

***Voice over IP*** Technology that enables the routing of voice conversations over the internet instead of dedicated voice transmission lines.

***Electronic CRM*** Technology used to support a customer relationship management strategy and which typically enables the capture, access, and update of data from all customer transactions, including detailed customer profile and information, multimedia contact history, case history and activity, contact journal, work assignment, and work management.

***Workflow management*** Allows the organisation and sometimes customers to track the flow of work through a system.

***Speech recognition*** Computer-based technologies that interpret human speech.

### External Institutions

***Local call centre networking group*** Regionally based networking group specific to call centre industry.

***Industry trade association*** Network and/or or interest group specific to call centre industry or industrial sector.

***Cross-industry association*** Network and/or interest group covering many industrial sectors.

***Educational advisory board*** Group advising local or national bodies on skills training and education.

