Chapter 11
Value-Adding to Public Services Through the Adoption of Lean Thinking

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ABSTRACT

This paper describes an investigation into alternative management models applied to public call centres operations with the aim of delivering significant added value to the overall public firm. Call centres offer significant potential for value creation. However, in practice they are often created as mechanistic organisations and managed in such a way is to inhibit value creation. An investigation in a UK city council was carried out through the means of a case study using both qualitative and quantitative methods to collect data from directors, middle-managers and employees to evaluate the development of a lean thinking type of call centre. The results indicate that by implementing the lean thinking approach to the design of call centre service operations significant, but often counter-intuitive, benefits can be created. Lean thinking was found to yield improvements in service performance, value work productivity, and employees’ affective commitment. Evidence on lean value-added to the public call centres is very limited, this paper addresses this shortcoming.

INTRODUCTION

Public organisations need to recognize that the potential of call centers to add value to the work of other business units is significant. Call centers can deliver the core strategy for creating value, as they can stimulate cooperation between business units if established in a well-structured organization. However the involvement of the call centre in the process of value creation at a strategic level is not an easy task. In order for managers both inside and outside the call centre to support its operations and leverage its position in the public organization they must first understand the role
and importance of the call centre for the other business units and then ensure that the information required by other business units are passed to key people in a timely manner and at the right quantity and quality rate (Cleveland, 2006).

Cleveland (2006) has reviewed three levels at which a call centre can create value in the organization. The first level is efficiency where the front-line employees equipped with the right information and the latest technology show operational readiness to provide a high level of service for callers. The second level is customer satisfaction which can be defined as “a customer’s fulfillment response, including levels of under or over-fulfillment” (Oliver, 1997). The third level is the strategic value where the call centre captures significant information as a result of the intensive interactive nature of the work (Boersma et al., 2005). Stockford (2007) identified that this information is usually scattered in repositories throughout the operations but if studied and analyzed thoroughly and then transformed to the other departments/units, can provide significant contributions to the organization. This helps other departments to evaluate their designs, processes, quality measures and enhance their research and development initiatives. The net result is to optimise information in hand and leverage the call centre’s strategic value and image across the organization.

The majority of public organizations using call centres in their operations are focused mainly on the first level of creating value (i.e., efficiency) (Seddon, 2008; Piercy & Rich, 2009). However the remaining levels and particularly the strategic value level hold significant opportunities for development and strategic advantage (Cleveland, 2006).

To explore the reasons why public organizations are focused on efficiency, we need to understand that public service operations and the people employed within them are typically based on industrial engineering models (Batt & Moynihan, 2002). The utilisation of these models came as a convenient approach due to the rapid and widespread growth of the call centre type service operations commencing in the last decade of the 20th Century (Feinberg, 2000; Dean, 2002; Holman, 2003; Malhotra & Mukherjee, 2004; Cordray, 2005). However a lack of the “detailed systematic understanding of their management practices and employment outcomes” (Deery & Kinnie, 2002) resulted in hampering their value creation potential for the public organisation. Also the creation and implementation of call centres in different organizations has been the responsibility of customer service departments often in the absence of input from other business units (Corea, 2006; Curry, 2008). As a result, employees of the call centre often lack the connections across the whole public organisation which would enable them to add significant value to the overall performance. The role of call centre employees as a connection between callers and business units has not been seen in the way that reflects the benefits of the call centre to the whole organization.

This kind of argument highlights the contradiction between quantity and quality in call centre research. Studies of call centre management practices and environment have revealed that there is a tendency to focus on efficiency (volume of calls handled) rather than effectiveness (service quality and customer orientation) (Jaaron & Backhouse, 2011). In other words there is a focus on “quantity” rather than “quality” (Bain et al., 2002; Mahesh, 2006). This focus on quantity lies at the root of the call centre experience being typified by strong control of employees, high workloads and low employee empowerment (Curry, 2008). It is obvious then that it is difficult for employees to be customer-oriented in such an environment. This explains one of the reasons for the low levels of service quality in certain call centres and for the focus on quantity at the expense of quality which comes as a result of a mismatch between what was required from call centres and what was measured within call centres (Dean, 2002). In the context of this debate, Robinson and Morley (2006) have sought to understand the managers’