Quality of Services in Call Centers:
An Assessment Using Servqual Method

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Abstract: BPO has become a buzzword all over the business world until recent times. Furthermore, they are also known across the world for the effectiveness of handling various services for various companies across various countries. Nevertheless, sustenance of such business depends on the quality of services perceived by the customers. This study attempts to explore aspect of quality of services, using Servqual model developed by Parasuraman et.al (1988), offered by various companies holding the domestic customer service operations in Hyderabad. Only some of the 5 dimensions of service quality are applicable in the virtual organization environment as a customer never comes into contact with the physical appearance/services of a call centre, hence the tangibles criteria does not apply. Similarly so with the reliability since, the customer may not know to what extent the follow-up is dependable and accurate. Thus, this study reported the service quality gaps on Responsiveness, Assurance and Empathy transmitted through the voice of the CSRs, reported by 250 customers who were contacted at least five times by the CSRs of various companies. Results were quite amazing; there were significant gaps in all the three dimensions stated. Implications are drawn for practice and research considerations.

Introduction

The Information Technology industry is considered an important contributor to the economic growth in our country. Its growth and development has caught the attention of the world market so much that India is now being identified as the major powerhouse for incremental development of computer software. The reason for this attention is not the actual size of the industry but its rapid growth rate during the past one and a half decade.

India's comparative advantage in the Information Technology industry can be traced to a number of factors, viz, its relative abundance of qualified software engineers, large pool of English speaking non-technical graduates, coupled with the government's timely national action plan for rapidly improving communications infrastructure in the country. These factors combined together have played a key role in two areas – one is creating confidence among buyers of Indian software products and related services. As is evidenced by the rapid growth in their demand, Indian software engineers have carved out a name in the world market for providing an unbeatable combination of quality software at a low cost; Indian software developers offer a cost advantage of 40% to 60% over their American counterpart.

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Second area in which the above factors have played a key role is creating confidence among organizations around the world that want to outsource part of their business processes. As per a survey conducted to determine the major reasons for outsourcing, two most important reasons for which organizations world over outsource their some of the business processes are i) cost reduction, and ii) to remain focused on core competence.

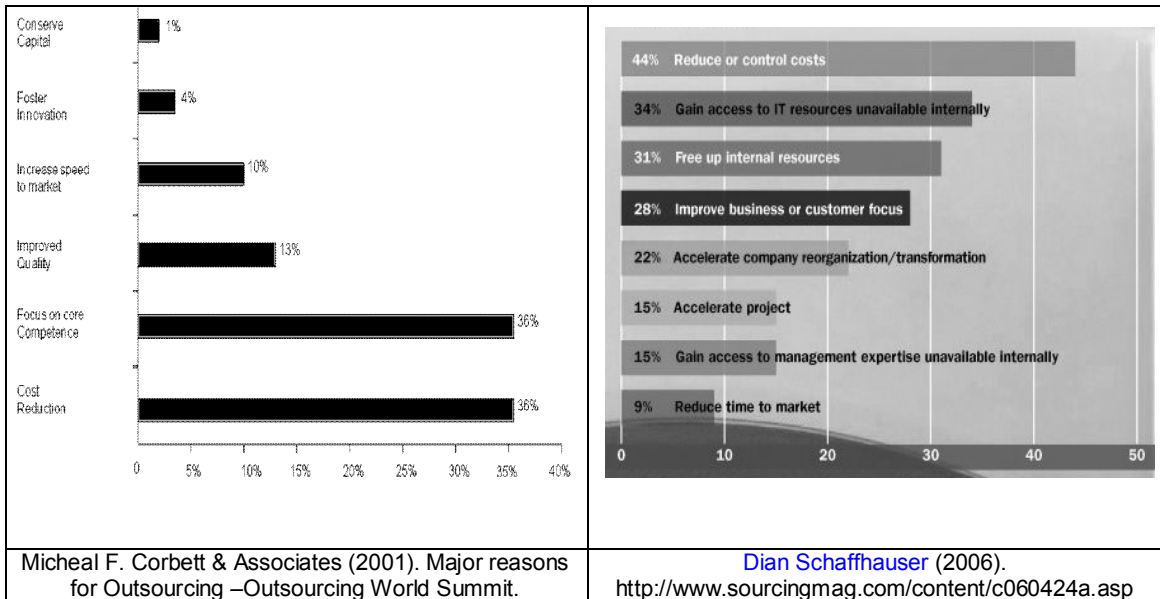| Micheal F. Corbett & Associates (2001). Major reasons for Outsourcing –Outsourcing World Summit.	Dian Schaffhauser (2006). http://www.sourcingmag.com/content/c060424a.asp

Figure 1 : A Comparative picture of Reasons for outsourcing

On the contrary the research study by Schaffhauser (2006) reported some of the emerging and interesting reasons for outsourcing. Though cost control is predominant similarity to other research study, gain access to it resources; free up internal resources have been major reasons, besides improving business or customer focus.

Hence, for India to remain a preferred source for BPO, two things are very important. Firstly, India should remain competitive from the point of view of cost of setting up and running the BPO centers. Secondly, the quality of service provided by the BPO centers should be up to the mark. Else, the outsourcing organizations will not see a reason and be able to keep the services outsourced – as the very reasons for which they have outsourced, will not remain valid. Fortunately, cost of all the components that go into building and providing BPO services are much cheaper in India when compared to that in US and European countries as presented in the table 1, providing a comparison between costs of various components of a BPO center between India and US. All elements of costs in India are virtually a fraction of that in US, except for Telecom).

Table 1: A comparison of the operating costs of India as a percentage of U.S.costs

1	US$ Cost per full time employee	USA	India	India as % of US costs
2	Personnel	42927	6179	14
3	G&A Expense	8571	1000	12
4	Telecom	1500	2328	155
5	Property rentals	2600	847	33
6	Depreciation	3000	1500	50
	Total expenses	**58598**	**11854**	**20**

(Source: Strategic BPO Location Analysis Case, Marketing Concepts and Strategies, 2006, Page 673)

This cost advantage for India is likely to remain so till quite some time in future. However, the factor that would determine the consistent growth of BPO sector and ensure sustained competitive advantage in favor of India is the quality of the services offered in the BPOs. Surprisingly, after 2006, there have no further research work on the operating costs of BPOs.

In above context, this study is an attempt to assess the quality of services provided in a select BPO using Servqual model (Gilmore, 2001). Consequently, the focus is more on the inbound and outbound call services in the domestic customer service operations. Call centers have permeated everyday life and inevitable for the companies today to pay attention to and start as in-house or outsourced option. Almost all Indian businesses have been conducting their business via call centers. For example, the banking, insurance, travel, taxi, airline, education, organizations and many more are likely to enter into such realm of operating their services. These centers provide companies with valuable information about the performance of their goods and services. They provide opportunity to learn how the customer perceives or how the employee thought the customer felt (Gilmore, 2001, Staples et.al, 2001). Today, call centers are considered as gatekeepers of information about an organization and its business for its customers. Thus, they are called for being more efficient and effective in their quality of services. The primary nature of the call center operations involve contacting and answering a great number of calls regardless of the quality of the call as they are judged on how expeditiously they are dealt with. Motivated by its present growth trends and estimated future potential, besides their quality operational demands, this paper attempts to i) assess the quality of services report by the customers who were at least called by the CRS five times. It is assumed that at least five times, if a person is exposed, it should enable him/her to make judgement about the quality of services offered through telephones by them.)

Background

Quality of service offered by the company is very critical in view of the customer satisfaction, and customer loyalty. Therefore, there is a need for understanding the extent to which the quality of services are perceived by the customers during these economic times. SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). Parasuraman et. al. (1991) presented some revisions to the original SERVQUAL measure to remedy problems with high means and standard deviations found on some questions and to obtain a direct measure of the importance of each construct to the customer. SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al., 1988). The scale decomposes the notion of service quality into five constructs as follows:

1) Tangibles - physical facilities, equipment, staff appearance, etc.
2) Reliability - ability to perform service dependably and accurately.
3) Responsiveness - willingness to help and respond to customer need.
4) Assurance - ability of staff to inspire confidence and trust.
5) Empathy - the extent to which caring individualized service is given.

Only three of the five dimensions of service quality are applicable in the virtual organization environment such as call centers. As a customer never comes into contact with the physical appearance of a call centre, the area covered by the Tangibles criteria does not apply. Similarly so with the reliability since, the customer may not know to what extent the follow-up is dependable and accurate. Thus, this study reported the gaps on Responsiveness, Assurance and Empathy transmitted through the voice of the CSRs (Dalrymple, and Phipps, 1999).

Thus, this paper has twofold objectives. Firstly, it attempts to assess the quality of services in the form of expectations of what should the quality of services be and the perceptions of actually what the service offered to them by the CSRs, resulting in the gaps between them. Secondly, it attempts to identify the service gaps which provide input for the implications of the study. While keeping these objectives, it is null hypothesized that there are no gaps in the expected and the perceived quality of services offered by the CSRs, as these employees

are well trained and empowered, they are expected to provide the best of the quality of services in the form of information to the customers.

Method

250 customers were contacted using non-probability methods of sampling to which the modified Servqual scale items incorporated in the structured questionnaire were administered. This scale is adapted while eliminating the items related to 'tangibles' and 'reliability' dimensions of the scale. An eleven-item scale was adapted from Parasuraman et.al (1991). The items on expectations and the perceptions were assessed using five point likert's response pattern (where strongly agree=5 and strongly disagree=1). The total scale details are presented in the table 1. Data collected have been computed further for presenting the results. Means and standard deviations were computed for understanding the extent to which quality of services perceived by the participants. In order to understand the SERVQUAL dimensions expected and perceived, composite scores were obtained by computing the scores on each scale item corresponding to each of the SERVQUAL dimensions. For example, composite scores on responsiveness, assurance and empathy are computed by adding up the values on corresponding four items belonging to each of them. Thus, the score ranges between 4 and 20. The arithmetic score is 12.0. a score above 12 indicates better perception and opposite is the perception when it is below 12.0. Further, for testing the null hypothesis, paired t-test was computed for understanding the significance of means differences.

Table 1 : Call Centers Servqual Scale Items Details

Sno	Item	Expected	Perceived
		α	α
I	**Responsiveness**	.87	.84
1	CRSs will tell customers exactly when services will be performed (R)		
2	CSRs will give prompt service to customers(R)		
3	CSRs will always be willing to help customers(R)		
4.	CSRs will never be too busy to respond to customer requests(R)		
II	**Assurance**	.72	.76
5	CSRs will instill confidence in customers (As)		
6	Customers will feel safe in their transactions(As)		
7	CSRs will be consistently courteous with customers(As)		
8	CSRs will have the knowledge to answer customer questions(As).		
III	**Empathy**	.78	.77
9	CSRs will give customers individual attention (Em)		
10	CSRs will have employees who give customers personal attention(Em)		

| 11 | CSRs will have the customers best interests at heart(Em) | | |
| 12 | CSRs will understand the specific needs of their customers(Em) | | |

Results and Discussions

While keeping the null hypothesis that "there are no gaps in the expected and the perceived quality of services offered by the CSRs" in view, the obtained results are presented in the following sections.

Table 2 presents the gaps in the quality of services offered by the call centers. With regard to the gap analysis in call centers, it is quite clear from the table that in case of responsiveness of the services, it was found that the responsiveness expected (mean8.74) was more than the responsiveness perceived (mean=6.99). The gap between them was found to be 1.74 units. Such gap was also found to be statistically significant. This indicates that though the gap was found to be relatively less, yet such gap was found to be significant from the t-value presented in the table. It is very surprising to note that the respondents have not scored closer to the arithematic mean of 12.0 scores on any of the three SERVQUAL dimensions. This indicates that the respondents feel that perceived and expected dimensions of services quality are below average.

Table 2: Gap Analysis of Quality of Expected and the Perceived Call Center Services

Dimensions of Services Quality		Mean	SD	Std. Error Mean	Paired MD	Paired SD Differences	t	df	P=
Pair 1	Responsiveness Perceived	6.99	.85	.070	-1.74	1.49	-14.28	149	.000
	Responsiveness Expected	8.74	1.70	.139					
Pair 2	Assurance Perceived	8.56	1.20	.098	-1.71	1.53	-13.63	149	.000
	Assurance Expected	10.27	2.04	.167					
Pair 3	Empathy Perceived	5.63	1.26	.103	-1.94	1.36	-17.38	149	.000
	Empathy Expected	7.57	1.97	.161					

With regard to assurance, it could be seen from the table that the perceived assurance (mean=8.56) is less than the assurance expected (mean=10.27). Thus the gap between them was to be 1.71 units. Interestingly such gap is found to be statistically significant.

Lastly, with regard to empathy, it is seen from the table that the empathy expected (mean=7.57) was more than the empathy perceived (mean=5.63) by the customers. The gap was found to be 2.0 units. Such gap was also found to be statistically significant. This indicates that although the gap in such service dimension was thin, yet such gap was found to be a significant one.

Thus, the null hypothesis is rejected, while accepting the alternative hypothesis that "there are significant gaps in the quality of services via responsiveness, assurance and empathy, offered by the CSRs of the call centers in the twin cities of Hyderabad and secunderabad.

The results provide opportunity to understand why the service encounter in call centers is very little tangible since the face-to-face contact is missing. Further, the empathy dimensions also seem to be shaky as it seems difficult to understand from the telephonic talks. Responsiveness and assurance are quite evident from the talk, but still they need to be understood from the outcomes perspective of the calls.

One prominent issue figured out while assessing quality of services offered by the BPOs is the very little tangiblity about a call centre service encounter. Interestingly, one question in this regard is how tangible is a voice in such context? Further, in the absence of face-to-face contact CSRs' role revolves around their voice in service encounter which is the only tool of delivery which is experienced by the customers.

In view of the nonexistence of visual cues in such service encounters, there is no other way of diffusing any of the dimensions of SERVQUAL except the CSR's voice. As all the dimensions of SERVQUAL are addressed by the skills of the CSRs transferred trough their voice, it becomes extremely difficult to convey and comprehend the customer's interactions, say empathy, despite the best of the training imparted to the CSRs.

As regards assurance as a dimensions of service quality, meaning completeness of meeting the customer's needs, it becomes very difficult to provide them unless the CSRs understanding of the products and services offered by the BPO on one hand and also depends on the sense of ownership and heightened customer orientation the CSRs exhibit in their service encounters. Often experienced in this regard are the nuances of the language and the tone used and the courteous expressions of the CSRs. At last the image of the BPO also influences the assurance dimension.

Last dimension of reliability is not easy for assessment since reliability also means reproducibility or consistency. Unless the CSRs repeatedly call on the customers, this dimension cannot be measured. Serious methodological issues to be addressed in future

research works. One way of assessing is through asking customers how consistent the need fulfillment in every service encounter by the CSRs. Secondly, secondary sources of call recordings, interaction analysis also will reveal reliability aspects of services.

Thus, this research has addressed a very important issue of tangibility absence in CSRs voice in all the service encounters. Appears mysterious since, the original proponents of the SERVQual model claim in their research works that the model is applicable to all kinds of service work environments, baring exception to the BPO services wherein the service encounter does not assume face-to-face contact between the service provider and the receiver. Thus, there is a need for future research that can address variant approaches to the assessment of quality of services and the identification of gaps in such services needs cardinal concern from the service marketing functionaries operating the BPO businesses.

Implications and Conclusion

Therefore the implications of the study show that the coaches of the CSRs are the most crucial persons in the gamut of assessment of quality of services on one hand and the provision of quality of services on the other hand. The coach is acting in the role of the customer. If the coach's perspective of the service is not consistent with that of the customer, then the call center's ideas of what is quality of service is different. Perhaps, future research could cover such aspects of seeking data from the coaches on their experiences since they represent customers as far as the quality of services is concerned.

Understanding the barriers to quality of services offered by the BPOs needs scrupulous regard in view of the efficiency of operations and the effectiveness of the system on one hand and the challenging business environment with increasing of competition in such business on the other. One best way of addressing the quality issue falls in the domain of HR function. There are at least three important HR activities like training, development and the performance appraisal systems will have direct bearing on service quality. However, all these three HR activities draw several costs. In the light of cost cutting options triggered by the business environment today, such HR activities need to be carefully planned and executed. Training and development activities could be designed based on the call records and the underlying lacunae manifested by the CSRs in addressing the customers' challenges. Performance based pay will also improve the quality of services.

CSRs turnover may also influence the reliability aspects of the service. Therefore, such HR issue needs to be addressed in case the turnover rates are beyond the acceptable benchmarks. Besides, the CSRs satisfaction also will determine the reliability of the services offered to the customers.

Providing congenial work conditions, counseling services, opportunities to identify the problems and solving them on their, if encouraged, could produce amazing results in quality of services. Lastly, as there is lack of tangibles in call centre service the first service encounter becomes even more important. Therefore, call monitoring activities need cardinal concern from the marketing function.

Lastly, research efforts in the direction of assessment of quality of services of the call centers are definitely the need of the hour. Attempts of such sort provide more useful information to the call centers in designing and redesigning their services in view of the satisfaction of the customers. This research attempted at the assessment of the quality of services offered by the call centers handling domestic operations. There is definitely need for such assessment of foreign operations. While resorting to the assessment of the quality using the customers' data in the context of foreign operations would be quite complicated since most of the call centers catering to the international clients operate more anonymously. Therefore, the internal call registration procedures of these companies could be depended upon for the quality assessment. Such efforts would defy all the standard research methods normally prescribed by the Servqual gurus and the consequent efforts by others. Nevertheless, such efforts would be more of utilitarian in nature and also contributing to the theory of services management in the context of digital economies.

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