Human Resource Development Systems for Customer Care Services Management in Telecommunications Companies: A Comparative Analysis of Sri Lanka and Japan

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by

Mudiyanselage Saman Dassanayake

Senior Lecturer in Management Studies, Faculty of Management and Finance, University of Colombo, Colombo, SRI LANKA
E-mail: msamand@sltnet.lk

Counterpart Researcher: Mr. Haruhiko Hori

Researcher, Employment Strategy Group
The Japan Institute for Labour Policy and Training (JILPT)
Tokyo, JAPAN
E-mail: hhori@jil.go.jp

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Highlights

The telecommunications sector in Sri Lanka has experienced deep and remarkable transformations since the mid-1990s. They include, *inter alia*, Sri Lanka Telecom Limited (SLT), the state-owned telecommunications monopoly, forming a strategic partnership with Nippon Telegraph and Telephone Corporation in Japan (NTT) under its privatization program and many other telecommunications companies who are internationally known commencing commercial operations in Sri Lanka's telecom market. Amid structural and regulatory changes, telecommunications companies, more than other utilities, have dramatized a gradual paradigm shift from price to customer service as the major source of building and sustaining a competitive edge for long-term growth and survival. A central issue in the research presented in this report is the configuration of human resource management and human resource development (HRD) systems to support the delivery of customer service, maximizing customer retention.

This research explores predominantly what specific soft technologies or soft management practices that Nippon Telegraph and Telephone Communications Corporation in Japan (NTT Com) has transferred to SLT in the sphere of customer service, human resource management and HRD and how such technologies contribute to SLT's delivering better customer service. Taking two one-stop shops, i.e., Teleshops of SLT and 116 call center of Nippon Telegraph and Telephone East Corporation in Japan (NTT East), as the units of analysis, a comparison between the two was achieved with particular reference to organization of customer service function, employee classification system, job structure, staffing system, performance evaluation, compensation system and HRD system as they are applied to front-line customer service employees. The data in this study were collected using mainly the field role of observer-as-participant and semi-structured in-depth personal interviews with front-line customer service employees and various levels of management in firms and union leaders of SLT. The significant reliance placed on the observer-as-participant method in this study contrasts with the approach in much of the case study research in human resource management and HRD.

The comparison between two units found many similarities and differences in terms of organization of customer service function in each unit and their internal work organization. Amongst them, the highest degree of transferability is evident in the manner in which jobs are defined broadly and its implications for skill formation of front-line customer service employees. Thus front-line customer service employees of Teleshops perform a wide range of front-line and back office functions with regular job rotation schedule decided by the manager of each Teleshop. This broad definition of jobs has resulted in these employees perceiving themselves to be generalists capable of handling many interrelated tasks. From the perspective of the customer, broadly skilled customer service employees could minimize the time and cost of searching for information on new products and services as they are able to attend to a variety of customer needs and requests. This study also found the high possibility of transferring certain soft management practices from NTT to SLT with appropriate reconfiguration of human resource management and HRD practices.

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DOT	Department of Telecommunications
GOSL	Government of Sri Lanka
HRD	Human Resource Development
ILO	International Labor Organization
JICA	Japan International Cooperation Agency
NTT	Nippon Telegraph and Telephone Corporation (in Japan)
NTT Com	Nippon Telegraph and Telephone Communications Corporation (in Japan)
NTT East	Nippon Telegraph and Telephone East Corporation (in Japan)
NTTPC	Nippon Telegraph and Telephone Public Corporation (in Japan)
NTT West	Nippon Telegraph and Telephone West Corporation (in Japan)
RTE	Regional Telecommunications Engineer
RTE Office	Regional Telecommunications Engineer's Office
RTO	Regional Telecommunications Office
RTO manager	Regional Telecommunications Office Manager
SLT	Sri Lanka Telecom Limited (in Sri Lanka)
Suntel	Suntel Limited (in Sri Lanka)
TeliaSonera	TeliaSonera AB (in Sweden)
TRCSL	Telecommunications Regulatory Commission of Sri Lanka

Section 1
Introduction

1.1 Standpoint and Objectives of the Research

Many countries in the world have witnessed, over the last few decades, a dramatic change in the importance of services and the role of service sector organizations (Edwards & Croker, 2001; Nankervis & Pearson, 2002; Sharma, 2002). The service sector of the economy of Sri Lanka too has undergone deep-rooted changes in terms of its structural composition, contribution to the gross domestic product (GDP) and employment over the past three decades. In Sri Lanka's economy, services as a proportion of the GDP have grown from 42 percent in 1970 to 54 percent in 2002 (Asian Development Bank [ADB], 2002; Central Bank of Sri Lanka [CBSL], 2003a). In addition, the service sector accounted for 38 percent of total employment in 1992 and 45 percent in 2002 (CBSL, 2002, 2003b). Liberalized economic policies introduced in the late 1970s, the process of privatization of state-owned enterprises, which gathered momentum from the latter part of the 1980s, and increased participation of private, including foreign, investors in infrastructure development are some of the factors that have contributed to this notable expansion of the service sector in the economy of Sri Lanka (Dassanayake, 2003). Within the service sector, wholesale and retail trade is the largest sub-sector, contributing on average 21.4 percent to the GDP during 1998-2002 (CBSL, 2003a). Despite the sectoral interdependencies of the economy, the telecommunications sector has grown particularly quickly since 1996, being one of the fastest growing sub-sectors within the service sector. Its growth rate was 19 percent in 2002, reflecting the continuity of its double-digit growth path (CBSL, 2003a).

A highly visible consequence of the phenomenal developments in the telecommunications sector in Sri Lanka is the emergence of competition across the sector, stimulating different service providers to strategize innovatively for penetrating the market whilst ensuring long-term growth and survival through customer retention. Although there exist several means for building and sustaining the competitive edge of a firm, the fundamental nature of the telecommunications industry has prevented players in the market from employing traditional hard technology-based mechanisms. Instead, customer service as a soft technology-based mechanism has brought a new dimension to the cutting edge-related practices of firms functioning in the sector. Recent developments in the service industry and the growth of customer contact jobs have stimulated managers to perceive the significance of "the moment of truth," because of its contribution to the formation of the global image of the company and capability to influence future consumption decisions of the customer (Korczynski, 2002). Adopting customer care as the source of competitive strength should necessarily be twinned with focusing on human resources. Thus, customer service delivered through a competent, committed and motivated workforce is believed to be capable of enhancing the competitiveness of the firm. The paramount importance of managing and developing, among others, front-line customer service employees for delivering better customer service is equally emphasized, highlighting the close relationship between customer satisfaction and front-line employee satisfaction (Korczynski, 2002). In explaining the vitality of human resources in building, sustaining and continuously improving the service quality, Korczynski wrote:

> Quality customer service requires professional well-trained individuals that have job security, compensation that reflects our skills and commitment to the company, respect, career development opportunities, continued education and a voice. Amazon.com cannot sustain the standard of excellence that it has attained with anything less than a true commitment to these core values. (CNN website, 16 November 2000) (Korczynski, 2002, p. 185).

Advances in the telecommunications sector, especially since 1996, mean that it has been able to attract some internationally known telecommunications giants to Sri Lanka. In effect, they have become stakeholders through substantial participation in the equity capital and management of several telecommunications companies in Sri Lanka. For example, Nippon Telegraph and Telephone Corporation in Japan (hereinafter referred to as "NTT") bought shares in Sri Lanka Telecom Limited (hereinafter referred to as "SLT") and also became its strategic partner in 1997.[1] Similarly, TeliaSonera AB in Sweden (hereinafter referred to as "TeliaSonera") became the main shareholder in Suntel Limited in Sri Lanka (hereinafter referred to as "Suntel") and has participated in its management since its inception in 1996. When a foreign company invests and participates in the management of a joint venture in another country, it brings in management policies and practices from the home company, which, in turn, influence strategic and operational level functions of the joint venture (Takamiya, 1985). One of these policy and practice areas is in respect of human resource management and human resource development (hereinafter referred to as "HRD"). The expansion of the service industry worldwide has resulted in the inclusion of customer service as a significant policy and practice area that foreign companies transplant in their joint venture operations overseas. Given this scenario, SLT's, for example, customer service, human resource management and HRD could reasonably be thought of as being influenced by policies and practices of its major foreign shareholder and strategic partner. Each set of policies and practices in customer service, human resource management and HRD that a foreign partner has brought in and that has been adopted in the host-country firm, along with practices of its own, may render a variety of outcomes in terms of customer retention and the quality of human resources. Through comparative research, these phenomena could be explored and understood.

There are two types of objectives of this research, namely primary and secondary objectives. Thus the present research aims at making clear and achieving the three primary objectives outlined below through undertaking a comparative study between SLT and Nippon Telegraph and Telephone East Corporation (hereinafter referred to as "NTT East"). The realization of these objectives is believed to be capable of

[1] NTT transferred its full share ownership in SLT to Nippon Telegraph and Telephone Communications Corporation (hereinafter referred to as "NTT Com") in March 2000.

contributing to set guidelines for creating a path towards further advancement of human resource management and HRD for customer care services management in SLT. This is clear, particularly in that SLT has already laid the foundation to develop gradually a state-of-the-art call center that can respond to a variety of queries from customers and potential customers (SLT, Annual Report, 2003). In addition, a research undertaking of this nature carries the potential of offering many lessons for other companies in telecommunications and other sectors of the service industry in configuring their customer service and human resource management and HRD to deliver a better service to the customer. In this regard, the “Telecom City” concept of SLT, as a pioneering initiative to establish a hub that provides infrastructure, connectivity, learning facilities and technology for call centers is a good example that reflects the significance of the expansion of operations of firms involved in the information and communications technologies sector (SLT, Annual Report, 2003). Hence, the primary objectives of this study are to:

(1) identify what specific soft technologies or soft management practices[2] that NTT Com, as the major foreign shareholder and strategic partner, has transferred to SLT in the sphere of customer service, human resource management and HRD for delivering better customer service
(2) compare SLT and NTT East with respect to the organization of customer service function and major human resource and HRD variables affecting front-line customer service employees
(3) assess how soft technologies transferred by NTT Com contribute to SLT’s delivering better customer service.

The secondary objectives, as a means to achieve these primary objectives, are to:

(1) explore the organization of customer service function
(2) understand how the organization of customer service function affects major human resource and HRD variables as they relate to front-line customer service employees
(3) understand how the management style of the major foreign shareholder/strategic partner influences the organization of customer service function and in turn how it affects major human resource and HRD variables as they relate to front-line customer service employees.

[2] The researcher’s selection of the word “soft technologies” vis-à-vis “hard technologies” refers to the intangible resources such as accumulated knowledge contained in systems, processes, policies and strategies. At a practical level, employees of the host country firm need to exert more mental rather than physical effort to acquire this knowledge through interaction with employees dispatched by the foreign partner as a mechanism of transferring technology. In contrast, physical labor plays a significant role in absorbing hard technologies in tangible form. Researchers like Gill and Wong have used the phrases “soft management practices” and “hard management practices” (Gill & Wong, 1998, p. 119). An in-depth reading of their work finds that the meaning of these words correspond to the meaning of soft technologies and hard technologies, respectively.

1.2 An Overview of the Telecommunications Sector in Sri Lanka: A Macro Economic Perspective

In recent years, the telecommunications sector worldwide has experienced an era of transformation through the restructuring of individual firms, the liberalization and deregulation of markets, the privatization of state-owned telecom monopolies and rapid advancement in information and communications technology. Similarly, the telecommunications sector in Sri Lanka has embarked on pro-competition institutional reforms in concert with clearly visible expansion of telecommunications-based services and the utilization of modern technology. From a historical base more than a century old, these institutional reforms since the 1980s have resulted in changing the developmental and competitive dynamism of the telecommunications sector, inviting the attention of the general public and researchers alike (Jayasuriya & Knight-John, 2000; Samarajiva, 1993). In effect, there has been an increase in the number of service providers, their subscriber base, the array of products and services offered and the number of persons employed in the telecommunications sector (see Tables 1.1 and 1.2 for the number of service providers and their subscriber base, respectively, and Figure 1.1 for the number of persons employed in the telecommunications sector).

Table 1.1
Cumulative Number of Licenses Granted by the Telecommunications Regulatory Commission of Sri Lanka under Section 17 of the Sri Lanka Telecommunications Act, No. 25 of 1991

Category of service	Number of licenses granted (as of the first quarter of 2003)
Fixed access telephone service (fixed telephony)	3
Cellular/mobile telephone service (cellular/mobile telephony)[3]	4
Data communications (facility-based)	6
Data communications (non-facility-based) and Internet service providers	23
Radio paging	4
Trunk mobile radio	1
Leased circuit providers	1
Licensed payphone service providers	2
External gateway operators	30
Total	74

Source: Economic Division, Telecommunications Regulatory Commission of Sri Lanka (TRCSL), 2003.

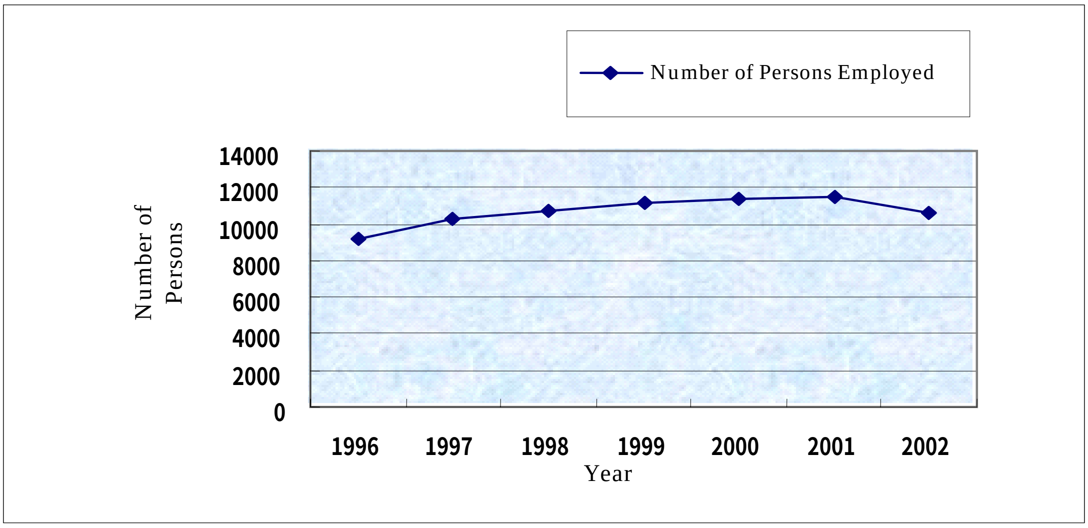
[3] Words such as cellular telephony and mobile telephony are used interchangeably in this report as they are identical in terms of the meaning conveyed.

Table 1.2
Category of Service and Subscriber Base (cumulative)

Year	Fixed telephony	Cellular telephony	Internet and E-mail	Radio paging
1990	121,388			
1991	125,834	1,800		
1992	135,504	2,644		
1993	157,774	14,687		
1994	180,724	29,182		
1995	204,350	51,316		
1996	255,049	71,029	2,504	10,721
1997	341,622	114,888	10,195	10,829
1998	523,529	174,202	18,984	10,511
1999	669,113	256,655	25,535	10,300
2000	767,411	430,202	40,497	7,009
2001	827,195	667,662	61,532	6,178
2002	883,108	931,580	73,468	3,541

Source: Economic Division, TRCSL, 2003.
Notes: (1) TRCSL has published statistics of wireline and wireless local loop operators (as one category) separately since 1996.
(2) Figures appearing under fixed telephony contain the number of subscribers of both wireline and wireless local loop operators.
(3) The decrease in the subscriber base for radio paging may be due to the growth of cellular telephony.

Figure 1.1
Number of Persons Employed in Telecommunications Sector



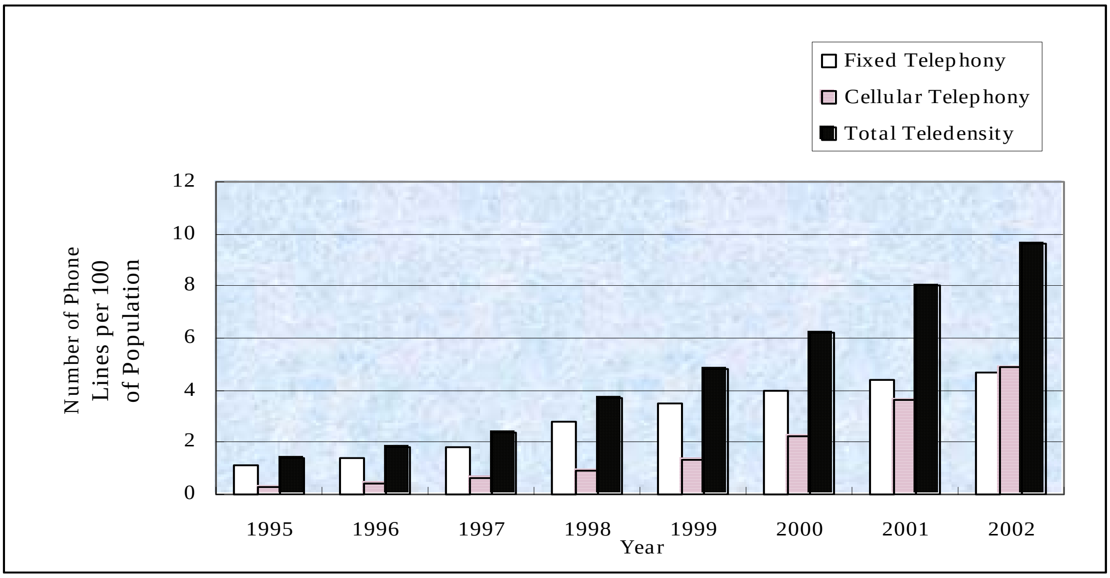
Source: Economic Division, TRCSL, 2003.

Overall, these developments have contributed substantially to the growth of teledensity[4] in Sri Lanka in both fixed and cellular telephony categories of services

[4] Teledensity is a measure of the number of phone lines per 100 of population. Between 40 and 50 lines per 100 of population indicates what is considered fairly good density whereas under 10 indicates fairly poor density (*Newton's Telecom Dictionary*, 2003, p. 792).

over the past eight years (see Figure 1.2). Thus, the telecommunications sector is emerging, today, as a vital facilitator of the socio-economic development of Sri Lanka, while turning itself gradually into a demand-driven enterprise as opposed to its supply-driven status of many years ago.

Figure 1.2
Growth of Teledensity in Sri Lanka



Source: Economic Division, TRCSL, 2003.

Among the various changes that have occurred in the telecommunications sector, the most significant historically was the expansion of the number of fixed telephony and cellular telephony operators maintaining their own public switched telephone network (PSTN).[5] Until 1988, SLT was the only fixed telephony service provider operating in Sri Lanka and the entry of operators providing cellular telephony and fixed telephony services into the telecommunications sector began in the late 1980s. Table 1.3 presents some basic information on companies currently operating fixed and cellular telephony networks in Sri Lanka.

Table 1.3
Fixed and Cellular Telephony Service Providers in Sri Lanka

Name of the company	Category of service	Main shareholder/ strategic partner
Sri Lanka Telecom Ltd (1991)	Fixed telephony (wireline operator)	Government of Sri Lanka/NTT Communications Corporation in Japan (strategic partner)
Suntel Ltd (1996)	Fixed telephony (wireless local loop operator)	Overseas Telecom AB in Sweden

[5] PSTN (Public Switched Telephone Network) refers to the local, long distance and international phone system which we use every day (*Newton's Telecom Dictionary*, 2003, p. 643).

Table 1.3 continued …		
Lanka Bell (Private) Ltd (1996)	Fixed telephony (wireless local loop operator)	Transmarco Ltd in Singapore
Mobitel (Private) Ltd (1993)	Mobile telephony	Sri Lanka Telecom Ltd
Lanka Cellular Services (Private) Ltd (1992)	Mobile telephony	Hutchinson Telecommunication International Ltd in Hong Kong
MTN Networks (Private) Ltd/Dialog GSM (1993)	Mobile telephony	Telekom Malaysia in Malaysia
Celltel Lanka (Private) Ltd (1995)	Mobile telephony	Millicom International Cellular S.A. in Luxemburg

Source: Author's records.

Note: Figures in parentheses show the year in which the license was issued to the operators. However, it should be noted that there is a gap between the year of the issuance of the license and the year of commencement of operations. Thus, the year of commencement of operations of SLT was 1880; Mobitel commenced in 1994, Lanka Cellular Services in 1997, MTN Networks in 1995 and Celltel Lanka in 1988.

Another vital development that took place in the telecommunications sector in Sri Lanka during the past decade was the establishment of the Telecommunications Regulatory Commission of Sri Lanka (hereinafter referred to as "TRCSL;" this abbreviation appeared earlier in sources and notes for Tables and Figures). The gradual liberalization and deregulation of telecommunications and the new environment that emerged can be seen as the factors that stimulated the establishment of this new organization in 1996. TRCSL is a statutory body established under the Sri Lanka Telecommunications Act, No. 25 of 1991, as amended by the Sri Lanka Telecommunications (Amendment) Act, No. 27 of 1996 as the successor to the office of the Director General of Telecommunications. The main responsibilities of TRCSL include the following:

(1) to provide policy advice and license recommendations to the Minister of Telecommunications
(2) to maintain the spectrum resource in optimal condition as its sole manager
(3) to provide fair, transparent, prompt and effective decision processes to operators
(4) to ensure that the different parts of Sri Lanka's telecommunications networks work properly by ensuring standardization
(5) to create safeguards to protect consumers from the excesses of market power (Sri Lanka Telecommunications [Amendment] Act, 1996; TRCSL [no date]).

1.3 Privatization of Sri Lanka Telecom Limited and the Involvement of Nippon Telegraph and Telephone Communications Corporation: A Brief Overview

Sri Lanka has a history of state ownership with a major expansion of state-owned key enterprises in the post-independence era, i.e., especially from the 1950s through the 1970s. Until the late 1970s, state intervention was widely accepted and practiced in Sri Lanka as a development policy and strategy in combination with import substitution. Liberalized economic policies introduced since the late 1970s significantly transformed the economy, creating an environment for private sector participation in major activities of the economy. The origins of privatization, as a vital socio-economic development strategy, in the postindependence era date back to the 1980s driven by the macro-economic rationales of reducing the government debt burden, an inability to raise capital to meet rising demand for services and pressing social needs. During the 1980s and 1990s many state-owned enterprises were privatized, allowing both local and foreign investors to participate in equity capital and management of those enterprises. An example of this is the privatization of SLT in the 1990s through the divesting to NTT of 35% of its ownership of SLT by the Government of Sri Lanka (hereinafter referred to as "GOSL"), which was the sole shareholder of SLT as a public limited company. It did this through a competitive bidding process in August 1997 (SLT, Annual Report, 2002). Two agreements between the GOSL and NTT were signed in relation to this investment, the Shareholders Agreement and the NTT Services Agreement. The former made NTT a shareholder of SLT whilst the latter allowed NTT to become the strategic partner of SLT (SLT, Annual Report, 1997; SLT, Offering Memorandum, 2002). Thus a distinctive feature of NTT's involvement in SLT was the former becoming the second major shareholder *cum* strategic partner of the latter. The implications of these two agreements are detailed in section 4.1.

1.4 Research Issue: Importance of Customer Service and Human Resource Development

There is some agreement that since the mid-1990s the telecommunications sector in Sri Lanka has witnessed a shift to a newly competitive landscape characterized by growth of operators, changes in technology, the expansion of services provided, changes in the structure of firms and changes in the organization of industry and work. The opening up of the international voice telephony market through the issuance of external gateway operator (EGO) licenses,[6] further liberalization and deregulation (including tariffs), fast growth of cellular telephony, the issuance of technology free (service-based) licenses, and growing concern for and debate about the convergence of telecommunications, media, data and information in an era of information and communications technology have been at the forefront of driving the telecommunications sector to undergo a paradigm shift in the nature of competition (Dissanayake, 2002; Kasturisinghe, 2003). Furthermore, the potential for the intensification of competition in the industry is high, due in large part to plans for

[6] SLT enjoyed a monopoly in international voice telephony over many decades, from the beginning of telecommunications in Sri Lanka to August 2002.

implementing a calling party pay (CPP) system in the cellular telephony sector, plans for the setting up of communications facilities in rural areas of the country and rapid adoption of the Internet in many public and private sector organizations. Amid growing competition, telecommunications service providers are constantly striving to deal with the challenge of identifying and maintaining sources of competitive advantage.

Business literature is replete with discussion and debate on the sources of sustained competitive advantage of firms. In this regard, much has been written about the distinct and hard-to-imitate nature of resources and capabilities as the source in which competitive advantage lies (Ray, Barney & Muhanna, 2003; Sako, 1999). Several studies have documented product features, cost, quality, delivery convenience and customer service as mechanisms that can be used to differentiate offers by companies in a highly competitive marketplace. However, product features are frequently and rapidly copied, thanks to the diffusion of information technology (Batt, 1996; Bennion, 1987; Payne & Frow, 1999). Thus, the central argument of this research is that the competitive advantage of a telecommunications service provider emanates from customer service and from the providers ability to manage the employees who drive the customer service function. There is considerable support for this argument. Telecommunications, in particular, as a service-providing industry, has classically been regarded as an industry with a little or no product differentiation (Partnering for prosperity in global IP, Financial Times, 2004). Entrepreneurialism and innovation at the point of customer contact, in contrast, produce a source of sustained competitive advantage that cannot be imitated easily by competing firms. Thus, creating a best-in-class customer experience can secure a vital position in corporate business. In this context, customer service includes activities that can take place prior to, during or after the actual transaction, not only with existing customers but also with potential customers and ex-customers (Batt, 1996; Kyj, 1987; Witt, Henry & Emberger, 2003). It has been claimed that companies that provide low customer service lose 2% of their market share per year while those that offer high customer service gain annually 6% of market share despite charging fees significantly higher than the market average (Telia Academy AB, 2000).

The emphasis on customer service as a distinct and hard-to-imitate asset, rather than on product features or technology, points to the need to rely on the competence and commitment of front-line customer service employees, complemented by coordination with back office staff of the organization. Hence, the building of intellectual capital (employees) to deliver better customer care services becomes the key human resource activity within the context of the evolving role of human resources in organizations, regardless of the industry in which they function (Bartlett & Ghoshal, 2002; Dassanayake, 1999). The ability to relate to customers and provide them with a better service determines the success of the organization, while the quality of investment in attracting, retaining and developing its employees contributes to the company's sustained competitiveness. Thus, the existence of a loyal, committed, competent and motivated workforce could be viewed as a *sine qua non* of creating, maintaining and continuously improving a culture of customer intimacy in an organization.

The quality of interaction between customers and front-line customer service employees is critically influential in determining the ability of the organization to retain existing customers. Several studies have documented that it costs much more to attract a new customer than it does to retain an existing customer (Peppard, 2000; Rust & Zahorik, cited in Witt et al., 2003). Drawing on relationship marketing, Berry (1995) also noted that service firms can increase their market share by attracting new customers, doing more business with existing customers and reducing the loss of existing customers. In particular, relations built with existing customers would be a powerful force for attracting more new customers to the organization. Thus, a competent, committed and motivated workforce undoubtedly acts as a catalyst for creating and sustaining a relationship-based customer community in the organization. On the other hand, as found in much research, retention not only of external customers but also of internal customers (employees) has an important bearing on sales growth of the company. For example, Batt (2002) reported that in customer-contact settings, a high turnover of employees not only increases the cost of recruitment and selection but also negatively affects sales growth, as it takes time for new employees to learn the job. Firm-specific skills and knowledge, together with relationships built up with customers by long-term employees of the company, are needed to serve loyal customers who are critical to the sales growth of the company. Thus, retention of employees is as vital as retention of customers.

1.5 Empirical Setting of the Research: Sri Lanka Telecom Limited and Nippon Telegraph and Telephone East Corporation

This study employs two cases, each being treated as an independent source of data, to explore first, customer service function and then, human resource and HRD, covering front-line customer service employees. These case studies are based on two telecommunications companies, of which one is located in Sri Lanka and the other in Japan. Both companies are identified by their real corporate names instead of pseudonyms. Thus, the companies that form the empirical setting are:

(1) Sri Lanka Telecom Ltd in Sri Lanka
(2) Nippon Telegraph and Telephone East Corporation in Japan.

There are several reasons for choosing SLT as the research setting for this study. Its long history as a state-owned enterprise serves to show how the marketing and customer service functions existed in pre- and post-privatization eras. The investment made by NTT in SLT is a notable achievement of the privatization program of the GOSL in recent times. Apart from them, the atypical employment practices of NTT East provide a fruitful ground for examining how typical and atypical employees are distinguished from each other from a human resource management and HRD point of view, which is not addressed in previous research.

With regard to these two companies, the researcher carried out *bona fide* empirical work (with his physical presence) through participant observation and semi-structured in-depth personal interviews at SLT, whereas such work at NTT East was limited to semi-structured in-depth personal interviews complemented by direct observation of operations of a one-stop customer contact point. The following section briefly introduces the two research sites, elaborating their implications for the rest of this report.

1.5.1 Sri Lanka Telecom Ltd (SLT)

SLT is regarded as the oldest telecommunications service provider in Sri Lanka, with more than 120 years' history of operations. Claiming a unique pattern of organizational evolution, SLT is the successor to the Department of Telecommunications of the GOSL. The organizational form of SLT was changed in several stages until it was privatized in 1997, allowing NTT to become the foreign shareholder cum strategic partner. Thus, the company is owned by the GOSL (being the largest shareholder), NTT Com and the general public. More details of the institutional profile of SLT are presented in section 4.1.

From the technological and operational point of view, SLT is a fixed line operator that uses mainly wire line[7] technology for the provision of services. The company is also authorized to utilize wireless local loop[8] and radio local loop[9] systems to a certain extent, as approved by the GOSL. As the only fixed wireline telephony operator, SLT is involved in the provision of a wide array of services including but not limited to, voice, data and Internet. In contrast to the other two fixed line operators in Sri Lanka, Suntel and Lanka Bell (Private) Ltd, the tariff of SLT is subject to approval by the TRCSL. Suntel and Lanka Bell (Private) Ltd are required only to notify their tariffs to TRCSL for documentation purposes. Thus, it is realistic to state that in the fixed telephony sector there is less competition based on tariff (as tariff has its own limitations emanating from costs and benefits), and therefore customer care and value-added services significantly determine the competitive strength of operators. Another vital feature of SLT was the monopolistic status it maintained in the provision of international voice telephony until August 2002. It was also the only fixed wire line telecommunications service provider in Sri Lanka until that too was phased out in the same year. In contrast, Suntel and Lanka Bell (Private) Ltd are protected by their licenses to retain their status as a duopoly in the fixed telephony sector using wireless local loop technology until 2005.

SLT employs 8,274 persons islandwide, belonging to different categories such as junior staff, clerical and allied staff, middle level technical staff, executives, marketing, contract employees and drivers (see Table 4.3 for proportions of each in the total employed). Yet another noteworthy feature of SLT is the prevalence of many trade unions and trade union federations.

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[7] Wireline communications require a physical connection, such as wires or cables, between users. This is another name for a telephone company that uses cables, not radio (*Newton's Telecom Dictionary*, 2003, p. 893).

[8] Wireless local loop is a means of provisioning a local loop facility without wires usually employing low power radio systems running in the microwave range (*Newton's Telecom Dictionary*, 2003, p. 892).

[9] Radio local loop means systems within which transmission at the local loop level (for certain rural areas) is by radio signal rather than through cable (SLT, 2002, Offering Memorandum, p. A-2).

In the context of the case study based on SLT, the one-stop customer contact point known as Teleshops[10] has been chosen as the unit of analysis. Although there are many other SLT-customer interface points in the company, Teleshops are regarded as an innovative change introduced by NTT-style management in 1998 with unique features in terms of serving mainly walk-in customers with a different work and human resource organization. Furthermore, it is apparent that the involvement of NTT Com in SLT as a shareholder and strategic partner has extended implications for management practices and operations within SLT. For example, Teleshops resemble the 116 call center of NTT East, both being one-stop shops. Hence, this study hypothesizes that the management style of NTT (hereinafter referred to as "NTT-style management") impacts on the management practices and operations of SLT.

1.5.2 Nippon Telegraph and Telephone East Corporation (NTT East)

NTT East is a subsidiary of the NTT (Nippon Telegraph and Telephone) group in Japan. This group comprises 430 companies in total including NTT which functions as the holding company. NTT has undergone many changes in its organizational form over nearly two decades since it was established in 1985 following the privatization of Nippon Telegraph and Telephone Public Corporation (hereinafter referred to as "NTTPC"). However, the major organizational change that was introduced to NTT in the post-privatization era occurred in July 1999. NTT operations were reorganized into a holding company structure and its business was transferred to three new wholly owned subsidiaries. Thus, NTT East, one of the new subsidiaries, was established on July 1, 1999. The business of the NTT group is divided into four categories; the major subsidiaries belonging to each category are shown in Table 1.4.

Table 1.4
Business and Major Subsidiaries of NTT Group

Business	Major subsidiaries
Regional communications	NTT East Corporation NTT West Corporation (see note 1 below)
Long-distance and international communications	NTT Communications Corporation
Mobile communications	NTT DoCoMo Inc.
Data communications	NTT Data Corporation

Source: http://www.ntt.co.jp/about_e/group.html
Notes: (1) Hereinafter referred to as "NTT West".
(2) NTT Data Corporation and NTT DoCoMo Inc. (previously NTT Mobile Communications Network, Inc.) started operations in 1988 and 1992, respectively (http://www.ntt.co.jp/about_e/corporatedata.html).

[10] The meaning of the word "Teleshops" covers 23 Teleshops operating from different geographical locations in Sri Lanka.

The principal lines of business of NTT East are focused on regional communications (intra-prefectural) services in the eastern areas of Japan.[11] Thus, the company is involved in the provision of telephone services, broadband access services, broadband applications services, leased circuit services and business solutions (www.ntt-east.co.jp). As of March 31, 2003 the total number of employees of the company was 18,100 persons (www.ntt-east.co.jp).

The "116 call center" of NTT East serves as the unit of analysis for the study of NTT East.[12] Although there are different NTT East customer interface points, the 116 call center functions within the framework of a one-stop shop. Social and economic development in Japan in the post-war era has contributed to the use of the telephone as a major medium of communications across the country. In effect, the 116 call center has become a popular and widely used contact point, existing in parallel to sales counters for existing and potential customers. Documentary evidence shows that the contribution of the 116 call center and sales counters to the total sales value of major network-related products in 1999 was 30 percent and 9 percent, respectively. The contribution of other major methods of selling included selling through sales agents (31 percent), corporate sales by account managers (8 percent) and residential sales by visiting customers (20 percent).[13] The selection of Teleshops from SLT and the 116 call center from NTT East for comparison was stimulated by the apparent similarity between the two, both serving as one-stop shops for mainly residential customers. The broader intention of this comparison is to understand the impact of NTT-style management on the work and human resource organization of Teleshops.

1.6 Scope and Delimitations of the Research

The aim of this section is to define the boundaries of the study or to enumerate how the researcher has narrowed down its focus. Customer care, as a business concept and a practice, has become much more fashionable over the last few years, appealing not only to the world of business but also to customers themselves. Literature on the subject is also increasing, an indication of the growing importance attached to customer care. While there have been many perspectives from which the meaning of customer care can be explained, it is apparent from observed business practices that customer care is the bridge or the linchpin between the service provider and customer. In this research, customer care is recognized as a generic term that conveys the meaning of handling a wide range of services, including but not limited to, customer problems, customer questions, customer orders, customer complaints, customer campaigns and telemarketing. Hence, in the present study customer care (or customer service) is viewed as a broad phenomenon that is related to different stages of the life cycle of customer management, such as pre-sales, activation, maintenance, payment

[11]The Eastern areas of Japan, as defined by NTT East, include Hokkaido, Tokyo and the prefectures of Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Kanagawa, Niigata, Yamanashi and Nagano (www.ntt-east.co.jp).

[12] The meaning of the word "116 call center" entails 116 call centers operating from different geographical locations in eastern areas of Japan, as elaborated in the preceding footnote.

[13] Document prepared by NTT East exclusively for discussion with the researcher in November 2000 was used as reference. Thus this document is not available for public use.

processing and retention (Telia Academy AB, 2000). Framed within this conceptualization, the researcher has deliberately established three delimitations for this study as briefly explained below.

First, although there are altogether seven fixed telephony and mobile telephony operators in Sri Lanka, this study focuses on the fixed telephony sector only, taking SLT as the case research setting in Sri Lanka. As shown in Table 1.2 and Figure 1.2, the mobile telephony sector is growing fast. Even though fixed telephony companies and mobile telephony companies are different from each other in terms of technology used, it is assumed that there is no great difference in the work organization of customer service except for the nature and type of maintenance work. Further, in the Sri Lankan context, the fixed telephony sector has a long history and it claims a relatively high level of maturity compared with the mobile telephony sector. Another two obvious reasons for choosing SLT emanate from its relationship with NTT Com and both SLT and NTT East are known as providers of the fixed telephony category of service.

The second delimitation involves the unit of analysis of the study. As presented in detail in Sections 4 and 5, both SLT and NTT East provide customer service through a number of major customer interface points (customer contact points). Although the significance of all customer interface points is acknowledged, this research focuses on one major customer interface point only of each company, that is, the Teleshops of SLT and the 116 call center of NTT East, respectively. This focus allows the researcher to explore the phenomena of interest with substantial depth. However, doing so limits the ability to apply the findings generally to similar companies in the industry.

Finally, the third delimitation relates to the time frame for addressing related phenomena at SLT and NTT East. Rapid advances in information and communications technology have prompted telecommunications companies to change their structures, processes and systems continuously, to keep up with demands of the emerging marketplace. Nevertheless, due to logistics-related concerns of this research, the operations of SLT covering the period from the mid-1990s to August 2003 only are taken into consideration. The time frame referred to in case of NTT East is from November 2000 to November 2004.

1.7 Organization of the Report

The main body of this report comprises seven sections. Its structural organization is presented in Figure 1.3. The introduction that comprises **Section 1** provides a glimpse of the study, focusing on the context in which the research is positioned, the primary and secondary objectives of the study, an overview of the telecommunications sector in Sri Lanka, the relationship between SLT and NTT Com, the research issue and empirical setting of the research. It also provides an account of delimitations vis-à-vis limitations that the researcher has set for defining the boundaries of the study.

Section 2 contains a review of past research on the topics covered in this study. In this section, some important findings of past studies are outlined, while attention is paid to their methodological concerns. A special feature of this literature review is the emphasis placed on bringing to the fore findings of human resource and HRD-related research conducted in various countries within the framework of international comparisons. The immediate purposes of Section 2 are setting the point of departure and building the originality of the proposed study.

The research methodology and framework of the study are presented in **Section 3**. Key areas addressed therein include the ontological and epistemological standing of the inquiry, the case study research strategy employed, units of analysis, the method of sampling, methods of data collection, triangulation and the quality of research strategy and the research framework. The foundation for this study as developed in the preceding two sections leads to the development of a conceptual framework as a piece of original work of the researcher, which has strengthened the researcher's endeavor to contribute to the existing body of knowledge on the subject.

As shown in Figure 1.3, Sections 4 and 5 belong in a cluster that deals with the thematic organization, presentation and analysis of data collected in the empirical setting of the study. Thus, these two sections, in general, introduce case studies. Accordingly, **Sections 4** and **5,** which are based on SLT and NTT East respectively, are devoted to encapsulating an array of common phenomena. Accordingly, description is provided of organization of customer service function, general organization and workforce distribution, employee classification system, job structure, staffing system, performance evaluation system, compensation system, and HRD system as they are pertinent to customer service employees of Teleshops (in the case of SLT) and 116 call center (in the case of NTT East).[14] It should, however, be emphasized that Section 4 contains three other sections that are not relevant for Section 5. Firstly, the nature of the relationship between SLT and NTT Com prompts examination of the highlights of the organizational transformation of SLT under NTT-style management. Secondly, the unionized character of SLT. Thirdly, the evolutionary character of Teleshops is presented briefly, illustrating the marketing and customer service philosophy of SLT as a state-owned enterprise and how it has changed over the years under NTT-style management. It also positions Teleshops as a new type of SLT-customer interface point that, with its walk-in customer facility, has revolutionized many aspects of the front-line operations of the company.

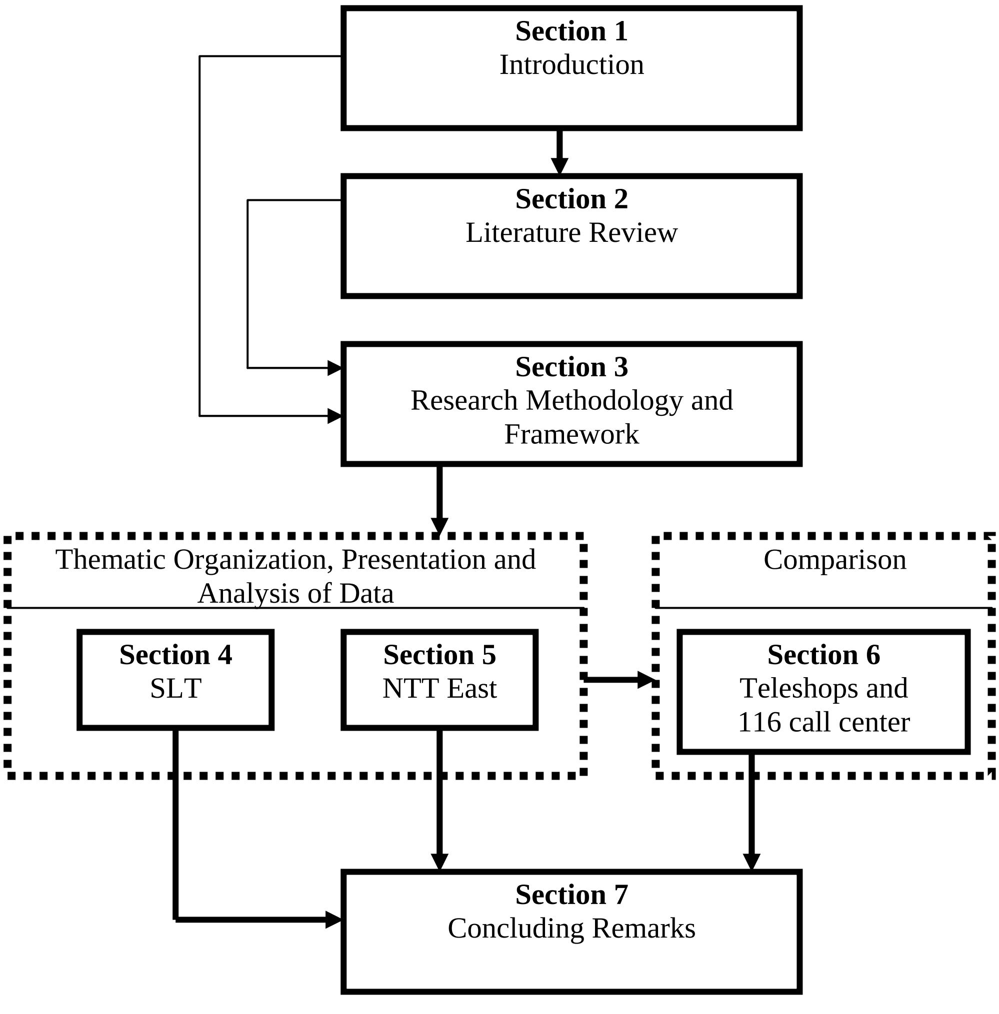
Following the pattern of clustering sections, as shown in Figure 1.3, Section 6 is dedicated to comparison. Hence, **Section 6** presents the similarities and differences between Teleshops and116 call center, with special reference to the organization of customer service function, employee classification, job structure, staffing, performance evaluation, compensation system and HRD.[15]

[14] The research framework of this study is presented in Figure 3.2, with definitions of the variables therein given in Table 3.7. However, in compiling Sections 4 and 5 in substantial depth, the researcher tended to focus beyond on the variables in the research framework.

[15] This comparison is made placing the emphasis exclusively on variables in the research framework and their definitions as shown in Figure 3.2 and Table 3.7, respectively.

The findings and concluding remarks of the study are presented in **Section 7**. In this section there is also an endeavor to make an assessment of the extent to which soft technologies transferred by NTT Com to SLT in the areas of customer service, human resource management and HRD contribute to SLT delivering better customer service with special reference to the nature of the evolution of the telecommunications sector in Sri Lanka. The latter part of this section documents limitations of the study, inviting the attention of academics, researchers, scholars and practitioners to understand how they could plan future research taking cognizance of these limitations. Potential research would essentially contribute to broadening the horizons of the body of knowledge and wisdom on managing human resources for delivering customer care services with a difference and promoting the potential development of customer care services management as an academic and professional discipline.

Figure 1.3
Structure of the Report



Source: Researcher's original construction.

Section 2
Literature Review

Over the past two decades, considerable research attention has focused on HRD of blue-collar workers as well as white-collar workers. Widespread interest in this area of research was aroused by many factors. First, there were significant changes in trade and investment patterns, especially foreign direct investment across nations. Second, the transferability of management technology of companies in investor countries to their overseas affiliates raised the issue of the appropriateness of such action and the extent to which transferability could be achieved. Third, identifiable organizational transformations occurred with the introduction of new work systems and practices for achieving higher levels of productivity (Hejazi & Pauly, 2003; Ichniowski, Shaw & Prennushi, 1997; Nakamura, 1999; Shibata, 1999, 2001). With these phenomena in the background, the research literature on HRD took two directions. The first research stream dealt with the question of skill requirements of employees doing various jobs, how skills are formed in them, incentives these employees have for skill formation and their career building patterns. The second research stream centered around international comparisons of human resource management and HRD practices covering a wide range of variables.

This literature review has three main intentions:

(1) It presents the explorations of previous researchers on subject areas including, but not limited to, skill requirements, skill formation, incentives for skill formation and career development.
(2) It then deals with the methodologies employed by previous researchers to conduct such studies.
(3) It also creates a platform for building on the originality of this study and thereby contributing to the existing body of knowledge on the subject.

2.1 Skill Requirements

Before presenting findings of past scholarly research, it is important to establish a broader meaning of HRD at enterprise level. Several studies that have covered, *inter alia*, the meaning of HRD have found several interrelated variables to be involved. With few exceptions, such studies have suggested that HRD represents training and development specifically aimed at developing the skills of the bottom line for ensuring the survival and growth of individual enterprises (Wood & Sella, 2000). Ashton and Felstead (as cited in Wood & Sella, 2000, p. 452) found further that firms without a systematic training strategy, which depended largely on the external labor market, regarded labor as a cost. Taking a somewhat different stance, Koike (1998a) and Morishima (1998a) broadly defined HRD to cover the nature and the content of skills, skill formation systems, incentive systems for skill formation, career development, promotion systems and compensation plans. The core concept that could be derived from the variety of the meanings of HRD is skill.

Skill is defined in the literature from diverse perspectives and in a variety of ways. Thursfield (2001), for example, asserted that skills are tangible, quantifiable and measurable, allowing comparisons between individual employees and groups with respect to the types and levels of skills possessed while Stasz (2001) identified four broad areas of skill, academic or cognitive skills, generic skills, technical skills and work-related attitudes. School disciplines seem to play an important role in helping people to acquire knowledge about various subjects, and this knowledge is expected to be broadly transferable across a wide range of situations and circumstances. Standardized tests are employed for assessing these skills. Generic skills such as problem solving, communications and teamwork, on the other hand, are believed to be broadly transferable across work settings, with variations engendered by work setting-specific processes. Stasz further stressed problem solving, as a general term, representing a particular competency, the meaning of which differs across tasks and situations. For example, in educational settings problem solving could mean solving mathematical problems whereas in a factory environment it may carry the meaning of spotting the causes of defective products and diagnosing and eliminating such causes. Green and James (2003), exploring differences between managers' and employees' perceptions of skill, supported to a certain extent this composition of generic skills, including verbal, physical, problem-solving and planning skills. Their view suggested that these skills give a mix of the academic, non-academic and organizational elements. Thus the word “generic skills” is broader in meaning and makes concrete sense only when it is placed in a specific work context. In contrast, technical skills are the specific skills needed in an occupation, and are usually codified in job descriptions.

Work-related attitudes or soft skills are very different from the preceding three categories of skills. In particular, there is no methodology to conceptualize them. Motivation, volition and disposition are regarded as soft skill constructs that are most often judged through personal impressions or knowledge of an individual. In a comprehensive review of dictionary definitions of skill, Attewell (1990) concluded that (1) the core of all definitions is the idea of competence - the ability to do something well, and (2) competence encompasses both mental and physical proficiency and the latter also contains physical dexterity. Thus, Attewell found skill to be synonymous with competence. More recently, Rodriguez, Patel, Bright, Gregory and Gowing (2002) explained this point further. They presented a competency model of integrated human resource practices. The US Office of Personnel Management (as cited in Rodriguez et al., 2002, p. 310) defines a competency as a measurable pattern of knowledge, skill, abilities, behaviors, and other characteristics that an individual needs to perform work roles or occupational functions successfully.[16] In light of this definition, it can be concluded that soft skills

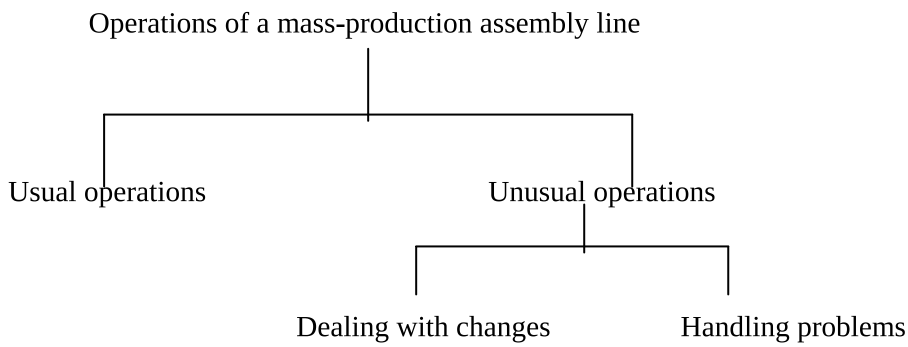
[16] It is common wisdom among scholars that there is a difference between competence and competency. The former is a work-related concept that refers to areas of work at which the person is competent whereas competency is a person-related concept that refers to the dimensions of behavior lying behind competent performance (Armstrong, 2001, p. 302). He also asserted that at the practical level organizations in UK adopt a hybrid approach, incorporating both people-based competencies and work-based competences; these are referred to generally as competencies. Following this trend, this study regards competencies (the plural form of competency), as including both people-based

such as interpersonal skills and teamwork are as important as traditionally recognized knowledge, skills and abilities in determining the ultimate work success of individual employees. Technology, management innovations and competition in both the local and global marketplace profoundly affect the kinds of knowledge, skills and attitudes required for successful employment and work performance (Stasz, 2001).

Another significant notion of skill is based on its tacit nature. Accordingly, its meaning appears to be difficult to articulate in a formal manner, in light of three important considerations: (1) people acquire skills through experience, (2) skills are unconscious and internalized, and (3) skills are specific to particular situations. Hence, the forward planning of tasks become difficult and a conscious consideration is required to perform unfamiliar tasks (Thursfield, 2001).

In sharp contrast to the manner in which skill was defined in earlier studies, Koike and Inoki (1990) and Koike (1994, 1997) presented different interpretation of the meaning of skill by coining the term “intellectual skills”. They proposed a typology of classifying operations of a mass-production assembly line, based on in-depth research covering blue-collar employees at the shop floor level of manufacturing plants. Their proviso was that one must observe operations of the assembly line for longer than a couple of hours. Figure 2.1 shows the classification with its constituent elements.

Figure 2.1
Operations of a Mass-Production Assembly Line



Sources: Koike (1994, 1997) and Koike & Inoki (1990).

The nature of usual operations is characterized by routineness, repetitiveness and monotony. Thus, a little skill is required to perform these operations. On the other hand, unusual operations require dealing with changes and handling problems. Changes that may be encountered include, for example, variations in product mix, production volumes, production methods, new products and labor mix. Handling problems on the assembly line requires three types of skill:

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competencies and work-based competences. How competencies are defined in this study is explained further in the latter part of this chapter. The use of the term “competencies” is popular (see for example, Ulrich, Brockbank, Yeung, & Lake, 1995).

(1) skill for detecting the problem
(2) skill for diagnosing the source of the problem
(3) skill for eliminating the cause of the problem to facilitate the smooth running of production operations.

Giving due consideration to unusual problems, Koike and Inoki (1990) and Koike (1994, 1998a) defined intellectual skills as the skills required to deal with uncertainty, or to deal with changes and handle problems. Further facets of the meaning of intellectual skills in the assembly-line context are:

(1) the ability to carry out many jobs in a particular workshop
(2) broad knowledge of the structure, functions and mechanism of the equipment, products and the production process itself (Koike & Inoki, 1990).

This perspective of Koike and Inoki resembles the notion of tacit skill by Wood (as cited in Thursfield, 2001, p. 505), which states, "An example of tacit skill is an intuitive understanding of how a task relates to the wider production process". Organizational theorists like Nonaka and Takeuhci also lend support to further understanding of the meaning of tacit skill, distinguishing between explicit knowledge and tacit knowledge. Thus, tacit knowledge (knowledge of experience) is believed to be personal, context-specific and hard to formalize or communicate whereas explicit knowledge (knowledge of rationality) is transmittable in formal, systematic language (Nonaka & Takeuchi, 1995). However, Koike and Inoki are credited for their original scholarly work of defining the meaning of intellectual skills in the labor process on the shop floor of manufacturing companies.

The scholarly work of Koike and Inoki has expanded further to include some significant phenomena for a broader understanding of the meaning of intellectual skills. One such phenomenon is indicators of skill. Two indicators of skill or skill development mentioned in their literature are breadth of experience and depth of experience. In simple terms, breadth of experience covers the number of jobs an employee can conduct in a particular workshop and the employee's ability to instruct inexperienced colleagues to conduct work in the workshop. This breadth encompasses usual or routine responsibilities. Depth of work experience, on the other hand, consists of the know-how to deal with problems, the know-how to deal with changes and the ability to take responsibility for handling difficult parts of the job (Koike 1997; Koike & Inoki, 1990). The work of Tezuka (1997) could also be related to the further understanding of Koike and Inoki's interpretation of breadth and depth of experience. Thus, he concluded that job descriptions of blue-collar employees and managers in Japanese companies was vague and imprecise, giving them a wider scope for helping colleagues, making suggestions and implementing improvements.

Another phenomenon that has received much attention in the research of Koike and colleagues is "integrated versus separated systems". Koike (1994) put forth two proposals regarding the issue of whether production employees always conduct difficult and unusual operations that require the application of intellectual skills. The first proposal was to standardize unusual operations and prepare a manual as a guideline for employees to handle such operations. The second proposal was to develop integrated rather than separated systems for allocating jobs. A careful examination of these proposals shows that they have limitations at the practical implementation level. In respect of the first proposal, limitations exist because of the variety in the nature of potential problems and the difficulty associated with incorporating all such problems into a written manual hampering quick response to problems. Further, the proposal does not take into account the unpredictability of potential problems. These limitations prompt consideration of dealing with unusual operations as an integral part of the job of production employees, causing ambiguity of job definition in Japanese companies. In contrast, separated systems create a clear distinction between production employees and engineers and technicians. In a separated system the former are entrusted with handling usual operations and the latter two categories of employees are responsible for handling unusual operations. But integrated systems make it the responsibility of production employees to handle both usual and unusual operations on the spot. Given that production employees have the aptitude to acquire the necessary intellectual skills, integrated systems are considered capable of contributing more to the efficiency of the shop floor as opposed to separated systems (Koike, 1994; Koike & Inoki, 1990).

Shibata (1999), using the concepts and framework developed by Koike for classifying operations on an assembly line and understanding the concept of integrated versus separated systems, found that the personnel who handled unusual operations distinguished between Japanese and American unionized workplaces. Shibata studied maintenance employees in three plants, and found that they spent about 70-100 percent of their actual maintenance working time on breakdown maintenance and about 0-30 percent of their actual maintenance working time on preventive maintenance. He further found that American firms outsourced their preventive maintenance work. In contrast, in two of the three Japanese plants Shibata found that maintenance employees spent 4.7-14.5 percent of their actual maintenance working time on breakdown maintenance and 85.5-95.3 percent of their actual maintenance working time on preventive maintenance. Within this context, Japanese maintenance methods resulted in fewer stoppages of production lines compared with those in American companies. This finding of Shibata is consistent with the perspective of Koike and Inoki (1990) on the capability of integrated systems to contribute more to the shop floor efficiency than separated systems.

Koike (1998a) led a research project team comparing HRD of professional and managerial workers of the industry in Japan, the US, the UK and Germany, under the auspices of the Japan Institute of Labor. In his introductory remarks of the research report, Koike asserted:

> It is not sufficiently clear, however, even from the case studies what are the character and the content of the crucial skills needed to handle uncertainty (Koike, 1998a, p. 12).

This view is exemplified by the availability of much literature on skill formation systems, incentives for skill formation and career development. However, there have also been some attempts to examine the skill requirements of some selected groups of employees. One such example, in Japanese context, comes from the research conducted by Wakisaka (1988, 1997), engaging in fieldwork on general merchandise stores, i.e., a vegetable/fruits shop and a women's garment shop, in 1985. Focusing particularly on female employees in the latter research site, Wakisaka found tasks including assorting (selecting) and ordering goods, assorting and ordering goods not under one's own charge, selling goods not under one's own charge, dealing with client's complaints such as returned goods, training new employees and part-timers as tasks, that were performed by most of them. Another example is the study conducted by Batt (1999). The subjects for her study consisted of customer service representatives handling service inquiries and sales requests from residential customers through incoming telephone calls. The services these customer service representatives handled were billing and product information, and the sales they handled consisted of basic services, transfers, internet services, upgrades, voice mail, call waiting and so on. A characteristic feature of the work of customer service representatives is their simultaneously interacting with the customer on the telephone and inputting information directly into the computer. The skill requirements for the job of customer service representatives include customer interaction skills, keyboard skills, knowledge of procedures, products, services, legal regulations and technical proficiency in programming languages. Moreover, another example could be provided through a research study of bank executives and managers in the US and Germany, undertaken by Keltner (1995). Hence, he found that broader product skills, better knowledge of customers, and improved service quality were crucial for employing a relationship-oriented strategy to build and sustain competitive advantage. One dominant feature of Keltner's study was his attempt to distinguish between relationship-orientation and transaction (volume)-orientation strategies of banks and its implications for staffing and skilling. American banks were found to employ transaction-oriented strategy over 1980s and into1990s, while German banks endeavored to building up their capabilities for pursuing relationship-oriented strategy in 1980s. Thus, stable workforce and broad skilling were perceived as constituent elements of relationship-orientation compared with unstable workforce and job-specific skilling as elements of transaction-orientation (Keltner, 1995).

Drawing on research conducted in call centers with front-line employees as subjects, Frenkel, Tam, Korczynski and Shire (1998) concluded that customer service representative used two types of knowledge, lower-order contextual knowledge and higher-order contextual knowledge and skills to accomplish their tasks. Lower-order contextual knowledge was made up of knowledge about company-specific products, procedures, software, practices and people with whom they maintained relational coordination for serving the customer. Higher-order contextual knowledge was associated with a conceptual understanding of different packages offered by the company, and knowledge of the market and industry trends. Frenkel et al. also divided skills into two categories, computer skills and social skills. Computer skills are related to entering information into computers, word processing and navigating through several systems or windows, whereas social skills include the ability to remain calm under pressure, having a friendly, positive and tactful attitude, listening, the ability to clarify customer requirements, sales skills and so on. The findings of

Batt (1999) and of Frenkel et al. (1998) in respect of the knowledge required of customer service representatives are consistent with the claims of Russell (2002) that product knowledge was the most important aspect of training provided to customer service representatives. However, Michel (2001), based on telephone interviews with 100 randomly selected call center enterprises in Germany, suggested that communication skills and service orientation formed the main basis of call center agents' job requirements, with technical competence and product knowledge coming second. In addition to these skills, front-line employees on call centers are required to have social competence, telephone praxis, outbound marketing skills, multimedia knowledge, language and manual skills. Callaghan and Thompson (2001), whose study was based on a Scottish call center that dealt with only inbound calls, described skill requirements of customer service employees that were more or less similar to those described by Batt, Frenkel et al. and Michel. Callaghan and Thompson listed those skill requirements as business awareness, business development, communication - verbal and written, customer service, decision-making, initiative, numeracy, planning and organization, teamwork and leadership, the use of systems and work standards.

The debate regarding the skill requirements of various categories of employees continues. An innovative contribution comes from the work of Rodriguez et al. (2002). They used the word “competency” rather than “skill”, perceiving skill as just one component of the broader concept, competency. Rodriguez et al. analyzed clerical and technical jobs into four competency-based clusters: information support, administrative, technology and programs, and financial. Two sets of competencies were defined: those competencies that were the core to the broad occupational group, i.e., clerical and technical occupations, and those competencies core to a smaller subset of similar occupations within that group, i.e., an administrative cluster. Examples of competencies of the former category are integrity/honesty, technical competence, flexibility, memory, teamwork, conscientiousness, interpersonal skills, self-esteem and self-management. Examples of competencies required particularly for the administrative cluster are reading, writing, speaking, listening, and customer service. By accounting for different components of competency, Rodriguez et al. provided a guideline that differed markedly from other definitions of skill for analyzing broadly competency requirements of various job clusters. Other researchers who have employed the term competencies rather than skills are Finegold and Wagner (2002). Although they focused on managers and specialists in the banking sector in Germany, not on front-line customer service employees, they identified four types of competencies required of these two categories of employees: expertise in banking (technical skills, industry knowledge, risk management); performance-enhancing behaviors (work organization, personal initiative, ability to learn rapidly and on an ongoing basis, problem solving); social behaviors (team skills, strong ability to communicate with colleagues and customers) and leadership (readiness to define aims for themselves and others, ability to delegate tasks, ability to give good feedback).

Table 2.1

Some Illustrations of Studies Examining Skill Requirements

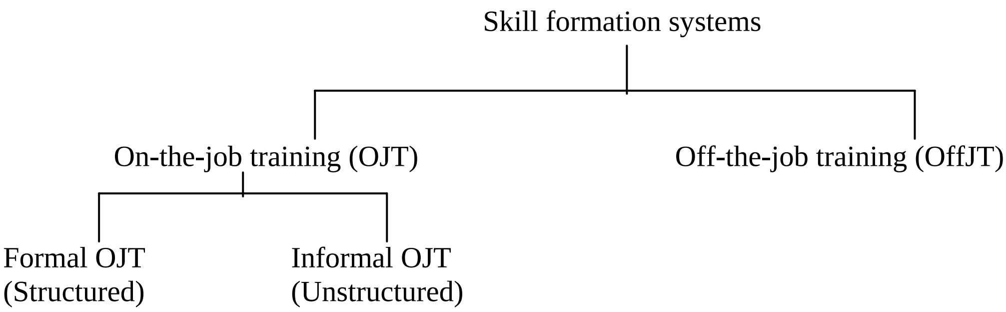
Author(s)	Year	Focus
Wakisaka	1988	Identification of skill requirements of front-line employees (women) in a garment shop through analyzing their tasks
Koike and Inoki	1990	Contents of skill - skills for dealing with changes and problems
Koike	1994 & 1997	Intellectual skills – the ability to deal skillfully with unusual operations which are not described in operation manuals for shop-floor level employees
Batt	1999	Skill requirements of customers service representatives handling incoming telephone calls – customer interaction skills, keyboard skills, knowledge of procedures, products and services and legal regulations and technical proficiency in programming languages
Thursfield	2001	Dimensions of skill – tangibility, quantifiability and measurability of skills and the possibility of comparing skill levels of individuals and groups
Stasz	2001	Skill areas – academic or cognitive skills, generic skills, technical skills and work-related attitudes or soft skills
Rodriguez *et al.*	2002	Introduction of the broad definition of competencies

Source: Researcher’s original construction.

2.2 Skill Formation Systems

A growing body of research has documented systems of forming skills in employees of organizations in various fields (Brown & Reich, 1997; Finegold, Wagner & Mason, 2000; Koike, 1994; Osterman, 1995; Riding & Mortimer, 2000; Shibata, 1999; Wood & Sella, 2000). Becker (1964) argued that two broad types of skills are imparted through firm-based training for incumbent employees, namely general and transferable skills and specific and non-transferable skills. A broad classification of firm-based skill formation systems, drawing on these studies is presented in Figure 2.2.

Figure 2.2
Classification of Skill Formation Systems



Source: Researcher’s construction based on past studies stated under section 2.2.

2.2.1 On-the-Job Training (OJT or Formal OJT)

The classification of firm-based training systems varies among countries. For example, in the US context, formal training refers to OffJT whereas informal training means OJT. But in Japanese firms, both structured OJT and OffJT are perceived to be methods of formal training (Brown & Reich, 1997). Carefully planned and implemented OJT is regarded as the major method of skill formation of employees in Japanese companies (Kawakita, 1996; Koike, 1998a; Sato, 1995; Yahata, 1994). Although the Japanese system provides OffJT too, the major component of training occurs on the job. Every supervisor and manager is responsible for the OJT of incumbent employees. This is in sharp contrast to companies in the US, where the existence of the free-rider problem is believed to have led to the under-provision of firm-based training (Brown & Reich, 1997) because employers are reluctant to invest in employee training that imparts general and transferable skills. Drawing on research conducted using banking sector in the US, Keltner and Finegold (1996) too concluded that poaching created a strong disincentive for firms to invest in training of employees. In addition, they found that poaching had implications for undermining attempts to build strong relationships with clients. The practice of hiring employees with previous experience is prevalent among American firms that are less likely to provide training (Osterman, 1995).

In Japanese companies it is the custom for new employees to learn the ropes under a designated instructor. Thus, new employees acquire the firm-specific knowledge content of skill by following the work pattern and style of the instructor who is designated to train them (Koike & Inoki, 1990). Shibata (1999), who studied three Japanese unionized manufacturing plants and three American unionized manufacturing plants, has made a worthwhile contribution to the literature on differences between the skill formation systems in the two countries. In Japanese plants, Shibata observed, employees, group leaders and assistant and first-line supervisors have the role of teaching skills to new employees, and also of troubleshooting. In American companies, employees and group leaders rather than supervisors play a similar role, with a low emphasis on troubleshooting skills. Employees who undertake this instructor role have an incentive to teach their skills to new employees; that is, their ability to teach trainees is measured and recognized in a skill formation plan sheet. Such instructors are employees who have at least four to five years of experience on the job and who are capable of giving person-to-person guidance to new employees. A practice of this kind results in senior employees playing dual roles, as an employee doing his/her own job and as a teacher for junior employees. The instructing employee's role decreases as the trainee's skills increases (Koike, 1994; Yahata, 1994). In studying managerial careers and management development in Britain and Japan, Storey, Okazaki-Ward, Gow, Edwards and Sisson (1991) found that role models and mentors were influential in career development of managers in Japanese companies as compared with British companies. They also explored the prevalence of a system in British firms, that exposed managers to challenging experiences through “sink-or-swim” approach to management development, which contrasted sharply with the Japanese way of allowing the new employee to systematically progress up the job ladder under a senior employee.

Other characteristic features of OJT in Japanese companies include the assignment of tasks in order from simple to difficult, gradual promotion to higher positions, job rotation, small group activities, training given to supervisors to train others, the use of skill formation charts and skill certification. OJT itself is an expensive practice. In order to lessen these costs and the inefficiencies produced by newly joined employees during their initial OJT, an experience path is designed for the new employee by supervisor or the manager. This experience path first assigns simple or easily explained tasks to the new employee. The level of difficulty increases gradually, with new employee assigned more and more difficult tasks that are all related to each other in job content. Koike and Inoki (1990) asserted that this way of assigning tasks to new employees leads to the formation of a career ladder. Furthermore, the extent to which the employee has developed skills is indicated by two related phenomena, breadth of experience and depth of experience. The former refers to the number of related jobs or positions in a particular production unit that can be filled by an employee, and to his/her capability to instruct fellow-workers, whereas the latter deals with the ability to handle unusual problems. The skill formation plan sheet, also called the job matrix, is used in Japanese companies periodically to evaluate the skill level of blue-collar employees.[17] Assistant first-line supervisors are responsible for filling in a skill formation chart that is visible and transparent to all employees in a particular workshop (Koike 1998b; Shibata, 2001).

Deployment practices are another vital factor that affects OJT. Job rotations and transfers feature methods of deployment. Osterman (1987) used four phenomena to define the internal labor market for a set of occupations: job classification, deployment, security and wage rules. Within this framework, deployment refers to rules governing how employees in a firm may be moved from one job to another. Two rules exist in this connection: seniority and discretion of the management. In a comparative study covering the US, the UK, Germany and Japan, Koike (1998a) concluded that job rotation was the mechanism commonly used in Japanese firms for allowing employees to move within the organization. In another study, Koike (1994) compared, *inter alia*, HRD of blue-collar employees in Japan and Sweden. He found some similarities between the two countries. In both countries, there was an emphasis on broadening the experience of employees; particularly in Sweden an explicit policy to this effect exists. Job rotation is also a feature common to both countries. On the other hand, a posting and bidding system determined intra-organizational moves of employees in US and UK firms. The posting and bidding or job bid system provides the employee with the opportunity to indicate his or her own intention in career-making. In Japan job rotation does not provide freedom for the employee to decide where he or she would like to work next; it is the manager or supervisor who makes the decision on behalf of the employee (Storey et al., 1991). The work of Shibata (1999) confirmed the findings of Koike. In the three Japanese plants he studied, assistant first-line supervisors managed job rotations. The rule governing job rotation was putting the "right person in the right place", rather than equity. In the three American unionized plants limited job rotation existed that was neither systematic nor reflective of employees' skills. First-line supervisors or teams managed the few job rotations that occurred. Concerning transfers, assistant and first-line supervisors had the authority to decide on who would become temporarily or permanently transferred in Japanese plants. Shibata identified a variety of methods to transfer employees in the three American plants. First-line supervisors, job bid and seniority rules or teams decided on which employees to transfer temporarily to fill shortages in the workforce. However, for permanent transfers of employees, a system of three elements, job bid, seniority rules and skill checking, was used in the American plants. Brown and Reich's (1997) work contributes significantly to the literature on job assignment in Japanese and US firms. They wrote:

> In Japan, the importance of job assignment in skill development is acknowledged, and a manager is in charge of assigning jobs and developing careers for those under

[17] The term "Skill Formation Plan Sheet" was drawn from Shibata (2001). Koike and Inoki (1990) used the terms "Job Span Map" and "Job Depth Map". The former was meant for indicating the span of experiences of employees across jobs whereas the latter showed their depth of experience in handling unusual operations. However, in his single-authored publication in 1994, Koike used the terms "Job Matrix: Breadth of Experience" and "Job Matrix: Depth of Experience" to convey the same meaning.

> him or her. In the U.S., employees usually are included in the job assignment decision, often through a post-and-bid system. In most workplaces, a set of rules delineates how job assignments and promotion or upgrade decisions are made. The rules usually include a skill requirement (before training), employee "bids" (applications for specific job openings), and a role for seniority in ranking equally qualified candidates (Brown & Reich, 1997, p. 128).

The locus of decision-making for job assignment has implications for the skill formation of employees. Integrated skill formation exists in Japanese firms, where supervisors manage job assignment while employees have no say. Attempting to find the relationship between employee skills and plant productivity, Shibata (2001) established a relationship between weak integrated skill formation and low plant productivity in a Japanese transplant in the US where individual employee choice regulated job assignment. He argued that the job-bid system prevailed in the Japanese transplant he studied in the US, preventing integrated skill formation. Shibata used the expression "independence with job instability" to explain why the job-bid system prevented integrated skill formation. He claimed that independent unionism, distrustful relationships among managers, engineers and employees, an unstable job environment, and detailed job classification and specialization prevented integrated skill formation in employees. On the other hand, "integration with employment stability", a key characteristic of the Japanese workplace system, contributed to integrated skill formation in employees in Japanese plants. There, assistant or first-line supervisors were usually involved in systematically designing job rotations and transfers of employees that were based on the precept of having the right person in the right place rather than on equity (Shibata, 1999). In other words, the employee did not have a voice in the process of determining the pattern of his or her skill formation. Case study research conducted by Koike (1998a) also confirms the frequent utilization of *de facto* rotation in Japan and of the posting and bidding procedure up to middle management level in the US and UK. *De facto* rotation as practiced in Japanese firms leaves human resources departments with no control over planning and implementing job rotation, while decisions about employee movement rest with the directors.

It is appropriate to review the findings of some comparative research at international level on skill formation systems in service occupations. Research conducted by Finegold, Wagner and Mason (2000) serves this purpose. Their study focused on skill formation systems and career paths for service employees in hotels in the US, Germany and the UK. They reached several conclusions regarding apprenticeship-style training within the broader context of vocational education and training. Finegold et al. documented that the training of hotel employees in Germany under the apprenticeship system was broad, covering all the vocational skills required for work in the hotel sector, as well as a variety of general education subjects. National level skill certification systems ensured the standardization of apprenticeship training programs. In the UK, apprenticeship schemes were designed to provide young people with a broader skill foundation, even though these schemes lacked general education content. Skill certification systems in the UK were competency-based, individuals being assessed solely on the basis of the tasks they can perform. It was also not a requirement to undertake any training. In effect, when compared with the German situation, the very specific skills assessed by skill certification systems in the UK were significantly narrower in scope. In the US, it was rare for individuals to undertake vocational preparation for the hotel sector before entering employment. However, collaborations existed between hotels and educational institutions to recruit students as part-time or full-time employees.

Finegold et al. (2000) reported that in the hotel sector in Germany, employees newly hired to full-time front-line and back office positions were required to have completed an apprenticeship or have some higher-level qualification. Moreover, Finegold and Wagner (2002), in their study covering banks in Germany, documented that the apprenticeship system was a mechanism that alternated between academic education and the workplace. Nevertheless, the importance of OJT in Germany was not undervalued (Michel, 2001). OJT, at all times, was a powerful method of skill formation that imparted the practical knowledge of the job and service-oriented communication. Keltner's (1995) work contributes significantly to support this practice in Germany. He wrote:

> As the experience of German banks would suggest, the key to achieving relationship banking is lowering levels of employee turnover and creating strong internal labor markets … At the core of the German system of relationship banking is the commitment on the part of each bank to developing its skill needs internally. As the German bank executives describe it, their firms have "Japanese-style employment relations." Employees start in entry-level positions, take progressive steps along the skill hierarchy, and raise their earning potential as they move upwards (Keltner, 1995, p. 66).

In contrast, in the US and the UK, vocational qualifications were not mentioned as an entry-level requirement, whereas prior experience in a customer service industry was advantageous for new employees. Another significant finding of the study of Finegold et al. (2000) is the relative importance of forms of training given to front-line and back office staff of hotels in three countries. Hotels in the UK provided more OJT and OffJT than their counterparts in Germany and the US. Provision of cross-job training, that is, across various departments to front-line and back office employees, was a characteristic feature of hotels in the US and UK. These findings are consistent with those of Raper et al., Stern and Sommerlad, and Tregaskis and Brewster (as cited in Lloyd, 2002, p. 76), that in the UK there is a shift away from OffJT and externally provided training towards greater OJT and in-house training (Lloyd, 2002).

2.2.2 Informal OJT

Informal OJT, as the term implies, is unstructured and not time-bound. Whereas formal OJT is characterized by assigning instructors to train employees, setting standards for evaluating the training and so on, informal OJT does not entail such features. But informal OJT is considerably more important than formal OJT, because it can occur as a normal part of the employee's work life. For example, employees who encounter and handle non-routine operations discuss their experience at occasional meetings held on the shop floor. This experience-sharing could increase the confidence of fellow-workers to handle similar situations when they arise. In explaining informal OJT, van Zolingen, Streumer, de Jong and van der Klink (2000) wrote:

> Unstructured, unplanned OJT also occurs at the workplace. This involves informal methods of learning (non-intentional learning, learning as a by-product of the daily scheduled tasks). A plan or training arrangement is non-existent and employees learn by, for instance, imitating experienced workers (van Zolingen, Streumer, de Jong & van der Klink, 2000, pp. 209-210).

Informal OJT may be understood by referring to the work of Koike and Inoki (1990) and Wood (as cited in Thursfield, 2001, p. 505). Tacit skills that are difficult to articulate in a formal manner are acquired through continuous interaction with fellow employees. More importantly, these tacit skills are unconscious and internalized and are specific to circumstances. Hence, to create a learning organization there is a need for employees to share their unique experiences within it. Limited attention has been paid to the practice of informal OJT in past research on training, and in the present study there is an attempt to explore various informal OJT practices among customer service employees in the firms that comprise the sites for this research.

2.2.3 Off-the-Job Training (OffJT)

OffJT, as the term implies, takes place at a place other than the shop floor. In Japanese companies, OffJT is regarded as a supplementary method of developing the skills of employees (Koike, 1994). OffJT that occurs from time to time between OJT has an orientation where employees get the opportunity to theorize and systematize the hands-on experience they are gaining at shop floor level. OffJT programs may be conducted both in-house and outside the organizational premises, with the use of in-house trainers or outside consultants or both. Cumulative research over the years has documented the practice of OffJT in various types of firms (Finegold et al., 2000; Ichniowski et al., 1997). Ichniowski et al. studying the effects of human resource management practices on productivity, described human resource management systems with traditional and innovative practices, where OffJT in technical skills and problem-solving was an important element of innovative human resource management practices. Finegold et al. described various forms of OffJT for front-line and back office staff of the hotels they studied in the US, Germany and the UK. Examples of OffJT included off-site seminars paid for by employers, off-site courses (degree credits) paid for by employers and off-site courses paid for by employees. From a comparative perspective, Finegold et al. concluded that British hotels provided significantly more of their employees with OffJT than their American and German counterparts, sending twice as high a proportion of their front-line and back office employees to external courses. In British hotels, OffJT is believed to provide front-line and back office employees with some or most of the skills they use in their current job, in contrast to their counterparts in the US. However, in terms of the number of days of OffJT paid for by employers, the US, Germany and the UK were equal.

In Japanese firms, Shibata (1999) reported mixed findings about the existence of OffJT programs in the unionized Japanese plants he studied. Two plants had short OffJT programs and one plant placed a significant emphasis on planning and organizing OffJT programs for its employees. In this plant, employees were required to take an examination for technical certification after each OffJT program in which they participated. Moreover, employees had to pass these certification examinations to be considered for the next promotion. Assistant and first-line supervisors decided when workers could take an OffJT program. In contrast, in unionized American plants there was only initial and legally required training such as safety training. Koike (1998b), in a comparative study of HRD at workshops in New United Motor Manufacturing Inc., a joint venture of General Motors and Toyota in the US, and the Takaoka plant of Toyota in Japan, found some similarities between the two in the content of OffJT. Maintenance staff and blue-collar employees in both plants were the main recipients of OffJT. The main topic in OffJT for operatives was problem solving, and the training was mostly designed as a part of upgrading courses. However, Koike argued that short OffJT courses could not be the main way of forming intellectual skills, because of the unpredictability of the unusual problems occurring on the assembly line.

2.3 Incentives for Skill Formation

Incentives are considered an essential mechanism for promoting HRD, that is, intellectual skill formation of both blue-collar and white-collar employees (Koike, 1994, 1998a). There are three central measures in incentives for skill formation: compensation plans, promotion or upgrading, and performance evaluation (Koike, 1998a; Nakamura, Husodo & Hadiwijoyo, 2001). To function as an incentive for skill formation, compensation plans need to involve job grading systems,[18] yearly increments and individual performance appraisal. A growing body of literature documents the use of pay systems for employees (Koike, 1994; Wallace, 2000). These pay systems include pay-for-job, pay-for-job grade or pay-for-skill and pay-for-performance. Koike has consistently defended the relevance and the appropriateness of the pay-for-job grade system as the most effective in promoting skill formation in individual employees (Koike, 1994, 1998a).

Koike has argued that pay-for-job and pay-for-performance systems do not properly address the central features of intellectual skill attainment, such as broad experience and the ability to handle problems. In a pay-for-job system, employees performing difficult jobs are paid more; in a pay-for-performance system employees who produce more are paid more. Koike's argument about the inappropriateness of these two methods of payment is based on the following reasons:

[18] According to the viewpoint of Japanese scholars, Koike uses the word *Shokuno Shikakau Seido* in his writings in Japanese, which is equivalent to the word “Grading System” and not “Job Grading System” in English. Further, in Japanese, *Shokuno* means skill and *Shikaku* means grade or rank. Thus it is reasonably assumed that the word “Job Grade” in Koike’s writings in English refers to “Skill-based Job Grade”.

Table 2.2

Some Illustrations of Studies Examining Skill Formation Systems

Author(s)	Year	Focus
Koike and Inoki	1990	Role of designated instructor in training new employees in Japanese companies
Storey *et al.*	1991	Influence of role models and mentors in career development of managers in Japanese and British companies
Yahata	1994	Planned OJT as the major method of skill formation of employees in Japanese companies
Sato	1995	Planned OJT as the major method of skill formation of employees in Japanese companies
Kawakita	1996	Planned OJT as the major method of skill formation of employees in Japanese companies
Brown and Reich	1997	Structured OJT and OffJT as methods of formal training in the context of US
Koike	1998a	Planned OJT as the major method of skill formation of employees in Japanese companies
Shibata	1999	Role of employees, group leaders, assistant and first-line supervisors in teaching skills to employees in Japanese companies and the role of employees and group leaders in teaching skills to employees in American companies

Source: Researcher’s original construction.

(1) The broad experience of an employee cannot be assessed simply by his or her current job. An employee who can fill many positions in a workshop, instruct newcomers and so on, is believed to contribute much more to efficiency than an employee who is deployed on the same position but is unable to fill other positions in the workshop or instruct newcomers. It is evident that the former employee needs a higher wage as an incentive to perform many tasks. But the pay-for-job system treats all employees deployed in the same position alike.
(2) Under the pay-for-performance system employees tend to raise their skill level only enough to perform the job on which they are currently deployed, not making any effort to elevate their skill to encompass broader experience. Also, these employees may be reluctant to instruct newcomers because it may affect their performance level on the current job.
(3) Handling problems requires broader experience over time (Koike, 1994).

The job grade is supposed to reflect the breadth of experience or the skill level that an employee has accumulated over a period of time. The payment-for-job grade system, in turn, facilitates paying for the employee for the gradual acquisition of intellectual skills whilst progressing along a clearly defined number of job grades. Income Data Services, as cited in Wallace (2000, p. 718) defines pay-for-skills or skill-based pay as "a payment system in which pay progression depends on the acquisition by the employees of new skills." The rate of payment associated with each job grade thus enables the employer to distinguish between payments for employees with broad experience and those with relatively narrow experience. However, most importantly, a small number of job grades is believed to encourage the development of skills. A large number, such as 50 or 60 job grades, makes a pay system that does not promote healthy incentives for skill formation.

The skill-based job grade system is a common feature of Japanese human resource management. Employees belong to a particular job grade and are promoted up grades over time. These job grades appear to correspond to specific job positions and make a significant impact upon employees’ wages (Shibata, 2002). The remuneration system of Japanese companies warrants close study to understand how the job grade affects employees’ wages. Case studies carried out by Koike (1994, 1998b) on major car manufacturers serve the purpose of improving understanding of the composition of the pay. In his comparative study of HRD at workshops in the New United Motor Manufacturing Inc., a joint venture between General Motors and Toyota in the US, and the Takaoka plant of Toyota in Japan, Koike documented pay systems (Koike, 1998b). At the Takaoka plant the basic wage for blue-collar employees consisted of four parts:

(1) the main rate, contributing 40% of the basic wage depended on the employee's job grade and was affected by annual increments subject to merit rating
(2) job grade pay, contributing 20% of the basic wage was determined by the job grade of the employee and partly by merit rating

(3) productivity pay, contributing 20% of the basic wage was characterized by job grade-based rates, with four years of pay increments reflecting skill improvements and the group bonus plan
(4) age rate, contributing 20% of the basic wage.

According to this case study of the Takaoka plant's practice, the job grade, merit rating and the length of service significantly influenced determination of the basic wage. Also, the main rate, job grade pay and productivity pay depended on the job grade and merit rating, affecting all parts of the basic wage except the age rate. In addition, the length of service determined the yearly increments in the main rate. In another case study again of a major car manufacturer, Koike (1994) found that the job grade system influenced the determination of more than three quarters of remuneration. Similarly, Shibata (2002), who studied wage and performance appraisal systems of unionized Japanese and American firms, pointed out that personal wages and skill-based wages of Japanese employees were determined by the employees' skill-based job grades, performance appraisals and seniority. In contrast, both hourly wages for blue-collar employees and weekly or annual wages for white-collar employees in unionized American firms were based on job attributes. Hiltrop (1991), focusing on human resource management in banks in Europe presented a finding that contrasts with both Japanese and American cases. He, referring particularly to the pay system of banks in Belgium, concluded that European banks used historically seniority-based pay along with other methods such as private pension schemes and payment for overtime work. However, the changes that occurred in the European banking industry in 1990s provoked them to rely more on performance-related payment systems. He also noted that this transition to linking pay to performance was not free of the resistance from trade unions. Hiltrop's findings were consistent with those of the research conducted by Keltner (1995). Hence, bonus schemes were at a severely underdeveloped stage, if only for paying an extra half-month pay across the board in the years of healthy profits. Interestingly, since the 1990s there had been a positive trend among managers to see the significance of performance-based incentives.

As noted earlier, the major method of skill formation in Japanese companies is OJT, with OffJT being used to supplement this learning-by-doing. It is common that Japanese firms define jobs broadly, so that an employee in a Japanese firm needs to learn a larger number of skills than a similar American employee. Given this reality, pay-for-job grade or pay-for-skill encourages employees in Japanese firms to learn skills over many years of their career. In effect, it takes many years for an employee to advance through the entire skill-grade hierarchy in a firm (Morishima, 1995). Individual claims by Shibata (2002) and Tezuka (1997) of the non-existence of fast-track promotion systems for high performers or a dismissal system for poor performers lend much support to Morishima's findings. Shibata also found that unionized American firms maintained a fast-track promotion system for high performers and an occasional dismissal system for poor performers with a grace period granted for improving their performance (Shibata, 2002). The internal labor market perspective of Japanese firms suggests that hiring people directly out of school or university means that they undergo extensive OJT and periodic OffJT;

these employees, once they join a company, have few opportunities to advance their skills quickly. Promotion systems in Japanese companies assess what the employee is capable of performing rather than what the employee actually performs. All these phenomena have implications for the significance of cumulative on-the-job experience and internal training, which produce much steeper wage-tenure profiles for Japanese employees compared with other advanced countries (Koike, as cited in Morishima, 1995, p. 623). A few examples of this can be drawn from the work of Koike (1994) and Brown and Reich (1997).

Brown and Reich (1997) pointed out the existence of impediments in American firms in both union and non-union sectors to forming a career ladder for employees in concert with gradual broadening and deepening of skills over a series of jobs. These impediments included relatively flat age-earnings profiles for front-line employees, frequent use of job evaluation schemes that attach pay to jobs rather than to individuals, the use of posting and bidding systems to fill vacancies inside the firm, and narrow job classifications with a small number of well defined tasks. Such features appeared to create inadequate training incentives and ineffective career development (Brown & Reich, 1997). In their opinion, the compensation system itself acted as an incentive for skill formation among employees of Japanese firms, with OJT being regarded as integrated with the job assignment and compensation system. Koike (1994), in a comparative study of HRD and incentive systems for blue-collar employees in Japan and Sweden, reported some mixed conclusions. In one case in Sweden there was no increase in the basic wage after the employee had completed the initial few years of service. Nor did any merit rating system exist. Nevertheless, a collective bargaining system existed for revising the basic wage rate. However in another Swedish case, Koike's observation suggested the existence of yearly increments and a merit rating for machinists (blue-collar), with a relatively small system of wage increases for skill development. In contrast, Koike found in a Japanese case the practice of paying for gradual skill improvement of employees with the implementation of merit rating. For white-collar employees in the two countries, Koike found some similarities as well as differences in HRD and incentive systems. In both countries, a job-grade-based remuneration system prevailed, with a small number of job grades, yearly salary increments for a long period and merit rating. The small number of job grades in both countries suggested that job grade did not exactly coincide with a particular job. The two countries differed in terms of the peak age in payments of the age-salary profile. The peak of the age-salary profile was reached at the age of 50-54 for salaried male employees in Japan, whereas in Sweden the corresponding age was 45-49. Wallace (2000) found some interesting phenomena in respect of blue-collar employees in a Volvo plant in Sweden that may to a certain extent strengthen Koike's findings as regarding blue-collar employees in Sweden. In comparing the development of competence payment systems in Volvo's commercial vehicle plants in Sweden, Belgium and the UK, Wallace documented the existence of a competence ladder and competence development for blue-collar employees in the Volvo plant in Sweden.[19] Every employee who joined the company

[19] The terms “Competence Payment Systems”, “Competence Ladder” and “Competence Development” are used here as they appear in the work of Wallace (Wallace, 2000). It should also be noted that the term “Competencies” also appears in this work, depending on the context.

started at a specific position on the competence ladder and then progressed up the ladder. Employees were paid for the competence level they had achieved rather than for the particular job that they did at a particular time. Job rotation ensured that everyone who had reached a particular level of competence was given the opportunity to articulate their skills. This job rotation, in effect, contributed to sharing out the "shitty jobs" among all members of the team (Wallace, 2000).

Another significant area addressed by past research in the context of incentives for skill formation is screening. Screening is a process that identifies employees to be promoted to higher positions in an organization's managerial hierarchy or upgraded to higher job grades in pay (Koike, 1998a). Several international comparisons of the HRD of professional and managerial workers in industry have documented practices of screening of employees for promotions and upgrading in different countries. In Japanese companies screening does not usually occur during the early years of the career of employees, whereas early screening prevails in the US, Germany and the UK (Koike, 1998a; Storey et al., 1991). Honda (1998) also documented similar findings in his study of HRD in large retail chains in Japan and the UK. A general merchandise store that was the case site in Japan had the practice of screening employees in the marketing function in the latter years of their career. In the finance function, screening occurred even later. In the electrical goods store that was a case site in the UK, screening of employees in finance function occurred earlier than in the Japanese counterpart. This late screening practice in the Japanese firm seemed to provide the company with the opportunity to evaluate staff over a longer term and to select employees more effectively.

2.4 Career Development

Career development begins with gaining access to employment. Past studies have investigated the extent of direct recruitment to white-collar positions, with due consideration given to external experience. In their study focusing on skill creation systems and career paths for front-line and back office employees of hotels in the US, Germany and the UK, Finegold et al. (2000) found differences in recruitment practices among the three countries. Although all three countries were similar in treating social and interpersonal skills of individuals as the most important factor in determining whom to be hired for front office positions, German hotels rarely hired a person for a full-time position unless the person had finished an apprenticeship or higher level qualification. However, in case of US and UK hotels, vocational qualifications were not deemed necessary for new employees, and those who had graduated from high school (in the US) or obtained some general school-leaving qualifications (in the UK) were preferred. Moreover, hotels in the US and UK strongly considered prior work experience in the customer service industry as an entry-level requirement for front-line and back office positions. Drawing on research conducted in German banks with apprentices as subjects, Finegold and Wagner (2002) concluded that large banks adopted the practice of developing and retaining the most able apprentices after their initial apprenticeship, through offering them internal programs of further training and career progression. These programs were believed to contain an element of internal career ladders, facilitating those who

Table 2.3

Some Illustrations of Studies Examining Incentives for Skill Formation

Author(s)	Year	Focus
Hiltrop	1991	Performance-related pay systems in European banking industry
Koike	1994	Pay-for-job grade as the most effective system in promoting skill formation in individual employees
Koike	1998a	Compensation plans, promotion or upgrading and performance evaluation as central measures in incentives for skill formation
Honda	1998	Late and early screening systems of employees
Wallace	2000	Pay systems
Nakamura *et al.*	2001	Impact of wage and promotion policy on skill formation of employees
Shibata	2002	Wage and performance appraisal systems in unionized Japanese and American firms

Source: Researcher's original construction.

participated earning promotions through additional work experience, and completing in-house and external technical and more general courses.

The career progression of these employees occurred through job changes with slow advancement in Germany, and through job changes within and between hotels in case of the US and UK. Koike (1998a) also noted the practice of recruiting managers and directors directly from other companies in the US and Germany, while there seemed to be the least developed external labor market for managers in Japan. Koike's observations are consistent with findings of the study on the nature and scope of career development of managers in Japan, the US and Germany conducted by Morishima (1998a). According to Morishima, the great majority of Japanese managers had never worked for any firm other than the current one, whereas the majority of managers in the US and Germany had previously worked for at least one other company. Japanese managers' behavior in this regard is strongly correlated with the younger age at which they joined the company, and with the trend to spend many years there before promotion to the present position. Morishima postulated three reasons for these phenomena:

(1) greater firm-specificity of skills required by Japanese managers in comparison with their US and German counterparts, and the vital role of OJT in Japanese managers' acquisition of firm-specific skills
(2) the importance of observation of managers' on-the-job performance as a mechanism to discern their innate ability as a manager in Japanese firms
(3) the function of career concerns as an incentive to induce the desired level of effort on the current job in the case of managers in Japanese firms.

Kato (1998) drew upon his study covering managers in accounting/finance, marketing/sales and human resource management/personnel of large firms in Japan and the US. He also concluded that Japanese managers generally had never worked for any firm other than the one they were presently working for, whereas US managers had work experience in at least one other firm before they started working for the present company. Another area of agreement between Morishima (1998b) and Kato (1998) is the uncommon nature of cross-functional career development in Japan, the US and Germany (in Morishima's study) and in Japan and the US (in Kato's study). Both researchers argued that the technological links between the skills required for marketing/sales, human resource management/personnel and accounting and finance were not sufficiently strong to permit significant cross-functional skill development. However, in US companies there was a broader scope of career development compared with Japan and Germany (Kato, 1998; Morishima, 1998a). The research of Storey et al. (1991) supports the findings of Morishima and Kato. As such, they found that managers in engineering and banks in Britain experienced a greater number of different functions than their counterparts in Japan. However, the case was different for managers in public utility companies in Japan, who had experienced more functions compared with their British counterparts. In conclusion, Storey et al. emphasized that it would be wrong to see wide functional experience as central to Japanese practice, despite the fact that functional thinking was arguably more prevalent in Britain.

In a related study of career development of Japanese and US managers with special reference to differences in career breadth, Morishima (1998b) identified two career dimensions: horizontal and vertical. The vertical career dimension includes job sequences up or down the organizational hierarchy, while the horizontal dimension indicates lateral movement across functional areas within the organization. Examining comparatively three occupations, marketing, finance and human resource management, Morishima pointed out that managers in both the US and Japan tend to be rotated through a number of different job areas within one function, and thus the breadth of job areas appeared to be equally large for managers in the two countries. However, in terms of diversity of functional assignments, a larger breadth prevailed for Japanese managers than their counterparts in the US. Another notable finding of this study was the emphasis placed in Japan on cross-functional assignment over a few different functions, whereas the emphasis for US managers was placed on rotating through multiple job areas in one or two functions. In the light of this insight Morishima's findings in his later study (1998b) should be carefully compared with those of earlier studies by him (1998a) and Kato (1998), since much opportunity for contradiction could exist.

There are several other studies of career development of white-collar employees in Germany, such as those of Inoki (1998) and Nakamura (1998).[20] Inoki focused on large retail stores in Germany. He identified a narrowness of experience and product knowledge acquired by the employees in large-scale retail stores. Store managers and department managers from whom he collected career data had specialized in a few products, and therefore skills of the sales-people were closely related to technical knowledge of products *per se*. Very limited transfers among sales departments appeared to be one prominent reason for this effect. Another important phenomenon Inoki explored was the practice of promoting to the position of store manager university graduates who had not experienced the work in the position of department manager. These store managers' experience of business planning and OffJT provided by headquarters of the retail store chain had resulted in the emergence of a fast-track for a small number of store managers. However, screening of employees for the fast-track promotions occurred not at the time of hiring but a few years after they completed their study program at the university when they re-entered the firm with a higher educational background. Nakamura (1998) also found that university graduates in sales and marketing rather than in personnel or accounting and finance received quicker promotions than those with other educational attainments. Furthermore, he recorded a practice of early identification of candidates for future executive positions in German companies. This identification took place some time after the employee's entry into the company, not at the time of entry. Another interesting observation made by Nakamura concerned the inaccuracy of perceiving German managers as specialists, as managers in accounting and finance vis-à-vis personnel had a variety of experiences. Further, Kakabadse and Myers (1995), who studied the qualities of senior managers in the manufacturing sectors in the UK, France, Germany, Sweden, Ireland, Austria, Spain and Finland have made a

[20] There are two well-known economists in Japan whose family name is Nakamura. One is Professor Keisuke Nakamura and the other one is Professor Megumi Nakamura. This citation refers to Professor Megumi Nakamura’s work.

significant contribution to the understanding of those managers' specialist vs. general management orientation. In manufacturing sectors in France and Austria, Kakabadse and Myers, found that senior managers placed emphasis on specialist orientation, while French managers in particular indicating that technical/specialist side of their job as the source of satisfaction. In contrast, the German managers prefer to have themselves considered as experts and value being members of a profession.

Some of the research on career development deals with front-line employees of call centers. There have been attempts to shed light on the career development of call center employees, with some findings that differ from those presented earlier in this chapter. Several authors have recently observed that call centers have a flat hierarchy that consists of a few levels, such as call center manager, team leader, and agent or customer service representative (Belt, 2002; Deery, Iverson & Walsh, 2002). Researchers focusing on call centers in the UK, Ireland and Australia have reported little opportunity for either vertical or lateral movement in call center jobs. The strict hierarchical order in call centers has resulted in a high degree of competition for promotions. Another impediment to call center employees' promotion to managerial positions is the tendency of organizations to recruit from outside in order to obtain new insights and ideas for survival in the competitive and fast-changing environment in which call centers function. Women, who make up the majority of the call center workforce, prefer to move up the hierarchy within the call center itself, whereas men prefer to move outside the call center but within the same parent company (Belt, 2002).

2.5 Human Resource Development in Services Sector

There is a growing body of literature exploring various phenomena relating to human resource management and HRD. Relatively speaking, most of the published research contributing to the literature has its roots in the manufacturing industry as opposed to the service industry. In the service industry itself, the literature on the work of front-line employees is sparse (Korczynski, Shire, Frenkel & Tam, 1996). It is clear from Section one that this study is situated in the telecommunications sector, which is regarded as a vital part of the service industry worldwide. Service work is deemed to be different from the production of goods in several respects. The key attributes that distinguish service from manufacturing are intangibility, perishability, variability, simultaneous production and consumption, and inseparability (Korczynski, 2002). Moreover, service work involves primarily symbolic interactions, which take the form of interchanges with other people that covey intangibles such as information, knowledge, attitudes and emotion (Frenkel, 2000). People (popularly referred to as "front-line employees") who are involved in service production and delivery with face-to-face or voice-to-voice interaction with the customer are said to be acting as the interface point for the service provider. These front-line employees are the linchpin or bridge between the service provider and the customer. In elaborating on the difference between services and goods producers with special reference to the vital importance of the role of front-line employees, Redman and Mathews noted:

Table 2.4

Some Illustrations of Studies Examining Career Development

Author(s)	Year	Focus
Storey *et al.*	1991	Cross-functional experience of managers in Japan and Britain
Kakabadse and Myers	1995	Specialist vs. generalist orientation of managers in manufacturing sector in UK, France, Germany Sweden, Ireland, Austria, Spain and Finland
Koike	1998a	External labor markets for managers in the US, Germany and Japan
Morishima	1998a	Career development and prior experience of managers in Japan, US and Germany
Kato	1998	Cross-functional career development of managers
Finegold *et al.*	2000	Career development practices of front-line and back office employees in hotels in Germany, US and UK
Finegold and Wagner	2002	Developing and retaining apprentices in German banks
Belt	2002	Career development patterns of customer service employees in call centers

Source: Researcher’s original construction.

> In services the organizational form is an inverted pyramid with a large number of individuals (the majority in most service organizations) coming into direct contact with the customer. In contrast, a goods producer typically has only a small handful of people – often only the salesforce – who routinely engage in customer contact (Redman & Mathews, 1998, p. 58).

The symbolic behavior of the service provider is depicted in the attitudes, speech, dress and interactive style of these front-line employees, whose performance cannot easily be determined independent of the customer (service recipient). In these circumstances, the customer inevitably becomes a co-producer of service production, service delivery and service quality (Frenkel, 2000; Hyde and Davies, 2004; Skaggs & Youndt, 2004). In other words, the presence of the customer in the labor process constitutes a dominant characteristic of the service provision, extending implications for designing human resource and HRD practices differently compared with manufacturing settings (Korczynski, 2002). In the case of manufacturing concerns, there is a certain time lag between production and consumption, not permitting the customer (or ultimate consumer) interacting face-to-face or voice-to-voice with those who are engaged directly with the production process at the shop floor level. Thus interacting with the customer simultaneously with production work does not constitute a significant dimension of HRD in the case of production employees.

Another phenomenon that distinguishes service work from manufacturing is grounded in the labor process of front-line employees. Particularly, in call centers the front-line customer service employees who deal with either inbound or outbound calls perform emotional labor as they are required to display, to a great extent, appropriate telephone manners and behaviors (Deery & Kinnie, 2002; Taylor & Bain, 1999). These requirements, on the other hand, tend to make those employees hide their real feelings when they interact with customers. Furthermore, a notable assertion by Korczynski (2004) regarding the nature of service work is the boundary-spanning role of front-line customer service employees. Through direct interactions with customers these employees gather information on many facets of customer behavior and communicate them to back office personnel for relevant action. Thus the nature of the labor process and the boundary-spanning role of front-line customer service employees extend implications for HRD in service providing firms, characterizing its uniqueness compared with that in manufacturing organizations.

2.6 Originality of the Present Study

Stiff competition in the service industry has made it indispensable for front-line employees to treat the customer with due respect, honoring them as human beings and empathizing with them while taking prompt action in conjunction with process completion and follow-up work. Managing moments of truth, therefore, becomes a crucial aspect of the job of front-line employees. In explaining the strategic importance of front-line employees in service firms, Korczynski et al. (1996, p. 72) noted:

> It is now commonplace within the management literature to read of the importance within service work of the `moment of truth` (Carlzon, 1987), *ie* of the time when a

> customer or a potential customer interact with a firm's employees. It is argued that a service company must organise itself around customers' needs and that this places the front line service worker in a position of strategic importance.

In the semi-structured interviews conducted by the researcher with, *inter alia*, front-line customer service employees of Teleshops of SLT and 116 call center of NTT East, the word “attitudes” was repeatedly used to describe what matters most in determining the nature and quality of interaction between these employees and the customer. Intensive participant observation work by the researcher at Teleshops also gave rise to a profound sense of the significance of the role played by the attitudes of front-line customer service employees in interacting with the customer. Past research on human resource management and HRD in manufacturing organizations, as well as the little existing research on these subjects in service organizations, has often lacked specificity regarding the attitudes of employees. The research that has touched upon skill requirements of employees in service organizations has been focused more on identifying skills and knowledge and not on the nature of attitudes required of employees. This scant attention to the attitudes of front-line employees constitutes a limitation of research to date. In this study the researcher attempts to contribute to the literature by exploring and detailing not only the nature of knowledge and skills, but also the nature of attitudes that are required of customer service employees who form part of the front-line of SLT and NTT East. Framed within this expectation, the researcher has chosen the term "competencies" to include knowledge, skills and attitudes. The prime motivation for this choice comes from the work of Rodriguez et al. (2002) that was described in the preceding literature review. It is, therefore, relevant and appropriate in the context of this study to understand broadly the meaning of competency.

Several authors have presented definitions of competencies. In one of the definitions, as cited in Armstrong (2001, pp. 302-303), Spencer et al. wrote that competencies consist of the following elements:

(1) motives
(2) traits
(3) self-concept - the individual's attitudes or values
(4) content knowledge
(5) cognitive and behavioral skills.

Armstrong further described two broad types of competency; (a) work-based or occupational competencies and (b) behavioral or personal competencies. Armstrong elaborated:

> *Work-based or occupational competencies* refer to expectations of workplace performance-what people should be capable of doing-and the standards and outputs that people carrying out specified roles are expected to attain. *Behavioral or personal competencies* are individual's personal characteristics which they bring to their work roles (Armstrong, 2001, p. 326).

Armstrong's definition of competencies has valuable implications for treating attitudes as a constituent of competencies. Mathis and Jackson (2000) also contributed to explaining the meaning of competencies. Their work suggested two types of competency, visible and hidden. Hidden competencies are regarded as perhaps more valuable in that they can enhance performance. Framed within the conceptualization of competencies by these authors, in this study competencies are broadly defined to consist of three components: knowledge, skills and attitudes. As The New Encyclopaedia Britannica explains

> Attitudes in social psychology, a predisposition to classify objects and events and to react to them with some degree of evaluative consistency. … they are manifested in conscious experience, verbal reports, gross behavior, and physiological symptoms (The New Encyclopaedia Britannica, 1994, p. 687).

The nature of the attitudes required of customer service employees and their importance among other components of competencies are explored and detailed in this study, together with an exploration and detailing of knowledge and skills. However, it should be clearly noted that there is no intention in this study to measure such attitudes as well as knowledge and skills.

A significant amount of the limited existing research into the skills and knowledge required of front-line employees draws mainly upon the operations of call centers where customer service employees interact with customers on the telephone, not face-to-face. This study, in contrast, offers an opportunity to study the skills, knowledge and attitudes required of customer service employees who interact predominantly with walk-in customers. This interface distinguishes, to a certain extent, between the skills, knowledge and attitude requirements of customer service employees interacting with customers by telephone and of those who interact with customers face-to-face. The researcher believes this perspective provides another contribution to the knowledge in this area.

In this research, the researcher extends the past work of Koike and Inoki (1990), Koike (1994) and Shibata (1999) by developing the argument that comparing integrated systems to separated systems need a different interpretation in the case of the front-line work of customer service employees. In the extensive shop floor level research by these authors focusing on blue-collar employees in manufacturing, integrated systems featured production employees carrying out maintenance work such as mechanical troubleshooting. The work of front-line customer service executives also involves a service production part as well as a maintenance part. However, this maintenance part is not equivalent to the physical maintenance work undertaken by production employees in manufacturing organizations. Maintenance work within the job requirements of customer service employees is related to their contribution to the customer retention efforts of the service provider. This new interpretation of maintenance work is another contribution that this study makes to the knowledge in the area. The framework developed by Koike and Inoki (1990) for classifying operations of a mass-production assembly line into usual and unusual operations is used in concert with the new interpretation of maintenance work to exploring the in-depth competencies required of front-line customer service employees.

Nonstandard or atypical work arrangements, which include *inter alia*, hiring temporary employees via temporary work agencies (employee dispatching service companies) are gaining popularity in many countries as a prominent way of organizing work (Kalleberg, 2000; Koene, Paauwe & Groenewegen, 2004; Olsen & Kalleberg, 2004). The utilization of contingent labor is clearly evident even in call centers (Callaghan & Thompson, 2002; Deery & Kinnie, 2002). The 116 call center of NTT East exemplifies this phenomenon, creating a path for exploring systematically on similarities and differences between human resource management and HRD systems for two types of front-line employees who work there as telephone advisors, regular employees and dispatched employees. Though past studies on call centers have touched upon temporary employment arrangements, there seems to be a dearth of empirical evidence and inadequate conceptual frameworks that explain deeply the issue of comparison between these two categories of front-line employees from a human resource management and HRD point of view. Factors that include essential differences in terms and conditions of employment contract allow for the examination of the differences between regular and dispatched employees with special reference to skill formation, performance evaluation and career formation patterns even though the content of their job, in some cases, is identical. Global economic trends have prompted nations to be competitive not only in terms of quality but also in the cost of their products and services. One likely consequence of such a competitive atmosphere is that many countries, including developing ones, will move to promote largely nonstandard employment. The current study attempts to fill an important gap in knowledge by exploring the differences between regular and dispatched employees who are similar in terms of job content, offering lessons for many countries for operating atypical labor markets.

Existing research on HRD of front-line customer service employees, and in some cases of blue- and white-collar employees, in manufacturing firms seems to lack a concerted effort to explore the types of informal OJT that occurs in organizations and how annual performance evaluation systems are designed and implemented. In this study consideration is given to how informal OJT occurs among customer service employees and how annual performance systems are designed and implemented with special reference to performance factors.

In Sri Lanka there is little existing research on the telecommunications sector and on various practices in the industry covering technology, strategy, human resource management, HRD, and so on. Most of the research to date has paid exclusive attention to the liberalization and privatization of the telecommunications sector, and related issues (Jayasuriya & Knight-John, 2000; Samarajiva, 1993). The growth patterns of the service sector in general and the telecommunications sector in particular demonstrate the necessity of in-depth research into customer care services management practices. Therein lies the cutting edge for service providers. Thus the present study has the potential to set the platform, at least, for further research into customer services management and the related human resource management and HRD.

A literature review by the researcher demonstrated that most previous research on human resource management and HRD of blue- and white-collar employees has been based on questionnaires, in-depth interviews, document analysis and observation. None of the studies has been based on the researcher’s intimate involvement as an active participant observer in the organizational processes of the research sites. In contrast, the present study uses intense participant observation along with in-depth interviews and analysis of company documents at SLT, where the researcher worked for some time as a part of this research project. This innovative methodology allows the researcher to explore the practice of customer service management and related human resource management and HRD concerns in a real organizational context. The researcher's face-to-face interactions with both walk-in and telephone customers gave him much confidence in progressing through different interrelated tasks of this research project.

Section 3
Research Methodology and Framework

3.1 Ontological and Epistemological Foundations

This research study can be located within the broad category of social science research employing a substantially qualitative tradition of inquiry. The fundamental objective of any social science research is considered to be exploring the underlying social reality. Thus, researchers in social science disciplines are required to have a general understanding of the nature of reality that exists in their research setting, which in turn has an important bearing on the output of the research (Hopper, Annisette, Dastoor, Uddin & Wickramasinghe, 1995; Wickramasinghe, 1998). From a broader point of view, the philosophical assumptions of social science research address phenomena including beliefs about the physical and social reality (ontology), beliefs about knowledge (epistemology and methodology) and the relationship between knowledge and the empirical world (Chua, 1986). Ontological, epistemological and methodological assumptions that guide a researcher vary according to the nature of tradition of inquiry, i.e., qualitative or quantitative. In explaining qualitative versus quantitative research, Denzin and Lincoln noted:

> Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. Such researchers emphasize the value-laden nature of inquiry. They seek answers to questions that stress *how* social experience is created and given meaning. In contrast, quantitative studies emphasize the measurement and analysis of causal relationships between variables, not processes. Proponents of such studies claim that their work is done from within a value-free framework (Denzin & Lincoln, 2000, p. 8).

This opinion typifies some essential differences between the two traditions of inquiry, indicating the necessity of giving due consideration to setting clearly the ontological, epistemological and methodological position of the research undertaking. Accordingly, an inquiry of a qualitative nature assumes the following position (see Table 3.1).

Table 3.1
Ontological, Epistemological and Methodological Assumptions of Qualitative Inquiry

Ontological assumptions	Epistemological assumptions	Methodological assumptions
Reality is socially constructed and subjective and multiple realities exist	Knower and known are interactive and inseparable. The researcher is a part of the context of the research setting and tries to minimize the distance between himself or herself and those being researched	Exploring and discovering social reality or theory development occurs through an inductive process. Inquiry is value-bound and context-specific

Sources: Chua (1986), Cresswell (1998), Humphrey & Scapens (1996).

In contrast, the quantitative tradition of inquiry assumes that reality is objective and singular, and the researcher is independent of what is being researched. Also, the aim of such an inquiry is to test theory pursuing a hypothetico-deductive approach (Chua, 1986; Premaratne, 2002). However, after careful analysis of the nature of the research issue, the objectives of the study, the research setting and the actors therein, it becomes clear that the overall strategy and methods of this study rest on the ontological, epistemological and methodological assumptions of qualitative inquiry. Thus theory development vis-à-vis theory testing is done from empirical evidence. The influence of previous knowledge on the subject on new theory development is not undervalued during the process of research (Flick, 2002).

3.2 Research Strategy: *Case Study Research*

The research strategy chosen for this inquiry is case study research. This selection was much influenced by the exploratory and descriptive nature of the objectives of the study that, in turn, demand depth of analysis rather than surface breadth. The case studies selected for this research allow a detailed analysis of a number of focal points as they are pertinent to research sites. Examples of such focal points are organization of customer service function, employee classification, job structure, staffing, performance evaluation, compensation system and HRD, as they relate to customer service employees. Research strategies available for social researchers include experiments, surveys, archival analysis, histories and case studies. Nevertheless, selection of the strategy for a particular research study is constrained by several conditions: the type of research questions posed; the extent of control an investigator has over actual behavioral events; and the degree of focus on contemporary as opposed to historical events (Yin, 1994). Yin further contended that several features characterize a case study as an empirical inquiry:

- it investigates a contemporary phenomenon within its real-life context.
- it copes with a technically distinctive situation in which there will be many more variables of interest than data points.
- it relies on multiple sources of evidence, with data needing to converge in a triangulating fashion.
- it benefits from the prior development of theoretical propositions to guide data collection and analysis (Yin, 1994, p. 13).

The objectives of this study, in general, are presented mostly in "how" form. This is a reflection of the exploratory and descriptive nature of the study. There is no aim to exercise control over the research setting and the behavior of its actors whilst paying attention both to past and contemporary events. Furthermore, the theory is discovered from data systematically obtained from numerous actors in the research setting, with subsequent analysis following the practice of grounded theory (Glaser & Strauss, 1967). Eisenhardt's (1989) "building theory from case research" is also relevant for the case research strategy used for this study. Overall, case studies enable the researcher to explore and study a variety of phenomena through detailed and deep insights, with much consideration given to qualitative data gathered from many actors in individual case sites (Kodama, 2003). Multiple-case design, consisting mainly of two units of analysis representing SLT and NTT East, respectively, is used in this study to gain a holistic understanding of each case and subsequently to compare them.

Despite the usefulness and richness of case research, there has been criticism of case study as a research strategy. This criticism emanates mainly from its lack of statistical reliability and validity, inappropriateness for testing hypotheses and making statistical generalizations (Gummesson, 2000; Yin, 1994). However, there is no attempt in this study to use its findings, based on empirical data analysis, for making any generalizations across populations or universes. This research is designed to draw an analytic conclusion rather than a statistical generalization. Moreover, steps are taken appropriately to establish the reliability and validity of the research strategy by applying triangulation and other tactics, such as having the accuracy of the content of chapters that contain thematically organized and analyzed data checked by different actors in the research settings.[21]

3.3 Focus of the Study: *Teleshops* and *116 Call Center*

The research design for case studies comprises five components: (1) the study's questions; (2) its propositions; (3) units of analysis; (4) the logic linking the data to the propositions and (5) the criteria for interpreting the findings (Yin, 1994). Two front-line units, namely Teleshops and 116 call center representing SLT and NTT East, respectively, were selected as the units of analysis of this study. The rationale for this selection was based on several factors:

(1) Teleshops and 116 call center are regarded as one-stop shops where customers are believed to be able to obtain all their telecommunications-related needs under one roof[22]

(2) front-line customer service employees who work in Teleshops and Suntel Centers occupy a boundary-spanning role. Boundary-spanning employees of service organizations act as co-producers of services with the customer. Customers rely, to a significant extent, on the behavior of these employees to form a global image of the quality of service and its provider. Hence, to the customer, the front-line customer service employees with whom they interact are the firm. Furthermore, these employees play a major role in gathering information about customers (Chung & Schneider, 2002).

Thus, complying with objectives of the research, a meaningful comparison between the two units is possible along several dimensions and specifically on the following:

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[21] This was limited to SLT.

[22] One can possibly build an argument showing a marked difference between Teleshops and 116 call center. The majority of customers of Teleshops are walk-in customers whereas all customers of 116 call center are telephone customers. This difference carries implications for making a slight distinction between competency requirements of front-line customer service employees working at Teleshops and 116 call center. Though NTT East operates sales counters for walk-in customers, these counters are not considered important strategically as compared with 116 call center due to the wide diffusion of telephone facilities throughout Japan.

(1) organization of customer service function
(2) employee classification system as it applies to customer service employees
(3) job structure (content of job and content of competency requirements) as it applies to customer service employees
(4) staffing system as it applies to customer service employees
(5) performance evaluation system as it applies to customer service employees
(6) compensation system as it applies to customer service employees
(7) HRD system as it applies to customer service employees.

The nature of the operations of Teleshops suggests that they are involved in the provision of various marketing (mainly selling) and customer care services as a major front-line unit of SLT. Customers (both existing and potential) of SLT, irrespective of their place of residence, can obtain these services at any of 23 Teleshops currently operating from different geographical locations in Sri Lanka (see Table 3.2).

Table 3.2
Teleshop Services

Services provided to customers
Sale of telephone apparatus and other telecommunications equipment
Registration of persons for new telephone line connections
Acceptance of fault reporting and handling of complaints
Acceptance of all types of payment
Registration of persons for ISDN[23] and ADSL[24] new connections
Registration of persons for the provision of international direct dialing (IDD) facilities
Sale of enhanced services or value-added services
Sale of pre-paid telephone cards
Acceptance of applications for transfer and removal of telephones
Registration of persons for the provision of Internet and e-mail services
Sale of video-conferencing calls
Organization of demonstrations for Internet, ISDN and ADSL
Sale of telephone directories
Customer education
All types of customer care work

Sources: http://directory.slt.lk/real/eteleshop.asp
SLT, Offering Memorandum, 2002.

Similarly, 116 call center is engaged with marketing (mainly selling) of various services in addition to the provision of customer care services as a major front-line unit of Suntel. Nevertheless, it does not involve in accepting payments from customers. Existing customers as well as potential customers can obtain these services at 116 Center (see Table 3.3).

[23] ISDN (Integrated Services Digital Network) is a set of international standards formulated by the International Telecommunications Union for a circuit-switched digital network that supports access to any type of service such as voice, data and video over a single, integrated local loop from the customer premises to the network edge (*Newton's Telecom Dictionary*, 2002, p. 398).
[24] ADSL (Asymmetric Digital Subscriber Line) is an evolving high-speed transmission technology (*Newton's Telecom Dictionary*, 2002, p. 38).

Table 3.3
116 Call Center Services

Services provided to customers
Telephone service applications and changes - installing a new telephone line - moving a telephone line to a new location - changing the name on the subscription rights - temporary suspension of telephone service - change of address etc. Useful (value-added) services - call waiting - call forwarding - nuisance call blocking etc. Services for Internet access and multimedia use - ADSL - ISDN etc. Selling telephone equipment (especially with new telephone lines) Billing inquiries Discount options Customer education

Source: http://www.ntt-east.co.jp/product_e/guidebook/index.html
Note: For detailed billing inquiries customers can contact the billing center pertaining to the area where they live. 116 call center handles only simple billing queries.

3.4 Purposive Sampling

Giving due consideration to the objectives and focus of the study, the nature of the inquiry being employed and the research strategy being adopted for this study, organizational actors of both research sites were chosen who were most closely associated with the process of provision of customer care as front-line customer service employees. In addition, organizational actors who were involved in designing and implementing human resource management and HRD policies that influence the careers of, among others, customer service employees were chosen. Though all these actors, i.e., in customer service and human resource, occupy various levels of the organization, they all collectively hold a stake in customer care services management. Also, these various actors characterize both homogeneity and heterogeneity in perspective due to the nature of their jobs, length of experience and career histories. In explaining the relationship of purposive sampling (or theoretical sampling)[25] to research employing qualitative inquiry, Silverman (2000) quoted the earlier work of Denzin and Lincoln to explain:

> Many qualitative researchers employ … purposive, and not random, sampling methods. They seek out groups, settings and individuals where … the processes being studied are most likely to occur (as cited in Silverman, 2000, p. 104).

[25] Purposive or theoretical sampling can be contrasted with statistical sampling. The former is employed to discover categories and their properties, thereby suggesting interrelationships within a theory. Statistical sampling is performed for obtaining accurate data on distributions of people or events to be used in descriptions or verifications (Glaser & Strauss, 1967, p. 62).

From this perspective it is clear that the sampling method can have a significant impact on the reliability and relevance of the areas or dimensions covered in the study. Bryman (1988) also explained that qualitative research follows a theoretical rather than a statistical logic as it generalizes cases to theoretical propositions rather than to populations. Accordingly, selecting individual organizational actors and processes to study on the basis of the relevance of their work or jobs to the objectives of the study is meaningful. However, purposive sampling demands critical thinking about the characteristics of the actors and processes in which the researcher is interested, and choosing the sample carefully to meet the requirements of the study.

The purposive sampling procedure used in this research for conducting intensive interviews for collecting data consisted of the following steps:

(1) choosing, at the fist stage, organizational actors at headquarters level of NTT East who were engaged with strategy and policy formulation work in respect of customer care services management, human resource management and HRD of customer service employees
(2) choosing organizational actors at one particular 116 call center who were involved in front-line customer care service work[26]
(3) choosing customer service employees working at Teleshops. As the interviews were progressing, the other actors who were involved in strategy formulation and policy-making in the sphere of customer care services management, human resource management and HRD as they are related to customer service employees were chosen and interviewed. Inputs for identifying these actors were obtained from interviews with customer service employees.[27]

This procedure enabled the researcher to study focal phenomena within the context in which they operate, to collect and analyze data and decide what data to collect next and where to find it, in order to develop theory as it emerged. Interviewing organizational actors on different occasions paved the way for the researcher to identify other important stakeholders in the process and thereby approach them for collecting data. As Glaser and Strauss (1967) pointed out:

> Beyond the decisions concerning initial collection of data, further collection cannot be planned in advance of the emerging theory … The emerging theory points to the next steps (p. 47).

The sampling of organizational actors in this study ceased when the researcher reached theoretical saturation, with no additional data being found. Tables 3.4 and

[26] The headquarters of NTT East chose this 116 call center for the researcher for his intensive interviews with manager and telephone advisors.
[27] One difference in the order of choosing interviewees at research sites is commencing interviews with organizational actors who were not on the front-line of 116 call center at the time they were conducted. On the contrary, interviews at Teleshops started with front-line employees. Fieldwork the researcher had completed assuming the role of observer-as-participant at Teleshops earlier made it possible for him to approach directly those front-line customer service employees.

3.5 indicate the number of interviewees from whom data was collected at SLT and NTT East, respectively.

Table 3.4
Sample of Interviewees at SLT

Category of employees/job title	Number of interviewees
Teleshop staff (except Teleshop managers)	35
Teleshop Managers	16
Staff of Teleshop Headquarters (except Head of Teleshops section and managers)	5
Manager - Products and services (at Teleshop headquarters)	1
Manager - Teleshop administration (at Teleshop headquarters)	1
Manager - Systems (at Teleshop headquarters)	1
Engineer - Manpower planning	1
Head of Section (Deputy General Manager) - Teleshops	1
Head of Division (General Manager) - Human resources	1
Head of Division (General Manager) - Industrial relations and welfare	1
Head of Division (General Manager) - Corporate strategy	1
Assistant Manager - Industrial relations and welfare	1
Trade union leaders	2

Source: Researcher's diary.

Table 3.5
Sample of Interviewees at NTT East

Category of employees/job title	Number of interviewees
At 116 call center	
Telephone Advisors	
- regular employees	2
- dispatched employees	2
Manager	1
At NTT East Headquarters	
Sales Planning Officer – Customer service department	1
Sales Planning Officer – Front service department	3
Associate Manager – Customer service department	1
Associate Manager – Sales and customer service department	1
Senior Manager – Customer service department	1

Source: Researcher's diary.

3.5 Methods of Data Collection

The data in this study were collected using mainly participant observation and semi-structured in-depth personal interviews (intensive interviews). However, the research approach adopted in this study is in marked contrast to the approach applied in much of the existing case study research in human resource management and HRD. Rather than being based on the collection of data only by interviews, documentation and archival records, as they are commonly used in case study research, this study relied significantly on intensive participant observation[28] or fieldwork. Flick (2002) noted that in qualitative research, the researcher and his or her communicative competencies are important so that the researcher cannot adopt a neutral role in interacting with people involved in the research process. Hence, this intensive participant observation enabled the researcher to gain hands-on work experience of interacting with customers in the real work setting of Teleshops, in addition to collecting data through talking informally with other customer service employees and observing directly their work. Atkinson and Shaffir (1998), citing the work of Webb et al., quoted:

> Field research commits the observer to learning to define the world from the perspective of those studied and requires that she gain as intimate an understanding as possible of their way of perceiving life. To achieve this aim, the field researcher typically supplements participant observation with additional techniques in qualitative research, such as semi-structured interviews, life histories, document analysis, and various nonreactive measures (as cited in Atkinson & Shaffir, 1998, p. 44).

Among various methods of data collection, no single method can be seen as superior to the others, as each method has its own strengths and weaknesses. Invariably, this gives rise to the use of multiple sources of evidence for building good case studies (Marshall & Rossman, 1999; Yin, 1994).

The researcher's gaining exposure to the customer service function of NTT East in 2000 characterized the first stage of fieldwork. During this phase the researcher observed directly some key operations in two call centers,[29] also collecting data by conducting semi-structured interviews to supplement these observations. At this stage, the researcher identified himself as an observer and intervened in neither the social nor the decision-making process. This is in contrast to the observer-as-participant role played at Teleshops. In effect, the researcher was able to acquire a basic understanding of how the customer service function of NTT East was organized and of human resource management and HRD aspects as they related to customer service employees, particularly of the 116 call center, as a pre-requisite to studying customer service function at SLT under NTT-style management, at a later stage.

Guided by the understanding of customer service operations of NTT East, the second stage of fieldwork consisted of the researcher taking an observer-as-participant role,

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[28] The methodology of "participant observation" involves a flexible, open-ended, opportunistic process and logic of inquiry through which what is studied is subject constantly to redefinition based on field experience and observation (Jorgensen, 1989, p. 23). In the process of participant observation the researcher can play either a covert or an overt role leading to identification of four field roles: complete participant, participant-as-observer, observer-as-participant and complete observer (Atkinson & Shaffir, 1998, pp. 56-57). Differences among these roles depend on the extent to which a researcher participates in the social and decision-making processes of the research setting.

[29] Two call centers, 116 and 113 are involved in providing various services to customers as a one-stop shop and a fault clearing unit, respectively. A detailed account of 116 call center is provided later in this report to establish the relationship between SLT and NTT-style management.

at Teleshops of SLT every Saturday over a period of six months. The reason for choosing Teleshops for this exercise derived from Teleshops being a new dimension of the emerging culture of SLT under NTT-style management, and their similarity to a great extent with the 116 call center of NTT East. The process of gaining access to SLT and obtaining the required permission to work at Teleshops was undertaken through contacts that the researcher had already built up with the All NTT Workers' Union of Japan, which has its national headquarters in Tokyo. There simply was not enough time for the researcher to build the relationships necessary for gaining access to SLT, as he had virtually no contacts at that time with the Sri Lankans and Japanese expatriates working there. Therefore, it must be acknowledged that the All NTT Workers' Union of Japan shortened the process of gaining access to SLT, enabling the researcher and his counterparts at SLT to build a trustworthy relationship from the start.

During this half-year the researcher was able to work at three Teleshops for nearly two months each. However, before the commencement of work the Head of Teleshops section, who was the researcher's main point of contact at SLT, provided the researcher with some planned lessons from which he gained a preliminary understanding of the Teleshops concept and its gradual evolution within SLT. Areas covered during this period at the three Teleshops included front-line as well as back office functions. Furthermore, informal interviews were conducted with members of staff of these Teleshops depending on their availability and volume of work (see Table 3.6).

Table 3.6

Areas of Work Covered as an Observer-as-Participant at Teleshops of SLT

Name of Teleshop	Location of Teleshop	Areas of work covered
World Trade Center	Main business district of Colombo (metro)	Operating cash register, issuing various applications to customers, assisting staff with back office work, attending meetings with staff and observing interactions between staff and customers
Kalutara	Outskirts of Colombo (regional)	Observing interactions between staff and customers and assisting staff with back office work
Kotte	Suburbs of Colombo (metro)	Observing interactions between staff and customers, issuing various applications to customers, assisting staff with back office work and attending training

Source: Researcher's diary.

Additionally, in between the schedule of participant observation work, the Head of Teleshops section continued to facilitate the researcher's reflections on key learning points and permitted the researcher to attend a monthly meeting of Teleshop managers and the annual meeting of Teleshop managers with a major consignor of telephone apparatus and other telecommunications equipment to Teleshops. These actions on the part of the Head of Teleshops section supplemented the researcher's understanding of the operations and work organization of Teleshops.

The data in this study were also collected using semi-structured in-depth personal interviews with 67 organizational actors of SLT and 12 organizational actors of NTT East which includes five employees of a 116 call center (see Tables 3.4 and 3.5). All these organizational actors are believed to be associated with the provision of front-line customer care services, human resource management and HRD aspects of customer care services function. As shown in Tables 3.4 and 3.5, more than a half of the interviewees at SLT and a little more than a 40% of interviewees at NTT East were customer service employees working in Teleshops and 116 call center, respectively. The predominant objective of these interviews was to address a range of subjects in detail, including the nature of front-line customer care work, work organization of customer service function, employee classification, job structure, staffing system, performance evaluation system, compensation system and HRD system, as they were pertinent to customer service employees. The interviews also covered perceptions of the meaning of customer care, the way in which customer care work differed from other work in the organization, and the educational and career history of customer service employees, data that are presented appropriately in this thesis. Rich descriptive data of this nature cannot be obtained by the use of questionnaires, but planned conversations in the form of intensive interviews with those involved in the provision of front-line customer care, human resource management and HRD aspects of customer service organization enabled the researcher to gather broader insight of the experience of interviewees. Quoting Lincoln and Guba, Hines, McBride, Fearnley and Brandt justified the use of interviews as a data collection method:

> They allow the researcher and researchee to move back and forth in time; to reconstruct the past, interpret the present and to predict the future (Hines et al., 2001, p. 65).

Thus, the organizational actors interviewed were able to share their knowledge, experiences and comments on subjects addressed in this study, building further richness into data collected by participant observation. It is noteworthy that intensive interviews allowed the researcher to probe beneath the surface of data that otherwise may be accepted at face value. In some cases, interviewees may even tend not to disclose information requested by the researcher unless the researcher moves back and forth during the course of conducting the interviews (Lewis, 1998).

All interviews were conducted according to interview protocols that contained both structured and open-ended questions (see Appendix A [SLT] and B [NTT East] for interview protocols).[30] These were conducted by the researcher at the interviewees' workplace or a place designated by persons who coordinated logistics for interviews at research sites. The vast majority of interviews were conducted on a one-to-one

[30] Circumstances that emerged during intensive interviews led the researcher to contact many other organizational actors from whom data were collected by conducting format-free interviews.

basis in face-to-face mode, but a few especially at Teleshops, were conducted using telephone and video-conferencing. The interviews at NTT East were organized during four time periods, November 2000-March 2001, June 2004, August 2004 and November 2004. The average time per interview was one hour.[31] Likewise the interviews at SLT were conducted during three time periods, August-September 2002, January-March 2003 and July-September 2003, and the average time spent with an interviewee in each period ranged from 45 minutes to one hour. Data gathered in all interviews were taped and then transferred to written notes. In addition, throughout the data collection phases ongoing analysis was aided by notes taken during interviews and listening to interview tapes. This, in effect, provided a framework for subsequent interviews for addressing topics concerned at a practical and searching level. The qualitative data presented in this thesis are organized on the basis of recurring themes from the content of these written notes. Sections of notes that were sought particularly in respect of SLT and NTT East included the following: organization of customer service function and human resource and HRD aspects of front-line customer service employees of Teleshops and 116 call center, including employee classification system, job structure, staffing system, performance evaluation system, compensation system and HRD system.

Throughout the various phases of participant observation and data collection interviews the researcher also engaged in an analysis of documents and archival records belonging to the case sites. The majority of the documents and archival records analyzed were in unpublished form. However, this documentary analysis and search of archival records as supplementary measures contributed towards confirming the validity and relevance of evidence collected by participant observation and intensive interviews.

3.6 Triangulation and the Quality of Research Strategy

Case study research, as a strategy, has earned a mixed recognition due to the strengths as well as weaknesses of theory building from cases. Strengths emanate from, among others, its likelihood of generating a novel theory, the testability of emergent theory, the empirical validity of the theory, and the development of a holistic view of phenomena being researched. Criticisms leveled against case study research include its lower statistical reliability and validity, the lack of simplicity of theory built from it, and the possibility that this theory in turn may tend to describe idiosyncratic phenomena (Eisenhardt, 1989; Gummesson, 2000). In general, empirical social research employs four tests for establishing quality: construct validity, internal validity, external validity and reliability. These tests are also relevant to case study research (Yin, 1994). Yin further explained what each test entails, specifying the following:

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[31]The interview with the Associate Manager – Customer Service Department in 2000 lasted for about two and a half hours whereas the interview with Manager of the particular 116 call studied took two hours in total on two separate days on two closely related interview protocols. The interview with the Manager on the second occasion provided broader insight of the distinction between regular employees and dispatched employees who work as telephone advisors, from a human resource management and HRD point of view.

(1) construct validity - establishing correct operational measures for the concepts being studied
(2) internal validity - establishing a causal relationship as distinguished from spurious relationships[32]
(3) external validity - establishing the domain to which a study's findings can be generalized
(4) reliability - demonstrating that the operations of the study can be repeated with the same results (Yin, 1994, p. 33).

This study addressed three of these four tests using several tactics depending on the phase of the research project.[33] To establish correct operational measures for the concepts being studied, the researcher used triangulation, establishing a chain of evidence and having key informants read the written materials, during the data collection and composition phases. Triangulation was achieved through collecting data from various organizational actors who dealt directly or indirectly with the provision of front-line customer care service, human resource management and HRD aspects of customer service function. The use of multiple methods of data collection also contributed to the triangulation process. In addition, some questions in the interview protocols were repeated with the same interviewee at different stages of data collection interviews. In most cases one interview led to the establishment of the identity of who should be interviewed next, thus creating a chain of evidence to find consistency of the content of subjects covered in the study, as mentioned earlier. Furthermore, the researcher could obtain the assistance of some key interviewees, particularly of SLT, to read interim notes that he prepared based on data collected, allowing him to make necessary changes in their content.

Intensive interviews were guided by interview protocols, with a few exceptions when the opportunity arose to meet particular interviewees with appointments arranged suddenly when planned interviews were being conducted. Also, a case study database was developed using written notes prepared from audiotaped interviews, so that the researcher could retrieve them at a later date. The two measures, interview protocols and case study database, were influential in building the reliability. The interview protocols, in particular, made an important contribution to the preparatory work of interviews.

With research employing case strategy, it is commonly claimed that the case researcher is unable to raise the level of generality of the resulting theory (Eisenhardt, 1989). Within the context of external validity, whether the findings of this study are generalizable beyond the case sites chosen remains an important issue. Nevertheless, the comparison between Teleshops and 116 call center does shed some light on how

[32] Yin (1994, p. 33) argues that internal validity is an important consideration in explanatory or causal studies and not in descriptive or exploratory studies.
[33] The objectives of this study are mainly of an exploratory and descriptive nature. As such, internal validity is not a critical concern because it involves establishing causal relationships whereby certain conditions are shown to lead to other conditions as distinguished from spurious relationships (Yin, 1994, p. 33).

differences in organization-specific variables can impact on the internal context of the organization of customer service function, human resource management and HRD aspects related to them. Apart from this contribution, this study is believed to be capable of demonstrating lessons on what can be learnt from soft management practices of an internationally known telecommunications company in Japan. These lessons on organizing customer service function, good human resource and HRD practices contributing to delivering better customer service would prove of great value to SLT in formulating strategies and policies to enhancing its capability to grow and survive in an ever-expanding telecommunications sector in Sri Lanka. The extent to which these lessons are beneficial to organizations in similar and different industries in Sri Lanka deserves exploration in further research. Furthermore, international comparisons of HRD are now a well-established research area. While there has been a wealth of studies, the majority appear to emphasize the manufacturing sector, covering the comparison of HRD practices mostly in developed countries. International comparative work in this area of research is particularly useful for building networks of researchers in developed and developing countries who can collaborate to provide broader insights through further research.

3.7 Research Framework

The research framework used in this study draws on the dominant management style of the main foreign shareholder/strategic partner that is believed to impact significantly on the operations of SLT. Particularly, the impact of management style on the organization of the customer service function and on the manner in which the customer service function is organized affects job structure. The study also addresses how systems such as employee classification, staffing, performance evaluation, compensation and HRD support this job structure. Taking theory development, a step further, the study develops two paths to customer retention (organizational performance).

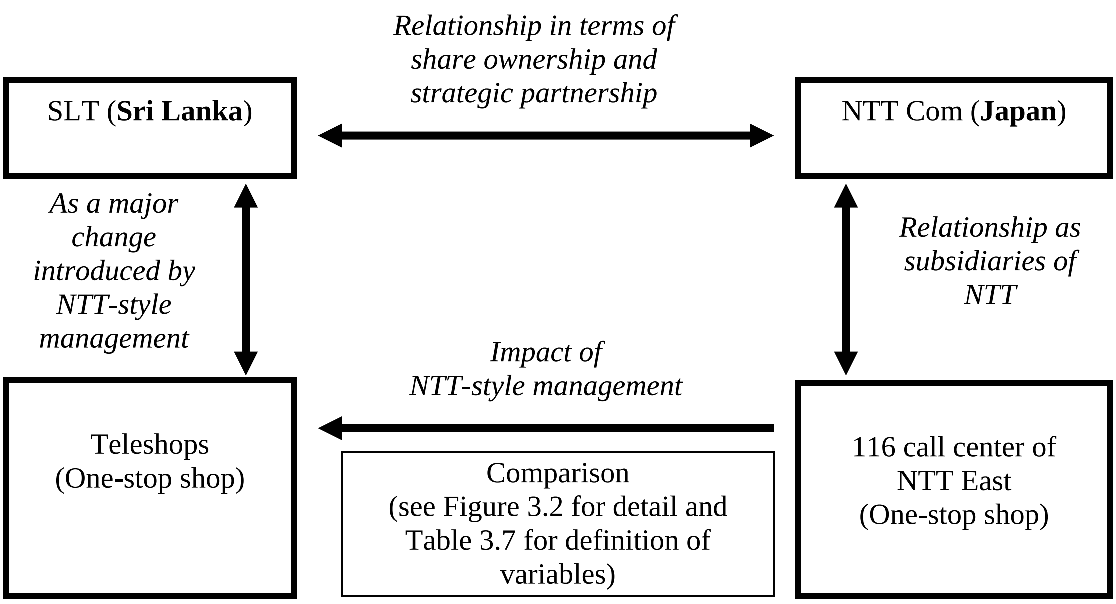
Figures 3.1 and 3.2 present the overall research framework employed in this study. Institutional relationships are depicted in Figure 3.1 (part I) whereas Figure 3.2 (part II) illustrates the organization of customer service function, its relationship to the job structure of customer service employees and how various human resource management functions support this job structure. To supplement Figure 3.2, Table 3.7 presents definition of variables in the research framework (part II). The remaining vital part of Figure 3.2 illustrates the two paths leading to the final outcome of customer retention:

(1) Path 1 - reaching the final outcome, through structuring the jobs of customer service employees with the support of human resource management functions. In this path, it is assumed that job structure impacts on the actual behavior of customer service employees (interim outcome), which in turn affects the final outcome of customer retention.
(2) Path 2 - reaching the final outcome, through forming and improving competency level of customer service employees with the proper application of human resource management functions. In this path, it is assumed that the

competency level of customer service employees influences their actual behavior (interim outcome), which in turn determines customer retention.

Within the context of these relationships the research proceeded as follows. First, the organization of the customer service function of SLT and 116 call center was explored. Second, the manner was examined in which the organization of the customer service function impacts on the job structure of customer service employees. Third, the study demonstrated how this job structure of customer service employees was supported by systems consisting of employee classification, staffing, performance evaluation, compensation and HRD. Finally, the relationships between human resource management functions, job structure, behavior of customer service employees and customer retention on the one hand and between human resource management functions, competency level of customer service employees, behavior of customer service employees and customer retention on the other hand, were established. Although customer retention seems to be a crucial variable, this study does not intend to address how customer retention is achieved by pursuing these two paths. The confidentiality of the data on customers and length of their relationship with service providers concerned prevented the researcher from gaining access to such data at research sites. From methodological point of view too, a meaningful analysis of how these two paths lead to customer retention requires the utilization of quantitative data showing the length of relationship between customers and research sites, the length of service of customer service employees interacting with these customers, etc.

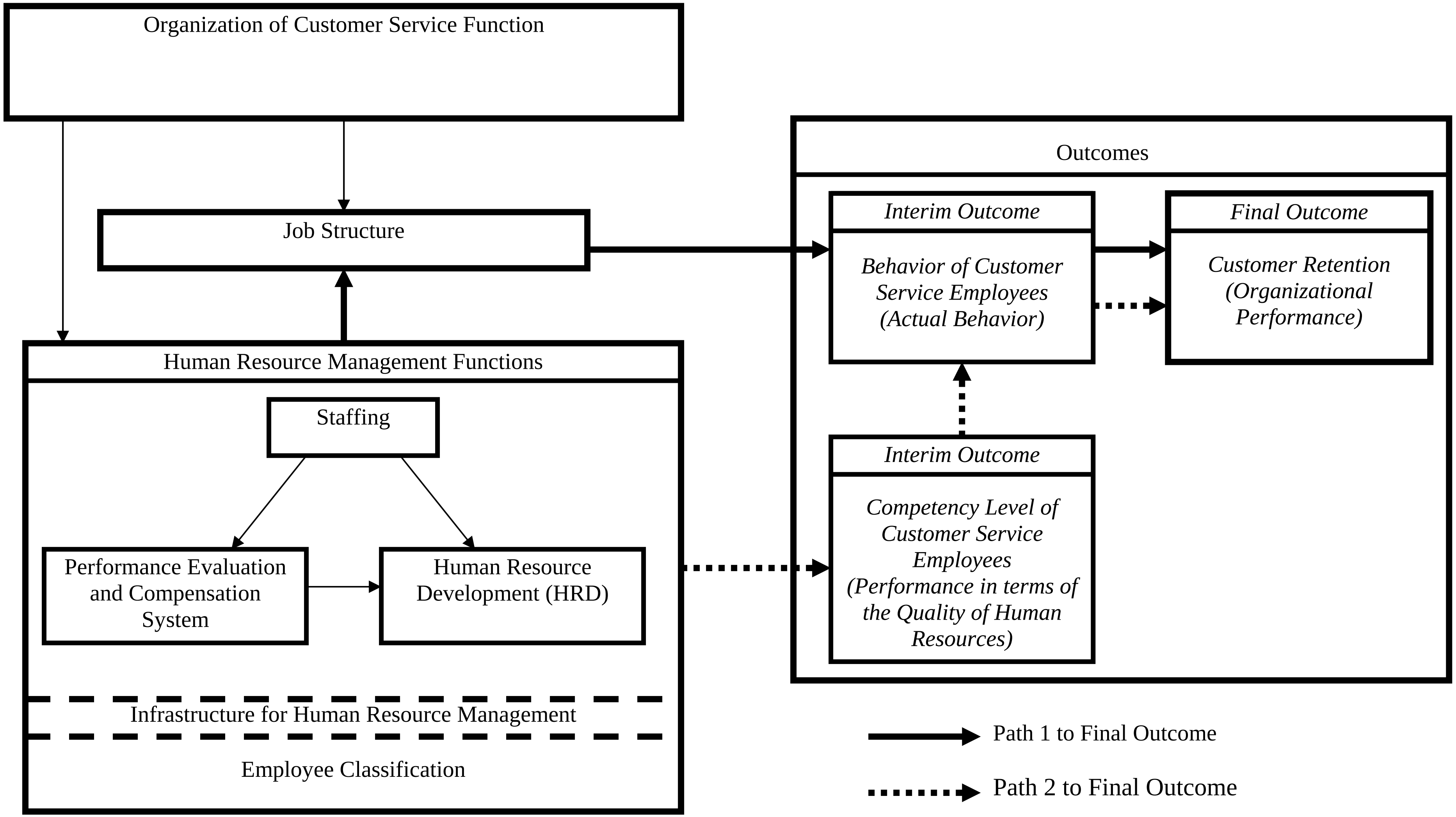
Figure 3.1
Research Framework (Part I) - Institutional Relationships



Source: Researcher's original construction.

Figure 3.2

Research Framework (Part II) - Relationship between Organization of Customer Service Function, Job Structure of Customer Service Employees, Human Resource Management Functions and Their Outcomes



Source: Researcher’s original construction.

Table 3.7
Definition of Variables in Research Framework (Part II)

Variable name	Variable description
1. Organization of customer service function	Area of authority and autonomy, type and number of customer interface points, number of staff per outlet, reporting relationship, hours of business and array of service provision
2. Job structure	Content of job (by job title) and content of competency requirements – what customer service employees are expected to do with what type of competencies
3. Staffing	Recruitment and selection (method of staffing), prior experience, gender composition, type of employment and assigning employees to jobs (job assignment)
4. Performance evaluation	Format, key results areas/targets, assigning weight to performance factors and overall performance grades
5. Compensation system	Basic pay, annual increment and incentives for competency formation
6. Human resource development (HRD)	Competency formation system (formal OJT, informal OJT and OffJT) and career structure (vertical career, horizontal career and speed of promotion)
7. Employee classification	Job titles and job definition
8. Behavior of customer service employees	How customer service employees interact with customers in actual work setting – what customer service employees really do
9. Competency level of customer service employees	Level of knowledge, skills and attitudes of customer service employees – what customer service employees can do
10. Customer retention	Percentage of customers who continue to be connected to the network of the service provider. For example, the number of customers who makes repeat purchases divided by total number of customers in a given length of time

Source: Researcher's original construction.

Section 4
Sri Lanka Telecom Limited

4.1 Institutional Profile

Study of the evolution of the telecommunications sector worldwide suggests that telecommunications services were historically founded and operated for many years by the governments of respective nations as state-owned (government-owned) monopolistic enterprises (Frempong & Atubra, 2001). The history of telecommunications in Sri Lanka and that of SLT as well date back to 1858 when the first telegraphic circuit was established between Galle, the modern capital of the southern province of Sri Lanka, and Colombo. The first international telegraph communication was also established between Sri Lanka and India in the same year (www.slt.lk; Sirimane, 2003). In tandem with the global pattern, postal, telegraphic and telephone services were managed as a state-owned enterprise on a monopolistic basis in Sri Lanka from the start, and that arrangement lasted until the end of the 1980s when Sri Lanka embarked on a policy of deregulation and liberalization of telecommunications. Thus 1980 marks a milestone year as the beginning of a series of institutional reforms in the telecommunications sector of Sri Lanka (Samarajiva, 1993).

Built up by a dramatic series of changes in the form and ownership of the organization over more than 100 years, SLT has an identifiable evolutionary character. The first step in the institutional reform program of the telecommunications sector in Sri Lanka was the separation of telecommunications from postal services. In effect, the operations and management of telecommunications were transferred to the newly formed Department of Telecommunications (hereinafter referred to as "DOT"). With this organizational change DOT functioned as a normal department subject to the financial and administrative regulation of the GOSL. The International Bank for Reconstruction and Development (World Bank) actively encouraged bifurcation of the Department of Posts and Telecommunications in 1980 whilst pledging financial assistance for developing the telecommunications sector, as the potential of telecommunications as a viable income earner for the Government was high (Samarajiva, 1993). The prevailing circumstances before the bifurcation further signaled the possible financial dependency of the postal services in the country on the income generated by telecommunications. The next step of institutional reform of the telecommunications sector was the conversion of DOT into a fully state-owned corporation called "Sri Lanka Telecom".[34] Following the provisions of the State Industrial Corporations Act,

[34] Financial regulations of the GOSL require all Government departments to remit the total revenue earned to the Government Treasury and to obtain financial resources for meeting their capital and recurrent expenditure from the Government budget. Given this context, the level of freedom and flexibility available for a Government Department to manage financial resources for its further development is considerably restricted. But, when compared with Government departments, state-owned corporations have greater autonomy in financial management as they can utilize the income

No. 49 of 1957, Sri Lanka Telecom was established in February 1990. Subsequently all the property, rights and liabilities of DOT were transferred to Sri Lanka Telecom under the Sri Lanka Telecommunications Act, No. 25 of 1991 (SLT, Annual Report, 2002).

Several phenomena that emerged between late 1990 and 1996 were influential in pushing Sri Lanka Telecom as a state-owned corporation into the next stage of its evolution. At the forefront of these was the renewed attempt by the GOSL to privatize Sri Lanka Telecom as the national telecom operator and the gradual introduction of competition into the telecommunications sector by issuing licenses for cellular services, paging services and fixed wireless local loop operators. The Government then proceeded gradually to convert Sri Lanka Telecom into a totally Government-owned public limited company called Sri Lanka Telecom Limited, as an intermediate step on the path towards the eventual privatization of the national telecom operator. Consequently, Sri Lanka Telecom Limited, as a totally state-owned public limited company, was established in September 1996 under the provisions of Conversion of Public Corporations or Government Owned Business Undertakings into Public Limited Companies Act, No. 23 of 1987 (SLT, Annual Report, 2002).

The most striking event in the recent history of SLT was the divesting of 35% of its ownership of SLT by the GOSL, which was the sole shareholder of SLT as a public limited company. It did this through a competitive bidding process to NTT in Japan in August 1997 (SLT, Annual Report, 2002). This development was the result of the Shareholders' Agreement into which the GOSL and NTT[35] entered in August 1997. In connection with this investment, the GOSL and NTT entered into the NTT Services Agreement in August 1997 for a period of five years, for the provision of operational plans, technical know-how and technical assistance services including secondment of employees of NTT to fill key management and technical positions of SLT (SLT, Annual Report, 1997; SLT, Offering Memorandum, 2002).[36] Though the initial period of the NTT Services Agreement expired in August 2002, SLT and NTT Com entered into the NTT Secondment Agreement in October 2002. This secondment agreement allows NTT Com to second executive personnel to the positions of Chief Executive Officer and Chief Financial Officer until December 2004 and December 2003, respectively, for engagement by SLT on a full time basis (SLT, Offering Memorandum, 2002). The original Shareholders' Agreement that the GOSL and NTT entered into in August 1997 was amended in November 2002. As a general rule, pursuant to the original agreement NTT Com nominates up to four members of the board of directors of SLT and the GOSL nominates the other six members including the Chairman. NTT Com also has the power to designate the

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they generate for further development of the corporation. Growth in demand for telephones in 1980s was also a factor in converting DOT into a state-owned corporation.

[35] As mentioned earlier, NTT transferred its full share ownership in SLT to NTT Communications Corporation in March 2000.

[36] The NTT Services Agreement for the period covering August 1997-August 2002 made provisions for NTT to be considered as the strategic partner of SLT because NTT was entrusted with the management of the company.

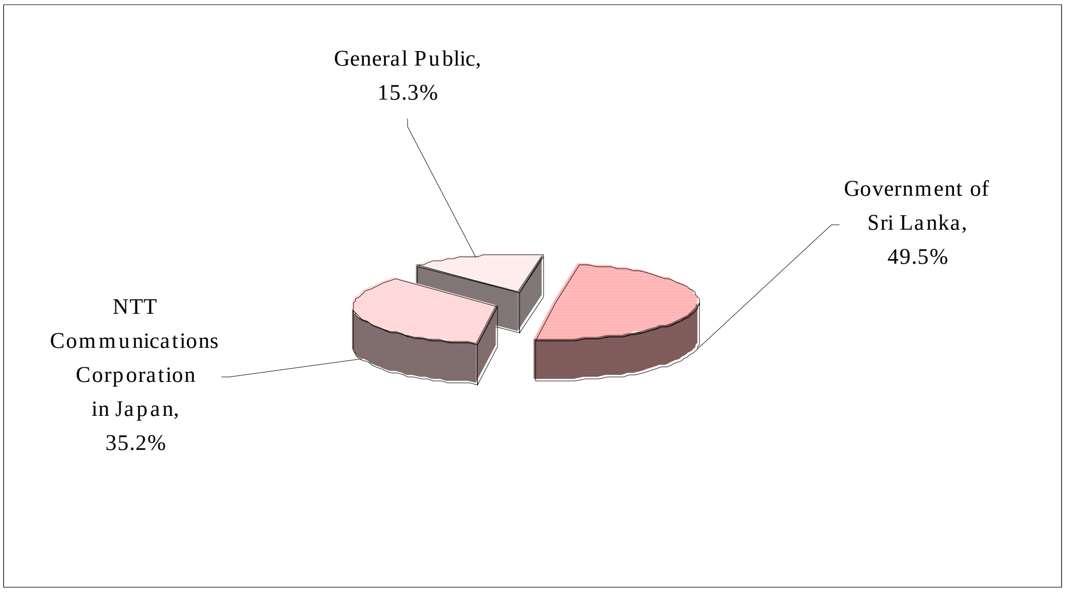
SLT's Chief Executive Officer who is responsible for the overall operations of the company and operates under the authority granted by the board of directors.

Since its privatization, SLT has undergone some significant changes in its corporate identity as a public limited company in Sri Lanka, including the following:

(1) obtaining a listing from Colombo Stock Exchange
(2) issuing unsecured redeemable five year debentures
(3) the GOSL divesting a further 12% of its stake by an initial public offer
(4) commencing trading SLT shares publicly on the Colombo Stock Exchange (SLT, Annual Report, 2002).

With these developments in its corporate identity SLT has now become a public listed company with limited liability. Figure 4.1 and Table 4.1 present information on the company's shareholding structure and the composition of its board of directors as of December 2002, respectively.

Figure 4.1
Shareholding Structure of SLT



Source: SLT, Annual Report, 2002.

Table 4.1
Composition of Board of Directors of SLT

Name of shareholder	Number of nominees on board of directors
Government of Sri Lanka	6 (including Chairman)
NTT Communications Corporation	4 (including Chief Executive Officer)
General public	none
Total	10

Source: SLT, Annual Report, 2002.
Note: 'General public' includes employees of SLT, corporate institutions and individual citizens.

With regard to the workforce, SLT employed 8,274 persons[37] islandwide as of the end of June 2003. The gender ratio of the workforce remains 25% female and 75% male. Tables 4.2 and 4.3 summarize the strength of the workforce in terms of groups/functions of the organization and major categories based on job grades, respectively.

Table 4.2
Group-/Function-wise Distribution of Workforce of SLT (as of June 2003)

Function	Number of employees	As a percentage of total number of employees
Administration	479	5.79
Corporate strategy	50	0.60
Customer services	1,306	15.78
Finance	153	1.85
Human resources	231	2.79
Information technology	99	1.20
International	205	2.48
Marketing and Internet protocol	319	3.86
Network planning and engineering	237	2.86
Metro	1,268	15.33
Region 1	1,583	19.13
Region 2	1,750	21.15
Region 3	479	5.79
CEO, Chairman and other	115	1.39

Source: Researcher's diary.

Table 4.3
Major Categories of Employees (Job Grade-wise)

Job category	As a percentage of total number of employees
Junior staff	45
Clerical and allied staff	27
Middle level technical staff	12
Executives	5
Marketing	2
Contract	5
Drivers	4

Source: Researcher's diary.

4.2 Organizational Transformation under the Management of Nippon Telegraph and Telephone Communications Corporation

Japanese investment in Sri Lanka has a long history (Board of Investment of Sri Lanka, 1996). But the year 1997 occupies an important place in this respect as it was at this time that NTT entered the telecommunications industry in Sri Lanka with a

[37] This figure includes both permanent and contract employees.

US$ 225 million investment in SLT,[38] becoming the single largest foreign direct investor in Sri Lanka up to that time (Jayasinghe, 1997). As mentioned in the preceding section, with this investment NTT became the strategic partner of SLT by buying 35 percent of its stake in addition to entering into an agreement (NTT Services Agreement) with the GOSL to supervise day-to-day operations of SLT, initially for a period of five years. The NTT is considered one of the largest telecommunications conglomerates in the world, having investments in many countries such as Indonesia, Thailand, and the Philippines. Many factors influenced NTT to invest in Sri Lanka. In this regard, it is worth quoting at length Hideaki Kamitsuma, the first Chief Executive Officer of SLT under NTT-style management:

> NTT's strategy, firstly, is focused in Asian countries. Other mega telephone operators are looking at different areas in the globe whereas NTT's main focus is in Asia. Secondly, NTT's desire to enter into the domestic market of these countries and to improve and develop telecom services in their chosen areas, from the ground up. Thirdly, NTT intends to develop and maintain a friendly relationship with countries they invest in and fourthly, they intend to provide international services between these countries. Apart from that, NTT took advantage of a very good opportunity the Sri Lankan Government gave them to invest in this country. NTT's investment in Sri Lanka is one of the many interests they have in this region such as Indonesia, Philippines, Thailand, India etc. So, NTT sees Sri Lanka as a country with lots of opportunities (*Business Today*, September 1997; interviewed by Dilki Wijesuriya).

Kamitsuma also believes ardently that there is strong demand in the telecommunications market in Sri Lanka and that there is, therefore, considerable potential for NTT to reap the benefits of its investment on a long-term basis:

> … (T)he penetration rate in this country is very low - less than 300,000 lines up until now. Sri Lanka has a huge potential therefore, for sustainable growth in the future. One of the main potentials I see for Sri Lanka is for it to become a hub in South Asian region like Hong Kong is in mainland China and Singapore in the South East (*Business Today*, September 1997; interviewed by Dilki Wijesuriya).

Of paramount importance in NTT's investment in SLT, for the objectives of this study, is the content of the NTT Services Agreement (or Management Agreement) into which the GOSL entered with NTT for a five-year period from August 1997 to August 2002, and the NTT Secondment Agreement that was entered into subsequently by SLT and NTT Com after the expiration of the first agreement. Pursuant to the NTT Services Agreement, NTT is required to manage day-to-day operations of SLT according to the annual business plan, to assist SLT to develop the quality of its services and technical capabilities, to provide SLT with consultancy support, technology support, technical support, information systems and management expertise, to exchange NTT personnel with SLT and to exploit synergies between two companies (SLT, Prospectus of SLT Debentures, 2000). This management

[38] NTT's investment in SLT came under the purview of the Public Enterprises Reform Commission (PERC) of the GOSL. PERC is the statutory body responsible for formulating and implementing the privatization and public enterprise reform program of the GOSL (www.perc.gov.lk).

agreement immediately resulted in NTT dispatching its personnel to SLT upon privatization in 1997. During the first three to four years of management contract, NTT (and NTT Com) dispatched, on average, 15 to 20 of their personnel in total to work in SLT in various functions. Even at the time of the completion of the management agreement in August 2002 there were 12 expatriates of NTT Com working at SLT. This number had been reduced virtually to three by August 2003.[39] Given the relationship between SLT and NTT Com, these expatriates are a major means of technology transfer, while the management contract serves as the vehicle for technology transfer (Grosse, 1996). An analysis of positions held by and the work content of these expatriates reveals that some occupied senior management positions (at strategic level) while others held key positions just below senior management level of SLT, in areas including network planning, network maintenance (switching, transmission, power, etc.) and marketing. In particular some expatriates dispatched by NTT immediately after the privatization of SLT in August 1997 were assigned to the following senior management positions:

(1) Chief Executive Officer (CEO)
(2) Chief Financial Officer (CFO)
(3) Chief Operations and Technical Officer (COTO)
(4) Chief Marketing Officer (CMO).

One possible reason for appointing personnel dispatched by NTT to hold four senior management positions immediately after privatization of SLT was the crucial need perceived by NTT-style management to change the culture that had prevailed at SLT for more than a century as a state-owned enterprise that had enjoyed monopolistic status. Support for this view is the comment below:

> The need for a major reorganization of SLT, in order to transform it from a government corporation to a private company working in a different business culture was understood very early, and work on this began in earnest (Chief Executive Officer's Review, SLT, Annual Report, 1998, p. 8).

The involvement of Japan in the telecommunications sector in Sri Lanka is not just of recent origin. The association of the government of Japan with the telecommunications sector in Sri Lanka is illustrated by its support for improving this vital sector in Sri Lanka through funding a development study and telecommunications network improvement project in the greater Colombo area from the late 1980s to the early part of 1990s. As this work proceeded, the government of Japan dispatched a preparatory study team of the Japan International Cooperation Agency (hereinafter referred to as “JICA”), at the request of GOSL, to revise and update the master plan of telecommunications in the country in 1994. Subsequently SLT and JICA agreed to conduct the study in two phases: (a) phase I focused on formulating a master plan for the development of telecommunications networks in Sri Lanka up to the year 2015, and (b) phase II revolving around conducting a feasibility study for identifying priority projects which would be implemented by the

[39] Depending on needs and requirements, the board of directors of SLT has vested powers to call experts from NTT Com for consultancy services at any time.

year 2000 in conjunction with phase I. JICA contracted out this study to be conducted jointly by Nippon Telecommunications Consulting Company Limited (NTC) and Japan Telecommunications Engineering and Consulting Service (JTEC). Thus the study was carried out from the end of March 1995 to mid-May 1996 and the final report was submitted to JICA in 1996 (JICA, Final Report 1996 [Volume I - Summary], pp. 1-5). This study recommended the following courses of action for Sri Lanka Telecom:

(1) strengthening of organization of the headquarters of SLT, especially for finance, accounting, corporate planning and marketing/public relations
(2) decentralizing the organization to cope with huge network expansion
(3) establishing regional organizations for appropriate managerial areas for future network
(4) establishing job assignment in each organizational level
(5) strengthening customer services
(6) expanding management information systems (MIS) throughout the organization (JICA, Final Report 1996 [Volume I - Summary], p. 33).

The process of transformation of SLT from a bureaucracy to a private company under NTT-style management began with the introduction of a lean and flat organization with horizontal sharing of functions, which replaced the multi-layered and complex entity that existed earlier. During the period that SLT functioned as a totally state-owned public limited company the managing director, being the Chief Executive Officer, was assisted in his duties by five directors who reported directly to him. The entire organization was divided into five directorates, each consisting of several units under general managers who reported to directors and deputy general managers who reported to general managers. The five directorates in existence at that time were for network development, international and support services, operations, administration and procurement and finance. General managers who were in charge of switching and transmission, outside plant and suppliers credit project also reported directly to the managing director (see Appendices C and C1 for partial organization charts of SLT in the post- and pre-privatization eras, respectively, for comparison). By any measure this organizational structure could not be perceived as conducive to functioning in a competitive and rapidly changing business environment. The following opinions expressed and the complaint stressed by the first Japanese Chief Executive Officer of SLT merit quoting (Wickramasinghe, Hopper & Rathnasiri, 2002):

> This was clearly not a system suitable for a private company (opinion).
>
> This system is always loyal to rules, not to duty. Everybody is not really producing, but wasting their time on paper work. Nobody creates anything. You can’t survive in competition (opinion).
>
> Layers of administration, no proper definition of functions and responsibilities, as well as an in-built seniority system for promotion and individual advancement (complaint).

The report issued in 1996 from the study conducted jointly by Nippon Telecommunications Consulting Company Limited and Japan Telecommunications Engineering and Consulting Service, as mentioned earlier, clearly stated the necessity of strengthening the organization of headquarters of SLT, with decentralization of organization and establishment of regional organizations for appropriate managerial areas. This report also emphasized the inappropriateness of the old line organization, even though some line and functional combinations existed, for creating a service-oriented organization which needs vertical and lateral procedural communication. More specifically, this report recommended the following measures to restructure SLT:

(1) organizing operations and maintenance activity into four levels of functionality such as at headquarters level, provinces and metro level, regional telecommunications engineer's level and district inspector of telecommunication level
(2) defining tasks and functions for each level and the associated resources
(3) setting up procedures for coordinating projects and operations
(4) redefining functions and associated procedures of the Regional Telecommunications Engineer's Office (JICA, Final Report 1996 [Volume II - Master Plan], pp. 13-13 & 13-14).

With this background, it is interesting to note that it was under NTT-style management that the organizational configuration consisting of groups (*Bu* in Japanese), divisions (*Ka* in Japanese) and sections (*Kakari* in Japanese) was introduced, with the Chief Executive Officer being in overall charge of the operations of SLT. In this new organizational configuration some new senior and junior management positions were also introduced, such as heads of groups, heads of regions, heads of provinces, heads of divisions and heads of sections to assist the Chief Executive Officer in performing his duties. These heads of groups, heads of divisions and heads of sections were equivalent, to a great extent, to director, general manager and deputy general manager positions, respectively, under the system that had existed immediately before privatization of SLT (SLT, Annual Report, 1998). One major purpose of configuring the organization according to the group, division and section model was to facilitate better communication between the Chief Executive Officer and senior managers, while creating a structure for better control and coordination. Moreover, NTT-style management noted the apparent lack of flexibility in decision-making processes in the organization, due to the tendency of SLT personnel to follow the financial and administrative regulations of the GOSL. Addressing this as an impediment to changing the organizational culture, the first Chief Executive Officer of SLT under NTT-style management took a remarkable step in issuing a circular on cutting red tape. As some interviewees stated:

> One of the critical steps that the first Chief Executive Officer of SLT, as a privatized company, took without any hesitation or fear was issuing a circular (CEO Circular) to the effect of cutting the red tape in 1997…
>
> (Interview records of the researcher)

For instance, the traditional human resource management policies of SLT required that seniority of employees be the criterion for promotion and individual development. These policies, in effect, had created a barrier for many employees of the company who aspired to reach higher levels through promotions based on merit. Another significant change brought into SLT culture under NTT-style management along with cutting bureaucratic red tape was introducing a target/performance orientation to individual work areas through visible and transparent procedures. In line with a target orientation, NTT-style management took significant steps during the early years of post-privatization of SLT that included, but were not limited to, implementing a new performance evaluation system, streamlining promotion criteria, introducing a hidden (or covert) salary system for executives, arranging payment of salaries of employees through their bank account and introducing a performance-based bonus payment scheme. Furthermore, on the HRD front, substantial emphasis was placed on modifying the training centers of SLT and providing training to employees to cope with the changing competitive landscape of the telecommunications sector in Sri Lanka especially since 1996. All in all, the new flat and lean organization structure emphasized sharing knowledge among organizational members in addition to defining clearly their roles and responsibilities. Managers could now share opinions and knowledge with the Chief Executive Officer, who generated ideas for improving day-to-day work, allowing employees to work in a real business environment whilst dealing effectively with contingencies (Wickramasinghe et al., 2002).

Another major and immediate concern of NTT-style management immediately after becoming the strategic partner of SLT was to design and improve processes of marketing and customer care. Among the various changes introduced under NTT-style management, innovations in respect of marketing and the provision of customer care were initiatives that gained and maintained the highest visibility from the viewpoint of customers. Although a marketing unit under a deputy general manager had existed even during the era of SLT as part of a totally state-owned public limited company, the scope of operations of that unit was limited to a few activities such as sales promotion, tariff revision, forecasting new services, advertising and preparing annual reports (JICA, Final Report 1996 [Volume II - Master Plan], p. 13-7). As an interviewee remarked:

> SLT as a Government enterprise stayed in that way for more than 100 years. SLT pursued a strong technical orientation prior to privatization and lacked marketing. Engineers who were experts in developing products but not marketing them held all key positions earlier.
>
> (Interview records of the researcher)

By any measure, it could be argued that NTT-style management focused heavily on building the marketing function of SLT gradually from August 1997, identifying the absolute necessity of such a course of action amidst the changes in competitive environment for the telecommunications sector that gained momentum in the same year. This observation is strengthened further by the fact that an expatriate dispatched by NTT was appointed as Chief Marketing Officer immediately after NTT became the strategic partner of SLT. As information gathered from various sources shows, the principal courses of action that NTT-style management took in respect of building the marketing and customer care function during the early years of post-privatization of SLT were:

(1) establishing a corporate customer division
(2) opening Teleshops
(3) restructuring the Regional Telecommunications Engineer's Offices
(4) introducing mobile services for selling voice lines
(5) bringing some customer service hotlines such as 121 (for fault reporting) under centralized control
(6) employing more staff to strengthen marketing and selling functions
(7) gradually establishing a marketing group within SLT.

Of particular relevance to this study is the Teleshops that were opened in 1998. Before privatization the only customer interface of SLT for walk-in customers was the Regional Telecommunications Engineer's Office, which represented the whole image of SLT in the eyes of the customer. Given this context, Teleshops were an important mechanism for transforming a slow moving, unfriendly and bureaucratic image of SLT into a customer-friendly organization (SLT, Annual Report, 1998). Data collected from almost all interviewees suggest that Teleshops are one of the predominant and highly visible changes brought into SLT under NTT-style management.

4.3 Trade Unionism and Workplace Cooperation: Landmarks of Interactions between NTT-style Management and Trade Unions

A characteristic feature of trade unionism in SLT is the multiplicity of trade unions. The history of this movement dates back to the preceding stages of the evolution of SLT during when it was under state control for more than a century. The developments of trade unionism in Sri Lanka in general, during both pre- and post-independence eras, seem to have had identifiable implications for the evolution of trade unionism in SLT. Among them, the multiplicity of trade unions, the affiliation of trade unions with political parties in the country, and the rivalry among trade unions are commonplace. Influenced by these historical developments, the present structure of trade unions at SLT includes 31 trade unions and two federations of trade unions (see Table 4.4). In keeping with the country’s style of trade or profession-based trade unions, the majority of the 31 trade unions at SLT identify themselves as telecom unions, while others maintain the identity of postal and telecom unions.

Table 4.4

Name of Trade Unions and Federations of Trade Unions in SLT (as of August 2003)

Name of trade union/federation of trade unions	Number of members
Telecommunication Engineers' Union (Telecom)	200
Telecommunication Officers' Union (Telecom)	753
Telecom Clerical and Parallel Services Union (Telecom)	967
Union of Post and Telecommunication Officers (Postal)	800
Telecommunication Government Servants' Union (Telecom)	263
Telecommunication Engineering Diplomates' Association (Telecom)	352
Sri Lanka Telecom Employees' Union (Telecom)	1,468
All Ceylon Telecom Services Union (Telecom)	1,804
Telecommunication Employees' Union (Telecom)	154
The Association of Professional Accounting Technicians of SLT (Telecom)	24
Jathika Tappal ha Viduli Sandesha Sevaka Sangamaya (Postal) [*National Postal and Telecommunications Employees' Union*]	1,958
Graduates' Organization of SLT (Telecom)	23
The Maritime Officers Association of SLT (Telecom)	13
Sri Lanka Telecom Accountants' Association (Telecom)	457
Sri Lanka Telecom Workshop Engineering Workmen Association (Telecom)	85
Sri Lanka Tappal ha Viduli Sandesha Seva Sangamaya (Postal) [*Sri Lanka Postal and Telecommunications Services Union*]	91
The Post and Telecommunication Storekeepers Union (Telecom)	79
Eksath Tappal ha Viduli Sandesha Sevaka Sangamaya (Postal) [*United Postal and Telecommunications Employees' Union*]	190
Sri Lanka Telecom Draughtsman's Union (Telecom)	26
Sri Lanka Viduli Sandesha Engineru Podu Seva Sangamaya (Telecom) [*Sri Lanka Telecommunication Engineers Common Services Union*]	1,267
Sri Lanka Nidahas Tappal ha Viduli Sandesha Seva Sangamaya (Postal) [*Sri Lanka Nidahas (to mean freedom) Postal and Telecommunications Services Union*]	124
All Ceylon Post and Telegraph Workers' Union (Postal)	307
The Telecommunication Motor Drivers' Union (Telecom)	357
United Telecommunication Engineering Workers' Union (Telecom)	739
Jathika Sevaka Sangamaya (Postal) [*National Employees' Union*]	265
Ceylon Mercantile, Industrial and General Workers' Union	186
Sri Lanka Telecom Computer Professionals Union (Telecom)	157
Telecom Teleshop Officers' Union (Telecom)	70
Management Graduates' Services Association (Telecom)	52
Telecom Administrative Officers' Union (Telecom)	50
Lanka Telecom Service Union (Telecom)	200 (approx.)
Joint Organization of Telecommunication Trade Unions - JOTTU (Federation)	
Sri Lanka Telecom Trade Union Front - TTUF (Federation)	

Source: Weerathunga, 2003, opening page.

Note: Words in parentheses show the trade on which union is based, whereas words in brackets are a rough English translation of the name of trade union.

Of particular significance for accomplishing the objectives of this study is identification of the way NTT-style management has dealt with the trade unions in SLT through the process of its organizational transformation, and the strategies used in this regard. A careful analysis of trade union activism in SLT reveals that trade unions have had a bigger voice since the GOSL appointed a high level committee in the mid-1980s to recommend measures to rectify the situation of general public dissatisfaction with telephone system in the country at that time (Wickramarachi, 2001). Although the GOSL had the eventual objective of converting DOT into a company, resistance from trade unions which prompted the government to abandon such efforts on several occasions in 1980s. One noteworthy occasion was when trade unions were heavily involved in safeguarding the benefits and privileges of employees of DOT at the time of converting it into Sri Lanka Telecom as a state-owned corporation in 1990. The second wave of resistance from trade unions started to emerge when the GOSL declared in 1995 that SLT was to be privatized. As Wickramarachi remarks:

> When the Government declared in 1995 that SLT was to be privatized, there was a huge uproar by the employees. The Unions were determined to STOP the Government's move at any cost. They kept on threatening with abusive slogans, leaflets etc. against the Government and the management. It was no easy task running the services in that atmosphere while at the same time taking steps to privatize (Wickramarachi, 2001, p. 6).

This quotation provides some understanding of the salient features of trade unionism that prevailed at SLT prior to privatization. Apparently linked to the traditional industrial relations model, trade union militancy led to a division between trade unions and the management. Consequently discussions between trade unions and management were adversarial and of a confrontational nature. Furthermore, trade unions tended to look at management decisions with suspicion, employing hostile media for communication with management, including slogans, posters and placards. Another blatant pattern of behavior by the trade union leadership was creating anger among employees with the management. Amidst these circumstances, the GOSL persevered with the process of privatization of SLT, and measures were taken to make trade unions feel important, and believe their blessing was paramount in the exercise of privatization (Wickramarachi, 2001). Some key measures that the GOSL took in this respect include the following:

(1) selecting a few trade union leaders and sending them to Chile and Mexico in 1996 to see for themselves the operations of privatized telecommunications companies that were earlier under state-ownership and control. These trade union leaders met trade union leaders and customers of those companies in addition to sharing experiences with regulatory agencies in telecommunications in those countries. The Ministry of Posts and Telecommunications, the International Bank for Reconstruction and Development (World Bank) and the Public Enterprises Reform Commission (PERC) jointly organized this study tour
(2) directing leaders of Joint Organization of Telecommunication Trade Unions (JOTTU) in 1996/1997 to discuss and negotiate with PERC on preparing a framework for privatization of SLT. The major content of discussions between JOTTU and PERC over a six-moth period focused on the necessity for change in SLT in light of the growing competition in the

telecommunications sector in Sri Lanka, the nature of the privatization program, and the intention to sell a portion of SLT shares to a leading international telecommunications company and protecting existing privileges and benefits for employees.

The resistance of trade unions to privatization reached a peak in 1996-1997, but these two measures taken by the GOSL, especially the second one, resulted in lessening the subsequent magnitude of such resistance (SLT, Annual Report, 1997). At the time of privatization of SLT in August 1997, two categories of trade unions were in existence. One category strove to improve relations with NTT-style management whereas the other category was always in opposition to the management. Despite this division in the trade union movement at SLT, NTT-style management took some significant actions to enlist the support of all trade unions for organizational changes while making a platform for building cordial relations with them. These actions were:

(1) listening to ideas presented by trade union leaders and implementing good ideas for organizational advancement
(2) maintaining an open door policy where trade union leaders could meet the Chief Executive Officer and Chief Financial Officer at any time
(3) holding discussions and constant dialogue with trade union leaders
(4) organizing a study tour in Japan for all trade union leaders. In two batches in 1998, 69 trade union leaders participated in two weeks of training in Japan, focusing on areas including the organizational structure and operations of NTT, visiting a media center and customer service center, and meetings and discussions with trade union leaders. These discussions involved the role of trade unions in organizational advancement, how trade union leaders deal with management, the human resource management system, welfare facilities for employees and how trade unions won demands after the privatization of NTTPC in 1985. In addition, five trade union leaders in the first batch had the opportunity to meet the then president and vice-president of NTT.

Out of these actions, the study tour to Japan seems to have brought about an attitudinal change in trade union leaders towards management, to a certain extent, as did the constant dialogue and discussions between the two parties. Key areas or immediate concerns addressed in these discussions during the early years of post-privatization were protecting previous benefits and privileges for employees and increasing salary and bonuses. In subsequent years, welfare facilities, promotion schemes, introduction of new products and technology, and the status of the company in growing competition were also added to the agenda for discussion. However, the years immediately following privatization were not free from conflict between trade unions and NTT-style management. Major conflicts that emerged immediately after privatization concerned, *inter alia*, introducing hidden or covert salary scales for executive staff, sending salaries of non-executives to their banks and introducing a new performance evaluation system for both executives and non-executives. Through its style of discussion and constant dialogue with trade union leaders, NTT-style management managed these conflicts and others smoothly.

Another vital landmark in relations between NTT-style management and trade unions was the commencement of a workplace cooperation program at SLT, bringing a paradigm shift to the traditional industrial relations model. Principally, the impetus factor for commencing this program at SLT came from a project sponsored by the International Labor Organization (hereinafter referred to as "ILO") on promoting tripartism and sound industrial relations in Asia, called the South Asia Vietnam Project on Tripartism and Social Dialogue in Action (SAVPOT). The main objectives of the SAVPOT project were promoting problem solving at workplaces through social dialogue, achieving goals through collective efforts and facilitating everyone moving in one rhythm, ensuring an integrated effort for survival with team cohesiveness and team spirit. In the Sri Lankan context, ILO selected four organizations for introducing the workplace cooperation program, among which SLT was the only organization that represented the service sector. The first national workshop on workplace cooperation was held in Colombo in March 2000 under ILO's sponsorship, with the head of the division of industrial relations and welfare providing SLT's representation. Evidence suggests that at the beginning, the senior management of SLT showed no support for this program, due to the involvement of the ILO. Nevertheless, having attended the first workshop on workplace cooperation the head of the division of industrial relations and welfare convened a meeting to convince trade union leaders of the significance of this program which had hitherto met with huge resistance from some trade unions. Following this meeting, some trade union leaders saw some positive aspects of the initiative and, later on, supported the program a great deal.

An important turning point of industrial relations at SLT was the setting up of a workplace cooperation task force in June 2002 that consisted of 12 members including the head of the division of industrial relations and welfare, five members representing management and six representatives of trade unions.[40] The ILO then provided training for all 11 members on the conceptual foundation of workplace cooperation and its practical aspects. The second national workshop on workplace cooperation was also held at the end of 2000 and this time, representatives of both management and trade unions participated in it. The principal aim of this second national workshop was to educate representatives on the need to set up a steering committee for implementing a workplace cooperation program at their respective organizations, while taking the message to other organizations in the country. The third national workshop was held in March 2001 and by that time senior management was relaxing its earlier unsupportive stand on the initiative. Notably, pursuant to a circular issued by Chief Executive Officer, management in May 2001 formally recognized the workplace cooperation steering committee that had been set up in April 2001. This steering committee consisted of 10 members including the head of the human resources group, four heads of division (industrial relations and welfare, corporate strategy, legal and regulatory affairs) and five trade union representatives. Eventually, the recognition by management, the workplace cooperation program was

[40] One representative of the trade unions was later absent from workplace cooperation task force meetings, reducing the membership to 11 persons.

included in the annual business plan of SLT and had financial resources allocated for its various activities.

Among the first tasks handled by the newly formed workplace cooperation steering committee was defining initial expectations of the workplace cooperation program and identifying common challenges to SLT. The initial expectations identified were:

(2) improving dialogue between trade unions and management
(3) enhancing teamwork and team spirit in work units
(4) building up an efficient mechanism for handling employees' grievances
(5) improving work quality and productivity through "5S" and "Kaizen" activities (Weerathunga, 2003, p. 8).

Challenges to SLT as identified by the workplace cooperation steering committee included:

(1) changing the existing culture to a strong culture
(2) creating a sense of belongingness of employees
(3) sustaining market leadership and facing severe competition
(4) enhancing profit levels
(5) improving productivity
(6) introducing new technology
(7) improving customer satisfaction
(8) creating a flexible workforce (Weerathunga, 2003, p. 7).

Over the past two and a half years this steering committee has conducted several awareness programs for a number of employees of SLT, including directors (heads of group), general managers (heads of division), deputy general managers (heads of section) and a wider cross-section of employees at regional levels. All awareness programs addressed the common theme of the necessity of and reasons for change. Additionally, some mobile services for identifying employee problems and handling their grievances were conducted within the broader framework of expectations of the workplace cooperation program. Over the past two years this workplace cooperation program has brought benefits not only to SLT but also to its employees. Improving welfare facilities, increasing financial benefits, diminishing industrial disputes and professional arrogance, building a pleasant and friendly working environment are some examples of benefits that the workplace cooperation program has brought for employees so far. On the other hand, SLT as an organization has benefited from this program in terms of increased employee commitment, improved management-employee relations (there have been no serious industrial disputes since the commencement of the workplace cooperation program), improved teamwork among functional units, and seeking healthy ways for trade unions to solve problems. Furthermore, the workplace cooperation program has received many accolades from both local and international organizations. On the international front, the ILO duly recognized SLT's achievements in the workplace cooperation program, and representatives of the Norwegian government have also praised these achievements. Local awards received so far by SLT include a National Productivity Award and a

National Human Resource Management Award (second runner up), and it can reasonably be concluded that the workplace cooperation program has contributed to these accolades. The following citation of the National Human Resource Management Award in the Year 2002 is evidence of the achievements of the workplace cooperation program at SLT:

> A national company that accounts for a major share of infrastructure development, a company that has successfully transformed a state-owned enterprise to a competitive and leading private venture, and manages a highly unionized work force for better productivity (Weerathunga, 2003, p. 11).

Certainly, the workplace cooperation program can be seen not as an event but as a process that needs to be improved continuously. Now that more than two and a half years have passed since its formal launching, there are few managers and trade union leaders who still believe in the strength and usefulness of the traditional industrial relations model that maintained a division between management and trade unions. And also, institutionalization of the program is surfacing as a priority need for sustaining the workplace cooperation program as an organization-wide mechanism for shifting from the traditional industrial relations paradigm.

Another vital phenomenon of relations between management and trade unions is the absence of any formal collective bargaining agreements between the two parties. Instead, issues are addressed and discussed circumstantially, and decisions reached through discussions and negotiations are minuted and then distributed among trade unions. The style adopted by management to negotiate with trade unions through harmonious discussions and regular meetings between the two parties has resulted in settling a variety of disputes affecting employee motivation, well-being, welfare and organizational growth (SLT, Annual Report, 1998, 2002). Two cases based on the data gathered through intensive interviews are presented in section 4.5.7 to illustrate how salary revisions were made and the amount of bonus was determined through negotiations between trade unions and management in recent years. The gradual diffusion of workplace cooperation program across the organization could be viewed as a potential mechanism for further improving relations between employees (trade unions) and management with some innovative lines of thinking.

4.4 Organization of Customer Service Function

Built up by a dramatic series of organizational changes over 100 years, the customer service function of SLT has an identifiable evolutionary character. As a state-owned enterprise for more than a century while enjoying monopolistic status, SLT did not give any substantial consideration to marketing and customer services until 1990 when DOT was converted into a state-owned corporation. The financial regulations of the GOSL were the sole influence in defining the role of DOT as a service provider and money earner for the government until Sri Lanka Telecom, as a totally state-owned corporation, succeeded DOT in 1990 (Dassanayake, 2003). Concurrent with this change in organizational form, Sri Lanka Telecom gained more flexibility in managing financial resources compared with the earlier situation where DOT was required to send all the money it earned to the Treasury of the GOSL. It was only after the parliament (the legislature of the Democratic Socialist Republic of Sri Lanka) voted funding that the DOT was able to utilize it for development. However, the change in the form of organization that occurred in 1990 empowered Sri Lanka Telecom to keep the money it earned. Backed by this significant change in managing financial resources and loans granted by world-class donor agencies, including the World Bank, Asian Development Bank, and the Overseas Economic Cooperation Fund of Japan,[41] Sri Lanka Telecom gained momentum for further developing its network and for beginning to provide of a better service to the customer. It was during the Sri Lanka Telecom era that a customer service unit system was introduced to the Regional Telecommunications Engineer's Office (hereinafter referred to as "RTE Office") as a project supported by the International Telecommunications Union (ITU). Historically, the establishment of these customer service units in RTE Offices could be viewed as the platform that Sri Lanka Telecom made for gradually developing a marketing and customer service philosophy (Dassanayake, 2003).

RTE Offices functioned as the sole SLT-customer interface point or customer outlet for walk-in customers, handling all types of customer care work, including registering new customers for telephone lines, handling billing-related complaints and enquiries, accepting requests for fault reporting, and handling other customer-related problems and enquiries, until Teleshops were opened in 1998 under NTT-style management. In addition, RTE offices were entrusted with handling certain engineering and technical functions, including switching, transmission, cable development and outside plant maintenance. The new strategic direction of NTT-style management resulted in introducing many changes to SLT, as explained in section 4.2. Of these, the measures taken to strengthen the marketing and customer service functions are of particular relevance to the subject of organization of the customer service function. Though there was a marketing unit under a deputy general manager at SLT even before privatization, its operations were limited to some commercial and publicity-related activities rather than marketing *per se*. Significant steps that NTT-style management took with regard to strengthening marketing and customer services include, *inter alia*, the following:

(1) setting up a corporate marketing division
(2) establishing a marketing and Internet protocol group within the new organizational framework consisting of groups, divisions and sections
(3) strengthening the sales and marketing workforce
(4) opening of Teleshops
(5) introducing a centralized fault reporting system
(6) converting RTE Offices to Regional Telecommunications Offices (hereinafter referred to as "RTO" in singular case and “RTOs” to mean plural) along with changing the job title of Regional Telecommunications Engineer (hereinafter referred to as "RTE") to Regional Telecommunications Office Manager (hereinafter referred to as "RTO manager"), who heads the RTO[42].

[41] The Japan Bank for International Cooperation (JBIC) is the successor to the Overseas Economic Cooperation Fund (OECF).
[42] Both Teleshops and RTOs are functioning as customer outlets for walk-in customers. However, at the present time, Teleshops serve customers from any part of the country irrespective of their place of

The present organization of SLT shows several sections of the marketing and Internet protocol group and the customer services group functioning as SLT-customer interface points alongside RTOs and Teleshops. Table 4.5 summarizes the major SLT-customer interface points with the types of customers those interface points deal with. Though not included in this table, there are a few other units of SLT, namely the corporate marketing division, the Internet marketing and Teleshops section, and the outside plant maintenance center (OPMC), that function as SLT-customer interface points. However, it is Teleshops that make the area of this study in relation to SLT, as explained in section 3.3.

Table 4.5
Major SLT-Customer Interface Points and Types of Customers

Interface point	Area of authority	Type of customers
RTOs	Only within particular RTO area	Walk-in customers
Teleshops (one-stop shop)	Whole island	Walk-in customers
Customer service hotlines:		
100 Operator assisted calls (international)	Whole island	Telephone customers
101 Operator assisted calls (national)	Whole island	Telephone customers
121 Fault reporting	Whole island	Telephone customers
122 Billing inquiries	Whole island	Telephone customers
123 Sltnet help desk for Internet and e-mail users	Whole island	Telephone customers
133 Telegrams, fax o-grams, e-grams and speed o-grams	Whole island	Telephone customers
134 Directory assistance (international)	Whole island	Telephone customers
161 Directory assistance (national)	Whole island	Telephone customers
555555 Telemarketing	Whole island	Telephone customers

Source: Researcher's diary.
Note: Though walk-in customers form the majority of customers with whom RTOs and Teleshops deal, there are cases where customers contact these interface points by telephone, facsimile or e-mail. But the proportion of such customers is not significant.

4.5 Teleshops

As elaborated in section 3.3, among the various customer interface points it is Teleshops that are the focus of this study within the context of SLT. From this point onwards, a detailed discussion of Teleshops is presented, with special reference to their work organization, employee classification, job structure, staffing, performance evaluation, compensation system and HRD of customer service employees working there, following the research framework presented in Figure 3.2. However, it is appropriate to highlight, at the beginning, the evolutionary process of Teleshops.

residence whereas most operations (services) of RTOs are still limited to customers who reside in the area of authority of a particular RTO. Furthermore, Teleshops are regarded as one-stop shops.

4.5.1 A Brief Overview of the Evolution of Teleshops

A meaningful examination of the evolution of Teleshops requires a look into the historical evolution of SLT as an enterprise over more than a century. Nevertheless, it is presented only key developments in respect of marketing and customer service function in two eras of ownership of SLT, as a state-owned enterprise and a privatized state-owned enterprise, in this section. As elaborated in section 4.1, SLT had taken various organizational forms such as a department, state-owned corporation and a totally government-owned public limited company until it was privatized in August 1997.

4.5.1.1 Marketing and Customer Service Function in Pre-privatization Era and Changes Introduced by NTT-style Management

Prior to the establishment of Teleshops in 1998, the RTE Office with its customer service unit and the billing center, was SLT's only interface point for walk-in customers. The customer service unit and the billing center reflected the subscriber's image of SLT. Each RTE Office was under an RTE, and engineers played a powerful role as they held most of key positions in these offices. Other employees of RTE Offices handled subscriber matters, with attitudes inherited from the departmental and state-owned corporation era of SLT. Throughout its identity as a state-owned enterprise for over more than a century, SLT did not consider customer care important. Interestingly, it is worth quoting some interviewees about how they perceived the customer and how the customer was treated, especially during state-owned corporation era and the short lived era of SLT as a totally government-owned public limited company:

> Customer was called not customer but subscriber. In conversations among employees the word subscriber was abbreviated to *sub* or in its vernacular form, *saba*. When they wished to say that there was a subscriber waiting to see someone, they would have said *sabek avilla* where the subscriber is referred to rather as a nuisance.
>
> From our point of view as the employees the subscriber was a nuisance and as such there was a tendency to avoid *saba* if one possibly could.
>
> As employees, we would not go out of our duty list to serve customers. So, customers were made to come behind us.
>
> The customer was not important. The customer was therefore viewed by employees from a negative attitude. The customer was not even provided with a chair to sit when he/she came to the office and was made to wait standing until his/her turn came.
>
> The customer was not respected and employees showed irritation dealing with customers.
>
> Subscriber came to meet officers with fear in mind.

> Customers were allowed to meet high rank officers only on the day allocated for the general public (as employees called it the 'public day').
>
> Sri Lanka Telecom was the God and subscriber was at its mercy. RTE Office was the powerhouse.
>
> RTEs were the kings, not the subscriber.
>
> No one was talking about customer care.
>
> (Interview records of the researcher)

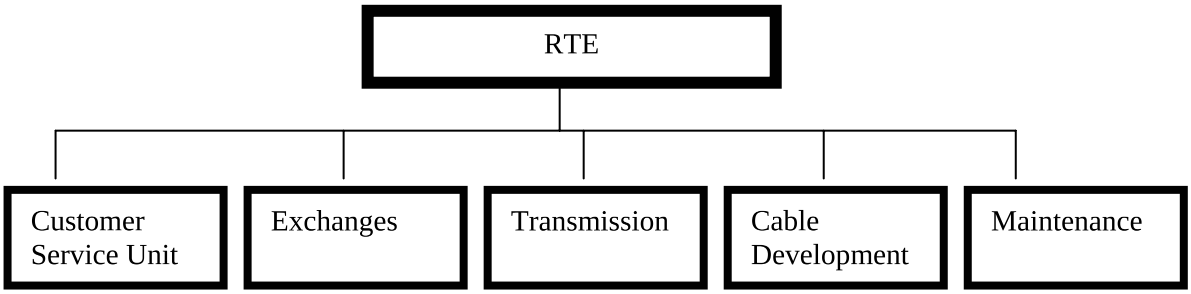
Indeed, as historical evidence suggests, customer care started to become important, to a certain extent, only after the changes introduced in the early part of the 1990s when customer service units were added to RTE Offices island-wide. Though thoroughly competent in engineering-related expertise, RTEs, were neither marketing-oriented nor customer-oriented. Their educational and professional backgrounds as well as the organizational circumstances that prevailed at SLT at that time were not conducive to providing these engineers with any training in marketing and customer-orientation.

RTEs (as heads of the RTE Offices) had to look after not only the maintenance of subscriber telephone network but also switching, transmission and outside plant maintenance. These multiple responsibilities of RTEs left them no time to attend thoughtfully to subscriber needs, inquiries and complaints. Subscribers could meet the RTE only on a designated day of the week called the "public day", whatever the gravity of the subscriber need. Subscribers with increasing frequency tried to meet the RTE in person, as he or she played a powerful role in the organization. In effect, the organization and subscribers were unable to meet each other's needs and expectations in a mutually beneficial manner. Given these circumstances, it could reasonably be concluded that the RTE Office was the power base of SLT as the only interface point for its walk-in customers, and therefore it was in a position to dominate the subscriber. One of the priority concerns of NTT-style management in 1998 was to change this culture that had prevailed at RTE Offices for many years, without antagonizing the engineers who held key positions in these offices. At the same time, due to gradual expansion of SLT's customer base, RTEs also experienced enormous difficulties with handling simultaneously the tasks of maintaining both the subscriber telephone network and the telephone exchanges and transmission network. Given this context, NTT-style management took two historic steps to restructure the RTE Offices:

(1) the conversion of Regional Telecommunications Offices (RTE Offices) into Regional Telecommunications Offices (RTOs)
(2) the replacement of the position of Regional Telecommunications Engineer (RTE) with that of Regional Telecommunications Office Manager (RTO manager).

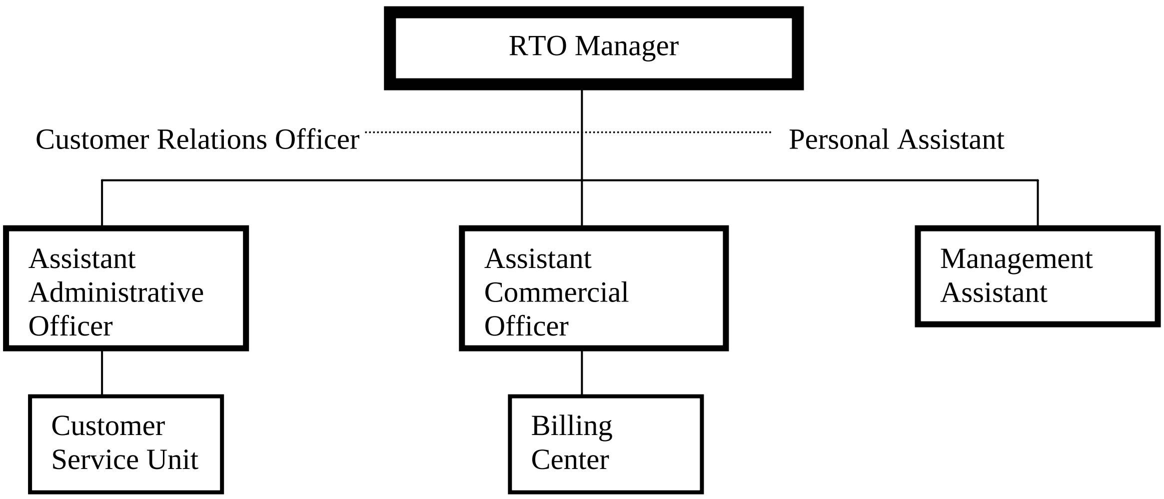
The conversion of the RTE Office to RTO was not mere ceremony but involved significant change in the scope of responsibility of the RTO manager. The RTO manager was entrusted with maintaining the subscriber telephone network, while exchanges, transmission network and so on were assigned to engineers who had earlier reported to the RTE. Figures 4.2 and 4.3 show the scope of responsibility of RTE before the changes were introduced and the scope of responsibility of RTO manager with partial organization structure of the RTO after changes were introduced under NTT-style management, respectively.

Figure 4.2
Scope of Responsibility of Regional Telecommunications Engineer (RTE)
(before changes were introduced)



Source: Researcher’s intensive interviews.

Figure 4.3
Scope of Responsibility of Regional Telecommunications Office Manager (RTO manager) and Partial Organization Structure of Regional Telecommunications Office (RTO)
(*after changes were introduced under NTT-style management*)



Source: Researcher’s intensive interviews.

The differences depicted by these two diagrams show how much the scope of responsibility of RTO managers changed from that of RTEs.[43] It is noteworthy that exchanges, transmission, cable development and maintenance, all of which are

[43] Another area of work of the RTO manager is assuming the overall responsibility of operations of Teleshops that are located within the RTO's area of authority. This point is explained later in this section.

collectively called outside plant, no longer come under the purview of the RTO manager.[44] The engineers responsible for handling such work report directly to the respective heads of provinces, in the case of regions 1, 2 and 3 and the deputy head of region - facility management, in the case of metro (see Appendix D for partial organization chart of regional organization of SLT). In effect, today, customers can come and meet RTO managers regarding their needs, enquiries and complaints at any time during normal hours of work. Furthermore, the RTO manager position has changed from an engineering-oriented to a marketing and customer-oriented position focusing much on commercial affairs. To assist and foster the RTO manager's role with this new orientation, the customer service unit and billing center of RTO, as shown in Figure 4.3, act as interface points for walk-in customers.[45] The functions of the customer service unit include, *inter alia*, registering persons for new connections, calling for charges for new connections, issuing telephone numbers, issuing service orders, selling products and services (for example, Sltplus [a package of value added services], Sltnet [e-mail and Internet services], caller line identification, voice mail, etc.), attending to customers' enquiries and requests for reconnections, removals, and so on. The billing center of the RTO mainly handles billing queries of customers and payments for telephone bills and other services.

Within RTO operations, another new dimension introduced by NTT-style management was creation of the position of customer relations officer, a person who acts as the receptionist of the RTO. This new position has apparently substantially changed the way RTE Offices deal with subscribers since the conversion of RTE Offices into RTOs. For instance, the customer relations officer's role includes receiving walk-in customers and providing them with proper direction for meeting employees in other divisions of the RTO, depending on the nature of their need, enquiry or complaint. This enables customers to formulate their needs with a clear focus and to have those needs met without wandering aimlessly inside the RTO as could occur in the time of RTE Offices.

4.5.1.2 Opening of Teleshops

Interviews with those working in Teleshops as customer service employees conveyed the impression that the establishment of Teleshops was one of the key changes that NTT-style management introduced to befit the new business culture of SLT. The in-

[44] Outside plant is the part of the local exchange carrier telephone network that is physically located outside of telephone company buildings. This includes cables, conduits, poles and other supporting structures, and certain equipment items such as local coils. Microwave towers, antennas, and cable-system repeaters traditionally are not considered outside plant. Outside plant includes the local loops from the local exchange carrier's switching centers to the customers' premises, and all facilities which serve to interconnect the various switches (e.g., central office and tandem) in the carrier's internal network (Newton's Telecom Dictionary, 2004, p. 606).

[45] RTOs serve mostly customers who reside in their respective area of authority. This constraint stems from the limited scope of the database that each RTO maintains. Usually this database is limited to customers who reside within its area of authority, and the RTO has no on-line access to the customer databases maintained by other RTOs. However, issuing applications for customers for enhanced services, and responding to their enquiries regarding products and services are handled by any RTO irrespective of whether the customer resides in its area of authority or not.

depth semi-structured interviews clearly revealed that these Teleshops could be regarded as a breakthrough or a new dimension in the provision of customer service in the history of SLT. In explaining the establishment of Teleshops, the first Chief Executive Officer under NTT-style management commented:

> One of the most innovative steps in the field of marketing taken by SLT in 1998 was the opening of Teleshops. These are special shops dedicated to the service of SLT customers and other members of the public with regard to their transactions with SLT, or other areas of telecommunication. It emphasizes the importance that SLT attaches to good marketing of its services.… The design of the Teleshop is such that it provides customer comfort and the general atmosphere is one of service and care…. The Teleshop is one of the most important ways in which the slow moving, unfriendly, bureaucratic image of the former government owned SLT has been transformed into a Customer-Friendly organization (Chief Executive Officer's Review, SLT, Annual Report, 1998, pp. 29-30).

Before the establishment of Teleshops, RTE Offices were the only interface point of SLT for its walk-in customers. For the customer (or subscriber, as he/she was called then), RTE Offices, particularly its customer service unit and billing center, reflected the total image of SLT. Due mainly to SLT being a state-owned enterprise for more than a century, the RTE Offices operated under the purview of engineers with a set of employees whose attitudes were those common to government departments. As already mentioned, to the employees of RTE Offices, SLT customers were subscribers or ‘saba’, as these employees generally called subscribers. The subscriber was not treated with any respect.[46] At its very inception NTT-style management felt the crucial necessity and urgency of changing this prevailing environment within RTE Offices and thereby attempting gradually to change the attitudes of customers towards SLT. As one interviewee pointed out:

> NTT management spent a large sum of money on rebuilding the image of SLT without expecting to make profits but to change customer attitudes. Hence, SLT introduced Teleshops as a brand new customer outlet chain in 1998.
>
> (Interview records of the researcher)

The major purposes of NTT-style management in introducing Teleshops as a brand new customer outlet chain for walk-in customers were to:

(1) inculcate in the minds of subscribers that the SLT had enough capacity to serve them, thereby changing subscriber attitudes towards SLT
(2) bring about a perceptible attitudinal change in the employees who interacted directly with customers, as the state-owned era of SLT had not been conducive to building customer-friendly attitudes
(3) set an example for the rest of the company in building a new customer service culture

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[46] Customer service units that were introduced to RTE Offices in 1994 during the Sri Lanka Telecom era reflect an advance from the earlier system in terms of the manner in which the subscriber was treated.

(4) spearhead a marked paradigm shift in interacting with and treating subscribers at a location with a new ambience and new outlook.

Accordingly, SLT's first four Teleshops (one in Colombo metropolitan and the other three in suburbs of Colombo) commenced their operations in May 1998. With this development SLT started operating two kinds of customer outlet chains for walk-in customers, RTOs and Teleshops.[47] At the beginning, the functions of Teleshops were designed within a framework to act as additional counter desks of the RTO, operating as a telephone equipment sales point, payment collection and occasional billing point, telephone line registration reception point, service reception point, complaints reception point and SLT information center (Memo issued by Head of Division of Marketing in October, 1998 to heads of groups, heads of divisions, heads of sections, heads of regions, heads of provinces, RTO managers and related staff on the subject of the opening of Teleshops).

Teleshops are organized and run on one-stop shop model that basically resembles operations of the 116 call center of NTT East. However, the organization and the manner in which Teleshops are run at SLT have undergone significant changes over the past two years. Therefore, the organization and *modus operandi* of Teleshops can be described under two time periods:

(1) during the time period of the first NTT services agreement (1997-2002)
(2) since March 2003.

4.5.1.2.1 Teleshops during the Period of the First NTT Services Agreement (1997-2002)

During this period all Teleshops (23 in number) were under the Teleshops section of the marketing and Internet protocol group.[48] This section was headed by a higher-level executive manager (head of section - Teleshops) who was equivalent in status to a deputy general manager position within SLT before privatization. A centralized structure with four executive level officers at Teleshop headquarters assisted the head of Teleshops section in the performance of his duties (see Figure 4.4 for the structure of the Teleshops section until February 2003).

The structure of the Teleshops section displayed in Figure 4.4 indicates that the manager of each Teleshop had access to both the head of section/deputy general manager of Teleshops as their immediate superior and to three managers and the accountant who reported to him. Usually Teleshop managers contacted the head of section of Teleshops as a last resort. Most of the time, Teleshops managers and other employees of Teleshops communicated with the four subordinates of the head of

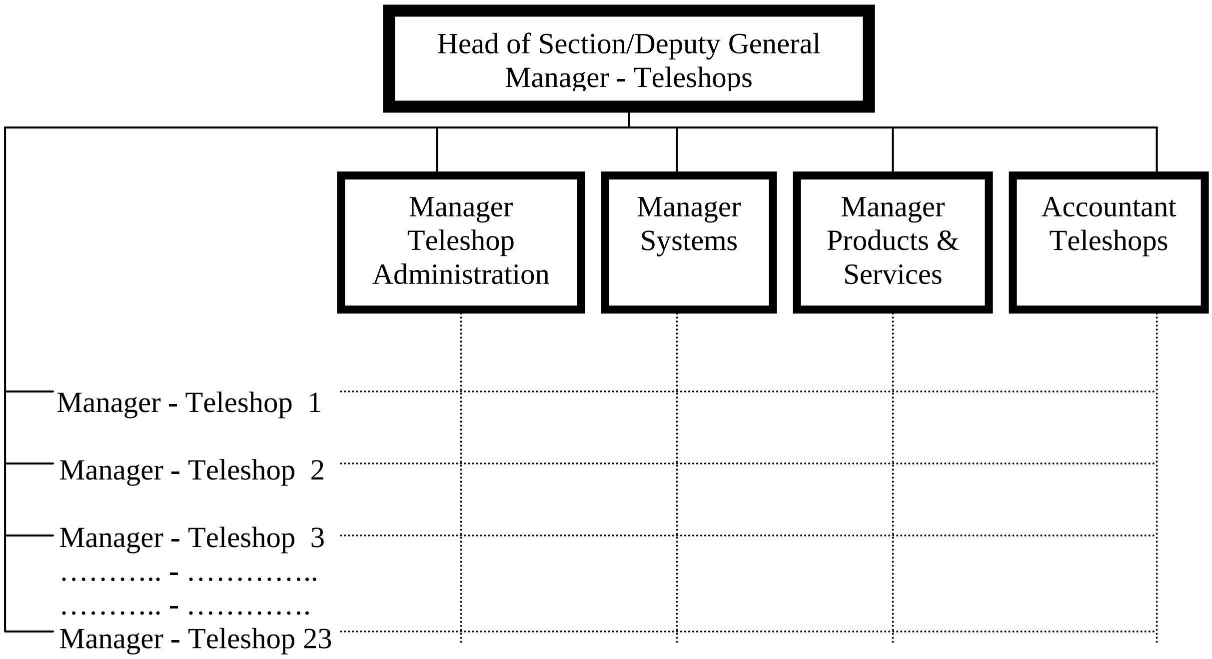
---

[47] It is worth noting that NTT-style management converted RTE Offices into RTOs and RTE was also changed into RTO manager before the opening of Teleshops in May 1998. The significant change from May 1998 in the form of operating two customer outlet chains (RTOs and Teleshops) for walk-in customers under NTT-style management could possibly be attributed to the increased competition created by the entry of new players into the fixed telephony and cellular telephony market in Sri Lanka.

[48] The Teleshops section comes under the purview of the consumer marketing division.

section regarding enquiries about product information, equipment selling, training for the staff, etc. Though Teleshops were started in 1998 with only four outlets their number had grown to 23 outlets by February 2003. The monthly managers' meeting, held at the head office of the marketing and Internet protocol group in Colombo, brought all 23 managers of Teleshops under one roof and were presided over by the head of section of Teleshops.

Figure 4.4
Structure of Teleshops Section (until February 2003)



Source: Researcher’s intensive interviews.

Data collected by the researcher through participant observation and in-depth semi-structured interviews with employees (especially those working in Teleshops and Teleshops headquarters) reveal that the word “customer” eventually replaced “subscriber” when Teleshops commenced operations in mid-1998. This itself is a reflection of the beginning of a different culture of customer service at SLT under NTT-style management. Shifting the emphasis from subscriber to customer gradually became a part of the culture of RTOs as well, alongside the changes that NTT-style management introduced to RTOs, including widening the scope of responsibility of the RTO manager and the creation of the customer relations officer position in RTOs. Not only these changes brought in by NTT-style management, but also the changing competitive dynamism in the telecommunications sector in Sri Lanka that gained momentum in the late 1990s, compelled employees of SLT to develop new attitudes towards customers. Their importance as a critical group of stakeholders who influence the survival and growth of SLT was realized at this time. Interviewees presented the view that there was a marked and substantial change in the manner in which the customers were treated at SLT since 1997. However, this was not achieved without intra-organizational conflicts. For example, as one interviewee explained:

> When I was applying for a managerial position in Teleshops in 1998 I had to get the approval of my immediate superior to forward my application. He was so reluctant and discouraged me saying “oyawage manajar la samuupakarawalath innava” (literally "that kind of manager is there even in co-operative shops"). Teleshops also met with a lot of problems with other divisions. RTOs wanted Teleshops to send customers to RTOs to register for new connections. RTOs discouraged customers going to Teleshops with the fear that RTOs would be abolished. But, finally, we could overcome this resistance through building cordial and harmonious relationships with RTOs and other divisions.
>
> (Interview records of the researcher)

Much effort went into training employees in both Teleshops and RTOs, particularly in customer care. There was a high degree of commitment and dedication within NTT-style management to provide such training to employees. These attitudes were important in bringing about this change in SLT culture while resolving various intra-organizational conflicts. Overall, employees of SLT were under the impression that SLT had changed a great deal across the board in respect of dealing with the customer, extending customer care and maintaining customer relations. Specifically, the culture that has evolved in Teleshops has contributed significantly to altering the image of SLT in the minds of customers and in changing the attitudes of employees of RTOs. It is worth quoting some interviewees in this regard. There is a clear difference between “now” and “then” in how SLT employees view and treat customers:

> We now understand the value of customer; value of his or her money, time and dignity. So, we are to treat him or her with love, loving-kindness (*Metta* in Pali), compassion *(Karuna* in Pali) and appreciative joy (*Muditha* in Pali).
>
> Customer care is a very serious thing. We have to satisfy the customer. It is difficult; but nice.
>
> We started using the word "customer". We call customer Sir or Madam. We have changed the way of maintaining customer relations. We now offer a chair when the customer comes to our premises.
>
> We depend on customer. He or she pays our salary. Therefore, we have to pay our gratitude to the customer.
>
> We are now trying to retain our customers. Customer is more knowledgeable today.
>
> Those days the subscriber was not treated well. Today we treat the customer as a king.
>
> We cannot survive without customers.
>
> (Interview records of the researcher)

This paradigm shift in viewing and treating the customer engendered an increase in the popularity of Teleshops among walk-in customers. Teleshops came to be seen as a customer-friendly chain of customer outlets while gradually developing a new brand name.

4.5.1.2.2 Teleshops since March 2003

Though Teleshops and RTOs are similar in terms of being chains of customer outlets for walk-in customers, their levels of operation are not identical. Table 4.6 summarizes some of the key differences in operations between RTOs and Teleshops up to February 2003. At that time, owing to the uneven distribution of RTOs and Teleshops and a lack of clarity in delineating the area of authority of respective RTOs without giving due consideration to size of the customer base, customers still had a tendency to walk into RTOs for their needs. Finally, this resulted in SLT discriminating between its own customers by running two types of customer outlet chains whose operations were at two different levels. Given these circumstances, SLT decided to convert all RTOs to be run within the operational framework of a one-stop shop like Teleshops, to offer more convenience to the customer. This strategic change was also influenced by the fast growing popularity of Teleshops among SLT customers and the fact that Teleshops developed their own brand as a customer-friendly one-stop shop for SLT customers from any part of Sri Lanka.

Table 4.6

Differences in Operations between RTOs and Teleshops

RTOs	Teleshops
Serving mostly customers who reside only in their respective area of authority; therefore SLT customers who reside in other areas have only a limited access to services provided by RTOs	Serving SLT customers from any part of Sri Lanka regardless of their place of residence
Providing only limited services to customers. For example, RTOs, in general have no facilities to sell telephone apparatus and other telecommunications equipment	Serving customers from any part of Sri Lanka as a one-stop shop

Source: Researcher's intensive interviews and observations.

In future, according to proposed changes, all RTOs become Teleshops. Ultimately, Teleshops will become the only customer outlet for walk-in customers of SLT. SLT has also planned to increase the number of these customer outlets based on consideration of the size of the customer base in each RTO area. This process of restructuring RTOs will proceed through several stages. The process commenced in March 2003 and the initial stages of the change process to date have resulted in the occurrence of the following:

(1) transferring the responsibility of Teleshop administration from head of section (deputy general manager) of Teleshops to RTO managers. Thus 23 Teleshops have been brought under RTO managers depending on their location (see Appendix E). This development has ended the era of centralized administration of Teleshops by Teleshops section

(2) changing the job title of head of section (deputy general manager) of Teleshops to head of section (deputy general manager) of Internet marketing and Teleshops (accordingly, the name of Teleshops section was also changed to Internet marketing and Teleshops section). The job content of this new job title includes handling the marketing function of both RTOs and Teleshops as well as standardization of the look and feel of and the development of the operations of Teleshops
(3) changing the reporting relationship of Teleshop managers. All Teleshop managers now report administratively to their respective RTO managers and still report functionally to the head of section (deputy general manager) of Internet marketing and Teleshops, due to the marketing function of both RTOs and Teleshops now coming under him
(4) placing Teleshop employees in a position where they can share their competencies in running Teleshops with RTO employees with a view to developing something of the same positive approach within RTOs. Evidence suggests that some employees of RTOs are still driven by departmental era attitudes in their views and treatment of customers. Bringing about a significant change in attitudes of RTO employees is *sine qua non* of a meaningful restructuring of RTOs.

As the change process proceeds over time, SLT customers living in any part of Sri Lanka will be able to address their needs at any Teleshop (as all RTOs will become Teleshops) as one-stop shops. With this strategic change of restructuring the customer outlet chain, several key areas of concern have emerged for developing competencies of employees of RTOs. The current composition of the staff of RTOs includes employees on executive grades (A grades), middle-level technical staff (B grades) and clerical and allied staff (C grades). Though these employees are now involved in limited selling and other customer handling work, their scope of work will be enlarged to include extensive selling and other work to support marketing. Simply, their job content will be characterized by need to be marketing-oriented. As RTOs become Teleshops all employees who are working in RTOs will also be absorbed into marketing staff (M grades).

4.5.2 General Organization of and Workforce Distribution among Teleshops

For operational purposes, SLT is divided into regions, provinces and RTO areas (see Appendices C and D for a partial organizational chart of SLT and its partial regional organization, respectively.) Regional and provincial divisions, in turn, are largely based on clustering of nine administrative provinces of the central GOSL.[49] Table 4.7 presents the distribution of regions, provinces of each region and the number of RTOs coming under purview of each region.

[49] For administrative purposes, the GOSL has divided the country into nine administrative provinces. However, SLT's framework for defining boundaries of provinces is somewhat different. Accordingly, metro region consists of Colombo and its suburbs that come under Western Province. The boundaries of the Western Province overlap, to a certain extent, with the north Colombo area of region 1 and the south Colombo area of region 2.

Table 4.7
Regional and Provincial Classification of SLT Operations

Regions	Provinces/areas of the region	Number of RTOs in the region
Metro	Colombo and its suburbs	7
Region 1	Central province, Western Province (north), North Western Province and North Central Province	9
Region 2	Uva Province, Western Province (south), Southern Province and Sabaragamuwa Province	11
Region 3	Northern Province and Eastern Province	7

Source: Annual Reports of SLT (various years).

The administrative hierarchy shows that head of each region (head of region/head of metro) reports to the Chief Executive Officer and that all heads of provinces, in turn, report to the respective head of region. A number of RTOs come under the purview of each head of province, and the respective RTO managers report to this head of province. However, in the metro region there are two deputy heads of regions who are on par with the heads of other provinces. One of these deputy heads is in charge of commercial management work and the other is in charge of facility management work in metro region. Within this hierarchical structure all Teleshops are positioned under RTO managers, depending on their location and Teleshop managers are required to report to their respective RTO manager. As such RTO managers oversee operations, administration and human resource management concerns of both RTOs and Teleshops. Nevertheless, the head of section (deputy general manager) of Internet marketing and Teleshops (under the consumer marketing division of the marketing and Internet protocol group) is entrusted with the responsibility for development (including training and development of Teleshop employees and expansion of the Teleshop network) and standardization of Teleshop operations and planning and coordinating all marketing activities related to both Teleshops and RTOs.

In the post-privatization history of SLT, Teleshops were first introduced in 1998 to function as additional counter desks of RTOs. In his annual review for the year 1998, Chief Executive Officer remarked:

> One of the most innovative steps in the field of marketing taken by SLT in 1998 was the opening of Teleshops. These are special shops dedicated to the service of SLT Customers and other members of the public with regard to their transactions with SLT, or other areas of telecommunication (Chief Executive Officer's Review, SLT, Annual Report, 1998, p. 29).

The Teleshop system started with the opening of four Teleshops in mid-1998, but over the past five years the number of these outlets has grown to 23, covering all but region 3. The distribution of the workforce among the 23 Teleshops is presented in Table 4.8.

Table 4.8

Teleshop-wise Distribution of Workforce (as of September 2003)

Region	Location of Teleshop	Number of employees		
		Male	Female	Total
Metro	World Trade Center	2	4	6
	Liberty plaza shopping complex	4	-	4
	Slave Island	4	2	6
	Ratmalana	4	1	5
	Nugegoda	4	2	6
	Maharagama	1	5	6
	Kotte	3	2	5
	Wattala	2	2	4
	Ja-ela	2	-	2
Region 1	Kandy	2	5	7
	Matale	2	2	4
	Negombo	3	2	5
	Katunayake	1	1	2
	Gampaha	1	4	5
	Kurunegala	3	3	6
Region 2	Kalutara	3	2	5
	Beruwala	3	-	3
	Galle	3	1	4
	Matara	2	2	4
	Bandarawela	1	-	1
	Badulla	-	3	3
	Nuwaraeliya	1	2	3
	Kegalle	2	4	6

Source: Researcher's intensive interviews and observations.

Note: Majority of customer service employees of Teleshops consists of non-executives.

All employees who work in Teleshops are permanent full-time employees[50] and the gender ratio remains 52% male and 48% female. Interestingly, working hours are different from those of other employees, Teleshop employees being required to sign in 15 minutes before and sign off 15 minutes after the usual work hours. Moreover, it is mandatory for all Teleshop employees to work a minimum of four hours on Saturdays. These extended working hours are a joint effect of the nature of the work

[50] In some Teleshops there are trainees from the training planning section of SLT. These trainees have the opportunity to gain some work experience at SLT over a period of six months owing to an understanding between SLT and educational institutions at tertiary level. SLT also promotes and fosters providing training to these trainees as a part of its social responsibility. These trainees are not paid any allowance by SLT but are issued a valuable certificate upon successful completion of the training period.

of Teleshop employees as customer service employees and Teleshops being outlets catering to the needs of walk-in customers Monday through Friday and half a day on Saturday. The head of section of Teleshops decides on the number of employees to be assigned to each Teleshop.[51] Major factors that are taken into consideration in this decision-making process include the number of transactions (or number of cash register hits) performed by a Teleshop, its location (whether serving predominantly residential or business customers), size of customer base of the RTO area in which the Teleshop operates and the number of meetings that a Teleshop holds with walk-in customers.

4.5.3 Employee Classification System of Teleshops

As a new type of customer outlet introduced to SLT under NTT-style management, Teleshops use an employee classification system with two elements, because it applies to staff involved in marketing and selling work and it also incorporates some common features that are applied across the board at SLT. The job titles of non-executive level employees are designated with the letter "M" to indicate their engagement with marketing and selling work. The job titles of executives are designated with "A", as is usual for all executive level employees of SLT. Employees currently working in Teleshops belonged to different divisions, sections, offices and units of SLT before they were hired to staff Teleshops, and their job grades earlier were either "B" (middle level technical staff) or "C" (clerical and allied staff). All these employees were absorbed into new grading system (M grades) and assigned new designations from early 2001. Table 4.9 presents the full range of job titles with respective job grades applicable to Teleshop employees.

Table 4.9
Job Titles and Job Grades of Teleshop Staff

Job title	Job grade	Level of job grade
Head of section	A3/A4	Executive
Senior manager	A4	Executive
Manager	A5	Executive
Assistant manager	A6	Executive
Senior marketing officer	M1	Non-executive
Marketing officer	M2	Non-executive
Junior marketing officer (Class I)	M3	Non-executive
Junior marketing officer (Class II)	M4	Non-executive

Source: Researcher's intensive interviews.
Notes: (1) There is an organizational norm at SLT according to which A6 level, the lowest of executive grades, job titles essentially carry the adjective "Assistant". When the executive concerned is promoted to A5 level the adjective is removed from the job title.
(2) Analysis of job grades of customer service employees who are working in Teleshops reveals that the highest executive level officer was on A5 grade as of September 2003. This

[51] This was the case before Teleshops were brought under RTO managers in March 2003. But, this scenario may undergo some changes in time to come whereby the relevant RTO manager may decide on staffing requirements of Teleshops in consultation with the head of section of Internet marketing and Teleshops.

officer held the position of manager of a Teleshop. The head of section of Teleshops was on A3 grade.

Fundamental but vital differences between executive grades and non-executive grades exist in the levels of financial authority, administrative authority and empowerment that employees of each grade can exercise. A manager on A5 grade is authorized to approve payments for various logistics-related expenses of the Teleshop up to a certain limit. An assistant manager on A6 grade has no such financial authority, even when he or she functions as the manager of a Teleshop. In contrast, this assistant manager on A6 grade is authorized to decide on the number of overtime hours that should be allocated for members of staff who are on non-executive grades.[52] Nevertheless, in practice, even Teleshop managers on A6 or M1 grades are informally delegated authority to handle such matters in spite of the rulebook, due to the necessity of facilitating convenience for the customer. On the other hand there seem to be no significant differences among M grade employees in terms of authority, responsibility, accountability and empowerment because all are required to perform similar functions as customer service employees in Teleshops.

Of particular relevance to the organizational transformation under NTT-style management is the addition of the A6 grade to executive cadre of SLT. Until this development occurred, there were only six executive grades: A5 (engineer, accountant, legal officer), A4 (engineer, accountant, legal officer), A3 (head of section/deputy general manager), A2 (head of division/general manager), A1 (head of group/director) and A Special (Chief Executive Officer/Managing Director).[53] As explained in more detail in section 4.5.5.1, members of the staff of Teleshops were recruited and selected from within SLT and subsequently were absorbed into M grades following the criteria set by the human resource division.

4.5.4 Job Structure of Staff of Teleshops

The job structure has two parts, content of the job (by job title) and content of competency requirements.

4.5.4.1 Job Content of Teleshop Staff

The organization of work in a Teleshop is characterized by teamwork. All employees in a particular Teleshop are organized into a work team, with one Teleshop manager and one assistant manager for every Teleshop. Other members of the team consist of

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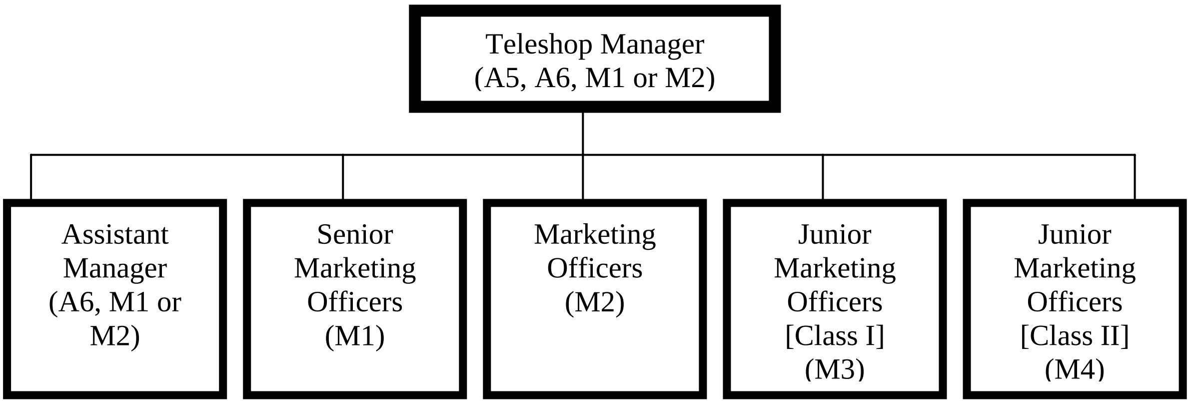
[52] Another important difference between executives and non-executives is that only non-executives are entitled to payment for over time work.

[53] Prior to the privatization of SLT, the organizational configuration of SLT as a totally state-owned public limited company had designated senior management and junior management positions with the job titles of managing director, director, general manager, deputy general manager. Among the first steps taken by NTT-style management to change the culture of this state-owned enterprise was restructuring the organization and introducing the group (*Bu*), division (*Ka*) and section (*Kakari*) model in 1997. Alongside this, the new job titles for senior management positions such as Chief Executive Officer (for managing director), head of group (for director), head of division (for general manager) and head of section (deputy general manager) were introduced.

senior marketing officers, marketing officers, junior marketing officers (class I) and junior marketing officers (class II)[54] (see Figure 4.5).

Figure 4.5
Organization of a Teleshop



Source: Researcher's intensive interviews and observations.

The Teleshop manager, as displayed in Figure 4.5, is the head of Teleshop who reports to the RTO manager of the respective RTO area. All other members of the Teleshop staff report to Teleshop manager. The titles of Teleshop manager and assistant manager of Teleshop are designated exclusively for those running Teleshops. Such managers and assistant managers do not need be on A5 or A6 grades, respectively. According to the mainstream job titles of employees on executive level job grades of SLT, an employee on A5 grade could function as Teleshop manager and an employee on A6 grade could function as assistant manager of the Teleshop. The Teleshop section, as the centralized coordination unit of all Teleshops until Teleshop administration was brought under RTO managers, developed a conceptual framework for assigning managers to each Teleshop. This framework placed due emphasis on the number of transactions (number of cash register hits), number of customer meetings, location of the Teleshop and its customer base in deciding on assigning an employee to work as the manager of a particular Teleshop. Table 4.10 presents this framework with the ideal type of the job grade of the Teleshop manager.

Table 4.10
Classification of Teleshops and Ideal Type Job Grades for Teleshop Managers

Teleshop category	Ideal type job grade for Teleshop manager
3 star Teleshop	A5
2 star Teleshop	A6
1 star Teleshop	M1

Source: Researcher's intensive interviews.

However, in reality, there are Teleshop managers who are on A6, M1 or M2 grades and assistant managers also on M1 or M2 grades. As such, these titles are not in line

[54] In some Teleshops there are two kinds of employees depending on their job grade, employees on executive level job grades (A) and employees on non-executive level job grades (M). But in other Teleshops the entire staff consists of employees on non-executive level job grades (M).

with the mainstream job titles and job grades of SLT.[55] Nevertheless, the Teleshop managers and assistant managers play a significant role in running Teleshops, and from the viewpoint of customers these titles reflect the relative status of those officers within a particular Teleshop.

All members of the Teleshop staff handle selling and other work to support the marketing function of SLT, on full job rotation that occurs on a daily, weekly, bi-weekly or monthly basis depending on arrangements made by managers of individual Teleshops. For instance, contributing to marketing (such as promoting new products and channeling information to other sections for marketing planning) is typical of the work that occurs to support marketing. Moreover, all members of Teleshop staff are required to handle all functions assigned to that particular Teleshop, by interacting mostly with walk-in customers and also with other relational coordination points within SLT. Performance of functions in this manner has become possible owing to the belief that Teleshop staff members are multi-skilled. Interestingly, Teleshop employees are required to have specialized knowledge of marketing as a business function in which selling plays a substantial role, and they also gradually deal with issues relating to marketing mix as they progress up the career ladder. Table 4.11 summarizes the work content of staff of Teleshops including both front office and back office operations.

Table 4.11
Work Content of Staff of Teleshops

Work content
Selling telephone apparatus and other telecommunications equipment such as caller line identification adaptors, ISDN equipment, ADSL equipment, etc.
Selling prepaid cards
Selling leased lines, dial-up services, enhanced services, voice mail, etc.
Selling/registering persons for Internet/e-mail, ISDN and ADSL services
Registering persons for new telephone connections
Accepting all types of payments and handling the cash register
Handling customer queries and complaints including fault reporting and billing-related matters
Organizing demonstrations for Internet, ISDN and ADSL services
Organizing facilities for video conferencing
Accepting requests for equipment repair
Supporting sales campaigns
Customer education and counseling
Handling back office work, i.e., preparing reports

Source: Researcher's intensive interviews and observations.

[55] One possible reason for this phenomenon may be the relatively young age of the marketing and Internet protocol group that was started only after the privatization of SLT in 1997, and the lack of sufficient time available for employees in this group to develop their careers vertically in marketing.

In general, Teleshop managers also handle these functions at operational level. As well, they have some managerial functions: (a) to be in charge of overall operations of the Teleshop; (b) to prepare schedules for job rotation and assign employees accordingly; (c) to supervise the work of others and coach employees to improve their performance; (d) to deal with unusual cases of customer handling referred by the staff; (e) to evaluate staff performance and to attend other human resource management needs of the staff; and (f) to communicate and attend meetings with the RTO manager. The assistant manager of the Teleshop is authorized to act on behalf of the manager when the manager is on leave or engaged with work-related assignments outside the Teleshop.

4.5.4.2 Competency Requirements of Teleshop Staff

Conceptions of competency have often proved to be ambiguous in their definition. In most cases, these conceptual differences are the effect of the compound nature of competencies and the difficulty of measuring them. A great deal of research in the service sector has documented the factors determining service quality and their implications for maintaining relationships with customers (Coulter & Coulter, 2002; Sureshchandar, Rajendran & Anantharaman, 2002). Such elements as core service or service product, the human element of service delivery (the customer service employee's ability to deliver the service and the customer service employee's personal characteristics), the non-human elements of service delivery such as processes, procedures, systems and equipment, tangibles of service and social responsibility, are considered prominent influences on the quality of service and customer retention. Of particular relevance to this study is the human element of service delivery. Analysis of the work content of customer service employees in both Teleshops and Suntel Centers reveals that their job involves not only a set of technical functions or tasks but also some complex social and economic dimensions. Thus in this study the researcher defines competency as a cluster of knowledge, skills and attitudes required of customer service employees to enable them to act as the front-line human interface point for the customer.

Emphasizing the competency requirements of customer service employees is an secondary objective of this study. To understand and detail them in substantial depth the researcher employed the conceptual framework developed by Koike and Inoki (Koike, 1994, 1997; Koike & Inoki, 1990) for defining operations in a manufacturing concern. These two authors have documented two major categories of work on the shop floor, namely usual operations and unusual operations. Usual operations entail repetitive and monotonous work, whereas unusual operations are concerned with handling changes and solving problems of a non-routine type. These authors further contributed to this framework by coining the term "intellectual skills" to describe the employees’ ability to handle these unusual operations. Giving due recognition and consideration to using this conceptual framework developed by Koike and Inoki with extensive field research experience, this study makes an attempt to expand the elements of the framework by adding features that are embedded in the work of customer service employees in service firms vis-à-vis manufacturing concerns.

In the service context, unusual operations involve handling difficult customers with minimum or no support from the manuals for conducting usual operations. Difficult customers who walk into Teleshops and Suntel Centers are of several types, depending on their requirements. Some need answers and solutions for technical features and technical defects of systems, products and services, whereas others have billing complaints, seek expedited lead-time for service provision, wish to rectify over-payments made, and so on. In certain instances, customers walk into these customer outlets to check the level of knowledge and skills of customer service employees who serve them. Their educational and professional backgrounds persuade them to compare their level of knowledge and skills relating to products and services with those of customer service employees. Another important aspect of handling unusual operations is customer retention, or minimizing the "churn". In the service context, customer retention is a maintenance function of the job of customer service employees. Highlighting the difference between integrated systems and separated systems, Koike and Inoki (1990), Koike (1994) and Shibata (1999) have explained that under integrated systems, production employees undertake not only usual production work but also diagnosis and resolution of mechanical problems as a part of maintenance work. Similarly, the job of customer service employees also includes such maintenance functions in the form of contributing to customer retention programs on behalf of their employer as an organization-wide strategy. Thus, customer retention work in the service context could be viewed as equivalent to the physical maintenance work undertaken by production employees in a manufacturing firm.

The methodology employed in this study to develop a deep understanding of the competency requirements of customer service employees of both Teleshops and Suntel Centers involved collecting data relating to cases of difficult customers handled by the customer service employees with little or no support from written manuals. The questions that the researcher raised in this respect during semi-structured interviews with Teleshop managers and other members of Teleshop staff were as follows:

(1) Could you please explain your current job to an amateur like me? You may focus on tasks and functions (the content of work) of your current job, the nature of customers with whom you deal and kinds of needs/demands raised by customers.
(2) Do you face any troubles/problems when you deal with customers? If so, what kind of troubles/problems (with some examples)? How do you tackle/respond to these problems (with some examples)?
(3) Do you have any written manuals available for handling your work? When you face troubles/problems in dealing with customers, do you refer these manuals? If you cannot get any support from these manuals, then how do you handle such situations (with some examples)?[56]

[56] A significant emphasis was placed here on generating data on cases of handling unusual operations that were escalated to the Teleshop manager by his/her staff. This escalation process seems to have proved the capability to explore intellectual skills (competencies) of customer service employees.

Cases developed by the researcher using only a portion of data collected in response to these questions from Teleshop managers and other members of Teleshop staff (including a combination of junior marketing officers [grade I], junior marketing officers [grade II], marketing officers and senior marketing officers) are presented below:

Case 1 – based on the experience of a Teleshop manager

> When I worked at another Teleshop several years ago a foreign entrepreneur came and demanded a telephone connection at that time itself. This brought me a big surprise as well as a challenge as there are no guidelines given in manuals for providing a voice connection to a customer within a day. … Customer kept himself demanding the connection within a few hours during the same day itself.
>
> As this conversation was going on there was a linesman in our Teleshop who used to visit us whenever he attends to some maintenance work in the vicinity of our Teleshop. This linesman knows very well about loops and distributory points in that area. While excusing the customer who was in front of me I started contacting RTO manager in our area and got his advice needed for proceeding with honoring the request of this customer. Then, I spoke to this linesman on exploring the possibility of giving the telephone connection. Within few minutes he checked the availability of facilities required for giving the connection and informed me of the possibility. … Then, again, I contacted RTO manager and on his advice I myself prepared the invoice and charged the customer for new connection ... However, according to the manual or guidelines I cannot prepare an invoice as it is usually done by RTO. But we gave him the connection the same day.
>
> Finally, the customer said that it is not possible at all even in his own country to get a new telephone connection within a day and praised the effort that we all made collectively to meet his demand.
>
> (Interview records of the researcher)

Case 2 – based on the experience of a Teleshop manager

> One day a customer visited our Teleshop with a CLI (Caller Line Identification) adapter which he purchased at our Teleshop some time ago. He first spoke to a member of my staff, complaining about the poor performance of the equipment and asking for a new one. In Teleshops we are not generally authorized to issue new equipment but to collect them for repairs during the warranty period given to the customer. We send collected equipment to our suppliers for repairing. Suppliers charge the customer for such services, if only it occurs after the expiration of the warranty period. However, my staff member escalated the case to me as the customer insisted us on issuing a new CLI adapter.
>
> What I did first was to check the performance of the equipment with our Telephone line and found it working. Then, I checked with the relevant exchange about the CLI facility and that too confirmed its existence. Regardless of all our efforts, customer refused to take back his equipment and then we issued him a new CLI adapter. Then, after two months, the same customer visited our Teleshop with the same complaint. We followed the procedure that was similar to earlier occasion. Besides, we contacted the supplier and requested him to go to customer's premises and install a

new CLI adapter. We found later the customer was happy and thanked me and my staff for attending to his complaint.

After the lapse of about three months the same customer made the similar complaint to Head of Section (Internet Marketing and Teleshops) and this time we decided to issue him a different model and to deliver it to his premises.

(Interview records of the researcher)

Case 3 – based on the experience of a Teleshop manager

One of our customers had purchased a pre-paid telephone card at our Teleshop for making IDD (International Direct Dialing) calls. As usual, he rubbed the specific area of the card and found the card number. Later he found the card cannot be used for generating calls from his home telephone as the recording confirmed him of his card having been used earlier. He then rushed to our Teleshop and presented his case to a member of my staff. However, he could not handle the problem within the limits of his authority and responsibility and referred the customer to me.

What I did first was to tally with our records that the card was sold by our Teleshop. Then, I contacted the relevant call center for details about this card (calling numbers, duration of calls generated and dates). Also, I got some information from stores regarding the date of issuance of this card to our Teleshop and finally I was assured that the card was used beforehand. This was a unique case to me too and then informed all details to the relevant Deputy General Manager and on his advise and guidance I not only issued customer a new pre-paid card but also apologized for this technical fault on our part. Subsequently, I made my staff and the relevant sections of the company aware of this incident.

(Interview records of the researcher)

Case 4 – based on the experience of a Teleshop Manager

A regular customer walked into our Teleshop and started speaking to a marketing officer in my staff, complaining about a significant discrepancy in the amount of his telephone bill. The customer was so furious with this situation and his cumulative total where the bill describes with many more narrations than ever before. This case was a complicated one and then my staff member invited my attention to the case.

I personally addressed this customer and listened well to his story and then apologized him for the inconvenience caused. Gradually I got into analyzing the problem and found that with the introduction of 10 digit telephone number system certain amount was transferred to the October bill whereas certain amounts were duplicated in the September bill of 2003. Also, I contacted Deputy Head of Region (Commercial) and the Accountant (Metro), explaining them the situation and difficulties that customers as well as we would face in the future. On their instruction, I promised the customer to take off the repeated figure and requested him to pay only the initial amount. My superiors also communicated me that solutions will be provided for the confusing narrations and complicated wordings in the bill.

This incident made me and all other members of the staff of our Teleshop involved in a worthy learning process. In effect, we can now successfully handle similar cases with high confidence.

(Interview records of the researcher)

Case 5 – based on the experience of a member of a Teleshop staff other than Teleshop manager

A customer who has been enjoying the ADSL (Asymmetric Digital Subscriber Line) wanted to apply for a POP3 mail server option. However, mistakenly the customer had made a payment to our Teleshop for "Mail Server Proxy and DNS Server" installation where the payment of the DNS Server installation of Rs. 2,400/= was not necessary. Customer referred his case back to our Teleshop and argued that we charged him for unnecessary services.

In the case of when a customer filled the application by himself/herself for a service and he/she made the payments, he/she does liable for the details written in the document. We charged according to details written in the document. Nevertheless, the customer demanded a refund of Rs. 2,400/= we charged him. Within the authority I have been delegated I cannot deduct an extra payment from the bill of the customer and consulted my manager for his advice and instruction. Since we have already entered the data to our billing system, he advised me to get the approval from Head of Section/Deputy General Manager – Internet marketing and Teleshops, before sending the deduction data to the billing department. According to his approval, we deducted the extra charge from his total bill, including the new service. After all the customer understood that he had done the mistake and he was very happy about the action taken from SLT side.

Once a customer is always a customer.

(Interview records of the researcher)

Case 6 – based on the experience of a member of a Teleshop staff other than Teleshop manager

There was a customer who needed four new telephone connections and Internet and E-mail facility to his company within a maximum of three to four days. Then I explained him that I cannot confirm four new lines within three to four days without checking the loop availability but the Internet and E-mail connections could be provided. This was a matter that I could not handle without seeking the advice and instructions of our Teleshop manager. Thus on her advice I contacted the relevant exchange and checked the availability of loops. Then the exchange confirmed me that new lines could be provided to this location within the maximum of two weeks. Having received this information, I communicated the customer of the practical difficulties associated with giving four new lines within three to four days, giving justifications. However, I emphasized that he could get Internet and E-mail connection within 24 hours. Finally, he understood my point and applied for the new telephone line connections and Internet and E-mail connections.

(Interview records of the researcher)

Case 7 – based on the experience of a member of the staff of Internet marketing section[57]

> There was a customer who came up with a requirement of hosting a web site, which may contain more than 100 Mbs (mega bytes) capacity. Once I explained the existing charges of web hosting, he was really worried about the amount he should pay monthly since the capacity of the web site is relatively large. He was looking for a special discount out of this total monthly rental. Since I was not in a position to give him a discount without a higher management approval, I forwarded this request to my immediate superior. Then he using his authority decided on offering the customer a special package and forwarded the details of this special package for the approval of his superior at Deputy General Manager (DGM) level. After obtaining DGM's approval, my immediate superior referred the case back to me for doing the needful for fulfilling the customer's requirement. Customer was satisfied too.
>
> (Interview records of the researcher)

Case 8 – based on the experience of a member of the staff of the Internet marketing section

> This customer runs a business with a network of 36 branches and head office. Requested E-mail accounts to all branches and both Internet and E-mail connection to the head office. On his requirements I prepared a proposal with two options and charges associated with them. After studying the proposal, customer requested a concession as this transaction involves a huge amount of money. As I cannot take any decisions on offering discounts to customers, I referred the case to my immediate superior and then he too sought the approval of his immediate superior at DGM level.
>
> In view of the total revenue this customer could generate for SLT, DGM gave his approval for a 50% discount on the total registration fee of the package he chose. Finally, I reverted back to the customer and gave our plan for the concession with which he happily agreed.
>
> (Interview records of the researcher)

From the analysis of these cases, the knowledge, skills and attitudes that emerged as competencies required of Teleshop staff members to act as customer service employees are detailed in Table 4.12. Though all cases are not presented here, their contents were duly taken into consideration in preparing this table.

[57] Cases 7 and 8 are based on the experience of the marketing officers in the Internet marketing section on handling customers as front-line customer service executives. Some of these employees had even worked for some time in Teleshops. These two cases prove to be useful as they provide rich examples for handling customers' special requests.

Table 4.12

Competency Requirements of Teleshop Staff

Knowledge	Skills	Attitudes
Products and services of SLT	Clear communication	Willingness to respect and serve the customer
Rules, regulations and procedures of SLT	Attentive listening and giving feedback	Preparedness to serve the customer
Technical specification of products and their features	Talking with a cheerful voice	Willingness to enhance the image of SLT
Equipment sold on consignment basis and their technical features	Building a close and personalized relationship with the customer	Ambition to solve customer's problem
Tariffs of SLT and that of competitors	Exercising patience and maintaining a cool temperament	Willingness to learn new developments in products and services and technology
Telecommunications industry and competition therein	Negotiating	Treating all customers equally
Work handled by other sections of SLT and the staff who handle it	Prospecting and convincing the customer	Willingness to retain SLT customers
Relational coordination points; forward coordination	Understanding customer's problem/enquiry accurately and taking quick action	Readiness to share work-related experiences with colleagues
Languages other than mother tongue	Empathizing with customers	Team spirit
	Demonstrating how to use equipment sold on consignment basis	
	Quickly tracing customer records	
	Building personal relationship with employees of other sections who are working at relational coordination points	
	Developing close contacts with equipment suppliers	
	Ability to speak in languages other than mother tongue	

Table 4.12 continued …	Computer literacy	

Source: Researcher's intensive interviews.

Further analysis of the competency requirements of Teleshop staff members based on the cases presented above and cases that are not presented here but are contained in the researcher's records reveal the following phenomena:

(1) attitudes are of crucial importance, over and above knowledge and skills in serving the customer. Given the right attitudes, customer service employees can acquire the knowledge and skills required to serve the customer better. Therefore attitudes form the base for acquiring other components of competencies. In short, this can be seen as adapting to the mind-set of customers, Teleshop employees must leave their egos behind while serving and this is vital for interacting with the customer and acquiring knowledge and skills needed for work.
(2) given the crucial importance of attitudes, the second factor that most affects the work of customer service employees is their knowledge of SLT products and services and technical features of equipment sold on consignment basis.
(3) the knowledge and skill level of Teleshop employees varying according to location of the Teleshop. For example, some Teleshops serve largely residential customers whereas others serve mostly business customers (small and medium enterprises). Also there are differences across Teleshops in terms of products and services offered to customers.
(4) the types of attitudes required by Teleshop employees to serve customers do not necessarily vary according to the location of Teleshops. But the level of knowledge and skills do.
(5) finally, although there are variations in the knowledge and skill levels possessed by Teleshop employees due to the location of Teleshops and the differences in products and services, it can be concluded that Teleshop employees, in general, are required to have a common set of competencies because full job rotation occurs in each Teleshop.

4.5.5 Staffing System of Teleshops

4.5.5.1 Recruitment and Selection of Staff of Teleshops

As described in section 4.3, SLT is a unionized organization, having 31 trade unions and two federations of trade unions. One of the important commitments that both the GOSL and NTT made to these trade unions and employees at the time of privatization was to follow a "no retrenchment - no recruitment" policy (SLT, Annual Report, 1998). There has been much of employee and trade union resistance to privatization generally in Sri Lanka, mainly due to fear of the loss of jobs and privileges enjoyed in the pre-privatization era. However, the main thrust of privatization of SLT, especially for the no recruitment element of the no retrenchment - no recruitment policy, emanated from the large number of excess staff in the company and the necessity to improve productivity. The following remarks of the Chief Executive Officer substantiate this further:

> The aim of SLT's human resource policy from the time of privatization has been to improve productivity through optimum staffing, pay employees according to their productivity and help to build up a contented and satisfied workforce (Chief Executive Officer's Review, SLT, Annual Report, 1998, p. 32).

Table 4.13 presents the productivity level of SLT, in terms of the number of direct exchange lines per employee, for some years before privatization occurred in 1997.

Table 4.13

Number of Direct Exchange Lines per Employee

Year	1991	1992	1993	1994	1995	1996
Number of direct exchange lines per employee	18	18	21	24	27	30

Source: SLT, Annul Report, 1998.

The study conducted jointly by Nippon Telecommunications Consulting Company Limited and Japan Telecommunications Engineering and Consulting Service, based on a contract with JICA, also emphasized improving productivity, call completion rate, fault clearance speed, training and staff work efficiency in urgent operations and maintenance activities (JICA, Final Report 1996 [Volume I - Summary], p. 26).

Adhering to the no recruitment policy, the human resource requirements of Teleshops, which started in May 1998, were met by hiring employees from within SLT employing a posting and bidding system, and this has been the practice of staffing Teleshops since then.[58] Data gathered through intensive participant observation and semi-structured interviews indicate that employees of Teleshops have the opportunity to bid only at the stage of their joining Teleshops. Other postings, such as job assignment inside the Teleshop and appointment to the head of section position after promotion to A4 level on the executive cadre, are decided by the Teleshop manager and senior management, respectively. Comments made by an interviewee on another reason for staffing Teleshops from within are worth mentioning:

[58] This posting and bidding is implemented through the issuance of a circular from the office of the Chief Executive Officer (CEO circular), communicating to employees vacancies available in Teleshops and requirements they are supposed to meet for application. In response, employees could apply for positions in Teleshops at their will through their immediate superior. The recruitment and selection process consist of two stages, receiving applications through the immediate superior of the employee concerned and the selection interview. No written test is included in the selection process. Accordingly, employees who were on executive staff (A grades), middle level technical staff (B grades), clerical and allied staff (C grades) earlier were hired to staff Teleshops based on their performance at the selection interview. Interestingly, employees who joined from the latter two staff categories were regraded with M signifying their affiliation with the marketing and Internet protocol group. Executives continued to carry A grade even after joining Teleshops.

> There was only a simple but … complicated promotion system at SLT at the time of its privatization. Employees did not know how they were selected for promotions. Basically, employees were promoted on the basis of seniority and academic qualifications. NTT management wanted to introduce a new remuneration system based on performance and capabilities shown in their position within some period. Thus we simplified the promotion system by institutionalizing a new way to be promoted. For instance, it sounds strange for me that only some professionals like engineers, accountants and lawyers have been promoted. Employees without professional qualifications were not promoted. Even good graduates who do not possess professional qualifications could not find their proper position in the organization. That is one of the reasons for setting up Teleshops.
>
> (Interview records of the researcher)

Analysis of the composition of the workforce of 23 Teleshops reveals that they were drawn from various sections, units and offices of SLT including RTE Offices. In effect, the Teleshops workforce is a mixture of employees who had been on either executive grades (A grades), middle level technical staff grades (B grades) or clerical and allied staff grades (C grades). A further analysis of that workforce demonstrates that there are five categories of employees of Teleshops, depending on the era of ownership of SLT during which they first joined. These five categories are:

(1) employees who joined SLT during the era of Department of Posts and Telecommunications
(2) employees who joined SLT during the era of DOT
(3) employees who joined SLT during the era of Sri Lanka Telecom
(4) employees who joined SLT during the era of Sri Lanka Telecom Limited as a totally state-owned public company
(5) employees who joined SLT after its privatization.

Consequently, the length of service of Teleshop employees at the time they joined Teleshops varied substantially within the range from one to 34 years. Nevertheless, at the time of hiring employees for Teleshops little consideration was given to their length of service or their prior work experience. Key factors taken into account during the interview stage were, *inter alia*, checking the employee's ability to communicate, personal traits such as appearance, and flair for marketing. Remarks made by interviewees suggest some interesting relationships between prior work experience and current performance of Teleshop employees:

> Those who have not had any work experience in RTE Offices perform much better.
>
> Employees who joined Teleshops from RTE Offices still have the inclination towards comparing the work and way of treating the customers during RTE Office era and Teleshop era.
>
> Employees who joined Teleshops from sections such as main stores perform much better and they find speaking to and interacting with customers a new work experience.
>
> (Interview records of the researcher)

Ultimately, recruitment and hiring from within SLT for staffing Teleshops has resulted in a workforce that represents a diversity in terms of career history, length of service, age, educational and professional qualifications of its members.

4.5.5.2 Prior Experience of Staff of Teleshops

SLT's no retrenchment - no recruitment policy, as mentioned in the preceding section, resulted in staffing Teleshops with employees who were already with SLT at the time of its privatization. These employees had work experience in at least one aspect of clerical and allied services, technical work or a little marketing work at the time they were absorbed into Teleshops. The data on career history reveals that some of these employees had performed a number of jobs in only one section, unit or office whereas others had performed various jobs in different sections, units or offices of SLT for over many years. On the other hand, only a few had been involved in marketing jobs in a small way, due to the low profile of the marketing function before SLT's privatization. To understand career formation in depth the researcher gathered data from Teleshop staff at operational level including Teleshop managers. The researcher's intensive interview with the Head of Section (Deputy General Manager) of Teleshops was also influential in grasping concretely how careers are formed at SLT. Data on career formation from these three categories of employees was collected by asking the following questions:

(1) Could you please explain to me the history of your career with SLT. You may focus specifically on the date and in what capacity (job title/position and job grade) you joined SLT, your current job title, job grade, educational/professional background and previous work experience.
(2) In what units, sections, division, offices, etc. of SLT had you worked before joining Teleshops? Please explain briefly what type of work you did in each unit, section, division, office, etc.
(3) Do you find any significant difference between the work you did earlier and the work you have been doing since you joined Teleshops? If so, what are they? (This question was used only for interviews with Teleshop staff including Teleshop managers, along with other two questions.)

Overall, the following features of prior experience of Teleshop employees can be identified based on analysis of the data collected:

(1) some employees had worked in many sections or functions within either the middle level technical staff category or the clerical and allied staff category over a long term whilst others had been confined to work in one particular section, subject or area within those two categories over a long term.
(2) some employees had limited experience in marketing over a relatively short time span.
(3) a majority of employees had no prior job experience that related directly to their current selling and marketing work in Teleshops.

(4) formal orientation and initial training given at SLT training centers played a vital role in molding employees to acquire the competencies needed for handling operations of Teleshops.
(5) employees had learned and been exposed to a new type of selling and marketing job since they started working in Teleshops. In effect, these employees have now become multi-skilled.
(6) a majority of Teleshop employees joined SLT after completing bachelor's degree or diplomas, or senior high school or junior high school. Consequently, most had no external job experience and their careers had been developed within SLT itself.

Given the diversity of job careers, all Teleshop employees could now benefit from a well-defined promotion policy that enables them to develop their careers vertically within SLT. This is explained in more detail in section 4.5.8.2.

4.5.6 Performance Evaluation System for Staff of Teleshops

SLT evaluates the performance of its employees on an annual basis for determining, among other things, salary increments, bonuses, training and development needs and promotions. Performance evaluation occurs in a three-tier system in which three parties take part in the evaluation process: the employee (self-assessment), the employee's immediate superior, and the evaluation committee. All employees are divided into five categories for performance evaluation, namely drivers, junior staff, supervising officers (those who supervise the work of a relatively large number of employees), middle level technical, clerical and allied and marketing staff and executives. There are two different formats used for evaluating the performance of Teleshop staff depending on whether the employee is in a non-executive or an executive level job grade. Teleshop employees who are on M grades are evaluated using the format that is commonly applied to all middle level technical staff and clerical and allied staff. In contrast, the performance of executives working in Teleshops is evaluated according to the format that is used commonly for all executive level employees of SLT. Table 4.14 presents the criteria used to evaluate Teleshop employees on M grades.

Table 4.14
Criteria for Evaluating Teleshop Employees on M Grades

Major items	Weight given to the item	Performance factors
1. Discipline	25%	Attendance, punctuality, discipline, loyalty and timely completion of jobs
2. Ability	50%	Time management, accuracy and quality of work, knowledge of company rules and guidelines, job skills, knowledge of SLT products and services, ability to utilize new technology to improve productivity, ability to work with a computerized management information system, written and oral

Table 4.14 continued …		communication skills, analytical skills, initiative and decision making
3. Customer relations	15%	Customer relations and relationship with superiors and colleagues
4. Team effort	10%	Contribution to 5S and Kaizen implementation, ability to work with team spirit and knowledge sharing

Source: Compiled from SLT data, " Performance evaluation form for middle level technical staff, clerical and allied staff and marketing staff (all "B", "C" and "M" grades), February 2003.

Results of the performance evaluation of M grade employees of Teleshop staff determine the amount of performance bonus and approval for the annual salary increment as immediate concerns. In addition, these results are used for deciding on their training and development needs and promotions. Referring to Table 4.14, firstly, each employee performs a self-assessment by giving a ranking on a scale of "outstanding", "satisfactory" and "improvement required" in respect of each performance factor, and then calculates summary marks for each ranking given and average marks according to the weight assigned to each performance factor. Secondly, the immediate superior of each employee completes the evaluation form using the same procedure. As an additional step, the immediate superior assesses any exceptional contributions that the employee has made during the period of assessment. Then both the employee and immediate superior are required to fill in a column provided for organizational situations that affect the employee's performance. Thirdly, the evaluation committee gives a ranking on the scale described earlier in respect of each performance factor and then calculates the summary and average marks following the weight assigned to each major item. Upon completion of all three stages, the evaluation committee sends the final report to the manpower planning section of the human resources division. This report shows the overall performance grade that was awarded to the employee with the observations of the evaluation committee concerning performance factors. The evaluation committee, taking into account the final marks, determines the performance grade. However, before deciding on the final marks, the evaluation committee has the option of awarding bonus points (maximum 6) for any exceptional contribution made during the period of assessment. There are six overall performance grades corresponding to different ranges of final marks (see Table 4.15).

Table 4.15

Overall Performance Grades and Corresponding Range of Marks

Performance grade	Marks range
S (super)	100-91
A (excellent)	90-76
B+ (very good)	75-61
B (good)	60-41
C (needs improvement)	40-21
D (weak)	20-00

Source: Compiled from SLT data, " Performance evaluation form for middle level technical staff, clerical and allied staff and marketing staff (all "B", "C" and "M" grades), February 2003.

Finally, each individual employee is notified of the overall performance grade that he or she has earned.

Evidence suggests that the performance evaluation system of Teleshop staff members who are on executive grades provides an opportunity to identify similarities and differences between them and Teleshop staff members who are on M grades. Similarities can be found in the implementation of the three-tier system, ranking the scale of each performance factor, the definition of overall performance grades and the range of marks, with final communication of overall performance grade to the employee concerned. On the other hand, differences between two systems stem from setting objectives/targets, major items, performance factors, areas for which bonus points are awarded and the inclusion of a performance evaluation interview. Table 4.16 summarizes the performance evaluation format for Teleshop staff members who are on executive grades.

Table 4.16

Criteria for Evaluating Teleshop Employees on Executive Grades

Major items	Weight given to the item	Performance factors
1. Achievement of targets	50%	At least seven objectives/targets should be decided at the beginning of each calendar year in line with the annual business plan of SLT. These targets should be quantifiable as much as possible and should also have a time frame
2. Knowledge of the subject	20%	Fundamentals of management, organizational management and development and strategic management, costing and financial analysis, information technology and business economics and any five performance factors that are relevant to the field of work of the employee

Table 4.16 continued …		
3. Management skills	30%	General management, managing subordinates, managing self, and general management skills

Source: Compiled from SLT data, " Performance evaluation form for executives (all "A" grades), February 2003.

According to Table 4.16, 50% of the total weight is assigned to the achievement of the targets/objectives of the executive officer concerned. These objectives, employing the management by objectives (MBO) method, are agreed between Teleshop employees on executive grades and the head of section (deputy general manager) of Teleshops. Setting objectives in this manner for Teleshop employees on executive grades constitutes a major difference from the major items and performance factors for Teleshop staff members who are on non-executive grades. At the present time, the MBO method does not apply to them. Apart from this, executives are awarded bonus points for achievements and any improvements made as well as any initiatives taken to implement changes. Also included are knowledge development by conducting special lectures, seminars, workshops and training for SLT employees, and additional work hours other than extra duty claims. All members of Teleshop staff who are on A grades are required to present themselves in person for a formal performance evaluation interview annually. This also marks a difference between M grade and A grade employees because this interview is not applicable to employees of former category.

The performance evaluation of Teleshop staff members who are on A grades plays a significant role in determining the immediate matter of the amount of their performance bonus and monthly allowance as a percentage of consolidated salary. The evaluation also contributes to decisions on training and development needs and promotions. To be eligible to apply for promotion to the next level in the executive cadre it is essential for executives to maintain a certain average of marks assigned to their overall performance grade. This average is calculated taking into consideration the best three performance grades that the executive officer has earned within the last five years and then averaging the total number of points assigned to each overall performance grade. A possible reason for adopting a long-term perspective of five years could be to minimize the unfavorable effects of uncontrollable events on the performance of employees, motivating them to improve their work performance over a relatively long period of time (see Table 4.17 for points assigned to each overall performance grade).

Table 4.17
Points Assigned to Overall Performance Grades

Performance grade	Number of points assigned
S (super)	9
A (excellent)	6
B+ (very good)	4
B (good)	3
C (needs improvement)	-1
D (weak)	-3

Source: Researcher's intensive interviews.

For overall performance grades a fixed distribution method is applied regardless of non-executive or executive status of employees. Thus each superior who evaluates the performance of subordinates is required to comply with the percentages set by SLT for awarding overall performance grades. Accordingly, only 5% of the subordinates under each superior are supposed to be awarded S grade, and only 15% and 20% of them should be awarded A and B+ grades, respectively. Other B, C and D performance grades could be distributed among the remaining 60% of subordinates. Conceptually, this distribution is supposed to be maintained at section level, division level, group level, and finally at the company level. Nevertheless, for administrative convenience, the base unit is the individual superior and number of subordinates he or she evaluates, regardless of their executive or non-executive status. Thus this fixed distribution method creates competition among employees to earn a better overall performance grade, which carries implications for their annual salary increments, monthly performance allowance, performance bonus, promotions and training and development.

4.5.7 Compensation System and Incentives for Competency Formation by Staff of Teleshops

The compensation (remuneration) system for Teleshop employees can broadly be classified into two categories depending on whether they occupy non-executive or executive grades. Prior to privatization there were two major components of remuneration, basic salary and cost of living allowance.[59] The cost of living allowance was then consolidated into the basic salary under NTT-style management (SLT, Annual Report, 1998). Monthly remuneration of Teleshop employees on non-executive job grades is mainly composed of consolidated salary, overtime payments, a special allowance for extended working hours[60] and a transportation allowance.[61] In

[59] Cost of living allowance was calculated employing the Colombo Consumers' Price Index (CCPI), published monthly by the Department of Census and Statistics of the GOSL. This index shows fluctuations in prices of food, clothing, fuel and light, rent and miscellaneous items of a sample of households in the city of Colombo (CBSL, 2003a). Institutions in the public sector in Sri Lanka commonly employed this index to compensate their employees for fluctuations in consumer prices. However, SLT ceased using this method in 1998 through combining the cost of living allowance with basic salary, naming it consolidated salary.

[60] All employees (both non-executives and executives) who are working in Teleshops are entitled to a special allowance as the compensation for extended working hours owing to the nature of operations of Teleshops as customer outlets. These extended working hours are explained in section 4.5.1. Non-executives are paid a certain percentage of consolidated salary for extended working hours and any

addition, they are paid two kinds of bonus, a basic bonus (based on the performance of the company as a whole) and a performance bonus (based on the annual overall performance grade). The consolidated salary of Teleshop staff members on non-executive grades is directly connected with the job grade. For each job grade from M4 through M1 there is a clearly defined salary scale with a starting salary point and fixed annual increment (step) over a predetermined number of years. All Teleshop employees on M grades are entitled to an annual salary increment provided they earn an overall performance grade of B or above. The annual increment is withheld for those who earn an overall performance grade of C and no increment is granted for those who earn an overall performance grade of D. The consolidated salary also increases when the employee is promoted across various M grades. However, there is a ceiling for the number of years during which the fixed annual salary increment is given. This system of annual increment has produced a situation where an employee can experience stagnation due to the cessation of increments. To earn the next increment the employee must win promotion to the next level on the non-executive hierarchy. By any measure, this annual salary increment system as it is applied to Teleshop employees on non-executive grades can be seen as a certain incentive for the formation of individual competencies. Otherwise the employee faces stagnation on the current job grade.

As mentioned in preceding paragraph, Teleshop employees on M grades are entitled to two kinds of bonus, a basic bonus and a performance bonus. The basic bonus is determined by the performance of the company and the amount paid is calculated as X months of consolidated salary. This method of calculation (or the rate) is applied across the board of SLT regardless of the status of the employee, and all employees are paid a basic bonus regardless of their overall performance grade for the previous year. However, the latter type of bonus depends exclusively on the overall performance grade earned by the employee for the previous year, and the amount of bonus is calculated as a percentage of X months of consolidated salary. The value of X changes from year to year and this value applies to both non-executives and executives. Employees become entitled to this performance bonus only if they earn the overall performance grade of B or above. From a broader point of view this variable rate that is used for calculating the performance bonus contributes to employees' motivation to continuously improve their competencies, for two main reasons:

(1) employees who are on the same job grade have the chance of earning a performance bonus in varying amounts, depending on their individual overall performance grade

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work done beyond these extended working hours is compensated by over-time payment. However, for Teleshop employees on executive grades, there is only an extra duty allowance that is calculated as a percentage of consolidated salary per day for a maximum of 3 days (24 hours). The concept of over-time payments is not relevant for executives across the board.

Furthermore, Teleshop managers and assistant managers are not paid any special allowance for holding such positions. Nevertheless, these positions bring prestige and are a source of social status.

[61] Transportation allowance is paid to all field officers (both non-executives and executives) who are involved in marketing work. An important condition in this respect is those who travel by any mode of transportation other than SLT vehicles are being entitled for this allowance, subject to a ceiling.

(2) in cases where an employee earns an overall performance grade that is below the level of their grade for the previous year, the employee concerned gets a lower annual performance bonus in the current year.

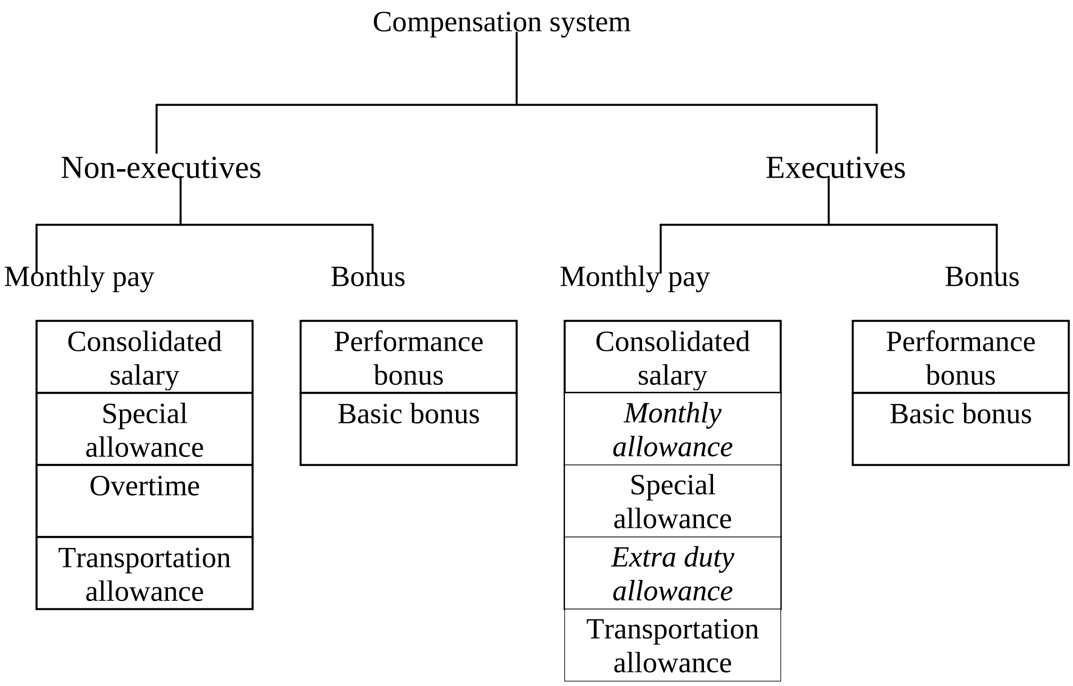
During various phases of data collection work through intensive interviews at SLT the researcher experienced practical difficulties associated with gathering data and information on the remuneration system for executives. One strong reason for these difficulties was the institutionalization of a hidden or covert salary code system for executives and the appointment of a "confidential accountant", independent of the accounting and financial function of SLT (Wickramasinghe et al., 2002), under NTT-style management. The major task of this confidential accountant, who was hired from outside on contract basis, is to calculate salaries payable according to rates and the level of performance of executive grade employees. The contract between SLT and the confidential accountant is believed to assure the confidentiality of individual salary figures of executives.[62] In the broadest sense, the major purposes of introducing this type of covert salary code system were (a) to give flexibility to the management to reward employees who demonstrate remarkable performance, and (b) to attract the best talent from the external labor market for filling positions in the organization where there exists a shortage of qualified people. Thus this system has created competition among executives themselves for higher rates of pay (Wickramasinghe et al., 2002).

However, with the limited empirical data collected, the researcher finds some similarities and differences between the compensation systems for employees of Teleshops on non-executive and executive grades. Similarities can be found in the payment and the method of calculation of basic bonus and performance bonus, while marked differences are found in the non-existence of any fixed annual salary increments (steps) and the existence of a monthly allowance payment system for executives instead. This monthly allowance is calculated as a percentage of consolidated salary, and the amount an executive employee receives depends on the overall performance grade earned for the previous year. Rates (percentages) for calculating monthly allowance vary among different overall performance grades. Most importantly, these percentages are decided at the strategic management level and then applied across the board. No individual manager has the autonomy to reward a particular executive who has performed extraordinarily well because the percentage employed for calculating his or her monthly allowance is similar to others who have earned the similar overall performance grade. Executives who have earned an overall performance grade of C or D are not paid this monthly allowance. The higher the overall performance grade the higher the amount an executive officer receives as a monthly allowance. The activation of the monthly allowance payment system in this manner can be viewed, arguably, as an incentive for executive officers

[62] Some clarification is needed here. Though salary scales and the size of the fixed annual increment for non-executive employees are overt, their individual salary figures are private and confidential, as are their overall performance grades. What makes the difference between executives and non-executives is the covert nature of executive salary scales which do not contain a fixed annual salary increment but a variable monthly performance allowance. Thus the confidential accountant is entrusted with maintaining the confidentiality of all executive salary figures.

to continuously improve their competencies, prompting improved performance in subsequent years. This contrasts sharply with non-executives, whose consolidated salary is directly connected with their job grade, where each job grade consists of a number of predetermined fixed annual salary increments (steps). The monthly allowance paid to executives enhances their total salary figure. In effect, if an executive earns a higher overall performance grade in the following year then that increases his/her chances of having a higher monthly allowance paid as a percentage of consolidated salary. Another incentive for individual competency formation by executives is the due consideration given to overall performance grade in selecting executives for overseas training opportunities. The social and cultural fabric of the Sri Lankan society prompts recognition of such training opportunities overseas, especially in countries in the developed world, as a source of status, honor and privilege for the employee concerned. Figure 4.6 depicts the comparison between non-executives and executives, working in Teleshops, on the composition of compensation.

Figure 4.6
Composition of Compensation for Non-executives and Executives of Teleshops



Source: Researcher's intensive interviews.
Note: Consolidated salary for non-executives includes annual fixed salary increment whereas monthly allowance for executives is not a component of their consolidated salary.

The process of revising salaries and determining the bonus based on company performance is also worth examining, owing in great magnitude to the non-existence of any formal collective bargaining agreements between trade unions and management. As stated in section 4.3, major human resource management issues are addressed through discussions and negotiations between the two parties, and decisions made are then minuted and distributed among trade unions. Their implementation rests upon the content of these minutes. The following two comments came from an interviewee in answer to a question seeking examples of how trade unions and the management work with each other in harmony to deal to decide on salary and bonus for employees. They provide insight into the negotiation process in the absence of any formal collective bargaining agreements:

> There was an agreement between the Government of Sri Lanka and NTT to increase salary of employees by 5% annually for five years from 1997. Accordingly, in 2000 and 2001, annual salary increase was 5% of the consolidated salary for both executives and non-executives. However, in 2002 and 2003, it was given an annual salary increase of 8% of consolidated salary for both groups of employees. This decision was arrived at after having more than four rounds of negotiations between SLT management and representatives of trade unions. Two federations, Joint Organization of Telecommunication Trade Unions (JOTTU) and Sri Lanka Telecom Trade Union Front (TTUF) representing 16 and 8 individual trade unions, respectively, participated in these negotiations. Seven trade unions were left out.
>
> (Interview records of the researcher)

> There are two trade union federations at SLT, JOTTU (16 individual unions) and TTUF (eight individual unions). Seven trade unions do not belong to any of these federations. Management normally arrange meetings with JOTTU and TTUF before taking policy decisions on major issues such as salary increase, annual bonus and employee welfare facilities. Other seven trade unions are also being invited to meetings to discuss their individual grievances. Every year, in early March and November SLT management summons a meeting with JOTTU and TTUF to discuss about bonus payment for the new year (in April) and end of the year. Two federations usually demand more than what the management can give. Justification from both parties, SLT management and federations, are encouraged. In 2003 there was a conflict between the management and federations over the amount of bonus paid on company performance. Surprisingly, a new alliance called Sri Lanka Telecom Trade Union Alliance was emerged on ad hoc basis with the inclusion of JOTTU, TTUF and other individual trade unions in 2003. They requested an equal bonus for all employees based on company performance. But the new alliance did not justify its demand. Chief Executive Officer wanted the alliance to justify its demand and after having more than 10 rounds of discussion between the management and alliance, finally, the management was able to create awareness, changing the minds of representatives of the alliance. Hence, the management decided to pay company performance based bonus as a number of times of monthly salary of employees with a minimum value, for both executives and non-executives. Minimum value condition was agreed to create a win-win situation in conflict resolution between SLT management and the Sri Lanka Telecom Trade Union Alliance.
>
> (Interview records of the researcher)

4.5.8 Human Resource Development System of Staff of Teleshops

The HRD system of customer service employees of Teleshops is presented, focusing on two areas, competency formation and career structure.

4.5.8.1 Competency Formation System for Staff of Teleshops

On-the-job training (OJT) and off-the-job training (OffJT) are the methods used for forming competencies of Teleshop employees. OJT can further be divided into formal OJT and informal OJT. In addition, a majority of Teleshops employees have participated in a formal orientation program in batches at training centers of SLT. The duration of this orientation varies from one to three weeks, depending on the size of the batch, the timing of the program, the stage of the evolution of Teleshops and the urgency of fulfilling manpower requirements of Teleshops. In general, orientation programs utilize mostly in-house trainers who have had extensive work experience with SLT. The content covered in such programs is shown in Table 4.18.

Table 4.18
Content of Orientation Program for Teleshop Employees

Content of orientation program
Company vision and mission
Teleshop concept
Functions of Teleshops
Company policies, procedures and circulars
Work done by other sections and divisions
Registration of customers for new telephone connections
Internet and e-mail
SLT products and services
Billing and collection
Customer relations and customer care

Source: Researcher's intensive interviews.

The data collected further reveals that the focus of the orientation program has changed over the years with the gradual evolution of Teleshops as a popular outlet for walk-in customers. For instance, for the first few batches of Teleshop employees a significant emphasis was placed on building awareness of the importance of the customer and customer handling because Teleshops were intended to build a new culture as an SLT-customer interface point vis-à-vis RTOs. This focus later shifted to skill building, including computer training, Internet and e-mail and so on.

Formal OJT of Teleshop employees take several forms. One approach involves the assignment of tasks from the easiest one to more difficult ones from among tasks listed and presented in Table 4.11 (work content of staff of Teleshops). Interestingly, within Teleshops there is no system of assigning a newcomer to an experienced employee for OJT, at least until the newcomer feels comfortable handling customers independently. Instead, all members of Teleshop staff including the manager and assistant manager are involved in assisting newcomers who learn on-the-job. Nevertheless, the manager of a particular Teleshop plays a vital role and assumes the responsibility of assigning tasks to a newcomer according to a certain order that allows the newcomer to learn and absorb at a comfortable pace. Though there can be variation in the order of assigning tasks to newcomers depending on the nature and scale of operations of individual Teleshops and the way of thinking of Teleshop managers, Table 4.19 is an attempt to consolidate the views of interviewees (mostly Teleshop managers) to the best extent possible.

Table 4.19
Order of Assigning Tasks to a Newcomer
(from easiest to more difficult)

Work content
Accepting all types of payments and handling cash register
Handling customer queries and complaints including fault reporting and billing related matters
Registering persons for new telephone connections
Selling prepaid cards
Selling telephone apparatus and other telecommunications equipment such as caller line identification adaptors, ISDN equipment and ADSL services
Accepting requests for equipment repair
Supporting sales campaigns
Selling leased liens, dial-up services, enhanced services, voice mail, etc.
Selling/registering persons for Internet/e-mail, ISDN and ADSL services
Customer education and counseling
Handling back office work, i.e., preparing reports
Organizing facilities for video-conferencing
Organizing demonstrations for Internet, ISDN and ADSL services

Source: Researcher's intensive interviews.

In all Teleshops, systematic job rotation seems to be a characteristic feature of OJT. Though some variation is evident in practices among Teleshops, it is usually the Teleshop manager who prepares the work schedule for the staff on weekly, bi-weekly or monthly basis. Under the monitoring of Teleshop manager the rotation of different tasks among Teleshop staff members contributes a great deal to making Teleshop employees multi-skilled. Another significant feature of OJT for Teleshop employees is the provision of training at individual Teleshops (the workplace) by trainers from Teleshop headquarters. Feedback given by Teleshop managers from time to time regarding the skill requirements of staff members and observation and monitoring by Teleshop headquarters itself have been instrumental in organizing such training of the employees at the workplace itself. Additionally, there exists a system where employees are given training under special circumstances at Teleshop headquarters. For example, when Teleshop headquarters finds that some employees need to learn urgently how to operate certain telecommunications equipment such training is organized within a short notice in consultation with relevant Teleshop managers.

Of particular relevance to this study is the informal OJT that takes place in individual Teleshops. Employees' experiences of handling unusual operations such as difficult or exceptional customers are shared through short discussions either during business hours, before the commencement of business hours in the morning, or after business hours in the evening. In some Teleshops it is a way of life for staff members to spend a few minutes every morning discussing the previous day's work experiences, with special reference to exceptional circumstances they have faced in handling walk-in customers. Further, some Teleshop managers have introduced a system where special cases of handling customers by staff members are discussed during business hours when rush hours are over. Taking a step beyond the physical location of Teleshops, there are some Teleshop employees who share unique experiences with colleagues in other Teleshops over telephone. For such purposes some Teleshop employees have built small networks, and members of such networks often communicate with each other. Though there seem to be no financial incentives for sharing each other's experience face-to-face at individual Teleshop level, almost all interviewees who talked on the subject of incentives for knowledge and experience sharing hold the following common view:

> Each Teleshop is given monthly targets, in terms of revenue, for each product and service it sells. We, as a team, work together to achieve these targets and once achieved that brings pride all of us in our Teleshop. Our target achievement is given a wider publicity inside the company and we receive certificates and plaques.[63] Sharing of individual experiences contributes to reaching these targets as a team. In addition, that fosters our mutual friendship and relationship as the circumstances that one faces today may be the case for another colleague tomorrow. Experience sharing helps us to prepare ourselves in advance to meet with such circumstances and handle them with efficiency.[64]
>
> (Interview records of the researcher)

Another significant source of informal OJT was the Teleshop managers meeting, held monthly until February 2003 with the attendance of the head of section (deputy general manager) of Teleshops and all 23 Teleshop managers. This meeting provided participants with a forum for discussing various matters pertaining to operations of Teleshops, including handling unusual customers and situations. It was the obligation of the relevant Teleshop manager to disseminate the knowledge of such operations gained at the monthly managers meeting among members of his/her staff on the following working day.

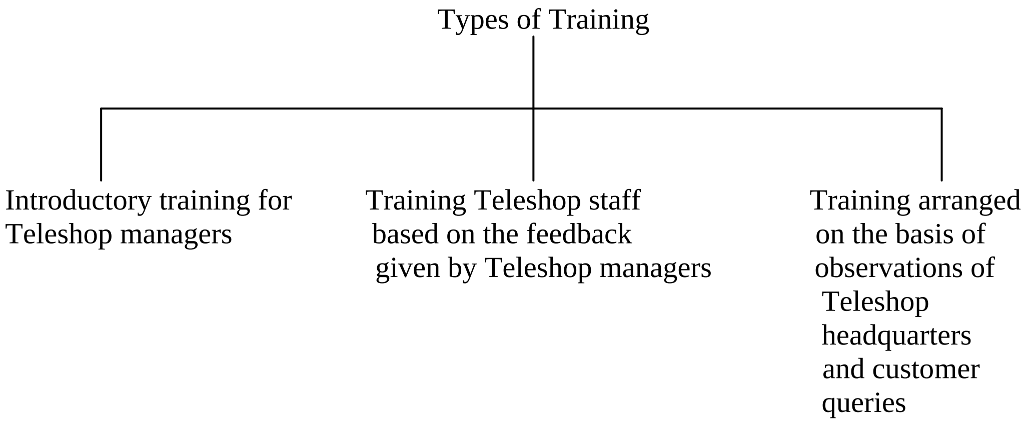
The operations of Teleshops demonstrate employees' knowledge of products and services as the key to success of Teleshop activities. The work of Teleshop staff essentially comprises selling and performing other work to support marketing. Accordingly, all employees are required to have a thorough knowledge of the products and services of SLT as well as of telephone apparatus and other telecommunications equipment sold by Teleshops on consignment basis. Given this reality, Teleshop headquarters assumes the responsibility of providing OffJT to Teleshop employees in respect of products and services knowledge and knowledge

[63] Teleshop headquarters has organized certain rewards in collaboration with equipment suppliers to recognize achievements of Teleshops in reaching monthly targets for equipment sales.

[64] It should clearly be emphasized that individual Teleshop employees on non-executive grades are not given targets. Targets in this common view refer to targets given to Teleshops and not to individuals working there.

of telephone apparatus and other telecommunications equipment. Figure 4.7 shows the methods used by Teleshop headquarters to train Teleshop employees on products and services and equipment knowledge.

Figure 4.7
Training for Teleshop Employees on Products and Services and Equipment Knowledge



Source: Researcher’s intensive interviews and observations.

On the other hand, the training centers of SLT play a significant role in forming other components of competencies, such as skills and attitude building among Teleshop employees, by organizing various OffJT programs from time to time, depending on the needs and requirements of Teleshops. Areas covered in such programs are summarized in Table 4.20.

Table 4.20
Areas Covered in OffJT Programs for Teleshop Employees and Conducted at Training Centers of SLT

Ares covered in OffJT programs
Billing system
Time management
Computer literacy, e.g., Microsoft Excel, PowerPoint
Internet and E-mail
Communication skills
Negotiation skills
Equipment selling
Cable networking
Marketing
Leadership
Customer handling and customer care

Source: Researcher's intensive interviews.

The data collected on OffJT programs shows diversity among Teleshop employees in terms of the areas covered in such training. Though some programs have catered to all Teleshop employees, others have accommodated only selected employees of

Teleshops on the understanding that those who participate in such training would act as trainers for others in the same Teleshop.

Another important aspect of OffJT for Teleshop employees is the training that 12 of them received at NTT West, in Kyushu, Japan. These 12 employees received this training in two batches over a period of nearly two weeks, one at the end of 1998 and the other one in early 1999. The training methods used in this program not only involved lectures but also included field visits as experiential learning. The training these employees received was on telecommunication business; therefore this can be seen as a prominent means of technology transfer in respect of selling and other customer service operations of Teleshops. The general areas covered in this training are shown in Table 4.21.

Table 4.21
Areas Covered in Training on Telecommunication Business Conducted by NTT West, in Kyushu, Japan

Training content
Overview of NTT group
Importance of service marketing
Customer handling
Operations of 116 call center
Operations of 113 call center
Operations of customer service counters
Billing procedures, billing cycles and collection system
Public telephone system
Multimedia learning centers
Marketing and sales (sales promotion, corporate customer sales and consumer marketing)
Internal communications and marketing
Accounting and finance
Human resource development (training for new entrants, OJT, etc.)
Quality control
Safety control methods

Source: Researcher's intensive interviews.

The experiential learning component varied from trainee to trainee, since some were exposed to customer service counters while others were exposed to visits to residential or corporate customers. In addition to these 12 employees, some other employees of Teleshops have participated in training programs in Japan on information technology, quality management, enterprise-based unions, etc. However, the number of such employees remains small. Table 4.22 presents a condensed version of the various methods used for formation of competencies of employees of Teleshops.

Table 4.22
Competency Formation System for Teleshop Employees

Formal OJT	Informal OJT	OffJT
Orientation program for new entrants to Teleshops; major part of this program is conducted at SLT training center and the rest at individual Teleshops	Teleshop managers disseminating the knowledge acquired at monthly meeting for Teleshop managers with head of section (deputy general manager) of Teleshops among other members of staff of their Teleshop	In-house training programs on products and services and equipment conducted at Teleshop headquarters
Training given by experts of Teleshop headquarters at individual Teleshops	Short meetings held at individual Teleshop level to share knowledge and experience of handling difficult customers or unusual situations	Training programs conducted largely at SLT training centers using in-house and outside experts for skill and attitude building
Training given by Teleshop headquarters to selected members of Teleshop staff and these trainees act as trainers for others working in the same Teleshop	Small networks of employees of different Teleshops who share unique experiences over the telephone	Training programs organized by consignors of equipment that are sold by Teleshops
		Overseas training on various Subjects

Source: Researcher's intensive interviews.

4.5.8.2 Career Structure of Staff of Teleshops

The current SLT promotion policy defines clearly the criteria for eligibility for promotions for both employees on non-executive grades and those on executive grades. Though these criteria vary among employees on non-executive job grades there are common criteria for promotions for executives across the board. Thus two sets of criteria are applied for promotion for employees of Teleshops, depending on their job grades. Tables 4.23 and 4.24 summarize these criteria for Teleshop employees on M grades and A grades, respectively.

Table 4.23
Criteria for Promotions for Teleshop Employees on Non-executive Grades

From what grade to what grade	Criteria applied
M1 $\longrightarrow$ A6 (senior marketing officer to assistant manager)	3 years of service on M1 grade plus results of promotion test and interview
M2 $\longrightarrow$ M1 (marketing officer to senior marketing officer)	3 years of service on M2 grade plus results of promotion test and interview

Table 4.23 continued …	
M3 → M2 (junior marketing officer [class I] to marketing officer)	7 years of service on M3 grade plus results of promotion test and interview
M4 → M3 (junior marketing officer [class II] to junior marketing officer [class I])	4 years of service on M4 grade plus results of promotion test and interview

Source: Researcher's intensive interviews.

Table 4.24
Criteria for Promotions for Teleshop Employees on Executive Grades

From what grade to what grade	Criteria applied
A2 → A1 (head of division [general manager] to head of group [director])	5 years of service on A2 grade with membership of a recognized corporate professional body (plus interview)
A3 → A2 (head of section [deputy general manager] to head of division [general manager])	5 years of service on A3 grade with membership of a recognized corporate professional body (plus interview)
A4 → A3 (senior manager/head of section to head of section [deputy general manager])	Becoming a head of section at A4 grade level and satisfying either one of the following criteria (plus interview): - holding the membership of a recognized corporate professional body with 3 years of service on A4 grade **or** - holding a bachelor's degree with 5 years of service on A4 grade **or** - completing 7 years of service on A4 grade
A5 → A4 (manager to senior manager/head of section)	3 years of service on A5 grade plus results of the interview
A6 → A5 (assistant manager to manager)	3 years of service on A6 grade plus results of promotion test and interview

Source: Researcher's intensive interviews.
Note: It appears that conducting the interview to decide on promotions is only a formality and what really matters is fulfilling the other criteria and maintaining a better annual overall performance grade on the part of employees.

As Table 4.23 shows, vertical career development of Teleshop employees on M grades takes place slowly over a number of years. It seems that the promotion system is based to a large extent on seniority or length of service. The criteria for M grade Teleshop employees for shifting to executive cadre at A6 level suggest a requirement to complete a minimum of 17 years of service, among others. Although this seniority or length of service criterion exists, by contrast, M grade employees (M4, M3 or M2) working in Teleshops can expedite progress up the promotion ladder if they earn a university degree or a professional diploma related to marketing.[65] With such qualification, M grade employees of Teleshops can sit for a special written examination designed for selecting employees for promotion to management assistant level, which is slightly above M1 grade. This process has reduced the number of years required for Teleshop employees on M grades to sit the examination for A6 grade, the lowest level of the executive cadre. As a general rule, the annual overall performance grade that the employee has earned is taken into consideration at the interview stage. Nevertheless, M grade employees in Teleshops are not required to obtain a minimum average point based on annual overall performance grades, as is the case for executives, to be eligible to apply for promotion across M grades.

On the other hand, as Table 4.24 shows, criteria for the promotion of Teleshop employees who are on executive grades exemplify some special features when compared with the case for Teleshop employees who are on non-executive grades. There are no restrictions for promotions up to A4 grade because promotions from M4 through A4 grades are open cadre promotions. A major barrier comes into effect when an executive officer on A4 grade is promoted to A3 level. The main eligibility in this case is holding a head of section position at A4 level, and then the officer concerned becomes eligible to use both titles, head of section and deputy general manager, after promotion to A3 grade. Interestingly, executive officers of SLT can cross over to other sections within the same group or a different group upon promotion to A4 grade.[66] This provision facilitates executive officers becoming generalists rather than specialists as they climb the career ladder across A grades. Furthermore, executive officers on A3 and A2 grades are required to hold membership of a recognized corporate professional body to be eligible for promotion to A2 and A1 grades, respectively. Prior to privatization, SLT had recognized engineering, accountancy and law as professions, and therefore obtaining a membership of a prestigious body representing these professions, depending on the job of the executive officer, is given the due consideration in promotions.[67] In

[65] The diploma awarded by the Chartered Institute of Marketing in London or Sri Lanka Institute of Marketing is an example for this.

[66] Senior management of SLT has the authority to decide on the section to which the promoted executive is assigned, depending on the vacancies available. Thus, the voice of the executive concerned is very limited. Promotions up to A4 are open cadre promotions but several constraints, e.g., number of vacancies to be filled, govern promotions thereafter.

[67] In Sri Lankan context, the Institution of Engineers, Sri Lanka, the Institute of Chartered Accountants of Sri Lanka and the Sri Lanka Law College are considered the premier national corporate professional bodies, representing the professions of engineering, accountancy and law, respectively. First two institutions are established by an act of parliament of Sri Lanka and the latter one was established in 1874 under the Council of Legal Education, before Sri Lanka gained her independence from British colonial rule in 1948 (www.iesl.slt.lk; www.icasrilanka.com;

addition, developments within SLT since privatization in 1997 have resulted in the recognition of marketing and information technology as professions alongside engineering, accountancy and law.[68]

Promotions for executives are constrained by their annual overall performance grades and the points assigned to each one of them, as shown in Table 4.17. For each executive grade (A6 through A2), a certain average is required, based on the overall performance grades, for eligibility to apply for promotion to the next level. Otherwise, executives are not considered for promotion even though they may have completed all other requirements as presented in Table 4.24. The average points required for an executive officer to making application for promotion across various executive job grades is calculated taking into account the three best annual overall performance grades earned for the past five years and then averaging the total marks assigned to each overall performance grade (see Table 4.25).

Table 4.25
Average Points Required for Promotion Across Executive Grades

From what grade to what grade	Average point required
A2 → A1	6.0
A3 → A2	4.5
A4 → A3	4.0
A5 → A4	3.5
A6 → A5	3.5

Source: Researcher's intensive interviews.

Criteria for promotion of Teleshop employees, among others, restrict their horizontal career building within the marketing and Internet protocol group. Promotional opportunities for employees on M4 through A4 grades in the marketing and Internet protocol group (including Teleshop employees) are confined to within the group, and they can also obtain transfers only among various sections in this group. However, any employee in the marketing and Internet protocol group who is promoted to the post of head of section may be transferred to another section of the same group or any other group, at the discretion of senior management.[69] Accordingly, after being promoted to the post of head of section on A4 grade, executives in the marketing and Internet protocol group are able to build their vertical as well as horizontal career across sections or divisions in the same group or other groups, leading to the development of a generalist type of career.

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www.apli.org/ftp/sllc). These professional institutions conduct examinations, which qualify individuals for the admission to the membership and related professional practice. For example, the Institution of Engineers, Sri Lanka conducts a professional review examination for graduate engineers, to qualify them as chartered engineers. A chartered engineer is a fully fledged professional who is entitled to use the abbreviation of C.Eng. with his or her name (www.iesl.slt.lk).

[68] It is still under consideration to what extent human resources could be added to the list of professions and, if that is done, which institutions would be recognized as representatives of the human resource profession.

[69] One possible reason for imposing these restrictions may be the necessity of retaining these employees within the marketing and Internet protocol group itself to support its gradually expanding role in SLT.

Section 5
Nippon Telegraph and Telephone East Corporation

5.1 Introduction

NTT East, as a major subsidiary of the NTT group, has undergone structural reforms especially since 2002 with a view to establishing a sound financial foundation in response to sudden changes in earnings structure and the shrinking scale of the fixed-line telephone market (NTT, Annual Report, 2003). One highly visible reform is the creation of outsourcing companies, within the broader framework of NTT group, related to equipment and facility management, marketing and customer service, and administrative affairs, enabling those companies to adapt their business to local needs (NTT, Annual Report, 2003). For example, NTT Service Hokkaido Corporation and NTT-ME Hokkaido Corporation are two regional outsourcing companies of NTT East, which manage sales and customer service, and construction and maintenance services, respectively, in Hokkaido, one of the 17 eastern areas of Japan which comes under the purview of NTT East. Likewise, sales and customer service in each area is handled by an outsourcing company for that particular area, carrying the area name with the generic name of NTT Service Corporation, e.g., NTT Service Chiba Corporation and NTT Service Aomori Corporation. In a similar vein, construction and maintenance work in each area is managed by an outsourcing company for that specific area, carrying the area name with the generic name of NTT-ME Corporation, e.g., NTT-ME Chiba Corporation, NTT-ME Aomori Corporation (www.ntt.co.jp).

Since the introduction of these structural reforms, from a broader perspective the customer service function of NTT East as a whole for residential customers consists of the following NTT East-customer interface points (see Table 5.1).

Table 5.1
Major NTT East-Customer Interface Points and Types of Customers

Interface point	Type of customers
Sales counters (*Eigyo madoguchi* in Japanese)	Walk-in customers
116 call center	Telephone and Web customers
113 call center (fault reporting and clearing)	Telephone customers
Billing center	Telephone customers
114 call center (busy signal verification service)	Telephone customers
Various operator-assisted services	Telephone customers

Source: Researcher’s intensive interviews.
Note: In addition to these interface points there is a Foreign Language Consultation Center (NTT information). This center provides interpreting assistance for the 116 telephone number for those who cannot communicate in Japanese. However, the hours of business of this center differ from those of 116 call center in that the former operates only on weekdays (excluding holidays) from 0900 h to 1700 h. In contrast, 116 call center provides daily services except during the New Year holiday season, from 0900 h to 1700 h (http://www.kiea.jp/Telecommunications.html).

5.2 116 Call Center

As explained in section 3.7 and depicted in Figure 3.1, among the various customer interface points it is 116 call center that is the focal unit of this study within the context of NTT East. Exploring the work organization and human resource management and HRD as they pertain to customer service employees of 116 call center lays the foundation for understanding the relationship between SLT and NTT-style management. Overall 36 sales counters, existing in parallel to 116 call center serve predominantly walk-in customers and operate from 1000 h to 1700 h only on Monday through Friday except holidays. In terms of services provided, both 116 call center and sales counters are alike to a great extent except the medium by which existing or potential customers contact customer service employees working there, extending implications for making a slight difference in skill requirements of those customer service employees. For example, customer service employees at 116 call center are required to be adequately skilled in telephone etiquette when compared with that of customer service employees at sales counters. The importance of sales counters is gradually diminishing and 116 center has emerged as a strategically significant one-stop shop. Thus a discussion of 116 call center is presented here, giving due consideration to its work organization, employee classification system and job structure of the staff, staffing system and prior experience of the staff, performance evaluation system for telephone advisors and HRD system of the staff working there.[70] However, it should be emphasized that this discussion is not as in-depth as that for Teleshops, due to constraints in accessing data. Among interviewees at NTT East there were present as well as former employees of 116 call center who had gained the experience of handling customers as front-line customer service employees. The intra-firm mobility system (*Jinji ido* in Japanese) as it applies to these employees results in their transfer to various other units of the company at the discretion of management. It is customary in most Japanese companies to transfer employees internally at the behest of the company, allowing them to broaden their career breadth whilst learning new skills in each position (Fujimura, 2004).

5.2.1 General Organization and Workforce Distribution of 116 Call Center

Regional outsourcing companies of NTT East manage, among others, operations of 116 call centers functioning in their specific geographical area of authority. For example, NTT Service Tokyo Corporation is entrusted with running a number of 116 call centers, each being an independent unit, located within metropolitan Tokyo. Overall 45 116 call centers conduct operations in 17 geographical areas in the Eastern part of Japan, handling about 20.5 million calls a year generated by 30 million subscribers of NTT East and others who are either potential or ex-customers of the company. Business hours are from 0900 h to 1700 h year-round, excluding New Year holidays. The nature of the operations of 116 call centers is that they are involved in the provision of marketing (mainly selling) and customer care services

[70] Two areas that are not included in this discussion in detail are compensation system and incentives for competency formation by the staff of 116 call center and their career structure. This omission, owing to constraints on gaining access to relevant data, carries implications for the comparison between Teleshops and 116 call center.

within the framework of a one-stop shop as shown in Table 3.3. Though the size of the workforce varies across 116 call center located in various parts of the area of authority of NTT East, the composition of the workforce of the 116 call center that was chosen for this study is presented in Table 5.2.

Table 5.2
Composition of Workforce of 116 Call Center Chosen for the Study

Type of employment	Number of employees
Regular employees (*Shain* in Japanese)	
- reemployed (*Saikoyo* in Japanese)	23
- temporarily transferred (*Shukko* in Japanese)	40
Dispatched employees (*Haken rodo* in Japanese)	46
Temporary employees (*Rinji* in Japanese)	2

Source: Researcher's intensive interviews.
Note: 60% of the workforce consists of females.

An interesting feature of the 116 call center is the possibility of performing its work in a location-independent manner. For example, 116 call centers, which come under the purview of NTT Service Kanagawa Corporation can handle each others work under special circumstances. Redistribution of work among call centers in this manner depends on the size of the customer base in each area and contingencies encountered by call centers from time to time. The similarity of work performed by front-line customer service employees across call centers and the standard procedures they are required to follow have made this redistribution of work possible to meet situational demands. In such circumstances, front-line customer service employees can process certain requests from customers without having particular knowledge and understanding of the local situation. Remarks made by an interviewee suggest some interesting relationship between the ability of customer service employees and work redistribution:

> Since calls requesting the transfer of a phone line is the same whether they are from Otaru (*a city in Hokkaido)*) or from Nakano or Suginami (*two localities or wards in Tokyo metropolitan area*), the work can be generalized, and since 116 was originally centered on the transferring of phone lines, there is no need to understand local situations. Since the system will select the proper facilities as long as the address is clear, we select areas with a number of residential customers when distributing services.
>
> (Interview records of the researcher)

5.2.2 Employee Classification System and Job Structure of Staff of 116 Call Center

The organization of work in the 116 call center is characterized by teamwork. All front-line customer service employees are organized into eight groups, with a group leader for each group. The maximum number of members per group remains 8 including the group leader. However, each center enjoys autonomy in deciding how to organize its work, the number of groups and the size of each group, meeting service level requirements. Veteran employees possessing a wide variety of experience of handling front-line operations are usually appointed as group leaders whose role is to assist those who are on the front-line in handling their work and coaching their performance to maintain a smooth flow of answering calls from customers. Table 5.3 and Figure 5.1 present the job titles of 116 call center staff and the organization of work in form of groups, respectively.

Table 5.3

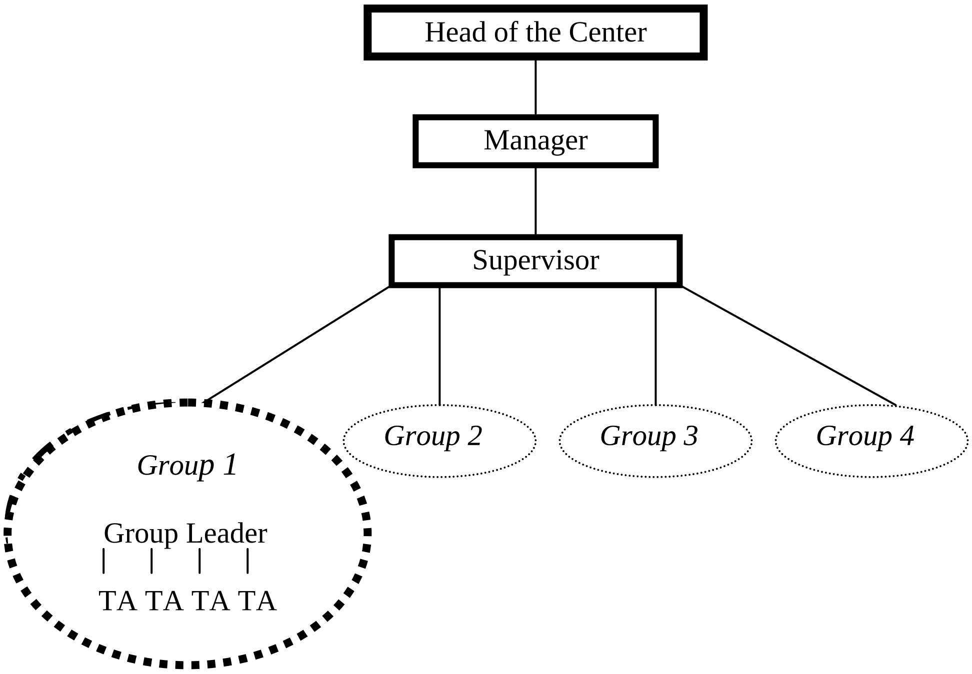
Job Titles and the Fundamental Nature of Work of 116 Call Center Staff

Job title	Fundamental nature of work
Head of center (General manager)	Overall administration of the center
Manager (Center chief)	Overseeing operations of the center, monitoring performance of the center through a computerized control system, management reporting, providing support to supervisors and group leaders to deal with customers in special circumstances, answering customers with very exceptional circumstances and evaluating performance of regular employees
Supervisor (Sub-manager or deputy chief)	Monitoring performance of groups according to standards, resolving problems encountered by groups, answering customers with special circumstances and evaluating performance of dispatched employees
Group leader	Assisting group members, coaching and advising them, handling customer enquiries when telephone advisors are having difficulties, sales management, setting numerical targets for sales and overall management of the group
Telephone advisors	Front-line work of answering the phone
	Staff (personal computer operators) [71] performing back office work entering customer information and order content into the computer and placing the order to install the NTT line (and answering customers on the phone when it is necessary)

Source: Researcher’s intensive interviews.

[71] The exact job title of the staff performing back office work is ambiguous.

Figure 5.1
Organization of Work in 116 Call Center



Source: Researcher's intensive interviews and observations.
Note: TA – Telephone advisor

Depending on the case, there are other telephone advisors who are assigned, specifically to handle back office work. Although their main job is to handle back office work, under the instructions of the manager, supervisor, or group leader they will even undertake the task of answering customers on the telephone when other telephone advisors are busy. However, answering the telephone is not their main job. In contrast, these other telephone advisors, as *bona fide* front-line customer service employees, are entrusted with answering customers on the telephone. Table 5.4 summarizes the work content of telephone advisors.

Table 5.4
Work Content of Telephone Advisors of 116 Call Center

Work content
Providing information on products and services Selling products and services Attending to customers' requests for value added services Answering some billing-related queries Inputting data into systems while answering the phone Finishing off customer orders by dealing with other people Customer education and counseling

Source: Researcher's intensive interviews.

Group leaders, supervisors and managers also handle these functions under special circumstances such as when cases are referred to them by telephone advisors. Each individual 116 call center is authorized to make decisions regarding the assignment of jobs to those who work there. Thus the head of center and manager of the 116 call center studied assign employees to various jobs inside the center. In doing so, major criterion adopted is the actual performance of the employee and not his or her seniority. All newly hired employees, regardless of status of employment, are required to work first, as an operator at least one time to have firsthand experience of the basic operations of the call center. In this way, the management can evaluate the aptitude and ability of the employee and then decide on whether he or she is suitable for a front-line job or back office work. The authority to appoint group leaders is vested in the head of the center and the manager. The candidate is not required to be on a specific job grade to become qualified for the appointment as group leader. It is possible for telephone advisors on either a general career track or expert career track, regardless of their rank, to be promoted to group leader level depending on their suitability, career development needs and the necessity of improving managerial skills.

Regular employees working at 116 call center studied belong to various job clusters such as general career track (*Ippanshoku* in Japanese), specialized career track (*Sogoshoku* in Japanese) and management career track (*Kanrishoku* in Japanese).[72] Interestingly, regular employees those who are reemployed have been given different job titles such as business qualification (equivalent to rank 1 of general career track) and business leader (equivalent to rank 2 of expert career track). Among telephone advisors there are regular employees on general career track and specialized career track. A characteristic feature of employee classification system of NTT is that job title reflecting the employee's capability. Thus the employee's current job assignment may not necessarily reflect his or her skill level. For example, temporarily transferred employees who are on various ranks of specialized career track are assigned to work as telephone advisors. In reality, they are capable of performing a job that entails more responsibility, authority and accountability as compared with telephone advisor's job.

According to the research framework depicted in Figure 3.2 and the definition of variables given in Table 3.7, job structure is defined in terms of both content of the job (job title) and content of competency requirements. The researcher was able to collect many cases of handling unusual operations by telephone advisors of 116 call center, employing a similar methodology explained in section 4.5.4.2 for identifying their competency requirements. A few such cases, collected not only from present telephone advisors but also from other interviewees at NTT East headquarters and the manager of the 116 call center studied are described here:

[72] An explanation of the difference between *Ippanshoku* and *Sogoshoku* facilitates a better understanding of this classification. *Ippanshoku* are not subject to transfers and so employees on this career track can commute from their home to the workplace. It is usual for regional units of firms to hire these employees. In contrast, *Sogoshoku* are hired by headquarters and employees on this career track experience transfers from one geographical location to another at the behest of the employer. *Sogoshoku* are believed to possess high potential for being promoted to *Kanrishoku*.

Case 1 – based on the experience of a former manager of a 116 call center

> If we were to answer almost all the calls here as much as possible, I think we could prevent customers from waiting on the phone. The only way we could do that would be to call them back. I think it's a tradeoff between immediacy and accuracy. Giving customers inaccurate or vague information is the worst thing we could do, so I think we must end the call in that case, after apologizing for not knowing, and then have someone who does know call the customer back at a time that is convenient for the customer. It is probably really difficult for the telephone advisors to tell customers that they do not know something, because providing information is their job. I think it is a matter of if they do not want to say they do not know, then they must memorize the necessary information.
>
> (Interview records of the researcher)

Case 2 – based on the experience of former manager of a 116 call center

> There was a 50 year old telephone advisor who really did not stand out. Being how I am, I did not sit at my desk very much, but rather I walked around the employees talking on the phone and asking them how it was going or telling them to keep it up. One day I heard her recording a complaint from a customer. I went to her and asked whether she could handle it, and she said do not worry. I thought it would not be good to stand by her and listen, so I listened from where she could not see me. She told the customer that "I must first eliminate the inconvenience you are experiencing, so please tell me what it is. Our center manager likes to talk, so we can switch to him at anytime. Eliminating your inconvenience is the first priority, and even if you tell the section manager, it will be me who end up doing the work, so please just tell me." I really saw the light after she correctly isolated the essence of the problem and even dealt with it. I think she probably learned such a response from experience, but it is the best way not to escalate a situation. There are people like me who are terrible at output, so even though telephone advisors have knowledge, I think it is a matter of whether they can communicate getting their point across properly.
>
> (Interview records of the researcher)

Case 3 – based on the experience of a former manager and former telephone advisor of a 116 call center

> Interviewer: There are instances where the customer first calls your center for getting information about products and then calls again after comparing your information with that of other companies. In such cases, it may not be the telephone advisor who answered first making the sale but someone else. When this happens, naturally the sale is not attributed to the person who took the call first time, isn't it?
>
> Interviewees: Strictly speaking it is not. However, if the telephone advisor who takes the call first time is on her toes and thinks that the customer is promising, then she will give the customer her direct line number and tell him/her to call once he/she makes the decision. Or send the information with our name.
>
> (Interview records of the researcher)

Case 4 – based on the experience of manager of the 116 call center studied

> In the most recent case, there was a gap between the customer order and our records. To be more precise, there are several types of services for our most advanced optical cable service called B Flet's. This customer asked for service A, but we provided service B. When the service began, the customer realized that he did not get the speed and quality that he wanted. So he phoned and asked us to give him what he had ordered immediately. We are a call center and we only give instructions to other companies. These companies include those who actually conduct the initial construction work and …. which order and contract the construction work. We had a lot of difficulty in finding ways to arrange the work the customer requested. In the end, it took one and a half days to solve the problem.
>
> (Interview records of the researcher)

Case 5 – based on the experience of a group leader of the 116 call center studied

> There have been an increasing number of crank calls and harassing calls in recent years. They have become a social issue. Customers often ask us to find out who are making these calls, tell them to stop calling or do something about it. They are so desperate that they would ask anyone to do something to stop these calls. They ask us to find out the telephone number of the caller and tell the person to stop. It is very difficult for us to explain to customers that NTT East is not in a position to make a call and ask someone to stop making unwanted calls. Today, there are other companies that provide telecommunications services, but many customers still think that NTT is the only telecommunications company. So, it is very difficult to make customers understand that as well.
>
> (Interview records of the researcher)

Case 6 – based on the experience of a telephone advisor (dispatched employee) of the 116 call center studied

> There are many telecommunications companies other than NTT. Together, they offer MYLINE Career Selection Service to allow customers to pre-select the telephone company that they want to use. I handled a case in which customer agreed to pre-select some telephone company, as he was led to believe that he was talking to an NTT person on the phone when he was persuaded to select that company. I do my best to handle such cases. But, I would ask my immediate boss or deputy chief to take over when I have determined that I can no longer handle the call on my own.
>
> (Interview records of the researcher)

An analysis of these cases (and those collected but not presented above) and direct observations of the work of telephone advisors by the researcher provides the opportunity to identify some key competencies required of all telephone advisors to act as front-line customer service employees regardless of where they work. Although this is not a comprehensive list compared with similar cases for Teleshops, it gives some idea of the competency requirements of telephone advisors (see Table 5.5).

Table 5.5
Competency Requirements of Telephone Advisors of 116 Call Center

Knowledge	Skills	Attitudes
Products and services Special features of products and services New additions to existing product lines Procedures applied to the provision of various services	Clear communication Memorizing important information Responding quickly to customer requests Maintaining high level of accuracy of information provided to the customer Prospecting Computer literacy Avoiding, as much as possible, the escalation of cases Following-up the progress of promises given to the customer Coordination with others (Relational coordination) Stress management	Empathizing with customer Commitment to retain existing customers and attract new customers Preparedness and willingness to apologize to the customer when it matters

Sources: Researcher's intensive interviews and direct observations; Dassanayake, 2001.

A characteristic feature of competency requirements of telephone advisors is the prominence occupied by attitudes as opposed to knowledge and skills. The following remarks of two telephone advisors evidence this phenomenon at customer-telephone advisor interface level:

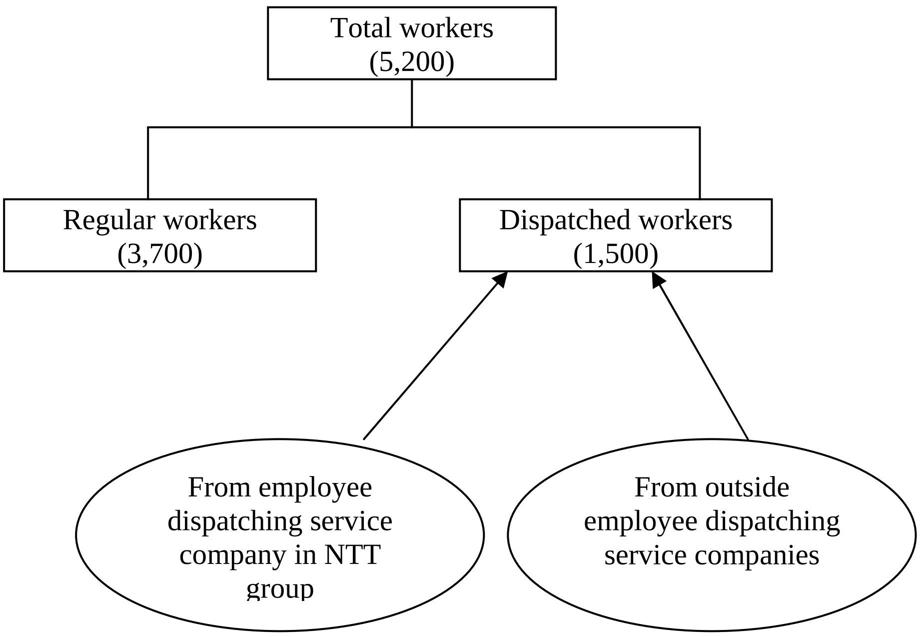
> When you are talking with customers on the phone, the tone of voice determines almost everything. I think that a cheerful voice appeals more to customers than a gloomy voice. This makes me feel that attitude is the most important.
>
> We can build up knowledge and skills if we study hard. But our attitude reflects the kind of person we are. In my experience, if we try to listen to customers sincerely, they often accept a situation regardless of our skills or knowledge. So, I feel that attitude is the most important.
>
> (Interview records of the researcher)

5.2.3 Staffing System of 116 Call Center and Prior Experience of Its Staff

5.2.3.1 Staffing System of 116 Call Center

A vital feature of the Japanese labor market is the clear distinction between typical or regular employees/workers (*Seishain* in Japanese) and atypical, non-standard or non-regular employees/workers (*Hiseishain* in Japanese). Regular employees are those who are covered by an indefinite contract of employment. Among non-regular employees there are part-time workers, dispatched workers (*Haken rodosha* in Japanese) and contract workers (Fujimura, 2004; Iwata, 2004). Given this phenomenon, the workforce of all 116 call centers of NTT East is a combination of regular and dispatched workers (see Figure 5.2).[73]

Figure 5.2
Employment Status of the Workforce of All 116 Call Centers of NTT East



Source: Researcher's intensive interviews.
Note: The researcher finds the use of the term "Temporary Labor Agency" in place of "Employee Dispatching Service Company" by Japanese researchers. In either case, the equivalent word in Japanese is *Hakenmoto/Hakengaisha*.

The mix of regular and dispatched workers differs among 116 call centers. Call centers located in the Tokyo metropolitan area employ more dispatched workers than regular workers, whereas call centers in outlying areas employ more regular workers than dispatched workers. The principal reasons for the utilization of dispatched employees are low cost and the routine nature of work performed by telephone advisors.

[73] Part-time workers are also hired especially during the telephone line transfer season, i.e., April and October. Their number is very small and they are usually assigned to handle back office work and not to answer the telephone.

A highly visible phenomenon of the structural reforms introduced in 2002 to NTT East and NTT West was the obligatory retirement of regular employees aged 51 and over from these two companies, and their subsequent reemployment at outsourcing companies at wage levels 15%-30% lower than before (NTT, Annual Report, 2003). The following remarks contained in this annual report explain this further:

> The NTT group is outsourcing to adapt to the challenging operating environment, characterized by a shrinking fixed-line business. In conjunction with a sweeping outsourcing program, the NTT group is undertaking a reorganization of its workforce through retirement packages and reemployment initiatives. In addition, NTT has implemented a variety of employment models such as compensation packages that reflect current regional and industry standards and has completed a review of work contracts, including fringe benefits. NTT is striving to implement structural reform of its business activities through enhanced flexibility and mobility of approximately 100,000 of its workforce (NTT, Annual Report, 2003, p. 8).

In effect, the majority of regular workers (including telephone advisors) are now those who were retired and were reemployed by outsourcing companies (within NTT East). In Japanese, these employees, called *Tensekishain*, are now in their 50s. On the other hand, regular employees aged 50 or below are temporarily transferred from NTT East. In contrast, dispatched workers in 116 call centers are generally in their 20s and early 30s.

The particular 116 call center studied illustrates the utilization of different types of employees who occupy various positions ranging from managerial to front-line level. Though it is a typical case in that it employs both regular and dispatched employees, this call center is characterized by the utilization of temporary employees as well who are hired by the call center itself. In contrast, senior management of the headquarters or head office (or upper organization) of the relevant outsourcing company under which a particular call center is run has the authority over the employment of dispatched employees. As such there is a restriction on the number of employees obtained from employee dispatching service companies instigated by the necessity of maintaining management efficiency. After this upper organization decides on the number of employees to be assigned to each 116 center, then it discusses directly with the relevant employee dispatching service company on the job requirements, conditions and qualifications of the candidates including what types of personnel are required.

The communication of job requirements between a particular 116 call center and employee dispatching service companies carries important implications for determining the amount of hourly wages of dispatched employees and content of the training to be given to them before they are dispatched to the call center. The hourly wage for these employees varies according to the job requirements. For instance, the workload of telephone advisors is larger than that of other positions in the back office so that a somewhat higher wage level is set for telephone advisors. According to the contract the upper organization signs with an employee dispatching service company, there are ranks given to dispatched employees ranging from A through G, for which different hourly wages are stipulated. Nevertheless, at the starting point, all these employees are placed on a similar rank and compensated at the same hourly wage rate. With a view to raising their level of motivation, the hourly wage is increased based on their performance. It is the performance evaluation through which the rank of dispatched employees is determined.

There are no apparent differences in the job content of dispatched employees who work as telephone advisors and that of regular employees.[74] Nevertheless, the job titles of group leader, supervisor, manager and head of center are held only by regular workers. Although there are many differences between regular workers and dispatched workers in terms of working conditions, pay and other human resource management considerations, both regular workers and dispatched workers who perform the work of telephone advisors are involved in such work on a full-time basis. Table 5.6 depicts the relationship between various types of employees and their positions at the 116 call center chosen for fieldwork.

Table 5.6
Types of Employees and Their Positions

Type of employees / Position held	Regular employees		Dispatched employees	
	Reemployed	Temporarily transferred	From the NTT group company	From companies outside NTT group
Head of center	●			
Manager	●			
Supervisor	●	●		
Group leader	●	●		
Telephone advisors	●		●	●

Source: Researcher's intensive interviews.
Note: There are two employees working in this call center who were hired directly by the center itself. Thus they are not considered dispatched employees.

5.2.3.2 Prior Experience of Telephone Advisors of 116 Call Center

The personnel management system of NTT as a group applies to managing the human resources of the holding company and its subsidiaries. As mentioned earlier, there are three categories of career tracks for the employees, namely general career

[74] However, it was the opinion of interviewees that there should be a clear distinction between the job content of regular employees and dispatched employees, who perform the front-line job of telephone advisors. Ideally, dispatched employees could be entrusted with answering as many calls as possible and selling as much as they can. It is the job of the regular employees to cover for the dispatched employees when they have trouble in some aspects of their job.

track (*Ippanshoku* in Japanese), specialized career track (*Sogoshoku* in Japanese) and management career track (*Kanrishoku* in Japanese), each having several ranks. After graduation from senior high school or university, new employees first join the company on the general career track, their rank being determined by their educational background. There is no one specific rank for employees who are assigned to 116 call centers, because of the prevalence of intra-firm mobility.

Data collected reveals that regular employees of 116 call centers have worked previously in sales or some other functions related to dealing with customers on the front-line. In general, it is rare for newly hired employees to be assigned directly to a 116 call center after completing their initial training as new entrants to the company. It is worth quoting some interviewees about how their career developed after joining NTT East:

> My orientation program lasted for three months. At the beginning, I worked outside the office (in the field) with a *Senpai* ("senior colleague" in English) for one week. Then, started visiting residential customers and small business firms to introduce new and discount products myself. The last month was spent in a 116 center observing its operations. I was assigned to 116 call center after completion of this three-month period and then continued to work there, answering customer queries on the phone for one year (Dassanayake, 2001).
>
> I joined the company in 1984 when it was still Nippon Telegraph and Telephone Public Corporation (NTTPC). I spent the first three years disbursing funds for telephones materials and doing material control. At NTT, I was in customer relations for seven years. After that, I moved to a 116 call center and stayed there for about three years. Then, three years in general affairs. After that, I was transferred to a call center. It has been four years since I came here, and this is the second time for me to work at a call center.
>
> I joined Nippon Telegraph and Telephone Corporation (NTTPC) as a research and development personnel in 1979. I played the role of an auxiliary personnel or assistant for about five years there. After that, I was in charge of general affairs for about four years at a section that sells business phones and fax machines to small- and medium-sized companies. Then, I spent a year in customer relations. I was transferred to a call center when the first 116 call center was established. It has been 16 years since then. It has been only four years since I came here, so I am still doing the same job.
>
> First I worked in delivering telegrams for one and a half years and then transferred to sales counter. There I exposed myself to various operations such as selling various products and services, taking customer complaints on telephone faults, etc. Later I got the opportunity to work at 116 call center for some time. For the past three years, I have been in charge of sales planning and coordinating the work of all 116 call center points.
>
> (Interview records of the researcher)

Dispatched employees who work as telephone advisors have a certain prior experience in customer handling. The following remarks of two telephone advisors dispatched to the 116 call center studied are useful for gaining an understanding of their career formation until they commenced working at this call center. Both are university graduates.

> After graduation I joined a company as a regular employee. I was a full-time sales representative there and was paid according to sales performance. This performance-based pay system made it difficult for me to earn enough money. Having seen the job advertisement for this call center I got in touch with an employee dispatching agency. This agency offered me a few opportunities including the work at this call center. It was, finally, me who decided to work here as a dispatched employee.
>
> I was a full-time contract employee of a securities firm. My job was to handle incoming telephone calls. Then I got myself registered with an employee dispatching service company four years ago. I was a university graduate at that time and worked at customer service at NTT. I came here when NTT abolished its customer service operations. My employee dispatching service company offered me this job and dispatched me to this center.
>
> (Interview records of the researcher)

All these cases clearly show that both regular and dispatched employees working as telephone advisors have had exposure to dealing with customers either face-to-face or on the telephone. The authority for job assignment at 116 call center studied is vested in the management. Thus regardless of the type of employment, all newly hired persons are required to work as an operator at least once to have firsthand experience of the basic operations of the call center. This also serves as training. In this way the call center management evaluates the aptitude and ability of employees and decides on their suitability for front-line or back office work. It was a commonly held opinion among interviewees that those who have had work experience at sales counters or 104 call centers (directory assistance) of NTT East are better suited for working as telephone advisors at 116 call centers. Another vital feature of the prior experience of 116 call center employees who are at the manager level is their possessing experience especially in sales, along with skills of teamwork, leadership, organizational operations and customer control.

5.2.4 Performance Evaluation System for Telephone Advisors of 116 Call Center

The nature of the job of telephone advisors has resulted in their work performance being monitored in real time as well as off time. The former is backed by the service level requirement of answering the phone within a specified number of seconds to minimize customer waiting time. The following four parameters are used to measure telephone advisors' performance in respect of answering the phone:

(1) waiting (standing by but no calls coming in)
(2) call taking (dealing with customer on phone)
(3) post-processing (filling in documents for connecting with support personnel or when talking with in-house personnel or the customer, whoever made the call)

(4) logged out (away from the desk).

These parameters enable the manager, supervisor, and group leader to monitor the service level of telephone advisors at any given time and to take immediate action such as instructing them to postpone post-processing work and answer the phone. However, this response rate is only one indicator of the performance of telephone advisors.

Broadly speaking, there are two kinds of evaluations, performance evaluation and overall evaluation of the work of telephone advisors who are considered regular employees. These evaluations are conducted two times a year on a semi-annual basis. Factors considered in each kind of evaluation are presented in Table 5.7.

Table 5.7
Factors in Evaluating Total Performance of Telephone Advisors

Performance evaluation	Overall evaluation
Sales Quality of service (response rate, customer satisfaction surveys, etc.)	Job performance Leadership Harmony and cooperation Organizational skills Other (for example teaching new things to fellow workers)

Source: Researcher's intensive interviews.

At the particular 116 call center studied, the performance evaluation of telephone advisors (regular employees) is a two-tier process, primary and secondary evaluation. The manager of the call center is responsible for conducting this evaluation, taking into consideration the performance of individual telephone advisors working at his center, not by comparison with the performance of telephone advisors at the other three 116 centers under the purview of the upper organization (regional outsourcing company). At the beginning of each fiscal year, the management and individual telephone advisors sit together and discuss how much the employee plans to achieve and how much management expects him or her to achieve. The primary evaluation conducted by the manager is an absolute judgment. A performance grade from among five grades is given to each telephone advisor concerned depending on the level of achievement of these goals. Performance grades for telephone advisors who belong to the regular employee category and their meaning are shown in Table 5.8.

Table 5.8
Performance Grades for Telephone Advisors (Regular Employees)

Performance grade	Meaning
SA	Super excellent performance
A	Excellent performance
B	Exceeded the level of expectation by the management
C	Achieved the level as expected by the management
D	Performance below the level of expectation by the management

Source: Researcher’s intensive interviews.

It is clearly evident in the data collected that there is no fixed distribution method applied for allocating performance grades at the primary evaluation stage. Once the primary evaluation is completed, performance records are submitted to the upper organization for the secondary level evaluation. This appraisal is conducted by an employee called “task head” at director level of the upper organization under which four 116 call centers are run. This evaluation requires a comparison of the performance of telephone advisors of each 116 call center with those of other three centers and considers where the performance of the concerned employee can be positioned and the degree of such employee’s capability. In effect, a fixed distribution method is employed at secondary level evaluation in determining the final performance grade of telephone advisors.

The performance evaluation system for dispatched employees who work as telephone advisors is markedly different from that of telephone advisors with regular employee status. At the 116 call center studied, there is a supervisor who oversees the work of dispatched employees. Their performance is evaluated by him every quarter and the criteria comprise sales performance, attendance, work habits and frequency of taking leave or being absent from the workplace. Performance grades range from A through G. Subsequently, the 116 call center concerned informs the relevant employee dispatching service company of its recommendation of how much the hourly wage of a particular telephone advisor should be increased giving recognition to their performance grade. Generally, when an employee has earned a performance grade that is better than the one earned previously, it is recommended that his or her salary is raised. In contrast, if an employee’s performance has dropped when compared with that of the previous occasion, then the call center management decides either to wait and see until the employee improves his or her performance or to recommend a slightly lower hourly wage. The reason for doing so is to motivate telephone advisors and reward them for good performance on the one hand and, on the other hand, to encourage those who have not done well to do better next time.

The results of the performance evaluation of regular employees are used for two major purposes, determining the amount of bonus paid and making rank-up (promotion) decisions. The major components of compensation for telephone advisors (regular employees) consist of a wage according to job qualification, achievement-based added remuneration, duty/assignment allowance, other allowances and bonus. Among these, the wage for job qualification is the baseline. Prior to the changes introduced, there was an age-based salary system that was abolished later. The wage for job qualification reflects the employee's current position and represents a part of the old age-based wage system. Overall evaluation, as explained earlier, plays a vital role in determining the rank of the employee. NTT also uses a point system to grant employees some job qualifications. Some qualifications are granted upon employees attaining a certain point, whereas employees are required to take certain tests for earning other qualifications. The wage for job qualification represents the largest factor among the components of compensation in absence of a periodic mandatory pay raise in accordance with the job grade and job duty. Under the new system, employees wage goes up when their rank goes up. Bonus, as a part of compensation, is paid twice a year. The total amount of bonus is composed of two components, a fixed amount portion for the certain number of months at the monthly average salary, and an evaluation portion. The latter increases by performance grade. Additionally there is an incentive plan for telephone advisors. This is paid on a quarterly basis to telephone advisors who achieve a high level of sales.

5.2.5 Human Resource Development System of Staff of 116 Call Center

This section deals only with the competency formation system of telephone advisors, both regular and dispatched employees, of 116 call center owing to the inaccessibility of data on their career structure. Limited data collected through interviews reveal that NTT East has placed significant emphasis on continuous development of its human resources for delivering better customer care services. As one interviewee put it:

> We are deeply committed to develop our people who deal with delivering customer service (Dassanayake, 2001).

Both OJT and OffJT play a vital role in employees' training. One striking general characteristic of the OffJT activities of NTT East is the training model which covers all employees of the organization. All employees are divided into three groups, general employees (*Ippanshain* in Japanese), managers (*Kanrisha* in Japanese) and top management (*Yakuin* in Japanese). Then, the training provided for employees is categorized into training for skill-up (skill improvement) and self-learning. Training for skill improvement is designed for general employees including new entrants, whereas help for self-learning covers employees of all three types. In skill-up training, areas covered include technical training, training on new technology and new services, etc. Another stream of skill-up training fosters general employees becoming experts in a selected area. Self-learning takes many forms, such as lifelong learning, attending evening courses offered by universities, attending seminars outside the company, and participation in academic programs offered by foreign universities.

OJT, which occurs at individual call centers, seems to play a powerful role in molding the way telephone advisors perform their duties. Once employees are assigned to 116 call centers to work as telephone advisors, their formal OJT begins with learning about products and services. This is usually supplemented by one week of classroom lectures. The 116 call centers have instructors who are qualified to train telephone advisors. Before they actually begin to answer the phone, new telephone advisors study under instructors by listening to their conversations with customers using an inter-phone system. Then gradually new telephone advisors begin to answer the phone on their own, under the supervision of the group leader. An important consideration in this context is that no new telephone advisor is assigned directly to answer the telephone; this occurs only after they accumulate some knowledge and experience of products and services and their selling. Various skill courses offered at center level also help telephone advisors to improve their competencies.

Apart from this formal OJT, several forms of informal OJT are available for telephone advisors. One example is the creation of specialized knowledge teams, each consisting of two or three telephone advisors, who are dedicated to learning about new products and answer customer queries during the introductory and transitional periods of new products. In general, members of these specialist teams are regular employees, but sometimes, depending on requirements, dispatched workers are also chosen for these teams. The prime task of these teams is to help other telephone advisors increase their knowledge and skill levels in handling customer inquiries related to new products. They conduct study sessions for others, using case studies developed from their experience. There are also knowledge and script compilations concerning sales, customer complaints, etc., by telephone advisors. These scripts are fed into a computer system, enabling others to learn from them.

The pattern of the traffic of incoming calls to 116 call centers also allows telephone advisors to participate in some study sessions (*Benkyokai* in Japanese) during the day. Incoming calls reach their peak just before noon and toward the evening finishing time of the call center, i.e., 1700 h. Thus telephone advisors spend off-peak hours in the afternoon learning about new products and services and sharing their knowledge and experiences with each other.

The training system for telephone advisors with “dispatched employee” status deserves a special attention as it differs significantly from the training system for regular employees described earlier. Dispatched employees receive basic training at the agency to work as telephone advisors at 116 call center before they are dispatched. The contents of this classroom training are product knowledge, terminology, information security and what they should do and should not do when working as telephone advisors. This classroom training is followed by mock telephone training at the 116 call center using the actual terminal. They play the role of a customer calling and the role of a telephone advisor of NTT East receiving the call. Then, they continue to learn simple manual talk for the preset operator services. The types of inquiry calls they answer will be extended gradually to a certain point where they can take calls by themselves. This is the extent to which the employee dispatching service company gets involved in the training and 116 call center takes over the training when those dispatched employees are able to take calls themselves.

An instructor of the 116 call center further educates them by giving advice so that they can continue to develop their competencies. Employee dispatching service companies have developed a basic training manual in consultation with 116 call center. Thus these companies possess training know-how on NTT telephone services and 116 call center provides them, from time to time, with new product and service information.

Section 6
Comparison between Teleshops and 116 Call Center

6.1 Variables for Comparison

As explained in Section 1, one of the primary objectives of this study is to compare SLT and NTT East with respect to the organization of customer service function and major human resource and HRD variables affecting front-line customer service employees. Teleshops and 116 call center, which are the units of analysis of this study, are similar in several important respects. They both operate within the one-stop shop framework, focusing a great deal on serving residential customers.[75] Both units are run as independent organizational units headed by a management appointee. Teamwork characterizes the front-line work of both one-stop shops where all customer service employees practice a single reporting system. Commonalities with customer service employees in both Teleshops and 116 call center can be seen in some important variables in human resource management and HRD such as job definition, job structure, performance evaluation and the competency formation system.

The similarities between Teleshops and 116 call center, as briefly presented above, give way to vital differences when the internal work organization is examined more closely. Thus the rest of this section deals with exploring the similarities and differences in the internal work organization with reference to research framework and variables therein as developed in section 3. To achieve greater clarity, the findings are presented in tabular format (see Table 6.1).

[75] It is usual for telecommunications companies to appoint corporate account managers who act as the interface between the service provider and corporate customers, i.e., large and medium enterprises. In some cases, these account managers are assigned the responsibility to act as the linchpin between service provider and small enterprises. Obviously, the differences in type of work and type of customers lead to distinguish between customer service employees interacting with residential customers and those who deal with corporate customers.

Table 6.1

Comparison between Teleshops and 116 Call Center

Variable	Units of analysis		Conclusion
	Teleshops	116 Call Center	
1. Organization of customer service function			
1.1 Area of authority and autonomy	Serving existing and potential customers from any part of Sri Lanka	Serving existing and potential customers only whose telephone numbers are assigned to the center. But, location-independent nature permits call centers to handle the work of other centers under special circumstances	Different
	Independent organizational unit headed by a manager for each Teleshop called “Teleshop Manager”. Overall, all operations and employees are under his/her control	Independent organizational unit headed by a head of the center for each 116 call center. Overall, all operations and employees are under his/her control	Similar
1.2 Reporting relationship	All customer service employees working in a particular Teleshop report to Teleshop manager	All telephone advisors, as front-line customer service employees, are organized as groups and all of them report to their respective group leader	Similar

Table 6.1 continued …			
1.3 Hours of business	Daytime Monday through Friday and half a day on Saturday (a few Teleshops work late hours)	From 0900 h to 1700 h all around the year except during New Year holidays	Different
1.4 Array of service provision	Sale of voice, data, Internet services, telephone apparatus and other telecommunications equipment, acceptance of all types of payment, customer education and counseling and all types of customer servicing work	Sale of voice, data, Internet services, telephone equipment, customer education and counseling and all types of customer servicing work. No acceptance of payments	Similar and different
2. Employee classification			
2.1 Job definition	Broadly defined. Teleshop staff members handle both front-line and back office work characterizing their generalist type	Broadly defined. Telephone advisors handle multiple tasks characterizing their generalist type. However, scope of their back office work is limited There exists separate staff for handling intensively back office work. But, this staff is required to answer phone under special circumstances	Similar and different
3. Job structure			
3.1 Job content (by job title)	Selling and other work to support marketing, customer care and finance (cashiering)	Telephone advisors performing selling and other work to support marketing and	Similar and different

Table 6.1 continued …			
		customer care work, but no cashiering	
3.2 Content of competency requirements	Common set of competencies as all employees reporting to Teleshop manager	Common set of competencies as all telephone advisors perform similar tasks and reporting to group leader	Similar
4. Staffing			
4.1 Method of staffing	Internal recruitment applying posting and bidding system	Several kinds: re-employment of retired employees of NTT East, obtaining employees from NTT East on temporary transfer basis and obtaining employees through employee dispatching service agencies. In either case, it is the 116 call center management that decides on the job assignment	Different
4.2 Prior experience	Only a few Teleshop employees have had experience in selling and interacting with customers before they joined Teleshops	All telephone advisors have had some experience in selling and interacting with customers before they were assigned to work at 116 call centers	Different
4.3 Gender composition	Nearly equal distribution of male and female employees and all work is handled by both male and female including cashiering	A significant majority of telephone advisors are females	Different

Table 6.1 continued …			
4.4 Type of employment	All employees are permanent and work full-time. They are divided into executives and non-executives	Three kinds of employees, regular, dispatched and temporary employees. All employees work full-time	Similar and different
4.5 Job assignment	Multi-skilled staff and employees can be rotated among various tasks. Full job rotation within each Teleshop, with manager of each Teleshop deciding on job rotation schedule	All telephone advisors perform identical tasks so that work re-distribution among call centers is possible. But, no job rotation is applied to telephone advisors as they all do similar work. Employees assigned to back office work are sometimes required to answer the phone. Manager decides job assignment	Similar and different
5. Compensation system			
5.1 Basic pay and annual increment	All employees are covered by consolidated salary corresponding to the job grade and bonus; non-executives are entitled for a fixed annual salary increment whereas executives are paid a monthly allowance based on their performance; all employees are paid a performance-based bonus	Wage for regular employees consists of wage for job qualification, achievement-based added remuneration, duty allowance, other allowances and bonus; basic wage goes up when only employee’s rank goes up Dispatched employees are paid a hourly wage and overtime; performance grade is	Similar and different

Table 6.1 continued …

		used as the criterion for recommending the employee dispatching service company to raise the hourly wage for them	
6. Human resource development 6.1 Competency formation system	Orientation, formal OJT, informal OJT and OffJT	Orientation, formal OJT, informal OJT and OffJT employee dispatching service company providing training to employees before they are dispatched to 116 call center	Similar
	Common OJT and OffJT programs for forming a common set of competencies	All telephone advisors (both regular and dispatched workers) are covered by OJT and OffJT programs with similar content for forming a common set of competencies	Similar
	No specific instructors are assigned for handling OJT for newcomers. All members of Teleshop staff are involved in assisting newcomers' on-the-job learning	Availability of qualified and designated instructors for training telephone advisors	Different
	No formal knowledge compilations by customer service employees as a mechanism of informal OJT. They share knowledge through discussion	Existence of formal system of knowledge and script compilations by telephone advisors and feeding them into computer system for the use of other telephone	Similar and different

Table 6.1 continued …			
		advisors	
7. Performance evaluation			
7.1 Format	Separate formats for customer service employees depending on their executive or non-executive status; three-tier annual performance evaluation process; performance factors are mostly qualitative	One common format for all telephone advisors who are regular employees; two-tier performance evaluation process executed semi-annually; both quantitative and qualitative factors are considered Quarterly performance evaluation for dispatched employees; one-tier process; both quantitative and qualitative factors are considered	Similar and Different
7.2 Key result areas/targets	Key result areas/targets are set for executives only, on yearly basis	All regular employees are given targets; no specific targets are set for dispatched employees; but their sales performance is considered in evaluating performance	Different
7.3 Assigning weight to performance factors	Different weight assigned to different performance factors	No data available	No conclusion

Table 6.1 continued …			
7.4 Overall performance grades	Six performance grades for all employees; application of fixed distribution method for awarding performance grades	Five performance grades for regular employees and seven performance grades for dispatched employees; application of a frame of control in awarding performance grades only for regular employees	Similar and Different

Source: Researcher’s original construction.

Section 7
Concluding Remarks

As presented in Section 1, this study had both primary and secondary objectives. The primary objectives were to:

(1) identify what specific soft technologies or soft management practices that NTT Com, as the major foreign shareholder and strategic partner, has transferred to SLT in the sphere of customer service, human resource management and HRD for delivering better customer service
(2) compare SLT and NTT East with respect to the organization of customer service function and major human resource and HRD variables affecting front-line customer service employees
(3) assess how soft technologies transferred by NTT Com contribute to SLT's delivering better customer service.

The secondary objectives, as listed in Section 1, were established as a means to attain the primary objectives. The preceding sections, particularly Sections 4, 5 and 6, dealt with setting the groundwork to achieve these secondary objectives, whilst developing the infrastructure to directly address the primary objectives of the study. Hence Section 7 is devoted to the following specific tasks:

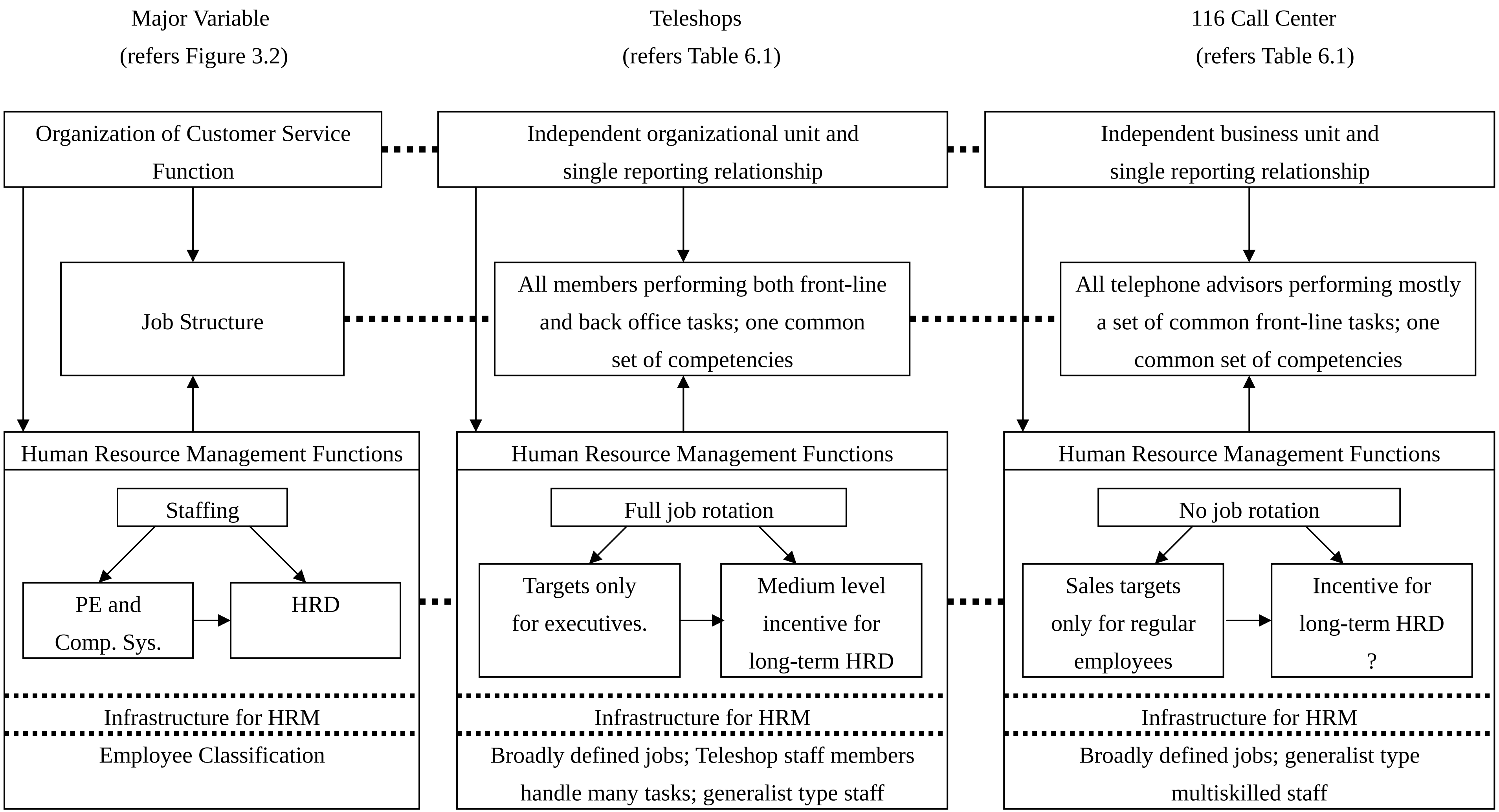
(1) elaborating on the soft technologies that NTT Com has transferred to SLT in the sphere of customer service, human resource management and HRD for delivering better customer service
(2) making an assessment of how these soft technologies contribute to SLT delivering better customer service
(3) documenting the limitations of this study
(4) proposing directions for future research.

7.1 Transferring Soft Technologies (Soft Management Practices) from NTT Com to SLT

There are many similarities and differences between Teleshops and 116 call center, as presented in the preceding section. These are shown in Figure 7.1 which was constructed by using variables embedded in part II of the research framework presented in section 3.7 and drawing on other information contained in Table 6.1. Thus theoretical linkages between variables on the left side of Figure 3.2 have been established. Given the theoretical connection between the left and right sides of the Figure 3.2 in their global form, the researcher did not attempt to uncover empirical evidence of how the final outcome of customer retention is reached following the two paths suggested in section 3.7. This is an important limitation of this study, but is a promising theme for future researchers to take up. On the other hand, Figure 7.1 lays the groundwork for a discussion on the main purpose of section 7.1.

Figure 7.1

Theoretical Connection of Sub-variables Influencing Similarities and Differences between Teleshops and 116 Call Center



Source: Researcher's original construction.

Note: PE - Performance Evaluation; Comp. Sys. - Compensation System; Mgr. - Manager

Figure 7.1 as well as Table 6.1 show many of the similarities and differences between Teleshops and 116 call center. In a discussion centering on the transfer of soft management practices from NTT Com to SLT, the most important aspect is a discussion on the similarities that exist between Teleshops and 116 call center.

It is clearly evident in this study that Teleshops and 116 call center are one-stop shops which are run within a framework of independent business units. The autonomy given to the management of each Teleshop, similar to the autonomy given to each 116 call center, enables each manager to organize his/her Teleshop's operations and maintain flexibility in job assignment. In this context, flexibility in job assignment refers to the extent to which individual managers can decide which employees should be assigned to various jobs as well as their ability to evaluate an employee's ability to fill in for others who are absent. Changes in labor mix result in changes in the deployment of employees. Koike (1997, 2002) asserted that the cost of dealing with changes in deployment is less when there are more long-time employees who can take over many positions. The goal of a one-stop customer contact point can only be realized when there is flexibility in job assignment to meet human resource-related contingencies. The single reporting relationship which exists in both the Teleshops and 116 call center gives the managers a relatively high degree of flexibility in assigning jobs.

The manner in which the jobs of front-line customer service employees are defined is evidence of a vital management practice that has been transferred from NTT Com to SLT. The jobs of front-line customer service employees in Teleshops and 116 call center are defined broadly. Practically, the description of Teleshop jobs is broader that those in 116 call center. Teleshops have an integrated system in which front-line customer service employees are required to handle both front-line and back office work on job rotation. In contrast, there is a separated system in place in 116 call center with a clear division of labor between the front office and back office. Nevertheless, the broad definition of jobs has contributed to developing multiskilled staff in the Teleshops and 116 call center who identify themselves as generalists rather than specialists. This situation has resulted in front-line customer service employees needing a common set of competencies to serve the customer.

Another significant management practice transferred from NTT Com to SLT stems from the connection between the job grade and job content of front-line employees. The empirical data on hand shows that the relationship between these two variables is loosely defined in both the Teleshops and 116 call center. Thus with the exception of the manager, front-line customer service employees on different job grades perform identical tasks in Teleshops. The manager must perform certain special tasks in addition to the usual front-line and back office work. Likewise telephone advisors (regular employees) in 116 call center perform similar tasks irrespective of their job grade or career track. In both one-stop shops, the job grade of front-line employees is an indicator of their performance capacity. During the semi-structured in-depth personal interviews, almost all Teleshop employees emphasized that a sensible change brought into their job by NTT-style management was to train them to perform any task on the service provider-customer interface level without being constrained by the fact that they hold a particular job grade.

Turning to the variable of performance evaluation, the first noteworthy finding is that all front-line customer service employees, irrespective of their status of employment, fall under the performance evaluation system. Though there are many differences in performance factors and targets, one common feature for employees in both Teleshops and 116 call center is the application of frame of control in awarding overall performance grades. The performance evaluation system introduced by NTT-style management has transformed SLT's ceremonial performance evaluation system into a comprehensive and transparent one that holds implications for compensation and the career development of employees.

7.2 Transferred Soft Management Practices and Their Contribution to Delivering Better Customer Service

Any discussion of how the soft management practices transferred by NTT Com contributes to SLT's ability to deliver better customer service must take into account the current developmental stage of the telecommunications market in Sri Lanka, the current level of competition and potential for its intensification, the changes in customer preferences and their level of knowledge of telecommunications-related products and services. This section demonstrates how these practices could contribute to deliver better customer service under a given set of circumstances. Thus some of the more profound changes that have taken place in the telecommunications sector in Sri Lanka in recent years are highlighted next.

First, regulatory and market changes in the telecommunications sector since the mid-1990s have led to increased teledensity and competition among telecommunications service providers (see Table 7.1 for Teledensity). For example, the abolition of SLT's monopoly in the international voice market in August 2002 and the issuing of external gateway operator licenses to many companies obviously added a new dimension to the competitive landscape of the telecommunications sector in Sri Lanka. In terms of tariff for international calls, the difference between operators is not significant: what makes a particular service attractive is the voice quality and connectivity.

Table 7.1
Teledensity in Sri Lanka

Year	Fixed telephony	Cellular telephony
1995	1.1	0.3
1996	1.4	0.4
1997	1.8	0.6
1998	2.8	0.9
1999	3.5	1.3
2000	4.0	2.2
2001	4.4	3.6
2002	4.7	4.9

Source: Economic Division, TRCSL, 2003.

Second, advances in information and communications technology have enabled telecommunications companies to introduce many new products and services in recent years. One viable indicator of this trend is the gradually increasing number of Internet and e-mail subscribers in Sri Lanka (see Table 7.2 for the growth of Internet and e-mail subscribers in Sri Lanka). Simultaneously, there has been an increase in the number of Internet service providers in the country from whom retail customers can obtain a connection to use the Internet and e-mail facilities through their personal computers.

Table 7.2
Internet and E-mail Subscribers in Sri Lanka

Year	Cumulative number of subscribers
1997	10,195
1998	18,984
1999	25,535
2000	40,497
2001	61,532
2002	73,468

Source: Economic Division, TRCSL, 2003.

Third, there has been a shift in customer demand patterns. Until around the late 1990s, customers mainly wanted a simple telephone line for voice communications. However, since then, there has been a dramatic change in customer demand for value-added services, stimulated by aggressive advertising and promotional campaigns launched by the various telecommunications companies. Also, the telephone is gradually ceasing to be a luxury, compared to the situation that prevailed in Sri Lankan society from the 1960s through to the latter part of 1990s. Furthermore, plans to blanket remote areas with telephone networks will transform the lifestyle of people in the rural and estate sectors.

Another vital development in the telecommunications market in Sri Lanka in recent years has been an increase in the level of quality consciousness of customers. The gradual expansion of telephone networks in the country has contributed to a change in lifestyle and people find telephone and e-mail communications to be effective methods of managing their time and saving their money. In effect, unusually long breakdowns in telephone networks, e-mail servers, etc. stimulate customers to interact with relevant service providers to minimize the adverse consequences of such problems.

Given these market trends, telecommunications companies in Sri Lanka have responded by improving the quality of their services, creating a paradigm shift from price competition to service quality-based competition. Thus telecommunications companies put a premium on service quality and excellence. In this context, several strategic alternatives would prove inevitable for telecommunications companies to pursue, namely

(1) institutionalizing the one-stop service model for addressing a variety of customer needs and requirements
(2) giving customers convenient and customized service
(3) building relationship orientation into the customer interface work performed by customer service employees.

These strategic alternatives had many implications for telecommunications companies, which designed human resource management and HRD strategies to ensure their survival in a fast changing and competitive market environment. One such human resource strategy is empowering customer service employees to undertake a broad range of tasks, covering broad job responsibilities with many transactions types that are not found in manuals. The one-stop shop model becomes really meaningful only if customer service employees possess broad competencies to handle broadly defined jobs. From the perspective of the customer, broadly skilled customer service employees could minimize the time and cost of searching for information on new products and services. Thus, given increased competition and the strong possibility that the field will continue to become more competitive one could argue that SLT's high flexibility in job assignment is a good human resource practice. This implementation of this system in each Teleshop, along with broadly defined jobs and job rotation, has enabled customer service employees to attend to a variety of customer needs and requests. By allowing a single employee with a broad display of skills to attend to all the needs of individual customers, Teleshops can deliver a convenient and customized service.

In a highly competitive telecommunications market, operators would realize that building relationships with existing customers is a viable strategy to enhance the growth and long-term survival of their companies. In the case of service firms to build, sustain and enhance their strategic capabilities, the relationship between the customer and service provider is much more crucial than a similar relationship for manufacturing firms. As explained in Section 1, customer retention is more profitable than attracting new customers. Competitive pressures would also lead telecommunications companies to value the significance of cross-selling to existing customers rather than approaching new customers through advertising and promotional campaigns. A key human resource management concern in building relationships with customers is minimizing a customer's time by attending to his or her needs within the shortest time possible. Front-line customer service employees of Teleshops are trained to respond to all inquiries and needs of the customer irrespective of their job grade. The loosely defined connection between job grade and job content coupled with the integration of front office and back office work have enabled those employees to deal with customers of different backgrounds. A common set of competencies required of front-line customer service employees has positioned them to serve the customer with no discrimination.

7.3 Limitations of the Study

There are several limitations to this study. Although it benefits from case study research as the research strategy deployed, it is nevertheless vulnerable to some potential weaknesses that should be highlighted. More specifically, the empirical setting is based on only two telecommunications companies, one in Sri Lanka and the other in Japan. These two companies are not intended to be representative of telecommunications companies in their respective countries. Thus, the findings of the study cannot easily be generalized beyond the particulars of these companies.

A second limitation involves the number of people interviewed during several stages of data collection. Although the researcher explored in-depth the relevant phenomena of Teleshops, a study of such magnitude could not be done at the 116 call center of NTT East.

A third limitation concerns the relationship between human resource management functions, job structure and outcomes, as shown in Figure 3.2. This figure demonstrates two possible paths to reach the final outcome of customer retention (organizational performance):

(1) Path 1 - reaching the final outcome, through structuring the jobs of customer service employees with the support of human resource management functions. In this path, it is assumed that job structure impacts on the actual behavior of customer service employees, which in turn affects the final outcome of customer retention.
(2) Path 2 - reaching the final outcome, through forming and improving the competency level of customer service employees with the proper application of human resource management functions. In this path, it is assumed that the competency level of customer service employees influences their actual behavior, which in turn determines customer retention.

In both paths, the actual behavior of customer service employees constitutes an interim outcome, which is directly associated with the final outcome of customer retention.

The present study basically does not address these outcomes. Only human resource management functions and job structure were studied to draw a comparison between Teleshops and 116 call center. Thus a much of the right side of Figure 3.2 was left unattended.

A fourth limitation stems from the fact that the researcher did not attempt to explore why there are differences between Teleshops and 116 call center from the perspective of human resource management and HRD. A dearth of studies on human resource management and HRD practices in organizations in Sri Lanka seems to be an impediment in undertaking a meaningful study on this question.

A fifth limitation involves a lack of data on the customer point of view. As evident in this study, semi-structured in-depth interviews were conducted only with employees of SLT and NTT East research sites, and no data was collected from the customers of these companies. Because the customer is thought to be the ultimate decision-maker on the quality of customer services, the views and opinions of external customers are also vital in understanding how human resource management and HRD practices contribute to delivering better customer service, as the customer is believed to be the ultimate decision- maker on the quality of customer services.[76]

7.4 Directions for Future Research

The limitations of the present study, as elaborated above, set the stage for researchers to address many related issues in the future. Future studies should attempt to replicate this study with other organizations in the service sector. For example, the viability of the two paths to retaining the customer, as depicted in Figure 3.2, could be used with employees assigned to customer interface points in banking, insurance, financial brokering, hospitality companies, etc. These studies would benefit from using cross-sectional data allowing for generalizations to be drawn, compensating for the limitations of case research strategy.

Future research is needed to explore the linkage between the variables depicted in Figure 7.1. In a related matter, researchers may also explore these interrelationships in firms operating in various sub-sectors of the service sector to find how firm- and context-specific factors moderate such relationships. Samples should also be selected from firms functioning in different service sector industries, so that the impact of industry-specific factors on the pattern of linkage between the aforementioned variables can be explored. The use of quantitatively measured data with statistical analysis could prove to be of relatively high value in an exercise of this nature.

Fieldwork conducted at 116 call center of NTT East clearly revealed the differences between two types of telephone advisors, regular workers and dispatched workers, in terms of human resource management and HRD. A research project with the aim of addressing particularly these differences in substantial depth would prove much valuable in contributing to the literature and to similar companies in other countries which may employ both types of workers. For example, collecting data from employee dispatching service companies would shed new light on the human resource management and HRD aspects of employees who have been dispatched to 116 call center.

Recent developments in the customer service function of SLT suggest that SLT has already begun to establish a single call center and to train staff to respond to a variety of customer needs and requests which they can make by dialing a single number (SLT, Annual Report, 2003). This development is a clear indicator of the potential that SLT has for introducing a one-stop call center similar to 116 call center in the future. Given this context, a study comparing customer service function and related human resource management and HRD concerns of front-line customer service

[76] The researcher firmly believes in the importance of collecting data from customers to better understand good human resource and HRD practices. Although an attempt was made to explore the possibility of collecting such data, it proved too difficult. On ethical grounds also, the researcher always complied with the permission and assistance of authorities of research sites with regard to collecting data from customers.

employees in two eras, i.e., before and after the introduction of a one-stop call center, would be valuable for the organization as well as for the customer.

Another worthwhile area for future research emanates from one of the limitations of the present study. As stated earlier, because of the dearth of literature on human resource management and HRD practices in Sri Lankan organizations, this study made no attempt to explore why there are differences between Teleshops and 116 call center. Thus future research may address these phenomena enabling researchers who undertake international comparative research to explore in depth on country-specific reasons that affect such differences.

Finally, and perhaps most importantly, it is unclear from this research what customers think about and how they define the quality of customer service, and their requirements of customer service employees. This is likely to become particularly important in the coming years, as the vitality of customer service as a viable strategy to retain customers is enhanced with the rapid diffusion of information and communications technologies, making customers more educated and aware of the market. As such, research on HRD for customer care services management, covering the customer side as well as that of the employee would greatly benefit the quality of life of people in different countries. In this respect, collaboration among researchers from various disciplines such as human resource management, HRD, marketing, industrial relations, labor economics, and sociology would prove more worthy than pursuing research in the narrowly defined boundaries of their respective disciplines.

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Appendix A

Protocols for Semi-structured Interviews Conducted at Sri Lanka Telecom Limited

Interview Protocol A1 – For Teleshop Staff (excluding Teleshop managers)

1. Could you please explain to me the history of your career with SLT. You may focus specifically on the date and in what capacity (job title/position and job grade) you joined SLT, your current job title, job grade, educational/professional background and previous work experience.

2. In what units, sections, divisions, offices, etc. of SLT had you worked before joining Teleshops? Please explain briefly what type of work you did in each unit, section, division, office, etc.

3. Do you find any significant difference between the work you did earlier and the work you have been doing since you joined Teleshops? If so, what are they?

4. When you started working in Teleshops you probably felt a new work environment and working conditions. How did your previous experience contribute to working in Teleshops?

5. Could you please explain your current job to an amateur like me. You may focus on tasks and functions (the content of work) of your current job, the nature of customers with whom you deal and the kinds of needs/demands raised by customers.

   Do you face any troubles/problems when you deal with customers? If so, what kind of troubles/problems (with some examples)? How do you tackle/respond to these problems (with some examples)?

   Do you have any written manuals available for handling your work? When you face troubles/problems in dealing with customers, do you refer these manuals? If you cannot get any support from these manuals, then how do you handle such situations (with some examples)?

6. Assume that you have been assigned to train a new employee of your Teleshop. In what order would you teach different tasks of Teleshops to this new employee (first task you assign, second task you assign, etc.)?

7. Skill formation:
   - content of your orientation program;
   - how did you learn to work in Teleshops? Did you have a mentor?
   - how do you learn about new products and services as well as telephone apparatus and other telecommunications equipment?
   - in what type of training programs have you participated away from your workplace? Any training received in Japan?

8. Is there any system in place where Teleshop staff members could share their work-related experiences with each other during or after normal work hours? If so, what incentives (monetary and non-monetary) are there for you to share your experiences?

Interview Protocol A2 – For Teleshop Managers

1. Could you please explain to me the history of your career with SLT. You may focus specifically on the date and in what capacity (job title/position and job grade) you joined SLT, your current job title, job grade, educational/professional background and previous work experience.

2. In what units, sections, divisions, offices, etc. of SLT had you worked before joining Teleshops? Please explain briefly what type of work you did in each unit, section, division, office, etc.

3. Do you find any significant difference between the work you did earlier and the work you have been doing since you joined Teleshops? If so, what are they?

4. When you started working in Teleshops you probably felt a new work environment and working conditions. How did your previous experience contribute to working in Teleshops?

5. Could you please explain your current job to an amateur like me. You may focus on tasks and functions (the content of work) of your current job, how they differ from what members of your staff do, the nature of customers with whom you deal and the kinds of needs/demands raised by customers.

   Do you face any troubles/problems when you deal with customers? If so, what kind of troubles/problems (with some examples)? How do you tackle/respond to these problems (with some examples)?

   Do you have any written manuals available for handling your work? When you face troubles/problems in dealing with customers, do you refer these manuals? If you cannot get any support from these manuals, then how do you handle such situations (with some examples)?

6. How is the work of your Teleshop organized? How do you assign jobs to your staff?

7. When a new employee joins your Teleshop, in what order do you teach different tasks of Teleshops to him/her (first task you assign, second task you assign, etc.)?

8. Skill formation:
   - content of your orientation program;
   - how did you learn to work in Teleshops? Did you have a mentor?
   - how do you learn about new products and services as well as telephone apparatus and other telecommunications equipment?
   - in what type of training programs have you participated away from your workplace? Any training received in Japan?

9. Is there any system in place where Teleshop staff members could share their work-related experiences with each other during or after normal work hours? If so, what incentives (monetary and non-monetary) are there for you to share your experiences?

Interview Protocol A3 – For Head of Section (Deputy General Manager) of Teleshops

1. Could you please explain to me the history of your career with SLT. You may focus specifically on the date and in what capacity (job title/position and job grade) you joined SLT, your current job title, job grade, educational/professional background and previous work experience.

2. In what units, sections, divisions, offices, etc. of SLT had you worked before joining the Teleshops section? Please explain briefly what type of work you did in each unit, section, division, office, etc.

3. Could you please explain to me the differences between Regional Telecommunications Engineer's Office and Regional Telecommunications Office and then Regional Telecommunications Office and Teleshops. You may focus particularly on their work and human resource organization and recent changes introduced to Teleshops.

4. What is the process of recruitment and selection of employees to staff Teleshops? To what extent do you consider their previous work experience at the time of hiring?

5. Characteristics of workforce of Teleshops:
   - job titles, job grades and job description;
   - total number of employees and their Teleshop-wise distribution;
   - gender composition;
   - status of employment, i.e., permanent full-time employees and other categories of employees;
   - highest educational standard reached such as university graduate, postgraduate diploma, G.C.E. (Advanced Level) and G.C.E. (Ordinary Level).

6. How is the performance of employees of Teleshops evaluated? Is there any relationship between their previous work experience and the current job? What is the policy of promotions as it applies to Teleshop employees?

7. Could you please explain to me the remuneration (compensation) system for Teleshop employees. You may emphasize particularly on how the basic salary is determined, other components of remuneration and allowances that are applicable only to Teleshop staff (if any). *Please note that I do not wish to learn any figures of confidential nature*.

8. Skill formation system for Teleshop staff:
   - content of orientation program;
   - how do they learn to work in Teleshops? Do they have a mentor?
   - how do they learn about new products and services as well as telephone apparatus and other telecommunications equipment?
   - what type of training programs (outside normal hours of work) are available for them? Have they received any training in Japan?

9. Is there any system in place where Teleshop staff members can share their work-related experiences with each other during or after normal work hours? If so, what incentives (monetary and non-monetary) are there for them to share their experiences?

Interview Protocol A4 – For Head of Division (General Manager) of Human Resources

1. What are the major changes introduced to human resources function of SLT since NTT was entrusted with management?

2. What was the job grade system that existed in SLT prior to privatization? What changes have been introduced to job grade system under NTT management? How have job grades been defined? For example, *job grades based on job content, job grades based on skill/ability to conduct the job,* etc.

3. What were the career paths for SLT employees prior to privatization? What changes have been introduced to career development (paths) of SLT employees under NTT management?

4. What was the promotion system for SLT employees prior to privatization? How has this promotion system been changed under NTT management? You may focus specifically on criteria for promotions from one grade to another before and after privatization, highlighting major changes introduced.

5. What was the case of performance evaluation system for SLT employees prior to privatization? How has this performance evaluation system been changed under NTT management, i.e., format used, purposes of the evaluation, were all SLT employees covered etc.? *Please provide me with one copy each of the performance evaluation format used earlier and the format which is currently in use.*

6. What was the remuneration (compensation) system of SLT prior to privatization? You may focus specifically on the various components of remuneration prior to privatization. How has the composition (components) of remuneration changed under NTT management? *Please note that I do not wish at all to learn any confidential figures whatsoever and the only area I would like to cover is how the composition of remuneration has changed under NTT management.*

7. I would be very grateful if you could assist me in obtaining the following data (non-confidential type):
   - total workforce of SLT;
   - gender composition of total workforce of SLT, i.e., number of male employees and number of female employees;
   - group-wise distribution of total workforce;
   - in each group, how many levels of ranks (job grades) are there;
   - year-wise distribution of total workforce (1990 - to date);
   - number of employees (expatriates) dispatched by NTT and then NTT Communications Corporation since 1997, positions they held in SLT and their tenure of service at SLT.

Interview Protocol A5 – For Head of Division (General Manager) of Industrial Relations and Welfare

1. Could you please explain to me organization of trade unions in SLT with special reference to the number of trade unions with their names, number of members of each union and classification of trade unions.

2. Could you please explain to me the culture of trade unionism that prevailed at SLT prior to privatization in 1997.

3. How have trade unions responded to changes introduced by NTT management since 1997? What were the highlights of interaction (key areas addressed) between trade unions and SLT management during the early years of the post-privatization era of SLT?

4. What type of strategies (or actions) did SLT management adopt to gain the support and cooperation of trade unions for introducing and implementing changes under NTT management?

5. What type of incentives (monetary and non-monetary) did trade unions have for their participation in the change process under NTT management?

6. Could you please elaborate on the Workplace Cooperation program of SLT with special reference to stages of its evolution, key issues involved, response of SLT management and response of trade unions. Any documents of non-confidential nature that were exchanged between SLT management and trade unions may be useful for me as secondary data.

7. What are the major achievements of the workplace cooperation program from the viewpoint of both SLT as an organization and its employees? What would be the next stage of evolution of this program?

8. How do SLT management and trade unions deal with each other on subjects including salary revision, determining bonus and welfare facilities for SLT employees?

Interview Protocol A6 – For Head of Division (General Manager) of Corporate Strategy

1. Could you please explain to me the nature of relationship between SLT and NTT Communications Corporation in Japan.

2. What resources has NTT Communications Corporation provided for SLT?

3. In your opinion, what resources has NTT Communications Corporation provided for SLT in the areas of marketing and customer care services?

4. What are the main mechanisms that NTT Communications Corporation used for providing these resources to SLT?

5. During the period 1997-2002 how many expatriates did NTT and NTT Communications Corporation dispatch to SLT? What were the positions held by these expatriates? What was their length of service with SLT as expatriates?

6. What were the key issues that emerged when these expatriates were working along with local staff when providing resources for SLT? How were such issues smoothed over for better provision of resources?

7. I would be very grateful if you could assist me in obtaining the following data (non-confidential):
   - breakdown of share ownership of SLT, i.e., percentage of shares owned by the Government of Sri Lanka, NTT Communications Corporation, employees of SLT, corporate bodies in Sri Lanka and the general public;
   - composition of Board of Directors of SLT, i.e., number of members appointed by the Government of Sri Lanka and NTT Communications Corporation;
   - any data/information/documents concerning the main factors that influenced NTT to invest in SLT.

Appendix B
Protocols for Semi-structured Interviews Conducted at
Nippon Telegraph and Telephone East Corporation

Interview Protocol B1 – For Telephone Advisors (regular employees) of a 116 Call Center

1. When did you start your career with NTT East Corporation? What is your current job title and job grade?

2. Could you please explain to me the history of your career with NTT East Corporation? In what units, sections, divisions, etc. have you worked before? Please explain briefly what type of work you did in each unit, section, division, etc.

3. Could you please explain your current job to *an amateur like me.* You may focus on tasks and functions (content of work) of your current job, the nature of customers with whom you deal, etc.

4. What kinds of needs/demands do customers raise and how do you respond?

5. Do you face any troubles/problems when you deal with customers? If so, please give me an example. How do you tackle such problems?

6. Do you use any instruction manuals during your work?

   When you handle unusual operations do you refer these instruction manuals? Are all types of unusual operations covered in these manuals?

   If some unusual operations are not covered in these manuals, then how do you handle them?

7. How do you share your day-to-day work-related experience with other colleagues? What incentive do you have for participating in such knowledge sharing?

8. What type of training (orientation) did you have before you were assigned to work in 116 call center? What type of training have you received since you started working in 116 call center?

9. What was the first task that you handled in 116 call center? Then, what was the next task? Then, what was the next task? Did someone supervise your work during the orientation program? Were you put under a senior or experienced operator after the orientation program?

Interview Protocol B2 – For Telephone Advisors (dispatched employees) of a 116 Call Center

1. When did you start to work as a telephone advisor at 116 call center? What is the name of your job title and job grade (if any)?

2. Who decided on dispatching you to work at this call center? Did you have any say in this decision? What is the duration stipulated by your employee dispatching service company for you to work at this call center?

3. Where else you had worked before you were dispatched to this call center?

4. When did you register with the current employee dispatching service company? At that time what is the highest educational standard you have reached? What factors influenced you to register with an employee dispatching service company?

5. Could you please explain your current job to *an amateur like me*. You may focus on tasks and functions (the content of work) of your current job, the nature of customers with whom you deal and kinds of needs/demands raised by customers.

   Is there any difference between the work handled by you and other telephone advisors who are not considered dispatched employees?

   Do you face any troubles/problems when you deal with customers? If so, what kind of troubles/problems (with some examples)? How do you tackle/respond to these problems (with some examples)?

   Do you have any written manuals available for handling your work? When you face troubles/problems in dealing with customers, do you refer these manuals? If you cannot get any support from these manuals, then how do you handle such situations (with some examples of the cases you escalated to group leader)?

6. Have you had any work experience of handling customers before? What type of training (including orientation) you had before you were assigned to work in this 116 call center?

   How did you learn to work at this 116 call center? Please explain me who taught you, for how long, and what he/she taught you?

   What role your employee dispatching service company played in your training at the beginning?

   What type of training you have received since you started working in this call center?

7. What was the first task that you handled in 116 call center? Then, what was the next task? Then, what was the next task? Did you have a specific instructor?

8. How do you learn about new products and services?

9. Is your work-related performance evaluated? If so, who evaluates your performance? What criteria are used for evaluating your performance?

Do you find any differences between evaluating your performance and that of other telephone advisors who are not considered dispatched employees?

10. After you complete your period of service at this 116 call center, where will you work next? Who decides on your next place of work, i.e., your employee dispatching service company or you?

Interview Protocol B3 (Day One) – For Manager in charge of a 116 Call Center

1. Organization of customer service function of 116 call center as a front-line unit.

2. What are the major operations of 116 call center?

3. Characteristics of workforce of 116 call center:
   - size, i.e., number of employees;
   - gender composition, i.e., number of male and female employees;
   - what type of employees are there in addition to permanent full-time employees, i.e., dispatched employees, part-time employees, etc.;
   - composition, i.e., number of permanent full-time employees, dispatched employees and categories of employees other than dispatched employees such as part-time employees;
   - are there any part-time workers hired directly by your branch;
   - educational qualifications, i.e., highest educational standard reached such as university graduate, junior college graduate, high school graduate, etc.

4. How is the work of 116 call center organized? For example, if the work is organized in teams/groups, then please explain following:
   - size, i.e., number of members per team and their job titles;
   - composition of teams in terms of number of permanent full-time employees, dispatched employees and categories of employees other than dispatched employees;
   - do all teams include dispatched employees and categories of employees other than dispatched employees;
   - who decides on the size of teams and their individual members?
   - what factors influence selecting individual members for staffing teams?

5. Could you please explain to me the work content of teams, i.e., what they do in teams, is there any job rotation system applied to their work, etc.

6. What are the job titles and job grades as they are related to employees of 116 call center? Do you have any specific job descriptions for these employees?

7. For each job title and job grade of 116 call center employees, could you please elaborate on the following:
   - differences among job grades;
   - criteria for promotion from one grade to another (Job Class Assessment Table, if any);
   - when an employee is promoted from one grade to another what else of his/her employment contract changes?

8. Performance evaluation of employees of 116 call center:
   - how often is performance evaluated?
   - how is performance evaluated? i.e., real time performance evaluation, performance evaluation based on some standard formats, etc.;
   - is real time performance evaluation applied to all types of employees such as permanent full-time employees, dispatched employees, part-time employees, etc.?
   - is performance evaluation based on some standard format applied to all types of employees such as permanent full-time employees, dispatched employees, part-time employees, etc.?

- do you apply a fixed distribution method in case of evaluating performance of permanent full-time employees, i.e., is there any predetermined limit (percentage) for awarding overall performance grades like "Excellent", "Very Good" and so on.

9. Remuneration system for 116 call center employees. For example, major components of remuneration such as basic rate, age rate, job grade rate, merit rate, etc.

10. Skill formation system for 116 call center employees:
    - content of orientation program and who is responsible for organizing it;
    - on-the-job training, i.e., who is responsible, training evaluation, skill certification, use of job matrices, etc.;
    - classification of employees according to skill level;
    - order of assigning tasks to employees, i.e., from simple tasks to difficult tasks;
    - how employees learn about new products and services;
    - off-the-job training for operators, i.e., content of OffJT programs and duration;
    - any special training programs for dispatched employees and part-time employees.

11. Are there any manuals developed for 116 call center employees for handling unusual operations? Do all employees follow these manuals?

    If an unusual operation occurs that is not included in these manuals, then how do employees handle such operations?

12. Is there any system in place where operators can share their work-related experiences with each other during or after normal work hours? If so, what incentives are there for them to share such experiences?

Interview Protocol B3 (Day Two) – For Manager in charge of a 116 Call Center

This interview aims predominantly to cover in-depth four areas of human resource management of 116 center, employee classification, performance evaluation, remuneration system and career structure as they are pertinent to telephone advisors who are not categorized as dispatched employees.

1. Previous interviews have made it clear that there are two types of telephone advisors working in your call center, typical employees (*Seishain*) and atypical employees (*Haken Shain*). Seishain are classified further into *Tenseki Shain* and *Shukkosha*.

   1.1 What job grades are these *Tenseki Shain* and *Shukkosha* belonged to? Please explain me your answer with reference to various job clusters and job grades of each cluster as they are visible in NTT East/NTT Service Kanagawa Corporation.
   1.2 Are these job grades ability-based?
   1.3 How upward movement of employees through different job grades are determined? What criteria are used for making upgrading/promotion decisions?
   1.4 How employee movements (horizontal) among various job clusters are determined?
   1.5 Who takes the decision of who are assigned to a particular 116 call center to work as telephone advisors, group leaders, supervisors, managers or head of center? To what extent individual 116 call centers can decide on whom to be posted to work there?
   1.6 Who appoint group leaders and on what criteria? Is there a specific job grade (or above) applicable to these group leaders?
   1.7 How dispatched employees are obtained for working at 116 call center? What are the main areas of emphasis between your call center and the relevant employee dispatching service company in respect of obtaining employees for 116 call center?
   1.8 What individual 116 call centers can do if they find a particular dispatched employee does not fit well to work there?
   1.9 Are there any job grade system applied to dispatched employees?
   1.10 Is there any system in place for recommending high performing dispatched employees to NTT Service Kanagawa Corporation/NTT East to be hired as *Seishain*? If so, what are the criteria for such recommendation?

2. Performance evaluation of telephone advisors (*Tenseki Shain* and *Shukkosha*)

   2.1 How often performance is evaluated and for what purposes?
   2.2 There are two stages involved in the performance evaluation process pertinent to telephone advisors and you can conduct first stage evaluation. What criteria (performance factors) are used for this evaluation? For what specific purposes you use the results of this evaluation?
   2.3 Task head who is a direct subordinate of the president of NTT Service Kanagawa Corporation evaluates the performance of telephone advisors at the second stage. On what criteria this evaluation is conducted and how they are different from the first stage evaluation criteria?
   2.4 What is the meaning of comprehensive evaluation and what criteria are used for that? For what specific purposes you use the results of this evaluation?
   2.5 Is there a system in place for assigning weight to different performance factors? If so, how?
   2.6 What final overall performance grades are used, i.e., how many and what is the meaning of each?

2.7 Do you apply a fixed distribution method in case of awarding final overall performance grades? For example, ceiling (percentage) for awarding “High grade” and “Slightly high grade”. If so, at what stage of the performance evaluation this method is applied, i.e., first stage or second stage? What are the ceilings assigned to each overall performance grade?

2.8 Are similar criteria (similar to those applied for telephone advisors) used for evaluating performance of group leaders at center level?

2.9 Deputy chiefs (supervisors) are responsible for evaluating the performance of dispatched employees (telephone advisors) in your call center. Could you please explain me how performance of these dispatched employees are evaluated with special reference to criteria (performance factors), stages of the evaluation process, overall performance grades, purpose of evaluation, etc.

2.10 What is the nature of the communication process between your call center and employee dispatching service company in regard to performance evaluation of dispatched employees?

3. Remuneration (compensation) system for telephone advisors

(Please note that I do not wish to learn at all any confidential figures whatsoever of wages and the areas I would like to cover are the composition of remuneration and the process of determining the amount of each component.)

3.1 What are the major components of remuneration for telephone advisors? Please give me the breakdown which includes allowances.

3.2 What is the weight assigned to each component (as a percentage of total earnings)?

3.3 Are group leaders paid a special allowance for playing the role as group leader?

3.4 Do managers of individual 116 call centers have any autonomy to decide on the amount of the wage for telephone advisors?

3.5 Are there any fixed or variable annual salary increments for telephone advisors? If it is fixed, then who decides on the amount? If it is variable, then who decides on the amount?

3.6 How bonus for telephone advisors is determined? What are the different kinds of bonus paid to telephone advisors?

3.7 What are the major similarities and differences in remuneration for telephone advisors who are either *Tenseki Shain* or *Shukkosha* and dispatched employees?

4. How dispatched employees are trained to work as telephone advisors at 116 call center? What are the major similarities and differences in skill development system for telephone advisors who are either *Tenseki Shain* or *Shukkosha* and dispatched employees? What is the role of relevant employee dispatching service companies in training these employees?

5. Based on previous interviews, I understand that there are two kinds of dispatched employees who are working as telephone advisors in your call center, employees dispatched by employee dispatching service company in NTT group and employees dispatched by employee dispatching service companies outside NTT group.

Is there any difference between these two types of dispatched employees in terms of

- job content
- training
- performance evaluation
- remuneration
- career history.

6. From where, i.e., employee dispatching service company in NTT group or employee dispatching service companies outside NTT group, you prefer to obtain dispatched employees? Why?

Interview Protocol B4 – For Associate Manager of Customer Service Department
(Special note: Some of these questions were also used appropriately for interviews with sales planning officers.)

1. Where is customer service division positioned in your organization? Please explain organization structure and how many employees are assigned for working in the customer service division.

2. Pick up one division that has direct contacts with customers and another division that receives calls from customers and then answer the following five questions:

   2.1 Ratio of regular employees to part-time employees
   2.2 Training for new employees and regular skill-up training
   2.3 Efforts on delivering better customer service by sharing information based on daily experience
   2.4 How are difficult questions and requests from customers handled?
   2.5 How do you distinguish your organization from your competitors?

3. I understand that most of employees who are working at 116 call center are part-time employees. I would like to know the criteria for hiring these employees. What are the conditions which govern hiring of employees through employee dispatching service companies? Are these conditions similar for the hiring regular employees for 116 call center?

4. Who is responsible for educating newly hired employees? Please explain the content and duration of such training? When do you start giving these employees OJT? At the time of beginning OJT, who becomes responsible for taking care of these employees?

5. How do employees learn about new products? Please explain training and seminars relating to that.

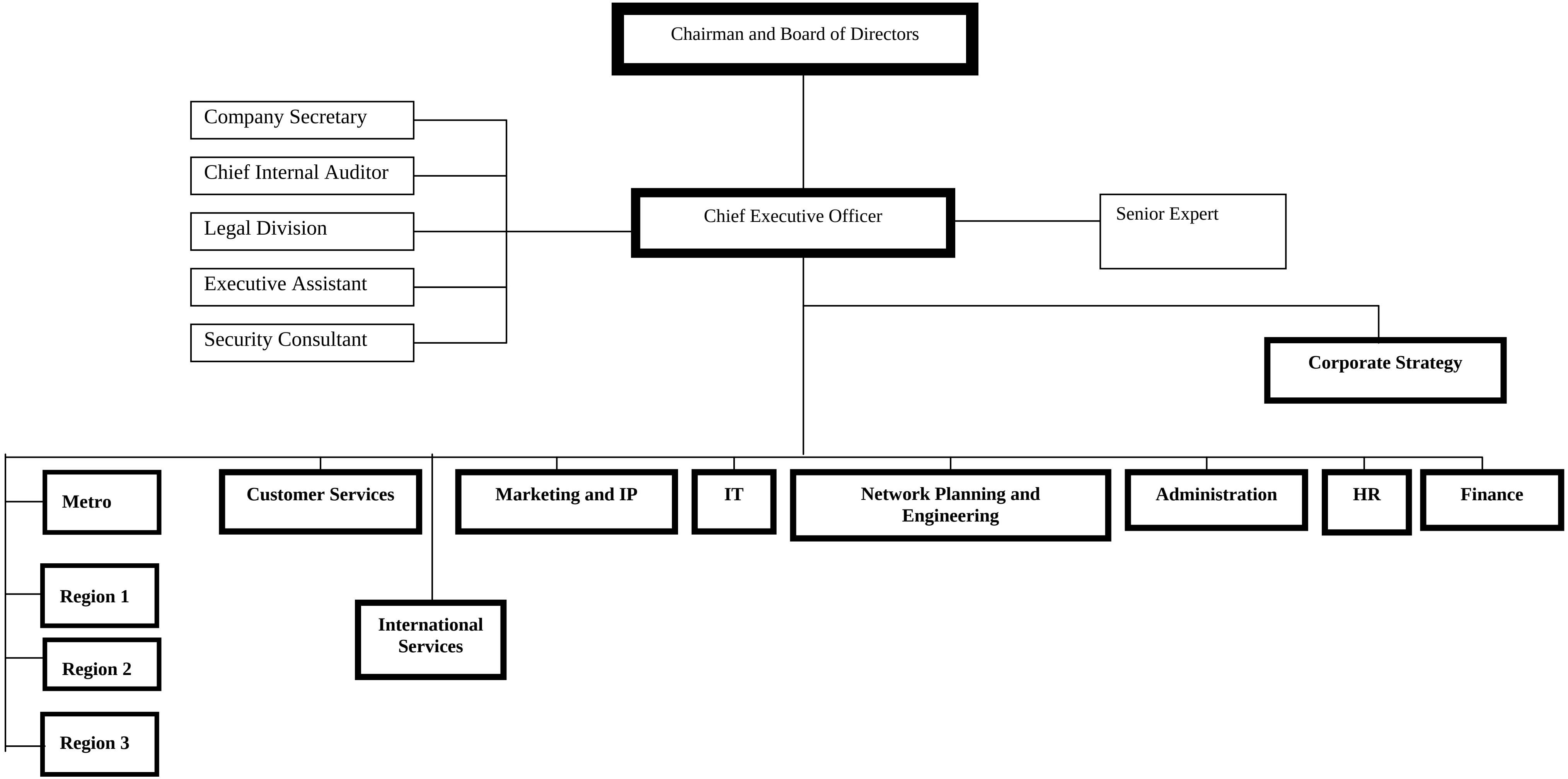
6. I imagine that employees learn not only from normal training but also from their relationship with customers. How do employees share their experiences and what type of experiences they have shared this week?

7. I understand that you are trying not to let the customer wait for a long time when they want to call you. And also, I understand that you are trying to persuade employees finish their current work as soon as possible when a customer is waiting for getting across to them. Please explain how do you make customers' waiting time shorter?

8. Please explain how work is allocated among employees at 116 call center. What do you do when some employees commie absenteeism?

Appendix C

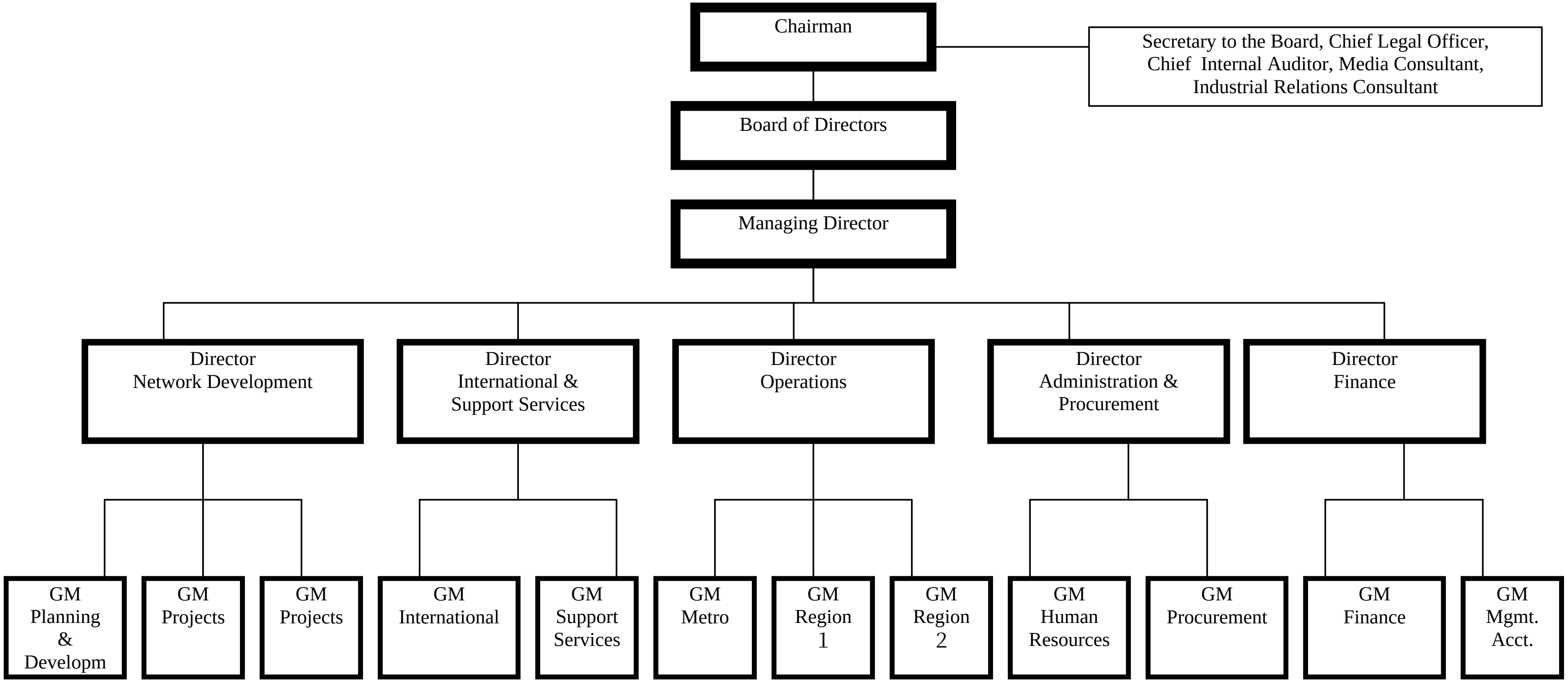
Partial Organization Chart of Sri Lanka Telecom Limited (in post-privatization era)



Courtesy: Sri Lanka Telecom Limited (SLT), August 2003.

Appendix C1

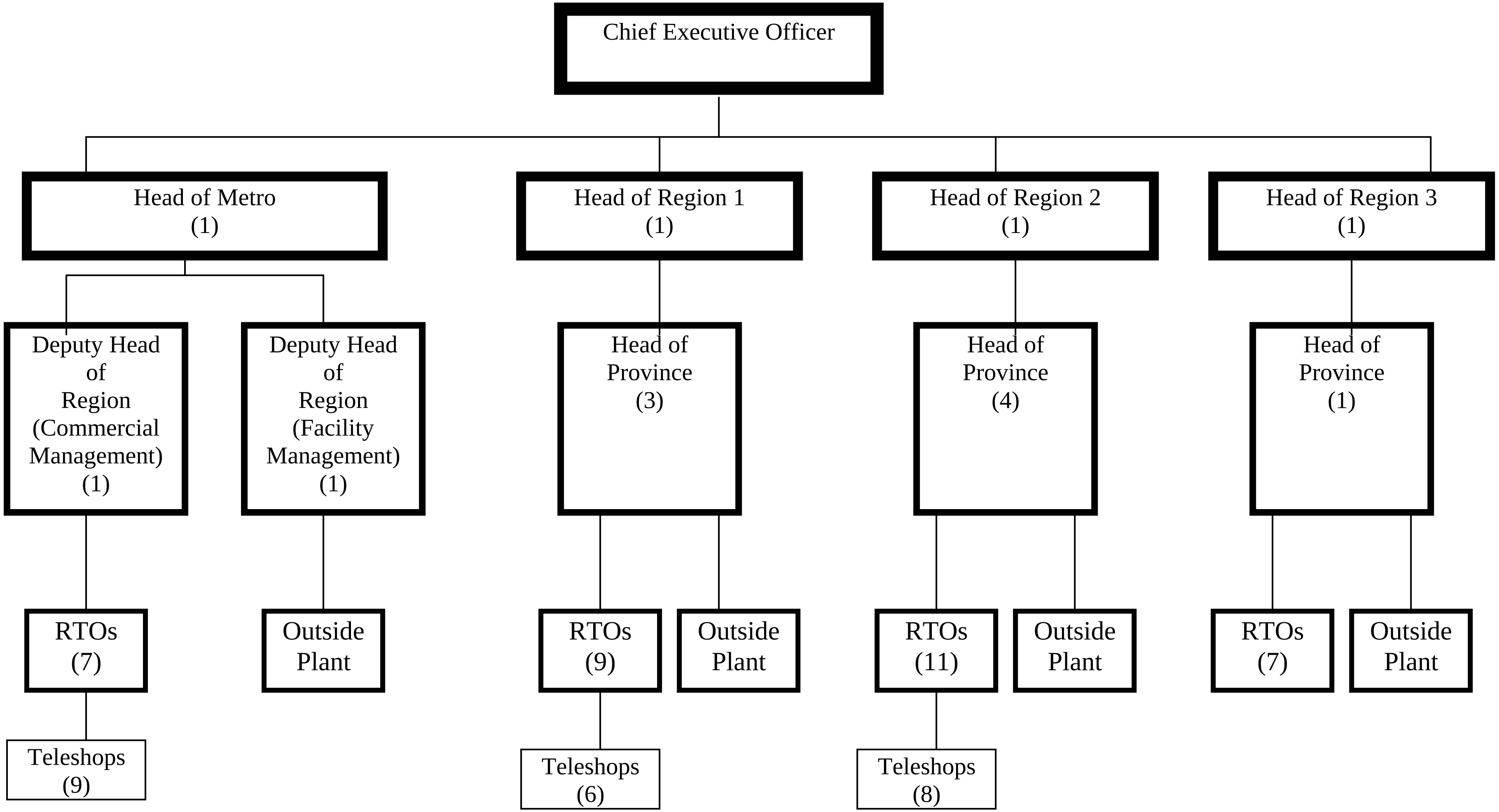
Partial Organization Chart of Sri Lanka Telecom Limited (in immediately pre-privatization era)



Note: GM - General Manager
GM - Switching & Transmission, GM - Outside Plant and GM - Suppliers Credit Project were on par with other GMs.

Source: Japan International Cooperation Agency (JICA), Final Report 1996 (Volume I - Summary), p. 32.

Appendix D
Partial Organization Chart of Regional Organization of Sri Lanka Telecom Limited



Courtesy: Sri Lanka Telecom Limited (SLT), August 2003.

Faculty of Management and Finance
University of Colombo, Colombo, SRI LANKA.

Bachelor of Business Administration (Special) Degree Program/Bachelor of Commerce (Special) Degree Program

Methodology of Writing up Dissertation

SELECTED INPUTS FOR AN EXERCISE ON COMPILING A REFERENCE LIST/BIBLIOGRAPHY USING *APA STYLE*

Chief facilitator: Dr. K. Kajendra, Senior Lecturer in Commerce, Faculty of Management and Finance, University of Colombo, Colombo

Facilitator for the session: Dr. M. Saman Dassanayake, Senior Lecturer in Management Studies, Faculty of Management and Finance, University of Colombo, Colombo/ Former Visiting Professor of Business Administration, Hosei University, Tokyo, Japan

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