PERFORMANCE AND COMPETENCES IN CALL CENTRE. THE EFFECT OF LEADERSHIP STYLE

Alessia Berni, Luigi Moschera

Abstract and goals
This paper aims at investigating the relationships between leadership styles, management competence and performance levels of an organizational unit which is submitted to a leader’s formal authority. Through the application of a contingent approach, this work aims at identifying leadership styles and management competence that can improve the levels of group performance of an organizational unit whilst observing the features of the reference context (types of tasks, kinds of assignments, degree of development of an organizational unit, etc.).
The first section of this paper introduces a review of the major studies on the subject of leadership, as well as the theoretical framework; the second section outlines the empirical research that backs up the conclusion. The research has been performed in one of the call centres of an Italian telecommunication company: the focus is the relationship between team leaders and the members of the organizational unit of the call centre’s service teams.
This work aims at proving that:
- a correlation exists between the style of leadership adopted by the leader of the organizational unit and the levels of performance of the unit itself, within the contingent perspective of the organizational unit’s assignment structure and its level of development;
- a correlation exists between the types and levels of competence of the organizational core’s leader and the levels of performance of the core itself.
This paper will also highlight a connection between the style of leadership adopted by the leader of organizational unit and the ‘happiness’ of the same unit.

**Theoretical background**

Given the large number of papers, articles and conferences on the subject, leadership is still a major focus for researches in the field of Organization studies, both for those which adopt more manager-oriented approaches and for research that focus on the leader’s psychological aspects and his/her influence on the members of the group.

Although the meaning of the term *leadership* is well-known, the word can take on different meanings and it has been conceptualised in different ways. The key components of the phenomenon of leadership are manifold: leadership as a process, leadership as influence, leadership within a group, the accomplishment of goals.

In this paper, leadership is treated as the process through which an individual influences a group of people or a single individual in the accomplishment of a common goal (Northouse, 1997); or else, as ‘a form of organizational problem solving that aims at accomplishing corporate goals through the influence on the acts of others’ (Fleishman et al., 1991).

The subject of leadership has been undergoing a constant evolution, as evidenced by the number of approaches which have been adopted from 1930s until today. According to Bryman (1996), since the end of the ‘40s, four different major approaches have been developed: a *trait* approach, a *behavioural or style* approach, a *contingent* approach and a *new* approach to leadership. The first one is connected to the study of the traits featured by the successful leader (Stogdill, 1948).

The aim of these studies is linking the leader’s effectiveness to individual features – *leaders are born, not made*. For this purpose, a number of variables have been considered, such as physical traits (appearance, height, weight, strength, etc.), skills (intelligence, speaking skills, judging skills, etc), and personality (introvert/extrovert attitude, self-confidence, rationality, etc.). On the basis of such variables, a profile of the leader can be outlined and distinguished from that of the *follower*. The large number of studies that have adopted this approach, which have recorded a higher intensity during the ‘80s and the ‘90s (Lord et al., 1986), have always produced divergent outcomes. Moreover, a set of key traits that would outline an ideal leader has not been identified.

The behavioural approach focuses on the training process, rather than focussing on the selection process that characterizes the first approach, because it moves from the assumption that a leader’s behaviour can be modified (Kerr et al., 1974; Greene, 1975).
In the ’80s, new researches emerged which varied according to the object of investigation, although they all attempted at changing the idea of the ruling leadership by introducing the concept of the leader as a *manager of meaning*. This more recent approach has evolved along three main branches: transformational leadership (Bass, 1985; Tichy and Devanna, 1986; Avolio and Yammarino, 2002), charismatic leadership (House, 1977; Conger, 1989), and visionary leadership (Sashkin, 1988; Westley and Mintzberg, 1989). The most productive of these branches is that which is connected to Bass’s studies on transformational leadership; these focus on the leader’s ability to influence and ‘transform’ the follower through *charisma, inspiration, individualized consideration* and *intellectual stimulation* (Bass, 1985; Bass and Avolio, 1993).

The branch which shares more arguments with management-oriented studies is the one labelled as *contingency*. The origin of such an approach is to be traced back to Fiedler’s studies (Fiedler, 1967; Fiedler and Garcia, 1987; Fiedler, 1993) and it is based on the assumption that some context variables may influence the efficacy of different styles of leadership. Key elements of this approach are a number of situational variables such as the features of the group’s assignment, the group composition and the leader-subordinates relationship. The so-called *path-goal* theory (House and Mitchell, 1974) follows the same trend and it associates the leader’s behaviour to the accomplishment of goals: this is conditioned by the kind of tasks to be performed for the accomplishment of goals and by the characteristics of the members of the group (*locus of control, authoritarianism, capability*). The same theory has been reformulated (House, 1996) as theory of the leadership of the organizational unit: it identifies the leader’s behaviours that improve subordinates’ satisfaction and the efficiency of the organizational unit; it also values the effects of the leader on subordinates’ motivations and abilities and on the organizational unit’s efficiency. Also the situational leadership model conceived by Hersey and Blanchard (1969) is based on the assumption that styles of leadership vary according to leaders, that the leader’s most efficient behaviour vary according to different situations and that it is highly influenced by the nature of the work and by subordinates’ maturity. The latter is determined by the group life cycle and by members’ education and former experience.

The causal relationship between styles of leadership and organizational unit’s efficiency will be outlined in this paper through the adoption of a contingency approach. It will be backed up by the theoretical assumption that the efficient style of leadership, that which results in a higher task performance (Borman and Motowidlo, 1993, De Dreu and Weingart, 2003), depends on several factors such as: features of the organizational unit’s tasks, characteristics of the organizational unit’s members (maturity, expertise, etc.), degree of group’s development/maturity, leader’s
acquired and performed competence. Hence, competence are functional to the practice of leadership and they will not be observed *per se*.

**Research setting**

The Alfa company is an important Italian telecommunication company which is divided into four territorial departments. Currently, Alfa has six in-house and two outsourced call centres. In-house call centres are managed by teams formed by *consultants* and they are coordinated by two team leaders. In turn, teams’ work is planned and controlled by *supervisors* who collaborate with team leaders in order to uphold the pre-arranged service level. In particular, within the same team:

- front-line consultants process customers’ queries (information, complaints, technical problems, contract variations) directly over the phone; in case the requested information is not available through the system, or if the necessary paperwork takes a longer time, consultants postpone processing the query to a more appropriate moment. Back-office consultants will complete the necessary work and they will call customers back.

- team leaders manage and control the resource team they have been assigned and they coordinate and supervise all operational activities. Team leaders often help processing particularly complex issues that demand a wider margin of autonomy; they also assign the different tasks to the group members and they encourage assignment turnover in order to fulfil training cycles, foster individual and group professional growth, guarantee expected quality/quantity levels according to work flows. Finally, they are in charge of managing leave, overtimes and shifts.

**Call centres and performance measurement**

A number of parameters can be established to be used as criteria to control and compare call-centres results. Some examples of outbound activities productivity are: the number of calls per hour, average phone calls and average on-hold times, the accomplishment of at least one task out of *n* useful contacts or according to average duration of each call.

Each of the parameters mentioned above has been gathered from the information system which can keep track of all call centres’ events.

As far as inbound activities are concerned, the parameters to be observed can be average answer time for toll-free numbers, the percentage of agreed abandoned calls, the maximum allowed duration of a phone call, or the percentage of phone calls answered within *n* seconds.
The levels of service to be provided and the general call centre’s performance vary according to the type of activity and they can be set through different approaches: benchmarking, researches on customers’ needs, demands of managers. For examples, one of the main goals that Alfa assigns to team leaders is the Customer Satisfaction Index (CSI) calculated through surveys that collect customers’ opinions about the service provided by the call centre.

Within the observed call centre, different parameters have been considered in order to estimate its productivity. First of all, a call management system counts the number of daily incoming phone calls, which corresponds to the average number of times customers dial the toll-free number. This datum is necessary to quantify the amount of phone calls that the call centre will have to manage. Moreover, the number of calls managed by the consultants and the average talk time for each operator (ATT) is calculated. The collected data correspond to individual consultants; these are added up in order to estimate the volume of traffic managed by service teams. Given the average number of consultants who are engaged in inbound phone activities every day, the average productivity per agent (APA) can be estimated.

**Methodology**

The research field for the analysis of leadership styles, competence and performance has been one of Alfa’s six in-house call centres; in particular, six front-line service teams have been observed. Each team is formed by 33 Full Time Equivalent (Fte)\(^1\) which take turns during office hours. All analysed teams are front-line and they have the same structure, with two team leaders in charge of coordinating resources. This has allowed a comparison between them after each team’s performance had been assessed.

**Performance**

In order to analyse each service team’s performance, only the inbound telephone activity of six of them has been observed. The analysis has been performed through the use of productivity data which have been collected over a six-month long observation, when each of the six teams has been engaged in back-office activities (these have not been used for the purpose of the research). The average daily attendance, the number of offered calls, the number of calls which each group has answered and the average talk time have been gathered each week from each team. Given a five-day working week, the ratio between the number of calls received by each service team over

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\(^1\) This represent the number of full-time call centres’ operators.
one week, and the daily number of consultants per group who work on the phone every day would correspond to the average productivity per agent for each team.

The other parameter which has been observed is the Average Talk Time (ATT): the effectiveness of ATT is inversely proportional to its size. This was used to estimate the average productivity for each team over the six weeks, and thus, classify the most efficient service team according to APA and ATT.

**Leadership**

The analysis of data on leadership has begun submitting the 12 team leaders the questionnaire outlined by Blake and Mouton (1964). The questionnaire lists 35 questions that aim at analysing the leadership style. Two different scores have been drawn: one for the telling style (task-oriented leader) and one for the participating style (people-oriented leader). The two scores generate graphically the third style of leadership, which the authors call *efficacious*. This questionnaire was completed with a form to be filled with personal team leaders details; this highlighted a general standard in terms of leaders’ age and education.

**Competence**

With respect to team leaders’ competence, data were collected through the use of a well-established methodology, drawing information from the experience and knowledge of call centres’ supervisor.

Supervisors were interviewed using the *Repertory Grid* drawn from the methodology of the *Psychology of Constructs* (Kelly, 1955; Stewart and Stewart, 1981) with the aim of giving an evaluation of team leaders’ competence; the frame of reference was represented by their actual work performance with respect to the accomplishment of assigned tasks. This instrument provides an interview structure which highlights critical constructs for a specific role through the comparison between the best and average role holders.

First of all, the main goals that a call centre’s supervisor assigns to team leaders were identified. These are both quantity and quality goals such as:

*Customer Satisfaction Index (CSI) > 95%*. This index (which varies from 0 to 100) is calculated through surveys on customers. Customers are asked to express their opinion on the service provided by the call centre;

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1 Mean age is 30.6, between 26 and 34.
Average Productivity per Agent (APA) in front-line activities higher than 115;
Customers abandonment rate\(^3\) (ACR) lower than 3% or 5% according to the type of customers;
Results of periodical evaluations on consultants;
Management of leave that allows every consultant to enjoy the annual four-week leave\(^4\).

The following phase involves identifying team leaders’ constructs through the observation of supervisors’ actual daily experience with reference to the behaviour of their collaborators. A number of cards corresponding to the number of team leaders to be tested have been arranged\(^5\). Three cards are drawn randomly, and the supervisor is asked to identify a feature which is shared by two of the three leaders and that distinguishes the third one. Once the feature is identified, behaviours and results can be tested; inversely, results can be identified first, and competence can be drawn through the analysis of behaviours. Once the competence has been identified, the supervisor will have to give each card (which corresponds to each one of his/her collaborators) a score from 1 to 7 that represents the extent of each collaborator’s competence. The analysis can be repeated several times so that a range of competence, with corresponding behaviour indicators, can be achieved. In particular, the application of such methodology has identified seven distinguishing features (Table 1).

Table 1 – Team leaders’ core competence

\(^1\) The Abandonment Rate is the percentage of calls that have been dropped after a maximum waiting time.
\(^2\) Due to problems involving work shifts, work flow and the need of providing a service 365 days per year, many consultants cannot use their annual four-week holiday.
\(^3\) In order to perform more objective and freer evaluations and interviews, cards have been numbered and the supervisor has attached the name of a leader to each number; the combination name-number was unknown to the interviewer-researcher.
People Management
- motivating and supporting others in achieving results
- keeping collaborators’ interest high
- enhancing collaborators’ skills

Team work
- sharing information with colleagues and members of the group
- cooperating and working for the group
- creating group spirit
- listening carefully to collaborators’ proposals

Fulfillment
- quick decision-making
- taking initiatives
- taking problems upon him/herself
- achieving results as agreed

Focus on customers
- identifying customers’ demands
- keeping and estimating customers’ satisfaction
- acting and behaving in order to provide efficient answers

Innovation
- identifying different ways to solving problems
- generating new intuitions and introducing original alternatives
- creativity
- being open to innovations

Communication
- speaking clearly
- conveying information
- providing feedback

Flexibility
- being ready to change perspective
- learning new work methods easily
- keeping calm under pressure

Findings

In literature, the style of leaders is considered as fundamental for the achievement of goals and it is often related to the performance level of the members of the organizational unit (Barling, Weber and Kelloway, 1996; Berson, Shamair, Avolio and Popper, 2001).

The research has highlighted a correlation between the leadership style adopted by the team leader and the performance of the organizational unit (the service team). Although each one of the six teams has achieved and topped the goals of efficaciousness and efficiency targeted by the supervisor over the observation period (Table 2), the best teams can be identified on the basis of the results of the most efficient unit (ST4).

Table 2 – Indicators of service teams’ performance
The analysis of data (Table 2) highlights that the first three STs (n. 4, n. 2 and n.1) have achieved considerably higher results than the other three. Both APA and ATT variations of all STs compared the first one’s increase significantly from the fourth one on (ST5). Analysing the results of leadership style, it can be observed that the team leaders of the first three STs adopt a participating style, while the others – especially the last one – would adopt a more task-oriented rather than people-oriented style. On the other hand, no correlation was found between an efficacious leadership – as described by the model by Blake and Mouton (1964) or by Misumi and Peterson, (1985, 1987) – and performance: team leaders whose leadership has been efficacious do not necessarily correspond to highly productive teams. Despite that, the leadership style is not the only responsible factor for the achievements of results on behalf of subordinates. In a contingent approach, the effects of leadership are mediated and leadership interacts with a number of situational elements, such as the life cycle stage of the organizational unit, the features and the level of maturity of the members of the unit (Hersey and Blanchard, 1969), the competence of the leader of the organizational unit and those he/she performs, the features of individual and group assignments, and so forth. The role of team leaders varies along the evolution of both the organizational unit and the company. The evolution of Alfa’s service teams\(^6\) can be sectioned into three phases in which the role of leaders varies according to collaborators’ level of maturity and the development of tasks. During the start-up phase, the team leader has a key role in information distribution and management, and in the implementation of procedures; the leader links the service team to the organizational units of other call centres and to the other departments of the company, he/she takes decisions and manages the work flow. The leader is the only repository of the know-how

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\(^6\) The service teams observed in this research have all been formed at the same time and they have not changed significantly since the beginning of their activity. All consultants had no previous work experience and they all had similar age and social background. Therefore, consultants have reached the same professional maturity and they have developed their skills following the evolution of the whole team. The analysis of the life cycle and the information on the evolution of leader’s and subordinates’ tasks have been drawn from a larger number of partially structured interviews to call centre’s supervisor and to team leaders.
and he/she assists newly employed and inexperienced consultants on the job. In the second phase, call centre’s activity are consolidated, systems and procedures are improved and shared by a growing number of members of the organizational unit. Consultants develop more expertise in their job and they can enjoy more autonomy due to their improved competence. The amount of information increase and become more complex, the team leader is no longer the only repository of the know-how and his/her role shifts towards coordinating and managing resources.

In the development phase, consultants reach a fully developed maturity and a complete knowledge, so that the team leader can delegate more work and manage critical situations only. The leader’s role in training decreases because collaborators can often self-train through information systems or meetings with colleagues; the leader becomes gradually a motivational and psychological support. The team leader evaluates collaborators, knows their competence and takes part, together with the supervisor, to the selection of new resources, possible promotions or jobs turnovers. Hence, the leader has an informative and decisional role in the first phases, and a broader interpersonal role (Mintzberg, 1973) in the development phases.

Currently service teams are going through a transition between the second and the third phase. Therefore, it could be claimed that people-oriented leadership is more significant and is more successful for the achievement of performances during the phase in which the leader can assign more tasks to the members of the unit: collaborators have become more independent and they do not need the leader’s technical supervision as in the first phase. In fact, in the early stage of the work, the leader would constantly assign tasks, assist consultants interacting with customers, give exact instructions on the way to perform tasks and other activities. Relationship-oriented style of leadership is also successful when tasks are moderately structured (Fiedler, 1967), a state that characterises this phase of the evolution of the unit.

In this respect, the outcome of the research are consistent with the prescriptive model suggested by Hersey and Blanchard (1969, 1982). The teams’ evolution stage and, in particular, consultants’ level of delegation in the different stages can be connected to the level of maturity used by the two scholars in their model. Hence, there is a correspondence between the result of this research and the model itself, which links professional guidance to relationships in the phase of collaborators’ higher maturity, allowing a transition from an authoritarian to a people-oriented style.

The second hypothesis of this research, concerns the relationship between leaders’ competence and the performance of the corresponding units. The analysis of competence has highlighted the
best performers, who are actually the leaders of those units which have reached the highest performance levels (ST4, ST2 e ST1).

A closer look at leaders’ levels of competence leads to further observations. The analysis of the scores of individual team leaders and those achieved by each pair underlines the higher significance of competence such as people management, teamwork and innovation. Compared to other core competence, the three ones mentioned above are consistent to a people-oriented rather than a task-oriented style of leadership.

The final observation concerns the relationship between leadership style and the atmosphere within the organizational unit. In order to analyse that, a synthetic indicator of organizational happiness has been adopted, which is the mean absenteeism rate; this element has already been used in studies on leadership style and the different relationships with workers’ satisfaction and motivation (Gorge and Jones, 1997; Staw, Sutton and Pelled, 1994). So, revising the data on productivity and on net operators’ attendance, the rate of sick leave of each service team could be calculated (Tab. 3), and an indicator of the happiness within the work environment could be estimated: in this respect, the hypothesis is that a lower number of sick and general leave corresponds to a better atmosphere within the service team.

Table 3– Absenteeism rate in service teams

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<thead>
<tr>
<th>LEAVE</th>
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<tbody>
<tr>
<td>st4</td>
<td>49.9</td>
</tr>
<tr>
<td>st2</td>
<td>35.7</td>
</tr>
<tr>
<td>st1</td>
<td>43.2</td>
</tr>
<tr>
<td>st5</td>
<td>54.1</td>
</tr>
<tr>
<td>st6</td>
<td>60.9</td>
</tr>
<tr>
<td>st3</td>
<td>64.8</td>
</tr>
</tbody>
</table>

As a matter of fact, the comparison between these values shows that the rate of absenteeism recorded in the most efficient team is one of the lowest. Moreover, the other two units with the lowest rates are the second and the third most efficient ones, whose values are very close to that of the best team. Consequently, it could be claimed that there is a connection between the style of leadership and the happiness of subordinates: the coordinators of most efficient teams adopt a participating and more relationship-oriented style. In a stressful work environment, where a hectic work flow and turnover may undermine individuals’ motivation, a people-oriented leader can influence significantly on the results of the team. Furthermore, those team leaders who have
prioritised people in managing holidays rather than workload have achieved the lowest rates of absenteeism in their service teams. Such leaders have accomplished a more efficient holiday plan so that more motivated human resources could work more efficiently. From this point of view, that which Bass (1990) and Yukl (1994) call consideration becomes extremely important: the leader’s friendly behaviour, the consideration he/she has for collaborators, his/her concern for collaborators’ happiness. Also the studies performed by Fisher and Edwards (1988) show that leaders’ consideration influence work performance and organizational atmosphere.

In conclusion, a few critical observations on the research which may spur future research development. The first observation concerns methodology: each one of the analysed teams have two team leaders, and not just one. Basically, the two leaders coordinate each other and manage together some of the activities; though, they never work contemporarily (except for coordinating and comparing) along with subordinates and they take turns as needed. This also means that the reference leader for the members of the unit changes according to work shifts. Such a change may affect the relation between leadership style and performance, especially in case of a difference in the styles adopted within the same team. The same applies to competence. As far as this research is concerned, both data on styles and core competence scores show a considerable homogeneity within each pair, especially with reference to the leaders of the best teams in terms of performance.

Secondly, there is a direct relation between performance and both leadership style and competence types and levels; therefore, it is not possible to ascertain which of the two elements has a more significant influence on the success of the team.

Finally, although the research outlined in this work has adopted a contingent approach, other variables which may well affect the analysed relationship, as background company knowledge and technologies (Kraemer e Danzinger, 1984; Hill e Kerr 1984; Kerr, Hill and Broedling, 1986), have not been included. Therefore, future studies in this field could perform a similar research, analysing with the same methodologies another call centre of a similar company, either in Italy or abroad.

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1 See the research programme Global Leadership & Organizational Behaviour Effectiveness (GLOBE) by scholars and managers from 61 countries, currently in progress (http://www.ucalgary.ca/mp/GLOBE/Public/index.htm):
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