The Consequences of Qualitative Overstretch on Employee Intention to Quit in Malaysia Call Center Industry: An Implication of Customer Relationship Management

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Abstract

The purpose of this study is to determine the consequences of customer relationship management (CRM) application on qualitative overstretched and intention to quit in Malaysia call center industry. A conceptual model was developed to explain the hypothesis direction and the evidence from ample of literatures suggested that comprehensive applications of CRM strategy should be adopted and integrated into organizations’ operations in order to achieve organizational performance and resolve the issue of employee turnover. More so, appropriate training program that can reduce qualitative overstretched and eradicate stress should be provided for the employees of call centers.

Keywords: Customer relationship management (CRM), Qualitative overstretch, Call centers, Intention to quit

1. Introduction

The application of customer relationship management (CRM) as a practice in every business enterprise to enhance organizational performance and productivity has grown rapidly in recent time (Foss et al., 2008; Langerak & Verhoef, 2003, Raman et al., 2006). Since its development from relationship marketing (Hung et al., 2010; Wu & Wu, 2005) and becoming popular in the 1990’s, customer relationship management had remained the highest priority of many firms (Becker et al., 2009; Croteau & Li, 2003) as well as an obvious marketing tool for the firms, indicating how to better serve customers and proffer means of business operation that is more efficient and effective.

However, despite the adoption of CRM by many organizations and its capability to facilitate the achievement of higher profitability and competitive advantage, existing literatures have reported enormous failure recorded in the implementation to about 70% to 90% rates (Finnegan & Currie 2010; Finnegan & Willcocks, 2007; Mendoza et al., 2007; Richards and Jones, 2008) with an estimated 70% of CRM projects bringing no profits and no relevant positive influence on firms performance (Zhang, 2006; Gartner Group, 2003). While this has shown the extent to which CRM implementations is not successful in many organizations, ample of researchers have associated the problem to the lack of understanding of CRM processes by these firms (Rababah, 2011), other researchers linked the failure to technological misfit (Finnegan & Willcocks, 2007), ignoring the CRM broader dimensions by firms (Pan & Lee, 2003), and the narrow consideration of CRM as marketing initiative (Kalakota & Robinson, 2001).
CRM is regarded as a major means to efficiently and effectively develop innovative capabilities and accomplish solid competitive advantage in many organizations (Ramani & Kumar, 2008; Sahay & Ranjan, 2008), it has also been credited with the ability to enhance firms’ operational efficiency via the application of organizational structure and culture (Sin et al., 2005). The definition of CRM has created diverse opinion in the face of being universally accepted as a strategic approach to businesses that can improve organizations performance from the perspective of customers-companies relationships (Sin et al., 2005; Zablah et al., 2004; Yim et al., 2004; Rigby et al., 2002, 2004), but still prominent is the deliberations on what CRM is all about. Sin et al (2005), in his argument explicat that there is dearth of a theoretical unifying framework in CRM literatures which signified specifically how the CRM concept could be suitably translated into a more complete set of concrete organizational activities to achieve success. Most of the CRM definitions have been an addition to the earlier ones and explaining in-depth its concept, fundamental principles and dimensions. Many of the initial definitions of CRM was basically channeled towards information technology and the acquisition and assessment of information concerning the identification of customers needs (Zikmund et al., 2003; Krauss, 2002), but Payne and Frow (2005) disparage that their approach was narrow and tactically lackluster, therefore cannot produce outcomes that could guarantee high rates of customer retention (Thomas et al, 2004). Blattberg and Deighton (1991) described CRM as the term relating to electronic marketing, whereas it was considered to be database marketing by Peppers and Rogers (1995). Other narrowly based CRM definitions are focused on marketing ideas, for example web sites and personalized e-mail, call centers, and loyalty programs (Yim et al., 2004).

From a broader point of view, CRM was claimed to entails an entire marketing strategy mix, technology, and organizational structure and activities that are focused around customer data that assists in better managements of firms (Hair, Bush and Ortinau, 2003). It was also seen as all inclusive process of developing and maintaining positive relationship with customers by delivering superior customer value and satisfaction (Kotler & Armstrong, 2004). These wider perspective couple with the conceptualization and understanding of CRM concept in line with customer centric perspective was well supported by many authors (Payne and Frow, 2005; Boulding et al., 2005; Parvatiyar & Sheth, 2001; Swift, 2001).

However, based on the above analysis, this research shall adapt the definition of CRM based on the four key areas: strategy; people; technology; and processes (Crosby & Johnson, 2001; Fox and Stead, 2001; Ryals & Knox, 2001). Thus, CRM is the organizations’ capability to strategically and proficiently integrate client’s factors, people, process and technology in maintaining and sustaining positive relationships with both existing and prospective customers (Abdullateef, 2011).

The extant literature and industry reports had established the relevance of customer relationship management in marketing activities, highlighting the significant achievement in digitizing necessary information about customers by the customer contact centers for the awareness of their employees through various advance information technology (Abdullateef et al., 2011; Dean, 2009; 2007; Sin et al., 2005; Yim et al., 2005; Kantesperger and Kunz, 2005). Though this study subscribed to the prevailing arguments in favor of CRM applications as having positive impact on employee job satisfaction and performance, existing evidence reveals that there are major problems that is critically affecting call centers in Malaysia, such as employee job dissatisfaction, high attrition rate, shortage of skilled employees, high average speed of answer, high abandonment rate, high cost of operations, and customer dissatisfaction (Abdullateef et al., 2011; Callcentre.net, 2008; 2003; Kellyservices.com, 2006).

Therefore, this study will examine the impact of CRM applications on qualitative overstretch and intention to quit in call center industry, particularly in Malaysia and conceptualize the relationships between these variables.

2. Literature Review

2.1 CRM Call Center Industry in Malaysia
Call center has been described as the physical environment that is committed to servicing and interacting with existing and prospective customers of an organization with the use of advanced telecommunication and information technology (Callentres.net, 2003). According to So (2007), call center is a strategic customer marketing center that proffer resolutions to customer needs and problems concerning products and services, or customer communication center that operate, practice and execute CRM strategy. However, the development of sophisticated information and communication technology has led to the transformation of call center to contact center with the utilization of multiple communication channels such as internet, fax and mail (Malhotra & Mukherjee, 2003; Bain et al., 2002).

The Malaysia call center industry has made remarkable growth over the years with patronage from highly reputable organizations such as BMW, Standard Chartered Bank, HSBC and DHL that invested heavily in the industry, notwithstanding the competition faced from countries like Indonesia, Thailand, Singapore, India and Philippines (APRG, 2010). In support of the argument is the industry reports figure of more than 600 call centers employing over 25,000 people of the country (APRG, 2010; Kellyservices.com.my, 2010; CCAM, 2007; Callcentre.net, 2003). Research has revealed that the Malaysia call center industry is yet to develop to the peak, the developmental process is expected to follow an estimated growth rate of 16% per annum for the next four years (APRG, 2010; Kellyservices.com.my, 2010). According to Shivana Shukla (2009), associate director at Frost & Sullivan’s ICT Practice, the growth experienced by the industry so far was driven by internal market development and the foreign direct investment opportunities that abound the business process outsourcing (BPO) market in Malaysia (Frost & Sullivan, 2009).

Due to the aforementioned, call centers investments on technology is changing to a more sophisticated applications such as quality monitoring, workforce management, analytics and voice portals; from mere routing solutions (APRG, 2010). Hence, Malaysia contact center is the third in Asian Pacific Region for outsourcing and is expected to worth more than 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 have greatly assisted to occupied this relevant position in the call center industry (APRG, 2010; Kellyservices.com.my, 2010).

More so, industry reports attributed further contributions to Malaysia call center industry growth to the collaborative efforts of customer relationship and contact center association of Malaysia (CCAM) with the Malaysian Government (CRM Management Editor, 2010; CCAM, 2007), the development of telecommunication network infrastructures to the world standard with latest technologies such as, digitalization, wireless transmission, fiber optics and satellite services (Callcentre.net, 2008; 2003), and the establishment of multimedia super corridor (MSC) project to control the activities of business process outsourcing (BPO) and share services (CCAM, 2007; Callcentre.net, 2003).

However, despite tremendous efforts and successes attained in taken Malaysia call center industry to the fore front in the Asian pacific region, salient issues are still affecting the industry such as employee job dissatisfaction, high attrition rate, shortage of skilled employees, high average speed of answer, high abandonment rate, high cost of operations, and customer dissatisfaction (Abdullateef et al., 2011; Callcentre.net, 2008; 2003; Kellyservices.com, 2006).

2.2 Intention to Quit

Many authors have written about the issue of turnover of employees in the organization with particular emphasis on call center industry citing various antecedents and employing intention to quit as a perfect means to measure its extent within a firm (Ahmad et al., 2010; Brigham et al., 2007; Sawyerr et al., 2009). Existing literature have established its strong negative effects on organizational performance (Abdulateef, Muktar, Yussof, & Ahmad, 2012; Walsh, 2010; Sawyerr et al., 2009), and high cost imposed on organizations (Tia-Foreman, 2009; Maertz et al., 2007), for example, 17% of pre-tax annual income of organizations (Yang et al., 2011), and $5 trillion annually was estimated as the cost of employees turnover by American firms (Frank et al., 2004). These costs was associated to recruitment and selection of new staff, overtime payments to alleviate shortages and the replacement of experienced employees with inexperienced ones as well as the cost of training and development (Alexandrov et al., 2007).
Turnover has been described in most marketing and management literatures using intention to quit (Siong et al., 2006). Turnover has to do with the outright movement of employee from the current job to seek for an alternative one in another organization (Price, 1977). Igbaria and Greenhaus (1992) argued that both terms are not the same, but intention to quit was adopted based on the fact that actual turnover are most significantly influenced by the intentions (Armitage & Connor, 2001). Authors that have used intention to quit as a measure of turnover includes, Alexander et al. (1998), Griffeth (1995) and Sager (1991).

Malaysia’s call center has been observed to be protracted in the problem of employee turnover over the years (Abdullateef et al., 2012, Callcentre.net, 2003). Industry reports has identified the major causes of the phenomenon to high rates of resources utilization towards cost efficiency (Alava, 2006; Callcentre.net, 2003), with strong evidence that employee overstretch as a probable outcome of high utilization contributed immensely to turnover of employees in the Malaysia’s call center (Callcentre.net, 2003). Thus, the argument by some practitioners that persistent agent turnover would be detrimental to outsourcing of call centers to Malaysia (CCAM, 2009; Callcentre.net, 2003).

2.3 Qualitative Overstretch

Qualitative overstretch can be described as situation where employees perceived their job to be highly demanding (Katsperger & Kunz, 2005). It is characterized by high workload which could result to stress, burnout and emotional exhaust as well as other stress relation outcomes that could lead to lack of interest on the part of employees to continue with their present work (Calisir et al., 2011; Isic et al., 1999). More so, qualitative overstretch can reduce employee’s perceived self-efficacy and cause feeling of learned helplessness which will evidently affect customer satisfaction negatively (Bandura, 1997; Martinko & Gardner, 1982).

In a related development, the stress or pressure receives from individual work would definitely lead to the quitting of the job, especially when the employees are emotionally disturbed (Behrman and Perreault, 1984; Gaines and Jermier, 1983; Goolsby, 1992; Olukemi 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 exhaust, demoralization and accomplishment apathy which is common at densely and stressful organization like call centers (Russell et al., 2003).

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 center together with routine nature of work would definitely lead to the conclusion of leaving the job. Many call centers are found of repetitive work and partly reduced the autonomy of the employees push themselves to losung of their workers (Lanshear et al., 2001; Deery et al., 2002; Belt, 2002). Consequently, it has shown that difficulty that employees receive 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 exhaust, stress, and job burnout are strong antecedents to intention to quit, for example Babakus ans Yivas (2012), Brough et al., (2008), Lee and Ashforth (1996), Karatepe, (2010, 2011), Slatten et al., (2011), Kantsperger and Kunz, (2005), Wright and Hobfoll (2004), Deery et al. (2002), and Wright and Cropanzano (1998).

3. Theoretical Background and Framework

Call centers has reportedly been faced with great challenges in the recruitment and retaining of employees even as it’s grow consistently in the number globally (Sawyerr et al., 2009). In support of the evidence is the 35 and 50 percent of employee turnover is experienced annually by the call centers, attributing these rates to 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.

However, following the arguments from extant literatures that established the call center as a vital business strategy towards achieving successful implementation of customer relationship
management and its’ pivoting role in the accomplishment of organizational performance and competitive advantage (Kode et al., 2001). And employees vital role in organization’s accomplishment of business objectives and performance, particularly 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). This study conceptualizes the framework to establish the relationships between the dimensions of CRM, qualitative overstretch and intention to quit in the Malaysia call center industry.

**Conceptual Model and Hypothesis Direction**

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<th>Independent Variable</th>
<th>Dependent Variable</th>
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<td>Customer Orientation</td>
<td>Intention to Quit</td>
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<td>CRM Organization</td>
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<td>Knowledge Management</td>
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<td>Technology Based CRM</td>
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<td>Qualitative Overstretch</td>
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3.1 Correlations between CRM Dimensions, Qualitative Overstretch and Intention to Quit.

Customer orientation is the dimension of CRM that organizations have confirmed to be highly instrumental to the achievement of solid relationship with customers as it imbibe the customer oriented behavior and culture into the firm’s employees, thus higher performance (Yilmaz et al., 2005; Kim, 2008). This is evidence in its immense contribution to the successful implementation of CRM (Stephen & Thomas, 2008). CRM is regarded as an “enterprise method of understanding and influencing customer behavior through meaningful communications in order to improve customer loyalty, customer retention, customer acquisition, and customer profitability” (Swift, 2001). Going by the above mentioned, the management of call centre firms needs to engage in the creation of customer oriented culture and endeavor to imbibe it into its employees for the successful implementation of CRM (Francis, 2004).

The earlier research of Fountain (2001) emphasized that the customer orientation does not have effect on the situation that employees are passing through within their organization, but increases employees’ sovereignty and encourage them to improve service delivery, especially in the competitive market place. Meanwhile, researchers have stressed that customer orientation influences outcome
derived from the business activities as a result of employee’s satisfaction from their work and the organizational commitment (Cross et al., 2007; Zhu and Nakata, 2007; Donavan et al., 2004).

Babakus and Yavas (2012) established in their investigation of the buffering role of customer orientation on job burnout that, customer orientation act as a protector to the adverse impacts of burnout on employees job performance and intention to quit. They further concluded that high level customer oriented frontline employees would be positive about future job environment thus making them to suppress burnout as well as having lower perception of intention to quit, while on the other side, the effect of burnout on employees tend to be aggravated and the tendency to quit is increased. Donavan et al. (2004) also reported that employees with strong customer orientation are generally likely to be committed and satisfied to a greater extent such that they never thought of intending to quit their job and their performance with resolving customers’ issues are better than low customer orientation employees.

Hence, an encouragement toward employees attaining satisfaction in making customer happy is embedded in customer orientation (Harris et al., 2005) and high customer orientation of employees produced greater amount of commitments to the firm (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002).

Successful implementation of CRM in an organization transcend being customer oriented only (Ata & Toker, 2012). The way the organization’s structure, operations and processes are organized determines to a greater extent the level of its CRM success (Abdullateef et al., 2010). 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 positive relationship between CRM organization, employee job satisfaction and negatively related to intention to quit (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.

The building of solid relationships with customers, and improving customers’ satisfaction and performance is embedded in knowledge management (Pathirage et al., 2007). Meanwhile 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 improve their performance and satisfaction is created. In addition, Egan, Yang and Bartlett (2004) established the knowledge management has the tendency to improve employees’ job satisfaction and decrease intention to quit. They finally conclude that knowledge management is positively related to employees’ job satisfaction and also negatively related to 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 a term in information industry which refers to methodologies, software and internet-based tools or equipment that help organization to maintain good customer relationship in order to stick with the existing customers and win more of customers into their organization (Yurong et al.,
It is further stated that for a firm to excel more than its competitor, a technological-based seamless product approach should be adopted (Yurong et al., 2002).

Information technology has been a major tool which many organizations employ for the successful implementation of CRM particularly in the call center firms where the adoption of cutting edge technology is employed to enhance the effectiveness of their back and front offices processes in order to achieve and sustain competitive advantage (Batenburg & Versendaal, 2008). Scheper (2002) reported that the interaction between information technology and organizational aspects would enhance the achievement of superior performance.

It was acknowledged by researchers that organizational success are driven by the employees (Sabherwal et al., 2006; Devaraj & Kholi, 2003), but should the adoption of new technology which could improve their performance is not highly supported (Jones et al., 2008; Simon & Usunier, 2007). Then, a situation where such technology is enforce on employees in an organization may result to qualitative overstretch and consequently lead to intention to quit. The use of technology to exert control and reduce employees’ autonomy (Noble, 1984) in the call centers thereby making tasks to become tayloristic can lead to stress and then absenteeism and turnover of employees. Houlihan (2001) concurred that the nature of work in the call center is characterized with intense technology usage to influence the rate and quantity of work and the fact that studies have revealed that technology can generally increase the complexity of jobs (Autor, Levy & Murnane, 2003; Spitz-Oener, 2006), then technological advancement deployment and the increasing usage of it to improve the effectiveness and efficiency of firm activities can lead to job stress among employees (Love & Irani, 2007) and then intention to quit.

3.2 Qualitative overstretch and Intention to Quit

Employee overstretch has been considered very vital for the performance and motivation of employees in an organization as this shows the extent to which the job is perceived to be demanding in relation to the skills and abilities required (Kantsperger & Kunz, 2005). Qualitative overstretch serve as a deterrents to employees good job outcome and better service delivery which may result to its negative correlation with customer satisfaction. To support the above statement are researchers which established that call center work could cause burnout, lower perceived self-efficacy and feelings of helplessness and finally impact negatively on customer satisfaction (Bandura, 1997; Deary et al., 2002; Martinko & Gergner, 1982).

However, qualitative overstretch as an equivalent of high job demand or workload in an organization will inflict stress, burnout and emotional exhaust on employees and these would lead to poor quality service, absenteeism, intention to quit and at the end turnover of workers (Deary et al., 2002, Kantsperger & Kunz, 2005; Schaufeli & Bakker, 2004; Wright & Hobfoll, 2004). Many other studies that support that workload contribute tremendously to employees’ intention to quit their works are; Babakus and Yavas (2012), Walsh (2010), Harris et al. (2009), Whysall et al. (2009), and Sawyer et al. (2009).

In view of the literatures that have been reviewed, this study proposes the hypotheses as follows:

**H1:** Customer orientation of call center will negatively influence qualitative overstretch.

**H2:** Customer orientation of call center will negatively influence intention to quit.

**H3:** CRM organization of call center will negatively influence qualitative overstretch.

**H4:** CRM organization of call center will negatively influence Intention to Quit.

**H5:** Knowledge management of call center will negatively influence Qualitative Overstretch.

**H6:** Knowledge management of call center will negatively influence Intention to Quit.

**H7:** Technology Based CRM of call center will positively influence Qualitative Overstretch.

**H8:** Technology Based CRM of call center will positively influence Intention to Quit.

**H9:** Qualitative Overstretch of employees in call center will positively influence Intention to Quit.
4. Conclusion

Considering the evidence from the literatures that empirically established qualitative overstretch as a significant influence on employee’s intention to quit, inflicting heavy cost and negatively affecting the performance of organization. This study has come up with the resolute in CRM application as strategic means of combating the consequences of qualitative overstretch on employee intention to quit in the call center industry as well as providing an enabling environment that would prevent stress. It is relevant to conclude that the implementation of CRM can serve as managerial tools which if properly integrated has the capabilities of preventing qualitative overstretch of employees and thus reduce immensely their rate of turnover.

However, the management of the call centers can derive from this paper an insight into how qualitative overstretch can be minimized within the work environment so that best performance which would guarantee organization attainment of competitive advantage can be achieved from the employees. The lack of data to practically test for the authenticity of the proposed model which is needed for the investigation of hypothesized relationship is the inherent limitation of this study.

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