

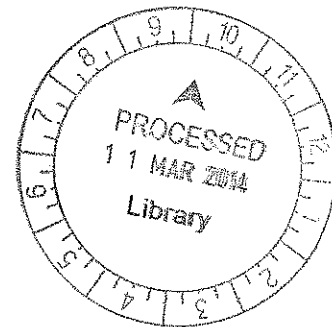
# INTI INTERNATIONAL UNIVERSITY

## MASTER OF BUSINESS ADMINISTRATION

### BEST PRACTICES IN CALL CENTRE'S COMMUNICATION SKILLS

**FOR REFERENCE ONLY**

**Author** : Qin Wanhui  
**Student No** : I13002781  
**Supervisor** : Dr. Mudiarasan Kuppusamy  
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## ABSTRACT

Call centre functions as an interface between customers and organization. It handles high volume of calls, placed and received for the purpose of customer service, marketing, sales, telemarketing, technical support or other specialized business activity (Dawson, 1997). Prabhaker et al. (1997) identified the necessity for organizations to provide a superior service on the purpose of ensuring business survival in a service sector economy. Call centre provides customers faster, cheaper and more effective and convenient contact with organizations. Call centre agents play an increasingly significant role in the linkage between organizations and customers. For example, bank's payment reminders provide customers with such services as reminding of the upcoming or late payments while at the same time offering options to pay so as to avoid late charges. It is necessary for employees working in call centre of payment reminder to be equipped with good communication skills for effective payment recovery. In reality, not all call centers are successful in persuading customers to settle their credit in time. Therefore, to uncover the best practice in call centre's communication skills, Osgood & Schramm's Circular Model is applied in this research.

To explore the best practice in call centre's communication skills, the author interviews 15 call centres in the Klang Valley. The interview is semi-structured with 8 open questions. Thematic analysis is used to analyze the interview texts in order to achieve research objectives.

**Keywords:** *call centre, communication skills, efficiency*

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## DECLARATION

I hereby declare that this thesis is a product of my effort only. The information used from secondary sources in this research paper are cited and referenced accordingly to the expected requirements.

Qin Wanhui

Date: 5<sup>th</sup> December 2013

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## CHAPTER ONE: INTRODUCTION

### 1.1 Chapter Overview

This chapter gives an overview on the background of this research (Section 1.2), problem statement (Section 1.3) and research objectives (Section 1.4). Then significance of this study (Section 1.5) as well as the scope of study (Section 1.6) is elaborated. In Section 1.7, the limitations of this study are briefly discussed. Key operational definitions involved in this paper are explained in Section 1.8. Finally, this chapter concludes with an outline of the study (Section 1.9).

### 1.2 Background

Call centre functions as an interface between customers and organization and it handles high volume of calls that are placed and received for the purpose of customer service, marketing, sales, telemarketing, technical support or other specialized business activity (Dawson, 1997). Developed in the USA in the 1980s, call centre grew rapidly in the past thirty years. That is because call centre contributes to manage customer relationships more effectively and achieve competitive advantage through cost saving (Connon, 1996). Prabhaker, Sheehan and Coppett (1997) identified the necessity for organizations to provide a superior service on the purpose of ensuring business survival in a service sector economy. Call centre provides customers faster, cheaper and more effective and convenient contact with organizations. In addition, the call centre is increasingly introduced in more specialist areas such as psychological support, market research, recruitment, legal advice and public sector communications. As call centre reaches higher levels of importance in customer relationship management (CRM), call centre agents play an increasingly significant role

within this link between organizations and customers (Burgers, De Ruyter, Keen and Streukens, 2000).

There are two types of call centres namely an inbound and an outbound call centre. An inbound call centre is a centre where the customers phone in whereas an outbound call centre means that the call centre agent calls the customer. In this research, an outbound call centre is the subject of study.

The basis of success for call centre is the customers' perceptions towards the service it offers. Customers evaluate service quality by comparing what they expect with what they perceive they have received (Parasuraman and Berry, 1991). Therefore, in order to establish a reputation for good service quality, call centre must perform at levels which customers perceive beyond their expectations (McCull-Kennedy and White, 1997). When customers are satisfied with the service provided by the call centre agent, they will continue their patronage with the given organization, which impacts business competitiveness as a result. Then performance of employees in the call centre can be considered as the "source of differentiation" (Burgers et al., 2000). Therefore, effective performance by call centre employees can create a competitive advantage.

Kraveta (1997) demonstrates that it is critical for an organization's success to set the right person in the right position at the right time. Therefore, it is necessary to identify the key competencies and characteristics that are required for a particular position (Kraveta, 1997). In a research done by Belt, Richardson and Webster (2002), social skills such as communication and interpersonal skills are regarded as central competencies for an effective call centre agent. Communication plays an important function in interaction between a customer

and an employee (Sparks and Callan, 1992). Communication skills can decide the customer's satisfaction (Rafaeli, 1993). Apart from that, employee's communication skills are a barometer for call centre's success. Employee's good communication skills provide an effective interaction between customer and employee which is a key indicator of customer orientation of service employee (COSE) (Ring and Van de ven, 1994). Effective communication skills influence for positive COSE and have a strong impact on customers' dedicational behaviours (such as enhancement, cooperation and advocacy) which help in building reputation, establish longer customer relations, and maximize revenues (Bove and Johnson, 2000).

Communication between customer and employee in call centre is categorized as verbal and nonverbal communications. This information delivery channel selects and delivers specific words with obvious intention to customers (Burgoon, Birk and Pfau, 1990). However, words are not the only element to be considered in call centre. Nonverbal elements can be included in the language in order to narrow the psychological distance between customer and employee and to have a smooth conversation (Sundaram and Webster, 2000). "Language is the close-fitting dress of thought", R.C. Trench once said. Therefore, the selection of words and nonverbal attributes such as tone, pitch and attitude is important when expressing thought to customers. The aim of this study is to examine the best standard communication skills in order to improve the communication skills used in call centre and help operators to realize a more effective communication with customers.

### **1.3 Problem Statement**

Functioning as an interaction channel and a source of customer information, call

centre is becoming more and more important. In particular, the role of call centre in finance or banking sector is of significance since organizations in this sector count on call centre to create profits from new and existing customers (McDaniel, 2006). In the financial sector, call centre works to answer customer questions about accounts or payments and provide solutions for customers on specific queries. Call centre has different departments. Certain department functions to respond to customer complaints and to appease or resolve customers' dissatisfaction in order to retain customers.

In the finance world, there are many areas where call centre can apply. Four most important areas in the financial sector include (Melnick, 2000):

- i. Retail Banking, (status of checking accounts, support of ATM networks)
- ii. Retail brokerage and mutual fund institutions (transfer of funds),
- iii. Credit Card operations (balance inquiries, disputes, payment reminder),
- iv. Insurance (claim processing).

Employees in call centre of these four areas need to talk to clients with diversified business backgrounds and provide services to them. Therefore, to provide superior service for the satisfaction of all kinds of customers satisfied, employees should be equipped with superior communication skills. Especially in commercial banking, communication skills are considered as highly as numerical skills. In recent years, communication skills in the financial sector have been greatly improved. Nevertheless, there still have substantial weaknesses in communication skills of employees from the financial sector. This is exemplified by bank's payment reminder service.

Bank's payment reminder provides customers with services on reminding the

upcoming or late payment and in the meanwhile offering options on settlement to avoid late fees. It is necessary for employees working in call centre of payment reminder to be equipped with good communication skills on the purpose of payment recovery. In reality, not all call centers are successful in persuading customers to pay their credit in time (Dowla, 2004). Working in call centre is a people oriented business involving communication skills and the right character, good temperament and personality (Deery and Kinnie, 2004). To handle calls effectively, it is essential for employees to have good communication skills. Therefore, problem in communication skills can have adverse effect in the effort to collect money from customers.

Communication skills used in call centre will be identified and analyzed through the application of Osgood-Schramm Circular Model. O'Keefe (2002) has applied this model on persuasive communication. In previous research, the Osgood and Schramm model was adapted and placed in order to uncover persuasive effects or the communication-based influence components. Behavioural influence interventions describe any intervention designed to improve people's lives, for instance, by encouraging them to adopt healthy lifestyles (Cugelman, Thelwall and Dawes, 2009). In the financial sector, a behavioural influence intervention refers to any intervention which will help clients to form a good and healthy finance management habit so as to improve their quality of life. Therefore, it is necessary to improve the effectiveness of persuasive communication in call centre of financial sector through the application of Osgood-Schramm Circular Model.

#### **1.4 Research Objectives**

The overarching research objective is to uncover best standards of

communication skills applied in call centre that help operators to improve the efficiency in call centre.

The specific objectives are, including:

1. To explore the best standard to provide *verbal message* to customers.
2. To discover the best way to apply *nonverbal cues* when communicating with customers.
3. To find out the best way to reduce *semantic noises* when encoding messages and to interpret messages from customers correctly although semantic noises exist.
4. To find out best standard of *language production* to design better script.

### **1.5 Significance of the Research**

The current proposed research will bring significant benefits to three major parties, that is the banking industry, academicians and government. The main benefits are as append hereunder:

To academia

This study is significant for academicians and future researchers to pursue more in-depth research on the issue concerning the best standards in call centre's communication skills with CSR development in the business which can cultivate more professionalism in employees and decrease turnover rate and further improve the overall performance of the organization.

To industry

The research will assist the manager of call centre to understand the best standards used in communication skills and further develop better scripts and

skills to improve the communication efficiency in call centre. Employees working in call centres will receive better training and then build for themselves a more professional image to their customers. The improvement in call centre's communication skills will definitely facilitate the operations and financial performance of an organization.

#### To government

The study can provide detailed information about the benefits of more efficient work culture in the financial sector to the government in Malaysia. Based on this research, the government can better play its role in the financial industry. The decrease in turnover rate in call centres promotes the stability for the whole society. Better financial performance of organizations facilitates economic growth.

### **1.6 Scope of Study**

The geographic focus of this study is Klang Valley in Malaysia.

The sample focus for this research paper is employees with more than two years working experience in call centre of the financial sector. Employees with more than two years working experience are selected as sample for one main reason, and that is, more than two years working experience guarantees the business proficiency and competence of these employees. Therefore, when interviewed, employees with more than two years working experience can provide more useful and more accurate information.

The sample size of this study is target at 15 respondents. The author will determine 15 call centres in financial sector and selects 1 respondent from each call centre. Since the overarching objective of this research is to discover the