# Well-being and Call Centres

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## Introduction

The number of people working in call centres within the UK has been increasing dramatically in recent years. At the same time, there has been a growing awareness that the work can be stressful and repetitive with little individual discretion. This report seeks to understand why, and in what ways, call centre employment can reduce employees' well-being. It also details practices and research findings that suggest ways to positively influence the well-being of workers.

#### UK call centre facts

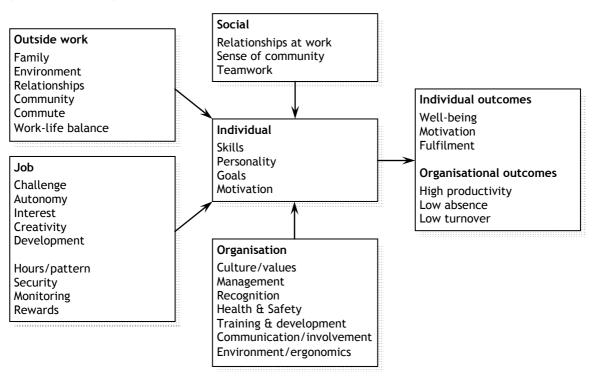
- In total, 6,000 call centres employ 850,000 workers within the UK.
- The industry has expanded by 250 per cent since 1995 (DTI, 2004).
- Employment in call centres is expected to reach one million by 2007 (DTI, 2004).
- The number of workstations devoted to frontline customer service is predicted to increase by nine per cent a year (DTI, 2004).

#### What is well-being?

Well-being (in the work context) covers a range of work-based (job, organisation and social), non-work based and individual factors (see Figure 1, below). Someone with high levels of work-related well-being is likely to have job satisfaction, be motivated and committed to their work; and therefore more productive for their organisation.

Given that the call-centre environment can be challenging for customer service representatives (CSRs), involving often routine, repetitive work and dissatisfied customers, employee well-being should be an important consideration for employers. This paper will focus on some of the factors within call-centre work that diminish well-being and the strategies which employers can use to improve the situation. This should, in turn, influence productivity.

Figure 1: Well-being



Source: IES, 2006

## The nature of call centre work

The increase in the use of call centres has been driven by customer demand for 'out of office hours' access to a range of services, as well as their desire to access services from home. Coupled with this, employers also favour call centres because they enable organisations to cut the cost of servicing customers, by centralising customer-facing operations.

Technological advances have also fuelled expansion, with new services such as internet shopping increasing consumer demand; while automatic call distributors and computer-telephony integration are enabling organisations to realise greater cost savings.

The nature of call-centre work tends to be characterised by two opposing views, each presenting a very different image of the call-centre environment. Table 1 below outlines these views.

Table 1: Overview of call-centre work	
Diverse working model (Taylor and Bain, 2000)	
Higher status because high skills set is required (including knowledge of company, competitors' products and ICT)	
Competitively paid	
Increased discretion owing to complexity of work	
Less monitoring because of increased dependence on individuals' communication skills	

The true nature of call-centre work probably lies somewhere between these views. The work experience that an individual faces depends on the different characteristics of the type of call centre under discussion. Houlihan (2002) points to the fact that call centres can be differentiated by type, relating both to organisational strategy, for example low cost or high differentiation, and to task, ranging from 'advice', 'sales', and 'transactions'. There will, therefore, be a relationship between the type of call centre, the amount of work that is routine and the depth of knowledge required by CSRs to carry out their roles.

Irrespective of the differences within the industry over the extent to which employees have the opportunity to exercise their skills, call centre work involves communication with customers through the integration of telephone and visual display unit (VDU) technologies. As Taylor and Bain (1999) explain there is a 'common and defining call centre labour process in which operators scan and interpret information on VDU screens, manipulate keyboards to enter or retrieve data and simultaneously communicate with phone-based customers'.

There has long been an inherent tension between quality and quantity within call-centre work. An important aim of the majority of call centres is to deal with calls quickly and efficiently. However, it is also key to the success of the business to reach a balance between efficiency and customer satisfaction with the service being provided. This tension has been noted in several studies with Lankshear et al. (2000) concluding that 'What on one criterion is excellent performance, may equally represent poor performance on a parallel measure' (Lankshear et al., 2000 cited in Houlihan, 2001, p.212. See also Armistead et al., 2002 and Wallace et al., 2000).

The report will now look at some of the potential barriers to well-being faced by workers and employers in call centres and establish potential ways of overcoming them.

## Well-being Issues in Call Centres

## Employee turnover and absence

High turnover rates and high levels of absence among call-centre employees are well documented. Several studies have shown that the industry tends to suffer from higher than average levels of non-attendance. The *Global Contact Centre Benchmarking Report* (2003) from the Merchants Group put the proportion of working days lost to absence at an average of ten per cent; with CM Insight (2004b) estimating that such absenteeism costs the industry around £626 million a year. Incomes Data Services (2003) also found that absence levels in the industry were higher than in many other industries, in their survey of pay and conditions in call centres. They found that workers took an average of almost three weeks off work because of sickness in the 12 months following June 2002. A CIPD survey also found that absence was higher in the call centre industry (eight days per annum) than in the private sector generally (6.8 days).

However, there can be wide variation between call centres with regard to staff absence and turnover. According to Holman and Wood (2002), who surveyed 142 call centres in a wide range of sectors, sickness rates ranged from two days and under in the top ten per cent of call centres to 12 to 18 days in the bottom ten per cent. Similarly, within all the call centres studied average labour turnover was 13 per cent; but within 50 per cent of call centres the rate was eight per cent or below, while for the bottom ten per cent the rate was between 28-82 per cent.

Ruyter et al. (2001) claim that call-centre work is one of the ten most stressful jobs in today's economy (cited in Malhoutra and Mukherjee, 2004). In support of this finding, a study by Hyman *et al.* (2003), which focused on issues of work-life balance in call centres, found that almost 40 per cent of employees reported feeling exhausted after work 'quite often' or 'always'. They also found that 45 per cent of respondents reported feeling stressed in the job 'quite often' or 'all the time' These manifestations of physical and mental spill-over from work were frequently raised in interviews with employees, with regard to the effect of their work on their personal lives. Findings from Rose and Wright's study (2005) indicate that 'low-skilled call centre jobs allied with high levels of technological and management controls do not contribute towards employee well-being and satisfaction'.

Malhoutra and Mukherjee (2004) discuss the concept of 'affective commitment'. This refers to the employee's emotional attachment to, identification with, and involvement in the organisation. Organisational commitment is thus linked with service quality; if employees accept the company's goals and missions they are more likely to put in 'discretionary effort' (the added effort that employees make above and beyond that required to maintain their employment). They conclude that 'a service organisation should strive towards developing the affective component of commitment in employees,

as this component has the most significant relationship with service quality' (Malhoutra and Mukherjee, 2004).

Because of the often challenging nature of call-centre work, especially in terms of the routine work it can entail, job design is an increasingly important factor in tackling employee well-being within call centres (see case study 1). This focus on job design can also help ameliorate some of the less attractive aspects of the CSRs role.

#### **Case Study**

Houlihan's (2002) case study of 'Education Line', a national helpline giving information on training opportunities and career advice, looked at the impact of job design on issues such as staff motivation and absenteeism. She found that the company achieved higher levels of staff well-being by focusing on particular practices.

#### These were:

- focusing upon social as well as business objectives, which led to an ethos of staff input and development
- a certain amount of discretion within customer calls, especially within those that were more complex
- recruiting staff from a diverse range of backgrounds, including teaching and counselling, as well as from traditional call centres.
- a deliberate strategy of utilising and developing CSR knowledge; the job description stated that CSRs would seek to 'think creatively about the service'
- a two-tier approach, within recruitment, that encouraged staff to develop their skills from initial recruitment as an 'information adviser' to 'learning adviser'
- acknowledgment of the routine aspects of CSRs' work and allowing employees to take part in a variety or company development such as peer training and business development
- giving staff time away from the telephone for research and preparation.

Supporting the findings of Houlihan's study, Hyman et al. (2003) found that family friendly policies seemed to decrease the amount of stress that CSRs experienced while at the same time improving their work-life balance. They stated that 'the higher the score on company family friendliness, the lower the reported adverse effects of the job on health and feelings of exhaustion'.

#### **Emotional labour**

It could be argued that the source of much of stress within call centre work is the level of 'emotional labour' required for the job. This is the emotional, or interpersonal element of the work that CSRs do when dealing with customers. Examples of this are dealing with angry customers, calming people down, or projecting a friendly, helpful image, even when the CSR may not be feeling positive themselves. Hochschild coined the term (1983)

to describe the (often invisible) emotional content of the work of flight attendants. She describes it thus:

'This labour requires one to induce or suppress feeling in order to sustain the outward countenance that produces the proper state of mind in others'.

In other words, an employee may try to fake a certain feeling because they believe that it is required in order to carry out their work role. Interaction with the customer is a crucial part of the work that CSRs perform, and the need to project a calm, friendly, professional image at all times can prove to be a strain. In a competitive commercial environment, where the services a company can offer may not vary considerably from their competitors, it may be seen as important to offer that 'something extra' to the customer; a 'genuine' concern, a brief chat, a caring attitude. According to Ashforth and Humphrey (1993), in a market where the 'services rendered are relatively intangible, behaviour of staff strongly affects customer perception of product quality', with the result that the behaviour of staff can strongly affect the bottom line.

Rose and Wright (2005) looked at a variety of factors associated with employee well-being and found that one of the most challenging aspects of the CSR's job was dealing with difficult customers. Emotional labour can therefore be seen as a skill which CSRs need to do their job effectively. Hochschild, and others, have argued that much of this work is invisible and unacknowledged by employers. Houlihan (2002), for instance, argues that the perception of call-centre work as routine and involving low discretion masks the reality of a more complex set of skills that are needed by CSRs:

'The persistent interpretation of customer service as production rather than knowledge work disguises the emotional labour and discretionary work effort demanded of CSRs'.

This issue of 'discretionary work effort' has been raised in other studies. Taylor (1998), who carried out a study in a UK call centre, is critical of management's attempts to allow CSRs to 'be themselves'. Managers believe that customers will be able to detect how sincere the CSR is in their interactions with customers, and that by allowing CSRs autonomy in the way they communicate with customers, staff will give 'that bit extra', giving the company an advantage over competitors. Management strategy is therefore based on the premise that quality can be achieved through employee autonomy and staff should be left to 'build rapport' with customers in their own way. However, Taylor argues that total quality management (TQM) on which this strategy is based, does not give CSRs more autonomy, but actually demands increasing amounts of emotional labour. Taylor argues that sophisticated surveillance techniques contribute to this, and that although staff are supposedly allowed to 'be themselves', in practice, telephone calls are monitored and the system is closely regulated, and based on targets, bonuses, and monthly reports. Although staff do have some autonomy, they do not have a great deal, as the following quote from a CSR in Taylor's study illustrates:

'It does have an effect as you know that if you don't do things by the book they could be listening and could pull you up on it, you've got to be on your guard all the time, you can't just be yourself'.

If the premise is accepted that 'satisfied employees make for satisfied customers' (Zeithaml and Bitner, p287, cited in Malhoutra and Mukherjee, 2004) then it is essential to give CSRs the skills needed to deal with customers in a way that does not reduce their emotional labour to levels which affect their well-being.

Employees who are in a positive frame of mind are more likely to be helpful and considerate when dealing with customers. If a CSR is dissatisfied with their work, they are less likely to be able to provide exceptional service. Malhoutra and Mukherjee (2004) discuss the link between high staff turnover and lack of customer loyalty. They cite Schlesinger and Heskett (1991) whose concept of the 'cycle of failure' claims that dissatisfaction among staff results in high staff turnover, which in turn results in poor training and rewards by the organisation, in turn resulting in poor customer service. Therefore it is essential to implement policies which:

- encourage employee engagement with their company
- offer training and related services to employees that manage 'emotional labour'.

#### Performance measures

In many call centres, performance management is closely linked to the monitoring of both call response time and length of call. In most cases, hard data is collected by team leaders, which is then fed back to CSRs with an aim to improving efficiency and rewarding employees for this efficiency. Marr and Neely (2004) claim that call centre performance measures are dominated by stopwatches and measures, such as time to answer a call and call duration. Individual performance is generally analysed by focusing on the number of calls handled per hour and per day, a threshold percentage of administration associated with each call, and the average call transaction time. Monitoring calls for quality is also commonplace, though, as Marr and Neely (2004) point out, efficiency metrics are often used to assess service quality and customer satisfaction.

The issue of meeting targets can also be linked to employee stress. Most call centres operate a system based on targets and this can be a source of stress for CSRs. According to Rose and Wright (2005), who studied issues of satisfaction and control among CSRs in a medium-sized call centre in the financial sector:

'the perceived pressure from targets had a significant impact on social interaction and, indirectly, upon job satisfaction'.

This finding is reflected in other studies. People who have multiple targets generally felt like they were being watched and monitored continuously, so highly specified performance targets are often constraining and de-motivating (CCA/Kaisen Consulting, 2005). Although good practice suggests that call monitoring and performance feedback should have a development focus, this is not always the case. In the two call centres studied by Watson et al. (2000) the target-driven nature of the work resulted in appraisals focusing on whether or not agents had met targets rather than development needs

(Watson et al., 2000). IRS (2000) found that team-based remuneration is reasonably common in the call-centre industry. It reported that almost a third of the 79 call centres it monitored had a team reward mechanism in place. The Danish study of call centres found that, on average, group incentives are worth 23 per cent of gross salaries (Sørensen and El-Salanti, 2004).

It appears that performance measures can have a negative impact on employee well-being, especially if staff feel under pressure to meet targets. Case studies 2 and 3 look at what companies have done to improve their situation.

#### **Case Study**

Shopping Direct has made changes to its performance management strategy (Houlihan, 2002).

- The overall philosophy of the company has moved away from simplistic quantitative data. As well as collecting quantitative data, it also focuses on qualitative call performance, HR indicators and employee satisfaction.
- The company has moved away from leader boards and explicit sales targets and bonus structures.
- Performance achievements are recognised through internal publications and by giving prizes.
  These prizes, and other company activities, are geared towards meeting the needs of staff, many of whom have family needs.
- Company practices that assist employees in improving their work-life balance have been developed, for example organising children's parties and dry cleaning collection.

Other companies have undergone similar shifts in thinking with regard to performance management. Rose and Wright (2005) carried out a study at Knuckle, a medium-sized call centre in the insurance sector, and found that there was a 'relatively relaxed perception of targets on the part of management, which may be interpreted either as wishful thinking or as a reflection on the recent shift away from quantitative to qualitative measures'.

One manager confirmed that this approach was intended as a move from being 'output obsessed' to one which was 'quality conscious'. The results of this strategy indicated positive results, with CSRs reporting greater job satisfaction, and a willingness to get more involved.

#### Recruitment

Many call centres find it hard to recruit suitable staff. These staffing problems have a negative and damaging impact on customer service. Poorly motivated and disengaged employees are unlikely to provide the service quality necessary for the high levels of customer satisfaction upon which commercial success increasingly depends.

As well as ensuring the well-being of existing staff, some call centres are starting to address the issue of recruitment, to help ensure right fit. In order words, to ensure that newly recruited staff are suited to the job and have the right motivation. Increasingly,

recruitment strategies are focusing, not just on technical ability, but also on the personal characteristics of a potential employee.

#### **Case Study**

In order to address retention problems, William Hill worked in consultation with Kaisen Consulting to develop innovative ways of recruiting the right people for its call centre. As a result of the research, which helped to establish the characteristics of the 'ideal' employee, the company now assesses candidates according to a range of areas of competency. These include:

- behaviour and attitude such as whether people enjoy the peaks and troughs associated with the work
- communication skills
- 'managing emotion' (how people react to difficult clients, and how they feel about control over workflow).

The tests include a client-service exercise where candidates carry out a work-sample test that reflects the psychological demands of the work role. This emphasis on the psychological aspects of the job is an acknowledgement of the 'emotional labour' that CSRs require.

In the study of Shopping Direct Houlihan (2002) looked at the HR strategies of four call centres, in a range of sectors. Two unusual features of the Shopping Direct call centre were long length of service and the predominant use of part-time staff. This was in part owing to the company's recruitment strategy that encouraged part-time working; with the result that eighty per cent of order line staff worked four-hour shifts. A 'recommend-a-friend' scheme was also in place that ensured realistic job expectations for new recruits.

## Monitoring and surveillance

Advances in computer technology have led to call centres being characterised by high levels of surveillance and monitoring.

'If anything distinguishes a call centre worker it is both the extent to which they are subject to monitoring and the unrelenting pressure to conform to acceptable forms of speech, whether scripted or not.'

Taylor and Bain (1999)

Observing calls is the primary means of assessing service quality and monitoring agents' performance. There are two main ways in which team leaders, supervisors or managers directly monitor calls.

1. **Listening to calls** — managers listen to a sample of an agent's calls, either with or without their knowledge, to provide feedback on performance and identify training needs.

2. **Recording calls** — conversations are recorded and reviewed by the agent's manager within set criteria; these can include accuracy, attitude and responsiveness.

Some organisations also use mystery or test calling to benchmark performance against similar call centres. The research indicates that a high proportion of companies either listen in to, or record agent's calls.

- ContactBabel (2004) estimates that 83 per cent of UK call centres monitor customers' calls by listening to them, while 60 per cent record calls.
- A study of public sector call centres by the National Audit Office (NAO, 2002) found that managers listened to calls in 71 per cent of cases and calls were recorded in 35 per cent.
- Within the NAO study around 31 per cent made use of mystery or test calling. Most of the call centres in the NAO sample that were found to listen to calls did so to identify training needs and provide feedback to agents on their performance rather than form overall assessments of the quality of service. Of the call centres using recording to monitor calls, the majority did so for coaching and training purposes rather than as a tool to review and report quality.

A US survey (ICMI, 2005) of more than 800 call centre managers discovered that the top five aims of monitoring calls were to:

- 1. ensure the quality standards for each call are met
- 2. measure agent performance
- 3. evaluate level of customer satisfaction
- 4. identify customer needs/expectations
- 5. identify additional training needs for individual agents.

There tends to be some disagreement about the impact of these increasing levels of surveillance on organisational efficacy and employee well-being. Some commentators argue that monitoring acts as a useful performance tool and helps employees to improve their performance and develop new skills. Others claim that it is more of a punitive measure, and perceived by employees to be threatening. Holman (2002) argues that excessive monitoring has a negative effect on the employee in the long term: 'High job control has been found to be positively associated with job satisfaction' and 'the use of scripts has shown a positive association with emotional exhaustion'.

Rose and Wright (2005), whose study focused on a medium-sized call centre in the financial sector found that 'CSRs are subjected to, and perceive themselves as being victims at the "sharp end" of extreme technology'.

Similarly, the majority of agents polled in three call centres by Holman and Fernie (2000) said they felt they were monitored too much. Extreme monitoring by supervisors, and

not being allowed to take adequate rest breaks, were the top two concerns of call-centre workers calling the TUC hotline 'It's your call' when it opened in 2001.

The issue of employee autonomy is important in the debate about the impact of emotional labour. Many studies (Sharma and Black, 2001; James, 1989) have found that although emotional labour can be a difficult challenge for employees, it is made easier if this work is ameliorated by other factors such as job autonomy and discretion. Whereas monitoring and surveillance are usually important features of call-centre work, employees in other sectors, for whom emotional labour is an integral part of the job, are rarely monitored. For instance, according to Sharma and Black (2001), despite the invisibility of emotional labour and low pay among beauty therapists, many reported job satisfaction. The authors link this to job autonomy, as beauty therapists tend to work in private rooms or cubicles where there is little surveillance. The product they offer is also non-standardized (and allows for discretion in terms of style) as compared to the work of many CSRs. It may be this combination of emotional work and a high level of monitoring that makes the CSR role particularly stressful.

Hochschild (1983) argues that emotional labour causes stress and anxiety if the employee feels that they cannot 'be themselves'. As discussed above, Taylor also argues that the emphasis on surveillance in call centres can have an adverse affect on staff well-being, and that monitoring can lead to employees feeling anxious about their performance. However, others, such as Frenkel et al. (1998, cited in Holman, 2002) found that 'call centre employees generally accepted electronic monitoring when they could see its place within a broader system of appraisal and development'. It would therefore be helpful if managers could place the emphasis on development, and enable employees to see monitoring as a positive, rather than a punitive, tool.

## **Training**

The training provided to CSRs will reflect the type of call centre, and the nature of the work involved. While call centres have not traditionally provided development opportunities to staff, there is some evidence that companies are beginning to focus on this as a response to lack of staff motivation. There is also a focus on the more 'emotional' factors of the role, especially when dealing with customers.

Rose and Wright (2005) found that the Knuckle call centre provided different levels of training to CSRs. All employees underwent basic training, covering product knowledge, sales skills, call handling, and 'customer champion' (being able to deal with customers). Frenkel et al. (1998) claim that staff need to have the skills to 'remain calm amid the pressure of responding to a stream of customer calls and the ability to maintain a friendly, positive and tactful attitude while at the same time remaining disengaged psychologically as a defence against rude and abusive customers'.

Similarly, Houlihan's (2002) study of 'Shopping Direct' revealed a focus on non-technical aspects of the CSR role, whereby team co-ordinators are trained to encourage positive

thinking and product belief. This was an acknowledgement that CSRs often have to deal with dissatisfied customers.

As well as the elementary training that CSRs tend to receive in the majority of call centres, some companies also use training to address the issue of staff development. This is an important issue, in a sector that tends to be characterised by low discretion, and a lack of opportunity for progression.

#### Case Study

Houlihan (2002) looked at a call centre called CCB, which provided high-routine customer services to third parties on a contract basis. They encouraged staff to study for qualifications including NVQs. CSRs could move through five separate development stages. Each stage was linked to pay and reward. Examples of learning objectives included team skills, 'acting up', and adding more complex contracts to their skill set.

These opportunities for progression were popular among CSRs and they also suited wider business aims, providing the flexibility that the company needed. This training model seemed to be effective in helping to motivate staff.

## The role of supervision

A good line manager will have an influence on employee commitment, motivation, and the way in which staff view the company as a whole. Given the stressful environment of call centres the supervisor's role may be crucial to the well-being of staff.

In the call centre environment, the line manager or supervisor plays an important role as the link between the CSR and the senior management structure. Hirsh et al. (1995) note the trend in recent years towards line managers, rather than HR, taking responsibility for people issues. Line managers, therefore, tend to be involved in staff development, job design, career management, training and rewards. Therkelsen and Fiebich (2003) point to the importance of the supervisor as the linchpin of employee relations: 'employee loyalty lies primarily not to the organisation itself but with the work unity – especially the immediate supervisor'.

Rose and Wright (2005) found that the call-centre workers who generally regard themselves as playing a positive role within the wider organisation are regularly informed and valued by team leaders. They note that employee commitment and loyalty depends on good leadership, communication, recognition, and training. Houlihan (2001) found that managers who had been CSRs themselves tended to have a particularly good understanding of the issues that CSRs deal with. They therefore tended to work within the system, while also considering the impact of this system on staff motivation.

Supervisors should be trained to be good communicators, as this type of skill does not necessarily come naturally. A certain amount of discretion on the part of managers can also be helpful, given that the work of the CSR is often routine. This is an important

element of staff motivation. Houlihan (2001) found that some managers allowed staff to deviate from scripts to some extent as long they felt they were generally doing a good job.

Therkelsen and Fiebich (2003) argue that a supervisor's communication skills are vitally important and that these skills should be 'a meaningful part of the evaluation process'. Johlke and Duhan (cited in Therkelsen and Fiebich) found that employee satisfaction can be enhanced by simply increasing the frequency of supervisor-employee communication. While some companies use a newsletter or similar forms of communication, Therkelsen and Fiebich point to numerous studies that reveal that the overwhelming majority of employees prefer to get information about the company from their immediate supervisor.

Finally, it is important for a company to prioritise communication as an aspect of the supervisor's role and not just pay lip service to it. It must fit into the line manager's job design and time must be allowed for this aspect of the job. Houlihan's (2001) study revealed that in one call centre ('Housing Helpline'), there was an acute lack of training for supervisors, and she argues that 'reliance on ad hoc and self-initiated skills acquisition leads to narrow and fragile skill bases'.

#### **Conclusions**

A focus on the emotional and psychological well-being among staff in call centres is important for the motivation and health of employees, and also for business objectives. In an environment which has traditionally been characterised by low paid, low status work, with a high level of monitoring and little discretion or opportunity for progression, issues such as motivation are of particular importance. A lack of employee motivation is likely to lead to high levels of non-attendance and high turnover rates, especially if there is also a lack of compensatory mechanisms, such as pay, promotion and job security.

In order to improve some of the more difficult aspects of the job, employers are increasingly focusing on job design, the use of performance measures and appropriate training; with particular focus on policies that increase employee engagement and reduce turnover, absence and stress. Such policies will not only improve employee well-being, but also positively impact on productivity and the bottom line.

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