

CIPD Applied Research Conference 2016:
The shifting landscape of work and working lives

The impact of changing management practices on the morale of contact centre workers

Conference paper

Dr Ben Hardy
SOAS, University of London

Dr Tanya Alcock and Dr Jon Malpass
Research and Innovation, BT Technology, Services and Operations

Conference paper number: CIPD/ARC/2016/7

The authors retain the copyright in this paper and are responsible for the accuracy of its content.

The impact of changing management practices on the morale of contact centre workers

Dr Ben Hardy, SOAS, University of London

Dr Tanya Alcock and Dr Jon Malpass, Research and Innovation, BT Technology, Services and Operations

Introduction

The way people feel about their work affects their performance. Countless studies attest to this link and these are supplemented by personal experience, which suggests that when we feel enthused about our work, we perform better than when we feel that work is a chore.

Leaders and managers have responded to this challenge in two different ways. One is to try and devise work systems which break this link between how people feel and how they perform. The assembly line is a great example of this as it forces a particular pace of work, irrespective of the workers' feelings. This can prove effective with physical tasks with low worker discretion. For those workers with more discretion, for example knowledge workers, forcing the pace of work or neglecting the feelings of workers might not produce the desired results. Harried, unhappy workers are unlikely to put forth their best work.

The second way of addressing the feelings–performance problem is to think about enhancing people's feelings about their work. Research in this area has produced a sizeable array of concepts, as befits a task of this complexity and sophistication. Empowerment, job satisfaction, organisational commitment, employee engagement – to name but a few – are all concerned with understanding and enhancing this link.

One concept which is routinely mentioned is that of morale. Despite its considerable social currency, there is startlingly little research into morale. In this paper we examine the structure of morale and how management practices can affect it. In doing so we blend theory which was grounded in a diverse group of real-world organisations, with an examination of how changing management practices impact on morale in a contact centre environment.

The importance of morale

There is little doubt in most people's minds that morale is important. But what is morale and why does it matter? Business leaders certainly think it does matter. In the words of Herb Kelleher, the founder of Southwest Airlines, *'there is one key to profitability and stability during either a boom or bust economy: employee morale'* (Sirota et al 2005, p33).

What research there is also suggests that morale matters a great deal. Salespeople with high morale sell more (McClelland and Burnham 2003); and organisations with high morale

are more productive (Weakliem and Frenkel 2006) and experience greater increase in share price than their competitors (Sirota et al 2005).

What we have here is an odd situation. Morale is clearly an important factor in organisational life. Despite this, as Liefoghe and colleagues point out, there is *'no strong theory to explain morale as such is in evidence, nor are there many empirical studies that offer solid ground to advise organisations'* (Liefoghe et al 2004, p1).

To remedy this situation we investigated morale by conducting in-depth interviews with 203 employees in seven different organisations. We asked them to describe times of high and low morale, what would improve or damage their morale, and the effect of morale on their performance. The interviews were recorded, transcribed and the salient features of morale identified.

This qualitative approach allowed us to explore the impact of morale and examine its structure. In doing so, we developed a model of morale rooted in actual organisational experience.

Of course, it is entirely possible that this model of morale simply reflects our own prejudices, so we surveyed a number of different populations to see if the model we had developed was correct. Using structural equation modelling – a powerful technique which assesses how well quantitative data matches the theoretical model – we were able to confirm the model developed during the qualitative phase of the research.

The nature and structure of morale

What morale feels like

Respondents were very clear on how high and low morale felt. Those experiencing high morale felt *'enthusiastic, energetic, happy, content'* (general manager at an engineering plant), *'excited, proud, trusted, secure'* (engineer at a high-tech start-up), *'happiness, excitement, sort of an eagerness to get in and get started'* (IT worker at a scientific research centre). Low morale, by contrast, was described as *'a lack of interest in what you're doing'* (process technician at a silicon chip manufacturer); that *'you just feel miserable all the time with low morale. Helpless I suppose as well, in that you feel you can't do anything about it'* (finance director at another high-tech start-up).

How it impacts on performance

Morale seems to impact on performance in a number of different ways. One is the energy which people bring to their work. With high morale, *'it feels like my brain is really awake'* (salesperson at an engineering plant); low morale, by contrast means *'you have low energy, you can't be bothered and tend to do jobs to a minimum level'* (process engineer, roofing manufacturer).

Morale also affects productivity. With low morale, *'you're doing a job almost in a serial, everything's in a queue, one after the other, rather than attempting things in parallel and doing several things at once [as you would with high morale]'* (IT manager at scientific research centre).

Other interviewees commented on the effect of morale on quality of work, communication, creativity and whether or not they stayed with the organisation (Hardy 2009).

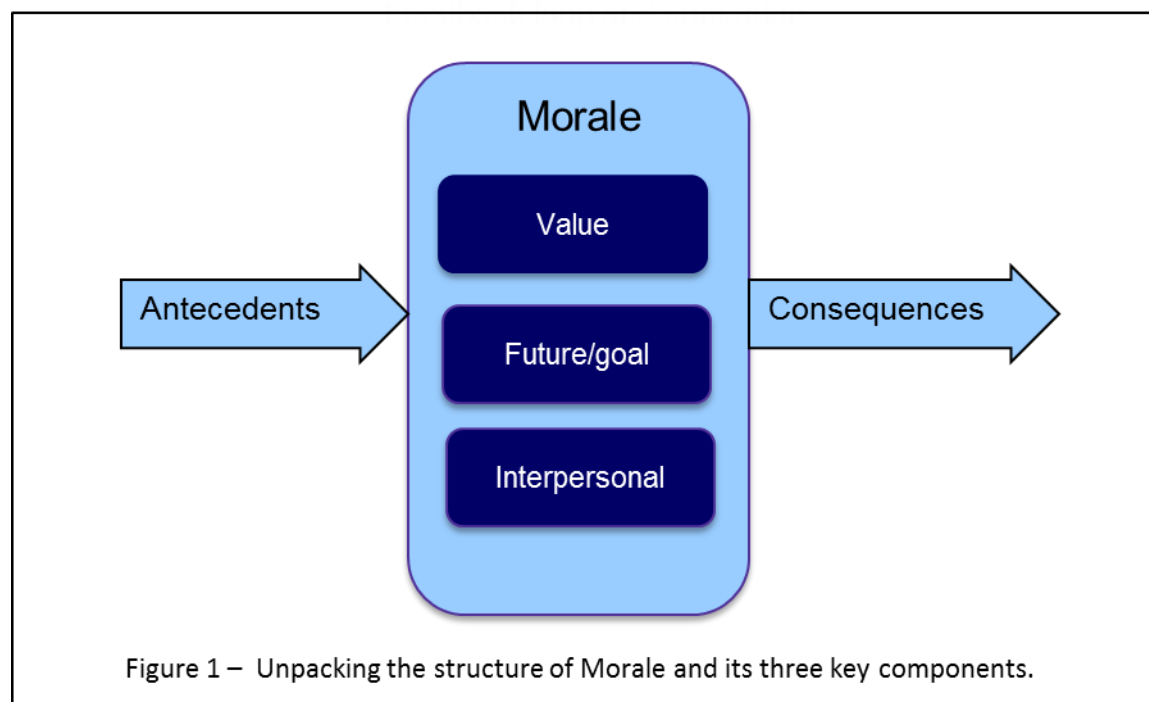
The interviewees clearly think morale has a significant impact on them, but what do their interviews tell us about the structure of morale?

The structure of morale

By identifying all the different elements of morale which the interviewees talked about, we were able to identify three key elements of morale: value, future/goal and interpersonal (see Figure 1). These three elements do not exist in isolation – they inter-relate. But by considering each separately, we can get a clearer idea of how to influence morale.

The value dimension

There are two components to this element of morale. The first is about feeling valued by the organisation. Does the organisation recognise your efforts? Does it even know what you do? This support by the organisation for what the individual is doing has been shown to improve mood (Rhoades and Eisenberger 2002). The second component is about having value to the organisation. Is what you do useful to the organisation? Does it contribute to the overall objective? Meaningful work (for example, showing the benefit to end users) has been shown to improve productivity and performance (Grant 2011).



If we consider what happens when these two value components are absent, the effect on morale is obvious. If you are never praised or recognised, you have to have pretty deep reserves of self-esteem to keep your morale up. Similarly, there are few things more demoralising than a pointless job.

It is easy enough to lower this element of morale, but how do we build it up? The two components suggest two courses of action. The first is to praise, or at least recognise, workers for the work that they do. This sounds like common sense but, the research suggests, it is uncommon practice. Typically praise and recognition are in short supply in many organisations. The second component – feeling that you have value to the organisation – requires the individuals' activity to be contextualised into wider organisational objectives. The old (and possibly apocryphal) example of President Kennedy's visit to the NASA Space Center in 1962 illustrates this. President Kennedy spoke to a man sweeping up in one of the buildings. 'What's your job here?' he asked. 'Well, Mr President,' the janitor

replied, *'I'm helping to put a man on the moon.'* The janitor clearly saw his work in the wider context of the space race.

The skilful manager will link these two together and not merely recognise what the employee has achieved, but will put it in its wider context. It's not enough just to say 'well done', as that only hits the recognition element of the value dimension; it needs to be a well done that says why what the person has done matters.

The value dimension, therefore, is an important component of morale and one which is often neglected in the practices and pace of modern organisational life.

Future/goal dimension

The second element of morale is the future/goal dimension. As with the value dimension, this has two elements. The first is some sort of future objective. A worker at a chain of garden centres described the objective of saving up to go travelling, thus: *'I was working towards something. And that gives you a total high ... I had something to work towards and it didn't faze me that I worked six days a week, and didn't go out, didn't do anything ... because I knew what I was doing it for.'* By contrast, a worker at the roofing manufacturer explained that *'senior directors keep changing their minds and their opinions quite regularly. ... I think the more we do that, the more demoralising it can be, if you've been working hard on something which then no longer becomes important.'*

Again, this may sound obvious, but experience suggests that not every organisation has a clear strategy, and, even if they do, this is often not widely understood across the organisation. A strategy, goal or objective is not just good business practice; it can aid in improving morale.

In addition to a desirable future objective, there has to be a sense of progress towards that objective. If there are clear objectives but no feeling of progress, morale can drop. A worker at one of the high-tech start-ups we investigated believed that his morale was lowered because *'we were just making no progress, and why? There's this [product], it's good, it's wanted ... we've succeeded in making it and now it needs to be properly engineered and delivered and actually we're meeting this huge inertia. ... The progress towards the goal has just ground to a halt.'* Conversely, an IT manager explained, *'the thing that keeps me happiest, or keeps morale up at the moment, is the fact that I feel as though we're still getting somewhere.'*

The sense that the future will be better and that we will get there is a useful bulwark in difficult times. People can cope with a great deal more uncertainty and discomfort if they know that things will get better and that it will be worth it when they do.

So what can managers do to foster this dimension of morale? The first thing is to make sure that people know what the organisation is trying to achieve. This requires a certain clarity on the part of the organisation which may not be present. In this case, managers need to set up a goal or objective which fits with the organisation's activity but gives enough scope for changes of direction. In extremely turbulent environments, it may make sense to make the *process* of goal delivery the goal – so that whatever strategy is decided upon it can be executed effectively.

The second component is providing effective feedback. Letting employees know how things are going fosters a sense of progress. Even when things are getting worse, this sharing of information can be beneficial if there is a credible plan for addressing the problems.

This future/goal element of morale has much in common with goal-setting theory (Locke and Latham 2002), where strong specific goals, supplemented with feedback, drive performance. The future/goal dimension, however, is less tightly defined than in goal-setting theory. Goals such as curing cancer or writing the best software are hard to achieve or measure. Despite this, a sense that there is a clear objective and some sense of progress means that the future/goal dimension is appropriately activated.

Interpersonal dimension

The interpersonal dimension serves two purposes. The interpersonal relations themselves are important but they are also a conduit for information about the value and future/goal dimensions.

The nature of the interpersonal relationship depends on both interpersonal empathy and a sense of moving in the same direction. As an engineer at one of the high-tech start-ups said, *'morale is feeling part of the group.'*

Fractured interpersonal relationships have the opposite effect. In one of the companies, there had been a merger between two other organisations, yet, in the words of an analyst there, *'they were supposed to be working together but there were great groups of people who were following the old regimes, and it just became a clash ... there was a lot of obvious affected people on both sides ... it's quite demoralising really.'*

The interpersonal element of morale ties in with research on social rejection (for example Eisenberger et al 2003), where social exclusion is both psychologically and physically painful. Humans, in the main, want to feel part of a group, and when they do not this affects their outlook.

Morale and changing management practices

This model of morale (Figure 1) is grounded in organisational experience and tested using statistical methods. But does it have import for the real world? To test this we interviewed 43 employees at six contact centres owned by a global multimedia company. Prior to this research, the management had adopted a new approach to performance measurement. This moved away from resource-optimisation metrics, such as call-handling time and 'adherence' (that is, how much of the time people were at their desks, able to take calls), to customer satisfaction measures. This shift from management practices that aim to break the link between worker feelings and organisational performance, that is, a production line system, to those which value customer service had significant impact both on the way work was undertaken and the way it was perceived by both customers and employees. Alongside this, the organisation embraced a 'lean' philosophy which aimed to make the workflow through the centre more efficient.

The value dimension

The implementation of the lean programme engaged staff in the process of making their workplace more efficient and eliminating waste. Involving staff and drawing on their expertise was perceived by the employees as the organisation valuing them. The perception that they were well placed to help improve processes suggested to staff that their skill and expertise had value for the organisation. In some cases this value could be quantified; for example, in one centre, the new policies had saved the organisation an additional £2 million. Communicating this to staff demonstrated the financial and organisational value of their work, thus raising their morale.

The organisation also implemented a policy of e-cards for good performance. This was perceived favourably and impacted on the value dimension by illustrating that their efforts were valued by the organisation. This was in contrast with the previous regime, where advisers were principally rated on their ability to answer calls within a certain timeframe, rather than their ability to solve problems or serve customers.

Future/goal dimension

The lean initiative was seen as evidence that the organisation was striving to improve. Workers' opinions on recommendations for change were elicited throughout (we value your opinions and are listening to your expertise), and progress was presented through update meetings and bulletin boards placed around the centres. These tracked a number of measures, such as customer satisfaction, and monitored progress on process changes brought about from employee suggestions.

Importantly, the management emphasised that the workforce freed up by increased efficiency would be retrained to handle new business, rather than be made redundant. This, too, was a clear signal of a better future as well as impact on the value dimension (we value you, so we want to keep you).

Interpersonal

The organisation did not pay a great deal of attention to interpersonal relations. That said, local management were aware of its vital role and helped foster a collaborative atmosphere through coaching rather than criticism, and advisers were encouraged to interact, ask one another questions and work together as a team. Mentoring, and buddying events, such as Christmas jumper day, were also used to build cohesion and enhance the interpersonal dimension.

Conclusions and implications of field research for practitioners

The work in the contact centres suggests that the model of morale outlined in the first part of this paper is a useful framework for practitioners aiming to understand morale and manipulate it. The three dimensions offer a template to help understand how organisational actions impact on the morale of employees. For the value dimension they could ask which factors in the environment suggest that the employees are valued (or not) and which suggest that they have value to the organisation (or not). For the future/goal dimension, they could look for clear objectives and a sense of meaningful progress towards them. For the interpersonal dimension, they could look at the quality of interpersonal relationships.

Practitioners may use the framework in a more instrumental manner by trying to address the three dimensions. The value dimension could be stimulated if managers recognise the work done and make efforts to link employees' activities to organisational objectives, as the multimedia company did when it illustrated the employees' value to the company by telling them about the £2 million in savings that they had made.

The future/goal dimension could be addressed by ensuring that the objectives of the organisation were clearer and well disseminated. Regular updates on progress are likely to produce a feeling of moving forward.

For the interpersonal dimension, managers may wish to reduce incivility. Simply ignoring interpersonal issues and hoping they will resolve themselves isn't enough. This focus on eliminating the negative rather than accentuating the positive is more likely to improve morale as negative factors tend to have more impact than positive (Baumeister et al 2001).

Morale is a concept with a long history, yet it is poorly understood. The majority of people know what morale is and feel its effects, but are unable to articulate it and have little understanding of its nature. This research, for the first time, combines qualitative and quantitative research in order to illuminate the concept of morale.

References

BAUMEISTER, R.F., BRATSLAVSKY, E., FINKENAUER, C. and VOHS, K.D. (2001) Bad is stronger than good. *Review of General Psychology*. Vol 5, No 4. pp323–70.

EISENBERGER, N.I., LIEBERMAN, M.D. and WILLIAMS, K.D. (2003) Does rejection hurt? An fMRI study of social exclusion. *Science*. Vol 302, No 5643. pp290–92.

GRANT, A.M. (2011) How customers can rally your troops. *Harvard Business Review*. Vol 89, No 6. pp96–103.

HARDY, B. (2009) *Morale: definition, dimensions and measurement*. Doctoral thesis. Cambridge: Judge Business School, University of Cambridge.

LIEFOOGHE, A., JONSSON, H.I., CONWAY, N.J. and MORGAN, S.J. (2004) *Morale revisited*. Paper presented at the Academy of Management. New Orleans, USA.

LOCKE, E.A. and LATHAM, G.P. (2002) Building a practically useful theory of goal setting and task motivation: a 35-year odyssey. *American Psychologist*. Vol 57, No 9. pp705–17.

MCCLELLAND, D.C. and BURNHAM, D.H. (2003) Power is the great motivator. *Harvard Business Review*. Vol 81, No 1. p117.

RHOADES, L. and EISENBERGER, R. (2002) Perceived organizational support: a review of the literature. *Journal of Applied Psychology*. Vol 87. pp698–714.

SIROTA, D., MISCHKIND, L.A. and MELTZER, M.I. (2005) *The enthusiastic employee: how companies profit by giving workers what they want*. Indianapolis, IN: Wharton School Publishing.

WEAKLIEM, D.L. and FRENKEL, S.J. (2006) Morale and workplace performance. *Work and Occupations*. Vol 33, No 3. pp335–61.