

QUIS 11

Moving Forward with Service Quality

Edited by

Bernd Stauss¹

Stephen W. Brown²

Bo Edvardsson³

Robert Johnston⁴

¹ Ingolstadt School of Management, Catholic University Eichstaett-Ingolstadt, Germany

² Center for Services Leadership, Arizona State University, USA

³ Service Research Center - CTF, Karlstad University, Sweden

⁴ Warwick Business School, University of Warwick, UK

Ingolstadt School of Management
Catholic University Eichstaett-Ingolstadt
Germany

Published by:

Ingolstadt School of Management
Catholic University Eichstaett-Ingolstadt
Germany

First published in 2009

The copyright of each paper remains with its author(s)

All rights reserved, no part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the authors.

This book may not be lent, resold or hired out or otherwise disposed of by way of trade in any form of binding or cover other than that in which it is published, without the prior consent of the publishers.

ISBN 978-3-00-027342-1

QUIS 11: Moving Forward with Service Quality

Proceedings of the QUIS 11 - Services Conference, June 11-14, 2009,
Wolfsburg, Germany

Printed and bound by Print Services, Volkswagen AG, 38436 Wolfsburg,
Germany

This printing is financed by the German Federal Ministry of Education and
Research



Federal Ministry
of Education
and Research

AFFECTIVE COMMITMENT STIMULATION THROUGH SYSTEMS THINKING

Ayham Jaaron and Chris Backhouse

Loughborough University, UK

ABSTRACT

The objective of this paper is to report on a case study conducted at a UK city council to explore the relationship between improving the service operations using a “Systems Thinking” approach and the “Affective Commitment” of frontline employees within their call centre. The case study was carried out using administrative documents, face-to-face interviews, structured questionnaires and direct observation to collect data from both key management informants and employees at operative and strategic levels. The case study finds a strong relationship between the “Affective Commitment” among front-line employees in the call centre and the form of call centre service operation systems used.

INTRODUCTION

The environment and the management of call centre operations have many contradictions that need to be investigated in relation to their impact on service quality. The objective of this research is to explore the relationship between improving service operations and the “Affective Commitment” of frontline employees within a UK city council’s call centre. In recent research it was found that “Affective Commitment” is more effective than job satisfaction in influencing the service quality of customer-contact employees (Malhotra & Mukherjee 2004). Effects of “Affective Commitment” on service quality can be explained by considering the fundamentals of the concept as introduced by Mowday et al. (1982). These include the employee’s personal characteristics, structural characteristics, job related characteristics and work experiences. Employees whose working experiences are rewarding and fulfil their aspirations were ready to exert more effort on behalf of the organization to deliver high levels of service quality than those whose working experiences are less rewarding (Meyer & Allen 1991, Mayer, Allen, & Smith 1993).

It is noteworthy that “Affective Commitment”, differs from job satisfaction in several ways. “Affective Commitment” is defined as the employee’s psychological attachment to and involvement in the organization (Mowday, Steers & Porter 1979). As a consequence, the person strongly identifies with the goals of the organization and desires to remain a part of the organization. The employee remains a part of the organization because he/she wants to do so. Job satisfaction, on the other hand, is defined as an employee's attitude towards his/her job aspects (Weiss 2002). Hence, Affective Commitment is a more global construct that emphasizes the strength of bonds with the company, including its values and objectives (Porter, Steers & Boulian 1974), while job satisfaction “emphasizes the specific task environment where an employee performs his or her duties” (Mowday, Steers & Porter 1979).

Nottingham City Council is an all-purpose unitary authority in the UK East Midlands region providing all local government services within the City of Nottingham administrative district. In order to provide professional guidance, execute decisions and deliver services, the Council is divided into six departments, each led by a chief officer. The chief officer reports to a single chief executive who in turn is responsible to the elected City Council. The departments available are:

- Adult Services, Housing and Health.
- Children's Services.
- Community & Culture.
- Environment & Regeneration.
- Performance & Strategy Group.
- Resources.

The contact centre at Nottingham City Council is open from 08:00 to 18:00 weekdays with a total employment of 40 staff.

ORIGINAL SITUATION

Improvement initiatives carried out at Nottingham City Council over the past few years have resulted in a significant increase in services offered. However, the performance of the service operations is a regular source of criticism from ever more demanding constituency voter. The Government key performance indicators (KPIs), measures and legislations have become a cause of concern in the service operations due to the overwhelming focus on targets, statistics, quality regulations and documents marking and archiving that are currently known as System Conditions. The waste present in the service system makes the service process sluggish and time consuming. Some would say that Government targets have become a greater driver for Nottingham City Council than the customers themselves. However the City Council has to achieve targets of the Government to keep receiving the funds necessary for the projects they run.

In the Council Tax and Housing Benefit Departments the purpose of the service system from the customer's perspective is "to help me pay my rent and/or my council tax". In contrast, the purpose of the original system from the staff perspective-derived from the management practices- is "to do my task and meet my target". This mismatch of perceived purpose was identified as resulting in a sub-optimum solution.

Managers in the call centre monitored front-line employees against call handling targets. Performance was displayed on screens visible throughout the call centre with a call average handling time allowance of seven minutes. For all but the simplest issues front-line employees acted as filters directing callers on to those with experience in the particular area. As a result almost 75 per cent of work was passed to the back office where experts were located to deal with customer enquiries regarding their Tax and Benefits. Front-line employees in the Call Centre had limited knowledge of customers' claims progress due to the limited communication between departments. This situation left front-line staff with limited ownership of callers' issues. As a consequence the working experience of employees in the call centre was not truly rewarding and did not fulfil their work aspirations despite the fact that they were truly committed to their job of aiding callers to overcome their problems and needs. This left their readiness to exert more efforts on behalf of the Council and their "Affective Commitment" at stake.

"SYSTEMS THINKING" AND SERVICE ORGANIZATIONS

"Systems Thinking" is an approach for the design and management of work. It is based on designing the organizational systems based around customer demand instead of in functional hierarchies. It integrates the decision-making processes with the work itself. To design against customer demand is to be more responsive to them. This implies that the waste present in the current system has to be reduced in the new design to enable the quick response. When waste is removed the capacity of the system increases which allows for costs reductions and service quality improvements (Seddon 2003).

Service organizations are typically exposed to a greater demand variety from the customer than are manufacturing organizations (Seddon 2003). In order for the service organization to absorb demand variety it needs an adaptive mechanism similar to that of a living organism that can adapt to the surrounding environment in order to function and thrive. Such an organic structure is typified by devolved decision making processes. Organizations where employees are given the ability to make work decisions are more able to create a variety absorbing system. In addition people who are working under such standards have a sense of freedom and ownership. The characteristics of this approach are that jobs are wide in scope and employees are allowed to act on a variety of tasks, to learn and to build relationships with customers (Seddon 2005). These tasks are not governed by rigid rules and procedures; the team shares the responsibility of the work. Hierarchy of control is not usually present thus allowing the team to identify the right person to solve a particular problem. This is congruent to the characteristics of the Organic Structures introduced by Robey & Sales (1994).

CASE STUDY

The case study conducted at Nottingham City Council aimed at exploring the relationship between improving the service operations and the “Affective Commitment” of front-line employees within their call centre. The approach to service was based fundamentally on redesign from the customers’ perspective. It started with a series of meetings for Customer Services Management and the Project Team. These meetings were aimed at introducing “Systems Thinking” and explaining who and what would be affected by the “new way of working”. This was followed by managers’ workshops. A series of ‘Customer Services – A New Way Of Working’ presentations was also held for staff. This started in the Customer Services Directorate, which has responsibility for the administration of Housing & Council Tax Benefit, Council Tax collection and customer contact. The service review was aimed at developing a new organisational structure, new systems and a customer centric approach to the delivery of the services on offer. A decision was reached that the Housing Benefits and Council Tax would be the first areas to be addressed. A team (the ‘Check Team’) from staff having a variety of experiences and expertise from across the Contact Centre Division was established. Work on this project progressed in five stages:

1) Check: This stage started with Demand Analysis. The Check Team visited the Contact Centre frontline (phones & counter), Council Tax, Benefits Processing, Customer Relations, Pupil Benefits and two housing offices in order to collate information about what customers expect and want from their City Council and what matters to them most. Data collated in this process enabled identification of the major demands coming into the area. These are:

- I want to pay Council Tax
- I want to claim Benefits
- I want to change Council Tax
- I want to change Benefits
- I want some information

A visual representation of each operation carried out in the Contact Centre was developed as a flow chart with three key checks on accuracy being:

- It must be end to end (from customer view)
- It must be followed - wherever it goes
- It must capture what the staff actually do

Identification of waste (actions not adding any value from the Customer’s point of view) present in the service operations flow was then carried out. All processes classified as waste

were marked in red on the process flow chart. Processes that add value from a Customer's point of view were marked in green. The examples of waste are duplication of quality checks, queuing claims, waiting / delays in documents scanning to the system, checking, sorting, counting, batching claims documents, and rework of claims with missing information. It was found that only 39 per cent of activities added value from a customer point of view.

2) Redesign: This stage started with a presentation of the findings of Check phase. This was followed by the team redesigning the processes flow diagrams taking what have been learned considering the customer "wants" and then mapping out the service of the future. The new design focused on minimizing non-value adding activities from a customer point of view. However it was recognized that complete elimination of non-value adding activities from a customer point of view was never going to be possible.

3) Experiment: With the re-design work, comes the practical work. The new design was used in an experimental environment with the Check Team using the new model. The Check Team was allocated a place in the call centre area and was initially dedicated solely to one of the geographical areas of the city called "Clifton North". The new processes were tested, re-designed and re-tested again to make sure that customers get the best possible service before going live in the Contact Centre. The "Experiment" team-an integrated team containing both Housing Benefits and Council Tax staff-worked side by side and shared knowledge and expertise. The links between the two systems were made directly eliminating the need to pass formal documents within the team or to the back office.

Sending letters that request information from the customer were avoided; instead customers were telephoned asking them to bring in what was required to support the claim. Any written correspondence that was required was sent with a return envelop addressed to "Clifton North Team". This ensured that the correspondence was received by the member of staff dealing with the case. The team avoided sending anything to an outsourced scanning company by providing in-house scanning equipment. This initially could be seen as increasing cost but in reality significantly reduced delay and brought down overall costs.

The outcome of these new practices was productivity improvement in the processing of new claims; changes for Housing Benefits and Council Tax and improve income collection, which by implication, resulted in a responsive and positive customer feedback.

4) Roll-out: This stage covered implementation of the new model within the rest of the Contact Centre by a gradual rolling out. As the Check Team progressed and the discussion was held about the roll-in of staff to this new way of working, it was key to continue the identification of appropriate training. This training included learning about "Systems Thinking" and putting that into practice; understanding and using the new ways of working as progressed by the Check Team. To provide those training needs there was a mixture of classroom type training, mentoring and practical learning.

Dependent on the operational training requirements, sessions included staff whether in the initial stages of roll-in or later stages, this ensured the development was ongoing and across the service.

5) Continuous improvement: This stage was embedded into the fully operational environment and involved making smaller changes to the way of working to improve the service offered. This stage involved the identification of further comprehensive staff training needs as they arose in the contact centre as a result of using new software systems and procedures. In addition, a number of underpinning projects were set up to make sure that the project was undertaken holistically. Work streams around letter and statement redesign were set up to create a baseline for the improvement of customer understanding and reduce failure demand.

A government targets project was set up to meet the reporting expectations of the local authority and inspectorate regimes. The contact centre had to report back progress against measures and targets set by the various inspectorate regimes. This project helped the contact centre translate targets into measures. These measures relate to the customer purpose and enable the contact centre to actively improve the system on an ongoing basis.

A staff training project including training tools development was set up in order to ensure that all staff and managers fully understood the new human resources policies and procedures and knew how to work with them. Stakeholders such as Human Resources were engaged in this process to understand why certain system constraints, such as targets, would need to be removed.

Finally, a resourcing project provided the call centre with a robust mechanism for accurately assessing the amount of resources to run the service and to understand the types of demand so that forecasts can be produced. The Japanese continual improvement philosophy "Kaizen" was the guiding principle for this stage.

METHODOLOGY

Data was collected through multiple data collection methods consisting of administrative documents, face-to-face interviews, questionnaires and direct observation. The key management informants for the study were a team consisting of 10 employees from a cross the contact centre division known as the "Check Team" who had sufficient knowledge and experience of the current system's performance and were responsible for the implementation of the "Systems Thinking" project.

Data collection procedure

The data collection procedure did not commence until after approval from the service director at Nottingham City Council was obtained. A supportive introduction was given about the original systems used and their effects on employees and customers. The data collection method started with a face-to-face 30 minutes structured interviews with 39 members of staff from all teams from across the Contact Centre (calls and counters), Housing Benefits and Council Tax officers. Both team leaders and front-line staff were interviewed. The interviews were conducted on a one to one basis in confidence and individuals had the option of anonymity- some members of staff took this option. The questions of the interview were focused on the original systems pressures and obstructions, management concerns and attentions, departmental relationships, customer satisfaction and the problems that the staff faced during work at different locations. This was aimed at developing an understanding of how the original systems affected the working experience and objectivity of the service.

Once the interviews were completed, documents revision and analysis of the new claims coming into the Contact Centre were also studied with the help of the "Check Team". Three cases about new claims were investigated and chased. The total number of days required to process new claims from the first point of contact to input of claim were counted to understand how long it took to process customer claims. The extensive processing timeframes, the quality checks and customer re-contacts provided clear evidence of a large amount of system waste and sluggishness in the service operations.

During the literature review preceding the case study, various tested Organizational Commitment Questionnaires (OCQ) were identified. Porter et al. (1974) introduced a 15-item OCQ which was shortened to a nine-item version. The nine-item version OCQ was found to be more superior than the full 15-item version and more effective for measuring "Affective Commitment" (Commeiras & Fournier 2001). Hence, the nine-item version was used in this

case study to measure the “Affective Commitment” among the employees in the Call Centre who were still working on the old service system. The response format employed a five-point likert scale with the following anchors: 1) strongly disagree, 2) disagree, 3) undecided (on the balancing check), 4) agree, 5) strongly agree. Out of the 40 employees in the Call Centre 29 employees responded to this questionnaire targeting a response rate of 72.5 per cent.

The questionnaires were distributed to each employee’s desk and a message was sent by team leader informing them about the questionnaire and where to submit it after completion. This questionnaire allowed for a fast data turnover once the survey was completed. They were quick to complete (within two minutes) and it did not interfere dramatically with the participants’ schedule being completed in the workplace.

CASE STUDY FINDINGS

The results of this ongoing case study can be divided into three different categories: working conditions, service delivery and “Affective Commitment”.

The interviews outcomes

In this section the outcomes of the interviews conducted will be introduced in terms of system obstructions and their effect on the employees working experience and well-being.

- *94 per cent of staff stated that they knew they could do a better job with more rapid processes, faster IT, more training and more information.*
- *56 per cent of staff stated that they believed customers were not happy with the service they were getting.*
- *In terms of customer focus: almost all the interviewed staff stated: “we were target oriented, not customer oriented” , “ the only opportunity to talk to customers was when something had gone wrong”*
- *100 per cent of staff stated that departmental relationships were very poor and there was a silo between sections and departments, that mentality wasted their working time and hindered the resolution of working issues.*
- *The majority of staff stated that management focus was on targets and statistics, the top management listened to their ideas but they were not taken on board.*
- *The majority of staff stated that they were looking for authority to change the simplest of things; customers must be first and not targets.*

These results describe previous working conditions at the City Council and the implications these conditions had to the service operations performance and the quality of service delivered.

The service delivery time study outcomes

In this section the outcomes of the study of the service delivery time to customer will be introduced in terms of the number of days it took to process new customer claims, three cases were chased that provided results as shown in table1 which were confirmed as typical:

Table 1 Service delivery time study

No.	Type of Service	Service Delivery Time
Case 1	Claim for Housing Benefit from the City Council owned houses.	80 days
Case 2	Claim for Housing Benefit from the City Council owned houses.	28 days
Case 3	Claim for Housing Benefit for tenant renting accommodation from a private landlord.	54 days

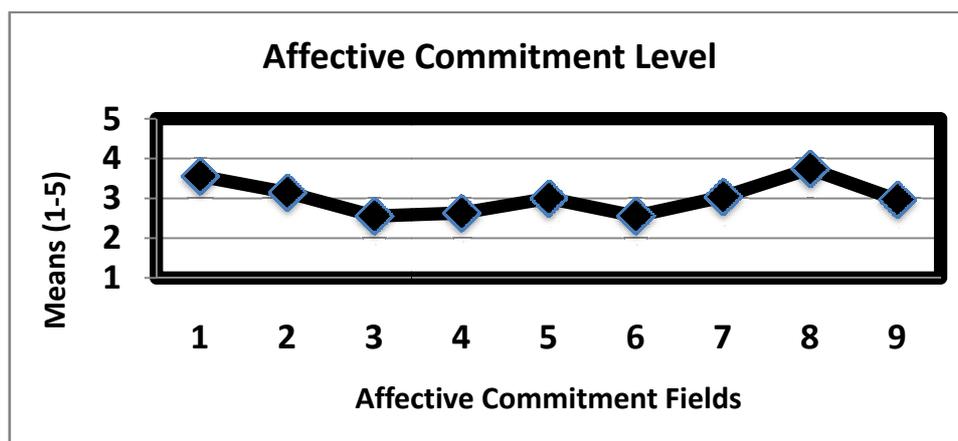
The total number of days it took to process a service to customers was found to be due to the checking procedures, awaiting more documents to arrive, awaiting documents scanning to system, and system conditions that restricts responding to customers at certain stages until after a specified period of time has passed.

The Affective Commitment measuring outcomes

Affective Commitment measuring before and after the implementation of the new service system design is the major purpose of this case study. Initially the “Affective Commitment” was measured before the implementation of the new service design, in other words under the conditions of the original service system described earlier. Out of the 29 respondents to this questionnaire only 27 respondents were considered, the remaining two respondents were eliminated due to their extreme response nature that might affect the statistics from being realistic. The shortened nine-item OCQ was analyzed using the SPSS statistical package to calculate the mean and standard deviation for each question. Responses to each question were measured using a five-point likert scale with scale point anchors 1) strongly disagree 2) disagree 3) undecided 4) agree 5) strongly agree.

A total mean for all the means was also calculated in order to examine how affectively committed the call centre employees were. The results of the questions analysis are outlined in figure 1 and further illustrated in table 2 for each item.

Figure 1 Affective commitment level at the call centre.



These results provide us with a clear indication of the low level of “Affective Commitment” among employees working at Nottingham City Council Call Centre with a total mean of 3.02 which shows an undecided “Affective Commitment” state, in other words, employees are not committed to their working place.

Table 2 Mean and Standard deviations for Organizational Commitment Questions.

Items	No.	Min.	Max.	Mean	Standard Deviation
<i>Q1: I am willing to put great deal of effort beyond that normally expected to help Nottingham city council be successful.</i>	27	1	5	3.56	1.013
<i>Q2: I talk up Nottingham City Council to my friends as a great organization to work for.</i>	27	2	5	3.15	.907
<i>Q3: I would accept almost any type of job assignment in order to keep working for Nottingham City Council.</i>	27	1	4	2.56	.974
<i>Q4: I find that my values and this City Council's Values are very similar.</i>	27	1	4	2.63	.839
<i>Q5: I am proud to tell others that I am part of this City Council.</i>	27	2	5	3.00	.877
<i>Q6: Nottingham City Council really inspires the best in me in the way of job Performance.</i>	27	1	5	2.56	1.086
<i>Q7: I am extremely glad I chose this Council to work for over others I was considering at the time I joined.</i>	27	1	4	3.04	.808
<i>Q8: I really care about the fate of this council.</i>	27	1	5	3.74	1.023
<i>Q9: For me, this is the best of all city councils for which to work</i>	27	1	5	2.96	.759
Overall Mean				3.02	

ETHICAL CONSIDERATIONS

To ensure the ethical treatment of all participants in this study all participants' names and positions were kept anonymous and questionnaires are kept in a secure place following the completion of this survey. A report was provided to Nottingham City Council after being approved and accepted by the academic supervisor. The effort to provide a report to Nottingham City Council for this survey is to ensure that results are accessible to service directors, managers and other concerned parties.

CONCLUSIONS AND FUTURE WORK

This study provides empirical evidence on the link between the service operations used and the "Affective Commitment" of employees working in call centres in the service sector, which has received little attention from researchers who instead have tended to focus on employee well-being, job satisfaction, turnover and low customer satisfaction without linking it to the service operations systems.

There are a number of explanations for this result of call centre employees "Affective Commitment" lacking. First, Nottingham City Council had a traditional call centre where the emphasis was on targets and statistics. This model is widely used in call centres in many different organizations. Tasks are so well defined by rules and procedures that standardize performance, and a clear hierarchy of control exists to monitor employees' performance and to coordinate their reporting tasks. As a result the main feature of work under such condition is the inflexibility of service procedures which explains the referring of most of the work to the back office. Second, service operations structural characteristics, job related characteristics and work experiences were found to be the main reasons for an unrewarding and unsatisfying working environment. Employees whose work experiences within an organization are pleasant and satisfying tend to develop a stronger affective attachment to the organization than do those whose work experiences are less rewarding. However, low service quality to customers is also a product of the poor departmental relationships. Enhanced collaboration between call centre and other departments at Nottingham City Council inevitably stimulates the flow of information that governs speed of service, and can provide opportunities for appropriate data sharing in a timely manner to provide a service intelligence of great value.

This case study is still ongoing and the second part is intending to re-measure the "Affective Commitment" of employees after the full roll-out of new service system design. This is going to explore the pattern of employees' "Affective Commitment" building as a result of employing a more organically structured service department.

REFERENCES

- Commeiras, N., and Fournier, C., (2001), "Critical evaluation of porter et al.'s organizational commitment questionnaire: implications for researchers", *The Journal of Personal Selling and Sales Management*, 21 (3) 239-245.
- Malhotra, N. & Mukherjee, A., (2004), "The relative influence of organizational commitment and job satisfaction on service quality of customer-contact employees in banking call centres", *Journal of Services Marketing*, 18 (3) 162-174.
- Mayer, J. P., Allen, N. J., and Smith, C. A., (1993), "Commitment to organizations and occupations: extension and test of a three- component conceptualization", *Journal of Applied Psychology*, 78 (4) 538-551.
- Meyer, J. P., and Allen, N. J., (1991), "A three-component conceptualization of organizational commitment", *Human Resources Management Review*, 1 (1) 61-89.
- Mowday, R. T., Porter, L.W., and Steers, R.M., (1982), "Employee-organization Linkages: The Psychology of Commitment, Absenteeism, and Turnover". New York: Academic Press.
- Mowday, R.T., Steers, R.M. & Porter, L.W. 1979, "The measurement of organizational commitment", *Journal of Vocational Behavior*, vol. 14, no. 2, pp. 224-247.
- Porter, L.W., Steers, R.M. & ET AL., (1974), "Organizational Commitment, Job-Satisfaction, and Turnover among Psychiatric Technicians", *Journal of Applied Psychology*; Washington, 59 (5) 603-609.
- Robey, D. & Sales, C.A., (1994), *Designing Organizations*, 4th ed., Richard D. IRWIN, INC., United States of America.
- Seddon, J., (2003), *Freedom from Command and Control: a better way to make the work work*, Vanguard Education Ltd., Buckingham, England.
- Seddon, J., (2005), "Freedom from command and control", *Management Services*; Enfield, 49 (2) 22-24.
- Weiss, H.M. 2002, "Deconstructing job satisfaction: Separating evaluations, beliefs and affective experiences", *Human Resource Management Review*, vol. 12, no. 2, pp. 173-194.