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Effects of Customer Relationship Management Strategy on Call Centre’s Employee Intention to Quit: Evidence from Malaysia Call Centers

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Abstract

The main purpose of this paper is to develop a conceptual framework that explicitly explains the effects of implementation of CRM on the employee job satisfaction, qualitative overstretch and intention to quit in call centers in Malaysia. Evidence from the literature revealed that, for the issue of employee turnover to be resolved and for efficiency to be attained in the call centers, there must be a proper integration of CRM dimensions. It is in the light of this that this paper has developed a conceptual framework that would ensure that the dimensions of CRM are properly utilized thereby bringing about desired result in the industry.

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Keywords: Customer Relationship Management (CRM); call centers; employee job satisfaction; qualitative overstretch; intention to quit

1. Introduction

The extent to which an organization is successful in today’s competitive business environment is greatly determined by the capability to proficiently and positively manage its relationships with both internal and external customers (Berry, 1995; Brandy, 2001; SQM, 2007). However, as established by many literatures, achievement in the creation and management of these relationships is a function of customer relationship management (CRM) implementations within such firm (Abdullateef et al, 2012).

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According to Bohling et al. (2006), successful implementation of CRM by firms depend on their strategic fit on CRM, marketing strategy and other programs as well as coordination and cooperation among those that are tasked with the responsibility of the implementation. More importantly, CRM implementation can be fruitful if there is effective cross-functional incorporation of people, operation, process and marketing expertise that is activated by the means of technology, application and information (Abdullateef et al., 2009; Payne & Frow, 2005, Richard et al., 2007). Therefore, it is worth emphasizing the enormous role that employees can play in the achievement of organizational goals and objectives most especially in the firms that choose to adopt CRM initiatives as part of its operational and management activities, for example call centers.

CRM has been referred to by many researchers in different ways since the beginning of its popularity in the 1990’s. Chen and Popovich (2003) defined CRM as “a cross-functional, customer-driven and technology-integrated business process management strategy that maximizes relationships”. Another author define it as the mixture of information systems and strategy with the objective of concentrating firm’s efforts on improving the ways customers are being served (McKenzie, 2001). According to Kumar and Reinartz (2006), CRM is viewed as the strategic approach of identifying a firm’s key customers that can be profitably served and develop a relationship that is positive with them in order to achieve the benefits of organizational performance. Although there are diverse opinions about the operational definition of CRM, this study shall define CRM as the strategic process employed by an organization to create, maintain and sustain long term customer relationship through the incorporation of people, process and technology toward the development of data base and customer centric management practice that would enhance customers satisfaction and subsequently result to organizational performance and profitability (Abdullateef et al., 2011). To this effect, this study conceptualizes a framework to examine the effects of CRM implementations in Malaysia call center industry on the employee job satisfaction, qualitative over stretch and intention to quit.

1.1. Call Center in Malaysia

The past two decades has seen Malaysia call center developing strongly despite the challenges and stern competition received from other Asian countries, for example, India, South Korea, Singapore, Thailand and Philippine (APRG, 2010). The resultant patronage from the world reliable organizations such as DHL, HSBC, BMW and Standard Chartered Bank with formidable investments to the industry was the contribution to the persistent growth, having more than 600 call centers employing well over 25,000 citizens according to estimation from industry reports (APRG, 2010; CCAM. 2007; Kellyservices.com.my, 2010). The internal market development and foreign direct investment opportunities in the business process outsourcing (BPO) market are the major drivers of the growth that was experienced in the Malaysia call center industry (Shivanu Shukla, 2009), and this instigated additional investments on highly sophisticated applications by call centers to facilitate their operations in terms of workforce management, quality monitoring, analytics and voice portals to complement the routing solutions (APRG, 2010).

Given the Malaysia contact center outstanding benefits for outsourcing, the third in Asian Pacific Region, the industry is expected to worth over US$15.5 million between 2010 and 2014, and her diverse multilingual workforce with an average of 85% employees’ with commonly spoken languages such as Mandarin, Hindi, English and Cantonese and the establishment of other organizations such as the customer relationship management and contact center of Malaysia (CCAM), communication and multimedia commission, and multimedia super corridor have greatly assisted in the growth and development of the local call center and to occupy a relevant position in the call center industry (APRG, 2010; CRM Management Editor, 2010; CCAM, 2007; Kellyservices.com.my, 2010).

1.2. Common Problem in Call Centers

Call center is the fundamental channel of CRM, a strategic customer marketing center or a customer communication center that is saddle with the responsibility of executing the CRM strategy. The consistent advancement in information and communication technology has resulted in the transformation of call center into contact center where numerous channels of communication such as email, fax and web were being utilized to facilitate interaction between the company and their customers (So, 2007). This has made many authors to refer to
call centers as highly efficient and useful means of constantly keeping in touch with customers by firms at a profit (Abdullateef et al., 2013; McNally, 2007).

However, in an attempt to reduce operational expenses, there has been persistent and unrelenting efforts by call centers toward securing finest alternative medium of customer contact that would be less labor intensive in contrast to the traditional ones (Dean, 2007). The consequences of which, according to IBISWorld (2008) reports, are non-competitive compensation, high workload and high levels of stress, unpleasant physical or interpersonal working condition, monotony and poor direct supervision including several cases of lack of employee training. Thus resulted to between 35 and 50 percent turnover rate of call center representatives experienced per annum and customer dissatisfaction in the call centers, for example, the Malaysian call center industry.

Most researchers argued that turnover intention among employees in any organization is greatly determined by job satisfaction (McNally, 2007; Gonzalez and Garazo, 2006; SQM, 2005; Ravipa and Mark, 2004; Igbaria & Greenhaus, 1992). In support of the above arguments are evidence from McKnight et al. (2009), Rutner et al. (2008) Korunka et al. (2008) and Joseph et al. (2007), which also found in their studies that job satisfaction and work place characteristics determine intention to quit among employees.

Qualitative overstretch has been discovered by some studies as another vital determinant of turnover intention. Isic et al. (1999) proclaimed that qualitative overstretch and stress are related. Firth et al. (2004) viewed stress has being caused by range of factors known as stressors and concluded that the negative result of stress is employee dissatisfaction which can lead to turnover intention of employees. Though the influences of qualitative overstretch over turnover intention has received very little attention from researchers (Kantsperger & Kunz, 2005; Holman, 2003; De Ruyter et al., 2001). This study will explore how it has affect employees behavioral intention to quit in the call center firms.

This study focused on the call center as the main theme because of the increasing benefit of CRM application as the pivotal of customer loyalty and profit enhancement. Therefore, Jack et al. (2006) in his proposition asserted that the effectiveness of call centers’ depends mainly on call center representative’s courtesy, helpfulness, empathy, assurance and telephone etiquette. Most literature has established that attrition of employees is the highly devastating problem that any call centre can experience and due to the continuous existence, it has become a conundrum that every manager in the call center industry are trying to resolve up till date (Dean, 2007, Kantsperger and Kunz, 2005).

1. Employee Job Satisfaction, Qualitative Overstretch and Intention to Quit

The consequences of employee job satisfaction on organizations in terms of general performances as make it a very essential factor of concern as revealed by many literatures (Dean, 2007; Florian et al., 2007). However, other constructs such as job tension, role conflict, and role clarity were also strongly considered to have great impact on employee performance and quitting intention (Abdullateef et al., 2011; McNally, 2007).

Employee Job satisfaction was defined mostly by many literatures in accordance to Locke’s (1976), who define it as “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience”. He further explicated that employee job satisfaction is the outcomes of employees’ perception of how thriving their job can provide the things that are viewed as important. This is an explanation to Ostroff’s (1992) definition which tied employees’ job attitude to individual needs (Vi-Anne et al., 2012). Other researchers such as Spector (1997), Rice, Gentile and McFarlin (1991), McNamara (1999), Iliès and Judge (2004) have similar perspectives toward employee job satisfaction. This brought about the conclusion that employee job satisfaction is psychological in nature because it has to do with emotions, feeling and attitude of employees as regards to their job (Vi-Anne et al., 2012). Hence, employee job satisfaction is employees’ affective states and thoughts about their job and organization.

Notably, ample of literatures from different field of studies have accentuated that of many factors responsible for intention to quit of employee in an organization, job satisfaction is the most significant (Korunka et al., 2008; McKnight et al., 2009; Rutner et al., 2008), for example Lee (2000) realized that need for achievements and challenge as the components of job satisfaction significantly influenced turnover intentions among IT professionals. Joseph et al. (2007) in their meta-analyses of 33 studies relating to turnover intentions of IT professionals identified job satisfaction, job performance, role conflict, pay, promotion and perceived job characteristics as the important factors for quitting intentions.
Qualitative overstretch has been recognized as a constant issue that does occur to the employees of the organization that aims to achieve competitive advantage (Jamal, 2005). Qualitative overstretch is the condition of work that places high job demand on the employees by organizations more than what their skill, knowledge and ability can withstand (Singh et al., 1994, 1996). In other words, qualitative overstretch characterizes a term that has an exact type of stress faced by the employees and peculiar to the stress that leads to emotional exhaustion and lack of interest to continue with the present work (Isic et al., 1999). In a related development, the stress or pressure receives from individual work would definitely lead to the quit of the job, especially when the employees are emotionally disturbed (Gaines and Jermier, 1983; Behrman and Perreault, 1984; Goolsby, 1992; Sawyerr et al., 2009). Moreover, Maslach and Jackson (1981) added that qualitative overstretch which one experienced in the place of work could come from being emotional exhaustion, demoralization, and accomplishment apathy which is common at densely and stressful organization like call centers (Cropanzano et al., 2003). Therefore, the consequences of qualitative overstretch in employees are burnout, dissatisfaction with job, low commitment to work and turnover (Singh et al., 1996).

Indeed, the stressful nature of work at call centers shows that it would be easier for their employees to call it quit with their job. Bain and Taylor (1999) identify that the practice of usage of scripts in call centers together with repetitive work and partly reduced the autonomy of the employees push themselves to loosening of their workers (Lanshear et al., 2001; Deery et al., 2002; Belt, 2002). Consequently, it has shown that difficulty that employees went through in their organization like call centers would fast-track the resignation from work.

Many studies have found that the components of qualitative overstretch such as emotional exhaustion, stress, and job burnout are strong antecedents to intention to quit, for example Babakus ans Yavas (2012), Karatepe, 2010, 2011; Slatten et al., 2011; Brough et al., 2008; Kantseperger and Kunz, 2005; Wright and Hobfoll (2004), Deery et al. (2002), Wright and Cropanzano (1998), and Lee and Ashforth (1996). More so, a positively relationship between burnout and turnover of employees was found by Schaufeli and Bakker (2004), this is evident in Rehman et al. (2011) conclusion that emotional exhaustion is extensively positively related to intention to quit of customer service employees in Pakistan. Korunka et al. (2008) in their study to determine the factors affecting intention to quit among Austrian and American IT employees revealed that job satisfaction as well as emotional exhaust is influential factors of intention to quit.

Intention to quit is a situation where an employee in an organization has considered seeking alternative job in another firm due to the dissatisfaction with current working conditions (Calisir et al., 2011). The rationale behind intention to quit is the fact that many authors have used the concept to describe the turnover of employees in organizations (Siong et al., 2006). Though quitting intention does not imply turnover (Igbaria & Greenhaus, 1992), it was adopted on the fact that actual turnover are most significantly influenced by the intentions (Armitage & Connor, 2001). And in support of this, are studies from Sager (1991) and Alexander et al. (1998) where intention to quit effectively distinguished between salespeople who left and remained in an organization, as well as substantial predictors of turnover among psychiatric nurses. In addition, Griffeth (1995) in his confirmatory factor analyses proclaimed intention to quit as most suitable measure for turnover. It is on this premise that this study employed intention to quit as a measure of employee turnover in the call center.

However, having diverse opinions concerning the determinants of intention to quit by various researchers, this study focuses on job satisfaction and qualitative overstretch as it has been supported by many authors to present the highest significant impact on quitting intentions (Korunka et al., 2008; McKnight et al., 2009; Rutner et al., 2008; Sawyerr et al., 2009). Linkages between CRM Dimensions, Employee Job Satisfaction, Qualitative Overstretch and Intention to Quit in Call Centers.

Customer orientation is explained as activities focused with regards to determining and understanding the various needs of the potential customers and initiating the firm’s reaction to meeting and satisfying those needs and expectations above that of competitors (Pelham, 2009; Pelham & Kravitz, 2008). It also entails interaction with customers to seek information about their needs, thus familiarizing with the customers required concentrating on those unique needs and problems which would create a customer focused problem solving orientation (Frank & Park, 2006).

Many extant theories such as social exchange theory (Adams, 1965), and motivational theory of charismatic leadership (Shamir, Zakay, Breinin & Popper, 1998) strongly believed that organizations that engages customer oriented style of management (i.e., exhibiting customer satisfying behaviors, attitudes and beliefs) would have their
employees emulating those attitudes, behaviors and beliefs and therefore adapting to the organizational goals of achieving competitive advantage. Research has shown that customer orientation brings about high employees’ self-determination and autonomy as well as encourages the delivery of quality services in a competitive business environment (Fountain, 2001). To complement this, many researchers who established that customer orientation influences business activities outcomes derived by the organizations due to the satisfaction and commitment of employees to their job (Cross et al., 2007; Zhu and Nakata, 2007; Donavan et al., 2004). Hence, a strong customer orientation culture brings about organization effectiveness especially where the values of enhanced customer satisfaction which facilitates standards of behavior (e.g frequent customer contact, problems enquiry and exertion to solve the problems) are shared among employees (Hofstede, 1997).

However, according to Babakus and Yavas (2012), customer orientation serves as a shield to the detrimental effects of qualitative overstretch (burnout) on employees job performance and intention to quit. They submitted that employees with high level of customer orientation would be positively inclined about the future job environment thereby making them to subjugate qualitative overstretch (burnout) and having no thought of quitting the organization. Likewise, Donavan et al. (2004) concluded that employees who are highly customer oriented are more satisfied and committed to their work and they rarely thought of quitting their job, and such employees performance are found to be greater than ones with low customer orientation. Both evidences established that customer orientation boost employee job satisfaction and reduces the negative effects of qualitative overstretch on employees and their intention to quit.

The culture of customer orientation in a firm is considered to be very significant and positively related to call centers’ ability in successfully resolving callers’ issues in their first call (Abdullateef et al., 2010; Nguyen et al., 2007; Dean, 2007; Eid 2007). Evidence is the emphasis on the existence of a powerful correlation between customer orientation, qualitative overstretch, employee satisfaction and intention to quit, particularly in any service firm where customer service employees remain the first to interact with the customers and considering the time frame employees have to spend with the customers in the call center industry (Teehan and Tucker, 2010; Bhimrao & Janardan., 2008; McNally, 2007; So, 2007; Sarah & Meredith., 2006).

CRM implementation success in any organization is far more than being focused on customer orientation only (Ata & Toker, 2012). The level of CRM success is greatly determined by the way the organization’s structure, operations and processes are organized (Abdullateef et al., 2010; Sin et al., 2005; Yueh et al., 2010). Therefore, a second CRM dimension that could serve the purpose of effecting the basic structural changes on how organizations coordinate and control their business activities is known as CRM Organization (Sin et al., 2005; Yim et al., 2005).

CRM Organization is a component of CRM which many researchers have argued to enhance employee job satisfaction and organizational performance (Yueh et al., 2010), this is because necessary organizational infrastructure and managerial supports which are the basic requirements are provided at this level. Organizational structure, extensive resources commitment and effective management of human resources are vital components of the CRM organization which must be positively integrated to facilitate the accomplishment of organizational goal of competitive advantage (Akrouch et al., 2011; Jayachandran et al., 2005; Sin et al., 2005). Hence, a robust inter-functional harmonization of these structural elements across every departments of the firm will ensure and facilitate an increase in employee job satisfaction and a reduction in qualitative overstretch and intention to quit (Katsperger & Kunz, 2005; McNally, 2007).

Yueh et al. (2010) and Sin et al. (2005) emphasized that company’s internal marketing processes, such as standard reward systems, effective internal communications, employee empowerment, and employee involvement as the convenient ways of realizing CRM organizations on employee performance and job satisfaction.

Existing literatures have established that organization knowledge management capabilities are among the determinants of the successful CRM implementation (Zablah et al., 2004). This brought about the introduction of knowledge management as another dimension of CRM that is essential for organizations to attain and maintain competitive advantage (Claver-Cortés et al., 2007; Pathirage et al., 2007; Salmador & Bueno, 2007). With the notion that firm’s CRM strategy is directed toward the achievement of long term relationship with the customers in order to acquire customer loyalty as well as accelerate organizational profitability (Sigala, 2005), the building of solid relationships with customers, and improving customers’ satisfaction and performance is embedded in knowledge management (Pathirage et al., 2007).
Considering the fact that high levels of customers satisfaction can only be achieved by an organization when their employees are satisfied (Snipes et al., 2005). Therefore, employee’s ability in term of knowledge and skills are paramount to creation of value and vital in strengthening relationships (Namasivayam, 2005). To this effect, researches have confirmed that organizations can secure a long lasting relationship when their employees exhibit an in-depth knowledge of customer’s preferences (Guchait, Namasivayam & Lei, 2011).

However, with the description of knowledge management as the term that promotes an integrated approach to the development, collection, storage, organization, dissemination and application of all organization’s information and intellectual assets to optimize performance and reduce cost (Maier & Mosley, 2003). Claver-Cortes et al. (2007) established that, when firms implement a flexible management style and strengthened communication and teamwork among employees which enhance better interaction, an environment of knowledge that will attenuate qualitative overstretch and improve their satisfaction and performance is created. In addition, Egan, Yang and Bartlett (2004) established the knowledge management has the tendency to reduce qualitative overstretch, improve employees’ job satisfaction and decrease intention to quit. They finally conclude that knowledge management can result to employees’ job satisfaction and also mitigate qualitative overstretch and intention to quit. To support this are studies from Eylon and Bamberger (2000), Fraser, Kick and Kim (2002), and Watkins and Marsick (2003).

CRM is argued to be the highest technological contributions to organizations in the last few decades (Chao et al., 2007). Many organizations have resolved to the adoption of cutting edge technology to enhance the effectiveness of their operational processes in order to claim competitive advantage, and this accounted for their yearning for efficient CRM strategy to fulfill the needs and expectations of the current and potential customers (Batenburg & Versendaal, 2007).

Awasthi and Sangle (2012) submitted that to gain the strategic and economic benefits, an effective and well organized combination of front-end, back-end and data handling technologies is needed together with enhancement of organizational competencies. However, despite this, the fact still remain that CRM technologies in many organizations added no value to their performance bringing about the issues that led to the failure (Dimitriadis and Stevens, 2008). To this effect, Speier and Venkatesh (2002) in their related study on employees perception associated with technological rejection concluded that after few months of technology implementations in a firm, there is a high level of rejection by employees, and should the continuous usage be enforced on them, the result is qualitative overstretch, dissatisfaction with the job and quitting intentions and finally quit.

Call centers is characterized by highly fast-paced working environment involving employees capability of coping with sophisticated technology, consistent monitoring and supervision (Kelly Services, 2006) which makes work to be more tayloristic and monotonous (Bain et al., 2002) and the continuous use of technology to determine employees productivity and key performance indicators are indications of technology problems that are capable of breeding qualitative overstretch, employee job dissatisfaction and intention to quit, thus negatively impacted on call centers’ productivity (Moreno, 2006).

Based on the above-mentioned evidences and other practical findings which supported that the successful implementation of CRM initiatives hinges on successful cross-functional incorporation of people, processes, operations, and marketing competencies that is facilitated by means of information, technology, and applications (Payne and Frow 2005), and that the achievements of organizational performance and competitive advantage is a function of CRM dimensions (Abdullateef et al., 2011). This study proposes the following hypotheses:

H1: Customer Orientation of call center is positively related to Employee Job Satisfaction.
H2: Customer Orientation of call center is negatively related to Qualitative Overstretch.
H3: Customer Orientation of call center is negatively related to Intention to Quit.
H4: CRM Organization of call center is positively related to Employee Job Satisfaction.
H5: CRM Organization of call center is negatively related to Qualitative Overstretch.
H6: CRM Organization of call center is negatively related to Intention to Quit.
H7: Knowledge Management of call center is positively related to Employee Job Satisfaction.
H8: Knowledge Management of call center is negatively related to Qualitative Overstretch.
H9: Knowledge Management of call center is negatively related to Intention to Quit.
H10: Technology Based CRM of call center is negatively related to Employee Job Satisfaction.
H11: Technology Based CRM of call center is positively related to Qualitative Overstretch.
H12: Technology Based CRM of call center is positively related to Intention to Quit.
H13: Employee Job Satisfaction of call center is negatively related to Intention to quit.
H14: Qualitative Overstretch of employees in call center is positively related to Intention to Quit.

1. Theoretical Background and Framework

The importance of employees in any organization’s achievement of business objectives and performance has been critically emphasized in extant literatures, most especially in the successful implementation of CRM to attain and sustain firm’s competitive advantage in the context of call centers (Abdullateef et al., 2013; Akroush et al., 2011; Dean, 2007). In support of this is the evidence from Zahedi, Cheshmberah & Tofighi (2011) who argued that CRM involve the synchronization of activities toward increasing both internal and external customers’ satisfaction by building strong and better relationship among customers through the adoption of various techniques. This brought up an argument that proposed to the management of firms’ the necessity to realize the appropriate methods that could assist in redirecting the employees’ behavior toward performance improvement in their work (González & Garazo, 2006). It was then discovered that CRM has the capability to enhance and ensure a remarkable yield on relationship investments if properly implemented and managed (Yueh et al., 2010).

However, the model proposed in this study conceptualizes the linkages between CRM Dimensions (Customer Orientation, CRM Organization, Knowledge Management, and Technological Based CRM), Employee Job Satisfaction, Qualitative Overstretch and Intention to Quit within call center industry. Findings from ample literatures has identified persistent employees attrition as problem call centers management are still exerting unrelenting efforts to curtail till date (Calisir et al., 2011). More so, extant literatures has established employee job satisfaction as the major causal factor of this phenomenon that has inadvertently contributing negatively to customer satisfaction and loyalty, as well as encumbering the performance of organization and competitive edge (Joseph et al., 2007; Korunka et al., 2008; McKnight et al., 2009).

Meanwhile, available evidence in the existing marketing literatures strongly agreed that CRM dimensions as proficient management practice that organizations’ can depend upon to achieve their objectives (Yueh et al., 2010; Sin et al., 2005; Yim et al., 2005). Based on this premise, this study conceptualized the effect of CRM implementation on employee job satisfaction, qualitative overstretch and intention to quit. The research model and hypothesis direction is illustrated in the figure below.

Fig 1. Research Framework
2. Conclusion

In consideration of the empirical and hypothetical arguments that justified the importance of CRM as an enterprise business concept, and a vital facet of marketing concepts that can concurrently improve customer value at the same time reduce costs thereby resulting to sustainable competitive fit, and short and long run organizational profitability. This study noticed that the implementation of CRM faces various problems from different firms, due to the lack of understanding of what it entails. To support this stated view are relevant published marketing and management literatures on the CRM implementations with regard to failure recorded by many organizations which has resulted to huge financial loss in terms of performance and profitability.

However, it was recommended that to accomplish and enjoy the overall advantages of CRM, an unreservedly senior management dedication is highly required with substantial organizational change that conform with the anticipated CRM initiatives. More importantly, successful CRM implementation requires the organization to effectively synchronize people, processes and technology as they represent the extent to which management and employees accept CRM and support the implementation.

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