

Achieving Affective Commitment

The value added to organisations of using a systems thinking approach in contact centre design and operation

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Note:

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Background

In 2008 Ayham Jaaron, an academic from Loughborough University, carried out independent research in the VELUX Company Ltd. VELUX was a Vanguard Scotland client and Ayham wanted to study the impact on the company of using the Vanguard model of systems thinking organisation design in its contact centre. This article summarises his research and findings.

Ayham would like to thank Ron Skea (Operations Director) and Laurence Barrett (Executive Director) for allowing him free access to the VELUX contact centre and its employees.

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Abstract

The purpose of this paper is to report on a case study researching the value added to an organisation using a 'Systems Thinking' approach in its contact centre operations. It explains the relationship between using this approach in the contact centre and the 'Affective Commitment' of frontline staff.

Three distinct findings emerged from the research:

1. The contact centre has positively impacted performance, productivity and quality across the whole organisation and the contact centre has become to be seen as a strategic entity that the rest of the organisation relies on to do their work effectively
2. The contact centre uses a wide range of organic structure characteristics, which are a feature of the systems thinking approach
3. There is a strong relationship between the Affective Commitment of frontline employees in the contact centre and the systems thinking organisation design used

The study has many implications for organisations designing or currently using contact centres. By using a systems thinking approach to design contact centre operations, organisations can:

- leverage the strategic support and contribution of the contact centre,
- achieve higher levels of Affective Commitment among frontline employees (which in turn reduces costs through lower absenteeism and turnover), and
- increase the quality of customer service (which in turn increases customer satisfaction and loyalty).



Introduction



Contact centres have frequently been designed using industrial engineering models in a customer services setting. They have been designed, based on an 'inside out' management perspective, as highly controlled environments with rigid 'mechanistic' structures. This mechanistic view has often resulted in inflexibility, sluggish response procedures, stifling of employee qualities and skills, and increased stress for employees. It is in this context that the management of contact centres has attracted much attention and comment about the perceived impact on job performance and job related stress. As a consequence there has been considerable academic and business research on these aspects of contact centre management but very little on the importance of contact centre design and its role in performance and quality.

Increasingly organisations are stressing that contact centres should add significant value to both the organisation and its customers. Unfortunately for many customers that is not currently the reality. A new generation of contact centres needs to be developed that adapts them for the new challenges of the current global economy.

The objective of the research, therefore, was to answer the questions:

1. Does a Systems Thinking approach to contact centre design add value to the organisation?
2. Does a Systems Thinking design help build Affective Commitment among contact centre frontline employees and improve their working experiences?

Contact centre contributions to organisational effectiveness

Organisations need to recognise that the involvement of contact centres in the work of other business units is vital. However, Brad Cleveland (2006) in his book 'Contact centre management on fast forward' suggests that there are three levels at which a contact centre can create value in an organisation. These levels are:

1. **Efficiency** – where the frontline employee is equipped with the right information and the latest technology to provide a service for callers
2. **Customer Satisfaction** – defined as a more customer oriented response to customer service
3. **Business Unit (Strategic Value)** – at this level contact centre systems have intensive interaction with customers and the information gathered is used by other units throughout the business. The contact centre is seen as an important first stage of strategic process design.

The majority of organisations using contact centres in their operations currently focus on the first level of creating value (i.e. Efficiency). However the other levels, particularly the strategic value approach hold significant opportunities for the development of strategic advantage. It is at the third level that organisations can truly begin to leverage the contact centre's potential to deliver strategic value to the organisation.

Systems thinking approach to contact centre design

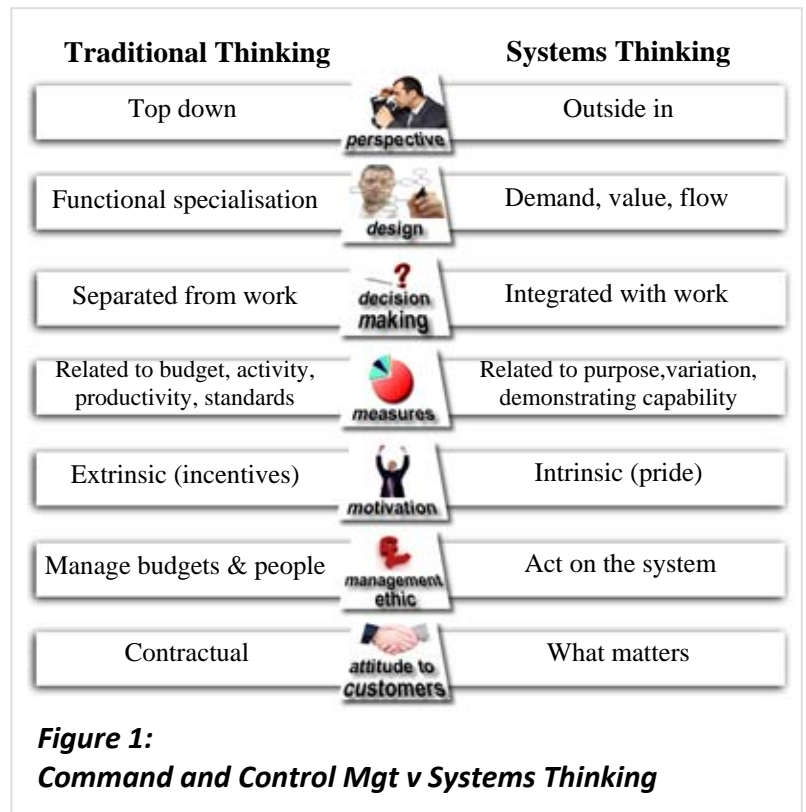
The Vanguard model of Systems Thinking researched in this case study is an approach to the design and management of work that adapted the Toyota Production System for manufacturing into a methodology for service organisations. It is based on designing the organisational systems around customer demand instead of in functional hierarchies. Customer demand is analysed to determine exactly what customers want of the organisation and what matters to them (i.e. the way they want the service delivered).

Systems thinking approach to contact centre design (continued)

Demand is categorised into 'value' and 'failure' demand, value demand being what the customers want and which is of value to them and failure demand being calls from customers that they shouldn't have to make and which the contact centre should need to take if the service had been delivered correctly to the customer the first time.

Systems Thinking integrates decision making processes with the work itself and by designing work systems against customer demand the systems become more responsive to those customer demands. Removing waste requires the redesign of service processes to match customer demand flow by focusing only on value demand activities. A 'virtuous cycle' is created in which by concentrating on value demand and removing failure demand, customer satisfaction rises, organisational efficiency increases and operating costs fall.

Figure 1 highlights some of the differences between what is often called 'traditional' management and Systems Thinking management (adapted from Seddon 2003).



Systems Thinking integrates decision making process with the work itself and by designing work systems against customer demand the systems become more responsive to those customer demands.

Another important aspect of Systems Thinking is the deep understanding of variation in customer demand. Variation in customer demand and their expectations in the service sector is a key differentiator from the manufacturing sector in which standardisation is the goal of 'lean'. The Systems Thinking approach in service recognises that manufacturing lean tools, which emphasise standardisation and the elimination of variation, are not appropriate for service organisations, which need to absorb variations in customer demand. In order for service organisations to absorb this variation in demand they need to become adaptive organisations, often referred to as 'organic structures', in the same way that living organisms can adapt to the surrounding environment in order to function and thrive. Such 'organic' organisations are typified by devolved decision making processes and research has shown that when employees are given the ability to make work decisions organisations are more able to absorb variety. In addition staff who are working under such standards, and who are entrusted with working on a variety of tasks and building relationships with customers, have a sense of freedom and responsibility.

The characteristics of the Systems approach are that frontline jobs are wide in scope and not governed by rigid rules and procedures. Hierarchy of control is usually absent thus allowing teams to identify the right person to solve a particular problem. It creates what Robey and Sales (1994) describe as a capacity to interpret novel situations and adopt appropriate coping responses. This is particularly important for contact centres, which typically face different demands and conditions than those departments that are shielded from the environment (e.g. production, marketing, finance etc). This adaptability and ability to cope with varying demands is best achieved by organic rather than mechanistic structures.

The concept of 'Affective Commitment' in contact centres

Organisational commitment is defined as 'the employee's psychological attachment to the organisation' (Meyer and Allen, 1991). It reflects a psychological state that has three different levels:

1. **Affective Commitment** – a measure of the employee's emotional attachment to the organisation. At this level the employee strongly identifies with the goals of the organisation and wishes to contribute to its success and continuous improvement. The employee remains a part of the organisation because s/he wants to do so.
2. **Continuance Commitment** – the employee only commits to the organisation because of the high cost associated with leaving it (for example monetary losses such as pension accruals, lower salary elsewhere, transport costs to other locations, social costs such as loss of friendships etc.). The employee remains a part of the organisation because s/he feels it is too much trouble or cost at present to move.
3. **Normative Commitment** – the employee feels 'obliged' to work for the organisation. This may be because of a feeling of being locked in (e.g. the organisation has some form of golden handcuff arrangement or contractual binding of the employee) or because there is no perceived alternative employment opportunities.

Research has shown that the level of organisational commitment has a significant impact on the level of service quality experienced by customers. Affective Commitment was found to be more effective than job satisfaction in influencing the service quality of employees. Employees whose working experiences are rewarding and fulfil their own aspirations are ready to exert more effort on behalf of the organisation to deliver high levels of service quality than those whose working experiences are less rewarding.

There is also evidence from the relationship marketing literature of the importance of Affective Commitment in motivating customers to continue their relationship with an organisation. The customer evaluates the overall image of the organisation solely on the basis of his/her experience with the service encounter and then decides whether to continue with it or not (Brown and Maxwell, 2002).

However, despite the ever-changing business environment creating pressures for new forms of organisational structures and management styles which would encourage Affective Commitment, managerial practices and organisational structures in service industry contact centres typically involve standardised work procedures, monitored dialogue, mechanisation of customer-employee contact and an emphasis on quantity, volume and activity statistics and targets rather than quality of interaction measures. Employees experience reduced empowerment in making decisions and as a result the lack of Affective Commitment impacts on service quality. This also leads to other high cost implications for the organisation such as increased employee turnover, increased absence rates and falling customer satisfaction levels.

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Research case study

The research examined the management style and organisational structures and employee Affective Commitment levels in a sales contact centre of the leading roof window manufacturer in Great Britain and Ireland. The company is part of a global group of companies operating in just under 40 countries around the world. It provides a complete range of roof windows, blinds and electronic accessories to trade and consumer customers. At the time of the research the company employed 211 people with almost half of these employed in the Operations Department, the majority of whom worked in the sales contact centre. Employees were an even mixture of young (19-25 years old) and older employees.

Research case study (continued)

Using a Systems Approach to designing the contact centre has allowed management to cut the training time taken to get newly recruited employees on to the phones handling calls from 4 months to 4 weeks. This was achieved using an '80:20' rule in which by analysing demand managers learned that 80% of incoming calls were for a small number of the most popular products. Employees are trained against these common demands and are able to start taking calls within four weeks. Thereafter, as calls come in that they have not been trained on, they 'pull' on other employees or managers for coaching and training as they handle the call.

In terms of work organisation, the contact centre does not have screens showing the number of incoming calls being processed or waiting in a queue. Employees are not required to follow any 'script' when dealing with customers which allows them to hold a more customer focused and flexible conversation.

Employees are able to approach each other for advice and guidance. Turnover among employees is less than half the average for contact centres reported by the Contact centre Association.

The contact centre also operates a 'first come, first served' strategy for handling incoming calls and uses only one phone number for all customers. The aim is to ensure all calls are dealt with quickly and without the need for queuing or prioritising. At the time of the research average call time was 9 seconds.

Every third call handled produces a pop-up screen for the operator to complete a quick information gathering exercise about the nature of the customer demand. This information is collated daily and used by the frontline employees to identify 'failure' demand and instigate improvement actions to eliminate it.



Methodology

Quantitative and qualitative methods were used to describe and analyse the value added to the organisation as a result of using a Systems Thinking approach for its contact centre design and to explain the relationship between using this approach in contact centres and the Affective Commitment of frontline employees.

The case study used a triangulation design known as multilevel research which ensures the information collected is accurate. The following methods were used:

1. Semi-structured interviews were conducted with company directors, managers and contact centre frontline employees.
2. Organisational commitment questionnaires were issued to frontline employees to measure the Affective Commitment of employees in the contact centre. These were completed anonymously online.
3. Quantitative data on contact centre and company performance was gathered. These consisted of both private and public records.
4. The data was supplemented by the researcher's non-participant observation of employees as they carried out their work in the contact centre.

The case study research lasted three months and was conducted largely on site.

Findings

The findings are broken into five categories – design and management of the contact centre, Affective Commitment levels, observation results, documentary results and finally, and perhaps most importantly, the value added to the organisation.

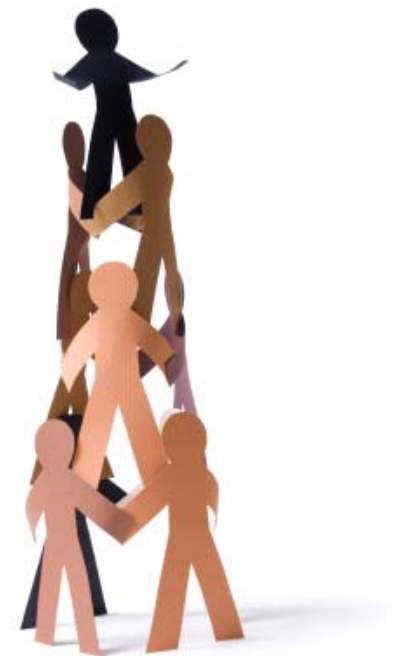
Design and management of the contact centre.

The Role of Managers.

The role of managers is supportive rather than top-down monitors and they are viewed as part of the frontline employee 'team' (managers would regularly deal with incoming demand, sometimes to cope with peaks but also to ensure they had a deep understanding of customer demand). There were no visible barriers between employees and managers, who were constantly available to be 'pulled on' by frontline employees needing help with any incoming call.

Performance Management and Rewards

Frontline employees in the contact centre are encouraged to meet the company's principle of providing one-stop end-to-end customer service. Individual performance is not measured but rather company performance against things such as 'value' and 'failure' demand and one-stop capability. Traditional measures such as call volume, answer time, wrap up time and abandon rates are collected but only used for overall resource planning, not for individual performance measurement. The company offers an annual profit share bonus scheme that is not linked to individual performance.



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Findings (continued)

Role of Contact centre in Company

The contact centre has open channels of communication with other departments in the company and other departmental managers commented that it is central to their work. The information gathered and distributed by the contact centre is of strategic importance to the both the local company and the corporate Headquarters in mainland Europe. Other managers in the company plan their processes and future plans based on the information gathered by the contact centre and some commented that 'our departments wouldn't exist without it'.

Training

The systems approach has radically shortened the training programme in the contact centre and performance has noticeably improved. More calls are being handled with less people whilst customer satisfaction has dramatically improved. Turnover and absence rates have fallen to less than half the contact centre average.

Employee Experience

Employees report with some pride that Key Performance Indicators (KPIs) and targets such as on call handling time or call waiting time are not used in the contact centre. No scripts are used and no performance screens are installed in the workplace. Employees can handle a very wide range of complex demands and tasks and, because there are no barriers between them and managers, they can seek help any time it is needed.

Continuous Improvement

All employees (managers and frontline) are committed to the need to continue understanding customer demand and the effectiveness of work processes meeting that demand. Frontline employees organise and run weekly board meetings in the contact centre at which visual measures of performance are reviewed and improvement actions planned. The top failure demands are examined and a problem solving methodology applied to reduce them. The managers' role is to support these initiatives and act on any systems conditions that are beyond the control of frontline employees.

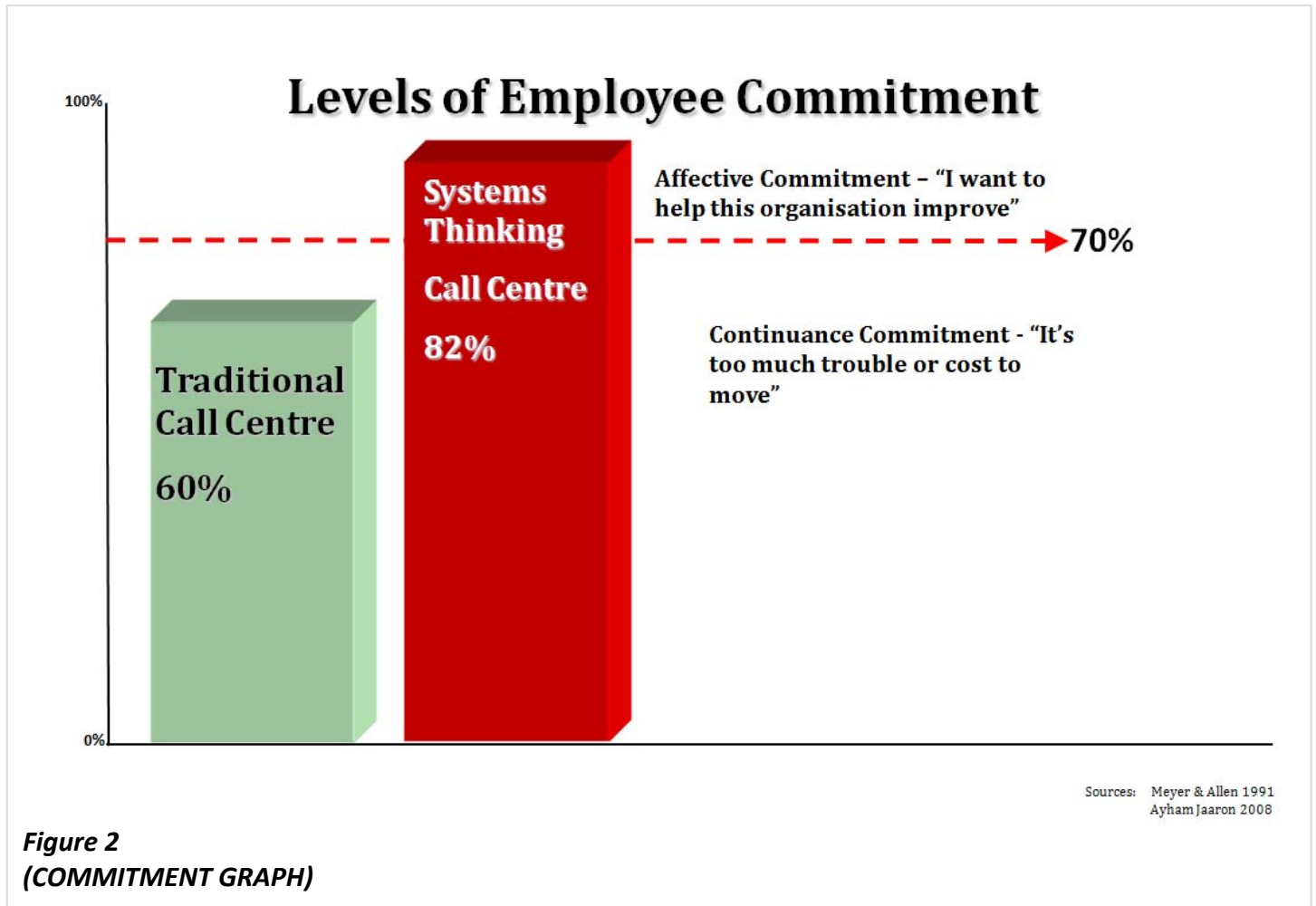


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Findings (continued)

Affective Commitment

Next the research revealed an interesting correlation between a Systems Thinking design of a contact centre and the level of Affective Commitment of frontline employees in the contact centre. All employees were issued with an online questionnaire and there was a 91% response rate, which is very high for this type of survey. The results provided a clear indication of the high level of Affective Commitment among frontline employees in the contact centre (see Figure 2). The levels of commitment are considerably higher than among employees in typical contact centres, who generally only demonstrate continuance commitment.



Observation Results

Employees work in a large open plan environment and there is much interaction between them as they 'pull' on each other for advice and guidance as required. Employees deal with a wide variety of tasks and customer demands and if a problem arises they call on the person with the best skills to help them resolve it – whether that be a colleague, a team leader or one of the senior managers. Management are seen as being there to give support, and add value to, the frontline employees in their interactions with customers.

There is very little evidence of a hierarchy of authority. In addition, support functions such as Logistics and Technical are located within the contact centre office so that they too can be 'pulled' on by frontline employees if needed. This direct face-to-face negotiations between frontline employees and other departments is an unusual feature but necessary if the customer is to get a one-stop service that delivers the optimum end-to-end timescale.

Findings (continued)

Documentary Evidence

The Systems Thinking approach is evidence based (since improvement cannot be demonstrated without it) and there was considerable documentary evidence (private and public) of the organisational benefits of the Systems Thinking design of the contact centre. These included a dramatic increase in customer satisfaction, a 30% increase in contact centre productivity, and a reduction in operating costs of over £1million over three years.

Value Added to the Organisation, Customers and Employees

The information gathered by the contact centre whilst dealing with customers helps other departments to improve their performance and be more responsive through mutual understanding and on time discussion with the contact centre. This has leveraged the contact centre position in the company and made it a strategic function. This has positively impacted on the whole organisation and other departments now view the contact centre as the strategic entity that they most rely on to carry out their role effectively.

The new management thinking and style has positively impacted on the organisation. Employees in the contact centre are not monitored by technology nor by their managers. Managers do not control the way employees should handle calls and they empower employees to make decisions when on the phone with customers. This inevitably enhances the feeling of responsibility for the company's success among frontline employees in the contact centre.

The characteristics of the Systems Thinking approach have been found to be congruent to those of 'organic' structures discussed earlier that can adapt to their environment (continuous improvement). In addition this approach creates a more pleasant working environment for employees and leads to a much less stressful environment than would normally be expected in a contact centre. Employees enjoy a rewarding job experience that fulfils their own aspirations and in return they emotionally connect with the organisation and want it to succeed.

The low levels of turnover and absence among frontline employees in the contact centre is a consequence of this high level of Affective Commitment. Employees are also more ready to exert additional effort on behalf of the company to deliver high levels of service quality.

There is, therefore, a direct relationship between the Systems Thinking approach and the level of Affective Commitment. This relationship extends to the quality of service provided and an increase in the financial success of the company.

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Conclusions



Contact centre management needs to adopt new strategies that ensure that employees enjoy a better and more rewarding working experience whilst delivering improved service quality to customers. These strategies should not be based on performance monitoring practices based in the mass production model. Instead they should be based on the role of managers and supervisors being to support employees 'do what you think is necessary to get the job done' (Robey and Sales, 1994). This kind of management thinking increases the authority of frontline employees in the contact centre and confirms them as the 'experts' in customer service.

As Seddon (2005) points out, management thinking determines the work systems and the work systems determine how employees behave and perform. The paradox is that by changing their thinking about how contact centres are designed and by empowering frontline employees to make decisions, managers actually get more control of organisational performance than they can using technological surveillance and traditional people management practices.

This research study has found that the use of a Systems Thinking approach to the design of contact centre operations is likely to increase the Affective Commitment of frontline employees, decrease turnover rates and absenteeism, and deliver higher levels of service quality to customers.

Very little scientific literature has been written about the contributions and potential value added to other parts of the organisation as a result of a well structured contact centre. In this case study it has been demonstrated that a well chosen contact centre design can provide a wide spectrum of valuable information to achieve an internal integration and cohesion in the organisation that can mitigate workloads and improve productivity and job quality, in turn leading to higher service quality and improved market share.

It is actually the supportive culture emphasised by the managers who champion the Systems Thinking approach that guides employee behaviour in the contact centre toward achieving organisational goals. Both Systems Thinking and its sister organic structures are based on the idea of involving customers in the process of decision making and giving employees more control of the work. The ability of employees to control the work and decide about the way they handle and receive information is a key factor in satisfying employee career needs and building Affective Commitment. This Affective Commitment is essential if a culture of continuous improvement is to be established.

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Contacts

These sorts of results are achievable in any type of contact centre. If you are under pressure to deliver 'more for less' and increase service quality and availability with fewer resources then for a personal discussion about the challenges you face contact Laurence or Ron to explore whether there would be a fit between what we can provide and what you are trying to achieve.

We would be happy to give a no-obligation presentation on how to apply the methodology in your setting. After that it would be for you to decide whether we could help you further.

For a personal discussion or simply to ask questions, please feel free to contact us at:

admin@vanguardscotland.co.uk

**Or telephone us on:
0131 440 2600**

