

ACTIVITIES AND ACHIEVEMENTS QUESTIONNAIRE

1. Non-Technical Summary

A 1000 word (maximum) summary of the main research results, in non-technical language, should be provided below. The summary might be used by ESRC to publicise the research. It should cover the aims and objectives of the project, main research results and significant academic achievements, dissemination activities and potential or actual impacts on policy and practice.

Background & Objectives

Considering the important contribution of the business process outsourcing (BPO) sector towards Indian economy, its potential for future growth, emerging problems related to the management of human resources (HR) in the same and a scarcity of reliable literature on relevant topics in this sector, this research examined the topics of HRM and internal marketing (IM) in Indian call centres. Given the broad scope of this research project, it was organized into two phases. Based in both the resource based and the human capital theories, the main objective of the first phase was to highlight the nature of HRM systems relevant to Indian CCs, emerging HR problems and the way forward. The second phase examined the importance of rewards, as part of IM, in influencing employee attitudes (three-component model of organisational commitment) and service behaviours (service quality, productivity and turnover intentions). Using social exchange theory and commitment theory framework, we investigate how both rewards and commitment have positive and negative effects on the provision of service quality, productivity and turnover intentions.

Phase 1 Results:

Ninety-nine in-depth interviews with different levels of employees (with one top HR manager, two team leaders and up to three shop-floor associates in each centre) were conducted to examine and highlight the patterns of HRM systems and HR related problems emerging in 21 call centres operating in India. The research centres are involved in a variety of operations (in-bound, out-bound, data-driven, voice-based) and owned by both Indian and foreign firms.

The work is highly structured in all the participating Centres with a strong emphasis on results. At the shop floor, work is organised in teams of 12-25 members led by a team leader who in turn report to managers. Most Centres have 2-3 shifts in order to cater to the needs of clients based in Western countries like the US and UK.

All the Centres are adopting a formal, structured and a rationalised approach to human resource management (i.e., recruitment, selection, training and development, performance appraisals, compensation). The HRM systems are mainly developed of this type to ensure that end results (i.e., targets) are achieved. In all the centres, the HR departments are playing a strategic role and considered crucial for the survival and flourishing of the Centres.

Attracting and retaining talent, along with high levels of attrition is one of the core HR problems reported by all research Centres. The main reasons reported for attrition includes poor career systems in the sector, good job market, higher salary offered by competitors and job-hopping.

Apart from attrition, a number of psychological, social and health related problems are also emerging in the sector. Given the significance of the sector to the Indian economy, it

is important to address such concerns at the earliest.

Phase 2 Results:

In the light of social exchange theory framework, a model was tested using SEM and MGA techniques to examine the importance of rewards (extrinsic and intrinsic), as part of IM, in influencing employee attitudes (three-component model of organisational commitment) and service performance (service quality, productivity and turnover intentions) in three types of call centres, i.e. Domestic-Inbound (Type A), International-Inbound (Type B), and Domestic-Outbound (Type C). The results of our study indicate that both extrinsic and intrinsic rewards are important for building all three components of organisational commitment amongst frontline employees, i.e., affective, normative and continuance. However, extrinsic rewards should not be relied on by management for improving employee performance (service quality or productivity). They should not be tied to/linked with performance improvement as their effect is likely to be negative. Rather they should be used to build employee commitment, which in turn should help improve service performance. On the other hand, the effect of intrinsic rewards was found to be positive on employee service performance (both service quality and productivity). Hence, when it comes to performance improvement strategies, intrinsic rewards should be offered by management.

With respect to the effect of the three-components of commitment on service performance, overall, normative commitment was found to be the most powerful component of commitment for influencing service quality of frontline employees in Indian call centres. Hence, it is prudent for Indian call centre management to cultivate this component of commitment. Overall, affective commitment was found to have a positive effect on productivity of frontline employees in Indian call centres. The only exception being Type B call centres (international-inbound) where affective commitment was not found to be effective either for service quality or productivity of frontline employees. Continuance commitment was found to have a positive effect on service quality in Type A, and on productivity in Types B and C. This finding is surprising as literature normally talks of continuance commitment being a discouraging and negative organisational aspect, and having either negative or no relationship with performance. Hence, continuance commitment does influence performance positively in the non-western cultures. The results of our study also indicate that turnover intentions are almost inevitable in Indian call centre context. Neither extrinsic nor intrinsic rewards can help reduce turnover intentions among frontline employees. However, in Type B call centres (international) all three components of organisational commitment could help minimise turnover intentions among frontline employees. In Types A and C (domestic), normative commitment emerged as a powerful tool to combat turnover intentions. Hence, organisational commitment is the key to reducing staff turnover.

Conclusion, Impacts and Dissemination

Our findings would help managers in understanding suitable HR systems relevant to the Indian call centre context, and in designing suitable internal marketing strategies for developing employee organisational commitment, improving their service performance, and better retention management. Comparison of our findings with the UK study would also help the policy makers in understanding the key differences in the two contexts as is evident from the results. This study has generated 4 research publications so far in Journals, Book chapters and Conference Publications. Some more publications are in W.I.P, and will be published and disseminated in refereed academic journals and conferences of international standing.