HRM Systems, Internal Marketing and Performance in Indian Call Centres

Pawan Budhwar and Neeru Malhotra, Aston Business School

1. Background and 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 (see Budhwar et al., 2006a; 2006b); this research examined the topics of human resource management (HRM) and internal marketing (IM) in Indian call centres (CCs). Given the broad scope of this research project, it was organized into two phases. Based in both the resource based (Barney, 1991) and the human capital (Becker, 1964) 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. Using social exchange theory and commitment theory framework (Cropanzano and Mitchell 2005 Vandenberghe et al. 2007; Riketta, 2008), the second phase examined 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). Based on this framework, a conceptual model (see Appendix 1) along with the hypotheses was developed and tested.
This research aims to address the following research questions:

Research Questions

1. What is the nature and patterns of HRM systems and HR related problems emerging in CCs operating in India?
2. How do we address such problems?
3. What is the effect of rewards on all aspects of service performance (i.e. service quality, productivity and turnover intentions)?
4. What is the effect of rewards on three components of organisational commitment?
5. What is the relationship between the three components of organisational commitment and all aspects of service performance?
6. What are the differences between the findings of this study and findings of the study dealing with similar issues conducted in the UK context (see Appendix 2)?

Each of the research questions has been achieved as outlined in the results section below.

3. Methodology
3.1. Phase 1
Given the exploratory nature of this phase of the research, semi-structured interviews containing both closed and open-ended questions were conducted with three different levels of employees in a variety of 21 CCs (national, foreign, inbound, outbound, voice based, data driven) operating in India. In each centre, interviews were conducted with their top HR manager, and up to two team leaders and two-three shop-floor associates. In total 99 interviews were conducted during March-April and December 2007 and March-April 2008. The interviews were tape-recorded at most

research firms (with the exception of few which did not allow for this), and qualitative data was content analysed. On average the interviews with the HR managers lasted on average for up to two hours and with others around one hour. The main issues examined during the in-depth interviews included the organisation of the centre - its activities, strategies and composition of employees, structuring of work; nature of HR department; and nature of HRM practices (recruitment, training and development, compensation, performance appraisal); attrition and retention; challenges for HR the function in Indian call centres; problems faced by the organisation; and the way forward. Besides interviews, other secondary data were also considered.

3.2 Phase 2
In order to gain an in-depth understanding about the nature of IM strategies of various types of CCs operating in India, data were collected from 3 major BPO companies. Based on their market focus (domestic or international), and nature of operations (inbound or outbound calls); these organisations are categorised into Domestic-Inbound (Type A), International-Inbound (Type B), and Domestic-Outbound (Type C)[1].

Type A Company (Domestic-Inbound) was established in India over 20 years ago and is a consulting firm whose main focus is on the communications industry. All data collected were from the same domestic inbound process in the telecoms sector (i.e., general customer service and credit top-ups for cellular phones).

Type B Company (International-Inbound) delivers outsourcing solutions to global 1000 companies across different industry sectors and operates from seven different countries including India. Data were collected from two international inbound processes (customer services and technical help).

Type C Company (Domestic-Outbound) was established in India over five years ago and offers a complete outsourcing service in the financial services industry to clients spanning over five continents. Data were collected from outbound domestic processes in the financial and retail sectors (i.e., from agents collecting debt and taking orders for household products).

Initially, we pre-tested the survey and then administered it. To ensure anonymity and control for self-response bias, self-seal envelopes were provided with each survey. The completed surveys were returned back to the boxes provided in a central area and were collected by us. We received a response rate of 41.5% (249), 57% (371) and 51% (611) for Companies A, B and C respectively.

4. Results
4.1 Phase 1 - HRM Systems of Indian Call Centres

4.1.1 Factors Contributing to Growth of CCs in India
An analysis of the existing literature and the interview data highlight a number of factors responsible for the growth of CC/BPO sector in India. These include: the availability of good talent, a strong base for blue chip companies, a number of tax incentives offered to investors in this sector, the existence of solid IT enabled services and software industry, powerful venture capital interest in investing in growth opportunity, developed track record of quality delivery and systems/process, improved international bandwidth situation, the time difference between India

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[1] Due to confidentiality issues, names of the participating Companies are not divulged and are kept anonymous.

and main clients (based in UK and US), and comparative cost advantage India has over its competitors (also see Budhwar et al. 2006a; 2006b).

4.1.2 Structuring of Work at the Shop-level in Indian CCs

A mixture of both in-bound and out-bound and voice and data driven operations are organised by the firms, providing a whole range of services[2]. All the centres organise their shop-floor level work into teams consisting of 12-25 associates/ executives/ agents/ front line employees or customer service representatives (CSR) led by a team leader. The team leaders report to an assistant manager, who in turn reports to a manager. The span of control of a team leader is small in the case of voice-based operations and large for data driven projects. The work place is generally in the form of open plan offices with a chest-high partition. On average, they work in shifts of around 9 hours with up to one hour of breaks (tea, comfort and dinner), alongwith 15 minute 'team-huddle' meetings before and after the shifts.

Most of the associates describe their work environment as very good, supportive, with structured information available; a few highlight drawbacks as well. These include long waiting times to approach a team leader, lack of trust by team leader, lack of feedback from clients, and lack of transparency with internal promotion matters. Further, associates report issues related to leave, shifts, pressure to meet targets, impact on social life, lack of growth opportunities, health, pay and hygiene related concerns. All such factors directly or indirectly contribute to high attrition rate; which perhaps is the most serious HR problem facing the industry (for details see Budhwar et al., 2009).

4.1.3 The HR Department

The structure of the HR department of the case CCs is also more or less similar, consisting of VP (HR), managers, assistant managers, senior executives and executives. In majority of CCs, the head of the HR function has a place on the main board of directors or equivalent. All the CCs have a written HRM strategy. Recruitment and selection is the main objective of the HR departments in all the centres. Other objectives are retention, compliance to processes and procedures, appraisals and increments and to decrease attrition.

4.1.4 Recruitment

The findings reveal that recruitment activities are formal and structured in all the research centres and, employees are recruited both from within and outside the organisation at all the levels. Both the HR manager and the operations manager share the responsibility for the recruitment process. The results reveal that there are no part-time employees in Indian CCs. The CCs look for specific skills while recruiting new employees, which include: good command over English language, even tone of voice, persuasiveness, positive approach, communication skills, accent, voice tone, attitude, energy level, computer knowledge, and voice modulation. Basic qualification (graduation), experience, attitude and personality are all considered important criteria for

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[2] These services range from basic customer services, transcription, billing, coding, tele-marketing to financial reporting, asset management, legal, portfolio management, content development, i.e., digital content, R & D, LAN networks and application maintenance, pay and HR, R&D, imaging and internet support.

recruitment. Probation period in all the call centres is 6 months. However, the retention rate after probation period varies from 80-95 percent.

4.1.5 Compensation and Performance Appraisal
All the CCs have a standard wage structure and provide a competitive compensation package to attract and retain employees. The pay and benefit scheme is attached to grade, total work experience, performance of employees and skills. The bonus schemes are individual based at the junior management level in all the call centres. However, it is level based for middle and senior management employees.

The performance appraisal is both formal and structured in all centres and at the shop-floor level performance evaluation varies from every month to quarterly basis. The focus of appraisals is not on 'how' i.e., manner, but on 'how well' - results. In most CCs, team leaders rank their employees (at the shop level), shares it with them and if required then makes the changes to the final report. This structure remains same for all positions, only the 'key result areas' (KRAs) differ for each position. Performance appraisal results play an important role in deciding compensation and increments and also the training needs.

4.1.6 Training
The training activities are also both formal and structured in all the CCs. At times up to 25 percent of their annual budget is devoted to the training of staff in Indian call centres. The main areas of training include the entry-level voice & process training, and a regular update of training. The days of training (both on and off the job) given to CSRs varies from a few days to 2 months. The employee training needs are systematically analysed via the line management requests based on performance and quality feedback, appraisal results and according to the call monitoring and training audits and appraisal system. The effectiveness of training is evaluated through systematic performance tests and informal feedback from the managers.

4.1.7 Emerging Problems in Indian Call Centres
Some of the barriers for call centre growth reported by our interviewees, in the media and NASSCOM reports include relatively poor infrastructure and electricity, lack of poor customer service culture, cultural differences between employees and clients, accent related problems, scarcity of non-English language skills, lack of work experience in the outsourcing sector, increasing automation of customer interaction technologies, regional political instabilities, increasing competition from other low cost options, and increasing costs (Budhwar et al. 2006a; Das et al. 2007; NASSCOM 2007). Emerging evidence highlights a number of health, social and psychological problems which can seriously affect the predicted high growth rate for this sector. Things are further complicated by "graveyard shifts" to match working hours in the western countries as a result of which employees are susceptible to burnout stress syndrome. In addition to this, disturbed sleep and prolonged working hours may lead to gastric ulcer, high blood pressure, diabetes or clinical depression.

4.1.8 Facilities and Employee Involvement Practices in Indian CCs
CCs in India seem to be providing extra facilities in comparison to other sectors in order to attract, motivate and retain their employees. Broadly, they include provision of free transport (from home and back), canteen, free tea/coffee, 24/7 medical room, desk facility (to provide support for banking, travel, cinema tickets, etc), 24/7 TV in canteen and other

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leisure places, extra pay during holidays, gym, yoga classes, sick leave, customer satisfaction bonus, funds to support higher education, free parking, and maternity benefits. Along with these, most organisations organise a number of recreation and fun activities such as regular cricket, chess and ther matches, dance parties, family day outs, picnic, quiz competitions, dance and song competitions, celebrations of all major festivals. Other employee-involvement practices include 'town-hall' (where the CEO along with the top managers meets the employees in open sessions), 'skip meetings' (a manager sits with a team leader and an associate on one to one basis to discuss any issue), different clubs, 'open-house' and 'open hands' meet, workshops on stress management, motivation capsules, business games, free voice on-line, quarterly reward and recognition functions, 'fun-do-Friday', and 'post and idea'.

4.1.9 Retention, Attrition and Way Forward

The retention rate of employees varies from 40 – 85 percent in research call centres (3 centres did not disclose this information). Most of the attrition in the Indian CCs is at the shop-floor level and happens in the initial three months of the job. The attrition rate varies significantly from 20% to over 100%. It also varies on the kind of operations the associates are working; e.g., it is higher in voice-based centres. Broadly speaking the main reasons provided by the associates for leaving jobs include better opportunities in the market, money, lack of promotions, job-hopping, night shifts, personal reasons, and comparative benefits offered by other companies.

For HR managers the increasing problem of attrition can be tackled by: looking for employee-job-culture fit, developing better reward and recognition programmes, encouraging better feedback and open communication channels, developing talent pool, developing relevant courses for specific skills, reducing the shift time, developing an anti-employee-poaching policy for competing firms, having 24/7 presence of HR at the centres, and by providing other facilities (such as crèche).

4.2 Phase 2 Results

Phase 2 examined 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).

4.2.1 Structural Equation Modelling (SEM) and Multi-Group Analysis (MGA)

To test the model developed for Phase 2 (see Appendix 1), we followed Anderson and Gerbing's (1988) suggestion of a two-step approach in SEM and used a multiple group analysis (MGA) where all three datasets from Types A, B and C were analysed simultaneously using LISREL (version 8.54; Joreskog & Sorbom, 2003).

4.2.2   Overall Model Results- Measurement and Structural Models

a) Analysis of the Measurement Model -Testing for Measurement Invariance
The first stage in the two-stage process resulted in the estimation of measurement model. Following suggestions by Hair et al. (2006), separate CFAs were carried out because of the large number of variables involved in the study. Thus, using MGA, three different models based on

antecedents (Rewards), mediators (Three components of Commitment) and outcome variables (Service Performance Outcomes- Service quality, productivity and turnover intentions) were tested for measurement invariance of all the items and factors across the three groups by first establishing a configural model (baseline) and then testing for the invariance by constraining the factor loadings, factor variances, and covariances between factors. The configural model achieved satisfactory fit results in all three cases[3] (Vandenberg & Lance, 2000). Further, our results suggest there is acceptable fit and measure equivalence across the three groups[4] allowing most comparisons and interpretation of findings to be valid (see Steenkamp and Baumgartner 1998; Vandenberg and Lance, 2000; Byrne, 2004). Reliability and validity tests revealed satisfactory results for most measures across all datasets.

b) Analysis of the Structural Model
Having established the validity and reliability of the scales, a structural model was estimated to examine the relationships among the constructs. Estimating the structural model produced acceptable fit statistics: χ^2: 15998.60, df: 6327, χ^2/df = 2.53, RMSEA = 0.061, CFI = 0.943, TLI = 0.942. One-tailed tests of significance were used to determine the significance of each path coefficient. The results regarding hypotheses are now discussed.

4.2.3 Results for Organisational Commitment (AC, NC, CC)

Hypothesis 1: ER (Extrinsic Rewards) has a positive influence on AC (Affective Commitment)
This is supported in all three types of companies indicating that the nature of the call centre and the industry type are not factors affecting this relationship. These results are in accordance with the exchange perspective (Blau, 1964; Carpanzano and Mitchell, 2005), as ER are perceived to be important rewards by frontline employees, which results in employees reciprocating in the form of enhanced AC towards their organisation.

Hypothesis 2: ER (Extrinsic Rewards) has a positive influence on NC (Normative Commitment)
This result is supported in all three types as various rewards offered under ER reflect the efforts on part of the organisation that are expended to make the job satisfying for these employees. It is perceived by the employees as the fulfilment of the "psychological contract" (Rousseau, 1995) on the part of the organisation, which in turn, creates a feeling of obligation on the part of the employees to reciprocate in the form of enhanced NC, especially, when NC is seen as "one manifestation of employees' attempts to fulfil their part of the contract" (Meyer and Smith, 2000, p. 328).

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[3] Configural Model 1(Rewards)- RMSEA (.073), CFI(.95), TLI(.95) Configural Model 2(Commitment)- RMSEA (.07), CFI(.94), TLI(.95)Configural Model 3(Service Performance)- RMSEA(.08), CFI(.93), TLI(.92)

[4] Final Invariance Model 1(Rewards) (Role Clarity freed)- RMSEA(.073), CFI(.95), TLI(.95)
  Final Invariance Model 2 (Commitment) (Cont. Commitment (CC) Item 2 freed)- RMSEA(.069), CFI(.95), TLI(.95)
  Final Invariance Model 3 (Service Performance) (Turnover Intentions freed)- RMSEA(.08), CFI(.93), TLI(.93)

Hypothesis 3: ER (Extrinsic Rewards) has a positive influence on CC[5] (Continuance Commitment)

As hypothesised, ER was found to have a significant influence across all three types, which further confirms the findings of a meta-analytic study by Mathieu and Zajac (1990), and empirical evidence provided by previous findings in literature (Malhotra et al. 2007). This is because ER offered in call centres tend to increase the perceived costs that employees associate with leaving the organisation, thereby enhancing their 'need' to stay with the organisation, and influencing their CC.

Hypothesis 4: IR (Intrinsic Rewards) has a positive influence on AC (Affective Commitment)

This is also supported across all three types of companies. The results are in agreement with the exchange theory, as IR derived from jobs like role clarity (De Ruyter et al. 2001), autonomy (Mottaz, 1988; Culpepper et al. 2004), feedback (Young et al., 1998), participation in decision making (Boshoff & Mels, 1995) and training (Meyer and Smith, 2000) are likely to be seen by employees as fulfillment of the 'psychological contract' by the employer, and hence are likely to influence employee's AC significantly.

Hypothesis 5: IR (Intrinsic Rewards) has a positive influence on NC (Normative Commitment)

Again this is supported across all three types of companies although the support for this is not as strong in Type A (i.e. domestic inbound call centres), as it is only supported at the 10% significance level. Since NC develops as a feeling to reciprocate the costs associated with employment incurred by the organisation (Meyer and Allen, 1991), possibly, the receipt of investments from the organisation in the form of these IR makes employees feel more obliged to continue to stay with the organisation.

The results of our study support the contentions of exchange theory, and indicate the significance of both ER and IR that can be used to develop AC, NC and CC in call centres. Also, these results are in agreement with the results of the UK call centre study.

4.2.4 Results for Service Quality

Hypothesis 6: ER (Extrinsic Rewards) has a positive influence on SQ (Service Quality)

Surprisingly, this was not supported across any of the three types, suggesting that call centre agents do not place great emphasis on tangible benefits in order to provide good service to their customers.

The results of our study are in agreement with Cognitive Evaluation theory (Deci and Ryan, 1985), and Self-Determination theory (Deci and Ryan, 1985; 2000), which propose that ER diminish performance (Deci et al. 1999; Gagne and Deci 2005). These theorists argue that since ER control employee behaviour externally and negatively impact on their self-determination and intrinsic motivation (Jenkins et al. 1998), it is likely to have a negative influence on performance. Hence, in call centres, ER should not be directly linked with improving SQ. Instead, they should

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[5] As indicated by literature and previous empirical findings, IR was not hypothesised to relate with CC. This was further confirmed by our findings as when the link was added it was not significant.

be linked with organisational issues such as building organisational commitment among frontline employees. This finding has huge implications for internal marketing strategies in call centres.

This result is in full agreement with the UK study, highlighting the fact that cultures do not make a difference to the ER-SQ relationship.

Hypothesis 7: IR (Intrinsic rewards) has a positive influence on SQ (Service Quality)
This was supported across all three types of companies, implying that IR are more powerful than ER when influencing SQ of frontline employees in call centres. These findings support the arguments based on the two-factor theory of motivation (Herzberg, 1966) and job characteristics model (Porter & Lawler, 1976) that IR directly influence performance. Findings from literature (Deery & Kinnie, 2002; Malhotra et al. 2007), also indicate the need to pay special attention to the 'job-design' aspect of frontline jobs in call centres, which could have serious implications for SQ (Mukherjee and Malhotra, 2006).

This result is in agreement with the UK study results implying differences in cultures do not diminish the importance of IR for SQ in call centres.

Hypothesis 8: AC (Affective Commitment) has a positive influence on SQ (Service Quality)
According to commitment theory, employees with high AC are more likely to internalise with organisation's goals and values, and should be inclined to work hard in delivering quality service to customers (Allen and Grisaffe, 2001). Thus, AC is highly likely to affect SQ of frontline employees (Boshoff & Mels, 1995; Vanderberghe et al. 2007). Surprisingly, this was only supported amongst call centre agents in Type A (i.e. domestic inbound call centres). This is possibly because these agents have an easier job as they have no pressures of 'selling', and also because they are working in a domestic environment that they are familiar with. Hence it is possibly easier for these agents to be more familiar with, and align with the objectives and goals of the organisation (i.e. be 'affectively' committed), which results in higher SQ. However, in international and outbound operations call centres (Types B & C), due to the complexity, stress and nature of operations involved, other factors like IR, exert a more powerful influence on agents' SQ than their AC, as is also indicated by the results of our study (Refer H7).

This hypothesis was fully supported in the UK context, implying that AC is quite powerful for influencing SQ in the UK culture as compared to the Indian work environment.

Hypothesis 9: CC (Continuance Commitment) has a positive influence on SQ (Service Quality)
This was only supported in Type A (i.e. domestic-inbound call centres).
Phase 1 results indicated that Type A involved less complex operations than Type B or Type C companies, working hours were considered 'normal' as there were no late night-shifts involved, operations involved far less customer abuse, and moreover, this Type A company provided much better tangible benefits package to agents than their counterparts in other similar domestic-inbound operations call centres.
As CC is a direct function of the costs associated with leaving the organisation (Meyer and Allen 1991), better HR policies coupled with better and easier nature of operations make it difficult for the front-line employees to leave, thereby enhancing their CC. Consequently, agents work hard to guarantee their continuity of membership with this organization (Malhotra and Mukherjee, 2003),

which possibly explains the link between CC and SQ found in these call centres. However, this finding is in contrast with the UK results, where no relationship was found between CC and SQ.

But our findings relating to Types B and C are in agreement with UK study results and the general contention in literature that CC is least likely to correlate positively with SQ since the basis of CC is purely based on the cost-benefit approach (see Meyer and Allen 1991).

Hypothesis 10: NC (Normative Commitment) has a positive influence on SQ (Service Quality)

This was supported across all three types, although the support for this is not as strong in previous literature, which has either found a lack of normative commitment-performance relationship (Caruana et al. 1997) or has established a weak positive relationship between the two (Meyer et al. 1993; 2002). NC develops as a feeling to reciprocate the rewards paid in advance or costs associated with employment incurred by the organisation (Allen and Meyer 1990), thus implies 'reciprocity by obligation'. Although it has not been found to influence SQ in most western cultures including the UK study where AC has been found to dominate, however, in India, owing to the collectivist culture (Hofstede, 1991; 1993) prevalent among its employees, the receipt of special favours or investments from the organisation not only obliges the employee to remain with the organisation but also obliges them to perform well in terms of delivering better SQ. Hence, in India, NC came out to be even more powerful than AC for influencing SQ.

4.2.5 Results for Productivity[6]

Hypothesis 11: ER (Extrinsic Rewards) has a positive influence on Productivity

This hypothesis predicts that ER will lead to an increase in productivity as ER have been assumed, both theoretically and practically, to affect employee motivation and performance (Lawler, 1990; Schneider and Bowen, 1995; Steers et al. 1996; Ramaswami and Singh 2003). However, this was not supported in any of the three types. On the contrary, all three types suggest that ER have a negative influence on productivity. Our findings are in agreement with the Cognitive Evaluation theory (Deci and Ryan, 1985), and Self-Determination theory (Deci and Ryan, 1985; 2000) that propose that extrinsic rewards diminish performance (Deci et al. 1999; Gagne and Deci 2005). Hence, our findings suggest productivity in call centres cannot be improved by offering ER to frontline employees.

Hypothesis 12: IR (Intrinsic Rewards) has a positive influence on Productivity

This hypothesis predicts that IR will lead to an increase in productivity because in accordance with the exchange theory (Cropanzano and Mitchell 2005), IR would motivate frontline employees to perform better. This is supported by call centre Types B and C. This result suggests that these agents place greater emphasis on non-monetary rewards, i.e. IR, and a better working environment to improve their productivity levels. This may be due to their jobs being more challenging in nature (than agents in Type A), which require IR like role clarity, training, participation, feedback and autonomy in order to facilitate these agents to perform better on the productivity criteria selected (Dean, 2004).

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[6] Productivity results could not be compared with the UK data, as 'Productivity' was not included in the UK study.

Hypothesis 13: AC (Affective Commitment) has a positive influence on Productivity
Hypothesis 13 predicts that AC will lead to an increase in productivity because employees who are emotionally attached to, identify with and are involved in their organisations are likely to perform better than those who are not (Meyer et al. 2002). Interestingly, this is only supported in domestic call centres, i.e. Types A and C (i.e. domestic inbound and domestic outbound). This finding suggests that frontline employees are better able to be a part of their organisations, which results in their being 'affectively' committed, in a 'domestic' call centre environment either due to familiarity with the customers or due to familiarity with the native language/processes with which they work, which in turn influences their productivity levels.

Hypothesis 14: CC (Continuance Commitment) has a positive influence on Productivity
Hypothesis 14 predicts that CC will lead to an increase in productivity. This is only supported in Types B and C. From Phase 1 of the research, it became clear that perks and other additional tangible benefits like commissions, etc. were higher for frontline employees in Types B and C companies.
As CC is a direct function of the costs associated with leaving the organisation (Meyer and Allen 1991), better HR policies and higher tangible benefits received in Types B and C call centre organisations bind these employees by enhancing their CC towards the organisation. Moreover, in these call centres, since productivity is closely monitored, employees need to perform well in order to guarantee their continuity of membership with these organisations, which possibly explains the link b/w CC and Productivity.

Hypothesis 15: NC (Normative Commitment) has a positive influence on Productivity
Literature normally talks of a weak but positive relationship between NC and performance (Meyer and Allen, 1991). However, this is not supported in any of the call centre types. It is interesting to note that although NC came out to be a strong antecedent to service quality in all three types of call centres, it failed to influence productivity. This could be because employees regard productivity to be their 'primary' and 'mandatory' aspect of their performance that needs to be accomplished as a 'priority' and not as an 'obligation'. Hence, to reciprocate their feelings of obligation towards the company, they look into performing on other secondary aspects of their performance, which could be service quality in this case.

4.2.6 Results for Turnover Intentions[7] (TI) (H16-H20- See Appendix 4)

Since TI as a construct did not come out to be invariant across the 3 groups and had to be freed, group comparisons could not be made (see Steenkamp and Baumgartner 1998; Vandenberg and Lance, 2000).
However, individual results for TI were as follows:
Type A: Contrary to our expectations, ER and CC were found to increase TI. This could be due to the immense competition in call centres in India and the amount of "poaching" of good call

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[7]Also, TI results could not be compared to UK study as the variable 'Turnover Intentions' was not incorporated in the UK study.

centre agents that occurs (Refer Phase 1 results). IR and AC have no effect, while NC significantly helps in reducing TI among frontline employees.

Type B: Here again, ER have a positive relationship with TI, while IR have no effect. However, in international call centres, our results are in agreement with the commitment theory (Meyer et al. 2002), as all three components of commitment (AC, CC and NC) displayed a negative effect on TI.

Type C: In Type C, only NC is found to be effective in reducing TI among frontline staff.

Hence, for reducing turnover intentions in the Indian context, NC turned out to be even more powerful than AC, while the latter is generally considered to be the most significant component of commitment in Western cultures (Allen and Meyer, 1990; Meyer et al. 2002).

5 Activities and Outputs

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6. Impacts

The project makes a number of both theoretical and practical contributions. First, it contributes to the fields of HRM, IM, work processes, call centres, and management in the Indian set-up. Second, it has helped to develop and test a research framework, which is useful for examining both HRM and IM systems in the call centre context. Also, the mixed method and multiple respondents approach has helped us to get a clear understanding about the dynamics of managing human resources with the help of IM in Indian call centres. Third, it helps to understand the existence of formal, structured and rationalised HR systems being developed and practised in Indian call centres. Fourth, the findings highlight the main reasons for the high attrition in call centres, and offer a number of ways forward in this regard like understanding the importance of developing organisational commitment among employees. In this context, it clearly highlights the significance of IM for Indian call centres as it demonstrates how different rewards could be utilised by management to improve the commitment and service performance of their frontline employees, which will also lead to better retention management.

7. Future Research

The HRM part of this research project highlights a number of areas, which should be the focus of future research. These include issues related to the availability of talent in the market, talent development, attracting talent to key positions, sustaining high salaries, motivation, commitment, and satisfaction of call centre staff, career development in the industry, emerging health and socio-psychological problems and delivery of quality services.
From IM (Internal Marketing) perspective too, there are certain potential areas for future research. First, the impact of other components of IM besides rewards, like development and vision, could be tested in future to fully understand the significance of IM for call centre organisations. Second, other measures of performance could be incorporated like 'customer satisfaction' or 'profitability' to understand the impact of IM on various performance measures. Also, supervisory or customer evaluations could be used to test the generalisability of the study. Moreover, the study could be replicated in multiple contexts to establish the robustness of the results, and also to make effective comparisons based on different work cultures.

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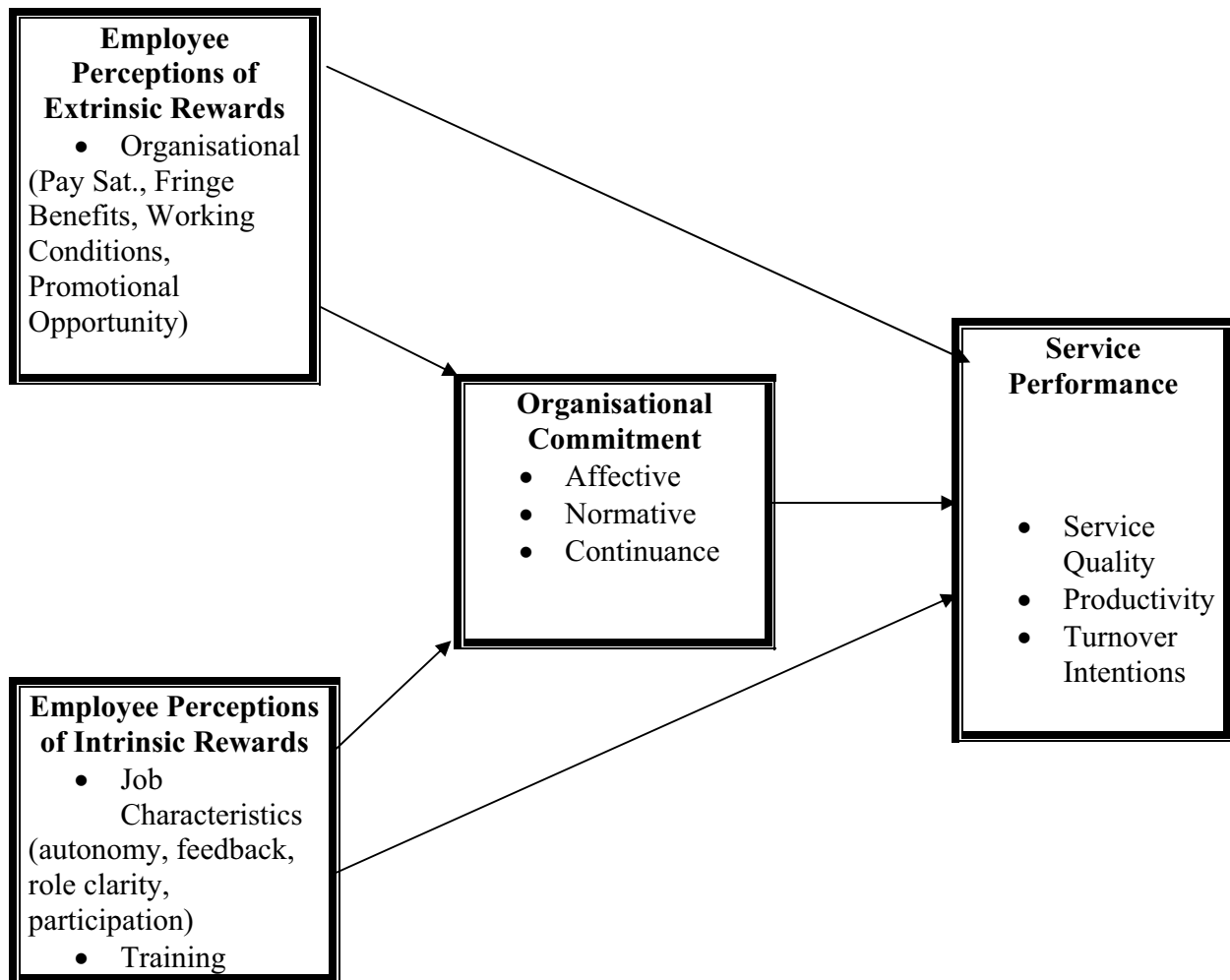
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APPENDICES

Appendix 1
Model of Study (Phase 2)

Employee Perceptions of Extrinsic Rewards • Organisational (Pay Sat., Fringe Benefits, Working Conditions, Promotional Opportunity)		
	Organisational Commitment • Affective • Normative • Continuance	Service Performance • Service Quality • Productivity • Turnover Intentions
Employee Perceptions of Intrinsic Rewards • Job Characteristics (autonomy, feedback, role clarity, participation) • Training		

Appendix 2

UK Call Centre Study

A study was conducted examining the effect of Internal Marketing and Employee Attitudes on Service Quality of frontline employees in UK Call Centres prior to conducting this research. However, the study did not include measures like Productivity and Turnover Intentions.

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Appendix 3

Explanation of Constructs used for Phase 2:

Extrinsic Rewards include: satisfaction with working conditions, pay satisfaction, fringe benefits and promotional opportunities available

Intrinsic Rewards include: role clarity, autonomy, feedback, participation in decision making and training.

Commitment

For this study, organisational commitment is taken as a multi-dimensional construct as conceptualised by Allen and Meyer (1991). It has three components:

1. **Affective commitment**: This component refers to the employee's emotional attachment to, identification with and involvement in the organisation.

2. **Continuance commitment**: This component is based on the costs that the employee associates with leaving the organisation. Hence is purely based on 'side-bets'.

3. **Normative commitment**: This component refers to an employee's feelings of obligation to stay with the organization due to favours/investments offered by the organisation.

Service Quality

Appropriate items were taken that related to each of the relevant dimensions of the SERVQUAL scale (Parasuraman et al. 1988) viz. Reliability, Responsiveness, Assurance and Empathy.

Productivity:

This was based on the criteria provided by the call centre organisations viz. Average call handling time, no. of calls answered, login hours, productivity w.r.t. quota and targets, and successfully complying with the call monitoring process.

Turnover intentions: This refers to employee's intentions of leaving the organisation.

Appendix 4 (H16-H20)

Based on theory and previous empirical findings from literature, the following hypotheses were formulated in order to investigate the factors influencing TI (Turnover Intentions):

H16- ER will have a negative effect on TI
H17-IR will have a negative effect on TI
H18- AC will have a negative effect on TI
H19- NC will have a negative effect on TI
H20- CC will have a negative effect on TI