

Track 3 Workshop: Cross-national differences in work organisation and employment relations

Institutions as Rules and Resources: Explaining Cross-national Divergence in Call Centre Employment Systems

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Overview

- Comparison of performance management practices in retail/consumer call centres in 4 incumbent telecommunications firms:
 - Denmark: TDC
 - France: France Telecom/ Orange
 - Germany: Deutsche Telekom
 - UK: BT
- How have unions and works councils influenced performance management strategies and outcomes in each case?
- We identify 2 'modes of influence' by worker representatives:
 - Negotiated or legislated **constraints** closing off alternative management practices
 - Participation **resources** labour could use to establish procedures that improved the transparency and perceived fairness of performance management practices

Preview of argument

	Institutions as resources: Adaptive performance procedures (coordination by mutual adjustment)	
Institutions as constraints: Predetermined performance rules (coordination by standardisation)	<i>Weak</i>	<i>Strong</i>
<i>Weak</i>	BT	TDC
<i>Strong</i>	France Telecom	Deutsche Telekom

Past research

- **Performance management (PM):** goal setting, coaching and feedback, performance monitoring, rewards (variable pay, promotion)
- Different approaches to performance management:
 - **Constrained or discipline-based model:** Performance standards set out in advance and in detail – part of an employees' contractual obligations.
 - Crozier (1963): bureaucratic rules rigidified as workers use management's rules to protect themselves from arbitrary management decisions
 - **Participative or professional model:** Performance standards are more loosely defined – procedures established to resolve problems as they occur.
 - Workers use collective voice to restrain arbitrary action – less dependent on rigid application of equity rules.

Effects of labour market and collective bargaining institutions on PM models

- **Institutions as constraints:** Power resource theory: Attributes participative models in Scandinavian countries – or high involvement in Germany, etc. -- to union/WC power. Job security rules encouraging longer-term commitment to workers.
- **Institutions as resources:** Varieties of capitalism: Institutional support for labour cooperation complements employer strategies relying on worker skills and participation.
- Question of relationship between constraints and resources:
 - **In 'CMEs':** participative models due to union power or employer strategies? Relationship between the two? 'Beneficial constraints'?
 - **At organizational level:** role of strategic interaction between worker reps and management -- in context of different combinations of distinctive labour market institutions: job security, participation rights, collective bargaining structures

Comparing outcomes

- **1. Performance information used to discipline vs. develop employees**
 - **BT and TDC:** Progressive discipline leading to dismissal if targets not met
 - **Deutsche Telekom and France Telecom:** No performance-based dismissal due to job security, collective agreements
 - Strongest restrictions on monitoring at **Deutsche Telekom**
 - Use of developmental coaching and training in all cases – but strongest emphasis at **Deutsche Telekom**
- **2. Incentives and variable pay**
 - **BT and France Telecom:** Variable pay restricted to sales staff due to union rules
 - **Deutsche Telekom and TDC:** Variable pay for all call centre employees, based on meeting combination of team and individual targets. Strong union/works council involvement in overseeing setting and implementing targets and developing an appeals process.
 - ‘Pay at risk’ at **Deutsche Telekom** only
 - Strong use of performance evaluations and promotions to motivate employees at **France Telecom**

Key results

	% variable pay	Form	Performance-based pay structure	Union/ works council involvement
TDC 1) Consumer 2) Call Center Europe	1) 8-10% 2) 7.5-12%	Above base pay	1) Individual (60%); team (40%) 2) Individual (63-77%); team (23-37%)	Joint committees met monthly to discuss variable pay
Deutsche Telekom DT Kundenservice	20-30%	Included in base pay	Customer service: Individual/team (2/3) + company goals (1/3) = 20% Sales: Individual/team = 30%	Collective agreements with protections; Joint committees reviewed appeals on targets
France Telecom 1) AVSC unit (fixed & internet) 2) CCOR unit (mobile)	10-15% sales only	Above base pay	Sales (individual) X service quality (individual) X number of calls/hour (team)	Union opposition meant variable pay allowed for sales only. Union support for individual employees if complaints.
BT BT Retail	35% sales only	Above base pay	Exclusively based on individual sales	Union opposition meant variable pay allowed for sales only. Union support for individual employees if complaints.

Institutions as constraints: job security, rules on monitoring and variable pay

‘There is necessarily the individual and his/her progression, but also we have team meetings, briefings, and what I ask is for the team to at least reach the KPI targets. But good, there is nothing, there aren’t any sanctions, we have to try to make them improve as much as possible anyway. Of course, we have annual meetings – and there we evaluate the level [of performance], that could be insufficient, that could be an obstacle if someone wants to do another job or to get a promotion. So there are consequences [for poor performance].’ (Interview, **France Telecom** CC team manager, 8/4/10)

Institutions as resources: labour cooperation improves transparency/ perceived fairness

‘We have meetings every month, where we discuss any changes to the parameters, and if they have we discuss if they’re fair. We have an agreement where everything about our bonus, how if changes come along what do we do. We have all kinds of details written down in this agreement, how to handle all this. Also this agreements defines how this bonus should be managed. You cannot make any changes that you just like, it should be a fair and meaningful change to the employee and for the company here, and also to the customer [....] We have had a lot of work defining this agreement with the bonus; and how it’s describing the parameters; and when the parameters change, how quickly can they change; and what’s important for the development of the bonus system.’ (Interview, **TDC** Call Center Europe shop steward, 15/5/12)

	Institutions as resources: Adaptive performance procedures (coordination by mutual adjustment)	
Institutions as constraints: Predetermined performance rules (coordination by standardisation)	Weak	Strong
Weak	BT Most constrained, discipline-based model	TDC
Strong	France Telecom	Deutsche Telekom Most participative, professional model

Conclusions

- Past comparative research focuses on institutions as constraints on or resources for alternative management models – we show interaction between both important for outcomes
- Performance standards are subjective and negotiated: where unions present, they can improve fairness and limit arbitrary management through both ‘modes of influence’
- However, findings suggest both job quality and flexibility highest where unions have both:
 - Strong job security: limits on dismissal
 - Strong voice mechanisms based in bargaining rights & structures at local level: institutionalized participation in management decision-making