

Sequel to the  
unprecedented  
changing business  
environment  
commerce essay



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Sequel to the unprecedented changing business environment due partly to the global economic crises , rapid technological innovations, globalisation, shareholder primacy (Bratton and Wachter 2008) and several other factors, employers are driven to effect transformational changes in order to remain profitable and equally retain their competitive edge. Recently, research has suggested some different strategic ways to achieve this goal such as creating a new way to working (Thomson 2008) which explores the concept of virtual offices, stores, sales etc. thereby driving down employee expenses and other running costs. This model seemed to have worked for most organisations as evident by the growing number of organisation adopting this concept (Waddell 2010). However, Lu (2011) warns that there are traps to be careful of in adopting these transformational changes.

Calif and Meyers (2011) defined virtual office as a model that eradicates customer -employee contact without compromising the originality, productivity and the image of the organisation. Tengo Ltd having adopted the internet exclusive virtual sales model since its inception in 2000, has created a call centre to address issues ranging from customer complaints, technical support, product and accessories order, to other customer/clients enquiries (Wilton 2010) since there are no office or stores to handle such complaints. This makes the call centre critical to the success of Tengo Ltd and therefore a need to employ employees with the right skills and commitment to a high standard customer service delivery. According to the case (Wilton 2010), recent review has indicated that the success stories in the past three years has caused the organisation to overstaff its call centre and this calls for an employee restructuring. The strategic decision to

restructure is due to several external and internal factors that affect the delivery of Tengo services (ibid).

This report critically examines the Tengo Ltd case, taking into account the external and internal factors driving the change, the leadership issues observed, employee management style and motivational issues involved in the case.

## 2. 0 External and Internal drives for change at Tengo Ltd

Changes are a part of flexible organisations with the aim of keeping their customers satisfied (Kotter and Schlesinger 2008) however, to successfully implement the changes, organisations should properly analyse why they need the changes, how they hope to effect the change and the scope of change with a well laid change management process that considers the effect of change on the employees (employee relations) (Thurley and Wirdenius 1991).

### 2. 1 External change drivers at Tengo Ltd

The use of mobile social and other communication solutions have increased over the last 10 years (Ellis and Taylor 2006) and have reached a stage where all conversations are communicated on technological devices and media; from political leaders (Obama's facebook campaign), industrial executives, disaster managers to supply chain management. The growing need to achieve results using call centres as a one-stop point of contact to resolving all its customer and supply-chain issues is one of the most important external drivers for change in the call centre industry (Avaya

2011). Tengo Ltd seems to be caught-up in the technology drive as other call centres as it has decided to invest more in its contact centre by purchasing the IVR (integrated voice response) to help improve the services of its unsatisfactory customer service. It is observed here that the investment in the new automated system that was supposed to improve the quality of service and speed up service response failed as customers remained dissatisfied. One good question to ask is if this is a result of the poor implementation strategy or in the organisation of work within the company. Another external driver to change is the business strategy. When businesses change their business strategies they implement the change in their operations (Wilton 2010).

The most common business strategy employed by several companies and the call centre sector is cost reduction (McAfee 2011; Wilton 2010). The general belief is that if organisations reduce their employee costs against their income, it will increase the profitability of the organisation. However, cost reduction could be a tricky business strategy to implement. This is because the cost of the reduction might not outweigh the benefits hoped to derive or a total failure of the planned alternative. Tengo Ltd is focused on reducing its employee expense at the cost of employees and as seen in the case, the alternative solution not being a success. This strategy mirrors the Thurley and Wirdenius (1991) action-centred and directive strategy as it could be seen as a forced strategy that has not considered how this will affect the employees nor have a psychological contract with the affected employees but focused on deriving the implementation of both its business and technological strategies.

According to Mcgregors X-theory, managers most times focus only on profitability of their firm and therefore try to enforce organisation objectives on employees even when employee dislikes the objective based on the assumption that an average employee dislikes work. However a more modern principle of change management called the triple bottom line focuses on the profit of the organisation and its trade, the people who are central to the operations of the company (employees & customers) and the planet where the operation is performed (corporate social responsibilities) (Tullberg 2012). This is based on the psychological contract approach that an organisation that deals fairly with its employees and socially considers the environment where it operates will naturally be profitable. For example a company that allows flexibility and a good reward management system will have its employees contribute more and be more committed to the objectives of the company (Atkinson and Hall 2011). If the same company in consideration of its environment adopts a green initiative by eradicating paper usage in its operation and goes virtual (Calif and Meyers 2011), the company will equally by that initiative be reducing some running stationary cost thus helping the organisation to be more profitable by reducing costs and increasing productivity. This report uses the psychological contract theory to critically analyse the internal drivers for change and the changes that occurred in the firm and judge by the various theories if this change was a success.

## 2. 2 Internal change at Tengo Ltd

Internal factors like external factors have been found to drive changes

(Kotter and Schlesinger 2008; Wilton 2010).

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## 2. 2. 1 Job Design

One of the internal changes observed at the Tengo Ltd is the change in its job design. Prior to the change, employee in the call centre had always performed variety of roles thus allowing employees to be multi-skilled and increase the fluidity of employees as they could move between different departments. According to Julia and Susanne (2012) Organisations reduce their exposure to intellectual capital risk by adopting a job rotation scheme where employees could move around cross-functionally and cross-departmentally. In contrast to this ideology, Tengo Ltd has adopted a mechanistic industrial approach similar to Taylors scientific management recommendations as a method of job design that helps increase job specification and is a good support for an automated environment (Niebel 1989). Could Tengo Ltd's decision to encourage job specialisation be as a result of its complementary nature to its business strategy to reduce cost, as one of the benefits of the approach is that it helps to decrease training, mental overload, staffing difficulties, or because it helps to reduce errors sue to specialisation of duties? However, Salvendy (2012) highlighted several downsides to this job design approach that are more people and process related which are equally observed at Tengo Ltd. Based on the above argument, one can say that the failure of the restructuring at Tengo Ltd is due to the un-interesting process that specialisation introduces causing boredom as employees repeatedly perform the same function, and its non-communicative/non-employee involving approach to change causing dissatisfaction among employees and ultimately evidenced by a high employee turnover after the restructuring.

## 2. 2. 2 Training and Development

In the recent psychological contract theories, based on the assumption that the relationship between an employee and his/her employer is that which is mutually concerned with expectation of equal input and output. One of such theories is the equity theory which states that employees have a desire to be treated fairly and equally in the workplace and that they expect to receive benefits for their input to the organisation (Allen and White 2002). Although this theory was first postulated by Stacy Adams in 1965, this theory explains the natural expectation of humans to receive equal measures for their input. One of such output or reward that employees expect is training and development opportunities within the organisation. Recent research has identified training and development programs as a core factor to employee performance (Lawler 2003), with several organisations now organising in-house trainings, online training, blended learning as ways to improve on the former classroom or on the job training that existed before now. Many companies conduct induction trainings for new recruits to understand the organisation and the functions they will be performing in the company. While others go on after the induction training to conduct specialised trainings or send their employees to off-site trainings so that they acquire new skills relevant to their industry and bring these skills to help improve performance within the company (Rowley 2000). According to him, organisations who train their employees should see them as valuable assets and thus have a plan for employee retention. Malila (2007) however warns that the absence of training opportunities within organisations may lead to skill drought. With its intention to reduce the cost for training and development programs,

Tengo Ltd has exposed its organisation to the treat of skill drought as new entries might not be able to get the right training form senior employees who have not been trained themselves and this may lead to dissatisfaction. Without training and development, employees may begin to see that there is no career growth path for them within the company and given that the repetitive function approach rarely challenges them, one can suggest that this is a cause for the high employee turnover in the company.

### 2. 2. 3 Employee turnover

Considering the high level of turnover experienced at Tengo Ltd, this report questions the reason for such high turnover. Can this be ascribed to the management style and work process in the organisation, or is it an industry practice within the call centre sector? According to Wilton (2010), there are two distinctive types of call centres. One is characterised by its interaction work flow model with customers described as simple, but with high targets, strict scripts and strict call handling that sees the call advisor spending more time on the phone receiving more calls than the more complex quality focused model where solving the customers problem is the key focus. This allows the call advisors to be more flexible with the scripts, create individualised interaction with the customers but receiving lesser number of calls and having no restriction on time spent with each customer. Lyndon (1993) suggests that since the flexible quality focused model allows employees to be more discretional and are less monitored, employees derive more satisfaction with this model however call centres are mostly measured by the number of calls they receive in a period. This is one of the reasons for Tengo Ltd investing in IVRs to enable it receives more calls in the hope to <https://assignbuster.com/sequel-to-the-unprecedented-changing-business-environment-commerce-essay/>



increase its customer satisfaction. The turnover at Tenco Ltd is both functional (causing loss of key employees, loss of skills and failed investment) and dysfunctional (loss of unskilled employees and non-performers). It is also noteworthy to note that the strict control management style which is more Taylor oriented is applicable to the model which requires call advisors to receive more calls and is strict with the call handlings and call scripts. This type of management approach could also de-motivate employees and consequently high turnover as observed in Tenco Ltd.

### 3. 0 Motivational Issues

Given the different arguments above, there are pointers that Tenco Ltd has some motivational issues in the implementation of its restructuring. One of the issues identified at Tenco is the relatively low employee benefit, and harsh working conditions in which its employees are subjected to work compared to competing employers in the region. According to researchers, motivation is simply the reason why people put more effort into what they do in order to yield better results (Aiqiang 2009; Cooper 2004; Hennessy and McCartney 2008; Reissner 2011; Wilton 2010). According to Reissner (2011); Tullberg (2012); Wilton (2010), employees are motivated by intrinsic and extrinsic factors. Intrinsic motivations is when employees are self-motivated to do or perform an activity. This is derived when there is more freedom for employees to act using their discretion, skills and thereby creating opportunities for themselves. Although hard to measure, intrinsic motivation is the key to innovative and creative thinking /leadership (ibid). The importance of extrinsic motivation should not however be neglected as this encourages employees to do more knowing that their employers are

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concerned with them (Wilton 2010). Few of the ways employees can be extrinsically motivated is by fulfilling their expectations in terms of monetary rewards, promotions, trainings, words of appreciation, and job security. Employees are also motivated by the level of communication between them and management in times of change. From the case, it is apparent that the organisation did not employ any communication with the employees before implementing its restructuring plan. This tends to open up the problems that might be imbedded in the change process and helps employees buy-in to the change with their respective feedbacks.

#### 4. 0 Recommendation and conclusion

The intention of Tengo Ltd to restructure its organisation in order to stay competitive can be a way to ensure its sustainability however, the company has not implemented its change program with the employees in mind. The result of this implementation caused the company an increased level of employee turnover. In seeking to address the employee turnover issue Tengo must first readdress its management system especially its job design to a more motivational approach that helps to engage the interest of employees in the organisation by conducting training sessions to improve their skills. It is equally good for Tengo to consider re-introducing its job rotation model, such that the monotonous repetitive boredom caused by over specialisation will be eradicated, consider re-engineering its recruitment process to attract skilled and educated employees. More importantly focus on its employee working benefits and terms of employment such that it meets up with those of the competing call centres in the area. In order to understand the dynamics of labour turnover, Tengo Ltd should conduct exit <https://assignbuster.com/sequel-to-the-unprecedented-changing-business-environment-commerce-essay/>

interviews for exiting staffs to have an understanding of reasons for the high turn-over while it remains paramount for Tingo Ltd to ensure it monitor employees emotional activity throughout the change life-cycle to eradicate any potential problems.

This study has revealed the different issues encountered in the change process and possible ways to address them in order to increase employee commitment, creativity and remain competitive in the face of increasing technological demand and business changes.